

# Management Discussion and Analysis

## Business Environment

The coronavirus pandemic, which initially emerged as a health crisis, translated into a severe economic and social challenge not only over the course of the Calendar Year (CY) 2020 but also continued well into CY 2021 with the emergence of 'second wave' of the COVID-19 pandemic. Major economies experienced their sharpest deceleration in economic growth during this period. However, proactive measures by the policymakers such as expansionary fiscal policy, use of monetary policy tools to boost liquidity in the financial system, rollout of mass vaccination drive, among others, have aided in abating risks to economic recovery in the near future to some extent.

On the domestic front, the economic impact of the pandemic was apparent in the growth readings. As per the Provisional Estimates of National Income, 2020-21, India's real Gross Domestic Product (GDP) contracted by 7.3% in FY 2020-21 as compared to a growth of 4.0% in FY 2019-20. The Gross Value Added (GVA) at basic price, which captures sectoral performance, also contracted by 6.2% in FY 2020-21 as compared to a growth of 4.1% in FY 2019-20 due to contraction in both Industry and Services sector which offset the growth evidenced in the Agriculture sector.

Against this backdrop, the Government of India (GoI) and the Reserve Bank of India (RBI) adopted an all-inclusive and co-ordinated policy approach to address the growth concerns confronting the economy. Various fiscal and monetary measures such as the AatmaNirbhar Bharat Abhiyaan, wide-ranging announcements in the Union Budget 2021-22, accommodative monetary policy stance, deployment of unconventional monetary policy tools, among other measures, have aided in providing the necessary impetus to growth.

Going forward, factors such as strengthening and broad-basing of growth impulses, mass rollout of vaccination programme, sector-specific budget announcements, increase in budgeted capital expenditure, continued thrust on investment in infrastructure sector, etc. are expected to improve India's near-term growth outlook. Additionally, a moderate inflation outlook may enable the RBI to maintain an accommodative policy stance to support growth, mitigate the adverse impact of the pandemic and return the economy to a higher growth path. The need for a concerted policy intervention – both fiscal and monetary – to propel the economy to a higher growth trajectory on a sustainable basis cannot be overstated.

## Business Review

The year just past brought about unprecedented challenges across the globe as the effects of the COVID-19 pandemic disrupted not just regular business operations but also everyone's day-to-day lives. Like many other companies across all sectors of the economy, your Bank too felt the impact of the coronavirus pandemic in multiple ways. Despite the challenges that persisted, the Bank continued to forge ahead, and the financial results posted by your Bank are a testimony to its commitment to excellence and the hard work and dedication put in by the Management Team and staff across the board. There were valuable lessons learnt as the year progressed, as everyone at your Bank was forced to change the way things worked. While facilitating remote working for majority of its staff, your Bank strived to maintain highest levels of service quality for its customers, in consonance with its perspective of ensuring the well-being of its stakeholders and their families without compromising on the service standards. The Bank's business continuity protocol were also put to test and the fact that it was business as usual for all our stakeholders bears witness to the robustness of these protocols.

Notwithstanding the changed operating environment, the broad contours of the Bank's business strategy remained similar. Seeking to cement its position as a retail-focussed bank, the Bank continued to strategically augment its business in retail and priority sector segments, even as it pruned its corporate exposure. Accordingly, the Bank undertook initiatives to ensure growth in its Retail, Agri and MSME (RAM) asset book, which are inherently granular in nature, in order to achieve a more stable and diversified asset mix. On the liability front, your Bank focussed on scaling up its low-cost deposit base, i.e. CASA deposits, while reducing reliance on institutional deposits in order to become more competitive by driving down the cost of deposits and cost of funds. The fundamental thought behind the Bank's strategy is to establish a strategic framework that would allow it to expand its business operations in a risk-calibrated and granular manner.

Being in the extremely competitive domain of banking, the Bank has constantly endeavoured to remain relevant. Thus, during the year, the Bank introduced an array of new offerings as well as revamped the existing bouquet of products and services, keeping in view the changing preferences/priorities of its customer base. Forging strong long-term relationship with its customers has been one of the basic tenets of the Bank's strategy. Towards this end, the Bank has been committed to ensure seamless customer experience by taking steps such as increasing touchpoints, increased digitalisation of processes, adding to the functionality of its mobile/ internet/ phone banking services etc. In terms of physical presence, as



on March 31, 2021, your Bank served its customers through its network of 1,886 branches, comprising 426 branches at metro centres, 464 branches at urban centres, 585 branches at semi-urban centres and 409 branches at rural centres (including 255 Financial Inclusion branches) across India, one overseas branch at Dubai International Financial Centre (DIFC), Dubai and one International Banking Unit (IBU) at Gujarat International Finance Tec-City (GIFT), Gandhinagar. Further, the network comprised 3,388 ATMs and 58 e-lounges. Furthermore, the Bank has been leveraging data analytics and Customer Relationship Management (CRM) module to gain better insights into customer requirements to offer customised financial solutions.

Post majority stake acquisition by the Life Insurance Corporation of India (LIC) in January 2019, your Bank has identified specific actionable points and implemented several measures to leverage the potential business synergies between the two entities. This has helped the Bank in garnering business in crucial areas such as low-cost deposit book, viz. CASA book as well as retail asset book. By acting as a Corporate Agent of the LIC, the Bank has been leveraging its distribution channel/ touchpoints to promote the LIC's insurance products as well as to provide collection/ payments related requirements to various offices of the LIC through its branch/ digital channels.

According utmost priority to addressing its asset quality issues, your Bank has been taking various measures to ensure expeditious resolution and recovery of NPAs. Besides setting up two separate verticals, viz. NPA Management Group (NMG) for corporate cases and Retail Collection & Recovery for retail cases, your Bank has also set up a centralised dedicated desk for cases under Corporate Insolvency Resolution Process (CIRP) to ensure maximum recovery from the existing impaired cases. To ensure better asset quality in future, the Bank has set up a dedicated Credit Monitoring Group (CMG) with the objective of identifying Special Mention Accounts (SMAs), probable Non-Performing Accounts (NPAs) and regular accounts showing Early Warning Signals (EWS) of stress in order to prevent slippage of these accounts into NPA by ensuring intensive follow-up and monitoring of these accounts.

The strategic measures taken by the Bank enabled it to turn around its financials during the year. Consequentially, based on the Bank's commitment to comply with the norms of minimum regulatory capital, Net Non-Performing Asset (NNPA) and Leverage ratio on an on-going basis and its compliance to the parameters defined in the Prompt Corrective Action (PCA) framework, the Reserve Bank of India (RBI), vide its letter dated March 10, 2021, decided to lift the restrictions imposed on the Bank under the PCA framework, subject to certain conditions and continuous monitoring.

The road ahead for the Bank seems promising, albeit still challenging. Your Bank has achieved a growth momentum which must not only be sustained but built further. The exit from the PCA framework has opened up the possibility for the Bank to undertake a wide range of banking activities, which may aid in further boosting its business performance. The Bank has also undertaken organisational restructuring to provide the necessary thrust on critical areas. While the Bank will continue to place emphasis on growing the share of the retail and small & medium-sized enterprises, it may explore avenues to grow the corporate credit book, especially in mid-size units, in a risk-calibrated manner. The Bank remains cognisant of the challenges posed by the COVID-19 pandemic and is continually re-assessing and re-aligning its operational strategies as it continues to serve its customers. Your Bank will continue to accord due importance to ensuring a robust risk management, compliance and corporate governance structure to maintain its reputation and win the trust of all its stakeholders. These strategic endeavours are aimed at helping the Bank to carve a niche for itself as one of the most trusted banks in the banking space. Your Bank believes that commitment and excellence is integral when commencing a journey. The Bank has embarked on a new journey on notional terms as it has exited the PCA framework. The tenacity showed by the Bank over the years is expected to stand it in good stead as it forges ahead on its growth path, based on the foundations of its commitment to its stakeholders and excellence in banking standards.

## Retail Banking

### Retail Liability Products

Your Bank has undertaken a host of initiatives to digitise all possible customer journeys in response to the changed consumer needs and behaviour, especially in the aftermath of the COVID-19 pandemic.

As part of this endeavour, your Bank has launched WhatsApp banking services, Account Opening/ Re-KYC through Video KYC (VAO) and online account opening through Mobile Application (I-Quick). These Digital-to-Customer (D2C) initiatives are in line with your Bank's vision of completely contactless and paperless modes of banking, which would facilitate the customers to undertake routine transactions remotely without the need to physically visit the branches.

In line with the trend observed in the industry, your Bank continued to rationalise its cost of deposits by effecting progressively downward interest rate revision on savings and term deposits during the year. Your Bank also revised charges for a few facilities offered in savings bank account, current account and overdraft account.



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### NRI Services

Your Bank offers a wide range of products across the broad spectrum of deposits, investments, remittances and loans services to meet the banking and financial needs of the Indian Diaspora globally. Your Bank continued to undertake product/process enhancements for boosting its Non-Resident Indian (NRI) business and enhancing remote service delivery in overseas locations.

Your Bank also continued to engage with its NRI clients through the quarterly newsletter, viz. *NRI Sampark*, which showcases its bouquet of products and services.

### Retail Assets

Your Bank continues to target a progressively larger retail business portfolio to facilitate a more balanced business mix, in keeping with its intended positioning as a full-service new generation commercial bank. Pursuant to the same, your Bank offers a bouquet of retail asset products primarily aimed to meet the needs of retail customers. Retail asset products on offer include housing loans, Loan Against Property (LAP), personal loans, education loans, auto loans, among others. While these products are periodically reviewed, and modifications/ innovations/ customisations are added to the features of the existing products, the Bank also introduces new products on a regular basis.

Your Bank targeted a moderate growth in retail asset book during FY 2020-21 as a conscious decision with a view to avert any additional stress due to external uncertainties brought about by the COVID-19 pandemic. Accordingly, the Bank registered a Structured Retail Asset (SRA) book growth of around 2.74% on an annualised basis with a Compound Annual Growth Rate (CAGR) growth of 10.99% over the past four years. Your Bank continued to maintain a robust structured retail asset portfolio with minimal slippages.

In order to achieve higher growth in a focussed manner, your Bank has formed a separate SRA vertical. Under the new SRA vertical, the Retail Asset Centres (RACs) will function as dedicated Credit & Operations unit with sales function delinked from the RACs, which will help in ensuring credit quality and improved operational efficiencies.

To meet the challenges posed by pandemic and divergent needs of its customers, your Bank undertook various measures under structured retail asset products, some of which are given hereunder:

- In response to the economic crisis due to the COVID-19 pandemic, the moratorium relief package rolled out by the GoI/ RBI was implemented in true spirit, wherein your Bank granted moratorium to all the eligible SRA term loan customers outstanding as on March 1, 2020,

unless a borrower specifically opted out of it. The moratorium for payment of installments was available till August 31, 2020.

- Under the Guaranteed Emergency Credit Line (GECL) scheme rolled out by the Government, your Bank extended additional funding by way of working capital term loan to MSMEs/ business enterprises and individual borrowers who had availed loans earlier for business purpose.
- In line with the RBI directive, your Bank introduced loan resolution plan for SRA borrowers having financial stress on account of the COVID-19 pandemic.
- In line with 'Housing for All' initiative of the Government for promoting affordable housing, IDBI Bank extended subsidy benefit under the Pradhan Mantri Awas Yojana (PMAY) - Credit-Linked Subsidy Scheme (CLSS) to numerous home loan borrowers.

### Credit Cards

Your Bank offers five credit card variants under three different network schemes, viz. (i) RuPay Scheme - Winning Select, (ii) Visa Scheme - Royale Signature, Aspire Platinum & Imperium Platinum and (iii) Mastercard Scheme - Euphoria World. These card variants are targeted at different customer segments depending on their profile and needs.

During the year, your Bank entered into an agreement with LIC Cards Services Ltd. (LICCSL) to launch co-branded credit cards. Various new credit card features were added in the Bank's mobile banking applications, viz. GO Mobile+, Abhay Card Control as well as the credit card net banking facility. To promote the usage of credit cards during the festive season, your Bank had launched Festive Delight campaign during the October 2020-January 2021 period. Your Bank entered into strategic tie-ups with various merchants, viz. Flipkart, Tata Cliq, PayTM Mall, Swiggy, Ease My Trip (EMT), Akbar Travels etc. to extend various discounts and cashback offers to incentivise card usage by the cardholders. In view of the plausible financial stress on its customer base on account of the COVID-19 induced lockdown/ restrictions, your Bank extended the moratorium facility, resolution framework and ex-gratia payment for eligible customers in line with the regulatory and statutory guidelines.

### Digital Banking

The COVID-19 pandemic saw an exponential growth in digital banking channels as customers exhibited preference for this mode on account of being contactless and convenient. Your Bank continued to revamp and strengthen its digital infrastructure for smooth, convenient, safe and secure 'Anytime, Anywhere' banking experience.



Your Bank is committed to significantly promoting and enhancing the distribution of various digital products, viz. debit cards (both physical and virtual), mobile banking, internet banking, Point of Sale (PoS), Digital PoS, internet payment gateway, in line with the DigiDhan Mission of the Government.

During the year under review, your Bank achieved several important milestones. Your Bank saw 42% growth in its digital transactions and 47% growth in the mobile banking users during pandemic.

Your Bank has updated its mobile banking app 'GO Mobile+' by adding new functionalities such as LIC premium payment, online demat account opening, option of regional languages, introduction of Deals-n-Delight (an online marketplace platform), card-less cash withdrawal, implementation of UPI 2.0 etc.

Your Bank has also enabled additional features in its internet banking facility such as instant online registration for retail users, implementation of positive pay system, round-the-clock RTGS system for corporate customers, online verification of electronic payment advice for Public Financial Management System (PFMS) agencies, e-mandate registration, etc.

Your Bank has successfully launched the National Common Mobility Card (NCMC). Your Bank has also launched virtual debit card on all three card issuance networks, viz. Visa, Mastercard and RuPay.

Your Bank has enabled all cash and gift cards with EMV-chip as well as with PayWave (Tap-n-Go) transaction facility. Your Bank has signed an agreement with LIC Cards Services Ltd. for issuance of co-branded gift cards with the brand name 'Shagun'.

Your Bank has upgraded its ATM Switch to improve transaction security and faster transaction processing. Also, steps have been taken to rationalise the number of ATMs to maximise interchange income. Further, your Bank has implemented enhanced security measures such as acceptance of EMV chip card, anti-skimming devices, replacement of One Time Combination (OTC) locks and terminal security solution at ATMs.

### Third Party Products and Capital Market Products

The Third Party Product (TPD) segment of your Bank offers various value-added products and services to customers, keeping in view their risk profile and financial goals. Since the fee income generated from TPD business is capital-free, this segment is given due emphasis. During FY 2020-21, the Bank launched various campaigns for imparting necessary thrust in enhancing fee income and fostering healthy sales culture. Your Bank has also been working towards promotion and

servicing of the Govt bonds, Rural Electrification Corporation of India (REC)/ National Highway Authority of India (NHAI)/ Indian Railway Finance Corporation (IRFC) bonds, Sovereign Gold Bond (SGB) scheme and the New Pension Scheme (NPS).

The major products that are distributed by your Bank include:

- Life Insurance products through its life insurance partners, viz. Life Insurance Corporation of India (LIC) and Ageas Federal Life Insurance Co. Ltd.
- General and standalone health insurance through its channel partners, viz. New India Assurance Co. Ltd., TATA AIG General Insurance and Max Bupa Health Insurance Co. Ltd.
- Mutual Fund through various Asset Management Companies (AMCs) such as IDBI Asset Management Ltd., LIC Mutual Fund Asset Management Ltd., and other Asset Management Companies (AMCs).
- Portfolio Management Service (PMS) for High Networth Individual (HNI) and ultra HNI customers in partnership with IDBI Capital Markets & Securities Ltd. (ICMS).
- Capital market products such as demat account, 3-in-1 account (wherein savings & Demat account are linked to the Online Trading account), 2-in-1 account (savings & Demat account), Applications Supported by Blocked Amount (ASBA) and Loan Against Securities (LAS).
- National Pension System (NPS)
- Bonds such as Govt Bonds – FRSB 2020 (T) bond, capital gain bonds (Rural Electrification Corporation of India (REC), National Highway Authority of India (NHAI), Indian Railway Finance Corporation (IRFC), Sovereign Gold Bond (SGB) etc.

As on March 31, 2021, your Bank has cross-sold over 82,500 LIC policies to its customers during the year. During FY 2020-21, your Bank sold approximately 96,500 policies in the life insurance segment with total premium amounting to ₹ 955 crore. The Bank also sold more than two lakh policies in the general and health insurance segment with total premium amounting to ₹ 124 crore. Your Bank, from all the above initiatives, has earned a fee-income of ₹ 115 crore for the financial year.

Further, the Bank also envisages augmenting fee income from the sale of mutual funds from its branches as well as from demat and trading accounts. Since many customers of the Bank are new to equity investment, your Bank acts as an intermediary advisor to them and thereby, help in driving growth in this segment. The Bank's demat account acquisition grew by 75% on an annualised basis with acquisition of approximately 29,000 accounts during FY 2020-21.



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Leveraging the digital platforms, the Bank undertook the following initiatives:

- ANANDA module has been launched by the LIC for offering digital/ paperless sale of life insurance products to the Bank's customers.
- The Bank has on-boarded a technical partner for building a digital platform for sale of mutual fund and other TPD products via your Bank's net and mobile banking application through API integration. A separate Relationship Manager Relationship Officer (RMRO) module for the branch sales team is also planned out under this platform.
- The Bank has launched demat account opening through its mobile banking application, viz. *IDBI GO Mobile+* for its existing customers on the basis of existing KYC.

Your Bank undertakes the TPD sales and distribution business under referral basis in compliance with all the regulatory and statutory guidelines issued from time-to-time.

### Synergies with the LIC

Since the LIC acquired majority stake in your Bank in January 2019, numerous initiatives have been taken to leverage the potential business synergies between the two entities. Your Bank has identified specific actionable points in order to garner business in synergy areas through its best-in-class products and services especially in order to build low-cost deposit book, viz. current account book & savings account book as well as retail asset book along with efficient and optimal utilisation of its distribution channel/ touchpoints to source business as a Corporate Agent of the LIC under the Bancassurance channel. Your Bank has also been extending transaction banking services to meet collection/ payments related requirements of various offices of the LIC through its branch/ digital channels.

While your Bank has been reaping significant benefits in all major business segments through the areas of collaboration, it is also anticipated that, going forward, with the current intensity of engagement as well as synergies with the LIC and its subsidiaries, your Bank will continue to witness multi-dimensional growth, which will help in further increasing customer reach. This will lead to enhanced value proposition for all the stakeholders of the Bank.

### Financial Inclusion

Your Bank has been proactive in partnering with the policymakers to further the objective of financial inclusion by ensuring access to financial products and services to the vulnerable sections of the society at an affordable cost in

a fair and transparent manner. The Financial Inclusion Plan (FIP) provides a structured and planned approach to financial inclusion with a commitment at the highest echelon.

Your Bank has been actively promoting the agenda of financial inclusion with interventions in three key areas, viz. offering appropriate financial products, making extensive use of technology and enhancing financial literacy.

### Pradhan Mantri Jan Dhan Yojana (PMJDY) and Social Security Schemes

Your Bank has been proactively involved in promoting the Government's financial inclusion programme, viz. Pradhan Mantri Jan Dhan Yojana and the Government's social security schemes, viz. Pradhan Mantri Suraksha Bima Yojana (PMSBY) for accident insurance cover, Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) for life insurance cover and Atal Pension Yojana (APY) for old-age pension.

### Business Correspondents (BCs)/ Business Facilitators (BFs)

Your Bank has leveraged its network of Business Correspondents (BCs)/ Business Facilitators (BFs) in an effort to increase banking penetration in rural and semi-urban areas and thereby, ensure greater financial inclusion as also to provide an added impetus to its Priority Sector Lending (PSL) business. To provide facility of payments through the BCs (also referred to as Bank Mitras), hand-held devices have been provided to them which are enabled with the facilities to accept RuPay cards and carry out Aadhaar-based transactions. Furthermore, to enhance the skill sets of the BCs/ BFs and thereby, enable them to become confident, self-sufficient and viable, the Bank has conducted extensive training sessions/ workshops for all the BCs/ BFs at various locations across the country. Besides, your Bank has also provided on-the-job training to the BCs/ BFs to develop their technical skills to operate on technology platforms for conducting banking transactions.

### Financial Literacy

Financial literacy has been identified as a pre-requisite for effective financial inclusion and an integral part of PMJDY in order to let the beneficiaries make best use of the financial services being made available to them. Your Bank has set up desks known as '*Vittiya Saksharta Jankari Kendras*' in its rural branches which have been entrusted with the responsibility of spreading awareness on various banking products and the Government's social security schemes by conducting outdoor literacy camps. Your Bank also conducts street plays in interior areas of the country to spread awareness among rural populace about various banking services. Your Bank's



Rural Self Employment Training Institute (IDBI-RSETI) in the Satara district of Maharashtra also conducts free residential training programme in job-oriented courses, viz. dairy farming and vermicompost making, home-made agarbatti, sheep/ goat rearing, candle making, tailoring, beauty parlour management etc. for rural youth to empower them to become self-employed.

### Other Initiatives

Your Bank is registered with Unique Identification Authority of India (UIDAI) as a Registrar for Aadhaar enrolments. Your Bank has actively participated in Direct Benefit Scheme of the Central/ State Governments. Further, your Bank has continued with the distribution of social security pension through its BC channel.

### Priority Sector Banking

The Bank has been contributing significantly to the objective of Priority Sector Lending (PSL) as mandated by the RBI. As per the regulatory requirement, your Bank has primarily focused on financing to Micro Enterprises, Direct Agri Non-Corporate (DANC) and Small & Marginal Farmers (SFMFs) during the year. Your Bank also continued its effort to extend its reach through non-individual BC/ BF channel which saw it entering into tie-ups with over 30 non-individual BCs/ BFs so far.

During the year, the Bank achieved all its regulatory targets for PSL, including sub-sectors on average basis, by making concerted efforts as also through securitisation and Priority Sector Lending Certificates (PSLC) transactions.

In terms of the Government schemes/ directions, your Bank has been extending loans under Pradhan Mantri Mudra Yojana (PMMY), Prime Minister Street Vendor AtmaNirbhar Nidhi (PM SVANidhi), Stand-up India, etc. as also to minority communities and weaker sections including Scheduled Caste (SCs)/ Scheduled Tribes (STs).

### Major initiatives undertaken to boost PSL

Some of the major initiatives taken by your Bank during FY 2020-21 to augment its PSL portfolio are as follows:

- To ramp up business through branch channel, your Bank launched product specific campaigns, viz. MSME Monsoon Bonanza, Commodity Super Kings, MSME Power, Agri Premier League, Mudra Magic campaign, MSME Uthaan, Agri Infra campaign, KCC campaign, Dairy Loan Campaign on a regular basis. During the year, your Bank also ran several campaigns, viz. Gold Winter League, Gold Republic League, Gold February Frontiers, Mega Felicitation, & Gold Champion, etc., for promoting its Gold Loan product.

- Your Bank has launched a new product, Guaranteed Emergency Credit Line (GECL) for MSME units/ business enterprises and Mudra borrowers who were impacted by the COVID-19 pandemic. A new product for traders, viz. Sahaj Vyapar, was introduced by merging two other products, viz. IDBI Saral Vyapar and IDBI Sulabh Vyapar Loan. In line with the Government's announcement, your Bank introduced PM Street Vendor's AtmaNirbhar Nidhi (PM SVANidhi) whereby street vendors in urban areas are eligible for loans up to ₹ 10,000. A Credit Guarantee Scheme for Subordinated Debt (CGSSD) was launched to provide personal loans to stressed MSMEs. Besides, your Bank added two new products, viz. Financing under Animal Husbandry Infrastructure Development Fund and Financing under Agriculture Infrastructure Fund, to its bouquet of agriculture-related products.

- The Bank has simplified its existing appraisal formats for MSME loans up to ₹ 50 lakh to ensure faster turnaround time.

- In compliance with the RBI guidelines, the Bank has extended the external benchmark rate, i.e. Repo-linked rate for Medium Enterprises, with effect from April 1, 2020.

- The Bank celebrated '*International MSME Day*' by sending e-mailers outlining various products/ services offered by it, including the moratorium offered under the COVID-19 regulatory package granted by the RBI, availability of working capital term loan under the GECL etc. Moreover, branches promoted the new offerings for MSME to the customers through phone/ video calls.

- The Bank observed '*Doctors' Day*' on July 1, 2020 as a mark of respect to the legendary physician, Dr. Bidhan Chandra Roy, and to commemorate the valuable services rendered by doctors in the society. On the occasion, e-mailers were sent to customers acknowledging the relentless efforts and commitment of doctors in fighting the COVID-19 pandemic as frontline warriors.

- The Bank celebrated '*Kisan Diwas (Farmers' Day)*' on December 23, 2020 in commemoration of former Prime Minister of India, Late Shri Choudhary Charan Singh, on his birth anniversary to signify the substantial role played by farmers in socio-economic development of the country. On the occasion, a video message was widely circulated on the Bank's social media platforms, viz. Twitter, Facebook, YouTube, Instagram etc. to express gratitude towards the farming community for their role and contribution to the society as also encapsulating



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the Bank's commitment towards ensuring hassle-free financing for the farm sector. SMSes were also sent to about 10 lakh farmers associated with the Bank on the occasion.

- The Bank has launched Loan Processing System (LPS) for Agri and MSME products which will be an end-to-end solution.

### Corporate Banking

The corporate banking segment of your Bank comprises of the Mid Corporate Group (MCG) and the Large Corporate Group (LCG).

Through its corporate banking groups, your Bank provides an entire gamut of products and services to manufacturers, traders and vendors across the spectrum of industries including pharmaceuticals, FMCG, auto components & ancillary, automobiles, food processing, sugar, ceramics, chemicals, construction, textiles, steel, plastics, telecom, cement, leather products, paper & paper products, rubber, metals, tourism, hospitality, education, Non-Banking Financial Companies (NBFCs), mining & quarrying, engineering, electrical machinery, electronics & electrical equipment, power, oil & gas, agriculture & allied activities, transport, computer software & related activities, IT services & technology, energy generation & distribution, etc.

Your Bank offers short-term and long-term financial assistance by way of fund based and non-fund based working capital limits, viz. cash credit, export credit to exporters, bill discounting, Letter of Credit (LC), Bank Guarantee (BG), Standby Letter of Credit (SBLC), Buyers' Credit (BC), LC Backed Bill Discounting (LCBD). Credit facilities are strictly need-based and extended after proper due diligence and on determining the financial viability of the customer.

### Mid Corporate Group

The MCG of your Bank caters to the requirements of mid corporate clients with turnover above ₹ 250 crore and up to ₹ 750 crore (irrespective of exposure). This also includes any exposure above ₹ 15 crore, irrespective of turnover being less than ₹ 250 crore. For effective operationalisation, the MCG has been organised into six Zones with 20 branches and five desks on a pan-India basis. Such an operational structure helps the Bank in ensuring better customer focus, building higher quality portfolio, facilitating deeper penetration, avoiding concentration risk and aiming for multi-product penetration through upsell and cross-sell.

### Large Corporate Group

The LCG operates from seven different locations and caters to the requirements of large corporates/ corporate groups.

Within the ambit of corporate banking, your Bank also places due emphasis on PSL by offering products such as channel financing and vendor financing for dealers/ vendors of corporates. The LCG team of your Bank works closely with other specialised teams such as in Retail Banking, Transaction Banking, Treasury, etc. to develop suitable products and devise appropriate solutions which would fulfill specific needs of the corporate clients.

In alignment with its turnaround strategy, your Bank would be selective with respect to growth in its corporate loan book, thereby striving to maintain a capital light model while simultaneously de-risking its business portfolio mix. Towards this end, your Bank will focus on fresh acquisition of well-rated corporate accounts as well as improving utilisation in 'A' and above rated clients. Similarly, the Bank envisages growth in interest and fee income by focusing on improvement in utilisation of sanctioned fund based and non-fund based limits and cross sell. The Bank is also endeavoring to upgrade/ implement timely resolution in stressed and Non-Performing Asset (NPA) cases, thereby benefiting from reversal of provision, if any, along with augmentation of standard advances book.

### Asset Quality

Your Bank continued to focus its efforts towards containment of fresh Non-Performing Assets (NPAs) and maximising recovery from the existing impaired assets. As at end-March 2021, 77.63% of your Bank's Gross Advances were Performing Assets, whereas 22.37% were NPAs. The focussed efforts by the Bank have aided in containing fresh accretion to NPAs to only 1.91% of Gross Advances in FY 2020-21 as against 6.35% in FY 2019-20.

The recovery from impaired assets and upgradation of NPAs to Performing Assets during the year amounted to ₹ 5,300 crore which helped the Bank to reduce its end-level NPAs to ₹ 36,212 crore as on March 31, 2021.

Adequate provisions were made in conformity with extant regulatory guidelines and as a prudential approach, your Bank has increased the Provision Coverage Ratio (PCR) from 93.74% as on March 31, 2020 to 96.90% as on March 31, 2021.

Your Bank has set up a dedicated vertical, viz. NPA Management Group (NMG), for focussed and aggressive approach towards resolution and recovery with account-specific resolution strategies and close monitoring of corporate NPAs.

Your Bank has set-up a centralised dedicated desk for cases under Corporate Insolvency Resolution Process (CIRP). This dedicated desk has been playing a proactive role in providing an overall view by internalisation of learning from the field



and dissemination across teams for navigating through the complexities, thereby enabling the Bank to successfully handle these cases.

As of March 31, 2021, a total of 245 cases with an aggregate gross principal outstanding of ₹ 44,652 crore (including Standard Assets/ NPAs/ Technically Written-Off (TWO) Assets), were undergoing CIRP within the ambit of Insolvency and Bankruptcy Code (IBC), 2016. Your Bank was able to resolve majority of these cases and recover a sum of ₹ 1,133 crore during FY 2020-21. Furthermore, few other cases are expected to be resolved in FY 2021-22.

Your Bank has a 'One Time Settlement (OTS) Management System' which facilitates submission of an OTS application through the Bank's website as also enables end-to-end processing of an OTS proposal, including tracking of recovery.

During the year, your Bank also sold nine accounts (three NPA accounts and six TWO accounts) on all cash basis with Gross Principal Outstanding (GPO) of ₹ 1,126.05 crore for consideration of ₹ 408.74 crore to Asset Reconstruction Companies (ARCs) for recovery. Out of the recovery of ₹ 408.74 crore, your Bank has received ₹ 214.84 crore in NPA accounts and remaining ₹ 193.90 crore from TWO accounts. A total recovery of ₹ 547 crore was made from written-off accounts during the year.

Your Bank has been diligently pursuing legal actions under the applicable laws, enforcement actions under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, following up with Debt Recovery Tribunals (DRTs)/ courts on continuous basis including posting dedicated legal officers as nodal officers so as to minimise the delays in obtaining recovery certificates/ decrees and execution thereof.

Your Bank has classified 279 cases as willful defaulters with punitive actions initiated against such borrowers/ promoters/ directors and declared nine cases as Non-Cooperative Borrowers as on March 31, 2021.

### Retail Recovery

Your Bank has also formed a separate vertical, viz. Retail Collection and Recovery, for focussed approach in case of retail NPAs. Your Bank has launched a non-discriminatory and non-discretionary One Time Settlement (OTS) scheme, viz. Saral Karj Bhugtan Yojna-II (SKBY-II), for retail and corporate NPA accounts with Gross Principal Outstanding (GPO) up to ₹ 10 crore for expeditious resolution of NPAs/ TWO accounts. During the year, your Bank initiated digitisation of retail recovery process, i.e. issuance of loan recall notice, SARFAESI action -13(2) & 13(4) and suit filing, which is under implementation.

### Credit Monitoring Group

Your Bank has set up a Credit Monitoring Group (CMG) in May 2017. The main objective of the CMG is monitoring of onset of stress, monitoring of credit administration parameters and structured review of loans.

The CMG identifies Special Mention Accounts (SMAs), probable delinquent accounts and regular accounts showing Early Warning Signals (EWS) of incipient stress. Your Bank has successfully implemented an automated and comprehensive bank-wide EWS system since December 2019, which has the ability to source data from the Bank's internal systems and external feeds. Risk bucketing under High/ Medium/ Low risk is carried out in respect of all corporate and retail accounts with threshold limit, which has augmented the capability of the Bank to identify high-risk accounts and accounts showing early signs of stress in pre-SMA stage. Through EWS system, your Bank undertakes required market analysis and inter-bank comparison of its retail portfolio at regular intervals.

To prevent slippages of these accounts into NPA, intensive follow-up and monitoring of these accounts is undertaken. Asset Monitoring tools of CMG viz. 'SAJAG' and 'SMA Action Tracker' have been enabled for the branches on a real-time basis with additional features which provide details of SMAs, probable NPAs, EWS accounts, high-risk accounts and Credit Administration Parameters (CAP) pending for compliance. The collection actions by field functionaries are captured by the SMA Action Tracker and CAP updation are captured by 'SAJAG' which enables monitoring of these accounts on a real-time basis.

The Bank has ramped up its collection efforts by putting in place a dedicated Retail Collection and Retail Recovery vertical in February 2021. The vertical is making extensive use of Call Centre and Collection Agencies and is expected to achieve higher resolution rates on collection and recovery. An Integrated Digital Collection Module is also being developed which will assist the Bank to identify the stress and deploy resources (in-house/ external agencies) effectively. High-risk accounts emanating from the predictive models are being used for focused collection by Collection Vertical and remedial measure by the field functionaries.

Structured Loan Review Mechanism (LRM) is used to provide timely feedback on the effectiveness of credit sanction and follow-up to identify incipient deterioration in quality of the portfolio, track early warning signals and compliance with credit administration parameters.

These initiatives have resulted in reduction of incipient stress and containment of slippages on a year-on-year basis, compliance with CAP and improvement in credit quality.



Management Discussion and Analysis

**Trade Finance**

The Trade Finance (TF) Department of your Bank offers a wide range of products and services to its large/ mid corporate and retail customers at the most competitive pricing. The products range from the most commonly used inward/ outward remittances, Letters of Credit (LCs), Bank Guarantees (BGs), Standby Letters of Credit (SBLCs) to complex domestic and cross-border trade products involving Import/ Export of goods and services, pre-shipment and post-shipment export finance, short-term import trade credits (buyer's credit and supplier's credit), Structured Trade Finance (STF), merchanting trade, capital account transactions, viz. Overseas Direct Investments (ODIs), External Commercial Borrowings (ECBs), Foreign Direct Investments (FDIs), mergers and acquisitions, opening of overseas offices etc.

As a part of its transformation plan, your Bank has transitioned to a centralised trade processing system, which operates on a hub-and-spoke model at three major metro centres, viz. Mumbai, Chennai and Delhi. The centralised trade processing system caters to the needs of all the branches located in the Bank's 12 Zones and thus, facilitates standardised processing, efficient communication and fastest turnaround time (TAT). Your Bank, as an Authorised Dealer (AD) Category I bank, has 39 dedicated TF centres, which are authorised to handle all types of foreign exchange transactions. Your Bank's Core Banking Solution (CBS) operates vide the four eyes principle of maker checker for each transaction. The Bank, being aware of the intense competition, offers best foreign exchange rate to its customers and hedges their foreign currency exposures with simple hedging tools such as forward contracts.

The Bank always endeavours to deliver high standard of customer service and time-bound delivery. Your Bank has been constantly evolving and improving its core banking platform as also offering digitised trade processing to increase customer engagements to make every step of the trade operation process seamless and convenient. The Bank has taken up various IT initiatives to make the transactional executions error-free and faster. The Bank has an internet based eTrade Finance (IDBI eTRADE) platform which gives customers much-needed flexibility to transact on a 24x7 basis. The Bank has developed systems for document embedding and e-presentation. Furthermore, your Bank has laid down policies/ processes/ Standard Operating Procedures (SoPs), operating manuals and robust monitoring mechanisms in compliance with regulatory and statutory norms and regulations as well as international trade practice guidelines.

Your Bank has put in place appropriate operational/ compliance alerts enabled with round-the-clock fraud monitoring. Your Bank diligently follows Anti-Money

Laundering (AML)/ Know Your Customer (KYC) guidelines, robust Trade-Based Money Laundering (TBML) red flagging procedures and the US/ EU sanctions screening for international payments. Your Bank, as a matter of principle, verifies each international cargo movement, merchanting trade, string sells and maritime piracy through International Maritime Bureau (IMB). The Bank verifies the credentials, core activities, business scale and payment velocity of overseas parties through credit reports/ Dun & Bradstreet reports to safeguard the interests of all stakeholders.

Your Bank's revised bill finance policy covers purchase/ discount/ negotiation of all genuine bills arising out of trade in Indian Rupee (INR) and Foreign Currency (FCY) with thrust on LC-backed bill discounting and invoice discounting.

The SWIFT operation of the Bank has been centralised at Mumbai to handle the international payments and messaging in a highly secured environment with Straight Through Processing (STP) that has a success rate of around 97%. The Bank has also subscribed to SWIFT Global Payments Innovation (GPI) which allows customers to track international payments on a real-time basis.

The Bank has developed a widespread network of correspondent banking arrangements with around 800 banks across the globe through bilateral Relationship Management Application (RMA) and consequently is able to render trade and non-trade services across the world. The Bank has put in place arrangement with correspondent banks to handle remittances in more than 160 currencies across the globe using the Cy currency / FX4Cash platform. The Bank facilitates small value money transfer from Non Resident Indians (NRIs) through private exchange houses.

Your Bank, as one of the nominated banks to handle Indo-Iran trade transaction settlements under Bilateral Rupee Payment Mechanism (RPM), has set up dedicated trade cells at Mumbai, Delhi, Chennai, Kolkata and Ahmedabad to screen all transactions. Your Bank has put in place a well-defined Standard Operating Procedure (SoP), Do's and Don'ts, keeping in mind Office of Foreign Assets Control (OFAC) regulation, Executive Orders (EOs) and list of Specially Designated Nationals (SDNs) including sanctioned shipping lines. Your Bank, in view of sanctions, does not handle oil import since May 2019 and presently handles trade transactions relating to goods of humanitarian importance. Further, the Bank has kept all Iran transactions under concurrent audit purview and Indian Rupee balance held in the Vostro Accounts of Iranian banks are strictly used only for permissible export settlements. The Bank's correspondent banks have been kept updated with transparent disclosures on the same. Your Bank has ensured strict compliance, clearly demarcated functions and settlement in Indian Rupee, in conformity with the GoI guidelines, and consequently, there



have been no impact on regular trade/ non-trade transaction settlements.

Your Bank, as a part of its commitment to ensure timely export credit, has covered all its clients who are engaged in export business, under Whole Turnover Export Credit Insurance for Banks (ECIB) policies offered by Export Credit Guarantee Corporation of India (ECGC). The Bank has in principle agreed to handle bills of ECGC factor, which is expected to strengthen the relationship with the ECGC and earn a fee income.

A pool of qualified, well-trained, highly motivated workforce possessing core competence and expertise in the area of domestic and international trade finance operation as well as growing digitalisation has enabled your Bank to add to its overall business growth and non-interest income through trade finance facility. The Bank has been following two levels of trade finance training besides imparting external training to its entire workforce engaged in this domain. Trainees are given various simulations and relevant case studies are discussed to ensure that the workforce is apprised of international operations and prevailing current issues.

It is commendable that there has not been a single legal dispute against your Bank with regard to any deficiency of service, trade disputes or violation of law in domestic or international courts.

## Government Business

Your Bank acts as an agent for the Central Government and State Governments to manage their receipts and payments. Your Bank is authorised to collect Central Government Taxes, viz. Direct Taxes, Customs Duty and Goods & Services Tax. Your Bank is active in collection of State Receipts in 14 States and two Union Territories. Your Bank provides 24x7 internet banking facilities for tax payments.

Your Bank has enabled online collection of Employees' Provident Fund Organisation (EPFO) and Employees' State Insurance Corporation (ESIC) dues. Your Bank is also authorised by the Government to offer Small Savings Schemes, viz. Public Provident Fund (PPF), Senior Citizens' Savings Scheme (SCSS) and Sukanya Samridhi Account Scheme (SSA) through its branches. Your Bank is also authorised to disburse Central Civil, Defence and Railway Pensions.

## Cash Management Services

Your Bank is committed towards providing state-of-the-art Cash Management Services (CMS) to help corporates accelerate their collections, handle their bulk payments efficiently and smoothen their flow of funds. Your Bank offers comprehensive range of CMS collections,

payment and transaction banking solutions to suit the needs of corporates and put them in complete control of their cash position. Your Bank offers various solutions like National Automated Clearing House (NACH), Virtual Account Facility, utility payments, direct debit facilities and other customised e-solutions that have been technologically integrated (Host-to-Host) with client systems. Authorised to participate in e-Freight payment system of Indian Railways, your Bank has been collecting e-Freight in 12 Zones of the Railways.

During the year, your Bank added new CMS products such as FASTag, which is a Radio-frequency identification (RFID) based sticker for automated payment of toll and parking charges. In addition, your Bank has also launched FASTag Acquiring Business for toll plaza operators to electronically collect the toll charges using IDBI Bank FASTag Acquiring System. These are futuristic products which have been rolled out in line with Digital India Mission of the Government and would add a new revenue stream for the Bank. Further, your Bank has also launched Bharat Bill Payment System (BBPS) Biller Module for billers. The first such tie-up was done with Haryana Government Public Health & Engineering Department (PHED) and was launched on December 25, 2020 by the Hon'ble Chief Minister of Haryana, Shri Manohar Lal Khattar. This system will facilitate the online payment facility of Water and Sewerage Bills by integration with the BBPS platform for PHED. Your Bank has also launched BBPS Agent Module to facilitate more tie-ups with fintechs and partner banks in order to increase the BBPS transaction count and the resultant revenue thereof.

Your Bank, from August 2020, went live on the National Payments Corporation of India (NPCI) for Application Programming Interface (API) based services for real-time account validation. Your Bank is among the first nine banks which are now live on the NPCI for such services.

Your Bank is also empanelled as the sole Sponsor Bank for Pradhan Mantri Shram Yogi Maan-Dhan Yojana (PM-SYM), Pradhan Mantri Kisan Maan-Dhan Yojana (PMKMY) and Pradhan Mantri Laghu Vypari Maan-Dhan Yojana (PM-LVM/ NPS-Traders) of the Government and has registered approximately 60 lakh mandates till March 2021.

## CMS facility for the LIC

Your Bank has facilitated the following for the LIC:

- LIC policyholders may pay their renewal premium at any of your Bank's retail branches as well as through its mobile banking and internet banking services. This helped the policyholders to smoothly deposit their renewal premiums even during the COVID-19 induced lockdown.



## Management Discussion and Analysis

- Select LIC agents may deposit collected renewal premium at the Bank's retail branches.

Your Bank provides CMS services to the Divisional Offices, Pension and Group Schemes (P & GS) Offices and Individual Pension Policy (IPP) Offices of the LIC for making payment to their policyholders towards annuity payment and other management expenses. Your Bank also provides CMS collection facilities to the LIC branches.

### Treasury Operations

The major activities of the Treasury operations of your Bank cover money market, fixed income, foreign exchange, derivatives, Primary Dealer and equities. The Treasury is responsible for adherence to regulatory requirements like maintaining Cash Reserve Ratio (CRR), Statutory Liquidity Ratio (SLR), Liquidity Coverage Ratio (LCR) etc.

#### Statutory Liquidity Ratio (SLR)

The regulatory Statutory Liquidity Ratio (SLR) during FY 2020-21 was decreased from 18.25% to 18.00% with effect from April 11, 2020. Banks have been granted a special dispensation by the RBI of enhanced Held to Maturity (HTM) limit up to 22% of Net Demand & Time Liabilities (NDTL) until March 31, 2023, provided such excess is on account of SLR securities acquired between September 1, 2020 and March 31, 2022. The SLR maintenance by your Bank has been in line with the regulatory requirements. The interest rate risk of the SLR book has been actively managed not only to contain risk but also to take advantage of market movement to book capital gains.

#### Liquidity & Cash Reserve Ratio (CRR) Management

Your Bank's Treasury uses various instruments such as Liquidity Adjustment Facility (LAF), Marginal Standing Facility (MSF), Term Repo including Long Term Repo Operation (LTRO) and Open Market Operation (OMO) of the RBI as well as other market instruments/ platforms such as Tri-party Repo Dealing System (TREPS), Clearcorp Repo Order Matching System (CROMS) and Call & Notice money to manage liquidity. Surplus liquidity is deployed in various short-term instruments like Certificates of Deposit (CDs), Liquid Mutual Funds, Call/ Notice/ Term Money, etc. Your Bank maintained Cash Reserve Ratio (CRR) in line with regulatory requirements.

To mitigate the impact of the COVID-19 pandemic, the RBI introduced various measures like Long-Term Repo Operations (LTRO) and Targeted Long-Term Repo Operations (TLTRO). Your Bank had participated in the LTRO window during the last month of FY 2019-20 and the outstanding LTRO borrowings were prepaid by the Bank during

FY 2020-21. Pursuant to introduction of 24x7x365 NEFT and RTGS facility for customers, your Bank has taken due steps to manage liquidity effectively on round-the-clock basis.

In accordance with the RBI guidelines, your Bank has complied with the Basel III framework on Liquidity Coverage Ratio (LCR) and conducted saleability test for identified High Quality Liquid Assets (HQLA).

The Bank made conscious efforts to reduce the high-cost bulk deposits during the year. Your Bank further ensured diversification and granularity in the customer base of such bulk deposits.

#### Primary Dealer (PD)

As part of the Primary Dealer (PD) activity, your Bank is involved in market making activities in respect of illiquid/ semi-liquid Government Securities (G-Secs). The Bank's Treasury also provides Constituent Subsidiary General Ledger (CSGL) service to Gilt Account Holders (GAHs) having accounts with your Bank. The Treasury actively participates in primary auction of Government of India/ State Development Loans (SDL) securities on behalf of CSGL & non-CSGL clients. Your Bank, in line with the RBI directives, provides the facility of web-based Negotiated Dealing System - Order Matching Segment (NDS-OMS) module to GAHs for online trading of G-Secs in the secondary market. The Bank's 'IDBI Samriddhi G-Sec' portal continues to provide facility to retail investors to buy G-Sec online and through ATMs.

#### Forex Interbank and Derivatives

Your Bank's Treasury has an active forex interbank and derivatives desk. Forex interbank desk provides best possible forex rates to clients. The derivatives desk provides innovative solutions to meet hedging requirements of the Bank customers.

#### Treasury Sales

Your Bank's Treasury is supported by a pan-India sales team across 18 centres for effective marketing of foreign exchange, fixed income and derivative products. The sales team caters to corporate and retail customers of the Bank and proactively interacts with them to provide solutions to effectively manage their exposures in currencies and interest rates. Your Bank launched several campaigns to augment the forex business, deepen the existing relationships and also acquire new clients. Your Bank also undertook various initiatives like IDBI Forex Fest, Treasury & Trade Fest etc. to create awareness about its treasury and forex products among internal stakeholders and customers. In the wake of COVID-19 induced restrictions, web calls were conducted with customers extensively to connect with them as well as



to introduce derivative products to broaden the scope and reach of forex & interest rate hedging products tailored to meet their requirements. The derivative products are offered to the customers as per the Suitability & Appropriateness Policy of the Bank.

### Financial Institutions Group (FIG)

Your Bank is setting up a dedicated Financial Institutions Group (FIG) to focus on domestic and foreign Financial Institutions (FIs) for offering various products/ services of the Bank. This group shall act as a coverage group for offering products/ services relating to trade, cash management services, payments, treasury, forex, derivatives, money market & capital markets and retail banking. The FIG shall also engage with the FIs for increasing the breadth of coverage and deepen the FI business.

### Business Continuity Plan

Your Bank operates a Treasury Business Continuity Centre at CBD-Belapur, Navi Mumbai. The Centre has integrated operations covering various market segments and can handle all the critical functions of Treasury. Treasury continued to function during the COVID-19 induced lockdown and ensured uninterrupted customer service.

### Submission to Benchmarks

Being an active player in treasury operations, your Bank continues to be one of the submitters to Financial Benchmark India Pvt. Ltd. (FBIL) for FBIL Polled Term MIBOR and FBIL Polled FC-Rupee Options Volatility.

### Cross-Border Branches

Your Bank has one overseas branch at Dubai International Financial Centre (DIFC), Dubai and one international branch at Gujarat International Finance Tec-City (GIFT), Gandhinagar, Gujarat.

Your Bank's overseas branch at the DIFC, Dubai has completed eleven years of operations. The DIFC branch is authorised to extend a range of corporate banking services and trade finance products to meet Indian clients' fund requirements for their Indian operations as well as overseas ventures, in addition to providing corporate banking services to local entrepreneurs operating out of United Arab Emirates (UAE) and other Gulf Cooperation Council (GCC) countries. Based on the Government's directive of rationalisation of overseas operations, your Bank is undertaking necessary steps to rationalise its overseas operations.

Your Bank's IFSC Banking Unit (IBU), at India's first and only International Financial Services Centre (IFSC) at Gujarat International Finance Tec-City (GIFT) in Gandhinagar, Gujarat, commenced its operations from May 6, 2016. The IBU comes under the Special Economic Zone (SEZ) of GIFT and its functioning is governed by the guidelines issued by International Financial Services Centres Authority (IFSCA) from time-to-time.

### Credit Rating

Your Bank obtains credit ratings for both its domestic and foreign currency borrowings. The rating action during FY 2020-21 along with current ratings for the Rupee resources as on March 31, 2021 are as under:

#### Ratings for Rupee Borrowings

Rated Instruments	CRISIL	ICRA	India Rating	CARE
	Feb-21	Sep-20 <sup>@</sup>	Aug-20	Dec-20
Fixed Deposit	FAA/ Stable	MAA- / Stable	IND tA/ Negative	-
Short Term Borrowings (Certificate of Deposit)	CRISIL A1+	[ICRA] A1 <sup>^</sup>	IND A1	CARE A1+
Long Term Rupee Bond (Senior and Lower Tier II Bonds)	CRISIL A+/ Stable	[ICRA] A / Stable	IND A/ Negative <sup>#</sup>	-
Hybrid Upper Tier II Bonds	CRISIL A- / Stable	[ICRA] BBB+/ Stable	-	-
Hybrid – IPDI (Basel II)	CRISIL A- / Stable	Withdrawn	-	-
Tier II Bonds (Basel III)	CRISIL A+ / Stable	[ICRA] A (hyb) / Stable	IND A/ Negative	CARE A+/ Stable

Note:

@ - Outlook upgraded to Stable from Negative

<sup>^</sup> - Rating upgraded to A1+ from A1

<sup>#</sup> - Rating of Lower Tier II bonds has been withdrawn

The foreign currency borrowings of your Bank are rated by two international rating agencies, viz. Fitch Ratings (Fitch) and S&P Global Ratings (S&P). The changes in long-term Foreign Currency Ratings, Baseline Credit Assessment (BCA)/ Viability Rating (VR) & Stand-alone Credit Profile (SACP) during FY 2020-21 and current ratings as on March 31, 2021 are as follows:

#### Ratings for Foreign Currency Borrowings

Rated Instruments	Fitch Ratings - Rating action in		
	Apr-20	Jun-20	Dec-20
Long Term Issuer Default Rating	BB+/ negative	BB+/ negative	BB+/ negative
Viability Rating (VR)	ccc	ccc	ccc+ <sup>&amp;</sup>

Note:

& - Upgraded to ccc+



Management Discussion and Analysis

**Ratings for Foreign Currency Borrowings**

Rated Instruments	S&P Global Ratings – Rating action in		
	Apr-20	Jun-20	Oct-20
Issuer Credit Rating (CR)	BB/ Negative	BB/ Negative	BB/ Negative
Stand-alone Credit Profile (SACP)	b-	b-	b-

Note:

The MTN Bonds rated by foreign rating agencies (viz. S&P and Fitch Rating) were fully repaid on November 30, 2020. Hence, the Bank had terminated the rating engagements/ agreement with them on May 21, 2021, for various issues made under the MTN Bond Programme. Accordingly, the ratings for Foreign Currency Borrowings stands withdrawn.

**Long Term Rupee Borrowings**

During the year, your Bank exercised call options before maturity for three debt capital instruments aggregating ₹ 2,101.20 crore. The Bank redeemed one debt capital instrument of ₹ 40 crore on maturity date.

**Foreign Currency Resources**

During the year, your Bank successfully managed to raise short-term borrowings in Foreign Currency (FC) to meet the short-term liquidity and funding requirements.

During the year, your Bank successfully retired long-term FC borrowings amounting to US\$ 985.13 million, including scheduled repayments of US\$ 750.63 million on maturity of Medium Term Note (MTN) bonds / Refinance Bilateral Loans and prepayment of US\$ 234.50 million of EXIM Bank Refinance loan and SIDBI Refinance Loan.

**London Interbank Offered Rate (LIBOR) Transition**

In 2017, the UK Financial Conduct Authority (FCA) announced its intention on cessation of London Interbank Offered Rate (LIBOR) by the end of December 2021. In continuation of its announcement, during FY 2020-21, the FCA announced future cessation dates for all 35 LIBOR settings across five currencies in which LIBOR is published.

To deal with the transition away from LIBOR to Alternate Reference Rates (ARRs), your Bank has put in place a Board-approved policy outlining an assessment of exposures linked to the LIBOR and the steps planned to be taken to address risks arising from the transition. As part of governance structure as well as to guide and oversee the LIBOR transition programme, a Steering Committee has been set up. To address the impact of cessation of LIBOR on outstanding derivatives portfolio, your Bank signed the protocol issued by International Swaps & Derivatives Association (ISDA) on January 13, 2021.

**RISK MANAGEMENT**

Risk management strategy of your Bank essentially focusses on the fundamental tripod, viz. identification, measurement and monitoring. While identification enables the Bank for further analysis and assessment, measurement empowers

the Bank to accept, avoid, mitigate or transfer risks. This strategic approach has allowed your Bank to attain improved decision-making and confidence therein through available risk management tools. A well-defined policy framework outlining appropriate limits and procedural aspects enables the Bank to mitigate and manage risk within its overall risk appetite. Periodic policy updates attempt to ensure further refinement in risk management practices by capturing the essence of business dynamics, banking innovations and regulatory changes. Your Bank constantly endeavours to improve its risk management culture by spreading risk awareness across all its verticals and making it an integral decision-making criterion. While the Risk Management Committee (RMC) of the Board of Directors is responsible for overall risk management, the day-to-day activities are conducted at various levels based on the risk governance structure. The risk management systems and processes are continuously upgraded, in alignment with the regulatory requirements. Your Bank has implemented Integrated Risk Management Architecture (IRMA) comprising software solutions, viz. Risk Assessment Module (RAM), Capital Assessment Model (CAM) and Comprehensive Operational Risk Evaluator (CORE) for more robust and technologically advanced risk management system. IRMA helps to identify and measure credit and operational risks, which, in turn, facilitates formulation of suitable risk management strategies. Further, your Bank has a well-established Oracle Financial Services Analytical Application (OFSAA) for its Asset & Liability management (ALM), Fund Transfer Pricing (FTP), Profitability Management (PFT) and Loan Risk Management (LRM) requirements, which is being upgraded to capture finer nuances of measurement and product characters.

**Implementation of Basel Norms**

In adherence to the Pillar 1 guidelines of the RBI under Basel III framework, your Bank computes regulatory capital requirement for credit, market and operational risks on a quarterly basis. In addition, the Bank also keeps a close watch on the movement of Capital to Risk Weighted Asset Ratio (CRAR) at a monthly periodicity. As per the Basel guidelines, banks in India are mandated to maintain Capital Conservation Buffer (CCB) in a phased manner commencing from March 31, 2016. In line with the RBI's notification dated September 29, 2020 whereby the transitional arrangements of Basel III capital regulations were reviewed, the applicable CCB for March 31, 2021 was stipulated at 1.875%. Accordingly, the minimum regulatory requirement of 'Total Capital + CCB' was 10.875% as on March 31, 2021. Your Bank's 'Total Capital + CCB' ratio was 15.59% as on March 31, 2021. Similarly, your Bank's 'Common Equity Tier 1 (CET1) + CCB' ratio was 13.06% as against the regulatory requirement of 7.375%. Your Bank's 'Tier 1 + CCB' ratio stood at 13.06%



as on March 31, 2021 as against the regulatory requirement of 8.875%. Your Bank's Leverage Ratio as on March 31, 2021 was 6.08% against the applicable minimum regulatory requirement of 3.50%.

Your Bank has a Board-approved policy on Internal Capital Adequacy Assessment Process (ICAAP) in line with the Pillar 2 norms of the Basel III framework. This policy enables your Bank to internally assess and quantify those risks which are not covered under Pillar 1 as well as to develop appropriate strategies to manage and mitigate risks under normal and stressed conditions. Your Bank has also put in place a comprehensive stress testing framework in line with the RBI guidelines. The stress testing framework enables your Bank to assess its performance under exceptional but plausible events and facilitates appropriate proactive strategies to meet unforeseen contingencies. The framework also includes scenario analysis and reverse stress testing. Scenario analysis covers a study on impact of further increase in GNPA's, crystallisation of non-fund facilities in NPAs & TWO accounts and impact of illiquid securities on capital and profitability of the Bank. Your Bank also separately created scenarios to make a preliminary assessment of the detrimental impact of the COVID-19 pandemic on various sectors where the Bank has an exposure since such an event would adversely affect its profitability. The mechanism of reverse stress testing was added to the framework to find the level of stress which may adversely impact the capital to take it to a pre-determined floor level. Your Bank has adopted a Disclosure Policy in accordance with the Pillar 3 requirements under the Basel norms. Accordingly, disclosures as at the end of each quarter are hosted on your Bank's website, thereby exhibiting high degree of transparency. Your Bank follows the Standardised Approach under credit risk for computation of capital charge. Your Bank follows Basic Indicator Approach (BIA) to compute regulatory capital charge for operational risk. A comprehensive set of Key Risk Indicators (KRIs) and Risk & Control Self-Assessment (RCSA) framework was rolled out across different business segments for ensuring effective control mechanism. For market risk, your Bank uses Standardised Measurement Method (SMM) to compute regulatory capital requirements.

### Credit Risk

The credit risk management system in your Bank includes the Risk Assessment Model (RAM) for credit rating of proposals and Capital Assessment Model (CAM) for automation of capital adequacy assessment. In addition to RAM/ score-based internal rating, the Bank has developed quantified risk scoring matrix for risk-categorisation of high-value Corporate and MSME loans. The credit policy document is reviewed in line with changing business objectives and economic

environment and forms the guiding tool for the business verticals.

### Market Risk

Market risk management in your Bank, in terms of functions and business positions, operates in line with the policy framework defined in the Market Risk & Derivative Policy and Investment Policy. These policies, in general, outline appropriate levels of risk appetite and implementation mechanisms for measurement, reporting and escalation of risks and exceptions. With the implementation of Integrated Treasury Management System (ITMS), market risk management efficacy of your Bank covering monitoring and reporting, has been strengthened further. All the prescribed limits and all the procedures are monitored closely by the Treasury Mid-office, which is independent of the Front-office and the Back-office of Treasury. The Treasury Mid-office has initiated carrying out internal rating of non-SLR Bonds through development of in-house internal rating based model in order to create a robust non-SLR bond portfolio.

### Liquidity Management

The Bank has a well-organised liquidity risk management structure as enumerated in the Board-approved Asset Liability Management (ALM) Policy. The Asset Liability Management Committee (ALCO) of the Bank monitors and manages liquidity and interest rate risk in line with the business strategy. ALM activity including liquidity analysis and management is conducted through co-ordination amongst various ALCO support groups in the functional areas such as Balance Sheet Management, Treasury Front-office, Budget and Planning etc. ALCO directives and ALM actions are implemented by the concerned business groups and verticals. As per regulatory guidelines, Liquidity Coverage Ratio (LCR) of the Bank is computed on a daily basis from January 1, 2017. The average LCR of the Bank remained at 155.59% for FY 2020-21.

### Operational Risk

Your Bank has a robust Operational Risk Management Framework (ORMF) which includes an organisational set-up comprising the Board of Directors, the Risk Management Committee (RMC) of the Board, the Operational Risk Management Committee (ORMC), the ORM section in Risk Management department and nodal officers of various functions/ departments. The operating procedures for operational risk are guided by the Board-approved Operational Risk Management Policy which aims at identifying, monitoring, measuring and managing operational risks associated with banking activities.



## Management Discussion and Analysis

Your Bank has robust internal systems and procedures for mitigation of inherent risks spread across various business activities/ operations. It manages the operational risks through Key Risk Indicators (KRIs) and Risk Control Self-Assessment (RCSA) exercises and periodically updates these outcomes to the ORMC and the RMC of the Board. Operational risk loss events from across the Bank are collated and presented to the ORMC along with the root cause analysis. The operational risk loss data is also submitted to the RBI on a quarterly basis.

Your Bank also conducts stress testing exercises on a half-yearly basis in order to study the impact of stressed operational risk losses on earnings and capital. This is aided by measurement and reporting of any breach in the Board-approved Risk Appetite limits for operational risk. At present, the Bank has adopted the Basic Indicator Approach (BIA) for computation of Operational Risk Regulatory Capital and Risk Weighted Assets.

### Business Continuity Management

Your Bank has robust Business Continuity Management (BCM) processes to mitigate business disruptions and life-threatening events. Your Bank has been awarded ISO 22301:2012 certification for its bank-wide coverage of the BCM.

As a part of the BCM, a well-defined Business Continuity Plan (BCP) has been put in place for core and support functions. This is intended to provide continuity in services to customers even in case of business disruption/ disaster. Besides, a comprehensive Disaster Management Plan (DMP) is deployed for its major establishments to safeguard human lives and minimise damage to valuable assets during disaster. The resilience of these BCPs and DMPs is tested periodically through BCP testing exercises, disaster recovery including holistic drill and mock evacuation drills. The Bank's Business Continuity Management System is well-equipped with an automated incident reporting tool, viz. Integrated Disaster and Business Continuity Management System (i- DaB).

### Information Technology Risk

Your Bank has taken a series of steps to improve its IT risk management and control. Your Bank has set up a state-of-the-art Security Operation Centre (SOC) at its Data Centre (DC) at Navi Mumbai and at Disaster Recovery (DR) site at Chennai to ensure availability of banking services as well as confidence in its operations. The 24x7 SOC is a Command Centre for countering cyber threats and ensuring compliance with the Bank's Information Security Policy and Cyber Security Policy besides fulfilling the Bank's objective of providing safe and secure banking to its esteemed customers. Further, through the SOC, your Bank centrally monitors security devices like firewalls, routers, Intrusion Detection System (IDS) devices/ Intrusion Prevention System

(IPS) devices, Privileged Identity Management (PIM), antivirus, phishing/ malware attempts and takes corrective actions. Your Bank regularly conducts Vulnerability Assessment & Penetration Testing (VAPT) of external applications viz. Finacle E-Banking Application (FEBA), mobile banking, mail messaging etc.

Your Bank has made significant progress in implementing the RBI's recommendations pertaining to Information Security, Electronic Banking, Technology Risk Management and Cyber Frauds and the RBI's Cyber Security Framework for banks. Your Bank has put in place an appropriate organisational framework, as recommended in the guidelines, which includes an exclusive Information Security Group headed by Chief Information Security Officer (CISO) who reports to the Chief Risk Officer (CRO) of the Bank.

Several information security solutions have been implemented like Privileged Identity Access Management, Next-Generation - Firewall Solution, Mobile Device Management, Honeypot Solution, Patch Management Solution, Active Directory, Web/ Mail Gateways, Endpoint and USB encryption, Data Leakage Prevention (DLP) solution, Advanced Persistent Threat (APT), Network Access Control (NAC), Web Application Firewall (WAF) etc. to protect customer data, prevent external attacks as well as strengthen internal controls.

Your Bank has put in place a distinct Cyber Security Policy and Cyber Crisis Management Plan which articulate management intent and direction for addressing cyber security risks. The Bank has constituted Cyber Security Risk Monitoring Committee (CSRMC) that provides direction on continuation of any vulnerability identified through VAPT/ AppSec process. Further, your Bank conducts and participates in various types of cyber drills, table-top exercises, phishing simulation exercises and breach readiness exercises to check and maintain the health of its information security set-up. Information Security Awareness has been included as a mandatory session in the Induction Programme for all employees joining the Bank. The members of the senior Management of the Bank attended IT Risk programme at Institute for Development & Research in Banking Technology (IDRBT). Apart from conducting regular information security awareness programme for the employees, various information security precautions are also communicated to customers through mailers, SMSes, ATMs and posters, to minimise/ thwart the attempts of security breach. IT infrastructure and systems have been implemented within a robust information security framework including solutions on both perimeter and end-points. Your Bank's Data Centre (DC), Disaster Recovery Centre (DR) as well as Near DR Centre (NDR) are certified with the latest ISO 27001:2013 information security standards. Your Bank's Near DR ensures zero data loss for critical transaction systems. The Information Security Steering Committee (ISSC) of the Bank provides directions



and guidance for mitigating IT risk in the information systems. The cyber security posture, various security incidents and the policies are placed before the IT Strategy Committee of the Board (ITSCB) for necessary directions. The policies are recommended by the ITSCB to the Board for approval.

## MANAGEMENT, CONTROLS AND SYSTEMS

### Human Resources

#### Learning and Development

During FY 2020-21, despite the COVID-19 induced restrictions, your Bank's Apex training Institute, viz., Jawaharlal Nehru Institute of Banking and Finance (JNIBF), Hyderabad and its 10 Zonal Training Centres conducted 490 virtual In-house training programs and trained 11,718 participants of various verticals and across multiple subjects, viz., retail banking, Medium, Small and Micro Enterprise and agricultural credit, rural credit delivery & monitoring, NPA Management, Structured Retail Assets (credit/ sales/ collections/ operations), audit, cyber security, documentation, role-based refresher courses, retail collections, trade finance, treasury, risk, finance and accounts, leadership/ behavioral trainings & mandatory trainings. The Bank has also started blended training programs in the modules of Prevention of Sexual Harassment (POSH), Digital Banking, Preventive Vigilance, Cyber Security, Finacle etc. As per the Government directives, programme on Customer Service, Women Officers, Rajbhasha, Tier II Training on Bank Correspondent and Business Facilitator were also conducted.

Six of the Bank's Independent Directors and one Director of your Bank were nominated for five programs, viz. Risk Governance Framework, Programme in IT and Cyber Security, Webinar on Convergence of Banks & Fintechs to Build Synergies, Innovation & Scale, Orientation Program for Directors of Listed Companies and Familiarisation Program for Independent Directors, organised by National Institute of Bank Management (NIBM), Institute for Development & Research in Banking Technology (IDRBT), National Institute of Securities Markets (NISM), Indian Institute of Corporate Affairs (IICA) etc.

Your Bank nominated 904 officers for 83 external training programs in order to provide requisite exposure in their respective areas of work. Training on branch banking/ operations, Priority Sector Lending (PSL), credit management, risk management, trade finance, treasury, forex, dealing room, export finance & trade compliance, digital banking, digital lending, corporate governance & compliance, audit, HR analytics, women in management, fraud management &

analytics, data mining & machine learning, cyber security, IT project management, service enterprises, mentorship, Train The Trainer etc., were imparted through reputed institutions like NIBM, College of Agriculture Banking (CAB)-Pune, Foreign Exchange Dealers' Association of India (FEDAI), Indian Institute of Banking & Finance (IIBF), Administrative Staff College of India (ASCI), Indian Banks' Association (IBA), IDRBT, CRISIL, State Bank of India (SBI), Insolvency & Bankruptcy Board of India (IBBI), National Academy of Human Resource Development (NAHRD), Institute of Company Secretaries of India (ICSI), Federation of Indian Chambers of Commerce & Industry (FICCI), Indian Institute of Management-Ahmedabad (IIM-A), Pension Fund Regulatory & Development Authority (PFRDA), NISM, National Institute of Information Technology (NIIT), Manipal Global Edu Services, Intertek (I) Pvt. Ltd., Team Lease, ALMUS Risk Consulting LLP, Asian College of Teachers, etc.

As part of the learning culture, the Bank has been promoting e-learning through its Learning Management System, viz. OJAS, to provide additional channels of learning to its employees in a cost-effective manner. OJAS has about 300 e-learning modules encompassing topics on banking, behavioural skills and also functional modules in Hindi. The completion of all mandatory e-learning certifications has also been linked with Annual Appraisal by assigning five marks in I-Pace for officers up to Grade F (Chief General Manager). In totality, 13,261 officers completed e-learning certifications during the year.

JNIBF and the ZTCs conducted 17 external programs with 425 participants for reputed organisations like IDBI Trusteeship Pvt. Ltd., Small Industries Development Bank of India (SIDBI), small finance banks, cooperative banks, ARCI India Ltd., Association of Micro Finance Institution-West Bengal, Micro Finance Association of UP, Odisha State Association of Financial Inclusion etc.

#### Employee initiatives during the COVID-19 pandemic

- Payment of Incentive:** Your Bank has provided uninterrupted banking services to its esteemed customers by ensuring seamless working of all its brick & mortar branches as well as alternate banking channels during the nationwide lockdown in the wake of the ongoing COVID-19 pandemic. In their sincere efforts to provide continuous services, eight of the Bank's staff members also lost their invaluable lives to the pandemic. As a small gesture of appreciation for the tireless services rendered, your Bank rewarded employees who worked during the peak lockdown period in April - July 2020 with a special monetary incentive.



Management Discussion and Analysis

- Grant of compensation to the family in case of unfortunate demise of an employee due to COVID-19:** As bank employees deal with public at large on a day-to-day basis, they are exposed to the risk of being infected with the virus. Even after the lockdown period and resumption of normalcy, the risk / likelihood of the infection cannot be ruled out. Considering the same, your Bank extended a total compensation of ₹20 lakh to the legal heirs of an employee in case of his/ her unfortunate death on account of the COVID-19 pandemic while in service.
- Grant of special leave:** Your Bank's employees, who while executing their duty, test positive for COVID-19, are granted special leave or are instructed to quarantine themselves.
- Payment of medical expenses:** While expenses towards the treatment of COVID-19 are not covered under the Bank's medical schedule as it is a new illness, your Bank has decided to provide reimbursement of medical expenses to the employees and their dependent family members who are affected with COVID-19.
- Quarantine Facility:** Your Bank has tied up with Apollo Hospital for providing quarantine facility for COVID-19 positive asymptomatic and symptomatic (who do not require hospitalisation) employees and their dependent family members who are ordinarily residing with the employee. Under the facility, your Bank has been providing reimbursement to the employees who avail quarantine facility at the hotels identified by Apollo Hospitals under the tie-up. Since this facility is available only in major cities, your Bank is also reimbursing employees for availing quarantine facility in other cities on written advice of the Bank's Medical Officer/ doctor/ local authorities at centres/ institution/ hotels/ halls approved by government/ state/ local authority.

**Scholarship for wards of employees**

Your Bank extended Dr. B. R. Ambedkar Scholarship to the children of Class III & IV employees falling under Scheduled Castes (SCs)/ Scheduled Tribes (STs) category for FY 2020-21.

**Posting and Placement of officers**

Your Bank has a robust transfer mechanism for facilitating the organisational and statutory requirements while keeping in view employees' interest as well. The movement is to provide wider exposure in functional aspects of the business and support areas as also locational exposure to the officers.

The placement of employees is intended at developing competencies and skills of officers through exposure to wider and diverse operational areas. This is also facilitated through the capacity building framework which envisages optimising skills of individuals through specific intervention by way of knowledge upgradation and enhancing existing skill sets. Further, movement of officers including officers holding sensitive positions is generally as per the Officers' Placement and Transfer Policy.

**Industrial Relations**

The industrial relations climate in your Bank has been generally cordial during the year with most of the issues having been resolved amicably. The Bank held meetings with the Associations and Unions in its endeavor to have constructive dialogue for understanding and addressing grievances of officers/ employees. The Associations and Unions have also been responsive and proactive while addressing various issues.

**i-PACE - New Performance Management System**

Your Bank has introduced a redesigned Performance Management System (PMS) from FY 2019-20, christened as IDBI Bank-Performance Assessment and Continuous Evaluation (i-PACE), with a view to making it more specific, measurable, achievable, relevant and time-bound. The new PMS is aimed at aligning officers' performance with the organisational targets and to foster performance-oriented culture at all levels attuned with the Bank's strategic business objectives. i-PACE includes standardised Key Result Areas (KRAs) for similar roles, uniform weightage for the standardised KRAs and direct system/ dashboard linkages for most of the measurable KRAs. Since its introduction, your Bank has been conducting performance appraisal of its officers under i-PACE's comparative ranking system, which is aimed to align officers' performance with organisational targets and to foster performance-oriented culture at all levels with focus, direction and common understanding on Bank's strategic business objectives.

**Reservation policy**

As on March 31, 2021, representation of Scheduled Castes (SCs) / Scheduled Tribes (STs) / Other Backward Classes (OBCs) / Economic Weaker Sections (EWSs) in your Bank's total manpower is as follows:

CLASS	OBC	SC	ST	EWS
<b>Officers</b>	3,929	2,183	968	69
<b>Executives</b>	361	131	66	48
<b>Clerical</b>	49	68	26	-
<b>Subordinate</b>	116	132	47	-
<b>Total</b>	<b>4,455</b>	<b>2,514</b>	<b>1,107</b>	<b>117</b>



Your Bank is fully compliant with the extant policy of the Government on reservation in services as applicable to the Public Sector Banks (PSBs). Your Bank has appointed Chief Liaison Officers (CLOs) and Zonal Liaison Officers (ZLOs) in the rank of General Manager and Deputy General Manager, respectively for SCs/ STs/ OBCs and Persons with Disabilities (PWDs). The CLOs and ZLOs ensure compliance with various guidelines pertaining to reserved category employees and effective redressal of their grievances. Your Bank conducts periodical meetings (quarterly) with the representatives of the SC/ ST/ OBC Welfare Association to discuss issues relating to SC/ ST/ OBC employees. Your Bank also maintains a complaint register for recording grievances received from SC/ ST/ OBC employees and suitable action is initiated to redress these grievances. Your Bank maintains Reservation Registers/ Rosters with a view to ensuring proper implementation of the reservation guidelines. The Bank also maintains separate reservation roster for PWD employees as per the Government guidelines.

### New Initiatives

- **Recruitment through Online Mode:** Owing to the pandemic, your Bank conducted the campus placements and selection process for recruitment of specialists across various grades through online mode.
- **Work from Home (WFH):** During the nationwide lockdown in the country due to the spread of COVID-19 and with the restriction on the number of employees attending office during such times, your Bank has introduced the work from home facility for its employees to ensure that work was not affected during these unprecedented times.

### Succession Planning Policy (SPP)

Your Bank has put in place a policy for succession planning in certain identified critical positions at Chief General Manager and General Manager levels. The policy provides a holistic framework for creating leadership pipeline for senior positions to ensure business continuity when such positions fall vacant.

### Prevention of Sexual Harassment at Workplace (POSH)

With the aim of providing quick assistance and the much desired immediate support to the aggrieved women at the occurrence of an untoward incident, a SMS/ e-mail based grievance mechanism has been put in place by the Bank which can be used by a female employee to lodge complaints of sexual harassment at the workplace directly to the members of the Committee.

### Disclosures under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

With the objective of creating a safe and friendly work environment and ensuring prevention of sexual harassment at workplace, your Bank, in line with the requirements of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, has set up two Internal Complaints Committees to redress the complaints received regarding sexual harassment of women at workplace. During the year, your Bank received 7 (seven) complaints while 4 (four) complaints of prior period was pending conclusion. These complaints were attended to by the respective Internal Complaints Committee and as on March 31, 2021, 4 (four) complaints were pending for conclusion.

### Extending legal and financial support to employees

With an objective to safeguarding the interest of employees against whom motivated false complaints have been made by outsiders/ government agencies/ private parties on matters arising out of bonafide execution of its work, your Bank has put in place the said scheme which provides financial and legal assistance to Directors/ Officers/ Employees of the Bank.

### Directors' and Officers' Liability Insurance Policy (D & O Policy)

Your Bank has procured a D & O Policy with an aim to providing financial protection to its Directors/ Officers/ employees against the consequences of actual or alleged 'wrongful act' which may arise from the decisions and actions taken within the scope of bonafide execution of duty.

### Recruitment and Staffing

As on March 31, 2021, your Bank had total staff strength of 17,319. The category-wise break up of employees is as follows:

Class	Total
Clerical	503
Executives	942
Officers*	15,327
Subordinate	547
<b>Total</b>	<b>17,319</b>

Note: \* - Officers count includes MD & CEO, two Deputy Managing Directors, Chief Customer Service Officer & Contract employees (Head Treasury, Head Data Analytics, Chief Technology Officer, Consultant Physician, three Bank Medical Officers).



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During the year, your Bank recruited 551 individuals in various ranks as given below:

Grade	Total
Officer Grade A	316
Officer Grade B	17
Officer Grade D	1
Clerical <sup>§</sup>	5
Subordinate <sup>§</sup>	3
Executives	208
Consultant Physician on Contract	1
<b>Total</b>	<b>551</b>

Note: § - Appointment of Clerical and Subordinate is Compassionate Appointment

**Infrastructure Management**

During the year under review, your Bank undertook several major civil projects. Your Bank had acquired commercial space admeasuring 1,22,088 sq. ft. along with 36 residential flats and 150 car parking space from NBCC (India) Ltd. at its project coming up at East Kidwai Nagar, New Delhi. The construction has been completed and all 36 residential flats along with 150 car parking space have been handed over to the Bank. Out of 1,22,088 sq. ft., commercial space area of 99,662 sq. ft. have been handed over to the Bank and process for interior furnishing works of the space has been initiated. The NBCC Ltd. is yet to hand over the balance commercial area (22,426 sq. ft.) due to pending decision on Public Interest Litigation (PIL).

The new Zonal Office of your Bank, which started operations in Lucknow in FY 2019-20, has now been shifted to a new leased premise, from its prior location.

Your Bank is also planning to add two more Zones to its existing number of 12 Zones in FY 2021-22 at Patna and Bhopal, respectively, for which selection of leased premises is currently in progress.

**Internal Audit**

Your Bank has a dedicated Internal Audit Department, which evaluates the adherence to internal policies, procedures and regulatory guidelines as also provides objective assurance on the effectiveness of internal controls, risk management and governance processes within the Bank and suggest improvements. The Audit function has adopted the Risk Based Audit approach and audits activities undertaken by various business and support verticals, the Zonal Offices, the Regional Offices, branches and non-branch segments. The Audit Department functions under the guidance and supervision of the Audit Committee of the Board (ACB).

The Audit function is governed by (i) Risk Based Internal Audit Policy; (ii) Concurrent Audit Policy; and (iii) Information

Systems Audit Policy. As part of the Risk Based Internal Audit Policy, the Audit Department conducts various audits, viz. branch audits, credit audit, Information Systems audit, Concurrent Audit etc. A Zonal Audit Office (ZAO) structure has been created in order to ensure focussed attention on branch audits and for effective follow up. The audit process is undertaken through a web-based application, the Audit Management System, which can be accessed by respective officers of auditee units on real-time basis for monitoring of compliances. The Audit Department also manages the functions of: (i) Fraud Monitoring Group (ii) Vigil Mechanism; (iii) Staff Accountability Committee Secretariat (iv) Long Form Audit Report and (v) Internal Financial Controls over Financial Report.

The Audit function, suitably qualified and skilled, proactively recommends improvements in operational processes and service quality to mitigate operational risks, wherever deemed fit and provides timely feedback to the Management for corrective actions.

**Long Form Audit Report (LFAR)**

The Audit Department has been compiling and sharing information submitted by the Statutory Branch Auditors (SBAs) and the bank branches with the Statutory Central Auditors (SCAs) for finalisation of the Long Form Audit Report (LFAR). An online system has been developed for input of information/ data by the bank branches and generation of consolidated reports for use by the SCAs at the Bank's Head Office.

**Internal Financial Control over Financial Reporting (IFCO-FR)**

The Audit Department also co-ordinates and supervises the testing of the Risk Control Matrix identified by an external consultant appointed for the purpose to verify (i) that adequate internal financial control systems are in place; and (ii) the operating effectiveness of such controls as well as to ensure timely and effective closure of all open issues. An on-going exercise is undertaken to sensitise concerned business functions to ensure that adequate testing is done for the controls in an effort to close all open issues.

**Information Systems Audit**

New initiatives have been undertaken to improve the quality of Information Systems audit function, including widening the scope of the Audit function to, inter alia, include audit coverage of cyber security in view of the increasing cyber incidents. Further, tier rating of applications has been considered for assigning the frequency of the audit unit in the Audit Plan in order to factor in the criticality from the security perspective. The monitoring process for closing of pending



audit observations has been strengthened and status reported to the Top Management periodically.

The observations/ recommendations suggested by the IS Audit has enhanced the effectiveness and efficiency of IT systemic controls to provide reasonable assurance to the Management that the IT infrastructure deployed in the Bank together with the business/ operational processes is able to accomplish Information System goals effectively and that the risks in the IT systems were addressed adequately or were within acceptable limits.

### Offsite Monitoring System

Offsite Monitoring System (OMS) is a useful tool in alerting the branches as well as the Controlling Offices regarding deviations from the existing policies/ procedures in day-to-day operations for immediate rectification/ compliance. Annual review was conducted of the existing OMS exception rules by discussing with the concerned verticals. On the basis of the feedback/ suggestions received and internal review, six new rules have been added while 12 rules have been modified across various categories to further strengthen the OMS.

### Concurrent Audit

The Concurrent Audit (CA) system is a part of the Bank's Early-Warning System to detect irregularities/ lapses, which helps in checking violations of the internal and regulatory guidelines in controlling risks and in preventing fraudulent transactions. The CA system is essentially a control process which is integral to the establishment of sound internal accounting systems and effective controls. As per the relevant RBI guidelines, the CA is carried out in the branches/ other non-branch units like Treasury, the Central Processing Unit (CPU), and the Retail Asset Centres (RACs) identified based on risk perception and volume of business handled. Further, identified functional divisions at the Bank's Head Office and all Trade Finance Centres are also subjected to the CA. As per the Board-approved CA Policy of the Bank, the CA is required to cover 70% of deposits and 70% of advances of the Bank, as against the RBI's stipulation for coverage at minimum of 50% of deposits and 50% of advances. Accordingly, for FY 2020-21 the Bank has covered around 767 auditee units under Concurrent Audit (including Retail & Corporate Branches, RACs, Trade Finance Centres, Currency Chests, Credit Solution Centres, Non-branch Segments, etc.) by engaging the services of empanelled external firms of Chartered Accountants. The Concurrent Auditors' performance is closely monitored by the Zonal Audit Offices and the Corporate Centre on a continuous basis for qualitative reports and timely submission.

### Credit Audits

Your Bank has a system of credit audit for detailed review of selected accounts on an annual basis. Borrower accounts for credit audit are identified from the new proposals sanctioned during the review period on the basis of defined criteria: (i) all fresh proposals (within three to six months from the date of disbursement) and proposals for renewal/ renewal-cum-enhancement of limits, with sanction limits equal to or above a cut-off depending upon the size of activity; (ii) randomly selected (5%) proposals from the rest of the portfolio; (iii) Below Investment Grade (if migrated from Investment Grade during a financial year); and (iv) takeover cases with sanction limits equal to or above the cut-off, depending upon the size of the activity.

### Investigative Audits or Special Investigative Audits (IA/ SIAs)

In FY 2020-21, a total of 83 Investigative Audits or Special Investigative Audits (IA/ SIAs) were carried out by the Audit Department at various branches/ RACs based on various triggers. Significant observations emerging out of these SIAs, advisories issued and corrective steps taken thereon are being reported to the Audit Committee of Executives (ACE) and the Audit Committee of Board (ACB) periodically. Investigations carried out by the Audit Department play a vital role in bringing about systemic improvements, improvements in policies, product guidelines, processes and procedures, helping in strengthening the controls and drawing attention to better overall monitoring of the Branches. An early trigger provided by IAs/ SIAs have helped the Zones to initiate timely recovery/ legal actions and to arrest slippage of accounts into NPAs.

Lapses/ gaps emerging out of SIAs/ IAs are shared with branches as well as with the controlling units in order to avoid reoccurrence of such lapses with a focus on strengthening the compliance culture not only at branch level but also at Supervisory level.

### Fraud Monitoring

Your Bank has put in place a fraud monitoring mechanism through a dedicated Fraud Monitoring Group (FMG) within the Internal Audit Department. The Group reviews efficacy of the remedial actions taken to prevent reoccurrence of frauds and also issues necessary advisories/ circulars from time-to-time aimed towards strengthening of internal control and putting in place need-based remedial measures. A detailed Fraud Risk Management Policy is in place for early detection, prevention, reporting, monitoring and follow-up of frauds. Various internal circulars on prompt reporting of



## Management Discussion and Analysis

frauds and timelines for reporting of fraud incidents have been issued reiterating the importance of the timely reporting of frauds to the RBI.

Your Bank conducts Legal Audit/ Due Diligence of cases where its credit exposure is ₹ 1 crore & above and the audit observations are shared with the concerned dealing teams/ verticals/ departments to note the shortcomings/ discrepancies observed during the Legal Audit with requisite guidance to facilitate corrective measures to safeguard and protect the Bank's interest.

In view of higher incidence of Unauthorised Electronic Banking Transaction (UEBT) fraud, the Fraud Risk Management Policy stipulates a Delegation of Power (DoP) of ₹ 2 lakh to the Zonal Operations Manager so as to speedily provide shadow credit in applicable cases.

### Fraud Risk Management

Your Bank has a Fraud Risk Management Group (FRMG) which focuses on implementation of Enterprise-wide Fraud Risk Management Solution (EFRMS) for monitoring of suspicious transactions carried out in various systems by building rules through the EFRMS system. The implementation of Adaptive Authenticated solution for Mobile Banking and Retail Net Banking was completed and your Bank is in an advanced stage of implementation of solution for Corporate Net Banking. During the year, the Bank initiated monitoring of suspicious transactions on Debit Cards on a 24x7 basis by using network tool and also rolled out its own EFRMS to cover this channel. Your Bank is in an advanced stage of implementing an EFRMS solution covering Credit Card transactions. The Bank also monitors Merchant Establishment (ME) transactions using monitoring tools provided by a vendor and has also initiated monitoring Unified Payments Interface (UPI) transactions using network tool on a pilot basis.

### Vigilance Mechanism

Your Bank has a full-fledged Vigilance Department, which is headed by a Chief Vigilance Officer (CVO), at its Head Office in Mumbai. Your Bank has also set up a zonal vigilance structure in order to achieve better control and ensure monitoring of vigilance activities at the zonal level.

Your Bank's CVO performs vigilance functions which have wide scope/ coverage and includes collecting intelligence about corrupt practices committed or likely to be committed by the employees of the Bank. The CVO performs/ oversees all functions relating to vigilance matters in the Bank including

(i) processing of vigilance cases, investigating or causing investigations into complaints with vigilance overtones and verifiable allegations; (ii) processing of investigation reports for further consideration of the Disciplinary Authority; (iii) referring the matters, wherever necessary, to the Central Vigilance Commission (CVC) for their consideration/ advice; (iv) taking steps to prevent commission of malpractices/ misconduct; and (v) co-ordination and liaising with various law enforcement agencies.

Your Bank's Intranet has a webpage dedicated to the Vigilance Department which provides an overview of its functions, format of Standard Notice of CVC which is to be displayed at the Bank's branches/ offices, important circulars/ guidelines issued from time-to-time by the CVC, Chief Technical Examiner's Organisation (CTEO) of the CVC, as also by your Bank and Do's and Don'ts of Preventive Vigilance. This has helped your Bank in enhancing the level of vigilance awareness amongst its officers.

The vigilance function comprises both '*Preventive Vigilance*' and '*Punitive Vigilance*' elements. Preventive Vigilance is a continuous process which strives to review the existing guidelines, ensure that set systems and procedures are being followed, reduce use of discretion, and ensure sensitisation of/ create awareness amongst the employees as well as the stakeholders of the Bank on vigilance matters.

Some of the preventive vigilance measures adopted by your Bank include undertaking of Offsite Monitoring / Surprise Vigilance Visits (SVVs) and inspections on suo moto basis (on receiving information of any suspected wrong-doing by staff/ outside elements) of various branches to detect malpractices, if any, and gauge adherence to the laid down systems and procedures. Apart from this, scrutiny of Annual Return of Assets & Liabilities (ARAL) of the officers of the Bank, scrutiny of Audit Reports of the Bank, etc. is also undertaken by the Vigilance Department.

As a part of efforts to combat corruption as well as to enhance and spread public awareness in line with the directives of the CVC, your Bank observed Vigilance Awareness Week (VAW) 2020 from October 27, 2020 to November 2, 2020 with '*Vigilant India, Prosperous India*' as the theme. On the occasion, your Bank released a special e-souvenir for the benefit of staff members and also conducted various competitions like article writing, online quiz, coin-a-caption, caricature, etc. for staff members and their children. Further,



a webinar also was organised on tendering/ e-tendering for benefit of field functionaries. For spreading awareness among general public/ citizens, VAW 2020 banners, posters were displayed at prominent locations at your Bank's Zonal Offices, Regional Offices, branches and also at places with public interface.

## Regulatory Compliance

Your Bank ensures compliance of various statutory and regulatory guidelines laid down by the Gol, the RBI, the Securities and Exchange Board of India (SEBI) and other regulatory/ statutory bodies through a structured system of internal controls and tiered review. The Compliance Department of your Bank operates out of its Head Office and is headed by a senior official in the rank of an Executive Director designated as Chief Compliance Officer (CCO). The Department co-ordinates dissemination and internalisation of all the statutory and regulatory guidelines. Your Bank has put in place an extensive Board-approved Compliance Policy as per the RBI guidelines and reviews it annually. The role and responsibility with regard to the compliance function, is clearly defined for every tier in your Bank. The Board is apprised at monthly intervals about important communications/ guidelines received from the RBI and other regulators/ agencies. Your Bank has strengthened its internal compliance culture at granular level by implementing advanced technology application called 'Cermo+'. Your Bank has also automated the compliance reporting system to the RBI, which enables timely submission of compliance and ensures proper data management.

## Right to Information (RTI) Act

Your Bank has designated Central Public Information Officers (CPIOs) for responding promptly to requests for information pertaining to various functional areas. In addition, all branch heads have been designated as Central Assistant Public Information Officers (CAPIOs) to receive and forward applications under the Right to Information (RTI) Act to CPIOs. Your Bank has designated a senior officer in the rank of Chief General Manager as First Appellate Authority (FAA) for dealing with appeals of aggrieved applicants. A Transparency Officer, in the rank of Executive Director, has been designated for effective implementation of provisions of Section 4 of the RTI Act. A separate link for the RTI Act has been provided on the Bank's website ([www.idbibank.in](http://www.idbibank.in)). Your Bank has also aligned with the Government of India's RTI online portal, whereby citizens can seek the information and raise appeals under the RTI Act through the portal (<https://rtionline.gov.in>).

## Progressive use of Hindi

During the year under review, your Bank made concerted efforts to increase usage of the Official Language Hindi and implementing the various provisions of Official Language Act and Rules of the Gol. Your Bank's offices and branches made continuous efforts to achieve the targets prescribed in the Annual Programme and other directives issued by Official Language Department, Ministry of Home Affairs, Gol. Continuous efforts were made during the year to provide in-depth information about your Bank's products and schemes in Hindi on the Bank's website. Your Bank's mobile applications, viz. Abhay, PayApt and M-Passbook, offer the language option for Hindi. Various campaigns relating to Micro, Small, and Medium Enterprises (MSME) and digital banking were organised in Hindi and other regional languages. Various posters, banners and other publicity material were displayed in Hindi as well as in regional languages for the benefit of the customers. Hindi and other regional languages were used in advertising campaigns for the Gol's Social Security Schemes viz. Atal Pension Yojana (APY), Pradhan Mantri Jeevan Jyoti Beema Yojana (PMJJBY), Pradhan Mantri Suraksha Bima Yojana (PMSBY), Sukanya Samridhi Yojana (SSY) etc.

Your Bank has updated template letters, forms, dictionaries, notings and other relevant reference materials in bilingual form on its Intranet to promote usage of Hindi. Various incentive schemes were implemented and several competitions were organised to encourage staff members to use Hindi in their day-to-day official work. In order to progressively increase the usage of Hindi in various offices of your Bank, Hindi workshops were organised across all the regions of the Bank to familiarise staff members with the various requirements of Official Language implementation and encourage use of Hindi Unicode. In view of the safety measures to be adopted with the outbreak of the COVID-19 pandemic, your Bank organised most of its Rajbhasha programmes, meetings, workshops, inspections, etc. through online mode.

Your Bank's endeavor to promote use of Hindi in the day-to-day work and in its business found due recognition in various forums and received awards during the year, which include the following:

- Your Bank's in-house quarterly Hindi Magazine 'Vikas Prabha' was conferred three awards from Association of Business Communicators of India (ABCI) during the year. While the Bank received Gold Trophy in 'Internal Magazine' category, it bagged Silver in 'Special Column (Language)' and Bronze in 'Features' (Language) categories.

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- Officials from Department of Official Language, Ministry of Home Affairs, Government of India, appreciated implementation of Hindi in your Bank during their inspections.

### Customer Service and Complaints Management

Your Bank, in adhering to the spirit of its vision of being the most preferred and trusted bank for all its stakeholders, has adopted a customer-centric approach focusing on delightful customer experience and a comprehensive bouquet of state-of-the-art technology-driven financial solutions.

Your Bank has a dedicated 24x7 Customer Care Centre (CCC), located at CBD-Belapur, Navi Mumbai and Hyderabad, to address customer queries and swiftly redress customer grievances received from multiple channels. Respecting and acknowledging diversity of our customers and striving to personalise their interactions, apart from Hindi and English, the Customer Care Centre offers services in 10 regional languages. In addition to catering to varied and myriad customer service requirements, the Customer Care Centre proactively undertakes business generation activities as also facilitates and complements your Bank's recovery efforts. In order to remain relevant, to respond to a fast changing environment and to empower its customers, your Bank periodically reviews its policies such as Customer Care Policy, Grievance Redressal Policy and Customer Rights Policy and ensures that policies are in sync with the latest developments. The fair & timely handling of grievances and ensuring customer satisfaction is the fundamental ethos of your Bank. To ensure prompt resolution of customer grievances, the Bank has put in place a Board-approved Grievance Redressal Policy which outlines its approach towards complaint resolution and customer service delivery. Complaints received from all channels are handled in consonance with this Policy which also includes a time-based escalation matrix wherein if the complaint is not resolved within the stipulated time, the same is escalated to the next level of authority. For this purpose, the Bank has designated Grievance Redressal Officers (GROs) at each of its 12 Zonal Offices and a Principal Nodal Officer (PNO) at the Head Office. Further, in line with the Internal Ombudsman Scheme 2018, the complaints, which the Bank proposes to reject/ provide partial resolution, are referred to the Internal Ombudsman (IO) prior to responding to the customer. Your Bank has put in place a Standardised Public Grievance Redressal System (SPGRS), which facilitates recording, monitoring and timely resolution of the complaints received. The complaints received from various customer touchpoints and regulators are entered in the system and a communication

is sent to the customer through an SMS. The system has an in-built escalation matrix with auto alert mechanism as per a pre-defined turnaround time (TAT). The customer has flexibility of tracking status of his/ her registered complaint through the Bank's website/ nearest branch/ Contact Centre. In case of any delay in complaint resolution, the Bank proactively communicates the same to the customer through an SMS alert. Further, to prevent/ minimise unauthorised electronic banking transactions, the Bank has put in place several mediums through which customers can report such transactions in real time and on 24x7 basis. In its endeavour towards offering convenient banking and as a green initiative, the Bank facilitates debit card PIN generation through various channels like ATM, Internet Banking and Interactive Voice Response (IVR) to enhance customer convenience.

Your Bank has established two senior level customer service committees, i.e. Standing Committee on Customer Service (SCCS) and Customer Service Committee of the Board (CSCB), both of which are convened on a quarterly basis. These Committees are entrusted with the task of evaluating feedback on quality of customer service rendered by the various channels of the Bank. The Committees also evaluate complaints and feedback received from customers and provide necessary directions to increase efficiency of resolution and also change in process for service improvement.

Your Bank captures customer feedback on an ongoing basis and uses it towards improvement of processes/ products to delight customers. The Bank also conducts a depositor satisfaction survey on an annual basis and findings are evaluated and the insights derived are incorporated to improve products/ processes/ systems. The Bank also conducts mystery shopping activities across the branches in order to evaluate quality of customer service rendered to its customers.

You Bank has taken various initiatives in the area of customer service in FY 2020-21 which include:

- **Doorstep Banking:** The Bank is offering doorstep banking services to senior citizens above the age of 70 years and differently-abled persons. These services include pick-up and delivery of cash, pick-up of instruments/ NEFT/ RTGS requests, delivery of Demand Drafts (DDs)/ Certificates of Deposit/ cheque books and submission of KYC documents and Life Certificate.
- **Online facility for Re-KYC:** In case of low-risk customers where there is no change in status with respect to their identities and addresses, the RBI allows self-certification to this effect to suffice as Re-KYC. In compliance with the above, your Bank has



enabled additional facilities for periodic confirmation and update of KYC for such low-risk customers i.e. through SMS or e-mail link received from the Bank or through internet banking.

- Request for opting for statement through Contact Centre:** Customers who had opted for passbook at the time of account opening but wished to migrate to email statement mode were required to visit the branch to place a request for the same. For greater customer convenience, your Bank offers the facility of requesting migration to e-mail statement mode through the Contact Centre if a customer's e-mail ID is updated in the Bank's records.
- Whatsapp Banking:** To make banking experience smooth 24x7, your Bank has launched WhatsApp Banking service on October 13, 2020 which is enabled with services such as account Balance enquiry, mini statement, branch/ ATM locator, interest rates, cheque book and e-mail statement request.
- Video KYC (V-KYC) facility:** A customer shall be permitted to open an account without visiting any branch of the Bank or meeting any employee of the Bank in person through its video KYC (V-KYC) facility. Under this facility, your Bank provides opening of full KYC account via a live video session with a bank employee.
- I-Quick Account opening facility:** The Bank has launched I-Quick account opening facility for new accounts, which allows individuals to open accounts through contactless and paperless mode by validating a customer's PAN and Aadhaar Card. This is a limited KYC account with restrictions. The customer needs to complete full KYC within 12 months and upgrade the account to any regular scheme code.

## Corporate Communications

During FY 2020-21, your Bank's advertising efforts were focussed on maintaining its positive, stable image in the new normal and to enhance the recall value of its products and services.

The advertising and publicity initiatives undertaken by your Bank during the year focused on campaigns highlighting the flagship retail products like home loan, auto loan as well as the newly launched innovative products like I-Quick, and FASTag. The campaigns focused on highlighting the distinguishing features of the products and were carried out vide cost-effective mediums like Transient OOH (Out of Home) display, digital platforms, radio, etc. During the year, your Bank undertook a short video-based campaign

on information security awareness for educating the customers on the precautions to be taken while using digital platforms.

The Reader's Digest Trusted Brand, 2020 conferred your Bank with the 'Trusted Brand Award' in the 'Private Banks category' based on a consumer survey.

As in the advertising arena, several initiatives were undertaken by your Bank in the Public Relations (PR) domain also. The overlying accent of the PR initiatives was aimed at maintaining positive tonality of news and enhancing your Bank's profile in the media, while simultaneously striving to reinforce stakeholder perception. Your Bank found numerous positive mentions of its initiatives in print, electronic and digital media. Your Bank, for the first time, conducted Virtual Press Conferences for the Quarterly Financial Results during the year for interacting with media in a safe environment during the pandemic affected period.

During the year, your Bank extended its social media presence by launching its official Instagram account, 'idbibankofficial'. The Bank continued to undertake engagement activities on various social media platforms and communicated through its official brand pages/ handles on Facebook, LinkedIn, Twitter and YouTube.

## Internal Communications

Your Bank's internal communication agenda was focussed on enabling effective exchange of important ideas including, but not limited to, developments in the field of banking. It ensured permeation across various departments and branches of the Bank to foster a sense of belonging amongst the employees and cultivate a healthy relationship of trust, to work towards a collective goal.

Various initiatives were undertaken to motivate and engage with the employees. These, inter alia, included hosting of messages from the Top Management on the home page of the Bank's intranet and emailers to employees on special occasions, viz. Foundation Day/ New Year/ Diwali etc. Other initiatives included monthly circulation of your Bank's digital newsletter 'Abhyudaya' which apprised employees about various developments in the Bank, as also carried messages/ mailers from the Top Management to the employees. Your Bank also published its quarterly in-house journal 'Shree Vayam' in a digital avatar, allowing existing as well as retired employees and their family members to share their experiences and thoughts on diverse topics. An employee advocacy program, the 'IDBI Bank Social Media Champion Campaign' was rolled out for all employees of your Bank with a view to making the Bank's social media community bigger and stronger.



## Management Discussion and Analysis

### Information Technology

In the year gone by, your Bank not only braved the technological challenges thrown up by the COVID-19 pandemic but also maintained the pace of tech-led services, up-gradation and augmentation of software/ hardware. Your Bank anticipated and mitigated the pandemic related disruptions to the regular banking services by swiftly mobilising its state-of-the-art infrastructure for its employees to enable them to perform their duties seamlessly from the confines of their homes. Your Bank's timely initiatives such as an expeditious allocation of laptops to its employees, making official e-mail available on-the-go to the employees and providing them with Virtual Private Network (VPN)/ Virtual Desktop Infrastructure (VDI) based access to the Bank's systems with adequate security controls, ensured that its customers had an uninterrupted access to most of essential banking services and functionalities. Your Bank ensured continuity in IT-related procurement by switching over and adapting to e-tendering and video conference-based bidding procedures.

During the year, the major accomplishments of your Bank included up-gradation of the Security Operations Centre (SOC) at the Main Data Center (DC) location and setup of a SOC at the Disaster Recovery (DR) location in Chennai, implementation of a Domain-based Message Authentication, Reporting and Conformance (DMARC) analytics platform to detect and prevent email spoofing, implementation of Honey Pot solution to detect, deflect and counteract attempts at unauthorised use of the Bank's systems, implementation of an Enterprise Network Monitoring Solution (ENMS) to enable centralised monitoring of the health of branch network devices/ links and resolution of issues thereof, implementation of Satellite/ GPS-based Network Time Protocol (NTP) solution for synchronisation of computer clock times in a network with high accuracy and upgrade of the Bank's ATM switch version to achieve regulatory compliance and improved customer experience. Under the Enterprise Data Warehouse (EDW) project, various analytical/ predictive models were built for NPA prediction for various loan products, churn prediction for portfolio of Agri/ MSME, cross-sell/ up-sell model, customer profiling and segmentation, etc. Further, data sets for various business functions have been created for the users, enabling them to create desired reports on-the-go.

Within the application innovation domain, your Bank has introduced various Linux and Windows based applications to enhance its customers' digital experience. These applications include Video KYC Account Opening (VAO)

wherein customers can open their savings account with the Bank directly from the convenience of their home or office without having to fill-in any physical forms or visit a branch and WhatsApp banking facility which enables the Bank's customers to avail various essential banking services such as account balance information, details of last five transactions, interest rates as well as details of the Bank's branches/ ATMs in the vicinity through the WhatsApp application. Your Bank also launched a fully digitised Loan Processing System (LPS) which is a totally automated and fully integrated platform that enables the customers to apply online for various MSME and Agri loan products. These applications are processed in seamless and straight through manner with minimal manual intervention, resulting in quicker turnaround time (TAT) and significant cost savings.

Your Bank is in the advanced stage of implementing many technology-based solutions/ enhancements, which include implementation of Voice One-time Password (OTP) and software token-based authentication as an alternate to SMS-based OTP, implementation of an Application Performance Monitoring solution for proactively monitoring business critical applications like mobile/ internet banking, implementing Application Programming Interface Management (APIM) solution for exploring innovation in areas such as blockchain, Internet of Things (IoT), Artificial Intelligence (AI) and implementation of chat bot facility for 24x7 customer assistance and exploring the usage of new age security technologies like Security Orchestration, Automation & Response (SOAR), Network Behavior Anomaly Detection (NBAD), Packet Capture (PCAP), User & Entity Behavior Analytics (UEBA) and Threat Intelligence Platform (TIP) for building a Next Generation SOC at both DC & DR locations.

On the data refinement and enrichment front, your Bank has successfully implemented Automated Data Flow (ADF) application and is continuously refining the process of return generation by removing manual intervention. The RBI has launched Centralised Information Management System (CIMS) for the purpose of creating a single repository for collating banks' data through system-to-system approach for regulatory submissions. Your Bank is in the process of converting ADF output into XBRL format for 45 returns as taken up by the RBI. Your Bank has started its journey towards being a data-driven decision making organisation backed by state-of-the-art Enterprise Data Warehouse (EDW) setup. As part of the EDW, your Bank has (i) augmented decision-making capabilities of the Top Management by enabling over 150+ critical reports and dashboards on their hand-held devices, (ii) made 600+ reports and dashboards available to



various departments across the Bank, (iii) released Customer Relationship Management (CRM) along with 360° customer view for field functionaries on their desktops as well as mobiles for accessing of customer information on-the-go. In order to enhance the quality of data available for decision making, your Bank has introduced a centralised data-cleansing application called as 'iClean' under the EDW project which identifies inappropriate/ invalid critical data elements and provides a simple interface to rectify the errors. Marketing campaigns are now being run through the centralised CRM system. Borrowers likely to default are now being identified through predictive analytics and being followed up to ensure minimum slippages. Further, as per the requirement under EASE Reforms of the Ministry of Finance, GoI, digital initiation of leads through all channels including mobile banking, internet banking, customer care channel, SMS banking & Missed Call banking have been implemented in your Bank through the CRM application. Your Bank has a dedicated Centre of Excellence for Data Analytics which works across business areas, decision strategies, forecasting models and rule engines. Your Bank has been leveraging technology and analytics for deeper insights into customer on-boarding, micro segmentation of customers, behavioural pattern, smooth and frictionless transaction, spending behaviour, risk portfolio etc. to maximise its digital impact and make its digital campaigns more intelligent, sharp and cost-efficient. Forecasting models are helping your Bank in predicting the borrowers' behaviour with regard to dues payment capability. Using cutting-edge analytics, your Bank offers analytics-based pre-qualified and pre-approved offers. Your Bank is in the process of carrying out an analytics-based assessment of business potential and credit risk. Portfolio Quality Index would help your Bank in taking corrective action on a real-time basis with a focussed approach.

### Centralised Operations

Your Bank has set up a Central Processing Unit (CPU), which undertakes different operational activities like Tax Deducted at Source (TDS) on interest on term deposits, cash withdrawal & TDS under Liberalised Remittance Scheme (LRS), Deposit Education & Awareness Fund (DEAF), production & delivery of debit cards/ prepaid cards/ PIN mailers/ cheque books/ welcome kits/ account statements & other deliverables to customers. The CPU also handles the Bank's internet banking operation centrally. Demat account opening, Operations such as Application Supported by Blocked Amount (ASBA), Syndicate ASBA and Loan Against Securities (LAS), etc. are centralised at the CPU. The Goods & Service Tax (GST) reconciliation and co-ordination with other banks are handled by the CPU.

Similarly, your Bank has six Regional Processing Units (RPU) which look after the activities such as opening and maintenance of savings bank account, current account and fixed deposit accounts. The RPU are currently operational at Mumbai, Delhi, Kolkata, Chennai, Pune and Ahmedabad.

The centralisation of these varied activities helps your Bank in reducing the turnaround time (TAT) and rationalising the cost as well as in ensuring uninterrupted services to enhance customer convenience.

### Retail Asset Operations

Your Bank has a Retail Asset Operations (RAO) Department under the CPU which handles the back-end operations for Structured Retail Asset (SRA) loan accounts and its variants. This Department handles all post-loan disbursement activities including safekeeping of physical files, scrutiny of files for documentation and financial parameters and all account maintenance activities. Keeping in view the emphasis given by your Bank on its retail loan segment as also to handle increased volumes, the Bank has opened two new Retail Asset Operation Centres and is in the process of opening three others at different locations in the country. Your Bank has also automated many existing processes in Retail Asset Operations to achieve faster and error-free execution.

### Branch Operations Support and Policy

Your Bank is at the forefront in disseminating knowledge to the staff with respect to their day-to-day operations by equipping them with latest information on banking operations, services etc. This ensures all stakeholders of the Bank are served by the workforce who possess updated knowledge about products, operations and services.

Your Bank is in compliance with the Clean Note Policy of the RBI and has deployed Note Sorting/ Note Authentication machines in its branches. During the year under review, the Bank opened one Currency Chest (CC) at Hubli. With this, the Bank has 24 CCs across the country. These CCs process cash from all linked branches and provide clean notes for dispensing through ATMs and through branches.

### Domestic Payment and Remittance Services (DPRS)

Your Bank facilitates payment and collection of paper-based payment instruments and processing of fund transfer through various electronic payment systems. There are three Centralised Clearing Grid Centers for handling

## Management Discussion and Analysis

clearing activities through Cheque Truncation System (CTS) at Chennai, Delhi and Mumbai. A centralised Electronic Transaction Processing Centre (ETPC) functions from Mumbai to handle operational activities of all electronic payment and remittance services. In order to ensure seamless operations during emergency situation at any of the grid centers or ETPC, a cost-effective Business Continuity Plan (BCP) has been put in place.

### **Corporate Social Responsibility (CSR)**

Since the average net profit of your Bank for the preceding three years worked out to a loss (for CSR purpose), there was no requirement for your Bank to incur any spends under CSR during the year under review in consonance with the broad guidelines outlined in the Companies Act, 2013. Further, all the proposed CSR projects of your Bank have been completed. Thus, CSR spends during FY 2020-21 stood at nil.

