IMPORTANT NOTICE

THIS OFFERING CIRCULAR IS AVAILABLE ONLY TO INVESTORS WHO ARE EITHER (1) QIBS (AS DEFINED BELOW) UNDER RULE 144A (AS DEFINED BELOW) OR (2) ADDRESSEES OUTSIDE OF THE UNITED STATES (U.S.)

NOT FOR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES

Important: You must read the following before continuing. The following applies to the Offering Circular (as defined below) following this page, and you are therefore advised to read this carefully before reading, accessing or making any other use of the Offering Circular. In accessing the Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from the Issuer (as defined in the following offering circular) as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE U.S. OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE NOTES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE **SECURITIES ACT**), OR THE SECURITIES LAWS OF ANY STATE OF THE U.S. OR OTHER JURISDICTION AND THE NOTES MAY NOT BE OFFERED OR SOLD WITHIN THE U.S. EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THE FOLLOWING OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. ANY INVESTMENT DECISION SHOULD BE MADE ON THE BASIS OF THE TERMS AND CONDITIONS OF THE SECURITIES AND THE INFORMATION CONTAINED IN THE OFFERING CIRCULAR. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED THEREIN.

Confirmation of the Representation: In order to be eligible to view this Offering Circular or make an investment decision with respect to the securities, investors must be either (1) qualified institutional buyers (**QIBs**) (within the meaning of Rule 144A under the Securities Act (**Rule 144A**)) or (2) located outside of the U.S. By accepting the electronic mail and accessing this Offering Circular, you shall be deemed to have represented to us (1) that either (a) you and any customers you represent are QIBs or (b) the electronic mail address that you gave us and to which this electronic mail has been delivered is not located in the U.S. and (2) that you consent to delivery of the Offering Circular by electronic transmission.

This Offering Circular has not been and will not be reviewed or approved by or registered with any regulatory authority in India, including but not limited to the Securities and Exchange Board of India (the **SEBI**), any Registrar of Companies (the **RoC**) or any stock exchange in India. This Offering Circular is not and should not be construed as an advertisement, offer, invitation to offer, invitation to subscribe, or sale, of any securities to the public or any person resident in India, or any other restricted overseas persons. This Offering Circular or any other document or material relating to the Notes has not been and will not be circulated or distributed in India, directly or indirectly, to the public or members of the public in India, or any other restricted overseas persons. The Notes have not been, and will not be, offered or sold to any person resident in India, or any other restricted overseas persons. If you purchase any of the Notes, you will be deemed to have acknowledged, represented and agreed that you are eligible to purchase the Notes under applicable laws and regulations in India and that you are not prohibited under any applicable law or regulation in India from acquiring, owning or selling the Notes.

You are reminded that this Offering Circular has been delivered to you on the basis that you are a person into whose possession this Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver this Offering Circular to any other person.

The materials relating to any offering of Notes under the Programme to which this Offering Circular relates do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that such offering be made by a licenced broker or dealer and the underwriters or any affiliate of the underwriters is a licenced broker or dealer in that jurisdiction, such offering shall be deemed to be made by the underwriters or such affiliate on behalf of the Issuer in such jurisdiction.

This Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Dealers (as defined in this Offering Circular) or any person who controls any or any director, officer, employee or agent of either of them or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and the hard copy version available to you on request from any of the Dealers.

The Offering Circular has not been and will not be registered or filed, produced or made available to all as an offer document (whether a prospectus in respect of a public offer or an information memorandum or private placement offer letter or other offering material in respect of any private placement or public issue under the Companies Act, 2013 as amended from time to time, or any other applicable Indian laws) with the RoC or the SEBI or the Reserve Bank of India (**RBI**) or any other statutory or regulatory body of like nature in India, save and except for any information from any part of the Offering Circular which is mandatorily required to be disclosed or filed in India under any applicable Indian laws, including, but not limited to, the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended, and under the listing agreement with any Indian stock exchange pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 or pursuant to the sanction of any regulatory and adjudicatory body in India.

You are responsible for protecting against viruses and other destructive items. Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

In addition, holders and beneficial owners shall be responsible for compliance with the restrictions on the ownership of the Notes denominated in INR or any other currency as may be applicable imposed from time to time by applicable laws or by any regulatory authority or otherwise. In this context, holders and beneficial owners of Notes denominated in INR or any other currency as may be applicable shall be deemed to have acknowledged, represented and agreed that such holders and beneficial owners are eligible to purchase the Notes denominated in INR or any other currency as may be applicable under applicable laws and regulations and are not prohibited under any applicable law or regulation from acquiring, owning or selling the Notes denominated in INR or any other currency as may be applicable.

OFFERING CIRCULAR

AXIS BANK LIMITED

(Incorporated with limited liability in the Republic of India under the Indian Companies Act, 1956 with Registration No. 04-20769)

U.S.$5,000,000,000
Global Medium Term Note Programme

On 19 June 2006, Axis Bank Limited (formerly known as UTI Bank Limited) (the ***Issuer*** *or the* ***Bank****), acting through its Singapore Branch, or other foreign branch, as the case may be, established a €1,000,000,000 Medium Term Note Programme (the* ***Programme****, as amended, supplemented or restated) and prepared an offering circular dated 19 June 2006, as supplemented by a supplemental offering circular dated 21 September 2006. A further offering circular was issued on 31 May 2007 pursuant to an update of the Programme and an increase in the size of the Programme from €1,000,000,000 to €2,000,000,000 in accordance with the terms of the Programme. The Programme was updated on 3 July 2008 and 28 July 2009 pursuant to which the Issuer issued an offering circular dated 3 July 2008 and 28 July 2009, respectively. The Programme was updated on 30 June 2010 and further supplemented on 26 October 2010 pursuant to which the Issuer issued a supplemental offering circular dated 26 October 2010. The Programme was updated on 18 May 2011 and further supplemented on 30 December 2011 pursuant to which the Issuer issued a supplemental offering circular dated 30 December 2011. The Programme was updated on 13 August 2012 pursuant to which the Issuer issued an offering circular dated 13 August 2012. A further offering circular was issued on 17 September 2013 pursuant to an update of the Programme and the size of the Programme was increased from €2,000,000,000 to €3,000,000,000 in accordance with the terms of the Programme. The Programme was further updated pursuant to an offering circular dated 19 September 2014 and thereafter on 16 September 2015. The offering circular dated 16 September 2015 increased the size of the Programme from €3,000,000,000 to U.S.$5,000,000,000 and thereafter the Programme was further updated pursuant to offering circulars dated 17 May 2016, 28 July 2017 and 1 October 2018. This offering circular (the* ***Offering Circular)*** *is issued pursuant to a further update of the Programme and supersedes any previous offering circular describing the Programme. Any Notes (as defined below) issued under the Programme on or after the date of this Offering Circular are issued subject to the provisions described herein. This does not affect any Notes issued before the date of this Offering Circular.*

Under this U.S.$5,000,000,000 Programme, the Issuer, acting through its Singapore Branch, Dubai International Financial Centre (**DIFC** Branch), GIFT City Branch or other foreign branch, as the case may be, may from time to time issue notes (the **Notes**) denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below). The Bank issues Notes under the Programme through a foreign branch for certain legal, administrative and regulatory reasons, including (without limitation) to facilitate timely access to funding markets. Investors should be aware that a branch is not a subsidiary and does not comprise a separate legal entity. The obligations under the Notes issued by the Bank acting through a foreign branch are of the Bank only, and investors' claims under such Notes are only against the Bank.

Notes may be issued in bearer or registered form (respectively **Bearer Notes** and **Registered Notes)**. The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed U.S.$5,000,000,000 (or its equivalent in other currencies calculated as described herein), subject to increase as described herein.

The Notes may be issued on a continuing basis to one or more of the Dealers specified under "*Summary of the Programme*" and any additional Dealer appointed under the Programme from time to time by the Issuer (each a **Dealer** and, together the **Dealers**), which appointment may be for a specific issue or on an ongoing basis. References in this Offering Circular to the **relevant Dealer** shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe to such Notes.

Application has been made to the London Stock Exchange for the Notes to be admitted to the London Stock Exchange's International Securities Market (**ISM**). **The ISM is not a regulated market for the purposes of Directive 2014/65/EU. The ISM is a market designated for professional investors. Notes admitted to trading on the ISM are not admitted to the Official List of the UK Listing Authority (UKLA). The London Stock Exchange has not approved or verified the contents of this Offering Circular.**

Application has been made for the listing and quotation of Notes that may be issued pursuant to the Programme and which are agreed at or prior to the time of issue thereof to be so listed on the Singapore Exchange Securities Trading Limited (the **SGX-ST**). Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST (the **Singapore Official List**). The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Admission to the Singapore Official List and quotation of any Notes on the SGX-ST are not to be taken as an indication of the merits of the Issuer, the Programme or the Notes. Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche (as defined under "*Terms and Conditions of the Notes*") of Notes will be set out in a pricing supplement (the **Pricing Supplement**) which, with respect to Notes to be listed on the SGX-ST, will be delivered to the SGX-ST on or before the date of issue of the Notes of such Tranche.

The Programme provides that Notes may be listed on such other or further stock exchange(s) as may be agreed between the Issuer and the relevant Dealer. The Issuer may also issue unlisted Notes.

The Issuer may agree with any Dealer and the Trustee (as defined herein) that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which event (in the case of Notes intended to be listed on the SGX-ST) a supplementary offering circular, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

See "*Risk Factors*" for a discussion of certain factors to be considered in connection with an investment in the Notes.

Each Tranche (as defined in "*Form of the Notes*") of Bearer Notes of each series (a **Series**) will initially be represented by either a temporary bearer global note (a **Temporary Bearer Global Note**) or a permanent bearer global note (a **Permanent Bearer Global Note** and, together with a Temporary Bearer Global Note, the **Bearer Global Notes**, and each a **Bearer Global Note**) as indicated in the applicable Pricing Supplement, which, in either case, will be delivered on or prior to the original issue date of the Tranche to a common depositary (the **Common Depositary**) for Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking S.A. (**Clearstream, Luxembourg**).

On and after the date (the **Exchange Date**) which, for each Tranche in respect of which a Temporary Bearer Global Note is issued, is 40 days after the date on which the Temporary Bearer Global Note is issued, interests in such Temporary Bearer Global Note will be exchangeable (free of charge) upon a request as described therein either for (i) interests in a Permanent Bearer Global Note of the same Series or (ii) definitive Bearer Notes of the same Series.

The applicable Pricing Supplement will specify that a Permanent Bearer Global Note will be exchangeable for definitive Bearer Notes in certain limited circumstances.

Registered Notes of each Tranche sold in an "offshore transaction" within the meaning of Regulation S (**Regulation S**) under the United States Securities Act of 1933, as amended (the **Securities Act**) outside the United States (**U.S.**) will initially be represented by a global note in registered form, without receipts or coupons, (a **Regulation S Global Note**), which will be delivered on or prior to the original issue date of the Tranche to the Common Depositary for Euroclear and Clearstream, Luxembourg, and registered in the name of a nominee of the Common Depositary.

Registered Notes of each Tranche may only be offered and sold in the U.S. to QIBs (as defined in "*Form of the Notes*") in transactions exempt from registration in reliance on Rule 144A under the Securities Act (**Rule 144A**) or any other applicable exemption. The Registered Notes of each Tranche sold to QIBs will be represented by a global note in registered form, without receipts or interest coupons (a **Rule 144A Global Note** and, together with a Regulation S Global Note, the **Registered Global Notes**, and each a **Registered Global Note**), which will be deposited with a custodian for, and registered in the name of, The Depository Trust Company (**DTC**) or a nominee of DTC.

This Offering Circular has not been and will not be registered or filed as a prospectus or a statement in lieu of a prospectus in respect of a public offer, information memorandum or private placement offer cum application letter or any other offering material with the Registrar of Companies in India in accordance with the Companies Act, 2013, as amended from time to time and other applicable Indian laws for the time being in force. This Offering Circular has not been and will not be reviewed or approved by any regulatory authority in India, including, but not limited to, the Securities and Exchange Board of India, any Registrar of Companies, the Reserve Bank of India or any stock exchange in India. This Offering Circular and the Notes are not and should not be construed as an advertisement, invitation, offer or sale of any securities whether to the public or by way of private placement to any person resident in India. The Notes have not been and will not be, offered or sold to any person resident in India. If you purchase any of the Notes, you will be deemed to have acknowledged, represented and agreed that you are eligible to purchase the Notes under applicable laws and regulations and that you are not prohibited under any applicable law or regulation from acquiring, owning or selling the Notes. See "*Subscription and Sale*"

The Notes have not been and will not be registered under the Securities Act or any U.S. state securities laws and may not be offered or sold in the United States unless an exemption from the registration requirements of the Securities Act is available and in accordance with all applicable securities laws of any state of the United States and any other jurisdiction. See "*Form* of the Notes" for a description of the manner in which Notes will be issued. Registered Notes are subject to certain restrictions on transfer, see "*Transfer Restrictions*".

Arrangers

HSBC | **Axis Bank Limited, Singapore Branch**

Dealers

HSBC | **Axis Bank Limited, Singapore Branch**

The date of this Offering Circular is 18 September 2020.

The Issuer declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Offering Circular is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

The Issuer accepts responsibility for the information contained in this Offering Circular. The Issuer, having made all reasonable enquiries, confirms that this Offering Circular contains or incorporates all information which is material in the context of the Programme and the Notes, that the information contained or incorporated in this Offering Circular is true and accurate in all material respects and is not misleading, that the opinions and intentions expressed in this Offering Circular are honestly held and that there are no other facts the omission of which would make this Offering Circular or any of such information or the expression of any such opinions or intentions misleading. The Issuer accepts responsibility accordingly.

No person is or has been authorised by the Issuer to give any information or to make any representation other than those contained in this Offering Circular or any other information supplied in connection with the Programme or the Notes and, if given or made by any other person, such information or representations must not be relied upon as having been authorised by the Issuer, any of the Arrangers (as defined herein), the Dealers, the Trustee or the Agents (as defined in "*Terms and Conditions of the Notes*"), or any director, officer, employee, adviser, agent or affiliate of any such persons.

This Offering Circular is highly confidential and has been prepared by us solely for use in connection with the Programme and the proposed offering of the Notes under the Programme as described herein. We have not authorized its use for any other purpose. This Offering Circular may not be copied or reproduced in whole or in part. It may be distributed only, and its contents may be disclosed only, to the prospective investors to whom it is provided. By accepting delivery of this Offering Circular, each investor agrees to these restrictions.

Neither the Arrangers, the Dealers, the Trustee nor the Agents have independently verified all the information contained herein or incorporated by reference and can give no assurance that this information is accurate, truthful or complete. To the fullest extent permitted by law, neither the Arrangers nor any Dealers, or any director, officer, employee, agent or affiliate of any such persons make any representation, warranty or undertaking, express or implied, or accepts any responsibility, with respect to the accuracy, completeness or sufficiency of any of the information contained or incorporated in this Offering Circular or any other information provided by us in connection with the Programme, and nothing contained or incorporated in this Offering Circular is, or shall be relied upon as, a promise, representation or warranty by the Arrangers, the Dealers or any director, officer, employee, agent or affiliate of any such persons. To the fullest extent permitted by law, neither the Arrangers nor the Dealers, nor any director, officer, employee, agent or affiliate of any such persons, accept any responsibility for the contents of this Offering Circular or for any other statement made or purported to be made by any of the Arrangers, the Dealers, or any director, officer, employee, agent or affiliate of any such person or on its behalf in connection with us or the issue and offering of the Notes. Each Arranger and each Dealer accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above), which it might otherwise have in respect of this Offering Circular or any such statement.

No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by any of the Arrangers, the Dealers, the Trustee, the Agents or any of them as to the accuracy or completeness of the information contained or incorporated in this Offering Circular or any other information provided by the Issuer in connection with the Programme. Neither the Arrangers, the Dealers, the Trustee nor the Agents accepts any liability in relation to the information contained or incorporated by reference in this Offering Circular or any other information provided by the Issuer in connection with the Programme.

Copies of each Pricing Supplement will be available from the corporate office of the Issuer and the specified office of the Principal Paying Agent (as defined herein).

Certain information under the heading "*Book-entry Clearance Systems*" has been extracted from information provided by the clearing systems referred to therein. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by the relevant clearing systems, no facts have been omitted which would render the reproduced information inaccurate or misleading.

This Offering Circular is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "*Documents Incorporated by Reference*"). This Offering Circular shall be read and construed on the basis that such documents are incorporated and form part of this Offering Circular.

Neither this Offering Circular nor any other information supplied in connection with the Programme or any Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by the Issuer, any of the Arrangers, the Dealers, the Trustee or the Agents that any recipient of this Offering Circular or any other information supplied in connection with the Programme or any Notes should purchase any of the Notes. Each investor contemplating purchasing Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Offering Circular nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer, any of the Arrangers, the Dealers, the Trustee or the Agents to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Offering Circular nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Arrangers, the Dealers, the Trustee and the Agents expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme or to advise any investor in the Notes of any information coming to their attention. Investors should review, *inter alia,* the most recently published documents incorporated by reference into this Offering Circular when deciding whether or not to purchase any Notes.

This Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Offering Circular and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer, the Arrangers, the Dealers, the Trustee and the Agents do not represent that this Offering Circular may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, any of the Arrangers or the Dealers, the Trustee or the Agents which would permit a public offering of any Notes or distribution of this Offering Circular in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Offering Circular nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Offering Circular or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Offering Circular and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Offering Circular and the offer or sale of Notes in the United States, the European Economic Area (including the United Kingdom and the Netherlands), India, Singapore, Japan, Hong Kong, the United Arab Emirates (UAE) and the DIFC.

None of the Issuer, the Arrangers, the Dealers, the Trustee and the Agents makes any representation to any investor in the Notes regarding the legality of its investment under any applicable

laws. Any investor in the Notes should be able to bear the economic risk of an investment in the Notes for an indefinite period of time.

MIFID II product governance / target market – The Pricing Supplement in respect of any Notes may include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended, **MiFID II**) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels. A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the **MiFID Product Governance Rules**), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MIFID Product Governance Rules.

IMPORTANT – EEA AND UK RETAIL INVESTORS – If the Pricing Supplement in respect of any Notes includes a legend entitled "Prohibition of Sales to EEA and UK Retail Investors", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (**EEA**) or in the United Kingdom (the **UK**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the **Insurance Distribution Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the **Prospectus Regulation**). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the **PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPS Regulation.

Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore (the **SFA)** – Unless otherwise stated in the Pricing Supplement in respect of any Notes, all Notes issued or to be issued under the Programme shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

For a description of other restrictions, see "*Subscription and Sale*".

In connection with the offering of any series of Notes, each Dealer is acting or will act for the Issuer in connection with the offering and no one else and will not be responsible to anyone other than the Issuer for providing the protections afforded to clients of that Dealer nor for providing advice in relation to any such offering.

In making an investment decision, investors must rely on their own examination of the Issuer and the terms of the Notes being offered, including the merits and risks involved. The Notes have not been approved or disapproved by the United States Securities and Exchange Commission or any other securities commission or other regulatory authority in the United States, nor have the foregoing authorities approved this Offering Circular or confirmed the accuracy or determined the adequacy of the information contained in this Offering Circular. Any representation to the contrary is unlawful.

The market information in this Offering Circular has been obtained by the Issuer from publicly available sources deemed by the Issuer to be reliable, including the Reserve Bank of India (the **RBI**), the Government and its various ministries. Notwithstanding any investigation that the Issuer may have conducted with respect to the information contained herein, the Issuer does not accept any liability in relation to the information contained in this Offering Circular or its distribution or with regard to any other information supplied by or on its behalf.

The Issuer confirms that, after having made all reasonable inquiries, this Offering Circular contains all information with regard to the Issuer and the Notes which is material to the Offering and sale of the Notes, that the information contained in this Offering Circular is true and accurate in all material respects and is not misleading in any material respect and that there are no omissions of any other facts from this Offering Circular which, by their absence herefrom, make this Offering Circular misleading in any material respect. The information presented in the section entitled "*Supervision and Regulation*" has been accurately extracted from publicly available documents from various sources, including officially prepared materials from the Government of India and its various ministries and the RBI, and has not been independently verified by the Issuer.

U.S. INFORMATION

This Offering Circular is being submitted on a confidential basis in the United States to a limited number of QIBs (each as defined under "*Form of the Notes*") for informational use solely in connection with the consideration of the purchase of certain Notes issued under the Programme. Its use for any other purpose in the United States is not authorised. It may not be copied or reproduced in whole or in part nor may it be distributed or any of its contents disclosed to anyone other than the prospective investors to whom it is originally submitted.

The Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to United States persons, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and the Treasury regulations promulgated thereunder.

Registered Notes may be offered or sold within the United States only to QIBs in transactions exempt from registration under the Securities Act in reliance on Rule 144A or any other applicable exemption. Each U.S. purchaser of Registered Notes is hereby notified that the offer and sale of any Registered Notes to it may be being made in reliance upon the exemption from the registration requirements of Section 5 of the Securities Act provided by Rule 144A.

Each purchaser or holder of Notes represented by a Rule 144A Global Note or any Notes issued in registered form in exchange or substitution therefor (together **Legended Notes**) will be deemed, by its acceptance or purchase of any such Legended Notes, to have made certain representations and agreements intended to restrict the resale or other transfer of such Notes as set out in "*Transfer Restrictions*". Unless otherwise stated, terms used in this paragraph have the meanings given to them in "*Form of the Notes*".

The Notes have not been approved or disapproved by the United States Securities and Exchange Commission or any other securities commission or other regulatory authority in the United States, nor have the foregoing authorities approved this Offering Circular or confirmed the accuracy or determined the adequacy of the information contained in this Offering Circular. Any representation to the contrary is unlawful.

AVAILABLE INFORMATION

To permit compliance with Rule 144A in connection with any resales or other transfers of Notes that are "restricted securities" within the meaning of the Securities Act, the Issuer has undertaken in the Trust Deed (as defined under "*Terms and Conditions of the Notes*") to furnish, upon the request of a holder of such Notes or any beneficial interest therein, to such holder or to a prospective purchaser designated by him, the information required to be delivered under Rule 144A(d)(4) under the Securities Act if, at the time of the request, any of the Notes remain outstanding as "restricted securities" within the meaning of Rule 144(a)(3) of the Securities Act and the Issuer is neither a reporting company under Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended, (the **Exchange Act**) nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder.

SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

The Issuer is a corporation organised under the laws of India. All of the officers and directors named herein reside outside the United States and all or a substantial portion of the assets of the Issuer and of such officers and directors are located outside the United States. As a result, it may not be possible for investors to effect service of process outside India upon the Issuer or such persons, or to enforce judgments against them obtained in courts outside India predicated upon civil liabilities of the Issuer or such directors and officers under laws other than Indian law, including any judgment predicated upon United States federal securities laws.

In addition, India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. The Issuer understands that the statutory basis for recognition and enforcement of foreign judgments is provided for under section 13 and section 44A of the Indian Code of Civil Procedure, 1908 (the **Civil Code**). Section 44A of the Civil Code provides that where a foreign judgment has been rendered by a superior court in any country or territory outside India which the Indian Government (as defined herein) has by notification declared to be a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by the relevant court in India. However, section 44A of the Civil Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalty and is not applicable to arbitration awards, even if such awards are enforceable as a decree or judgment.

The United Kingdom, Singapore and Hong Kong, have been declared by the Indian Government to be a reciprocating territories for the purposes of Section 44A of the Civil Code, amongst other jurisdictions, and the High Courts in England as the relevant superior courts. Accordingly, a judgment of a superior court in the United Kingdom may be enforceable by proceedings in execution. A foreign judgment which is not passed by any reciprocating country or by any superior court of reciprocating country can be executed after obtaining a fresh decree by filing a suit upon judgment in accordance with Section 13 of the Civil Code and not directly by proceedings in execution. A Noteholder may also file a suit against the Issuer, its directors and executive officers on the original cause of action before a competent court in India. Section 13 of the Civil Code provides that a foreign judgment shall be conclusive as to any matter thereby directly adjudicated upon except: (i) where it has not been pronounced by a court of competent jurisdiction; (ii) where it has not been given on the merits of the case; (iii) where it appears on the face of the proceedings to be founded on an incorrect view of international law or a refusal to recognise the law of India in cases where such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where it has been obtained by fraud; or (vi) where it sustains a claim founded on a breach of any law in force in India.

Under the Section 14 of the Civil Code, a court in India shall, upon the production of any document purporting to be a certified copy of a foreign judgment, presume that the judgment was pronounced by a court of competent jurisdiction unless the contrary appears on record and such presumption may be displaced by proving want of jurisdiction.

The suit must be brought in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce a foreign judgment if it viewed the amount of damages awarded as excessive or inconsistent with Indian practice. A party seeking to enforce a foreign judgment in India is required to obtain approval from the Reserve Bank of India (the **RBI**) under the Foreign Exchange Management Act, 1999 (**FEMA**) to execute such a judgment or to repatriate outside India any amount recovered pursuant to execution. Any such amount may be subject to income tax in accordance with applicable laws. Any judgment in a foreign currency would be converted into Indian Rupees on the date of the judgment and not on the date of the payment.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Unless otherwise specified, the financial information contained in this Offering Circular (i) as of and for the financial year ended 31 March 2020 has been derived from the audited standalone financial statements of the Issuer as of and for the financial year ended 31 March 2020, (ii) as of and for the financial year ended 31 March 2019 has been derived from the audited standalone financial statements of the Issuer as of and for the financial year ended 31 March 2019; (iii) as of and for the financial year ended 31 March 2018 has been derived from the audited standalone financial statements of the Issuer as of and for the financial year ended 31 March 2018; (iv) as of and for the three months period ended 30 June 2020 have been derived from the special purpose condensed standalone financial statements as of and for the three months period ended 30 June 2020 (together, the **Financial Statements**). The Issuer's financial year ends on 31 March and references to any specific year are to the 12-month period ended on 31 March of such year. Interim financial results are not necessarily indicative of results that may be expected for the full fiscal year or any future reporting period.

The Issuer maintains its financial books and records and prepares its financial statements in Rupees in accordance with generally accepted accounting principles in the Republic of India (**Indian GAAP**), as applicable to banks, which differ in certain important respects from the generally accepted accounting principles in the United States of America (**U.S. GAAP**). For a discussion of the principal differences between Indian GAAP and U.S. GAAP as they relate to the Issuer, see "*Summary of Significant Differences between Indian GAAP and U.S. GAAP*". Unless otherwise stated, all financial data contained herein relating to the Issuer is stated on a standalone basis.

In addition, MCA, in its press release dated 18 January 2016, issued a roadmap for implementation of IND-AS converged with IFRS for non-banking financial companies, scheduled commercial banks, insurers, and insurance companies, which was subsequently confirmed by the RBI through its circular dated 11 February 2016. This circular required the Bank to prepare IND-AS based financial statements for the accounting period commencing 1 April 2018 with comparative financial statements for the accounting period on ending 31 March 2018. The implementation of IND-AS by banks requires certain legislative changes in the format of financial statements to comply with disclosures required by IND-AS. In April 2018, the RBI deferred the effective date for implementation of IND-AS by one year, by which point the necessary legislative amendments are expected to have been completed. By way of its notification dated 22 March 2019, the RBI further deferred the effective date for implementation of IND-AS until further notice, pending necessary legislative amendments to the Banking Regulation Act. The Bank shall be required to begin preparing financial statements in accordance with IND-AS in the future once the RBI notifies that the implementation of IND-AS will be mandatory for banks.

Unless otherwise stated, the Bank's financial information included in this Offering Circular (including the section entitled "*Management's Discussion and Analysis of Financial Condition and Results of Operations*") has been presented on a standalone basis, which does not reflect the financial performance or financial condition of the Bank's subsidiaries. Although the Bank possesses certain subsidiaries, it believes that the impact of those entities on the Bank's consolidated financial statements is not significant. Accordingly, the Bank's management primarily utilizes the Bank's standalone financial information to monitor the operational strength and performance of the Bank's business. For more information on the Bank's financial information on a consolidated basis, see the Bank's consolidated financial statements, which have been included in this Offering Circular. For more information on the Bank's subsidiaries, see "*Business – Subsidiaries*".

Certain comparative financial data as of and for the fiscal year ended 31 March 2019 presented in the audited standalone and consolidated financial statements as of and for the year ended 31 March 2020 (**Fiscal**

2020 Financial Statements) were reclassified from their previous presentation in the audited standalone and consolidated financial statements as of and for the fiscal year ended 31 March 2019 (**Fiscal 2019 Financial Statements**) to conform to the presentation of the Fiscal 2020 Financial Statements. The financial data as of and for the fiscal year ended 31 March 2019 presented in the Fiscal 2019 Financial Statements are based on the financial statements as approved by the Bank's board of directors and are not required to be revised to account for the aforementioned changes. Therefore, the comparative financial data as of and for the fiscal year ended 31 March 2019 presented in the Fiscal 2020 Financial Statements may not be comparable to the financial data as of and for the fiscal year ended 31 March 2019 presented in the Fiscal 2019 Financial Statements.

Further, certain comparative financial data as of and for the fiscal year ended 31 March 2018 presented in the Fiscal 2019 Financial Statements were reclassified from their previous presentation in the audited standalone and consolidated financial statements as of and for the fiscal year ended 31 March 2018 (**Fiscal 2018 Financial Statements**) to conform to the presentation of the Fiscal 2019 Financial Statements. The financial data as of and for the fiscal year ended 31 March 2018 presented in the Fiscal 2018 Financial Statements are based on the financial statements as approved by the Bank's board of directors and are not required to be revised to account for the aforementioned changes. Therefore, the comparative financial data as of and for the fiscal year ended 31 March 2018 presented in the Fiscal 2019 Financial Statements may not be comparable to the financial data as of and for the fiscal year ended 31 March 2018 presented in the Fiscal 2018 Financial Statements.

All numerical and financial information as set out and presented in this Offering Circular for the sake of consistency and convenience have been rounded off or expressed in whole figures. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

The fiscal year of the Bank commences on April 1 of each calendar year and ends on 31 March of the succeeding calendar year, so, unless otherwise specified or if the context requires otherwise, all references to a particular 'Financial Year', 'Fiscal Year' or 'Fiscal' or 'FY' are to the twelve month period ended on 31 March of that year.

Non-GAAP Financial Measures

The Bank uses a variety of financial and operational performance indicators to measure and analyze its operational performance from period to period, and to manage its business. The Bank's management also uses other information that may not be entirely financial in nature, including statistical and other comparative information commonly used within the Indian banking industry to evaluate our financial and operating performance. The key financial and operational performance indicators and ratios are defined along with a brief explanation in the sections, "*Management's Discussion and Analysis of Financial Condition and Results of Operations - Certain Non-GAAP Measures*" and "*Selected Statistical Information*" respectively.

These financial and operational performance indicators have limitations as analytical tools. As a result, these financial and operational performance indicators should not be considered in isolation from, or as a substitute for, analysis of the Bank's historical financial performance, as reported and presented in its financial statements. Further, these financial and operational performance indicators are not defined under Indian GAAP, and therefore, should not be viewed as substitutes for performance or profitability measures under Indian GAAP. While these financial and operational performance indicators may be used by other banks and financial institutions operating in the Indian banking industry, they may not be comparable to similar financial or performance indicators used by other banks or financial institutions. Other banks or financial institutions may use different financial or performance indicators or calculate these ratios differently, and similarly titled measures published by them may therefore not be comparable to those used by the Bank.

CERTAIN DEFINITIONS

Capitalised terms which are used but not defined in any particular section of this Offering Circular will have the meaning attributed to them in the "Terms and Conditions of the Notes" or any other section of this Offering Circular.

Unless otherwise specified, all references to **India** are to the Republic of India and all references to the **Government** are to the Government of India and to the **State Government** are to the relevant State Government entity of India. All references to **fiscal** or **fiscal year** are to the year ended 31 March.

All references in this document to **euro** and € refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended, to **S$** refer to Singapore dollars and to **Rupee, Rupees** and **₹** refer to Indian Rupees. In addition, references to **Sterling** and **£** refer to pounds sterling, to **U.S. dollars, U.S.$** and **$** refer to United States dollars and to **RMB** and **Renminbi** refer to the lawful currency of the People's Republic of China (the **PRC**).

For convenience only, certain Rupee amounts in this Offering Circular have been translated into U.S. dollars. Unless otherwise specified, all such conversions were made at the exchange rate published by the U.S. Federal Reserve as at 31 March 2020, which was U.S.$1.00 = ₹75.3900 and as at 30 June 2020 was ₹75.5300. Other Rupee amounts in this Offering Circular where translated into U.S. dollars have been converted at the market rates prevailing at the relevant dates. No representation is made that the Rupee or U.S. dollar amounts referred to herein could have been or could be converted into U.S. dollars or Rupee, as the case may be, at any particular rate, or at all. References to **Group** refer to the Bank and its subsidiaries.

Any discrepancies in any table between totals and the sums of the amounts listed are due to rounding.

References to **crores** and **lakhs** in the Issuer's financial statements are to the following:

One lakh..	100,000	(one hundred thousand)
One crore	10,000,000	(ten million)
Ten crores..	100,000,000	(one hundred million)
One hundred crores.................................	1,000,000,000	(one thousand million or one billion)

For the purposes of this Offering Circular, the following definitions shall apply throughout, unless the context otherwise requires:

"**Companies Act**"...................................	The Companies Act, 2013 and/or the Companies Act, 1956, as applicable.
"**Companies Act, 1956**".........................	The (Indian) Companies Act, 1956, as amended and to the extent effective read with the rules, regulations, clarifications and modifications thereunder.
"**Companies Act, 2013**".........................	The (Indian) Companies Act, 2013, as amended and to the extent effective, read with the rules, regulations, clarifications and modifications thereunder.
"**Expected Credit Loss (ECL)**"	ECL is a probability-weighted estimate of credit losses. A credit loss is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive discounted at the original effective interest rate.

"**FEMA Act**"	The Foreign Exchange Management Act, 1999, as amended, and the regulations issued thereunder.

Furthermore, certain figures and percentages included in this Offering Circular have been subject to rounding adjustments; accordingly, figures shown in the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

INDUSTRY AND MARKET DATA

Certain industry and market share data in this Offering Circular are obtained or derived from data of the Reserve Bank of India (the **RBI**) or the Director General of Commercial Intelligence and Statistics or publicly available information. Certain other information regarding market position, growth rates and other industry data pertaining to the Bank's business contained in this Offering Circular consists of estimates by the Bank based on data reports compiled by professional organisations and analysts, on data from other external sources and on the Bank's knowledge of its markets. This data is subject to change and cannot be verified with complete certainty due to limits on the availability and reliability of the raw data and other limitations and uncertainties inherent in any statistical survey. In many cases, there is no readily available external information (whether from trade associations, Government bodies or other organisations) to validate market-related analyses and estimates, so the Bank relies on internally developed estimates. While the Bank has compiled, extracted and reproduced market or other industry data from external sources, including third parties or industry or general publications, neither the Bank, the Arrangers, the Dealers, the Trustee nor the Agents makes any representation regarding the accuracy of such data. Similarly, while the Bank believes its internal estimates to be reasonable, such estimates have not been verified by any independent sources and neither the Bank, the Arrangers, the Dealers, the Trustee nor the Agents can assure potential investors as to their accuracy.

FORWARD-LOOKING STATEMENTS

This Offering Circular includes statements which contain words or phrases such as "will", "would", "aim", "aimed", "will likely result", "is likely", "are likely", "believe", "expect", "expected to", "will continue", "will achieve", "anticipate", "estimate", "estimating", "intend", "plan", "contemplate", "seek to", "seeking to", "trying to", "target", "propose to", "future", "objective", "goal", "project", "should", "can", "could", "may", "will pursue", "in management's judgement" and similar expressions or variations of such expressions, that are "forward-looking statements". Actual results may differ materially from those suggested by the forward-looking statements due to certain risks or uncertainties associated with management's expectations with respect to, but not limited to, the actual growth in demand for banking and other financial products and services, the management's ability to successfully implement its strategy, future levels of impaired loans, the Bank's growth and expansion, the adequacy of the Bank's allowance for credit and investment losses, technological changes, investment income, the Bank's ability to market new products, cash flow projections, the outcome of any legal or regulatory proceedings the Bank is or may become a party to, the future impact of new accounting standards, management's ability to implement its dividend policy, the impact of Indian banking regulations on it, the Bank's ability to roll over its short-term funding sources, the Bank's exposure to market risks and the market acceptance of and demand for Internet banking services. By their nature, certain of the market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains, losses or impact on net interest income and net income could materially differ from those that have been estimated.

In addition, other factors that could cause actual results to differ materially from those estimated by the forward-looking statements contained in this Offering Circular include, but are not limited to the impact of any outbreak of contagious diseases (including the prolonged outbreak of COVID-19), general economic and political conditions in India, southeast Asia, and the other countries which have an impact on the Issuer's business activities or investments, political or financial instability in India or any other country caused by any factor including any terrorist attacks in India, the United States or elsewhere or any other acts of terrorism worldwide, any anti-terrorist or other attacks by the United States, a United States-led coalition or any other country, the monetary and interest rate policies of India, political or financial instability in India or any other country caused by the border conflicts between India and China, tensions between India and Pakistan related to the Kashmir region or military armament or social unrest in any part of India, inflation, deflation, unanticipated turbulence in interest rates, changes in the value of the Rupee, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets and level of Internet penetration in India and globally, changes in domestic and foreign laws, regulations and taxes, changes in competition and the pricing environment in India and regional or general changes in asset valuations. For a further discussion on the factors that could cause actual results to differ, see the discussion under "*Risk Factors*" contained in this Offering Circular.

Any forward-looking statements contained in this Offering Circular speak only as at the date of this Offering Circular. Without prejudice to any requirements under applicable laws and regulations, the Issuer expressly disclaims any obligation or undertaking to disseminate after the date of this Offering Circular any updates or revisions to any forward looking statements contained herein to reflect any change in expectations thereof or any change in events, conditions or circumstances on which any such forward looking statement is based.

CONTENTS

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Pricing Supplement may over-allot Notes or effect transactions with a view to supporting the trading price of the Notes of the Series (as defined below) of which such Tranche forms a part at a level higher than that which might otherwise prevail for a limited period after the date of the relevant Tranche of Notes. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilising, if commenced, may be discontinued at any time after a limited period. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents published or issued from time to time after the date hereof shall be deemed to be incorporated in, and to form part of, this Offering Circular:

The most recently published audited consolidated and standalone annual financial statements and, if published later, the most recently published audited or reviewed, as the case may be, interim standalone financial results (if any) of the Issuer, (see "*General Information*" for a description of the financial statements currently published by the Issuer) published from time to time after the date hereof shall be deemed to be incorporated in, and form part of, this Offering Circular.

Any statement contained herein or in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Offering Circular to the extent that a statement contained in any such subsequent document which is deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Offering Circular.

Copies of documents incorporated by reference in this Offering Circular can be obtained from the registered office of the Issuer and from the specified office of the Paying Agents for the time being in London and will be available for viewing on the website of the Regulatory News Service operated by the London Stock Exchange at http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html.

The Issuer will provide, without charge, to each person to whom a copy of this Offering Circular has been delivered, upon the request of such person, a copy of any or all of the documents deemed to be incorporated herein by reference unless such documents have been modified or superseded as specified above. Requests for such documents should be directed to the Issuer at its corporate office set out at the end of this Offering Circular. In addition, such documents will be available free of charge from the specified office of the Principal Paying Agent in London (which for the time being is The Bank of New York Mellon, London Branch (the **Principal Paying Agent)** for the Notes listed on the SGX-ST).

If the terms of the Programme are modified or amended in a manner which would make this Offering Circular, as so modified or amended, inaccurate or misleading, to an extent which is material in the context of the Programme, a new offering circular will be prepared.

GENERAL DESCRIPTION OF THE PROGRAMME

Under the Programme, the Issuer may from time to time issue Notes denominated in any currency, subject as set out herein. A summary of the terms and conditions of the Programme and the Notes appears below. The applicable terms of any Notes will be agreed between the Issuer and the relevant Dealer prior to the issue of the Notes and will be set out in the Terms and Conditions of the Notes endorsed on, attached to, or incorporated by reference into, the Notes, as modified and supplemented by the applicable Pricing Supplement attached to, or endorsed on, such Notes, as more fully described under "*Form of the Notes*".

This Offering Circular and any supplement will only be valid for listing Notes on the SGX-ST or the ISM in an aggregate nominal amount which, when added to the aggregate nominal amount then outstanding of all Notes previously or simultaneously issued under the Programme, does not exceed U.S.$5,000,000,000 or its equivalent in other currencies. For the purpose of calculating the U.S. dollar equivalent of the aggregate nominal amount of Notes issued under the Programme from time to time:

(a) the U.S. dollar equivalent of Notes denominated in another Specified Currency (as specified in the applicable Pricing Supplement in relation to the relevant Notes, described under "*Form of the Notes*") shall be determined, at the discretion of the Issuer as at the date on which agreement is reached for the issue of Notes;

(b) the U.S. dollar equivalent of Dual Currency Notes, Index Linked Notes and Partly Paid Notes (each as specified in the applicable Pricing Supplement in relation to the relevant Notes, described under "*Form of the Notes*") shall be calculated in the manner specified above by reference to the original nominal amount on issue of such Notes (in the case of Partly Paid Notes regardless of the amount of subscription price paid); and

(c) the U.S. dollar equivalent of Zero Coupon Notes (as specified in the applicable Pricing Supplement in relation to the relevant Notes, described under "*Form of the Notes*") and other Notes issued at a discount or a premium shall be calculated in the manner specified above by reference to the nominal amount of those Notes.

The offering of the Notes will be made entirely outside India. This Offering Circular may not be distributed directly or indirectly in India or to residents of India and the Notes are not being offered or sold and may not be offered or sold directly or indirectly in India or to, or for the account or benefit of, any resident of India.

SUMMARY OF THE PROGRAMME

The following summary does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Offering Circular and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Pricing Supplement. Words and expressions defined in "*Form of the Notes*" and "*Terms and Conditions of the Notes*" shall have the same meanings in this summary.

Issuer	Axis Bank Limited, acting through its Singapore Branch, DIFC Branch, GIFT City Branch or other foreign branches (as specified in the relevant Pricing Supplement).
Risk Factors	There are certain factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme. These are set out under "*Risk Factors*" below. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme. These are set out under "*Risk Factors*" and include certain risks relating to the structure of particular Series of Notes and certain market risks.
Description	Global Medium Term Note Programme.
Arrangers	Axis Bank Limited, Singapore Branch The Hongkong and Shanghai Banking Corporation Limited
Dealers	Axis Bank Limited, Singapore Branch The Hongkong and Shanghai Banking Corporation Limited and any other Dealers appointed in accordance with the Programme Agreement (as defined under "*Subscription and Sale*").
Certain Restrictions	Each issue of Notes in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see "*Transfer Restrictions" and "Subscription and Sale*") including the following restrictions applicable at the date of this Offering Circular. **Notes having a maturity of less than one year** Notes having a maturity of less than one year will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent (see "*Transfer Restrictions*" and "*Subscription and Sale*").
Trustee	The Bank of New York Mellon, London Branch.
Principal Paying Agent	The Bank of New York Mellon, London Branch.

Registrar	The Bank of New York Mellon SA/NV, Luxembourg Branch in respect of Notes cleared through Euroclear and Clearstream, Luxembourg. The Bank of New York Mellon in respect of Notes cleared through DTC.
Programme Size	U.S.$5,000,000,000 (or its equivalent in other currencies calculated as described under "*General Description of the Programme*") in aggregate nominal amount of Notes outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
Distribution	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
Currencies	Notes may be denominated in any agreed currency and with any agreed maturity, subject to any applicable legal or regulatory restrictions and any requirements of the relevant central bank (or equivalent body).
Maturities	Such maturities as may be agreed between the Issuer and the relevant Dealer and indicated in the applicable Pricing Supplement, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.
Issue Price	Notes may be issued on a fully-paid or (in the case of Notes other than Subordinated Notes and Hybrid Tier I Notes) a partly-paid basis and at an issue price which is at par or at a discount to, or premium over, par.
Form of Notes	The Notes will be issued in bearer or registered form as set out in the applicable Pricing Supplement. Registered Notes will not be exchangeable for Bearer Notes and *vice versa*.
Fixed Rate Notes	Fixed interest will be payable at such rate or rates in arrear and on such date or dates as may be agreed between the Issuer and the relevant Dealer and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer.
Floating Rate Notes	Floating Rate Notes will bear interest at a rate determined: (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or (ii) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or

	(iii) on such other basis as may be agreed between the Issuer and the relevant Dealer. The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer for each Series of Floating Rate Notes. Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both. Interest on Floating Rate Notes and Index Linked Interest Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer.
Index Linked Notes	Payments of principal in respect of Index Linked Redemption Notes or of interest in respect of Index Linked Interest Notes will be calculated by reference to such index and/or formula or to changes in the prices of securities or commodities or to such other factors as the Issuer and the relevant Dealer may agree.
Partly Paid Notes	The Issuer may issue Notes in respect of which the issue price is paid in separate instalments in such amounts and on such dates as the Issuer and the relevant Dealer may agree.
Notes redeemable in instalments	The Issuer may issue Notes which may be redeemed in separate instalments in such amounts and on such dates as the Issuer and the relevant Dealer may agree.
Other provisions in Floating Rate Notes and Index Linked Interest Notes.............	Floating Rate Notes and Index Linked Interest Notes may also have a maximum interest rate, a minimum interest rate or both. Interest on Floating Rate Notes and Index Linked Interest Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer.
Dual Currency Notes	Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as the Issuer and the relevant Dealer may agree.
Zero Coupon Notes.................................	Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.
Other Notes...	The Issuer may agree with any Dealer and the Trustee that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes, in which event the relevant provisions will be included in the applicable Pricing Supplement.
Redemption	The applicable Pricing Supplement will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than (i) in specified instalments, if applicable, (ii) for

	taxation reasons (in the case of Subordinated Notes and Hybrid Tier I Notes, only with the prior approval of the RBI or other relevant authority and, in the case of Hybrid Tier I Notes, the conditions for redemption set out in Condition 6.12 having been satisfied), (iii) in the case of Hybrid Tier I Notes, for certain regulatory reasons (with the prior approval of the RBI or such other relevant authority and the conditions for redemption set out in Condition 6.12 having been satisfied) or (iv) (in the case of Senior Notes) following an Event of Default (as defined in Condition 9.1)) or that such Notes will be redeemable at the option of the Issuer (in the case of Subordinated Notes and Hybrid Tier I Notes, only with the prior approval of the RBI subject to the fulfilment of applicable conditions) and/or (except in the case of Subordinated Notes and Hybrid Tier I Notes) the Noteholders upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as set forth in the Terms and Conditions of the Notes or as may be agreed between the Issuer and the relevant Dealer, subject to any regulatory requirements. The applicable Pricing Supplement may provide that Notes may be redeemable in two or more instalments of such amounts and on such dates as are indicated in the applicable Pricing Supplement. Notes having a maturity of less than one year are/may be subject to restrictions on their denomination and distribution (see "– *Certain Restrictions – Notes having a maturity of less than one year*" above).
Denomination of Notes............................	Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note will be such as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency (see "– *Certain Restrictions – Notes having maturity of less than one year*" above).
Taxation	All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed by any Tax Jurisdiction (as defined in Condition 7.2), subject as provided in Condition 7. In the event that any such deduction is made, the Issuer will, save in certain limited circumstances provided in Condition 7, be required to pay additional amounts to cover the amounts so deducted.
Negative Pledge.......................................	The terms of the Notes (other than Subordinated Notes and Hybrid Tier I Notes) will contain a negative pledge provision as further described in Condition 3.

Cross Default...	The terms of the Notes (other than Subordinated Notes and Hybrid Tier I Notes) will contain a cross default provision as further described in Condition 9.
Status of the Senior Notes	The Senior Notes will constitute direct, unconditional, unsubordinated and, subject to the provisions of Condition 3, unsecured obligations of the Issuer and will rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.
Status, Events of Default and other Terms of or relating to the Subordinated Notes..	Subordinated Notes will be Upper Tier II Subordinated Notes or Lower Tier II Subordinated Notes, as indicated in the applicable Pricing Supplement. The status of the Subordinated Notes and events of default applicable to the Subordinated Notes are set out in Conditions 2.2 and 9.2, respectively. Subordinated Notes do not have the benefit of a negative pledge or cross default provision.
Status, Events of Default and other Terms of or relating to Hybrid Tier I Notes	The status of the Hybrid Tier I Notes and events of default applicable to the Hybrid Tier I Notes are set out in Conditions 2.3 and 9.2, respectively. Hybrid Tier I Notes do not have the benefit of a negative pledge or cross default provision.
Limited Right of Acceleration in respect of Subordinated Notes and Hybrid Tier I Notes.................................	If a default is made in the payment of any principal or interest due on the Subordinated Notes or the Hybrid Tier I Notes or any of them on the due date and, in the case of interest, such default continues for a period of fourteen days, the Trustee may institute proceedings against the Issuer, including winding up proceedings, but may take no other action in respect of such default. The Trustee may only accelerate the Subordinated Notes or the Hybrid Tier I Notes in the circumstances set out in Condition 9.2(b). **Neither the Terms and Conditions of the Subordinated Notes and/or the Hybrid Tier I Notes nor the Trust Deed (as defined under "*Terms and Conditions of the Notes*") will contain any provision whereby the Subordinated Notes and/ or the Hybrid Tier I Notes will become due and payable upon a default in the payment of principal of or interest on the Subordinated Notes and/or the Hybrid Tier I Notes or on the non-performance of any covenant of the Issuer or upon the happening of any event other than the events set forth in Condition 9.2(b); principally, the winding up or liquidation of the Issuer.**
Listing..	Application has also been made to the London Stock Exchange for the Notes to be admitted to the London Stock Exchange's ISM. The ISM is not a regulated market for the purposes of Directive 2014/65/EU.

	Additionally, application has been made for the listing and quotation of Notes that may be issued pursuant to the Programme and which are agreed at or prior to the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Singapore Official List. The Notes may also be listed on such other or further stock exchange(s) as may be agreed between the Issuer and the relevant Dealer in relation to each Series. If the application to the SGX-ST to list a particular series of Notes is approved, such Notes listed on the SGX-ST will be traded on the SGX-ST in a minimum board lot size of at least S$200,000 (or equivalent). Notes may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets as may be agreed between the Issuer and the relevant Dealer in relation to the relevant Series. Unlisted Notes may also be issued. The applicable Pricing Supplement will state whether or not the relevant Notes are to be listed and, if so, on which stock exchange(s).
Use of Proceeds	The proceeds from each issue of Notes shall be utilised by the Issuer for its overseas operations or such other activities as are permitted under applicable laws in India. If, in respect of any particular issue of Notes, there is a particular identified use of proceeds, this will be stated in the applicable Pricing Supplement.
Rating	The rating of certain Series of Notes to be issued under the Programme may be specified in the applicable Pricing Supplement.
Governing Law	The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and shall be construed in accordance with, English law except that Clause 2(G) of the Trust Deed, in the case of Subordinated Notes, Condition 2.2 and, in the case of Hybrid Tier I Notes, Condition 2.3 will be governed by Indian law.
Clearing System	Euroclear, Clearstream, Luxembourg, DTC and/or any other clearing system, as specified in the applicable Pricing Supplement (see "*Form of the Notes*").
Terms and Conditions	Pricing Supplements will be prepared in respect of each Tranche of the Notes. The terms and conditions applicable to each Tranche will be those set out herein under "*Terms and Conditions of the Notes*" as supplemented, modified or replaced by the Pricing Supplement.
Selling Restrictions	There are restrictions on the offer, sale and transfer of the Notes in the United States, the European Economic Area (including the Sweden, Norway, Denmark, United Kingdom and the Netherlands), Japan, India, Hong Kong, Singapore, UAE and DIFC and such other restrictions as may be required in

	connection with the offering and sale of a particular Tranche of Notes (see "*Subscription and Sale*").
United States Selling Restrictions	Regulation S, Category 1 and Rule 144A, TEFRA C or D (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the U.S. Internal Revenue Code of 1986, as amended)/TEFRA not applicable as specified in the applicable Pricing Supplement.
Legal Entity Identifier Code....................	549300HVNWMJPOFVNI41.

FORM OF THE NOTES

The Notes of each Series will be in either bearer form, with or without interest coupons (**Coupons**) attached, or registered form, without Coupons attached. Bearer Notes will be issued outside the U.S. in reliance on Regulation S, and Registered Notes will be issued both outside the U.S. in reliance on the exemption from registration provided by Regulation S and within the United States in reliance on Rule 144A or otherwise in a private transaction that is exempt from the registration requirements of the Securities Act.

Bearer Notes

Each Tranche of Bearer Notes will initially be represented by either a temporary bearer global note (a **Temporary Bearer Global Note**) or a permanent bearer global note (a **Permanent Bearer Global Note** and, together with a Temporary Bearer Global Note, the **Bearer Global Notes,** and each a **Bearer Global Note**) as indicated in the applicable Pricing Supplement, which, in either case, will be delivered on or prior to the original issue date of the Tranche to a common depositary (the **Common Depositary**) for Euroclear Bank S.A./N.V. (**Euroclear**) and Clearstream Banking S.A. (**Clearstream, Luxembourg**). Whilst any Bearer Note is represented by a Temporary Bearer Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Bearer Notes due prior to the Exchange Date (as defined below) will be made against presentation of the Temporary Bearer Global Note only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in the Temporary Bearer Global Note are not U.S. persons or persons who have purchased for resale to any U.S. person or to a person within the United States, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Principal Paying Agent.

On and after the date (the **Exchange Date**) which, for each Tranche in respect of which a Temporary Bearer Global Note is issued, is 40 days after the date on which the Temporary Bearer Global Note is issued, interests in such Temporary Bearer Global Note will be exchangeable (free of charge) upon a request as described therein either for (i) interests in a Permanent Bearer Global Note of the same Series or (ii) definitive Notes of the same Series with, where applicable, receipts, Coupons and talons attached (as indicated in the applicable Pricing Supplement and subject, in the case of definitive Notes, to such notice period as is specified in the applicable Pricing Supplement), in each case against certification of beneficial ownership as described above, unless such certification has already been given, provided that purchasers in the United States and certain U.S. persons will not be able to receive definitive Bearer Notes. The holder of a Temporary Bearer Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Bearer Global Note for an interest in a Permanent Bearer Global Note or for definitive Bearer Notes is improperly withheld or refused. While any Bearer Note is represented by a Temporary Bearer Global Note, payments of principal and interest due before the Exchange Date will be made (i) only outside the United States, and (ii) only if the certification of beneficial ownership described above has been received.

The option for an issue of Bearer Notes to be represented on issue by a Temporary Bearer Global Note exchangeable for definitive Bearer Notes should not be expressed to be applicable in the applicable Final Terms if the Bearer Notes are issued with a minimum Specified Denomination such as €100,000 (or its equivalent in another currency) plus one or more higher integral multiples of another smaller amount such as €1,000 (or its equivalent in another currency).

Payments of principal, interest (if any) or any other amounts on a Permanent Bearer Global Note will be made through Euroclear and/or Clearstream, Luxembourg against presentation or surrender (as the case may be) of the Permanent Bearer Global Note without any requirement for certification.

The applicable Pricing Supplement will specify that a Permanent Bearer Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Notes with, where applicable, receipts, Coupons and talons attached upon the occurrence of an Exchange Event.

For these purposes, **Exchange Event** means that (i) an Event of Default (as defined in Condition 9.1) has occurred and is continuing, or (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any case, no successor or alternative clearing system satisfactory to the Trustee is available, or (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Permanent Bearer Global Note in definitive form and a certificate to such effect from an authorised officer of the Issuer has been given to the Trustee. The Issuer will promptly give notice to the Noteholders in accordance with Condition 13 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg or the Common Depositary on their behalf (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) or the Trustee may give notice to the Principal Paying Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Principal Paying Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

The following legend will appear on all Bearer Notes, receipts and interest coupons relating to such Notes where TEFRA D is specified in the applicable Pricing Supplement:

"ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE."

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Bearer Notes, receipts or Coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of such Bearer Notes, receipts or Coupons.

Notes which are represented by a Bearer Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

Registered Notes

The Registered Notes of each Tranche offered and sold in reliance on Regulation S, which will be sold outside the United States, will initially be represented by a global note in registered form (a **Regulation S Global Note**).

The Registered Notes of each Tranche offered and sold in the United States may only be offered and sold in private transactions to "qualified institutional buyers" within the meaning of Rule 144A (**QIBs**). The Registered Notes of each Tranche sold to QIBs will be represented by a global note in registered form (a **Rule 144A Global Note** and, together with a Regulation S Global Note, the **Registered Global Notes,** and each a **Registered Global Note)**.

Registered Global Notes will either (i) be deposited with a custodian for, and registered in the name of a nominee of, The Depository Trust Company (**DTC**), or (ii) be deposited with the Common Depositary for Euroclear and Clearstream, Luxembourg, and registered in the name of a common nominee of Euroclear and Clearstream, Luxembourg, as specified in the applicable Pricing Supplement. Persons holding beneficial interests in Registered Global Notes will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of definitive Notes in fully registered form.

Payments of principal, interest and any other amount in respect of the Registered Global Notes will, in the absence of provision to the contrary, be made to the person shown on the Register (as defined in Condition 6.4) as the registered holder of the Registered Global Notes. None of the Issuer, any Paying Agent, the Trustee or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Registered Notes in definitive form will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 5.4) immediately preceding the due date for payment in the manner provided in that Condition.

Interests in a Registered Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Registered Notes without receipts, Coupons or talons attached only upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that (i) an Event of Default has occurred and is continuing, (ii) in the case of Notes registered in the name of a nominee for DTC, either DTC has notified the Issuer that it is unwilling or unable to continue to act as depository for the Notes and no successor or alternative clearing system satisfactory to the Trustee is available or DTC has ceased to constitute a clearing agency registered under the Exchange Act and no alternative clearing system is available, (iii) in the case of Notes registered in the name of a nominee for a Common Depositary for Euroclear and Clearstream, Luxembourg, the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor or alternative clearing system satisfactory to the Trustee is available, or (iv) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Registered Global Note in definitive form and a certificate to that effect from an authorised officer of the Issuer is given to the Trustee. The Issuer will promptly give notice to Noteholders in accordance with Condition 13 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, DTC, Euroclear and/or Clearstream, Luxembourg or any person acting on their behalf (acting on the instructions of any holder of an interest in such Registered Global Note) or the Trustee may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iv) above, the Issuer may also give notice to the Registrar requesting exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar.

Transfer of Interests

Interests in a Registered Global Note may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such interest in another Registered Global Note. No beneficial owner of an interest in a Registered Global Note will be able to transfer such interest, except in accordance with the applicable procedures of DTC, Euroclear and Clearstream, Luxembourg, in each case to the extent applicable. Registered Notes are also subject to the restrictions on transfer set forth therein and will bear a legend regarding such restrictions, see "*Transfer Restrictions*".

General

Pursuant to the Agency Agreement (as defined under "*Terms and Conditions of the Notes*"), the Principal Paying Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single

Series with an existing Tranche of Notes, at a point after the Issue Date of the further Tranche the Notes of such further Tranche shall be assigned a common code and ISIN and, where applicable, a CUSIP and CINS number which are different from the common code, ISIN, CUSIP and CINS assigned to Notes of any other Tranche of the same Series until such time as the Tranches are consolidated and form a single Series, which shall not be prior to the expiry of the distribution compliance period (as defined in Regulation S under the Securities Act) applicable to the Notes of such Tranche.

Any reference herein to Euroclear and/or Clearstream, Luxembourg and/or DTC shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Pricing Supplement or otherwise approved by the Issuer, the Trustee and the Principal Paying Agent.

No Noteholder, Receiptholder or Couponholder (as defined below) shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails to do so within a reasonable period and the failure shall be continuing.

The Issuer may agree with any Dealer that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which event a new Offering Circular or a supplement to the Offering Circular, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

If the applicable Pricing Supplement specifies any modification to the Terms and Conditions of the Notes as described herein, it is envisaged that, to the extent that such modification relates only to Conditions 1, 4, 5, 6 (except Condition 6.2), 10, 11, 12, 13 (insofar as such Notes are not listed or admitted to trade on any stock exchange) or 16, they will not necessitate the preparation of a supplement to this Offering Circular. If the Terms and Conditions of the Notes of any Series are to be modified in any other respect, a supplement to this Offering Circular will be prepared, if appropriate.

FORM OF APPLICABLE PRICING SUPPLEMENT

Set out below is the form of Pricing Supplement which will be completed for each Tranche of Notes issued under the Programme.

[*Date*]

Axis Bank Limited
acting through its [Singapore/Dubai International Financial Centre/GIFT City/*specify other foreign branch*] Branch

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes] under the U.S.$5,000,000,000 Medium Global Term Note Programme

PART A – CONTRACTUAL TERMS

This document constitutes the Pricing Supplement relating to the issue of Notes described herein.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated 18 September 2020 [and the supplement[s] to it dated [●] and [●]] (the **Offering Circular**). This Pricing Supplement constitutes the final terms of the Notes and must be read in conjunction with such Offering Circular.

[*The following alternative language applies if the first tranche of an issue which is being increased was issued under an Offering Circular with an earlier date.*

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the Offering Circular dated [*original date*] which are incorporated by reference in the Offering Circular dated [*original date*] [and the Supplement dated [*date*] and are attached hereto. This Pricing Supplement constitutes the final terms of the Notes and must be read in conjunction with the Offering Circular dated [*current date*].]

MiFID II product governance / target market – [appropriate target market legend to be included]

[**PROHIBITION OF SALES TO EEA AND UK RETAIL INVESTORS** — The Notes are not intended to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (**EEA**) or in the United Kingdom (**UK**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); or (ii) a customer within the meaning of Directive (EU) 2016/97 (Insurance Distribution Directive), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the **Prospectus Regulation**). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the **PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.][1]

[**Notification under Section 309B(1)(c) of the [Securities and Futures Act (Chapter 289) of Singapore (**the **SFA)** – [*To insert notice if classification of the Notes is not "prescribed capital markets products", pursuant to Section 309B of the SFA or Excluded Investment Products (as defined in MAS Notice*

[1] Include if item 38 (Prohibition of Sales to EEA and UK Retail Investors) is stated to be applicable.

SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products)].][2]

[*Include whichever of the following apply or specify as "Not Applicable". Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Pricing Supplement.*]

[*If the Notes have a maturity of less than one year from the date of their issue, the minimum denomination may need to be £100,000 or its equivalent in any other currency.*]

1.	Issuer:		Axis Bank Limited, acting through its [Singapore/Dubai International Financial Centre/ GIFT City/*specify other foreign branch*] Branch
2.	(a)	Series Number:	[●]
	(b)	Tranche Number:	[●] *(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)*
3.	Specified Currency or Currencies:		[●]
4.	Aggregate Nominal Amount:		
	(a)	Series:	[●]
	(b)	Tranche:	[●]
	(c)	Date on which the Notes will be consolidated and form a single Series:	The Notes will be consolidated and form a single Series with [*identify earlier Tranches*] on [the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph [●] below, which is expected to occur on or about [*date*]] [Not Applicable]
5.	Issue Price:		[●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] (if applicable)]
6.	(a)	Specified Denominations: *(in the case of Registered Notes this means the minimum integral amount in which transfers can be made)*	[●] *(N.B. Notes must have a minimum denomination of €100,000 or equivalent)* *(Note – where Bearer Notes with multiple denominations above [€100,000] or equivalent are being used with respect to Bearer Notes, the following sample wording should be followed: "[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Notes in definitive form will be issued with a denomination above [€199,000].")*

[2] Relevant Dealer(s) to consider whether it/they have received the necessary product classification from the Issuer prior to the launch of the offer, pursuant to Section 309B of the SFA. If there is a change as to product classification for the relevant drawdown, from the upfront classification embedded in the programme documentation, then the legend is to be completed and used (if no change as to product classification, then the legend may be deleted in its entirety).

		(N.B. If an issue of Notes is (i) NOT admitted to trading on a European Economic Area exchange; and (ii) only offered in the European Economic Area in circumstances where a prospectus is not required to be published under the Prospectus Directive the €100,000 minimum denomination is not required.) (In the case of Registered Notes, this means the minimum integral amount in which transfers can be made.)
	(b) Calculation Amount (in relation to calculation of interest in global form, see Conditions):	[●] *(If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. N.B. There must be a common factor in the case of two or more Specified Denominations)*
7.	(a) Issue Date:	[●]
	(b) Interest Commencement Date:	[*specify*/Issue Date/Not Applicable] *(N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)*
8.	Maturity Date:	Specify date/or for Floating Rate Notes – Interest Payment Date falling in or nearest to [specify month and year] *(N.B. The maturity date of the Notes will be subject to the guidelines issued by the RBI from time to time.)*
9.	Interest Basis:	[[●] per cent. Fixed Rate] [specify Reference Rate] +/-[ ] per cent. Floating Rate] [Zero Coupon] [Index Linked Interest] [Dual Currency Interest] [*specify other*] (further particulars specified below)
10.	Redemption/Payment Basis:	[Redemption at par] [Index Linked Redemption] [Dual Currency Redemption] [Partly Paid] [Instalment] [*specify other*]
11.	Change of Interest Basis or Redemption/Payment Basis:	[Applicable/Not Applicable] [*if applicable, specify details of any provision for change of Notes into another Interest Basis or Redemption/ Payment Basis*] *(N.B. Conditions related to the maturity, redemption, put/call and similar features of Notes qualifying as regulatory capital will be subject to the guidelines issued by the RBI from time to time.)*

12.	Put/Call Options:	[Investor Put] [Change of Control Put] *(N.B. Investor Put is not possible for Subordinated Notes or Hybrid Tier I Notes)* [Issuer Call] *(N.B. Conditions related to the maturity, redemption, put/call and similar features of Notes qualifying as regulatory capital will be subject to the guidelines issued by the RBI from time to time.)* [*(further particulars specified below)*]
13.	Status of the Notes:	[Senior/Subordinated/Hybrid Tier I][*] *(If "Subordinated", specify either "Upper Tier II Subordinated" or "Lower Tier II Subordinated")*
14.	(a) Date of Board approval for issuance of Notes obtained:	[●] [and [●], respectively]/[None required] *(N.B. Only relevant where Board (or similar) authorisation is required for the particular Tranche of Notes)*
	(b) Date of regulatory approval/ consent for issuance of Notes obtained:	[●]/[None required] *(N.B. Only relevant where regulatory (or similar) approval or consent is required for the particular tranche of Notes)*
15.	Listing:	[SGX-ST/ISM/*specify other/None*] *(N.B. Consider disclosure requirements under the EU Prospectus Directive applicable to securities admitted to an EU regulated market)*
16.	Method of distribution:	[Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

17.	Fixed Rate Note Provisions:	[Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
	(a) Rate(s) of Interest:	[●] per cent. per annum payable in arrear on each Interest Payment Date] *(If payable other than annually, consider amending Condition 4)*
	(b) Interest Payment Date(s):	[●] in each year up to and including the Maturity Date *(Amend appropriately in the case of irregular coupons)*
	(c) Fixed Coupon Amount(s) *for Notes in definitive form (and in relation to Notes in Global form, see Conditions:*	[●] per Calculation Amount

[*] *N.B. The Programme has not been updated to include terms and conditions for non-equity Tier I capital (**Additional Tier I capital**) instruments and Tier II capital instruments compliant with the RBI's Master Circular – Basel III Capital Regulations DBR.No.BP.BC.1/21.06.201/2015-16 dated 1 July 2015 (**Master Circular – Basel III Capital Regulations**). Programme documentation should be updated to conform to these regulations prior to any issuance of Additional Tier I or Tier II capital instruments.*

	(d)	Broken Amount(s) *for Notes in definitive form (and in relation to Notes in Global form, see Conditions:*	[[●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]] [Not applicable]
	(e)	Day Count Fraction:	[Actual/Actual (ICMA)] [30/360] [Actual/3 65(Fixed)] or [*specify other*]
	(f)	Determination Date(s):	[[●] in each year] [Not Applicable] *(Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such a case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon)*
	(g)	Other terms relating to the method of calculating interest for Fixed Rate Notes:	[None/*Give details*]
18.		Floating Rate Note Provisions:	[Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)* *(N.B. Hybrid Tier I Notes and Subordinated Notes with a floating rate of interest will be required to be referenced to a market determined benchmarked rate, under the guidelines issued by the RBI)*
	(a)	Specified Period(s)/Specified Interest Payment Dates:	[●]
	(b)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention/ [*specify other*]] [Not applicable]
	(c)	Additional Business Centre(s):	[●]
	(d)	Manner in which the Rates of Interest and Interest Amount are to be determined:	[Screen Rate Determination/ISDA Determination/*specify other*]
	(e)	Party responsible for calculating the Rate of Interest and Interest Amount (if not the Principal Paying Agent):	[●]
	(f)	Screen Rate Determination:	Reference Rate: [●] month
		(i) Reference Rate:	[●] month [LIBOR/EURIBOR/*specify other Reference Rate*] (Either LIBOR, EURIBOR or other, although additional information is required if other, including fallback provisions in the Agency Agreement)
		(ii) Interest Determination Date(s):	[●] (Second London business day prior to the start of each

			Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)
		(iii) Relevant Screen Page:	[●] *(In the case of EURIBOR, if not Reuters EURIBOR01, ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)*
	(g)	ISDA Determination:	
		(i) Floating Rate Option:	[●]
		(ii) Designated Maturity:	[●]
		(iii) Reset Date:	[●] *(in the case of a LIBOR or EURIBOR-based option, the first day of the Interest Period)*
	(h)	Margin(s):	[+/-] [●] per cent. per annum
	(i)	Minimum Rate of Interest:	[●] per cent. per annum
	(j)	Maximum Rate of Interest:	[●] per cent. per annum
	(k)	Day Count Fraction:	[Actual/Actual (ISDA)] [Actual/Actual] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360, 360/360 or Bond Basis] [30E/360 or Eurobond Basis] [30E/360 (ISDA)] [*Other*]
	(l)	Fall back provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:	[●]
19.		Zero Coupon Note Provisions:	[Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
	(a)	Accrual Yield:	[●] per cent. per annum
	(b)	Reference Price:	[●]
	(c)	Any other formula/basis of determining amount payable:	[●]
	(d)	Day Count Fraction in relation to Early Redemption Amounts and late payment:	[Conditions 6.6(b) and 6.11 apply/specify other] *(Consider applicable day count fraction if not U.S. dollar-denominated)*

20.	Index Linked Interest Note Provisions:		[Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
	(a)	Index/Formula:	[*give or annex details*]
	(b)	Calculation Agent:	[*give name*]
	(c)	Party responsible for calculating the Rate of Interest (if not the Calculation Agent) and Interest Amount (if not the Principal Paying Agent):	[●]
	(d)	Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable:	[*need to include a description of market disruption or settlement disruption events and adjustment provisions*]
	(e)	Specified Period(s)/Specified Interest Payment Dates:	[●]
	(f)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/ *specify other*]
	(g)	Additional Business Centre(s):	[●]
	(h)	Minimum Rate of Interest:	[●] per cent. per annum
	(i)	Maximum Rate of Interest:	[●] per cent. per annum
	(j)	Day Count Fraction:	[●]
21.	Dual Currency Interest Note Provisions:		[Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
	(a)	Rate of Exchange/method of calculating Rate of Exchange:	[*give or annex details*]
	(b)	Party, if any, responsible for calculating the principal and/or interest due (if not the Principal Paying Agent):	[●]
	(c)	Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable:	[*need to include a description of market disruption or settlement disruption events and adjustment provisions*]
	(d)	Person at whose option Specified Currency(ies) is/are payable:	[●]

PROVISIONS RELATING TO REDEMPTION

22.	Issuer Call:		[Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
	(a)	Optional Redemption Date(s):	[●]
	(b)	Optional Redemption Amount and method, if any, of calculation of such amount(s):	[[●] per Calculation Amount/*specify other*/see Appendix]
	(c)	If redeemable in part:	
		(i) Minimum Redemption Amount:	[●]
		(ii) Maximum Redemption Amount:	[●]
	(d)	Notice period (if other than as set out in the Conditions):	[●] [●] *(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent or the Trustee)*
23.	Investor Put:		[Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
	(a)	Optional Redemption Date(s):	[●]
	(b)	Optional Redemption Amount and method, if any, of calculation of such amount(s):	[[●] per Calculation Amount/*specify other*/see Appendix]
	(c)	Notice period (if other than as set out in the Conditions):	[●] [●] *(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 15 clearing system business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent or the Trustee)*
24.	Final Redemption Amount:		[[●] per Calculation Amount/*specify other*/see Appendix]

25.	Early Redemption Amount payable on redemption for taxation or (where applicable) regulatory reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 6.6):	[[●] per Calculation Amount/*specify other*/see Appendix] *(N.B. If the Final Redemption Amount is 100 per cent. of the nominal value (i.e. par), the Early Redemption Amount is likely to be par (but consider). If, however, the Final Redemption Amount is other than 100 per cent. of the nominal value, consideration should be given as to what the Early Redemption Amount should be.) (N.B. If Hybrid Tier I, to specify (i) Calculation Agent if the Principal Paying Agent is not the Calculation Agent and (ii) Day Count Fraction for the purpose of the Make Whole Amount)*
26.	Regulatory Redemption Amount:	[Applicable/Not Applicable] *(Applicable only for Hybrid Tier I Notes) (if not applicable, delete the remaining subparagraphs of this paragraph)*
	(a) Calculation Agent:	[●]
	(b) Day Count Fraction (for Make Whole Amount):	[●]
	(c) Applicable Spread:	[[●] per cent. per annum/Not Applicable]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

27.	Form of Notes:	[Bearer Notes: [Temporary Bearer Global Note exchangeable for a Permanent Bearer Global Note which is exchangeable for Definitive Notes upon an Exchange Event] [Temporary Bearer Global Note exchangeable for Definitive Notes on and after the Exchange Date]* [Permanent Bearer Global Note exchangeable for Definitive Notes upon an Exchange Event] * *(Ensure that this is consistent with the wording in the "Form of the Notes" section in the Offering Circular and the Notes themselves. N.B. The option for an issue of Notes to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6 includes language substantially to the following effect: "*[*€100,000*] *and integral multiples of [€1,000*] *in excess thereof up to and including* [*€199,000*]".] [Registered Notes: [Regulation S Global Note (U.S.$[●] nominal amount) registered in the name of a nominee for [DTC/a Common Depositary for Euroclear and Clearstream, Luxembourg]]

		[Rule 144A Global Note (U.S.$[●] nominal amount) registered in the name of a nominee for [DTC/a Common Depositary for Euroclear and Clearstream, Luxembourg]]
28.	Additional Financial Centre(s) or other special provisions relating to Payment Dates:	[Not Applicable/give details] *(Note that this item relates to the date of payment and not the end dates of Interest Periods for the purpose of calculating the amount of interest, to which items 18(c) and 2 0(g) relate)*
29.	Talons for future Coupons or Receipts to be attached to Definitive Notes in bearer form (and dates on which such Talons mature):	[Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]
30.	Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:	[Not Applicable/*give details*] *(N.B. a new form of Temporary Bearer Global Note and/or Permanent Bearer Global Note may be required for Partly Paid issues)*
31.	Details relating to Instalment Notes:	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(a) Instalment Amount(s):	[*give details*]
	(b) Instalment Date(s):	[*give details*]
32.	Redenomination applicable:	Redenomination [not] applicable *(If Redenomination is applicable, specify the applicable Day Count Fraction and any provisions necessary to deal with floating rate interest calculation (including alternative reference rates))*
33.	Other terms or special conditions:	[Not Applicable/give details]

DISTRIBUTION

34.	(a) If syndicated, names of Managers:	[Not Applicable/*give names*]
	(b) Stabilising Manager(s) (if any):	[Not Applicable/*give name(s)*]
35.	If non-syndicated, name of relevant Dealer:	[Not Applicable/*give name(s)*]
36.	Whether TEFRA D or TEFRA C rules (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the U.S. Internal Revenue Code of 1986, as amended (the **Code**)) applicable or TEFRA rules not applicable:	[TEFRA D (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the Code)/TEFRA C (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the Code)/TEFRA not applicable]

37.	U.S. Selling Restrictions:	[Regulation S [Category 1]]/[Rule 144A]
38.	Prohibition of Sales to EEA and UK Retail Investors:	[Applicable/Not Applicable]
39.	Additional selling restrictions:	[Not Applicable/*give details*]
40.	Additional U.S. federal income tax considerations:	[Not Applicable/*give details*] [The Notes are [not] subject to withholding on "dividend equivalent" payments pursuant to Section 871(m) of the Code.] [Additional information regarding the application of Section 871(m) to the Notes will be available from [provide appropriate contact details or location of such information].] *(The Notes will not be subject to withholding under Section 871(m) of the Code if they (i) are issued prior to 1 January 2023 and generally, provide a return that differs significantly from the return on an investment in any referenced U.S. equity (including any U.S. equity that is a component of a referenced index) or (ii) do not reference any U.S. equity or any index that contains any component U.S. equity or otherwise provide direct or indirect exposure to U.S. equities. If the Notes are issued on or after 1 January 2023 and reference a U.S. equity or an index that contains a component U.S. equity or otherwise provide direct or indirect exposure to U.S. equities, further analysis would be required. If the Notes are subject to withholding under Section 871(m) of the Code, include the "Additional information" sentence and provide the appropriate contact information at the Issuer.)*
Operational Information		
41.	Any clearing system(s) other than Euroclear, Clearstream, Luxembourg and DTC and the relevant identification number(s):	[Not Applicable/*give name(s) and number(s)*]
42.	Delivery:	Delivery [against/free of] payment
43.	Additional Paying Agent(s) (if any):	[●]
44.	Address of the Issuer if the Issuer is an overseas branch of the Bank that is neither the Singapore Branch, the GIFT City Branch nor the Dubai International Financial Centre Branch:	[●]
Other		
45.	Reasons for the Offer [Use of proceeds if other than for general corporate purposes]:	[●]

Legal Entity Identifier Code:	549300HVNWMJPOFVNI41
ISIN:	[●]
Common Code:	[●]
Financial Instrument short name:	[●]
Classification of Financial Instruments:	[●]
(insert here any other relevant codes such as CUSIP and CINS codes)	

LISTING APPLICATION

This Pricing Supplement comprises the final terms required to list the issue of Notes described herein pursuant to the U.S.$5,000,000,000 Medium Term Note Programme of Axis Bank Limited, acting through its [Singapore/Dubai International Financial Centre/GIFT City/*specify other foreign branch*] Branch.

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement. Signed on behalf of the Issuer:

By: ____________________________

Duly authorised

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

(a)	Listing and admission to trading:	[Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the [ISM]/[SGX-ST] [other] with effect from [●].]
(b)	Estimate of total expenses related to admission to trading:	[●]

2. RATINGS

Ratings: [The Notes [have been][are expected to be] rated]:

[Moody's: [●]]

[S&P: [●]]

[Not Applicable]

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for any fees payable to [ ] (the **Dealer[s]**) no person involved in the issue of the Notes has an interest material to the offer. Dealer[s] and [its/their] affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and the Guarantor and their affiliates in the ordinary course of business.]

4. **YIELD** (*Fixed Rate Notes only*)

Indication of yield: [●] per cent.

5. OPERATIONAL INFORMATION

(a)	ISIN Code:	[●]
(b)	Common Code:	[●]
(c)	Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream, Banking, société anonyme and the VPS and the relevant identification number(s):	[●] [Not Applicable]
(d)	Delivery:	Delivery [against/free of] payment
(e)	Names and addresses of additional Paying Agent(s) (if any):	[●] [Not Applicable]

TERMS AND CONDITIONS OF THE NOTES

The following, subject to alteration and except for the paragraphs in italics, are the Terms and Conditions of the Notes which will be incorporated by reference into each Global Note (as defined below) and each definitive Note, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and as agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The Programme has not been updated to include terms and conditions for Additional Tier I and Tier II capital instruments compliant with the RBI's Master Circular – Basel III Capital Regulations DBR.No.BP.BC.1/21.06.201/2015-16 dated 1 July 2015 (as amended). Programme documentation, including the Pricing Supplement and the following Terms and Conditions, will be updated to conform to these regulations prior to any issuance of Additional Tier I or Tier II capital instruments under the Programme. The applicable Pricing Supplement in relation to any Tranche of Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Notes. The applicable Pricing Supplement (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to "Applicable Pricing Supplement" for a description of the content of Pricing Supplements which will specify which of such terms are to apply in relation to the relevant Notes.

*The issuance of, and the Terms and Conditions in relation to, the Notes, once issued overseas, will be subject to applicable laws, including the Indian Foreign Exchange Management Act, 1999 (**FEMA**), the Foreign Exchange Management (Borrowing and Lending) Regulations 2018 and circulars or notifications issued thereunder by the Reserve Bank of India (the **RBI**), from time to time, including Regulations 4 and 6 of the Foreign Exchange Management (Borrowing and Lending) Regulations, 2018 (as amended, modified or replaced from time to time).*

This Note is one of a Series (as defined below) of Notes issued by Axis Bank Limited (the **Issuer**), acting through its Singapore Branch, Dubai International Financial Centre Branch, its GIFT City Branch or such other branch of the Issuer outside the Republic of India (**India**) as specified in the applicable Pricing Supplement, and constituted by an Amended and Restated Trust Deed dated 18 September 2020 (such Trust Deed as further modified and/or supplemented and/or restated from time to time, the **Trust Deed**) made between the Issuer and The Bank of New York Mellon, London Branch (the **Trustee**, which expression shall include any successor as Trustee).

References herein to the **Notes** shall be references to the Notes of this Series and shall mean:

(a) in relation to any Notes represented by a global Note (a **Global Note**), units of each Specified Denomination in the Specified Currency;

(b) any Global Note;

(c) any definitive Notes in bearer form (**Bearer Notes**) issued in exchange for a Global Note in bearer form (**Bearer Global Notes**); and

(d) any definitive Notes in registered form (**Registered Notes**) (whether or not issued in exchange for Registered Global Notes).

The Notes, the Receipts (as defined below) and the Coupons (as defined below) have the benefit of an Amended and Restated Agency Agreement dated 18 September 2020 (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) made between the Issuer, the Trustee, The Bank of New York Mellon, London Branch as principal paying agent (the **Principal Paying Agent**, which expression shall include any successor principal paying agent) and the other paying agents named therein (together with the Principal Paying Agent, the **Paying Agents,** which expression shall include any additional or successor paying agents), The Bank of New York Mellon as exchange agent (the **Exchange Agent**, which expression shall include any successor exchange agent) and The Bank of New York Mellon SA/NV, Luxembourg Branch and The Bank of New York Mellon, each as registrar (the **Registrar**, which expression shall include any successor registrar) and a transfer agent and the other transfer agents named therein (together with the Registrar, the **Transfer Agents**, which expression shall include any additional or successor transfer agents).

Interest-bearing definitive Bearer Notes have interest coupons (**Coupons**) and, in the case of Notes which, when issued in definitive form, have more than 27 interest payments remaining, talons for further Coupons (**Talons**) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Definitive Bearer Notes repayable in instalments have receipts (**Receipts**) for the payment of the instalments of principal (other than the final instalment) attached on issue. Global Notes do not have Receipts, Coupons or Talons attached on issue.

The Pricing Supplement for this Note (or the relevant provisions thereof) is attached to or endorsed on this Note and supplements these Terms and Conditions (**Conditions**) and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Conditions, replace or modify these Conditions for the purposes of this Note. References to the **applicable Pricing Supplement** are to the Pricing Supplement (or the relevant provisions thereof) attached to or endorsed on this Note.

The Trustee acts for the benefit of the **Noteholders** (which expression shall mean (in the case of Bearer Notes) the holders of the Notes and (in the case of Registered Notes) the persons in whose name the Notes are registered and shall, in relation to any Notes represented by a Global Note, be construed as provided below), the holders of the Receipts (the **Receiptholders**) and the holders of the Coupons (the **Couponholders**, which expression shall, unless the context otherwise requires, include the holders of the Talons), in accordance with the provisions of the Trust Deed.

As used herein, **Tranche** means Notes which are identical in all respects (including as to listing and admission to trading) and Series means a Tranche of Notes together with any further Tranche or Tranches of Notes which (a) are expressed to be consolidated and form a single series and (b) have the same terms and conditions or terms and conditions which are the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue.

Copies of the Trust Deed and the Agency Agreement are available for inspection during normal business hours at the registered office for the time being of the Trustee (being, at One Canada Square, London E14 5AL, United Kingdom) and at the specified office of the Principal Paying Agent and the other Paying Agents. Copies of the applicable Pricing Supplement are obtainable during normal business hours at the specified office of the Principal Paying Agent and the corporate office of the Issuer save that, if this Note is an unlisted Note of any Series, the applicable Pricing Supplement will only be obtainable by a Noteholder holding one or more unlisted Notes of that Series and such Noteholder must produce evidence satisfactory to the Issuer and the relevant Agent as to its holding of such Notes and identity. The Noteholders, the Receiptholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, and are bound by, all the provisions of the Trust Deed, the Agency Agreement and the applicable Pricing Supplement which are applicable to them. The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed and the Agency Agreement.

Words and expressions defined in the Trust Deed and the Agency Agreement or used in the applicable Pricing Supplement shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the Agency Agreement, the Trust Deed will prevail and, in the event of inconsistency between the Trust Deed or the Agency Agreement and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

1 FORM AND TRANSFERS OF NOTES

1.1 Form

The Notes may be in bearer form (**Bearer Notes**) and/or in registered form (**Registered Notes**) and, in the case of definitive Notes, will be serially numbered, in the currency (the **Specified Currency**) and the denomination (the **Specified Denomination(s)**) specified in the applicable Pricing Supplement. Save as provided in Condition 2, Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination.

This Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, a Dual Currency Interest Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Pricing Supplement.

This Note may also be an Index Linked Redemption Note, an Instalment Note, a Dual Currency Redemption Note, a Partly Paid Note or a combination of any of the foregoing, depending upon the Redemption/Payment Basis shown in the applicable Pricing Supplement.

This Note may also be a Senior Note, a Hybrid Tier I Note, a Lower Tier II Subordinated Note or a Upper Tier II Subordinated Note, as indicated in the applicable Pricing Supplement.

Definitive Bearer Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in these Conditions are not applicable.

1.2 Title

Subject as set out below, title to the Bearer Notes, Receipts and Coupons will pass by delivery, and title to the Registered Notes will pass upon registration of transfers in accordance with the provisions of the Agency Agreement. The Issuer, the Trustee and any Agent will (except as otherwise ordered by a court of competent jurisdiction or required by law) deem and treat the bearer of any Bearer Note, Receipt or Coupon and the registered holder of any Registered Note as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear and/ or Clearstream, Luxembourg, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Trustee and the Paying Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Global Note shall be treated by the Issuer, the Trustee and any Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions **Noteholder** and **holder of Notes** and related expressions shall be construed accordingly.

For so long as the DTC or its nominee is the registered owner or holder of a Registered Global Note, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Registered Global Note for all purposes under the Trust Deed and the Agency Agreement and the Notes except to the extent that, in accordance with DTC's published rules and procedures, any ownership rights may be exercised by its participants or beneficial owners through participants.

In determining whether a particular person is entitled to a particular nominal amount of Notes, as aforesaid, the Trustee may rely on such evidence and/or information and/or certification as it shall, in its absolute discretion, think fit and, if it does so rely, such evidence and/or information and/or certification shall, in the absence of manifest error, be conclusive and binding on all concerned.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear, Clearstream, Luxembourg and DTC, as the case may be. References to Euroclear and/or Clearstream, Luxembourg and/or shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Pricing Supplement or as may otherwise be approved by the Issuer, the Trustee and the Principal Paying Agent.

1.3 Transfers of interests in Registered Global Notes

Transfers of beneficial interests in Registered Global Notes will be effected by Euroclear, Clearstream, Luxembourg or DTC, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of transferors and transferees of such interests. A beneficial interest in a Registered Global Note will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Notes in definitive form or for a beneficial interest in another Registered Global Note only in the authorised denominations set out in the applicable Pricing Supplement and only in accordance with the rules and operating procedures for the time being of Euroclear, Clearstream, Luxembourg or DTC, as the case may be, and in accordance with the terms and conditions specified in the Trust Deed and the Agency Agreement. Transfers of a Registered Global Note registered in the name of a nominee for DTC shall be limited to transfers of such Registered Global Note, in whole but not in part, to another nominee of DTC or to a successor of DTC or such successor's nominee.

1.4 Transfers of Registered Notes in definitive form

Subject as provided in Conditions 1.7 and 1.9 below, upon the terms and subject to the conditions set forth in the Trust Deed and the Agency Agreement, a Registered Note in definitive form may be transferred in whole or in part (in the authorised denominations set out in the applicable Pricing Supplement). In order to effect any such transfer (a) the holder or holders must (i) surrender the Registered Note for registration of the transfer of the Registered Note (or the relevant part of the Registered Note) at the specified office of any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing and (ii) complete and deposit such other certifications as may be required by the relevant Transfer Agent, and (b) the relevant Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request. Any such transfer will be subject to such reasonable regulations as the Issuer, the Trustee and the Registrar may from time to time prescribe (the initial such regulations being set out in Schedule 4 to the Agency Agreement). Subject as provided above, the relevant Transfer Agent will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail, to such address as the transferee may request, a new Registered Note in definitive form of a like aggregate nominal amount to the Registered Note (or the relevant part of the Registered Note) transferred. In the case of the transfer of part only of a Registered Note in definitive form, a new Registered Note in definitive form in respect of the balance of the Registered Note not transferred will be so authenticated and delivered or (at the risk of the transferor) sent to the transferor.

1.5 Registration of transfer upon partial redemption

In the event of a partial redemption of Notes under Condition 6, the Issuer shall not be required to register the transfer of any Registered Note, or part of a Registered Note, called for partial redemption.

1.6 Costs of registration

Noteholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured mail and except that the Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

1.7 Transfers of interests in Regulation S Global Notes

Transfers by the holder of, or a beneficial interest in, a Regulation S Global Note to a transferee in the United States will only be made:

(a) upon receipt by the Registrar of a written certification substantially in the form set out in Schedule 3 to the Agency Agreement, amended as appropriate (a **Transfer Certificate**), copies of which are available from the specified office of the Registrar or any Transfer Agent, from the transferor of the Note or beneficial interest therein to the effect that such transfer is being made to a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A; or

(b) otherwise pursuant to an effective registration statement under the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require from the transferor, which may include an opinion of U.S. counsel that such transfer is in compliance with any applicable securities laws of any State of the United States,

and, in each case, in accordance with any applicable securities laws of any State of the United States or any other jurisdiction.

The transferee may take delivery through a Legended Note in global or definitive form. After expiry of the Distribution Compliance Period, if applicable, (a) beneficial interests in Regulation S Global Notes may be held through DTC directly by a participant in DTC or indirectly through a participant in DTC, and (b) such certification requirements will no longer apply to such transfers.

1.8 Transfers of interests in Legended Notes

Transfers of Legended Notes or beneficial interests therein may be made:

(a) to a transferee who takes delivery of such interest through a Regulation S Global Note, upon receipt by the Registrar of a duly completed Transfer Certificate from the transferor to the effect that such transfer is being made in accordance with Regulation S and, in the case of a Regulation S Global Note registered in the name of a nominee for DTC; or

(b) to a transferee who takes delivery of such interest through a Legended Note where the transferee is a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, without certification; or

(c) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel that such transfer is in compliance with any applicable securities laws of any State of the United States,

and, in each case, in accordance with any applicable securities laws of any State of the United States or any other jurisdiction.

Upon the transfer, exchange or replacement of Legended Notes, or upon specific request for removal of the Legend, the Registrar shall deliver only Legended Notes or refuse to remove the Legend, as the case may be, unless there is delivered to the Issuer such satisfactory evidence as may reasonably be required by the Issuer, which may include an opinion of U.S. counsel that neither the Legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

1.9 Exchanges of Registered Notes generally

Holders of Registered Notes in definitive form that were sold outside the United States in accordance with Regulation S may exchange such Notes for Regulation S Global Notes at any time and holders of Registered Notes in definitive form that were sold in accordance with Rule 144A may exchange such Notes for interests in a Rule 144A Global Note of the same type at any time.

1.10 Definitions

In this Condition, the following expressions shall have the following meanings:

Legended Note means Registered Notes (whether in definitive form or represented by a Registered Global Note) sold in private transactions to QIBs in accordance with the requirements of Rule 144A which bear a legend specifying certain restrictions on transfer (a **Legend**);

QIB means a **qualified institutional buyer** within the meaning of Rule 144A;

Regulation S means Regulation S under the Securities Act;

Regulation S Global Note means a Registered Global Note representing Notes sold outside the United States in reliance on Regulation S;

Rule 144A means Rule 144A under the Securities Act;

Rule 144A Global Note means a Registered Global Note representing Notes sold in the United States or to QIBs; and

Securities Act means the United States Securities Act of 1933, as amended.

2 STATUS

2.1 Status of the Senior Notes

Notes, the status of which are specified in the applicable Pricing Supplement as Senior (the **Senior Notes**) and any relative Receipts and Coupons are direct, unconditional, unsubordinated and (subject to the provisions of Condition 3) unsecured obligations of the Issuer and rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.

2.2 Status of the Subordinated Notes

This Condition 2.2 applies only to Notes specified in the applicable Pricing Supplement as Subordinated Notes and shall, to the extent applicable, be governed by Indian law. Subordinated Notes shall be either

*Upper Tier II Subordinated Notes (**Upper Tier II Subordinated Notes**) or Lower Tier II Subordinated Notes (**Lower Tier II Subordinated Notes**). Upper Tier II Subordinated Notes and Lower Tier II Subordinated Notes are together referred to in these Conditions as **Subordinated Notes**, which term, for the purposes of these Conditions and the Trust Deed, shall exclude Hybrid Tier I Notes. (N.B. This Condition 2.2 has not been updated to conform to the RBI's Master Circular – Basel III Capital Regulations bearing reference no. DBR.No.BP.BC.1/21.06.201/2015-16 dated July 1, 2015.)*

(a) Subordination

Subordinated Notes and any relative Receipts and Coupons are unsecured obligations of the Issuer and, in the event of the winding-up of the Issuer, the claims of the holders of Subordinated Notes and any relative Receipts and Coupons pursuant thereto will be subordinated in right of payment to the claims of all other creditors (other than claims of holders of Subordinated Indebtedness ranking equal to or lower than the claims of the holders of Subordinated Notes and any relative Receipts and Coupons, if any) of the Issuer in the manner and to the extent provided in the Trust Deed. For the avoidance of doubt, (i) the claims of holders of Subordinated Notes and any relative Receipts and Coupons shall be senior to the claims of holders of Tier I capital as defined in the Reserve Bank of India's Master Circular – Prudential Guidelines on Capital Adequacy and Market Discipline – New Capital Adequacy Framework (NCAF) DBR.No.BP.BC.4/21.06.001/2015-16 dated 1 July 2015 (as amended from time to time, the **RBI Guidelines**) of the Issuer, and (ii) the claims of holders of Lower Tier II Subordinated Notes and any relative Receipts and Coupons shall be senior to the claims of holders of Upper Tier II Subordinated Notes and any indebtedness classified as Upper Tier II capital by the RBI Guidelines.

Claims in respect of Subordinated Notes and any relative Receipts and Coupons may not be set-off, or be the subject of a counterclaim, by the holder against or in respect of any obligations of the holder to the Issuer or to any other persons and the holder of any Subordinated Note or relative Receipt or Coupon shall, by virtue of being the holder of such Subordinated Note or relative Receipt or Coupon, be deemed to have waived all such rights of set-off.

(b) Payment of Principal and Interest

If, and to the extent that, on the due date for payment of principal or interest on the Notes, the Issuer is not, or would be caused by any payment of the principal of and interest on any Upper Tier II Subordinated Note not to be, in compliance with the then applicable Capital to Risk Assets Ratio Requirement, then the Issuer shall not pay any principal or interest on such date and payment of such principal and interest shall be deferred as provided in Condition 2.2(c)(i) or (ii) below, as applicable.

Furthermore, on the due date for the payment of interest on the Notes, if the Issuer is not, or would be caused by any payment of the interest on any Upper Tier II Subordinated Note not to be, in compliance with the Net Loss Requirement (as defined below), then the Issuer shall not, without the prior approval of the RBI, make such payment of interest and payment of such interest shall be deferred as provided in Condition 2.2(c)(ii) or (iii) below, as applicable.

(c) Payment Deferrals on Upper Tier II Subordinated Notes

Unless otherwise provided in the applicable Pricing Supplement,

(i) If (A) the Issuer is not, or would be caused by any payment of the principal of and/or (as the case may be) interest on any Upper Tier II Subordinated Note not to be, in compliance with the Capital to Risk Assets Ratio Requirement (as defined below), but (B) the Issuer is in compliance with the Net Loss Requirement (as defined below), in each case on the due date for the relevant payment, the Issuer shall not be liable to pay such principal and/or interest (as the case may be and provided that interest cannot be paid in part) as provided in this Condition 2.2(c) until the date specified in (v) below and any such failure to pay will not constitute a default by the Issuer for any purpose; provided, however, that the Issuer shall not declare or pay any dividends on any share capital of the Issuer or make any payments in respect of liabilities of the Issuer (other than the liabilities under the Lower Tier II Subordinated Notes and any other indebtedness classified as lower tier II subordinated capital by the RBI) that rank equally with or junior to the Upper Tier II Subordinated Notes unless and until any and all Payments in Arrears (as defined in (iv) below) and other accrued interest on the Upper Tier II Subordinated Notes, including Additional Payments (as defined in (iv) below), have been paid in full.

(ii) If the Issuer is not, or would be caused by any payment of principal and/or interest on any Upper Tier II Subordinated Note not to be, in compliance with (A) the Capital to Risk Assets Ratio Requirement and (B) the Net Loss Requirement, in each case on the due date for the relevant payment, the Issuer shall defer payment of such principal and/or interest as provided in this Condition 2.2(c) until the date specified in (v) below and any such failure to pay will not constitute a default by the Issuer for any purpose; provided, however, that the Issuer shall not declare or pay any dividends on any share capital of the Issuer or make any payments in respect of liabilities of the Issuer (other than the liabilities under the Lower Tier II Subordinated Notes and any other indebtedness classified as lower tier II subordinated capital by the RBI) that rank equally with or junior to the Upper Tier II Subordinated Notes unless and until any and all Payments in Arrears and other accrued interest on the Upper Tier II Subordinated Notes, including Additional Payments, have been paid in full.

(iii) If (A) the Issuer is not, or would be caused by any payment of interest on any Upper Tier II Subordinated Note not to be, in compliance with the Net Loss Requirement but (B) the Issuer is in compliance with the Capital to Risk Assets Ratio Requirement, in each case on the due date for the relevant payment, the Issuer shall not, without the prior approval of the RBI make such payment of interest, and payment of such interest shall be deferred as provided in this Condition 2.2(c) until the date specified in (v) below and any such failure to pay will not constitute a default by the Issuer for any purpose; provided, however, that the Issuer shall not declare or pay any dividends on any share capital of the Issuer or make any payments in respect of liabilities of the Issuer (other than the liabilities under the Lower Tier II Subordinated Notes and any other indebtedness classified as lower tier II subordinated capital by the Reserve Bank of India) that rank equally with or junior to the Upper Tier II Subordinated Notes unless and until any and all Payments in Arrears and other accrued interest on the Upper Tier II Subordinated Notes, including Additional Payments, have been paid in full.

(iv) Any principal or interest in respect of Upper Tier II Subordinated Notes not paid on the due date for payment thereof, together with any principal or interest in respect of Upper Tier II Subordinated Notes not paid on any other date, will, so long as the same remains unpaid, constitute **Payments in Arrears**. Unless otherwise provided in the applicable Pricing Supplement, until paid (whether before or after the Maturity Date), Payments in Arrears will be made with compound interest at a rate (the **Compound Rate**) which shall not exceed the interest rate payable on the relevant Upper Tier II Subordinated Note at that time (such additional interest amounts, **Additional Payments**). The Compound Rate in respect of each Tranche of Upper Tier II Subordinated Notes shall be set out in the applicable Pricing Supplement.

(v) Payments in Arrears and accrued interest, including Additional Payments, in respect of Upper Tier II Subordinated Notes will (subject to Condition 2.2(a)) become due in full on whichever is the earlier of (A) the next Compulsory Payment Date (as defined below) or (B) the occurrence of an event as specified in Condition 9.2. If notice is given by the Issuer of its intention to pay the whole or any part of Payments in Arrears and other accrued interest, including Additional Payments, the Issuer shall be obligated (subject to Condition 2.2(a)) to make such payment upon the expiration of such notice.

In respect of any Payments in Arrears arising pursuant to Condition 2.2(c)(i) to (iv), any such Payments in Arrears and accrued interest, including Additional Payments, thereon may, at the option of the Issuer, be paid (in whole but not in part) at any time upon the expiration of not less than 14 days' notice to such effect given to the Paying Agent and to the holders of the Notes, subject always to the provisions of Condition 2.2(c)(v).

For the avoidance of doubt, where any payment of principal and/or interest may only be made with the approval of the RBI, the Issuer will use its best endeavours to obtain such approval.

(vi) As used in this Condition 2.2 and in Condition 2.3:

Compulsory Payment Date means (A) in the case of principal, the first date (the **Compliance Date**) following deferral of the relevant payment of principal and/or interest on which the Issuer, is either (I) in compliance with the Capital to Risk Assets Ratio Requirement and the Net Loss Requirement or (II) in compliance with the Capital to Risk Assets Ratio Requirement, not in compliance with the Net Loss Requirement (or any such payment would cause the Issuer not to be in compliance with the Net Loss Requirement), and has approval from the RBI to make the relevant payment of principal, in each case, provided that any such payment will not cause the Issuer to be in breach of the Capital to Risk Assets Ratio Requirement or in the case of (I) the Net Loss Requirement, and (B) in the case of interest, the next Interest Payment Date (if any) following the Compliance Date or, if none, the Compliance Date.

Capital to Risk Assets Ratio Requirement means the requirement for the minimum capital to risk-weighted assets ratio (**CRAR**) of the Issuer, determined in accordance with the guidelines of the RBI, which currently is 9.00 per cent.

Net Loss means a negative balance in the balance of the profit and loss account contained within reserves and surplus on the Issuer's balance sheet as shown in the most recent quarterly or, as the case may be, annual financial statements of the Issuer.

Net Loss Requirement means the Issuer not having a Net Loss.

Reserve Bank of India means the Reserve Bank of India or any successor thereto.

Subordinated Indebtedness means all indebtedness of the Issuer which by its terms is subordinated, in the event of the winding-up of the Issuer, in right of payment to the claims of unsubordinated creditors of the Issuer and so that, for the purpose of this definition, indebtedness shall include all liabilities, whether actual or contingent, under guarantees or indemnities.

The definitions set forth in this Condition 2.2(c)(vi) are subject to such interpretations, amendments and clarifications as may be stipulated by the RBI from time to time. The Bank shall notify or procure notification of any such interpretations, amendments and clarifications of the RBI, to the Trustee, the Principal Paying Agent, the Registrar, the SGX-ST and the Noteholders (in accordance with Condition 13) no later than five days from the announcement or publication of such.

(vii) On the fifth Business Day (as defined in Condition 4.6) immediately preceding any date for payment of principal of and/or (as the case may be) interest on any of the Upper Tier II Subordinated Notes (the **Payment Deferral Determination Date**), the Issuer will determine, as at such Payment Deferral Determination Date, if it shall not be liable to make such payment of principal of and/or (as the case may be) interest on any of the Upper Tier II Subordinated Notes pursuant to any of paragraphs (i), (ii) or (iii) of this Condition 2.2(c). In the event that the Issuer determines that it shall or must defer such payment of principal of and/or (as the case may be) interest on any of the Upper Tier II Subordinated Notes as provided above, the Issuer shall (A) notify or procure notification, no later than the day immediately following the relevant Payment Deferral Determination Date, to the Trustee, the Principal Paying Agent, the Registrar, the SGX-ST and the Noteholders (in accordance with Condition 13), of that fact and of the amount to be deferred, and (B) deliver to the Registrar a certificate signed by two directors of the Issuer (the **Deferral Certificate**) stating such fact, the amount to be deferred in respect of such payment and the relevant paragraph of this Condition 2.2(c) whereby such right of deferral arose. PROVIDED THAT, in the event that the Issuer determines, on the relevant payment date, the circumstances giving rise to the right and/or (as the case may be) requirement to defer the relevant payment pursuant to paragraphs (i), (ii) or (iii) of this Condition 2.2(c) as set out in the Deferral Certificate no longer apply, the Issuer shall (I) notify or procure notification, no later than the day following the relevant payment date, to the Trustee, the Principal Paying Agent, the Registrar, the SGX-ST and the Noteholders (in accordance with Condition 13), of the fact, and (II) make payment of the relevant amount of principal of and/or interest on the Upper Tier II Subordinated Notes as soon as practicable and in any event no later than two Business Days immediately following the relevant payment date.

2.3 Status of the Hybrid Tier I Notes

*This Condition 2.3 applies only to Notes specified in the applicable Pricing Supplement as **Hybrid Tier I Notes** and shall, to the extent applicable, be governed by Indian law. (N.B. This Condition 2.3 has not been updated to conform to the RBI's Master Circular – Basel III Capital Regulations bearing reference no. DBR.No.BP.BC.1/21.06.201/2015-16 dated 1 July 2015.)*

(i) **Status**

The Hybrid Tier I Notes are direct and unsecured obligations of the Issuer and are subordinated in the manner described in Condition 2.3(b).

The Hybrid Tier I Notes are not deposits of the Issuer and are not guaranteed or insured by the Issuer or any party related to the Issuer and they may not be used as collateral for any loan made by the Issuer or any of its subsidiaries or affiliates.

(ii) **Subordination**

The Issuer, for itself, its successors and assignees, covenants and agrees, and each Noteholder by subscribing for or purchasing a Hybrid Tier I Note irrevocably acknowledges and agrees that:

(i) the indebtedness evidenced by the Hybrid Tier I Notes constitutes unsecured and subordinated obligations of the Issuer; and

(ii) the subordination is for the benefit of the holders of indebtedness that rank senior to the Hybrid Tier I Notes. Claims in respect of the Hybrid Tier I Notes will rank (A) *pari passu* and without preference among themselves, and (B) *pari passu* with claims of creditors of the Issuer which are subordinated so as to rank *pari passu* with claims in respect of the Hybrid Tier I Notes and superior to the rights and claims of holders of equity shares of the Issuer. The principal of, and interest and any additional amounts payable on, the Hybrid Tier I Notes will be subordinated in right of payment upon occurrence of any Winding Up Proceeding to the prior payment in full of all deposit liabilities and all other liabilities of the Issuer (including liabilities of all offices and branches of the Issuer wherever located and any subordinated debt securities of the Issuer that rank senior to the Hybrid Tier I Notes), except in each case to those liabilities which by their terms rank equally in right of payment with or which are subordinated to the Hybrid Tier I Notes, in the manner and to the extent provided in the Trust Deed.

No Noteholder, Receiptholder or Couponholder may exercise or claim any right of set-off in respect of any amount owed to it by the Issuer arising under or in connection with the Hybrid Tier I Notes and each Noteholder, Receiptholder and Couponholder shall by virtue of its subscription, purchase or holding of any Hybrid Tier I Note, be deemed to have waived all such rights of set-off to the fullest extent permitted by law.

The Issuer agrees that so long as any of the Hybrid Tier I Notes remains outstanding, it will not create, issue, assume or otherwise incur any loan, debt, guarantee, instrument or other obligation which shall be, or shall purport to be, subordinated debt of the Issuer and which shall, at the time it is created, issued, assumed or otherwise incurred or at any time thereafter, be considered to be, innovative Tier I capital of the Issuer under applicable regulations which would rank (as regards interest, dividends or distributions on liquidation, dissolution or winding-up) senior to the Hybrid Tier I Notes.

As a consequence of these subordination provisions, if a Winding Up Proceeding should occur, the Noteholders, Receiptholders and Couponholders may recover less rateably than the holders of deposit liabilities or the holders of other unsubordinated liabilities of the Issuer. Moreover, holders of Hybrid Tier I Notes would likely be required to pursue their claims on the Hybrid Tier I Notes in proceedings in India as further described in Condition 9.3.

Holders of the Hybrid Tier I Notes will not be entitled to receive notice of, or attend or vote at, any meeting of shareholders of the Issuer or participate in the management of the Issuer.

As at 31 March 2020, the Issuer had outstanding liabilities (excluding share capital and reserve and surplus) of an amount of ₹ 8,302.17 billion. Such liabilities rank senior to the Hybrid Tier I Notes. Except as provided above, the Hybrid Tier I Notes do not limit the amount of liabilities ranking senior or equal to the Hybrid Tier I Notes.

To the extent that holders of the Hybrid Tier I Notes are entitled to any recovery with respect to the Hybrid Tier I Notes in any Indian proceedings, such holders may not be entitled in such *proceedings to a recovery in U.S. dollars and may be entitled to a recovery in Indian rupees as further described in Condition 9.3.*

(iii) **Payment Limitation on Hybrid Tier I Notes**

Unless otherwise provided in the applicable Pricing Supplement:

(i) If the Issuer is not, or would be caused by any payment of interest on any Hybrid Tier I Note not to be, in compliance with the Capital to Risk Assets Ratio Requirement, on the due date for the relevant payment, the Issuer shall not be liable to make payment of such interest as provided in this Condition 2.3(c) and any such failure to pay will not constitute a default by the Issuer for any purpose; provided, however, that the Issuer shall not declare or pay any dividends on any share capital of the Issuer or make any payments in respect of liabilities of the Issuer (other than the liabilities under the Subordinated Notes and any other indebtedness classified as tier II subordinated capital by the RBI) that rank equally with or junior to the Hybrid Tier I Notes (each such declaration or (as the case may be) payment being a **Subordinated Payment**) unless and until such time as all payments of interest under the Hybrid Tier I Notes are made by the Issuer, as and when such payments are due, for the Interest Period immediately preceding such Subordinated Payment.

(ii) If the Issuer is not, or would be caused by any payment of interest on any Hybrid Tier I Note not to be, in compliance with the Net Loss Requirement on the due date for the relevant payment, the Issuer shall not, without the prior approval of the RBI, make such payment of interest, and any such failure to pay will not constitute a default by the Issuer for any purpose; provided, however, (A) that the Issuer shall not make any Subordinated Payment unless and until such time as all payments of interest under the Hybrid Tier I Notes are made by the Issuer, as and when such payments are due, for the Interest Period immediately preceding such Subordinated Payment, and (B) that if the Issuer is in compliance with the Capital to Risk Assets Ratio Requirement, the Issuer shall apply to the RBI for approval to make such payment of interest. If the RBI grants such permission, notwithstanding any prior delivery of a Payment Limitation Certificate (as defined below), the Issuer shall, subject to compliance with such conditions as may be stipulated by the RBI while granting such approval, proceed to pay the interest due either (A) on the relevant Interest Payment Date, or (B) within five Business Days from receipt of the approval from the RBI (such approval to be notified to the Trustee in a certificate signed by two directors) if such approval is received after the date which is five Business Days prior to the relevant Interest Payment Date.

(iii) Interest on the Hybrid Tier I Notes will be non-cumulative. If interest is not paid on an Interest Payment Date pursuant to and in accordance with this Condition 2.3(c), the right of Noteholders, Receiptholders and Couponholders to receive interest in respect of the Interest Period ending on such Interest Payment Date will be lost and the Issuer will have no further obligation in respect of the interest for such Interest Period, whether or not any amount of interest is paid for any future Interest Period.

(iv) On the fifth Business Day (as defined in Condition 4.6) immediately preceding any date for payment of interest on any of the Notes (the **Payment Limitation Determination Date**), the Issuer will determine, as at such Payment Limitation Determination Date, if it shall not be liable to make such payment of interest on any of the Hybrid Tier I Notes pursuant to any of paragraphs (i) or (ii) of this Condition 2.3(c). In the event that the Issuer determines that it shall not make such payment of interest on any of the Hybrid Tier I

Notes as provided above, the Issuer shall (A) notify or procure notification, no later than the day immediately following the relevant Payment Limitation Determination Date, to the Trustee, the Principal Paying Agent, the Registrar, the SGX-ST and the Noteholders (in accordance with Condition 13), of that fact and of the amount that shall not be paid, and (B) deliver to the Registrar a certificate signed by two directors of the Issuer (the **Payment Limitation Certificate**) stating such fact, the amount which shall not be paid in respect of such payment and the relevant paragraph of this Condition 2.3(c) whereby such right of non-payment arose. PROVIDED THAT, in the event that the Issuer determines, on the relevant payment date, the circumstances giving rise to the Issuer's right not to pay the relevant payment pursuant to paragraphs (i) or (ii) of this Condition 2.3(c) as set out in the Payment Limitation Certificate no longer apply, the Issuer shall (I) notify or procure notification, no later than the day following the relevant payment date, to the Trustee, the Principal Paying Agent, the Registrar, the SGX-ST and the Noteholders (in accordance with Condition 13), of the fact, and (II) make payment of the relevant amount of interest on the Hybrid Tier I Notes as soon as practicable and in any event no later than two Business Days following the relevant payment date.

3 NEGATIVE PLEDGE

So long as any of the Senior Notes remain outstanding (as defined in the Trust Deed), the Issuer will not create or have outstanding any mortgage, charge, lien, pledge or other security interest (each a **Security Interest**) upon, or with respect to, any part of the present or future business, undertaking, assets or revenues (including any uncalled capital) of the Issuer to secure any Relevant Indebtedness (as defined below), unless the Issuer, in the case of the creation of a Security Interest, before or at the same time and, in any other case, promptly, takes any and all action necessary to ensure that:

(a) all amounts payable by it under the Senior Notes and the Trust Deed (in respect of the Senior Notes) are secured by the Security Interest equally and rateably with the Relevant Indebtedness to the satisfaction of the Trustee; or

(b) such other Security Interest or other arrangement (whether or not it includes the giving of a Security Interest) is provided either (i) as the Trustee in its absolute discretion deems not materially less beneficial to the interests of the holders of the Senior Notes, or (ii) as is approved by an Extraordinary Resolution (which is defined in the Trust Deed as a resolution duly passed by a majority of not less than three-fourths of the votes cast thereon) of the holders of the Senior Notes.

For the purposes of these Conditions, **Relevant Indebtedness** means (a) any present or future indebtedness (whether being principal, premium, interest or other amounts) for or in respect of any notes, bonds, debentures, debenture stock, loan stock or other securities which (i) by their terms are payable in a currency other than Rupees or are denominated in Rupees and more than 50 per cent. of the aggregate principal amount of which is initially distributed outside India by or with the authorisation of the Issuer and (i) are for the time being, or are intended to be, or are capable of being, quoted, listed or ordinarily dealt in on any stock exchange, over-the-counter or other securities market, and (b) any guarantee or indemnity in respect of any such indebtedness.

4 INTEREST

4.1 Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest on its outstanding nominal amount (or, if it is a Partly Paid Note, the nominal amount paid up) from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

In the event that either the initial Interest Period or final Interest Period is for a period other than a Fixed Interest Period, payments of interest on the relevant Interest Payment Date will, if so specified in the applicable Pricing Supplement, amount to the Broken Amount so specified.

As used in these Conditions, **Fixed Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

If interest is required to be calculated for a period other than a Fixed Interest Period, such interest shall be calculated by applying the Rate of Interest to:

(a) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or

(b) in the case of Fixed Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

Day Count Fraction means, in respect of the calculation of an amount of interest in accordance with this Condition 4.1:

(a) if **Actual/Actual (ICMA)** is specified in the applicable Pricing Supplement:

   (i) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the **Accrual Period**) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (A) the number of days in such Determination Period and (B) the number of Determination Dates (as specified in the applicable Pricing Supplement) that would occur in one calendar year; or

   (ii) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

      (A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (I) the number of days in such Determination Period and (II) the number of Determination Dates that would occur in one calendar year; and

      (B) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (I) the number of days in such Determination Period and (II) the number of Determination Dates that would occur in one calendar year; or

(a) if **30/360** is specified in the applicable Pricing Supplement, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

In these Conditions:

Determination Period means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

sub-unit means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

4.2 Interest on Floating Rate Notes and Index Linked Interest Notes

(i) **Interest Payment Dates**

Each Floating Rate Note and Index Linked Interest Note bears interest on its outstanding nominal amount (or, if it is a Partly Paid Note, the amount paid up) from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

(i) the Specified Interest Payment Date(s) in each year specified in the applicable Pricing Supplement; or

(ii) if no Specified Interest Payment Date(s) is/are specified in the applicable Pricing Supplement, each date (each such date, together with each Specified Interest Payment Date, an **Interest Payment Date**) which falls the number of months or other period specified as the Specified Period in the applicable Pricing Supplement after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period. In these Conditions, **Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

(ii) **Rate of Interest**

The Rate of Interest payable from time to time in respect of Floating Rate Notes and Index Linked Interest Notes will be determined in the manner specified in the applicable Pricing Supplement.

(i) ***ISDA Determination for Floating Rate Notes***

Where ISDA Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any). For the purposes of this subparagraph (A), **ISDA Rate** for an Interest Period means a rate equal to the Floating Rate that would be determined by the Principal Paying Agent under an interest rate swap transaction if the Principal Paying Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the **ISDA Definitions**) and under which:

(A) the Floating Rate Option is as specified in the applicable Pricing Supplement;

(B) the Designated Maturity is a period specified in the applicable Pricing Supplement; and

(C) the relevant Reset Date is the day specified in the applicable Pricing Supplement.

For the purposes of this subparagraph (i), **Floating Rate, Calculation Agent, Floating Rate Option, Designated Maturity** and **Reset Date** have the meanings given to those terms in the ISDA Definitions.

Unless otherwise stated in the applicable Pricing Supplement, the Minimum Rate of Interest shall be deemed to be zero.

(ii) ***Screen Rate Determination for Floating Rate Notes***

Where Screen Rate Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

(A) the offered quotation; or

(B) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate (being either LIBOR or EURIBOR as specified in the applicable Pricing Supplement) which appears or appear, as the case may be, on the Relevant Screen Page (or such replacement page on that service which displays the information) as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any), all as determined by the Principal Paying Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Principal Paying Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (A) above, no such offered quotation appears or, in the case of (B) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Pricing Supplement as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided in the applicable Pricing Supplement.

(iii) **Minimum and/or Maximum Rate of Interest**

If the applicable Pricing Supplement specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Pricing Supplement specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(iv) **Determination of Rate of Interest and Calculation of Interest Amounts**

The Principal Paying Agent, in the case of Floating Rate Notes, and the Calculation Agent, in the case of Index Linked Interest Notes, will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period. In the case of Index Linked Interest Notes, the Calculation Agent will notify the Principal Paying Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same. If required to be calculated by it, the Principal Paying Agent or, as the case may be, the Calculation Agent shall cause the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or any Instalment Amount to be notified to the Trustee, the Issuer, each of the Paying Agents, the Noteholders and, if the Notes are listed on a stock exchange and the rules of such stock exchange or other relevant authority so require, such stock exchange or other relevant authority as soon as practicable after calculating the same.

The Principal Paying Agent will calculate the amount of interest (the **Interest Amount**) payable on the Floating Rate Notes or Index Linked Interest Notes for the relevant Interest Period by applying the Rate of Interest to:

(i) in the case of Floating Rate Notes or Index Linked Interest Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or

(ii) in the case of Floating Rate Notes or Index Linked Interest Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note or an Index Linked Interest Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

Day Count Fraction means, in respect of the calculation of an amount of interest in accordance with this Condition 4.2:

(i) if **Actual/Actual (ISDA)** or **Actual/Actual** is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);

(ii) if **Actual/365 (Fixed)** is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365;

(iii) if **Actual/365 (Sterling)** is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;

(iv) if **Actual/360** is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 360;

(v) if **30/360, 360/360** or **Bond Basis** is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Faction} = \frac{[360 \times (Y_2 - Y_1) \pm 30 \times [M_2 - M_1] \pm D_2 - D_1]}{360}$$

where:

"Y_1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D_1" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D_1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D_1 is greater than 29, in which case D_2 will be 30;

(vi) if **30E/360** or **Eurobond Basis** is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Faction} = \frac{[360 \times (Y_2 - Y_1) \pm 30 \times [M_2 - M_1] \pm D_2 - D_1]}{360}$$

where:

"Y_1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D_1" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D_1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D_2 will be 30;

(vii) if **30E/360 (ISDA)** is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Faction} = \frac{[360 \times (Y_2 - Y_1) \pm 30 \times [M_2 - M_1] \pm D_2 - D_1]}{360}$$

where:

"Y_1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D_1" is the first calendar day, expressed as a number, of the Interest Period, unless (A) that day is the last day of February, or (B) such number would be 31, in which case D_1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (A) that day is the last day of February but not the Maturity Date or (B) such number would be 31, in which case D_2 will be 30.

(v) **Notification of Rate of Interest and Interest Amounts**

The Principal Paying Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the Trustee and any stock exchange on which the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed and notice thereof to be published in accordance with Condition 13 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter.

Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed and to the Noteholders in accordance with Condition 13. For the purposes of this paragraph, the expression **London Business Day** means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in London.

(vi) **Failure to Determine or Calculate Rate of Interest and/or Interest Amount(s)**

If for any reason at any relevant time the Principal Paying Agent or, as the case may be, the Calculation Agent defaults in its obligation to determine the Rate of Interest or the Principal Paying Agent defaults in its obligation to calculate any Interest Amount in accordance with subparagraph (b)(i) or subparagraph (b)(ii) above or as otherwise specified in the applicable

Pricing Supplement, as the case may be, and in each case in accordance with paragraph (d) above, the Issuer shall appoint another financial institution to determine the Rate of Interest or, as the case may be, the Interest Amount(s) as such financial institution may, in its absolute discretion (having such regard as it shall think fit to the foregoing provisions of this Condition, but subject always to any Minimum Rate of Interest or Maximum Rate of Interest specified in the applicable Pricing Supplement), deem fair and reasonable in all the circumstances.

(vii) **Certificates to be Final**

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4, whether by the Principal Paying Agent or, if applicable, the Calculation Agent or the Trustee, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Trustee, the Principal Paying Agent, the Calculation Agent (if applicable), the other Paying Agents and all Noteholders, Receiptholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Noteholders, the Receiptholders or the Couponholders shall attach to the Principal Paying Agent or, if applicable, the Calculation Agent or the Trustee in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

4.3 Interest on Dual Currency Interest Notes

The rate on amount of interest payable in respect of Dual Currency Interest Notes shall be determined in the manner specified in the applicable Pricing Supplement.

4.4 Interest on Partly Paid Notes

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the applicable Pricing Supplement.

4.5 Accrual of Interest

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

(a) the date on which all amounts due in respect of such Note have been paid; and

(b) as provided in the Trust Deed.

4.6 Definitions

In these Conditions, if a Business Day Convention is specified in the applicable Pricing Supplement and (a) if there is no numerically corresponding day on the calendar month in which an Interest Payment Date should occur, or (b) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

(a) in any case where Specified Periods are specified in accordance with Condition 4.2(a)(ii) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (a) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply *mutatis mutandis* or (ii) in the case of (b) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to the immediately preceding Business

Day and (B) each subsequent Interest Payment Date shall be the last Business Day in the month which falls in the Specified Period after the preceding applicable Interest Payment Date occurred; or

(b) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or

(c) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or

(d) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Conditions, **Business Day** means a day which is:

(a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in each Additional Business Centre (other than TARGET2 System) specified in the applicable Pricing Supplement;

(b) if TARGET2 System is specified as an Additional Business Centre in the applicable Pricing Supplement, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the **TARGET2 System**) is open; and

(c) either (i) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively), or (ii) in relation to any sum payable in euro, a day on which the TARGET2 System or any successor system is open.

5 PAYMENTS

5.1 Method of payment

Subject as provided below:

(a) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland); and

(b) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee.

5.2 Presentation of definitive Bearer Notes, Receipts and Coupons

Payments of principal in respect of definitive Bearer Notes will (subject as provided below) be made in the manner provided in Condition 5.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Bearer Notes, and payments of interest in respect of definitive Bearer Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia and its possessions)).

Payments of Instalment Amounts (if any) in respect of definitive Bearer Notes, other than the final instalment, will (subject as provided below) be made in the manner provided in Condition 5.1 above against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Receipt in accordance with the preceding paragraph. Payment of the final instalment will be made in the manner provided in Condition 5.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Bearer Note in accordance with the preceding paragraph. Each Receipt must be presented for payment of the relevant instalment together with the definitive Bearer Note to which it appertains. Receipts presented without the definitive Bearer Note to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any definitive Bearer Note becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Fixed Rate Notes in definitive bearer form (other than Dual Currency Notes, Index Linked Notes or Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of ten years after the Relevant Date (as defined in Condition 7.2(b)) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 8) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter. Upon any Fixed Rate Note in definitive bearer form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note, Dual Currency Note, Index Linked Note or Long Maturity Note in definitive bearer form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A **Long Maturity Note** is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Bearer Note.

If the due date for redemption of any definitive Bearer Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Bearer Note.

5.3 Payments in respect of Bearer Global Notes

Payments of principal and interest (if any) in respect of Notes represented by any Bearer Global Note will (subject as provided below) be made in the manner specified above in relation to definitive Bearer Notes or otherwise in the manner specified in the relevant Bearer Global Note against presentation or surrender of such Global Note at the specified office of any Paying Agent outside the United States. A record of each payment made against presentation or surrender of any Bearer Global Note, distinguishing between any payment of principal and any payment of interest, will be made on such Global Note by the Paying Agent to which it was presented and such record shall be *prima facie* evidence that the payment in question has been made.

5.4 Payments in respect of Registered Notes

Payments of principal (other than instalments of principal prior to the final instalment) in respect of each Registered Note (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Note at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Registered Note appearing in the register of holders of the Registered Notes maintained by the Registrar (the **Register**) (a) where in global form, at the close of the business day (being for this purpose, a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (b) where in definitive form, at the close of business on the third business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date. Notwithstanding the previous sentence, if (i) a holder does not have a Designated Account or (ii) the principal amount of the Notes held by a holder is less than U.S.$250,000 (or its approximate equivalent in any other Specified Currency), payment will instead be made by a cheque in the Specified Currency drawn on a Designated Bank (as defined below). For these purposes, **Designated Account** means the account (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) maintained by a holder with a Designated Bank and identified as such in the Register, and **Designated Bank** means (in the case of payment in a Specified Currency other than euro) a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively) and (in the case of a payment in euro) any bank which processes payments in euro.

Payments of interest and payments of instalments of principal (other than the final instalment) in respect of each Registered Note (whether or not in global form) will be made by a cheque in the Specified Currency drawn on a Designated Bank and mailed by uninsured mail on the business day in the city where the specified office of the Registrar is located immediately preceding the relevant due date to the holder (or the first named of joint holders) of the Registered Note appearing in the Register (a) where in global form, at the close of the business day (being for this purpose, a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (b) where in definitive form, at the close of business on the 15th day (whether or not such 15th day is a business day) before the relevant due date (the **Record Date**) at his address shown in the Register on the Record Date and at his risk. Upon application of the holder to the specified office of the Registrar not less than three business days in the city where the specified office of the Registrar is located before the due date for any payment of interest in respect of a Registered Note, the payment may be made by transfer on the due date in the manner provided in the preceding paragraph. Any such application for transfer shall be deemed to relate to all future payments of interest (other than interest due on redemption) and instalments of principal (other than the final instalment) in respect of the Registered Notes which become payable to the holder who has made the initial application until such time as the Registrar is notified in writing to the contrary by such holder. Payment of the interest due in respect of each Registered Note on redemption and the final instalment of principal will be made in the same manner as payment of the principal amount of such Registered Note.

Holders of Registered Notes will not be entitled to any interest or other payment for any delay in receiving any amount due in respect of any Registered Note as a result of a cheque posted in accordance with this Condition arriving after the due date for payment or being lost in the post. No commissions or expenses shall be charged to such holders by the Registrar in respect of any payments of principal or interest in respect of the Registered Notes.

All amounts payable to DTC or its nominee as registered holder of a Registered Global Note in respect of Notes denominated in a Specified Currency other than U.S. dollars shall be paid by transfer by the Registrar to an account in the relevant Specified Currency of the Exchange Agent on behalf of DTC or its nominee for conversion into and payment in U.S. dollars in accordance with the provisions of the Agency Agreement.

None of the Issuer, the Trustee or the Principal Paying Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

5.5 General provisions applicable to payments

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or DTC as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear, Clearstream, Luxembourg or DTC, as the case may be, for his share of each payment so made by the Issuer in respect of such Global Note to, or to the order of, the holder of such Global Note.

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest in respect of Bearer Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States only if:

(a) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Bearer Notes in the manner provided above when due;

(b) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and

(c) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

5.6 Payment Day

If the date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, **Payment Day** means any day which (subject to Condition 9) is:

(a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:

    (i) in case of Notes in definitive form only, the relevant place of presentation; and

(ii) any Additional Financial Centre (other than TARGET2 System) specified in the applicable Pricing Supplement;

(b) if TARGET2 System is specified as an Additional Financial Centre in the applicable Pricing Supplement, a day on which the TARGET2 System is open; and

(c) either (i) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland), or (ii) in relation to any sum payable in euro, a day on which the TARGET2 System is open; and

(d) in the case of any payment in respect of a Registered Global Note denominated in a Specified Currency other than U.S. dollars and registered in the name of DTC or its nominee and in respect of which an accountholder of DTC (with an interest in such Registered Global Note) has not elected to receive any part of such payment in a Specified Currency other than U.S. dollars, a day on which commercial banks are not authorised or required by law or regulation to be closed in New York City.

5.7 Interpretation of principal and interest

Any reference in these Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

(a) any additional amounts which may be payable with respect to principal under Condition 7 or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed;

(b) the Final Redemption Amount of the Notes;

(c) the Early Redemption Amount of the Notes;

(d) the Optional Redemption Amount(s) (if any) of the Notes;

(e) in relation to Notes redeemable in instalments, the Instalment Amounts;

(f) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 6.6); and

(g) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in these Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 7 or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed.

5.8 Payments Subject to Fiscal and Other Laws

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7, (ii) any withholding or deduction imposed or required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof), or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a **FATCA Withholding**), and (iii) any withholding or deduction imposed or required as a result of the application of the provisions of Section 871(m) of the Code or any U.S. Treasury regulations or other administrative guidance published thereunder, or any successor or substitute legislation or provision of law (**871(m) Withholding**). No commissions or expenses shall be charged to the holders of the Notes in respect of such payments. In addition, in determining the amount of 871(m) Withholding imposed with respect to any amounts to be paid on the Notes, the Issuer shall be entitled to withhold on any "dividend equivalent" (as defined for purposes of Section 871(m) of the Code) at the highest rate applicable to such payments regardless of any exemption from, or reduction in, such withholding otherwise available under applicable law.

Payments on the Notes that reference U.S. securities or an index that includes U.S. securities may be calculated by reference to dividends on such U.S. securities that are reinvested at a rate of 70%. In such case, in calculating the relevant payment amount, the holder will be deemed to receive, and the Issuer will be deemed to withhold, 30% of any dividend equivalent payments (as defined in Section 871(m) of the Code) in respect of the relevant U.S. securities. The Issuer will not pay any additional amounts to the holder on account of the Section 871(m) amount deemed withheld.

6 REDEMPTION AND PURCHASE

For the avoidance of doubt, all payments made in respect of Upper Tier II Subordinated Notes and Hybrid Tier I Notes under this Condition 6 shall be subject to such further interpretations, amendments and clarifications as may be stipulated by the RBI from time to time.

6.1 Redemption at maturity

Unless previously redeemed or purchased and cancelled as specified below, each Note (including each Index Linked Redemption Note and Dual Currency Redemption Note) save for any Hybrid Tier I Note will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Pricing Supplement in the relevant Specified Currency on the Maturity Date, subject to compliance with the applicable regulatory requirements, including in the case of Upper Tier II Subordinated Notes, the prior approval of the RBI.

The Hybrid Tier I Notes are perpetual with no scheduled maturity date and may only be redeemed in accordance with Conditions 6.2, 6.3 or 6.4 and subject to the conditions and limitations set forth therein.

6.2 Redemption for tax reasons

In the case of Senior Notes or Subordinated Notes, at any time prior to the applicable Maturity Date, or in the case of Hybrid Tier I Notes, at any time prior to the first Optional Redemption Date as specified in the applicable Pricing Supplement, the Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is neither a Floating Rate Note nor an Index Linked Interest Note) or on any Interest Payment Date (if this Note is either a Floating Rate Note or an Index Linked Interest Note), on giving not less than 30 nor more than 60 days' notice to the Trustee and the Principal Paying Agent and, in accordance with Condition 13, the Noteholders (which notice shall be irrevocable), if the Issuer satisfies the Trustee immediately before the giving of such notice that:

(a) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 7) or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes for such Series; and

(b) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided that (1) in the case of Subordinated Notes, the prior approval of the RBI or any such other relevant authority shall have been obtained, if necessary, (2) in the case of Hybrid Tier I Notes, the Conditions for Redemption set out in Condition 6.12 having been satisfied, and (3) no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which, the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Trustee to make available at its specified office to the Noteholders (1) a certificate signed by an authorised officer of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and (2) an opinion of independent legal advisers of recognised standing to the effect that, the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment and the Trustee shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Noteholders, the Receiptholders and the Couponholders.

For the avoidance of doubt, this Condition 6.2 shall be without prejudice to Condition 6.3 below.

Notes redeemed pursuant to this Condition 6.2 will be redeemed at their Early Redemption Amount referred to in Condition 6.6 below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

6.3 Redemption at the Option of the Issuer (Issuer Call)

If Issuer Call is specified in the applicable Pricing Supplement, the Issuer may, (1) in the case of Subordinated Notes, having obtained the prior approval of the RBI or other relevant authority, if necessary, and, in the case of Upper Tier II Subordinated Notes and Hybrid Tier I Notes, only upon the expiry of ten years from the date of issuance, (2) in the case of Hybrid Tier I Notes, the Conditions for Redemption set out in Condition 6.12 having been satisfied, and (3) in the case of any Note having given:

(a) not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 13; and

(b) not less than seven days before the giving of the notice referred to in (a), notice to the Trustee and the Principal Paying Agent,

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date(s) and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Pricing Supplement together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and/or not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Pricing Supplement. In the case of a partial redemption of Notes, the Notes to be redeemed (**Redeemed Notes**) will (i) in the case of Redeemed Notes represented by definitive Notes, be selected individually by lot, not more than 30 days prior to the date fixed for redemption, and (ii) in the case of Redeemed Notes represented by a Global Note, be selected in accordance with the rules of Euroclear and/or Clearstream, Luxembourg and/or, as the case may be, DTC. In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 14 not less than 15 days prior to the date fixed for redemption.

6.4 Redemption for Regulatory Reasons

Subject to the Conditions for Redemption in Condition 6.12 having been satisfied, the Hybrid Tier I Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time prior to the first Optional Redemption Date as specified in the applicable Pricing Supplement, on giving not less than 30 nor more than 60 days' notice to the Trustee, the Principal Paying Agent, the Registrar, the SGX-ST or the ISM (as applicable) and, in accordance with Condition 13, the Noteholders (which notice shall be irrevocable), if the Issuer satisfies the Trustee immediately before the giving of such notice that for any reason, there is more than an insubstantial risk that for the purposes of the RBI's capital adequacy requirements under applicable regulations from time to time applicable to the Issuer, the Hybrid Tier I Notes, after having qualified as such, will no longer qualify as Tier I capital of the Issuer under applicable regulations (other than for the reason that the amount of Hybrid Tier I Notes exceeds any limitations prescribed by the RBI with respect to the amount that qualifies as Tier I capital) provided, however, that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which it is determined that there is more than an insubstantial risk that for the purposes of the RBI's capital adequacy requirements under applicable regulations from time to time applicable to the Issuer the Hybrid Tier I Notes will no longer qualify as Tier I capital of the Issuer.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Trustee or to the Principal Paying Agent to make available at its specified office to the Noteholders:

(a) a certificate signed by an authorised officer of the Issuer, stating that the circumstances referred to in this Condition 6.4 exist, and is prevailing (including the requirements of Condition 6.12) and setting out the details of such circumstances; and

(b) an opinion of independent legal advisers of recognised standing experienced in such matters to the effect that there is more than an insubstantial risk that for the purposes of the RBI's capital adequacy requirements under applicable regulations from time to time applicable to the Issuer, the Hybrid Tier I Notes, after having qualified as such, will no longer qualify as Tier I capital of the Issuer under applicable regulations (other than for the reason that the amount of Hybrid Tier I Notes exceeds any limitations prescribed by the RBI with respect to the amount that qualifies as Tier I capital), and the Trustee shall be entitled without further action or inquiry to accept the certificate as conclusive and sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Noteholders, the Receiptholders and the Couponholders. Hybrid Tier I Notes redeemed pursuant to this Condition 6.4 will be redeemed at their Regulatory Redemption Amount.

For the purposes of this Condition 6.4:

Applicable Spread shall be as provided in the applicable Pricing Supplement;

Base Redemption Amount means the sum of (a) 100 per cent. of the aggregate principal amount of the Hybrid Tier I Notes being redeemed, and (b) an amount equal to unpaid interest, if any, thereon for the relevant Interest Period;

Make Whole Amount means an amount calculated by the Calculation Agent in consultation with the Issuer, as applied on any date of redemption of the Hybrid Tier I Notes pursuant to this Condition 6.4, equal to the sum of (a) the present value of the outstanding principal amount of the Hybrid Tier I Notes, assuming a repayment thereof on the first Optional Redemption Date as set out in the applicable Pricing Supplement, and (b) the present value of the remaining payments of interest scheduled to be paid to and including such first Optional Redemption Date, in each case discounted to the redemption date on the basis of the Day Count Fraction set forth in the Pricing Supplement, at the applicable Treasury Yield plus the Applicable Spread;

Regulatory Redemption Amount means an amount equal to the greater of (a) the Make Whole Amount, and (b) the Base Redemption Amount; and

Treasury Yield shall be calculated by the Calculation Agent, in consultation with the Issuer, by the Issuer's appointment of three or more other primary U.S. Government securities dealers in New York City (each a **Primary Treasury Dealer**) or their respective successors as reference dealers, provided, however, that if any such dealer ceases to be a Primary Treasury Dealer, the Issuer will substitute such dealer with another Primary Treasury Dealer. The Issuer will select a United States Treasury security (the **comparable treasury issue**) having a maturity comparable to the time period between the redemption date and the first Optional Redemption Date as set out in the applicable Pricing Supplement (the **Make Whole End Date**), which would be used in accordance with customary financial practise to price new issues of corporate debt securities with a maturity comparable to the Make Whole End Date. The Primary Treasury Dealers will provide the Issuer (or an independent adviser appointed by it) with the bid and ask prices for the comparable treasury issue, expressed in each case as a percentage of its principal amount. The Calculation Agent will, upon being notified of such Primary Treasury Dealer quotations, eliminate the highest and lowest quotations and then calculate the average of the remaining quotations; provided, however, that if fewer than three quotations are obtained, it will calculate the average of all the quotations without eliminating any of them (the **comparable treasury price**).

The applicable Treasury Yield will be determined by the Calculation Agent and will be the annual equivalent yield to maturity of a security whose price is equal to the comparable treasury price, in each case expressed as a percentage of its principal amount.

6.5 Redemption of the Senior Notes at the Option of the Noteholders (Investor Put)

(a) ***If Investor Put is specified in the applicable Pricing Supplement***

If Investor Put is specified in the relevant Pricing Supplement with respect to Senior Notes only, upon the holder of any Senior Note giving to the Issuer in accordance with Condition 13 not less than 30 nor more than 60 days' notice (which notice shall be irrevocable) the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Pricing Supplement, such Senior Note on the Optional Redemption Date(s) and at the Optional Redemption Amount(s) together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Registered Notes may be redeemed under this Condition 6.5 in any multiple of their lowest Specified Denomination. It may be that before an Investor Put can be exercised, certain conditions and/or circumstances will need to be satisfied. Where relevant, the provisions will be set out in the applicable Pricing Supplement.

(b) ***Put Option Exercise Procedures***

If this Senior Note is in definitive form, to exercise the right to require redemption of this Senior Note the holder of this Senior Note must deliver such Senior Note at the specified office of, in the case of Bearer Notes, any Paying Agent (together with all unmatured Receipts and Coupons and unexchanged Talons) or, in the case of Registered Notes, the Registrar at any time during normal business hours of such Paying Agent or, as the case may be, the Registrar falling within the notice period, accompanied by a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent or, as the case may be, the Registrar (a **Put Notice**) and in which the holder must specify a bank account to which payment is to be made under this Condition and, in the case of Registered Notes, the nominal amount thereof to be redeemed and, if less than the full nominal amount of the Registered Notes so surrendered is to be redeemed, an address to which a new Registered Note in respect of the balance of such Registered Notes is to be sent subject to and in accordance with the provisions of Condition 1.4. If this Senior Note is in definitive bearer form, the Put Notice must be accompanied by this Senior Note or evidence satisfactory to the Paying Agent concerned that this Senior Note will, following delivery of the Put Notice, be held to its order or under its control.

If this Note is represented by a Global Note or is in definitive form and held through Euroclear, Clearstream, Luxembourg or DTC, to exercise the right to require redemption of this Note the holder of this Note must, within the notice period, give notice to the Principal Paying Agent of such exercise in accordance with the standard procedures of Euroclear, Clearstream, Luxembourg and DTC (which may include notice being given on his instruction by Euroclear, Clearstream, Luxembourg, DTC or any depositary for them to the Principal Paying Agent by electronic means) in a form acceptable to Euroclear, Clearstream, Luxembourg and DTC from time to time.

Any Put Notice or other notice given in accordance with the standard procedures of Euroclear, Clearstream, Luxembourg and DTC given by a holder of any Note pursuant to this Condition 6.5 shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and the Trustee has declared the Notes to be due and payable pursuant to Condition 9.1 is continuing, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this Condition 6.5.

6.6 Early Redemption Amounts

For the purpose of Conditions 6.2 and 6.5 above and Condition 9:

(a) each Note (other than a Zero Coupon Note) will be redeemed at its Early Redemption Amount; and

(b) each Zero Coupon Note will be redeemed at an amount (the **Amortised Face Amount**) calculated in accordance with the following formula:

Early Redemption Amount = RP x $(1+AY)^Y$

Early Redemption Amount = RP x (1 + AY)y

where:

RP means the Reference Price;

AY means the Accrual Yield expressed as a decimal; and

y is the Day Count Fraction specified in the applicable Pricing Supplement which will be either (i) 30/360 (in which case the numerator will be equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360), or (ii) Actual/360 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360), or (iii) Actual/365 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 365), or on such other calculation basis as may be specified in the applicable Pricing Supplement.

6.7 Instalments

Instalment Notes will be redeemed in the Instalment Amounts and on the Instalment Dates. In the case of early redemption, the Early Redemption Amount will be determined pursuant to Condition 6.6 above.

6.8 Partly Paid Notes

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the applicable Pricing Supplement.

6.9 Purchases

The Issuer or any Subsidiary (as defined in the Trust Deed) of the Issuer may at any time purchase (a) Senior Notes, and (b) (subject to obtaining the prior approval of the RBI or other relevant authority) Subordinated Notes and/or Hybrid Tier I Notes (provided that, in the case of definitive Bearer Notes, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. If purchases are made by tender, tenders must be available to all Noteholders alike. Such Notes may be held, reissued, resold or, at the option of the Issuer surrendered to any Paying Agent for cancellation.

6.10 Cancellation

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Receipts, Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and any Notes purchased and cancelled pursuant to Condition 6.9 above (together with all unmatured Receipts, Coupons and Talons cancelled therewith) shall be forwarded to the Principal Paying Agent and may not be reissued or resold.

6.11 Late payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Conditions 6.1, 6.2, 6.3 or 6.5 above or upon its becoming due and repayable as provided in Condition 9 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 6.6(b) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

(a) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and

(b) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Note has been received by the Trustee or the Principal Paying Agent and notice to that effect has been given to the Noteholders in accordance with Condition 13.

6.12 Conditions for Redemption of Hybrid Tier I Notes

The Issuer shall not redeem any of the Hybrid Tier I Notes or purchase and cancel the Hybrid Tier I Notes unless (a) the Issuer is solvent at the time of payment and immediately thereafter, and (b) the prior written consent of the RBI shall have been obtained (collectively, the **Conditions for Redemption**). Prior to any redemption of Hybrid Tier I Notes under this Condition 6, the Issuer shall deliver to the Trustee a certificate signed by an authorised officer of the Issuer confirming that the Issuer is entitled to effect the redemption and setting forth a statement of facts showing which Conditions have been satisfied and whether any consent of the RBI is required, and if so required in connection with any such redemption or a redemption under Condition 6.2 or 6.4, attaching thereto a copy of such consent as well as a certificate as to the solvency of the Issuer executed by an authorised signatory of the Issuer. Such certificates and attachments shall be made available for inspection by the Noteholders. The Trustee shall be entitled without further action or enquiry to accept the certificate and attachment as conclusive and sufficient evidence of the contents and matters set forth therein. The Trustee shall be entitled without further action or inquiry to accept the certificate and attachments as conclusive and sufficient evidence of the contents and matters set forth therein.

Noteholders should note that it is intended that the Hybrid Tier I Notes should constitute Tier I instruments of the Issuer and, accordingly, under statute and regulatory requirements prevailing at the date of issue of the Hybrid Tier I Notes relative to Tier I instruments, and by virtue of the above provisions, any redemption of such Notes is subject to the prior consent of the RBI at the relevant time.

7 TAXATION

7.1 Payment without Withholding

All payments of principal and interest in respect of the Notes, Receipts and Coupons by or on behalf of the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes, Receipts or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes, Receipts or Coupons, as the case may be, in the absence of such withholding or deduction (the **Additional Amounts**); except that no such Additional Amounts shall be payable with respect to any Note, Receipt or Coupon:

(a) where the holder is liable for such taxes or duties in respect of such Note, Receipt or Coupon by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Note, Receipt or Coupon; or

(b) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such 30th day assuming that day to have been a Payment Day (as defined in Condition 5.6); or

(c) presented for payment by or on behalf of a holder of such Note, Receipt or Coupon who, at the time of such presentation, is able to avoid such withholding or deduction by making a declaration of non-residence or other similar claim for exemption and does not make such declaration or claim; or

(d) with respect to any FATCA Withholding or 871(m) Withholding.

7.2 Interpretation

As used herein:

(a) **Relevant Date** means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Trustee or the Principal Paying Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 13.

(b) **Tax Jurisdiction** means:

(i) where the Issuer is acting through its Singapore Branch, (A) India or any political subdivision or any authority thereof or therein having power to tax, (B) Singapore or any political subdivision or any authority thereof or therein having power to tax or (C) any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject in respect of payments made by or on behalf of it on the Notes, Receipts and Coupons;

(ii) where the Issuer is acting through a branch outside India (other than Singapore), (A) India or any political subdivision or any authority thereof or therein having power to tax, (B) the jurisdiction in which such branch is established or any political subdivision or any authority thereof or therein having power to tax or (C) any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject in respect of payments made by or on behalf of it on the Notes, Receipts and Coupons; or

(iii) where the Issuer is acting through its GIFT City Branch, (A) India or any political subdivision or any authority thereof having power to tax, or (B) any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject in respect of payments made by or on behalf of it on the Notes, Receipts and Coupons; and

8 PRESCRIPTION

The Notes (whether in bearer or registered form), Receipts and Coupons will become void unless presented for payment within a period of ten years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 7.2(b)) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 5.2 or any Talon which would be void pursuant to Condition 5.2.

9 EVENTS OF DEFAULT AND ENFORCEMENT

9.1 Events of Default relating to Senior Notes

The Trustee at its discretion may, and if so requested in writing by the holders of at least one-fifth in nominal amount of the Senior Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders shall (subject in each case to being indemnified and/or secured and/or pre-funded to its satisfaction), give notice in writing to the Issuer that each Senior Note is, and each Senior Note shall thereupon immediately become, due and repayable at its Early Redemption Amount together with accrued interest as provided in the Trust Deed if any of the following events (each an **Event of Default**) shall occur:

(a) if default is made in the payment of any principal or interest due in respect of the Notes or any of them and, in the case of interest, the default continues for a period of 14 days; or

(b) if the Issuer fails to perform or observe any of its other obligations under the Conditions or the Trust Deed and (except in any case where, in the opinion of the Trustee, the failure is incapable of remedy when no such continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 30 days (or such longer period as the Trustee may permit) next following the service by the Trustee on the Issuer of notice requiring the same to be remedied; or

(c) if: (i) any other present or future Indebtedness for Borrowed Money of the Issuer becomes capable of being declared due and payable prior to its stated maturity otherwise than at the option of the Issuer; or (ii) any such Indebtedness for Borrowed Money is not paid when due or, as the case may be, within any applicable grace period; or (iii) any security given by the Issuer for any Indebtedness for Borrowed Money becomes enforceable; or (iv) the Issuer fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any Indebtedness for Borrowed Money other than in circumstances where (A) the Trustee is satisfied that the Issuer is contesting in good faith in appropriate proceedings the fact that any such amount is due or (B) the Issuer is prohibited from making payment of any such amount by the order of a court having appropriate jurisdiction, provided that the aggregate amount outstanding of the relevant Indebtedness for Borrowed Money or amounts payable under the guarantees and/or indemnities in respect of one or more events mentioned above in this subparagraph (c) exceeds U.S.$20,000,000 or its equivalent in other currencies; or

(d) if any order is made for the winding up or liquidation of the Issuer, save for the purposes of reorganisation on terms previously approved in writing by the Trustee or by an Extraordinary Resolution; or

(e) if the Issuer ceases or threatens to cease to carry on the whole or substantially all of its business, save for the purposes of reorganisation on terms previously approved in writing by the Trustee or by an Extraordinary Resolution, or the Issuer stops or threatens to stop or suspend payment of, or is unable to, or admits inability to, pay its debts (or any class of its debts) as they fall due, or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent; or

(f) if the Issuer (or its directors) initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally; or

(g) if a moratorium is agreed or declared by the Issuer in respect of any Indebtedness for Borrowed Money (including any obligation arising under any guarantee) of the Issuer; or

(h) if it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Notes or the Trust Deed; or

(i) if any governmental authority or agency condemns, seizes, compulsorily purchases or expropriates all or any material part of the assets or shares of the Issuer without fair compensation, unless, and for so long as, the Trustee is satisfied that such compulsory purchase or expropriation is being contested in good faith and by appropriate proceedings; or

(j) if the Issuer is or becomes entitled or subject to, or is declared by law or otherwise to be protected by immunity (sovereign or otherwise) and Condition 18.4 is held to be invalid or unenforceable; or

(k) if (i) proceedings are initiated against the Issuer under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer or, as the case may be, in relation to the whole or any part of the undertaking or assets of any of them or an encumbrancer takes possession of the whole or any part of the undertaking or assets of any of them, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or any part of the undertaking or assets of any of them, and (ii) in any such case (other than the appointment of an administrator or an administrative receiver appointed following presentation of a petition for an administration order) unless initiated by the relevant company, is not discharged within 14 days; or

(l) if any event occurs, which, under the laws of India has or may have, in the Trustee's opinion, an analogous effect to any of the events referred to in subparagraphs (e) to (g) inclusive and (i).

For the purposes of this Condition, **Indebtedness for Borrowed Money** means (i) any indebtedness (whether being principal, premium, interest or other amounts) for or in respect of any notes, bonds, debentures, debenture stock, loan stock or other securities, or (ii) any borrowed money, or (iii) any liability under or in respect of any acceptance or acceptance credit.

9.2 Events of Default relating to Subordinated Notes and Hybrid Tier I

(a) Subject to the provisions of Condition 2.2(c), if default is made in the payment of any principal or interest due on the Subordinated Notes or the Hybrid Tier I Notes or any of them on the due date and, in the case of interest, such default continues for a period of 14 days the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce the obligations of the Issuer under the Subordinated Notes, the Hybrid Tier I Notes or the Trust Deed and may institute proceedings for the winding up of the Issuer provided that the Issuer shall not, by virtue of the institution of any such proceedings other than proceedings for the winding up of the Issuer, be obliged to pay any sums sooner than the same would otherwise have been payable by it.

(b) If any order is made for the winding up or liquidation of the Issuer, save for the purposes of reorganisation on terms previously approved in writing by the Trustee or by an Extraordinary Resolution, the Trustee may, and if so requested in writing by the holders of at least one-fifth in nominal amount of the Subordinated Notes or (as the case may be) the Hybrid Tier I Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders, shall (subject to being indemnified and/or secured and/or pre-funded to its satisfaction) give notice to the Issuer that the Subordinated Notes or (as the case may be) the Hybrid Tier I Notes are, and they shall, subject to the prior approval of the RBI having been obtained, thereupon immediately become, due or repayable at the amount provided in, or calculated in accordance with, Condition 6.6, together with accrued interest as provided in the Trust Deed.

9.3 Enforcement

The Trustee may at any time, at its discretion and without notice, take such proceedings against the Issuer as it may think fit to enforce the provisions of the Trust Deed, the Notes, the Receipts and the Coupons, but it shall not be bound to take any such proceedings or any other action in relation to the Trust Deed, the Notes, the Receipts or the Coupons unless (a) it shall have been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by the holders of at least one-fifth in nominal amount of the Notes then outstanding and (b) it shall have been indemnified and/ or secured and/or pre-funded to its satisfaction.

No Noteholder, Receiptholder or Couponholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

10 REPLACEMENT OF NOTES, RECEIPTS, COUPONS AND TALONS

Should any Note, Receipt, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced subject to applicable laws, regulations and relevant stock exchange regulations at the specified office of the Principal Paying Agent (in the case of Bearer Notes, Receipts or Coupons) or the Registrar (in the case of Registered Notes) upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer and the Principal Paying Agent may reasonably require. Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

11 PAYING AGENTS

The names of the initial Agents and their initial specified offices are set out below.

The Issuer is entitled, after consultation with the Trustee, to vary or terminate the appointment of any Agent and/or appoint additional or other Paying Agents and/or approve any change in the specified office through which any Agent acts, provided that:

(a) there will at all times be a Principal Paying Agent and a Registrar;

(b) so long as the Notes are listed on any stock exchange, there will at all times be a Paying Agent (in the case of Bearer Notes) and a Transfer Agent (in the case of Registered Notes) with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange (or any other relevant authority);

(c) so long as any of the Registered Global Notes payable in a Specified Currency other than U.S. dollars are held through DTC or its nominee, there will at all times be an Exchange Agent; and

(d) so long as the Notes are listed on the SGX-ST, if the Notes are issued in definitive form, there will at all times be a Paying Agent in Singapore unless the Issuer obtains an exemption from the SGX-ST.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 5.5. Any variation, termination, appointment or change referred to in the preceding paragraph and/or any appointment referred to in this paragraph shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 13.

In acting under the Agency Agreement, the Principal Paying Agents act solely as agents of the Issuer and, in certain circumstances specified therein, of the Trustee and do not assume any obligation to, or relationship of agency or trust with, any Noteholders, Receiptholders or Couponholders. The Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent.

12 EXCHANGE OF TALONS

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Principal Paying Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 8.

13 NOTICES

All notices regarding the Bearer Notes will be deemed to be validly given if published in a leading daily newspaper of general circulation in Asia or such other English language daily newspaper with general circulation in Asia as the Trustee may approve. It is expected that such publication will be made in the *Asian Wall Street Journal.* The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange (or any other relevant authority) on which the Bearer Notes are for the time being listed. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers. If, in the opinion of the Trustee, publication as provided above is not practicable, a notice will be given in such other manner, and will be deemed to have been given on such date, as the Trustee shall approve. All notices regarding the Registered Notes will be deemed to be validly given if sent by first class mail or (if posted to an address overseas) by airmail to the holders (or the first named of joint holders) at their respective addresses recorded in the Register and will be deemed to have been given on the fourth day after mailing and, in addition, for so long as any Registered Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg and/or DTC, be substituted for such mailing and publication in such newspaper(s) or such delivery by mail of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or DTC for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange and the rules of that stock exchange (or any other relevant authority) so require, such notice will be published in a daily newspaper of general circulation in the place or places required by the rules of that stock exchange (or any other relevant authority). Any such notice shall be deemed to have been given to the holders of the Notes on the first day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg and/or DTC.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Principal Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes). Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Principal Paying Agent or the Registrar through Euroclear and/or Clearstream, Luxembourg and/or DTC, as the case may be, in such manner as the Principal Paying Agent, the Registrar and Euroclear and/or Clearstream, Luxembourg and/or DTC, as the case may be, may approve for this purpose.

Receiptholders and Couponholders will be deemed for all purposes to have notice of the contents of any notice given to Noteholders in accordance with this Condition 13.

14 MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER AND SUBSTITUTION

The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Receipts, the Coupons or any of the provisions of the Trust Deed. Such a meeting may be convened by the Issuer or the Trustee and shall be convened by the Issuer if required in writing by Noteholders holding not less than ten per cent. in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes, the Receipts, the Coupons or the Trust Deed (including, *inter alia,* modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes, the Receipts or the Coupons), the quorum shall be one or more persons holding or representing not less than two-thirds in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in nominal amount of the Notes for the time being outstanding. The Trust Deed provides that: (i) a resolution passed at a meeting duly convened and held in accordance with the Trust Deed by a majority consisting of not less than three-fourths of the votes cast on such resolution; (ii) a resolution in writing signed by or on behalf of the holders of not less than three-fourths in nominal amount of the Notes for the time being outstanding; or (iii) consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Trustee) by or on behalf of the holders of not less than three-fourths in nominal amount of the Notes for the time being outstanding, shall, in each case, be effective as an Extraordinary Resolution of the Noteholders. An Extraordinary Resolution passed by the Noteholders will be binding on all the Noteholders, whether or not they are present at any meeting and whether or not they voted on the resolution, and on all Receiptholders and Couponholders.

The Trustee may agree, without the consent of the Noteholders, Receiptholders or Couponholders, to any modification (except such modifications in respect of which an increased quorum is required as mentioned above) of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes or the Trust Deed, or determine, without any such consent as aforesaid, that any Event of Default or Potential Event of Default shall not be treated as such, where, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders so to do or may agree, without any such consent as aforesaid, to any modification which is of a formal, minor or technical nature or to correct a manifest error. Any such modification shall be binding on the Noteholders, the Receiptholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 13 as soon as practicable thereafter.

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation, determination or substitution), the Trustee shall have regard to the general interests of the Noteholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders, Receiptholders or Couponholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders, Receiptholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder, Receiptholder or Couponholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Noteholders, Receiptholders or Couponholders except to the extent already provided for in Condition 7 and/or any undertaking or covenant given in addition to, or in substitution for, Condition 7 pursuant to the Trust Deed.

The Trustee may, without the consent of the Noteholders, agree with the Issuer to the substitution in place of the Issuer (or of any previous substitute under this Condition) as the principal debtor under the Notes, the Receipts, the Coupons and the Trust Deed of an entity owned or controlled by the Issuer, subject to (a) the Notes being unconditionally and irrevocably guaranteed by the Issuer, (b) the Trustee being satisfied that the interests of the Noteholders will not be materially prejudiced by the substitution and (c) certain other conditions set out in the Trust Deed being complied with.

Any such modification, waiver, authorisation, determination or substitution shall be binding on the Noteholders, the Receiptholders and the Couponholders and, unless the Trustee otherwise agrees, any such modification or substitution shall be promptly notified to Noteholders by the Issuer in accordance with Condition 13.

The Issuer may at any time, without the consent of the Trustee, elect to substitute (the **Substitution)** the Head Office, the Singapore Branch, the Dubai International Financial Centre Branch, the GIFT City Branch or other foreign branch (the **Substitute)** in place of the office, unit or branch through which the Issuer originally acted when the Notes were issued, provided that (a) the obligations of the Issuer under the Notes, the Conditions and the Trust Deed shall remain obligations of the Issuer and not merely the Substitute, (b) the Issuer shall comply with such requirements of law or regulation as may be imposed by any authority in any jurisdiction to which the Substitute is or becomes subject and the Issuer shall have obtained all relevant regulatory and other approvals in relation to the Substitution, and (c) the Substitution is not, in the opinion of the Issuer (based on the advice of such independent auditors, tax advisers and/or legal advisers of recognised standing as the Issuer shall determine), materially prejudicial to the interests of the Noteholders or prior to the Substitution, the Substitution is approved by an Extraordinary Resolution of the Noteholders.

The conditions set out in sub-clauses (a) to (c) above shall be deemed to be satisfied upon delivery to the Trustee of a certificate of two Directors of the Issuer detailing the proposed Substitution and certifying that the conditions set out in sub-clauses (a) to (c) above have been satisfied in relation to such Substitution (a **Substitution Certificate)**. The Trustee may rely on a Substitution Certificate absolutely and shall not be required to take any action to independently verify the matters stated therein nor shall the Trustee be liable for any loss caused by any inaccuracy therein. Upon receipt by the Trustee of a Substitution Certificate, the Trustee shall enter into such documentation as may be necessary or desirable to give effect to the Substitution, provided that the Trustee shall not be required to enter into any documentation (a) which would have the effect of increasing the duties or obligations, or decreasing the protections or rights, of the Trustee and (b) unless it shall first have been indemnified and/or secured to its satisfaction. Not later than seven days prior to the Substitution, the Issuer shall give notice thereof to the Noteholders in the manner provided in Condition 13.

15 INDEMNIFICATION OF THE TRUSTEE AND TRUSTEE CONTRACTING WITH THE ISSUER

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or secured and/or pre-funded to its satisfaction.

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia,* (a) to enter into business transactions with the Issuer and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders, Receiptholders or Couponholders and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

Repatriation of proceeds outside India by the Issuer may require the prior approval of the RBI in accordance with the existing applicable laws and regulation of India.

16 FURTHER ISSUES

The Issuer shall be at liberty from time to time without the consent of the Noteholders, the Receiptholders or the Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue and so that the same shall be consolidated and form a single Series with the outstanding Notes.

17 CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Note, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

18 GOVERNING LAW AND SUBMISSION TO JURISDICTION

18.1 Governing law

The Trust Deed, the Agency Agreement, the Notes, the Receipts and the Coupons and any non-contractual obligations arising out of or in connection with the Trust Deed, the Agency Agreement, the Notes, the Receipts and the Coupons are governed by, and shall be construed in accordance with, English law except that, Clause 2 (G) of the Trust Deed, in the case of Subordinated Notes, Condition 2.2 and, in the case of Hybrid Tier I Notes, Condition 2.3 is governed by, and shall be construed in accordance with, Indian law.

18.2 Submission to jurisdiction

(a) Subject to Condition 18.2(c) below, the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Trust Deed, the Notes, the Receipts and/ or the Coupons, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Trust Deed, the Notes, the Receipts and/or the Coupons (a **Dispute)** and all Disputes will be submitted to the exclusive jurisdiction of the English courts.

(b) For the purposes of this Condition 18.2(c), the Issuer waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.

(c) This Condition 18.2(c) is for the benefit of the Trustee, the Noteholders, the Receiptholders and the Couponholders only. To the extent allowed by law, the Trustee, the Noteholders, the Receiptholders and the Couponholders may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction, and (ii) concurrent proceedings in any number of jurisdictions.

18.3 Appointment of Process Agent

The Issuer has, in the Trust Deed, irrevocably and unconditionally appointed Law Debenture Corporate Services Limited at Fifth Floor, 100 Wood Street, London EC2V7EX, for the time being in London as its agent for service of process in England in respect of any Proceedings and has undertaken that in the event of such agent ceasing so to act it will appoint such other person as the Trustee may approve as its agent for that purpose.

18.4 Waiver of Immunity

The Issuer hereby irrevocably and unconditionally waives with respect to the Notes, the Receipts and the Coupons any right to claim sovereign or other immunity from jurisdiction or execution and any similar defence and irrevocably and unconditionally consents to the giving of any relief or the issue of any process, including without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment made or given in connection with any Proceedings.

USE OF PROCEEDS

The proceeds from each issue of Notes will be utilised by the Bank for its overseas operations or such other activities as are permitted under applicable laws in India.

If, in respect of any particular issue of Notes, there is a particular identified use of proceeds, this will be stated in the applicable Pricing Supplement.

CAPITALISATION AND INDEBTEDNESS

The following table sets forth the capitalisation and indebtedness of the Bank on a standalone basis as at 30 June 2020 which has been extracted from the Bank's reviewed standalone Financial Statements prepared in accordance with Indian GAAP as applicable to banks.

This capitalisation table should be read together with "*Selected Financial and Operating Data*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*Selected Statistical Information*" and the Bank's reviewed standalone financial statements as at 30 June 2020 and the schedules and notes presented elsewhere herein. There have been no material changes in the capitalisation and indebtedness of the Bank since 30 June 2020.

	As at 30 June 2020	
	(₹ in millions)	**(U.S.$ in millions)[(1)]**
Indebtedness[(2)]		
– Deposits[(3)]	6,281,503	83,166
– Borrowings[(4)]	1,428,360	18,911
– Subordinated Debt[(4)]	175,050	2,318
– Perpetual Debt[(4)]	70,000	927
Total Indebtedness	**7,709,863**	**102,077**
Shareholders' Funds		
– Share Capital[(5)(6)]	5,644	75
– Reserves and Surplus	855,065	11,321
Total Shareholders' Funds[(6)]	**860,709**	**11,396**
Total Capitalisation[(7)]	**8,570,572**	**113,472**
Capital Adequacy Ratio (Basel III) (percentage)[(8)]		
Tier I	14.44%	
Tier II	2.85%	
Total	17.29%	

Notes:

(1) U.S. dollar translations have been made using the exchange rate of U.S.$1.00 = ₹75.5300, based on the U.S. Federal Reserve's published exchange rate as at 30 June 2020.

(2) Include both short-term and long term.

(3) Deposits include both demand and time deposits.

(4) Borrowings include subordinated debt, perpetual debt and Upper Tier II instruments.

(5) As at 30 June 2020, there were 2,822,022,959 equity shares at ₹2 par value outstanding.

(6) The Bank has raised ₹ 100,000 million in August 2020 through a qualified institutional placement. Pursuant to the issue, the Bank has allotted 238,038,560 equity shares at a price of Rs. 420.10 per equity share post which the share capital of the Bank increased by ₹ 476 million and the balance in securities premium account increased by ₹ 99,524 million.

(7) Contingent liabilities (as per the Banking Regulation Act 1949 and Accounting Standard 29) as at 30 June 2020 amounted to ₹ 9,161,850 million.

(8) Capital adequacy ratio (excluding profits for the three-month period ended 30 June 2020) computed in accordance with Basel III guidelines issued by RBI.

RISK FACTORS

Investors should carefully consider the following risk factors as well as the other information contained in this Offering Circular prior to making an investment in the Notes. In making an investment decision, each investor must rely on its own examination of the Bank and the terms of the offering of the Notes. The risks described below are not the only ones that may affect the Notes. Additional risks not currently known to the Bank or that the Bank currently deems immaterial may also impair the Bank's business operations.

The financial and other related implications of the risk factors, wherever quantifiable, have been disclosed in the risk factors mentioned below. However, there are certain risk factors where the financial impact is not quantifiable and, therefore, cannot be disclosed in such risk factors. You should consult your tax, financial and legal advisors about the particular consequences to you of an investment in this Issue. In order to obtain a complete understanding of the Bank's business, you should read this section in conjunction with the sections "Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations", as well as other financial information contained in the Offering Circular.

This Offering Circular also contains forward-looking statements that involve risks and uncertainties. The Bank's results could differ materially from such forward-looking statements as a result of certain factors including the considerations described below and elsewhere in this Offering Circular.

Unless otherwise stated, references to "the Bank", are to Axis Bank Limited on a standalone basis and references to "we", "us", "our", are to Axis Bank Limited on a consolidated basis.

Risks Relating to the Bank's Business

The extent to which the recent coronavirus (COVID-19) pandemic impacts the Bank's business, cash flows, results of the operations and financial condition will depend on future developments, which are highly uncertain and cannot be predicted.

The rapid and diffused spread of the COVID-19 and global health concerns relating to this pandemic have had a severe negative impact on, among other things, financial markets, liquidity, economic conditions and trade and could continue to do so or could worsen for an unknown period of time, that could in turn have a material adverse impact on the Bank's business, cash flows, results of operations and financial condition, including liquidity, asset quality and growth. The extent to which the COVID-19 pandemic impacts the Bank's business, cash flows, results of operations and financial condition will depend on future developments, including the timeliness and effectiveness of actions taken or not taken to contain and mitigate the effects of COVID-19 both in India and internationally by governments, central banks, healthcare providers, health system participants and other businesses and individuals, which are highly uncertain and cannot be predicted. Further, there is currently substantial medical uncertainty regarding the COVID-19 pandemic. A rapid increase in severe cases and deaths where measures taken by governments fail or are lifted prematurely, may cause unprecedented economic disruption in India and the rest of the world. The scope, duration and frequency of such measures and the adverse effects of the COVID-19 pandemic remain uncertain and are likely to be severe.

In order to address the impact of the COVID-19 pandemic on the Bank's business, the Bank made an additional provision of ₹ 30 billion for COVID-19 pandemic in fiscal 2020, which included an amount of ₹ 18.82 billion for COVID-19, above the regulatory requirement, based on an internal stress testing exercise and ₹11.18 billion towards loans under moratorium in accordance with the RBI guidelines on COVID-19 regulatory package. Amongst other changes, this provision impacted the net profit of the Bank which decreased from ₹46.77 billion in fiscal 2019 to ₹16.27 billion in fiscal 2020. Further, the Bank has made an additional provision for COVID-19 of ₹7.33 billion in the three months ended 30 June 2020. In view of the evolving COVID-19 situation, there is no assurance that the provisions created by the Bank will be sufficient and the Bank may be required to make additional provisions in the future.

In accordance with the RBI guidelines relating to COVID-19 regulatory package, the Bank had initially offered a moratorium of three months on the payment of all instalments falling due between 1 March 2020 and 31 May 2020, in respect of term loans and working capital facilities sanctioned in the form of cash credit/overdraft to various eligible borrowers. On 23 May 2020, the moratorium period was further extended by the RBI until 31 August 2020. The RBI has also clarified that the accounts which benefit from the moratorium period, will get the benefit of an ageing standstill and hence would not be classified as NPAs if the accounts have any instalments or interest are overdue for more than 90 days during the moratorium period. However, lenders are required to make general provisions of 10% in respect of accounts which were in default on 29 February 2020 where moratorium is granted and asset classification benefit is availed. The utilization and/or release of the provision, are subject to the applicable RBI directions that may be amended from time to time. There is no assurance that the payments due on such loans under moratorium will be made or these loans will not be classified as NPAs in the future. The Bank may be required to recognize higher loan loss provisions in future periods on account of the uncertainty in the external environment due to COVID-19, which may adversely impact its asset quality and profitability in future periods.

In addition, the COVID-19 pandemic may affect the Bank in a number of ways, including as set out below, and the Bank expects the potential magnitude and duration of each to be severe:

- the Bank's corporate, commercial and consumer borrowers, may default on loan and other payments or other commitments. The Bank's delinquency ratios may substantially increase and its asset quality may deteriorate.
- the Bank may face delays associated with collection of payments from its clients, due to such lockdown or economic slowdown caused by the COVID-19 pandemic, which may adversely affect its cash flows. This may be coupled with difficulty in accessing sources of financing as a consequence of volatility in domestic and international markets and/or a global recession;
- the recovery proceedings initiated by the Bank and other outstanding litigation may face further delays due to the limited operations of the courts and tribunals due to the COVID-19 pandemic;
- the Government of India has declared that there will be no fresh additions under the Insolvency and Bankruptcy Code, 2016 for any default arising from 25 March 2020 to six months from such date, extendable up to one year and this may affect the recoveries for the Bank;
- COVID-19 may disproportionately affect borrowers in certain sectors such as travel, airlines, hospitality, real estate, logistics, transportation and entertainment or borrowers that have high fixed costs or high leverage, leading to restructuring of their loans and additional stress;
- large scale furloughs, or terminations of employees or reductions in salaries may lead to defaults by the Bank's retail borrowers;
- an overall deterioration in the economy may also lead to a reduction in the value of collateral provided for the Bank's loans, leading to higher than anticipated losses on default. Further, as the Bank's unsecured loan portfolio is not supported by any collateral, in the event of non-payment by borrowers under these loans, the Bank may be unable to collect the unpaid balance;
- in the event a member or members of the Bank's management team contracts COVID-19, it may potentially affect its operations;
- the Bank believes that during periods of uncertainty, people generally tend to avoid higher risk assets and shift to safer ones such as bank deposits. Further, the Bank believes that depositors also shift to larger banks that are considered safer, better capitalized and better able to withstand economic shock. This tends to result in a tightening of liquidity in smaller Indian banks during

periods of uncertainty. However, notwithstanding this, the Bank expects that larger Indian banks (including the Bank) may face liquidity challenges due to numerous requests to restructure loans across the industries and segments, especially from SMEs and large corporates. Such restructuring would be expected to result in deferrals of interest and principal payments, and Indian banks (including the Bank) would require substantial liquidity to compensate for such deferrals. The RBI has undertaken measures to support liquidity (such as the reduction of the repo rate, cash reserve ratio and liquidity ratio). There is no guarantee that the Bank and the Indian banking industry in general, notwithstanding measures taken by the RBI, will be able to maintain sufficient liquidity given the uncertain scope and duration of the COVID-19 outbreak. Further, if as a consequence of COVID-19, certain banks or NBFCs are unable to meet their market commitments, this can impact investor confidence in banks generally and result in a loss to investors in the bank. This can also result in a loss of confidence among depositors. The banking system presently has significant excess liquidity which is placed with the RBI through the reverse repo window. Any decision by the RBI to either reduce the reverse repo rates further or curtail reverse repo amounts can cause a loss of return to banks;

- the Bank's branch level and other operations (including third party vendors) may be disrupted by social distancing, split-team, work from home and quarantine measures. Further, on account of the lockdown ordered by the Government of India, a number of the Bank's offices and employees have been working from home or alternate remote centers utilizing remote working technologies. As these are unforeseen circumstances, it may give rise to risks that the Bank may not have anticipated. In particular, the Bank faces heightened cyber-security risks with a large proportion of the Bank's employees working from home;

- the requirement to work from home has resulted in changes to be made to certain operating procedures, which are relatively new. Any unforeseen weaknesses in these processes exposes the Bank to operational risk;

- the Bank's ability to meet its ongoing disclosure obligations may be adversely affected, despite its best efforts;

- if any of the Bank's employees or customers are suspected to have been infected or identified as a possible source of COVID-19, the Bank may be required to quarantine such employees as well as any others that had come into contact with them and may also be required to disinfect the affected branches or other offices of the Bank, which may result in a temporary suspension of the Bank's business operations;

- the Bank's stress testing, changes in loan disbursement, and other measures to address the effects of the COVID-19 pandemic may fail;

- the Bank's digital banking initiatives may fail to be competitive;

- the Bank's strategic projects may be severely delayed or postponed indefinitely;

- there may be reduction in customer demand for the Bank's products due to lockdown or other travel restrictions, economic hardship, or illness, which may impact the Bank's revenue and market share;

- the Bank's ability to engage in new initiatives, strategic transactions on agreed terms and timelines or at all may be adversely impacted;

- the Bank's ability to ensure the safety of its workforce and continuity of operations while conforming with measures implemented by the Central Government and the state governments in relation to health and safety of its employees, may result in increased costs;
- the Bank's ability to meet compliance or legal reporting requirements in a timely manner may be adversely impacted;
- if there is a sudden or rapid increase in COVID-19 related cases, the Bank's ability to continue operations, entirely or temporarily, including its ability to keep its branches open, may be adversely affected as there is high risk of virus infection to the Bank's employees. This may result in temporary disruption of operations and increase in customer complaints which may adversely impact the Bank's business and reputation; and
- the Bank's ability to ensure business continuity and provide uninterrupted services to its customers may be adversely impacted if its employees are unable to efficiently discharge their duties from home or remote locations due to technical or system failures on account of poor infrastructure, internet connectivity or power failure. Further, the Bank's employees working from home or remote locations are more exposed to cyber threats such as hacking, phishing and trojans, resulting in increased incidents of cyber security and information security breaches, violation of privacy, data protection or consumer protection related privacy laws.

Further, the Bank generates almost all of its revenue in India. As India is a developing country with limited medical resources and certain places with dense populations, the effects of the COVID-19 pandemic in India may be of a greater magnitude, scope and duration than those experienced to date in other countries. The RBI estimates GDP growth in fiscal 2021 to remain in negative territory (*Source: RBI governor Statement dated 22 May, 2020*). It is possible that the COVID-19 pandemic may lead to a prolonged global economic crisis or recession. Further, certain sectors (such as aviation, tourism, hospitality, transportation and logistics, construction and real estate) have in particular been severely affected by COVID-19, which could result in a significant and prolonged loss of demand and revenue for these industries, causing financial stress.

The Bank believes that the COVID-19 pandemic may present at least the following challenges to India's banking industry in fiscal 2021: (1) uncertainties over the duration and the severity of the COVID-19 pandemic; (2) a downturn in the global economy and impact to India's economy; (3) weakening purchasing power because of weak economic growth; (4) worsening asset quality due to weak economic condition; and (5) risk of virus infection to bank employees, as banking operations (being essential services) continue through the lockdown.

Any of these factors could have a material adverse effect on the Bank's results of operations and financial condition, including our revenues, costs structure, liquidity, cash flows, asset quality and growth.

Further, the Bank's Statutory Auditors have included emphasis of matters in their audit reports on the Bank's standalone and consolidated financial statements for fiscal year 2020, noting that in view of the uncertainties due to the outbreak of the COVID-19 pandemic, the impact on the Bank's standalone and consolidated financial statements is significantly dependent on future developments.

The Bank's business is vulnerable to interest rate risk, and volatility in interest rates could adversely affect the Bank's net interest margin, the value of its fixed income portfolio, its income from treasury operations, the quality of its loan portfolio and its financial performance.

The Bank's results of operations depend to a great extent on its net interest income. Net interest income (comprised of interest earned minus interest expended) constituted 62.93%, 62.31% and 61.87% of the Bank's operating revenue (comprised of net interest income plus non-interest income) for fiscals 2018, 2019 and 2020, respectively. Interest rates are sensitive to many factors beyond the Bank's control, including the RBI's monetary policy, deregulation of the financial sector in India, domestic and international economic and political conditions and other factors. An increase in interest rates applicable to the Bank's liabilities, without a corresponding increase in interest rates applicable to its assets, will result in a decline in net interest income. Furthermore, in the event of rising interest rates, the Bank's borrowers may not be willing to pay correspondingly higher interest rates on their borrowings and may choose to repay their loans with the Bank, particularly if they are able to switch to more competitively priced loans offered by other banks. Any inability of the Bank to retain customers as a result of rising interest rates may adversely impact the Bank's earnings in future periods. Similarly, in the event of falling interest rates, the Bank may face more challenges in retaining its customers if it is unable to offer competitive rates as compared with other banks in the market.

In addition, as a result of the RBI-mandated reserve requirements, the Bank is also more structurally exposed to interest rate risks than banks in many other countries. Under the RBI regulations, the Bank's liabilities are subject to the statutory liquidity ratio (**SLR**) requirement such that a minimum specified percentage, currently 18%, of a bank's net demand and time liabilities must be invested in Government securities and other approved securities. These securities generally carry fixed coupons and, in an environment of rising interest rates, the value of Government securities and other fixed income securities decline. Fixed rate bonds formed substantially all of the Bank's SLR portfolio as at 31 March 2020. The volatility in interest rates is reflected in the movement of the semi-annual yield on the ten-year Government bond, which was 7.40% as at 31 March 2018, 7.35% as at 31 March 2019 and 6.71% as at 31 March 2020. A decline in the valuation of the Bank's trading book as a result of rising interest rates may adversely impact the Bank's future financial performance and the trading price of the Notes.

The Bank had a gross debenture and bond portfolio of ₹ 316.21 billion as at 31 March 2018, ₹ 407.07 billion as at 31 March 2019 and ₹ 230.76 billion as at 31 March 2020, of which substantially all of the bonds in the portfolio are fixed rate bonds. In the event of a rise in interest rates, the portfolio will be exposed to an adverse impact on the valuation of such bonds. Any rise in interest rates or fall in the market value of the securities in the Bank's proprietary portfolio may adversely affect the Bank's future performance and the trading price of the Notes.

Since the outbreak of the COVID-19 pandemic in January 2020, emerging markets have seen significant capital outflows from both debt and equity markets, including India, which has impacted bond yields. At the same time, the Government and the Central Bank have taken several steps to minimize the economic impact of the pandemic, including cutting statutory interest rates and providing additional liquidity measures which have helped cool down interest rates. Since January 2020, the Bank's asset yields have decreased primarily due to a decline in its one year MCLR rates from 8.15% on January 18, 2020 to 7.65% as of 18 July 2020. Any systemic decline in low-cost funding available to banks in the form of current and savings account deposits would adversely impact the Bank's net interest margin. In December 2015, the Reserve Bank of India released guidelines on the computation of lending rates based on the marginal cost of funds methodology, which is applicable on incremental lending from April 1, 2016. Further, on 5 December 2018, the RBI published a report recommending referencing floating rate advances to certain external benchmarks which came into effect on 1 October 2019. To give effect to the aforesaid, the RBI, by way of its notification dated 4 September 2019, amended the Master Direction on Interest Rate on Advances, dated 3 March 2016, pursuant to which, it linked all new floating rate personal or retail loans (housing, auto, etc.) and floating rate loans to micro and small enterprises extended by banks with effect from 1 October 2019, to external benchmarks (**September Circular**). Further, on 26 February 2020, the RBI stipulated that all new floating rate loans to the medium enterprises extended by banks from 1 April 2020, shall be linked to the external benchmarks as indicated in the September Circular. This change in the methodology for calculating the cost of funds may lead to lower lending rates and more frequent revisions in lending rates due to the prescribed monthly review of cost of funds. This may impact the yield on our interest-earning assets, our net interest income and our net interest margin.

For fiscals 2018, 2019 and 2020, the Bank recorded income from Treasury operations ((profit/ loss) on sale of investments (net) and profit on exchange/derivative transactions (net)) of ₹ 27.54 billion, ₹ 22.45 billion and ₹ 37.47 billion, respectively. The Bank's income from treasury operations is subject to substantial volatility due to, among other things, changes in interest rates and foreign currency exchange rates as well as other market fluctuations. For example, an increase in interest rates may have a substantial impact on the value of certain of the Bank's investments. Any significant or sustained decline in income generated from treasury operations resulting from market volatility may adversely impact the Bank's financial performance and the trading price of the Notes.

The Bank's level of non-performing assets is elevated, and if the level of its non-performing assets increases further and the overall quality of its loan portfolio deteriorates, the Bank's business will suffer.

As a result of widespread economic challenges faced by the Indian economy in general and the corporate sector in particular, as well as changes to Reserve Bank of India policies and guidelines related to non-performing and restructured loans and other changes to the law affecting non-performing and restructured loans, the non-performing loans and provisions of a number of Indian banks, including the Bank, increased significantly in fiscal 2016, fiscal 2017 and fiscal 2018. The Bank's gross NPAs represented 6.77%, 5.26% and 4.86% of gross customer assets (including gross advances and credit substitutes, which include debentures and bonds, shares and other investments such as certificate of deposits, commercial papers and pass-through certificates, among others) as at 31 March 2018, 31 March 2019 and 31 March 2020, respectively. The Bank's net NPAs, represented 3.40%, 2.06% and 1.56% of net customer assets as at 31 March 2018, 31 March 2019 and 31 March 2020, respectively.

Additional adverse economic, regulatory and legal developments—including increased competition, inconsistent industrial and business growth in recent years, high levels of debt involved in financing of projects, the large number of frauds, regulatory and legal changes affecting the Bank's loan portfolio, loss or disruptions caused by epidemics or pandemics, such as the COVID-19 pandemic and challenging economic conditions affecting the Bank's project finance loan portfolio or other key sectors—could cause further increases in the level of the Bank's non-performing assets and have a material adverse impact on the quality of the Bank's loan portfolio. Additionally, if the systems and process established by the Bank to identify NPAs fail or are not able to identify the NPAs correctly and in a timely manner, the Bank's financial position could be adversely affected. The Bank has in the past experienced certain deficiencies in its NPA identification and monitoring systems and processes. Although the Bank believes that it has now taken appropriate measures to address those issues, it cannot assure you that such systems and processes will always function appropriately or correctly identify NPAs in a timely manner or at all, or that similar deficiencies will not arise in the future.

Provisions are created by a charge to expense, and represent the Bank's estimate for loan losses and risks inherent in the credit portfolio, pursuant to applicable RBI guidelines. As at 31 March 2018, 31 March 2019 and 31 March 2020, the provisioning coverage ratio of the Bank was 65.05%, 76.78% and 82.69%, respectively. The determination of an appropriate level of loan losses and provisions required inherently involves a degree of subjectivity and requires that the Bank make estimates of current credit risks and future trends, all of which may undergo material changes. Therefore, the Bank's provisions may not be adequate to cover any further increase in the amount of non-performing loans or any further deterioration in its non-performing loan portfolio.

If the level of the Bank's non-performing assets increases further, the overall quality of its loan portfolio deteriorates or it experiences further ageing of the assets after being classified as non-performing, an increase in provisions could be required. There can be no assurance that the percentage of NPAs that the Bank will be able to recover will be similar to the Bank's past experience of recoveries of NPAs. As a result, the Bank's provisioning costs could increase, its net interest income and net interest margin could be negatively impacted due to non-accrual of income on non-performing loans, the Bank's credit ratings and liquidity may be adversely impacted, the Bank may become subject to enhanced regulatory oversight and scrutiny, and the Bank's reputation, its business, its future financial performance and the trading price of the Notes could be adversely impacted.

If regulatory and legal changes continue to impose increasingly stringent requirements (including by way of clarifications or interpretations to extant regulatory guidelines) regarding non-performing loans and provisioning for such loans, the Bank's business will suffer.

Banks in India are required to make provisions for all their loans in accordance with guidelines issued by the RBI, which prescribes the accounting for loss provisioning, unlike in the United States and European Union where a separate body sets accounting standards, including for provisioning. Under the RBI guidelines, Indian banks are required to make provisions on standard, sub-standard and doubtful assets at rates prescribed by the RBI.

The RBI assesses compliance by banks with extant prudential norms on income recognition, asset classification and provisioning as part of its supervisory processes. As a part of such review, the RBI may identify divergences in the Bank's asset classification and provisioning as reported in its financial statements. The RBI further requires such divergences to be reported in the financial statements if the divergences exceed a specified threshold as per the RBI norms. The Bank is required to address the divergences and carry out the adjustments in the asset classification and provisioning, if any, arising out of the divergences, in the financial statements of the subsequent financial year. For example, as part of the RBI's supervisory process for fiscal 2016 and 2017, the RBI pointed out certain instances of divergences in respect of the Bank's asset classification for gross NPAs amounting to ₹ 94.78 billion and ₹ 56.33 billion, respectively. Any such divergences identified by the RBI in its future review process may lead to an increase in the level of NPAs and an increase in provisions of the Bank in the subsequent financial year, which may adversely impact the Bank's financial performance and the trading price of the Notes.

The RBI has substantially expanded its guidance relating to the identification and classification of non-performing assets over the last five years, which has resulted in an increase in the Bank's loans classified as non-performing and an increase in provisions. For example, in 7 June 2019, the RBI established a new regulatory framework for resolution of stressed assets which introduced more stringent provisioning requirements by providing for early recognition and reporting of default in respect of large borrowers by banks, financial institutions and NBFCs and a stringent review and monitoring of stressed assets. If regulators, including the RBI, continue to impose increasingly stringent requirements (including by way of clarifications or interpretations to extant regulatory guidelines) regarding non-performing loans and provisioning for such loans, the level of non-performing loans could increase, and the overall quality of the Bank's loan portfolio could deteriorate. In addition, the RBI's annual supervisory process may assess higher provisions than the Bank has made. Any deterioration or increase in the Bank's NPA portfolio could increase the Bank's provisioning costs, which would adversely affect the Bank's financial performance and the trading price of the Notes. For more information, see "*Supervision and Regulation—Laws, rules and regulations governing the Bank—Prudential framework on resolution of stressed assets.*".

The Bank has a high concentration of loans to certain borrowers, borrower groups and industry sectors and if a substantial portion of these loans become non-performing, the overall quality of the Bank's loan portfolio, the Bank's business and the trading price of the Notes could be adversely affected.

The Bank calculates the level of its exposure to any particular industry or customer in accordance with the guidelines established by the RBI. The Bank's loan portfolio and non-performing asset portfolio have a high concentration in certain industries, the most significant of which are the metal and metal products industry, power generation and distribution industry, real estate industry and telecommunication services representing

4.25%, 3.87%, 2.97% and 2.87%, respectively, of the Bank's gross fund-based loans outstanding and credit substitutes as at 31 March 2020.

The Bank therefore risks overexposure to particular industry sectors. There are uncertainties in respect of certain sectors of the Indian economy due to global and domestic economic conditions and high corporate leverage, and any significant deterioration in the performance of a particular sector, driven by events not within the Bank's control, such as worsened economic conditions, regulatory action or policy announcements by Government or State Government authorities, could adversely impact the ability of borrowers in that industry to service their debt obligations to the Bank. As a result, the Bank could experience increased delinquency risk which may adversely impact the Bank's financial performance and the trading price of the Notes.

The Bank is also exposed to large loan concentrations with a few borrowers. As at 31 March 2020, aggregate credit exposure (including derivative exposure) to the Bank's 20 largest borrowers (fund and non-fund based) amounted to ₹ 748.49 billion, representing 69.95% of the Bank's total capital (comprising Tier I capital and Tier II capital) as at 31 March 2020. The Bank's single largest borrower (fund and non-fund based) as at 31 March 2020 had a loan balance of ₹ 72.23 billion, representing 6.75% of the Bank's total capital (comprising Tier I capital and Tier II capital). Any default by these borrowers or deterioration in the credit quality of these assets could have a significant adverse effect on the Bank's future financial performance and the trading price of the Notes.

Finally, the Bank is exposed to certain risks from significant geographical concentrations in its loan portfolio. For example, a substantial percentage of the Bank's real estate portfolio was concentrated in one particular metropolitan area, which exposes the Bank to risk associated with an economic downturn in that particular region.

As part of the Bank's strategic shift toward greater portfolio diversification and decreased concentration in specific borrowers, geographies and industries, the Bank has been focused on, among other things, growing its CASA deposit base in addition to retail term deposits, mid-corporate and commercial banking portfolio, cross-selling its products and services under the "One Axis" vision and leveraging its digital platform to achieve higher customer engagement. However, there can be no assurance that the Bank will be able to successfully implement its strategy and control or reduce these levels of concentration.

The Bank may not be successful in implementing its growth strategies or penetrating new markets.

One of the Bank's principal business strategies under its Execution Strategy 2022 (GPS'22) was focused on achieving "Growth" by broadening the Bank's low-cost deposit base; increasing the Bank's retail asset portfolio; accelerating growth in the wholesale/corporate banking segment; establishing leadership in digital payments; and significantly scaling up the Bank's subsidiaries. The same was reviewed and updated in the fiscal 2020 and we continue to be guided by the pillars of the aforesaid strategy. In view of the on-going COVID crisis, we have crafted several strategic initiatives across business and support functions to help the Bank navigate the crisis and be better positioned for growth. The strategy has been reviewed and updated in the fiscal year 2021 and has now been rolled forward to Execution Strategy 2022 (GPS'23). These strategies may ultimately fail to contribute to the Bank's growth or profitability, and may ultimately be unsuccessful. Even if such strategies are partially successful, the Bank cannot assure you that it will be able to manage its growth effectively or fully deliver on its growth objectives.

Challenges that may result from the Bank's growth strategies include the Bank's ability to, among other things:

- manage efficiently the operations and employees of its expanding businesses;
- maintain or grow its existing customer base;

- assess the value, strengths and weaknesses of future investments;
- finance strategic investments;
- align the current information technology systems adequately with those of a larger group;
- apply risk management policy effectively to a larger group;
- hire and train additional skilled personnel; and
- manage a growing number of branch offices without over-committing management or losing key personnel,

each of which would have a potential adverse impact on the Bank's profitability.

The Bank may not be able to effectively manage this growth or achieve the desired profitability in the expected timeframe or at all or the expected improvement in indicators of financial performance from the expansion. For example, the Bank intends to continue to add new branches over the next few years, which will increase the size of the Bank's business and the scope and complexity of its operations and will involve significant start-up costs. In addition, there can be no assurance that the Bank will be able to achieve the desired growth in its deposit base, and the Bank's new branches may not perform as well as its existing branches. The Bank may also fail to develop or retain the technical expertise required to develop and grow its digital payments capabilities. To the extent that the Bank fails to meet required targets, develop and launch new products or services successfully, it may lose any or all of the investments that it has made in promoting them, and the Bank's reputation with its customers could be harmed. Moreover, if the Bank's competitors are better able to anticipate the needs of individuals in its target market, the Bank could lose market share and its business could be adversely affected.

Finally, the Bank's growth strategy in the future may evolve or change to include strategic acquisitions and restructurings, partnerships, joint ventures and strategic business arrangements with other parties. For example, on 14 March 2020, the Bank acquired 600 million equity shares of YES Bank Limited pursuant to the scheme of Reconstruction of YES Bank Limited under the Banking Regulation Act, 1949. Further, the Bank has also entered into an agreement with Max Financial Services Limited (**MFSL**) to acquire 29.002% of the equity share capital of Max Life Insurance Company Limited, subsidiary of MFSL, resulting in an aggregate ownership of 30% of the equity share capital of Max Life by the Bank. Subsequently, in August 2020, the Bank and MFSL entered into amended agreements for the Bank to acquire 17.002% stake in Max Life, resulting in an aggregate ownership of 18% of the equity share capital of Max Life by the Bank post completion of the transaction. The proposed transaction remains subject to, among other things, satisfaction of conditions precedents, including, receipt of regulatory approvals from the RBI, IRDAI and the Competition Commission of India. There is no assurance that the Bank will receive the required approvals in a timely manner, or subject to any conditions, or at all. Such arrangements may not necessarily contribute to business growth or profitability and may ultimately be unsuccessful. The Bank could also experience difficulties in assimilating personnel and integrating operations and cultures, and may not realize the anticipated synergies or efficiencies from such transactions. Further, the Bank cannot assure you that it will be able to undertake such strategic investments, acquisitions (including by way of a merger, or share or asset acquisition) or joint ventures in the future, either on terms acceptable to us or at all. These difficulties could disrupt the Bank's ongoing business, distract its management and employees, and increase its expenses.

Further, the Bank's strategy to penetrate new markets, including with respect to geographical expansion, may change. For example, as part of the Bank's strategic shift towards decreased concentration in specific borrowers, geographies and industries, the Bank is currently in the process of winding up Axis Bank UK Limited, its subsidiary in London, and its overseas branch operations in Colombo, Hong Kong and Shanghai.

However, there can be no assurance that the Bank will be able to successfully implement its strategy and control or reduce these levels of concentration.

The Bank's inability to effectively manage any of these issues may adversely affect its business growth and, as a result, impact the Bank's businesses, prospects, financial condition and results of operations, as well as the trading price of the Notes.

The Bank may not be able to effectively manage the growth of its retail asset portfolio and maintain the quality of its retail loan portfolio.

The Bank's net retail asset portfolio has experienced significant growth in recent years. Total net retail advances increased from ₹ 2,064.65 billion as at 31 March 2018 to ₹ 2,458.12 billion as at 31 March 2019 and ₹ 3,054 billion as at 31 March 2020. In addition, the Bank's current growth strategy contemplates further growth in its retail asset portfolio. The Bank's failure to effectively manage the recent or future growth of its retail portfolio and maintain the quality of its retail loan portfolio could adversely affect the Bank's financial condition and results of operation.

Competition in the retail segment is intense and the Bank's ability to effectively compete in this segment will depend, in part, on its ability to offer a diverse product mix and expand its distribution capabilities. Although India has a credit bureau industry and the Bank reviews credit history reports whenever they are available from credit bureaus, adequate information regarding loan servicing histories, particularly in respect of individuals and small businesses, is limited. As a result, the Bank's credit risk exposure is higher compared with banks operating in more developed markets. Additionally, the economy in India is largely cash based, making it difficult for the Bank to monitor the credit of its retail customers, who frequently do not maintain formal financial records. Furthermore, retail loans may carry a higher risk for delinquency if there is an increase in unemployment, prolonged recessionary conditions or a sharp rise in interest rates. As a result, the Bank is exposed to higher credit risk in the retail segments as compared to banks in more developed markets. If the Bank's screening process proves to be inadequate, it may experience an increase in impaired loans and it may be required to increase its provision for defaulted loans. If the Bank is unable to maintain the quality of its retail loan portfolio as the Bank grows its retail business, its NPAs may increase, which could materially and adversely affect the Bank's financial performance and the trading price of the Notes.

The Bank's failure to manage growth effectively may adversely impact the Bank's business.

In the past, the Bank has witnessed rapid growth in both its infrastructure and its business. The number of Bank branches and extension counters (excluding foreign branches) grew from 3,703 as at 31 March 2018 to 4,050 as at 31 March 2019. As at 31 March 2020 and 30 June 2020, the Bank had 4,528 branches and extension counters (excluding foreign branches). The Bank's total assets have grown from ₹ 6,913.30 billion as at 31 March 2018 to ₹ 8,009.97 billion as at 31 March 2019 and ₹ 9,151.65 billion as at 31 March 2020.

Such growth puts pressure on the Bank's ability to effectively manage and control existing and newly emerging risks. The Bank's ability to sustain its growth depends primarily upon its ability to manage key issues such as selecting and retaining skilled manpower, maintaining an effective technology platform that can be continually upgraded, developing a knowledge base to implement the Bank's strategies, and ensuring a high standard of customer service. The inability of the Bank to effectively manage any of these issues may adversely affect the Bank's business growth and as a result, impact future financial performance and the trading price of the Notes.

In addition, given the increasing share of retail products and services and transaction banking services in the Bank's overall business, the importance of systems technology to the Bank's business has increased significantly. Any failure in the Bank's systems, particularly for retail products and services and transaction banking, could significantly affect the Bank's operations and the quality of its customer service and could result in business and financial losses and adversely affect the trading price of the Notes.

The Bank is subject to reserve capital, capital adequacy and liquidity requirements as stipulated by the RBI for domestic banks. The Bank's inability to maintain adequate capital due to changes in regulations, a lack of access to capital markets, or otherwise may impact its ability to grow and support its business.

The RBI has issued guidelines based on the Basel III reforms on capital regulation to the extent applicable to banks operating in India. These guidelines require, among other things, higher levels of Tier I capital and common equity, capital conservation buffers, maintenance of a minimum prescribed leverage ratio on a quarterly basis, higher deductions from common equity and Tier I capital for investments in subsidiaries and changes in the structure of non-equity instruments eligible for inclusion in Tier I and Tier II capital. With effect from 1 January 2015, Indian banks must comply with the liquidity coverage ratios prescribed by the RBI Basel III Capital Regulations, which follow principles recommended by the Basel Committee. The RBI Basel III Capital Regulations also set out requirements relating to regulatory capital and the capital adequacy framework, including disclosure requirements of components of capital and risk coverage. The RBI Basel III Capital Regulations were expected to be fully implemented by 31 March 2019. However, the RBI had deferred the implementation of the last tranche of 0.625% of capital conservation buffer to 31 March 2020, which is further deferred until 30 September 2020.

The minimum capital conservation ratios prescribed under the Master Circular - Basel III Capital Regulations dated 1 July 2015, as applicable to Indian banks from 31 March 2018, will also apply for a further period of six months from 31 March 2020 until the capital conservation buffer attains the level of 2.5% on 30 September 2020. Domestic systemically important banks are required to maintain additional CET-I capital requirement ranging from 0.2% to 0.8% of risk weighted assets. Banks will also be required to have an additional capital requirement towards countercyclical capital buffer varying between 0% and 2.5% of the risk weighted assets as and when announced by the RBI. Additionally, the Basel III liquidity coverage ratio requirements, which have been fully implemented as of 1 January 2019, require a minimum 100% ratio of the Bank's high quality liquid assets to its anticipated cash outflows measured over a 30-day stressed period. The RBI, by its circular dated 17 April 2020, on the 'Basel III Framework on Liquidity Standards – Liquidity Coverage Ratio (LCR)', has stated that while banks are required to maintain LCR of 100% with effect from 1 January 2019, in order to accommodate the burden on the banks' cash flows on account of the COVID-19 pandemic, banks are permitted to maintain LCR as follows: (i) 80% from 17 April 2020 to 30 September 2020, (ii) 90% from 1 October 2020 to 31 March 2021 and (iii) 100% with effect from 1 April 2021.

Indian banks are also subject to certain cash reserve ratio requirements as prescribed under RBI regulations, which is calculated as a specified percentage of such bank's net demand and time liabilities, excluding interbank deposits. The cash reserve ratio applicable to banks in India is 4% and banks do not earn any interest on those reserves. However, on 27 March 2020, the RBI reduced the CRR by 100 basis points from 4% to 3% with effect from 28 March 2020 for a period of one year, ending on 26 March 2021. All banks operating in India are also required to maintain a statutory liquidity ratio, which is a specified percentage of a bank's net demand and time liabilities by way of liquid assets such as cash, gold or approved unencumbered securities. Approved unencumbered securities consist of unencumbered Government securities and other securities as may be approved from time to time by the RBI that would earn lower levels of interest as compared to advances to customers or investments made in other securities. In its Statement on Developmental and Regulatory Policies dated 5 December 2018, as a part of a transition to the more stringent liquidity coverage ratio requirements, the RBI has proposed that the statutory liquidity ratio be reduced by 25 basis points every calendar quarter (from the quarter commencing January 2019) until the statutory liquidity ratio reaches 18% of the net demand and time liabilities. Further, in terms of the RBI notification dated 6 August 2020, the RBI has stated that banks investing in debt mutual fund/ ETF with underlying comprising of central, state and foreign central governments' bonds, banks' bonds and corporate bonds (other than bank bonds) are required to compute capital charge for market risk as follows: (a) Investment in debt mutual fund/ETF for which full constituent debt details are available shall attract general market risk charge of 9%. The specific risk capital charge for various kinds of exposures are to be applied in terms of the notification; (b) In case of debt mutual fund/ ETF which contains a mix of the various kinds of debt instruments, as specified above, the specific risk capital charge shall be computed based on the lowest rated debt instrument/ instruments attracting the highest specific risk capital charge in the fund; (c) With respect to debt mutual fund/ ETF for which the constituent debt details are not available, at least as of the end of each month, the fund shall continue to be treated at par with equity for computation of capital charge for market risk as prescribed in paragraph 8.4.1 of the Master Circular - Basel III Capital Regulations. For more information on regulations governing the Bank's capital adequacy and liquidity requirements, see "*Supervision and Regulation*".

The Bank's capital to risk-weighted assets ratio under the Basel III Guidelines was 17.53% as at 31 March 2020. As at 31 March 2020 and 30 June 2020, the Bank also was in full compliance with its other capital adequacy requirements under the Basel III Guidelines. As at the date of this Offering Circular, the Bank has not been classified by the RBI as a domestic systemically important bank. For more information on the Bank's capital adequacy ratios, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Capital Adequacy Requirements".*

The Bank's ability to grow its business and execute its strategy is dependent on its level of capitalization. Any decrease in the Bank's regulatory capital ratios, increase in RBI-mandated reserve requirements or capital requirements applicable to the Bank on account of regulatory changes or otherwise, or inability to access capital markets may compel the Bank to commit its existing capital away from profitable business opportunities, or to raise additional capital, in order to meet these new capital adequacy requirements. For example, the requirement that the Bank maintain a portion of its assets in fixed income government securities could have a negative impact on its treasury income as the Bank typically earns interest on this portion of its assets at rates that are generally less favorable than those typically received on its other interest-earning assets. The Bank may also be compelled to dispose of certain of its assets and/or take other measures in order to obtain the necessary capital to meet more stringent capital requirements. This would limit the Bank's ability to grow its business or adversely impact its profitability and its future performance and strategy.

In the past, the Bank has experienced a shortfall in its cash reserves due to a higher-than-expected outflow of funds, which resulted in an instance of non-compliance with the minimum cash reserve ratio requirements prescribed by the RBI. As a result, the RBI levied a penalty on the Bank amounting to ₹ 1.6 million on 11 June 2018. If the Bank is unable to meet the RBI's capital reserves requirements or regulatory capital ratios in the future, the RBI may impose additional penalties or prohibit fresh deposits, which may materially and adversely affect the Bank's business, financial condition, results of operations and prospects.

The liquidity coverage ratios prescribed by the RBI Basel III Capital Regulations may result in Indian banks, including the Bank, holding higher amounts of liquidity, thereby impacting their profitability. In addition, any sudden increase in the demand for liquidity by banks to meet these regulatory liquidity requirements could have an adverse impact on the financial markets, and result in a sharp increase in short-term borrowing costs and a sudden increase in the cost of funding for banks, including the Bank.

In the past, the Bank has raised resources from the capital markets in order to meet its capital requirements. However, the Bank believes that the demand for Basel III compliant debt instruments such as Tier II capital eligible securities may be limited in India, and there can be no assurance that the Bank will be able to raise adequate additional capital in the future at all or on terms favorable to it. Moreover, if the Basel Committee releases additional or more stringent guidance on capital adequacy norms which are given the effect of law in India in the future, the Bank may be forced to raise or maintain additional capital in a manner which could materially adversely affect its business, financial condition and results of operations.

The Bank's securities and derivative financial instruments are subject to market price and liquidity variations due to changes in economic conditions and may produce material losses.

Derivative financial instruments and securities represent a significant amount of the Bank's total assets. Any realized or unrealized future gains or losses from these investments or hedging strategies could have a significant impact on the Bank's income. These gains and losses, which the Bank accounts for when it sells or marks to market its investments in financial instruments, can vary considerably from one period to another. The Bank cannot forecast the amount of gains or losses in any future period, and the variations experienced from one period to another do not necessarily provide a meaningful forward-looking reference point, particularly in India given the current climate of market volatility. Gains or losses in the Bank's investment portfolio may create volatility in profitability, and the Bank may not earn a return on its consolidated investment portfolio in the future. Any losses on the Bank's securities and derivative financial instruments could adversely affect the Bank. Any decrease in the value of these securities and derivatives portfolios may result in a decrease in the Bank's capital ratios, which could impair its ability to engage in certain activities, such as lending or other financings, at the levels the Bank currently anticipates, and may also adversely affect the Bank's ability to pursue its growth strategies.

The Bank's unsecured loan portfolio is not supported by any collateral that could help ensure repayment of the loan, and in the event of non-payment by a borrower of one of these loans, the Bank may be unable to collect the unpaid balance.

The Bank offers unsecured personal loans and credit cards as part of its Retail Banking segment, and unsecured loans to its SME and corporate clients. As at 31 March 2018, 2019 and 2020, 29.63%, 28.55% and 27.76%, respectively, of the Bank's loans were unsecured (including advances covered by bank or Government guarantees).

Unsecured loans are a greater credit risk for the Bank than its secured loan portfolio because they may not be supported by realizable collateral that could help ensure an adequate source of repayment for the loan. Although the Bank may obtain direct debit instructions or postdated checks from its customers for its unsecured loan products, the Bank may be unable to collect the unpaid loan balance in part or at all in the event of non-payment by a borrower. Further, any expansion in the Bank's unsecured loan portfolio could require the Bank to increase the Bank's provision for credit losses, which would decrease the Bank's profitability.

The Bank's inability to foreclose on collateral in an event of a default or a decrease in the value of the collateral may result in failure to recover the expected value of the collateral.

As at 31 March 2018, 2019 and 2020, 70.37%, 71.45% and 72.24%, respectively, of the Bank's loans were partially or fully secured by tangible assets. The Bank's loans to corporate customers for working capital credit facilities are typically secured by charges on inventories, receivables and other current assets. In certain cases, the Bank obtains security by way of a first or second charge on fixed assets, a pledge of marketable securities, bank guarantees, Government guarantees, corporate guarantees and personal guarantees. In addition, project loans or long-term loans to corporate customers are secured by a charge on fixed assets and other collateral. Loans to retail customers are either unsecured or secured by the assets financed, which largely comprise property and vehicles.

The Bank may not be able to realize the full value of the collateral due to, among other things, volatility in commodity prices, stock market volatility, changes in economic policies of the Government, obstacles and delays in legal proceedings, borrowers and guarantors not being traceable, the Bank's records of borrowers' and guarantors' addresses being ambiguous or outdated and defects in the perfection of collateral and fraudulent transfers by borrowers. For example, the global economic slowdown and other domestic factors led to a downturn in real estate prices in India. Therefore, upon foreclosure, the value of the collateral that is actually realized may be less than that expected by the Bank. If the Bank is unable to foreclose on its collateral or realize adequate value from the collateral, its losses will increase and its net profits will decline.

In India, foreclosure on collateral may be subject to delays that can last for several years and might lead to deterioration in the physical condition or market value of the collateral. Although special tribunals have been set up for expeditious recovery of debts due to banks, any proceedings brought may be subject to delays and administrative requirements that may result in, or be accompanied by, a decrease in the value of the collateral. Should a corporate borrower make a reference to the specialized judicial authority, the National Company Law Tribunal, foreclosure and enforceability of collateral may be stayed. When dealing with financially distressed debtors, the recovery of collateral may also be subject to insolvency proceedings in India. The Insolvency and Bankruptcy Code was introduced on 1 December 2016, providing for a time-bound mechanism to resolve stressed asset. Given the limited experience of this framework, there can be no assurance that the Bank will be able to successfully or efficiently utilize this new framework to recover the amounts due to it in full or in a timely manner or at all. In light of COVID-19, the Government of India has declared that there will be no fresh additions under the Insolvency and Bankruptcy Code, 2016 for any default arising from 25 March 2020 to six months from such date, extendable up to one year and this may affect the recoveries for the Bank.

In terms of the Banking Regulation Act, a banking company is not permitted to hold any immovable property (except as is required for its own use), for any period exceeding seven years, or as may be extended by the RBI for a period not exceeding five years, on a case to case basis. Such restriction may force the Bank to dispose of the collateral upon foreclosure without realizing the full value of such collateral. Our ability to realize the value of our collateral may also be negatively affected due to the impact of COVID-19.

Once the Bank has obtained a court judgment, execution of the judgment in order to obtain the collateral for sale may involve additional obstacles. In the event that a specialized regulatory agency gains jurisdiction over the borrower, creditor actions can be further delayed. In addition, certain types of collateral, such as automobiles, may be expensive to repossess and difficult and cumbersome to store and manage. In addition, there may be significant deterioration in the value of collateral from the time of identification of NPA and sale of such collateral. Finally, the Bank may not have accurately estimated the value of the collateral. The inability to foreclose on such loan dues or otherwise liquidate the Bank's collateral may therefore result in a failure to recover the expected value of such collateral. The Bank may have also over-estimated the expected value of the collateral. These factors may, in turn, give rise to increased losses and a decline in profitability.

Liquidity and funding risks are inherent in the Bank's business and could have a material adverse effect on the Bank.

Liquidity risk is the risk that the Bank either does not have available sufficient financial resources to meet its obligations as they fall due or can secure them only at excessive cost. This risk is inherent in any retail and commercial banking business and can be heightened by a number of enterprise-specific factors, including over-reliance on a particular source of funding, changes in credit ratings or market-wide phenomena such as market dislocation. While the Bank implements liquidity management processes to seek to mitigate and control these risks, unforeseen systemic market factors make it difficult to completely eliminate these risks.

The Bank relies, and will continue to rely, primarily on short-term deposits as its main source of funding. As at 31 March 2018, 2019 and 2020, 45.29%, 55.05% and 40.93%, respectively, of the Bank's total deposits had maturities of one year or less, or were payable on demand. However, as at 31 March 2018, 2019 and 2020, 20.73%, 20.95% and 23.88%, respectively, of the Bank's advances had maturities of one year or less (based on the RBI's asset-liability management guidelines), resulting in maturity mismatches between the Bank's assets and liabilities. Moreover, the Bank could experience certain liquidity shortfalls and constraints under a stress testing scenario, and has at times exhibited a relatively high credit-to-deposits ratio which could indicate dependence on borrowings for the Bank's lending activities. Therefore, if depositors do not renew their deposits or the Bank is unable to raise new deposits, the Bank may face a liquidity problem and may be required to pay higher rates of interest to attract deposits, which could adversely affect the Bank's business and operations. The Bank has increased its focus on growing its CASA deposit base in addition to retail term deposits, with the objective of mitigating certain of these risks, but no assurances can be provided that this strategy will be successful or that it will be effective in mitigating such risks.

The ongoing availability of deposits is sensitive to a variety of factors beyond the Bank's control, such as general economic conditions and the confidence of commercial depositors in the economy and in the financial services industry, retail customers' changing perceptions toward savings, competition between banks, and the availability and extent of deposit guarantees. For example, the Bank experienced a slowdown in its deposit growth in the years following the financial crisis in 2008 due to a combination of factors, including a slowdown of capital flows and high inflation which adversely impacted domestic savings. In addition, the availability of deposits may also be affected by the availability of investment alternatives. For example, in a favorable economic environment, retail customers may reduce their deposits and increase their investment in securities for a higher return, while micro, small- and medium-enterprise and mid-corporate customers may reduce their deposits in order to invest in business ventures. Any of these factors could significantly increase the amount of commercial deposit withdrawals in a short period of time, thereby reducing the Bank's ability to access commercial deposit funding on economically appropriate and reasonable terms, or at all, in the future.

In such event, the Bank may need to seek more expensive sources of funding, and it is uncertain whether the Bank will be able to obtain additional funding on commercially reasonable terms as and when required, or at all. The Bank's ability to raise additional funds may be impaired by factors over which it has little or no control, such as deteriorating market conditions or severe disruptions in the financial markets. The Bank cannot assure you that in the event of a sudden or unexpected shortage of funds in the banking system, it will be able to maintain levels of funding without incurring high funding costs, a reduction in the term of funding instruments or the liquidation of certain assets. Therefore, if the Bank fails to maintain its desired level of deposits, the Bank's liquidity position, financial condition and results of operations could be materially and adversely affected.

Regulations in India requiring the Bank to extend a minimum level of loans to certain sectors, including the agricultural sector, may subject the Bank to higher delinquency rates and impact the Bank's profitability.

Under the directed lending norms of the RBI, banks in India are required to lend 40.0% of their adjusted net bank credit to certain eligible sectors, categorized as priority sectors. Of this, banks have sub-targets for lending to key segments or sectors, such as agriculture, small-scale industries and individual housing finance. A proportion of 8.0% of adjusted net bank credit is required to be lent to small and marginal farmers and 7.5% to micro-enterprises. The balance of the priority sector lending requirement can be met by lending to a range of sectors, including small businesses, medium enterprises, renewable energy, social infrastructure and residential mortgages satisfying certain criteria. The RBI has directed banks to maintain direct lending to non-corporate farmers at the banking system's average level for the last three years and has notified a target of 12.11% of adjusted net bank credit for this purpose for fiscal 2020. Loans to identified "weaker sections" of society must comprise 10.0% of adjusted net bank credit. As at 31 March 2018, 2019 and 2020, the Bank's lending to priority sectors (on a quarterly average basis for that year/period) accounted for 39.01%, 40.58% and 41.77%, respectively, of adjusted net bank credit, with 12.73%, 11.72% and 14.47%, respectively, of net credit going to the agricultural sector. In addition, according to the RBI guidelines, failure to achieve priority sector lending target and sub-targets will be taken into account by the RBI when granting regulatory clearances/approvals for various purposes.

As a result of these directed lending requirements, the Bank may experience a higher level of non-performing assets in its directed lending portfolio, particularly due to loans to the agricultural sector and small enterprises, where the Bank is less able to control the portfolio quality and where economic difficulties are likely to affect the Bank's borrowers more severely. There is inadequate historical data of delinquent loans to farmers, which increases the risk of such exposures. Additionally, economic difficulties, such as poor harvests in the agricultural sector due to drought, are likely to affect borrowers in priority sectors more severely. In fiscal 2018 and fiscal 2019, some states in India announced schemes for the waiver of loans taken by farmers. While the cost of such schemes is borne by the state governments, such schemes or borrower expectations of such schemes have resulted in higher delinquencies in the kisan credit card portfolio for banks, including the Bank.

As the Bank increases its direct lending to certain sectors, the Bank increases its exposure to the risks inherent in such sectors, which could materially and adversely impact the Bank's business, financial performance and the trading price of the Notes. The Bank's gross non-performing advances in the priority sector loan portfolio were 3.07%, 2.92% and 2.89% as at 31 March 2018, 2019 and 2020. Any future changes by the RBI to the directed lending norms may require the Bank to increase its lending to relatively riskier segments, increasing its exposure to the risks inherent in such sectors, which may result in an increase in NPAs in the directed lending portfolio. See *"Supervision and Regulation—Laws, rules and regulations governing the Bank—Directed lending"*.

Any shortfall in meeting the priority sector lending requirements may be required to be invested at any time, at the RBI request, in Government schemes that yield low returns, determined depending on the prevailing bank rate and on the level of shortfall, thereby impacting the Bank's profitability. The aggregate amount of funding required by such schemes is drawn from banks that have shortfalls in achievement of their priority sector lending targets, with the amounts drawn from each bank determined by the RBI. The Bank has, on previous occasions, failed to meet its priority sector lending targets and sub-targets, and there can be no assurance that the Bank will be able to meet such priority sector lending targets in the future. Any failure by the Bank to meet its priority sector lending targets may require it to invest in Government schemes that yield low returns, thereby impacting the Bank's profitability.

The Bank is exposed to fluctuations in foreign exchange rates.

As a financial intermediary, the Bank is exposed to exchange rate risk. In fiscal 2018, the Rupee depreciated 0.5% to ₹ 65.18 per U.S.$1.00 as at 31 March 2018; in fiscal 2019, the Rupee depreciated 6.1% to ₹ 69.16 per U.S.$1.00 as at 31 March 2019, and in fiscal 2020, the Rupee depreciated 9.4% to close the year at ₹ 75.67 per U.S.$1.00 as at 31 March 2020.

The Bank complies with regulatory limits on its unhedged foreign currency exposure. As at 31 March 2018, 2019 and 2020, contingent liabilities (calculated pursuant to the Banking Regulation Act 1949 and Accounting Standard 29) on account of outstanding forward exchange contracts were ₹ 3,148.02 billion, ₹ 3,296.54 billion and ₹ 4,559.79 billion, respectively. However, the Bank is exposed to fluctuations in foreign currency rates for its unhedged exposure.

Adverse movements in foreign exchange rates may also impact the Bank's borrowers negatively, which may in turn impact the quality of the Bank's exposure to these borrowers. Volatility in foreign exchange rates could adversely affect the Bank's future financial performance and the trading price of the Notes.

The Bank operates in a very competitive environment and the Bank's ability to grow depends on its ability to compete effectively.

The Indian banking industry is very competitive. The Bank competes directly with public sector banks, private sector banks and foreign banks with branches in India. As at April 2020, there were 78 scheduled commercial banks in India, including 12 nationalized banks, following the amalgamation of certain public sector banks in March 2020, 22 private sector banks (including the Bank) and 44 foreign banks with branches in India.

The public sector banks, which generally have much larger customer and deposit bases, larger branch networks and Government support for capital augmentation pose strong competition to the Bank, and consolidation trends by the public sector banks may further increase these competitive pressures. For example, in one of the largest consolidations in the Indian banking industry, the State Bank of India merged with its five associate banks and the Bharatiya Mahila Bank, which became effective from 1 April 2017. Moreover, the Government announced the merger of three other public sector banks in fiscal 2019, Bank of Baroda, Vijaya Bank and Dena Bank, which merger became effective from 1 April 2019. In fiscal 2019, a public sector bank, IDBI Bank, was acquired by LIC, following which that bank was reclassified as a private sector bank by the RBI. In fiscal 2020, the Government announced several additional mergers of public banks: Canara Bank's merger with Syndicate Bank; United Bank of India's merger with Oriental Bank of Commerce and Punjab National Bank; Andhra Bank's merger with Corporation Bank and Union Bank of India; and Allahabad Bank's merger with Indian Bank.

The Bank also faces competition from private sector banks in India, some of which have larger customer bases and greater financial resources than the Bank.

In addition, new entrants into the financial services industry, including companies in the financial technology sector, may further intensify competition in the business environments in which the Bank operates, especially in the digital business environment. As a result, the Bank may be forced to adapt its business to compete more effectively. For example, non-bank financial companies, particularly international technology companies including large e-commerce players, have recently been increasing their presence in the financial sector in India and offering payment platforms and select services to customers, which increase competitive pressures on the Bank.

The RBI has released guidelines with respect to a continuous licensing policy for universal banks as compared to its earlier practice of intermittently issuing licenses. The RBI has also demonstrated an intention to allow small finance banks to apply for a universal banking license under this framework. These developments may increase the number of players in India's banking space. The Bank also faces competition from foreign banks that have established branches in India and have aggressively pursued a share of business in the market. Competition from foreign banks may increase as the RBI has indicated that it plans to give greater access to foreign banks in the Indian market. Such deregulation may result in the Bank facing increasing competition in the raising of funds from market sources and individual depositors. For example, recent deregulation of interest rates on savings deposits has resulted in certain banks increasing such interest rates. Deregulation has also lowered entry barriers for new categories of players in India's private banking industry, such as small finance banks and payments banks, which has increased competitive pressures on the Bank.

Increased competitive pressure may have an adverse impact on the Bank's earnings, its future financial performance and the trading price of the Notes. Due to competitive pressures, the Bank may be unable to successfully execute its growth strategy and offer products and services at reasonable returns and this may adversely affect its business and operations.

The Bank's risk management policies and procedures may leave the Bank exposed to unidentified or unanticipated risks, which could negatively affect its business or result in losses.

The Bank is exposed to a variety of risks, including liquidity risk, interest rate risk, credit risk, operational risk (including fraud) and legal risk (including actions taken by the Bank's own employees). The effectiveness of its risk management is limited by the quality and timeliness of available data and other factors outside of its control. For example, hedging strategies and other risk management techniques may not be fully effective in mitigating risks in all market environments or against all types of risk, including risks that are unidentified or unanticipated. Some methods of managing risks are based upon observed historical market behavior. As a result, these methods may not predict future risk exposures, which could be greater than the historical measures indicated. Other risk management methods depend upon an evaluation of information regarding markets, customers or other matters.

This information may not in all cases be accurate, complete, up-to-date or properly evaluated. As part of Bank's ordinary decision making-process, it rely on various models for risk and data analysis. These models are based on historical data and supplemented with managerial input and comments.

There are no assurances that these models and the data they analyze are accurate or adequate to guide the Bank's strategic and operational decisions and protect it from risks. Any deficiencies or inaccuracies in the models or the data might have a material adverse effect on the Bank's business, financial condition or results of operation. Additionally, management of operational, legal or regulatory risk requires, among other things, policies and procedures to ensure certain prohibited actions are not taken and to properly record and verify a number of transactions and events.

The Bank has in the past experienced certain deficiencies in the Bank's internal compliance and risk management functions. These have included deficiencies in the Bank's credit review and analysis processes and procedures, deficiencies in the Bank's credit monitoring early warning systems and red flagging of potentially delinquent accounts, deficiencies in the Bank's monitoring of and adherence to its own internal risk parameters, and deficiencies in the Bank's internal audit function. Such feedback also identified deficiencies in the Bank's oversight and supervision over its subsidiaries and overseas operations, and highlighted risks associated with the Bank's compensation and incentive structure which did not sufficiently emphasize adherence to internal controls and compliance. Although the Bank believes that it has now taken appropriate measures designed to mitigate such deficiencies and strengthened its internal compliance and risk management policies and procedures, those measures may not be fully effective and the Bank cannot assure you that its current policies and procedures will function adequately in all circumstances. Any lingering or future shortcomings in the Bank's internal compliance and risk management policies and procedures or a failure to follow them may have a materially adverse effect on the Bank's business, financial position or results of operations.

The Bank may fail to maintain an effective system of internal controls, which could prevent it from timely and accurate reporting of its financial results.

The Bank's internal controls over financial reporting may not prevent or detect misstatements on a timely manner due to inherent limitations, including human error, circumvention or overriding of controls, or fraud.

The Bank has since implemented measures designed to address those internal control deficiencies and expects to continue to implement measures designed to improve its internal control over financial reporting. While the Bank believes that these measures have been effective in correcting these internal control deficiencies in the past, it cannot be certain that, at some point in the future, another material weakness will not be identified or the Bank's internal controls will not fail to detect a matter they are designed to prevent, and failure to remedy such material weaknesses could result in a material misstatement in its financial statements and have a material adverse impact on the Bank's business, financial condition and results of operations.

Even effective internal controls can provide only reasonable assurance with respect to the preparation and fair presentation of financial statements. If the Bank fails to maintain the adequacy of its internal controls, its financial reporting may be disclosed on an untimely basis or with inaccuracies, the Bank could fail to meet its financial reporting obligations and it could be adversely affected.

The Bank may not be able to detect money laundering and other illegal or improper activities fully or on a timely basis, which could expose it to additional liability and harm its business or reputation.

The Bank is required to comply with applicable anti-money laundering and anti-terrorism laws and other regulations in India and in other jurisdictions where it has operations. These laws and regulations require the

Bank, among other things, to adopt and enforce "know-your-customer/ anti-money laundering/ combating financing of terrorism" (**KYC/AML/CFT**) policies and procedures and to report suspicious and large transactions to the applicable regulatory authorities in different jurisdictions. Remittances and trade finance transactions are increasingly required to be covered under the Bank's scrutiny and monitoring.

Although the Bank has adopted policies and procedures aimed at detecting and preventing the use of its banking networks for money laundering activities and by terrorists and terrorist-related organizations and individuals, such policies and procedures may not completely eliminate instances where the Bank may be used by other parties to engage in money laundering and other illegal or improper activities. The Bank's business and reputation could suffer if any such parties succeed in using the Bank for money laundering or other illegal or improper purposes.

The Bank has in place internal controls, systems and procedures in conformity with the RBI directives and believes that its anti-money laundering and KYC compliance policies and procedures are generally adequate and in accordance with regulatory guidelines. However, to the extent the Bank fails to fully comply with applicable KYC/AML/CFT laws and regulations, the relevant Government agencies and regulatory authorities may impose fines and other penalties against the Bank, which could adversely affect the Bank's business and reputation.

KYC/AML/CFT and other regulatory lapses could negatively affect the Bank's business and financial results, or cause serious reputational harm.

The Bank has in the past experienced certain instances of lapses relating to its regulatory compliance, including compliance with KYC/AML/CFT rules and regulations. Although the Bank believes that it has implemented corrective measures designed to prevent recurrence of these lapses, no assurances can be provided that such measures will be effective or that similar issues will not arise in the future. Such regulatory violations have in the past resulted, and may result in the future, in regulatory actions, including financial penalties and restrictions on or suspension of the related business operations, each of which could adversely affect the Bank's business and reputation.

The RBI as well as other regulators are empowered to impose penalties on banks and their employees and take other administrative measures to enforce applicable regulatory requirements, and such failures could expose the Bank to significant monetary liabilities, regulatory challenges and reputational damage. For more information on outstanding regulatory fines, sanctions and investigations against the Bank, please see "*Legal Proceedings*". Any future recurrence of regulatory lapses by the Bank or failure to comply with applicable regulations in various jurisdictions, including unauthorized actions by employees, representatives, agents and third parties, suspected or perceived failures and media reports, and ensuing inquiries or investigations by regulatory and enforcement authorities, has resulted, and may result in the future, in regulatory actions, including financial penalties and restrictions on or suspension of the related business operations.

The Bank cannot predict the initiation or outcome of any investigations by other authorities or different investigations by the RBI. The penalties imposed by regulators may generate adverse publicity for the Bank and its business. Such adverse publicity, or any future scrutiny, investigation, inspection or audit which could result in fines, public reprimands, damage to the Bank's reputation, significant time and attention from the Bank's management, costs for investigations and remediation of affected customers, may materially adversely affect the Bank's business and financial results.

The Bank's business depends on the continuity of its management team, skilled personnel and the Bank's ability to retain and attract talented personnel.

The Bank is highly dependent on the services of its management team and other key personnel. The Bank's ability to meet future business challenges depends, among other things, on their continued employment and the Bank's ability to attract and recruit talented and skilled personnel. For example, Shri Amitabh Chaudhry joined the Bank as its chief executive officer in January 2019 and since then there have been many changes in the Bank's core management, including its directors, chief financial officer and other senior managerial personnel. Since his arrival, the Bank has embarked on a review of its policies and strategies that resulted in the implementation of a new business strategy of growth, profitability and sustainability. The success of this new strategy depends in part on the continuity of the Bank's new management team and other key personnel.

There can be no assurance that the Bank will be able to retain its key personnel. Competition for skilled and professional personnel in the banking industry is intense. Although the Bank believes that all of its directors and executive officers have the requisite credentials and professional expertise necessary to discharge their duties and are compliant with applicable regulatory requirements, there can be no assurance that stakeholders, including regulatory authorities, will not raise objections, or that such objections will not result in the loss of certain members of the Bank's key management team. The loss of key personnel or an inability to manage attrition levels across the Bank may have a material adverse impact on the Bank's business, its ability to grow and its control over various business functions.

Deterioration of the Bank's relationship with, poor performance by, or bankruptcy of, the Bank's third-party service providers may adversely affect the Bank.

The Bank is reliant upon certain external service providers to provide it with certain services necessary to maintain its day-to-day operations. Accordingly, the Bank's operations are exposed to the risk that these service providers will not perform their duties in accordance with the contracted arrangements under the relevant service agreements. Third-party vendors and certain affiliated companies provide key components of the Bank's business infrastructure such as loan and deposit servicing systems, back office and business process support, information technology production and support, internet connections and network access. Relying on these third parties and affiliated companies can be a source of operational and regulatory risk to the Bank, including with respect to security breaches affecting such parties.

The Bank is also subject to risk with respect to security breaches affecting the vendors and other parties that interact with these service providers. As the Bank's interconnectivity with these third parties and affiliated companies increases, the Bank faces the risk of operational failure with respect to their systems. The Bank may be required to take steps to protect the integrity of its operational systems, thereby increasing its operational costs. In addition, certain problems caused by these third parties or affiliated companies could affect the Bank's ability to deliver products and services to customers. Replacing these third-party vendors could also entail delays and expense. Further, the operational and regulatory risk the Bank faces as a result of these arrangements may be increased to the extent that the Bank restructures such arrangements. Restructurings could involve significant expense to the Bank and entail significant delivery and execution risk, which could have a material adverse effect on the Bank's business, operations and financial condition.

The Bank relies on correspondent banks in India and in other countries to conduct its business. The Bank's failure to maintain its relationships or enter into new relationships with correspondent banks may impact the Bank's ability to grow its business.

The Bank is subject to certain restrictive covenants in its financing instruments that restrict, among other things, its ability to declare dividends and pledge assets as collateral.

The financing documents relating to the Bank's outstanding indebtedness contains certain restrictive covenants, such as limitations on dividends and other distributions as well as negative pledge covenants that restrict, in certain circumstances, the Bank's ability to declare dividends and pledge assets as collateral. In addition, certain of these financing documents contain financial covenants requiring the Bank to comply with certain minimum ratios, such as the minimum capital adequacy ratios prescribed by the RBI, certain minimum industry borrower group exposure ratios; and certain minimum net NPA ratios, among others. Further, some of the Bank's borrowing agreements also require the Bank to obtain prior written consent for certain acts such as amendments to constitutional documents or to create any security. These restrictions may limit the Bank's ability to react to changes in the Indian economy or the banking industry, take advantage of profitable opportunities and fulfill the Bank's obligations under its other financing documents, which could adversely affect the bank. For more information, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations— Liquidity and Capital Resources—Funding—Restrictive Covenants*".

In addition, in the event of a breach of any such restrictive covenant, an event of default may be triggered, which could result in the imposition of contractual penalties and the acceleration of principal and interest. In the past, the Bank has been non-compliant with certain financial covenants contained in its financing documents for which the Bank obtained waivers from the relevant lender institutions. No assurances can be provided that the Bank will continue to be in compliance in the future, or that it will be able to obtain waivers for any future instances of non-compliance.

An event of default could also potentially result in a cross default under the Bank's other debt obligations. In the event of an acceleration of the Bank's outstanding indebtedness, the Bank may be unable to settle the outstanding amounts of its debts, which would adversely affect its business.

The business of the Bank is highly dependent on information technology; therefore, if the Bank is unable to adapt to rapid technological changes, its business could suffer.

The Bank's future success will depend in part on its ability to respond to technological advances and to emerging banking industry standards and practices on a cost-effective and timely basis. The development and implementation of such technology entail significant technical and business risks. There can be no assurance that the Bank will always be successful in implementing new technologies effectively or adapting its transaction processing systems to meet customer requirements or emerging industry standards. If the Bank is unable, for technical, legal, financial or other reasons, to adapt in a timely manner to changing market conditions, customer requirements or technological changes, its financial performance and the trading price of the Notes may be adversely affected.

Furthermore, any technical failures associated with the Bank's information technology systems or network infrastructure, including those caused by power failures and breaches in security caused by computer viruses and other unauthorized tampering, may cause interruptions or delays in the Bank's ability to provide services to its customers on a timely basis or at all, and may also result in costs for information retrieval and verification.

Banking is a heavily regulated industry and material changes in the regulations that govern the Bank could cause its business to suffer.

Banks in India are subject to detailed regulation and supervision by the RBI. The RBI also sets guidelines on the cash reserve ratios, statutory liquidity ratios, priority sector lending, export credit, agricultural loans, loans to sectors deemed to be weak by the RBI, market risk, capital adequacy ratio and branch licensing, among others. In addition, banks are generally subject to changes in Indian law as well as to changes in regulations, Government policies and accounting principles. Changes in regulations in India and international markets may expose the Bank to increased compliance costs and limitations on the Bank's ability to pursue certain business opportunities and provide certain products and services.

The Bank is also subject to regular financial inspection by the RBI. In the event that the Bank is unable to meet or adhere to the guidance or requirements of the RBI, the RBI may impose strict enforcement of its observations on the Bank, which may have an adverse effect on its business, financial condition, cash flows or results of operations.

The regulation governing Indian financial institutions is continuously evolving. The Bank has no control over the issuance of new regulations that may affect its operations, including in respect of:

- minimum capital requirements;
- reserve and compulsory deposit requirements;
- limits on investments in fixed assets;
- lending limits and other credit restrictions, including compulsory allocations;
- limits and other restrictions on fees;
- corporate governance;
- limits on the amount of interest banks can charge or the period for capitalizing interest; and
- accounting and statistical requirements.

In addition, any change by the RBI to its directed lending norms may result in the Bank being unable to meet the priority sector lending requirements, as well as requiring the Bank to increase its lending to relatively riskier segments which could result in an increase in NPAs in the Bank's directed lending portfolio. Consequently, the Bank's levels of yield-generating assets may be reduced or the Bank may be forced to recognize accounting losses, which could materially adversely affect its recognized profits, financial condition and results of operations. For example, the RBI has mandated banks in India to have a financial inclusion plan for expanding banking services to rural and unbanked centers and to customers who currently do not have access to banking services. Expansion into these markets involves significant investments and recurring costs, and the Bank cannot assure you that these activities will be sufficiently profitable. The services provided by the Bank also fall under the purview of the Consumer Protection Act, 2019, as amended, which was enacted for the protection of the interests of consumers availing goods and services, including banking or financial services.

Further, on 11 June 2020, the RBI published a discussion paper on Governance in Commercial Banks in India with the objective to align current regulatory framework with global best practices while being mindful of the context of domestic financial system. The paper is applicable to, among others, private sector banks. The paper discusses the overall responsibilities, structure and practices of the board of directors and committees of the boards and also explores matters including the qualification and selection criteria for board members and senior management and procedures for internal audit and vigilance. The Bank cannot predict the timing or the form in which the discussion paper will be adopted and the nature and impact it will have on the Bank's operation.

The RBI may also direct banks to increase the total provisioning coverage ratio on their credit portfolio, which may adversely affect the Bank's financial condition and results of operations. The RBI is constantly updating prudential standards in accordance with the recommendations of the Basel Committee, in particular with respect to capital and liquidity, which could impose additional significant regulatory burdens on the Bank. For example, future liquidity standards could require the Bank to maintain a greater proportion of its assets in highly liquid but lower-yielding financial instruments, which would negatively affect its net interest margin. Increases in reserve and compulsory deposit or allocation requirements reduce the Bank's liquidity to fund its loan portfolio and other investments. There can be no assurance that future changes in regulations or in their interpretation or application will not have a material adverse effect on the Bank.

The laws and regulations governing the banking sector, including those governing the products and services that the Bank provides or proposes to provide, such as its life insurance or asset management business, or derivatives and hedging products and services, could change in the future. Any such changes may adversely affect the Bank's business and future financial performance by, for example, requiring a restructuring of the Bank's activities or increasing its operating costs. See *"Supervision and Regulation"*. For example, in fiscal 2018, some states in India announced schemes for waiver of loans taken by farmers. While the cost of such schemes was borne by the state governments, such schemes or borrower expectations of such schemes may result in higher delinquencies in the Bank's agricultural lending portfolio. Similarly, the Taxation Laws (Amendment) Ordinance, 2019, a new tax ordinance issued by India's Ministry of Finance on 20 September 2019, prescribes certain changes to the income tax rate applicable to companies in India. According to this new ordinance, companies can henceforth voluntarily opt in favor of a concessional tax regime (subject to no other special benefits/exemptions being claimed), which would ultimately reduce the effective tax rate for India companies from 34.94% to approximately 25.17%. The Bank had opted in the favor of a concessional tax regime.

No assurance can be given generally that laws or regulations will be adopted, enforced or interpreted in a manner that will not have a material adverse effect on the Bank's business and results of operations. Furthermore, regulatory authorities in India have substantial discretion in how to regulate banks, and this discretion, and the regulatory mechanisms available to the regulators, have been increasing in recent years. Regulation may be imposed on an ad hoc basis by governments and regulators in response to a crisis, and these may especially affect financial institutions such as the Bank that may be deemed to be systemically important. In addition, the volume, granularity, frequency and scale of regulatory and other reporting requirements require a clear data strategy to enable consistent data aggregation, reporting and management. Inadequate management information systems or processes, including those relating to risk data aggregation and risk reporting, could lead to a failure to meet regulatory reporting requirements or other internal or external information demands and the Bank may face supervisory measures as a result.

A significant majority of the Bank's properties, including its branches and ATMs, are located at leased or licensed premises, and the Bank's operations may be materially and adversely affected if it is unable to renew existing leases or otherwise continue to utilize its branches or ATMs.

The Bank's business and operations are significantly dependent on the Bank's branches and ATMs some of which are located on leased or licensed premises. The Bank has entered into various lease and license arrangements for such properties. As on 30 June 2020, some of the Bank leases including its branches and ATMs, had expired and were in the process of being renewed. The Bank may face the risk of being evicted in the event that the Bank's landlords allege a breach on the Bank's part of any terms under these lease agreements and there is no assurance that the Bank will be able to identify suitable locations to re-locate the Bank's operations. Some of the lease agreements entered into by the Bank may be inadequately stamped. As a result, these agreements may be inadmissible as evidence before a court of law. Further, some of the immoveable properties used by the Bank and taken on lease may have one or more irregularities of title such as non-registration of lease deeds. If the Bank is unable to continue to use its branches and ATMs which are located on leased or licensed premises during the period of the relevant lease or license or extend such lease or license arrangements on their expiry on commercially acceptable terms, or at all, it may suffer a disruption in its operations which could materially and adversely affect the Bank's business, financial condition, results of operations and prospects. In addition, some of these leases or licenses may not have been registered, which may affect the evidentiary value of such lease or license agreements in a court of law.

Negative publicity could damage the Bank's reputation and adversely impact the Bank's business and financial results.

Reputational risk, or the risk to the Bank's business, earnings and capital from negative publicity, is inherent in the Bank's business. The reputation of the financial services industry in general has been closely monitored as a result of the 2008 financial crisis and other matters affecting the financial services industry. Negative public opinion about the financial services industry generally or the Bank specifically could adversely affect the Bank's ability to attract and retain customers, and may expose it to litigation and regulatory action.

Negative publicity can result from the Bank's actual or alleged conduct in any number of activities, including lending practices, mortgage servicing and foreclosure practices, corporate governance, regulatory compliance, mergers and acquisitions and related disclosure, sharing or inadequate protection of customer information, and actions taken by Government regulators and community organizations in response to that conduct. Although the Bank takes steps to minimize reputational risk in dealing with customers and other constituencies, the Bank, as a large financial services organization with a high industry profile, is inherently exposed to this risk. Such negative media coverage may have a material adverse effect on the Bank's reputation, business, financial condition or results of operation.

The Bank may not be able to prevent its officers, employees or third parties acting on its behalf from engaging in situations that qualify as corruption, fraud or other misconduct which could expose the Bank to administrative and judicial sanctions, as well as reputational damage.

The Bank's governance and compliance procedures may not prevent breaches of law, accounting and/or governance standards, and there can be no assurance that the Bank's employees, agents, and the companies to which the Bank outsources certain of its business operations, will not take actions in violation of the Bank's policies, for which the Bank may be ultimately held responsible. For example, in fiscal 2018, the Bank's former Chief Information Officer was found to have compromised the Bank's interests following a whistleblower complaint alleging irregularities and improprieties in his supervisory and monitoring role over transactions relating to vendor selection and payments terms. In addition to taking appropriate action against the concerned executive, the Bank has put in place corrective measures and controls intended to prevent such incidents in the future. Moreover, in fiscal 2018, certain unpublished price sensitive information relating to the Bank's financial results for the quarter ended 30 June 2017 became public ahead of the official publication of such result in relation to which, SEBI passed an order against the Bank directing the Bank to strengthen its internal systems and control, conduct an internal inquiry and take appropriate steps. For more information, see "*Legal Proceedings*". Although the Bank responded by taking several measures intended to prevent recurrence of these episodes, no assurances can be provided that such measures will be effective or that similar issues will not arise in the future.

The Bank's policies and procedures are aimed at detecting and preventing corruption, fraud or other misconduct by the Bank's employees and agents, they may not completely eliminate instances where the Bank's employees may engage in such illegal or improper activities. Any future misconduct by individuals working for the Bank could occur, which could adversely affect the Bank.

Actions of the Government, as the Bank's controlling shareholder through SUUTI and other Government-related entities, could conflict with the interests of other shareholders.

The Government, through the Administrator of the SUUTI, LIC and GIC and four public sector insurance companies, collectively hold a significant portion of the Bank's equity shares. Under the Bank's memorandum and articles of association, SUUTI and LIC each have the right to nominate one director. The Chairman is duly appointed by the board of directors of the Bank.

As at 31 March 2020, the Government indirectly held approximately 15.69% (SUUTI – 4.59%, LIC – 9.02%, GIC and four public sector insurance companies –2.08%) of the Bank's equity shares.

As at 30 June 2020, the Government indirectly held approximately 15.68% (SUUTI – 4.59%, LIC – 9.01%, GIC and four public sector insurance companies –2.08%) of the Bank's equity shares.

While the Bank is overseen by an independent board of directors, as long as the Government continues to hold a significant portion of the Bank's voting shares, the Government, through its membership on the Bank's Board of Directors, may exercise influence over board decisions, decisions of the shareholders and influence the policies of the Bank in a manner that could directly or indirectly favor the interests of the Government, may result in the Bank foregoing business opportunities and may conflict with the interests of other shareholders.

Any substantial sale of the Bank's equity shares by the Government or other large shareholders could adversely affect the price of the equity shares and to the extent investors perceive a disadvantage in owning stock of a company with a significant shareholder, such concentration of ownership may adversely affect the trading price of the Notes.

RBI guidelines relating to the ownership of private banks and foreign ownership restrictions in private banks and its downstream companies could discourage or prevent a change of control or other business combination involving the Bank.

On 12 May 2016, the RBI issued the Master Direction – Ownership in Private Sector Banks, Directions, 2016 (the **Master Directions**). The Master Directions prescribe limits on ownership for all shareholders in the long run based on categorization of shareholders under two broad categories, namely (i) individuals and (ii) entities/institutions. Each of these groups has separate limits for their shareholdings as set out in the Master Directions.

Larger shareholdings resulting from capital infusion by domestic or foreign entities or institutions are possible if the RBI approves such transactions on a case-by-case basis.

If a transaction results in any person acquiring or agreeing to acquire, directly or indirectly, by itself or acting in concert with any other person, shares of a banking company or voting rights therein which, taken together with shares and voting rights, if any, held by such person or such person's relative or associate enterprise or person acting in concert with such person, results in such person(s) holding at least 5.0% of the paid-up share capital of a banking company or entitles such person(s) to exercise at least 5.0% of a banking company's voting rights, RBI's approval is required prior to such transaction.

The RBI, when considering whether to grant an approval, may take into account all matters that it considers relevant to the application, including ensuring that shareholders whose aggregate holdings are above specified thresholds meet fit and proper criteria. Currently, the RBI limits voting rights to 26.0%. There are also foreign ownership restrictions in a private bank and in downstream companies which may impact an acquirer's ability to acquire a majority of the Bank's shares or acquire control over the Bank. The implementation of such restrictions could discourage or prevent a change in control, merger, consolidation, takeover or other business combination involving the Bank, which might be beneficial to the Bank's shareholders.

Any substantial stake in the Bank could discourage or prevent another entity from exploring the possibility of a combination with it. Any such obstacles to potentially synergistic business combinations could negatively impact the Bank's share price and have a material adverse effect on the Bank's ability to compete effectively with other large banks and, consequently, the Bank's ability to maintain and improve its financial condition.

If ownership restrictions on private sector banks are relaxed, a single investor may acquire a controlling stake in the Bank.

If the current restrictions are further liberalized to allow not only increased investment by Indian entities but also greater foreign ownership, a single entity or group of investors acting in unison may acquire equity shares of the Bank to the extent that would allow it to control or strongly influence the Bank. Such an entity would, subject to restrictions in the Articles, be able to determine, or would have a disproportionate influence compared with other shareholders in, the election of the Board of Directors, management policies and the outcome of corporate transactions submitted to shareholders for approval. There can be no assurance that any future controlling shareholder will have the same interests as any minority shareholder or will pursue the same strategies as the current management.

Major fraud, lapses of control, system failures or calamities could adversely impact the Bank's business.

The Bank is vulnerable to risk arising from the failure of employees to adhere to approved procedures, system controls, fraud, system failures, information system disruptions, communication systems failure and data interception during transmission through external communication channels and networks. There can be no assurance that the Bank's use of encrypted password-based protections and firewalls are adequate to prevent fraud or the invasion or breach of the network by an intruder. Failure to protect against fraud or breaches in security may adversely affect the Bank's operations and future financial performance. The Bank's reputation could be adversely affected by significant fraud committed by its employees, agents, customers or third parties. For details on material frauds, see *"Legal Proceedings – Material Frauds*".

For example, in fiscal 2019, the Bank was one of several other Indian banks involved in a well-publicized fraud involving letters of undertaking issued by those banks, which resulted in a U.S.$20 million loss for the Bank and negatively affected the Bank's reputation. In addition, the Bank has experienced an increase in the number of internal frauds in fiscal 2019 as compared to fiscal 2018, and in fiscal 2020 as compared to fiscal 2019. Although the Bank believes it has taken appropriate measures intended to address those issues, any future lapses in the Bank's fraud identification and reporting processes could expose the Bank to the recurrence of frauds which could adversely affect the Bank's business and its reputation. In December 2017, certain unpublished price sensitive information relating to its financial results for the quarter ended 30 June 2017 allegedly became public ahead of the official publication of such result. Following public disclosure of this information, the Bank was directed by SEBI on 27 December 2017 to, among other things: (i) strengthen the Bank's current systems and controls to ensure that such instances of leakage of unpublished price sensitive information do not recur in the future; and (ii) conduct an internal inquiry into the alleged leakage of unpublished price sensitive information relating to the Bank's financial results and submit a report in relation thereto. Accordingly, the Bank had appointed an independent third party consultant to review the effectiveness of the Bank's internal controls and submit a report on its findings. Upon conclusion of the investigation, the Bank has, by its letter dated 13 April 2018 submitted the independent third party consultant's report with SEBI. As on the date of this Offering Circular, the Bank has not received any order from SEBI in this regard. For further details, see "*Legal Proceedings – SEBI Action*".

Given the increasing share of retail products and services and transaction banking services in the Bank's overall business, the importance of systems technology to the Bank's business has increased significantly. The Bank's principal delivery channels include ATMs, internet banking, mobile banking and call centers (telephone banking). Any failure in the Bank's systems, particularly for retail products and services and transaction banking, could significantly affect the Bank's operations and the quality of its customer service and could result in business and financial losses and adversely affect the trading price of the Notes. For example, the Bank's customer service operations have been affected to some extent in the past during the migration of the Bank's core banking software to an updated version, as the application took time to stabilize.

The Bank maintains a disaster recovery center in Bengaluru in the event that the Bank's main computer center in Mumbai shuts down for any reason. The system in Bengaluru is configured to come into operation if the Mumbai system is no longer operational. However, if for any reason the switch over to the backup system does not take place or if a calamity occurs in both Mumbai and Bengaluru such that the Bank's business is compromised in both centers, the Bank's operations would be adversely affected.

The Bank may breach third party intellectual property rights.

The Bank may be subject to claims by third parties, both inside and outside India, if it breaches their intellectual property rights by using slogans, names, designs, software or other such rights, which are of a similar nature to the intellectual property these third parties may have registered. The Bank has received oppositions from Axis Holdings Private Limited and AXA for its trademark application dated 16 April 2007 and from Axis Holdings Private Limited for its trademark application dated 25 June 2007 to register the name

"AXIS BANK" and the logo associated with the name, citing prior use of their respective trademarks. The Bank has received oppositions from ALBINGIA for its trademark applications dated 27 April 2018 filed in the European Union to register the name "AXIS" and the logo associated with the name, citing prior use of its trademark.

The Bank may not be able to prevent infringement of its trademark and may be unable to seek remedies for infringement of those trademarks by third parties other than relief against passing off by other entities, which may not provide sufficient protection. The Bank's inability to use of these trademarks and any unauthorized usage could adversely affects its business and results of operations.

Any legal proceedings which result in a finding that the Bank has breached third parties' intellectual property rights, or any settlements concerning such claims, may require the Bank to provide financial compensation to such third parties or make changes to its marketing strategies or to the brand names of its products, which may have a materially adverse effect on the Bank's business prospects, reputation, results of operations and financial condition.

A failure, inadequacy or security breach in the Bank's information technology and telecommunication systems may adversely affect its business, results of operation or financial condition.

The Bank's ability to operate and remain competitive depends in part on its ability to maintain and upgrade its information technology systems and infrastructure on a timely and cost-effective basis, including its ability to process a large number of transactions on a daily basis. The Bank's operations also rely on the secure processing, storage and transmission of confidential and other information in its computer systems and networks.

The Bank's financial, accounting or other data processing systems and management information systems or its corporate website may fail to operate adequately or become disabled as a result of events that may be beyond the Bank's control or may be vulnerable to unauthorized access, computer viruses or other attacks. Deficiencies in the Bank's internal management of information systems and data security practices expose the Bank to heightened risks, which could cause damage to the Bank's reputation and adversely impact the Bank's business and financial results.

Significant security breaches could adversely impact the Bank's business.

The Bank faces cyber threats, such as hacking, phishing and trojans, attempting to exploit the Bank's network to disrupt services to customers and/or theft or leaking of sensitive internal Bank data or customer information. In the past, the Bank has been exposed to cyber security incidents such as ransomware, web defacing attacks, un-patched vulnerable software exploitation, breaches of debit card use and fraudulent withdrawals. For example, in October 2016, there was an intrusion attempt observed on 15 of the Bank's servers through a third party vendor, whose system was based in a foreign location. The investigation revealed that the vendor system had been maliciously controlled through other compromised systems, within the vendors network. In addition, in fiscal 2019, the Bank's subsidiary in the United Kingdom was the victim of a phishing attack that resulted in a U.S.$ 1.9 million loss. The occurrence or recurrence of any of these incidents in the future may cause damage to the Bank's reputation and adversely impact the Bank's business and financial results.

Further, the information available to and received by the Bank's management through its existing systems may not be timely and sufficient to manage risks or to plan for and respond to changes in market conditions and other developments in the Bank's operations. If any of these systems are disabled or if there are other shortcomings or failures in the Bank's internal processes or systems, it may disrupt the Bank's business or impact the Bank's operational efficiencies, and render it liable to regulatory intervention or damage to its reputation. The occurrence of any such events may adversely affect the Bank's business, results of operation and financial condition.

The Bank seeks to protect its branch network infrastructure and computer systems from security breaches and other disruptive problems caused by the Bank's increased use of the Internet. Computer break-ins and power disruptions could affect the security of information stored in and transmitted through these computer systems and network infrastructure. Since technology is fast changing, there may be new areas in the system that may be exposed to security breaches and other attacks. The Bank employs security systems, including firewalls and password encryption, designed to minimize the risk of security breaches. Although the Bank intends to continue to implement security technology and establish operational procedures to prevent break-ins, damage and failures, there can be no assurance that these security measures will always be adequate or successful.

As the sophistication of cyber incidents continues to evolve, the Bank will likely be required to expend additional resources to continue to modify or enhance its protective measures or to investigate and remediate any vulnerability to cyber incidents. In addition, certain cyber incidents, such as surveillance, may remain undetected for an extended period. There is also the risk of the Bank's customers incorrectly blaming the Bank and terminating their accounts with the Bank for a cyber-incident which might have occurred on their own system or that of an unrelated third party. Any cyber security breach could also subject the Bank to additional regulatory scrutiny and expose the Bank to civil litigation and related financial liability. Failed security measures could have a material adverse effect on the Bank's business, its future financial performance and the trading price of the Notes.

Increasing regulatory focus on personal information protection could impact our business and expose us to increased liability.

Regulators in various jurisdictions are increasingly scrutinizing how companies collect, process, use, store, share and transmit personal data. This increased scrutiny may result in new interpretations of existing laws, thereby further impacting our business. Recent regulations, such as the General Data Protection Regulation, which went into effect in the European Union (**EU**) on 25 May 2018, applies to the collection, use, retention, security, processing, and transfer of personally identifiable information of residents of EU countries. In India, the Supreme Court, in a judgment delivered on 24 August 2017, has held that the right to privacy is a fundamental right. Following this judgment, the Government of India is considering enactment of Personal Data Protection Bill, 2019 (**Data Protection Bill**) for implementing organizational and technical measures in processing personal data and lays down norms for cross-border transfer of personal data and to ensure the accountability of entities processing personal data. The enactment of the Data Protection Bill may introduce stricter data protection norms for a company such as us and may impact our processes. The RBI has also issued a circular on the procedure of storage of payment systems data, to ensure that data, relating to payment systems operated by us is stored only in India. Any failure, or perceived failure, by us to comply with any applicable regulatory requirements, including but not limited to privacy, data protection, information security, or consumer protection-related privacy laws and regulations, could result in proceedings or actions against us by governmental entities or individuals, subject us to fines, penalties, and/or judgments, or otherwise adversely affect our business, as our reputation could be negatively impacted.

The Bank, its subsidiaries, directors and promoters are involved in legal and regulatory proceedings that, if determined against it, could have a material adverse impact on its future financial performance and the price of the Notes.

The Bank is often involved in certain litigation matters and subject to various regulatory investigations, audits or other inspections in the ordinary course which could result in judgments, fines, reprimands and damage to the Bank's reputation. These matters may also result in the diversion of significant time and attention from the Bank's management, significant costs for the Bank to defend itself as well as costs for investigations and remediation of affected customers, each of which could adversely affect the Bank's business and financial results.

These matters may arise for various reasons, including because the Bank seeks to recover monies from its borrowers or because the Bank's customers seek claims against the Bank or for other reasons. Although it is the Bank's policy to make provisions for probable loss for litigation matters, the Bank does not make provisions or disclosures in its financial statements where its assessment is that the risk is not probable. Moreover, to the extent that the Bank is unable to accurately identify and track legacy litigation cases, such failures could expose the Bank to heightened legal and reputational risks.

The Bank has also issued notices and initiated various recovery and insolvency proceedings against defaulting borrowers under the Recovery of Debts and Bankruptcy Act, 1993 and the Insolvency and Bankruptcy Code, 2016 and failure by such borrowers to repay the outstanding borrowings pursuant to such notices and proceedings may adversely affect the business.

The Bank cannot assure you that the judgments in any of the litigation or regulatory proceedings in which the Bank is involved would be favorable to it and if its assessment of the risk changes, its view on provisions will also change. Increased provisioning for such potential losses could have a material adverse effect on the Bank's results of operations and financial condition. If the Bank's provisioning is inadequate relative to actual losses on final judgment, such additional losses could have a material adverse impact on the Bank's business and trading price of the Notes. Such proceedings also divert management time and attention, and consume significant financial resources in their defense or prosecution, which could materially affect the Bank's financial condition. Any adverse outcome of litigation or regulatory proceedings could have a material adverse effect on the Bank's business, its future financial performance and trading price of the Notes. The Bank may also incur legal cost for a matter even if the Bank has not made any legal provisions for the same. In addition, the cost of resolving a legal claim may be substantially higher than any amount reserved for that matter. For further information on litigation involving the Bank, see "*Legal Proceedings*".

The Bank may not be able to renew or maintain its statutory and regulatory permits and approvals required to operate its business.

The Bank is required to obtain and maintain various statutory and regulatory permits and approvals to operate its business, which requires the Bank to comply with certain terms and conditions to continue its banking operations. Although the Bank has no reason to believe that such statutory and regulatory permits and approvals will not be granted and/or renewed as and when requested, certain of the Bank's business licenses have been denied or temporarily revoked in the past and the Bank cannot guarantee that it will be able to maintain, renew or obtain any required statutory and regulatory permits and approvals in the future, in a timely manner, or that no additional requirement will be imposed in connection with such request. Statutory and regulatory permits and approvals required for the development of the Bank's activities may require that it meet certain performance thresholds or financial metrics. In case the Bank is unable to meet these thresholds or metrics, the Bank may lose or not be able to obtain or renew such authorizations, concessions, licenses or permits. The Bank also cannot guarantee that it will timely comply with all of its obligations with governmental agencies, including obtaining the necessary operating permits in a timely manner.

In the event that the Bank is unable to renew or maintain such statutory permits and approvals or comply with any or all of the applicable terms and conditions, or seek waivers or extensions of time for complying with such terms and conditions, all or some of the Bank's operations may be interrupted, penalties may be imposed and the Bank's business, financial results and reputation could be materially and adversely affected.

The Bank's insurance policies may not be sufficient to cover all of its losses.

The Bank maintains several types of insurance policies in line with the risk management policies of its business, which generally attempt to follow industry market practices for similar activities.

The Bank maintains several types of insurance policies and has coverage that it deems appropriate and customary for a bank of its size and nature. The Bank's insurance policies include a banker's indemnity insurance policy, which is a comprehensive insurance policy that offers coverage for various forms of risks. Some of the items covered under this insurance policy include (i) money (cash and precious metals) on premises and in vaults of agencies; (ii) money (cash and precious metals) in transit; (iii) cash in onsite ATMs/dispensers owned by the Bank; (iv) losses from external/internal fraud; and (v) losses from transactions through mobile banking; (vi) electronic banking transactions; and (vii) electronic crime.

The coverage obtained in these insurance policies may not be sufficient to cover all the risks to which the Bank is exposed, which could adversely affect the Bank. Additionally, the Bank may not be able to successfully contract or renew its insurance policies on satisfactory terms. If the Bank is unable to procure adequate levels of insurance at rates that its management deems satisfactory, the Bank could be adversely affected.

Any closure of branches or loss of the Bank's key branch personnel may adversely affect the Bank's ability to build and maintain relationships with the Bank's customers, which could adversely affect the Bank's business.

The Bank's business is dependent on the Bank's key branch personnel's ability to establish, build, and maintain customer relationships. The Bank encourages dedicated branch personnel to service clients in certain business segments since the Bank believes that this leads to long-term client relationships, a trust-based business environment, and over time, better cross-selling opportunities. While no individual branch manager and no single operating group of managers contribute a meaningful percentage of the Bank's business, it may suffer materially if a substantial number of branch managers leave the organization or if some of the branches are closed for any reason beyond the Bank's control.

The RBI may remove any employee, managerial personnel or may supersede the Bank's Board of Directors in certain circumstances, which may materially affect the Bank's business, results of operations, and financial conditions.

The Banking Regulation Act confers powers on the RBI to remove from office any directors, chairman, chief executive officer, or other officers or employees of a bank in certain circumstances. The RBI also has the powers to supersede the board of directors of a bank and appoint an administrator to manage the bank for a period of up to six months, which may exceed up to 12 months in certain circumstances. The RBI may exercise powers of supersession where it is satisfied, in consultation with the Government that it is in the public interest to do so, to prevent the affairs of any bank from being conducted in a manner that is detrimental to the interest of the depositors, or for securing the proper management of any bank. Should any of the steps as explained herein are taken by the RBI against the Bank, its business, results of operations, and financial conditions would be materially and adversely affected.

While the Bank has in place procedures and safeguards to prevent dealings with parties and countries that are the target of United States, Indian, and other sanctions, these measures by the Bank may not be fully effective, and any non-compliance by the Bank with such sanctions could harm our reputation or result in regulatory action which could materially and adversely affect our business.

The Bank engages in business with customers and counterparties from diverse backgrounds. In light of U.S., Indian, EU and other sanctions, the Bank cannot be certain that its procedures and safeguards relating to sanctions will always be effective, or that some of the Bank's customers or counterparties may become the subject of sanctions. Such sanctions may result in the Bank's inability to gain or retain such customers or counterparties or receive payments from them. Non-compliance with such sanctions could have a material adverse effect on the Bank's business, financial results and the prices of our securities.

These laws, regulations and sanctions or similar legislative or regulatory developments may further limit the Bank's business operations. If the Bank were determined to have engaged in activities targeted by certain

U.S., Indian, EU or other statutes, regulations or executive orders, it could lose its ability to open or maintain correspondent or payable-through accounts with U.S. financial institutions, among other potential sanctions. In addition, depending on sociopolitical developments, even though we take measures designed to ensure compliance with applicable laws and regulations, our reputation may suffer due to our association with certain restricted targets. The above circumstances could have a material adverse effect on our business, financial results and the prices of our securities.

Uncertainty about the future of LIBOR may adversely affect the Bank's business.

On 27 July 2017, the Chief Executive of the United Kingdom Financial Conduct Authority, which regulates the London Interbank Offered Rate (**LIBOR**), announced that it intends to stop persuading or compelling banks to submit rates for the calculation of LIBOR to the administrator of LIBOR after 2021. In June 2019, the Financial Conduct Authority asked banks and markets to stop using the LIBOR as a basis for pricing contracts. These announcements indicate that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021. It is impossible to predict whether and to what extent banks will continue to provide LIBOR submissions to the administrator of LIBOR or whether any additional reforms to LIBOR may be enacted in the United Kingdom or elsewhere. At this time, no consensus exists as to what rate or rates may become accepted alternatives to LIBOR and it is impossible to predict the effect of any such alternatives on the value of LIBOR-based securities and variable rate loans or other financial arrangements, given LIBOR's role in determining market interest rates globally. Uncertainty as to the nature of alternative reference rates and as to potential changes or other reforms to LIBOR may adversely affect LIBOR rates and other interest rates. In the event that a published LIBOR rate is unavailable after 2021, the value of such securities, loans or other financial arrangements may be adversely affected, and, to the extent that the Bank is the issuer of or obligor under any such instruments or arrangements, the Bank's cost thereunder may increase. Currently, the manner and impact of this transition and related developments, as well as the effect of these developments on the Bank's funding costs, investment and trading securities portfolios and business, is uncertain.

A global or regional financial crisis or financial instability in the countries where the Bank does business could adversely affect its operations, cash flows, asset quality and growth.

Our business has been, and in the future will continue to be, materially affected by geo-political, economic and market conditions, including factors such as the liquidity of the global financial markets, the level and volatility of debt and equity prices, interest rates, currency and commodity prices, investor sentiment, inflation and the availability and cost of capital and credit.

There are a number of uncertainties ahead in the global markets (for example, future bilateral trade relations between the US and China). As of the date of this Offering Circular, India is also in an adjustment period, having been impacted by three consecutive shocks over the past three years, namely demonetization, GST implementation, and financial sector stress.

In addition, an outbreak of the COVID-19 pandemic, which first emerged in Wuhan City, Hubei province, PRC, in late December 2019, has since spread to other parts of the world. The COVID-19 pandemic could become more severe and result in a more widespread health crisis, which may in turn result in protracted volatility in international markets and/or result in a global recession as a consequence of disruptions to travel and retail segments, tourism, and manufacturing supply chains. In particular, in February 2020, the COVID-19 pandemic caused stock markets worldwide to lose significant value and impacted economic activity in Asia and worldwide. A number of governments revised GDP growth forecasts for fiscal 2020 downward in response to the economic slowdown caused by the outbreak of the COVID-19 pandemic, and it is possible that the COVID-19 pandemic will cause a prolonged global economic crisis or recession. Any of these factors may have a material adverse effect on our financial condition and results of operation.

Inflationary pressures in emerging markets and Asia are likely to ease on the back of slower global growth. Whilst this gives more leeway for an accommodative stance on monetary policy, central bankers would still have to weigh a decision to cut rates against the need to stabilize their currencies against depreciation pressures.

The implications for the world and the Bank are significant. First, a rise in global trade protectionism will negatively impact the trade-dependent economies in Asia. Second, the interplay between U.S. fiscal policies vis-à-vis monetary policies pursued by other central banks, particularly those in the emerging markets, may lead to more volatile global capital flows. Third, while our direct exposures outside the Indian financial markets are relatively modest, financial market volatility and increased uncertainty may have a broader global economic impact that may in turn have a material adverse effect on our business, cash flows, financial condition and results of operations Investors should be aware that there is a recent history of financial crises and boom-bust cycles in multiple markets in both emerging and developed economies which leads to risks for all financial institutions, including the Bank. We remain subject to the indirect economic effect of any potential tightening in global credit conditions, some of which cannot be anticipated and the vast majority of which are not under our control. We also remain subject to counterparty risk arising from financial institutions that can fail or are otherwise unable to meet their obligations under their contractual commitment to us.

A loss of investor confidence in the financial systems of other emerging markets may cause increased volatility in the Indian financial markets and indirectly in the Indian economy in general. Any worldwide financial instability in the global markets could have a negative influence on the Indian economy and on other economies in which we operate, including the United Arab Emirates and Singapore. While legislators and financial regulators across the globe including in the United Arab Emirates, Singapore and other jurisdictions, including India, have implemented several measures designed to add stability to the financial markets, these may not have the intended stabilizing effects. Furthermore, in several parts of the world, there are signs of increasing retreat from globalization of goods, services and people, as pressure for the introduction of a protectionist regime is building and such developments could adversely affect the Indian economy. In the event that the current adverse conditions in the global credit markets continue or if there are any significant financial disruption, this could have an adverse effect on our business, cash flows, financial condition, results of operations and the trading price of the Notes.

We operate in a highly regulated environment. Any changes to the existing legal or regulatory framework will require us to allocate additional resources, which may increase our regulatory compliance costs and direct management attention and consequently affect our business.

We operate in a highly regulated environment in which we are regulated by SEBI, RBI, PFRDA, and other domestic and international regulators. The Bank is also regulated by the IRDAI. Accordingly, legal and regulatory risks are inherent and substantial in our businesses. As we operate under licenses or registrations obtained from appropriate regulators, we are subject to actions that may be taken by such regulators in the event of any non-compliance with any applicable policies, guidelines, circular, notifications and regulations issued by the relevant regulators.

Our business could be directly affected by any changes in applicable policies and regulations for such entities. Being regulated we are subject to regular scrutiny and supervision by the respective regulators, such as regular inspections that may be conducted by the RBI, SEBI and IRDAI. The requirements imposed by regulators are designed to ensure the integrity of the financial markets and to protect investors and depositors. Among other things, in the event of being found non-compliant, we could be fined or prohibited from engaging in certain business activities. For example, our investment bank could face the risk of investigation and surveillance activity and judicial or administrative proceedings that may result in substantial penalties, if we are found to be in violation of applicable law. Such action may have reputational impact on us and affect the price of the Notes.

In addition, we are also exposed to the risk of us or any of our employees being non-compliant with insider trading rules or engaging in front running in securities markets. As a listed entity and a fiduciary assisting listed companies, in terms of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended, designated persons of the Bank are required to observe restrictions and disclosures in relation to trading in securities of the Bank and others. In the event of any such violations, regulators could take regulatory actions, including financial penalties against us and the concerned employees. This could have a materially adverse financial and reputational impact us.

Any change to the existing legal or regulatory framework will require us to allocate additional resources, which may increase our regulatory compliance costs and direct management attention and consequently affect our business.

Any failure of a bank in India or one of our key overseas correspondent banks would materially and adversely affect our business.

Our business relies heavily on our overseas correspondent banks to facilitate our international transactions. In India, the banking industry is also inter-dependent to facilitate domestic transactions. There is no assurance that our overseas correspondent banks or our domestic banking partners will not fail or face financial problems. If any bank in India, especially a private bank, or any of our key overseas correspondent banks were to fail, this would materially and adversely affect our business, cash flows, financial condition and results of operations.

Statistical and industry data in the Offering Circular may be incomplete or unreliable.

The Bank has not independently verified third party statistical and industry data obtained from industry publications and other industry sources referred to in the Offering Circular and therefore, while the Bank believes such data to be true, it cannot assure you that such data is complete or reliable. Such data may also be produced on different bases from those used in the industry publications that the Bank has referred to. Accordingly, discussion on matters relating to India, its economy and the industries in which the Bank currently operates is subject to the caveat that the statistical and other data upon which such discussions are based may be incomplete or unreliable. See "*Indian Financial Sector*".

A downgrade in ratings of India, the Indian banking sector or of the Bank may affect the trading price of the Notes.

The Bank's borrowing costs and the Bank's access to the debt capital markets depend significantly on the Bank's credit ratings and that of India. These ratings are assigned by rating agencies, which may reduce or withdraw their ratings or place the Bank on "credit watch" with negative implications at any time. Credit ratings are also important to the Bank when competing in certain markets and when seeking to engage in longer-term transactions, including over-the-counter derivatives. A reduction in the Bank's credit ratings could increase the Bank's borrowing costs and limit the Bank's access to the capital markets. This, in turn, could reduce the Bank's earnings and adversely affect the Bank's liquidity.

Recently, S&P downgraded the Bank's credit rating from "BBB minus" to "BB+". Further, Fitch Ratings Ltd. downgraded the Bank's rating from "BB plus" with "stable outlook" to "BB plus" with "negative outlook" and Moody's downgraded the Bank's ratings from "Baa3" with "stable outlook" to "Baa3" with "negative outlook".

A downgrade in the Bank's credit rating could restrict the Bank's ability to borrow, assign loans or issue securities on acceptable terms, thereby raising the Bank's funding costs. In addition, the Bank may also be unable to raise funds on acceptable terms, or be able to raise sufficient funds, at a time when additional funding would be most needed.

Moreover, any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely impact the Bank's ability to raise additional financing and the interest rates and other commercial terms at which such financing is available. A downgrading of India's credit ratings may occur, for example, upon a change of government tax or fiscal policy, which are outside the Bank's control.

Risks Relating to India

The Bank's business is substantially affected by prevailing economic, political and others prevailing conditions in India, and a slowdown in economic growth in India could cause the Bank's business to suffer.

The vast majority of the Bank's business activities are conducted in India. Accordingly, the Bank's financial position and results of operations have been and will continue to be significantly affected by overall economic growth patterns in India.

The Indian economy's growth momentum moderated significantly in fiscals 2019 and 2020 as compared to previous years. According to the Indian Central Statistics Organization, India's real GDP growth decreased from 7.0% in fiscal 2018 to 6.1% in fiscal 2019. According to the provisional estimates of Annual National Income released by National Statistics Office in May 2020, the GDP growth for the fiscal year 2020 was at 4.2%. This slower rate of economic growth was primarily driven by the global outbreak of the COVID-19 pandemic, trade tensions between the U.S. and China resulting in disruption in value chains, a slowdown in consumer demand, economic activity and economic growth, credit concerns at NBFCs, weak auto sales and soft capital expenditure trends resulting in weak investor confidence, the transitional impacts of the introduction of the Goods and Services Tax in 2017 and the lingering residual effects of demonetization in 2016. According to the RBI, real GDP is likely to contract by 1.5% in fiscal 2021 but is expected to revert to growth terrain next year, when it is likely to grow by 7.2 per cent.

Economic growth in India is influenced by, among other things, inflation, interest rates, foreign trade and capital flows. The level of inflation or depreciation of the Indian rupee may limit monetary easing or cause monetary tightening by the RBI. Any increase in inflation, due to increases or volatility in domestic food prices or global prices of commodities, including crude oil, the impact of currency depreciation on the prices of imported commodities and additional pass-through of higher fuel prices to consumers, or otherwise, may result in a tightening of monetary policy. For instance, in fiscal 2014, in response to a rise in inflation from 9.1% in April 2013 to 11.5% in November 2013, the RBI progressively raised the repo rate by 75 basis points from 7.25% to 8.0% during May 2013 to January 2014. The repo rate was thereafter maintained at 8.0% and then gradually reduced starting January 2015 with an overall reduction of 200 basis points with the last reduction to 6% in August 2017. In June 2018, the repo rate was raised by 25 basis points to 6.25% following concerns of inflation rising as a result of an increase in global crude oil prices and an increase in government-determined minimum support prices of food crops. Further, in order to mitigate the macroeconomics risks due to the COVID-19 pandemic, maintain the accommodative stance of the monetary policy as may be necessary to revive growth and ensure that inflation levels remain within target limits, the Governor of the RBI announced a reduction in the policy repo rate by 75 basis points to 4.40% from 5.15%, on 27 March 2020. Simultaneously, the reverse repo rate was reduced by 90 basis points to 4.0%. On 22 May 2020, the RBI further cut the reverse repo rate to 3.35%. India has, in the past, experienced sustained periods of high inflation. A return to high rates of inflation with a resulting rise in interest rates, and any corresponding tightening of monetary policy may have an adverse effect on economic growth in India.

While the Bank's results may not necessarily track India's economic growth figures, the Indian economy's performance affects the environment in which the Bank operates. Any slowdown in economic growth in India could adversely affect the Bank's borrowers and contractual counterparties, decreasing the credit quality of the Bank's borrowers. A slowdown in economic growth in India could also result in lower demand for credit and other financial products and services and higher defaults among corporate, retail and rural borrowers. With the importance of retail loans to the Bank's business, any slowdown in the growth or negative growth of sectors such as housing and automobiles could adversely impact the Bank's performance.

Furthermore, in light of the increasing linkages of the Indian economy to other developed and emerging economies, the Indian economy is increasingly influenced by economic and market conditions in other countries and, as a result, a slowdown in the economic growth of the United States and other countries in the developed and emerging global economy could have an adverse impact on economic growth in India. The current uncertain economic situation, in India and globally, could result in a further slowdown in economic growth, investment and consumption. Any such slowdown could adversely affect the Bank's business, including its ability to grow, the quality of its assets, its financial performance and the trading price of the Notes. In addition, any impact of the continuing instability and volatility in the global financial markets could have a material adverse impact on the Bank's business.

Financial instability in other countries may cause increased volatility in Indian financial markets.

The Indian market and the Indian economy are influenced by economic and market conditions in other countries, particularly emerging market countries in Asia. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. A loss of investor confidence in the financial systems of other emerging markets and countries where the Bank has established operations or any worldwide financial instability may cause volatility in Indian financial markets and adversely affect the Indian economy, directly or indirectly, such as through movements of exchange rates and interest rates in India. The occurrence of any financial disruptions may have an adverse effect on the Bank's cost of funding, loan portfolio, business, future financial performance and the trading price of the Notes.

Developments in the Eurozone, including concerns regarding large budget deficits, rising public debts in Europe, sovereign debt default, negotiations between the United Kingdom and European policymakers following the withdrawal of the United Kingdom from the European Union, the exit of any other country from the European Union, recessionary economic conditions as well as concerns related to the impact of tightening monetary policy in the United States and a trade war between large economies may lead to increased risk aversion and volatility in global capital markets. Financial markets and the supply of credit could continue to be negatively impacted by ongoing concerns surrounding the sovereign debts and/or fiscal deficits of several countries in Europe, the possibility of further downgrades of, or defaults on, sovereign debt, concerns about a slowdown in growth in certain economies and uncertainties regarding the stability and overall standing of the European Monetary Union.

Trade tensions between the U.S. and major trading partners, most notably China, continue to escalate following the introduction of a series of tariff measures in both countries. China's policy response to these trade measures presents a degree of uncertainty. This may also impact other emerging markets, primarily in Asia. and could undermine efforts to address already high debt levels and increase medium-term risks.

These and other related events such as concerns over recession, inflation or deflation, energy costs, geopolitical issues, slowdown in economic growth in China and Renminbi devaluation, commodity prices and the availability and cost of credit may have had a significant impact on the global credit and financial markets as a whole, including reduced liquidity, greater volatility, widening of credit spreads and a lack of price transparency in the United States and global credit and financial markets. A lack of clarity over the process for managing the exit and uncertainties surrounding the economic impact could lead to a further slowdown and instability in financial markets. In addition, any increase in interest rates by the United States Federal Reserve will lead to an increase in the borrowing costs in the United States which may in turn impact global borrowing as well. This and any prolonged financial crisis may have an adverse impact on the Indian economy, and in turn on our business, financial condition and results of operations.

In response to these and other developments, legislators and financial regulators in the United States and other jurisdictions, including India, implemented a number of policy measures designed to add stability to the financial markets. See "*Supervision and Regulation*". However, the overall long-term impact of these and other legislative and regulatory efforts on the global financial markets is uncertain, and they may not have had the intended stabilizing effects. Any significant financial disruption in the future could have an adverse effect on the Bank's cost of funding, loan portfolio, business, future financial performance and the trading price of the Notes. Adverse economic developments overseas in countries where the Bank has operations could have a material adverse impact on the Bank and the trading price of the Notes.

Increased volatility or inflation of commodity prices in India could adversely affect the Bank's business.

The price of Brent crude oil has declined substantially from approximately U.S.$68.4 per barrel in March 2019 to approximately U.S.$23 per barrel in March 2020, primarily as a result of the oil price fluctuations due to geo-political tensions, price war between oil producing groups and nations and the over-supply of oil as a result of demand side shock due to the COVID-19 pandemic. Volatility in the price of crude oil could adversely affect the Indian economy and the Indian banking and financial system in particular, including through volatility in the rate of inflation and a higher trade deficit which could, in turn, adversely affect the Bank's business.

In recent months, consumer and wholesale prices in India have exhibited subdued inflationary trends, as the result of a decrease in crude oil prices, lower international commodity prices, and lower domestic food prices. The Consumer Price Index declined from 3.6% (average) in fiscal 2018 to 3.4% (average) in fiscal 2019, and increased to 4.8% (average) in fiscal 2020. Although the decrease in crude oil and other commodity prices in recent months have exhibited lower inflationary trends, in the past there have been several periods of sharp increases in global crude oil prices since 2004 due to increased demand and speculation and pressure on production and refinery capacity, and political and military tensions in key oil-producing regions, among other factors. Any increased volatility in the rate of inflation domestically or in global commodity prices, in particular oil and steel prices, could adversely affect the Bank's borrowers and contractual counterparties. The Bank cannot predict the duration of these negative events and their ongoing impact on Indian economy.

Although the RBI has enacted certain policy measures designed to curb inflation, these policies may not be successful. As the Bank's business consists of sizable contributions from the retail and agricultural segments, any slowdown in the growth of the housing, automobile or agricultural sectors could increase the cost of servicing its non-Rupee-denominated debt, including the Notes, and adversely impact the Bank's business, financial conditions and results of operations.

Trade deficits could have a negative effect on the Bank's business and the trading price of the Notes.

India's trade relationships with other countries can influence Indian economic conditions. The merchandise trade deficit was U.S.$162 billion in fiscal 2018 and U.S.$184 billion in fiscal 2019, compared with U.S.$ 153 billion in fiscal 2020. This large merchandise trade deficit neutralizes the surpluses in India's trade derived from international trade in services, net income from financial assets, labor and property and cross-border transfers of mainly workers' remittances in the current account, resulting in a current account deficit. If India's trade deficits increase or become unmanageable, the Indian economy, and therefore the Bank's business, future financial performance and the trading price of the Notes could be adversely affected.

A decline in India's foreign exchange reserves may affect liquidity and interest rates in the Indian economy, which could have an adverse impact on the Bank. A rapid decrease in reserves would also create a risk of higher interest rates and a consequent slowdown in growth.

A decline in India's foreign exchange reserves could result in reduced liquidity and higher interest rates in the Indian economy as well as an adverse effect on the valuation of the Rupee. Flows to foreign exchange reserves in India have been volatile in the past and may continue to be volatile in the future. Foreign exchange reserves increased by U.S.$369.96 billion from fiscal 2017 to U.S.$424 billion in fiscal 2018. In fiscal 2019, foreign exchange reserves diminished by U.S.$12 billion to U.S.$412 billion. However, in fiscal 2020, foreign exchange reserves increased by U.S.$64 billion to U.S.$ 476 billion.

Declines in foreign exchange reserves could adversely affect the valuation of the Rupee and could result in reduced liquidity and higher interest rates that could adversely affect the future financial performance of the Bank and the trading price of the Notes.

The Bank is subject to risks relating to the stability of the Indian financial system.

The Bank is exposed to the risks of the Indian financial system, which in turn may be affected by financial difficulties and other problems faced by certain Indian financial institutions. See *"- Financial instability in other countries may cause increased volatility in Indian financial markets"*. As an emerging market economy, the Indian financial system faces risks not typically faced in developed countries, including the risk of deposit runs, notwithstanding the existence of a national deposit insurance scheme. Certain Indian financial institutions have experienced difficulties during recent years. Some cooperative banks have also faced serious financial and liquidity crises. The problems faced by individual Indian financial institutions and any instability in or difficulties faced by the Indian financial system generally could create adverse market perception about Indian financial institutions and banks. This in turn could adversely affect the Bank's business, future financial performance and the price of the Notes.

According to the RBI's financial stability report, December 2019, credit growth of scheduled commercial banks remained subdued at 8.7% year-on-year in September 2019, although private sector banks registered credit growth of 16.5%. CRAR of the scheduled commercial banks improved to 15.1% in September 2019 from 14.3% in March 2019 after the recapitalization of public sector banks by the Government of India. If the macro economic conditions in India deteriorate, the system level CRAR may decline significantly.

While the gross NPA ratio of the scheduled commercial banks remained unchanged at 9.3% between March 2019 and September 2019, net NPA ratio of scheduled commercial banks declined in September 2019, reflecting increased provisioning. The aggregate provision coverage ratio of all scheduled commercial banks increased to 61.5% in September 2019 from 60.5% in March 2019. Macro-stress tests for credit risk show that under the baseline scenario, the gross NPA ratio of scheduled commercial banks may decrease from 9.3% in September 2019 to 9% by September 2020 primarily due to macroeconomic changes, marginal increase in slippages and the denominator effect of declining credit growth. Recent developments in the NBFC sector have brought the sector under greater market discipline as the better performing companies continue to raise funds while those with asset-liability mismatch issues and/or asset quality concerns are subject to higher borrowing costs.

Major sector indicators as at the dates indicated are provided in the table below:

	Public Sector Banks		**Private Sector Banks**		**Foreign Banks**	
₹billion (unless otherwise specified)	**2019**	**Growth %/ Change**	**2019**	**Growth %/ Change**	**2019**	**Growth %/ Change**
Deposits..	84,862	2.7%	37,700	15.6%	5,819	17.0%

₹billion (unless otherwise specified)	Public Sector Banks 2019	Growth %/ Change	Private Sector Banks 2019	Growth %/ Change	Foreign Banks 2019	Growth %/ Change
Advances	59,263	4.0%	33,275	17.4%	3,967	12.8%
Investments	27,024	-3.2%	12,197	10.5%	3,834	22.4%
Credit deposit ratio	69.8%	+ 88 bps	88.3%	+ 135 bps	68.18%	- 257 bps
Net NPA to net Advances	4.8%	- 317 bps	2.0%	- 126 bps	0.52%	+ 12 bps
RoAA	-0.7%	+ 20 bps	0.6%	- 26 bps	1.5%	+ 15 bps

Source: IBA, Key Business Statistics; does not include small finance banks

The Bank has little or no control over any of these factors or trends and may be unable to anticipate changes in economic conditions. Adverse effects on the Indian banking system could impact the Bank's funding, profitability, asset quality or NPAs and adversely affect the Bank's business growth and as a result, impact future financial performance and the market price of the Notes. In addition, any impact on the banking system as a result of the ongoing volatility in the financial markets, including the recent slowdown in the Chinese economy, could have a material adverse impact on the Bank's business. For further details, see "*Indian Financial Sector*".

The United Kingdom's withdrawal from the European Union may have a negative effect on global economic conditions, financial markets and the Bank's business.

Following a national referendum and enactment of legislation by the government of the United Kingdom, the United Kingdom formally withdrew from the European Union on 31 January 2020 and entered into a transition period during which it will continue its ongoing and complex negotiations with the European Union relating to the future trading relationship between the parties. Significant political and economic uncertainty remains about whether the terms of the relationship will differ materially from the terms before withdrawal, as well as about the possibility that a so-called "no deal" separation will occur if negotiations are not completed by the end of the transition period.

These developments, or the perception that any of them could occur, have had and may continue to have a material adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global market liquidity, restrict the ability of key market participants to operate in certain financial markets or restrict the Bank's access to capital. This could have a material adverse effect on the Bank's business, financial condition and results of operations and reduce the price of the Notes.

Indian accounting principles differ from those which prospective investors may be familiar with in other countries. In addition, the effects of the planned convergence with, and adoption of, IFRS are uncertain.

The Bank's financial statements as of and for the years ended 31 March 2018, 2019 and 2020 are prepared in accordance with Indian GAAP, and no attempt has been made to reconcile any of the information given in this Offering Circular to any other principles or to base it on any other standards. Indian GAAP differs from accounting principles with which prospective investors may be familiar in other countries, including the United States and the United Kingdom. In addition, there may be less publicly available information about Indian public companies, such as the Bank, than is regularly made available by public companies in such other countries. See "*–There may be less information available about companies listed on Indian securities markets* *than about companies listed on securities markets in other countries"*. Public companies in India, including the Bank, have been required to prepare financial statements under Ind AS according to the implementation roadmap drawn up by the Indian Ministry of Corporate Affairs. The Bank may be adversely affected by this transition.

The Ministry of Corporate Affairs, in its press release dated 18 January 2016, issued a roadmap for implementation of Ind AS converged with IFRS for scheduled commercial banks, insurers, insurance companies and non-banking financial companies. This roadmap requires all financial institutions (including the Bank) to prepare Ind AS-based financial statements for the accounting periods beginning from 1 April 2018 onwards with comparatives for the periods ending 31 March 2018 and thereafter. The RBI, by its circular dated 11 February 2016, required all scheduled commercial banks to comply with Ind AS for financial statements for the periods stated above. However, the RBI on 5 April 2018 deferred the applicability of Ind AS by one year for commercial banks. Further, the RBI on 22 March 2019 deferred the implementation of Ind AS, until further notice.

The RBI does not permit banks to adopt Ind AS earlier than the official implementation timelines. However, the Bank's IT systems and other processes are already in the advanced stages of Ind AS implementation.

Ind AS 109 – Financial Instruments (a standard equivalent to International Financial Reporting Standard 9) would have a significant impact on the way financial assets and liabilities are classified and measured, resulting in volatility in profit or loss and equity. Ind AS will change, among other things, the Bank's methodology for estimating allowances for probable loan losses and for classifying and valuing its investment portfolio and its revenue recognition policy. There can be no assurance that the Bank's financial condition, results of operations, cash flows or changes in shareholders' equity will not appear materially worse under Ind AS than under current Indian GAAP.

In the Bank's transition to Ind-AS reporting, the Bank may encounter difficulties in the ongoing process of implementing and enhancing its management information systems. Furthermore, there is no significant body of established practice on which to draw in forming judgements regarding the new system's implementation and application. There is also increasing competition for the small number of experienced accounting personnel familiar with Ind-AS accounting standards as more Indian companies begin to prepare Ind-AS financial statements. There can be no assurance that the Bank's adoption of Ind-AS will not adversely affect its reported results of operations or financial condition, and any failure to successfully adopt Ind-AS could adversely affect the Bank's business, financial condition and results of operations.

The Bank's business may be adversely affected by changes in competition laws in India.

The Competition Act, 2002, as amended from time to time (the **Competition Act**), was enacted for the purpose of preventing practices having an adverse effect on competition in India, and has mandated the Competition Commission of India to regulate such practices. Under the Competition Act, such practices include any arrangement, understanding or action, whether formal or informal, which causes or is likely to cause an appreciable adverse effect on competition in India is void and may result in substantial penalties. Any agreement among competitors that directly or indirectly determines purchase or sale prices; directly or indirectly results in bid rigging or collusive bidding; limits or controls production, supply, markets, technical development, investment or the provision of services; or shares the market or source of production or provision of services by way of allocation of geographical area or types of goods or services or number of customers in the relevant market or any other similar way, is presumed to have an appreciable adverse effect on competition in the relevant market in India and is void. Furthermore, the Competition Act prohibits the abuse of dominant position by any enterprise. If it is proved that the contravention committed by a company took place with the consent or connivance or is attributable to any neglect on the part of, any director, manager, secretary or other officer of such company, that person shall be guilty of the contravention and may be punished. If the Bank or any of its employees is penalized under the Competition Act, the Bank's business may be adversely affected.

If the Bank is affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act or any enforcement proceedings initiated by the Competition Commission of India or any other relevant authority under the Competition Act or any claim by any party under the Competition Act or any adverse publicity that may be generated due to scrutiny or prosecution by the Competition Commission of India, the Bank's business and financial performance may be materially and adversely affected.

The implementation of the General Anti-Avoidance Rules could adversely affect the Bank's business, future financial performance, and the trading price of the Notes.

The General Anti-Avoidance Rules (**GAAR**) provisions became effective on 1 April 2017. GAAR codifies the principle of substance over form. Under the GAAR provisions, an arrangement the main purpose of which is to obtain a tax benefit and which lacks commercial substance will be considered as an "impermissible avoidance arrangement". In addition, the Bank has to establish that its transactions are not undertaken with the main objective of tax avoidance but are backed by commercial and economic substance.

As the provisions of GAAR are subjective in nature, its effect on the banking system cannot be determined as at the date of this Offering Circular and therefore, there can be no assurance that the implementation of GAAR would not adversely affect the Bank's business, future financial performance and the trading price of the Notes.

Natural calamities, terrorist attacks, civil disturbances, outbreaks of contagious diseases, power outages and other disruptions could have a negative impact on the Indian economy and could cause the Bank's business to suffer and the trading price of the Notes to decrease.

India has experienced natural calamities such as earthquakes, floods and drought in the recent past, with the most recent example being the global outbreak of COVID-19 described above. The extent and severity of these natural disasters determine their impact on the Indian economy. For example, in fiscals 2015 and 2016, many parts of India received significantly less than normal rainfall, which significantly impacted the performance of the agricultural sector. An erratic monsoon season could also adversely affect sowing operations for certain crops and result in a decline in the growth rate of the agricultural sector. Prolonged spells of below-normal rainfall in the country or other natural calamities could have a negative impact on the Indian economy, adversely affecting the Bank's business and potentially causing the trading price of the Notes to decrease. For example, recent floods in the Indian state of Kerala led to the dislocation of the local population, which had have affected normal functioning of the branches located in that particular region.

In addition, influenza A H5N1 has had a profound effect on the poultry industry and Nipah virus encephalitis, is an emerging infectious disease of public health importance in Asia. India's southern state of Kerala was put under a lot of stress in May 2018 due to an outbreak of the Nipah virus. Asia is home to dynamic systems in which biological, social, ecological, and technological processes interconnect in ways that enable microbes to exploit new ecological niches. These processes include population growth and movement, urbanization, changes in food production, agriculture and land use, water and sanitation, and the effect of health systems through generations of drug resistance. There can be no assurance that the ongoing situation caused by the COVID-19 pandemic or a future outbreak of an infectious disease among humans or animals (if any) or any other serious public health concern will not have a material adverse effect on our business, financial condition and results of operations.

India has from time to time experienced instances of social, religious and civil unrest and hostilities between neighboring countries. In June 2020, the clash between China and Indian soldiers in the Galwan River Valley resulted in numerous fatalities, which led to increased tension between the two countries. Present relations between India and Pakistan continue to be fragile on the issues of terrorism, armaments and Kashmir.

In April 2019, skirmishes along India's border with Pakistan and the downing of an Indian military jet fighter plane significantly escalated tensions between the two countries. India has also experienced terrorist attacks in some parts of the country. In November 2008, several coordinated shooting and bombing attacks occurred across Mumbai, India's financial capital. These attacks resulted in loss of life, property and business. Military activity or terrorist attacks in the future could influence the Indian economy by disrupting communications and making travel more difficult and such political tensions could create a greater perception that investments in Indian companies involve higher degrees of risk. Events of this nature in the future, as well as social and civil unrest within other countries in Asia, could influence the Indian economy and could have a material adverse effect on the market for securities of Indian companies, including the trading price of the Notes.

A number of countries in Asia, including India, as well as countries in other parts of the world, are susceptible to contagious diseases and, for example, have had confirmed cases of the highly pathogenic H7N9, H5N1 and H1N1 strains of influenza in birds and swine. Certain countries in Southeast Asia have reported cases of bird-to-human transmission of avian and swine influenza, resulting in numerous human deaths. The World Health Organisation and other agencies have issued warnings on a potential avian or swine influenza pandemic if there is sustained human-to-human transmission. Future outbreaks of avian or swine influenza or a similar contagious disease could adversely affect the Indian economy and economic activity in the region. As a result, any present or future outbreak of avian or swine influenza or other contagious disease could have a material adverse effect on the Bank's business and the trading price of the Notes.

Exchange rate risks and exchange controls

We will pay principal and interest on the Notes in the currency specified in the relevant Pricing Supplement (the **Specified Currency**). This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (i) the Investor's Currency equivalent yield on the Notes, (ii) the Investor's Currency equivalent value of the principal payable on the Notes and (iii) the Investor's Currency equivalent market value of the Notes. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal at all.

Interest rate risks

Investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of them.

Credit ratings may not reflect all risks

The Programme is expected to be rated Baa3 by Moody's Investors Service Limited in respect of senior unsecured notes, BB+ by S&P Global Ratings and BB+ by Fitch Ratings Ltd.. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

Risks Relating to the Notes

The Notes are unsecured obligations, the repayment of which may be jeopardised in certain circumstances.

Because the Notes are unsecured obligations, their repayment may be compromised if:

- the Bank enters into bankruptcy, liquidation, reorganisation or other winding-up procedures;
- there is a default in payment under the Bank's future secured indebtedness or other unsecured indebtedness; or
- there is an acceleration of any of the Bank's indebtedness.

If any of these events occurs, the Bank's assets may not be sufficient to pay amounts due on any of the Notes.

Payment of principal of the Notes may be accelerated only in certain events involving the Bank's bankruptcy, winding-up or dissolution or similar events, or if certain conditions have been satisfied. See "*Terms and Conditions of the Notes – Events of Default and Enforcement*".

The Notes that are Subordinated Notes are subordinated and have only limited rights of acceleration.

The relevant Pricing Supplement may specify that the Notes will be Subordinated Notes (as defined in Condition 2.2 of the Terms and Conditions of the Notes), which will be subordinated obligations of the Bank. Payments on the Subordinated Notes will be subordinate in right of payment upon the winding-up or liquidation of the Bank to the prior payment in full of all deposits and other liabilities of the Bank, except those liabilities which rank equally with or junior to the Subordinated Notes. As a consequence of these subordination provisions, in the event of a winding-up of the Bank's operations, the holders of the Subordinated Notes may recover proportionately less than the holders of the Bank's deposit liabilities or the holders of its other unsubordinated liabilities.

Only those events described herein regarding the Bank's winding-up or liquidation will permit a holder of a Subordinated Note to accelerate payment of such Subordinated Notes. In such event, the only action the holder may take in India against the Bank is certain actions to cause, or make a claim in, the Bank's liquidation or reorganisation. Furthermore, if the Bank's indebtedness were to be accelerated, its assets may be insufficient to repay in full borrowings under all such debt instruments, including the Notes.

The Notes may not qualify as Tier II capital.

In the event the Notes are designated as Upper Tier II Subordinated Notes or Lower Tier II Subordinated Notes in the applicable Pricing Supplement, there is no guarantee that the Notes designated as Upper Tier II Subordinated Notes or Lower Tier II Subordinated Notes will qualify as Tier II capital under the capital adequacy requirements published by the RBI. The Programme terms and conditions related to Subordinated Notes do not meet the Basel III Guidelines. The Basel III guidelines do not envisage, *inter alia,* separate Upper Tier II and Lower Tier II capital instruments. The Basel III Guidelines specifically provide that non-Basel III-compliant regulatory capital instruments should be phased out beginning 1 January 2013. Consequently, Subordinated Notes under the current Programme Terms and Conditions will not qualify as Tier II capital under the Basel III Guidelines. The Programme Terms and Conditions will be updated to conform to the Basel III Guidelines prior to any new issuance of Tier II capital instruments. See "*Supervision and Regulation – the RBI Regulations – Capital Adequacy Requirements".* The failure of the Notes to qualify as Tier II capital due to any reason (including changes in law, regulations or interpretations of the RBI or other Government authorities) would adversely affect the Bank's capital adequacy ratio.

The Hybrid Tier I Notes may not qualify as Tier I capital.

There is no guarantee that the Hybrid Tier I Notes will qualify as Tier I capital. The Programme terms and conditions related to Hybrid Tier I Notes do not meet the Basel III Guidelines. The Basel III Guidelines specifically provide that non-Basel III-compliant regulatory capital instruments should be phased out beginning 1 January 2013. Consequently, Hybrid Tier I Notes under the current Programme Terms and Conditions would not qualify as additional Tier I capital under the Basel III Guidelines. The Programme Terms and Conditions will be updated to conform to the Basel III Guidelines prior to any new issuance of additional Tier I capital instruments. See *"Supervision and Regulation – the RBI Regulations – Capital Adequacy Requirements"* in the Offering Circular. The failure of the Hybrid Tier I Notes to qualify as Tier I capital due to any reason (including changes in laws, regulations or interpretations of the RBI or other governmental authorities) would adversely affect the Issuer's capital adequacy ratio.

The Notes may have limited liquidity.

The Notes constitute a new issue of securities for which there is no existing market. Application has been made to list the Notes on the SGX-ST and the International Securities Market (**ISM**) of the London Stock Exchange. The offer and sale of the Notes is not conditional upon obtaining a listing of the Notes on either the SGX-ST or the ISM or any other exchange.

No assurance can be given as to the liquidity of, or the development and continuation of an active trading market for, the Notes. If an active trading market for the Notes does not develop or is not maintained, the market price and liquidity of the Notes may be adversely affected. If such a market were to develop, the Notes could trade at prices that may be higher or lower than the price at which the Notes are issued, depending on many factors, including:

- prevailing interest rates;
- the Bank's results of operations and financial condition;
- political and economic developments in and affecting India;
- the market conditions for similar securities; and
- the financial condition and stability of the Indian financial sector.

Definitive Notes may not be available in certain denominations and investors who hold less than the minimum Specified Denomination may be unable to sell their Notes and may be adversely affected if definitive Notes are subsequently required to be issued.

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination. Furthermore, a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination.

If such Notes in definitive form are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Interest Amounts on the Hybrid Tier I Notes are not cumulative and will not be required to be paid under certain circumstances.

Interest may not be paid in full, or at all, in certain situations described in Condition 2.3(c). Interest payments on the Hybrid Tier I Notes are not cumulative. Accordingly, if interest is not paid on any Interest Payment Date as a result of the foregoing, holders of the Hybrid Tier I Notes will not be entitled to receive such interest on any subsequent Interest Payment Date or any other date.

The Hybrid Tier I Notes have no fixed maturity date and investors have no right to call for redemption of the Hybrid Tier I Notes.

The Hybrid Tier I Notes are perpetual unless the Issuer elects to redeem the Hybrid Tier I Notes. Accordingly, the Hybrid Tier I Notes have no fixed final redemption date. In addition, holders of the Hybrid Tier I Notes have no right to call for the redemption of the Hybrid Tier I Notes. Although the Issuer may redeem the Hybrid Tier I Notes at its option on the Optional Redemption Date or at any time following the occurrence of certain tax and regulatory events, there are limitations on redemption of the Hybrid Tier I Notes, including obtaining the prior written approval of the RBI and satisfaction of any conditions that the RBI and other relevant Indian authorities may impose at the time of such approval.

Investors will have limited rights under the Hybrid Tier I Notes.

Investors will not be entitled to receive notice of, or attend or vote at, any meeting of shareholders of the Issuer or participate in the management of the Issuer, except in limited circumstances (including certain instances of failure by the Issuer to make payments of amounts due in relation to the Hybrid Tier I Notes).

In the event of a default in payment on the Hybrid Tier I Notes, investors will have no right to accelerate payments on the Hybrid Tier I Notes, except if a court order is made or an effective resolution is passed for the winding-up of the Issuer.

The Hybrid Tier I Notes are subordinated to most of the Issuer's liabilities and the terms of the Hybrid Tier I Notes contain no limitation on issuing debt or senior or pari passu securities.

The Hybrid Tier I Notes will constitute unsecured and subordinated obligations of the Issuer which rank *pari passu* and without preference among themselves. The Hybrid Tier I Notes are not deposits and are not insured by the Issuer or guaranteed or insured by any party related to the Issuer and they may not be used as collateral for any loan made by the Issuer. In the event of a winding-up of the Issuer's operations, the claims of the holders of the Hybrid Tier I Notes will be subordinated in right of payment to the prior payment in full of all of the Issuer's other liabilities (whether actual or contingent, present or future) including all deposit liabilities and other liabilities of the Issuer and all of the Issuer's offices and branches, except those liabilities that by their terms rank equal with or junior to the Hybrid Tier I Notes.

As a consequence of the subordination provision, in the event of a winding-up of the Issuer's operations, the holders of the Hybrid Tier I Notes may recover less rateably than the holders of deposit liabilities or the holders of the Issuer's other liabilities that rank senior to the Hybrid Tier I Notes. The Hybrid Tier I Notes, the Trust Deed and the Agency Agreement do not limit the amount of liabilities ranking senior to the Hybrid Tier I Notes that may be hereafter incurred or assumed by the Issuer except for certain Tier I instruments.

Reliance on Euroclear, Clearstream, Luxembourg and DTC procedures.

Notes issued under the Programme will be represented on issue by one or more Global Notes that may be deposited with a Common Depositary for Euroclear and Clearstream, Luxembourg or may be deposited with a nominee for DTC. Except in the circumstances described in each Global Note, investors will not be entitled to receive Notes in definitive form. Each of DTC, Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants will maintain records of the beneficial interests in each Global Note held through it. While the Notes are represented by a Global Note, investors will be able to trade their beneficial interests only through the relevant clearing systems and their respective participants.

While the Notes are represented by Global Notes, the Issuer will discharge its payment obligation under the Notes by making payments through the relevant clearing systems. A holder of a beneficial interest in a Global Note must rely on the procedures of the relevant clearing system and its participants to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in any Global Note.

Holders of beneficial interests in a Global Note will not have a direct right to vote in respect of the Notes so represented. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing systems and its participants to appoint appropriate proxies.

U.S. withholding on "dividend equivalent payments" may affect payments on the Notes.

Under Section 871(m) of the Code and the U.S. Treasury regulations published thereunder (**Section 871(m)**), a 30 per cent. withholding tax will be imposed on amounts attributable to U.S.-source dividends that are paid or "deemed paid" under certain financial instruments if certain conditions are met (such instruments, **Specified ELIs**). If the Issuer or any withholding agent determines that withholding is required, neither the Issuer nor any withholding agent will be required to pay any additional amounts with respect to amounts so withheld. Additionally, the Issuer may withhold at a rate of 30 per cent. tax on any payment on the Notes in respect of any amount treated as a "dividend equivalent" arising with respect to such Notes regardless of any exemption from, or reduction in, such withholding otherwise available under applicable law (including, for the avoidance of doubt, where a Noteholder is eligible for a reduced tax rate under an applicable tax treaty with the United States). A Noteholder may be able to claim a refund of any excess withholding provided that the required information is timely furnished to the U.S. Internal Revenue Service. Prospective investors should refer to the section "*Taxation –U.S. Withholding on Dividend Equivalent Payments.*"

For purposes of withholding under the U.S. Foreign Account Tax Compliance Act, commonly known as FATCA, Specified ELIs are subject to a different grandfathering rule than other Notes. Prospective investors should refer to the section "*Taxation – Foreign Account Tax Compliance Act*".

Singapore Taxation Risk

The Notes to be issued from time to time under the Programme, during the period from the date of this Offering Circular to 31 December 2023 are, pursuant to the Income Tax Act, Chapter 134 of Singapore (the **Income Tax Act**) and the MAS Circular FDD Cir 11/2018 entitled "Extension of Tax Concessions for Promoting the Debt Market" issued by the Monetary Authority of Singapore (**MAS**) on 31 May 2018, intended to be "qualifying debt securities" for the purposes of the Income Tax Act, subject to the fulfilment of certain conditions more particularly described in the section "Taxation – Singapore Taxation". However, there is no assurance that the Notes will continue to enjoy the tax concessions in connection therewith should the relevant tax laws or MAS circulars be amended or revoked at any time.

If the Notes are not regarded as debt securities for the purposes of the Income Tax Act or the interest payments made under the Notes are not regarded as interest payable on indebtedness and/or holders thereof are not eligible for the tax concessions under the qualifying debt securities scheme, the tax treatment to holders may differ. No assurance, warranty or guarantee is given on the tax treatment to investors and holders of the Notes in respect of the interest payable to them. Investors and holders of the Notes should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding and disposal of the Notes. There is no assurance that the Inland Revenue Authority of Singapore will agree to treat the Notes as debt securities and interest payments as interest payable on indebtedness.

Fungible Issue.

The Issuer may, without notice to, or the consent of, the holders of outstanding Notes, issue additional Notes with identical terms. These additional Notes, even if they are treated for non-tax purposes as part of the same series as the original Notes, in some cases may be treated as a separate series for U.S. federal income tax purposes. In such a case, the additional Notes may be considered to have been issued with original issue discount (**OID**) for U.S. federal income tax purposes, even if the original Notes had no OID, or the additional Notes may have a greater amount of OID than the original Notes. These differences may affect the market value of the original Notes if the additional Notes are not otherwise distinguishable from the original Notes.

Payments under the Notes or redemption of Notes may be subject to RBI guidelines regarding remittances of funds outside India.

If the Bank is unable to make payments with respect to the Notes from its overseas branches and instead makes payments from India, such payments shall be subject to RBI regulations governing the remittance of funds outside of India. The Bank is under no obligation to maintain liquidity at its overseas branches to make interest payments due on the Notes. Any approval for the remittance of funds outside of India is at the discretion of the RBI. Therefore, any payments under the Notes, including on account of indemnity, if made from India, will require the prior approval of the RBI. The Bank can give no assurance that it will be able to obtain such approvals.

The implementation of Basel III guidelines may have an adverse effect on the position of the Noteholders.

On 17 December 2009, the Basel Committee proposed a number of fundamental reforms to the regulatory capital framework in its consultative document entitled "Strengthening the Resilience of the Banking Sector" (**Basel III**). On 16 December 2010 and on 13 January 2011, the Basel Committee issued its final guidance on Basel III and minimum requirements, respectively. The Basel Committee proposed that the guidelines be implemented from 1 January 2013. On 2 May 2012, the RBI published its Basel III Guidelines. The Basel III Guidelines came into effect on 1 April 2013, and are subject to a series of transitional arrangements to be phased in over a period of time. The RBI has indicated that the capital requirements for the implementation of the Basel III Guidelines may be lower during the initial period and higher in later years. The Basel III Guidelines require, among other things, higher levels of Tier I capital, including common equity, capital conservation buffers, deductions from regulatory capital for investments in subsidiaries (with minority interest), changes in the structure of debt instruments eligible for inclusion in Tier I and Tier II capital and preference shares in Tier II capital, criteria for classification as common shares, methods to deal with credit risk and reputational risk, capital charges for credit risks, introduction of a leverage ratio and criteria for investments in capital of banks, financial and insurance entities (including restricting the quantum to 10 per cent. of capital funds). The Basel III Guidelines also stipulate that non-equity Tier I and Tier II capital should have loss absorbency characteristics, which require them to be written down or converted into common equity upon the occurrence of a pre-specified trigger event.

In addition, the Basel Committee published a guidance report titled "Principles for Sound Liquidity Risk Management and Supervision" in September 2008 to address the deficiencies that were witnessed in liquidity risk management during the global financial crisis prevailing then. This was followed by the publication of "Basel III: the net stable funding ratio" and "Group of Governors and Heads of Supervision endorses revised liquidity standard for banks" in October 2014 and January 2013, respectively which introduced two minimum global regulatory standards, namely the liquidity coverage ratio (**LCR**) and the net stable funding ratio (**NSFR**) and a set of monitoring tools. The LCR promotes short-term resilience of banks to potential liquidity disruptions by ensuring that they have adequate stock of unencumbered high-quality liquid assets to survive an acute liquidity stress scenario lasting for 30 days. The NSFR promotes resilience over longer-term time horizons by creating additional incentives for banks to fund their activities with more stable sources of funding on an on-going basis. The RBI in its draft guidelines dated 21 February 2012 titled "Liquidity Risk Management and Basel III Framework on Liquidity Standards – Draft Guidelines" had provided certain metrics for the calculation of LCR and NSFR and had made compliance with LCR binding for all regulated banks, including the Bank, from 1 January 2015 and encouraged compliance on a "best efforts" basis until then. In November 2012, the RBI released guidelines on liquidity risk management and the Basel III framework on liquidity standards that have been revised by the RBI and the final guidelines have been issued on 9 June 2014. In the circular dated 9 June 2014, the RBI had directed that LCR will be introduced in a phased manner starting with a minimum requirement of 60 per cent. from 1 January 2015 which will gradually increase to 100 per cent. by 1 January 2019 and proposed the monitoring and reporting of the LCR. However, in order to accommodate the burden on banks' cash flows on account of the COVID-19 pandemic, the RBI *vide* its circular dated April 17, 2020, has permitted banks to maintain LCR as provided thereunder.

The RBI had also proposed an NSFR designed to ensure a minimum amount of funding that is expected to be stable over a one-year period and issued final guidelines on net stable funding ratio, on 17 May 2018. For banks in India, the RBI had released the final guidelines and prescribed NSFR of at least 100% from 1 April 2020, pursuant to its circular dated 29 November 2018. However, in view of the exceptional conditions due to COVID-19, the RBI by way of its notification dated 27 March 2020, deferred the NSFR implementation to 1 October 2020. Thus, as of the date of this Offering Circular, the NSFR is yet to be implemented.

The RBI and/or any other relevant authority, including the relevant regulatory authorities in the jurisdictions which the Bank's branches are located, may implement the package of reforms, including the terms that capital securities are required to have, in a manner that is different from that which is currently envisaged, or may impose more onerous requirements. Though the Bank has successfully managed the LCR requirements since 1 January 2015, there can be no assurance that the Bank will be able to meet liquidity risk management requirements by the required deadline.

The Notes that are Subordinated Notes may be subject to write-off or conversion on the occurrence of a Non-Viability Event or if the Issuer becomes subject to resolution.

The Basel Committee has proposed a number of fundamental reforms to the regulatory capital framework for internationally active banks that are designed, in part, to ensure that capital instruments issued by such banks fully absorb losses before tax-payers are exposed to loss (the **Basel III Reforms)**. The principal elements of the Basel III Reforms are set out in Basel Committee papers dated 16 December 2010 (as revised in June 2011) and in a press release dated 13 January 2011. The implementation of the Basel III Reforms in individual jurisdictions was scheduled to commence on 1 January 2013 (with the requirements being subject to a series of transitional arrangements and phased in over time), although in a number of jurisdictions it has been delayed. In India, the Basel III Guidelines came into effect on 1 April 2013, and are subject to a series of transitional arrangements to be phased in over a period of time.

The Basel III Reforms include a requirement for all non-common Tier I instruments and Tier II instruments (such as the Subordinated Notes), at the option of the relevant authority, to either be written off or converted into ordinary shares upon the occurrence of a Non-Viability Event (the **PoNV rule)**. The PoNV rule may be met contractually (by inclusion of appropriate provisions in the terms and conditions of the instrument) or by the existence of laws in a jurisdiction that give relevant authorities appropriate powers. In India, the PoNV rule has been implemented as a requirement for appropriate provisions to be included in the terms and conditions of the instrument. A **Non-Viability Event** under the Indian regulations means the earlier of: (a) a decision that a conversion or write-off, without which the relevant bank would become non-viable, is necessary, as determined by the RBI; and (b) the decision to make a public sector injection of capital, or equivalent support, without which the relevant bank would have become non-viable, as determined by the RBI.

The terms and conditions of the Subordinated Notes do not contain a provision that requires them to be written off or converted into equity (whether on the occurrence of a Non-Viability Event or otherwise). Such a provision will be included in the applicable Pricing Supplement for an issuance of Subordinated Notes.

It will be difficult to predict when, if at all, a principal write-off or conversion to equity will occur. Accordingly, trading behaviour in respect of the Subordinated Notes is not necessarily expected to follow the trading behaviour associated with other types of securities. Potential investors in the Subordinated Notes should consider the risk that a holder may lose all of its investment, including the principal amount plus any accrued interest, if such statutory loss absorption measures are acted upon.

Furthermore, there can be no assurance that the Basel Committee will not propose further amendments to the Basel Accord or that the relevant authorities in India will not impose requirements on banks that are more onerous than those contained in the Basel III Reforms. Further changes in law after the date hereof may affect the rights of holders of the Subordinated Notes as well as the market value of the Subordinated Notes.

Future discontinuance of LIBOR may adversely affect the value of Floating Rate Notes which reference LIBOR.

On 27 July 2017, the Chief Executive of the United Kingdom Financial Conduct Authority, which regulates LIBOR, announced that it does not intend to continue to persuade, or use its powers to compel, panel banks to submit rates for the calculation of LIBOR to the administrator of LIBOR after 2021. The announcement indicates that the continuation of LIBOR on the current basis is not guaranteed after 2021. It is not possible to predict whether, and to what extent, panel banks will continue to provide LIBOR submissions to the administrator of LIBOR going forward. This may cause LIBOR to perform differently than it did in the past and may have other consequences that cannot be predicted.

Investors should be aware that, if LIBOR were discontinued or otherwise unavailable, the rate of interest on Floating Rate Notes which reference LIBOR will be determined for the relevant period by the fallback provisions applicable to such Notes. Depending on the manner in which the LIBOR rate is to be determined under the Terms and Conditions, this may in certain circumstances (i) be reliant upon the provision by reference banks of offered quotations for the LIBOR rate which, depending on market circumstances, may not be available at the relevant time or (ii) result in the effective application of a fixed rate based on the rate which applied in the previous period when LIBOR was available. Any of the foregoing could have an adverse effect on the value or liquidity of, and return on, any Floating Rate Notes which reference LIBOR.

The regulation and reform of "benchmarks" may adversely affect the value of Notes linked to or referencing such "benchmarks".

Interest rates and indices which are deemed to be "benchmarks" (including LIBOR) are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, or to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes linked to or referencing such a "benchmark". Regulation (EU) 2016/1011 (the **Benchmarks Regulation**) was published in the Official Journal of the EU on 29 June 2016 and applies from 1 January 2018. The Benchmarks Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. It will, among other things, (i) require benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevent certain uses by EU supervised entities of "benchmarks" of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

The Benchmarks Regulation could have a material impact on any Notes linked to or referencing a "benchmark", in particular, if the methodology or other terms of the "benchmark" are changed in order to comply with the requirements of the Benchmarks Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the "benchmark".

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of "benchmarks", could increase the costs and risks of administering or otherwise participating in the setting of a "benchmark" and complying with any such regulations or requirements. Such factors may have the following effects on certain "benchmarks" (including LIBOR): (i) discourage market participants from continuing to administer or contribute to the "benchmark"; (ii) trigger changes in the rules or methodologies used in the "benchmark"; or (iii) lead to the disappearance of the "benchmark". Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to or referencing a "benchmark".

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmarks Regulation reforms in making any investment decision with respect to any Notes linked to or referencing a "benchmark".

Risks Relating to Renminbi-Denominated Notes.

If in the event that any offering of Notes under the Programme is denominated in Renminbi, the official currency of the PRC, prospective investors should carefully take into account the following considerations, in addition to the other information contained in the Offering Circular, before investing in the Notes.

Renminbi is not freely convertible; there are significant restrictions on remittance of Renminbi into and outside the PRC that may adversely affect the liquidity of Renminbi Notes.

Renminbi is not freely convertible at present. The government of the PRC (the **PRC Government)** continues to regulate conversion between Renminbi and foreign currencies, including the Hong Kong dollar.

However, there has been significant reduction in control by the PRC Government in recent years, particularly over trade transactions involving import and export of goods and services as well as other frequent routine foreign exchange transactions. These transactions are known as current account items.

On the other hand, remittance of Renminbi by foreign investors into the PRC for the settlement of capital account items, such as capital contributions, is generally only permitted upon obtaining specific approvals from, or completing specific registrations or filings with, the relevant authorities on a case-by-case basis and is subject to a strict monitoring system. Regulations in the PRC on the remittance of Renminbi into the PRC for settlement of capital account items are being gradually developed.

There is no assurance that the PRC Government will continue to gradually liberalise control over cross-border remittance of Renminbi in the future, that any pilot schemes for Renminbi cross-border utilisation will not be discontinued or that new regulations in the PRC will not be promulgated in the future that have the effect of restricting or eliminating the remittance of Renminbi into or out of the PRC. In the event that funds cannot be repatriated out of the PRC in Renminbi, this may affect the overall availability of Renminbi outside the PRC and the ability of the Bank to source Renminbi to finance its obligations under Notes denominated in Renminbi.

There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of Renminbi Notes and the Bank's ability to source Renminbi outside the PRC to service such Renminbi Notes.

As a result of the restrictions by the PRC Government on cross-border Renminbi fund flows, the availability of Renminbi outside the PRC is limited. While the People's Bank of China (**PBoC**) has entered into agreements on the clearing of Renminbi business with financial institutions in a number of financial centres and cities (the **Renminbi Clearing Banks),** including but not limited to Hong Kong, and are in the process of establishing Renminbi clearing and settlement mechanisms in several other jurisdictions (the **Settlement Arrangements),** the current size of Renminbi-denominated financial assets outside the PRC is limited.

Although, starting from 1 October 2016, the Renminbi will be added to the Special Drawing Rights basket created by the International Monetary Fund, there are restrictions imposed by PBoC on Renminbi business participating banks in respect of cross-border Renminbi settlement, such as those relating to direct transactions with PRC enterprises. Furthermore, Renminbi business participating banks do not have direct Renminbi liquidity support from PBoC. The Renminbi Clearing Banks only have access to onshore liquidity support from PBoC for the purpose of squaring open positions of participating banks for limited types of transactions and are not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services. In such cases, the participating banks will need to source Renminbi from outside the PRC to square such open positions.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or the Settlement Arrangements will not be terminated or amended in the future which will have the effect of restricting availability of Renminbi outside the PRC. The limited availability of Renminbi outside the PRC may affect the liquidity of the Renminbi Notes. To the extent the Bank is required to source Renminbi in the offshore market to service its Renminbi Notes, there is no assurance that the Bank will be able to source such Renminbi on satisfactory terms, if at all.

Investment in Renminbi Notes is subject to exchange rate risks.

The value of Renminbi against other foreign currencies fluctuates from time to time and is affected by changes in the PRC and international political and economic conditions as well as many other factors. In August 2015, the PBoC implemented changes to the way it calculates the Renminbi's daily mid-point against the U.S. Dollar to take into account market-maker quotes before announcing such daily mid-point. This change, and others that may be implemented, may increase the volatility in the value of the Renminbi against foreign currencies. All payments of interest and principal will be made in Renminbi with respect to Renminbi Notes unless otherwise specified. As a result, the value of these Renminbi payments may vary with the changes in the prevailing exchange rates in the marketplace. If the value of Renminbi depreciates against the U.S. Dollar or another foreign currency, the value of the investment made by a holder of the Renminbi Notes in that foreign currency will decline.

An investment in Renminbi Notes is subject to interest rate risks.

The PRC Government has gradually liberalised its regulation of interest rates in recent years. Further liberalisation may increase interest rate volatility. In addition, the interest rate for Renminbi in markets outside the PRC may significantly deviate from the interest rate for Renminbi in the PRC as a result of foreign exchange controls imposed by PRC law and regulations and prevailing market conditions.

As Renminbi Notes may carry a fixed interest rate, the trading price of the Renminbi Notes will consequently vary with the fluctuations in the Renminbi interest rates. If holders of the Renminbi Notes propose to sell their Renminbi Notes before their maturity, they may receive an offer lower than the amount they have invested.

Payments in respect of Renminbi Notes will only be made to investors in the manner specified in the terms and conditions of the relevant Notes.

Investors may be required to provide certification and other information (including Renminbi account information) in order to be allowed to receive payments in Renminbi in accordance with the Renminbi clearing and settlement system for participating banks in Hong Kong. All Renminbi payments to investors in respect of the Renminbi Notes will be made solely (i) for so long as the Renminbi Notes are represented by Global Notes held with the common depositary for Euroclear and Clearstream, Luxembourg or any alternative clearing system, by transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing Euroclear and/or Clearstream, Luxembourg rules and procedures, or (ii) for so long as the Renminbi Notes are in definitive form, by transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing rules and regulations. Other than described in the Conditions, the Bank cannot be required to make payment by any other means (including in any other currency or in bank notes, by cheque or draft or by transfer to a bank account in the PRC).

Gains on the transfer of the Renminbi Notes may become subject to income taxes under PRC tax laws.

Under the PRC Enterprise Income Tax Law, the PRC Individual Income Tax Law and the relevant implementing rules, as amended from time to time, any gain realised on the transfer of Renminbi Notes by non-PRC resident enterprise holders or individual Holders may be subject to PRC enterprise income tax (**EIT**) or PRC individual income tax (**IIT**) if such gain is regarded as income derived from sources within the PRC. The PRC Enterprise Income Tax Law levies EIT at the rate of 20 per cent. of the gains derived by such non-PRC resident enterprise or individual Holder from the transfer of Renminbi Notes but its implementation rules have reduced the enterprise income tax rate to 10 per cent. The PRC Individual Income Tax Law and its implementation rules (as amended from time to time) levies IIT at a rate of 20 per cent. of the gains derived by such non-PRC resident or individual Holder from the transfer of Renminbi Notes.

However, uncertainty remains as to whether the gain realised from the transfer of Renminbi Notes by non-PRC resident enterprise or individual Holders would be treated as income derived from sources within the PRC and become subject to the EIT or IIT. This will depend on how the PRC tax authorities interpret, apply or enforce the PRC Enterprise Income Tax Law, the PRC Individual Income Tax Law and their respective relevant implementing rules.

According to the arrangement between the PRC and Hong Kong, for avoidance of double taxation, Holders who are residents of Hong Kong, including enterprise Holders and individual Holders, will not be subject to EIT or IIT on capital gains derived from a sale or exchange of the Notes.

If such gains are determined as income sourced in the PRC by the relevant PRC tax authorities, (a) the non-PRC resident enterprise Holders may be subject to EIT at the rate of 10 per cent. of the gains derived by such non-PRC resident enterprise Holders and (b) the non-PRC resident individual Holders may be subject to IIT at the rate of 20 per cent. of the gains derived by such non-PRC resident individual Holders.

Therefore, if non-PRC enterprise or individual resident Holders are required to pay PRC income tax on gains derived from the transfer of Renminbi Notes, unless there is an applicable tax treaty between PRC and the jurisdiction in which such non-PRC enterprise or individual resident holders of Renminbi Notes reside that reduces or exempts the relevant EIT or IIT, the value of their investment in Renminbi Notes may be materially and adversely affected.

Remittance of proceeds in Renminbi into or out of the PRC.

In the event that the Bank decides to remit some or all of the proceeds into the PRC in Renminbi, its ability to do so will be subject to obtaining all necessary approvals from, and/or registration or filing with, the relevant PRC government authorities. However, there is no assurance that the necessary approvals from, and/or registration or filing with, the relevant PRC government authorities will be obtained at all or, if obtained, they will not be revoked or amended in the future.

There is no assurance that the PRC Government will continue to gradually liberalise the control over cross-border Renminbi remittances in the future, that the pilot schemes introduced will not be discontinued or that new PRC regulations will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or outside the PRC. In the event that the Bank does remit some or all of the proceeds into the PRC in Renminbi and the Bank subsequently is not able to repatriate funds out of the PRC in Renminbi, it will need to source Renminbi outside the PRC to finance its obligations under the Renminbi Notes, and its ability to do so will be subject to the overall availability of Renminbi outside the PRC.

SELECTED FINANCIAL AND OPERATING DATA

The following tables set forth the Bank's selected financial and operating data and should be read together with the more detailed information contained in "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*Selected Statistical Information*" and the standalone Financial Statements and related notes included elsewhere in this Offering Circular. The financial data, where applicable, has been derived from the Bank's audited standalone Financial Statements prepared in accordance with Indian GAAP as applicable to banks. Unless otherwise stated, the summary income statement data for fiscals 2018, 2019 and 2020 and the summary balance sheet data as at 31 March 2018, 31 March 2019 and 31 March 2020 are derived from the Bank's audited standalone Financial Statements as at and for the years ended 31 March 2018, 31 March 2019 and 31 March 2020. Our audited consolidated financial statements as of and for the years ended 31 March 2018, 2019 and 2020 are presented in Financial Statements. The Financial Statements reflect applicable statutory requirements, regulatory guidelines and accounting practices in India; these requirements, guidelines and practices change from time to time. In accordance with Indian GAAP, adjustments to reflect such changes are made on a prospective basis, and financial statements for earlier periods are not restated. U.S. dollar translations have been made using the exchange rate of U.S.$1.00 = ₹75.3900 based on the U.S. Federal Reserve's published exchange rate as at 31 March 2020.

Selected Income Statement Data

	Year ended 31 March			
	2018	**2019**	**2020**	**2020**
	₹	**₹**	**₹**	**U.S.$**
	(in millions)			
Interest earned[1] (A)	457,803	549,858	626,352	8,308
Interest Expended (B)	271,626	332,776	374,290	4,965
Net Interest Income (C=A-B)	**186,177**	**217,082**	**252,062**	**3,343**
Other Income (D)	109,671	131,303	155,366	2,061
Operating Revenue[2] (E=C+D)	**295,848**	**348,385**	**407,428**	**5,404**
Operating Expenses (F)	139,903	158,334	173,046	2,295
Operating Profit[3] (G=E-F)	**155,945**	**190,051**	**234,382**	**3,109**
Provisions and Contingencies	153,188	143,285	218,109	2,893
Net Profit	**2,757**	**46,766**	**16,273**	**216**

(1) Interest earned includes dividends earned on equity and preference shares and units of mutual funds.

(2) Operating Revenue is sum of Net Interest Income and Other Income.

(3) Operating profit means sum of interest earned and Other Income and reduced by Interest Expended and Operating Expenses.

Selected Balance Sheet Data

	As at 31 March			
	2018	2019	2020	2020
	₹	₹	₹	U.S.$
	(in millions)			
Cash and Balances with RBI (A)	354,811	350,990	849,592	11,269
Balances with Banks and money at call and short Notice (B)	79,738	321,056	123,090	1,633
Investments (C)	1,538,761	1,749,693	1,567,343	20,790
Advances (D)	4,396,503	4,947,980	5,714,242	75,796
Fixed assets (E)	39,717	40,366	43,129	572
Other assets (F)	503,766	599,880	854,252	11,331
Total assets (G=A+B+C+D+E+F)	**6,913,296**	**8,009,965**	**9,151,648**	**121,391**
Capital (A)	5,133	5,143	5,643	75
Reserves and Surplus (B)	629,320	661,620	843,835	11,193
Deposits (C)	4,536,277	5,484,713	6,401,050	84,906
Borrowings (D)	1,480,161	1,527,758	1,479,541	19,625
Other liabilities and provisions (E)	262,455	330,731	421,579	5,592
Total liabilities (F=A+B+C+D+E)	**6,913,296**	**8,009,965**	**9,151,648**	**121,391**

Per Equity Share Data

	As at 31 March			
	2018	2019	2020	2020
	₹	₹	₹	U.S.$
Earnings per equity share, basic	1.13	18.20	5.99	0.08
Earnings per equity share, diluted	1.12	18.09	5.97	0.08
Dividends per equity share(4)	—	1.00	—	—
Book value per equity share(5)	247.20	259.27	301.05	3.99
Basic weighted average number of equity shares (in millions)	2,445	2,569	2,715	2,715
Diluted weighted average number of equity shares (in millions)	2,453	2,585	2,725	2,725

Key Ratios

	As at or for the year ended 31 March		
	2018	2019	2020
Profitability Ratios			
Return on average total assets (6)	0.04	0.63	0.20
Return on average net worth (7)	0.53	8.09	2.34
Dividend pay-out ratio (8)	—	5.50	—
Net interest margin (9)	3.44	3.43	3.51
Cost income ratio (10) (Reconciliation)*	47.29	45.45	42.47
Capital Adequacy(under Basel III)(11)			
Total capital adequacy ratio	16.57%	15.84%	17.53%
Tier I capital adequacy ratio	13.04%	12.54%	14.49%
Tier II capital adequacy ratio	3.53%	3.30%	3.04%
Asset Quality			
Gross non-performing advances as a percentage of gross advances	6.79%	5.31%	4.52%
Gross non-performing assets as a percentage of gross customer assets(12)	6.77%	5.26%	4.86%
Net non-performing advances as a percentage of net advances	3.64%	2.20%	1.62%
Net non-performing assets as a percentage of net customer assets(13)	3.40%	2.06%	1.56%

* The following table sets forth the reconciliation of cost income ratio:

	Year ended 31 March			
	2018	2019	2020	2020
		(₹ in millions)		U.S.$
Total Income (A)	**567,474**	**681,161**	**781,718**	**10,369**
Interest expended (B)	271,626	332,776	374,290	4,965
Operating Revenue (C=A-B)	**295,848**	**348,385**	**407,428**	**5,404**
Operating expenses (D)	139,900	158,334	173,046	2,295
Cost to Income ratio (D/C*100)	**47.29**	**45.46**	**42.47**	**42.47**

(1) Interest earned includes dividends earned on equity and preference shares and units of mutual funds.

(2) Operating Revenue is sum of Net Interest Income and Other Income.

(3) Operating profit means sum of interest earned and Other Income and reduced by Interest Expended and Operating Expenses.

(4) Represents the rate of dividend proposed per equity share.

(5) Represents the shareholders' funds divided by the number of total equity shares outstanding at the end of each reporting period.

(6) Net profit divided by average month-end assets for the fiscal.

(7) Net profit divided by the sum of the daily weighted average of share capital, share premium and year-end average of other reserves and surplus as reduced by the year-end average of deferred tax assets.

(8) Represents the ratio of total dividends payable on equity shares relating to each fiscal, excluding the dividend distribution tax, as a percentage of net profit of that year. Dividends of each fiscal are typically paid in the following fiscal.

(9) Represents the ratio of net interest income to daily average interest earning assets.

(10) Represents the ratio of operating expenses to the sum of net interest income and non-interest income.

(11) Capital adequacy ratios are computed in accordance with RBI guidelines.

(12) Gross customer assets include advances, credit substitutes before provisions.

(13) Net customer assets include advances, credit substitutes after deductions of provisions.

RECENT DEVELOPMENTS

On 21 July 2020, the Bank announced its unaudited reviewed interim standalone financial results and unaudited reviewed consolidated financial results as at and for the three months ended 30 June 2020, with comparative information as of and for the three months ended 30 June 2019.

A brief description of the key components of the Bank's interim financial results as at and for the three months ended 30 June 2020 is set forth below:

Results for the Three Months Ended 30 June 2020 Compared to the Three Months Ended 30 June 2019

Summary of Performance

	Three Months Ended 30 June		
	2019	**2020**	**% change**
	(₹ in millions, except percentages)		
Interest Earned (A)	152,549	165,389	8.42%
Other Income (B)	38,688	25,867	(33.14%)
Interest Expended (C)	94,113	95,536	1.51%
Operating Expense (D)	38,196	37,276	(2.41%)
Provisions and Contingencies (E)	45,227	47,322	4.63%
Net Profit (A+B-C-D-E)	**13,701**	**11,122**	**(18.82%)**

Interest Earned

Total interest earned increased by ₹ 12.84 billion, or 8.42%, from ₹ 152.55 billion in the three months ended 30 June 2019 to ₹ 165.39 billion in the three months ended 30 June 2020. This increase was primarily a result of the following factors:

- a ₹ 11.26 billion, or 9.82%, increase in income derived from interest/discount on advances/bills from ₹ 114.61 billion in the three months ended 30 June 2019 to ₹ 125.87 billion in the three months ended 30 June 2020, primarily due to (i) a 16.74% increase in the daily average volume of advances due primarily to an increase in volume of retail advances; and

  This increase was partially offset by the following factors:

  - a decrease in the average yield on advances from 9.72% in the three months ended 30 June 2019 to 9.13% in the three months ended 30 June 2020 (based on daily average balances) primarily due to a decrease in the MCLR base interest rate in the three months ended 30 June 2020 as compared to the three months ended 30 June 2019; and

  - a ₹ 1.46 billion, or 4.68%, decrease in income on investments from ₹31.19 billion in the three months ended 30 June 2019 to ₹29.73 billion in the three months ended 30 June 2020, primarily due to a decrease in the average yield on investments from 7.37% in the three months ended 30 June 2019 to 6.88% in the three months ended 30 June 2020 (based on daily average balances) primarily due to an decrease in the yield of commercial paper, certificate of deposits and investments in equity.

    This decrease in income on investments was partially offset by a 2.08% increase in the daily average volume of investments due to an increase in investments during the three months ended 30 June 2020 to meet higher SLR requirements.

Other Income

Other income decreased by ₹12.82 billion, or 33.14%, from ₹ 38.69 billion in the three months ended 30 June 2019 to ₹ 25.87 billion in the three months ended 30 June 2020. This decrease was primarily a result of the following factors:

- a ₹ 9.67 billion, or 40.92%, decrease in fee income from ₹ 23.63 billion in the three months ended 30 June 2019 to ₹ 13.96 billion in the three months ended 30 June 2020, primarily due to a decrease in fees from retail segment compared to the fee from retail segment in the three months ended 30 June 2019 on account of lower business volumes and velocity of transactions; and

- a ₹ 1.72 billion, or 22.19%, decrease in net profits on sale of investments from ₹ 7.75 billion in the three months ended 30 June 2019 to ₹ 6.03 billion in the three months ended 30 June 2020, primarily due to lower income from SLR securities.

Interest Expended

Total interest expended increased by ₹ 1.43 billion, or 1.51%, from ₹ 94.11 billion in the three months ended 30 June 2019 to ₹ 95.54 billion in the three months ended 30 June 2020. This increase was primarily a result of the following factors:

- a ₹ 3.12 billion, or 4.39%, increase in interest on deposits from ₹ 71.08 billion in the three months ended 30 June 2019 to ₹ 74.20 billion in the three months ended 30 June 2020, primarily due to a 18.65% increase in the daily average volume of deposits primarily due to an increase in volume of term deposits.

  This increase was partially offset by the following factors:

  - a decrease in the average cost of deposits from 5.39% in the three months ended 30 June 2019 to 4.73% in the three months ended 30 June 2020 (based on daily average balances) primarily due to a decrease in interest rates on deposits in the three months ended 30 June 2020 as compared to the three months ended 30 June 2019; and

  - a ₹ 1.71 billion, or 7.42%, decrease in interest on borrowings and other interest expense from ₹ 23.04 billion in the three months ended 30 June 2019 to ₹ 21.33 billion in the three months ended 30 June 2020, primarily due to a decrease in the average cost of borrowings from 6.87% in the three months ended 30 June 2019 to 5.64% in the three months ended 30 June 2020 (based on daily average balances) primarily due to an decrease in cost of forex/overseas borrowings in the three months ended 30 June 2020 as compared to the three months ended 30 June 2019. This decrease was partially offset by a 12.02% increase in the daily average volume of borrowings primarily due to an increase in volume of overseas borrowings.

Operating Expenses

Operating expense decreased by ₹ 0.92 billion, or 2.41%, from ₹ 38.20 billion in the three months ended 30 June 2019 to ₹ 37.28 billion in the three months ended 30 June 2020. This decrease was primarily a result of the following factors:

- a ₹ 1.92 billion, or 7.64%, decrease in other expenditures (including printing and stationery, advertisement and publicity, directors' fees/allowances and expenses, auditor's fees and expenses, law charges, postage/telegrams/telephone costs, repair and maintenance, insurance, depreciation on the Bank's property and other expenditure from ₹ 25.13 billion in the three months ended 30 June 2019 to ₹ 23.21 billion in the three months ended 30 June 2020, primarily due to decrease in data entry charges, direct selling agent commissions, sales commissions, balance enquiry and cash withdrawal charges, printing and stationery expenses, directors' fees/allowances and expenses and postage/telegrams/telephone costs.

This decrease in other expenditures was partially offset by a ₹ 0.99 billion, or 7.60%, increase in payment to and provisions for employees from ₹ 13.07 billion in the three months ended 30 June 2019 to ₹ 14.06 billion in the three months ended 30 June 2020, primarily due to 18.39% increase in employee numbers on account of the growth of the Bank's network. The Bank's number of employees increased to 75,116 employees as at 30 June 2020 from 63,448 employees as at 30 June 2019.

Provisions and Contingencies

Total provision and contingencies increased by ₹ 2.10 billion, or 4.63%, from ₹ 45.23 billion in the three months ended 30 June 2019 to ₹ 47.32 billion in the three months ended 30 June 2020. This increase was primarily a result of the following factors:

- The Bank has made an additional provision for COVID-19 of ₹ 7.33 billion in the three months ended 30 June 2020, based on an internal stress testing exercise. The Bank will continue to assess the stress on the portfolio on an ongoing basis and assess impact, if any, on prudent provisioning.
- The Bank provided ₹ 35.12 billion towards non-performing assets compared to ₹ 28.89 billion in the three months ended 30 June 2019. The increase in provision for non-performing assets is primarily due to ageing of borrowers turning non-performing. During the three months ended 30 June 2020 there were slippages of ₹ 22.18 billion as compared to ₹ 47.98 billion during the three months ended 30 June 2020.

  These effects were partially offset by the following factors:

  - a ₹ 3.92 billion, or 55.40%, decrease in the Bank's provision for tax in the three months ended 30 June 2020, primarily due to a ₹ 6.50 billion, or 31.29%, decrease in profit before tax (net profit for the year plus provision for taxation); and
  - a ₹ 10.38 billion, or 95.83%, decrease in the Bank's provisions for other contingencies, from ₹ 10.82 billion in the three months ended 30 June 2019 to ₹ 0.45 billion in the three months ended 30 June 2020 primarily due to increased provision on land held as non-banking asset and non-fund based outstanding of the Bank amounting to ₹ 10.17 billion.

Net Profit

As a result of the foregoing factors, the Bank's net profit decreased by ₹ 2.58 billion, or 18.82%, from ₹ 13.70 billion in the three months ended 30 June 2019 to ₹ 11.12 billion in the three months ended 30 June 2020.

Financial Condition

Assets

The following table sets forth the principal components of the Bank's assets as at 30 June 2019 and 30 June 2020.

	As at 30 June 2019	**As at 30 June 2020**	**%**
	(₹ in millions, except percentages)		
Cash and balances with the RBI (A)...	284,280	518,019	82.22%
Balances with banks and money at call and short notice (B)......	98,489	82,781	(15.95%)

	As at 30 June 2019	As at 30 June 2020	%
	(₹ in millions, except percentages)		
Total cash and cash equivalents (C=A+B)	**382,769**	**600,800**	**56.96%**
Government securities (net) (D)	1,295,354	1,426,642	10.14%
Other securities (net)[(1)] (E)	462,561	446,589	(3.45%)
Total investment (net) (F=D+E)	**1,757,915**	**1,873,231**	**6.56%**
Non-retail advances (net)[(2)] (G)	2,390,707	2,627,049	9.89%
Retail advances (net)[(3)] (H)	2,582,053	2,986,359	15.66%
Total Advances (net) (I=G+H)	**4,972,760**	**5,613,408**	**12.88%**
Fixed assets (J)	40,532	43,589	7.54%
Other assets (K)	591,686	840,355	42.03%
Total Assets (C+F+I+J+K)	**7,745,662**	**8,971,382**	**15.82%**

(1) Other securities include shares, debentures and bonds, investment in Subsidiaries/Joint Ventures and others (Mutual Funds, CD/CP, security receipts, pass through certificates etc.)

(2) The Bank's non-retail loans/advances include advances to corporates and SMEs. Advances to corporates comprise lending to corporate customers in the form of working capital finance, project and corporate finance. The Bank's SME advances consist of lending to small and medium enterprises in the form of overdrafts, cash credit, demand loans, medium and long-term loans, discounting of bills and corporate agriculture lending.

(3) The Bank's retail loans/advances consist of schematic loans in the form of mortgage loans, automobile loans, personal loans, gold loans, retail agriculture loans, etc. and non-schematic loans in the form of outstanding under credit cards, loans against deposits, loans against securities, etc.

The Bank's total assets increased by ₹ 1,225.72 billion, or 15.82%, from ₹ 7,745.66 billion as at 30 June 2019 to ₹ 8,971.38 billion as at 30 June 2020. This increase was primarily a result of the following factors:

- Total cash and cash equivalents increased by ₹ 218.03 billion, or 56.96%, from ₹ 382.77 billion as at June 2019 to ₹ 600.80 billion as at June 2020.
- The Bank's total investments (net) increased by ₹ 115.32 billion, or 6.56%, from ₹ 1,757.92 billion as at 30 June 2019 to ₹ 1,873.23 billion as at 30 June 2020. This increase was primarily due to (i) a ₹ 131.29 billion, or 10.14%, increase in the Bank's investments in Government securities (including investments held to meet SLR requirements), which was partially offset by a ₹ 15.97 billion, or 3.45%, decrease in the Bank's investments in other than government securities.
- The Bank's total advances (net) increased by ₹ 640.65 billion, or 12.88%, from ₹ 4,972.76 billion as at 30 June 2019 to ₹ 5,613.41 billion as at 30 June 2020. This increase was primarily due to (i) a ₹ 236.34 billion, or 9.89%, increase in the Bank's non-retail advances, and (ii) a ₹ 404.31 billion, or 15.66%, increase in the Bank's retail advances.
- The Bank's net fixed assets increased by ₹ 3.06 billion, or 7.54%, from ₹ 40.53 billion as at 30 June 2019 to ₹ 43.59 billion as at 30 June 2020.

- Other assets increased by ₹ 248.67 billion, or 42.03%, from ₹ 591.69 billion as at 30 June 2019 to ₹ 840.36 billion as at 30 June 2020. This increase was primarily due to positive marked-to-market which was higher in June 2020 as compared to June 2019.

Liabilities and Shareholders' Funds

The following table sets forth the principal components of the Bank's liabilities and shareholders' funds as at 30 June 2019 and 30 June 2020.

	As at 30 June 2019	As at 30 June 202	%
	(₹ in millions, except percentages)		
Capital (A)	5,239	5,644	7.73%
Reserves and surplus (B)..	707,037	855,066	20.94%
Total Shareholders' funds (C=A+B)	**712,276**	**860,710**	**20.84%**
Deposits (D)	5,406,777	6,281,503	16.18%
Borrowings (E)..	1,301,214	1,428,360	9.77%
Other liabilities and provisions (F)..................................	325,395	400,809	23.18%
Total liabilities and shareholders' funds (C+D+E+F) .	**7,745,662**	**8,971,382**	**15.82%**

The Bank's total liabilities and shareholders' funds increased by ₹ 1,225.72 billion, or 15.82%, from ₹ 7,745.66 billion as at 30 June 2019 to ₹ 8,971.38 billion as at 30 June 2020. This increase was primarily due to the following factors:

- the Bank's shareholders' funds increased by ₹ 148.43 billion, or 20.84% from ₹ 712.28 billion as at 30 June 2019 to ₹ 860.71 billion as at 30 June 2020 primarily as a result of qualified institutions placement of equity shares in September 2019 and exercise of employees stock options;
- deposits increased by ₹ 874.73 billion, or 16.18%, from ₹ 5,406.78 billion as at 30 June 2019 to ₹ 6,281.50 billion as at 30 June 2020. This increase in deposits was the result of (i) a ₹ 561.89 billion, or 26.64%, increase in retail term deposits, from ₹ 2,108.97 billion as at 30 June 2019 to ₹ 2,670.86 billion as at 30 June 2020; (ii) a ₹ 332.83 billion, or 14.89%, increase in CASA deposits (savings and demand account deposits), from ₹ 2,234.74 billion as at 30 June 2019 to ₹ 2,567.57 billion as at 30 June 2020; (iii) a ₹ 240.55 billion, or 15.80%, increase in savings account deposits, from ₹ 1,522.63 billion as at 30 June 2019 to ₹ 1,763.18 billion as at 30 June 2020; and (iv) a ₹ 92.28 billion, or 12.96%, increase in current account deposits, from ₹ 712.11 billion as at 30 June 2019 to ₹ 804.39 billion as at 30 June 2020. As at 30 June 2020, the Bank's CASA and retail term deposits was 83.39% and CASA ratio was 40.88% as at 30 June 2020;
- borrowings increased by ₹ 127.15 billion, or 9.77%, from ₹ 1,301.21 billion as at 30 June 2019 to ₹ 1,428.36 billion as at 30 June 2020 primarily as a result of increase in borrowings from the RBI; and
- other liabilities and provisions increased by ₹ 75.42 billion, or 23.18%, from ₹ 325.39 billion as at 30 June 2019 to ₹ 400.81 billion as at 30 June 2020, primarily as a result of negative marked-to-market which was higher in June 2020 as compared to June 2019.

Other Financial Metrics

Asset Quality

As at 30 June 2020, the Bank's gross NPAs and net NPAs totaled ₹ 295.60 billion and ₹ 74.48 billion, respectively. The Bank's net NPA ratio (net NPAs as a percentage of net customer assets) as at 30 June 2020 was 1.23%. As at 30 June 2020, the Bank's provision coverage ratio (excluding prudential write-offs) as a proportion of gross NPA stood at 74.80%.

Advances

The Bank's advances including TLTRO investments increased by 16.52% to ₹ 5,794.44 billion and the Bank's loan to deposit ratio stood at 89.36%, as at 30 June 2020. Retail loans increased by 15.66% to ₹ 2,986.36 billion and accounted for 53.20% of the net advances of the Bank. Secured loans accounted for 80.66% and home loans accounted for 36.03% of the Bank's retail loans portfolio, as at 30 June 2020. SME loan portfolio stood at ₹571.48 billion as at 30 June 2020, of which, 76.29% was secured with predominantly working capital financing. Corporate loan portfolio including, TLTRO investments, increased by 26.04% as at 30 June 2020. In the three months ended 30 June 2020, approximately 96% of the additional loans sanctioned under the Bank's corporate book were to companies rated A- and above.

Capital Adequacy Requirements and Liquidity Position

As at 30 June 2020, the Bank's CAR (without profit) under Basel III was 17.29% as compared to 17.53% as at 31 March 2020. Of this, CET-1 CAR was 13.32% as at 30 June 2020 as compared to 13.34% as at 31 March 2020. As at 30 June 2020, the Bank's LCR was 120.23%, and the Bank had excess SLR of ₹266.40 billion.

Key Ratios

Per Equity Share Data

	As at 30 June 2019	As at 30 June 2020
	(in ₹)	(in ₹)
Earnings per equity share, basic	5.29	3.94
Earnings per equity share, diluted	5.26	3.94
Dividends per equity share(1)	—	—
Book value per equity share(2)	271.91	305.00
Basic weighted average number of equity shares (in millions)	2,589	2,822
Diluted weighted average number of equity shares (in millions)	2,607	2,824

Key Ratios

	As at and for the three months ended 30 June	
	2019	2020
Profitability Ratios		
Return on average total assets(3)	0.69	0.48

	As at and for the three months ended 30 June	
	2019	2020
Return on average net worth(4)	9.19	5.74
Dividend pay-out ratio(5)	—	—
Net interest margin(6)	3.40	3.40
Cost income ratio(7) (Reconciliation)*	39.33	38.94
Capital Adequacy(under Basel III)(8)		
Total capital adequacy ratio	15.82%	17.29%
Tier I capital adequacy ratio	12.66%	14.44%
Tier II capital adequacy ratio	3.16%	2.85%
Asset Quality		
Gross non-performing advances as a percentage of gross advances	5.73%	5.09%
Gross non-performing assets as a percentage of gross customer assets(9)	5.25%	4.72%
Net non-performing advances as a percentage of net advances	2.22%	1.33%
Net non-performing assets as a percentage of net customer assets(10)	2.04%	1.23%

*The following table sets forth the reconciliation of cost income ratio:

	Three Months Ended 30 June	
	2019	2020
	(₹ in millions)	
Total Income (A)	**191,237**	**191,256**
(–) Interest expended (B)	94,113	95,536
Operating Revenue (C=A+B)	**97,124**	**95,720**
Operating expenses (D)	38,197	37,276
Cost to Income ratio (D/C*100)	**39.33**	**38.94**

(1) Represents the rate of dividend proposed per equity share.

(2) Represents the shareholders' funds divided by the number of total equity shares outstanding at the end of each reporting period.

(3) Net profit divided by average month-end assets for the fiscal.

(4) Net profit divided by the sum of the daily weighted average of share capital, share premium and year-end average of other reserves and surplus as reduced by the year-end average of deferred tax assets.

(5) Represents the ratio of total dividends payable on equity shares relating to each fiscal, excluding the dividend distribution tax, as a percentage of net profit of that year. Dividends of each fiscal are typically paid in the following fiscal.

(6) Represents the ratio of net interest income to daily average interest earning assets.

(7) Represents the ratio of operating expenses to the sum of net interest income and non-interest income.

(8) Capital adequacy ratios are computed in accordance with RBI guidelines.

(9) Gross customer assets include advances, credit substitutes before provisions.

(10) Net customer assets include advances, credit substitutes after deductions of provisions

Certain Non-GAAP measures

Net Interest Income and Net Interest Margin

The Bank's net interest income increased by ₹ 11.42 billion, or 19.54%, from ₹ 58.44 billion in the three months ended 30 June 2019 to ₹ 69.85 billion in the three months ended 30 June 2020. The Bank's net interest margin in the three months ended 30 June 2020 was 3.40%.

Operating Profit

The Bank's operating profit decreased by ₹ 0.49 billion, or 0.82%, from ₹ 58.93 billion in the three months ended 30 June 2019 to ₹ 58.44 billion in the three months ended 30 June 2020.

Issue and Allotment of Equity Shares

In August 2020, the Bank allotted 238,038,560 equity shares at a price of ₹ 420.10 per equity share, including a premium of ₹ 418.10 per equity share, aggregating to ₹ 100,000 million, to successful eligible qualified institutional buyers in accordance with Chapter VI of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

Pursuant to the allotment, the paid-up equity share capital of the Bank stands increased from ₹ 5,644,054,948 (2,822,027,474 equity shares of ₹ 2 each) to ₹ 6,120,132,068 (3,060,066,034 equity shares of ₹ 2 each).

Proposed Joint Venture between the Bank and Max Financial Services Limited (MFSL)

In April 2020, the Bank had entered into an agreement with MFSL to acquire 29.002% of the equity share capital of Max Life Insurance Company Limited (Max Life), a subsidiary of MFSL, resulting in aggregate ownership of 30% of the equity share capital of Max Life by the Bank. Pursuant to completion of the transaction, among other things, the Bank would be entitled to appoint up to three nominees on the board of directors of Max Life, In August 2020, the Bank and MFSL entered into an amended restated agreement for the Bank to acquire a stake of 17.002% in Max Life, resulting in aggregate ownership of 18% of the equity share capital of Max Life by the Bank on completion of the transaction. The proposed transaction remains subject to, among other things, satisfaction of conditions precedent, including receipt of regulatory approvals from the RBI, IRDAI and Competition Commission of India.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of the Bank's financial condition is based on the Bank's audited standalone financial statements as at and for the years ended 31 March 2018, 31 March 2019 and 31 March 2020, referred to in this Offering Circular as the "Financial Statements". This discussion should be read together with "Selected Financial and other Operating Data", "Selected Statistical Information" and the Financial Statements and related notes included elsewhere in this Offering Circular.

The following discussion is based on the Bank's standalone financial statements. Although the Bank possesses certain subsidiaries, it believes that the impact of those entities on the Bank's consolidated financial statements is not significant. Accordingly, the Bank's management primarily utilizes the Bank's standalone financial information to monitor the operational strength and performance of the Bank's business. For more information on the Bank's financial information on a consolidated basis, see the Bank's consolidated financial statements, which have been included in this Offering Circular. For more information on the Bank's subsidiaries, see "Business—Subsidiaries".

The Bank prepares its standalone Financial Statements in accordance with Indian GAAP as applicable to banks, which differs in some respects from U.S. GAAP. The Financial Statements reflect applicable statutory requirements, regulatory guidelines and accounting practices in India; these requirements, guidelines and practices change from time to time. In accordance with Indian GAAP, adjustments to reflect such changes are made on a prospective basis, and financial statements for earlier periods are not required to be restated.

The Bank's fiscal year ends on March 31 of each year. Accordingly, all references to a particular fiscal year are to the twelve-month period ended on March 31 of that year. Unless otherwise specified, all information in this section regarding cost, yield and average balances is based on daily average balances outstanding during the relevant period.

The Bank's segments as described in the following discussion have been prepared in accordance with the segment reporting guidelines issued by the RBI. The segment reporting guidelines issued by the RBI apply uniformly across the financial sector in India for comparison purposes, and are disclosed by the Bank for regulatory purposes. This presentation of "segments" differs from the Bank's own internal organization of its operations into "business units" as presented elsewhere in this Offering Circular. For more information, see "-Segment Information".

This discussion contains forward-looking statements and reflects the current views of the Bank with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors, such as those set forth under "Risk Factors" and elsewhere in this Offering Circular.

Unless otherwise stated, references to "the Bank", are to Axis Bank Limited on a standalone basis and references to "we", "us", "our", are to Axis Bank Limited on a consolidated basis.

Overview

The Bank is a leading private sector bank and financial services company in India offering a wide range of products and services to corporate and retail customers through a variety of delivery channels. The Bank commenced operations in April 1994 and, over the last 26 years, has grown both in terms of the size of its asset base and its physical network of branches, extension counters and ATMs.

As at 31 March 2020, the Bank was the third largest private sector bank in India in terms of total assets, based on public filings of private sector banks. The Bank's total assets as at 31 March 2020 and 31 March 2019 were ₹ 9,151.65 billion and ₹ 8,009.97 billion, respectively, and the Bank's net advances and deposits as at 31 March 2020 amounted to ₹ 5,714.24 billion and ₹ 6,401.05 billion, respectively, and as at 31 March 2019 amounted to ₹ 4,947.98 billion and ₹ 5,484.71 billion, respectively.

The Bank's primary business consists of commercial banking operations for Indian corporate and retail customers. The Bank provides a range of commercial banking products and services, including loan products, fee and commission-based products and services, deposit products and foreign exchange and derivatives products to India's leading corporations, middle market companies and small and medium enterprises. The Bank's retail operations primarily consist of retail lending, payments, deposit taking and distribution of third party insurance and investment products. The Bank also offers agricultural and rural banking products.

The Bank delivers its products and services through a variety of channels, including bank branches, ATMs, call centers, the internet and mobile phones. As at 30 June 2020, the Bank had a network of 4,528 branches and extension counters, 11,971 ATMs and 5,485 cash deposit and withdrawal machines distributed across 2,559 locations in India. In addition to the Bank's extensive branch and ATM network, the Bank also offers telephone banking in various cities, as well as Internet banking and mobile banking facilities. The Bank also has ten overseas offices, with branches in Colombo, DIFC, Hong Kong, Shanghai and Singapore and representative offices in Dubai, Abu Dhabi, Sharjah, and Dhaka and a subsidiary in London. The Bank is currently in the process of winding up Axis Bank UK Limited, its subsidiary in London, and its overseas branch operations in Colombo, Hong Kong and Shanghai. The Bank also has an offshore banking unit at the International Financial Service Centre located at the Gujarat International Finance Tec-City in Gandhinagar, India. The Bank's foreign branches primarily offer corporate banking, trade finance and treasury and risk management services.

The Bank's principal business activities are divided into the following main business units:

- Retail Banking;
- Wholesale Banking; and
- Treasury.

The Bank's core income stream is comprised of interest income earned from its retail, corporate and SME loan portfolios, as well as from its money-market operations and investment portfolio. The Bank also earns fee and commission income from the processing of loans, documentary credits, bank guarantees, placements and syndication, service charges, cash management services, advisory services, depository services, capital market services, ATM interchange and cards, remittance, wealth management and sale of third party products.

Since 2011, the Bank has experienced significant growth in its customer and geographical base, which expanded to approximately 23 million savings customer accounts as at 31 March 2020. The Bank's total assets have increased from ₹ 8,009.97 billion as at 31 March 2019 to ₹ 9,151.65 billion as at 31 March 2020, with net retail advances (retail advances net of provisions) increasing from ₹ 2,458.12 billion as at 31 March 2019 to ₹ 3,054.00 billion as at 31 March 2020. Furthermore, total deposits grew from ₹ 5,484.71 billion as at 31 March 2019 to ₹ 6,401.05 billion as at 31 March 2020. The Bank's network grew from 11,801 ATMs and 4,917 cash deposit and withdrawal machines as at 31 March 2019 to 12,044 ATMs and 5,433 cash deposit and withdrawal machines as at 31 March 2020. As at 30 June 2020, the Bank had 11,971 ATMs and 5,485 cash deposit and withdrawal machines.

After enduring a challenging period in fiscals 2017 and 2018, driven primarily by a decline in the credit quality of the Bank's corporate clients, the Bank responded in fiscal 2019 by taking several steps to reorient itself back onto a path of profitability and sustainable growth. As part of these measures, the Bank bolstered its risk management framework and implemented several steps to improve its policies, structures and processes. These measures included:

- Implementation of an independent credit underwriting function with internal accountability;
- Increased portfolio diversification to decrease concentration risks, including lesser exposure to project loans and increased focus on transaction banking and working capital businesses;
- Focus on a higher quality credit portfolio, with fresh originations predominantly from entities rated A-or better;
- Strengthened credit monitoring and improved early warning systems for potential stress; and
- Improved collections through optimized queuing strategy and channel selection.

The Bank observed the positive effects of these measures in fiscals 2019 and 2020. The Bank's net profit increased from ₹ 2.76 billion in fiscal 2018 to ₹ 46.77 billion in fiscal 2019. Although, the Bank's net profit decreased from ₹46.77 billion in fiscal 2019 to ₹16.27 billion in fiscal 2020, operating revenue increased by 16.95% year-on-year from ₹348.38 billion in fiscal 2019 to ₹ 407.43 billion in fiscal 2020. The net profit decreased in fiscal 2020 as compared to fiscal 2019 primarily due to creation of additional provisions and contingencies for COVID-19 pandemic in fiscal 2020. The impact of the COVID-19 pandemic is continuously evolving and it is difficult to predict with certainty the impact on the Bank's business and portfolio. In order to address the impact of the evolving COVID-19 situation, the Bank made an additional provision of ₹ 30.00 billion for COVID-19 pandemic in fiscal 2020, which included an amount of ₹ 18.82 billion for COVID-19, above the regulatory requirement, based on an internal stress testing exercise and ₹11.18 billion towards loans under moratorium in accordance with the RBI guidelines on COVID-19 regulatory package. Further, the Bank has made an additional provision for COVID-19 of ₹7.33 billion in the three months ended 30 June 2020. In accordance with the RBI guidelines relating to COVID-19 regulatory package, the Bank had initially offered a moratorium of three months on the payment of all installments falling due between 1 March 2020 and 31 May 2020, in respect of term loans and working capital facilities sanctioned in the form of cash credit/overdraft to various eligible borrowers. This was further extended by the RBI until 31 August 2020 upon announcement of the second regulatory package by the RBI on 23 May 2020. The RBI has also clarified that the accounts which benefit from the moratorium period, will get the benefit of an ageing standstill and hence would not be classified as NPAs if the accounts have any instalments or interest are overdue for more than 90 days during the moratorium period. However, lenders are required to make general provisions of 10% in respect of accounts which were in default on 29 February 2020 where moratorium is granted and asset classification benefit is availed. The utilization and/or release of the provision, are subject to extant RBI directions that may be amended from time to time. See "*Business - Impact of COVID-19*" for further details.

The Bank believes that it is now well-positioned to capitalize on future growth opportunities. The Bank believes that its strong liability profile, diversified and secured lending portfolio and strong credit underwriting and risk management practices, which have strengthened in fiscal 2020, will enable the Bank to withstand the impact of the COVID-19 pandemic on its business and gather momentum to deliver performance on a sustainable and consistent basis.

Factors Affecting the Bank's Results of Operations and Financial Condition

The Bank's asset portfolio, financial condition and results of operations have been, and are expected to be, influenced by numerous factors. A summary of the most important factors that have had, and that the Bank expects will continue to have, a significant impact on the Bank's asset portfolio, financial condition and results of operations follows below.

Macroeconomic Environment in India and the impact of the COVID-19 pandemic

As most of the Bank's operations are conducted in India, the Bank is significantly affected by the general macroeconomic environment in India. A favorable macroeconomic environment is generally characterized by, among other factors, high gross domestic product growth; adequate liquid and efficient capital markets; low inflation; a high level of business and investor confidence; stable political and economic conditions; and strong business earnings. Unfavorable or uncertain economic conditions mainly result from declines in economic growth, business activity or investor confidence; limitations on the availability or increases in the cost of credit and capital; increases in inflation, interest rates, exchange rate volatility, default rates or the price of basic commodities, capital controls or limits on the remittance of dividends; or a combination of these or other factors.

In the past few months, the rapid and diffused spread of the COVID-19 pandemic and global health concerns relating to this pandemic have had a severe negative impact on, among other things, financial markets, liquidity, economic conditions and trade and could continue to do so or worsen for an unknown period of time. On 11 March 2020, COVID-19 was declared a global pandemic by the World Health Organization. In response to the COVID-19 pandemic, governments and companies around the world, including the Bank, have taken many preventive or protective actions to contain the spread of the COVID-19 pandemic, such as imposing country-wide lockdowns, restrictions on travel and business operations and advising or requiring individuals to limit their time outside of their homes. Temporary closures of businesses had been ordered and numerous other businesses have temporarily closed voluntarily. Further, individuals' ability to travel has been curtailed through mandated travel restrictions and may be further limited. Since May 2020 some of these measures have been lifted and partial travel has been permitted. Further, the COVID-19 pandemic has caused substantial disruption to the global economy and supply chains, created significant volatility and disruption in financial markets, including in India, with the Governor of the Reserve Bank of India stating on 22 May 2020 that the combined impact of demand compression and supply disruption will depress economic activity in the first half of fiscal 2021 and GDP growth in fiscal 2021 is estimated to remain negative.

The extent to which the COVID-19 pandemic impacts the Bank's business, cash flows, results of operations and financial condition will depend on future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government-mandated or elected by the Bank. There is currently substantial medical uncertainty regarding the COVID-19 pandemic. A rapid increase in severe cases and deaths where measures taken by governments fail or are lifted prematurely, may cause unprecedented economic disruption in India and the rest of the world. The Bank is headquartered in Mumbai where the pandemic has had a severe impact on a very large population and could impact the functioning and effectiveness of some or many of the employees of the Bank based in Mumbai. Further, the Bank's Statutory Auditors have included emphasis of matters in their audit reports on the Bank's standalone and consolidated financial statements for fiscal 2020, noting that in view of the uncertainties due to the outbreak of COVID-19 pandemic, the impact on the Bank's standalone and consolidated financial statements is significantly dependent on future developments. See, "*Business – Impact of COVID-19*", for a discussion of the significant areas where the Bank has seen an impact of the COVID-19 pandemic on its business and the Bank's approach on these areas going forward and "*Risk Factor – The extent to which the recent coronavirus (COVID-19) pandemic impacts the Bank's business, cash flows, results of the operations and financial condition will depend on future developments, which are highly uncertain and cannot be predicted.*" for risks of the COVID-19 pandemic on the Bank's operations and financial condition.

Growth Environment in India

The vast majority of the Bank's business activities are conducted in India. Accordingly, the Bank's financial position and results of operations have been, and will continue to be, significantly affected by overall economic growth patterns in India.

The Indian economy's growth momentum moderated significantly in fiscals 2019 and 2020 as compared to previous years. According to the Indian Central Statistics Organization, India's real GDP growth decreased from 7.2% in fiscal 2018 to 6.1% in fiscal 2019. According to the provisional estimates of Annual National Income released by National Statistics Office in May 2020, the GDP growth for the fiscal year 2020 was at 4.2%. This slower rate of economic growth was primarily driven by the global outbreak of the COVID-19 pandemic, trade tensions between the U.S. and China resulting in disruption in value chains, a slowdown in consumer demand, economic activity and economic growth, credit concerns at NBFCs, weak auto sales and soft capital expenditure trends resulting in weak investor confidence, the transitional impacts of the introduction of the Goods and Services Tax in 2017 and the lingering residual effects of demonetization in 2016. According to the RBI, real GDP is likely to contract by 1.5% in fiscal 2021 but is expected to revert to growth terrain next year, when it is likely to grow by 7.2 per cent.

The RBI has prescribed a number of measures aimed at reducing the economic and humanitarian impact of the COVID-19 pandemic and the disruptions to the economy caused by the lockdown. Some of the key measures prescribed by the RBI are set out below:

- the RBI by way of its notification dated 22 May 2020, reduced the policy repo rate by 40 basis points to 4.00% from 4.40% and the MSF rate and bank rate to 4.25% from 4.65%. Simultaneously, the reverse repo rate was reduced to 3.35% from 3.75%;
- the LCR was reduced to 80% from 100% (to be restored to 90% by 1 October 2020 and 100% by 1 April 2021);
- CRR was reduced by 100 bps from 4.0% of net demand time liabilities (**NDTL**), to 3.0%, increasing liquidity in the system by ₹1.37 trillion;
- lending institutions are permitted to grant a moratorium of three months on payment of all instalments of term loans and working capital facilities sanctioned in the form of cash credit/overdraft falling due between 1 March 2020 and 31 May 2020, which was subsequently extended until 31 August 2020;
- lending institutions are permitted to convert the accumulated interest on working capital facilities until 31 August 2020 into a funded interest term loan which shall be repayable not later than the end of fiscal 2020 (*i.e.*, 31 March 2021).
- in respect of working capital facilities sanctioned in the form of cash credit/overdraft to borrowers facing stress on account of the economic fallout of the COVID-19 pandemic, lending institutions are permitted to recalculate the 'drawing power' by reducing the margins until 31 August 2020 and reassess the working capital cycle of a borrowing entity until 31 March 2021;
- in respect of accounts in default but standard, and asset classification benefit is extended, lending institutions were required to make general provisions of not less than 10% of the total outstanding of such accounts. Banks are permitted to adjust such provisions against the actual provisioning requirements for slippages from the accounts considered for the provisions. The residual provisions at the end of the financial year are permitted to be written back or adjusted against the provisions required for all other accounts. These provisions shall not be considered for arriving at net NPAs until they are adjusted against the actual provisioning requirements. Further, until such adjustments are made, these provisions are not permitted to be netted from gross advances but are required to be shown separately in the balance sheet as appropriate.

Further, the RBI through its press release dated 6 August 2020 announced additional measures, including the measures set forth below:

- Special refinance facilities for a total amount of ₹ 650 billion has been provided to all India financial institutions (AIFIs) – NABARD, the Small Industries Development Bank of India, the National Housing Bank and EXIM Bank in order to support their role in meeting funding requirements of various sectors. In order to shield the housing sector from liquidity disruptions under the prevailing conditions and augment the flow of finance to the sector, it has been decided to provide an additional standing liquidity facility (ASLF) of ₹50 billion to NHB – over and above ₹100 billion already provided – for supporting housing finance companies (HFCs). The facility will be for a period of one year and will be charged at the RBI's repo rate.

- It has been decided to provide an additional special liquidity facility of ₹ 50 billion to NABARD for a period of one year at the RBI's policy repo rate for refinancing NBFC-MFIs and other smaller NBFCs of asset size of ₹ 5,000 million and less to support agriculture and allied activities and the rural non-farm sector.

- The RBI has stated that it will introduce an optional facility to provide banks more flexibility and discretion to manage their day end CRR balances. Using this facility in e-Kuber system, banks will be able to set the amount (specific or range) that they wish to keep as balance in their current account with the RBI at the end of the day. Depending upon this pre-set amount, MSF and reverse repo bids, as the case may be, will be auto-generated at the end of the day. The RBI will issue detailed guidelines in this regard.

- Resolution Framework for COVID-19 related stress: The RBI through its 'Statement of Developmental and Regulatory Policies' dated 6 August 2020, stated that with the intent to facilitate revival of real sector activities and mitigate the impact on the ultimate borrowers, it has been decided to provide a window under the Prudential Framework on Resolution of Stressed Assets contained in the RBI circular dated 7 June 2019 to enable the lenders to implement a resolution plan in respect of eligible corporate exposures without change in ownership, and personal loans, while classifying such exposures as Standard subject to specified conditions. The RBI has also issued a notification on August 6, 2020 titled 'Resolution Framework for COVID-19-related Stress' (**COVID-19 Resolution Framework**). Under the COVID-19 Resolution Framework, lending institutions are required to frame board approved policies for implementation of viable resolution plans for eligible borrowers under the COVID-19 Resolution Framework and ensure that the resolution under this facility is extended only to borrowers bearing stress on account of the COVID-19 pandemic. For further details, see "*Supervision and Regulation*".

- Pursuant to the RBI's 'Statement of Developmental and Regulatory Policies' dated 6 August 2020 and notification dated 6 August 2020, the RBI has revised the guidelines with respect to restructuring of advances for the MSME sector in order to align this with the COVID-19 Resolution Framework and to extend the benefit thereof to restructuring plans implemented upto March 31, 2021. Accordingly, subject to certain conditions, the RBI may permit existing loans to MSMEs classified as 'standard' to be restructured without a downgrade in the asset classification.

- Introduction of online dispute resolution for digital payments (**ODR System**), pursuant to which, payment system operators (**PSOs**) are initially required to implement the ODR system in a phased manner for failed transactions in their respective payment systems. Details on the implementation of the ODR System, including details regarding types of transactions to be covered under the ODR System and manner of lodging and tracking of disputes and grievances by customers are set out in the RBI circular on 'Online Dispute Resolution System for Digital Payments' dated 6 August 2020.

Other additional measures include, introduction of safeguards for opening of current accounts and CC/OD accounts for customers availing credit facilities from multiple banks, general market risk charge of 9% for investment by banks in a debt mutual fund or debt exchange traded fund, revised Priority Sector Lending Guidelines for addressing regional disparities in flow of priority sector credit and increasing the permissible loan to value ratio for loans against pledge of gold ornaments and jewellery for non-agricultural purposes from 75% to 90%.

For further description of the key regulations, including the RBI's specific policy measures to address the stress in the financial conditions cause by the COVID-19 pandemic, see "*Indian Financial Sector*" and "*Supervision and Regulation*".

While the Bank's results may not necessarily track India's economic growth figures, the Indian economy's performance affects the environment in which the Bank operates. Strong economic growth tends to positively impact the Bank's results of operations, since it can cause businesses to plan and invest more confidently, in turn driving stronger demand for bank credit as well as other banking products and services that the Bank offers. Stronger economic growth also generally increases the interest income that the Bank is able to generate from the loans it offers, and tends to improve the overall creditworthiness of the Bank's customers.

Interest Rates

Interest rate changes have a significant impact on the Bank's profitability. Interest rates are sensitive to many factors, including the RBI's monetary policy, deregulation of the financial sector in India, domestic and international economic and political conditions and other factors.

Generally, an increase in interest rates tends to increase the Bank's interest income as a result of higher yield on the Bank's loans; however, such an increase can also adversely affect the Bank's interest income as a result of a decrease in the volume of loans due to reduced overall demand for loans. In addition, an increase in interest rates affect the Bank's funding costs, particularly term deposits and interbank deposits, and can adversely affect the Bank's profitability if the Bank is unable to pass on its increased funding costs to its clients. Finally, higher interest rates can increase the risk of default by the Bank's clients.

Conversely, a decrease in interest rates can reduce the Bank's interest income as a result of lower yields on the Bank's loans. This reduction in interest income may eventually be offset by an increase in the volume of loans that the Bank makes due to increased demand for loans and/or a decrease in the Bank's funding costs.

Floating rate loans generally allow the Bank to pass on, in most cases, any changes in interest rates to its customers and broadly maintain its margins. Prior to April 2016, bank loans in India were priced by reference to a base rate. With effect from 1 April 2016, RBI guidelines replaced the base rate-linked loan pricing with a new regime based on the marginal cost of funds based lending rate (**MCLR**). Accordingly, Rupee advances sanctioned or renewed after 1 April 2016 are generally priced with reference to MCLR of different maturities. Commercial banks must review and publish their MCLR of different maturities every month.

The RBI issued a circular on 4 September 2019 making it mandatory for banks to link all floating rate personal or retail loans and floating rate loans to micro and small enterprise borrowers to an external benchmark with effect from 1 October 2019. The banks are free to choose one of the several benchmarks indicated in the circular. The banks are also free to choose their spread over the benchmark rate, subject to the condition that the credit risk premium may undergo change only when borrower's credit assessment undergoes a substantial change, as agreed upon in the loan contract.

The table below sets forth distribution of the Bank's advances mix by rate type at the dates indicated:

	As at 31 March		
	2018	**2019**	**2020**
	% of advance mix by rate type mix		
Floating rate	**80.20**	**75.32**	**73.82**
Of which			
– MCLR-linked	49.31	56.47	51.97
– Foreign currency	13.02	8.64	9.13
– Base rate-linked	17.87	10.21	6.28
–Repo linked	—	—	6.44
Fixed rate	**19.80**	**24.68**	**26.18**
Total	**100.00**	**100.00**	**100.00**

The table below sets forth the Bank's 12-month, six-month, three-month and one-month year MCLR rates as at the dates indicated:

	MCLR Rate			
	12-Month	**6-Month**	**3-Month**	**1-Month**
18 January 2018	8.30%	8.20%	8.05%	7.85%
18 April 2018	8.40%	8.30%	8.15%	7.85%
18 July 2018	8.60%	8.50%	8.35%	8.10%
17 October 2018	8.75%	8.65%	8.50%	8.30%
18 January 2019	8.90%	8.80%	8.65%	8.50%
18 April 2019	8.80%	8.75%	8.60%	8.35%
18 July 2019	8.65%	8.60%	8.50%	8.25%
18 October 2019	8.35%	8.30%	8.20%	8.00%
18 January 2020	8.15%	8.10%	8.00%	7.80%
18 April 2020	7.95%	7.90%	7.80%	7.60%
18 July 2020	7.65%	7.60%	7.55%	7.45%

As at 31 March 2020, 16.50% of the Bank's loans were linked to the 12-month MCLR rate, while 20.63% were linked to the six-month MCLR rate, 11.09% were linked to the three-month MCLR rate and 3.74% were linked to the one-month MCLR rate.

Changes in interest rates can also affect the value of the Bank's securities portfolio, and therefore, its financial condition and results of operations. However, the effect of these fluctuations may be limited by the Bank's use of derivative hedging instruments. See "- *Critical Accounting Policies—Derivative Transactions*".

In August 2016, the RBI adopted an inflation target of 4% (with an upper limit of 6% and lower limit of 2%) for the next five years under its monetary policy framework. The RBI sets interest rates in an effort to keep inflation within the target range, and Indian banks generally follow the direction of interest rates set by the RBI and adjust both their deposit rates and lending rates upwards or downwards accordingly.

The RBI's return to a monetary policy designed to combat inflation and to increase growth has resulted in a decrease in lending rates in line with the declining trend in the inflation.

The following table sets forth the RBI's bank rate, the reverse repo rate and the repo rate as at the dates indicated:

	Cash Reserve Ratio[(1)]	Bank Rate	Reverse Repo Rate[(2)]	Repo Rate[(3)]
		(percentages)		
As at 31 March 2018	4.00	6.75	5.75	6.25
As at 31 March 2019	4.00	6.25	5.75	6.00
As at 31 March 2020	3.00	4.65	4.00	4.40

Source: the RBI

(1) As on the date of this Offering Circular, the bank rate for Indian banks is reduced to 4.25% in accordance with the RBI's notification dated 22 May 2020. For a description of the ratios used in this table, see "*Supervision and Regulation*".

(2) The rate at which RBI borrows money from banks in India.

(3) Re-purchase option rate; the annual rate at which RBI borrows money from banks in India.

Inflation

An increase in inflation rates in India generally tends to increase the Bank's operating expenses. An increase in inflation also tends to decrease the real interest rates on the Bank's outstanding loans, as well as the real interest rates on the Bank's existing deposits, to the extent these are not indexed to inflation. An increase in inflation rates may also result in an increase in the RBI policy interest rates as an effort to control inflation. See "*Risk Factors— Risks Relating to India—The Bank's business is substantially affected by prevailing economic, political and other prevailing conditions in India, and a slowdown in economic growth in India could cause the Bank's business to suffer.*". Finally, higher inflation can also contribute to an increase in market volatility by causing economic uncertainty and reducing overall consumption levels, GDP growth and consumer confidence.

India's retail inflation, measured by the consumer price index (**CPI**), increased in fiscal 2020, averaging at 4.8% against an average of 3.4% for fiscal 2019. In the fourth quarter of fiscal 2020, it peaked to 7.6% in January 2020 and fell to 5.9% in March 2020, led by a decline in food inflation. (*Source: Ministry of Finance, Monthly Economic Report, April 2020*). Looking ahead, food prices may soften even further under the beneficial effects of the record food grain and horticulture production. Furthermore, the collapse in crude prices should work towards easing both fuel and core inflation pressures, depending on the level of the pass-through to retail prices. (*Source: RBI Monetary Policy Statement, March 2020*).

As a consequence of COVID-19, aggregate demand may weaken and ease core inflation further. Heightened volatility in financial markets could also have a bearing on inflation. Given this heightened volatility, unprecedented uncertainty and extremely fluid state of affairs, projections of growth and inflation would be heavily contingent on the intensity, spread and duration of COVID-19. (*Source: RBI Monetary Policy Statement, March 2020*).

The inflation outlook is highly uncertain. As supply lines get restored in the coming months with gradual relaxations in the lockdown, the unusual spike in food inflation in April is expected to moderate. The forecast of a normal monsoon also portends well for food inflation. Given the current global demand-supply balance, international crude oil prices are likely to remain low although they may firm up from the recent depressed levels. Soft global prices of metals and other industrial raw materials are likely to keep input costs low for domestic firms. Deficient demand may hold down pressures on core inflation (excluding food and fuel), although persisting supply dislocations impart uncertainty to the near term outlook. However, volatility in financial markets could have a bearing on inflation. These factors, combined with favorable base effects, are expected to take effect and pull down headline inflation below target in the third and fourth quarter of fiscal year 2021. (*Source: RBI Monetary Policy Statement, May 2020)*.

Fiscal Deficits

Declining fiscal deficits tend to have a favorable impact on the Bank's operations, as lower fiscal deficit allows the RBI to reduce rates given a sustainable level of inflation, and also does not crowd out private investments.

The Government has maintained its focus on fiscal consolidation in recent years. The deficit in fiscal 2017 was reduced to 3.5% of GDP and remained constant in fiscal 2018. Fiscal 2019 saw further improvement of the fiscal deficit to 3.4% of GDP. The Government has reaffirmed its commitment to fiscal consolidation and accordingly the budget for fiscal 2020 projected the fiscal deficit at 3.4% and 3.0% of GDP for fiscals 2021 and 2022, respectively. However, given the COVID-19 pandemic situation, the fiscal path is currently uncertain, especially for fiscal 2021.

The Government announced the Union Budget on 1 February 2020. Some of the key banking and regulatory reforms announced in the Union Budget are set out below:

- Public Sector Banks to be consolidated into eight banks and to be provided ₹700 billion capital to boost credit and provide strong impetus to the economy.
- RBI to take over regulatory authority of housing finance sector from the National Housing Board.
- Deposit insurance has been increased from ₹100,000 to ₹500,000.

With respect to specific fiscal measures for dealing with the COVID-19 pandemic, the Government has declared a comprehensive fiscal and monetary package of approximately ₹20 trillion which includes the regulatory interventions by the RBI. The package focuses on land, labor, liquidity and laws and intends to cater to various sections including cottage industry, MSMEs, laborers, middle class, and industries (*Source: Press Information Bureau of India)*. Some of the measures relevant to the banking industry are set out below.

- ₹3 trillion collateral - free automatic loans for businesses, including MSMEs – Emergency credit line to businesses/ MSMEs from banks and NBFCs permitted up to 20% of the entire outstanding credit as on 29 February 2020, with a 4-year tenor and a moratorium of 12 months on principal repayment, along with 100% credit guarantee cover to banks and NBFCs on principal and interest;
- ₹200 billion subordinate debt permitted for MSMEs, which are stressed or NPAs. This includes a support of ₹40 billion to Credit Guarantee Fund Trust For Micro And Small Enterprises (**CGTMSE**), which will provide partial credit guarantee support to banks. Under this scheme, promoters of the MSMEs will be given debt by banks, which will then be infused by the promoter as equity in the unit;
- Other measures to strengthen MSMEs such as ₹500 billion equity infusion for MSMEs through fund of funds and expansion of definitions of MSMEs;

- ₹300 billion Special Liquidity Scheme for NBFCs/HFCs/MFIs under which investment will be made by the Government in both primary and secondary market transactions in investment grade debt paper of NBFCs/HFCs/MFIs and the securities will be fully guaranteed by the Government;
- ₹15 billion interest subvention for MUDRA-Shishu Loans under which the Government will provide interest subvention of 2% for prompt payees for a period of 12 months;
- ₹2 trillion credit boost to 25 million farmers under Kisan Credit Card Scheme, under which, concessional credit will be provided to PM-KISAN beneficiaries; and
- Measures under the Insolvency and Bankruptcy Code, 2016 (**IBC**):
    - special insolvency resolution framework for MSMEs under Section 240A of the IBC;
    - suspension of fresh initiation of insolvency proceedings for up to one year depending upon the pandemic situation; and
    - empowering the Central Government to exclude COVID-19 pandemic related debt from the definition of "default" under the IBC for the purpose of triggering insolvency proceedings.
- Further, pursuant to the RBI's 'Statement of Developmental and Regulatory Policies' dated 6 August 2020 and notification on 'Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances' dated 6 August 2020, the restructuring scheme for MSMEs referred to in the RBI circular dated 11 February 2020 which envisages restructuring without asset classification downgrades subject to certain conditions is extended to restructuring proposals which are implemented by March 31, 2021. For further details, see "*Supervision and Regulation*".

Loan Portfolio Size and Portfolio Mix

Increases or decreases in the size of the Bank's loan portfolio, and changes in the mix of the Bank's overall asset portfolio, significantly impacts the Bank's interest income.

The Bank's loan portfolio represents the total aggregate amount of loans disbursed to borrowers, less repayments made to date, plus applied but unpaid interest. The main factors affecting the size of the Bank's overall loan portfolio are the market demand for loans in the Indian economy and competition from other financial institutions. Demand for loans is primarily influenced by India's GDP growth rates, as well as by prevailing interest rates in India. An increase in the overall size of the Bank's loan portfolio generally tends to increase the Bank's interest income, while a decrease in the overall size of the Bank's loan portfolio generally tends to decrease the Bank's interest income, related fee and commission income.

In addition, the proportion of loans to the Bank's total asset portfolio also has an effect on the Bank's interest income, as non-loan interest-earning assets (which primarily comprise Government securities, other investment securities and amounts due from credit institutions) generally have lower yields than loans. In addition, certain types of loans have higher yields than others, and thus have a higher positive impact on the Bank's interest income. For example, consumer loans generally bear a higher interest rate than other loans, such as international loans, which generally bear a lower interest rate than domestic loans.

Recent increases in the Bank's loan portfolio have allowed the Bank to reallocate its funds from Government securities to loans, which offer the Bank higher returns. This shift in the Bank's portfolio mix toward higher yielding loans has allowed the Bank to increase its interest income despite an environment of declining interest rates in India.

Cost of Funding

An increase in the cost of the Bank's interest-bearing liabilities generally tends to increase the Bank's interest expenses. Conversely, a decrease in cost of the Bank's interest-bearing liabilities generally tends to decrease the Bank's interest expenses. Therefore, the Bank is able to increase its net interest income to the extent that it does not increase the cost of its interest-bearing liabilities to the same extent, or at the same time, as its yield on interest-bearing assets.

The cost of the Bank's interest-bearing liabilities depend on many external factors, including competitive factors and developments in the Indian credit markets and, in particular, interest rate movements and the existence of adequate liquidity in the inter-bank markets. Internal factors that can impact the Bank's cost of funds include changes in the Bank's credit ratings, available credit limits and the Bank's ability to mobilize low-cost deposits, particularly from retail customers and balances in current accounts.

The Bank's primary source of funding is its relatively low-cost deposit base, which is primarily derived from retail depositors in India. Other sources of funding on which the Bank relies are debt instruments issued by the Bank, and RBI and inter-bank borrowings.

The Bank currently enjoys a relatively low-cost deposit base achieved through targeted branch network expansion and customized product offerings. The Bank's target depositor base consists of retail depositors and SMEs that the Bank believes choose the network because of the convenience of its brand recognition, branch locations, convenient access to ATMs and remote banking services, as well as diverse product offerings. The Bank's broad-based distribution network, which includes the Bank's branch network and alternative delivery channels, provides the Bank with access to these depositors, which in turn allows the Bank to maintain low-cost funding through customer deposits.

While the cost of deposits has largely been driven by interest rate movements, the average cost of deposits is also impacted by stable share of current or demand and savings accounts (**CASA**) in relation to total deposits. To continue to source low-cost funding through deposits, the Bank must provide customers with convenient banking services that compensate them for the lower returns on deposits. However, the increasing sophistication of customers, competition for funding, increasing interest rates and changes to the RBI's liquidity and reserve requirements may increase the rates the Bank pays on its deposits.

In response to increased competition for deposits, the Bank's funding strategy also focuses on higher-cost retail term deposits in addition to its focus on CASA deposits. The Bank's interest expenses are expected to increase in the future to the extent that the Bank continues to focus on higher-cost retail term deposits in order to meet its funding needs. As at 31 March 2018, 31 March 2019 and 31 March 2020, the Bank's deposits totaled ₹ 4,536.23 billion, ₹ 5,484.71 billion and ₹ 6,401.05 billion, respectively, of which low-cost deposits (CASA deposits) totaled ₹ 2,438.52 billion, ₹ 2,433.90 billion and ₹ 2,637.06 billion, respectively.

In addition to a higher proportion of higher cost term deposits increasingly forming part of the Bank's funding, in order to meet the growing needs of its retail, large and mid-corporate, and SME, agriculture and financial inclusion groups and to further enhance its capital adequacy ratio, the Bank has issued and may continue to issue subordinated debt, which also tend to increase the Bank's cost of funding compared to deposit accounts.

Non-Performing Loans and Provisioning Policies

Indian banks are required to comply with RBI guidelines on recognition and provisioning for non-performing assets. Provisions are created by a charge to expense, and represent the Bank's estimate for loan losses and risks inherent in the credit portfolio. At a minimum, the Bank makes provisions in accordance with RBI guidelines, though it may provide in excess of RBI requirements to reflect its internal estimates of actual losses. For example, in order to address the impact of the evolving COVID-19 situation, the Bank made an additional provision of ₹30.00 billion for COVID-19 pandemic in fiscal 2020, which included an amount of ₹18.82 billion for COVID-19, above the regulatory requirement, based on an internal stress testing exercise and ₹11.18 billion towards loans under moratorium in accordance with the RBI guidelines on COVID-19 regulatory package.

The level of the Bank's non-performing loans is affected by, among other things, the general level of economic growth in India, the difficulties inherent in restructuring problem loans, the amount of non-performing loans written-off and the Bank's credit approval and monitoring policies. Other factors include a rise in unemployment, prolonged recessionary conditions, decline in household savings and income levels, regulators' assessment and review of the Bank's loan portfolio, a sharp and sustained rise in interest rates, refinance risks due to slow-down in lending by non-banking financial companies, housing finance companies and other financial intermediaries, movements in global commodity markets and exchange rates, each of which could cause a further increase in the level of NPAs. An increase in the volume of the Bank's NPAs may require the Bank to increase its provisions against advances, investments and the related recovery and litigation costs. To the extent that the Bank is required to make additional provisions on account of its non-performing assets, such provisions are charged to the Bank's profit and loss account and decrease the Bank's profitability.

The Indian corporate sector has experienced several challenges in recent years following a phase of significant expansion in investment in the infrastructure and industrial sectors during fiscal 2010 and 2011. Starting in fiscal 2012, the Indian corporate sector experienced several challenges which led to lower than projected cash flows for corporates and the progress in reducing leverage in the corporate sector remained slow. These challenges included delays in project implementation, issues assessing raw materials, low demand and global commodity price cycles, which resulted in a decline in the credit quality of corporate borrowers. In addition, in February 2018, the RBI issued revised guidelines on the resolution of stressed assets, which withdrew the schemes of strategic debt restructuring, change in ownership outside strategic debt restructuring and the scheme for sustainable structuring of stressed assets. For more information, see "*Supervision and Regulation—Laws, rules and regulations governing the Bank—Prudential framework on resolution of stressed assets*". Loans that had been classified under these schemes, which were not implemented, were reclassified as non-performing. As a result, there was a substantial increase in the level of reclassifications of performing loans, including restructured loans, into non-performing status between fiscals 2016 and 2018 for the banking sector and the Bank, leading to a significant increase in the provisions and contingencies for non-performing assets. These increases in provisions negatively affected the Bank's profitability between fiscals 2016 and 2018.

The Bank has responded to these developments with several measures, such as segregating its credit underwriting function from its main businesses, implementing a risk data management framework to improve the quality of loan data, establishing a formal risk appetite framework, and implementing stronger credit rating methodologies and an improved early warning system for potential stresses.

The Bank's asset quality metrics improved during fiscal 2020, with new additions to non-performing loans having moderated from the highs witnessed in fiscal 2018, thus leading to a reduction in the Bank's NPA ratios. Gross additions to the non-performing assets were ₹ 334.19 billion in fiscal 2018 and ₹ 138.71 billion in fiscal 2019 as compared to ₹ 199.15 billion in fiscal 2020. GNPAs as at 31 March 2018, 31 March 2019 and 31 March 2020 were ₹ 342.49 billion, ₹ 297.89 billion and ₹ 302.34 billion, respectively. Net non-performing assets as at 31 March 2018, 31 March 2019 and 31 March 2020 were ₹ 165.92 billion, ₹ 112.76 billion and ₹ 93.60 billion, respectively. The net non-performing assets as a percentage of net customer assets (**net non-performing asset ratio**) as at 31 March 2018, 31 March 2019 and 31 March 2020 were 3.40%, 2.06% and 1.56%, respectively.

While additions to NPAs in the Indian banking sector, including the Bank, remained stable during fiscal 2020, provisions made by banks, including the Bank, continued to be elevated, as banks continued to make additional provisions on their existing portfolios of non-performing loans. The Bank created provision of ₹

14.41 billion for standard assets including unhedged foreign currency exposure compared to ₹ 8.29 billion in fiscal 2019. This includes an amount of ₹ 11.18 billion towards loans under moratorium as per RBI guidelines on COVID-19 regulatory package. Further, in fiscal 2020, the Bank also provided for ₹ 127.56 billion towards NPAs, ₹ 42.05 billion for other contingencies, including ₹ 18.82 billion provided for COVID-19 related contingencies compared to ₹ 102.21 billion for NPAs and ₹ 8.29 billion for other contingencies in fiscal 2019. In view of the evolving and uncertain COVID-19 situation, there is no assurance that the provisions created by the Bank will be sufficient and the Bank may be required to make additional provisions in the future.

To the extent the Bank is able to recover any loans that have been written-off, such amount is credited to the Bank's income statement and reduces any allowances for the relevant period. Recoveries in written-off accounts totaled ₹ 1.83 billion, ₹ 18.67 billion and ₹ 15.53 billion for fiscals 2018, 2019 and 2020, respectively.

Compulsory Deposit and Capital Adequacy Requirements

The RBI imposes several compulsory deposit and capital adequacy requirements on financial institutions as a mechanism to control the liquidity and stability of the Indian financial system.

Indian banks are required to comply with a minimum level of cash reserve ratios by maintaining a specified percentage of their net demand and time liabilities (excluding interbank deposits) by way of cash reserve with itself and by way of balance in current account with the RBI. In addition to cash reserve ratios, bank are also required to comply with a minimum statutory liquidity ratio by maintaining a specified percentage of their net demand and time liabilities by way of liquid assets like cash, gold or approved unencumbered securities.

Indian banks must also comply with the liquidity coverage ratios prescribed by the RBI Basel III Capital Regulations, which follow principles recommended by the Basel Committee. The RBI Basel III Capital Regulations have been implemented in phases since 1 April 2013, and are more stringent than the requirements prescribed by the earlier RBI guidelines. The Basel III Capital Regulations were expected to be fully implemented by 31 March 2019. However, the RBI had deferred the implementation of the last tranche of 0.625% of capital conservation buffer to 31 March 2020, which has further been deferred to 30 September 2020.

More stringent compulsory deposit requirements and capital adequacy requirements tend to negatively impact banks' capital position, thus requiring banks to commit additional capital in order to meet such increased requirements. This tends to decrease overall liquidity in the financial system and decrease the amount of capital available for deployment in credit transactions or higher-yielding investments, which negatively impacts banks' interest-earning assets.

Since 2013, the RBI has gradually established more stringent compulsory deposit requirements and capital adequacy requirements, and not paid interest on capital reserve balances. Any increases in the compulsory deposit requirements or capital adequacy requirements that are applicable to the Bank (on account of regulatory changes or otherwise) could impact the Bank's profitability by limiting the amount of the Bank's capital that is available for commercial credit transactions or for investment in higher-yielding securities, thus restricting the Bank's ability to grow its business. The Bank may also be compelled to dispose of certain of its assets and/or take other measures in order to meet more stringent requirements, which may adversely affect the Bank's results of operations and financial condition.

The table below summarizes the cash reserve ratios, statutory liquidity ratios and liquidity coverage ratios that are applicable to banks in India:

	Cash Reserve Ratio[(1)]	Statutory Liquidity Ratio[(1)]	Liquidity Coverage Ratio
As at 31 March 2018	4.00%	19.50%	90.0%
As at 31 March 2019	4.00%	19.25%	100.0%
As at 31 March 2020	3.00%	18.25%	100.00%

Note:

(1) As on the date of this Offering Circular, the statutory liquidity ratio for banks had been lowered to 18%. In accordance with the RBI notification dated 5 December 2018, Indian banks are required to maintain a SLR of 18% with effect from 11 April 2020. For a description of the ratios used in this table, see *"Supervision and Regulation*".

For more details on the compulsory deposit requirements and capital adequacy requirements applicable in India, see "*Supervision and Regulation—Laws, rules and regulations governing the Bank—Regulations relating to deposits*" and "*Supervision and Regulation—Laws, rules and regulations governing the Bank—Capital adequacy requirements*".

Components of the Bank's Profit and Loss Account

The following is a description of the principal components of the Bank's income statement:

Interest Earned

Interest earned consists of interest on advances and bills, income from investments, interest on balances with RBI and other inter-bank funds and other interest earned. Income from investments consists of interest on government securities, interest on other investments and income by way of dividends from other companies other than subsidiaries. Other interest earned includes interest on deposits placed with financial institutions for shortfall in priority sector lending and interest on income tax refunds, among others. The Bank's securities portfolio consists primarily of Government securities, debentures and bonds, equity shares, mutual fund units, certificates of deposit, commercial paper, security receipts and pass through certificates. The Bank does not receive any interest on the balances that it maintains with RBI to meet the Bank's cash reserve requirements. See "*Risk Factors— Risks Relating to the Bank's Business - The Bank is subject to reserve capital, capital adequacy and liquidity requirements as stipulated by the RBI for domestic banks. The Bank's inability to maintain adequate capital due to changes in regulations, a lack of access to capital markets, or otherwise may impact its ability to grow and support its business.*".

Other Income

The Bank's non-interest income consists principally of (i) fee income and other income earned from commission, exchange and brokerage, (ii) trading income comprising of profits/loss on the sale of investments, (iii) net profit (loss) on the sale of fixed assets and other assets such as land and buildings etc., (iv) profits/loss on exchange/derivative transactions, (v) income earned by way of dividends and other distributions from subsidiaries, associates and joint ventures, and (vi) miscellaneous income, which primarily includes recoveries in assets previously written off.

Interest Expended

The Bank's interest expended consists of interest on deposits, interest on RBI and inter-bank borrowings and other interest such as interest on subordinated debt and other borrowings from other financial institutions.

Operating Expense

The Bank's operating expense consists principally of (i) payments to and provision for employees, (ii) rent, taxes and lighting, (iii) expenses with printing and stationery, (iv) advertisement and publicity expenses, (v) depreciation on the Bank's property, (vi) director's fees, allowances and expenses, (vii) auditors' fees and expenses, (viii) law charges, (ix) expenses relating to postage, telegrams, telephones and other related costs, (x) repairs and maintenance expenses, (xi) insurance expenses, including deposit insurance premiums that the Bank pays based on the level of deposits at the Bank, and (xii) other expenditures.

Provisions and Contingencies (net)

The Bank's provisions and contingencies consist of (i) provision for taxation, (ii) provision for NPAs (including write-offs net of recoveries in NPAs), (iii) provision for diminution and/or depreciation in the value of investments, (iv) provision for standard assets, being the provision that the RBI requires all banks to maintain on standard assets, (v) provision for unhedged foreign currency exposure of clients and (vi) other provisions.

Critical Accounting Policies

The Financial Statements are prepared in accordance with Indian GAAP as applicable to banks. The preparation of the Financial Statements requires the Bank to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses as well as the disclosure of contingent liabilities. The notes to the Bank's Financial Statements contain a summary of its significant accounting policies. Certain of these policies are critical to the portrayal of the Bank's financial condition, since they require management to make subjective judgments, some of which may relate to matters that are inherently uncertain. Below is a discussion of these critical accounting policies.

The Bank bases its estimates and judgements on historical experience and other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions. As a result of changes in applicable statutory requirements and accounting practices in India, the accounting policies of the Bank have undergone changes during the periods covered by this discussion. Accordingly, this discussion should be read in conjunction with the Financial Statements and notes as applicable during the respective fiscal.

Investments

Classification

In accordance with the RBI guidelines, investments are classified at the time of purchase as:

- Held for Trading ('HFT');
- Available for Sale ('AFS'); and
- Held to Maturity ('HTM').

Investments that are held principally for sale within a short period are classified as HFT securities. As per the RBI guidelines, HFT securities, which remain unsold for a period of 90 days are transferred to AFS securities.

Investments that the Bank intends to hold until maturity are classified under the HTM category. Investments in the equity of subsidiaries/joint ventures are categorized as HTM in accordance with the RBI guidelines.

All other investments are classified as AFS securities.

However, for disclosure in the Balance Sheet, investments in India are classified under six categories - Government Securities, Other approved securities, Shares, Debentures and Bonds, Investment in Subsidiaries/Joint Ventures and Others. Investments made outside India are classified under three categories - Government Securities, Subsidiaries and/or Joint Ventures abroad and Others.

All investments are accounted for on settlement date, except investments in equity shares which are accounted for on trade date.

Transfer of security between categories

Transfer of security between categories of investments is accounted as per the RBI guidelines.

Acquisition cost

Costs including brokerage and commission pertaining to investments, paid at the time of acquisition, are charged to the Profit and Loss Account.

Broken period interest is charged to the Profit and Loss Account.

Cost of investments is computed based on the weighted average cost method.

Valuation

Investments classified under the HTM category: Investments are carried at acquisition cost unless it is more than the face value, in which case the premium is amortized over the period remaining to maturity on a constant yield to maturity basis. Such amortization of premium is adjusted against interest income under the head 'Income from Investments' under Schedule 13 in Profit and Loss Account. In terms of RBI guidelines, discount on securities held under HTM category is not accrued and such securities are held at the acquisition cost until maturity.

Investments in subsidiaries/joint ventures are categorized as HTM and assessed for impairment to determine permanent diminution, if any, in accordance with the RBI guidelines and suitable provisions are made.

Investments classified under the AFS and HFT categories: Investments under these categories are marked to market. The market/fair value of quoted investments included in the 'AFS' and 'HFT' categories is the market price of the scrip as available from the trades/quotes on the stock exchanges or prices declared by Primary Dealers Association of India ('PDAI') jointly with Fixed Income Money Market and Derivatives Association of India ('FIMMDA')/Financial Benchmark India Private Limited ('FBIL'), periodically. Net depreciation, if any, within each category of each investment classification is recognized in the Profit and Loss Account. The net appreciation if any, under each category of each investment classification is ignored. The depreciation on securities acquired by way of conversion of outstanding loans is provided in accordance with the RBI guidelines. The book value of individual securities is not changed consequent to the periodic valuation of investments.

Non-performing investments are identified and provision is made thereon as per RBI guidelines. The provision on such non-performing investments is not set off against the appreciation in respect of other performing securities. Interest on non-performing investments is not recognized in the Profit and Loss Account until received.

Treasury Bills, Exchange Funded Bills, Commercial Paper and Certificate of Deposits being discounted instruments, are valued at carrying cost which includes discount amortized over the period to maturity.

Units of mutual funds are valued at the latest repurchase price/net asset value declared by the mutual fund.

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

- The market/fair value of unquoted government securities which are in the nature of Statutory Liquidity Ratio ('SLR') securities included in the AFS and HFT categories is computed as per the rates published by FIMMDA/FBIL.
- In case of special bonds issued by Government of India that do not qualify for SLR, unquoted bonds, debentures, preference shares where interest/dividend is received regularly (i.e. not overdue beyond 90 days), the market price is derived based on the YTM for Government Securities as published by FIMMDA/PDAI/FBIL and suitably marked up for credit risk applicable to the credit rating of the instrument. The matrix for credit risk mark-up for each category and credit ratings along with residual maturity issued by FIMMDA/FBIL is adopted for this purpose.
- In case of bonds & debentures where interest is not received regularly (i.e. overdue beyond 90 days), the valuation is in accordance with prudential norms for provisioning as prescribed by RBI.
- Pass Through Certificates ('PTC') and Priority Sector PTCs are valued as per extant FIMMDA guidelines.
- Equity shares, for which current quotations are not available or where the shares are not quoted on the stock exchanges, are valued at break-up value (without considering revaluation reserves, if any) which is ascertained from the company's latest Balance Sheet. In case the latest Balance Sheet is not available, the shares are valued at ₹1 per company;
- Units of Venture Capital Funds ('VCF') held under AFS category where current quotations are not available are valued based on the latest audited financials of the fund. In case the audited financials are not available for a period beyond 18 months, the investments are valued at ₹1 per VCF. Investment in unquoted VCF after 23 August, 2006 may be categorized under HTM category for the initial period of three years and are valued at cost as per RBI guidelines.
- In case of investments in security receipts on or after 1 April, 2017 which are backed by more than 50 percent of the stressed assets sold by the Bank, provision for depreciation in value is made at the higher of - provisioning rate required in terms of net asset value declared by the Reconstruction Company ('RC')/Securitization Company ('SC') or the provisioning rate as per the extant asset classification and provisioning norms as applicable to the underlying loans, assuming that the loan notionally continued in the books of the bank. All other investments in security receipts are valued as per the NAV obtained from the issuing RC/SCs.

Disposal of investments

Investments classified under the HTM category: Realized gains are recognized in the Profit and Loss Account and subsequently appropriated to Capital Reserve account (net of taxes and transfer to statutory reserves) in accordance with the RBI guidelines. Losses are recognized in the Profit and Loss Account.

Investments classified under the AFS and HFT categories: Realized gains/losses are recognized in the Profit and Loss Account.

Repurchase and reverse repurchase transactions

Repurchase and reverse repurchase transactions in government securities and corporate debt securities including those conducted under the Liquidity Adjustment Facility ('LAF') and Marginal Standby Facility

('MSF') with RBI are accounted as collateralized borrowing and lending respectively. Accordingly, securities given as collateral under an agreement to repurchase them continue to be held under the investment account and the Bank continues to accrue the coupon/discount on the security during the repo period. Further, the Bank continues to value the securities sold under repo as per the investment classification of the security. Borrowing cost on repo transactions is accounted as interest expense and revenue on reverse repo transactions is accounted as interest income.

Short Sales

In accordance with the RBI guidelines, the Bank undertakes short sale transactions in Central Government dated securities. The short positions are reflected in 'Securities Short Sold ('SSS') A/c', specifically created for this purpose. Such short positions are categorized under HFT category and netted off from investments in the Balance Sheet. These positions are marked-to-market along with the other securities under HFT portfolio and the resultant mark-to-market gains/losses are accounted for as per the relevant RBI guidelines for valuation of investments discussed earlier.

Advances

Advances are classified into performing and non-performing advances ('NPAs') as per the RBI guidelines and are stated net of bills rediscounted, inter-bank participation certificates, specific provisions made towards NPAs, interest in suspense for NPAs, claims received from Export Credit Guarantee Corporation, provisions for funded interest on term loan classified as NPAs, provisions in lieu of diminution in the fair value of restructured assets and floating provisions.

NPAs are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by the RBI. Advances held at the overseas branches that are identified as impaired as per host country regulations for reasons other than record of recovery, but which are standard as per the RBI guidelines, are classified as NPAs to the extent of amount outstanding in the host country. Provisions for NPAs are made for sub-standard and doubtful assets at rates as prescribed by the RBI with the exception for agriculture advances and schematic retail advances. In respect of schematic retail advances, provisions are made in terms of a bucket-wise policy upon reaching specified stages of delinquency (90 days or more of delinquency) under each type of loan, which satisfies the RBI prudential norms on provisioning. Provisions in respect of agriculture advances classified into sub-standard and doubtful assets are made at rates which are higher than those prescribed by the RBI. Provisions for advances booked in overseas branches, which are standard as per the RBI guidelines but are classified as NPAs based on host country guidelines, are made as per the host country regulations. In case of NPAs referred to National Company Law Tribunal ('NCLT') under the IBC where resolution plan or liquidation order has been approved by NCLT, provision is maintained at higher of the requirement under RBI guidelines or the likely haircut as per resolution plan or liquidation order.

Restructured assets are classified and provided for in accordance with the guidelines issued by RBI from time to time.

Loss assets and unsecured portion of doubtful assets are provided/written off as per the extant RBI guidelines.

Amounts recovered against debts written off are recognized in the Profit and Loss account and included under "*Other Income*".

In case of EMI based standard retail advances, funds received from customers are appropriated in the order of chronology as towards interest, principal, penal interest and charges. In case of other standard advances, funds received from customers are appropriated in the order of chronology as towards charges, penal interest, interest and principal.

The Bank makes additional provisions as per RBI's guidelines on 'Prudential Framework on Resolution of Stressed Assets' dated 7 June 2019 (the **7 June 2019 RBI Circular**) on accounts in default and with aggregate exposure above the threshold limits as laid down in the said framework where the resolution plan is not implemented within the specified timelines. For further details, see "*Supervision and Regulation*".

In respect of borrowers classified as non-cooperative and willful defaulters, the Bank makes accelerated provisions as per extant RBI guidelines.

Loans reported as fraud are classified as loss assets, and fully provided immediately without considering the value of security.

For entities with Unhedged Foreign Currency Exposure ('UFCE'), provision is made in accordance with the guidelines issued by RBI, which requires to ascertain the amount of UFCE, estimate the extent of likely loss and estimate the riskiness of unhedged position. This provision is classified under Schedule 5 – Other Liabilities and Provisions in the Balance Sheet. Further, incremental capital is maintained in respect of borrower counter parties in the highest risk category, in line with stipulations by RBI.

The Bank maintains provisions for incremental exposure of the banking system to specified borrowers beyond Normally Permitted Lending Limit ('NPLL') in proportion to Bank's funded exposure to the specified borrowers as per RBI guidelines. This provision is classified under Schedule 5 – Other Liabilities and Provisions in the Balance Sheet.

The Bank maintains a general provision on standard advances at the rates prescribed by RBI other than for corporate standard advances rated 'BB and Below' and all SMA-2 advances as reported to CRILC, where general provision is maintained at rates that are higher than those prescribed by RBI. In case of overseas branches, general provision on standard advances is maintained at the higher of the levels stipulated by the respective overseas regulator or RBI. The Bank also maintains general provision on positive Mark-to-Market (MTM) on derivatives at the rates prescribed by RBI The Bank maintains provision on non-funded outstanding in NPAs, prudentially written off accounts, corporate standard advances rated 'BB and Below' and all SMA-2 advances as reported to CRILC. This provision is classified under Schedule 5 – Other Liabilities and Provisions in the Balance Sheet.

Under its home loan portfolio, the Bank offers housing loans with certain features involving waiver of Equated Monthly Installments ('EMIs') of a specific period subject to fulfilment of a set of conditions by the borrower. The Bank makes provision against the probable loss that could be incurred in future on account of waivers to eligible borrowers in respect of such loans based on actuarial valuation conducted by an independent actuary. This provision is classified under Schedule 5 – Other Liabilities and Provisions in the Balance Sheet.

Revenue Recognition

Interest income is recognized on an accrual basis in accordance with AS–9, Revenue Recognition as notified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014, the Companies (Accounting Standards) Amendment Rules, 2016 and the RBI guidelines, except in the case of interest income on non-performing assets where it is recognized on receipt basis if overdue for more than 90 days. Income on non-coupon bearing discounted instruments or low-coupon bearing instruments is recognized over the tenor of the instrument on a constant yield basis.

Guarantee commission is recognized on a pro-rata basis over the period of the guarantee. Locker rent and annual fees for credit cards are recognized on a straight-line basis over the period of contract. Arrangership/syndication fee is accounted for on completion of the agreed service and when right to receive is established. Other fees and commission income are recognized when due, where the Bank is reasonably certain of ultimate collection.

Interest income on investments in discounted PTCs is recognized on a constant yield basis.

Dividend is accounted on an accrual basis when the right to receive the dividend is established.

Gain/loss on sell down of loans and advances through direct assignment is recognized at the time of sale.

Fees paid for purchase of Priority Sector Lending Certificates ('PSLC') is amortized on straight-line basis over the tenor of the certificate as 'Other Expenditure' under Schedule 16 of Profit and Loss Account. Fees received on sale of PSLC is amortized on straight-line basis over the tenor of the certificate as 'Miscellaneous Income' under Schedule 14 of Profit and Loss Account.

In accordance with RBI guidelines on sale of non-performing advances, if the sale is at a price below the net book value (i.e. book value less provisions held), the shortfall is charged to the Profit and Loss Account. If the sale is for a value higher than the net book value, the excess provision is credited to the Profit and Loss Account in the year the amounts are received.

The Bank deals in bullion business on a consignment basis. The difference between the price recovered from customers and cost of bullion is accounted for at the time of sale to the customers. The Bank also deals in bullion on a borrowing and lending basis and the interest paid/received is accounted on an accrual basis.

Derivative Transactions

Derivative transactions comprise of forward contracts, swaps and options which are disclosed as contingent liabilities. The forwards, swaps and options are categorized as trading or hedge transactions. Trading derivative contracts are revalued at the Balance Sheet date with the resulting unrealized gain or loss being recognized in the Profit and Loss Account and correspondingly in other assets (representing positive Mark-to-Market) and in other liabilities (representing negative Mark-to-Market (MTM)) on a gross basis. For hedge transactions, the Bank identifies the hedged item (asset or liability) at the inception of transaction itself. The effectiveness is ascertained at the time of inception of the hedge and periodically thereafter. Hedge swaps are accounted for on accrual basis except in case of swaps designated with an asset or liability that is carried at market value or lower of cost or market value in the financial statements. In such cases the swaps are marked-to-market with the resulting gain or loss recorded as an adjustment to the market value of designated asset or liability. Hedge transactions that are entered after 26 June 2019 through rupee interest rate derivatives are accounted for as per the guidance note issued by ICAI on accounting for derivative contracts. Pursuant to the RBI guidelines any receivables under derivative contracts comprising of crystallized receivables as well as positive Mark-to-Market (MTM) in respect of future receivables which remain overdue for more than 90 days are reversed through the Profit and Loss account and are held in separate Suspense Account.

Premium on options is recognized as income/expense on expiry or early termination of the transaction.

Currency futures contracts are marked-to-market using daily settlement price on a trading day, which is the closing price of the respective futures contracts on that day. While the daily settlement price is computed based on the last half an hour weighted average price of such contracts, the final settlement price is taken as the RBI reference rate on the last trading day of the futures contracts or as may be specified by the relevant authority from time to time. All open positions are marked-to-market based on the settlement price and the resultant marked-to-market profit/loss is daily settled with the exchange.

Valuation of Exchange Traded Currency Options (ETCO) is carried out on the basis of the daily settlement price of each individual option provided by the exchange and valuation of Interest Rate Futures (IRF) is carried out on the basis of the daily settlement price of each contract provided by the exchange.

Changes to the Bank's Critical Accounting Policies

Fiscal 2019

Provision on standard advances

With effect from 31 March 2019, in the case of provision on standard advances, the Bank adopted a more stringent policy of maintaining provisions on corporate standard advances rated 'BB and Below' and all SMA-2 advances as reported to the Central Repository of Information on Large Credits (**CRILC**), at rates that are higher than those prescribed by the RBI. As a result, provisions and contingencies for fiscal 2019 are higher than they would have been prior to the adoption of this new accounting policy by ₹ 3.78 billion, with a consequent reduction to the Bank's profit before tax for the year.

Fiscal 2020

Provision on Non-Fund based outstanding

During the year, the Bank has adopted a policy of maintaining provision on non-funded outstanding in NPAs, prudentially written off accounts, corporate standard advances rated 'BB and Below' and all SMA-2 advances as reported to the CRILC. As a result, the provisions and contingencies for the year are higher by ₹ 4.11 billion with a consequent reduction to the profit before tax.

Adoption of Ind AS

The Financial Statements and other financial information included or incorporated by reference in this Offering Circular are based on the Bank's standalone financial statements prepared in accordance with Indian GAAP. The Institute of Chartered Accountants of India has issued Ind AS, a revised set of accounting standards, which largely converges the Indian accounting standards with International Financial Reporting Standards. The Ministry of Corporate Affairs, which is the law making authority for adoption of accounting standards in India, has notified these Ind AS for adoption. Further, the ministry has also issued a roadmap for transition to Ind AS by Indian companies in a phased manner starting from 1 April 2016. For banking companies and non-banking finance companies, the implementation of Ind AS, which was earlier to begin from 1 April 2018, has been deferred until further notice as recommended legislative amendments were still under consideration by the Government. The RBI does not permit banks to adopt Ind AS earlier than the official implementation timelines. However, the Bank's IT systems and other processes are already in the advanced stages of Ind AS implementation.

Ind AS 109 – Financial Instruments (Standard equivalent to International Financial Reporting Standard 9) would have a significant impact on the way financial assets and liabilities are classified and measured, resulting in volatility in profit or loss and equity. Ind AS will change, among other things, the Bank's methodology for estimating allowances for probable loan losses and for classifying and valuing its investment portfolio and its revenue recognition policy. For more information, see "*Supervision and Regulation—Laws, rules and regulations governing the Bank—Indian Accounting Standards*" and "*Risk Factors— Risks Relating to India - Indian accounting principles differ from those which prospective investors may be familiar with in other countries. In addition, the effects of the planned convergence with, and adoption of, IFRS are uncertain*.".

Results for the Fiscal Ended 31 March 2020 Compared to the Fiscal Ended 31 March 2019 Summary of Performance

	Year ended 31 March		
	2019	**2020**	**%**
	(₹ in millions, except percentages)		
Interest Earned (A)..	549,858	626,352	13.91
Other Income (B)	131,303	155,366	18.33
Interest Expended (C)	332,776	374,290	12.47
Operating Expense (D)...	158,334	173,046	9.29
Provisions and Contingencies (E)	143,285	218,110	52.22
Net Profit (A+B-C-D-E)..	**46,766**	**16,272**	

Interest Earned

Total interest earned increased by ₹ 76.49 billion, or 13.91% from ₹ 549.86 billion in fiscal 2019 to ₹ 626.35 billion in fiscal 2020. This increase was primarily a result of the following factors:

- a ₹ 69.81 billion, or 16.89%, increase in income derived from interest/discount on advances/bills from ₹ 413.22 billion in fiscal 2019 to ₹ 483.03 billion in fiscal 2020. This is primarily due to (i) a 14.62% increase in the daily average volume of advances primarily due to an increase in volume of retail advances in fiscal 2020; and (ii) an increase in the average yield on advances from 9.44% in fiscal 2019 to 9.64% in fiscal 2020 (based on daily average balances) in each case, primarily due to increase in the portfolio of high yielding retail advances by ₹ 521.35 billion in fiscal 2020;

- a ₹ 1.03 billion, or 0.91%, marginal decrease in income on investments from ₹ 113.49 billion in fiscal 2019 to ₹ 112.46 billion in fiscal 2020, primarily due to a decrease in yield on SLR investments; and

  This effect was partially offset by a 1.17% increase in the daily average volume of investments in fiscal 2020 due to additional investments made in government securities during fiscal 2020 to meet higher statutory liquidity ratio requirements.

- a ₹ 7.71 billion, or 33.30%, increase in lending and other interest income from ₹ 23.15 billion in fiscal 2019 to ₹ 30.86 billion in fiscal 2020, primarily due to an increase in the volume of average lending and priority sector shortfall deposits, which increased from ₹ 396.62 billion in fiscal 2019 to ₹ 594.17 billion in fiscal 2020.

Other Income

Other income increased by ₹ 24.06 billion, or 18.33%, from ₹ 131.30 billion in fiscal 2019 to ₹ 155.37 billion in fiscal 2020. This increase was primarily a result of the following factors:

- a ₹ 8.38 billion, or 9.47%, increase in fee income from commission, exchange and brokerage, from ₹ 88.54 billion in fiscal 2019 to ₹ 96.92 billion in fiscal 2020, primarily due to a ₹ 9.42 billion, or 15.33%, increase in retail fee income due to an increase in retail advances; and

- a ₹ 14.14 billion, or 186.54%, increase in net profits on sale of investments, from ₹ 7.58 billion in fiscal 2019 to ₹ 21.72 billion in fiscal 2020, primarily due to higher profits on the sale of government securities and bonds in fiscal 2020 as compared to fiscal 2019.

Interest Expended

Total interest expended increased by ₹ 41.51 billion, or 12.47%, from ₹ 332.78 billion in fiscal 2019 to ₹ 374.29 billion in fiscal 2020. This increase was primarily a result of the following factors:

- a ₹ 56.61 billion, or 23.88%, increase in interest paid on deposits, from ₹ 237.08 billion in fiscal 2019 to ₹ 293.69 billion in fiscal 2020, primarily due to (i) a 21.44% increase in the daily average volume of interest-bearing liabilities due to an increase in retail term deposits as well as CASA deposits, and (ii) an increase in the average cost of deposits from 5.12% in fiscal 2019 to 5.23% in fiscal 2020 (based on daily average balances) due to an increase in the cost of deposits resulting from the Bank's increased focus on retail term deposits as part of its overall deposits strategy; while cost of interest bearing liabilities for the Bank remained stable in fiscal 2019 at 5.43% and fiscal 2020 at 5.48%.

  This increase in interest expense was partially offset by a ₹ 15.10 billion, or 15.78%, decrease in interest on Reserve Bank of India (RBI)//inter-bank borrowings and other interest expenses, from ₹ 95.70 billion in fiscal 2019 to ₹ 80.60 billion in fiscal 2020, primarily due to (i) a 19.12% decrease in the daily average volume of RBI/inter-bank borrowings and other interest-bearing liabilities primarily due to a decrease in the amount of funds borrowed for refinancing, foreign exchange denominated borrowings and overseas borrowing, which however, was partially offset by an increase in the average cost of RBI/inter-bank borrowings and other interest-bearing liabilities from 6.37% in fiscal 2019 to 6.64% in fiscal 2020 (based on daily average balances) due to an increase in cost of funds of subordinate debt, forex borrowings and infrastructure bonds.

Operating Expense

Operating expense increased by ₹ 14.71 billion, or 9.29%, from ₹ 158.33 billion in fiscal 2019 to ₹ 173.05 billion in fiscal 2020. This increase was primarily a result of the following factors:

- a ₹ 8.98 billion, or 8.10%, increase in other expenditures (including rent, taxes and lighting, printing and stationery, advertisement and publicity, directors' fees/allowances and expenses, auditor's fees and expenses, repair and maintenance, law charges, postage/telegrams/ telephones, insurance, depreciation on the Bank's property and other expenditure), from ₹ 110.86 billion in fiscal 2019 to ₹ 119.84 billion in fiscal 2020. This is primarily due to an increase in balance enquiry and cash withdrawal charges, direct selling agent commissions, sales commissions and travel expenses, rent, taxes, repairs and maintenance, depreciation on the Bank's property, insurance expenses, and outsourcing and data entry charges due to the growth of the Bank's network and other infrastructure required to support the Bank's existing and new businesses; and
- a ₹ 5.74 billion, or 12.09%, increase in payment to and provisions for employees (including salaries, allowances and other staff benefits) from ₹ 47.47 billion in fiscal 2019 to ₹ 53.21 billion in fiscal 2020, primarily due to 19.70% increase in employee numbers in fiscal 2020 on account of the growth of the Bank's network and other infrastructure required to support the Bank's existing and new businesses.

Provisions and Contingencies

Provisions and contingencies increased by ₹ 74.82 billion, or 52.22%, from ₹ 143.29 billion in fiscal 2019 to ₹ 218.11 billion in fiscal 2020. This was primarily on account of the factors set out below:

- The Bank provided ₹ 127.56 billion towards non-performing assets compared to ₹ 102.21 billion in fiscal 2019. The increase in provision for non-performing assets is primarily on account of higher slippages during fiscal 2020 as compared to fiscal 2019 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 RBI Circular.

- The Bank provided ₹ 14.41 billion for standard assets including unhedged foreign currency exposure compared to ₹ 8.29 billion in fiscal 2019. This includes an amount of ₹ 11.18 billion towards loans under moratorium as per RBI guidelines on COVID-19 regulatory package.
- 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 ₹ 4.11 billion for fiscal 2020.
- During fiscal 2020, the Bank has made balance provision of ₹ 16.05 billion 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 fiscal 2019. During fiscal 2020, the Bank also sold a part of the land parcel which led to write back in the provision amounting to ₹ 0.79 billion.
- Further, the Bank made an additional provision for COVID-19 of ₹18.82 billion, based on an internal stress testing exercise which provides 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.
- The Bank provided provision for tax for fiscal 2020 for ₹ 32.77 billion as compared to ₹22.97 billion for fiscal 2019. During fiscal 2020, the Bank opted 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 recognized provision for income tax for fiscal 2020 in line with the above option. This required a restatement of the opening balance of deferred tax assets as at 1 April 2019, on the basis of the rate of 25.17% (including surcharge and cess). The restatement has resulted in a write down of ₹ 21.38 billion which has been fully charged to the Profit and Loss account during fiscal 2020.

Net Profit

As a result of the foregoing factors, the Bank's net profit declined from ₹ 46.77 billion in fiscal 2019 to ₹ 16.27 billion in fiscal 2020.

Financial Condition

Assets

The following table sets forth the principal components of the Bank's assets as at 31 March 2019 and 31 March 2020.

	As of 31 March		
	2019	**2020**	**%**
	(₹ in millions, except percentages)		
Cash and balances with the RBI (A)	350,990	849,592	142.06
Balances with banks and money at call and short notice (B)	321,056	123,091	(61.66)
Total cash and cash equivalents (C=A+B)	**672,046**	**972,683**	**44.73**
Government securities (net) (D)	1,202,394	1,259,816	4.78
Other securities (net)[1] (E)	547,299	307,527	(43.81)

	As of 31 March		
	2019	2020	%
	(₹ in millions, except percentages)		
Total investment (net) (F=D+E)	**1,749,693**	**1,567,343**	**(10.42)**
Non-retail advances (net)[(2)] (G)	2,489,860	2,660,237	6.84
Retail advances (net)[(3)] (H)	2,458,120	3,054,005	24.24
Total Advances (net) (I=G+H)	**4,947,980**	**5,714,242**	**15.49**
Fixed assets (J)	40,366	43,129	6.84
Other assets (K)	599,880	854,251	42.40
Total Assets (C+F+I+J+K)	**8,009,965**	**9,151,648**	**14.25**

(1) Other securities include shares, debentures and bonds, investment in Subsidiaries/Joint Ventures and others (Mutual Funds, CD/CP, security receipts, pass through certificates etc.)

(2) The Bank's non-retail loans/advances include advances to corporates and SMEs. Advances to corporates comprise lending to corporate customers in the form of working capital finance, project and corporate finance. The Bank's SME advances consist of lending to small and medium enterprises in the form of overdrafts, cash credit, demand loans, medium and long-term loans, discounting of bills and corporate agriculture lending.

(3) The Bank's retail loans/advances consist of schematic loans in the form of mortgage loans, automobile loans, personal loans, gold loans, retail agriculture loans, etc. and non-schematic loans in the form of outstanding under credit cards, loans against deposits, loans against securities, etc.

The Bank's total assets increased by 14.25% from ₹ 8,009.97 billion as at 31 March 2019 to ₹ 9,151.65 billion as at 31 March 2020. This increase was primarily a result of the following factors:

- Total cash and cash equivalents increased by 44.73%, from ₹ 672.05 billion as at 31 March 2019 to ₹ 972.68 billion as at 31 March 2020;
- The Bank's total investments (net) decreased by 10.42%, from ₹ 1,749.69 billion as at 31 March 2019 to ₹ 1,567.34 billion as at 31 March 2020. The Bank's investments in Government securities (including investments held to meet higher statutory liquidity ratio requirements) also increased by 4.78%, from ₹ 1,202.39 billion as at 31 March 2019 to ₹ 1,259.82 billion as at 31 March 2020. The Bank's investments in other securities decreased by 43.81%, from ₹ 547.30 billion as at 31 March 2019 to ₹ 307.53 billion as at 31 March 2020;
- The Bank's total advances (net) increased by 15.49%, from ₹ 4,947.98 billion as at 31 March 2019 to ₹ 5,714.24 billion as at 31 March 2020. The Bank's non-retail advances grew by 6.84%, from ₹ 2,489.86 billion as at 31 March 2019 to ₹ 2,660.24 billion as at 31 March 2020. The Bank's retail advances also increased by 24.24%, from ₹ 2,458.12 billion as at 31 March 2019 to ₹ 3,054.00 billion as at 31 March 2020;
- The Bank's fixed assets increased by 6.84%, from ₹ 40.37 billion as at 31 March 2019 to ₹ 43.13 billion as at 31 March 2020; and
- Other assets increased by 42.40%, from ₹ 599.88 billion as at 31 March 2019 to ₹ 854.25 billion as at 31 March 2020. The increase is primarily due to an increase in accrued income, priority sector shortfall deposits, positive mark-to-market on derivatives and increases in other assets due to general business volume.

Liabilities and Shareholders' Funds

The following table sets forth the principal components of the Bank's liabilities and shareholders' funds as at 31 March 2019 and 31 March 2020.

	As of 31 March		
	2019	2020	%
	(₹ in millions, except percentages)		
Capital (A)	5,143	5,643	9.72
Reserves and surplus (B)	661,620	843,835	27.54
Total Shareholders' funds (C=A+B)	**666,763**	**849,478**	**27.40**
Deposits (D)	5,484,713	6,401,049	16.71
Borrowings (E)	1,527,758	1,479,541	(3.16)
Other liabilities and provisions (F)	330,731	421,580	27.47
Total liabilities and shareholders' funds (C+D+E+F)	**8,009,965**	**9,151,648**	**14.25**

The Bank's total liabilities and shareholders' funds increased by 14.25%, from ₹ 8,009.97 billion as at 31 March 2019 to ₹ 9,151.65 billion as at 31 March 2020. This increase was primarily a result of the following factors:

- Deposits increased by 16.71%, from ₹ 5,484.71 billion as at 31 March 2019 to ₹ 6,401.05 billion as at 31 March 2020. This growth in deposits was the result of an increased focus on retail and corporate customers and the Bank's success in leveraging on its extensive network of branches, extension counters and ATMs. Term deposits increased by 23.38%, from ₹ 3,050.77 billion as at 31 March 2019 to ₹ 3,763.99 billion as at 31 March 2020. CASA deposits (savings and demand deposits) increased by 8.35%, from ₹ 2,433.94 billion as at 31 March 2019 to ₹ 2,637.06 billion as at 31 March 2020.

- Borrowings decreased by 3.16%, from ₹ 1,527.76 billion as at 31 March 2019 to ₹ 1,479.54 billion as at 31 March 2020 primarily due to redemption of subordinated debt amounting to ₹ 20 billion.

- Other liabilities and provisions increased by 27.47%, from ₹ 330.73 billion as at 31 March 2019 to ₹ 421.58 billion as at 31 March 2020 primarily due to a decrease in the mark-to-market value of the Bank's securities portfolio.

- Shareholders' funds increased by 27.40%, from ₹ 666.76 billion as at 31 March 2019 to ₹ 849.48 billion as at 31 March 2020 due to allotment of the equity shares pursuant to exercise of share warrants and qualified institutions placement of equity shares in September 2019.

Results for the Fiscal Ended 31 March 2019 Compared to the Fiscal Ended 31 March 2018

Summary of Performance

	Year ended 31 March		
	2018	2019	%
	(₹ in millions, except percentages)		
Interest Earned (A)	457,803	549,858	20.11
Other Income (B)	109,671	131,303	19.73
Interest Expended (C)	271,626	332,776	22.51

	Year ended 31 March		
	2018	2019	%
	(₹ in millions, except percentages)		
Operating Expense (D)..	139,903	158,334	13.17
Provisions and Contingencies (E)	153,188	143,285	(6.46)
Net Profit (A+B-C-D-E)..	**2,757**	**46,766**	**—**

During fiscal 2018, the Bank continued to experience several challenges relating to a substantial increase in the level of reclassifications of performing loans, including restructured loans, into non-performing status. These challenges followed a phase of significant expansion in investment in the infrastructure and industrial sectors during fiscal 2010 and 2011; however, starting in fiscal 2016, several of the Bank's corporate borrowers began experiencing delays in project implementation, issues assessing raw materials, low demand and a downturn in the global commodity price cycle. In addition, the RBI had issued revised guidelines on the Resolution of Stressed Assets, which resulted in an increase in reclassifications of performing loans into non-performing loans due to accounts under such schemes losing their standstill benefit.

After enduring a challenging period in fiscal 2018, driven primarily by a decline in the credit quality of the Bank's corporate clients and, consequently, a significant increase in the provisions and contingencies for non-performing assets, the Bank's asset quality metrics began to improve during fiscal 2019. New additions to non-performing loans moderated significantly from the highs witnessed in fiscal 2018, thus leading to a reduction in the Bank's NPA ratios. The Bank's net profit increased to ₹ 46.77 billion in fiscal 2019 from ₹ 2.76 billion in fiscal 2018, primarily on account of higher net interest income and non-interest income, as well as lower provisions for non-performing assets, as further discussed below.

Interest Earned

Total interest earned increased by ₹ 92.05 billion, or 20.11% from ₹ 457.80 billion in fiscal 2018 to ₹ 549.86 billion in fiscal 2019. This increase was primarily a result of the following factors:

- a ₹ 71.85 billion, or 21.05%, increase in income derived from interest/discount on advances/bills from ₹ 341.37 billion in fiscal 2018 to ₹ 413.22 billion in fiscal 2019. This is primarily due to (i) a 17.07% increase in the daily average volume of advances in fiscal 2019 due to an increase in retail advances; and (ii) an increase in the average yield on advances from 9.12% in fiscal 2018 to 9.44% in fiscal 2019 (based on daily average balances) due to lower interest reversals on NPAs and a 60 bps increase in the MCLR lending rate in fiscal 2019.

- a ₹ 13.66 billion, or 13.68%, increase in income on investments from ₹ 99.83 billion in fiscal 2018 to ₹ 113.49 billion in fiscal 2019, primarily due to (i) an 11.17% increase in the daily average volume of investments in fiscal 2019 due to additional investments made in government securities during fiscal 2019 to meet higher statutory liquidity ratio requirements, and (ii) an increase in average yield on investments from 7.14% in fiscal 2018 to 7.28% in fiscal 2019 (based on daily average balances) due to an increase in yield on commercial paper and certificate of deposits; and

- a ₹ 6.55 billion, or 39.48%, increase in other interest income from ₹ 16.60 billion in fiscal 2018 to ₹ 23.15 billion in fiscal 2019, primarily due to an increase in the volume of average lending and priority sector shortfall deposits, which increased from ₹ 186.69 billion in fiscal 2018 to ₹ 238.64 billion in fiscal 2019.

Other Income

Other income increased by ₹ 21.63 billion, or 19.72%, from ₹ 109.67 billion in fiscal 2018 to ₹ 131.30 billion in fiscal 2019. This increase was primarily a result of the following factors:

- a ₹ 15.49 billion increase in miscellaneous income, from ₹ 4.83 billion in fiscal 2018 to ₹ 20.32 billion in fiscal 2019, mainly on account of recovery in written off accounts. The Bank recovered ₹ 18.67 billion from written off accounts in fiscal 2019 compared to ₹ 1.83 billion in fiscal 2018. Recoveries primarily came from the iron and steel sector; and

- a ₹ 11.24 billion, or 14.54%, increase in fee income from commission, exchange and brokerage, from ₹ 77.30 billion in fiscal 2018 to ₹ 88.54 billion in fiscal 2019, primarily due to a ₹ 12.54 billion, or 25.65%, increase in retail fee income due to an increase in retail advances.

These effects were partially offset by a ₹ 5.65 billion, or 42.64%, decrease in net profits on sale of investments, from ₹ 13.25 billion in fiscal 2018 to ₹ 7.60 billion in fiscal 2019, primarily due to lower profits on the Bank's government securities and bond portfolio in fiscal 2019 as compared to fiscal 2018.

Interest Expended

Total interest expended increased by ₹ 61.15 billion, or 22.51%, from ₹ 271.63 billion in fiscal 2018 to ₹ 332.78 billion in fiscal 2019. This increase was primarily a result of the following factors:

- a ₹ 45.34 billion, or 23.65%, increase in interest paid on deposits, from ₹ 191.73 billion in fiscal 2018 to ₹ 237.08 billion in fiscal 2019, primarily due to (i) a 16.57% increase in the daily average volume of interest-bearing liabilities due to an increase in retail term deposits as well as CASA deposits, and (ii) an increase in the average cost of interest-bearing liabilities from 5.15% in fiscal 2018 to 5.43% in fiscal 2019 (based on daily average balances) due to an increase in the cost of deposits resulting from the Bank's increased focus on retail term deposits as part of its overall deposits strategy; and

- a ₹ 16.82 billion, or 21.32%, increase in interest on RBI/inter-bank borrowings and other interest expenses, from ₹ 78.88 billion in fiscal 2018 to ₹ 95.70 billion in fiscal 2019, primarily due to (i) a 11.96% increase in the daily average volume of RBI/inter-bank borrowings and other interest-bearing liabilities primarily due to an increase in refinance, foreign exchange denominated borrowings, and (ii) an increase in the average cost of RBI/inter-bank borrowings and other interest-bearing liabilities from 5.91% in fiscal 2018 to 6.37% in fiscal 2019 (based on daily average balances) due to an increase in cost of funds of overseas borrowings (Inter-Bank and MTN borrowings).

Operating Expense

Operating expense increased by ₹ 18.43 billion, or 13.17%, from ₹ 139.90 billion in fiscal 2018 to ₹ 158.33 billion in fiscal 2019. This increase was primarily a result of the following factors:

- a ₹ 14.09 billion, or 14.56%, increase in other expenditures (including printing and stationery, advertisement and publicity, directors' fees/allowances and expenses, auditor's fees and expenses, law charges, postage/telegrams/ telephones, insurance, depreciation on the Bank's property and other expenditure), from ₹ 96.77 billion in fiscal 2018 to ₹ 110.86 billion in fiscal 2019. This is primarily due to an increase in balance enquiry and cash withdrawal charges, direct selling agent commissions, sales commissions and travel expenses, insurance expenses, and professional fees due to the growth of the Bank's network and other infrastructure required to support the Bank's existing and new businesses; and

- a ₹ 4.34 billion, or 10.07%, increase in payment to and provisions for employees (including salaries, allowances and other staff benefits) from ₹ 43.13 billion in fiscal 2018 to ₹ 47.47 billion in fiscal 2019, primarily due to 3.90% increase in employee numbers in fiscal 2019 the growth of the Bank's network and other infrastructure required to support the Bank's existing and new businesses.

Provisions and Contingencies

Provisions and contingencies decreased by ₹ 9.91 billion, or 6.47%, from ₹ 153.19 billion in fiscal 2018 to ₹ 143.28 billion in fiscal 2019. This decrease was primarily a result of a ₹ 39.53 billion, or 25.20%, decrease in the Bank's provision for non-performing assets (including bad debts, written off and write backs) including provision for restructured assets/ strategic debt restructuring/ sustainable structuring, provision towards standard assets, provision for unhedged foreign currency exposure, provision for country risk and provision for contingencies from ₹ 156.84 billion in fiscal 2018 to ₹ 117.31 billion in fiscal 2019. This was primarily as a result of write-backs of NPA provisions in fiscal 2019 due to the Bank's improving asset quality metrics and decreasing rates of new gross additions to non-performing loans from ₹ 334.19 billion in fiscal 2018 to ₹ 138.71 billion in fiscal 2019, which effect was partially offset by the creation of provisions amounting to ₹ 5.35 billion in fiscal 2019 relating to non-banking assets acquired by the Bank on satisfaction of claims.

These effects were partially offset by the following factors:

- a ₹ 24.51 billion increase in provision for tax resulting from the creation of ₹ 22.97 billion in provision for income tax in fiscal 2019 as compared to a ₹ 1.54 billion write back of provisions in fiscal 2018. This increase was primarily due to a ₹ 68.52 billion increase in the Bank's profit before tax (net profit for the year plus provision for taxation) from ₹ 1.22 billion in fiscal 2018 to ₹ 69.74 billion in fiscal 2019; and

- a ₹ 5.11 billion increase in provisions and contingencies due to provision for depreciation in value of investments amounting to ₹ 3.00 billion in fiscal 2019 as compared to a write back provision of ₹ 2.11 billion in fiscal 2018. This effect was primarily a result of a decrease in the mark-to-market net asset value of the Bank's securities portfolio.

Net Profit

As a result of the foregoing factors, the Bank's net profit increased multifold from ₹ 2.76 billion in fiscal 2018 to ₹ 46.77 billion in fiscal 2019.

Financial Condition

Assets

The following table sets forth the principal components of the Bank's assets as at 31 March 2018 and 31 March 2019.

	As of 31 March		
	2018	**2019**	**%**
	(₹ in millions, except percentages)		
Cash and balances with the RBI (A)	354,811	350,990	(1.08)
Balances with banks and money at call and short notice (B)	79,738	321,056	302.64
Total cash and cash equivalents (C=A+B)....................	**434,549**	**672,046**	**54.65**

	As of 31 March		
	2018	**2019**	**%**
	(₹ in millions, except percentages)		
Government securities (net) (D)......................................	1,040,532	1,202,394	15.56
Other securities (net)[(1)] (E)	498,229	547,299	9.85
Total investment (net) (F=D+E)	**1,538,761**	**1,749,693**	**13.71**
Non-retail advances (net)[(2)] (G)..	2,331,857	2,489,860	6.78
Retail advances (net)[(3)] (H)	2,064,646	2,458,120	19.06
Total Advances (net) (I=G+H).......................................	**4,396,503**	**4,947,980**	**12.54**
Fixed assets (J)	39,717	40,366	1.63
Other assets (K)..	503,766	599,880	19.08
Total Assets (C+F+I+J+K)..	**6,913,296**	**8,009,965**	**15.86**

(1) Other securities include shares, debentures and bonds, investment in Subsidiaries/Joint Ventures and others (Mutual Funds, CD/CP, security receipts, pass through certificates etc.)

(2) The Bank's non-retail loans/advances include advances to corporates and SMEs. Advances to corporates comprise lending to corporate customers in the form of working capital finance, project and corporate finance. The Bank's SME advances consist of lending to small and medium enterprises in the form of overdrafts, cash credit, demand loans, medium and long-term loans, discounting of bills and corporate agriculture lending.

(3) The Bank's retail loans/advances consist of schematic loans in the form of mortgage loans, automobile loans, personal loans, gold loans, retail agriculture loans, etc. and non-schematic loans in the form of outstanding under credit cards, loans against deposits, loans against securities, etc.

The Bank's total assets increased by 15.86% from ₹ 6,913.30 billion as at 31 March 2018 to ₹ 8,009.97 billion as at 31 March 2019. This increase was primarily a result of the following factors:

- Total cash and cash equivalents increased by 54.65%, from ₹ 434.55 billion as at 31 March 2018 to ₹ 672.05 billion as at 31 March 2019;
- The Bank's total investments (net) increased by 13.71%, from ₹ 1,538.76 billion as at 31 March 2018 to ₹ 1,749.69 billion as at 31 March 2019. The Bank's investments in Government securities (including investments held to meet higher statutory liquidity ratio requirements) also increased by 15.56%, from ₹ 1,040.53 billion as at 31 March 2018 to ₹ 1,202.39 billion as at 31 March 2019. The Bank's investments in other securities increased by 9.85%, from ₹ 498.23 billion as at 31 March 2018 to ₹ 547.30 billion as at 31 March 2019;
- The Bank's total advances (net) increased by 12.54%, from ₹ 4,396.50 billion as at 31 March 2018 to ₹ 4,947.98 billion as at 31 March 2019. The Bank's non-retail advances grew by 6.78%, from ₹ 2,331.86 billion as at 31 March 2018 to ₹ 2,489.86 billion as at 31 March 2019. The Bank's retail advances also increased by 19.06%, from ₹ 2,064.65 billion as at 31 March 2018 to ₹ 2,458.12 billion as at 31 March 2019;
- The Bank's fixed assets increased by 1.63%, from ₹ 39.72 billion as at 31 March 2018 to ₹ 40.37 billion as at 31 March 2019; and

- Other assets increased by 19.08%, from ₹ 503.77 billion as at 31 March 2018 to ₹ 599.88 billion as at 31 March 2019. The increase is primarily due to an increase in accrued income, priority sector shortfall deposits, positive mark-to-market on derivatives and increases in other assets due to general business volume.

Liabilities and Shareholders' Funds

The following table sets forth the principal components of the Bank's liabilities and shareholders' funds as at 31 March 2018 and 31 March 2019.

	As of 31 March		
	2018	**2019**	**%**
	(₹ in millions, except percentages)		
Capital (A)	5,133	5,143	0.19
Reserves and surplus (B)	629,320	661,620	5.13
Total Shareholders' funds (C=A+B)	**634,453**	**666,763**	**5.09**
Deposits (D)	4,536,227	5,484,713	20.91
Borrowings (E)	1,480,161	1,527,758	3.22
Other liabilities and provisions (F)	262,455	330,731	26.01
Total liabilities and shareholders' funds (C+D+E+F)	**6,913,296**	**8,009,965**	**15.86**

The Bank's total liabilities and shareholders' funds increased by 15.86%, from ₹ 6,913.30 billion as at 31 March 2018 to ₹ 8,009.97 billion as at 31 March 2019. This increase was primarily a result of the following factors:

- Deposits increased by 20.91%, from ₹ 4,536.23 billion as at 31 March 2018 to ₹ 5,484.71 billion as at 31 March 2019. This growth in deposits was the result of an increased focus on retail and corporate customers and the Bank's success in leveraging on its growing network of branches, extension counters and ATMs. Term deposits increased by 45.43%, from ₹ 2,097.71 billion as at 31 March 2018 to ₹ 3,050.77 billion as at 31 March 2019. CASA deposits (savings and demand deposits) remained stable;

- Borrowings increased by 3.22%, from ₹ 1,480.16 billion as at 31 March 2018 to ₹ 1,527.76 billion as at 31 March 2019;

- Other liabilities and provisions increased by 26.01%, from ₹ 262.45 billion as at 31 March 2018 to ₹ 330.73 billion as at 31 March 2019 primarily due to a decrease in the mark-to-market value of the Bank's securities portfolio; and

- Shareholders' funds increased by 5.09%, from ₹ 634.45 billion as at 31 March 2018 to ₹ 666.76 billion as at 31 March 2019.

Segment Information

In accordance with the segment reporting guidelines issued by the RBI (circular no. DBOD.No.BP.BC.81/21.04.018/2006-07 dated 18 April 2007), the Bank reports its segments as follows:

- **Retail Banking**: constitutes lending to individuals and small businesses through the Bank's branch network and other delivery channels, subject to the orientation, nature of product, granularity of the exposure and the quantum thereof. Retail banking activities also include liability products, card services, internet banking, mobile banking, ATM services, depository, financial advisory services and NRI services.

- **Corporate/Wholesale Banking**: comprises corporate relationships that are not included under the Retail Banking segment (such as cash credit facilities, demand and short-term loans, project finance, export credit, factoring, etc), corporate advisory services, placements and syndication, project appraisals, capital market related services and cash management services.

- **Treasury**: includes investments in sovereign and corporate debt, equity and mutual funds, trading operations, derivative trading and foreign exchange operations on the Bank's proprietary account and for customers. The Treasury segment also includes the Bank's central funding unit.

- **Other Banking Business**: includes para banking activities, such as third party product distribution (e.g., insurance products) and other banking transactions.

- All items which are recognized at the enterprise level are classified under an "Unallocated Assets and Liabilities" classification. These items include deferred tax, money received against share warrants and tax paid in advance net of provision, among other enterprise-level items.

- The Bank's segments as described in this section have been prepared in accordance with the segment reporting guidelines issued by the RBI. The segment reporting guidelines issued by the RBI apply uniformly across the financial sector in India for comparison purposes, and are disclosed by the Bank for regulatory purposes. This presentation of segments differs from the Bank's own internal organization of its operations into business units as presented elsewhere in this Offering Circular, whereby each business unit comprises a distinct group of assets and operations engaged in providing products and services that are subject to their own distinct set of risks and returns. Accordingly, the term "business unit" refers to the Bank's own internal organization of its operations, while the term "segment" refers to the Bank's segment reporting for regulatory purposes.

Retail Banking

Year Ended 31 March 2020 Compared to the Year Ended 31 March 2019

Segment result (before tax) for the Retail Banking segment increased by ₹ 10.69 billion, or 27.43%, from ₹ 38.99 billion in fiscal 2019 to ₹ 49.68 billion in fiscal 2020. This increase was primarily due to a ₹ 121.28 billion, or 24.66%, increase in total segment revenue in fiscal 2020 due to an increase in the average volume of the retail loan portfolio and an increase in fee income from its cards business and lending linked fees. This effect was partially offset by (i) a ₹ 89.81 billion, or 20.88%, increase in interest expenses and operating expenses primarily due to an increase in the average volume of deposits and investments to expand the branch network and other infrastructure required to support the Bank's existing and the new businesses, and (ii) a ₹ 20.77 billion increase in provisions for non-performing assets/others primarily on account of an increase in new additions to the NPA category and provision on accounts under moratorium in accordance with the applicable RBI guidelines.

Year Ended 31 March 2019 Compared to the Year Ended 31 March 2018

Segment result (before tax) for the Retail Banking segment increased by ₹ 18.98 billion, or 94.85%, from ₹ 20.01 billion in fiscal 2018 to ₹ 38.99 billion in fiscal 2019. This increase was primarily due to a ₹ 85.38 billion, or 21.01%, increase in total segment revenue in fiscal 2019 due to an increase in the average volume of the retail loan portfolio and an increase in fee income from its credit card portfolio and lending linked fees. This effect was partially offset by (i) a ₹ 62.52 billion, or 17.00%, increase in interest expenses and operating expenses primarily due to an increase in the average volume of deposits and investments to expand the branch network and other infrastructure required to support the Bank's existing and the new businesses, and (ii) a ₹ 3.88 billion increase in provisions for non-performing assets/others primarily on account of an increase in new additions to the NPA category.

Corporate/Wholesale Banking

Year Ended 31 March 2020 Compared to the Year Ended 31 March 2019

Segment result (before tax) for the Corporate/Wholesale Banking segment decreased by ₹ 13.49 billion from a profit of ₹ 4.19 billion in fiscal 2019 to a loss of ₹ 9.30 billion in fiscal 2020. This decrease was primarily due to (i) a ₹ 16.29 billion, or 8.81%, increase in fiscal 2020 in interest expenses and operating expenses primarily due to an increase in the average volume of deposits and funds borrowed from other segments. This effect was partially offset by (i) a ₹ 9.80 billion, or 3.51%, increase in total segment revenue in fiscal 2020; and (ii) a ₹ 7.00 billion increase in provisions for non-performing assets/others primarily on account of an increase in new additions to the NPA category.

Year Ended 31 March 2019 Compared to the Year Ended 31 March 2018

Segment result (before tax) for the Corporate/Wholesale Banking segment increased by ₹ 63.44 billion from a loss of ₹ 59.25 billion in fiscal 2018 to a profit of ₹ 4.19 billion in fiscal 2019. This increase was primarily due to (i) a ₹ 51.14 billion, or 22.41%, increase in total segment revenue in fiscal 2019 due to an increase in gross interest income (from external customers) on account of an increase in the size of Bank's loan portfolio and lower interest reversals due to lower additions to NPAs, and an increase in other income on account of recoveries in written off accounts during fiscal 2019; and (ii) a ₹ 28.26 billion, or 23.84%, decrease in provisions for non-performing assets/others primarily in fiscal 2019 on account of a decrease in new additions to the NPA category in fiscal 2019 as compared to fiscal 2018. These effects were partially offset by a ₹ 15.28 billion, or 11.61%, increase in interest expenses in fiscal 2019 as compared to fiscal 2018.

Treasury

Year Ended 31 March 2020 Compared to the Year Ended 31 March 2019

Segment result (before tax) for the Treasury segment decreased by ₹ 0.19 billion, or 1.03%, from ₹ 18.47 billion in fiscal 2019 to ₹ 18.28 billion in fiscal 2020. This decrease was primarily due to increase of ₹ 19.10 billion from ₹ 6.90 billion in fiscal 2019 to ₹ 26.00 billion in fiscal 2020, or 276.81%, in provisions for non-performing assets/others mainly on account of higher provisions on non-performing investments due to higher slippages in the non-performing category in fiscal 2020 as compared to fiscal 2019. This was partially offset by increase in segment revenue amounting to ₹ 4.90 billion i.e. by 2.14% from ₹ 228.95 billion in fiscal 2019 to ₹ 233.75 billion in fiscal 2020, reduction in operating expenses and interest expenses including inter-segment interest expense by ₹ 14.00 billion i.e. by 6.90% from ₹ 203.48 billion to ₹ 189.48 billion.

Year Ended 31 March 2019 Compared to the Year Ended 31 March 2018

Segment result (before tax) for the Treasury segment decreased by ₹ 12.43 billion, or 40.23%, from ₹ 30.90 billion in fiscal 2018 to ₹ 18.47 billion in fiscal 2019. This decrease was primarily due to a ₹ 122.08 billion, or 20.53%, increase in interest expenses and operating expenses primarily due to an increase in interest expenses on funds borrowed from other segments and an increase in investments to expand the branch network and other infrastructure required to support the Bank's existing and the new businesses. This effect was partially offset by (i) a ₹ 98.95 billion, or 15.39%, increase in total segment revenue in fiscal 2019; and (ii) a ₹ 10.70 billion, or 60.80%, decrease in provisions for non-performing assets/others primarily in fiscal 2019 primarily due to lower provisions on non-performing investments on account of lower slippages to the non-performing category in fiscal 2019.

Other Banking Business

Year Ended 31 March 2020 Compared to the Year Ended 31 March 2019

Segment result (before tax) for the Other Banking Business segment increased by ₹ 1.11 billion, or 13.72%, from ₹ 8.09 billion in fiscal 2019 to ₹ 9.20 billion in fiscal 2020. This increase was primarily due to an increase in total segment revenue and decrease in operating provisions.

Year Ended 31 March 2019 Compared to the Year Ended 31 March 2018

Segment result (before tax) for the Other Banking Business segment decreased by ₹ 1.47 billion, or 15.38%, from ₹ 9.56 billion in fiscal 2018 to ₹ 8.09 billion in fiscal 2019. This decrease was primarily due to an increase in operating expenses and partially offset by an increase in total segment revenue.

Liquidity and Capital Resources

Cash Flows

The following table sets forth the Bank's cash flows for fiscals 2018, 2019 and 2020.

	For the year ended 31 March		
	2018	**2019**	**2020**
		(₹ in millions)	
Cash flow from operating activities (A)..........................	(466,933)	375,669	296,133
Cash flow from investing activities (B)	(105,003)	(187,365)	(97,670)
Cash flow from financing activities (C)..........................	504,008	49,313	101,180
Effect of exchange fluctuation translation reserve (D).....	(85)	(120)	994
Net increase/(decrease) in cash and cash equivalents (E=A+B+C+D)..	**(68,013)**	**237,497**	**300,636**
Cash and cash equivalents as at beginning of the year (F)..	502,562	434,549	672,046
Cash and cash equivalents as at the end of the year (E+F)	**434,549**	**672,046**	**972,683**

Cash Flows from Operating Activities

The Bank had a positive cash flow from operating activities of ₹ 296.13 billion in fiscal 2020. This positive cash flow from operating activities resulted primarily from a ₹ 916.34 billion increase in deposits, which effect was partially offset by a ₹ 869.49 billion increase in advances.

The Bank had a positive cash flow from operating activities of ₹ 375.67 billion in fiscal 2019. This positive cash flow cash flow from operating activities resulted primarily from a ₹ 948.49 billion increase in deposits, which effect was partially offset by a ₹ 649.87 billion increase in advances.

The Bank's operations had a negative cash flow from operating activities of ₹ 466.93 billion during fiscal 2018. This negative cash flow from operating activities resulted primarily from a ₹ 811.75 billion increase in advances, which effect was partially offset by a ₹ 392.44 billion increase in deposits.

Cash Flows Used in Investing Activities

Net cash used in investing activities in fiscal 2020 totaled ₹ 97.67 billion primarily due to ₹ 89.46 billion used to increase the net investment portfolio under the HTM category and for capital infusion by the Bank to its subsidiaries.

Net cash used in investing activities in fiscal 2019 totaled ₹ 187.37 billion primarily due to ₹ 180.89 billion used to increase the net investment portfolio under the HTM category and for capital infusion by the Bank to its subsidiaries.

Net cash used in investing activities in fiscal 2018 totaled ₹ 105.00 billion primarily due to ₹ 96.89 billion used to increase the net investment portfolio under the HTM category, the purchase of the Freecharge business and capital infusion by the Bank to its subsidiaries.

Cash Flows from Financing Activities

Net cash generated from financing activities in fiscal 2020 totaled ₹ 101.18 billion primarily due to a ₹ 152.28 billion proceeds from allotment of the equity shares pursuant to exercise of share warrants and qualified institutional placement in September 2019, which is partially offset by decrease in borrowings (including, subordinate debt and perpetual debt) amounting to ₹ 48.22 billion.

Net cash generated from financing activities in fiscal 2019 totaled ₹ 49.31 billion primarily due to a ₹ 64.59 billion increase in other borrowings.

Net cash generated from financing activities in fiscal 2018 totaled ₹ 504.01 billion primarily due to a ₹ 348.74 billion increase in other borrowings.

Funding

The Bank's funding operations are designed to ensure stability, low cost of funding and effective liquidity management. The Bank's primary source of funding is its relatively low-cost deposit base, which is primarily derived from retail depositors in India. Other sources of funding on which the Bank relies are debt instruments issued by the Bank, and RBI and inter-bank borrowings. The Bank also raises foreign currency borrowings from local banks and foreign counterparties. In addition, the Bank also evaluates alternative capital raising opportunities periodically, such as through issuances of equity securities.

The following table sets forth the breakdown of the Bank's funding profile as at the dates indicated:

	As at 31 March					
	2018		2019		2020	
	Amount	Percentage of Total	Amount	Percentage of Total	Amount	Percentage of Total
	(in ₹ millions, except percentages)					
Total deposits (D = A+B+C)	**4,536,227**	**66**	**5,484,713**	**69**	**6,401,049**	**70**
Demand deposits (A)	956,496	14	892,653	11	901,144	10
Savings Bank deposits (B)	1,482,020	21	1,541,288	20	1,735,916	19
Term deposits (C)	2,097,711	31	3,050,772	38	3,763,989	41
Total borrowings (E)	**1,480,161**	**21**	**1,527,758**	**19**	**1,479,541**	**16**
Shareholder's funds (F)[1]	**634,453**	**9**	**666,763**	**8**	**849,478**	**9**

	As at 31 March					
	2018		2019		2020	
	Amount	Percentage of Total	Amount	Percentage of Total	Amount	Percentage of Total
	(in ₹ millions, except percentages)					
Other liabilities and provisions (G)..........	262,455	4	330,731	4	421,579	5
Total liabilities (D+E+F+G)..................	**6,913,296**	**100**	**8,009,965**	**100**	**9,151,648**	**100**

(1) Shareholders' funds = Capital + Reserves and Surplus

Total Deposits

The Bank's funding operations are designed to ensure stability, low cost of funding and effective liquidity management. Retail banking deposits (term deposits from individuals, term deposits of up to ₹ 50 million from non-individuals and savings account deposits) represented 63.05%, 64.37% and 66.71% of total deposits as at 31 March 2018, 31 March 2019 and 31 March 2020, respectively, and are the primary source of funding of the Bank. The deposits raised from wholesale banking customers (term deposits of more than ₹ 50 million from non-individuals and current account deposits), constituted 36.95%, 35.63% and 33.29% of the total deposits as at 31 March 2018, 31 March 2019 and 31 March 2020, respectively.

The following table sets forth, for the periods indicated, the Bank's average outstanding deposits on a quarterly average basis and the percentage composition by each category of deposits. The average cost (interest expense divided by the average of daily balance for the relevant period) of savings deposits was 3.76% in fiscal 2018, 3.73% in fiscal 2019 and 3.70% in fiscal 2020. The average cost of term deposits was 6.91% in fiscal 2018, 7.13% in fiscal 2019 and 6.99% in fiscal 2020. The average deposits on a daily average basis for the periods set forth are as follows:

	As at 31 March		
	2018	2019	2020
	(₹ in millions)		
Term Deposits	**2,124,156**	**2,600,304**	**3,386,484**
Of which			
– Retail Term Deposit..	1,359,785	1,652,837	2,256,832
– Corporate Term Deposits...	764,371	947,466	1,129,652
Savings Deposits	**1,195,779**	**1,387,271**	**1,539,186**
Demand Deposits...	**601,535**	**640,064**	**694,308**
Total Deposits	**3,921,470**	**4,627,639**	**5,619,978**

The Bank's CASA and retail term deposits as a proportion of total deposits on a daily average basis was 80.51% in fiscal 2018 as compared to 79.53% in fiscal 2019 and 79.90% in fiscal 2020.

As at 31 March 2020, individual term deposits with the Bank in excess of ₹ 10 million (approximately U.S.$132,161.50) had balance to maturity profiles as set out below.

	As at 31 March 2020				
	Up to 3 Months	3 to 6 Months	6 to 9 Months	9 to 12 Months	More Than 1 Year
	(₹ in millions)				
Balance to maturity for deposits exceeding 10 million each	610,697	422,496	232,123	449,143	276,027

Short-term Borrowings

The following table sets forth, for the periods indicated, information relating to the Bank's short-term Rupee borrowings, which comprise primarily money market borrowings (call borrowing and CBLO borrowing). Short-term Rupee borrowings exclude deposits and securities sold under repurchase agreements.

	Years ended 31 March		
	2018	2019	2020
	(₹ in millions, except percentages)		
Year-end balance	370	1,385	—
Average balance during the year/period(1)	27,741	8,301	4,249
Maximum outstanding	127,136	102,607	41,145
Average interest rate during the year/period (%)(2)	5.98%	6.08%	5.26%
Average interest at year end(3)	5.50%	6.00%	—

(1) Average of daily balances outstanding.

(2) Represents the ratio of interest expense on short-term borrowings to the average of daily balances of short-term borrowings.

(3) Represents the weighted average rate of short-term borrowings outstanding as at 31 March 2018, 2019 and 2020.

Subordinated Debt

The Bank obtains funds from the issuance of unsecured non-convertible subordinated debt securities, which qualify as Tier II risk-based capital under the RBI's guidelines for assessing capital adequacy. The Bank issued 26 tranches of subordinated debt securities, of which eight were outstanding as at 31 March 2020. These eight tranches were issued during fiscal 2012, 2013, 2015, 2016, 2017 and 2018 at coupon rates of 9.30% to 9.73%, 9.15%, 8.45%, 8.50% and 7.84% to 8.50%, 7.66%, respectively.

The fiscal 2012 tranche is repayable in fiscal 2022. The fiscal 2013 tranche is repayable in fiscal 2023. The fiscal 2015 tranche is repayable in fiscal 2025. The fiscal 2016 tranche is repayable in fiscal 2026. The fiscal 2017 tranches are repayable in fiscal 2027. The fiscal 2018 tranches are repayable in fiscal 2028.

As at 31 March 2020, the Bank had ₹ 175.05 billion aggregate principal amount of subordinated debt outstanding.

The following table sets forth, as at 31 March 2020, the details of outstanding unsecured non-convertible subordinated debt securities issued by the Bank.

	As at 31 March 2020		
Date of Allotment	Rate of Interest	Date of Redemption	Amount
	(₹ in millions, except percentages)		
1 December 2011	9.73%	1 December 2021	15,000
20 March 2012	9.30%	20 March 2022	19,250
31 December 2012	9.15%	31 December 2022	25,000
12 February 2015	8.45%	12 February 2025	8,500
30 September 2015	8.50%	30 September 2025	15,000
27 May 2016	8.50%	27 May 2026	24,300
23 November 2016	7.84%	23 November 2026	18,000
15 June 2017	7.66%	15 June 2027	50,000
Total			**175,050**

Perpetual Debt and Upper Tier II Instruments

The Bank issued Perpetual Debt in fiscal 2017 and fiscal 2018 and Upper Tier II instruments in fiscal 2008 qualifying for Tier I and Tier II capital, respectively, to increase its capital adequacy ratio and fund its growing overseas and Indian operations. The Bank issued Perpetual Debt instruments at coupon rate of 8.75%.

As at 31 March 2020, the Bank had no amounts of Upper Tier II instruments outstanding.

The following table sets forth, as at 31 March 2020, the details of Perpetual Debt instruments issued by the Bank.

	As at 31 March 2020			
Date of Allotment	Number of Debentures	Rate of Interest	Date of Redemption	Amount
	(₹ in millions, except percentages)			
Perpetual Debt Instruments				
14 December 2016	35,000	8.75%	—	35,000
28 June 2017	35,000	8.75%	—	35,000
Total				**70,000**

Borrowings from Other Banks and International Entities

Borrowings from other banks and international entities consist of funds obtained from credit facilities executed with other financial institutions located inside or outside of India for general corporate purposes or for other purposes. As at 31 March 2020, the Bank had outstanding balances under these credit facilities consistently with its general funding strategy.

Restrictive Covenants

The financing documents relating to the Bank's outstanding indebtedness requires the Bank to comply with certain restrictive covenants, including limitations on dividends and other distributions, negative pledge covenants, as well as certain financial covenants requiring the Bank to maintain the following ratios:

- the minimum capital adequacy ratios prescribed by the RBI;
- certain minimum industry borrower group exposure ratios;
- certain minimum net NPA ratios;
- certain minimum related party exposure ratios;
- certain minimum project finance asset ratios; and
- the minimum total capital to risk-weighted assets ratio prescribed by the RBI.

The Bank is currently in compliance with the financial covenants contained in its financing agreements. The Bank has been noncompliant with certain financial covenants in the past, for which appropriate waivers were obtained from the relevant lender institutions.

Capital Adequacy Requirements

The RBI has issued Guidelines based on the Basel III reforms on capital regulation to the extent applicable to banks operating in India. The Basel III capital regulation has been implemented from 1 April 2013 in India in a phased manner which was expected to be fully implemented by 31 March 2019. However, the implementation of the last tranche of 0.625% of capital conservation buffer was deferred to 31 March 2020 and shall further stand deferred to 30 September 2020. The Bank computes Capital Adequacy Ratio (**CAR**) in terms of regulatory guidelines on Basel III, wherein the capital charge for operational risk is computed under the Basic Indicator Approach and the capital charge for credit and market risk is computed under the Standardized Approach.

The Bank has moved to Basel III Regulations as implemented by the RBI from 1 April 2013. Banks have to comply with the regulatory limits and requirements as prescribed under Basel III capital regulations, on an ongoing basis. Due to the deferment of the last tranche of capital conservation buffer to 30 September 2020 under the RBI Basel III Capital Regulations, the Bank was required to maintain minimum capital to risk-weighted asset ratio of 10.875% as on 31 March 2020 and from 30 September 2020 onward, the Bank will be required to maintain a minimum capital to risk-weighted asset ratio of 11.50%.

Banks are also required to maintain a CET I Capital ratio of 5.5% and a capital conservation buffer of 1.875% in the form of CET I and a minimum Tier I ratio of 7% To ensure an easy transition to Basel III, appropriate transitional arrangements have been provided, such as for meeting the minimum Basel III capital ratios and full regulatory adjustments to the components of capital. Basel III capital regulations were expected to be fully implemented as at 31 March 2019. However, the RBI had deferred the final phase in of capital conservation buffer to 31 March 2020. This has further been deferred to 30 September 2020.

As at 31 March 2020, the Bank's CAR under Basel III was 17.53% (against the minimum regulatory requirement of 9%). 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 at 31 March 2020, the Bank's Tier II CAR was 3.04%.

For a description of the RBI's capital adequacy guidelines, see "*Supervision and Regulation—Law, rules and regulations governing the Bank—Capital Adequacy Requirements*".

The following table sets forth the risk-based capital, risk-weighted assets and risk-based capital adequacy ratios (as of 31 March 2018, 2019 and 2020 under Basel-III) computed in accordance with the RBI Guidelines.

	As at 31 March		
	2018	**2019**	**2020**
	(₹ in millions, except percentages)		
Tier I Capital	674,763	692,384	884,490
Of which			
– Innovative perpetual debt instruments	70,000	70,000	70,000
Tier II Capital	182,986	182,212	185,561
Of which			
– Subordinated debt and upper Tier II instruments	160,350	144,500	130,950
Total Capital	**857,749**	**874,596**	**1,070,051**
Total risk weighted assets and contingents	5,176,308	5,520,481	6,105,273
Total Assets	6,913,296	8,009,965	9,151,648
Total Risk weighted assets and contingents to Total assets	**74.87%**	**68.92%**	**66.71%**
Capital adequacy ratios:			
Tier I capital adequacy ratio	13.04%	12.54%	14.49%
Tier II capital adequacy ratio	3.53%	3.30%	3.04%
Total capital adequacy ratio	16.57%	15.84%	17.53%
Minimum capital adequacy ratios required by the RBI:			
Tier I capital adequacy ratio	7.00%	7.00%	7.00%
Total capital adequacy ratio	**10.875%***	**10.875%***	**10.875%***

* This includes CCB of 1.875% issued during fiscal 2020, 2019 and 2018.

Capital Expenditures

The Bank's capital expenditures consist principally of branch network expansion as well as investments in technology and communication infrastructure.

The Bank incurred aggregate capital expenditures (on additions to fixed assets including capital work in progress) of ₹ 8.22 billion, ₹ 8.32 billion and ₹ 10.72 billion during fiscal 2018, 2019 and 2020, respectively.

The following table sets forth, as at the dates indicated, the written down value of various fixed assets.

	As at 31 March		
	2018	**2019**	**2020**
	(₹ in millions)		
Premises	16,861	16,276	16,460
Other fixed assets (including furniture and fixtures)	19,395	21,363	21,926

	As at 31 March		
	2018	2019	2020
		(₹ in millions)	
Capital work in progress (including capital advances).....	3,461	2,727	4,743
Total written down value of fixed assets......................	**39,717**	**40,366**	**43,129**

The Bank's written down value of fixed assets increased to ₹ 43.13 billion as at 31 March 2020 from ₹ 40.37 billion as at 31 March 2019.

Financial Instruments and Off-Balance Sheet Arrangements

Foreign Exchange and Derivative Contracts

The Bank enters into foreign exchange and derivative transactions for customers and for its own account. Foreign exchange products offered include forward exchange contracts, currency swaps and currency options. The derivative products offered by the Bank include interest rate swaps, forward rate agreements, interest rate futures, exchange traded currency options and cross-currency derivatives primarily for corporate customers. The Bank also trades in interest rate swaps for its own account and enters into foreign exchange contracts to cover its exposure. The Bank earns profit on customer transactions by way of margin as a mark-up over the interbank exchange rate. The Bank earns profit on interbank transactions based on the spread between the purchase rate and the sale rate. These profits are booked as income from foreign exchange and derivative transactions.

The following table sets forth the notional principal amounts of the Bank's outstanding foreign and derivative contracts as at the dates indicated.

	As of 31 March		
	2018	2019	2020
		(₹ in millions)	
Forward contracts..	3,148,019	3,296,538	4,559,787
Interest rate swaps, currency swaps, forward rate agreement and interest rate futures..................................	1,960,695	2,375,871	3,015,972
Foreign currency options..	593,426	464,048	451,141
Total foreign exchange and derivative products..........	**5,702,140**	**6,136,457**	**8,026,901**

As part of its corporate banking activities, the Bank issues guarantees, acceptances, endorsements and other obligations. Guarantees are generally issued to enhance the credit standing of the Bank's customers and represent irrevocable assurances that the Bank will make the payments in the event that the customer fails to fulfil its financial or performance obligations. Acceptances, endorsements and other obligations are provided to customers to meet their working capital requirements as well as for capital equipment purchases.

The following table sets forth, as at the dates indicated, the values of outstanding guarantees and documentary credits:

	As of 31 March		
	2018	2019	2020
		(₹ in millions)	
Guarantees given on behalf of constituents	849,754	755,887	739,137
Acceptances, endorsements and other obligations	324,101	324,395	251,650
Total	**1,173,855**	**1,080,282**	**990,787**

Guarantees and acceptances, endorsements and other obligations outstanding decreased from ₹ 1,080.28 billion as at 31 March 2019, or 8.28%, to ₹ 990.79 billion as at 31 March 2020.

Contractual Obligations

The following tables set forth the Bank's contractual obligations in respect of subordinated debt and Upper Tier II instruments as at 31 March 2020:

	Payments due by period, as at 31 March 2020				
	Total	Less than 1 year	1-3 years	3-5 years	After 5 years
			(₹ in millions)		
Subordinated debt	175,050	—	59,250	8,500	107,300
Upper Tier II instruments	—	—	—	—	—
Total	175,050	—	59,250	8,500	107,300

Operating leases comprise leases of office premises/ATMs, staff quarters, electronic data capturing machines and IT equipment. The following table sets forth certain information in respect of future rentals payable on the Bank's operating leases.

	As at 31 March		
Future rentals payable	2018	2019	2020
		(₹ in millions)	
Not later than one year	7,184	7,751	8,507
Later than one year and not later than five years	22,243	24,449	27,871
Later than five years	18,447	22,355	30,082
Total	**47,874**	**54,555**	**66,460**

Certain Non-GAAP Measures

The body of generally accepted accounting principles is commonly referred to as **GAAP**. The Bank's management believes that the presentation of certain non-GAAP measures provides additional useful information to investors regarding the Bank's performance and trends related to the Bank's results of operations.

Accordingly, the Bank believes that when non-GAAP financial information is viewed together with GAAP financial information, investors are provided with a more meaningful understanding of the Bank's ongoing operating performance and financial results.

The Bank uses a variety of financial and operational performance indicators to measure and analyze its operational performance from period to period, and to manage its business. The Bank's management also uses other information that may not be entirely financial in nature, including statistical and other comparative information commonly used within the Indian banking industry to evaluate the Bank's financial and operating performance. In addition, because the Bank has historically reported certain non-GAAP measures to investors, the Bank's management believes that the inclusion of non-GAAP measures provides consistency in the Bank's financial reporting. For these reasons, the Bank is including in this Offering Circular information regarding Net Interest Income, Operating Revenue, Jaws Ratio, Operating Profit, Core Operating Profit, Opex to Average Assets Ratio, Interest Coverage Ratio and Cost to Income Ratio as well as certain other metrics based on or derived from those non-GAAP measures.

Net Interest Income, Operating Revenue, Jaws Ratio, Operating Profit, Core Operating Profit, Opex to Average Assets Ratio, Interest Coverage Ratio and Cost to Income Ratio are not calculated in accordance with Indian GAAP, Ind AS or IFRS, and the Bank's use of these terms may vary from the use of similarly-titled measures by other banks due to potential inconsistences in the method of calculation and differences due to items subject to interpretation. These financial and operational performance indicators have limitations as analytical tools. As a result, these financial and operational performance indicators should not be considered in isolation from, or as a substitute for, analysis of the Bank's historical financial performance, as reported under Indian GAAP and presented in its financial statements. Further, these financial and operational performance indicators are not defined under Indian GAAP, and therefore, should not be viewed as substitutes for performance or profitability measures under Indian GAAP. While these financial and operational performance indicators may be used by other banks and financial institutions operating in the Indian banking industry, they may not be comparable to similar financial or performance indicators used by other banks or financial institutions.

The section below sets forth the reconciliation of the non-GAAP measures presented in this Offering Circular to their most directly comparable measure under Indian GAAP.

Net Interest Income (Reconciliation)

The Bank calculates net interest income as interest earned for the period minus interest expended for the period. The following table sets forth the reconciliation of net interest income to net profit:

	Year ended 31 March		
	2018	**2019**	**2020**
		(₹ in millions)	
Net profit for the period (A)	**2,757**	**46,770**	**16,272**
(+) Provisions and contingencies (B)	153,188	143,285	218,110
(+) Operating expenses (C)	139,900	158,330	173,046
(–) Other income (D)	109,670	131,303	155,366
Net interest income (E=A+B+C-D)	**186,177**	**217,082**	**252,062**

Operating Revenue and Jaws Ratio (Reconciliation)

The Bank calculates operating revenue as net interest income for the period plus other income for the period. The following table sets forth the reconciliation of operating revenue to total income:

	Year ended 31 March		
	2018	2019	2020
		(₹ in millions)	
Total Income (A)	**567,474**	**681,161**	**781,718**
(–) Interest expended (B)	271,626	332,776	374,290
Operating Revenue (D=A+B)	**295,848**	**348,385**	**407,428**

The Bank calculates its jaws ratio as the year-on-year growth rate of operating revenue minus the year-on-year growth rate of operating expenses. This ratio is used to demonstrate the extent to which the Bank's revenue growth rate exceeds its expenses growth rate. The following table sets forth the calculation of the Bank's jaws ratio.

	Year ended 31 March	
	2019	2020
	(%)	
Growth rate of Operating Revenue (year-on-year) (A)	17.76	16.95
Growth rate of Operating Expenses (year-on-year) (B)	13.17	9.29
Jaws Ratio (C=A-B)	**4.59**	**7.66**

Operating Profit and Core Operating Profit (Reconciliation)

The Bank calculates operating profit as net interest income for the period plus other income minus operating expenses for the period. The Bank calculates core operating profit as net interest income for the period minus operating expenses for the period and trading profits for the period.

The following table sets forth the reconciliation of operating profit and core operating profit to net profit:

	Year ended 31 March		
	2018	2019	2020
		(₹ in millions)	
Net profit for the period (A)	**2,757**	**46,766**	**16,272**
(+) Provisions and contingencies (B)	153,188	143,285	218,109
Operating profit (C=A+B)	**155,945**	**190,051**	**234,381**
(-) Trading profits (D)[(1)]	16,168	9,710	24,202
Core operating profit (E=C-D)	**139,777**	**180,341**	**210,179**

(1) The Bank earns trading profits from proprietary trading in investments, foreign exchange and derivatives.

Opex to Average Assets Ratio

The Bank calculates its opex to average assets ratio as the sum of the Bank's operating expenses for the last twelve months divided by the Bank's quarterly average total assets. This ratio is a measure of the Bank's operating efficiency as well as its operating strategy.

The following table sets forth the Bank's opex to average assets ratio:

	Year ended 31 March		
	2018	**2019**	**2020**
	(₹ in millions, except percentages)		
Operating expenses for the last twelve months (A)..........	139,903	158,334	173,046
Quarterly average total assets[(1)] (B)	6,443,256	7,451,013	8,295,160
Opex to average assets ratio[(2)] (C=A / B*100).............	**2.17**	**2.13**	**2.09**

(1) Average of closing balances of the last four quarters.

(2) Calculated on a quarterly basis.

Interest Coverage Ratio (Reconciliation)

The Bank calculates its interest coverage ratio by dividing its total income before interest and taxes for a period by its interest expended over the same period. This ratio is typically used as a measure of the Bank's ability to service its debts. The following table sets forth the Bank's interest coverage ratio:

	Year ended 31 March		
	2018	**2019**	**2020**
	(₹ in millions, except percentages)		
Net Profit (A)	2,757	46,766	16,272
Depreciation on the Bank's property (B)	5,681	7,097	7,729
Interest Expended (C)	271,626	332,776	374,290
Total (D=A+B+C)...	280,064	386,639	398,291
Interest Coverage Ratio (E=D / C)...............................	**103**	**116**	**106**

Cost to Income Ratio (Reconciliation)

The Bank calculates cost to income ratio as the ratio of operating expense to net interest income for the period plus other income for the period. The following table sets forth the reconciliation of cost to total income:

	Year ended 31 March		
	2018	**2019**	**2020**
	(₹ in millions)		
Total Income (A)..	**567,474**	**681,161**	**781,718**
(–) Interest expended (B)	271,626	332,776	374,290
Operating Revenue (C=A+B).......................................	**295,848**	**348,385**	**407,428**

	Year ended 31 March		
	2018	2019	2020
		(₹ in millions)	
Operating expenses (D)	139,900	158,330	173,046
Cost to Income Ratio (D/C*100)	**47.29**	**45.46**	**42.47**

DESCRIPTION OF THE BANK

Some of the information contained in this section, including information with respect to the business plans and strategies of the Bank, contain forward-looking statements that involve risks and uncertainties. You should read the section titled "Forward-Looking Statements" of this Offering Circular for a discussion of the risks and uncertainties related to those statements and also the section titled "Risk Factors" for a discussion of certain factors that may affect the Bank's business, financial condition or results of operations. The actual results of the Bank may differ materially from those expressed in or implied by these forward-looking statements.

The manner in which some of the operational and financial performance indicators (Refer Non-GAAP Measures) are calculated and presented, and the assumptions and estimates used in such calculation, may vary from that used by other banks in India and other jurisdictions. The Bank's fiscal year ends on March 31 of every year, so all references to a particular fiscal year are to the twelve-month period ended March 31 of that year. The following information is qualified in its entirety by, and should be read together with, the more detailed financial and other information included in this Offering Circular, including the information contained in "Risk Factors", "Indian Financial Sector", "Management's Discussion and Analysis of Financial Condition and Results of Operations".

Certain information in this section includes extracts from publicly available information, data, and statistics, and has been derived from various publications and industry sources, including from the RBI. Neither the Bank, nor the Arrangers or Dealers has independently verified such information.

Unless otherwise stated, references to "the Bank", are to Axis Bank Limited on a standalone basis and references to "we", "us", "our", are to Axis Bank Limited on a consolidated basis.

Overview

The Bank is a leading private sector bank and financial services company in India offering a wide range of products and services to corporate and retail customers through a variety of delivery channels. The Bank commenced operations in April 1994 and, over the last 26 years, has grown both in terms of the size of its asset base and its physical network of branches, extension counters and ATMs.

As at 31 March 2020, the Bank was the third largest private sector bank in India in terms of total assets, based on public filings of private sector banks. The Bank's total assets as at 31 March 2020 and 31 March 2019 were ₹ 9,151.65 billion and ₹ 8,009.97 billion, respectively, and the Bank's net advances and deposits as at 31 March 2020 amounted to ₹ 5,714.24 billion and ₹ 6,401.05 billion, respectively, and as at 31 March 2019 amounted to ₹ 4,947.98 billion and ₹ 5,484.71 billion, respectively.

The Bank's primary business consists of commercial banking operations for Indian corporate and retail customers. The Bank provides a range of commercial banking products and services, including loan products, fee and commission-based products and services, deposit products and foreign exchange and derivatives products to India's leading corporations, middle market companies and small and medium enterprises. The Bank's retail operations primarily consist of retail lending, payments, deposit taking and distribution of third party insurance and investment products. The Bank also offers agricultural and rural banking products.

The Bank delivers its products and services through a variety of channels, including bank branches, ATMs, call centers, the internet and mobile phones. As at 30 June 2020, the Bank had a network of 4,528 branches and extension counters, 11,971 ATMs and 5,485 cash deposit and withdrawal machines distributed across 2,559 locations in India. In addition to the Bank's extensive branch and ATM network, the Bank also offers telephone banking in various cities, as well as Internet banking and mobile banking facilities. The Bank also has ten overseas offices, with branches in Colombo, DIFC, Hong Kong, Shanghai and Singapore and representative offices in Dubai, Abu Dhabi, Sharjah, and Dhaka and a subsidiary in London. The Bank is currently in the process of winding up Axis Bank UK Limited, its subsidiary in London, and its overseas branch operations in Colombo, Hong Kong and Shanghai. The Bank also has an offshore banking unit at the International Financial Service Centre located at the Gujarat International Finance Tec-City in Gandhinagar, India. The Bank's foreign branches primarily offer corporate banking, trade finance and treasury and risk management services.

The Bank's principal business activities are divided into the following main business units:

- Retail Banking;
- Wholesale Banking; and
- Treasury.

The Bank's core income stream is comprised of interest income earned from its retail, corporate and SME loan portfolios, as well as from its money-market operations and investment portfolio. The Bank also earns fee and commission income from the processing of loans, documentary credits, bank guarantees, placements and syndication, service charges, cash management services, advisory services, depository services, capital market services, ATM interchange and cards, remittance, wealth management and sale of third party products.

Since 2011, the Bank has experienced significant growth in its customer and geographical base, which expanded to approximately 23 million savings customer accounts as at 31 March 2020. The Bank's total assets have increased from ₹ 8,009.97 billion as at 31 March 2019 to ₹ 9,151.65 billion as at 31 March 2020, with net retail advances (retail advances net of provisions) increasing from ₹ 2,458.12 billion as at 31 March 2019 to ₹ 3,054.00 billion as at 31 March 2020. Furthermore, total deposits grew from ₹ 5,484.71 billion as at 31 March 2019 to ₹ 6,401.05 billion as at 31 March 2020. The Bank's network grew from 11,801 ATMs and 4,917 cash deposit and withdrawal machines as at 31 March 2019 to 12,044 ATMs and 5,433 cash deposit and withdrawal machines as at 31 March 2020. As at 30 June 2020, the Bank had 11,971 ATMs and 5,485 cash deposit and withdrawal machines.

After enduring a challenging period in fiscals 2017 and 2018, driven primarily by a decline in the credit quality of the Bank's corporate clients, the Bank responded in fiscal 2019 by taking several steps to reorient itself back onto a path of profitability and sustainable growth. As part of these measures, the Bank bolstered its risk management framework and implemented several steps to improve its policies, structures and processes. These measures included:

- Implementation of an independent credit underwriting function with internal accountability;
- Increased portfolio diversification to decrease concentration risks, including lesser exposure to project loans and increased focus on transaction banking and working capital businesses;
- Focus on a higher quality credit portfolio, with fresh originations predominantly from entities rated A-or better;
- Strengthened credit monitoring and improved early warning systems for potential stress; and
- Improved collections through optimized queuing strategy and channel selection.

The Bank observed the positive effects of these measures in fiscals 2019 and 2020. The Bank's net profit increased from ₹ 2.76 billion in fiscal 2018 to ₹ 46.77 billion in fiscal 2019. Although, the Bank's net profit decreased from ₹46.77 billion in fiscal 2019 to ₹16.27 billion in fiscal 2020, operating revenue increased by 16.95% year-on-year from ₹348.38 billion in fiscal 2019 to ₹ 407.43 billion in fiscal 2020. The net profit decreased in fiscal 2020 as compared to fiscal 2019 primarily due to creation of additional provisions and contingencies for COVID-19 pandemic in fiscal 2020. The impact of the COVID-19 pandemic is continuously evolving and it is difficult to predict with certainty the impact on the Bank's business and portfolio. In order to address the impact of the evolving COVID-19 situation, the Bank made an additional provision of ₹ 30.00 billion for COVID-19 pandemic in fiscal 2020, which included an amount of ₹ 18.82 billion for COVID-19, above the regulatory requirement, based on an internal stress testing exercise and ₹11.18 billion towards loans under moratorium in accordance with the RBI guidelines on COVID-19 regulatory package. Further, the Bank has made an additional provision for COVID-19 of ₹7.33 billion in the three months ended 30 June 2020. In accordance with the RBI guidelines relating to COVID-19 regulatory package, the Bank had initially offered a moratorium of three months on the payment of all installments falling due between 1 March 2020 and 31 May 2020, in respect of term loans and working capital facilities sanctioned in the form of cash credit/overdraft to various eligible borrowers. This was further extended by the RBI until 31 August 2020 upon announcement of the second regulatory package by the RBI on 23 May 2020. The RBI has also clarified that the accounts which benefit from the moratorium period, will get the benefit of an ageing standstill and hence would not be classified as NPAs if the accounts have any instalments or interest are overdue for more than 90 days during the moratorium period. However, lenders are required to make general provisions of 10% in respect of accounts which were in default on 29 February 2020 where moratorium is granted and asset classification benefit is availed. The utilization and/or release of the provision, are subject to extant RBI directions that may be amended from time to time. See "- *Impact of COVID-19*" below for further details.

The Bank believes that it is now well-positioned to capitalize on future growth opportunities. The Bank believes that its strong liability profile, diversified and secured lending portfolio and strong credit underwriting and risk management practices, which have strengthened in fiscal 2020, will enable the Bank to withstand the impact of the COVID-19 pandemic on its business and gather momentum to deliver performance on a sustainable and consistent basis.

Competitive Strengths

The Bank considers the following to be its principal competitive strengths:

Demonstrated track record of robust balance sheet growth through various business cycles

The Bank has significantly expanded its business since commencing operations in April 1994. Moreover, almost all of the Bank's balance sheet growth has been achieved organically over time rather than through acquisitions.

Despite the various challenges faced by the Indian banking sector since fiscal 2018, which also negatively affected the Bank's profitability, the Bank's assets and liabilities continued to grow from 31 March 2018 to 31 March 2020 at a 15.06% CAGR. Over that same period, the Bank's deposits grew at a 18.79% CAGR, and the Bank's loan portfolio grew at a 14.01% CAGR. The Bank believes that its combination of diverse product offerings and a customer-focused approach has enabled it to fulfill the financial service needs of its customers and sustain business growth even in challenging market conditions.

The Bank believes that its demonstrated track record of delivering balance sheet growth over time through various business cycles is evidence of its strong customer relationships, execution focus, wide distribution network coupled with a growth mindset and resilient approach. The Bank sees these as distinct advantages in continuing to grow into the future.

Growing retail business franchise

The Bank has built a strong Retail Banking franchise in the last decade and offer a wide spectrum of products across deposits, lending, payments, investment products and wealth management services. The Retail franchise has become a key growth as well as revenue driver for the Bank. This recent growth in the Retail

Banking business unit's interest income and fee income reflects the strength and diversity of the Bank's core earning streams.

The Bank's net retail advances have increased from ₹ 2,064.65 billion as at 31 March 2018 to ₹ 2,458.12 billion as at 31 March 2019 and ₹ 3,054.00 billion as at 31 March 2020, which has resulted in an increasing proportion of the Bank's net retail advances to the Bank's total advances, from 46.96% in fiscal 2018 to 49.68% in fiscal 2019 and 53.45% in fiscal 2020.

In addition to loans and other interest-generating products, the Retail Banking business unit also generates fee income from services such as credit cards, foreign exchange cards, mobile payments and point-of-sale payments, among others. These retail businesses also drive cross selling of various Bank products, such as deposit, wealth management and other services, to strengthen our relationship with our customers. In fiscal 2020, the Bank also created a dedicated team focused on third party products to enhance the Bank's fee income from distribution while offering the product choices for our customers. The Bank believes that its strong presence in the retail banking space provides it with a competitive advantage over its competitors.

Strong brand recognition and extensive reach through a large and growing distribution network

The Bank's long-standing leadership role in the Indian banking sector, including over 26 years of banking operations, has created one of the most valuable banking brands in India. The Bank believes its strong brand recognition provides it with a powerful platform from which to market its products and services, and that its extensive nationwide distribution network, in turn, reinforces the Bank's brand awareness.

The Bank has a nationwide distribution network with one of the largest number of branch outlets among private sector banks in India, and it has continued to leverage its strong brand recognition to expand its network even further. Between 31 March 2018 and 31 March 2020, 825 new branches and extension counters and 1,400 new ATMs and cash deposit and withdrawal machines were added. As at 30 June 2020, the Bank had a network of 4,528 branches and extension counters and 17,456 ATMs and cash deposit and withdrawal machines spread across India.

Through its extensive distribution network, the Bank offers a wide array of traditional asset and liability products and services to its customers, and is continually working to offer additional products to meet the needs of its diverse customer base. The Bank's distribution network is further complemented by its digital platforms, including online and mobile banking solutions, which offer 24-hour access to customer accounts and the ability to conduct routine banking transactions, such as online bill payment and application for loans. The Bank believes this extensive nationwide network provides it with a strong sales platform, which enables the Bank to cross-sell its products and to deliver high-quality and convenient services to its customers.

In particular, the Bank's distribution network provides access to an extensive depositor base, which provides the Bank with funding depth and a relatively low-cost deposit pool which helps to grow its business. The Bank's target depositor base consists of retail depositors, corporates and SMEs that, the Bank believes, choose its network because of its strong brand, the convenience of its branch locations, convenient access to ATMs and remote banking services, as well as diverse product offerings. As at 31 March 2019 and 31 March 2020, the Bank had savings and demand deposits totaling ₹ 2,433.94 billion and ₹ 2,637.06 billion, respectively.

Leadership in payments with an established technology platform

The Bank believes it is well-positioned to build its digital capabilities, and has made significant investments in technology and digital analytics to underwrite and manage risks and optimize costs. By establishing an IT system that effectively integrates customer service channels, Internet banking, customer service systems and telephone banking including personalized mobile banking and information platforms, the Bank is able to provide its management team with relevant financial and operational data on a real-time basis and serve its customers in an efficient and effective manner.

The Bank has continuously invested in key technological platforms like mobility, artificial intelligence, blockchain and other new-age technologies that provide an edge in its offerings to customers. In addition, the Bank has leveraged artificial intelligence and machine learning to increase operating efficiencies and customer experience.

In fiscal 2018, the Bank acquired Freecharge Payment Technologies Private Ltd. and Accelyst Solutions Private Ltd. as its subsidiaries with the goal of improving the digitization of its financial services. Since then, the Bank has increasingly offered pre-approved loans and stepped up the pace of digital lending. The contribution of digital lending in personal loans increased from 22% in fiscal 2018 to 44% in fiscal 2020.

In addition, the Bank has established itself as a leading player in the cashless and digital payments space. In fiscal 2019, the Bank launched the "One Raipur" common payment system for Raipur Smart City. The Bank also launched "Axis Tap & Pay", a mobile application for making contactless payment at merchant terminals, as well an in-home "Smart bill pay" initiative that allows users to pay their utility bills by scanning a QR code.

During the fiscal year 2020, the Bank launched Axis Bank Flipkart Credit Card, a co-branded credit card, offering premium benefits both on online and offline spends. The Bank also launched co-branded credit card with Indian Oil Corporation and Freecharge and two new credit cards in the premium segment, Magnus and Burgundy Private, which has strengthened the Bank's position in this highly competitive segment. In fiscal 2020, the Bank also designed and implemented comprehensive solutions like Bharat Bill Payments Services, Smart City solutions and FASTag, thereby providing powerful platform for users, billers and administration to transact.

Although digital payments continue to remain at the core of the Bank's Retail Banking business, the Bank is committed towards promoting a cashless, digital economy and continues to focus on evolving from a leading digital payments platform to a full digital financial services platform, which the Bank believes will help to acquire young, digitally-conscious customers. UPI transactions continue to grow and have strengthened the Bank's market position.

Digital Bank

The Bank has been focused on investing in setting up a digital bank. In fiscal 2020, the Bank created a digital banking team and has made reasonable progress with employees working across the Bank's digital and financial technology platforms. Multiple cross-functional garages have been created to deliver end to end digital experience and value propositions in the near future. Given the COVID-19 challenges, the Bank has prioritized the setting up of digital savings accounts to fulfill its customers' needs.

In fiscal 2020, the Bank facilitated the opening of fixed deposit accounts through digital mode in quick time and with zero insurance fee, activated various digital modes of payments, launched voice banking to assist customers to know their account balance and credit card bill through voice command and launched "One-Connect" which allows the Bank's customers to better manage liquidity. The Bank believes that these recent developments and launches will provide the Bank opportunities which will have significant contribution towards the Bank's future growth. The Bank emerged as the second largest payment system player with over 192 million transactions for the month of March 2020 and approximately 15% market share.

Upgraded credit risk management and improving asset quality

The Bank strengthens its risk management and internal control capabilities on an ongoing basis by improving its policies and procedures and periodically introducing new and sophisticated risk management tools. In view of the lessons learned during the last credit cycle, the Bank has shifted toward more prudent risk taking with more conservative policies.

The Retail Banking business unit's asset portfolio exhibits a significant level of diversification. In addition, the Bank continues to strengthen its Wholesale Banking business unit's risk management function, which has significantly improved the quality of that business unit's portfolio as well. The Bank believes these improvements in its risk management framework provide a distinct competitive advantage which is expected to enable the Bank to improve the profitability of its loan products and grow its asset portfolio on a sustainable basis.

The Bank's Wholesale Banking business unit has shifted its strategy toward greater portfolio diversification, decreased concentration in specific industries and project loans, and an increased focus on doing business with more highly-rated corporates. The Bank has segregated its credit underwriting function from its Wholesale Banking businesses, which now requires independent validation of internal ratings. The Bank has also put in place a risk data management framework to improve the quality of loan data, established a formal risk appetite framework for its Wholesale Banking business unit, and implemented stronger credit rating methodologies and an improved early warning system for potential stresses.

As a result, the Bank's asset quality metrics improved in fiscal 2020 after experiencing a challenging period in the preceding fiscal years. As at 31 March 2018, 2019 and 2020, gross NPAs totaled ₹ 342.49 billion, ₹ 297.89 billion and ₹ 302.34 billion, respectively, while net NPAs totaled ₹ 165.92 billion, ₹ 112.76 billion and ₹ 93.60 billion, respectively. The net NPA ratio (net NPAs as a percentage of net customer assets) as at 31 March 2018, 31 March 2019 and 31 March 2020 were 3.40%, 2.06% and 1.56%, respectively.

In addition, the proportion of the Bank's standard corporate exposure that is rated A- or better improved from 77% and 82% as at 31 March 2018 and 2019, respectively, to 83% as at 31 March 2020. In both fiscals 2019 and 2020, approximately 95% of new loans in the corporate book were to companies rated A- and above.

In line with these improvements in the Bank's asset quality metrics, the Bank's net profit increased from ₹2.76 billion in fiscal 2018 to ₹46.77 billion in fiscal 2019. However, the net profit dropped to ₹16.27 billion in fiscal 2020 primarily due to creation of additional provision of ₹ 30.00 billion for addressing the impact of COVID-19 pandemic in fiscal 2020, which included an amount of ₹ 18.82 billion for COVID-19, above the regulatory requirement, based on an internal stress testing exercise and ₹11.18 billion towards loans under moratorium in accordance with the RBI guidelines on COVID-19 regulatory package.

The Bank has continued to invest in stronger risk management and analytical capabilities to better analyze, monitor and mitigate credit risks. Early identification of credit stress through enhanced credit monitoring has been a focus area for the Bank. The Bank expects this will provide it with a stable platform to realize its strategic objectives of increased profitability and sustainable growth.

Broad product offering to meet financial needs of customers

The Bank offers a universal banking platform spanning across diverse business units and several specialized subsidiaries. The Bank has a comprehensive operational base and a large number of customer relationships from which to cross-sell its products and services. The Bank is able to provide this wide range of products across its physical and digital network, meaning it can service customers across several market sectors which the Bank believes is a substantial competitive advantage. In addition, the Bank's wide range of products and focus on superior service and execution also creates multiple cross-selling opportunities which helps in customer retention. For example, the Bank's large network of existing corporate banking customers enable the Bank to leverage those relationships to obtain referrals to other companies and to high-net worth individuals, which the Bank sees as a distinct competitive advantage. In addition, by establishing itself as a one-stop financial center for its customers under the Bank's "One Axis" vision, the Bank is able to employ an integrated approach to cross-selling its products and services. The service offerings of the Bank is augmented by the wide range of services offered by the subsidiaries of the Bank. For example, the Bank is able to cross-sell its products and services like savings accounts, term deposits, insurance, mutual fund investments, credit cards, investment banking and capital markets services, foreign exchange and derivatives solutions, commercial banking services, such as working capital, term loans and bank guarantees, cash management and custodial services, correspondent banking services and wealth management services. The Bank sees this as a core strength enabling it to strengthen its existing customer relationship and to acquire new customers across various sectors.

Experienced and revamped management team

The Bank's senior management team comprise career banking professionals who have significant experience in the banking and financial services sector. The Bank believes the collective industry knowledge and leadership of its senior management team and their record of accomplishment in responding to challenging market conditions and achieving growth will enable the Bank to generate profitable growth in future years.

The Bank has made changes to its top management team in fiscal 2019 and fiscal 2020. The Bank is led by a Managing Director and Chief Executive Officer and other experienced industry executives. See "*Board of Directors and Senior Management*". In January 2019, Shri Amitabh Chaudhry joined the Bank as its Managing Director and Chief Executive Officer. Since his arrival, he has spearheaded a review of the Bank's policies and strategies that resulted in the implementation of the Bank's "Execution Strategy 2023", which is focused on growth, profitability and sustainability (GPS' 23).

The Bank's current management team has strengths in key areas including retail, corporate and international banking, and is focused on delivering on the Bank's business strategies. The Bank believes that the depth and breadth of the management team's expertise will enable the Bank to effectively implement strategic management and operational decisions in order to maintain its position as a leading private sector bank in India.

Strategies

In fiscal 2020, the Bank had outlined the medium term strategy (Execution Strategy 2023), centered on three important vectors – Growth, Profitability and Sustainability. The same has been reviewed and updated in the fiscal year 2021 and the Bank continues to be guided by the pillars of the aforesaid strategy. In view of the on-going impact of the COVID-19 pandemic, the Bank has undertaken several strategic initiatives across business and support functions to help the Bank navigate the crisis and be better positioned for growth. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*– Impact of COVID-19*" for a discussion of the significant areas where have seen an impact of COVID-19 on the Bank's business and the Bank's approach on these areas going forward.

The key elements of the Bank's business strategy are outlined below:

Growth – the Bank intends to reclaim its growth momentum by employing the following strategies:

- *Broaden the Bank's low-cost deposit base to grow deposits in line with loans* – the Bank aims to fund its loan growth objectives largely by growing its CASA deposit base while bringing in stability in its current account deposits. Retail depositors in India are an important source of low-cost funding for the Bank, and the Bank believes that the Indian retail financial services market will continue to grow. The Bank therefore plans to continue expanding its retail banking business by growing its distribution network, increasing its customer base, diversifying its banking product mix, providing banking convenience to customers, leveraging and optimizing its digital and phone banking channels along with its physical distribution and offering differentiated products and solutions to meet the specific needs of particular customer demographics. For example, in fiscal 2020, the Bank added 478 new branches and extension counters on a net basis. In fiscal 2020, the Bank focused on growing retail term deposits in addition to current accounts and savings accounts. Catering to its customers' needs, the Bank also offers various banking services through mobile applications and web portals. The Bank believes that such customer-specific orientation will result in an increase in retail deposits to the Bank, which will expand its pool of low-cost funding.

- *Continue momentum in Bank's retail asset growth* – the Retail Banking business unit is expected to remain as a key driver of the Bank's overall growth strategy. The Bank continues to leverage its internal customer base to drive higher asset sourcing. The Bank intends to focus on existing customers as well as on obtaining new customers, including by leveraging its digital lending platform as a channel to market its asset products. The Bank continues to invest in building risk management and analytical capabilities to mitigate risks, drive cross-selling opportunities and improve the profitability of its retail products. In view of the concerns regarding the operating environment on account of COVID-19, the Bank intends to achieve higher growth in secured retail lending through its physical and digital distribution network while leveraging cross-selling opportunities.

- *Accelerate growth in the Bank's Wholesale Banking business unit* – the Bank intends to maintain its focus on corporate lending while also increasing this business unit's income by capturing a greater share of corporate fee income with specific focus on transaction banking fee income. The Bank intends to accelerate growth in its asset portfolio by focusing on growing its mid-corporate and commercial banking portfolio, as well as on building a relationship-based model with SMEs and current account business customers to drive growth across both assets and liabilities. The Bank is focused on achieving this growth by targeting higher-rated corporates and lowering credit costs. The Bank also intends to invest in digital solutions for corporate customers in an effort to obtain a greater share of those customers' businesses and increase penetration in under-penetrated sectors.

- *Leadership in digital payments* – Digital payments are an important part of the Bank's strategy, and the Bank believes it is essential to achieve higher customer engagement leading to improved profitability and sustainability. The Bank remains committed towards promoting a cashless digital economy, and enjoys a strong market position across most digital payments spaces in India. The Bank intends to continue investing in digital products and developing new capabilities which the Bank expects will bolster its position in the digital banking landscape, as well as improve customer experience, lower costs and reduce operating risks. It also intends to continue engaging in partnership-driven innovations to provide its customers with a differentiated payments experience.

- *Digital Bank* – The Bank intends to remain focused on and intensify its efforts towards scaling-up its enterprise level digital capabilities to address changing customer needs, introducing new products and simplifying and improving customer experience.

- *Significantly scale-up the Bank's subsidiaries* – The Bank's subsidiaries are an important part of the Bank's overall growth strategy as they provide a wide range of products and services. A number of the Bank's subsidiaries, such as Axis Capital Limited, Axis Securities Limited and Axis Mutual Fund Trustee Limited, are among the market leaders in their industries and are well-positioned to capitalize on significant growth opportunities. Accordingly, the Bank is focused on integrating its main subsidiaries and continuing to invest in scaling them until they achieve sufficient scale and size and become key growth drivers.

- *Delivering solutions across the customer value chain under the "One Axis" vision* – the Bank has developed a significant number of corporate and retail relationships throughout its years of operations, and it intends to continue leveraging those relationships by cross-selling products offered by other business units to those customers. The Bank also intends to further diversify revenue sources by expanding its product and offerings, particularly fee and commission-based offerings, as well as offering third party products, such as insurance and online trading, which it can market to existing and prospective customers. The Bank will also increase its focus on delivering solutions by leveraging shared solutions and services across departments and subsidiaries. This will entail moving from a product focus to a customer focus, placing the customer's needs at the center of the Bank's efforts.

Profitability – the Bank intends to implement a number of measures that it believes will both increase revenue derived from its existing businesses and reduce costs

- *Optimize the business mix to improve risk-adjusted returns* – the Bank intends to increasingly diversify revenue sources and overall revenue by expanding its product offerings, particularly fee- and commission-based offerings. The Bank is especially focused on core income streams such as net interest income and fee-based income. It expects to cross-sell other products and services to increase fee-based income from the Bank's corporate and retail banking businesses. The Bank will continue to broaden its skill base and expertise in financial product development. Finally, the Bank also aims to diversify its portfolio mix towards products offering higher risk-adjusted returns. On the liability side, the Bank continues to focus on low cost deposits to reduce the funding cost and expand the NIMs.

- *Improve operating efficiency to minimize costs* – the Bank believes it can further streamline its operations and processes and minimize costs in order to increase profitability. Such measures may include, for example, centralization of procurement and outsourcing and optimizing utilization of office space. In fact, the Bank's branches have increasingly featured smaller formats with enhanced productivity led by automation and digitization.

- *Sweat existing infrastructure* – maximize utilities derived from the Bank's already existing infrastructure in order to derive greater efficiencies and increase profitability.

- *Reduce credit costs below long-term average* – The Bank believes that conservative credit risk management policies and controls are critical for the long-term, sustainable growth of its business. The Bank expects to normalize its credit costs and bring them below its long-term average through improved credit underwriting processes.

Sustainability – sustainability forms the foundation of the Bank's strategy

- *Strengthen the Bank's core around technology, operations and process excellence* – the Bank intends to continue undertaking various technology-enabled strategies to strengthen the Bank's sustainable growth. The Bank has strengthened the risk and compliance function and culture across the Bank. It continues to focus on modernizing its core technology, increasing the efficiency of its operating processes and adopting a design thinking approach. In fiscal 2020, the Bank focused on implementing its five core values of customer centricity, ethics, transparency, teamwork and ownership across all levels of the organization to promote the sustainability goal within the Bank. The Bank intends to strengthen and improve efficiencies across its branches, outbound call centers and digital platforms using process transformation and automation initiatives.

- *Focus on execution excellence* – The Bank continues to focus on execution to build a sustainable and credible business model by, among other things, capitalizing on its revamped organizational structure in an effort to minimize business volatility and deliver more predictable outcomes.

- *Strengthen Credit risk management and build compliance culture* – the Bank believes that an important element in building a sustainable franchise is to embed conservatism in its internal policies and practices, and that conservative credit risk management policies and controls are critical for long-term, sustainable growth in its business. The Bank's goal is to continually improve its credit risk management procedures, credit evaluation, rating methodology, and monitoring and control mechanisms to maintain the quality of the Bank's loan and investment portfolios.

Impact of COVID-19

An outbreak of COVID-19 was recognized as a pandemic by the WHO on 11 March 2020. In response to the COVID-19 pandemic, the governments of many countries, including India have taken preventive or protective actions, such as imposing country-wide lockdowns, restrictions on travel and business operations and advising or requiring individuals to limit their time outside of their homes. Temporary closures of businesses had been ordered and numerous other businesses have temporarily closed voluntarily. Further, individuals' ability to travel has been curtailed through mandated travel restrictions and may be further limited. Since May 2020 some of these measures have been lifted and partial travel has been permitted. Further, the COVID-19 pandemic has caused substantial disruption to the global economy and supply chains, created significant volatility and disruption in financial markets, including with respect to India, with the Governor of the Reserve Bank of India stating that the combined impact of demand compression and supply disruption will depress economic activity in the first half of fiscal 2021. In order to address the financial implications of the COVID-19 pandemic, central banks around the world, including India, have taken monetary, fiscal and administrative measures with the aim to create conditions for a gradual revival in activity in the second half of fiscal 2021. For example, the RBI has cut the reverse repo rate to 3.35% and the LCR was reduced from 100% to 80%. Further, the RBI has deferred the implementation of the final phase of the Basel III Capital Regulations on capital conservation buffer until 30 September 2020. For further details on regulatory measures taken by the RBI in order to address the impact of the COVID-19 pandemic, see "*Indian Financial Sector - Regulatory measures on account of COVID-19" and "Supervision and Regulation*". However, the extent of economic disruption on account of the extended lockdown currently remains unknown and may have significant impact on the Bank's ability to achieve its strategies set out above.

The Bank pro-actively implemented significant measures to reduce the impact of COVID-19 related lockdown on its operations, particularly with respect to ensuring uninterrupted servicing of its customers, ensuring business continuity by enabling its employees to efficiently discharge their duties even under lockdown conditions and preparing its infrastructure for post lockdown environment. In this regard, the Bank took the following steps:

- Activated a Central Emergency Response Team (**CERT**) and risk assessment and business continuity plans.
- Encouraged its employees to work-from-home and provided the required support to enable its employees to perform their duties efficiently.
- Conducted mock drills and set up business continuity plans to ensure that customers are supported in case of partial or full lockdown.
- Organized online training programs on skill development for the Bank's users who are working from home.
- Re-classified its activities into critical 1, critical 2 and non-critical activities, enhanced daily monitoring of all key business critical activities and revamped its capabilities to execute more than 90% of all critical 1 and critical 2 transactions and 80% of non-critical transactions on a daily basis.
- Strengthened and enhanced its mechanisms for monitoring information and cyber security related risks and potential threats.

Further, to support the community during these unprecedented times, the Bank has committed Rs. 1,000 million for fighting the COVID-19 pandemic. In addition, Axis Bank Foundation, through Axis Cares, has partnered with few NGO's to provide food and hygiene supplies to rural communities.

The COVID-19 pandemic had and continues to have a material impact on the global and Indian economy, the financial services sector and the Bank's business. The significant areas of the Bank's business which have been impacted by the COVID-19 pandemic, and the Bank's approach on these areas going forward are set out below.

Moratorium

In accordance with the RBI guidelines relating to COVID-19 regulatory package, the Bank had initially offered a moratorium of three months on the payment of all instalments falling due between 1 March 2020 and 31 May 2020, in respect of term loans and working capital facilities sanctioned in the form of cash credit/overdraft to various eligible borrowers. This was further extended by the RBI until 31 August 2020 upon announcement of the second regulatory package by the RBI on 23 May 2020. The RBI has also clarified that the accounts which benefit from the moratorium period, will get the benefit of an ageing standstill and hence would not be classified as NPAs if the accounts have any instalments or interest are overdue for more than 90 days during the moratorium period. However, lenders are required to make general provisions of 10% in respect of accounts which were in default on 29 February 2020 where moratorium is granted and asset classification benefit is availed. The utilization and/or release of the provision are subject to the applicable RBI directions that may be amended from time to time.

A writ petition was filed in May 2020 by an individual against the Union of India and the RBI, before the Supreme Court of India challenging a portion of the notification dated 27 March 2020 (**March Notification**), issued by the RBI in relation to the imposition of interest on outstanding portion of the term loans during the moratorium period. The Bank has not been impleaded as a party in the writ petition. The matter is currently pending before the Supreme Court of India.

For fiscal 2020, the Bank recognized a general provision for COVID-19 deferment cases amounting to ₹ 11.18 billion which was further increased by Rs. 7.33 billion in the three months ended 30 June 2020. As a result of the extension of the moratorium period, if additional customers avail of this moratorium, it may require the Bank to make higher provisions and impact its asset quality, overall profitability and growth. The Bank may be required to recognize higher loan loss provisions in future periods, on account of the uncertainty in the external environment due to COVID-19, either by regulations or as required by the statutory auditors or based on management judgment, which may adversely impact its asset quality and profitability in future periods.

Capital and Liquidity position

The Bank's average liquidity coverage ratio for the quarter ended 31 March 2020 and 30 June 2020, was 113.41% and 120.23%, respectively, which is well above the regulatory requirement. As at 30 June 2020, the Bank had excess SLR of ₹266.40 billion, which is well above the regulatory requirement. The Bank's capital adequacy ratio and CET-1 ratio were 17.53% and 13.34%, as at 31 March 2020. As at 30 June 2020, the Bank's capital adequacy ratio and CET-1 ratio were 17.47% and 13.50%, respectively. This has resulted in the Bank's capital adequacy ratio being at one of the highest levels as compared to the previous fiscals.

The Bank believes that during periods of uncertainty, people generally tend to avoid higher risk assets and shift to safer ones such as bank deposits. The Bank further believes that depositors also shift to larger banks that are considered safer, better capitalized and better able to withstand economic shock. In line with this trend, the Bank has seen an increase in its average deposits during the three months ended 30 June 2020. However, any failures at smaller private sector banks or large non-banking financial institutions could lead to risk aversion among depositors and creditors, creating funding and liquidity challenges for smaller private banks with weaker franchises, which may also adversely affect the customer and creditor confidence in larger banks. Further, short term surpluses resulting from higher liquidity, may need to be invested in poor yielding securities, in an environment where riskier advances may be less attractive.

Provisions

As at 30 June 2020, the Bank had a provision coverage ratio (excluding technical write-offs) of 74.80% on NPAs. To mitigate the impact of the COVID-19 pandemic, the Bank has adopted a prudent and conservative approach towards provisioning. As at 31 March 2020, the Bank had made a provision of ₹ 11.18 billion towards loans under moratorium as per the RBI guidelines on COVID-19 regulatory package. This was further increased by ₹ 7.33 billion during the three months ended 30 June 2020. Further, incrementally, the Bank on a prudent basis also made an additional provision for COVID-19 of ₹ 18.82 billion as at 31 March 2020, based on an internal stress testing exercise.

The Bank believes that the conservative and prudent provisioning choices it has made will strengthen its balance sheet during these uncertain times. However, given that the COVID-19 situation is continuously evolving, it is difficult to ascertain with certainty the exact impact on the Bank's portfolio due to COVID-19 related lockdown. The Bank will continue to assess its portfolio on an ongoing basis.

Stress testing

The Bank has carried out specific stress testing to assess the impact of COVID-19 in various stress scenarios, including a highly severe scenario of the pandemic prolonging beyond three months. The Bank enhanced its stress testing frameworks and also used the analytical stress framework of the Basel Committee to stress internal probabilities of default. The Bank is actively monitoring economic developments by performing sensitivity analysis on its loan portfolio, including identification of borrower segments and sectors which may face additional stress due to COVID-19 and vulnerable portfolios and will take precautionary actions accordingly.

Collections

The lockdown and social distancing measures have restrained the ability of the Bank's collections team to go out in the field, which may impact recovery of the Bank's dues. However, the Bank is calling its customers using traditional tele-calling setups. Further, with the focus on customer convenience, the Bank has activated additional digital channels for payments, and are sending payment links to customers with pre-filled data, making it convenient for the customers to make payment. The Bank continues to have 'awareness calls' with its customers to inform them of the terms of the moratorium. After the completion of the Moratorium Period, the Bank aims to proactively focus on collections.

The Bank believes that the country wide lockdown, the uncertainty regarding the relaxation of the lockdown restrictions and its resultant impact of a severe slowdown in the economy will be widespread and will take time to normalize. Given the size and reach of the Bank, across borrower types, sectors and geographies, it will get reflected in the Bank's financials. Among other things, the Bank expects the fee income growth to slow down and provisions to increase materially. The Bank believes that the COVID-19 induced slowdown will delay the normalization of its corporate stress pool and expects that there would be further downgrades into its BB pool during fiscal 2021. See "*Risk Factor - The extent to which the recent coronavirus (COVID-19) pandemic impacts the Bank's business, cash flows, results of the operations and financial condition will depend on future developments, which are highly uncertain and cannot be predicted.*" for risks of the COVID-19 pandemic on the Bank's operations and financial condition.

History and Corporate Information

The Bank was formerly known as UTI Bank Limited, having corporate identity number L65110GJ1993PLC020769, and obtained its certificate of incorporation on 3 December 1993 and its certificate of commencement of business on 14 December 1993 under the Companies Act, 1956 from the Registrar of Companies, Gujarat Dadra and Nagar Haveli, India. The Bank was granted its banking license by RBI in February 1994. The Bank began operations by opening its first branch in Ahmedabad on 2 April 1994 and was one of the first private sector banks established under guidelines issued in 1993 by the RBI in line with the Government's policy to reform India's financial sector. In 2007, the Bank changed its name from "UTI Bank Limited" to "Axis Bank Limited", obtaining its fresh certificate of incorporation consequent upon change of name on 30 July 2007, from the Registrar of Companies, Gujarat Dadra and Nagar Haveli, India.

Recent Investments

YES Bank Limited

In fiscal 2020, the board of directors of the Bank approved the acquisition of less than 5% of the equity shares of YES Bank Limited pursuant to the scheme of reconstruction of YES Bank Limited under the Banking Regulation Act, 1949 (the **Reconstruction Scheme**). On 14 March 2020, YES Bank Limited allotted 600 million equity shares to the Bank and the Bank is subject to a three year lock-in for 75% of the equity shares allotted to the Bank under the Reconstruction Scheme from the commencement of the Reconstruction Scheme, *i.e.*, 13 March 2020.

The Bank's Principal Activities

Overview

The Bank's principal business activities are divided into the following main business units:

- ***Retail Banking***: offers a variety of products and services in the domain of liabilities and assets and payments to retail customers. Retail Banking activities include liability products, card services, internet banking, mobile banking, ATM services, depository, financial advisory services and NRI services Retail Lending constitutes lending to individuals and small businesses through the branch network and other delivery channels.

- ***Wholesale Banking***: comprises loans and fee-based products and services that the Bank offers to large and mid-sized corporate clients as well as small and medium enterprises (**SME**) clients, including cash credit facilities, demand and short-term loans, project finance, export credit, factoring, supply chain financing, structured products, discounting of bills, documentary credits, guarantees, foreign exchange and derivative products, cash management services, capital market solutions, cross-border trade and correspondent banking services and tax collections on behalf of the Government and various State Governments in India. Liability products offered by the Bank's Wholesale Banking business unit includes current accounts, certificates of deposit and term deposits, which are offered to large and mid-corporate customers. The coverage within the Wholesale Banking business unit is divided into two sub-groups: the Commercial Banking Coverage sub-group managing the SME and Corporate Banking Coverage sub-group managing government, strategic, large, multi-national and mid-sized corporate clients.

- ***Treasury***: The Treasury business unit manages the funding position of the Bank and also manages and maintains its regulatory reserve requirements. This business unit invests in sovereign and corporate debt instruments and engages in proprietary trading in equity and fixed income securities, foreign exchange, currency futures and options. It also invests in commercial paper, mutual funds and floating rate instruments as part of the management of short-term surplus liquidity. In addition to proprietary trading and liquidity management, the Treasury also offers a wide range of treasury products and services to the Bank's corporate customers, including derivative instruments such as forward contracts, interest rate swaps, currency swaps and foreign currency options in addition to services such as loan and debt syndication and placement.

- The presentation of the Bank's business units as set forth above corresponds to the Bank's own internal organization of its operations, with each business unit comprising a distinct group of assets and operations engaged in providing products and services that are subject to their own distinct set of risks and returns. This presentation of the Bank's business units differs from that of the Bank's segments as prepared in accordance with the segment reporting guidelines issued by the RBI, and disclosed in "*Management's Discussion and Analysis of Financial Condition and Results of Operations — Segment Information*". The segment reporting guidelines issued by the RBI apply unilaterally across the financial sector in India for comparison purposes, and are disclosed by the Bank for regulatory purposes. Accordingly, the term "business unit" refers to the Bank's own internal organization of its operations, while the term "segment" refers to the Bank's segment reporting for regulatory purposes.

Retail Banking

The Retail Banking business unit offers a variety of products and services in the domain of liabilities, assets, payments and third party products to retail customers. Retail liability products include a wide range of savings accounts with different features and benefits to meet the banking needs of different customer segments (including high net-worth individuals and salaried employees, along with term deposits. Retail asset products include home loans, loan against property, personal loans, auto loans, business loans, two wheeler loans, loan against gold, educational loans as well as other types of secured and unsecured 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**).

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 analytics engine driving underwriting.

To access a larger segment of India's population, the Bank has developed a wide network of fully interconnected retail branches, extension counters, ATMs, loan centers, an Internet banking channel, a call center and mobile banking. Customers, depending on their preference, can choose to interact with the Bank and access its various product and service offerings through any of these channels.

The Bank's branches distribute liability accounts, debit cards, travel cards and remittance cards, and have POS terminal machines and depository services, and sell third party products such as mutual funds and savings bonds issued by the Government. The Bank's loan centers distribute retail lending products such as mortgage loans, personal loans, vehicle loans and educational loans. The Bank is focused on providing each customer with its choice of channel for transactions and products to meet its financial needs and quality service.

The Retail Banking business unit offers products and services in the following areas:

- Retail liabilities;
- Investment products;
- Retail lending (including retail agriculture lending) and payments;
- Financial inclusion.

Retail Liabilities

The Bank's main retail deposit products include the following:

- **Savings Bank Accounts**. Demand deposits from retail customers that are interest-bearing and offer a withdrawal facility through checkbooks and debit cards. As at 31 March 2020, the Bank had approximately 23 million savings customer accounts.

- **Term Deposits**. Tenure-based deposits of a fixed amount over a fixed term that accrue interest at a fixed rate and may be withdrawn before maturity in accordance with applicable rates.

- **Recurring Deposits**. Tenure-based periodic deposits of a fixed amount over a fixed term that accrue interest at a fixed rate and may be withdrawn before maturity in accordance with applicable rates by paying penalties.

In addition to the Bank's conventional deposit products, it offers a variety of specialized products and services suited to meet the demands of the Bank's varied customer base. Cross-selling strategies are central to the Bank's Retail Banking business unit, and the Bank's recent focus on payment data analytics has allowed to cross-sell its financial and investment products to existing customers.

The following provides a discussion of the main retail liability products and services offered by the Bank's Retail Banking business unit:

- **Prime Banking**. Prime banking aims to offer prompt and easily accessible banking services to customers in the mass and high value mass segment through the Bank's network branches and extension counters, ATMs and cash deposit and withdrawal machines, the Internet, the Bank's call center, a mobile banking platform, debit cards with high withdrawal limits and the Bank's "At par Chequebook" facility. As at 31 March 2019 and 31 March 2020, deposits under the Prime banking product totaled ₹ 668.79 billion and ₹ 754.42 billion, constituting 43.39% and 43.46% of the Bank's total savings bank deposits, respectively.

- **Savings Bank Account for Trusts and NGOs**. The Bank's Trust/NGO/Institutional Savings accounts are tailor made to suit the specific needs of these institutions. The Bank provides comprehensive financial solutions for this sector through its extensive network of branches and ATMs, digital banking, collection and payment services and other value-added services. As at 31 March 2019 and 31 March 2020 this product accounted for ₹ 64.53 billion and ₹ 117.91 billion constituting 4.19% and 6.79% of the total savings deposits of the Bank, respectively.

- **Salary Accounts**. To offer complete banking solutions to salaried employees, the Bank introduced a comprehensive payroll product consisting of differential privileges and offered on the basis of the net monthly salary of an employee. It allows the employer to manage salaries across various centers, with the employee benefiting from banking facilities including retail loans, a debit card and overdrafts, and privileges including concessional average balance requirements. As at 31 March 2019 and 31 March 2020, the payroll product portfolio totaled ₹ 322.16 billion and ₹ 379.12 billion, respectively.

- **Axis Bank Priority Program**. The "Priority" initiative targets an affluent customer base to meet such customers' banking and investment needs. The program offers personalized services, convenience, preferential pricing across various banking products and a dedicated relationship manager dedicated toward meeting customers' needs. As at 31 March 2020, the Axis Bank Priority Program accounted for ₹ 332.00 billion in deposits, constituting 19.13% of the total savings bank deposits of the Bank.

- **Burgundy by Axis Bank**. Burgundy is the Bank's wealth management offering for high net worth individuals. Launched in September 2014, Burgundy brings solutions offered by various groups within the Bank (including both retail and corporate divisions) under one integrated platform to comprehensively meet all banking requirements of the customers. Every Burgundy customer is provided a dedicated relationship manager who, backed by a team of experts, offers a range of customizable wealth management, personal banking, business and lending solutions to its customers. 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. As at 31 March 2020, asset under management for customers of Burgundy and Burgundy Private was ₹ 1,470.02 billion.

- **Debit Cards**. The Bank was one of the largest private sector bank issuers of debit cards in India in terms of overall amounts spent at point of sale terminals in fiscals 2019 and 2020.

Investment Products

The following provides a discussion of the products and services of the Bank's retail investment products:

- **Life Insurance**. The Bank has a corporate agency partnership with Max Life Insurance Co. Ltd., LIC and Bajaj Allianz Life Insurance Company, for sales of life insurance products. As per the corporate agency guidelines, the Bank's staff are licensed and responsible for selling the life insurance products. The Bank's partnership with LIC has strengthened its customer proposition by enabling it to enter the annuity space. In fiscal 2019, the Bank earned fee income of ₹ 6,405 million from its life insurance business as compared to ₹ 6,920 million in fiscal 2020.

- **Non-Life Insurance.** As corporate agents of HDFC ERGO Health Insurance Company Limited (erstwhile Apollo Munich Health Insurance Company Limited), Bharti AXA General Insurance Company Limited, Aditya Birla Health Insurance Company Limited and Tata AIG General Insurance Company Limited, the Bank offers health and non-life insurance to its customers. In fiscal 2019, the Bank's non-life insurance business earned fee income of ₹ 686 million as compared to ₹ 762 million in fiscal 2020.

- **Mutual Fund Sales**. The Bank is one of the leading distributors of mutual funds in India. The Bank distributes mutual fund products of all major asset management companies in India to its clients. The Bank recommends suitable schemes to its clients based on the recommendations of its in-house research team. Mutual fund products are sold through the Bank's branch distribution network based on client requirements. The Bank earns fee income in the form of retention remuneration on the sale of mutual funds and transaction charges on the sale of mutual fund products. The Bank earned a fee income of ₹ 4,161 million through the distribution of mutual fund products in fiscal 2019 as compared to ₹ 2,919 million in fiscal 2020.

- **Online Trading**. The Bank offers online trading services in collaboration with Axis Securities Limited, a wholly-owned subsidiary of the Bank, under the name AxisDirect. AxisDirect, an online platform, offers a diverse range of products including equity, derivatives, initial public offerings, mutual funds, exchange traded funds, and non-convertible debentures, among others. AxisDirect, a three-in-one investment account with online and phone trading capabilities, is available to both residents and NRI customers. AxisDirect was launched in January 2011.

Retail Lending and Payments

The growth of retail and consumer lending in India is a consequence of growing affluence and changing consumer behavior. 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 contribute to the strength of the Bank's retail lending strategy. The target markets identified for retail loans are salaried or self-employed professionals and other self-employed individuals, Hindu undivided families, trusts, firms, private limited and public limited companies.

The Bank offers a variety of retail credit products such as mortgage loans, automobile loans, commercial vehicle loans, personal loans, education loans, credit cards, loans against term deposits, loans against securities, small business banking loans and agriculture loans. The major components of the Bank's retail lending portfolio are home loans, loan against property, agriculture loans, personal loans and automobile finance.

The Small Business Banking division is dedicated to cater to the financing needs of micro-entrepreneurs and continues to be a growth engine for the Bank. The Retail Banking business unit's micro-entrepreneur customers are provided with secured and unsecured credit facilities in the form of fund-based as well non-fund-based limits that are tailored for their needs. Similarly, the Retail Banking business unit also offers a diverse range of template products targeted at agricultural loan customers that have not yet achieved sufficient scale to be covered by the Bank's SME business unit. These products include, for example, the Kisan Credit Card which provides farmers with credit facilities for their various needs, loans for farmers against pledges of gold ornaments, as well as a comprehensive scheme for warehouse receipt financing.

As at 31 March 2018, 2019 and 2020, the Bank's net retail advances were ₹ 2,064.65 billion, ₹ 2,458.12 billion and □3,054.00 billion, respectively, constituting 46.96%, 49.68% and 53.45% respectively, of the Bank's net advances.

These loans are provided by the Bank directly through loan centers and branches. Loan centers serve as the focal point for marketing, distribution and servicing of retail loan products.

Retail Advances Portfolio by Category

The Bank's retail advances portfolio consists of schematic and non-schematic loans. As at 31 March 2020, the portfolio mainly consisted of mortgage loans, personal loans, automobile loans, gold loans, agriculture loans, and non-schematic loans (comprising credit cards, loans against deposits and loans against securities, among others). The Bank's retail advances portfolio also includes loans acquired through portfolio buyouts.

The Bank's home and mortgage finance business involves extending long-term secured housing and commercial property loans to individuals and companies for the purchase, construction and extension of residential and commercial premises. As at 31 March 2020, the Bank's total home and mortgage finance portfolio was predominantly comprised of floating rate loans. Personal loans are unsecured loans provided to customers for various purposes, such as medical expenses and social obligations, and are generally repayable over the term of four years. Automobile finance, which includes financing four-wheelers, commercial vehicles, and construction equipment, involves providing consumer credit for an average period of three to five years to acquire a new or used vehicle. Automobile loans are secured by a lien on the purchased asset. The Bank has developed relationships with several established non-banking financial companies in India, providing both direct automobile finance (to individual borrowers) as well as indirect automobile finance (portfolio buy-outs).

The Bank's portfolio of credit card offerings include featured cards, co-branded cards and premium cards. Based on RBI data, in terms of total credit cards in force, the Bank's credit card business had a 12.0%, 12.7% and 12.1% market share of the Indian credit card market in fiscals 2018, 2019 and 2020, respectively.

The Bank believes there are significant opportunities to grow its personal loans and credit card portfolio by cross-selling to the existing customer base of partner technology companies. The Bank launched a co-branded credit card with a large e-commerce company based in India. The Bank sees this co-branded credit card as a means to tap into this partner e-commerce company's large customer base. Among its main features, this credit card is issued electronically and ready for use instantly following credit approval, and provides cashback on spending at partner merchants as well as other spending categories with no upper limit on cashback earned, promotional welcome bonuses, complimentary lounge access and fuel surcharge waiver. Holders of this credit card are able to electronically monitor cashback earned, request credit limit increases, convert purchases to equated monthly installments, apply for instant loans, block or replace their credit cards, or view their latest bills.

The Bank's total net retail advances portfolio by category is set forth below for the periods indicated:

	As at 31 March		
Product	**2018**	**2019**	**2020**
		(₹ in millions)	
Automobile loans	216,117	278,632	382,045
Mortgage loans	836,425	949,778	1,097,283
Loans against property	163,696	203,701	260,468
Personal loans	202,147	288,050	397,441
Retail agriculture loans	316,585	342,119	374,505
Education loans	7,797	11,002	13,860
Gold loans	13,551	13,754	13,235
Small business loans	52,439	86,884	137,684
Credit card loans	85,394	120,128	149,637
Other retail loans[1]	170,495	164,072	227,847
Total	**2,064,646**	**2,458,120**	**3,054,005**

(1) Other retail loans primarily include business equipment loans, loans against deposit and other non-schematic loans.

Mortgage loans, personal loans, agriculture loans and non-schematic loans have been major contributors to the growth in the Bank's retail advances portfolio over period. In fiscal 2020, the fastest-growing categories of retail loans were automobile loans, personal loans and micro/small business loans, which grew by 37.11%, 37.98% and 58.47%, respectively.

The table below sets forth the growth rates in the Bank's net retail advances portfolio by category, as of 31 March 2020, for the trailing twelve months:

Product	**31 March 2020 (trailing twelve months)**
Automobile loans	37.11%
Mortgage loans	15.53%
Loans against property	27.87%
Personal loans	37.98%
Retail agriculture loans	9.47%

	31 March 2020 (trailing twelve months)
Education loans	25.98%
Gold loans	(3.77)%
Small business loans	58.47%
Credit card loans	24.56%
Other retail loans[(1)]	38.87%
Total	24.24%

(1) Other retail loans primarily include business equipment loans, loans against deposit and other non-schematic loans.

The Bank expects personal loans and small business loans to be the main sources of growth in the Bank's retail loans portfolio in the near term.

Credit Evaluation: Retail Loans

All prospective borrowers are granted loans only if they pass the credit evaluation process. The Bank has detailed product lending parameters and has devised a credit-scoring sheet for all major products. For a loan to be approved, a minimum cut-off score must be achieved by a borrower. This credit rating mechanism is periodically updated and reviewed. The Bank has devised a separate risk evaluation model for agricultural loans with an objective to measure and mitigate the risk involved in financing this sector.

Other Products and Services

Other products and services offered by the Retail Banking business unit include debit cards, meal cards, gift cards, rewards cards, Smart Pay cards, Meal cards, credit cards, card acceptance services and loans against gold.

The following provides a discussion of the other products and services of the Bank's Retail Banking business unit.

- **Merchant acquiring**. Under its merchant acquiring business, the Bank focuses on strengthening its relationship with its merchant partners to open up avenues of cross-selling the Bank's transactional products. The Bank generated total revenue of ₹ 1,810 million in fiscal 2019 and ₹ 3,732 million in fiscal 2020 from its merchant acquiring business.

- **Non-Resident Retail Products and Services**. The Bank offers a wide suite of banking and investment products under its NRI Services brand for Indians living and working overseas. NRIs may, for example, choose to open an account or invest in deposits, secondary market or mutual funds. The Bank also offers a range of other services to NRI customers under the NRI Burgundy and NRI Priority program. Key products include savings and term deposits, non-resident foreign currency term deposits, resident foreign currency accounts for returning NRIs and a host of investment products such as life and general insurance, mutual funds and bonds, as permitted by the relevant regulators. The Bank also offers loan and overdraft facilities to NRI customers against their term deposits with the Bank. The Bank offers portfolio investment scheme services across all its branches.

- **Retail Remittances**. The Bank provides multiple inward remittance solutions to customers based on target customer profile and geography. Remit Money is the Bank's online remittance platform, which is available to NRI customers in the United States of America, United Kingdom, Canada, Australia, Singapore, Switzerland, South Africa, Hong Kong and the UAE. Customers can log on to the platform and remit money from their overseas bank account to any bank account in India conveniently.
- **Retail Forex**. The products offered under the retail forex sector include forex cards and outward wire transfers.

Retail Fees

Fee income for the Retail Banking business unit is generated from ATM transactions, cards, safe deposit lockers, service charges on deposit transactions, processing fees from retail loans as well as fees earned from third party product sales. Fee income from the Bank's retail operations have grown significantly between fiscals 2018 and 2020.

The table below sets forth the distribution of fee income from the Bank's retail operations for the periods indicated:

	For the year ended 31 March		
Fee Income from Retail Operations	**2018**	**2019**	**2020**
		(₹ in millions)	
Card fees	**18,761**	**24,321**	**28,927**
Non-card fees	**30.134**	**37,105**	**41,916**
Out of which			
MF and insurance distribution fees (including distribution fees relating to bonds, gold coins etc.)	10,538	11,832	11,009
Other retail fees (including foreign exchange service fees)	19,596	25,273	30,907
Total fee income from retail operations	**48,895**	**61,426**	**70,843**

Total fee income from the Bank's retail operations accounted for 16.53%, 17.63% and 17.39% of total operating revenue of the Bank (which represents the aggregate of net interest income and other income for the relevant period) for fiscals 2018, 2019 and 2020, respectively, and 55.14%, 60.65% and 64.29% of the Bank's total fee income for fiscals 2018, 2019 and 2020.

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 small and medium enterprises (including micro, small and medium enterprises). These products and services include cash credit facilities, demand and short-term loans, project finance, export credit, factoring, supply chain financing, structured products, discounting of bills, documentary credits, guarantees, foreign exchange and derivative products, cash management services, capital market solutions, cross-border trade and correspondent banking services and tax payments. Liability products including current accounts, certificates of deposit and term deposits are also offered to corporate customers.

The Wholesale Banking segment is divided into two sub-groups: the Corporate sub-group (managed by the Wholesale Banking Coverage Group), which manages government, strategic, large, multi-national and mid-sized corporate clients and the Small and Medium Enterprises sub-group (managed by the Commercial Banking Coverage Group), which caters to SMEs (including micro, small and medium enterprises).

Corporate Sub-group (managed by Wholesale Banking Coverage)

The Corporate sub-group of the Bank's Wholesale Banking business unit comprises loans and fee-based products and services that the Bank offers to government, strategic, large, multi-national and mid-sized corporate clients.

The Corporate sub-group focuses on procuring low cost funds by offering a range of current account products and transactional banking solutions across all business sectors such as corporates, institutions, central and State Governments and small and retail business customers. The Bank's current account products provide flexibility to its customers to choose from a range of products depending on their average balance requirements. In addition to traditional channels such as the Bank's branches and ATMs, customers can access and conduct transactions through the Bank's internet banking platform. Customers can also access their account information through the phone banking and mobile banking facilities offered by the Bank.

In an effort to create an integrated Corporate banking franchise, the Bank reorganized the coverage structure of its Corporate sub-group in 2019, as follows:

- **Large Corporates**: covering all corporate clients with turnover greater than ₹ 10.0 billion;
- **Mid-Corporates**: covering all corporate clients with turnover between ₹ 2.5 billion and ₹ 10.0 billion; and
- **Focused Segmental Coverage**: covering strategic clients, Government-owned entities, multi-national companies, and banking and financial services companies.

Small and Medium Enterprises Sub-group (managed by Commercial Banking Coverage)

The Bank's CBG sub-group caters to the SME market sector by offering products, including term loans and working capital finance, as well as other banking services like cash management and foreign exchange which are tailored to the particular requirements of small and medium enterprises (including micro, small and medium enterprises). The wide range of customized products offered by the Bank seeks to provide SME customers with adequate finance which is well-suited for their business needs.

The SME business unit is of strategic importance to the Bank as it generates higher yields and helps to diversify risks. The SME market sector also offers good business potential both for fund-based and non-fund-based products, as well as for cross-selling of products. Accordingly, the SME business unit offers a wide range of both template and non-template products, including term loans and working capital finance, non-fund based facilities tailored to the specific requirements of clients.

The Bank's SME business emphasizes relationship building and supporting entrepreneurs. To that end, the Bank has created focused subdivisions to meet the requirements of the SME market sector, namely the Small Enterprises Group (for turnover up to ₹ 750 million), the Medium Enterprises Group (for turnover above ₹ 750 million to ₹ 2.5 billion) and the Supply Chain Finance Group. As at 31 March 2020, the Bank operated from 120 SME centers to service its customers.

Loans to SMEs (including SME agricultural loans) amounted to ₹ 655.84 billion and ₹ 619.21 billion as at 31 March 2019 and 31 March 2020, constituting 13.25% and 10.84% of the Bank's total loan portfolio as at 31 March 2019 and 31 March 2020, respectively.

During fiscal 2020, given the uncertainties on the macro-economic environment and the underlying weakness in the economy, the Bank had maintained a conservative policy with respect to its SME business.

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

In order to enable stronger, faster and leaner processes to streamline the customer experience for onboarding, deepening and cross-sell, the Bank is in the process of preparing a loan onboarding and approval system with the objective of implementing better controls on TATs, building better underwriting capability based on analytical feed and creating a digital workflow for risk mitigation. Further, the Bank is also working towards creating a digital tool to provide customer insights to relationship managers in order to enable them to sell the right product and provide better customer solutions. The Bank has also been taking several initiatives to support the growth and development of the MSME sector. The Bank organizes "Evolve" series which is an annual educational initiative focused for SMEs in India. The series is now regarded as a signature initiative of Axis Bank in building SME capacity. The sixth edition of Evolve was organized in fiscal 2020 and focused on "Gearing up for a 5 Trillion Dollar Economy" in over 25 cities across India.

Products and Services

A broad classification of products and services offered by the Bank's Wholesale Banking business unit to its corporate and SME clients (including corporate agriculture clients), is set forth below.

- *Fund-based products.* Loans and advances for working capital, corporate finance and project finance.
- *Non-fund-based products.* Non-funded advances such as documentary credits, standby letters of credit and guarantees.
- *Liability products and fee related services.* Non-retail term deposits and current accounts (including current accounts).
- *Fee-based services.* Including fund transfers, cash management services, collection of Government taxes, trade services.

These products and services are delivered to customers through the Bank's network of branches, correspondent banking networks, telephone banking, mobile banking and the internet.

Fund-Based Products

Fund-based limits are generally granted by way of overdrafts, cash credit, demand loans, medium-and long-term loans and discounting of bills. Generally, the type of facility to be granted is determined based on factors such as the loan purpose, the security offered, the size of the advance, repayment terms, risk profile and the requirements of the customer.

The following table sets forth a breakdown of the Wholesale Banking business unit's loans as at the dates indicated.

	As at 31 March		
Financing Type	**2018**	**2019**	**2020**
		(₹ in millions)	
Corporate..	**1,744,462**	**1,834,016**	**2,041,026**
Of which			

Financing Type	As at 31 March 2018	2019	2020
		(₹ in millions)	
Term Loans	1,184,184	1,211,222	1,409,234
Working Capital Finance	560,278	622,794	631,792
SME	**587,395**	**655,845**	**619,211**
Of which			
Term Loans	132,635	134,754	140,380
Working Capital Finance	454,760	521,090	478,831
Total	**2,331,857**	**2,489,860**	**2,660,237**

The RBI requires all Indian banks to classify their credit transactions in accordance with their level of risk, and the criteria the Bank uses to classify loans in its portfolio correspond to those established by the RBI. All of the Bank's wholesale banking business customers receive a risk classification, and each loan granted to each client also receives a risk classification, depending on the risk level of the transaction and the amount the Bank receives as collateral. Classifications are determined by the loan type and amount of collateral to be received and spread to be applied. All transactions are confirmed by the Bank's back-office, which confirms the limits and receipt of all relevant documentation. The Bank uses credit and behavior scoring models to determine the volume of credit that it will grant and to establish its credit limits. The Bank's credit policy is implemented through its system, providing for individual analysis based on the client's profile and allowing for the differentiation of interest rates, based on the client's credit risk profile. The Bank's credit policy and scoring models are reviewed periodically, based on estimated performance and non-performance credit indicators.

Set out below are internal ratings distribution of the standard Corporate exposure as at the dates indicated.

	Rating Distribution Value	As at 31 March 2018	2019	2020
		% of total	% of total	% of total
1	AAA	13	12	18
2	AA(1)	34	39	39
3	A(2)	30	31	26
4	BBB(3)	18	14	13
5	BB and below(4)	5	4	4
	Total	**100**	**100**	**100**

(1) Includes AA+, AA and AA-.

(2) Includes A+, A and A-.

(3) Includes BBB+, BBB and BBB-.

In both fiscals 2019 and 2020, approximately 95% of new loans in the corporate book were to companies rated A- and above.

The total aggregate amount of the standard Corporate sub-group's loans rated BB and below totaled ₹ 89.94 billion and ₹ 74.67 billion as at 31 March 2018 and 31 March 2019, as compared to ₹ 65.28 billion as at 31 March 2020. These figures reflect, among other things, ₹ 23.60 billion of new credit downgrades in to the BB and below category during the year ended 31 March 2020, which mostly related to certain borrower groups that have exhibited renewed signs of credit stress.

The four industry groups with the highest representation in the standard Corporate sub-group's loans rated BB and below are Power (representing 11.33% of the Corporate sub-group's loans rated BB and below as at 31 March 2020), infrastructure and construction (representing 19.45% of the Corporate sub-group's loans rated BB and below as at 31 March 2020), hotels (representing 11.29% of the Corporate sub-group's loans rated BB and below as at 31 March 2020) and cement and cement products (representing 18.69% of the Corporate sub-group's loans rated BB and below as at 31 March 2020).

As a percentage of gross customer assets (which is defined as gross advances and gross credit substitutes), the pool of the standard Corporate sub-group's outstanding loans rated BB and below represented 1.78% and 1.32% as at 31 March 2018 and 31 March 2019, as compared to 1.05% as at 31 March 2020. As a percentage of the Corporate sub-group's total outstanding loans, the pool of the Corporate sub-group's loans rated BB and below represented 5.16% and 4.07% as at 31 March 2018 and 31 March 2019, as compared to 3.20% as at 31 March 2020.

The Bank believes that its SME loan portfolio is well diversified, which results in decreased concentration risk. Set forth below is the internal ratings distribution of the standard SME exposure as at the dates indicated.

		As at 31 March		
	Rating Distribution Value	**2018**	**2019**	**2020**
		% of total	**% of total**	**% of total**
1	SME1	5	11	12
2	SME2	13	9	16
3	SME3	67	65	58
4	SME4	8	8	8
5	SME5 -7	7	7	6
	Total	**100**	**100**	**100**

The following provides a discussion of the products and services of the Wholesale Banking business unit's fund-based products.

Working Capital Finance. Cash credit, working capital demand loans and overdraft facilities are funded facilities, usually secured by current assets such as inventory and receivables. These facilities are generally extended for a period of one year. In almost all cases, facilities are subject to an annual review and are repayable on demand. Interest is collected on a monthly basis, based on daily outstanding amounts. Bill discounting involves discounting negotiable instruments, which are generally issued for trade receivables. These can also be re-discounted with other banks and financial institutions, if required. As at 31 March 2019, the Wholesale Banking business unit's outstanding net working capital loans (including the Corporate and SME sub-groups) amounted to ₹ 1,143.88 billion, constituting 23.12% of the Bank's net loan portfolio, as compared with ₹ 1,110.62 billion as at 31 March 2020, constituting 19.44% of the Bank's net loan portfolio as at those respective dates.

Term Loans. Term loans are offered to customers based on the Bank's appraisal of the quality of management, industry, prospects, business model and financial strength of the firm. This financing is provided by way of term loans of various tenors. These corporate financing term loans, which the Bank offers to companies in the manufacturing, service and infrastructure sectors by way of medium- and long-term loans. The Bank also offers asset-based lending such as receivables financing and customized corporate finance products to meet specific customer needs. As at 31 March 2019, the Wholesale Banking business unit's outstanding net term loans (including the Corporate and SME sub-groups) amounted to ₹ 1,345.98 billion, constituting 27.20% of its net loan portfolio, as compared with ₹ 1,549.61 billion as at 31 March 2020, constituting 27.12% of the Bank's net loan portfolio as at those respective dates.

Non-Fund-Based Products

The following provides a description of the products and services of the Wholesale Banking business unit's non-fund based products.

- **Acceptances, Endorsements and Other Obligations**. The Bank provides documentary credits to customers to meet their working capital requirements as well as for capital equipment purchases. Documentary credits are approved together with a working capital assessment or a project finance assessment. Typically, a working capital line can be drawn down on a revolving basis over the term of the facility. Customers pay fees for drawdowns of the acceptances, endorsements and other obligations, and the Bank may require additional collateral by way of a cash margin. The percentage of any such margin is determined according to the Bank's perception of the transaction's risk. As at 31 March 2019, the Bank's acceptances, endorsements and other obligations portfolio amounted to ₹ 324.39 billion, compared with ₹ 251.65 billion as at 31 March 2020.

- **Guarantees**. Guarantees, which also include standby letters of credit, can be drawn down in a revolving manner over the life of the facility. Guarantees are also assessed during the course of working capital requirements. Guarantees are issued for various purposes such as bid bonds, performance guarantees on behalf of borrowers for execution of contracts, deferral or exemption from payment of statutory duties against performance obligations, advance payments, release of retention monies and other purposes. The tenor of guarantees is generally 36 months or less depending on the underlying obligations being guaranteed, although certain guarantees with a longer term may be approved. As with documentary credits, the Bank sometimes obtains additional collateral by way of a cash margin which, in the case of certain types of guarantees, may be as much as 100%. As at 31 March 2019, the Bank's outstanding guarantees amounted to ₹ 755.89 billion compared with ₹ 739.14 billion as at 31 March 2020.

Liability Products and Fee-Related Services

The following provides a discussion of the liability products and fee-related services offered by the Wholesale Banking business unit.

- ***Non-Retail Current Accounts and Term Deposits***. As at 31 March 2018 and 31 March 2019, the non-retail current account deposit balance with the Bank totaled ₹ 956.50 billion and ₹ 892.65 billion respectively, compared with ₹ 901.14 billion as at 31 March 2020. As at 31 March 2018 and 31 March 2019, the non-retail term deposit balance with the Bank totaled ₹ 719.76 billion and ₹ 1,061.63 billion, compared with ₹ 1,229.62 billion as at 31 March 2020.

- ***Transaction Banking.*** The Wholesale Banking business unit's transaction banking services are offered across both the Corporate and SME sub-groups. These services comprise transactional banking activities such as collection and payments solutions, trade services, foreign exchange remittances and capital market solutions. The major revenue streams for these transaction banking services are derived from current account float balances and fee income. Total revenue for the Wholesale Banking business unit's transaction banking services totaled ₹ 17.00 billion, ₹ 18.65 billion, and ₹ 19.72 billion for fiscals 2018, 2019 and 2020.

Fee-Based Services

The Bank offers a variety of fee-based services, including cash management services, collection of commercial taxes, trade services, remittances, collections and loan syndication. In addition to these traditional fee-generating products and services, the Bank also offers tailor-made products on a fee-basis to address specific corporate customer needs through a structured products group.

The following provides a discussion of the products and services of the Wholesale Banking business unit's fee-based products.

- **Cash Management**. In the cash management services business, the Bank focuses on offering customized services to its customers to cater to specific corporate requirements and improve the existing product line to offer enhanced features to the customers, such as collection, payment and remittance services with a focus on improving clients' cash flows. These solutions leverage the Bank's extensive branch network and robust technology to provide an ideal blend of structured monthly information systems and faster fund movement, so that customers are able to enhance their fund management capabilities. The Bank is also focusing on host-to-host integration for both collections and payments, such as IT integration between corporates and the Bank for seamless transactions and information flow. During fiscal 2020, the Bank enabled 24x7 processing of NEFT transactions. In order to extend online banking for non-digital customers during the COVID-19 related lockdown, the Bank has initiated the process of paperless onboarding for digital payment channels. The Bank developed a simple 3 click online process and enabled the entire branch network to issue FASTags. Further, the bank has developed in-house Bharat Bill Payment System (**BBPS**) engine. The Bank has designed a comprehensive solution for billers and aggregators which enables them to participate in the BBPS platform.

- **Trade, Forex and Derivatives**. Under the trade, forex and derivative business, the Bank offers complete trade finance and foreign exchange business solutions through its branches across the country. The Bank also provides structured hedging solutions to all client sectors of the Bank. The Bank also has a team of experts stationed at its central office who serve a coordinating role for the Bank's branches and business departments which need advice on regulations governing the trade and forex business.

- **Custodial and Capital Market Services**. Under the custodial business, 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 approaching insurance companies, mutual funds, foreign corporate entities, foreign venture capital investors and foreign institutional investors to further market these 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. Net income earned from the custodial services and corporate demat business in fiscal 2020 was ₹ 110.6 million.

- **Correspondent Banking and 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 and outward payments. The Bank offers products and services to customers such as retail/non-retail remittances, cheque clearing, trade finance and treasury payments.

- **Government Services**. The Bank has been authorized by RBI and the Government to handle various Government banking transactions, which includes the following services: collection of direct taxes and GST taxes on the Government's behalf; disbursement of pensions to central civil service retirees as well as defense department retirees; and banking services for the Ministry of Urban Development, Ministry of Housing and Poverty Alleviation, Controller General of Accounts, Ministry of Finance and Institute of Government Accounts and Finance.

Fee Income

Fee income generated by the Bank's Wholesale Banking business unit is a significant revenue stream for the Bank. The table below sets forth the distribution of fee income from the Bank's Wholesale Banking operations for the periods indicated:

	For the year ended 31 March		
Fee income from Wholesale Banking operations	**2018**	**2019**	**2020**
		(₹ in millions)	
Corporate sub-group fees	15,991	13,407	12,189
SME sub-group fees	4,313	4,528	4,187
Transaction banking fees	16,998	18,654	19,721
Total fee income from Wholesale Banking operations	**37,302**	**36,589**	**36,097**

Fee income derived from the Corporate sub-group accounted for 5.41%, 3.85% and 2.99% of total operating revenue of the Bank (which represents the aggregate of net interest income and other income for the relevant period) for fiscals 2018, 2019 and 2020, respectively, and 18.03%, 13.24%, and 11.06% of the Bank's total fee income for fiscals 2018, 2019 and 2020. Fee income from the Bank's SME sub-group accounted for 1.46%, 1.30% and 1.03% of total operating revenue of the Bank (which represents the aggregate of net interest income and other income for the relevant period) for fiscals 2018, 2019 and 2020, respectively, and 4.86%, 4.47%, and 3.80% of the Bank's total fee income for fiscals 2018, 2019 and 2020.

Credit Selection Strategy

In fiscal 2020, the Bank revamped its risk appetite and internal processes with the objective of increasing the credit quality of its new lending business. The Bank's strategic focus in recent years has been towards building a higher rated lending book, increase the share of working capital loans and reducing the concentration risk.

The Bank's criteria for acceptability of credit include:

- an acceptable internal credit rating;

- significant probability of credit rating enhancement in the medium term;

- strong cash flows;

- satisfactory quality of management in terms of past track record of performance and reputation for competence, integrity and respectable corporate governance practices;
- long-term sustainability of the borrower's business model;
- likely future leader in emerging businesses;
- acceptable underlying security and credit enhancement measures; and
- reasonable pricing and acceptable rate of return on capital.

The credit selection strategy and pricing policy used in the SME sub-group follow substantially the same procedures as those used for the Corporate sub-group.

The Bank uses an early warning signals tool which helps it identify unfavorable sectional trends early in the cycle and take corrective action if necessary. The Bank uses its internal credit rating model, which utilizes a combination of quantitative and qualitative input to arrive at a view of the risk profile of the SME counterparty and assigns an internal rating grade corresponding to a distinct possibility of default over a period. It has also adopted a practical approach to increasing the SME portfolio by focusing primarily on better-rated SME accounts. Business analytics is being used to identify potential borrowers across various sectors.

Pricing Policy

The Bank prices its credit products based on its assessment of the risk profile of borrowers, largely based on:

- internal/external credit rating of customers;
- tenor of the loan;
- the specific structure of the product (such as embedded options);
- available collateral and credit enhancement;
- overall relationship value; and
- market conditions.

Treasury

The Treasury manages the funding position of the Bank and also manages and maintains its regulatory reserve requirements. As part of liquidity management, the Treasury invests in sovereign and corporate debt instruments, commercial paper, mutual funds and floating rate instruments. The Treasury also undertakes proprietary trading in equity, fixed income securities, foreign exchange, currency futures and options. Apart from proprietary trading, the Treasury also offers a wide range of treasury products and services to customers, including derivative instruments such as forward contracts, interest rate swaps, currency swaps, foreign currency options and remittances, as well as services such as loan and debt syndication and placement.

The Treasury business unit also generates fee income. Fee income from the Treasury business unit's treasury and DCM services was ₹ 2.47 billion, ₹ 3.26 billion and ₹ 3.25 billion for fiscals 2018, 2019 and 2020, respectively.

Funding and Asset Liability Management

The Treasury manages short-term liquidity through short-term borrowings such as overnight inter-bank borrowings, repo, re-discounting bills and through other money market operations. The ALM group within Treasury 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. The Bank raises foreign currency borrowings from local banks and foreign counterparties. The Bank also raises retail foreign currency deposits from NRIs at rates regulated by the RBI.

The table below sets out the deposits position of the Bank as at specified dates.

	As at 31 March		
	2018	**2019**	**2020**
Savings bank deposits	1,482,021	1,541,288	1,735,916
Demand deposits	956,496	892,653	901,144
Term deposits	2,097,711	3,050,772	3,763,989
Total deposits	**4,536,227**	**5,484,713**	**6,401,049**

The Treasury ensures day-to-day funding for branch operations and asset build-up. Since the CRR balances earn no interest from the RBI, the funding (ALM) desk also ensures that only optimal CRR balances are maintained and that additional surpluses are deployed in the form of short-term investments in commercial paper, certificates of deposit or debt (Liquid) schemes of mutual funds.

The Treasury measures and monitors the spreads of the Bank. Yields on assets and cost of funds are monitored on an ongoing basis. Maturity profiles of new deposits are adjusted to ensure that the Bank reaches its targeted spreads and that its liquidity profile remains comfortable.

The asset liability management group considers suitable hedging options for items on the balance sheet at appropriate times to protect or increase the Bank's spreads.

Trading Operations

The Treasury manages integrated trading operations in foreign exchange and domestic money markets. It is responsible for maintaining regulatory reserves and using the trading portfolio to earn profits through exchange income and capital gains.

The investment policy is designed to address the following:

- compliance with regulatory requirements;
- guidelines for taking exposure in various debt instruments; and
- risk mitigation.

The Treasury maintains the RBI-mandated SLR requirements in the form of investments in Government bonds and treasury bills. This portfolio is actively managed and churned and, depending on an internal view of interest rates, surpluses are maintained in the trading book. The Treasury uses these surpluses to take advantage of favorable movements in interest rates to book capital gains on the investment book. In accordance with the RBI guidelines, investments are categorized as "Held for Trading", "Available for Sale" and "Held to Maturity".

The size of the Bank's equity portfolio is restricted by a ceiling imposed by the RBI on the capital market exposure of banks to 40% of their net worth as at 31 March of the previous year. The Bank's aggregate limit for exposure to the capital markets in fiscal 2020 was ₹ 295.79 billion (40% of its net worth as at 31 March 2019, as adjusted for subsequent capital injection). The Bank's exposure to the capital markets (as defined by the RBI) as at 31 March 2020 was ₹ 101.74 billion.

In general, the Bank pursues a strategy of active management of its equity portfolio to maximize its return on investments. To ensure compliance with the SEBI insider trading regulations, all dealings in equity investments in listed companies are undertaken by the equity-trading desk, which is securely segregated from the Bank's other business groups.

The Treasury also offers investment options to retail and institutional investors and servicing support through all branches of the Bank. In this regard, the Bank facilitates the holding of Government securities. Commission and trading profits are earned through these transactions.

Foreign Exchange and Derivatives

The trading desk deals in several major currencies and manages the Bank's exposure through foreign exchange and money market instruments and derivatives within the guidelines and limits stipulated by the RBI and management. Appropriate internal limits for counterparty and currency exposure are in place. The Bank is a market maker in the spot and forward exchange markets, swaps and options.

The Bank offers both off-the-shelf and specifically structured products to its customers to meet funding and risk management requirements in foreign currencies.

The Bank offers forward contracts to customers to hedge against exchange risk on foreign currency receivables and payables, usually of up to one year. The Bank also acts as market maker in interest rate and currency swaps for proprietary trading and customer hedging. Commission and exchange income is earned from such transactions. As at 31 March 2019, the Bank had ₹ 6,136.46 billion in outstanding forward exchange and derivatives contracts compared with ₹ 8,026.90 billion as at 31 March 2020.

Profit on exchange/derivatives transactions (net) increased from ₹ 14.87 billion in fiscal 2019 to ₹ 15.74 billion in fiscal 2020.

Debt Capital Markets (DCM)

The Bank continues to remain a dominant player in the debt capital market sector. In fiscals 2019 and 2020, the Bank acted as arranger for ₹ 2,881.68 billion and ₹ 2,812.67 billion, respectively. In 2020 the Bank was associated with total issues of ₹ 3,213.09 billion and in the three months ended 30 June 2020, the Bank acted as arranger for ₹ 1,202.27 billion, and was associated with total issues of ₹ 1,226.30 billion, for various PSUs and corporates.

Employees of the Bank's sales and trading teams were included in the list of Asia's best local currency bond individuals in research, sales and trading for 2020 in "The 2020 Asian Local Currency Bond Benchmark Review" undertaken by "Asset Benchmark Research". The Bank is a significant player in the international debt capital markets business covering U.S.$ and EUR-denominated bonds, masala bonds and green bonds among others. During fiscal 2020, the Bank was awarded "Best DCM House" in India by Finance Asia. The Bank believes that its DCM business' prominent position makes it well-placed to take advantage of profitable opportunities in India's growing corporate bond markets. While the Bank continues to handle the debt syndication activities described above, the investment banking activities relating to equity capital markets, mergers and acquisitions, and private equity advisory business are now conducted by the Bank's wholly owned subsidiary, ACL. See "– *Subsidiaries*" below.

Overseas Operations

As at 30 June 2020, the Bank has ten overseas offices, with branches in Colombo, DIFC, Hong Kong, Shanghai and Singapore and representative offices in Dubai, Abu Dhabi, Sharjah, and Dhaka and a subsidiary in London. The Bank also has an offshore banking unit at the International Financial Service Centre located at the Gujarat International Finance Tec-City in Gandhinagar, India. The Bank is currently in the process of winding up Axis Bank UK Limited, its subsidiary in London, and its overseas branch operations in Colombo, Hong Kong and Shanghai.

The Bank's foreign branches primarily offer corporate banking, trade finance and treasury and risk management services. The total assets (net of inter branch adjustments) at the Bank's overseas branches amounted to ₹ 536.74 billion, which constituted 5.86% of the Bank's total assets as at 31 March 2020.

Financial Inclusion

The RBI has mandated banks in India to have a financial inclusion plan for the expansion of banking services to rural and unbanked centers and to customers who currently do not have access to banking services. Apart from a regulatory requirement and a corporate social responsibility initiative, the Bank regards the financial inclusion sector as a strategic opportunity to expand its reach into the unbanked rural market and underserved sectors of the urban market.

The Bank utilizes the services of business correspondents in select areas to expand its reach in areas unserved or underserved by the banking industry. The Bank has also taken several initiatives to implement financial awareness program for the underprivileged sections throughout India, comprising of trainings, workshops and awareness campaigns.

As at 31 March 2020, the Bank had opened approximately 8.09 million basic savings accounts and had a network of over 645 customer service points in rural locations. The Bank is equipped to handle interoperable transactions on the Aadhaar Enabled Payment System, an electronic system in India that enables financial transactions based on customers' Government-issued Aadhaar identification numbers. This, in turn, has empowered the Aadhaar enabled customers of the Bank to transact at other banks' Aadhaar enabled business correspondent outlets and vice versa. In fiscal 2020, the Bank processed nearly 1.78 million transactions on the Aadhaar Enabled Payment System amounting to ₹ 6,011 million.

Priority Sector Lending

Commercial banks in India, including the Bank, are required by the RBI to lend 40% of their adjusted net bank credit of the previous year to specified sectors known as "priority sectors", subject to certain exemptions permitted by the RBI from time to time. Priority sector advances include loans to the agriculture sector, micro and small enterprises, financial inclusion sector, microfinance loans, loans to certain sectors deemed "weaker" by the RBI, 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 eligible for priority sector lending. See "*Selected Statistical Information – Funding – Directed Lending*".

As at 31 March 2020, the Bank had a total priority sector lending portfolio of ₹ 1,962.17 billion. The following is a breakdown of the Bank's priority sector lending position as at the dates indicated.

	As at 31 March		
	2018	**2019**	**2020**
		(₹ in millions)	
Agricultural advances[(1)]	429,496	463,328	908,082
Micro and small enterprises[(2)]	414,335	550,787	809,941
Other priority sector lending[(3)]	490,894	688,058	244,156

	As at 31 March		
	2018	2019	2020
		(₹ in millions)	
Total	**1,334,725**	**1,702,173**	**1,962,179**

(1) Agriculture advances includes deposits with NABARD and PSLCs purchased.

(2) Micro and small enterprises advances includes deposits with SIDBI and MUDRA. It also includes PSLC purchased.

(3) Other priority sector lending includes deposits with NHB and PSLC purchased.

Pertains to SME business of the Bank

To encourage banks to extend long-term loans to the infrastructure sector, Indian banks are allowed to issue infrastructure bonds and provided a relaxation in cases of priority sector lending by way of allowing banks to claim for a deduction in adjusted net bank credits.

Agriculture Lending

The RBI requires the Bank to lend 18% of its adjusted net bank credit of the previous year to the agricultural sector.

The Bank's Retail Banking business unit covers agricultural loan customers. Accordingly, the Bank's retail agricultural lending business forms part of the Retail Banking business unit.

The Bank's strategy in agricultural lending is based on a comprehensive view of the agricultural value chain, a focus on diversification, and partnerships with other companies in the agricultural sector, microfinance and other rural institutions and non-governmental organizations that have close links to the agricultural sector. The Bank offers schemes for financing the agricultural value chain participants such as agro-processing units and agricultural service providers.

The Bank has also devised a separate risk evaluation model for agricultural loans with an objective of measuring and mitigating the risk involved in financing this sector.

In order to provide a strategic focus on agricultural lending, the Bank has adopted an area-centric approach to agricultural lending in areas the Bank considers agriculture-intensive and where a potential market exists for the Bank's agriculture finance. This initiative aims to help the Bank in scaling up its direct lending services.

Recently, the Bank has experienced challenges in its financing to farmers for agriculture and allied activities, as some state governments announced agriculture loan waiver schemes for farmers which resulted in non-repayment of loans by some farmers residing in those states in fiscal 2018 and fiscal 2019. While the cost of such schemes is borne by the state governments, such schemes or borrowers' expectations of such schemes have resulted in higher delinquencies in the Bank's Kisan credit card portfolio.

Going forward, the Bank intends to grow its agricultural lending business by offering suitable products to various members in the supply chain in the agriculture business (such as warehouses and cold storage units), and leveraging the Bank's technology platform to distribute its products and services conveniently and cost-effectively in rural areas.

Delivery Channels

The Bank distributes its products and services through various access points ranging from traditional bank branches to ATMs, call centers for telephone banking, mobile banking and the Internet. The Bank's channel migration effort is aimed at reducing costs while enhancing customer satisfaction levels by providing customers access to their accounts at all times.

Branch Network

The Bank has a well-distributed branch presence across several of India's regions and market sectors. As at 31 March 2018, the Bank had a network of 3,703 branches and extension counters as compared to 4,050 branches and extension counters as at 31 March 2019. As at 31 March 2020 and 30 June 2020, the Bank had 4,528 branches and extension counters. This branch network has been built organically since the Bank begun its operations.

As at 31 March 2020, the Bank also had 326 central processing centers, 13 service branches, 12 extension counters and 95 specialized branches (lending centers) and 17,477 ATMs and cash deposit and withdrawal machines. As at 31 March 2020, the Bank's geographical reach in India extended to 29 states and 6 union territories, covering 2,559 centers and 682 districts.

As at 30 June 2020, the Bank also had 326 central processing centers, 13 service branches, 12 extension counters and 95 specialized branches (lending centers) and 17,456 ATMs and cash deposit and withdrawal machines. As at 30 June 2020, the Bank's geographical reach in India extended to 29 states and 6 union territories, covering 2,559 centers and 682 districts.

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's branch network has continued to expand in fiscal 2020. On a net basis, the Bank opened 399 new branches and extension counters in fiscal 2018, 347 new branches and extension counters in fiscal 2019, 478 new branches and extension counters in fiscal 2020.

Branch premises are generally leased. Back office operations are centralized at a central processing unit in Mumbai, allowing the Bank's branch network to focus on business acquisition and expanding customer relationships. From a monitoring perspective, the Bank has divided its franchise of branches into 33 Circle Offices, which are administrative units that controls a cluster of branches, in order to provide for adequate supervision across various levels.

The following table sets forth the number of the Bank's branches (excluding extension centers) in India, classified by category based on the India 2011 census, as at 30 June 2020.

Category	Number of Branches	Percentage of Branches
Metro	1,334	29.54%
Urban	1,037	22.96%
Semi-urban	1,406	31.14%
Rural	739	16.36%
Total	**4,516**	**100%**

The following table sets forth the number of the Bank's branches in India, classified by geographical distribution (based on RBI classification), as at 30 June 2020.

Category	Number of Branches	Percentage of Branches
North	1030	22.81%
East	840	18.60%
West	865	19.15%
South	1,106	24.49%
Central	675	14.95%
Total	**4,516**	**100%**

Cashless and Digital Platforms

The Bank's distribution network is further complemented by its digital platforms, including online and mobile banking solutions, among others, which offer 24-hour access to customer accounts and the ability to conduct routine banking transactions, such as online bill payment and application for lines of credit.

Increased availability of internet access and broadband connectivity across India requires a comprehensive digital strategy to proactively develop new methods of connecting with customers. In response to these trends, the Bank has made substantial investments in its technology platforms.

Mobile Banking

The Bank's mobile banking channel has emerged as a convenient option for customers to access their account information anytime. Through the Axis Mobile application, customers can use their accounts to pay bills, transfer funds, recharge prepaid mobile phones, create and liquidate deposits, log requests for checkbooks, stop checks, change card PINs, among other services. The Axis Mobile application is available for retail saving accounts, current accounts, NRI savings accounts, credit cards, forex and loan customers.

Based on RBI data, the Bank's mobile banking platform processed over 1.41 billion total transactions in fiscal 2020, resulting in the Bank having a 10.10% market share by volume of the Indian mobile banking sector for that period.

As at 31 March 2020, the Axis Mobile application had a 4.6 out of 5 rating on the Apple App Store and 4.7 out of 5 rating on the Google Play Store.

Cashless and Digital Payments

The Bank offers various cashless and digital payment services to its customers, and remains committed towards promoting a less-cash focused, digital economy in India. The Bank believes that its recent investments in technology and data analytics have allowed it to build and sustain a strong market position across many digital and cashless payments spaces in India.

The Bank's cashless and digital payments platforms currently represent a significant part of the Bank's business. For example, in fiscal 2020, approximately 81%, of the Bank's total financial transactions by individual customers were executed through cashless and digital channels, as compared to approximately 14% which were executed through ATMs and approximately 5% which were executed through branches. In addition, in fiscal 2020, approximately 44% of the Bank's total personal loans were sourced through digital channels as compared to 56% which were sourced physically through branches.

In fiscal 2019, the Bank launched the "One Raipur" common payment system that offers a prepaid smart card, mobile application and web portal which enabled users to make cashless payments. The Bank also launched "Axis Tap & Pay", a mobile application for making contactless payment at merchant terminals by tapping EFC enabled devices; an in-home “Smart Bill Pay” initiative that allows users to pay their utility bills by scanning a QR code; and Axis Bank Bangalore Metropolitan Transport Corporation Smart Card, a prepaid transit card accepted at shopping merchant outlets.

In fiscal 2020, the Bank facilitated the opening of fixed deposit accounts through digital mode in quick time and with zero insurance fee, activated various digital modes of payments, launched Axis voice banking to assist customers to know their account balance and credit card bill through voice command and launched “One-Connect” which allows the Bank’s customers to better manage liquidity. The Bank believes that these recent developments and launches will provide the Bank opportunities which will have significant contribution towards the Bank’s future growth. The Bank emerged as the second largest payment system player with over 192 million transactions for the month of March 2020 and approximately 15% market share.

The Bank has also partnered with numerous merchants and payment service providers to drive payments through its unified payments interface, and it continues to engage in partnership driven innovations to provide its customers with a differentiated payments experience and drive the Digital India mission. The Bank has also enabled the use of its credit and debit cards on Samsung Pay.

These partnerships have allowed the Bank to establish itself as a leading partnership-driven innovator in India’s payments market. The Bank won the ‘Celent Model Bank’ award.

With the help its advanced analytics capabilities, the Bank is leveraging its payments data for the purposes of cross-selling its financial and investment products to its customers in a more targeted and efficient manner.

Internet Banking Services

The Bank provides retail Internet Banking platform to its customers which offers various features and services. Through the platform, customers can view accounts, statements, loans, credit and debit cards, forex prepaid cards, demat details and can utilize services such as cross-border remittances, fund transfers, bill payments, initial public offering (IPO) applications and mutual fund applications. In addition, the Bank offers an online direct debit facility to customers for purchase of products and services through a host of online merchants in the e-commerce space. Customers can also use this platform to pay their taxes, including goods and services tax, directly from their bank account.

With the objective of increasing the digitization of services, the internet banking channel also offers instant credit card, instant personal loan, mutual funds buy and sell, IPO purchase and book locker functionalities. Digitization of services for cost savings is an important focus area for the Bank. Internet banking services allow customers to update their personal profile details, change purchase limits of cards, set internet banking transaction limit, access online tax filing certificates, order cheque book and check status of clearing instruments thereby reducing the need to visit a branch for day to day banking requirements and fill physical forms for services. With features that are easily accessible and categorization, Axis internet banking portal is aimed at making day to day banking experience convenient for customers of any age group.

Internet banking services are provided only in respect of existing customer accounts for which the necessary identity documentation has been obtained prior to providing the customer with a user identity and password to access its account online. The Bank has in place a two-factor authentication system for transactions called NetSecure. As an additional control feature, the Bank has also implemented a risk-based (adaptive) authentication system for all retail Internet banking users.

The Bank’s internet banking platform has received the following awards:

- Best Banking Technology at The Internet & Mobile Association of India Digital Awards, 2020;

- Best Use of Data & Analytics for Business Outcome amongst large banks by the Indian Bank's Association in 2019;
- Best Digital Bank by the Financial Express India's Best Banks Award for the year 2016-2017;
- Customer Service Excellence Award for Transformation by NASSCOM in 2017
- Best Retail Online Banking Experience India Award at The Asset Triple A Digital Awards 2017, in Hong Kong; and
- Dale Carnegie Global Leadership Award in 2017.

Conversational Banking (Chat Bot)

Axis Aha! is an AI-powered conversational banking channel which can respond to voice or text inputs and determine the intent of the user in a fraction of a second. Axis Aha! is designed to enhance online customer experience, resolve customer queries, assist with service requests and transactions such as fund transfers, cheque book requests, card blocking requests, managing debit card limits, paying credit card and utility bills and recharge mobile phone credits.

Sales Channel

The Bank engages and deploys a front line sales team for its assets and liabilities businesses, which is a critical part of the Bank's customer acquisition strategy. The Bank's sales team is also instrumental in sourcing fee-generating third party products along with a host of asset products.

The Bank's sales team is distributed across most of India's territory and maintains contact with customers on a daily basis. The Bank's sales team comprises a substantial number of sales staff, including relationship managers spread across the Retail business unit and the Wholesale Banking business unit. The Bank's sales team is also bifurcated between the liability sales channel and the branch banking team.

Credit Ratings

The following table sets forth, as at 30 June 2020, the details of the Bank's domestic and international credit ratings by the indicated ratings agencies:

Rating Agency	**Long term rating**	**Outlook**
S&P Ratings	BB+	Stable
Moody's	Baa3	Negative
Fitch	BB+	Negative
CRISIL	AAA/AA+	Stable
CARE	AAA	Stable
ICRA	AAA/AA+	Stable
India Ratings	AAA	Stable

As at the date of this Offering Circular, there have been no changes to the credit ratings set forth above.

Competition

The Bank faces strong competition in all of its principal lines of business. The Bank's primary competitors are large public sector banks, other private sector banks, foreign banks and, in some product areas, development financial institutions.

Recently, non-bank financial companies, particularly international technology companies including large e-commerce players, have been increasing their presence in the financial sector and offering payment platforms and select services.

Consolidation in the Indian banking industry may increase competitive pressures experienced by the Bank. For example, in one of the largest consolidations in the Indian banking industry, the SBI merged with its five associate banks and the Bharatiya Mahila Bank, which merger became effective from 1 April 2017. In fiscal 2019, the Government announced the merger of three other public sector banks, Bank of Baroda, Vijaya Bank and Dena Bank, effective from 1 April 2019. In fiscal 2020, the Government announced several additional mergers of public banks: Canara Bank's merger with Syndicate Bank; United Bank of India's merger with Oriental Bank of Commerce and Punjab National Bank; Andhra Bank's merger with Corporation Bank and Union Bank of India; and Allahabad Bank's merger with Indian Bank. Following these mergers, the number of public sector banks is expected to be 12, down from 27 in fiscal 2017.

New banks in the private sector have also increased competitive pressures. Two new private sector banks were set up and began banking operations in fiscal 2016. Ten small finance banks and seven payments banks have recently begun operations. The RBI has granted licenses to entities, which includes large telecom companies and pre-paid wallet providers, to establish payments banks. The RBI has also granted licenses for the establishment of small finance banks, which include micro-finance non-banking finance companies. The RBI has released a discussion paper on licensing of wholesale and long-term finance banks that will largely lend to infrastructure and core industries. A discussion paper on licensing of other differentiated banks such as custodian banks has also been indicated. The RBI has released guidelines with respect to a continuous licensing policy for universal banks as compared to the earlier practice of intermittently issuing licenses, and has demonstrated an intention to allow small finance banks to apply for universal banking license under this framework, which may result in greater competitive pressure. The RBI has also indicated that it plans to give greater access to foreign banks in the Indian market.

The Bank's corporate banking products and services face competition from a number of banks and financial institutions. Public sector banks, which pose major competition to the Bank, have a significant history of operations. These competitors have, over time, built extensive branch networks, providing them with the advantage of a low-cost deposit base, and enabling them to lend at competitive rates. In addition, the extensive geographic reach of many of these institutions enables product delivery in remote parts of the country. The Bank seeks to compete with these banks through faster response to customer requirements, quality of service, a fast growing inter-connected branch network and technology-enabled delivery capabilities.

In retail banking, the Bank's principal competitors are the large public sector banks, which have much larger deposit bases and branch networks, as well as aggressive new private sector banks and foreign banks. The retail savings deposit share of foreign banks in India is quite small in comparison to the public sector banks, and has declined in the last five years, which the Bank's management attributes principally to competition from new private sector banks. However, some foreign banks have a significant presence among NRIs and also compete for non-branch-based products such as auto loans.

For more information, see "*Risk Factors—Risks Relating to the Bank's Business— The Bank operates in a very competitive environment and the Bank's ability to grow depends on its ability to compete effectively*".

Customer Base

The Bank's customer base is comprised of large and mid-sized corporates, SMEs and individuals, and is highly fragmented. Although the Bank has an extensive customer base, it has a relatively high concentration of loans to certain borrowers, borrower groups and industry sectors.

Borrowers in the metal and metal products industry, power generation and distribution industry, real estate industry and telecommunication services represented 4.25%, 3.87%, 2.97% and 2.87% respectively, of the Bank's gross fund-based loans outstanding and credit substitutes as at 31 March 2020.

In addition, as at 31 March 2020, the Bank's aggregate credit exposure (including derivative exposure) to its 20 largest borrowers (fund and non-fund based) amounted to ₹ 748.49 billion, representing 69.95% of the Bank's total capital (comprising Tier I capital and Tier II capital). The Bank's single largest borrower (fund and non-fund based) as at 31 March 2020 had a loan balance of ₹ 72.23 billion, representing 6.75% of the Bank's total capital (comprising Tier I capital and Tier II capital).

For more information, see "*Risk Factors—Risks Relating to the Bank's Business—The Bank has a high concentration of loans to certain borrowers, borrower groups and industry sectors and if a substantial portion of these loans become non-performing, the overall quality of the Bank's loan portfolio, the Bank's business and the trading price of the Notes could be adversely affected*".

Seasonality

The Bank typically does not experience, and in the last three financial years has not experienced, any significant seasonality in its business.

Employees

The Bank believes that employees are its most important asset. The Bank is an equal opportunity employer and is committed to hiring, developing and promoting individuals who best meet the requirements of available positions, possess the required competencies, experience and qualifications to carry out assigned tasks, and have the potential for growth within the organization.

The Bank had 75,116 employees as at 30 June 2020, compared with 74,140 employees as at 31 March 2020.

From a monitoring perspective, the Bank has divided its franchise of branches into 33 Circle Offices, which are administrative units that controls a cluster of branches, in order to provide for adequate supervision across various levels.

Set out below is a breakdown of the number of employees of the Bank between corporate headquarters, corporate office verticals, Circle offices and branches as at 31 March 2018, 2019 and 2020 and 30 June 2020.

	As at 31 March			As at 30 June
	2018	**2019**	**2020**	**2020**
Corporate Headquarters	6,134	5,629	6,483	6,634
Corporate Office Verticals	13,103	15,048	15,691	16,600
Circle Offices	2,250	2,235	2,247	2,297
Branch	37,937	38,821	49,565	49,420
Overseas	190	207	154	165
Grand Total	**59,614**	**61,940**	**74,140**	**75,116**

Corporate Social Responsibility and Sustainability

As one of India's largest private sector banks, the Bank's corporate social responsibility and sustainability strategy has been to move forward in a manner that catalyzes positive economic, social and environmental value creation for its stakeholders while ensuring sustainable profitability and growth for the organization. The Bank believes this can be achieved when its business is integrated with the success of its customers, progress of the communities it serves in, the positive downstream impact of its products and services, well-being of its employees and protection of its environment. The Bank strives to create a positive CSR-led impact that complements its business activities and delivers visible impact on ground. The Bank executes its CSR activities directly by leveraging its geographical presence across the country, through Axis Bank Foundation (**ABF**), registered NGOs, or in association with any other trusts, agencies or entities as deemed appropriate.

In order to support the community, the Bank has committed Rs. 1,000 million for fighting the COVID-19 pandemic. In addition, Axis Bank Foundation, through Axis Cares, has partnered with few NGOs to provide food, grocery and hygiene supplies to rural communities. In addition to adopting several customer-friendly measures aimed at offering 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. The Bank has also contributed to India COVID Response Fund, a multi-stakeholder effort, that is providing relief and recovery across India.

The Bank was included in the FTSE4Good Emerging Index for the third consecutive year in 2019, which evidences the Bank's strong environmental, social and governance practices. The Bank is among the top constituents of the MSCI India ESG Leaders Index as on 30 April 2020.

Information Technology

The 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.

The IT plan for the Bank is guided by imperatives such as end-to-end customer journey digitization, accelerating delivery, fixing the basics to build a sustainable franchise, modernizing the core to deliver profitable growth and a focus on adequate risk and governance. The Bank has taken various technology enabled business initiatives to facilitate the Bank's journey towards driving sustainable growth and improving customer experience with the help of digital banking, leveraging the Bank's payments business capability, sustained focus on analytics, improved tie-ups with government agencies/departments, providing self-assisted capability to customers, (efficient sales channels, a transformed branch experience, operations excellence and improved risk position.)

The network infrastructure of the Bank is centralized and operates from two data centres located in two different seismic zones within the country (Mumbai and Bengaluru regions). The applications are delivered to the domestic and overseas branches and offices through a wide-area network consisting of leased line and multiprotocol label switching connectivity.

During fiscal 2021, the Bank plans to continue its IT transformation to further strengthen its IT architecture in tandem with its future growth. With a view to driving innovations and customer satisfaction, the Bank also utilizes cutting age architectures with leading technology like cloud services, devsecops, artificial intelligence, machine learning, blockchain, robotic process automation in multiple areas like trade finance and process automations in Retail Banking and Wholesale Banking processes to improve customer experience, agility and resilience.

Data Centre and Disaster Recovery Site

The Bank's primary data centre is at a co-hosted data centre located in Mumbai. The data centre in Mumbai is a tier IV data centre and is compliant with the highest benchmarking standards applicable to data centres with built-in redundancy systems composed of multiple active power and cooling distribution paths.

The Bank also has a secondary data centre in Bengaluru that is connected to the main data centre. It has the capability to host critical banking applications in the event of a disaster at the primary site. The Bank regularly conducts disaster recovery drills for critical applications to ensure continuity of its operations in the event of disaster.

All applications and data of the critical banking applications supporting banking transactions and customer services are replicated at the secondary site on a near-real time basis. Both data centres are connected through a redundant wide-area network which is connected to all branches and other office locations. Scheduled drills for switching IT operations to the fallback instance are conducted at regular intervals to test disaster recovery readiness.

Information Security

The Bank has adopted a holistic cyber security program with a comprehensive Information Systems Security & Cyber Security Policy and standards based on industry best practices with compliance to regulatory guidelines. The Bank has created its cyber security design and framework based on the National Institute of Standards and Technology (NIST) standard. The Bank's cyber security framework is built around five fundamental areas of Identify, Protect, Detect, Respond and Recover. Bank is compliant to ISO27001 standard and PCI DSS standard. The Bank has a 24 X 7 Security Operations Centre and Cyber Security Operations Team. The Bank has augmented its cyber security capabilities in fiscal 2020 by deploying:

- The Bank has partnered with an agency for monitoring the Bank's IT Infrastructure and critical vendors/third parties and to continuously monitor and improve the Bank's cyber risk posture.
- End-point detection and response solutions along with enhancements in eMail Anti-phishing solutions for internal user protection.
- Dark Web deep insight monitoring capabilities for Bank's brand protection, customer protection and Fraud control and Cloud Security Framework Bank's data and infrastructure protection.

Intellectual Property

The Bank utilizes a number of different forms of intellectual property in its business including its AXIS BANK brand and the names of the various products it provides to its customers. The Bank has made applications for registration of its AXIS BANK brand name and certain other trademarks, including words and logos with the relevant trademarks registry in different jurisdictions where the Bank has operational presence and in some jurisdictions the Bank has completed the formalities of registration, while few of the applications are currently pending.

For details of oppositions received against the Bank's trademark applications, see "*Risk Factors – Risks Relating to the Bank's Business – The Bank may breach third party intellectual property rights.*"

Insurance

The Bank maintains its own insurance policies and has coverage that it deems appropriate and customary for a bank of its size and nature. The Bank's insurance policies include a banker's indemnity insurance policy, which is a comprehensive insurance policy that offers coverage for various forms of risks. Some of the items covered under this insurance policy include:

(d) money (cash and precious metals) on premises and in vaults of agencies;

(e) money (cash and precious metals) in transit;

(f) cash in onsite ATMs/dispensers owned by the Bank;

(g) losses from external/internal fraud;

(h) losses from transactions through mobile banking;

(i) electronic banking transactions; and

(j) electronic crime.

In addition to the above coverage, currency chests and fixed assets are also covered for the Bank. The Bank has obtained insurance to cover the liability of directors, officers and other key management members of the Bank as well as its subsidiaries.

Properties

The Bank's registered office is located at "Trishul", Third Floor, Opposite Samartheshwar Temple, Near Law Garden, Ellisbridge, Ahmedabad 380 006, Gujarat, India and its telephone number is +91(0)79-2640-9322. The Bank's corporate office is located at Axis House, Wadia International Centre, Pandurang Budhkar Marg, Worli, Mumbai 400 025, India.

The following table sets forth the gross book value of the properties owned by the Bank:

Property	Gross Book Value As at 31 March 2020 (in ₹ millions)
Premises for business offices	18,377
Non-banking assets held for sale (Other than land)	—
Total	18,377

Apart from the above properties, all other properties used by the Bank and its branches, offices and offsite ATM centers are leased. As of 30 June 2020, the Bank had a domestic network of 4,528 branches including extension counters, 11,971 ATMs and 5,485 cash deposit and withdrawal machines spread across India. In addition, the Bank has an overseas presence through its branch offices in Colombo in Sri Lanka, the DIFC, Hong Kong, Shanghai and Singapore, as well as representative offices in Dubai, Abu Dhabi, Dhaka and Sharjah and an offshore banking unit at the International Financial Service Centre located at the Gujarat International Finance Tec-City in Gandhinagar, India. Branch premises are generally leased. The Bank is currently in the process of winding-up its overseas branch operations in Colombo, Hong Kong and Shanghai.

Legal Proceedings

The Bank is a party to legal proceedings, including criminal cases, which are pending before various courts and other forums in the ordinary course of the Bank's business. Certain of these proceedings could, if adversely determined, have a material adverse effect on the Bank's financial condition or results of operations. For more information, see "*Legal Proceedings*" and *"Risk Factors – Risks Relating to the Bank's Business – The Bank, its subsidiaries, directors and promoters are involved in a number of legal and regulatory* *proceedings that, if determined against it, could have a material adverse impact on its future financial performance, and the price of the Notes.*"

Material Contracts

The Bank and its subsidiaries are not substantially dependent on any contracts, and have not entered into any material contracts outside the ordinary course of the Bank's business.

Subsidiaries

As at 31 March 2020, the Bank had 11 directly controlled subsidiaries namely, Axis Capital Ltd., Axis Securities Ltd., Axis Private Equity Ltd., Axis Trustee Services Ltd., Axis Asset Management Company Ltd., Axis Mutual Fund Trustee Ltd., Axis Finance Ltd, A.Treds' Ltd., Axis Bank UK Ltd., Freecharge Payment Technologies Private Ltd., Accelyst Solutions Private Limited and one indirectly-controlled subsidiary, Axis Capital USA, LLC.

A summary description of the Bank's subsidiaries is set forth below:

- ***Axis Capital Ltd***. Axis Capital provides services relating to investment banking, equity capital markets, institutional stock broking, mergers and acquisition advisory etc.
- ***Axis Securities Ltd.*** Axis Securities Ltd. is in the business of retail broking services. The non-broking business was discontinued with effect from 28 March 2019.
- ***Axis Trustee Services Ltd***. Axis Trustee Services is a registered debenture trustee as per SEBI (Debenture Trustee) Regulation, 1993 and is engaged in trusteeship activities, acting as debenture trustee and as trustee to various securitization trusts.
- ***Axis Asset Management Company Ltd***. undertakes the activities of managing the mutual fund business and portfolio management business. It is approved by SEBI to act as investment manager for Axis Mutual Fund, and is also registered with SEBI as a portfolio manager.
- ***Axis Mutual Fund Trustee Ltd***. Axis Mutual Fund acts as a trustee for the Mutual Fund business.
- ***Axis Finance Ltd***. Axis Finance is a non-banking finance company regulated by the RBI. It offers loans against securities, real estate funding, structured funding and IPO funding among others.
- ***Axis Bank UK Ltd***. Axis Bank UK is the banking subsidiary of the Bank in the United Kingdom and undertakes the activities of banking. The Bank is currently in the process of winding up Axis Bank UK Limited.
- ***A.Treds Ltd***. A.Treds is engaged in the business of facilitating financing of trade receivables.
- ***Freecharge Payment Technologies Private Ltd***. Freecharge Payment Technologies is in the business of providing merchant acquiring services, payment aggregation services, payment support services, and business correspondent to a Bank/Financial Institution, distribution of Mutual Funds.
- ***Accelyst Solutions Private Limited***. Accelyst Solutions is in the business of providing Online marketing and sales promotion solutions, providing facilities to recharge online prepaid, postpaid mobile phones connections, Direct-to-Home(DTH) connections and data cards etc, distribution of mutual fund & insurance services.

- ***Axis Capital USA, LLC***. Axis Capital USA is a wholly owned subsidiary of Axis Capital Limited incorporated in USA and provides financial services relating to equity capital market, institutional stock broking to institutional investors in USA.

On 27 February 2020, the National Company Law Tribunal, Mumbai passed an order, a true copy of which was received by Axis Finance Limited and Axis Private Equity Limited on 24 July 2020, approving the scheme of amalgamation between Axis Finance Limited and Axis Private Equity Limited, under the applicable provisions of the Companies Act, resulting in the consolidation of the businesses of financing of loans and asset management into one entity (Scheme). Pursuant to the form filed by Axis Finance Limited, requesting the Registrar of Companies, Maharashtra at Mumbai to take note of the Scheme, Axis Finance Limited received the approval of the Registrar of Companies, Maharashtra at Mumbai on 2 September 2020. Pursuant to the Scheme, Axis Finance Limited will issue and allot to each member of Axis Private Equity Limited, whose name is recorded in the register of members, one fully paid up equity share in Axis Finance Limited bearing face value of ₹ 10 each for every ten equity shares(s) as held by such members in Axis Private Equity Limited. The appointed date of the Scheme is 1 April 2017.

RISK MANAGEMENT

Risk Management Structure

The Bank is exposed to various risks that are an integral part of any banking business, with the major risks being credit risk, market (including liquidity) risk and operational risk. The Bank places emphasis on risk management measures to ensure that there is an appropriate balance between risk and return and has implemented comprehensive policies and procedures to identify, monitor and manage risk throughout the Bank. The risk management strategy of the Bank is based on understanding the various types of risks, disciplined risk assessment and continuous monitoring including relying on comprehensive processes and internal control mechanisms for effective and continuous monitoring and control of risks.

In Fiscal 2020, the Bank continued to strengthen its risk management framework and implemented several steps to improve its policies, structures and processes. These measures have included:

- Increased portfolio diversification to decrease concentration risks, including lesser exposure to project loans and increased focus on transaction banking and working capital businesses;
- Focus on a higher quality credit portfolio, with fresh originations predominantly from entities rated A- or better;
- Strengthened credit monitoring and improved early warning systems for potential stress; and

Improved collections through optimized queuing strategy and channel selection. Objectives and Policies

The Bank's risk management processes are guided by well-defined policies appropriate for various risk categories, independent risk oversight and periodic monitoring through the sub-committees of the Board of Directors. The Board sets the overall risk appetite and philosophy for the Bank. The Committee of Directors, the Risk Management Committee and the Audit Committee of the Board, which are sub-committees of the Board, review various aspects of risk arising from the businesses of the Bank. Various senior management committees operate within the broad policy framework as illustrated below:

The Bank has put in place a reputation risk management framework and policies relating to management of credit risk, market risk, operational risk, information security risk, subsidiary risk and asset-liability both for the domestic as well as overseas operations along with overseas subsidiaries according to the respective host regulatory requirements and business needs. The overseas policies are drawn based on the risk perceptions of these economies and the Bank's risk appetite. All the risk policies are approved by the Risk Management Committee of the Board (RMC). The Bank has also formulated a comprehensive Stress Testing Policy to measure the impact of adverse stress scenarios on the adequacy of capital.

Structure and Organization

The Chief Risk Officer reports to the Managing Director & CEO and the Risk Management Committee of the Board oversees the functioning of the Department. The Department has separate teams for Credit Risk, Market Risk (including Treasury Mid Office), Enterprise Risk, Operational Risk, Risk Analytics, Risk Data Management and Information Security Risk. These teams report to the Chief Risk Officer.

Credit Risk

Credit risk refers to the deterioration in the credit quality of the borrower or the counterparty adversely impacting the financial performance of the Bank. The losses incurred by the Bank in a credit transaction could be due to inability or willful default of the borrower in honoring its financial commitments to the Bank. The Bank is exposed to credit risk through lending and capital market activities.

Credit Risk Management Policy

The Board of Directors establishes parameters for risk appetite that are defined through a strategic businesses plan as well as the Corporate Credit Policy. The Credit Risk Management Policy lays down the roles and responsibilities, risk appetite, key processes and reporting framework. Corporate credit is managed through the rating of borrowers, portfolio monitoring and subsequent reporting of the risk profile to senior management, the Risk Management Committee and the Board. Retail credit to individuals and small businesses is managed through the definition of product criteria, appropriate credit filters, portfolio monitoring and subsequent reporting of the risk profile to senior management, the Risk Management Committee and the Board.

Credit Rating System

The foundation of credit risk management rests on the internal rating system. Rating-linked single borrower exposure norms, delegation of powers and review frequency have been adopted by the Bank. The Bank has developed rating tools specific to market segments such as large and mid-corporates, SMEs, financial companies, microfinance companies and project finance to objectively assess underlying risk associated with such exposures.

The credit rating model uses a combination of quantitative and qualitative inputs to arrive at a 'point-in-time' view of the risk profile of the counterparty. Each internal rating grade corresponds to a distinct probability of default over one year. Expert scorecards are used for various SME schematic products and retail agriculture schemes. Statistical application and behavioral scorecards have been developed for all major retail portfolios.

The Bank recognizes cash, central/State Government, bank and corporate guarantees, exclusive mortgage of properties and lease rental securitization for the purpose of credit enhancement to arrive at a facility rating.

Model validation is carried out annually by objectively assessing the discriminatory power, calibration accuracy and stability of ratings. The Bank has completed the estimation and validation of Probability of Default (PD), Loss Given Default (LGD) and Credit Conversion Factor (CCF) models for corporate and retail portfolios.

Credit Sanction and Related Processes

The guiding principles behind the credit sanction process are as follows:

- 'Know Your Customer' principles; and
- sustainability and adequacy of the borrower's normal business operations. The availability of security alone with the borrower is not the sole guiding factor for grant of credit.

The Bank has put in place a hierarchical committee structure based on the size and rating of the exposures for credit sanction and review; with sanctioning authority resting with higher level committees for larger and lesser-rated exposures. The Committee of Directors (**COD**) is the topmost committee in the hierarchy which is a sub-committee of the Board.

Review and Monitoring

- All credit exposures, once approved, are monitored and reviewed periodically against the approved limits. Borrowers with a lower credit rating are subject to more frequent reviews.
- Credit audit involves independent review of credit risk assessment, compliance with internal policies of the Bank and with the regulatory framework, compliance with sanction terms and conditions and effectiveness of loan administration.
- Customers with emerging credit problems are identified early and classified accordingly.

  Remedial action is initiated promptly to minimize the potential loss to the Bank.

Concentration Risk

The Bank manages concentration risk by means of appropriate structural limits and borrower-wide limits based on creditworthiness. Credit concentration in the Bank's portfolios is monitored for the following:

- large exposures to the individual clients or group: the Bank has individual borrower-wide exposure ceilings based on the internal rating of the borrower as well as group-wide borrowing limits that are continuously tracked and monitored;
- geographic concentration for real estate exposures; and
- concentration by industry – industry analysis plays an important part in assessing the concentration risk within the loan portfolio. Industries are classified into various categories based on factors such as supply and demand, input-related risks, Government policy stance towards the sector and financial strength of the sector in general. Such categorization is used in determining the expansion strategy for the particular industry.

Portfolio Management

Portfolio management involves analyzing portfolio level risks and reporting such risks to the senior management. The Bank has a well-defined risk appetite statement which defines the boundaries of acceptable risk that the Bank can undertake and the compliance status of which is reported to the senior management and the Risk Management Committee of the Board. Portfolio risk analysis involves examining optimal spread of risk across various rating classes, including undue risk concentration across any particular industry segment. Borrowers or portfolios are marked for early warning when signs of weakness or financial deterioration are envisaged in order to initiate timely remedial actions. In-depth sector-specific studies are undertaken on portfolios vulnerable to extraneous shocks and the results are shared with the Bank's business departments.

Retail consumer lending portfolios and retail rural lending portfolios

As at the date of this Offering Circular, secured products (such as mortgages, vehicles business) still command a major share of the consumer lending portfolio. Retail portfolio has diversified over time, with prudent underwriting for unsecured lending (personal loans and credit card business). The Bank has developed a risk management framework at each stage of the retail loan cycle (being loan acquisition, underwriting and collections.)

The underwriting strategy relies on extensive usage of analytical scoring models that also take inputs from the bureau. The Bank uses a 'Rules Engine' that helps customize business rules thereby aiding in faster decision-making without compromising on the underlying risks. Senior management takes note of the movement and direction of risk reported through information published on structured dashboards.

Market Risk in the Trading Book

Market risk is the risk of loss to the Bank's earnings and capital due to changes in the market level of interest rates, price of securities, foreign exchange rates and equities prices, as well as volatility risk in the option book. The Bank is exposed to market risk through its investment activities and also trading activities, which are undertaken for customers as well as on a proprietary basis. The Bank adopts a comprehensive approach to market risk management for its trading, investment and asset/ liability portfolios. For market risk management, the Bank has:

- board-approved risk appetite statement, market risk policies and guidelines that are aligned to the regulatory guidelines and based on experiences gained over the years. The policies are reviewed periodically keeping in view regulatory changes, business requirements and market developments.
- process manuals, which are updated regularly to incorporate and document best practices.
- market risk identification through mapping of the Bank's main businesses to various market risks.
- statistical measures like Value at Risk (VaR), supplemented by stress tests, back tests and scenario analysis.
- Non-statistical measures/limits on positions, gaps, stop loss, duration and option Greeks etc.
- management information system for timely market risk reporting to senior management functionaries. Key risk metrics are presented to the Risk Management Committee of the Board through risk dashboards.

Risk limits such as position limits, stop-loss limits, alarm limits, gaps and sensitivities (duration, price value of a basis point, option greeks) are set up and reviewed periodically, based on a number of criteria including regulatory guidelines, relevant market analysis, business strategy, size of the investment and trading portfolio, management experience and the Bank's risk appetite. These limits are monitored on an intra-day/daily basis by the Treasury mid-office and the exceptions are put up to ALCO and to the Risk Management Committee of the Board.

The Bank uses historical simulation and its variants for computing VaR for its trading portfolio. VaR is calculated and reported on a daily basis for the trading portfolios at a 99% confidence level for a one-day holding period, and measured through the use of 250 days of historical data or one year of relative changes in historical rates and prices. The model assumes that the risk factor changes observed in the past are a good estimate of those likely to occur in the future and is, therefore, limited by the relevance of the historical data used. The method, however, does not make any assumption about the nature or type of the loss distribution. The VaR models for different portfolios are back-tested at regular intervals and the results are used to maintain and improve the efficacy of the model.

The VaR measure is supplemented by a series of stress tests and sensitivity analysis that estimates the likely behavior of a portfolio under extreme but plausible conditions and its impact on earnings and capital. The Bank undertakes stress tests for market risks for its trading book, interest rate swaps, forex open position and forex gaps on a monthly basis as well as for liquidity risk at the end of each half year. The Bank has built its capabilities to migrate to advanced approach i.e. internal models approach for assessment of market risk capital.

Concentration Risk

The Bank has allocated internal risk limits in order to avoid concentrations, wherever relevant. For example, the aggregate gap limit, net open position and daylight limits are allocated to various currencies and maturities into individual gap limits to monitor concentrations. Tenor wise duration limits have been set up for different categories within a portfolio. Issuer wise concentration limits are introduced in case of security portfolio. Within the overall PV01 limit, a sub-limit is set up, which is not expected to be breached by trades linked to any individual benchmark. Some of the limits like currency-wise net open position, stop loss limits and PV01 limits are allocated dealer-wise also, based on their skill and experience, to avoid a build-up of positions in a single dealer's book.

Liquidity Risk

Liquidity is defined as a bank's capacity to fund increase in assets and meet both expected and unexpected cash and collateral obligations at reasonable cost and without incurring unacceptable losses. Liquidity risk is defined as the risk of a bank's inability to meet such obligations as they become due without adversely affecting the bank's financial condition. Liquidity risk is two-dimensional; namely, the risk of being unable to fund a portfolio of assets at appropriate maturity and rates (liability dimension) and the risk of being unable to liquidate an asset in a timely manner at a reasonable price (asset dimension).

The goal of Liquidity Risk Management is to meet all commitments on the due date and also be able to fund new investment opportunities by raising sufficient funds in the form of increasing fresh liabilities or by expeditious asset sell-off without incurring unacceptable losses, both under normal and adverse conditions. These objectives are ensured by setting up policies, operational level committees, measurement tools, monitoring and reporting mechanisms and making effective use of IT systems for the availability of quality data.

The Bank manages its liquidity on a static as well as dynamic basis using various tools such as gap analysis, ratio analysis, dynamic liquidity statements, intraday liquidity monitoring tools and scenario analysis. The Bank's ALM policy covers the norms for managing and monitoring liquidity risk in the Bank's balance sheet and defines the tolerance limits for its structural liquidity position and liquidity ratios. These limits are in accordance with the board approved liquidity risk appetite statement of the Bank. The ALM policy for the domestic operations as well as for the overseas branches lays down the operational framework for prudent risk management in the Bank. The liquidity profile of the Bank is analyzed on a static basis by tracking all cash inflows and outflows in the maturity ladder based on the actual maturity and expected occurrence predicted through behavioral analysis (for non-maturity items) of cash flows. The liquidity profile of the Bank is also estimated on a dynamic basis by considering the growth in deposits and loans, investment obligations, etc. for a short-term period of three months. The Bank undertakes behavioral analysis of the non-maturity products; namely, savings and current deposits and cash credit/overdraft accounts on a periodic basis, to ascertain the volatility of residual balances in those accounts. The renewal pattern and premature withdrawals of term deposits and drawdown of unavailed credit limits are also captured through behavioral studies. The concentration of large deposits is monitored on a periodic basis.

The Bank's ability to meet its obligations and fund itself in a crisis scenario is critical and, accordingly, liquidity stress tests are conducted under different scenarios at periodic intervals to assess the impact on liquidity to withstand stressed conditions. The liquidity positions of overseas branches are managed in line with the Bank's internal policies and host country regulations. Such positions are also reviewed centrally by the Bank's ALCO along with domestic positions.

The Bank has adopted the Basel III framework on liquidity standards as prescribed by the RBI and has put in place requisite systems and processes to enable daily computation and reporting of the Liquidity Coverage Ratio (**LCR**).

Counterparty Risk

The Bank has a counterparty risk management policy incorporating well laid down guidelines, processes and measures for counterparty risk management. The policy includes separate counterparty rating models for commercial banks, foreign banks cooperative banks, primary dealers, small finance banks and payment banks for determining maximum permissible exposure limits for counterparties. The key financials, quality of management and the level of corporate governance are captured in the counterparty rating model. Counterparty limits are monitored and reported daily and internal triggers have been put in place to guard against a breach in limits. Credit exposures to issuers of bonds, advances etc. are monitored separately under the prudential norms for exposure to a single borrower according to the Bank's corporate credit risk policy or investment policy, as applicable. The counterparty exposure limits are reviewed at periodic intervals based on the financials of the counterparties, business needs past transaction experiences and market conditions. The Bank has also put in place the 'Derivatives and Suitability & Appropriateness Policy' and Loan Equivalent Risk (**LER**) framework under the Corporate Credit Policy to evaluate counterparty risk arising out of all customer derivatives contracts.

Country Risk

As per the RBI guidelines, if the net funded exposure of the Bank in respect of each country exceeds 1% of the Bank's total assets, provisioning is required to be made on exposure to such countries. Accordingly, as at 31 March 2020, the Bank holds country risk provision of ₹ 122 million in respect of those countries where the net funded exposure of the Bank exceeded 1% of the Bank's total assets.

The RBI requires banks in India to implement RBI prescribed guidelines on country risk management in respect of those countries where a bank has net funded exposure in excess of a prescribed percentage of its total assets. In the normal course of business, the Bank has both direct and indirect exposure to risks related to counter parties and entities in foreign countries. The Bank monitors such cross-border exposures on an ongoing basis. The Bank has a country risk management policy containing the guidelines, systems and processes to effectively identify, assess, monitor and control its country risk exposures. Based on the risk profiling, countries are classified under seven categories, i.e. insignificant, low, moderate, high, very high, restricted and off-credit. Risk profiling is based on the ratings provided by Export Credit Guarantee Corporation of India Ltd., Dun & Bradstreet, Standard & Poor's Banking Industry Country Risk Assessment, inputs received from overseas branches/business departments, and reports published by various agencies; namely, Moody's, Standard & Poor's, Fitch and other publications of repute. The categorization of countries is reviewed at quarterly intervals or at more frequent intervals if situations so warrant. An exposure to a country comprises all assets, both funded and non-funded, that represents claims on residents of another country. The Bank has in place both category-wise and country-wise exposure limits. The Bank monitors country risk exposures through a process of trigger limits as well as a prior approval system for select categories (high, very high, restricted and off-credit) to ensure effective monitoring and management of exposures. As a proactive measure of country risk management, the risk department issues a 'Rating Watch' from time to time. Furthermore, based on country-specific developments, the concerned business departments are provided with periodic updates on countries that have a high probability of a rating downgrade.

Risk Management Framework for Overseas Operations

The Bank has put in place separate risk management policies for each of its overseas branches in Singapore, Hong Kong, Dubai, Colombo, Shanghai and GIFT City Branch (International Banking Unit). These country-specific risk policies are based on the host country regulators' guidelines and are in line with the practices followed for the Indian operations. The Asset Liability Management and all the risk exposures for the overseas operations are monitored centrally at the Central Office.

Operational Risk

Strategies and Processes

Operational Risk (**OR**) is the risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events. The operational risk management policy documents the Bank's approach towards management of operational risk and defines the roles and responsibilities of the various stakeholders within the Bank. The policy also comprises the detailed framework for operational risk loss data collection, risk and control self-assessment and key risk indicator framework.

Based on the above policy the Bank has initiated several measures to manage operational risk. The Bank has put in place a hierarchical structure to effectively manage operational risk through the formation of several internal committees: Operational Risk Management Committee (**ORMC**), Product Management Committee, Change Management Committee, Central Outsourcing Committee, Business Continuity Planning & Management Committee (**BCPMC**), and IT Security Committee (**ISSC**).

Structure and Organization

The Risk Management Committee (**RMC**) of the Board at the apex level is the policy making body. The RMC is supported by the ORMC, consisting of senior management personnel, which is responsible for implementation of the Operational Risk policies of the Bank. This internal committee oversees the implementation of the operational risks framework and oversees the management of operational risks across the Bank. A dedicated operational risk management unit ensures management of operational risk. A representative of the risk department is also a permanent member of control committees on product management covering approval of new products, change management of processes, outsourcing, business continuity management and IT security.

Scope and Nature of Operational Risk Reporting and Measurement Systems

A systematic process for reporting risks, losses and non-compliance issues relating to operational risks has been developed and implemented by the Bank. The information gathered is used to develop triggers to initiate corrective actions to improve controls. All critical risks and major loss events are reported to the Senior Management/ORMC.

The Bank has further enhanced its capability for effective management of operational risk with the implementation of an Enterprise Governance Risk and Compliance platform (**SAS-EGRC**). The IT platform acts as the single repository of processes and operational, compliance and financial reporting risks. It facilitates capturing individual risks and the effectiveness of their controls, tagging of identified risks to processes and products and originating action plans, and acts as a repository for all operational risk events.

Policies for Mitigating Operational Risk

An Operational Risk Management Policy approved by the RMC of the Board details the framework for managing and monitoring operational risk in the Bank. Business units put in place basic internal controls as approved by the Product Management Committee to ensure appropriate controls in the operating environment throughout the Bank. According to the policy, all new products are being vetted by the Product Management Committee (**PMC**) to identify and assess potential operational risks involved and suggest control measures to mitigate the risks. Similarly, any changes to the existing products/processes are being vetted by the Change Management Committee (**CMC**).

The Bank has adopted specific policies on business continuity management and IT disaster recovery for recovery of critical system applications in relation to the Bank's products and services in emergency situations. The Bank has framed processes for identification of critical processes & activities, critical applications, conducting training and awareness sessions, handling loss or inaccessibility of staff, identifying backup personnel for critical positions, identifying alternative premises and coordination of contingency plans at the Bank level.

Key Risk Indicators (**KRIs**) have been developed for various business units for the Bank for effective monitoring of key operational risks. Branch Operational Health Index (**BOHI**) has been launched to have an improved oversight & drive towards reducing Operational Risk at Branches. Bank-wide training courses are periodically conducted by the Bank on operational risk.

Regular tests both planned and unplanned are carried out to ascertain business continuity planning preparedness for branches, critical activities, etc. The test reports are shared with senior management on a regular basis. The BCPMC was formed comprising senior functionaries of the Bank to monitor the business continuity management framework implementation in the Bank.

Approach for Operational Risk Capital Assessment

According to the RBI guidelines, the Bank has followed the Basic Indicator Approach for computing the capital for operational risk.

Interest Rate Risk in the Banking Book

Interest Rate Risk in the Banking Book (**IRRBB**) is measured and monitored according to the guidelines laid out in the Bank's Asset Liability Management (**ALM**) Policy based on the guidelines of the RBI presented in the document "Guidelines on Banks' Asset Liability Management Framework – Interest Rate Risk" dated 4 November 2010. Interest Rate Risk is measured for the entire balance sheet through Earnings at Risk and the Market Value of Equity Approach as described below.

The Bank measures and controls interest rate risk in the banking book using both Earnings at Risk (**EaR**) which assesses the sensitivity of its net interest income to parallel movement in interest rates over the one-year horizon, and Market Value of its Equity (**MVE**) which measures the sensitivity of the present value of all assets and liabilities to interest rate risk in response to given interest rate movements. The Bank prepares Interest Rate Sensitivity reports which are reviewed against Regulatory and Internal limits. Internal limits have been established for (a) Earnings at Risk for a 100 bps parallel shift in interest rates over the horizon of one-year, and (b) 200 bps parallel shift in interest rates for MVE impact. Any review of the internal interest rate risk limits is approved by the ALCO and is ratified by the Risk Management Committee of the Board.

Bucketing of non-maturity liability items for interest rate risk measurement is based on the behavioral analysis methodology for identification of core and non-core components. Bucketing rules of core and non-core portions in the interest rate sensitivity statements are laid out in the ALM policy. The Bank does not use any assumptions for prepayment of loans for preparation of interest rate risk sensitivity reports.

The findings of the various IRRBB measures are submitted to the ALCO, which is the apex committee for providing strategic guidance and direction for ALM measures.

Compliance

The Bank's Compliance Department (**CD**) is headed by the Chief Compliance Officer (**CCO**) who reports to the Executive Director – Corporate Centre (**ED-CC**) administratively with a right to approach the Audit Committee of the Board and the Board directly.

The Compliance function is tasked with managing and monitoring all guidelines and communication received from the regulators. The Compliance Department identifies all new regulations to ascertain their impact on compliance risk. These are communicated to the Audit Committee of the Board and/or the Board. The quarterly reports are placed by Compliance Department to the ACB/Board to exercise sufficient oversight.

The regulatory universe is created in the SAS Enterprise Governance Risk and Compliance engine with Risk Control Matrix (**RCMs**) for each applicable regulation of all applicable regulators. Every RCM contains details of risk, and description of internal controls with design attributes (manual/ automated, maker/checker, etc.) tagged to each applicable regulatory line item.

Anti-Money Laundering

The Bank has implemented Know Your Customer/Anti-Money Laundering/Combating of Financing of Terrorism guidelines in accordance with the provisions under Prevention of Money Laundering Act, 2002, rules promulgated thereunder and guidelines issued by the regulators from time to time. The Bank's Anti-Money Laundering Unit under the Compliance Department carries out the regulator's stipulated anti-money laundering activities such as Transaction Monitoring, Risk categorization, name screening and regulatory reporting under the Prevention of Money Laundering Act, 2002.

The Bank adopts a risk based approach and conducts customer risk assessment with simplified due diligence for low risk, normal due diligence for medium risk and enhanced due diligence for high risk customers pursuant to the RBI guidelines.

The Bank also adheres to the anti-money laundering requirements as specified by the regulators of respective geographies. The Bank's anti-money laundering framework is subject to audit by the Internal Audit Department and their observations are reported to the Audit Committee at regular intervals.

For more information, see "*Risk Factors – Risks Relating to the Bank's Business - The Bank may not be able to detect money laundering and other illegal or improper activities fully or on a timely basis, which could expose it to additional liability and harm its business or reputation*".

Transaction Monitoring

The Transaction Monitoring Team in the Bank focuses on fraud detection, prevention and awareness and is aligned with the Retail & Wholesale Banking Operations Department.

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 RBIA has been designed after factoring regulatory guidelines and also international best practices. The policy has a well-defined architecture for conducting RBIA 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 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 and thematic audit reviews have been integrated into the internal audit process in order to make the function more robust.

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.

The Investigations Department under the Internal Audit function focuses its attention on investigation matters. It is involved in conducting fraud investigations, fraud analysis and reporting, ascertaining staff accountability, reporting to senior management and Board.

Enforcement of Security Interests

Pursuant to the SARFAESI Act, a bank that is a secured creditor may, in respect of loans classified as NPAs, give notice in writing to the borrower requiring it to discharge its liabilities within 60 days, failing which, and in the absence of any satisfactory objections or representations made by the borrower, such a secured creditor may employ certain measures to recover on amounts due. Please refer to "*Supervision and Regulation*" for more information on the SARFAESI Act, and salient features of the Parliament's amendments to the SARFAESI Act.

See "*Legal Proceedings*" for more information on the Bank's material litigation, including litigation relating to the SARFAESI Act.

Credit Management Policies and Procedures

The Bank formulates and revises internal policies and procedures for its lending activities. Annual business plans and credit policies provide information on the type and volume of credit business expected to be achieved during the relevant year. Policies on standards for the presentation of credit proposals, risk identification, risk grading, reporting and risk control, risk mitigation techniques, documentation, legal issues and the management of problem loan accounts are in place. Reviews of the loan portfolios under various lending programs are undertaken and single and group borrower limits, industry exposure limits and unsecured exposure limits have been established and are monitored on a regular basis.

The Bank's credit approval process involves multiple levels of loan approval authority depending on the loan amount. Before sanctioning any loan, the sanctioning authority ensures that:

- the credit proposal is comprehensive and complete in all respects;
- all required annexures and/or documents are enclosed;
- the request of the borrower is assessed properly and the credit proposal, including the terms and conditions proposed, conforms to the basic lending principles, the Bank's credit policy and guidelines of the RBI and other regulatory authorities;
- the balance sheet, profit and loss account and other financial statements, income statements of borrowers, as applicable, are analyzed properly. Items of assets and liabilities are classified properly and projections are made based on reasonable and realistic assumptions;
- all relevant ratios are calculated;

- assessment of credit requirements is carried out by using internally approved methods and the norms and guidelines issued by the RBI, as applicable, are complied with;
- limits proposed are within the borrowing powers of the company and are checked and tested at the documentation stage, if the borrower is a limited liability company;
- technical feasibility, management ability, compliance with statutory requirements and overall financial viability of the projects and/or proposition are properly examined;
- credit risk rating is carried out properly;
- security, if available, is examined in the context of adequacy, realizability etc.; and
- adequate and suitable collateral security is obtained according to the guidelines.

Based on the credit rating of the borrowers and the quantum of the borrowing, credit proposals are evaluated by appropriate sanctioning authorities in accordance with the credit policy of the Bank. Credit proposals sanctioned by the sanctioning authority are reviewed by the next higher authority by following the prescribed guidelines in this regard. The Reviewing Authority is primarily concerned with the proper exercise of delegated powers, adherence to credit norms and general policy guidelines.

The Bank has internal guidelines on exposure limits based on the credit rating of borrowers in the corporate segment. Single borrowers and group borrower prudential norms according to the RBI guidelines are adhered to. The Bank disburses funds to a borrower strictly in accordance with the terms as sanctioned and after all necessary documentation has been executed. Specific approval is sought from the competent authority before any deviation is made from the terms of the sanction.

Proper supervision and follow-up of advances is carried out after the sanction and disbursement of credit facilities. Monitoring systems are used as a back-up mechanism for testing various assumptions made at the time of assessment of the credit needs of the borrowers. It is also used to evaluate the performance of the assisted unit and its financial health, to anticipate and foresee problems and prospects, and to identify danger signals with a view to initiate timely and appropriate corrective measures.

SELECTED STATISTICAL INFORMATION

The following information should be read together with the Bank's annual financial statements and interim financial results included in this Offering Circular as well as "Management's Discussion and Analysis of Financial Condition and Results of Operations". Footnotes appear at the end of each related section of tables.

The following information should be read together with the Bank's financial statements included in this Offering Circular as well as "Management's Discussion and Analysis of Financial Condition and Results of Operations". Footnotes appear at the end of each related section of tables.

Average Balance Sheet

The following table sets forth the average balances for interest-earning assets and interest-bearing liabilities together with the related interest revenue and expense amounts, resulting in the presentation of the average yields and costs for each period. The quarterly average balances are calculated as the simple average of opening balances at the start of the year/period and quarterly closing balance of the year/period. The average yield on average interest-earning assets is the ratio of interest revenue to average interest-earning assets. The average cost on average interest-bearing liabilities is the ratio of interest expense to average interest-bearing liabilities. The average balances of loans include NPAs and are net of allowance for credit losses. The Bank has not recalculated tax exempt income on a tax-equivalent basis. As the yield and cost in the table below has been computed on the basis of quarterly average balances, these will not match with the ratios contained in the "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*Selected Financial and Operating Data*" and "*Description of the Bank*" sections, which have been calculated on the basis of daily average balances, except as otherwise stated.

	Year ended 31 March								
	2018			2019			2020		
	Quarter Average balance	Interest income/ expense	Average yield/cost[1] (%)	Quarter Average balance	Interest income/ expense	Average yield/cost[1] (%)	Quarter Average balance	Interest income/ expense	Average yield/cost[1] (%)
	(A)	(B)	C=(B/A)	(A)	(B)	C=(B/A)	(A)	(B)	C=(B/A)
			(%)			(%)			(%)
	(₹ in millions, except percentages)								
Interest-earning assets:									
Advances	4,058,587	341,375	8.41	4,613,498	413,220	8.96	5,270,459	483,030	9.16
Investments	1,422,146	99,833	7.02	1,600,360	113,491	7.09	1,650,379	112,460	6.81
Others	314,712	16,595	5.27	462,842	23,147	5.00	622,983	30,862	4.95
Total interest-earning assets	**5,795,445**	**457,803**	**7.90**	**6,676,700**	**549,858**	**8.24**	**7,543,821**	**626,352**	**8.30**
Non-interest-earning assets:									
Fixed assets	38,818	—	—	39,749	—	—	41,354		
Other assets	523,277	—	—	627,021	—	—	652,948		
Total assets	**6,357,540**	**457,803**	—	**7,343,470**	**549,858**		**8,238,123**	**626,352**	
Interest-bearing liabilities:									
Deposits	4,174,279	191,735	4.59	4,885,889	237,075	4.85	5,809,776	293,691	5.06
Saving deposits	1,315,488	45,020	3.42	1,487,625	51,744	3.48	1,612,503	56,899	3.53
Demand deposits	809,014	—	—	834,985	—	—	816,250	—	—
Term deposits	2,049,777	146,715	7.16	2,563,279	185,331	7.23	3,381,023	236,792	7.00

	Year ended 31 March								
	2018			2019			2020		
	Quarter Average balance	Interest income/ expense	Average yield/cost(1) (%)	Quarter Average balance	Interest income/ expense	Average yield/cost(1) (%)	Quarter Average balance	Interest income/ expense	Average yield/cost(1) (%)
	(A)	(B)	C=(B/A)	(A)	(B)	C=(B/A)	(A)	(B)	C=(B/A)
			(%)			(%)			(%)
	(₹ in millions, except percentages)								
Borrowings	1,317,709	79,891	6.06	1,492,176	95,701	6.41	1,303,607	80,599	6.18
Total interest-bearing liabilities	**5,491,988**	**271,626**	**4.95**	**6,378,065**	**332,776**	**5.22**	**7,113,383**	**374,290**	**5.26**
Non-interest-bearing liabilities:									
Capital and reserves	596,079	—	—	652,130	—	—	785,850	—	—
Other liabilities	269,473	—	—	313,274	—	—	338,890	—	—
Total Non-Interest Bearing liabilities:	**865,552**	—	—	**965,403**	—	—	**1,124,740**	—	—
Total liabilities	**6,357,540**	**271,626**		**7,343,470**	**332,776**		**8,238,123**	**374,290**	

(1) Annualized.

Analysis of Changes in Interest Revenue and Interest Expense by Volume and Rate

The following table sets forth, for the periods indicated, the allocation of the changes in the Bank's interest revenue and interest expense between average volume and changes in average rates.

	Fiscal 2019 vs. Fiscal 2018			Fiscal 2020 vs. Fiscal 2019		
	Increase (Decrease)(1) Due to			Increase (Decrease)(1) Due to		
	Net change	Change in average volume(2)	Change in average rate(3)	Net change	Change in average volume(2)	Change in average rate(3)
	(₹ in millions)					
Interest revenue						
Advances	71,845	49,702	22,143	69,809	60,209	9,600
Investments	13,658	12,638	1,020	(1,030)	3,409	(4,439)
Others	6,551	7,408	(857)	7,715	7,933	(218)
Total interest earning assets	**92,055**	**69,748**	**22,306**	**76,494**	**71,551**	**4,943**
Interest expenses						
Saving deposits	6,724	5,987	736	5,151	4,406	745
Demand deposits	—	—	—	—	—	—
Term deposits	38,616	37,127	1,489	51,465	57,272	(5,807)
Borrowings	15,810	11,189	4,621	(15,102)	(11,659)	(3,443)
Total interest bearing liabilities	**61,150**	**54,304**	**6,846**	**41,514**	**50,019**	**(8,505)**

	Fiscal 2019 vs. Fiscal 2018			Fiscal 2020 vs. Fiscal 2019		
	Increase (Decrease)[1] Due to			Increase (Decrease)[1] Due to		
	Net change	Change in average volume[2]	Change in average rate[3]	Net change	Change in average volume[2]	Change in average rate[3]
	(₹ in millions)					
Net interest revenue	**30,905**	**15,444**	**15,460**	**34,980**	**21,532**	**13,448**

(1) The changes in net interest revenue between periods have been reflected as attributed either to volume or rate changes.

(2) Increase/(Decrease) due to change in average volume is computed based on change in average volume during the fiscal year multiplied by average rate of that fiscal year

(3) Increase/(Decrease) due to change in average rate is computed based on change in average rate during the fiscal year multiplied by volume of that fiscal year

Yields, Spreads and Margins (Reconciliation)

The following table sets forth, for the periods indicated, the yields, spreads and interest margins on the Bank's interest-earning assets.

	Year ended 31 March		
	2018	2019	2020
	(₹ in millions, except percentages)		
Interest earned (A)	457,803	549,858	626,352
Interest expended (B)	271,626	332,776	374,290
Average quarterly interest-earning assets (C)	5,795,445	6,676,700	7,543,821
Average quarterly interest-bearing liabilities (D)	5,491,988	6,378,065	7,113,383
Average quarterly total assets (E)	6,357,540	7,343,470	8,238,123
Average quarterly interest-earning assets as a % of average quarterly total assets F=(C/E)	91.16	90.92	91.57
Average quarterly interest-bearing liabilities as a % of average quarterly total assets G=(D/E)	86.39	86.85	86.35
Average quarterly interest-earning assets as a % of average quarterly interest-bearing liabilities H=(C/D)	105.53	104.68	106.05
Average yield (annualized) (%)[1] I=(A/C)	7.90	8.24	8.30
Average cost of funds (annualized) (%)[1] J = (B/D)	4.95	5.22	5.26
Average spread (annualized) (%)[1] (I-J)	2.95	3.02	3.04

(1) Spread is the difference between the yield on average interest-earning assets and the cost of average interest-bearing liabilities. Yield on average interest-earning assets is the ratio of interest income to average interest-earning assets.

Cost of average interest-bearing liabilities/cost of funds is the ratio of interest expense to average interest-bearing liabilities.

Return on Equity and Assets

The following table sets forth selected financial ratios for the periods indicated.

	Year ended 31 March		
	2018	2019	2020
	(₹ in millions, except percentages)		
Return on equity and assets			
Net profit	2,757	46,766	16,272
Average total assets[(1)]	6,405,615	7,455,503	8,288,516
Average shareholders' equity	517,687	577,956	694,176
Net profit as a percentage of average total assets	0.04%	0.63%	0.20%
Net profit as a percentage of average shareholders' equity[(2)]	0.53%	8.09%	2.34%
Average shareholders' equity as a percentage of average total assets	8.08%	7.75%	8.38%

(1) Average total assets represents monthly average balance as reported to RBI in Form X under section 27 of the Banking Regulation Act, 1949 during the year.

(2) Computed as net profit divided by the daily weighted average of share capital, share premium and year end average of other reserves and surplus less year end average of net deferred tax assets.

Investment Portfolio (Gross)

The following table sets forth the gross book value of the Bank's investment portfolio as at the specified dates.

	As at 31 March		
	2018	2019	2020
	(₹ in millions)		
Investment in Government securities	1,013,548	1,168,229	1,219,181
Investment in shares	34,819	26,343	24,028
Investment in bonds and debentures	313,624	398,230	223,189
Investment in commercial paper	68,091	62,634	4,770
Investment in certificates of deposit	28,752	—	749
Investment in venture capital	279	220	227
Investment in subsidiaries/joint ventures	17,931	18,028	18,095
Others[(1)]	55,426	52,291	63,092

	As at 31 March		
	2018	2019	2020
		(₹ in millions)	
Gross Investments in India (A)	**1,532,470**	**1,725,975**	**1,553,331**
Investment in Government securities	26,984	34,165	40,634
Investment in subsidiaries/joint ventures	2,996	4,833	4,833
Others (Equity shares and bonds)	4,974	11,299	9,927
Gross Investments outside India (B)	**34,954**	**50,297**	**55,394**
Gross Investment (A + B)	**1,567,424**	**1,776,272**	**16,08,725**

(1) Others include investments in Mutual Funds, Security Receipts, Pass Through Certificates etc.

The following table sets forth figures relating to income earned from the following activities for the periods indicated.

	For the year ended 31 March		
	2018	2019	2020
		(₹ in millions)	
Interest earned on Government securities	72,097	80,270	86,992
Interest earned on debt securities	25,015	28,462	24,094
Interest earned from investments in commercial paper / certificates of deposit	2,473	4,323	1,038
Dividends from investments in units of mutual funds & Venture Capital Funds	21	182	120
Dividends from investments in shares	227	254	217
Net gain from sale of Government securities	6,510	3,510	12,382
Net gain from sale of debt securities	2,162	254	5,122
Net gain from sale of equities	4,428	3,631	4,110
Net gain from sale of commercial paper / certificates of deposit	151	185	109
Net gain from sale of units of mutual funds & Venture Capital Funds	—	—	—

The following table sets forth the rating distribution value of the Bank's corporate bonds portfolio as at the specified dates:

		As at 31 March					
		2018		2019		2020	
	Rating Distribution Value	Gross Book	% of total	Gross Book	% of total	Gross Book	% of total
1	AAA	176,612	56.31%	241,303	60.59%	103,377	46.32%
2	AA[(1)]	76,277	24.32%	94,175	23.65%	60,961	27.31%
3	A[(2)]	39,627	12.64%	40,496	10.17%	32,118	14.39%
4	BBB[(3)]	9,107	2.90%	9,267	2.33%	3,019	1.35%
5	BB and below[(4)]	12,001	3.83%	12,989	3.26%	23,714	10.63%
	Total	**313,624**	**100%**	**398,230**	**100%**	**223,189**	**100%**

(1) Includes AA+, AA and AA-.

(2) Includes A+, A and A-.

(3) Includes BBB+, BBB and BBB-.

(4) Includes BB+, BB and BB- and below.

Available for Sale Investments

The following table sets forth information relating to the Bank's AFS investments as at the specified dates.

	As at 31 March 2018				As at 31 March 2019				As at 31 March 2020			
	Book Value	Market Value[(1)]	Unrealized Gain	Unrealized Loss	Book Value	Market Value[(1)]	Unrealized Gain	Unrealized Loss	Book Value	Market Value[(1)]	Unrealized Gain	Unrealized Loss
	(₹ in millions)											
Government securities	138,361	138,607	909	(663)	152,869	153,885	1,083	(66)	1,11,592	1,12,104	550	(38)
Other debt securities	312,004	323,260	16,023	(4767)	382,678	381,752	9,642	(10,568)	2,61,662	2,63,048	11,333	(9,947)
Total debt securities	450,365	461,866	16,932	(5,430)	535,546	535,637	10,725	(10,634)	3,73,254	3,75,152	11,883	(9,985)
Non-debt securities	37,428	17,421	2,987	(22,994)	28,980	12,002	3,382	(20,360)	26,594	18,704	9,090	(16,980)
Total	**487,793**	**479,287**	**19,919**	**(28,424)**	**564,526**	**547,639**	**14,106**	**(30,994)**	**3,99,848**	**3,93,856**	**20,973**	**(26,965)**

(1) In case of non-performing investments other than equity shares, book value is considered as market value for the purposes of above disclosure.

Held to Maturity Investments[(1)]

The following table sets forth information relating to the Bank's HTM investments as at the specified dates.

	As at 31 March 2018				As at 31 March 2019				As at 31 March 2020			
	Book Value	Market Value	Unrealized Gain	Unrealized Loss	Book Value	Market Value	Unrealized Gain	Unrealized Loss	Book Value	Market Value	Unrealized Gain	Unrealized Loss
	(₹ in millions)											
Government securities	887,121	870,574	3,298	(19,845)	1,040,038	1,035,222	8,987	(13,803)	11,19,996	11,67,206	47,290	(80)
Other debt securities	—	—	—	—	—	—	—	—	5,914	5,914	—	—
Total debt securities	887,121	870,574	3,298	(19,845)	1,040,038	1,035,222	8,987	(13,803)	11,25,910	11,73,120	47,290	(80)
Non-debt securities	20,994	20,989	—	(5)	22,900	22,896	—	(4)	22,944	22,940	—	(4)

	As at 31 March 2018				As at 31 March 2019				As at 31 March 2020			
	Book Value	Market Value	Unrealized Gain	Unrealized Loss	Book Value	Market Value	Unrealized Gain	Unrealized Loss	Book Value	Market Value	Unrealized Gain	Unrealized Loss
	(₹ in millions)											
Total	**908,115**	**891,563**	**3,298**	**(19,850)**	**1,062,938**	**1,058,118**	**8,987**	**(13,807)**	**11,48,855**	**11,96,060**	**47,290**	**(84)**

(1) The market value and unrealized gains/(losses) for HTM category are given for reference to maintain consistency in presentation. However HTM investments are carried at amortized cost in the books as per the applicable RBI guidelines.

Held for Trading Investments

The following table sets forth information relating to the Bank's HFT investments as at the specified dates.

	As at 31 March 2018				As at 31 March 2019				As at 31 March 2020			
	Book Value	Market Value[(1)]	Unrealized Gain	Unrealized Loss	Book Value	Market Value[(1)]	Unrealized Gain	Unrealized Loss	Book Value	Market Value[(1)]	Unrealized Gain	Unrealized Loss
	(₹ in millions)											
Government securities	15,049	15,047	0	(2)	9,487	9,491	4	—	28,227	28,245	18	—
Other debt securities	156,467	156,499	142	(110)	139,321	139,805	509	(25)	31,795	31,531	49	(313)
Total debt securities	171,516	171,546	142	(112)	148,808	149,296	513	(25)	60,022	59,776	67	(313)
Non-debt securities	—	—	—	—	—	—	—	—	—	—	—	—
Total	**171,516**	**171,546**	**142**	**(112)**	**148,808**	**149,296**	**513**	**(25)**	**60,022**	**59,776**	**67**	**(313)**

(1) In case of non-performing investments other than equity shares, book value is considered as market value for the purposes of above disclosure.

Residual Maturity Profile

The following table sets forth the maturity profile of the gross book value of Government securities in India at the specified dates.

	As at 31 March					
	2018		2019		2020	
	(₹ in million except percentages)					
Maturity Buckets	**Gross Book Value**	**% to total**	**Gross Book Value**	**% to total**	**Gross Book Value**	**% to total**
1 year	74,466	7.35%	62,580	5.36%	60,474	4.96%
1-3 years	105,288	10.39%	34,297	2.93%	101,733	8.34%
3-5 years	84,408	8.33%	134,431	11.51%	143,444	11.77%
5 years	749,385	73.93%	936,921	80.20%	913,530	74.93%
Total	**1,013,547**	**100%**	**1,168,229**	**100%**	**1,219,181**	**100%**

The following table sets forth breakdowns of the Bank's gross book value of its corporate bond portfolio in India by maturity profile and ratings distribution.

	As at 31 March					
	2018		2019		2020	
	(₹ in million except percentages)					
Maturity Buckets	**Gross Book Value**	**% to total**	**Gross Book Value**	**% to total**	**Gross Book Value**	**% to total**
1 year	27,428	8.75%	62,354	15.66%	16,033	7.18%
1-3 years	90,195	28.75%	119,244	29.94%	66,028	29.58%
3-5 years	63,346	20.20%	66,921	16.81%	68,648	30.76%
5 years	132,655	42.30%	149,712	37.59%	72,480	32.48%
Total	**313,624**	**100%**	**398,230**	**100%**	**223,189**	**100%**

The following table sets forth an analysis of the residual maturity profile of the Bank's investments in Government and corporate debt securities classified as AFS securities and their weighted average market yields as at the specified dates.

	As at 31 March 2020							
	Up to One Year		One to Five Years		Five to Ten Years		More than Ten Years	
	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield
	(₹ in millions, except percentages)							
Government securities	72,611	3.56%	31,909	5.04%	6,599	6.31%	984	6.37%
Other debt securities	27,182	8.20%	1,55,554	6.06%	71,253	7.68%	9,059	6.51%

As at 31 March 2020

	Up to One Year		One to Five Years		Five to Ten Years		More than Ten Years	
	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield
	(₹ in millions, except percentages)							
Total debt securities Market Value..........	99,793	4.82%	1,87,463	5.89%	77,852	7.57%	10,043	6.50%
Gross Book Value	**99,808**		**1,90,159**		**74,664**		**8,623**	

The following table sets forth an analysis of the residual maturity profile of the Bank's investments in Government and corporate debt securities classified as HTM securities and their weighted average market yields as at the specified dates.

As at 31 March 2020

	Up to One Year		One to Five Years		Five to Ten Years		More than Ten Years	
	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield
	(₹ in millions, except percentages)							
Government securities ..	1,400	4.99%	2,19,858	5.18%	6,10,768	6.10%	3,35,180	6.20%
Other debt securities	0	0	5,914	0	0	0	0	0
Total debt securities Market Value..........	1,400	4.99%	2,25,772	5.04%	6,10,768	6.10%	3,35,180	6.20%
Gross Book Value	**1,394**		**2,19,449**		**5,87,688**		**3,17,380**	

The following tables set forth an analysis of the residual maturity profile of the Bank's investments in Government and corporate debt securities classified as HFT securities and their weighted average market yields as at the specified dates.

As at 31 March 2020

	Up to One Year		One to Five Years		Five to Ten Years		More than Ten Years	
	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield
	(₹ in millions, except percentages)							
Government securities ..	27,091	3.11%	52.45	5.18%	1048.7	6.22%	53	6.38%
Other debt securities	2,466	1.59%	27,641	7.06%	1,423	6.26%	0	0.00%
Total debt securities Market Value..........	29,557	2.98%	27,693	7.06%	2,472	6.24%	53	6.38%
Gross Book Value	**29,555**		**27,936**		**2,478**		**53**	

Asset Liability Gap and Interest Sensitivity Data

The following tables set forth the Bank's asset-liability gap position for the specified periods.

As at 31 March 2020(1)(2)(3)

	1-30 Days	31 Days 2 months	2-3 Months	3-6 Months	6-12 Months	1-3 Years	3-5 Years	Over 5 Years	Total
	(₹ in millions, except percentages)								
Cash and Balance with RBI	675,302	4,711	2,976	4,258	5,106	5,946	487	150,806	849,592
Balance with Banks	99,449	750	1,225	8,255	13,211	200	—	—	123,090
Investments	454,235	44,198	35,387	67,431	100,373	153,694	72,078	639,947	1,567,343
Advances	236,568	155,268	150,158	303,194	519,195	1,146,069	694,955	2,508,835	5,714,242
Fixed assets	—	—	—	—	—	—	—	43,129	43,129
Other assets	92,295	27,411	23,473	56,563	108,736	175,961	87,078	282,734	854,252
Total assets	**1,557,849**	**232,338**	**213,220**	**439,701**	**746,621**	**1,481,870**	**854,598**	**3,625,451**	**9,151,648**
Capital	—	—	—	—	—	—	—	5,643	5,643
Reserves	—	—	—	—	—	—	—	843,835	843,835
Deposits	728,225	273,052	244,116	535,064	839,329	235,861	26,883	3,518,520	6,401,050
Borrowings	68,374	78,146	44,124	175,928	261,827	504,257	137,835	209,050	1,479,541
Other liabilities	21,905	10,416	9,505	553	—	28,902	—	350,298	421,579
Total Liabilities	**818,504**	**361,614**	**297,745**	**711,545**	**1,101,156**	**769,020**	**164,718**	**4,927,346**	**9,151,648**
Liquidity gap	739,345	(129,276)	(84,525)	(271,844)	(354,535)	712,850	689,880	(1,301,895)	
Cumulative gap	739,345	610,069	525,544	253,700	(100,835)	612,015	1,301,895	—	
Cumulative liabilities	818,504	1,180,118	1,477,863	2,189,408	3,290,564	4,059,584	4,224,302	9,151,648	
Cumulative liquidity gap as a % of cumulative liabilities	90.33%	51.70%	35.56%	11.59%	(3.06)%	15.08%	30.82%	0.00%	

(1) Classification methodologies are based on the Asset Liability Management Guidelines issued by the RBI.

(2) Assets and liabilities are classified into categories as per residual maturity.

(3) Assets and liabilities that do not mature or have ambiguous maturities are classified according to historical behavioral analysis or management judgment.

Loan Portfolio and Credit Substitutes

As at 31 March 2020, the Bank's gross loan portfolio was ₹ 5,887.98 billion and gross credit substitutes outstanding was ₹ 329.17 billion.

As at 31 March 2020, almost all of the Bank's gross loans and credit substitutes were to borrowers in India and approximately 89.90%, are denominated in Rupees. For a description of the Bank's corporate and retail loan products, see "*Business—The Bank's Principal Activities— Corporate Sub-group*" and "*Business—The Bank's Principal Activities— Retail Banking*".

The following table sets forth the Bank's gross advances plus credit substitutes portfolio for the specified periods.

	As at 31 March		
	2018	2019	2020
		(₹ in millions)	
Corporate loans	**1,865,088**	**1,967,474**	**2,178,204**
Of which			
– Domestic corporate loans	1,428,054	1,661,522	1,857,968
– Foreign corporate loans	437,034	305,952	320,236
SME loans	**601,045**	**671,118**	**638,284**
Of which			
– Domestic SME loans	599,204	669,116	636,460
– Foreign SME loans	1,841	2,002	1,824
Retail loans	**2,079,375**	**2,472,372**	**3,071,489**
Of which			
– Domestic retail loans	1,962,112	2,373,024	2,917,079
– Foreign retail loans	117,263	99,348	154,410
Total gross loans	**4,545,508**	**5,110,964**	**5,887,977**
Of which			
– Domestic loans	3,989,370	4,703,662	5,411,507
– Foreign loans	556,138	407,302	476,470
Credit substitutes[1]	**511,135**	**551,136**	**329,169**
Gross loans plus credit substitutes	**5,056,643**	**5,662,100**	**6,217,146**

(1) Credit substitutes include bonds, equity shares, preference shares, security receipts, commercial paper, certificates of deposits and pass through certificates.

Maturity and Interest Rate Sensitivity of Loans and Credit Substitutes

The following tables set forth the interest rate sensitivity of the Bank's loans and credit substitutes for the specified periods:

	As at 31 March 2020				
	Due in One Year or Less	One Year to Five Years	Due after Five Years	No contracted maturity	Total
			(₹ in millions)		
Interest rate classification of loans by maturity					
Variable rates	788,004	1,033,499	1,354,189	1,199,309	4,375,001
Fixed rates	460,712	681,239	260,676	110,349	1,512,976
Others	—	—	—	—	—
Gross Loans	**1,248,716**	**1,714,738**	**1,614,865**	**1,309,658**	**5,887,977**
Interest rate classification of credit substitutes by maturity					
Variable rates	10	18,543	3,443	24,294	46,290
Fixed rates	29,468	173,935	79,476	—	282,879
Others	—	—	—	—	—
Gross Credit Substitutes	**29,478**	**192,478**	**82,919**	**24,294**	**329,169**
Interest rate classification of loans and credit substitutes by maturity					
Variable rates	788,014	1,052,042	1,357,632	1,223,603	4,421,291
Fixed rates	490,180	855,174	340,152	110,349	1,795,855
Others	—	—	—	—	—
Gross loans and credit substitutes	**1,278,194**	**1,907,216**	**1,697,784**	**1,333,952**	**6,217,146**

Concentration of Loans and Credit Substitutes

The Bank follows a policy of portfolio diversification and evaluates its total financing exposure in a particular industry in the light of the Bank's growth and profitability forecasts for that industry. The Bank's Risk Department monitors all major sectors of the economy and specifically follows industries in which the Bank has credit exposure. The Bank actively manages its loan portfolio by responding to economic weaknesses in an industry segment by restricting new credits to that industry segment and by increasing new credits to growing industry segments. In order to avoid concentration, the Bank has set internal ceilings on portfolio exposures to different industry sectors.

The following table sets forth the Bank's gross fund-based loans outstanding and credit substitutes categorized by borrower industry or economic activity as at the specified dates.

	As at 31 March					
	2018		2019		2020	
	(₹ in millions, except percentages)					
Retail Loans	1,765,757	34.92%	2,125,076	37.53%	2,689,981	43.27%
Telecommunication services	66,721	1.32%	127,446	2.25%	178,483	2.87%
Chemical and chemical products	61,081	1.21%	95,686	1.69%	104,058	1.67%
Drugs and pharmaceuticals	82,629	1.63%	81,869	1.45%	76,903	1.24%
Agriculture	316,661	6.26%	348,598	6.16%	381,584	6.14%
Textiles	74,831	1.48%	88,849	1.57%	98,624	1.59%
Real estate	181,590	3.59%	196,121	3.46%	184,798	2.97%
Transportation and Logistics	91,800	1.82%	94,698	1.67%	98,009	1.58%
Cement	90,620	1.79%	76,156	1.35%	77,526	1.25%
Trading	142,655	2.82%	152,682	2.70%	171,902	2.76%
Engineering	129,586	2.56%	136,636	2.41%	117,637	1.89%
Food Processing	127,829	2.53%	117,140	2.07%	134,796	2.17%
Power	183,436	3.63%	265,963	4.70%	240,347	3.87%
Petrochemicals and Petroleum Products	53,120	1.05%	131,569	2.32%	146,042	2.35%
Financial Intermediaries – Housing Fin. Companies	173,324	3.43%	213,543	3.77%	144,490	2.32%
Entertainment and Media	18,384	0.36%	38,752	0.68%	52,230	0.84%
Metal and metal products	219,462	4.34%	259,865	4.59%	264,226	4.25%
Infrastructure	229,993	4.55%	199,311	3.52%	174,692	2.81%
Paper and paper products	15,991	0.32%	17,401	0.31%	24,429	0.39%
Financial intermediaries – others	500,576	9.90%	455,212	8.04%	449,871	7.24%
Gems and Jewellery	43,669	0.86%	26,589	0.47%	24,772	0.40%
Sugar	7,624	0.15%	7,674	0.14%	8,155	0.13%
IT and ITES	33,713	0.67%	29,313	0.52%	28,854	0.46%
Auto Ancillaries	82,590	1.63%	108,855	1.92%	112,150	1.80%
Others	363,002	7.18%	267,095	4.71%	232,587	3.74%
Gross loans and credit substitutes	**5,056,644**	**100.00%**	**5,662,099**	**100.00%**	**6,217,146**	**100%**

As at 31 March 2020, aggregate credit exposure (including derivative exposure) to the Bank's 20 largest borrowers (fund and non-fund based) amounted to ₹ 748.49 billion, representing 69.95% of the Bank's total capital (comprising Tier I capital and Tier II capital). The Bank's single largest borrower (fund and non-fund based) as at 31 March 2020 had a loan balance of ₹ 72.23 billion, representing 6.75 % of the Bank's total capital (comprising Tier I capital and Tier II capital).

Non-Performing Assets

The Bank has absorbed the losses arising on account of impairment of loans as some borrowers were impacted by negative trends in the global marketplace, recessionary conditions in the domestic economy, increased competition arising out of economic liberalization in India and volatility in industrial growth and commodity prices.

Several measures have since been adopted by the Bank to refine its credit selection processes and appraisal capabilities. These include creation of an independent Risk Department which scrutinizes all credit proposals of ₹ 10 million and above, introduction of a rigorous Credit Rating model, rolling out a Credit Monitoring tool to evaluate the performance of accounts at certain intervals and putting in place a Credit Audit mechanism.

As at 31 March 2020, the gross NPAs as a proportion of gross customer assets were 4.86% and net NPAs as a proportion of net customer assets were 1.56 %. The Bank had, on 31 March 2020, effected a provision cover of 69.04% on the Bank's gross NPAs (excluding prudential write-offs). This provision cover may be viewed against the Bank's policy of writing off all loss assets and doubtful assets to the extent of security shortfall, against which full provisions are made. As at 31 March 2020, the provisioning coverage ratio of the Bank was 82.69% pursuant to applicable RBI guidelines including prudential write-offs.

The following table sets forth information about the Bank's NPA portfolio as at the specified dates.

	As at 31 March		
	2018	**2019**	**2020**
	(₹ in millions, except percentages)		
Non-Performing Assets			
Non-Retail advances (A)	279,819	243,568	234,241
Retail advances (B)	28,945	27,897	31,800
Investments (C)	33,723	26,430	36,297
Gross NPAs (D=A+B+C)	342,486	297,895	302,338
Specific provisions (E)	173,560	183,508	208,027
Interest capitalization – restructured NPA accounts(1) (F)	3,010	1,631	707
Net NPAs (NPA net of provisions) (G=D-E-F)	165,917	112,756	93,604
Gross customer assets (H)	5,056,644	5,662,101	6,217,146
Net customer assets(2) (I)	4,879,788	5,476,695	6,008,198
Gross new additions to non-performing assets (slippages)(3) (J)	334,190	138,711	199,150
Net new additions to non-performing assets (slippages)(4) (K)	246,560	47,703	106,136
Gross NPA ratio (Gross NPAs/gross customer assets) (%) (L=D/H)	6.77	5.26	4.86
Net NPA ratio (Net NPAs/net customer assets) (%) (M=G/I)	3.40	2.06	1.56
Total provisions (5) (N=E+F)	176,570	185,139	208,734
Total provisions as a percentage of Gross NPAs (O=N/D)	51.56	62.15	69.04
Provisioning coverage ratio pursuant to applicable RBI guidelines (including prudential write-offs)	65.05	76.78	82.69

(1) Interest capitalization – restructured NPA accounts represents unrealized income that is provided for in the books of accounts on funded interest term loan/debt or equity instrument created by conversion of unpaid interest.

(2) Net customer assets is calculated as gross customer assets less NPA provisions, floating provisions, restructuring provisions and Interest capitalization – restructure NPA accounts provisions.

(3) Gross new additions to non-performing assets (slippages) is calculated as sum of new assets classified as non-performing during the period.

(4) Net new additions to non-performing assets (slippages) is calculated as gross new additions to non-performing assets (slippages) during the period less recoveries and upgradations from non-performing assets during the period.

(5) Total provisions include specific provisions (i.e., provisions in respect of NPAs) and interest capitalization – restructured NPA accounts

Recognition of Non-Performing Assets

As a commercial bank operating in India, the Bank recognizes NPAs strictly on the basis of the RBI's current guidelines. The current guidelines require banks in India to classify their NPAs into the following three categories based on the period for which the loan has remained non-performing and the estimated realization of dues:

- Substandard assets;
- Doubtful assets; and
- Loss assets.

Substandard Assets

An account becomes non-performing if the interest and/or instalment of principal remains overdue for more than 90 days (an exception to this rule is advances to agricultural borrowers which will be classified as non-performing only if the advance/loan remains overdue for more than two crop seasons in the case of short-duration crops and one crop season for long-duration crops). A substandard asset is one which has remained non-performing for a period of up to 12 months.

Doubtful Assets

A doubtful asset is one which has remained an NPA for a period greater than 12 months. Doubtful assets are classified into Doubtful-I, Doubtful-II and Doubtful-III depending on the age of the NPAs as set out below:

(a) If the asset has remained in the doubtful category for a period of up to one year it is classified as a Doubtful-I asset.

(b) If the asset has remained in the doubtful category for a period of more than one year but less than three years it is classified as a Doubtful-II asset.

(c) If the asset has remained in the doubtful category for a period of more than three years it is classified as a Doubtful-III asset.

Loss Assets

A loss asset is one which is considered irrecoverable with little or no salvage value.

An NPA need not go through the various stages of classification in cases of serious credit impairment and such assets should be immediately classified as doubtful or as a loss asset, as appropriate. Erosion in the value of security can be reckoned as significant when the realizable value of the security is less than 50% of the value assessed by the Bank or accepted by the RBI at the time of last inspection, as the case may be. Such NPAs may be immediately classified as a Doubtful Asset.

If the realizable value of the security, as assessed by the Bank, approved appraisers or the RBI is less than 10% of the borrower's outstanding accounts, the existence of the security is ignored and the asset is immediately classified as a loss that may be either written-off or fully provided for by the Bank.

Non-Accrual Policy

When an asset is classified as non-performing, interest accrual is stopped and the unrealized interest is reversed by debit to the profit and loss account. In accordance with the RBI guidelines, interest realized on NPAs may be added to the income account provided the credits in the accounts towards interest are not out of additional credit facilities sanctioned to the borrower. The RBI has also stipulated that in the absence of a clear agreement between the Bank and the borrower for the purpose of appropriating recoveries in NPAs (i.e. towards principal or interest due), banks should adopt an accounting principle and exercise the right of appropriation of recoveries in a uniform and consistent manner. In the case of NPAs where recoveries are effected as a result of a settlement or otherwise, the Bank's policy is first to appropriate the same against principal amount due from the borrower as application of interest would have ceased in such accounts. In NPA accounts where transactions have virtually ceased, recoveries will be appropriated towards the principal amount. Only in cases where the nature of continuing transactions allows the Bank to conclude that recovery of the principal is not in jeopardy are recoveries appropriated against interest.

Interest foregone

Interest foregone is the interest due on non-performing loans that has not been accrued in the Bank's books of accounts. The following table sets forth the outstanding amount of interest foregone on existing non-performing loans as at the respective dates.

Year	Interest Foregone
	(₹ in millions)
31 March 2018	27,275
31 March 2019	29,308
31 March 2020	31,417

Policy for making Non-Performing Assets Provisions

Corporate Credit

Substandard assets..	15% of the fund-based outstanding (25% of the fund-based outstanding if the facilities are ab initio unsecured)
Doubtful assets...	Doubtful-I – 100% of the unsecured portion plus 25% of the secured portion
	Doubtful-II – 100% of the unsecured portion plus 40% of the secured portion
	Doubtful-III – 100% of the outstanding
Loss assets..	100% to be provided or written-off

Retail and Agricultural Advances

In the case of retail advances, the Bank makes provisions when the retail advances reach specified stages of delinquency (90 days or more of delinquency), which is a more conservative approach than the RBI prudential norms. The provisions for different stages of delinquency range from 15% to 100% of the value of delinquent loans depending on the duration of delinquency.

Provisions in respect of agriculture advances classified into sub-standard and doubtful assets are made at rates which are higher than those prescribed by the RBI.

Floating Provisions

In June 2006, the RBI issued prudential norms on creation and utilization of floating provisions (i.e., provisions which are not made in respect of specific NPAs or are made in excess of regulatory requirements for provisions for standard assets). The norms state that floating provisions can be used only for contingencies under extraordinary circumstances for making specific provisions in impaired accounts after obtaining approval from the Board of Directors and with the prior permission of the RBI. Floating provisions for advances and investments will be held separately and cannot be reversed by credit to the profit and loss account. Until utilization of such provisions, they can be netted out from gross NPAs to arrive at disclosure of net NPAs. Alternatively, floating provisions can be treated as part of Tier II capital within the overall ceiling of 1.25% of total risk-weighted assets.

Floating provisions do not include specific voluntary provisions made by banks for advances which are higher than the minimum provision stipulated by the RBI guidelines. For fiscal 2020, floating provisions amounting to ₹ 33 million, have not been netted off from gross NPAs to arrive at net NPAs since they have been considered part of the Tier II capital of the Bank.

Analysis of Non-Performing Loans by Industry Sector

The following table sets forth the Bank's non-performing loans, by borrowers' industry or economic activity and as a percentage of the Bank's loans in the respective industry or economic activities sector for the specified periods. These figures do not include credit substitutes.

Name of the Industry	As at 31 March 2018 Gross Loans	NPA in industry	NPA% of Gross Loans	As at 31 March 2019 Gross Loans	NPA in industry	NPA% of Gross Loans	As at 31 March 2020 Gross Loans	NPA in industry	NPA% of Gross Loans
Telecommunication services	55,971	1,086	1.94%	113,692	4	0.00%	175,840	4	0.00%
Chemical and chemical products	60,927	7,282	11.95%	95,542	5,411	5.66%	104,058	5,205	5.00%
Drugs and pharmaceuticals	80,901	2,502	3.09%	79,953	494	0.62%	75,365	416	0.55%
Agriculture	316,585	7,894	2.49%	348,522	10,516	3.02%	381,508	12,182	3.19%
Textiles	69,804	8,325	11.93%	83,472	9,054	10.85%	93,997	8,868	9.43%
Real estate	163,652	13,458	8.22%	182,504	14,392	7.89%	173,798	15,592	8.97%
Transportation and logistics	67,511	4,671	6.92%	71,283	6,929	9.72%	69,113	11,639	16.84%
Cement	87,519	6,135	7.01%	67,779	6,847	10.10%	74,526	6,735	9.04%
Trading	142,655	5,716	4.01%	152,682	6,782	4.44%	171,902	13,438	7.82%
Engineering	129,586	17,312	13.36%	136,636	16,053	11.75%	117,637	22,511	19.14%
Food Processing	127,829	11,080	8.67%	117,140	10,232	8.73%	134,796	10,417	7.73%
Power	176,162	73,353	41.64%	196,130	72,103	36.76%	197,526	40,864	20.69%
Petrochemicals and petroleum products	52,426	269	0.51%	100,014	7,681	7.68%	128,642	15,133	11.76%
Financial intermediaries – Housing Fin. Companies	88,454	0	0.00%	115,158	0	0.00%	119,782	382	0.32%
Entertainment and Media	18,384	1,143	6.22%	38,752	1,155	2.98%	52,230	4,402	8.43%
Metal and metal products	218,041	36,587	16.78%	258,753	11,808	4.56%	258,995	10,777	4.16%
Infrastructure	138,967	40,112	28.86%	145,444	39,886	27.42%	146,444	35,575	24.29%
Paper and paper products	15,001	1,604	10.69%	16,412	1,513	9.22%	23,439	1,474	6.29%
Financial intermediaries others	304,375	859	0.28%	281,821	2,105	0.75%	319,023	4,371	1.37%
Gems and jewellery	43,669	2,996	6.86%	26,589	1,934	7.27%	24,772	1,713	6.92%
Sugar	5,403	552	10.22%	5,453	546	10.01%	5,934	1,195	20.14%
IT and ITES	33,108	3,743	11.31%	29,270	2,865	9.79%	28,854	329	1.14%
Auto ancillaries	82,360	6,635	8.06%	108,068	1,843	1.71%	112,021	2,049	1.83%
Retail loans	1,758,178	20,001	1.14%	2,125,076	17,095	0.80%	2,689,981	18,866	0.70%
Others	308,040	35,448	11.51%	214,819	24,218	11.27%	207,794	21,903	10.54%
Total	4,545,508	308,763	6.79%	5,110,964	271,466	5.31%	5,887,977	266,040	4.52%

Top 10 Non-Performing Corporate Loans

As at 31 March 2020 the top ten non-performing corporate loans represented 35.33% of the Bank's gross non-performing corporate loans, 17.57% of the Bank's net non-performing corporate loans and 2.94% of the Bank's gross corporate loan portfolio.

The following tables set forth information regarding the Bank's ten largest non-performing corporate loans as well as the value of the collateral securing the loan (the collateral valuations are based on the audited financial statements of the borrower or independently arrived at by outside agencies) as at 31 March 2020. However, the net realizable value of such collateral may be substantially less, if anything.

Borrower	Industry	Type of Banking Arrangement	Gross Principal Outstanding	Provision	Principal Outstanding Net of Provisions for Credit Losses	Security	Currently servicing all Interest Payments
			(₹ in millions)				
1	Power Generation	Consortium	12,958	12,958	—	5,274	No
2	Oil And Gas Related Services	Consortium	9,597	7,641	1,957	3,261	No
3	Iron & Steel - Manufacturing	Consortium	9,251	9,251	—	—	No
4	Other industries	Consortium	8,800	8,800	—	—	No
5	Textiles: Cotton	Consortium	7,871	7,797	74	—	No
6	Chemical & Chemical products	Consortium	7,507	1,877	5,630	8,243	No
7	Petroleum Products	Consortium	7,472	1,868	5,604	19,329	No
8	Cement And Cement Products	Consortium	7,096	7,096	—	3,694	No
9	Power Generation	Consortium	6,306	5,825	481	1,853	No
10	NBFC	Sole Banking	5,906	5,906	—	—	No
Total			82,764	69,019	13,746	41,654	

Strategy with respect to irregular accounts, NPAs and non-NPA stressed assets

Stressed Assets

The stressed assets of the Bank are classified into the following two main categories:

(viii) The Non-Performing Assets (**NPAs**); and

(i) The Special Mention Accounts (**SMAs**).

Non-Performing Assets:

NPAs are defined as assets, including leased assets, which become non-performing when they cease to generate income for a bank. The RBI has stated the following criterion for recognizing an NPA:

(i) There being a default in payment of interest and/or instalment of principal, or amounts due remain irregular for a period of more than 90 days in respect of a term loans, cash credits, overdrafts, bill discounting products, securitization transactions or derivative transactions; or

(ii) The instalment of principal or interest thereon remains overdue for two crop seasons for short duration crops and the instalment of principal or interest thereon remains overdue for one crop season for long duration crops.

Special Mention Accounts:

In January 2014, the RBI introduced new concept of SMAs. The RBI has stated the following criterion for recognizing SMAs:

SMA sub-categories	Basis for classification
SMA-0	Principal or interest payment not overdue for more than 30 days but account showing signs of onset of stress
SMA-1	Principal or interest payment overdue for a period of 31 to 60 days
SMA-2	Principal or interest payment overdue for a period of 61 to 90 days

The RBI has also established a Central Repository of Information on Large Credits (**CRILC**).

The Bank is required to report credit information, including classification of an account as a SMA to the CRILC for all borrowers having aggregate fund-based and non-fund based exposure of ₹ 50 million and above.

In cases where the aggregate exposure of the Bank is ₹ 1,000 million or above a Joint Lenders Forum (**JLF**) is formed to explore a timely corrective action plan (**CAP**) which may include the following options:

(a) *Rectification* – This involves obtaining a specific commitment from the borrower to regularize the account so that the account comes out of SMA category or alternately does not slip into the NPA category;

(b) *Restructuring* – This involves considering the possibility of restructuring the account where the borrower is not a willful defaulter and it is *prima facie* viable to restructure such account; and

(c) *Recovery* – Where rectification and restricting options, as mentioned above, are not feasible, due recovery process may be initiated.

The accounts falling under the SMA-2 category are closely monitored and the applicable CAP is determined by the respective business teams in consultation with the borrower and other lenders.

Furthermore, high value irregular/weak accounts in the CRG portfolio showing signs of persistent long term stress which have not been classified as NPA are handled by the Structured Solutions Group which forms part of Structured Finance Group (**SFG**). Such accounts in the SME portfolio continue to be handled by the SME team.

Apart from the above mentioned classifications, any other assets where there might not be a serious financial delay in repayment of dues (or defaults) but which otherwise are showing signs of stress and therefore require special attention and monitoring can also considered as part of stressed assets of the Bank.

All corporate and retail lending accounts having an exposure of ₹ 50 million and above and which become a NPA are dealt with by the Stressed Assets Group and the Retail Collections team respectively.

Non-NPA Stressed Cases:

The Bank has introduced a credit quality monitoring tool that monitors parameters such as documentation, security compliance, financial and operating performance, inspection and internal audit findings, financial discipline and market intelligence. After a loan is disbursed the Bank periodically reviews a borrower's credit. Any rating downgrade is reported to the Corporate Office.

The Bank attempts to identify stressed assets at an early stage to prevent and reduce NPA levels. To achieve this, the Structured Solutions Group, which forms part of the Structured Finance Group, continuously monitors high-value accounts that show symptoms of weakness, but are not NPAs. The resolution strategy for such accounts is being arrived at based on SWOT analysis of the individual accounts. The resolution strategy could include timely exit, restructuring of accounts, change of management, mergers & acquisitions etc.

NPA Resolution for Corporate Lending Accounts:

The resolution of stressed assets in the corporate lending accounts segment is undertaken by the following departments:

(i) Stressed Assets Group (**SA Group**);

(ii) Special Solutions Group (**SS Group**); and

(iii) Other Business Departments.

SA Group:

The SA Group, which forms part of the Bank's Structured Finance Group, is entrusted with the task of resolution of NPAs (corporate NPAs with exposure of more than ₹ 50 million) so as to effect best possible recoveries in a timely manner.

The SA Group is manned by officials having experience in credit/NPA resolution. Each individual resolution Risk Management (**RM**) team in the SA Group manages a specific portfolio of NPAs for resolution or recovery. The resolution RMs are supported by in-house legal support within the SA Group by officials with legal background and experience. Assistance of the Bank's legal department is also sought wherever required. Advocate/external counsels are engaged in all legal cases/proceedings.

The SA Group implements multi-pronged resolution/recovery strategy including:

(a) initiation of timely legal action and pursuing the same aggressively;

(b) negotiations with borrowers for settlement;

(c) exploring possibilities of assignment of debts to asset reconstruction companies to realize best possible recovery in present value terms and elimination of the credit risk and uncertainties of recoveries after prolonged legal proceedings;

(d) active interaction with other lenders in case with multiple lenders/common securities; and

(e) sale of securities.

The NPAs are closely and regularly reviewed by the head of the SA Group as well as the head of the SFG for status of each account and achievement of targets/milestones/progress.

Asset Quality Metrics

The Bank's asset quality metrics improved during fiscal 2020, with the level of performing loans reclassified as NPAs having moderated significantly from the highs witnessed in fiscal 2018, thus leading to a reduction in the Bank's NPA ratios.

- Gross additions to the non-performing assets were ₹ 334.19 billion in fiscal 2018, ₹ 138.71 billion in fiscal 2019 and ₹ 199.15 billion in fiscal 2020.
- Gross non-performing assets as at 31 March 2018, 31 March 2019 and 31 March 2020 were ₹ 342.49 billion, ₹ 297.89 billion and ₹ 302.34 billion, respectively.
- Net non-performing assets as at 31 March 2018, 31 March 2019 and 31 March 2020 were, ₹ 165.92 billion, ₹ 112.76 billion and ₹ 93.60 billion, respectively.
- The net non-performing assets ratio as at 31 March 2018, 31 March 2019 and 31 March 2020 were 3.40%, 2.06% and 1.56%, respectively.

- Upgrades and recoveries totaled ₹ 87.63 billion, ₹ 91.01 billion and ₹ 93.01 billion for fiscals 2018, 2019 and 2020, respectively.

Provisions for NPAs

The following table sets forth movements in the Bank's provisions against NPAs for the specified periods.

	For the year ended 31 March		
Particulars	**2018**	**2019**	**2020**
		(₹ in millions)	
Specific provisions at the beginning of the year/ period:			
Non-Retail advances (A)	100,927	132,720	148,263
Retail advances (B)	11,521	14,720	14,269
Investments (C)	9,609	26,119	20,976
Total specific provisions at the beginning of the year/period (D=A+B+C)	122,057	173,559	183,508
Additions during the period (E)	171,451	100,618	124,774
Reductions during the period on account of recovery and write-offs (F)	(119,949)	(90,670)	(100,255)
Specific provisions at the end of the year/period (G=D+E-F)	173,559	183,508	208,027
Floating provisions:			
Floating provisions at the beginning of the year/period	33	33	33
Additions during the year/period	—	—	—
Utilizations during the year/period	—	—	—
Floating provisions at the end of the year/period (H)	33	33	33
Total specific+ floating provisions at the end of the year/period (G+H)[(1)]	**173,593**	**183,541**	**208,060**

(1) Does not include interest capitalization – restructured NPA accounts

The following table sets forth the allocation of the total provisions held by the Bank for the specified periods.

Particulars	As at 31 March		
	2018	2019	2020
	(₹ in millions)		
Non-Retail advances (A)	132,720	148,263	155,632
Retail advances (B)	14,720	14,269	17,506
Investments (C)	26,119	20,976	34,889
Total (D=A+B+C)	**173,559**	**183,508**	**208,027**
Floating provisions (E)	33	33	33
Total specific+ floating provisions (D+E)[(1)]	**173,592**	**183,541**	**208,060**

(1) Does not include interest capitalization – restructured NPA accounts

SS Group:

The SS Group is entrusted with (i) the proactive and timely management of accounts that need special attention, (ii) management and coordination with other lenders and (iii) compliance with relevant regulations. The SS Group generally caters to resolutions for borrowers of the Bank classified as SMA.

Other Business Departments:

Other respective business departments of the Bank handle functions related to appraisal and monitoring of credit product for all corporates. Accounts showing some signs of stress but indicating no serious long term concern are handled by such other business teams.

Credit Cost and Net Credit Cost

The Bank's credit cost is calculated as the annualized ratio of its provision for NPAs charged to its profit and loss statement, divided by average of total customer assets at the beginning and at the end of the period. The Bank's net credit cost is calculated as the credit cost, as adjusted for recoveries from the written off accounts. These ratios are measures of the amount charged to the Bank's profit and loss statement during the period due to standard credit risks as a percentage of its average customer assets. In the Bank's experience, the spread between the Bank's credit cost and its net credit cost tends to widen in the years immediately following credit cycle peaks.

The following table sets forth the Bank's credit cost and net credit cost ratios as at the specified dates:

	As at 31 March		
	2018	2019	2020
		(percentages)	
Credit cost	3.57%	1.91%	2.15%
Net credit cost[(1)]	3.53%	1.56%	1.89%

(1) The Bank's recoveries from the written off accounts totaled ₹ 1,829 million in fiscal 2018, ₹ 18,675 million in fiscal 2019 and ₹ 15,530 million in fiscal 2020.

DESCRIPTION OF THE BANK'S SINGAPORE BRANCH

The Bank opened its first overseas branch in Singapore (the **branch**) in March 2006 after obtaining an approval from the Monetary Authority of Singapore (**MAS**) to operate a merchant bank branch with Asian currency unit (**ACU**) capabilities. The approval also permitted the branch to accept deposits only from accredited investors, as defined by MAS in its approval letter.

Under the MAS guidelines for operation of merchant banks, the branch may conduct the following activities with necessary approvals from the appropriate Government departments and statutory bodies and in compliance with the laws of Singapore:

1. flotation, underwriting, buying and selling of shares, loan stocks and bond issues and other securities;
2. investment portfolio management, investment advisory services and nominee services;
3. unit trust management and sales;
4. advice on corporate reconstruction, takeovers and mergers;
5. management advisory services;
6. arranging finance, lending or participating in syndicated loans and acting as guarantors;
7. financing or lending in the institutional money markets;
8. discounting of negotiable securities or money market instruments in Singapore dollars; and
9. dealing in gold and foreign exchange.

In addition to the above, the branch operates an ACU, which is/may be permitted to undertake the following activities:

1. accept time and demand deposits (including savings accounts and checking accounts) and to borrow money in any currency except Singapore dollars;
2. issue fixed rate and floating rate U.S. dollar-denominated negotiable certificate of deposits after consultation with the MAS;
3. place deposits or extend loans and advances in any currency except Singapore dollars;
4. transact exchange business which does not involve Singapore dollars directly;
5. establish, open, advise or negotiate Letters of Credit (LCs), provided that the LCs are not expressed in Singapore dollars;
6. issue or renew guarantees, indemnities or similar undertakings provided that such guarantees or indemnities are not expressed in Singapore dollars;
7. discount bills and acceptances, provided that the bills or acceptances are not expressed in Singapore dollars;
8. act as manager, underwriter or as a member of a selling group for new issues of securities in any currency other than Singapore dollars;
9. transact, deal, undertake brokerage business and invest in securities in any currency except Singapore dollars;
10. manage investment funds denominated in any currency except Singapore dollars; and

11. provide advisory services relating to financial matters.

Transactions by the ACU is permitted within the ACU limit as specified by MAS from time to time.

Financial Performance and Business Activities undertaken

As at 31 March 2020, the Singapore branch had total assets (net of interbranch adjustments) of ₹45.44 billion and customer deposits (net of interbranch adjustments) of ₹1.41 billion.

A major portion of the balance sheet of the branch consists of corporate loans, Trade Assets and investments funded mostly by inter-bank borrowings.

Syndication

The branch provides to the Bank's India-based clients and financial institutions across the globe access to international markets to meet their foreign currency requirements in the form of debt, equity or by quasi-equity means, through international syndication and also provides syndicated loans to eligible borrowers. The branch also undertakes investments in sovereign and non-sovereign investments as well as in structured offerings.

Treasury and Foreign Exchange Dealing operations

Treasury operations primarily include proprietary and merchant trading in foreign currency, fixed income and derivatives. The branch manages the funds and foreign exchange positions through money market and foreign exchange dealings. With the objective to enhance its debt capital markets (**DCM**) capabilities of the Bank, the branch started International DCM business in 2016; where it acts as a book runner/lead manager of primary Offshore bond (G3 currency & Masala Bonds issuances) and distribute to international investors and make secondary market offerings in Offshore bonds.

DESCRIPTION OF THE BANK'S DUBAI INTERNATIONAL FINANCIAL CENTRE BRANCH

During 2007, the Bank obtained a category-1 licence from the Dubai Financial Services Authority (**DFSA**) to set up a branch in the DIFC. The branch is registered as a foreign recognised company in the DIFC. The DIFC branch commenced operations in April 2007 and is authorised to conduct the following business in respect of credit, shares, debentures warrants, options, units and futures in accordance with the relevant guidelines:

1. accept deposits;
2. provide credit;
3. arrange credit and provide advice on credit;
4. deal in investments (credit facilities, debentures, futures, options, shares, units, and warrants) as principal;
5. deal in investments (credit facilities, debentures, futures, options, shares, units, and warrants) as agents;
6. arrange investments (debentures, futures, options, shares, units, and warrants); and
7. advise on financial products (debentures, futures, options, shares, units, and warrants).

The DIFC branch is presently licensed to provide financial services and products only to professional clients and market counterparties as defined in the DFSA rulebook, specifically the "Conduct of Business Module". The Branch is not authorized to undertake currency or foreign exchange transactions involving the U.A.E. Dirham and cannot accept deposits or provide credit in UAE Dirham.

Financial Performance and Business Activities

As at 31 March 2020, the DIFC branch had an asset base (net of interbranch adjustments) of ₹268.42 billion and customer deposits (net of interbranch adjustments) of ₹40.32 billion.

The DIFC branch offers the Bank's corporate banking products, including working capital and term loans, and facilitates international trade transactions. The DIFC branch also aims to raise deposits in foreign currencies from the permitted category of clients.

DESCRIPTION OF THE BANK'S REPRESENTATIVE OFFICES

The Bank has presently four representative offices, one in Dubai, one in Abu Dhabi, United Arab Emirates (**UAE**), one in Sharjah, UAE and one in Dhaka, Bangladesh.

Dubai Representative Office

To tap business emanating from the large Indian expatriate population in the UAE, the Bank opened a representative office in Dubai on 4 May 2008 under the representative office licence issued by the Central Bank of the UAE.

The activities carried out from this office include providing banking, financial and investment consultation services and marketing and promoting the Bank's products as well as its wholly owned subsidiary.

Abu Dhabi Representative Office

To further deepen its reach in the UAE, the Bank established a representative office in Abu Dhabi, UAE in March 2011. The Abu Dhabi representative office is licensed by the Central Bank of the UAE and carries out activities similar to those carried on by the Dubai representative office.

Sharjah Representative Office

The Bank opened its fourth representative office at Sharjah, UAE in March 2018. The representative office in Sharjah, similar to its Abu Dhabi office, promotes the retail business arising from the affluent and mass affluent segment of non-resident Indians in the UAE.

Bangladesh Representative Office

The Bank established a representative office in Dhaka, Bangladesh, which commenced operations in November 2015. Through the Dhaka representative office, the Bank seeks to grow its trade finance business between Bangladesh and India. This is in addition to opportunities emanating from trade flows between Bangladesh and other major markets, including Singapore, Hong Kong, the UAE, China and Sri Lanka. The Bank aims to leverage the growing economic integration between Bangladesh and India by actively facilitating trade transactions, both in-bound as well as out-bound transactions.

DESCRIPTION OF THE GIFT CITY BRANCH

Background

The RBI authorised Axis Bank to establish its International Financial Service Centre (**IFSC**) Banking Unit (**IBU**) at Gujarat International Finance Tec-City (**GIFT City**), Gujarat by letter dated 20 July 2017. The IBU is licensed to operate at GIFT City from 1 September 2017 and commenced its operations in November 2017. The IBU conducts its operations under the framework announced by the Government of India for IFSCs and, in particular, guidelines issued by the RBI as amended from time to time.

Key objectives of the IBU

The IBU is, for most regulatory purposes, treated as a foreign branch and is a significant development in the overall augmentation of the Bank's business model whereby the Bank provides comprehensive solutions for its clients' foreign currency banking requirements.

The key objectives of the IBU are as summarised below:

- to offer foreign currency funding to eligible non-resident corporates and Indian corporates (as permitted by the Foreign Exchange Management Act (**FEMA**)), including their joint ventures and wholly owned subsidiaries registered abroad;
- to offer foreign exchange and hedging solutions to eligible non-resident entities and joint ventures and wholly owned subsidiaries of Indian corporates registered abroad;
- to invest in debt instruments in international markets;
- to extend bilateral or trade loans to correspondent banks globally at competitive pricing; and
- to support banking requirements of participants in the capital markets and insurance segment and other customers established at the GIFT IFSC as permitted by the regulators from time to time, supplementing the granular business profile of the Bank.

Business activities of the IBU

The IBU offers the following primary products:

Lending

The IBU's targeted clientele are primarily joint ventures and wholly owned subsidiaries of Indian companies and any other eligible non-resident entities with strong direct or indirect India linkage.

Loans to Correspondent Banks

The IBU extends loans to correspondent banks in India (as permitted by FEMA) and overseas in the form of bilateral or syndicated loans in the primary as well as the secondary market.

Trade Finance

- Trade Credits: The IBU facilitates the financing of import payables in the form of buyers' credit and suppliers' credit.
- Risk Participation on Obligor Banks: The IBU underwrites the risk of customers who are obligor banks on a funded and non-funded basis.

- External Commercial Borrowings: The IBU extends commercial loans to Indian corporates in the form of bank loans and trade credits as permitted by the RBI from time to time.
- Reimbursing Financing: The IBU undertakes to provide reimbursement under letters of credit to issuing banks.

Hedging Solutions

The IBU provides suitable hedging solutions through permitted foreign exchange and derivative products to joint ventures and wholly owned subsidiaries of Indian companies and any other eligible non-resident entities with strong direct or indirect India linkage.

Trade Loans to Correspondent Banks

The IBU extends loans to correspondent banks in India (as permitted by FEMA) and overseas by refinancing their export or import book on a portfolio basis.

Financial Markets

The IBU provides the service of underwriting and arranging of debt instrument issuances, including Rupee denominated "Masala Bonds" issued by Indian companies.

Business Update

The GIFT City Branch started operations on 1 November 2017. As at 31 March 2020, the balance sheet size (net of interbranch adjustments) of the IBU had increased to ₹216.01 billion.

MANAGEMENT AND BOARD OF DIRECTORS

The Bank's Articles provide that, unless otherwise agreed by the Bank, the number of Directors shall not be less than three or more than 15. The Bank's Board of Directors currently comprises 12 members and is responsible for the management of the Bank's business.

Under the terms of the Articles, SUUTI and LIC, promoters of the Bank, each have the right to nominate one director on the Board of the Bank. Further, BC Asia Investments VII Limited, Integral Investments South Asia IV and BC Asia Investments III Limited also have the right to jointly nominate a director on the Board of the Bank for a period of four years under the terms of the preferential allotment of securities undertaken by the Bank on 18 December 2017.

The non-executive (part-time) chairman of the Bank is an independent director who is duly appointed by the Board of Directors of the Bank. None of the Bank's Promoters are involved in the day-to-day affairs of the Bank.

The Banking Regulation Act and the RBI notification dated 24 November 2016 requires that at least 51% of Directors shall have specialised knowledge or practical experience in one or more of the following areas: accountancy, agriculture and rural economy, banking, co-operation, economics, finance, law, small-scale industry, information technology, core industries, infrastructure sector, payment and settlement systems, human resources, risk management and business management and any other matter specialist knowledge of and practical experience in, would, in the opinion of the RBI, be useful to the banking company. Of the above directors, no fewer than two directors are required to have specialised knowledge or practical experience in agriculture and rural economy, cooperation and small-scale industry. All of the Bank's Directors are professionals with specialised knowledge of one or more of the above areas. The MD and CEO and the whole-time Directors of the Bank are employed on a full-time basis. The appointment of chairman and whole-time Directors requires the approval of the shareholders and prior approval of RBI. The RBI has also prescribed "fit and proper" criteria to be considered when appointing directors of banks, with the Bank's Directors being required to make declarations confirming their ongoing compliance with such criteria. The Nomination and Remuneration Committee of the Board of Directors has reviewed the declarations received from all the Directors and determined that all of the Bank's Directors satisfy the fit and proper criteria.

Pursuant to the provisions of the Companies Act, at least two-thirds of the total number of Directors excluding the independent Directors and the MD and CEO are liable to retire by rotation, with one-third of such number retiring at each Annual General Meeting. A retiring Director is eligible for re-appointment. Further, the independent Directors may be appointed for a maximum of two terms of up to five consecutive years each. Any re-appointment of independent Directors shall inter alia be on the basis of the performance evaluation report and approval of the shareholders by way of special resolution. Pursuant to the provisions of the Banking Regulation Act, none of the Directors other than the Chairman and the whole-time Directors may hold office continuously for a period exceeding eight years.

The Board of Directors comprises the following:

Name, Address, Occupation, Nationality, Term and DIN		Age (in years)	Designation
Mr. Rakesh Makhija		69	Non – executive (part time) chairman and independent Director
Address:	A 702, Empress Towers, Sopan Baug Road, Near Tara Baug, Camp, Pune – 411001		
Occupation:	Independent director		
Nationality:	Indian		
Term:	For a term of three years with effect from 18 July 2019 as the Non-executive (part time) chairman(1)		
DIN:	00117692		
Mr. Amitabh Chaudhry		56	MD and CEO
Address:	4301, 43rd Floor, Tower 3, Planet Godrej, KK Marg, Near Jacob Circle, Mahalaxmi, Mumbai – 400011		
Occupation:	Service		
Nationality:	Indian		
Term:	For a term of three years with effect from 1 January 2019		
DIN:	00531120		
Mr. Rohit Bhagat		56	Independent non - executive Director
Address:	925, Culebra Road, Hills Borough, California, CA - 94010.		
Occupation:	Independent director		
Nationality:	American		
Term:	For a term not exceeding 15 January 2021 with effect from 1 April 2019		
DIN:	02968574		
Mr. S. Vishvanathan		66	Independent non – executive Director
Address:	560, Mandakani Enclave, Alaknanda, New Delhi – 110019		
Occupation:	Retired		
Nationality:	Indian		
Term:	For a term of three years with effect from 11 February 2020		
DIN:	02255828		

Name, Address, Occupation, Nationality, Term and DIN	Age (in years)	Designation
Ms. Ketaki Bhagwati *Address:* 1177 22nd St NW Unit # 8E, Washington D.C. 20037-1260 *Occupation:* Retired *Nationality:* Indian *Term:* For a term of five years with effect from 19 January 2016 *DIN:* 07367868	56	Independent non – executive Director
Mr. Baburao Busi *Address:* 16/63, MHB Colony, Reclamation, Bandra West, Mumbai - 400050 *Occupation:* Retired *Nationality:* Indian *Term:* Liable to retire by rotation *DIN:* 00425793	61	Non – executive Director (nominee of SUUTI)
Mr. Stephen Pagliuca *Address:* 29, Webster Road, Weston, Massachusetts, United States – 02493 *Occupation:* Service *Nationality:* American *Term:* For a term of four years with effect from 19 December 2017 *DIN:* 07995547	65	Non – executive Director (nominee of BC Asia Investments VII Limited, Integral Investments South Asia IV and BC Asia Investments III Limited)
Mr. Tharavanat Chandrasekharan Suseel Kumar *Address:* B-6, Jeevan Jyot, Setalvad Lane, Napean Sea Road, Cumballa Hill, Mumbai 400026. *Occupation:* Service *Nationality:* Indian *Term:* For a term of six years with effect from 1 July 2020 *DIN:* 0645331	59	Non - executive Director (nominee of LIC)

Name, Address, Occupation, Nationality, Term and DIN		Age (in years)	Designation
Mr. Girish S. Paranjpe		62	Independent non – executive Director
Address:	Villa 141, Phase 1, Adarsh Palmmeadows, Ramagondanahalli, Whitefield, Bangalore – 560066		
Occupation:	Investor, Advisor and Independent Director		
Nationality:	Indian		
Term:	For a term of four years with effect from 2 November 2018		
DIN:	02172725		
Ms. Meena Ganesh		57	Additional independent non – executive Director
Address:	No. 76, 1st Cross Defence Colony, Indira Nagar, Bangalore North, Bengaluru – 560038		
Occupation:	Service		
Nationality:	Indian		
Term:	For a term of four years with effect from 1 August 2020(2)		
DIN:	00528252		
Mr. Rajiv Anand		54	Executive Director (wholesale banking)
Address:	D 2203, Vivarea, Sane Guruji Marg, Saat Rasta, Near Jacob Circle, Mahalaxmi, Mumbai – 400 011		
Occupation:	Service		
Nationality:	Indian		
Term:	For a term of three years with effect from 4 August 2019		
DIN:	02541753		
Mr. Rajesh Kumar Dahiya		53	Executive Director (corporate centre)
Address:	20-A, 20th Floor, Vaibhav Apartments, 80 Bhulabhai Desai Road, Mumbai – 400026		
Occupation:	Service		
Nationality:	Indian		
Term:	For a term of three years with effect from 4 August 2019		
DIN:	07508488		

Notes:

(1) Mr. Rakesh Makhija has been reappointed as an independent Director for a term of three years with effect from 27 October 2020.

(2) Ms. Meena Ganesh has been appointed as an additional independent non-executive Director with effect from 1 August 2020 and is to hold office as such up to the date of the 27th Annual General Meeting of the Bank. Ms. Ganesh's term as an independent director shall be for a period of four years with effect from 1 August 2020. The appointment is subject to the approval of the Shareholders.

Brief profiles of our Directors

Board of Directors

Mr. Rakesh Makhija has a bachelor of technology degree in chemical engineering from the Indian Institute of Technology, New Delhi. He was the president of SKF Asia and the managing director of SKF India Limited from 2002 to 2009. Prior to joining SKF Asia, Mr. Makhija held a number of senior management positions with the erstwhile Tata Honeywell Limited, now known as Honeywell Automation (India) Limited and also served as the managing director of Honeywell International. As on date of this Offering Circular, he is a director on the boards of Castrol India Limited, Tata Technologies Limited and A. TREDS Limited.

Mr. Amitabh Chaudhry has a bachelor of engineering degree from Birla Institute of Technology and Science, Pilani and a post graduate diploma in management from the Indian Institute of Management, Ahmedabad. Mr. Chaudhry is the MD and CEO of the Bank. Mr. Chaudhry served as the managing director and chief executive officer of HDFC Standard Life Insurance Company Limited and Infosys BPO Limited. As on date of this Offering Circular, he is a director on the boards of Axis Capital Limited, Axis Finance Limited and Axis Asset Management Company Limited.

Mr. Rohit Bhagat has a bachelor's of technology degree in mechanical engineering from the Indian Institute of Technology, Delhi, a masters of science in engineering degree from the University of Texas at Austin and a master of management degree from the J. L. Kellogg Graduate School of Management at Northwestern University. He previously served as chairman, Asia Pacific, for BlackRock, and also served on its global executive committee. Prior to BlackRock, he was the global chief operating officer of Barclays Global Investors and was also associated with the Boston Consulting group. As on date of this Offering Circular, he is a director on the boards of Mukt Capital, AssetMark, Franklin Templeton ETF Trust and Flipkart Private Limited.

Mr. S. Vishvanathan has a master of science degree in physics from St. Stephen's College, Delhi, a master of business administration degree from Faculty of Management Studies, University of Delhi and is a certified associate of the Indian Institute of Bankers. He has experience in the banking sector and was associated with the State Bank of India. Mr. Vishvanathan retired as the managing director and group executive (associates and subsidiaries) of State Bank of India. Mr. Vishvanathan has also served as the managing director and chief executive officer of SBI Capital Markets Limited. As on date of this Offering Circular, he is a director on the boards of Orient Paper & Industries Limited and the Clearing Corporation of India Limited.

Ms. Ketaki Bhagwati has a bachelor of arts degree from the Wellesley College and a master of public administration degree from the Harvard University's John F. Kennedy School of Government. She is a former chief investment officer in the Financial Institutions Group at the International Finance Corporation, the private sector financing arm of the World Bank Group. She is currently a member of the Wellesley College Business Leadership Council. As on date of this Offering Circular, she is a director on the boards of Omniactive Health Technologies Limited, Bayer CropScience Limited and Tikona Infinet Private Limited.

Mr. Baburao Busi has a bachelor of engineering degree from Jawaharlal Nehru Technological University, Andhra Pradesh and a post graduate diploma in management from the Indian Institute of Management, Ahmedabad. He has experience in the area of finance, capital markets and fund management, being previously associated with UTI Asset Management Company Limited and Larsen and Toubro Limited. As on date of this Offering Circular, he is a director on the boards of UTI Infrastructure Technology & Services Limited and Axis Securities Limited.

Mr. Stephen Pagliuca has a bachelor of arts degree with major in accounting and economics from Trinity College of Arts & Sciences at Duke University and a master of business administration degree from the Harvard Business School. Mr. Pagliuca is co-chair of Bain Capital. He also serves as the global head of Bain Capital Private Equity's technology, media and telecommunications vertical and financial services vertical. As on date of this Offering Circular, he is a director on the boards of Gartner Incorporation, Toshiba Memory Holdings Corporation, Virgin Cruises Limited, Bain Capital LP and Bain Capital Private Equity LP.

Mr. Tharavanat Chandrasekharan Suseel Kumar has a master of arts degree in economics from the University of Calicut. He has attended several management and leadership programmes in various institutes, including the Institute of Management, Ahmedabad, the Indian School of Business, Hyderabad and Asian Institute of Management, Manila. Mr. Kumar is a managing director of LIC. During his career at LIC spanning more than 35 years, he has served in various capacities in areas including strategic planning, marketing, customer centricity and talent management. As on date of this Offering Circular, he is a director on the boards of LIC, LIC Pension Fund Limited, LICHFL Asset Management Company Limited, LIC Mutual Fund Trustee Private Limited and LIC Lanka Limited.

Mr. Girish S. Paranjpe has a bachelor of commerce degree from the University of Bombay. He is also a member of the Institute of Chartered Accountants of India and a member of the Institute of Cost and Works Accountants of India. He has experience in the field of information technology and venture capital, and has previously been the joint chief executive officer of Wipro Limited, and has also served as a consultant with Advent International. As on date of this Offering Circular, he is a director on the boards of IBS Software Pte Limited, Dixcy Textiles Private Limited, CRISIL Limited, ASK Investment Managers Limited and CRISIL Irevna UK Limited.

Ms. Meena Ganesh has a bachelor of science degree in physics from the University of Madras and a post graduate diploma in management from the Indian Institute of Management, Calcutta. She is currently the managing director and chief executive officer of Healthvista India Private Limited. She has also served as the chief executive officer and managing director of Pearson India Education Services Private Limited and as a senior consultant with NIIT Limited. She has also been associated with Digitron Computers Private Limited previously. As on date of this Offering Circular, she is a director on the boards of Takecare Technology Private Limited, Starvista Celebrities Private Limited, Hygiene Bigbite Private Limited, Rocket Logistics Private Limited, Qtrove Services Private Limited, Curated Marketplaces Private Limited, Ezeesmart Education Private Limited, Manipalcigna Health Insurance Company Limited, Foodvista India Private Limited, Edvista Educational Services Private Limited, Healthvista India Private Limited, Portea Medical Private Limited, Procter & Gamble Hygiene and Healthcare Limited, Pfizer Limited, Vriksha Realtors Private Limited and CRM Holdings Private Limited.

Mr. Rajiv Anand is a qualified chartered accountant and holds a bachelor's degree in commerce from St. Joseph's College of Commerce. Currently, he is executive director (wholesale banking) of the Bank. He has been with Axis group for over 10 years having joined Axis Asset Management Company Limited, where he held the position of managing director and chief executive officer. As on date of this Offering Circular, he is a director on the boards of National Payments Corporation of India, Axis Bank UK Limited, A.TREDS Limited, Axis Capital Limited and SWIFT India Domestic Services Private Limited.

Mr. Rajesh Kumar Dahiya has a bachelor of engineering degree from Bangalore University and a master of personnel management and industrial relations degree from Punjab University. In his current role as the executive director (corporate centre) of the Bank, he supervises functions under corporate centre, including internal audit, human resources, compliance, company secretary, corporate social responsibility and law. Prior to joining the Bank in June 2010, he was associated with Tata Group where he served as the vice president (water integration) at Tata Tea Limited. As on date of this Offering Circular, he is director on the board of Axis Trustee Services Limited.

Relationship with other Directors

None of the Directors of the Bank are related to each other.

Borrowing Powers of the Board

The Board of Directors is authorised to borrow money upon such terms and conditions as the Board may think fit and may exceed the aggregate of our paid up capital and free reserves, provided that the aggregate amount of its borrowings shall not exceed ₹ 2,000,000 million over and above the aggregate of paid-up capital, free reserves and securities premium of the Bank, as approved by the members of the Bank at the 24th Annual General Meeting of the Bank held on 20 June 2018. Our borrowing limits may be changed from time to time, subject to approval of the Board and Shareholders.

Interests of our Directors

All our Directors may be deemed to be interested to the extent of their shareholding, remuneration, reimbursement of expenses and other benefits to which they are entitled as per their terms of appointment. Our Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares and any other benefit arising out of such holding and transactions with the companies with which they are associated as directors or members. Our non-executive Directors may also be deemed to be interested to the extent of sitting fees and commission payable to them for attending meetings of the Board or a committee thereof as well as to the extent of reimbursement of expenses payable to them.

Further, our Directors may also be regarded as interested in the Equity Shares held by or that may be subscribed by and allotted to the companies, firms and trust, in which they are interested as directors, members, partners or trustees. For details of the Equity Shares held by our Directors, see "– *Shareholding of Directors*" below.

Our Directors may also be deemed to be interested in the contracts, agreements/ arrangements entered into or to be entered into by Bank with any company in which they hold directorships or any partnership firm in which they are partners.

For further details on the related party transactions mentioned above, see "– *Related Party Transactions*".

Other than as disclosed in this Offering Circular, there are no outstanding transactions other than in the ordinary course of business undertaken by the Bank, in which the Directors are interested. Further, except as stated below, the Bank has neither availed of any loans from, nor extended any loans to the Directors which are currently outstanding:

Name of Director	Nature of loan	Principal outstanding amount as on 31 July 2020
Mr. Rajesh Dahiya..........................	Staff vehicle loan	₹ 128,441
	Staff housing loan	₹ 23,407,752
	Commercial housing loan	₹ 8,949,718
Mr. Rajiv Anand............................	Staff home loan	₹ 12,567,811
	Staff home loan	₹ 9,575,303

Shareholding of Directors

Other than as set forth below, our Directors do not hold any Equity Shares as on date of this Offering Circular:

Name	Number of Equity Shares	Percentage (%) of the pre-Issue issued and paid-up share capital as on the date of this Offering Circular
Mr. Tharavanat Chandrasekharan Suseel Kumar	50	0.00
Mr. Rajiv Anand	393,569	0.01
Mr. Rajesh Dahiya..........................	26,395	0.00

Terms of appointment of executive Directors

Amitabh Chaudhry

Mr. Amitabh Chaudhry was appointed as the MD and CEO of the Bank, for a period of three years, with effect from 1 January 2019 up to 31 December 2021. He was granted 1,780,000 stock options, in various tranches under the Employee Stock Option Scheme of the Bank, since 1 January 2019 being the date of his appointment as the MD and CEO of the Bank. Out of the above, 294,000 stock options have been vested and the remaining 1,486,000 stock options are unvested. No stock options have been exercised, as on 31 July 2020. Out of the total stock options granted, 800,000 stock options are subject to approval of the RBI. For details of remuneration paid to him, in terms of the approvals granted by the RBI and the Shareholders, for the Financial Year 2019-20, see "– *Remuneration of the Directors*".

Rajiv Anand

Mr. Rajiv Anand was appointed as the executive Director (retail banking) of the Bank, for a period of three years, with effect from 4 August 2016. Further, the Board at its meeting held on 8 December 2018, approved the change in his responsibilities and accordingly, re-designated him as the executive Director (wholesale banking) of the Bank, with effect from 21 December 2018 up to 3 August 2019. He was reappointed as the executive director (wholesale banking) of the Bank for a period of three years with effect from August 4, 2019 up to 3 August 2022. He was granted 2,920,000 stock options, in various tranches under the various Employee Stock Option Schemes of the Bank, since March 30, 2009 being the date of his appointment as the managing director and chief executive officer of Axis Asset Management Company Limited, subsidiary of the Bank. Out of the above, 2,145,000 stock options have been vested, 1,052,500 stock options have been exercised and the balance 1,092,500 stock options remain unexercised, as on 31 July 2020. Further, 775,000 stock options remain unvested, as on 31 July 2020. Out of the total stock options granted, 450,000 stock options are subject to approval of the RBI. For details of remuneration paid to him, in terms of the approvals granted by the RBI and the Shareholders, for the Financial Year 2019-20, see "– *Remuneration of the Directors*".

Rajesh Kumar Dahiya

Mr. Rajesh Kumar Dahiya was appointed as the executive Director (corporate centre) of the Bank, for a period of three years, with effect from 4 August 2016. He was reappointed as the executive Director (corporate centre) of the Bank for a period of three years with effect from 4 August 2019 up to 3 August 2022. He was granted 1,962,500 stock options, in various tranches under the various employee stock option schemes of the Bank, since 1 June 2010 being the date of his appointment as the president (human resources) of the Bank. Out of the above, 1,329,500 stock options have been vested, 610,000 stock options have been exercised and the balance 719,500 stock options remain unexercised, as on 31 July 2020. Further, 633,000 stock options remain unvested, as on 31 July 2020. Out of the total stock options granted, 375,000 stock options are subject to approval of the RBI. For details of remuneration paid to him, in terms of the approvals granted by the RBI and the Shareholders, for the Financial Year 2019-20, see "– *Remuneration of the Directors*".

Remuneration of the Directors

(A) Whole-time Directors

The details of remuneration paid to the whole-time Directors of the Bank during the current Financial Year, in terms of the approvals granted by the RBI and the Shareholders, for the current Financial Year, are as under:

	Mr. Amitabh Chaudhry	**Mr. Rajiv Anand**	**Mr. Rajesh Kumar Dahiya**	**Mr. Pralay Mondal***
	1 April 2020 to 31 July 2020	**1 April 2020 to 31 July 2020**	**1 April 2020 to 31 July 2020**	**1 April 2020 to 31 July 2020**
		(in ₹)		
Salary (basic)	12,918,000	6,197,984	5,513,284	5,674,712
Leave fare concession facility	333,332	183,332	183,332	183,332
House rent allowance	3,588,332	2,045,336	1,819,384	1,872,656
Variable pay	—	—	—	—
Superannuation allowance / fund	1,291,800	619,800	551,328	567,472
Perquisites (excluding ESOP)	2,605,160	879,058	820,412	430,965
Provident fund (Bank contribution)	12% of basic pay	12% of basic pay	12% of basic pay	12% of basic pay
Gratuity	One month's salary for each completed year of service	One month's salary for each completed year of service	One month's salary for each completed year of service	One month's salary for each completed year of service
Leave encashment	2,153,000	361,549	689,161	47,289

**Mr. Pralay Mondal ceased to be a Director of the Bank on September 15, 2020 upon resignation from the services of the Bank.*

The details of remuneration paid to the whole-time Directors of the Bank during the Financial Year 2019-20, in terms of the approvals granted by the RBI and the Shareholders, are as under:

	Mr. Amitabh Chaudhry	Mr. Rajiv Anand	Mr. Rajesh Kumar Dahiya	Mr. Pralay Mondal*
	1 April 2019 to 31 March 2020	1 April 2019 to 31 March 2020	1 April 2019 to 31 March 2020	1 August 2019 to 31 March 2020
		(in ₹)		
Salary (basic)	38,754,000	18,593,952	16,539,852	11,349,424
Leave fare concession facility	999,996	549,996	549,996	366,664
House rent allowance	10,764,996	6,136,008	5,458,152	3,745,312
Variable pay (for 2018-19)	4,536,986	8,769,488	7,793,800	—
Superannuation allowance / fund	3,875,400	1,859,400	1,653,983	1,134,944
Perquisites (excluding ESOP)	204,233	3,098,384	3,095,531	1,708,590
Provident fund (Bank contribution)	12% of basic pay	12% of basic pay	12% of basic pay	12% of basic pay
Gratuity	One month's salary for each completed year of service	One month's salary for each completed year of service	One month's salary for each completed year of service	One month's salary for each completed year of service
Leave encashment	1,000,000	2,609,967	2,441,666	—

**Mr. Pralay Mondal ceased to be a Director of the Bank on September 15, 2020 upon resignation from the services of the Bank.*

The details of remuneration paid to the whole-time Directors of the Bank during the Financial Year 2018-19, in terms of the approvals granted by the RBI and the Shareholders, are as under:

	Ms. Shikha Sharma*	Mr. Amitabh Chaudhry	Mr. V Srinivasdan*	Mr. Rajiv Anand	Mr. Rajesh Kumar Dahiya
	1 April 2018 to 31 December 2018	1 January 2019 to 31 March 2019	1 April 2018 to 20 December 2019	1 April 2018 to 31 March 2019	1 April 2018 to 31 December 2019
			(in ₹)		
Salary (basic)	22,089,753	9,000,000	15,856,935	16,299,732	14,485,676
Leave fare concession facility	—	249,999	435,863	549,996	549,996
House rent allowance	7,368,003	2,499,999	3,962,874	5,378,910	2,222,310
Deferred variable pay (for 2014-2015)	2,568,098	—	—	—	—
Variable pay (for 2016-2017)	9,097,000	—	4,666,569	5,089,279	3,739,240
Superannuation allowance / fund	2,208,978	900,000	1,585,694	1,629,974	1,448,564
Perquisites (excluding EOP)	375,574	37,841	1,743,728	2,796,605	4,299,048
Provident fund (Bank contribution)	12% of basic pay	12% of basic pay	12% of basic pay	12% of basic pay	12% of basic pay
Gratuity	24,544,170	One month's salary for each completed	16,767,000	One month's salary for each completed	One month's salary for each completed

	Ms. Shikha Sharma*	Mr. Amitabh Chaudhry	Mr. V Srinivasdan*	Mr. Rajiv Anand	Mr. Rajesh Kumar Dahiya
	1 April 2018 to 31 December 2018	1 January 2019 to 31 March 2019	1 April 2018 to 20 December 2019	1 April 2018 to 31 March 2019	1 April 2018 to 31 December 2019
			(in ₹)		
		year of service		year of service	year of service
Leave encashment	4,745,206	—	4,905,750	170,871	1,138,673

* *Ms. Shikha Sharma and Mr. V. Srinivasan ceased to be Directors of the Bank on expiry of their tenures on 31 December 2018 and 20 December 2018 respectively.*

The details of remuneration paid to the whole-time Directors of the Bank during the Financial Year 2017-18, in terms of the approvals granted by the RBI and the Shareholders, are as under:

	Ms. Shikha Sharma	Mr. V. Srinivasan	Mr. Rajiv Anand	Mr. Rajesh Kumar Dahiya
	1 April 2017 to 31 March 2018	1 April 2017 to 31 March 2018	1 April 2017 to 31 March 2018	1 April 2017 to 31 March 2018
		(in ₹)		
Salary (basic)	29,097,336	20,614,000	15,194,698	13,357,954
Leave fare concession facility	1,476,000	605,004	549,996	549,996
House rent allowance	9,705,336	5,152,000	5,014,248	—
Deferred variable pay (for 2013-14 and 2014-15)	4,409,897	1,162,855	—	—
Superannuation allowance / fund	10% of basic pay (fund contribution)	2,061,400	1,519,467	1,335,793
Perquisites (excluding ESOP)	3,208,204	1,083,946	2,086,639	2,191,364
Provident Fund (Bank contribution)	12% of basic pay	12% of basic pay	12% of basic pay	12% of basic pay
Gratuity	One month's salary for each completed year of service	One month's salary for each completed year of service	One month's salary for each completed year of service	One month's salary for each completed year of service

Perquisites (evaluated as per Income Tax Rules, 1962, wherever applicable, or otherwise at actual cost to the Bank) such as benefit of the Bank's furnished accommodation, electricity, water and furnishings, club fees, personal accident insurance, loans, use of car and telephone at residence, medical reimbursement, travelling and halting allowances, newspapers and periodicals and others were provided in accordance with the Rules of the Bank.

In view of the financial performance of the Bank for Fiscal 2018, the Nomination and Remuneration Committee of the Board did not recommend payment of variable pay to the whole-time Directors of the Bank for Fiscal 2018.

The Bank, as a policy, does not pay any severance fees to its MD and CEO or to its whole-time Directors. The tenure of the office of the MD and CEO and the whole time Directors of the Bank is for a period of 3 (three) years from date of their respective appointment/re-appointment, as approved by the shareholders of the Bank and the RBI and the same can be terminated by either party by giving three months' notice in writing.

(B) Non-executive (part-time) chairman

The details of the remuneration paid to the non-executive (part-time) chairman of the Bank during the current financial year and the last three financial years are as under:

	Fiscal 2020				Fiscal 2018	
	1 April 2020 to 31 July 2020	**18 July 2019 to 31 March 2020**	**1 April 2019 to 17 July 2019**	**Fiscal 2019**	**18 July 2017 to 31 March 2018**	**1 April 2017 to 17 July 2017**
Dr. Sanjiv Misra (Ceased to be the non-executive (part-time) chairman of the Bank on expiry of his tenure on 17 July 2019)	—	—	275,000 per month	275,000 per month	275,000 per month	250,000 per month
Mr. Rakesh Makhija (Appointed as the non-executive (part-time) chairman of the Bank w.e.f 18 July 2019)	275,000 per month	275,000 per month	—	—	—	—

In addition to the above, the non-executive (part-time) chairman is entitled to certain perquisites such as use of car and travelling and other official expenses provided in accordance with the approval obtained from RBI in this regard.

(C) Non-executive Directors and independent Directors

All the non-executive Directors of the Bank were paid sitting fees of ₹ 1,00,000 for every meeting of the Board and ₹ 50,000 for every meeting of the committees attended by them. However, in view of the increase in the duties, roles and responsibilities of the non-executive Directors and the commitment required thereof, the Board at its meeting held on 22 January 2020 approved a revision in the sitting fees payable to the non-executive Directors of the Bank in respect of the following key committees: (a) Nomination and Remuneration Committee; (b) Audit Committee; (c) Committee of Directors; (d) Risk Management Committee; and (e) IT Strategy Committee of the Board, from ₹ 50,000 to ₹ 1,00,000 per meeting, with effect from 1 February 2020. The sitting fees with respect to other Board Committees remain unchanged at ₹ 50,000 per meeting.

The details of the sitting fees paid to the non-executive Directors of the Bank during the current financial year and the last three financial years are as under:

Name	1 April 2020 to 31 July 2020	Fiscal 2020	Fiscal 2019	Fiscal 2018
		(in ₹)		
Dr. Sanjiv Misra (Ceased to be the non-executive (part-time) chairman of the Bank on expiry of his tenure on 17 July 2019)	—	350,000	1,450,000	1,200,000
Mr. Prasad Menon (Ceased to be a Director of the Bank on expiry of his tenure on 8 October 2018)	—	—	1,500,000	2,400,000
Prof. Samir Barua (Ceased to be an independent Director of the Bank on expiry of his tenure, w.e.f. the close of business hours on 21 July 2019)	—	650,000	2,800,000	2,250,000
Mr. Som Mittal (Ceased to be an independent Director of the Bank on expiry of his tenure, w.e.f. the close of business hours on 21 October 2019).	—	900,000	2,450,000	1,600,00
Mr. Rohit Bhagat	900,000	1,750,000	1,950,000	1,800,000
Ms. Usha Sangwan (Ceased to be a Nominee Director of the Bank w.e.f. 12 December 2019)*	—	550,000	750,000	6,00,000
Mr. S. Vishvanathan	950,000	2,700,000	3,100,000	2,250,000
Mr. Rakesh Makhija	1,100,000	2,550,000	3,350,000	2,500,000
Ms. Ketaki Bhagwati	900,000	2,550,000	2,250,000	2,000,000
Mr. Baburao Busi*	1,050,000	3,000,000	2,800,000	1,950,000
Mr. Stephen Pagliuca (Appointed as an non-executive (nominee) Director with effect from 19 December 2017)..................	600,000	1,200,000	1,350,000	200,000
Mr. Tharavanat Chandrasekharan Suseel Kumar** (Appointed as non-executive (nominee) Director with effect from 1 July 2020)...	200,000	—	—	—
Ms. Meena Ganesh (Appointed as additional non-executive independent director with effect from 1 August 2020)	—	—	—	—
Mr. Girish S. Paranjpe (Appointed as an independent Director with effect from 2 November 2018)...	750,000	1,950,000	800,000	—
Mr. V. R. Kaundinya (Ceased to be a Director of the Bank on expiry of his tenure on 11 October 2017)...................................	—	—	—	750,000
Total...	**6,450,000**	**18,150,000**	**24,550,000**	**19,500,000**

* *Sitting fees paid up to 30 September 2018 to Ms. Usha Sangwan (nominee Director – LIC) and up to 2 January 2019 to Mr. Baburao Busi (nominee Director – SUUTI) for attending the meetings of the Board/Committees have been credited to the*

designated bank account of LIC and SUUTI, respectively. Further, the sitting fees paid after the said date have been credited to the designated Bank account of Ms. Usha Sangwan and Mr. Baburao Busi, respectively.

** *Sitting fees paid to Mr. Tharavanat Chandrasekharan. Suseel Kumar (nominee Director – LIC) for attending the meetings of the Board have been credited to the designated bank account of LIC.*

The details of the profit linked commission paid to the non-executive Directors of the Bank for the Financial Year 2018-19 during the Financial Year 2019-20, in terms of the RBI Circular bearing number DBR.No.BC.97/29.67.001/2014-15 dated 1 June 2015 on Guidelines on Compensation of Non-Executive Directors of Private Sector Banks, are as under:

Name	**Profit linked commission**
	(in ₹)
Mr. Prasad R. Menon(1)	523,288
Prof. Samir Barua(2)	1,000,000
Mr. Som Mittal(3)	1,000,000
Mr. Rohit Bhagat	1,000,000
Mr. S. Vishvanathan	1,000,000
Ms. Usha Sangwan(4)	533,000
Mr. Rakesh Makhija	1,000,000
Ms. Ketaki Bhagwati	1,000,000
Mr. Baburao Busi(4)	1,000,000
Mr. Stephen Pagliuca	1,000,000
Mr. Girish S. Paranjpe(5)	410,959

Notes:

(1) Mr. Prasad R. Menon ceased to be an independent Director of the Bank with effect from the close of business hours on 8 October 2018 pursuant to the expiry of his term as an independent Director of the Bank. Therefore Mr. Menon was paid commission from 1 April 2018 up to 8 October 2018 (both days inclusive).

(2) Prof. Samir Barua ceased to be an independent Director of the Bank on expiry of his tenure, with effect from the close of business hours on 21 July 2019.

(3) Mr. Som Mittal ceased to be an independent Director of the Bank on expiry of his tenure, with effect from the close of business hours on 21 October 2019.

(4) The commission paid to Ms. Usha Sangwan, nominee Director of LIC and Mr. Baburao Busi, nominee Director of SUUTI has been credited to the designated bank account of LIC and SUUTI, respectively. As Ms. Usha Sangwan's attendance in the Board and committee meetings, during the Financial Year 2018-19, was less than 75%, she was paid profit linked commission in proportion to her attendance in the meetings.

(5) Mr. Girish Paranjpe was appointed as an independent Director of the Bank with effect from 2 November 2018. Therefore, Mr. Paranjpe was paid commission from 2 November 2018 to 31 March 2019 (both days inclusive).

For the Financial Year 2017-18, the non-executive Directors of the Bank were not paid any profit linked commission due to inadequacy of profits. For the Financial Year 2019-20, the non-executive Directors of the

Bank were not paid any profit linked commission due to the challenging external environment posed by the COVID-19 pandemic.

Corporate Governance

The Bank's corporate governance policies recognise the accountability of the Board and the importance of transparency to all its constituents, including employees, customers, investors and the regulatory authorities and of demonstrating that the shareholders are the ultimate beneficiaries of the Bank's economic activities. The Bank's corporate governance philosophy encompasses not only regulatory and legal requirements but also other practices aimed at a high level of business ethics, effective supervision and enhancement of value for all shareholders. The Board's role, functions, responsibility and accountability are clearly defined. In addition to its primary role of monitoring corporate performance, the Board also carries out functions such as taking care of all statutory agendas, approving a business plan, reviewing and approving annual budgets and borrowing limits, fixing exposure limits and ensuring that the Bank's shareholders are kept informed about the Bank's plans, strategies and performance. To enable the Board of Directors to discharge these responsibilities effectively, management provides detailed reports on the Bank's performance to the Board on a quarterly basis.

Committees of the Board of Directors

The Bank has constituted the following committees in terms of the SEBI Listing Regulations, and the Companies Act each of which functions in accordance with the relevant provisions of the Companies Act, Banking Regulation Act, SEBI Listing Regulations and guidelines issued by RBI, as applicable:

Audit Committee

The Audit Committee consists of four Directors: Mr. Girish S. Paranjpe, Mr. S. Vishvanathan, Mr. Rakesh Makhija and Mr. Baburao Busi. The Committee is chaired by Mr. Girish S. Paranjpe. The function of the Audit Committee is to provide direction and to oversee the operation of the audit function, review the internal audit system with special emphasis on its quality and effectiveness and status of compliance with respect to risk assessment report, risk mitigation plan, scrutiny reports issued by RBI, to review the concurrent audit system of the Bank (including the appointment of concurrent auditors), approve the appointment, re-appointment, remuneration and terms of appointment of statutory auditors and payments to statutory auditors for any other services rendered by them, to oversee the Bank's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible, to review, with the management, quarterly as well as the annual financial statements and auditor's report thereon before submission to the Board for approval with special emphasis on accounting policies and practices, compliance with accounting standards, disclosure of related party transactions and other legal requirements relating to financial statements, oversee the implementation of Compliance Policy and review the compliance function on half-yearly and annual basis ensuring that all compliance issues are resolved effectively, to review functioning of the Whistle Blower and Vigilance mechanism, approve any subsequent modification of transactions of the Bank that shall involve related parties, to review the performance of information security audit and the critical issues highlighted during the information security audit and provide appropriate guidance to the Bank's management, to review all matters as specified by RBI in the circular on Calendar of Reviews as per RBI Circular dated 10 November 2010 and notifications thereto, SEBI Listing Regulations and Companies Act and rules made thereunder.

Acquisitions, Divestments and Mergers Committee

The Acquisitions, Divestments and Mergers Committee consists of five Directors: Mr. Rohit Bhagat, Mr. Amitabh Chaudhry, Mr. Rakesh Makhija, Ms. Ketaki Bhagwati and Ms. Meena Ganesh. The Committee is chaired by Mr. Rohit Bhagat. The function of the committee is to consider such ideas/ proposals and give its in-principle approval and recommend the same for the approval of the Board of Directors (the Board) of the Bank for its final decision, acquisition of business: Business takeover/acquisition as distinct from portfolio or asset purchase (If the purchase of a portfolio is accompanied by other integral elements of the business such as manpower, technology or a distribution franchise, a reference should be made to the Committee), strategic investments: Acquisition of greater than 25% stake in a company or acquisition of stake in a company where the proportion is 25% or lower but where the Bank intends to have management participation. (These exclude cases where the stake is acquired under a loan-restructuring/CDR arrangement or where shares are pledged to the Bank against credit facilities), strategic divestments: Sale of an existing business of the Bank (as distinct from the sale of assets in the normal course of business, sale to ARCs and fixed assets) or sale of stake (including minority stake) in strategic investments/ subsidiary companies of the Bank.

Corporate Social Responsibility Committee

The Committee of Corporate Social Responsibility consists of three Directors: Mr. Rakesh Makhija, Mr. Rajesh Kumar Dahiya and Mr. Rajiv Anand. The Committee is chaired by Mr. Rakesh Makhija. The Committee formulates and recommend to the Board, Corporate Social Responsibility (CSR) strategy, themes, focus areas and review mechanism, including the CSR Policy of the Bank, review and approve the CSR projects/ programmes to be undertaken by the Bank either directly or through Axis Bank Foundation or through implementation partners during the financial year and specify modalities for its execution and implementation schedules for the same, in terms of the CSR Policy of the Bank, recommend the amount of expenditure to be incurred on the CSR activities and undertaking a review, monitoring and evaluation of the initiatives to ensure compliance against agreed targets, review the amounts spent on the CSR projects/ programmes during the financial year and the amounts unspent as at the end of the financial year, ascertain reasons thereof and issue appropriate directions on unspent CSR amounts, in terms of Section 135(5) of the Companies Act, periodically review and monitor compliance of CSR projects /programmes undertaken and evaluate performance of the CSR projects/ programmes against the agreed deliverables and recommend conduct of financial audit or impact assessments and baseline studies, as required and review thereof; review and recommend the annual CSR report for the Board's approval and for public disclosure, review the activities undertaken by the Bank to promote sustainable business/non-business practices periodically and recommend relevant disclosure in the Annual Sustainability Report of the Bank.

Committee of Directors

The Committee of Directors consists of five Directors: Mr. S. Vishvanathan, Mr. Amitabh Chaudhry, Ms. Ketaki Bhagwati, Mr. Baburao Busi and Mr. Rajiv Anand. The Committee is chaired by Mr. S. Vishvanathan. The functions of the Committee is to review loans sanctioned by Senior Management Committee (SMC), provide approvals for loans as per the limits stipulated in the Corporate Credit Policy, of the Bank, as amended, from time to time, and to discuss strategic issues in relation to credit policy and deliberate on the quality of the credit portfolio of the Bank, to monitor the exposures (both credit and investments) of the Bank and to consider and approve one time compromise settlement proposals, in respect of loan accounts which have been written off, to sanction revenue expenditures relating to the Bank's business/operations covering all its departments and business segments, above certain stipulated limits, and review the cases of technical write-off of Non-Performing Assets (NPA) accounts on a quarterly basis, to review investment strategy, periodically review investments made and approve investment related proposals above certain limits, to review and approve proposals relating to the Bank's business/operations covering all its departments and business segments.

Customer Service Committee

The Customer Service Committee consists of three Directors: Mr. Amitabh Chaudhry, Mr. Baburao Busi and Mr. T. C. Suseel Kumar. The Committee is chaired by Mr. Amitabh Chaudhry. The functions of the Customer Service Committee include oversee functioning of the various customer sub committees at the Bank, review complaints and quality of service provided by Bank and its subsidiaries to ensure a robust grievance redressal mechanism, approve policy documents and review effective implementation of RBI directives, to review progress on other regulatory matters and review the initiatives taken by bank to enhance customer experience.

Committee of whole-time Directors

The Committee of whole-time Directors presently consists of three Directors: Mr. Amitabh Chaudhry, Mr. Rajiv Anand and Mr. Rajesh Kumar Dahiya. The Committee is chaired by Mr. Amitabh Chaudhry. The functions of the Committee include issuance of general or special Power of Attorney to various officials of the Bank and its Subsidiaries to do such acts, deeds, matters and things as may be considered necessary or appropriate for and on behalf of the Bank, approve the allotment of equity shares pursuant to exercise of stock option by eligible employees/ directors of the Bank and that of its subsidiary companies, in terms of the relevant employee stock option scheme(s) of the Bank, approve the allotment of debt securities issued by the Bank, including, but not limited to long term bonds, green bonds, non-convertible debentures, perpetual debt instruments, tier II capital bonds or such other debt securities/securities as may be issued by the Bank, to discuss matters inter alia relating to the operations, strategies, business opportunities relating to the Bank and/or that of its subsidiaries, annual branch expansion plan approved by the Board: substitution of branch centres/ business correspondents – banking outlets/ new specialised and CPC/ service branches/ rural unbanked centre and any other matter as may be authorised by the Board of Directors/ Committees of the Board or required to be done pursuant to any laws, rules, regulations or any internal policies of the Bank.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of five Directors: Mr. Rohit Bhagat, Mr. Rakesh Makhija, Mr. Stephen Pagliuca, Mr. Girish Paranjpe and Ms. Meena Ganesh. The Committee is chaired by Mr. Rohit Bhagat. To evaluate the succession planning process adopted by the Bank and recommend the appointment / re-appointment of individual and independent Directors, whole-time Directors and senior management along with the terms of appointment including remuneration, to set the goals, objectives and performance benchmarks for the Bank, whole-time Directors and senior management and review the performance as per the timelines, to review and recommend to the Board the overall remuneration framework and the compensation decisions for the financial year and review the organization structure of the Bank and recommend to the Board the talent management, succession policy and process, creation of new positions one level below the MD and CEO of the Bank, formulate the criteria and the manner for effective evaluation of performance of the Board as a whole, its committees and individual directors, including independent directors of the Bank, which may be carried out either by the Committee or by the Board or with the help of an independent external agency and to review its implementation, compliance and outcomes, consider and approve the Stock based compensation for all the employees of the Bank including the MD and CEO, other Whole-time Directors, senior management and other eligible employees of the Subsidiaries, in terms of SEBI (Share Based Employee Benefits) Regulations, 2015, as amended, from time to time.

Risk Management Committee

The Risk Management Committee consists of four Directors: Ms. Ketaki Bhagwati, Mr. Amitabh Chaudhry, Mr. Rohit Bhagat and Mr. Girish Paranjpe. The Committee is chaired by Ms. Ketaki Bhagwati. The objective of the Risk Management Committee is framing and governing of the risk strategy and approving and reviewing the risk appetite of the Bank, ensuring that sound policies, procedures and practices are in place to manage its risks, establishing a framework to set and monitor limits across risk categories such as credit risk, market risk, operational risk etc. in order to ensure that the risk profile is adequately diversified, reviewing the risk management framework formulated and adopted by the Bank taking into account the nature, size and complexity of the businesses undertaken by the Bank and recommending the same for the approval of the Board, to review the risk management plan with respect to cyber security and monitor the implementation of the measures recommended by the IT Strategy Committee, to mitigate any risk arising therefrom, ensuring compliance with requirements/guidance on risk management issued by RBI and other regulators and to assess the internal and external risks, risks associated with systems, processes, individual platforms adopted by the Bank, from time to time.

Review Committee

The Review Committee presently consists of three Directors: Mr. Amitabh Chaudhry, Ms. Ketaki Bhagwati and Mr. S. Vishvanathan. The Committee is chaired by Mr. Amitabh Chaudhry. The functions of the Committee are to review and confirm the Order(s) passed by the said Internal Committee identifying a borrower as a Wilful Defaulter, in terms of para 3 (c) of the of RBI Master Circular No. RBI/2015-16/100 DBR.No.CID.BC.22/20.16.003/2015-16 dated 1 July 2015, to review and confirm the Order(s) passed by the said Internal Committee identifying a borrower as a Non-cooperative borrower, in terms of Para 2 (d) of RBI Circular No. RBI/2014-15/362 DBR.No.CID.BC.54/20.16.064/2014-15 dated 22 December 2014, to review the information relating to the non-cooperative borrowers to be submitted to Central Repository of Information on Large Credits (CRILC) and to put in place a system for proper and timely classification of borrowers as wilful defaulters or/as non-cooperative borrowers. The said accounts of such borrowers shall be reviewed at-least on a half-yearly basis, and a report thereon shall be placed before the Board for its review and noting.

Stakeholders Relationship Committee

The Stakeholders Relationship Committee consists of three Directors: Mr. Baburao Busi, Mr. Rajesh Kumar Dahiya and Mr. S. Vishvanathan. The Committee is chaired by Mr. Baburao Busi. The primary objective of the Stakeholders Relationship Committee is to resolve the grievances, various aspects of interest of the security holders of the Bank including complaints related to transfer/transmission of shares and debentures, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc; review of measures taken for effective exercise of voting rights by shareholders, review of adherence to the service standards adopted by the Bank in respect of various services being rendered by the Registrar and Share Transfer Agent, review of the various measures and initiatives taken by the Bank for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/ statutory notices by the shareholders of the company and review such other matters, as the Committee may deem appropriate, from time to time.

Special Committee of the Board of Directors for Monitoring of Large Value Frauds

The Special Committee of the Board of Directors for Monitoring of Large Value Frauds consists of five Directors: Mr. Baburao Busi, Mr. Amitabh Chaudhry, Mr. Rakesh Makhija, Mr. Rajesh Kumar Dahiya and Mr. T. C. Suseel Kumar. The Committee is chaired by Mr. Baburao Busi. The Special Committee of the Board of Directors for Monitoring of Large Value Frauds was constituted in response to an RBI circular relating to fraudulent activity involving ₹ 10 million and above. The major functions of the Special Committee are to oversee investigation of large value frauds involving amount of ₹ 10 million and above in each case, actions taken by the Bank against the perpetrators of such frauds and suggesting / reviewing corrective steps to plug systemic loopholes, if any, monitor the progress in all the large value frauds and implementation of the suggestions made by the Committee, review the accounts identified as ‘Red-Flagged’ (RFA) with an exposure amounting to ₹ 500 million and above from the Bank, Cyber frauds and functioning of Fraud Review Council, the Bank’s Policy relating to Management and Reporting of Frauds is approved by the Committee, the functioning of the Committee is reviewed by the Board of Directors on a half-yearly basis.

IT Strategy Committee

The IT Strategy Committee consists of three Directors: Mr. Girish S. Paranjpe, Mr. Amitabh Chaudhry and Ms. Meena Ganesh. The Committee is chaired by Mr. Girish S. Paranjpe. The function of the Committee is to approve IT Strategy and policies and ensuring that IT strategy is aligned with business strategy, ensure that IT architecture, investment, organisational structure, resources and performance measurement parameters are geared to deliver business value and contribute to the Bank's growth, assess and review the strategy for addressing IT and cyber security risks, exercise oversight to ensure effective functioning of the IT operations of the Bank and review the Business Continuity Plan (BCP)/ Disaster Recovery (DR) plan of the Bank and exercise oversight over the efficacy of the BCP/DR process adopted by the Bank and recommend measures for its improvement.

Senior Management

In addition to Mr. Amitabh Chaudhary, Mr. Rajesh Kumar Dahiya and Mr. Rajiv Anand, who currently hold directorships at the Bank, whose details are provided in "*-Brief Profiles of our Directors*", the following are brief biographies of the Bank's Key Managerial Personnel and senior management personnel:

Key Managerial Personnel

Mr. Puneet Mahendra Sharma is the President and Chief Financial Officer of the Bank. He is a qualified chartered accountant with a bachelor of commerce degree from the University of Bombay and has graduated from the Indian School of Business, Hyderabad. He has over two decades of experience in banks, financial institutions and consulting including 12 years of experience at Tata Capital Limited as a senior management functionary, which was his last employment before joining the Bank. He served as the chief financial officer of Tata Capital Limited and Tata Capital Financial Services Limited since 2014 and was accountable for financial control, financial planning and accounting and taxation. Mr. Sharma started his career at Bharat S Raut & Co. and has also worked as a consultant with the Boston Consulting Group and as the vice president of global transaction services, institutional clients group of Citibank N.A. India.

Mr. Girish V. Koliyote is a senior vice president and the Company Secretary of the Bank. He has a bachelor of commerce degree from the University of Bombay and a qualified company secretary from Institute of Company Secretaries of India. He has also successfully completed a certificate course on executive general management program, from IIM Lucknow. Prior to joining the Bank in 2015, he has worked as the company secretary of Fiat Limited and HDFC Limited.

Senior Management Personnel

Mr. Deepak Maheshwari is a group executive and the chief credit officer of the Bank and is responsible for credit, underwriting, policy & monitoring of the Bank. Prior to joining the Bank, Mr. Maheshwari was an independent director on the board of Federal Bank Limited. He is a graduate in commerce and a certified associate of Indian Institute of Bankers. Prior to joining the Bank, Mr. Maheshwari had served in HDFC Bank Limited where he was the group head (corporate credit risk).

Mr. Ganesh Sankaran is a group executive with the wholesale banking coverage group. He has a bachelor of engineering degree in electronic engineering from the University of Bombay. He supervises all functions under strategic coverage group, corporate client coverage group, mid - corporate group, financial institution group, government business group, multi-national corporation and commercial banking department of the Bank. Prior to his association with the Bank, he was an executive director on the board of the Federal Bank Limited and a director on the board of Fedbank Financial Services Limited.

Mr. Naveen Tahilyani is the group executive and head of banking operations and transformation of the Bank. He has a post graduate diploma in management from the Indian Institute of Management, Ahmedabad. He supervises all functions under retail and wholesale banking operations, information technology, strategy and business intelligence unit of the Bank. He has 22 years of experience in financial services in both operating and consulting roles. Prior to joining the Bank, he was the chief executive officer of group partnership distribution at AIA Company Limited. He has also served as the managing director and chief executive officer of Tata AIA Life Insurance Company Limited and as a director in McKinsey & Company Inc. As on date of this Offering Circular, he has resigned from the services of the Bank and is serving his notice period.

Mr. Neeraj Gambhir is the group executive and head of treasury (global markets) of the Bank. He has a bachelor of engineering degree in computer science and engineering from Panjab University and a post graduate diploma in business management from the Indian Institute of Management Society, Lucknow. Prior to joining the Bank, he was the managing director and head of fixed income at Nomura Fixed Income Securities Private Limited and the senior general manager at ICICI Bank Limited.

Shareholding of Key Managerial Personnel

Apart from the shareholding of Mr. Tharavanat Chandrasekharan Suseel Kumar, Mr. Rajiv Anand, and Mr. Rajesh Kumar Dahiya as disclosed under "- *Shareholding of Directors*", no key managerial personnel holds any Equity Shares, as on date of this Offering Circular.

Interest of Senior Management

Except as stated in " – *Interest of our Directors*" above and in the Financial Statements, and to the extent of their shareholding, if any, and remuneration or benefits to which they are entitled as per the terms of their appointment and reimbursement of expenses incurred by them in the ordinary course of business and stock options that have been granted to them under the employee stock option schemes of the Bank and may be granted to them, our Key Managerial Personnel and Senior Management do not have any other interest in the Bank.

Other confirmations

Except as otherwise stated above in "*Interests of our Directors*" and "*Interest of Senior Management*", none of our Directors or senior management members have any financial or other material interest in the issue of Notes under the Programme and there is no effect of such interest in so far as it is different from the interests of other persons.

None of the Promoters and Directors have been identified as wilful defaulters, as defined under the SEBI ICDR Regulations, in the last ten years and none of them have been declared as fugitive economic offenders under Section 12 of the Fugitive Economic Offenders Act, 2018.

None of the Bank's Directors or Promoters have been debarred from accessing capital markets under any order or direction made by SEBI.

Policy on disclosures and internal procedure for prevention of insider trading

The Insider Trading Regulations are applicable to the Bank and its employees and require the Bank to implement a code of internal procedures and conduct for the prevention of insider trading. The Bank has implemented a code of conduct for prevention of insider trading and procedure for fair disclosure of unpublished price sensitive information in accordance with the Insider Trading Regulations.

Related Party Transactions

For details in relation to the related party transactions entered by the Bank during the last three Fiscal Years, as per the requirements under Accounting Standard 18 issued by the Institute of Chartered Accountants of India, please refer to the Financial Statements included elsewhere in this Offering Circular.

LEGAL PROCEEDINGS

Except as disclosed below, the Bank and Subsidiaries are not involved in any pending civil and tax proceedings: (i) which are quantifiable and exceed ₹ 2,500 million; or (ii) which the Bank believes could have a material adverse effect on the business of the Bank on a consolidated basis. Further, except as stated below, there are no: (a) outstanding criminal litigation against the Bank and its Subsidiaries; (b) inquiries, inspections or investigations under the Companies Act against the Bank and its Subsidiaries in the last three years; (c) prosecutions filed against, fines imposed on, or compounding of offences by the Bank or its Subsidiaries in the last three years under the Companies Act; (d) any litigation or legal action pending or taken against any of the Promoters taken by any Ministry, Department of the Government or any statutory authority in the last three years;(e) notices involving the Bank and its Subsidiaries, issued in the last three years, which are subsisting have been disclosed; or (f) penalties imposed by regulatory or statutory authorities on the Bank and its Subsidiaries, in the last three years, which are outstanding as on date.

We are involved in a number of legal proceedings in the ordinary course of our business, including certain proceedings with significant financial claims present on the face of the complaint but that we believe lack any merit based on the historical dismissals of similar claims.

Litigation against the Bank

Civil Litigation

1. A company petition was filed on 25 April 2019 by the Ministry of Corporate Affairs, Government of India (**MCA**) against the Bank and others (**2019 Petition**) before the National Company Law Tribunal Bench at Mumbai (**NCLT**) alleging breach by the Bank and the other respondents of the directions issued by NCLT, by way of its order dated 3 December 2018 (**IL&FS Order**) in another company petition (**IL&FS Petition**) filed by the MCA, before the NCLT, against Infrastructure Leasing And Financial Services Limited (**IL&FS**) and others, which is currently pending before the NCLT. In accordance with the IL&FS Order, certain respondents of IL&FS Petition (**IL&FS Respondents**) were (i) required to disclose their movable and immovable properties/ assets, including bank accounts, lockers owned by them in India or anywhere in the world, including jointly held properties (**Declarations**); and (ii) restrained from, mortgaging or creating charge or lien or creating third party interest or in any way alienating the movable or immovable properties owned by them, including jointly held properties. In accordance with the Declarations, the Indian Banks' Association was instructed by the MCA, to circulate the IL&FS Order to all the member banks, for necessary compliance of the IL&FS Order. It was alleged that the respondent Banks had knowingly allowed one of the IL&FS Respondents to operate his accounts and locker maintained with the respective respondent Banks, in a manner, which was in violation of the IL&FS Order. Hence, the 2019 Petition was filed. The Bank has filed an affidavit in reply refuting all allegations in relation to violation of the IL&FS Order by the Bank. The matter is currently pending before the NCLT and no interim order has been passed against the Bank till date.

2. A suit was filed on 12 April 2019 by Power Finance Corporation Limited (**Power Finance**) and others against the Bank and certain others, before the High Court of Delhi, alleging breach of various terms and conditions, by the Bank of the trust and retention accounts agreements entered into among Power Finance, the Bank and others. Power Finance had originally entered into a loan agreement with IND Bharat Power (Madras) Limited (**Borrower**), the Bank, being one of the lenders, and certain others, for an amount of ₹ 26,550 million. Pursuant to the loan agreement, a trust and retention agreement was also entered into among Power Finance, the Borrower, the Bank and certain others, in relation to govern the disbursement of loan amount to the Borrower (**TRA**). Power Finance claimed that the Bank, among others failed to, (i) adequately monitor and administer the disbursements made in accordance with the

TRA, (ii) keep custody of the title documents of the Borrower; and (iii) effectively monitor and administer permitted investments in accordance with the procedure laid down in the TRA, thereby causing substantial losses to Power Finance. Power Finance has sought, among other things, a money decree for ₹ 6,250.97 million along with interest at the rate of 15% per annum. The matter is currently pending before the High Court of Delhi.

Tax Proceedings

1. The Bank received a notice of demand dated 2 February 2018 for the assessment year 2015-16 for an amount of ₹ 1,629.87 million along with an assessment order under Section 143(3) read with Section 263 of the Income Tax Act, 1961 dated 2 February 2018 as passed by Joint Commissioner of Income Tax, Circle (1), Ahmedabad (**JCIT**). The JCIT has disallowed a claim of deduction of ₹ 4,663.70 million on account of employee stock option plan of the Bank. Pursuant to the disallowance made by the JCIT in its assessment order, the total income was assessed at ₹ 1,22,002.22 million. Aggrieved by the assessment order of the JCIT, the Bank has filed an appeal with the Income Tax Appellate Tribunal, Ahmedabad. The matter is currently pending.

2. An assessment order was passed under Section 143(3) of the Income Tax Act, 1961 dated 26 February 2013 for the assessment year 2010-11 by the Deputy Commissioner of Income Tax, Circle - 1, Ahmedabad (**DCIT**). The DCIT has disallowed a claim of deduction of ₹ 1671.64 million on account of, among others, annual technical fees, profit/ loss on securitisation and commission income of the Bank. Pursuant to the disallowance made by the DCIT in its assessment order, the total income was assessed at ₹ 44,826.16 million. Aggrieved by the assessment order of the DCIT, the Bank has filed an appeal with the Income Tax Appellate Tribunal, Ahmedabad on 2 February 2016. Further, the Bank has filed additional grounds for appeal for grant of ESOP cost of ₹ 2,506.30 million on 27 November 2017. The matter is currently pending.

3. An assessment order was passed under Section 143(3) of the Income Tax Act, 1961 dated 21 November 2013 for the assessment year 2011-12 by the DCIT. The DCIT has disallowed a claim of deduction of ₹ 2,838.90 million on account of, among others, annual technical fees, interest income from non-performing assets, addition of gain on sale of property, on account of lease and commission of the Bank. Pursuant to the disallowance made by the DCIT in its assessment order, the total income was assessed at ₹ 61,145.56 million. Aggrieved by the assessment order of the DCIT, the Bank has filed an appeal with the Income Tax Appellate Tribunal, Ahmedabad on 19 August 2016. Further, the Bank has filed additional grounds for appeal for grant of ESOP cost of ₹ 4,604.30 million 27 November 2017. The matter is currently pending.

Criminal Litigation

103 criminal cases have been filed against the Bank, its Directors, the managers of its branches and its employees, in relation to alleged violations arising in the ordinary course of business operations of the Bank, including, among others, cases filed under the Indian Penal Code, 1860 alleging criminal conspiracy and criminal breach of trust, cheating and dishonestly inducing delivery of property, forgery for purpose of cheating and cases filed under the Negotiable Instruments Act, 1881 for dishonour of cheques. These matters are currently pending at various stages of adjudication.

Other Material Litigation

1. We note from publicly available sources, including information available on the website of the Bombay High Court that one Mr. Mohanish Jabalpure has filed a criminal writ petition on 7 August 2019 before the Bombay High Court, Nagpur Bench, against the State of Maharashtra, the Bank and certain other individuals, challenging a circular dated 11 May 2017, issued by the Additional Director General of Police State of Maharashtra, transferring the salary accounts of the police officials from a public sector

bank to the Bank. Further, pursuant to an order dated 16 September 2019, the Nagpur Bench of the Bombay High Court directed the criminal writ petition filed by Mr. Jabalpure to be examined as a public interest litigation. As on date of this Offering Circular, we have not been served a notice in this matter.

2. An FIR was registered on 25 January 2020 by the Bank against unknown individuals (**Accused**) under Sections 419, 420 and 34 of the Indian Penal Code, 1860 and Sections 66C and 66D of the Information Technology Act, 2005 alleging that the Accused had, among others, cheated the Bank by impersonation, fraudulently and dishonestly made use of the unique identification feature of the Bank to illegally transfer an amount aggregating to ₹ 198.47 million due and payable to the Bank pursuant to the electronic toll collected through prepaid rechargeable FASTag. The Bank has filed an application under Section 457 of the Code of Criminal Procedure, 1973, before the Additional Chief Metropolitan, 37th Court Esplanade, at Mumbai, to recover an amount aggregating to ₹ 27.90 million seized by the authorities from the bank accounts of the Accused. The matter is currently pending.

3. A writ petition was filed on 2 September 2019 by the Bank and others against the Union of India, Central Information Commission, Central Public Information Officer of the RBI and the RBI before the Supreme Court of India. The writ petition was filed challenging the arbitrary actions of the respondents in relation to disclosing confidential and sensitive information, prepared by the RBI, pertaining to some of the petitioners, their employees and their customers, pursuant to applications under the Right to Information Act, 2005 (**RTI Act**), requesting disclosure of such information, which was intimated, post such disclosure, to the concerned petitioners by way of letters from the RBI, each dated 26 June 2019 (**Impugned Actions**). Further, the petitioners have, among others, alleged violation of Articles 14 and 19(1)(g) of the Constitution of India by the Impugned Actions, as the concerned petitioners, being 'private sector banks' are exempt from the purview of the RTI Act. The petitioners have sought, among others, (i) issuance of orders striking down the Impugned Actions; (ii) declaration that the information obtained by the RBI during the course of its inspections of banks and financial institutions are exempted from disclosure under Section 8(1) of the RTI Act; (iii) declaration that 'private sector banks' including the concerned petitioners are not to be considered 'public authority' under the RTI Act; and (iv) issuance of the writ of mandamus or any other appropriate writ directing the respondents to comply with the applicable provisions of the RTI Act. The matter is currently pending before the Supreme Court of India.

4. Punjab National Bank (**PNB**) has filed an application under Section 11 of the Arbitration and Conciliation Act, 1996 against the Bank before the High Court of Delhi, at New Delhi, for appointment of an arbitrator. The application has been filed in relation to a dispute which arose between the parties in relation to sharing of certain documents with PNB for its forensic audit. The matter is currently pending before the High Court of Delhi.

Regulatory Proceedings

Advisory, warning, caution and show cause notices issued by RBI

1. A cautionary letter dated 11 September 2019 was issued by the RBI to the Bank alleging contravention of certain provisions of the Credit Information Companies (Regulation) Act, 2005 by the Bank in relation to appointment of agents to access the database of credit information companies. The Bank was advised to stop the said practice of appointment of agents to access the database of credit information companies with immediate effect, to take appropriate steps in this regard and submit a response to RBI addressing the concerns raised, within 15 days from the date of the receipt of the cautionary letter. The Bank has submitted its response to the cautionary letter on 1 October 2019 stating that an entity in the category of market aggregators which was given an access to the database was immediately disconnected and claiming an exception in relation to the category of technical solution providers.

2. A show cause notice dated 11 March 2019 was issued by RBI to the Bank alleging non-compliance with directions issued by RBI with respect to a complaint filed by one Mr. Lakha Singh regarding the turnover in the account of Club Value Services (**CVS**) with the Bank. It was alleged that the Bank, because of its failure to exercise due diligence in monitoring the account of CVS, whose turnover was allegedly nine times more than declared turnover limit, was in non-compliance with prescribed KYC norms and AML standards. The Bank has submitted its response to the show cause notice on 1 April 2019 stating that the Bank has taken necessary steps to strengthen the monitoring and reporting process.

3. A show cause notice dated 25 April 2018 was issued by RBI to the Bank alleging non-compliance by the Bank, in its capacity as an authorised dealer bank, with the master directions and guidelines issued by RBI. It has been alleged in this show cause notice that the non-compliance was with respect to outstanding entries in export data processing and monitoring system, due to failure by the Bank to obtain requisite information from exporters and effectively report realisation of export transaction entries on time. The Bank replied to the show cause notice, by way of its letter dated 29 May 2018 addressing the concerns raised by RBI. Further to the Bank's response, RBI has advised the Bank to enhance its efforts and ensure closure of all outstanding shipping bills at the earliest.

4. A show cause notice dated 23 August 2018 was issued by the RBI to the Bank alleging non-compliance with the guidelines issued by RBI on time bound implementation and strengthening of SWIFT related operational controls. The Bank replied to the show cause notice, by way of its letter dated 5 September 2018, addressing the concerns raised by RBI. Subsequently, RBI cautioned the Bank by way of its letter dated 25 February 2019 stating that any further non-compliance in this regard will attract penal action in the future.

5. A cautionary notice dated 9 November 2017 was issued by the RBI to the Bank alleging non-compliance with guidelines issued by the RBI in relation to retail lending and debt management for effective recovery of dues in delinquent cases, in pursuance of a complaint by one Mr. Aditya Agrawal. It was alleged that the Bank was in contravention of the RBI guidelines on debt recovery as it had failed to issue letters, e-mails to customers and provide prior notice for recovery. The Bank was further cautioned that deviation from the policies and procedures laid down in this regard will attract grave action from the RBI in future.

6. A show cause notice dated 8 July 2020 was issued by the RBI to the Bank alleging non-compliance by the Bank, in its capacity as an authorised dealer bank, with the FEMA and directions issued thereunder by the RBI. It has been alleged in this show cause notice that the non-compliance was with respect to non-submission of form FC-GPR to the RBI, submitted by Indigoa Villas Private Limited at the Bank's branch in Panaji, Goa on 6 August 2015. The Bank has been asked to show cause as to why a penalty should not be imposed on the Bank in this regard. The Bank has replied to the show cause notice by way of its letters dated 20 July 2020 and 21 July 2020 by submitting the relevant FC-GPR forms and requesting the delay in this regard be condoned.

Show cause notices issued, penalties imposed by the Enforcement Directorate

1. A show cause notice dated 10 April 2019 was issued to the Bank by the Administrative Officer, Adjudicating Authority (Prevention of Money Laundering), Delhi (**Adjudicating Authority**), in relation to a complaint filed by the Deputy Director, Enforcement Directorate of Mumbai Zonal Office – II (**Deputy Director**) against the Bank under the provisions of the Prevention of Money Laundering Act, 2002, in relation to alleged possession by the Bank, of certain proceeds arising out of crimes allegedly committed by DSK Group of companies (**DSK Investigation**). Pursuant to the complaint filed by the Deputy Director, a provisional order of attachment dated 14 February 2019, was passed by the Deputy Director, by way of which, all the movable and/or immovable property in relation to the DSK

Investigation, in the possession of the Bank, as a result of mortgage of such properties in favour of the Bank in relation to loan facilities availed from the Bank, were attached (**Provisional Order**). In accordance with the present show cause notice issued by the Adjudicating Authority, the Bank has been called upon to disclose the manner in which the Bank is in possession of property associated with the DSK Investigation. The Bank made its submissions before the Adjudicating Authority, pursuant to which an order dated 5 August 2019 was passed confirming the Provisional Order and further stating that such attachment will continue during the pendency of the proceedings. The Bank has filed an appeal against the order before the Appellate Tribunal. The matter is currently pending.

2. Seven show cause notices were issued by the Enforcement Directorate to the Bank and others, in the year 2019, alleging non-compliance with directions, guidelines and instructions issued by RBI under FEMA, in relation to dealing with foreign exchange, by issuance of travel currency cards. It has been alleged that the Bank had failed to exercise due diligence and to adhere to KYC norms, anti-money laundering standards/ combating financing of terrorism norms, and was in contravention of FEMA regulations since it has entered into transactions with these certain money changers. Out of the seven show cause notices, three have resulted in penalties being imposed on the Bank for an aggregate amount of ₹ 53.46 million. The Bank has filed appeal against the two of such orders before the Special Director (Appeal), Commissioner of Income Tax, Chennai and is in the process of filing an appeal against the third order. The remaining matters are currently pending.

3. Eight show cause notices, each dated 28 March 2018, were issued by the Enforcement Directorate to the Bank and others, alleging non-compliance with directions, guidelines and instructions issued by RBI under FEMA, in relation to dealing with foreign exchange, by issuance of travel currency cards. It has been alleged that the Bank had failed to exercise due diligence and to adhere to KYC norms, anti-money laundering standards/ combating financing of terrorism norms, and was in contravention of FEMA regulations since it has entered into transactions with these certain money changers. Out of the eight show cause notices, five have resulted in penalties being imposed on the Bank for an aggregate amount of ₹ 6.65 million. The Bank has filed appeals against these orders before the Special Director (Appeal), Commissioner of Income Tax, Chennai. In relation to one of the remaining matters, the Adjudicating Authority, Enforcement Directorate, Chennai has held the Bank to be not guilty and not liable to penalty and has dropped all the charges against the Bank by way of an order dated March 23, 2020. The remaining two matters are currently pending.

4. A show cause notice dated 29 March 2019 was issued to the Bank by the Adjudicating Authority Enforcement Directorate, Bhubaneshwar (**Adjudicating Authority**), pursuant to a complaint filed by the Assistant Director, Enforcement Directorate, Bhubaneshwar against the Bank alleging non-compliance with certain provisions of FEMA with respect to foreign inward remittances in the account of Bioclinica Private Limited. The Bank made its submissions before the Adjudicating Authority, pursuant to which an adjudication order dated 31 March 2020 was passed by the Adjudicating Authority imposing a penalty of ₹ 0.05 million on the Bank. The Bank has paid the penalty under protest and has filed an appeal against the order before the Special Director (Appeals), Enforcement Directorate, Kolkata. The matter is currently pending.

Show cause notices issued by other regulators

1. Ten show cause notices were issued by the Employees Provident Fund Organisation (**EFPO**) to the Bank alleging non-compliance with certain provisions of the Employees' Provident Funds and Miscellaneous Provident Act, 1952, as amended, arising out of failure to file monthly online returns, non-remittance of dues and delay in taking action on an attachment order. The Bank has submitted responses to the show cause notices addressing the concerns raised by the EFPO in these notices from time to time.

2. A show cause notice dated 21 December 2018 was issued by the Employees Provident Fund Organisation (**EFPO**) to the Bank alleging non-compliance with certain provisions of the Employees Provident Fund Scheme, 1952 and Employees' Provident Funds and Miscellaneous Provident Act, 1952, as amended, arising out of failure of submission of mandatory returns of certain provident fund members whose accounts are maintained by the Bank. The Bank replied to the show cause notice by way of its letter dated 7 January 2019 explaining the steps taken by the Bank addressing the concerns raised by EFPO in the show cause notice.

3. A show cause notice dated 24 October 2017 was issued by the Ministry of Labour and Employment, Office of the Deputy Chief Labour Commissioner, Government of India to the Bank, alleging non-compliance with the provisions of the Contract Labour (Regulation and Abolition) Act, 1970, arising out of non-payment of wages to 16 contract workers working for the Bank at Kolkata. The Bank replied to the show cause notice by way of its letter dated 3 November 2017 stating that the Bank as it has already made the required payment to the agent of the Bank, being the contractor who engaged the contract workers, on behalf of the Bank.

4. A show cause notice dated 20 December 2017 was issued by the Ministry of Labour and Employment, Government of India to the Bank, alleging non-compliance with provisions of the Payment of Bonus Act, 1965 and Payment of Bonus Rules, 1965 and failure of submission compliance report pursuant to an inspection carried out at the Paradip branch of the Bank on 11 August 2017. The Bank has submitted its response, by way of its letter dated 27 December 2017 stating that all the irregularities observed during the inspection have been rectified by the Bank.

5. A show cause notice dated 5 February 2019 was issued by the Insurance Regulatory and Development Authority of India (**IRDAI**) to the Bank alleging non-compliance with the IRDAI (Registration of Corporate Agents) Regulations, 2015 and guidelines on 'Licensing of Corporate Agent' dated 14 July 2005, in relation to sourcing of business by the Bank through lead generators. It was alleged that lead generators are not authorised persons, in terms of the IRDAI guidelines to source business. Further, it has also been alleged that the Bank had engaged untrained personnel to source business. Pursuant to the Bank's response by way of its letter dated 5 March 2019 and a personal hearing on 14 August 2019, a final order dated 9 September 2019 was passed by IRDAI directing the Bank that solicitation of insurance products is to be done only by licensed specified persons and it is to be ensured that all insurance products are sold according to the need of the policyholder. Further, the Bank was directed to place the order of the IRDAI before the Audit Committee of the Board and submit a copy of the minutes of the discussion held in this regard. As directed by the IRDAI, the Bank by way of its letter dated 13 February 2020 submitted the minutes of the meeting of the Audit Committee of the Board held on 18 December 2019 confirming its compliance with the directions issued by the IRDAI.

6. A show cause notice dated 13 December 2018 has been issued by the Deputy Chief Commissioner, Hyderabad to the Bank alleging non-compliance with certain provisions of Minimum Wages Act, 1948, Payment of Wages Act, 1936, Payment of Bonus Act, 1965, Contract Labour Act, 1970, Inter-State Migrant Workmen Act, 1979, Building and Other Construction Workers Act, 1996, Industrial Dispute Act, 1947, and Maternity Benefit Act, 1961 arising out of failure of submission of unified annual return on the Shram Suvidha Portal for the year ended on 31 December 2017 for one of the Bank's branch in Ananthapur, Andhra Pradesh. The Bank replied to the show cause notice by way of its letter dated 29 January 2019, stating that the requisite data has been sent across to the central office of the Bank for necessary action.

7. A show cause notice dated 30 December 2019 was issued by the Employees State Insurance Corporation (**ESIC**) to the Bank alleging non-compliance with a garnishee order dated 18 June 2019 issued by ESIC to the branch manager of the Bank's branch at Panposh Road, Rourkela. It was alleged that the Bank

failed to remit and transfer the contribution amounts due to ESIC from the account of M/s. Orissa Battery Industries and such failure amounted to defiance of statutory orders. The Bank replied to the show cause notice by way of its letter dated 17 January 2020, stating the said entity does not maintain an account with the branch of the Bank.

8. A show cause notice dated 14 October 2019 was issued by the Financial Intelligence Unit of the Ministry of Finance (**FIU**) to the Bank alleging non-compliance with certain provisions of the Prevention of Money Laundering Act, 2002 and the Prevention of Money Laundering (Maintenance of Records) Rules, 2005. It was alleged that the Bank failed to submit reports in respect of cross border wire transfers exceeding ₹ 0.5 million or its equivalent in foreign currency and also failed to evolve an effective internal mechanism to maintain and report complete information in relation to the transfers. The Bank has been asked to show cause as to why a penalty should not be imposed on the Bank in this regard. The Bank replied to the show cause by way of its letter dated 5 November 2019 addressing the concerns raised by the FIU and detailing the steps taken by the Bank in this regard. Thereon, the Bank has filed all the reports with complete information for the required period.

9. Two show cause notices dated 27 August 2019 and 14 October 2019 were issued by the EPFO to the Bank alleging failure to remit the amounts due to EPFO from the account of Sri Nivas Ferro Alloys Limited resulting in violation of certain provisions of the Employees' Provident Funds and Miscellaneous Provisions Act 1952. The Bank replied to the show cause notices by way of its letters dated September 4, 2019 and 30 October 2019, stating that the Bank has marked lien on the account of Sri Nivas Ferro Alloys Limited pursuant to notices received from the Income Tax Department and the Central Board of Indirect Taxes & Customs and that no-objection certificates would be required from these authorities for the Bank to lift the lien and remit the amounts due to EPFO. Subsequently, the Bank has filed a writ petition against the Regional Provident Fund Commissioner, Durgapur and others on December 23, 2019 before the High Court of Calcutta in this regard. The matter is currently pending before the High Court of Calcutta.

10. A cautionary letter dated March 23, 2020 was issued by the Banking Supervision Department of the Hong Kong Monetary Authority to the Bank in relation to a contravention of certain provisions of the banking ordinance in Hong Kong, wherein a notice in writing is to be given to the authority within 14 days following the managerial appointments and cessation of appointments of managers. Pursuant to a contravention reporting form submitted by the Bank on 19 December 2019, the cautionary letter was issued advising the Bank to consider taking steps to enhance its internal systems and processes to ensure that such contraventions do not further. The Bank was further cautioned that the recurrence of a similar contravention in the future will attract appropriate action, including but not limited to an independent review.

11. A show cause notice dated September 20, 2019 was issued by the Professional Tax Office, Durgapur West Bengal to the Bank alleging failure to file returns for the Financial Year 2017-18 within the stipulated time under the provisions of West Bengal State Tax on Professions, Trades, Callings and Employments Act, 1979. The Bank was asked to submit accounts and papers in relation to the alleged failure to file returns and show cause as to why a penalty should not be imposed on the Bank in this regard. The Bank replied to the show cause notice by way of its letter dated 13 November 2019 stating that the professional tax late fee challan for the Financial Year 2017-18 has been deposited by the Bank.

Penalties imposed by other regulators

1. FIU imposed a penalty of ₹ 26.43 million on the Bank for alleged non-compliance with certain provisions of the Prevention of Money Laundering Act, 2002 in relation to monitoring of accounts of

certain companies. The Bank has deposited ₹ 2 million with FIU, under protest and has filed an appeal against the amount of the penalty.

2. FIU initiated an investigation in May 2013 pursuant to a sting operation during December 2012 to February 2013 by an online magazine 'Cobra Post', in which employees of 15 banks were allegedly involved in various methods of laundering money. In May 2013, FIU issued a show cause notice to the Bank, and on 23 March 2015, levied a fine of ₹ 1.3 million on the Bank relating to the Bank's failure in reporting attempted suspicious transactions. The Bank filed an appeal against the order of the FIU and in June 2017, the appellate tribunal dismissed the penalty levied by the FIU and observed that the prescribed matter fell within the provisions of section 13(2)(a) of the Prevention of Money Laundering Act, 2002 (**PMLA**) (pursuant to which a warning was required to be given to the Bank). The appellate tribunal held that the matter did not fall within section 13(2)(d) of the PMLA (pursuant to which monetary penalties can be imposed on failure to comply with certain obligations under the PMLA) as mentioned by the FIU. Subsequently, the FIU challenged the order of the appellate tribunal before the Delhi High Court under Section 42 of the PMLA. The Delhi High Court, by its judgement dated 4 September 2019 dismissed the appeal filed by FIU and upheld the appellate tribunal order regarding dismissal of penalty levied by FIU.

SEBI Action

1. Two show cause notices each dated 25 June 2018 (the **Show Cause Notices**), were issued by SEBI to the Bank, alleging non-compliance by the Bank with provisions of the code of conduct laid down under the Securities and Exchange Board of India (Debenture Trustee) Regulations, 1993 (**Debenture Trustee Regulations**). It has been alleged in the Show Cause Notices that the Bank, among others, had: (i) failed to abide by observations made by SEBI during its inspection of the Bank in 2009; (ii) extended loan facilities to 15 issuer companies to whom it extended debenture trustee services in the past; (iii) failed to obtain certain quarterly reports from two issuer companies; (iv) failed to incorporate certain mandatory clauses, prescribed under the Debenture Trustee Regulations, in the trust deeds entered into with certain issuer companies; (v) failed to exercise due diligence to ensure compliance with the former listing agreement in relation to submission of half yearly reports by two issuer companies; and (vi) failed to maintain an updated database for payment of interest or redemption on debentures. The Bank filed an application dated 28 January 2019 with SEBI for settlement of the Show Cause Notices without admitting or denying any of the allegations. Pursuant to an internal committee meeting held on 24 April 2019, SEBI indicated, that the settlement amount liable to be paid by the Bank, in accordance with the Securities and Exchange Board of India (Settlement Proceedings) Regulations, 2019, would aggregate to ₹ 24.30 million. By way of its letter dated 8 May 2019, the Bank had offered to pay the settlement amount without admitting or denying any of the allegations, which was accepted by SEBI. The Bank made the payment of the settlement amount on 19 July 2019.

2. SEBI passed an order against the Bank (**SEBI Order**) on 27 December 2017, in relation to unpublished price sensitive information (**UPSI**) pertaining to the financial results of the Bank for the quarter ended 30 June 2017 allegedly being made public in various private WhatsApp groups ahead of the Bank's official intimation to the relevant stock exchanges. In its order, SEBI observed that most figures that were in circulation in WhatsApp groups about the Bank were either matching in totality or were close to the figures disclosed in the financial statements of the Bank for the quarter ended 30 June 2017. Pursuant to the SEBI Order, SEBI directed the Bank to observe, among others, the following: (i) strengthen its processes, systems and controls forthwith to ensure that such instances of leakage of UPSI does not recur in future; (ii) Bank to conduct an internal inquiry into the alleged leakage of UPSI; and (iii) take appropriate action against those responsible for such leakage, in accordance with the applicable law. The scope of such inquiry included determination of the possible role of following persons in

relation to the aforesaid leakage of UPSI: (i) persons or members of committees involved in generation of the original data for the purpose of determination of key figures pertaining to financial figures including gross nonperforming assets, (ii) persons involved in the consolidation of the figures for the financial results, (iii) persons involved in the preparation of board notes and presentations, (iv) persons involved in dissemination of information relating to financial results in the public domain, and (v) any other persons who had access to the information. SEBI directed the Bank to complete the inquiry within a period of three months from the date of the SEBI Order and thereafter, submit a report to SEBI in this regard within a further period of seven days. Accordingly, the Bank appointed an independent agency to review the effectiveness of the Bank's internal controls and submit a report on its findings. As on date of this Offering Circular, the Bank has not received any order from SEBI in relation to the matter.

3. An advisory letter dated April 28, 2020 was issued by SEBI to the Bank in relation to the discrepancies observed during the comprehensive inspection of the books of accounts of the Bank in its capacity as a merchant banker for the period 1 April 2018 to 26 November 2019. It was observed, among others, that: (i) the appointment of the compliance officer was not intimated to SEBI in the Bank's half yearly report for the period ended 31 March 2019; (ii) The compliance officer had not obtained the required certification specified in the SEBI notification dated 11 March 2013 under Regulation 3 of the Securities and Exchange Board of India (Certification of Associated Persons in the Securities Markets) Regulations, 2007 (**SEBI CAPSM Regulations**); (iii) three key managerial personnel had not obtained the required certification specified in the SEBI notification dated 11 March 2013 under Regulation 3 of the **SEBI CAPSM Regulations**; and (iv) the merchant banker had failed to display certain information in its offices as required to be displayed by all registered intermediaries under the SEBI circular dated 28 August 2014. The Bank was advised to: (i) improve its compliance standards, strengthen its processes and systems and take appropriate steps to avoid recurrence of lapses; (ii) rectify the aforesaid discrepancies and examine other cases where not a part of the sample for inspection and take corrective steps as required; (iii) send the action report within 30 days of receipt of the letter; and (iv) place the findings of the inspection, the action report prepared by the Bank and this letter before the Board and forward their comments to SEBI in regard to their satisfaction of the steps taken by the Bank, within two weeks of the board meeting. As directed by SEBI, the Bank submitted its action taken report to SEBI by way of an e-mail dated May 26, 2020 and subsequently forwarded the comments of the Audit Committee of the Board to SEBI by way an e-mail dated July 3, 2020.

Litigation by the Bank

Civil Litigation

1. Rajeev Singh Kushwaha had availed a loan from the Bank for purchasing a vehicle, and by virtue of the loan documentation, the vehicle was hypothecated with the Bank. Subsequently, the Enforcement Directorate, by an order dated 27 January 2017, attached certain properties of Rajeev Singh Kushwaha, including the vehicle hypothecated with the Bank. This order was confirmed by an adjudicating authority by an order dated 31 May 2017, under the Prevention of Money Laundering Act, 2002 (**PMLA**). The Bank had challenged the order of the adjudicating authority before the appellate tribunal for PMLA, which directed that the hypothecated vehicle be returned to the Bank's possession. The Enforcement Directorate had challenged the order of the appellate tribunal before the Delhi High Court, which, by an order dated 2 April 2019, set aside the order of the appellate tribunal. The Bank has filed a special leave petition before the Supreme Court of India, challenging the order passed by the Delhi High Court. The matter is currently pending.

2. An original application was filed under the Recovery of Debts and Bankruptcy Act, 1993 on 19 July 2019 by the Bank against Castex Technologies Limited (**Castex Technologies**) and another, before the

Debts Recovery Tribunal, New Delhi, alleging default in repayment under the credit facilities availed by Castex Technologies from the Bank. The Bank has sought, among other things, recovery of ₹ 5,962.90 million. The matter is currently pending before the Debts Recovery Tribunal, New Delhi.

3. An original application was filed under the Recovery of Debts and Bankruptcy Act, 1993 on 9 November 2012 by the Bank against Deccan Chronicle Holdings Limited (**Deccan Chronicle**) and others, before the Debts Recovery Tribunal of Andhra Pradesh at Hyderabad, alleging default in repayment under the credit facilities availed by Deccan Chronicle from the Bank. The Bank has sought, among other things, recovery of ₹ 4,183.76 million. The matter is currently pending before the Debts Recovery Tribunal of Andhra Pradesh at Hyderabad.

4. An original application was filed under the Recovery of Debts and Bankruptcy Act, 1993 on 24 April 2019 by the Bank against Educomp Infrastructure & School Management Limited (**Educomp ISML**) and others, before the Debts Recovery Tribunal, New Delhi, alleging default in repayment under the credit facilities availed by Educomp ISML from the Bank. The Bank has sought, among other things, recovery of ₹ 2,531.41 million. The matter is currently pending before the Debts Recovery Tribunal, New Delhi.

5. An original application was filed under the Recovery of Debts and Bankruptcy Act, 1993 on 15 December 2018 by the Bank against Educomp Solutions Limited (**Educomp Solutions**) and others, before the Debts Recovery Tribunal, New Delhi, alleging default in repayment under the credit facilities availed by Educomp Solutions from the Bank. The Bank has sought, among other things, recovery of ₹ 4,572.14 million. The matter is currently pending before the Debts Recovery Tribunal, New Delhi.

6. An original application was filed under the Recovery of Debts and Bankruptcy Act, 1993 on 26 September 2016 by the Bank against Everonn Education Limited (**Everonn**) and others, before the Debts Recovery Tribunal, Chennai, alleging default in repayment under the credit facilities availed by Everonn from the Bank. The Bank has sought, among other things, recovery of ₹ 3,022.81 million. The matter is currently pending before the Debts Recovery Tribunal, Chennai and an amount of ₹ 572.51 million has been recovered by the Bank in this regard.

7. An original application was filed under the Recovery of Debts and Bankruptcy Act, 1993 on 5 March 2019 by the Bank against SEW Infrastructure Limited (**SEW**) and others, before the Debts Recovery Tribunal, Hyderabad, alleging default in repayment under the credit facilities availed by SEW from the Bank. The Bank has sought, among other things, recovery of ₹ 3,243.93 million and an amount of ₹ 28.12 million has been recovered by the Bank in this regard. The matter is currently pending before the Debts Recovery Tribunal, Hyderabad.

8. An original application was under the Recovery of Debts and Bankruptcy Act, 1993 filed on 25 April 2019 by the Bank along with others against Kailash Chandra Shahra and others, before the Debts Recovery Tribunal, Jabalpur, alleging default in repayment under the credit facilities availed by Ruchi Soya Industries Limited (**Ruchi Soya**). The Bank has sought, among other things, recovery of ₹ 3,002.85 million. The matter is currently pending before the Debts Recovery Tribunal, Jabalpur.

9. An original application was filed under the Recovery of Debts and Bankruptcy Act, 1993 on 16 May 2016 by the Bank against Parekh Aluminex Limited (**Parekh Aluminex**) and others, before the Debts Recovery Tribunal, Mumbai, alleging default in repayment under the credit facilities availed by Parekh Aluminex from the Bank. The Bank has sought, among other things, recovery of ₹ 3,658.52 million and an amount of ₹ 9.08 million has been recovered by the Bank in this regard. The matter is currently pending before the Debts Recovery Tribunal, Mumbai.

10. An original application was filed under the Recovery of Debts and Bankruptcy Act, 1993 on 15 March 2018 by the Bank against Religare Capital Markets International (Mauritius) Limited (**Religare**) and others, before the Debts Recovery Tribunal, New Delhi, alleging default in repayment under the credit facilities availed by Religare from the Bank. The Bank has sought, among other things, recovery of ₹ 3,219.39 million and an amount of ₹ 1,700.00 million has been recovered by the Bank in this regard. The matter is currently pending before the Debts Recovery Tribunal, New Delhi.

11. An original application was filed under the Recovery of Debts and Bankruptcy Act, 1993 by the Bank against Ramsarup Industries Limited (**Ramsarup**) and others, before the Debts Recovery Tribunal, Kolkata, alleging default in repayment under the credit facilities availed by Ramsarup from the Bank. The Bank has sought, among other things, recovery of ₹ 3,234.03 million. The matter is currently pending before the Debts Recovery Tribunal, Kolkata.

12. An original application was filed under the Recovery of Debts and Bankruptcy Act, 1993 on 24 September 2015 by the Bank against Shree Ganesh Jewellery House (India) Limited (**Shree Ganesh**) and others, before the Debts Recovery Tribunal, Kolkata, alleging default in repayment under the credit facilities availed by Shree Ganesh from the Bank. The Bank has sought, among other things, recovery of ₹ 2693.96 million. The matter is currently pending before the Debts Recovery Tribunal, Kolkata.

13. An original application was filed under the Recovery of Debts and Bankruptcy Act, 1993 on 2 August 2019 by the Bank and others against Lanco Amarkantak Power Limited (**Lanco Amarkantak**) and others, before the Debt Recovery Tribunal, New Delhi alleging default in repayment under the credit facilities availed by Lanco Amarkantak from the Bank. The Bank and the other applicants have sought, among other things, recovery of ₹ 121,460.32 million. The matter is currently pending before the Debt Recovery Tribunal, New Delhi.

14. An application was filed under the Insolvency and Bankruptcy Code on 18 April 2019 by the Bank against Sai Lilagar Power Generation Limited (**Sai Lilagar**), before the National Company Law Tribunal, Hyderabad alleging default in repayment of ₹ 3,904.23 million under the credit facilities availed by Sai Lilagar from the Bank. The Bank has sought initiation of corporate insolvency resolution process for recovery of the unpaid amount. The matter is currently pending before the National Company Law Tribunal, Hyderabad.

15. An application was filed under the Insolvency and Bankruptcy Code on 27 November 2018 by the Bank against Sembmarine Kakinada Limited (**Sembmarine**), before the National Company Law Tribunal, Hyderabad alleging default in repayment of ₹ 4,170.91 million under the credit facilities availed by Sebmarine from the Bank. The Bank has sought initiation of corporate insolvency resolution process for recovery of the unpaid amount and an amount of ₹ 10.81 million has been recovered by the Bank in this regard. The matter is currently pending before the National Company Law Tribunal, Hyderabad.

16. An application was filed under the Insolvency and Bankruptcy Code on 19 June 2019 by the Bank against Lanco Kondapalli Power Limited (**Lanco Kondapalli**), before the National Company Law Tribunal, Hyderabad alleging default in repayment of ₹ 6,574.16 million under the credit facilities availed by Lanco Kondapalli from the Bank. The Bank has sought initiation of corporate insolvency resolution process for recovery of the unpaid amount. The matter is currently pending before the National Company Law Tribunal, Hyderabad.

17. An original application was filed under the Recovery of Debts and Bankruptcy Act, 1993 on 24 September 2015 by the Bank and others against Gujarat NRE Minerals Resources Limited (**Gujarat NRE**) and others, before the Debts Recovery Tribunal, Kolkata, alleging default in repayment under the credit facilities availed by Gujarat NRE from the Bank. The Bank has sought, among other things,

recovery of ₹ 23,840.08 million. The matter is currently pending before the Debts Recovery Tribunal, Kolkata.

18. An application was filed under the Insolvency and Bankruptcy Code against Base Corporation Limited (**Base Corporation**), before the National Company Law Tribunal, Bangalore alleging default in repayment under the credit facilities availed by Base Corporation. The Bank has impleaded itself as a party to the proceedings on 19 September 2019. The Bank has sought among other things, repayment of ₹ 2,637.87 million arising from the credit facilities availed from the Bank. The matter is currently pending before the National Company Law Tribunal, Bangalore.

19. An application was filed under the Insolvency and Bankruptcy Code against Coastal Projects Limited (**Coastal Projects**), before the National Company Law Tribunal, Kolkata, alleging default in repayment under the credit facilities availed by Coastal Projects. The Bank has impleaded itself as a party to the proceedings on 19 January 2018. The Bank has sought among other things, repayment of ₹ 6,878.16 million arising from the credit facilities availed from the Bank and an amount of ₹ 119 million has been recovered by the Bank in this regard. An order of liquidation has been passed in this matter on 6 December 2018 by the National Company Law Tribunal, Kolkata in this matter.

20. An original application was filed under the Recovery of Debts and Bankruptcy Act, 1993 on 20 September 2018 by State Bank of India, the Bank and others against Coastal Projects and others, before the Debts Recovery Tribunal, Hyderabad alleging default in repayment under the credit facilities availed by Coastal Projects. The Bank has sought, among other things, recovery of ₹ 6,137.67 million arising from the credit facilities availed from the Bank. The matter is currently pending before the Debts Recovery Tribunal, Hyderabad.

21. An application was filed under the Insolvency and Bankruptcy Code against Cox and Kings Private Limited (**Cox and Kings**), before the National Company Law Tribunal, Mumbai, alleging default in repayment under the credit facilities availed by Cox and Kings. The Bank has impleaded itself as a party to the proceedings on 6 November 2019. The Bank has sought among other things, repayment of ₹ 10,654.96 million arising from the credit facilities availed from the Bank. The matter is currently pending before the National Company Law Tribunal, Mumbai.

22. An original application was filed under the Recovery of Debts and Bankruptcy Act, 1993 on 6 September 2013 by the Bank against Deccan Cargo and Express Logistics Private Limited (**Deccan Cargo**) and others, before the Debts Recovery Tribunal, Bangalore alleging default in repayment under the credit facilities availed by Deccan Cargo from the Bank. The Bank has sought, among other things, recovery of ₹ 2,640.36 million and an amount of ₹ 140.44 million has been recovered by the Bank in this regard. The matter is currently pending before the Debts Recovery Tribunal, Bangalore.

23. An application was filed under the Insolvency and Bankruptcy Code on by Educomp Infra before the National Company Law Tribunal, Chandigarh for initiation of corporate insolvency process due to their inability to discharge their financial obligations to the creditors. The Bank has impleaded itself as a party to the proceedings on 10 May 2018. The Bank has sought recovery of ₹ 3,375.7 million from Educomp Infra arising from the credit facilities availed from the Bank. The matter is currently pending before the National Company Law Tribunal, Chandigarh.

24. An application was filed under the Insolvency and Bankruptcy Code on by Educomp Solutions Limited (**Educomp Solutions**) before the National Company Law Tribunal, New Delhi for initiation of corporate insolvency process due to their inability to their discharge their financial obligations to the creditors. The Bank has impleaded itself as a party to the proceedings on 16 June 2017. The Bank has sought recovery of ₹ 3,931.92 million from Educomp Solutions arising from the credit facilities availed from the Bank. Upon dismissal of the application for approval of the resolution plan by the National Company Law

Tribunal, New Delhi on 3 January 2020, an appeal was made to the National Company Law Appellate Tribunal, New Delhi in this regard. The matter is currently pending before the National Company Law Appellate Tribunal, New Delhi.

25. An application was filed under the Insolvency and Bankruptcy Code by Gujarat NRE before the National Company Law Tribunal, Kolkata for initiation of corporate insolvency process due to their inability to discharge their financial obligations to the creditors. The Bank has impleaded itself as a party to the proceedings on 20 April 2017. The Bank has sought recovery of ₹ 6,215.2 million from Gujarat NRE arising from credit facilities availed from the Bank. An order of liquidation has been passed in this matter on 11 January 2018 by the National Company Law Tribunal, Kolkata in this matter.

26. Various applications were filed under the Insolvency and Bankruptcy Code by Gupta Energy Private Limited and Gupta Global Resources Private Limited (collectively known as **Gupta Entities**) before the National Company Law Tribunal, Mumbai for initiation of corporate insolvency process due to their inability to discharge their financial obligations to the creditors. The Bank has impleaded itself as a party to each of the proceedings on 21 April 2017, and 18 October 2017 respectively. The Bank has sought recovery of ₹ 3,264.60 million collectively from Gupta Entities arising from the credit facilities availed from the Bank. Orders of liquidation dated 26 March 2018 and 28 August 2018 have been passed by the National Company Law Tribunal, Mumbai against the Gupta Entities and an amount of ₹ 108.2 million has been recovered by the Bank in this regard.

27. An original application was filed under the Recovery of Debts and Bankruptcy Act, 1993 on 23 October 2019 by the Bank and others against GVK Bagodara Vasad Expressway Private Limited (**GVK Bagodara**) and others, before the Debts Recovery Tribunal, Hyderabad alleging default in repayment under the credit facilities availed by GVK Bagodara from the Bank. The Bank has sought, among other things, recovery of ₹ 2,737.88 million. The matter is currently pending before the Debts Recovery Tribunal, Hyderabad.

28. An application was filed under the Insolvency and Bankruptcy Code on 20 December 2019 by the Bank against GVK Power (Goindwal Sahib) Limited (**GVK Power**), before the National Company Law Tribunal, Hyderabad alleging default in repayment under the credit facilities availed by GVK Power from the Bank. The Bank has sought initiation of corporate insolvency resolution process for recovery of the unpaid amount of ₹ 4,442.01 million. The matter is currently pending before the National Company Law Tribunal, Hyderabad.

29. An application was filed under the Insolvency and Bankruptcy Code against Bhushan Power and Steel Limited (**Bhushan Power**), before the National Company Law Tribunal, New Delhi alleging default in repayment under the credit facilities availed by Bhushan Power. The Bank has impleaded itself as a party to the proceedings on 26 July 2017. The Bank has sought, among other things, recovery of ₹ 8,722.2 million arising from the credit facilities availed from the Bank. A resolution plan was approved by the National Company Law Tribunal, New Delhi by its order dated 5 September 2019. The Directorate of Enforcement passed a provisional attachment order dated 10 October 2019 (**Provisional Order**) attaching certain properties of Bhushan Power. Subsequently, the National Company Law Appellate Tribunal, New Delhi by its order dated 14 October 2019 stayed the implementation of the resolution plan and the provisional attachment order passed by the Directorate of Enforcement. Aggrieved by the order of the National Company Law Appellate Tribunal, New Delhi, a special leave petition was filed by the committee of creditors of Bhushan Power before the Supreme Court of India on 4 December 2019 (**SLP**). Subsequently, the National Company Law Appellate Tribunal, New Delhi by another order dated 17 February 2020, among other things, vacated the stay on the implementation of the resolution plan and also held that the Provisional Order is illegal. The SLP is currently pending before the Supreme Court of India.

30. An application was filed under the Insolvency and Bankruptcy Code against Castex, before the National Company Law Tribunal, Chandigarh alleging default in repayment under the credit facilities availed by Castex. The Bank has impleaded itself as a party to the proceedings on 13 October 2017. The Bank has sought, among other things, recovery of ₹ 4,894.28 million arising from the credit facilities availed from the Bank. The matter is currently pending before the National Company Law Tribunal, Chandigarh.

31. An application was filed under the Insolvency and Bankruptcy Code against KSK Mahanadi Power Company Limited (**KSK Mahanadi**), before the National Company Law Tribunal, Hyderabad alleging default in repayment under the credit facilities availed by KSK Mahanadi from the Bank. The Bank has impleaded itself as a party to the proceedings on 17 October 2019. The Bank has sought, among other things, recovery of ₹ 20,188.29 million arising from the credit facilities availed from the Bank. The matter is currently pending before the National Company Law Tribunal, Hyderabad.

32. An application was filed under the Insolvency and Bankruptcy Code against Lavasa Corporation Limited (**Lavasa**), before the National Company Law Tribunal, Mumbai alleging default in repayment under the credit facilities availed by Lavasa. The Bank has impleaded itself as a party to the proceedings on 24 September 2018. The Bank has sought, among other things, recovery of ₹ 12,645.77 million arising from the credit facilities availed from the Bank. The matter is currently pending before the National Company Law Tribunal, Mumbai.

33. An application was filed under the Insolvency and Bankruptcy Code against MBS Impex Private Limited (**MBS Impex**), before the National Company Law Tribunal, Hyderabad alleging default in repayment under the credit facilities availed by MBS Impex. The Bank has impleaded itself as a party to the proceedings on 27 November 2019. The Bank has sought, among other things, recovery of ₹ 4,153.01 million arising from the credit facilities availed from the Bank and an amount of ₹ 260.01 million has been recovered by the Bank in this regard. The matter is currently pending before the National Company Law Tribunal, Hyderabad.

34. An application was filed under the Insolvency and Bankruptcy Code on 1 August 2017 by Kotak Mahindra Bank Limited, the Bank and others against Parekh Aluminex, before the National Company Law Tribunal, Mumbai alleging default in repayment under the credit facilities availed by Parekh Aluminex. The Bank has sought, among other things, recovery of ₹ 4,586.15 million arising from the credit facilities availed from the Bank. The matter is currently pending before the National Company Law Tribunal, Mumbai.

35. An application was filed under the Insolvency and Bankruptcy Code on 27 December 2017 by the ICICI Bank Limited, the Bank and others against Usher Agro Limited (**Usher Agro**) and others, before the National Company Law Tribunal, Mumbai, alleging default in repayment under the credit facilities availed by Usher Agro. The Bank has sought, among other things, recovery of ₹ 3,135.86 million arising from the credit facilities availed from the Bank. An order of liquidation has been passed in this matter on 7 March 2019 by the National Company Law Tribunal, Mumbai in this matter and an amount of ₹ 8.89 million has been recovered by the Bank in this regard.

    In addition to the insolvency petition against Usher Agro, an original application was filed under the Recovery of Debts and Bankruptcy Act, 1993 on 9 August 2019 by the Bank against Mr. Vinod Chautvedi and Mr. Manoj Phatek, the guarantors for the credit facilities availed by Usher Agro, before the Debts Recovery Tribunal, Mumbai for defaulting on their guarantee obligations with respect to the credit facilities availed by Usher Agro. The Bank has sought, among other things, recovery of ₹ 2,673.94 million. The matter is currently pending before the Debts Recovery Tribunal, Mumbai.

36. An original application was filed under the Recovery of Debts and Bankruptcy Act, 1993 on 13 December 2019 by the Bank and others against Haridwar Highways Projects Limited (**Haridwar**

Highways) and others, before the Debts Recovery Tribunal, New Delhi alleging default in repayment under the credit facilities availed by Haridwar Highways from the Bank. The Bank has sought, among other things, recovery of ₹ 2,614.13 million. The matter is currently pending before the Debts Recovery Tribunal, New Delhi.

37. An original application was filed under the Recovery of Debts and Bankruptcy Act, 1993 on 28 June 2019 by the Bank and others against HCC Concession Limited (**HCC**) and others, before the Debts Recovery Tribunal, New Delhi alleging default in repayment under the credit facilities availed by Badarpur Faridabad Tollway Limited from the Bank. The Bank has sought, among other things, recovery of ₹ 1,413.8 million and the Bank has recovered an amount of ₹ 472.50 million in this regard. The matter is currently pending before the Debts Recovery Tribunal, New Delhi.

38. An application was filed under the Insolvency and Bankruptcy Code against ICOMM Tele Limited (**ICOMM**), before the National Company Law Tribunal, Hyderabad alleging default in repayment under the credit facilities availed by ICOMM. The Bank has impleaded itself as a party to the proceedings on 4 April 2019. The Bank has sought, among other things, recovery of ₹ 4,239.59 million arising from the credit facilities availed from the Bank. A resolution plan was approved by the National Company Law Tribunal, Kolkata on 17 October 2019 and an amount of ₹ 354.96 million has been recovered by the Bank in this regard.

39. An application was filed under the Insolvency and Bankruptcy Code against Jhabua Power Limited (**Jhabua**), before the National Company Law Tribunal, Kolkata alleging default in repayment under the credit facilities availed by Jhabua. The Bank has impleaded itself as a party to the proceedings on 10 April 2019. The Bank has sought, among other things, recovery of ₹ 4,735.83 million. The matter is currently pending before the National Company Law Tribunal, Kolkata.

40. An application was filed under the Insolvency and Bankruptcy Code against Parasarampuria Synthetics Limited (**Parasarampuria**), before the National Company Law Tribunal, Jaipur alleging default in repayment under the credit facilities availed by Parasarampuria. The Bank has impleaded itself as a party to the proceedings on 31 May 2018. The Bank has sought, among other things, recovery of ₹ 6,218.36 million arising from the credit facilities availed from the Bank. An order of liquidation has been passed in this matter on 15 February 2019 by the National Company Law Tribunal, Jaipur in this matter.

41. An original application was filed under the Recovery of Debts and Bankruptcy Act, 1993 on August 13, 2019 by Bank of Baroda, the Bank and others against Pratibha Industries Limited (**Pratibha**) and others, before the Debts Recovery Tribunal, Mumbai alleging default in repayment under the credit facilities availed by Pratibha from the Bank. The Bank has sought, among other things, recovery of ₹ 3,877.90 million. The matter is currently pending before the Debts Recovery Tribunal, Mumbai.

42. An application was filed under the Insolvency and Bankruptcy Code against Pratibha, before the National Company Law Tribunal, Mumbai alleging default in repayment under the credit facilities availed by Pratibha. The Bank has impleaded itself as a party to the proceedings on 13 February 2019 for recovery of the unpaid amount of ₹ 5,744.25 million. The matter is currently pending before the National Company Law Tribunal, Mumbai.

43. An application was filed under the Insolvency and Bankruptcy Code against Punj Lloyd Limited (**Punj Lloyd**), before the National Company Law Tribunal, New Delhi alleging default in repayment under the credit facilities availed by Punj Lloyd. The Bank has impleaded itself as a party to the proceedings on 30 March 2019. The Bank has sought recovery of the unpaid amount of ₹ 4,513.38 million arising from the credit facilities availed from the Bank. The matter is currently pending before the National Company Law Tribunal, New Delhi.

44. An application was filed under the Insolvency and Bankruptcy Code by Ramsarup before the National Company Law Tribunal, Kolkata for initiation of corporate insolvency process due to their inability to discharge their financial obligations to the creditors. The Bank has impleaded itself as a party to the proceedings on 17 January 2018. The Bank has sought recovery of ₹ 4,405.22 million from Ramsarup arising from credit facilities availed from the Bank. A resolution plan was approved by the National Company Law Tribunal, Kolkata on 4 September 2019.

45. An application was filed under the Insolvency and Bankruptcy Code against Sai Wardha Power Generation Limited (**Sai Wardha Power**) before the National Company Law Tribunal, Hyderabad alleging default in repayment under the credit facilities availed by Sai Wardha. The Bank has impleaded itself as a party to the proceedings on 18 March 2019. The Bank has sought recovery of ₹ 3,411.2 million from Sai Wardha Power arising from credit facilities availed from the Bank. A resolution plan was approved by the National Company Law Tribunal, Hyderabad on 17 October 2019 and an amount of ₹ 7.89 million has been recovered by the Bank in this regard.

46. An application was filed under the Insolvency and Bankruptcy Code against Reliance Communications Limited (**Reliance Communications**) before the National Company Law Tribunal, Mumbai alleging default in repayment under the credit facilities availed by Reliance Communication. The Bank has impleaded itself as a party to the proceedings on 16 September 2019. The Bank has sought recovery of ₹ 20,894.43 million from Reliance Communications arising from credit facilities availed from the Bank. The matter is currently pending before the National Company Law Tribunal, Mumbai.

47. An application was filed under the Insolvency and Bankruptcy Code against Shree Ganesh, before the National Company Law Tribunal, Kolkata alleging default in repayment under the credit facilities availed by Shree Ganesh. The Bank has impleaded itself as a party to the proceedings on 26 February 2018. The Bank has sought, among other things, recovery of ₹ 3,806.37 million arising from credit facilities availed from the Bank. An order of liquidation has been passed in this matter on 14 September 2018 by the National Company Law Tribunal, Kolkata in this matter.

48. An application was filed under the Insolvency and Bankruptcy Code against Ruchi Soya before the National Company Law Tribunal, Mumbai alleging default in repayment under the credit facilities availed by Ruchi Soya. The Bank has impleaded itself as a party to the proceedings on 27 December 2017. The Bank has sought recovery of ₹ 2,576.17 million from Ruchi Soya arising from credit facilities availed from the Bank. A resolution plan was approved by the National Company Law Tribunal, Kolkata on 24 July 2019 and an amount of ₹ 1,199.75 million has been recovered by the Bank in this regard.

49. An application was filed under the Insolvency and Bankruptcy Code on 15 January 2020 by the Bank against Vidharbha Industries Power Limited (**Vidharbha**), before the National Company Law Tribunal, Mumbai alleging default in repayment under the credit facilities availed by Mumbai from the Bank. The Bank has sought initiation of corporate insolvency resolution process for recovery of ₹ 5,532.79 million. The matter is currently pending before the National Company Law Tribunal, Mumbai.

50. An application was filed under the Insolvency and Bankruptcy Code against Lanco Infratech Limited (**Lanco Infratech**), before the National Company Law Tribunal, Hyderabad alleging default in repayment under the credit facilities availed by Lanco Infratech. The Bank has impleaded itself as a party to the proceedings on 22 August 2017. The Bank has sought, among other things, recovery of ₹ 28,142.2 million arising from credit facilities availed from the Bank. The matter is currently pending before the National Company Law Tribunal, Hyderabad.

51. An application was filed under the Insolvency and Bankruptcy Code against Lanco Thermal Power Limited (**Lanco Thermal**), before the National Company Law Tribunal, Hyderabad alleging default in repayment under the credit facilities availed by Lanco Thermal. The Bank has impleaded itself as a party

to the proceedings on 23 May 2019. The Bank has sought, among other things, recovery of ₹ 21,229.71 million arising from credit facilities availed from the Bank. The matter is currently pending before the National Company Law Tribunal, Hyderabad.

52. An application was filed under the Insolvency and Bankruptcy Code on 10 September 2018 by the Bank and others against Lanco Kondapalli, before the National Company Law Tribunal, Hyderabad alleging default in repayment under the credit facilities availed by Lanco Kondapalli. The Bank has sought initiation of corporate insolvency resolution process for recovery of the unpaid amount of ₹ 7,256.03 million arising from credit facilities availed from the Bank. The matter is currently pending before the National Company Law Tribunal, Hyderabad.

    In addition to the insolvency petition against Lanco Kondapalli, an original application was filed under the Recovery of Debts and Bankruptcy Act, 1993 on 9 January 2020 by the Bank against the guarantors and security providers in respect of the credit facilities availed by Lanco Kondapalli and its group companies, before the Debts Recovery Tribunal, Hyderabad alleging defaults in their guarantee obligations with respect to the credit facilities availed by Lanco Kondapalli from the Bank. The Bank has sought, among other things, recovery of ₹ 9,467.67 million. The matter is currently pending before the Debts Recovery Tribunal, Hyderabad.

Criminal Litigation

Certain criminal cases have been filed by the Bank against various parties in relation to alleged violations arising in the ordinary course of our business operations under, among others, the Indian Penal Code, 1860 and the Negotiable Instruments Act, 1881. These matters are currently pending at various stages of adjudication.

Litigation involving our Directors

Certain cases have been filed against some of our Directors in their capacity as directors of the Bank. These matters are in the ordinary course of business and are currently pending at various stages of adjudication.

Litigation against our Subsidiaries

Civil Litigation

Axis Trustee Services Limited (**Axis Trustee**) in its capacity as a security trustee in relation to various credit facilities extended by banks has been impleaded as a proforma defendant in matters involving an amount of ₹ 2,500 million or above. These matters have been filed against third parties, where Axis Trustee has been made a proforma party solely due to their role as a security trustee. Such matters are in the ordinary course of business and are currently pending at various stages of adjudication.

Criminal Litigation

There have been no criminal litigation filed against our Subsidiaries.

Regulatory Proceedings

In addition to the matters disclosed below, our Subsidiaries are subject to show cause notices, penalties and warnings from various government authorities in the ordinary course of business.

SEBI Action

1. A show cause notice dated 4 October 2017 was issued by SEBI to Axis Trustee alleging non-compliance by Axis Trustee with provisions of the code of conduct laid down under the Securities and Exchange Board of India (Debenture Trustee) Regulations, 1993 (**Debenture Trustee Regulations**). It has been alleged in the show cause notice that Axis Trustee, among others, had: (i) failed to incorporate certain

mandatory clauses, prescribed under the Debenture Trustee Regulations, in the trust deeds entered into with certain issuer companies; (ii) failed to obtain title search reports and valuation reports in relation to debt issuances by certain companies; (iii) failed to obtain certain quarterly reports from two issuer companies; (iv) failed to exercise due diligence to ensure compliance with the former listing agreement in relation to submission of half yearly reports by two issuer companies; and (v) failed to obtain certificate for end utilisation of funds. Axis Trustee replied to the show cause notice, by way of its letters dated 10 November 2017 and 1 December 2017 and requested for personal hearing, pursuant to which personal hearings took place on 20 November 2017 and 23 February 2018 respectively. After considering the submissions made by Axis Trustee, an order was passed by SEBI on 11 July 2018, by way of which a penalty of ₹ 1 million was imposed on Axis Trustee.

2. A show cause notice dated 6 September 2018 was issued by SEBI to Axis Trustee alleging non-compliance by Axis Trustee with provisions of the Securities and Exchange Board of India (Debenture Trustee) Regulations, 1993 (**Debenture Trustee Regulations**) in relation to the non-convertible debentures issued by Reliance Communications Limited (**RCL**). It has been alleged that Axis Trustee, among others, had: (i) failed to monitor payment of principal and interest made by RCL to the debenture holders; (ii) failed to report the act of non-cooperation by RCL to the credit rating agencies; (iii) failed to mention RCL in the list of companies, which have defaulted in payment of principal and interest, in its half yearly report; and (iv) failed to issue a press release or inform SEBI about the default in payment of principal and interest by RCL. Axis Trustee was granted an opportunity for personal hearing on 28 November 2018, pursuant to which a settlement application was filed by Axis Trustee on 14 December 2018 without admitting or denying any of the allegations. While the settlement application was being processed, the SEBI (Settlement Proceedings) Regulations, 2018 came into effect and accordingly the settlement amount required to be paid by Axis Trustee was recalculated. Axis Trustee submitted a revised settlement application, by way of its letter dated 18 January 2019 offering to pay ₹ 1.59 million as settlement amount without admitting or denying any of the allegations, which was accepted by SEBI. Further, on 26 March 2019, SEBI directed Axis Trustee to pay additional amount of ₹ 0.398 million on account of delay in filing of settlement application. Axis Trustee made the payments of the settlement amount by way of demand drafts on 18 March 2019 and 28 March 2019.

3. Three appeals were filed by Axis Capital Limited, two other merchant bankers (together with Axis Capital Limited, **Merchant Bankers**) and certain others, before the Securities Appellate Tribunal (**SAT**), against an order passed by the Adjudicating Officer of SEBI on 31 March 2016, imposing a penalty of ₹ 10 million jointly and severally on the Merchant Bankers, in relation to alleged violation of certain provisions of the SEBI (Issue of Capital and Disclosure Requirement) Regulations, 2009 (**ICDR 2009**) and Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992 (**Merchant Banking Regulations**), in relation to requirements under the ICDR 2009 to make appropriate disclosures in the offer document, the requirement to exercise due diligence for the disclosures in the offer document in terms of the Merchant Banking Regulations. SAT passed an order on 14 November 2019 (**SAT Order**) partly allowing, among others, the appeal filed by the Merchant Bankers by reducing the amount of penalty imposed jointly and severally on the Merchant Bankers to ₹ 5 million. Axis Capital Limited has paid its share of the penalty amount in this regard.

Penalties imposed by other regulators

NSE Clearing Limited imposed a penalty of ₹ 0.118 million (including GST) on Axis Asset Management Company Limited (**Axis AMC**) pursuant to the consolidated circular bearing number NCL/CMPT/43079 dated January 01, 2020 in relation to a client's failure to maintain the position limits as prescribed by SEBI. Axis AMC has paid the penalty in this regard.

Litigation by our Subsidiaries

Civil Litigation

There are no civil litigations filed by our Subsidiaries which exceed an amount of ₹ 2,500 million.

Criminal Litigation

Three criminal cases have been filed by our Subsidiaries, out of which two have been filed under the Indian Penal Code, 1860 under Sections 34, 406, 417, 420, 421, 422 and 423, alleging, among others, theft of certain electronic equipment, criminal breach of trust, cheating, fraudulent removal or concealment of property, fraudulent execution of deed of transfer containing false statement of consideration and one under the Negotiable Instruments Act, 1881 in relation to dishonour of a cheque. These matters are currently pending at various stages of adjudication.

Inquiries, inspections or investigations under Companies Act against the Bank or its subsidiaries in the last three years

A show cause notice dated 18 May 2018 was issued by the Ministry of Corporate Affairs, Government of India, to the Bank alleging non-compliance with certain provisions of the Companies Act, read with the Companies (Restriction on Number of Layers) Rules, 2017 in relation failure by the Bank, to file a return in e-form CRL-1 within the prescribed time limit prescribed under the Companies Act, read with the Companies (Restriction on Number of Layers) Rules, 2017. The Bank replied to the show cause notice, by way of its letter dated 24 May 2018, stating that a banking company (as defined in the Banking Regulation Act) is exempt, from the requirement of filing of e-form CRL-1 under the Companies (Restriction on Number of Layers) Rules, 2017 and thus the Bank was not required to file the form with the RoC. The matter is currently pending.

Prosecutions filed against, fines imposed on, or compounding of offences by the Bank or its Subsidiaries in the last three years under the Companies Act

There have been no prosecutions filed against, fines imposed on, or compounding of offences by the Bank or its Subsidiaries in the last three years under the Companies Act or any previous company law.

Litigation or legal action pending or taken against the Promoters taken by any Ministry, Department of the Government or any statutory authority in the last three years

Except as disclosed below, based on the information and confirmations provided by the Promoters, there is no litigation or legal action pending or taken by any Ministry or Department of the Government or any statutory authority against the Promoters during the last three years and any direction issued by such ministry or department of the Government or statutory authority upon conclusion of such litigation or legal action:

Oriental Insurance Company Limited

The following penalties have been imposed on Oriental Insurance in Fiscal 2019, Fiscal 2018 and Fiscal 2017: (i) an amount aggregating to ₹ 95.54 million by the Service Tax Department in relation to short deduction of service tax and disallowance of central value added tax, out of which ₹ 0.09 million has been paid; (ii) an amount aggregating to ₹ 1.8 million by the Income Tax Department in relation to concealment or inaccurate reporting of income; (iii) an amount aggregating to ₹ 1 million by a court or tribunal for matters including claim settlement and excluding compensation, which has already been paid by Oriental Insurance; and (iv) an amount aggregating to ₹ 17.34 million by a government or statutory authority, out of which ₹ 17.16 million has already been paid by Oriental Insurance.

General Insurance Corporation of India

In Fiscal 2020, Fiscal 2019 and Fiscal 2018, GIC is involved in 19 tax proceedings before various courts and tribunals in relation to matters including but not limited to disallowance for exemption for profit on sale of investments, unutilized central value added tax and diminution in the value of investments. These matters are currently pending at various stages of adjudication. Additionally, there are seven outstanding show cause notices cum demand orders from various tax and central authorities involving an amount of ₹ 22,946.07 million.

Further, in relation to an alleged delay in making the required disclosure under the Insider Trading Regulations to the stock exchanges regarding a change in the shareholding of the Bank, GIC paid an amount of ₹ 12.33 million as settlement payments to SEBI pursuant to its order dated 12 December 2019.

Life Insurance Corporation of India

The following penalties have been imposed on LIC in Fiscal 2019, Fiscal 2018 and Fiscal 2017: (i) an amount aggregating to ₹ 9.22 million by Service Tax authorities; (ii) an amount aggregating to ₹ 37.21 million by Income Tax authorities; (iii) an amount aggregating to ₹ 0.08 million by various other tax authorities; (iv) an amount aggregating to ₹ 1.82 million by various courts and tribunals; and (v) an amount aggregating to ₹16.12 million by other central, state, local, government and statutory authorities. All the penalty amounts have been paid by LIC.

Further, there are various tax proceedings against LIC which are pending at different stages of adjudication before various courts and tribunals.

The New India Assurance Company Limited

In Fiscal 2020, Fiscal 2019 and Fiscal 2018, NIA is involved in five service tax matters involving an amount of ₹ 6,975.68 million. Further, NIA is involved in 33 income tax proceedings before various courts and tribunals. These matters are currently pending at various stages of adjudication.

National Insurance Company Limited

The following penalties have been imposed on NIC in Fiscal 2020, Fiscal 2019 and Fiscal 2018: (i) an amount aggregating to ₹ 4.52 million by Service Tax authorities; (ii) an amount aggregating to ₹ 0.07 million by various other tax authorities; (iii) an amount aggregating to ₹ 1628 million by CCI, out of which ₹ 1,626 million has been waived and ₹ 2 million has been paid by NIC; and (iv) an amount aggregating to ₹ 0.008 million by central, state, local, government and statutory authority, out of which ₹ 0.005 million has been waived and ₹ 0.003 million has been paid by NIC.

United India Insurance Company Limited

The following penalties have been imposed on UIIC in Fiscal 2019, Fiscal 2018 and Fiscal 2017: (i) an amount aggregating to ₹ 100.76 million by Service Tax authorities for variation in claiming input credit in relation to service tax; (ii) an amount aggregating to ₹ 1.4 million by Insurance Regulatory and Development Authority of India for, among others, delay in payment for claim and failure to record proper justification; and (iii) an amount aggregating to ₹ 1,566.20 million, out of which ₹ 1550.60 million was waived off and ₹ 15.60 million has been paid. All the penalty amounts have been paid by UIIC.

Defaults in respect of dues payable

The Bank has no outstanding defaults in relation to statutory dues payable, dues payable to holders of any debentures (including interest thereon) or dues in respect of deposits (including interest thereon) or any defaults in repayment of loans from any bank or financial institution (including interest thereon).

Material Frauds

The Special Committee of the Board of Directors for Monitoring of Large Value Frauds comprises five Directors namely Mr. Baburao Busi, Mr. Amitabh Chaudhry, Mr. Rakesh Makhija, Mr. Rajesh Dahiya and Mr. T. C. Suseel Kumar. The Committee is chaired by Mr. Baburao Busi. The Special Committee of the Board of Directors for Monitoring of Large Value Frauds was constituted pursuant to an RBI circular to monitor fraudulent activity involving ₹ 10 million and above. The major functions of the Special Committee involve overseeing investigation of large value frauds involving amount of ₹ 10 million and above in each case, actions taken by the Bank against the perpetrators of such frauds and suggesting and reviewing corrective steps to plug systemic loopholes, if any, monitoring the progress in all the large value frauds and implementation of the suggestions made by the Committee, reviewing the accounts identified as 'Red-Flagged' with an exposure amounting to ₹ 500 million and above from the Bank, reviewing matter involving cyber frauds and functioning of Fraud Review Council. The Bank's Policy relating to Management and Reporting of Frauds is approved by the Committee, the functioning of the Committee is reviewed by the Board of Directors on a half-yearly basis.

In the last three years, the acts of frauds involving an amount of ₹ 10 million or more, against the Bank as reported to the RBI are as follows:

Sr. No	Details of the fraud	Amount involved (In ₹ million)	Summary and Action taken by the Bank
1.	Case of misappropriation and criminal breach of trust by Late Mr. Navajit Kakoty, the branch head, Mr. Anurag Nath, the operations head and Mr. Shashanka Hazarika, the teller, at the time of the fraud.	13.79	The branch head of the Bank at the time of the fraud in connivance with the teller and the operations head of the Bank had fraudulently siphoned off funds of certain customers of the Bank. Pursuant to receipt of complaints from aggrieved customers, a complaint was lodged with the Biswanath Chariali Police Station, Assam by the Bank in relation to the fraudulent activities allegedly undertaken by the perpetrators. The case was reported to the RBI on 13 July 2018. The matter is currently under investigation. The amount involved has been written off by the Bank.
2.	Case of cheating and forgery by Aditya Polymers and Chemicals (India) Private Limited.	196.00	Aditya Polymers and Chemicals (India) Private Limited had fraudulently sold properties mortgaged by it as collateral in relation to the term loan and cash credit facilities as a part of the consortium availed by them from the Bank without informing and taking the prior consent of the consortium and had allegedly siphoned off the funds. The case was reported to the RBI on 19 February 2018 and a complaint was lodged with the Economic Offences Wing, Crawford Market, Mumbai in this regard. The matter is currently under investigation. The Bank has filed a suit before the Debt Recovery Tribunal, Mumbai on 6 April 2017 and has also issued notice to the company under the SARFAESI Act. The amount involved has been provisionally held by the Bank.
3.	Case of cheating and forgery by Abhishek Tubes Limited.	23.20	Abhishek Tubes Limited had deposited forged title deeds as mortgage in relation to the loan availed by them from the Bank. The company also misled the Bank's empanelled valuer and officials to a wrong

Sr. No	Details of the fraud	Amount involved (In ₹ million)	Summary and Action taken by the Bank
			site for valuation of the property. The case was reported to the RBI on 5 June 2018. A complaint was lodged with the Commissioner of Police, new Delhi in this regard. The matter is currently under investigation. The amount involved has been recovered and the account stands closed as on 3 October 2019.
4.	Case of misappropriation and breach of trust by Mr. Rajeev Sachan, a custodian of cash replenishment agency called CMS Infor Systems Limited.	18.47	Mr. Rajeev Sachan, deployed for loading cash in various ATMs/bunch note acceptor/recyclers had misappropriated the recycler's cash. The case was reported to the RBI on 19 August 2019 and a complaint was lodged with the Link Road Police Station, Ghaziabad in this regard. The matter is currently under investigation. The amount involved has been recovered by the Bank.
5.	Case by cheating and forgery by Mrs. C Ramadevi, Mr. Krishna Rajasekaran and Mr. V Balu.	11.60	The borrowers in connivance with certain other accomplices had submitted forged title documents to fraudulently avail a loan facility. The case was reported to the RBI on 26 February 2018 and an FIR was lodged with the Office of the Commissioner of Police, Chennai in this regard. The matter is currently under investigation. The amount involved has been provisionally held by the Bank.
6.	Case of cheating and forgery by Anil Limited.	604.40	Anil Limited had submitted forged sales bills and committed other financial irregularities in relation to the credit facilities extended by the Bank. The case was reported to the RBI on 27 October 2017 and a complaint was lodged with the Navrangpura Police Station, Ahmedabad in this regard. An Original Application was filed by the Bank has filed before the Debts Recovery Tribunal, Ahmedabad An amount of ₹ 529.8 million has been provisionally held by the Bank.
7.	Case of cheating and forgery by borrowers and certain empanelled valuers including Mr. Sanjay Kumar and Mr. Rahul Garg.	20.62	The borrowers had availed gold loan facilities from the Bank against fake gold jewellery, certified as genuine, by empanelled valuers of the Bank at the time. The case was reported to the RBI on 30 July 2018 and a complaint was lodged with the Superintendent of Police, Yamunanagar in this regard. The matter is currently under investigation. An amount of ₹ 2.1 million has been recovered by the Bank and the remaining amount involved has been provisionally held by the Bank.
8.	Case of cheating and forgery by Mr. M. Murugan.	15.10	Mr. Murugan, an employee of District Rural Development Agency in connivance with his accomplices had fraudulently siphoned off funds from three DRDA accounts routing it through his and his accomplices' accounts maintained with the Bank and certain other banks. The case was reported to the RBI on 21 November 2017 and a complaint was

Sr. No	Details of the fraud	Amount involved (In ₹ million)	Summary and Action taken by the Bank
			lodged with the Police Superintendent, Erode, Tamil Nadu in this regard. The matter is currently under investigation. An amount of ₹ 0.098 million has been recovered by the Bank and an amount of ₹ 15 million has been written off by the Bank.
9.	Case of cheating and forgery by Mr. Rahul Arora and Mrs. Amarjeet Kaur.	18.00	The borrowers had availed a loan facility from the Bank in the year 2014 and had mortgaged their self-occupying residential property against the loan. During the year 2017, on the occurrence of default in payment by the borrowers and subsequent inspection by the Bank's collection team, it was discovered that the borrowers had obtained multiple funding from various lenders for the same property. The case was reported to the RBI on 23 May 2019 and a complaint was lodged with Lajpat Nagar Police Station, New Delhi in this regard. The matter is currently under investigation. An amount of ₹ 7.64 million has been recovered by the Bank and the remaining amount involved has been provisionally held by the Bank.
10.	Case of cheating and forgery by L M Fashions Private Limited.	115.00	L M Fashions Private Limited had submitted fabricated financial statements to the Bank in relation to the loans availed by them. The case was reported to the RBI on 24 May 2019 and a complaint was lodged with the Badambari Police Station, Cuttack in this regard. The matter is currently under investigation. The amount involved has been provisionally held by the Bank.
11.	Case of cheating and forgery by Mr. Pankaj Kumar the then assistant sales manager of the branch.	10.58	Mr. Pankaj Kumar had misappropriated funds from customers by luring them to invest in fictitious scheme assuring higher returns. He was arrested and continues to be in judicial custody till date. The case was reported to the RBI on 27 May 2019 and a complaint was lodged with Hariharpur Police Station, Gomoh, Jharkhand in this regard. The matter is currently under investigation. An amount of ₹ 0.365 million has been recovered by the Bank and the remaining amount involved has been written off by the Bank.
12.	Case of cheating and forgery by Shri Ganapati Ores and Ispat Private Limited.	13.50	Shri Ganapati Ores and Ispat Private Limited had submitted fabricated financial statements to the Bank for increasing the limits of the loan facilities already availed by them. The case was reported to the RBI on 6 August 2019 and a complaint was lodged with the Raghunathpalli Police Station, Odisha in this regard. The matter is currently under investigation. The Bank has separately filed an application under Section 14 of the SARFAESI Act before the Tahasildar, Biramitrapur to take possession of the secured assets. The hearing of the application is awaited. The

Sr. No	Details of the fraud	Amount involved (In ₹ million)	Summary and Action taken by the Bank
			amount involved has been provisionally held by the Bank.
13.	Case of cheating and forgery by New Ganesh Motors and others.	83.27	New Ganesh Motors, a direct selling agent associated with the Bank, in connivance with certain borrowers forged registration certificates and insurance cover notes and fabricated number plates of vehicles to fraudulently avail auto loan facilities from the Bank. Upon investigation, during the process of recovery, it was discovered that the vehicles for which the facilities were availed were untraceable. The case was reported to the RBI on 16 November 2018 and a complaint was lodged with the Rabale Police Station, New Mumbai in this regard. The matter is currently under investigation. An amount of ₹ 52.76 million has been recovered by the Bank and the remaining amount involved has been provisionally held by the Bank.
14.	Case of cheating and forgery by Valecha Engineering Limited.	546.00	Valecha Engineering Limited had fabricated documents that it was required to submit to the Bank for availing a credit facility. Additionally, certain other financial irregularities were arising out of suspicious diversion of funds. The case was reported to the RBI on 18 November 2018 and a complaint was lodged in this regard. The matter is currently under investigation. The amount involved has been provisionally held by the Bank.
15.	Case of cheating and forgery by Corporate Ispat Alloys Limited.	454.50	Corporate Ispat Alloys Limited had diverted funds disbursed by the Bank towards other projects and its associate companies without completing the project for which the funds had originally been disbursed by the Bank. The case was reported to the RBI on 20 November 2018 and a complaint was lodged in this regard. The matter is currently under investigation. An original application for recovery was filed by the Bank before the Debts Recovery Tribunal, Nagpur in January 2017. The amount involved has been provisionally held by the Bank.
16.	Case of cheating and forgery by Mandhana Industries Limited.	628.44	Mandhana Industries Limited had availed loan facilities from the Bank for the fulfilment of certain objects. On occurrence of default in repayment, it was discovered, among others, that the funds which were originally disbursed by the Bank to MIL had been diverted and not used for the purpose which was originally stated by MIL. Additionally, certain other financial irregularities were observed, which included manipulation of books of accounts by the company. The case was reported to the RBI on 20 November 2018 and a complaint was lodged, in this regard. The matter is currently under investigation. An amount of ₹ 25.80

Sr. No	Details of the fraud	Amount involved (In ₹ million)	Summary and Action taken by the Bank
			million has been recovered and the rest of the amount involved has been provisionally held by the Bank.
17.	Case of cheating and forgery by Firestar International Private Limited.	292.00	The Bank had granted working capital loan facilities to Firestar International Private Limited as a part of consortium banking arrangement and had also sanctioned certain loans outside the consortium. The credit facilities were secured against primary security of hypothecation of current assets of the company and collateral of equitable mortgage of the immovable properties, on pari passu basis with other consortium banks. Subsequently, Punjab National Bank and other consortium lenders declared the company's account as 'fraud' on account of the unauthorized letter of undertakings issued on behalf of firms in which Mr. Nirav Modi was the promoter. The Bank had classified the company's account as 'fraud' with an amount involved as ₹ 292 million. A case has already been registered by the Central Bureau of Investigation on the complaint filed by Punjab National Bank. The case was reported to the RBI on 8 August 2018 and the Bank has lodged a complaint with the Banking Securities and Fraud Cell, Central Bureau of Investigation, Mumbai in this regard. The matter is currently under investigation. The Bank issued a demand notice under Section 13(2) of the SARFAESI Act on 5 June 2018 to the company for repayment of dues. The amount involved has been provisionally held by the Bank.
18.	Case of cheating and forgery by Mr. Mahesh Ghate.	15.00	Mr. Mahesh Ghate and his accomplice had opened an account with the Bank by impersonating certain individuals. The perpetrators, then fabricated a sale deed in relation to a certain properties and named these certain impersonated individuals as sellers. Subsequently, the perpetrators fraudulently availed a home loan from Indian Bank and collected the loan disbursement in the account maintained with the Bank. The case was reported to the RBI on 14 February 2018 and a complaint was lodged with the Hinjewadi Police Station, Pune, in this regard. The matter is currently under investigation and the extent of loss to the Bank is ₹ 14.99 million.
19.	Case of cheating and forgery by Emgreen Impex Private Limited.	29.86	Emgreen Impex Private Limited had withdrawn funds from the cash credit account maintained with the bank even after liquidating the limit. The case was reported to the RBI on 19 February 2018 and a complaint was lodged with the Rajgouri Garden Police Station, New Delhi, in this regard. The matter is currently under investigation. The amount involved has been recovered by the Bank.

Sr. No	Details of the fraud	Amount involved (In ₹ million)	Summary and Action taken by the Bank
20.	Case of cheating and forgery by Intellisys Technologies and Research Private Limited.	217.50	Intellisys Technologies and Research Private Limited had fabricated book debt statements required to be submitted to the Bank in relation to the loan availed by them. Additionally, certain other financial irregularities were arising out of diversion of partial loan proceeds to related accounts and individual accounts. The case was reported to the RBI on 11 June 2018 and a complaint was lodged with the Joint Commissioner of Police, Kolkata in this regard. The matter is currently under investigation. An original application was filed by the Bank before the Debts Recovery Tribunal, Kolkata and has also initiated action under SARFAESI. An amount of ₹ 41.7 million has been recovered by the Bank and the remaining amount involved has been provisionally held by the Bank.
21.	Case of cheating and forgery by DSK Motors Private Limited.	48.50	DSK Motors Private Limited had diverted funds disbursed by the Bank and not used for the purpose which was originally stated by the Company. The case was reported to the RBI on 8 October 2018 and a complaint was lodged with the Pune Police Station, in this regard. The matter is currently under investigation. An amount of ₹ 32.2 million has been recovered by the Bank and the remaining amount involved has been provisionally held by the Bank.
22.	Case of cheating and forgery by Mr. Bhavinbhai Ghosai, Mr. Kalpesh Vagasia, Mr. Balvantsinh Shinol, Mr. Bharatsinh Shinol, Mr. Kanaiyalal Panchal and Mr. Parshotambhai Savaliya.	21.30	The borrowers in collusion with certain godown supervisors had fraudulently replaced the actual agricultural produce, required to be deposited as collateral with the Bank, with 'dried grass' in relation to the loan availed by them. The case was reported to the RBI on 27 December 2018 and a complaint was lodged with the Gondal Police Station in this regard. The matter is currently under investigation.
23.	Case of misappropriation of cash by the then custodian of Securitrans Private Limited, a cash replenishment agency.	13.27	A certain custodian of a Securitrans Private Limited, a cash replenishment agency, had misappropriated cash which had to be deposited in ATMs, including an ATM of the Bank. The case was reported to the RBI on 29 March 2019 and a complaint was lodged with the Erode Police Station, Tamil Nadu in this regard. The matter is currently under investigation. The amount involved has been recovered by the Bank.
24.	Case of misappropriation and criminal breach of trust by Mr. Sandip Dankhara, Mr. Savan Baldha and Mr. Dhaval Bhikhadiya.	24.97	The perpetrators, in connivance with Mr. Sandip Dankhara and certain other staff members of the Bank fraudulently siphoned off the funds from accounts of certain customers. The case was reported to the RBI on 6 March 2018 and a complaint was lodged with the Police Station in Sachin, Surat in this regard. Mr. Sandeep Dankhara and Mr. Savan Baldha have been arrested by the police and further

Sr. No	Details of the fraud	Amount involved (In ₹ million)	Summary and Action taken by the Bank
			investigation is in progress. An amount of ₹ 8.577 million has been recovered by the Bank and the remaining amount involved has been written off by the Bank.
25.	Case of cheating and forgery by Mr. Harish Agarwal and Ms. Leena Agarwal.	27.00	The borrowers had availed a home loan facility from the Bank in the year 2014. After November 2018, on the occurrence of default in payment by the borrowers and subsequent inspection by the Bank's collection team, it was discovered that the property against which the loan was sought was occupied a certain individual to whom the Bank had financed a loan against the same property in January 2015. The case was reported to the RBI on 29 March 2019 and a complaint was lodged with the Economics Offences Wing, Delhi in this regard. The matter is currently under investigation. An amount of ₹ 2.142 million has been recovered by the Bank and the remaining amount involved has been provisionally held by the Bank.
26.	Case of cheating and forgery by Helios and Matheson IT Bangalore Limited.	21.72	Helios and Matheson IT Bangalore Limited had fabricated book debt statements and other documents required to be submitted to the Bank in relation to the loan availed by it. The case was reported to the RBI on 8 January 2018 and a complaint was lodged with the Office of Joint Commissioner of Police, Bangalore, in this regard. The amount involved has been provisionally held by the Bank.
27.	Case of cheating and forgery by Hotel Sapphire Inn.	124.50	In relation to the credit facilities availed by Hotel Sapphire Inn, the Bank while enforcing its security on a property of the company found that the company had failed to disclose to the Bank a prior lease created on the property. The case was reported to RBI on 19 December 2017 and a complaint was lodged with Shakespeare Sarani Police Station, Kolkata in this regard. The matter is currently under investigation. The amount involved has been provisionally held by the Bank.
28.	Case of cheating and forgery by Unique Infraventure.	50.40	Unique Infraventure was found to have diverted and siphoned off a part of the funds received pursuant to the credit facilities availed from the Bank. The case was reported to RBI on 19 December 2017 and a complaint was lodged with Shakespeare Sarani Police Station, Kolkata in this regard. The matter is currently under investigation. The amount involved has been provisionally held by the Bank.
29.	Case of cheating and forgery by Happy Enterprises.	53.20	Happy Enterprises was found to have diverted and siphoned off a part of the funds received pursuant to the credit facilities availed from the Bank. The case was reported to RBI on 19 December 2017 and a complaint was lodged with Shakespeare Sarani

Sr. No	Details of the fraud	Amount involved (In ₹ million)	Summary and Action taken by the Bank
			Police Station, Kolkata in this regard. The matter is currently under investigation. The amount involved has been provisionally held by the Bank.
30.	Case of cheating and forgery by KJSL Freight Movers.	56.80	KJSL Freight Movers was found to have diverted and siphoned off a part of the funds received pursuant to the credit facilities availed from the Bank. The case was reported to RBI on 19 December 2017 and a complaint was lodged with Shakespeare Sarani Police Station, Kolkata in this regard. The matter is currently under investigation. The amount involved has been provisionally held by the Bank.
31.	Case of cheating and forgery by Vidit Freight Movers.	58.10	Vidit Freight Movers was found to have diverted and siphoned off a part of the funds received pursuant to the credit facilities availed from the Bank. The case was reported to RBI on 19 December 2017 and a complaint was lodged with Shakespeare Sarani Police Station, Kolkata in this regard. The matter is currently under investigation. The amount involved has been provisionally held by the Bank.
32.	Case of cheating and forgery by SB Enterprises.	45.30	SB Enterprises was found to have diverted and siphoned off a part of the funds received pursuant to the credit facilities availed from the Bank. The case was reported to RBI on 19 December 2017 and a complaint was lodged with Shakespeare Sarani Police Station, Kolkata in this regard. The matter is currently under investigation. The amount involved has been recovered by the Bank.
33.	Case of cheating and forgery by AV Enterprises.	27.90	AV Enterprises was found to have diverted and siphoned off a part of the funds received pursuant to the credit facilities availed from the Bank. The case was reported to RBI on 19 December 2017 and a complaint was lodged with Shakespeare Sarani Police Station, Kolkata in this regard. The matter is currently under investigation. The amount involved has been provisionally held by the Bank.
34.	Case of misappropriation and criminal breach of trust by Mr. Rajesh Kumar, accountant of a customer of the Bank and Mr. Kamal Ahsan, the relationship manager of the Allahabad branch of the Bank at the time of the fraud.	240.70	Mr. Kamal Ahsan, the relationship manager of the Allahabad branch of the Bank at the time of the fraud, was found to have acted in collusion with Mr. Rajesh Kumar, the accountant of a customer of the Bank and fraudulently debited the customer's account from time to time without any mandate and siphoned off funds from the customer's account. The case was reported to RBI on 2 May 2017 and a complaint was lodged with Civil Lines Police Station, Allahabad in this regard. The matter is currently under investigation. An amount of ₹ 4.8 million has been recovered and the rest of the amount involved has been provisionally held by the Bank.
35.	Case of misappropriation and criminal breach of trust by Mr. Varun Juluru, the customer	19.88	Mr. Varun Juluru, the customer service manager of the Mahbubabad branch, Telangana at the time of the

Sr. No	Details of the fraud	Amount involved (In ₹ million)	Summary and Action taken by the Bank
	service manager of the Mahbubabad branch, Telangana at the time of the fraud.		fraud, was found to have fraudulently transferred funds from the accounts of the Bank's customers to the accounts of his relatives and friends. The case was reported to RBI on 27 December 2017 and a complaint was lodged with Mahbubabad Police Station, Telangana in this regard. The matter is currently under investigation. The amount involved has been recovered by the Bank.
36.	Case of cheating and forgery by Shilpi Cable Technologies Limited.	259.00	Shilpi Cable Technologies Limited was found to have diverted the funds borrowed from the consortium of banks and was also involved in various irregularities such as raising of funds outside the consortium of banks without the prior consent of the consortium, submission of inflated financial statements, etc. The case was reported to RBI on 30 March 2018 and a complaint was lodged with Mandir Marg Police Station, New Delhi in this regard. The matter is currently under investigation. An amount of ₹ 16.10 million has been recovered and the rest of the amount involved is provisionally held by the Bank.
37.	Case of misappropriation and criminal breach of trust by Mr. J. Jayaprakash, assistant manager and gold loan officer at the Adyar branch of the Bank at the time of the fraud and Mr. Gunasekaran, gold loan business development executive from Axis Sales Limited at the time of the fraud.	35.80	Mr. J. Jayaprakash, assistant manager and gold loan officer at the Adyar branch, Chennai of the Bank at the time of the fraud and Mr. Gunasekaran, gold loan business development executive from Axis Sales Limited at the time of the fraud, was found to have opened fictitious gold loan accounts and siphoned off funds. The case was reported to RBI on 2 January 2018 and a complaint was lodged with the Office of the Commissioner of Police, Chennai in this regard. The matter is currently under investigation. An amount of ₹ 10.2 million has been recovered by the Bank and an amount of ₹ 24.60 million has been provisionally held by the Bank.
38.	Case of cheating and forgery by Ramya Textiles Ramya Sizing Mills.	45.57	In relation to the credit facilities availed from the Bank, Ramya Textiles Ramya Sizing Mills was found to have created multiple charges on properties mortgaged to the Bank and also diverted and siphoned off funds from the amount received pursuant to the credit facilities. The case was reported to RBI on 8 August 2017 and a complaint was lodged with the Office of Superintendent of Police, Erode in this regard. The matter is currently under investigation. The amount involved has been provisionally held by the Bank.
39.	Case of cheating and forgery by Chem Edge International Private Limited.	386.80	Chem Edge International Private Limited was found to be involved in several fraudulent activities such as manipulation of books of accounts, diversion of funds, etc. The case was reported to RBI on 17 October 2018 and a complaint was lodged with Navrangpura Police Station, Ahmedabad in this

Sr. No	Details of the fraud	Amount involved (In ₹ million)	Summary and Action taken by the Bank
			regard. The matter is currently under investigation. Further, the Bank, along with other banks of the consortium has filed a joint recovery application before the Debts Recovery Tribunal, Ahmedabad. An amount of ₹ 23.78 million has been recovered and the rest of the amount involved has been provisionally held by the Bank.
40.	Case of cheating and forgery by Shri Balaji Hi-Tech Constructions Private Limited.	31.77	Shri Balaji Hi-Tech Constructions Private Limited was found to have mortgaged flats to the Bank which were already mortgaged to other banks and also sold the subject flats to third parties without taking prior consent from the Bank. The case was reported to RBI on 31 May 2017 and a complaint was lodged with the Vijaynagar Police Station, Ghaziabad in this regard. The matter is currently under investigation. An amount of ₹ 9.14 million has been recovered and an amount of ₹ 22.632 million has been provisionally held by the Bank.
41.	Case of cheating and forgery by HGCL Niraj Supreme Infrastructure Private Limited.	210.00	HGCL Niraj Supreme Infrastructure Private Limited was found to have submitted forged bank guarantee amendments and renewals in relation to 14 bank guarantees worth ₹ 210 million. The case was reported to RBI on 1 October 2018 and a complaint was lodged with the Office of the Economic Offence Wing, Crawford Market, Mumbai in this regard. The matter is currently under investigation. The amount involved has been recovered by the Bank.
42.	Case of cheating and forgery by Krishna Saw Mill.	156.60	Krishna Saw Mill was found to have submitted fabricated financial statements and availed higher working capital limit than permitted. The company also disposed of a major portion of their stock without the taking prior consent of the Bank which resulted in depletion of the primary security coverage for the outstanding amount. The case was reported to RBI on 6 June 2017 and a complaint was lodged with Office of the Commissioner of Police, Tiruchurapalli in this regard. The matter is currently under investigation. An amount of ₹ 44.4 million has been recovered and the rest of the amount involved has been provisionally held by the Bank.
43.	Case of cheating and forgery by Shreeji Associates.	56.60	In relation to credit facilities availed from the Bank, Shreeji Associates was found to have sold the flats mortgaged to the Bank without taking prior consent from the Bank. The case was reported to the RBI on 14 August 2017 and a complaint was lodged with the Economic Offence Wing, Navi Mumbai in this regard. The matter is currently under investigation. The amount involved has been provisionally held by the Bank.

Sr. No	Details of the fraud	Amount involved (In ₹ million)	Summary and Action taken by the Bank
44.	Case of cheating and forgery by Mr. Paras Sudhir Shah.	11.78	Mr. Paras Sudhir Shah was found to have registered multiple fake sale deeds on the same property and availed home loan facilities from the Bank and other financial institutions by submitting the fake sale deeds as security. The case was reported to RBI on 3 October 2018 and a complaint was lodged with Sadhu Vaswani Chowk Police Station, Pune in this regard. The matter is currently under investigation. The amount involved has been provisionally held by the Bank.
45.	Case of cheating and forgery by Krishna Wood Works.	156.60	Krishna Wood Works was found to have submitted fabricated financial statements and availed higher working capital limit than permitted. The company also disposed of a major portion of their stock without taking prior consent of the Bank which resulted in depletion of the primary security coverage for the outstanding amount. The case was reported to RBI on 7 June 2017 and a complaint was lodged with Office of the Commissioner of Police, Tiruchurapalli in this regard. The matter is currently under investigation. An amount of ₹ 48.8 million has been recovered and the rest of the amount involved has been provisionally held by the Bank.
46.	Case of cheating and forgery by Sharan Communications.	18.80	Sharan Communications was found to have availed an enhanced cash credit limit from the Bank by submitting a forged non-objection certificate in relation to a property already mortgaged with another bank. The case was reported to RBI on 19 July 2018 and a complaint was lodged with Patliputra Police Station, Patna in this regard. The matter is currently under investigation. The amount involved has been provisionally held by the Bank.
47.	Case of cheating and forgery by Geekay Colonizers and Builders Limited and others.	98.22	Geekay Colonizers and Builders was found to have acted in collusion with the empanelled valuer and direct selling agent of the Bank and availed home loan facilities from the Bank in the names of their accomplices and siphoned off funds received pursuant to the loan facilities. The case was reported to RBI on 21 August 2017 and a complaint was lodged with Civil Line Police Station, Raipur in this regard. The matter is currently under investigation. An amount of ₹ 25.98 million has been recovered by the Bank and the rest of the amount involved has been provisionally held by the Bank.
48	Case of cheating and forgery by Helios and Matheson Information Technology Limited.	353.80	Helios and Matheson Information Technology Limited was found to be involved in fraudulent acts such as submitting fabricated financial statements to the Bank for availing loan facilities, raising public deposits without obtaining a non-objection certificate from the Bank and defaulting in repayment of loans,

Sr. No	Details of the fraud	Amount involved (In ₹ million)	Summary and Action taken by the Bank
			etc. The case was reported to RBI on 23 August 2018 and a complaint was lodged with Central Crime Branch, Chennai in this regard. The amount involved has been provisionally held by the Bank.
49.	Case of cheating and forgery by Ruchi Soya Industries Limited.	2,385.30	Ruchi Soya Industries Limited had created various shell firms and subsequently, routed its business transactions through them. The company also misrepresented its financial statements to obtain loan facilities in excess of the limit. The case was reported to the RBI on 1 October 2018. IDBI Bank, the lead bank of the consortium has filed a complaint with the Central Bureau of Investigation against the company and its directors on behalf of the consortium. An amount of ₹ 1,200 million has been recovered and the rest of the amount involved has been provisionally held by the Bank.
50.	Case of cheating and by Diamond Power Infrastructure Limited.	2,180.00	Diamond Power Infrastructure Limited availed loan facilities from the Bank as a part of the consortium. On 31 December 2017, the account maintained with the Bank was classified as an NPA. During February 2018, it was found that the promoters of the company fabricated documents to avail facilities. Additionally, other financial irregularities were observed arising out of diversion of funds which included utilisation of funds from one bank to service the debt with another bank. The case was reported to the RBI on 18 June 2018 and a police complaint was lodged with the Gandhinagar Police Station, Gujarat in this regard. The matter is under investigation. The Central Bureau of Investigation is also investigating the matter suo-moto. Provision has been made for an amount of ₹ 2084.2 million by the Bank. Further, an amount of ₹ 95.8 million has been recovered by the Bank.
51.	Case of cheating and forgery by Usher Agro Limited.	2,080.26	The Bank had granted loan facilities to Usher Agro Limited as a part of the consortium. It was reported by one of the members of the consortium that the company had submitted forged title documents to fraudulently avail loan facilities. Subsequently, the Bank classified the account of the company maintained with the Bank as a red flagged account. The case was reported to the RBI on 16 December 2017 and a complaint was lodged with the Economic Offence Wing in this regard. IDBI Bank has filed a complaint with the Central Bureau of Investigation. Joint Lenders' Forum has initiated recovery proceedings. An amount of ₹ 8.90 million has been recovered and the rest of the amount involved has been provisionally held by the Bank.

Sr. No	Details of the fraud	Amount involved (In ₹ million)	Summary and Action taken by the Bank
52.	Case of cheating and forgery by Asian Ispat FZ LLC.	1,850.00	Asian Ispat Free Zone Limited Liability Corporation had availed loan facilities from the Bank for the fulfilment of certain objects. In September 2016 the account of the company was identified as an NPA by the Bank. Additionally, certain other financial irregularities were arising out of diversion of funds and manipulation of books of accounts. The case was reported to the RBI on 19 December 2018 and a complaint was lodged in Dubai in this regard. The Court in Dubai pronounced a verdict of three years imprisonment.
53.	Case of cheating and forgery by Gili India Limited.	874.90	The Bank had granted loan facilities to Gili India Limited as a part of consortium banking arrangement. The credit facilities were secured by hypothecation of current assets of the company on pari passu basis with other lenders and collaterally by equitable mortgage of the immovable properties, personal guarantees of Mr. Mehul Choksi along with corporate guarantee of Gitanjali Gems Limited. The Bank had classified the company's account as 'fraud' with an amount involved as ₹ 874.9 million in light of the issuance unauthorised letter of undertakings by Punjab National Bank. A case has already been registered by the Central Bureau of Investigation on the complaint filed by Punjab National Bank. The case was reported to the RBI on 13 July 2018 and a complaint was lodged with the Bank Securities and Fraud Cell of the Central Bureau of Investigation, Mumbai in this regard by Punjab National Bank on behalf of the consortium. The matter is under investigation. The amount involved has been provisionally held by the Bank.
54.	Case of cheating and forgery by Lakshmi Energy and Food Limited.	843.30	Lakshmi Energy and Food Limited had misrepresented its stocks, book debt records to fraudulently avail loan facilities from the Bank. Additionally, other financial irregularities were observed arising out of transacting with related parties. The case was reported to the RBI on 4 October 2018 and a complaint was lodged with Chandigarh Police Station in this regard. The Bank, along with Punjab National Bank has also filed a joint complaint with the Central Bureau of Investigation. The amount involved has been provisionally held by the Bank.
55.	Case of cheating and forgery by Ardor International Limited.	800.00	Ardor International Limited had diverted funds to the personal accounts of its directors and other family members of its promoters. The case was reported to the RBI on 4 July 2017 and a complaint was lodged with Navrangpura Police Station, Ahmedabad in this regard. An amount of ₹ 169 million has been

Sr. No	Details of the fraud	Amount involved (In ₹ million)	Summary and Action taken by the Bank
			recovered by the Bank. The rest of the amount involved has been provisionally held by the Bank.
56.	Case of cheating and forgery by Nakshtra Brands Limited.	400.40	The Bank had granted loan facilities to Nakshtra Brands Limited as a part of consortium banking arrangement and had also sanctioned certain loan facilities outside the consortium. The credit facilities were secured by primary security of hypothecation of current assets of the company on pari passu basis with other lenders and collaterally by lien on fixed deposit to the extent of ₹ 32 million along with personal guarantees of Mr. Mehul Choksi and corporate guarantee of Gitanjali Gems Limited. The Bank had classified the company's account as 'fraud' with an amount involved as ₹ 400.4 million in light of the issuance unauthorised letter of undertakings by Punjab National Bank. A case has already been registered by the Central Bureau of Investigation on the complaint filed by Punjab National Bank. The case was reported to the RBI on 19 July 2018 and a complaint was lodged with the Bank Securities and Fraud Cell of the Central Bureau of Investigation, Mumbai in this regard. The matter is currently under investigation. The amount involved has been provisionally held by the Bank.
57.	Case of misappropriation and criminal breach of trust by Mr. Rajkumar Bharadwaj.	25.62	Mr. Rajkumar Bharadwaj, a former assistant sales manager of the Bank in connivance with third parties forged KYC documents of policy holders and misappropriated the maturity proceeds of the policies. Subsequently, he transferred the proceeds of the policies to other accounts. The case was reported to the RBI on 21 April 2017 and a complaint was lodged with the Economic Offence Wing, Delhi in this regard. Economic Offences Wing is currently investigating the matter.
58.	Case of cheating and forgery by Dr. Senthilkumar.	32.90	In relation to a home loan facility availed from the Bank, Dr. Senthilkumar failed to hand over the documents of the property post disbursement of the loan amount and defaulted in repayments. Subsequently, it was found that a mortgage was created on the property in favour of another third party by way of a general power attorney registered by Dr. Senthilkumar. The case was reported to the RBI on 26 September 2019 and a complaint was lodged with the Office of the Commissioner of Police, Vepery, Chennai in this regard. The matter is currently under investigation. The amount involved has been provisionally held by the Bank.
59.	Case of cheating and forgery by Precision Engineers & Fabricators Private Limited.	301.10	In relation to a credit facility availed from the Bank, Precision Engineers & Fabricators Private Limited had hypothecated certain current assets and movable

Sr. No	Details of the fraud	Amount involved (In ₹ million)	Summary and Action taken by the Bank
			fixed assets to the Bank. Subsequently, it was found that certain movable fixed assets were sold without obtaining a no-objection certificate from the Bank. The case was reported to the RBI on 30 September 2019 and a complaint was lodged with the Joint Commissioner of Police (Crime), Bank Fraud Section, Lal Bazaar, Kolkata. The matter is currently under investigation. The amount involved has been provisionally held by the Bank.
60.	Case of cheating and forgery by Arise India Limited.	357.60	Arise India Limited was availing credit facilities from a consortium of six banks, including the Bank. It was found that the company had siphoned off funds to the extent of ₹ 5,999.1 million to its related entities. The case was reported to the RBI on 30 September 2019 and a complaint was lodged with the Mandir Marg Police Station, New Delhi. The matter is currently being investigated. An amount of ₹ 10.50 million was recovered and the rest of the amount has been provisionally held by the Bank.
61.	Case of Cheating and Forgery by Bhushan Power and Steel Limited.	8,810.50	Bhushan Power and Steel Limited had availed credit facilities from a consortium of 36 banks. It was found that the company and its related entities were involved in various financial violations and suspicious transactions and diversion of funds to shell companies. Proceedings are ongoing pursuant to an assessment order served on the company by the Income Tax Department alleging suspicious transactions with 132 dummy entities. The case was reported to the RBI on 3 December 2019 and a complaint was lodged with the Office of the Economic Offences Wing, Delhi. The matter is currently under investigation. The amount involved has been provisionally held by the Bank.
62.	Case of cheating and forgery by Onus Enterprise Private Limited.	123.30	Onus Enterprise Private Limited was sanctioned working capital limits and commercial vehicle loans by the Bank. Through a forensic audit conducted by the Bank, the company was found to have committed misrepresentation and breach of trust. Further, various irregularities were observed in the documents submitted to the Bank. The case was reported to the RBI on 4 December 2019 and a complaint was lodged with the Naupada Police Station, Thane. The matter is currently under investigation. The amount involved has been provisionally held by the Bank.
63.	Case of misappropriation and criminal breach of trust by Mr. Manoj Bhargava.	15.51	Mr. Manoj Bhargava, the deputy manager of the Bank's branch in Beawar was found to have misappropriated funds by fraudulently crediting the accounts of his relatives. He was found to have provided misleading narrations for transactions, wrongly debiting office accounts resulting in

Sr. No	Details of the fraud	Amount involved (In ₹ million)	Summary and Action taken by the Bank
			unreconciled outstanding entries. The case was reported to RBI on 6 December 2019 and a complaint was lodged with the Beawar City Police Station against Mr. Manoj Bhargava. The matter is currently under investigation. The amount involved has been provisionally held by the Bank.
64.	Case of cheating and forgery by Kwality Limited	47.22	Kwality Limited was sanctioned purchase card limits by the Bank and working capital limits by 12 other banks. The account was classified as a non-performing asset in January 2019. Pursuant to the findings of the report prepared by a transaction auditor appointed, the company was found to have diverted the funds and manipulated the books of accounts and the account was classified as a fraud. The case was reported to the RBI on 17 December 2019 and a complaint was lodged with the Economic Offence Wing, Delhi. The matter is currently under investigation. The amount involved has been written off by the Bank.
65.	Case of cheating and forgery by Ind-Barath Thermal Power Limited.	346.80	Ind-Barath Thermal Power Limited had availed term loans for part funding of a power plant from consortium of 20 banks. Pursuant to a forensic audit, it was found that the company was involved in diversion of funds to related entities. The case was reported to the RBI on 23 December 2019. The lead bank of the consortium has initiated the corporate insolvency resolution process against the company. The amount involved has been written off by the Bank.
66.	Case of cheating and forgery by Omkar Speciality Chemicals Limited.	99.94	Omkar Speciality Chemicals Limited was sanctioned working capitals limits and term loans by three banks, including the Bank. The Bank had also sanctioned sales invoice finance limit to the company. Pursuant to a forensic audit, it was found that the company was involved in diversion of funds to related entities. The case was reported to the RBI on 24 December 2019 and a complaint was lodged with the Economic Offences Wing & Cyber Cell, Thane. The amount involved has been provisionally held by the Bank.
67.	Case of cheating and forgery by Deccan Cargo and Express Logistics Private Limited.	2,470.69	Deccan Cargo and Express Logistics Private Limited was sanctioned credit facilities by a consortium of three banks. The Bank had sanctioned terms loans to the company to meet its capital expenditure. Pursuant to a forensic audit conducted by the lead bank, it was found that the company was involved in diversion of funds to related entities. The case was reported to the RBI on 2 January 2020. A complaint was lodged with the Joint Director of Central Bureau of Investigation, New Delhi by the lead bank. The matter is currently

Sr. No	Details of the fraud	Amount involved (In ₹ million)	Summary and Action taken by the Bank
			under investigation. The amount involved has been written off by the Bank.
68.	Case of cheating and forgery by Dewan Housing Finance Corporation Limited.	2,142.11	Dewan Housing Finance Corporation Limited, primarily a housing finance company had availed credit facilities from a consortium of 34 banks. The Bank had sanctioned term loan facilities and cash credit facilities to the company commencing from March 2010. Further, the Bank had also invested in the company by purchasing the non-convertible debentures issued during the period 2017 to 2019. The account was classified as a non-performing asset by the Bank in November 2019. Subsequently, the RBI superseded the board of directors of the company owing to the defaults made by the company in meeting various payment obligations and the concerns which arose in relation to the governance of the company. The RBI initiated a corporate insolvency resolution process against the company, pursuant to which the lead bank of the consortium conducted a forensic audit of the company. The findings of the forensic audit showed that the company was involved in various irregularities including disbursing loans and advances to entities and individuals with commonalities to the promoter and promoter entities. Based on the forensic audit report, the Bank classified the account as fraud and the case was reported to the RBI on 16 April 2020. A complaint was lodged with the Worli Police Station, Mumbai in this regard. The matter is currently under investigation. The amount involved has been provisionally held by the Bank.
69.	Case of fraudulent encashment/ manipulation of books of accounts and conversion of property by Sakri IT Solutions Private Limited.	104.60	The Bank had sanctioned working capital limits and cash credit limits to Sakri IT Solutions Private Limited. The Bank classified the account as a non-performing asset in 2016 and filed a suit against the company under the SARFAESI Act before the Debt Recovery Tribunal, Pune. The suit resulted in partial recovery of the outstanding amount. Subsequently, the Bank initiated a corporate insolvency resolution process against the company and the National Company Law Tribunal ordered liquidation of the company in September 2019. The forensic audit conducted by the Bank showed that the company was involved in various irregularities such as diversion of funds and fraudulent transactions, including fraudulent sale of the property mortgaged to the Bank without obtaining a no-objection certificate/ consent from the Bank. The case was reported to RBI on 5 May 2020 and a complaint was lodged with the Chaturshringi Police Station, Pune in this regard. The

Sr. No	Details of the fraud	Amount involved (In ₹ million)	Summary and Action taken by the Bank
			matter is currently under investigation. The amount involved has been written off by the Bank.
70.	Case of cheating and forgery by Gangotri Enterprises Limited.	1,730.40	Gangotri Enterprises Limited had availed term loan facilities and working capital limits from a consortium of seven banks. The credit facilities sanctioned to the company were restructured under a corporate debt restructuring scheme in September 2013. A forensic audit conducted by the lead bank showed that the company was involved in fraudulent transactions such as investments in group companies with the borrowings from the banks, sanction of loans to directors and related parties and failure to disclose the related party transactions in the audited balance sheets. The case was reported to RBI on 17 February 2020 and a complaint was lodged with the Economic Offences Wing, Mandir Marg Police Station, New Delhi in this regard. The matter is currently under investigation. The amount involved has been written off by the Bank.
71.	Case of cheating and forgery by Gangotri Deherdha Ishagarh Tollway Limited.	325.60	The Bank sanctioned a term loan to Gangotri Deherdha Ishagarh Tollway Limited to part-finance a road project undertaken by the company. The account was classified as a non-performing asset by the Bank in March 2018, post which an initial recovery was made from the company. The account was classified as a red flagged account in October 2019. Subsequently, a forensic audit was conducted by the Bank which showed that the company was involved in diversion of funds and other irregularities. The case was reported to RBI on 20 May 2020 and a complaint was lodged with the Economic Offences Wing, Mandir Marg Police Station, New Delhi in this regard. The matter is currently under investigation. The amount involved has been provisionally held by the Bank.
72.	Case of cheating and forgery by Gangotri Jhabua Jobat Kukshi Tollway Limited.	770.60	Gangotri Jhabua Jobat Kukshi Tollway Limited had availed term loan facilities from a consortium of two banks for undertaking a road project. The account was classified as a non-performing asset by the Bank in March 2018, post which an initial recovery was made from the company. The account was classified as a red flagged account in October 2019. Subsequently, a forensic audit was conducted by the Bank which showed that the company was involved in diversion of funds and other irregularities. The case was reported to RBI on 20 May 2020 and a complaint was lodged with the Economic Offences Wing, Mandir Marg Police Station, New Delhi in this regard. The matter is currently under investigation. The amount involved has been provisionally held by the Bank.

Sr. No	Details of the fraud	Amount involved (In ₹ million)	Summary and Action taken by the Bank
73.	Case of cheating and forgery by Gangotri Thandla Limdi Tollway Limited.	160.70	The Bank sanctioned a term loan to part-finance the road project undertaken by Gangotri Thandla Limdi Tollway Limited. The account was classified as a non-performing asset by the Bank in March 2018, post which an initial recovery was made from the company. The account was classified as a red flagged account in October 2019. Subsequently, a forensic audit was conducted by the Bank which showed that the company was involved in diversion of funds and other irregularities. The case was reported to RBI on 20 May 2020 and a complaint was lodged with the Economic Offences Wing, Mandir Marg Police Station, New Delhi in this regard. The matter is currently under investigation. The amount involved has been provisionally held by the Bank.
74.	Case of cheating and forgery by Religare Finvest Limited.	1000.00	Religare Finvest Limited had availed credit facilities under multiple banking arrangements from 35 lenders, including the Bank. In October 2018, the company filed a complaint with the Economic Offences Wing, Mandir Marg Police Station, New Delhi for various criminal actions committed by its erstwhile promoters and other associated persons. In October 2019, the erstwhile promoters of the company were arrested along with the former chief managing director of Religare Enterprises Limited. Subsequently, in March 2020, a charge sheet was filed against the erstwhile promoters and certain employees of Lakshmi Vilas Bank, in connection with an alleged fraud causing losses to the company. Pursuant to a forensic audit, the Bank classified the account as fraud in May 2020 based on the adverse observations found in the audit report such as irregularities in the loan books and diversion of funds to related entities. The case was reported to the RBI on 22 May 2020. The lead bank is in the process of lodging a complaint with the Central Bureau of Investigation on behalf of the lenders, including the Bank. The amount involved has been provisionally held by the Bank.
75.	Case of cheating and forgery by Apex Encon Projects Private Limited.	250.00	The Bank had sanctioned working capital limits to Apex Encon Projects Private Limited. The account was classified as a non-performing asset in October 2013. Pursuant to recovery proceedings initiated by the Bank, an official liquidator was appointed and a recovery certificate was issued against the company. From the submissions made by other banks to the Central Fraud Registry, it was found that the company was involved in several irregularities such as misuse of letters of credit and round tripping of funds through related parties. The case was reported to RBI on 24 May 2020 and a complaint was lodged

Sr. No	Details of the fraud	Amount involved (In ₹ million)	Summary and Action taken by the Bank
			with the Economic Offences Wing, Mandir Marg Police Station, New Delhi in this regard. The matter is currently under investigation. The amount involved has been written off by the Bank.
76.	Case of cheating and forgery by Compact Lamps Private Limited.	175.33	Compact Lamps Private Limited had availed credit facilities from 10 lenders under multiple banking arrangement, including the Bank. The Bank classified the account as a non-performing asset in July 2018, pursuant to which an initial recovery was made from the company. Insolvency proceedings were initiated against the company and an order for liquidation was passed in October 2019. The transaction audit report highlighted preferential and fraudulent transactions undertaken by the company. Based on the transaction audit report, the company was classified as fraud by the Bank in May 2020. The case was reported to the RBI on 25 May 2020 and a complaint was lodged with the Economic Offences Wing, Mandir Marg Police Station, New Delhi in this regard. The matter is currently under investigation. The amount involved has been written off by the Bank.
77.	Case of cheating and forgery by Idhasoft Limited.	129.09	Idhasoft Limited had availed working capital and cash credit facilities from the Bank. The account was classified as a non-performing asset in April 2017. Recovery proceedings were initiated before the Debt Recovery Tribunal, action under the SARFAESI Act was initiated and insolvency proceedings were also initiated before the National Company Law Tribunal. In the transaction audit report, various irregularities were observed in the company's transactions with its overseas subsidiaries. Based on these observations, the Bank classified the account as a red flagged account in January 2020. The forensic audit report showed preferential transactions and fraudulent/ wrongful trading carried out by the company with offshore entities resulting in siphoning of funds. The Bank classified the company as fraud and the case was reported to the RBI on 28 May 2020. A complaint was lodged with the Joint Commissioner of Police, Economic Offences Wing, CBD Belapur, Navi Mumbai in this regard. The matter is currently under investigation. The amount involved has been written off by the Bank.
78.	Case of cheating and forgery by Amrit Feeds Limited.	63.81	Amrit Feels Limited had availed working capital and term loans limits from a consortium of five banks. The Bank classified the account as a non-performing asset in May 2016 and initiated insolvency proceedings against the company. The forensic audit report commissioned by the lead bank of the consortium highlighted various transactions with

Sr. No	Details of the fraud	Amount involved (In ₹ million)	Summary and Action taken by the Bank
			related parties and irregularities in the disclosures made in the company's financial statements. The case was reported to the RBI on 28 May 2020 and a complaint was lodged with the Police Headquarters, Bank Fraud Section, Lal Bazaar, Kolkata in this regard. The matter is currently under investigation. The amount involved has been written off by the Bank.
79.	Case of cheating and forgery by CG Power and Industrial Solutions Limited.	4,471.08	CG Power and Industrial Solutions Limited had availed working capital facilities from a consortium of 10 banks. The company had also availed other facilities from nine lenders under multiple banking arrangement. The Bank classified the account as a red flagged account in November 2019 and as a non-performing asset in December 2019. The forensic audit report commissioned by the lead bank of the consortium showed that the company was involved in various irregularities and siphoning of funds. The Bank classified the company as fraud in June 2020. The case was reported to the RBI on 16 June 2020. The lead bank is in the process of lodging a complaint with the Central Bureau of Investigation on behalf of the lenders, including the Bank. The amount involved has been provisionally held by the Bank.
80.	Case of cheating and forgery by Kadevi Industries Limited.	511.79	Kadevi Industries Limited had availed credit facilities from a consortium of four banks. The account was classified as a non-performing asset in April 2016. Recovery proceedings were initiated before the Debt Recovery Tribunal and insolvency proceedings were also initiated before the National Company Law Tribunal. The liquidation of the company was ordered in July 2019. The forensic audit report commissioned by the lead bank of the consortium showed fraudulent transactions carried out by the company with offshore entities resulting in diversion of funds and misrepresentation in its financial statements. Based on these observations, the Bank classified the account as a red flagged account in January 2020. The case was reported to the RBI on 29 June 2020. The Bank, along with the lead bank, is in the process of lodging a complaint with the Police in this regard. The amount involved has been written off by the Bank.
81.	Case of cheating and forgery by Sunil Hitech Engineers Limited.	802.60	Sunil Hitech Engineers Limited had availed credit facilities from a consortium of 14 banks, including the Bank. The account was classified as a non-performing asset in June 2018. The company is presently under liquidation. Pursuant to a forensic audit, it was found that the company was involved in manipulation of its financial statements in several instances. The case was reported to the RBI on

Sr. No	Details of the fraud	Amount involved (In ₹ million)	Summary and Action taken by the Bank
			30 September 2019. The amount involved has been provisionally held by the Bank.
82.	Case of cheating and forgery by Su-Kam Power Systems Limited.	147.98	Su-Kam Power Systems Limited had availed credit facilities from a consortium of eight banks, including the Bank. The account was classified as a non-performing asset in October 2017. The company is presently under liquidation. Pursuant to a forensic audit commissioned by the lead bank of the consortium, it was found that the company was involved in diversion of funds, manipulation of its financial statements and suspicious transactions of sales and purchases. The case was reported to RBI on 29 October 2019 and a complaint was lodged with the Udyog Vihar Police Station, Gurugram and the Economic Offences Wing, Office of the Commissioner of Police, Gurugram in this regard. The matter is currently under investigation. The amount involved has been provisionally held by the Bank.
83.	Case of cheating and forgery by Base Corporation Limited.	1,716.28	Base Corporation Limited had availed credit facilities from a consortium of 12 banks, including the Bank. Pursuant to a forensic audit report commissioned by the lead bank, it was found that the company was involved in diversion of funds and manipulation of financial statements. The case was reported to the RBI on 17 December 2019. A complaint was lodged with the Joint Director of Central Bureau of Investigation, New Delhi by the lead bank. The matter is currently under investigation. The amount involved has been written off by the Bank.
84.	Case of cheating and forgery by Gupta Energy Private Limited.	1,980.64	Gupta Energy Private Limited had availed term loans from a consortium of lenders, including the Bank, to part fund its power project. The account was classified as a non-performing asset by the Bank in March 2014. The company is currently under liquidation. The forensic audit conducted by the consortium showed that the company was involved in diversion of funds to group companies and manipulation of financial statements. The case was reported to the RBI on 23 December 2019. The amount involved has been written off by the Bank.
85.	Case of cheating and forgery by Vibha Agrotech Limited.	1,042.61	Vibha Agrotech Limited had availed working capital facilities from a consortium of 12 lenders. The account was classified as a non-performing asset by the Bank in May 2013. The lead bank initiated insolvency proceedings against the company in September 2018. Pursuant to a forensic audit conducted by the lead bank, it was found that the company was involved in diversion of funds to group companies and manipulation of financial statements.

Sr. No	Details of the fraud	Amount involved (In ₹ million)	Summary and Action taken by the Bank
			The case was reported to the RBI on 24 December 2019 and a complaint was lodged with the Office of the Director General of Police, Telangana State, Hyderabad, in this regard. The matter is currently under investigation. The amount involved has been written off by the Bank.
86.	Case of cheating and forgery by Jaihind Projects Limited	371.49	Jaihind Projects Limited had availed credit facilities from a consortium of banks, which were restructured under a corporate debt restructuring scheme in March 2013. The facilities extended by the Bank were not a part of the package. The account was classified as a non-performing asset by the Bank in March 2017. A transaction audit, conducted as part of the insolvency proceedings initiated against the company showed that the company had carried out preferential and fraudulent transactions and was involved in manipulation of financial statements. The case was reported to the RBI on 24 December 2019 and a complaint was lodged with the Navranpura Police Station, Ahmedabad in this regard. The matter is currently under investigation. The amount involved has been written off by the Bank.
87.	Case of cheating and forgery by Gupta Global Resources Private Limited	635.46	Gupta Global Resources Private Limited had availed working capital and term loan facilities of a consortium of six lenders. Existing limits of the company were restructured pursuant to a corporate debt restructuring scheme in 2015. The account was classified as a non-performing asset by the Bank in September 2016. Findings of a forensic audit conducted showed that the company was involved in diversion of funds and manipulation of financial statements. The case was reported to the RBI on 7 January 2020 and a complaint was lodged with the Sitabuldi Police Station, Nagpur in this regard. The matter is currently under investigation. The amount involved has been written off by the Bank.
88.	Case of misappropriation and criminal breach of trust by Mr. Amit Kulkarni.	14.25	Mr. Amit Kulkarni, the branch head of Adgaon Naka, Nashik Branch lured customers on the pretext of investments in the Bank's products, with lucrative returns and diverted the customers' funds to a third party, Vaze Constructions. Fictitious investment proofs were provided by Mr. Kulkarni to two customers. An aggregate amount of ₹ 14.3 million from 23 customers was diverted towards external investments outside the Bank. On demand, he repaid the invested funds aggregating to ₹ 4.51 million to six customers. The case was reported to the RBI on 27 January 2020 and a complaint was lodged with the Economic Offences Wing, Nashik in this regard. The rest of the amount involved has been provisionally held by the Bank.

Sr. No	Details of the fraud	Amount involved (In ₹ million)	Summary and Action taken by the Bank
89.	Case of cheating and forgery by IVRCL Limited.	882.16	IVRCL Limited had availed credit facilities from a consortium of 18 lenders. The consortium limits were restructured pursuant to a corporate debt restructuring scheme in September 2014. A strategic debt restructuring by the lenders failed and the account was classified as a non-performing asset by the Bank in December 2016. The company is currently under liquidation. As part of the insolvency proceedings, the forensic audit conducted showed diversion of funds, manipulation of books of accounts and various irregularities committed by the company. The Bank classified the company as fraud and the case was reported to the RBI on 4 February 2020. A complaint was lodged with the Joint Director of Central Bureau of Investigation, New Delhi by the lead bank in this regard. The matter is currently under investigation. The amount involved has been provisionally held by the Bank.
90.	Case of cheating and forgery by Champion Agro Limited.	806.75	Champion Agro Limited had availed working capital limits from various banks under multiple banking arrangements. The company and its directors were reported as wilful defaulter and non-cooperative borrower by the Bank in July 2016. Recovery action under SARFAESI Act is ongoing. Based on submissions made by other banks to the Central Fraud Registry, it was observed that the company was involved in diversion of funds to group entities and disposal of movable fixed assets which were charged to banks without prior approval. The case was reported to the RBI on 5 February 2020 and a complaint was lodged with the Inspector of Police, Gautamnagar, Gandhigram, Rajkot in this regard. The matter is currently under investigation. The amount involved has been written off by the Bank.
91.	Case of cheating and forgery by Trimax IT Infrastructure and Services Limited.	508.94	Trimax IT Infrastructure and Services Limited, had availed working capital facilities from a consortium of 12 banks, including the Bank. The account was classified as a non-performing asset by the lenders. Insolvency proceedings were initiated against the company on February 2019. The forensic audit report commissioned by the lead bank showed that the company was involved in fraudulent transactions of sales and purchases and manipulation of books of accounts. The case was reported to the RBI on 10 February 2020. The lead bank, on behalf of the consortium, is in the process of lodging a complaint in this regard. The amount involved has been written off by the Bank.
92.	Case of cheating and forgery by Coastal Projects Limited.	4,049.24	Coastal Projects Limited had availed credit facilities from a consortium of 39 lenders, including the Bank. The outstanding debt was restructured pursuant to a

Sr. No	Details of the fraud	Amount involved (In ₹ million)	Summary and Action taken by the Bank
			corporate debt restructuring scheme in 2014. A strategic debt restructuring by the lenders failed and the account was classified as a non-performing asset by the Bank in March 2017. Insolvency proceedings were initiated against the company. The findings of the forensic audit conducted showed that the company was involved in diversion of funds, submission of forged documents and suspicious transactions. The Bank classified the company as fraud and the case was reported to the RBI on 12 February 2020. A complaint was lodged with the Panjagutta Police Station, Hyderabad in this regard. The matter is currently under investigation. The amount involved has been written off by the Bank.
93.	Case of cheating and forgery by Cox and Kings Limited.	8,799.58	Cox and Kings Limited had availed credit facilities from 20 lenders, including the Bank under multiple banking arrangements. Insolvency proceedings were initiated against the company in October 2019. Pursuant to a forensic audit, it was found that the company had transactions with other debtors with fictitious addresses and were not found in the statements of the company. The case was reported to the RBI on 20 February 2020 and a complaint was lodged with the Economic Offences Wing, Crawford Market, Mumbai in this regard. The matter is currently under investigation. The amount involved has been provisionally held by the Bank.
94.	Case of cheating and forgery by Ezeego One Travel and Tours Limited.	1,075.54	Ezeego One Travel and Tours Limited, with Cox and Kings Limited and its promoters as its majority shareholders had availed credit facilities from two banks, including the Bank under multiple banking arrangements. The account was classified as a non-performing asset by the Bank in September 2019. Insolvency proceedings were initiated by the other lender against the company. Pursuant to a forensic audit, it was found that the company had substantial related party transactions and had not utilized the funds received for the sanctioned purpose. The case was reported to the RBI on 28 February 2020 and a complaint was lodged with the Economic Offences Wing, Crawford Market, Mumbai in this regard. The matter is currently under investigation. The amount involved has been provisionally held by the Bank.
95.	Case of cheating and forgery by Talwalkars Better Value Fitness Limited.	2,013.47	Talwalkars Better Value Fitness Limited and its related entity Talwalkars Lifestyle Limited (subsequently renamed as Talwalkars Healthclubs Limited) were sanctioned several credit facilities by the Bank The Bank has initiated insolvency proceedings against the entities. Pursuant to a forensic audit conducted by the Bank, it was found that the entities were involved in inflation of

Sr. No	Details of the fraud	Amount involved (In ₹ million)	Summary and Action taken by the Bank
			revenues, diversion of funds and misappropriation of borrowed funds. The case was reported to the RBI on 7 July 2020 and a complaint was lodged with the Economic Offences Wing, Crawford Market, Mumbai in this regard. The amount involved has been provisionally held by the Bank.
96.	Case of cheating and forgery by Talwalkars Healthclubs Limited.	50.00	Talwalkars Better Value Fitness Limited and its related entity Talwalkars Lifestyle Limited (subsequently renamed as Talwalkars Healthclubs Limited) were sanctioned several credit facilities to the entities. The Bank has initiated insolvency proceedings against the entities. Pursuant to a forensic audit conducted by the Bank, it was found that the entities were involved in inflation of revenues, diversion of funds and misappropriation of borrowed funds. The case was reported to the RBI on 7 July 2020 and a complaint was lodged with the Economic Offences Wing, Crawford Market, Mumbai in this regard. The amount involved has been provisionally held by the Bank.
97.	Case of cheating and forgery by M/s. Siya Sales Corporation.	12.41	Mrs. Mansi Mahajan had availed an overdraft facility from the Bank under the loan against property scheme in September 2014. The loan was secured through the mortgage of residential property owned by Mrs. Veena Mahajan, guarantor and mother in law of Mrs. Mansi Mahajan. In November 2017, Mrs. Mansi Mahajan transferred the loan to her proprietorship firm M/s. Siya Sales Corporation with the same property as security. In September 2019, Mrs. Veena Mahajan submitted a letter for withdrawal of guarantee and requested release of the security. As the bank did not accede to the request, the guarantor raised a complaint with the Banking Ombudsman of the RBI. In January 2020, the Banking Ombudsman had scheduled a meeting with Mrs. Veena Mahajan and the Bank to settle the dispute wherein after reviewing the loan documents, she stated that the documents did not bear her signatures and were forged. During an investigation undertaken by the Bank, significant mismatch in the signatures were identified. The loan documents were also referred for forensic examination by a handwriting expert post which the expert concurred that the documents were forged. It was found that the execution of guarantee did not take place in the presence of the relevant officials. The case was reported to the RBI on 22 May 2020 and a complaint was lodged with the Senior Superintendent of Police, Jammu and Kashmir in this regard. The matter is currently under investigation. The amount involved has been provisionally held by the Bank.

Sr. No	Details of the fraud	Amount involved (In ₹ million)	Summary and Action taken by the Bank
98.	Case of cash shortage in ATM involving Mr. Sachin Shivaji Wagh, an employee of Securitrans India Private Limited	10.00	The services of M/s. Securitrans India Private Limited, a cash replenishing agency were availed for cash replenishing activities in the Bank's ATM/ recyclers in Mumbai/ New Mumbai. During a surprise cash verification done by the agency, it was found that an amount aggregating to ₹ 39.68 lakhs was misappropriated from 35 out of 37 ATM/ recyclers serviced by Mr. Sachin Shivaji Wagh, an employee of the agency, which included an amount of ₹ 10.00 million pertained to the seven ATM/ recyclers of the Bank. The case was reported to the RBI on 7 January 2020. A complaint was lodged with the Koparkhairane Police Station, Navi Mumbai in this regard. The matter is currently under investigation. The amount involved has been recovered by the Bank.
99.	Case of cheating and forgery by Educomp Infrastructure & School Management Limited	2,743.80	Educomp Infrastructure & School Management Limited had availed term loan facilties from the Bank. The limits were restructured pursuant to a corporate debt restructuring scheme, and subsequently under a flexible restructuring scheme. Subsequently, the account was classified as a non-performing asset by the Bank and insolvency proceedings were initiated against the company. Pursuant to a forensic audit, it was found that the company was involved in manipulation of its books of accounts and diversion of funds to related entities. The case was reported to RBI on 30 September 2019 and a complaint was lodged with the Udyog Vihar Police Station, Gurugram and the Economic Offences Wing, Office of the Commissioner of Police, Gurugram in this regard. The matter is currently under investigation. The amount involved has been written off by the Bank.
100.	Case of cheating and forgery by Educomp Solutions Limited.	3,335.80	Educomp Solutions Limited had availed term loan facilties from the Bank. The limits were restructured pursuant to a corporate debt restructuring scheme. Subsequently, the account was classified as a non-performing asset by the Bank and insolvency proceedings were initiated against the company. Pursuant to a forensic audit conducted on behalf of the consortium, it was found that the company was involved in manipulation of its books of accounts and diversion of funds to related entities. The case was reported to RBI on 30 September 2019 and a complaint was lodged with the Udyog Vihar Police Station, Gurugram and the Economic Offences Wing, Office of the Commissioner of Police, Gurugram in this regard. The matter is currently under investigation. The amount involved has been written off by the Bank.

Sr. No	Details of the fraud	Amount involved (In ₹ million)	Summary and Action taken by the Bank
101.	Case of fraudulent FASTag refunds	198.70	In January 2020, an incident of fraudulent transactions pertaining to recharge of FASTag through UPI was detected when the operations team of the Bank detected an unusual level of unreconciled debits. On further investigation, it was found that refunds were getting initiated through UPI for attempted recharges where the recharge amounts had not been received by the Bank. It was found that 4,276 refund transactions amounting to ₹ 198.7 million were processed without receiving the recharge amounts. Internal investigation is presently underway and the Bank has appointed an external firm to conduct a forensic review of the incident. The case was reported to the RBI on 10 February 2020 and a complaint was lodged with the Cyber Crime Cell, Bandra Kurla Complex, Mumbai in this regard. The matter is currently under investigation. The amount involved has been provisionally held by the Bank. The Bank is in the process of recovering the amount involved.
102.	Case of cheating and forgery by Mr. Mahantesh and others.	65.00	Karnataka State Warehouse Corporation Limited was the designated collateral manager in relation to the farmer limit warehouse finance facility sanctioned to 13 farmers/ borrowers against pledge of warehouse receipts. During a visit to the Karnataka State Warehouse Corporation Limited, the collections team identified the pilferage / shortage in the pledged commodities. On further investigation, it was revealed that amounts were sanctioned to each of the 13 borrowers on the basis of the inadequate warehouse receipts. These 13 borrowers were later found to be friends, workers and people known to the proprietor of M/s. Mahantesh Traders, owned by Mr. Mahantesh. The end use of the loan funds indicated the beneficiaries as Mr. Mahantesh and his associates. The staff of Karnataka State Warehouse Corporation Limited had colluded with Mr. Mahantesh in perpetrating the fraud. Lapses were found in the due diligence conducted on the 13 borrowers. The case was reported to the RBI on 29 May 2020 and a complaint was lodged with the Chintamani Rural Town Police Station, Karnataka in this regard. The matter is currently under investigation. The amount involved has been provisionally held by the Bank.
103.	Case of cheating and forgery involving three co-operative banks	38.99	In May 2020, the Bank received communications from three co-operative banks that files for various amounts of bulk payment were not initiated by them. Based on an internal investigation, it was found that there were no compromises on the Bank's servers and systems. A forensic investigation has been initiated

Sr. No	Details of the fraud	Amount involved (In ₹ million)	Summary and Action taken by the Bank
			and the Bank has taken additional control measures to enhance the authorization level for the co-operative banks. The case was reported to the RBI on 18 June 2020. There is no financial loss to the Bank in this regard.
104.	Case of cheating and forgery by 43 borrowers, Mr. Tikendra Jaiswal and Mr. Prateek John and others	33.94	Pursuant to an investigation conducted in relation to 62 agriculture loans sanctioned to 43 farmers, it was found that Mr. Tularam, Mr. Govinda and Mr. Rajendra Kashyap and Mr. Tikendra Jaiswal posed as brokers/ agents and collected KYC documents from illiterate labourers for sanction of loans. These individuals colluded with Mr. Prateek John, an ex-staff of the Bank, the patwari and the empaneled lawyer of the Bank for submission of manipulated land records and legal reports. Substantial portions of the loan amounts were siphoned off with the support of Mr. John. The case was reported to the RBI on 16 July 2020 and a complaint was lodged with the Inspector General of Police, Bilaspur, Chattisgarh in this regard. An amount of ₹ 0.97 million has been recovered. An amount of ₹ 32.28 million has been provisionally held by the Bank and the rest of amount involved has been written off by the Bank.
105.	Case of cheating and forgery by Fedders Electric and Engineering Limited	900.44	Fedders Electric and Engineering Limited had availed working capital limits and term loan facilities from a consortium of eight lenders, including the Bank. Pursuant to default in repayment, the Bank classified the account as a non-performing asset in July 2018. A notice under the SARFAESI Act was issued in January 2019 and the company was admitted for corporate insolvency resolution process by the National Company Law Tribunal in August 2019. Pursuant to a forensic audit conducted by the lead bank, it was found that the company was involved in manipulating its books of accounts and submission of wrongful statements with an intent to defraud the lenders. The account was classified as fraud on 2 July 2020. The case was reported to the RBI on 17 July 2020. The lead bank is in the process of lodging a complaint with the Police on behalf of the lenders in this regard. The amount involved has been provisionally held by the Bank.
106.	Case of cheating and forgery by Adams Distributions Private Limited	35.29	Adams Distributions Private Limited had availed cash credit facilities from the Bank. Pursuant to default in repayment, the account was classified as a non-performing asset in December 2016 and as a red flagged account in January 2020. Recovery proceedings have been initiated against the company. Pursuant to investigation undertaken by the Bank, it was found that the company was involved in various irregularities including misrepresentation and

Sr. No	Details of the fraud	Amount involved (In ₹ million)	Summary and Action taken by the Bank
			manipulation of financial statements. The account was classified as fraud by the Bank. The case was reported to the RBI on 30 July 2020 and a complaint was lodged with the Bank Fraud Section, Police Headquarters, Lal Bazar, Kolkata in this regard. The amount involved has been provisionally held by the Bank.
107.	Case of cheating and forgery by SBJ Exports and Manufacturing Private Limited	247.95	SBJ Exports and Manufacturing Private Limited had availed working capital limits from two lenders, including the Bank. Pursuant to default in repayment, the Bank classified the account as a non-performing asset in March 2017. A notice under the SARFAESI Act was issued in June 2017 and an order of liquidation was passed against the company by the National Company Law Tribunal in November 2018. Pursuant to a transaction audit, it was found that the company was involved in manipulation of books of accounts and certain fraudulent transactions. The case was reported to the RBI on 27 July 2020. The Bank is in the process of lodging a complaint in this regard. An amount of ₹ 42.10 million has been recovered by the Bank and the rest of the amount involved has been provisionally held by the Bank.
108.	Case of cheating and forgery by Ind-Barath Power Gencom Limited	1236.49	Ind-Barath Power Gencom Limited had availed working capital limits and terms loan from a consortium of eight banks, led by the Bank. Pursuant to default in repayment, the account was classified as a non-performing asset in May 2017 and the credit facilities were recalled. A notice under the SARFAESI Act was issued in February 2019 and the company was admitted for corporate insolvency resolution process by the National Company Law Tribunal in November 2019. Pursuant to forensic and transaction audits, it was found that the company was involved in various irregularities including certain fraudulent and preferential transactions. The account was classified as fraud and the case was reported to the RBI on 6 August 2020. The Bank is in the process of lodging a complaint in this regard. The amount involved has been provisionally held by the Bank.
109.	Case of cheating and forgery by Pratibha Industries Limited	3133.96	Pratibha Industries Limited had availed working capital facilities from consortium of banks, including the Bank. Pursuant to the company's liquidity constraints, a strategic debt restructuring scheme was implemented by the lenders. Upon failure to find a suitable investor, the account was classified as a non-performing asset by the Bank in June 2016. Subsequently, the account was classified as a red flagged account in December 2018. Pursuant to a forensic audit conducted by the lead bank of the consortium, it was found that the company was

Sr. No	Details of the fraud	Amount involved (In ₹ million)	Summary and Action taken by the Bank
			involved in misrepresentation of books of accounts, non-disclosure of related party transactions and other irregularities. Debt recovery proceedings and insolvency proceedings have been initiated by the consortium in this regard. The case was reported to the RBI on 20 August 2020 and the Bank is in the process of lodging a police complaint in this regard. Provision will be made in accordance with the RBI guidelines for the amount involved.
110.	Case of cheating and forgery by Deepak Cables (India) Limited	636.65	Deepak Cables (India) Limited had availed working capital limits from a consortium of six banks, including the Bank. Pursuant to default in repayment, the Bank classified the account as a non- performing asset in June 2015 with effect from 13 May 2014. The consortium initiated debt recovery proceedings against the company before the Debts Recovery Tribunal, Bangalore. Subsequently, insolvency proceedings were initiated against the company and the National Company Law Tribunal passed an order of liquidation of the company in July 2019. Pursuant to a forensic audit, the account was classified as a red-flagged account by the Bank in August 2020. The case was reported to the RBI on 1 September 2020 and the Bank is in the process of lodging a police complaint in this regard. The amount involved has been provisionally held by the Bank.
111.	Case of cheating and forgery by Sintex-BAPL Limited	2158.32	Sintex-BAPL Limited, part of the Sintex group of companies, had availed supply chain finance limits from Bank. The company had also availed working capital limits and term loans from the Bank in the past which were duly repaid and closed. Pursuant to default in repayment with respect to the supply chain finance limits sanctioned, the Bank classified the account as a non-performing asset in September 2019. In order to protect its interest and to initiate recovery, the Bank has filed a plaint before the Small Causes Court, Ahmedabad. From the submissions made by other banks to the Central Fraud Registry, it was found that the company was involved in several irregularities such as misrepresentation of financial statements and diversion of funds. The Bank classified the account as fraud and reported the case to the RBI on 7 September 2020 and the Bank is in the process of lodging a police complaint in this regard. Provision will be made in accordance with the RBI guidelines for the amount involved.

Details of default, if any, including therein the amount involved, duration of default and present status, in repayment of statutory dues; debentures and interests thereon; deposits and interest thereon; and loan from any bank or financial institution and interest thereon

As on the date of this Offering Circular, the Bank has no outstanding defaults in repayment of statutory dues, dues payable to holders of any debentures and interest thereon, deposits and interest thereon and loans and interest thereon from any bank or financial institution, except where there is dispute under litigation.

Summary of reservations, qualifications or adverse remarks of auditors in the last five Fiscal Years immediately preceding the year of circulation of this Offering Circular and of their impact on the financial statements and financial position of the Bank and the corrective steps taken and proposed to be taken by the Bank for each of the said reservations or qualifications or adverse remark

No reservations, qualifications or adverse remarks have been given by our auditors in the last five Fiscals immediately preceding the year of circulation of this Offering Circular.

The independent auditors report for Fiscal 2020 Financial Statements contains an emphasis of matter with respect to the ongoing COVID-19 pandemic and its impact on the financial statements of the Bank. For details, see "*Consolidated Financial Statements - Note 1.2 of Schedule 18*" on page F-141, "*Standalone Financial Statements - Note 1.2 of Schedule 18*" on page F-45, "*Business - Impact of COVID-19*" and "*Risk Factors - Risks Relating to the Bank's Business - The extent to which the recent coronavirus (COVID-19) pandemic impacts the Bank's business, cash flows, results of the operations and financial condition will depend on future developments, which are highly uncertain and cannot be predicted*".

Details of defaults in annual filing of the Bank under the Companies Act

As on the date of this Offering Circular, the Bank has not made any default in annual filings of the Bank under the Companies Act.

Details of significant and material orders passed by the regulators, courts and tribunals impacting the going concern status of the Bank and its future operations.

Except as stated in this section, there are no significant and material orders passed by the regulators, courts and tribunals impacting the going concern status of the Bank and its future operations.

BOOK-ENTRY CLEARANCE SYSTEMS

*The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear or Clearstream, Luxembourg (together, the **Clearing Systems**) currently in effect. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuer, the Trustee nor any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.*

Book-entry Systems

DTC

DTC has advised the Issuer that it is a limited purpose trust company organised under the New York Banking Law, a member of the Federal Reserve System, a "banking organisation" within the meaning of the New York Banking Law, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to Section 17A of the Exchange Act. DTC holds securities that its participants (**Direct Participants**) deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerised book-entry changes in Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. DTC is a wholly owned subsidiary of The Depository Trust and Clearing Corporation (**DTCC**). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (**Indirect Participants** and, together with Direct Participants, **Participants**). More information about DTC can be found at *www.dtcc.com* and *www.dtc.org* but such information is not incorporated by reference in and does not form part of this Offering Circular.

Under the rules, regulations and procedures creating and affecting DTC and its operations (the **DTC Rules**), DTC makes book-entry transfers of Registered Notes among Direct Participants on whose behalf it acts with respect to Notes accepted into DTC's book-entry settlement system (**DTC Notes**) as described below and receives and transmits distributions of principal and interest on DTC Notes. The DTC Rules are on file with the Securities and Exchange Commission. Direct Participants and Indirect Participants with which beneficial owners of DTC Notes (**Owners**) have accounts with respect to the DTC Notes similarly are required to make book-entry transfers and receive and transmit such payments on behalf of their respective Owners. Accordingly, although Owners who hold DTC Notes through Direct Participants or Indirect Participants will not possess Registered Notes, the Rules, by virtue of the requirements described above, provide a mechanism by which Direct Participants will receive payments and will be able to transfer their interest in respect of the DTC Notes.

Purchases of DTC Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the DTC Notes on DTC's records. The ownership interest of each actual purchaser of each DTC Note (**Beneficial Owner**) is in turn to be recorded on the Direct Participant's and Indirect Participant's records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct Participant or Indirect Participant through which the

Beneficial Owner entered into the transaction. Transfers of ownership interests in the DTC Notes are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in DTC Notes, except in the event that use of the book-entry system for the DTC Notes is discontinued.

To facilitate subsequent transfers, all DTC Notes deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorised representative of DTC. The deposit of DTC Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the DTC Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such DTC Notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the DTC Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to DTC Notes unless authorised by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the DTC Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the DTC Notes will be made to Cede & Co., or such other nominee as may be requested by an authorised representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from the Issuer or the relevant agent (or such other nominee as may be requested by an authorised representative of DTC), on the relevant payment date in accordance with their respective holdings shown in DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practice, as is the case with securities held for the accounts of customers, and will be the responsibility of such Participant and not of DTC or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Issuer, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

Under certain circumstances, including if there is an Event of Default under the Notes, DTC will exchange the DTC Notes for definitive Registered Notes, which it will distribute to its Participants in accordance with their proportionate entitlements and which, will be legended as set forth under "*Transfer Restrictions*".

A Beneficial Owner shall give notice to elect to have its DTC Notes purchased or tendered, through its Participant, to the relevant agent, and shall effect delivery of such DTC Notes by causing the Direct Participant to transfer the Participant's interest in the DTC Notes, on DTC's records, to the relevant agent. The requirement for physical delivery of DTC Notes in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the DTC Notes are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered DTC Notes to the relevant agent's DTC account.

DTC may discontinue providing its services as depositary with respect to the DTC Notes at any time by giving reasonable notice to the Issuer or the relevant agent. Under such circumstances, in the event that a successor depositary is not obtained, DTC Note certificates are required to be printed and delivered.

The Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depositary). In that event, DTC Note certificates will be printed and delivered to DTC.

Since DTC may only act on behalf of Direct Participants, who in turn act on behalf of Indirect Participants, any Owner desiring to pledge DTC Notes to persons or entities that do not participate in DTC, or otherwise take actions with respect to such DTC Notes, will be required to withdraw its Registered Notes from DTC as described below.

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each holds securities for its customers and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between its account holders. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream, Luxembourg customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

Book-entry Ownership of and Payments in respect of DTC Notes

The Issuer may apply to DTC in order to have any Tranche of Notes represented by a Registered Global Note accepted in its book-entry settlement system. Upon the issue of any such Registered Global Note, DTC or its custodian will credit, on its internal book-entry system, the respective nominal amounts of the individual beneficial interests represented by such Registered Global Note to the accounts of persons who have accounts with DTC. Such accounts initially will be designated by or on behalf of the relevant Dealer. Ownership of beneficial interests in such a Registered Global Note will be limited to Direct Participants or Indirect Participants, including, in the case of any Regulation S Global Note, the respective depositaries of Euroclear and Clearstream, Luxembourg. Ownership of beneficial interests in a Registered Global Note accepted by DTC will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee (with respect to the interests of Direct Participants) and the records of Direct Participants (with respect to interests of Indirect Participants).

Payments in U.S. dollars of principal and interest in respect of a Registered Global Note accepted by DTC will be made to the order of DTC or its nominee as the registered holder of such Note. In the case of any payment in a currency other than U.S. dollars, payment will be made to the Exchange Agent on behalf of DTC or its nominee and the Exchange Agent will (in accordance with instructions received by it) remit all or a portion of such payment for credit directly to the beneficial holders of interests in the Registered Global Note in the currency in which such payment was made and/or cause all or a portion of such payment to be converted into U.S. dollars and credited to the applicable Participants' account.

The Issuer expects DTC to credit accounts of Direct Participants on the applicable payment date in accordance with their respective holdings as shown in the records of DTC unless DTC has reason to believe that it will not receive payment on such payment date. The Issuer also expects that payments by Participants to beneficial owners of Notes will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers, and will be the responsibility of such Participant and not the responsibility of DTC, the Principal Paying Agent, the Registrar or the Issuer. Payment of principal, premium (if any), and interest, if any, on Notes to DTC is the responsibility of the Issuer.

Transfers of Notes Represented by Registered Global Notes

Transfers of any interests in Notes represented by a Registered Global Note within DTC, Euroclear and Clearstream, Luxembourg will be effected in accordance with the customary rules and operating procedures of the relevant clearing system. The laws in some States within the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer Notes represented by a Registered Global Note to such persons may depend upon the ability to exchange such Notes for Notes in definitive form. Similarly, because DTC can only act on behalf of Direct Participants in the DTC system who in turn act on behalf of Indirect Participants, the ability of a person having an interest in Notes represented by a Registered Global Note accepted by DTC to pledge such Notes to persons or entities that do not participate in the DTC system or otherwise to take action in respect of such Notes may depend upon the ability to exchange such Notes for Notes in definitive form. The ability of any holder of Notes represented by a Registered Global Note accepted by DTC to resell, pledge or otherwise transfer such Notes may be impaired if the proposed transferee of such Notes is not eligible to hold such Notes through a Direct Participant or Indirect Participant in the DTC system.

Subject to compliance with the transfer restrictions applicable to the Registered Notes described under "*Transfer Restrictions*", cross-market transfers between DTC, on the one hand, and directly or indirectly through Clearstream, Luxembourg or Euroclear accountholders, on the other, will be effected by the relevant clearing system in accordance with its rules and through action taken by the Registrar, the Principal Paying Agent and any custodian (**Custodian**) with whom the relevant Registered Global Notes have been deposited.

On or after the Issue Date for any Series, transfers of Notes of such Series between accountholders in Clearstream, Luxembourg and Euroclear and transfers of Notes of such Series between participants in DTC will generally have a settlement date three business days after the trade date (**T+3**). The customary arrangements for delivery versus payment will apply to such transfers. Cross-market transfers between accountholders in Clearstream, Luxembourg or Euroclear and DTC participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Clearstream, Luxembourg and Euroclear, on the other, transfers of interests in the relevant Registered Global Notes will be effected through the Registrar, the Principal Paying Agent and the Custodian receiving instructions (and, where appropriate, certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. In the case of cross-market transfers, settlement between Euroclear or Clearstream, Luxembourg accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

DTC, Clearstream, Luxembourg and Euroclear have each published rules and operating procedures designed to facilitate transfers of beneficial interests in Registered Global Notes among participants and accountholders of DTC, Clearstream, Luxembourg and Euroclear. However, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time. None of the Issuer, the Trustee, the Agents or any Dealer will be responsible for any performance by DTC, Clearstream, Luxembourg or Euroclear or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations and none of them will have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the Notes represented by Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial interests.

SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN INDIAN GAAP AND U.S. GAAP

The Financial Statements have been prepared in accordance with the accounting policies followed by the Bank which conform to Generally Accepted Accounting Principles in India and the RBI Guidelines as applicable to the Bank. The following are significant differences between Indian GAAP and U.S. GAAP, limited to those significant differences that are appropriate to the Bank's financial statements. However, they should not be construed as being exhaustive, and no attempt has been made to identify possible future differences between Indian GAAP and U.S. GAAP as a result of prescribed changes in accounting standards nor to identify future differences that may affect the Bank's financial statements as a result of transactions or events that may occur in the future. The Financial Statements reflect applicable statutory requirements, regulatory guidelines and accounting practices in India; these requirements, guidelines and practices change from time to time and may have been applied prospectively. As a result, the financial statements of the Bank on a period-by-period basis may not be directly comparable.

Indian GAAP	U.S. GAAP
Financial Statements Presentation and Disclosure	***Financial Statements Presentation and Disclosure***
Two years' balance sheets, profit and loss account, accounting policies and notes and cash flow statements are required under Indian GAAP.	Companies filing U.S. GAAP financial statements with the SEC are required to present three years' statements of operations and stockholders' equity, and other comprehensive income and cash flow statements and two years' balance sheets.
Changes in accounting policies	***Changes in accounting policies***
Impact of adjustments resulting from the change to be shown in the income statement of the period in which the change is made except as specified in certain standards where the change resulting from adoption of such standards has to be shown by an adjustment to opening retained earnings.	Retrospective application requiring the entity to adjust each affected component of equity for the earliest period presented and comparative income statement presented, except where impracticable to do so. Transition provisions are generally specified in new standards and may be different.
Revaluation of property, plant and equipment	***Revaluation of property, plant and equipment***
Use of historical cost or revalued amounts is permitted. Revaluation of an entire class of assets or of a selection of assets is required to be carried out on a systematic basis. An increase in net book value as a result of revaluation is taken directly to revaluation reserves while a decline is charged to a profit and loss account.	Revaluation is not permitted.
Unrealised gains/losses on investments	***Unrealised gains/losses on investments***
All investments are categorised into "Held to Maturity", "Available for Sale" and "Held for Trading". "Held to Maturity" securities are carried at their acquisition cost or at amortised cost if acquired at a premium over the face value. "Available for Sale" and "Held for Trading" securities are valued periodically according to the RBI guidelines. Net depreciation, if any, within each category of	Investments are categorised into "Held to Maturity", "Available for Sale" or "Trading" based on management's intent and ability. While "Trading" and "Available For Sale" securities are valued at fair value, "Held to Maturity" securities are valued at cost, adjusted for amortisation of premiums and accretion of discount. The unrealised gains and losses on "Trading" securities are taken to the income

Indian GAAP	U.S. GAAP
investments is recognised in the profit and loss account. The net appreciation, if any, under each category is ignored.	statement, while those of "Available for Sale" securities are reported as a separate component of stockholders' equity, net of applicable taxes, until realised. In case a security is assessed to be other than temporarily impaired, the unrealised losses are recognised in an income statement.
Amortisation of premium/discount on the purchase of investments	***Amortisation of premium/discount on the purchase of investments***
Under Indian GAAP, premium over the face value of fixed rate and floating rate investments classified under the HTM category is amortised over the period remaining to maturity on a constant yield to maturity basis.	Premium/discount amortisation is permitted for all categories of investments over the period of remaining maturity on an effective interest rate basis.
Allowances for credit losses	***Allowances for credit losses***
All credit exposures are classified according to the RBI guidelines into performing and NPAs. Furthermore, NPAs are classified into substandard, doubtful and loss assets for provisioning based on the criteria stipulated by the RBI. Provisions are made in accordance with the RBI guidelines. For restructured assets, a provision is made in accordance with the guidelines issued by the RBI, which require the diminution in the fair value of the assets to be provided at the time of restructuring. In addition to the specific provisioning made on NPAs, the Bank maintains general provisions to cover potential credit losses of standard assets in accordance with the RBI guidelines and internal policies of the Bank. In case of overseas branches, general provision on standard advances is maintained at the higher of the levels stipulated by the respective overseas regulator or the RBI.	Allowances for credit losses are required to be made in accordance with FASB ASC 326. An estimate of the expected credit losses on loans and receivables should be recognized as an allowance immediately, upon either origination or acquisition of the asset, and adjusted as of the end of each subsequent reporting period. There is no specified threshold for the recognition of an impairment. The expected credit losses should reflect losses expected over the contractual life of the asset and consider historical loss experience, current conditions, and reasonable and supportable forecasts.
Loan origination fees/costs	***Loan origination fees/costs***
Loan origination fees are recognised upfront on their becoming due. Loan origination costs are taken to the profit and loss account in the year in which they are incurred.	Loan origination fees (net of certain loan origination costs) are deferred and recognised as an adjustment to yield over the life of the loan.
Derivatives	***Derivatives***
Derivatives are disclosed as off-balance sheet exposures. The derivatives are bifurcated as trading or hedge transaction. Trading derivatives are revalued at the balance sheet date with the resulting unrealised gain/loss being recognised in the profit	All derivatives are required to be recognised as assets or liabilities on the balance sheet and measured at fair value with changes in fair value being recognised in earnings. Fair values are based on quoted market prices, or absent quoted market prices, based on

Indian GAAP	U.S. GAAP
and loss account and correspondingly in other assets or other liabilities respectively. Hedged swaps/options are accounted for on an accrual/at fair value pursuant to the principles of hedge accounting.	valuation technique, which may take into account available current market and contractual prices of the similar instrument as well a time value underlying the positions. If a derivative qualifies as a hedge, depending on the nature of the hedge, the effective portion of the hedge's change in fair value is either offset against the change in fair value of the hedged asset, liability or firm commitment through income or held in equity until the hedge item is recognised in income. The ineffective portion of a hedge is immediately recognised in income. Further hedge item is also required to be measured at fair value.
Employee Benefits	***Employee Benefits***
AS 15 requires the use of projected unit credit method to determine benefit obligation. The discount rate for obligations is based on market yields of government securities.	Obligation for defined benefit plans must be measured using projected unit credit method. The discount rate for obligations is based on market yields of high-quality corporate bonds.
All actuarial gains and losses have to be recognised immediately in the profit and loss account.	Immediate recognition of actuarial gains or losses is not required.
Deferred Taxes	***Deferred Taxes***
The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future. However, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets.	Income taxes are accounted for according to the provisions of FASB ASC 740, "Income Taxes". FASB ASC 740 requires recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the consolidated financial statements or tax returns. Under this method, deferred tax assets and liabilities are determined based on the difference between the financial reporting and tax basis of assets and liabilities, using enacted tax rates in force.
Deferred tax assets are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonably/virtually certain to be realised.	Deferred tax assets are recognised subject to a valuation allowance based upon management's judgement as to whether realisation is considered more likely than not that the assets will be realised.
Deferred tax is not created on undistributed earnings of subsidiaries and affiliates.	Deferred tax is created on undistributed earnings of subsidiaries and affiliates.
Employee Stock Option Plan	***Employee Stock Option Plan***
According to the guidance note on Accounting for Employee Share based payments, effective for all share based grants made after 1 April 2005, employee share based plans are classified into equity settled, cash settled and employee share based payments plans with alternatives. Any plan falling into the	Under U.S. GAAP, share based payments are accounted for under FASB ASC topic 718, "Compensation – stock compensation", employee stock based compensation plans have to be accounted in income statement using the fair value method.

Indian GAAP	U.S. GAAP
above categories can be accounted for adopting fair value method or intrinsic value method as at the grant date. An enterprise using the intrinsic value method is required to make fair value disclosures. Listed companies are also to observe the specific guidance by market regulator.	
Accounting for subsidiaries and affiliates	***Accounting for subsidiaries and affiliates***
Under Indian GAAP, the Bank is required to present both unconsolidated and consolidated financial statements. Under unconsolidated financial statements, financial position and results of operations of controlled entities are not consolidated, but are reflected on the basis of cost subject to consideration of impairment.	U.S. GAAP mandates preparation of consolidated financial statements.
The Bank is also required to consolidate subsidiaries where it controls the ownership, directly or indirectly, of more than one-half of the voting power or controls the composition of the board of directors with the objective of obtaining economic benefits from their activities. The Bank accounts for investments in associates under the equity method of accounting.	Consolidation of subsidiaries is required where the Bank, directly or indirectly, holds more than 50 per cent. of the voting rights or exercises control. Entities where the Bank holds 20 per cent. to 50 per cent. of the voting rights and/or has the ability to exercise significant influence are accounted for under the equity method, and the pro rata share of their income (loss) is required to be included in the income statement as per FASB ASC Topic 323. The Bank will be required to consolidate Variable Interest Entities (**VIEs**) where the Bank is determined to be the primary beneficiary under FASB ASC 810.
Accounting for Securitisation	***Accounting for Securitisation***
Under Indian GAAP, the gain on a securitisation transaction is recognised over the period of underlying securities issued by the special purpose vehicle as prescribed under the RBI guidelines. The losses, if any, are charged off immediately.	Under U.S. GAAP, any gain or loss on the sale of the financial asset is accounted for in the income statement at the time of the sale according to ASC Topic 860, "Transfers and Servicing".

THE INDIAN FINANCIAL SECTOR

The information presented in this section has been extracted from publicly available documents from various sources, including officially prepared materials from the Government and its various ministries, the Reserve Bank of India, the National Payments Corporation of India and the Indian Banks' Association, and has not been prepared or independently verified by the Bank, the Arrangers, the Dealers or any of their affiliates or advisers. Wherever the Bank has relied on figures published by the RBI, unless stated otherwise, it has relied on the RBI Report on Trend and Progress of Banking in India, the RBI Financial Stability Report Issue No. 20 (December 2019), RBI Data on Sectoral Deployment of Bank Credit, the Quarterly Statistics on Deposits and Credit of Scheduled Commercial Banks published by the RBI and the Bank wise ATM/POS/Card Statistics published by the RBI. The accuracy and completeness of the industry sources and publications referred to by us, and the underlying assumptions on which such sources and publications are based, are not guaranteed and their reliability cannot be assured and, accordingly, investment decisions should not be based on such information.

Statements in this section that are not statements of historical fact constitute "forward-looking statements". Such forward-looking statements are subject to various risks, assumptions and uncertainties and certain factors could cause actual results or outcomes to materially differ.

Introduction

The RBI, the central banking and monetary authority of India, is the central regulatory and supervisory authority for the Indian financial system, including Indian banks and non-banking finance companies. A variety of financial intermediaries in the public and private sectors participate in India's financial sector, including the following:

- scheduled commercial banks, including:
  - public sector banks;
  - regional rural banks;
  - private sector banks; and
  - foreign banks;
- co-operative banks;
- long-term lending institutions;
- non-banking finance companies;
- other specialized financial institutions;
- state-level financial institutions;
- insurance companies; and
- mutual funds.

Until the 1990s, the Indian financial system was strictly controlled. Interest rates were administered by the Government. Formal and informal parameters governed asset allocation and strict controls limited entry into and expansion within the financial sector. Bank profitability was low, NPAs were comparatively high, capital adequacy was diminished and operational flexibility was hindered. The Government's economic reform program, which began in 1991, encompassed the financial sector. The first phase of the reform process began with the implementation of the recommendations of the Committee on the Financial System, namely the Narasimham Committee I. Following that, reports were submitted in 1997 and 1998 by other committees, such as the second Committee on Banking Sector Reform, namely the Narasimham Committee II, and the Tarapore Committee on Capital Account Convertibility. This, in turn, led to the second phase of reforms relating to capital adequacy requirements, asset classification and provisioning, risk management and merger policies. The deregulation of interest rates, the emergence of a liberalized domestic capital market and the entry of new private sector banks have progressively intensified the competition among banks.

Banks in India may be categorized as scheduled banks and non-scheduled banks. The former are banks which are included in the second schedule to the Reserve Bank of India Act, 1934, as amended (the **RBI Act**). These banks comprise scheduled commercial banks and scheduled cooperative banks. Scheduled commercial banks may be further classified as public sector banks, private sector banks, foreign banks and regional rural banks.

This discussion presents an overview of the role and activities of the RBI and of each of the major participants in the Indian financial system, with a focus on commercial banks.

The Reserve Bank of India

The RBI, established in 1935, is the central banking and monetary authority in India. The RBI manages India's monetary supply and foreign exchange and also serves as a lender of last resort for the Government and for the country's commercial banks. In addition to regulating and supervising the Indian financial system, the RBI performs a number of functions including:

- issuing currency;
- managing debt for the Government and certain state governments;
- managing India's foreign exchange reserves;
- managing the capital account of the balance of payments;
- regulating and supervising payment settlement systems; and
- operating a grievance redress scheme for bank customers through the banking ombudsman and formulating policies for fair treatment of banking customers.

In addition to these traditional central banking roles, the RBI also undertakes certain developmental and promotional roles, such as financial inclusion initiatives and strengthening of the credit delivery mechanisms to priority sectors and weaker sections, including agricultural entities, small and micro-enterprises and for affordable housing and education.

The RBI issues guidelines on exposure limits, income recognition, asset classification, provisioning for non-performing and restructured assets, investment valuation and capital adequacy for commercial banks, long-term lending institutions and non-banking financial companies. The RBI requires all institutions subject to its regulatory oversight to furnish information relating to their respective businesses to it on a regular basis. For further discussion regarding the RBI's role as the regulatory and supervisory authority of India's financial system and its impact on the Bank, see "*Supervision and Regulation – Laws, rules and regulations governing the Bank – RBI Regulations*".

Structure of India's Banking Industry

Scheduled Commercial Banks

Scheduled commercial banks in India have traditionally focused on meeting the short-term financial needs of industry, trade and agriculture. In recent years, they have also focused on increasing long-term financing to sectors like infrastructure. As at April 2020, there were 78 scheduled commercial banks in India and 45 regional rural banks as at December 2019. Scheduled commercial banks are banks that are listed in the second schedule to the RBI Act and are further categorized as public sector banks, private sector banks and foreign banks.

Public Sector Banks

Public sector banks are scheduled commercial banks with a significant Government shareholding, and make up the largest category in the Indian banking system. As at April 2020, they included the 12 nationalized banks, including the State Bank of India (**SBI**), taking into account the amalgamation of certain public sector banks in March 2020. For more information, see "- *Mergers and Consolidations*".

Public sector banks accounted for 57.5% of the total credit and 62.3% of the total deposits of all scheduled commercial banks as at 31 March 2020.

The SBI is the largest bank in India in terms of deposits, advances, customers and banking outlets. In one of the largest consolidations in the Indian banking industry, the SBI merged with its five associate banks and the Bharatiya Mahila Bank, which merger became effective from 1 April 2017, to form a unified entity. As at 31 March 2020, the consolidated SBI had 22,141 branches, and accounted for 22.84% of aggregate deposits of all scheduled commercial banks.

Regional Rural Banks

The regional rural banks were established from 1976 to 1987 by the Government, state governments and sponsoring commercial banks jointly with a view to developing the rural economy. Regional rural banks provide credit to small farmers, artisans, small entrepreneurs and agricultural laborers. As at December 2019, there were 45 regional rural banks in India. Regional rural banks are regulated and supervised by the National Bank for Agriculture and Rural Development (**NABARD**).

Private Sector Banks

Most large banks in India were nationalized in 1969, resulting in public sector banks making up the largest portion of Indian banking. The Government's focus on public sector banks was maintained throughout the 1970s and 1980s. In addition, existing private sector banks that showed signs of an eventual default were merged with state-owned banks. In July 1993, as part of the banking reform process and as a measure to induce competition in the banking sector, the RBI permitted the private sector to enter the banking system. This resulted in the introduction of private sector banks, including the Bank.

As at April 2020, there were a total of 22 private banks, 10 small finance banks and six payments banks operating in India. (In 2019, a payment bank that had begun operations voluntarily decided to wind up its operations).

Private sector banks have gained increasing significance in the Indian economy over the past decade, and have increased their market share within the Indian banking sector in terms of aggregate deposits as well as gross bank credit outstanding of the scheduled commercial banks. As at March 2020, these private sector banks accounted for 34.5% of the total credit and 29.0% of the total deposits of all scheduled commercial banks.

Foreign Banks

In 2009, as part of the liberalization process that accompanied the second phase of the reform process that began in 2005, the RBI began permitting foreign banks to operate more freely, subject to requirements largely similar to those imposed on domestic banks.

As at April 2020, there were 44 foreign banks in India. The primary activity of most foreign banks in India has been in the corporate segment. However, some of the larger foreign banks have made retail banking a significant part of their portfolios. Most foreign banks operate in India through branches of the parent bank. Certain foreign banks also have wholly owned non-banking financial company subsidiaries or joint ventures for both corporate and retail lending of sectors such as agriculture and small-scale industries, following an adequate transition period.

Co-operative Banks

Cooperative banks cater to the financing needs of agriculture, small industry and self-employed businessmen in urban and semi-urban areas of India. As at 29 May 2019, there were a total of 1,972 co-operative banks operating in India.

Currently, the RBI is responsible for the supervision and regulation of urban cooperative banks, and NABARD is responsible for the supervision of state co-operative banks and district central cooperative banks.

Long-Term Lending Institutions

The long-term lending institutions were established to provide medium-term and long-term financial assistance to various industries for the setting up of new projects and for the expansion and modernization of existing facilities. These institutions provided fund-based and non-fund-based assistance to various industry sectors in the form of loans, underwriting, direct subscription to shares, debentures and guarantees.

The long-term lending institutions were expected to play a critical role in Indian industrial growth and, accordingly, had access to concessional Government funding. However, in recent years, the operating environment of the long-term lending institutions has changed substantially, and these institutions have expanded the scope of their business activities to also include (i) fee-based activities such as investment banking and advisory services, and (ii) short-term lending activity, including making corporate finance and working capital loans.

Non-Banking Financial Companies

The primary activities of the non-banking financial companies are providing consumer credit, including automobile finance, home finance and consumer durable products finance, factoring, microfinance, infrastructure finance, wholesale finance products such as bill discounting for small and medium companies and infrastructure finance, and fee-based services such as investment banking and underwriting.

All non-banking financial companies are required to register with the RBI. As at 30 September 2019, there were 9,642 non-banking financial companies in India, mostly in the private sector. Out of these, 82 were deposit-taking non-banking financial companies, while the rest were non-deposit taking non-banking financial companies. Deposit-taking non-banking financial companies are subject to strict supervision and the capital adequacy requirements of the RBI.

Housing Finance Companies

Housing finance companies form a distinct sub-group of non-banking financial companies. As a result of the various incentives given by the Government for investing in the housing sector in recent years, the scope of this business has grown substantially.

Microfinance Institutions

Microfinance institutions also form a distinct sub-group of non-banking financial companies. They focus on providing access to small-scale financial services, especially to the poor. Microfinance institutions differ from other financial services providers as they do no depend on grants or subsidies to provide unsecured loans to borrowers with low incomes and no access to the mainstream banking system.

Other Financial Institutions

Specialized Financial Institutions

In addition to the long-term lending institutions, there are various specialized financial institutions which cater to the specific needs of different sectors. These include NABARD, Export Import Bank of India, Small Industries Development Bank of India, Risk Capital and Technology Finance Corporation Limited, Tourism Finance Corporation of India Limited, National Housing Bank, Power Finance Corporation Limited, Infrastructure Development Finance Corporation Limited, Industrial Investment Bank of India, North Eastern Development Finance Corporation and India Infrastructure Finance Company.

State-level Financial Institutions

State financial corporations operate at the state level and form an integral part of the institutional financing system. State financial corporations were set up to finance and promote SMEs. The state financial institutions are expected to achieve balanced regional socio-economic growth by generating employment opportunities and widening the ownership base of industry. At the state level, there are also state industrial development corporations, which provide finance primarily to medium-sized and large enterprises.

Insurance Companies

As at 31 March 2020, the insurance industry of India consisted of 58 insurance companies, of which 24 are in the life insurance business and 34 are non-life insurers. Among the life insurers, Life Insurance Corporation is the sole public sector company. In addition to these, as at 31 March 2020, there were two national re-insurers, namely, General Insurance Corporation of India and ITI Reinsurance Limited. The insurance sector in India is regulated by the Insurance Regulatory and Development Authority of India.

Mutual Funds

The mutual fund industry in India started in 1963 with the formation of Unit Trust of India at the initiative of the Government and the RBI. The mutual funds industry was opened up to the private sector in 1993. The Indian mutual funds industry is regulated by SEBI. Since 2009, mutual fund units have been traded on recognized stock exchanges in India.

The total assets under management of the Indian mutual fund industry has grown from ₹ 5.83 trillion as at 30 June 2009 to ₹ 26.07 trillion as at 30 June 2020.

Commercial Banking Trends

The following table provides a summary of major indicators for the Indian banking sector as at the dates indicated (*Source: IBA, Key Business Statistics; does not include small finance banks*):

	Public Sector Banks		Private Sector Banks		Foreign Banks	
	2019	Growth %/ Change	2019	Growth %/ Change	2019	Growth %/ Change
	₹billion (unless otherwise specified)					
Deposits	84,862	2.7%	37,700	15.6%	5,819	17.0%
Advances	59,263	4.0%	33,275	17.4%	3,967	12.8%

	Public Sector Banks		Private Sector Banks		Foreign Banks	
	2019	Growth %/ Change	2019	Growth %/ Change	2019	Growth %/ Change
	₹billion (unless otherwise specified)					
Investments	27,024	(3.2)%	12,197	10.5%	3,834	22.4%
Credit deposit ratio	69.8%	88bps	88.3%	135bps	68.18%%	(257)bps
Net NPA to net Advances	4.8%	(317)bps	2.0%	(126)bps	0.52%%	12bps
RoAA	(0.7)%	20bps	0.6%	) (26bps	1.5%%	15bps

Credit and deposit growth

The consumer credit market in India has undergone a significant transformation over the last decade and has experienced growth due to consumer credit becoming cheaper, more widely available and an increasingly acceptable avenue of funding for consumers. Factors that have contributed to these developments include:

- increased focus by banks and financial institutions on consumer credit, resulting in a market shift towards regulated players from unregulated moneylenders/financiers;
- increasing desire by consumers to acquire assets such as cars, goods and houses on credit;
- a fast-emerging middle class and a growing number of households in a bank's target segment;
- improved terms of credit;
- legislative changes that offer greater protection to lenders against fraud and potential default, increasing the incentive to lend; and
- growth in assignment and securitization arrangements for consumer loans, enabling non-deposit based entities to access wholesale funding and compete in the market, based on the ability to originate, underwrite and service consumer loans.

Aggregate credit among all scheduled commercial banks decreased to 6.4% in fiscal 2020 as compared to 13.2% in fiscal 2019 and 6.9% in fiscal 2018, driven largely by private sector banks at 9.3% and public sector banks at 4.2%. In fiscal 2020, overall commercial banking credit growth was weighed by slowing growth across sectors, with services leading the growth at 7.4% year-on-year, followed by agriculture and allied activities at 4.2% and industry at just 0.7%. Growth in credit for services was driven largely by credit to NBFCs, growing at 25.9% year-on-year followed by credit for trade at 4.6%. Within the industry sector, year-on-year credit growth for micro and small and large industries was 1.7% and 0.6%, respectively. However, credit for medium industries contracted marginally by 0.7% year-on-year. Bank credit to industry witnessed muted growth in fiscal 2020, mainly due to contraction in credit to metal, gems and jewellery, engineering, textile, food processing and infrastructure sub-sectors. (*Source: RBI, Data on Sectoral Deployment of Bank Credit*).

As of 31 March 2020, the credit-deposit ratio for all scheduled commercial banks in total was 76.0% as compared to 78.2% as on 31 March 2019. Aggregate deposits among all scheduled commercial banks increased by 9.5% in fiscal 2020. Aggregate deposits among all scheduled commercial banks increased by 9.4% in fiscal 2019 and 6.9% in fiscal 2018. Deposit growth in both public and private sector banks exceeded their credit growth; although for fiscal 2020, deposit growth for public sector banks was marginally slower at 8.2% as against 10.4% for private sector banks.

As at 22 May 2020, gross bank credit deployed by certain scheduled commercial banks, was ₹ 91,089 billion compared with ₹ 85,167 billion as at 24 May 2019 and ₹ 76,365 billion as at 25 May 2018, representing an increase of 7.0% between fiscal 2019 and fiscal 2020 and 11.5% between fiscal 2018 and fiscal 2019.

Gross bank credit deployed by certain scheduled commercial banks to the industry sector (comprising micro and small enterprises, medium and large enterprises), increased by CAGR of 4.0% between 25 May 2018 and 22 May 2020. As at 22 May 2020, such advances amounted to ₹ 28,616 billion, an increase of 1.7% from ₹ 28,140 billion as at 24 May 2019. Between 24 May 2019 and 25 May 2018 such advances increased by 6.4% to ₹ 28,140 billion from ₹ 26,446 billion. The vast majority of lending in this segment was to large enterprises, accounting for 84.2% of aggregate advances to the sector as at 22 May 2020.

Gross bank credit deployed by certain scheduled commercial banks to large enterprises, increased by 5.1% between fiscal 2018 and fiscal 2020. As at 22 May 2020, such advances amounted to ₹24,088 billion, an increase of 2.8% from ₹ 23,433 billion as at 24 May 2019. Between 24 May 2019 and 25 May 2018 such advances increased by 7.4% to ₹ 23,433 billion from ₹ 21,809 billion.

Gross bank credit deployed by certain scheduled commercial banks to micro and small enterprises decreased by 1.2% between fiscal 2018 and fiscal 2020. As at 22 May 2020, such advances amounted to ₹ 3,529 billion, a decrease of 3.4% from ₹ 3,653 billion as at 24 May 2019. Between 25 May 2018 and 24 May 2019, such advances increased by 1.1% from ₹ 3,613 billion to ₹ 3,653 billion.

As at 22 May 2020, gross bank credit deployed by certain scheduled commercial banks to retail customers in personal loans was ₹ 24,789 billion, a 10.6% increase from ₹ 22,414 billion as at 24 May 2019. Between 24 May 2019 and 25 May 2018, such advances increased by 16.9% to ₹ 22,414 billion from ₹ 19,181 billion. As at 22 May 2020, out of the total gross bank credit deployed by all scheduled commercial banks to retail customers, ₹ 13,291 billion, or 53.6%, were attributable to loans for housing; compared to ₹ 11,769 billion or 52.5%, as at 24 May 2019 and ₹ 9,919 billion, or 51.7%, as at 25 May 2018.

Asset quality

The Indian corporate sector experienced several challenges in recent years following a phase of significant expansion in investment in the infrastructure and industrial sectors during fiscals 2010 and 2011. These challenges included delays in project implementation, issues assessing raw materials, low demand and global commodity price cycles, which resulted in a decline in the credit quality of corporate borrowers. In addition, in June 2019, the RBI issued revised guidelines on the resolution of stressed assets, which resulted in the withdrawal of schemes of strategic debt restructuring, change in ownership outside strategic debt restructuring and the scheme for sustainable structuring of stressed assets. The RBI has also provided further regulatory relief in this regard by way of its notification on 17 April 2020, by extending the Review Period. For more information, see "*Supervision and Regulation—Laws, rules and regulations governing the Bank—Prudential framework on resolution of stressed assets*". Loans that had been classified under these schemes, which were not implemented, were reclassified as non-performing. As a result, there was a substantial increase in the level of additions to non-performing loans, including slippages from restructured loans into non-performing status between fiscals 2016 and 2018 for the Indian banking sector, leading to a significant increase in the provisions and contingencies for non-performing assets during that period. These increases in provisions negatively affected the profitability of Indian banks between fiscals 2016 and 2018.

The gross NPA ratio of scheduled commercial banks remained unchanged at 9.3% between March 2019 and September 2019, although the level of gross NPAs increased marginally by 0.2% during the same period. However, net non-performing assets (**NNPA**) ratio of scheduled commercial banks declined in September 2019, reflecting increased provisioning. The aggregate provision coverage ratio (**PCR**) of all scheduled commercial banks increased to 61.5% in September 2019 from 60.5% in March 2019. PCRs of both public sector banks and private sector banks increased in September 2019. As a result of recapitalization of public sector banks by the Government, capital to risk-weighted assets ratio (**CRAR**) of scheduled commercial banks improved to 15.1% in September 2019 from 14.3% in March 2019.

While the gross NPA remained largely unchanged across all bank groups, as of September 2019, the gross NPA ratio of public sector banks decreased from 23.06% at the end of March 2018 to 18.77% at the end of March 2019, to 12.7% at the end of September 2019. The gross NPA ratio of private sector banks decreased from 7.88% at the end of March 2018 to 6.34% at the end of March 2019, to 3.9% as at September 2019. The gross NPA ratio, for foreign banks decreased from 4.93% to 3.42% from the end of March 2018 to the end of March 2019 and to 2.9% at the end of September 2019. Macro-stress tests for credit risk indicate that under the baseline scenario, the gross NPA ratio of scheduled commercial banks may decrease from 9.3% in September 2019 to 9% by September 2020 primarily due to macroeconomic changes, marginal increase in slippages and the denominator effect of declining credit growth.

Among the bank groups, under the baseline scenario gross NPA ratio for public sector banks may increase to 13.2% by September 2020 from 12.7% in September 2019, for private sector banks, gross NPA ratio may increase to 4.2% by September 2020 from 3.9% in September 2019, and gross NPA ratio for foreign banks may increase to 3.1% by September 2020 from 2.9% in September 2019. Bank-wise distribution of asset quality showed that, while 24 banks had gross NPA ratios under 5%, four banks had gross NPA ratios higher than 20% in September 2019.

Among sectors, gross NPA ratio for industries was 17.3% as of September 2019, followed by agriculture and allied activities at 10.1%, services at 6.3% and retail loans at 1.8%. For September 2019, slippage ratio (new accretion to gross NPA in a quarter in proportion to standard advances at the beginning) was led by agriculture at 5.05%, followed by industry at 3.79%, services at 4.12% and retail loans at 1.99%. Within the industry sector, sub-sectors such as engineering, food processing, textiles, rubber and plastic had relatively higher slippage ratios. (*Source: RBI Financial Stability Report, December 2019*)

The increased pace at which non-performing assets were recognized led to the non-performing assets cycle peaking in March 2018. As most non-performing assets had been recognized in fiscal 2018, the cycle turned around in fiscal 2019. The net NPA ratio for all scheduled commercial banks was 3.8% as at 30 September 2020, a decrease from 3.8% as at 31 March 2019 and 6.1% as at 31 March 2018. As at 30 September 2019, the net NPA ratio for public sector banks was 5.1%, a decrease from 5.2% as at 31 March 2019 and 8.6% as at 31 March 2018. The net NPA ratio for private banks was unchanged at 1.6% between 31 March 2019 and 30 September 2019, a decrease compared to 2.0% as at 31 March 2018 and for foreign banks it was unchanged at 0.5% as at 30 September 2019 and 31 March 2019, an increase compared to 0.4% as at 31 March 2018.

The provision coverage ratio for the overall Indian banking sector increased to 61.5% in September 2019 from 60.5% as at 31 March 2019 and 48.1% as at 31 March 2018. As at 30 September 2019, among the bank groups, foreign banks had the highest provision coverage ratio of 83.2%, up from 82.6% as at 31 March 2019, followed by public sector banks with 61.7%, up from 60.8% as at 31 March 2019 and private sector banks with 58.5%, up from 57.0% as at 31 March 2019. As at 31 March 2019, among the bank groups, foreign banks had the highest provision coverage ratio of 82.6%, down from 88.7% as at 31 March 2018, followed by public sector banks with 60.8%, up from 47.1% as at 31 March 2018 and private sector banks with 57.0%, up from 51.0% as at 31 March 2018.

The share of large borrowers in scheduled commercial banks' total loan portfolios and their share in gross NPAs was at 51.8% and 79.3%, respectively, in September 2019; these were lower compared to 53% and 82.2%, respectively in March 2019. The share of large borrowers in the scheduled commercial banks' total loan portfolios declined by 1.8% between fiscal 2019 and fiscal 2018 as did the gross NPAs of scheduled commercial banks. In September 2020, March 2019 and March 2018 large borrowers accounted for 51.8%, 53.0% and 54.8%, respectively, of gross advances and 79.3%, 82.2% and 85.6%, respectively of gross NPAs of scheduled commercial banks. In September 2019, the top 100 large borrowers accounted for 16.4% of gross advances and 16.3% of gross NPAs of scheduled commercial banks, compared with 16.5% of gross advances and 18.6% of gross NPAs, respectively, in March 2019 and 15.2% and 26.0%, respectively, in March 2018 .

Stability, Income and Profitability

During the first half of fiscal 2020, year-on-year growth in net interest income slowed down to 13% in September 2019 as compared to 16.5% in March 2019, one possible reason being higher growth in deposits as compared to credit. However, due to higher growth in other operating revenue, particularly profits on securities trading in public sector banks, scheduled commercial banks were able to maintain better earnings growth (before provisions and taxes). Public sector banks' profitability ratios were muted because of weak credit growth, as well as slow resolution of NPAs. Private sector banks' profitability ratios also declined, whereas foreign banks showed better profitability.

Following the corporate tax rate cut in September 2019, a few banks decided to exercise the option of the lower tax rate available under Section 115BAA of the Income Tax Act, 1961. Hence, profit after tax across different banks is strictly not comparable for Q2:2019-20 and H1:2019-20 financial results. Concurrently, certain banks have re-measured their accumulated deferred tax assets as on March 31, 2019, based on the lower rate prescribed and the resultant impact has been taken through the profit and loss account.

Comparing the performance in H1:2019-20 across various categories of scheduled commercial banks using profit before tax, shows that return on assets for private sector banks has improved from 1.7% (1.2% based on profit after tax) as at end-September 2018 to 1.8% (1.0% based on profit after tax) as at end-September 2019 as opposed to a decrease in return on asset based on profit after tax. For public sector banks, return on assets based on profit before tax improved from -1.0% (-0.7% based on profit after tax) as at end-September 2018 to 0% (- 0.1% based on profit after tax) as at end-September 2019.

During fiscal 2019, scheduled commercial banks recorded a loss 27.9% lower than losses for fiscal 2018. Reduction in provisions and contingencies has largely contributed to this reduction in losses. While private sector banks and foreign banks both reported net profits, public sector banks incurred losses. Return on assets for the scheduled commercial banks improved but remained negative at -0.09% against -0.15% in fiscal 2018 and return on equity for the scheduled commercial banks improved to -1.85% in fiscal 2019 against -2.81% in fiscal 2018.

The banking stability indicator published by the RBI provided a mixed picture as at 30 September 2019. While banks' asset quality and soundness improved in fiscal 2019, balance sheet liquidity and profitability still needed improvement. Even so, this represents an improvement from fiscal 2018, which was marked by deteriorating profitability and asset quality which posed elevated risks to the stability of the banking sector due to plummeting profits after tax.

During the first half of fiscal 2020, year-on-year growth in net interest income slowed down to 13% in September 2019 as compared to 16.5% in fiscal 2019, one possible reason being higher growth in deposits as compared to credit. However, due to higher growth in other operating revenue, particularly profits on securities trading in public sector banks, scheduled commercial banks were able to maintain better earnings growth (before provisions and taxes). Public sector banks' profitability ratios were muted because of weak credit growth, as well as slow resolution of NPAs. Private sector banks' profitability ratios also declined, whereas foreign banks showed better profitability.

Shift towards a Digital and Cashless Economy

Following the withdrawal of certain bank notes from circulation in India in November 2016, there was a surge in bank deposits with a commensurate fall in currency in circulation. On a macroeconomic level, this demonetization measure had a dampening effect on inflation with a temporary loss of momentum in the growth of real gross value added, a factor in the RBI's decision to revise such growth downwards from 7.6% to 7.1% in fiscal 2018. Although the impact of demonetization on the Indian economy is unclear, it is ultimately expected to transform the Indian economy in terms of greater intermediation and increasing efficiency gains through the adoption of digital modes of payment.

The Government is taking steps to promote a cashless economy such as its flagship Digital India program, which has a vision of transforming India into a digitally empowered society and knowledge economy. As part of promoting cashless transactions, various modes of digital payment are available, including:

- Debit cards;
- Credit cards;
- Mobile banking;
- Point of Sale;
- Unified Payment Interface; and
- Forex cards.

The table below sets forth the growth of the digital banking sector by total number of transactions, the amounts spent in such transactions, the number of credit cards and debit cards issued and outstanding and the number of point of sale terminals for the periods indicated:

Growth of the Digital Banking Sectors

	Fiscal 2019	Year-on Year Growth	Fiscal 2020	Year-on Year Growth
	(₹ in millions, except percentages)			
Credit cards issued and outstanding	47.09	25.6%	57.75	22.6%
Amount spent using credit cards (₹)	6.08	31.4%	7.37	21.2%
Number of credit card transactions	1,772.36	25.4%	2,198.18	24.0%
Debit cards issued and outstanding	905.81	5.2%	828.56	(8.5)%
Amount spent using debit cards (₹)	39.04	16.2%	42.35	8.5%
Number of debit card transactions	14,273.89	19.5%	13,955.27	(2.2)%
Point of sale terminals deployed by banks	3.72	20.7%	5.14	38.1%

Source: RBI Bank wise ATM/POS/Card Statistics

Mergers and Consolidations

With the entry of foreign banks, competition in the Indian banking sector has intensified. Banks have increasingly looked to consolidations in an effort to derive greater benefits such as enhanced synergy, cost take-outs from economies of scale, organizational efficiency and diversification of risks.

In one of the largest consolidations in the Indian banking industry, the SBI merged with its five associate banks and the Bharatiya Mahila Bank. The merger became effective from April 1, 2017. In September 2018, the Government announced the amalgamation of three public sector banks, Bank of Baroda, Vijaya Bank and Dena Bank. The merger was effective from April 1, 2019.

In fiscal 2019, the ownership of a public sector bank, IDBI Bank, was acquired by LIC, following which IDBI Bank was reclassified as a private sector bank by the RBI.

In fiscal 2020, the Government announced several additional mergers of public banks: Canara Bank's merger with Syndicate Bank; United Bank of India's merger with Oriental Bank of Commerce and Punjab National Bank; Andhra Bank's merger with Corporation Bank and Union Bank of India; and Allahabad Bank's merger with Indian Bank which have now completed.

Following these mergers, the number of public sector banks is 12, down from 27 in fiscal 2017.

Challenges Faced by Non-Bank Financial Companies

In fiscal 2019, challenges emerged for non-banking financial companies and housing finance companies following a default by a large non-banking financial company involved primarily in the infrastructure sector. This resulted in tightening liquidity conditions and increase in yields on the debt of non-banking financial companies and housing finance companies, leading to funding and growth challenges. As access to bond markets for these companies was constrained, bank lending to these companies increased, reflecting in the growth in bank credit to the sector. In response, the RBI announced several measures with a view to facilitate the flow of credit and banking system support to the non-banking financial companies. The Government, in its budget for fiscal 2019, announced a partial credit guarantee for a limited period for purchases of loan portfolios by public sector banks from non-banking financial companies.

Future Outlook and Key Trends

Going forward, Indian banks will be required to move towards higher mandated capital standards, stricter liquidity and leverage ratios and a more cautious approach to risk. This implies that Indian banks will need to improve efficiency even as their costs of doing business increase. They will need to refine their risk management skills for enterprise-wide risk management. In addition, banks need to have in place a fair and differentiated risk pricing of products and services, since capital comes at a cost. This involves costing, a quantitative assessment of revenue streams from each product and service and an efficient transfer-pricing mechanism that would determine capital allocation.

Indian banks will also need to effectively utilize the various measures put in place by the RBI and the Government for the resolution and recovery of bad loans in order to reduce the NPAs on their books. They also have to strengthen their due diligence, credit appraisal and post-sanction loan monitoring systems to minimize and mitigate the problems experienced with NPAs in the past.

Due to the demonetization and digitization push by the Government, banks will need to develop their digital banking infrastructure to provide mobile and online services to their customers. These services would not only have to facilitate online payments and transactions, but also the creation of new accounts and the checking of existing accounts.

Basel III Implementation

The RBI has issued guidelines based on the Basel III reforms on capital regulation to the extent applicable to banks operating in India. These guidelines require, among other things, higher levels of Tier I capital and common equity, capital conservation buffers, maintenance of a minimum prescribed leverage ratio on a quarterly basis, higher deductions from common equity and Tier I capital for investments in subsidiaries and changes in the structure of non-equity instruments eligible for inclusion in Tier I and Tier II capital.

The RBI Basel III Capital Regulations have been implemented in India in phases since 1 April 2013, and are more stringent than the requirements prescribed by earlier RBI guidelines. The Basel III Capital Regulations were expected to be fully implemented by 31 March 2019. However, the RBI had deferred the final phase in of the capital conservation buffer of the Basel III Capital Regulations to 31 March 2020, which is further extended until 30 September 2020. Accordingly, in light of the COVID-19 pandemic, the implementation of the last tranche of 0.625% of the capital conservation buffer stands deferred from 31 March 2020 to 30 September 2020.

Additionally, the Basel III liquidity framework also envisaged the NSFR, which measures the ratio between available stable funding (greater than one year) and the required stable funding (greater than one year) to support long-term lending and other long term assets. For banks in India, the RBI had released the final guidelines and prescribed NSFR of at least 100% from 1 April 2020. However, in view of the exceptional conditions due to COVID-19, the RBI by way of its notification dated 27 March 2020, deferred the NSFR implementation to 1 October 2020.

The minimum capital conservation ratios prescribed under the Master Circular - Basel III Capital Regulations dated 1 July 2015, as applicable to Indian banks from 31 March 2018, will also apply for a further period of six months from 31 March 2020 until the capital conservation buffer attains the level of 2.5% on 30 September 2020.

Further, the RBI, through its notification dated 6 August 2020, has prescribed that banks investing in debt mutual fund/ exchange traded funds (**ETF**) with underlying comprising of central, state and foreign central governments' bonds, banks' bonds and corporate bonds (other than bank bonds) are required to compute capital charge for market risk as follows:

(a) Investment in debt mutual fund/ETF for which full constituent debt details are available shall attract general market risk charge of 9%. The specific risk capital charge for various kinds of exposures are to be applied in terms of the notification;

(b) In case of debt mutual fund/ ETF which contains a mix of the various kinds of debt instruments, as specified above, the specific risk capital charge shall be computed based on the lowest rated debt instrument/ instruments attracting the highest specific risk capital charge in the fund;

(c) With respect to debt mutual fund/ ETF for which the constituent debt details are not available, at least as of the end of each month, the fund shall continue to be treated at par with equity for computation of capital charge for market risk as prescribed in paragraph 8.4.1 of the Master Circular - Basel III Capital Regulations.

For more information, see "*Risk Factors–Risks Relating to the Bank's Business–The Bank is subject to reserve capital, capital adequacy and liquidity requirements as stipulated by the RBI for domestic banks. The Bank's inability to maintain adequate capital due to changes in regulations, a lack of access to capital markets, or otherwise may impact its ability to grow and support its business.*" and "*Supervision and Regulation*".

Non-Performing Assets

According to the RBI, in fiscal 2020 the Indian banking sector is expected to build upon the consolidation achieved in fiscal 2019. Stress tests for credit risk conducted by the RBI indicate that under its baseline scenario, scheduled commercial banks' gross NPA ratio may decline further to approximately 9.0% in by 31 March 2020 from 9.1% as at 31 March 2019. This could release headroom for provisioning efforts, a turnaround in financial performance and for energizing and broadening the flow of credit to the productive sectors of the Indian economy.

Cashless and Digital Platforms

Digital influence in the Indian banking sector has been growing at a faster pace due to India's rising digital footprint. India's digital lending is expected to grow significantly in the near-future and, in response to this trend, Indian banks will increasingly need to develop their digital banking infrastructure to provide mobile and online services to their customers.

Regulatory measures on account of COVID-19

In response to the demand and supply side risks of the COVID-19 pandemic, the RBI has issued circulars, the Statement of Developmental and Regulatory Policies dated 6 August 2020 and 22 May 2020 and Monetary Policy Statement, 2020-2021: Resolution of Monetary Policy Committee dated 22 May 2020 announcing certain regulatory measures set out below, with an aim to revive growth and mitigate the impact of the COVID-19 pandemic on business and financial institutions in India. For further details, see "*Supervision* *and Regulation*". See "- *Developmental and regulatory policy measures by RBI (May, 2020)*" and "- *Developmental and regulatory policy measures by RBI (August, 2020)*" below for additional measures announced by the RBI on 22 May 2020 and 6 August 2020.

Measures to address liquidity concerns

- The RBI will conduct auctions of targeted long-term repos of up to three years tenor of appropriate sizes for a total amount of up to ₹1 trillion at a floating rate linked to the policy repo rate. Liquidity availed under the scheme by banks is to be deployed in investment grade corporate bonds, commercial paper, and non-convertible debentures over and above the outstanding level of their investments in these bonds as on 25 March 2020. Investments made by banks under this facility will be classified as held to maturity (**HTM**) even in excess of 25% of total investments permitted to be included in the HTM portfolio. Exposures under this facility will also not be considered under the large exposure framework.

- CRR was reduced by 100 bps from 4.0% of net demand time liabilities (**NDTL**), to 3.0%, increasing liquidity in the system by ₹1.37 trillion.

- Minimum daily CRR balance maintenance requirement was reduced from 90% to 80% until 26 June 2020.

- Accommodation under the marginal standing facility (**MSF**) increased from 2.0% of the Statutory Liquidity Ratio (**SLR**) to 3.0% until 30 June 2020, allowing the banking system to avail an additional ₹1.37 trillion of liquidity at the reduced MSF rate of 4.65% from 5.40%. This enhanced limit has been further extended until 30 September 2020.

- Policy repo rate reduced by 75 basis points to 4.40% from 5.15% on 27 March 2020. Simultaneously, the reverse repo rate was reduced by 90 basis points to 4.0%. The purpose of this measure is to discourage banks from passively depositing funds with the RBI and instead, use these funds for on-lending to productive sectors of the economy. The RBI, by way of its notification dated 22 May 2020 further reduced the policy repo rate under the LAF by 40 bps from 4.40% to 4.00% and the reverse repo rate to 3.35%. See "- *Developmental and regulatory policy measures by RBI (May, 2020)*" below for additional measures announced by the RBI on 22 May 2020.

- Widening the existing policy rate corridor from 50 bps to 65 bps. Under the new corridor, the reverse repo rate under the liquidity adjustment facility (**LAF**) would be 40 bps lower than the policy repo rate. The MSF rate would continue to be 25 bps above the policy repo rate.

Additional measures announced on 17 April 2020

On 17 April 2020, the RBI cut the reverse repo rate to 3.75%, thereby further widening the policy rate corridor to 90 bps and liquidity coverage ratio (**LCR**) was reduced from 100% to 80%. The RBI, by its circular dated 17 April 2020, on the 'Basel III Framework on Liquidity Standards – Liquidity Coverage Ratio (LCR)', has stated that while banks are required to maintain LCR of 100% with effect from 1 January 2019, in order to accommodate the burden on the banks' cash flows on account of the COVID-19 pandemic, banks are permitted to maintain LCR as follows: (i) 80% from 17 April 2020 to 30 September 2020, (ii) 90% from 1 October 2020 to 31 March 2021 and (iii) 100% with effect from 1 April 2021.

The RBI also announced additional set of TLTRO measures (**TLTRO 2.0**) of ₹500 billion, with focus, among others, on NBFCs by reserving 50% of the amount for NBFCs with asset sizes between ₹5 billion and ₹50 billion, NBFCs with asset sizes less than ₹5 billion and Micro Finance Institutions (**MFIs**).

Meeting of the Monetary Policy Committee Meeting from 20 May to 22 May 2020

In its first bi-monthly meeting for fiscal 2021, the Monetary Policy Committee of the RBI announced a 40 basis point cut to the repo rate to 4.00%. Consequently, the reverse repo rate and MSF rate also were reduced to 3.35% and 4.25% respectively, maintaining the policy rate corridor at 90 bps. See "- *Developmental and regulatory policy measures by RBI (May, 2020)*" and "- *Developmental and regulatory policy measures by RBI (August, 2020)*" below for additional measures announced by the RBI on 22 May 2020 and 6 August 2020.

COVID-19 Regulatory Package

Pursuant to the RBI circular dated 27 March 2020 (**Regulatory Package**), lending institutions were permitted to grant a moratorium of three months on payment of all instalments of term loans falling due between 1 March 2020 and 31 May 2020. Subsequently, lending institutions have been permitted to extend the moratorium period by another three months, from 1 June 2020 to 31 August 2020. The repayment schedule for such loans, including the residual tenor, will also be extended by three months after the moratorium period. Interest shall continue to accrue on the outstanding portion of the term loans during the moratorium period.

In respect of working capital facilities sanctioned in the form of cash credit/overdraft (**CC/OD**) lending institutions were permitted to defer the recovery of interest applied in respect of all such facilities during the period from 1 March 2020 up to 31 May 2020. Subsequently, lending institutions have been permitted to extend this by another three months, from 1 June 2020 to 31 August 2020 (**deferment period**). Further, lending institutions are permitted to convert the accumulated interest on working capital facilities up to the deferment period (up to 31 August 2020) into a funded interest term loan which shall be repayable not later than the end of the current financial year (being, 31 March 2021).

In respect of working capital facilities sanctioned in the form of CC/OD to borrowers facing stress on account of the economic fallout of the COVID-19 pandemic, lending institutions are permitted to recalculate the 'drawing power' by reducing the margins until the extended period, i.e., 31 August 2020 and reassess the working capital cycle of a borrowing entity up to an extended period until 31 March 2021. Since the moratorium/deferment/recalculation of the 'drawing power' is being provided specifically to enable the borrowers to withstand the economic impact of the COVID-19 pandemic, the moratorium/deferment/recalculation will not be treated as concession.

The asset classification of term loans which are granted relief pursuant to the Regulatory Package shall be determined on the basis of revised due dates and the revised repayment schedule.

The rescheduling of payments, including interest, will not qualify as a default for the purposes of supervisory reporting and reporting to credit information companies by the lending institutions. If the exposure of a lending institution to a borrower is ₹ 50 million or above as on 1 March 2020, the bank is required to develop an MIS on the reliefs provided to its borrowers and include the borrower-wise and credit-facility wise information regarding the nature and amount of relief granted.

Banks operating in International Financial Services Centre (March, 2020)

Pursuant to the notification issued by the RBI on 27 March 2020, the RBI permitted banks in India that are operating International Financial Services Centre Banking Units (**IBUs**), to participate in the offshore non-deliverable derivative market with effect from 1 June 2020. Banks were permitted to participate through their branches in India, their foreign branches or through their IBUs. In view of the increased volatility of the rupee caused by the impact of COVID-19 on currency markets, this measure is intended to improve depth and price discovery in the foreign exchange market segments by reducing arbitrage between onshore and offshore markets.

Declaration of dividends by banks (April, 2020)

In order to enable the banks to conserve capital to retain capacity to support the economy and absorb losses caused by the COVID-19 pandemic, banks are not permitted to make any further dividend payouts from the profits with respect to fiscal 2020 until further instructions. The RBI will reassess this restriction based on the financial results of banks for the quarter ending 30 September 2020.

Review of Resolution Timelines under the Prudential Framework on Resolution of Stressed Assets (April 2020)

Under the Prudential Framework on Resolution of Stressed Assets contained in the circular dated 7 June 2019 issued by the RBI, upon the occurrence of default, banks are required to within a period of 30 days from the date of such default (**Review Period**) implement a resolution plan within 180 days from the end of the Review Period.

In order to provide regulatory relief in light of the COVID-19 pandemic, the RBI, by way of its notification dated 17 April 2020 has stipulated that in respect of accounts which were within the Review Period as on 1 March 2020, the period from 1 March 2020 to 31 August 2020 shall be excluded from the calculation of the 30 day timeline for the Review Period. In respect of all such accounts, the residual Review Period shall resume from 1 September 2020, upon expiry of which the lenders shall have the usual 180 days for resolution. Further, in respect of accounts where the Review Period was over, but the 180-day resolution period had not expired as on 1 March 2020, the timeline for resolution shall get extended by 90 days from the date on which the 180 day period was originally set to expire.

In respect of accounts where the resolution period was extended, the lending institutions are required to make relevant disclosures in the 'Notes to Accounts' while preparing their financial statements for the six month period ending 30 September 2020 as well as fiscals 2020 and 2021.

Asset Classification and Provisioning (April, 2020)

Asset Classification under the Prudential norms on Income Recognition, Asset Classification (IRAC)

In accordance with the RBI guidelines relating to Regulatory Package, the notification dated 17 April 2020 and clarification issued by the RBI through Indian Bankers Association dated 6 May 2020, lending institutions are permitted to exclude the moratorium period wherever granted in respect of term loans as stated above, from the number of days past-due for the purpose of asset classification under the IRAC norms, in respect of accounts classified as standard as on 29 February 2020, even if overdue.

Lending institutions are permitted to exclude deferment period on recovery of the interest applied, wherever granted as stated above, for the determination of out of order status, in respect of working capital facilities sanctioned in the form of CC/OD where the account is classified as standard, including SMA, as on 29 February 2020.

NBFC which are required to comply with Ind AS are required to continue to follow the guidelines duly approved by their board of directors and as prescribed by the ICAI Advisories for recognition of impairments.

Pursuant to the RBI's 'Statement of Developmental and Regulatory Policies' dated 6 August 2020 and notification on 'Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances' dated 6 August 2020, the restructuring scheme for MSMEs referred to in the RBI circular dated 11 February 2020 which envisages restructuring without asset classification downgrades subject to certain conditions is extended to restructuring proposals which are implemented by March 31, 2021. For further details, see "*Supervision and Regulation*".

Provisioning

In respect of accounts in default but standard, and for which asset classification benefit is extended, lending institutions were required to make general provisions of not less than 10 % of the total outstanding of such accounts. Banks are permitted to adjust such provisions against the actual provisioning requirements for slippages from the accounts considered for the provisions. The residual provisions at the end of the financial year are permitted to be written back or adjusted against the provisions required for all other accounts. These provisions shall not be considered for arriving at net NPAs until they are adjusted against the actual provisioning requirements. Further, until such adjustments are made, these provisions are not permitted to be netted from gross advances but are required to be shown separately in the balance sheet as appropriate.

All other provisions required to be maintained by lending institutions, including the provisions for accounts already classified as NPA as on 29 February 2020 as well as subsequent ageing in these accounts, shall continue to be made in the usual manner.

Other Conditions

Lending institutions are required to disclose the following matters in the 'Notes to Accounts' while preparing their financial statements for the six months ending 30 September 2020 and fiscals 2020 and 2021:

- amounts in SMA/overdue categories, where the moratorium/deferment was extended;
- amount where asset classification benefits is extended;
- provisions made during the fourth quarter of fiscal 2020 and the three months ended 30 June 2020; and
- provisions adjusted during the respective accounting periods against slippages and the residual provisions.

'AtmaNirbhar Bharat' Reforms (May, 2020)

During the period from 12 May 2020 to 17 May 2020, the Union Government, announced several measures across sectors as a part of an economic package to mitigate the impact of the COVID-19 pandemic. The relevant measures with respect to banking and credit are set out below:

Collateral free loans for MSMEs

- Small and medium enterprises will be offered collateral-free automatic loans of up to ₹3 trillion up to 20% of the entire outstanding credit.
- MSME borrowers with ₹0.25 billion outstanding loans and a turnover of ₹1 billion will be eligible.
    - Loans will have a 4-year tenor and a principal moratorium will be given for 12 months.
    - Interest will be capped.
    - 100% credit guarantee will be given to banks and NBFCs by the Government on the principal and interest amount of the loans.
    - The scheme can be availed until 31 October 2020.

Subordinate debt for stressed MSMEs

Liquidity support of up to ₹200 billion, in the form of subordinate debt is provided for stressed MSMEs. All functioning MSMEs, which are NPA or stressed, will be eligible for such support. Further, support of ₹40 billion is available to the Credit Guarantee Fund Trust for Micro and Small Enterprises which will then provide partial credit guarantee to banks. The promoters will be given debt by banks, which will then be infused by promoters as equity. See "- *Developmental and regulatory policy measures by RBI (August, 2020)*" below and "*Supervision and Regulation*", for additional measures announced by the RBI on 6 August 2020.

Liquidity facility for NBFC/housing finance companies/micro finance institutions

Special liquidity scheme of up to ₹300 billion for NBFCs/housing finance companies/micro finance institutions has been announced. Under the scheme, investment will be made in both primary and secondary market transactions in investment-grade debt of NBFCs/housing finance companies/micro finance institutions. The securities will be fully guaranteed by the Government. See "- *Developmental and regulatory policy measures by RBI (August, 2020)*" below and "*Supervision and Regulation*", for additional measures announced by the RBI on 6 August 2020.

Expansion of partial credit guarantee scheme for NBFCs

The scope of the partial credit guarantee scheme for NBFCs has been widened. First 20% of the loss will be guaranteed by the Government. Instruments with ratings AA and below including unrated instruments are eligible for investment. This scheme is intended to result in liquidity infusion of ₹450 billion.

Change in definition of MSMEs

Definition of MSMEs has been changed, with an upward revision in investment limit to incentivize MSMEs to grow.

Existing MSME Classification
Criteria: Investment in Plant & Machinery or Equipment

Classification	Micro	Small	Medium
Manufacturing Services	Investment < ₹2.5 million Investment < ₹1.0 million	Investment < ₹50.0 million Investment < ₹20.0 million	Investment < ₹100.0 million Investment < ₹50.0 million

Revised MSME Classification
Composite Criteria: Investment And Annual Turnover

Classification	Micro	Small	Medium
Manufacturing and Services	Investment < ₹10.0 million and Turnover < ₹50.0 million	Investment < ₹100.0 million and Turnover < ₹500.0 million	Investment < ₹200.0 million and Turnover < ₹1.0 billion

Interest Subvention for Shishu Loans (loans up to ₹50,000) by Micro Units Development and Refinance Agency (MUDRA)

- Prompt payees under the MUDRA-Shishu loan scheme will be given an interest subvention of 2% for a period of 12 months.
- Relief of up to ₹15 billion provided under this scheme.
- Current portfolio of MUDRA-Shishu loans is around ₹1.62 trillion

Special credit facility for Street Vendors

A special scheme to facilitate easy access to credit for street vendors is proposed to be launched. Under this facility an initial working capital of up to ₹10,000 will be provided to the street vendors to restart their businesses which have been adversely impacted by the COVID-19 pandemic related lockdown. This facility aims to support five million street vendors and will provide liquidity of up to ₹50 billion. Digital payments will also be incentivized through monetary rewards and enhanced working capital credit will be given for good repayment behavior.

Extension of credit linked subsidy scheme for Housing

Credit linked subsidy scheme for those earning between ₹0.6 million to ₹1.8 million per annum has been extended until March 2021. The scheme provides a subsidy to middle-income earners on affordable home loan interest rates. Approximately 0.33 million families have benefitted from this scheme and the extension will benefit another 0.25 million middle-income families. This is expected to lead to an investment of over ₹700 billion in the housing sector.

Credit to farmers

- NABARD to extend ₹300 billion of additional refinance support for rural cooperative banks and regional rural banks, which is the main source of credit for small and marginal farmers. This support is over and above the amount of ₹900 billion which is to be provided by NABARD through the normal refinance route in fiscal 2021. Funding to 33 state cooperative banks, 351 district cooperative banks and 43 regional rural banks is available on tap based lending.

- Concessional credit: Special drive will be undertaken to provide concessional credit to PM-KISAN beneficiaries through Kisan Credit Cards. This facility is expected to benefit up to 25 million farmers, with credit flow of approximately ₹2 trillion. Farmers involved in animal husbandry and fisheries are also eligible for this credit.

Ease of doing business through IBC related measures

In order to benefit the MSMEs, threshold to initiate insolvency proceedings has been increased from ₹0.1 million to ₹10 million. Fresh initiation of insolvency proceedings may be suspended up to 1 year. COVID-19 related debt is excluded from the definition of default for the purpose of triggering insolvency proceedings *(Source: Government of India, Atmanirbhar Bharat, 13 May to 17 May 2020).*

Announcement of ₹ 500 billion Special Liquidity Facility for Mutual Funds (April, 2020)

On 27 April 2020, with a view to easing liquidity pressures on mutual funds, the RBI opened a special liquidity facility for mutual funds. Under such facility, the RBI would conduct repo operations of 90 days' tenor at the fixed repo rate in an on-tap and open-ended manner, starting 27 April, 2020 up to 11 May 2020 or up to utilization of the allocated amount, whichever was earlier. Funds availed under this facility are to be used by banks exclusively for meeting the liquidity requirements of mutual funds by extending loans and outright purchase of and/or repos against the collateral of investment grade corporate bonds, commercial papers, debentures and certificates of Deposit CDs held by mutual funds. Liquidity support availed under this facility will be classified as HTM even in excess of 25.0% per cent of total investment permitted to be included in the HTM portfolio. Exposures under this facility will also not be considered under the large exposure framework or for computation of adjusted non-food bank credit for determining priority sector targets/sub-targets and will be exempt from banks' capital market exposure limits *(Source: RBI, Press Release, April 27, 2020)*.

Developmental and regulatory policy measures by RBI (May, 2020)

In addition to the measures described above, on 22 May 2020, the RBI announced additional policy measures, including:

- Banks are permitted to increase their exposure to a group of connected counterparties to 30% from 25% of the eligible capital base of the bank, with the increased limit applicable up to 30 June 2021.

- Measures to improve function of markets:
    - Re-financing facility for SIDBI of ₹150 billion to be rolled over for another 90 days to provide greater flexibility to SIDBI in its operations.
    - FPIs, for their debt investments under the Voluntary Retention Route, allowed three additional months to fulfil the condition that at least 75% of allotted limits be invested within three months

Other additional measures included an increase in permissible time period for export credit, extension of a line of credit to the EXIM Bank, extension of time for remittances of imports (excluding gold/ diamonds, precious stones and jewellery) and relaxation of rules for states with respect to their withdrawals from the consolidated sinking fund.

Developmental and regulatory policy measures by RBI (August, 2020)

In addition to the measures described above, on 6 August 2020, the RBI announced additional policy measures, including:

- Special refinance facilities for a total amount of ₹ 650 billion has been provided to all India financial institutions (AIFIs) – NABARD, the Small Industries Development Bank of India, the National Housing Bank and EXIM Bank in order to support their role in meeting funding requirements of various sectors. In order to shield the housing sector from liquidity disruptions under the prevailing conditions and augment the flow of finance to the sector, it has been decided to provide an additional standing liquidity facility (ASLF) of ₹50 billion to NHB – over and above ₹100 billion already provided – for supporting housing finance companies (HFCs). The facility will be for a period of one year and will be charged at the RBI's repo rate.
- It has been decided to provide an additional special liquidity facility of ₹ 50 billion to NABARD for a period of one year at the RBI's policy repo rate for refinancing NBFC-MFIs and other smaller NBFCs of asset size of ₹ 5,000 million and less to support agriculture and allied activities and the rural non-farm sector.
- The RBI has stated that it will introduce an optional facility to provide banks more flexibility and discretion to manage their day end CRR balances. Using this facility in e-Kuber system, banks will be able to set the amount (specific or range) that they wish to keep as balance in their current account with the RBI at the end of the day. Depending upon this pre-set amount, MSF and reverse repo bids, as the case may be, will be auto-generated at the end of the day. The RBI will issue detailed guidelines in this regard.
- Resolution Framework for COVID-19 related stress: The RBI through its 'Statement of Developmental and Regulatory Policies' dated 6 August 2020, stated that with the intent to facilitate revival of real sector activities and mitigate the impact on the ultimate borrowers, it has been decided to provide a window under the Prudential Framework on Resolution of Stressed Assets contained in the RBI circular dated 7 June 2019 to enable the lenders to implement a resolution plan in respect of eligible corporate exposures without change in ownership, and personal loans, while classifying such exposures as Standard subject to specified conditions. The RBI has also issued a notification on August 6, 2020 titled 'Resolution Framework for COVID-19-related Stress' (**COVID-19 Resolution Framework**). Under the COVID-19 Resolution Framework, lending institutions are required to frame board approved policies for implementation of viable resolution plans for eligible borrowers under the COVID-19 Resolution Framework and ensure that the resolution under this facility is extended only to borrowers bearing

stress on account of the COVID-19 pandemic. For further details, see "*Supervision and Regulation*".

- Pursuant to the RBI's 'Statement of Developmental and Regulatory Policies' dated 6 August 2020 and notification dated 6 August 2020, the RBI has revised the guidelines with respect to restructuring of advances for the MSME sector in order to align this with the COVID-19 Resolution Framework and to extend the benefit thereof to restructuring plans implemented up to March 31, 2021. Accordingly, subject to certain conditions, the RBI may permit existing loans to MSMEs classified as 'standard' to be restructured without a downgrade in the asset classification. For further details, see "*Supervision and Regulation*".

- Introduction of online dispute resolution for digital payments (**ODR System**), pursuant to which, payment system operators (**PSOs**) are initially required to implement the ODR system in a phased manner for failed transactions in their respective payment systems. Details on the implementation of the ODR System, including details regarding types of transactions to be covered under the ODR System and manner of lodging and tracking of disputes and grievances by customers are set out in the RBI circular on 'Online Dispute Resolution System for Digital Payments' dated 6 August 2020.

Other additional measures include, introduction of (i) safeguards for opening of current accounts and CC/OD accounts for customers availing credit facilities from multiple banks, in terms of which, no bank shall open current accounts for customers who have availed credit facilities in the form of cash credit (CC)/ overdraft (OD) from the banking system and all transactions shall be routed through the CC/OD account and where a bank's exposure to a borrower is less than 10% of the exposure of the banking system, credits are freely permitted, debits to the CC/OD account can only be for credit to the CC/OD account of the borrower with a bank that has 10% or more of banking system exposure of the borrower; (ii) general market risk charge of 9% for investment by banks in a debt mutual fund or debt exchange traded fund, (iii) revised Priority Sector Lending Guidelines for addressing regional disparities in flow of priority sector credit and (iv) increasing the permissible loan to value ratio for loans against pledge of gold ornaments and jewellery for non-agricultural purposes from 75% to 90%.

Following RBI's announcement of a framework for one-time restructuring of loans on 6 August 2020, the expert committee headed by Mr. K.V. Kamath submitted its report on 4 September 2020, recommending a list of five financial parameters for 26 sectors which may be factored by lending institutions while finalizing a resolution plan for a borrower. The RBI has broadly accepted the recommendations of the report and issued a follow-up notification in this regard on 7 September 2020.

The five key parameters prescribed are (i) Total Outside Liabilities (TOL) / Adjusted Tangible Net Worth (ATNW), (ii) Total Debt / EBITDA, (iii) Current Ratio of assets to liabilities, (iv) Debt Service Coverage Ratio and (v) Average Debt Service Coverage Ratio. Lending institutions are mandated to consider these key ratios while finalizing the resolution plans in respect of eligible borrowers. While the prescribed ratios are intended as floors or ceilings, as the case may be, the resolution plans, while stipulating appropriate ratios in each case, should take into account the pre-Covid-19 operating and financial performance of the borrower and the impact of Covid-19 on such performance to assess the cashflows in subsequent years.

The RBI circular also provides for sector-specific thresholds (ceilings or floors, as the case may be) for each of these key ratios. For those sectors where the sector-specific thresholds have not been specified, the lenders are required to make their own assessment keeping in view the contours of the framework and the follow-up circular. Lending institutions are, however, free to consider other financial parameters as well while finalizing the resolution assumptions in respect of eligible borrowers. The abovementioned parameters will apply even in cases when there is only one lending institution with exposure to an eligible borrower.

Lending institutions are expected to ensure compliance to TOL/ATNW agreed as per the resolution plan at the time of implementation itself. Nevertheless, in all cases, this ratio is required to be maintained as per the resolution plan by 31 March 2022 and on an ongoing basis thereafter. However, wherever the resolution plan envisages equity infusion, the same may be suitably phased-in over this period. All other key ratios are required to be maintained as per the resolution plan by 31 March 2022 and on an ongoing basis thereafter.

The mandatory requirement of Inter-Creditor Agreement (ICA), wherever applicable, and maintenance of an escrow account after implementation of a resolution plan, will be applicable at the borrower-account level, i.e. the legal entities to which the lending institutions have exposure to, including a special purpose vehicle set up for a project. Compliance with this requirement will be assessed for all lending institutions as part of the supervisory review. For further details, see "*Supervision and Regulation*".

Outlook

The COVID-19 pandemic has adversely impacted near term growth outlook globally as well as with respect to India, with the RBI, stating that combined impact of demand compression and supply disruption will depress economic activity in the first half of fiscal 2021. However, assuming a phased restoration of economic activity, especially in the second half, and considering favorable base effects, the RBI expects a combination of fiscal, monetary and administrative measures currently undertaken to create conditions for a gradual revival in activity in the second half of fiscal 2021. (*Source: RBI, Governor statement, May 22, 2020*)

The RBI, in its seventh bi-monthly Monetary Policy Statement, 2019-20 however had noted that the macroeconomic fundamentals of the Indian economy were sound and, in fact, stronger than what they were in the aftermath of the global financial crisis, as the fiscal deficit and the current account deficit were now much lower; inflation conditions relatively benign; and financial volatility measured by change in stock prices from recent peaks and average daily change in the exchange rate of the rupee distinctly lower.

SUPERVISION AND REGULATION

The following description is a summary of some of the relevant regulations and policies as prescribed by the central, state and regulatory bodies in India that are applicable to the Bank and its Subsidiaries. The following description is not meant to be exhaustive, and is only intended to provide general information to the investors on some of the key regulations and policies applicable to us.

The primary legislation governing banking companies in India is the Banking Regulation Act, 1949 (the **Banking Regulation Act**). The provisions of the Banking Regulation Act are, in addition to and not, save as expressly provided under the Banking Regulation Act, in derogation of the Companies Act and any other law currently in force. Other laws governing banking companies include the Reserve Bank of India Act, 1934, the Negotiable Instruments Act, 1881, the SARFAESI Act and the Bankers' Books Evidence Act, 1891. Additionally, the RBI, from time to time, issues guidelines, circulars, directions, and policies relating to our businesses. The Bank is regulated by various regulators, including but not limited, to SEBI and the RBI.

I Law, rules and regulations governing the Bank

Some of the key rules and regulations governing the Bank's functioning are enumerated below:

1 RBI Regulations

Commercial banks in India are required to obtain a license from the RBI to carry on banking business in India. Such license is granted to the bank subject to compliance with certain conditions, as specified in Section 22 of the Banking Regulation Act. The RBI may cancel the license if the bank fails to meet the qualifications or if the bank ceases to carry on banking operations in India.

The Banking Regulation Act confers power on the RBI (in consultation with the Central Government) to supersede the board of directors of a banking company for a period not exceeding a total of 12 months, in public interest or for preventing the affairs of the bank from being conducted in a manner detrimental to the interest of the depositors or for securing the proper management of any banking company. Under Section 45 of the Banking Regulation Act, the RBI may apply to the Central Government for an order of moratorium in respect of any banking company. During the period of moratorium, the banking company shall not make any payment to depositors or discharge liabilities to any other creditors. The Banking Regulation (Amendment) Ordinance, 2020 promulgated on 26 June 2020 stipulates further that during this period of moratorium, the banking company shall not grant any loans or advances or make any investments in credit instruments. Further, the RBI may prepare a scheme for the reconstruction or amalgamation of the banking company, in order to protect public interest and the interests of banking system of India, during the period of moratorium or at any other time.

The Bank has obtained a banking license from the RBI and is regulated and supervised by the RBI. The RBI has issued directions/ guidelines to commercial banks in relation to functioning, covering various aspects such as loans and advances, investments, risk management, recognition of income, classification of assets, valuation of investments, maintenance of capital adequacy and provisioning for non-performing and restructured assets, periodical submission of reports etc. The RBI requires us to furnish statements, information and certain details relating to our business.

On 11 June 2020, the RBI published a discussion paper on Governance in Commercial Banks in India with the objective to align current regulatory framework with global best practices while being mindful of the context of domestic financial system. The paper is applicable to State Bank of India, nationalized banks and regional rural banks and private sector banks including small finance banks. The paper's applicability also extends to payments banks, wholly-owned subsidiaries of foreign banks and foreign banks operating in India under branch model. The paper discusses the overall responsibilities, structure and practices of the board of directors and committees of the boards. Further, the paper also explores matters including the qualification and selection criteria for board members and senior management and procedures for internal audit and vigilance. Further, on 11 September 2020, the RBI issued guidelines, to (i) bring uniformity in the approach followed by the banks in relation to effective compliance culture, independent corporate compliance function and a strong compliance risk management programme and (ii) align the supervisory expectations of the chief compliance officer with best practices (**Compliance Guidelines**). The Compliance Guidelines prescribe, among others, (a) laying down of a compliance policy, approved by the board of directors of the bank, clearly spelling out its compliance philosophy, expectations on compliance culture, function and role of the chief compliance officer, (b) the tenure of the chief compliance officer to be fixed for not less than three years, (c) eligibility criteria for appointment of the chief compliance officer, (d) duties and responsibilities of the chief compliance officer. The Compliance Guidelines also state that the chief compliance officer may be transferred or removed before completion of the tenure only in exceptional circumstances with the explicit prior approval of the board of directors of the Bank, after following a well-defined and transparent internal administrative procedure.

When a bank fails to or omits to comply with the provisions of the Banking Regulation Act and directions issued thereunder or wilfully makes a statement which is false in any material particularly, knowing it to be false or wilfully omits to make a material statement, the RBI may impose fine within prescribed limits on banks and its officers or punish with imprisonment for the term provided in the law, on the basis of the nature of the violation.

The appointment of the statutory auditors of the banks is subject to the approval of the RBI. The RBI can direct a special audit in the interest of the depositors or in the public interest.

2 Regulations relating to the opening of branches

Section 23 of the Banking Regulation Act requires banks to obtain prior permission of the RBI to open new branches. The RBI issues instructions and guidelines to banks on branch authorization from time to time, including guidelines allowing banking companies to open new branches, closure, shifting of branches/ extension counters/ ATMs etc. The RBI notified the Rationalisation of Branch Authorisation Policy- Revision of Guidelines for 'Opening of new place of business and transfer of existing places of business' (**Revised Guidelines**) on 18 May 2017, which allowed domestic scheduled commercial banks (other than Regional Rural Banks), unless otherwise specifically restricted by RBI, to open branches in tier 1 to tier 6 centres without prior permission from RBI, subject to the conditions laid down by RBI. The RBI has introduced the concept of 'banking outlets' which, among other things, includes satellite offices, part-shifted branches, extension counters, ultra-small branches and specialised branches, subject to their satisfying the conditions set out in the Revised Guidelines. A 'banking outlet' is defined as a fixed point service delivery unit, manned by either bank's staff or its business correspondent where services of acceptance of deposits, encashment of cheques / cash withdrawal or lending of money are provided for a minimum of four hours per day for at least five days a week. Banks may also shift, merge or close all branches except rural branches and sole semi-urban branches. Rural branches and sole semi-urban branches can also be closed subject to certain conditions. The board of directors of such banks have been given the overall responsibility to ensure that all the guidelines are complied with.

The RBI has further stipulated that the banks are required to open at least 25 percent of the total number of branches opened during a financial year in unbanked rural (tier 5 and tier 6) centres.

Further, RBI has permitted installation of on-site and off-site ATMs at centres identified by banks, without specific permission from the RBI. Banks are also required to periodically report details of the branches and banking outlets opened/closed/shifted to RBI.

3 Guidelines for ‘on tap’ licensing of universal banks in the private sector

On 5 May 2016, the RBI released draft guidelines for the on-tap licensing of universal banks in the private sector seeking feedback, comments and suggestions from banks, non-banking financial institutions, industrial houses, other institutions and the general public. Based on examination of the comments/suggestions received, the RBI finalised the new framework for granting licences for universal banks on a continuous basis and released the Guidelines for “on-tap” Licensing of Universal Banks in the Private Sector on 1 August 2016 (**On-tap Licensing Guidelines**). The salient features of on-tap licensing guidelines are as follows: (i) resident individuals and professionals having ten years of experience in banking and finance would be eligible to promote universal banks; (ii) entities/groups in the private sector that are “owned and controlled by residents” and have a successful track record for at least ten years, provided if such entity/group has total assets of ₹ 50 billion or more, and the non- financial business of the group does not account for 40% or more in terms of total assets or gross income, would be recognized as eligible promoters; (iii) large industrial or business houses have been permitted to invest in the banks to the extent of up to 10% and shall not have a controlling interest in the bank; (iv) the Non-Operative Financial Holding Company (**NOFHC**) has now been made non-mandatory in case of promoters being individuals or standalone promoting/ converting entities who/which do not have other group entities; (v) the NOFHC is now required to be at least 51% owned by the promoter/promoter group instead of the requirement to be wholly owned by the promoter group; and (vi) existing specialised activities have been permitted to be continued from a separate entity proposed to be held under the NOFHC subject to prior approval from the RBI and subject to it being assured that similar activities are not conducted through the bank as well.

4 Capital adequacy requirements

RBI has issued guidelines based on the Basel III reforms on capital regulation on 2 May 2012, to the extent applicable to banks operating in India. The Basel III capital regulation has been implemented from 1 April 2013 in India in a phased manner and was scheduled to be fully implemented by 31 March 2020. The minimum capital conservation ratios as stipulated under the Master Circular - Basel III Capital Regulations dated 1 July 2015, as applicable to Indian banks from 31 March 2018, will also apply for a further period of six months from 31 March 2020 till the capital conservation buffer attains the level of 2.5% on 30 September 2020. Banks have to comply with the regulatory limits and minima as prescribed under Basel III capital regulations, on an ongoing basis. The below table summarises the capital requirements under Basel III guidelines for banks in India:

Sr. No.	**Regulatory Capital**	**As % of Risk Weighted Assets**
1	Minimum Common Equity Tier I Ratio	5.50%
2	Capital Conservation Buffer (comprised of Common Equity)	2.50%
3	Minimum Common Equity Tier I Ratio plus Capital Conservation Buffer (i)+(ii)	8.00%
4	Additional Tier I Capital	1.50%
5	Minimum Tier I Capital Ratio (i) +(iv)	7.00%
6	Tier II Capital	2.00%
7	Minimum Total Capital Ratio (MTC) (v)+(vi)	9.00%
8	Minimum Total Capital Ratio plus Capital Conservation Buffer (vii)+(ii)	11.50%

To ensure smooth transition to Basel III, appropriate transitional arrangements have been provided for meeting the minimum Basel III capital ratios, full regulatory adjustments to the components of capital etc. Consequently, in accordance with the master circular on "Basel III Capital Regulations" dated 1 July 2015, capital ratios and deductions from common equity were to be fully phased-in and implemented as on 31 March 2019. In view of the gradual phase-in of regulatory adjustments to the common equity component of tier I capital under Basel III, certain specific prescriptions of Basel II capital adequacy framework (e.g. rules relating to deductions from regulatory capital, risk weighting of investments in other financial entities etc.) continued to apply to the remainder of regulatory adjustments not treated in terms of Basel III rules, till 31 March 2017. The phase-in arrangements for capital requirements for banks operating in India are (as provided in the master circular on "Basel III Capital Regulations") indicated in the following table:

Minimum capital ratios (as % of risk weighted assets)	**30 April 2013**	**31 March 2014**	**31 March 2015**	**31 March 2016**	**31 March 2017**	**31 March 2018**	**31 March 2019**
Minimum Common Equity Tier I (CET1)	4.50%	5.00%	5.50%	5.50%	5.50%	5.50%	5.50%
Capital conservation buffer (CCB)................	—	—	—	0.625%	1.25%	1.875%	2.50%
Minimum CET1+CCB..	4.50%	5.00%	5.50%	6.125%	6.75%	7.375%	8.00%
Minimum Tier I Capital	6.00%	6.50%	7.00%	7.00%	7.00%	7.00%	7.00%
Minimum Total Capital*	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%
Minimum Total Capital +CCB............................	9.00%	9.00%	9.00%	9.625%	10.25%	10.875%	11.50%
Phase-in of all deductions from CET1# (in %)............................	20	40	60	80	100	100	100

* *The difference between the minimum total capital requirement of 9.00% and the Tier I requirement can be met with Tier II and higher forms of capital.*

\# *The same transition approach will apply to deductions from additional Tier I and Tier II Capital.*

However, the RBI through its notification dated 10 January 2019, has deferred the implementation of the last tranche of 0.625% of capital conservation buffer (**CCB**) from 31 March 2019 to 31 March 2020. This deferment was extended further until 30 September 2020 by the RBI through its notification dated 27 March 2020. Accordingly, minimum capital conservation ratios as applicable from 31 March 2018 (1.875%) will also apply for a further period of six months from 31 March 2020 till the CCB attains the level of 2.50% on 30 September 2020. Further, the pre-specified trigger for loss absorption through conversion / write-down of additional tier 1 instruments (PNCPS and PDI) shall remain at 5.50% of RWAs and will rise to 6.125% of RWAs on 30 September 2020.

A bank shall comply with the capital adequacy ratio requirements at two levels:

- the consolidated (group) level - capital adequacy ratio requirements, which measure the capital adequacy of a bank based on its capital strength and risk profile after consolidating the assets and liabilities of its subsidiaries / joint ventures / associates etc. except those engaged in insurance and any non-financial activities; and

- the standalone level - capital adequacy ratio requirements, which measure the capital adequacy of a bank based on its standalone capital strength and risk profile.

The overseas operations of a bank through its branches will be covered in both the above scenarios.

The RBI has thereafter issued revisions to the Master Circular - Basel III Capital Regulations dated 1 July 2015 through its notifications, namely, (i) Master Circular – Basel III Capital Regulations – Clarification dated 14 January 2016 (bearing number RBI/2015-16/285 DBR.No.BP.BC.71/21.06.201/2015-16) in relation to payment of coupons under criteria for inclusion of perpetual debt instruments in Additional Tier 1 capital; (ii) Master Circular – Basel III Capital Regulations – Revision dated 1 March 2016 (bearing number RBI/2015-16/331 DBR.No.BP.BC.83/21.06.201/2015-16) in relation to treatment of revaluation reserves, treatment of foreign currency translation reserves, treatment of deferred tax assets, etc.; (iii) Basel III Capital Regulations - Additional Tier 1 Capital dated 2 February 2017 (bearing number RBI/2016-17/222 DBR.BP.BC.No.50/21.06.201/2016-17) in relation to coupon discretion under the criteria for inclusion of perpetual debt instruments in Additional Tier 1 capital.

In addition to the total CRAR, the CCB will required to be maintained at 2.50% in the form of common equity tier I, by 31 March 2019. However, basis their circular DBR.BP.BC.No.20/21.06.201/2018-19 dated 10 January 2019, the RBI amended the transitional arrangements for capital conservation buffer under the Master Circular on Basel III, wherein the requirement to maintain a capital conservation buffer of 2.50% for banks has been extended to 31 March 2020. This deferment has been further extended by six months to 30 September 2020 by RBI through its notification dated 27 March 2020.

In accordance with the Master Circular - Basel III Capital Regulations dated 1 July 2015, banks compute capital charge for equities while investing in the units of mutual funds. The RBI, through its notification dated 6 August 2020, also stipulated that banks investing in mutual fund and exchange traded funds shall compute a general market risk charge of 9% as well as specific risk capital charge for various kinds of exposures. In case the portfolio of the fund contains a mix of various kinds of debt instruments, the specific risk capital charge shall be computed based on the lowest rated debt instrument/ instrument attracting the highest specific risk capital charge in the fund.

5 Liquidity coverage ratio

The Basel III framework on 'Liquidity Standard' includes 'Liquidity Coverage Ratio', 'Net Stable Funding Ratio' and liquidity risk monitoring tools. With effect from 1 January 2015, the RBI introduced a requirement for commercial banks in India to maintain certain levels of Liquidity Coverage Ratio (**LCR**). The LCR measures a bank's ability to manage and survive for 30 days under a significant stress scenario that combines idiosyncratic as well as market-wide shock situations that would result in accelerated withdrawal of deposits from retail as well as wholesale depositors, partial loss of secured funding, increase in collateral requirements and unscheduled drawdown of unused credit lines. The specified percentage of net cash outflows in the next 30 days, computed with these assumptions of a stressed scenario, are required to be supported by High Quality Liquid Assets (**HQLAs**). The RBI, by its circular dated April 17, 2020, on the 'Basel III Framework on Liquidity Standards – Liquidity Coverage Ratio (LCR)', has stated that while banks are required to maintain LCR of 100% with effect from January 1, 2019, in order to accommodate the burden on the banks' cash flows on account of COVID-19, banks are permitted to maintain LCR as follows: (i) 80% from April 17, 2020 to September 30, 2020, (ii) 90% from October 1, 2020 to March 31, 2021 and (iii) 100% with effect from April 1, 2021.

The Basel Committee on Banking Supervision issued the final rules on 'Net Stable Funding Ratio' (**NFSR**) in October 2014. RBI has issued draft guidelines on NFSR on 28 May 2015. RBI has through its circular dated 29 November 2018 notified that the NSFR guidelines shall come into effect from 1 April 2020.

However, the RBI, through its notification dated 27 March 2020, has deferred the implementation of the NSFR guidelines for six months, coming into effect on 1 October 2020.

6 Non-Performing Assets

The RBI issues consolidated instructions and guidelines relating to income recognition, asset classification and provisioning standards in the Master Circular – "*Prudential Norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances*", the latest one dated 1 July 2015. These guidelines are revised from time to time. Similarly, the RBI annually issues consolidated instructions and guidelines relating to the valuation of investments in Master Circular – "*Prudential Norms for Classification, Valuation and Operation of Investment Portfolio by Banks*" which is issued annually, the latest one dated 1 July 2015. These guidelines are also revised from time to time.

7 Prudential norms on income recognition, asset classification and provisioning pertaining to advances

The principal features of the RBI guidelines are set forth below:

The assets of a bank are classified as: (i) standard assets; or (ii) NPAs. A standard asset (**Standard Asset**) is a financial asset that continues to generate income for a bank. Under the prudential norms, an NPA is one that ceases to generate income for a bank. A loan or an advance becomes an NPA if: (i) the interest and / or installment of principal remains overdue for a period of more than 90 days in respect to a term loan; (ii) the account remains out-of-order for a period of more than 90 days in respect of an overdraft or cash credit; (iii) the bill remains overdue for a period of more than 90 days in the case of bills purchased and discounted; (iv) the installment of principal or interest thereon remains overdue for two crop seasons for short duration crops; (v) the installment of principal or interest thereon remains overdue for one crop season for long duration crops; (vi) the amount of liquidity facility remains outstanding for more than 90 days, in respect of a securitization transaction undertaken in terms of guidelines on securitization issued by the RBI on 1 February 2006; or (vii) in respect of derivative transactions, the overdue receivables representing positive mark-to-market value of a derivative contract, if these remain unpaid for a period of 90 days from the specified due date for payment. An account is treated as "out-of-order" if the outstanding balance remains continuously in excess of the sanctioned limit or drawing power. In cases where the outstanding balance in the principal operating account is less than the sanctioned limit or drawing power, but there are no credits continuously for 90 days as on the date of the balance sheet or the credits are not adequate to cover the interest debited during the same period, such accounts are to be treated as "out-of-order". Any amount due to the Bank under any credit facility is 'overdue' if it is not paid on the due date fixed by the Bank. The RBI through its notification dated 27 March 2020 permitted financial institutions to grant a moratorium of three months on payment of all term loan and working capital facilities sanctioned in the form of cash credit/overdraft instalments falling due between 1 March 2020 and 31 May 2020. Therefore, any defaults arising in such period shall be exempt for the purpose of asset classification.

The RBI, pursuant to its "Master Circular on Prudential Norms on Income Recognition, Asset Classification and Provisioning Pertaining to Advances" (**Prudential Norms**) issued on 1 July 2015, has classified NPAs as (i) sub-standard assets; (ii) doubtful assets; and (iii) loss assets. These guidelines specify provisioning requirements specific to the classification of the assets, this has been further revised by way of a notification dated 28 December 2016. On 26 February 2014, the RBI introduced further sub categories of an asset before it is classified as an NPA. This classification of an asset is designated as an SMA-0, SMA-1 or SMA-2 depending on the period for which amounts due have remained unpaid. Banks are required to report credit information, including classification of an account as SMA to CRILC on all borrowers having aggregate exposure of ₹ 50 million and above. The CRILC-Main Report will now be required to be submitted on a monthly basis effective 1 April 2018. In addition, the lenders shall report to CRILC, all borrower entities in default (with aggregate exposure of Rs 50 million and above), on a weekly basis, at the close of business on every Friday, or the preceding working day if Friday happens to be a holiday. The first such weekly report was required to be submitted for the week ending 23 February 2018. Additionally, banks are required to put in place a policy approved by its board of directors for making provisions for standard assets at rates higher than the regulatory minimum, based on evaluation of risk and stress in various sectors. The RBI, through its notification dated 7 February 2020 has revised the guidelines for deferment of date of commencement of commercial operations for projects in the commercial real estate sector.

In July 2005, the RBI issued guidelines on sales and purchases of NPAs between banks, financial institutions and NBFCs. These guidelines require that the board of directors of a bank must establish a policy for purchases and sales of NPAs. These guidelines were further modified in February, 2014 whereby banks have been permitted to sell their NPAs to other banks / FIs / NBFCs (excluding asset reconstruction companies) without any initial holding period. However, if the purchasing bank wishes to resell the non-performing financial asset, it should have been held in its books at least for a period of 12 months before it is sold.

The RBI has also issued a separate set of prudential guidelines on restructuring of advances by banks in relation to the norms / conditions, which must be fulfilled in order to maintain the category of the restructured account as a 'standard asset'. The earlier guidelines issued by the RBI on restructuring of advances specified that "standard" advances should be re-classified as "sub-standard" immediately on restructuring. Post August 2008 the RBI has issued a series of circulars on special regulatory treatment on restructuring of advances by banks. The RBI has specified that during the pendency of the application for restructuring of the advance, the usual asset classification norms continue to apply. The RBI, by way of its circular dated 14 September 2020, stated, that in order to ensure the completeness and integrity of the automated asset classification, provisioning calculation and income recognition processes, banks are required to upgrade their systems to conform to the guidelines dated 4 August 2011, issued by the RBI in terms of which banks were advised, among others, to have appropriate information technology systems in place for identification of NPAs and generation of related data, both for regulatory reporting and bank's own record requirements ("**2011 Guidelines**"). Banks are required to conform to the 2011 Guidelines latest by 30 June 2021.

8 Prudential framework on resolution of stressed assets

The RBI has, pursuant to its circular dated 7 June 2019 established a new regulatory framework for resolution of stressed assets (**Revised Framework**). Pursuant to the Revised Framework, existing guidelines and schemes for debt resolution such as revitalising distressed assets, CDR, flexible structuring of existing long term project loans, SDR, change in ownership outside SDR, and S4A have been withdrawn. In addition, the guidelines /framework for joint lenders' forum has also been discontinued. According to the Revised Framework, the lenders must identify incipient stress in loan accounts immediately on default by classifying stressed assets as special mention account.

Under the Revised Framework, the RBI had promulgated a revised framework for resolution of stressed assets, where banks are required to put in place a board approved policy for resolution of stressed assets. Upon the occurrence of a default, banks are required to within a period of 30 days from the date of such default (**Review Period**), review the account of the borrower and determine a strategy for implementing a resolution plan or choose to initiate legal proceedings or recovery. If a resolution plan route is chosen by the lenders during the Review Period, the lenders are required to enter into an inter-creditor agreement to provide rules for finalisation and implementation of the resolution plan and also provide in such inter-creditor agreement that decisions by lenders representing 75% of outstanding facilities and 60% by number shall bind all lenders to the inter-creditor agreement. The resolution plan is to be implemented within 180 days from the end of the Review

Period. Depending on the aggregate exposure (including fund based and non-fund based) of the borrower towards the lender, the Review Period is required to commence by a specified date, as set out below:

(i) INR 20,000 million and above (approx. USD 280,000,000 and above) – 7 June 2019;

(ii) INR 15,000 million and above (approx. USD 210,000,000 and above) but less than INR 2,000 crore (less than approx. USD 280,000,000) – 1 January 2020; and

(iii) Less than INR 15,000 million (approx. USD 280,000,000) – To be announced.

The Revised Framework further clarifies that in the event a viable resolution plan in respect of the borrower is not implemented within the aforementioned timelines, all lenders (whether party to the inter-creditor agreement or not) are required to make additional provisions as set out below:

Timeline for implementation of viable resolution plan	**Additional provisions to be made as a percentage of total outstanding, if resolution plan not implemented within the timeline**
180 days from the end of Review Period	20%
365 days from the commencement of Review Period	15% (i.e. total additional provisioning of 35%)

In order to provide regulatory relief in light of the COVID-19 pandemic, the RBI through its notification dated 17 April 2020 and 23 May 2020 has stipulated that in respect of accounts which were within the Review Period as on 1 March 2020, the period from 1 March 2020 to 31 August 2020 shall be excluded from the calculation of the 30 day timeline for the Review Period. In respect of all such accounts, the residual Review Period shall resume from 1 September 2020, upon expiry of which the lenders shall have the usual 180 days for resolution. Further, in respect of accounts where the Review Period was over, but the 180-day resolution period had not expired as on 1 March 2020, the timeline for resolution shall get extended by 180 days from the date on which the 180 day period was originally set to expire.

In addition to the Revised Framework, the RBI through its circular dated 6 August 2020 established a framework to enable lenders to implement resolution plans for eligible corporate exposures whose assets are under stress due to the COVID-19 Pandemic (**COVID-19 Resolution Framework**), without change in ownership and personal loans, while classifying the exposures as standard. Each lending institution shall put in place a board approved policy detailing the manner in which such evaluation may be done and the objective criteria that may be applied while considering the resolution plan in each case. Only accounts classified as standard, but not in default for more than 30 days as on 1 March 2020 shall be eligible for such resolution. The eligible borrowers' accounts should continue to be classified as standard till the date of invocation of resolution under the COVID-19 Resolution Framework. Resolution plans where the aggregate exposure of the lending institutions is in excess of ₹ 1 billion shall require an independent credit evaluation by a credit rating agency.

9 The Recovery of Debts Due to Banks and Financial Institutions Act, 1993 (RDDBFI Act) as amended by Chapter III of the Enforcement of Security Interest and Recovery of Debts Laws and Miscellaneous Provisions (Amendment) Act, 2016

The RDDBFI Act was enacted for adjudication of disputes pertaining to debts due to banks and financial institutions exceeding ₹ 1 million. The RDDBFI Act provides for the constitution of debt recovery tribunals, before which banks and financial institutions may file applications for recovery of debts. Further, no court or other authority, except the Supreme Court or a High Court exercising jurisdiction under Articles 226 and 227 of the Constitution of India, shall have, or is entitled to exercise, any jurisdiction, powers or authority in relation to the aforementioned matter. The tribunals may pass orders for directions including *inter- alia* recovery of such dues by the bank as may be deemed fit along with a recovery certificate to such effect from the presiding officer of the respective tribunal; attachment of the secured properties towards the dues to the bank: injunctive orders restraining the debtors from alienating, transferring or disposing of such secured properties; appointment of receivers and/or local commissioners with respect to such secured properties and distribution of proceeds from sale of such secured properties towards dues. Pursuant to the recovery certificate being issued, the recovery officer of the respective debt recovery tribunal shall effectuate the final orders of the debt recovery tribunal in the application. Unless such final orders of the debt recovery tribunal have been passed with the consent of the parties to an application, an appeal may be filed against such final orders of the debt recovery tribunal before the debt recovery appellate tribunal, which is the appellate authority constituted under the RDDBFI Act.

10 Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, as amended, and as amended by the Enforcement of Security Interest and Recovery of Debts Laws and Miscellaneous Provisions (Amendment) Act, 2016 (the SARFAESI Act)

The SARFAESI Act provides for the enforcement of security interest without the intervention of the courts. Under the provisions of the SARFAESI Act, a secured creditor can recover dues from its borrowers by taking any of the measures as provided therein. Rights, with respect to the enforcement of security interest, under the SARFAESI Act cannot be enforced unless the account of the borrower has been classified as an NPA in the books of account of the secured creditor in accordance with the directions or guidelines issued by the RBI or any other applicable regulatory authority. The secured creditors must serve a 60-day notice on the borrower demanding repayment of the amount due and specifying the borrower's assets over which the bank proposes to exercise remedies. If the borrower still fails to pay, the secured creditors, on expiry of the 60-day notice period, can: (i) take possession of the secured assets; (ii) take over the management of the secured assets along with the right to transfer by way of lease, assignment or sale of the secured assets; (iii) appoint any person to manage the secured assets; and (iv) require any person who has acquired any of the secured assets from the borrower to pay amounts necessary to satisfy the debt. The security interests covered by the SARFAESI Act are security interests over immovable and movable property, existing or future receivables, certain intangible assets (such as know-how, patents, copyrights, trademarks, licenses, franchises) and any debt or any right to receive payment of money, or any receivable, present or future, and in which security interest has been created. Security interests over ships and aircraft, any statutory lien, a pledge of movables, any conditional sale, hire purchase or lease or any other contract in which no security interest is created, rights of unpaid sellers, any property not liable to attachment, security interest for securing repayment of less than ₹ 100,000, agricultural land and any case where the amount due is less than 20.00% of the principal amount and interest are not enforceable under the SARFAESI Act. In the event that the secured creditor is unable to recover the entire sum due by exercise of the remedies under the SARFAESI Act in relation to the assets secured, such secured creditor may approach the debt recovery tribunal or the relevant court for the recovery of the balance amounts. A secured creditor may also simultaneously pursue its remedies under the SARFAESI Act as well as the debt recovery tribunal.

The SARFAESI Act also provides for sale of financial assets by banks and financial institutions to asset reconstruction companies. The financial assets can be sold to asset reconstruction companies in accordance with the extant guidelines and prudential norms issues by the RBI. In accordance with the extant guidelines, a bank may sell only those assets classified as an SMA-2 or an NPA to asset reconstruction companies. The banks may not sell financial assets at a contingent price with an agreement to bear a part of the shortfall on ultimate realization. However, banks may sell specific financial assets with an agreement to share in any surplus realised by the asset reconstruction company in the future. Consideration for the sale may be in the form of cash, bonds or debentures or security receipts or pass through or pay through certificates issued by the asset reconstruction company or trusts set up by it to acquire the financial assets. In the event that the secured creditor is unable to recover the entire sum due by exercise of the remedies under the SARFAESI Act in relation to the assets secured, such secured creditor may approach the relevant court for the recovery of the balance amounts. A secured creditor may also simultaneously pursue its remedies under the SARFAESI Act.

The Enforcement of Security Interest and Recovery of Debts Laws and Miscellaneous Provisions (Amendment) Act, 2016 (ESIRDA Amendment Act)

The ESIRDA Amendment Act received Presidential Assent on 12 August 2016. It seeks to amend certain provisions of the SARFAESI, RDB Act, the Indian Stamp Act, 1899 and the Depositories Act, 1996.

The key amendments to the SARFAESI include: (a) Debenture Trustees registered with SEBI have now been included in the definition of 'secured creditor', and can take enforcement action under Section 13 of the SARFAESI, as the remedies under SARFAESI have been extended to apply to listed debt securities. The scope of SARFAESI has been widened to include hire purchase, financial leasing and conditional sale transactions; (b) the process of taking possession over collateral against which a loan has been provided by a secured creditor, with the assistance of the Chief Metropolitan Magistrate or District Magistrate, has been made time-bound, requiring an order to be passed within 30 days from the date of the application by the secured creditor; and (c) amendments in relation to registration of security interest have been introduced, including *inter alia* setting up of a central database to integrate records of security registered under various registration systems.

The key amendments to the RDB Act include (a) Debenture Trustees registered with SEBI can initiate proceedings under the RDB Act regarding defaults in listed debt securities; (b) a bank or a financial institution has now been permitted to take proceedings under the RDB Act before a tribunal in whose jurisdiction where the defaulted account is maintained / located; (c) a defendant, upon service of summons under the RDB act, is restricted from transferring the secured assets or other assets disclosed in the application made by the bank of financial institution without the approval of the tribunal, except in the ordinary course of business; and (d) electronic filing of recovery application, documents and written statements has been introduced.

11 Insolvency and Bankruptcy Code

The Insolvency and Bankruptcy Code (**IBC**) was enacted and notified in the Gazette of India on 28 May 2016. The IBC covers individuals, companies, limited liability partnerships, partnership firms, proprietorship firms and other legal entities. The IBC has established an Insolvency and Bankruptcy Board of India to function as the regulator for all matters pertaining to insolvency and bankruptcy. The IBC prescribes a time limit of 180 days (extendable by up to a maximum of 90 days) for the insolvency resolution process to be completed (**Moratorium Period**) during which period the entity shall be revived. The insolvency resolution process shall be mandatorily completed within a period of 180 days (extendable by up to a maximum of 90 days) from the date of commencement of the insolvency resolution process. During the Moratorium Period, (i) the management of the debtor vests in favour of the resolution professional appointed by National Company Law Tribunal (**NCLT**); (ii) no assets of the debtor can be transferred, encumbered; (iii) there can no enforcement of security interest; (iv) no fresh proceedings can be initiated against the debtor and the continuation of pending proceedings are prohibited. The resolution professional shall invite and verify claims of all creditors of the debtor and constitute a committee of creditors comprising of all creditors whose claims are verified and accepted. Thereafter a resolution plan is prepared for the revival of the entity which shall be approved by majority of the committee of creditors which is then sanctioned by the NCLT. In the event no resolution plan is approved by committee of creditor or the NCLT rejects the resolution plan for non-compliance, the NCLT directs the liquidation of the debtor. The Central Government through its notification dated 24 March 2020 specified that a minimum default of ₹ 1 crore shall be required for the filing of application for corporate insolvency. The IBC further was amended by the Insolvency and Bankruptcy Code (Amendment) Ordinance, 2020 which in light of the COVID-19 pandemic, has disallowed the filing of application to initiation of corporate insolvency process for any default arising from 25 March 2020 to six months from such date, extendable up to a year.

12 Regulations relating to lending

The RBI issues directions covering the lending activities of banks. Some of the major guidelines of the RBI, which are now in effect, are as follows:

- RBI has prescribed norms for banks lending to non-bank financial companies and the financing of public sector disinvestment.
- RBI introduced the "base rate" in place of the BPLR with effect from 1 July 2010. The base rate shall include all those elements of the lending rates that are common across all the categories of borrowers.
- All floating rate rupee loans sanctioned and renewed between 1 July 2010 and 31 March 2016 shall be priced with reference to the base rate which will be the internal benchmark for such purposes.
- All floating rate rupee loans sanctioned and renewed with effect from 1 April 2016 shall be priced with reference to the marginal cost of funds based lending rate which will be the internal benchmark for such purposes.
- Section 21A of the Banking Regulation Act provides that the rate of interest charged by a bank shall not be reopened by any court on the ground that the rate of interest charged by a bank is excessive. The Banking Regulation Act provides for protection to banks for interest rates charged by them.
- The RBI issued a circular dated 4 September 2019, making it mandatory for banks to link all new floating rate personal or retail loans and floating rate loans to Micro and Small Enterprises to an external benchmark effective 1 October 2019. The banks are free to choose one of the several benchmarks indicated in the circular. The banks are also free to choose their spread over the benchmark rate, subject to the condition that the credit risk premium may undergo change only when borrower's credit assessment undergoes a substantial change, as agreed upon in the loan contract. The RBI, through its notification dated 26 February 2020, extended the requirement for banks to link all new floating rate personal or retail loans and floating rate loans to Medium Enterprises effective 1 April 2020.
- The RBI issued a notification dated 24 June 2020 stipulated that any bank or NBFC engaging digital lending platforms as their agents to source borrowers and/or recover dues shall disclose names of such agents on their website, direct the digital agents engaged by the bank or NBFC to disclose the name of bank or NBFC to the customer and ensure effective oversight and monitoring over digital agents. Adequate efforts shall be made towards creation of awareness about the grievance redressal mechanism.

13 Regulations relating to deposits

The RBI has issued "Reserve Bank of India - Interest rate on Deposits Directions, 2016" dated 3 March 2016. Scheduled commercial banks are required to pay interest on deposits of money (other than current account deposits accepted by them or renewed by them in their domestic, ordinary non-resident, non-resident (external) accounts and foreign currency (non-resident) accounts (banks) scheme deposit account), subject to certain conditions prescribed by these directions. Banks are required to put in place a comprehensive policy on interest rates on deposits duly approved by the board of directors or any committee to which powers have been delegated. Further, certain additional restrictions have been prescribed to determine interest rates for savings deposits and term deposits. Additionally, interest rates offered by banks on NRO and NRE deposits cannot be higher than those offered by them on comparable domestic rupee term deposits.

14 Directed lending

The Reserve Bank of India (Priority Sector Lending – Targets and Classification) Directions, 2016 dated 7 July 2016 (**Master Direction**) sets out the broad policy in relation to priority sector lending (**PSL**). In accordance with this circular, the priority sectors for all scheduled banks include (i) agriculture; (ii) MSMEs; (iii) education; (iv) housing; (v) social infrastructure; (vi) renewable energy; (vii) export credit and (viii) others. Under the Master Direction, the priority sector lending targets are linked to adjusted net bank credit as defined (**ANBC**) or credit equivalent amount of off-balance sheet exposure, whichever is higher, as on the corresponding date of the preceding year. Currently, the total priority sector lending target for domestic banks is 40% of ANBC or credit equivalent amount of off-balance sheet exposure, whichever is higher. It also prescribed sub-targets for small and marginal farmers, micro-enterprises and weaker sections. By way of a notification dated 20 September 2019, the RBI has, in relation to export credit, enhanced the sanctioned limit, for classification of export credit under PSL, from ₹ 250 million per borrower to ₹ 400 million per borrower and removed the existing criteria of 'units having turnover of up to ₹ 1 billion'.

The RBI via circular reference FIDD.CO.Plan.BC.7/04.09.01/2019-20 dated 13 August 2019, decided that bank credit to registered NBFCs (other than MFIs) for on-lending will be eligible for classification as priority sector under respective categories, subject to the conditions laid out therein. This was applicable till 31 March 2020, and was subject to review thereafter. Therefore, RBI via FIDD.CO.Plan.BC.No.19/04.09.01/2019-20 dated 23 March 2020 decided to extend the priority sector classification for bank loans to NBFCs for on-lending for FY 2020-21. Further, existing loans disbursed under the on-lending model will continue to be classified under Priority Sector till the date of repayment/maturity.

15 Master Regulations and Guidelines of the SEBI

SEBI was established in 1992 in accordance with the provisions of the Securities and Exchange Board of India Act, 1992 to protect the interests of public investors in securities and to promote the development of, and to regulate, the Indian securities market including all related matters. We are subject to regulations prescribed by SEBI in respect of capital issuances as well as some of our activities, including acting as agent for collecting subscriptions to public offerings of securities made by other Indian companies, underwriting, custodial, depositary participant, and investment banking and because our equity shares are listed on Indian stock exchanges. These regulations provide for registering with SEBI the functions, responsibilities and the code of conduct applicable for each of these activities. For further details, see "*-Regulatory measures on account of COVID-19*".

16 Exposure norms

As a prudential measure aimed at better risk management and avoidance of concentration of credit risk, the RBI has prescribed credit exposure limits for banks and long-term lending institutions in respect of their lending to individual borrowers and to all borrowers belonging to a single group. The RBI has prescribed exposure ceiling for a single borrower as 15% of capital funds and group exposure limit as 40% of capital funds comprising of Tier I and Tier II capital. Relaxations are permitted in exceptional circumstances and lending to infrastructure sector. The total exposure to a single NBFC and NBFC-AFC (Asset Financing Companies) should not exceed 10%, and 15% respectively, of the bank's capital funds as per its last audited balance sheet. The limit may be increased by another 5% provided that the excess exposure is on account of funds on-lent to the infrastructure sector.

The aggregate exposure of a bank to the capital markets in all forms (both fund based and non-fund based) should not exceed 40% of its net worth, on both standalone and consolidated basis as on 31 March of the previous year.

Within this overall ceiling, the bank's direct investment in shares, convertible bonds/debentures, units of equity oriented mutual funds and all exposures to Venture Capital Funds (both registered and unregistered) should not exceed 20% of its net worth on both standalone and consolidated basis.

On 25 August 2016, the RBI released guidelines on Enhancing Credit Supply for Large Borrowers through market Mechanism with the objective of mitigating the risk posed to the banking system on account of large aggregate lending to a single corporate. As per the framework, exposure to corporate with large borrowing from banking system beyond the prescribed limit would attract additional provisions and higher risk weights.

On 1 December 2016, the RBI released guidelines on Large Exposures Framework to align the exposure norms for Indian banks with the Basel Committee on Banking Supervision standards. From 1 April 2019, exposure limits to single and group borrowers will be 20% and 25% of our Tier 1 Capital funds as against the current norm of 15% and 40% of the Total Capital funds Limits. In light of the COVID-19 pandemic, the RBI on 23 May 2020 allowed a one time increase to banks' exposure to a group of connected counterparties from 25% to 30% of the eligible capital base of the bank, until 30 June 2021.

On 3 June 2019, the RBI amended the extant 1 December 2016 guidelines on 'Large Exposures Framework to align the exposure norms for Indian banks' with the Basel Committee. As per the framework, the sum of all exposure values of a bank to a counterparty or a group of connected counterparties is defined as a 'Large Exposure' (LE), if it is equal to or above 10 percent of the bank's eligible capital base (i.e., Tier 1 capital) and the bank is required to report their LE to the RBI and Department of Banking Supervision, Central Office. Exposure limits to single and group NBFC's will be 15% and 25% of our Tier 1 Capital funds respectively. However, by way of a circular dated 12 September 2019 the RBI mandated that banks' exposure to a single NBFC (excluding gold loan companies) will be restricted to 20 percent of that banks' eligible capital base. Banks' finance to NBFCs predominantly engaged in lending against gold will continue to be governed by limits prescribed in circular dated 18 May 2012.

17 Directions on short-selling

The Statement on Developmental and Regulatory Policies released by RBI on 6 June 2018, proposes to liberalise the eligible short sale participant base and increase the entity-wise and security category-wise (liquid/other securities) limits for short selling in Government Securities. Accordingly, a comprehensive review of the existing directions/circulars on 'Short Sale' transactions has been carried out and the revised directions, (Directions) were issued. The Directions came into effect from 26 July 2018.

The Directions define a short sale as a sale of a security one does not own. Banks may treat sale of a security held in the investment portfolio as a short sale and follow the process laid down in the Directions.

These transactions shall be referred to as 'notional' short sales. For the purpose of these Directions, short sale would include 'notional' short sale.

The maximum amount of a security (face value) that can be short sold shall be as follows:

- for Liquid Securities – 2% of the total outstanding stock of each security, or, ₹ 5.00 billion, whichever is higher;
- for other securities – 1% of the total outstanding stock of each security, or, ₹ 2.50 billion, whichever is higher.

18 Regulations relating to Know Your Customer and Anti-Money Laundering

The RBI has issued several guidelines on Know Your Customer (KYC) and Anti Money Laundering (AML) inter alia containing rules on (i) customer identification and acceptance; (ii) monitoring of transactions; and (iii) vigilance at the time of opening accounts for new customers to prevent misuse of the banking system. Banks have been advised to ensure systems and procedures are in place to control financial frauds, identify money laundering and suspicious activities and monitor high value cash transactions. Such monitoring includes cross border transactions. Further, banks have also been advised to ensure that adequate policies are formulated and adopted in relation to KYC and AML.

On 20 April 2020, the RBI amended the Master Direction - Know Your Customer (KYC) Direction, 2016, requiring banks and financial institutions regulated by the RBI to periodically carry out money laundering and terrorist financing risk assessments to identify, assess and take effective measures to mitigate its money laundering and terrorist financing risk for clients, countries or geographic areas, products, services, transactions or delivery channels, etc. The banks and financial institutions shall apply a risk based approach for mitigation and management of the identified risk and should have Board approved policies, controls and procedures which take into consideration sector-specific vulnerabilities which are shared by the regulators.

19 Penalties

The RBI is empowered under the Banking Regulation Act, to impose penalties on banks and their employees in case of infringement of any provision of the Act. The penalty may be a fixed amount or may be related to the amount involved in any contravention of the regulations. The penalty may also include imprisonment.

20 Legal Reserve Requirements

4. Cash Reserve Ratio

Each bank is required to maintain CRR on a daily basis which is a specified percentage of total of DTL adjusted for the exemptions, by way of a balance in a current account with the RBI. Banks shall maintain a CRR of 3% of the net demand and time liabilities from 28 March 2020 to 26 March 2021. The RBI does not pay any interest on CRR balances. The CRR has to be maintained on an average basis for a fortnightly period and the minimum daily maintenance of the CRR should be 90% effective from the fortnight beginning 16 April 2016. Due to the increased burden on cash flow of banks in light of the COVID-19 pandemic, the RBI on 26 June 2020 reduced the minimum daily maintenance of the CRR to 80 % until 25 September 2020. The RBI may impose penal interest at the rate of 3% above the bank rate on the amount by which the reserve falls short of the CRR required to be maintained on a particular day and if the shortfall continues further the penal interest charged shall be increased to a rate of 5% above the bank rate in respect of each subsequent day during which the default continues. In case of default in the maintenance of CRR on average basis during the fortnight, penal interest will be recovered as envisaged under Section 42(3) of the Reserve Bank of India Act, 1934.

5. Statutory Liquidity Ratio

Each Bank is required to maintain a SLR, a specified percentage of total DTL by way of liquid assets like cash, gold or approved unencumbered securities. The percentage of this liquidity ratio is fixed by the RBI from time to time, pursuant to Section 24 of the Banking Regulation Act. At present, the RBI requires banks to maintain SLR of 18.00%. Under the Marginal Standing Facility (**MSF**), banks can borrow overnight at their discretion by dipping into the SLR. Due to the increased burden on cash flow of banks in light of the COVID-19 pandemic, the RBI on 26 June 2020 increased the borrowing limit under MSF from 2% to 3% of the bank's net demand and time liabilities, until 25 September 2020. Currently, banks are permitted to exceed the limit of 25% of the total investments under held to maturity (**HTM**) category. RBI, through its notification dated 1

September 2020, decided to permit banks to hold acquisitions of SLR securities issued on or after 1 September 2020 in HTM category, subject to an overall limit of 22% of net demand and time liabilities, up to 31 March 2021, which shall be reviewed thereafter.

Risk Management and Inter-bank dealings and hedging of foreign exchange risk

RBI through its Master Direction on Risk Management and Inter-Bank Dealings 2016, amended from time to time, governs the foreign exchange derivatives contracts to promote orderly development and maintenance of foreign exchange market in India. Foreign exchange derivatives contracts includes forward contract, cross currency and rupee option and SWAPs.

In terms of the Master Direction on Risk Management and Inter-Bank Dealings 2016, RBI permits authorised dealer banks to book foreign exchange derivatives with person resident in India to facilitate hedging of underlying foreign currency exposure.

By way of its circular dated 7 April 2020, RBI revised the existing facilities for residents and non-residents to hedge their foreign exchange risk on account of transactions permitted under FEMA 1999. While all key obligations of authorized dealer banks remain, a greater flexibility has been provided to the authorised dealer banks in monitoring and managing their client foreign exchange activities.

The revised directions aims to ease access to the domestic foreign exchange & derivative markets, among others, through: i) merging facilities for residents and non-residents into a single unified facility for all users, ii) allowing users having valid exposure to hedge the same by using any available instrument iii) introducing facility to hedge anticipated exposures and iv) simplifying procedures for authorised dealer banks to offer foreign exchange and derivatives transactions

21 Regulations relating to Authorised Dealers (ADs) for foreign exchange and cross-border business transactions

The foreign exchange and cross border transactions undertaken by banks, both on its own account and also on behalf of customers, are subject to the provisions of the FEMA and rules/ regulations/ directions and notifications issued thereunder. The bank should monitor all non-resident accounts and cross border transactions to prevent money laundering. RBI may impose penalty for contravention of FEMA and regulations/ notifications issued there under or contravenes any condition subject to which an authorisation is issued by the Reserve Bank.

22 Foreign ownership restriction

Aggregate foreign investment, in a private sector bank is permitted up to 49% of the paid up capital under the automatic route. This limit can be increased up to 74% of the paid up capital with prior approval from the Department of Financial Services. Pursuant to a letter dated 19 July 2016 from the Ministry of Finance, Government of India, the Bank has received approval for aggregate foreign investment in the Bank up to 74% of its paid up capital. Further, SEBI has through circular dated 5 April 2018, put in place a new system for monitoring the foreign investment limits in listed Indian companies, and by its circular dated 17 May 2018, SEBI has directed that the system be made operational from 1 June 2018. Accordingly, the listed Indian company shall have to appoint any one depository as its designated depository to facilitate the monitoring of the foreign investment limits.

23 Secrecy obligation

Banks' obligations relating to maintaining secrecy arise out of Section 13 of the Bank Nationalisation Act and also common law principles governing the relationship between them and their customers. Banks cannot disclose any information to third parties except under certain limited and clearly defined circumstances as detailed in the guidelines issued by the RBI.

24 Ownership restrictions

Pursuant to Section 12(2) of the Banking Regulation Act, 1949, the RBI has, on 21 July 2016, notified that no shareholder in a bank can exercise voting rights on poll in excess of 26% of total voting rights of all the shareholders of the bank.

RBI guidelines prescribe a policy framework for the ownership and governance of private sector banks. As per the extant guidelines any individual / entity who wishes to acquire shareholding of 5% or more but less than 10% of the total paid up capital of the Bank needs to obtain prior approval of the RBI. Thereafter prior approval is also needed to go beyond 10%. The RBI, when considering whether to grant an approval, may take into account all matters that it considers relevant to the application, including ensuring that shareholders whose aggregate holdings are above specified thresholds meet fit and proper criteria.

The Directions on Ownership envisage diversified shareholding in private sector banks by a single entity/corporate entity/group of related entities. Pursuant to the Directions on Ownership, ownership limits for all shareholders in the private sector bank in the long run shall be stipulated under two broad categories: (i) natural persons (individuals) and (ii) legal persons (entities/institutions). Further, separate limits are now stipulated for (i) non-financial and (ii) financial institutions; and among financial institutions, for diversified and non-diversified financial institutions.

25 RBI restriction on offshore payments

Any offshore payments to be made under the medium term notes by the head office of the Bank would require prior approval of the RBI.

26 Regulations governing Offshore Banking Units (OBUs)

The Government and the RBI have permitted banks to set up OBUs in special economic zones, which are specially delineated duty-free enclaves deemed to be foreign territory for the purpose of trade operations, duties and tariffs. OBUs are exempt from CRR requirements. All prudential norms applicable to overseas branches of Indian banks apply to OBUs. OBUs may operate and maintain balance sheets only in foreign currency and are not allowed to deal in Indian rupees except for having a special rupee account out of the convertible funds in order to meet their daily expenses.

27 Regulations governing IFSC Banking Units (IBUs)

The RBI through its notification dated 1 April 2015, as amended, has permitted both private and public sector banks to set up banking units in International Financial Services Centres (**IFSC**), provided that they are eligible to deal in foreign exchange and have minimum capital of USD 20 million or equivalent in foreign currency. IBUs are exempt from CRR and SLR requirement specified by the RBI under the Basel III Regulations and may raise capital from persons not resident in India and overseas branches of Indian banks. IBUs must maintain LCR as applicable to Indian banks on a stand-alone basis and follow the liquidity risk management guidelines issued by RBI to banks. Further, NSFR will also be applicable to IBUs as and when it is applied to Indian banks. The IBUs are permitted to engage in all banking services allowed to be conducted by banks in accordance with the Banking Regulation Act, provided the transactions are conducted in currency other than Indian Rupee and are not conducted with high net worth individuals or retails customers. Further, IBUs may, among other things, undertake factoring / forfaiting of export receivables, derivative transactions, open foreign escrow accounts and act as underwriters / arrangers for overseas issue of rupee denominated bonds.

However, IBUs are not permitted to open savings accounts and may only open foreign currency current accounts. No cheque facility will be available for holders of current accounts in the IBUs. All transactions must be undertaken through bank transfers. IBUs are prohibited from undertaking cash transactions. The IBUs will be required to scrupulously follow know your customer-combating of financing of terrorism and other anti-money laundering instructions issued by RBI including the reporting thereof.

The SEBI issued SEBI (International Financial Services Centres) Guidelines, 2015 on 27 March 2015 which stipulate the nature of clients, raising of capital, issue of debt securities, listing and trading of securities and the exemptions from application of SEBI regulations granted to entities operating in IFSCs, including IBUs. The SEBI through its circular dated 9 July 2020, allowed banking companies, among others, to invest up to 15% of the paid up share equity of recognized stock exchange in an IFSC.

28 Issue of shares by private sector banks

The Reserve Bank of India (Issue and Pricing of Shares by Private Sector Banks) Directions, 2016 provides general permission for issue of shares by private sector banks through the routes mentioned therein subject to certain conditions, among others, the issue of shares is required to be in compliance with the Companies Act, 2013 and SEBI regulations; the issue of shares has the approval from the bank's board or shareholders, as may be required under the Companies Act, 2013 or applicable SEBI regulations.

29 Downstream investment by banks

In accordance with Schedule I of the FEMA Regulations, downstream investments made by a banking company, as defined in section 5(c) of the Banking Regulation Act, incorporated in India, which is owned or controlled by non-residents/non-resident entity, under corporate debt restructuring, or other loan restructuring mechanism, or in trading books, or for acquisition of shares due to defaults in loans, shall not count towards indirect foreign investment. However, their 'strategic downstream investment' shall count towards indirect foreign investment. For this purpose, 'strategic downstream investments' would mean investment by these banking companies in their subsidiaries, joint ventures and associates.

30 Guidelines for merger and amalgamation of private sector banks

The Reserve Bank of India (Amalgamation of Private Sector Banks) Directions, 2016 dated 21 April 2016 relate to: (i) an amalgamation of two banking companies; and (ii) an amalgamation of a NBFC with a banking company. The Reserve Bank has discretionary powers to approve the voluntary amalgamation of two banking companies under the provisions of Section 44A of the Banking Regulation Act.

31 Regulation of financial services provided by banks

The Master Direction – Reserve Bank of India (Financial Services provided by Banks) Directions, 2016 dated 26 May 2016 require banks to comply with certain restrictions while undertaking financial services including in relation to risk mitigation measures, limits on investment that can be made by banks in companies undertaking financial services. The directions also provide for specific regulations for certain financial services such as, among others, setting of an infrastructure debt fund, underwriting activities, mutual fund business, and insurance business. The Master Direction – Reserve Bank of India (Financial Services provided by Banks) Directions, 2016 dated 26 May 2016, was amended on 25 September 2017, to lay restrictions on holding of stake by banks in financial service providers other than banks as provided therein.

32 Guidelines on management of intra-group transactions and exposures

The RBI issued the Guidelines on Management of Intra-Group Transactions and Exposures on 11 February 2014. Pursuant to the said guidelines, RBI has prescribed quantitative limits on financial intra-group transactions and exposures and prudential measures for the non-financial intra-group transactions and exposures. These guidelines also require that all intra-group transactions to be at "arms-length".

33 Capital and provisioning requirements for exposures to entities with unhedged foreign currency exposure

The RBI issued a circular relating to Capital and Provisioning Requirements for Exposures to entities with Unhedged Foreign Currency Exposure on 15 January 2014. Pursuant to these guidelines, RBI has introduced incremental provisioning and capital requirements for bank exposures to entities with unhedged foreign currency exposures.

34 Central Repository of Large Common Exposures

The RBI has introduced Central Repository of Large Common Exposures (CRILC) repository of large credits and share information with the banks for enabling them to be aware of building leverage and common exposures. All banks are required to report to RBI, on a quarterly basis, exposures of individuals and entities having exposure (both fund and non-fund based) of more than ₹ 50.00 million and also details of customers with outstanding current account balance (debit or credit) of ₹ 10.00 million and above. In addition, RBI guidelines require banks to report, among others, the SMA 2 (Principal or interest payment overdue between 61-90 days) status of the borrower to the CRILC. Any non-submission of or wrong reporting in these returns attracts penalties as specified in the Banking Regulation Act 1949.

Further, in terms of RBI circular dated 7 June 2019, all banks are required to report to CRILC, on a monthly basis, exposures of individuals and entities having exposure (both fund and non-fund based) of more than ₹50 million. Banks are also required to report to CRILC, on a weekly basis for all borrower entities in default, having aggregate exposure of more than ₹50 million. In addition, banks are required to report to CRILC the classification of an account to 'special mention account' in respect of borrower entities having aggregate exposure of more than ₹50 million. Any non-submission of or incorrect reporting in these returns attracts penalties as specified in the Banking Regulation Act.

35 Storage of payment system data

The RBI on 6 April 2018 issued a notification on storage of information relating to the payment ecosystem as not all system providers store the payments data in India. In accordance with the notification, all system providers shall ensure that data relating to payment systems operated by them are stored in a system only in India. Data should include the full end-to-end transaction details, information collected, carried, processed as part of the message or payment instruction. For the foreign leg of the transaction, if any, the data can also be stored in the foreign country, if required. System providers have to comply within six months and report compliance and do a system audit report.

36 The Banking Ombudsman Scheme, 2006

The Banking Ombudsman Scheme, 2006 provides the extent and scope of the authority and functions of the Banking Ombudsman for redressal of grievances against deficiency in banking services, concerning loans and advances and other specified matters and has gone through various amendments to provide for revised procedures for redressal of grievances by a complainant under the scheme and to broaden the scope of complaints addressed by the Banking Ombudsman.

37 Banking Regulation (Amendment) Act, 2017

The Banking Regulation (Amendment) Act 2017 states that the Government may by order authorise the RBI to issue directions to banking companies to initiate insolvency proceedings under the Insolvency and Bankruptcy Code, 2016. Furthermore, the RBI, on 12 February 2018, had issued directions to banking companies for the resolution of stressed assets.

38 Declaration of dividend by banks

The payment of dividends by banks is subject to restrictions under the Banking Regulation Act. Section 15(1) of the Banking Regulation Act states that no banking company shall pay any dividend on its shares until all its capitalised expenses (including preliminary expenses, organisation expenses, share-selling commissions, brokerage, amounts of losses incurred and any other item of expenditure not represented by tangible assets) have been completely written off. In addition, Section 17(1) of the Banking Regulation Act requires every banking company to create a reserve fund and, out of the balance of the profit of each year as disclosed in the profit and loss account, transfer a sum equivalent to not less than 25% of such profit to the reserve fund before declaring any dividend.

In May 2005, the RBI issued guidelines on Declaration of Dividends by Banks, which prescribed certain conditions for declaration of dividends by banks. Further, the Master Circular on Basel III Capital Regulations as amended and updated from time to time, also regulates the distribution of dividends by banks.

The RBI, by way of its notification dated 17 April 2020, has advised that in an environment of heightened uncertainty caused by the COVID-19 pandemic, it is important for banks to conserve capital to retain their capacity to support the economy and absorb losses. Accordingly, the RBI has decided that all banks shall not make any further dividend payouts from the profits pertaining to the Financial Year ended 31 March 2020 until further instructions. This restriction shall be reassessed by the RBI based on the financial results of banks for the quarter ending 30 September 2020.

39 Representative Offices

The Bank has three representative offices, in GCC, Dubai, Sharjah and Abu Dhabi, which are regulated by Central Bank of the United Arab Emirates. The representative offices in GCC are permitted to carry out facilitating and promotion of permitted products. The Bank has another Rep Office in Bangladesh (BRO). As per the Regulations of Bangladesh Investment Development Authority (BIDA) & Bangladesh Bank, BRO is permitted to promote FI-Trade & Non-FI Trade business through its overseas locations.

40 Regulations relating to banking business

The Banking Regulation Act defines the forms of business in which a banking company may engage. RBI has issued various guidelines/directions governing the functioning of banks in India. These guidelines cover, not limited to, governance, deposits, loans, investments, risk management, operations, audit, compliance, housekeeping etc.

41 Classification and reporting of fraud cases

The RBI issued guidelines on the classification and reporting of fraud cases. The fraud cases have been classified into misappropriation and criminal breach of trust, fraudulent encashment through forged instruments, manipulation of books of account or through fictitious accounts and conversion of property, unauthorised credit facilities extended for reward or for illegal gratification, negligence and cash shortages, cheating and forgery, irregularities in foreign exchange and any other type of fraud not coming under the specific heads as above. The banks are required to submit fraud related data to RBI through various returns/ reports.

42 Marginal Cost of Funds based Lending Rate (MCLR)

Pursuant to the notification issued by RBI dated 17 December 2015, all rupee loans sanctioned and credit limits renewed with effect from 1 April 2016 are to be priced with reference to the MCLR which is the internal benchmark for such purposes. MCLR comprise: (a) marginal cost of funds; (b) negative carry on account of CRR (c) operating costs (d) tenor premium.

43 Indian Accounting Standards

The MCA, in its press release dated 18 January 2016, issued a roadmap for the implementation of Indian Accounting Standards (**IND-AS**) converged with the International Financial Reporting Standards (**IFRS**) as issued by the International Accounting Standards Board with certain carve-outs for scheduled commercial banks, insurance companies and non-banking financial companies (the **2016 roadmap**). The 2016 roadmap requires such institutions to prepare IND-AS based financial statements for the accounting periods commencing on or after 1 April 2018, and to prepare comparative financial information for accounting periods commencing on or after 1 April 2017. The RBI, in its circular dated 11 February 2016, requires all scheduled commercial banks to comply with IND-AS for financial statements for the periods stated above. In April 2018, the RBI has deferred the effective date for implementation of IND-AS by one year. For more information on deferment of implementation of IND-AS, see "*Presentation of Financial and Other Information*". The RBI does not permit banks to adopt IND-AS earlier than these timelines. The new accounting standards are expected to change, among other things, our methodologies for estimating allowances for probable loan losses and classifying and valuing our investment portfolio, as well as our revenue recognition policy.

Earlier all scheduled commercial banks were required to follow IND-AS for financial statements for accounting periods beginning from 1 April 2018 onwards, which has now been deferred by RBI on 22 March 2019 until further notice, pending necessary legislative amendments to the Banking Regulation Act, 1949 and keeping in view, the level of preparedness of many banks. IND-AS would be applicable to both standalone financial statements and consolidated financial statements.

44 Appointment and Remuneration of the Chairman, the Managing Director and Other Directors

Banks require the prior approval of the RBI to appoint their Chairman and Managing Director and any other whole time or executive directors and to fix their remuneration. The RBI is empowered to remove the appointee on the grounds of public interest or the interest of depositors or to ensure the proper management of the bank. Further, the RBI may order meetings of the board of directors of banks to discuss any matter in relation to the bank, appoint observers to these meetings and in general may make changes to the management as it may deem necessary and can also order the convening of a general meeting of the company to elect new directors. RBI has, pursuant to its circular dated 4 November 2019, issued Guidelines on Compensation of Whole Time Directors/ Chief Executive Officers/ Material Risk Takers and Control Function staff.

45 Statement of Developmental and Regulatory Policies issued by the RBI on 6 August 2020

The RBI through its press release dated 6 August 2020 announced certain policy measures, which included the following: (i) introduction of optional facility to provide banks greater flexibility and discretion in managing the day end cash reserve ratio balances; (ii) introduction of prudential framework to enable the lenders to implement a resolution plan in respect of eligible corporate exposures without change in ownership for assets under stress due to the COVID-19 pandemic; (iii) increasing the permissible loan to value ratio for loans against pledge of gold ornaments and jewellery for non-agricultural purposes from 75 % to 90 %; (iv) introduction of general market risk charge of 9% for investment by banks in a debt mutual fund or debt exchange traded fund; (v) introduction of revised 'Priority Sector Lending' Guidelines for addressing regional disparities in flow of priority sector credit, broadening scope to include start-ups, increasing the limits for renewable energy, including solar power and compressed bio gas plants; and, increasing the targets for lending to 'small and marginal farmers' and 'weaker sections'; (vi) introduction of online dispute resolution systems by payment system operators to address failed transactions in their payment systems; and (vii) setting of regulatory sandbox named 'Innovation Hub' in India, to act as a centre for ideation and incubation of new capabilities which can be leveraged to create innovative and viable financial products and / or services to help achieve the wider objectives of deepening financial inclusion, efficient banking services, business continuity in times of emergency and strengthening consumer protection. Following RBI's announcement of a framework for one-time restructuring of loans on 6 August 2020, the expert committee headed by Mr. K.V. Kamath submitted its report on 4 September 2020, recommending a list of five financial parameters for 26 sectors which may be factored by lending institutions while finalizing a resolution plan for a borrower. The RBI has broadly accepted the recommendations of the report and issued a follow-up notification in this regard on 7 September 2020. For further details, see "*The Indian Financial Sector*".

46 Regulatory measures on account of COVID-19

The RBI has *inter alia* issued regulatory packages dated 27 March 2020, 17 April 2020, and 23 May 2020, several circulars, the Statement of Developmental and Regulatory Policies dated 22 May 2020 and Monetary Policy Statement, 2020-2021: Resolution of Monetary Policy Committee dated 22 May 2020 announcing certain additional regulatory measures with an aim to revive growth and mitigate the impact of COVID-19 on business and financial institutions in India, including:

(i) Restriction on banks from declaring any further dividend pay-outs from the profits pertaining to the Financial Year ended 31 March 2020 until further instructions. This is to be reassessed by the RBI based on the financial results of banks for the quarter ending 30 September 2020;

(ii) Deferring the implementation of the NSFR guidelines by six months from 1 April 2020. The NSFR guidelines will be effective from 1 October 2020;

(iii) Modifying the Prudential Framework to provide that for all accounts which were within the review period as on 1 March 2020, the period from 1 March 2020 to 31 August 2020 is to be excluded from the calculation of the 30-day timeline for the review period and accordingly, for all such accounts, the residual review period shall resume from 1 September 2020, upon the expiry of which, the lenders shall have the usual 180 days for resolution. The accounts for which the 180 days resolution period has not expired as on 31 March 2020, the timeline for resolution shall get extended by 180 days from the date on which the 180-day period was originally set to expire;

(iv) Permitting banks to grant a moratorium of six months on all term loan instalments and working capital facilities sanctioned in the form of cash credit/overdraft, falling due between 1 March 2020 and 31 August 2020, subject to the fulfilment of certain conditions;

(v) Permitting the recalculation of 'drawing power' of working capital facilities sanctioned in the form of cash/ credit overdraft facilities by reducing the margins till the extended period, being 31 August 2020, and permitting lending institutions to restore the margins to the original levels by 31 March 2021;

(vi) Permitting the increase in the bank's exposures to a group of connected counterparties from 25% to 30% of the eligible capital base of the bank, up to 30 June 2021 under the Large Exposures Framework;

(vii) Deferring the recovery of the interest applied in respect of all working capital facilities sanctioned in the form of cash/credit overdraft facilities during the period from 1 March 2020 to 31 August 2020;

(viii) Permitting lending institutions to convert the accumulated interest on working capital facilities sanctioned in the form of cash credit/overdraft up to the deferment period (up to 31 August 2020) into a funded interest term loan which shall be repayable not later than the end of the current financial year (being, 31 March 2021);

(ix) Permitting the lending institutions to exclude the moratorium period wherever granted in respect of term loans as stated in (iv) above, from the number of days past-due for the purpose of asset classification under the IRAC norms, in respect of accounts classified as standard as on 29 February 2020, even if overdue;

(x) Permitting the lending institutions to exclude deferment period on recovery of the interest applied, wherever granted as stated in (vii) above, for the determination of out of order status, in respect of working capital facilities sanctioned in the form of CC/OD where the account is classified as standard, including SMA, as on 29 February 2020;

The SEBI has issued circulars under the SEBI Act, 1992, SEBI LODR Regulations, the SEBI ICDR Regulations and various other regulations with an aim to and mitigate the impact of the COVID-19 pandemic on the Indian securities market, including:

(i) Exemption from the requirement of mandatory processing of demat request forms by issuers from 23 March 2020 till 30 September 2020. A 15 day time period after 30 September 2020 is allowed to clear the back log;

(ii) Exemption from the requirement of mandatory redressal of investor grievances from 23 March 2020 till 30 September 2020. A 15 day time period after 30 September 2020 is allowed to clear the back log;

(iii) Failure of transmission of securities shall not be a violation from 23 March 2020 till 30 September 2020. A 15 day time period after 30 September 2020 is allowed to clear the back log;

(iv) Reducing the number of days by which prior intimation to stock exchange(s) regarding board meetings of listed entities from five days (if financial results are to be considered) / two working days to two days until 31 July 2020;

(v) Exemption of failure to submit information regarding loss of share certificates and issue of the duplicate certificates to stock exchange(s) within two days from penalty until 31 May 2020;

(vi) Allowing digital authentication / certification for any filing and submission made to stock exchanges under SEBI LODR Regulations until 31 December 2020;

(vii) Extending the due date for conducting AGM by top 100 listed entities by market capitalization by listed entities to stock exchange(s) from 31 August 2020 to 30 September 2020;

(viii) Extending the due date for filing compliance certificate on share transfer facility by listed entities to stock exchange(s) from 30 April 2020 to 31 May 2020;

(ix) Extending the due date for filing statement of investor complaints by listed entities to stock exchange(s) from 21 April 2020 to 15 May 2020;

(x) Extending the due date for filing annual secretarial compliance report by listed entities to stock exchange(s) from 30 May 2020 to 31 July 2020;

(xi) Extending the due date for filing corporate governance report by listed entities to stock exchange(s) from 15 April 2020 to 15 May 2020;

(xii) Extending the due date for filing shareholding pattern by listed entities to stock exchange(s) from 21 April 2020 to 15 May 2020;

(xiii) Extending the due date for filing financial results by listed entities to stock exchange(s) from 15 May 2020 (for quarterly financial results) and 30 May 2020 (for annual financial results) to 31 July 2020;

(xiv) Extending the due date for filing financial results by listed entities to stock exchange(s) from 14 August 2020 (for quarterly financial results of quarter ended 30 June 2020) to 15 September 2020;

(xv) Exempting the maximum stipulated time gap between two meetings (120 days) of the board and audit committees of listed entities for the meetings held or proposed to be held between the period 1 December 2019 and 31 July 2020;

(xvi) Exempting the requirement for yearly meeting of nominations and remuneration committee, stakeholders relationship committee and risk management committee for the time period from 31 March 2020 until 30 June 2020;

(xvii) Deferring the introduction of Standard Operating Procedure on imposition of fines and other enforcement actions for non-compliances with provisions of the SEBI LODR Regulations until 30 June 2020; and

(xviii) Requiring all listed entities to disclose the impact of the COVID-19 pandemic on their business, performance and financials both qualitatively and quantitatively, to stock exchanges in format specified by SEBI through its circular dated 20 May 2020.

47 Consumer Protection Act, 2019

In light of emerging delivery systems such as e-commerce and direct selling, the Consumer Protection Act, 2019 (**CPA**) was enacted on 9 August 2019 for the protection of the interests of consumers availing goods and services, including banking or financial services. The CPA prescribes rights of consumers as well as prohibits unfair trade practices, misleading advertising and unfair contracts. The CPA was notified and came into effect on 15 July 2020, except certain provisions regarding e-commerce, direct selling, penalties and jurisdiction of national consumer disputes redressal commission which were notified on 23 July 2020.

The CPA prohibits unfair contracts between manufacturers, traders or service provider and consumers, whose terms which may cause significant change in the rights on consumers. Such unfair contracts include contracts requiring excessive security deposits, imposing disproportionate penalty for breach of contract, non-acceptance of early repayment of debts and assignation without consent of consumer.

The CPA establishes consumer disputes redressal commissions at the national, state and district level which are empowered to hear complaints, conduct proceedings and pass orders with respect to protection of consumer rights and unfair contracts, including directing the seller or service provider of the good or service to provide pay penalties, remove defects, provide restitution to the complainant or cease manufacturing or providing a hazardous good or service.

On 20 July 2020, the Consumer Protection (Mediation) Rules, 2020 were notified which stipulate that every commission shall have a mediation cell for the settlement of consumer disputes, provided that matters of involving serious frauds, forgery and criminal offences shall not be referred to mediation.

The Central Consumer Protection Authority (**CCPA**) was established on 24 July 2020 under the provision of the CPA to regulate and inquire into matters relating to violation of consumer rights, unfair trade practices, false or misleading advertisements and enforce class actions. The CCPA is empowered to file complaints before the district, state or national commissions, intervene in the proceedings of the commissions, issue guidelines regarding unfair trade practices or misleading advertisements or pass orders recalling or discontinuing goods and services.

Other Regulations

In addition to the above the Bank is required to comply with the relevant provisions of the Companies Act and other relevant legislations along with rules formulated thereunder for its regulatory operations.

TAXATION

The information provided below does not purport to be a comprehensive description of all tax considerations which may be relevant to a decision to purchase Notes. In particular, the information does not consider any specific facts or circumstances that may apply to a particular purchaser. Neither these statements nor any other statements in this Offering Circular are to be regarded as advice on the tax position of any holder of the Notes or of any person acquiring, selling or otherwise dealing with the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. The statements do not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities) may be subject to special rules.

Prospective purchasers of Notes are advised to consult their own tax advisers as to the tax consequences of the purchase, ownership and disposition of Notes, including the effect of any state or local taxes, under the tax laws applicable in India, Singapore, Hong Kong, UAE and each country of which they are residents. This information relates to the Issuer acting through its Singapore, Hong Kong or DIFC branch. In the case where the Issuer acts through any other foreign office, the tax laws in the relevant jurisdiction would apply.

Indian Taxation

The following is a summary of the existing principal Indian tax consequences for investors who are not resident (**Non-resident Investors**) in India and are subscribing to the Notes issued by the Issuer from any offshore branch. The summary is based on Indian taxation law and practice in force as at the date of this Offering Circular and is subject to change, possibly with retrospective effect. The summary does not constitute legal or tax advice and is not intended to represent a complete analysis of the tax consequences under Indian law of the acquisition, ownership or disposal of the Notes. Prospective investors should, therefore, consult their own tax advisers regarding the Indian tax consequences, as well as the tax consequences under any applicable taxing jurisdiction, of acquiring, owning and disposing of the Notes.

Taxation of Interest

Interest on foreign currency denominated Notes will not be subject to taxes in India if the proceeds of the issuance of such Notes are used for the purposes of business carried on by the Issuer outside India. If the proceeds are utilised for the purposes of the business of the Issuer in India and the event the tax authorities in India decide that the interest is taxable under the Income Tax Act, 1961, as amended (**IT Act**) Non-resident investors are liable to pay income tax on the interest paid at the rate of 20 per cent. under Section 1 15A of the IT Act (plus applicable surcharge, health and education cess), in accordance with conditions of the IT Act. The rate of tax will stand reduced under the beneficial provisions of any tax treaty, subject to fulfilment of the conditions prescribed therein read with the IT Act.

A Non-resident Investor is obliged to pay such income tax on an amount equal to, or would be entitled to a refund of, as the case may be, any difference between amounts withheld in respect of interest paid on the foreign currency denominated Notes and its ultimate Indian tax liability for such interest, subject to the conditions of the IT Act. The Non-resident Investors shall be obliged to provide all necessary information and documents as may be required by the Issuer and/or the tax authorities in India.

Withholding of Taxes

There is no requirement to withhold tax under Indian law on interest payments that are made on the Notes issued by any offshore branch, if the proceeds of Notes are utilised outside India (except monies borrowed by IBUs of Indian bank). If the proceeds raised are utilised in India, there may be a requirement to withhold tax upto 20 per cent. (plus applicable surcharge, health and education cess) on interest payments made on the foreign currency denominated Notes, subject to the conditions contained in the IT Act and also subject to any lower rate of tax provided for by an applicable tax treaty. An applicable tax treaty may reduce such tax liability, subject to fulfilment of the conditions prescribed therein read with the IT Act.

Pursuant to the terms and conditions of the Notes, all payments of, or in respect of, principal and interest on the Notes, will be made free and clear of and without withholding or deduction on account of any present or future taxes within India unless it is required by law, in which case pursuant to Condition 8, the Issuer will pay an additional amount as may be necessary in order that the net amount received by the Noteholders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes in the absence of the withholding or the deduction, subject to certain exceptions.

Taxation of gains arising on disposal of Notes

Given below is a summary of taxation of capital gains arising upon disposal of Notes.

Any gains arising to a Non-resident Investor from disposal of the Notes held (or deemed to be held) as a capital asset will generally be chargeable to income tax in India if the Notes are regarded as property situated in India. A Non-resident Investor will generally not be chargeable with income tax in India from a disposition of Notes held as a capital asset provided the Notes are regarded as being situated outside India. The issue as to where the Notes should properly be regarded as being situated is not free from doubt. The ultimate decision, however, will depend upon the view taken by the Indian tax authorities on the position with respect to the location of the rights being offered in respect of the Notes. There is a possibility that the Indian tax authorities may treat the Notes as being situated in India as the Issuer is a company incorporated in India.

If the Notes are regarded as situated in India by the Indian tax authorities, upon disposition of a Note:

(a) a Non-resident Investor, who has held the Notes for a period of more than 36 months immediately preceding the date of their disposition, would be liable to pay long-term capital gains tax at the rate up to 20 per cent. of the capital gains (plus applicable surcharge, health and education cess) in accordance with the provisions of the IT Act;

(b) a Non-resident Investor who has held the Notes for 36 months or less would be liable to pay capital gains tax at rates ranging up to 40.0 per cent. of the capital gains (plus applicable surcharge, health and education cess), depending on the legal status of the Non-resident Investor, and his taxable income in India;

Further, taxation of capital gains would also depend upon the provisions/benefits available under the relevant tax treaty, subject to fulfilment of the conditions prescribed under the relevant tax treaty as well as the IT Act; and

(c) any surplus realised by a Non-resident Investor from a disposition of the Notes held as stock-in-trade would be subject to income tax in India to the extent, if any, that the surplus is attributable to a "business connection in India" or, where a tax treaty applies, to a "permanent establishment" of the Non-resident Investor in India. A Non-resident Investor would be liable to pay Indian tax on the profits which are so attributable to such "business connection" or "permanent establishment" at a rate of tax ranging up to 40.0 per cent. (plus applicable surcharge, health and education cess), depending on the legal status of the Non-resident Investor and his taxable income in India.

If applicable, under the tax law, tax shall be withheld by the person making any payment to a Non-resident Investor on long-term capital gains up to 20 per cent. (plus applicable surcharge, health and education cess) and short-term capital gains at 30 per cent. or 40 per cent. (plus applicable surcharge, health and education cess), depending on the legal status of the recipient of income, subject to any lower rate provided for by a tax treaty. Tax payable shall be computed as set out in the IT Act. For the purpose of tax withholding, the Non-resident Investor shall be obliged to provide the prescribed information or documents and fulfil any conditions set out in the applicable tax treaty, including a tax residency certificate (issued by the tax authorities of the country in which the investor is resident), to claim tax treaty benefits.

Potential investors should, in any event, consult their own tax advisers on the tax consequences of transfer of the Notes.

Estate Duty

No estate duty is payable at present in relation to the Notes in India. There are no inheritance taxes or succession duties currently imposed in respect of the Notes held outside India.

Gift Tax

No gift tax is payable at present in relation to the Notes held outside India.

Stamp Duty

A transfer of the Notes outside India will not give rise to any Indian stamp duty liability unless the Notes are brought into India. In the event that the Notes are brought into India for enforcement or for any other purpose, the same will attract stamp duty as payable in the relevant state. This stamp duty will have to be paid within a period of three months from the date the Notes are first received in India.

Singapore Taxation

General

The statements below are general in nature and are based on certain aspects of current tax laws in Singapore and administrative guidelines and circulars issued by the Inland Revenue Authority (**IRAS**) of Singapore and the MAS in force as at the date of this Offering Circular, and are subject to any changes in such laws, administrative guidelines or circulars, or the interpretation of those laws, guidelines or circulars, occurring after such date, which could be made on a retroactive basis. These laws, guidelines and circulars are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below. Neither these statements nor any other statements in this Offering Circular are intended or are to be regarded as advice on the tax position of any holder of the Notes or of any person acquiring, selling or otherwise dealing with the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. The statements below do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive(s)) may be subject to special rules or tax rates. Prospective holders of the Notes are advised to consult their own professional tax advisers as to the Singapore or other tax consequences of the acquisition, ownership or disposal of the Notes, including, in particular, the effect of any foreign, state or local tax laws to which they are subject. It is emphasised that none of the Issuer, the Arrangers or any other persons involved in the issuance of the Notes accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Notes.

In addition, the disclosure below is made on the assumption that IRAS regards each tranche of the Notes as "debt securities" for the purposes of the Income Tax Act and that distribution payments made under each tranche of the Notes will be regarded as interest payable on indebtedness and holders thereof may therefore enjoy the tax concessions and exemptions available for qualifying debt securities, provided that the conditions for the qualifying debt securities scheme are satisfied. If any tranche of the Notes is not regarded as "debt securities" for the purposes of the Income Tax Act, or any distribution payment made under any tranche of the Notes is not regarded as interest payable on indebtedness or holders thereof are not eligible for the tax concessions under the qualifying debt securities scheme, the tax treatment to holders may differ. Investors and holders of any tranche of the Notes should consult their own tax advisers regarding the Singapore income tax consequences of their acquisition, holding and disposal of any tranche of the Notes.

Interest and Other Payments

Subject to the following paragraphs, under Section 12(6) of the Income Tax Act, the following payments are deemed to be derived from Singapore:

(a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore) or (ii) deductible against any income accruing in or derived from Singapore; or

(b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15 per cent. final withholding tax described below) to non-resident persons (other than non-resident individuals) is currently 17 per cent. The applicable rate for non-resident individuals is currently 22 per cent. However, if the payment is derived by a person not resident in Singapore from sources other than from its trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15 per cent. The rate of 15 per cent. may be reduced by applicable tax treaties.

However, certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including:

(a) interest from debt securities derived on or after 1 January 2004;

(b) discount income (not including discount income arising from secondary trading) from debt securities derived on or after 17 February 2006; and

(c) prepayment fee, redemption premium and break cost from debt securities derived on or after 15 February 2007,

except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession in Singapore.

Barclays Bank PLC, Singapore Branch, Citigroup Global Markets Singapore Pte. Ltd. and Deutsche Bank AG, Singapore Branch, each of which was at the relevant time a Financial Sector Incentive (Bond Market)

(**FSI-BM**) Company (as defined in the ITA), were appointed as the first arrangers of the Programme from the date of its establishment. At the time when the Programme was set up, Barclays Bank PLC, Singapore Branch, Citigroup Global Markets Singapore Pte. Ltd. and Deutsche Bank AG, Singapore Branch were the arrangers.

As the Programme was wholly arranged by Financial Sector Incentive (Capital Market) Companies, Financial Sector Incentive (Standard Tier) Companies or Financial Sector Incentive (Bond Market) Companies (each as defined in the Income Tax Act), any tranche of Notes (the **Relevant Notes**) issued as debt securities under the Programme during the period from the date of this Offering Circular to (and including) 31 December 2023 would be qualifying debt securities pursuant to the Income Tax Act and the MAS Circular FDD Cir 11/2018 entitled "Extension of Tax Concessions for Promoting the Debt Market" issued by the MAS on 31 May 2018 (the **MAS Circular**), to which the following treatments shall apply:

(a) subject to certain prescribed conditions having been fulfilled (including the submission to the MAS of a return on debt securities in respect of the Relevant Notes in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Relevant Notes as the MAS may require, and the inclusion by the Issuer in all offering documents relating to the Relevant Notes of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost from the Relevant Notes is derived by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for qualifying debt securities shall not apply if the non-resident person acquires the Relevant Notes using funds from that person's operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, the **Qualifying Income**) from the Relevant Notes, derived by a holder who is not resident in Singapore and who (aa) does not have any permanent establishment in Singapore or (bb) carries on any operation in Singapore through a permanent establishment in Singapore, but the funds used by that person to acquire the Relevant Notes are not obtained from such person's operation through a permanent establishment in Singapore, are exempt from Singapore tax;

(b) subject to certain conditions having been fulfilled (including the submission to the MAS of a return on debt securities in respect of the Relevant Notes in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Relevant Notes as the MAS may require), Qualifying Income from the Relevant Notes derived by any company or body of persons (as defined in the Income Tax Act) in Singapore is subject to income tax at a concessionary rate of 10 per cent. (except for holders of the relevant Financial Sector Incentive(s) who may be taxed at different rates); and

(c) subject to:

    (1) the Issuer including in all offering documents relating to the Relevant Notes a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Relevant Notes is not exempt from tax shall include such income in a return of income made under the Income Tax Act; and

    (2) the submission to the MAS of a return on debt securities in respect of the Relevant Notes in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Relevant Notes as the MAS may require,

    payments of Qualifying Income derived from the Relevant Notes are not subject to withholding of tax by the Issuer.

However, notwithstanding the foregoing:

(1) if during the primary launch of any tranche of the Relevant Notes, the Relevant Notes of such tranche are issued to less than four persons and 50 per cent. or more of the issue of such Relevant Notes is beneficially held or funded, directly or indirectly, by related parties of the Issuer, such Relevant Notes would not qualify as "qualifying debt securities"; and

(2) even though a particular tranche of Relevant Notes are "qualifying debt securities", if, at any time during the tenure of such tranche of Relevant Notes, 50 per cent. or more of the issue of such Relevant Notes is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer, Qualifying Income derived from such Relevant Notes held by:

    (i) any related party of the Issuer; or

    (ii) any other person where the funds used by such person to acquire such Relevant Notes are obtained, directly or indirectly, from any related party of the Issuer,

    shall not be eligible for the tax exemption or concessionary rate of tax as described above.

The term "**related party**", in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

The terms "**break cost**", "**prepayment fee**" and "**redemption premium**" are defined in the Income Tax Act as follows:

- **break cost**, in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption;

- **prepayment fee**, in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities; and

- **redemption premium**, in relation to debt securities and qualifying debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity.

References to "break cost", "prepayment fee" and "redemption premium" in this Singapore tax disclosure have the same meaning as defined in the Income Tax Act.

Where interest, discount income, prepayment fee, redemption premium and break cost (i.e. the Qualifying Income) is derived from any of the Relevant Notes by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for qualifying debt securities under the Income Tax Act (as mentioned above) shall not apply if such person acquires such Relevant Notes using the funds and profits of such person's operations through a permanent establishment in Singapore.

Notwithstanding that the Issuer is permitted to make payments of Qualifying Income in respect of the Relevant Notes without deduction or withholding for tax under Section 45 or Section 45A of the Income Tax Act, any person whose interest, discount income, prepayment fee, redemption premium and break cost (i.e. the

Qualifying Income) derived from the Relevant Notes is not exempt from tax is required to include such income in a return of income made under the Income Tax Act.

Capital Gains

Any gains considered to be in the nature of capital made from the sale of the Notes will not be taxable in Singapore. However, any gains derived by any person from the sale of the Notes which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

Holders of the Notes who apply or are required to apply Singapore Financial Reporting Standards 39 (**FRS 39**), 109 (**FRS 109**) or Singapore Financial Reporting Standards (International) 9 (**SFRS(I) 9**) may for Singapore income tax purposes be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Notes, irrespective of disposal, in accordance with FRS 39, FRS 109 or SFRS(I) 9 (as the case may be) (as modified by the applicable provisions of Singapore income tax law). Please see the section below on "Adoption of FRS 39, FRS 109 or SFRS(I) 9 Treatment for Singapore Income Tax Purposes".

Adoption of FRS 39, FRS 109 or SFRS(I) 9 Treatment for Singapore Income Tax Purposes

Section 34A of the Income Tax Act provides for the tax treatment for financial instruments in accordance with FRS 39 (subject to certain exceptions and "opt-out" provisions) to taxpayers who are required to comply with FRS 39 for financial reporting purposes. The IRAS has also issued a circular entitled "Income Tax Implications Arising from the Adoption of FRS 39 – Financial Instruments: Recognition and Measurement".

FRS 109 or SFRS(I) 9 (as the case may be) is mandatorily effective for annual periods beginning on or after 1 January 2018, replacing FRS 39. Section 34AA of the Income Tax Act requires taxpayers who comply or who are required to comply with FRS 109 or SFRS(I) 9 for financial reporting purposes to calculate their profit, loss or expense for Singapore income tax purposes in respect of financial instruments in accordance with FRS 109 or SFRS(I) 9 (as the case may be), subject to certain exceptions. The IRAS has also issued a circular entitled "Income Tax: Income Tax Treatment Arising from Adoption of FRS 109 – Financial Instruments".

Holders of the Notes who may be subject to the tax treatment under Sections 34A or 34AA of the Income Tax Act should consult their own tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Notes.

Estate Duty

Singapore estate duty has been abolished with respect to all deaths occurring on or after 15 February 2008.

DIFC Taxation

Pursuant to Dubai Article 14 of Law No. (9) of 2004 in respect of the Dubai International Financial Centre (the **DIFC Law**), entities licensed, registered or otherwise authorised to carry on financial services in the DIFC and their employees shall be subject to a zero rate of tax for a period of 50 years from 13 September 2004. This zero rate of tax applies to income, corporation and capital gains tax. In addition, this zero rate of tax will also extend to repatriation of capital and to transfers of assets or profits or salaries to any party outside the DIFC. Article 14 of the DIFC Law also provides that it is possible to renew the 50-year period to a similar period upon issuance of a resolution by the Ruler of the Emirate of Dubai. As a result no payments by the Issuer under the Notes are subject to any DIFC tax, whether by withholding or otherwise.

UAE Taxation

There is currently in force in Dubai legislation establishing a general corporate taxation regime; the Dubai Income Ordinance of 1969 and the Dubai Income Tax Decree 1969 (in each case, as amended). The regime is, however, not enforced save in respect of companies active in the hydrocarbon industry, some related service industries and branches of foreign banks operating in the UAE. It is not known whether the legislation will or will not be enforced more generally or within other industry sectors in the future. The Federal Government of the UAE has not implemented any Federal corporate taxation regime, but it is possible that such a regime could be implemented in the future.

Under current legislation, there is no requirement for withholding or deduction for or on account of UAE or Dubai taxation in respect of payments made under the Notes. In the event of the imposition of any such withholding, the Issuer has undertaken to gross-up any payments subject as described under Condition 7 of the Terms and Conditions of the Notes.

The Constitution of the UAE specifically reserves to the Federal Government of the UAE the right to raise taxes on a federal basis for purposes of funding its budget. It is not known whether this right will be exercised in the future.

The UAE has entered into double taxation arrangements with certain other countries.

The Proposed Financial Transactions Tax (FTT)

On 14 February 2013, the European Commission published a proposal (the **Commission's Proposal)** for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the **participating Member States**). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) of Regulations (EC) 1287/2006 are expected to be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including: (a) by transacting with a person established in a participating Member State; or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

United States Federal Income Tax Considerations

The following is a general summary of certain U.S. federal income tax consequences that may be relevant with respect to the purchase, ownership and disposition of the Notes. In general, this summary assumes that holders acquire the Notes at original issuance at their issue price (as defined below) and will hold the Notes as capital assets. It does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase Notes. In particular, it does not discuss special tax considerations that may apply to certain types of taxpayers, including, without limitation, the following: (i) financial institutions; (ii) insurance companies; (iii) dealers or traders in stocks, securities, notional principal contracts or currencies; (iv) tax-exempt entities; (v) real estate investment trusts; (vi) regulated investment companies; (vii) persons that will hold the Notes as part of a "hedging" or "conversion" transaction or as a position in a "straddle" or as part of a "synthetic security" or other integrated transaction for U.S. federal income tax purposes; (viii) persons that own (or are deemed to own) 10 per cent. or more of the equity of the Issuer; (ix) partnerships, pass-through entities, or persons that hold Notes through partnerships or pass-through entities; (x) U.S. Holders (as defined below) that have a "functional currency" other than the U.S. dollar; (xi) individual retirement accounts and other tax-deferred accounts; (xii) U.S. Holders that are required to take certain amounts into income no later than the time such amounts are reflected on an applicable financial statement; (xiii) persons that have ceased to be U.S. citizens or lawful permanent residents of the United States: (xiv) U.S. Holders holding the Notes in connection with a trade or business conducted outside of the United States; and (xv) U.S. citizens or lawful permanent residents living abroad. In addition, this summary does not address alternative minimum tax or Medicare contribution tax consequences or the indirect effects on the holders of interests in a holder of Notes. This summary also does not describe any tax consequences arising under the laws of any taxing jurisdiction other than the U.S. federal Government. Moreover, the summary deals only with Notes with a term of 30 years or less. The U.S. federal income tax consequences of owning Notes with a longer term will be discussed in the applicable Pricing Supplement.

Each prospective investor should consult its own tax adviser with respect to the U.S. federal, state, local and non-U.S. tax consequences of acquiring, owning or disposing of the Notes. This summary is based on the tax laws of the United States, including the U.S. Internal Revenue Code of 1986, as amended (the **Code**), U.S. Treasury regulations and judicial and administrative interpretations thereof, in each case as of the date of this Offering Circular. All of the foregoing is subject to change, and any such change may apply retroactively and could affect the tax consequences described below.

As used in this section, the term **U.S. Holder** means a beneficial owner of Notes that is for U.S. federal income tax purposes: (i) a citizen or individual resident of the United States; (ii) a corporation created or organised in or under the laws of the United States or any state thereof (including the District of Columbia); (iii) any estate the income of which is subject to U.S. federal income tax regardless of its source; or (iv) any trust if a court within the United States is able to exercise primary supervision over its administration and one or more U.S. persons have the authority to control all substantial decisions of the trust.

The U.S. federal income tax treatment of a partner in an entity or arrangement treated as a partnership for U.S. federal income tax purposes that holds Notes generally will depend upon the status of the partner and upon the activities of the partnership. Prospective purchasers that are entities or arrangements treated as partnerships for U.S. federal income tax purposes should consult their tax adviser concerning the U.S. federal income tax consequences to them and their partners of the acquisition, ownership and disposition of Notes by the partnership.

This discussion applies only to holders of Registered Notes. Bearer Notes are not being offered to U.S. Holders. A U.S. Holder who owns a Bearer Note may be subject to limitations under U.S. federal income tax laws, including the limitations provided in sections 165(j) and 1287(a) of the Code.

Characterisation of the Notes

This summary should be read in conjunction with any discussion of U.S. federal income tax consequences to holders in the applicable Pricing Supplement. To the extent there is any inconsistency in the discussion of the U.S. federal income tax consequences to holders between this Offering Circular and the applicable Pricing Supplement, holders should rely on the tax consequences described in the applicable Pricing Supplement instead of this Offering Circular. Any special U.S. federal income tax consequences relevant to a particular issue of Notes, including any such as Fixed Rate Notes, Floating Rate Notes, Index Linked Notes, Dual Currency Notes, Zero Coupon Notes, Instalment Notes, Hybrid Tier I Notes and Partly Paid Notes may be specified in the applicable Pricing Supplement. The balance of this discussion, unless otherwise specified, assumes that the Notes will be treated as debt and will not be treated as contingent payment debt instruments for U.S. federal income tax purposes. If any series of Notes is not treated as debt for U.S. federal income tax purposes, the U.S. federal income tax consequences of the purchase, ownership and disposition of such Notes will be materially different from the consequences discussed below. A prospective investor in the Notes should consult its tax adviser in determining the U.S. federal income tax consequences of an investment in the Notes, including the application of state, local or other tax laws and the proper characterisation of the Notes for U.S. federal income tax purposes.

Taxation of U.S. Holders of the Notes

Payments of Interest

Interest paid on a Note, including the payment of any additional amounts paid in respect of withholding taxes and without reduction for any amounts withheld, whether payable in U.S. dollars or a currency other than U.S. dollars (a **foreign currency**), other than interest on a "Discount Note" that is not "qualified stated interest" (each as defined below under "Original Issue Discount"), will be taxable to a U.S. Holder as ordinary interest income at the time it is received or accrued, depending on the U.S. Holder's method of accounting for U.S. federal income tax purposes, reduced by the allocable amount of amortisable bond premium, subject to the discussion below. Interest income on the Notes, original issue discount (**OID**) if any, accrued with respect to the Notes (as described below under "Original Issue Discount") and payments of additional amounts will be treated as foreign source income for U.S. federal income tax purposes, which may be relevant in calculating a U.S. Holder's foreign tax credit limitation for U.S. federal income tax purposes. The U.S. foreign tax credit limitation is calculated separately with respect to specific classes of income. The foreign tax credit rules are complex, and U.S. Holders should consult their tax advisers regarding the availability of a foreign tax credit and the application of the limitation in their particular circumstances.

Original Issue Discount

The following is a summary of the principal U.S. federal income tax consequences of the ownership of Notes issued with OID. In the event the Issuer issues contingent payment debt instruments, the applicable Pricing Supplement may describe the material U.S. federal income tax consequences thereof.

A Note, other than a Note with a term of one year or less (a **Short-Term Note**), will be treated as issued with OID (a **Discount Note**) if the excess of the Note's "stated redemption price at maturity" over its issue price is equal to or more than a *de minimis* amount (0.25 per cent. of the Note's stated redemption price at maturity multiplied by the number of complete years to its maturity). An obligation that provides for the payment of amounts other than qualified stated interest before maturity (an **instalment obligation**) will be treated as a Discount Note if the excess of the Note's stated redemption price at maturity over its issue price is equal to or greater than 0.25 per cent. of the Note's stated redemption price at maturity multiplied by the weighted average maturity of the Note. A Note's weighted average maturity is the sum of the following amounts determined for each payment on a Note (other than a payment of qualified stated interest): (i) the number of complete years from the issue date until the payment is made multiplied by (ii) a fraction, the numerator of which is the amount of the payment and the denominator of which is the Note's stated redemption price at maturity. Generally, the issue price of a Note will be the first price at which a substantial amount of Notes included in the issue of which the Note is a part is sold to persons other than bond houses, brokers, or similar persons or organisations acting in the capacity of underwriters, placement agents, or wholesalers. The stated redemption price at maturity of a Note is the total of all payments provided by the Note that are not payments of "qualified stated interest." A qualified stated interest payment is generally any one of a series of stated interest payments on a Note that are unconditionally payable at least annually at a single fixed rate (with certain exceptions for lower rates paid during some periods), or a variable rate (in the circumstances described below under "Variable Interest Rate Notes"), applied to the outstanding principal amount of the Note. Solely for the purposes of determining whether a Note has OID, the Issuer will be deemed to exercise any call option that has the effect of decreasing the yield on the Note, and the U.S. Holder will be deemed to exercise any put option that has the effect of increasing the yield on the Note.

U.S. Holders of Discount Notes generally must include OID in income calculated on a constant-yield method before the receipt of cash attributable to the income, and generally will have to include in income increasingly greater amounts of OID over the life of the Discount Notes. The amount of OID includible in income by a U.S. Holder of a Discount Note is the sum of the daily portions of OID with respect to the Discount Note for each day during the taxable year or portion of the taxable year on which the U.S. Holder holds the Discount Note. The daily portion is determined by allocating to each day in any "accrual period" a pro rata portion of the OID allocable to that accrual period. Accrual periods with respect to a Note may be of any length selected by the U.S. Holder and may vary in length over the term of the Note as long as (i) no accrual period is longer than one year and (ii) each scheduled payment of interest or principal on the Note occurs on either the final or first day of an accrual period. The amount of OID allocable to an accrual period equals the excess of (a) the product of the Discount Note's adjusted issue price at the beginning of the accrual period and the Discount Note's yield to maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) over (b) the sum of the payments of qualified stated interest on the Note allocable to the accrual period. The "adjusted issue price" of a Discount Note at the beginning of any accrual period is the issue price of the Note increased by (x) the amount of accrued OID for each prior accrual period, and decreased by (y) the amount of any payments previously made on the Note that were not qualified stated interest payments.

Short-Term Notes

In general, an individual or other cash basis U.S. Holder of a Short-Term Note is not required to accrue OID (as specially defined below for the purposes of this paragraph) for U.S. federal income tax purposes unless it elects to do so (but may be required to include any stated interest in income as the interest is received). Accrual basis U.S. Holders and certain other U.S. Holders are required to accrue OID on Short-Term Notes on a straight-line basis or, if the U.S. Holder so elects, under the constant-yield method (based on daily compounding). In the case of a U.S. Holder not required and not electing to include OID in income currently, any gain realised on the sale or retirement of the Short-Term Note will be ordinary income to the extent of the OID accrued on a straight-line basis (unless an election is made to accrue the OID under the constant-yield method) through the date of sale or retirement. U.S. Holders who are not required and do not elect to accrue OID on Short-Term Notes will be required to defer deductions for interest on borrowings allocable to Short-Term Notes in an amount not exceeding the deferred income until the deferred income is realised.

For purposes of determining the amount of OID subject to these rules, all interest payments on a Short-Term Note are included in the Short-Term Note's stated redemption price at maturity. A U.S. Holder may elect to determine OID on a Short-Term Note as if the Short-Term Note had been originally issued to the U.S. Holder at the U.S. Holder's purchase price for the Short-Term Note. This election will apply to all obligations with a maturity of one year or less acquired by the U.S. Holder on or after the first day of the first taxable year to which the election applies, and may not be revoked without the consent of the Internal Revenue Service (the **IRS**).

Variable Interest Rate Notes

Notes that provide for interest at variable rates (**Variable Interest Rate Notes**) generally will bear interest at a "qualified floating rate" and thus will be treated as "variable rate debt instruments" under U.S. Treasury regulations governing accrual of OID. A Variable Interest Rate Note will qualify as a "variable rate debt instrument" if (a) its issue price does not exceed the total noncontingent principal payments due under the

Variable Interest Rate Note by more than a specified *de minimis* amount, (b) it provides for stated interest, paid or compounded at least annually, at (i) one or more qualified floating rates, (ii) a single fixed rate and one or more qualified floating rates, (iii) a single objective rate, or (iv) a single fixed rate and a single objective rate that is a qualified inverse floating rate, and (c) it does not provide for any principal payments that are contingent (other than as described in (a) above).

A "qualified floating rate" is any variable rate where variations in the value of the rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which the Variable Interest Rate Note is denominated. A fixed multiple of a qualified floating rate will constitute a qualified floating rate only if the multiple is greater than 0.65 but not more than 1.35. A variable rate equal to the product of a qualified floating rate and a fixed multiple that is greater than 0.65 but not more than 1.35, increased or decreased by a fixed rate, will also constitute a qualified floating rate. In addition, two or more qualified floating rates that can reasonably be expected to have approximately the same values throughout the term of the Variable Interest Rate Note (e.g., two or more qualified floating rates with values within 25 basis points of each other as determined on the Variable Interest Rate Note's issue date) will be treated as a single qualified floating rate. Notwithstanding the foregoing, a variable rate that would otherwise constitute a qualified floating rate but which is subject to one or more restrictions such as a maximum numerical limitation (i.e., a cap), a minimum numerical limitation (i.e., a floor) or a restriction on the amount of increase or decrease in the stated interest rate (i.e., a governor) may, under certain circumstances, fail to be treated as a qualified floating rate.

An "objective rate" is a rate that is not itself a qualified floating rate but which is determined using a single fixed formula and which is based on objective financial or economic information (e.g., one or more qualified floating rates or the yield of actively traded personal property). A rate will not qualify as an objective rate if it is based on information that is within the control of the Issuer (or a related party) or that is unique to the circumstances of the Issuer (or a related party), such as dividends, profits or the value of the Issuer's stock (although a rate does not fail to be an objective rate merely because it is based on the credit quality of the Issuer). Other variable interest rates may be treated as objective rates if so designated by the IRS in the future. Despite the foregoing, a variable rate of interest on a Variable Interest Rate Note will not constitute an objective rate if it is reasonably expected that the average value of the rate during the first half of the Variable Interest Rate Note's term will be either significantly less than or significantly greater than the average value of the rate during the final half of the Variable Interest Rate Note's term. A "qualified inverse floating rate" is any objective rate where the rate is equal to a fixed rate minus a qualified floating rate, as long as variations in the rate can reasonably be expected to inversely reflect contemporaneous variations in the qualified floating rate. If a Variable Interest Rate Note provides for stated interest at a fixed rate for an initial period of one year or less followed by a variable rate that is either a qualified floating rate or an objective rate for a subsequent period and if the variable rate on the Variable Interest Rate Note's issue date is intended to approximate the fixed rate (e.g., the value of the variable rate on the issue date does not differ from the value of the fixed rate by more than 25 basis points), then the fixed rate and the variable rate together will constitute either a single qualified floating rate or objective rate, as the case may be.

A qualified floating rate or objective rate in effect at any time during the term of the instrument must be set at a "current value" of that rate. A "current value" of a rate is the value of the rate on any day that is no earlier than 3 months prior to the first day on which that value is in effect and no later than one year following that first day.

If a Variable Interest Rate Note that provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof qualifies as a "variable rate debt instrument", then any stated interest on the Note which is unconditionally payable in cash or property (other than debt instruments of the Issuer) at least annually will constitute qualified stated interest and will be taxed accordingly. Thus, a

Variable Interest Rate Note that provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof and that qualifies as a "variable rate debt instrument" will generally not be treated as having been issued with OID unless the Variable Interest Rate Note is issued at a "true" discount (i.e., at a price below the Note's stated principal amount) in excess of a specified *de minimis* amount. OID on a Variable Interest Rate Note arising from "true" discount is allocated to an accrual period using the constant-yield method described above by assuming that the variable rate is a fixed rate equal to (i) in the case of a qualified floating rate or qualified inverse floating rate, the value, as at the issue date, of the qualified floating rate or qualified inverse floating rate, or (ii) in the case of an objective rate (other than a qualified inverse floating rate), a fixed rate that reflects the yield that is reasonably expected for the Variable Interest Rate Note.

In general, any other Variable Interest Rate Note that qualifies as a "variable rate debt instrument" will be converted into an "equivalent" fixed rate debt instrument for purposes of determining the amount and accrual of OID and qualified stated interest on the Variable Interest Rate Note. Such a Variable Interest Rate Note must be converted into an "equivalent" fixed rate debt instrument by substituting any qualified floating rate or qualified inverse floating rate provided for under the terms of the Variable Interest Rate Note with a fixed rate equal to the value of the qualified floating rate or qualified inverse floating rate, as the case may be, as at the Variable Interest Rate Note's issue date. Any objective rate (other than a qualified inverse floating rate) provided for under the terms of the Variable Interest Rate Note is converted into a fixed rate that reflects the yield that is reasonably expected for the Variable Interest Rate Note. In the case of a Variable Interest Rate Note that qualifies as a "variable rate debt instrument" and provides for stated interest at a fixed rate in addition to either one or more qualified floating rates or a qualified inverse floating rate, the fixed rate is initially converted into a qualified floating rate (or a qualified inverse floating rate, if the Variable Interest Rate Note provides for a qualified inverse floating rate). Under these circumstances, the qualified floating rate or qualified inverse floating rate that replaces the fixed rate must be such that the fair market value of the Variable Interest Rate Note as at the Variable Interest Rate Note's issue date is approximately the same as the fair market value of an otherwise identical debt instrument that provides for either the qualified floating rate or qualified inverse floating rate rather than the fixed rate. Subsequent to converting the fixed rate into either a qualified floating rate or a qualified inverse floating rate, the Variable Interest Rate Note is converted into an "equivalent" fixed rate debt instrument in the manner described above.

Once the Variable Interest Rate Note is converted into an "equivalent" fixed rate debt instrument pursuant to the foregoing rules, the amount of OID and qualified stated interest, if any, are determined for the "equivalent" fixed rate debt instrument by applying the general OID rules to the "equivalent" fixed rate debt instrument and a U.S. Holder of the Variable Interest Rate Note will account for the OID and qualified stated interest as if the U.S. Holder held the "equivalent" fixed rate debt instrument. In each accrual period, appropriate adjustments will be made to the amount of qualified stated interest or OID assumed to have been accrued or paid with respect to the "equivalent" fixed rate debt instrument in the event that these amounts differ from the actual amount of interest accrued or paid on the Variable Interest Rate Note during the accrual period.

If a Variable Interest Rate Note, such as a Note the payments on which are determined by reference to an index, does not qualify as a "variable rate debt instrument", then the Variable Interest Rate Note will be treated as a contingent payment debt obligation. The proper U.S. federal income tax treatment of Variable Interest Rate Notes that are treated as contingent payment debt obligations may be more fully described in the applicable Pricing Supplement.

Notes Purchased at a Premium

If the issue price of a Note exceeds the sum of all amounts payable on the Note (other than payments of qualified stated interest), the Note will be considered to have "amortisable bond premium" equal in amount to such excess, in which case the amount required to be included in the U.S. Holder's income each year with respect to interest on the Note will be reduced by the amount of amortisable bond premium allocable (based on the Note's yield to maturity) to that year. Any election to amortise bond premium will apply to all bonds (other than bonds the interest on which is excludable from gross income for U.S. federal income tax purposes) held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and is irrevocable without the consent of the IRS. See also "Election to Treat All Interest as Original Issue Discount".

Occurrence of a Benchmark Discontinuance Event

If a Benchmark discontinuance event occurs (for example, pursuant to the Benchmarks Regulation), a U.S. Holder holding Floating Rate Notes linked to or referencing a benchmark rate, including LIBOR, EURIBOR, and any other IBOR, may be deemed to exchange such Floating Rate Notes for new notes under Section 1001 of the Code, which may be taxable to such U.S. Holder. Recently released proposed Treasury Regulations, which are not yet in effect but upon which taxpayers may rely, provide that in certain circumstances, the replacement of a benchmark rate with a qualifying reference rate would not result in a deemed exchange under Section 1001 of the Code. U.S. Holders should consult their tax advisers regarding the potential consequences of a Benchmark discontinuance event.

Election to Treat All Interest as Original Issue Discount

A U.S. Holder may elect to include in gross income all interest that accrues on a Note using the constant-yield method described above under "Original Issue Discount", with certain modifications. For purposes of this election, interest includes stated interest, OID and *de minimis* OID as adjusted by any amortisable bond premium (described above under "Notes Purchased at a Premium"). This election will generally apply only to the Note with respect to which it is made and may not be revoked without the consent of the IRS. U.S. Holders should consult their tax advisers concerning the propriety and consequences of this election.

Sale, Exchange or Other Taxable Disposition

A U.S. Holder will generally recognise gain or loss on the sale, exchange or other taxable disposition of a Note in an amount equal to the difference between the amount realised on the sale, exchange or other disposition and the tax basis in the Note. A U.S. Holder's tax basis in a Note will generally equal its cost, increased by the amount of any OID included in the U.S. Holder's income with respect to the Note and the amount, if any, of income attributable to *de minimis* OID included in the U.S. Holder's income with respect to the Note, and reduced (but not below zero) by (i) the amount of any payments made on the Notes that are not qualified stated interest payments, and (ii) the amount of any amortisable bond premium applied to reduce interest on the Note. The amount realised does not include the amount attributable to accrued but unpaid qualified stated interest, which will be taxable as interest income to the extent not previously included in income. Except to the extent described above under "Short-Term Notes" or attributable to changes in exchange rates (as discussed below), gain or loss recognised on the sale or retirement of a Note will be U.S.-source capital gain or loss and will be long-term capital gain or loss if the U.S. Holder's holding period in the Notes exceeds one year. Prospective investors should consult their own tax advisers with respect to the treatment of capital gains (which may be taxed at lower rates than ordinary income for taxpayers who are individuals, trusts or estates that hold the Notes for more than one year) and capital losses (the deductibility of which is subject to limitations).

Foreign Currency Notes

Interest

If a qualified stated interest payment is denominated in, or determined by reference to, a foreign currency, the amount of income recognised by a cash basis U.S. Holder will be the U.S. dollar value of the interest payment, based on the exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars.

An accrual basis U.S. Holder may determine the amount of income recognised with respect to an interest payment (including OID and reduced by any amortisable bond premium to the extent applicable) denominated in, or determined by reference to, a foreign currency in accordance with either of two methods. Under the first method, the amount of income accrued will be based on the average exchange rate in effect during the interest accrual period (or, in the case of an accrual period that spans two taxable years of a U.S. Holder, the part of the period within the taxable year). Under the second method, the U.S. Holder may elect to determine the amount of income accrued on the basis of the exchange rate in effect on the last day of the accrual period (or, in the case of an accrual period that spans two taxable years, the exchange rate in effect on the last day of the part of the period within the taxable year). Additionally, if a payment of interest is actually received within five business days of the last day of the accrual period, an electing accrual basis U.S. Holder may instead translate the accrued interest into U.S. dollars at the exchange rate in effect on the day of actual receipt. Any such election will apply to all debt instruments held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and will be irrevocable without the consent of the IRS.

Upon receipt of an interest payment (including a payment attributable to accrued but unpaid interest upon the sale or retirement of a Note) denominated in, or determined by reference to, a foreign currency, an accrual basis U.S. Holder will generally recognise U.S.-source exchange gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into U.S. dollars at the spot rate of exchange on the date of receipt) and the amount previously accrued (translated into U.S. dollars as described above), regardless of whether the payment is in fact converted into U.S. dollars.

OID

OID for each accrual period on a Discount Note that is denominated in, or determined by reference to, a foreign currency, will be determined in the foreign currency and then translated into U.S. dollars in the same manner as stated interest accrued by an accrual basis U.S. Holder, as described above. Upon receipt of an amount attributable to OID (whether in connection with a payment on the Note or a sale or disposition of the Note), a U.S. Holder may recognise U.S.-source exchange gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into U.S. dollars at the spot rate of exchange on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars.

Bond Premium

Bond premium on a Note that is denominated in, or determined by reference to, a foreign currency, will be computed in units of the foreign currency, and any such bond premium that is taken into account currently will reduce interest income in units of the foreign currency. On the date bond premium offsets interest income, a U.S. Holder may recognise U.S.-source exchange gain or loss (taxable as ordinary income or loss) equal to the amount offset multiplied by the difference between the spot rate in effect on the date of the offset, and the spot rate in effect on the date the Notes were acquired by the U.S. Holder.

Sale, Exchange, Retirement or Other Taxable Disposition

As discussed above under "Sale, Exchange or Other Taxable Disposition", a U.S. Holder generally will recognise gain or loss on the sale, exchange, retirement or other taxable disposition of a Note equal to the difference between the amount realised on the sale, exchange, retirement or other taxable disposition and its tax basis in the Note, in each case as determined in U.S. dollars. U.S. Holders should consult their own tax advisors about how to account for proceeds received on the sale or other taxable disposition of Notes that are not paid in U.S. dollars.

A U.S. Holder will recognise U.S.-source exchange rate gain or loss (taxable as ordinary income or loss) on the sale, exchange, retirement or other taxable disposition of a Note equal to the difference, if any, between the U.S. dollar values of the U.S. Holder's purchase price for the Note (or, if less, the principal amount of the Note) (i) on the date of taxable disposition and (ii) the date on which the U.S. Holder acquired the Note. Any such exchange rate gain or loss will be realised only to the extent of total gain or loss realised on the taxable disposition (including any exchange gain or loss with respect to the receipt of accrued but unpaid interest and, if any, accrued OID). Any gain or loss realized in excess of the foreign currency gain or loss will be U.S.-source capital gain or loss (except in the case of a Short Term Note, to the extent of any discount not previously included in the U.S. Holder's income).

Disposition of Foreign Currency

Foreign currency received as interest on a Note or on the sale or retirement of a Note will have a tax basis equal to its U.S. dollar value at the time the foreign currency is received. Foreign currency that is purchased will generally have a tax basis equal to the U.S. dollar value of the foreign currency on the date of purchase. Any gain or loss recognised on a sale or other disposition of a foreign currency (including its use to purchase Notes or upon exchange for U.S. dollars) will be U.S.-source ordinary income or loss.

Reportable Transactions

A U.S. taxpayer that participates in a "reportable transaction" will be required to disclose its participation to the IRS. Under the relevant rules, if the Notes are denominated in a foreign currency, a U.S. Holder may be required to treat a foreign currency exchange loss from the Notes as a reportable transaction if this loss exceeds the relevant threshold in the regulations (U.S.$50,000 in a single taxable year, if the U.S. Holder is an individual or trust, or higher amounts for other non-individual U.S. Holders), and to disclose its investment by filing Form 8886 with the IRS. A penalty in the amount of U.S.$10,000 in the case of a natural person and U.S.$50,000 in all other cases generally is imposed on any taxpayer that fails to timely file an information return with the IRS with respect to a transaction resulting in a loss that is treated as a reportable transaction. Prospective purchasers are urged to consult their tax advisers regarding the application of these rules.

Backup Withholding and Information Reporting

Backup withholding and information reporting requirements may apply to certain payments of interest and accrued OID on the Notes and proceeds of the sale, exchange or other disposition of the Notes to U.S. Holders. A U.S. Holder may be subject to backup withholding if it fails to furnish (usually on IRS Form W-9) the U.S. Holder's taxpayer identification number to certify that such U.S. Holder is not subject to backup withholding, or to otherwise comply with the applicable requirements of the backup withholding rules. Certain U.S. Holders are not subject to the backup withholding and information reporting requirements. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to a U.S. Holder generally may be claimed as a credit against such U.S. Holder's U.S. federal income tax liability or refunded, provided that the required information is furnished to the IRS. Prospective investors in the Notes should consult their own tax advisers about these rules and any other reporting obligations that may apply to the ownership or disposition of Notes, including requirements related to the holding of certain "specified foreign financial assets".

THE U.S. FEDERAL INCOME TAX DISCUSSION SET FORTH ABOVE IS INCLUDED FOR GENERAL INFORMATION ONLY AND MAY NOT BE APPLICABLE DEPENDING UPON A HOLDER'S PARTICULAR SITUATION. PROSPECTIVE INVESTORS IN THE NOTES SHOULD CONSULT THEIR OWN TAX ADVISERS WITH RESPECT TO THE TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE NOTES, INCLUDING THE TAX CONSEQUENCES UNDER STATE, LOCAL, NON-U.S. AND OTHER TAX LAWS AND THE POSSIBLE EFFECTS OF CHANGES IN FEDERAL OR OTHER TAX LAWS.

Foreign Account Tax Compliance Act

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on, among other things, (i) certain payments it makes (**foreign passthru payments**), (ii) dividend equivalent payments (as described below in "U.S. Withholding on Dividend Withholding Payments") and (iii) payments of gross proceeds from the disposition of assets that generate dividend equivalent payments, in each case, to persons that fail to meet certain certification, reporting, or related requirements. However, proposed U.S. Treasury regulations have been issued that provide for (x) the repeal of the withholding tax applicable to payments of gross proceeds from the disposition of assets that generate dividend equivalent payments and (y) the extension of the date on which withholding applies to foreign passthru payments to the date that is two years after the date of publication in the Federal Register of applicable final regulations defining foreign passthru payments.

The Issuer and its Singapore Branch, GIFT City Branch and DIFC Branch (the "**Relevant Branches**") are foreign financial institutions for these purposes. A number of jurisdictions, including India, Singapore, and the UAE, have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (**IGAs**), which modify the way in which FATCA applies in their jurisdictions.

Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to foreign pasthru payments, are uncertain and may be subject to change. Additionally, Notes that are characterized as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal income tax purposes generally would be "grandfathered" for purposes of FATCA withholding (i) in respect of foreign passthru payments, if issued on or prior to the date is six months after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register, and (ii) in respect of dividend equivalent payments, if issued on or prior to the date that is six months after the date on which Notes of its type are first treated as giving rise to dividend equivalent payments, in each case unless the Note is materially modified after the relevant grandfathering date (including by reason of a substitution of the Issuer). However, if additional notes (as described under "Terms and Conditions of the Notes – Further Issues") that are not distinguishable from grandfathered Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including grandfathered Notes, as subject to withholding under FATCA.

In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes.

U.S. Withholding on Dividend Equivalent Payments

Under Section 871(m) of the Code and the U.S. Treasury regulations published thereunder (**Section 871(m)**), a "dividend equivalent" payment is treated as a dividend from sources within the United States and will be subject to U.S. withholding tax at a rate of 30 per cent. when paid. A "dividend equivalent" payment generally includes a payment (or deemed payment) that is contingent upon, or determined by reference to, the payment of a U.S.-source dividend under certain financial instruments. An instrument whose economic characteristics are sufficiently similar to those of an underlying or referenced U.S. security that pays U.S.-source dividends under tests provided in applicable U.S. Treasury regulations will generally be subject to the Section 871(m) regime (such an instrument, a **Specified ELI**). The tests applicable for determining whether an instrument is a Specified ELI will depend on the terms of the relevant instrument and the date on which the instrument is issued and may be subject to redetermination in connection with certain modifications of the instrument. Similarly, if additional Notes of the same series are issued (or deemed issued for U.S. tax purposes, such as certain sales of Notes out of inventory) after the original issue date, the U.S. Internal Revenue Service (the **IRS**) could treat the issue date for determining whether the existing Notes are Specified ELIs as the date of such subsequent sale or issuance.

Pursuant to recent IRS guidance, Section 871(m) will not apply to certain financial instruments issued prior to 1 January 2023 if such financial instruments are not "delta one" transactions. With respect to financial instruments issued on or after 1 January 2023, a financial instrument will be a Specified ELI subject to the Section 871(m) if such instrument has a delta of 0.8 or greater with respect to the underlying security. However, the Section 871(m) regulations provide certain broadly applicable exceptions to characterization as Specified ELIs, in particular for certain instruments linked to certain broad-based indices. The "delta" of a financial instrument is the ratio of the change in fair market value of such instrument to the change in the fair market value of the property referenced by such instrument.

Withholding in respect of dividend equivalents will generally be required when cash payments are made under a Specified ELI or upon the date of maturity, lapse or other disposition of the Specified ELI. If the underlying or referenced U.S. security or securities are treated as paying dividends during the term of the Specified ELI, withholding generally will still be required even if the Specified ELI does not provide for payments explicitly linked to such dividends.

As discussed above, FATCA would impose withholding tax at a rate of 30 per cent. on any payments in respect of a Note that are treated as dividend equivalent payments when paid to persons that fail to meet certain certification, reporting, or related requirements. While a payment with respect to a Note could be subject to U.S. withholding under both FATCA and as a result of being treated as a dividend equivalent payment, the maximum rate of U.S. withholding on such payment would not exceed 30 per cent.

Upon the issuance of a series of Notes, the Issuer will state in the relevant Final Terms if it has determined that the Notes are Specified ELIs at the time such Notes are issued, in which case Noteholders should expect to be subject to withholding in respect of any dividend equivalent payments on such Notes. In the event that any withholding would be required pursuant to Section 871(m) with respect to payments on the Notes, no person will be required to pay any additional amounts with respect to amounts so withheld. Additionally, the Issuer may withhold the full 30 per cent. tax on any payment on the Notes in respect of any dividend equivalent arising with respect to such Notes regardless of any exemption from, or reduction in, such withholding otherwise available under applicable law (including, for the avoidance of doubt, where a Noteholder is eligible for a reduced tax rate under an applicable tax treaty with the United States). A Noteholder may be able to claim a credit against its U.S. federal income tax liability for such withholding and may be entitled to a refund of any excess withholding provided the required information is timely furnished to the IRS. However, Noteholders may not receive the necessary information to properly claim a refund.

Prospective investors should consult their tax advisers regarding the consequences to them of the potential application of Section 871(m) to the Notes.

TRANSFER RESTRICTIONS

As a result of the following restrictions, purchasers of Notes in the United States are advised to consult legal counsel prior to making any purchase, offer, sale, resale or other transfer of such Notes.

Each purchaser of Registered Notes (other than a person purchasing an interest in a Registered Global Note with a view to holding it in the form of an interest in the same Global Note) or person wishing to transfer an interest from one Registered Global Note to another or from global to definitive form or *vice versa,* will be required to acknowledge, represent and agree, and each person purchasing an interest in a Registered Global Note with a view to holding it in the form of an interest in the same Global Note will be deemed to have acknowledged, represented and agreed, as follows (terms used in this paragraph that are defined in Rule 144A or in Regulation S are used herein as defined therein):

(a) that either: (i) it is a QIB, purchasing (or holding) the Notes for its own account or for the account of one or more QIBs and it is aware that any sale to it is being made in reliance on Rule 144A or (ii) it is outside the United States;

(b) that the Notes are being offered and sold in a transaction not involving a public offering in the United States within the meaning of the Securities Act, and that the Notes have not been and will not be registered under the Securities Act or any other applicable U.S. State securities laws and may not be offered or sold within the United States;

(c) that, unless it holds an interest in a Regulation S Global Note and is a person located outside the United States, if in the future it decides to resell, pledge or otherwise transfer the Notes or any beneficial interests in the Notes, it will do so, prior to the date which is one year after the later of the last Issue Date for the Series and the last date on which the Issuer or an affiliate of the Issuer was the owner of such Notes, only (i) to the Issuer or any affiliate thereof, (ii) inside the United States to a person whom the seller reasonably believes is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A, (iii) outside the United States in compliance with Rule 903 or Rule 904 under the Securities Act, (iv) pursuant to the exemption from registration provided by Rule 144 under the Securities Act (if available), or (v) pursuant to an effective registration statement under the Securities Act, in each case in accordance with all applicable U.S. State securities laws;

(d) it will, and will require each subsequent holder to, notify any purchaser of the Notes from it of the resale restrictions referred to in paragraph (c) above, if then applicable;

(e) that Notes initially offered in the United States to QIBs will be represented by one or more Rule 144A Global Notes, and that Notes offered outside the United States in reliance on Regulation S will be represented by one or more Regulation S Global Notes;

(f) that the Notes in registered form, other than the Regulation S Global Notes, will bear a legend to the following effect unless otherwise agreed to by the Issuer:

“THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE **SECURITIES ACT**), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER (A) REPRESENTS THAT IT IS A “QUALIFIED INSTITUTIONAL BUYER” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) PURCHASING THE SECURITIES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED

INSTITUTIONAL BUYERS; (B) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THE SECURITIES EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT AND, PRIOR TO THE DATE WHICH IS ONE YEAR AFTER THE LATER OF THE LAST ISSUE DATE FOR THE SERIES AND THE LAST DATE ON WHICH THE ISSUER OR AN AFFILIATE OF THE ISSUER WAS THE OWNER OF SUCH SECURITIES OTHER THAN (1) TO THE ISSUER OR ANY AFFILIATE THEREOF, (2) INSIDE THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 903 OR RULE 904 UNDER THE SECURITIES ACT, (4) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND ANY OTHER JURISDICTION; AND (C) IT AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144A FOR RESALES OF THE SECURITY.

THIS SECURITY AND RELATED DOCUMENTATION (INCLUDING, WITHOUT LIMITATION, THE AGENCY AGREEMENT REFERRED TO HEREIN) MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME, WITHOUT THE CONSENT OF, BUT UPON NOTICE TO, THE HOLDERS OF SUCH SECURITIES SENT TO THEIR REGISTERED ADDRESSES, TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR RESALES AND OTHER TRANSFERS OF THIS SECURITY TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO RESALES OR OTHER TRANSFERS OF RESTRICTED SECURITIES GENERALLY. THE HOLDER OF THIS SECURITY SHALL BE DEEMED, BY ITS ACCEPTANCE OR PURCHASE HEREOF, TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT (EACH OF WHICH SHALL BE CONCLUSIVE AND BINDING ON THE HOLDER HEREOF AND ALL FUTURE HOLDERS OF THIS SECURITY AND ANY SECURITIES ISSUED IN EXCHANGE OR SUBSTITUTION THEREFOR, WHETHER OR NOT ANY NOTATION THEREOF IS MADE HEREON)"; and

(g) that the Issuer and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of such acknowledgements, representations or agreements made by it are no longer accurate, it shall promptly notify the Issuer; and if it is acquiring any Notes as a fiduciary or agent for one or more accounts it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

No sale of Legended Notes in the United States to any one purchaser will be for less than U.S.$100,000 (or its foreign currency equivalent) principal amount and no Legended Note will be issued in connection with such a sale in a smaller principal amount. If the purchaser is a non-bank fiduciary acting on behalf of others, each person for whom it is acting must purchase at least U.S.$100,000 (or its foreign currency equivalent).

SUBSCRIPTION AND SALE

The Dealers have, in an Amended and Restated Programme Agreement dated 18 September 2020 (the **Programme Agreement**), agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under "*Form of the Notes*" and "*Terms and Conditions of the Notes*". In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith. The Programme Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

The Dealers and their affiliates are full service financial institutions engaged in various activities which may include securities trading, commercial and investment banking, financial advice, investment management, principal investment, hedging, financing and brokerage activities. Each of the Dealers may have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Issuer or its subsidiaries, jointly controlled entities or associated companies from time to time. In the ordinary course of their various business activities, the Dealers and their affiliates may make or hold (on their own account, on behalf of clients or in their capacity of investment advisers) a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments and enter into other transactions, including credit derivatives (such as asset swaps, repackaging and credit default swaps) in relation thereto. Such transactions, investments and securities activities may involve securities and instruments of the Issuer or its subsidiaries, jointly controlled entities or associated companies, including Notes issued under the Programme, may be entered into at the same time or proximate to offers and sales of Notes or at other times in the secondary market and be carried out with counterparties that are also purchasers, holders or sellers of Notes. Notes issued under the Programme may be purchased by or be allocated to any Dealer or an affiliate for asset management and/or proprietary purposes but not with a view to distribution.

If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Dealers or any affiliate of the Dealers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by that Dealer or its affiliate on behalf of the Issuer in such jurisdiction.

United States

The selling restrictions in the following paragraph shall be applicable to Notes offered and sold in reliance on Regulation S as specified in the applicable Pricing Supplement.

The Notes have not been and will not be registered under the Securities Act, or with any securities regulatory authority of any state or other jurisdiction of the United States and, subject to certain exceptions, may not be offered or sold within the United States. The Notes are being offered and sold outside of the United States in reliance on Regulation S.

The selling restrictions in the following paragraphs shall be applicable to Notes offered and sold in reliance on Rule 144A as specified in the applicable Pricing Supplement.

Dealers may arrange for the resale of Notes to QIBs pursuant to Rule 144A and each such purchaser of Notes is hereby notified that the Dealers may be relying on the exemption from the registration requirements of the Securities Act provided by Rule 144A. To permit compliance with Rule 144A in connection with any resales or other transfers of Notes that are "restricted securities" within the meaning of the Securities Act, the Issuer has undertaken in the Trust Deed to furnish, upon the request of a holder of such Notes or any beneficial interest therein, to such holder or to a prospective purchaser designated by him, the information required to be delivered under Rule 144A(d)(4) of the Securities Act if, at the time of the request, any of the Notes remain outstanding as "restricted securities" within the meaning of Rule 144(a)(3) of the Securities Act and the Issuer is neither a reporting company under Section 13 or 15(d) of the Exchange Act nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder.

Application may also be made to have certain Series of Notes accepted for trading in the Private Offerings, Resales and Trading through Automated Linkages System of the Financial Industry Regulatory Authority.

Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations and guidance. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations promulgated thereunder.

Each issuance of Index Linked Notes or Dual Currency Notes shall be subject to such additional selling restrictions as the Issuer and the relevant Dealer may agree as a term of the issuance and purchase of such Notes, which additional selling restrictions shall be set out in the applicable Pricing Supplement.

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (**FSMA)**) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

The Netherlands

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that any Notes which are the subject of the Programme contemplated by this Offering Circular are not and may not be offered or sold in the Netherlands other than to persons or entities which are qualified investors (*gekwalificeerde beleggers*) as defined in section 1:1 of the Dutch Financial Supervision Act (Wet op het *financieel toezicht* or the **AFS**). Each purchaser of the Notes described in this Offering Circular located in the Netherlands will be deemed to have represented, acknowledged and agreed that it is a qualified investor (*gekwalificeerde belegger*) as defined in section 1:1 of the AFS. For the purposes of this provision, the expression "an offer of the Notes to the public" in relation to any Notes in the Netherlands means to make a sufficiently specific offer addressed to more than one person as referred to in section 217(1) of Book 6 of the Dutch Civil Code to conclude a contract to purchase or otherwise acquire the Notes, or to issue an invitation to make an offer of the Notes.

India

Each Dealer has represented and acknowledged (severally and not jointly) that (a) this Offering Circular has not been and will not be registered, filed, produced or published as an offer document (whether a prospectus in respect of a public offer or information memorandum or private placement offer cum application letter or other offering material in respect of any private placement under the Companies Act, 2013, as amended, and the rules framed thereunder or any other applicable Indian laws) with the Registrar of Companies, the Securities and Exchange Board of India, the RBI, any Indian stock exchange or any other statutory or regulatory body of like nature in India, save and except for any information from any part of this Offering Circular which is mandatorily required to be disclosed or filed in India under any applicable Indian laws, including but not limited to, the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended, and under the listing agreement with any Indian stock exchange pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 or pursuant to the sanction of any regulatory and adjudicatory body in India, and (b) the Notes have not been and will not be offered or sold in India by means of any document, other than to persons permitted to acquire the Notes under Indian law, whether as a principal or an agent, and (c) this Offering Circular or any other offering document or material relating to the Notes have not been and will not be circulated or distributed, directly or indirectly, to any person or to the public or any member of the public in India or otherwise generally distributed or circulated in India which would constitute an advertisement, invitation, offer, sale or solicitation of an offer to subscribe for or purchase any securities in violation of applicable Indian laws. This Offering Circular has not been and will not be reviewed or approved by any regulatory authority in India or by the Indian stock exchange.

Disclosure of information relating to holders of the Notes

Holders and beneficial owners of the Notes shall be responsible for compliance with restrictions on the ownership of the Notes imposed from time to time by applicable laws or by any regulatory authority or otherwise. In this context, holders and beneficial owners of Notes shall be deemed to have acknowledged, represented and agreed that such holders and beneficial owners are eligible to purchase the Notes under applicable laws and regulations and are not prohibited under any applicable law or regulation from acquiring, owning or selling the Notes.

The holders and beneficial owners of Notes shall be deemed to confirm that for so long as they hold any Notes, they shall comply with the requirements or conditions as set out under Foreign Exchange Management (Borrowing and Lending) Regulations, 2018 (each as amended, modified or replaced, from time to time).

To comply with applicable laws and regulations, our Company or our duly appointed agent may from time to time request Euroclear and Clearstream, Luxembourg or, as the case may be, DTC, to provide them with details of the accountholders within Euroclear and Clearstream, Luxembourg or, as the case may be, DTC, as may be appropriate, that hold the Notes and the number of Notes held by each such accountholder. Euroclear and Clearstream, Luxembourg or, as the case may be, DTC, participants which are holders of the Notes or intermediaries acting on behalf of such Noteholders would be deemed to have hereby authorised Euroclear and Clearstream, Luxembourg or, as the case may be, DTC, as may be appropriate, to disclose such information to our Company or our duly appointed agent.

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the

Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the **SFA**)) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law;

(iv) as specified in Section 276(7) of the SFA; or

(v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Notification under Section 309B(1)(c) of the SFA – Unless otherwise stated in the Pricing Supplement in respect of any Note, all Notes issued or to be issued under the Programme shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the **FIEA**). Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan) or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Hong Kong

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that:

(a) it has not offered or sold and will not offer or sell in the Hong Kong Special Administrative Region of the People's Republic of China (**Hong Kong**), by means of any document, any Notes other than (i) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (**SFO**) and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the **C(WUMP)O**) or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

The People's Republic of China (PRC)

Each Dealer represents and agrees and each further Dealer appointed under the Programme will be required to represent and agree that neither it nor any of its affiliates has offered or sold or will offer or sell any of the Notes in the PRC (excluding the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan) as part of the initial distribution of the Notes, except as permitted by the securities laws of the People's Republic of China.

Prohibition of Sales to EEA and UK Retail Investors

Unless the Pricing Supplement in respect of any Notes specifies the "Prohibition of Sales to EEA and UK Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to any retail investor in the European Economic Area or in the United Kingdom. For the purposes of this provision:

(a) the expression "retail investor" means a person who is one (or more) of the following:

  (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); or

  (ii) a customer within the meaning of Directive (EU) 2016/97 (the **Insurance Distribution Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

  (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the **Prospectus Regulation**); and

(b) the expression an "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

Unless the Pricing Supplement in respect of any Notes specifies the "Prohibition of Sales to EEA and UK Retail Investors" as "Not Applicable", in relation to each Member State of the European Economic Area and the United Kingdom (each, a **Relevant State**), each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, it has not made and will not make an offer of Notes which are the subject of the offering contemplated by the Offering Circular as completed by the pricing supplement in relation thereto to the public in that Relevant State except that it may make an offer of such Notes to the public in that Relevant State:

(A) if the Pricing Supplement in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 1(4) of the Prospectus Regulation in that Relevant State (a **Non-exempt Offer**), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Regulation, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;

(B) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;

(C) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(D) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Notes referred to in (B) to (D) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an **offer of Notes to the public** in relation to any Notes in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes and the expression **Prospectus Regulation** means Regulation (EU) 2017/1129.

United Arab Emirates (excluding the Dubai International Financial Centre)

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes to be issued under the Programme have not been and will not be offered, sold, or publicly promoted or advertised by it in the UAE other than in compliance with any laws applicable in the UAE governing the issue, offering and sale of securities.

Dubai International Financial Centre

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered and will not offer the Notes to be issued under the Programme to any person in the DIFC unless such offer is:

(a) an "Exempt Offer" in accordance with the Markets Rules (MKT) Module of the DFSA rulebook; and

(b) made only to persons who meet the "Professional Client" criteria set out in Rule 2.3.3 of the DFSA Conduct of Business Module of the DFSA rulebook.

Denmark

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that this Offering Circular is not a prospectus and has not been prepared in accordance with the prospectus requirements provided for in the Prospectus Regulation and neither has this Offering Circular been filed with or will be filed with or approved by Danish Financial Supervisory Authority or any other authority in the Kingdom of Denmark. The Notes have not been offered or sold and may not be offered, sold or delivered directly or indirectly in the Kingdom of Denmark, unless such Notes are offered to qualified investors within the meaning set out in the Prospectus Regulation and in compliance with the Danish Capital Markets Act (Consolidated Act No. 377 of April 2, 2020, as amended from time to time) and any executive orders issued thereunder.

Sweden

Each Dealer has confirmed and agreed, and each further Dealer appointed under the Programme will be required to confirm and agree that this Offering Circular is not a prospectus and has not been prepared in accordance with the prospectus requirements provided for in the Prospectus Regulation nor any other Swedish enactment. Neither the Swedish Financial Supervisory Authority (*Finansinspektionen*) nor any other Swedish public body has examined, approved or registered this Offering Circular or will examine, approve or register this Offering Circular. Accordingly, this Offering Circular may not be made available, nor may the Notes otherwise be marketed and offered for sale, in Sweden other than in circumstances that constitute an exemption from the requirement to prepare a prospectus under the Prospectus Regulation.

General

Each Dealer has represented, warranted and undertaken and each further Dealer appointed under the Programme will be required to represent, warrant and undertake that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Offering Circular and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer, the Trustee nor any of the other Dealers shall have any responsibility therefor.

None of the Issuer, the Trustee, the Arrangers and the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Dealer will be required to comply with such other restrictions as the Issuer and the relevant Dealer shall agree and as shall be set out in the applicable Pricing Supplement.

GENERAL INFORMATION

Authorisation

1. The establishment and maintenance of the Programme and the issue of Notes, and the increase in the size of the Programme to U.S.$5,000,000,000 have been duly authorised by resolutions of the Board of Directors of the Issuer dated 14 October 2005, 17 April 2007, 15 October 2012, 26 April 2014, 29 April 2015 and 28 April 2020.

2. At present, the issuance of any Notes by the Issuer acting through its Singapore branch, DIFC branch, GIFT City Branch, any other foreign branch for borrowings in foreign currency for the purpose of funding its foreign offices in the normal course of banking business outside India, does not require any approval from the RBI and/or the Ministry of Finance. The Issuer is, however, required to: (i) comply with reporting requirements specified under the guidelines issued by the RBI; (ii) comply with the requirements specified under the guidelines issued by the RBI in relation to Subordinated Notes and Hybrid Tier I Notes); and (iii) reporting as part of the overseas liabilities and DSBO Returns with respect to operation of foreign branches of Indian banks, as amended, modified or supplemented from time to time.

Listing

3. Application has been made to the London Stock Exchange for the Notes to be admitted to trading on the London Stock Exchange's the ISM. The ISM is not a regulated market for the purposes of Directive 2014/65/EU. The ISM is a market designated for professional investors. Notes admitted to trading on the ISM are not admitted to the Official List of the UKLA and the London Stock Exchange has not approved or verified the contents of this Offering Circular.

4. Notes may be issued pursuant to the Programme which will not be admitted to the Singapore Official List or to trading on the ISM or listed on any other stock exchange or which will be listed on such stock exchange as the Issuer and the relevant Dealer(s) may agree.

5. Application has been made for the listing and quotation of Notes that may be issued pursuant to the Programme and which are agreed at or prior to the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Singapore Official List. Admission to the Singapore Official List and quotation of any Notes on the SGX-ST are not to be taken as an indication of the merits of the Issuer, the Programme or the Notes. So long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Issuer shall appoint and maintain a paying agent in Singapore, where the Notes may be presented or surrendered for payment or redemption, in the event that the Global Notes is exchanged for definitive Notes. In addition, in the event that the Global Notes is exchanged for definitive Notes, announcement of such exchange shall be made through the SGX-ST and such announcement will include all material information with respect to the delivery of the definitive Notes, including details of the paying agent in Singapore.

Clearing systems

6. The Bearer Notes to be issued under the Programme have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate common code and ISIN for each Tranche of Bearer Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Pricing Supplement. In addition, the Issuer may make an application for any Registered Notes to be accepted for trading in book-entry form by DTC. The CUSIP and/or CINS numbers for each Tranche of Registered

Notes, together with the relevant ISIN and common code, will be specified in the applicable Pricing Supplement. If the Notes are to clear through an additional or alternative clearing system, the appropriate information will be specified in the applicable Pricing Supplement.

No significant change

7. Save as disclosed in the Offering Circular, there has been no significant change in the financial or trading position of the Bank since 30 June 2020 and there has been no material adverse change in the financial position or prospects of the Bank since 31 March 2020.

Litigation

8. Except as disclosed in this Offering Circular in the section, "*Legal Proceedings*", the Group is not involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), during the previous 12 months which may have, or have had in the recent past, significant effects on the Issuer and/or Group's financial position or profitability.

Accounts

9. The statutory independent auditor for the Issuer for the years ended 31 March 2018 is S.R. Batliboi & Co. LLP who audited the Issuer's standalone and consolidated accounts, in accordance with generally accepted standards of auditing in India, for the year mentioned above. The audit reports issued by the statutory independent auditor for the standalone and consolidated accounts for the years mentioned above did not contain any qualification.

10. The statutory independent auditor for the Issuer for the years ended 31 March 2019 and 31 March 2020 is Haribhakti & Co who audited the Issuer's standalone and consolidated accounts, in accordance with generally accepted standards of auditing in India, for the years mentioned above. The audit reports issued by the statutory independent auditor for the standalone and consolidated accounts for the years mentioned above did not contain any qualification.

11. The statutory independent auditor for the Issuer for the quarter ended 30 June 2020 is Haribhakti & Co. LLP who reviewed the Issuer's unaudited standalone accounts, in accordance with generally accepted standards of auditing in India, for the period ended 30 June 2020. The review report issued by the statutory independent auditor for the standalone accounts for the period mentioned above did not contain any qualification.

Trustee's Reliance on Certificates

12. The Trust Deed provides that the Trustee may rely on certificates or reports from any person in accordance with the provisions of the Trust Deed as sufficient evidence of the facts stated therein whether or not called for by or addressed to the Trustee and whether or not any such certificate or report or engagement letter or other document entered into by the Trustee and such person in connection therewith contains a monetary or other limit on the liability of such person. However, the Trustee will have no recourse to such person in respect of such certificates or reports unless such person has agreed to address such certificates or reports to the Trustee.

Dealers transacting with the Issuer

13. Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to the Issuer and its affiliates in the ordinary course of business.

Documents Available

14. So long as Notes are capable of being issued under the Programme, copies of the following documents will, when published, be available from the corporate office of the Issuer and from the specified office of the Principal Paying Agent:

   (a) the audited financial statements of the Issuer in respect of the financial years ended 31 March 2018, 2019 and 2020;

   (b) the most recently published audited annual financial statements of the Issuer and the most recently published unaudited standalone interim financial results of the Issuer (the Issuer currently prepares unaudited standalone interim results on a quarterly basis under Indian regulatory requirements);

   (c) the Trust Deed, the Agency Agreement and the forms of the Global Notes, the Notes in definitive form, the Receipts, the Coupons and the Talons;

   (d) a copy of this Offering Circular;

   (e) any future offering circulars, prospectuses, information memoranda and supplements including Pricing Supplements (save that a Pricing Supplement relating to an unlisted Note will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the Paying Agent as to its holding of Notes and identity) to this Offering Circular and any other documents incorporated herein or therein by reference; and

   (f) the Memorandum and Articles of Association of the Issuer.

Third Party Information

15. Where information has been sourced from a third party, the source of such information (wherever available) has been identified in the relevant section of the Offering Circular and such information has been accurately reproduced and that as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

AXIS BANK LIMITED

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Unaudited Interim Financial Results for the Quarter Ended 30 June 2020

Financial Statements for the Fiscal Year ended 31 March 2020

Financial Statements for the Fiscal Year ended 31 March 2019

Financial Statements for the Fiscal Year ended 31 March 2018

Independent Auditor's Review Report on the Unaudited Interim Condensed Standalone Financial Statements of Axis Bank Limited

To The Board of Directors

Axis Bank Limited

1. We have reviewed the accompanying Unaudited Interim Condensed Standalone Financial Statements of Axis Bank Limited ('the Bank') comprising of the Condensed Balance Sheet as at June 30, 2020, the Condensed Profit & Loss Account and the Condensed Cash Flow Statement for the period April 1, 2020 to June 30, 2020 and selected explanatory notes thereon ("the Condensed Standalone Financial Statements").

2. This Condensed Standalone Financial Statements, which is the responsibility of the Bank's Management and approved by the authorised persons designated by the Board of Directors vide its meeting dated April 28, 2020 on September 17, 2020 , has been prepared in accordance with recognition and measurement principles laid down in Accounting Standard 25 "Interim Financial Reporting" as prescribed under Section 133 of Companies Act, 2013, the relevant provisions of the Banking Regulation Act, 1949, the circulars, guidelines and directions issued by the Reserve Bank of India as applicable from time to time and other accounting principles generally accepted in India (collectively referred to as "Generally Accepted Accounting Principles"). Our responsibility is to issue a report on the Condensed Standalone Financial Statements based on our review.

3. We conducted our review of the Condensed Standalone Financial Statements in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by ICAI. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Condensed Standalone Financial Statements have been prepared in accordance with the Generally Accepted Accounting Principles and are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

4. Based on our review conducted and procedures performed as stated in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Condensed Standalone Financial Statements are not prepared, in all material respects, in accordance with the Generally Accepted Accounting Principles.

5. We draw attention to Note 8 to the selected explanatory notes of Condensed Standalone Financial Statements which explains that the extent to which COVID-19 pandemic will impact the Bank's operations and condensed standalone financial statements is dependent on future developments, which are highly uncertain.

   Our report is not modified in respect of this matter.

6. These Condensed Standalone Financial Statements for the quarter ended June 30, 2020 have been prepared for the purpose of inclusion in the Offering Circular to be filed with the Singapore Exchange Securities Trading Limited and London Stock Exchange's International Securities Market in relation to the update of the Bank's US$5,000,000,000 Global Medium Term Note Programme. We do not accept or assume responsibility for any other purpose except as expressly agreed by our prior consent in writing.

For Haribhakti & Co. LLP

Chartered Accountants
ICAI Firm Registration No.103523W/W100048

PURUSHOTTA
M S NYATI

Digitally signed by PURUSHOTTAM S NYATI
Date: 2020.09.17 16:39:58 +05'30'

Purushottam Nyati
Partner
Membership No.: 118970
UDIN: 20118970AAAAIS8215

Place: Mumbai

Date: September 17, 2020

Axis Bank Limited
Unaudited Interim Condensed Standalone Balance Sheet as at 30 June 2020

(Rs. in crores)

CAPITAL & LIABILITIES	As on 30.06.2020	As on 30.06.2019
Capital	564.40	523.90
Reserves & Surplus	85,506.55	70,703.74
Deposits	6,28,150.28	5,40,677.68
Borrowings	1,42,836.05	1,30,121.44
Other liabilities and provisions	40,080.90	32,539.45
Total	**8,97,138.18**	**7,74,566.21**
ASSETS		
Cash and Balances with Reserve Bank of India	51,801.87	28,428.04
Balance with banks and money at call and short notice	8,278.07	9,848.85
Investments	1,87,323.05	1,75,791.53
Advances	5,61,340.83	4,97,276.01
Fixed Assets	4,358.86	4,053.22
Other Assets	84,035.50	59,168.56
Total	**8,97,138.18**	**7,74,566.21**
Contingent Liabilities	**9,16,185.01**	**7,42,961.32**
Bills for collection	**44,294.52**	**47,070.82**

For Haribhakti & Co. LLP
Chartered Accountant
Firm Registration No. 103523W/W100048

PURUSHOTTAM S NYATI
Digitally signed by PURUSHOTTAM S NYATI
Date: 2020.09.17 16:36:46 +05'30'

Purushottam Nyati
Partner
Membership No. :118970

Date: 17 September, 2020
Place: Mumbai

For Axis Bank Limited

AMITABH CHAUDHRY
Digitally signed by AMITABH CHAUDHRY
Date: 2020.09.17 14:35:55 +05'30'

Amitabh Chaudhry
(MD & CEO)

Puneet Sharma

Puneet Sharma
(President & CFO)

Axis Bank Limited

Unaudited Interim Condensed Standalone Profit and Loss account for the quarter ended 30 June 2020

(Rs. in crores)

	For the quarter ended 30.06.2020	For the quarter ended 30.06.2019
INCOME		
Interest earned	16,538.89	15,254.95
Other income	2,586.68	3,868.76
A	**19,125.57**	**19,123.71**
EXPENDITURE		
Interest expended	9,553.58	9,411.30
Operating expenses	3,727.59	3,819.65
Provisions & contingencies	4,732.23	4,522.68
B	**18,013.40**	**17,753.63**
Net Profit after taxes	1,112.17	1,370.08
Basic Earning per share	3.94	5.29
Diluted Earning per share	3.94	5.26

For Haribhakti & Co. LLP
Chartered Accountant
Firm Registration No. 103523W/W100048

PURUSHOTTAM S NYATI
Digitally signed by PURUSHOTTAM S NYATI
Date: 2020.09.17 16:37:33 +05'30'

Purushottam Nyati
Partner
Membership No. :118970

For Axis Bank Limited

AMITABH CHAUDHRY
Digitally signed by AMITABH CHAUDHRY
Date: 2020.09.17 14:36:26 +05'30'

Amitabh Chaudhry
(MD & CEO)

Puneet Sharma

Puneet Sharma
(President & CFO)

Date: 17 September, 2020
Place: Mumbai

Axis Bank Limited

Unaudited Interim Condensed Standalone Cash Flow statement for the three months ended 30 June 2020

(Rs. in crores)

	For the period ended 30.06.2020	For the period ended 30.06.2019
Cash flow from operating activities	-4,559.51	-8,145.57
Cash flow from investing activities	-27,521.68	-774.01
Cash flow from financing activities	-5,107.51	-19,994.62
Effect of exchange fluctuation on translation reserve	0.37	-13.55
Net increase in cash and cash equivalents	-37,188.34	-28,927.75
Cash and cash equivalents - Opening Balance	97,268.28	67,204.64
Cash and cash equivalents - Closing Balance	60,079.94	38,276.89

For Haribhakti & Co. LLP
Chartered Accountant
Firm Registration No. 103523W/W100048

PURUSHOTTAM S NYATI Digitally signed by PURUSHOTTAM S NYATI Date: 2020.09.17 16:37:59 +05'30'

Purushottam Nyati
Partner
Membership No. :118970

Date: 17 September, 2020
Place: Mumbai

For Axis Bank Limited

AMITABH CHAUDHRY Digitally signed by AMITABH CHAUDHRY Date: 2020.09.17 14:37:11 +05'30'

Amitabh Chaudhry
(MD & CEO)

Puneet Sharma

Puneet Sharma
(President & CFO)

Appendix 1
Axis Bank Limited
Selected explanatory notes to Unaudited Interim Condensed Standalone Financial Statements

1) Basis of Preparation of Unaudited Interim Condensed Standalone Financial Statements

The Unaudited Interim Condensed Standalone Financial Statements (Condensed Standalone Financial Statements) consisting of Unaudited Interim Condensed Standalone Balance Sheet as at 30 June 2020, Unaudited Interim Condensed Standalone Profit & Loss Account and Unaudited Interim Condensed Standalone Cash Flow statement for the period then ended have been prepared in accordance with recognition and measurement principles laid down in Accounting Standard 25 "Interim Financial Reporting" as prescribed under Section 133 of Companies Act, 2013, the relevant provisions of the Banking Regulation Act, 1949, the circulars, guidelines and directions issued by the Reserve Bank of India (RBI) as applicable from time to time ("RBI Guidelines") and other accounting principles generally accepted in India.

2) Use of Estimates

The preparation of Condensed Standalone Financial Statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of revenue and expenses. The estimates and assumptions used in the accompanying are based upon management's evaluation of the relevant facts and circumstances as on the date of the Condensed Standalone Financial Statements. Actual results may differ from the estimates and assumptions used in preparing the accompanying Condensed Standalone Financial Statements. Any revision to accounting estimates is recognized prospectively in current and future periods.

3) Accounting Policies

Accounting Policies and practices followed in the preparation of Condensed Standalone Financial Statements for the period ended 30 June 2020 remain the same as those followed in the preparation of financial statements for the year ended 31 March 2020 except the following changes in accounting policies carried out by the Bank effective 1 April 2020 -

a) The Bank had a practice of recognizing fees on issuance of Letters of Credit and annual fees on Debit Cards on an upfront basis. During the quarter, the Bank changed this practice, from upfront recognition to amortization over the service period. As a result, other income for the quarter ended 30 June 2020 is lower by Rs. 65 crores with a consequent reduction to the profit before tax.

b) The Bank continues to classify exposures as 'Red Flagged Accounts' in accordance with its prevailing internal framework. During the quarter, the Bank has introduced incremental provisioning on such exposures based on a time scale and on occurrence of predefined events. As a result, provisions and contingencies for the quarter ended 30 June, 2020 are higher by Rs. 144 crores with a consequent reduction to the profit before tax.

c) The Bank was recognizing net depreciation and ignoring net appreciation within class of investments in the Profit and Loss Account in accordance with RBI guidelines. During the quarter, the Bank has made two changes to its practice of recognizing depreciation on investments: (i) The Bank has elected to recognize the net depreciation on each class of investments under the residual category of 'Others' (i.e. mutual funds, PTCs, security receipts etc.), without availing the benefit of offset against gain in another class of investment within the 'Others' category. (ii) For standard investments classified as weak based on the Bank's internal framework, the Bank has elected to recognize the net depreciation on such investments without availing the benefit of set-off against appreciation within the same class of investments that is permitted by RBI. As a result, provisions and contingencies for the quarter ended 30 June, 2020 are higher by Rs. 209 crores with a consequent reduction to the profit before tax.

4) The capital adequacy ratio of the Bank as at 30 June 2020, calculated as per the RBI guidelines (under Basel III) is set out below:

(Rs. in crores)

Capital Adequacy Ratios	30.06.2020**	30.06.2019**
Capital Adequacy Ratio	17.29%	15.82%
CET1	13.32%	11.44%
Tier I CRAR	14.44%	12.66%
Tier II CRAR	2.85%	3.16%

**Capital adequacy ratio (excluding profits for the three month period) computed in accordance with Basel III guidelines issued by RBI.

Appendix 1
Axis Bank Limited
Selected explanatory notes to Unaudited Interim Condensed Standalone Financial Statements

5) Segmental results

(Rs. in crores)

		FOR THE QUARTER ENDED 30.06.2020 (Unaudited)	FOR THE QUARTER ENDED 30.06.2019 (Unaudited)
1	Segment Revenue		
A	Treasury	5,468.24	6,684.54
B	Corporate/Wholesale Banking	6,979.70	7,079.98
C	Retail Banking	15,440.49	14,270.52
D	Other Banking Business	219.92	219.05
E	Unallocated	-	-
	Total	28,108.35	28,254.09
	Less: Inter segment revenue	8,982.78	9,130.38
	Income from Operations	19,125.57	19,123.71
2	Segment Results After Provisions & Before Tax		
A	Treasury	683.88	1,414.90
B	Corporate/Wholesale Banking	-1,080.26	-653.84
C	Retail Banking	1,681.22	1,159.82
D	Other Banking Business	143.14	157.30
E	Unallocated	-	-
	Total Profit Before Tax	1,427.98	2,078.18
3	Segment Assets		
A	Treasury	3,10,464.85	2,55,378.10
B	Corporate/Wholesale Banking	2,55,903.70	2,29,546.33
C	Retail Banking	3,21,515.39	2,79,926.70
D	Other Banking Business	212.44	246.89
E	Unallocated	9,041.79	9,468.19
	Total	8,97,138.17	7,74,566.21
4	Segment Liabilities		
A	Treasury	2,65,351.05	2,51,337.23
B	Corporate/Wholesale Banking	1,19,274.70	1,07,950.45
C	Retail Banking	4,24,439.23	3,43,873.14
D	Other Banking Business	55.81	41.37
E	Unallocated	1,946.43	136.38
	Capital and Other Reserves	86,070.95	71,227.64
	Total	8,97,138.17	7,74,566.21

6) Ratios

	30.06.2020	30.06.2019
(a) Amount of Gross Non Performing Assets	29,560.15	29,404.90
(b) Amount of Net Non Performing Assets	7,447.99	11,037.48
(c) % of Gross NPAs	4.72%	5.25%
(d) % of Net NPAs	1.23%	2.04%
(e) Return on assets (Annualised)	0.48%	0.69%

Appendix 1
Axis Bank Limited
Selected explanatory notes to Unaudited Interim Condensed Standalone Financial Statements

7) During the quarter ended 30 June 2020, the Bank allotted 3,45,025 equity shares pursuant to the exercise of options under its Employee Stock Option Scheme.

8) COVID-19 virus, a global pandemic has affected the world economy including India leading to significant decline and volatility in financial markets and decline in economic activities. On 24 March 2020, the Indian Government announced a strict 21-day lock-down which was further extended until 31 May 2020 across the country to contain the spread of the virus. On 30 May 2020 the Government announced a phased reopening of certain activities outside specified containment zones, while the lockdown was extended to 30 June 2020 in such containment zones. Subsequently, some of the states have further extended the lockdown to 31 July 2020. The extent to which the COVID-19 pandemic will impact the Bank's operations and asset quality will depend on the future developments, which are highly uncertain, including among the other things any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government mandated or elected by the Bank.

In accordance with the RBI guidelines on 'COVID-19 Regulatory Package' of 27 March 2020 and 17 April 2020, the Bank has granted moratorium of three months on payment of all instalments/interest, as applicable, falling due between 1 March 2020 and 31 May 2020 ('moratorium period') to eligible borrowers. Further, in line with the additional Regulatory Package guideline of RBI of 23 May 2020, the Bank has granted a second three month moratorium on installments or interest, as applicable, due between 1 June 2020 and 31 August 2020 to eligible borrowers. For all such accounts where the moratorium is granted, the asset classification shall remain stand still during the moratorium period (i.e. the number of days past-due shall exclude the moratorium period for the purposes of determining whether an asset is non-performing).

The Bank holds provisions as at 30 June 2020 against the potential impact of COVID-19 based on the information available at this point in time. The provisions held by the Bank are in excess of the RBI prescribed norms.

9) Previous period figures have been regrouped and reclassified, where necessary, to make them comparable with current period figures.

For Haribhakti & Co. LLP
Chartered Accountant
Firm Registration No. 103523W/W100048

PURUSHOTTAM S NYATI — Digitally signed by PURUSHOTTAM S NYATI Date: 2020.09.17 16:38:28 +05'30'

Purushottam Nyati
Partner
Membership No. :118970

For Axis Bank Limited

AMITABH CHAUDHRY — Digitally signed by AMITABH CHAUDHRY Date: 2020.09.17 14:37:31 +05'30'

Amitabh Chaudhry
(MD & CEO)

Puneet Sharma

Puneet Sharma
(President & CFO)

Date: 17 September, 2020
Place: Mumbai

Independent Auditor's Review Report on quarterly Unaudited Consolidated Financial Results of Axis Bank Limited pursuant to the Regulation 33 of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015

To The Board of Directors
Axis Bank Limited

1. We have reviewed the accompanying Statement of Unaudited Consolidated Financial Results of **Axis Bank Limited** ("the Parent" or "the Bank") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group") for the quarter ended June 30, 2020 ("the Statement"), being submitted by the Parent pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, except for the disclosures relating to Pillar 3 disclosure as at June 30, 2020, including leverage ratio and liquidity coverage ratio under Basel III Capital Regulations as have been disclosed on the Bank's website and in respect of which a link has been provided in the Statement and have not been reviewed by us.

2. This Statement, which is the responsibility of the Parent's Management and approved by the Parent's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard 25 "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder, the relevant provisions of the Banking Regulation Act, 1949, the circulars, guidelines and directions issued by the Reserve Bank of India ("RBI") from time to time ("RBI Guidelines") and other accounting principles generally accepted in India. Our responsibility is to issue a report on the Statement based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of the personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

   We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable.

Haribhakti & Co. LLP, Chartered Accountants Regn. No. AAC- 3768, a limited liability partnership registered in India (converted on 17th June, 2014 from a firm Haribhakti & Co. FRN: 103523W)
Registered offices: 705, Leela Business Park, Andheri-Kurla Road, Andheri (E), Mumbai - 400 059, India. Tel: +91 22 6672 9999 Fax: +91 22 6672 9777
Other offices: Ahmedabad, Bengaluru, Chennai, Coimbatore, Hyderabad, Kolkata, New Delhi, Pune.

4. The Statement includes the results of the following entities:

Sr. No.	Name of the Entity	Relationship
1	Axis Bank Limited	Holding Company
2	Axis Capital Limited	Subsidiary
3	Axis Private Equity Limited	Subsidiary
4	Axis Trustee Services Limited	Subsidiary
5	Axis Mutual Fund Trustee Limited	Subsidiary
6	Axis Assets Management Company Limited	Subsidiary
7	Axis Finance Limited	Subsidiary
8	Axis Securities Limited	Subsidiary
9	Freecharge Payment Technologies Private Limited	Subsidiary
10	Accelyst Solution Private Limited	Subsidiary
11	A. Treds Limited	Subsidiary
12	Axis Bank UK Limited	Subsidiary
13	Axis Capital USA LLC	Step down Subsidiary

5. Based on our review conducted and procedures performed as stated in paragraph 3 above and based on the consideration of the review reports of the other auditors referred to in paragraph 7 below, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Accounting Standard, RBI Guidelines and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, except for the disclosures relating to Pillar 3 disclosure as at June 30, 2020, including leverage ratio and liquidity coverage ratio under Basel III Capital Regulations as have been disclosed on the Bank's website and in respect of which a link has been provided in the Statement and have not been reviewed by us, or that it contains any material misstatement.

6. We draw attention to Note 8 to the Statement which explains that the extent to which COVID-19 pandemic will impact the Group's operations and financial results is dependent on future developments, which are highly uncertain.
   Our opinion is not modified in respect of this matter.

7. We did not review the interim financial results of 2 subsidiaries included in the unaudited consolidated financial results, whose interim financial results reflect total assets of Rs. 1,250,606.00 lacs as at June 30, 2020 and total revenue of Rs.16,515.00 lacs and total net loss after tax of Rs. 4,714.54 lacs for the quarter ended June 30, 2020, as considered in the unaudited consolidated financial results.

Continuation Sheet

These interim financial results have been reviewed by other auditors whose reports have been furnished to us by the Management and our report on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries is based solely on the reports of the other auditors and the procedures performed by us as stated in paragraph 3 above.

One of the above subsidiary is located outside India whose financial results have been prepared in accordance with accounting principles generally accepted in its country and which has been reviewed by other auditor under generally accepted auditing standards applicable in its country. The Parent's management has converted the financial results of such subsidiary located outside India from accounting principles generally accepted in its country to accounting principles generally accepted in India. We have reviewed these conversion adjustments made by the Parent's management. Our report in so far as it relates to the balances and affairs of such subsidiary located outside India is based on the report of other auditor and the conversion adjustments prepared by the management of the Parent and reviewed by us.

Our report on the Statement is not modified in respect of the above matter.

8. The unaudited consolidated financial results includes the interim financial results of 9 subsidiaries which have not been reviewed/audited by their auditors, whose interim financial results reflect total assets of Rs 178,662.82 lacs as at June 30, 2020 and total revenue of Rs. 26,365.81 lacs and total net profit after tax of Rs. 8,396.91 lacs for the quarter ended June 30, 2020, as considered in the unaudited consolidated financial results. According to the information and explanations given to us by the Management, these interim financial results are not material to the Group.

   Our report on the Statement is not modified in respect of the above matter.

For Haribhakti & Co. LLP
Chartered Accountants
ICAI Firm Registration No.103523W/W100048

PURUSHOTTA M S NYATI Digitally signed by PURUSHOTTAM S NYATI Date: 2020.07.21 16:11:52 +05'30'

Purushottam Nyati
Partner
Membership No.: 118970
UDIN: 20118970AAAAEF5074

Place: Mumbai
Date: July 21, 2020

Axis Bank Limited Group

UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER ENDED 30TH JUNE, 2020

(₹ in lacs)

	PARTICULARS	FOR THE QUARTER ENDED 30.06.2020	FOR THE QUARTER ENDED 31.03.2020	FOR THE QUARTER ENDED 30.06.2019	FOR THE YEAR ENDED 31.03.2020
		(Unaudited)	(Audited refer note 4)	(Unaudited)	(Audited)
1.	Interest earned (a)+(b)+(c)+(d)	16,799.19	16,503.10	15,534.82	63,715.68
(a)	Interest/discount on advances/bills	12,835.67	12,889.52	11,727.25	49,323.30
(b)	Income on Investments	2,981.88	2,607.24	3,130.26	11,279.34
(c)	Interest on balances with Reserve Bank of India and other inter-bank funds	440.02	423.37	192.34	1,098.71
(d)	Others	541.62	582.97	484.97	2,014.33
2.	Other Income	2,662.58	4,283.13	3,874.27	16,341.99
3.	TOTAL INCOME (1+2)	19,461.77	20,786.23	19,409.09	80,057.67
4.	Interest Expended	9,683.42	9,557.36	9,564.49	37,995.94
5.	Operating expenses (i)+(ii)	3,879.14	5,152.21	4,004.31	18,065.76
(i)	Employees cost	1,524.77	1,519.23	1,432.48	5,819.96
(ii)	Other operating expenses	2,354.37	3,632.98	2,571.83	12,245.80
6.	TOTAL EXPENDITURE (4+5) (Excluding Provisions and Contingencies)	13,562.56	14,709.57	13,568.80	56,061.70
7.	OPERATING PROFIT (3-6) (Profit before Provisions and Contingencies)	5,899.21	6,076.66	5,840.29	23,995.97
8.	Provisions (other than tax) and Contingencies (Net)	4,440.76	7,834.24	3,814.31	18,715.93
9.	Exceptional Items	-	-	-	-
10.	Profit/(Loss) from Ordinary Activities before Tax (7-8-9)	1,458.45	(1,757.58)	2,025.98	5,280.04
11.	Tax expense	350.35	(507.49)	763.00	3,401.29
12.	Net Profit/(Loss) from Ordinary Activities after Tax (10-11)	1,108.10	(1,250.09)	1,262.98	1,878.75
13.	Extraordinary Items (net of tax expense)	-	-	-	-
14.	Net Profit/(Loss) for the period (12-13)	1,108.10	(1,250.09)	1,262.98	1,878.75
15.	Share in Profit/(Loss) of Associate	-	-	-	-
16.	Share of (Profit)/Loss of Minority Shareholders	(8.58)	(12.34)	(1.58)	(25.64)
17.	Consolidated Net Profit/(Loss) for the Group (14+15+16)	1,099.52	(1,262.43)	1,261.40	1,853.11
18.	Paid-up equity share capital (Face value `2/- per share)	564.40	564.34	523.90	564.34
19.	Reserves excluding revaluation reserves				85,776.09
20.	Analytical Ratios				
(i)	Percentage of Shares held by Government of India	Nil	Nil	Nil	Nil
(ii)	Earnings per Share (EPS) for the year (before and after extraordinary items)				
	- Basic	3.90	(4.48)	4.87	6.83
	- Diluted	3.89	(4.48)	4.84	6.80

Notes:

1. Consolidated Statement of Assets and Liabilities of the group as on 30th June, 2020 is given below.

(₹ in lacs)

Particulars	As on 30.06.2020 (Unaudited)	As on 31.03.2020 (Audited)	As on 30.06.2019 (Unaudited)
CAPITAL AND LIABILITIES			
Capital	564,40	564,34	523,90
Reserves and Surplus	86,888,52	85,776,09	71,677,68
Minority Interest	122,14	113,56	86,19
Deposits	6,29,866,53	6,42,157,21	5,42,998,99
Borrowings	1,50,039,40	1,55,180,17	1,38,247,43
Other Liabilities and Provisions	41,565,08	44,080,44	33,426,71
TOTAL	**9,09,046,07**	**9,27,871,81**	**7,86,960,90**
ASSETS			
Cash and Balances with Reserve Bank of India	51,801,92	84,959,27	28,428,08
Balances with Banks and Money at Call and Short Notice	11,714,47	12,840,50	10,404,46
Investments	1,85,280,47	1,55,281,64	1,74,743,66
Advances	5,70,458,10	5,82,958,84	5,08,983,24
Fixed Assets	4,438,62	4,394,34	4,144,01
Other Assets	85,352,49	87,437,22	60,257,45
TOTAL	**9,09,046,07**	**9,27,871,81**	**7,86,960,90**

2. The above results represent the consolidated financial results of Axis Bank Limited and its subsidiaries.

3. The above results are prepared in accordance with the principle set out in Accounting Standard 21 - Consolidated Financial Statements as prescribed by The Institute of Chartered Accountants of India.

4. The figures of the last quarter of the previous year are the balancing figures between audited figures in respect of the full financial year and the published year to date figures upto the end of the third quarter of the previous year.

5. The financial statements of certain subsidiaries have been prepared in accordance with notified Indian Accounting Standards ('Ind-AS') with effect from 1 April, 2018. The financial statements of such subsidiaries used for consolidation of the consolidated financial results are special purpose financial statements prepared in accordance with Generally Accepted Accounting Principles in India ('GAAP') specified under section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016.

6. In accordance with RBI circular DBR.No.BP.BC.1/21.06.201/2015-16 dated 1st July, 2015 on 'Basel III Capital Regulations' and RBI circular DBR.No.BP.BC.80/21.06.201/2014-15 dated 31st March, 2015 on 'Prudential Guidelines on Capital Adequacy and Liquidity Standards Amendments', banks are required to make Pillar 3 disclosures including leverage ratio and liquidity coverage ratio under the Basel III framework. The Bank has made these disclosures which are available on its website at the following link: http://www.axisbank.com/investor-corner/baselIII-disclosures.aspx. The disclosures have not been subjected to audit or limited review by the statutory auditors of the Bank.

7. Effective 1st April 2020, the Bank has carried out the following changes in its accounting policies:

   a) The Bank had a practice of recognizing fees on issuance of Letters of Credit and annual fees on Debit Cards on an upfront basis. During the quarter, the Bank changed this practice, from upfront recognition to amortization over the service period. As a result, other income for the quarter ended 30th June, 2020 is lower by ₹65 crores with a consequent reduction to the profit before tax.

   b) The Bank continues to classify exposures as 'Red Flagged Accounts' in accordance with its prevailing internal framework. During the quarter, the Bank has introduced incremental provisioning on such exposures based on a time scale and on occurrence of predefined events. As a result, provisions and contingencies for the quarter ended 30th June, 2020 are higher by ₹144 crores with a consequent reduction to the profit before tax.

   c) The Bank was recognizing net depreciation and ignoring net appreciation within class of investments in the Profit and Loss Account in accordance with RBI guidelines. During the quarter, the Bank has made two changes to its practice of recognizing depreciation on investments: (i) The Bank has elected to recognize the net depreciation on each class of investments under the residual category of 'Others' (i.e. mutual funds, PTCs, security receipts etc.), without availing the benefit of offset against gain in another class of investment within the 'Others' category. (ii) For standard investments classified as weak based on the Bank's internal framework, the Bank has elected to recognize the net depreciation on such investments without availing the benefit of set-off against appreciation within the same class of investments that is permitted by RBI. As a result, provisions and contingencies for the quarter ended 30th June, 2020 are higher by ₹209 crores with a consequent reduction to the profit before tax.

8. COVID-19 virus, a global pandemic has affected the world economy including India leading to significant decline and volatility in financial markets and decline in economic activities. On 24th March, 2020, the Indian Government announced a strict 21-day lock-down which was further extended until 31st May 2020 across the country to contain the spread of the virus. On 30th May, 2020 the Government announced a phased reopening of certain activities outside specified containment zones, while the lockdown was extended to 30th June, 2020 in such containment zones. Subsequently, some of the states have further extended the lockdown to 31st July, 2020. The extent to which the COVID-19 pandemic will impact the Bank's operations and asset quality will depend on the future developments, which are highly uncertain, including among the other things any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government mandated or elected by the Bank.

   In accordance with the RBI guidelines on 'COVID-19 Regulatory Package' of 27th March, 2020 and 17th April, 2020, the Bank has granted moratorium of three months on payment of all instalments/interest, as applicable, falling due between 1st March, 2020 and 31st May, 2020 ('moratorium period') to eligible borrowers. Further, in line with the additional Regulatory Package guideline of RBI of 23rd May, 2020, the Bank has granted a second three month moratorium on installments or interest, as applicable, due between 1st June, 2020 and 31st August, 2020 to eligible borrowers. For all such accounts where the moratorium is granted, the asset classification shall remain stand still during the moratorium period (i.e. the number of days post-due shall exclude the moratorium period for the purposes of determining whether an asset is non-performing).

   The Bank holds provisions as at 30th June, 2020 against the potential impact of COVID-19 based on the information available at this point in time. The provisions held by the Bank are in excess of the RBI prescribed norms.

9. The above results have been approved by the Board of Directors of the Bank at its meeting held at Mumbai today.

10. These results for the quarter ended 30th June, 2020 have been subjected to a "Limited Review" by the statutory auditors of the Bank.

11. Previous period figures have been regrouped and reclassified, where necessary, to make them comparable with current period figures.

Axis Bank Limited Group
Segmental Results

(₹ in lacs)

		FOR THE QUARTER ENDED 30.06.2020	FOR THE QUARTER ENDED 31.03.2020	FOR THE QUARTER ENDED 30.06.2019	FOR THE YEAR ENDED 31.03.2020
		(Unaudited)	(Audited refer note 4)	(Unaudited)	(Audited)
1	**Segment Revenue**				
A	Treasury	5,411.67	5,021.50	6,463.86	23,166.66
B	Corporate/Wholesale Banking	7,174.71	7,977.11	7,418.40	30,297.73
C	Retail Banking	15,519.52	16,277.99	14,314.58	61,491.25
D	Other Banking Business	338.65	553.40	342.63	1,762.70
E	Unallocated	-	-	-	-
	Total	**28,444.55**	**29,830.00**	**28,539.47**	**1,16,718.34**
	Less : Inter segment revenue	8,982.78	9,043.77	9,130.38	36,660.67
	Income from Operations	**19,461.77**	**20,786.23**	**19,409.09**	**80,057.67**
2	**Segment Results After Provisions & Before Tax**				
A	Treasury	602.47	(966.34)	1,175.33	1,553.27
B	Corporate/Wholesale Banking	(1,092.49)	(33.46)	(499.51)	(507.82)
C	Retail Banking	1,740.26	740.13	1,143.92	4,948.97
D	Other Banking Business	208.21	384.37	206.24	1,167.90
E	Unallocated	-	(1,882.28)	-	(1,882.28)
	Total Profit Before Tax	**1,458.45**	**(1,757.58)**	**2,025.98**	**5,280.04**
3	**Segment Assets**				
A	Treasury	3,10,904.73	3,18,397.82	2,54,254.18	3,18,397.82
B	Corporate/Wholesale Banking	2,65,736.13	2,70,594.74	2,41,841.97	2,70,594.74
C	Retail Banking	3,22,634.74	3,29,047.96	2,80,844.98	3,29,047.96
D	Other Banking Business	715.01	803.57	559.75	803.57
E	Unallocated	9,055.46	9,027.72	9,460.02	9,027.72
	Total	**9,09,046.07**	**9,27,871.81**	**7,86,960.90**	**9,27,871.81**
4	**Segment Liabilities**				
A	Treasury	2,66,717.96	2,93,396.41	2,53,266.72	2,93,396.41
B	Corporate/Wholesale Banking	1,25,896.58	1,39,537.68	1,14,511.79	1,39,537.68
C	Retail Banking	4,26,768.56	4,06,283.36	3,46,608.34	4,06,283.36
D	Other Banking Business	136.75	214.92	149.90	214.92
E	Unallocated	2,073.30	2,099.01	222.57	2,099.01
	Total	**8,21,593.15**	**8,41,531.38**	**7,14,759.32**	**8,41,531.38**
5	**Capital and Other Reserves**	**87,452.92**	**86,340.43**	**72,201.58**	**86,340.43**
6	**Total (4 + 5)**	**9,09,046.07**	**9,27,871.81**	**7,86,960.90**	**9,27,871.81**

Note: Previous period figures have been regrouped and reclassified, where necessary, to make them comparable with current period figures.

For and on behalf of the Board

AMITABH CHAUDHRY
MD & CEO

Place: Mumbai
Date: 21st July, 2020

www.axisbank.com

INDEPENDENT AUDITOR'S REPORT

To the Members of Axis Bank Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of **Axis Bank Limited** ("the Bank"), which comprise the Standalone Balance Sheet as at March 31, 2020, the Standalone Profit and Loss Account and the Standalone Cash Flow Statement for the year then ended and notes to the standalone financial statements including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Banking Regulation Act, 1949 as well as the Companies Act, 2013 ("the Act") in the manner so required for banking companies and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Bank as at March 31, 2020, its profit and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Bank in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and Rules thereunder and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

Key Audit Matters

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

Sr. No.	Key audit matters	How our audit addressed the key audit matter
1.	**Information Technology (IT) Controls Framework** The Bank has a complex IT architecture to support its day to day business operations. The volume of transactions processed and recorded is huge. Moreover, a transaction may be required to be recorded across multiple applications depending upon the process	IT audit specialists are an integral part of our engagement team. Our approach of testing IT General Controls (ITGC) and IT Application Controls (ITAC) is risk based and business centric. As part of our IT controls testing, we have tested ITGC as well as ITAC. The focus of testing of ITGCs was based on the various parameters such

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Haribhakti & Co. LLP, Chartered Accountants Regn. No. AAC- 3768, a limited liability partnership registered in India (converted on 17th June, 2014 from firm Haribhakti & Co. FRN: 103523W)
Registered office: 705, Leela Business Park, Andheri-Kurla Road, Andheri (E), Mumbai - 400 059, India. Tel:+91 22 6672 9999 Fax:+91 22 6672 9777
Other offices: Ahmedabad, Bengaluru, Chennai, Hyderabad, Kolkata, New Delhi, Pune.

	and each application has different rules and a different set of user access and authority matrix. These applications are interlinked using different technologies so that data transfer happens in real time or at a particular time of the day; in batches or at a transaction level and in an automated manner or manually. The Core Banking Solution (CBS) itself has many interfaces. All these data streams directly affect the financial accounting and reporting process of the Bank. The Bank has a process for identifying the applications where the controls are embedded. It also has a process to ensure that systems, processes and controls remain relevant. The Bank's IT control framework includes automated, semi-automated and manual controls designed to address identified risks. IT controls are stated in Entity Level Controls (ELC), IT General Controls (ITGC) and IT Application Controls (ITAC). We have identified IT Controls Framework as a Key Audit Matter as the Bank's business is highly dependent on technology, the IT environment is complex and the design and operating effectiveness of IT controls have a direct impact on its financial reporting process. Review of these controls allows us to provide assurance on the integrity and completeness of data processed through various IT applications which are used for the preparation of financial reports.	as Completeness, Validity, Identification, Authentication Authorization, Integrity and Accountability. On the other hand, focus of testing automated controls from applications was whether the controls prevent or detect unauthorized transactions and support financial objectives including completeness, accuracy, authorization and validity of transactions. We gathered a comprehensive understanding of IT applications landscape implemented at the Bank. It was followed by process understanding, mapping of applications to the same and understanding financial risks posed by people-process and technology. In ITGC testing we reviewed, on sample basis, control areas such as User Management, Change Management, Systems Security, Incident Management, Physical & Environmental Security, Backup and Restoration, Business Continuity and Disaster Recovery, Service Level Agreement. For ITAC, we carried out on sample basis, compliance tests of system functionality in order to assess the accuracy of system calculations. We also carried out procedures such as validations and limit checks on data entered into applications, approvals, process dependencies and restriction on time period in which transactions may be recorded. We tested the control environment using various techniques such as inquiry, review of documentation/record/reports, observation and re-performance. We also tested few controls using negative testing technique. We had taken adequate samples of instances for our tests. Wherever deviations were noted either the same were explained to our satisfaction or we tested compensating controls and performed alternate procedures, where necessary, to draw comfort.
2.	**Classification, Provisioning and Write off of Advances** *(Refer note 5.2 of schedule 17 and note 1.2, 2.1.1 and 2.1.5 of schedule 18 to the standalone financial statements)* The Bank's portfolio of advances to customers amounts to Rs 571,424.16 crores as at March 31, 2020 comprising of wholesale banking and Retail banking customer. As required under Income Recognition, Asset Classification and provisioning norms (IRAC norms), guidelines on COVID 19 related Regulatory Package dated March 27, 2020 and April 17, 2020 issued by the Reserve Bank of India (the	Our audit procedures included, but were not limited to the following: *Provisions for Corporate advances against specific individual loans (Wholesale banking customer)* 1. Tested the key controls over borrower risk grading for wholesale loans (larger customer exposures that are monitored individually) for classification of such loans as performing or non-performing advances. • Tested on sample basis, the approval of new lending facilities against the Bank's credit policies, the performance of annual loan assessments, and controls over the monitoring of credit quality.

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Continuation Sheet

	"RBI") ('Regulatory Package') and other circulars, notifications and directives issued by the RBI, the Bank classifies advances into performing and non-performing advances which consists of Standard, Sub-standard, Doubtful and Loss and makes appropriate provisions. The Bank, as per its governing framework, identifies standard advances which require higher provision based on its evaluation of risk and internal ratings. The Bank also makes provisions against identified categories of non-fund based facilities, basis the internal assessment and evaluation. The Bank identifies sectors wherein the Bank perceives stress and makes higher provisions. The Bank also identifies accounts which are to be technically written off based on the framework approved by the Bank's Board of Directors. The classification, provisioning and write off of advances is a Key Audit Matter as the Bank has significant credit risk exposure to a large number of borrowers across a wide range of borrowers, products, industries and geographies and there is a high degree of complexity, uncertainty and judgment involved in recoverability of advances, estimation of provisions thereon and identification of accounts to be written off. The same resulted in significant audit efforts to address the risks around loan recoverability and the determination of related provisions and write off.	• Assessed the process for classification by the Management including identification of non-performing assets. • Tested loans on sample basis to form our own assessment as to whether impairment events had occurred and to assess whether impairments had been identified in a timely manner. • For the selected non-performing loans, assessed Management's forecast and inputs of recoverable cash flows, comments of auditor on the financial statements, valuation of underlying security and collaterals, estimates of recoverable amounts on default and other sources of repayment. • Holding specific discussions with the credit and risk departments to ascertain if there were indicators of stress or an occurrence of an event of default in a particular loan account or any product category which need to be considered as NPA. This included testing controls over the identification of exposures showing signs of stress, either due to internal factors specific to the borrower or external macroeconomic factors, and testing the timeliness of and the accuracy of risk assessments and risk grading against the requirements of the Bank's lending policies and RBI IRAC norms. 2. Performed credit assessments of a sample of corporate loans managed by a specialized group assessed as high risk or impaired, focusing on larger exposures assessed by the Bank as showing signs of deterioration, or in areas of emerging risk (assessed against external market conditions). We reviewed the Bank's risk grading of the loan, their assessment of loan recoverability and the impact on the credit provision. To do this, we used the information on the Borrowers loan file, discussed the case with the concerned officials and senior management, and performed our own assessment of recoverability. *Provisions for Retail advances against specific individual loans (Retail banking customer)* a. For retail loans (smaller customer exposures not monitored individually), tested controls over the systems which record lending arrears, delinquency buckets based on the number of days loans are overdue, and calculate individual provisions. b. Tested automated calculation and change Management controls and evaluated the Bank's oversight of the portfolios, with a

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		focus on controls over delinquency statistics monitoring. c. Tested on sample basis the level of provisions held against different loan products based on the delinquency profile and assumptions made in respect of expected recoveries, primarily from collateral held. We also carried out extensive data analytics procedures to identify exceptions and outliers. *Provisions estimated across loan portfolios (collective provision)* 1. Tested the Bank's processes for making collective provision; 2. Reviewed the Policy for higher provision for weak standard advances and stressed sectors adopted by the Bank; 3. Reviewed the Policy for provision on non-fund facilities adopted by the Bank; 4. Validated the parameters used to calculate collective provisions with reference to IRAC norms, internal policy on higher provisions on weak standard advances, provisions on non-fund facilities; 5. Tested the completeness and accuracy of data transferred from underlying source systems used for computing collective provision; 6. Re-performed, for a sample of retail and wholesale portfolios, the calculation of collective provisions, to determine the accuracy of the same; 7. Reviewed the Bank's process for granting moratorium to borrowers as per the Regulatory Package announced by RBI. We tested the completeness and accuracy of data used for computing general provision in line with Regulatory package issued by RBI. With respect to additional provision made by the Bank on account of the impact of Covid-19 pandemic, we broadly reviewed the underlying assumptions and estimates used by the management for the same but as the extent of impact is dependent on future developments which are highly uncertain, we primarily relied on those assumptions and estimates. These assumptions and estimates are a subject matter of periodic review by the Bank. *Technical write off across loan portfolios* The Bank has adopted a framework for technical write off. We reviewed the framework and understood the process for identification of loan portfolios to be technically written off. We tested on sample basis, the accounts identified during the year to be written off for compliance with the aforesaid framework.

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		Disclosure We assessed the appropriateness and adequacy of disclosures against the relevant RBI requirements relating to NPAs including the additional disclosures required to be made in accordance with the Regulatory Package.

Emphasis of Matter

We draw attention to Note 1.2 of Schedule 18 to the standalone financial statements which explains that the extent to which COVID-19 pandemic will impact the financial statements, is dependent on future developments, which are highly uncertain.

Our opinion is not modified in respect of this matter.

Other Information

The Bank's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' Report and Management Discussion and Analysis forming part of the Annual Report, but does not include the standalone financial statements, consolidated financial statements and our auditor's report thereon and the Pillar III Disclosures under the New Capital Adequacy Framework (Basel III disclosures). The other information is expected to be made available to us after the date of this report.

Our opinion on the standalone financial statements does not cover the other information and the Basel III disclosures and accordingly, we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

The Bank's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, read with the relevant rules issued thereunder, provision of Section 29 of the Banking Regulation Act, 1949 and the circulars, guidelines and directions issued by Reserve Bank of India ("RBI") from time to time. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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In preparing the standalone financial statements, Management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this standalone financial statements. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Bank has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made in the standalone financial statements by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with the relevant ethical requirements regarding independence, and to communicate with them all

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relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

(1) The standalone Balance Sheet and the Standalone Profit and Loss Account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 read with Section 133 of the Act read with relevant rules issued thereunder.

(2) As required under Section 143 (3) of the Act and Section 30 (3) of the Banking Regulation Act, 1949, we report that:

a. We have sought and obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory;

b. In our opinion, the transactions of the Bank, which have come to our notice, have been within the powers of the Bank;

c. The financial accounting systems of the Bank are centralized and therefore, accounting returns for the purpose of preparing financial statements are not required to be submitted by the branches; we have visited 129 branches for the purpose of our audit.

d. In our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books;

e. The standalone Balance Sheet, the standalone Profit and Loss Account and the standalone Cash Flow Statement dealt with by this report are in agreement with the books of account;

f. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards prescribed under Section 133 of the Act read with relevant rules issued thereunder to the extent they are not inconsistent with the accounting policies prescribed by RBI;

g. On the basis of the written representations received from the directors as on March 31, 2020, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act;

h. With respect to the adequacy of the internal financial controls with reference to financial statements of the Bank and the operating effectiveness of such controls, refer to our separate report in "Annexure";

i. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act;

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In our opinion and to the best of our information and according to the explanations given to us, requirements prescribed under Section 197 of the Act is not applicable by virtue of Section 35B (2A) of the Banking Regulation Act, 1949.

j. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Bank has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Schedule 12 read with note 2.2.16 of Schedule 18 - Contingent Liabilities to the standalone financial statements;

   ii. The Bank has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer schedule 5 read with note 2.2.16 of Schedule 18 to the standalone financial statements in respect of such items as it relates to the Bank; and

   iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Bank.

For Haribhakti & Co. LLP

Chartered Accountants

ICAI Firm Registration No.103523W / W100048

HARIBHAKTI & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

Purushottam Nyati

Partner

Membership No. 118970

UDIN No. 20118970AAAABJ7471

Place: Mumbai

Date: April 28, 2020

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 2(h) under 'Report on Other Legal and Regulatory Requirements' section in our Independent Auditor's Report of even date to the members of **Axis Bank Limited** on the Standalone financial statements for the year ended March 31, 2020]

Report on the Internal Financial Controls with reference to Financial Statements under clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to financial statements of Axis Bank Limited ("the Bank") as of March 31, 2020 in conjunction with our audit of the standalone financial statements of the Bank for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Bank's management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Bank's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Bank's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing specified under Section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness.

Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal controls based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Bank's internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with reference to Financial Statements

A Bank's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Bank's internal financial control with reference to financial statements includes those policies and

HARIBHAKTI & CO. LLP. MUMBAI CHARTERED ACCOUNTANTS procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Bank; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with the generally accepted accounting principles, and that receipts and expenditures of the Bank are being made only in accordance with authorisations of the management and directors of the Bank; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Bank's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Bank has, in all material respects, adequate internal financial controls with reference to the financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2020, based on the internal control with reference to financial statements criteria established by the Bank considering the essential components of internal controls stated in the Guidance Note issued by the ICAI.

For Haribhakti & Co. LLP

Chartered Accountants

ICAI Firm Registration No.103523W/W100048

HARIBHAKTI & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

Purushottam Nyati

Partner

Membership No. 118970

UDIN No. 20118970AAAABJ7471

Place: Mumbai

Date: April 28, 2020

Continuation Sheet

Balance Sheet

As at 31 March, 2020

(₹ in Thousands)

	Schedule No.	As at 31-03-2020	As at 31-03-2019
Capital and Liabilities			
Capital	1	5,643,356	5,143,290
Reserves & Surplus	2	843,835,072	661,619,666
Deposits	3	6,401,049,373	5,484,713,409
Borrowings	4	1,479,541,330	1,527,757,792
Other Liabilities and Provisions	5	421,579,030	330,731,159
Total		**9,151,648,161**	**8,009,965,316**
Assets			
Cash and Balances with Reserve Bank of India	6	849,592,391	350,990,339
Balances with Banks and Money at Call and Short Notice	7	123,090,412	321,056,014
Investments	8	1,567,343,203	1,749,692,759
Advances	9	5,714,241,564	4,947,979,721
Fixed Assets	10	43,128,970	40,366,358
Other Assets	11	854,251,621	599,880,125
Total		**9,151,648,161**	**8,009,965,316**
Contingent Liabilities	12	9,229,687,554	7,557,652,685
Bills for Collection		478,427,586	519,728,573
Significant Accounting Policies and Notes to Accounts	17 & 18		

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

In terms of our report attached.

For Haribhakti & Co. LLP
Chartered Accountants
Firm Registration No.: 103523W/W100048

Purushottam Nyati
Partner
Membership No.: 118970

Date : 28 April, 2020
Place : Mumbai

For Axis Bank Ltd.

Rakesh Makhija
Chairman

S. Vishvanathan
Director

Girish Paranjpe
Director

B. Babu Rao
Director

Amitabh Chaudhry
Managing Director & CEO

Girish V. Koliyote
Company Secretary

Puneet Sharma
Chief Financial Officer

Profit & Loss Account

For the year ended 31 March, 2020

(₹ in Thousands)

		Schedule No.	Year ended 31-03-2020	Year ended 31-03-2019
I	**Income**			
	Interest earned	13	626,351,574	549,857,707
	Other income	14	155,365,607	131,303,394
	Total		**781,717,181**	**681,161,101**
II	**Expenditure**			
	Interest expended	15	374,289,538	332,775,970
	Operating expenses	16	173,046,243	158,334,077
	Provisions and contingencies	18 (2.1.1)	218,109,246	143,284,971
	Total		**765,445,027**	**634,395,018**
III	**Net Profit for the year (I - II)**		16,272,154	46,766,083
	Balance in Profit & Loss Account brought forward from previous year		243,229,953	230,430,518
IV	**Amount Available for Appropriation**		259,502,107	277,196,601
V	**Appropriations:**			
	Transfer to Statutory Reserve		4,068,038	11,691,521
	Transfer to/(from) Investment Reserve		-	(1,034,894)
	Transfer to Capital Reserve	18 (2.2.1)	3,405,245	1,250,935
	Transfer to Reserve Fund	18 (2.2.3)	8,502	6,280
	Transfer to Investment Fluctuation Reserve	18 (2.2.2)	3,280,000	6,000,000
	Dividend paid (includes tax on dividend)	18 (2.2.6)	2,888,581	-
	Balance in Profit & Loss Account carried forward		245,851,741	259,282,759
	Total		**259,502,107**	**277,196,601**
VI	**Earnings per Equity Share**	18 (2.2.4)		
	(Face value ₹2/- per share)			
	Basic (in ₹)		5.99	18.20
	Diluted (in ₹)		5.97	18.09
	Significant Accounting Policies and Notes to Accounts	17 & 18		

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

In terms of our report attached.

For Axis Bank Ltd.

For Haribhakti & Co. LLP
Chartered Accountants
Firm Registration No.: 103523W/W100048

Rakesh Makhija
Chairman

Purushottam Nyati
Partner
Membership No.: 118970

S. Vishvanathan
Director

Girish Paranjpe
Director

B. Babu Rao
Director

Amitabh Chaudhry
Managing Director & CEO

Date : 28 April, 2020
Place : Mumbai

Girish V. Koliyote
Company Secretary

Puneet Sharma
Chief Financial Officer

Cash Flow Statement

For the year ended 31 March, 2020

(₹ in Thousands)

	Year ended 31-03-2020	Year ended 31-03-2019
Cash flow from operating activities		
Net profit before taxes	49,042,266	69,740,881
Adjustments for:		
Depreciation on fixed assets	7,729,508	7,097,249
Depreciation on investments	1,359,912	3,000,160
Amortisation of premium on Held to Maturity investments	3,538,847	3,207,410
Provision for Non Performing Assets (including bad debts)	127,555,268	102,214,828
Provision on standard assets	14,513,249	8,097,890
Provision on unhedged foreign currency exposure	(106,800)	187,900
Profit/(loss) on sale of land, buildings and other assets (net)	44,813	229,014
Provision for country risk	121,721	-
Provision for restructured assets/strategic debt restructuring/sustainable structuring	(154,980)	(196,572)
Provision for other contingencies	42,050,763	7,005,966
Dividend from Subsidiaries	(2,402,561)	(1,311,000)
	243,292,006	**199,273,726**
Adjustments for:		
(Increase)/Decrease in investments	242,642,832	(40,070,291)
(Increase)/Decrease in advances	(869,492,216)	(649,869,997)
Increase /(Decrease) in deposits	916,335,964	948,486,186
(Increase)/Decrease in other assets	(257,994,454)	(106,579,694)
Increase/(Decrease) in other liabilities & provisions	49,702,444	52,991,110
Direct taxes paid	(28,353,805)	(28,561,806)
Net cash flow from operating activities	**296,132,771**	**375,669,234**
Cash flow from investing activities		
Purchase of fixed assets	(10,719,744)	(8,316,648)
(Increase)/Decrease in Held to Maturity investments	(89,455,847)	(178,957,069)
Increase in Investment in Subsidiaries	(67,000)	(1,934,115)
Proceeds from sale of fixed assets	169,658	531,616
Dividend from Subsidiaries	2,402,561	1,311,000
Net cash used in investing activities	**(97,670,372)**	**(187,365,216)**

(₹ in Thousands)

	Year ended 31-03-2020	Year ended 31-03-2019
Cash flow from financing activities		
Proceeds/(Repayment) from issue of subordinated debt, perpetual debt & upper Tier II instruments (net)	(20,000,000)	(17,000,000)
Increase/(Decrease) in borrowings (excluding subordinated debt, perpetual debt & upper Tier II instruments) (net)	(28,216,462)	64,596,346
Proceeds from issue of share capital	500,066	10,212
Proceeds from share premium (net of share issue expenses)	151,784,664	1,706,853
Payment of dividend (including dividend distribution tax)	(2,888,581)	-
Net cash generated from financing activities	**101,179,687**	**49,313,411**
Effect of exchange fluctuation translation reserve	994,364	(119,982)
Net increase in cash and cash equivalents	300,636,450	237,497,447
Cash and cash equivalents at the beginning of the year	672,046,353	434,548,906
Cash and cash equivalents at the end of the year	**972,682,803**	**672,046,353**
Notes to the Cash Flow Statement:		
1. Cash and cash equivalents includes the following		
Cash and Balances with Reserve Bank of India (Refer Schedule 6)	849,592,391	350,990,339
Balances with Banks and Money at Call and Short Notice (Refer Schedule 7)	123,090,412	321,056,014
Cash and cash equivalents at the end of the year	**972,682,803**	**672,046,353**
2. Amount of Corporate Social Responsibility related expenses spent during the year in cash ₹95.61 crores (previous year ₹137.02 crores)		

In terms of our report attached.

For Axis Bank Ltd.

For Haribhakti & Co. LLP
Chartered Accountants
Firm Registration No.: 103523W/W100048

Rakesh Makhija
Chairman

Purushottam Nyati
Partner
Membership No.: 118970

S. Vishvanathan
Director

Girish Paranjpe
Director

B. Babu Rao
Director

Amitabh Chaudhry
Managing Director & CEO

Date : 28 April, 2020
Place : Mumbai

Girish V. Koliyote
Company Secretary

Puneet Sharma
Chief Financial Officer

Schedules forming part of the Balance Sheet

As at 31 March, 2020

Schedule 1 - Capital

(₹ in Thousands)

	As at 31-03-2020	As at 31-03-2019
Authorised Capital		
4,250,000,000 (Previous year - 4,250,000,000) Equity Shares of ₹2/- each	8,500,000	8,500,000
Issued, Subscribed and Paid-up capital		
2,821,677,934 (Previous year - 2,571,644,871) Equity Shares of ₹2/- each fully paid-up	5,643,356	5,143,290

Schedule 2 - Reserves and Surplus

(₹ in Thousands)

	As at 31-03-2020	As at 31-03-2019
I. Statutory Reserve		
Opening Balance	127,451,247	115,759,726
Additions during the year	4,068,038	11,691,521
	131,519,285	**127,451,247**
II. Share Premium Account		
Opening Balance	259,597,373	257,890,520
Additions during the year	152,488,174	1,706,853
Less: Share issue expenses	(703,510)	-
	411,382,037	**259,597,373**
III. Investment Reserve Account		
Opening Balance	-	1,034,894
Additions during the year	-	-
Deductions during the year	-	(1,034,894)
	-	-
IV. General Reserve		
Opening Balance	3,543,100	3,543,100
Additions during the year	-	-
	3,543,100	**3,543,100**
V. Capital Reserve		
Opening Balance	20,923,889	19,672,954
Additions during the year [Refer Schedule 18 (2.2.1)]	3,405,245	1,250,935
	24,329,134	**20,923,889**
VI. Foreign Currency Translation Reserve [Refer Schedule 17 (5.6)]		
Opening Balance	792,850	912,832
Additions during the year	994,363	-
Deductions during the year	-	(119,982)
	1,787,213	**792,850**
VII. Reserve Fund		
Opening Balance	81,254	74,974
Additions during the year [Refer Schedule 18 (2.2.3)]	8,502	6,280
	89,756	**81,254**
VIII. Investment Fluctuation Reserve		
Opening Balance	6,000,000	-
Additions during the year [Refer Schedule 18 (2.2.2)]	3,280,000	6,000,000
	9,280,000	**6,000,000**
IX. Balance in Profit & Loss Account brought forward	245,851,741	259,282,759
Adjustments during the year*	16,052,806	(16,052,806)
Balance in Profit & Loss Account	**261,904,547**	**243,229,953**
Total	**843,835,072**	**661,619,666**

*During the previous year ended 31 March, 2019, the Bank had made a provision amounting to ₹1,605.28 crores towards Land held as non-banking asset through the reserves and surplus, as permitted by RBI. During the year ended 31 March, 2020, the said provision has been recognised as part of provisions & contingencies in the profit and loss account with consequential reversal in the reserves and surplus, as advised by RBI. [Refer Schedule 18 (2.1.43)]

Schedule 3 - Deposits

(₹ in Thousands)

				As at 31-03-2020	As at 31-03-2019
A.	I.	Demand Deposits			
		(i)	From banks	38,888,253	47,219,608
		(ii)	From others	862,256,063	845,433,682
	II.	Savings Bank Deposits		1,735,916,234	1,541,288,064
	III.	Term Deposits			
		(i)	From banks	343,218,323	232,371,412
		(ii)	From others	3,420,770,500	2,818,400,643
		Total		**6,401,049,373**	**5,484,713,409**
B.	I.	Deposits of branches in India		6,357,696,472	5,466,197,810
	II.	Deposits of branches outside India		43,352,901	18,515,599
		Total		**6,401,049,373**	**5,484,713,409**

Schedule 4 - Borrowings

(₹ in Thousands)

			As at 31-03-2020	As at 31-03-2019
I.	Borrowings in India			
	(i)	Reserve Bank of India	116,190,000	144,000,000
	(ii)	Other banks #	650,000	2,785,000
	(iii)	Other institutions & agencies **	808,092,100	683,583,472
II.	Borrowings outside India		554,609,230	697,389,320
	Total		**1,479,541,330**	**1,527,757,792**
	Secured borrowings included in I & II above		119,035,398	144,000,000

Borrowings from other banks include Subordinated Debt of ₹15.00 crores (previous year ₹35.00 crores) in the nature of Non-Convertible Debentures and Perpetual Debt of Nil (previous year ₹50.00 crores) [Also refer Note 18 (2.1.2)]

** Borrowings from other institutions & agencies include Subordinated Debt of ₹17,490.00 crores (previous year ₹19,470.00 crores) in the nature of Non-Convertible Debentures and Perpetual Debt of ₹7,000.00 crores (previous year ₹6,950.00 crores) [Also refer Note 18 (2.1.2)]

Schedule 5 - Other Liabilities and Provisions

(₹ in Thousands)

		As at 31-03-2020	As at 31-03-2019
I.	Bills payable	36,897,894	37,854,366
II.	Inter-office adjustments (net)	-	-
III.	Interest accrued	31,008,096	45,522,438
IV.	Proposed dividend (includes tax on dividend) [Refer Schedule 17 (5.20) and Schedule 18 (2.2.6)]	-	-
V.	Contingent provision against standard assets [Refer Schedule 18 (2.1.8)]	45,197,371	30,404,383
VI.	Others (including provisions)	308,475,669	216,949,972
	Total	**421,579,030**	**330,731,159**

Schedule 6 - Cash and Balances with Reserve Bank of India

(₹ in Thousands)

			As at 31-03-2020	As at 31-03-2019
I.	Cash in hand (including foreign currency notes)		79,878,972	42,132,147
II.	Balances with Reserve Bank of India			
	(i)	in Current Account	209,713,419	263,858,192
	(ii)	in Other Accounts	560,000,000	45,000,000
	Total		**849,592,391**	**350,990,339**

Schedule 7 - Balances with Banks and Money at Call and Short Notice

(₹ in Thousands)

	As at 31-03-2020	As at 31-03-2019
I. In India		
(i) Balance with Banks		
(a) in Current Accounts	605,423	2,419,842
(b) in Other Deposit Accounts	25,668,577	31,712,577
(ii) Money at Call and Short Notice		
(a) With banks	-	-
(b) With other institutions	-	191,610,699
Total	**26,274,000**	**225,743,118**
II. Outside India		
(i) in Current Accounts	42,990,128	42,478,364
(ii) in Other Deposit Accounts	725,119	5,177,257
(iii) Money at Call & Short Notice	53,101,165	47,657,275
Total	**96,816,412**	**95,312,896**
Grand Total (I+II)	**123,090,412**	**321,056,014**

Schedule 8 - Investments

(₹ in Thousands)

	As at 31-03-2020	As at 31-03-2019
I. Investments in India in -		
(i) Government Securities ##	1,219,180,739	1,168,229,051
(ii) Other approved securities	-	-
(iii) Shares	11,552,354	9,594,584
(iv) Debentures and Bonds	205,529,143	392,845,209
(v) Investment in Subsidiaries/Joint Ventures	18,094,821	18,027,821
(vi) Others (Mutual Fund units, CD/CP, PTC etc.)	59,704,124	112,641,005
Total Investments in India	**1,514,061,181**	**1,701,337,670**
II. Investments outside India in -		
(i) Government Securities (including local authorities)	40,634,795	34,164,807
(ii) Subsidiaries and/or joint ventures abroad	4,833,428	4,833,428
(iii) Others (Equity Shares and Bonds)	7,813,799	9,356,854
Total Investments outside India	**53,282,022**	**48,355,089**
Grand Total (I+II)	**1,567,343,203**	**1,749,692,759**

Includes securities costing ₹34,501.78 crores (previous year ₹29,283.94 crores) pledged for availment of fund transfer facility, clearing facility and margin requirements

Schedule 9 - Advances

(₹ in Thousands)

	As at 31-03-2020	As at 31-03-2019
A. (i) Bills purchased and discounted	145,282,883	155,366,966
(ii) Cash credits, overdrafts and loans repayable on demand	1,578,453,784	1,503,567,259
(iii) Term loans #	3,990,504,897	3,289,045,496
Total	**5,714,241,564**	**4,947,979,721**
B. (i) Secured by tangible assets $	4,127,706,073	3,535,163,307
(ii) Covered by Bank/Government Guarantees &&	17,284,147	33,887,710
(iii) Unsecured	1,569,251,344	1,378,928,704
Total	**5,714,241,564**	**4,947,979,721**

(₹ in Thousands)

		As at 31-03-2020	As at 31-03-2019
C. I.	Advances in India		
	(i) Priority Sector	1,438,593,307	1,188,930,411
	(ii) Public Sector	134,270,813	65,894,406
	(iii) Banks	21,809,078	43,110,224
	(iv) Others	3,673,182,725	3,268,892,314
	Total	**5,267,855,923**	**4,566,827,355**
II.	Advances Outside India		
	(i) Due from banks	25,828,342	20,815,655
	(ii) Due from others -		
	(a) Bills purchased and discounted	28,288,691	23,843,213
	(b) Syndicated loans	26,001,299	47,840,704
	(c) Others	366,267,309	288,652,794
	Total	**446,385,641**	**381,152,366**
	Grand Total (CI+CII)	**5,714,241,564**	**4,947,979,721**

Net of borrowings under Inter Bank Participation Certificate (IBPC) ₹1,500.00 crores (previous year ₹2,750.00 crores), includes lending under IBPC ₹2,900.10 crores (previous year ₹3,529.50 crores)

$ Includes advances against book debts

&& Includes advances against L/Cs issued by other banks

Schedule 10 - Fixed Assets

(₹ in Thousands)

		As at 31-03-2020	As at 31-03-2019
I.	**Premises**		
	Gross Block		
	At cost at the beginning of the year	17,917,015	18,330,983
	Additions during the year	460,004	169,308
	Deductions during the year	-	(583,276)
	Total	**18,377,019**	**17,917,015**
	Depreciation		
	As at the beginning of the year	1,640,399	1,470,027
	Charge for the year	276,438	292,302
	Deductions during the year	-	(121,930)
	Depreciation to date	1,916,837	1,640,399
	Net Block	**16,460,182**	**16,276,616**
II.	**Other fixed assets (including furniture & fixtures)**		
	Gross Block		
	At cost at the beginning of the year	60,352,942	52,204,387
	Additions during the year*	8,243,588	8,999,163
	Deductions during the year	(972,208)	(850,608)
	Total	**67,624,322**	**60,352,942**
	Depreciation		
	As at the beginning of the year	38,990,122	32,809,459
	Charge for the year	7,453,067	6,804,946
	Deductions during the year	(744,585)	(624,283)
	Depreciation to date	45,698,604	38,990,122
	Net Block	**21,925,718**	**21,362,820**
III.	**CAPITAL WORK-IN-PROGRESS (including capital advances)**	4,743,070	2,726,922
	Grand Total (I+II+III)	**43,128,970**	**40,366,358**

* includes movement on account of exchange rate fluctuation

Schedule 11 - Other Assets

(₹ in Thousands)

		As at 31-03-2020	As at 31-03-2019
I.	Inter-office adjustments (net)	-	-
II.	Interest Accrued	71,528,813	70,941,386
III.	Tax paid in advance/tax deducted at source (net of provisions)	15,353,273	15,911,960
IV.	Stationery and stamps	1,056	3,057
V.	Non banking assets acquired in satisfaction of claims$	-	87,276
VI.	Others #@	767,368,479	512,936,446
	Total	**854,251,621**	**599,880,125**

Includes deferred tax assets of ₹7,254.97 crores (previous year ₹7,640.73 crores) [Refer Schedule 18 (2.2.11)]

@ Includes Priority Sector Shortfall Deposits of ₹46,462.92 crores (previous year ₹28,161.77 crores)

$ Represents balance net of provision of ₹2,068.24 crores on Land held as non-banking asset. (previous year represents balance net of provision of ₹2,208.61 crores on Land held as non-banking asset and provision of ₹2.09 crores on other non banking assets)

Schedule 12 - Contingent Liabilities

(₹ in Thousands)

		As at 31-03-2020	As at 31-03-2019
I.	Claims against the Bank not acknowledged as debts	17,338,059	6,235,275
II.	Liability for partly paid investments	1,387,700	18,000
III.	Liability on account of outstanding forward exchange and derivative contracts:		
	a) Forward Contracts	4,559,787,377	3,296,537,608
	b) Interest Rate Swaps, Currency Swaps, Forward Rate Agreement & Interest Rate Futures	3,015,972,169	2,375,871,342
	c) Foreign Currency Options	451,140,999	464,047,739
	Total (a+b+c)	**8,026,900,545**	**6,136,456,689**
IV.	Guarantees given on behalf of constituents		
	In India	664,796,899	680,528,970
	Outside India	74,340,067	75,358,146
V.	Acceptances, endorsements and other obligations	251,649,846	324,394,652
VI.	Other items for which the Bank is contingently liable	193,274,438	334,660,953
	Grand Total (I+II+III+IV+V+VI) [Refer Schedule 18 (2.2.16)]	**9,229,687,554**	**7,557,652,685**

Schedules forming part of the Profit & Loss Account

For the year ended 31 March, 2020

Schedule 13 - Interest Earned

(₹ in Thousands)

		Year ended 31-03-2020	Year ended 31-03-2019
I.	Interest/discount on advances/bills	483,029,726	413,220,214
II.	Income on investments	112,460,254	113,490,713
III.	Interest on balances with Reserve Bank of India and other inter-bank funds	10,952,634	6,933,458
IV.	Others	19,908,960	16,213,322
	Total	**626,351,574**	**549,857,707**

Schedule 14 - Other Income

(₹ in Thousands)

		Year ended 31-03-2020	Year ended 31-03-2019
I.	Commission, exchange and brokerage	96,919,415	88,536,507
II.	Profit/(Loss) on sale of investments (net) [Refer Schedule 18(2.2.1)]	21,723,011	7,581,014
III.	Profit/(Loss) on sale of land, buildings and other assets (net)*	(44,813)	(229,013)
IV.	Profit on exchange/derivative transactions (net)	15,744,570	14,867,360
V.	Income earned by way of dividends etc. from subsidiaries/companies and/or joint venture abroad/in India	2,402,561	1,311,000
VI.	Miscellaneous Income	18,620,863	19,236,526
	[including recoveries on account of advances/investments written off in earlier years ₹1,552.99 crores (previous year ₹1,867.45 crores) and net profit on account of portfolio sell downs/ securitisation ₹25.50 crores (previous year net profit of ₹7.96 crores)]		
	Total	**155,365,607**	131,303,394

*includes provision for diminution in value of fixed assets

Schedule 15 - Interest Expended

(₹ in Thousands)

		Year ended 31-03-2020	Year ended 31-03-2019
I.	Interest on deposits	293,690,561	237,075,125
II.	Interest on Reserve Bank of India/Inter-bank borrowings	19,988,994	29,543,171
III.	Others	60,609,983	66,157,674
	Total	**374,289,538**	**332,775,970**

Schedule 16 - Operating Expenses

(₹ in Thousands)

		Year ended 31-03-2020	Year ended 31-03-2019
I.	Payments to and provisions for employees	53,210,007	47,473,218
II.	Rent, taxes and lighting	11,361,948	10,468,677
III.	Printing and stationery	1,629,184	1,951,435
IV.	Advertisement and publicity	1,125,564	1,018,137
V.	Depreciation on bank's property	7,729,508	7,097,249
VI.	Directors' fees, allowance and expenses	20,709	27,553
VII.	Auditors' fees and expenses	19,207	14,616
VIII.	Law charges	1,236,169	1,175,771
IX.	Postage, telegrams, telephones etc.	2,739,490	2,962,177
X.	Repairs and maintenance	11,429,098	10,549,779
XI.	Insurance	7,510,955	6,003,052
XII.	Other expenditure	75,034,404	69,592,413
	Total	**173,046,243**	**158,334,077**

17 Significant Accounting Policies

For the year ended 31 March, 2020

1 Background

Axis Bank Limited ('the Bank') was incorporated in 1993 and provides a complete suite of banking and financial services including retail banking, wholesale banking and treasury operations. The Bank is primarily governed by the Banking Regulation Act, 1949. The Bank has overseas branches at Singapore, Hong Kong, DIFC - Dubai, Shanghai and Colombo and an Offshore Banking Unit at International Financial Service Centre (IFSC), Gujarat International Finance Tec-City (GIFT City), Gandhinagar, India.

2 Basis of preparation

The standalone financial statements ('financial statements') have been prepared and presented under the historical cost convention on the accrual basis of accounting in accordance with the generally accepted accounting principles in India, unless otherwise stated by the Reserve Bank of India ('RBI'), to comply with the statutory requirements prescribed under the Third Schedule of the Banking Regulation Act, 1949, the circulars, notifications, guidelines and directives issued by RBI from time to time and the Accounting Standards notified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 to the extent applicable and practices generally prevalent in the banking industry in India. Accounting policies applied have been consistent with the previous year except otherwise stated.

3 Use of estimates

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

4 Change in accounting policies/estimates

Provision on Non-Fund based outstanding

During the year, the Bank has adopted a policy of maintaining provision on non-funded outstanding in NPAs, prudentially written off accounts, corporate standard advances rated 'BB and Below' and all SMA-2 advances as reported to CRILC. As a result, the provisions and contingencies for the year are higher by ₹410.52 crores with a consequent reduction to the profit before tax.

5 Significant accounting policies

5.1 Investments

Classification

In accordance with the RBI guidelines, investments are classified at the time of purchase as:

- Held for Trading ('HFT');
- Available for Sale ('AFS'); and
- Held to Maturity ('HTM').

Investments that are held principally for sale within a short period are classified as HFT securities. As per the RBI guidelines, HFT securities, which remain unsold for a period of 90 days are transferred to AFS securities.

Investments that the Bank intends to hold till maturity are classified under the HTM category. Investments in the equity of subsidiaries/joint ventures are categorised as HTM in accordance with the RBI guidelines.

All other investments are classified as AFS securities.

However, for disclosure in the Balance Sheet, investments in India are classified under six categories - Government Securities, Other approved securities, Shares, Debentures and Bonds, Investment in Subsidiaries/Joint Ventures and Others. Investments made outside India are classified under three categories - Government Securities, Subsidiaries and/or Joint Ventures abroad and Others.

All investments are accounted for on settlement date, except investments in equity shares which are accounted for on trade date.

Transfer of security between categories

Transfer of security between categories of investments is accounted as per the RBI guidelines.

Acquisition cost

Costs including brokerage and commission pertaining to investments, paid at the time of acquisition, are charged to the Profit and Loss Account.

Broken period interest is charged to the Profit and Loss Account.

Cost of investments is computed based on the weighted average cost method.

Valuation

Investments classified under the HTM category: Investments are carried at acquisition cost unless it is more than the face value, in which case the premium is amortised over the period remaining to maturity on a constant yield to maturity basis. Such amortization of premium is adjusted against interest income under the head 'Income from Investments' under Schedule 13 in Profit and Loss Account. In terms of RBI guidelines, discount on securities held under HTM category is not accrued and such securities are held at the acquisition cost till maturity.

Investments in subsidiaries/joint ventures are categorised as HTM and assessed for impairment to determine permanent diminution, if any, in accordance with the RBI guidelines and suitable provisions are made.

Investments classified under the AFS and HFT categories: Investments under these categories are marked to market. The market/fair value of quoted investments included in the 'AFS' and 'HFT' categories is the market price of the scrip as available from the trades/quotes on the stock exchanges or prices declared by Primary Dealers Association of India ('PDAI') jointly with Fixed Income Money Market and Derivatives Association of India ('FIMMDA')/Financial Benchmark India Private Limited ('FBIL'), periodically. Net depreciation, if any, within each category of each investment classification is recognised in the Profit and Loss Account. The net appreciation if any, under each category of each investment classification is ignored. The depreciation on securities acquired by way of conversion of outstanding loans is provided in accordance with the RBI guidelines. The book value of individual securities is not changed consequent to the periodic valuation of investments.

Non-performing investments are identified and provision is made thereon as per RBI guidelines. The provision on such non-performing investments is not set off against the appreciation in respect of other performing securities. Interest on non-performing investments is not recognised in the Profit and Loss Account until received.

Treasury Bills, Exchange Funded Bills, Commercial Paper and Certificate of Deposits being discounted instruments, are valued at carrying cost which includes discount amortised over the period to maturity.

Units of mutual funds are valued at the latest repurchase price/net asset value declared by the mutual fund.

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

- The market/fair value of unquoted government securities which are in the nature of Statutory Liquidity Ratio ('SLR') securities included in the AFS and HFT categories is computed as per the rates published by FIMMDA/FBIL.

- In case of special bonds issued by Government of India that do not qualify for SLR, unquoted bonds, debentures, preference shares where interest/dividend is received regularly (i.e. not overdue beyond 90 days), the market price is derived based on the YTM for Government Securities as published by FIMMDA/PDAI/FBIL and suitably marked up for credit risk applicable to the credit rating of the instrument. The matrix for credit risk mark-up for each category and credit ratings along with residual maturity issued by FIMMDA/FBIL is adopted for this purpose.

- In case of bonds & debentures where interest is not received regularly (i.e. overdue beyond 90 days), the valuation is in accordance with prudential norms for provisioning as prescribed by RBI.

- Pass Through Certificates ('PTC') and Priority Sector PTCs are valued as per extant FIMMDA guidelines.

- Equity shares, for which current quotations are not available or where the shares are not quoted on the stock exchanges, are valued at break-up value (without considering revaluation reserves, if any) which is ascertained from the company's latest Balance Sheet. In case the latest Balance Sheet is not available, the shares are valued at ₹1 per company.

- Units of Venture Capital Funds ('VCF') held under AFS category where current quotations are not available are valued based on the latest audited financials of the fund. In case the audited financials are not available for a period beyond 18 months, the investments are valued at ₹1 per VCF. Investment in unquoted VCF after 23 August, 2006 may be categorised under HTM category for the initial period of three years and are valued at cost as per RBI guidelines.

- In case of investments in security receipts on or after 1 April, 2017 which are backed by more than 50 percent of the stressed assets sold by the Bank, provision for depreciation in value is made at the higher of - provisioning rate required in terms of net asset value declared by the Reconstruction Company ('RC')/Securitisation Company ('SC') or the provisioning rate as per the extant asset classification and provisioning norms as applicable to the underlying loans, assuming that the loan notionally continued in the books of the bank. All other investments in security receipts are valued as per the NAV obtained from the issuing RC/SCs.

Disposal of investments

Investments classified under the HTM category: Realised gains are recognised in the Profit and Loss Account and subsequently appropriated to Capital Reserve account (net of taxes and transfer to statutory reserves) in accordance with the RBI guidelines. Losses are recognised in the Profit and Loss Account.

Investments classified under the AFS and HFT categories: Realised gains/losses are recognised in the Profit and Loss Account.

Repurchase and reverse repurchase transactions

Repurchase and reverse repurchase transactions in government securities and corporate debt securities including those conducted under the Liquidity Adjustment Facility ('LAF') and Marginal Standby Facility ('MSF') with RBI are accounted as collateralised borrowing and lending respectively. Accordingly, securities given as collateral under an agreement to repurchase them continue to be held under the investment account and the Bank continues to accrue the coupon/ discount on the security during the repo period. Further, the Bank continues to value the securities sold under repo as per the investment classification of the security. Borrowing cost on repo transactions is accounted as interest expense and revenue on reverse repo transactions is accounted as interest income.

Short Sales

In accordance with the RBI guidelines, the Bank undertakes short sale transactions in Central Government dated securities. The short positions are reflected in 'Securities Short Sold ('SSS') A/c', specifically created for this purpose. Such short positions are categorised under HFT category and netted off from investments in the Balance Sheet. These positions are marked-to-market along with the other securities under HFT portfolio and the resultant mark-to-market gains/losses are accounted for as per the relevant RBI guidelines for valuation of investments discussed earlier.

5.2 Advances

Advances are classified into performing and non-performing advances ('NPAs') as per the RBI guidelines and are stated net of bills rediscounted, inter-bank participation certificates, specific provisions made towards NPAs, interest in suspense for NPAs, claims received from Export Credit Guarantee Corporation, provisions for funded interest on term loan classified as NPAs, provisions in lieu of diminution in the fair value of restructured assets and floating provisions.

NPAs are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by the RBI. Advances held at the overseas branches that are identified as impaired as per host country regulations for reasons other than record of recovery, but which are standard as per the RBI guidelines, are classified as NPAs to the extent of amount outstanding in the host country. Provisions for NPAs are made for sub-standard and doubtful assets at rates as prescribed by the RBI with the exception for agriculture advances and schematic retail advances. In respect of schematic retail advances, provisions are made in terms of a bucket-wise policy upon reaching specified stages of delinquency (90 days or more of delinquency) under each type of loan, which satisfies the RBI prudential norms on provisioning. Provisions in respect of agriculture advances classified into sub-standard and doubtful assets are made at rates which are higher than those prescribed by the RBI. Provisions for advances booked in overseas branches, which are standard as per the RBI guidelines but are classified as NPAs based on host country guidelines, are made as per the host country regulations. In case of NPAs referred to National Company Law Tribunal ('NCLT') under Insolvency and Bankruptcy Code ('IBC') where resolution plan or liquidation order has been approved by NCLT, provision is maintained at higher of the requirement under RBI guidelines or the likely haircut as per resolution plan or liquidation order.

Restructured assets are classified and provided for in accordance with the guidelines issued by RBI from time to time.

Loss assets and unsecured portion of doubtful assets are provided/written off as per the extant RBI guidelines.

Amounts recovered against debts written off are recognised in the Profit and Loss account and included under "Other Income".

In case of EMI based standard retail advances, funds received from customers are appropriated in the order of chronology as towards interest, principal, penal interest and charges. In case of other standard advances, funds received from customers are appropriated in the order of chronology as towards charges, penal interest, interest and principal.

The Bank makes additional provisions as per RBI's guidelines on 'Prudential Framework on Resolution of Stressed Assets' dated 7 June,2019 on accounts in default and with aggregate exposure above the threshold limits as laid down in the said framework where the resolution plan is not implemented within the specified timelines.

In respect of borrowers classified as non-cooperative and wilful defaulters, the Bank makes accelerated provisions as per extant RBI guidelines.

Loans reported as fraud are classified as loss assets, and fully provided immediately without considering the value of security.

For entities with Unhedged Foreign Currency Exposure ('UFCE'), provision is made in accordance with the guidelines issued by RBI, which requires to ascertain the amount of UFCE, estimate the extent of likely loss and estimate the riskiness of unhedged position. This provision is classified under Schedule 5 – Other Liabilities in the Balance Sheet. Further, Incremental capital is maintained in respect of borrower counter parties in the highest risk category, in line with stipulations by RBI.

The Bank maintains provisions for incremental exposure of the banking system to specified borrowers beyond Normally Permitted Lending Limit ('NPLL') in proportion to Bank's funded exposure to the specified borrowers as per RBI guidelines. This provision is classified under Schedule 5 – Other Liabilities in the Balance Sheet.

The Bank maintains a general provision on standard advances at the rates prescribed by RBI other than for corporate standard advances rated 'BB and Below' and all SMA-2 advances as reported to CRILC, where general provision is maintained at rates that are higher than those prescribed by RBI. In case of overseas branches, general provision on standard advances is maintained at the higher of the levels stipulated by the respective overseas regulator or RBI. The Bank also maintains general provision on positive Mark-to-Market (MTM) on derivatives at the rates prescribed by RBI.

The Bank maintains provision on non-funded outstanding in NPAs, prudentially written off accounts, corporate standard advances rated 'BB and Below' and all SMA-2 advances as reported to CRILC. This provision is classified under Schedule 5 – Other Liabilities in the Balance Sheet.

Under its home loan portfolio, the Bank offers housing loans with certain features involving waiver of Equated Monthly Installments ('EMIs') of a specific period subject to fulfilment of a set of conditions by the borrower. The Bank makes provision against the probable loss that could be incurred in future on account of waivers to eligible borrowers in respect of such loans based on actuarial valuation conducted by an independent actuary. This provision is classified under Schedule 5 – Other Liabilities in the Balance Sheet.

5.3 Country risk

In addition to the provisions required to be held according to the asset classification status, provisions are held for individual country exposure (other than for home country as per the RBI guidelines). Such provisions are held only in respect of those countries where the net funded exposure of the Bank exceeds 1% of its total assets. For this purpose the countries are categorized into seven risk categories namely insignificant, low, moderate, high, very high, restricted and off-credit as per RBI guidelines. Provision is made on exposures exceeding 180 days on a graded scale ranging from 0.25% to 100%. For exposures with contractual maturity of less than 180 days, 25% of the normal provision requirement is held. If the net funded exposure of the Bank in respect of each country does not exceed 1% of the total assets, no provision is maintained on such country exposure in accordance with RBI guidelines. This provision is classified under Schedule 5 – Other Liabilities in the Balance Sheet.

5.4 Securitisation and transfer of assets

The Bank enters into purchase/sale of corporate and retail loans through direct assignment/Special Purpose Vehicle ('SPV'). In most cases, post securitisation, the Bank continues to service the loans transferred to the assignee/SPV. The Bank also provides credit enhancement in the form of cash collaterals and/or by subordination of cash flows to Senior Pass through Certificate holders. In respect of credit enhancements provided or recourse obligations (projected delinquencies, future servicing etc.) accepted by the Bank, appropriate provision/disclosure is made at the time of sale in accordance with AS-29, Provisions, Contingent Liabilities and Contingent Assets as notified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016.

In accordance with RBI guidelines of 7 May, 2012, on 'Guidelines on Securitisation of Standard Assets', gain on securitisation transaction is recognised over the period of the underlying securities issued by the SPV. Loss on securitisation is immediately debited to the Profit and Loss Account.

The Bank transfers advances through inter-bank participation with and without risk. In accordance with the RBI guidelines, in the case of participation with risk, the aggregate amount of the participation issued by the Bank is reduced from advances and where the Bank is participating, the aggregate amount of the participation is classified under advances. In the case of participation without risk, the aggregate amount of participation issued by the Bank is classified under borrowings and where the Bank is participating, the aggregate amount of participation is shown as due from banks under advances.

5.5 Priority Sector Lending Certificates

The Bank enters into transactions for the sale or purchase of Priority Sector Lending Certificates ('PSLCs'). In the case of a sale transaction, the Bank sells the fulfilment of priority sector obligation and in the case of a purchase transaction the Bank buys the fulfilment of priority sector obligation through the RBI trading platform. There is no transfer of loan assets in PSLC transactions.

5.6 Foreign currency transactions

In respect of domestic operations, transactions denominated in foreign currencies are accounted for at the rates prevailing on the date of the transaction. Monetary foreign currency assets and liabilities are translated at the Balance Sheet date at rates notified by Foreign Exchange Dealers Association of India ('FEDAI'). All profits/losses resulting from year end revaluations are recognised in the Profit and Loss Account.

Financial statements of foreign branches classified as non-integral foreign operations as per the RBI guidelines are translated as follows:

- Assets and liabilities (both monetary and non-monetary as well as contingent liabilities) are translated at closing exchange rates notified by FEDAI at the Balance Sheet date.
- Income and expenses are translated at the rates prevailing on the date of the transactions.
- All resulting exchange differences are accumulated in a separate 'Foreign Currency Translation Reserve' till the disposal of the net investments. Any realised gains or losses on such disposal are recognised in the Profit and Loss Account.

Outstanding forward exchange contracts including tom/spot contracts (excluding currency swaps undertaken to hedge foreign currency assets/liabilities and funding swaps which are not revalued) are revalued at year end on PV basis by discounting the forward value till spot date and converting the FCY amount using the respective spot rates as notified by FEDAI. The resulting gains or losses on revaluation are included in the Profit and Loss Account in accordance with RBI/ FEDAI guidelines.

Premium/discount on currency swaps undertaken to hedge foreign currency assets and liabilities and funding swaps is recognised as interest income/expense and is amortised on a pro-rata basis over the underlying swap period.

Contingent liabilities on account of forward exchange and derivative contracts, guarantees, acceptances, endorsements and other obligations denominated in foreign currencies are disclosed at closing rates of exchange notified by FEDAI.

5.7 Derivative transactions

Derivative transactions comprise of forward contracts, swaps and options which are disclosed as contingent liabilities. The forwards, swaps and options are categorised as trading or hedge transactions. Trading derivative contracts are revalued at the Balance Sheet date with the resulting unrealised gain or loss being recognised in the Profit and Loss Account and correspondingly in other assets (representing positive Mark-to-Market) and in other liabilities (representing negative Mark-to-Market (MTM)) on a gross basis. For hedge transactions, the Bank identifies the hedged item (asset or liability) at the inception of transaction itself. The effectiveness is ascertained at the time of inception of the hedge and periodically thereafter. Hedge swaps are accounted for on accrual basis except in case of swaps designated with an asset or liability that is carried at market value or lower of cost or market value in the financial statements. In such cases the swaps are marked-to-market with the resulting gain or loss recorded as an adjustment to the market value of designated asset or liability. Hedge transactions that are entered after 26 June, 2019 through rupee interest rate derivatives are accounted for as per the guidance note issued by ICAI on accounting for derivative contracts. Pursuant to the RBI guidelines any receivables under derivative contracts comprising of crystallised receivables as well as positive Mark-to-Market (MTM) in respect of future receivables which remain overdue for more than 90 days are reversed through the Profit and Loss account and are held in separate Suspense Account.

Premium on options is recognized as income/expense on expiry or early termination of the transaction.

Currency futures contracts are marked-to-market using daily settlement price on a trading day, which is the closing price of the respective futures contracts on that day. While the daily settlement price is computed based on the last half an hour weighted average price of such contracts, the final settlement price is taken as the RBI reference rate on the last trading day of the futures contracts or as may be specified by the relevant authority from time to time. All open positions are marked-to-market based on the settlement price and the resultant marked-to-market profit/loss is daily settled with the exchange.

Valuation of Exchange Traded Currency Options (ETCO) is carried out on the basis of the daily settlement price of each individual option provided by the exchange and valuation of Interest Rate Futures (IRF) is carried out on the basis of the daily settlement price of each contract provided by the exchange.

5.8 Revenue recognition

Interest income is recognised on an accrual basis in accordance with AS–9, Revenue Recognition as notified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014, the Companies (Accounting Standards) Amendment Rules, 2016 and the RBI guidelines, except in the case of interest income on non-performing assets where it is recognised on receipt basis if overdue for more than 90 days. Income on non-coupon bearing discounted instruments or low-coupon bearing instruments is recognised over the tenor of the instrument on a constant yield basis.

Guarantee commission is recognized on a pro-rata basis over the period of the guarantee. Locker rent and annual fees for credit cards are recognised on a straight-line basis over the period of contract. Arrangership/syndication fee is accounted for on completion of the agreed service and when right to receive is established. Other fees and commission income are recognised when due, where the Bank is reasonably certain of ultimate collection.

Interest income on investments in discounted PTCs is recognized on a constant yield basis.

Dividend is accounted on an accrual basis when the right to receive the dividend is established.

Gain/loss on sell down of loans and advances through direct assignment is recognised at the time of sale.

Fees paid for purchase of Priority Sector Lending Certificates ('PSLC') is amortised on straight-line basis over the tenor of the certificate as 'Other Expenditure' under Schedule 16 of Profit and Loss Account. Fees received on sale of PSLC is amortised on straight-line basis over the tenor of the certificate as 'Miscellaneous Income' under Schedule 14 of Profit and Loss Account.

In accordance with RBI guidelines on sale of non-performing advances, if the sale is at a price below the net book value (i.e. book value less provisions held), the shortfall is charged to the Profit and Loss Account. If the sale is for a value higher than the net book value, the excess provision is credited to the Profit and Loss Account in the year the amounts are received.

The Bank deals in bullion business on a consignment basis. The difference between the price recovered from customers and cost of bullion is accounted for at the time of sale to the customers. The Bank also deals in bullion on a borrowing and lending basis and the interest paid/received is accounted on an accrual basis.

5.9 Fixed assets and depreciation/impairment

Fixed assets are carried at cost of acquisition less accumulated depreciation and impairment, if any. Cost includes initial handling and delivery charges, duties, taxes and incidental expenses related to the acquisition and installation of the asset. Subsequent expenditure incurred on assets put to use is capitalised only when it increases the future economic benefit / functioning capability from / of such assets.

Capital work-in-progress includes cost of fixed assets that are not ready for their intended use and also includes advances paid to acquire fixed assets.

Depreciation is provided over the estimated useful life of a fixed asset on the straight-line method from the date of addition. The management believes that depreciation rates currently used, fairly reflect its estimate of the useful lives and residual values of fixed assets based on historical experience of the Bank, though these rates in certain cases are different from lives prescribed under Schedule II of Companies Act, 2013. Whenever there is a revision of the estimated useful life of an asset, the unamortised depreciable amount is charged over the revised remaining useful life of the said asset.

Asset	Estimated useful life
Leased Land	As per the term of the agreement
Owned premises	60 years
Locker cabinets/cash safe/strong room door	10 years
EPABX, telephone instruments	8 years
Modem, scanner, routers, hubs, switches, racks/cabinets for IT equipment	5 years
UPS, VSAT, fax machines	5 years
Cheque book/cheque encoder, currency counting machine, fake note detector	5 years
Application software	5 years
Electronic Data Capture (EDC)/ Point of Sale (POS) machines	5 years
Vehicles	4 years
Computer hardware including printers	3 years
CCTV and video conferencing equipment	3 years
Assets at staff residence	3 years
Mobile phone	2 years
All other fixed assets	10 years

Assets costing less than ₹5,000 individually are fully depreciated in the year of purchase.

Depreciation on assets sold during the year is recognised on a pro-rata basis to the Profit and Loss Account till the date of sale.

Gain or losses arising from the retirement or disposal of Fixed Assets are determined as the difference between the net disposal proceeds and the carrying amount of assets and recognised as income or expense in the Profit and Loss Account. Further, profit on sale of premises is appropriated to Capital Reserve account (net of taxes and transfer to statutory reserve) in accordance with RBI instructions.

The carrying amounts of assets are reviewed at each Balance Sheet date to ascertain if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

5.10 Non-banking assets

Non-banking assets ('NBAs') acquired in satisfaction of claims include land. In the case of land, the Bank creates provision and follows the accounting treatment as per specific RBI directions.

5.11 Lease transactions

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term are classified as operating lease. Lease payments for assets taken on operating lease are recognised as an expense in the Profit and Loss Account on a straight-line basis over the lease term. Lease income from assets given on operating lease is recognized as income in profit and loss account on a straight line basis over the lease term.

5.12 Retirement and other employee benefits

Provident Fund

Retirement benefit in the form of provident fund is a defined benefit plan wherein the contributions are charged to the Profit and Loss Account of the year when the contributions to the fund are due and when services are rendered by the employees. Further, an actuarial valuation is conducted by an independent actuary using the Projected Unit Credit Method as at 31 March each year to determine the deficiency, if any, in the interest payable on the contributions as compared to the interest liability as per the statutory rate. Actuarial gains/losses are immediately taken to the Profit and Loss Account and are not deferred.

Gratuity

The Bank contributes towards gratuity fund (defined benefit retirement plan) administered by various insurers for eligible employees. Under this scheme, the settlement obligations remain with the Bank, although various insurers administer the scheme and determine the contribution premium required to be paid by the Bank. The plan provides a lump sum payment to vested employees at retirement or termination of employment based on the respective employee's salary and the years of employment with the Bank. Liability with regard to gratuity fund is accrued based on actuarial valuation conducted by an independent actuary using the Projected Unit Credit Method as at 31 March each year. In respect of employees at overseas branches (other than expatriates) liability with regard to gratuity is provided on the basis of a prescribed method as per local laws, wherever applicable. Actuarial gains/losses are immediately taken to the Profit and Loss Account and are not deferred.

Compensated Absences

Compensated absences are short term in nature for which provision is held on accrual basis.

Superannuation

Employees of the Bank are entitled to receive retirement benefits under the Bank's Superannuation scheme either under a cash-out option through salary or under a defined contribution plan. Through the defined contribution plan, the Bank contributes annually a specified sum of 10% of the employee's eligible annual basic salary to LIC, which undertakes to pay the lump sum and annuity benefit payments pursuant to the scheme. Superannuation contributions are recognised in the Profit and Loss Account in the period in which they accrue.

New Pension Scheme ('NPS')

In respect of employees who opt for contribution to the 'NPS', the Bank contributes certain percentage of the total basic salary of employees to the aforesaid scheme, a defined contribution plan, which is managed and administered by pension fund management companies. NPS contributions are recognised in the Profit and Loss Account in the period in which they accrue.

5.13 Reward points

The Bank runs a loyalty program which seeks to recognize and reward customers based on their relationship with the Bank. Under the program, eligible customers are granted loyalty points redeemable in future, subject to certain conditions. In addition, the Bank continues to grant reward points in respect of certain credit cards (not covered under the loyalty program). The Bank estimates the probable redemption of such loyalty/reward points using an actuarial method at the Balance Sheet date by employing an independent actuary, which includes assumptions such as mortality, redemption and utilization. Provision for the said reward points is then made based on the actuarial valuation report as furnished by the said independent actuary.

5.14 Taxation

Income tax expense is the aggregate amount of current tax and deferred tax charge. Current year taxes are determined in accordance with the relevant provisions of Income tax Act, 1961 and considering the material principle set out in Income Computation and Disclosure Standards to the extent applicable. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off assets against liabilities representing current tax and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws.

Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. The impact of changes in the deferred tax assets and liabilities is recognised in the Profit and Loss Account.

Deferred tax assets are recognised and reassessed at each reporting date, based upon the Management's judgement as to whether realisation is considered as reasonably certain. Deferred tax assets are recognised on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty supported by convincing evidence that such deferred tax asset can be realised against future profits.

5.15 Share issue expenses

Share issue expenses are adjusted from Share Premium Account in terms of Section 52 of the Companies Act, 2013.

5.16 Corporate Social Responsibility

Expenditure towards corporate social responsibility, in accordance with Companies Act, 2013, is recognised as operating expenditure or capital expenditure as applicable.

5.17 Earnings per share
The Bank reports basic and diluted earnings per share in accordance with AS-20, Earnings per Share, as notified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016. Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding for the year.

Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted earnings per share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding at the year end except where the results are anti-dilutive.

5.18 Employee stock option scheme
The 2001 Employee Stock Option Scheme ('the Scheme') provides for grant of stock options on equity shares of the Bank to employees and Directors of the Bank and its subsidiaries. The Scheme is in accordance with the Securities and Exchange Board of India (SEBI) (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ('the Guidelines'). These Guidelines have been repealed in the month of October, 2014 and were substituted by Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. The Scheme is in compliance with the said regulations. The Bank follows the intrinsic value method to account for its stock based employee compensation plans as per the Guidelines. Options are granted at an exercise price, which is equal to/less than the fair market price of the underlying equity shares. The excess of such fair market price over the exercise price of the options as at the grant date, if any, is recognised as a deferred compensation cost and amortised on a straight-line basis over the vesting period of such options.

The fair market price is the latest available closing price, prior to the date of grant, on the stock exchange on which the shares of the Bank are listed. If the shares are listed on more than one stock exchange, then the stock exchange where there is highest trading volume on the said date is considered.

5.19 Provisions, contingent liabilities and contingent assets
In accordance with AS-29 "Provisions, Contingent Liabilities and Contingent Assets", provision is recognised when the Bank has a present obligation as a result of past event where it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

A disclosure of contingent liability is made when there is:

- a possible obligation arising from a past event, the existence of which will be confirmed by occurrence or non-occurrence of one or more uncertain future events not within the control of the Bank; or
- a present obligation arising from a past event which is not recognised as it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

5.20 Accounting for dividend
As per AS-4 'Contingencies and Events occurring after the Balance sheet date' as notified by the Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016, dated 30 March, 2016, the Bank does not account for proposed dividend (including tax) as a liability through appropriation from the profit and loss account. The same is recognised in the year of actual payout post approval of shareholders. However, the Bank reckons proposed dividend in determining capital funds in computing the capital adequacy ratio.

5.21 Cash and cash equivalents
Cash and cash equivalents include cash in hand, balances with RBI, balances with other banks and money at call and short notice.

18 Notes forming part of the Financial Statements

For the year ended 31 March, 2020

1.1 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 ₹9.07 crores and the reserves of the Bank have increased by ₹2,551.03 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 ₹39.75 crores and the reserves of the Bank have increased by ₹12,392.50 crores after charging off issue related expenses. The funds mobilised from equity raising were utilised for enhancing the capital adequacy ratio and for general corporate purpose.

1.2 COVID-19 virus, a global pandemic has affected the world economy including India leading to significant decline and volatility in financial markets and decline in economic activities. On 24 March, 2020, the Indian Government announced a strict 21-day lock-down which was further extended by 19 days across the country to contain the spread of the virus. The extent to which the COVID-19 pandemic will impact the Bank's provision on assets will depend on the future developments, which are highly uncertain, including among the other things any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government mandated or elected by the Bank.

The RBI on 27 March, 2020 and 17 April, 2020, announced 'COVID-19 Regulatory Package' on asset classification and provisioning. In terms of the RBI guidelines, the lending institutions have been permitted to grant a moratorium of three months on payment of all instalments/interest, as applicable, falling due between 1 March, 2020 and 31 May, 2020 ('moratorium period'). As such, in respect of all accounts classified as standard as on 29 February, 2020, even if overdue, the moratorium period, wherever granted, shall be excluded by the lending institutions from the number of days past-due for the purpose of asset classification under RBI's Income Recognition and Asset Classification norms. The Bank holds provisions as at 31 March, 2020 against the potential impact of COVID-19 based on the information available at this point in time. The provisions held by the Bank are in excess of the RBI prescribed norms.

2.1 Statutory disclosures as per RBI

2.1.1 'Provisions and contingencies' recognised in the Profit and Loss Account comprise of:

(₹ in crores)

For the year ended	31 March, 2020	31 March, 2019
Provision for income tax		
- Current tax	2,891.25	3,009.84
- Deferred tax[1] (Refer 2.2.11)	385.76	(712.36)
	3,277.01	**2,297.48**
Provision for non-performing assets (including bad debts written off and write backs)	12,755.53	10,221.48
Provision for restructured assets/strategic debt restructuring/sustainable structuring	(15.50)	(19.66)
Provision towards standard assets[2]	1,451.32	809.79
Provision for depreciation in value of investments	135.99	300.02
Provision for unhedged foreign currency exposure	(10.68)	18.79
Provision for country risk	12.17	-
Provision for other contingencies[3]	4,205.08	700.60
Total	**21,810.92**	**14,328.50**

1. 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 the year ended 31 March, 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 ₹2,137.59 crores which has been fully charged to the Profit and Loss account during the year
2. including provision on loans under moratorium as per RBI guidelines on COVID-19 regulatory package of ₹1,117.72 crores
3. includes provision for non-banking assets, legal cases, other contingencies and provision of ₹1,882.28 crores for COVID-19 over and above regulatory requirement

2.1.2 The capital adequacy ratio of the Bank, calculated as per the RBI guidelines (under Basel III) is set out below:

(₹ in crores)

For the year ended	31 March, 2020	31 March, 2019
Common Equity Tier I	81,449.04	62,238.37
Tier I	88,449.04	69,238.37
Tier II	18,556.08	18,221.21
Total capital	**107,005.12**	**87,459.58**
Total risk weighted assets and contingents	610,527.33	552,048.06
Capital ratios		
Common Equity Tier I	13.34%	11.27%
Tier I	14.49%	12.54%
Tier II	3.04%	3.30%
CRAR	**17.53%**	**15.84%**
Amount of equity capital raised	48.82*	-
Amount of additional Tier I capital raised of which:		
Perpetual Non-Cumulative Preference Shares (PNCPS)	-	-
Perpetual Debt Instruments (PDI) (details given below)	-	-
Amount of Tier II capital raised of which:		
Debt capital instrument (details given below)	-	-
Preferential capital instrument	-	-

*excluding securities premium of ₹15,013.88 crores

During the year ended 31 March, 2020 and 31 March, 2019, the Bank has not raised debt instruments eligible for Tier-I/Tier-II capital.

During the year ended 31 March, 2020, the Bank redeemed debt instruments eligible for Tier-I/Tier-II capital, the details of which are set out below:

Instrument	Capital	Date of maturity	Period	Coupon	Amount
Subordinated debt	Tier II	16 June, 2019	120 months	9.15%p.a.	₹2,000 crores

During the year ended 31 March, 2019, the Bank redeemed debt instruments eligible for Tier-I/Tier-II capital, the details of which are set out below:

Instrument	Capital	Date of maturity	Period	Coupon	Amount
Subordinated debt	Tier II	7 November, 2018	120 months	11.75% p.a.	₹1,500 crores
Subordinated debt	Tier II	28 March, 2019	120 months	9.95%p.a.	₹200 crores

2.1.3 The key business ratios and other information is set out below:

As at	31 March, 2020	31 March, 2019
	%	%
Interest income as a percentage to working funds#	7.56	7.38
Non-interest income as a percentage to working funds#	1.87	1.76
Operating profit$$ as a percentage to working funds#	2.83	2.55
Return on assets (based on working funds#)	0.20	0.63
Business (deposits less inter-bank deposits plus advances) per employee**	₹17.27 crores	₹16.53 crores
Profit per employee**	₹2.40 lacs	₹7.61 lacs
Net non-performing assets as a percentage of net customer assets *	1.56	2.06

Working funds represent average of total assets as reported to RBI in Form X under Section 27 of the Banking Regulation Act, 1949 during the year

$$ Operating profit represents total income as reduced by interest expended and operating expenses

** Productivity ratios are based on average employee numbers for the year

* Net Customer assets include advances and credit substitutes

2.1.4 The provisioning coverage ratio of the Bank computed in terms of the RBI guidelines as on 31 March, 2020 was 82.69% (previous year 76.78%).

2.1.5 Asset Quality

i) Net non-performing advances to net advances is set out below:

	31 March, 2020	31 March, 2019
	%	%
Net non-performing advances as a percentage of net advances	1.62	2.20

ii) Movement in gross non-performing assets is set out below:

(₹ in crores)

	31 March, 2020		
	Advances	Investments	Total
Gross NPAs as at the beginning of the year	27,146.45	2,642.99	29,789.44
Intra Category Transfer	-	-	-
Additions (fresh NPAs) during the year	17,350.64	2,564.37	19,915.01
Sub-total (A)	**44,497.09**	**5,207.36**	**49,704.45**
Less:-			
(i) Upgradations	6,411.62	174.52	6,586.14
(ii) Recoveries (excluding recoveries made from upgraded accounts)#	2,462.83	252.39	2,715.22
(iii) Technical/Prudential Write-offs	7,503.38	206.49	7,709.87
(iv) Write-offs other than those under (iii) above	1,515.16	944.24	2,459.40
Sub-total (B)	**17,892.99**	**1,577.64**	**19,470.63**
Gross NPAs as at the end of the year (A-B)	**26,604.10**	**3,629.72**	**30,233.82**

including sale of NPAs

(₹ in crores)

	31 March, 2019		
	Advances	Investments	Total
Gross NPAs as at the beginning of the year	30,876.32	3,372.32	34,248.64
Intra Category Transfer	(2.60)	2.60	-
Additions (fresh NPAs) during the year	13,510.75	360.34	13,871.09
Sub-total (A)	**44,384.47**	**3,735.26**	**48,119.73**
Less:-			
(i) Upgradations	4,982.66	90.94	5,073.60
(ii) Recoveries (excluding recoveries made from upgraded accounts)#	3,977.11	50.13	4,027.24
(iii) Technical/Prudential Write-offs	6,655.40	843.46	7,498.86
(iv) Write-offs other than those under (iii) above#	1,622.85	107.74	1,730.59
Sub-total (B)	**17,238.02**	**1,092.27**	**18,330.29**
Gross NPAs as at the end of the year (A-B)	**27,146.45**	**2,642.99**	**29,789.44**

including sale of NPAs

iii) Movement in net non-performing assets is set out below:

(₹ in crores)

	31 March, 2020		
	Advances	Investments	Total
Opening balance at the beginning of the year	10,874.76	400.84	11,275.60
Additions during the year	7,418.38	246.62	7,665.00
Effect of exchange rate fluctuation	(236.26)	8.84	(227.42)
Reductions during the year	(8,785.05)	(660.04)	(9,445.09)
Interest Capitalisation – Restructured NPA Accounts	(19.84)	112.16	92.32
Closing balance at the end of the year#	**9,251.99**	**108.42**	**9,360.41**

net of balance outstanding in interest capitalisation-restructured NPA accounts amounting to ₹70.73 crores

(₹ in crores)

	31 March, 2019		
	Advances	**Investments**	**Total**
Opening balance at the beginning of the year	16,004.42	587.29	16,591.71
Additions during the year	3,958.27	(63.98)	3,894.29
Effect of exchange rate fluctuation	(76.29)	(8.74)	(85.03)
Reductions during the year	(9,120.94)	(142.36)	(9,263.30)
Interest Capitalisation – Restructured NPA Accounts	109.30	28.63	137.93
Closing balance at the end of the year#	**10,874.76**	**400.84**	**11,275.60**

net of balance outstanding in interest capitalisation-restructured NPA accounts amounting to ₹163.05 crores

iv) Movement in provisions for non-performing assets is set out below:

(₹ in crores)

	31 March, 2020		
	Advances	**Investments**	**Total**
Opening balance at the beginning of the year	16,253.17	2,097.62	18,350.79
Intra-Category Transfer	-	-	-
Provisions made during the year	9,926.33	2,317.75	12,244.08
Effect of exchange rate fluctuation	236.26	(8.84)	227.42
Transfer from restructuring provision	5.93	-	5.93
Write-offs/(write back) of excess provision*	(9,107.94)	(917.60)	(10,025.54)
Closing balance at the end of the year	**17,313.75**	**3,488.93**	**20,802.68**

* includes provision utilised for sale of NPAs amounting to ₹408.93 crores

(₹ in crores)

	31 March, 2019		
	Advances	**Investments**	**Total**
Opening balance at the beginning of the year	14,744.08	2,611.87	17,355.95
Intra-Category Transfer	(2.60)	2.60	-
Provisions made during the year	9,552.47	424.32	9,976.79
Effect of exchange rate fluctuation	76.29	8.74	85.03
Transfer from restructuring provision	-	-	-
Write-offs/(write back) of excess provision*	(8,117.07)	(949.91)	(9,066.98)
Closing balance at the end of the year	**16,253.17**	**2,097.62**	**18,350.79**

* includes provision utilised for sale of NPAs amounting to ₹469.58 crores

v) Movement in technical/prudential written off accounts is set out below:

(₹ in crores)

	31 March, 2020	31 March, 2019
Opening balance at the beginning of the year	18,771.85	13,221.26
Add: Technical/Prudential write-offs during the year	7,709.87	7,498.86
Add: Effect of exchange rate fluctuation	416.42	192.23
Sub-total (A)	**26,898.14**	**20,912.35**
Less: Recovery made from previously technical/prudential written-off accounts during the year	1,384.03	1,724.46
Less: Sacrifice made from previously technical/prudential written-off accounts during the year	1,670.04	416.04
Sub-total (B)	**3,054.07**	**2,140.50**
Closing balance at the end of the year (A-B)	**23,844.07**	**18,771.85**

vi) Total exposure (funded and non-funded) to top four non-performing assets is given below:

(₹ in crores)

	31 March, 2020	31 March, 2019
Total exposure (funded and non-funded) to top four NPA accounts	4,060.55	4,513.63

vii) Sector-wise advances:

(₹ in crores)

Sr. No.	Sector	31 March, 2020			31 March, 2019		
		Outstanding Total Advances	Gross NPAs	% of Gross NPAs to Total Advances in that sector	Outstanding Total Advances	Gross NPAs	% of Gross NPAs to Total Advances in that sector
A	**Priority Sector**						
1	**Agriculture and allied activities**	**32,454.55**	**1,575.93**	**4.86%**	**27,829.60**	**1,533.92**	**5.51%**
2	**Advances to industries sector eligible as priority sector lending**	**27,953.55**	**1,237.85**	**4.43%**	**26,871.04**	**901.97**	**3.36%**
	-Chemical & Chemical products	*2,306.23*	*62.74*	*2.72%*	*2,539.72*	*54.26*	*2.14%*
	-Basic Metal & Metal Products	*2,346.61*	*56.34*	*2.40%*	*2,585.52*	*28.08*	*1.09%*
	-Infrastructure	*561.94*	*41.55*	*7.39%*	*618.69*	*33.49*	*5.41%*
3	**Services**	**21,240.75**	**874.42**	**4.12%**	**21,122.23**	**707.41**	**3.35%**
	-Banking and Finance other than NBFCs and MFs	*1,617.28*	*13.46*	*0.83%*	*2,082.82*	*14.64*	*0.70%*
	-Non-banking financial companies (NBFCs)	*371.68*	-	-	*1,091.99*	-	-
	-Commercial Real Estate	*270.22*	*15.54*	*5.75%*	*377.24*	*18.82*	*4.99%*
	-Trade	*11,074.55*	*718.76*	*6.49%*	*12,464.07*	*564.13*	*4.53%*
4	**Personal loans**	**64,190.85**	**525.20**	**0.82%**	**44,740.94**	**376.42**	**0.84%**
	-Housing*	*45,987.55*	*272.12*	*0.59%*	*36,873.80*	*271.41*	*0.74%*
	-Vehicle Loans	*11,654.72*	*211.28*	*1.81%*	*4,496.31*	*60.98*	*1.36%*
	Sub-total (A)	**145,839.70**	**4,213.40**	**2.89%**	**120,563.81**	**3,519.72**	**2.92%**
B	**Non Priority Sector**						
1	**Agriculture and allied activities**	**166.08**	**18.19**	**10.95%**	-	-	-
2	**Industry**	**163,800.40**	**16,248.24**	**9.92%**	**145,127.78**	**18,512.21**	**12.76%**
	-Chemical & Chemical products	*19,451.17*	*1,264.78*	*6.50%*	*18,345.25*	*1,304.13*	*7.11%*
	-Basic Metal & Metal Products	*21,677.64*	*969.21*	*4.47%*	*20,510.98*	*1,095.61*	*5.34%*
	-Infrastructure	*53,712.35*	*7,514.69*	*13.99%*	*44,367.96*	*10,863.83*	*24.49%*
3	**Services**	**95,904.00**	**4,923.83**	**5.13%**	**91,160.11**	**3,912.57**	**4.29%**
	-Banking and Finance other than NBFCs and MFs	*27,135.89*	*316.51*	*1.17%*	*27,735.77*	*190.55*	*0.69%*
	-Non-banking financial companies (NBFCs)	*16,502.49*	*182.31*	*1.10%*	*14,374.90*	*5.49*	*0.04%*
	-Commercial Real Estate	*17,279.94*	*1,698.52*	*9.83%*	*15,925.72*	*1,689.73*	*10.61%*
	-Trade	*13,641.42*	*795.41*	*5.83%*	*10,852.94*	*378.75*	*3.49%*
4	**Personal loans**	**183,087.52**	**1,200.44**	**0.66%**	**154,244.74**	**1,201.95**	**0.78%**
	-Housing*	*87,433.64*	*701.70*	*0.80%*	*78,327.84*	*753.18*	*0.96%*
	-Vehicle Loans	*20,234.86*	*186.58*	*0.92%*	*19,371.98*	*164.77*	*0.85%*
	Sub-total (B)	**442,958.00**	**22,390.70**	**5.05%**	**390,532.63**	**23,626.73**	**6.05%**
	Total (A+B)	**588,797.70**	**26,604.10**	**4.52%**	**511,096.44**	**27,146.45**	**5.31%**

* includes loan against property

Classification of advances into sector is based on Sector wise Industry Bank Credit return submitted to RBI

Figures in italics represent sub-sectors where the outstanding advance exceeds 10% of total outstanding advance to that sector.

viii) Divergence in Asset Classification and Provisioning for NPAs

In terms of the RBI circular no. DBR.BP.BC.No.32/21.04.018/2018-19 dated 1 April, 2019, banks are required to disclose the divergences in asset classification and provisioning consequent to RBI's annual supervisory process in their notes to accounts to the financial statements, wherever either or both of the following conditions are satisfied: (a) the additional provisioning for NPAs assessed by RBI exceeds 10 per cent of the reported profit before provisions and contingencies for the reference period and (b) the additional Gross NPAs identified by RBI exceed 15 per cent of the published incremental Gross NPAs for the reference period.

Based on the above, no disclosure on divergence in asset classification and provisioning for NPAs is required with respect to RBI's annual supervisory process for the year ended 31 March, 2019.

ix) Disclosure with regard to accounts where moratorium has been granted under COVID-19 Regulatory Package

(₹ in crores)

For the year ended	31 March, 2020
Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended*$	11,177.22
Respective amount where asset classification benefit is extended as on 31 March, 2020	735.10
Provisions made as on 31 March, 2020	1,117.72
Provisions adjusted during the respective accounting periods against slippages	-
Residual provisions as on 31 March, 2020	1,117.72

* represents total outstanding as on 31 March, 2020

$ amounts covered relate to cases where asset classification benefit would have been availed over the moratorium period, based on interpretation of extant regulatory requirements on the date of adoption of financial statements by the Board

2.1.6 During the years ended 31 March, 2020 and 31 March, 2019 none of the loans and advances held at overseas branches of the Bank have been classified as NPA by any host banking regulator for reasons other than record of recovery.

2.1.7 Movement in floating provision is set out below:

(₹ in crores)

For the year ended	31 March, 2020	31 March, 2019
Opening balance at the beginning of the year	3.25	3.25
Provisions made during the year	-	-
Draw down made during the year	-	-
Closing balance at the end of the year	**3.25**	**3.25**

2.1.8 Provision on Standard Assets:

(₹ in crores)

	31 March, 2020	31 March, 2019
Provision towards Standard Assets [includes provision on loans under moratorium as per RBI guidelines on COVID-19 regulatory package of ₹1,117.72 crores (previous year Nil); also includes ₹68.30 crores (previous year ₹38.14 crores) of standard provision on derivative exposures]	4,519.74	3,040.44

2.1.9 Details of Investments are set out below:

i) Value of Investments:

(₹ in crores)

	31 March, 2020	31 March, 2019
1) Gross value of Investments		
a) In India	155,333.07	172,597.47
b) Outside India	5,539.37	5,029.73
2) (i) Provision for Depreciation		
a) In India	(642.44)	(560.31)
b) Outside India	(6.76)	-
(ii) Provision for Non-Performing Investments		
a) In India	(3,284.52)	(1,903.39)
b) Outside India	(204.41)	(194.22)
3) Net value of Investments		
a) In India	151,406.12	170,133.77
b) Outside India	5,328.20	4,835.51

ii) Movement of provisions held towards depreciation on investments:

(₹ in crores)

	31 March, 2020	31 March, 2019
Opening balance	560.31	254.54
Add: Provisions made during the year*	185.90	326.46
Less: Write offs/write back of excess provisions during the year	(97.01)	(20.69)
Closing balance	**649.20**	**560.31**

*including transfer from interest capitalization account

iii) Details of category wise investments are set out below:

(₹ in crores)

Particulars	31 March, 2020				31 March, 2019			
	HTM	AFS	HFT	Total	HTM	AFS	HFT	Total
Government Securities	111,999.63	11,159.20	2,822.72	125,981.55	104,003.78	15,286.85	948.75	120,239.38
Other approved Securities	-	-	-	-	-	-	-	-
Shares	-	1,186.24	-	1,186.24	-	1,010.84	-	1,010.84
Debentures and Bonds	591.42	17,805.40	2,906.47	21,303.29	-	31,807.51	8,361.32	40,168.83
Subsidiary/Joint Ventures	2,292.82	-	-	2,292.82	2,286.12	-	-	2,286.12
Others	1.60	5,893.90	74.92	5,970.42	3.86	5,689.50	5,570.75	11,264.11
Total	**114,885.47**	**36,044.74**	**5,804.11**	**156,734.32**	**106,293.76**	**53,794.70**	**14,880.81**	**174,969.28**

2.1.10 A summary of lending to sensitive sectors is set out below:

(₹ in crores)

As at	31 March, 2020	31 March, 2019
A. Exposure to Real Estate Sector		
1) Direct Exposure		
(i) Residential mortgages	134,268.89	123,297.28
- of which housing loans eligible for inclusion in priority sector advances	41,706.24	33,799.67
(ii) Commercial real estate	26,155.61	23,982.81
(iii) Investments in Mortgage Backed Securities (MBS) and other securtised exposures -		
a. Residential	-	-
b. Commercial real estate	-	75.00
2) Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	20,093.82	26,232.39
Total Exposure to Real Estate Sector	**180,518.32**	**173,587.48**
B. Exposure to Capital Market		
1. Direct investments in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt*	2,003.55	1,726.94
2. Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds	3.20	4.68
3. Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity-oriented mutual funds are taken as primary security	1,554.52	1,414.36

(₹ in crores)

As at		31 March, 2020	31 March, 2019
4.	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity-oriented mutual funds i.e. where primary security other than shares/convertible bonds/convertible debentures/units of equity-oriented mutual funds does not fully cover the advances	242.45	2,566.92
5.	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	6,208.70	5,115.79
6.	Loans sanctioned to corporates against the security of shares/bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	-	10.83
7.	Bridge loans to companies against expected equity flows/issues	-	1.44
8.	Underwriting commitments taken up in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity-oriented mutual funds	-	-
9.	Financing to stock brokers for margin trading	-	-
10.	All exposures to Venture Capital Funds (both registered and unregistered)	161.43	112.45
	Total exposure to Capital Market (Total of 1 to 10)	**10,173.85**	**10,953.41**

* excludes investment in equity shares on account of conversion of debt into equity as part of restructuring amounting to ₹991.59 crores as on 31 March, 2020 (previous year ₹1,694.02 crores) which are exempted from exposure to Capital Market

2.1.11 As on 31 March, 2020, outstanding receivables acquired by the Bank under factoring stood at ₹591.17 crores (previous year ₹419.39 crores) which are reported under 'Bills Purchased and Discounted' in Schedule 9 of the Balance Sheet.

2.1.12 During the years ended 31 March, 2020 and 31 March, 2019 there are no unsecured advances for which intangible securities such as charge over the rights, licenses, authority etc. have been taken as collateral by the Bank.

2.1.13 Details of Non-SLR investment portfolio are set out below:

i) Issuer composition as at 31 March, 2020 of non-SLR investments*:

(₹ in crores)

No.	Issuer	Total Amount	Extent of private placement	Extent of "below investment grade" securities	Extent of "unrated" securities	Extent of "unlisted" securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
i.	Public Sector Units	6,300.05	4,735.07	154.70	-	13.62
ii.	Financial Institutions	2,002.19	1,402.80	77.24	-	-
iii.	Banks	1,089.35	981.04	-	-	88.91
iv.	Private Corporates	16,874.54	13,222.36	2,067.37	601.14	5,034.88
v.	Subsidiaries	2,292.82	2,292.82	-	-	2,292.82
vi.	Others	10,395.43	6,441.03	-	-	6,597.07
vii.	Provision held towards depreciation on investments	(649.20)	N.A.	N.A.	N.A.	N.A.
viii	Provision held towards non performing investments	(3,488.93)	N.A.	N.A.	N.A.	N.A.
	Total	**34,816.25**	**29,075.12**	**2,299.31**	**601.14**	**14,027.30**

Amounts reported under columns (4), (5), (6) and (7) above are not mutually exclusive.

Issuer composition as at 31 March, 2019 of non-SLR investments*:

(₹ in crores)

No.	Issuer	Total Amount	Extent of private placement	Extent of "below investment grade" securities	Extent of "unrated" securities	Extent of "unlisted" securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
i.	Public Sector Units	9,489.66	5,411.68	657.56	0.98	2,038.79
ii.	Financial Institutions	5,400.64	3,883.90	50.30	-	26.87
iii.	Banks	1,716.72	1,151.67	-	-	14.00
iv.	Private Corporates	33,243.43	22,749.72	1,059.05	753.04	9,365.44
v.	Subsidiaries	2,286.12	2,286.12	-	-	2,286.12
vi.	Others	8,667.72	5,676.37	-	-	5,787.92
vii.	Provision held towards depreciation on investments	(560.31)	N.A.	N.A.	N.A.	N.A.
viii	Provision held towards non performing investments	(2,097.61)	N.A.	N.A.	N.A.	N.A.
	Total	**58,146.37**	**41,159.46**	**1,766.91**	**754.02**	**19,519.14**

Amounts reported under columns (4), (5), (6) and (7) above are not mutually exclusive.
*excludes investments in non-SLR government securities amounting to ₹5,000.00 (previous year ₹42.54 crores)

ii) Movement in non-performing non SLR investments are set out below:

(₹ in crores)

	31 March, 2020	31 March, 2019
Opening balance	2,642.99	3,372.32
Additions during the year	2,564.37	362.94
Reductions during the year	(1,577.64)	(1,092.27)
Closing balance	**3,629.72**	**2,642.99**
Total provisions held	**3,488.93**	**2,097.62**

2.1.14 Details of securities sold/purchased (in face value terms) under repos/reverse repos including LAF and MSF transactions (including triparty repos):

Year ended 31 March, 2020

(₹ in crores)

	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	As at 31-03-2020
Securities sold under repos				
i. Government Securities	-	14,761.55	1,386.37	11,269.61
ii. Corporate debt Securities	-	2,261.12	732.34	363.19
Securities purchased under reverse repos				
i. Government Securities	342.65	56,973.93	14,186.14	52,656.69
ii. Corporate debt Securities	-	25.00	0.07	-

There have been no defaults in making the same set of securities available at the time of 2nd leg settlement of the Term Reverse Repo during the year ended 31 March, 2020.

Year ended 31 March, 2019

(₹ in crores)

	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	As at 31-03-2019
Securities sold under repos				
i. Government Securities	-	14,687.58	1,219.73	14,687.58
ii. Corporate debt Securities	-	-	-	-
Securities purchased under reverse repos				
i. Government Securities	-	23,514.53	5,109.53	23,514.53
ii. Corporate debt Securities	-	100.00	0.31	-

There have been no defaults in making the same set of securities available at the time of 2nd leg settlement of the Term Reverse Repo during the year ended 31 March, 2019.

2.1.15 Details of financial assets sold to Securitisation/Reconstruction companies for Asset Reconstruction:

(₹ in crores)

	31 March, 2020	31 March, 2019
Number of accounts*	3	5
Aggregate value (net of provisions) of accounts sold	7.92	159.29
Aggregate consideration	28.80	236.61
Additional consideration realised in respect of accounts transferred in earlier years	-	-
Aggregate net gain/(loss) over net book value	**20.88**	**77.32**

*Excludes 1 account already written-off (previous year 3 accounts)

Excess provision reversed to the profit and loss account from sale of NPAs amounts to ₹20.88 crores (previous year ₹85.83 crores)

(₹ in crores)

Particulars	Backed by NPAs sold by the Bank as underlying		Backed by NPAs sold by other banks/financial institutions/non-banking financial companies as underlying		Total	
	As on 31 March, 2020	As on 31 March, 2019	As on 31 March, 2020	As on 31 March, 2019	As on 31 March, 2020	As on 31 March, 2019
Book value of investments in Security Receipts ('SRs')	2,197.31	2,908.00	2.26	2.26	2,199.57	2,910.26

(₹ in crores)

	Particulars	As at 31 March, 2020			
		SRs issued within past 5 years	SRs issued more than 5 years ago but within past 8 years	SRs issued more than 8 years ago	Total
(i)	Book value of SRs backed by NPAs sold by the bank as underlying	1,953.26	243.72	0.33	2,197.31
	Provisions held against (i)*	(183.20)	(241.52)	(0.33)	(425.05)
(ii)	Book value of SRs backed by NPAs sold by other banks / financial institutions / non-banking financial companies as underlying	0.22	1.38	0.66	2.26
	Provisions held against (ii)*	-	(0.29)	(0.66)	(0.95)
	Total (i) + (ii), net of provisions	**1,770.28**	**3.29**	**-**	**1,773.57**

* represents provision for depreciation on SRs and is net off appreciation, if any against other SRs

(₹ in crores)

	Particulars	As at 31 March, 2019			
		SRs issued within past 5 years	SRs issued more than 5 years ago but within past 8 years	SRs issued more than 8 years ago	Total
(i)	Book value of SRs backed by NPAs sold by the bank as underlying	2,664.02	243.98	-	2,908.00
	Provisions held against (i)*	-	(220.83)	-	(220.83)
(ii)	Book value of SRs backed by NPAs sold by other banks / financial institutions / non-banking financial companies as underlying	0.22	1.38	0.66	2.26
	Provisions held against (ii)*	-	-	(0.66)	(0.66)
	Total (i) + (ii), net of provisions	**2,664.24**	**24.53**	**-**	**2,688.77**

* represents provision for depreciation on SRs and is net off appreciation, if any against other SRs

2.1.16 Details of the Non-Performing Financial Assets sold to other banks (excluding securitisation/reconstruction companies):

(₹ in crores)

	31 March, 2020	31 March, 2019
Number of accounts sold	1	4
Aggregate outstanding*	616.93	755.39
Aggregate consideration received	170.55	481.52

*Represents principal outstanding as on date of sale

During the years ended 31 March, 2020 and 31 March, 2019 there were no Non-Performing Financial Assets purchased by the Bank from other banks (excluding securitisation/reconstruction companies).

2.1.17 Details of securitisation transactions undertaken by the Bank are as follows:

(₹ in crores)

Sr. No.	Particulars	31 March, 2020	31 March, 2019
1	No. of SPVs sponsored by the bank for securitisation transactions	-	-
2	Total amount of securitised assets as per books of the SPVs sponsored by the Bank	-	-
3	Total amount of exposures retained by the bank to comply with MRR as on the date of balance sheet		
	a) Off-balance sheet exposures		
	First loss	-	-
	Others	-	-
	b) On-balance sheet exposures		
	First loss	-	-
	Others	-	-
4	Amount of exposures to securitisation transactions other than MRR		
	a) Off-balance sheet exposures		
	i) Exposure to own securitizations		
	First loss	-	-
	Loss	-	-
	ii) Exposure to third party securitisations		
	First loss	-	-
	Others	-	-
	b) On-balance sheet exposures		
	i) Exposure to own securitizations		
	First loss	-	-
	Loss	-	-
	ii) Exposure to third party securitisations		
	First loss	-	-
	Others	-	-

2.1.18 The information on concentration of deposits is given below:

(₹ in crores)

	31 March, 2020	31 March, 2019
Total deposits of twenty largest depositors	58,674.60	64,899.05
Percentage of deposits of twenty largest depositors to total deposits	9.17	11.83

2.1.19 The information on concentration of advances* is given below:

(₹ in crores)

	31 March, 2020	31 March, 2019
Total advances to twenty largest borrowers	74,849.03	62,677.26
Percentage of advances to twenty largest borrowers to total advances of the Bank	8.65	8.56

* Advances represent credit exposure (funded and non-funded) including derivative exposure as defined by RBI

2.1.20 The information on concentration of exposure* is given below:

(₹ in crores)

	31 March, 2020	31 March, 2019
Total exposure to twenty largest borrowers/customers	92,264.51	84,341.85
Percentage of exposures to twenty largest borrowers/customers to total exposure on borrowers/customers	10.08	10.55

* Exposure includes credit exposure (funded and non-funded), derivative exposure, investment exposure (including underwriting and similar commitments) and deposits placed for meeting shortfall in Priority Sector Lending

2.1.21 During the year ended 31 March, 2020 and 31 March, 2019 , the Bank's credit exposure to single borrower and group borrowers was within the prudential exposure limits prescribed by RBI.

2.1.22 Details of Risk Category wise Country Exposure:

(₹ in crores)

Risk Category	Exposure (Net) as at 31 March, 2020	Provision Held as at 31 March, 2020	Exposure (Net) as at 31 March, 2019	Provision Held as at 31 March, 2019
Insignificant	-	-	-	-
Low	19,223.10	12.17	22,233.01	-
Moderate	5,304.97	-	2,948.18	-
High	95.91	-	1,038.47	-
Very High	1,219.26	-	2,827.57	-
Restricted	1.69	-	-	-
Off-Credit	-	-	-	-
Total	**25,844.93**	**12.17**	**29,047.23**	-

2.1.23 A maturity pattern of certain items of assets and liabilities at 31 March, 2020 and 31 March, 2019 is set out below:

As at 31 March, 2020

(₹ in crores)

	Deposits[1]	Advances[1,2]	Investments[1]	Borrowings[1]	Foreign Currency Assets[3]	Foreign Currency Liabilities[3]
1 day	9,393.22	4,373.19	34,818.51	-	8,783.77	319.49
2 days to 7 days	29,764.93	4,380.02	1,510.13	72.06	5,827.00	3,477.56
8 days to 14 days	15,065.83	3,956.05	4,695.30	463.34	628.87	667.67
15 days to 30 days	18,598.50	10,947.57	4,399.54	6,302.02	4,683.82	2,548.11
31 days and upto 2 months	27,305.18	15,526.78	4,419.81	7,814.64	2,669.03	9,095.83
Over 2 months and upto 3 months	24,411.64	15,015.80	3,538.71	4,412.42	3,233.05	6,854.61
Over 3 months and upto 6 months	53,506.32	30,319.38	6,743.15	17,592.82	8,109.22	18,744.94
Over 6 months and upto 1 year	83,932.89	51,919.47	10,037.31	26,182.68	15,510.51	30,201.76
Over 1 year and upto 3 years	23,586.16	114,606.88	15,369.43	50,425.65	12,960.38	15,689.63
Over 3 years and upto 5 years	2,688.28	69,495.45	7,207.81	13,783.50	3,911.41	3,846.53
Over 5 years	351,851.99	250,883.57	63,994.62	20,905.00	31,522.80	7,114.42
Total	**640,104.94**	**571,424.16**	**156,734.32**	**147,954.13**	**97,839.86**	**98,560.55**

1. Includes foreign currency balances
2. For the purpose of disclosing the maturity pattern, advances that have been subject to risk participation vide Inter-Bank Participation Certificates ('IBPCs') and Funded Risk Participation ('FRPs') have been classified in the maturity bucket

corresponding to the contractual maturities of such underlying loans and advances gross of any risk participation. The IBPC and FRP amounts have been classified in the respective maturities of the corresponding underlying loans.

3. Maturity profile of foreign currency assets & liabilities excludes off balance sheet items.

4. The maturity profile disclosed above does not factor in the effect of changes due to postponement of cash flows on account of loans under 3 months moratorium period as permitted under RBI's COVID-19 Regulatory Package notified on 27 March, 2020.

5. During the year ended 31 March, 2020, pursuant to the approval of the Board of Directors, the Bank changed the behavioural methodology for determining the maturity pattern of term deposits of ticket size less than ₹2 crores from account level to constituent level. As a result, the above figures for deposits are strictly not comparable with the previous year. Further, the Bank reports core deposits largely as part of 'over 5 years' bucket based on the results of the behavioural analysis.

As at 31 March, 2019 (₹ in crores)

	Deposits[1]	Advances[1,2]	Investments[1]	Borrowings[1]	Foreign Currency Assets[3]	Foreign Currency Liabilities[3]
1 day	8,854.09	3,179.52	31,440.58	-	9,025.92	245.77
2 days to 7 days	22,294.97	5,234.97	4,660.62	15,062.95	4,964.20	1,418.32
8 days to 14 days	15,394.97	5,107.99	8,025.69	1,024.36	3,041.63	1,294.73
15 days to 30 days	19,159.42	13,573.13	6,803.41	5,275.12	7,739.23	4,116.12
31 days and upto 2 months	36,696.06	9,656.92	7,569.10	10,457.24	2,218.20	10,542.55
Over 2 months and upto 3 months	35,984.16	14,524.37	7,972.16	11,602.82	3,146.91	11,797.01
Over 3 months and upto 6 months	55,550.20	22,578.92	10,247.36	16,315.61	5,867.26	14,577.87
Over 6 months and upto 1 year	107,987.13	29,784.41	20,195.62	22,525.88	4,102.00	28,803.38
Over 1 year and upto 3 years	37,116.54	94,599.36	23,031.65	29,480.21	8,148.93	14,285.41
Over 3 years and upto 5 years	10,036.96	59,808.46	9,773.49	17,369.91	8,329.96	6,562.59
Over 5 years	199,396.84	236,749.92	45,249.60	23,661.68	41,488.00	4,528.35
Total	**548,471.34**	**494,797.97**	**174,969.28**	**152,775.78**	**98,072.24**	**98,172.10**

1. Includes foreign currency balances

2. For the purpose of disclosing the maturity pattern, advances that have been subject to risk participation vide Inter-Bank Participation Certificates ('IBPCs') and Funded Risk Participation ('FRPs') have been classified in the maturity bucket corresponding to the contractual maturities of such underlying loans and advances gross of any risk participation. The IBPC and FRP amounts have been classified in the respective maturities of the corresponding underlying loans.

3. Maturity profile of foreign currency assets & liabilities excludes off balance sheet items.

Classification of assets and liabilities under the different maturity buckets is based on the same estimates and assumptions as used by the Bank for compiling the return submitted to the RBI, which has been relied upon by the auditors.

2.1.24 Disclosure on Restructured Assets

Details of loans subjected to restructuring during the year ended 31 March, 2020 are given below:

(₹ in crores)

Type of Restructuring		Under CDR Mechanism					Under SME Debt Restructuring Mechanism				
Asset Classification		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
Restructured accounts as on April 1 of the FY (Opening Balance)	No. of borrowers	4	-	4	4	12	-	-	-	-	-
	Amount Outstanding – Restructured facility	267.63	-	467.93	97.86	833.42	-	-	-	-	-
	Amount Outstanding – Other facility	0.55	-	89.42	35.76	125.73	-	-	-	-	-
	Provision thereon	6.06	-	-	-	6.06	-	-	-	-	-

(₹ in crores)

Type of Restructuring		Under CDR Mechanism					Under SME Debt Restructuring Mechanism				
Asset Classification		**Standard**	**Sub-Standard**	**Doubtful**	**Loss**	**Total**	**Standard**	**Sub-Standard**	**Doubtful**	**Loss**	**Total**
Fresh Restructuring during the year [1,2]	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding – Restructured facility	0.54	-	32.29	10.16	42.99	-	-	-	-	-
	Amount Outstanding – Other facility	141.80	-	4.72	27.14	173.66	-	-	-	-	-
	Provision thereon	2.39	-	-	-	2.39	-	-	-	-	-
Upgradation to restructured standard category during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding – Restructured facility	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding – Other facility	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-
Restructured Standard Advances which cease to attract higher provisioning and/or additional risk weight at the end of FY	No. of borrowers	(1)				(1)	-				-
	Amount Outstanding – Restructured facility	(4.08)				(4.08)	-				-
	Amount Outstanding – Other facility	-				-	-				-
	Provision thereon	(0.26)				(0.26)	-				-
Downgradation of restructured accounts during the FY[3]	No. of borrowers	(2)	-	(1)	3	-	-	-	-	-	-
	Amount Outstanding – Restructured facility	(125.17)	-	(275.52)	400.69	-	-	-	-	-	-
	Amount Outstanding – Other facility	(142.35)	-	80.68	61.67	-	-	-	-	-	-
	Provision thereon	(8.19)	-	(8.19)	-	-	-	-	-	-	-

(₹ in crores)

Type of Restructuring		Under CDR Mechanism					Under SME Debt Restructuring Mechanism				
Asset Classification		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
Write-offs of restructured accounts during the FY[4,5,6]	No. of borrowers	-	-	(1)	-	(1)	-	-	-	-	-
	Amount Outstanding – Restructured facility	(138.32)	-	(99.52)	(13.11)	(250.95)	-	-	-	-	-
	Amount Outstanding – Other facility	-	-	(32.46)	-	(32.46)	-	-	-	-	-
Restructured accounts as on March 31 of the FY (closing figures)	No. of borrowers	1	-	2	7	10	-	-	-	-	-
	Amount Outstanding – Restructured facility	0.60	-	125.18	495.60	621.38	-	-	-	-	-
	Amount Outstanding – Other facility	-	-	142.36	124.57	266.93	-	-	-	-	-
	Provision thereon	-	-	8.19	-	8.19	-	-	-	-	-

(₹ in crores)

Type of Restructuring		Others					Total				
Asset Classification		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
Restructured accounts as on April 1 of the FY (Opening Balance)	No. of borrowers	745	103	33	5	886	749	103	37	9	898
	Amount Outstanding – Restructured facility	690.09	16.79	3,284.63	159.69	4,151.20	957.72	16.79	3,752.56	257.55	4,984.62
	Amount Outstanding – Other facility	19.47	0.14	1,310.61	85.02	1,415.24	20.02	0.14	1,400.03	120.78	1,540.97
	Provision thereon	10.54	-	2.08	-	12.62	16.60	-	2.08	-	18.68
Fresh Restructuring during the year[1,2]	No. of borrowers	249	-	-	-	249	249	-	-	-	249
	Amount Outstanding – Restructured facility	121.14	1.96	76.57	18.93	218.60	121.68	1.96	108.86	29.09	261.59
	Amount Outstanding – Other facility	72.74	0.02	24.07	14.47	111.30	214.54	0.02	28.79	41.61	284.96
	Provision thereon	2.48	-	(2.08)	-	0.40	4.87	-	(2.08)	-	2.79

(₹ in crores)

Type of Restructuring		Others					Total				
Asset Classification		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
Upgradation to restructured standard category during the FY	No. of borrowers	15	(15)	-	-	-	15	(15)	-	-	-
	Amount Outstanding – Restructured facility	1.94	(1.94)	-	-	-	1.94	(1.94)	-	-	-
	Amount Outstanding – Other facility	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-
Restructured Standard Advances which cease to attract higher provisioning and/ or additional risk weight at the end of FY	No. of borrowers	(48)				(48)	(49)				(49)
	Amount Outstanding – Restructured facility	(249.86)				(249.86)	(253.94)				(253.94)
	Amount Outstanding – Other facility	(33.93)				(33.93)	(33.93)				(33.93)
	Provision thereon	(8.86)				(8.86)	(9.12)				(9.12)
Downgradation of restructured accounts during the FY[3]	No. of borrowers	(96)	11	81	4	-	(98)	11	80	7	-
	Amount Outstanding – Restructured facility	(11.76)	(3.45)	14.07	1.14	-	(136.93)	(3.45)	(261.45)	401.83	-
	Amount Outstanding – Other facility	(5.41)	5.19	0.22	-	-	(147.76)	5.19	80.90	61.67	-
	Provision thereon	-	-	-	-	-	(8.19)	-	8.19	-	-
Write-offs of restructured accounts during the FY[4,5,6]	No. of borrowers	(1)	(5)	(33)	(3)	(42)	(1)	(5)	(34)	(3)	(43)
	Amount Outstanding – Restructured facility	(51.22)	(2.16)	(1,752.36)	(71.24)	(1,876.98)	(189.54)	(2.16)	(1,851.88)	(84.35)	(2,127.93)
	Amount Outstanding – Other facility	(0.75)	(0.05)	(853.48)	(9.29)	(863.57)	(0.75)	(0.05)	(885.94)	(9.29)	(896.03)

(₹ in crores)

Type of Restructuring		Others					Total				
Asset Classification		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
Restructured accounts as on March 31 of the FY (closing figures)	No. of borrowers	864	94	81	6	1,045	865	94	83	13	1,055
	Amount Outstanding – Restructured facility	500.33	11.20	1,622.91	108.52	2,242.96	500.93	11.20	1,748.09	604.12	2,864.34
	Amount Outstanding – Other facility	52.12	5.30	481.42	90.20	629.04	52.12	5.30	623.78	214.77	895.97
	Provision thereon	4.16	-	-	-	4.16	4.16	-	8.19	-	12.35

Amount outstanding under restructuring facilities and other facilities is as on 31 March, 2020:

1. Amount reported here represents outstanding as on 31 March, 2020. Actual amount subjected to restructuring determined as on the date of approval of restructuring proposal is ₹38.06 crores for the FY 2019-20
2. Includes ₹3.13 crores of fresh/additional sanction to existing restructured accounts (entirely under restructured facility)
3. Includes accounts which were not attracting higher provisioning and/or additional risk weight at the beginning of FY
4. Includes accounts partially written-off during the year
5. Amount outstanding under restructuring facilities and other facilities is as on the date of write-off in the books
6. Includes ₹148.39 crores of reduction from existing restructured accounts by way of sale/recovery (₹144.28 crores from restructured facility and ₹4.11 crores from other facility)
7. The cumulative value of net restructured advances after reducing the provision held for diminution in fair value and balance in interest capitalization account upto 31 March, 2020 aggregated ₹472.14 crores
8. Information appearing under substandard, doubtful and loss category also include accounts slipped into NPAs from restructured standard advances along with restructured NPAs

Details of loans subjected to restructuring during the year ended 31 March, 2019 are given below:

(₹ in crores)

Type of Restructuring		Under CDR Mechanism					Under SME Debt Restructuring Mechanism				
Asset Classification		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
Restructured accounts as on April 1 of the FY (Opening Balance)	No. of borrowers	7	-	18	6	31	-	-	-	-	-
	Amount Outstanding – Restructured facility	427.80	-	1,370.79	124.65	1,923.24	-	-	-	-	-
	Amount Outstanding – Other facility	279.33	-	350.31	34.10	663.74	-	-	-	-	-
	Provision thereon	11.28	-	28.37	-	39.65	-	-	-	-	-

(₹ in crores)

Type of Restructuring		Under CDR Mechanism					Under SME Debt Restructuring Mechanism				
Asset Classification		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
Movement in balance for accounts appearing under opening balance	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding – Restructured facility	8.72	-	11.69	-	20.41	-	-	-	-	-
	Amount Outstanding – Other facility	-	-	10.50	23.97	34.47	-	-	-	-	-
	Provision thereon	0.64	-	(28.19)	-	(27.55)	-	-	-	-	-
Fresh Restructuring during the year [1,2]	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding – Restructured facility	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding – Other facility	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-
Upgradation to restructured standard category during the FY	No. of borrowers	1	-	(1)	-	-	-	-	-	-	-
	Amount Outstanding – Restructured facility	15.97	-	(15.97)	-	-	-	-	-	-	-
	Amount Outstanding – Other facility	-	-	-	-	-	-	-	-	-	-
	Provision thereon	0.18	-	(0.18)	-	-	-	-	-	-	-
Restructured Standard Advances which cease to attract higher provisioning and/or additional risk weight at the end of FY	No. of borrowers	(4)				(4)	-				-
	Amount Outstanding – Restructured facility	(178.19)				(178.19)	-				-
	Amount Outstanding – Other facility	(278.78)				(278.78)	-				-
	Provision thereon	(6.05)				(6.05)	-				-

(₹ in crores)

Type of Restructuring		Under CDR Mechanism					Under SME Debt Restructuring Mechanism				
Asset Classification		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
Downgradation of restructured accounts during the FY[3]	No. of borrowers	-	-	(1)	1	-	-	-	-	-	-
	Amount Outstanding - Restructured facility	-	-	(22.74)	22.74	-	-	-	-	-	-
	Amount Outstanding - Other facility	-	-	(5.51)	5.51	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-
Write-offs of restructured accounts during the FY[4,5,6]	No. of borrowers	-	-	(12)	(3)	(15)	-	-	-	-	-
	Amount Outstanding - Restructured facility	(6.67)	-	(875.84)	(49.54)	(932.05)	-	-	-	-	-
	Amount Outstanding - Other facility	-	-	(265.88)	(27.82)	(293.70)	-	-	-	-	-
Restructured accounts as on March 31 of the FY (closing figures)	No. of borrowers	4	-	4	4	12	-	-	-	-	-
	Amount Outstanding - Restructured facility	267.63	-	467.93	97.86	833.42	-	-	-	-	-
	Amount Outstanding - Other facility	0.55	-	89.42	35.76	125.73	-	-	-	-	-
	Provision thereon	6.06	-	-	-	6.06	-	-	-	-	-

(₹ in crores)

Type of Restructuring		Others					Total				
Asset Classification		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
Restructured accounts as on April 1 of the FY (Opening Balance)	No. of borrowers	516	18	191	87	812	523	18	209	93	843
	Amount Outstanding - Restructured facility	757.33	4.55	3,902.96	151.90	4,816.74	1,185.13	4.55	5,273.75	276.55	6,739.98
	Amount Outstanding - Other facility	268.82	0.33	1,390.05	3.75	1,662.95	548.15	0.33	1,740.36	37.85	2,326.69
	Provision thereon	7.35	-	36.97	-	44.32	18.63	-	65.34	-	83.97

(₹ in crores)

Type of Restructuring		Others					Total				
Asset Classification		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
Movement in balance for accounts appearing under opening balance	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding – Restructured facility	0.85	-	67.59	(1.23)	67.21	9.57	-	79.28	(1.23)	87.62
	Amount Outstanding – Other facility	(0.17)	-	5.74	-	5.57	(0.17)	-	16.24	23.97	40.04
	Provision thereon	(2.31)	-	(26.69)	-	(29.00)	(1.67)	-	(54.88)	-	(56.55)
Fresh Restructuring during the year[1,2]	No. of borrowers	457	1	5	-	463	457	1	5	-	463
	Amount Outstanding – Restructured facility	289.27	0.01	0.20	-	289.48	289.27	0.01	0.20	-	289.48
	Amount Outstanding – Other facility	18.84	0.01	0.01	-	18.86	18.84	0.01	0.01	-	18.86
	Provision thereon	-	-	-	-	-	-	-	-	-	-
Upgradation to restructured standard category during the FY	No. of borrowers	32	(22)	(10)	-	-	33	(22)	(11)	-	-
	Amount Outstanding – Restructured facility	338.52	(5.16)	(333.36)	-	-	354.49	(5.16)	(349.33)	-	-
	Amount Outstanding – Other facility	0.25	(0.09)	(0.16)	-	-	0.25	(0.09)	(0.16)	-	-
	Provision thereon	8.19	-	(8.19)	-	-	8.37	-	(8.37)	-	-
Restructured Standard Advances which cease to attract higher provisioning and/ or additional risk weight at the end of FY	No. of borrowers	(90)				(90)	(94)				(94)
	Amount Outstanding – Restructured facility	(537.26)				(537.26)	(715.45)				(715.45)
	Amount Outstanding – Other facility	(235.70)				(235.70)	(514.48)				(514.48)
	Provision thereon	(2.70)				(2.70)	(8.75)				(8.75)

(₹ in crores)

Type of Restructuring		Others					Total				
Asset Classification		**Standard**	**Sub-Standard**	**Doubtful**	**Loss**	**Total**	**Standard**	**Sub-Standard**	**Doubtful**	**Loss**	**Total**
Downgradation of restructured accounts during the FY[3]	No. of borrowers	(163)	107	50	6	-	(163)	107	49	7	-
	Amount Outstanding – Restructured facility	(154.37)	17.59	(23.92)	160.70	-	(154.37)	17.59	(46.66)	183.44	-
	Amount Outstanding – Other facility	(32.46)	(0.04)	(52.25)	85.02	-	(32.46)	(0.04)	(58.03)	90.53	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-
Write-offs of restructured accounts during the FY[4,5,6]	No. of borrowers	(7)	(1)	(203)	(88)	(299)	(7)	(1)	(215)	(91)	(314)
	Amount Outstanding – Restructured facility	(4.24)	(0.20)	(328.83)	(151.67)	(484.94)	(10.91)	(0.20)	(1,204.67)	(201.21)	(1,416.99)
	Amount Outstanding – Other facility	(0.11)	(0.07)	(32.52)	(3.75)	(36.45)	(0.11)	(0.07)	(298.40)	(31.57)	(330.15)
Restructured accounts as on March 31 of the FY (closing figures)	No. of borrowers	745	103	33	5	886	749	103	37	9	898
	Amount Outstanding – Restructured facility	690.09	16.79	3,284.63	159.69	4,151.20	957.72	16.79	3,752.56	257.55	4,984.62
	Amount Outstanding – Other facility	19.47	0.14	1,310.61	85.02	1,415.24	20.02	0.14	1,400.02	120.78	1,540.96
	Provision thereon	10.54	-	2.08	-	12.62	16.60	-	2.08	-	18.67

Amount outstanding under restructuring facilities and other facilities is as on 31 March, 2019:

1. Amount reported here represents outstanding as on 31 March, 2019. Actual amount subjected to restructuring determined as on the date of approval of restructuring proposal is ₹285.58 crores for the FY 2018-19
2. Includes ₹12.56 crores of fresh/additional sanction to existing restructured accounts (entirely under restructured facility)
3. Includes accounts which were not attracting higher provisioning and/or additional risk weight at the beginning of FY
4. Includes accounts partially written-off during the year
5. Amount outstanding under restructuring facilities and other facilities is as on the date of write-off in the books
6. Includes ₹212.80 crores of reduction from existing restructured accounts by way of sale/recovery (₹151.00 crores from restructured facility and ₹61.80 crores from other facility)
7. The cumulative value of net restructured advances after reducing the provision held for diminution in fair value and balance in interest capitalization account upto 31 March, 2019 aggregated ₹886.54 crores
8. Information appearing under substandard, doubtful and loss category also include accounts slipped into NPAs from restructured standard advances along with restructured NPAs

2.1.25 Details of MSME advances subjected to restructuring:

(₹ in crores)

Particulars	As at 31 March, 2020	As at 31 March, 2019
No. of accounts restructured	9	-
Amount outstanding	16.35	-

2.1.26 Disclosure with regard to implementation of resolution plan as required under RBI circular of 7 June, 2019 on Prudential Framework for Resolution of Stressed Assets:

(₹ in crores)

Particulars	Resolution plan implemented	Resolution plan not implemented
No. of borrowers where timeline for implementation of resolution plan was before 31 March, 2020 (without reckoning the extended resolution period provided through the RBI circular of 17 April, 2020)	6	35
Fund based outstanding as on 31 March, 2020*	640.09	8,185.42
Additional provisions held as per RBI circular of 7 June, 2019		474.89

* excluding outstanding for cases which have been subject to prudential write-off and outstanding in equity shares

2.1.27 Disclosure in respect of Interest Rate Swaps ('IRS'), Forward Rate Agreement ('FRA') and Cross Currency Swaps ('CCS') outstanding is set out below:

An 'IRS' is a financial contract between two parties exchanging or swapping a stream of interest payments for a 'notional principal' amount on multiple occasions during a specified period. The Bank deals in interest rate benchmarks like Mumbai Inter-Bank Offered Rate (MIBOR), Indian Government Securities Benchmark Rate (INBMK), Mumbai Inter-Bank Forward Offer Rate (MIFOR) and LIBOR of various currencies.

A 'FRA' is a financial contract between two parties to exchange interest payments for 'notional principal' amount on settlement date, for a specified period from start date to maturity date. Accordingly, on the settlement date cash payments based on contract rate and the settlement rate, which is the agreed bench-mark/reference rate prevailing on the settlement date, are made by the parties to one another. The benchmark used in the FRA contracts of the Bank is London Inter-Bank Offered Rate (LIBOR) of various currencies.

A 'CCS' is a financial contract between two parties exchanging interest payments and principal, wherein interest payments and principal in one currency would be exchanged for an equally valued interest payments and principal in another currency.

(₹ in crores)

Sr. No.	Items	As at 31 March, 2020	As at 31 March, 2019
i)	Notional principal of swap agreements	301,276.40	236,685.35
ii)	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	6,935.72	4,223.33
iii)	Collateral required by the Bank upon entering into swaps	837.94	523.97
iv)	Concentration of credit risk arising from the swaps		
	Maximum single industry exposure with Banks (previous year with Banks)		
	- Interest Rate Swaps/FRAs	3,890.55	2,201.10
	- Cross Currency Swaps	4,196.42	3,112.72
v)	Fair value of the swap book (hedging & trading)		
	- Interest Rate Swaps/FRAs	(588.68)	(794.06)
	- Currency Swaps	907.85	1,475.34

The nature and terms of the IRS as on 31 March, 2020 are set out below:

(₹ in crores)

Nature	Nos.	Notional Principal	Benchmark	Terms
Hedging	30	12,446.90	LIBOR	Fixed Receivable v/s Floating Payable
Hedging	2	3,783.25	LIBOR	Floating Receivable v/s Fixed Payable
Trading	217	34,240.79	LIBOR	Fixed Receivable v/s Floating Payable
Trading	825	41,163.33	MIBOR	Fixed Receivable v/s Floating Payable
Trading	646	42,574.00	MIFOR	Fixed Receivable v/s Floating Payable
Trading	11	1,000.00	INBMK	Floating Receivable v/s Fixed Payable
Trading	289	41,341.57	LIBOR	Floating Receivable v/s Fixed Payable
Trading	890	42,921.23	MIBOR	Floating Receivable v/s Fixed Payable
Trading	363	26,472.00	MIFOR	Floating Receivable v/s Fixed Payable
Trading	28	8,852.81	LIBOR	Floating Receivable v/s Floating Payable
Trading	4	64.69	LIBOR	Pay Cap
Trading	4	64.69	LIBOR	Receive Cap
	3,309	**254,925.26**		

The nature and terms of the IRS as on 31 March, 2019 are set out below:

(₹ in crores)

Nature	Nos.	Notional Principal	Benchmark	Terms
Hedging	33	12,413.32	LIBOR	Fixed Receivable v/s Floating Payable
Hedging	2	1,901.76	LIBOR	Floating Receivable v/s Fixed Payable
Trading	3	175.00	INBMK	Fixed Receivable v/s Floating Payable
Trading	250	36,486.34	LIBOR	Fixed Receivable v/s Floating Payable
Trading	564	34,822.66	MIBOR	Fixed Receivable v/s Floating Payable
Trading	380	20,724.00	MIFOR	Fixed Receivable v/s Floating Payable
Trading	18	1,559.00	INBMK	Floating Receivable v/s Fixed Payable
Trading	285	43,149.73	LIBOR	Floating Receivable v/s Fixed Payable
Trading	597	30,858.54	MIBOR	Floating Receivable v/s Fixed Payable
Trading	183	9,945.00	MIFOR	Floating Receivable v/s Fixed Payable
Trading	16	3,679.05	LIBOR	Floating Receivable v/s Floating Payable
Trading	4	106.33	LIBOR	Pay Cap
Trading	4	111.51	LIBOR	Receive Cap
	2,339	**195,932.24**		

The nature and terms of the FRA as on 31 March, 2020 are set out below:

(₹ in crores)

Nature	Nos.	Notional Principal	Benchmark	Terms
-	-	-	-	-
	-	-		

The nature and terms of the FRA as on 31 March, 2019 are set out below:

(₹ in crores)

Nature	Nos.	Notional Principal	Benchmark	Terms
-	-	-	-	-
	-	-		

The nature and terms of the CCS as on 31 March, 2020 are set out below:

(₹ in crores)

Nature	Nos.	Notional Principal	Benchmark	Terms
Trading	77	8,094.31	Principal & Coupon Swap	Fixed Payable v/s Fixed Receivable
Trading	85	8,709.42	LIBOR	Fixed Receivable v/s Floating Payable
Trading	69	13,381.28	LIBOR	Floating Receivable v/s Fixed Payable
Trading	29	10,380.16	LIBOR/MIFOR/ MIBOR	Floating Receivable v/s Floating Payable
Trading	38	4,197.61	Principal Only	Fixed Receivable
Trading	13	1,588.36	Principal Only	Fixed Payable
	311	**46,351.14**		

The nature and terms of the CCS as on 31 March, 2019 are set out below:

(₹ in crores)

Nature	Nos.	Notional Principal	Benchmark	Terms
Trading	93	7,416.32	Principal & Coupon Swap	Fixed Payable v/s Fixed Receivable
Trading	74	7,294.53	LIBOR	Fixed Receivable v/s Floating Payable
Trading	70	11,333.58	LIBOR	Floating Receivable v/s Fixed Payable
Trading	13	6,694.33	LIBOR/MIFOR/ MIBOR	Floating Receivable v/s Floating Payable
Trading	48	4,932.27	Principal Only	Fixed Receivable
Trading	32	3,082.09	Principal Only	Fixed Payable
	330	**40,753.12**		

Details of Exchange Traded Interest Rate Derivatives for the year ended 31 March, 2020 are set out below:

(₹ in crores)

Sr. No.	Particulars	As at 31 March, 2020
i)	**Notional principal amount of exchange traded interest rate derivatives undertaken during the year**	
	EDM9 – 90 Days Euro Futures – June 2019	1,513.30
	TUM9 – 2 years US Note – June 2019	1,876.49
	FVM9 – 5 years US Note – June 2019	3,238.46
	TYM9 – 10 years US Note – June 2019	2,148.89
	TUU9 – 2 years US Note – September 2019	1,059.31
	FVU9 – 5 years US Note – September 2019	1,436.12
	TYU9 – 10 years US Note – September 2019	272.39
	TUZ9 – 2 years US Note – December 2019	251.21
	FVZ9 – 5 years US Note – December 2019	768.76
	TYZ9 – 10 years US Note – December 2019	295.09
	TUH0 – 2 years US Note – March 2020	142.25
	FVH0 – 5 years US Note – March 2020	567.49
	TYH0 – 10 years US Note – March 2020	606.83
	TUM0 – 2 years US Note – June 2020	27.24
	FVM0 – 5 years US Note – June 2020	308.71
	TYM0 – 10 years US Note – June 2020	172.52
	EDM0 – 90 Days Euro Futures – June 2020	1,543.57
		16,228.63
ii)	**Notional principal amount of exchange traded interest rate derivatives outstanding as on 31 March, 2020**	
	TUM0 – 2 Years US Note – June 2020	27.24
	FVM0 – 5 Years US Note – June 2020	151.33
	TYM0 – 10 Years US Note – June 2020	142.25
		320.82
iii)	**Notional principal amount of exchange traded interest rate derivatives outstanding as on 31 March, 2020 and "not highly effective"**	N.A.
iv)	**Mark-to-market value of exchange traded interest rate derivatives outstanding as on 31 March, 2020 and "not highly effective"**	N.A.

Details of Exchange Traded Interest Rate Derivatives for the year ended 31 March, 2019 are set out below:

(₹ in crores)

Sr. No.	Particulars	As at 31 March, 2019
i)	**Notional principal amount of exchange traded interest rate derivatives undertaken during the year**	
	717GS2028 – 7.17% GOI 2028	77.28
	FVM8 – 5 years US Note – June 2018	69.15
	TYM8 – 10 years US Note – June 2018	345.77
	FVU8 – 5 years US Note – September 2018	459.19
	TYU8 – 10 years US Note – September 2018	1,136.91
	TYZ8 – 10 years US Note – December 2018	1,569.82

(₹ in crores)

Sr. No.	Particulars	As at 31 March, 2019
	FVZ8 – 5 years US Note – December 2018	1,064.99
	EDZ8 – 90 Days Euro Futures – December 2018	5,532.40
	EDM9 – 90 Days Euro Futures – June 2019	2,863.02
	TUZ8 – 2 years US Note – December 2018	276.62
	EDZ9 – 90 Days Euro Futures – December 2019	9,681.70
	TYH9 – 10 years US Note – March 2019	3,380.30
	FVH9 – 5 Years US Note – March 2019	7,898.88
	TUH9 – 2 Years US Note – March 2019	926.68
	TUM9 – 2 Years US Note – June 2019	110.65
	FVM9 – 5 Years US Note – June 2019	2,636.19
	TYM9 – 10 Years US Note – June 2019	207.46
	EDZ0 – 90 Days Euro Futures – December 2020	2,766.20
		41,003.21
ii)	**Notional principal amount of exchange traded interest rate derivatives outstanding as on 31 March, 2019**	
	FVM9 – 5 Years US Note – June 2019	818.79
	TUM9 – 2 Years US Note – June 2019	82.99
		901.78
iii)	**Notional principal amount of exchange traded interest rate derivatives outstanding as on 31 March, 2019 and “not highly effective”**	N.A.
iv)	**Mark-to-market value of exchange traded interest rate derivatives outstanding as on 31 March, 2019 and “not highly effective”**	N.A.

The Bank has not undertaken any transactions in Credit Default Swaps (CDS) during the year ended 31 March, 2020 and 31 March, 2019.

2.1.28 Disclosure on risk exposure in Derivatives

Qualitative disclosures:

(a) Structure and organisation for management of risk in derivatives trading, the scope and nature of risk measurement, risk reporting and risk monitoring systems, policies for hedging and/or mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges/mitigants:

Derivatives are financial instruments whose characteristics are derived from an underlying asset, or from interest and exchange rates or indices. The Bank undertakes over the counter and Exchange Traded derivative transactions for Balance Sheet management and also for proprietary trading/market making whereby the Bank offers OTC derivative products to the customers to enable them to hedge their interest rate and currency risks within the prevalent regulatory guidelines.

Proprietary trading includes Exchange Traded Currency Options, Interest Rate Futures, Currency Futures and Rupee Interest Rate Swaps under different benchmarks (viz. MIBOR, MIFOR and INBMK), Currency Options and Currency Swap. The Bank also undertakes transactions in Cross Currency Swaps, Principal Only Swaps, Coupon Only Swaps, Currency Option, Interest Rate Swap and Long Term Forex Contracts (LTFX) for hedging its Balance Sheet and also offers them to its customers. These transactions expose the Bank to various risks, primarily credit, market, legal, reputation and operational risk. The Bank has adopted the following mechanism for managing risks arising out of the derivative transactions.

There is a functional separation between the Treasury Front Office, Treasury Mid Office and Treasury Back Office to undertake derivative transactions. The customer and interbank related derivative transaction are originated by Derivative sales and Treasury Front Office team respectively which ensures compliance with the trade origination requirements as per the bank’s policy and the RBI guidelines. The Market Risk Group within the Bank’s Risk Department independently identifies measures and monitors the market risks associated with derivative transactions and apprises the Asset Liability Management Committee (ALCO) and the Risk Management Committee of the Board (RMC) on the compliance with the risk limits. The Treasury Back Office undertakes activities such as trade validation, confirmation, settlement, ISDA documentation, accounting, valuation and other MIS reporting.

The derivative transactions are governed by the Derivative policy, Suitability and Appropriateness Policy for derivative products, Market risk management policy, Hedging policy and the Asset Liability Management (ALM) policy of the Bank as well as by the extant RBI guidelines. The Bank has implemented policy on customer suitability & appropriateness to ensure that derivatives transactions entered into are appropriate and suitable to the customer. The Bank has put in place a detailed process flow on documentation for customer derivative transactions for effective management of operational/reputation/compliance risk.

Various risk limits are set up and actual exposures are monitored vis-à-vis the limits allocated. These limits are set up taking into account market volatility, risk appetite, business strategy and management experience. Risk limits are in place for risk parameters viz. PV01, VaR, Stop Loss, Delta, Gamma and Vega. Actual positions are monitored against these limits on a daily basis and breaches, if any, are dealt with in accordance with board approved Risk Appetite Statement. Risk assessment of the portfolio is undertaken periodically. The Bank ensures that the Gross PV01 (Price value of a basis point) position arising out of all non-option rupee derivative contracts are within 0.25% of net worth of the Bank as on Balance Sheet date.

Hedging transactions are undertaken by the Bank to protect the variability in the fair value or the cash flow of the underlying Balance Sheet item. These deals are accounted on an accrual basis except the swap designated with an asset/liability that is carried at market value or lower of cost or market value. In that case, the swap is marked to market with the resulting gain or loss recorded as an adjustment to the market value of designated asset or liability. These transactions are tested for hedge effectiveness and in case any transaction fails the test, the same is re-designated as a trading deal and appropriate accounting treatment is followed.

(b) Accounting policy for recording hedge and non-hedge transactions, recognition of income, premiums and discounts, valuation of outstanding contracts

The Hedging Policy of the Bank governs the use of derivatives for hedging purpose. Subject to the prevailing RBI guidelines, the Bank deals in derivatives for hedging fixed rate and floating rate coupon or foreign currency assets/liabilities. Transactions for hedging and market making purposes are recorded separately. For hedge transactions, the Bank identifies the hedged item (asset or liability) at the inception of the transaction itself. The effectiveness is ascertained at the time of inception of the hedge and periodically thereafter. Hedge derivative transactions are accounted for in accordance with the hedge accounting principles. Derivatives for market making purpose are marked to market and the resulting gain/loss is recorded in the Profit and Loss Account. The premium on option contracts is accounted for as per FEDAI guidelines. Derivative transactions are covered under International Swaps and Derivatives Association (ISDA) master agreements with respective counterparties. The exposure on account of derivative transactions is computed as per the RBI guidelines and is marked against the credit limits approved for the respective counterparties.

(c) Provisioning, collateral and credit risk mitigation

Derivative transactions comprise of swaps, FRAs, futures, forward contracts and options which are disclosed as contingent liabilities. Trading swaps/FRAs/futures/options/forward contracts are revalued at the Balance Sheet date with the resulting unrealised gain or loss being recognised in the Profit and Loss Account and correspondingly in other assets or other liabilities respectively. Hedged swaps are accounted for as per the RBI guidelines. In accordance with RBI guidelines, any receivables (crystallised receivables and positive MTM) under derivatives contracts, which remain overdue for more than 90 days, are reversed through the Profit and Loss Account and are held in a separate Suspense account.

Collateral requirements for derivative transactions are laid down as part of credit sanction terms on a case by case basis. Such collateral requirements are determined, based on usual credit appraisal process. The Bank retains the right to terminate transactions as a risk mitigation measure in certain cases.

The credit risk in respect of customer derivative transactions is sought to be mitigated through a laid down policy on sanction of Loan Equivalent Risk (LER) limits, monitoring mechanism for LER limits and trigger events for escalation/margin calls/termination.

Quantitative disclosure on risk exposure in derivatives[1]:

(₹ in crores)

Sr. No.	Particulars	As at 31 March, 2020			
		Currency Derivatives			Interest rate Derivatives
		Forward Contracts[4]	CCS	Options	
1	**Derivatives (Notional Principal Amount)**				
	a) For hedging	43,612.28	-	-	16,230.14
	b) For trading	412,366.46	46,351.14	45,114.10	238,695.12
2	**Marked to Market Positions[2]**				
	a) Asset (+)	7,665.93	3,077.72	1,676.86	3,692.90
	b) Liability (-)	(7,228.49)	(2,169.87)	(1,620.33)	(4,428.26)
3	**Credit Exposure[3]**	21,166.53	7,811.75	1,373.69	6,428.92
4	**Likely impact of one percentage change in interest rate (100*PV01) (as at 31 March, 2020)**				
	a) on hedging derivatives	12.33	-	-	1.32
	b) on trading derivatives	12.31	5.77	13.02	52.98
5	**Maximum and Minimum of 100*PV01 observed during the year**				
	a) on hedging				
	i) Minimum	3.94	-	-	1.27
	ii) Maximum	12.33	-	-	31.49
	b) on Trading				
	i) Minimum	0.30	2.25	10.67	52.33
	ii) Maximum	12.31	10.79	57.72	68.11

1. only Over The Counter derivatives included
2. only on trading derivatives
3. includes accrued interest
4. excluding Tom/Spot contracts

(₹ in crores)

Sr. No.	Particulars	As at 31 March, 2019			
		Currency Derivatives			Interest rate Derivatives
		Forward Contracts[4]	CCS	Options	
1	**Derivatives (Notional Principal Amount)**				
	a) For hedging	56,970.61	-	-	14,315.09
	b) For trading	272,683.15	40,753.12	46,404.77	181,617.15
2	**Marked to Market Positions[2]**				
	a) Asset (+)	3,764.51	2,698.28	1,485.72	1,509.36
	b) Liability (-)	(3,907.80)	(1,222.94)	(1,425.22)	(2,146.16)
3	**Credit Exposure[3]**	13,477.22	6,709.64	1,603.96	3,743.38
4	**Likely impact of one percentage change in interest rate (100*PV01) (as at 31 March, 2019)**				
	a) on hedging derivatives	3.81	-	-	49.80
	b) on trading derivatives	8.76	2.56	298.94	57.93
5	**Maximum and Minimum of 100*PV01 observed during the year**				
	a) on hedging				
	i) Minimum	1.02	-	-	29.67
	ii) Maximum	12.34	-	-	60.55
	b) on Trading				
	i) Minimum	0.56	2.46	20.91	53.63
	ii) Maximum	8.76	5.71	306.14	78.97

1. only Over The Counter derivatives included
2. only on trading derivatives
3. includes accrued interest
4. excluding Tom/Spot contracts

The outstanding notional principal amount of Exchange Traded Currency Options as at 31 March, 2020 was Nil (previous year Nil) and the mark-to-market value was Nil (previous year Nil).

2.1.29 Details of penalty/stricture levied by RBI:

No penalty/stricture has been imposed by RBI on the Bank during the year ended 31 March, 2020.

Details of penalty/stricture levied by RBI during the year ended 31 March, 2019 is as under:

Amount (₹ in crores)	Reason for stricture issued/ levy of penalty by RBI	Date of payment of penalty
2.00	Non-compliance of RBI guidelines related to 'Collection of Account Payee Cheques – Prohibition on Crediting proceeds to Third Party Account' and Master Directions on 'Frauds- Classification and Reporting by commercial banks and select FIs'. Penalty was imposed in terms of Section 47A(1)(c) read with Section 46(4)(i) of the Banking Regulation Act, 1949	16 February, 2019
0.20	Non-compliance of RBI guidelines related to 'Detection and Impounding of Counterfeit Notes' and 'Sorting of Notes – Installation of Note Sorting Machines'. Penalty was imposed in terms of Section 47A(1)(c) read with Section 46(4)(i) of the Banking Regulation Act, 1949	5 February, 2019
-	Caution letter issued by RBI on 25 February, 2019 for non compliance of RBI directives on time bound implementation and strengthening of SWIFT related operational controls	-

2.1.30 Disclosure of customer complaints

(a) Disclosure of customer complaints relating to Bank's customers on Bank's ATMs

		31 March, 2020	31 March, 2019
a.	No. of complaints pending at the beginning of the year	-	284
b.	No. of complaints received during the year	55,475	115,737
c.	No. of complaints redressed during the year	55,475	116,021
d.	No. of complaints pending at the end of the year	-	-

(b) Disclosure of customer complaints relating to Bank's customers on other bank's ATMs

		31 March, 2020	31 March, 2019
a.	No. of complaints pending at the beginning of the year	-	2,360
b.	No. of complaints received during the year	80,699	105,110
c.	No. of complaints redressed during the year	80,699	107,470
d.	No. of complaints pending at the end of the year	-	-

(c) Disclosure of customer complaints other than ATM transaction complaints

		31 March, 2020	31 March, 2019
a.	No. of complaints pending at the beginning of the year	1,217	24,456
b.	No. of complaints received during the year	64,310	78,442
c.	No. of complaints redressed during the year	64,562	101,681
d.	No. of complaints pending at the end of the year	965	1,217

(d) Total customer complaints

		31 March, 2020	31 March, 2019
a.	No. of complaints pending at the beginning of the year	1,217	27,100
b.	No. of complaints received during the year	200,484	299,289
c.	No. of complaints redressed during the year	200,736	325,172
d.	No. of complaints pending at the end of the year	965	1,217

The above information does not include complaints redressed within 1 working day and is as certified by the Management and relied upon by the auditors.

2.1.31 Disclosure of Awards passed by the Banking Ombudsman

		31 March, 2020	31 March, 2019
a.	No. of unimplemented awards at the beginning of the year	-	-
b.	No. of awards passed by the Banking Ombudsman during the year	-	-
c.	No. of awards implemented during the year	-	-
d.	No. of unimplemented awards at the end of the year	-	-

The above information is as certified by the Management and relied upon by the auditors.

2.1.32 Draw Down from Reserves

During the year ended 31 March, 2020 the Bank has not undertaken any draw from reserves, except towards issue expenses incurred for equity raising through Qualified Institutional Placement and conversion of share warrants, which has been adjusted against the share premium account.

During the year ended 31 March, 2019 the Bank has made a draw down out of the Investment Reserve account towards depreciation on investments in AFS and HFT categories in terms of RBI guidelines.

2.1.33 Letter of Comfort

The Bank has not issued any Letter of Comfort on behalf of its subsidiaries during the current and previous year.

2.1.34 Disclosure on Remuneration

Qualitative disclosures

a) Information relating to the bodies that oversee remuneration:

- Name, composition and mandate of the main body overseeing remuneration:

  The Nomination and Remuneration Committee of the Board oversees the framing, review and implementation of the compensation policy of the Bank on behalf of the Board. The Committee works in close co-ordination with the Risk Management Committee of the Bank, in order to achieve effective alignment between remuneration and risks.

  As at 31 March, 2020, the Nomination and Remuneration Committee comprises of the following Non-Executive Directors:

  1. Shri Rohit Bhagat - Chairman

  2. Shri Rakesh Makhija

  3. Shri Stephen Pagliuca

In respect of Remuneration/HR matters, the Nomination and Remuneration Committee of the Board, functions with the following main objectives:

a. Review and recommend to the Board for approval, the overall remuneration framework and associated policy of the Bank (including remuneration policy for Directors and key managerial personnel) including the level and structure of fixed pay, variable pay, perquisites, bonus pool, stock-based compensation and any other form of compensation as may be included from time to time to all the employees of the Bank including the Managing Director & CEO (MD & CEO), other Whole-Time Directors (WTD) and senior managers one level below the Board.

b. Recommend to the Board the compensation payable to the Chairman of the Bank.

c. Review and recommend to the Board for approval, the talent management and succession policy and process in the Bank for ensuring business continuity, especially at the level of MD & CEO, the other WTDs, senior managers' one level below the Board and other key roles and their progression to the Board.

d. Formulate the criteria and the manner for effective evaluation of performance of the Board as a whole, its Committees and individual directors, including independent directors of the Bank, which may be carried out either by the Committee or by the Board or with the help of an independent external agency and to review its implementation, compliance and outcomes.

e. Set the goals, objectives and performance benchmarks for the Bank and for MD & CEO, WTDs and Group Executives for the financial year and over the medium to long term. Review adequacy and appropriateness of HR strategy of the Bank in the broader areas of code of conduct, ethics, conflict of interest, succession planning, talent management, performance management, remuneration and HR risk management.

f. Review and recommend to the Board for approval:

   - the creation of new positions one level below MD & CEO
   - appointments, promotions and exits of senior managers one level below the MD & CEO

g. Set the goals, objectives and performance benchmarks for the Bank and for MD & CEO, WTDs and Group Executives for the financial year and over the medium to long term.

h. Review the performance of the MD & CEO and other WTDs at the end of each year.

i. Perform such other duties as may be required to be done under any law, statute, rules, regulations etc. enacted by Government of India, Reserve Bank of India or by any other regulatory or statutory body.

- External consultants whose advice has been sought, the body by which they were commissioned, and in what areas of the remuneration process:

  The Nomination and Remuneration Committee has commissioned Aon Hewitt, a globally renowned compensation benchmarking firm, to conduct market benchmarking of employee compensation. The Bank participates in the salary benchmarking survey conducted by Aon Hewitt every year. Aon Hewitt collects data from multiple private sector peer banks across functions, levels and roles which is then used by the Bank to assess market competitiveness of remuneration offered to Bank employees.

- A description of the scope of the Bank's remuneration policy, including the extent to which it is applicable to foreign subsidiaries and branches:

  The Committee monitors the remuneration policy for both domestic and overseas branches of the Bank on behalf of the Board. However, it does not oversee the compensation policy for subsidiaries of the Bank.

- A description of the type of employees covered and number of such employees:

  Employees are categorised into following three categories from remuneration structure and administration standpoint:

  Category 1

  MD & CEO and WTDs. This category includes 4 employees.

  Category 2

  All the employees in the Grade of Vice President and above engaged in the functions of Risk Control and Compliance. This category includes 34 employees.

  Category 3: Other Staff

  'Other Staff' has been defined as a "group of employees who pose a material risk". This category includes all the employees of the Bank in the grade of Executive Vice President (EVP) and above and also few other key business roles in case they are below the grade of Executive Vice President. This category includes 46 employees.

b) Information relating to the design and structure of remuneration processes:

- An overview of the key features and objectives of remuneration policy:

  The compensation philosophy of the Bank aims to attract, retain and motivate professionals in order to enable the Bank to attain its strategic objectives and develop a strong performance culture in the competitive environment in which it operates. To achieve this, the following principles are adopted:

  - Affordability: Pay to reflect productivity improvements to retain cost-income competitiveness
  - Maintain competitiveness on fixed pay in talent market
  - Pay for performance to drive meritocracy through variable pay
  - Employee Stock Options for long-term value creation
  - Benefits and perquisites to remain aligned with market practices and provide flexibility

  Apart from the above, the compensation structure for MD & CEO and WTDs is aligned to RBI's guidelines for sound compensation practices (effective FY 2012-13) and addresses the general principles of:

  - Effective and independent governance and monitoring of compensation
  - Alignment of compensation with prudent risk-taking through well designed and consistent compensation structures
  - Clear and timely disclosure to facilitate supervisory oversight by all stakeholders

  Accordingly, the compensation policy for MD & CEO and WTDs seeks to:

  a) Ensure that the compensation, in terms of structure and total amount, is in line with the best practices, as well as competitive vis-à-vis that of peer banks

  b) Establish the linkage of compensation with individual performance as well as achievement of the corporate objectives of the Bank

c) Include an appropriate variable pay component tied to the achievement of pre-established objectives in line with Bank's scorecard while ensuring that the compensation is aligned with prudent risk taking

d) Encourage attainment of long term shareholder returns through inclusion of equity linked long-term incentives as part of compensation

Compensation is structured in terms of fixed pay, variable pay and employee stock options (for selective employees), with a strong linkage of variable pay to performance. The compensation policy of the Bank is approved by the Nomination and Remuneration Committee. Additional approval from Shareholders and RBI is obtained specifically for compensation of MD & CEO and WTDs.

- Whether the remuneration committee reviewed the firm's remuneration policy during the past year, and if so, an overview of any changes that were made:

  There were no changes made in the remuneration policy for FY 2019-20.

- A discussion of how the Bank ensures that risk and compliance employees are remunerated independently of the businesses they oversee:

  The Bank ensures that risk and compliance employees are remunerated independently of the businesses they oversee and is guided by the individual employee performance. The remuneration is determined on the basis of relevant risk measures included in the Balanced Scorecard / key deliverables of staff in these functions. The parameters reviewed for performance based rewards are independent of performance of the business area they oversee and commensurate with their individual role in the Bank. Additionally, the ratio of fixed and variable compensation is weighed towards fixed compensation.

c) Description of the ways in which current and future risks are taken into account in the remuneration processes:

- An overview of the key risks that the Bank takes into account when implementing remuneration measures:

  The business activity of the Bank is undertaken within the limits of the following risk measures to achieve the financial plan. The Financial Perspective in the Bank's BSC contains metrics pertaining to growth, profitability and asset quality. These metrics along with other metrics in customer, internal process and compliance and people perspective are taken into account while arriving at the remuneration decisions. The metrics on internal process and compliance ensure due weightage to non – financial risk that bank may be exposed to.

- An overview of the nature and type of key measures used to take account of these risks, including risk difficult to measure:

  The Bank has a robust system of measuring and reviewing these risks. The risk parameters are a part of the Balanced Scorecard used for setting of performance objectives and for measuring performance which includes, besides financial performance, adherence to internal processes, compliance and people perspectives. Weightage is placed on not only financial or quantitative achievement of objectives but also on qualitative aspects detailing how the objectives were achieved.

- A discussion of the ways in which these measures affect remuneration:

  The relevant risk measures are included in the scorecards of MD & CEO and WTDs. Inclusion of the above mentioned measures ensures that performance parameters are aligned to risk measures at the time of performance evaluation. The Nomination and Remuneration Committee takes into consideration all the above aspects while assessing organisational and individual performance and making compensation related recommendations to the Board.

- A discussion of how the nature and type of these measures have changed over the past year and reasons for the changes, as well as the impact of changes on remuneration:

The Bank continued to track key metrics across financial, customer, internal process and compliance and people perspective as part of FY20 BSC. During FY2019-20, metrics on digitizing customer journeys and strengthening of internal processes were incorporated to reinforce focus on delivering superior customer experience. Further, critical deliverables were included to drive progress on the Bank's GPS strategy.

d) Description of the ways in which the Bank seeks to link performance during a performance measurement period with levels of remuneration:

The Bank's performance management and compensation philosophies are structured to support the achievement of the Bank's on-going business objectives by rewarding achievement of objectives linked directly to its strategic business priorities. These strategic priorities are cascaded through annualised objectives to the employees.

The Bank follows the Balanced Scorecard approach in designing its performance management system. Adequate attention is given to the robust goal setting process to ensure alignment of individual objectives to support the achievement of business strategy, financial and non-financial goals across and through the organisation. The non-financial goals for employees includes customer service, process improvement, adherence to risk and compliance norms, operations and process control, learning and knowledge development.

- An overview of main performance metrics for Bank, top level business lines and individuals:

  The Bank follows a Balanced Scorecard approach for measuring performance for the Bank, top business lines and individuals. The approach broadly comprises financial, customer, internal processes, compliance, and people perspectives and includes parameters on revenue and profitability, business growth, customer initiatives, operational efficiencies, regulatory compliance, risk management and people management.

- A discussion of how amounts of individual remuneration are linked to the Bank-wide and individual performance:

  The Bank's remuneration practices are underpinned by principles of meritocracy and fairness. The remuneration system strives to maintain the ability to attract, retain, reward and motivate the talent in order to enable the Bank to attain its strategic objectives within the increasingly competitive context in which it operates. The Bank's pay-for-performance approach strives to ensure both internal and external equity in line with emerging market trends. However, the business model and affordability form the overarching boundary conditions.

  The Bank follows a Balanced Scorecard approach for measuring performance at senior levels. The Balanced Scorecard parameters for individuals are cascaded from the Bank's Balanced Scorecard. The Management Committee or the Nomination and Remuneration Committee reviews the achievements against the set of parameters which determines the performance of the individuals. For all other employees, performance appraisals are conducted annually and initiated by the employee with self-appraisal. The immediate supervisor reviews the appraisal ratings in a joint consultation meeting with the employee and assigns the performance rating. The final ratings are discussed by a Moderation Committee comprising of senior officials of the Bank. Both relative and absolute individual performances are considered for the moderation process. Individual fixed pay increases, variable pay and ESOPs are linked to the final performance ratings.

- A discussion of the measures the Bank will in general implement to adjust remuneration in the event that performance metrics are weak:

  In cases where the performance metrics are weak or not well defined to measure the performance effectively, the Bank uses discretion to reward such employees. The remuneration is then influenced by the operational performance parameters of the Bank along with individual performance achievement.

  Whilst determining fixed and variable remuneration, relevant risk measures are included in scorecards of senior employees. The Financial Perspective in the Bank's BSC contains metrics pertaining to growth, profitability and asset quality. These metrics along with other metrics in customer, internal process and compliance and people perspective are taken into account while arriving at the remuneration decisions. The metrics on internal process and compliance ensure due weightage to non – financial risk that bank may be exposed to.

As a prudent measure, a portion of variable pay if it exceeds a certain threshold is deferred and is paid proportionately over a period of 3 years. The deferred variable pay amount of reference year would be held back in case of any misrepresentation or gross inaccuracy resulting in a wrong risk assessment.

e) Description of the ways in which the Bank seeks to adjust remuneration to take account of the longer term performance:

- A discussion of the Bank's policy on deferral and vesting of variable remuneration and, if the fraction of variable remuneration that is deferred differs across employees or groups of employees, a description of the factors that determine the fraction and their relative importance:

  The deferral of the Variable Pay for the three categories of employees as stated earlier is given below:

  Category 1: MD & CEO and WTDs

  Variable Pay will not exceed 70% of the Fixed Pay

  To ensure that risk measures do not focus only on achieving short term goals, variable payout is deferred. If the variable pay exceeds 40% of fixed pay, 45% of the variable pay to be deferred proportionately over a period of three years.

  Category 2: All the employees in the Grade of Vice President and above engaged in the functions of Risk Control and Compliance

  - Variable Pay will be paid on the basis of laid down risk control, compliance and process improvement parameters in the balanced scorecard / key deliverables of staff in this function
  - The parameters will be independent of performance of the business area they oversee and will commensurate with their key role in the Bank
  - The ratio of fixed and variable compensation will be weighed towards fixed compensation
  - Percentage of variable pay to be capped at 70% of fixed pay
  - Appropriate deferral structure as approved by the Nomination and Remuneration Committee will be applicable to this category of employees

  Category 3: Other Staff

  - Variable Pay will be paid on the basis of performance against key deliverables and overall business performance for the financial year
  - Percentage of variable pay to be capped at 70% of fixed pay
  - Appropriate deferral structure as approved by the Nomination and Remuneration Committee will be applicable to this category of employees

- A discussion of the Bank's policy and criteria for adjusting deferred remuneration before vesting and (if permitted by national law) after vesting through claw back arrangements:

  The deferred portion of the variable pay may be delayed in the event of an enquiry determining gross negligence or breach of integrity. The deferred portion is withheld by the Bank till the completion of such enquiries, if any. As a result, no claw back arrangements are made on the deferred portion of the variable pay.

f) Description of the different forms of variable remuneration that the Bank utilizes and the rationale for using these different forms:

- An overview of the forms of variable remuneration offered:
    - Variable Pay: Variable Pay is linked to corporate performance, business performance and individual performance and ensures differential pay based on the performance levels of employees
    - Employee Stock Options (ESOPs): ESOPs are given to selective set of employees at senior levels based on their level of performance and role. ESOP scheme has an inbuilt deferred vesting design which helps in directing long term performance orientation among employees
- A discussion of the use of different forms of variable remuneration and, if the mix of different forms of variable remuneration differs across employees or group of employees, a description of the factors that determine the mix and their relative importance:

  Variable pay in the form of performance based bonus is paid out annually and is linked to performance achievement against balanced performance measures and aligned with the principles of meritocracy. The proportion of variable pay in total pay shall be higher at senior management levels. The payment of all forms of variable pay is governed by the affordability of the Bank and based on profitability and cost income ratios. At senior management levels (and for certain employees with potential to cause material impact on risk exposure), a portion of variable compensation may be paid out in a deferred manner in order to drive prudent behaviour as well as long term & sustainable performance orientation. Long term variable pay is administered in the form of ESOPs with an objective of enabling employee participation in the business as an active stakeholder and to usher in an 'owner-manager' culture. The quantum of grant of stock options is determined and approved by the Nomination and Remuneration Committee, in terms of the said Regulations and in line with best practices, subject to the approval of RBI. The current ESOP design has an inbuilt deferral intended to spread and manage risk.

Quantitative disclosures

a) The quantitative disclosures pertaining to the MD & CEO, Whole Time Directors and other risk takers for the year ended 31 March, 2020 and 31 March, 2019 are given below. Other risk takers include all employees in the grade of Executive Vice President (EVP) and above and also cover certain select roles in case they are below the grade of EVP.

		31 March, 2020	31 March, 2019
a.	i) Number of meetings held by the Remuneration Committee (main body overseeing remuneration) during the financial year	6	16
	ii) Remuneration paid to its members (sitting fees)	₹1,200,000	₹2,950,000
b.	Number of employees having received a variable remuneration award during the financial year	36*	29*
c.	Number and total amount of sign-on awards made during the financial year	N.A.	N.A.
d.	Number and total amount of guaranteed bonus awarded during the financial year, if any	N.A.	N.A.
e.	Details of severance pay, in addition to accrued benefits, if any	N.A.	N.A.
f.	Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms	-	-
g.	Total amount of deferred remuneration paid out in the financial year	Nil	₹0.34 crores
h.	Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred, different forms used	Fixed - ₹66.53 crores#	Fixed - ₹49.80 crores#
		Variable - ₹14.23 crores*	Variable - ₹9.41 crores*
		Deferred – Nil	Deferred – Nil
		Non-deferred - ₹14.23 crores*	Non-deferred - ₹9.41 crores*
		Number of stock options granted during the financial year – 3,718,000	Number of stock options granted during the financial year – 2,479,000

		31 March, 2020	31 March, 2019
i.	Total amount of outstanding deferred remuneration and retained remuneration exposed to ex-post explicit and/or implicit adjustments	N.A.	N.A.
j.	Total amount of reductions during the financial year due to ex- post explicit adjustments	N.A.	N.A.
k.	Total amount of reductions during the financial year due to ex- post implicit adjustments	N.A.	N.A.

* pertains to FY 2018-19 paid to MD & CEO, WTDs and other risk takers (previous years pertains to FY 2016-17 paid to MD & CEO and WTDs and for FY 2017-18 paid to other risk takers)

Fixed Remuneration includes basic salary, fixed allowance, leave fare concession, house rent allowance, super annuation allowance, certain other allowances, gratuity payout, leave encashment and contribution towards provident fund and superannuation fund. Payments in nature of reimbursements have been excluded from fixed remuneration.

b) Disclosure for compensation of Non-executive Directors (Except Part-time Chairman):

(₹ in crores)

		31 March, 2020	31 March, 2019
a.	Amount of remuneration paid during the year (pertains to preceding year)	0.95	-

2.1.35 The details of fees / brokerage earned in respect of insurance broking, agency and bancassurance business undertaken by the Bank are as under:

(₹ in crores)

Sr. No.	Nature of Income	31 March, 2020	31 March, 2019
1.	For selling life insurance policies	692.02	640.50
2.	For selling non-life insurance policies	76.17	68.62
3.	For selling mutual fund products	291.94	416.09
4.	Others (wealth advisory, RBI and other bonds etc.)	57.07	99.11
	Total	**1,117.20**	**1,224.32**

2.1.36 The Bank has not sponsored any special purpose vehicle which is required to be consolidated in the consolidated financial statements as per accounting norms.

2.1.37 Amount of total assets, non-performing assets and revenue of overseas branches is given below:

(₹ in crores)

Particulars	31 March, 2020	31 March, 2019
Total assets	53,673.52	47,941.15
Total NPAs	4,420.07	3,727.06
Total revenue	2,058.04	3,416.09

2.1.38 During the years ended 31 March, 2020 and 31 March, 2019 the value of sales/transfers of securities to/from HTM category (excluding one-time transfer of securities and sales to RBI under OMO auctions) did not exceed 5% of the book value of investments held in HTM category at the beginning of the year.

2.1.39 Disclosure on transfers to Depositor Education and Awareness Fund (DEAF)

(₹ in crores)

Particulars	31 March, 2020	31 March, 2019
Opening balance of amounts transferred to DEAF	161.53	97.14
Add : Amounts transferred to DEAF during the year	73.92	66.85
Less : Amounts reimbursed by DEAF towards claims	(2.94)*	(2.46)*
Closing balance of amounts transferred to DEAF	**232.51**	**161.53**

*includes ₹0.38 crores (previous year ₹0.16 crores) of claim raised and pending settlement with RBI

2.1.40 Disclosure on Intra-Group Exposures

(₹ in crores)

Particulars	31 March, 2020	31 March, 2019
Total amount of intra-group exposures	3,377.94	6,895.64
Total amount of top-20 intra-group exposures	3.377.89	6,895.64
Percentage of intra-group exposures to total exposure of the Bank on borrowers/ customers	0.31	0.85

During the years ended 31 March, 2020 and 31 March, 2019, the intra-group exposures were within the limits specified by RBI.

The above information is as certified by the Management and relied upon by the auditors.

2.1.41 Unhedged Foreign Currency Exposure

The Bank's Corporate Credit Policy lays down the framework to manage credit risk arising out of unhedged foreign currency exposures of the borrowers. Both at the time of initial approval as well as subsequent reviews/renewals, the assessment of credit risk arising out of foreign currency exposure of the borrowers include details of imports, exports, repayments of foreign currency borrowings, as well as hedges done by the borrowers or naturally enjoyed by them vis-a-vis their intrinsic financial strength, history of hedging and losses arising out of foreign currency volatility. The extent of hedge/cover required on the total foreign currency exposure including natural hedge and hedged positions, is guided through a matrix of internal ratings. The hedging policy is applicable for existing as well as new clients with foreign currency exposures above a predefined threshold. The details of un-hedged foreign currency exposure of customers for transactions undertaken through the Bank are monitored periodically. The Bank also maintains additional provision and capital, in line with RBI guidelines.

During the year ended 31 March, 2020, the Bank made write back of provision of ₹10.68 crores (previous year provision made of ₹18.79 crores) towards un-hedged foreign currency exposures. As on 31 March, 2020, the Bank held cumulative provision towards un-hedged foreign currency exposures of ₹120.21 crores (previous year ₹130.89 crores).

As on 31 March, 2020, the Bank held incremental capital of ₹490.15 crores (previous year ₹191.52 crores) towards borrowers having un-hedged foreign currency exposures.

2.1.42 Disclosure on provisioning pertaining to fraud accounts*

(₹ in crores)

Particulars	31 March, 2020	31 March, 2019
Number of frauds reported during the year**	52	145
Amounts involved	2,030.60	529.04
Provisions held at the beginning of the year	752.23	353.96
Provisions made during the year	1,272.93	172.45
Balance held in interest capitalisation accounts	5.44	2.63
Provisions held at the end of the year	2,030.60	529.04
Unamortised provision debited from 'other reserves' as at the end of the year	-	-

* disclosure covers only frauds relating to advances

** excluding 72 cases (previous year 22 cases) amounting to ₹2,515.37 crores (previous year ₹540.46 crores) reported as fraud during the year and subsequently prudentially written off within the financial year

2.1.43 Disclosure on provisioning pertaining to Land held under 'Non-Banking assets acquired in satisfaction of claims'

(₹ in crores)

Particulars	31 March, 2020	31 March, 2019
Amount of Land held under 'Non-Banking assets acquired in satisfaction of claims'*	2,068.24	2,208.61
Provisions made during the year by debiting profit and loss account	1,605.28	603.33
Provisions reversed during the year*	(140.37)	-
Provisions held at the end of the year by debiting profit and loss account	2,068.24	603.33
Unamortised provision debited from 'Balance in profit and loss account' under 'Reserves and Surplus'	-	1,605.28

* during the year Bank sold a parcel of land with a book value of ₹140.37 crores

2.1.44 Detail of Priority Sector Lending Certificates (PSLC) purchased by the Bank are set out below:

(₹ in crores)

Category	31 March, 2020	31 March, 2019
PSLC – Small & Micro Farmers	23,830.00	-
PSLC – General	9,900.00	17,470.00
PSLC – Micro Enterprises	8,790.50	2,375.00
PSLC – Agriculture	5,800.00	-
Total	**48,320.50**	**19,845.00**

Details of PSLCs sold by the Bank are set out below:

(₹ in crores)

Category	31 March, 2020	31 March, 2019
PSLC – General	44,320.00	385.00
PSLC - Micro Enterprises	4,000.00	-
Total	**48,320.00**	**385.00**

2.1.45 Disclosure on Liquidity Coverage Ratio

Qualitative disclosure

The Bank has adopted the Basel III framework on liquidity standards as prescribed by RBI and has put in place requisite systems and processes to enable periodical computation and reporting of the Liquidity Coverage Ratio (LCR). The mandated regulatory threshold is embedded into the Risk Appetite Statement of the Bank thus subjecting LCR maintenance to Board oversight and periodical review. The Bank computes the LCR and reports the same to the Asset Liability Management Committee (ALCO) every month for review as well as to the Risk Management Committee of the Board.

The Bank computes LCR on a daily basis and in accordance with RBI guidelines the quarterly disclosures of LCR contain data on the simple average calculated on daily observations over a period of 90 days.

The Bank follows the criteria laid down by RBI for calculation of High Quality Liquid Assets (HQLA), gross outflows and inflows within the next 30-day period. HQLA predominantly comprises Government securities viz. Treasury Bills, Central and State Government securities. A relatively smaller part of HQLA is accounted for by the corporate bonds with mandated haircuts applied thereto.

The Bank monitors the concentration of funding sources from significant counterparties, significant instruments/products as part of the asset liability management framework. The Bank adheres to the regulatory and internal limits on Inter-bank liability and call money borrowings which form part of the ALM policy. The Bank's funding sources are fairly dispersed across sources and maturities.

Expected derivative cash outflows and inflows are calculated for outstanding contracts in accordance with laid down valuation methodologies. Cash flows, if any, from collaterals posted against derivatives are not considered.

Apart from the LCR position in all currencies put together, the Bank monitors the LCR in US Dollar currency which qualifies as a significant currency as per RBI guidelines.

The liquidity risk management of the Bank is undertaken by the Asset Liability Management group in the Treasury in accordance with the Board approved policies and ALCO approved funding plans. The Risk department measures and monitors the liquidity profile of the Bank with reference to the Board approved limits, 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 periodical liquidity stress testing. Periodical reports are placed before the Bank's ALCO for perusal and review.

All significant outflows and inflows determined in accordance with RBI guidelines are included in the prescribed LCR computation template.

Quantitative disclosure

(₹ in crores)

		Quarter ended 31 March, 2020		Quarter ended 31 December, 2019		Quarter ended 30 September, 2019		Quarter ended 30 June, 2019	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets									
1	Total High Quality Liquid Assets (HQLAs)		1,53,367.16		136,689.42		131,204.91		131,403.54
Cash Outflows									
2	Retail Deposits and deposits from small business customers, of which:	343,438.06	29,290.56	332,402.80	30,483.28	316,993.94	29,016.38	308,585.60	28,213.84
(i)	Stable Deposits	101,064.99	5,053.25	55,139.77	2,756.99	53,660.26	2,683.01	52,894.53	2,644.73
(ii)	Less Stable Deposits	242,373.07	24,237.31	277,263.03	27,726.29	263,333.68	26,333.37	255,691.07	25,569.11
3	Unsecured wholesale funding, of which :	188,919.86	106,484.32	173,900.62	87,383.69	158,269.16	79,179.07	163,736.68	82,229.45
(i)	Operational deposits (all counterparties)	12,446.47	3,091.07	40,926.39	10,219.61	40,975.45	10,232.28	45,252.80	11,301.58
(ii)	Non-operational deposits (all counterparties)	176,473.39	103,393.25	132,974.23	77,164.08	117,293.71	68,946.79	118,483.88	70,927.87
(iii)	Unsecured debt	-	-	-	-	-	-	-	-
4	Secured wholesale funding		205.42		30.76		-		-
5	Additional requirements, of which:	41,661.37	37,484.42	29,064.70	23,845.67	29,973.51	24,432.21	31,272.56	25,562.49
(i)	Outflows related to derivative exposures and other collateral requirements	35,283.57	35,283.57	20,856.03	20,856.03	19,769.56	19,769.56	24,356.76	24,356.76
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii)	Credit and liquidity facilities	6,377.80	2,200.85	8,208.67	2,989.64	10,203.95	4,662.65	6,915.80	1,205.73
6	Other contractual funding obligations	5,186.45	5,186.45	5,329.08	5,329.08	5,567.56	5,567.56	5,993.94	5,993.94
7	Other contingent funding obligations	259,508.03	10,958.57	260,446.40	10,975.47	263,394.18	11,116.33	240,539.04	9,882.59
8	**Total Cash Outflows**		**189,609.74**		**158,047.95**		**149,311.55**		**151,882.31**
Cash Inflows									
9	Secured lending (eg. reverse repo)	28,920.03	-	15,742.82	-	6,085.12	-	7,475.08	-
10	Inflows from fully performing exposures	29,834.23	20,486.21	26,837.93	18,100.37	29,440.23	21,375.26	32,929.08	23,639.66
11	Other cash inflows	33,896.15	33,896.15	19,463.48	19,463.48	18,595.27	18,595.27	23,694.78	23,694.78
12	**Total Cash Inflows**	**92,650.41**	**54,382.36**	**62,044.23**	**37,563.85**	**54,120.62**	**39,970.53**	**64,098.94**	**47,334.44**
		Total adjusted Value		Total adjusted Value		Total adjusted Value		Total adjusted Value	
21	**Total HQLA**		**153,367.16**		136,689.42		131,204.91		131,403.54
22	**Total Net Cash Outflows**		**135,227.38**		120,484.10		109,341.02		104,547.87
23	**Liquidity Coverage Ratio %**		**113.41%**		113.45%		120.00%		125.69%

Notes:

1) Average for all the quarters is simple average of daily observations for the quarter.

2) Classification of inflows and outflows for determining the run off factors is based on the same estimates and assumptions as used by the Bank for compiling the return submitted to the RBI, which has been relied upon by the auditors.

3) In compliance with the RBI directive received, the Bank has computed LCR as per the revised definition of 'Operational Deposits' with effect from 20 December, 2019. As a result, the LCR for the quarter ended 31 March, 2020 is strictly not comparable with the LCR reported for previous quarters.

(₹ in crores)

		Quarter ended 31 March, 2019		Quarter ended 31 December, 2018		Quarter ended 30 September, 2018		Quarter ended 30 June, 2018	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets									
1	Total High Quality Liquid Assets (HQLAs)		122,173.58		112,336.65		98,417.24		82,905.66
Cash Outflows									
2	Retail Deposits and deposits from small business customers, of which:	288,756.01	26,298.55	276,752.92	25,082.62	262,954.38	23,773.05	250,441.74	22,587.17
(i)	Stable Deposits	51,541.11	2,577.06	51,853.44	2,592.67	50,447.68	2,522.38	49,140.03	2,457.00
(ii)	Less Stable Deposits	237,214.90	23,721.49	224,899.48	22,489.95	212,506.70	21,250.67	201,301.71	20,130.17
3	Unsecured wholesale funding, of which :	156,131.98	79,803.19	147,846.47	74,665.27	138,551.93	71,267.03	133,534.29	68,572.86
(i)	Operational deposits (all counterparties)	45,839.18	11,448.44	45,614.30	11,396.72	42,070.15	10,511.43	41,286.10	10,315.38
(ii)	Non-operational deposits (all counterparties)	110,292.80	68,354.75	102,232.17	63,268.55	96,481.78	60,775.60	92,248.19	58,257.48
(iii)	Unsecured debt	-	-	-	-	-	-	-	-
4	Secured wholesale funding		-		489.13		-		1,315.08
5	Additional requirements, of which:	33,663.94	22,274.62	44,959.20	31,958.57	39,442.47	27,091.98	37,859.76	25,588.32
(i)	Outflows related to derivative exposures and other collateral requirements	20,690.63	20,690.63	30,309.69	30,309.69	25,518.93	25,518.93	23,839.39	23,839.39
(ii)	Outflows related to loss of funding on debt products	35.28	35.28	112.93	112.93	179.59	179.59	136.23	136.23
(iii)	Credit and liquidity facilities	12,938.03	1,548.71	14,536.58	1,535.95	13,743.95	1,393.46	13,884.14	1,612.70
6	Other contractual funding obligations	5,481.21	5,481.21	5,347.92	5,347.92	4,303.74	4,241.13	4,115.59	4,025.59
7	Other contingent funding obligations	229,362.92	9,296.33	232,701.55	9,189.17	236,628.98	9,380.16	226,614.14	8,914.06
8	**Total Cash Outflows**		**143,153.90**		**146.732.68**		**135,753.34**		**131,003.08**
Cash Inflows									
9	Secured lending (eg. reverse repo)	9,018.11	-	4,657.91	-	3,172.41	-	2,130.44	-
10	Inflows from fully performing exposures	34,209.85	24,150.15	34,751.35	24,671.71	36,368.55	24,909.84	31,469.06	20,819.65
11	Other cash inflows	20,164.89	20,164.89	30,454.88	30,454.88	25,478.59	25,478.59	23,503.92	23,503.92
12	**Total Cash Inflows**	**63,392.85**	**44,315.04**	**69,864.14**	**55,126.59**	**65,019.55**	**50,388.43**	**57,103.42**	**44,323.57**
		Total adjusted Value		Total adjusted Value		Total adjusted Value		Total adjusted Value	
21	**Total HQLA**		**122,173.58**		**112,336.65**		**98,417.24**		**82,905.66**
22	**Total Net Cash Outflows**		**98,838.86**		**91,606.09**		**85,364.91**		**86,679.51**
23	**Liquidity Coverage Ratio %**		**123.61%**		**122.63%**		**115.29%**		**95.65%**

Notes:

1) Average for all the quarters is simple average of daily observations for the quarter.

2) Classification of inflows and outflows for determining the run off factors is based on the same estimates and assumptions as used by the Bank for compiling the return submitted to the RBI, which has been relied upon by the auditors.

2.2 Other disclosures

2.2.1 During the year, the Bank has appropriated ₹340.46 crores (previous year ₹124.93 crores) to the Capital Reserve, net of taxes and transfer to Statutory Reserve, being the gain on sale of HTM investments in accordance with RBI guidelines. As advised by RBI, the Bank has also appropriated ₹0.06 crores (previous year ₹0.16 crores) to the Capital Reserve, net of taxes and transfer to Statutory Reserve, being the profit on sale of immovable property.

2.2.2 During the year, the Bank has appropriated ₹328.00 crores (previous year ₹600.00 crores) to the Investment Fluctuation Reserve in accordance with RBI guidelines.

2.2.3 During the year, the Bank has appropriated ₹0.85 crores (previous year ₹0.63 crores) to Reserve Fund account towards statutory reserve in accordance with guidelines issued by Central Bank of Sri Lanka in respect of Colombo branch operations.

2.2.4 Earnings Per Share ('EPS')

The details of EPS computation is set out below:

Category	31 March, 2020	31 March, 2019
Basic and Diluted earnings for the year (Net profit after tax) (₹ in crores)	1,627.22	4,676.61
Basic weighted average no. of shares (in crores)	271.51	256.90
Add: Equity shares for no consideration arising on grant of stock options under ESOP (in crores)	0.98	1.58
Diluted weighted average no. of shares (in crores)	272.49	258.48
Basic EPS (₹)	5.99	18.20
Diluted EPS (₹)	5.97	18.09
Nominal value of shares (₹)	2.00	2.00

Dilution of equity is on account of 8,395,776 stock options and 1,420,559 warrants (previous year 9,813,655 stock options and 6,033,509 warrants).

2.2.5 Employee Stock Options Scheme ('the Scheme')

Pursuant to the approval of the shareholders in February 2001, the Bank approved an Employee Stock Option Scheme under which eligible employees are granted an option to purchase shares subject to vesting conditions. Over the period till March 2020, pursuant to the approval of the shareholders, the Bank approved ESOP schemes for options aggregating 265,087,000 that vest in a graded manner over 3 years. The options can be exercised within three/five years from the date of the vesting as the case may be. Within the overall ceiling of 265,087,000 stock options approved for grant by the shareholders as stated earlier, the Bank is authorised to issue options to eligible employees and Whole Time Directors of the subsidiary companies.

259,613,700 options have been granted under the Schemes till the previous year ended 31 March, 2019. Pursuant to the approval of the Nomination and Remuneration Committee on 27 March, 2019, the Bank granted 8,650,150 stock options (each option representing entitlement to one equity share of the Bank) to its eligible employees/directors of the Bank/subsidiary companies at a grant price of ₹757.10. Further, during FY2019-20, the Bank granted stock options (each option representing entitlement to one equity share of the Bank) to its eligible employees/directors of the Bank/subsidiary companies, the details of which are as under:

Date of grant	No. of options granted	Grant price (₹ per option)
25 April, 2019	430,000	752.85
29 July, 2019	90,000	729.85
21 January, 2020	330,000	727.20

Stock option activity under the Scheme for the year ended 31 March, 2020 is set out below:

	Options outstanding	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life (Years)
Outstanding at the beginning of the year	30,132,874	288.96 to 619.60	465.06	4.13
Granted during the year	9,500,150	727.20 to 757.10	755.61	-
Forfeited during the year	(1,018,650)	306.54 to 757.10	623.71	-
Expired during the year	(950)	288.96	288.96	-
Exercised during the year	(5,947,539)	288.96 to 535.00	397.02	-
Outstanding at the end of the year	**32,665,885**	**306.54 to 757.10**	**557.01**	**4.15**
Exercisable at the end of the year	**20,373,840**	**306.54 to 757.10**	**505.98**	**3.03**

The weighted average share price in respect of options exercised during the year was ₹715.09.

Stock option activity under the Scheme for the year ended 31 March, 2019 is set out below:

	Options outstanding	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life (Years)
Outstanding at the beginning of the year	29,554,909	217.33 to 535.00	432.45	4.22
Granted during the year	6,455,000	504.85 to 619.60	516.05	-
Forfeited during the year	(748,700)	306.54 to 535.00	500.67	-
Expired during the year	(22,400)	288.96	288.96	-
Exercised during the year	(5,105,935)	217.33 to 535.00	336.29	-
Outstanding at the end of the year	**30,132,874**	**288.96 to 619.60**	**465.06**	**4.13**
Exercisable at the end of the year	**17,138,224**	**288.96 to 535.00**	**436.22**	**2.87**

The weighted average share price in respect of options exercised during the year was ₹623.15.

Fair Value Methodology

On applying the fair value based method in Guidance Note on 'Accounting for Employee Share-based Payments' the impact on reported net profit and EPS would be as follows:

	31 March, 2020	31 March, 2019
Net Profit (as reported) (₹ in crores)	1,627.22	4,676.61
Add: Stock based employee compensation expense included in net income (₹ in crores)	-	-
Less: Stock based employee compensation expense determined under fair value based method (proforma) (₹ in crores)	(137.07)	(95.04)
Net Profit (Proforma) (₹ in crores)	**1,490.15**	**4,581.57**
Earnings per share: Basic (in ₹)		
As reported	5.99	18.20
Proforma	5.49	17.83
Earnings per share: Diluted (in ₹)		
As reported	5.97	18.09
Proforma	5.47	17.77

During the years ended, 31 March, 2020 and 31 March, 2019, no cost has been incurred by the Bank on ESOPs issued to the employees of the Bank and employees of subsidiaries under the intrinsic value method.

The fair value of the options is estimated on the date of the grant using the Black-Scholes options pricing model, with the following assumptions:

	31 March, 2020	31 March, 2019
Dividend yield	0.54%	0.76%
Expected life	1.82-3.82 years	2.57-4.57 years
Risk free interest rate	5.99% to 6.96%	7.07% to 7.63%
Volatility	28.07% to 28.60%	28.78% to 30.82%

Volatility is the measure of the amount by which a price has fluctuated or is expected to fluctuate during a period. The measure of volatility used in the Black-Scholes options pricing model is the annualised standard deviation of the continuously compounded rates of return on the stock over a period of time. For calculating volatility, the daily volatility of the stock prices on the National Stock Exchange, over a period prior to the date of grant, corresponding with the expected life of the options has been considered.

The weighted average fair value of options granted during the year ended 31 March, 2020 is ₹200.15 (previous year ₹164.10).

On 18 March, 2020, the Nomination and Remuneration Committee of the Board of Directors of the Bank has approved the grant of upto 12,500,000 stock options to eligible employees. As on 31 March, 2020, there have been no allotments of options under this grant. Accordingly, these options have not been considered in the above disclosure and for disclosure of proforma net profit and EPS under fair value method for FY 2019-20.

2.2.6 Proposed Dividend

The Reserve Bank of India, vide its circular dated 17 April, 2020, has advised that banks shall not make any further dividend payouts from profits pertaining to the financial year ended 31 March, 2020 until further instructions, with a view that banks must conserve capital in an environment of heightened uncertainty caused by COVID-19. Accordingly, the Board of Directors of the Bank has not proposed any dividend for the year ended 31 March, 2020.

2.2.7 Segmental reporting

The business of the Bank is divided into four segments: Treasury, Retail Banking, Corporate/Wholesale Banking and Other Banking Business. These segments have been identified based on the RBI's revised guidelines on Segment Reporting issued on 18 April, 2007 vide Circular No. DBOD.No.BP.BC.81/21.04.018/2006-07. The principal activities of these segments are as under.

Segment	Principal Activities
Treasury	Treasury operations include investments in sovereign and corporate debt, equity and mutual funds, trading operations, derivative trading and foreign exchange operations on the proprietary account and for customers. The Treasury segment also includes the central funding unit.
Retail Banking	Constitutes lending to individuals/small businesses through the branch network and other delivery channels subject to the orientation, nature of product, granularity of the exposure and the quantum thereof. Retail Banking activities also include liability products, card services, internet banking, mobile banking, ATM services, depository, financial advisory services and NRI services.
Corporate/Wholesale Banking	Includes corporate relationships not included under Retail Banking, corporate advisory services, placements and syndication, project appraisals, capital market related services and cash management services.
Other Banking Business	Includes para banking activities like third party product distribution and other banking transactions not covered under any of the above three segments.

Unallocated assets and liabilities - All items which are reckoned at an enterprise level are classified under this segment such as deferred tax, money received against share warrants, tax paid in advance net of provision, etc.

Revenues of the Treasury segment primarily consist of fees and gains or losses from trading operations and interest income on the investment portfolio. The principal expenses of the segment consist of interest expense on funds borrowed from external sources and other internal segments, premises expenses, personnel costs, other direct overheads and allocated expenses.

Revenues of the Corporate/Wholesale Banking segment consist of interest and fees earned on loans given to customers falling under this segment and fees arising from transaction services and merchant banking activities such as syndication and debenture trusteeship. Revenues of the Retail Banking segment are derived from interest earned on loans classified under this segment, fees for banking and advisory services, ATM interchange fees and cards products. Expenses of the Corporate/Wholesale Banking and Retail Banking segments primarily comprise interest expense on deposits and funds borrowed from other internal segments, infrastructure and premises expenses for operating the branch network and other delivery channels, personnel costs, other direct overheads and allocated expenses.

Segment income includes earnings from external customers and from funds transferred to the other segments. Segment result includes revenue as reduced by interest expense and operating expenses and provisions, if any, for that segment. Segment-wise income and expenses include certain allocations. Inter segment interest income and interest expense represent the transfer price received from and paid to the Central Funding Unit (CFU) respectively. For this purpose, the funds transfer pricing mechanism presently followed by the Bank, which is based on historical matched maturity and internal benchmarks, has been used. Operating expenses other than those directly attributable to segments are allocated to the segments based on an activity-based costing methodology. All activities in the Bank are segregated segment-wise and allocated to the respective segment.

Effective 1 April, 2019, the Bank has reported inter segment revenue and inter segment expense in the Central Funding Unit (which forms part of Treasury segment) on a net basis as against earlier practice of reporting revenue and expenses on a gross basis. Accordingly, segmental revenue numbers for the previous period have been restated to make them comparable with current period numbers. There is no impact of this change on the segmental profit before tax.

Segmental results are set out below:

(₹ in crores)

	31 March, 2020				
	Treasury	Corporate/ Wholesale Banking	Retail Banking	Other Banking Business	Total
Segment Revenue					
Gross interest income (external customers)	14,574.22	18,538.09	29,522.85	-	62,635.16
Other income	3,988.16	3,852.72	6,453.32	1,242.36	15,536.56
Total income as per Profit and Loss Account	**18,562.38**	**22,390.81**	**35,976.17**	**1,242.36**	**78,171.72**
Add/(less) inter segment interest income	4,813.04	6,524.53	25,323.09	0.01	36,660.67
Total segment revenue	**23,375.42**	**28,915.34**	**61,299.26**	**1,242.37**	**114,832.39**
Less: Interest expense (external customers)	16,345.72	1,241.93	19,841.31	-	37,428.96
Less: Inter segment interest expense	2,299.55	14,464.23	19,896.23	0.66	36,660.67
Less: Operating expenses	302.09	4,413.50	12,267.84	321.19	17,304.62
Operating profit	**4,428.06**	**8,795.68**	**9,293.88**	**920.52**	**23,438.14**
Less: Provision for non-performing assets/others*	2,599.64	9,726.06	4,325.55	0.38	16,651.63
Less: Unallocated Provision for other contingencies#					1,882.28
Segment result	**1,828.42**	**(930.38)**	**4,968.33**	**920.14**	**4,904.23**
Less: Provision for tax					3,277.01
Extraordinary profit/loss					-
Net Profit					**1,627.22**
Segment assets	320,153.31	257,557.11	328,156.61	283.88	906,150.91
Unallocated assets					9,013.91
Total assets					**915,164.82**
Segment liabilities	291,911.84	132,443.67	403,812.82	63.49	828,231.82
Unallocated liabilities					1,985.15
Total liabilities					**830,216.97**
Net assets	**28,241.47**	**125,113.44**	**(75,656.21)**	**220.39**	**84,947.85**
Capital expenditure for the year	6.89	229.82	624.99	8.66	870.36
Depreciation on fixed assets for the year	6.12	204.10	555.04	7.69	772.95

* represents material non-cash items other than depreciation

represents provision for COVID-19 over and above regulatory requirement, per extant guidelines as on date of adoption of financial statements by the Board

(₹ in crores)

	31 March, 2019				
	Treasury	Corporate/ Wholesale Banking	Retail Banking	Other Banking Business	Total
Segment Revenue					
Gross interest income (external customers)	13,848.40	17,439.94	23,697.43	-	54,985.77
Other income	2,355.65	4,320.54	5,224.37	1,229.78	13,130.34
Total income as per Profit and Loss Account	**16,204.05**	**21,760.48**	**28,921.80**	**1,229.78**	**68,116.11**
Add/(less) inter segment interest income	6,680.96	6,175.11	20,249.77	0.01	33,105.85
Total segment revenue	**22,885.01**	**27,935.59**	**49,171.57**	**1,229.79**	**101,221.96**
Less: Interest expense (external customers)	16,884.94	1,170.08	15,222.58	-	33,277.60
Less: Inter segment interest expense	3,048.35	13,520.57	16,536.06	0.87	33,105.85
Less: Operating expenses	414.52	3,800.03	11,265.40	353.45	15,833.40
Operating profit	**2,537.20**	**9,444.91**	**6,147.53**	**875.47**	**19,005.11**
Less: Provision for non-performing assets/others*	690.12	9,026.31	2,248.59	66.00	12,031.02
Segment result	**1,847.08**	**418.60**	**3,898.94**	**809.47**	**6,974.09**
Less: Provision for tax					2,297.48
Extraordinary profit/loss					-
Net Profit					**4,676.61**
Segment assets	283,985.76	238,692.89	268,642.17	337.05	791,657.87
Unallocated assets					9,338.66
Total assets					**800,996.53**
Segment liabilities	274,441.80	129,036.23	329,975.67	53.89	733,507.59
Unallocated liabilities					812.64
Total liabilities					**734,320.23**
Net assets	**9,543.96**	**109,656.66**	**(61,333.50)**	**283.16**	**66,676.30**
Capital expenditure for the year	15.52	200.43	674.32	14.80	905.07
Depreciation on fixed assets for the year	12.17	157.17	528.78	11.60	709.72

*represents material non-cash items other than depreciation

Geographic Segments

(₹ in crores)

	Domestic		International		Total	
	31 March, 2020	31 March, 2019	31 March, 2020	31 March, 2019	31 March, 2020	31 March, 2019
Revenue	76,113.68	64,700.02	2,058.04	3,416.09	78,171.72	68,116.11
Assets	861,491.30	753,055.38	53,673.52	47,941.15	915,164.82	800,996.53
Capital Expenditure for the year	869.05	902.89	1.31	2.18	870.36	905.07
Depreciation on fixed assets for the year	771.16	707.05	1.79	2.67	772.95	709.72

2.2.8 Related party disclosure

The related parties of the Bank are broadly classified as:

a) Promoters

The Bank has identified the following entities as its Promoters.

- Administrator of the Specified Undertaking of the Unit Trust of India (SUUTI)
- Life Insurance Corporation of India (LIC)
- General Insurance Corporation, New India Assurance Co. Limited, National Insurance Co. Limited, United India Insurance Co. Limited and The Oriental Insurance Co. Limited.

b) Key Management Personnel

- Mr. Amitabh Chaudhry (MD & CEO)
- Ms. Shikha Sharma (MD & CEO) (upto 31 December, 2018)
- Mr. V. Srinivasan (Deputy Managing Director) (upto 20 December, 2018)
- Mr. Rajesh Dahiya [Executive Director (Corporate Centre)]
- Mr. Rajiv Anand [Executive Director (Wholesale Banking)]
- Mr. Pralay Mondal [Executive Director (Retail Banking)] (w.e.f. 1 August, 2019)

c) Relatives of Key Management Personnel

Ms. Preeti Chaudhry, Mr. Anagh Chaudhry, Mr. Aruj Chaudhry, Mr. Aryan Chaudhry, Ms. Chhavi Kharb, Mr. Om Singh Chaudhry, Ms. Kusum Chaudhry, Mr. Sanjaya Sharma, Ms. Usha Bharadwaj, Mr. Tilak Sharma, Ms. Tvisha Sharma, Dr. Sanjiv Bharadwaj, Dr. Prashant Bharadwaj, Dr. Brevis Bharadwaj, Dr. Reena Bharadwaj, Ms. Gayathri Srinivasan, Mr. V. Satish, Ms. Camy Satish, Ms. Ananya Srinivasan, Ms. Anagha Srinivasan, Ms. Geetha N., Ms. Chitra R., Ms. Sumathi N., Mr. S. Ranganathan, Mr. R. Narayan, Ms. Gitanjali Anand, Ms. Tara Anand, Ms. Nandita Anand, Mr. P.L. Narain, Mr. P. Srinivas, Ms. Ratna Rao Shekar, Ms. P. Kamashi, Ms. Hemant Dahiya, Ms. Arooshi Dahiya, Ms. Mallika Dahiya, Ms. Jal Medha, Ms. Pooja Rathi, Mr. Jai Prakash Dahiya, Ms. Mahasweta Mondal, Ms. Pritha Mondal, Ms. Trina Mondal, Mr. Biplab Mondal, Ms. Anima Mondal.

d) Subsidiary Companies

- Axis Capital Limited
- Axis Private Equity Limited
- Axis Trustee Services Limited
- Axis Asset Management Company Limited
- Axis Mutual Fund Trustee Limited
- Axis Bank UK Limited
- Axis Finance Limited
- Axis Securities Limited
- A.Treds Limited
- Accelyst Solutions Private Limited
- Freecharge Payment Technologies Private Limited

e) Step down subsidiary companies

- Axis Capital USA LLC

Based on RBI guidelines, details of transactions with step down subsidiaries are not disclosed since there is only one entity/party in this category.

The details of transactions of the Bank with its related parties during the year ended 31 March, 2020 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel#	Subsidiaries	Total
Dividend paid	46.04	0.04	-	-	**46.08**
Dividend received	-	-	-	240.26	**240.26**
Interest paid	551.48	1.07	0.15	15.57	**568.27**
Interest received	0.19	0.26	-	53.95	**54.40**
Investment of the Bank	-	-	-	6.70	**6.70**
Investment in non-equity instruments of related party	-	-	-	45.00	**45.00**
Investment of related party in the Bank	-	5.44	-	-	**5.44**
Redemption of Hybrid capital/Bonds of the Bank	55.00	-	-	-	**55.00**
Purchase of investments	-	-	-	369.16	**369.16**
Sale of investments	1,318.04	-	-	-	**1,318.04**
Management contracts	-	-	-	12.87	**12.87**
Remuneration paid	-	15.84	-	-	**15.84**
Contribution to employee benefit fund	15.42	-	-	-	**15.42**
Repayment of security deposits by related party	-	-	-	-	-
Non-funded commitments (issued)	-	-	-	-	-
Call/Term lending to related party	-	-	-	55.61	**55.61**
Repayment of Call/Term lending by related party	-	-	-	55.61	**55.61**
Swaps/Forward contracts	-	-	-	79.34	**79.34**
Advance granted (net)	-	-	-	0.45	**0.45**
Advance repaid	5.31	6.01	-	86.47	**97.79**
Purchase of loans	-	-	-	-	-
Sell down of loans (including undisbursed loan commitments)	-	-	-	-	-
Receiving of services	202.74	-	-	178.55	**381.29**
Rendering of services	29.38	0.01	-	50.60	**79.99**
Sale of foreign exchange currency to related party	-	1.48	0.03	-	**1.51**
Royalty received	-	-	-	3.03	**3.03**
Other reimbursements from related party	-	-	-	37.77	**37.77**
Other reimbursements to related party	0.19	-	-	10.53	**10.72**

Details of transactions of the Bank with relatives of KMP are for the period during which the KMP are related parties of the Bank.

The balances payable to/receivable from the related parties of the Bank as on 31 March, 2020 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel#	Subsidiaries	Total
Call/Term lending to related party	-	-	-	-	-
Deposits with the Bank	7,119.06	16.01	5.99	565.88	**7,706.94**
Placement of security deposits	0.31	-	-	-	**0.31**
Advances	1.31	4.85	0.03	351.56	**375.75**
Investment of the Bank	-	-	-	2,292.82	**2,292.82**
Investment in non-equity instruments of related party	-	-	-	-	-
Investment of related party in the Bank	88.56	0.08	-	-	**88.64**
Non-funded commitments	3.32	-	-	-	**3.32**
Investment of related party in Hybrid capital/Bonds of the Bank	2,760.00	-	-	-	**2,760.00**
Payable under management contracts	-	-	-	-	-
Other receivables (net)	-	-	-	6.13	**6.13**
Other payables (net)	-	-	-	26.64	**26.64**

Details of transactions of the Bank with relatives of KMP are for the period during which the KMP are related parties of the Bank.

The maximum balances payable to/receivable from the related parties of the Bank during the year ended 31 March, 2020 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Subsidiaries	Total
Deposits with the Bank	16,652.92	20.86	5.99	1,106.09	**17,785.86**
Placement of deposits	0.31	-	-	-	**0.31**
Advances	11.51	10.99	0.06	1,473.93	**1,496.49**
Investment of the Bank	-	-	-	2,292.82	**2,292.82**
Investment of related party in the Bank	93.60	0.09	-	-	**93.69**
Investment in non-equity instruments of related party	290.05	-	-	-	**290.05**
Non-funded commitments	3.33	-	-	-	**3.33**
Call lending	-	-	-	55.61	**55.61**
Swaps/Forward contracts	-	-	-	1.51	**1.51**
Investment of related party in Hybrid Capital/Bonds of the Bank	2,815.00	-	-	-	**2,815.00**
Payable under management contracts	-	-	-	-	**-**
Other receivables (net)	-	-	-	17.94	**17.94**
Other payables (net)	-	-	-	88.19	**88.19**

The details of transactions of the Bank with its related parties during the year ended 31 March, 2019 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel#	Subsidiaries	Total
Dividend paid	-	-	-	-	**-**
Dividend received	-	-	-	131.10	**131.10**
Interest paid	554.78	0.41	0.12	17.41	**572.72**
Interest received	0.13	1.09	-	22.19	**23.41**
Investment of the Bank	-	-	-	197.17	**197.17**
Investment in non-equity instruments of related party	341.26	-	-	50.00	**391.26**
Investment of related party in the Bank	-	17.93	-	-	**17.93**
Redemption of Hybrid capital/Bonds of the Bank	1,510.00	-	-	-	**1,510.00**
Purchase of investments	205.00	-	-	-	**205.00**
Sale of investments	857.07	-	-	-	**857.07**
Management contracts	-	-	-	18.64	**18.64**
Remuneration paid	-	18.49	-	-	**18.49**
Contribution to employee benefit fund	16.53	-	-	-	**16.53**
Repayment of security deposits by related party	0.12	-	-	-	**0.12**
Non-funded commitments (issued)	-	-	-	-	**-**
Repayment of Call/Term lending by related party	-	-	-	352.14	**352.14**
Swaps/Forward contracts	-	-	-	138.31	**138.31**
Advance granted (net)	-	-	-	22.15	**22.15**
Advance repaid	0.45	7.38	-	621.41	**629.24**
Purchase of loans	-	-	-	-	**-**
Sell down of loans (including undisbursed loan commitments)	-	-	-	-	**-**
Receiving of services	120.46	-	-	969.90	**1,090.36**
Rendering of services	27.88	0.03	-	195.79*	**223.70**
Sale of foreign exchange currency to related party	-	1.35	0.01	-	**1.36**
Other reimbursements from related party	-	-	-	22.68	**22.68**
Other reimbursements to related party	0.66	-	-	1.09	**1.75**

Details of transactions of the Bank with relatives of KMP are for the period during which the KMP are related parties of the Bank

* Net of reversal of ₹46 crores towards fees receivable from Axis Asset Management Company Limited, pursuant to change in SEBI guidelines

The balances payable to/receivable from the related parties of the Bank as on 31 March, 2019 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel#	Subsidiaries	Total
Call/Term lending to related party	-	-	-	-	-
Deposits with the Bank	9,146.04	13.91	0.55	378.75	**9,539.25**
Placement of security deposits	0.31	-	-	-	**0.31**
Advances	6.62	10.90	0.03	437.58	**455.13**
Investment of the Bank	-	-	-	2,286. 12	**2,286. 12**
Investment in non-equity instruments of related party	290.05	-	-	-	**290. 05**
Investment of related party in the Bank	93.60	0.08	-	-	**93.68**
Non-funded commitments	3.33	-	-	-	**3.33**
Investment of related party in Hybrid capital/Bonds of the Bank	2,790.00	-	-	-	**2,790.00**
Payable under management contracts	-	-	-	-	-
Other receivables (net)	-	-	-	17.94	**17.94**
Other payables (net)	-	-	-	88.19	**88.19**

Details of transactions of the Bank with relatives of KMP are for the period during which the KMP are related parties of the Bank.

The maximum balances payable to/receivable from the related parties of the Bank during the year ended 31 March, 2019 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Subsidiaries	Total
Deposits with the Bank	17,078.36	22.86	5.49	890.52	**17,997.23**
Placement of deposits	0.43	-	-	-	**0.43**
Advances	154.79	19.66	0.17	1,172.33	**1,346.95**
Investment of the Bank	-	-	-	2,286.12	**2,286.12**
Investment of related party in the Bank	135.32	0.52	-	-	**135.84**
Investment in non-equity instruments of related party	290.05	-	-	-	**290.05**
Non-funded commitments	3.35	-	-	0.05	**3.40**
Call lending	-	-	-	340.78	**340.78**
Swaps/Forward contracts	-	-	-	3.03	**3.03**
Investment of related party in Hybrid Capital/Bonds of the Bank	4,300.00	-	-	-	**4,300.00**
Payable under management contracts	-	3.70	-	-	**3.70**
Other receivables (net)	-	-	-	55.02	**55.02**
Other payables (net)	-	-	-	88.19	**88.19**

The transactions with Promoters and Key Management Personnel excluding those under management contracts are in nature of the banker-customer relationship.

Details of transactions with Axis Mutual Fund the fund floated by Axis Asset Management Company Ltd., the Bank's subsidiary has not been disclosed since the entity does not qualify as Related Parties as defined under the Accounting Standard 18, Related Party Disclosure, as notified under Section 2(2) and Section 133 of the Companies Act, 2013 and as per RBI guidelines.

The significant transactions between the Bank and related parties during the year ended 31 March, 2020 and 31 March, 2019 are given below. A specific related party transaction is disclosed as a significant related party transaction wherever it exceeds 10% of the aggregate value of all related party transactions in that category:

(₹ in crores)

Particulars	Year ended 31 March, 2020	Year ended 31 March, 2019
Dividend paid		
Life Insurance Corporation of India	26.32	-
Administrator of the Specified Undertaking of the Unit Trust of India	13.69	-
Dividend received		
Axis Securities Limited	33.23	-
Axis Bank UK Limited	31.07	-
Axis Finance Limited	120.19	-
Axis Capital Limited	42.26	117.60
Axis Trustee Services Limited	13.50	13.50
Interest paid		
Life Insurance Corporation of India	433.28	503.97
Interest received		
Axis Finance Limited	52.28	10.93
Axis Bank UK Limited	0.06	10.12
Investment in Subsidiaries		
A Treds Limited	6.70	13.40
Axis Bank UK Limited	-	183.77
Investment in non-equity instruments of related party		
United India Insurance Co. Limited	-	241.26
Oriental Insurance Co. Limited	-	100.00
Axis Finance Limited	45.00	50.00
Investment of related party in the Bank		
Ms. Shikha Sharma	N.A.	8.67
Mr. Rajiv Anand	2.62	4.05
Mr. Rajesh Dahiya	2.82	5.22
Purchase of Investments		
Axis Bank UK Limited	369.16	-
Oriental Insurance Co. Limited	-	205.00
Redemption of Hybrid capital/Bonds of the Bank		
Life Insurance Corporation of India	-	1500.00
General Insurance Corporation Co. Limited	10.00	-
National Insurance Co. Limited	20.00	-
United India Insurance Co. Limited	25.00	10.00
Sale of investments		
New India Assurance Co. Limited	490.00	195.00
General Insurance Corporation Co. Limited	556.00	335.02
United India Insurance Co. Limited	112.18	141.29
Oriental Insurance Co. Limited	99.85	145.76
Management contracts		
Axis Securities Limited	3.97	6.61
A Treds Limited	4.52	6.53
Axis Capital Limited	2.09	2.68
Axis Trustee Services Limited	2.29	2.80
Remuneration paid		
Mr. Amitabh Chaudhry	6.26	1.28
Ms. Shikha Sharma	N.A.	6.83
Mr. V. Srinivasan	N.A.	4.53
Mr. Rajiv Anand	4.16	3.18
Mr. Rajesh Dahiya	3.75	2.68
Mr. Pralay Mondal	1.67	N.A.
Contribution to employee benefit fund		
Life Insurance Corporation of India	15.42	16.53
Repayment of Call/Term lending by related party		
Axis Bank UK Limited	55.61	352.14
Swaps/Forward contracts		
Axis Bank UK Limited	79.34	138.31

(₹ in crores)

Particulars	Year ended 31 March, 2020	Year ended 31 March, 2019
Advance granted (net)		
Axis Capital Limited	-	19.43
Accelyst Solutions Private Limited	-	2.60
Axis Asset Management Company Limited	0.37	-
Axis Securities Limited	0.08	-
Advance repaid		
Axis Capital Limited	19.54	0.02
Axis Bank UK Limited	-	183.77
Axis Finance Limited	64.32	427.61
Receiving of services		
New India Assurance Co. Limited	88.90	52.72
Oriental Insurance Co. Limited	93.87	55.84
Freecharge Payment Technologies Private Limited	109.67	84.79
Accelyst Solutions Private Limited	46.09	0.33
Axis Securities Limited	10.39	878.80
Rendering of services		
Life Insurance Corporation of India	28.22	26.60
Axis Securities Limited	10.95	1.32
Axis Asset Management Company Limited	24.75	226.47
Sale of foreign exchange currency to related party		
Ms. Shikha Sharma	N.A.	1.14
Mr. Amitabh Chaudhry	0.40	0.15
Mr. Rajiv Anand	0.36	0.06
Mr. Pralay Mondal	0.72	N.A.
Royalty received		
Axis Asset Management Company Limited	0.70	-
Axis Capital Limited	0.36	-
Axis Finance Limited	1.51	-
Other reimbursements from related party		
Axis Securities Limited	29.10	0.44
Axis Capital Limited	3.90	3.90
Accelyst Solutions Private Limited	0.49	14.40
Other reimbursements to related party		
Axis Securities Limited	5.85	0.13
Life Insurance Corporation of India	0.19	0.66
Axis Capital Limited	0.26	0.22
Axis Bank UK Limited	4.40	0.57

2.2.9 Leases

Disclosure in respect of assets taken on operating lease

This comprise of office premises/ATMs, cash deposit machines, staff quarters, electronic data capturing machines and IT equipment.

(₹ in crores)

	31 March, 2020	31 March, 2019
Future lease rentals payable as at the end of the year:		
- Not later than one year	850.65	775.07
- Later than one year and not later than five years	2,787.14	2,444.94
- Later than five years	3,008.19	2,235.49
Total of minimum lease payments recognised in the Profit and Loss Account for the year	914.17	833.95
Total of future minimum sub-lease payments expected to be received under non-cancellable subleases	28.51	5.50
Sub-lease payments recognised in the Profit and Loss Account for the year	1.33	2.08

The Bank has sub-leased certain of its properties taken on lease.

There are no provisions relating to contingent rent.

The terms of renewal/purchase options and escalation clauses are those normally prevalent in similar agreements. There are generally no undue restrictions or onerous clauses in the agreements.

Disclosure in respect of assets given on operating lease

(₹ in crores)

	31 March, 2020	31 March, 2019
Gross carrying amount of premises at the end of the year	157.91	157.91
Accumulated depreciation at the end of the year	11.26	8.63
Total depreciation charged to profit and loss account for the year	2.63	0.65
Future lease rentals receivable as at the end of the year:		
- Not later than one year	29.50	28.99
- Later than one year and not later than five years	118.16	116.54
- Later than five years	65.36	100.08

There is no provision relating to contingent rent.

2.2.10 Movement in fixed assets capitalised as application software (included in other Fixed Assets)

(₹ in crores)

Particulars	31 March, 2020	31 March, 2019
At cost at the beginning of the year	1,610.96	1,291.64
Additions during the year*	207.34	319.54
Deductions during the year	(26.92)	(0.22)
Accumulated depreciation as at 31 March	(1,260.53)	(1,056.47)
Closing balance as at 31 March	530.85	554.49
Depreciation charge for the year	224.28	198.72

*includes movement on account of exchange rate fluctuation

2.2.11 The major components of deferred tax assets and deferred tax liabilities arising out of timing differences are as under:

(₹ in crores)

As at	31 March, 2020	31 March, 2019
Deferred tax assets on account of provisions for loan losses	5,932.33	7,072.93
Deferred tax assets on account of amortisation of HTM investments	5.01	8.35
Deferred tax assets on account of provision for employee benefits	9.05	97.12
Deferred tax assets on account of other items	1,366.12	547.26
Deferred tax assets	**7,312.51**	**7,725.66**
Deferred tax liabilities on account of depreciation on fixed assets	43.41	61.14
Deferred tax liabilities on account of other items	14.13	23.79
Deferred tax liabilities	**57.54**	**84.93**
Net Deferred tax assets	**7,254.97**	**7,640.73**

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 the year ended 31 March, 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 ₹2,137.59 crores which has been fully charged to the Profit and Loss account during the year.

2.2.12 Employee Benefits

Provident Fund

The rules of the Bank's Provident Fund administered by a Trust require that if the Board of Trustees are unable to pay interest at the rate declared for Employees' Provident Fund by the Government under para 60 of the Employees' Provident Fund Scheme, 1952 for the reason that the return on investment is less or for any other reason, then the deficiency shall be made good by the Bank. Based on an actuarial valuation conducted by an independent actuary, there is no deficiency as at the Balance Sheet date.

The following tables summarise the components of net benefit expenses recognised in the Profit and Loss Account and funded status and amounts recognised in the Balance Sheet for the Provident Fund benefit plan (including staff deputed at subsidiaries).

Profit and Loss Account

Net employee benefit expenses (recognised in payments to and provisions for employees)

(₹ in crores)

	31 March, 2020	31 March, 2019
Current Service Cost*	109.92	98.60
Interest on Defined Benefit Obligation	168.87	159.70
Expected Return on Plan Assets	(205.73)	(189.59)
Net Actuarial Losses/(Gains) recognised in the year	36.86	29.89
Total included in "Employee Benefit Expense" [Schedule 16(I)]	**109.92**	**98.60**
Actual Return on Plan Assets	173.11	132.30

* includes contribution of ₹0.40 crores towards staff deputed at subsidiaries (previous year ₹0.52 crores)

Balance Sheet

Details of provision for provident fund

(₹ in crores)

	31 March, 2020	31 March, 2019
Fair Value of Plan Assets	2,494.37	2,245.71
Present Value of Funded Obligations	(2,494.37)	(2,245.71)
Net Asset	-	-
Amounts in Balance Sheet		
Liabilities	-	-
Assets	-	-
Net Asset	-	-

Changes in the present value of the defined benefit obligation are as follows:

(₹ in crores)

	31 March, 2020	31 March, 2019
Opening Defined Benefit Obligation	2,245.71	2,006.65
Current Service Cost	109.92	98.60
Interest Cost	168.87	159.70
Actuarial Losses/(Gains)	4.24	(27.40)
Employees Contribution	276.90	217.42
Liability transferred from/to other companies	(14.90)	(16.45)
Benefits Paid	(296.37)	(192.81)
Closing Defined Benefit Obligation	**2,494.37**	**2,245.71**

Changes in the fair value of plan assets are as follows:

(₹ in crores)

	31 March, 2020	31 March, 2019
Opening Fair Value of Plan Assets	2,245.71	2,006.65
Expected Return on Plan Assets	205.73	189.59
Actuarial Gains/(Losses)	(32.62)	(57.29)
Employer contribution during the period	109.92	98.60
Employee contribution during the period	276.90	217.42
Assets transferred from/to other companies	(14.90)	(16.45)
Benefits Paid	(296.37)	(192.81)
Closing Fair Value of Plan Assets	**2,494.37**	2,245.71

Experience adjustments

(₹ in crores)

	31 March, 2020	31 March, 2019	31 March, 2018	31 March, 2017	31 March, 2016
Defined Benefit Obligations	2,494.37	2,245.71	2,006.65	1,688.78	1,439.02
Plan Assets	2,494.37	2,245.71	2,006.65	1,688.78	1,439.02
Surplus/(Deficit)	-	-	-	-	-
Experience Adjustments on Plan Liabilities	4.24	(27.40)	12.10	20.83	12.08
Experience Adjustments on Plan Assets	(32.62)	(57.29)	(30.95)	0.58	(6.16)

Major categories of plan assets (managed by Insurers) as a percentage of fair value of total plan assets

	31 March, 2020	31 March, 2019
	(in percentage)	(in percentage)
Government securities	55	56
Bonds, debentures and other fixed income instruments	15	40
Equity shares	4	3
Others	26	1

	31 March, 2020	31 March, 2019
Discount rate for the term of the obligation	6.45%	7.65%
Average historic yield on the investment portfolio	8.83%	8.88%
Discount rate for the remaining term to maturity of the investment portfolio	6.85%	7.55%
Expected investment return	8.43%	8.98%
Guaranteed rate of return	8.50%	8.65%

The contribution to the employee's provident fund (including Employee Pension Scheme) amounted to ₹197.75 crores (previous year ₹161.28 crores) for the year.

The Hon'ble Supreme Court of India ("SC") by an order dated 28 February, 2019 in one case, set out the principles based on which allowances paid to the employees should be identified for inclusion in basic wages for the purposes of computation of Provident Fund contribution. Basis subsequent clarification provided by the Employees' Provident Fund Organisation on the said order and an independent legal opinion, the Bank has implemented the principles laid down in the order effective 1 April, 2019.

Superannuation

The Bank contributed ₹15.24 crores (previous year ₹16.29 crores) to the employees' superannuation plan for the year.

National Pension Scheme (NPS)

During the year, the Bank contributed ₹6.35 crores (previous year ₹5.19 crores) to the NPS for employees who have opted for the scheme.

Leave Encashment

The liability of compensated absences of accumulated privileged leave of employees of the Bank is given below:

(₹ in crores)

	31 March, 2020	31 March, 2019
Liability – Privilege Leave	58.10	247.35
Total included in “Employee Benefit Expense” [Schedule 16(I)]	(8.99)	46.62

Gratuity

The following tables summarise the components of net benefit expenses recognised in the Profit and Loss Account and funded status and amounts recognised in the Balance Sheet for the Gratuity benefit plan.

Profit and Loss Account

Net employee benefit expenses (recognised in payments to and provisions for employees)

(₹ in crores)

	31 March, 2020	31 March, 2019
Current Service Cost	50.81	44.67
Interest on Defined Benefit Obligation	32.95	29.15
Expected Return on Plan Assets	(29.60)	(24.61)
Net Actuarial Losses/(Gains) recognised in the year	40.95	7.86
Past Service Cost	0.78	-
Total included in “Employee Benefit Expense” [Schedule 16(I)]	**95.89**	**57.07**
Actual Return on Plan Assets	22.86	33.97

Balance Sheet

Details of provision for gratuity

(₹ in crores)

	31 March, 2020	31 March, 2019
Fair Value of Plan Assets	467.75	391.91
Present Value of Funded Obligations	(469.30)	(402.15)
Unrecognised past service cost	1.55	2.33
Net Asset	-	**(7.91)**
Amounts in Balance Sheet		
Liabilities	-	7.91
Assets	-	-
Net Liability (included under Schedule 5 – Other Liabilities)	-	**(7.91)**

Changes in the present value of the defined benefit obligation are as follows:

(₹ in crores)

	31 March, 2020	31 March, 2019
Opening Defined Benefit Obligation	402.15	342.56
Current Service Cost	50.81	44.67
Interest Cost	32.95	29.15
Actuarial Losses/(Gains)	34.21	17.22
Past service cost	-	2.33
Benefits Paid	(50.82)	(33.78)
Closing Defined Benefit Obligation	**469.30**	**402.15**

Changes in the fair value of plan assets are as follows:

(₹ in crores)

	31 March, 2020	31 March, 2019
Opening Fair Value of Plan Assets	391.91	323.72
Expected Return on Plan Assets	29.60	24.61
Actuarial Gains/(Losses)	(6.74)	9.36
Contributions by Employer	103.80	68.00
Benefits Paid	(50.82)	(33.78)
Closing Fair Value of Plan Assets	**467.75**	**391.91**

Experience adjustments

(₹ in crores)

	31 March, 2020	31 March, 2019	31 March, 2018	31 March, 2017	31 March, 2016
Defined Benefit Obligations	469.30	402.15	342.56	284.83	232.55
Plan Assets	467.75	391.91	323.72	279.65	232.56
Surplus/(Deficit)	(1.55)	(10.24)	(18.84)	(5.18)	0.01
Experience Adjustments on Plan Liabilities	(8.33)	7.50	4.39	6.64	2.78
Experience Adjustments on Plan Assets	(6.74)	9.36	4.59	(1.64)	(5.36)

Major categories of plan assets (managed by Insurers) as a percentage of fair value of total plan assets

	31 March, 2020	31 March, 2019
	(in percentage)	(in percentage)
Government securities	30	38
Bonds, debentures and other fixed income instruments	42	48
Money market instruments	2	5
Equity shares	2	2
Others	24	7

Principal actuarial assumptions at the Balance Sheet date:

	31 March, 2020	31 March, 2019
Discount Rate	6.45% p.a.	7.65% p.a.
Expected Rate of Return on Plan Assets	7.50% p.a.	7.50% p.a.
Salary Escalation Rate	7.00% p.a.	7.00% p.a.
Employee Turnover		
- 18 to 30 (age in years)	24.00%	20.00%
- 31 to 44 (age in years)	14.00%	10.00%
- 45 & above (age in years)	8.00%	5.00%

The estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors.

The expected rate of return on plan assets is based on the average long-term rate of return expected on investments of the Fund during the estimated term of the obligations.

As the contribution expected to be paid to the plan during the annual period beginning after the balance sheet date is based on various internal/external factors, a best estimate of the contribution is not determinable.

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

2.2.13 Provisions and contingencies

a) Movement in provision for frauds included under other liabilities is set out below:

(₹ in crores)

	31 March, 2020	31 March, 2019
Opening balance at the beginning of the year	53.58	60.98
Additions during the year	25.10	0.78
Reductions on account of payments during the year	(1.02)	-
Reductions on account of reversals during the year	-	(8.18)
Closing balance at the end of the year	**77.66**	**53.58**

b) Other liabilities include provision for reward points made on actuarial basis, the movement of which is set out below:

(₹ in crores)

	31 March, 2020	31 March, 2019
Opening provision at the beginning of the year	205.90	143.94
Provision made during the year	214.56	127.22
Reductions during the year	(154.36)	(65.26)
Closing provision at the end of the year	**266.10**	**205.90**

c) Movement in provision for other contingencies is set out below:

(₹ in crores)

	31 March, 2020	31 March, 2019
Opening provision at the beginning of the year	187.99	150.66
Provision made during the year	2,655.00	655.26
Reductions during the year	-	(617.93)
Closing provision at the end of the year	**2,842.99**	**187.99**

Closing provision includes provision for legal cases, other contingencies and provision for COVID-19 over and above regulatory requirement .

2.2.14 Small and Micro Enterprises

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from 2 October, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. There have been no reported cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments. The above is based on the information available with the Bank which has been relied upon by the auditors.

2.2.15 Corporate Social Responsibility (CSR)

a) Amount required to be spent by the Bank on CSR during the year ₹100.62 crores (previous year ₹127.94 crores).

b) Amount spent towards CSR during the year and recognized as expense in the statement of profit and loss on CSR related activities is ₹100.96 crores (previous year ₹137.59 crores), which comprise of following –

(₹ in crores)

	31 March, 2020			31 March, 2019		
	In cash	Yet to be paid in cash (i.e. provision)	Total	In cash	Yet to be paid in cash (i.e. provision)	Total
Construction/ acquisition of any asset	0.28	-	0.28	11.89	-	11.89
On purpose other than above	95.33	5.35	100.68	125.13	0.57	125.70

2.2.16 Description of contingent liabilities

a) Claims against the Bank not acknowledged as debts

These represent claims filed against the Bank in the normal course of business relating to various legal cases currently in progress. These also include demands raised by income tax authorities and disputed by the Bank. In addition, the Bank holds provision of ₹68.88 crores as on 31 March, 2020 (previous year ₹56.06 crores) towards claims assessed as probable.

b) Liability for partly paid investments

This represents amounts remaining unpaid towards liability for partly paid investments.

c) Liability on account of forward exchange and derivative contracts

The Bank enters into foreign exchange contracts, currency options/swaps, interest rate/currency futures and forward rate agreements on its own account and OTC for customers. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate. Currency swaps are commitments to exchange cash flows by way of interest/principal in two currencies, based on ruling spot rates. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows. Interest rate futures are standardised, exchange-traded contracts that represent a pledge to undertake a certain interest rate transaction at a specified price, on a specified future date. Forward rate agreements are agreements to pay or receive a certain sum based on a differential interest rate on a notional amount for an agreed period. A foreign currency option is an agreement between two parties in which one grants to the other the right to buy or sell a specified amount of currency at a specific price within a specified time period or at a specified future time. An Exchange Traded Currency Option contract is a standardised foreign exchange derivative contract, which gives the buyer the right, but not the obligation, to exchange money denominated in one currency into another currency at a pre-agreed exchange rate on a specified date on the date of expiry. Currency Futures contract is a standardised, exchange-traded contract, to buy or sell a certain underlying currency at a certain date in the future, at a specified price. The amount of contingent liability represents the notional principal of respective forward exchange and derivative contracts.

d) Guarantees given on behalf of constituents

As a part of its banking activities, the Bank issues guarantees on behalf of its customers to enhance their credit standing. Guarantees represent irrevocable assurances that the Bank will make payments in the event of the customer failing to fulfill its financial or performance obligations.

e) Acceptances, endorsements and other obligations

These include documentary credit issued by the Bank on behalf of its customers and bills drawn by the Bank's customers that are accepted or endorsed by the Bank.

f) Other items

Other items represent outstanding amount of bills rediscounted by the Bank, estimated amount of contracts remaining to be executed on capital account, notional principal on account of outstanding Tom/Spot foreign exchange contracts, contracts for purchase of investments where settlement is due post balance sheet date, commitments towards underwriting and investment in equity through bids under Initial Public Offering (IPO) of corporates as at the year end, demands raised by statutory authorities (other than income tax) and disputed by the Bank and amount transferred to Depositor Education and Awareness Fund (DEAF).

During earlier years, the Bank, through one of its overseas branches, had arranged Trade Credit (Buyers Credit loans) against Letters of Undertaking (LOUs) issued by Punjab National Bank (PNB), which were subsequently alleged as fraudulent by PNB. Prior to this declaration by PNB, such buyer's credit loans were sold down in the secondary market by the overseas branch to various participating banks under Risk Participation Agreements. As on 31 March, 2020, there is no funded exposure outstanding in the overseas branch pursuant to such sell down. PNB has repaid the aggregate amount of all LOUs due upto 31 March, 2020, pursuant to an undertaking issued to PNB, and made remittance to the overseas branch which has been passed on for onward payment to the participating banks. Based on the facts and circumstances of the case, internal findings and legal opinion, the Bank does not expect PNB has any valid right at this point in time, for refund by the Bank of the aggregate amount paid by PNB towards LOUs due upto 31 March, 2020. However, as a matter of prudence, the aggregate amount of LOUs issued by PNB to the overseas branch against which buyer's credit was extended, aggregating to ₹4,466.83 crores has been disclosed as part of Contingent Liabilities in the Balance Sheet.

The Bank has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Bank has reviewed and recorded adequate provision as required under any law/accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) in the books of account and disclosed the same under the relevant notes in the financial statements, where applicable.

2.2.17 Previous year figures have been regrouped and reclassified, where necessary to conform to current year's presentation.

In terms of our report attached.

For Haribhakti & Co. LLP
Chartered Accountants
Firm Registration No.: 103523W/W100048

Purushottam Nyati
Partner
Membership No.: 118970

Date : 28 April, 2020
Place : Mumbai

For Axis Bank Ltd.

Rakesh Makhija
Chairman

S. Vishvanathan
Director

Girish Paranjpe
Director

B. Babu Rao
Director

Amitabh Chaudhry
Managing Director & CEO

Girish V. Koliyote
Company Secretary

Puneet Sharma
Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT

To the Members of Axis Bank Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of **Axis Bank Limited** (hereinafter referred to as "the Bank") and its subsidiaries (the Bank and its subsidiaries together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at March 31, 2020, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year then ended, and notes to the consolidated financial statements including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated financial statements give the information required by the Banking Regulation Act, 1949 as well as the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2020, their consolidated profit and their consolidated cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

Key Audit Matters

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

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Sr. No.	Key audit matters	How our audit addressed the key audit matter
1.	**Information Technology (IT) Controls Framework** The Bank has a complex IT architecture to support its day to day business operations. The volume of transactions processed and recorded is huge. Moreover, a transaction may be required to be recorded across multiple applications depending upon the process and each application has different rules and a different set of user access and authority matrix. These applications are interlinked using different technologies so that data transfer happens in real time or at a particular time of the day; in batches or at a transaction level and in an automated manner or manually. The Core Banking Solution (CBS) itself has many interfaces. All these data streams directly affect the financial accounting and reporting process of the Bank. The Bank has a process for identifying the applications where the controls are embedded. It also has a process to ensure that systems, processes and controls remain relevant. The Bank's IT control framework includes automated, semi-automated and manual controls designed to address identified risks. IT controls are stated in Entity Level Controls (ELC), IT General Controls (ITGC) and IT Application Controls (ITAC). We have identified IT Controls Framework as a Key Audit Matter as the Bank's business is highly dependent on technology, the IT environment is complex and the design and operating effectiveness of IT controls have a direct impact on its financial reporting process. Review of these controls allows us to provide assurance on the integrity and completeness of data processed through various IT applications which are used for the preparation of financial reports.	IT audit specialists are an integral part of our engagement team. Our approach of testing IT General Controls (ITGC) and IT Application Controls (ITAC) is risk based and business centric. As part of our IT controls testing, we have tested ITGC as well as ITAC. The focus of testing of ITGCs was based on the various parameters such as Completeness, Validity, Identification, Authentication Authorization, Integrity and Accountability. On the other hand, focus of testing automated controls from applications was whether the controls prevent or detect unauthorized transactions and support financial objectives including completeness, accuracy, authorization and validity of transactions. We gathered a comprehensive understanding of IT applications landscape implemented at the Bank. It was followed by process understanding, mapping of applications to the same and understanding financial risks posed by people-process and technology. In ITGC testing we reviewed, on sample basis, control areas such as User Management, Change Management, Systems Security, Incident Management, Physical & Environmental Security, Backup and Restoration, Business Continuity and Disaster Recovery, Service Level Agreement. For ITAC, we carried out on sample basis, compliance tests of system functionality in order to assess the accuracy of system calculations. We also carried out procedures such as validations and limit checks on data entered into applications, approvals, process dependencies and restriction on time period in which transactions may be recorded. We tested the control environment using various techniques such as inquiry, review of documentation/record/reports, observation and re-performance. We also tested few controls using negative testing technique. We had taken adequate samples of instances for our tests Wherever deviations were noted either the same were explained to our satisfaction or we tested compensating controls and performed alternate procedures, where necessary, to draw comfort.

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2.	**Classification, Provisioning and Write off of Advances** *(Refer note 5.2 of schedule 17 and note 1.2, 2.1.1 and 2.1.5 of schedule 18 to the Consolidated Financial Statements)* The Bank's portfolio of advances to customers amounts to Rs 571,424.16 crores as at March 31, 2020 comprising of wholesale banking and Retail banking customer. As required under Income Recognition, Asset Classification and provisioning norms (IRAC norms), guidelines on COVID 19 related Regulatory Package dated March 27, 2020 and April 17, 2020 issued by the Reserve Bank of India (the "RBI") ('Regulatory Package') and other circulars, notifications and directives issued by the RBI, the Bank classifies advances into performing and non-performing advances which consists of Standard, Sub-standard, Doubtful and Loss and makes appropriate provisions. The Bank, as per its governing framework, identifies standard advances which require higher provision based on its evaluation of risk and internal ratings. The Bank also makes provisions against identified categories of non-fund based facilities, basis the internal assessment and evaluation. The Bank identifies sectors wherein the Bank perceives stress and makes higher provisions. The Bank also identifies accounts which are to be technically written off based on the framework approved by the Bank's Board of Directors. The classification, provisioning and write off of advances is a Key Audit Matter as the Bank has significant credit risk exposure to a large number of borrowers across a wide range of borrowers, products, industries and geographies and there is a high degree of complexity, uncertainty and judgment involved in recoverability of advances, estimation of provisions	Our audit procedures included, but were not limited to the following: *Provisions for Corporate advances against specific individual loans (Wholesale banking customer)* 1. Tested the key controls over borrower risk grading for wholesale loans (larger customer exposures that are monitored individually) for classification of such loans as performing or non-performing advances. • Tested on sample basis, the approval of new lending facilities against the Bank's credit policies, the performance of annual loan assessments, and controls over the monitoring of credit quality. • Assessed the process for classification by the Management including identification of non-performing assets. • Tested loans on sample basis to form our own assessment as to whether impairment events had occurred and to assess whether impairments had been identified in a timely manner. • For the selected non-performing loans, assessed Management's forecast and inputs of recoverable cash flows, comments of auditor on the financial statements, valuation of underlying security and collaterals, estimates of recoverable amounts on default and other sources of repayment. • Holding specific discussions with the credit and risk departments to ascertain if there were indicators of stress or an occurrence of an event of default in a particular loan account or any product category which need to be considered as NPA. This included testing controls over the identification of exposures showing signs of stress, either due to internal factors specific to the borrower or external macroeconomic factors, and testing the timeliness of and the accuracy of risk assessments and risk grading against the requirements of the Bank's lending policies and RBI IRAC norms. 2. Performed credit assessments of a sample of corporate loans managed by a specialized group assessed as high risk or impaired, focusing on larger exposures assessed by the Bank as showing signs of deterioration, or in

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	thereon and identification of accounts to be written off. The same resulted in significant audit efforts to address the risks around loan recoverability and the determination of related provisions and write off.	areas of emerging risk (assessed against external market conditions). We reviewed the Bank's risk grading of the loan, their assessment of loan recoverability and the impact on the credit provision. To do this, we used the information on the Borrowers loan file, discussed the case with the concerned officials and senior management, and performed our own assessment of recoverability. *Provisions for Retail advances against specific individual loans (Retail banking customer)* a. For retail loans (smaller customer exposures not monitored individually), tested controls over the systems which record lending arrears, delinquency buckets based on the number of days loans are overdue, and calculate individual provisions. b. Tested automated calculation and change Management controls and evaluated the Bank's oversight of the portfolios, with a focus on controls over delinquency statistics monitoring. c. Tested on sample basis the level of provisions held against different loan products based on the delinquency profile and assumptions made in respect of expected recoveries, primarily from collateral held. We also carried out extensive data analytics procedures to identify exceptions and outliers. *Provisions estimated across loan portfolios (collective provision)* 1. Tested the Bank's processes for making collective provision; 2. Reviewed the Policy for higher provision for weak standard advances and stressed sectors adopted by the Bank; 3. Reviewed the Policy for provision on non-fund facilities adopted by the Bank; 4. Validated the parameters used to calculate collective provisions with reference to IRAC norms, internal policy on higher provisions on weak standard advances, provisions on non-fund facilities; 5. Tested the completeness and accuracy of data transferred from underlying source systems used for computing collective provision;

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		6. Re-performed, for a sample of retail and wholesale portfolios, the calculation of collective provisions, to determine the accuracy of the same; 7. Reviewed the Bank's process for granting moratorium to borrowers as per the Regulatory Package announced by RBI. We tested the completeness and accuracy of data used for computing general provision in line with Regulatory package issued by RBI. With respect to additional provision made by the Bank on account of the impact of Covid-19 pandemic, we broadly reviewed the underlying assumptions and estimates used by the management for the same but as the extent of impact is dependent on future developments which are highly uncertain, we primarily relied on those assumptions and estimates. These assumptions and estimates are a subject matter of periodic review by the Bank. *Technical write off across loan portfolios* The Bank has adopted a framework for technical write off. We reviewed the framework and understood the process for identification of loan portfolios to be technically written off. We tested on sample basis, the accounts identified during the year to be written off for compliance with the aforesaid framework. *Disclosure* We assessed the appropriateness and adequacy of disclosures against the relevant RBI requirements relating to NPAs including the additional disclosures required to be made in accordance with the Regulatory Package.

Emphasis of Matter

We draw attention to Note 1.2 of schedule 18 to the consolidated financial statements which explains that the extent to which COVID-19 pandemic will impact the financial statements, is dependent on future developments, which are highly uncertain.

Our opinion is not modified in respect of this matter.

Other Information

The Bank's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' Report and Management Discussion and Analysis forming part of the Annual Report, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon and the Pillar III Disclosures under the New Capital Adequacy Framework (Basel III disclosures). The other information is expected to be made available to us after the date of this auditors report.

Our opinion on the consolidated financial statements does not cover the other information and the Basel III disclosures and accordingly, we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Bank's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, read with the relevant rules issued thereunder, provision of Section 29 of the Banking Regulation Act, 1949 and the circulars, guidelines and directions issued by Reserve Bank of India ("RBI") from time to time. The respective Board of Directors of the entities included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Bank, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the entities included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the entities included in the Group are responsible for overseeing the financial reporting process of the Group.

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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Bank and its subsidiary companies, which are companies incorporated in India, have adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made in consolidated financial statements by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such

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entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Bank and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

(a) We did not audit the financial statements of 10 subsidiaries, whose financial statements reflects total assets of Rs. 14,442.28 crores and net assets of Rs 3,163.79 crores as at March 31, 2020, total revenues of Rs. 2,116.49 crores and net cash outflows amounting to Rs. 88.17 crores for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of Section 143(3) of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

One of the above subsidiary is located outside India whose financial statements have been prepared in accordance with accounting principles generally accepted in that country and which has been audited by other auditor under generally accepted auditing standards applicable in that country. The Bank's management has converted the financial statements of such subsidiary located outside India from accounting principles generally accepted in that country to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Bank's management. Our opinion in so far as it relates to the balances and affairs of such subsidiary located outside India is based on the report of other auditor and the conversion adjustments prepared by the management of the Bank and audited by us.

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(b) We did not audit the financial statements of 1 step down subsidiary, whose financial statements reflects total assets of Rs. 4.16 crores and net assets of Rs. 3.98 crores as at March 31, 2020, total revenues of Rs. 1.44 crores and net cash inflows amounting to Rs. 0.10 crores for the year ended on that date, as considered in the consolidated financial statements. These financial statements are unaudited and have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this step down subsidiary, and our report in terms of Section 143(3) of the Act, in so far as it relates to the aforesaid step down subsidiary, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the management, these financial statements are not material to the Group.

Our opinion on the consolidated financial statements and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the management.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements and the other financial information of subsidiaries, as noted in the Other Matters section above, we report, to the extent applicable, that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;

c) The Consolidated Balance Sheet, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards prescribed under Section 133 of the Act read with relevant rules issued thereunder to the extent they are not inconsistent with accounting policies prescribed by RBI;

e) On the basis of the written representations received from the directors of the Bank as on March 31, 2020 taken on record by the Board of Directors of the Bank and the reports of the statutory auditors of its subsidiary companies, incorporated in India, none of the directors of the Group companies, incorporated in India, is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act;

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f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Bank and its subsidiary companies incorporated in India and the operating effectiveness of such controls, refer to our separate report in the "Annexure";

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act:

In our opinion and to the best of our information and according to the explanations given to us and the reports of the statutory auditors of the subsidiary companies incorporated in India, the remuneration paid/ provided by those subsidiaries to their directors during the year is in accordance with the provisions of Section 197 of the Act. Further, Section 197 of the Act is not applicable to the Bank by virtue of Section 35B (2A) of the Banking Regulation Act, 1949.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group - Refer Schedule 12 Contingent Liabilities read with note 2.1.16 of Schedule 18 to the consolidated financial statements;

ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Schedule 5 read with note 2.1.16 of Schedule 18 to the consolidated financial statements in respect of such items as it relates to the Group; and

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Bank and its subsidiary companies incorporated in India,

For **Haribhakti & Co. LLP**

Chartered Accountants

ICAI Firm Registration No.103523W / W100048

HARIBHAKTI & CO. LLP
MUMBAI
CHARTERED ACCOUNTANTS

Purushottam Nyati

Partner

Membership No. 118970

UDIN No. 20118970AAAABK1949

Place: Mumbai

Date: April 28, 2020

Continuation Sheet

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section in our Independent Auditor's Report of even date to the members of **Axis Bank Limited** on the consolidated financial statements for the year ended March 31, 2020]

Report on the Internal Financial Controls with reference to Financial Statements under clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of Axis Bank Limited ("the Bank") as of and for the year ended March 31, 2020, we have audited the internal financial controls with reference to consolidated financial statements of the Bank and its subsidiary companies, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Bank and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements of the Bank and its subsidiary companies, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing specified under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements of the Bank and its subsidiary companies.

Meaning of Internal Financial Controls with reference to Financial Statements

A company's internal financial control with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with

HARIBHAKTI & CO. LLP * CHARTERED ACCOUNTANTS * MUMBAI generally accepted accounting principles. A company's internal financial control with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on consideration of reporting of other auditors as mentioned in Other Matters paragraph below, the Bank and its subsidiary companies, which are companies incorporated in India, have, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2020, based on the internal control with reference to consolidated financial statements criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Other Matters

Our aforesaid reports under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements in so far as it relates to 9 subsidiary companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

For Haribhakti & Co. LLP

Chartered Accountants

ICAI Firm Registration No.103523W/W100048

HARIBHAKTI & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

Purushottam Nyati

Partner

Membership No.118970

UDIN No: 20118970AAAABK1949

Place: Mumbai

Date: April 28, 2020

Consolidated Balance Sheet

As at 31 March, 2020

(₹ in Thousands)

	Schedule No.	As at 31-03-2020	As at 31-03-2019
Capital and Liabilities			
Capital	1	5,643,356	5,143,290
Reserves & Surplus	2	857,760,934	672,882,898
Minority Interest	2A	1,135,557	846,147
Deposits	3	6,421,572,086	5,507,459,351
Borrowings	4	1,551,801,659	1,612,498,292
Other Liabilities and Provisions	5	440,804,466	341,629,698
Total		**9,278,718,058**	**8,140,459,676**
Assets			
Cash and Balances with Reserve Bank of India	6	849,592,711	350,990,403
Balances with Banks and Money at Call and Short Notice	7	128,405,033	329,052,679
Investments	8	1,552,816,344	1,740,558,546
Advances	9	5,829,588,354	5,066,561,244
Fixed Assets	10	43,943,385	41,298,823
Other Assets	11	874,372,231	611,997,981
Total		**9,278,718,058**	**8,140,459,676**
Contingent Liabilities	12	9,250,067,577	7,582,289,751
Bills for Collection		478,427,586	519,728,573
Significant Accounting Policies and Notes to Accounts	17 & 18		

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

In terms of our report attached.

For Haribhakti & Co. LLP
Chartered Accountants
Firm Registration No.: 103523W/W100048

For Axis Bank Ltd.

Rakesh Makhija
Chairman

Purushottam Nyati
Partner
Membership No.: 118970

S. Vishvanathan
Director

Girish Paranjpe
Director

B. Babu Rao
Director

Amitabh Chaudhry
Managing Director & CEO

Date : 28 April, 2020
Place : Mumbai

Girish V. Koliyote
Company Secretary

Puneet Sharma
Chief Financial Officer

Consolidated Profit & Loss Account

For the year ended 31 March, 2020

(₹ in Thousands)

		Schedule No.	Year ended 31-03-2020	Year ended 31-03-2019
I	**Income**			
	Interest earned	13	637,156,804	560,436,523
	Other income	14	163,419,937	141,887,538
	Total		**800,576,741**	**702,324,061**
II	**Expenditure**			
	Interest expended	15	379,959,407	338,834,746
	Operating expenses	16	180,657,585	167,201,872
	Provisions and contingencies	18 (2.1.1)	221,172,201	145,816,536
	Total		**781,789,193**	**651,853,154**
III	**Net Profit For The Year**		18,787,548	50,470,907
	Minority interest		(256,409)	(85,018)
IV	**Consolidated Net Profit Attributable To Group**		18,531,139	50,385,889
	Balance in Profit & Loss Account brought forward from previous year		251,175,230	235,543,472
V	**Amount Available For Appropriation**		**269,706,369**	**285,929,361**
VI	**Appropriations:**			
	Transfer to Statutory Reserve		4,068,038	11,691,521
	Transfer to Reserve Fund u/s 45 IC of RBI Act, 1934		386,500	421,100
	Transfer to/(from) Investment Reserve		-	(1,034,894)
	Transfer to Capital Reserve		3,405,245	1,251,323
	Transfer to General Reserve		34,138	96,508
	Transfer to Investment Fluctuation Reserve		3,280,000	6,000,000
	Transfer to/(from) Reserve Fund		8,502	6,280
	Dividend paid (includes tax on dividend)	18 (2.1.6)	3,318,569	269,486
	Balance in Profit & Loss Account carried forward		255,205,377	267,228,037
	Total		**269,706,369**	**285,929,361**
VII	**Earnings Per Equity Share**	18 (2.1.4)		
	(Face value ₹ 2/- per share)			
	Basic (in ₹)		6.83	19.61
	Diluted (in ₹)		6.80	19.49
	Significant Accounting Policies and Notes to Accounts	17 & 18		

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

In terms of our report attached.

For Haribhakti & Co. LLP
Chartered Accountants
Firm Registration No.: 103523W/W100048

For Axis Bank Ltd.

Rakesh Makhija
Chairman

Purushottam Nyati
Partner
Membership No.: 118970

S. Vishvanathan
Director

Girish Paranjpe
Director

B. Babu Rao
Director

Amitabh Chaudhry
Managing Director & CEO

Date : 28 April, 2020
Place : Mumbai

Girish V. Koliyote
Company Secretary

Puneet Sharma
Chief Financial Officer

Consolidated Cash Flow Statement

For the year ended 31 March, 2020

(₹ in Thousands)

	Year ended 31-03-2020	Year ended 31-03-2019
Cash flow from operating activities		
Net profit before taxes	**52,544,043**	**75,835,511**
Adjustments for:		
Depreciation on fixed assets	8,060,735	7,371,694
Depreciation on investments	1,359,912	2,965,368
Amortisation of premium on Held to Maturity investments	3,546,142	3,231,548
Provision for Non Performing Assets (including bad debts)	128,352,954	102,721,131
Provision on standard assets	15,341,633	8,143,122
Profit/(loss) on sale of land, buildings and other assets (net)	50,818	247,690
Provision for country risk	121,721	-
Provision for restructured assets/strategic debt restructuring	(154,980)	(196,572)
Provision on unhedged foreign currency exposure	(106,800)	187,900
Provision for other contingencies	42,244,858	6,545,966
	251,361,036	**207,053,358**
Adjustments for:		
(Increase)/Decrease in investments	244,324,699	(41,551,810)
(Increase)/Decrease in advances	(867,031,134)	(667,024,418)
Increase /(Decrease) in deposits	914,112,735	950,881,709
(Increase)/Decrease in other assets	(265,223,513)	(93,650,319)
Increase/(Decrease) in other liabilities & provisions	56,982,825	46,760,283
Direct taxes paid	(30,370,292)	(31,216,324)
Net cash flow from operating activities	**304,156,356**	**371,252,479**
Cash flow from investing activities		
Purchase of fixed assets	(11,042,694)	(8,803,657)
(Increase)/Decrease in Held to Maturity investments	(85,819,362)	(178,658,506)
Proceeds from sale of fixed assets	273,426	547,233
Net cash used in investing activities	**(96,588,630)**	**(186,914,930)**

(₹ in Thousands)

	Year ended 31-03-2020	Year ended 31-03-2019
Cash flow from financing activities		
Proceeds/(Repayment) from issue of subordinated debt, perpetual debt & upper Tier II instruments (net)	(20,000,000)	(17,000,000)
Increase/(Decrease) in borrowings (excluding subordinated debt, perpetual debt & upper Tier II instruments) (net)	(40,696,631)	71,827,368
Proceeds from issue of share capital	500,066	10,212
Proceeds from share premium (net of share issue expenses)	151,877,064	1,706,853
Payment of dividend (including dividend distribution tax)	(3,318,569)	(269,486)
Increase in minority interest	289,410	151,018
Net cash generated from financing activities	**88,651,340**	**56,425,965**
Effect of exchange fluctuation translation reserve	1,735,596	171,437
Net increase in cash and cash equivalents	297,954,662	240,934,951
Cash and cash equivalents at the beginning of the year	680,043,082	439,108,131
Cash and cash equivalents at the end of the year	**977,997,744**	**680,043,082**
Notes to the Cash Flow Statement:		
1. Cash and cash equivalents includes the following		
Cash and Balances with Reserve Bank of India (Refer Schedule 6)	849,592,711	350,990,403
Balances with Banks and Money at Call and Short Notice (Refer Schedule 7)	128,405,033	329,052,679
Cash and cash equivalents at the end of the year	**977,997,744**	**680,043,082**
2. Amount of Corporate Social Responsibility related expenses spent during the year in cash ₹108.63 crores (previous year ₹148.80 crores)		

In terms of our report attached.

For Axis Bank Ltd.

For Haribhakti & Co. LLP
Chartered Accountants
Firm Registration No.: 103523W/W100048

Rakesh Makhija
Chairman

Purushottam Nyati
Partner
Membership No.: 118970

S. Vishvanathan
Director

Girish Paranjpe
Director

B. Babu Rao
Director

Amitabh Chaudhry
Managing Director & CEO

Date : 28 April, 2020
Place : Mumbai

Girish V. Koliyote
Company Secretary

Puneet Sharma
Chief Financial Officer

Schedules forming part of the Consolidated Balance Sheet

As at 31 March, 2020

Schedule 1 - Capital

(₹ in Thousands)

	As at 31-03-2020	As at 31-03-2019
Authorised Capital		
4,250,000,000 (Previous year - 4,250,000,000) Equity Shares of ₹2/- each	8,500,000	8,500,000
Issued, Subscribed and Paid-up capital		
2,821,677,934 (Previous year - 2,571,644,871) Equity Shares of ₹2/- each fully paid-up	5,643,356	5,143,290

Schedule 2 - Reserves and Surplus

(₹ in Thousands)

		As at 31-03-2020	As at 31-03-2019
I.	**Statutory Reserve**		
	Opening Balance	127,451,247	115,759,726
	Additions during the year	4,068,038	11,691,521
		131,519,285	**127,451,247**
II.	**Share Premium Account**		
	Opening Balance	259,821,526	258,114,673
	Additions during the year	152,488,174	1,706,853
	Less: Share issue expenses	(611,111)	-
		411,698,589	**259,821,526**
III.	**Investment Reserve Account**		
	Opening Balance	-	1,034,894
	Additions during the year	-	-
	Deductions during the year	-	**(1,034,894)**
		-	-
IV.	**General Reserve**		
	Opening Balance	4,040,677	3,944,169
	Additions during the year	34,138	96,508
		4,074,815	**4,040,677**
V.	**Capital Reserve**		
	Opening Balance	20,924,276	19,672,953
	Additions during the year	3,405,245	1,251,323
		24,329,521	**20,924,276**
VI.	**Foreign Currency Translation Reserve [Refer Schedule 17 (5.6)]**		
	Opening Balance	1,692,088	1,520,651
	Additions during the year	1,735,596	171,437
	Deductions during the year	-	-
		3,427,684	**1,692,088**
VII.	**Reserve Fund**		
	Opening Balance	81,254	74,974
	Additions during the year	8,502	6,280
		89,756	**81,254**
VIII.	**Reserve Fund u/s 45 IC of RBI Act, 1934**		
	Opening Balance	1,696,600	1,275,500
	Additions during the year	386,500	421,100
		2,083,100	**1,696,600**
IX.	**Investment Fluctuation Reserve**		
	Opening Balance	6,000,000	-
	Additions during the year	3,280,000	6,000,000
		9,280,000	**6,000,000**

(₹ in Thousands)

		As at 31-03-2020	As at 31-03-2019
X.	**Balance in Profit & Loss Account brought forward**	255,205,377	267,228,037
	Adjustments during the year*	16,052,807	(16,052,807)
	Balance in Profit & Loss Account	271,258,184	251,175,230
	Total	**857,760,934**	**672,882,898**

* During the previous year ended 31 March, 2019, the Bank had made a provision amounting to ₹1,605.28 crores towards Land held as non-banking asset through the reserves and surplus, as permitted by RBI. During the year ended 31 March, 2020, the said provision has been recognised as part of provisions & contingencies in the profit and loss account with consequential reversal in the reserves and surplus, as advised by RBI.

Schedule 2A - Minority Interest

(₹ in Thousands)

		As at 31-03-2020	As at 31-03-2019
I.	**Minority Interest**		
	Opening Balance	846,147	695,129
	Increase during the year	289,410	151,018
	Closing Minority Interest	**1,135,557**	**846,147**

Schedule 3 - Deposits

(₹ in Thousands)

				As at 31-03-2020	As at 31-03-2019
A.	I.	Demand Deposits			
		(i)	From banks	38,887,703	47,199,015
		(ii)	From others	858,619,416	844,939,199
	II.	Savings Bank Deposits		1,735,926,032	1,541,290,515
	III.	Term Deposits			
		(i)	From banks	343,218,323	232,371,412
		(ii)	From others	3,444,920,612	2,841,659,210
		Total		**6,421,572,086**	**5,507,459,351**
B.	I.	Deposits of branches in India		6,352,037,738	5,462,410,325
	II.	Deposits of branches/subsidiaries outside India		69,534,348	45,049,026
		Total		**6,421,572,086**	**5,507,459,351**

Schedule 4 - Borrowings

(₹ in Thousands)

			As at 31-03-2020	As at 31-03-2019
I.	Borrowings in India			
	(i)	Reserve Bank of India	116,190,000	144,000,000
	(ii)	Other banks #	23,582,947	27,139,984
	(iii)	Other institutions & agencies **	845,265,217	722,206,785
II.	Borrowings outside India		566,763,495	719,151,523
	Total		**1,551,801,659**	**1,612,498,292**
	Secured borrowings included in I & II above		157,821,977	183,811,250

Borrowings from other banks include Subordinated Debt of ₹15.60 crores (previous year ₹35.60 crores) in the nature of Non-Convertible Debentures and Perpetual Debt of Nil (previous year ₹50.00 crores) [Also refer Note 18 (2.1.2)]

** Borrowings from other institutions & agencies include Subordinated Debt of ₹17,989.40 crores (previous year ₹19,969.40 crores) in the nature of Non-Convertible Debentures and Perpetual Debt of ₹7,000 crores (previous year ₹6,950 crores) [Also refer Note 18 (2.1.2)]

Schedule 5 - Other Liabilities and Provisions

(₹ in Thousands)

		As at 31-03-2020	As at 31-03-2019
I.	Bills payable	36,897,894	37,854,366
II.	Inter-office adjustments (net)	-	-
III.	Interest accrued	34,122,863	47,617,940
IV.	Proposed dividend (includes tax on dividend) [Refer Schedule 17 (5.22) & Schedule 18 (2.1.6)]	-	-
V.	Contingent provision against standard assets	46,353,188	30,800,051
VI.	Others (including provisions)	323,430,521	225,357,341
	Total	**440,804,466**	**341,629,698**

Schedule 6 - Cash and Balances with Reserve Bank of India

(₹ in Thousands)

		As at 31-03-2020	As at 31-03-2019
I.	Cash in hand (including foreign currency notes)	79,879,291	42,132,211
II.	Balances with Reserve Bank of India:		
	(i) in Current Account	209,713,420	263,858,192
	(ii) in Other Accounts	560,000,000	45,000,000
	Total	**849,592,711**	**350,990,403**

Schedule 7 - Balances with Banks and Money at Call and Short Notice

(₹ in Thousands)

		As at 31-03-2020	As at 31-03-2019
I.	**In India**		
	(i) Balance with Banks		
	(a) in Current Accounts	645,598	2,477,663
	(b) in Other Deposit Accounts	28,903,094	34,498,933
	(ii) Money at Call and Short Notice		
	(a) With banks	-	-
	(b) With other institutions	-	191,610,699
	Total	**29,548,692**	**228,587,295**
II.	**Outside India**		
	(i) in Current Accounts	45,030,057	47,630,852
	(ii) in Other Deposit Accounts	725,119	5,177,257
	(iii) Money at Call & Short Notice	53,101,165	47,657,275
	Total	**98,856,341**	**100,465,384**
	Grand Total (I+II)	**128,405,033**	**329,052,679**

Schedule 8 - Investments

(₹ in Thousands)

		As at 31-03-2020	As at 31-03-2019
I.	**Investments in India in -**		
	(i) Government Securities ##	1,219,180,739	1,168,229,051
	(ii) Other approved securities	-	-
	(iii) Shares	11,552,855	9,595,084
	(iv) Debentures and Bonds	206,439,143	393,845,209
	(v) Investment in Joint Ventures	-	-
	(vi) Others (Mutual Fund units, CD/CP, PTC etc.)	64,490,000	115,709,188
	Total Investments in India	**1,501,662,737**	**1,687,378,532**
II.	**Investments outside India in -**		
	(i) Government Securities (including local authorities)	42,819,430	38,260,202
	(ii) Subsidiaries and/or joint ventures abroad	-	-
	(iii) Others (Equity Shares and Bonds)	8,334,177	14,919,812
	Total Investments outside India	**51,153,607**	**53,180,014**
	Grand Total (I+II)	**1,552,816,344**	**1,740,558,546**

Includes securities costing ₹34,501.78 crores (previous year ₹29,283.94 crores) pledged for availment of fund transfer facility, clearing facility and margin requirements

Schedule 9 - Advances

(₹ in Thousands)

				As at 31-03-2020	As at 31-03-2019
A.	(i)	Bills purchased and discounted		145,282,883	155,366,967
	(ii)	Cash credits, overdrafts and loans repayable on demand		1,580,313,876	1,504,923,908
	(iii)	Term loans #		4,103,991,595	3,406,270,369
	Total			**5,829,588,354**	**5,066,561,244**
B.	(i)	Secured by tangible assets $		4,234,489,317	3,648,665,829
	(ii)	Covered by Bank/Government Guarantees &&		19,316,246	36,063,289
	(iii)	Unsecured		1,575,782,791	1,381,832,126
	Total			**5,829,588,354**	**5,066,561,244**
C.	I.	Advances in India			
		(i)	Priority Sector	1,438,593,307	1,188,930,411
		(ii)	Public Sector	134,270,813	65,894,406
		(iii)	Banks	21,809,078	43,110,224
		(iv)	Others	3,747,137,021	3,345,917,806
	Total			**5,341,810,219**	**4,643,852,847**
	II.	Advances Outside India			
		(i)	Due from banks	25,828,342	20,815,655
		(ii)	Due from others -		
			(a) Bills purchased and discounted	28,288,691	23,843,213
			(b) Syndicated loans	31,671,905	58,113,336
			(c) Others	401,989,197	319,936,193
	Total			**487,778,135**	**422,708,397**
	Grand Total [CI+CII]			**5,829,588,354**	**5,066,561,244**

Net of borrowings under Inter Bank Participation Certificate (IBPC) ₹1,500.00 crores (previous year ₹2,750.00 crores), includes lending under IBPC ₹2,900.10 crores (previous year ₹3,529.50 crores)

$ Includes advances against book debts

&& Includes advances against L/Cs issued by other banks

Schedule 10 - Fixed Assets

(₹ in Thousands)

		As at 31-03-2020	As at 31-03-2019
I.	**Premises**		
	Gross Block		
	At cost at the beginning of the year	17,917,464	18,331,432
	Additions during the year*	460,004	169,308
	Deductions during the year	-	(583,276)
	Total	**18,377,468**	**17,917,464**
	Depreciation		
	As at the beginning of the year	1,640,431	1,470,051
	Charge for the year	276,446	292,310
	Deductions during the year	-	(121,930)
	Depreciation to date	**1,916,877**	**1,640,431**
	Net Block	**16,460,591**	**16,277,033**
II.	**Other fixed assets (including furniture & fixtures)**		
	Gross Block		
	At cost at the beginning of the year	62,344,017	53,911,389
	Additions on acquisition	-	-
	Additions during the year*	8,630,828	9,375,302
	Deductions during the year	(1,231,550)	(942,674)
	Total	**69,743,295**	**62,344,017**

(₹ in Thousands)

		As at 31-03-2020	As at 31-03-2019
	Depreciation		
	As at the beginning of the year	40,199,808	33,802,484
	Additions on acquisition	-	-
	Charge for the year	7,780,867	7,079,384
	Deductions during the year	(894,153)	(682,060)
	Depreciation to date	**47,086,522**	**40,199,808**
	Net Block	**22,656,773**	**22,144,209**
III.	**Capital Work-in-Progress (including capital advances)**	**4,826,021**	**2,877,581**
	Grand Total (I+II+III)	**43,943,385**	**41,298,823**

* includes movement on account of exchange rate fluctuation

Schedule 11 - Other Assets

(₹ in Thousands)

		As at 31-03-2020	As at 31-03-2019
I.	Inter-office adjustments (net)	-	-
II.	Interest Accrued	72,554,289	71,428,760
III.	Tax paid in advance/tax deducted at source (net of provisions)	16,696,759	17,095,247
IV.	Stationery and stamps	1,056	3,057
V.	Non banking assets acquired in satisfaction of claims[&]	-	87,276
VI.	Others [#@$]	785,120,127	523,383,641
	Total	**874,372,231**	**611,997,981**

[#] Includes deferred tax assets of ₹7,363.79 crores (previous year ₹7,687.68 crores) [Refer Schedule 18 (2.1.11)]

[@] Includes Priority Sector Shortfall Deposits of ₹46,462.92 crores (previous year ₹28,161.77 crores)

[$] Includes goodwill on consolidation of ₹289.24 crores (previous year ₹289.24 crores)

[&] Represents balance net of provision of ₹2,068.24 crores on Land held as non-banking asset. (previous year represents balance net of provision of ₹2,208.61 crores on Land held as non-banking asset and provision of ₹2.09 crores on other non banking assets)

Schedule 12 - Contingent Liabilities

(₹ in Thousands)

		As at 31-03-2020	As at 31-03-2019
I.	Claims against the Group not acknowledged as debts	17,432,034	6,275,310
II.	Liability for partly paid investments	1,387,700	18,000
III.	Liability on account of outstanding forward exchange and derivative contracts :		
	a) Forward Contracts	4,559,787,377	3,296,537,608
	b) Interest Rate Swaps, Currency Swaps, Forward Rate Agreement & Interest Rate Futures	3,033,699,904	2,396,504,945
	c) Foreign Currency Options	451,140,999	464,047,739
	Total (a+b+c)	**8,044,628,280**	**6,157,090,292**
IV.	Guarantees given on behalf of constituents		
	In India	664,796,899	680,528,970
	Outside India	74,715,368	75,480,355
V.	Acceptances, endorsements and other obligations	251,657,421	324,474,560
VI.	Other items for which the Group is contingently liable	195,449,875	338,422,264
	Grand Total (I+II+III+IV+V+VI) [Refer Schedule 18 (2.1.16)]	**9,250,067,577**	**7,582,289,751**

Schedules forming part of the Consolidated Profit & Loss Account

For the year ended 31 March, 2020

Schedule 13 - Interest Earned

(₹ in Thousands)

		Year ended 31-03-2020	Year ended 31-03-2019
I.	Interest/discount on advances/bills	493,233,034	423,225,782
II.	Income on investments	112,793,394	113,756,581
III.	Interest on balances with Reserve Bank of India and other inter-bank funds	10,987,124	6,990,108
IV.	Others	20,143,252	16,464,052
	Total	**637,156,804**	**560,436,523**

Schedule 14 - Other Income

(₹ in Thousands)

		Year ended 31-03-2020	Year ended 31-03-2019
I.	Commission, exchange and brokerage	107,527,475	99,581,861
II.	Profit/(Loss) on sale of investments (net)	21,872,948	7,928,093
III.	Profit/(Loss) on sale of land, buildings and other assets (net)*	(50,818)	(247,690)
IV.	Profit on exchange/derivative transactions (net)	15,806,073	15,150,700
V.	Income earned by way of dividends etc. from subsidiaries/companies and/or joint venture abroad/in India	-	-
VI.	Miscellaneous Income [including recoveries on account of advances/investments written off in earlier years ₹1,553.14 crores (previous year ₹1,902.24 crores) and profit on account of portfolio sell downs/securitisation ₹25.50 crores (previous year net profit of ₹7.96 crores)]	18,264,259	19,474,574
	Total	**163,419,937**	**141,887,538**

*includes provision for diminution in value of fixed assets

Schedule 15 - Interest Expended

(₹ in Thousands)

		Year ended 31-03-2020	Year ended 31-03-2019
I.	Interest on deposits	294,108,051	237,400,132
II.	Interest on Reserve Bank of India/Inter-bank borrowings	20,440,779	30,217,595
III.	Others	65,410,577	71,217,019
	Total	**379,959,407**	**338,834,746**

Schedule 16 - Operating Expenses

(₹ in Thousands)

		Year ended 31-03-2020	Year ended 31-03-2019
I.	Payments to and provisions for employees	58,199,622	59,898,715
II.	Rent, taxes and lighting	11,714,178	10,875,319
III.	Printing and stationery	1,664,909	1,988,746
IV.	Advertisement and publicity	1,347,600	1,629,794
V.	Depreciation on Group's property	8,060,735	7,371,694
VI.	Directors' fees, allowance and expenses	34,419	42,943
VII.	Auditors' fees and expenses	35,984	29,896
VIII.	Law charges	1,237,449	1,180,869
IX.	Postage, telegrams, telephones etc.	2,887,728	3,121,993
X.	Repairs and maintenance	11,860,447	10,932,230
XI.	Insurance	7,518,405	6,011,683
XII.	Other expenditure	76,096,109	64,117,990
	Total	**180,657,585**	**167,201,872**

17 Significant Accounting Policies

For the year ended 31 March, 2020

1. Principles of Consolidation

The consolidated financial statements comprise the financial statements of Axis Bank Limited ('the Bank') and its subsidiaries, which together constitute 'the Group'. The Bank has overseas branches at Singapore, Hong Kong, DIFC - Dubai, Shanghai and Colombo and an Offshore Banking Unit at International Financial Service Centre (IFSC), Gujarat International Finance Tec-City (GIFT City), Gandhinagar, India.

The Bank consolidates its subsidiaries in accordance with AS 21, Consolidated Financial Statements notified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 on a line-by-line basis by adding together the like items of assets, liabilities, income and expenditure. All significant inter-company accounts and transactions are eliminated on consolidation.

2. Basis of preparation

a) The consolidated financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting in accordance with the generally accepted accounting principles in India, unless otherwise stated by the Reserve Bank of India ('RBI'), to comply with the statutory requirements prescribed under the Third Schedule of the Banking Regulation Act, 1949, the circulars, notifications, guidelines and directives issued by RBI from time to time and the Accounting Standards notified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 to the extent applicable and practices generally prevalent in the banking industry in India. Accounting policies applied have been consistent with the previous year except otherwise stated.

b) The consolidated financial statements present the accounts of Axis Bank Limited with its following subsidiaries:

Name	Relation	Country of Incorporation	Ownership Interest
Axis Capital Ltd.	Subsidiary	India	100.00%
Axis Private Equity Ltd.	Subsidiary	India	100.00%
Axis Trustee Services Ltd.	Subsidiary	India	100.00%
Axis Mutual Fund Trustee Ltd.	Subsidiary	India	75.00%
Axis Asset Management Company Ltd.	Subsidiary	India	75.00%
Axis Finance Ltd.	Subsidiary	India	100.00%
Axis Securities Ltd.	Subsidiary	India	100.00%
Freecharge Payment Technologies Pvt. Ltd.	Subsidiary	India	100.00%
Accelyst Solutions Pvt. Ltd.	Subsidiary	India	100.00%
A.Treds Ltd.	Subsidiary	India	67.00%
Axis Bank UK Ltd.	Subsidiary	U.K.	100.00%
Axis Capital USA LLC	Step down subsidiary	USA	100.00%

c) The financial statements of certain subsidiaries have been prepared in accordance with notified Indian Accounting Standards ('Ind-AS'). The financial statements of such subsidiaries used for consolidation of the consolidated financial statements are special purpose financial statements prepared in accordance with Generally Accepted Accounting Principles in India ('GAAP') specified under section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016.

d) The audited financial statements of the above subsidiaries and the unaudited financial statements of the step down subsidiary have been drawn up to the same reporting date as that of the Bank, i.e. 31 March, 2020.

e) The financial statements of the Bank's foreign subsidiary, Axis Bank UK Ltd. ('the Company') are drawn up in accordance with International Financial Reporting Standards ('IFRSs') and interpretations issued by the International Financial Reporting Interpretations Committee ('IFRIC'), as adopted by the European Union. In January 2020, following a strategic review of operations, the Board of Axis Bank UK Limited approved the decision to exit the UK market and wind down operations. Accordingly, the financial statements of the Company have been prepared on a basis other than that of a going concern. These financial statements have been converted to Indian GAAP for the purpose of consolidated financial statements of the Group.

f) Axis Private Equity Ltd., is in the process of amalgamation with Axis Finance Ltd. and has submitted an application for amalgamation before the National Company Law Tribunal on 13 October, 2017. At the last hearing in February 2020, the NCLT has fixed the matter as reserved for order and the same is awaited as at the Balance Sheet date.

g) On 27 March, 2018, the Board of Directors of Accelyst Solutions Pvt. Ltd ('ASPL') and Freecharge Payment Technologies Pvt. Ltd. ('FCPTL') approved a scheme for amalgamation of ASPL into and with FCPTL. ASPL and FCPTL filed final petition for approval of merger before the National Company Law Tribunal ('NCLT'). The appointed date for amalgamation is 7 October, 2017 and the effect of merger will be given on this date or any other date as may be prescribed by the NCLT. Subsequent to the final hearing in the matter conducted during the year, FCPTL received the copy of the order approved by NCLT, Delhi and has filed the same with the Ministry of Company Affairs in November 2019. However, in the case of ASPL, the NCLT, Mumbai order amended the appointed date of amalgamation from 7 October, 2017 to 1 April, 2018. Since the Scheme filed by the FCPTL was already approved by NCLT, Delhi with the appointed date of 7 October, 2017, the order of NCLT, Mumbai sanctioning the scheme cannot be implemented due to discrepancy in appointed date. Therefore, ASPL is in the process of filing a modification application in NCLT, Mumbai to amend the appointed date from 1 April, 2018 to 7 October, 2017 as originally mutually decided by FCPTL and ASPL and as mentioned in the scheme of amalgamation. Accordingly, no accounting impact of the Scheme is taken in the consolidated financial statements as at 31 March, 2020.

3. Use of estimates

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

4. Change in accounting policies/estimates

Provision on Non-Fund based outstanding

During the year, the Bank has adopted a policy of maintaining provision on non-funded outstanding in NPAs, prudentially written off accounts, corporate standard advances rated 'BB and Below' and all SMA-2 advances as reported to CRILC. As a result, the provisions and contingencies for the year are higher by ₹410.52 crores with a consequent reduction to the profit before tax.

5. Significant accounting policies

5.1 Investments

Axis Bank Ltd.

Classification

In accordance with the RBI guidelines, investments are classified at the time of purchase as:

- Held for Trading ('HFT');
- Available for Sale ('AFS'); and
- Held to Maturity ('HTM').

Investments that are held principally for sale within a short period are classified as HFT securities. As per the RBI guidelines, HFT securities, which remain unsold for a period of 90 days are transferred to AFS securities.

Investments that the Bank intends to hold till maturity are classified under the HTM category. Investments in the equity of subsidiaries/joint ventures are categorised as HTM in accordance with the RBI guidelines.

All other investments are classified as AFS securities.

However, for disclosure in the Balance Sheet, investments in India are classified under six categories - Government Securities, Other approved securities, Shares, Debentures and Bonds, Investment in Subsidiaries/Joint Ventures and

Others. Investments made outside India are classified under three categories - Government Securities, Subsidiaries and/or Joint Ventures abroad and Others.

All investments are accounted for on settlement date, except investments in equity shares which are accounted for on trade date.

Transfer of security between categories
Transfer of security between categories of investments is accounted as per the RBI guidelines.

Acquisition cost
Costs including brokerage and commission pertaining to investments, paid at the time of acquisition, are charged to the Profit and Loss Account.

Broken period interest is charged to the Profit and Loss Account.

Cost of investments is computed based on the weighted average cost method.

Valuation
Investments classified under the HTM category: Investments are carried at acquisition cost unless it is more than the face value, in which case the premium is amortised over the period remaining to maturity on a constant yield to maturity basis. Such amortization of premium is adjusted against interest income under the head 'Income from Investments' under Schedule 13 in Profit and Loss Account In terms of RBI guidelines, discount on securities held under HTM category is not accrued and such securities are held at the acquisition cost till maturity.

Investments classified under the AFS and HFT categories: Investments under these categories are marked to market. The market/fair value of quoted investments included in the 'AFS' and 'HFT' categories is the market price of the scrip as available from the trades/quotes on the stock exchanges or prices declared by Primary Dealers Association of India ('PDAI') jointly with Fixed Income Money Market and Derivatives Association of India ('FIMMDA')/ Financial Benchmark India Private Limited ('FBIL'), periodically. Net depreciation, if any, within each category of each investment classification is recognised in the Profit and Loss Account. The net appreciation if any, under each category of each investment classification is ignored. The depreciation on securities acquired by way of conversion of outstanding loans is provided in accordance with the RBI guidelines. The book value of individual securities is not changed consequent to the periodic valuation of investments.

Non-performing investments are identified and provision is made thereon as per RBI guidelines. The provision on such non-performing investments is not set off against the appreciation in respect of other performing securities. Interest on non-performing investments is not recognised in the Profit and Loss Account until received.

Treasury Bills, Exchange Funded Bills, Commercial Paper and Certificate of Deposits being discounted instruments, are valued at carrying cost which includes discount amortised over the period to maturity.

Units of mutual funds are valued at the latest repurchase price/net asset value declared by the mutual fund.

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

- The market/fair value of unquoted government securities which are in the nature of Statutory Liquidity Ratio ('SLR') securities included in the AFS and HFT categories is computed as per the rates published by FIMMDA/ FBIL.

- In case of special bonds issued by Government of India that do not qualify for SLR, unquoted bonds, debentures, preference shares where interest/dividend is received regularly (i.e. not overdue beyond 90 days), the market price is derived based on the YTM for Government Securities as published by FIMMDA/PDAI/FBIL and suitably marked up for credit risk applicable to the credit rating of the instrument. The matrix for credit risk mark-up for each category and credit ratings along with residual maturity issued by FIMMDA/FBIL is adopted for this purpose.

- In case of bonds & debentures where interest is not received regularly (i.e. overdue beyond 90 days), the valuation is in accordance with prudential norms for provisioning as prescribed by RBI.

- Pass Through Certificates ('PTC') and Priority Sector PTCs are valued as per extant FIMMDA guidelines.

- Equity shares, for which current quotations are not available or where the shares are not quoted on the stock exchanges, are valued at break-up value (without considering revaluation reserves, if any) which is ascertained from the company's latest Balance Sheet. In case the latest Balance Sheet is not available, the shares are valued at ₹1 per company.

- Units of Venture Capital Funds ('VCF') held under AFS category where current quotations are not available are valued based on the latest audited financials of the fund. In case the audited financials are not available for a period beyond 18 months, the investments are valued at ₹1 per VCF. Investment in unquoted VCF after 23 August, 2006 may be categorised under HTM category for the initial period of three years and are valued at cost as per RBI guidelines.

- In case investments in security receipts on or after 1 April, 2017 which are backed by more than 50 percent of the stressed assets sold by the Bank, provision for depreciation in value is made at the higher of - provisioning rate required in terms of net asset value declared by the Reconstruction Company ('RC')/Securitisation Company ('SC') or the provisioning rate as per the extant asset classification and provisioning norms as applicable to the underlying loans, assuming that the loan notionally continued in the books of the bank. All other investments in security receipts are valued as per the NAV obtained from the issuing RC/SCs.

Disposal of investments

Investments classified under the HTM category: Realised gains are recognised in the Profit and Loss Account and subsequently appropriated to Capital Reserve account (net of taxes and transfer to statutory reserves) in accordance with the RBI guidelines. Losses are recognised in the Profit and Loss Account.

Investments classified under the AFS and HFT categories: Realised gains/losses are recognised in the Profit and Loss Account.

Repurchase and reverse repurchase transactions

Repurchase and reverse repurchase transactions in government securities and corporate debt securities including those conducted under the Liquidity Adjustment Facility ('LAF') and Marginal Standby Facility ('MSF') with RBI are accounted as collateralised borrowing and lending respectively. Accordingly, securities given as collateral under an agreement to repurchase them continue to be held under the investment account and the Bank continues to accrue the coupon/discount on the security during the repo period. Further, the Bank continues to value the securities sold under repo as per the investment classification of the security. Borrowing cost on repo transactions is accounted as interest expense and revenue on reverse repo transactions is accounted as interest income.

Short Sales

In accordance with the RBI guidelines, the Bank undertakes short sale transactions in Central Government dated securities. The short positions are reflected in 'Securities Short Sold ('SSS') A/c', specifically created for this purpose. Such short positions are categorised under HFT category and netted off from investments in the Balance Sheet. These positions are marked-to-market along with the other securities under HFT portfolio and the resultant mark-to-market gains/losses are accounted for as per the relevant RBI guidelines for valuation of investments discussed earlier.

Subsidiaries

Investments are initially recognised at cost which comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Investments which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long term investments.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Any reduction in the carrying amount and any reversal of such reductions are charged or credited to the Profit and Loss Account.

Long term investments are stated at cost. Provision is made to recognise a decline, other than temporary, in the value of such investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the Profit and Loss Account.

5.2 Advances

Axis Bank Ltd.

Advances are classified into performing and non-performing advances ('NPAs') as per the RBI guidelines and are stated net of bills rediscounted, inter-bank participation certificates, specific provisions made towards NPAs, interest in suspense for NPAs, claims received from Export Credit Guarantee Corporation, provisions for funded interest on term loan classified as NPAs, provisions in lieu of diminution in the fair value of restructured assets and floating provisions.

NPAs are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by the RBI. Advances held at the overseas branches that are identified as impaired as per host country regulations for reasons other than record of recovery, but which are standard as per the RBI guidelines, are classified as NPAs to the extent of amount outstanding in the host country. Provisions for NPAs are made for sub-standard and doubtful assets at rates as prescribed by the RBI with the exception for agriculture advances and schematic retail advances. In respect of schematic retail advances, provisions are made in terms of a bucket-wise policy upon reaching specified stages of delinquency (90 days or more of delinquency) under each type of loan, which satisfies the RBI prudential norms on provisioning. Provisions in respect of agriculture advances classified into sub-standard and doubtful assets are made at rates which are higher than those prescribed by the RBI. Provisions for advances booked in overseas branches, which are standard as per the RBI guidelines but are classified as NPAs based on host country guidelines, are made as per the host country regulations. In the case of NPAs referred to National Company Law Tribunal ('NCLT') under Insolvency and Bankruptcy Code ('IBC') where resolution plan or liquidation order has been approved by NCLT, provision is maintained at higher of the requirement under RBI guidelines or the likely haircut as per resolution plan or liquidation order.

Restructured assets are classified and provided for in accordance with the guidelines issued by RBI from time to time.

Loss assets and unsecured portion of doubtful assets are provided/written off as per the extant RBI guidelines.

Amounts recovered against debts written off are recognised in the Profit and Loss account and included under "Other Income".

In case of EMI based standard retail advances, funds received from customers are appropriated in the order of chronology as towards interest, principal, penal interest and charges. In case of other standard advances, funds received from customers are appropriated in the order of chronology as towards charges, penal interest, interest and principal.

The Bank makes additional provisions as per RBI's guidelines on 'Prudential Framework on Resolution of Stressed Assets' dated 7 June, 2019 on accounts in default and with aggregate exposure above the threshold limits as laid down in the said framework where the resolution plan is not implemented within the specified timelines.

In respect of borrowers classified as non-cooperative and willful defaulters, the Bank makes accelerated provisions as per extant RBI guidelines.

Loans reported as fraud are classified as loss assets, and fully provided immediately without considering the value of security.

For entities with Unhedged Foreign Currency Exposure ('UFCE'), provision is made in accordance with the guidelines issued by RBI, which requires to ascertain the amount of UFCE, estimate the extent of likely loss and estimate the riskiness of unhedged position. This provision is classified under Schedule 5 – Other Liabilities in the Balance Sheet. Further, Incremental capital is maintained in respect of borrower counter parties in the highest risk category, in line with stipulations by RBI.

The Bank maintains provisions for incremental exposure of the banking system to specified borrowers beyond Normally Permitted Lending Limit ('NPLL') in proportion to Bank's funded exposure to the specified borrowers as per RBI guidelines. This provision is classified under Schedule 5 – Other Liabilities in the Balance Sheet.

The Bank maintains a general provision on standard advances at the rates prescribed by RBI other than for corporate standard advances rated 'BB and Below' and all SMA-2 advances as reported to CRILC, where general provision is maintained at rates that are higher than those prescribed by RBI. In case of overseas branches, general provision on standard advances is maintained at the higher of the levels stipulated by the respective overseas regulator or RBI. The Bank also maintains general provision on positive Mark-to-Market (MTM) on derivatives at the rates prescribed by RBI.

The Bank maintains provision on non-funded outstanding in NPAs, prudentially written off accounts, corporate standard advances rated 'BB and Below' and all SMA-2 advances as reported to CRILC. This provision is classified under Schedule 5 – Other Liabilities in the Balance Sheet.

Under its home loan portfolio, the Bank offers housing loans with certain features involving waiver of Equated Monthly Installments ('EMIs') of a specific period subject to fulfilment of a set of conditions by the borrower. The Bank makes provision against the probable loss that could be incurred in future on account of waivers to eligible borrowers in respect of such loans based on actuarial valuation conducted by an independent actuary. This provision is classified under Schedule 5 – Other Liabilities in the Balance Sheet.

Axis Finance Ltd.

Advances are classified into performing and non-performing advances ('NPAs') as per the RBI guidelines and are stated net of specific provisions made towards NPAs. Further, NPAs are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by the RBI.

Non-performing loans are written off / provided for, as per management estimates, subject to the minimum provision required as per Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

Provisions for standard assets and NPAs are made at rates as prescribed under the RBI guidelines.

Axis Bank UK Ltd.

In the case of the Bank's UK subsidiary, the impairment loss is measured using the Expected Credit Loss ('ECL') model based on a three-stage approach as follows:

Stage 1 - the recognition of 12 month ECL, that is the portion of lifetime expected credit losses from default events that are expected within 12 months of the reporting date, if credit risk has not increased significantly since initial recognition;

Stage 2 - lifetime expected credit losses for financial instruments for which credit risk has increased significantly since initial recognition; and

Stage 3 - lifetime expected credit losses for financial instruments which are credit impaired.

As a result the amount of the allowance is affected by changes in the expectations of loss driven by changes in associated credit risk. The measurement of ECL is calculated using three main components: (i) probability of default ('PD'), (ii) loss given default ('LGD') and (iii) the exposure at default ('EAD'). The ECL is calculated by multiplying the PD, LGD and the EAD. The PDs represent the probability of default over 12 months or lifetime of the instrument for stage 1 and stage 2/stage3 respectively. The EAD represents the expected balance at default, taking into account the repayment of principal and interest from the balance sheet date to the default event together with any expected drawdowns of committed facilities. The LGD represents expected losses on the EAD given the event of default, taking into account.

5.3 Country risk

Axis Bank Ltd.

In addition to the provisions required to be held according to the asset classification status, provisions are held for individual country exposure (other than for home country as per the RBI guidelines). Such provisions are held only in respect of those countries where the net funded exposure of the Bank exceeds 1% of its total assets. For this purpose the countries are categorized into seven risk categories namely insignificant, low, moderate, high, very high, restricted and off-credit as per RBI guidelines. Provision is made on exposures exceeding 180 days on a graded scale ranging from 0.25% to 100%. For exposures with contractual maturity of less than 180 days, 25% of the normal provision requirement is held. If the net funded exposure of the Bank in respect of each country does not exceed 1% of the total assets, no provision is maintained on such country exposure in accordance with RBI guidelines. This provision is classified under Schedule 5 – Other Liabilities in the Balance Sheet.

5.4 Securitisation and transfer of assets

Axis Bank Ltd.

The Bank enters into purchase/sale of corporate and retail loans through direct assignment/Special Purpose Vehicle ('SPV'). In most cases, post securitisation, the Bank continues to service the loans transferred to the assignee/SPV. The Bank also provides credit enhancement in the form of cash collaterals and/or by subordination of cash flows to Senior Pass through Certificate holders. In respect of credit enhancements provided or recourse obligations (projected delinquencies, future servicing etc.) accepted by the Bank, appropriate provision/disclosure is made at the time of sale in accordance with AS-29, Provisions, Contingent Liabilities and Contingent Assets as notified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016.

In accordance with RBI guidelines of 7 May, 2012 on 'Guidelines on Securitisation of Standard Assets', gain on securitisation transaction is recognised over the period of the underlying securities issued by the SPV. Loss on securitisation is immediately debited to the Profit and Loss Account.

The Bank transfers advances through inter-bank participation with and without risk. In accordance with the RBI guidelines, in the case of participation with risk, the aggregate amount of the participation issued by the Bank is reduced from advances and where the Bank is participating, the aggregate amount of the participation is classified under advances. In the case of participation without risk, the aggregate amount of participation issued by the Bank is classified under borrowings and where the Bank is participating, the aggregate amount of participation is shown as due from banks under advances.

5.5 Priority Sector Lending Certificates

Axis Bank Ltd.

The Bank enters into transactions for the sale or purchase of Priority Sector Lending Certificates ('PSLCs'). In the case of a sale transaction, the Bank sells the fulfilment of priority sector obligation and in the case of a purchase transaction the Bank buys the fulfilment of priority sector obligation through the RBI trading platform. There is no transfer of loan assets in PSLC transactions.

5.6 Foreign currency transactions

Group

In respect of domestic operations, transactions denominated in foreign currencies are accounted for at the rates prevailing on the date of the transaction. Monetary foreign currency assets and liabilities are translated at the Balance Sheet date at rates notified by Foreign Exchange Dealers Association of India ('FEDAI'). All profits/losses resulting from year end revaluations are recognised in the Profit and Loss Account.

Financial statements of foreign operations classified as non-integral foreign operations as per the RBI guidelines are translated as follows:

- Assets and liabilities (both monetary and non-monetary as well as contingent liabilities) are translated at closing exchange rates notified by FEDAI at the Balance Sheet date.
- Income and expenses are translated at the rates prevailing on the date of the transactions.
- All resulting exchange differences are accumulated in a separate 'Foreign Currency Translation Reserve' till the disposal of the net investments. Any realised gains or losses on such disposal are recognised in the Profit and Loss Account.

Outstanding forward exchange contracts including tom/spot contracts (excluding currency swaps undertaken to hedge foreign currency assets/liabilities and funding swaps which are not revalued) are revalued at year end on PV basis by discounting the forward value till spot date and converting the FCY amount using the respective spot rates as notified by FEDAI. The resulting gains or losses on revaluation are included in the Profit and Loss Account in accordance with RBI/FEDAI guidelines.

Premium/discount on currency swaps undertaken to hedge foreign currency assets and liabilities and funding swaps is recognised as interest income/expense and is amortised on a pro-rata basis over the underlying swap period.

Contingent liabilities on account of forward exchange and derivative contracts, guarantees, acceptances, endorsements and other obligations denominated in foreign currencies are disclosed at closing rates of exchange notified by FEDAI.

5.7 Derivative transactions

Axis Bank Ltd.

Derivative transactions comprise of forward contracts, swaps and options which are disclosed as contingent liabilities. The forwards, swaps and options are categorised as trading or hedge transactions. Trading derivative contracts are revalued at the Balance Sheet date with the resulting unrealised gain or loss being recognised in the Profit and Loss Account and correspondingly in other assets (representing positive Mark-to-Market) and in other liabilities (representing negative Mark-to-Market (MTM)) on a gross basis . For hedge transactions, the Bank identifies the hedged item (asset or liability) at the inception of transaction itself. The effectiveness is ascertained at the time of inception of the hedge and periodically thereafter. Hedge swaps are accounted for on accrual basis except in case of swaps designated with an asset or liability that is carried at market value or lower of cost or market value in the financial statements. In such cases the swaps are marked-to-market with the resulting gain or loss recorded as an adjustment to the market value of designated asset or liability. Hedge transactions that are entered after 26 June, 2019 through rupee interest rate derivatives are accounted for as per the guidance note issued by ICAI on accounting for derivative contracts. Pursuant to the RBI guidelines any receivables under derivative contracts comprising of crystallised receivables as well as positive Mark-to-Market (MTM) in respect of future receivables which remain overdue for more than 90 days are reversed through the Profit and Loss account and are held in separate Suspense Account.

Premium on options is recognized as income/expense on expiry or early termination of the transaction.

Currency futures contracts are marked-to-market using daily settlement price on a trading day, which is the closing price of the respective futures contracts on that day. While the daily settlement price is computed based on the last half an hour weighted average price of such contract, the final settlement price is taken as the RBI reference rate on the last trading day of the futures contract or as may be specified by the relevant authority from time to time. All open positions are marked-to-market based on the settlement price and the resultant marked-to-market profit/loss is daily settled with the exchange.

Valuation of Exchange Traded Currency Options (ETCO) is carried out on the basis of the daily settlement price of each individual option provided by the exchange and valuation of Interest Rate Futures (IRF) is carried out on the basis of the daily settlement price of each contract provided by the exchange.

5.8 Revenue recognition

Axis Bank Ltd.

Interest income is recognised on an accrual basis in accordance with AS–9, Revenue Recognition as notified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014, the Companies (Accounting Standards) Amendment Rules, 2016 and the RBI guidelines except in the case of interest income on non-performing assets where it is recognised on receipt basis if overdue for more than 90 days. Income on non-coupon bearing discounted instruments or low-coupon bearing discounted instruments is recognised over the tenor of the instrument on a constant yield basis.

Guarantee commission is recognised on a pro-rata basis over the period of the guarantee. Locker rent and annual fees for credit cards are recognised on a straight-line basis over the period of contract. Arrangership/syndication fee is accounted for on completion of the agreed service and when right to receive is established. Other fees and commission income are recognised when due, where the Bank is reasonably certain of ultimate collection.

Interest income on investments in discounted PTCs is recognized on a constant yield basis.

Dividend is accounted on an accrual basis when the right to receive the dividend is established.

Gain/loss on sell down of loans and advances through direct assignment is recognised at the time of sale.

Fees paid for purchase of Priority Sector Lending Certificates (‘PSLC’) is amortised on straight-line basis over the tenor of the certificate as ‘Other Expenditure’ under Schedule 16 of Profit and Loss Account. Fees received on sale of PSLC is amortised on straight-line basis over the tenor of the certificate as ‘Miscellaneous Income’ under Schedule 14 of Profit and Loss Account.

In accordance with RBI guidelines on sale of non-performing advances, if the sale is at a price below the net book value (i.e. book value less provisions held), the shortfall is charged to the Profit and Loss Account. If the sale is for a value higher than the net book value, the excess provision is credited to the Profit and Loss Account in the year the amounts are received.

The Bank deals in bullion business on a consignment basis. The difference between the price recovered from customers and cost of bullion is accounted for at the time of sale to the customers. The Bank also deals in bullion on a borrowing and lending basis and the interest paid/received is accounted on an accrual basis.

Subsidiaries

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Fee income is recognised on the basis of accrual when all the services are performed and there is reasonable certainty of ultimate collection.

Interest income is recognised on an accrual basis.

Dividend income is recognised when the right to receive payment is established by the balance sheet date.

Income from sale of investments is determined on weighted average basis and recognised on the trade date basis.

Axis Capital Limited

Brokerage income in relation to stock broking activity is recognised as per contracted rates at the execution of transactions on behalf of the customers on a trade date basis. Gains/losses on dealing in securities are recognised on a trade date basis.

Revenue from issue management, loan syndication, and financial advisory services is recognised based on the stage of completion of assignments and terms of agreement with the client.

Selling commissions/brokerage generated from primary market operations i.e. procuring subscriptions from investors for public offerings of companies, mutual funds, etc. are recorded on determination of the amount due to the Company, once the allotment of securities are completed.

Axis Trustee Services Limited

Annual Fees for trusteeship services and servicing fees are recognised, on a straight line basis, over the period when services are performed. Initial acceptance fee is recognised as and when the 'Offer Letter' for the services to be rendered is accepted by the customer.

A provision for doubtful debts is recognized where, in the case of Initial Acceptance Fees, the receivables are not realized within 90 days from the date of invoice, and in the case of Annual Fees, the receivables are not received within 90 days from the end of the period for which the invoice is issued. Where doubtful debt remains unrecovered till the end of the year, the same is written off and reversed from the debtors account. Specific provisions are created in certain cases where recovery is assessed as doubtful even before the due date.

Realised gains and losses on mutual funds are dealt with in the Profit and Loss Account. The cost of units in mutual fund sold are determined on weighted average basis for the purpose of calculating gains or losses on sale/redemption of such units.

Axis Asset Management Company Limited

Management fees are recognised on accrual basis. The fees charged are in accordance with the terms of scheme information documents of respective schemes and are in line with the provisions of SEBI (Mutual Funds) Regulations, 1996 as amended from time to time.

Management fees from Portfolio Management Services, Alternate Investment Fund and Investment advisory fees-offshore are recognized on an accrual basis as per the terms of the contract with the customers.

Axis Mutual Fund Trustee Limited

Trustee fee is recognised on accrual basis, at the specific rates/amount approved by the Board of Directors of the Company, within the limits specified under the Deed of Trust, and is applied on the net assets of each scheme of Axis Mutual Fund.

Axis Finance Limited

Interest and other dues are accounted on accrual basis except in the case of non-performing loans where it is recognised upon realisation, as per the income recognition and asset classification norms prescribed by the RBI.

Income on discounted instruments is recognised over the tenure of the instrument on a straight-line method.

Front end fees on processing of loans are recognised upfront as income.

Axis Securities Limited

Business sourcing and resource management fees are recognised on accrual basis when all the services are performed.

Income from subscription plan to the extent of account opening fees is recognised upfront and balance is amortised over the validity of plan.

Selling commissions/brokerage generated from primary market operations i.e. procuring subscriptions from investors for public offerings of companies, mutual funds etc. are recorded on determination of the amount due to the company, once the allotment of securities are completed.

Brokerage income on securities is recognised as per contracted rates at the execution of transactions on behalf of the customers on the trade date. Gains/losses on dealing in securities are recognised on trade date basis.

Depository fees are recognised on completion of the transaction.

Portfolio management fees are accounted on accrual basis as follows:

- In case of fees based on fixed percentage of the corpus/fixed amount, income is accrued at the end of the quarter/ month.
- In case of fees, based on the returns of the portfolio, income is accounted on each anniversary as per the agreement.

A. Treds Ltd.

Onboarding Fee is a one-time fee and is recognized at the time of onboarding of Buyer, Seller or financier. Transaction fee is recurring in nature and is recognised on time proportion basis over the tenure of transaction. Transaction fees received from sellers is recognised upfront on the date of transaction. The company follows recognition of annual fee on time proportion basis over the tenure of one year.

Freecharge Payment Technologies Private Ltd.

Revenue from commission income

Merchant check out fee from wallet transaction is recognised on the basis of successful pay-out of wallet usage to the respective merchants. The transactions are settled on a daily basis with the merchant, net of MDR revenue. The taxes (GST) collected on behalf of the government are excluded from revenue.

Revenue from payment and storage service

The revenue from payment & storage service is recognised for providing PG aggregation service and as a payments platform for transactions of the merchant executed through payment gateway. The Company collects revenue on the basis of the payment gateway transactions routed through its payment platform on a monthly basis.

Other operating revenue

Revenues from ancillary activities like convenience fee, commission income etc. are recognised upon rendering of services.

Unbilled revenue

Receivables are generally carried at the original invoiced amount, less an allowance for doubtful receivables where there is objective evidence that balances will not be recovered in full. Unbilled receivables is recognised to the extent for the services not billed at the reporting date.

Accelyst Solutions Private Ltd.

Revenue from commission income

Revenue from operating an internet portal providing recharge and bill payment services is recognised upon successful recharge / payment confirmation for the transactions executed. The taxes (GST) collected on behalf of the government are excluded from revenue.

Miscellaneous revenue

Revenues from ancillary activities e.g. freefund code generation fees, convenience fee, mutual fund commission, sale of coupons and bus ticketing etc. is recognised upon rendering of services. Upon expiry of validity of freefund codes sold by the company, income is recognised to the extent of value of such codes.

Unbilled revenue

Receivable are generally carried at the original invoiced amount, less an allowance for doubtful receivables where there is objective evidence that balances will not be recovered in full. Unbilled receivables is recognized to the extent for the services not billed at the reporting date.

5.9 Scheme expenses

Axis Asset Management Company Ltd.

New fund offer expenses

Expenses relating to new fund offer of Axis Mutual Fund are charged to the Profit and Loss Account in the year in which they are incurred.

Brokerage

Claw-backable brokerages paid by the Company in advance are charged to the Profit and Loss account over the claw-back period/tenure of the respective scheme. The unamortized portion of the claw-backable brokerage is carried forward as prepaid expense.

Upfront brokerage on close ended and fixed tenure schemes is amortized over the tenure of the respective scheme and in case of Equity Linked Saving Scheme (ELSS), upfront brokerage is amortized over 3 years. The unamortized portion of the brokerage is carried forward as prepaid expense. Any other brokerage is expensed out in the year in which they are incurred.

Brokerage paid on certain PMS products are amortised over the exit load period. Unamortised portion of brokerage is carried forward as prepaid expenses.

Brokerage paid on Alternate Investment Fund schemes is amortized over the minimum tenure of the scheme. The unamortized portion of the brokerage is carried forward as prepaid expense.

Other direct expenses

Expenses directly incurred for the scheme of Axis Mutual fund are charged to the Profit and Loss Account under respective heads unless considered recoverable from schemes in accordance with the provisions of SEBI (Mutual fund) regulations 1996.

5.10 Fixed assets and depreciation/impairment

Group

Fixed assets are carried at cost of acquisition less accumulated depreciation and impairment, if any. Cost includes initial handling and delivery charges, duties, taxes and incidental expenses related to the acquisition and installation of the asset. Subsequent expenditure incurred on assets put to use is capitalised only when it increases the future economic benefit / functioning capability from / of such assets.

Capital work-in-progress includes cost of fixed assets that are not ready for their intended use and also includes advances paid to acquire fixed assets.

Depreciation is provided over the estimated useful life of a fixed asset on the straight-line method from the date of addition. The management believes that depreciation rates currently used, fairly reflect its estimate of the useful lives and residual values of fixed assets based on historical experience of the Group, though these rates in certain cases are different from lives prescribed under Schedule II of Companies Act, 2013. Whenever there is a revision of the estimated useful life of an asset, the unamortised depreciable amount is charged over the revised remaining useful life of the said asset.

Asset	Estimated useful life
Leased Land	As per the term of the agreement
Owned premises	60 years
Locker cabinets/cash safe/strong room door	10 years
EPABX, telephone instruments	8 years
Modem, scanner, routers, hubs, switches, racks/cabinets for IT equipment	5 years
UPS, VSAT, fax machines	5 years
Cheque book/cheque encoder, currency counting machine, fake note detector	5 years
Application software	5 years
Electronic Data Capture (EDC)/ Point of Sale (POS) machines	5 years
Vehicles	4 years
Computer hardware including printers	3 years
CCTV and video conferencing equipment	3 years
Assets at staff residence	3 years
Mobile phone	2 years
All other fixed assets	10 years

Assets costing less than ₹5,000 individually are fully depreciated in the year of purchase.

Depreciation on assets sold during the year is recognised on a pro-rata basis to the Profit and Loss Account till the date of sale.

Gain or losses arising from the retirement or disposal of Fixed Assets are determined as the difference between the net disposal proceeds and the carrying amount of assets and recognised as income or expense in the Profit and Loss Account. Further, in case of Bank, profit on sale of premises is appropriated to Capital Reserve account (net of taxes and transfer to statutory reserve) in accordance with RBI instructions.

The carrying amounts of assets are reviewed at each Balance Sheet date to ascertain if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

5.11 Non-banking assets

Axis Bank Ltd.

Non-banking assets ('NBAs') acquired in satisfaction of claims include land. In the case of land, the Bank creates provision and follows the accounting treatment as per specific RBI directions.

5.12 Lease transactions

Group

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term are classified as operating lease. Lease payments for assets taken on operating lease are recognised as an expense in the Profit and Loss Account on a straight-line basis over the lease term. Lease income from assets given on operating lease is recognized as income in profit and loss account on a straight line basis over the lease term.

5.13 Retirement and other employee benefits

Provident Fund

Axis Bank Ltd.

Retirement benefit in the form of provident fund is a defined benefit plan wherein the contributions are charged to the Profit and Loss Account of the year when the contributions to the fund are due and when services are rendered by the employees. Further, an actuarial valuation is conducted by an independent actuary using the Projected Unit Credit Method as at 31 March each year to determine the deficiency, if any, in the interest payable on the contributions as compared to the interest liability as per the statutory rate. Actuarial gains/losses are immediately taken to the Profit and Loss Account and are not deferred.

Subsidiaries

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognises contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service.

Gratuity

Axis Bank Ltd.

The Bank contributes towards gratuity fund (defined benefit retirement plan) administered by various insurers for eligible employees. Under this scheme, the settlement obligations remain with the Bank, although various insurers administer the scheme and determine the contribution premium required to be paid by the Bank. The plan provides a lump sum payment to vested employees at retirement or termination of employment based on the respective employee's salary and the years of employment with the Bank. Liability with regard to gratuity fund is accrued based on actuarial valuation conducted by an independent actuary using the Projected Unit Credit Method as at 31 March each year. In respect of employees at overseas branches (other than expatriates) liability with regard to gratuity is provided on the basis of a prescribed method as per local laws, wherever applicable. Actuarial gains/losses are immediately taken to the Profit and Loss Account and are not deferred.

Subsidiaries

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation using Projected Unit Credit Method made at the end of each financial year. Actuarial gains/losses are immediately taken to the Profit and Loss Account and are not deferred.

Compensated Absences

Axis Bank Ltd.

Compensated absences are short term in nature for which provision is held on accrual basis.

Subsidiaries

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The expected cost of such absences is measured as the additional amount that is expected to be paid as a result of the unused entitlement that has accumulated at the reporting date.

Accumulated leave expected to be carried forward beyond twelve months is treated as long-term employee benefit for measurement purposes. Such compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

Superannuation

Axis Bank Ltd.

Employees of the Bank are entitled to receive retirement benefits under the Bank's Superannuation scheme either under a cash-out option through salary or under a defined contribution plan. Through the defined contribution plan the Bank contributes annually a specified sum of 10% of the employee's eligible annual basic salary to LIC, which undertakes to pay the lumpsum and annuity benefit payments pursuant to the scheme. Superannuation contributions are recognised in the Profit and Loss Account in the period in which they accrue.

New Pension Scheme ('NPS')

Group

In respect of employees who opt for contribution to the 'NPS', the Group contributes certain percentage of the total basic salary of employees to the aforesaid scheme, a defined contribution plan, which is managed and administered by pension fund management companies. NPS contributions are recognised in the Profit and Loss Account in the period in which they accrue.

Long term deferred variable pay structure

Axis Capital Ltd.

As part of its variable pay structure, the company operates long term deferred variable pay structure plan in which it defers a part of the entitlement which is to be settled in installments over a period of three years at an amount which would be equivalent to the prevailing price of equity share of Axis Bank at the time of settlement. The costs of providing benefits under this plan is determined on the basis of actuarial valuation at the year-end using the Projected Unit Credit Method.

5.14 Long Term Incentive Plan (LTIP)

Axis Asset Management Company Ltd.

The Company has initiated Axis AMC - Long Term Incentive plan. The points granted to employees as per the guidelines laid down in the plan are encashable after they are held for a specified period as per the terms of the plan. The Company accounts for the liability arising on points granted proportionately over the period from the date of grant till the end of the exercise window. The present value of the obligation under such plan is determined based on actuarial valuation.

5.15 Reward points

Axis Bank Ltd.

The Bank runs a loyalty program which seeks to recognize and reward customers based on their relationship with the Bank. Under the program, eligible customers are granted loyalty points redeemable in future, subject to certain conditions. In addition, the Bank continues to grant reward points in respect of certain credit cards (not covered under the loyalty program). The Bank estimates the probable redemption of such loyalty/reward points using an actuarial method at the Balance Sheet date by employing an independent actuary, which includes assumptions such as mortality, redemption and utilization. Provision for the said reward points is then made based on the actuarial valuation report as furnished by the said independent actuary.

5.16 Taxation

Group

Income tax expense is the aggregate amount of current tax and deferred tax charge. Current year taxes are determined in accordance with the relevant provisions of Income tax Act, 1961 and considering the material principle set out in Income Computation and Disclosure Standards to the extent applicable. In case of overseas subsidiary the local tax laws prevailing in that country are followed. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off assets against liabilities representing current tax and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws.

Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. The impact of changes in the deferred tax assets and liabilities is recognised in the Profit and Loss Account.

Deferred tax assets are recognised and reassessed at each reporting date, based upon the Management's judgement as to whether realisation is considered as reasonably certain. Deferred tax assets are recognised on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty supported by convincing evidence that such deferred tax asset can be realised against future profits.

5.17 Share issue expenses

Group

Share issue expenses are adjusted from Share Premium Account in terms of Section 52 of the Companies Act, 2013.

5.18 Corporate Social Responsibility

Group

Expenditure towards corporate social responsibility, in accordance with Companies Act, 2013, is recognised as operating expenditure or capital expenditure as applicable

5.19 Earnings per share

Group

The group reports basic and diluted earnings per share in accordance with AS-20, Earnings per Share, as notified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016. Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding for the year.

Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted earnings per share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding at the year end except where the results are anti-dilutive.

5.20 Employee stock option scheme

Axis Bank Ltd.

The 2001 Employee Stock Option Scheme ('the Scheme') provides for grant of stock options on equity shares of the Bank to employees and Directors of the Bank and its subsidiaries. The Scheme is in accordance with the Securities and Exchange Board of India (SEBI) (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ('the Guidelines'). These Guidelines have been repealed in the month of October, 2014 and were substituted by Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. The Scheme is in compliance with the said regulations. The Bank follows the intrinsic value method to account for its stock based employee compensation plans as per the Guidelines. Options are granted at an exercise price, which is equal to/less than the fair market price of the underlying equity shares. The excess of such fair market price over the exercise price of the options as at the grant date, if any, is recognised as a deferred compensation cost and amortised on a straight-line basis over the vesting period of such options.

The fair market price is the latest available closing price, prior to the date of grant, on the stock exchange on which the shares of the Bank are listed. If the shares are listed on more than one stock exchange, then the stock exchange where there is highest trading volume on the said date is considered.

5.21 Provisions, contingent liabilities and contingent assets

Group

In accordance with AS-29 "Provisions, Contingent Liabilities and Contingent Assets" provision is recognised when the Group has a present obligation as a result of past event where it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

A disclosure of contingent liability is made when there is:

- a possible obligation arising from a past event, the existence of which will be confirmed by occurrence or non-occurrence of one or more uncertain future events not within the control of the Group; or
- a present obligation arising from a past event which is not recognised as it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

5.22 Accounting for dividend

Group

As per AS-4 'Contingencies and Events occurring after the Balance sheet date' as notified by the Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016, dated 30 March, 2016, the Group does not account for proposed dividend (including tax) as a liability through appropriation from the Profit and Loss Account. The same is recognised in the year of actual payout post approval of shareholders. However, the Bank reckons proposed dividend in determining capital funds in computing the capital adequacy ratio.

5.23 Cash and cash equivalents

Group

Cash and cash equivalents include cash in hand, balances with RBI, balances with other banks and money at call and short notice.

18 Notes forming part of the Consolidated Financial Statements

For the year ended 31 March, 2020

1.1 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 ₹9.07 crores and the reserves of the Bank have increased by ₹2,551.03 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 ₹39.75 crores and the reserves of the Bank have increased by ₹12,392.50 crores after charging off issue related expenses. The funds mobilised from equity raising were utilised for enhancing the capital adequacy ratio and for general corporate purpose.

1.2 COVID-19 virus, a global pandemic has affected the world economy including India leading to significant decline and volatility in financial markets and decline in economic activities. On 24 March, 2020, the Indian Government announced a strict 21-day lock-down which was further extended by 19 days across the country to contain the spread of the virus. The extent to which the COVID-19 pandemic will impact the Bank's provision on assets will depend on the future developments, which are highly uncertain, including among the other things any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government mandated or elected by the Bank.

The RBI on 27 March, 2020 and 17 April, 2020, announced 'COVID-19 Regulatory Package' on asset classification and provisioning. In terms of the RBI guidelines, the lending institutions have been permitted to grant a moratorium of three months on payment of all instalments/interest, as applicable, falling due between 1 March, 2020 and 31 May, 2020 ('moratorium period'). As such, in respect of all accounts classified as standard as on 29 February, 2020, even if overdue, the moratorium period, wherever granted, shall be excluded by the lending institutions from the number of days past-due for the purpose of asset classification under RBI's Income Recognition and Asset Classification norms. The Bank holds provisions as at 31 March, 2020 against the potential impact of COVID-19 based on the information available at this point in time. The provisions held by the Bank are in excess of the RBI prescribed norms.

2.1 Disclosures

2.1.1 'Provisions and contingencies' recognised in the Profit and Loss Account comprise of:

(₹ in crores)

For the year ended	31 March, 2020	31 March, 2019
Provision for income tax		
- Current tax	3,076.88	3,271.12
- Deferred tax[1] (Refer 1.1.11)	324.41	(726.16)
	3,401.29	2,544.96
Provision for non-performing assets (including bad debts written off and write backs)	12,835.30	10,272.11
Provision for restructured assets/strategic debt restructuring/ sustainable structuring	(15.50)	(19.66)
Provision towards standard assets[2]	1,534.16	814.31
Provision for depreciation in value of investments	135.99	296.54
Provision for unhedged foreign currency exposure	(10.68)	18.79
Provision for country risk	12.17	-
Provision for other contingencies[3]	4,224.49	654.60
Total	**22,117.22**	**14,581.65**

1. The Group 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 Group has recognised provision for income tax for the year ended 31 March, 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.
2. including provision on loans under moratorium as per RBI guidelines on COVID-19 regulatory package of ₹1,117.72 crores.
3. includes provision for non-banking assets, legal cases, other contingencies and provision of ₹1,882.28 crores for COVID-19 over and above regulatory requirement.

2.1.2 During the years ended 31 March, 2020 and 31 March 2019, the Bank has not raised debt instruments eligible for Tier-I/Tier-II capital.

During the year ended 31 March, 2020, the Bank redeemed debt instruments eligible for Tier-I/Tier-II capital, the details of which are set out below:

Instrument	Capital	Date of maturity	Period	Coupon	Amount
Subordinated debt	Tier II	16 June, 2019	120 months	9.15%p.a.	₹2000 crores

During the year ended 31 March, 2019, the Bank redeemed debt instruments eligible for Tier-I/Tier-II capital, the details of which are set out below:

Instrument	Capital	Date of maturity	Period	Coupon	Amount
Subordinated debt	Tier II	7 November, 2018	120 months	11.75% p.a.	₹1,500 crores
Subordinated debt	Tier II	28 March, 2019	120 months	9.95%p.a.	₹200 crores

2.1.3 Divergence in Asset Classification and Provisioning for NPAs

In terms of the RBI circular no. DBR.BP.BC.No.32/21.04.018/2018-19 dated 1 April, 2019, banks are required to disclose the divergences in asset classification and provisioning consequent to RBI's annual supervisory process in their notes to accounts to the financial statements, wherever either or both of the following conditions are satisfied: (a) the additional provisioning for NPAs assessed by RBI exceeds 10 per cent of the reported profit before provisions and contingencies for the reference period and (b) the additional Gross NPAs identified by RBI exceed 15 per cent of the published incremental Gross NPAs for the reference period.

Based on the above, no disclosure on divergence in asset classification and provisioning for NPAs is required with respect to RBI's annual supervisory process for the year ended 31 March, 2019.

2.1.4 Earnings Per Share ('EPS')

The details of EPS computation is set out below:

As at	31 March, 2020	31 March, 2019
Basic and Diluted earnings for the year (Net profit after tax) (₹ in crores)	1,853.11	5,038.59
Basic weighted average no. of shares (in crores)	271.51	256.90
Add: Equity shares for no consideration arising on grant of stock options under ESOP (in crores)	0.98	1.58
Diluted weighted average no. of shares (in crores)	272.49	258.48
Basic EPS (₹)	6.83	19.61
Diluted EPS (₹)	6.80	19.49
Nominal value of shares (₹)	2.00	2.00

Dilution of equity is on account of 8,395,776 stock options and 1,420,559 warrants (previous year 9,813,655 stock options and 6,033,509 warrants)

2.1.5 Employee Stock Options Scheme ('the Scheme')

Pursuant to the approval of the shareholders in February 2001, the Bank approved an Employee Stock Option Scheme under which eligible employees are granted an option to purchase shares subject to vesting conditions. Over the period till March 2020, pursuant to the approval of the shareholders, the Bank approved ESOP schemes for options aggregating 265,087,000 that vest in a graded manner over 3 years. The options can be exercised within three/five years from the date of the vesting as the case may be. Within the overall ceiling of 265,087,000 stock options approved for grant by the shareholders as stated earlier, the Bank is also authorised to issue options to eligible employees and Whole Time Directors of the subsidiary companies.

259,613,700 options have been granted under the Schemes till the previous year ended 31 March, 2020. Pursuant to the approval of the Nomination and Remuneration Committee on 27 March, 2019, the Bank granted

8,650,150 stock options (each option representing entitlement to one equity share of the Bank) to its eligible employees/directors of the Bank/subsidiary companies at a grant price of ₹757.10. Further, during FY2019-20, the Bank granted stock options (each option representing entitlement to one equity share of the Bank) to its eligible employees/directors of the Bank/subsidiary companies, the details of which are as under:

Date of grant	No. of options granted	Grant price (₹ per option)
25 April, 2019	430,000	752.85
29 July, 2019	90,000	729.85
21 January, 2020	330,000	727.20

Stock option activity under the Scheme for the year ended 31 March, 2020 is set out below:

	Options outstanding	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life (Years)
Outstanding at the beginning of the year	30,132,874	288.96 to 619.60	465.06	4.13
Granted during the year	9,500,150	727.20 to 757.10	755.61	-
Forfeited during the year	(1,018,650)	306.54 to 757.10	623.71	-
Expired during the year	(950)	288.96	288.96	-
Exercised during the year	(5,947,539)	288.96 to 535.00	397.02	-
Outstanding at the end of the year	**32,665,885**	**306.54 to 757.10**	**557.01**	**4.15**
Exercisable at the end of the year	20,373,840	306.54 to 757.10	505.98	3.03

The weighted average share price in respect of options exercised during the year was ₹715.09.

Stock option activity under the Scheme for the year ended 31 March, 2019 is set out below:

	Options outstanding	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life (Years)
Outstanding at the beginning of the year	29,554,909	217.33 to 535.00	432.45	4.22
Granted during the year	6,455,000	504.85 to 619.60	516.05	-
Forfeited during the year	(748,700)	306.54 to 535.00	500.67	-
Expired during the year	(22,400)	288.96	288.96	-
Exercised during the year	(5,105,935)	217.33 to 535.00	336.29	-
Outstanding at the end of the year	**30,132,874**	**288.96 to 619.60**	**465.06**	**4.13**
Exercisable at the end of the year	17,138,224	288.96 to 535.00	436.22	2.87

The weighted average share price in respect of options exercised during the year was ₹623.15.

Fair Value Methodology

On applying the fair value based method in Guidance Note on 'Accounting for Employee Share-based Payments' the impact on reported net profit and EPS would be as follows:

	31 March, 2020	31 March, 2019
Net Profit (as reported) (₹ in crores)	1,853.11	5,038.59
Add: Stock based employee compensation expense included in net income (₹ in crores)	-	-
Less: Stock based employee compensation expense determined under fair value based method (proforma) (₹ in crores)	(137.07)	(95.04)
Net Profit (Proforma) (₹ in crores)	**1,716.04**	**4,943.55**
Earnings per share: Basic (in ₹)		
As reported	6.83	19.61
Proforma	6.32	19.24
Earnings per share: Diluted (in ₹)		
As reported	6.80	19.49
Proforma	6.30	19.18

During the years ended, 31 March, 2020 and 31 March, 2019, no cost has been incurred by the Bank on ESOPs issued to the employees of the Bank and employees of subsidiaries under the intrinsic value method.

The fair value of the options is estimated on the date of the grant using the Black-Scholes options pricing model, with the following assumptions:

	31 March, 2020	31 March, 2019
Dividend yield	0.54%	0.76%
Expected life	1.82-3.82 years	2.57-4.57 years
Risk free interest rate	5.99% to 6.96%	7.07% to 7.63%
Volatility	28.07% to 28.60%	28.78% to 30.82%

Volatility is the measure of the amount by which a price has fluctuated or is expected to fluctuate during a period. The measure of volatility used in the Black-Scholes options pricing model is the annualised standard deviation of the continuously compounded rates of return on the stock over a period of time. For calculating volatility, the daily volatility of the stock prices on the National Stock Exchange, over a period prior to the date of grant, corresponding with the expected life of the options has been considered.

The weighted average fair value of options granted during the year ended 31 March, 2020 is ₹200.15 (previous year ₹164.10).

On 18 March, 2020, the Nomination and Remuneration Committee of the Board of Directors of the Bank has approved the grant of upto 12,500,000 stock options to eligible employees. As on 31 March, 2020, there have been no allotments of options under this grant. Accordingly, these options have not been considered in the above disclosure and for disclosure of proforma net profit and EPS under fair value method for FY 2019-20.

2.1.6 Proposed Dividend

The Reserve Bank of India, vide its circular dated 17 April, 2020, has advised that banks shall not make any further dividend payouts from profits pertaining to the financial year ended 31 March, 2020 until further instructions, with a view that banks must conserve capital in an environment of heightened uncertainty caused by COVID-19. Accordingly, the Board of Directors of the Bank has not proposed any dividend for the year ended 31 March, 2020.

2.1.7 Segmental reporting

The business of the Bank is divided into four segments: Treasury, Retail Banking, Corporate/Wholesale Banking and Other Banking Business. These segments have been identified and based on RBI's revised guidelines on Segment Reporting issued on 18 April 2007 vide Circular No. DBOD.No.BP.BC.81/21.04.018/2006-07. The principal activities of these segments are as under.

Segment	Principal Activities
Treasury	Treasury operations include investments in sovereign and corporate debt, equity and mutual funds, trading operations, derivative trading and foreign exchange operations on the proprietary account and for customers. The Treasury segment also includes the central funding unit.
Retail Banking	Constitutes lending to individuals/small businesses through the branch network and other delivery channels subject to the orientation, nature of product, granularity of the exposure and the quantum thereof. Retail Banking activities also include liability products, card services, internet banking, mobile banking, ATM services, depository, financial advisory services and NRI services.
Corporate/Wholesale Banking	Includes corporate relationships not included under Retail Banking, corporate advisory services, placements and syndication, project appraisals, capital market related services and cash management services.
Other Banking Business	Includes para banking activities like third party product distribution and other banking transactions not covered under any of the above three segments.

Unallocated assets and liabilities - All items which are reckoned at an enterprise level are classified under this segment such as deferred tax, money received against share warrants, tax paid in advance net of provision etc.

Business segments in respect of operations of the subsidiaries have been identified and reported taking into account the customer profile, the nature of product and services and the organisation structure.

Revenues of the Treasury segment primarily consist of fees and gains or losses from trading operations and interest income on the investment portfolio. The principal expenses of the segment consist of interest expense on funds borrowed from external sources and other internal segments, premises expenses, personnel costs, other direct overheads and allocated expenses.

Revenues of the Corporate/Wholesale Banking segment consist of interest and fees earned on loans given to customers falling under this segment and fees arising from transaction services and merchant banking activities such as syndication and debenture trusteeship. Revenues of the Retail Banking segment are derived from interest earned on loans classified under this segment and fees for banking and advisory services, ATM interchange fees and cards products. Expenses of the Corporate/Wholesale Banking and Retail Banking segments primarily comprise interest expense on deposits and funds borrowed from other internal segments, infrastructure and premises expenses for operating the branch network and other delivery channels, personnel costs, other direct overheads and allocated expenses.

Segment income includes earnings from external customers and from funds transferred to the other segments. Segment result includes revenue as reduced by interest expense and operating expenses and provisions, if any, for that segment. Segment-wise income and expenses include certain allocations. Inter segment interest income and interest expense represent the transfer price received from and paid to the Central Funding Unit (CFU) respectively. For this purpose, the funds transfer pricing mechanism presently followed by the Bank, which is based on historical matched maturity and internal benchmarks, has been used. Operating expenses other than those directly attributable to segments are allocated to the segments based on an activity-based costing methodology. All activities in the Bank are segregated segment-wise and allocated to the respective segment.

Effective 1 April, 2019, the Bank has reported inter segment revenue and inter segment expense in the Central Funding Unit (which forms part of Treasury segment) on a net basis as against earlier practice of reporting revenue and expenses on a gross basis. Accordingly, segmental revenue numbers for the previous period have been restated to make them comparable with current period numbers. There is no impact of this change on the segmental profit before tax.

Segmental results are set out below:

(₹ in crores)

	31 March, 2020				
	Treasury	Corporate/ Wholesale Banking	Retail Banking	Other Banking Business	Total
Segment Revenue					
Gross interest income (external customers)	14,600.09	19,562.72	29,552.87	-	63,715.68
Other income	3,753.53	4,210.47	6,615.30	1,762.69	16,341.99
Total income as per Profit and Loss Account	**18,353.62**	**23,773.19**	**36,168.17**	**1,762.69**	**80,057.67**
Add/(less) inter segment interest income	4,813.04	6,524.53	25,323.09	0.01	36,660.67
Total segment revenue	**23,166.66**	**30,297.72**	**61,491.26**	**1,762.70**	**116,718.34**
Less: Interest expense (external customers)	16,399.83	1,710.98	19,885.13	-	37,995.94
Less: Inter segment interest expense	2,299.55	14,464.23	19,896.23	0.66	36,660.67
Less: Operating expenses	314.37	4,722.25	12,435.38	593.76	18,065.76
Operating profit	**4,152.91**	**9,400.26**	**9,274.52**	**1,168.28**	**23,995.97**
Less: Provision for non-performing assets/others*	2,599.64	9,908.08	4,325.55	0.38	16,833.65
Less:Unallocated provision for other contingencies#	-	-	-	-	1,882.28
Segment result	**1,553.27**	**(507.82)**	**4,948.97**	**1,167.90**	**5,280.04**
Less: Provision for tax					3,401.29

	31 March, 2020				
	Treasury	Corporate/ Wholesale Banking	Retail Banking	Other Banking Business	Total
Net Profit before minority interest and earnings from Associate					**1,878.75**
Less: Minority Interest					25.64
Add: Share of Profit in Associate					-
Extraordinary profit/loss					-
Net Profit					**1,853.11**
Segment assets	318,397.82	270,594.74	329,047.96	803.57	918,844.09
Unallocated assets	-	-	-	-	9,027.72
Total assets					**927,871.81**
Segment liabilities	293,396.41	139,537.68	406,283.36	214.92	839,432.37
Unallocated liabilities(1)					2,099.01
Total liabilities					**841,531.38**
Net assets	**25,001.42**	**131,057.06**	**(77,235.40)**	**588.65**	**86,340.43**
Capital Expenditure for the year	6.89	246.81	641.73	13.65	909.08
Depreciation on fixed assets for the year	6.12	214.37	571.53	14.05	806.07

(1) includes minority interest of ₹113.56 crores
* represents material non-cash items other than depreciation
\# represents provision for COVID-19 over and above regulatory requirement, per extant guidelines as on date of adoption of financial statements by the Board.

(₹ in crores)

	31 March, 2019				
	Treasury	Corporate/ Wholesale Banking	Retail Banking	Other Banking Business	Total
Segment Revenue					
Gross interest income (external customers)	13,874.76	18,442.28	23,726.61	-	56,043.65
Other income	2,254.14	4,686.91	5,447.93	1,799.77	14,188.75
Total income as per Profit and Loss Account	**16,128.90**	**23,129.19**	**29,174.54**	**1,799.77**	**70,232.40**
Add/(less) inter segment interest income	6,680.96	6,175.11	20,249.77	0.01	33,105.85
Total segment revenue	**22,809.86**	**29,304.30**	**49,424.31**	**1,799.78**	**103,338.25**
Less: Interest expense (external customers)	16,956.96	1,661.64	15,264.87	-	33,883.47
Less: Inter segment interest expense	3,048.35	13,520.57	16,536.06	0.87	33,105.85
Less: Operating expenses	425.22	4,048.91	11,459.17	786.89	16,720.19
Operating profit	**2,379.33**	**10,073.18**	**6,164.21**	**1,012.02**	**19,628.74**
Less: Provision for non-performing assets/others*	686.64	9,081.46	2,248.59	20.00	12,036.69
Segment result	**1,692.69**	**991.72**	**3,915.62**	**992.02**	**7,592.05**
Less: Provision for tax					2,544.96
Net Profit before minority interest and earnings from Associate					**5,047.09**
Less: Minority Interest					8.50
Add: Share of Profit in Associate					-
Extraordinary profit/loss					-
Net Profit					**5,038.59**
Segment assets	283,240.38	251,253.06	269,476.17	535.04	804,504.65
Unallocated assets					9,541.32
Total assets					**814,045.97**
Segment liabilities	276,546.85	135,914.54	332,680.34	154.52	745,296.25
Unallocated liabilities(1)					947.10
Total liabilities					**746,243.35**
Net assets	**6,693.53**	**115,338.52**	**(63,204.17)**	**380.52**	**67,802.62**
Capital Expenditure for the year	15.63	205.48	695.24	26.33	942.68
Depreciation on fixed assets for the year	12.48	161.62	545.56	17.50	737.16

(1) includes minority interest of ₹84.61 crores
* represents material non-cash items other than depreciation

Geographic Segments

(₹ in crores)

	Domestic		International		Total	
	31 March, 2020	31 March, 2019	31 March, 2020	31 March, 2019	31 March, 2020	31 March, 2019
Revenue	77,791.87	66,514.42	2,265.80	3,717.98	80,057.67	70,232.40
Assets	869,479.51	760,394.09	58,392.30	53,651.87	927,871.81	814,045.96
Capital Expenditure for the year	907.17	939.95	1.91	2.73	909.08	942.68
Depreciation on fixed assets for the year	800.63	733.00	5.44	4.16	806.07	737.16

2.1.8 Related party disclosure

The related parties of the Group are broadly classified as:

a) **Promoters**

The Bank has identified the following entities as its Promoters.

- Administrator of the Specified Undertaking of the Unit Trust of India (SUUTI)
- Life Insurance Corporation of India (LIC)
- General Insurance Corporation, New India Assurance Co. Limited, National Insurance Co. Limited, United India Insurance Co. Limited and The Oriental Insurance Co. Limited.

b) **Key Management Personnel**

- Mr. Amitabh Chaudhry (MD & CEO)
- Ms. Shikha Sharma (MD & CEO) (upto 31 December, 2018)
- Mr. V. Srinivasan (Deputy Managing Director) (upto 20 December, 2018)
- Mr. Rajesh Dahiya [Executive Director (Corporate Centre)]
- Mr. Rajiv Anand [Executive Director (Wholesale Banking)]
- Mr. Pralay Mondal [Executive Director (Retail Banking)] (w.e.f. 1 August, 2019)

c) **Relatives of Key Management Personnel**

Ms. Preeti Chaudhry, Mr. Anagh Chaudhry, Mr. Aruj Chaudhry, Mr. Aryan Chaudhry, Ms. Chhavi Kharb, Mr. Om Singh Chaudhry, Ms. Kusum Chaudhry, Mr. Sanjaya Sharma, Ms. Usha Bharadwaj, Mr. Tilak Sharma, Ms. Tvisha Sharma, Dr. Sanjiv Bharadwaj, Dr. Prashant Bharadwaj, Dr. Brevis Bharadwaj, Dr. Reena Bharadwaj, Ms. Gayathri Srinivasan, Mr. V. Satish, Ms. Camy Satish, Ms. Ananya Srinivasan, Ms. Anagha Srinivasan, Ms. Geetha N., Ms. Chitra R., Ms. Sumathi N., Mr. S. Ranganathan, Mr. R. Narayan, Ms. Gitanjali Anand, Ms. Tara Anand, Ms. Nandita Anand, Mr. P.L. Narain, Mr. P. Srinivas, Ms. Ratna Rao Shekar, Ms. P. Kamashi, Ms. Hemant Dahiya, Ms. Arooshi Dahiya, Ms. Mallika Dahiya, Ms. Jal Medha, Ms. Pooja Rathi, Mr. Jai Prakash Dahiya, Ms. Mahasweta Mondal, Ms. Pritha Mondal, Ms. Trina Mondal, Mr. Biplab Mondal, Ms. Anima Mondal.

The details of transactions of the Group with its related parties during the year ended 31 March, 2020 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel#	Total
Dividend paid	46.04	0.04	-	46.08
Interest paid	551.48	1.07	0.15	552.70
Interest received	0.19	0.26	-	0.45
Investment in non-equity instrument of related party	-	-	-	-
Investment of related party in the Bank	-	5.44	-	5.44
Investment of related party in Hybrid capital/Bonds of the Bank	-	-	-	-

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel#	Total
Redemption of Hybrid capital/Bonds of the Bank	55.00	-	-	55.00
Purchase of investments	-	-	-	-
Sale of investments	1,318.04	-	-	1,318.04
Remuneration paid	-	15.84	-	15.84
Contribution to employee benefit fund	15.42	-	-	15.42
Repayment of security deposits by related party	-	-	-	-
Non-funded commitments (issued)	-	-	-	-
Advance granted (net)	-	-	-	-
Advance repaid	5.31	6.01	-	11.32
Receiving of services	206.94	-	-	206.94
Rendering of services	29.68	0.01	-	29.69
Sale of foreign exchange currency to related party	-	1.48	0.03	1.51
Other reimbursements from related party	-	-	-	-
Other reimbursements to related party	0.19	-	-	0.19

[#] Details of transactions of the Bank with relatives of KMP are for the period during which the KMP are related parties of the Bank.

The balances payable to/receivable from the related parties of the Group as on 31 March, 2020 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Total
Deposits with the Bank	7,119.06	16.01	5.99	7,141.06
Placement of security deposits	0.31	-	-	0.31
Advances	1.31	4.85	0.03	6.19
Investment in non-equity instruments of related party	0.02	-	-	0.02
Investment of related party in the Bank	88.56	0.08	-	88.64
Non-funded commitments	3.32	-	-	3.32
Investment of related party in Hybrid capital/ Bonds of the Bank	2,760.00	-	-	2,760.00
Payable under management contracts	-	-	-	-
Other receivables (net)	0.04	-	-	0.04
Other payables (net)	-	-	-	-

The maximum balances payable to/receivable from the related parties of the Group during the year ended 31 March, 2020 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Total
Deposits with the Bank	16,652.92	20.86	5.99	16,679.77
Placement of security deposits	0.31	-	-	0.31
Advances	11.51	10.99	0.06	22.56
Investment of related party in the Bank	93.60	0.09	-	93.69
Investment in non-equity instrument of related party	290.07	-	-	290.07
Non-funded commitments	3.33	-	-	3.33
Investment of related party in Hybrid capital/Bonds of the Bank	2,815.00	-	-	2,815.00
Payable under management contracts	-	-	-	-
Other receivables (net)	0.32	-	-	0.32
Other payables (net)	-	-	-	-

The details of transactions of the Group with its related parties during the year ended 31 March, 2019 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel#	Total
Dividend paid	-	-	-	-
Interest paid	554.78	0.41	0.12	555.31
Interest received	0.13	1.09	-	1.22
Investment in non-equity instrument of related party	341.26	-	-	341.26
Investment of related party in the Bank	-	17.93	-	17.93
Investment of related party in Hybrid capital/Bonds of the Bank	-	-	-	-
Redemption of Hybrid capital/Bonds of the Bank	1,510.00	-	-	1,510.00
Purchase of investments	205.00	-	-	205.00
Sale of investments	857.07	-	-	857.07
Remuneration paid	-	18.49	-	18.49
Contribution to employee benefit fund	17.00	-	-	17.00
Repayment of security deposits by related party	0.12	-	-	0.12
Non-funded commitments (issued)	-	-	-	-
Advance granted (net)	-	-	-	-
Advance repaid	0.45	7.38	-	7.83
Receiving of services	128.91	-	-	128.91
Rendering of services	28.04	0.10	-	28.14
Sale of foreign exchange currency to related party	-	1.35	0.01	1.36
Other reimbursements from related party	0.10	-	-	0.10
Other reimbursements to related party	0.66	-	-	0.66

Details of transactions of the Bank with relatives of KMP are for the period during which the KMP are related parties of the Bank.

The balances payable to/receivable from the related parties of the Group as on 31 March, 2019 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Total
Deposits with the Bank	9,146.04	13.91	0.55	9,160.50
Placement of security deposits	0.31	-	-	0.31
Advances	6.62	10.90	0.03	17.55
Investment in non-equity instruments of related party	290.05	-	-	290.05
Investment of related party in the Bank	93.60	0.08	-	93.68
Non-funded commitments	3.33	-	-	3.33
Investment of related party in Hybrid capital/ Bonds of the Bank	2,790.00	-	-	2,790.00
Payable under management contracts	-	-	-	-
Other receivables (net)	-	-	-	-
Other payables (net)	-	-	-	-

The maximum balances payable to/receivable from the related parties of the Group during the year ended 31 March, 2019 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Total
Deposits with the Bank	17,078.36	22.86	5.49	17,106.72
Placement of security deposits	0.43	-	-	0.43
Advances	154.79	19.66	0.17	174.62
Investment of related party in the Bank	135.32	0.52	-	135.84
Investment in non-equity instrument of related party	290.05	-	-	290.05
Non-funded commitments	3.35	-	-	3.35
Investment of related party in Hybrid capital/Bonds of the Bank	4,300.00	-	-	4,300.00
Payable under management contracts	-	3.70	-	3.70
Other receivables (net)	0.03	-	-	0.03

The significant transactions between the Group and related parties during the year ended 31 March, 2020 and 31 March, 2019 are given below. A specific related party transaction is disclosed as a significant related party transaction wherever it exceeds 10% of the aggregate value of all related party transactions in that category:

(₹ in crores)

Particulars	Year ended 31 March, 2020	Year ended 31 March, 2019
Dividend paid		
Life Insurance Corporation of India	26.32	-
Administrator of the Specified Undertaking of the Unit Trust of India	13.69	-
Interest paid		
Life Insurance Corporation of India	433.28	503.97
Interest received		
Mr. Rajiv Anand	0.15	0.74
Mr. Rajesh Dahiya	0.11	0.35
Life Insurance Corporation of India	0.19	-
New India Assurance Co. Limited	-	0.13
Investment in non-equity instruments of related party		
United India Insurance Co. Limited	-	241.26
The Oriental Insurance Co. Limited	-	100.00
Investment of related party in the Bank		
Ms. Shikha Sharma	N.A.	8.67
Mr. Rajiv Anand	2.62	4.05
Mr. Rajesh Dahiya	2.82	5.22
Redemption of Hybrid capital/Bonds of the Bank		
General Insurance Corporation Co. Limited	10.00	-
National Insurance Co. Limited	20.00	-
United India Insurance Co. Limited	25.00	10.00
Life Insurance Corporation of India	-	1500.00
Purchase of investments		
The Oriental Insurance Co. Limited	-	205.00
Sale of investments		
New India Assurance Co. Limited	490.00	195.00
General Insurance Corporation Co. Limited	556.00	335.02
United India Insurance Co. Limited	112.18	141.29
The Oriental Insurance Co. Limited	99.85	145.76

(₹ in crores)

Particulars	Year ended 31 March, 2020	Year ended 31 March, 2019
Remuneration paid		
Mr. Amitabh Chaudhry	6.26	1.28
Ms. Shikha Sharma	N.A.	6.83
Mr. V. Srinivasan	N.A.	4.53
Mr. Rajiv Anand	4.16	3.18
Mr. Rajesh Dahiya	3.75	2.68
Mr. Pralay Mondal	1.67	N.A.
Contribution to employee benefit fund		
Life Insurance Corporation of India	15.42	16.53
Advance repaid		
Life Insurance Corporation of India	5.31	0.45
Mr. Rajiv Anand	5.61	2.13
Mr. Rajesh Dahiya	0.40	5.23
Receiving of services		
The Oriental Insurance Co. Limited	95.83	55.84
New India Assurance Co. Limited	90.13	52.72
Life Insurance Corporation of India	13.53	11.42
Rendering of services		
Life Insurance Corporation of India	28.22	26.60
General Insurance Corporation Co. Limited	0.13	0.07
Sale of foreign exchange currency to related party		
Ms. Shikha Sharma	N.A.	1.14
Mr. Amitabh Chaudhry	0.40	0.15
Mr. Rajiv Anand	0.36	0.06
Mr. Pralay Mondal	0.72	N.A.
Other reimbursements to related party		
Life Insurance Corporation of India	0.19	0.66
Other reimbursements from related party		
New India Assurance Co. Limited	-	0.10

2.1.9 Leases

Disclosure in respect of assets taken on operating lease

This comprise of office premises/ATMs, cash deposit machines, electronic data capturing machines and IT equipment.

(₹ in crores)

	31 March, 2020	31 March, 2019
Future lease rentals payable as at the end of the year:		
- Not later than one year	863.02	805.03
- Later than one year and not later than five years	2,798.53	2,531.53
- Later than five years	3,011.82	2,249.34
Total of minimum lease payments recognised in the Profit and Loss Account for the year	940.10	864.08

There are no provisions relating to contingent rent.

The terms of renewal/purchase options and escalation clauses are those normally prevalent in similar agreements.

There are generally no undue restrictions or onerous clauses in the agreements.

Disclosure in respect of assets given on operating lease

(₹ in crores)

	31 March, 2020	31 March, 2019
Gross carrying amount of premises at the end of the year	157.91	157.91
Accumulated depreciation at the end of the year	11.26	8.63
Total depreciation charged to profit and loss account for the year	2.63	0.65
Future lease rentals receivable as at the end of the year:		
- Not later than one year	29.50	28.99
- Later than one year and not later than five years	118.16	116.54
- Later than five years	65.36	100.08

There is no provision relating to contingent rent.

2.1.10 Movement in fixed assets capitalised as application software (included in other Fixed Assets)

(₹ in crores)

Particulars	31 March, 2020	31 March, 2019
At cost at the beginning of the year	1,681.48	1,349.22
Additions during the year*	229.86	332.49
Deductions during the year	(29.12)	(0.23)
Accumulated depreciation as at 31 March	(1,316.13)	(1,101.01)
Closing balance as at 31 March	**566.09**	**580.47**
Depreciation charge for the year	235.37	207.32

*includes movement on account of exchange rate fluctuation

2.1.11 The major components of deferred tax assets and deferred tax liabilities arising out of timing differences are as under:

(₹ in crores)

As at	31 March, 2020	31 March, 2019
Deferred tax assets on account of provisions for doubtful debts	5,968.35	7,086.15
Deferred tax assets on account of amortisation of HTM investments	5.01	8.35
Deferred tax assets on account of provision for employee benefits	26.69	128.42
Deferred tax assets on account of other items	1,423.68	554.71
Deferred tax assets	**7,423.74**	**7,777.63**
Deferred tax liability on account of depreciation on fixed assets	44.23	62.31
Deferred tax liabilities on account of other items	15.72	27.64
Deferred tax liabilities	**59.95**	**89.95**
Net deferred tax asset	**7,363.79**	**7,687.68**

The Group 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 Group has recognised provision for Income tax for the year ended 31 March, 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 ₹2,150.62 crores which has been fully charged to the Profit and Loss account during the year.

2.1.12 Employee Benefits

Group

Provident Fund

The contribution to the employee's provident fund (including Employee Pension Scheme) of the Group amounted to ₹210.89 crores for the year ended 31 March, 2020 (previous year ₹189.55 crores).

Axis Bank Ltd.

The rules of the Bank's Provident Fund administered by a Trust require that if the Board of Trustees are unable to pay interest at the rate declared for Employees' Provident Fund by the Government under para 60 of the Employees' Provident Fund Scheme, 1952 for the reason that the return on investment is less or for any other reason, then the deficiency shall be made good by the Bank. Based on an actuarial valuation conducted by an independent actuary, there is no deficiency as at the Balance Sheet date for the Bank.

The following tables summarise the components of net benefit expenses recognised in the Profit and Loss Account and funded status and amounts recognised in the Balance Sheet for the Provident Fund benefit plan.

Profit and Loss Account

Net employee benefit expenses (recognised in payments to and provisions for employees)

(₹ in crores)

	31 March, 2020	31 March, 2019
Current Service Cost*	109.92	98.60
Interest on Defined Benefit Obligation	168.87	159.70
Expected Return on Plan Assets	(205.73)	(189.59)
Net Actuarial Losses/(Gains) recognised in the year	36.86	29.89
Total included in "Employee Benefit Expense" [Schedule 16(I)]	**109.92**	**98.60**
Actual Return on Plan Assets	173.11	132.30

* includes contribution of ₹0.40 crores towards staff deputed at subsidiaries (previous year ₹0.52 crores)

Balance Sheet

Details of provision for provident fund

(₹ in crores)

	31 March, 2020	31 March, 2019
Fair Value of Plan Assets	2,494.37	2,245.71
Present Value of Funded Obligations	(2,494.37)	(2,245.71)
Net Asset	-	-
Amounts in Balance Sheet		
Liabilities	-	-
Assets	-	-
Net Asset	-	-

Changes in the present value of the defined benefit obligation are as follows:

(₹ in crores)

	31 March, 2020	31 March, 2019
Opening Defined Benefit Obligation	2,245.71	2,006.65
Current Service Cost	109.92	98.60
Interest Cost	168.87	159.70
Actuarial Losses/(Gains)	4.24	(27.40)
Employees Contribution	276.90	217.42
Liability transferred from/to other companies	(14.90)	(16.45)
Benefits Paid	(296.37)	(192.81)
Closing Defined Benefit Obligation	**2,494.37**	**2,245.71**

Changes in the fair value of plan assets are as follows:

(₹ in crores)

	31 March, 2020	31 March, 2019
Opening Fair Value of Plan Assets	2,245.71	2,006.65
Expected Return on Plan Assets	205.73	189.59
Actuarial Gains/(Losses)	(32.62)	(57.29)
Employer contribution during the period	109.92	98.60
Employee contribution during the period	276.90	217.42
Assets transferred from/to other companies	(14.90)	(16.45)
Benefits Paid	(296.37)	(192.81)
Closing Fair Value of Plan Assets	**2,494.37**	**2,245.71**

Experience adjustments

(₹ in crores)

	31 March, 2020	31 March, 2019	31 March, 2018	31 March, 2017	31 March, 2016
Defined Benefit Obligations	2,494.37	2,245.71	2,006.65	1,688.78	1,439.02
Plan Assets	2,494.37	2,245.71	2,006.65	1,688.78	1,439.02
Surplus/(Deficit)	-	-	-	-	-
Experience Adjustments on Plan Liabilities	4.24	(27.40)	12.10	20.83	12.08
Experience Adjustments on Plan Assets	(32.62)	(57.29)	(30.95)	0.58	(6.16)

Major categories of plan assets (managed by Insurers) as a percentage of fair value of total plan assets:

	31 March, 2020	31 March, 2019
	(in percentage)	(in percentage)
Government securities	55	56
Bonds, debentures and other fixed income instruments	15	40
Equity shares	4	3
Others	26	1

Principal actuarial assumptions at the balance sheet date:

	31 March, 2020	31 March, 2019
Discount rate for the term of the obligation	**6.45%**	7.65%
Average historic yield on the investment portfolio	**8.83%**	8.88%
Discount rate for the remaining term to maturity of the investment portfolio	**6.85%**	7.55%
Expected investment return	**8.43%**	8.98%
Guaranteed rate of return	8.50%	8.65%

The Hon'ble Supreme Court of India ("SC") by an order dated 28 February, 2019 in one case, set out the principles based on which allowances paid to the employees should be identified for inclusion in basic wages for the purposes of computation of Provident Fund contribution. Basis subsequent clarification provided by the Employees' Provident Fund Organisation on the said order and an independent legal opinion, the Bank has implemented the principles laid down in the order effective 1 April, 2019.

Superannuation

The Bank contributed ₹15.39 crores to the employee's superannuation plan for the year ended 31 March, 2020 (previous year ₹16.51 crores).

National Pension Scheme (NPS)

During the year, the Bank has contributed ₹6.37 crores (previous year ₹5.22 crores) to the NPS for employees who had opted for the scheme.

Group

Leave Encashment

The liability of compensated absences of accumulated privileged leave of the employees of the Group is given below.

(₹ in crores)

	31 March, 2020			
	Liability - Privilege Leave	Total Expenses included under Schedule 16(I)	Assumptions	
			Discount Rate	Salary escalation rate
Axis Bank Ltd.	58.10	(8.99)	-	-
Axis Capital Ltd.*	0.20	0.13	6.59% p.a.	7.00% p.a.
Axis Securities Ltd.	(0.54)	1.97	-	-
Axis Asset Management Co. Ltd.	1.50	(0.69)	-	-
Axis Finance Ltd.	0.75	0.78	-	-
A.Treds Ltd.*	0.17	0.24	6.65% p.a.	10.00% p.a.
FreeCharge Payment Technologies Pvt. Ltd.*	2.88	1.45	5.70% p.a.	12.00% p.a.
Accelyst Solutions Pvt. Ltd.*	0.26	0.16	5.89% p.a.	12.00% p.a.

* based on actuarial valuation

(₹ in crores)

	31 March, 2019			
	Liability - Privilege Leave	Total Expenses included under Schedule 16(I)	Assumptions	
			Discount Rate	Salary escalation rate
Axis Bank Ltd.	247.35	46.62	-	-
Axis Capital Ltd.*	0.08	Nil	6.48% p.a.	7.00% p.a.
Axis Securities Ltd.*	1.23	Nil	7.65% p.a.	10.00% p.a.
Axis Asset Management Co. Ltd.	Nil	1.29	-	-
Axis Finance Ltd.*	0.70	0.36	7.77% p.a.	7.00% p.a.
A.Treds Ltd.*	0.14	0.13	7.65% p.a.	10.00% p.a.
FreeCharge Payment Technologies Pvt. Ltd.*	1.86	(0.37)	6.80% p.a.	12.00% p.a.
Accelyst Solutions Pvt. Ltd.*	0.13	(0.09)	6.75% p.a.	12.00% p.a.

* based on actuarial valuation

Group

Gratuity

The following tables summarize the components of net benefit expenses recognised in the Profit and Loss Account and the funded status and amounts recognised in the Balance Sheet for the Gratuity benefit plan.

Profit and Loss Account

Net employee benefit expenses (recognised in payments to and provisions for employees)

(₹ in crores)

	31 March, 2020	31 March, 2019
Current Service Cost	55.65	49.02
Interest on Defined Benefit Obligation	34.77	30.88
Expected Return on Plan Assets	(30.48)	(25.49)
Net Actuarial Losses/(Gains) recognised in the year	40.99	7.02
Past Service Cost	0.78	0.03
Total included in "Employee Benefit Expense" [Schedule 16(1)]	**101.71**	**61.45**
Actual Return on Plan Assets	23.20	34.95

Balance Sheet

Details of provision for gratuity

(₹ in crores)

	31 March, 2020	31 March, 2019
Present Value of Funded Obligations	(490.42)	(417.44)
Present Value of un-funded Obligations	(3.79)	(6.97)
Fair Value of Plan Assets	484.98	403.44
Unrecognised Past Service Cost	1.55	2.33
Net (Liability)/Asset	**(7.68)**	**(18.65)**
Amounts in Balance Sheet		
Liabilities	7.68	18.65
Assets	-	-
Net Liability (included under Schedule 5 – Other Liabilities)	**(7.68)**	**(18.65)**

Changes in the present value of the defined benefit obligation are as follows:

(₹ in crores)

	31 March, 2020	31 March, 2019
Opening Defined Benefit Obligation	424.41	366.99
Current Service Cost	55.65	49.02
Interest Cost	34.77	30.88
Actuarial Losses/(Gains)	33.72	16.57
Past Service Cost	-	2.33
Liabilities Assumed on Acquisition	0.11	0.14
Liabilities transferred in/(out)	(0.27)	0.19
Benefits Paid	(54.18)	(41.71)
Closing Defined Benefit Obligation	**494.21**	**424.41**

Changes in the fair value of plan assets are as follows:

(₹ in crores)

	31 March, 2020	31 March, 2019
Opening Fair Value of Plan Assets	403.44	336.33
Expected Return on Plan Assets	30.48	25.49
Actuarial Gains/(Losses)	(7.28)	9.55
Contributions by Employer	112.02	73.16
Assets transferred in	0.09	-
Benefits Paid	(53.77)	(41.10)
Closing Fair Value of Plan Assets	**484.98**	**403.44**

Experience adjustments:

(₹ in crores)

	31 March, 2020	31 March, 2019	31 March, 2018	31 March, 2017	31 March, 2016
Defined Benefit Obligations	494.21	424.41	366.99	301.45	246.84
Plan Assets	484.98	403.44	336.33	290.11	243.00
Surplus/(Deficit)	(9.23)	(20.97)	(30.66)	(11.34)	(3.84)
Experience Adjustments on Plan Liabilities	(10.14)	6.70	2.90	7.09	2.98
Experience Adjustments on Plan Assets	(7.28)	9.55	(4.91)	(1.68)	(5.28)

Axis Bank Ltd.

Major categories of plan assets (managed by Insurers) as a percentage of fair value of total plan assets:

	31 March, 2020	31 March, 2019
	(in percentage)	(in percentage)
Government securities	30	38
Bonds, debentures and other fixed income instruments	42	48
Money market instruments	2	5
Equity shares	2	2
Others	24	7

Principal actuarial assumptions at the balance sheet date:

	31 March, 2020	31 March, 2019
Discount Rate	6.45% p.a.	7.65% p.a.
Expected rate of Return on Plan Assets	7.50% p.a.	7.50% p.a.
Salary Escalation Rate	7.00% p.a.	7.00% p.a.
Employee Turnover		
- 18 to 30 (age in years)	24.00%	20.00%
- 31 to 44 (age in years)	14.00%	10.00%
- 45 to 59 (age in years)	8.00%	5.00%

The estimates of future salary increases considered take into account the inflation, seniority, promotion and other relevant factors.

The expected rate of return on plan assets is based on the average long-term rate of return expected on investments of the Fund during the estimated term of the obligations.

As the contribution expected to be paid to the plan during the annual period beginning after the balance sheet date is based on various internal/external factors, a best estimate of the contribution is not determinable.

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

Axis Capital Ltd.

	31 March, 2020	31 March, 2019
The major categories of plan assets* as a percentage of fair value of total plan assets – Insurer Managed Funds	100.00%	100.00%

*composition of plan assets is not available

	31 March, 2020	31 March, 2019
Principal actuarial assumptions at the balance sheet date:		
Discount Rate	6.59% p.a.	7.48% p.a.
Expected rate of Return on Plan Assets	6.59% p.a.	7.48% p.a.
Salary Escalation Rate	7.00% p.a.	7.00% p.a.
Employee Turnover	10.00%	10.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

Axis Asset Management Company Ltd.

	31 March, 2020	31 March, 2019
Principal actuarial assumptions at the balance sheet date:		
Discount Rate	5.76% p.a.	7.23% p.a.
Expected rate of Return on Plan Assets	7.00%p.a.	N.A.
Salary Escalation Rate	12.00% p.a.	11.00% p.a.
Employee Turnover	15.00% - 20.00%	10.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Axis Securities Ltd.

	31 March, 2020	31 March, 2019
The major categories of plan assets* as a percentage of fair value of total plan assets – Insurer Managed Funds	100.00%	100.00%

*composition of plan assets is not available

	31 March, 2020	31 March, 2019
Principal actuarial assumptions at the balance sheet date:		
Discount Rate	6.30% p.a.	7.00% p.a.
Expected rate of Return on Plan Assets	7.25% p.a.	7.50% p.a.
Salary Escalation Rate	7.75% p.a.	7.64% p.a.
Employee Turnover		
- 21 to 44 (age in years) (managerial)	20.00%	20.00%
- 21 to 44 (age in years) (non managerial)	60.39%	60.39%
- 45 to 59 (age in years)	1.00%	1.00%

The estimates of future salary increases considered take into account the inflation, seniority, promotion and other relevant factors.

The expected rate of return on plan assets is based on the average long-term rate of return expected on investments of the Fund during the estimated term of the obligations.

Axis Finance Ltd.

	31 March, 2020	31 March, 2019
The major categories of plan assets* as a percentage of fair value of total plan assets – Insurer Managed Funds	100.00%	100.00%

*composition of plan assets is not available

	31 March, 2020	31 March, 2019
Principal actuarial assumptions at the balance sheet date:		
Discount Rate	6.84% p.a.	7.77% p.a.
Expected rate of Return on Plan Assets	6.84% p.a.	7.77% p.a.
Salary Escalation Rate	7.00% p.a.	7.00% p.a.
Employee Turnover	5.00%	10.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Axis Trustee Services Ltd.

	31 March, 2020	31 March, 2019
Principal actuarial assumptions at the balance sheet date:		
Discount Rate	5.21% p.a.	6.66% p.a.
Expected rate of Return on Plan Assets	N.A.	N.A.
Salary Escalation Rate	8.00% p.a.	10.00% p.a.
Employee Turnover	30.00%	30.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

A. Treds Ltd.

	31 March, 2020	31 March, 2019
Principal actuarial assumptions at the balance sheet date:		
Discount Rate	6.65% p.a.	7.65% p.a.
Expected rate of Return on Plan Assets	7.50% p.a.	7.50% p.a.
Salary Escalation Rate	10.00% p.a.	10.00% p.a.
Employee Turnover - 21 to 30 (age in years)	24.00%	20.00%
- 31 to 44 (age in years)	14.00%	10.00%
- 45 to 59 (age in years)	8.00%	5.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Accelyst Solution Pvt Ltd.

	31 March, 2020	31 March, 2019
Principal actuarial assumptions at the balance sheet date:		
Discount Rate	5.89% p.a.	6.75% p.a.
Expected rate of Return on Plan Assets	N.A.	N.A.
Salary Escalation Rate	12.00% p.a.	12.00% p.a.
Employee Turnover	25.00%	31.07%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

FreeCharge Payment Technologies Pvt Ltd.

	31 March, 2020	31 March, 2019
Principal actuarial assumptions at the balance sheet date:		
Discount Rate	5.70% p.a.	6.80% p.a.
Expected rate of Return on Plan Assets	N.A.	N.A.
Salary Escalation Rate	12.00% p.a.	12.00% p.a.
Employee Turnover	30.00%	28.40%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

2.1.13 Small and Micro Enterprises

Axis Bank Ltd.

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from 2 October, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. There have been no reported cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments. The above is based on the information available with the Bank which has been relied upon by the auditors.

Subsidiaries

(₹ in crores)

Particulars	31 March, 2020	31 March, 2019
The Principal amount and the interest due thereon remaining unpaid to any supplier	0.26	0.02
The amount of interest paid by the buyer in terms of Section 16, along with the amount of the payment made to the supplier beyond the due date	0.02	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the due date during the year) but without adding the interest specified under MSMED Act, 2006	0.03	0.02
The amount of interest accrued and remaining unpaid	0.03	0.02
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowed as a deductible expenditure under Section 23	-	-

2.1.14 Corporate Social Responsibility (CSR)

a) Amount required to be spent by the Group on CSR during the year ₹113.64 crores (previous year ₹139.72 crores).

b) Amount spent towards CSR during the year and recognized as expense in the statement of profit and loss on CSR related activities (including capital expenditure) is ₹113.98 crores (previous year ₹149.37 crores), which comprise of following –

(₹ in crores)

	31 March, 2020			31 March, 2019		
	In cash	Yet to be paid in cash (i.e. provision)	Total	In cash	Yet to be paid in cash (i.e. provision)	Total
Construction/ acquisition of any asset	0.28	-	0.28	11.89	-	11.89
On purpose other than above	108.35	5.35	113.70	136.91	0.57	137.48

2.1.15 Provisions and contingencies

a) Movement in provision for frauds included under other liabilities is set out below:

(₹ in crores)

	31 March, 2020	31 March, 2019
Opening balance at the beginning of the year	53.58	60.98
Additions during the year	25.10	0.78
Reductions on account of payments during the year	(1.02)	-
Reductions on account of reversals during the year	-	(8.18)
Closing balance at the end of the year	**77.66**	**53.58**

b) Other liabilities include provision for reward points made on actuarial basis, the movement of which is set out below:

(₹ in crores)

	31 March, 2020	31 March, 2019
Opening provision at the beginning of the year	205.90	143.94
Provision made during the year	214.56	127.22
Reductions during the year	(154.36)	(65.26)
Closing provision at the end of the year	**266.10**	**205.90**

c) Movement in provision for other contingencies is set out below:

(₹ in crores)

	31 March, 2020	31 March, 2019
Opening provision at the beginning of the year	141.99	150.66
Provision made during the year	2,674.41	609.26
Reductions during the year	-	(617.93)
Closing provision at the end of the year	**2,796.99**	**141.99**

Closing provision includes provision for legal cases, other contingencies and provision for COVID-19 over and above regulatory requirement.

2.1.16 Description of contingent liabilities

a) Claims against the Group not acknowledged as debts

These represent claims filed against the Group in the normal course of business relating to various legal cases currently in progress. These also include demands raised by income tax authorities and disputed by the Group. In addition, the Group holds provision of ₹69.49 crores as on 31 March, 2020 (previous year ₹56.06 crores) towards claims assessed as probable.

b) Liability for partly paid investments

This represents amounts remaining unpaid towards liability for partly paid investments.

c) Liability on account of forward exchange and derivative contracts

The Group enters into foreign exchange contracts, currency options/swaps, interest rate/currency futures and forward rate agreements on its own account and for customers. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate. Currency swaps are commitments to exchange cash flows by way of interest/principal in two currencies, based on ruling spot rates. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows. Interest rate futures are standardised, exchange-traded contracts that represent a pledge to undertake a certain interest rate transaction at a specified price, on a specified future date. Forward rate agreements are agreements to pay or receive a certain sum based on a differential interest rate on a notional amount for an agreed period. A foreign currency option is an agreement between two parties in which one grants to the other the right to buy or sell a specified amount of currency at a specific price within a specified time period or at a specified future time. An Exchange Traded Currency Option contract is a standardised foreign exchange derivative contract, which gives the owner the right, but not the obligation, to exchange money denominated in one currency into another currency at a pre-agreed exchange rate on a specified date on the date of expiry. Currency Futures contract is a standardised, exchange-traded contract, to buy or sell a certain underlying currency at a certain date in the future, at a specified price. The amount of contingent liability represents the notional principal of respective forward exchange and derivative contracts.

d) Guarantees given on behalf of constituents

As a part of its banking activities, the Bank issues guarantees on behalf of its customers to enhance their credit standing. Guarantees represent irrevocable assurances that the Bank will make payments in the event of the customer failing to fulfill its financial or performance obligations.

e) Acceptances, endorsements and other obligations

These include documentary credit issued by the Bank on behalf of its customers and bills drawn by the Bank's customers that are accepted or endorsed by the Bank.

f) Other items for which the Group is contingently liable

Other items represent outstanding amount of bills rediscounted by the Bank, estimated amount of contracts remaining to be executed on capital account, notional principal on account of outstanding Tom/Spot foreign exchange contracts, contracts for purchase of investments where settlement is due post balance sheet date, commitments towards underwriting and investment in equity through bids under Initial Public Offering (IPO) of corporates as at the year end, demands raised by statutory authorities (other than income tax) and disputed by the Group and the amount transferred to Depositor Education and Awareness Fund (DEAF).

During earlier years, the Bank, through one of its overseas branches, had arranged Trade Credit (Buyers Credit loans) against Letters of Undertaking (LOUs) issued by Punjab National Bank (PNB), which were subsequently alleged as fraudulent by PNB. Prior to this declaration by PNB, such buyer's credit loans were sold down in the secondary market by the overseas branch to various participating banks under Risk Participation Agreements. As on 31 March, 2020, there is no funded exposure outstanding in the overseas branch pursuant to such sell down. PNB has repaid the aggregate amount of all LOUs due upto 31 March, 2020, pursuant to an undertaking issued to PNB, and made remittance to the overseas branch which has been passed on for onward payment to the participating banks. Based on the facts and circumstances of the case, internal findings and legal opinion, the Bank does not expect PNB has any valid right at this point in time, for refund by the Bank of the aggregate amount paid by PNB towards LOUs due upto 31 March, 2020, However, as a matter of prudence, the aggregate amount of LOUs issued by PNB to the overseas branch against which buyer's credit was extended, aggregating to ₹4,466.83 crores has been disclosed as part of Contingent Liabilities in the Balance Sheet.

The Group has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Bank has reviewed and recorded adequate provision as required under any law/accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) in the books of account and disclosed the same under the relevant notes in the financial statements, where applicable.

2.1.17 Comparative Figures

Previous year figures have been regrouped and reclassified, where necessary to conform to current year's presentation.

In terms of our report attached.

For Haribhakti & Co. LLP
Chartered Accountants
Firm Registration No.: 103523W/W100048

Purushottam Nyati
Partner
Membership No.: 118970

Date : 28 April, 2020
Place : Mumbai

For Axis Bank Ltd.

Rakesh Makhija
Chairman

S. Vishvanathan
Director

Girish Paranjpe
Director

B. Babu Rao
Director

Amitabh Chaudhry
Managing Director & CEO

Girish V. Koliyote
Company Secretary

Puneet Sharma
Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT

To the Members of Axis Bank Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Axis Bank Limited ("the Bank"), which comprise the Balance Sheet as at March 31, 2019, the Profit and Loss Account and the Cash Flow Statement for the year then ended and notes to the standalone financial statements including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Banking Regulation Act, 1949 as well as the Companies Act, 2013 ("the Act") in the manner so required for banking companies and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Bank as at March 31, 2019, its profit and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the standalone financial statements section of our report. We are independent of the Bank in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and Rules thereunder and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key Audit Matter	Procedure performed
IT Controls Framework Axis Bank has a complex IT architecture to support its day to day business operations. The volume of transactions processed and recorded is huge. Moreover, a transaction may be required to be recorded across multiple applications depending upon the process. Each application has different rules incorporated in it and a different set of user access and authority matrix. These applications are interlinked using	IT audit specialists are an integral part of our engagement team. Our approach of testing IT General Controls (ITGC) and IT Application Controls (ITAC) is risk based and business centric. As a part of our IT controls testing, we have tested ITGC as well as ITAC. The focus of testing of ITGCs was based on the various parameters such as Completeness, Validity, Identification, Authentication Authorization, Integrity and Accountability. On the other hand, focus of testing automated controls from applications was whether the controls prevent or detect unauthorized

different technologies. Data transfer happens in real time or at a particular time of the day; in batches or at a transaction level and in an automated manner or manually. The Core Banking Solution (CBS) itself has many interfaces. All these data streams directly affect financial reporting. The Bank has a process for identifying the applications where the controls are embedded. It also has a process to ensure that systems, processes and controls remain relevant. The Bank's IT control framework includes automated, semi-automated and manual controls designed to address identified risks. IT controls are stated in Entity Level Controls (ELC), IT General Controls (ITGC) and IT Application Controls (ITAC). We regard this area as a Key Audit Matter as the Bank's business is highly dependent on technology, the IT environment is complex and the design and operating effectiveness of IT controls have a direct impact on a financial reporting process. Review of these controls allows us to provide assurance on the integrity and completeness of data processed through various IT applications which are used for the preparation of financial reports.	transactions and support financial objectives including completeness, accuracy, authorization and validity of transactions. We gathered a comprehensive understanding of IT applications landscape implemented at the Bank. It was followed by process understanding, mapping of applications to the same and understanding financial risks posed by people-process and technology. In ITGC testing we reviewed, on sample basis, control areas such as User Management, Change Management, Systems Security, Incident Management, Physical & Environmental Security, Backup and Restoration, Business Continuity and Disaster Recovery, Service Level Agreement. For ITAC, we carried out on sample basis, compliance tests of system functionality in order to assess the accuracy of system calculations. We also carried out procedures such as validations and limit checks on data entered into applications, approvals, process dependencies and restriction on time period in which transactions may be recorded. We tested the control environment using various techniques such as inquiry, review of documentation/record/reports, observation and re-performance. We also tested few controls using negative testing technique. We had taken adequate samples of instances for our tests. Wherever deviations were noted either the same were explained to our satisfaction or we suitably modified our testing procedures to draw comfort.
<u>Provisions and Write off of Advances</u> The Bank's portfolio of advances to customers amounts to Rs. 4,94,79,797 Lacs as at March 31, 2019 comprising of Rs. 2,37,22,782 Lacs towards its Corporate Customers ("Wholesale Banking" customers) and Rs. 2,57,57,015 Lacs towards its Retail Customers ("Retail banking" customers). As required under Income Recognition, Asset Classification and provisioning norms (IRAC norms) and other circulars, notifications and directives issued by the Reserve Bank of India (RBI), the Bank classifies advances into performing and non-performing advances which consists of Standard, Sub-standard, Doubtful and Loss and makes appropriate provisions. The Bank, on case to case basis, as per it's governing framework, identifies standard advances which require higher provision based on its evaluation of risk	*Provisions for Corporate advances against specific individual loans (wholesale banking)* 1. Testing the key controls over borrower risk grading for wholesale loans (larger customer exposures that are monitored individually) for classification of such loans as performing or non-performing advances. • We tested on sample basis, the approval of new lending facilities against the Bank's credit policies, the performance of annual loan assessments, and controls over the monitoring of credit quality. • We have assessed the process for classification by the management including identification of non-performing assets. • We tested on sample basis loans to form our own assessment as to whether impairment events had occurred and to assess whether impairments had been identified in a timely manner. • For the selected non-performing loans, we assessed management's forecast and inputs of recoverable cash flows, valuation of underlying

and internal ratings. The Bank also identifies sectors wherein the Bank perceives stress and makes higher provisions. Additionally, the Bank also identifies accounts which are to be technical written off based on the framework approved by the Bank's Board of Directors. The provisions for such advances and technical write off is a Key Audit Matter as the Bank has significant credit risk exposure to a large number of borrowers across a wide range of borrowers, products, industries and geographies and there is a high degree of complexity and judgement involved in recoverability of advances, estimating the provisions thereon and identification of accounts to be written off. The same resulted in significant audit effort to address the risks around loan recoverability and the determination of related provisions and write off.	security and collaterals, estimates of recoverable amounts on default and other sources of repayment. This included testing controls over the identification of exposures showing signs of stress, either due to internal factors specific to the borrower or external macroeconomic factors, and testing the timeliness of and the accuracy of risk assessments and risk grading against the requirements of the Bank's lending policies and RBI IRAC norms. 2. Performing credit assessments of a sample of corporate loans managed by a specialised group assessed as high risk or impaired, focusing on larger exposures assessed by the Bank as showing signs of deterioration, or in areas of emerging risk (assessed against external market conditions). We challenged the Bank's risk grading of the loan, their assessment of loan recoverability and the impact on the credit provision. To do this, we used the information on the Borrowers loan file, discussed the case with the concerned officials and senior management, and performed our own assessment of recoverability. *Provisions for Retail advances against specific individual loans (Retail banking)* For retail loans (smaller customer exposures not monitored individually), testing controls over the systems which record lending arrears, group exposures into delinquency buckets based on the number of days loans are overdue, and calculate individual provisions. We tested automated calculation and change management controls and evaluated the Bank's oversight of the portfolios, with a focus on controls over delinquency statistics monitoring. We tested on sample basis the level of provisions held against different loan products based on the delinquency profile and challenged assumptions made in respect of expected recoveries, primarily from collateral held. We also carried out extensive data analytics procedures to identify exceptions and outliers. *Provisions estimated across loan portfolios (collective provision)* 1. Testing the Bank's processes for making collective provision 2. Review of the Policy for higher provision for weak standard advances and stressed sectors adopted by the Bank 3. Validating the parameters used to calculate collective provisions with reference to IRAC norms and internal policy on higher provisions on weak standard advances; 4. Testing the completeness and accuracy of data transferred from underlying source systems used for computing collective provision; 5. Re-performing, for a sample of retail and

HARIBHAKTI & CO. LLP ★ MUMBAI ★ CHARTERED ACCOUNTANTS

	wholesale portfolios, the calculation of collective provisions, to determine the accuracy of the same. *Technical write off across loan portfolios* The Bank has adopted a framework for technical write off. We reviewed the framework and understood the process for identification of loan portfolios to be technically written off. We tested on sample basis, the accounts identified during the year to be written off for compliance with the aforesaid framework.

Other Information

The Bank's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' Report forming part of the Annual Report, but does not include the standalone financial statements, consolidated financial statements and our auditor's report thereon and the Pillar III Disclosures under the New Capital Adequacy Framework (Basel III disclosures). The Director's Report is expected to be made available to us after the date of this report.

Our opinion on the standalone financial statements does not cover the other information and the Basel III disclosures and accordingly, we do not express any form of assurance conclusion thereon.

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

When we read the Director's Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

The Bank's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with relevant rules issued thereunder, provision of section 29 of the Banking Regulation Act, 1949 and the circulars, guidelines and directions issued by Reserve Bank of India ("RBI") from time to time. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

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

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Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this standalone financial statements. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Bank has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the

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adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

The standalone financial statements of the Bank for the previous year ended March 31, 2018, were audited by another firm of Chartered Accountants who have expressed an unmodified opinion on those statements vide their report dated April 26, 2018.

Report on Other Legal and Regulatory Requirements

(1) The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of section 29 of the Banking Regulation Act, 1949 read with Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder.

(2) As required under Section 143 (3) of the Act and Section 30(3) of the Banking Regulation Act, 1949, we report that:

a. We have sought and obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory;

b. In our Opinion, the transactions of the Bank, which have come to our notice, have been within the powers of the Bank;

c. The financial accounting systems of the Bank are centralized and therefore, accounting returns for the purpose of preparing financial statements are not required to be submitted by the branches; we have visited 120 branches for the purpose of our audit.

d. In our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books;

e. The Balance Sheet, the Profit and Loss account, and the Cash Flow Statement dealt with by this report are in agreement with the books of account;

f. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act read with relevant rules issued thereunder to the extent they are not inconsistent with the accounting policies prescribed by RBI;

g. On the basis of the written representations received from the directors as on March 31, 2019, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of section 164(2) of the Act;

h. With respect to the adequacy of the internal financial controls with reference to financial statements of the Bank and the operating effectiveness of such controls, we give our separate report in "Annexure";

i. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended;
In our opinion and to the best of our information and according to the explanations given to us, requirements prescribed under Section 197 of the Act is not applicable by virtue of Section 35B (2A) of the Banking Regulation Act, 1949.

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MUMBAI
CHARTERED ACCOUNTANTS

j. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Bank has disclosed the impact of pending litigations on its financial position in its standalone financial statements - Refer Schedule 12 - Contingent Liabilities to the standalone financial statements;

   ii. The Bank has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;

   iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Bank.

For Haribhakti & Co. LLP

Chartered Accountants

Firm Registration No.103523W / W100048

HARIBHAKTI & CO. LLP
MUMBAI
CHARTERED ACCOUNTANTS

Purushottam Nyati

Partner

Membership No. 118970

Place: Mumbai

Date: April 25, 2019

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 3 (h) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of Axis Bank Limited on the standalone Financial Statements for the year ended March 31, 2019]

Report on the Internal Financial Controls with reference to Standalone Financial Statements under clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to Standalone Financial Statements of Axis Bank Limited ("the Bank") as of March 31, 2019 in conjunction with our audit of the standalone Financial Statements of the Bank for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Bank's management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to Standalone Financial Statements criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Bank's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Bank's internal financial controls with reference to Standalone Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing specified under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to Standalone Financial Statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to Standalone Financial Statements and their operating effectiveness.

Our audit of internal financial controls with reference to Standalone Financial Statements included obtaining an understanding of internal financial controls with reference to Standalone Financial Statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal controls based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Bank's internal financial controls with reference to Standalone Financial Statements.

Meaning of Internal Financial Controls with reference to Standalone Financial Statements

A Bank's internal financial control with reference to Standalone Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Standalone Financial Statements for external purposes in accordance with generally

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accepted accounting principles. A Bank's internal financial control with reference to Standalone Financial Statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Bank; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Standalone Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Bank are being made only in accordance with authorisations of management and directors of the Bank; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Bank's assets that could have a material effect on the Standalone Financial Statements.

Inherent Limitations of Internal Financial Controls with reference to Standalone Financial Statements

Because of the inherent limitations of internal financial controls with reference to Standalone Financial Statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to Standalone Financial Statements to future periods are subject to the risk that the internal financial controls with reference to Standalone Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Bank has, in all material respects, an adequate internal financial controls with reference to Standalone Financial Statements and such internal financial controls with reference to Standalone Financial Statements were operating effectively as at March 31, 2019, based on the internal control with reference to Standalone Financial Statements criteria established by the Bank considering the essential components of internal controls stated in the Guidance Note issued by the ICAI.

For Haribhakti & Co. LLP

Chartered Accountants

Firm Registration No.103523W/W100048

HARIBHAKTI & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

Purushottam Nyati
Partner

Membership No. 118970

Place: Mumbai

Date: April 25, 2019

Balance Sheet

As at 31 March, 2019

(₹ in Thousands)

	Schedule No.	**As at 31-03-2019**	As at 31-03-2018
Capital and Liabilities			
Capital	1	5,143,290	5,133,078
Reserves & Surplus	2	661,619,666	629,319,518
Deposits	3	5,484,713,409	4,536,227,223
Borrowings	4	1,527,757,792	1,480,161,446
Other Liabilities and Provisions	5	330,731,159	262,454,534
Total		**8,009,965,316**	**6,913,295,799**
Assets			
Cash and Balances with Reserve Bank of India	6	350,990,339	354,810,577
Balances with Banks and Money at Call and Short Notice	7	321,056,014	79,738,329
Investments	8	1,749,692,759	1,538,760,827
Advances	9	4,947,979,721	4,396,503,045
Fixed Assets	10	40,366,358	39,716,792
Other Assets	11	599,880,125	503,766,229
Total		**8,009,965,316**	**6,913,295,799**
Contingent Liabilities	12	7,557,652,685	7,352,976,985
Bills for Collection		519,728,573	495,656,026
Significant Accounting Policies and Notes to Accounts	17 & 18		
Schedules referred to above form an integral part of the Balance Sheet			

In terms of our report attached.

For Haribhakti & Co. LLP
Chartered Accountants
Firm Registration No.: 103523W/W100048

Purushottam Nyati
Partner
Membership No.: 118970

Date: 25 April, 2019
Place: Mumbai

For Axis Bank Ltd.

Sanjiv Misra
Chairman

Samir K. Barua
Director

S. Vishvanathan
Director

B. Babu Rao
Director

Amitabh Chaudhry
Managing Director & CEO

Girish V. Koliyote
Company Secretary

Jairam Sridharan
Chief Financial Officer

Rakesh Makhija
Director

Girish Paranjpe
Director

Profit & Loss Account

For the year ended 31 March, 2019

(₹ in Thousands)

		Schedule No.	Year ended 31-03-2019	Year ended 31-03-2018
I	**Income**			
	Interest earned	13	549,857,707	457,803,123
	Other income	14	131,303,394	109,670,865
	Total		**681,161,101**	**567,473,988**
II	**Expenditure**			
	Interest expended	15	332,775,970	271,625,818
	Operating expenses	16	158,334,077	139,903,398
	Provisions and contingencies	18 (1.1.1)	143,284,971	153,187,959
	Total		**634,395,018**	**564,717,175**
III	**Net Profit for the year (I - II)**		46,766,083	2,756,813
	Balance in Profit & Loss Account brought forward from previous year		230,430,518	244,483,275
IV	**Amount Available for Appropriation**		**277,196,601**	**247,240,088**
V	**Appropriations:**			
	Transfer to Statutory Reserve		11,691,521	689,203
	Transfer to/(from) Investment Reserve		(1,034,894)	1,034,894
	Transfer to Capital Reserve	18 (1.2.1)	1,250,935	1,016,559
	Transfer to Reserve Fund	18 (1.2.3)	6,280	16,158
	Transfer to Investment Fluctuation Reserve	18 (1.2.2)	6,000,000	-
	Dividend paid (includes tax on dividend)	18 (1.2.6)	-	14,052,756
	Balance in Profit & Loss Account carried forward		259,282,759	230,430,518
	Total		**277,196,601**	**247,240,088**
VI	**Earnings per Equity Share**	18 (1.2.4)		
	(Face value ₹ 2/- per share)			
	Basic (in ₹)		18.20	1.13
	Diluted (in ₹)		18.09	1.12
	Significant Accounting Policies and Notes to Accounts	17 & 18		
	Schedules referred to above form an integral part of the Profit and Loss Account			

In terms of our report attached.

For Axis Bank Ltd.

For Haribhakti & Co. LLP
Chartered Accountants
Firm Registration No.: 103523W/W100048

Sanjiv Misra
Chairman

Purushottam Nyati
Partner
Membership No.: 118970

Samir K. Barua
Director

S. Vishvanathan
Director

B. Babu Rao
Director

Amitabh Chaudhry
Managing Director & CEO

Date: 25 April, 2019
Place: Mumbai

Girish V. Koliyote
Company Secretary

Jairam Sridharan
Chief Financial Officer

Rakesh Makhija
Director

Girish Paranjpe
Director

Cash Flow Statement

For the year ended 31 March, 2019

(₹ in Thousands)

	Year ended 31-03-2019	Year ended 31-03-2018
Cash flow from operating activities		
Net profit before taxes	69,740,881	1,215,715
Adjustments for:		
Depreciation on fixed assets	7,097,249	5,680,974
Depreciation on investments	3,000,160	(2,110,133)
Amortisation of premium on Held to Maturity investments	3,207,410	2,819,661
Provision for Non Performing Assets (including bad debts)	102,214,828	165,987,074
Provision on standard assets	8,097,890	(1,350,017)
Provision on unhedged foreign currency exposure	187,900	(93,000)
Profit/(loss) on sale of land, buildings and other assets (net)	229,014	163,809
Provision for country risk	-	(199,434)
Provision for restructured assets/strategic debt restructuring/sustainable structuring	(196,572)	(3,071,587)
Provision for other contingencies	7,005,966	(4,433,847)
Dividend from Subsidiaries	(1,311,000)	(2,560,608)
	199,273,726	**162,048,607**
Adjustments for:		
(Increase)/Decrease in investments	(40,070,291)	(174,381,077)
(Increase)/Decrease in advances	(649,869,997)	(811,747,986)
Increase /(Decrease) in deposits	948,486,186	392,439,345
(Increase)/Decrease in other assets	(106,579,694)	(16,147,141)
Increase/(Decrease) in other liabilities & provisions	52,991,110	8,353,896
Direct taxes paid	(28,561,806)	(30,059,243)
Net cash flow from operating activities	**375,669,234**	**(469,493,599)**
Cash flow from investing activities		
Purchase of fixed assets	(8,316,648)	(8,224,338)
(Increase)/Decrease in Held to Maturity investments	(178,957,069)	(89,688,722)
Purchase of Freecharge business	-	(3,954,556)
Increase in Investment in Subsidiaries	(1,934,115)	(3,250,000)
Proceeds from sale of fixed assets	531,616	114,565
Dividend from Subsidiaries	1,311,000	2,560,608
Net cash used in investing activities	**(187,365,216)**	**(102,442,443)**

(₹ in Thousands)

	Year ended 31-03-2019	Year ended 31-03-2018
Cash flow from financing activities		
Proceeds/(Repayment) from issue of subordinated debt, perpetual debt & upper Tier II instruments (net)	(17,000,000)	81,109,364
Increase/(Decrease) in borrowings (excluding subordinated debt, perpetual debt & upper Tier II instruments)(net)	64,596,346	348,743,388
Proceeds from issue of share capital	10,212	343,006
Proceeds from share premium (net of share issue expenses)	1,706,853	87,864,789
Payment of dividend (including dividend distribution tax)	-	(14,052,756)
Net cash generated from financing activities	**49,313,411**	**504,007,791**
Effect of exchange fluctuation translation reserve	(119,982)	(84,674)
Net increase in cash and cash equivalents	237,497,447	(68,012,925)
Cash and cash equivalents at the beginning of the year	434,548,906	502,561,831
Cash and cash equivalents at the end of the year	**672,046,353**	**434,548,906**
Notes to the Cash Flow Statement:		
1. Cash and cash equivalents includes the following		
Cash and Balances with Reserve Bank of India (Refer Schedule 6)	350,990,339	354,810,577
Balances with Banks and Money at Call and Short Notice (Refer Schedule 7)	321,056,014	79,738,329
Cash and cash equivalents at the end of the year	**672,046,353**	**434,548,906**
2. Amount of Corporate Social Responsibility related expenses spent during the year in cash ₹137.02 crores (previous year ₹126.50 crores)		

In terms of our report attached.

For Haribhakti & Co. LLP
Chartered Accountants
Firm Registration No.: 103523W/W100048

Purushottam Nyati
Partner
Membership No.: 118970

Date: 25 April, 2019
Place: Mumbai

For Axis Bank Ltd.

Sanjiv Misra
Chairman

Samir K. Barua
Director

S. Vishvanathan
Director

B. Babu Rao
Director

Amitabh Chaudhry
Managing Director & CEO

Girish V. Koliyote
Company Secretary

Jairam Sridharan
Chief Financial Officer

Rakesh Makhija
Director

Girish Paranjpe
Director

Schedules forming part of the Balance Sheet

As at 31 March, 2019

Schedule 1 - Capital

(₹ in Thousands)

	As at 31-03-2019	As at 31-03-2018
Authorised Capital		
4,250,000,000 (Previous year - 4,250,000,000) Equity Shares of ₹2/- each	8,500,000	8,500,000
Issued, Subscribed and Paid-up capital		
2,571,644,871 (Previous year - 2,566,538,936) Equity Shares of ₹2/- each fully paid-up	5,143,290	5,133,078

Schedule 2 - Reserves and Surplus

(₹ in Thousands)

		As at 31-03-2019	As at 31-03-2018
I.	**Statutory Reserve**		
	Opening Balance	115,759,726	115,070,523
	Additions during the year	11,691,521	689,203
		127,451,247	**115,759,726**
II.	**Share Premium Account**		
	Opening Balance	257,890,520	170,025,731
	Additions during the year	1,706,853	88,122,658
	Less: Share issue expenses	-	(257,869)
		259,597,373	**257,890,520**
III.	**Investment Reserve Account**		
	Opening Balance	1,034,894	-
	Additions during the year	-	1,034,894
	Deductions during the year	(1,034,894)	-
		-	**1,034,894**
IV.	**General Reserve**		
	Opening Balance	3,543,100	3,543,100
	Additions during the year	-	-
		3,543,100	**3,543,100**
V.	**Capital Reserve**		
	Opening Balance	19,672,954	18,656,395
	Additions during the year [Refer Schedule 18 (1.2.1)]	1,250,935	1,016,559
		20,923,889	**19,672,954**
VI.	**Foreign Currency Translation Reserve [Refer Schedule 17 (5.5)]**		
	Opening Balance	912,832	997,506
	Additions during the year	-	-
	Deductions during the year	(119,982)	(84,674)
		792,850	**912,832**
VII.	**Reserve Fund**		
	Opening Balance	74,974	58,816
	Additions during the year [Refer Schedule 18 (1.2.3)]	6,280	16,158
		81,254	**74,974**
VIII.	**Investment Fluctuation Reserve**		
	Opening Balance	-	-
	Additions during the year [Refer Schedule 18 (1.2.2)]	6,000,000	-
		6,000,000	**-**
IX.	**Balance in Profit & Loss Account brought forward**	259,282,759	230,430,518
	Adjustments during the year*	(16,052,806)	-
	Balance in Profit & Loss Account	**243,229,953**	**230,430,518**
	Total	**661,619,666**	**629,319,518**

* represents provision towards Land held as non-banking asset which will be reversed and recognised through profit and loss account in the subsequent quarters of the next financial year as advised by RBI. Refer Schedule 18 (1.1.44)

Schedule 3 - Deposits

(₹ in Thousands)

				As at 31-03-2019	As at 31-03-2018
A.	I.	Demand Deposits			
		(i)	From banks	47,219,608	58,821,218
		(ii)	From others	845,433,682	897,674,284
	II.	Savings Bank Deposits		1,541,288,064	1,482,020,475
	III.	Term Deposits			
		(i)	From banks	232,371,412	125,623,957
		(ii)	From others	2,818,400,643	1,972,087,289
		Total		**5,484,713,409**	**4,536,227,223**
B.	I.	Deposits of branches in India		5,466,197,810	4,513,153,671
	II.	Deposits of branches outside India		18,515,599	23,073,552
		Total		**5,484,713,409**	**4,536,227,223**

Schedule 4 - Borrowings

(₹ in Thousands)

			As at 31-03-2019	As at 31-03-2018
I.	Borrowings in India			
	(i)	Reserve Bank of India	144,000,000	61,000,000
	(ii)	Other banks #	2,785,000	12,017,000
	(iii)	Other institutions & agencies **	683,583,472	687,948,202
II.	Borrowings outside India		697,389,320	719,196,244
	Total		**1,527,757,792**	**1,480,161,446**
	Secured borrowings included in I & II above		144,000,000	65,837,380

Borrowings from other banks include Subordinated Debt of ₹35.00 crores (previous year ₹35.00 crores) in the nature of Non-Convertible Debentures and Perpetual Debt of ₹50.00 crores (previous year ₹50.00 crores) [Refer Note 18 (1.1.2)]

** Borrowings from other institutions & agencies include Subordinated Debt of ₹19,470.00 crores (previous year ₹21,170.00 crores) in the nature of Non-Convertible Debentures and Perpetual Debt of ₹6,950.00 crores (previous year ₹6,950.00 crores) [Refer Note 18 (1.1.2)]

Schedule 5 - Other Liabilities And Provisions

(₹ in Thousands)

		As at 31-03-2019	As at 31-03-2018
I.	Bills payable	37,854,366	49,175,679
II.	Inter-office adjustments (net)	-	-
III.	Interest accrued	45,522,438	30,348,683
IV.	Proposed dividend (includes tax on dividend) [Refer Schedule 17 (5.18) and Schedule 18 (1.2.6)]	-	-
V.	Contingent provision against standard assets [Refer Schedule 17 (4.2) and Schedule 18 (1.1.9)]	30,404,383	22,075,241
VI.	Others (including provisions)	216,949,972	160,854,931
	Total	**330,731,159**	**262,454,534**

Schedule 6 - Cash and Balances with Reserve Bank of India

(₹ in Thousands)

		As at 31-03-2019	As at 31-03-2018
I.	Cash in hand (including foreign currency notes)	42,132,147	52,580,352
II.	Balances with Reserve Bank of India		
	(i) in Current Account	263,858,192	208,230,225
	(ii) in Other Accounts	45,000,000	94,000,000
	Total	**350,990,339**	**354,810,577**

Schedule 7 - Balances with Banks and Money at Call and Short Notice

(₹ in Thousands)

		As at 31-03-2019	As at 31-03-2018
I.	In India		
	(i) Balance with Banks		
	(a) in Current Accounts	2,419,842	1,199,457
	(b) in Other Deposit Accounts	31,712,577	30,987,346
	(ii) Money at Call and Short Notice		
	(a) With banks	-	-
	(b) With other institutions	191,610,699	-
	Total	**225,743,118**	**32,186,803**
II.	Outside India		
	(i) in Current Accounts	42,478,364	20,263,092
	(ii) in Other Deposit Accounts	5,177,257	11,537,816
	(iii) Money at Call & Short Notice	47,657,275	15,750,618
	Total	**95,312,896**	**47,551,526**
	Grand Total (I+II)	**321,056,014**	**79,738,329**

Schedule 8 - Investments

(₹ in Thousands)

		As at 31-03-2019	As at 31-03-2018
I.	**Investments in India in -**		
	(i) Government Securities##	1,168,229,051	1,013,545,679
	(ii) Other approved securities	-	-
	(iii) Shares	9,594,584	15,255,309
	(iv) Debentures and Bonds	392,845,209	306,537,689
	(v) Investment in Subsidiaries/Joint Ventures	18,027,821	17,931,421
	(vi) Others (Mutual Fund units, CD/CP, PTC etc.)	112,641,005	152,548,130
	Total Investments in India	**1,701,337,670**	**1,505,818,228**
II.	**Investments outside India in -**		
	(i) Government Securities (including local authorities)	34,164,807	26,984,150
	(ii) Subsidiaries and/or Joint Ventures abroad	4,833,428	2,995,712
	(iii) Others (Equity Shares and Bonds)	9,356,854	2,962,737
	Total Investments outside India	48,355,089	32,942,599
	Grand Total (I+II)	**1,749,692,759**	**1,538,760,827**

Includes securities costing ₹29,283.94 crores (previous year ₹27,588.43 crores) pledged for availment of fund transfer facility, clearing facility and margin requirements

Schedule 9 - Advances

(₹ in Thousands)

			As at 31-03-2019	As at 31-03-2018
A.	(i)	Bills purchased and discounted	155,366,966	128,131,247
	(ii)	Cash credits, overdrafts and loans repayable on demand	1,503,567,259	1,381,341,566
	(iii)	Term loans #	3,289,045,496	2,887,030,232
		Total	**4,947,979,721**	**4,396,503,045**
B.	(i)	Secured by tangible assets $	3,535,163,307	3,094,017,064
	(ii)	Covered by Bank/Government Guarantees &&	33,887,710	37,502,934
	(iii)	Unsecured	1,378,928,704	1,264,983,047
		Total	**4,947,979,721**	**4,396,503,045**
C.	I.	Advances in India		
		(i) Priority Sector	1,188,930,411	986,081,073
		(ii) Public Sector	65,894,406	48,271,057
		(iii) Banks	43,110,224	32,204,558
		(iv) Others	3,268,892,314	2,792,292,698
		Total	**4,566,827,355**	**3,858,849,386**
	II.	Advances Outside India		
		(i) Due from banks	20,815,655	78,991,174
		(ii) Due from others -		
		(a) Bills purchased and discounted	23,843,213	32,721,313
		(b) Syndicated loans	47,840,704	77,652,080
		(c) Others	288,652,794	348,289,092
		Total	**381,152,366**	**537,653,659**
		Grand Total (CI+CII)	**4,947,979,721**	**4,396,503,045**

\# Net of borrowings under Inter Bank Participation Certificate (IBPC) ₹2,750.00 crores (previous year ₹1,399.00 crores), includes lending under IBPC ₹3,529.50 crores (previous year ₹1,303.32 crores)

$ Includes advances against book debts

&& Includes advances against L/Cs issued by banks

Schedule 10 - Fixed Assets

(₹ in Thousands)

		As at 31-03-2019	As at 31-03-2018
I.	**Premises**		
	Gross Block		
	At cost at the beginning of the year	18,330,983	18,330,983
	Additions during the year	169,308	-
	Deductions during the year	(583,276)	-
	Total	**17,917,015**	**18,330,983**
	Depreciation		
	As at the beginning of the year	1,470,027	1,165,354
	Charge for the year	292,302	304,673
	Deductions during the year	(121,930)	-
	Depreciation to date	1,640,399	1,470,027
	Net Block	**16,276,616**	**16,860,956**
II.	**Other fixed assets (including furniture & fixtures)**		
	Gross Block		
	At cost at the beginning of the year	52,204,387	45,796,606
	Additions during the year*	8,999,163	7,573,015
	Deductions during the year	(850,608)	(1,165,234)
	Total	**60,352,942**	**52,204,387**
	Depreciation		
	As at the beginning of the year	32,809,459	28,302,892
	Charge for the year	6,804,946	5,376,301
	Deductions during the year	(624,283)	(869,734)
	Depreciation to date	38,990,122	32,809,459
	Net Block	**21,362,820**	**19,394,928**
III.	**CAPITAL WORK-IN-PROGRESS (including capital advances)**	2,726,922	3,460,908
	Grand Total (I+II+III)	**40,366,358**	**39,716,792**

* includes movement on account of exchange rate fluctuation

Schedule 11 - Other Assets

(₹ in Thousands)

		As at 31-03-2019	As at 31-03-2018
I.	Inter-office adjustments (net)	-	-
II.	Interest Accrued	70,941,386	56,655,247
III.	Tax paid in advance/tax deducted at source (net of provisions)	15,911,960	17,448,539
IV.	Stationery and stamps	3,057	3,829
V.	Non banking assets acquired in satisfaction of claims$	87,276	22,086,151
VI.	Others #@	512,936,446	407,572,463
	Total	**599,880,125**	**503,766,229**

Includes deferred tax assets of ₹7,640.73 crores (previous year ₹6,876.35 crores) [Refer Schedule 18 (1.2.11)]

@ Includes Priority Sector Shortfall Deposits of ₹28,161.77 crores (previous year ₹21,479.30 crores)

$ Represents balance net of provision of ₹2,208.61 crores on Land held as non-banking asset and provision of ₹2.09 crores on other non banking assets (Previous year Nil)

Schedule 12 - Contingent Liabilities

(₹ in Thousands)

		As at 31-03-2019	As at 31-03-2018
I.	Claims against the Bank not acknowledged as debts	6,235,275	5,169,119
II.	Liability for partly paid investments	18,000	216,000
III.	Liability on account of outstanding forward exchange and derivative contracts:		
	a) Forward Contracts	3,296,537,608	3,148,018,991
	b) Interest Rate Swaps, Currency Swaps, Forward Rate Agreement & Interest Rate Futures	2,375,871,342	1,960,694,522
	c) Foreign Currency Options	464,047,739	593,425,900
	Total (a+b+c)	**6,136,456,689**	**5,702,139,413**
IV.	Guarantees given on behalf of constituents		
	In India	680,528,970	762,933,813
	Outside India	75,358,146	86,819,823
V.	Acceptances, endorsements and other obligations	324,394,652	324,101,256
VI.	Other items for which the Bank is contingently liable	334,660,953	471,597,561
	Grand Total (I+II+III+IV+V+VI) [Refer Schedule 18 (1.2.16)]	**7,557,652,685**	**7,352,976,985**

Schedules forming part of the Profit and Loss Account

For the year ended 31 March, 2019

Schedule 13 - Interest Earned

(₹ in Thousands)

		Year ended 31-03-2019	Year ended 31-03-2018
I.	Interest/discount on advances/bills	413,220,214	341,374,719
II.	Income on investments	113,490,713	99,833,027
III.	Interest on balances with Reserve Bank of India and other inter-bank funds	6,933,458	3,878,262
IV.	Others	16,213,322	12,717,115
	Total	**549,857,707**	**457,803,123**

Schedule 14 - Other Income

(₹ in Thousands)

		Year ended 31-03-2019	Year ended 31-03-2018
I.	Commission, exchange and brokerage	88,536,507	77,298,752
II.	Profit/(Loss) on sale of investments (net) [Refer Schedule 18(1.2.1)]	7,581,014	13,251,603
III.	Profit/(Loss) on sale of land, buildings and other assets (net)*	(229,013)	(163,809)
IV.	Profit on exchange/derivative transactions (net)	14,867,360	14,286,958
V.	Income earned by way of dividends etc. from subsidiaries/companies and/or joint venture abroad/in India	1,311,000	2,560,608
VI.	Miscellaneous Income [including recoveries on account of advances/investments written off in earlier years ₹1,867.45 crores (previous year ₹182.92 crores) and net profit on account of portfolio sell downs/securitisation ₹7.96 crores (previous year net loss of ₹0.64 crores)]	19,236,526	2,436,753
	Total	**131,303,394**	**109,670,865**

* includes provision for diminution in value of fixed assets

Schedule 15 - Interest Expended

(₹ in Thousands)

		Year ended 31-03-2019	Year ended 31-03-2018
I.	Interest on deposits	237,075,125	191,735,198
II.	Interest on Reserve Bank of India/Inter-bank borrowings	29,543,171	17,982,554
III.	Others	66,157,674	61,908,066
	Total	**332,775,970**	**271,625,818**

Schedule 16 - Operating Expenses

(₹ in Thousands)

		Year ended 31-03-2019	Year ended 31-03-2018
I.	Payments to and provisions for employees	47,473,218	43,129,556
II.	Rent, taxes and lighting	10,468,677	10,017,106
III.	Printing and stationery	1,951,435	1,646,269
IV.	Advertisement and publicity	1,018,137	1,536,459
V.	Depreciation on bank's property	7,097,249	5,680,974
VI.	Directors' fees, allowance and expenses	27,553	23,344
VII.	Auditors' fees and expenses	14,616	18,697
VIII.	Law charges	1,175,771	986,817
IX.	Postage, telegrams, telephones etc.	2,962,177	3,119,630
X.	Repairs and maintenance	10,549,779	8,291,777
XI.	Insurance	6,003,052	5,535,110
XII.	Other expenditure	69,592,413	59,917,659
	Total	**158,334,077**	**139,903,398**

17 Significant Accounting Policies

For the year ended 31 March, 2019

1 Background

Axis Bank Limited ('the Bank') was incorporated in 1993 and provides a complete suite of corporate and retail banking products. The Bank is primarily governed by the Banking Regulation Act, 1949. The Bank has overseas branches at Singapore, Hong Kong, DIFC - Dubai, Shanghai and Colombo and an Offshore Banking Unit at International Financial Service Centre (IFSC), Gujarat International Finance Tec-City (GIFT City), Gandhinagar, India.

2 Basis of preparation

The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting in accordance with the generally accepted accounting principles in India, unless otherwise stated by Reserve Bank of India ('RBI'), to comply with the statutory requirements prescribed under the Third Schedule of the Banking Regulation Act, 1949, the circulars, notifications and guidelines issued by RBI from time to time and the Accounting Standards notified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 to the extent applicable and practices generally prevalent in the banking industry in India.

3 Use of estimates

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

4 Change in accounting policies/estimates

4.1 Change in estimated useful life of fixed assets

During the year, the Bank has revised the estimated useful life of Electronic Data Capturing machines/Point of Sale terminals from 10 years to 5 years. As a result of the aforesaid revision, the depreciation charge for the year is higher by ₹29.34 crores with a corresponding decrease in the net block of fixed assets.

4.2 Provision on standard advances

With effect from 31 March 2019, in the case of provision on standard advances the Bank adopted a more stringent policy of maintaining provision on corporate standard advances rated 'BB and Below' and all SMA-2 advances as reported to CRILC, at rates that are higher than those prescribed by RBI. As a result, provisions and contingencies for the year are higher by ₹378 crores with a consequent reduction to the profit before tax.

5 Significant accounting policies

5.1 Investments

Classification

In accordance with the RBI guidelines, investments are classified at the time of purchase as:

- Held for Trading ('HFT');
- Available for Sale ('AFS'); and
- Held to Maturity ('HTM')

Investments that are held principally for sale within a short period are classified as HFT securities. As per the RBI guidelines, HFT securities, which remain unsold for a period of 90 days are transferred to AFS securities.

Investments that the Bank intends to hold till maturity are classified under the HTM category. Investments in the equity of subsidiaries/joint ventures are categorised as HTM in accordance with the RBI guidelines.

All other investments are classified as AFS securities.

However, for disclosure in the Balance Sheet, investments in India are classified under six categories - Government Securities, Other approved securities, Shares, Debentures and Bonds, Investment in Subsidiaries/Joint Ventures and Others.

Investments made outside India are classified under three categories – Government Securities, Subsidiaries and/or Joint Ventures abroad and Others.

Transfer of security between categories

Transfer of security between categories of investments is accounted as per the RBI guidelines.

Acquisition cost

Costs including brokerage and commission pertaining to investments, paid at the time of acquisition, are charged to the Profit and Loss Account.

Broken period interest is charged to the Profit and Loss Account.

Cost of investments is computed based on the weighted average cost method.

Valuation

Investments classified under the HTM category: Investments are carried at acquisition cost unless it is more than the face value, in which case the premium is amortised over the period remaining to maturity on a constant yield to maturity basis. In terms of RBI guidelines, discount on securities held under HTM category is not accrued and such securities are held at the acquisition cost till maturity.

Investments classified under the AFS and HFT categories: Investments under these categories are marked to market. The market/fair value of quoted investments included in the 'AFS' and 'HFT' categories is the market price of the scrip as available from the trades/quotes on the stock exchanges or prices declared by Primary Dealers Association of India ('PDAI') jointly with Fixed Income Money Market and Derivatives Association of India ('FIMMDA')/Financial Benchmark India Private Limited ('FBIL'), periodically. Net depreciation, if any, within each category of each investment classification is recognised in the Profit and Loss Account. The net appreciation, if any, under each category of each investment classification is ignored. The depreciation on securities acquired by way of conversion of outstanding loans is provided in accordance with the RBI guidelines. The book value of individual securities is not changed consequent to the periodic valuation of investments.

Non-performing investments are identified and provision is made thereon as per RBI guidelines.

Treasury Bills, Exchange Funded Bills, Commercial Paper and Certificate of Deposits being discounted instruments, are valued at carrying cost.

Units of mutual funds are valued at the latest repurchase price/net asset value declared by the mutual fund.

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

- the market/fair value of unquoted government securities which are in the nature of Statutory Liquidity Ratio ('SLR') securities included in the AFS and HFT categories is computed as per the rates published by FIMMDA/FBIL;

- in case of unquoted bonds, debentures and preference shares where interest/dividend is received regularly (i.e. not overdue beyond 90 days), the market price is derived based on the YTM for Government Securities as published by FIMMDA/PDAI/FBIL and suitably marked up for credit risk applicable to the credit rating of the instrument. The matrix for credit risk mark-up for each category and credit ratings along with residual maturity issued by FIMMDA/FBIL is adopted for this purpose;

- in case of bonds and debentures (including Pass Through Certificates) where interest is not received regularly (i.e. overdue beyond 90 days), the valuation is in accordance with prudential norms for provisioning as prescribed by RBI;

- equity shares, for which current quotations are not available or where the shares are not quoted on the stock exchanges, are valued at break-up value (without considering revaluation reserves, if any) which is ascertained from the company's latest Balance Sheet. In case the latest Balance Sheet is not available, the shares are valued at ₹1 per company;

- units of Venture Capital Funds ('VCF') held under AFS category where current quotations are not available are valued based on the latest audited financials of the fund. In case the audited financials are not available for a period beyond 18 months, the investments are valued at ₹1 per VCF. Investment in unquoted VCF after 23 August, 2006 are categorised under HTM category for the initial period of three years and valued at cost as per RBI guidelines and

- in case of investments in security receipts on or after 1 April, 2017 which are backed by more than 50 percent of the stressed assets sold by the Bank, provision for depreciation in value is made at the higher of - provisioning rate required in terms of net asset value declared by the Reconstruction Company ('RC')/Securitisation Company ('SC') or the provisioning rate as per the extant asset classification and provisioning norms as applicable to the underlying loans, assuming that the loan notionally continued in the books of the bank. All other investments in security receipts are valued as per the NAV obtained from the issuing RC/SCs.

Investments in subsidiaries/joint ventures are categorised as HTM and assessed for impairment to determine permanent diminution, if any, in accordance with the RBI guidelines.

All investments are accounted for on settlement date, except investments in equity shares which are accounted for on trade date.

Disposal of investments

Investments classified under the HTM category: Realised gains are recognised in the Profit and Loss Account and subsequently appropriated to Capital Reserve account (net of taxes and transfer to statutory reserves) in accordance with the RBI guidelines. Losses are recognised in the Profit and Loss Account.

Investments classified under the AFS and HFT categories: Realised gains/losses are recognised in the Profit and Loss Account.

Repurchase and reverse repurchase transactions

Repurchase and reverse repurchase transactions in government securities and corporate debt securities including those conducted under the Liquidity Adjustment Facility ('LAF') and Marginal Standby Facility ('MSF') with RBI are accounted as collateralised borrowing and lending respectively. Borrowing cost on repo transactions is accounted as interest expense and revenue on reverse repo transactions is accounted as interest income.

Short Sales

In accordance with the RBI guidelines, the Bank undertakes short sale transactions in Central Government dated securities. The short positions are reflected in 'Securities Short Sold ('SSS') A/c', specifically created for this purpose. Such short positions are categorised under HFT category and netted off from investments in the Balance Sheet. These positions are marked-to-market along with the other securities under HFT portfolio and the resultant mark-to-market gains/losses are accounted for as per the relevant RBI guidelines for valuation of investments discussed earlier.

5.2 Advances

Advances are classified into performing and non-performing advances ('NPAs') as per the RBI guidelines and are stated net of bills rediscounted, inter-bank participation certificates, specific provisions made towards NPAs, interest in suspense for NPAs, claims received from Export Credit Guarantee Corporation, provisions for funded interest on term loan classified as NPAs, provisions in lieu of diminution in the fair value of restructured assets and floating provisions.

NPAs are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by the RBI. Advances held at the overseas branches that are identified as impaired as per host country regulations for reasons other than record of recovery, but which are standard as per the RBI guidelines, are classified as NPAs to the extent of amount outstanding in the host country. Provisions for NPAs are made for sub-standard and doubtful assets at rates as prescribed by the RBI with the exception for agriculture advances and schematic retail advances. In respect of schematic retail advances, provisions are made in terms of a bucket-wise policy upon reaching specified stages of delinquency (90 days or more of delinquency) under each type of loan, which satisfies the RBI prudential norms on provisioning. Provisions in respect of agriculture advances classified into sub-standard and doubtful assets are made at rates which are higher than those prescribed by the RBI. Provisions for advances booked in overseas branches, which are standard as per the RBI guidelines but are classified as NPAs based on host country guidelines, are made as per the host country regulations. In case of NPAs referred to National Company Law Tribunal (NCLT) under Insolvency and Bankruptcy Code (IBC) where resolution plan or liquidation order has been approved by NCLT, provision is maintained at higher of the requirement under RBI guidelines or the likely haircut as per resolution plan or liquidation order.

Restructured assets are classified and provided for in accordance with the guidelines issued by RBI from time to time.

Loss assets and unsecured portion of doubtful assets are provided/written off as per the extant RBI guidelines.

Amounts recovered against debts written off are recognised in the Profit and Loss account and included under "Other Income".

The Bank holds provision in accordance with the RBI guidelines, on assets where change in ownership under Strategic Debt Restructuring (SDR) scheme/Outside SDR scheme has been implemented before 12 February, 2018 or Scheme for Sustainable Structuring of Stressed Asset (S4A) has been implemented before 12 February, 2018.

In respect of borrowers classified as non-cooperative and willful defaulters, the Bank makes accelerated provisions as per extant RBI guidelines.

Loans reported as fraud are classified as loss assets, and fully provided immediately without considering the value of security.

For entities with Unhedged Foreign Currency Exposure (UFCE), provision is made in accordance with the guidelines issued by RBI, which requires to ascertain the amount of UFCE, estimate the extent of likely loss and estimate the riskiness of unhedged position. This provision is classified under Schedule 5 – Other Liabilities in the Balance Sheet.

The Bank maintains a general provision on standard advances at the rates prescribed by RBI other than for corporate standard advances rated 'BB and Below' and all SMA-2 advances as reported to CRILC, where general provision is maintained at rates that are higher than those prescribed by RBI. In case of overseas branches, general provision on standard advances is maintained at the higher of the levels stipulated by the respective overseas regulator or RBI. The Bank also maintains general provision on positive Mark-to-Market (MTM) on derivatives at the rates prescribed by RBI.

Under its home loan portfolio, the Bank offers housing loans with certain features involving waiver of Equated Monthly Installments ('EMIs') of a specific period subject to fulfilment of a set of conditions by the borrower. The Bank makes provision against the probable loss that could be incurred in future on account of waivers to eligible borrowers in respect of such loans based on actuarial valuation conducted by an independent actuary. This provision is classified under Schedule 5 – Other Liabilities in the Balance Sheet.

5.3 Country risk

In addition to the provisions required to be held according to the asset classification status, provisions are held for individual country exposure (other than for home country as per the RBI guidelines). Such provisions are held only in respect of those countries where the net funded exposure of the Bank exceeds 1% of its total assets. For this purpose, the countries are categorised into seven risk categories namely insignificant, low, moderate, high, very high, restricted and off-credit as per RBI guidelines. Provision is made on exposures exceeding 180 days on a graded scale ranging from 0.25% to 100%. For exposures with contractual maturity of less than 180 days, 25% of the normal provision requirement is held. If the net funded exposure of the Bank in respect of each country does not exceed 1% of the total assets, no provision is maintained on such country exposure in accordance with RBI guidelines. This provision is classified under Schedule 5 – Other Liabilities in the Balance Sheet.

5.4 Securitisation

The Bank enters into purchase/sale of corporate and retail loans through direct assignment/Special Purpose Vehicle ('SPV'). In most cases, post securitisation, the Bank continues to service the loans transferred to the assignee/SPV. The Bank also provides credit enhancement in the form of cash collaterals and/or by subordination of cash flows to Senior Pass through Certificate ('PTC') holders. In respect of credit enhancements provided or recourse obligations (projected delinquencies, future servicing etc.) accepted by the Bank, appropriate provision/disclosure is made at the time of sale in accordance with AS-29, Provisions, Contingent Liabilities and Contingent Assets as notified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016.

In accordance with RBI guidelines of 7 May, 2012, on 'Guidelines on Securitisation of Standard Assets', gain on securitisation transaction is recognised over the period of the underlying securities issued by the SPV. Loss on securitisation is immediately debited to the Profit and Loss Account.

5.5 Foreign currency transactions

In respect of domestic operations, transactions denominated in foreign currencies are accounted for at the rates prevailing on the date of the transaction. Monetary foreign currency assets and liabilities are translated at the Balance Sheet date at rates notified by Foreign Exchange Dealers Association of India ('FEDAI'). All profits/losses resulting from year end revaluations are recognised in the Profit and Loss Account.

Financial statements of foreign branches classified as non-integral foreign operations as per the RBI guidelines are translated as follows:

- Assets and liabilities (both monetary and non-monetary as well as contingent liabilities) are translated at closing exchange rates notified by FEDAI at the Balance Sheet date.

- Income and expenses are translated at the rates prevailing on the date of the transactions.

- All resulting exchange differences are accumulated in a separate 'Foreign Currency Translation Reserve' till the disposal of the net investments. Any realised gains or losses on such disposal are recognised in the Profit and Loss Account.

Outstanding forward exchange contracts including tom/spot contracts (excluding currency swaps undertaken to hedge foreign currency assets/liabilities and funding swaps which are not revalued) are revalued at year end on PV basis by discounting the forward value till spot date and converting the FCY amount using the respective spot rates as notified by FEDAI. The resulting gains or losses on revaluation are included in the Profit and Loss Account in accordance with RBI/FEDAI guidelines.

Premium/discount on currency swaps undertaken to hedge foreign currency assets and liabilities and funding swaps is recognised as interest income/expense and is amortised on a pro-rata basis over the underlying swap period.

Contingent liabilities on account of forward exchange and derivative contracts, guarantees, acceptances, endorsements and other obligations denominated in foreign currencies are disclosed at closing rates of exchange notified by FEDAI.

5.6 Derivative transactions

Derivative transactions comprise of forward contracts, swaps and options which are disclosed as contingent liabilities. The forwards, swaps and options are categorised as trading or hedge transactions. Trading derivative contracts are revalued at the Balance Sheet date with the resulting unrealised gain or loss being recognised in the Profit and Loss Account and correspondingly in other assets (representing positive Mark-to-Market) and in other liabilities (representing negative Mark-to-Market (MTM)) on a gross basis. For hedge transactions, the Bank identifies the hedged item (asset or liability) at the inception of transaction itself. The effectiveness is ascertained at the time of inception of the hedge and periodically thereafter. Hedge swaps are accounted for on accrual basis except in case of swaps designated with an asset or liability that is carried at market value or lower of cost or market value in the financial statements. In such cases, the swaps are marked-to-market with the resulting gain or loss recorded as an adjustment to the market value of designated asset or liability. Pursuant to the RBI guidelines, any receivables under derivative contracts comprising of crystallised receivables as well as positive Mark-to-Market (MTM) in respect of future receivables which remain overdue for more than 90 days are reversed through the Profit and Loss account and are held in separate Suspense Account.

Premium on options is recognized as income/expense on expiry or early termination of the transaction.

Currency futures contracts are marked-to-market using daily settlement price on a trading day, which is the closing price of the respective futures contracts on that day. While the daily settlement price is computed based on the last half an hour weighted average price of such contracts, the final settlement price is taken as the RBI reference rate on the last trading day of the futures contracts or as may be specified by the relevant authority from time to time. All open positions are marked-to-market based on the settlement price and the resultant marked-to-market profit/loss is daily settled with the exchange.

Valuation of Exchange Traded Currency Options (ETCO) is carried out on the basis of the daily settlement price of each individual option provided by the exchange and valuation of Interest Rate Futures (IRF) is carried out on the basis of the daily settlement price of each contract provided by the exchange.

5.7 Revenue recognition

Interest income is recognised on an accrual basis in accordance with AS–9, Revenue Recognition as notified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014, the Companies (Accounting Standards) Amendment Rules, 2016 and the RBI guidelines, except in the case of interest income on non-performing assets and loans under Strategic Debt Restructuring (SDR) scheme and Scheme for Sustainable Structuring of Stressed Asset (S4A) of RBI, where it is recognised on receipt basis if overdue for more than 90 days. Income on non-coupon bearing discounted instruments or low-coupon bearing instruments is recognised over the tenor of the instrument on a constant yield basis.

Guarantee commission is recognized on a pro-rata basis over the period of the guarantee. Locker rent and annual fees for credit cards are recognised on a straight-line basis over the period of contract. Arrangership/syndication fee is accounted for on completion of the agreed service and when right to receive is established. Other fees and commission income are recognised when due.

Interest income on investments in discounted PTCs is recognized on a constant yield basis.

Dividend is accounted on an accrual basis when the right to receive the dividend is established.

Gain/loss on sell down of loans and advances through direct assignment is recognised at the time of sale.

Fees paid/received for Priority Sector Lending Certificates ('PSLC') is amortised on straight-line basis over the tenor of the certificate.

In accordance with RBI guidelines on sale of non-performing advances, if the sale is at a price below the net book value (i.e. book value less provisions held), the shortfall is charged to the Profit and Loss Account. If the sale is for a value higher than the net book value, the excess provision is credited to the Profit and Loss Account in the year the amounts are received.

The Bank deals in bullion business on a consignment basis. The difference between the price recovered from customers and cost of bullion is accounted for at the time of sale to the customers. The Bank also deals in bullion on a borrowing and lending basis and the interest paid/received is accounted on an accrual basis.

5.8 Fixed assets and depreciation/impairment

Fixed assets are carried at cost of acquisition less accumulated depreciation and impairment, if any. Cost includes initial handling and delivery charges, duties, taxes and incidental expenses related to the acquisition and installation of the asset.

Capital work-in-progress includes cost of fixed assets that are not ready for their intended use and also includes advances paid to acquire fixed assets.

Depreciation is provided over the estimated useful life of a fixed asset on the straight-line method from the date of addition. The management believes that depreciation rates currently used, fairly reflect its estimate of the useful lives and residual values of fixed assets based on historical experience of the Bank, though these rates in certain cases are different from lives prescribed under Schedule II of Companies Act, 2013.

Asset	Estimated useful life
Leased Land	As per the term of the agreement
Owned premises	60 years
Locker cabinets/cash safe/strong room door	10 years
EPABX, telephone instruments	8 years
Modem, scanner, routers, hubs, switches, racks/cabinets for IT equipment	5 years
UPS, VSAT, fax machines	5 years
Cheque book/cheque encoder, currency counting machine, fake note detector	5 years
Application software	5 years
Electronic Data Capture (EDC)/ Point of Sale (POS) machines	5 years
Vehicles	4 years
Computer hardware including printers	3 years
CCTV and video conferencing equipment	3 years
Assets at staff residence	3 years
Mobile phone	2 years
All other fixed assets	10 years

Depreciation on assets sold during the year is recognised on a pro-rata basis to the Profit and Loss Account till the date of sale.

Profit on sale of premises is appropriated to Capital Reserve account (net of taxes and transfer to statutory reserve) in accordance with RBI instructions.

The carrying amounts of assets are reviewed at each Balance Sheet date to ascertain if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

5.9 Non-banking assets

Non-banking assets ('NBAs') acquired in satisfaction of claims include land and other immovable property. In the case of land, the Bank creates provision and follows the accounting treatment as per specific RBI directions. Other non-banking assets are carried at lower of net book value and net realizable value.

5.10 Lease transactions

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term are classified as operating lease. Lease payments for assets taken on operating lease are recognised as an expense in the Profit and Loss Account on a straight-line basis over the lease term. Lease income from assets given on operating lease is recognized as income in Profit and Loss account on a straight-line basis over the lease term.

5.11 Retirement and other employee benefits

Provident Fund

Retirement benefit in the form of provident fund is a defined benefit plan wherein the contributions are charged to the Profit and Loss Account of the year when the contributions to the fund are due and when services are rendered by the employees. Further, an actuarial valuation is conducted by an independent actuary using the Projected Unit Credit Method as at 31 March each year to determine the deficiency, if any, in the interest payable on the contributions as compared to the interest liability as per the statutory rate. Actuarial gains/losses are immediately taken to the Profit and Loss Account and are not deferred.

Gratuity

The Bank contributes towards gratuity fund (defined benefit retirement plan) administered by various insurers for eligible employees. Under this scheme, the settlement obligations remain with the Bank, although various insurers administer the scheme and determine the contribution premium required to be paid by the Bank. The plan provides a lump sum payment to vested employees at retirement or termination of employment based on the respective employee's salary and the years of employment with the Bank. Liability with regard to gratuity fund is accrued based on actuarial valuation conducted by an independent actuary using the Projected Unit Credit Method as at 31 March each year. In respect of employees at overseas branches (other than expatriates) liability with regard to gratuity is provided on the basis of a prescribed method as per local laws, wherever applicable. Actuarial gains/losses are immediately taken to the Profit and Loss Account and are not deferred.

Compensated Absences

Compensated absences are short term in nature for which provision is held on accrual basis.

Superannuation

Employees of the Bank are entitled to receive retirement benefits under the Bank's Superannuation scheme either under a cash-out option through salary or under a defined contribution plan. Through the defined contribution plan, the Bank contributes annually a specified sum of 10% of the employee's eligible annual basic salary to LIC, which undertakes to pay the lump sum and annuity benefit payments pursuant to the scheme. Superannuation contributions are recognised in the Profit and Loss Account in the period in which they accrue.

New Pension Scheme ('NPS')

In respect of employees who opt for contribution to the 'NPS', the Bank contributes certain percentage of the total basic salary of employees to the aforesaid scheme, a defined contribution plan, which is managed and administered by pension fund management companies. NPS contributions are recognised in the Profit and Loss Account in the period in which they accrue.

5.12 Reward points

The Bank runs a loyalty program which seeks to recognize and reward customers based on their relationship with the Bank. Under the program, eligible customers are granted loyalty points redeemable in future, subject to certain conditions. In addition, the Bank continues to grant reward points in respect of certain credit cards (not covered under the loyalty program). The Bank estimates the probable redemption of such loyalty/reward points using an actuarial method at the Balance Sheet date by employing an independent actuary. Provision for the said reward points is then made based on the actuarial valuation report as furnished by the said independent actuary.

5.13 Taxation

Income tax expense is the aggregate amount of current tax and deferred tax charge. Current year taxes are determined in accordance with the relevant provisions of Income tax Act, 1961. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off assets against liabilities representing current tax and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws.

Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. The impact of changes in the deferred tax assets and liabilities is recognised in the Profit and Loss Account.

Deferred tax assets are recognised and reassessed at each reporting date, based upon the Management's judgement as to whether realisation is considered as reasonably certain. Deferred tax assets are recognised on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty supported by convincing evidence that such deferred tax asset can be realised against future profits.

5.14 Share issue expenses

Share issue expenses are adjusted from Share Premium Account in terms of Section 52 of the Companies Act, 2013.

5.15 Earnings per share

The Bank reports basic and diluted earnings per share in accordance with AS-20, Earnings per Share, as notified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016. Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding for the year.

Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted earnings per share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding at the year end except where the results are anti-dilutive.

5.16 Employee stock option scheme

The 2001 Employee Stock Option Scheme ('the Scheme') provides for grant of stock options on equity shares of the Bank to employees and Directors of the Bank and its subsidiaries. The Scheme is in accordance with the Securities and Exchange Board of India (SEBI) (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ('the Guidelines'). These Guidelines have been repealed in the month of October, 2014 and were substituted by Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. The Scheme is in compliance with the said regulations. The Bank follows the intrinsic value method to account for its stock based employee compensation plans as per the Guidelines. Options are granted at an exercise price, which is equal to/ less than the fair market price of the underlying equity shares. The excess of such fair market price over the exercise price of the options as at the grant date, if any, is recognised as a deferred compensation cost and amortised on a straight-line basis over the vesting period of such options.

The fair market price is the latest available closing price, prior to the date of grant, on the stock exchange on which the shares of the Bank are listed. If the shares are listed on more than one stock exchange, then the stock exchange where there is highest trading volume on the said date is considered.

5.17 Provisions, contingent liabilities and contingent assets

A provision is recognised when the Bank has a present obligation as a result of past event where it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

A disclosure of contingent liability is made when there is:

- a possible obligation arising from a past event, the existence of which will be confirmed by occurrence or non-occurrence of one or more uncertain future events not within the control of the Bank; or

- a present obligation arising from a past event which is not recognised as it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

5.18 Accounting for dividend

As per AS-4 'Contingencies and Events occurring after the Balance sheet date' as notified by the Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016, dated 30 March, 2016, the Bank does not account for proposed dividend (including tax) as a liability through appropriation from the profit and loss account. The same is recognised in the year of actual payout post approval of shareholders. However, the Bank reckons proposed dividend in determining capital funds in computing the capital adequacy ratio.

5.19 Cash and cash equivalents

Cash and cash equivalents include cash in hand, balances with RBI, balances with other banks and money at call and short notice.

1.1 Statutory disclosures as per RBI

1.1.1 'Provisions and contingencies' recognised in the Profit and Loss Account comprise of:

(₹ in crores)

For the year ended	31 March, 2019	31 March, 2018
Provision for income tax		
- Current tax	3,009.84	1,671.19
- Deferred tax (Refer 1.2.11)	(712.36)	(1,825.30)
	2,297.48	**(154.11)**
Provision for non-performing assets (including bad debts written off and write backs)	10,221.48	16,598.71
Provision for restructured assets/strategic debt restructuring/sustainable structuring	(19.66)	(307.16)
Provision towards standard assets	809.79	(135.00)
Provision for depreciation in value of investments	300.02	(211.01)
Provision for unhedged foreign currency exposure	18.79	(9.30)
Provision for country risk	-	(19.94)
Provision for other contingencies*	700.60	(443.39)
Total	**14,328.50**	**15,318.80**

* includes provision for non-banking assets, legal cases and other contingencies

1.1.2 The capital adequacy ratio of the Bank, calculated as per the RBI guidelines (under Basel III) is set out below:

(₹ in crores)

	31 March, 2019	31 March, 2018
Common Equity Tier I	62,238.37	60,476.35
Tier I	69,238.37	67,476.27
Tier II	18,221.21	18,298.59
Total capital	**87,459.58**	**85,774.86**
Total risk weighted assets and contingents	5,52,048.06	517,630.78
Capital ratios		
Common Equity Tier I	11.27%	11.68%
Tier I	12.54%	13.04%
Tier II	3.30%	3.53%
CRAR	**15.84%**	**16.57%**
Amount of equity capital raised	-	33.07*
Amount of additional Tier I capital raised of which:		
Perpetual Non-Cumulative Preference Shares (PNCPS)	-	-
Perpetual Debt Instruments (PDI) (details given below)	-	3,500.00
Amount of Tier II capital raised of which:		
Debt capital instrument (details given below)	-	5,000.00
Preferential capital instrument	-	-

*excluding securities premium of ₹8,646.70 crores

During the year ended 31 March, 2019, the Bank has not raised debt instruments eligible for Tier-I/Tier-II capital.

During the year ended 31 March, 2018, the Bank raised debt instruments eligible for Tier-I/Tier-II capital, the details of which are set out below:

Instrument	Capital	Date of maturity	Period	Coupon	Amount
Subordinated debt	Tier-II	15 June, 2027	120 months	7.66% p.a.	₹5,000 crores
Perpetual debt	Additional Tier I	-*	-	8.75% p.a.	₹3,500 crores

*Call option on expiry of 60 months from the date of allotment

During the year ended 31 March, 2019, the Bank redeemed debt instruments eligible for Tier-I/Tier-II capital, the details of which are set out below:

Instrument	Capital	Date of maturity	Period	Coupon	Amount
Subordinated debt	Tier II	7 November, 2018	120 months	11.75% p.a.	₹1,500 crores
Subordinated debt	Tier II	28 March, 2019	120 months	9.95%p.a.	₹200 crores

During the year ended 31 March, 2018, the Bank redeemed debt instruments eligible for Tier-I/Tier-II capital, the details of which are set out below:

Instrument	Capital	Date of maturity	Period	Coupon	Amount
Upper Tier-II	Tier II	28 June, 2017*	180 months	7.125% p.a.	$60 million

* represents call date

1.1.3 The key business ratios and other information is set out below:

As at	31 March, 2019	31 March, 2018
	%	%
Interest income as a percentage to working funds#	7.38	7.15
Non-interest income as a percentage to working funds#	1.76	1.71
Operating profit $$ as a percentage to working funds#	2.55	2.43
Return on assets (based on working funds#)	0.63	0.04
Business (deposits less inter-bank deposits plus advances) per employee**	₹16.53 crores	₹14.84 crores
Profit per employee**	₹7.61 lacs	₹0.47 lacs
Net non-performing assets as a percentage of net customer assets *	2.06	3.40

Working funds represent average of total assets as reported to RBI in Form X under Section 27 of the Banking Regulation Act, 1949 during the year

$$ Operating profit represents total income as reduced by interest expended and operating expenses

** Productivity ratios are based on average employee numbers for the year

* Net Customer assets include advances and credit substitutes

1.1.4 The provisioning coverage ratio of the Bank computed in terms of the RBI guidelines as on 31 March, 2019 was 76.78% (previous year 65.05%).

1.1.5 Asset Quality

i) Net non-performing advances to net advances is set out below:

	31 March, 2019	31 March, 2018
	%	%
Net non-performing advances as a percentage of net advances	2.20	3.64

ii) Movement in gross non-performing assets is set out below:

(₹ in crores)

	31 March, 2019		
	Advances	Investments	Total
Gross NPAs as at the beginning of the year	30,876.32	3,372.32	34,248.64
Intra Category Transfer	(2.60)	2.60	-
Additions (fresh NPAs) during the year	13,510.75	360.34	13,871.09
Sub-total (A)	**44,384.47**	**3,735.26**	**48,119.73**
Less:-			
(i) Upgradations	4,982.66	90.94	5,073.60
(ii) Recoveries (excluding recoveries made from upgraded accounts)#	3,977.11	50.13	4,027.24
(iii) Technical/Prudential Write-offs	6,847.63	843.46	7,691.09
(iv) Write-offs other than those under (iii) above#	1,430.62	107.74	1,538.36
Sub-total (B)	**17,238.02**	**1,092.27**	**18,330.29**
Gross NPAs as at the end of the year (A-B)	**27,146.45**	**2,642.99**	**29,789.44**

including sale of NPAs

(₹ in crores)

	31 March, 2018		
	Advances	Investments	Total
Gross NPAs as at the beginning of the year	20,045.66	1,234.82	21,280.48
Intra Category Transfer	(537.85)	537.85	-
Additions (fresh NPAs) during the year@	31,218.46	2,200.54	33,419.00
Sub-total (A)	**50,726.27**	**3,973.21**	**54,699.48**
Less:-			
(i) Upgradations@	4,740.13	169.71	4,909.84
(ii) Recoveries (excluding recoveries made from upgraded accounts)#	3,836.02	17.13	3,853.15
(iii) Technical/Prudential Write-offs	9,773.94	376.21	10,150.15
(iv) Write-offs other than those under (iii) above#	1,499.86	37.84	1,537.70
Sub-total (B)	**19,849.95**	**600.89**	**20,450.84**
Gross NPAs as at the end of the year (A-B)	**30,876.32**	**3,372.32**	**34,248.64**

@ Over the quarters ended 31 December, 2017 and 31 March, 2018, the Bank has changed its practice of reporting additions and upgradations to NPAs considering the days past due status of an account at the end of each day as against at the end of each quarter of a financial year, followed hitherto. Accordingly, the additions/upgradations to NPAs for FY 2017-18 shown above reflect this change prospectively over the respective periods.

including sale of NPAs

iii) Movement in net non-performing assets is set out below:

(₹ in crores)

	31 March, 2019		
	Advances	Investments	Total
Opening balance at the beginning of the year	16,004.42	587.29	16,591.71
Additions during the year	3,958.27	(63.98)	3,894.29
Effect of exchange rate fluctuation	(76.29)	(8.74)	(85.03)
Reductions during the year	(9,120.94)	(142.36)	(9,263.30)
Interest Capitalisation – Restructured NPA Accounts	109.30	28.63	137.93
Closing balance at the end of the year#	**10,874.76**	**400.84**	**11,275.60**

net of balance outstanding in interest capitalisation-restructured NPA accounts amounting to ₹163.05 crores

(₹ in crores)

	31 March, 2018		
	Advances	Investments	Total
Opening balance at the beginning of the year	8,487.20	139.35	8,626.55
Additions during the year	15,539.27	742.22	16,281.49
Effect of exchange rate fluctuation	(5.70)	(1.91)	(7.61)
Reductions during the year	(8,202.20)	(253.75)	(8,455.95)
Interest Capitalisation – Restructured NPA Accounts	185.85	(38.62)	147.23
Closing balance at the end of the year#	**16,004.42**	**587.29**	**16,591.71**

net of balance outstanding in interest capitalisation-restructured NPA accounts amounting to ₹300.98 crores

iv) Movement in provisions for non-performing assets is set out below:

(₹ in crores)

	31 March, 2019		
	Advances	Investments	Total
Opening balance at the beginning of the year	14,744.08	2,611.87	17,355.95
Intra-Category Transfer	(2.60)	2.60	-
Provisions made during the year	9,552.47	424.32	9,976.79
Effect of exchange rate fluctuation	76.29	8.74	85.03
Transfer from restructuring provision	-	-	-
Write-offs/(write back) of excess provision*	(8,117.07)	(949.91)	(9,066.98)
Closing balance at the end of the year	**16,253.17**	**2,097.62**	**18,350.79**

* includes provision utilised for sale of NPAs amounting to ₹469.58 crores

(₹ in crores)

	31 March, 2018		
	Advances	Investments	Total
Opening balance at the beginning of the year	11,244.79	960.93	12,205.72
Intra-Category Transfer	(434.71)	434.71	-
Provisions made during the year	15,543.21	1,561.46	17,104.67
Effect of exchange rate fluctuation	5.70	1.91	7.61
Transfer from restructuring provision	32.84	-	32.84
Write-offs/(write back) of excess provision*	(11,647.75)	(347.14)	(11,994.89)
Closing balance at the end of the year	**14,744.08**	**2,611.87**	**17,355.95**

* includes provision utilised for sale of NPAs amounting to ₹552.14 crores

v) Movement in technical/prudential written off accounts is set out below:

(₹ in crores)

	31 March, 2019	31 March, 2018
Opening balance at the beginning of the year	13,221.26	3,221.08
Add: Technical/Prudential write-offs during the year*	7,691.09	10,150.15
Sub-total (A)	**20,912.35**	**13,371.23**
Less: Recovery made from previously technical/prudential written-off accounts during the year	1,724.46	91.33
Less: Sacrifice made from previously technical/prudential written-off accounts during the year	416.04	58.64
Sub-total (B)	**2,140.50**	**149.97**
Closing balance at the end of the year (A-B)	**18,771.85**	**13,221.26**

* includes effect of exchange fluctuation for foreign currency loans written off in earlier years

vi) Total exposure (funded and non-funded) to top four non-performing assets is given below:

(₹ in crores)

	31 March, 2019	31 March, 2018
Total exposure (funded and non-funded) to top four NPA accounts	**4,513.63**	5,340.06

vii) Sector-wise advances:

(₹ in crores)

Sr. No.	Sector	31 March, 2019			31 March, 2018		
		Outstanding Total Advances	Gross NPAs	% of Gross NPAs to Total Advances in that sector	Outstanding Total Advances	Gross NPAs	% of Gross NPAs to Total Advances in that sector
A	**Priority Sector**						
1	**Agriculture and allied activities**	**27,829.60**	**1,533.92**	**5.51%**	**27,636.39**	**1,086.38**	**3.93%**
2	**Advances to industries sector eligible as priority sector lending**	**26,871.04**	**901.97**	**3.36%**	**23,520.58**	**870.49**	**3.70%**
	- Chemical & Chemical products	*2,539.72*	*54.26*	*2.14%*	*1,942.47*	*45.17*	*2.33%*
	-Basic Metal & Metal Products	*2,585.52*	*28.08*	*1.09%*	*2,076.66*	*56.08*	*2.70%*
	-Infrastructure	*618.69*	*33.49*	*5.41%*	*593.03*	*29.60*	*4.99%*
3	**Services**	**21,122.23**	**707.41**	**3.35%**	**17,192.15**	**583.39**	**3.39%**
	-Banking and Finance other than NBFCs and MFs	*2,082.82*	*14.64*	*0.70%*	*2,042.63*	*82.38*	*4.03%*
	-Non-banking financial companies (NBFCs)	*1,091.99*	*-*	*-*	*1,360.01*	*-*	*-*
	-Commercial Real Estate	*377.24*	*18.82*	*4.99%*	*242.44*	*45.89*	*18.93%*
	-Trade	*12,464.07*	*564.13*	*4.53%*	*10,342.95*	*392.76*	*3.80%*
4	**Personal loans**	**44,740.94**	**376.42**	**0.84%**	**31,643.30**	**530.51**	**1.68%**
	-Housing	*36,873.80*	*271.41*	*0.74%*	*27,742.70*	*305.74*	*1.10%*
	-Vehicle Loans	*4,496.31*	*60.98*	*1.36%*	*3,226.47*	*178.07*	*5.52%*
	Sub-total (A)	**120,563.81**	**3,519.72**	**2.92%**	**99,992.42**	**3,070.77**	**3.07%**

Sr. No.	Sector	31 March, 2019			31 March, 2018		
		Outstanding Total Advances	Gross NPAs	% of Gross NPAs to Total Advances in that sector	Outstanding Total Advances	Gross NPAs	% of Gross NPAs to Total Advances in that sector
B	Non Priority Sector						
1	Agriculture and allied activities	-	-	-	-	-	-
2	**Industry**	**145,127.78**	**18,512.21**	**12.76%**	**132,677.66**	**22,865.46**	**17.23%**
	-Chemical & Chemical products	*18,345.25*	*1,304.13*	*7.11%*	*13,869.33*	*778.97*	*5.62%*
	-Basic Metal & Metal Products	*20,510.98*	*1,095.61*	*5.34%*	*19,340.99*	*3,600.93*	*18.62%*
	-Infrastructure	*44,367.96*	*10,863.83*	*24.49%*	*37,886.52*	*11,211.30*	*29.59%*
3	**Services**	**91,160.11**	**3,912.57**	**4.29%**	**90,635.99**	**3,563.69**	**3.93%**
	-Banking and Finance other than NBFCs and MFs	*27,735.77*	*190.55*	*0.69%*	*31,024.41*	-	-
	-Non-banking financial companies (NBFCs)	*14,374.90*	*5.49*	*0.04%*	*10,875.27*	*5.49*	*0.05%*
	-Commercial Real Estate	*15,925.72*	*1,689.73*	*10.61%*	*16,094.85*	*1,469.12*	*9.13%*
	-Trade	*10,852.94*	*378.75*	*3.49%*	*12,239.86*	*514.92*	*4.07%*
4	**Personal loans**	**154,244.74**	**1,201.95**	**0.78%**	**131,244.78**	**1,376.40**	**1.05%**
	-Housing	*78,327.84*	*753.18*	*0.96%*	*72,748.14*	*912.70*	*1.25%*
	-Vehicle Loans	*19,371.98*	*164.77*	*0.85%*	*15,010.29*	*171.63*	*1.14%*
	Sub-total (B)	**390,532.63**	**23,626.73**	**6.05%**	**354,558.43**	**27,805.55**	**7.84%**
	Total (A+B)	**511,096.44**	**27,146.45**	**5.31%**	**454,550.85**	**30,876.32**	**6.79%**

Classification of advances into sector is based on Sector wise Industry Bank Credit return submitted to RBI

Figures in italics represent sub-sectors where the outstanding advance exceeds 10% of total outstanding advance to that sector.

viii) Divergence in Asset Classification and Provisioning for NPAs

In terms of the RBI circular no. DBR.BP.BC.No.32/21.04.018/2018-19 dated 1 April, 2019, banks are required to disclose the divergences in asset classification and provisioning consequent to RBI's annual supervisory process in their notes to accounts to the financial statements, wherever either or both of the following conditions are satisfied: (a) the additional provisioning for NPAs assessed by RBI exceeds 10 per cent of the reported profit before provisions and contingencies for the reference period and (b) the additional Gross NPAs identified by RBI exceed 15 per cent of the published incremental Gross NPAs for the reference period.

Based on the above, no disclosure on divergence in asset classification and provisioning for NPAs is required with respect to RBI's annual supervisory process for the year ended 31 March, 2018.

1.1.6 Disclosure on exposure to Infrastructure Leasing & Financial Services Limited (ILFS) and its group entities

(₹ in crores)

Sr. No.	Particulars	31 March, 2019
1.	Amount of fund based outstanding*	266.78
2.	Of (1) total fund based outstanding which are NPAs as per IRAC norms and not classified as NPA	14.31
3.	Provisions required to be made as per IRAC norms.	58.70
4.	Provisions actually held	55.12

*Non fund based outstanding is ₹451.51 crores

1.1.7 During the years ended 31 March, 2019 and 31 March, 2018 none of the loans and advances held at overseas branches of the Bank have been classified as NPA by any host banking regulator for reasons other than record of recovery.

1.1.8 Movement in floating provision is set out below:

(₹ in crores)

For the year ended	31 March, 2019	31 March, 2018
Opening balance at the beginning of the year	3.25	3.25
Provisions made during the year	-	-
Draw down made during the year	-	-
Closing balance at the end of the year	**3.25**	**3.25**

1.1.9 Provision on Standard Assets

(₹ in crores)

	31 March, 2019	31 March, 2018
Provision towards Standard Assets [includes ₹38.14 crores (previous year ₹26.57 crores) of standard provision on derivative exposures] [(Refer schedule 17 (4.2)]	3,040.44	2,207.52

1.1.10 Details of Investments are set out below:

i) Value of Investments:

(₹ in crores)

	31 March, 2019	31 March, 2018
1) Gross value of Investments		
a) In India	172,597.47	153,247.04
b) Outside India	5,029.73	3,495.44
2) (i) Provision for Depreciation		
a) In India	(560.31)	(254.54)
b) Outside India	-	-
(ii) Provision for Non-Performing Investments		
a) In India	(1,903.39)	(2,410.68)
b) Outside India	(194.22)	(201.18)
3) Net value of Investments		
a) In India	170,133.77	150,581.82
b) Outside India	4,835.51	3,294.26

ii) Movement of provisions held towards depreciation on investments:

(₹ in crores)

	31 March, 2019	31 March, 2018
Opening balance	254.54	409.86
Add: Provisions made during the year*	326.46	101.60
Less: Write offs/write back of excess provisions during the year	(20.69)	(256.92)
Closing balance	**560.31**	**254.54**

* including transfer from interest capitalization account

iii) Details of category wise investments are set out below:

(₹ in crores)

Particulars	31 March, 2019				31 March, 2018			
	HTM	AFS	HFT	Total	HTM	AFS	HFT	Total
Government Securities	104,003.78	15,286.85	948.75	120,239.38	88,712.15	13,836.13	1,504.70	104,052.98
Other approved Securities	-	-	-	-	-	-	-	-
Shares	-	1,010.84	-	1,010.84	-	1,612.90	-	1,612.90
Debentures and Bonds	-	31,807.51	8,361.32	40,168.83	-	24,531.73	6,330.94	30,862.67
Subsidiary/Joint Ventures	2,286.12	-	-	2,286.12	2,092.71	-	-	2,092.71
Others	3.86	5,689.50	5,570.75	11,264.11	6.65	5,932.38	9,315.79	15,254.82
Total	**106,293.76**	**53,794.70**	**14,880.81**	**174,969.28**	**90,811.51**	**45,913.14**	**17,151.43**	**153,876.08**

1.1.11 A summary of lending to sensitive sectors is set out below:

(₹ in crores)

As at	31 March, 2019	31 March, 2018
A. Exposure to Real Estate Sector		
1) Direct Exposure		
(i) Residential mortgages	123,297.28	102,152.04
- of which housing loans eligible for inclusion in priority sector advances	33,799.67	26,414.52
(ii) Commercial real estate	23,982.81	29,328.94
(iii) Investments in Mortgage Backed Securities (MBS) and other securtised exposures -		
a. Residential	-	-
b. Commercial real estate	75.00	75.00
2) Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	26,232.39	20,522.69
Total Exposure to Real Estate Sector	**173,587.48**	**152,078.67**
B. Exposure to Capital Market		
1. Direct investments in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt*	1,726.94	2,510.46
2. Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds	4.68	4.70
3. Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity-oriented mutual funds are taken as primary security	1,414.36	1,649.84
4. Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity-oriented mutual funds i.e. where primary security other than shares/convertible bonds/convertible debentures/units of equity-oriented mutual funds does not fully cover the advances	2,566.92	3,074.53

As at		31 March, 2019	31 March, 2018
5.	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	5,115.79	5,001.87
6.	Loans sanctioned to corporates against the security of shares/bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	10.83	6.13
7.	Bridge loans to companies against expected equity flows/issues	1.44	6.09
8.	Underwriting commitments taken up in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity-oriented mutual funds	-	-
9.	Financing to stock brokers for margin trading	-	-
10.	All exposures to Venture Capital Funds (both registered and unregistered)	112.45	118.16
	Total exposure to Capital Market (Total of 1 to 10)	**10,953.41**	**12,371.78**

* excludes investment in equity shares on account of conversion of debt into equity as part of restructuring amounting to ₹1,694.02 crores as on 31 March, 2019 (previous year ₹1,838.02 crores) which are exempted from exposure to Capital Market

1.1.12 As on 31 March, 2019, outstanding receivables acquired by the Bank under factoring stood at ₹419.39 crores (previous year ₹218.73 crores) which are reported under 'Bills Purchased and Discounted' in Schedule 9 of the Balance Sheet.

1.1.13 During the years ended 31 March, 2019 and 31 March, 2018 there are no unsecured advances for which intangible securities such as charge over the rights, licenses, authority etc. have been taken as collateral by the Bank.

1.1.14 Details of Non-SLR investment portfolio are set out below:

i) Issuer composition as at 31 March, 2019 of non-SLR investments*:

(₹ in crores)

No.	Issuer	Total Amount	Extent of private placement	Extent of "below investment grade" securities	Extent of "unrated" securities	Extent of "unlisted" securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
i.	Public Sector Units	9,489.66	5,411.68	657.56	0.98	2,038.79
ii.	Financial Institutions	5,400.64	3,883.90	50.30	-	26.87
iii.	Banks	1,716.72	1,151.67	-	-	14.00
iv.	Private Corporates	35,451.71	24,958.00	1,059.05	753.04	11,573.72
v.	Subsidiaries	2,286.12	2,286.12	-	-	2,286.12
vi.	Others	6,459.44	3,468.09	-	-	3,579.64
vii.	Provision held towards depreciation on investments	(560.31)	N.A.	N.A.	N.A.	N.A.
viii	Provision held towards non performing investments	(2,097.61)	N.A.	N.A.	N.A.	N.A.
	Total	**58,146.37**	**41,159.46**	**1,766.91**	**754.02**	**19,519.14**

Amounts reported under columns (4), (5), (6) and (7) above are not mutually exclusive.

Issuer composition as at 31 March, 2018 of non-SLR investments*:

(₹ in crores)

No.	Issuer	Total Amount	Extent of private placement	Extent of "below investment grade" securities	Extent of "unrated" securities	Extent of "unlisted" securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
i.	Public Sector Units	8,287.85	7,290.45	661.26	-	505.19
ii.	Financial Institutions	3,293.83	1,487.28	0.30	-	347.71
iii.	Banks	3,951.95	1,537.42	149.40	-	2,875.18
iv.	Private Corporates	31,999.97	23,027.05	1,147.71	866.50	12,622.29
v.	Subsidiaries	2,092.71	2,092.71	-	-	2,092.71
vi.	Others	5,761.36	3,662.10	-	-	3,757.63
vii.	Provision held towards depreciation on investments	(254.30)	N.A.	N.A.	N.A.	N.A.
viii	Provision held towards non performing investments	(2,611.86)	N.A.	N.A.	N.A.	N.A.
	Total	**52,521.51**	**39,097.01**	**1,958.67**	**866.50**	**22,200.71**

Amounts reported under columns (4), (5), (6) and (7) above are not mutually exclusive.

*excludes investments in non-SLR government securities amounting to ₹42.54 crores (previous year ₹42.54 crores)

ii) Movement in non-performing non SLR investments are set out below:

(₹ in crores)

	31 March, 2019	31 March, 2018
Opening balance	3,372.32	1,234.82
Additions during the year	362.94	2,738.39
Reductions during the year	(1,092.27)	(600.89)
Closing balance	**2,642.99**	**3,372.32**
Total provisions held	**2,097.62**	**2,611.86**

1.1.15 Details of securities sold/purchased (in face value terms) under repos/reverse repos including LAF and MSF transactions:

Year ended 31 March, 2019 (₹ in crores)

	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	As at 31 March, 2019
Securities sold under repos				
i. Government Securities	-	14,687.58	1,219.73	14,687.58
ii. Corporate debt Securities	-	-	-	-
Securities purchased under reverse repos				
i. Government Securities	-	23,514.53	5,109.53	23,514.53
ii. Corporate debt Securities	-	100.00	0.31	-

There have been no defaults in making the same set of securities available at the time of 2nd leg settlement of the Term Reverse Repo during the year ended 31 March, 2019.

Year ended 31 March, 2018 (₹ in crores)

		Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	As at 31 March, 2018
Securities sold under repos					
i.	Government Securities	-	12,683.10	3,578.54	6,488.43
ii.	Corporate debt Securities	-	2,675.00	1,023.42	-
Securities purchased under reverse repos					
i.	Government Securities	-	19,140.39	1,654.70	8,802.12
ii.	Corporate debt Securities	-	50.00	0.27	-

There have been no defaults in making the same set of securities available at the time of 2nd leg settlement of the Term Reverse Repo during the year ended 31 March, 2018.

1.1.16 Details of financial assets sold to Securitisation/Reconstruction companies for Asset Reconstruction:

(₹ in crores)

	31 March, 2019	31 March, 2018
Number of accounts*	5	43^
Aggregate value (net of provisions) of accounts sold	159.29	41.91
Aggregate consideration	236.61	67.48
Additional consideration realised in respect of accounts transferred in earlier years	-	-
Aggregate net gain/(loss) over net book value	**77.32**	**25.57**

*Excludes 3 accounts already written-off (previous year 5 accounts)

^Includes 1 account where debt has been acquired by Reconstruction company as a part of resolution plan under Insolvency and Bankruptcy Code

Excess provision reversed to the profit and loss account of sale of NPAs amounts to ₹85.83 crores (previous year ₹42.86 crores)

(₹ in crores)

	Backed by NPAs sold by the Bank as underlying		Backed by NPAs sold by other banks/financial institutions/non-banking financial companies as underlying		Total	
Particulars	As on 31 March, 2019	As on 31 March, 2018	As on 31 March, 2019	As on 31 March, 2018	As on 31 March, 2019	As on 31 March, 2018
Book value of investments in Security Receipts ('SRs')	2,908.00	2,918.39	2.26	5.58	2,910.26	2,923.97

(₹ in crores)

		As on 31 March, 2019			
	Particulars	SRs issued within past 5 years	SRs issued more than 5 years ago but within past 8 years	SRs issued more than 8 years ago	Total
(i)	Book value of SRs backed by NPAs sold by the bank as underlying	2,664.02	243.98	-	2,908.00
	Provisions held against (i)	-	(220.83)	-	(220.83)
(ii)	Book value of SRs backed by NPAs sold by other banks / financial institutions / non-banking financial companies as underlying	0.22	1.38	0.66	2.26
	Provisions held against (ii)	-	-	(0.66)	(0.66)
Total (i) + (ii), net of provisions		**2,664.24**	**24.53**	**-**	**2,688.77**

(₹ in crores)

	Particulars	As at March 31, 2018 SRs issued within past 5 years	SRs issued more than 5 years ago but within past 8 years	SRs issued more than 8 years ago	Total
(i)	Book value of SRs backed by NPAs sold by the bank as underlying	2,918.06	0.33	-	2,918.39
	Provisions held against (i)	-	-	-	-
(ii)	Book value of SRs backed by NPAs sold by other banks / financial institutions / non-banking financial companies as underlying	4.33	1.25	-	5.58
	Provisions held against (ii)	-	-	-	-
Total (i) + (ii), net of provisions		**2,922.39**	**1.58**	**-**	**2,923.97**

1.1.17 Details of the Non-Performing Financial Assets sold to other banks (excluding securitisation/reconstruction companies):

(₹ in crores)

	31 March, 2019	31 March, 2018
Number of accounts sold	4	2
Aggregate outstanding*	755.39	734.07
Aggregate consideration received	481.52	615.30

*Represents principal outstanding as on date of sale

During the years ended 31 March, 2019 and 31 March, 2018 there were no Non-Performing Financial Assets purchased by the Bank from other banks (excluding securitisation/reconstruction companies).

1.1.18 Details of securitisation transactions undertaken by the Bank are as follows:

(₹ in crores)

Sr. No.	Particulars	31 March, 2019	31 March, 2018
1	No. of SPVs sponsored by the bank for securitisation transactions	-	-
2	Total amount of securitised assets as per books of the SPVs sponsored by the Bank	-	-
3	Total amount of exposures retained by the bank to comply with MRR as on the date of balance sheet		
	a) Off-balance sheet exposures		
	First loss	-	-
	Others	-	-
	b) On-balance sheet exposures		
	First loss	-	-
	Others	-	-
4	Amount of exposures to securitisation transactions other than MRR		
	a) Off-balance sheet exposures		
	i) Exposure to own securitisations		
	First loss	-	-
	Loss	-	-
	ii) Exposure to third party securitisations		
	First loss	-	-

Sr. No.	Particulars			31 March, 2019	31 March, 2018
			Others	-	-
	b)	On-balance sheet exposures			
		i)	Exposure to own securitisations		
			First loss	-	-
			Loss	-	-
		ii)	Exposure to third party securitisations		
			First loss	-	-
			Others	-	-

1.1.19 The information on concentration of deposits is given below:

(₹in crores)

	31 March, 2019	31 March, 2018
Total deposits of twenty largest depositors	64,899.05	51,886.56
Percentage of deposits of twenty largest depositors to total deposits	11.83	11.44

1.1.20 The information on concentration of advances* is given below:

(₹ in crores)

	31 March, 2019	31 March, 2018
Total advances to twenty largest borrowers	62,677.26	66,597.41
Percentage of advances to twenty largest borrowers to total advances of the Bank	8.56	10.27

* Advances represent credit exposure (funded and non-funded) including derivative exposure as defined by RBI

1.1.21 The information on concentration of exposure* is given below:

(₹ in crores)

	31 March, 2019	31 March, 2018
Total exposure to twenty largest borrowers/customers	101,132.87	95,610.35
Percentage of exposures to twenty largest borrowers/customers to total exposure on borrowers/customers	12.35	13.21

*Exposure includes credit exposure (funded and non-funded), derivative exposure, investment exposure (including underwriting and similar commitments) and deposits placed for meeting shortfall in Priority Sector Lending

1.1.22 During the year ended 31 March, 2019, the Bank's credit exposure to single borrower and group borrowers was within the prudential exposure limits prescribed by RBI.

During the year ended 31 March, 2018, the Bank's credit exposure to single borrower was within the prudential exposure limits except in one case, where the single borrower limit was exceeded upto an additional exposure of 5% with the approval of the Committee of Directors. The details of such case are set out below :

Name of the Borrower	Reliance Industries Limited
Period	August, 2017
Orignal exposure ceiling	11,865.78 crores
Limit Sanctioned	15, 821.03 crores
% of excess limit sanctioned over original ceiling	33.33%
Exposure ceiling as on 31 March, 2018	13,165.49 crores
Exposure as on 31 March, 2018	11,245.72 crores

During the year ended 31 March, 2018, the Bank's credit exposure to group borrowers was within the prudential exposure limits prescribed by RBI.

1.1.23 Details of Risk Category wise Country Exposure:

(₹ in crores)

Risk Category	Exposure (Net) as at 31 March, 2019	Provision Held as at 31 March, 2019	Exposure (Net) as at 31 March, 2018	Provision Held as at 31 March, 2018
Insignificant	-	-	-	-
Low	22,233.01	-	25,390.99	-
Moderate	2,948.18	-	3,049.83	-
High	1,038.47	-	4,095.09	-
Very High	2,827.57	-	573.60	-
Restricted	-	-	0.28	-
Off-Credit	-	-	-	-
Total	**29,047.23**	**-**	**33,109.79**	**-**

1.1.24 A maturity pattern of certain items of assets and liabilities at 31 March, 2019 and 31 March, 2018 is set out below:

As at 31 March, 2019 (₹ in crores)

	Deposits	Advances*	Investments	Borrowings	Foreign Currency Assets	Foreign Currency Liabilities
1 day	8,854.09	3,179.52	31,440.58	-	9,025.92	245.77
2 days to 7 days	22,294.97	5,234.97	4,660.62	15,062.95	4,964.20	1,418.32
8 days to 14 days	15,394.97	5,107.99	8,025.69	1,024.36	3,041.63	1,294.73
15 days to 30 days	19,159.42	13,573.13	6,803.41	5,275.12	7,739.23	4,116.12
31 days and upto 2 months	36,696.06	9,656.92	7,569.10	10,457.24	2,218.20	10,542.55
Over 2 months and upto 3 months	35,984.16	14,524.37	7,972.16	11,602.82	3,146.91	11,797.01
Over 3 months and upto 6 months	55,550.20	22,578.92	10,247.36	16,315.61	5,867.26	14,577.87
Over 6 months and upto 1 year	107,987.13	29,784.41	20,195.62	22,525.88	4,102.00	28,803.38
Over 1 year and upto 3 years	37,116.54	94,599.36	23,031.65	29,480.21	8,148.93	14,285.41
Over 3 years and upto 5 years	10,036.96	59,808.46	9,773.49	17,369.91	8,329.96	6,562.59
Over 5 years	199,396.84	236,749.92	45,249.60	23,661.68	41,488.00	4,528.35
Total	**548,471.34**	**494,797.97**	**174,969.28**	**152,775.78**	**98,072.24**	**98,172.10**

As at 31 March, 2018 (₹ in crores)

	Deposits	Advances*	Investments	Borrowings	Foreign Currency Assets	Foreign Currency Liabilities
1 day	9,306.55	2,662.93	33,116.11	-	4,769.53	216.54
2 days to 7 days	23,249.34	7,040.81	2,267.04	8,303.91	5,671.46	2,729.29
8 days to 14 days	8,090.08	3,311.69	5,607.65	1,245.13	1,560.51	1,517.86
15 days to 30 days	12,937.59	12,192.97	4,062.76	2,771.28	7,776.30	2,854.22
31 days and upto 2 months	24,011.63	10,134.53	5,920.81	6,468.16	4,294.17	7,230.06
Over 2 months and upto 3 months	25,695.76	10,919.63	7,538.01	6,795.99	3,285.83	7,922.85
Over 3 months and upto 6 months	35,196.78	18,835.00	7,991.87	19,846.64	6,542.82	17,414.16
Over 6 months and upto 1 year	66,959.06	26,028.57	17,063.60	22,631.53	8,759.21	19,517.46
Over 1 year and upto 3 years	35,569.79	74,775.86	16,784.51	30,112.68	14,199.73	21,008.16
Over 3 years and upto 5 years	16,436.37	58,233.50	9,653.42	23,198.99	11,154.08	9,664.45
Over 5 years	196,169.77	215,514.82	43,870.30	26,641.84	26,061.69	2,755.53
Total	**453,622.72**	**439,650.31**	**153,876.08**	**148,016.15**	**94,075.33**	**92,830.58**

Classification of assets and liabilities under the different maturity buckets is based on the same estimates and assumptions as used by the Bank for compiling the return submitted to the RBI, which has been relied upon by the auditors. Maturity profile of foreign currency assets and liabilities excludes off balance sheet items.

* For the purpose of disclosing the maturity pattern, loans and advances that have been subject to risk participation vide Inter-Bank Participation Certificates ('IBPCs') and Funded Risk Participation ('FRPs') have been classified in the maturity bucket corresponding to the contractual maturities of such underlying loans and advances gross of any risk participation. The IBPC and FRP amounts have been classified in the respective maturities of the corresponding underlying loans.

1.1.25 Disclosure on Restructured Assets

Details of loans subjected to restructuring during the year ended 31 March, 2019 are given below:

(₹ in crores)

Type of Restructuring		Under CDR Mechanism					Under SME Debt Restructuring Mechanism				
Asset Classification		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
Restructured accounts as on April 1 of the FY (Opening Balance)	No. of borrowers	7	-	18	6	31	-	-	-	-	-
	Amount Outstanding – Restructured facility	427.80	-	1370.79	124.65	1,923.24	-	-	-	-	-
	Amount Outstanding – Other facility	279.33	-	350.31	34.10	663.74	-	-	-	-	-
	Provision thereon	11.28	-	28.37	-	39.65	-	-	-	-	-
Movement in balance for accounts appearing under opening balance	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding – Restructured facility	8.72	-	11.69	-	20.41	-	-	-	-	-
	Amount Outstanding – Other facility	-	-	10.50	23.97	34.47	-	-	-	-	-
	Provision thereon	0.64	-	(28.19)	-	(27.55)	-	-	-	-	-
Fresh Restructuring during the year[1,2]	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding – Restructured facility	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding – Other facility	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-
Upgradation to restructured standard category during the FY	No. of borrowers	1	-	(1)	-	-	-	-	-	-	-
	Amount Outstanding – Restructured facility	15.97	-	(15.97)	-	-	-	-	-	-	-
	Amount Outstanding – Other facility	-	-	-	-	-	-	-	-	-	-
	Provision thereon	0.18	-	(0.18)	-	-	-	-	-	-	-

(₹ in crores)

Type of Restructuring		Under CDR Mechanism					Under SME Debt Restructuring Mechanism				
Asset Classification		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
Restructured Standard Advances which cease to attract higher provisioning and/or additional risk weight at the end of FY	No. of borrowers	(4)				(4)					-
	Amount Outstanding – Restructured facility	(178.19)				(178.19)					-
	Amount Outstanding – Other facility	(278.78)				(278.78)					-
	Provision thereon	(6.05)				(6.05)					-
Downgradation of restructured accounts during the FY[3]	No. of borrowers	-	-	(1)	1	-	-	-	-	-	-
	Amount Outstanding – Restructured facility	-	-	(22.74)	22.74	-	-	-	-	-	-
	Amount Outstanding – Other facility	-	-	(5.51)	5.51	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-
Write-offs of restructured accounts during the FY[4,5,6]	No. of borrowers	-	-	(12)	(3)	(15)	-	-	-	-	-
	Amount Outstanding – Restructured facility	(6.67)	-	(875.84)	(49.54)	(932.05)	-	-	-	-	-
	Amount Outstanding – Other facility	-	-	(265.88)	(27.82)	(293.70)	-	-	-	-	-
Restructured accounts as on March 31 of the FY (closing figures)	No. of borrowers	4	-	4	4	12	-	-	-	-	-
	Amount Outstanding – Restructured facility	267.63	-	467.93	97.86	833.42	-	-	-	-	-
	Amount Outstanding – Other facility	0.55	-	89.42	35.76	125.73	-	-	-	-	-
	Provision thereon	6.06	-	-	-	6.06	-	-	-	-	-

(₹ in crores)

Type of Restructuring		Others					Total				
Asset Classification		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
Restructured accounts as on April 1 of the FY (Opening Balance)	No. of borrowers	516	18	191	87	812	523	18	209	93	843
	Amount Outstanding – Restructured facility	757.33	4.55	3,902.96	151.90	4,816.74	1,185.13	4.55	5,273.75	276.55	6,739.98
	Amount Outstanding – Other facility	268.82	0.33	1,390.05	3.75	1,662.95	548.15	0.33	1,740.36	37.85	2,326.69
	Provision thereon	7.35	-	36.97	-	44.32	18.63	-	65.34	-	83.97

(₹ in crores)

Type of Restructuring		Others					Total				
Asset Classification		**Standard**	**Sub-Standard**	**Doubtful**	**Loss**	**Total**	**Standard**	**Sub-Standard**	**Doubtful**	**Loss**	**Total**
Movement in balance for accounts appearing under opening balance	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding – Restructured facility	0.85	-	67.59	(1.23)	67.21	9.57	-	79.28	(1.23)	87.62
	Amount Outstanding – Other facility	(0.17)	-	5.74	-	5.57	(0.17)	-	16.24	23.97	40.04
	Provision thereon	(2.31)	-	(26.69)	-	(29.00)	(1.67)	-	(54.88)	-	(56.55)
Fresh Restructuring during the year[1,2]	No. of borrowers	457	1	5	-	463	457	1	5	-	463
	Amount Outstanding – Restructured facility	289.27	0.01	0.20	-	289.48	289.27	0.01	0.20	-	289.48
	Amount Outstanding – Other facility	18.84	0.01	0.01	-	18.86	18.84	0.01	0.01	-	18.86
	Provision thereon	-	-	-	-	-	-	-	-	-	-
Upgradation to restructured standard category during the FY	No. of borrowers	32	(22)	(10)	-	-	33	(22)	(11)	-	-
	Amount Outstanding – Restructured facility	338.52	(5.16)	(333.36)	-	-	354.49	(5.16)	(349.33)	-	-
	Amount Outstanding – Other facility	0.25	(0.09)	(0.16)	-	-	0.25	(0.09)	(0.16)	-	-
	Provision thereon	8.19	-	(8.19)	-	-	8.37	-	(8.37)	-	-
Restructured Standard Advances which cease to attract higher provisioning and/or additional risk weight at the end of FY	No. of borrowers	(90)				(90)	(94)				(94)
	Amount Outstanding – Restructured facility	(537.26)				(537.26)	(715.45)				(715.45)
	Amount Outstanding – Other facility	(235.70)				(235.70)	(514.48)				(514.48)
	Provision thereon	(2.70)				(2.70)	(8.75)				(8.75)
Downgradation of restructured accounts during the FY[3]	No. of borrowers	(163)	107	50	6	-	(163)	107	49	7	-
	Amount Outstanding – Restructured facility	(154.37)	17.59	(23.92)	160.70	-	(154.37)	17.59	(46.66)	183.44	-
	Amount Outstanding – Other facility	(32.46)	(0.04)	(52.52)	85.02	-	(32.46)	(0.04)	(58.03)	90.53	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-

(₹ in crores)

Type of Restructuring		Others					Total				
Asset Classification		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
Write-offs of restructured accounts during the FY[4,5,6]	No. of borrowers	(7)	(1)	(203)	(88)	(299)	(7)	(1)	(215)	(91)	(314)
	Amount Outstanding – Restructured facility	(4.24)	(0.20)	(328.83)	(151.67)	(484.94)	(10.91)	(0.20)	(1,204.67)	(201.21)	(1,416.99)
	Amount Outstanding – Other facility	(0.11)	(0.07)	(32.52)	(3.75)	(36.45)	(0.11)	(0.07)	(298.40)	(31.57)	(330.15)
Restructured accounts as on March 31 of the FY (closing figures)	No. of borrowers	745	103	33	5	886	749	103	37	9	898
	Amount Outstanding – Restructured facility	690.09	16.79	3,284.63	159.69	4,151.20	957.72	16.79	3,752.56	257.55	4,984.62
	Amount Outstanding – Other facility	19.47	0.14	1,310.61	85.02	1,415.24	20.02	0.14	1,400.02	120.78	1,540.96
	Provision thereon	10.54	-	2.08	-	12.62	16.60	-	2.08	-	18.67

Amount outstanding under restructuring facilities and other facilities is as on 31 March, 2019:

1. Amount reported here represents outstanding as on 31 March, 2019. Actual amount subjected to restructuring determined as on the date of approval of restructuring proposal is ₹285.58 crores for the FY 2018-19
2. Includes ₹12.56 crores of fresh/additional sanction to existing restructured accounts (entirely under restructured facility)
3. Includes accounts which were not attracting higher provisioning and/or additional risk weight at the beginning of FY
4. Includes accounts partially written-off during the year
5. Amount outstanding under restructuring facilities and other facilities is as on the date of write-off in the books
6. Includes ₹212.80 crores of reduction from existing restructured accounts by way of sale/recovery (₹151.00 crores from restructured facility and ₹61.80 crores from other facility)
7. The cumulative value of net restructured advances after reducing the provision held for diminution in fair value and balance in interest capitalization account upto 31 March, 2019 aggregated ₹886.54 crores
8. Information appearing under substandard, doubtful and loss category also include accounts slipped into NPAs from restructured standard advances along with restructured NPAs

Details of loans subjected to restructuring during the year ended 31 March, 2018 are given below:

(₹ in crores)

Type of Restructuring		Under CDR Mechanism					Under SME Debt Restructuring Mechanism				
Asset Classification		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
Restructured accounts as on April 1 of the FY (Opening Balance)	No. of borrowers	15	-	16	9	40	-	-	-	-	-
	Amount Outstanding – Restructured facility	1,099.10	-	1,546.18	418.83	3,064.11	-	-	-	-	-
	Amount Outstanding – Other facility	441.95	-	358.33	328.55	1,128.83	-	-	-	-	-
	Provision thereon	36.67	-	48.89	-	85.56	-	-	-	-	-

(₹ in crores)

Type of Restructuring		Under CDR Mechanism					Under SME Debt Restructuring Mechanism				
Asset Classification		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
Movement in balance for accounts appearing under opening balance	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding – Restructured facility	11.69	-	(108.80)	0.77	(96.34)	-	-	-	-	-
	Amount Outstanding – Other facility	(67.22)	-	13.72	-	(53.50)	-	-	-	-	-
	Provision thereon	(15.79)	-	(30.09)	-	(45.88)	-	-	-	-	-
Fresh Restructuring during the year[1,2]	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding – Restructured facility	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding – Other facility	49.99	-	-	-	49.99	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-
Upgradation to restructured standard category during the FY	No. of borrowers	1	-	(1)	-	-	-	-	-	-	-
	Amount Outstanding – Restructured facility	35.65	-	(35.65)	-	-	-	-	-	-	-
	Amount Outstanding – Other facility	31.13	-	(31.13)	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-
Restructured Standard Advances which cease to attract higher provisioning and/or additional risk weight at the end of FY	No. of borrowers	(2)				(2)					-
	Amount Outstanding – Restructured facility	(22.41)				(22.41)					-
	Amount Outstanding – Other facility	-				-					-
	Provision thereon	(0.03)				(0.03)					-
Downgradation of restructured accounts during the FY[3]	No. of borrowers	(7)	-	8	1	2	-	-	-	-	-
	Amount Outstanding – Restructured facility	(621.74)	-	785.22	(137.78)	25.70	-	-	-	-	-
	Amount Outstanding – Other facility	(162.27)	-	165.82	3.42	6.97	-	-	-	-	-
	Provision thereon	(9.57)	-	9.57	-	-	-	-	-	-	-

(₹ in crores)

Type of Restructuring		Under CDR Mechanism					Under SME Debt Restructuring Mechanism				
Asset Classification		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
Write-offs of restructured accounts during the FY[4,5,6]	No. of borrowers	-	-	(5)	(4)	(9)	-	-	-	-	-
	Amount Outstanding – Restructured facility	(74.49)	-	(816.16)	(157.17)	(1,047.82)	-	-	-	-	-
	Amount Outstanding – Other facility	(14.25)	-	(156.43)	(297.87)	(468.55)	-	-	-	-	-
Restructured accounts as on March 31 of the FY (closing figures)	No. of borrowers	7	-	18	6	31	-	-	-	-	-
	Amount Outstanding – Restructured facility	427.80	-	1,370.79	124.65	1,923.24	-	-	-	-	-
	Amount Outstanding – Other facility	279.33	-	350.31	34.10	663.74	-	-	-	-	-
	Provision thereon	11.28	-	28.37	-	39.65	-	-	-	-	-

(₹ in crores)

Type of Restructuring		Others					Total				
Asset Classification		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
Restructured accounts as on April 1 of the FY (Opening Balance)	No. of borrowers	350	3	373	91	817	365	3	389	100	857
	Amount Outstanding – Restructured facility	4,522.92	417.74	728.67	693.13	6,362.46	5,622.02	417.74	2,274.85	1,111.96	9,426.57
	Amount Outstanding – Other facility	1,259.47	0.04	155.56	302.82	1,717.89	1,701.42	0.04	513.89	631.37	2,846.72
	Provision thereon	39.14	22.03	10.80	-	71.97	75.81	22.03	59.69	-	157.53
Movement in balance for accounts appearing under opening balance	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding – Restructured facility	(230.72)	5.28	(17.76)	(0.57)	(243.77)	(219.03)	5.28	(126.56)	0.20	(340.11)
	Amount Outstanding – Other facility	357.60	-	(4.56)	(7.38)	345.66	290.38	-	9.16	(7.38)	292.16
	Provision thereon	(6.22)	(12.66)	(6.48)	-	(25.36)	(22.01)	(12.66)	(36.57)	-	(71.24)
Fresh Restructuring during the year[1,2]	No. of borrowers	401	15	-	-	416	401	15	-	-	416
	Amount Outstanding – Restructured facility	328.36	40.58	-	-	368.94	328.36	40.58	-	-	368.94
	Amount Outstanding – Other facility	19.69	-	-	-	19.69	69.68	-	-	-	69.68
	Provision thereon	-	-	-	-	-	-	-	-	-	-
Upgradation to restructured standard category during the FY	No. of borrowers	1	-	(1)	-	-	2	-	(2)	-	-
	Amount Outstanding – Restructured facility	206.74	-	(206.74)	-	-	242.39	-	(242.39)	-	-
	Amount Outstanding – Other facility	14.44	-	(14.44)	-	-	45.57	-	(45.57)	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-

(₹ in crores)

Type of Restructuring		Others					Total				
Asset Classification		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
Restructured Standard Advances which cease to attract higher provisioning and/or additional risk weight at the end of FY	No. of borrowers	(23)				(23)	(25)				(25)
	Amount Outstanding – Restructured facility	(187.01)				(187.01)	(209.42)				(209.42)
	Amount Outstanding – Other facility	(34.90)				(34.90)	(34.90)				(34.90)
	Provision thereon	(2.29)				(2.29)	(2.32)				(2.32)
Downgradation of restructured accounts during the FY[3]	No. of borrowers	(167)	1	188	63	85	(174)	1	196	64	87
	Amount Outstanding – Restructured facility	(3,770.90)	(418.21)	3,891.70	335.05	37.64	(4,392.64)	(418.21)	4,676.92	197.27	63.34
	Amount Outstanding – Other facility	(1,327.62)	0.29	1,325.39	2.25	0.31	(1,489.89)	0.29	1,491.21	5.67	7.28
	Provision thereon	(23.28)	(9.37)	32.65	-	-	(32.85)	(9.37)	42.22	-	-
Write-offs of restructured accounts during the FY[4,5,6]	No. of borrowers	(46)	(1)	(369)	(67)	(483)	(46)	(1)	(374)	(71)	(492)
	Amount Outstanding – Restructured facility	(112.06)	(40.84)	(492.91)	(875.71)	(1,521.52)	(186.55)	(40.84)	(1,309.07)	(1,032.88)	(2,569.34)
	Amount Outstanding – Other facility	(19.86)	-	(71.90)	(293.94)	(385.70)	(34.11)	-	(228.33)	(591.81)	(854.25)
Restructured accounts as on March 31 of the FY (closing figures)	No. of borrowers	516	18	191	87	812	523	18	209	93	843
	Amount Outstanding – Restructured facility	757.33	4.55	3,902.96	151.90	4,816.74	1,185.13	4.55	5,273.75	276.55	6,739.98
	Amount Outstanding – Other facility	268.82	0.33	1,390.05	3.75	1,662.95	548.15	0.33	1,740.36	37.85	2,326.69
	Provision thereon	7.35	-	36.97	-	44.32	18.63	-	65.34	-	83.97

Amount outstanding under restructuring facilities and other facilities is as on 31 March, 2018:

1. Amount reported here represents outstanding as on 31 March, 2018. Actual amount subjected to restructuring determined as on the date of approval of restructuring proposal is ₹366.76 crores for the FY 2017-18
2. Includes ₹51.07 crores of fresh/additional sanction to existing restructured accounts (₹0.02 crores under restructured facility and ₹51.05 crores under other facility)
3. Includes accounts which were not attracting higher provisioning and/or additional risk weight at the beginning of FY
4. Includes accounts partially written-off during the year
5. Amount outstanding under restructuring facilities and other facilities is as on the date of write-off in the books
6. Includes ₹363.46 crores of reduction from existing restructured accounts by way of sale/recovery (₹299.57 crores from restructured facility and ₹63.89 crores from other facility)
7. The cumulative value of net restructured advances after reducing the provision held for diminution in fair value and balance in interest capitalization account upto 31 March, 2018 aggregated ₹1,087.10 crores
8. Information appearing under sub-standard, doubtful and loss category also include accounts slipped into NPAs from restructured standard advances along with restructured NPAs

1.1.26 Disclosure on Flexible Structuring of existing loans

(₹ in crores)

Particulars	Year ended 31 March, 2019	Year ended 31 March, 2018
No. of borrowers taken up for flexible structuring	-	3
Amount of loans taken up for flexible structuring#		
- Classified as Standard*	-	682.18
- Classified as NPA*	-	290.36
Exposure weighted average duration of loans taken up for flexible structuring (years)		
- Before applying flexible structuring	-	9.43
- After applying flexible structuring	-	19.25

represents outstanding as on date of sanction of the proposal

* asset classification represents position as on 31 March of the respective year

1.1.27 Disclosure on Scheme for Sustainable Structuring of Stressed Assets (S4A)

(₹ in crores)

Particulars	As at 31 March, 2019	As at 31 March, 2018
No. of accounts where S4A has been applied	5	5
Aggregate amount outstanding*		
- Classified as Standard	365.17	486.24
- Classified as NPA	648.94	647.52
Amount outstanding in Part A		
- Classified as Standard	187.23	281.48
- Classified as NPA	397.07	409.21
Amount outstanding in Part B		
- Classified as Standard	177.94	204.76
- Classified as NPA	251.87	238.31
Provision Held		
- Classified as Standard	93.85	107.46
- Classified as NPA	620.57	567.79

*represents total of Part A and Part B

1.1.28 Disclosure in respect of Interest Rate Swaps ('IRS'), Forward Rate Agreement ('FRA') and Cross Currency Swaps ('CCS') outstanding is set out below:

An 'IRS' is a financial contract between two parties exchanging or swapping a stream of interest payments for a 'notional principal' amount on multiple occasions during a specified period. The Bank deals in interest rate benchmarks like Mumbai Inter-Bank Offered Rate (MIBOR), Indian Government Securities Benchmark Rate (INBMK), Mumbai Inter-Bank Forward Offer Rate (MIFOR) and LIBOR of various currencies.

A 'FRA' is a financial contract between two parties to exchange interest payments for 'notional principal' amount on settlement date, for a specified period from start date to maturity date. Accordingly, on the settlement date cash payments based on contract rate and the settlement rate, which is the agreed bench-mark/reference rate prevailing on the settlement date, are made by the parties to one another. The benchmark used in the FRA contracts of the Bank is London Inter-Bank Offered Rate (LIBOR) of various currencies.

A ‘CCS’ is a financial contract between two parties exchanging interest payments and principal, wherein interest payments and principal in one currency would be exchanged for an equally valued interest payments and principal in another currency.

(₹ in crores)

Sr. No.	Items	As at 31 March, 2019	As at 31 March, 2018
i)	Notional principal of swap agreements	236,685.35	196,069.45
ii)	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	4,223.33	2,872.20
iii)	Collateral required by the Bank upon entering into swaps	523.97	826.23
iv)	Concentration of credit risk arising from the swaps		
	Maximum single industry exposure with Banks (previous year with Banks)		
	- Interest Rate Swaps/FRAs	2,201.10	2,695.48
	- Cross Currency Swaps	3,112.72	2,947.91
v)	Fair value of the swap book (hedging & trading)		
	- Interest Rate Swaps/FRAs	(794.06)	(804.12)
	- Currency Swaps	1,475.34	1,228.65

The nature and terms of the IRS as on 31 March, 2019 are set out below:

(₹ in crores)

Nature	Nos.	Notional Principal	Benchmark	Terms
Hedging	33	12,413.32	LIBOR	Fixed Receivable v/s Floating Payable
Hedging	2	1,901.76	LIBOR	Floating Receivable v/s Fixed Payable
Trading	3	175.00	INBMK	Fixed Receivable v/s Floating Payable
Trading	250	36,486.34	LIBOR	Fixed Receivable v/s Floating Payable
Trading	564	34,822.66	MIBOR	Fixed Receivable v/s Floating Payable
Trading	380	20,724.00	MIFOR	Fixed Receivable v/s Floating Payable
Trading	18	1,559.00	INBMK	Floating Receivable v/s Fixed Payable
Trading	285	43,149.73	LIBOR	Floating Receivable v/s Fixed Payable
Trading	597	30,858.54	MIBOR	Floating Receivable v/s Fixed Payable
Trading	183	9,945.00	MIFOR	Floating Receivable v/s Fixed Payable
Trading	16	3,679.05	LIBOR	Floating Receivable v/s Floating Payable
Trading	4	106.33	LIBOR	Pay Cap
Trading	4	111.51	LIBOR	Receive Cap
	2,339	**195,932.24**		

The nature and terms of the IRS as on 31 March, 2018 are set out below:

(₹ in crores)

Nature	Nos.	Notional Principal	Benchmark	Terms
Hedging	33	11,698.91	LIBOR	Fixed Receivable v/s Floating Payable
Trading	4	275.00	INBMK	Fixed Receivable v/s Floating Payable
Trading	250	36,726.98	LIBOR	Fixed Receivable v/s Floating Payable
Trading	319	22,201.66	MIBOR	Fixed Receivable v/s Floating Payable
Trading	350	17,107.00	MIFOR	Fixed Receivable v/s Floating Payable
Trading	21	1,659.00	INBMK	Floating Receivable v/s Fixed Payable
Trading	294	41,559.60	LIBOR	Floating Receivable v/s Fixed Payable
Trading	353	17,553.49	MIBOR	Floating Receivable v/s Fixed Payable
Trading	181	9,741.00	MIFOR	Floating Receivable v/s Fixed Payable
Trading	28	5,116.24	LIBOR	Floating Receivable v/s Floating Payable
Trading	5	229.07	LIBOR	Pay Cap
Trading	5	229.07	LIBOR	Receive Cap
	1,843	**164,097.02**		

The nature and terms of the FRA as on 31 March, 2019 are set out below:

(₹ in crores)

Nature	Nos.	Notional Principal	Benchmark	Terms
-	-	-	-	-
	-	-		

The nature and terms of the FRA as on 31 March, 2018 are set out below:

(₹ in crores)

Nature	Nos.	Notional Principal	Benchmark	Terms
Hedging	1	325.88	LIBOR	Floating Receivable v/s Fixed Payable
	1	**325.88**		

The nature and terms of the CCS as on 31 March, 2019 are set out below:

(₹ in crores)

Nature	Nos.	Notional Principal	Benchmark	Terms
Trading	93	7,416.32	Principal & Coupon Swap	Fixed Payable v/s Fixed Receivable
Trading	74	7,294.53	LIBOR	Fixed Receivable v/s Floating Payable
Trading	70	11,333.58	LIBOR	Floating Receivable v/s Fixed Payable
Trading	13	6,694.33	LIBOR/MIFOR/ MIBOR	Floating Receivable v/s Floating Payable
Trading	48	4,932.27	Principal Only	Fixed Receivable
Trading	32	3,082.09	Principal Only	Fixed Payable
	330	**40,753.12**		

The nature and terms of the CCS as on 31 March, 2018 are set out below:

(₹ in crores)

Nature	Nos.	Notional Principal	Benchmark	Terms
Trading	84	9,787.05	Principal & Coupon Swap	Fixed Payable v/s Fixed Receivable
Trading	70	6,047.29	LIBOR	Fixed Receivable v/s Floating Payable
Trading	65	7,061.51	LIBOR	Floating Receivable v/s Fixed Payable
Trading	6	2,445.14	LIBOR/MIFOR/ MIBOR	Floating Receivable v/s Floating Payable
Trading	37	3,613.89	Principal Only	Fixed Receivable
Trading	20	2,691.67	Principal Only	Fixed Payable
	282	**31,646.55**		

Details of Exchange Traded Interest Rate Derivatives for the year ended 31 March, 2019 are set out below:

(₹ in crores)

Sr. No.	Particulars	As at 31 March, 2019
i)	**Notional principal amount of exchange traded interest rate derivatives undertaken during the year**	
	717GS2028 – 7.17% GOI 2028	77.28
	FVM8 - 5 years US Note – June 2018	69.15
	TYM8 – 10 years US Note – June 2018	345.77
	FVU8 – 5 years US Note – September 2018	459.19
	TYU8 – 10 years US Note – September 2018	1,136.91
	TYZ8 – 10 years US Note – December 2018	1,569.82
	FVZ8 – 5 years US Note – December 2018	1,064.99
	EDZ8 – 90 Days Euro Futures – December 2018	5,532.40
	EDM9 – 90 Days Euro Futures – June 2019	2,863.02
	TUZ8 – 2 years US Note – December 2018	276.62
	EDZ9 – 90 Days Euro Futures – December 2019	9,681.70
	TYH9 – 10 years US Note – March 2019	3,380.30
	FVH9 – 5 Years US Note – March 2019	7,898.88
	TUH9 – 2 Years US Note – March 2019	926.68
	TUM9 – 2 Years US Note – June 2019	110.65
	FVM9 – 5 Years US Note – June 2019	2,636.19
	TYM9 – 10 Years US Note – June 2019	207.46
	EDZ0 – 90 Days Euro Futures – December 2020	2,766.20
		41,003.21
ii)	**Notional principal amount of exchange traded interest rate derivatives outstanding as on 31 March, 2019**	
	FVM9 – 5 Years US Note – June 2019	818.79
	TUM9 – 2 Years US Note – June 2019	82.99
		901.78
iii)	**Notional principal amount of exchange traded interest rate derivatives outstanding as on 31 March, 2019 and "not highly effective"**	N.A.
iv)	**Mark-to-market value of exchange traded interest rate derivatives outstanding as on 31 March, 2019 and "not highly effective"**	N.A.

Details of Exchange Traded Interest Rate Derivatives for the year ended 31 March, 2018 are set out below:

(₹ in crores)

Sr. No.	Particulars	As at 31 March, 2018
i)	**Notional principal amount of exchange traded interest rate derivatives undertaken during the year**	
	679GS2027 - 6.79% GOI 2027	1,269.52
	697GS2026 - 6.97% GOI 2026	356.60
	759GS2026 - 7.59% GOI 2026	29.72
	EDM7 - 90 Days Euro Future - June 2017	1,629.38
	EDM8 - 90 Days Euro Future - June 2018	1,629.38
	EDU7 - 90 Days Euro Future - September 2017	3,258.75
	EDU8 - 90 Days Euro Future - September 2018	3,258.75
	FFF8 - 30 Days FED Funds - January 2018	3,258.75
	TUM7 - 2 Years Treasury Note - June 2017	130.35
	TUU7 - 2 Years Treasury Note - September 2017	260.70
	TYM7 - 10 Years US Note - June 2017	162.93
	TYU7 - 10 Years US Note - September 2017	239.84
	FVZ7 - 5 Years US Note - December 2017	130.35
	FVH8 - 5 Years US Note - March 2018	130.35
	TYH8 - 10 Years US Note - March 2018	82.12
	TUH8 - 2 Years US Note - March 2018	260.70
	FVM8 - 5 Years US Note - June 2018	130.35
		16,218.54
ii)	**Notional principal amount of exchange traded interest rate derivatives outstanding as on 31 March, 2018**	Nil
iii)	**Notional principal amount of exchange traded interest rate derivatives outstanding as on 31 March, 2018 and "not highly effective"**	N.A.
iv)	**Mark-to-market value of exchange traded interest rate derivatives outstanding as on 31 March, 2018 and "not highly effective"**	N.A.

The Bank has not undertaken any transactions in Credit Default Swaps (CDS) during the year ended 31 March, 2019 and 31 March, 2018.

1.1.29 Disclosure on risk exposure in Derivatives

Qualitative disclosures:

(a) Structure and organisation for management of risk in derivatives trading, the scope and nature of risk measurement, risk reporting and risk monitoring systems, policies for hedging and/or mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges/mitigants:

Derivatives are financial instruments whose characteristics are derived from an underlying asset, or from interest and exchange rates or indices. The Bank undertakes over the counter and Exchange Traded derivative transactions for Balance Sheet management and also for proprietary trading/market making whereby the Bank offers derivative products to the customers to enable them to hedge their interest rate and currency risks within the prevalent regulatory guidelines.

Proprietary trading includes Interest Rate Futures, Currency Futures and Rupee Interest Rate Swaps under different benchmarks (viz. MIBOR, MIFOR and INBMK), and Currency Options. The Bank also undertakes transactions in Cross Currency Swaps, Principal Only Swaps, Coupon Only Swaps and Long Term Forex

Contracts (LTFX) for hedging its Balance Sheet and also offers them to its customers. These transactions expose the Bank to various risks, primarily credit, market, legal, reputation and operational risk. The Bank has adopted the following mechanism for managing risks arising out of the derivative transactions.

There is a functional separation between the Treasury Front Office, Treasury Mid Office and Treasury Back Office to undertake derivative transactions. The customer and interbank related derivative transaction are originated by Derivative sales and Treasury Front Office team respectively which ensures compliance with the trade origination requirements as per the bank's policy and the RBI guidelines. The Market Risk Group within the Bank's Risk Department independently identifies measures and monitors the market risks associated with derivative transactions and apprises the Asset Liability Management Committee (ALCO) and the Risk Management Committee of the Board (RMC) on the compliance with the risk limits. The Treasury Back Office undertakes activities such as trade confirmation, settlement, ISDA documentation, accounting, valuation and other MIS reporting.

The derivative transactions are governed by the derivative policy, market risk management policy, hedging policy and the Asset Liability Management (ALM) policy of the Bank as well as by the extant RBI guidelines. As a part of the derivative policy, the Bank has implemented policy on customer suitability & appropriateness to ensure that derivative transactions entered into are appropriate and suitable to the customer. The Bank has put in place a detailed process flow on documentation for customer derivative transactions for effective management of operational risk/reputation risk.

Various risk limits are set up and actual exposures are monitored vis-à-vis the limits allocated. These limits are set up taking into account market volatility, risk appetite, business strategy and management experience. Risk limits are in place for risk parameters viz. PV01, VaR, Stop Loss, Delta, Gamma and Vega. Actual positions are monitored against these limits on a daily basis and breaches, if any, are dealt with in accordance with board approved Risk Appetite Statement. Risk assessment of the portfolio is undertaken periodically. The Bank ensures that the Gross PV01 (Price value of a basis point) position arising out of all non-option rupee derivative contracts are within 0.25% of net worth of the Bank as on Balance Sheet date.

Hedging transactions are undertaken by the Bank to protect the variability in the fair value or the cash flow of the underlying Balance Sheet item. These deals are accounted on an accrual basis except the swap designated with an asset/liability that is carried at market value or lower of cost or market value. In that case, the swap is marked to market with the resulting gain or loss recorded as an adjustment to the market value of designated asset or liability. These transactions are tested for hedge effectiveness and in case any transaction fails the test, the same is re-designated as a trading deal and appropriate accounting treatment is followed.

(b) Accounting policy for recording hedge and non-hedge transactions, recognition of income, premiums and discounts, valuation of outstanding contracts:

The Hedging Policy of the Bank governs the use of derivatives for hedging purpose. Subject to the prevailing RBI guidelines, the Bank deals in derivatives for hedging fixed rate and floating rate coupon or foreign currency assets/liabilities. Transactions for hedging and market making purposes are recorded separately. For hedge transactions, the Bank identifies the hedged item (asset or liability) at the inception of the transaction itself. The effectiveness is ascertained at the time of inception of the hedge and periodically thereafter. Hedge derivative transactions are accounted for in accordance with the hedge accounting principles. Derivatives for market making purpose are marked to market and the resulting gain/loss is recorded in the Profit and Loss Account. The premium on option contracts is accounted for as per FEDAI guidelines. Derivative transactions are covered under International Swaps and Derivatives Association (ISDA) master agreements with respective counterparties. The exposure on account of derivative transactions is computed as per the RBI guidelines and is marked against the credit limits approved for the respective counterparties.

(c) Provisioning, collateral and credit risk mitigation:

Derivative transactions comprise of swaps, FRAs, futures, forward contracts and options which are disclosed as contingent liabilities. Trading swaps/FRAs/futures/options/forward contracts are revalued at the Balance Sheet date with the resulting unrealised gain or loss being recognised in the Profit and Loss Account and correspondingly in other assets or other liabilities respectively. Hedged swaps are accounted for as per the RBI guidelines. In accordance with RBI guidelines, any receivables (crystallised receivables and positive MTM) under derivative contracts, which remain overdue for more than 90 days, are reversed through the Profit and Loss Account and are held in a separate Suspense account.

Collateral requirements for derivative transactions are laid down as part of credit sanction terms on a case by case basis. Such collateral requirements are determined, based on usual credit appraisal process. The Bank retains the right to terminate transactions as a risk mitigation measure in certain cases.

The credit risk in respect of customer derivative transactions is sought to be mitigated through a laid down policy on sanction of Loan Equivalent Risk (LER) limits, monitoring mechanism for LER limits and trigger events for escalation/margin calls/termination.

Quantitative disclosure on risk exposure in derivatives$:

(₹ in crores)

		As at 31 March, 2019			
		Currency Derivatives			Interest rate Derivatives
Sr. No.	Particulars	Forward Contracts^	CCS	Options	
1	**Derivatives (Notional Principal Amount)**				
	a) For hedging	56,970.61	-	-	14,315.09
	b) For trading	272,683.15	40,753.12	46,404.77	181,617.15
2	**Marked to Market Positions#**				
	a) Asset (+)	3,764.51	2,698.28	1,485.72	1,509.36
	b) Liability (-)	(3,907.80)	(1,222.94)	(1,425.22)	(2,146.16)
3	**Credit Exposure@**	13,477.22	6,709.64	1,603.96	3,743.38
4	**Likely impact of one percentage change in interest rate (100*PV01) (as at 31 March, 2019)**				
	a) on hedging derivatives	3.81	-	-	49.80
	b) on trading derivatives	8.76	2.56	298.94	57.93
5	**Maximum and Minimum of 100*PV01 observed during the year**				
	a) on hedging				
	i) Minimum	1.02	-	-	29.67
	ii) Maximum	12.34	-	-	60.55
	b) on Trading				
	i) Minimum	0.56	2.46	20.91	53.63
	ii) Maximum	8.76	5.71	306.14	78.97
	# Only on trading derivatives				
	@Includes accrued interest				
	^ Excluding Tom/Spot contracts				

$ only Over The Counter derivatives included

(₹ in crores)

Sr. No.	Particulars	As at 31 March, 2018 Currency Derivatives Forward Contracts^	CCS	Options	Interest rate Derivatives
1	**Derivatives (Notional Principal Amount)**				
	a) For hedging	40,335.85	-	-	12,024.79
	b) For trading	274,466.05	31,646.55	59,342.59	152,398.11
2	**Marked to Market Positions#**				
	a) Asset (+)	2,182.90	1,734.30	1,488.58	1,130.94
	b) Liability (-)	(2,464.30)	(505.64)	(1,390.53)	(1,685.31)
3	**Credit Exposure@**	13,074.02	4,799.22	1,670.63	2,991.32
4	**Likely impact of one percentage change in interest rate (100*PV01) (as at 31 March, 2018)**				
	a) on hedging derivatives	8.84	-	-	58.15
	b) on trading derivatives	7.32	3.68	97.84	47.27
5	**Maximum and Minimum of 100*PV01 observed during the year**				
	a) on hedging				
	i) Minimum	0.10	-	-	51.35
	ii) Maximum	12.84	5.32	-	85.73
	b) on Trading				
	i) Minimum	0.31	1.75	8.50	45.98
	ii) Maximum	10.19	3.68	108.73	64.71

Only on trading derivatives

@Includes accrued interest

^ Excluding Tom/Spot contracts

$ only Over The Counter derivatives included

The outstanding notional principal amount of Exchange Traded Currency Options as at 31 March, 2019 was Nil (previous year Nil) and the mark-to-market value was Nil (previous year Nil).

1.1.30 Details of penalty/stricture levied by RBI during the year ended 31 March, 2019 is as under:

Amount (₹ in crores)	Reason for stricture issued/ levy of penalty by RBI	Date of payment of penalty
2.00	Non-compliance of RBI guidelines related to 'Collection of Account Payee Cheques – Prohibition on Crediting proceeds to Third Party Account' and Master Directions on 'Frauds- Classification and Reporting by commercial banks and select FIs'. Penalty was imposed in terms of Section 47A(1)(c) read with Section 46(4)(i) of the Banking Regulation Act, 1949	16 February, 2019
0.20	Non-compliance of RBI guidelines related to 'Detection and Impounding of Counterfeit Notes' and 'Sorting of Notes – Installation of Note Sorting Machines'. Penalty was imposed in terms of Section 47A(1)(c) read with Section 46(4)(i) of the Banking Regulation Act, 1949	5 February, 2019
-	Caution letter issued by RBI on 25 February, 2019 for non compliance of RBI directives on time bound implementation and strengthening of SWIFT related operational controls	-

Details of penalty/stricture levied by RBI during the year ended 31 March, 2018 is as under:

Amount (₹ in crores)	Reason for stricture issued / levy of penalty by RBI	Date of payment of penalty
3.00	Non-compliance of RBI guidelines on income Recognition and Asset Classification (IRAC) norms. Penalty was imposed in terms of Section 47A(1)(c) read with Section 46(4)(i) of the Banking Regulation Act, 1949	7 March, 2018

1.1.31 Disclosure of customer complaints

(a) Disclosure of customer complaints relating to Bank's customers on Bank's ATMs

		31 March, 2019	31 March, 2018
a.	No. of complaints pending at the beginning of the year	284	143
b.	No. of complaints received during the year	115,737	51,096
c.	No. of complaints redressed during the year	116,021	50,955
d.	No. of complaints pending at the end of the year	-	284

(b) Disclosure of customer complaints relating to Bank's customers on other bank's ATMs

		31 March, 2019	31 March, 2018
a.	No. of complaints pending at the beginning of the year	2,360	1,233
b.	No. of complaints received during the year	105,110	88,301
c.	No. of complaints redressed during the year	107,470	87,174
d.	No. of complaints pending at the end of the year	-	2,360

(c) Disclosure of customer complaints other than ATM transaction complaints

		31 March, 2019	31 March, 2018
a.	No. of complaints pending at the beginning of the year	24,456	40,808
b.	No. of complaints received during the year	78,442	229,027
c.	No. of complaints redressed during the year	101,681	245,379
d.	No. of complaints pending at the end of the year	1,217	24,456

(d) Total customer complaints

		31 March, 2019	31 March, 2018
a.	No. of complaints pending at the beginning of the year	27,100	42,184
b.	No. of complaints received during the year	299,289	368,424
c.	No. of complaints redressed during the year	325,172	383,508
d.	No. of complaints pending at the end of the year	1,217	27,100

The above information does not include complaints redressed within 1 working day and is as certified by the Management and relied upon by the auditors.

1.1.32 Disclosure of Awards passed by the Banking Ombudsman

		31 March, 2019	31 March, 2018
a.	No. of unimplemented awards at the beginning of the year	-	-
b.	No. of awards passed by the Banking Ombudsman during the year	-	-
c.	No. of awards implemented during the year	-	-
d.	No. of unimplemented awards at the end of the year	-	-

The above information is as certified by the Management and relied upon by the auditors.

1.1.33 Draw Down from Reserves

During the year ended 31 March, 2019 the Bank has made a draw down out of the Investment Reserve account towards depreciation on investments in AFS and HFT categories in terms of RBI guidelines.

During the year ended 31 March, 2018 the Bank has not undertaken any draw down from reserves, except towards issue expenses incurred for the equity raising through the preferential issue, which have been adjusted against the share premium account.

1.1.34 Letter of Comfort

The Bank has not issued any Letter of Comfort (LoC) on behalf of its subsidiaries during the current and previous year.

1.1.35 Disclosure on Remuneration

Qualitative disclosures

a) Information relating to the bodies that oversee remuneration:

- Name, composition and mandate of the main body overseeing remuneration:

  The Nomination and Remuneration Committee of the Board oversees the framing, review and implementation of the compensation policy of the Bank on behalf of the Board. The Committee works in close co-ordination with the Risk Management Committee of the Bank, in order to achieve effective alignment between remuneration and risks.

  As at 31 March, 2019, the Nomination and Remuneration Committee comprises of the following Non-Executive Directors:

  1. Shri Rakesh Makhija - Chairman
  2. Shri Rohit Bhagat
  3. Shri Som Mittal
  4. Shri Stephen Pagliuca

  In respect of Remuneration/HR matters, the Nomination and Remuneration Committee of the Board, functions with the following main objectives:

  a. Review and recommend to the Board for approval, the overall remuneration framework and associated policy of the Bank (including remuneration policy for Directors and key managerial personnel) including the level and structure of fixed pay, variable pay, perquisites, bonus pool, stock-based compensation and any other form of compensation as may be included from time to time to all the employees of the Bank including the Managing Director & CEO (MD & CEO), other Whole-Time Directors (WTD) and senior managers one level below the Board.

b. Review and recommend to the Board for approval, the total increase in manpower cost budget of the Bank as a whole, at an aggregate level, for the next year.

c. Recommend to the Board the compensation payable to the Chairman of the Bank.

d. Review the Code of Conduct and HR strategy, policy and performance appraisal process within the Bank, as well as any fundamental changes in organisation structure which could have wide ranging or high risk implications.

e. Review and recommend to the Board for approval, the talent management and succession policy and process in the Bank for ensuring business continuity, especially at the level of MD & CEO, the other WTDs, senior managers one level below the Board and other key roles and their progression to the Board.

f. Review and recommend to the Board for approval:

  - the creation of new positions one level below MD & CEO

  - appointments, promotions and exits of senior managers one level below the MD & CEO

g. Set the goals, objectives and performance benchmarks for the Bank and for MD & CEO, WTDs and Group Executives for the financial year and over the medium to long term.

h. Review the performance of the MD & CEO and other WTDs at the end of each year.

i. Review organisation health through feedback from employee surveys conducted on a regular basis.

j. Perform such other duties as may be required to be done under any law, statute, rules, regulations etc. enacted by Government of India, Reserve Bank of India or by any other regulatory or statutory body.

- External consultants whose advice has been sought, the body by which they were commissioned, and in what areas of the remuneration process:

  The Nomination and Remuneration Committee has commissioned Aon Hewitt, a globally renowned compensation benchmarking firm, to conduct market benchmarking of employee compensation. The Bank participates in the salary benchmarking survey conducted by Aon Hewitt every year. Aon Hewitt collects data from multiple private sector peer banks across functions, levels and roles which is then used by the Bank to assess market competitiveness of remuneration offered to Bank employees.

- A description of the scope of the Bank's remuneration policy, including the extent to which it is applicable to foreign subsidiaries and branches:

  The Committee monitors the remuneration policy for both domestic and overseas branches of the Bank on behalf of the Board. However, it does not oversee the compensation policy for subsidiaries of the Bank.

- A description of the type of employees covered and number of such employees:

  Employees are categorised into following three categories from remuneration structure and administration standpoint:

Category 1

MD & CEO and WTDs. This category includes 5 employees.

Category 2

All the employees in the Grade of Vice President and above engaged in the functions of Risk Control and Compliance. This category includes 27 employees.

Category 3: Other Staff

'Other Staff' has been defined as a "group of employees who pose a material risk". This category includes all the employees of the Bank in the grade of Executive Vice President (EVP) and above and also few other key business roles in case they are below the grade of Executive Vice President. This category includes 32 employees.

b) Information relating to the design and structure of remuneration processes:

❖ An overview of the key features and objectives of remuneration policy:

The compensation philosophy of the Bank aims to attract, retain and motivate professionals in order to enable the Bank to attain its strategic objectives and develop a strong performance culture in the competitive environment in which it operates. To achieve this, the following principles are adopted:

- Affordability: Pay to reflect productivity improvements to retain cost-income competitiveness
- Maintain competitiveness on fixed pay in talent market
- Pay for performance to drive meritocracy through variable pay
- Employee Stock Options for long-term value creation
- Benefits and perquisites to remain aligned with market practices and provide flexibility

Apart from the above, the compensation structure for MD & CEO and WTDs is aligned to RBI's guidelines for sound compensation practices (effective FY 2012-13) and addresses the general principles of:

- Effective and independent governance and monitoring of compensation
- Alignment of compensation with prudent risk-taking through well designed and consistent compensation structures
- Clear and timely disclosure to facilitate supervisory oversight by all stakeholders

Accordingly, the compensation policy for MD & CEO and WTDs seeks to:

a) Ensure that the compensation, in terms of structure and total amount, is in line with the best practices, as well as competitive vis-à-vis that of peer banks

b) Establish the linkage of compensation with individual performance as well as achievement of the corporate objectives of the Bank

c) Include an appropriate variable pay component tied to the achievement of pre-established objectives in line with Bank's scorecard while ensuring that the compensation is aligned with prudent risk taking

d) Encourage attainment of long term shareholder returns through inclusion of equity linked long-term incentives as part of compensation

Compensation is structured in terms of fixed pay, variable pay and employee stock options (for selective employees), with a strong linkage of variable pay to performance. The compensation policy of the Bank is approved by the Nomination and Remuneration Committee. Additional approval from Shareholders and RBI is obtained specifically for compensation of MD & CEO and WTDs.

❖ Whether the remuneration committee reviewed the firm's remuneration policy during the past year, and if so, an overview of any changes that were made:

The Nomination and Remuneration committee reviews the Bank's remuneration policy every year. There were no major changes made in the remuneration policy during the year.

❖ A discussion of how the Bank ensures that risk and compliance employees are remunerated independently of the businesses they oversee:

The Bank ensures that risk and compliance employees are remunerated independently of the businesses they oversee and is guided by the individual employee performance. The remuneration is determined on the basis of relevant risk measures included in the Balanced Scorecard / key deliverables of staff in these functions. The parameters reviewed for performance based rewards are independent of performance of the business area they oversee and commensurate with their individual role in the Bank. Additionally, the ratio of fixed and variable compensation is weighed towards fixed compensation.

c) Description of the ways in which current and future risks are taken into account in the remuneration processes:

❖ An overview of the key risks that the Bank takes into account when implementing remuneration measures:

The business activity of the Bank is undertaken within the limits of the following risk measures to achieve the financial plan. The Financial Perspective in the Bank's BSC contains metrics pertaining to growth, profitability and asset quality. These metrics along with other metrics in customer, internal process and compliance and people perspective are taken into account while arriving at the remuneration decisions. The metrics on internal process and compliance ensure due weightage to non – financial risk that bank may be exposed to.

❖ An overview of the nature and type of key measures used to take account of these risks, including risk difficult to measure:

The Bank has a robust system of measuring and reviewing these risks. The risk parameters are a part of the Balanced Scorecard used for setting of performance objectives and for measuring performance which includes, besides financial performance, adherence to internal processes, compliance and people perspectives. Weightage is placed on not only financial or quantitative achievement of objectives but also on qualitative aspects detailing how the objectives were achieved.

❖ A discussion of the ways in which these measures affect remuneration:

The relevant risk measures are included in the scorecards of MD & CEO and WTDs. Inclusion of the above mentioned measures ensures that performance parameters are aligned to risk measures at the time of performance evaluation. The Nomination and Remuneration Committee takes into consideration all the above aspects while assessing organisational and individual performance and making compensation related recommendations to the Board.

❖ A discussion of how the nature and type of these measures have changed over the past year and reasons for the changes, as well as the impact of changes on remuneration:

During FY 2018-19, the risk measures were reviewed and certain additional metrics pertaining to Operations Risk were incorporated in the Balanced Scorecards, in view of the challenges faced by the Banking industry in recent years.

d) Description of the ways in which the Bank seeks to link performance during a performance measurement period with levels of remuneration:

The Bank's performance management and compensation philosophies are structured to support the achievement of the Bank's on-going business objectives by rewarding achievement of objectives linked directly to its strategic business priorities. These strategic priorities are cascaded through annualised objectives to the employees.

The Bank follows the Balanced Scorecard approach in designing its performance management system. Adequate attention is given to the robust goal setting process to ensure alignment of individual objectives to support the achievement of business strategy, financial and non-financial goals across and through the organisation. The non-financial goals for employees includes customer service, process improvement, adherence to risk and compliance norms, operations and process control, learning and knowledge development.

❖ An overview of main performance metrics for Bank, top level business lines and individuals:

The Bank follows a Balanced Scorecard approach for measuring performance for the Bank, top business lines and individuals. The approach broadly comprises financial, customer, internal processes, compliance and people perspectives and includes parameters on revenue and profitability, business growth, customer initiatives, operational efficiencies, regulatory compliance, risk management and people management.

❖ A discussion of how amounts of individual remuneration are linked to the Bank-wide and individual performance:

The Bank's remuneration practices are underpinned by principles of meritocracy and fairness. The remuneration system strives to maintain the ability to attract, retain, reward and motivate the talent in order to enable the Bank to attain its strategic objectives within the increasingly competitive context in which it operates. The Bank's pay-for-performance approach strives to ensure both internal and external equity in line with emerging market trends. However, the business model and affordability form the overarching boundary conditions.

The Bank follows a Balanced Scorecard approach for measuring performance at senior levels. The Balanced scorecard parameters for individuals are cascaded from the Bank's Balanced Scorecard. The Management Committee or the Nomination and Remuneration Committee reviews the achievements against the set of parameters which determines the performance of the individuals. For all other employees, performance appraisals are conducted annually and initiated by the employee with self-appraisal. The immediate supervisor reviews the appraisal ratings in a joint consultation meeting with the employee and assigns the performance rating. The final ratings are discussed by a Moderation Committee comprising of senior officials of the Bank. Both relative and absolute individual performances are considered for the moderation process. Individual fixed pay increases, variable pay and ESOPs are linked to the final performance ratings.

❖ A discussion of the measures the Bank will in general implement to adjust remuneration in the event that performance metrics are weak:

In cases where the performance metrics are weak or not well defined to measure the performance effectively, the Bank uses discretion to reward such employees. The remuneration is then influenced by the operational performance parameters of the Bank along with individual performance achievement.

Whilst determining fixed and variable remuneration, relevant risk measures are included in scorecards of senior employees. The Financial Perspective in the Bank's BSC contains metrics pertaining to growth, profitability and asset quality. These metrics along with other metrics in customer, internal process and compliance and people perspective are taken into account while arriving at the remuneration decisions. The metrics on internal process and compliance ensure due weightage to non – financial risk that bank may be exposed to.

As a prudent measure, a portion of variable pay if it exceeds a certain threshold is deferred and is paid proportionately over a period of 3 years. The deferred variable pay amount of reference year would be held back in case of any misrepresentation or gross inaccuracy resulting in a wrong risk assessment.

e) Description of the ways in which the Bank seeks to adjust remuneration to take account of the longer term performance:

❖ A discussion of the Bank's policy on deferral and vesting of variable remuneration and, if the fraction of variable remuneration that is deferred differs across employees or groups of employees, a description of the factors that determine the fraction and their relative importance:

The deferral of the Variable Pay for the three categories of employees as stated earlier is given below:

Category 1: MD & CEO and WTDs

Variable Pay will not exceed 70% of the Fixed Pay

To ensure that risk measures do not focus only on achieving short term goals, variable payout is deferred. If the variable pay exceeds 40% of fixed pay, 45% of the variable pay to be deferred proportionately over a period of three years.

Category 2: All the employees in the Grade of Vice President and above engaged in the functions of Risk Control and Compliance

- Variable Pay will be paid on the basis of laid down risk control, compliance and process improvement parameters in the balanced scorecard / key deliverables of staff in this function

- The parameters will be independent of performance of the business area they oversee and will commensurate with their key role in the Bank

- The ratio of fixed and variable compensation will be weighed towards fixed compensation

- Percentage of variable pay to be capped at 70% of fixed pay

- Appropriate deferral structure as approved by the Nomination and Remuneration Committee will be applicable to this category of employees

Category 3: Other Staff

- Variable Pay will be paid on the basis of performance against key deliverables and overall business performance for the financial year

- Percentage of variable pay to be capped at 70% of fixed pay

- Appropriate deferral structure as approved by the Nomination and Remuneration Committee will be applicable to this category of employees

❖ A discussion of the Bank's policy and criteria for adjusting deferred remuneration before vesting and (if permitted by national law) after vesting through claw back arrangements:

The deferred portion of the variable pay may be delayed in the event of an enquiry determining gross negligence or breach of integrity. The deferred portion is withheld by the Bank till the completion of such enquiries, if any. As a result, no claw back arrangements are made on the deferred portion of the variable pay.

f) Description of the different forms of variable remuneration that the Bank utilizes and the rationale for using these different forms:

❖ An overview of the forms of variable remuneration offered:

- Variable Pay: Variable Pay is linked to corporate performance, business performance and individual performance and ensures differential pay based on the performance levels of employees

- Employee Stock Options (ESOPs): ESOPs are given to selective set of employees at senior levels based on their level of performance and role. ESOP scheme has an inbuilt deferred vesting design which helps in directing long term performance orientation among employees

❖ A discussion of the use of different forms of variable remuneration and, if the mix of different forms of variable remuneration differs across employees or group of employees, a description of the factors that determine the mix and their relative importance:

Variable pay in the form of performance based bonus is paid out annually and is linked to performance achievement against balanced performance measures and aligned with the principles of meritocracy. The proportion of variable pay in total pay shall be higher at senior management levels. The payment of all forms of variable pay is governed by the affordability of the Bank and based on profitability and cost income ratios. At senior management levels (and for certain employees with potential to cause material impact on risk exposure), a portion of variable compensation may be paid out in a deferred manner in order to drive prudent behaviour as well as long term & sustainable performance orientation. Long term variable pay is administered in the form of ESOPs with an objective of enabling employee participation in the business as an active stakeholder and to usher in an 'owner-manager' culture. The quantum of grant of stock options is determined and approved by the Nomination and Remuneration Committee, in terms of the said Regulations and in line with best practices, subject to the approval of RBI. The current ESOP design has an inbuilt deferral intended to spread and manage risk.

Quantitative disclosures

a) The quantitative disclosures pertaining to the MD & CEO, Whole Time Directors and other risk takers for the year ended 31 March, 2019 and 31 March, 2018 are given below. Other risk takers include all employees in the grade of Executive Vice President (EVP) and above and also cover certain select roles in case they are below the grade of EVP.

		31 March, 2019	31 March, 2018
a.	i) Number of meetings held by the Remuneration Committee (main body overseeing remuneration) during the financial year	16	8
	ii) Remuneration paid to its members (sitting fees)	₹29,50,000	₹15,00,000
b.	Number of employees having received a variable remuneration award during the financial year	29*	33*
c.	Number and total amount of sign-on awards made during the financial year	N.A.	N.A.
d.	Number and total amount of guaranteed bonus awarded during the financial year, if any	N.A.	N.A.
e.	Details of severance pay, in addition to accrued benefits, if any	N.A.	N.A.
f.	Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms	-	₹0.34 crores (cash bonus)

		31 March, 2019	31 March, 2018
g.	Total amount of deferred remuneration paid out in the financial year	₹0.34 crores	₹0.65 crores
h.	Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred, different forms used	Fixed - ₹49.80 crores#	Fixed - ₹41.00 crores#
		Variable - ₹9.41 crores*	Variable - ₹9.78 crores*
		Deferred - Nil	Deferred - Nil
		Non-deferred - ₹9.41 crores*	Non-deferred - ₹9.78 crores*
		Number of stock options granted during the financial year - 2,479,000	Number of stock options granted during the financial year - 3,067,750
i.	Total amount of outstanding deferred remuneration and retained remuneration exposed to ex-post explicit and/or implicit adjustments	N.A.	N.A.
j.	Total amount of reductions during the financial year due to ex-post explicit adjustments	N.A.	N.A.
k.	Total amount of reductions during the financial year due to ex-post implicit adjustments	N.A.	N.A.

* pertains to FY 2016-17 paid to MD & CEO and WTDs and for FY 2017-18 paid to other risk takers (previous years pertains to other risk takers for FY 2016-17)

Fixed Remuneration includes basic salary, fixed allowance, leave fare concession, house rent allowance, super annuation allowance, certain other allowances, gratuity payout, leave encashment and contribution towards provident fund and superannuation fund. Payments in nature of reimbursements have been excluded from fixed remuneration

b) Disclosure for compensation of Non-executive Directors (Except Part-time Chairman):

(₹ in crores)

		31 March, 2019	31 March, 2018
a.	Amount of remuneration paid during the year (pertains to preceding year)	-	1.02

1.1.36 The details of fees / brokerage earned in respect of insurance broking, agency and bancassurance business undertaken by the Bank are as under:

(₹ in crores)

Sr. No.	Nature of Income	31 March, 2019	31 March, 2018
1.	For selling life insurance policies	640.50	539.49
2.	For selling non-life insurance policies	68.62	56.40
3.	For selling mutual fund products	416.09	388.46
4.	Others (wealth advisory, RBI and other bonds etc.)	99.11	88.48
	Total	**1,224.32**	**1,072.83**

1.1.37 The Bank has not sponsored any special purpose vehicle which is required to be consolidated in the consolidated financial statements as per accounting norms.

1.1.38 Amount of total assets, non-performing assets and revenue of overseas branches is given below:

(₹ in crores)

Particulars	31 March, 2019	31 March, 2018
Total assets	47,941.15	61,007.58
Total NPAs	3,727.06	4,311.02
Total revenue	3,416.09	2,380.67

1.1.39 During the years ended 31 March, 2019 and 31 March, 2018 the value of sales/transfers of securities to/from HTM category (excluding one-time transfer of securities and sales to RBI under OMO auctions) did not exceed 5% of the book value of investments held in HTM category at the beginning of the year.

1.1.40 Disclosure on transfers to Depositor Education and Awareness Fund (DEAF)

(₹ in crores)

Particulars	31 March, 2019	31 March, 2018
Opening balance of amounts transferred to DEAF	97.14	64.90
Add : Amounts transferred to DEAF during the year	66.85	34.07
Less : Amounts reimbursed by DEAF towards claims	(2.46)*	(1.83)*
Closing balance of amounts transferred to DEAF	161.53	97.14

*includes ₹0.16 crores (previous year ₹0.39 crores) of claim raised and pending settlement with RBI

1.1.41 Disclosure on Intra-Group Exposures

(₹ in crores)

Particulars	31 March, 2019	31 March, 2018
Total amount of intra-group exposures	6,895.64	4,954.82
Total amount of top-20 intra-group exposures	6,895.64	4,954.80
Percentage of intra-group exposures to total exposure of the Bank on borrowers/customers	0.85	0.68

During the years ended 31 March, 2019 and 31 March, 2018, the intra-group exposures were within the limits specified by RBI.

The above information is as certified by the Management and relied upon by the auditors.

1.1.42 Unhedged Foreign Currency Exposure

The Bank's Corporate Credit Policy lays down the framework to manage credit risk arising out of unhedged foreign currency exposures of the borrowers. Both at the time of initial approval as well as subsequent reviews/renewals, the assessment of credit risk arising out of foreign currency exposure of the borrowers include details of imports, exports, repayments of foreign currency borrowings, as well as hedges done by the borrowers or naturally enjoyed by them vis-a-vis their intrinsic financial strength, history of hedging and losses arising out of foreign currency volatility. The extent of hedge/cover required on the total foreign currency exposure including natural hedge and hedged positions, is guided through a matrix of internal ratings. The hedging policy is applicable for existing as well as new clients with foreign currency exposures above a predefined threshold. The details of un-hedged foreign currency exposure of customers for transactions undertaken through the Bank are monitored periodically. The Bank also maintains additional provision and capital, in line with RBI guidelines.

During the year ended 31 March, 2019, the Bank made a provision of ₹18.79 crores (previous year write back of ₹9.30 crores) towards un-hedged foreign currency exposures. As on 31 March, 2019, the Bank held incremental capital of ₹191.52 crores (previous year ₹220.11 crores) towards borrowers having un-hedged foreign currency exposures.

1.1.43 Disclosure on provisioning pertaining to fraud accounts

(₹ in crores)

Particulars	31 March, 2019	31 March, 2018
Number of frauds reported during the year*	145	521
Amounts involved	529.04	353.97
Provisions held at the beginning of the year	356.59	125.49
Provisions made during the year	172.45	228.48
Provisions held at the end of the year	529.04	353.97
Unamortised provision debited from 'other reserves' as at the end of the year	-	-

* Excluding 22 cases (previous year 2 cases) amounting to ₹540.46 crores (previous year ₹98.96 crores) reported as fraud during the year and subsequently prudentially written off

1.1.44 Disclosure on provisioning pertaining to Land held under 'Non-Banking assets acquired in satisfaction of claims'

(₹ in crores)

Particulars	31 March, 2019
Amount of Land held under 'Non-Banking assets acquired in satisfaction of claims'	2,208.61
Provisions held at the beginning of the year	-
Provisions made during the year by debiting profit and loss account	603.33
Unamortised provision debited from 'Balance in profit and loss account' under 'Reserves and Surplus'	1,605.28

1.1.45 Details of Priority Sector Lending Certificates (PSLC) purchased by the Bank are set out below:

(₹ in crores)

Category	31 March, 2019	31 March, 2018
PSLC – General	17,470.00	9,416.00
PSLC – Micro Enterprises	2,375.00	300.00
Total	**19,845.00**	**9,716.00**

Details of PSLCs sold by the Bank are set out below:

(₹ in crores)

Category	31 March, 2019	31 March, 2018
PSLC – General	385.00	-
Total	**385.00**	-

1.1.46 Disclosure on Liquidity Coverage Ratio

Qualitative disclosure

The Bank has adopted the Basel III framework on liquidity standards as prescribed by RBI and has put in place requisite systems and processes to enable periodical computation and reporting of the Liquidity Coverage Ratio (LCR). The mandated regulatory threshold is embedded into the Risk Appetite Statement of the Bank thus subjecting LCR maintenance to Board oversight and periodical review. The Bank computes the LCR and reports the same to the Asset Liability Management Committee (ALCO) every month for review as well as to the Risk Management Committee of the Board.

The Bank computes LCR on a daily basis and in accordance with RBI guidelines the quarterly disclosures of LCR contain data on the simple average calculated on daily observations over a period of 90 days.

The Bank follows the criteria laid down by RBI for calculation of High Quality Liquid Assets (HQLA), gross outflows and inflows within the next 30-day period. HQLA predominantly comprises Government securities viz. Treasury Bills, Central and State Government securities. A relatively smaller part of HQLA is accounted for by the corporate bonds with mandated haircuts applied thereto.

The Bank monitors the concentration of funding sources from significant counterparties, significant instruments/ products as part of the asset liability management framework. The Bank adheres to the regulatory and internal limits on Inter-bank liability and call money borrowings which form part of the ALM policy. The Bank's funding sources are fairly dispersed across sources and maturities.

Expected derivative cash outflows and inflows are calculated for outstanding contracts in accordance with laid down valuation methodologies. Cash flows, if any, from collaterals posted against derivatives are not considered.

Apart from the LCR position in all currencies put together, the Bank monitors the LCR in US Dollar currency which qualifies as a significant currency as per RBI guidelines.

The liquidity risk management of the Bank is undertaken by the Asset Liability Management group in the Treasury in accordance with the Board approved policies and ALCO approved funding plans. The Risk department measures and monitors the liquidity profile of the Bank with reference to the Board approved limits, 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 periodical liquidity stress testing. Periodical reports are placed before the Bank's ALCO for perusal and review.

All significant outflows and inflows determined in accordance with RBI guidelines are included in the prescribed LCR computation template.

Quantitative disclosure

(₹ in crores)

		Quarter ended 31 March, 2019		Quarter ended 31 December, 2018		Quarter ended 30 September, 2018		Quarter ended 30 June, 2018	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets									
1	Total High Quality Liquid Assets (HQLAs)		122,173.58		112,336.65		98,417.24		82,905.66
Cash Outflows									
2	Retail Deposits and deposits from small business customers, of which:	288,756.01	26,298.55	276,752.92	25,082.62	262,954.38	23,773.05	250,441.74	22,587.17
(i)	Stable Deposits	51,541.11	2,577.06	51,853.44	2,592.67	50,447.68	2,522.38	49,140.03	2,457.00
(ii)	Less Stable Deposits	237,214.90	23,721.49	224,899.48	22,489.95	212,506.70	21,250.67	201,301.71	20,130.17
3	Unsecured wholesale funding, of which :	156,131.98	79,803.19	147,846.47	74,665.27	138,551.93	71,267.03	133,534.29	68,572.86
(i)	Operational deposits (all counterparties)	45,839.18	11,448.44	45,614.30	11,396.72	42,070.15	10,511.43	41,286.10	10,315.38
(ii)	Non-operational deposits (all counterparties)	110,292.80	68,354.75	102,232.17	63,268.55	96,481.78	60,775.60	92,248.19	58,257.48
(iii)	Unsecured debt	-	-	-	-	-	-	-	-
4	Secured wholesale funding		-		489.13		-		1,315.08
5	Additional requirements, of which:	33,663.94	22,274.62	44,959.20	31,958.57	39,442.47	27,091.98	37,859.76	25,588.32
(i)	Outflows related to derivative exposures and other collateral requirements	20,690.63	20,690.63	30,309.69	30,309.69	25,518.93	25,518.93	23,839.39	23,839.39
(ii)	Outflows related to loss of funding on debt products	35.28	35.28	112.93	112.93	179.59	179.59	136.23	136.23
(iii)	Credit and liquidity facilities	12,938.03	1,548.71	14,536.58	1,535.95	13,743.95	1,393.46	13,884.14	1,612.70
6	Other contractual funding obligations	5,481.21	5,481.21	5,347.92	5,347.92	4,303.74	4,241.13	4,115.59	4,025.59
7	Other contingent funding obligations	229,362.92	9,296.33	232,701.55	9,189.17	236,628.98	9,380.16	226,614.14	8,914.06
8	**Total Cash Outflows**		**143,153.90**		**146.732.68**		**135,753.34**		**131,003.08**
Cash Inflows									
9	Secured lending (eg. reverse repo)	9,018.11	-	4,657.91	-	3,172.41	-	2,130.44	-
10	Inflows from fully performing exposures	34,209.85	24,150.15	34,751.35	24,671.71	36,368.55	24,909.84	31,469.06	20,819.65
11	Other cash inflows	20,164.89	20,164.89	30,454.88	30,454.88	25,478.59	25,478.59	23,503.92	23,503.92
12	**Total Cash Inflows**	**63,392.85**	**44,315.04**	**69,864.14**	**55,126.59**	**65,019.55**	**50,388.43**	**57,103.42**	**44,323.57**
		Total adjusted Value		Total adjusted Value		Total adjusted Value		Total adjusted Value	
21	**Total HQLA**		**122,173.58**		**112,336.65**		**98,417.24**		**82,905.66**
22	**Total Net Cash Outflows**		**98,838.86**		**91,606.09**		**85,364.91**		**86,679.51**
23	**Liquidity Coverage Ratio %**		**123.61%**		**122.63%**		**115.29%**		**95.65%**

Note: 1) Average for all the quarters is simple average of daily observations for the quarter.

2) Classification of inflows and outflows for determining the run off factors is based on the same estimates and assumptions as used by the Bank for compiling the return submitted to the RBI, which has been relied upon by the auditors.

(₹ in crores)

		Quarter ended 31 March, 2018		Quarter ended 31 December, 2017		Quarter ended 30 September, 2017		Quarter ended 30 June, 2017	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets									
1	Total High Quality Liquid Assets (HQLAs)		79,973.26		73,116.53		71,834.98		71,379.76
Cash Outflows									
2	Retail Deposits and deposits from small business customers, of which:	238,884.37	21,478.87	231,420.68	20,762.31	225,670.59	20,248.80	222,834.02	19,970.18
(i)	Stable Deposits	48,191.37	2,409.57	47,595.16	2,379.76	46,365.18	2,318.26	46,264.28	2,313.21
(ii)	Less Stable Deposits	190,693.00	19,069.30	183,825.52	18,382.55	179,305.41	17,930.54	176,569.74	17,656.97
3	Unsecured wholesale funding, of which :	134,036.28	71,532.35	136,167.50	68,709.21	129,994.35	64,211.05	125,377.35	63,394.94
(i)	Operational deposits (all counterparties)	40,656.37	10,158.50	44,378.91	11,089.40	40,099.06	10,019.37	36,389.68	9,091.82
(ii)	Non-operational deposits (all counterparties)	93,379.91	61,373.85	91,788.59	57,619.81	89,895.29	54,191.68	88,987.67	54,303.12
(iii)	Unsecured debt	-	-	-	-	-	-	-	-
4	Secured wholesale funding		805.00		478.26		673.91		618.13
5	Additional requirements, of which:	37,389.88	28,299.66	49,195.82	38,150.38	34,403.02	22,945.12	30,661.83	22,632.38
(i)	Outflows related to derivative exposures and other collateral requirements	26,614.31	26,614.31	33,064.39	33,064.39	21,302.10	21,302.10	21,433.96	21,433.97
(ii)	Outflows related to loss of funding on debt products	311.69	311.69	2,981.08	2,981.08	186.50	186.50	162.21	162.21
(iii)	Credit and liquidity facilities	10,463.88	1,373.66	13,150.35	2,104.91	12,914.42	1,456.52	9,065.66	1,036.20
6	Other contractual funding obligations	4,128.51	4,038.52	4,003.84	3,913.84	4,035.69	3,945.69	3,591.80	3,501.80
7	Other contingent funding obligations	224,085.43	8,718.93	222,696.55	8,685.97	211,371.82	8,181.74	205,149.55	7,942.22
8	**Total Cash Outflows**		**134,873.33**		**140,699.97**		**120,206.31**		**118,059.65**
Cash Inflows									
9	Secured lending (eg. reverse repo)	673.75	-	673.52	-	1,323.93	-	2,799.40	-
10	Inflows from fully performing exposures	36,820.48	22,956.72	35,799.85	21,898.49	30,901.05	20,233.70	30,430.62	19,018.98
11	Other cash inflows	26,488.54	26,488.54	33,485.59	33,289.34	21,315.71	21,315.72	21,412.85	21,412.85
12	**Total Cash Inflows**	**63,982.77**	**49,445.26**	**69,958.96**	**55,187.83**	**53,540.69**	**41,549.42**	**54,642.87**	**40,431.83**
		Total adjusted Value		Total adjusted Value		Total adjusted Value		Total adjusted Value	
21	**Total HQLA**		**79,973.26**		**73,116.53**		**71,834.98**		**71,379.76**
22	**Total Net Cash Outflows**		**85,428.07**		**85,512.14**		**78,656.89**		**77,627.82**
23	**Liquidity Coverage Ratio %**		**93.61%**		**85.50%**		**91.33%**		**91.95%**

Note: 1) Average for all the quarters is simple average of daily observations for the quarter.

2) Classification of inflows and outflows for determining the run off factors is based on the same estimates and assumptions as used by the Bank for compiling the return submitted to the RBI, which has been relied upon by the auditors.

1.2 Other disclosures

1.2.1 During the year, the Bank has appropriated ₹124.93 crores (previous year ₹101.65 crores) to the Capital Reserve, net of taxes and transfer to statutory reserve, being the gain on sale of HTM investments in accordance with RBI guidelines. As advised by RBI, the Bank has also appropriated ₹0.16 crores (previous year Nil) to the capital reserve, net of taxes and transfer to statutory reserve, being the profit on sale of immovable property.

1.2.2 During the year, the Bank has appropriated ₹600.00 crores to the Investment Fluctuation Reserve in accordance with RBI guidelines.

1.2.3 During the year, the Bank has appropriated ₹0.63 crores (previous year ₹1.62 crores) to Reserve Fund account towards statutory reserve in accordance with guidelines issued by Central Bank of Sri Lanka in respect of Colombo branch operations.

1.2.4 Earnings Per Share ('EPS')

The details of EPS computation is set out below:

	31 March, 2019	31 March, 2018
Basic and Diluted earnings for the year (Net profit after tax) (₹ in crores)	4,676.61	275.68
Basic weighted average no. of shares (in crores)	256.90	244.51
Add: Equity shares for no consideration arising on grant of stock options under ESOP (in crores)	1.58	0.75
Diluted weighted average no. of shares (in crores)	258.48	245.26
Basic EPS (₹)	18.20	1.13
Diluted EPS (₹)	18.09	1.12
Nominal value of shares (₹)	2.00	2.00

Dilution of equity is on account of 9,813,655 stock options and 6,033,509 warrants (previous year 7,517,504 stock options).

1.2.5 Employee Stock Options Scheme ('the Scheme')

Pursuant to the approval of the shareholders in February 2001, the Bank approved an Employee Stock Option Scheme under which eligible employees are granted an option to purchase shares subject to vesting conditions. Over the period till March 2019, pursuant to the approval of the shareholders, the Bank approved ESOP schemes for options aggregating 265,087,000 that vest in a graded manner over 3 years. The options can be exercised within three/five years from the date of the vesting as the case may be. Within the overall ceiling of 265,087,000 stock options approved for grant by the shareholders as stated earlier, the Bank is authorised to issue options to eligible employees and Whole Time Directors of the subsidiary companies.

253,158,700 options have been granted under the Scheme till the previous year ended 31 March, 2018.

On 25 April, 2018, the Bank granted 5,825,000 stock options (each option representing entitlement to one equity share of the Bank) to its eligible employees/directors of the Bank/subsidiary companies at a grant price of ₹504.85 per option. Further, on 7 January, 2019, the Bank granted 630,000 stock options (each option representing entitlement to one equity share of the Bank) to its MD & CEO at a grant price of ₹619.60 per option.

Stock option activity under the Scheme for the year ended 31 March, 2019 is set out below:

	Options outstanding	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life (Years)
Outstanding at the beginning of the year	29,554,909	217.33 to 535.00	432.45	4.22
Granted during the year	6,455,000	504.85 to 619.60	516.05	-
Forfeited during the year	(748,700)	306.54 to 535.00	500.67	-
Expired during the year	(22,400)	288.96	288.96	-
Exercised during the year	(5,105,935)	217.33 to 535.00	336.29	-
Outstanding at the end of the year	**30,132,874**	**288.96 to 619.60**	**465.06**	**4.13**
Exercisable at the end of the year	**17,138,224**	**288.96 to 535.00**	**436.22**	**2.87**

The weighted average share price in respect of options exercised during the year was ₹623.15.

Stock option activity under the Scheme for the year ended 31 March, 2018 is set out below:

	Options outstanding	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life (Years)
Outstanding at the beginning of the year	29,711,124	217.33 to 535.00	383.16	3.98
Granted during the year	6,885,750	503.00	503.00	-
Forfeited during the year	(810,120)	306.54 to 535.00	470.15	-
Expired during the year	(57,910)	217.33 to 289.51	275.32	-
Exercised during the year	(6,173,935)	217.33 to 535.00	270.47	-
Outstanding at the end of the year	**29,554,909**	**217.33 to 535.00**	**432.45**	**4.22**
Exercisable at the end of the year	**16,062,159**	**217.33 to 535.00**	**378.40**	**2.85**

The weighted average share price in respect of options exercised during the year was ₹524.51.

Fair Value Methodology

On applying the fair value based method in Guidance Note on 'Accounting for Employee Share-based Payments' the impact on reported net profit and EPS would be as follows:

	31 March, 2019	31 March, 2018
Net Profit (as reported) (₹ in crores)	4,676.61	275.68
Add: Stock based employee compensation expense included in net income (₹ in crores)	-	-
Less: Stock based employee compensation expense determined under fair value based method (Proforma) (₹ in crores)	(95.04)	(102.86)
Net Profit (Proforma) (₹ in crores)	**4,581.57**	**172.82**
Earnings per share: Basic (in ₹)		
As reported	18.20	1.13
Proforma	17.83	0.71
Earnings per share: Diluted (in ₹)		
As reported	18.09	1.12
Proforma	17.77	0.70

During the years ended, 31 March, 2019 and 31 March, 2018, no cost has been incurred by the Bank on ESOPs issued to the employees of the Bank and employees of subsidiaries under the intrinsic value method.

The fair value of the options is estimated on the date of the grant using the Black-Scholes options pricing model, with the following assumptions:

	31 March, 2019	31 March, 2018
Dividend yield	0.76%	1.16%
Expected life	2.57-4.57 years	2.57-4.57 years
Risk free interest rate	7.07% to 7.63%	6.55% to 6.82%
Volatility	28.78% to 30.82%	31.80% to 33.56%

Volatility is the measure of the amount by which a price has fluctuated or is expected to fluctuate during a period. The measure of volatility used in the Black-Scholes options pricing model is the annualised standard deviation of the continuously compounded rates of return on the stock over a period of time. For calculating volatility, the daily volatility of the stock prices on the National Stock Exchange, over a period prior to the date of grant, corresponding with the expected life of the options has been considered.

The weighted average fair value of options granted during the year ended 31 March, 2019 is ₹164.10 (previous year ₹155.53).

On 27 March, 2019, the Nomination and Remuneration Committee of the Board of Directors of the Bank has approved the grant of upto 10,500,000 stock options to eligible employees. As on March 31, 2019, there have been no allotments of options under this grant. Accordingly, these options have not been considered in the above disclosure and for disclosure of proforma net profit and EPS under fair value method for FY 2018-19.

1.2.6 Proposed Dividend

The Board of Directors, in their meeting held on 25 April, 2019 have proposed a final dividend of ₹1 per equity share amounting to ₹283.08 crores, inclusive of corporate dividend tax. The proposal is subject to the approval of shareholders at the Annual General Meeting.

1.2.7 Segmental reporting

The business of the Bank is divided into four segments: Treasury, Retail Banking, Corporate/Wholesale Banking and Other Banking Business. These segments have been identified based on the RBI's revised guidelines on Segment Reporting issued on 18 April, 2007 vide Circular No. DBOD.No.BP.BC.81/21.04.018/2006-07. The principal activities of these segments are as under:

Segment	Principal Activities
Treasury	Treasury operations include investments in sovereign and corporate debt, equity and mutual funds, trading operations, derivative trading and foreign exchange operations on the proprietary account and for customers. The Treasury segment also includes the central funding unit.
Retail Banking	Constitutes lending to individuals/small businesses through the branch network and other delivery channels subject to the orientation, nature of product, granularity of the exposure and the quantum thereof. Retail Banking activities also include liability products, card services, internet banking, mobile banking, ATM services, depository, financial advisory services and NRI services.

Segment	Principal Activities
Corporate/Wholesale Banking	Includes corporate relationships not included under Retail Banking, corporate advisory services, placements and syndication, project appraisals, capital market related services and cash management services.
Other Banking Business	Includes para banking activities like third party product distribution and other banking transactions not covered under any of the above three segments.

Unallocated assets and liabilities - All items which are reckoned at an enterprise level are classified under this segment such as deferred tax, money received against share warrants, tax paid in advance net of provision etc.

Revenues of the Treasury segment primarily consist of fees and gains or losses from trading operations and interest income on the investment portfolio. The principal expenses of the segment consist of interest expense on funds borrowed from external sources and other internal segments, premises expenses, personnel costs, other direct overheads and allocated expenses.

Revenues of the Corporate/Wholesale Banking segment consist of interest and fees earned on loans given to customers falling under this segment and fees arising from transaction services and merchant banking activities such as syndication and debenture trusteeship. Revenues of the Retail Banking segment are derived from interest earned on loans classified under this segment, fees for banking and advisory services, ATM interchange fees and cards products. Expenses of the Corporate/Wholesale Banking and Retail Banking segments primarily comprise interest expense on deposits and funds borrowed from other internal segments, infrastructure and premises expenses for operating the branch network and other delivery channels, personnel costs, other direct overheads and allocated expenses.

Segment income includes earnings from external customers and from funds transferred to the other segments. Segment result includes revenue as reduced by interest expense and operating expenses and provisions, if any, for that segment. Segment-wise income and expenses include certain allocations. Inter segment interest income and interest expense represent the transfer price received from and paid to the Central Funding Unit (CFU) respectively. For this purpose, the funds transfer pricing mechanism presently followed by the Bank, which is based on historical matched maturity and internal benchmarks, has been used. Operating expenses other than those directly attributable to segments are allocated to the segments based on an activity-based costing methodology. All activities in the Bank are segregated segment-wise and allocated to the respective segment.

Segmental results are set out below:

(₹ in crores)

	31 March, 2019				
	Treasury	**Corporate/ Wholesale Banking**	**Retail Banking**	**Other Banking Business**	**Total**
Segment Revenue					
Gross interest income (external customers)	13,848.40	17,439.94	23,697.43	-	54,985.77
Other income	2,355.65	4,320.54	5,224.37	1,229.78	13,130.34
Total income as per Profit and Loss Account	**16,204.05**	**21,760.48**	**28,921.80**	**1,229.78**	**68,116.11**
Add/(less) inter segment interest income	57,991.83	6,175.11	20,249.77	0.01	84,416.72
Total segment revenue	**74,195.88**	**27,935.59**	**49,171.57**	**1,229.79**	**152,532.83**
Less: Interest expense (external customers)	16,884.94	1,170.08	15,222.58	-	33,277.60
Less: Inter segment interest expense	54,359.22	13,520.57	16,536.06	0.87	84,416.72
Less: Operating expenses	414.52	3,800.03	11,265.40	353.45	15,833.40

	31 March, 2019				
	Treasury	Corporate/ Wholesale Banking	Retail Banking	Other Banking Business	Total
Operating profit	**2,537.20**	**9,444.91**	**6,147.53**	**875.47**	**19,005.11**
Less: Provision for non-performing assets/others*	690.12	9,026.31	2,248.59	66.00	12,031.02
Segment result	**1,847.08**	**418.60**	**3,898.94**	**809.47**	**6,974.09**
Less: Provision for tax					2,297.48
Extraordinary profit/loss					-
Net Profit					**4,676.61**
Segment assets	283,985.76	238,692.89	268,642.17	337.05	791,657.87
Unallocated assets					9,338.66
Total assets					**800,996.53**
Segment liabilities	274,441.80	129,036.23	329,975.67	53.89	733,507.59
Unallocated liabilities					812.64
Total liabilities					**734,320.23**
Net assets	**9,543.96**	**109,656.65**	**(61,333.49)**	**283.16**	**66,676.30**
Capital expenditure for the year	15.52	200.43	674.32	14.80	905.07
Depreciation on fixed assets for the year	12.17	157.17	528.78	11.60	709.72

*represents material non-cash items other than depreciation

(₹ in crores)

	31 March, 2018				
	Treasury	Corporate/ Wholesale Banking	Retail Banking	Other Banking Business	Total
Segment Revenue					
Gross interest income (external customers)	11,825.78	14,607.46	19,347.07	-	45,780.31
Other income	3,088.74	2,812.03	3,988.73	1,077.59	10,967.09
Total income as per Profit and Loss Account	**14,914.52**	**17,419.49**	**23,335.80**	**1,077.59**	**56,747.40**
Add/(less) inter segment interest income	49,386.08	5,402.38	17,298.22	-	72,086.68
Total segment revenue	**64,300.60**	**22,821.87**	**40,634.02**	**1,077.59**	**128,834.08**
Less: Interest expense (external customers)	13,305.80	810.02	13,046.76	-	27,162.58
Less: Inter segment interest expense	45,761.40	12,352.62	13,972.08	0.58	72,086.68
Less: Operating expenses	383.64	3,731.86	9,753.64	121.20	13,990.34
Operating profit	**4,849.76**	**5,927.37**	**3,861.54**	**955.81**	**15,594.48**
Less: Provision for non-performing assets/others*	1,759.93	11,852.41	1,860.57	-	15,472.91
Segment result	**3,089.83**	**(5,925.04)**	**2,000.97**	**955.81**	**121.57**
Less: Provision for tax					(154.11)
Extraordinary profit/loss					-
Net Profit					**275.68**
Segment assets	228,322.23	223,754.56	229,710.81	690.55	682,478.15
Unallocated assets					8,851.43
Total assets					**691,329.58**

	31 March, 2018				
	Treasury	Corporate/ Wholesale Banking	Retail Banking	Other Banking Business	Total
Segment liabilities	230,818.80	132,836.77	263,380.50	25.08	627,061.15
Unallocated liabilities					823.17
Total liabilities					**627,884.32**
Net assets	**(2,496.57)**	**90,917.79**	**(33,669.69)**	**665.47**	**63,445.26**
Capital expenditure for the year	15.15	225.30	501.71	15.14	757.30
Depreciation on fixed assets for the year	11.36	169.01	376.37	11.36	568.10

*represents material non-cash items other than depreciation

Geographic Segments

(₹ in crores)

	Domestic		International		Total	
	31 March, 2019	31 March, 2018	31 March, 2019	31 March, 2018	31 March, 2019	31 March, 2018
Revenue	64,700.02	54,366.73	3,416.09	2,380.67	68,116.11	56,747.40
Assets	753,055.38	630,322.00	47,941.15	61,007.58	800,996.53	691,329.58
Capital Expenditure for the year	902.89	754.29	2.18	3.01	905.07	757.30
Depreciation on fixed assets for the year	707.05	565.53	2.67	2.57	709.72	568.10

1.2.8 Related party disclosure

The related parties of the Bank are broadly classified as:

a) Promoters

The Bank has identified the following entities as its Promoters:

- Administrator of the Specified Undertaking of the Unit Trust of India (SUUTI)
- Life Insurance Corporation of India (LIC)
- General Insurance Corporation, New India Assurance Co. Limited, National Insurance Co. Limited, United India Insurance Co. Limited and The Oriental Insurance Co. Limited.

b) Key Management Personnel

- Mr. Amitabh Chaudhry (MD & CEO) (w.e.f. 1 January, 2019)
- Ms. Shikha Sharma (MD & CEO) (upto 31 December, 2018)
- Mr. V. Srinivasan (Deputy Managing Director) (upto 20 December, 2018)
- Mr. Rajesh Dahiya [Executive Director (Corporate Centre)]
- Mr. Rajiv Anand [Executive Director (Wholesale Banking)]

c) **Relatives of Key Management Personnel**

Mr. Sanjaya Sharma, Ms. Usha Bharadwaj, Mr. Tilak Sharma, Ms. Tvisha Sharma, Dr. Sanjiv Bharadwaj, Dr. Prashant Bharadwaj, Dr. Brevis Bharadwaj, Dr. Reena Bharadwaj, Ms. Gayathri Srinivasan, Mr. V. Satish, Ms. Camy Satish, Ms. Ananya Srinivasan, Ms. Anagha Srinivasan, Ms. Geetha N., Ms. Chitra R., Ms. Sumathi N., Mr. S. Ranganathan, Mr. R. Narayan, Ms. Gitanjali Anand, Ms. Tara Anand, Ms. Nandita Anand, Mr. P.L. Narain, Mr. P. Srinivas, Ms. Ratna Rao Shekar, Ms. P. Kamashi, Ms. Hemant Dahiya, Ms. Arooshi Dahiya, Ms. Mallika Dahiya, Ms. Jal Medha, Ms. Pooja Rathi, Mr. Jai Prakash Dahiya, Ms. Preeti Chaudhry, Mr. Anagh Chaudhry, Mr. Aruj Chaudhry, Mr. Aryan Chaudhry, Ms. Chhavi Kharb, Mr. Ashok Kharb, Mr. Om Singh Chaudhry, Ms. Kusum Chaudhry.

d) **Subsidiary Companies**

- Axis Capital Limited
- Axis Private Equity Limited
- Axis Trustee Services Limited
- Axis Asset Management Company Limited
- Axis Mutual Fund Trustee Limited
- Axis Bank UK Limited
- Axis Finance Limited
- Axis Securities Limited
- A.Treds Limited
- Accelyst Solutions Private Limited (w.e.f. 6 October, 2017)
- Freecharge Payment Technologies Private Limited (w.e.f. 6 October, 2017)

e) **Step down subsidiary companies**

- Axis Capital USA LLC (w.e.f. 2 August, 2017)

  Based on RBI guidelines, details of transactions with step down subsidiaries are not disclosed since there is only one entity/party in this category.

The details of transactions of the Bank with its related parties during the year ended 31 March, 2019 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel#	Subsidiaries	Total
Dividend paid	-	-	-	-	**-**
Dividend received	-	-	-	131.10	**131.10**
Interest paid	554.78	0.41	0.12	17.41	**572.72**
Interest received	0.13	1.09	-	22.19	**23.41**
Investment of the Bank	-	-	-	197.17	**197.17**
Investment in non-equity instruments of related party	341.26	-	-	50.00	**391.26**
Investment of related party in the Bank	-	17.93	-	-	**17.93**
Redemption of Hybrid capital/Bonds of the Bank	1,510.00	-	-	-	**1,510.00**

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel#	Subsidiaries	Total
Purchase of investments	205.00	-	-	-	**205.00**
Sale of investments	857.07	-	-	-	**857.07**
Management contracts	-	-	-	18.64	**18.64**
Remuneration paid	-	18.49	-	-	**18.49**
Contribution to employee benefit fund	16.53	-	-	-	**16.53**
Repayment of security deposits by related party	0.12	-	-	-	**0.12**
Non-funded commitments (issued)	-	-	-	-	**-**
Repayment of Call/Term lending by related party	-	-	-	352.14	**352.14**
Swaps/Forward contracts	-	-	-	138.31	**138.31**
Advance granted (net)	-	-	-	22.15	**22.15**
Advance repaid	0.45	7.38	-	621.41	**629.24**
Purchase of loans	-	-	-	-	**-**
Sell down of loans (including undisbursed loan commitments)	-	-	-	-	**-**
Receiving of services	120.46	-	-	969.90	**1,090.36**
Rendering of services	27.88	0.03	-	195.79*	**223.70**
Sale of foreign exchange currency to related party	-	1.35	0.01	-	**1.36**
Other reimbursements from related party	-	-	-	22.68	**22.68**
Other reimbursements to related party	0.66	-	-	1.09	**1.75**

Details of transactions of the Bank with relatives of KMP are for the period during which the KMP are related parties of the Bank

* Net of reversal of ₹46 crores towards fees receivable from Axis Asset Management Company Limited, pursuant to change in SEBI guidelines

The balances payable to/receivable from the related parties of the Bank as on 31 March, 2019 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Subsidiaries	Total
Call/Term lending to related party	-	-	-	-	**-**
Deposits with the Bank	9,146.04	13.91	0.55	378.75	**9,539.25**
Placement of security deposits	0.31	-	-	-	**0.31**
Advances	6.62	10.90	0.03	437.58	**455.13**
Investment of the Bank	-	-	-	2,286. 12	**2,286. 12**
Investment in non-equity instruments of related party	290.05	-	-	-	**290. 05**
Investment of related party in the Bank	93.60	0.08	-	-	**93.68**
Non-funded commitments	3.33	-	-	-	**3.33**
Investment of related party in Hybrid capital/ Bonds of the Bank	2,790.00	-	-	-	**2,790.00**
Payable under management contracts	-	-	-	-	**-**
Other receivables (net)	-	-	-	17.94	**17.94**
Other payables (net)	-	-	-	88.19	**88.19**

The maximum balances payable to/receivable from the related parties of the Bank during the year ended 31 March, 2019 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Subsidiaries	Total
Deposits with the Bank	17,078.36	22.86	5.49	890.52	**17,997.23**
Placement of deposits	0.43	-	-	-	**0.43**
Advances	154.79	19.66	0.17	1,172.33	**1,346.95**
Investment of the Bank	-	-	-	2,286.12	**2,286.12**
Investment of related party in the Bank	135.32	0.52	-	-	**135.84**
Investment in non-equity instruments of related party	290.05	-	-	-	**290.05**
Non-funded commitments	3.35	-	-	0.05	**3.40**
Call lending	-	-	-	340.78	**340.78**
Swaps/Forward contracts	-	-	-	3.03	**3.03**
Investment of related party in Hybrid Capital/ Bonds of the Bank	4,300.00	-	-	-	**4,300.00**
Payable under management contracts	-	3.70	-	-	**3.70**
Other receivables (net)	-	-	-	55.02	**55.02**
Other payables (net)	-	-	-	88.19	**88.19**

The details of transactions of the Bank with its related parties during the year ended 31 March, 2018 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel#	Subsidiaries	Total
Dividend paid	343.52	1.08	-	-	**344.60**
Dividend received	-	-	-	256.06	**256.06**
Interest paid	545.58	0.22	0.19	15.48	**561.47**
Interest received	0.02	0.77	-	29.92	**30.71**
Investment of the Bank	-	-	-	325.00	**325.00**
Investment in non-equity instruments of related party	393.00	-	-	100.00	**493.00**
Investment of related party in the Bank	1,200.00	33.75	-	-	**1,233.75**
Redemption of Hybrid capital/Bonds of the Bank	-	-	-	-	**-**
Purchase of investments	188.69	-	-	-	**188.69**
Sale of investments	868.73	1.12	-	-	**869.85**
Management contracts	-	-	-	15.63	**15.63**
Remuneration paid	-	12.18	-	-	**12.18**
Contribution to employee benefit fund	16.16	-	-	-	**16.16**
Placement of deposits	0.05	-	-	-	**0.05**
Non-funded commitments (issued)	0.20	-	-	0.05	**0.25**

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel#	Subsidiaries	Total
Call/Term lending to related party	-	-	-	311.94	**311.94**
Swaps/Forward contracts	-	-	-	131.65	**131.65**
Advance granted (net)	-	7.99	-	858.24	**866.23**
Advance repaid	6.50	0.04	-	-	**6.54**
Purchase of loans	-	-	-	18.17	**18.17**
Sell down of loans (including undisbursed loan commitments)	-	-	-	64.87	**64.87**
Receiving of services	105.28	-	-	785.10	**890.38**
Rendering of services	17.42	0.05	-	264.40	**281.87**
Sale of foreign exchange currency to related party	-	1.29	-	-	**1.29**
Other reimbursements from related party	-	-	-	8.11	**8.11**
Other reimbursements to related party	0.75	-	-	3.73	**4.48**

Details of transactions of the Bank with relatives of KMP are for the period during which the KMP are related parties of the Bank

The balances payable to/receivable from the related parties of the Bank as on 31 March, 2018 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Subsidiaries	Total
Call/Term lending to related party	-	-	-	312.84	**312.84**
Deposits with the Bank	6,213.80	4.33	3.46	381.55	**6,603.14**
Placement of security deposits	0.43	-	-	-	**0.43**
Advances	7.07	18.31	0.04	1,016.33	**1,041.75**
Investment of the Bank	-	-	-	2,092.71	**2,092.71**
Investment in non-equity instruments of related party	205.70	-	-	-	**205.70**
Investment of related party in the Bank	135.29	0.50	-	-	**135.79**
Non-funded commitments	3.35	-	-	0.05	**3.40**
Investment of related party in Hybrid capital/ Bonds of the Bank	4,300.00	-	-	-	**4,300.00**
Payable under management contracts	-	3.70	-	-	**3.70**
Other receivables (net)	-	-	-	35.52	**35.52**
Other payables (net)	-	-	-	51.85	**51.85**

The maximum balances payable to/receivable from the related parties of the Bank during the year ended 31 March, 2018 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Subsidiaries	Total
Deposits with the Bank	10,153.25	17.12	5.78	830.10	**11,006.25**
Placement of security deposits	0.43	-	-	-	**0.43**
Advances	16.76	18.31	0.09	1,402.57	**1,437.73**
Investment of the Bank	-	-	-	2,092.71	**2,092.71**
Investment of related party in the Bank	137.76	0.50	-	-	**138.26**
Investment in non-equity instruments of related party	393.00	-	-	100.00	**493.00**
Non-funded commitments	3.39	-	-	0.05	**3.44**
Call lending	-	-	-	312.89	**312.89**
Swaps/Forward contracts	-	-	-	3.20	**3.20**
Investment of related party in Hybrid capital/ Bonds of the Bank	4,300.00	-	-	-	**4,300.00**
Payable under management contracts	-	3.70	-	-	**3.70**
Other receivables (net)	-	-	-	54.31	**54.31**
Other payables (net)	-	-	-	80.98	**80.98**

The transactions with Promoters and Key Management Personnel excluding those under management contracts are in nature of the banker-customer relationship.

Details of transactions with Axis Mutual Fund the fund floated by Axis Asset Management Company Ltd., the Bank's subsidiary has not been disclosed since the entity does not qualify as Related Parties as defined under the Accounting Standard 18, Related Party Disclosure, as notified under Section 2(2) and Section 133 of the Companies Act, 2013 and as per RBI guidelines.

The significant transactions between the Bank and related parties during the year ended 31 March, 2019 and 31 March, 2018 are given below. A specific related party transaction is disclosed as a significant related party transaction wherever it exceeds 10% of the aggregate value of all related party transactions in that category:

(₹ in crores)

Particulars	Year ended 31 March, 2019	Year ended 31 March, 2018
Dividend paid		
Life Insurance Corporation of India	-	165.04
Administrator of the Specified Undertaking of the Unit Trust of India	-	137.42
Dividend received		
Axis Finance Limited	-	121.28
Axis Capital Limited	117.60	102.90
Axis Trustee Services Limited	13.50	12.38
Interest paid		
Life Insurance Corporation of India	503.97	502.36

(₹ in crores)

Particulars	Year ended 31 March, 2019	Year ended 31 March, 2018
Interest received		
Axis Finance Limited	10.93	15.31
Axis Bank UK Limited	10.12	12.47
Investment of the Bank		
Axis Finance Limited	-	125.00
Accelyst Solutions Private Limited	-	100.00
Freecharge Payment Technologies Private Limited	-	100.00
Axis Bank UK Limited	183.77	-
Investment in non-equity instruments of related party		
United India Insurance Co. Limited	241.26	393.00
Oriental Insurance Co. Limited	100.00	-
Axis Finance Limited	50.00	100.00
Investment of related party in the Bank		
Life Insurance Corporation of India	-	1,200.00
Ms. Shikha Sharma	8.67	17.36
Mr. Rajiv Anand	4.05	6.71
Mr. Rajesh Dahiya	5.22	1.65
Redemption of Subordinated Debts		
Life Insurance Corporation of India	1,500.00	-
Purchase of investments		
United India Insurance Co. Limited	-	188.69
Oriental Insurance Co. Limited	205.00	-
Sale of investments		
New India Assurance Co. Limited	195.00	421.03
General Insurance Corporation Co. Limited	335.02	230.00
United India Insurance Co. Limited	141.29	157.44
Oriental Insurance Co. Limited	145.76	25.25
Management contracts		
Axis Securities Limited	6.61	7.05
A Treds Ltd	6.53	1.92
Axis Capital Limited	2.68	3.49
Axis Trustee Services Limited	2.80	3.10
Remuneration paid		
Ms. Shikha Sharma	6.83	4.84
Mr. V. Srinivasan	4.53	3.12
Mr. Rajiv Anand	3.18	2.44
Mr. Rajesh Dahiya	2.68	1.78
Contribution to employee benefit fund		
Life Insurance Corporation of India	16.53	16.16

(₹ in crores)

Particulars	Year ended 31 March, 2019	Year ended 31 March, 2018
Placement of security deposits		
Life Insurance Corporation of India	-	0.05
Repayment of Call/Term lending by related party		
Axis Bank UK Limited	352.14	311.94
Swaps/Forward contracts		
Axis Bank UK Limited	138.31	131.65
Advance granted (net)		
Axis Finance Limited	-	848.20
Axis Capital Limited	19.43	0.02
Accelyst Solutions Private Limited	2.60	-
Advance repaid		
Life Insurance Corporation of India	0.45	6.50
Axis Bank UK Limited	183.77	-
Axis Finance Limited	427.61	-
Purchase of loans		
Axis Bank UK Limited	-	18.17
Sell down of loans (including undisbursed loan commitments)		
Axis Bank UK Limited	-	64.87
Receiving of services		
Axis Securities Limited	878.80	740.45
Rendering of services		
Axis Asset Management Company Limited	226.47	249.67
Sale of foreign exchange currency to related party		
Ms. Shikha Sharma	1.14	1.29
Mr. Amitabh Choudhry	0.15	N.A.
Other reimbursements from related party		
Axis Capital Limited	3.90	4.10
Accelyst Solutions Private Limited	14.40	-
Axis Asset Management Company Limited	1.81	2.55
Other reimbursements to related party		
Axis Securities Limited	0.13	2.95
Life Insurance Corporation of India	0.66	0.75
Accelyst Solutions Private Limited	-	0.47
Axis Capital Limited	0.22	0.17
Axis Bank UK Limited	0.57	0.11

1.2.9 Leases

Disclosure in respect of assets taken on operating lease

This comprise of office premises/ATMs, cash deposit machines, staff quarters, electronic data capturing machines and IT equipment.

(₹ in crores)

	31 March, 2019	31 March, 2018
Future lease rentals payable as at the end of the year:		
- Not later than one year	775.07	718.43
- Later than one year and not later than five years	2,444.94	2,224.30
- Later than five years	2,235.49	1,844.71
Total of minimum lease payments recognised in the Profit and Loss Account for the year	833.95	800.26
Total of future minimum sub-lease payments expected to be received under non-cancellable subleases	5.50	4.25
Sub-lease payments recognised in the Profit and Loss Account for the year	2.08	0.60

The Bank has sub-leased certain of its properties taken on lease.

There are no provisions relating to contingent rent.

The terms of renewal/purchase options and escalation clauses are those normally prevalent in similar agreements. There are generally no undue restrictions or onerous clauses in the agreements.

Disclosure in respect of assets given on operating lease

(₹ in crores)

	31 March, 2019	31 March, 2018
Gross carrying amount of premises at the end of the year	157.91	-
Accumulated depreciation at the end of the year	8.63	-
Total depreciation charged to profit and loss account for the year	0.65	-
Future lease rentals receivable as at the end of the year:		
- Not later than one year	28.99	-
- Later than one year and not later than five years	116.54	-
- Later than five years	100.08	-

There are no provisions relating to contingent rent.

1.2.10 Movement in fixed assets capitalised as application software (included in other Fixed Assets)

(₹ in crores)

Particulars	31 March, 2019	31 March, 2018
At cost at the beginning of the year	1,291.64	1,059.56
Additions during the year*	319.54	232.10
Deductions during the year	(0.22)	(0.02)
Accumulated depreciation as at 31 March	(1,056.47)	(857.75)
Closing balance as at 31 March	554.49	433.89
Depreciation charge for the year	198.72	166.09

*includes movement on account of exchange rate fluctuation

1.2.11 The major components of deferred tax assets and deferred tax liabilities arising out of timing differences are as under:

(₹ in crores)

As at	31 March, 2019	31 March, 2018
Deferred tax assets on account of provisions for loan losses	7,072.93	6,626.72
Deferred tax assets on account of amortisation of HTM investments	8.35	11.28
Deferred tax assets on account of provision for employee benefits	97.12	92.73
Deferred tax assets on account of other items	547.26	273.64
Deferred tax assets	**7,725.66**	**7,004.37**
Deferred tax liabilities on account of depreciation on fixed assets	61.14	103.10
Deferred tax liabilities on account of other items	23.79	24.92
Deferred tax liabilities	**84.93**	**128.02**
Net Deferred tax assets	**7,640.73**	**6,876.35**

1.2.12 Employee Benefits

Provident Fund

The rules of the Bank's Provident Fund administered by a Trust require that if the Board of Trustees are unable to pay interest at the rate declared for Employees' Provident Fund by the Government under para 60 of the Employees' Provident Fund Scheme, 1952 for the reason that the return on investment is less or for any other reason, then the deficiency shall be made good by the Bank. Based on an actuarial valuation conducted by an independent actuary, there is no deficiency as at the Balance Sheet date.

The following tables summarise the components of net benefit expenses recognised in the Profit and Loss Account and funded status and amounts recognised in the Balance Sheet for the Provident Fund benefit plan (including staff deputed at subsidiaries).

Profit and Loss Account

Net employee benefit expenses (recognised in payments to and provisions for employees)

(₹ in crores)

	31 March, 2019	31 March, 2018
Current Service Cost*	98.60	88.99
Interest on Defined Benefit Obligation	159.70	127.95
Expected Return on Plan Assets	(189.59)	(171.00)
Net Actuarial Losses/(Gains) recognised in the year	29.89	43.05
Total included in "Employee Benefit Expense" [Schedule 16(I)]	**98.60**	**88.99**
Actual Return on Plan Assets	132.30	140.05

* includes contribution of ₹0.52 crores towards staff deputed at subsidiaries (previous year ₹0.46 crores)

Balance Sheet

Details of provision for provident fund

(₹ in crores)

	31 March, 2019	31 March, 2018
Fair Value of Plan Assets	2,245.71	2,006.65
Present Value of Funded Obligations	(2,245.71)	(2,006.65)
Net Asset	-	-
Amounts in Balance Sheet		
Liabilities	-	-
Assets	-	-
Net Asset	-	-

Changes in the present value of the defined benefit obligation are as follows:

(₹ in crores)

	31 March, 2019	31 March, 2018
Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	2,006.65	1,688.78
Current Service Cost	98.60	88.99
Interest Cost	159.70	127.95
Actuarial Losses/(Gains)	(27.40)	12.10
Employees Contribution	217.42	200.76
Liability transferred from/to other companies	(16.45)	(14.62)
Benefits Paid	(192.81)	(97.31)
Closing Defined Benefit Obligation	**2,245.71**	**2,006.65**

Changes in the fair value of plan assets are as follows:

(₹ in crores)

	31 March, 2019	31 March, 2018
Change in the Fair Value of Assets		
Opening Fair Value of Plan Assets	2,006.65	1,688.78
Expected Return on Plan Assets	189.59	171.00
Actuarial Gains/(Losses)	(57.29)	(30.95)
Employer contribution during the period	98.60	88.99
Employee contribution during the period	217.42	200.76
Assets transferred from/to other companies	(16.45)	(14.62)
Benefits Paid	(192.81)	(97.31)
Closing Fair Value of Plan Assets	**2,245.71**	**2,006.65**

Experience adjustments*

(₹ in crores)

	31 March, 2019	31 March, 2018	31 March, 2017	31 March, 2016	31 March, 2015
Defined Benefit Obligations	2,245.71	2,006.65	1,688.78	1,439.02	1,241.53
Plan Assets	2,245.71	2,006.65	1,688.78	1,439.02	1,241.53
Surplus/(Deficit)	-	-	-	-	-
Experience Adjustments on Plan Liabilities	(27.40)	12.10	20.83	12.08	(1.78)
Experience Adjustments on Plan Assets	(57.29)	(30.95)	0.58	(6.16)	(3.99)

* information provided to the extent available with the Bank

Major categories of plan assets (managed by Insurers) as a percentage of fair value of total plan assets

	31 March, 2019 %	31 March, 2018 %
Government securities	55.91	53.75
Bonds, debentures and other fixed income instruments	40.00	42.16
Equity shares	3.77	3.79
Others	0.32	0.30

	31 March, 2019	31 March, 2018
Discount rate for the term of the obligation	7.65%	7.95%
Average historic yield on the investment portfolio	8.88%	8.90%
Discount rate for the remaining term to maturity of the investment portfolio	7.55%	7.68%
Expected investment return	8.98%	9.17%
Guaranteed rate of return	8.65%	8.55%

The contribution to the employee's provident fund (including Employee Pension Scheme) amounted to ₹161.28 crores (previous year ₹149.49 crores) for the year.

The Hon'ble Supreme Court of India ("SC") by an order dated 28 February, 2019 in one case, set out the principles based on which allowances paid to the employees should be identified for inclusion in basic wages for the purposes of computation of Provident Fund contribution. Subsequently, a review petition against this decision has been filed and is pending before the SC for disposal. Pending decision on the subject review petition and directions from the Employees' Provident Fund Organisation, no effect of the said order has been given in the financial statements.

Superannuation

The Bank contributed ₹16.29 crores (previous year ₹15.91 crores) to the employees' superannuation plan for the year.

National Pension Scheme (NPS)

During the year, the Bank contributed ₹5.19 crores (previous year ₹3.82 crores) to the NPS for employees who have opted for the scheme.

Leave Encashment

The liability of compensated absences of accumulated privileged leave of employees of the Bank is given below:

(₹ in crores)

	31 March, 2019	31 March, 2018
Liability – Privilege Leave	247.35	243.82*
Total included in "Employee Benefit Expense" [Schedule 16(I)]	46.62	47.33
Assumptions		
Discount rate	-	7.95% p.a.*
Salary escalation rate	-	7.00% p.a.*

* based on actuarial valuation

Gratuity

The following tables summarise the components of net benefit expenses recognised in the Profit and Loss Account and funded status and amounts recognised in the Balance Sheet for the Gratuity benefit plan.

Profit and Loss Account

Net employee benefit expenses (recognised in payments to and provisions for employees)

(₹ in crores)

	31 March, 2019	31 March, 2018
Current Service Cost	44.67	39.07
Interest on Defined Benefit Obligation	29.15	22.81
Expected Return on Plan Assets	(24.61)	(21.68)
Net Actuarial Losses/(Gains) recognised in the year	7.86	(16.24)
Past Service Cost	-	28.33
Total included in "Employee Benefit Expense" [Schedule 16(I)]	**57.07**	**52.29**
Actual Return on Plan Assets	33.97	26.27

Balance Sheet

Details of provision for gratuity

(₹ in crores)

	31 March, 2019	31 March, 2018
Fair Value of Plan Assets	391.91	323.72
Present Value of Funded Obligations	(402.15)	(342.56)
Unrecognised past service cost	2.33	-
Net Asset	**(7.91)**	**(18.84)**
Amounts in Balance Sheet		
Liabilities	7.91	18.84
Assets	-	-
Net Liability (included under Schedule 5 – Other Liabilities)	**(7.91)**	**(18.84)**

Changes in the present value of the defined benefit obligation are as follows:

(₹ in crores)

	31 March, 2019	31 March, 2018
Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	342.56	284.83
Current Service Cost	44.67	39.07
Interest Cost	29.15	22.81
Actuarial Losses/(Gains)	17.22	(11.65)
Past service cost	2.33	28.33
Benefits Paid	(33.78)	(20.83)
Closing Defined Benefit Obligation	**402.15**	**342.56**

Changes in the fair value of plan assets are as follows:

(₹ in crores)

	31 March, 2019	31 March, 2018
Change in the Fair Value of Assets		
Opening Fair Value of Plan Assets	323.72	279.65
Expected Return on Plan Assets	24.61	21.68
Actuarial Gains/(Losses)	9.36	4.59
Contributions by Employer	68.00	38.63
Benefits Paid	(33.78)	(20.83)
Closing Fair Value of Plan Assets	**391.91**	**323.72**

Experience adjustments

(₹ in crores)

	31 March, 2019	31 March, 2018	31 March, 2017	31 March, 2016	31 March, 2015
Defined Benefit Obligations	402.15	342.56	284.83	232.55	206.96
Plan Assets	391.91	323.72	279.65	232.56	209.49
Surplus/(Deficit)	(10.24)	(18.84)	(5.18)	0.01	2.53
Experience Adjustments on Plan Liabilities	7.50	4.39	6.64	2.78	1.06
Experience Adjustments on Plan Assets	9.36	4.59	(1.64)	(5.36)	1.27

Major categories of plan assets (managed by Insurers) as a percentage of fair value of total plan assets

	31 March, 2019	31 March, 2018
	%	%
Government securities	37.43	49.04
Bonds, debentures and other fixed income instruments	47.82	39.82
Money market instruments	5.38	8.70
Equity shares	2.00	2.22
Others	7.37	0.22

Principal actuarial assumptions at the Balance Sheet date:

	31 March, 2019	31 March, 2018
Discount Rate	7.65% p.a.	7.95% p.a.
Expected Rate of Return on Plan Assets	7.50% p.a.	7.50% p.a.
Salary Escalation Rate	7.00% p.a.	7.00% p.a.
Employee Turnover		
- 18 to 30 (age in years)	20.00%	20.00%
- 31 to 44 (age in years)	10.00%	10.00%
- 45 to 59 (age in years)	5.00%	5.00%

The estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors.

The expected rate of return on plan assets is based on the average long-term rate of return expected on investments of the Fund during the estimated term of the obligations.

As the contribution expected to be paid to the plan during the annual period beginning after the balance sheet date is based on various internal/external factors, a best estimate of the contribution is not determinable.

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

1.2.13 Provisions and contingencies

a) Movement in provision for frauds included under other liabilities is set out below:

(₹ in crores)

	31 March, 2019	31 March, 2018
Opening balance at the beginning of the year	60.98	59.40
Additions during the year	0.78	2.00
Reductions on account of payments during the year	-	(0.15)
Reductions on account of reversals during the year	(8.18)	(0.27)
Closing balance at the end of the year	**53.58**	**60.98**

b) Other liabilities include provision for reward points made on actuarial basis, the movement of which is set out below:

(₹ in crores)

	31 March, 2019	31 March, 2018
Opening provision at the beginning of the year	143.94	110.45
Provision made during the year	127.22	89.05
Reductions during the year	(65.26)	(55.56)
Closing provision at the end of the year	**205.90**	**143.94**

c) Movement in provision for other contingencies is set out below:

(₹ in crores)

	31 March, 2019	31 March, 2018
Opening provision at the beginning of the year	150.66	595.62
Provision made during the year	655.26	342.25
Reductions during the year	(617.93)	(787.21)
Closing provision at the end of the year	**187.99**	**150.66**

Closing provision includes provision for legal cases and other contingencies. Provisions made and reductions during the year also include contingent provision for advances.

1.2.14 Small and Micro Enterprises

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from 2 October, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. There have been no reported cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments. The above is based on the information available with the Bank which has been relied upon by the auditors.

1.2.15 Corporate Social Responsibility (CSR)

a) Amount required to be spent by the Bank on CSR during the year ₹127.94 crores (previous year ₹186.82 crores).

b) Amount spent towards CSR during the year and recognized as expense in the statement of profit and loss on CSR related activities is ₹137.59 crores (previous year ₹133.77 crores), which comprise of following –

(₹ in crores)

	31 March, 2019			31 March, 2018		
	In cash	Yet to be paid in cash (i.e. provision)	Total	In cash	Yet to be paid in cash (i.e. provision)	Total
Construction/ acquisition of any asset	11.89	-	11.89	2.22	-	2.22
On purpose other than above	125.13	0.57	125.70	124.28	7.27	131.55

1.2.16 Description of contingent liabilities

a) Claims against the Bank not acknowledged as debts

These represent claims filed against the Bank in the normal course of business relating to various legal cases currently in progress. These also include demands raised by income tax authorities and disputed by the Bank. Apart from claims assessed as possible, the Bank holds provision of ₹56.06 crores as on 31 March, 2019 (previous year ₹42.70 crores) towards claims assessed as probable.

b) Liability for partly paid investments

This represents amounts remaining unpaid towards liability for partly paid investments.

c) Liability on account of forward exchange and derivative contracts

The Bank enters into foreign exchange contracts, currency options/swaps, interest rate/currency futures and forward rate agreements on its own account and for customers. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate. Currency swaps are commitments to exchange cash flows by way of interest/principal in two currencies, based on ruling spot rates. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows. Interest rate futures are standardised, exchange-traded contracts that represent a pledge to undertake a certain interest rate transaction at a specified price, on a specified future date. Forward rate agreements are agreements to pay or receive a certain sum based on a differential interest rate on a notional amount for an agreed period. A foreign currency option is an agreement between two parties in which one grants to the other the right to buy or sell a specified amount of currency at a specific price within a specified time period or at a specified future time. An Exchange Traded Currency Option contract is a standardised foreign exchange derivative contract, which gives the owner the right, but not the obligation, to exchange money denominated in one currency into another currency at a pre-agreed exchange rate on a specified date on the date of expiry. Currency Futures contract is a standardised, exchange-traded contract, to buy or sell a certain underlying currency at a certain date in the future, at a specified price. The amount of contingent liability represents the notional principal of respective forward exchange and derivative contracts.

d) Guarantees given on behalf of constituents

As a part of its banking activities, the Bank issues guarantees on behalf of its customers to enhance their credit standing. Guarantees represent irrevocable assurances that the Bank will make payments in the event of the customer failing to fulfill its financial or performance obligations.

e) Acceptances, endorsements and other obligations

These include documentary credit issued by the Bank on behalf of its customers and bills drawn by the Bank's customers that are accepted or endorsed by the Bank.

f) Other items

Other items represent outstanding amount of bills rediscounted by the Bank, estimated amount of contracts remaining to be executed on capital account, notional principal on account of outstanding Tom/Spot foreign exchange contracts, commitments to venture capital funds/alternate investment funds, commitments towards underwriting and investment in equity through bids under Initial Public Offering (IPO) of corporates as at the year end, demands raised by statutory authorities (other than income tax) and disputed by the Bank and amount transferred to Depositor Education and Awareness Fund (DEAF).

During earlier years, the Bank, through one of its overseas branches, had arranged Trade Credit (Buyers Credit loans) against Letters of Undertaking (LOUs) issued by Punjab National Bank (PNB), which were subsequently alleged as fraudulent by PNB. Prior to this declaration by PNB, such buyer's credit loans were sold down in the secondary market by the overseas branch to various participating banks under Risk Participation Agreements. As on 31 March 2019, there is no funded exposure outstanding in the overseas branch pursuant to such sell down. PNB has repaid the aggregate amount of all LOUs due upto 31 March 2019, pursuant to an undertaking issued to PNB, and made remittance to the overseas branch which has been passed on for onward payment to the participating banks. Based on the facts and circumstances of the case, internal findings and legal opinion, the Bank does not expect PNB has any valid right at this point in time, for refund by the Bank of the aggregate amount paid by PNB towards LOUs due upto 31 March 2019. However, as a matter of prudence, the aggregate amount of LOUs issued by PNB to the overseas branch against which buyer's credit was extended, aggregating to ₹4,082.51 crores has been disclosed as part of Contingent Liabilities in the Balance Sheet.

The Bank has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Bank has reviewed and recorded adequate provision as required under any law/accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) in the books of account and disclosed the same under the relevant notes in the financial statements, where applicable.

1.2.17 Previous year figures have been regrouped and reclassified, where necessary to conform to current year's presentation.

In terms of our report attached.				For Axis Bank Ltd.
For Haribhakti & Co. LLP Chartered Accountants Firm Registration No.: 103523W/W100048				Sanjiv Misra Chairman
Purushottam Nyati Partner Membership No.: 118970	Samir K. Barua Director	S. Vishvanathan Director	B. Babu Rao Director	Amitabh Chaudhry Managing Director & CEO
Date: 25 April, 2019 Place: Mumbai	Girish V. Koliyote Company Secretary	Jairam Sridharan Chief Financial Officer	Rakesh Makhija Director	Girish Paranjpe Director

INDEPENDENT AUDITOR'S REPORT

To the Members of Axis Bank Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Axis Bank Limited (hereinafter referred to as "the Bank") and its subsidiaries (the Bank and its subsidiaries together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at March 31, 2019, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year then ended, and notes to the consolidated financial statements including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2019, the consolidated profit and the consolidated cash flows for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and rules thereunder and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

HARIBHAKTI & CO. LLP
MUMBAI
CHARTERED ACCOUNTANTS

Haribhakti & Co. LLP, Chartered Accountants Regn. No. AAC- 3768, a limited liability partnership registered in India (converted on 17th June, 2014 from firm Haribhakti & Co. FRN: 103523W)
Registered office: 705, Leela Business Park, Andheri-Kurla Road, Andheri (E), Mumbai - 400 059, India. Tel:+91 22 6672 9999 Fax:+91 22 6672 9777
Other offices: Ahmedabad, Bengaluru, Chennai, Hyderabad, Kolkata, New Delhi, Pune.

Key Audit Matter	Procedure performed
IT Controls Framework Axis Bank has a complex IT architecture to support its day to day business operations. The volume of transactions processed and recorded is huge. Moreover, a transaction may be required to be recorded across multiple applications depending upon the process. Each application has different rules incorporated in it and a different set of user access and authority matrix. These applications are interlinked using different technologies. Data transfer happens in real time or at a particular time of the day; in batches or at a transaction level and in an automated manner or manually. The Core Banking Solution (CBS) itself has many interfaces. All these data streams directly affect financial reporting. The Bank has a process for identifying the applications where the controls are embedded. It also has a process to ensure that systems, processes and controls remain relevant. The Bank's IT control framework includes automated, semi-automated and manual controls designed to address identified risks. IT controls are stated in Entity Level Controls (ELC), IT General Controls (ITGC) and IT Application Controls (ITAC). We regard this area as a Key Audit Matter as the Bank's business is highly dependent on technology, the IT environment is complex and the design and operating effectiveness of IT controls have a direct impact on a financial reporting process. Review of these controls allows us to provide assurance on the integrity and completeness of data processed through various IT applications which are used for the preparation of financial reports.	IT audit specialists are an integral part of our engagement team. Our approach of testing IT General Controls (ITGC) and IT Application Controls (ITAC) is risk based and business centric. As a part of our IT controls testing, we have tested ITGC as well as ITAC. The focus of testing of ITGCs was based on the various parameters such as Completeness, Validity, identification, Authentication Authorization, Integrity and Accountability. On the other hand, focus of testing automated controls from applications was whether the controls prevent or detect unauthorized transactions and support financial objectives including completeness, accuracy, authorization and validity of transactions. We gathered a comprehensive understanding of IT applications landscape implemented at the Bank. It was followed by process understanding, mapping of applications to the same and understanding financial risks posed by people-process and technology. In ITGC testing we reviewed, on sample basis, control areas such as User Management, Change Management, Systems Security, Incident Management, Physical & Environmental Security, Backup and Restoration, Business Continuity and Disaster Recovery, Service Level Agreement. For ITAC, we carried out on sample basis, compliance tests of system functionality in order to assess the accuracy of system calculations. We also carried out procedures such as validations and limit checks on data entered into applications, approvals, process dependencies and restriction on time period in which transactions may be recorded. We tested the control environment using various techniques such as inquiry, review of documentation/record/reports, observation and re-performance. We also tested few controls using negative testing technique. We had taken adequate samples of instances for our tests. Wherever deviations were noted either the same were explained to our satisfaction or we suitably modified our testing procedures to draw comfort.

HARIBHAKTI & CO. LLP ★ MUMBAI ★ CHARTERED ACCOUNTANTS

Provisions and Write off of Advances	
The Bank's portfolio of advances to customers amounts to Rs. 4,94,79,797 Lacs as at March 31, 2019 comprising of Rs. 2,37,22,782 Lacs towards its Corporate Customers ("Wholesale Banking" customers) and Rs. 2,57,57,015 Lacs towards its Retail Customers ("Retail banking" customers). As required under Income Recognition, Asset Classification and provisioning norms (IRAC norms) and other circulars, notifications and directives issued by the Reserve Bank of India (RBI), the Bank classifies advances into performing and non-performing advances which consists of Standard, Sub-standard, Doubtful and Loss and makes appropriate provisions. The Bank, on case to case basis, as per it's governing framework, identifies standard advances which require higher provision based on its evaluation of risk and internal ratings. The Bank also identifies sectors wherein the Bank perceives stress and makes higher provisions. Additionally, the Bank also identifies accounts which are to be technical written off based on the framework approved by the Bank's Board of Directors. The provisions for such advances and technical write off is a Key Audit Matter as the Bank has significant credit risk exposure to a large number of borrowers across a wide range of borrowers, products, industries and geographies and there is a high degree of complexity and judgement involved in recoverability of advances, estimating the provisions thereon and identification of accounts to be written off. The same resulted in significant audit effort to address the risks around loan recoverability and the determination of related provisions and write off.	*Provisions for Corporate advances against specific individual loans (wholesale banking)* 1. Testing the key controls over borrower risk grading for wholesale loans (larger customer exposures that are monitored individually) for classification of such loans as performing or non-performing advances. • We tested on sample basis, the approval of new lending facilities against the Bank's credit policies, the performance of annual loan assessments, and controls over the monitoring of credit quality. • We have assessed the process for classification by the management including identification of non-performing assets. • We tested on sample basis loans to form our own assessment as to whether impairment events had occurred and to assess whether impairments had been identified in a timely manner. • For the selected non-performing loans, we assessed management's forecast and inputs of recoverable cash flows, valuation of underlying security and collaterals, estimates of recoverable amounts on default and other sources of repayment. This included testing controls over the identification of exposures showing signs of stress, either due to internal factors specific to the borrower or external macroeconomic factors, and testing the timeliness of and the accuracy of risk assessments and risk grading against the requirements of the Bank's lending policies and RBI IRAC norms. 2. Performing credit assessments of a sample of corporate loans managed by a specialised group assessed as high risk or impaired, focusing on larger exposures assessed by the Bank as showing signs of deterioration, or in areas of emerging risk (assessed against external market conditions). We challenged the Bank's risk grading of the loan, their assessment of loan recoverability and the impact on the credit provision. To do this, we used the information on the Borrowers loan file, discussed the case with the concerned officials and senior management, and performed our own assessment of recoverability.

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	Provisions for Retail advances against specific individual loans (Retail banking) For retail loans (smaller customer exposures not monitored individually), testing controls over the systems which record lending arrears, group exposures into delinquency buckets based on the number of days loans are overdue, and calculate individual provisions. We tested automated calculation and change management controls and evaluated the Bank's oversight of the portfolios, with a focus on controls over delinquency statistics monitoring. We tested on sample basis the level of provisions held against different loan products based on the delinquency profile and challenged assumptions made in respect of expected recoveries, primarily from collateral held. We also carried out extensive data analytics procedures to identify exceptions and outliers. *Provisions estimated across loan portfolios (collective provision)* 1. Testing the Bank's processes for making collective provision 2. Review of the Policy for higher provision for weak standard advances and stressed sectors adopted by the Bank 3. Validating the parameters used to calculate collective provisions with reference to IRAC norms and internal policy on higher provisions on weak standard advances; 4. Testing the completeness and accuracy of data transferred from underlying source systems used for computing collective provision; 5. Re-performing, for a sample of retail and wholesale portfolios, the calculation of collective provisions, to determine the accuracy of the same. *Technical write off across loan portfolios* The Bank has adopted a framework for technical write off. We reviewed the framework and understood the process for identification of loan portfolios to be technically written off. We tested on sample basis, the accounts identified during the year to be written off for compliance with the aforesaid framework.

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Other Information

The Bank's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' Report forming part of the Annual Report, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon and the Pillar III Disclosures under the New Capital Adequacy Framework (Basel III disclosures). The Director's Report is expected to be made available to us after the date of this auditors report.

Our opinion on the consolidated financial statements does not cover the other information and the Basel III disclosures we do not express any form of assurance conclusion thereon.

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

When we read the Director's Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Bank's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with relevant rules issued thereunder, provision of Section 29 of the Banking Regulation Act, 1949 and the circulars, guidelines and directions issued by Reserve Bank of India ("RBI") from time to time. The respective Board of Directors of the entities included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Bank, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the entities included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the entities included in the Group are responsible for overseeing the financial reporting process of the Group.

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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Bank and its subsidiaries, which are companies incorporated in India, have adequate internal financial controls with reference to consolidated financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in

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the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Bank and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

(a) We did not audit the financial statements of 9 subsidiaries, whose financial statements reflects total assets of Rs. 14,94,461.55 lacs and net asset of Rs 2,43,992.23 lacs as at March 31, 2019, and total revenues of Rs. 2,45,731.54 lacs and net cash inflows amounting to Rs 4,714.61 lacs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of section 143(3) of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

One of above subsidiary is located outside India whose financial statements have been prepared in accordance with accounting principles generally accepted in that country and which have been audited by other auditors under generally accepted auditing standards applicable in that country. The Company's management has converted the financial statements of such subsidiary located outside India from accounting principles generally accepted in that country to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiary located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Company and audited by us.

(b) We did not audit the financial statements of 1 step down subsidiary, whose financial statements reflects total assets of Rs. 411.53 lacs and net assets of Rs. 369.67 lacs as at

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March 31, 2019, total revenues of Rs. 0.79 lacs and net cash inflows amounting to Rs. 24.89 lacs for the year ended on that date, as considered in the consolidated financial statements. These financial statements are unaudited and have been furnished to us by the management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of this step down subsidiary, and our report in terms of section 143(3) of the Act, in so far as it relates to the aforesaid step down subsidiary, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the management, these financial statements are not material to the Group.

Our opinion on the consolidated financial statements and our report on the Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the management.

(c) The consolidated financial statements of the Bank for the previous year ended March 31, 2018, were audited by another firm of Chartered Accountants who have expressed an unmodified opinion on those statements vide their report dated May 16, 2018.

Report on Other Legal and Regulatory Requirements

As required by section 143(3) of the Act and, we report, to the extent applicable, that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;

c) The Consolidated Balance Sheet, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act read with relevant rules issued thereunder to the extent they are not inconsistent with accounting policies prescribed by RBI;

e) On the basis of the written representations received from the directors of the Bank as on March 31, 2019 taken on record by the Board of Directors of the Bank and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Companies of the Group incorporated in India is disqualified as on March 31, 2019 from being appointed as a director in terms of section 164(2) of the Act;

f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Bank and its subsidiary companies incorporated in India and

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the operating effectiveness of such controls, we give our separate report in the "Annexure".

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us in case of subsidiary Companies incorporated in India, the remuneration paid/ provided by those subsidiaries to their directors during the year is in accordance with the provisions of section 197 of the Act. Further, Section 197 of the Act is not applicable by virtue of Section 35B (2A) of the Banking Regulation Act, 1949 to the Bank.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group - Refer Schedule 12 - Contingent Liabilities to the consolidated financial statements;

ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Bank and its subsidiary companies incorporated in India,

For Haribhakti & Co. LLP

Chartered Accountants

Firm Registration No.103523W / W100048

HARIBHAKTI & CO. LLP ★ MUMBAI ★ CHARTERED ACCOUNTANTS

Purushottam Nyati

Partner

Membership No. 118970

Place: Mumbai

Date: April 25, 2019

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of Axis Bank Limited on the Consolidated Financial Statements for the year ended March 31, 2019]

Report on the Internal Financial Controls with reference to Consolidated Financial Statements under clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated Financial Statements of the Axis Bank Limited ("the Bank") as of and for the year ended March 31, 2019, we have audited the internal financial controls with reference to Consolidated Financial Statements of the Bank and its subsidiary companies, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the of the Bank and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control with reference to Consolidated Financial Statements criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to Consolidated Financial Statements of the Bank and its subsidiary companies, which are companies incorporated in India based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to Consolidated Financial Statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to Consolidated Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to Consolidated Financial Statements included obtaining an understanding of internal financial controls with reference to Consolidated Financial Statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is

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sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to Consolidated Financial Statements.

Meaning of Internal Financial Controls with reference to Consolidated Financial Statements

A company's internal financial control with reference to Consolidated Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Consolidated Financial Statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to Consolidated Financial Statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Consolidated Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Consolidated Financial Statements.

Inherent Limitations of Internal Financial Controls with reference to Consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to Consolidated Financial Statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to Consolidated Financial Statements to future periods are subject to the risk that the internal financial control with reference to Consolidated Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on consideration of reporting of other auditors as mentioned in Other Matter paragraph, the Bank and its subsidiary companies which are companies incorporated in India, have, in all material respects, an adequate internal financial controls with reference to Consolidated Financial Statements and such internal financial controls with reference to Consolidated Financial Statements were operating effectively as at March 31, 2019, based on the internal control with reference to Consolidated Financial Statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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Other Matters

Our aforesaid reports under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to Consolidated Financial Statements in so far as it relates to 8 subsidiary companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

For Haribhakti & Co. LLP

Chartered Accountants

Firm Registration No.103523W/W100048

HARIBHAKTI & CO. LLP ★ MUMBAI ★ CHARTERED ACCOUNTANTS

Purushottam Nyati

Partner

Membership No.118970

Place: Mumbai

Date: April 25, 2019

Consolidated Balance Sheet

As at 31 March, 2019

(₹ in Thousands)

	Schedule No.	As at 31-03-2019	As at 31-03-2018
Capital and Liabilities			
Capital	1	5,143,290	5,133,078
Reserves & Surplus	2	672,882,898	636,941,012
Minority Interest	2A	846,147	695,129
Deposits	3	5,507,459,351	4,556,577,642
Borrowings	4	1,612,498,292	1,557,670,924
Other Liabilities and Provisions	5	341,629,698	280,015,886
Total		**8,140,459,676**	**7,037,033,671**
Assets			
Cash and Balances with Reserve Bank of India	6	350,990,403	354,810,648
Balances with Banks and Money at Call and Short Notice	7	329,052,679	84,297,483
Investments	8	1,740,558,546	1,530,367,120
Advances	9	5,066,561,244	4,498,436,451
Fixed Assets	10	41,298,823	40,488,204
Other Assets	11	611,997,981	528,633,765
Total		**8,140,459,676**	**7,037,033,671**
Contingent Liabilities	12	7,582,289,751	7,391,397,673
Bills for Collection		519,728,573	495,656,026
Significant Accounting Policies and Notes to Accounts	17 & 18		

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

In terms of our report attached.

For Haribhakti & Co. LLP
Chartered Accountants
Firm Registration No.: 103523W/W100048

Purushottam Nyati
Partner
Membership No.: 118970

Date: 25 April, 2019
Place: Mumbai

For Axis Bank Ltd.

Sanjiv Misra
Chairman

Samir K. Barua
Director

S. Vishvanathan
Director

B. Babu Rao
Director

Amitabh Chaudhry
Managing Director & CEO

Girish V. Koliyote
Company Secretary

Jairam Sridharan
Chief Financial Officer

Rakesh Makhija
Director

Girish Paranjpe
Director

Consolidated Profit & Loss Account

For the year ended 31 March, 2019

(₹ in Thousands)

		Schedule No.	Year ended 31-03-2019	Year ended 31-03-2018
I	**Income**			
	Interest earned	13	560,436,523	466,140,592
	Other income	14	141,887,538	118,626,154
	Total		**702,324,061**	**584,766,746**
II	**Expenditure**			
	Interest expended	15	338,834,746	276,036,927
	Operating expenses	16	167,201,872	147,883,644
	Provisions and contingencies	18 (1.1.1)	145,816,536	156,205,947
	Total		**651,853,154**	**580,126,518**
III	**Net Profit For The Year**		50,470,907	4,640,228
	Minority interest		(85,018)	(82,063)
IV	**Consolidated Net Profit Attributable To Group**		50,385,889	4,558,165
	Balance in Profit & Loss Account brought forward from previous year		235,543,472	248,815,549
V	**Amount Available For Appropriation**		**285,929,361**	**253,373,714**
VI	**Appropriations:**			
	Transfer to Statutory Reserve		11,691,521	689,203
	Transfer to Reserve Fund u/s 45 IC of RBI Act, 1934		421,100	418,800
	Transfer to/(from) Investment Reserve		(1,034,894)	1,034,894
	Transfer to Capital Reserve		1,251,323	1,016,558
	Transfer to General Reserve		96,508	80,595
	Transfer to Investment Fluctuation Reserve		6,000,000	-
	Transfer to/(from) Reserve Fund		6,280	16,158
	Dividend paid (includes tax on dividend)	18 (1.1.6)	269,486	14,574,034
	Balance in Profit & Loss Account carried forward		267,228,037	235,543,472
	Total		**285,929,361**	**253,373,714**
VII	**Earnings Per Equity Share**	18 (1.1.4)		
	(Face value ₹2/- per share)			
	Basic (in ₹)		19.61	1.86
	Diluted (in ₹)		19.49	1.86
	Significant Accounting Policies and Notes to Accounts	17 & 18		

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

In terms of our report attached.

For Axis Bank Ltd.

For Haribhakti & Co. LLP
Chartered Accountants
Firm Registration No.: 103523W/W100048

Sanjiv Misra
Chairman

Purushottam Nyati
Partner
Membership No.: 118970

Samir K. Barua
Director

S. Vishvanathan
Director

B. Babu Rao
Director

Amitabh Chaudhry
Managing Director & CEO

Date: 25 April, 2019
Place: Mumbai

Girish V. Koliyote
Company Secretary

Jairam Sridharan
Chief Financial Officer

Rakesh Makhija
Director

Girish Paranjpe
Director

Consolidated Cash Flow Statement

For the year ended 31 March, 2019

(₹ in Thousands)

	Year ended 31-03-2019	Year ended 31-03-2018
Cash flow from operating activities		
Net profit before taxes	**75,835,511**	**5,576,753**
Adjustments for:		
Depreciation on fixed assets	7,371,694	5,905,799
Depreciation on investments	2,965,368	(2,076,781)
Amortisation of premium on Held to Maturity investments	3,231,548	2,853,172
Provision for Non Performing Assets (including bad debts)	102,721,131	166,305,686
Provision on standard assets	8,143,122	(1,243,679)
Profit/(loss) on sale of land, buildings and other assets (net)	247,690	167,090
Provision for country risk	-	(199,434)
Provision for restructured assets/strategic debt restructuring	(196,572)	(3,071,587)
Provision on unhedged foreign currency exposure	187,900	(93,000)
Provision for other contingencies	6,545,966	(4,433,847)
	207,053,358	**169,690,172**
Adjustments for:		
(Increase)/Decrease in investments	(41,551,810)	(77,302,723)
(Increase)/Decrease in advances	(667,024,418)	(833,046,826)
Increase /(Decrease) in deposits	950,881,709	406,750,890
(Increase)/Decrease in other assets	(93,650,319)	20,390,878
Increase/(Decrease) in other liabilities & provisions	46,760,283	(37,559,206)
Direct taxes paid	(31,216,324)	(32,826,167)
Net cash flow from operating activities	**371,252,479**	**(383,902,982)**
Cash flow from investing activities		
Purchase of fixed assets	(8,803,657)	(8,549,837)
(Increase)/Decrease in Held to Maturity investments	(178,658,506)	(88,085,436)
Purchase of Freecharge business	-	(3,954,556)
Proceeds from sale of fixed assets	547,233	120,499
Net cash used in investing activities	**(186,914,930)**	**(100,469,330)**

(₹ in Thousands)

	Year ended 31-03-2019	Year ended 31-03-2018
Cash flow from financing activities		
Proceeds/(Repayment) from issue of subordinated debt, perpetual debt & upper Tier II instruments (net)	(17,000,000)	81,109,364
Increase/(Decrease) in borrowings (excluding subordinated debt, perpetual debt & upper Tier II instruments) (net)	71,827,368	258,473,945
Proceeds from issue of share capital	10,212	343,006
Proceeds from share premium (net of share issue expenses)	1,706,853	87,986,544
Payment of dividend (including dividend distribution tax)	(269,486)	(14,574,034)
Increase in minority interest	151,018	82,063
Net cash generated from financing activities	**56,425,965**	**413,420,888**
Effect of exchange fluctuation translation reserve	171,437	(43,096)
Net cash and cash equivalents taken over on acquisition of Freecharge Business	-	441,472
Net increase in cash and cash equivalents	240,934,951	(70,553,048)
Cash and cash equivalents at the beginning of the year	439,108,131	509,661,179
Cash and cash equivalents at the end of the year	**680,043,082**	**439,108,131**
Notes to the Cash Flow Statement:		
1. Cash and cash equivalents includes the following		
Cash and Balances with Reserve Bank of India (Refer Schedule 6)	350,990,403	354,810,648
Balances with Banks and Money at Call and Short Notice (Refer Schedule 7)	329,052,679	84,297,483
Cash and cash equivalents at the end of the year	**680,043,082**	**439,108,131**
2. Amount of corporate Responsibility related expenses spent during the year in cash ₹148.80 crores (Previous Year 136.06 crores)		

In terms of our report attached.

For Haribhakti & Co. LLP
Chartered Accountants
Firm Registration No.: 103523W/W100048

Purushottam Nyati
Partner
Membership No.: 118970

Date: 25 April, 2019
Place: Mumbai

For Axis Bank Ltd.

Sanjiv Misra
Chairman

Samir K. Barua
Director

S. Vishvanathan
Director

B. Babu Rao
Director

Amitabh Chaudhry
Managing Director & CEO

Girish V. Koliyote
Company Secretary

Jairam Sridharan
Chief Financial Officer

Rakesh Makhija
Director

Girish Paranjpe
Director

Schedules forming part of the Consolidated Balance Sheet

As at 31 March, 2019

Schedule 1 - Capital

(₹ in Thousands)

	As at 31-03-2019	As at 31-03-2018
Authorised Capital		
4,250,000,000 (Previous year - 4,250,000,000) Equity Shares of ₹2/- each	8,500,000	8,500,000
Issued, Subscribed and Paid-up capital		
2,571,644,871 (Previous year - 2,566,538,936) Equity Shares of ₹2/- each fully paid-up	5,143,290	5,133,078

Schedule 2 - Reserves and Surplus

(₹ in Thousands)

		As at 31-03-2019	As at 31-03-2018
I.	**Statutory Reserve**		
	Opening Balance	115,759,726	115,070,523
	Additions during the year	11,691,521	689,203
		127,451,247	**115,759,726**
II.	**Share Premium Account**		
	Opening Balance	258,114,673	170,128,129
	Additions during the year	1,706,853	88,122,658
	Less: Share issue expenses	-	(136,114)
		259,821,526	**258,114,673**
III.	**Investment Reserve Account**		
	Opening Balance	1,034,894	-
	Additions during the year	-	1,034,894
	Deductions during the year	(1,034,894)	-
		-	**1,034,894**
IV.	**General Reserve**		
	Opening Balance	3,944,169	3,863,574
	Additions during the year	96,508	80,595
		4,040,677	**3,944,169**
V.	**Capital Reserve**		
	Opening Balance	19,672,953	18,656,395
	Additions during the year	1,251,323	1,016,558
		20,924,276	**19,672,953**
VI.	**Foreign Currency Translation Reserve [Refer Schedule 17 (5.5)]**		
	Opening Balance	1,520,651	1,563,747
	Additions during the year	171,437	-
	Deductions during the year	-	(43,096)
		1,692,088	**1,520,651**
VII.	**Reserve Fund**		
	Opening Balance	74,974	58,816
	Additions during the year	6,280	16,158
		81,254	**74,974**
VIII.	**Reserve Fund u/s 45 IC of RBI Act, 1934**		
	Opening Balance	1,275,500	856,700
	Additions during the year	421,100	418,800
		1,696,600	**1,275,500**
IX.	**Investment Fluctuation Reserve**		
	Opening Balance	-	-
	Additions during the year	6,000,000	-
		6,000,000	**-**
X.	**Balance in Profit & Loss account brought forward**	267,228,037	235,543,472
	Adjustments during the year*	(16,052,807)	-
	Balance in Profit & Loss Account	**251,175,230**	**235,543,472**
	Total	**672,882,898**	**636,941,012**

* represents provision towards Land held as non-banking asset which will be reversed and recognised through profit and loss account in the subsequent quarters of the next financial year as advised by RBI.

Schedule 2A - Minority Interest

(₹ in Thousands)

		As at 31-03-2019	As at 31-03-2018
I.	**Minority Interest**		
	Opening Balance	695,129	613,066
	Increase during the year	151,018	82,063
	Closing Minority Interest	**846,147**	**695,129**

Schedule 3 - Deposits

(₹ in Thousands)

			As at 31-03-2019	As at 31-03-2018
A.	I.	Demand Deposits		
		(i) From banks	47,199,015	58,788,628
		(ii) From others	844,939,199	896,457,745
	II.	Savings Bank Deposits	1,541,290,515	1,482,021,884
	III.	Term Deposits		
		(i) From banks	232,371,412	125,623,957
		(ii) From others	2,841,659,210	1,993,685,428
		Total	**5,507,459,351**	**4,556,577,642**
B.	I.	Deposits of branches in India	5,462,410,325	4,509,338,193
	II.	Deposits of branches/subsidiaries outside India	45,049,026	47,239,449
		Total	**5,507,459,351**	**4,556,577,642**

Schedule 4 - Borrowings

(₹ in Thousands)

		As at 31-03-2019	As at 31-03-2018
I.	Borrowings in India		
	(i) Reserve Bank of India	144,000,000	61,000,000
	(ii) Other banks#	27,139,984	25,850,612
	(iii) Other institutions & agencies**	722,206,785	720,233,294
II.	Borrowings outside India	719,151,523	750,587,018
	Total	**1,612,498,292**	**1,557,670,924**
	Secured borrowings included in I & II above	183,811,250	90,657,346

Borrowings from other banks include Subordinated Debt of ₹35.60 crores (previous year ₹35.60 crores) in the nature of Non-Convertible Debentures and Perpetual Debt of ₹50.00 crores (previous year ₹50.00 crores) [Refer Note 18 (1.1.2)]

** Borrowings from other institutions & agencies include Subordinated Debt of ₹19,969.40 crores (previous year ₹21,669.40 crores) in the nature of Non-Convertible Debentures and Perpetual Debt of ₹6,950.00crores (previous year ₹6,950.00 crores) [Refer Note 18 (1.1.2)]

Schedule 5 - Other Liabilities and Provisions

(₹ in Thousands)

		As at 31-03-2019	As at 31-03-2018
I.	Bills payable	37,854,366	49,175,679
II.	Inter-office adjustments (net)	-	-
III.	Interest accrued	47,617,940	32,174,199
IV.	Proposed dividend (includes tax on dividend) [Refer Schedule 18 (1.1.6)]	-	-
V.	Contingent provision against standard assets [Refer Schedule 17 (4.2)]	30,800,051	22,482,485
VI.	Others (including provisions)	225,357,341	176,183,523
	Total	**341,629,698**	**280,015,886**

Schedule 6 - Cash and Balances with Reserve Bank of India

(₹ in Thousands)

		As at 31-03-2019	As at 31-03-2018
I.	Cash in hand (including foreign currency notes)	42,132,211	52,580,423
II.	Balances with Reserve Bank of India:		
	(i) in Current Account	263,858,192	208,230,225
	(ii) in Other Accounts	45,000,000	94,000,000
	Total	**350,990,403**	**354,810,648**

Schedule 7 - Balances with Banks and Money at Call and Short Notice

(₹ in Thousands)

		As at 31-03-2019	As at 31-03-2018
I.	In India		
	(i) Balance with Banks		
	(a) in Current Accounts	2,477,663	1,313,367
	(b) in Other Deposit Accounts	34,498,933	33,925,743
	(ii) Money at Call and Short Notice		
	(a) With banks	-	-
	(b) With other institutions	191,610,699	-
	Total	**228,587,295**	**35,239,110**
II.	Outside India		
	(i) in Current Accounts	47,630,852	24,898,340
	(ii) in Other Deposit Accounts	5,177,257	8,409,416
	(iii) Money at Call & Short Notice	47,657,275	15,750,617
	Total	**100,465,384**	**49,058,373**
	Grand Total (I+II)	**329,052,679**	**84,297,483**

Schedule 8 - Investments

(₹ in Thousands)

			As at 31-03-2019	As at 31-03-2018
I.	**Investments in India in -**			
	(i)	Government Securities##	1,168,229,051	1,013,546,179
	(ii)	Other approved securities	-	-
	(iii)	Shares	9,595,084	15,255,309
	(iv)	Debentures and Bonds	393,845,209	306,537,689
	(v)	Investment in Joint Ventures	-	-
	(vi)	Others (Mutual Fund units, CD/CP, PTC etc.)	115,709,188	156,958,643
	Total Investments in India		**1,687,378,532**	**1,492,297,820**
II.	**Investments outside India in -**			
	(i)	Government Securities (including local authorities)	38,260,202	29,224,533
	(ii)	Subsidiaries and/or Joint Ventures abroad	-	-
	(iii)	Others (Equity Shares and Bonds)	14,919,812	8,844,767
	Total Investments outside India		**53,180,014**	**38,069,300**
	Grand Total (I+II)		**1,740,558,546**	**1,530,367,120**

Includes securities costing ₹29,283.94 crores (previous year ₹27,588.43 crores) pledged for availment of fund transfer facility, clearing facility and margin requirements.

Schedule 9 - Advances

(₹ in Thousands)

			As at 31-03-2019	As at 31-03-2018
A.	(i)	Bills purchased and discounted	155,366,967	128,131,247
	(ii)	Cash credits, overdrafts and loans repayable on demand	1,504,923,908	1,374,894,067
	(iii)	Term loans#	3,406,270,369	2,995,411,137
		Total	**5,066,561,244**	**4,498,436,451**
B.	(i)	Secured by tangible assets$	3,648,665,829	3,196,305,855
	(ii)	Covered by Bank/Government Guarantees&&	36,063,289	40,004,436
	(iii)	Unsecured	1,381,832,126	1,262,126,160
		Total	**5,066,561,244**	**4,498,436,451**
C.	I.	Advances in India		
		(i) Priority Sector	1,188,930,411	986,081,073
		(ii) Public Sector	65,894,406	48,271,057
		(iii) Banks	43,110,224	30,575,770
		(iv) Others	3,345,917,806	2,851,146,051
		Total	**4,643,852,847**	**3,916,073,951**
	II.	Advances Outside India		
		(i) Due from banks	20,815,655	78,991,174
		(ii) Due from others -		
		(a) Bills purchased and discounted	23,843,213	32,721,313
		(b) Syndicated loans	58,113,336	89,146,565
		(c) Others	319,936,193	381,503,448
		Total	**422,708,397**	**582,362,500**
		Grand Total [CI+CII]	**5,066,561,244**	**4,498,436,451**

\# Net of borrowings under Inter Bank Participation Certificate (IBPC) ₹2,750.00 crores (previous year ₹1,399.00 crores), includes lending under IBPC ₹3,529.50 crores (previous year ₹1,303.32 crores)

$ Includes advances against book debts

&& Includes advances against L/Cs issued by banks

Schedule 10 - Fixed Assets

(₹ in Thousands)

		As at 31-03-2019	As at 31-03-2018
I.	**Premises**		
	Gross Block		
	At cost at the beginning of the year	18,331,432	18,331,432
	Additions during the year*	169,308	-
	Deductions during the year	(583,276)	-
	Total	**17,917,464**	**18,331,432**
	Depreciation		
	As at the beginning of the year	1,470,051	1,165,371
	Charge for the year	292,310	304,680
	Deductions during the year	(121,930)	-
	Depreciation to date	**1,640,431**	**1,470,051**
	Net Block	**16,277,033**	**16,861,381**
II.	**Other fixed assets (including furniture & fixtures)**		
	Gross Block		
	At cost at the beginning of the year	53,911,389	47,067,750
	Additions on acquisition	-	100,697
	Additions during the year*	9,375,302	7,947,792
	Deductions during the year	(942,674)	(1,204,850)
	Total	**62,344,017**	**53,911,389**
	Depreciation		
	As at the beginning of the year	33,802,484	29,052,426
	Additions on acquisition	-	54,155
	Charge for the year	7,079,384	5,601,119
	Deductions during the year	(682,060)	(905,216)
	Depreciation to date	**40,199,808**	**33,802,484**
	Net Block	**22,144,209**	**20,108,905**
III.	**Capital Work-in-Progress (including capital advances)**	**2,877,581**	**3,517,918**
	Grand Total (I+II+III)	**41,298,823**	**40,488,204**

* Includes movement on account of exchange rate fluctuation

Schedule 11 - Other Assets

(₹ in Thousands)

		As at 31-03-2019	As at 31-03-2018
I.	Inter-office adjustments (net)	-	-
II.	Interest Accrued	71,428,760	56,936,207
III.	Tax paid in advance/tax deducted at source (net of provisions)	17,095,247	18,590,140
IV.	Stationery and stamps	3,057	3,829
V.	Non banking assets acquired in satisfaction of claims&	87,276	22,086,151
VI.	Others#@$	523,383,641	431,017,438
	Total	**611,997,981**	**528,633,765**

Includes deferred tax assets of ₹7,687.68 crores (previous year ₹6,911.32 crores) [Refer Schedule 18 (1.1.11)]

@ Includes Priority Sector Shortfall Deposits of ₹28,161.77 crores (previous year ₹21,479.30 crores)

$ Includes goodwill on consolidation of ₹289.24 crores (previous year ₹293.01 crores)

& Represents balance net of provision of ₹2,208.61 crores on Land held as non-banking asset and provision of ₹2.09 crores on other non banking assets (Previous year Nil)

Schedule 12 - Contingent Liabilities

(₹ in Thousands)

		As at 31-03-2019	As at 31-03-2018
I.	Claims against the Group not acknowledged as debts	6,275,310	5,219,729
II.	Liability for partly paid investments	18,000	216,000
III.	Liability on account of outstanding forward exchange and derivative contracts :		
	a) Forward Contracts	3,296,537,608	3,148,018,991
	b) Interest Rate Swaps, Currency Swaps, Forward Rate Agreement & Interest Rate Futures	2,396,504,945	1,991,159,249
	c) Foreign Currency Options	464,047,739	593,425,899
	Total (a+b+c)	**6,157,090,292**	**5,732,604,139**
IV.	Guarantees given on behalf of constituents		
	In India	680,528,970	762,933,313
	Outside India	75,480,355	86,944,398
V.	Acceptances, endorsements and other obligations	324,474,560	324,145,235
VI.	Other items for which the Group is contingently liable	338,422,264	479,334,859
	Grand Total (I+II+III+IV+V+VI) [Refer Schedule 18 (1.1.16)]	**7,582,289,751**	**7,391,397,673**

Schedules forming part of the Consolidated Profit and Loss account

For the year ended 31 March, 2019

Schedule 13 - Interest Earned

(₹ in Thousands)

		Year ended 31-03-2019	Year ended 31-03-2018
I.	Interest/discount on advances/bills	423,225,782	349,097,316
II.	Income on investments	113,756,581	100,199,824
III.	Interest on balances with Reserve Bank of India and other inter-bank funds	6,990,108	3,910,598
IV.	Others	16,464,052	12,932,854
	Total	**560,436,523**	**466,140,592**

Schedule 14 - Other Income

(₹ in Thousands)

		Year ended 31-03-2019	Year ended 31-03-2018
I.	Commission, exchange and brokerage	99,581,861	87,962,084
II.	Profit/(Loss) on sale of investments (net)	7,928,093	13,648,999
III.	Profit/(Loss) on sale of land, buildings and other assets (net)*	(247,690)	(167,089)
IV.	Profit on exchange/derivative transactions (net)	15,150,700	14,636,525
V.	Income earned by way of dividends etc. from subsidiaries/companies and/or joint venture abroad/in India	-	-
VI.	Miscellaneous Income [including recoveries on account of advances/investments written off in earlier years ₹1,902.24 crores (previous year ₹182.92 crores) and profit on account of portfolio sell downs/securitisation ₹7.96 crores (previous year net profit of ₹20.50 crores)]	19,474,574	2,545,635
	Total	**141,887,538**	**118,626,154**

* includes provision for diminution in value of fixed assets

Schedule 15 - Interest Expended

(₹ in Thousands)

		Year ended 31-03-2019	Year ended 31-03-2018
I.	Interest on deposits	237,400,132	191,943,949
II.	Interest on Reserve Bank of India/Inter-bank borrowings	30,217,595	18,600,259
III.	Others	71,217,019	65,492,719
	Total	**338,834,746**	**276,036,927**

Schedule 16 - Operating Expenses

(₹ in Thousands)

		Year ended 31-03-2019	Year ended 31-03-2018
I.	Payments to and provisions for employees	59,898,715	54,144,397
II.	Rent, taxes and lighting	10,875,319	10,342,353
III.	Printing and stationery	1,988,746	1,694,433
IV.	Advertisement and publicity	1,629,794	1,663,688
V.	Depreciation on Group's property	7,371,694	5,905,799
VI.	Directors' fees, allowance and expenses	42,943	35,374
VII.	Auditors' fees and expenses	29,896	30,140
VIII.	Law charges	1,180,869	988,151
IX.	Postage, telegrams, telephones etc.	3,121,993	3,286,013
X.	Repairs and maintenance	10,932,230	8,780,643
XI.	Insurance	6,011,683	5,544,398
XII.	Other expenditure	64,117,990	55,468,255
	Total	**167,201,872**	**147,883,644**

17 Significant Accounting Policies

For the year ended 31 March, 2019

1 Principles of Consolidation

The consolidated financial statements comprise the financial statements of Axis Bank Limited ('the Bank') and its subsidiaries, which together constitute 'the Group'. The Bank has overseas branches at Singapore, Hong Kong, DIFC - Dubai, Shanghai and Colombo and an Offshore Banking Unit at International Financial Service Centre (IFSC), Gujarat International Finance Tec-City (GIFT City), Gandhinagar, India.

The Bank consolidates its subsidiaries in accordance with AS 21, Consolidated Financial Statements notified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 on a line-by-line basis by adding together the like items of assets, liabilities, income and expenditure. All significant inter-company accounts and transactions are eliminated on consolidation.

2 Basis of preparation

a) The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting in accordance with the generally accepted accounting principles in India, unless otherwise stated by Reserve Bank of India ('RBI'), to comply with the statutory requirements prescribed under the Third Schedule of the Banking Regulation Act, 1949, the circulars, notifications and guidelines issued by RBI from time to time and the Accounting Standards notified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 to the extent applicable and practices generally prevalent in the banking industry in India.

b) The consolidated financial statements present the accounts of Axis Bank Ltd. with its following subsidiaries:

Name	Relation	Country of Incorporation	Ownership Interest
Axis Capital Ltd.	Subsidiary	India	100.00%
Axis Private Equity Ltd.	Subsidiary	India	100.00%
Axis Trustee Services Ltd.	Subsidiary	India	100.00%
Axis Mutual Fund Trustee Ltd.	Subsidiary	India	75.00%
Axis Asset Management Company Ltd.	Subsidiary	India	75.00%
Axis Finance Ltd.	Subsidiary	India	100.00%
Axis Securities Ltd.	Subsidiary	India	100.00%
Freecharge Payment Technologies Pvt. Ltd.	Subsidiary	India	100.00%
Accelyst Solutions Pvt. Ltd.	Subsidiary	India	100.00%
A.Treds Ltd.	Subsidiary	India	67.00%
Axis Bank UK Ltd.	Subsidiary	U.K.	100.00%
Axis Capital USA LLC	Step down subsidiary	USA	100.00%

c) The financial statements of certain subsidiaries have been prepared in accordance with notified Indian Accounting Standards ('Ind-AS') with effect from 1 April, 2018. The financial statements of such subsidiaries used for consolidation of the consolidated financial statements are special purpose financial statements prepared in accordance with Generally Accepted Accounting Principles in India ('GAAP') specified under section 133 of the companies act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the companies (Accounting Standards) Amendment Rules, 2016.

d) The audited financial statements of the above subsidiaries and the unaudited financial statements of the step down subsidiary have been drawn up to the same reporting date as that of the Bank, i.e. 31 March, 2019.

e) Axis Private Equity Ltd., is in the process of amalgamation with Axis Finance Ltd. and has submitted application for amalgamation before the National Company Law Tribunal on 13 October, 2017. The approval for the same is awaited from the adjudicating authority.

f) On 27 March, 2018, the Board of Directors of Accelyst Solutions Pvt. Ltd ('ASPL') and Freecharge Payment Technologies Pvt. Ltd. ('FCPTL') approved a scheme for amalgamation of ASPL into and with FCPTL. ASPL and FCPTL have filed final petition for approval of merger before the National Company Law Tribunal ('NCLT'). The appointed date for amalgamation is 7 October, 2017 and the effect of merger will be given on this date or any other date as may be prescribed by the NCLT.

3 Use of estimates

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

4 Change in accounting policies/estimates

4.1 Change in estimated useful life of fixed assets

During the year, the Bank has revised the estimated useful life of Electronic Data Capturing machines/Point of Sale terminals from 10 years to 5 years. As a result of the aforesaid revision, the depreciation charge for the year is higher by ₹29.34 crores with a corresponding decrease in the net block of fixed assets.

4.2 Provision on standard advances

With effect from 31 March 2019, in the case of provision on standard advances the Bank adopted a more stringent policy of maintaining provision on corporate standard advances rated 'BB and Below' and all SMA-2 advances as reported to CRILC, at rates that are higher than those prescribed by RBI. As a result, provisions and contingencies for the year are higher by ₹378 crores with a consequent reduction to the profit before tax.

5 Significant accounting policies

5.1 Investments

Axis Bank Ltd.

Classification

In accordance with the RBI guidelines, investments are classified at the time of purchase as:

- Held for Trading ('HFT');
- Available for Sale ('AFS'); and
- Held to Maturity ('HTM').

Investments that are held principally for sale within a short period are classified as HFT securities. As per the RBI guidelines, HFT securities, which remain unsold for a period of 90 days are transferred to AFS securities.

Investments that the Bank intends to hold till maturity are classified under the HTM category. Investments in the equity of subsidiaries/joint ventures are categorised as HTM in accordance with the RBI guidelines.

All other investments are classified as AFS securities.

However, for disclosure in the Balance Sheet, investments in India are classified under six categories - Government Securities, Other approved securities, Shares, Debentures and Bonds, Investment in Subsidiaries/Joint Ventures and Others.

Investments made outside India are classified under three categories – Government Securities, Subsidiaries and/or Joint Ventures abroad and Others.

Transfer of security between categories
Transfer of security between categories of investments is accounted as per the RBI guidelines.

Acquisition cost
Costs including brokerage and commission pertaining to investments, paid at the time of acquisition, are charged to the Profit and Loss Account.

Broken period interest is charged to the Profit and Loss Account.

Cost of investments is computed based on the weighted average cost method.

Valuation
Investments classified under the HTM category: Investments are carried at acquisition cost unless it is more than the face value, in which case the premium is amortised over the period remaining to maturity on a constant yield to maturity basis. In terms of RBI guidelines, discount on securities held under HTM category is not accrued and such securities are held at the acquisition cost till maturity.

Investments classified under the AFS and HFT categories: Investments under these categories are marked to market. The market/fair value of quoted investments included in the 'AFS' and 'HFT' categories is the market price of the scrip as available from the trades/quotes on the stock exchanges or prices declared by Primary Dealers Association of India ('PDAI') jointly with Fixed Income Money Market and Derivatives Association of India ('FIMMDA')/ Financial Benchmark India Private Limited ('FBIL'), periodically. Net depreciation, if any, within each category of each investment classification is recognised in the Profit and Loss Account. The net appreciation if any, under each category of each investment classification is ignored. The depreciation on securities acquired by way of conversion of outstanding loans is provided in accordance with the RBI guidelines. The book value of individual securities is not changed consequent to the periodic valuation of investments.

Non-performing investments are identified and provision is made thereon as per RBI guidelines.

Treasury Bills, Exchange Funded Bills, Commercial Paper and Certificate of Deposits being discounted instruments, are valued at carrying cost.

Units of mutual funds are valued at the latest repurchase price/net asset value declared by the mutual fund.

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

- the market/fair value of unquoted government securities which are in the nature of Statutory Liquidity Ratio ('SLR') securities included in the AFS and HFT categories is computed as per the rates published by FIMMDA/ FBIL;

- in case of unquoted bonds, debentures and preference shares where interest/dividend is received regularly (i.e. not overdue beyond 90 days), the market price is derived based on the YTM for Government Securities as published by FIMMDA/PDAI/FBIL and suitably marked up for credit risk applicable to the credit rating of the instrument. The matrix for credit risk mark-up for each category and credit ratings along with residual maturity issued by FIMMDA/FBIL is adopted for this purpose;

- in case of bonds and debentures (including Pass Through Certificates) where interest is not received regularly (i.e. overdue beyond 90 days), the valuation is in accordance with prudential norms for provisioning as prescribed by RBI;

- equity shares, for which current quotations are not available or where the shares are not quoted on the stock exchanges, are valued at break-up value (without considering revaluation reserves, if any) which is ascertained from the company's latest Balance Sheet. In case the latest Balance Sheet is not available, the shares are valued at ₹1 per company;

- units of Venture Capital Funds ('VCF') held under AFS category where current quotations are not available are value based on the latest audited financials of the fund. In case the audited financials are not available for a period beyond 18 months, the investments are valued at ₹1 per VCF. Investment in unquoted VCF after 23 August, 2006 are categorised under HTM category for the initial period of three years and valued at cost as per RBI guidelines; and

- in case investments in security receipts on or after 1 April, 2017 which are backed by more than 50 percent of the stressed assets sold by the Bank, provision for depreciation in value is made at the higher of - provisioning rate required in terms of net asset value declared by the Reconstruction Company ('RC')/Securitisation Company ('SC') or the provisioning rate as per the extant asset classification and provisioning norms as applicable to the underlying loans, assuming that the loan notionally continued in the books of the bank. All other investments in security receipts are valued as per the NAV obtained from the issuing RC/SCs.

All investments are accounted for on settlement date, except investments in equity shares which are accounted for on trade date.

Disposal of investments
Investments classified under the HTM category: Realised gains are recognised in the Profit and Loss Account and subsequently appropriated to Capital Reserve account (net of taxes and transfer to statutory reserves) in accordance with the RBI guidelines. Losses are recognised in the Profit and Loss Account.

Investments classified under the AFS and HFT categories: Realised gains/losses are recognised in the Profit and Loss Account.

Repurchase and reverse repurchase transactions
Repurchase and reverse repurchase transactions in government securities and corporate debt securities including those conducted under the Liquidity Adjustment Facility ('LAF') and Marginal Standby Facility ('MSF') with RBI are accounted as collateralised borrowing and lending respectively. Borrowing cost on repo transactions is accounted as interest expense and revenue on reverse repo transactions is accounted as interest income.

Short Sales
In accordance with the RBI guidelines, the Bank undertakes short sale transactions in Central Government dated securities. The short positions are reflected in 'Securities Short Sold ('SSS') A/c', specifically created for this purpose. Such short positions are categorised under HFT category and netted off from investments in the Balance Sheet. These positions are marked-to-market along with the other securities under HFT portfolio and the resultant mark-to-market gains/losses are accounted for as per the relevant RBI guidelines for valuation of investments discussed earlier.

Subsidiaries
Investments are initially recognised at cost which comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Investments which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long term investments.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Any reduction in the carrying amount and any reversal of such reductions are charged or credited to the Profit and Loss Account.

Long term investments are stated at cost. Provision is made to recognise a decline, other than temporary, in the value of such investments.

5.2 Advances

Axis Bank Ltd.

Advances are classified into performing and non-performing advances ('NPAs') as per the RBI guidelines and are stated net of bills rediscounted, inter-bank participation certificates, specific provisions made towards NPAs, interest in suspense for NPAs, claims received from Export Credit Guarantee Corporation, provisions for funded interest on term loan classified as NPAs, provisions in lieu of diminution in the fair value of restructured assets and floating provisions.

NPAs are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by the RBI. Advances held at the overseas branches that are identified as impaired as per host country regulations for reasons other than record of recovery, but which are standard as per the RBI guidelines, are classified as NPAs to the extent of amount outstanding in the host country. Provisions for NPAs are made for sub-standard and doubtful assets at rates as prescribed by the RBI with the exception for agriculture advances and schematic retail advances. In respect of schematic retail advances, provisions are made in terms of a bucket-wise policy upon reaching specified stages of delinquency (90 days or more of delinquency) under each type of loan, which satisfies the RBI prudential norms on provisioning. Provisions in respect of agriculture advances classified into sub-standard and doubtful assets are made at rates which are higher than those prescribed by the RBI. Provisions for advances booked in overseas branches, which are standard as per the RBI guidelines but are classified as NPAs based on host country guidelines, are made as per the host country regulations. In case of NPAs referred to National Company Law Tribunal (NCLT) under Insolvency and Bankruptcy Code (IBC) where resolution plan or liquidation order has been approved by NCLT, provision is maintained at higher of the requirement under RBI guidelines or the likely haircut as per resolution plan or liquidation order.

Restructured assets are classified and provided for in accordance with the guidelines issued by RBI from time to time.

Loss assets and unsecured portion of doubtful assets are provided/written off as per the extant RBI guidelines.

Amounts recovered against debts written off are recognised in the Profit and Loss account and included under "Other Income".

The Bank holds provision in accordance with the RBI guidelines, on assets where change in ownership under Strategic Debt Restructuring (SDR) scheme/Outside SDR scheme has been implemented before 12 February, 2018 or Scheme for Sustainable Structuring of Stressed Asset (S4A) has been implemented before 12 February, 2018.

In respect of borrowers classified as non-cooperative and willful defaulters, the Bank makes accelerated provisions as per extant RBI guidelines.

Loans reported as fraud are classified as loss assets, and fully provided immediately without considering the value of security.

For entities with Unhedged Foreign Currency Exposure (UFCE), provision is made in accordance with the guidelines issued by RBI, which requires to ascertain the amount of UFCE, estimate the extent of likely loss and estimate the riskiness of unhedged position. This provision is classified under Schedule 5 – Other Liabilities in the Balance Sheet.

The Bank maintains a general provision on standard advances at the rates prescribed by RBI other than for corporate standard advances rated 'BB and Below' and all SMA-2 advances as reported to CRILC where general provision is maintained at rates that are higher than those prescribed by RBI. In case of overseas branches, general provision on standard advances is maintained at the higher of the levels stipulated by the respective overseas regulator or RBI. The Bank also maintains general provision on positive Mark-to-Market (MTM) on derivatives at the rates prescribed by RBI.

Under its home loan portfolio, the Bank offers housing loans with certain features involving waiver of Equated Monthly Installments ('EMIs') of a specific period subject to fulfilment of a set of conditions by the borrower. The Bank makes provision against the probable loss that could be incurred in future on account of waivers to eligible borrowers in respect of such loans based on actuarial valuation conducted by an independent actuary. This provision is classified under Schedule 5 – Other Liabilities in the balance sheet.

Axis Finance Ltd.

Advances are classified into performing and non-performing advances ('NPAs') as per the RBI guidelines and are stated net of specific provisions made towards NPAs. Further, NPAs are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by the RBI. Provisions for NPAs are made at rates as prescribed by the RBI.

Non-performing loans are written off / provided for, as per management estimates, subject to the minimum provision required as per Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

5.3 Country risk

Axis Bank Ltd.

In addition to the provisions required to be held according to the asset classification status, provisions are held for individual country exposure (other than for home country as per the RBI guidelines). Such provisions are held only in respect of those countries where the net funded exposure of the Bank exceeds 1% of its total assets. For this purpose the countries are categorised into seven risk categories namely insignificant, low, moderate, high, very high, restricted and off-credit as per RBI guidelines. Provision is made on exposures exceeding 180 days on a graded scale ranging from 0.25% to 100%. For exposures with contractual maturity of less than 180 days, 25% of the normal provision requirement is held. If the net funded exposure of the Bank in respect of each country does not exceed 1% of the total assets, no provision is maintained on such country exposure in accordance with RBI guidelines. This provision is classified under Schedule 5 – Other Liabilities in the Balance Sheet.

5.4 Securitisation

Axis Bank Ltd.

The Bank enters into purchase/sale of corporate and retail loans through direct assignment/Special Purpose Vehicle ('SPV'). In most cases, post securitisation, the Bank continues to service the loans transferred to the assignee/SPV. The Bank also provides credit enhancement in the form of cash collaterals and/or by subordination of cash flows to Senior Pass through Certificate ('PTC') holders. In respect of credit enhancements provided or recourse obligations (projected delinquencies, future servicing etc.) accepted by the Bank, appropriate provision/disclosure is made at the time of sale in accordance with AS-29, Provisions, Contingent Liabilities and Contingent Assets as notified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016.

In accordance with RBI guidelines of 7 May, 2012 on 'Guidelines on Securitisation of Standard Assets', gain on securitisation transaction is recognised over the period of the underlying securities issued by the SPV. Loss on securitisation is immediately debited to the Profit and Loss Account.

5.5 Foreign currency transactions

Group

In respect of domestic operations, transactions denominated in foreign currencies are accounted for at the rates prevailing on the date of the transaction. Monetary foreign currency assets and liabilities are translated at the Balance Sheet date at rates notified by Foreign Exchange Dealers Association of India ('FEDAI'). All profits/losses resulting from year end revaluations are recognised in the Profit and Loss Account.

Financial statements of foreign operations classified as non-integral foreign operations as per the RBI guidelines are translated as follows:

- Assets and liabilities (both monetary and non-monetary as well as contingent liabilities) are translated at closing exchange rates notified by FEDAI at the Balance Sheet date.

- Income and expenses are translated at the rates prevailing on the date of the transactions.

- All resulting exchange differences are accumulated in a separate 'Foreign Currency Translation Reserve' till the disposal of the net investments. Any realised gains or losses on such disposal are recognised in the Profit and Loss Account.

Outstanding forward exchange contracts including tom/spot contracts (excluding currency swaps undertaken to hedge foreign currency assets/liabilities and funding swaps which are not revalued) are revalued at year end on PV basis by discounting the forward value till spot date and converting the FCY amount using the respective spot rates as notified by FEDAI. The resulting gains or losses on revaluation are included in the Profit and Loss Account in accordance with RBI/FEDAI guidelines.

Premium/discount on currency swaps undertaken to hedge foreign currency assets and liabilities and funding swaps is recognised as interest income/expense and is amortised on a pro-rata basis over the underlying swap period.

Contingent liabilities on account of forward exchange and derivative contracts, guarantees, acceptances, endorsements and other obligations denominated in foreign currencies are disclosed at closing rates of exchange notified by FEDAI.

5.6 Derivative transactions

Axis Bank Ltd.

Derivative transactions comprise of forward contracts, swaps and options which are disclosed as contingent liabilities. The forwards, swaps and options are categorised as trading or hedge transactions. Trading derivative contracts are revalued at the Balance Sheet date with the resulting unrealised gain or loss being recognised in the Profit and Loss Account and correspondingly in other assets (representing positive Mark-to-Market) and in other liabilities (representing negative Mark-to-Market (MTM)) on a gross basis. For hedge transactions, the Bank identifies the hedged item (asset or liability) at the inception of transaction itself. The effectiveness is ascertained at the time of inception of the hedge and periodically thereafter. Hedge swaps are accounted for on accrual basis except in case of swaps designated with an asset or liability that is carried at market value or lower of cost or market value in the financial statements. In such cases the swaps are marked-to-market with the resulting gain or loss recorded as an adjustment to the market value of designated asset or liability. Pursuant to the RBI guidelines any receivables under derivative contracts comprising of crystallised receivables as well as positive MTM in respect of future receivables which remain overdue for more than 90 days are reversed through the Profit and Loss account and are held in separate Suspense Account.

Premium on options is recognized as income/expense on expiry or early termination of the transaction.

Currency futures contracts are marked-to-market using daily settlement price on a trading day, which is the closing price of the respective futures contracts on that day. While the daily settlement price is computed based on the last half an hour weighted average price of such contract, the final settlement price is taken as the RBI reference rate on the last trading day of the futures contract or as may be specified by the relevant authority from time to time. All open positions are marked-to-market based on the settlement price and the resultant marked-to-market profit/loss is daily settled with the exchange.

Valuation of Exchange Traded Currency Options (ETCO) is carried out on the basis of the daily settlement price of each individual option provided by the exchange and valuation of Interest Rate Futures (IRF) is carried out on the basis of the daily settlement price of each contract provided by the exchange.

5.7 Revenue recognition

Axis Bank Ltd.

Interest income is recognised on an accrual basis in accordance with AS–9, Revenue Recognition as notified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014, the Companies (Accounting Standards) Amendment Rules, 2016 and the RBI guidelines except in the case of interest income on non-performing assets and loans under Strategic Debt Restructuring (SDR) scheme and Scheme for Sustainable Structuring of Stressed Asset (S4A) of RBI, where it is recognised on receipt basis if overdue for more than 90 days. Income on non-coupon bearing or low-coupon bearing discounted instruments is recognised over the tenor of the instrument on a constant yield basis.

Guarantee commission is recognised on a pro-rata basis over the period of the guarantee. Locker rent and annual fees for credit cards are recognised on a straight-line basis over the period of contract. Arrangership/syndication fee is accounted for on completion of the agreed service and when right to receive is established. Other fees and commission income are recognised when due.

Interest income on investments in discounted PTCs is recognized on a constant yield basis.

Dividend is accounted on an accrual basis when the right to receive the dividend is established.

Gain/loss on sell down of loans and advances through direct assignment is recognised at the time of sale.

Fees paid/received for Priority Sector Lending Certificates ('PSLC') is amortised on straight-line basis over the tenor of the certificate.

In accordance with RBI guidelines on sale of non-performing advances, if the sale is at a price below the net book value (i.e. book value less provisions held), the shortfall is charged to the Profit and Loss Account. If the sale is for a value higher than the net book value, the excess provision is credited to the Profit and Loss Account in the year the amounts are received.

The Bank deals in bullion business on a consignment basis. The difference between the price recovered from customers and cost of bullion is accounted for at the time of sale to the customers. The Bank also deals in bullion on a borrowing and lending basis and the interest paid/received is accounted on an accrual basis.

Subsidiaries

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Fee income is recognised on the basis of accrual when all the services are performed.

Interest income is recognised on an accrual basis.

Dividend income is recognised when the right to receive payment is established by the balance sheet date.

Income from sale of investments is determined on weighted average basis and recognised on the trade date basis.

Axis Capital Ltd.

Brokerage income in relation to stock broking activity is recognised as per contracted rates at the execution of transactions on behalf of the customers on a trade date basis. Gains/losses on dealing in securities are recognised on a trade date basis.

Revenue from issue management, loan syndication, financial advisory services is recognised based on the stage of completion of assignments and terms of agreement with the client.

Selling commissions/brokerage generated from primary market operations i.e. procuring subscriptions from investors for public offerings of companies, mutual funds, etc. are recorded on determination of the amount due to the Company, once the allotment of securities are completed.

Axis Trustee Services Ltd.

Annual Fees for trusteeship services and servicing fees are recognised, on a straight line basis, over the period when services are performed. Initial acceptance fee is recognised as and when the 'Offer Letter' for the services to be rendered is accepted by the customer.

Realised gains and losses on mutual funds are dealt with in the statement of profit and loss. The cost of units in mutual fund sold are determined on weighted average basis for the purpose of calculating gains or losses on sale/ redemption of such units.

Axis Asset Management Company Ltd.

Management fees are recognised on accrual basis at specific rates, applied on the average daily net assets of each scheme. The fees charged are in accordance with the terms of scheme information documents of respective schemes and are in line with the provisions of SEBI (Mutual Funds) Regulations, 1996 as amended from time to time.

Management fees from Portfolio Management Services, Alternate Investment Fund and Investment advisory fees-offshore are recognized on an accrual basis as per the terms of the contract with the customers.

Axis Mutual Fund Trustee Ltd.

Trustee fee is recognised on accrual basis, at the specific rates/amount approved by the Board of Directors of the Company, within the limits specified under the Deed of Trust, and is applied on the net assets of each scheme of Axis Mutual Fund.

Axis Finance Ltd.

Interest and other dues are accounted on accrual basis except in the case of non-performing loans where it is recognised upon realisation, as per the income recognition and asset classification norms prescribed by the RBI.

Income on discounted instruments is recognised over the tenure of the instrument on a straight-line method.

Axis Securities Ltd.

Business sourcing and resource management fee is recognised on accrual basis when all the services are performed.

Income from subscription plan to the extent of account opening fees is recognised upfront and balance is amortised over the validity of plan.

Selling commissions/brokerage generated from primary market operations i.e. procuring subscriptions from investors for public offerings of companies, mutual funds etc. are recorded on determination of the amount due to the company, once the allotment of securities are completed.

Brokerage income on securities is recognised as per contracted rates at the execution of transactions on behalf of the customers on the trade date. Gains/losses on dealing in securities are recognised on trade date basis.

Depository fees are recognised on completion of the transaction.

Portfolio management fees are accounted on accrual basis as follows:

In case of fees based on fixed percentage of the corpus/fixed amount, income is accrued at the end of the quarter/month.

In case of fees, based on the returns of the portfolio, income is accounted on each anniversary as per the agreement.

A.Treds Ltd.

Onboarding Fee is one time fee and is recognized at the time of onboarding of Buyer, Seller or financier. Transaction fee is recurring in nature and is recognised upfront on the date of the transaction. The company follows recognition of annual fee on time proportion basis over the tenure of one year.

Freecharge Payment Technologies Private Ltd.

Revenue from commission income

Merchant check out fee from wallet transaction is recognised on the basis of successful pay-out of wallet usage to the respective merchants. The transactions are settled on a daily basis with the merchant, net of MDR revenue. The taxes (GST) collected on behalf of the government and, therefore, these are not economic benefits flowing to the Company, hence, excluded from revenue.

Revenue from payment and storage service

The revenue from payment and storage service is recognised for providing PG aggregation service and as a payments platform for transactions of the merchant executed through payment gateway. The Company collects revenue on the basis of the payment gateway transactions routed through its payment platform on a monthly basis.

Other operating revenue

Revenues from ancillary activities like convenience fee, commission income etc, are recognised upon rendering of services.

Accelyst Solutions Private Ltd.

Revenue from commission income

Revenues from operating an internet portal providing recharge and bill payment services is recognised upon successful recharge / payment confirmation for the transactions executed. The taxes collected by company on behalf of the government are not economic benefits flowing to the Company, hence, they are excluded from revenue.

Miscellaneous revenue

Revenues from ancillary activities e.g. freefund code generation fees, convenience fee, sale of coupons and vendor's application installation etc. is recognised upon rendering of services. Upon expiry of validity of freefund codes sold by company, income is recognised to the extent of value of such codes.

Unbilled revenue

Receivable are generally carried at the original invoiced amount, less an allowance for doubtful receivables where there is objective evidence that balances will not be recovered in full. Unbilled receivables is recognized to the extent for the services not billed at the reporting date.

5.8 Scheme expenses

Axis Asset Management Company Ltd.

Fund Expenses

Expenses of schemes of Axis Mutual Fund in excess of the stipulated limits as per SEBI (Mutual Fund) Regulations, 1996 and expenses incurred directly (inclusive of advertisement/brokerage expenses) on behalf of schemes of Axis Mutual Fund are charged to the Profit and Loss Account.

New fund offer expenses

Expenses relating to new fund offer of Axis Mutual Fund are charged to the Profit and Loss Account in the year in which they are incurred.

Brokerage

Clawbackable brokerages paid by the Company in advance is charged to the statement of Profit and Loss account over the claw-back period/tenure of the respective scheme. The unamortized portion of the clawbackable brokerage is carried forward as prepaid expense.

Upfront brokerage on closed ended and fixed tenure schemes is amortized over the tenure of the respective scheme and in case of Equity Linked Saving Scheme (ELSS), upfront brokerage is amortized over 3 years. The unamortized portion of the brokerage is carried forward as prepaid expense. Any other brokerage is expensed out in the year in which they are incurred.

Brokerage paid on certain PMS products are amortised over the exit load period. Unamortised portion of brokerage is carried forward as prepaid expenses.

Brokerage paid on Alternate Investment Fund schemes is amortized over the minimum tenure of the scheme. The unamortized portion of the brokerage is carried forward as prepaid expense.

5.9 Fixed assets and depreciation/impairment

Group

Fixed assets are carried at cost of acquisition less accumulated depreciation and impairment, if any. Cost includes initial handling and delivery charges, duties, taxes and incidental expenses related to the acquisition and installation of the asset.

Capital work-in-progress includes cost of fixed assets that are not ready for their intended use and also includes advances paid to acquire fixed assets.

Depreciation is provided over the estimated useful life of a fixed asset on the straight-line method from the date of addition. The management believes that depreciation rates currently used, fairly reflect its estimate of the useful lives and residual values of fixed assets based on historical experience of the Group, though these rates in certain cases are different from lives prescribed under Schedule II of Companies Act, 2013.

Asset	Estimated useful life
Leased Land	As per the term of the agreement
Owned premises	60 years
Locker cabinets/cash safe/strong room door	10 years
EPABX, telephone instruments	8 years
Modem, scanner, routers, hubs, switches, racks/cabinets for IT equipment	5 years
UPS, VSAT, fax machines	5 years
Cheque book/cheque encoder, currency counting machine, fake note detector	5 years
Application software	5 years
Electronic Data Capture (EDC)/ Point of Sale (POS) machines	5 years
Vehicles	4 years
Computer hardware including printers	3 years
CCTV and video conferencing equipment	3 years
Assets at staff residence	3 years
Mobile phone	2 years
All other fixed assets	10 years

Depreciation on assets sold during the year is recognised on a pro-rata basis to the Profit and Loss Account till the date of sale.

In case of Bank, Profit on sale of premises is appropriated to Capital Reserve account (net of taxes and transfer to statutory reserve) in accordance with RBI instructions.

The carrying amounts of assets are reviewed at each Balance Sheet date to ascertain if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

5.10 Non-banking assets

Non-banking assets ('NBAs') acquired in satisfaction of claims include land and other immovable property. In the case of land, the Bank creates provision and follows the accounting treatment as per specific RBI directions. Other non-banking assets are carried at lower of net book value and net realizable value.

5.11 Lease transactions

Group

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term are classified as operating lease. Lease payments for assets taken on operating lease are recognised as an expense in the Profit and Loss Account on a straight-line basis over the lease term. Lease income from assets given on operating lease is recognized as income in Profit and Loss Account on a straight line basis over the lease term.

5.12 Retirement and other employee benefits

Provident Fund

Axis Bank Ltd.

Retirement benefit in the form of provident fund is a defined benefit plan wherein the contributions are charged to the Profit and Loss Account of the year when the contributions to the fund are due and when services are rendered by the employees. Further, an actuarial valuation is conducted by an independent actuary using the Projected Unit Credit Method as at 31 March each year to determine the deficiency, if any, in the interest payable on the contributions as compared to the interest liability as per the statutory rate. Actuarial gains/losses are immediately taken to the Profit and Loss Account and are not deferred.

Subsidiaries

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognises contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service.

Gratuity

Axis Bank Ltd.

The Bank contributes towards gratuity fund (defined benefit retirement plan) administered by various insurers for eligible employees. Under this scheme, the settlement obligations remain with the Bank, although various insurers administer the scheme and determine the contribution premium required to be paid by the Bank. The plan provides a lump sum payment to vested employees at retirement or termination of employment based on the respective employee's salary and the years of employment with the Bank. Liability with regard to gratuity fund is accrued based on actuarial valuation conducted by an independent actuary using the Projected Unit Credit Method as at 31 March each year. In respect of employees at overseas branches (other than expatriates) liability with regard to gratuity is provided on the basis of a prescribed method as per local laws, wherever applicable. Actuarial gains/losses are immediately taken to the Profit and Loss Account and are not deferred.

Subsidiaries

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation using Projected Unit Credit Method made at the end of each financial year. Actuarial gains/losses are immediately taken to the Profit and Loss Account and are not deferred.

Compensated Absences

Axis Bank Ltd.

Compensated absences are short term in nature for which provision is held on accrual basis.

Axis Asset Management company Ltd.

The company does not have policy to carry forward and accumulation of privilege leave balances.

Subsidiaries other than Axis Asset Management company Ltd.

The Group provides for compensated absences based on actuarial valuation conducted by an independent actuary. The actuarial valuation is carried out as per the Projected Unit Credit Method as at 31 March each year. Actuarial gains/losses are immediately taken to the Profit and Loss Account and are not deferred.

Superannuation

Axis Bank Ltd.

Employees of the Bank are entitled to receive retirement benefits under the Bank's Superannuation scheme either under a cash-out option through salary or under a defined contribution plan. Through the defined contribution plan the Bank contributes annually a specified sum of 10% of the employee's eligible annual basic salary to LIC, which undertakes to pay the lumpsum and annuity benefit payments pursuant to the scheme. Superannuation contributions are recognised in the Profit and Loss Account in the period in which they accrue.

New Pension Scheme ('NPS')

Group

In respect of employees who opt for contribution to the 'NPS', the Group contributes certain percentage of the total basic salary of employees to the aforesaid scheme, a defined contribution plan, which is managed and administered by pension fund management companies. NPS contributions are recognised in the Profit and Loss Account in the period in which they accrue.

Long term deferred variable pay structure

Axis Capital Ltd.

As part of its variable pay structure, the company operates long term deferred variable pay structure plan in which it defers a part of the entitlement which is to be settled in installments over a period of three years at an amount which would be equivalent to the prevailing price of equity share of Bank at the time of settlement. The costs of providing benefits under this plan is determined on the basis of actuarial valuation at the year-end using projected unit credit method.

5.13 Long Term Incentive Plan (LTIP)

Axis Asset Management Company Ltd.

The Company has initiated Axis AMC - Long Term Incentive plan. The points granted to employees as per the guidelines laid down in the plan are encashable after they are held for a specified period as per the terms of the plan. The Company accounts for the liability arising on points granted proportionately over the period from the date of grant till the end of the exercise window. The liability is assessed and provided on the basis of valuation carried out by an independent valuer.

5.14 Reward points

Axis Bank Ltd.

The Bank runs a loyalty program which seeks to recognize and reward customers based on their relationship with the Bank. Under the program, eligible customers are granted loyalty points redeemable in future, subject to certain conditions. In addition, the Bank continues to grant reward points in respect of certain credit cards (not covered under the loyalty program). The Bank estimates the probable redemption of such loyalty/reward points using an actuarial method at the Balance Sheet date by employing an independent actuary. Provision for the said reward points is then made based on the actuarial valuation report as furnished by the said independent actuary.

5.15 Taxation

Group

Income tax expense is the aggregate amount of current tax and deferred tax charge. Current year taxes are determined in accordance with the relevant provisions of Income tax Act, 1961. In case of overseas subsidiary the local tax laws prevailing in that country are followed. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off assets against liabilities representing current tax and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws.

Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. The impact of changes in the deferred tax assets and liabilities is recognised in the Profit and Loss Account.

Deferred tax assets are recognised and reassessed at each reporting date, based upon the Management's judgement as to whether realisation is considered as reasonably certain. Deferred tax assets are recognised on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty supported by convincing evidence that such deferred tax asset can be realised against future profits.

5.16 Share issue expenses

Group

Share issue expenses are adjusted from Share Premium Account in terms of Section 52 of the Companies Act, 2013.

5.17 Earnings per share

Group

The group reports basic and diluted earnings per share in accordance with AS-20, Earnings per Share, as notified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016. Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding for the year.

Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted earnings per share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding at the year end except where the results are anti-dilutive.

5.18 Employee stock option scheme

Axis Bank Ltd.

The 2001 Employee Stock Option Scheme ('the Scheme') provides for grant of stock options on equity shares of the Bank to employees and Directors of the Bank and its subsidiaries. The Scheme is in accordance with the Securities and Exchange Board of India (SEBI) (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ('the Guidelines'). These Guidelines have been repealed in the month of October, 2014 and were substituted by Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. The Scheme is in compliance with the said regulations. The Bank follows the intrinsic value method to account for its stock based employee compensation plans as per the Guidelines. Options are granted at an exercise price, which is equal to/ less than the fair market price of the underlying equity shares. The excess of such fair market price over the exercise price of the options as at the grant date, if any, is recognised as a deferred compensation cost and amortised on a straight-line basis over the vesting period of such options.

The fair market price is the latest available closing price, prior to the date of grant, on the stock exchange on which the shares of the Bank are listed. If the shares are listed on more than one stock exchange, then the stock exchange where there is highest trading volume on the said date is considered.

5.19 Provisions, contingent liabilities and contingent assets

Group

A provision is recognised when the Group has a present obligation as a result of past event where it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

A disclosure of contingent liability is made when there is:

- a possible obligation arising from a past event, the existence of which will be confirmed by occurrence or non-occurrence of one or more uncertain future events not within the control of the Group; or

- a present obligation arising from a past event which is not recognised as it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

5.20 Accounting for dividend

Group

As per AS-4 'Contingencies and Events occurring after the Balance sheet date' as notified by the Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016, dated 30 March, 2016, the group does not account for proposed dividend (including tax) as a liability through appropriation from the profit and loss account. The same is recognised in the year of actual payout post approval of shareholders. However, the Bank reckons proposed dividend in determining capital funds in computing the capital adequacy ratio.

5.21 Cash and cash equivalents

Group

Cash and cash equivalents include cash in hand, balances with RBI, balances with other banks and money at call and short notice.

1.1 Disclosures

1.1.1 'Provisions and contingencies' recognised in the Profit and Loss Account comprise of:

(₹ in crores)

For the year ended	31 March, 2019	31 March, 2018
Provision for income tax		
- Current tax	3,271.12	1,951.55
- Deferred tax (Refer 1.1.11)	(726.16)	(1,849.69)
	2,544.96	**101.86**
Provision for non-performing assets (including bad debts written off and write backs)	10,272.11	16,630.57
Provision for restructured assets/strategic debt restructuring/ sustainable structuring	(19.66)	(307.16)
Provision towards standard assets	814.31	(124.37)
Provision for depreciation in value of investments	296.54	(207.67)
Provision for unhedged foreign currency exposure	18.79	(9.30)
Provision for country risk	-	(19.94)
Provision for other contingencies*	654.60	(443.39)
Total	**14,581.65**	**15,620.60**

* includes provision for non-banking assets, legal cases and other contingencies

1.1.2 During the year ended 31 March, 2019, the Bank has not raised debt instruments eligible for Tier-I/Tier-II capital.

During the year ended 31 March, 2018, the Bank raised debt instruments eligible for Tier-I/Tier-II capital, the details of which are set out below:

Instrument	Capital	Date of maturity	Period	Coupon	Amount
Subordinated debt	Tier-II	15 June, 2027	120 months	7.66% p.a.	₹5,000 crores
Perpetual debt	Additional Tier I	-*	-	8.75% p.a.	₹3,500 crores

*Call option on expiry of 60 months from the date of allotment

During the year ended 31 March, 2019, the Bank redeemed debt instruments eligible for Tier-I/Tier-II capital, the details of which are set out below:

Instrument	Capital	Date of maturity	Period	Coupon	Amount
Subordinated debt	Tier II	7 November, 2018	120 months	11.75% p.a.	₹1,500 crores
Subordinated debt	Tier II	28 March, 2019	120 months	9.95%p.a.	₹200 crores

During the year ended 31 March, 2018, the Bank redeemed debt instruments eligible for Tier-I/Tier-II capital, the details of which are set out below:

Instrument	Capital	Date of maturity	Period	Coupon	Amount
Upper Tier-II	Tier-II	28 June, 2017*	180 months	7.125% p.a.	$60 million

* represents call date

1.1.3 Divergence in Asset Classification and Provisioning for NPAs

In terms of the RBI circular no. DBR.BP.BC.No.32/21.04.018/2018-19 dated 01 April, 2019, banks are required to disclose the divergences in asset classification and provisioning consequent to RBI's annual supervisory process in their notes to accounts to the financial statements, wherever either or both of the following conditions are satisfied: (a) the additional provisioning for NPAs assessed by RBI exceeds 10 per cent of the reported profit before provisions and contingencies for the reference period and (b) the additional Gross NPAs identified by RBI exceed 15 per cent of the published incremental Gross NPAs for the reference period.

Based on the above, no disclosure on divergence in asset classification and provisioning for NPAs is required with respect to RBI's annual supervisory process for the year ended 31 March, 2018.

1.1.4 Earnings Per Share ('EPS')

The details of EPS computation is set out below:

As at	31 March, 2019	31 March, 2018
Basic and Diluted earnings for the year (Net profit after tax) (₹ in crores)	5,038.59	455.82
Basic weighted average no. of shares (in crores)	256.90	244.51
Add: Equity shares for no consideration arising on grant of stock options under ESOP (in crores)	1.58	0.75
Diluted weighted average no. of shares (in crores)	258.48	245.26
Basic EPS (₹)	19.61	1.86
Diluted EPS (₹)	19.49	1.86
Nominal value of shares (₹)	2.00	2.00

Dilution of equity is on account of 9,813,655 stock options and 6,033,509 warrants (previous year 7,517,504 stock options)

1.1.5 Employee Stock Options Scheme ('the Scheme')

Pursuant to the approval of the shareholders in February 2001, the Bank approved an Employee Stock Option Scheme under which eligible employees are granted an option to purchase shares subject to vesting conditions. Over the period till December 2018, pursuant to the approval of the shareholders the Bank approved ESOP schemes for options aggregating 265,087,000 that vest in a graded manner over 3 years. The options can be exercised within three/five years from the date of the vesting as the case may be. Within the overall ceiling of 265,087,000 stock options approved for grant by the shareholders as stated earlier, the Bank is also authorised to issue options to eligible employees and Whole Time Directors of the subsidiary companies.

253,158,700 options have been granted under the Scheme till the previous year ended 31 March, 2018.

On 25 April, 2018, the Bank granted 5,825,000 stock options (each option representing entitlement to one equity share of the Bank) to its eligible employees/directors of the Bank/subsidiary companies at a grant price of ₹504.85 per option. Further, on 7 January, 2019, the Bank granted 630,000 stock options (each option representing entitlement to one equity share of the Bank) to its MD & CEO at a grant price of ₹619.60 per option.

Stock option activity under the Scheme for the year ended 31 March, 2019 is set out below:

	Options outstanding	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life (Years)
Outstanding at the beginning of the year	29,554,909	217.33 to 535.00	432.45	4.22
Granted during the year	6,455,000	504.85 to 619.60	516.05	-
Forfeited during the year	(748,700)	306.54 to 535.00	500.67	-
Expired during the year	(22,400)	288.96	288.96	-
Exercised during the year	(5,105,935)	217.33 to 535.00	336.29	-
Outstanding at the end of the year	**30,132,874**	**288.96 to 619.60**	**465.06**	**4.13**
Exercisable at the end of the year	**17,138,224**	**288.96 to 535.00**	**436.22**	**2.87**

The weighted average share price in respect of options exercised during the year was ₹623.15.

Stock option activity under the Scheme for the year ended 31 March, 2018 is set out below:

	Options outstanding	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life (Years)
Outstanding at the beginning of the year	29,711,124	217.33 to 535.00	383.16	3.98
Granted during the year	6,885,750	503.00	503.00	-
Forfeited during the year	(810,120)	306.54 to 535.00	470.15	-
Expired during the year	(57,910)	217.33 to 289.51	275.32	-
Exercised during the year	(6,173,935)	217.33 to 535.00	270.47	-
Outstanding at the end of the year	**29,554,909**	**217.33 to 535.00**	**432.45**	**4.22**
Exercisable at the end of the year	**16,062,159**	**217.33 to 535.00**	**378.40**	**2.85**

The weighted average share price in respect of options exercised during the year was ₹524.51.

Fair Value Methodology

On applying the fair value based method in Guidance Note on 'Accounting for Employee Share-based Payments' the impact on reported net profit and EPS would be as follows:

	31 March, 2019	31 March, 2018
Net Profit (as reported) (₹ in crores)	5,038.59	455.82
Add: Stock based employee compensation expense included in net income (₹ in crores)	-	-
Less: Stock based employee compensation expense determined under fair value based method (proforma) (₹ in crores)	(95.04)	(102.86)
Net Profit (Proforma) (₹ in crores)	**4,943.55**	**352.96**
Earnings per share: Basic (in ₹)		
As reported	19.61	1.86
Proforma	19.24	1.44
Earnings per share: Diluted (in ₹)		
As reported	19.49	1.86
Proforma	19.18	1.44

During the years ended, 31 March, 2019 and 31 March, 2018, no cost has been incurred by the Bank on ESOPs issued to the employees of the Bank and employees of subsidiaries under the intrinsic value method.

The fair value of the options is estimated on the date of the grant using the Black-Scholes options pricing model, with the following assumptions:

	31 March, 2019	31 March, 2018
Dividend yield	0.76%	1.16%
Expected life	2.57-4.57 years	2.57-4.57 years
Risk free interest rate	7.07% to 7.63%	6.55% to 6.82%
Volatility	28.78% to 30.82%	31.80% to 33.56%

Volatility is the measure of the amount by which a price has fluctuated or is expected to fluctuate during a period. The measure of volatility used in the Black-Scholes options pricing model is the annualised standard deviation of the continuously compounded rates of return on the stock over a period of time. For calculating volatility, the daily volatility of the stock prices on the National Stock Exchange, over a period prior to the date of grant, corresponding with the expected life of the options has been considered.

The weighted average fair value of options granted during the year ended 31 March, 2019 is ₹164.10 (previous year ₹155.53).

On 27 March, 2019, the Nomination and Remuneration Committee of the Board of Directors of the Bank has approved the grant of upto 10,500,000 stock options to eligible employees. As on 31 March, 2019, there have been no allotments of options under this grant. Accordingly, these options have not been considered in the above disclosure and for disclosure of proforma net profit and EPS under fair value method for FY 2018-19.

1.1.6 Proposed Dividend

The Board of Directors, in their meeting held on 25 April, 2019 have proposed a final dividend of ₹1 per equity share amounting to ₹283.08 crore, inclusive of corporate dividend tax. The proposal is subject to the approval of shareholders at the Annual General Meeting.

1.1.7 Segmental reporting

The business of the Bank is divided into four segments: Treasury, Retail Banking, Corporate/Wholesale Banking and Other Banking Business. These segments have been identified and based on RBI's revised guidelines on Segment Reporting issued on 18 April 2007 vide Circular No. DBOD.No.BP.BC.81/21.04.018/2006-07. The principal activities of these segments are as under.

Segment	Principal Activities
Treasury	Treasury operations include investments in sovereign and corporate debt, equity and mutual funds, trading operations, derivative trading and foreign exchange operations on the proprietary account and for customers. The Treasury segment also includes the central funding unit.
Retail Banking	Constitutes lending to individuals/small businesses through the branch network and other delivery channels subject to the orientation, nature of product, granularity of the exposure and the quantum thereof. Retail Banking activities also include liability products, card services, internet banking, mobile banking, ATM services, depository, financial advisory services and NRI services.
Corporate/Wholesale Banking	Includes corporate relationships not included under Retail Banking, corporate advisory services, placements and syndication, project appraisals, capital market related services and cash management services.
Other Banking Business	Includes para banking activities like third party product distribution and other banking transactions not covered under any of the above three segments.

Unallocated assets and liabilities - All items which are reckoned at an enterprise level are classified under this segment such as deferred tax, money received against share warrants, tax paid in advance net of provision etc.

Business segments in respect of operations of the subsidiaries have been identified and reported taking into account the customer profile, the nature of product and services and the organisation structure.

Revenues of the Treasury segment primarily consist of fees and gains or losses from trading operations and interest income on the investment portfolio. The principal expenses of the segment consist of interest expense on funds borrowed from external sources and other internal segments, premises expenses, personnel costs, other direct overheads and allocated expenses.

Revenues of the Corporate/Wholesale Banking segment consist of interest and fees earned on loans given to customers falling under this segment and fees arising from transaction services and merchant banking activities such as syndication and debenture trusteeship. Revenues of the Retail Banking segment are derived from interest earned on loans classified under this segment and fees for banking and advisory services, ATM interchange fees and cards products. Expenses of the Corporate/Wholesale Banking and Retail Banking segments primarily comprise interest expense on deposits and funds borrowed from other internal segments, infrastructure and premises expenses for operating the branch network and other delivery channels, personnel costs, other direct overheads and allocated expenses.

Segment income includes earnings from external customers and from funds transferred to the other segments. Segment result includes revenue as reduced by interest expense and operating expenses and provisions, if any, for that segment. Segment-wise income and expenses include certain allocations. Inter segment interest income and interest expense represent the transfer price received from and paid to the Central Funding Unit (CFU) respectively. For this purpose, the funds transfer pricing mechanism presently followed by the Bank, which is based on historical matched maturity and internal benchmarks, has been used. Operating expenses other than those directly attributable to segments are allocated to the segments based on an activity-based costing methodology. All activities in the Bank are segregated segment-wise and allocated to the respective segment.

Segmental results are set out below:

(₹ in crores)

	31 March, 2019				
	Treasury	**Corporate/ Wholesale Banking**	**Retail Banking**	**Other Banking Business**	**Total**
Segment Revenue					
Gross interest income (external customers)	13,874.76	18,442.28	23,726.61	-	56,043.65
Other income	2,254.14	4,686.91	5,447.93	1,799.77	14,188.75
Total income as per Profit and Loss Account	**16,128.90**	**23,129.19**	**29,174.54**	**1,799.77**	**70,232.40**
Add/(less) inter segment interest income	57,991.83	6,175.11	20,249.77	0.01	84,416.72
Total segment revenue	**74,120.73**	**29,304.30**	**49,424.31**	**1,799.78**	**154,649.12**
Less: Interest expense (external customers)	16,956.96	1,661.64	15,264.87	-	33,883.47
Less: Inter segment interest expense	54,359.22	13,520.57	16,536.06	0.87	84,416.72
Less: Operating expenses	425.22	4,048.91	11,459.17	786.89	16,720.19
Operating profit	**2,379.33**	**10,073.18**	**6,164.21**	**1,012.02**	**19,628.74**
Less: Provision for non-performing assets/others*	686.64	9,081.46	2,248.59	20.00	12,036.69
Segment result	**1,692.69**	**991.72**	**3,915.62**	**992.02**	**7,592.05**
Less: Provision for tax					2,544.96

	31 March, 2019				
	Treasury	Corporate/ Wholesale Banking	Retail Banking	Other Banking Business	Total
Net Profit before minority interest and earnings from Associate					5,047.09
Less: Minority Interest					8.50
Add: Share of Profit in Associate					-
Extraordinary profit/loss					-
Net Profit					**5,038.59**
Segment assets	283,240.38	251,253.06	269,476.17	535.04	804,504.65
Unallocated assets					9,541.32
Total assets					**814,045.97**
Segment liabilities	276,546.85	135,914.54	332,680.34	154.52	745,296.25
Unallocated liabilities[1]					947.10
Total liabilities					**746,243.35**
Net assets	**6,693.53**	**115,338.52**	**(63,204.17)**	**380.52**	**67,802.62**
Capital Expenditure for the year	**15.63**	**205.48**	**695.24**	**26.33**	**942.68**
Depreciation on fixed assets for the year	**12.48**	**161.62**	**545.56**	**17.50**	**737.16**

[1] Includes minority interest of ₹84.61 crores

* represents material non-cash items other than depreciation

(₹ in crores)

	31 March, 2018				
	Treasury	Corporate/ Wholesale Banking	Retail Banking	Other Banking Business	Total
Segment Revenue					
Gross interest income (external customers)	11,858.83	15,398.90	19,356.33	-	46,614.06
Other income	2,867.70	3,365.49	4,196.21	1,433.22	11,862.62
Total income as per Profit and Loss Account	**14,726.53**	**18,764.39**	**23,552.54**	**1,433.22**	**58,476.68**
Add/(less) inter segment interest income	49,386.08	5,402.38	17,298.22	-	72,086.68
Total segment revenue	**64,112.61**	**24,166.77**	**40,850.76**	**1,433.22**	**130,563.36**
Less: Interest expense (external customers)	13,375.62	1,155.22	13,072.85	-	27,603.69
Less: Inter segment interest expense	45,761.40	12,352.62	13,972.08	0.58	72,086.68
Less: Operating expenses	393.83	4,004.78	9,941.65	448.10	14,788.36
Operating profit	**4,581.76**	**6,654.15**	**3,864.18**	**984.54**	**16,084.63**
Less: Provision for non-performing assets/others*	1,763.26	11,894.90	1,860.58	-	15,518.74
Segment result	**2,818.50**	**(5,240.75)**	**2,003.60**	**984.54**	**565.89**
Less: Provision for tax					101.86
Net Profit before minority interest and earnings from Associate					464.03
Less: Minority Interest					8.21
Add: Share of Profit in Associate					-
Extraordinary profit/loss					-
Net Profit					**455.82**
Segment assets	227,258.49	236,010.17	230,592.20	813.36	694,674.22
Unallocated assets					9,029.15
Total assets					**703,703.37**

	31 March, 2018				
	Treasury	Corporate/ Wholesale Banking	Retail Banking	Other Banking Business	Total
Segment liabilities	234,071.37	138,435.00	265,852.74	195.25	638,554.36
Unallocated liabilities[1]					941.60
Total liabilities					**639,495.96**
Net assets	**(6,812.88)**	**97,575.17**	**(35,260.54)**	**618.11**	**64,207.41**
Capital Expenditure for the year	**16.70**	**235.20**	**523.89**	**18.99**	**794.78**
Depreciation on fixed assets for the year	**11.90**	**173.05**	**389.98**	**15.65**	**590.58**

[1] Includes minority interest of ₹69.51 crores

* represents material non-cash items other than depreciation

Geographic Segments

(₹ in crores)

	Domestic		International		Total	
	31 March, 2019	31 March, 2018	31 March, 2019	31 March, 2018	31 March, 2019	31 March, 2018
Revenue	66,514.42	55,799.56	3,717.98	2,677.12	70,232.40	58,476.68
Assets	760,394.09	635,920.35	53,651.87	67,783.02	814,045.96	703,703.37
Capital Expenditure for the year	939.95	785.35	2.73	9.43	942.68	794.78
Depreciation on fixed assets for the year	733.00	585.77	4.16	4.81	737.16	590.58

1.1.8 Related party disclosure

The related parties of the Group are broadly classified as:

a) Promoters

The Bank has identified the following entities as its Promoters.

- Administrator of the Specified Undertaking of the Unit Trust of India (SUUTI)
- Life Insurance Corporation of India (LIC)
- General Insurance Corporation, New India Assurance Co. Limited, National Insurance Co. Limited, United India Insurance Co. Limited and The Oriental Insurance Co. Limited.

b) Key Management Personnel

- Mr. Amitabh Chaudhry (MD & CEO) (w.e.f. 1 January, 2019)
- Ms. Shikha Sharma (MD & CEO) (upto 31 December, 2018)
- Mr. V. Srinivasan (Deputy Managing Director) (upto 20 December, 2018)
- Mr. Rajesh Dahiya [Executive Director (Corporate Centre)]
- Mr. Rajiv Anand [Executive Director (Wholesale Banking)]

c) Relatives of Key Management Personnel

Mr. Sanjaya Sharma, Ms. Usha Bharadwaj, Mr. Tilak Sharma, Ms. Tvisha Sharma, Dr. Sanjiv Bharadwaj, Dr. Prashant Bharadwaj, Dr. Brevis Bharadwaj, Dr. Reena Bharadwaj, Ms. Gayathri Srinivasan, Mr. V. Satish, Ms. Camy Satish, Ms. Ananya Srinivasan, Ms. Anagha Srinivasan, Ms. Geetha N., Ms. Chitra R., Ms. Sumathi N., Mr. S. Ranganathan, Mr. R. Narayan, Ms. Gitanjali Anand, Ms. Tara Anand, Ms. Nandita Anand, Mr. P.L. Narain, Mr. P. Srinivas, Ms. Ratna Rao Shekar, Ms. P. Kamashi, Ms. Hemant Dahiya, Ms. Arooshi Dahiya, Ms. Mallika Dahiya, Ms. Jal Medha, Ms. Pooja Rathi, Mr. Jai Prakash Dahiya, Ms. Preeti Chaudhry, Mr. Anagh Chaudhry, Mr. Aruj Chaudhry, Mr. Aryan Chaudhry, Ms. Chhavi Kharb, Mr. Ashok Kharb, Mr. Om Singh Chaudhry, Ms. Kusum Chaudhry.

The details of transactions of the Group with its related parties during the year ended 31 March, 2019 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel#	Total
Dividend paid	-	-	-	**-**
Interest paid	554.78	0.41	0.12	**555.31**
Interest received	0.13	1.09	-	**1.22**
Investment in non-equity instrument of related party	341.26	-	-	**341.26**
Investment of related party in the Bank	-	17.93	-	**17.93**
Investment of related party in Hybrid capital/Bonds of the Bank	-	-	-	**-**
Redemption of Hybrid capital/Bonds of the Bank	1,510.00	-	-	**1,510.00**
Purchase of investments	205.00	-	-	**205.00**
Sale of investments	857.07	-	-	**857.07**
Remuneration paid	-	18.49	-	**18.49**
Contribution to employee benefit fund	17.00	-	-	**17.00**
Repayment of security deposits by related party	0.12	-	-	**0.12**
Non-funded commitments (issued)	-	-	-	**-**
Advance granted (net)	-	-	-	**-**
Advance repaid	0.45	7.38	-	**7.83**
Receiving of services	128.91	-	-	**128.91**
Rendering of services	28.04	0.10	-	**28.14**
Sale of foreign exchange currency to related party	-	1.35	0.01	**1.36**
Other reimbursements from related party	0.10	-	-	**0.10**
Other reimbursements to related party	0.66	-	-	**0.66**

Details of transactions of the Bank with relatives of KMP are for the period during which the KMP are related parties of the Bank.

The balances payable to/receivable from the related parties of the Group as on 31 March, 2019 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Total
Deposits with the Bank	9,146.04	13.91	0.55	**9,160.50**
Placement of security deposits	0.31	-	-	**0.31**
Advances	6.62	10.90	0.03	**17.55**
Investment in non-equity instruments of related party	290.05	-	-	**290.05**
Investment of related party in the Bank	93.60	0.08	-	**93.68**
Non-funded commitments	3.33	-	-	**3.33**
Investment of related party in Hybrid capital/ Bonds of the Bank	2,790.00	-	-	**2,790.00**
Payable under management contracts	-	-	-	**-**
Other receivables (net)	-	-	-	**-**
Other payables (net)	-	-	-	**-**

The maximum balances payable to/receivable from the related parties of the Group during the year ended 31 March, 2019 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Total
Deposits with the Bank	17,078.36	22.86	5.49	**17,106.72**
Placement of security deposits	0.43	-	-	**0.43**
Advances	154.79	19.66	0.17	**174.62**
Investment of related party in the Bank	135.32	0.52	-	**135.84**
Investment in non-equity instrument of related party	290.05	-	-	**290.05**
Non-funded commitments	3.35	-	-	**3.35**
Investment of related party in Hybrid capital/Bonds of the Bank	4,300.00	-	-	**4,300.00**
Payable under management contracts	-	3.70	-	**3.70**
Other receivables (net)	0.03	-	-	**0.03**
Other payables (net)	-	-	-	**-**

The details of transactions of the Group with its related parties during the year ended 31 March, 2018 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel#	Total
Dividend paid	343.52	1.08	-	**344.60**
Interest paid	545.58	0.22	0.19	**545.99**
Interest received	0.02	0.77	-	**0.79**
Investment in non-equity instrument of related party	393.00	-	-	**393.00**

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel#	Total
Investment of related party in the Bank	1,200.00	33.75	-	**1,233.75**
Investment of related party in Hybrid capital/Bonds of the Bank	-	-	-	**-**
Redemption of Hybrid capital/Bonds of the Bank	-	-	-	**-**
Purchase of investments	188.69	-	-	**188.69**
Sale of investments	868.73	1.12	-	**869.85**
Remuneration paid	-	12.18	-	**12.18**
Contribution to employee benefit fund	16.43	-	-	**16.43**
Placement of security deposits	0.05	-	-	**0.05**
Non-funded commitments (issued)	0.20	-	-	**0.20**
Advance granted (net)	-	7.99	-	**7.99**
Advance repaid	6.50	0.04	-	**6.54**
Receiving of services	110.29	-	-	**110.29**
Rendering of services	32.64	0.13	-	**32.77**
Sale of foreign exchange currency to related party	-	1.29	-	**1.29**
Other reimbursements from related party	6.09	-	-	**6.09**
Other reimbursements to related party	0.75	-	-	**0.75**

Details of transactions of the Bank with relatives of KMP are for the period during which the KMP are related parties of the Bank.

The balances payable to/receivable from the related parties of the Group as on 31 March, 2018 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Total
Deposits with the Bank	6,213.80	4.33	3.46	**6,221.59**
Placement of security deposits	0.43	-	-	**0.43**
Advances	7.07	18.31	0.04	**25.42**
Investment in non-equity instruments of related party	205.70	-	-	**205.70**
Investment of related party in the Bank	135.29	0.50	-	**135.79**
Non-funded commitments	3.35	-	-	**3.35**
Investment of related party in Hybrid capital/ Bonds of the Bank	4,300.00	-	-	**4,300.00**
Payable under management contracts	-	3.70	-	**3.70**
Other receivables (net)	0.03	-	-	**0.03**
Other payables (net)	-	-	-	**-**

The maximum balances payable to/receivable from the related parties of the Group during the year ended 31 March, 2018 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Total
Deposits with the Bank	10,153.25	17.12	5.78	**10,176.15**
Placement of security deposits	0.43	-	-	**0.43**
Advances	16.76	18.31	0.09	**35.16**
Investment of related party in the Bank	137.76	0.50	-	**138.26**
Investment in non-equity instrument of the Bank	393.00	-	-	**393.00**
Non-funded commitments	3.39	-	-	**3.39**
Investment of related party in Hybrid capital/Bonds of the Bank	4,300.00	-	-	**4,300.00**
Payable under management contracts	-	3.70	-	**3.70**
Other receivables (net)	0.25	-	-	**0.25**
Other payables (net)	-	-	-	**-**

The significant transactions between the Group and related parties during the year ended 31 March, 2019 and 31 March, 2018 are given below. A specific related party transaction is disclosed as a significant related party transaction wherever it exceeds 10% of the aggregate value of all related party transactions in that category:

(₹ in crores)

Particulars	Year ended 31 March, 2019	Year ended 31 March, 2018
Dividend paid		
Life Insurance Corporation of India	-	165.04
Administrator of the Specified Undertaking of the Unit Trust of India	-	137.42
Interest paid		
Life Insurance Corporation of India	503.97	502.36
Interest received		
Mr. Rajiv Anand	0.74	0.73
Mr Rajesh Dahiya	0.35	0.04
New India Assurance Co. Limited	0.13	0.02
Investment in non-equity instruments of related party		
United India Insurance Co. Limited	241.26	393.00
The Oriental Insurance Co. Limited	100.00	-
Investment of related party in the Bank		
Life Insurance Corporation of India	-	1,200.00
Ms. Shikha Sharma	8.67	17.36
Mr Rajiv Anand	4.05	6.71
Mr Rajesh Dahiya	5.22	1.65
Redemption of Hybrid capital/Bonds of the Bank		
Life Insurance Corporation of India	1,500.00	-

(₹ in crores)

Particulars	Year ended 31 March, 2019	Year ended 31 March, 2018
Purchase of investments		
The Oriental Insurance Co. Limited	205.00	-
United India Insurance Co. Limited	-	188.69
Sale of investments		
New India Assurance Co. Limited	195.00	421.03
General Insurance Corporation Co. Limited	335.02	230.00
United India Insurance Co. Limited	141.29	157.44
The Oriental Insurance Co. Limited	145.76	25.25
Remuneration paid		
Ms. Shikha Sharma	6.83	4.84
Mr. V. Srinivasan	4.53	3.12
Mr. Rajiv Anand	3.18	2.44
Mr. Rajesh Dahiya	2.68	1.78
Contribution to employee benefit fund		
Life Insurance Corporation of India	16.53	16.16
Placement of deposits		
Life Insurance Corporation of India	-	0.05
Advance granted (net)		
Mr. Rajesh Dahiya	-	7.77
Advance repaid		
Life Insurance Corporation of India	0.45	6.50
Mr Rajiv Anand	2.13	-
Mr. Rajesh Dahiya	5.23	-
Receiving of services		
The Oriental Insurance Co. Limited	55.84	66.42
New India Assurance Co. Limited	52.72	27.22
Life Insurance Corporation of India	11.42	10.94
Rendering of services		
Life Insurance Corporation of India	26.60	16.39
General Insurance Corporation Co. Limited	0.07	12.50
Sale of foreign exchange currency to related party		
Ms. Shikha Sharma	1.14	1.29
Mr Amitabh Choudhry	0.15	N.A.
Other reimbursements to related party		
Life Insurance Corporation of India	0.66	0.75
Other reimbursements from related party		
New India Assurance Co. Limited	0.10	2.42
General Insurance Corporation Of India	-	3.67

1.1.9 Leases

Disclosure in respect of assets taken on operating lease

This comprise of office premises/ATMs, cash deposit machines, electronic data capturing machines and IT equipment.

(₹ in crores)

	31 March, 2019	31 March, 2018
Future lease rentals payable as at the end of the year:		
- Not later than one year	805.03	742.66
- Later than one year and not later than five years	2,531.53	2,303.58
- Later than five years	2,249.34	1,874.37
Total of minimum lease payments recognised in the Profit and Loss Account for the year	864.08	823.91

There are no provisions relating to contingent rent.

The terms of renewal/purchase options and escalation clauses are those normally prevalent in similar agreements.

There are generally no undue restrictions or onerous clauses in the agreements.

Disclosure in respect of assets given on operating lease

(₹ in crores)

	31 March, 2019	31 March, 2018
Gross carrying amount of premises at the end of the year	157.91	-
Accumulated depreciation at the end of the year	8.63	-
Total depreciation charged to profit and loss account for the year	0.65	-
Future lease rentals receivable as at the end of the year:		
- Not later than one year	28.99	-
- Later than one year and not later than five years	116.54	-
- Later than five years	100.08	-

There are no provisions relating to contingent rent.

1.1.10 The movement in fixed assets capitalized as application software (included in other Fixed Assets)

(₹ incrores)

Particulars	31 March, 2019	31 March, 2018
At cost at the beginning of the year	1,349.22	1,101.57
Additions during the year*	332.49	247.69
Deductions during the year	(0.23)	(0.04)
Accumulated depreciation as at 31 March	(1,101.01)	(893.69)
Closing balance as at 31 March	**580.47**	**455.53**
Depreciation charge for the year	207.32	169.43

*includes movement on account of exchange rate fluctuation

1.1.11 The major components of deferred tax assets and deferred tax liabilities arising out of timing differences are as under:

(₹ in crores)

As at	31 March, 2019	31 March, 2018
Deferred tax assets on account of provisions for doubtful debts	7,086.15	6,637.49
Deferred tax assets on account of amortisation of HTM investments	8.35	11.28
Deferred tax assets on account of provision for employee benefits	128.42	121.38
Deferred tax assets on account of other items	554.71	280.44
Deferred tax assets	**7,777.63**	**7,050.59**
Deferred tax liability on account of depreciation on fixed assets	62.31	103.46
Deferred tax liabilities on account of other items	27.64	35.81
Deferred tax liabilities	**89.95**	**139.27**
Net deferred tax asset	**7,687.68**	**6,911.32**

1.1.12 Employee Benefits

Provident Fund

Group

The contribution to the employee's provident fund (including Employee Pension Scheme) of the Group amounted to ₹189.45 crores for the year ended 31 March, 2019 (previous year ₹175.11 crores).

Axis Bank Ltd.

The rules of the Bank's Provident Fund administered by a Trust require that if the Board of Trustees are unable to pay interest at the rate declared for Employees' Provident Fund by the Government under para 60 of the Employees' Provident Fund Scheme, 1952 for the reason that the return on investment is less or for any other reason, then the deficiency shall be made good by the Bank. Based on an actuarial valuation conducted by an independent actuary, there is no deficiency as at the Balance Sheet date for the Bank.

The following tables summarise the components of net benefit expenses recognised in the Profit and Loss Account and funded status and amounts recognised in the Balance Sheet for the Provident Fund benefit plan.

Profit and Loss Account

Net employee benefit expenses (recognised in payments to and provisions for employees):

(₹ in crores)

	31 March, 2019	31 March, 2018
Current Service Cost*	98.60	88.99
Interest on Defined Benefit Obligation	159.70	127.95
Expected Return on Plan Assets	(189.59)	(171.00)
Net Actuarial Losses/(Gains) recognised in the year	29.89	43.05
Total included in "Employee Benefit Expense" [Schedule 16(I)]	**98.60**	**88.99**
Actual Return on Plan Assets	132.30	140.05

* includes contribution of ₹0.52 crores towards staff deputed at subsidiaries (previous year ₹0.46 crores)

Balance Sheet

Details of provision for provident fund

(₹ in crores)

	31 March, 2019	31 March, 2018
Fair Value of Plan Assets	2,245.71	2,006.65
Present Value of Funded Obligations	(2,245.71)	(2,006.65)
Net Asset	-	-
Amounts in Balance Sheet		
Liabilities	-	-
Assets	-	-
Net Asset (included under Schedule 11 – Other Assets)	**-**	**-**

Changes in the present value of the defined benefit obligation are as follows:

(₹ in crores)

	31 March, 2019	31 March, 2018
Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	2,006.65	1,688.78
Current Service Cost	98.60	88.99
Interest Cost	159.70	127.95
Actuarial Losses/(Gains)	(27.40)	12.10
Employees Contribution	217.42	200.76
Liability transferred from/to other companies	(16.45)	(14.62)
Benefits Paid	(192.81)	(97.31)
Closing Defined Benefit Obligation	**2,245.71**	**2,006.65**

Changes in the fair value of plan assets are as follows:

(₹ in crores)

	31 March, 2019	31 March, 2018
Change in the Fair Value of Assets		
Opening Fair Value of Plan Assets	2,006.65	1,688.78
Expected Return on Plan Assets	189.59	171.00
Actuarial Gains/(Losses)	(57.29)	(30.95)
Employer contribution during the period	98.60	88.99
Employee contribution during the period	217.42	200.76
Assets transferred from/to other companies	(16.45)	(14.62)
Benefits Paid	(192.81)	(97.31)
Closing Fair Value of Plan Assets	**2,245.71**	**2,006.65**

Experience adjustments*

(₹ in crores)

	31 March, 2019	31 March, 2018	31 March, 2017	31 March, 2016	31 March, 2015
Defined Benefit Obligations	2,245.71	2,006.65	1,688.78	1,439.02	1,241.53
Plan Assets	2,245.71	2,006.65	1,688.78	1,439.02	1,241.53
Surplus/(Deficit)	-	-	-	-	-
Experience Adjustments on Plan Liabilities	(27.40)	12.10	20.83	12.08	(1.78)
Experience Adjustments on Plan Assets	(57.29)	(30.95)	0.58	(6.16)	(3.99)

* information provided to the extent available with the Bank

Major categories of plan assets (managed by Insurers) as a percentage of fair value of total plan assets:

	31 March, 2019	31 March, 2018
	%	%
Government securities	55.91	53.75
Bonds, debentures and other fixed income instruments	40.00	42.16
Equity shares	3.77	3.79
Others	0.32	0.30

Principal actuarial assumptions at the balance sheet date:

	31 March, 2019	31 March, 2018
Discount rate for the term of the obligation	7.65%	7.95%
Average historic yield on the investment portfolio	8.88%	8.90%
Discount rate for the remaining term to maturity of the investment portfolio	7.55%	7.68%
Expected investment return	8.98%	9.17%
Guaranteed rate of return	8.65%	8.55%

The Hon'ble Supreme Court of India ("SC") by an order dated 28 February, 2019 in one case, set out the principles based on which allowances paid to the employees should be identified for inclusion in basic wages for the purposes of computation of Provident Fund contribution. Subsequently, a review petition against this decision has been filed and is pending before the SC for disposal. Pending decision on the subject review petition and directions from the Employees' Provident Fund organisation, no effect has been given in the financial statements.

Superannuation

The Bank contributed ₹16.51 crores to the employee's superannuation plan for the year ended 31 March, 2019 (previous year ₹16.12 crores).

National Pension Scheme (NPS)

During the year, the Bank has contributed ₹5.22 crores (previous year ₹3.85 crores) to the NPS for employees who had opted for the scheme.

Group

Leave Encashment

The liability of compensated absences of accumulated privileged leave of the employees of the Group is given below.

(₹ in crores)

	31 March, 2019			
	Liability - Privilege Leave	Total Expenses included under Schedule 16(I)	Assumptions	
			Discount Rate	Salary escalation rate
Axis Bank Ltd.	247.35	46.62	-	-
Axis Capital Ltd.*	0.08	Nil	6.48% p.a.	7.00% p.a.
Axis Securities Ltd.*	1.23	Nil	7.65% p.a.	10.00% p.a.
Axis Asset Management Co. Ltd.	Nil	1.29	-	-
Axis Finance Ltd.*	0.70	0.36	7.77% p.a.	7.00% p.a.
A.Treds Ltd.*	0.14	0.13	7.65% p.a.	10.00% p.a.
FreeCharge Payment Technologies Ltd.*	1.86	(0.37)	6.80% p.a.	12.00% p.a.
Accelyst Solutions Ltd.*	0.13	(0.09)	6.75% p.a.	12.00% p.a.

* based on actuarial valuation

(₹ in crores)

	31 March, 2018*			
	Liability - Privilege Leave	Total Expenses included under Schedule 16(I)	Assumptions	
			Discount Rate	Salary escalation rate
Axis Bank Ltd.	243.82	47.33	7.95% p.a.	7.00% p.a.
Axis Capital Ltd.	0.10	Nil	7.68% p.a.	7.00% p.a.
Axis Securities Ltd.	0.66	0.66	6.60% p.a.	7.00% p.a.
Axis Asset Management Co. Ltd.	1.17	0.64	7.50% p.a.	12.00% p.a.
Axis Finance Ltd.	0.41	0.05	7.73% p.a.	7.00% p.a.
A.Treds Ltd.	0.05	0.05	7.80% p.a.	7.00% p.a.
FreeCharge Payment Technologies Ltd.	2.68	0.81	7.10% p.a.	10.50% p.a.
Accelyst Solutions Ltd.	0.25	0.19	7.10% p.a.	10.50% p.a.

* based on actuarial valuation

Group

Gratuity

The following tables summarize the components of net benefit expenses recognised in the Profit and Loss Account and the funded status and amounts recognised in the Balance Sheet for the Gratuity benefit plan.

Profit and Loss Account

Net employee benefit expenses (recognised in payments to and provisions for employees):

(₹ in crores)

	31 March, 2019	31 March, 2018
Current Service Cost	49.02	41.98
Interest on Defined Benefit Obligation	30.88	23.92
Expected Return on Plan Assets	(25.49)	(22.35)
Net Actuarial Losses/(Gains) recognised in the year	7.02	(15.41)
Past Service Cost	0.03	31.37
Total included in "Employee Benefit Expense" [Schedule 16(1)]	**61.45**	**59.51**
Actual Return on Plan Assets	34.95	27.19

Balance Sheet

Details of provision for gratuity:

(₹ in crores)

	31 March, 2019	31 March, 2018
Present Value of Funded Obligations	(417.44)	(361.43)
Present Value of un-funded Obligations	(6.97)	(5.56)
Fair Value of Plan Assets	403.44	336.33
Unrecognised Past Service Cost	2.33-	0.03
Net (Liability)/Asset	**(18.65)**	**(30.63)**
Amounts in Balance Sheet		
Liabilities	18.65	30.63
Assets	-	-
Net Liability (included under Schedule 5 – Other Liabilities)	**(18.65)**	**(30.63)**

Changes in the present value of the defined benefit obligation are as follows:

(₹ in crores)

	31 March, 2019	31 March, 2018
Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	366.99	301.45
Current Service Cost	49.02	41.98
Interest Cost	30.88	23.92
Actuarial Losses/(Gains)	16.57	(10.56)
Past Service Cost	2.33	31.40
Liabilities Assumed on Acquisition	0.14	1.21
Liabilities transferred in	0.19	0.57
Benefits Paid	(41.71)	(22.98)
Closing Defined Benefit Obligation	**424.41**	**366.99**

Changes in the fair value of plan assets are as follows:

(₹ in crores)

	31 March, 2019	31 March, 2018
Opening Fair Value of Plan Assets	336.33	290.11
Expected Return on Plan Assets	25.49	22.35
Actuarial Gains/(Losses)	9.55	4.85
Contributions by Employer	73.16	41.33
Assets transferred in	-	0.57
Benefits Paid	(41.10)	(22.88)
Closing Fair Value of Plan Assets	**403.44**	**336.33**

Experience adjustments:

(₹ in crores)

	31 March, 2019	31 March, 2018	31 March, 2017	31 March, 2016	31 March, 2015
Defined Benefit Obligations	424.41	366.99	301.45	246.84	219.95
Plan Assets	403.44	336.33	290.11	243.00	219.26
Surplus/(Deficit)	(20.97)	(30.66)	(11.34)	(3.84)	(0.69)
Experience Adjustments on Plan Liabilities	6.70	2.90	7.09	2.98	0.76
Experience Adjustments on Plan Assets	9.55	(4.91)	(1.68)	(5.28)	1.39

Axis Bank Ltd.

Major categories of plan assets (managed by Insurers) as a percentage of fair value of total plan assets

	31 March, 2019	31 March, 2018
	%	%
Government securities	37.43	49.04
Bonds, debentures and other fixed income instruments	47.82	39.82
Money market instruments	5.38	8.70
Equity shares	2.00	2.22
Others	7.37	0.22

Principal actuarial assumptions at the balance sheet date:

	31 March, 2019	31 March, 2018
Discount Rate	7.65% p.a.	7.95% p.a.
Expected rate of Return on Plan Assets	7.50% p.a.	7.50% p.a.
Salary Escalation Rate	7.00% p.a.	7.00% p.a.
Employee Turnover		
- 18 to 30 (age in years)	20.00%	20.00%
- 31 to 44 (age in years)	10.00%	10.00%
- 45 to 59 (age in years)	5.00%	5.00%

The estimates of future salary increases considered take into account the inflation, seniority, promotion and other relevant factors.

The expected rate of return on plan assets is based on the average long-term rate of return expected on investments of the Fund during the estimated term of the obligations.

As the contribution expected to be paid to the plan during the annual period beginning after the balance sheet date is based on various internal/external factors, a best estimate of the contribution is not determinable.

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

Axis Capital Ltd.

	31 March, 2019	31 March, 2018
The major categories of plan assets* as a percentage of fair value of total plan assets – Insurer Managed Funds	100.00	100.00

*composition of plan assets is not available

	31 March, 2019	31 March, 2018
Principal actuarial assumptions at the balance sheet date:		
Discount Rate	7.48% p.a.	7.68% p.a.
Expected rate of Return on Plan Assets	7.48% p.a.	7.68% p.a.
Salary Escalation Rate	7.00% p.a.	7.00% p.a.
Employee Turnover	10.00% p.a.	10.00% p.a.

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

Axis Asset Management Company Ltd.

	31 March, 2019	31 March, 2018
Principal actuarial assumptions at the balance sheet date:		
Discount Rate	7.23% p.a.	7.50% p.a.
Expected rate of Return on Plan Assets	N.A.	N.A.
Salary Escalation Rate	11.00% p.a.	12.00% p.a.
Employee Turnover	10.00%	10.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Axis Securities Ltd.

	31 March, 2019	31 March, 2018
The major categories of plan assets* as a percentage of fair value of total plan assets – Insurer Managed Funds	100.00	100.00

*composition of plan assets is not available

	31 March, 2019	31 March, 2018
Principal actuarial assumptions at the balance sheet date:		
Discount Rate	7.00% p.a.	6.60% p.a.
Expected rate of Return on Plan Assets	7.50% p.a.	7.00% p.a.
Salary Escalation Rate	7.64% p.a.	7.00% p.a.
Employee Turnover	7.00%	7.00%

The estimates of future salary increases considered take into account the inflation, seniority, promotion and other relevant factors.

The expected rate of return on plan assets is based on the average long-term rate of return expected on investments of the Fund during the estimated term of the obligations.

Axis Finance Ltd.

	31 March, 2019	31 March, 2018
The major categories of plan assets* as a percentage of fair value of total plan assets – Insurer Managed Funds	100.00	100.00

*composition of plan assets is not available

	31 March, 2019	31 March, 2018
Principal actuarial assumptions at the balance sheet date:		
Discount Rate	7.77% p.a.	7.73% p.a.
Expected rate of Return on Plan Assets	7.77% p.a.	7.73% p.a.
Salary Escalation Rate	7.00% p.a.	7.00% p.a.
Employee Turnover	10.00%	5.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Axis Trustee Services Ltd.

	31 March, 2019	31 March, 2018
Principal actuarial assumptions at the balance sheet date:		
Discount Rate	6.66% p.a.	7.35% p.a.
Expected rate of Return on Plan Assets	N.A.	N.A.
Salary Escalation Rate	10.00% p.a.	10.00% p.a.
Employee Turnover	30.00%	20.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

A. Treds Ltd.

	31 March, 2019	31 March, 2018
Principal actuarial assumptions at the balance sheet date:		
Discount Rate	7.65% p.a.	7.80% p.a.
Expected rate of Return on Plan Assets	7.50% p.a.	N.A.
Salary Escalation Rate	10.00% p.a.	7.00% p.a.
Employee Turnover		
- 21 to 30 (age in years)	20.00%	20.00%
- 31 to 44 (age in years)	10.00%	10.00%
- 45 to 59 (age in years)	5.00%	5.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Accelyst Solution Pvt Ltd

	31 March, 2019	31 March, 2018
Principal actuarial assumptions at the balance sheet date:		
Discount Rate	6.75% p.a.	7.10% p.a.
Expected rate of Return on Plan Assets	N.A.	N.A.
Salary Escalation Rate	12.00% p.a.	10.50% p.a.
Employee Turnover	31.07%	25.70%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

FreeCharge Payment Technologies Pvt Ltd

	31 March, 2019	31 March, 2018
Principal actuarial assumptions at the balance sheet date:		
Discount Rate	6.80% p.a.	7.10% p.a.
Expected rate of Return on Plan Assets	N.A.	N.A.
Salary Escalation Rate	12.00% p.a.	10.50% p.a.
Employee Turnover	28.40%	25.70%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

1.1.13 Small and Micro Enterprises

Axis Bank Ltd.

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from 2 October, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. There have been no reported cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments. The above is based on the information available with the Bank which has been relied upon by the auditors.

Subsidiaries

(₹ in crores)

Particulars	31 March, 2019	31 March, 2018
The Principal amount and the interest due thereon remaining unpaid to any supplier	0.02	-
The amount of interest paid by the buyer in terms of Section 16, along with the amount of the payment made to the supplier beyond the due date	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the due date during the year) but without adding the interest specified under MSMED Act, 2006	0.02	-
The amount of interest accrued and remaining unpaid	0.02	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowed as a deductible expenditure under Section 23	-	-

1.1.14 Corporate Social Responsibility (CSR)

a) Amount required to be spent by the Group on CSR during the year ₹139.72 crores (previous year ₹196.38 crores).

b) Amount spent towards CSR during the year and recognized as expense in the statement of profit and loss on CSR related activities is ₹149.37 crores (previous year ₹143.33 crores), which comprise of following –

	31 March, 2019			31 March, 2018		
	In cash	Yet to be paid in cash (i.e. provision)	Total	In cash	Yet to be paid in cash (i.e. provision)	Total
Construction/ acquisition of any asset	11.89	-	11.89	2.22	-	2.22
On purpose other than above	136.91	0.57	137.48	133.84	7.27	141.11

1.1.15 Provisions and contingencies

a) Movement in provision for frauds included under other liabilities is set out below:

(₹ in crores)

	31 March, 2019	31 March, 2018
Opening balance at the beginning of the year	60.98	59.40
Additions during the year	0.78	2.00
Reductions on account of payments during the year	-	(0.15)
Reductions on account of reversals during the year	(8.18)	(0.27)
Closing balance at the end of the year	**53.58**	**60.98**

b) Other liabilities include provision for reward points made on actuarial basis, the movement of which is set out below:

(₹ in crores)

	31 March, 2019	31 March, 2018
Opening provision at the beginning of the year	143.94	110.45
Provision made during the year	127.22	89.05
Reductions during the year	(65.26)	(55.56)
Closing provision at the end of the year	**205.90**	**143.94**

c) Movement in provision for other contingencies is set out below:

(₹ in crores)

	31 March, 2019	31 March, 2018
Opening provision at the beginning of the year	150.66	595.62
Provision made during the year	609.26	342.25
Reductions during the year	(617.93)	(787.21)
Closing provision at the end of the year	**141.99**	**150.66**

Closing provision includes provision for legal cases and other contingencies. Provisions made and reductions during the year also include contingent provision for advances.

1.1.16 Description of contingent liabilities

a) Claims against the Group not acknowledged as debts

These represent claims filed against the Group in the normal course of business relating to various legal cases currently in progress. These also include demands raised by income tax authorities and disputed by the Group. Apart from claims assessed as possible, the Group holds provision of ₹56.06 crores as on 31 March, 2019 (previous year ₹43.28 crores) towards claims assessed as probable.

b) Liability for partly paid investments

This represents amounts remaining unpaid towards liability for partly paid investments.

c) Liability on account of forward exchange and derivative contracts

The Group enters into foreign exchange contracts, currency options/swaps, interest rate/currency futures and forward rate agreements on its own account and for customers. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate. Currency swaps are commitments to exchange cash flows by way of interest/principal in two currencies, based on ruling spot rates. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows. Interest rate futures are standardised, exchange-traded contracts that represent a pledge to undertake a certain interest rate transaction at a specified price, on a specified future date. Forward rate agreements are agreements to pay or receive a certain sum based on a differential interest rate on a notional amount for an agreed period. A foreign currency option is an agreement between two parties in which one grants to the other the right to buy or sell a specified amount of currency at a specific price within a specified time period or at a specified future time. An Exchange Traded Currency Option contract is a standardised foreign exchange derivative contract, which gives the owner the right, but not the obligation, to exchange money denominated in one currency into another currency at a pre-agreed exchange rate on a specified date on the date of expiry. Currency Futures contract is a standardised, exchange-traded contract, to buy or sell a certain underlying currency at a certain date in the future, at a specified price. The amount of contingent liability represents the notional principal of respective forward exchange and derivative contracts.

d) Guarantees given on behalf of constituents

As a part of its banking activities, the Bank issues guarantees on behalf of its customers to enhance their credit standing. Guarantees represent irrevocable assurances that the Bank will make payments in the event of the customer failing to fulfill its financial or performance obligations.

e) Acceptances, endorsements and other obligations

These include documentary credit issued by the Bank on behalf of its customers and bills drawn by the Bank's customers that are accepted or endorsed by the Bank.

f) Other items for which the Group is contingently liable

Other items represent outstanding amount of bills rediscounted by the Bank, estimated amount of contracts remaining to be executed on capital account, notional principal on account of outstanding Tom/Spot foreign exchange contracts, commitments to venture capital funds/alternate investment funds, commitments towards underwriting and investment in equity through bids under Initial Public Offering (IPO) of corporates as at the year end, demands raised by statutory authorities (other than income tax) and disputed by the Group and the amount transferred to Depositor Education and Awareness Fund (DEAF).

During earlier years, the Bank, through one of its overseas branches, had arranged Trade Credit (Buyers Credit loans) against Letters of Undertaking (LOUs) issued by Punjab National Bank (PNB), which were subsequently alleged as fraudulent by PNB. Prior to this declaration by PNB, such buyer's credit loans were sold down in the secondary market by the overseas branch to various participating banks under Risk Participation Agreements. As on 31 March, 2019, there is no funded exposure outstanding in the overseas branch pursuant to such sell down. PNB has repaid the aggregate amount of all LOUs due upto 31 March, 2019, pursuant to an undertaking issued to PNB, and made remittance to the overseas branch which has been passed on for onward payment to the participating banks. Based on the facts and circumstances of the case, internal findings and legal opinion, the Bank does not expect PNB has any valid right at this point in time, for refund by the Bank of the aggregate amount paid by PNB towards LOUs due upto 31 March, 2019 . However, as a matter of prudence, the aggregate amount of LOUs issued by PNB to the overseas branch against which buyer's credit was extended, aggregating to ₹4,082.51 crores has been disclosed as part of Contingent Liabilities in the Balance Sheet.

The Group has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Bank has reviewed and recorded adequate provision as required under any law/accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) in the books of account and disclosed the same under the relevant notes in the financial statements, where applicable.

1.1.17 Comparative Figures

Previous year figures have been regrouped and reclassified, where necessary to conform to current year's presentation.

In terms of our report attached.

For Haribhakti & Co. LLP
Chartered Accountants
Firm Registration No.: 103523W/W100048

Purushottam Nyati
Partner
Membership No.: 118970

Date: 25 April, 2019
Place: Mumbai

For Axis Bank Ltd.

Sanjiv Misra
Chairman

Samir K. Barua
Director

S. Vishvanathan
Director

B. Babu Rao
Director

Amitabh Chaudhry
Managing Director & CEO

Girish V. Koliyote
Company Secretary

Jairam Sridharan
Chief Financial Officer

Rakesh Makhija
Director

Girish Paranjpe
Director

Form AOC-1

Statement pursuant to first proviso to Sub-Section (3) of Section 129 read with Rule 5 of the Companies (Accounts) Rules, 2014

Statement containing salient features of the financial statements of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

(₹ in crores)

	As on/For the year ended 31st March 2019											
	Axis Capital Ltd.	Axis Private Equity Ltd.	Axis Trustee Services Ltd.	Axis Mutual Fund Trustee Ltd.	Axis Asset Management Company Ltd.	Axis Bank UK Ltd. (Refer Note a)	Axis Finance Ltd.	Axis Securities Ltd.	A.Treds Ltd.	Freecharge Payment Technologies Private Ltd.	Accelyst Solutions Private Ltd.	Axis Capital USA LLC. (Refer Note b)
Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	N.A.	N.A.	N.A.	N.A.	N.A.	USD (US$ 1 = ₹69.155)	NA	NA	NA	NA	NA	USD (US$ 1 = ₹69.155)
Share capital	73.50	1.50	1.50	0.05	210.11	553.24	480.75	144.50	45.00	581.05	679.68	4.88
Reserves & surplus	274.35	2.19	61.46	0.45	100.69	269.33	810.57	197.18	(24.43)	(451.13)	(650.09)	(1.18)
Total assets (Fixed Assets + Investments + Other Assets)	746.11	3.71	69.35	0.54	464.23	5,726.55	8,231.27	610.04	24.32	153.33	125.51	4.12
Total liabilities (Deposits + Borrowings + Other Liabilities + Provision)	398.27	0.02	6.38	0.04	153.43	4,903.98	6,939.95	268.35	3.75	23.40	95.93	0.42
Investments	123.16	-	2.06	0.47	159.19	962.03	100.00	-	-	25.51	1.44	3.81
Turnover (Total Income)	244.05	0.15	39.56	0.53	685.12	297.97	911.04	1,084.68	4.06	100.98	18.35	0.01
Profit/(Loss) before taxation	96.43	(0.17)	27.05	0.19	84.61	61.00	349.93	119.06	(15.89)	(0.34)	(77.99)	(0.79)
Provision for taxation	32.85	-	8.04	0.04	29.78	11.94	123.25	41.60	-	-	-	-
Profit/(Loss) after taxation	63.59	(0.17)	19.01	0.14	54.84	49.06	226.68	77.47	(15.89)	(0.34)	(77.99)	(0.79)
Proposed Dividend and Tax (including cess thereon) (Refer Note c)	39.88	-	16.27	-	-	31.12	144.89	40.00	-	-	-	-
% of shareholding	100%	100%	100%	75%	75%	100%	100%	100%	67%	100%	100%	100%

The audited financial statements of the above subsidiaries and the unaudited financial statements of the step down subsidiary have been drawn up to the same reporting date as that of the Bank, i.e. 31 March, 2019.

Notes:

a. Asset/Liability items are stated in INR equivalent of USD ($1 = ₹69.155 as on 31 March, 2019). Profit and loss items reported in INR based on rates prevailing on the date of transactions.

b. Axis Capital USA LLC. is a wholly owned subsidiary of Axis Capital Ltd. (a wholly owned subsidiary of Axis Bank Ltd.), Asset/Liability and Profit and loss items are stated in INR equivalent of USD ($1 = ₹69.155 as on 31 March, 2019).

c. In terms of revised Accounting Standard (AS) 4 'Contingencies and Events occurring after the Balance Sheet date' as notified by the Ministry of Corporate Affairs through amendment to Companies (Accounting Standards) Amendment Rules, 2016, dated 30 March, 2016, proposed dividend has not been recognised as a liability by the subsidiaries as on 31 March, 2019.

1. Names of subsidiaries which are yet to commence operations: Nil
2. Names of subsidiaries which have been liquidated or sold during the year: Nil

Part "B": Associates and Joint Ventures - Not applicable

S.R. BATLIBOI & CO. LLP
Chartered Accountants

14th Floor, The Ruby
29 Senapati Bapat Marg
Dadar (West)
Mumbai-400 028, India
Tel : +91 22 6192 0000
Fax : +91 22 6192 1000

INDEPENDENT AUDITOR'S REPORT

To the Members of Axis Bank Limited

Report on the Financial Statements

We have audited the accompanying standalone financial statements of Axis Bank Limited (the 'Bank'), which comprise the Balance Sheet as at March 31, 2018, the Profit and Loss Account and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and notes to the financial statements.

Management's Responsibility for the Financial Statements

The Bank's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016, provision of section 29 of the Banking Regulation Act, 1949 and the circulars, guidelines and directions issued by Reserve Bank of India ("RBI") from time to time. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Bank's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Bank has in place an adequate internal financial controls system over financial reporting and the effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Bank's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements together with the notes give the information required by the Banking Regulation Act, 1949 as well as the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Bank as at March 31, 2018, its profit and cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 read with Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016.

2. As required sub section (3) of section 30 of the Banking Regulation Act, 1949 and the appointment letter dated 3 August 2017, we report that:

   (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory;

   (b) The transactions of the Bank, which have come to our notice, have been within the powers of the Bank; and

   (c) The financial accounting systems of the Bank are centralised and therefore, accounting returns for the purpose of preparing financial statements are not required to be submitted by the branches; we have visited 172 branches for the purpose of our audit.

3. Further, as required by section 143 (3) of the Companies Act, 2013, we further report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

(b) In our opinion proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books;

(c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

(d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016;

(e) On the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of section 164 (2) of the Act;

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Bank and the operating effectiveness of such controls, refer to our separate Report in "Annexure 1" to this report;

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Bank has disclosed the impact of pending litigations on its financial position in its standalone financial statements - Refer Schedule 12.I, 18.2.2.15 (a) and 18.2.2.15 (f) to the standalone financial statements;

ii. The Bank has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Note 18.2.2.15 (f) to the standalone financial statements; and

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Bank;

For **S.R. Batliboi & CO. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Viren H. Mehta
Partner
Membership Number: 048749
Place of Signature: Mumbai
Date: 26 April 2018

ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF AXIS BANK LIMTED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

To the Members of Axis Bank Limited

We have audited the internal financial controls over financial reporting of Axis Bank Limited ("the Bank") as of March 31, 2018 in conjunction with our audit of the standalone financial statements of the Bank for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Bank's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Bank's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013; in so far as they apply to the Bank and the Guidelines issued by the Reserve Bank of India.

Auditor's Responsibility

Our responsibility is to express an opinion on the Bank's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Bank's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Bank's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Bank; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Bank are being made only in accordance with authorisations of management and directors of the Bank; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Bank's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Bank has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S.R. Batliboi & CO. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Viren H. Mehta
Partner
Membership Number: 048749
Place of Signature: Mumbai
Date: 26 April 2018

BALANCE SHEET
AS AT 31 MARCH, 2018

(₹ in Thousands)

	Schedule No.	As at 31-03-2018	As at 31-03-2017
Capital and Liabilities			
Capital	1	5,133,078	4,790,072
Reserves & Surplus	2	629,319,518	552,835,346
Deposits	3	4,536,227,223	4,143,787,878
Borrowings	4	1,480,161,446	1,050,308,694
Other Liabilities and Provisions	5	262,454,534	262,954,713
Total		6,913,295,799	6,014,676,703
Assets			
Cash and Balances with Reserve Bank of India	6	354,810,577	308,579,390
Balances with Banks and Money at Call and Short Notice	7	79,738,329	193,982,441
Investments	8	1,538,760,827	1,287,933,704
Advances	9	4,396,503,045	3,730,693,495
Fixed Assets	10	39,716,792	37,468,925
Other Assets	11	503,766,229	456,018,748
Total		6,913,295,799	6,014,676,703
Contingent Liabilities	12	7,352,976,985	6,696,258,442
Bills for Collection		495,656,026	810,553,648
Significant Accounting Policies and Notes to Accounts	17 & 18		
Schedules referred to above form an integral part of the Balance Sheet			

In terms of our report attached.

For Axis Bank Ltd.

For S. R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

Sanjiv Misra
Chairman

Viren H. Mehta
Partner

Samir K. Barua
Director

S. Vishvanathan
Director

Rakesh Makhija
Director

Shikha Sharma
Managing Director & CEO

Date : 26 April, 2018
Place: Mumbai

Girish V. Koliyote
Company Secretary

Jairam Sridharan
Chief Financial Officer

V. Srinivasan
Deputy Managing Director

PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH, 2018

(₹ in Thousands)

		Schedule No.	Year ended 31-03-2018	Year ended 31-03-2017
I	**Income**			
	Interest earned	13	457,803,123	445,421,579
	Other income	14	109,670,865	116,913,107
	Total		567,473,988	562,334,686
II	**Expenditure**			
	Interest expended	15	271,625,818	264,490,420
	Operating expenses	16	139,903,398	121,999,053
	Provisions and contingencies	18 (2.1.1)	153,187,959	139,052,421
	Total		564,717,175	525,541,894
III	**Net Profit For The Year (I - II)**		2,756,813	36,792,792
	Balance in Profit & Loss Account brought forward from previous year		244,483,275	237,664,559
IV	**Amount Available For Appropriation**		247,240,088	274,457,351
V	**Appropriations:**			
	Transfer to Statutory Reserve		689,203	9,198,198
	Transfer to/(from) Investment Reserve		1,034,894	(871,671)
	Transfer to Capital Reserve	18 (2.2.1)	1,016,559	7,555,740
	Transfer to Reserve Fund	18 (2.2.2)	16,158	17,522
	Dividend paid (includes tax on dividend)	18 (2.2.5)	14,052,756	14,074,287
	Balance in Profit & Loss Account carried forward		230,430,518	244,483,275
	Total		247,240,088	274,457,351
VI	**Earnings Per Equity Share**	18 (2.2.3)		
	(Face value ₹2/- per share) (Rupees)			
	Basic		1.13	15.40
	Diluted		1.12	15.34
	Significant Accounting Policies and Notes to Accounts	17 & 18		
	Schedules referred to above form an integral part of the Profit and Loss Account			

In terms of our report attached.

For S. R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

For Axis Bank Ltd.

Sanjiv Misra
Chairman

Viren H. Mehta
Partner

Samir K. Barua
Director

S. Vishvanathan
Director

Rakesh Makhija
Director

Shikha Sharma
Managing Director & CEO

Date : 26 April, 2018
Place: Mumbai

Girish V. Koliyote
Company Secretary

Jairam Sridharan
Chief Financial Officer

V. Srinivasan
Deputy Managing Director

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH, 2018

(₹ in Thousands)

	Year ended 31-03-2018	Year ended 31-03-2017
Cash flow from operating activities		
Net profit before taxes	1,215,715	54,675,647
Adjustments for:		
Depreciation on fixed assets	5,680,974	5,087,979
Depreciation on investments	(2,110,133)	2,386,992
Amortisation of premium on Held to Maturity investments	2,819,661	1,352,848
Provision for Non Performing Assets (including bad debts)	165,987,074	111,570,646
Provision on standard assets	(1,350,017)	3,484,504
Provision on unhedged foreign currency exposure	(93,000)	(138,800)
(Profit)/loss on sale of fixed assets (net)	163,809	35,506
Provision for country risk	(199,434)	199,434
Provision for restructured assets/strategic debt restructuring/sustainable structuring	(3,071,587)	2,905,233
Provision for other contingencies	(4,433,847)	761,558
	164,609,215	182,321,547
Adjustments for:		
(Increase)/Decrease in investments	(174,381,077)	132,717,737
(Increase)/Decrease in advances	(811,747,986)	(444,184,140)
Increase /(Decrease) in deposits	392,439,345	564,112,274
(Increase)/Decrease in other assets	(16,147,141)	(96,324,158)
Increase/(Decrease) in other liabilities & provisions	8,353,896	54,110,786
Direct taxes paid	(30,059,243)	(50,831,209)
Net cash flow from operating activities	(466,932,991)	341,922,837
Cash flow from investing activities		
Purchase of fixed assets	(8,224,338)	(7,426,953)
(Increase)/Decrease in Held to Maturity investments	(89,688,722)	(117,857,686)
Purchase of Freecharge business	(3,954,556)	-
Increase in Investment in Subsidiaries	(3,250,000)	(1,167,500)
Decrease in Investment in Subsidiaries	-	83,658
Proceeds from sale of fixed assets	114,565	64,612
Net cash used in investing activities	(105,003,051)	(126,303,869)

(₹ in Thousands)

	Year ended 31-03-2018	Year ended 31-03-2017
Cash flow from financing activities		
Proceeds from issue of subordinated debt, perpetual debt & upper Tier II instruments (net of repayment)	81,109,364	55,458,748
Increase/(Decrease) in borrowings (excluding subordinated debt, perpetual debt & upper Tier II instruments)	348,743,388	(90,953,843)
Proceeds from issue of share capital	343,006	24,409
Proceeds from share premium (net of share issue expenses)	87,864,789	3,256,270
Payment of dividend	(14,052,756)	(14,074,287)
Net cash generated from financing activities	504,007,791	(46,288,703)
Effect of exchange fluctuation translation reserve	(84,674)	(22,838)
Net increase in cash and cash equivalents	(68,012,925)	169,307,427
Cash and cash equivalents at the beginning of the year	502,561,831	333,254,404
Cash and cash equivalents at the end of the year	434,548,906	502,561,831
Notes to the Cash Flow Statement:		
1. Cash and cash equivalents includes the following		
Cash and Balances with Reserve Bank of India (Refer Schedule 6)	354,810,577	308,579,390
Balances with Banks and Money at Call and Short Notice (Refer Schedule 7)	79,738,329	193,982,441
Cash and cash equivalents at the end of the year	434,548,906	502,561,831
2. Amount of Corporate Social Responsibility related expenses spent during the year in cash ₹126.50 crores (previous year ₹109.58 crores)		

In terms of our report attached.

For S. R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

For Axis Bank Ltd.

Sanjiv Misra
Chairman

Viren H. Mehta
Partner

Samir K. Barua
Director

S. Vishvanathan
Director

Rakesh Makhija
Director

Shikha Sharma
Managing Director & CEO

Date : 26 April, 2018
Place: Mumbai

Girish V. Koliyote
Company Secretary

Jairam Sridharan
Chief Financial Officer

V. Srinivasan
Deputy Managing Director

SCHEDULES FORMING PART OF THE BALANCE SHEET
AS AT 31 MARCH, 2018

Schedule 1 - Capital

(₹ in Thousands)

	As at 31-03-2018	As at 31-03-2017
Authorised Capital		
4,250,000,000 (Previous year - 4,250,000,000) Equity Shares of ₹2/- each	8,500,000	8,500,000
Issued, Subscribed and Paid-up capital		
2,566,538,936 (Previous year - 2,395,036,109) Equity Shares of ₹2/- each fully paid-up [refer Schedule 18(1.1)]	5,133,078	4,790,072

Schedule 2 - Reserves and Surplus

(₹ in Thousands)

		As at 31-03-2018	As at 31-03-2017
I.	**Statutory Reserve**		
	Opening Balance	115,070,523	105,872,325
	Additions during the year	689,203	9,198,198
		115,759,726	115,070,523
II.	**Share Premium Account**		
	Opening Balance	170,025,731	166,769,462
	Additions during the year	88,122,658	3,256,269
	Less: Share issue expenses	(257,869)	-
		257,890,520	170,025,731
III.	**Investment Reserve Account**		
	Opening Balance	-	871,671
	Additions during the year	1,034,894	-
	Deductions during the year	-	(871,671)
		1,034,894	-
IV.	**General Reserve**		
	Opening Balance	3,543,100	3,543,100
	Additions during the year	-	-
		3,543,100	3,543,100
V.	**Capital Reserve**		
	Opening Balance	18,656,395	11,100,655
	Additions during the year [Refer Schedule 18 (2.2.1)]	1,016,559	7,555,740
		19,672,954	18,656,395
VI.	**Foreign Currency Translation Reserve** [Refer Schedule 17 (4.5)]		
	Opening Balance	997,506	1,020,343
	Additions during the year	-	-
	Deductions during the year	(84,674)	(22,837)
		912,832	997,506
VII.	**Reserve Fund**		
	Opening Balance	58,816	41,294
	Additions during the year [Refer Schedule 18 (2.2.2)]	16,158	17,522
		74,974	58,816
VIII.	**Balance in Profit & Loss Account**	230,430,518	244,483,275
	Total	629,319,518	552,835,346

Schedule 3 - Deposits

(₹ in Thousands)

				As at 31-03-2018	As at 31-03-2017
A.	I.	Demand Deposits			
		(i)	From banks	58,821,218	47,949,171
		(ii)	From others	897,674,284	822,068,294
	II.	Savings Bank Deposits		1,482,020,475	1,260,482,884
	III.	Term Deposits			
		(i)	From banks	125,623,957	112,242,565
		(ii)	From others	1,972,087,289	1,901,044,964
Total				4,536,227,223	4,143,787,878
B.	I.	Deposits of branches in India		4,513,153,671	4,108,878,428
	II.	Deposits of branches outside India		23,073,552	34,909,450
Total				4,536,227,223	4,143,787,878

Schedule 4 - Borrowings

(₹ in Thousands)

			As at 31-03-2018	As at 31-03-2017
I.	Borrowings in India			
	(i)	Reserve Bank of India	61,000,000	-
	(ii)	Other banks #	12,017,000	22,265,000
	(iii)	Other institutions & agencies **	687,948,202	488,557,527
II.	Borrowings outside India $		719,196,244	539,486,167
	Total		1,480,161,446	1,050,308,694
	Secured borrowings included in I & II above		65,837,380	13,810,898

Borrowings from other banks include Subordinated Debt of ₹35.00 crores (previous year ₹35.00 crores) in the nature of Non-Convertible Debentures and Perpetual Debt of ₹50.00 crores (previous year NIL) [Also refer Note 18 (2.1.2)]

** Borrowings from other institutions & agencies include Subordinated Debt of ₹21,170.00 crores (previous year ₹16,170.00 crores) in the nature of Non-Convertible Debentures and Perpetual Debt of ₹6,950.00 crores (previous year ₹3,500.00 crores) [Also refer Note 18 (2.1.2)]

$ Borrowings outside India include Upper Tier II instruments of Nil (previous year ₹389.06 crores) [Also refer Note 18 (2.1.2)]

Schedule 5 - Other Liabilities and Provisions

(₹ in Thousands)

		As at 31-03-2018	As at 31-03-2017
I.	Bills payable	49,175,679	39,525,431
II.	Inter-office adjustments (net)	-	-
III.	Interest accrued	30,348,683	19,614,831
IV.	Proposed dividend (includes tax on dividend) [Refer Schedule 18(2.2.5)]	-	-
V.	Contingent provision against standard assets	22,075,241	23,385,751
VI.	Others (including provisions)	160,854,931	180,428,700
	Total	262,454,534	262,954,713

Schedule 6 - Cash and Balances with Reserve Bank of India

(₹ in Thousands)

		As at 31-03-2018	As at 31-03-2017
I.	Cash in hand (including foreign currency notes)	52,580,352	63,579,154
II.	Balances with Reserve Bank of India		
	(i) in Current Account	208,230,225	183,000,236
	(ii) in Other Accounts	94,000,000	62,000,000
	Total	354,810,577	308,579,390

Schedule 7 - Balances with Banks and Money at Call and Short Notice

(₹ in Thousands)

		As at 31-03-2018	As at 31-03-2017
I.	In India		
	(i) Balance with Banks		
	(a) in Current Accounts	1,199,457	1,423,790
	(b) in Other Deposit Accounts	30,987,346	19,594,700
	(ii) Money at Call and Short Notice		
	(a) With banks	-	-
	(b) With other institutions	-	143,221,545
	Total	32,186,803	164,240,035
II.	Outside India		
	(i) in Current Accounts	20,263,092	9,689,155
	(ii) in Other Deposit Accounts	11,537,816	14,755,151
	(iii) Money at Call & Short Notice	15,750,618	5,298,100
	Total	47,551,526	29,742,406
	Grand Total (I+II)	79,738,329	193,982,441

Schedule 8 - Investments

(₹ in Thousands)

		As at 31-03-2018	As at 31-03-2017
I.	**Investments in India in -**		
	(i) Government Securities ##	1,013,545,679	905,980,625
	(ii) Other approved securities	-	-
	(iii) Shares	15,255,309	13,227,530
	(iv) Debentures and Bonds	306,537,689	264,848,859
	(v) Investment in Subsidiaries/Joint Ventures	17,931,421	10,726,865
	(vi) Others (Mutual Fund units, CD/CP, PTC etc.)	152,548,130	64,196,202
	Total Investments in India	1,505,818,228	1,258,980,081
II.	**Investments outside India in -**		
	(i) Government Securities (including local authorities)	26,984,150	24,097,852
	(ii) Subsidiaries and/or joint ventures abroad	2,995,712	2,995,712
	(iii) Others (Equity Shares and Bonds)	2,962,737	1,860,059
	Total Investments outside India	32,942,599	28,953,623
	Grand Total (I+II)	1,538,760,827	1,287,933,704

Includes securities costing ₹27,588.43 crores (previous year ₹27,179.69 crores) pledged for availment of fund transfer facility, clearing facility and margin requirements

Schedule 9 - Advances

(₹ in Thousands)

			As at 31-03-2018	As at 31-03-2017
A.	(i)	Bills purchased and discounted	128,131,247	67,496,591
	(ii)	Cash credits, overdrafts and loans repayable on demand	1,381,341,566	1,042,273,019
	(iii)	Term loans#	2,887,030,232	2,620,923,885
		Total	4,396,503,045	3,730,693,495
B.	(i)	Secured by tangible assets$	3,094,017,064	2,840,548,136
	(ii)	Covered by Bank/Government Guarantees&&	37,502,934	63,995,186
	(iii)	Unsecured	1,264,983,047	826,150,173
		Total	4,396,503,045	3,730,693,495
C.	I.	Advances in India		
		(i) Priority Sector	986,081,073	938,737,979
		(ii) Public Sector	48,271,057	29,134,862
		(iii) Banks	32,204,558	7,233,845
		(iv) Others	2,792,292,698	2,273,892,697
		Total	3,858,849,386	3,248,999,383
	II.	Advances Outside India		
		(i) Due from banks	78,991,174	26,861,261
		(ii) Due from others -		
		(a) Bills purchased and discounted	32,721,313	25,448,317
		(b) Syndicated loans	77,652,080	91,277,687
		(c) Others	348,289,092	338,106,847
		Total	537,653,659	481,694,112
		Grand Total (CI+CII)	4,396,503,045	3,730,693,495

Net of borrowings under Inter Bank Participation Certificate (IBPC) ₹1,399.00 crores (previous year Nil), includes IBPC lending ₹1,303.32 crores (previous year Nil)

$ Includes advances against book debts

&& Includes advances against L/Cs issued by banks

Schedule 10 - Fixed Assets

(₹ in Thousands)

		As at 31-03-2018	As at 31-03-2017
I.	**Premises**		
	Gross Block		
	At cost at the beginning of the year	18,330,983	18,289,466
	Additions during the year	-	41,517
	Deductions during the year	-	-
	Total	18,330,983	18,330,983
	Depreciation		
	As at the beginning of the year	1,165,354	860,678
	Charge for the year	304,673	304,676
	Deductions during the year	-	-
	Depreciation to date	1,470,027	1,165,354
	Net Block	16,860,956	17,165,629
II.	**Other fixed assets (including furniture & fixtures)**		
	Gross Block		
	At cost at the beginning of the year	45,796,606	39,665,948
	Additions during the year	7,573,015	6,645,577
	Deductions during the year	(1,165,234)	(514,919)
	Total	52,204,387	45,796,606
	Depreciation		
	As at the beginning of the year	28,302,892	23,932,741
	Charge for the year	5,376,301	4,783,303
	Deductions during the year	(869,734)	(413,152)
	Depreciation to date	32,809,459	28,302,892
	Net Block	19,394,928	17,493,714
III.	**Capital Work-In-Progress (including capital advances)**	3,460,908	2,809,582
	Grand Total (I+II+III)	39,716,792	37,468,925

Schedule 11 - Other Assets

(₹ in Thousands)

		As at 31-03-2018	As at 31-03-2017
I.	Inter-office adjustments (net)	-	-
II.	Interest Accrued	56,655,247	52,440,280
III.	Tax paid in advance/tax deducted at source (net of provisions)	17,448,539	4,101,192
IV.	Stationery and stamps	3,829	19,790
V.	Non banking assets acquired in satisfaction of claims	22,086,151	22,086,151
VI.	Others#@	407,572,463	377,371,335
	Total	503,766,229	456,018,748

Includes deferred tax assets of ₹6,876.35 crores (previous year ₹5,062.19 crores) [Refer Schedule 18 (2.2.10)]

@ Includes Priority Sector Shortfall Deposits of ₹21,479.30 crores (previous year ₹17,107.12 crores)

Schedule 12 - Contingent Liabilities

(₹ in Thousands)

		As at 31-03-2018	As at 31-03-2017
I.	Claims against the Bank not acknowledged as debts	5,169,119	4,702,440
II.	Liability for partly paid investments	216,000	-
III.	Liability on account of outstanding forward exchange and derivative contracts:		
	a) Forward Contracts	3,148,018,991	2,681,952,183
	b) Interest Rate Swaps, Currency Swaps, Forward Rate Agreement & Interest Rate Futures	1,960,694,522	2,011,141,718
	c) Foreign Currency Options	593,425,900	493,833,247
	Total (a+b+c)	5,702,139,413	5,186,927,148
IV.	Guarantees given on behalf of constituents		
	In India	762,933,813	763,736,463
	Outside India	86,819,823	47,579,859
V.	Acceptances, endorsements and other obligations	324,101,256	335,366,639
VI.	Other items for which the Bank is contingently liable	471,597,561	357,945,893
	Grand Total (I+II+III+IV+V+VI) [Refer Schedule 18 (2.2.15)]	7,352,976,985	6,696,258,442

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH, 2018

Schedule 13 - Interest Earned

(₹ in Thousands)

		Year ended 31-03-2018	Year ended 31-03-2017
I.	Interest/discount on advances/bills	341,374,719	331,249,593
II.	Income on investments	99,833,027	96,228,239
III.	Interest on balances with Reserve Bank of India and other inter-bank funds	3,878,262	5,038,389
IV.	Others	12,717,115	12,905,358
	Total	457,803,123	445,421,579

Schedule 14 - Other Income

(₹ in Thousands)

		Year ended 31-03-2018	Year ended 31-03-2017
I.	Commission, exchange and brokerage	77,298,752	70,283,094
II.	Profit/(Loss) on sale of investments (net) [Refer Schedule 18(2.2.1)]	13,251,603	31,737,897
III.	Profit/(Loss) on sale of fixed assets (net)	(163,809)	(35,506)
IV.	Profit on exchange/derivative transactions (net)	14,286,958	10,802,458
V.	Income earned by way of dividends etc. from subsidiaries/companies and/or joint venture abroad/in India	2,560,608	1,832,842
VI.	Miscellaneous Income [including recoveries on account of advances/investments written off in earlier years ₹182.92 crores (previous year ₹181.89 crores) and net loss on account of portfolio sell downs/ securitisation ₹0.64 crores (previous year net profit of ₹3.79 crores)]	2,436,753	2,292,322
	Total	109,670,865	116,913,107

Schedule 15 - Interest Expended

(₹ in Thousands)

		Year ended 31-03-2018	Year ended 31-03-2017
I.	Interest on deposits	191,735,198	196,396,260
II.	Interest on Reserve Bank of India/Inter-bank borrowings	17,982,554	18,358,479
III.	Others	61,908,066	49,735,681
	Total	271,625,818	264,490,420

Schedule 16 - Operating Expenses

(₹ in Thousands)

		Year ended 31-03-2018	Year ended 31-03-2017
I.	Payments to and provisions for employees	43,129,556	38,918,640
II.	Rent, taxes and lighting	10,017,106	9,345,921
III.	Printing and stationery	1,646,269	1,860,164
IV.	Advertisement and publicity	1,536,459	1,303,362
V.	Depreciation on bank's property	5,680,974	5,087,979
VI.	Directors' fees, allowance and expenses	23,344	24,668
VII.	Auditors' fees and expenses	18,697	17,976
VIII.	Law charges	200,587	109,057
IX.	Postage, telegrams, telephones etc.	3,119,630	3,040,845
X.	Repairs and maintenance	8,291,777	8,565,421
XI.	Insurance	5,535,110	5,014,831
XII.	Other expenditure	60,703,889	48,710,189
	Total	139,903,398	121,999,053

17 SIGNIFICANT ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 MARCH, 2018

1 Background
Axis Bank Limited ('the Bank') was incorporated in 1993 and provides a complete suite of corporate and retail banking products. The Bank is primarily governed by the Banking Regulation Act, 1949. The Bank has overseas branches at Singapore, Hong Kong, DIFC - Dubai, Shanghai and Colombo. During the year, the Bank opened an Offshore Banking Unit at International Financial Service Centre (IFSC), Gujarat International Finance Tec-City (GIFT City), Gandhinagar, India.

2 Basis of preparation
The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting in accordance with the generally accepted accounting principles in India to comply with the statutory requirements prescribed under the Banking Regulation Act, 1949, the circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time and the Accounting Standards notified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 to the extent applicable and practices generally prevalent in the banking industry in India.

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

4 Significant accounting policies
4.1 Investments

Classification
In accordance with the RBI guidelines, investments are classified at the time of purchase as:

- Held for Trading ('HFT');
- Available for Sale ('AFS'); and
- Held to Maturity ('HTM').

Investments that are held principally for sale within a short period are classified as HFT securities. As per the RBI guidelines, HFT securities, which remain unsold for a period of 90 days are reclassified as AFS securities.

Investments that the Bank intends to hold till maturity are classified under the HTM category. Investments in the equity of subsidiaries/joint ventures are categorised as HTM in accordance with the RBI guidelines.

All other investments are classified as AFS securities.

However, for disclosure in the Balance Sheet, investments in India are classified under six categories - Government Securities, Other approved securities, Shares, Debentures and Bonds, Investment in Subsidiaries/Joint Ventures and Others.

Investments made outside India are classified under three categories – Government Securities, Subsidiaries and/or Joint Ventures abroad and Others.

Transfer of security between categories
Transfer of security between categories of investments is accounted as per the RBI guidelines.

Acquisition cost
Costs including brokerage and commission pertaining to investments, paid at the time of acquisition, are charged to the Profit and Loss Account.

Broken period interest is charged to the Profit and Loss Account.

Cost of investments is computed based on the weighted average cost method.

Valuation

Investments classified under the HTM category are carried at acquisition cost unless it is more than the face value, in which case the premium is amortised over the period remaining to maturity on a constant yield to maturity basis. In terms of RBI guidelines, discount on securities held under HTM category is not accrued and such securities are held at the acquisition cost till maturity.

Investments classified under the AFS and HFT categories are marked to market. The market/fair value of quoted investments included in the 'AFS' and 'HFT' categories is the market price of the scrip as available from the trades/quotes on the stock exchanges or prices declared by Primary Dealers Association of India ('PDAI') jointly with Fixed Income Money Market and Derivatives Association of India ('FIMMDA')/Financial Benchmark India Private Limited ('FBIL'), periodically. Net depreciation, if any, within each category of each investment classification is recognised in the Profit and Loss Account. The net appreciation if any, under each category of each investment classification is ignored. The depreciation on securities acquired by way of conversion of outstanding loans is provided in accordance with the RBI guidelines. The book value of individual securities is not changed consequent to the periodic valuation of investments. Non-performing investments are identified and provision is made thereon as per RBI guidelines.

Treasury Bills, Exchange Funded Bills, Commercial Paper and Certificate of Deposits being discounted instruments, are valued at carrying cost.

Units of mutual funds are valued at the latest repurchase price/net asset value declared by the mutual fund.

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

- the market/fair value of unquoted government securities which are in the nature of Statutory Liquidity Ratio ('SLR') securities included in the AFS and HFT categories is computed as per the Yield-to-Maturity ('YTM') rates published by FIMMDA/FBIL;

- in case of unquoted bonds, debentures and preference shares where interest/dividend is received regularly (i.e. not overdue beyond 90 days), the market price is derived based on the YTM for Government Securities as published by FIMMDA/PDAI/FBIL and suitably marked up for credit risk applicable to the credit rating of the instrument. The matrix for credit risk mark-up for each categories and credit ratings along with residual maturity issued by FIMMDA/ FBIL is adopted for this purpose;

- in case of bonds and debentures (including Pass Through Certificates) where interest is not received regularly (i.e. overdue beyond 90 days), the valuation is in accordance with prudential norms for provisioning as prescribed by RBI;

- equity shares, for which current quotations are not available or where the shares are not quoted on the stock exchanges, are valued at break-up value (without considering revaluation reserves, if any) which is ascertained from the company's latest Balance Sheet. In case the latest Balance Sheet is not available, the shares are valued at ₹1 per company;

- units of Venture Capital Funds ('VCF') held under AFS category where current quotations are not available are marked to market based on the Net Asset Value ('NAV') shown by VCF as per the latest audited financials of the fund. In case the audited financials are not available for a period beyond 18 months, the investments are valued at ₹1 per VCF. Investment in unquoted VCF after 23 August, 2006 are categorised under HTM category for the initial period of three years and valued at cost as per RBI guidelines and

- in case of investments in security receipts on or after 1 April, 2017 which are backed by more than 50 percent of the stressed assets sold by the Bank, provision for depreciation in value is made at the higher of - provisioning rate required in terms of net asset value declared by the Reconstruction Company ('RC')/Securitisation Company ('SC') or the provisioning rate as per the extant asset classification and provisioning norms as applicable to the underlying loans, assuming that the loan notionally continued in the books of the bank. All other investments in security receipts are valued as per the NAV obtained from the issuing RC/SCs.

Investments in subsidiaries/joint ventures are categorised as HTM and assessed for impairment to determine permanent diminution, if any, in accordance with the RBI guidelines.

Realised gains on investments under the HTM category are recognised in the Profit and Loss Account and subsequently appropriated to Capital Reserve account (net of taxes and transfer to statutory reserves) in accordance with the RBI guidelines. Losses are recognised in the Profit and Loss Account. Realised gains/losses on investments under the AFS and HFT category are recognised in the Profit and Loss Account.

All investments are accounted for on settlement date, except investments in equity shares which are accounted for on trade date.

Repurchase and reverse repurchase transactions

Repurchase and reverse repurchase transactions in government securities and corporate debt securities including those conducted under the Liquidity Adjustment Facility ('LAF') and Marginal Standby Facility ('MSF') with RBI are accounted as collateralised borrowing and lending respectively. Borrowing cost on repo transactions is accounted as interest expense and revenue on reverse repo transactions is accounted as interest income.

Short Sales

In accordance with the RBI guidelines, the Bank undertakes short sale transactions in Central Government dated securities. The short positions are reflected in 'Securities Short Sold ('SSS') A/c', specifically created for this purpose. Such short positions are categorised under HFT category and netted off from investments in the Balance Sheet. These positions are marked-to-market along with the other securities under HFT portfolio and the resultant mark-to-market gains/losses are accounted for as per the relevant RBI guidelines for valuation of investments discussed earlier.

4.2 Advances

Advances are classified into performing and non-performing advances ('NPAs') as per the RBI guidelines and are stated net of bills rediscounted, inter-bank participation certificates, specific provisions made towards NPAs, interest in suspense for NPAs, claims received from Export Credit Guarantee Corporation, provisions for funded interest on term loan classified as NPAs, provisions in lieu of diminution in the fair value of restructured assets and floating provisions.

NPAs are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by the RBI. Advances held at the overseas branches that are identified as impaired as per host country regulations for reasons other than record of recovery, but which are standard as per the RBI guidelines, are classified as NPAs to the extent of amount outstanding in the host country. Provisions for NPAs are made for sub-standard and doubtful assets at rates as prescribed by the RBI with the exception for agriculture advances and schematic retail advances. In respect of schematic retail advances, provisions are made in terms of a bucket-wise policy upon reaching specified stages of delinquency (90 days or more of delinquency) under each type of loan, which satisfies the RBI prudential norms on provisioning. Provisions in respect of agriculture advances classified into sub-standard and doubtful assets are made at rates which are higher than those prescribed by the RBI. Provisions for advances booked in overseas branches, which are standard as per the RBI guidelines but are classified as NPAs based on host country guidelines, are made as per the host country regulations.

Restructured assets are classified and provided for in accordance with the guidelines issued by RBI from time to time. In addition to the above, the Bank on a prudential basis, makes provision for expected losses against advances or other exposures to specific assets/industry/sector either on a case-by-case basis or for a group of assets, based on specific information or general economic environment. These are classified as contingent provision and included under Schedule 5 - Other Liabilities in the Balance Sheet.

Loss assets and unsecured portion of doubtful assets are provided/written off as per the extant RBI guidelines.

Amounts recovered against debts written off are recognised in the Profit and Loss Account.

The Bank holds provision in accordance with the RBI guidelines, on assets where change in ownership under Strategic Debt Restructuring (SDR) scheme/Outside SDR scheme has been implemented or Scheme for Sustainable Structuring of Stressed Asset (S4A) has been implemented. In respect of borrowers classified as non-cooperative and wilful defaulters, the Bank makes accelerated provisions as per extant RBI guidelines.

For entities with Unhedged Foreign Currency Exposure (UFCE), provision is made in accordance with the guidelines issued by RBI, which requires to ascertain the amount of UFCE, estimate the extent of likely loss and estimate the riskiness of unhedged position. This provision is classified under Schedule 5 – Other Liabilities in the Balance Sheet.

The Bank maintains a general provision on standard advances at the rates prescribed by RBI. In case of overseas branches, general provision on standard advances is maintained at the higher of the levels stipulated by the respective overseas regulator or RBI.

Under its home loan portfolio, the Bank offers housing loans with certain features involving waiver of Equated Monthly Installments ('EMIs') of a specific period subject to fulfilment of a set of conditions by the borrower. The Bank makes provision against the probable loss that could be incurred in future on account of waivers to eligible borrowers in respect of such loans based on actuarial valuation conducted by an independent actuary. This provision is classified under Schedule 5 – Other Liabilities in the Balance Sheet.

4.3 Country risk

In addition to the provisions required to be held according to the asset classification status, provisions are held for individual country exposure (other than for home country as per the RBI guidelines). The countries are categorised into seven risk categories namely insignificant, low, moderate, high, very high, restricted and off-credit and provision is made on exposures exceeding 180 days on a graded scale ranging from 0.25% to 100%. For exposures with contractual maturity of less than 180 days, 25% of the normal provision requirement is held. If the net funded exposure of the Bank in respect of each country does not exceed 1% of the total assets, no provision is maintained on such country exposure in accordance with RBI guidelines.

4.4 Securitisation

The Bank enters into purchase/sale of corporate and retail loans through direct assignment/Special Purpose Vehicle ('SPV'). In most cases, post securitisation, the Bank continues to service the loans transferred to the assignee/SPV. The Bank also provides credit enhancement in the form of cash collaterals and/or by subordination of cash flows to Senior Pass Through Certificate ('PTC') holders. In respect of credit enhancements provided or recourse obligations (projected delinquencies, future servicing etc.) accepted by the Bank, appropriate provision/disclosure is made at the time of sale in accordance with AS-29, Provisions, Contingent Liabilities and Contingent Assets as notified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016.

In accordance with RBI guidelines of 7 May, 2012, on 'Guidelines on Securitisation of Standard Assets', gain on securitisation transaction is recognised over the period of the underlying securities issued by the SPV as prescribed under RBI guidelines. Loss on securitisation is immediately debited to the Profit and Loss Account.

4.5 Foreign currency transactions

In respect of domestic operations, transactions denominated in foreign currencies are accounted for at the rates prevailing on the date of the transaction. Monetary foreign currency assets and liabilities are translated at the Balance Sheet date at rates notified by Foreign Exchange Dealers Association of India ('FEDAI'). All profits/losses resulting from year end revaluations are recognised in the Profit and Loss Account.

Financial statements of foreign branches classified as non-integral foreign operations as per the RBI guidelines are translated as follows:

- Assets and liabilities (both monetary and non-monetary as well as contingent liabilities) are translated at closing exchange rates notified by FEDAI at the Balance Sheet date.
- Income and expenses are translated at the rates prevailing on the date of the transactions.
- All resulting exchange differences are accumulated in a separate 'Foreign Currency Translation Reserve' till the disposal of the net investments. Any realised gains or losses on such disposal are recognised in the Profit and Loss Account.

Outstanding forward exchange contracts including tom/spot contracts (excluding currency swaps undertaken to hedge foreign currency assets/liabilities and funding swaps which are not revalued) are revalued at year end on PV basis by discounting the forward value till spot date and converting the FCY amount using the respective spot rates as notified by FEDAI. The resulting gains or losses on revaluation are included in the Profit and Loss Account in accordance with RBI/ FEDAI guidelines.

Premium/discount on currency swaps undertaken to hedge foreign currency assets and liabilities and funding swaps is recognised as interest income/expense and is amortised on a pro-rata basis over the underlying swap period.

Contingent liabilities on account of forward exchange and derivative contracts, guarantees, acceptances, endorsements and other obligations denominated in foreign currencies are disclosed at closing rates of exchange notified by FEDAI.

4.6 Derivative transactions

Derivative transactions comprise of forward contracts, swaps and options which are disclosed as contingent liabilities. The forwards, swaps and options are categorised as trading or hedge transactions. Trading derivative contracts are revalued at the Balance Sheet date with the resulting unrealised gain or loss being recognised in the Profit and Loss Account and correspondingly in other assets (representing positive Mark-to-Market) and in other liabilities (representing negative Mark-to-Market (MTM)) on a gross basis. For hedge transactions, the Bank identifies the hedged item (asset or liability) at the inception of transaction itself. The effectiveness is ascertained at the time of inception of the hedge and periodically thereafter. Hedge swaps are accounted for on accrual basis except in case of swaps designated with an asset or liability that is carried at market value or lower of cost or market value in the financial statements. In such cases the swaps are marked to market with the resulting gain or loss recorded as an adjustment to the market value of designated asset or liability. Pursuant to the RBI guidelines any receivables under derivative contracts comprising of crystallised receivables as well as positive Mark-to-Market (MTM) in respect of future receivables which remain overdue for more than 90 days are reversed through the Profit and Loss Account and are held in separate Suspense Account.

Currency futures contracts are marked-to-market using daily settlement price on a trading day, which is the closing price of the respective futures contracts on that day. While the daily settlement price is computed based on the last half an hour weighted average price of such contracts, the final settlement price is taken as the RBI reference rate on the last trading day of the futures contracts or as may be specified by the relevant authority from time to time. All open positions are marked-to-market based on the settlement price and the resultant marked-to-market profit/loss is daily settled with the exchange.

Valuation of Exchange Traded Currency Options (ETCO) is carried out on the basis of the daily settlement price of each individual option provided by the exchange and valuation of Interest Rate Futures (IRF) is carried out on the basis of the daily settlement price of each contract provided by the exchange.

4.7 Revenue recognition

Interest income is recognised on an accrual basis in accordance with AS–9, Revenue Recognition as notified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014, the Companies (Accounting Standards) Amendment Rules, 2016 and the RBI guidelines, except in the case of interest income on non-performing assets and loans under Strategic Debt Restructuring (SDR) scheme and Scheme for Sustainable Structuring of Stressed Asset (S4A) of RBI, where it is recognised on receipt basis if overdue for more than 90 days. Income on non-coupon bearing discounted instruments or low-coupon bearing instruments is recognised over the tenor of the instrument on a constant yield basis.

Guarantee commission is recognized on a pro-rata basis over the period of the guarantee. Locker rent and annual fees for credit cards are recognised on a straight-line basis over the period of contract. Arrangership/syndication fee is accounted for on completion of the agreed service and when right to receive is established. Other fees and commission income are recognised when due.

Interest income on investments in PTCs is recognized on a constant yield basis.

Dividend is accounted on an accrual basis when the right to receive the dividend is established.

Gain/loss on sell down of loans and advances through direct assignment is recognised at the time of sale.

Fees paid/received for Priority Sector Lending Certificates ('PSLC') is amortised on straight-line basis over the tenor of the certificate.

In accordance with RBI guidelines on sale of non-performing advances, if the sale is at a price below the net book value (i.e. book value less provisions held), the shortfall is charged to the Profit and Loss Account. If the sale is for a value higher than the net book value, the excess provision is credited to the Profit and Loss Account in the year the amounts are received.

The Bank deals in bullion business on a consignment basis. The difference between the price recovered from customers and cost of bullion is accounted for at the time of sale to the customers. The Bank also deals in bullion on a borrowing and lending basis and the interest paid/received is accounted on an accrual basis.

4.8 Fixed assets and depreciation/impairment

Fixed assets are carried at cost of acquisition less accumulated depreciation and impairment, if any. Cost includes initial handling and delivery charges, duties, taxes and incidental expenses related to the acquisition and installation of the asset.

Capital work-in-progress includes cost of fixed assets that are not ready for their intended use and also includes advances paid to acquire fixed assets.

Depreciation is provided over the estimated useful life of a fixed asset on the straight-line method from the date of addition. The management believes that depreciation rates currently used, fairly reflect its estimate of the useful lives and residual values of fixed assets based on historical experience of the Bank, though these rates in certain cases are different from lives prescribed under Schedule II of Companies Act, 2013.

Asset	**Estimated useful life**
Owned premises	60 years
Computer hardware including printers	3 years
Application software	5 years
Vehicles	4 years
EPABX, telephone instruments	8 years
CCTV and video conferencing equipment	3 years
Mobile phone	2 years
Locker cabinets/cash safe/strong room door	10 years
Modem, scanner, routers, hubs, switches, racks/cabinets for IT equipment	5 years
UPS, VSAT, fax machines	5 years
Cheque book/cheque encoder, currency counting machine, fake note detector	5 years
Assets at staff residence	3 years
All other fixed assets	10 years

Depreciation on assets sold during the year is recognised on a pro-rata basis to the Profit and Loss Account till the date of sale.

Profit on sale of premises is appropriated to Capital Reserve Account (net of taxes and transfer to statutory reserve) in accordance with RBI instructions.

The carrying amounts of assets are reviewed at each Balance Sheet date to ascertain if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

4.9 Non-banking assets

Non-banking assets ('NBAs') acquired in satisfaction of claims are carried at lower of net book value and net realizable value.

4.10 Lease transactions

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term are classified as operating lease. Lease payments for assets taken on operating lease are recognised as an expense in the Profit and Loss Account on a straight-line basis over the lease term.

4.11 Retirement and other employee benefits

Provident Fund

Retirement benefit in the form of provident fund is a defined benefit plan wherein the contributions are charged to the Profit and Loss Account of the year when the contributions to the fund are due and when services are rendered by the employees. Further, an actuarial valuation is conducted by an independent actuary using the Projected Unit Credit Method as at 31 March each year to determine the deficiency, if any, in the interest payable on the contributions as compared to the interest liability as per the statutory rate. Actuarial gains/losses are immediately taken to the Profit and Loss Account and are not deferred.

Gratuity

The Bank contributes towards gratuity fund (defined benefit retirement plan) administered by various insurers for eligible employees. Under this scheme, the settlement obligations remain with the Bank, although various insurers administer the scheme and determine the contribution premium required to be paid by the Bank. The plan provides a lump sum payment to vested employees at retirement or termination of employment based on the respective employee's salary and the years of employment with the Bank. Liability with regard to gratuity fund is accrued based on actuarial valuation conducted by an independent actuary using the Projected Unit Credit Method as at 31 March each year. In respect of employees at overseas branches (other than expatriates) liability with regard to gratuity is provided on the basis of a prescribed method as per local laws, wherever applicable. Actuarial gains/losses are immediately taken to the Profit and Loss Account and are not deferred.

Compensated Absences

The Bank provides for compensated absences based on actuarial valuation conducted by an independent actuary. The actuarial valuation is carried out as per the Projected Unit Credit Method as at 31 March each year. Actuarial gains/losses are immediately taken to the Profit and Loss Account and are not deferred.

Superannuation

Employees of the Bank are entitled to receive retirement benefits under the Bank's Superannuation scheme either under a cash-out option through salary or under a defined contribution plan. Through the defined contribution plan, the Bank contributes annually a specified sum of 10% of the employee's eligible annual basic salary to LIC, which undertakes to pay the lump sum and annuity benefit payments pursuant to the scheme. Superannuation contributions are recognised in the Profit and Loss Account in the period in which they accrue.

New Pension Scheme ('NPS')

In respect of employees who opt for contribution to the 'NPS', the Bank contributes certain percentage of the total basic salary of employees to the aforesaid scheme, a defined contribution plan, which is managed and administered by pension fund management companies. NPS contributions are recognised in the Profit and Loss Account in the period in which they accrue.

4.12 Reward points

The Bank runs a loyalty program which seeks to recognize and reward customers based on their relationship with the Bank. Under the program, eligible customers are granted loyalty points redeemable in future, subject to certain conditions. In addition, the Bank continues to grant reward points in respect of certain credit cards (not covered under the loyalty program). The Bank estimates the probable redemption of such loyalty/reward points using an actuarial method at the Balance Sheet date by employing an independent actuary. Provision for the said reward points is then made based on the actuarial valuation report as furnished by the said independent actuary.

4.13 Taxation

Income tax expense is the aggregate amount of current tax and deferred tax charge. Current year taxes are determined in accordance with the relevant provisions of Income Tax Act, 1961. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off assets against liabilities representing current tax and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws.

Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. The impact of changes in the deferred tax assets and liabilities is recognised in the Profit and Loss Account.

Deferred tax assets are recognised and reassessed at each reporting date, based upon the Management's judgement as to whether realisation is considered as reasonably certain. Deferred tax assets are recognised on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty supported by convincing evidence that such deferred tax asset can be realised against future profits.

4.14 Share issue expenses

Share issue expenses are adjusted from Share Premium Account in terms of Section 52 of the Companies Act, 2013.

4.15 Earnings per share

The Bank reports basic and diluted earnings per share in accordance with AS-20, Earnings per Share, as notified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016. Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding for the year.

Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted earnings per share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding at the year end except where the results are anti-dilutive.

4.16 Employee stock option scheme

The 2001 Employee Stock Option Scheme ('the Scheme') provides for grant of stock options on equity shares of the Bank to employees and Directors of the Bank and its subsidiaries. The Scheme is in accordance with the Securities and Exchange Board of India (SEBI) (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ('the Guidelines'). These Guidelines have been repealed in the month of October, 2014 and were substituted by Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. The Scheme is in compliance with the said regulations. The Bank follows the intrinsic value method to account for its stock based employee compensation plans as per the Guidelines. Options are granted at an exercise price, which is equal to/less than the fair market price of the underlying equity shares. The excess of such fair market price over the exercise price of the options as at the grant date, if any, is recognised as a deferred compensation cost and amortised on a straight-line basis over the vesting period of such options.

The fair market price is the latest available closing price, prior to the date of grant, on the stock exchange on which the shares of the Bank are listed. If the shares are listed on more than one stock exchange, then the stock exchange where there is highest trading volume on the said date is considered.

4.17 Provisions, contingent liabilities and contingent assets

A provision is recognised when the Bank has a present obligation as a result of past event where it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

A disclosure of contingent liability is made when there is:

- a possible obligation arising from a past event, the existence of which will be confirmed by occurrence or non-occurrence of one or more uncertain future events not within the control of the Bank; or

- a present obligation arising from a past event which is not recognised as it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

4.18 Cash and cash equivalents

Cash and cash equivalents include cash in hand, balances with RBI, balances with other banks and money at call and short notice.

18 NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH, 2018
(Currency: In Indian Rupees)

1.1 During the year, the Bank raised additional equity capital through a preferential allotment of 165,328,892 shares at a price of ₹525.00 per share. As a consequence, the paid-up share capital of the Bank has increased by ₹33.07 crores and the reserves of the Bank have increased by ₹8,620.73 crores after charging of issue related expenses. Further, the Bank also allotted 45,357,385 convertible warrants carrying a right to the convertible warrant holder to apply for, get issued and allotted one (1) equity share of the Bank of face value ₹2 each, for cash, at a price of ₹565.00 per share against which the Bank has received an amount of ₹640.67 crores upfront representing 25% of the warrant price. The convertible warrants are exercisable upto 18 months from the date of allotment. The funds mobilised from the equity raising were utilised for enhancing the capital adequacy ratio and for general corporate purposes.

2.1 Statutory disclosures as per RBI

2.1.1 'Provisions and contingencies' recognised in the Profit and Loss Account comprise of:

(₹ in crores)

For the year ended	31 March, 2018	31 March, 2017
Provision for income tax		
- Current tax	1,671.19	4,988.90
- Deferred tax (Refer 2.2.10)	(1,825.30)	(3,200.62)
	(154.11)	1,788.28
Provision for non-performing assets (including bad debts written off and write backs)	16,598.71	11,157.06
Provision for restructured assets/strategic debt restructuring/sustainable structuring	(307.16)	290.53
Provision towards standard assets	(135.00)	348.45
Provision for depreciation in value of investments	(211.01)	238.70
Provision for unhedged foreign currency exposure	(9.30)	(13.88)
Provision for country risk	(19.94)	19.94
Provision for other contingencies*	(443.39)	76.16
Total	15,318.80	13,905.24

* includes contingent provision for advances/other exposures, legal cases and other contingencies

2.1.2 The capital adequacy ratio of the Bank, calculated as per the RBI guidelines (under Basel III) is set out below:

(₹ in crores)

	31 March, 2018	31 March, 2017
Common Equity Tier I	60,476.35	52,555.81
Tier I	67,476.27	56,039.32
Tier II	18,298.59	14,565.85
Total capital	85,774.86	70,605.17
Total risk weighted assets and contingents	517,630.78	472,313.18
Capital ratios		
Common Equity Tier I	11.68%	11.13%
Tier I	13.04%	11.87%
Tier II	3.53%	3.08%
CRAR	16.57%	14.95%
Amount of equity capital raised	33.07*	-
Amount of additional Tier I capital raised of which:		
Perpetual Non-Cumulative Preference Shares (PNCPS)	-	-
Perpetual Debt Instruments (PDI) (details given below)	3,500.00	3,500.00
Amount of Tier II capital raised of which:		
Debt capital instrument (details given below)	5,000.00	4,230.00
Preferential capital instrument	-	-

*excluding securities premium of ₹8,646.70 crores

During the year ended 31 March, 2018, the Bank raised debt instruments eligible for Tier-I/Tier-II capital, the details of which are set out below:

Instrument	Capital	Date of maturity	Period	Coupon	Amount
Subordinated debt	Tier-II	15 June, 2027	120 months	7.66%	₹5,000 crores
Perpetual debt	Additional Tier I	-*	-	8.75%	₹3,500 crores

*Call option on expiry of 60 months from the date of allotment

During the year ended 31 March, 2017, the Bank raised debt instruments eligible for Tier-I/Tier-II capital, the details of which are set out below:

Instrument	Capital	Date of maturity	Period	Coupon	Amount
Perpetual debt	Additional Tier-I	-*	-	8.75%	₹3,500 crores
Subordinated debt	Tier-II	27 May, 2026	120 months	8.50%	₹2,430 crores
Subordinated debt	Tier-II	23 November, 2026	120 months	7.84%	₹1,800 crores

*Call option on expiry of 60 months from the date of allotment

During the year ended 31 March, 2018, the Bank redeemed debt instruments eligible for Tier-I/Tier-II capital, the details of which are set out below:

Instrument	Capital	Date of maturity	Period	Coupon	Amount
Upper Tier-II	Tier-II	28 June, 2017*	180 months	7.125%	$60 million

* represents call date

During the year ended 31 March, 2017, the Bank redeemed debt instruments eligible for Tier-I/Tier-II capital, the details of which are set out below:

Instrument	Capital	Date of maturity	Period	Coupon	Amount
Subordinated debt	Tier-II	28 June, 2016	120 months	9.10%	₹104.90 crores
Upper Tier-II	Tier-II	11 August, 2016*	180 months	7.25%	$150 million
Perpetual debt	Tier-I	30 September, 2016*	-	10.05%	₹214.00 crores
Perpetual debt	Tier-I	16 November, 2016*	-	7.17%	$46 million
Upper Tier-II	Tier-II	24 November, 2016*	180 months	9.35%	₹200.00 crores
Upper Tier-II	Tier-II	6 February, 2017*	180 months	9.50%	₹107.50 crores
Subordinated debt	Tier-II	30 March, 2017	120 months	10.10%	₹250.90 crores

* represents call date

2.1.3 The key business ratios and other information is set out below:

As at	**31 March, 2018 %**	31 March, 2017 %
Interest income as a percentage to working funds#	7.15	7.88
Non-interest income as a percentage to working funds#	1.71	2.07
Operating profit as a percentage to working funds#	2.43	3.11
Return on assets (based on working funds#)	0.04	0.65
Business (deposits less inter-bank deposits plus advances) per employee**	₹14.84 crores	₹14.00 crores
Profit per employee**	₹0.47 lacs	₹6.68 lacs
Net non-performing assets as a percentage of net customer assets*	3.40	2.11

\# Working funds represent average of total assets as reported to RBI in Form X under Section 27 of the Banking Regulation Act, 1949 during the year

* Net Customer assets include advances and credit substitutes

** Productivity ratios are based on average employee numbers for the year

2.1.4 The provisioning coverage ratio of the Bank computed in terms of the RBI guidelines as on 31 March, 2018 was 65.05% (previous year 64.79%).

2.1.5 Asset Quality

i) Net non-performing advances to net advances is set out below:

	31 March, 2018 %	31 March, 2017 %
Net non-performing advances as a percentage of net advances	3.64	2.27

ii) Movement in gross non-performing assets is set out below:

(₹ in crores)

	31 March, 2018			
	Advances	**Investments**	**Others**	**Total**
Gross NPAs as at the beginning of the year	20,045.66	1,234.82	-	21,280.48
Intra Category Transfer	(537.85)	537.85	-	-
Additions (fresh NPAs) during the year@	31,218.46	2,200.54	-	33,419.00
Sub-total (A)	50,726.27	3,973.21	-	54,699.48
Less:-				
(i) Upgradations@	4,740.13	169.71	-	4,909.84
(ii) Recoveries (excluding recoveries made from upgraded accounts)#	3,836.02	17.13	-	3,853.15
(iii) Technical/Prudential Write-offs	9,773.94	376.21	-	10,150.15
(iv) Write-offs other than those under (iii) above#	1,499.86	37.84	-	1,537.70
Sub-total (B)	19,849.95	600.89	-	20,450.84
Gross NPAs as at the end of the year (A-B)	30,876.32	3,372.32	-	34,248.64

@ Over the quarters ended 31 December, 2017 and 31 March, 2018, the Bank has changed its practice of reporting additions and upgradations to NPAs considering the days past due status of an account at the end of each day as against at the end of each quarter of a financial year, followed hitherto. Accordingly, the additions/ upgradations to NPAs for FY 2017-18 shown above reflect this change prospectively over the respective periods.

including sale of NPAs

(₹ in crores)

	31 March, 2017			
	Advances	Investments	Others*	Total
Gross NPAs as at the beginning of the year	5,848.48	239.03	-	6,087.51
Intra Category Transfer	(42.23)	45.69	(3.46)	-
Additions (fresh NPAs) during the year	19,857.84	1,920.49	3.46	21,781.79
Sub-total (A)	25,664.09	2,205.21	-	27,869.30
Less:-				
(i) Upgradations	1,806.53	559.25	-	2,365.78
(ii) Recoveries (excluding recoveries made from upgraded accounts)#	1,824.79	176.16	-	2,000.95
(iii) Technical/Prudential Write-offs	469.01	35.00	-	504.01
(iv) Write-offs other than those under (iii) above#	1,518.10	199.98	-	1,718.08
Sub-total (B)	5,618.43	970.39	-	6,588.82
Gross NPAs as at the end of the year (A-B)	20,045.66	1,234.82	-	21,280.48

* represents amount outstanding under application money classified as non-performing asset

including sale of NPAs

iii) Movement in net non-performing assets is set out below:

(₹ in crores)

	31 March, 2018			
	Advances	**Investments**	**Others**	**Total**
Opening balance at the beginning of the year	8,487.20	139.35	-	8,626.55
Additions during the year	15,539.27	742.22	-	16,281.49
Effect of exchange rate fluctuation	(5.70)	(1.91)	-	(7.61)
Reductions during the year	(8,202.20)	(253.75)	-	(8,455.95)
Interest Capitalisation – Restructured NPA Accounts	185.85	(38.62)	-	147.23
Closing balance at the end of the year#	16,004.42	587.29	-	16,591.71

net of balance outstanding in interest capitalisation-restructured NPA accounts amounting to ₹300.98 crores

(₹ in crores)

	31 March, 2017			
	Advances	Investments	Others	Total
Opening balance at the beginning of the year	2,518.59	3.55	-	2,522.14
Additions during the year	10,000.70	1,138.60	-	11,139.30
Effect of exchange rate fluctuation	90.11	(0.64)	-	89.47
Reductions during the year	(3,977.46)	(870.69)	-	(4,848.15)
Interest Capitalisation – Restructured NPA Accounts	(144.74)	(131.47)	-	(276.21)
Closing balance at the end of the year#	8,487.20	139.35	-	8,626.55

net of balance outstanding in interest capitalisation-restructured NPA accounts amounting to ₹448.21 crores

iv) Movement in provisions for non-performing assets is set out below:

(₹ in crores)

	31 March, 2018			
	Advances	**Investments**	**Others**	**Total**
Opening balance at the beginning of the year	11,244.79	960.93	-	12,205.72
Intra-Category Transfer	(434.71)	434.71	-	-
Provisions made during the year	15,543.21	1,561.46	-	17,104.67
Effect of exchange rate fluctuation	5.70	1.91	-	7.61
Transfer from restructuring provision	32.84	-	-	32.84
Write-offs/(write back) of excess provision*	(11,647.75)	(347.14)	-	(11,994.89)
Closing balance at the end of the year	14,744.08	2,611.87	-	17,355.95

* includes provision utilised for sale of NPAs amounting to ₹552.14 crores

(₹ in crores)

	31 March, 2017			
	Advances	Investments	Others	Total
Opening balance at the beginning of the year	3,160.96	232.41	-	3,393.37
Intra-Category Transfer	(42.23)	45.69	(3.46)	-
Provisions made during the year	9,798.09	781.89	3.46	10,583.44
Effect of exchange rate fluctuation	(90.11)	0.64	-	(89.47)
Transfer from restructuring provision	59.05	-	-	59.05
Write-offs/(write back) of excess provision*	(1,640.97)	(99.70)	-	(1,740.67)
Closing balance at the end of the year	11,244.79	960.93	-	12,205.72

* includes provision utilised for sale of NPAs amounting to ₹964.16 crores

v) Movement in technical/prudential written off accounts is set out below:

(₹ in crores)

	31 March, 2018	31 March, 2017
Opening balance at the beginning of the year	3,221.08	3,627.15
Add: Technical/Prudential write-offs during the year*	10,150.15	504.01
Sub-total (A)	13,371.23	4,131.16
Less: Recovery made from previously technical/prudential written-off accounts during the year	91.33	339.29
Less: Sacrifice made from previously technical/prudential written-off accounts during the year	58.64	570.79
Sub-total (B)	149.97	910.08
Closing balance at the end of the year (A-B)	13,221.26	3,221.08

* includes effect of exchange fluctuation for foreign currency loans written off in earlier years

vi) Total exposure to top four non-performing assets is given below:

(₹ in crores)

	31 March, 2018	31 March, 2017
Total exposure to top four NPA accounts	5,340.06	4,983.87

vii) Sector-wise advances:

(₹ in crores)

Sr. No.	Sector	31 March, 2018			31 March, 2017		
		Outstanding Total Advances	**Gross NPAs**	**% of Gross NPAs to Total Advances in that sector**	Outstanding Total Advances	Gross NPAs	% of Gross NPAs to Total Advances in that sector
A	**Priority Sector**						
1	Agriculture and allied activities	27,636.39	1,086.38	3.93%	25,882.66	840.48	3.25%
2	Advances to industries sector eligible as priority sector lending	23,520.58	870.49	3.70%	20,301.02	630.46	3.11%
	- Chemical & Chemical products	***1,942.47***	***45.17***	***2.33%***	*-**	*-**	*-**
	- Basic Metal & Metal Products	***2,076.66***	***56.08***	***2.70%***	*1,824.25*	*54.36*	*2.98%*
	- Infrastructure	***593.03***	***29.60***	***4.99%***	*549.17*	*21.95*	*4.00%*
3	Services	17,192.15	583.39	3.39%	15,904.56	428.02	2.69%
	- Professional Services	*-**	*-**	*-**	*725.40*	*9.61*	*1.32%*
	- Banking and Finance other than NBFCs and MFs	*2,042.63*	*82.38*	*4.03%*	*3,496.52*	*107.06*	*3.06%*
	- Non-banking financial companies (NBFCs)	*1,360.01*	-	-	*1,799.13*	-	-
	- Commercial Real Estate	*242.44*	*45.89*	*18.93%*	*226.52*	*6.80*	*3.00%*
	- Trade	*10,342.95*	*392.76*	*3.80%*	*7,554.33*	*264.74*	*3.50%*
4	Personal loans	31,643.30	530.51	1.68%	32,903.26	250.29	0.76%
	- Consumer Durables	*2,883.75*	*57.72*	*2.00%*	*3,801.88*	*26.00*	*0.68%*
	- Housing	*24,859.04*	*248.02*	*1.00%*	*23,173.31*	*123.54*	*0.53%*
	- Vehicle Loans	*3,226.47*	*178.07*	*5.52%*	*-**	*-**	*-**
	Sub-total (A)	99,992.42	3,070.77	3.07%	94,991.50	2,149.25	2.26%

(₹ in crores)

Sr. No.	Sector	31 March, 2018 Outstanding Total Advances	Gross NPAs	% of Gross NPAs to Total Advances in that sector	31 March, 2017 Outstanding Total Advances	Gross NPAs	% of Gross NPAs to Total Advances in that sector
B	**Non-Priority Sector**						
1	Agriculture and allied activities	-	-	-	-	-	-
2	Industry	132,677.65	22,865.46	17.23%	124,556.99	13,294.97	10.67%
	- Chemical & Chemical products	*13,869.33*	*778.97*	*5.62%*	-*	-*	-*
	- Basic Metal & Metal Products	*19,340.99*	*3,600.93*	*18.62%*	*23,650.81*	*4,103.34*	*17.35%*
	- Infrastructure	*37,886.52*	*11,211.30*	*29.59%*	*42,621.62*	*3,405.53*	*7.99%*
3	Services	90,635.98	3,563.69	3.93%	67,039.50	3,688.76	5.50%
	- Professional Services	-*	-*	-*	*7,719.71*	*1,594.60*	*20.66%*
	- Banking and Finance other than NBFCs and MFs	*31,024.41*	-	-	*11,525.80*	-	-
	- Non-banking financial companies (NBFCs)	*10,875.27*	*5.49*	*0.05%*	*8,762.60*	-	-
	- Commercial Real Estate	*16,094.85*	*1,469.12*	*9.13%*	*14,022.35*	*562.33*	*4.01%*
	- Trade	*12,239.86*	*514.92*	*4.07%*	*11,167.65*	*332.71*	*2.98%*
4	Personal loans	131,244.78	1,376.40	1.05%	98,135.43	912.68	0.93%
	- Consumer Durables	*13,577.70*	*127.72*	*0.94%*	*9,712.81*	*64.05*	*0.66%*
	- Housing	*59,179.13*	*785.51*	*1.33%*	*51,647.93*	*370.73*	*0.72%*
	- Vehicle Loans	*15,010.29*	*171.63*	*1.14%*	-*	-*	-*
	Sub-total (B)	354,558.43	27,805.55	7.84%	289,731.92	17,896.41	6.18%
	Total (A+B)	454,550.85	30,876.32	6.79%	384,723.42	20,045.66	5.21%

Classification of advances into sector is based on Sector wise Industry Bank Credit return submitted to RBI

Figures in italics represent sub-sectors where the outstanding advance exceeds 10% of total outstanding advance to that sector.

* does not exceed 10% of total advances to sector as on 31st March

viii) Divergence in Asset Classification and Provisioning for NPAs

- The Bank classifies advances into performing and non-performing advances (NPAs) as per the RBI guidelines. NPAs are identified and provided for based on RBI's Prudential Norms on Income Recognition, Asset Classification and Provisioning.

- Based on application of RBI's prudential norms as stated above, the Bank classified and made the prescribed provisions against the NPAs as at the end of 31 March, 2017.

- As part of its Risk Based Supervision exercise for FY 2016-17 the RBI pointed out certain modifications in the Banks' asset classification and provisioning as detailed in the table below:

Sr.No.	Particulars	(₹ in crores)
1	Gross NPAs as on 31 March, 2017, as reported by the Bank	21,280.48
2	Gross NPAs as on 31 March, 2017, as assessed by RBI	26,913.28
3	Divergence in Gross NPAs (2-1)	5,632.80
4	Net NPAs as on 31 March, 2017, as reported by the Bank	8,626.55
5	Net NPAs as on 31 March, 2017, as assessed by RBI	12,943.65
6	Divergence in Net NPAs (5-4)	4,317.10
7	Provisions for NPAs as on 31 March, 2017, as reported by the Bank	12,205.72

Sr.No.	Particulars	(₹ in crores)
8	Provisions for NPAs as on 31 March, 2017, as assessed by RBI	13,521.42
9	Divergence in provisioning (8-7)	1,315.70
10	Reported Net Profit after Tax (PAT) for the year ended 31 March, 2017	3,679.28
11	Adjusted (notional) Net Profit after Tax (PAT) for the year ended 31 March, 2017 after taking into account the divergence in provisioning	2,793.95

- The Bank has duly considered the impact of the above in the Financial Statements for the year ended 31 March, 2018.

2.1.6 During the years ended 31 March, 2018 and 31 March, 2017; none of the loans and advances held at overseas branches of the Bank have been classified as NPA by any host banking regulator for reasons other than record of recovery.

2.1.7 Movement in floating provision is set out below:

(₹ in crores)

For the year ended	**31 March, 2018**	31 March, 2017
Opening balance at the beginning of the year	3.25	3.25
Provisions made during the year	-	-
Draw down made during the year	-	-
Closing balance at the end of the year	3.25	3.25

The Bank has not made any draw down out of the floating provision during the current and the previous year.

2.1.8 Provision on Standard Assets

(₹ in crores)

	31 March, 2018	31 March, 2017
Provision towards Standard Assets [includes ₹26.57 crores (previous year ₹37.60 crores) of standard provision on derivative exposures]	2,207.52	2,338.58

2.1.9 Details of Investments are set out below:

i) Value of Investments:

(₹ in crores)

				31 March, 2018	31 March, 2017
1)	Gross value of Investments				
	a)	In India		153,247.04	127,248.79
	b)	Outside India		3,495.44	2,915.37
2)	(i)	Provision for Depreciation			
		a)	In India	(254.54)	(409.86)
		b)	Outside India	-	-
	(ii)	Provision for Non-Performing Investments			
		a)	In India	(2,410.68)	(940.93)
		b)	Outside India	(201.18)	(20.00)
3)	Net value of Investments				
	a)	In India		150,581.82	125,898.00
	b)	Outside India		3,294.26	2,895.37

ii) Movement of provisions held towards depreciation on investments:

(₹ in crores)

	31 March, 2018	31 March, 2017
Opening balance	409.86	222.62
Add: Provisions made during the year	101.60	316.19
Less: Write offs/write back of excess provisions during the year	(256.92)	(128.95)
Closing balance	254.54	409.86

iii) Detail of investments category wise

(₹ in crores)

Particulars	31 March, 2018				31 March, 2017			
	HTM	AFS	HFT	Total	HTM	AFS	HFT	Total
Government Securities	88,712.15	13,836.13	1,504.70	104,052.98	80,024.33	12,020.61	962.91	93,007.85
Other approved securities	-	-	-	-	-	-	-	-
Shares	-	1,612.90	-	1,612.90	-	1,326.19	-	1,326.19
Debentures and Bonds	-	24,531.73	6,330.94	30,862.67	-	25,546.34	1,121.10	26,667.44
Subsidiary/Joint Ventures	2,092.71	-	-	2,092.71	1,372.26	-	-	1,372.26
Others	6.65	5,932.38	9,315.79	15,254.82	7.56	5,331.11	1,080.96	6,419.63
Total	90,811.51	45,913.14	17,151.43	153,876.08	81,404.15	44,224.25	3,164.97	128,793.37

2.1.10 A summary of lending to sensitive sectors is set out below:

(₹ in crores)

As at		31 March, 2018	31 March, 2017
A.	**Exposure to Real Estate Sector**		
1)	Direct Exposure		
	(i) Residential mortgages	102,152.04	89,904.42
	- of which housing loans eligible for inclusion in priority sector advances	26,414.52	23,505.73
	(ii) Commercial real estate	29,328.94	25,330.23
	(iii) Investments in Mortgage Backed Securities (MBS) and other securtised exposures		
	a. Residential	-	-
	b. Commercial real estate	75.00	75.00
2)	Indirect Exposure		
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	20,522.69	11,680.20
	Total Exposure to Real Estate Sector	152,078.67	126,989.85
B.	**Exposure to Capital Market**		
1.	Direct investments in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt*	2,510.46	1,429.31
2.	Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds	4.70	2.94
3.	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity-oriented mutual funds are taken as primary security	1,649.84	1,346.70

(₹ in crores)

As at		31 March, 2018	31 March, 2017
4.	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity-oriented mutual funds i.e. where primary security other than shares/convertible bonds/convertible debentures/units of equity-oriented mutual funds does not fully cover the advances	3,074.53	4,336.97
5.	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	5,001.87	5,104.61
6.	Loans sanctioned to corporates against the security of shares/bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	6.13	0.19
7.	Bridge loans to companies against expected equity flows/issues	6.09	25.20
8.	Underwriting commitments taken up in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity-oriented mutual funds	-	-
9.	Financing to stock brokers for margin trading	-	-
10.	All exposures to Venture Capital Funds (both registered and unregistered)	118.16	26.77
	Total exposure to Capital Market (Total of 1 to 10)	12,371.78	12,272.69

* excludes investment in equity shares on account of conversion of debt into equity as part of restructuring amounting to ₹1,838.02 crores as on 31 March, 2018 (previous year ₹1,258.11 crores) which are exempted from exposure to Capital Market

2.1.11 As on 31 March, 2018, outstanding receivables acquired by the Bank under factoring stood at ₹218.73 crores (previous year ₹7.10 crores) which are reported under 'Bills Purchased and Discounted' in Schedule 9 of the Balance Sheet.

2.1.12 During the years ended 31 March, 2018 and 31 March, 2017 there are no unsecured advances for which intangible securities such as charge over the rights, licenses, authority etc. have been taken as collateral by the Bank.

2.1.13 Details of Non-SLR investment portfolio are set out below:

i) Issuer composition as at 31 March, 2018 of non-SLR investments*:

(₹ in crores)

No.	Issuer	Total Amount	Extent of private placement	Extent of "below investment grade" securities	Extent of "unrated" securities	Extent of "unlisted" securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
i.	Public Sector Units	8,287.85	7,290.45	661.26	-	505.19
ii.	Financial Institutions	3,293.83	1,487.28	0.30	-	347.71
iii.	Banks	3,951.95	1,537.42	149.40	-	2,875.18
iv.	Private Corporates	31,999.97	23,027.05	1,147.71	866.50	12,622.29
v.	Subsidiaries	2,092.71	2,092.71	-	-	2,092.71
vi.	Others	5,761.36	3,662.10	-	-	3,757.63
vii.	Provision held towards depreciation on investments	(254.30)				
viii.	Provision held towards non performing investments	(2,611.86)				
Total		52,521.51	39,097.01	1,958.67	866.50	22,200.71

Amounts reported under columns (4), (5), (6) and (7) above are not mutually exclusive.

Issuer composition as at 31 March, 2017 of non-SLR investments*:

(₹ in crores)

No.	Issuer	Total Amount	Extent of private placement	Extent of "below investment grade" securities	Extent of "unrated" securities	Extent of "unlisted" securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
i.	Public Sector Units	8,587.03	7,533.92	175.50	-	6.50
ii.	Financial Institutions	5,901.15	4,247.55	0.30	-	3,907.07
iii.	Banks	2,421.00	1,582.35	102.84	-	-
iv.	Private Corporates	17,210.48	14,451.99	1,353.11	751.31	3,951.72
v.	Subsidiaries	1,429.44	1,429.44	-	-	1,372.26
vi.	Others	4,017.00	2,210.18	-	-	2,382.22
vii.	Provision held towards depreciation on investments	(409.86)				
viii.	Provision held towards non performing investments	(960.93)				
Total		38,195.31	31,455.43	1,631.75	751.31	11,619.77

Amounts reported under columns (4), (5), (6) and (7) above are not mutually exclusive.

*excludes investments in non-SLR government securities amounting to ₹42.54 crores (previous year ₹604.04 crores)

ii) Movement in non-performing non SLR investments are set out below:

(₹ in crores)

	31 March, 2018	31 March, 2017
Opening balance	1,234.82	239.03
Additions during the year	2,738.39	1,966.18
Reductions during the year	(600.89)	(970.39)
Closing balance	3,372.32	1,234.82
Total provisions held	2,611.86	960.93

2.1.14 Details of securities sold/purchased (in face value terms) under repos/reverse repos including LAF and MSF transactions:

Year ended 31 March, 2018

(₹ in crores)

	Minimum outstanding during the year	**Maximum outstanding during the year**	**Daily Average outstanding during the year**	**As at 31 March, 2018**
Securities sold under repos				
i. Government Securities	-	12,683.10	3,578.54	6,488.43
ii. Corporate debt Securities	-	2,675.00	1,023.42	-
Securities purchased under reverse repos				
i. Government Securities	-	19,140.39	1,654.70	8,802.12
ii. Corporate debt Securities	-	50.00	0.27	-

There have been no defaults in making the same set of securities available at the time of 2nd leg settlement of the Term Reverse Repo during the year ended 31 March, 2018.

Year ended 31 March, 2017 (₹ in crores)

		Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	As at 31 March, 2017
Securities sold under repos					
i.	Government Securities	-	31,372.78	8,220.60	44.46
ii.	Corporate debt Securities	-	1,365.00	844.78	1,365.00
Securities purchased under reverse repos					
i.	Government Securities	-	23,260.41	5,063.20	19,140.39
ii.	Corporate debt Securities	-	-	-	-

There have been no defaults in making the same set of securities available at the time of 2[nd] leg settlement of the Term Reverse Repo during the year ended 31 March, 2017.

2.1.15 Details of financial assets sold to Securitisation/Reconstruction companies for Asset Reconstruction:

(₹ in crores)

	31 March, 2018	31 March, 2017
Number of accounts*	43^	39
Aggregate value (net of provisions) of accounts sold	41.91	2,960.40
Aggregate consideration#	67.48	2,475.58
Additional consideration realised in respect of accounts transferred in earlier years	-	-
Aggregate gain/(loss) over net book value	25.57	(484.82)

* Excludes 5 accounts already written-off (previous year 15 accounts)

^ Includes 1 account where debt has been acquired by Reconstruction company as a part of resolution plan under Insolvency and Bankruptcy Code

Value of security receipts received as a part of the consideration has been initially recognised at lower of net book value of the financial asset or redemption value of the security receipts as per RBI guidelines

In accordance with the RBI guidelines on sale of NPAs, banks have the dispensation of amortising the shortfall on sale of NPAs to Securitisation/Reconstruction companies, if the sale value is lower than the net book value, over the period specified therein. The Bank has not amortised any such shortfall arising during the years ended 31 March, 2018 and 31 March, 2017.

(₹ in crores)

Particulars	Backed by NPAs sold by the Bank as underlying		Backed by NPAs sold by other banks/financial institutions/non-banking financial companies as underlying		Total	
	As on 31 March, 2018	As on 31 March, 2017	As on 31 March, 2018	As on 31 March, 2017	As on 31 March, 2018	As on 31 March, 2017
Book value of investments in Security Receipts ('SRs')	2,918.39	1,517.76*	5.58	7.68	2,923.97	1,525.44

*excludes application money of ₹1,420.35 crores

(₹ in crores)

Particulars		As at 31 March, 2018		
		SRs issued within past 5 years	**SRs issued more than 5 years ago but within past 8 years**	**SRs issued more than 8 years ago**
(i)	Book value of SRs backed by NPAs sold by the bank as underlying	2,918.06	0.33	-
	Provisions held against (i)	-	-	-
(ii)	Book value of SRs backed by NPAs sold by other banks / financial institutions / non-banking financial companies as underlying	4.33	1.25	-
	Provisions held against (ii)	-	-	-
Total (i) + (ii)		2,922.39	1.58	-

(₹ in crores)

Particulars		As at March 31, 2017		
		SRs issued within past 5 years	SRs issued more than 5 years ago but within past 8 years	SRs issued more than 8 years ago
(i)	Book value of SRs backed by NPAs sold by the bank as underlying	1,517.43	0.33	-
	Provisions held against (i)	-	-	-
(ii)	Book value of SRs backed by NPAs sold by other banks / financial institutions / non-banking financial companies as underlying	7.02	0.66	-
	Provisions held against (ii)	-	-	-
Total (i) + (ii)		1,524.45	0.99	-

2.1.16 Details of the Non-Performing Financial Assets sold to other banks (excluding securitisation/reconstruction companies):

(₹ in crores)

	31 March, 2018	31 March, 2017
Number of accounts sold	2	-
Aggregate outstanding*	734.07	-
Aggregate consideration received	615.30	-

*Represents principal outstanding as on date of sale

During the years ended 31 March, 2018 and 31 March, 2017 there were no Non-Performing Financial Assets purchased by the Bank from other banks (excluding securitisation/reconstruction companies).

2.1.17 Details of securitisation transactions undertaken by the Bank are as follows:

(₹ in crores)

Sr. No.	Particulars	**31 March, 2018**	31 March, 2017
1	No. of SPVs sponsored by the bank for securitisation transactions	-	-
2	Total amount of securitised assets as per books of the SPVs sponsored by the Bank	-	-
3	Total amount of exposures retained by the bank to comply with MRR as on the date of balance sheet		

(₹ in crores)

Sr. No.	Particulars			31 March, 2018	31 March, 2017
	a)	Off-balance sheet exposures			
		First loss		-	-
		Others		-	-
	b)	On-balance sheet exposures			
		First loss		-	-
		Others		-	-
4	Amount of exposures to securitisation transactions other than MRR				
	a)	Off-balance sheet exposures			
		i)	Exposure to own securitizations		
			First loss	-	-
			Loss	-	-
		ii)	Exposure to third party securitisations		
			First loss	-	-
			Others	-	-
	b)	On-balance sheet exposures			
		i)	Exposure to own securitizations		
			First loss	-	-
			Loss	-	-
		ii)	Exposure to third party securitisations		
			First loss	-	-
			Others	-	-

2.1.18 The information on concentration of deposits is given below:

(₹ in crores)

	31 March, 2018	31 March, 2017
Total deposits of twenty largest depositors	51,886.56	48,081.76
Percentage of deposits of twenty largest depositors to total deposits	11.44	11.60

2.1.19 The information on concentration of advances* is given below:

(₹ in crores)

	31 March, 2018	31 March, 2017
Total advances to twenty largest borrowers	66,597.41	65,055.41
Percentage of advances to twenty largest borrowers to total advances of the Bank	10.27	11.13

* Advances represent credit exposure (funded and non-funded) including derivative exposure as defined by RBI

2.1.20 The information on concentration of exposure* is given below:

(₹ in crores)

	31 March, 2018	31 March, 2017
Total exposure to twenty largest borrowers/customers	95,610.35	83,229.90
Percentage of exposures to twenty largest borrowers/customers to total exposure on borrowers/customers	13.21	13.06

* Exposure includes credit exposure (funded and non-funded), derivative exposure, investment exposure (including underwriting and similar commitments) and deposits placed for meeting short fall in Priority Sector Lending

2.1.21 During the year ended 31 March, 2018, the Bank's credit exposure to single borrower was within the prudential exposure limits except in one case, where the single borrower limit was exceeded upto an additional exposure of 5% with the approval of the Committee of Directors. The details of such case are set out below :

Name of the Borrower	**Reliance Industries Limited**
Period	August, 2017
Original exposure ceiling	11,865.78 crores
Limit Sanctioned	15,821.03 crores
% of excess limit sanctioned over original ceiling	33.33%
Exposure ceiling as on 31 March, 2018	13,165.49 crores
Exposure as on 31 March, 2018	11,245.72 crores

During the year ended 31 March, 2018, the Bank's credit exposure to group borrowers was within the Prudential exposure limits prescribed by RBI.

During the year ended 31 March, 2017, the Bank's credit exposure to single borrower and group borrowers was within the prudential exposure limits prescribed by RBI.

2.1.22 Details of Risk Category wise Country Exposure:

(₹ in crores)

Risk Category	**Exposure (Net) as at 31 March, 2018**	**Provision Held as at 31 March, 2018**	Exposure (Net) as at 31 March, 2017	Provision Held as at 31 March, 2017
Insignificant	-	-	-	-
Low	25,390.99	-	29,144.84	19.94
Moderate	3,049.83	-	2,301.13	-
High	4,095.09	-	4,014.89	-
Very High	573.60	-	338.60	-
Restricted	0.28	-	0.33	-
Off-Credit	-	-	-	-
Total	33,109.79	-	35,799.79	19.94

2.1.23 A maturity pattern of certain items of assets and liabilities at 31 March, 2018 and 31 March, 2017 is set out below:

As at 31 March, 2018

(₹ in crores)

	Deposits	**Advances***	**Investments**	**Borrowings**	**Foreign Currency Assets**	**Foreign Currency Liabilities**
1 day	9,306.55	2,662.93	33,116.11	-	4,769.53	216.54
2 days to 7 days	23,249.34	7,040.81	2,267.04	8,303.91	5,671.46	2,729.29
8 days to 14 days	8,090.08	3,311.69	5,607.65	1,245.13	1,560.51	1,517.86
15 days to 30 days	12,937.59	12,192.97	4,062.76	2,771.28	7,776.30	2,854.22
31 days and upto 2 months	24,011.63	10,134.53	5,920.81	6,468.16	4,294.17	7,230.06
Over 2 months and upto 3 months	25,695.76	10,919.63	7,538.01	6,795.99	3,285.83	7,922.85
Over 3 months and upto 6 months	35,196.78	18,835.00	7,991.87	19,846.64	6,542.82	17,414.16
Over 6 months and upto 1 year	66,959.06	26,028.57	17,063.60	22,631.53	8,759.21	19,517.46
Over 1 year and upto 3 years	35,569.79	74,775.86	16,784.51	30,112.68	14,199.73	21,008.16
Over 3 years and upto 5 years	16,436.37	58,233.50	9,653.42	23,198.99	11,154.08	9,664.45
Over 5 years	196,169.77	215,514.82	43,870.30	26,641.84	26,061.69	2,755.53
Total	453,622.72	439,650.31	153,876.08	148,016.15	94,075.33	92,830.58

As at 31 March, 2017 (₹ in crores)

	Deposits	Advances*	Investments	Borrowings	Foreign Currency Assets	Foreign Currency Liabilities
1 day	5,561.09	4,738.06	19,038.68	-	232.94	4,682.66
2 days to 7 days	16,154.59	2,942.50	4,119.70	830.97	1,512.44	1,579.19
8 days to 14 days	8,619.31	2,478.10	2,055.69	828.21	1,036.04	976.21
15 days to 30 days	12,706.72	11,382.78	2,776.60	3,429.24	3,547.41	6,458.97
31 days and upto 2 months	18,899.18	7,713.50	4,002.32	5,050.40	3,810.04	2,795.53
Over 2 months and upto 3 months	19,690.06	10,255.26	4,064.54	8,052.01	6,287.42	5,314.49
Over 3 months and upto 6 months	44,667.08	19,616.97	8,436.47	16,414.12	13,001.27	5,926.14
Over 6 months and upto 1 year	67,157.22	23,819.76	14,808.47	19,888.78	20,226.83	8,953.44
Over 1 year and upto 3 years	32,840.70	65,017.59	13,601.13	10,573.26	6,442.15	12,164.41
Over 3 years and upto 5 years	7,036.47	48,160.05	6,943.49	16,806.09	10,226.33	7,933.38
Over 5 years	181,046.37	176,944.78	48,946.28	23,157.79	3,188.15	12,759.54
Total	414,378.79	373,069.35	128,793.37	105,030.87	69,511.02	69,543.96

Classification of assets and liabilities under the different maturity buckets is based on the same estimates and assumptions as used by the Bank for compiling the return submitted to the RBI, which has been relied upon by the auditors. Maturity profile of foreign currency assets and liabilities is excluding off balance sheet items.

* For the purpose of disclosing the maturity pattern, loans and advances that have been subject to risk participation vide Inter-Bank Participation Certificates ('IBPCs') and Funded Risk Participation ('FRPs') have been classified in the maturity bucket corresponding to the contractual maturities of such underlying loans and advances gross of any risk participation. The IBPC and FRP amounts have been classified in the respective maturities of the corresponding underlying loans.

2.1.24 Disclosure on Restructured Assets

Details of loans subjected to restructuring during the year ended 31 March, 2018 are given below:

(₹ in crores)

Type of Restructuring		Under CDR Mechanism					Under SME Debt Restructuring Mechanism				
Asset Classification		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
Restructured accounts as on April 1 of the FY (Opening Balance)	No. of borrowers	15	-	16	9	40	-	-	-	-	-
	Amount Outstanding – Restructured facility	1,099.10	-	1,546.18	418.83	3,064.11	-	-	-	-	-
	Amount Outstanding – Other facility	441.95	-	358.33	328.55	1,128.83	-	-	-	-	-
	Provision thereon	36.67	-	48.89	-	85.56	-	-	-	-	-
Movement in balance for accounts appearing under opening balance	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding – Restructured facility	11.69	-	(108.80)	0.77	(96.34)	-	-	-	-	-
	Amount Outstanding – Other facility	(67.22)	-	13.72	-	(53.50)	-	-	-	-	-
	Provision thereon	(15.79)	-	(30.09)	-	(45.88)	-	-	-	-	-
Fresh Restructuring during the year [1,2]	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding – Restructured facility	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding – Other facility	49.99	-	-	-	49.99	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-

(₹ in crores)

Type of Restructuring		Under CDR Mechanism					Under SME Debt Restructuring Mechanism				
Asset Classification		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
Upgradation to restructured standard category during the FY	No. of borrowers	1	-	(1)	-	-	-	-	-	-	-
	Amount Outstanding – Restructured facility	35.65	-	(35.65)	-	-	-	-	-	-	-
	Amount Outstanding – Other facility	31.13	-	(31.13)	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-
Restructured Standard Advances which cease to attract higher provisioning and/or additional risk weight at the end of FY	No. of borrowers	(2)				(2)	-				-
	Amount Outstanding – Restructured facility	(22.41)				(22.41)	-				-
	Amount Outstanding – Other facility	-				-	-				-
	Provision thereon	(0.03)				(0.03)	-				-
Downgradation of restructured accounts during the FY[3]	No. of borrowers	(7)	-	8	1	2	-	-	-	-	-
	Amount Outstanding – Restructured facility	(621.74)	-	785.22	(137.78)	25.70	-	-	-	-	-
	Amount Outstanding – Other facility	(162.27)	-	165.82	3.42	6.97	-	-	-	-	-
	Provision thereon	(9.57)	-	9.57	-	-	-	-	-	-	-
Write-offs of restructured accounts during the FY[4,5,6]	No. of borrowers	-	-	(5)	(4)	(9)	-	-	-	-	-
	Amount Outstanding – Restructured facility	(74.49)	-	(816.16)	(157.17)	(1,047.82)	-	-	-	-	-
	Amount Outstanding – Other facility	(14.25)	-	(156.43)	(297.87)	(468.55)	-	-	-	-	-
Restructured accounts as on March 31 of the FY (closing figures)	No. of borrowers	7	-	18	6	31	-	-	-	-	-
	Amount Outstanding – Restructured facility	427.80	-	1,370.79	124.65	1,923.24	-	-	-	-	-
	Amount Outstanding – Other facility	279.33	-	350.31	34.10	663.74	-	-	-	-	-
	Provision thereon	11.28	-	28.37	-	39.65	-	-	-	-	-

(₹ in crores)

Type of Restructuring		Others					Total				
Asset Classification		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
Restructured accounts as on April 1 of the FY (Opening Balance)	No. of borrowers	350	3	373	91	817	365	3	389	100	857
	Amount Outstanding – Restructured facility	4,522.92	417.74	728.67	693.13	6,362.46	5,622.02	417.74	2,274.85	1,111.96	9,426.57
	Amount Outstanding – Other facility	1,259.47	0.04	155.56	302.82	1,717.89	1,701.42	0.04	513.89	631.37	2,846.72
	Provision thereon	39.14	22.03	10.80	-	71.97	75.81	22.03	59.69	-	157.53
Movement in balance for accounts appearing under opening balance	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding – Restructured facility	(230.72)	5.28	(17.76)	(0.57)	(243.77)	(219.03)	5.28	(126.56)	0.20	(340.11)
	Amount Outstanding – Other facility	357.60	-	(4.56)	(7.38)	345.66	290.38	-	9.16	(7.38)	292.16
	Provision thereon	(6.22)	(12.66)	(6.48)	-	(25.36)	(22.01)	(12.66)	(36.57)	-	(71.24)

(₹ in crores)

Type of Restructuring		Others					Total				
Asset Classification		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
Fresh Restructuring during the year[1,2]	No. of borrowers	401	15	-	-	416	401	15	-	-	416
	Amount Outstanding – Restructured facility	328.36	40.58	-	-	368.94	328.36	40.58	-	-	368.94
	Amount Outstanding – Other facility	19.69	-	-	-	19.69	69.68	-	-	-	69.68
	Provision thereon	-	-	-	-	-	-	-	-	-	-
Upgradation to restructured standard category during the FY	No. of borrowers	1	-	(1)	-	-	2	-	(2)	-	-
	Amount Outstanding – Restructured facility	206.74	-	(206.74)	-	-	242.39	-	(242.39)	-	-
	Amount Outstanding – Other facility	14.44	-	(14.44)	-	-	45.57	-	(45.57)	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-
Restructured Standard Advances which cease to attract higher provisioning and/or additional risk weight at the end of FY	No. of borrowers	(23)				(23)	(25)				(25)
	Amount Outstanding – Restructured facility	(187.01)				(187.01)	(209.42)				(209.42)
	Amount Outstanding – Other facility	(34.90)				(34.90)	(34.90)				(34.90)
	Provision thereon	(2.29)				(2.29)	(2.32)				(2.32)
Downgradation of restructured accounts during the FY[3]	No. of borrowers	(167)	1	188	63	85	(174)	1	196	64	87
	Amount Outstanding – Restructured facility	(3,770.90)	(418.21)	3,891.70	335.05	37.64	(4,392.64)	(418.21)	4,676.92	197.27	63.34
	Amount Outstanding – Other facility	(1,327.62)	0.29	1,325.39	2.25	0.31	(1,489.89)	0.29	1,491.21	5.67	7.28
	Provision thereon	(23.28)	(9.37)	32.65	-	-	(32.85)	(9.37)	42.22	-	-
Write-offs of restructured accounts during the FY[4,5,6]	No. of borrowers	(46)	(1)	(369)	(67)	(483)	(46)	(1)	(374)	(71)	(492)
	Amount Outstanding – Restructured facility	(112.06)	(40.84)	(492.91)	(875.71)	(1,521.52)	(186.55)	(40.84)	(1,309.07)	(1,032.88)	(2,569.34)
	Amount Outstanding – Other facility	(19.86)	-	(71.90)	(293.94)	(385.70)	(34.11)	-	(228.33)	(591.81)	(854.25)
Restructured accounts as on March 31 of the FY (closing figures)	No. of borrowers	516	18	191	87	812	523	18	209	93	843
	Amount Outstanding – Restructured facility	757.33	4.55	3,902.96	151.90	4,816.74	1,185.13	4.55	5,273.75	276.55	6,739.98
	Amount Outstanding – Other facility	268.82	0.33	1,390.05	3.75	1,662.95	548.15	0.33	1,740.36	37.85	2,326.69
	Provision thereon	7.35	-	36.97	-	44.32	18.63	-	65.34	-	83.97

Amount outstanding under restructuring facilities and other facilities is as on 31 March, 2018

1. Amount reported here represents outstanding as on 31 March, 2018. Actual amount subjected to restructuring determined as on the date of approval of restructuring proposal is ₹366.76 crores for the FY 2017-18
2. Includes ₹51.07 crores of fresh/additional sanction to existing restructured accounts (₹0.02 crores under restructured facility and ₹51.05 crores under other facility)
3. Includes accounts which were not attracting higher provisioning and/or additional risk weight at the beginning of FY
4. Includes accounts partially written-off during the year
5. Amount outstanding under restructuring facilities and other facilities is as on the date of write-off in the books
6. Includes ₹363.46 crores of reduction from existing restructured accounts by way of sale/recovery (₹299.57 crores from restructured facility and ₹63.89 crores from other facility)
7. The cumulative value of net restructured advances after reducing the provision held for diminution in fair value and balance in interest capitalization account upto 31 March, 2018 aggregated ₹1,087.10 crores
8. Information appearing under substandard, doubtful and loss category also include accounts slipped into NPAs from restructured standard advances along with restructured NPAs

Details of loans subjected to restructuring during the year ended 31 March, 2017 are given below:

(₹ in crores)

Type of Restructuring		Under CDR Mechanism					Under SME Debt Restructuring Mechanism				
Asset Classification		**Standard**	**Sub-Standard**	**Doubtful**	**Loss**	**Total**	**Standard**	**Sub-Standard**	**Doubtful**	**Loss**	**Total**
Restructured accounts as on April 1 of the FY (Opening Balance)	No. of borrowers	37	-	10	6	53	-	-	-	-	-
	Amount Outstanding – Restructured facility	3,522.19	-	601.54	97.88	4,221.61	-	-	-	-	-
	Amount Outstanding – Other facility	1,170.57	-	48.63	26.64	1,245.84	-	-	-	-	-
	Provision thereon	122.50	-	27.10	-	149.60	-	-	-	-	-
Movement in balance for accounts appearing under opening balance	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding – Restructured facility	(365.88)	-	0.75	(0.03)	(365.16)	-	-	-	-	-
	Amount Outstanding – Other facility	44.51	-	0.01	-	44.52	-	-	-	-	-
	Provision thereon	(39.55)	-	(16.67)	-	(56.22)	-	-	-	-	-
Fresh Restructuring during the year [1,2]	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding – Restructured facility	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding – Other facility	60.55	-	-	-	60.55	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-
Upgradation to restructured standard category during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding – Restructured facility	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding – Other facility	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-
Restructured Standard Advances which cease to attract higher provisioning and/or additional risk weight at the end of FY	No. of borrowers	(7)				(7)	-				-
	Amount Outstanding – Restructured facility	(311.73)				(311.73)	-				-
	Amount Outstanding – Other facility	(28.33)				(28.33)	-				-
	Provision thereon	(7.81)				(7.81)	-				-
Downgradation of restructured accounts during the FY[3]	No. of borrowers	(15)	-	12	5	2	-	-	-	-	-
	Amount Outstanding – Restructured facility	(1,567.82)	-	1,444.96	339.06	216.20	-	-	-	-	-
	Amount Outstanding – Other facility	(682.50)	-	401.62	302.57	21.69	-	-	-	-	-
	Provision thereon	(38.47)	-	38.46	-	(0.01)	-	-	-	-	-
Write-offs of restructured accounts during the FY[4,5,6]	No. of borrowers	-	-	(6)	(2)	(8)	-	-	-	-	-
	Amount Outstanding – Restructured facility	(177.66)	-	(501.07)	(18.08)	(696.81)	-	-	-	-	-
	Amount Outstanding – Other facility	(122.85)	-	(91.93)	(0.66)	(215.44)	-	-	-	-	-

(₹ in crores)

Type of Restructuring		Under CDR Mechanism					Under SME Debt Restructuring Mechanism				
Asset Classification		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
Restructured accounts as on March 31 of the FY (closing figures)	No. of borrowers	15	-	16	9	40	-	-	-	-	-
	Amount Outstanding – Restructured facility	1,099.10	-	1,546.18	418.83	3,064.11	-	-	-	-	-
	Amount Outstanding – Other facility	441.95	-	358.33	328.55	1,128.83	-	-	-	-	-
	Provision thereon	36.67	-	48.89	-	85.56	-	-	-	-	-

(₹ in crores)

Type of Restructuring		Others					Total				
Asset Classification		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
Restructured accounts as on April 1 of the FY (Opening Balance)	No. of borrowers	821	1	281	31	1,134	858	1	291	37	1,187
	Amount Outstanding – Restructured facility	5,211.23	0.04	785.07	68.48	6,064.82	8,733.42	0.04	1,386.61	166.36	10,286.43
	Amount Outstanding – Other facility	1,216.63	-	123.10	10.88	1,350.61	2,387.20	-	171.73	37.52	2,596.45
	Provision thereon	61.51	-	17.20	-	78.71	184.01	-	44.30	-	228.31
Movement in balance for accounts appearing under opening balance	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding – Restructured facility	35.18	-	(0.43)	0.03	34.78	(330.70)	-	0.32	-	(330.38)
	Amount Outstanding – Other facility	429.67	0.01	(0.12)	0.01	429.57	474.18	0.01	(0.11)	0.01	474.09
	Provision thereon	(15.94)	-	(13.39)	-	(29.33)	(55.49)	-	(30.06)	-	(85.55)
Fresh Restructuring during the year[1,2]	No. of borrowers	43	2	1	-	46	43	2	1	-	46
	Amount Outstanding – Restructured facility	597.63	417.73	33.59	-	1,048.95	597.63	417.73	33.59	-	1,048.95
	Amount Outstanding – Other facility	161.56	-	0.01	-	161.57	222.11	-	0.01	-	222.12
	Provision thereon	-	22.03	0.56	-	22.59	-	22.03	0.56	-	22.59
Upgradation to restructured standard category during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding – Restructured facility	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding – Other facility	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-
Restructured Standard Advances which cease to attract higher provisioning and/or additional risk weight at the end of FY	No. of borrowers	(225)				(225)	(232)				(232)
	Amount Outstanding – Restructured facility	(349.16)				(349.16)	(660.89)				(660.89)
	Amount Outstanding – Other facility	(171.75)				(171.75)	(200.08)				(200.08)
	Provision thereon	-				-	(7.81)				(7.81)

(₹ in crores)

Type of Restructuring / Asset Classification		Others					Total				
		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
Downgradation of restructured accounts during the FY[3]	No. of borrowers	(203)	-	165	67	29	(218)	-	177	72	31
	Amount Outstanding – Restructured facility	(821.74)	(0.03)	208.83	646.91	33.97	(2,389.56)	(0.03)	1,653.79	985.97	250.17
	Amount Outstanding – Other facility	(335.61)	0.03	43.68	292.11	0.21	(1,018.11)	0.03	445.30	594.68	21.90
	Provision thereon	(6.43)	-	6.43	-	-	(44.90)	-	44.89	-	(0.01)
Write-offs of restructured accounts during the FY[4,5,6]	No. of borrowers	(86)	-	(74)	(7)	(167)	(86)	-	(80)	(9)	(175)
	Amount Outstanding – Restructured facility	(150.22)	-	(298.39)	(22.29)	(470.90)	(327.88)	-	(799.46)	(40.37)	(1,167.71)
	Amount Outstanding – Other facility	(41.03)	-	(11.11)	(0.18)	(52.32)	(163.88)	-	(103.04)	(0.84)	(267.76)
Restructured accounts as on March 31 of the FY (closing figures)	No. of borrowers	350	3	373	91	817	365	3	389	100	857
	Amount Outstanding – Restructured facility	4,522.92	417.74	728.67	693.13	6,362.46	5,622.02	417.74	2,274.85	1,111.96	9,426.57
	Amount Outstanding – Other facility	1,259.47	0.04	155.56	302.82	1,717.89	1,701.42	0.04	513.89	631.37	2,846.72
	Provision thereon	39.14	22.03	10.80	-	71.97	75.81	22.03	59.69	-	157.53

Amount outstanding under restructuring facilities and other facilities is as on 31 March, 2017:

1. Amount reported here represents outstanding as on 31 March, 2017. Actual amount subjected to restructuring determined as on the date of approval of restructuring proposal is ₹1,001.35 crores for the FY 2016-17
2. Includes ₹213.53 crores of fresh/additional sanction to existing restructured accounts (₹3.56 crores under restructured facility and ₹209.97 crores under other facility)
3. Includes accounts which were not attracting higher provisioning and/or additional risk weight at the beginning of FY
4. Includes accounts partially written-off during the year
5. Amount outstanding under restructuring facilities and other facilities is as on the date of write-off in the books
6. Includes ₹881.83 crores of reduction from existing restructured accounts by way of sale/recovery (₹716.59 crores from restructured facility and ₹165.24 crores from other facility)
7. The cumulative value of net restructured advances after reducing the provision held for diminution in fair value and balance in interest capitalization account upto 31 March, 2017 aggregated ₹5,379.10 crores
8. Information appearing under substandard, doubtful and loss category also include accounts slipped into NPAs from restructured standard advances along with restructured NPAs

2.1.25 Disclosure on Flexible Structuring of existing loans

(₹ in crores)

Particulars	**Year ended 31 March, 2018**	Year ended 31 March, 2017
No. of borrowers taken up for flexible structuring	3	8
Amount of loans taken up for flexible structuring#		
- Classified as Standard*	682.18	1,066.14
- Classified as NPA*	290.36	803.79
Exposure weighted average duration of loans taken up for flexible structuring (years)		
- Before applying flexible structuring	9.43	9.22
- After applying flexible structuring	19.25	20.72

represents outstanding as on date of sanction of the proposal

* asset classification represents position as on 31 March of the respective year

2.1.26 Disclosure on Strategic Debt Restructuring Scheme (accounts which are currently under the stand-still period)

(₹ in crores)

Particulars	**As at 31 March, 2018**	As at 31 March, 2017
No. of accounts where SDR has been invoked	-	19
Amount outstanding #		
- Classified as Standard	-	3,807.18
- Classified as NPA	-	322.40
Amount outstanding with respect to accounts where conversion of debt to equity is pending		
- Classified as Standard	-	846.10
- Classified as NPA	-	214.69
Amount outstanding with respect to accounts where conversion of debt to equity has taken place#		
- Classified as Standard	-	2,961.08
- Classified as NPA	-	107.71

includes outstanding under equity investments post conversion under SDR

2.1.27 Disclosure on Change in Ownership outside SDR Scheme (accounts which are currently under the stand-still period)

(₹ in crores)

Particulars	**As at 31 March, 2018**	As at 31 March, 2017
No. of accounts where banks have decided to effect change in ownership	-	-
Amount outstanding		
- Classified as Standard	-	-
- Classified as NPA	-	-
Amount outstanding with respect to accounts where conversion of debt to equity/invocation of pledge of equity shares is pending		
- Classified as Standard	-	-
- Classified as NPA	-	-
Amount outstanding with respect to accounts where conversion of debt to equity/invocation of pledge of equity shares has taken place		
- Classified as Standard	-	-
- Classified as NPA	-	-
Amount outstanding with respect to accounts where change in ownership is envisaged by issuance of fresh shares or sale if promoters equity		
- Classified as Standard	-	-
- Classified as NPA	-	-

2.1.28 Disclosure on Change in Ownership of Projects under Implementation (accounts which are currently under the stand-still period)

(₹ in crores)

Particulars	**As at 31 March, 2018**	As at 31 March, 2017
No. of project loan accounts where banks have decided to effect change in ownership	-	1
Amount outstanding		
- Classified as Standard	-	98.87
- Classified as standard restructured	-	-
- Classified as NPA	-	-

2.1.29 Disclosure on Scheme for Sustainable Structuring of Stressed Assets (S4A)

(₹ in crores)

Particulars	**As at 31 March, 2018**	As at 31 March, 2017
No. of accounts where S4A has been applied	5	2
Aggregate amount outstanding		
- Classified as Standard	486.24	323.46
- Classified as NPA	647.52	-
Amount outstanding in Part A		
- Classified as Standard	281.48	160.35
- Classified as NPA	409.21	-
Amount outstanding in Part B		
- Classified as Standard	204.76	163.11
- Classified as NPA	238.31	-
Provision Held		
- Classified as Standard	107.46	67.05
- Classified as NPA	567.79	-

2.1.30 Disclosure in respect of Interest Rate Swaps ('IRS'), Forward Rate Agreement ('FRA') and Cross Currency Swaps ('CCS') outstanding is set out below:

A 'FRA' is a financial contract between two parties to exchange interest payments for 'notional principal' amount on settlement date, for a specified period from start date to maturity date. Accordingly, on the settlement date cash payments based on contract rate and the settlement rate, which is the agreed bench-mark/reference rate prevailing on the settlement date, are made by the parties to one another. The benchmark used in the FRA contracts of the Bank is London Inter-Bank Offered Rate (LIBOR) of various currencies.

An 'IRS' is a financial contract between two parties exchanging or swapping a stream of interest payments for a 'notional principal' amount on multiple occasions during a specified period. The Bank deals in interest rate benchmarks like Mumbai Inter-Bank Offered Rate (MIBOR), Indian Government Securities Benchmark Rate (INBMK), Mumbai Inter-Bank Forward Offer Rate (MIFOR) and LIBOR of various currencies.

A 'CCS' is a financial contract between two parties exchanging interest payments and principal, wherein interest payments and principal in one currency would be exchanged for an equally valued interest payments and principal in another currency.

(₹ in crores)

Sr. No.	Items	**As at 31 March, 2018**	As at 31 March, 2017
i)	Notional principal of swap agreements	196,069.45	197,871.67
ii)	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	2,872.20	2,558.71
iii)	Collateral required by the Bank upon entering into swaps	826.23	903.93
iv)	Concentration of credit risk arising from the swaps		
	Maximum single industry exposure with Banks (previous year with Banks)		
	- Interest Rate Swaps/FRAs	2,695.48	2,379.59
	- Cross Currency Swaps	2,947.91	2,086.53
v)	Fair value of the swap book (hedging & trading)		
	- Interest Rate Swaps/FRAs	(804.12)	(410.81)
	- Currency Swaps	1,228.65	1,056.44

The nature and terms of the IRS as on 31 March, 2018 are set out below:

(₹ in crores)

Nature	**Nos.**	**Notional Principal**	**Benchmark**	**Terms**
Hedging	33	11,698.91	LIBOR	Fixed Receivable v/s Floating Payable
Trading	4	275.00	INBMK	Fixed Receivable v/s Floating Payable
Trading	250	36,726.98	LIBOR	Fixed Receivable v/s Floating Payable
Trading	319	22,201.66	MIBOR	Fixed Receivable v/s Floating Payable
Trading	350	17,107.00	MIFOR	Fixed Receivable v/s Floating Payable
Trading	21	1,659.00	INBMK	Floating Receivable v/s Fixed Payable
Trading	294	41,559.60	LIBOR	Floating Receivable v/s Fixed Payable
Trading	353	17,553.49	MIBOR	Floating Receivable v/s Fixed Payable
Trading	181	9,741.00	MIFOR	Floating Receivable v/s Fixed Payable
Trading	28	5,116.24	LIBOR	Floating Receivable v/s Floating Payable
Trading	5	229.07	LIBOR	Pay Cap
Trading	5	229.07	LIBOR	Receive Cap
	1,843	164,097.02		

The nature and terms of the IRS as on 31 March, 2017 are set out below:

(₹ in crores)

Nature	Nos.	Notional Principal	Benchmark	Terms
Hedging	39	12,178.83	LIBOR	Fixed Receivable v/s Floating Payable
Hedging	2	907.90	LIBOR	Floating Receivable v/s Fixed Payable
Trading	6	325.00	INBMK	Fixed Receivable v/s Floating Payable
Trading	259	32,773.03	LIBOR	Fixed Receivable v/s Floating Payable
Trading	467	29,645.28	MIBOR	Fixed Receivable v/s Floating Payable
Trading	341	16,724.00	MIFOR	Fixed Receivable v/s Floating Payable
Trading	25	1,909.00	INBMK	Floating Receivable v/s Fixed Payable
Trading	304	36,231.81	LIBOR	Floating Receivable v/s Fixed Payable
Trading	476	25,709.54	MIBOR	Floating Receivable v/s Fixed Payable
Trading	225	12,223.00	MIFOR	Floating Receivable v/s Fixed Payable
Trading	28	4,669.20	LIBOR	Floating Receivable v/s Floating Payable
Trading	3	66.14	LIBOR	Pay Cap
Trading	1	197.11	LIBOR	Pay Cap/Receive Floor
Trading	1	197.11	LIBOR	Pay Floor/Receive Cap
Trading	3	66.14	LIBOR	Receive Cap
	2,180	173,823.09		

The nature and terms of the FRA as on 31 March, 2018 are set out below:

(₹ in crores)

Nature	**Nos.**	**Notional Principal**	**Benchmark**	**Terms**
Hedging	1	325.88	LIBOR	Floating Receivable v/s Fixed Payable
	1	325.88		

The nature and terms of the FRA as on 31 March, 2017 are set out below:

(₹ in crores)

Nature	Nos.	Notional Principal	Benchmark	Terms
Hedging	2	2,107.63	LIBOR	Fixed Receivable v/s Floating Payable
	2	2,107.63		

The nature and terms of the CCS as on 31 March, 2018 are set out below:

(₹ in crores)

Nature	**Nos.**	**Notional Principal**	**Benchmark**	**Terms**
Trading	84	9,787.05	Principal & Coupon Swap	Fixed Payable v/s Fixed Receivable
Trading	70	6,047.29	LIBOR	Fixed Receivable v/s Floating Payable
Trading	65	7,061.51	LIBOR	Floating Receivable v/s Fixed Payable
Trading	6	2,445.14	LIBOR/MIFOR/ MIBOR	Floating Receivable v/s Floating Payable
Trading	37	3,613.89	Principal Only	Fixed Receivable
Trading	20	2,691.67	Principal Only	Fixed Payable
	282	31,646.55		

The nature and terms of the CCS as on 31 March, 2017 are set out below:

(₹ in crores)

Nature	Nos.	Notional Principal	Benchmark	Terms
Trading	85	5,095.10	Principal & Coupon Swap	Fixed Payable v/s Fixed Receivable
Trading	58	4,646.82	LIBOR	Fixed Receivable v/s Floating Payable
Trading	62	6,247.64	LIBOR	Floating Receivable v/s Fixed Payable
Trading	3	1,011.29	LIBOR/MIFOR/ MIBOR	Floating Receivable v/s Floating Payable
Trading	40	3,858.99	Principal Only	Fixed Receivable
Trading	6	1,081.11	Principal Only	Fixed Payable
	254	21,940.95		

Details of Exchange Traded Interest Rate Derivatives for the year ended 31 March, 2018 are set out below:

(₹ in crores)

Sr. No.	Particulars	**As at 31 March, 2018**
i)	Notional principal amount of exchange traded interest rate derivatives undertaken during the year	
	679GS2027 - 6.79% GOI 2027	1,269.52
	697GS2026 - 6.97% GOI 2026	356.60
	759GS2026 - 7.59% GOI 2026	29.72
	EDM7 - 90 Day Euro Future - June 2017	1,629.38
	EDM8 - 90 Day Euro Future - June 2018	1,629.38
	EDU7 - 90 Day Euro Future - September 2017	3,258.75
	EDU8 - 90 Day Euro Future - September 2018	3,258.75
	FFF8 - 30 Days FED Funds - January 2018	3,258.75
	TUM7 - 2 Years Treasury Note - June 2017	130.35
	TUU7 - 2 Years Treasury Note - September 2017	260.70
	TYM7 - 10 Years US Note - June 2017	162.93
	TYU7 - 10 Years US Note - September 2017	239.84
	FVZ7 - 5 Years US Note - December 2017	130.35
	FVH8 - 5 Years US Note - March 2018	130.35
	TYH8 - 10 Years US Note - March 2018	82.12

Sr. No.	Particulars	As at 31 March, 2018
	TUH8 - 2 Years US Note - March 2018	260.70
	FVM8 - 5 Years US Note - June 2018	130.35
		16,218.54
ii)	Notional principal amount of exchange traded interest rate derivatives outstanding as on 31 March, 2018	Nil
iii)	Notional principal amount of exchange traded interest rate derivatives outstanding as on 31 March, 2018 and "not highly effective"	N.A.
iv)	Mark-to-market value of exchange traded interest rate derivatives outstanding as on 31 March, 2018 and "not highly effective"	N.A.

Details of Exchange Traded Interest Rate Derivatives for the year ended 31 March, 2017 are set out below:

(₹ in crores)

Sr. No.	Particulars	As at 31 March, 2017
i)	Notional principal amount of exchange traded interest rate derivatives undertaken during the year	
	697GS2026 - 6.97% GOI 2026	152.38
	759GS2026 - 7.59% GOI 2026	4,678.12
	759GS2029 - 7.59% GOI 2029	186.98
	761GS2030 - 7.61% GOI 2030	0.10
	768GS2023 - 7.68% GOI 2023	2.00
	772GS2025 - 7.72% GOI 2025	3,219.84
	788GS2030 - 7.88% GOI 2030	1,531.36
	EDH7 - 90 Day Euro Future - March 2017	12,970.00
	EDH8 - 90 Day Euro Future - March 2018	12,970.00
	EDM7 - 90 Day Euro Future - June 2017	8,754.75
	EDM8 - 90 Day Euro Future - June 2018	8,754.75
	EDQ6 - 90 Day Euro $ Future - August 2016	1,297.00
	EDZ6 - 90 Day Euro Future - December 2016	9,662.65
	EDZ7 - 90 Day Euro Future - December 2017	907.90
	FVH7 - 5Years US Note - March 2017	64.85
	FVM6 - 5 Years US Note - June 2016	2,042.78
	FVU6 - 5 Years US Note - September 2016	1,725.01
	TUM6 - 2 Years Treasury Note - June 2016	2,983.10
	TUM7 - 2 Years Treasury Note - June 2017	259.40
	TUU6 - 2 Years Treasury Note - September 2016	3,761.30
	TYH7 - 10 Years US Note - March 2017	453.95
	TYM6 - 10 Years US Note - June 2016	4,344.95
	TYM7 - 10 Years US Note - June 2017	136.19
	TYU6 - 10 Years US Note - September 2016	12,133.43
	TYZ6 - 10 Years US Note - December 2016	911.79
		93,904.58
ii)	Notional principal amount of exchange traded interest rate derivatives outstanding as on 31 March, 2017	
	EDM7 - 90 Day Euro Future - June 2017	1,621.25
	EDM8 - 90 Day Euro Future - June 2018	1,621.25
		3,242.50
iii)	Notional principal amount of exchange traded interest rate derivatives outstanding as on 31 March, 2017 and "not highly effective"	N.A.
iv)	Mark-to-market value of exchange traded interest rate derivatives outstanding as on 31 March, 2017 and "not highly effective"	N.A.

The Bank has not undertaken any transactions in Credit Default Swaps (CDS) during the year ended 31 March, 2018 and 31 March, 2017.

2.1.31 Disclosure on risk exposure in Derivatives

Qualitative disclosures:

(a) Structure and organisation for management of risk in derivatives trading, the scope and nature of risk measurement, risk reporting and risk monitoring systems, policies for hedging and/or mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges/mitigants:

Derivatives are financial instruments whose characteristics are derived from an underlying asset, or from interest and exchange rates or indices. The Bank undertakes over the counter and Exchange Traded derivative transactions for Balance Sheet management and also for proprietary trading/market making whereby the Bank offers derivative products to the customers to enable them to hedge their interest rate and currency risks within the prevalent regulatory guidelines.

Proprietary trading includes Interest Rate Futures, Currency Futures and Rupee Interest Rate Swaps under different benchmarks (viz. MIBOR, MIFOR and INBMK), and Currency Options. The Bank also undertakes transactions in Cross Currency Swaps, Principal Only Swaps, Coupon Only Swaps and Long Term Forex Contracts (LTFX) for hedging its Balance Sheet and also offers them to its customers. These transactions expose the Bank to various risks, primarily credit, market, legal, reputation and operational risk. The Bank has adopted the following mechanism for managing risks arising out of the derivative transactions.

There is a functional separation between the Treasury Front Office, Treasury Mid Office and Treasury Back Office to undertake derivative transactions. The customer and interbank related derivative transaction are originated by Transaction Banking-Derivative sales and Treasury Front Office team respectively which ensures compliance with the trade origination requirements as per the bank's policy and the RBI guidelines. The derivative transactions are originated by Treasury Front Office, which ensures compliance with the trade origination requirements as per the Bank's policy and the RBI guidelines. The Market Risk Group within the Bank's Risk Department independently identifies measures and monitors the market risks associated with derivative transactions and apprises the Asset Liability Management Committee (ALCO) and the Risk Management Committee of the Board (RMC) on the compliance with the risk limits. The Treasury Back Office undertakes activities such as trade confirmation, settlement, ISDA documentation, accounting, valuation and other MIS reporting.

The derivative transactions are governed by the derivative policy, market risk management policy, hedging policy and the Asset Liability Management (ALM) policy of the Bank as well as by the extant RBI guidelines. The Bank has also implemented policy on customer suitability & appropriateness approved by the Board to ensure that derivatives transactions entered into are appropriate and suitable to the customer. The Bank has also put in place a detailed process flow on documentation for customer derivative transactions for effective management of operational risk/reputation risk.

Various risk limits are set up and actual exposures are monitored vis-à-vis the limits allocated. These limits are set up taking into account market volatility, risk appetite, business strategy and management experience. Risk limits are in place for risk parameters viz. PV01, VaR, Stop Loss, Delta, Gamma and Vega. Actual positions are monitored against these limits on a daily basis and breaches, if any, are dealt with in accordance with board approved Risk Appetite Statement. Risk assessment of the portfolio is undertaken periodically. The Bank ensures that the Gross PV01 (Price value of a basis point) position arising out of all non-option rupee derivative contracts are within 0.25% of net worth of the Bank as on Balance Sheet date.

Hedging transactions are undertaken by the Bank to protect the variability in the fair value or the cash flow of the underlying Balance Sheet item. These deals are accounted on an accrual basis except the swap designated with an asset/liability that is carried at market value or lower of cost or market value. In that case, the swap is marked to market with the resulting gain or loss recorded as an adjustment to the market value of designated asset or liability. These transactions are tested for hedge effectiveness and in case any transaction fails the test, the same is re-designated as a trading deal with the approval of the competent authority and appropriate accounting treatment is followed.

(b) Accounting policy for recording hedge and non-hedge transactions, recognition of income, premiums and discounts, valuation of outstanding contracts

The Hedging Policy approved by the RMC governs the use of derivatives for hedging purpose. Subject to the prevailing RBI guidelines, the Bank deals in derivatives for hedging fixed rate and floating rate coupon or foreign currency assets/liabilities. Transactions for hedging and market making purposes are recorded separately. For hedge transactions, the Bank identifies the hedged item (asset or liability) at the inception of the transaction itself. The effectiveness is ascertained at the time of inception of the hedge and periodically thereafter. Hedge derivative transactions are accounted for in accordance with the hedge accounting principles. Derivatives for market making purpose are marked to market and the resulting gain/loss is recorded in the Profit and Loss Account. The premium on option contracts is accounted for as per FEDAI guidelines. Derivative transactions are covered under International Swaps and Derivatives Association (ISDA) master agreements with respective counterparties. The exposure on account of derivative transactions is computed as per the RBI guidelines and is marked against the credit limits approved for the respective counterparties.

(c) Provisioning, collateral and credit risk mitigation

Derivative transactions comprise of swaps, FRAs, futures and options which are disclosed as contingent liabilities. Trading swaps/FRAs/futures/options are revalued at the Balance Sheet date with the resulting unrealised gain or loss being recognised in the Profit and Loss Account and correspondingly in other assets or other liabilities respectively. Hedged swaps are accounted for as per the RBI guidelines. In accordance with RBI guidelines, any receivables (crystallised receivables and positive MTM) under derivatives contracts, which remain overdue for more than 90 days, are reversed through the Profit and Loss Account and are held in a separate Suspense account.

Collateral requirements for derivative transactions are laid down as part of credit sanction terms on a case by case basis. Such collateral requirements are determined, based on usual credit appraisal process. The Bank retains the right to terminate transactions as a risk mitigation measure in certain cases.

The credit risk in respect of customer derivative transactions is sought to be mitigated through a laid down policy on sanction of Loan Equivalent Risk (LER) limits, monitoring mechanism for LER limits and trigger events for escalation/margin calls/termination.

Quantitative disclosure on risk exposure in derivatives$:

(₹ in crores)

Sr. No.	Particulars	As at 31 March, 2018			
		Currency Derivatives			Interest rate Derivatives
		Forward Contracts^	CCS	Options	
1	**Derivatives (Notional Principal Amount)**				
	a) For hedging	40,335.85	-	-	12,024.79
	b) For trading	274,466.05	31,646.55	59,342.59	152,398.11
2	**Marked to Market Positions#**				
	a) Asset (+)	2,182.90	1,734.30	1,488.58	1,130.94
	b) Liability (-)	(2,464.30)	(505.64)	(1,390.53)	(1,685.31)
3	**Credit Exposure@**	13,074.02	4,799.22	1,670.63	2,991.32
4	**Likely impact of one percentage change in interest rate (100*PV01) (as at 31 March, 2018)**				
	a) on hedging derivatives	8.84	-	-	58.15
	b) on trading derivatives	7.32	3.68	97.84	47.27
5	**Maximum and Minimum of 100*PV01 observed during the year**				
	a) on hedging				
	i) Minimum	0.10	-	-	51.35
	ii) Maximum	12.84	5.32	-	85.73
	b) on Trading				
	i) Minimum	0.31	1.75	8.50	45.98
	ii) Maximum	10.19	3.68	108.73	64.71
	# Only on trading derivatives @ Includes accrued interest ^ Excluding Tom/Spot contracts				

(₹ in crores)

Sr. No.	Particulars			As at 31 March, 2017 Currency Derivatives Forward Contracts^	CCS	Options	Interest rate Derivatives
1	Derivatives (Notional Principal Amount)						
	a)	For hedging		27,154.50	-	-	15,194.36
	b)	For trading		241,040.72	21,940.95	49,383.32	160,736.36
2	Marked to Market Positions#						
	a)	Asset (+)		5,435.98	1,537.28	1,540.08	988.93
	b)	Liability (-)		(5,429.65)	(480.84)	(1,374.76)	(1,361.16)
3	Credit Exposure@			15,606.43	4,079.81	1,793.32	3,015.89
4	Likely impact of one percentage change in interest rate (100*PV01) (as at 31 March, 2018)						
	a)	on hedging derivatives		2.33	-	-	249.77
	b)	on trading derivatives		2.15	1.81	12.35	63.12
5	Maximum and Minimum of 100*PV01 observed during the year						
	a)	on hedging					
		i)	Minimum	4.15	-	-	128.43
		ii)	Maximum	1.05	3.77	-	272.71
	b)	on Trading					
		i)	Minimum	0.01	0.96	4.08	27.55
		ii)	Maximum	13.03	3.68	94.91	97.29

Only on trading derivatives
@ Includes accrued interest
^ Excluding Tom/Spot contracts

$ only Over The Counter derivatives included

The outstanding notional principal amount of Exchange Traded Currency Options as at 31 March, 2018 was Nil (previous year Nil) and the mark-to-market value was Nil (previous year Nil).

2.1.32 Details of penalty/stricture levied by RBI during the year ended 31 March, 2018 is as under:

Amount (₹ in crores)	**Reason for stricture issued/ levy of penalty by RBI**	**Date of payment of penalty**
3.00	Non-compliance of RBI guidelines on income Recognition and Asset Classification (IRAC) norms. Penalty was imposed in terms of Section 47A(1)(c) read with Section 46(4)(i) of the Banking Regulation Act, 1949	7 March, 2018

Details of penalty/stricture levied by RBI during the year ended 31 March, 2017 is as under:

Amount (₹ in crores)	Reason for stricture issued/ levy of penalty by RBI	Date of payment of penalty
-	Warning issued by RBI on 27 July, 2016 for certain lapses in adherence to KYC/AML guidelines on monitoring of transactions in customer accounts and FEMA provisions	-

2.1.33 Disclosure of customer complaints

(a) Disclosure of customer complaints relating to Bank's customers on Bank's ATMs

		31 March, 2018	31 March, 2017
a.	No. of complaints pending at the beginning of the year	143	208
b.	No. of complaints received during the year	51,096	35,009
c.	No. of complaints redressed during the year	50,955	35,074
d.	No. of complaints pending at the end of the year	284	143

(b) Disclosure of customer complaints relating to Bank's customers on other bank's ATMs

		31 March, 2018	31 March, 2017
a.	No. of complaints pending at the beginning of the year	1,233	934
b.	No. of complaints received during the year	88,301	80,572
c.	No. of complaints redressed during the year	87,174	80,273
d.	No. of complaints pending at the end of the year	2,360	1,233

(c) Disclosure of customer complaints other than ATM transaction complaints

		31 March, 2018	31 March, 2017
a.	No. of complaints pending at the beginning of the year	40,808	8,357
b.	No. of complaints received during the year	229,027	222,092
c.	No. of complaints redressed during the year	245,379	189,641
d.	No. of complaints pending at the end of the year	24,456	40,808

(d) Total customer complaints

		31 March, 2018	31 March, 2017
a.	No. of complaints pending at the beginning of the year	42,184	9,499
b.	No. of complaints received during the year	368,424	337,673
c.	No. of complaints redressed during the year	383,508	304,988
d.	No. of complaints pending at the end of the year	27,100	42,184

The above information does not include complaints redressed within 1 working day and is as certified by the Management and relied upon by the auditors.

2.1.34 Disclosure of Awards passed by the Banking Ombudsman

		31 March, 2018	31 March, 2017
a.	No. of unimplemented awards at the beginning of the year	-	-
b.	No. of awards passed by the Banking Ombudsman during the year	-	-
c.	No. of awards implemented during the year	-	-
d.	No. of unimplemented awards at the end of the year	-	-

The above information is as certified by the Management and relied upon by the auditors.

2.1.35 Draw Down from Reserves

During the year ended 31 March, 2018 the Bank has not undertaken any draw down from reserves, except towards issue expenses incurred for the equity raising through the preferential issue, which have been adjusted against the share premium account.

During the year ended 31 March, 2017 the Bank has made a draw down out of the Investment Reserve account towards depreciation on investments in AFS and HFT categories in terms of RBI guidelines.

2.1.36 Letter of Comfort

The Bank has not issued any Letter of Comfort (LoC) on behalf of its subsidiaries during the current and previous year.

2.1.37 Disclosure on Remuneration

Qualitative disclosures

a) Information relating to the bodies that oversee remuneration:

❖ Name, composition and mandate of the main body overseeing remuneration:

The Nomination and Remuneration Committee of the Board oversees the framing, review and implementation of the compensation policy of the Bank on behalf of the Board. The Committee works in close co-ordination with the Risk Management Committee of the Bank, in order to achieve effective alignment between remuneration and risks.

As at 31 March, 2018, the Nomination and Remuneration Committee comprises of the following Non-Executive Directors:

1. Shri Prasad R. Menon - Chairman

2. Shri Rohit Bhagat

3. Shri Rakesh Makhija

4. Shri Som Mittal

In respect of Remuneration/HR matters, the Nomination and Remuneration Committee of the Board, functions with the following main objectives:

a. Review and recommend to the Board for approval, the overall remuneration framework and associated policy of the Bank (including remuneration policy for Directors and key managerial personnel) including the level and structure of fixed pay, variable pay, perquisites, bonus pool, stock-based compensation and any other form of compensation as may be included from time to time to all the employees of the Bank including the Managing Director & CEO (MD & CEO), other Whole-Time Directors (WTD) and senior managers one level below the Board.

b. Review and recommend to the Board for approval, the total increase in manpower cost budget of the Bank as a whole, at an aggregate level, for the next year.

c. Recommend to the Board the compensation payable to the Chairman of the Bank.

d. Review the Code of Conduct and HR strategy, policy and performance appraisal process within the Bank, as well as any fundamental changes in organisation structure which could have wide ranging or high risk implications.

e. Review and recommend to the Board for approval, the talent management and succession policy and process in the Bank for ensuring business continuity, especially at the level of MD & CEO, the other WTDs, senior managers one level below the Board and other key roles and their progression to the Board.

f. Review and recommend to the Board for approval:

  - the creation of new positions one level below MD & CEO
  - appointments, promotions and exits of senior managers one level below the MD & CEO

g. Set the goals, objectives and performance benchmarks for the Bank and for MD & CEO, the other WTDs for the financial year and over the medium to long term.

h. Review the performance of the MD & CEO and other WTDs at the end of each year.

i. Review organisation health through feedback from employee surveys conducted on a regular basis.

j. Perform such other duties as may be required to be done under any law, statute, rules, regulations etc. enacted by Government of India, Reserve Bank of India or by any other regulatory or statutory body.

❖ External consultants whose advice has been sought, the body by which they were commissioned, and in what areas of the remuneration process:

The Nomination and Remuneration Committee has commissioned McLagan Aon Hewitt, a globally renowned compensation benchmarking firm, to conduct market benchmarking of employee compensation. The Bank participates in the salary benchmarking survey conducted by Aon Hewitt every year. Aon Hewitt collects data from multiple private sector peer banks across functions, levels and roles which is then used by the Bank to assess market competitiveness of remuneration offered to Bank employees.

❖ A description of the scope of the Bank's remuneration policy, including the extent to which it is applicable to foreign subsidiaries and branches:

The Committee monitors the remuneration policy for both domestic and overseas branches of the Bank on behalf of the Board. However, it does not oversee the compensation policy for subsidiaries of the Bank.

❖ A description of the type of employees covered and number of such employees:

Employees are categorised into following three categories from remuneration structure and administration standpoint:

Category 1

MD & CEO and WTDs. This category includes 4 employees.

Category 2

All the employees in the Grade of Vice President and above engaged in the functions of Risk Control and Compliance. This category includes 28 employees.

Category 3: Other Staff

'Other Staff' has been defined as a "group of employees who pose a material risk". This category includes all the employees of the Bank in the grade of Executive Vice President (EVP) and above and also few other key business roles in case they are below the grade of Executive Vice President. This category includes 34 employees.

b) Information relating to the design and structure of remuneration processes:

❖ An overview of the key features and objectives of remuneration policy:

The compensation philosophy of the Bank aims to attract, retain and motivate professionals in order to enable the Bank to attain its strategic objectives and develop a strong performance culture in the competitive environment in which it operates. To achieve this, the following principles are adopted:

- Affordability: Pay to reflect productivity improvements to retain cost-income competitiveness

- Maintain competitiveness on fixed pay in talent market
- Pay for performance to drive meritocracy through variable pay
- Employee Stock Options for long-term value creation
- Benefits and perquisites to remain aligned with market practices and provide flexibility

Apart from the above, the compensation structure for MD & CEO and WTDs is aligned to RBI's guidelines for sound compensation practices (effective FY 2012-13) and addresses the general principles of:

- Effective and independent governance and monitoring of compensation
- Alignment of compensation with prudent risk-taking through well designed and consistent compensation structures
- Clear and timely disclosure to facilitate supervisory oversight by all stakeholders

Accordingly, the compensation policy for MD & CEO and WTDs seeks to:

a) Ensure that the compensation, in terms of structure and total amount, is in line with the best practices, as well as competitive vis-à-vis that of peer banks

b) Establish the linkage of compensation with individual performance as well as achievement of the corporate objectives of the Bank

c) Include a significant variable pay component tied to the achievement of pre-established objectives in line with Bank's scorecard while ensuring that the compensation is aligned with prudent risk taking

d) Encourage attainment of long term shareholder returns through inclusion of equity linked long-term incentives as part of compensation

Compensation is structured in terms of fixed pay, variable pay and employee stock options (for selective employees), with a strong linkage of variable pay to performance. The compensation policy of the Bank is approved by the Nomination and Remuneration Committee. Additional approval from Shareholders and RBI is obtained specifically for compensation of MD & CEO and WTDs.

❖ Whether the remuneration committee reviewed the firm's remuneration policy during the past year, and if so, an overview of any changes that were made:

The Nomination and Remuneration committee reviews the Bank's remuneration policy every year. There were no major changes made in the remuneration policy during the year.

❖ A discussion of how the Bank ensures that risk and compliance employees are remunerated independently of the businesses they oversee:

The Bank ensures that risk and compliance employees are remunerated independently of the businesses they oversee and is guided by the individual employee performance. The remuneration is determined on the basis of relevant risk measures included in the Balanced Scorecard / key deliverables of staff in these functions. The parameters reviewed for performance based rewards are independent of performance of the business area they oversee and commensurate with their individual role in the Bank. Additionally, the ratio of fixed and variable compensation is weighed towards fixed compensation.

c) Description of the ways in which current and future risks are taken into account in the remuneration processes:

❖ An overview of the key risks that the Bank takes into account when implementing remuneration measures:

The business activity of the Bank is undertaken within the limits of the following risk measures to achieve the financial plan:

- NPA - net slippages
- Ratio of Risk Weighted Assets to Total Assets
- Liquidity Coverage Ratio

❖ An overview of the nature and type of key measures used to take account of these risks, including risk difficult to measure:

The Bank has a robust system of measuring and reviewing these risks. The risk parameters are a part of the Balanced Scorecard used for setting of performance objectives and for measuring performance which includes, besides financial performance, adherence to internal processes, compliance and people perspectives. Weightage is placed on not only financial or quantitative achievement of objectives but also on qualitative aspects detailing how the objectives were achieved.

❖ A discussion of the ways in which these measures affect remuneration:

The relevant risk measures are included in the scorecards of MD & CEO and WTDs. Inclusion of the above mentioned measures ensures that performance parameters are aligned to risk measures at the time of performance evaluation. The Nomination and Remuneration Committee takes into consideration all the above aspects while assessing organisational and individual performance and making compensation related recommendations to the Board.

❖ A discussion of how the nature and type of these measures have changed over the past year and reasons for the changes, as well as the impact of changes on remuneration:

During FY 2017-18, the risk measures were reviewed and certain additional metrics pertaining to stressed loans were incorporated in the Balanced Scorecards, in view of the asset quality challenges faced by the Banking industry in recent years.

d) Description of the ways in which the Bank seeks to link performance during a performance measurement period with levels of remuneration:

The Bank's performance management and compensation philosophies are structured to support the achievement of the Bank's on-going business objectives by rewarding achievement of objectives linked directly to its strategic business priorities. These strategic priorities are cascaded through annualised objectives to the employees.

The Bank follows the Balanced Scorecard approach in designing its performance management system. Adequate attention is given to the robust goal setting process to ensure alignment of individual objectives to support the achievement of business strategy, financial and non-financial goals across and through the organisation. The non-financial goals for employees includes customer service, process improvement, adherence to risk and compliance norms, operations and process control, learning and knowledge development.

❖ An overview of main performance metrics for Bank, top level business lines and individuals:

The Bank follows a Balanced Scorecard approach for measuring performance for the Bank, top business lines and individuals. The approach broadly comprises financial, customer, internal processes, compliance and people perspectives and includes parameters on revenue and profitability, business growth, customer initiatives, operational efficiencies, regulatory compliance, risk management and people management.

❖ A discussion of how amounts of individual remuneration are linked to the Bank-wide and individual performance:

The Bank's remuneration practices are underpinned by principles of meritocracy and fairness. The remuneration system strives to maintain the ability to attract, retain, reward and motivate the talent in order to enable the Bank to attain its strategic objectives within the increasingly competitive context in which it operates. The Bank's pay-for-performance approach strives to ensure both internal and external equity in line with emerging market trends. However, the business model and affordability form the overarching boundary conditions.

The Bank follows a Balanced Scorecard approach for measuring individual performance at Senior levels. The Balanced scorecard parameters for individuals are cascaded from the Bank's Balanced Scorecard. The Management Committee or the Nomination and Remuneration Committee reviews the achievements against the set of parameters which determines the performance of the individuals. For all other employees, performance appraisals are conducted annually and initiated by the employee with self-appraisal. The immediate supervisor reviews the appraisal ratings in a joint consultation meeting with the employee and assigns the performance rating. The final ratings are discussed by a Moderation Committee comprising of senior officials of the Bank. Both relative and absolute individual performances are considered for the moderation process. Individual fixed pay increases, variable pay and ESOPs are linked to the final performance ratings. In addition, the fixed pay increase is also influenced by an employee's position in the salary range.

❖ A discussion of the measures the Bank will in general implement to adjust remuneration in the event that performance metrics are weak:

In cases where the performance metrics are weak or not well defined to measure the performance effectively, the Bank uses discretion to reward such employees. The remuneration is then influenced by the operational performance parameters of the Bank along with individual performance achievement.

Whilst determining fixed and variable remuneration, relevant risk measures are included in scorecards of senior employees. Identified risk parameters that are taken into account are as under:

- NPA – net slippages
- Ratio of Risk Weighted Assets to Total Assets
- Liquidity Coverage Ratio

As a prudent measure, a portion of variable pay if it exceeds a certain threshold is deferred and is paid proportionately over a period of 3 years. The deferred variable pay amount of reference year would be held back in case of any misrepresentation or gross inaccuracy resulting in a wrong risk assessment.

e) Description of the ways in which the Bank seeks to adjust remuneration to take account of the longer term performance:

❖ A discussion of the Bank's policy on deferral and vesting of variable remuneration and, if the fraction of variable remuneration that is deferred differs across employees or groups of employees, a description of the factors that determine the fraction and their relative importance:

The deferral of the Variable Pay for the three categories of employees as stated earlier is given below:

Category 1: MD & CEO and WTDs

Variable Pay will not exceed 70% of the Fixed Pay

To ensure that risk measures do not focus only on achieving short term goals, variable payout is deferred. If the variable pay exceeds 40% of fixed pay, 45% of the variable pay to be deferred proportionately over a period of three years.

Category 2: All the employees in the Grade of Vice President and above engaged in the functions of Risk Control and Compliance

- Variable Pay will be paid on the basis of laid down risk control, compliance and process improvement parameters in the balanced scorecard / key deliverables of staff in this function

- The parameters will be independent of performance of the business area they oversee and will commensurate with their key role in the Bank

- The ratio of fixed and variable compensation will be weighed towards fixed compensation

- Percentage of variable pay to be capped at 70% of fixed pay

- Appropriate deferral structure as approved by the Nomination and Remuneration Committee will be applicable to this category of employees

Category 3: Other Staff

- Variable Pay will be paid on the basis of performance against key deliverables and overall business performance for the financial year

- Percentage of variable pay to be capped at 70% of fixed pay

- Appropriate deferral structure as approved by the Nomination and Remuneration Committee will be applicable to this category of employees

❖ A discussion of the Bank's policy and criteria for adjusting deferred remuneration before vesting and (if permitted by national law) after vesting through claw back arrangements:

The deferred portion of the variable pay may be delayed in the event of an enquiry determining gross negligence or breach of integrity. The deferred portion is withheld by the Bank till the completion of such enquiries, if any. As a result, no claw back arrangements are made on the deferred portion of the variable pay.

f) Description of the different forms of variable remuneration that the Bank utilizes and the rationale for using these different forms:

❖ An overview of the forms of variable remuneration offered:

- Variable Pay: Variable Pay is linked to corporate performance, business performance and individual performance and ensures differential pay based on the performance levels of employees

- Employee Stock Options (ESOPs): ESOPs are given to selective set of employees at senior levels based on their level of performance and role. ESOP scheme has an inbuilt deferred vesting design which helps in directing long term performance orientation among employees

❖ A discussion of the use of different forms of variable remuneration and, if the mix of different forms of variable remuneration differs across employees or group of employees, a description of the factors that determine the mix and their relative importance:

Variable pay in the form of performance based bonus is paid out annually and is linked to performance achievement against balanced performance measures and aligned with the principles of meritocracy. The proportion of variable pay in total pay shall be higher at senior management levels. The payment of all forms of variable pay is governed by the affordability of the Bank and based on profitability and cost income ratios. At senior management levels (and for certain employees with potential to cause material impact on risk exposure), a portion of variable compensation may be paid out in a deferred manner in order to drive prudent behaviour as well as long term & sustainable performance orientation. Long term variable pay is administered in the form of ESOPs with an objective of enabling employee participation in the business as an active stakeholder and to usher in an 'owner-manager' culture. The quantum of grant of stock options is determined and approved by the Nomination and Remuneration Committee, in terms of the said Regulations and in line with best practices, subject to the approval of RBI. The current ESOP design has an inbuilt deferral intended to spread and manage risk.

Quantitative disclosures

a) The quantitative disclosures pertaining to the MD & CEO, Whole Time Directors and other risk takers for the year ended 31 March, 2018 and 31 March, 2017 are given below. Other risk takers include all employees in the grade of Executive Vice President (EVP) and above and also cover certain select roles in case they are below the grade of EVP.

			31 March, 2018	31 March, 2017
a.	i)	Number of meetings held by the Remuneration Committee (main body overseeing remuneration) during the financial year	8	7
	ii)	Remuneration paid to its members (sitting fees)	₹15,00,000	₹13,50,000
b.		Number of employees having received a variable remuneration award during the financial year	33*	38*
c.		Number and total amount of sign-on awards made during the financial year	N.A.	N.A.
d.		Number and total amount of guaranteed bonus awarded during the financial year, if any	N.A.	N.A.
e.		Details of severance pay, in addition to accrued benefits, if any	N.A.	N.A.
f.		Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms	₹0.34 crores (cash bonus)	₹0.99 crores (cash bonus)
g.		Total amount of deferred remuneration paid out in the financial year	₹0.65 crores	₹0.65 crores
h.		Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred, different forms used	Fixed - ₹41.00 crores#	Fixed - ₹38.19 crores#
			Variable - ₹9.78 crores*	Variable - ₹11.22 crores*
			Deferred - Nil	Deferred - Nil
			Non-deferred - ₹9.78 crores*	Non-deferred - ₹11.22 crores*
			Number of stock options granted during the financial year - 3,067,750	Number of stock options granted during the financial year - 3,491,000
i.		Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and/or implicit adjustments	N.A.	N.A.
j.		Total amount of reductions during the financial year due to ex- post explicit adjustments	N.A.	N.A.
k.		Total amount of reductions during the financial year due to ex- post implicit adjustments	N.A.	N.A.

* pertains to FY 2016-17 paid to other risk takers (previous years pertains to MD & CEO, WTDs and other risk takers for FY 2015-16)

\# Fixed Remuneration includes basic salary, fixed allowance, leave fare concession, house rent allowance, location pay, super annuation allowance, certain other allowances and contribution towards provident fund

b) Disclosure for compensation of Non-executive Directors (Except Part-time Chairman):

(₹ in crores)

		31 March, 2018	31 March, 2017
a.	Amount of remuneration paid during the year (pertains to preceding year)	1.02	0.90

2.1.38 The details of fees / brokerage earned in respect of insurance broking, agency and bancassurance business undertaken by the Bank are as under:

(₹ in crores)

Sr. No.	Nature of Income*	31 March, 2018	31 March, 2017
1.	For selling life insurance policies	539.49	558.24
2.	For selling non-life insurance policies	56.40	32.95
3.	For selling mutual fund products	388.46	317.44
4.	Others (wealth advisory, RBI and other bonds etc.)	88.48	88.57
	Total	1,072.83	997.20

*includes receipts on account of marketing activities undertaken on behalf of bancassurance partners

2.1.39 The Bank has not sponsored any special purpose vehicle which is required to be consolidated in the consolidated financial statements as per accounting norms.

2.1.40 Amount of total assets, non-performing assets and revenue of overseas branches is given below:

(₹ in crores)

Particulars	31 March, 2018	31 March, 2017
Total assets	61,007.58	54,252.62
Total NPAs	4,311.02	4,695.18
Total revenue	2,380.67	2,636.36

2.1.41 During the year ended 31 March, 2018 the value of sales/transfers of securities to/from HTM category (excluding one-time transfer of securities and sales to RBI under OMO auctions) did not exceed 5% of the book value of investments held in HTM category at the beginning of the year.

During the year ended 31 March, 2017 the value of sales/transfers of securities to/from HTM category (excluding one-time transfer of securities and sales to RBI under OMO auctions) exceeded 5% of the book value of investments held in HTM category at the beginning of the year by ₹11,558.20 crores.

Market value of investments held in HTM category	Excess of book value over market value for which provision is not made
₹82,665.92 crores	Nil

2.1.42 Disclosure on transfers to Depositor Education and Awareness Fund (DEAF)

(₹ in crores)

Particulars	31 March, 2018	31 March, 2017
Opening balance of amounts transferred to DEAF	64.90	41.57
Add : Amounts transferred to DEAF during the year	34.07	24.23
Less : Amounts reimbursed by DEAF towards claims	(1.83)*	(0.90)*
Closing balance of amounts transferred to DEAF	97.14	64.90

*includes ₹0.39 crores (previous year ₹0.21 crores) of claim raised and pending settlement with RBI

2.1.43 Disclosure on Intra-Group Exposures

(₹ in crores)

Particulars	31 March, 2018	31 March, 2017
Total amount of intra-group exposures	4,954.82	3,232.20
Total amount of top-20 intra-group exposures	4,954.80	3,232.20
Percentage of intra-group exposures to total exposure of the Bank on borrowers/customers	0.68	0.51

During the years ended 31 March, 2018 and 31 March, 2017, the intra-group exposures were within the limits specified by RBI.

2.1.44 Unhedged Foreign Currency Exposure

The Bank's Corporate Credit Policy lays down the framework to manage credit risk arising out of unhedged foreign currency exposures of the borrowers. Both at the time of initial approval as well as subsequent reviews/renewals, the assessment of credit risk arising out of foreign currency exposure of the borrowers include details of imports, exports, repayments of foreign currency borrowings, as well as hedges done by the borrowers or naturally enjoyed by them vis-a-vis their intrinsic financial strength, history of hedging and losses arising out of foreign currency volatility. The extent of hedge/cover required on the total foreign currency exposure including natural hedge and hedged positions, is guided through a matrix of internal ratings. The hedging policy is applicable for existing as well as new clients with foreign currency exposures above a predefined threshold. The details of un-hedged foreign currency exposure of customers for transactions undertaken through the Bank are monitored periodically. The Bank also maintains additional provision and capital, in line with RBI guidelines.

During the year ended 31 March, 2018, there is a write back of ₹9.30 crores (previous year write back of ₹13.88 crores) in provision for un-hedged foreign currency exposures. As on 31 March, 2018, the Bank held incremental capital of ₹220.11 crores (previous year ₹300.05 crores) towards borrowers having un-hedged foreign currency exposures.

2.1.45 Disclosure on provisioning pertaining to fraud accounts

(₹ in crores)

	31 March, 2018	31 March, 2017
Number of frauds reported during the year*	521	205
Amounts involved	353.97	72.92
Provisions held at the beginning of the year	125.49	48.63
Provisions made during the year	228.48	24.29
Provisions held at the end of the year	353.97	72.92
Unamortised provision debited from 'other reserves' as at the end of the year	-	-

*Excluding 2 cases (previous year 4 cases) amounting to ₹98.96 crores (previous year ₹407.73 crores) reported as fraud during the year and subsequently prudentially written off

2.1.46 Detail of Priority Sector Lending Certificates (PSLC) purchased by the Bank are set out below:

(₹ in crores)

Category	31 March, 2018	31 March, 2017
PSLC – General	9,416.00	600.00
PSLC – Micro Enterprises	300.00	-
PSLC – Small/Marginal Farmers	-	5,000.00
Total	9,716.00	5,600.00

During the years ended 31 March, 2018 and 31 March, 2017, the Bank has not sold any Priority Sector Lending Certificates.

2.1.47 Disclosure on Liquidity Coverage Ratio
Qualitative disclosure

The Bank has adopted the Basel III framework on liquidity standards as prescribed by RBI and has put in place requisite systems and processes to enable periodical computation and reporting of the Liquidity Coverage Ratio (LCR). The mandated regulatory threshold as per the transition plan is embedded into the Risk Appetite Statement of the Bank thus subjecting LCR maintenance to Board oversight and periodical review. The Risk department computes the LCR and reports the same to the Asset Liability Management Committee (ALCO) every month for review as well as to the Risk Management Committee of the Board.

The Bank computes LCR on a daily basis and in accordance with RBI guidelines the quarterly disclosures of LCR contains data on the simple average calculated on daily observations over a period of 90 days.

The Bank follows the criteria laid down by RBI for calculation of High Quality Liquid Assets (HQLA), gross outflows and inflows within the next 30-day period. HQLA predominantly comprises Government securities viz. Treasury Bills, Central and State Government securities. A relatively smaller part of HQLA is accounted for by the corporate bonds rated AA- and above with mandated haircuts applied thereto.

The Bank monitors the concentration of funding sources from significant counterparties, significant instruments/products as part of the asset liability management framework. The Bank adheres to the regulatory and internal limits on Inter-bank liability and call money borrowings which form part of the ALM policy. The Bank's funding sources are fairly dispersed across sources and maturities.

Expected derivative cash outflows and inflows are calculated for outstanding contracts in accordance with laid down valuation methodologies. Cash flows, if any, from collaterals posted against derivatives are not considered.

Apart from the LCR position in all currencies put together, the Bank monitors the LCR in US Dollar currency which qualifies as a significant currency as per RBI guidelines.

The liquidity risk management of the Bank is undertaken by the Asset Liability Management group in the Treasury in accordance with the Board approved policies and ALCO approved funding plans. The Risk department measures and monitors the liquidity profile of the Bank with reference to the Board approved limits, 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 periodical liquidity stress testing. Periodical reports are placed before the Bank's ALCO for perusal and review.

All significant outflows and inflows determined in accordance with RBI guidelines are included in the prescribed LCR computation template.

Quantitative disclosure

(₹ in crores)

		Quarter ended 31 March, 2018		Quarter ended 31 December, 2017		Quarter end 30 September, 2017		Quarter ended 30 June, 2017	
		Total Unweighted Value (average)	**Total Weighted Value (average)**	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets									
1	Total High Quality Liquid Assets (HQLAs)		79,973.26		73,116.53		71,834.98		71,379.76
Cash Outflows									
2	Retail Deposits and deposits from small business customers,	238,884.37	21,478.87	231,420.68	20,762.31	225,670.59	20,248.80	222,834.02	19,970.18
	of which:								
(i)	Stable Deposits	48,191.37	2,409.57	47,595.16	2,379.76	46,365.18	2,318.26	46,264.28	2,313.21
(ii)	Less Stable Deposits	190,693.00	19,069.30	183,825.52	18,382.55	179,305.41	17,930.54	176,569.74	17,656.97
3	Unsecured wholesale funding, of which:	134,036.28	71,532.35	136,167.50	68,709.21	129,994.35	64,211.05	125,377.35	63,394.94
(i)	Operational deposits (all counterparties)	40,656.37	10,158.50	44,378.91	11,089.40	40,099.06	10,019.37	36,389.68	9,091.82

		Quarter ended 31 March, 2018		Quarter ended 31 December, 2017		Quarter end 30 September, 2017		Quarter ended 30 June, 2017	
		Total Unweighted Value (average)	**Total Weighted Value (average)**	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
(ii)	Non-operational deposits (all counterparties)	93,379.91	61,373.85	91,788.59	57,619.81	89,895.29	54,191.68	88,987.67	54,303.12
(iii)	Unsecured debt	-	-	-	-	-	-	-	-
4	Secured wholesale funding		805.00		478.26		673.91		618.13
5	Additional requirements, of which	37,389.88	28,299.66	49,195.82	38,150.38	34,403.02	22,945.12	30,661.83	22,632.38
(i)	Outflows related to derivative exposures and other collateral requirements	26,614.31	26,614.31	33,064.39	33,064.39	21,302.10	21,302.10	21,433.96	21,433.97
(ii)	Outflows related to loss of funding on debt products	311.69	311.69	2,981.08	2,981.08	186.50	186.50	162.21	162.21
(iii)	Credit and liquidity facilities	10,463.88	1,373.66	13,150.35	2,104.91	12,914.42	1,456.52	9,065.66	1,036.20
6	Other contractual funding obligations	4,128.51	4,038.52	4,003.84	3,913.84	4,035.69	3,945.69	3,591.80	3,501.80
7	Other contingent funding obligations	224,085.43	8,718.93	222,696.55	8,685.97	211,371.82	8,181.74	205,149.55	7,942.22
8	Total Cash Outflows		134,873.33		140,699.97		120,206.31		118,059.65
Cash Inflows									
9	Secured lending (eg. reverse repo)	673.75	-	673.52	-	1,323.93	-	2,799.40	-
10	Inflows from fully performing exposures	36,820.48	22,956.72	35,799.85	21,898.49	30,901.05	20,233.70	30,430.62	19,018.98
11	Other cash inflows	26,488.54	26,488.54	33,485.59	33,289.34	21,315.71	21,315.72	21,412.85	21,412.85
12	Total Cash Inflows	63,982.77	49,445.26	69,958.96	55,187.83	53,540.69	41,549.42	54,642.87	40,431.83
			Total adjusted Value		Total adjusted Value		Total adjusted Value		Total adjusted Value
21	Total HQLA		79,973.26		73,116.53		71,834.98		71,379.76
22	Total Net Cash Outflows		85,428.07		85,512.14		78,656.89		77,627.82
23	Liquidity Coverage Ratio%		93.61%		85.50%		91.33%		91.95%

Note: 1) Average for all the quarters is simple average of daily observations for the quarter.

2) Classification of inflows and outflows for determining the run off factors is based on the same estimates and assumptions as used by the Bank for compiling the return submitted to the RBI, which has been relied upon by the auditors.

(₹ in crores)

		Quarter ended 31 March, 2017		Quarter ended 31 December, 2016		Quarter end 30 September, 2016		Quarter ended 30 June, 2016	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets									
1	Total High Quality Liquid Assets (HQLAs)		69,068.02		73,485.84		62,071.82		57,911.67
Cash Outflows									
2	Retail Deposits and deposits from small business customers,	223,062.16	19,876.45	227,335.01	20,322.23	214,721.91	19,443.96	206,725.61	18,700.11
	of which:								
(i)	Stable Deposits	48,595.25	2,429.76	48,225.63	2,411.29	40,564.79	2,028.25	39,449.20	1,972.47
(ii)	Less Stable Deposits	174,466.91	17,446.69	179,109.38	17,910.94	174,157.12	17,415.71	167,276.41	16,727.64
3	Unsecured wholesale funding, of which:	114,310.99	57,658.68	105,538.02	51,751.28	107,610.78	51,052.33	104,027.70	52,853.63
(i)	Operational deposits (all counterparties)	31,269.64	7,812.33	33,120.72	8,275.36	35,890.75	8,967.75	32,443.10	8,105.92

		Quarter ended 31 March, 2017		Quarter ended 31 December, 2016		Quarter end 30 September, 2016		Quarter ended 30 June, 2016	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
(ii)	Non-operational deposits (all counterparties)	83,041.35	49,846.35	72,417.30	43,475.92	71,720.03	42,084.58	71,584.60	44,747.71
(iii)	Unsecured debt	-	-	-	-	-	-	-	-
4	Secured wholesale funding		462.22		500.00		1,014.84		1,752.55
5	Additional requirements, of which	33,918.61	26,359.82	30,613.59	22,523.69	22,670.54	15,707.75	24,332.56	13,495.84
(i)	Outflows related to derivative exposures and other collateral requirements	24,578.76	24,578.76	19,194.47	19,194.47	14,927.66	14,927.67	12,354.13	12,354.13
(ii)	Outflows related to loss of funding on debt products	864.71	864.71	2,388.52	2,388.52	-	-	-	-
(iii)	Credit and liquidity facilities	8,475.14	916.35	9,030.60	940.70	7,742.88	780.08	11,978.43	1,141.71
6	Other contractual funding obligations	3,696.81	3,606.81	3,505.93	3,415.93	3,777.42	3,687.42	3,046.03	2,956.03
7	Other contingent funding obligations	199,879.47	7,735.28	196,561.11	7,658.97	181,755.53	7,110.29	180,297.54	6,994.77
8	Total Cash Outflows		115,699.26		106,172.10		98,016.59		96,752.93
Cash Inflows									
9	Secured lending (eg. reverse repo)	7,332.28	-	9,101.00	-	2,570.67	-	-	-
10	Inflows from fully performing exposures	23,518.10	18,575.43	27,200.87	18,767.80	26,214.48	17,804.76	24,594.96	17,307.41
11	Other cash inflows	24,605.83	24,605.83	19,063.95	19,063.95	14,913.06	14,913.06	12,401.32	12,401.32
12	Total Cash Inflows	55,456.21	43,181.26	55,365.82	37,831.75	43,698.21	32,717.82	36,996.28	29,708.73
			Total adjusted Value		Total adjusted Value		Total adjusted Value		Total adjusted Value
21	Total HQLA		69,068.02		73,485.84		62,071.82		57,911.67
22	Total Net Cash Outflows		72,518.00		68,340.35		65,298.77		67,044.20
23	Liquidity Coverage Ratio %		95.24%		107.53%		95.06%		86.38%

Note: 1) Average for quarter ended 31 March, 2017 is simple average of daily observations for the quarter. Average for other quarters represents simple average of monthly observations for the respective quarters.

2) Classification of inflows and outflows for determining the run off factors is based on the same estimates and assumptions as used by the Bank for compiling the return submitted to the RBI, which has been relied upon by the auditors.

2.2 Other disclosures

2.2.1 During the year, the Bank has appropriated ₹101.65 crores (previous year ₹755.57 crores) to the Capital Reserve, net of taxes and transfer to statutory reserve, being the gain on sale of HTM investments in accordance with RBI guidelines.

2.2.2 During the year, the Bank has appropriated an amount of ₹1.62 crores (previous year ₹1.75 crores) to Reserve Fund account towards statutory reserve in accordance with guidelines issued by Central Bank of Sri Lanka in respect of Colombo branch operations.

2.2.3 Earnings Per Share ('EPS')

The details of EPS computation is set out below:

	31 March, 2018	31 March, 2017
Basic and Diluted earnings for the year (Net profit after tax) (₹ in crores)	275.68	3,679.28
Basic weighted average no. of shares (in crores)	244.51	238.93
Add: Equity shares for no consideration arising on grant of stock options under ESOP (in crores)	0.75	0.94
Diluted weighted average no. of shares (in crores)	245.26	239.87
Basic EPS (₹)	1.13	15.40
Diluted EPS (₹)	1.12	15.34
Nominal value of shares (₹)	2.00	2.00

Dilution of equity is on account of 7,517,504 (previous year 9,429,479) stock options.

2.2.4 Employee Stock Options Scheme ('the Scheme')

In February 2001, pursuant to the approval of the shareholders at the Extraordinary General Meeting, the Bank approved an Employee Stock Option Scheme. Under the Scheme, the Bank is authorised to issue upto 65,000,000 equity shares to eligible employees. Eligible employees are granted an option to purchase shares subject to vesting conditions. Further, over the period June 2004 to July 2013, pursuant to the approval of the shareholders at Annual General Meetings, the Bank approved an ESOP scheme for additional options aggregating 175,087,000. The options vest in a graded manner over 3 years. The options can be exercised within three/five years from the date of the vesting as the case may be. Within the overall ceiling of 240,087,000 stock options approved for grant by the shareholders as stated earlier, the Bank is also authorised to issue options to eligible employees and Whole Time Directors of the subsidiary companies.

246,272,950 options have been granted under the Scheme till the previous year ended 31 March, 2017.

On 15 May, 2017, the Bank granted 6,885,700 stock options (each option representing entitlement to one equity share of the Bank) to its eligible employees/directors of the Bank/subsidiary companies at a price of ₹503.00 per option.

Stock option activity under the Scheme for the year ended 31 March, 2018 is set out below:

	Options outstanding	**Range of exercise prices (₹)**	**Weighted average exercise price (₹)**	**Weighted average remaining contractual life (Years)**
Outstanding at the beginning of the year	29,711,124	217.33 to 535.00	383.16	3.98
Granted during the year	6,885,750	503.00	503.00	-
Forfeited during the year	(810,120)	306.54 to 535.00	470.15	-
Expired during the year	(57,910)	217.33 to 289.51	275.32	-
Exercised during the year	(6,173,935)	217.33 to 535.00	270.47	-
Outstanding at the end of the year	29,554,909	217.33 to 535.00	432.45	4.22
Exercisable at the end of the year	16,062,159	217.33 to 535.00	378.40	2.85

The weighted average share price in respect of options exercised during the year was ₹524.51

Stock option activity under the Scheme for the year ended 31 March, 2017 is set out below:

	Options outstanding	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life (Years)
Outstanding at the beginning of the year	35,527,310	217.33 to 535.00	327.56	3.33
Granted during the year	7,153,000	469.90	469.90	-
Forfeited during the year	(690,050)	217.33 to 535.00	455.72	-
Expired during the year	(74,853)	217.33 to 289.51	257.56	-
Exercised during the year	(12,204,283)	217.33 to 535.00	268.81	-
Outstanding at the end of the year	29,711,124	217.33 to 535.00	383.16	3.98
Exercisable at the end of the year	15,934,524	217.33 to 535.00	319.45	2.41

The weighted average share price in respect of options exercised during the year was ₹507.67.

Fair Value Methodology

On applying the fair value based method in Guidance Note on 'Accounting for Employee Share-based Payments' the impact on reported net profit and EPS would be as follows:

	31 March, 2018	31 March, 2017
Net Profit (as reported) (₹ in crores)	275.68	3,679.28
Add: Stock based employee compensation expense included in net income (₹ in crores)	-	-
Less: Stock based employee compensation expense determined under fair value based method (proforma) (₹ in crores)	(102.86)	(101.47)
Net Profit (Proforma) (₹ in crores)	172.82	3,577.81
Earnings per share: Basic (in ₹)		
As reported	1.13	15.40
Proforma	0.71	14.97
Earnings per share: Diluted (in ₹)		
As reported	1.12	15.34
Proforma	0.70	14.92

During the years ended, 31 March, 2018 and 31 March, 2017, no cost has been incurred by the Bank on ESOPs issued to the employees of the Bank and employees of subsidiaries under the intrinsic value method.

The fair value of the options is estimated on the date of the grant using the Black-Scholes options pricing model, with the following assumptions:

	31 March, 2018	31 March, 2017
Dividend yield	1.16%	1.29%
Expected life	2.57-4.57years	2.57-4.57 years
Risk free interest rate	6.55% to 6.82%	7.15% to 7.39%
Volatility	31.80% to 33.56%	32.92% to 35.75%

Volatility is the measure of the amount by which a price has fluctuated or is expected to fluctuate during a period. The measure of volatility used in the Black-Scholes options pricing model is the annualised standard deviation of the continuously compounded rates of return on the stock over a period of time. For calculating volatility, the daily volatility of the stock prices on the National Stock Exchange, over a period prior to the date of grant, corresponding with the expected life of the options has been considered.

The weighted average fair value of options granted during the year ended 31 March, 2018 is ₹155.53 (previous year ₹153.66).

2.2.5 Proposed Dividend

After making mandatory appropriations to Statutory Reserve, Investment Reserve, Reserve Fund and Capital Reserve, no profits are available for distribution as dividend for the year ended 31 March, 2018. Accordingly, no dividend has been recommended by the Board of Directors for the year ended 31 March, 2018.

Dividend paid during the year, represents dividend (₹5 per equity share) for the year ended 31 March, 2017 paid pursuant to approval of shareholders at Annual General Meeting held on 26 July, 2017.

2.2.6 Segmental reporting

The business of the Bank is divided into four segments: Treasury, Retail Banking, Corporate/Wholesale Banking and Other Banking Business. These segments have been identified based on the RBI's revised guidelines on Segment Reporting issued on 18 April, 2007 vide Circular No. DBOD.No.BP.BC.81/21.04.018/2006-07. The principal activities of these segments are as under.

Segment	Principal Activities
Treasury	Treasury operations include investments in sovereign and corporate debt, equity and mutual funds, trading operations, derivative trading and foreign exchange operations on the proprietary account and for customers. The Treasury segment also includes the central funding unit.
Retail Banking	Constitutes lending to individuals/small businesses through the branch network and other delivery channels subject to the orientation, nature of product, granularity of the exposure and the quantum thereof. Retail Banking activities also include liability products, card services, internet banking, mobile banking, ATM services, depository, financial advisory services and NRI services.
Corporate/Wholesale Banking	Includes corporate relationships not included under Retail Banking, corporate advisory services, placements and syndication, project appraisals, capital market related services and cash management services.
Other Banking Business	Includes para banking activities like third party product distribution and other banking transactions not covered under any of the above three segments.
Unallocated assets and liabilities	All items which are reckoned at an enterprise level are classified under this segment such as deferred tax, money received against share warrants, tax paid in advance net of provision etc.

Revenues of the Treasury segment primarily consist of fees and gains or losses from trading operations and interest income on the investment portfolio. The principal expenses of the segment consist of interest expense on funds borrowed from external sources and other internal segments, premises expenses, personnel costs, other direct overheads and allocated expenses.

Revenues of the Corporate/Wholesale Banking segment consist of interest and fees earned on loans given to customers falling under this segment and fees arising from transaction services and merchant banking activities such as syndication and debenture trusteeship. Revenues of the Retail Banking segment are derived from interest earned on loans classified under this segment, fees for banking and advisory services, ATM interchange fees and cards products. Expenses of the Corporate/ Wholesale Banking and Retail Banking segments primarily comprise interest expense on deposits and funds borrowed from other internal segments, infrastructure and premises expenses for operating the branch network and other delivery channels, personnel costs, other direct overheads and allocated expenses.

Segment income includes earnings from external customers and from funds transferred to the other segments. Segment result includes revenue as reduced by interest expense and operating expenses and provisions, if any, for that segment. Segment-wise income and expenses include certain allocations. Inter segment interest income and interest expense represent the transfer price received from and paid to the Central Funding Unit (CFU) respectively. For this purpose, the funds transfer pricing mechanism presently followed by the Bank, which is based on historical matched maturity and internal benchmarks, has been used. Operating expenses other than those directly attributable to segments are allocated to the segments based on an activity-based costing methodology. All activities in the Bank are segregated segment-wise and allocated to the respective segment.

Segmental results are set out below:

(₹ in crores)

	31 March, 2018				
	Treasury	**Corporate/ Wholesale Banking**	**Retail Banking**	**Other Banking Business**	**Total**
Segment Revenue					
Gross interest income (external customers)	11,825.78	14,607.46	19,347.07	-	45,780.31
Other income	3,088.74	2,812.03	3,988.73	1,077.59	10,967.09
Total income as per Profit and Loss Account	14,914.52	17,419.49	23,335.80	1,077.59	56,747.40
Add/(less) inter segment interest income	49,386.08	5,402.38	17,298.22	-	72,086.68
Total segment revenue	64,300.60	22,821.87	40,634.02	1,077.59	128,834.08
Less: Interest expense (external customers)	13,305.80	810.02	13,046.76	-	27,162.58
Less: Inter segment interest expense	45,761.40	12,352.62	13,972.08	0.58	72,086.68
Less: Operating expenses	383.64	3,731.86	9,753.64	121.20	13,990.34
Operating profit	4,849.76	5,927.37	3,861.54	955.81	15,594.48
Less: Provision for non-performing assets/others*	1,759.93	11,852.41	1,860.57	-	15,472.91
Segment result	3,089.83	(5,925.04)	2,000.97	955.81	121.57
Less: Provision for tax					(154.11)
Extraordinary profit/loss					-
Net Profit					275.68
Segment assets	228,322.23	223,754.56	229,710.81	690.55	682,478.15
Unallocated assets					8,851.43
Total assets					691,329.58
Segment liabilities	230,818.80	132,836.77	263,380.50	25.08	627,061.15
Unallocated liabilities					823.17
Total liabilities					627,884.32
Net assets	(2,496.57)	90,917.79	(33,669.69)	665.47	63,445.26
Capital expenditure for the year	15.15	225.30	501.71	15.14	757.30
Depreciation on fixed assets for the year	11.36	169.01	376.37	11.36	568.10

(₹ in crores)

	31 March, 2017				
	Treasury	Corporate/ Wholesale Banking	Retail Banking	Other Banking Business	Total
Segment Revenue					
Gross interest income (external customers)	11,653.01	15,767.68	17,121.47	-	44,542.16
Other income	4,642.18	2,958.55	3,088.44	1,002.14	11,691.31
Total income as per Profit and Loss Account	16,295.19	18,726.23	20,209.91	1,002.14	56,233.47
Add/(less) inter segment interest income	48,713.22	5,358.37	18,029.89	-	72,101.48
Total segment revenue	65,008.41	24,084.60	38,239.80	1,002.14	128,334.95
Less: Interest expense (external customers)	12,484.43	663.30	13,301.31	-	26,449.04
Less: Inter segment interest expense	47,974.47	11,937.93	12,188.50	0.58	72,101.48
Less: Operating expenses	456.91	3,317.95	8,307.81	117.24	12,199.91
Operating profit	4,092.60	8,165.42	4,442.18	884.32	17,584.52

	31 March, 2017				
	Treasury	Corporate/ Wholesale Banking	Retail Banking	Other Banking Business	Total
Less: Provision for non-performing assets/others*	1,233.89	10,041.75	841.32	-	12,116.96
Segment result	2,858.71	(1,876.33)	3,600.86	884.32	5,467.56
Less: Provision for tax					1,788.28
Extraordinary profit/loss					-
Net Profit					3,679.28
Segment assets	209,865.71	198,331.45	186,937.38	746.92	595,881.46
Unallocated assets					5,586.21
Total assets					601,467.67
Segment liabilities	194,987.16	118,340.37	232,331.99	42.00	545,701.52
Unallocated liabilities					3.61
Total liabilities					545,705.13
Net assets	14,878.55	79,991.08	(45,394.61)	704.92	55,762.54
Capital expenditure for the year	26.75	210.64	417.94	13.37	668.71
Depreciation on fixed assets for the year	20.35	160.27	318.00	10.18	508.80

*represents material non-cash items other than depreciation

Geographic Segments

(₹ in crores)

	Domestic		**International**		**Total**	
	31 March, 2018	31 March, 2017	**31 March, 2018**	31 March, 2017	**31 March, 2018**	31 March, 2017
Revenue	54,366.73	53,597.11	2,380.67	2,636.36	56,747.40	56,233.47
Assets	630,322.00	547,215.05	61,007.58	54,252.62	691,329.58	601,467.67
Capital Expenditure incurred	754.29	667.83	3.01	0.88	757.30	668.71
Depreciation provided	565.53	506.00	2.57	2.80	568.10	508.80

2.2.7 Related party disclosure

The related parties of the Bank are broadly classified as:

a) Promoters

The Bank has identified the following entities as its Promoters.

- Administrator of the Specified Undertaking of the Unit Trust of India (SUUTI)
- Life Insurance Corporation of India (LIC)
- General Insurance Corporation and four Government-owned general insurance companies - New India Assurance Co. Limited, National Insurance Co. Limited, United India Insurance Co. Limited and The Oriental Insurance Co. Limited.

b) Key Management Personnel

- Ms. Shikha Sharma (Managing Director & Chief Executive Officer)
- Mr. V. Srinivasan (Deputy Managing Director)
- Mr. Rajiv Anand [Executive Director (Retail Banking)]
- Mr. Rajesh Dahiya [Executive Director (Corporate Centre)]

c) Relatives of Key Management Personnel

Mr. Sanjaya Sharma, Ms. Usha Bharadwaj, Mr. Tilak Sharma, Ms. Tvisha Sharma, Dr. Sanjiv Bharadwaj, Dr. Prashant Bharadwaj, Dr. Brevis Bharadwaj, Dr. Reena Bharadwaj, Ms. Gayathri Srinivasan, Mr. V. Satish, Ms. Camy Satish, Ms. Ananya Srinivasan, Ms. Anagha Srinivasan, Ms. Geetha N., Ms. Chitra R., Ms. Sumathi N., Mr. S. Ranganathan, Mr. R. Narayan, Ms. Gitanjali Anand, Ms. Tara Anand, Ms. Nandita Anand, Mr. P.L. Narain, Mr. P. Srinivas, Ms. Ratna Rao Shekar, Ms. P. Kamashi, Ms. Hemant Dahiya, Ms. Arooshi Dahiya, Ms. Mallika Dahiya, Ms. Jal Medha, Ms. Pooja Rathi, Mr. Jai Prakash Dahiya.

d) Subsidiary Companies

- Axis Capital Limited
- Axis Private Equity Limited
- Axis Trustee Services Limited
- Axis Asset Management Company Limited
- Axis Mutual Fund Trustee Limited
- Axis Bank UK Limited
- Axis Finance Limited
- Axis Securities Limited
- A.Treds Limited
- Accelyst Solutions Private Limited with effect from 6 October, 2017
- Freecharge Payment Technologies Private Limited with effect from 6 October, 2017

e) Step down subsidiary companies

- Axis Capital USA LLC with effect from 2 August, 2017

  Based on RBI guidelines, details of transactions with step down subsidiaries are not disclosed since there is only one entity/party in this category.

The details of transactions of the Bank with its related parties during the year ended 31 March, 2018 are given below:

(₹ in crores)

ITEMS/RELATED PARTY	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Subsidiaries	Total
Dividend paid	343.52	1.08	-	-	344.60
Dividend received	-	-	-	256.06	256.06
Interest paid	545.58	0.22	0.19	15.48	561.47
Interest received	0.02	0.77	-	29.92	30.71
Investment of the Bank	-	-	-	325.00	325.00
Investment in non-equity instruments of related party	393.00	-	-	100.00	493.00
Investment of related party in the Bank	1,200.00	33.75	-	-	1,233.75
Investment of related party in Hybrid capital/Bonds of the Bank	-	-	-	-	-
Redemption of Hybrid capital/Bonds of the Bank	-	-	-	-	-
Purchase of investments	188.69	-	-	-	188.69
Sale of investments	868.73	1.12	-	-	869.85
Management contracts	-	12.18	-	15.63	27.81
Contribution to employee benefit fund	16.16	-	-	-	16.16
Placement of deposits	0.05	-	-	-	0.05
Non-funded commitments (issued)	0.20	-	-	0.05	0.25

ITEMS/RELATED PARTY	Promoters	Key Management Personnel	Relatives of Key Management Personnel ▽	Subsidiaries	Total
Call/Term lending to related party	-	-	-	311.94	311.94
Swaps/Forward contracts	-	-	-	131.65	131.65
Advance granted (net)	-	7.99	-	858.24	866.23
Advance repaid	6.50	0.04	-	-	6.54
Purchase of loans	-	-	-	18.17	18.17
Sell down of loans (including undisbursed loan commitments)	-	-	-	64.87	64.87
Receiving of services	105.28	-	-	785.10	890.38
Rendering of services	17.42	0.05	-	264.40	281.87
Sale of foreign exchange currency to related party	-	1.29	-	-	1.29
Refund of Share Capital from related party	-	-	-	-	-
Other reimbursements from related party	-	-	-	8.11	8.11
Other reimbursements to related party	0.75	-	-	3.73	4.48

The balances payable to/receivable from the related parties of the Bank as on 31 March, 2018 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel ▽	Subsidiaries	Total
Call/Term lending to related party	-	-	-	312.84	312.84
Deposits with the Bank	6,213.80	4.33	3.46	381.55	6,603.14
Placement of deposits	0.43	-	-	-	0.43
Advances	7.07	18.31	0.04	1,016.33	1,041.75
Investment of the Bank	-	-	-	2,092.71	2,092.71
Investment in non-equity instruments of related party	205.70	-	-	-	205.70
Investment of related party in the Bank	135.29	0.50	-	-	135.79
Non-funded commitments	3.35	-	-	0.05	3.40
Investment of related party in Hybrid capital/Bonds of the Bank	4,300.00	-	-	-	4,300.00
Payable under management contracts	-	3.70	-	-	3.70
Other receivables (net)	-	-	-	35.52*	35.52
Other payables (net)	-	-	-	51.85	51.85

The maximum balances payable to/receivable from the related parties of the Bank during the year ended 31 March, 2018 are given below:

(₹ in crores)

ITEMS/RELATED PARTY	**Promoters**	**Key Management Personnel**	**Relatives of Key Management Personnel**	**Subsidiaries**	**Total**
Deposits with the Bank	10,153.25	17.12	5.78	830.10	11,006.25
Placement of deposits	0.43	-	-	-	0.43
Advances	16.76	18.31	0.09	1,402.57	1,437.73
Investment of the Bank	-	-	-	2,092.71	2,092.71
Investment of related party in the Bank	137.76	0.50	-	-	138.26
Investment in non-equity instruments of the Bank	393.00	-	-	100.00	493.00
Non-funded commitments	3.39	-	-	0.05	3.44
Call lending	-	-	-	312.89	312.89
Swaps/Forward contracts	-	-	-	3.20	3.20
Investment of related party in Hybrid Capital/Bonds of the Bank	4,300.00	-	-	-	4,300.00
Payable under management contracts	-	3.70	-	-	3.70
Other receivables (net)	-	-	-	54.31	54.31
Other payables (net)	-	-	-	80.98	80.98

The details of transactions of the Bank with its related parties during the year ended 31 March, 2017 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Subsidiaries	Total
Dividend paid	354.69	0.70	-	-	355.39
Dividend received	-	-	-	183.28	183.28
Interest paid	666.31	0.14	0.16	24.90	691.51
Interest received	1.61	0.55	-	14.51	16.67
Investment of the Bank	-	-	-	116.75	116.75
Investment in non-equity instruments of related party	110.00	-	-	347.32	457.32
Investment of related party in the Bank	-	46.45	-	-	46.45
Investment of related party in Hybrid capital/Bonds of the Bank	1,050.00	-	-	-	1,050.00
Redemption of Hybrid capital/Bonds of the Bank	70.00	-	-	-	70.00
Purchase of investments	-	-	-	-	-
Sale of investments	758.78	3.52	0.11	-	762.41
Management contracts	-	11.35	-	16.91	28.26
Contribution to employee benefit fund	15.75	-	-	-	15.75
Purchase of fixed assets	-	-	-	-	-
Sale of fixed assets	-	-	-	-	-

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Subsidiaries	Total
Placement of deposits	-	-	-	-	-
Repayment of deposits	-	-	-	-	-
Non-funded commitments (issued)	0.05	-	-	31.00	31.05
Call/Term borrowing	-	-	-	-	-
Call/Term lending	-	-	-	10.05	10.05
Swaps/Forward contracts	-	-	-	97.59	97.59
Advance granted (net)	0.67	-	-	-	0.67
Advance repaid	-	0.20	-	97.18	97.38
Advance to related party against rendering of services	-	-	-	-	-
Receiving of services	100.67	-	-	610.55	711.22
Rendering of services	2.43	0.05	-	137.91	140.39
Purchase of equity shares from related party	-	-	-	-	-
Refund of Share Capital from related party	-	-	-	8.36	8.36
Other reimbursements from related party	-	-	-	10.38	10.38
Other reimbursements to related party	0.41	-	-	0.18	0.59

The balances payable to/receivable from the related parties of the Bank as on 31 March, 2017 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Subsidiaries	Total
Borrowings from the Bank	-	-	-	-	-
Call/Term lending to related party	-	-	-	-	-
Deposits with the Bank	7,951.11	1.90	2.99	830.10	8,786.10
Placement of deposits	0.38	-	-	-	0.38
Advances	13.57	10.35	0.02	162.44	186.38
Investment of the Bank	-	-	-	1,372.26	1,372.26
Investment in non-equity instruments of related party	56.10	-	-	57.18	113.28
Investment of related party in the Bank	137.76	0.41	-	-	138.17
Non-funded commitments	3.14	-	-	-	3.14
Investment of related party in Hybrid capital/Bonds of the Bank	4,300.00	-	-	-	4,300.00
Payable under management contracts	-	0.81	-	-	0.81
Other receivables (net)	-	-	-	50.58*	50.58
Other payables (net)	-	-	-	31.24	31.24
Swap/Forward contracts	-	-	-	-	-

The maximum balances payable to/receivable from the related parties of the Bank during the year ended 31 March, 2017 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Subsidiaries	Total
Deposits with the Bank	9,003.33	10.82	3.53	1,874.66	10,892.34
Placement of deposits	0.38	-	-	-	0.38
Advances	25.70	10.52	0.08	1,327.66	1,363.96
Investment of the Bank	-	-	-	1,391.28	1,391.28
Investment of related party in the Bank	141.89	0.41	-	-	142.30
Investment in non-equity instruments of the Bank	110.00	-	-	347.32	457.32
Non-funded commitments	3.21	-	-	31.00	34.21
Call borrowing	-	-	-	-	-
Call lending	-	-	-	67.75	67.75
Swaps/Forward contracts	-	-	-	5.09	5.09
Investment of related party in Hybrid Capital/Bonds of the Bank	4,355.00	-	-	-	4,355.00
Payable under management contracts	-	1.37	-	-	1.37
Other receivables (net)	-	-	-	71.04	71.04
Other payables (net)	-	-	-	36.73	36.73

The transactions with Promoters and Key Management Personnel excluding those under management contracts are in nature of the banker-customer relationship.

Details of transactions with Axis Mutual Fund and Axis Infrastructure Fund-I, the funds floated by Axis Asset Management Company Ltd. and Axis Private Equity Ltd., the Bank's subsidiaries have not been disclosed since these entities do not qualify as Related Parties as defined under the Accounting Standard 18, Related Party Disclosure, as notified under Section 2(2) and Section 133 of the Companies Act, 2013 and as per RBI guidelines

* Upto 31 December, 2014, the Bank had entered into an arrangement with Axis Asset Management Company Ltd. (Axis AMC), the Bank's subsidiary, in terms of which payment of brokerage in respect of distribution of certain schemes is scheduled over the period of the schemes. This arrangement, however, has no effect on the accounting policy of the Bank, as such brokerage income is recognised by the Bank as and when the same is due. Other receivables include such brokerage recoverable from Axis AMC as on the reporting date.

The significant transactions between the Bank and related parties during the year ended 31 March, 2018 and 31 March, 2017 are given below. A specific related party transaction is disclosed as a significant related party transaction wherever it exceeds 10% of the aggregate value of all related party transactions in that category:

(₹ in crores)

Particulars	**Year ended 31 March, 2018**	Year ended 31 March, 2017
Dividend paid		
Life Insurance Corporation of India	165.04	174.43
Administrator of the Specified Undertaking of the Unit Trust of India	137.42	137.42
Dividend received		
Axis Finance Limited	121.28	94.94
Axis Capital Limited	102.90	51.45

Particulars	**Year ended 31 March, 2018**	Year ended 31 March, 2017
Axis Securities Limited	19.51	17.70
Axis Trustee Services Limited	12.38	12.38
Interest paid		
Life Insurance Corporation of India	502.36	543.21
Administrator of the Specified Undertaking of the Unit Trust of India	10.16	73.12
Interest received		
Axis Finance Limited	15.31	4.91
Axis Bank UK Limited	12.47	8.89
Life Insurance Corporation of India	-	1.48
Investment of the Bank		
Axis Finance Limited	125.00	100.00
Accelyst Solutions Private Limited	100.00	N.A.
Freecharge Payment Technologies Private Limited	100.00	N.A.
A.Treds Limited	-	16.75
Investment in non-equity instruments of related party		
United India Insurance Co. Limited	393.00	-
Axis Finance Limited	100.00	347.32
National Insurance Co. Limited	-	110.00
Investment of related party in the Bank		
Life Insurance Corporation of India	1,200.00	-
Ms. Shikha Sharma	17.36	29.66
Mr. V. Srinivasan	8.03	12.03
Investment of related party in Hybrid capital/Bonds of the Bank		
Life Insurance Corporation of India	-	1,000.00
United India Insurance Co. Limited	-	50.00
Redemption of Hybrid capital/Bonds of the Bank		
General Insurance Corporation Co. Limited	-	50.00
United India Insurance Co. Limited	-	20.00
Purchase of investments		
United India Insurance Co. Limited	188.69	-
Sale of investments		
New India Assurance Co. Limited	421.03	200.00
General Insurance Corporation Co. Limited	230.00	390.00
United India Insurance Co. Limited	157.44	55.09
National Insurance Co. Limited	35.00	50.00
Management contracts		
Axis Securities Limited	7.05	6.18
Ms. Shikha Sharma	4.84	5.42
Axis Capital Limited	3.49	3.84
Mr. V. Srinivasan	3.12	3.36
Axis Trustee Services Limited	3.10	3.43

Particulars	**Year ended 31 March, 2018**	Year ended 31 March, 2017
Axis Finance Limited	-	2.99
Contribution to employee benefit fund		
Life Insurance Corporation of India	16.16	15.75
Placement of deposits		
Life Insurance Corporation of India	0.05	-
Call/Term lending to related party		
Axis Bank UK Limited	311.94	10.05
Swaps/Forward contracts		
Axis Bank UK Limited	131.65	97.59
Advance granted (net)		
Life Insurance Corporation of India	-	0.67
Axis Finance Limited	848.20	-
Advance repaid		
Life Insurance Corporation of India	6.50	-
Axis Finance Limited	-	97.17
Purchase of loans		
Axis Bank UK Limited	18.17	-
Sell down of loans (including undisbursed loan commitments)		
Axis Bank UK Limited	64.87	-
Receiving of services		
Axis Securities Limited	740.45	583.77
The Oriental Insurance Co. Limited	66.42	75.00
Rendering of services		
Axis Asset Management Company Limited	249.67	121.38
Axis Capital Limited	19.85	7.43
Axis Bank UK Limited	1.26	1.19
Sale of foreign exchange currency to related party		
Ms. Shikha Sharma	1.29	-
Refund of Share Capital from related party		
Axis Securities Europe Limited	N.A.	8.36
Other reimbursements from related party		
Axis Capital Limited	4.10	4.73
Axis Asset Management Company Limited	2.55	3.05
Axis Securities Limited	0.23	0.47
Axis Bank UK Limited	-	0.41
Other reimbursements to related party		
Axis Securities Limited	2.95	0.04
Life Insurance Corporation of India	0.75	0.41
Accelyst Solutions Private Limited	0.47	N.A.
Axis Bank UK Limited	0.11	0.12

2.2.8 Leases

Disclosure in respect of assets taken on operating lease

This comprise of office premises/ATMs, cash deposit machines, staff quarters, electronic data capturing machines and IT equipment.

(₹ in crores)

	31 March, 2018	31 March, 2017
Future lease rentals payable as at the end of the year:		
- Not later than one year	718.43	682.25
- Later than one year and not later than five years	2,224.30	2,110.88
- Later than five years	1,844.71	1,446.88
Total of minimum lease payments recognised in the Profit and Loss Account for the year	800.26	756.48
Total of future minimum sub-lease payments expected to be received under non-cancellable subleases	4.25	3.80
Sub-lease payments recognised in the Profit and Loss Account for the year	0.60	0.49

The Bank has sub-leased certain of its properties taken on lease.

There are no provisions relating to contingent rent.

The terms of renewal/purchase options and escalation clauses are those normally prevalent in similar agreements. There are generally no undue restrictions or onerous clauses in the agreements.

2.2.9 Other Fixed Assets (including furniture & fixtures)

The movement in fixed assets capitalised as application software is given below:

(₹ in crores)

Particulars	**31 March, 2018**	31 March, 2017
At cost at the beginning of the year	1,059.56	852.85
Additions during the year	232.10	206.75
Deductions during the year	(0.02)	(0.04)
Accumulated depreciation as at 31 March	(857.75)	(691.66)
Closing balance as at 31 March	433.89	367.90
Depreciation charge for the year	166.09	130.88

2.2.10 The major components of deferred tax assets and deferred tax liabilities arising out of timing differences are as under:

(₹ in crores)

As at	**31 March, 2018**	31 March, 2017
Deferred tax assets on account of provisions for loan losses	6,626.72	4,732.25
Deferred tax assets on account of amortisation of HTM investments	11.28	12.80
Deferred tax assets on account of provision for employee benefits	92.73	97.45
Deferred tax assets on account of other items	273.64	311.17
Deferred tax assets	7,004.37	5,153.67
Deferred tax liabilities on account of depreciation on fixed assets	103.10	91.48
Deferred tax liabilities on account of other items	24.92	-
Deferred tax liabilities	128.02	91.48
Net Deferred tax assets	6,876.35	5,062.19

2.2.11 Employee Benefits

Provident Fund

The rules of the Bank's Provident Fund administered by a Trust require that if the Board of Trustees are unable to pay interest at the rate declared for Employees' Provident Fund by the Government under para 60 of the Employees' Provident Fund Scheme, 1952 for the reason that the return on investment is less or for any other reason, then the deficiency shall be made good by the Bank. Based on an actuarial valuation conducted by an independent actuary, there is no deficiency as at the Balance Sheet date.

The following tables summarise the components of net benefit expenses recognised in the Profit and Loss Account and funded status and amounts recognised in the Balance Sheet for the Provident Fund benefit plan.

Profit and Loss Account

Net employee benefit expenses (recognised in payments to and provisions for employees)

(₹ in crores)

	31 March, 2018	31 March, 2017
Current Service Cost	88.53	76.80
Interest on Defined Benefit Obligation	127.95	115.68
Expected Return on Plan Assets	(171.00)	(135.93)
Net Actuarial Losses/(Gains) recognised in the year	43.05	20.25
Total included in "Employee Benefit Expense" [Schedule 16(I)]	88.53	76.80
Actual Return on Plan Assets	140.05	136.51

Balance Sheet

Details of provision for provident fund

(₹ in crores)

	31 March, 2018	31 March, 2017
Fair Value of Plan Assets	2,004.57	1,687.15
Present Value of Funded Obligations	(2,004.57)	(1,687.15)
Net Asset	-	-
Amounts in Balance Sheet		
Liabilities	-	-
Assets	-	-
Net Asset (included under Schedule 11 – Other Assets)	-	-

Changes in the present value of the defined benefit obligation are as follows:

(₹ in crores)

	31 March, 2018	31 March, 2017
Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	1,687.15	1,437.90
Current Service Cost	88.53	76.80
Interest Cost	127.95	115.68
Actuarial Losses/(Gains)	12.10	20.83

	31 March, 2018	31 March, 2017
Employees Contribution	200.77	181.16
Liability transferred from/to other companies	(14.62)	(22.88)
Benefits Paid	(97.31)	(122.34)
Closing Defined Benefit Obligation	2,004.57	1,687.15

Changes in the fair value of plan assets are as follows:

(₹ in crores)

	31 March, 2018	31 March, 2017
Change in the Fair Value of Assets		
Opening Fair Value of Plan Assets	1,687.15	1,437.90
Expected Return on Plan Assets	171.00	135.93
Actuarial Gains/(Losses)	(30.95)	0.58
Employer contribution during the period	88.53	76.80
Employee contribution during the period	200.77	181.16
Assets transferred from/to other companies	(14.62)	(22.88)
Benefits Paid	(97.31)	(122.34)
Closing Fair Value of Plan Assets	2,004.57	1,687.15

Experience adjustments*

(₹ in crores)

	31 March, 2018	31 March, 2017	31 March, 2016	31 March, 2015	31 March, 2014
Defined Benefit Obligations	2,004.57	1,687.15	1,437.90	1,240.83	1,013.25
Plan Assets	2,004.57	1,687.15	1,437.90	1,240.83	1,013.25
Surplus/(Deficit)	-	-	-	-	-
Experience Adjustments on Plan Liabilities	12.10	20.83	12.08	(1.78)	53.03
Experience Adjustments on Plan Assets	(30.95)	0.58	(6.16)	(3.99)	41.42

* information provided to the extent available with the Bank

Major categories of plan assets (managed by Insurers) as a percentage of fair value of total plan assets

	31 March, 2018	31 March, 2017
	%	%
Government securities	53.75	53.74
Bonds, debentures and other fixed income instruments	42.16	43.47
Equity shares	3.79	1.66
Others	0.30	1.13

	31 March, 2018	31 March, 2017
Discount rate for the term of the obligation	7.95%	7.40%
Average historic yield on the investment portfolio	8.90%	9.11%
Discount rate for the remaining term to maturity of the investment portfolio	7.68%	6.93%
Expected investment return	9.17%	9.58%
Guaranteed rate of return	8.55%	8.65%

The contribution to the employee's provident fund (including Employee Pension Scheme) amounted to ₹148.98 crores (previous year ₹133.67crores) for the year.

Superannuation

The Bank contributed ₹15.91 crores (previous year ₹15.33 crores) to the employees' superannuation plan for the year.

National Pension Scheme (NPS)

During the year, the Bank has contributed ₹3.82 crores (previous year ₹2.45 crores) to the NPS for employees who had opted for the scheme.

Leave Encashment

The actuarial liability of compensated absences of accumulated privileged leave of the employees of the Bank is given below:

(₹ in crores)

	31 March, 2018	31 March, 2017
Actuarial Liability – Privilege Leave	243.82	247.46
Total Expense included in Schedule 16(I)	47.33	79.87
Assumptions		
Discount rate	7.95% p.a.	7.40% p.a.
Salary escalation rate	7.00% p.a.	7.00% p.a.

Gratuity

The following tables summarise the components of net benefit expenses recognised in the Profit and Loss Account and funded status and amounts recognised in the Balance Sheet for the Gratuity benefit plan.

Profit and Loss Account

Net employee benefit expenses (recognised in payments to and provisions for employees)

(₹ in crores)

	31 March, 2018	31 March, 2017
Current Service Cost	39.07	32.54
Interest on Defined Benefit Obligation	22.81	20.15
Expected Return on Plan Assets	(21.68)	(18.07)
Net Actuarial Losses/(Gains) recognised in the year	(16.24)	25.32
Past Service Cost	28.33	-
Total included in "Employee Benefit Expense" [Schedule 16(I)]	52.29	59.94
Actual Return on Plan Assets	26.27	16.44

Balance Sheet

Details of provision for gratuity

(₹ in crores)

	31 March, 2018	31 March, 2017
Fair Value of Plan Assets	323.72	279.65
Present Value of Funded Obligations	(342.56)	(284.83)
Net Asset	(18.84)	(5.18)
Amounts in Balance Sheet		
Liabilities	(18.84)	5.18
Assets	-	-
Net Asset (included under Schedule 11 – Other Assets)	(18.84)	(5.18)

Changes in the present value of the defined benefit obligation are as follows:

(₹ in crores)

	31 March, 2018	31 March, 2017
Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	284.83	232.55
Current Service Cost	39.07	32.54
Interest Cost	22.81	20.15
Actuarial Losses/(Gains)	(11.65)	23.68
Past service cost	28.33	-
Benefits Paid	(20.83)	(24.09)
Closing Defined Benefit Obligation	342.56	284.83

Changes in the fair value of plan assets are as follows:

(₹ in crores)

	31 March, 2018	31 March, 2017
Change in the Fair Value of Assets		
Opening Fair Value of Plan Assets	279.65	232.56
Expected Return on Plan Assets	21.68	18.07
Actuarial Gains/(Losses)	4.59	(1.64)
Contributions by Employer	38.63	54.75
Benefits Paid	(20.83)	(24.09)
Closing Fair Value of Plan Assets	323.72	279.65

Experience adjustments

(₹ in crores)

	31 March, 2018	31 March, 2017	31 March, 2016	31 March, 2015	31 March, 2014
Defined Benefit Obligations	342.56	284.83	232.55	206.96	157.72
Plan Assets	323.72	279.65	232.56	209.49	163.35
Surplus/(Deficit)	(18.84)	(5.18)	0.01	2.53	5.63
Experience Adjustments on Plan Liabilities	4.39	6.64	2.78	1.06	7.67
Experience Adjustments on Plan Assets	4.59	(1.64)	(5.36)	1.27	2.33

Major categories of plan assets (managed by Insurers) as a percentage of fair value of total plan assets

	31 March, 2018	31 March, 2017
	%	%
Government securities	49.04	37.30
Bonds, debentures and other fixed income instruments	28.81	47.98
Money market instruments	19.71	8.66
Equity shares	2.22	3.52
Others	0.22	2.54

Principal actuarial assumptions at the Balance Sheet date:

	31 March, 2018	31 March, 2017
Discount Rate	7.95% p.a.	7.40% p.a.
Expected Rate of Return on Plan Assets	7.50% p.a.	7.50% p.a.
Salary Escalation Rate	7.00% p.a.	7.00% p.a.
Employee Turnover - 18 to 30 (age in years)	20.00%	20.00%
- 31 to 44 (age in years)	10.00%	10.00%
- 45 to 59 (age in years)	5.00%	5.00%

The estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors.

The expected rate of return on plan assets is based on the average long-term rate of return expected on investments of the Fund during the estimated term of the obligations.

As the contribution expected to be paid to the plan during the annual period beginning after the balance sheet date is based on various internal/external factors, a best estimate of the contribution is not determinable.

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

2.2.12 Provisions and contingencies

a) Movement in provision for frauds included under other liabilities is set out below:

(₹ in crores)

	31 March, 2018	31 March, 2017
Opening balance at the beginning of the year	59.40	39.82
Additions during the year	2.00	23.47
Reductions on account of payments during the year	(0.15)	-
Reductions on account of reversals during the year	(0.27)	(3.89)
Closing balance at the end of the year	60.98	59.40

b) Other liabilities include provision for reward points made on actuarial basis, the movement of which is set out below:

(₹ in crores)

	31 March, 2018	31 March, 2017
Opening provision at the beginning of the year	110.45	127.38
Provision made during the year	89.05	32.17
Reductions during the year	(55.56)	(49.10)
Closing provision at the end of the year	143.94	110.45

c) Movement in provision for other contingencies is set out below:

(₹ in crores)

	31 March, 2018	31 March, 2017
Opening provision at the beginning of the year	595.62	539.09
Provision made during the year	342.25	1,036.59
Reductions during the year	(787.21)	(980.06)
Closing provision at the end of the year	150.66	595.62

The above provision includes contingent provision for advances/other exposures, legal cases and other contingencies.

2.2.13 Small and Micro Industries

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from 2 October, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. There have been no reported cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments. The above is based on the information available with the Bank which has been relied upon by the auditors.

2.2.14 Corporate Social Responsibility (CSR)

a) Amount required to be spent by the Bank on CSR during the year ₹186.82 crores (previous year ₹196.44 crores).

b) Amount spent towards CSR during the year and recognized as expense in the statement of profit and loss on CSR related activities is ₹133.77 crores (previous year ₹135.39 crores), which comprise of following -

(₹ in crores)

	31 March, 2018			31 March, 2017		
	In cash	Yet to be paid in cash (i.e. provision)	Total	In cash	Yet to be paid in cash (i.e. provision)	Total
Construction/ acquisition of any asset	2.22	-	2.22	2.80	10.40	13.20
On purpose other than above	124.28	7.27	131.55	106.78	15.41	122.19

2.2.15 Description of contingent liabilities

a) Claims against the Bank not acknowledged as debts

These represent claims filed against the Bank in the normal course of business relating to various legal cases currently in progress. These also include demands raised by income tax authorities and disputed by the Bank. Apart from claims assessed as possible, the Bank holds provision of ₹42.70 crores as on 31 March, 2018 (previous year ₹26.23 crores) towards claims assessed as probable.

b) Liability for partly paid investments

This represents amounts remaining unpaid towards liability for partly paid investments.

c) Liability on account of forward exchange and derivative contracts

The Bank enters into foreign exchange contracts, currency options/swaps, interest rate/currency futures and forward rate agreements on its own account and for customers. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate. Currency swaps are commitments to exchange cash flows by way of interest/principal in two currencies, based on ruling spot rates. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows. Interest rate futures are standardised, exchange-traded contracts that represent a pledge to undertake a certain interest rate transaction at a specified price, on a specified future date. Forward rate agreements are agreements to pay or receive a certain sum based on a differential interest rate on a notional amount for an agreed period. A foreign currency option is an agreement between two parties in which one grants to the other the right to buy or sell a specified amount of currency at a specific price within a specified time period or at a specified future time. An Exchange Traded Currency Option contract is a standardised foreign exchange derivative contract, which gives the owner the right, but not the obligation, to exchange money denominated in one currency into another currency at a pre-agreed exchange rate on a specified date on the date of expiry. Currency Futures contract is a standardised, exchange-traded contract, to buy or sell a certain underlying currency at a certain date in the future, at a specified price.

d) Guarantees given on behalf of constituents

As a part of its banking activities, the Bank issues guarantees on behalf of its customers to enhance their credit standing. Guarantees represent irrevocable assurances that the Bank will make payments in the event of the customer failing to fulfill its financial or performance obligations.

e) Acceptances, endorsements and other obligations

These include documentary credit issued by the Bank on behalf of its customers and bills drawn by the Bank's customers that are accepted or endorsed by the Bank.

f) Other items

Other items represent outstanding amount of bills rediscounted by the Bank, estimated amount of contracts remaining to be executed on capital account, notional principal on account of outstanding Tom/Spot foreign exchange contracts, commitments towards underwriting and investment in equity through bids under Initial Public Offering (IPO) of corporates as at the year end, demands raised by statutory authorities (other than income tax) and disputed by the Bank and amount transferred to Depositor Education and Awareness Fund (DEAF).

The Bank, through one of its overseas branches, had arranged Trade Credit (Buyers Credit loans) against Letters of Undertaking (LOUs) issued by Punjab National Bank (PNB), which were subsequently alleged as fraudulent by PNB. Prior to this declaration by PNB, such buyer's credit loans were sold down in the secondary market by the overseas branch to various participating banks under Risk Participation Agreements. As on 31 March, 2018, there is no funded exposure outstanding in the overseas branch pursuant to such sell down. PNB has repaid the aggregate amount of all LOUs due upto 31 March 2018, pursuant to an undertaking issued to PNB, and made remittance to the overseas branch which has been passed on for onward payment to the participating banks. Based on the facts and circumstances of the case, internal findings and legal opinion, the Bank does not expect PNB has any valid right at this point in time, for refund by the Bank of the aggregate amount paid by PNB towards LOUs due upto 31 March, 2018 . However, as a matter of prudence, the aggregate amount of LOUs issued by PNB to the overseas branch against which buyer's credit was extended, aggregating to ₹3,847.26 crores has been disclosed as part of Contingent Liabilities in the Balance Sheet.

The Bank has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Bank has reviewed and recorded adequate provision as required under any law/ accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) in the books of account and disclosed the same under the relevant notes in the financial statements, where applicable.

2.2.16 Previous year figures have been regrouped and reclassified, where necessary to conform to current year's presentation.

For Axis Bank Ltd.

Sanjiv Misra
Chairman

	Samir K. Barua Director	S. Vishvanathan Director	Rakesh Makhija Director	Shikha Sharma Managing Director & CEO
Date : 26 April, 2018 Place: Mumbai	Girish V. Koliyote Company Secretary	Jairam Sridharan Chief Financial Officer	V. Srinivasan Deputy Managing Director	

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INDEPENDENT AUDITOR'S REPORT

To the Members of Axis Bank Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Axis Bank Limited (hereinafter referred to as "the Bank"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the consolidated Balance Sheet as at March 31, 2018, the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Bank's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, the Companies (Accounting Standards) Amendment Rules, 2016, the provisions of Section 29 of the Banking Regulation Act,1949 and the circulars, guidelines and directions issued by the Reserve Bank of India ('RBI') from time to time. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Bank, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Bank's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Bank's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group, as at March 31, 2018, their consolidated profit, and their consolidated cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by section 143 (3) of the Act, we report, to the extent applicable, that:

(a) The other auditors whose reports we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;

(b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;

(c) The consolidated Balance Sheet, consolidated Statement of Profit and Loss, and consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;

(d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016;

(e) On the basis of the written representations received from the directors of the Bank as on March 31, 2018 taken on record by the Board of Directors of the Bank and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies incorporated in India, none of the directors of the Group's companies, incorporated in India is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Bank and its subsidiary companies incorporated in India, refer to our separate report in "Annexure 1" to this report;

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group - Refer Schedule 12.I, 18.2.1.14 (a) and 18.2.1.14 (f) to the consolidated financial statements;
   ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Schedule 18.2.1.14 (f) to the consolidated financial statements in respect of such items as it relates to the Group; and
   iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Bank its subsidiaries, incorporated in India during the year ended March 31, 2018.

Other Matter

(a) The accompanying consolidated financial statements include total assets of Rs.8,628 crores as at March 31, 2018, and total revenues and net cash inflows of Rs.1,464 crores and Rs.112 crores respectively for the year ended on that date, in respect of subsidiaries, which have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion, in so far as it relates amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of such other auditors.

Our opinion above on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements above, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements.

For **S.R. Batliboi & CO. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Viren H. Mehta
Partner
Membership Number: 048749
Place of Signature: Mumbai
Date: 16 May 2018

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DA`TE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF AXIS BANK LIMTED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

To the Members of Axis Bank Limited

In conjunction with our audit of the consolidated financial statements of Axis Bank Limited as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of Axis Bank Limited (hereinafter referred to as the "Bank") and its subsidiary companies, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Bank, its subsidiary companies which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act, in so far as they apply to the Bank and Guideline issued by the Reserve Bank of India

Auditor's Responsibility

Our responsibility is to express an opinion on the Bank's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note") and the Standards on Auditing, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Bank, its subsidiaries, which are companies incorporated in India, has maintained in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note.

Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting of the Bank, insofar as it relates to 3 subsidiaries companies which are incorporated in India, is based on the corresponding report of the auditor of such subsidiary incorporated in India.

For S.R. Batliboi & CO. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Viren H. Mehta
Partner
Membership Number: 048749
Place of Signature: Mumbai
Date: 16 May 2018

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH, 2018

(₹ in Thousands)

	Schedule No.	As at 31-03-2018	As at 31-03-2017
Capital and Liabilities			
Capital	1	5,133,078	4,790,072
Reserves & Surplus	2	636,941,012	559,013,433
Minority Interest	2A	695,129	613,066
Deposits	3	4,556,577,642	4,149,826,752
Borrowings	4	1,557,670,924	1,124,547,615
Other Liabilities and Provisions	5	280,015,886	275,829,172
Total		7,037,033,671	6,114,620,110
Assets			
Cash and Balances with Reserve Bank of India	6	354,810,648	308,579,478
Balances with Banks and Money at Call and Short Notice	7	84,297,483	201,081,701
Investments	8	1,530,367,120	1,290,183,496
Advances	9	4,498,436,451	3,811,646,673
Fixed Assets	10	40,488,204	38,102,336
Other Assets	11	528,633,765	465,026,426
Total		7,037,033,671	6,114,620,110
Contingent Liabilities	12	7,391,397,673	6,731,485,692
Bills for Collection		495,656,026	810,553,648
Significant Accounting Policies and Notes to Accounts	17 & 18		
Schedules referred to above form an integral part of the Consolidated Balance Sheet			

In terms of our report attached.

For Axis Bank Ltd.

For S. R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

Sanjiv Misra
Chairman

Viren H. Mehta
Partner

Samir K. Barua
Director

S. Vishvanathan
Director

Rakesh Makhija
Director

Shikha Sharma
Managing Director & CEO

Date : 16 May, 2018
Place: Mumbai

Girish V. Koliyote
Company Secretary

Jairam Sridharan
Chief Financial Officer

V. Srinivasan
Deputy Managing Director

B. Baburao
Director

CONSOLIDATED PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH, 2018

(₹ in Thousands)

		Schedule No.	Year ended 31-03-2018	Year ended 31-03-2017
I	**Income**			
	Interest earned	13	466,140,592	451,750,929
	Other income	14	118,626,154	124,216,034
	Total		584,766,746	575,966,963
II	**Expenditure**			
	Interest expended	15	276,036,927	267,893,474
	Operating expenses	16	147,883,644	127,256,277
	Provisions and contingencies	18 (2.1.1)	156,205,947	141,146,907
	Total		580,126,518	536,296,658
III	**Net Profit For The Year**		4,640,228	39,670,305
	Minority interest		(82,063)	(140,020)
IV	**Consolidated Net Profit Attributable To Group**		4,558,165	39,530,285
	Balance in Profit & Loss Account brought forward from previous year		248,815,549	240,026,960
V	**Amount Available For Appropriation**		253,373,714	279,557,245
VI	**Appropriations:**			
	Transfer to Statutory Reserve		689,203	9,198,198
	Transfer to Reserve Fund u/s 45 IC of RBI Act, 1934		418,800	330,600
	Transfer to/(from) Investment Reserve		1,034,894	(871,671)
	Transfer to Capital Reserve		1,016,558	7,555,740
	Transfer to General Reserve		80,595	68,737
	Transfer to/(from) Reserve Fund		16,158	17,522
	Dividend paid (includes tax on dividend)	18 (2.1.6)	14,574,034	14,442,570
	Balance in Profit & Loss Account carried forward		235,543,472	248,815,549
	Total		253,373,714	279,557,245
VII	**Earnings Per Equity Share**	18 (2.1.4)		
	(Face value ₹2/- per share) (Rupees)			
	Basic		1.86	16.54
	Diluted		1.86	16.48
	Significant Accounting Policies and Notes to Accounts	17 & 18		
	Schedules referred to above form an integral part of the Consolidated Profit and Loss Account			

In terms of our report attached.

For Axis Bank Ltd.

For S. R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

Sanjiv Misra
Chairman

Viren H. Mehta
Partner

Samir K. Barua
Director

S. Vishvanathan
Director

Rakesh Makhija
Director

Shikha Sharma
Managing Director & CEO

Date : 16 May, 2018
Place: Mumbai

Girish V. Koliyote
Company Secretary

Jairam Sridharan
Chief Financial Officer

V. Srinivasan
Deputy Managing Director

B. Baburao
Director

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH, 2018

(₹ in Thousands)

	Year ended 31-03-2018	Year ended 31-03-2017
Cash flow from operating activities		
Net profit before taxes	5,576,753	59,398,037
Adjustments for:		
Depreciation on fixed assets	5,905,799	5,266,715
Depreciation on investments	(2,076,781)	2,441,831
Amortisation of premium on Held to Maturity investments	2,853,172	1,401,509
Provision for Non Performing Assets (including bad debts)	166,305,686	111,570,646
Provision on standard assets	(1,243,679)	3,643,427
(Profit)/Loss on sale of fixed assets (net)	167,090	38,846
Provision for country risk	(199,434)	199,434
Provision for restructured assets/strategic debt restructuring	(3,071,587)	2,905,233
Provision on unhedged foreign currency exposure	(93,000)	(138,800)
Provision for other contingencies	(4,433,847)	657,383
	169,690,172	187,384,261
Adjustments for:		
(Increase)/Decrease in investments	(77,302,723)	126,928,387
(Increase)/Decrease in advances	(833,046,826)	(465,397,348)
Increase /(Decrease) in deposits	406,750,890	566,804,821
(Increase)/Decrease in other assets	20,390,878	(102,041,288)
Increase/(Decrease) in other liabilities & provisions	(37,559,206)	61,623,469
Direct taxes paid	(32,826,167)	(53,216,114)
Net cash flow from operating activities	(383,902,982)	322,086,188
Cash flow from investing activities		
Purchase of fixed assets	(8,549,837)	(7,737,105)
(Increase)/Decrease in Held to Maturity investments	(88,085,436)	(116,759,648)
Purchase of Freecharge business	(3,954,556)	-
Proceeds from sale of fixed assets	120,499	65,195
Net cash used in investing activities	(100,469,330)	(124,431,558)

(₹ in Thousands)

	Year ended 31-03-2018	Year ended 31-03-2017
Cash flow from financing activities		
Proceeds from issue of subordinated debt, perpetual debt & upper Tier II instruments (net of repayment)	81,109,364	55,458,748
Increase/(Decrease) in borrowings (excluding subordinated debt, perpetual debt & upper Tier II instruments)	258,473,945	(69,388,454)
Proceeds from issue of share capital	343,006	24,409
Proceeds from share premium (net of share issue expenses)	87,986,544	3,256,270
Payment of dividend	(14,574,034)	(14,442,570)
Increase in minority interest	82,063	222,520
Net cash generated from financing activities	413,420,888	(24,869,077)
Effect of exchange fluctuation translation reserve	(43,096)	(152,465)
Net cash and cash equivalents taken over on acquisition of Freecharge Business	441,472	-
Net increase in cash and cash equivalents	(70,553,048)	172,633,088
Cash and cash equivalents at the beginning of the year	509,661,179	337,028,091
Cash and cash equivalents at the end of the year	439,108,131	509,661,179
Notes to the Cash Flow Statement:		
1. Cash and cash equivalents includes the following		
Cash and Balances with Reserve Bank of India (Refer Schedule 6)	354,810,648	308,579,478
Balances with Banks and Money at Call and Short Notice (Refer Schedule 7)	84,297,483	201,081,701
Cash and cash equivalents at the end of the year	439,108,131	509,661,179

In terms of our report attached.

For Axis Bank Ltd.

For S. R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

Sanjiv Misra
Chairman

Viren H. Mehta
Partner

Samir K. Barua
Director

S. Vishvanathan
Director

Rakesh Makhija
Director

Shikha Sharma
Managing Director & CEO

Date : 16 May, 2018
Place: Mumbai

Girish V. Koliyote
Company Secretary

Jairam Sridharan
Chief Financial Officer

V. Srinivasan
Deputy Managing Director

B. Baburao
Director

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH, 2018

Schedule 1 - Capital

(₹ in Thousands)

	As at 31-03-2018	As at 31-03-2017
Authorised Capital		
4,250,000,000 (Previous year - 4,250,000,000) Equity Shares of ₹2/- each	8,500,000	8,500,000
Issued, Subscribed and Paid-up capital		
2,566,538,936 (Previous year - 2,395,036,109) Equity Shares of ₹2/- each fully paid-up [refer Schedule 18 (1) (a)]	5,133,078	4,790,072

Schedule 2 - Reserves and Surplus

(₹ in Thousands)

		As at 31-03-2018	As at 31-03-2017
I.	**Statutory Reserve**		
	Opening Balance	115,070,523	105,872,325
	Additions during the year	689,203	9,198,198
		115,759,726	115,070,523
II.	**Share Premium Account**		
	Opening Balance	170,128,129	166,871,859
	Additions during the year	88,122,658	3,256,270
	Less: Share issue expenses	(136,114)	-
		258,114,673	170,128,129
III.	**Investment Reserve Account**		
	Opening Balance	-	871,671
	Additions during the year	1,034,894	-
	Deductions during the year	-	(871,671)
		1,034,894	-
IV.	**General Reserve**		
	Opening Balance	3,863,574	3,794,837
	Additions during the year	80,595	68,737
		3,944,169	3,863,574
V.	**Capital Reserve**		
	Opening Balance	18,656,395	11,100,655
	Additions during the year	1,016,558	7,555,740
		19,672,953	18,656,395
VI.	**Foreign Currency Translation Reserve** [Refer Schedule 17 (4.5)]		
	Opening Balance	1,563,747	1,716,212
	Additions during the year	-	-
	Deductions during the year	(43,096)	(152,465)
		1,520,651	1,563,747
VII.	**Reserve Fund**		
	Opening Balance	58,816	41,294
	Additions during the year	16,158	17,522
		74,974	58,816
VIII.	**Reserve Fund u/s 45 IC of RBI Act, 1934**		
	Opening Balance	856,700	526,100
	Additions during the year	418,800	330,600
		1,275,500	856,700
IX.	**Balance in Profit & Loss Account**	235,543,472	248,815,549
	Total	636,941,012	559,013,433

Schedule 2A - Minority Interest

(₹ in Thousands)

		As at 31-03-2018	As at 31-03-2017
I.	**Minority Interest**		
	Opening Balance	613,066	390,546
	Increase during the year	82,063	222,520
	Closing Minority Interest	695,129	613,066

Schedule 3 - Deposits

(₹ in Thousands)

				As at 31-03-2018	As at 31-03-2017
A.	I.	Demand Deposits			
		(i)	From banks	58,788,628	47,922,195
		(ii)	From others	896,457,745	817,318,279
	II.	Savings Bank Deposits		1,482,021,884	1,260,484,706
	III.	Term Deposits			
		(i)	From banks	125,623,957	112,242,565
		(ii)	From others	1,993,685,428	1,911,859,007
	Total			4,556,577,642	4,149,826,752
B.	I.	Deposits of branches in India		4,509,338,193	4,100,577,380
	II.	Deposits of branches/subsidiaries outside India		47,239,449	49,249,372
	Total			4,556,577,642	4,149,826,752

Schedule 4 - Borrowings

(₹ in Thousands)

			As at 31-03-2018	As at 31-03-2017
I.	Borrowings in India			
	(i)	Reserve Bank of India	61,000,000	-
	(ii)	Other banks#	25,850,612	39,285,727
	(iii)	Other institutions & agencies**	720,233,294	513,644,605
II.	Borrowings outside India$		750,587,018	571,617,283
	Total		1,557,670,924	1,124,547,615
	Secured borrowings included in I & II above		90,657,346	30,134,771

Borrowings from other banks include Subordinated Debt of ₹35.60 crores (previous year ₹35.00 crores) in the nature of Non-Convertible Debentures and Perpetual Debt of ₹50.00 crores (previous year Nil) [Also refer Note 18 (2.1.2)]

** Borrowings from other institutions & agencies include Subordinated Debt of ₹21,669.40 crores (previous year ₹16,370.00 crores) in the nature of Non-Convertible Debentures and Perpetual Debt of ₹6,950.00 crores (previous year ₹3,500.00 crores) [Also refer Note 18 (2.1.2)]

$ Borrowings outside India include Upper Tier II instruments of Nil (previous year ₹389.06 crores) [Also refer Note 18 (2.1.2)]

Schedule 5 - Other Liabilities and Provisions

(₹ in Thousands)

		As at 31-03-2018	As at 31-03-2017
I.	Bills payable	49,175,679	39,525,430
II.	Inter-office adjustments (net)	-	-
III.	Interest accrued	32,174,199	20,893,390
IV.	Proposed dividend (includes tax on dividend) [Refer Schedule 18 (2.1.6)]	-	-
V.	Contingent provision against standard assets	22,482,485	23,678,835
VI.	Others (including provisions)	176,183,523	191,731,517
	Total	280,015,886	275,829,172

Schedule 6 - Cash and Balances with Reserve Bank of India

(₹ in Thousands)

		As at 31-03-2018	As at 31-03-2017
I.	Cash in hand (including foreign currency notes)	52,580,423	63,579,242
II.	Balances with Reserve Bank of India:		
	(i) in Current Account	208,230,225	183,000,236
	(ii) in Other Accounts	94,000,000	62,000,000
	Total	354,810,648	308,579,478

Schedule 7 - Balances with Banks and Money at Call and Short Notice

(₹ in Thousands)

		As at 31-03-2018	As at 31-03-2017
I.	In India		
	(i) Balance with Banks		
	(a) in Current Accounts	1,313,367	2,250,573
	(b) in Other Deposit Accounts	33,925,743	21,371,450
	(ii) Money at Call and Short Notice		
	(a) With banks	-	-
	(b) With other institutions	-	143,221,546
	Total	35,239,110	166,843,569
II.	Outside India		
	(i) in Current Accounts	24,898,340	12,531,206
	(ii) in Other Deposit Accounts	8,409,416	14,755,151
	(iii) Money at Call & Short Notice	15,750,617	6,951,775
	Total	49,058,373	34,238,132
	Grand Total (I+II)	84,297,483	201,081,701

Schedule 8 - Investments

(₹ in Thousands)

			As at 31-03-2018	As at 31-03-2017
I.	**Investments in India in -**			
	(i)	Government Securities##	1,013,546,179	905,980,625
	(ii)	Other approved securities	-	-
	(iii)	Shares	15,255,309	13,228,030
	(iv)	Debentures and Bonds	306,537,689	265,277,040
	(v)	Investment in Joint Ventures	-	-
	(vi)	Others (Mutual Fund units, CD/CP, PTC etc.)	156,958,643	69,969,442
	Total Investments in India		1,492,297,820	1,254,455,137
II.	**Investments outside India in -**			
	(i)	Government Securities (including local authorities)	29,224,533	26,340,917
	(ii)	Subsidiaries and/or joint ventures abroad	-	-
	(iii)	Others (Equity Shares and Bonds)	8,844,767	9,387,442
	Total Investments outside India		38,069,300	35,728,359
	Grand Total (I+II)		1,530,367,120	1,290,183,496

\## Includes securities costing ₹27,588.43 crores (previous year ₹27,179.69 crores) pledged for availment of fund transfer facility, clearing facility and margin requirements

Schedule 9 - Advances

(₹ in Thousands)

					As at 31-03-2018	As at 31-03-2017
A.	(i)	Bills purchased and discounted			128,131,247	67,496,591
	(ii)	Cash credits, overdrafts and loans repayable on demand			1,374,894,067	1,043,804,891
	(iii)	Term loans#			2,995,411,137	2,700,345,191
		Total			4,498,436,451	3,811,646,673
B.	(i)	Secured by tangible assets$			3,196,305,855	2,913,893,698
	(ii)	Covered by Bank/Government Guarantees&&			40,004,436	66,920,973
	(iii)	Unsecured			1,262,126,160	830,832,002
		Total			4,498,436,451	3,811,646,673
C.	I.	Advances in India				
		(i)	Priority Sector		986,081,073	938,737,979
		(ii)	Public Sector		48,271,057	29,134,862
		(iii)	Banks		30,575,770	5,612,644
		(iv)	Others		2,851,146,051	2,317,656,723
		Total			3,916,073,951	3,291,142,208
	II.	Advances Outside India				
		(i)	Due from banks		78,991,174	26,861,261
		(ii)	Due from others -			
			(a)	Bills purchased and discounted	32,721,313	25,448,317
			(b)	Syndicated loans	89,146,565	103,681,545
			(c)	Others	381,503,448	364,513,342
		Total			582,362,500	520,504,465
		Grand Total [CI+CII]			4,498,436,451	3,811,646,673

\# Net of borrowings under Inter Bank Participation Certificate (IBPC) ₹1,399.00 crores (previous year Nil), includes lending under IBPC ₹1,303.32 crores (previous year Nil)

$ Includes advances against book debts

&& Includes advances against L/Cs issued by banks

Schedule 10 - Fixed Assets

(₹ in Thousands)

		As at 31-03-2018	As at 31-03-2017
I.	**Premises**		
	Gross Block		
	At cost at the beginning of the year	18,331,432	18,289,915
	Additions during the year	-	41,517
	Deductions during the year	-	-
	Total	18,331,432	18,331,432
	Depreciation		
	As at the beginning of the year	1,165,371	860,688
	Charge for the year	304,680	304,683
	Deductions during the year	-	-
	Depreciation to date	1,470,051	1,165,371
	Net Block	16,861,381	17,166,061
II.	**Other fixed assets (including furniture & fixtures)**		
	Gross Block		
	At cost at the beginning of the year	47,067,750	40,692,916
	Additions on acquisition	100,697	-
	Additions during the year	7,947,792	6,933,777
	Deductions during the year	(1,204,850)	(558,943)
	Total	53,911,389	47,067,750
	Depreciation		
	As at the beginning of the year	29,052,426	24,543,452
	Additions on acquisition	54,155	-
	Charge for the year	5,601,119	4,962,032
	Deductions during the year	(905,216)	(453,058)
	Depreciation to date	33,802,484	29,052,426
	Net Block	20,108,905	18,015,324
III.	**Capital Work-in-Progress (including capital advances)**	3,517,918	2,920,951
	Grand Total (I+II+III)	40,488,204	38,102,336

Schedule 11 - Other Assets

(₹ in Thousands)

		As at 31-03-2018	As at 31-03-2017
I.	Inter-office adjustments (net)	-	-
II.	Interest Accrued	56,936,207	52,743,566
III.	Tax paid in advance/tax deducted at source (net of provisions)	18,590,140	5,279,496
IV.	Stationery and stamps	3,829	19,790
V.	Non banking assets acquired in satisfaction of claims	22,086,151	22,086,151
VI.	Others #@$	431,017,438	384,897,423
	Total	528,633,765	465,026,426

Includes deferred tax assets of ₹6,911.32 crores (previous year ₹5,071.86 crores) [Refer Schedule 18 (2.1.11)]

@ Includes Priority Sector Shortfall Deposits of ₹21,479.30 crores (previous year ₹17,107.12 crores)

$ Includes goodwill on consolidation of ₹293.01 crores (previous year Nil) [Refer Schedule 18 (1) (b)]

Schedule 12 - Contingent Liabilities

(₹ in Thousands)

		As at 31-03-2018	As at 31-03-2017
I.	Claims against the Group not acknowledged as debts	5,219,729	4,753,308
II.	Liability for partly paid investments	216,000	-
III.	Liability on account of outstanding forward exchange and derivative contracts :		
	a) Forward Contracts	3,148,018,991	2,681,952,184
	b) Interest Rate Swaps, Currency Swaps, Forward Rate Agreement & Interest Rate Futures	1,991,159,249	2,031,704,307
	c) Foreign Currency Options	593,425,899	493,833,247
	Total (a+b+c)	5,732,604,139	5,207,489,738
IV.	Guarantees given on behalf of constituents		
	In India	762,933,313	763,736,463
	Outside India	86,944,398	47,592,829
V.	Acceptances, endorsements and other obligations	324,145,235	335,475,904
VI.	Other items for which the Group is contingently liable	479,334,859	372,437,450
	Grand Total (I+II+III+IV+V+VI) [Refer Schedule 18 (2.1.14)]	7,391,397,673	6,731,485,692

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH, 2018

Schedule 13 - Interest Earned

(₹ in Thousands)

		Year ended 31-03-2018	Year ended 31-03-2017
I.	Interest/discount on advances/bills	349,097,316	336,946,444
II.	Income on investments	100,199,824	96,749,715
III.	Interest on balances with Reserve Bank of India and other inter-bank funds	3,910,598	5,057,855
IV.	Others	12,932,854	12,996,915
	Total	466,140,592	451,750,929

Schedule 14 - Other Income

(₹ in Thousands)

		Year ended 31-03-2018	Year ended 31-03-2017
I.	Commission, exchange and brokerage	87,962,084	78,897,946
II.	Profit/(Loss) on sale of investments (net)	13,648,999	32,285,565
III.	Profit/(Loss) on sale of fixed assets (net)	(167,089)	(38,846)
IV.	Profit on exchange/derivative transactions (net)	14,636,525	10,890,953
V.	Income earned by way of dividends etc. from subsidiaries/companies and/or joint venture abroad/in India	-	-
VI.	Miscellaneous Income [including recoveries on account of advances/investments written off in earlier years ₹182.92 crores (previous year ₹181.89 crores) and profit on account of portfolio sell downs/securitisation ₹20.50 crores (previous year net profit of ₹3.79 crores)]	2,545,635	2,180,416
	Total	118,626,154	124,216,034

Schedule 15 - Interest Expended

(₹ in Thousands)

		Year ended 31-03-2018	Year ended 31-03-2017
I.	Interest on deposits	191,943,949	196,406,526
II.	Interest on Reserve Bank of India/Inter-bank borrowings	18,600,259	18,800,730
III.	Others	65,492,719	52,686,218
	Total	276,036,927	267,893,474

Schedule 16 - Operating Expenses

(₹ in Thousands)

		Year ended 31-03-2018	Year ended 31-03-2017
I.	Payments to and provisions for employees	54,144,397	47,420,971
II.	Rent, taxes and lighting	10,342,353	9,599,482
III.	Printing and stationery	1,694,433	1,895,987
IV.	Advertisement and publicity	1,663,688	1,411,326
V.	Depreciation on Group's property	5,905,799	5,266,715
VI.	Directors' fees, allowance and expenses	35,374	33,774
VII.	Auditors' fees and expenses	30,140	27,710
VIII.	Law charges	201,921	110,127
IX.	Postage, telegrams, telephones etc.	3,286,013	3,197,397
X.	Repairs and maintenance	8,780,643	8,805,331
XI.	Insurance	5,544,398	5,022,726
XII.	Other expenditure	56,254,485	44,464,731
	Total	147,883,644	127,256,277

17 SIGNIFICANT ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 MARCH, 2018

1 Principles of Consolidation

The consolidated financial statements comprise the financial statements of Axis Bank Limited ('the Bank') and its subsidiaries, which together constitute 'the Group'. The Bank has overseas branches at Singapore, Hong Kong, DIFC - Dubai, Shanghai and Colombo. During the year, the Bank opened an Offshore Banking Unit at International Financial Service Centre (IFSC), Gujarat International Finance Tec-City (GIFT City), Gandhinagar, India.

The Bank consolidates its subsidiaries in accordance with AS 21, Consolidated Financial Statements notified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 on a line-by-line basis by adding together the like items of assets, liabilities, income and expenditure. All significant inter-company accounts and transactions are eliminated on consolidation.

2 Basis of preparation

a) The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting in accordance with the generally accepted accounting principles in India to comply with the statutory requirements prescribed under the Banking Regulation Act, 1949, the circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time and the Accounting Standards notified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 to the extent applicable and practices generally prevalent in the banking industry in India.

b) The consolidated financial statements present the accounts of Axis Bank Limited with its following subsidiaries:

Name	Relation	Country of Incorporation	Ownership Interest
Axis Capital Ltd.	Subsidiary	India	100.00%
Axis Private Equity Ltd.	Subsidiary	India	100.00%
Axis Trustee Services Ltd.	Subsidiary	India	100.00%
Axis Mutual Fund Trustee Ltd.	Subsidiary	India	75.00%
Axis Asset Management Company Ltd.	Subsidiary	India	75.00%
Axis Finance Ltd.	Subsidiary	India	100.00%
Axis Securities Ltd.	Subsidiary	India	100.00%
Freecharge Payment Technologies Pvt. Ltd.	Subsidiary	India	100.00%
Accelyst Solutions Pvt. Ltd.	Subsidiary	India	100.00%
A.Treds Ltd.	Subsidiary	India	67.00%
Axis Bank UK Ltd.	Subsidiary	U.K.	100.00%
Axis Capital USA LLC	Step down subsidiary	USA	100.00%

c) The audited financial statements of the above subsidiaries and the unaudited financial statements of the step down subsidiary have been drawn up to the same reporting date as that of the Bank, i.e. 31 March, 2018.

d) Axis Securities Europe Ltd., a wholly owned subsidiary of the Bank, has been liquidated during the year ended 31 March, 2018.

e) Axis Private Equity Ltd., is in the process of amalgamation with Axis Finance Ltd. and has submitted application for amalgamation before the National Company Law Tribunal on 13 October, 2017.

f) On 27 March, 2018, the Board of Directors of Accelyst Solutions Pvt. Ltd ('ASPL') and Freecharge Payment Technologies Pvt. Ltd. ('FCPTL') approved a scheme for amalgamation of ASPL into and with FCPTL. ASPL and FCPTL have submitted applications for amalgamation before the National Company Law Tribunal. The appointed date for amalgamation is 7 October, 2017 and the effect of merger will be given on this date.

3 Use of estimates

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

4 Significant accounting policies

4.1 Investments

Axis Bank Ltd.

Classification

In accordance with the RBI guidelines, investments are classified at the time of purchase as:

- Held for Trading ('HFT');
- Available for Sale ('AFS'); and
- Held to Maturity ('HTM').

Investments that are held principally for sale within a short period are classified as HFT securities. As per the RBI guidelines, HFT securities, which remain unsold for a period of 90 days are reclassified as AFS securities.

Investments that the Bank intends to hold till maturity are classified under the HTM category. Investments in the equity of subsidiaries/joint ventures are categorised as HTM in accordance with the RBI guidelines.

All other investments are classified as AFS securities.

However, for disclosure in the Balance Sheet, investments in India are classified under six categories - Government Securities, Other approved securities, Shares, Debentures and Bonds, Investment in Subsidiaries/Joint Ventures and Others.

Investments made outside India are classified under three categories - Government Securities, Subsidiaries and/or Joint Ventures abroad and Others.

Transfer of security between categories

Transfer of security between categories of investments is accounted as per the RBI guidelines.

Acquisition cost

Costs including brokerage and commission pertaining to investments, paid at the time of acquisition, are charged to the Profit and Loss Account.

Broken period interest is charged to the Profit and Loss Account.

Cost of investments is computed based on the weighted average cost method.

Valuation

Investments classified under the HTM category are carried at acquisition cost unless it is more than the face value, in which case the premium is amortised over the period remaining to maturity on a constant yield to maturity basis. In terms of RBI guidelines, discount on securities held under HTM category is not accrued and such securities are held at the acquisition cost till maturity.

Investments classified under the AFS and HFT categories are marked to market. The market/fair value of quoted investments included in the 'AFS' and 'HFT' categories is the market price of the scrip as available from the trades/quotes on the stock exchanges or prices declared by Primary Dealers Association of India ('PDAI') jointly with Fixed Income Money Market and Derivatives Association of India ('FIMMDA')/ Financial Benchmark India Private Limited ('FBIL'), periodically. Net depreciation, if any, within each category of each investment classification is recognised in the Profit and Loss Account. The net appreciation if any, under each category of each investment classification is ignored. The depreciation on securities acquired by way of conversion of outstanding loans is provided in accordance with the RBI guidelines. The book value of individual securities is not changed consequent to the periodic valuation of investments. Non-performing investments are identified and provision is made thereon as per RBI guidelines. Treasury Bills, Exchange Funded Bills, Commercial Paper and Certificate of Deposits being discounted instruments, are valued at carrying cost.

Units of mutual funds are valued at the latest repurchase price/net asset value declared by the mutual fund.

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

- the market/fair value of unquoted government securities which are in the nature of Statutory Liquidity Ratio ('SLR') securities included in the AFS and HFT categories is computed as per the Yield-to-Maturity ('YTM') rates published by FIMMDA/ FBIL

- in case of unquoted bonds, debentures and preference shares where interest/dividend is received regularly (i.e. not overdue beyond 90 days), the market price is derived based on the YTM for Government Securities as published by FIMMDA/PDAI/FBIL and suitably marked up for credit risk applicable to the credit rating of the instrument. The matrix for credit risk mark-up for each categories and credit ratings along with residual maturity issued by FIMMDA/ FBIL is adopted for this purpose;

- in case of bonds and debentures (including Pass Through Certificates) where interest is not received regularly (i.e. overdue beyond 90 days), the valuation is in accordance with prudential norms for provisioning as prescribed by RBI;

- equity shares, for which current quotations are not available or where the shares are not quoted on the stock exchanges, are valued at break-up value (without considering revaluation reserves, if any) which is ascertained from the company's latest Balance Sheet. In case the latest Balance Sheet is not available, the shares are valued at ₹1 per company;

- units of Venture Capital Funds ('VCF') held under AFS category where current quotations are not available are marked to market based on the Net Asset Value ('NAV') shown by VCF as per the latest audited financials of the fund. In case the audited financials are not available for a period beyond 18 months, the investments are valued at ₹1 per VCF. Investment in unquoted VCF after 23 August, 2006 are categorised under HTM category for the initial period of three years and valued at cost as per RBI guidelines and

- In case investments in security receipts on or after 1 April, 2017 which are backed by more than 50 percent of the stressed assets sold by the Bank, provision for depreciation in value is made at the is higher of - provisioning rate required in terms of net asset value declared by the Reconstruction Company ('RC')/Securitisation Company ('SC') or the provisioning rate as per the extant asset classification and provisioning norms as applicable to the underlying loans, assuming that the loan notionally continued in the books of the bank. All other investments in security receipts are valued as per the NAV obtained from the issuing RC/SCs.

Investments in subsidiaries/joint ventures are categorised as HTM and assessed for impairment to determine permanent diminution, if any, in accordance with the RBI guidelines.

Realised gains on investments under the HTM category are recognised in the Profit and Loss Account and subsequently appropriated to Capital Reserve account (net of taxes and transfer to statutory reserves) in accordance with the RBI guidelines. Losses are recognised in the Profit and Loss Account. Realised gains/losses on investments under the AFS and HFT category are recognised in the Profit and Loss Account.

All investments are accounted for on settlement date, except investments in equity shares which are accounted for on trade date.

Repurchase and reverse repurchase transactions

Repurchase and reverse repurchase transactions in government securities and corporate debt securities including those conducted under the Liquidity Adjustment Facility ('LAF') and Marginal Standby Facility ('MSF') with RBI are accounted as collateralised borrowing and lending respectively. Borrowing cost on repo transactions is accounted as interest expense and revenue on reverse repo transactions is accounted as interest income.

Short Sales

In accordance with the RBI guidelines, the Bank undertakes short sale transactions in Central Government dated securities. The short positions are reflected in 'Securities Short Sold ('SSS') A/c', specifically created for this purpose. Such short positions are categorised under HFT category and netted off from investments in the Balance Sheet. These positions are marked-to-market along with the other securities under HFT portfolio and the resultant mark-to-market gains/losses are accounted for as per the relevant RBI guidelines for valuation of investments discussed earlier.

Subsidiaries

Investments are initially recognised at cost which comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Investments which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long term investments.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Any reduction in the carrying amount and any reversal of such reductions are charged or credited to the Profit and Loss Account.

Long term investments are stated at cost. Provision is made to recognise a decline, other than temporary, in the value of such investments.

4.2 Advances

Axis Bank Ltd.

Advances are classified into performing and non-performing advances ('NPAs') as per the RBI guidelines and are stated net of bills rediscounted, inter-bank participation certificates, specific provisions made towards NPAs, interest in suspense for NPAs, claims received from Export Credit Guarantee Corporation, provisions for funded interest on term loan classified as NPAs, provisions in lieu of diminution in the fair value of restructured assets and floating provisions.

NPAs are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by the RBI. Advances held at the overseas branches that are identified as impaired as per host country regulations for reasons other than record of recovery, but which are standard as per the RBI guidelines, are classified as NPAs to the extent of amount outstanding in the host country. Provisions for NPAs are made for sub-standard and doubtful assets at rates as prescribed by the RBI with the exception for agriculture advances and schematic retail advances. In respect of schematic retail advances, provisions are made in terms of a bucket-wise policy upon reaching specified stages of delinquency (90 days or more of delinquency) under each type of loan, which satisfies the RBI prudential norms on provisioning. Provisions in respect of agriculture advances classified into sub-standard and doubtful assets are made at rates which are higher than those prescribed by the RBI. Provisions for advances booked in overseas branches, which are standard as per the RBI guidelines but are classified as NPAs based on host country guidelines, are made as per the host country regulations.

Restructured assets are classified and provided for in accordance with the guidelines issued by RBI from time to time.

In addition to the above, the Bank on a prudential basis, makes provision for expected losses against advances or other exposures to specific assets/industry/sector either on a case-by-case basis or for a group of assets, based on specific information or general economic environment. These are classified as contingent provision and included under Schedule 5 - Other Liabilities in the Balance Sheet.

Loss assets and unsecured portion of doubtful assets are provided/written off as per the extant RBI guidelines.

Amounts recovered against debts written off are recognised in the Profit and Loss account.

The Bank holds provision in accordance with the RBI guidelines, on assets where change in ownership under Strategic Debt Restructuring (SDR) scheme/Outside SDR scheme has been implemented or Scheme for Sustainable Structuring of Stressed Asset (S4A) has been implemented. In respect of borrowers classified as non-cooperative and willful defaulters, the Bank makes accelerated provisions as per extant RBI guidelines.

For entities with Unhedged Foreign Currency Exposure (UFCE), provision is made in accordance with the guidelines issued by RBI, which requires to ascertain the amount of UFCE, estimate the extent of likely loss and estimate the riskiness of unhedged position. This provision is classified under Schedule 5 – Other Liabilities in the Balance Sheet.

The Bank maintains a general provision on standard advances at the rates prescribed by RBI. In case of overseas branches, general provision on standard advances is maintained at the higher of the levels stipulated by the respective overseas regulator or RBI.

Under its home loan portfolio, the Bank offers housing loans with certain features involving waiver of Equated Monthly Installments ('EMIs') of a specific period subject to fulfilment of a set of conditions by the borrower. The Bank makes provision against the probable loss that could be incurred in future on account of waivers to eligible borrowers in respect of such loans based on actuarial valuation conducted by an independent actuary. This provision is classified under Schedule 5 – Other Liabilities in the Balance Sheet.

Axis Finance Ltd.

Advances are classified into performing and non-performing advances ('NPAs') as per the RBI guidelines and are stated net of specific provisions made towards NPAs. Further, NPAs are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by the RBI. Provisions for NPAs are made at rates as prescribed by the RBI.

Non-performing loans are written off / provided for, as per management estimates, subject to the minimum provision required as per Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

Provision on Standard Assets i.e. loans and advances is made at 0.40%.

4.3 Country risk

Axis Bank Ltd.

In addition to the provisions required to be held according to the asset classification status, provisions are held for individual country exposure (other than for home country as per the RBI guidelines). The countries are categorised into seven risk categories namely insignificant, low, moderate, high, very high, restricted and off-credit and provision is made on exposures exceeding 180 days on a graded scale ranging from 0.25% to 100%. For exposures with contractual maturity of less than 180 days, 25% of the normal provision requirement is held. If the net funded exposure of the Bank in respect of each country does not exceed 1% of the total assets, no provision is maintained on such country exposure in accordance with RBI guidelines.

4.4 Securitisation

Axis Bank Ltd.

The Bank enters into purchase/sale of corporate and retail loans through direct assignment/Special Purpose Vehicle ('SPV'). In most cases, post securitisation, the Bank continues to service the loans transferred to the assignee/SPV. The Bank also provides credit enhancement in the form of cash collaterals and/or by subordination of cash flows to Senior Pass Through Certificate ('PTC') holders. In respect of credit enhancements provided or recourse obligations (projected delinquencies, future servicing etc.) accepted by the Bank, appropriate provision/disclosure is made at the time of sale in accordance with AS-29, Provisions, Contingent Liabilities and Contingent Assets as notified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016.

In accordance with RBI guidelines of 7 May, 2012 on 'Guidelines on Securitisation of Standard Assets', gain on securitisation transaction is recognised over the period of the underlying securities issued by the SPV as prescribed under RBI guidelines. Loss on securitisation is immediately debited to the Profit and Loss Account.

4.5 Foreign currency transactions

Axis Bank Ltd.

In respect of domestic operations, transactions denominated in foreign currencies are accounted for at the rates prevailing on the date of the transaction. Monetary foreign currency assets and liabilities are translated at the Balance Sheet date at rates notified by Foreign Exchange Dealers Association of India ('FEDAI'). All profits/losses resulting from year end revaluations are recognised in the Profit and Loss Account.

Financial statements of foreign branches classified as non-integral foreign operations as per the RBI guidelines are translated as follows:

- Assets and liabilities (both monetary and non-monetary as well as contingent liabilities) are translated at closing exchange rates notified by FEDAI at the Balance Sheet date.

- Income and expenses are translated at the rates prevailing on the date of the transactions.

- All resulting exchange differences are accumulated in a separate 'Foreign Currency Translation Reserve' till the disposal of the net investments. Any realised gains or losses on such disposal are recognised in the Profit and Loss Account.

Outstanding forward exchange contracts including tom/spot contracts (excluding currency swaps undertaken to hedge foreign currency assets/liabilities and funding swaps which are not revalued) are revalued at year end on PV basis by discounting the forward value till spot date and converting the FCY amount using the respective spot rates as notified by FEDAI. The resulting gains or losses on revaluation are included in the Profit and Loss Account in accordance with RBI/FEDAI guidelines.

Premium/discount on currency swaps undertaken to hedge foreign currency assets and liabilities and funding swaps is recognised as interest income/expense and is amortised on a pro-rata basis over the underlying swap period.

Contingent liabilities on account of forward exchange and derivative contracts, guarantees, acceptances, endorsements and other obligations denominated in foreign currencies are disclosed at closing rates of exchange notified by FEDAI.

Subsidiaries

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies as at the Balance Sheet date are translated at the closing rate on that date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined. The exchange differences, if any, either on settlement or translation are recognised in Profit and Loss Account.

4.6 Derivative transactions

Axis Bank Ltd.

Derivative transactions comprise of forward contracts, swaps and options which are disclosed as contingent liabilities. The forwards, swaps and options are categorised as trading or hedge transactions. Trading derivative contracts are revalued at the Balance Sheet date with the resulting unrealised gain or loss being recognised in the Profit and Loss Account and correspondingly in other assets (representing positive Mark-to-Market) and in other liabilities (representing negative Mark-to-Market (MTM)) on a gross basis . For hedge transactions, the Bank identifies the hedged item (asset or liability) at the inception of transaction itself. The effectiveness is ascertained at the time of inception of the hedge and periodically thereafter. Hedge swaps are accounted for on accrual basis except in case of swaps designated with an asset or liability that is carried at market value or lower of cost or market value in the financial statements. In such cases the swaps are marked-to-market with the resulting gain or loss recorded as an adjustment to the market value of designated asset or liability. Pursuant to the RBI guidelines any receivables under derivative contracts comprising of crystallised receivables as well as positive MTM in respect of future receivables which remain overdue for more than 90 days are reversed through the Profit and Loss account and are held in separate Suspense Account.

Currency futures contracts are marked-to-market using daily settlement price on a trading day, which is the closing price of the respective futures contracts on that day. While the daily settlement price is computed based on the last half an hour weighted average price of such contract, the final settlement price is taken as the RBI reference rate on the last trading day of the futures contract or as may be specified by the relevant authority from time to time. All open positions are marked-to-market based on the settlement price and the resultant marked-to-market profit/loss is daily settled with the exchange.

Valuation of Exchange Traded Currency Options (ETCO) is carried out on the basis of the daily settlement price of each individual option provided by the exchange and valuation of Interest Rate Futures (IRF) is carried out on the basis of the daily settlement price of each contract provided by the exchange.

4.7 Revenue recognition

Axis Bank Ltd.

Interest income is recognised on an accrual basis in accordance with AS–9, Revenue Recognition as notified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014, the Companies (Accounting Standards) Amendment Rules, 2016 and the RBI guidelines except in the case of interest income on non-performing assets and loans under Strategic Debt Restructuring (SDR) scheme and Scheme for Sustainable Structuring of Stressed Asset (S4A) of RBI, where it is recognised on receipt basis if overdue for more than 90 days. Income on non-coupon bearing or low-coupon bearing discounted instruments is recognised over the tenor of the instrument on a constant yield basis.

Guarantee commission is recognised on a pro-rata basis over the period of the guarantee. Locker rent and annual fees for credit cards are recognised on a straight-line basis over the period of contract. Arrangership/syndication fee is accounted for on completion of the agreed service and when right to receive is established. Other fees and commission income are recognised when due.

Interest income on investments in PTCs is recognized on a constant yield basis.

Dividend is accounted on an accrual basis when the right to receive the dividend is established.

Gain/loss on sell down of loans and advances through direct assignment is recognised at the time of sale.

Fees paid/received for Priority Sector Lending Certificates ('PSLC') is amortised on straight-line basis over the tenor of the certificate.

In accordance with RBI guidelines on sale of non-performing advances, if the sale is at a price below the net book value (i.e. book value less provisions held), the shortfall is charged to the Profit and Loss Account. If the sale is for a value higher than the net book value, the excess provision is credited to the Profit and Loss Account in the year the amounts are received.

The Bank deals in bullion business on a consignment basis. The difference between the price recovered from customers and cost of bullion is accounted for at the time of sale to the customers. The Bank also deals in bullion on a borrowing and lending basis and the interest paid/received is accounted on an accrual basis.

Subsidiaries

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Fee income is recognised on the basis of accrual when all the services are performed.

Interest income is recognised on an accrual basis.

Dividend income is recognised when the right to receive payment is established by the Balance Sheet date.

Income from sale of investments is determined on weighted average basis and recognised on the trade date basis.

Axis Capital Limited

Brokerage income in relation to stock broking activity is recognised as per contracted rates at the execution of transactions on behalf of the customers on a trade date basis. Gains/losses on dealing in securities are recognised on a trade date basis.

Revenue from issue management, loan syndication, financial advisory services is recognised based on the stage of completion of assignments and terms of agreement with the client.

Selling commissions/brokerage generated from primary market operations i.e. procuring subscriptions from investors for public offerings of companies, mutual funds, etc. are recorded on determination of the amount due to the Company, once the allotment of securities are completed.

Axis Trustee Services Limited

Annual Fees for trusteeship services and servicing fees are recognised, on a straight line basis, over the period when services are performed. Initial acceptance fee is recognised as and when the 'Offer Letter' for the services to be rendered is accepted by the customer.

Advisory service fees on family office service are recognised as and when the activities defined in the accepted offer letter are completed.

Axis Asset Management Company Limited

Management fees are recognised on accrual basis at specific rates, applied on the average daily net assets of each scheme. The fees charged are in accordance with the terms of scheme information documents of respective schemes and are in line with the provisions of SEBI (Mutual Funds) Regulations, 1996 as amended from time to time.

Management fees from Portfolio Management Services, Alternate Investment Fund and Investment advisory fees-offshore are recognized on an accrual basis as per the terms of the contract with the customers.

Axis Mutual Fund Trustee Limited

Trustee fee is recognised on accrual basis, at the specific rates/amount approved by the Board of Directors of the Company, within the limits specified under the Deed of Trust, and is applied on the net assets of each scheme of Axis Mutual Fund.

Axis Finance Limited

Interest and other dues are accounted on accrual basis except in the case of non-performing loans where it is recognised upon realisation, as per the income recognition and asset classification norms prescribed by the RBI.

Income on discounted instruments is recognised over the tenure of the instrument on a straight-line method.

Axis Securities Limited

Business sourcing and resource management fee is recognised on accrual basis when all the services are performed.

Income from subscription plan to the extent of account opening fees is recognised upfront and balance is amortised over the validity of plan.

Selling commissions/brokerage generated from primary market operations i.e. procuring subscriptions from investors for public offerings of companies, mutual funds etc. are recorded on determination of the amount due to the company, once the allotment of securities are completed.

Brokerage income on securities is recognised as per contracted rates at the execution of transactions on behalf of the customers on the trade date. Gains/losses on dealing in securities are recognised on trade date basis.

Depository fees are recognised on completion of the transaction.

Portfolio management fees are accounted on accrual basis as follows:

In case of fees based on fixed percentage of the corpus/fixed amount, income is accrued at the end of the quarter/month.

In case of fees, based on the returns of the portfolio, income is accounted on each anniversary as per the agreement.

A.Treds Ltd.

Onboarding Fee is one time fee and is recognized at the time of onboarding of Buyer, Seller or financier. Transaction fee is recurring in nature and is recognised on time proportion basis over the period of tenure of transaction.

Freecharge Payment Technologies Private Ltd.

Revenue from commission income

Merchant Discount Rate (MDR) Revenue from wallet transaction is recognised on the basis of successful pay-out of wallet usage to the respective merchants. The transactions are settled on a daily basis with the merchant, net of MDR revenue. The taxes (Service tax / GST) collected on behalf of the government are not economic benefits flowing to the Company, hence, excluded from revenue.

Revenue from payment and storage service

The revenue from payment & storage service is recognised for providing PG aggregation service and as a payments platform for transactions of the merchant executed through payment gateway. The Company collects revenue on the basis of the payment gateway transactions routed through its payment platform on a monthly basis.

Other operating revenue

Revenues from ancillary activities like convenience fee, commission income etc, are recognised upon rendering of services.

Accelyst Solutions Private Ltd.

Revenue from commission income

Revenues from operating an internet portal providing recharge and bill payment services is recognised upon successful recharge / payment confirmation for the transactions executed. The taxes collected by company on behalf of the government are not economic benefits flowing to the Company, hence, excluded from revenue.

Other operating revenue

Revenues from ancillary activities e.g. freefund code generation fees, convenience fee, sale of coupons and vendor's application installation etc. is recognised upon rendering of services. Upon expiry of validity of freefund codes sold by company, income is recognised to the extent of value of such codes.

4.8 Scheme expenses

Axis Asset Management Company Ltd.

Fund Expenses

Expenses of schemes of Axis Mutual Fund in excess of the stipulated limits as per SEBI (Mutual Fund) Regulations, 1996 and expenses incurred directly (inclusive of advertisement/brokerage expenses) on behalf of schemes of Axis Mutual Fund are charged to the Profit and Loss Account.

New fund offer expenses

Expenses relating to new fund offer of Axis Mutual Fund are charged to the Profit and Loss Account in the year in which they are incurred.

Brokerage

Clawbackable brokerages paid by the Company in advance is charged to the statement of Profit and Loss account over the claw-back period/tenure of the respective scheme. The unamortized portion of the clawbackable brokerage is carried forward as prepaid expense.

Upfront brokerage on closed ended and fixed tenure schemes is amortized over the tenure of the respective scheme and in case of Equity Linked Saving Scheme (ELSS), upfront brokerage is amortized over 3 years. The unamortized portion of the brokerage is carried forward as prepaid expense. Any other brokerage is expensed out in the year in which they are incurred.

Brokerage paid on certain PMS products are amortised over the exit load period. Unamortised portion of brokerage is carried forward as prepaid expenses.

Brokerage paid on Alternate Investment Fund schemes is amortized over the minimum tenure of the scheme. The unamortized portion of the brokerage is carried forward as prepaid expense.

4.9 Fixed assets and depreciation/impairment

Group

Fixed assets are carried at cost of acquisition less accumulated depreciation and impairment, if any. Cost includes initial handling and delivery charges, duties, taxes and incidental expenses related to the acquisition and installation of the asset.

Capital work-in-progress includes cost of fixed assets that are not ready for their intended use and also includes advances paid to acquire fixed assets.

Depreciation is provided over the estimated useful life of a fixed asset on the straight-line method from the date of addition. The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of fixed assets based on historical experience of the Group, though these rates in certain cases are different from lives prescribed under Schedule II of Companies Act, 2013.

Asset	**Estimated useful life**
Owned premises	60 years
Computer hardware including printers	3 years
Application software	5 years
Vehicles	4 years
EPABX, telephone instruments	8 years
CCTV and video conferencing equipment	3 years
Mobile phone	2 years
Locker cabinets/cash safe/strong room door	10 years
Modem, scanner, routers, hubs, switches, racks/cabinets for IT equipment	5 years
UPS, VSAT, fax machines	5 years
Cheque book/cheque encoder, currency counting machine, fake note detector	5 years
Assets at staff residence	3 years
All other fixed assets	10 years

Depreciation on assets sold during the year is recognised on a pro-rata basis to the Profit and Loss Account till the date of sale.

Profit on sale of premises is appropriated to Capital Reserve account (net of taxes and transfer to statutory reserve) in accordance with RBI instructions.

The carrying amounts of assets are reviewed at each Balance Sheet date to ascertain if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

4.10 Non-banking assets

Non-banking assets ('NBAs') acquired in satisfaction of claims are carried at lower of net book value and net realizable value.

4.11 Lease transactions

Group

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term are classified as operating lease. Lease payments for assets taken on operating lease are recognised as an expense in the Profit and Loss Account on a straight-line basis over the lease term.

4.12 Retirement and other employee benefits

Provident Fund

Axis Bank Ltd.

Retirement benefit in the form of provident fund is a defined benefit plan wherein the contributions are charged to the Profit and Loss Account of the year when the contributions to the fund are due and when services are rendered by the employees. Further, an actuarial valuation is conducted by an independent actuary using the Projected Unit Credit Method as at 31 March each year to determine the deficiency, if any, in the interest payable on the contributions as compared to the interest liability as per the statutory rate. Actuarial gains/losses are immediately taken to the Profit and Loss Account and are not deferred.

Subsidiaries

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognises contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service.

Gratuity

Axis Bank Ltd.

The Bank contributes towards gratuity fund (defined benefit retirement plan) administered by various insurers for eligible employees. Under this scheme, the settlement obligations remain with the Bank, although various insurers administer the scheme and determine the contribution premium required to be paid by the Bank. The plan provides a lump sum payment to vested employees at retirement or termination of employment based on the respective employee's salary and the years of employment with the Bank. Liability with regard to gratuity fund is accrued based on actuarial valuation conducted by an independent actuary using the Projected Unit Credit Method as at 31 March each year. In respect of employees at overseas branches (other than expatriates) liability with regard to gratuity is provided on the basis of a prescribed method as per local laws, wherever applicable. Actuarial gains/losses are immediately taken to the Profit and Loss Account and are not deferred.

Subsidiaries

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation using Projected Unit Credit Method made at the end of each financial year. Actuarial gains/losses are immediately taken to the Profit and Loss Account and are not deferred.

Compensated Absences

Group

The Group provides for compensated absences based on actuarial valuation conducted by an independent actuary. The actuarial valuation is carried out as per the Projected Unit Credit Method as at 31 March each year. Actuarial gains/losses are immediately taken to the Profit and Loss Account and are not deferred.

Superannuation

Axis Bank Ltd.

Employees of the Bank are entitled to receive retirement benefits under the Bank's Superannuation scheme either under a cash-out option through salary or under a defined contribution plan. Through the defined contribution plan the Bank contributes annually a specified sum of 10% of the employee's eligible annual basic salary to LIC, which undertakes to pay the lumpsum and annuity benefit payments pursuant to the scheme. Superannuation contributions are recognised in the Profit and Loss Account in the period in which they accrue.

New Pension Scheme ('NPS')

Group

In respect of employees who opt for contribution to the 'NPS', the Group contributes certain percentage of the total basic salary of employees to the aforesaid scheme, a defined contribution plan, which is managed and administered by pension fund management companies. NPS contributions are recognised in the Profit and Loss Account in the period in which they accrue.

4.13 Long Term Incentive Plan (LTIP)

Axis Asset Management Company Ltd.

The Company has initiated Axis AMC - Long Term Incentive plan. The points granted to employees as per the guidelines laid down in the plan are encashable after they are held for a specified period as per the terms of the plan. The Company accounts for the liability arising on points granted proportionately over the period from the date of grant till the end of the exercise window. The liability is assessed and provided on the basis of valuation carried out by an independent valuer.

4.14 Reward points

Axis Bank Ltd.

The Bank runs a loyalty program which seeks to recognize and reward customers based on their relationship with the Bank. Under the program, eligible customers are granted loyalty points redeemable in future, subject to certain conditions. In addition, the Bank continues to grant reward points in respect of certain credit cards (not covered under the loyalty program). The Bank estimates the probable redemption of such loyalty/reward points using an actuarial method at the Balance Sheet date by employing an independent actuary. Provision for the said reward points is then made based on the actuarial valuation report as furnished by the said independent actuary.

4.15 Taxation

Group

Income tax expense is the aggregate amount of current tax and deferred tax charge. Current year taxes are determined in accordance with the relevant provisions of Income tax Act, 1961. In case of overseas subsidiary the local tax laws prevailing in that country are followed. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off assets against liabilities representing current tax and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws.

Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. The impact of changes in the deferred tax assets and liabilities is recognised in the Profit and Loss Account.

Deferred tax assets are recognised and reassessed at each reporting date, based upon the Management's judgement as to whether realisation is considered as reasonably certain. Deferred tax assets are recognised on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty supported by convincing evidence that such deferred tax asset can be realised against future profits.

4.16 Share issue expenses

Group

Share issue expenses are adjusted from Share Premium Account in terms of Section 52 of the Companies Act, 2013.

4.17 Earnings per share

Group

The Bank reports basic and diluted earnings per share in accordance with AS-20, Earnings per Share, as notified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016. Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding for the year.

Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted earnings per share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding at the year end except where the results are anti-dilutive.

4.18 Employee stock option scheme

Axis Bank Ltd.

The 2001 Employee Stock Option Scheme ('the Scheme') provides for grant of stock options on equity shares of the Bank to employees and Directors of the Bank and its subsidiaries. The Scheme is in accordance with the Securities and Exchange Board of India (SEBI) (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ('the Guidelines'). These Guidelines have been repealed in the month of October, 2014 and were substituted by Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. The Scheme is in compliance with the said regulations. The Bank follows the intrinsic value method to account for its stock based employee compensation plans as per the Guidelines. Options are granted at an exercise price, which is equal to/less than the fair market price of the underlying equity shares. The excess of such fair market price over the exercise price of the options as at the grant date, if any, is recognised as a deferred compensation cost and amortised on a straight-line basis over the vesting period of such options.

The fair market price is the latest available closing price, prior to the date of grant, on the stock exchange on which the shares of the Bank are listed. If the shares are listed on more than one stock exchange, then the stock exchange where there is highest trading volume on the said date is considered.

4.19 Provisions, contingent liabilities and contingent assets

Group

A provision is recognised when the Group has a present obligation as a result of past event where it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

A disclosure of contingent liability is made when there is:

- a possible obligation arising from a past event, the existence of which will be confirmed by occurrence or non-occurrence of one or more uncertain future events not within the control of the Group; or
- a present obligation arising from a past event which is not recognised as it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

4.20 Cash and cash equivalents

Group

Cash and cash equivalents include cash in hand, balances with RBI, balances with other banks and money at call and short notice.

18 NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH, 2018

1 a) During the year, the Bank raised additional equity capital through a preferential allotment of 165,328,892 shares at a price of ₹525.00 per share. As a consequence, the paid-up share capital of the Bank has increased by ₹33.07 crores and the reserves of the Bank have increased by ₹8,620.73 crores after charging of issue related expenses. Further, the Bank also allotted 45,357,385 convertible warrants carrying a right to the convertible warrant holder to apply for, get issued and allotted one (1) equity share of the Bank of face value ₹2 each, for cash, at a price of ₹565.00 per share against which the Bank has received an amount of ₹640.67 crores upfront representing 25% of the warrant price. The convertible warrants are exercisable upto 18 months from the date of allotment. The funds mobilised from the equity raising were utilised for enhancing the capital adequacy ratio and for general corporate purposes.

b) Pursuant to approval from the Board of Directors of the Bank accorded on 26 July, 2017, the Bank had entered into an agreement with Jasper Infotech Pvt. Ltd. to acquire 100% stake in its subsidiaries viz. Accelyst Solutions Pvt. Ltd. (ASPL) and Freecharge Payment Technologies Pvt. Ltd. (FPTL), which together constitute the digital payments business under the "Freecharge" brand. Post receipt of RBI approval for the arrangement, the Bank acquired 100% stake in ASPL and FPTL on 6 October, 2017, at an aggregate cash consideration of ₹395.46 crores and consequently the said companies have become wholly owned subsidiaries of the Bank.

Upon consolidation of these subsidiaries in the consolidated financial statements, the excess of cost of acquisition of the subsidiaries over the Group's share in the networth of these subsidiaries as on acquisition date has been recorded as goodwill on consolidation, amounting to ₹293.01 crores.

2 Other Disclosures

2.1.1 'Provisions and contingencies' recognised in the Profit and Loss Account comprise of:

(₹ in crores)

For the year ended	31 March, 2018	31 March, 2017
Provision for income tax		
- Current tax	1,951.55	5,188.84
- Deferred tax (Refer 2.1.11)	(1,849.69)	(3,202.06)
	101.86	1,986.78
Provision for non-performing assets (including bad debts written off and write backs)	16,630.57	11,157.06
Provision for restructured assets/strategic debt restructuring/ sustainable structuring	(307.16)	290.53
Provision towards standard assets	(124.37)	364.34
Provision for depreciation in value of investments	(207.67)	244.18
Provision for unhedged foreign currency exposure	(9.30)	(13.88)
Provision for country risk	(19.94)	19.94
Provision for other contingencies*	(443.39)	65.74
Total	15,620.60	14,114.69

* includes contingent provision for advances/other exposures, legal cases and other contingencies

2.1.2 During the year ended 31 March, 2018, the Bank raised debt instruments eligible for Tier-I/Tier-II capital, the details of which are set out below:

Instrument	Capital	Date of maturity	Period	Coupon	Amount
Subordinated debt	Tier-II	15 June, 2027	120 months	7.66%	₹5,000 crores
Perpetual debt	Additional Tier I	-*	-	8.75%	₹3,500 crores

*Call option on expiry of 60 months from the date of allotment

During the year ended 31 March, 2017, the Bank raised debt instruments eligible for Tier-I/Tier-II capital, the details of which are set out below:

Instrument	Capital	Date of maturity	Period	Coupon	Amount
Perpetual debt	Additional Tier-I	-*	-	8.75%	₹3,500 crores
Subordinated debt	Tier-II	27 May, 2026	120 months	8.50%	₹2,430 crores
Subordinated debt	Tier-II	23 November, 2026	120 months	7.84%	₹1,800 crores

*Call option on expiry of 60 months from the date of allotment

During the year ended 31 March, 2018, the Bank redeemed debt instruments eligible for Tier-I/Tier-II capital, the details of which are set out below:

Instrument	Capital	Date of maturity	Period	Coupon	Amount
Upper Tier-II	Tier-II	28 June, 2017*	180 months	7.125%	$60 million

* represents call date

During the year ended 31 March, 2017, the Bank redeemed debt instruments eligible for Tier-II capital, the details of which are set out below:

Instrument	Capital	Date of maturity	Period	Coupon	Amount
Subordinated debt	Tier-II	28 June, 2016	120 months	9.10%	₹104.90 crores
Upper Tier-II	Tier-II	11 August, 2016*	180 months	7.25%	$150 million
Perpetual debt	Tier-I	30 September, 2016*	-	10.05%	₹214.00 crores
Perpetual debt	Tier-I	16 November, 2016*	-	7.17%	$46 million
Upper Tier-II	Tier-II	24 November, 2016*	180 months	9.35%	₹200.00 crores
Upper Tier-II	Tier-II	6 February, 2017*	180 months	9.50%	₹107.50 crores
Subordinated debt	Tier-II	30 March, 2017	120 months	10.10%	₹250.90 crores

* represents call date

2.1.3 Divergence in Asset Classification and Provisioning for NPAs

- The Bank classifies advances into performing and non-performing advances (NPAs) as per the RBI guidelines. NPAs are identified and provided for based on RBI's Prudential Norms on Income Recognition, Asset Classification and Provisioning.
- Based on application of RBI's prudential norms as stated above, the Bank classified and made the prescribed provisions against the NPAs as at the end of 31 March, 2017.
- As part of its Risk Based Supervision exercise for FY 2016-17, the RBI pointed out certain modifications in the Banks' asset classification and provisioning as detailed in the table below:

Sr. No.	Particulars	(₹ in crores)
1	Gross NPAs as on 31 March, 2017, as reported by the Bank	21,280.48
2	Gross NPAs as on 31 March, 2017, as assessed by RBI	26,913.28
3	Divergence in Gross NPAs (2-1)	5,632.80
4	Net NPAs as on 31 March, 2017, as reported by the Bank	8,626.55
5	Net NPAs as on 31 March, 2017, as assessed by RBI	12,943.65
6	Divergence in Net NPAs (5-4)	4,317.10
7	Provisions for NPAs as on 31 March, 2017, as reported by the Bank	12,205.72
8	Provisions for NPAs as on 31 March, 2017, as assessed by RBI	13,521.42
9	Divergence in provisioning (8-7)	1,315.70
10	Reported Net Profit after Tax (PAT) for the year ended 31 March, 2017	3,679.28
11	Adjusted (notional) Net Profit after Tax (PAT) for the year ended 31 March, 2017 after taking into account the divergence in provisioning	2,793.95

- The Bank has duly considered the impact of the above in the Financial Statements for the year ended 31 March, 2018.

2.1.4 Earnings Per Share ('EPS')

The details of EPS computation is set out below:

As at	**31 March, 2018**	31 March, 2017
Basic and Diluted earnings for the year (Net profit after tax) (₹ in crores)	455.82	3,953.03
Basic weighted average no. of shares (in crores)	244.51	238.93
Add: Equity shares for no consideration arising on grant of stock options under ESOP (in crores)	0.75	0.94
Diluted weighted average no. of shares (in crores)	245.26	239.87
Basic EPS (₹)	1.86	16.54
Diluted EPS (₹)	1.86	16.48
Nominal value of shares (₹)	2.00	2.00

Dilution of equity is on account of 7,517,504 (previous year 9,429,479) stock options.

2.1.5 Employee Stock Options Scheme ('the Scheme')

In February 2001, pursuant to the approval of the shareholders at the Extraordinary General Meeting, the Bank approved an Employee Stock Option Scheme. Under the Scheme, the Bank is authorised to issue upto 65,000,000 equity shares to eligible employees. Eligible employees are granted an option to purchase shares subject to vesting conditions. Further, over the period June 2004 to July 2013, pursuant to the approval of the shareholders at Annual General Meetings, the Bank approved an ESOP scheme for additional options aggregating 175,087,000. The options vest in a graded manner over 3 years. The options can be exercised within three/five years from the date of the vesting as the case may be. Within the overall ceiling of 240,087,000 stock options approved for grant by the shareholders as stated earlier, the Bank is also authorised to issue options to employees and directors of the subsidiary companies.

246,272,950 options have been granted under the Scheme till the previous year ended 31 March, 2017.

On 15 May, 2017, the Bank granted 6,885,700 stock options (each option representing entitlement to one equity share of the Bank) to its eligible employees/directors of the Bank/subsidiary companies at a price of ₹503.00 per option.

Stock option activity under the Scheme for the year ended 31 March, 2018 is set out below:

	Options outstanding	**Range of exercise prices (₹)**	**Weighted average exercise price (₹)**	**Weighted average remaining contractual life (Years)**
Outstanding at the beginning of the year	29,711,124	217.33 to 535.00	383.16	3.98
Granted during the year	6,885,750	503.00	503.00	-
Forfeited during the year	(810,120)	306.54 to 535.00	470.15	-
Expired during the year	(57,910)	217.33 to 289.51	275.32	-
Exercised during the year	(6,173,935)	217.33 to 535.00	270.47	-
Outstanding at the end of the year	29,554,909	217.33 to 535.00	432.45	4.22
Exercisable at the end of the year	16,062,159	217.33 to 535.00	378.40	2.85

The weighted average share price in respect of options exercised during the year was ₹524.51.

Stock option activity under the Scheme for the year ended 31 March, 2017 is set out below:

	Options outstanding	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life (Years)
Outstanding at the beginning of the year	35,527,310	217.33 to 535.00	327.56	3.33
Granted during the year	7,153,000	469.90	469.90	-
Forfeited during the year	(690,050)	217.33 to 535.00	455.72	-
Expired during the year	(74,853)	217.33 to 289.51	257.56	-
Exercised during the year	(12,204,283)	217.33 to 535.00	268.81	-
Outstanding at the end of the year	29,711,124	217.33 to 535.00	383.16	3.98
Exercisable at the end of the year	15,934,524	217.33 to 535.00	319.45	2.41

The weighted average share price in respect of options exercised during the year was ₹507.67.

Fair Value Methodology

On applying the fair value based method in Guidance Note on 'Accounting for Employee Share-based Payments' the impact on reported net profit and EPS would be as follows:

	31 March, 2018	31 March, 2017
Net Profit (as reported) (₹ in crores)	455.82	3,953.03
Add: Stock based employee compensation expense included in net income (₹ in crores)	-	-
Less: Stock based employee compensation expense determined under fair value based method (proforma) (₹ in crores)	(102.86)	(101.47)
Net Profit (Proforma) (₹ in crores)	352.96	3,851.56
Earnings per share: Basic (in ₹)		
As reported	1.86	16.54
Proforma	1.44	16.12
Earnings per share: Diluted (in ₹)		
As reported	1.86	16.48
Proforma	1.44	16.06

During the years ended, 31 March, 2018 and 31 March, 2017, no cost has been incurred by the Bank on ESOPs issued to the employees of the Bank and employees of subsidiaries under the intrinsic value method.

The fair value of the options is estimated on the date of the grant using the Black-Scholes options pricing model, with the following assumptions:

	31 March, 2018	31 March, 2017
Dividend yield	1.16%	1.29%
Expected life	2.57-4.57 years	2.57-4.57 years
Risk free interest rate	6.55% to 6.82%	7.15% to 7.39%
Volatility	31.80% to 33.56%	32.92% to 35.75%

Volatility is the measure of the amount by which a price has fluctuated or is expected to fluctuate during a period. The measure of volatility used in the Black-Scholes options pricing model is the annualised standard deviation of the continuously compounded rates of return on the stock over a period of time. For calculating volatility, the daily volatility of the stock prices on the National Stock Exchange, over a period prior to the date of grant, corresponding with the expected life of the options has been considered.

The weighted average fair value of options granted during the year ended 31 March, 2018 is ₹155.53 (previous year ₹153.66).

2.1.6 Proposed Dividend

After making mandatory appropriations to Statutory Reserve, Investment Reserve, Reserve Fund and Capital Reserve, no profits are available for distribution as dividend for the year ended 31 March, 2018. Accordingly, no dividend has been recommended by the Board of Directors for the year ended 31 March, 2018.

Dividend paid during the year, represents dividend (₹5 per equity share) for the year ended 31 March, 2017 paid pursuant to approval of shareholders at Annual General Meeting held on 26 July, 2017.

2.1.7 Segmental Reporting

The business of the Bank is divided into four segments: Treasury, Retail Banking, Corporate/Wholesale Banking and Other Banking Business. These segments have been identified and based on RBI's revised guidelines on Segment Reporting issued on 18 April 2007 vide Circular No. DBOD.No.BP.BC.81/21.04.018/2006-07. The principal activities of these segments are as under.

Segment	Principal Activities
Treasury	Treasury operations include investments in sovereign and corporate debt, equity and mutual funds, trading operations, derivative trading and foreign exchange operations on the proprietary account and for customers. The Treasury segment also includes the central funding unit.
Retail Banking	Constitutes lending to individuals/small businesses through the branch network and other delivery channels subject to the orientation, nature of product, granularity of the exposure and the quantum thereof. Retail Banking activities also include liability products, card services, internet banking, mobile banking, ATM services, depository, financial advisory services and NRI services.
Corporate/Wholesale Banking	Includes corporate relationships not included under Retail Banking, corporate advisory services, placements and syndication, project appraisals, capital market related services and cash management services.
Other Banking Business	Includes para banking activities like third party product distribution and other banking transactions not covered under any of the above three segments.
Unallocated assets and liabilities	All items which are reckoned at an enterprise level are classified under this segment such as deferred tax, money received against share warrants, tax paid in advance net of provision etc.

Business segments in respect of operations of the subsidiaries have been identified and reported taking into account the customer profile, the nature of product and services and the organisation structure.

Revenues of the Treasury segment primarily consist of fees and gains or losses from trading operations and interest income on the investment portfolio. The principal expenses of the segment consist of interest expense on funds borrowed from external sources and other internal segments, premises expenses, personnel costs, other direct overheads and allocated expenses.

Revenues of the Corporate/Wholesale Banking segment consist of interest and fees earned on loans given to customers falling under this segment and fees arising from transaction services and merchant banking activities such as syndication and debenture trusteeship. Revenues of the Retail Banking segment are derived from interest earned on loans classified under this segment and fees for banking and advisory services, ATM interchange fees and cards products. Expenses of the Corporate/Wholesale Banking and Retail Banking segments primarily comprise interest expense on deposits and funds borrowed from other internal segments, infrastructure and premises expenses for operating the branch network and other delivery channels, personnel costs, other direct overheads and allocated expenses.

Segment income includes earnings from external customers and from funds transferred to the other segments. Segment result includes revenue as reduced by interest expense and operating expenses and provisions, if any, for that segment. Segment-wise income and expenses include certain allocations. Inter segment interest income and interest expense represent the transfer price received from and paid to the Central Funding Unit (CFU) respectively. For this purpose, the funds transfer pricing mechanism presently followed by the Bank, which is based on historical matched maturity and internal benchmarks, has been used. Operating expenses other than those directly attributable to segments are allocated to the segments based on an activity-based costing methodology. All activities in the Bank are segregated segment-wise and allocated to the respective segment.

Segmental results are set out below:

(₹ in crores)

	31 March, 2018				
	Treasury	Corporate/ Wholesale Banking	Retail Banking	Other Banking Business	Total
Segment Revenue					
Gross interest income (external customers)	11,858.83	15,398.90	19,356.33	-	46,614.06
Other income	2,867.70	3,365.49	4,196.21	1,433.22	11,862.62

(₹ in crores)

	31 March, 2018				
	Treasury	**Corporate/ Wholesale Banking**	**Retail Banking**	**Other Banking Business**	**Total**
Total income as per Profit and Loss Account	14,726.53	18,764.39	23,552.54	1,433.22	58,476.68
Add/(less) inter segment interest income	49,386.08	5,402.38	17,298.22	-	72,086.68
Total segment revenue	64,112.61	24,166.77	40,850.76	1,433.22	130,563.36
Less: Interest expense (external customers)	13,375.62	1,155.22	13,072.85	-	27,603.69
Less: Inter segment interest expense	45,761.40	12,352.62	13,972.08	0.58	72,086.68
Less: Operating expenses	393.83	4,004.78	9,941.65	448.10	14,788.36
Operating profit	4,581.76	6,654.15	3,864.18	984.54	16,084.63
Less: Provision for non-performing assets/ others*	1,763.26	11,894.90	1,860.58	-	15,518.74
Segment result	2,818.50	(5,240.75)	2,003.60	984.54	565.89
Less: Provision for tax					101.86
Net Profit before minority interest and earnings from Associate					464.03
Less: Minority Interest					8.21
Add: Share of Profit in Associate					-
Extraordinary profit/loss					-
Net Profit					455.82
Segment assets	227,258.49	236,010.17	230,592.20	813.36	694,674.22
Unallocated assets					9,029.15
Total assets					703,703.37
Segment liabilities	234,071.37	138,435.00	265,852.74	195.25	638,554.36
Unallocated liabilities[1]					941.60
Total liabilities					639,495.96
Net assets	(6,812.88)	97,575.17	(35,260.54)	618.11	64,207.41
Capital Expenditure for the year	16.70	235.20	523.89	18.99	794.78
Depreciation on fixed assets for the year	11.90	173.05	389.98	15.65	590.58

[1] Includes minority interest of ₹69.51 crores

* represents material non-cash items other than depreciation

(₹ in crores)

	31 March, 2017				
	Treasury	Corporate/ Wholesale Banking	Retail Banking	Other Banking Business	Total
Segment Revenue					
Gross interest income (external customers)	11,684.45	16,364.82	17,125.82	-	45,175.09
Other income	4,467.90	3,421.50	3,239.84	1,292.36	12,421.60
Total income as per Profit and Loss Account	16,152.35	19,786.32	20,365.66	1,292.36	57,596.69
Add/(less) inter segment interest income	48,713.22	5,358.37	18,029.89	-	72,101.48
Total segment revenue	64,865.57	25,144.69	38,395.55	1,292.36	129,698.17
Less: Interest expense (external customers)	12,531.94	949.39	13,308.00	0.01	26,789.34
Less: Inter segment interest expense	47,974.47	11,937.93	12,188.50	0.58	72,101.48
Less: Operating expenses	465.33	3,521.52	8,398.30	340.48	12,725.63
Operating profit	3,893.83	8,735.85	4,500.75	951.29	18,081.72
Less: Provision for non-performing assets/ others*	1,228.96	10,057.64	841.32	-	12,127.92
Segment result	2,664.87	(1,321.79)	3,659.43	951.29	5,953.80
Less: Provision for tax					1,986.77

(₹ in crores)

	31 March, 2017				
	Treasury	Corporate/ Wholesale Banking	Retail Banking	Other Banking Business	Total
Net Profit before minority interest and earnings from Associate					3,967.03
Less: Minority Interest					14.00
Add: Share of Profit in Associate					-
Extraordinary profit/loss					-
Net Profit					3,953.03
Segment assets	209,880.80	207,804.80	187,276.45	782.46	605,744.51
Unallocated assets					5,717.50
Total assets					611,462.01
Segment liabilities	198,146.86	123,007.05	233,695.38	153.95	555,003.24
Unallocated liabilities[(1)]					78.42
Total liabilities					555,081.66
Net assets	11,733.94	84,797.75	(46,418.93)	628.51	56,380.35
Capital Expenditure for the year	26.76	215.57	436.60	18.60	697.53
Depreciation on fixed assets for the year	20.84	166.08	325.46	14.29	526.67

[(1)] Includes minority interest of ₹61.31 crores

* represents material non-cash items other than depreciation

Geographic Segments

(₹ in crores)

Particulars	Domestic		International		Total	
	31 March, 2018	31 March, 2017	**31 March, 2018**	31 March, 2017	**31 March, 2018**	31 March, 2017
Revenue	55,799.56	54,750.01	2,677.12	2,848.68	58,476.68	57,596.69
Assets	635,920.35	551,877.12	67,783.02	59,584.89	703,703.37	611,462.01
Capital Expenditure for the year	785.35	696.65	9.43	0.88	794.78	697.53
Depreciation on fixed assets for the year	585.77	521.32	4.81	5.35	590.58	526.67

2.1.8 Related party disclosure

The related parties of the Group are broadly classified as:

a) Promoters

The Bank has identified the following entities as its Promoters.

- Administrator of the Specified Undertaking of the Unit Trust of India (SUUTI)
- Life Insurance Corporation of India (LIC)
- General Insurance Corporation and four Government-owned general insurance companies - New India Assurance Co. Limited, National Insurance Co. Limited, United India Insurance Co. Limited and The Oriental Insurance Co. Limited.

b) Key Management Personnel

- Ms. Shikha Sharma (Managing Director & Chief Executive Officer)
- Mr. V. Srinivasan (Deputy Managing Director)
- Mr. Rajiv Anand [Executive Director (Retail Banking)]
- Mr. Rajesh Dahiya [Executive Director (Corporate Centre)]

c) Relatives of Key Management Personnel

Mr. Sanjaya Sharma, Ms. Usha Bharadwaj, Mr. Tilak Sharma, Ms. Tvisha Sharma, Dr. Sanjiv Bharadwaj, Dr. Prashant Bharadwaj, Dr. Brevis Bharadwaj, Dr. Reena Bharadwaj, Ms. Gayathri Srinivasan, Mr. V. Satish, Ms. Camy Satish, Ms. Ananya Srinivasan, Ms. Anagha Srinivasan, Ms. Geetha N., Ms. Chitra R., Ms. Sumathi N., Mr. S. Ranganathan, Mr. R. Narayan, Ms. Gitanjali Anand, Ms. Tara Anand, Ms. Nandita Anand, Mr. P.L. Narain, Mr. P. Srinivas, Ms. Ratna Rao Shekar, Ms. P. Kamashi, Ms. Hemant Dahiya, Ms. Arooshi Dahiya, Ms. Mallika Dahiya, Ms. Jal Medha, Ms. Pooja Rathi, Mr. Jai Prakash Dahiya.

The details of transactions of the Bank with its related parties during the year ended 31 March, 2018 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Total
Dividend paid	343.52	1.08	-	344.60
Interest paid	545.58	0.22	0.19	545.99
Interest received	0.02	0.77	-	0.79
Investment in non-equity instrument of related party	393.00	-	-	393.00
Investment of related party in the Bank	1,200.00	33.75	-	1,233.75
Investment of related party in Hybrid capital/Bonds of the Bank	-	-	-	-
Redemption of Hybrid capital/Bonds of the Bank	-	-	-	-
Purchase of investments	188.69	-	-	188.69
Sale of investments	868.73	1.12	-	869.85
Management contracts	-	12.18	-	12.18
Contribution to employee benefit fund	16.16	-	-	16.16
Placement of deposits	0.05	-	-	0.05
Non-funded commitments (issued)	0.20	-	-	0.20
Advance granted (net)	-	7.99	-	7.99
Advance repaid	6.50	0.04	-	6.54
Receiving of services	105.28	-	-	105.28
Rendering of services	17.42	0.05	-	17.47
Sale of foreign exchange currency to related party	-	1.29	-	1.29
Other reimbursements from related party	-	-	-	-
Other reimbursements to related party	0.75	-	-	0.75

The balances payable to/receivable from the related parties of the Bank as on 31 March, 2018 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Total
Borrowings from the Bank	-	-	-	-
Deposits with the Bank	6,213.80	4.33	3.46	6,221.59
Placement of deposits	0.43	-	-	0.43
Advances	7.07	18.31	0.04	25.42
Investment in non-equity instruments of related party	205.70	-	-	205.70
Investment of related party in the Bank	135.29	0.50	-	135.79
Non-funded commitments	3.35	-	-	3.35
Investment of related party in Hybrid capital/ Bonds of the Bank	4,300.00	-	-	4,300.00
Payable under management contracts	-	3.70	-	3.70
Other receivables (net)	-	-	-	-
Other payables (net)	-	-	-	-

The maximum balances payable to/receivable from the related parties of the Bank during the year ended 31 March, 2018 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Total
Borrowings from the Bank	-	-	-	-
Deposits with the Bank	10,153.25	17.12	5.78	10,176.15
Placement of deposits	0.43	-	-	0.43
Advances	16.76	18.31	0.09	35.16
Investment of related party in the Bank	137.76	0.50	-	138.26
Investment in non-equity instrument of the Bank	393.00	-	-	393.00
Non-funded commitments	3.39	-	-	3.39
Investment of related party in Hybrid Capital/Bonds of the Bank	4,300.00	-	-	4,300.00
Payable under management contracts	-	3.70	-	3.70
Other receivables (net)	-	-	-	-
Other payables (net)	-	-	-	-

The details of transactions of the Bank with its related parties during the year ended 31 March, 2017 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Total
Dividend paid	354.69	0.70	-	355.39
Interest paid	666.31	0.14	0.16	666.61
Interest received	1.61	0.55	-	2.16
Investment in non-equity instrument of related party	110.00	-	-	110.00
Investment of related party in the Bank	-	46.45	-	46.45
Investment of related party in Hybrid capital/Bonds of the Bank	1,050.00	-	-	1,050.00
Redemption of Hybrid capital/Bonds of the Bank	70.00	-	-	70.00
Purchase of investments	-	-	-	-
Sale of investments	758.78	3.52	0.11	762.41
Management contracts	-	11.35	-	11.35
Contribution to employee benefit fund	15.75	-	-	15.75
Purchase of fixed assets	-	-	-	-
Sale of fixed assets	-	-	-	-
Placement of deposits	-	-	-	-
Repayment of deposits	-	-	-	-
Non-funded commitments (issued)	0.05	-	-	0.05
Advance granted (net)	0.67	-	-	0.67
Advance repaid	-	0.20	-	0.20
Receiving of services	100.67	-	-	100.67
Rendering of services	2.43	0.05	-	2.48
Other reimbursements from related party	-	-	-	-
Other reimbursements to related party	0.41	-	-	0.41

The balances payable to/receivable from the related parties of the Bank as on 31 March, 2017 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Total
Borrowings from the Bank	-	-	-	-
Deposits with the Bank	7,951.11	1.90	2.99	7,956.00
Placement of deposits	0.38	-	-	0.38
Advances	13.57	10.35	0.02	23.94
Investment in non-equity instruments of related party	56.10	-	-	56.10
Investment of related party in the Bank	137.76	0.41	-	138.17
Non-funded commitments	3.14	-	-	3.14
Investment of related party in Hybrid capital/ Bonds of the Bank	4,300.00	-	-	4,300.00
Payable under management contracts	-	0.81	-	0.81
Other receivables (net)	-	-	-	-
Other payables (net)	-	-	-	-

The maximum balances payable to/receivable from the related parties of the Bank during the year ended 31 March, 2017 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Total
Borrowings from the Bank	-	-	-	-
Deposits with the Bank	9,003.33	10.82	3.53	9,017.68
Placement of deposits	0.38	-	-	0.38
Advances	25.70	10.52	0.08	36.30
Investment of related party in the Bank	141.89	0.41	-	142.30
Investment in non-equity instrument of the Bank	110.00	-	-	110.00
Non-funded commitments	3.21	-	-	3.21
Investment of related party in Hybrid Capital/Bonds of the Bank	4,355.00	-	-	4,355.00
Payable under management contracts	-	1.37	-	1.37
Other receivables (net)	-	-	-	-
Other payables (net)	-	-	-	-

The significant transactions between the Bank and related parties during the year ended 31 March, 2018 and 31 March, 2017 are given below. A specific related party transaction is disclosed as a significant related party transaction wherever it exceeds 10% of the aggregate value of all related party transactions in that category:

(₹ in crores)

Particulars	**31 March, 2018**	31 March, 2017
Dividend paid		
Life Insurance Corporation of India	165.04	174.43
Administrator of the Specified Undertaking of the Unit Trust of India	137.42	137.42
Interest paid		
Life Insurance Corporation of India	502.36	543.21
Administrator of the Specified Undertaking of the Unit Trust of India	10.16	73.12

(₹ in crores)

Particulars	31 March, 2018	31 March, 2017
Interest received		
Mr. Rajiv Anand	0.73	0.54
New India Assurance Co. Limited	0.02	0.13
Life Insurance Corporation of India	-	1.48
Investment in non-equity instruments of related party		
United India Insurance Co. Limited	393.00	-
National Insurance Co. Limited	-	110.00
Investment of related party in the Bank		
Life Insurance Corporation of India	1,200.00	-
Ms. Shikha Sharma	17.36	29.66
Mr. V. Srinivasan	8.03	12.03
Investment of related party in Hybrid capital/Bonds of the Bank		
Life Insurance Corporation of India	-	1,000.00
Redemption of Hybrid capital/Bonds of the Bank		
General Insurance Corporation Co. Limited	-	50.00
United India Insurance Co. Limited	-	20.00
Purchase of investments		
United India Insurance Co. Limited	188.69	-
Sale of investments		
New India Assurance Co. Limited	421.03	200.00
General Insurance Corporation Co. Limited	230.00	390.00
United India Insurance Co. Limited	157.44	55.09
National Insurance Co. Limited	35.00	50.00
Management contracts		
Ms. Shikha Sharma	4.84	5.42
Mr. V. Srinivasan	3.12	3.36
Mr. Rajiv Anand	2.44	1.50
Mr. Rajesh Dahiya	1.78	1.08
Contribution to employee benefit fund		
Life Insurance Corporation of India	16.16	15.75
Placement of deposits		
Life Insurance Corporation of India	0.05	-
Advance granted (net)		
Mr. Rajesh Dahiya	7.77	-
Life Insurance Corporation of India	-	0.67
Advance repaid		
Life Insurance Corporation of India	6.50	-
Ms. Shikha Sharma	0.04	0.04
Mr. Rajesh Dahiya	-	0.16
Receiving of services		
The Oriental Insurance Co. Limited	66.42	75.00
New India Assurance Co. Limited	27.22	18.09
Life Insurance Corporation of India	10.94	4.80

(₹ in crores)

Particulars	31 March, 2018	31 March, 2017
Rendering of services		
Life Insurance Corporation of India	16.39	1.45
The Oriental Insurance Co. Limited	0.70	0.61
New India Assurance Co. Limited	0.33	0.37
Sale of foreign exchange currency to related party		
Ms. Shikha Sharma	1.29	-
Other reimbursements to related party		
Life Insurance Corporation of India	0.75	0.41

2.1.9 Leases

Disclosure in respect of assets taken on operating lease

This comprise of office premises/ATMs, cash deposit machines, electronic data capturing machines and IT equipment.

(₹ in crores)

	31 March, 2018	31 March, 2017
Future lease rentals payable as at the end of the year:		
- Not later than one year	742.66	700.14
- Later than one year and not later than five years	2,303.58	2,175.20
- Later than five years	1,874.37	1,470.68
Total of minimum lease payments recognised in the Profit and Loss Account for the year	823.91	775.41

There are no provisions relating to contingent rent.

The terms of renewal/purchase options and escalation clauses are those normally prevalent in similar agreements.

There are generally no undue restrictions or onerous clauses in the agreements

2.1.10 Other Fixed Assets (including furniture & fixtures)

The movement in fixed assets capitalised as application software is given below:

(₹ in crores)

Particulars	31 March, 2018	31 March, 2017
At cost at the beginning of the year	1,100.49	887.14
Additions during the year	247.69	213.39
Deductions during the year	(0.03)	(0.04)
Accumulated depreciation as at 31 March	(892.94)	(719.32)
Closing balance as at 31 March	455.21	381.17
Depreciation charge for the year	173.62	136.56

2.1.11 The major components of deferred tax assets and deferred tax liabilities arising out of timing differences are as under:

(₹ in crores)

As at	31 March, 2018	31 March, 2017
Deferred tax assets on account of provisions for doubtful debts	6,637.49	4,739.05
Deferred tax assets on account of amortisation of HTM investments	11.28	12.80
Deferred tax assets on account of provision for employee benefits	121.38	98.36
Deferred tax assets on account of other items	280.44	314.77
Deferred tax assets	7,050.59	5,164.98
Deferred tax liability on account of depreciation on fixed assets	103.46	92.01
Deferred tax liabilities on account of other items	35.81	1.11
Deferred tax liabilities	139.27	93.12
Net deferred tax asset	6,911.32	5,071.86

2.1.12 Employee Benefits

Group

Provident Fund

The contribution to the employee's provident fund (including Employee Pension Scheme) of the Group amounted to ₹175.11 crores for the year ended 31 March, 2018 (previous year ₹154.12 crores).

Axis Bank Ltd.

The rules of the Bank's Provident Fund administered by a Trust require that if the Board of Trustees are unable to pay interest at the rate declared for Employees' Provident Fund by the Government under para 60 of the Employees' Provident Fund Scheme, 1952 for the reason that the return on investment is less or for any other reason, then the deficiency shall be made good by the Bank. Based on an actuarial valuation conducted by an independent actuary, there is no deficiency as at the Balance Sheet date for the Bank.

The following tables summarise the components of net benefit expenses recognised in the Profit and Loss Account and funded status and amounts recognised in the Balance Sheet for the Provident Fund benefit plan.

Profit and Loss Account

Net employee benefit expenses (recognised in payments to and provisions for employees)

(₹ in crores)

	31 March, 2018	31 March, 2017
Current Service Cost	88.53	76.80
Interest on Defined Benefit Obligation	127.95	115.68
Expected Return on Plan Assets	(171.00)	(135.93)
Net Actuarial Losses/(Gains) recognised in the year	43.05	20.25
Total included in "Employee Benefit Expense" [Schedule 16(I)]	88.53	76.80
Actual Return on Plan Assets	140.05	136.51

Balance Sheet

Details of provision for provident fund

(₹ in crores)

	31 March, 2018	31 March, 2017
Fair Value of Plan Assets	2,004.57	1,687.15
Present Value of Funded Obligations	(2,004.57)	(1,687.15)
Net Asset	-	-
Amounts in Balance Sheet		
Liabilities	-	-
Assets	-	-
Net Asset (included under Schedule 11 – Other Assets)	-	-

Changes in the present value of the defined benefit obligation are as follows:

(₹ in crores)

	31 March, 2018	31 March, 2017
Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	1,687.15	1,437.90
Current Service Cost	88.53	76.80
Interest Cost	127.95	115.68
Actuarial Losses/(Gains)	12.10	20.83
Employees Contribution	200.77	181.16
Liability transferred from/to other companies	(14.62)	(22.88)
Benefits Paid	(97.31)	(122.34)
Closing Defined Benefit Obligation	2,004.57	1,687.15

Changes in the fair value of plan assets are as follows:

(₹ in crores)

	31 March, 2018	31 March, 2017
Change in the Fair Value of Assets		
Opening Fair Value of Plan Assets	1,687.15	1,437.90
Expected Return on Plan Assets	171.00	135.93
Actuarial Gains/(Losses)	(30.95)	0.58
Employer contribution during the period	88.53	76.80
Employee contribution during the period	200.77	181.16
Assets transferred from/to other companies	(14.62)	(22.88)
Benefits Paid	(97.31)	(122.34)
Closing Fair Value of Plan Assets	2,004.57	1,687.15

Experience adjustments*

(₹ in crores)

	31 March, 2018	31 March, 2017	31 March, 2016	31 March, 2015	31 March, 2014
Defined Benefit Obligations	2,004.57	1,687.15	1,437.90	1,240.83	1,013.25
Plan Assets	2,004.57	1,687.15	1,437.90	1,240.83	1,013.25
Surplus/(Deficit)	-	-	-	-	-
Experience Adjustments on Plan Liabilities	12.10	20.83	12.08	(1.78)	53.03
Experience Adjustments on Plan Assets	(30.95)	0.58	(6.16)	(3.99)	41.42

* information provided to the extent available with the Bank

Major categories of plan assets (managed by Insurers) as a percentage of fair value of total plan assets

	31 March, 2018	31 March, 2017
	%	%
Government securities	53.75	53.74
Bonds, debentures and other fixed income instruments	42.16	43.47
Equity shares	3.79	1.66
Others	0.30	1.13

Principal actuarial assumptions at the balance sheet date:

	31 March, 2018	31 March, 2017
Discount rate for the term of the obligation	7.95%	7.40%
Average historic yield on the investment portfolio	8.90%	9.11%
Discount rate for the remaining term to maturity of the investment portfolio	7.68%	6.93%
Expected investment return	9.17%	9.58%
Guaranteed rate of return	8.55%	8.65%

Superannuation

The Bank contributed ₹16.12 crores to the employee's superannuation plan for the year ended 31 March, 2018 (previous year ₹15.69 crores).

National Pension Scheme (NPS)

During the year, the Bank has contributed ₹3.82 crores (previous year ₹2.45 crores) to the NPS for employees who had opted for the scheme.

Group

Leave Encashment

The actuarial liability of compensated absences of accumulated privileged leave of the employees of the Group is given below.

(₹ in crores)

	31 March, 2018			
	Actuarial liability - Privilege Leave	Total Expenses included under Schedule 16(I)	Assumptions	
			Discount Rate	Salary escalation rate
Axis Bank Ltd.	243.82	47.33	7.95% p.a.	7.00% p.a.
Axis Capital Ltd.	0.10	Nil	7.68% p.a.	7.00% p.a.
Axis Securities Ltd.	0.66	0.66	6.60% p.a.	7.00% p.a.
Axis Asset Management Co. Ltd.	1.17	0.64	7.50% p.a.	12.00% p.a.
Axis Finance Ltd.	0.41	0.05	7.73% p.a.	7.00% p.a.
A.Treds Ltd.	0.05	0.05	7.80% p.a.	7.00% p.a.
FreeCharge Payment Technologies Pvt. Ltd.	2.68	0.81	7.10% p.a.	10.50% p.a.
Accelyst Solutions Pvt. Ltd.	0.25	0.19	7.10% p.a.	10.50% p.a.

(₹ in crores)

	31 March, 2017			
	Actuarial liability - Privilege Leave	Total Expenses included under Schedule 16(I)	Assumptions	
			Discount Rate	Salary escalation rate
Axis Bank Ltd.	247.46	79.87	7.40% p.a.	7.00% p.a.
Axis Capital Ltd.	0.11	0.12	6.82% p.a.	7.00% p.a.
Axis Securities Ltd.	0.27	0.36	6.15% p.a.	7.00% p.a.
Axis Asset Management Company Ltd.	0.62	0.28	6.82% p.a.	9.00% p.a.
Axis Finance Ltd.	0.15	0.07	7.39% p.a.	7.00% p.a.

Group

Gratuity

The following tables summarize the components of net benefit expenses recognised in the Profit and Loss Account and the funded status and amounts recognised in the Balance Sheet for the Gratuity benefit plan.

Profit and Loss Account

Net employee benefit expenses (recognised in payments to and provisions for employees)

(₹ in crores)

	31 March, 2018	31 March, 2017
Current Service Cost	41.98	34.52
Interest on Defined Benefit Obligation	23.92	21.19
Expected Return on Plan Assets	(22.35)	(18.84)
Net Actuarial Losses/(Gains) recognised in the year	(15.41)	26.79
Past Service Cost	31.37	0.36
Total included in "Employee Benefit Expense" [Schedule 16(I)]	59.51	64.02
Actual Return on Plan Assets	27.19	17.17

Balance Sheet

Details of provision for gratuity

(₹ in crores)

	31 March, 2018	31 March, 2017
Present Value of Funded Obligations	(361.43)	(298.44)
Present Value of un-funded Obligations	(5.56)	(3.01)
Fair Value of Plan Assets	336.33	290.10
Unvested Past Service Cost	0.03	-
Net (Liability)/Asset	(30.63)	(11.35)
Amounts in Balance Sheet		
Liabilities (included under Schedule 5 - Other Liabilities)	30.63	11.35
Assets (included under Schedule 11 - Other Assets)	-	-
Net (Liability)/Asset	(30.63)	(11.35)

Changes in the present value of the defined benefit obligation are as follows:

(₹ in crores)

	31 March, 2018	31 March, 2017
Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	301.45	246.84
Current Service Cost	41.98	34.52
Interest Cost	23.92	21.19
Actuarial Losses/(Gains)	(10.56)	25.11
Past Service Cost	31.40	0.19
Liabilities Assumed on Acquisition	1.21	-
Liabilities transferred in	0.57	0.17
Benefits Paid	(22.98)	(26.57)
Closing Defined Benefit Obligation	366.99	301.45

Changes in the fair value of plan assets are as follows:

(₹ in crores)

	31 March, 2018	31 March, 2017
Opening Fair Value of Plan Assets	290.11	243.00
Expected Return on Plan Assets	22.35	18.84
Actuarial Gains/(Losses)	4.85	(1.68)
Contributions by Employer	41.33	56.52
Assets transferred in	0.57	-
Benefits Paid	(22.88)	(26.57)
Closing Fair Value of Plan Assets	336.33	290.11

Experience adjustments:

(₹ in crores)

	31 March, 2018	31 March, 2017	31 March, 2016	31 March, 2015	31 March, 2014
Defined Benefit Obligations	366.99	301.45	246.84	219.95	168.99
Plan Assets	336.33	290.11	243.00	219.26	171.76
Surplus/(Deficit)	(30.66)	(11.34)	(3.84)	(0.69)	2.77
Experience Adjustments on Plan Liabilities	2.90	7.09	2.98	0.76	7.45
Experience Adjustments on Plan Assets	(4.91)	(1.68)	(5.28)	1.39	2.30

Axis Bank Ltd.

Major categories of plan assets (managed by Insurers) as a percentage of fair value of total plan assets

	31 March, 2018 %	31 March, 2017 %
Government securities	49.04	37.30
Bonds, debentures and other fixed income instruments	28.81	47.98
Money market instruments	19.71	8.66
Equity shares	2.22	3.52
Others	0.22	2.54

Principal actuarial assumptions at the balance sheet date:

	31 March, 2018	31 March, 2017
Discount Rate	7.95% p.a.	7.40% p.a.
Expected rate of Return on Plan Assets	7.50% p.a.	7.50% p.a.
Salary Escalation Rate	7.00% p.a.	7.00% p.a.
Employee Turnover		
- 18 to 30 (age in years)	20.00%	20.00%
- 31 to 44 (age in years)	10.00%	10.00%
- 45 to 59 (age in years)	5.00%	5.00%

The estimates of future salary increases considered take into account the inflation, seniority, promotion and other relevant factors.

The expected rate of return on plan assets is based on the average long-term rate of return expected on investments of the Fund during the estimated term of the obligations.

As the contribution expected to be paid to the plan during the annual period beginning after the balance sheet date is based on various internal/external factors, a best estimate of the contribution is not determinable.

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

Axis Capital Ltd.

	31 March, 2018	31 March, 2017
The major categories of plan assets* as a percentage of fair value of total plan assets - Insurer Managed Funds	100.00	100.00

*composition of plan assets is not available

	31 March, 2018	31 March, 2017
Principal actuarial assumptions at the balance sheet date:		
Discount Rate	7.68% p.a.	6.82% p.a.
Expected rate of Return on Plan Assets	7.68% p.a.	6.82% p.a.
Salary Escalation Rate	7.00% p.a.	7.00% p.a.
Employee Turnover	10.00%	7.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The Company expects to contribute ₹2.36 crores as gratuity in the year 2017-18 (previous year ₹1.36 crores).

Axis Asset Management Company Ltd.

	31 March, 2018	31 March, 2017
Principal actuarial assumptions at the balance sheet date:		
Discount Rate	7.50% p.a.	6.82% p.a.
Expected rate of Return on Plan Assets	N.A.	N.A.
Salary Escalation Rate	12.00% p.a.	9.00% p.a.
Employee Turnover	10.00%	10.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Axis Securities Ltd.

	31 March, 2018	31 March, 2017
The major categories of plan assets* as a percentage of fair value of total plan assets - Insurer Managed Funds	100.00	100.00

*composition of plan assets is not available

	31 March, 2018	31 March, 2017
Principal actuarial assumptions at the balance sheet date:		
Discount Rate	6.60% p.a.	6.15% p.a.
Expected rate of Return on Plan Assets	7.00% p.a.	7.00% p.a.
Salary Escalation Rate	7.00% p.a.	7.00% p.a.
Employee Turnover	7.00%	7.00%

The estimates of future salary increases considered take into account the inflation, seniority, promotion and other relevant factors.

The expected rate of return on plan assets is based on the average long-term rate of return expected on investments of the Fund during the estimated term of the obligations.

The Company expects to contribute ₹1.50 crore as gratuity in the year 2017-18 (previous year ₹1.50 crores)

Axis Finance Ltd.

	31 March, 2018	31 March, 2017
The major categories of plan assets* as a percentage of fair value of total plan assets - Insurer Managed Funds	100.00	100.00

*composition of plan assets is not available

	31 March, 2018	31 March, 2017
Principal actuarial assumptions at the balance sheet date:		
Discount Rate	7.73% p.a.	7.39% p.a.
Expected rate of Return on Plan Assets	7.73% p.a.	7.39% p.a.
Salary Escalation Rate	7.00% p.a.	7.00% p.a.
Employee Turnover	5.00%	5.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Axis Trustee Services Ltd.

	31 March, 2018	31 March, 2017
Principal actuarial assumptions at the balance sheet date:		
Discount Rate	7.35% p.a.	6.85% p.a.
Expected rate of Return on Plan Assets	N.A.	N.A.
Salary Escalation Rate	10.00% p.a.	10.00% p.a.
Employee Turnover	20.00%	20.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

A.Treds Ltd.

	31 March, 2018	31 March, 2017
Principal actuarial assumptions at the balance sheet date:		
Discount Rate	7.80% p.a.	N.A.
Expected rate of Return on Plan Assets	N.A.	N.A.
Salary Escalation Rate	7.00% p.a.	N.A.
Employee Turnover		
- 21 to 30 (age in years)	20.00%	N.A.
- 31 to 44 (age in years)	10.00%	N.A.
- 45 to 59 (age in years)	5.00%	N.A.

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Accelyst Solutions Pvt. Ltd.

	31 March, 2018	31 March, 2017
Principal actuarial assumptions at the balance sheet date:		
Discount Rate	7.10% p.a.	N.A.
Expected rate of Return on Plan Assets	N.A.	N.A.
Salary Escalation Rate	10.50% p.a.	N.A.
Employee Turnover	25.70%	N.A.

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The Company expects to contribute ₹0.40 crore as gratuity in the year 2017-18.

FreeCharge Payment Technologies Pvt. Ltd.

	31 March, 2018	31 March, 2017
Principal actuarial assumptions at the balance sheet date:		
Discount Rate	7.10% p.a.	N.A.
Expected rate of Return on Plan Assets	N.A.	N.A.
Salary Escalation Rate	10.50% p.a.	N.A.
Employee Turnover	25.70%	N.A.

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

2.1.13 Provisions and contingencies

a) Movement in provision for frauds included under other liabilities is set out below:

(₹ in crores)

	31 March, 2018	31 March, 2017
Opening balance at the beginning of the year	59.40	39.82
Additions during the year	2.00	23.47
Reductions on account of payments during the year	(0.15)	-
Reductions on account of reversals during the year	(0.27)	(3.89)
Closing balance at the end of the year	60.98	59.40

b) Other liabilities include provision for reward points made on actuarial basis, the movement of which is set out below:

(₹ in crores)

	31 March, 2018	31 March, 2017
Opening provision at the beginning of the year	110.45	127.38
Provision made during the year	89.05	32.17
Reductions during the year	(55.56)	(49.10)
Closing provision at the end of the year	143.94	110.45

c) Movement in provision for other contingencies is set out below:

(₹ in crores)

	31 March, 2018	31 March, 2017
Opening provision at the beginning of the year	595.62	539.09
Provision made during the year	342.25	1,036.59
Reductions during the year	(787.21)	(980.06)
Closing provision at the end of the year	150.66	595.62

The above provision includes contingent provision for advances/other exposures, legal cases and other contingencies.

2.1.14 Description of contingent liabilities

a) Claims against the Group not acknowledged as debts

These represent claims filed against the Group in the normal course of business relating to various legal cases currently in progress. These also include demands raised by income tax authorities and disputed by the Group. Apart from claims assessed as possible, the Group holds provision of ₹43.28 crores as on 31 March, 2018 (previous year ₹26.61 crores) towards claims assessed as probable.

b) Liability for partly paid investments

This represents amounts remaining unpaid towards liability for partly paid investments.

c) Liability on account of forward exchange and derivative contracts

The Group enters into foreign exchange contracts, currency options/swaps, interest rate/currency futures and forward rate agreements on its own account and for customers. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate. Currency swaps are commitments to exchange cash flows by way of interest/principal in two currencies, based on ruling spot rates. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows. Interest rate futures are standardised, exchange-traded contracts that represent a pledge to undertake a certain interest rate transaction at a specified price, on a specified future date. Forward rate agreements are agreements to pay or receive a certain sum based on a differential interest rate on a notional amount for an agreed period. A foreign currency option is an agreement between two parties in which one grants to the other the right to buy or sell a specified amount of currency at a specific price within a specified time period or at a specified future time. An Exchange Traded Currency Option contract is a standardised foreign exchange derivative contract, which gives the owner the right, but not the obligation, to exchange money denominated in one currency into another currency at a pre-agreed exchange rate on a specified date on the date of expiry. Currency Futures contract is a standardised, exchange-traded contract, to buy or sell a certain underlying currency at a certain date in the future, at a specified price.

d) Guarantees given on behalf of constituents

As a part of its banking activities, the Bank issues guarantees on behalf of its customers to enhance their credit standing. Guarantees represent irrevocable assurances that the Bank will make payments in the event of the customer failing to fulfill its financial or performance obligations.

e) Acceptances, endorsements and other obligations

These include documentary credit issued by the Bank on behalf of its customers and bills drawn by the Bank's customers that are accepted or endorsed by the Bank.

f) Other items for which the Group is contingently liable

Other items represent outstanding amount of bills rediscounted by the Bank, estimated amount of contracts remaining to be executed on capital account, notional principal on account of outstanding Tom/Spot foreign exchange contracts, commitments towards underwriting and investment in equity through bids under Initial Public Offering (IPO) of corporates as at the year end, demands raised by statutory authorities (other than income tax) and disputed by the Group and the amount transferred to Depositor Education and Awareness Fund (DEAF).

The Bank, through one of its overseas branches, had arranged Trade Credit (Buyers Credit loans) against Letters of Undertaking (LOUs) issued by Punjab National Bank (PNB), which were subsequently alleged as fraudulent by PNB. Prior to this declaration by PNB, such buyer's credit loans were sold down in the secondary market by the overseas branch to various participating banks under Risk Participation Agreements. As on 31 March, 2018, there is no funded exposure outstanding in the overseas branch pursuant to such sell down. PNB has repaid the aggregate amount of all LOUs due upto 31 March, 2018, pursuant to an undertaking issued to PNB, and made remittance to the overseas branch which has been passed on for onward payment to the participating banks. Based on the facts and circumstances of the case, internal findings and legal opinion, the Bank does not expect PNB has any valid right at this point in time, for refund by the Bank of the aggregate amount paid by PNB towards LOUs due upto 31 March, 2018 . However, as a matter of prudence, the aggregate amount of LOUs issued by PNB to the overseas branch against which buyer's credit was extended, aggregating to ₹3,847.26 crores has been disclosed as part of Contingent Liabilities in the Balance Sheet.

The Group has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Bank has reviewed and recorded adequate provision as required under any law/accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) in the books of account and disclosed the same under the relevant notes in the financial statements, where applicable.

2.1.15 Comparative Figures

Previous year figures have been regrouped and reclassified, where necessary to conform to current year's presentation.

For Axis Bank Ltd.

Sanjiv Misra
Chairman

	Samir K. Barua Director	S. Vishvanathan Director	Rakesh Makhija Director	Shikha Sharma Managing Director & CEO
Date : 16 May, 2018 Place: Mumbai	Girish V. Koliyote Company Secretary	Jairam Sridharan Chief Financial Officer	V. Srinivasan Deputy Managing Director	B. Baburao Director

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