

## 17 Significant Accounting Policies

For the year ended 31 March, 2020

### 1 Background

Axis Bank Limited ('the Bank') was incorporated in 1993 and provides a complete suite of banking and financial services including retail banking, wholesale banking and treasury operations. The Bank is primarily governed by the Banking Regulation Act, 1949. The Bank has overseas branches at Singapore, Hong Kong, DIFC - Dubai, Shanghai and Colombo and an Offshore Banking Unit at International Financial Service Centre (IFSC), Gujarat International Finance Tec-City (GIFT City), Gandhinagar, India.

### 2 Basis of preparation

The standalone financial statements ('financial statements') have been prepared and presented under the historical cost convention on the accrual basis of accounting in accordance with the generally accepted accounting principles in India, unless otherwise stated by the Reserve Bank of India ('RBI'), to comply with the statutory requirements prescribed under the Third Schedule of the Banking Regulation Act, 1949, the circulars, notifications, guidelines and directives issued by RBI from time to time and the Accounting Standards notified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 to the extent applicable and practices generally prevalent in the banking industry in India. Accounting policies applied have been consistent with the previous year except otherwise stated.

### 3 Use of estimates

The preparation of the financial statements in conformity with the generally accepted accounting principles requires the Management to make estimates and assumptions that affect the reported amounts of assets and liabilities (including contingent liabilities) at the date of the financial statements, revenues and expenses during the reporting period. Actual results could differ from those estimates. The Management believes that the estimates and assumptions used in the preparation of the financial statements are prudent and reasonable. Any revisions to the accounting estimates are recognised prospectively in the current and future periods.

### 4 Change in accounting policies/estimates

#### Provision on Non-Fund based outstanding

During the year, the Bank has adopted a policy of maintaining provision on non-funded outstanding in NPAs, prudentially written off accounts, corporate standard advances rated 'BB and Below' and all SMA-2 advances as reported to CRILC. As a result, the provisions and contingencies for the year are higher by ₹410.52 crores with a consequent reduction to the profit before tax.

### 5 Significant accounting policies

#### 5.1 Investments

##### Classification

In accordance with the RBI guidelines, investments are classified at the time of purchase as:

- Held for Trading ('HFT');
- Available for Sale ('AFS'); and
- Held to Maturity ('HTM').

Investments that are held principally for sale within a short period are classified as HFT securities. As per the RBI guidelines, HFT securities, which remain unsold for a period of 90 days are transferred to AFS securities.

Investments that the Bank intends to hold till maturity are classified under the HTM category. Investments in the equity of subsidiaries/joint ventures are categorised as HTM in accordance with the RBI guidelines.

All other investments are classified as AFS securities.

However, for disclosure in the Balance Sheet, investments in India are classified under six categories - Government Securities, Other approved securities, Shares, Debentures and Bonds, Investment in Subsidiaries/Joint Ventures and Others. Investments made outside India are classified under three categories - Government Securities, Subsidiaries and/or Joint Ventures abroad and Others.

All investments are accounted for on settlement date, except investments in equity shares which are accounted for on trade date.

#### **Transfer of security between categories**

Transfer of security between categories of investments is accounted as per the RBI guidelines.

#### **Acquisition cost**

Costs including brokerage and commission pertaining to investments, paid at the time of acquisition, are charged to the Profit and Loss Account.

Broken period interest is charged to the Profit and Loss Account.

Cost of investments is computed based on the weighted average cost method.

#### **Valuation**

*Investments classified under the HTM category:* Investments are carried at acquisition cost unless it is more than the face value, in which case the premium is amortised over the period remaining to maturity on a constant yield to maturity basis. Such amortization of premium is adjusted against interest income under the head 'Income from Investments' under Schedule 13 in Profit and Loss Account. In terms of RBI guidelines, discount on securities held under HTM category is not accrued and such securities are held at the acquisition cost till maturity.

Investments in subsidiaries/joint ventures are categorised as HTM and assessed for impairment to determine permanent diminution, if any, in accordance with the RBI guidelines and suitable provisions are made.

*Investments classified under the AFS and HFT categories:* Investments under these categories are marked to market. The market/fair value of quoted investments included in the 'AFS' and 'HFT' categories is the market price of the scrip as available from the trades/quotes on the stock exchanges or prices declared by Primary Dealers Association of India ('PDAI') jointly with Fixed Income Money Market and Derivatives Association of India ('FIMMDA')/Financial Benchmark India Private Limited ('FBIL'), periodically. Net depreciation, if any, within each category of each investment classification is recognised in the Profit and Loss Account. The net appreciation if any, under each category of each investment classification is ignored. The depreciation on securities acquired by way of conversion of outstanding loans is provided in accordance with the RBI guidelines. The book value of individual securities is not changed consequent to the periodic valuation of investments.

Non-performing investments are identified and provision is made thereon as per RBI guidelines. The provision on such non-performing investments is not set off against the appreciation in respect of other performing securities. Interest on non-performing investments is not recognised in the Profit and Loss Account until received.

Treasury Bills, Exchange Funded Bills, Commercial Paper and Certificate of Deposits being discounted instruments, are valued at carrying cost which includes discount amortised over the period to maturity.

Units of mutual funds are valued at the latest repurchase price/net asset value declared by the mutual fund.

Market value of investments where current quotations are not available, is determined as per the norms prescribed by the RBI as under:

- The market/fair value of unquoted government securities which are in the nature of Statutory Liquidity Ratio ('SLR') securities included in the AFS and HFT categories is computed as per the rates published by FIMMDA/FBIL.
- In case of special bonds issued by Government of India that do not qualify for SLR, unquoted bonds, debentures, preference shares where interest/dividend is received regularly (i.e. not overdue beyond 90 days), the market price is derived based on the YTM for Government Securities as published by FIMMDA/PDAI/FBIL and suitably marked up for credit risk applicable to the credit rating of the instrument. The matrix for credit risk mark-up for each category and credit ratings along with residual maturity issued by FIMMDA/FBIL is adopted for this purpose.
- In case of bonds & debentures where interest is not received regularly (i.e. overdue beyond 90 days), the valuation is in accordance with prudential norms for provisioning as prescribed by RBI.
- Pass Through Certificates ('PTC') and Priority Sector PTCs are valued as per extant FIMMDA guidelines.

- Equity shares, for which current quotations are not available or where the shares are not quoted on the stock exchanges, are valued at break-up value (without considering revaluation reserves, if any) which is ascertained from the company's latest Balance Sheet. In case the latest Balance Sheet is not available, the shares are valued at ₹1 per company.
- Units of Venture Capital Funds ('VCF') held under AFS category where current quotations are not available are valued based on the latest audited financials of the fund. In case the audited financials are not available for a period beyond 18 months, the investments are valued at ₹1 per VCF. Investment in unquoted VCF after 23 August, 2006 may be categorised under HTM category for the initial period of three years and are valued at cost as per RBI guidelines.
- In case of investments in security receipts on or after 1 April, 2017 which are backed by more than 50 percent of the stressed assets sold by the Bank, provision for depreciation in value is made at the higher of - provisioning rate required in terms of net asset value declared by the Reconstruction Company ('RC')/Securitisation Company ('SC') or the provisioning rate as per the extant asset classification and provisioning norms as applicable to the underlying loans, assuming that the loan notionally continued in the books of the bank. All other investments in security receipts are valued as per the NAV obtained from the issuing RC/SCs.

#### Disposal of investments

*Investments classified under the HTM category:* Realised gains are recognised in the Profit and Loss Account and subsequently appropriated to Capital Reserve account (net of taxes and transfer to statutory reserves) in accordance with the RBI guidelines. Losses are recognised in the Profit and Loss Account.

*Investments classified under the AFS and HFT categories:* Realised gains/losses are recognised in the Profit and Loss Account.

#### Repurchase and reverse repurchase transactions

Repurchase and reverse repurchase transactions in government securities and corporate debt securities including those conducted under the Liquidity Adjustment Facility ('LAF') and Marginal Standby Facility ('MSF') with RBI are accounted as collateralised borrowing and lending respectively. Accordingly, securities given as collateral under an agreement to repurchase them continue to be held under the investment account and the Bank continues to accrue the coupon/discount on the security during the repo period. Further, the Bank continues to value the securities sold under repo as per the investment classification of the security. Borrowing cost on repo transactions is accounted as interest expense and revenue on reverse repo transactions is accounted as interest income.

#### Short Sales

In accordance with the RBI guidelines, the Bank undertakes short sale transactions in Central Government dated securities. The short positions are reflected in 'Securities Short Sold ('SSS') A/c', specifically created for this purpose. Such short positions are categorised under HFT category and netted off from investments in the Balance Sheet. These positions are marked-to-market along with the other securities under HFT portfolio and the resultant mark-to-market gains/losses are accounted for as per the relevant RBI guidelines for valuation of investments discussed earlier.

### 5.2 Advances

Advances are classified into performing and non-performing advances ('NPAs') as per the RBI guidelines and are stated net of bills rediscounted, inter-bank participation certificates, specific provisions made towards NPAs, interest in suspense for NPAs, claims received from Export Credit Guarantee Corporation, provisions for funded interest on term loan classified as NPAs, provisions in lieu of diminution in the fair value of restructured assets and floating provisions.

NPAs are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by the RBI. Advances held at the overseas branches that are identified as impaired as per host country regulations for reasons other than record of recovery, but which are standard as per the RBI guidelines, are classified as NPAs to the extent of amount outstanding in the host country. Provisions for NPAs are made for sub-standard and doubtful assets at rates as prescribed by the RBI with the exception for agriculture advances and schematic retail advances. In respect of schematic retail advances, provisions are made in terms of a bucket-wise policy upon reaching specified stages of delinquency (90 days or more of delinquency) under each type of loan, which satisfies the RBI prudential norms on provisioning. Provisions in respect of agriculture advances classified into sub-standard and doubtful assets are made at rates which are higher than those prescribed by the RBI. Provisions for advances booked in overseas branches, which are standard as per the RBI guidelines but are classified as NPAs based on host country guidelines, are made as per the host country regulations. In case of NPAs referred to National Company Law Tribunal ('NCLT') under Insolvency and Bankruptcy Code ('IBC') where resolution plan or liquidation order has been approved by NCLT, provision is maintained at higher of the requirement under RBI guidelines or the likely haircut as per resolution plan or liquidation order.

Restructured assets are classified and provided for in accordance with the guidelines issued by RBI from time to time.

Loss assets and unsecured portion of doubtful assets are provided/written off as per the extant RBI guidelines.

Amounts recovered against debts written off are recognised in the Profit and Loss account and included under "Other Income".

In case of EMI based standard retail advances, funds received from customers are appropriated in the order of chronology as towards interest, principal, penal interest and charges. In case of other standard advances, funds received from customers are appropriated in the order of chronology as towards charges, penal interest, interest and principal.

The Bank makes additional provisions as per RBI's guidelines on 'Prudential Framework on Resolution of Stressed Assets' dated 7 June, 2019 on accounts in default and with aggregate exposure above the threshold limits as laid down in the said framework where the resolution plan is not implemented within the specified timelines.

In respect of borrowers classified as non-cooperative and wilful defaulters, the Bank makes accelerated provisions as per extant RBI guidelines.

Loans reported as fraud are classified as loss assets, and fully provided immediately without considering the value of security.

For entities with Unhedged Foreign Currency Exposure ('UFCE'), provision is made in accordance with the guidelines issued by RBI, which requires to ascertain the amount of UFCE, estimate the extent of likely loss and estimate the riskiness of unhedged position. This provision is classified under Schedule 5 – Other Liabilities in the Balance Sheet. Further, Incremental capital is maintained in respect of borrower counter parties in the highest risk category, in line with stipulations by RBI.

The Bank maintains provisions for incremental exposure of the banking system to specified borrowers beyond Normally Permitted Lending Limit ('NPLL') in proportion to Bank's funded exposure to the specified borrowers as per RBI guidelines. This provision is classified under Schedule 5 – Other Liabilities in the Balance Sheet.

The Bank maintains a general provision on standard advances at the rates prescribed by RBI other than for corporate standard advances rated 'BB and Below' and all SMA-2 advances as reported to CRILC, where general provision is maintained at rates that are higher than those prescribed by RBI. In case of overseas branches, general provision on standard advances is maintained at the higher of the levels stipulated by the respective overseas regulator or RBI. The Bank also maintains general provision on positive Mark-to-Market (MTM) on derivatives at the rates prescribed by RBI.

The Bank maintains provision on non-funded outstanding in NPAs, prudentially written off accounts, corporate standard advances rated 'BB and Below' and all SMA-2 advances as reported to CRILC. This provision is classified under Schedule 5 – Other Liabilities in the Balance Sheet.

Under its home loan portfolio, the Bank offers housing loans with certain features involving waiver of Equated Monthly Installments ('EMIs') of a specific period subject to fulfilment of a set of conditions by the borrower. The Bank makes provision against the probable loss that could be incurred in future on account of waivers to eligible borrowers in respect of such loans based on actuarial valuation conducted by an independent actuary. This provision is classified under Schedule 5 – Other Liabilities in the Balance Sheet.

### 5.3 Country risk

In addition to the provisions required to be held according to the asset classification status, provisions are held for individual country exposure (other than for home country as per the RBI guidelines). Such provisions are held only in respect of those countries where the net funded exposure of the Bank exceeds 1% of its total assets. For this purpose the countries are categorized into seven risk categories namely insignificant, low, moderate, high, very high, restricted and off-credit as per RBI guidelines. Provision is made on exposures exceeding 180 days on a graded scale ranging from 0.25% to 100%. For exposures with contractual maturity of less than 180 days, 25% of the normal provision requirement is held. If the net funded exposure of the Bank in respect of each country does not exceed 1% of the total assets, no provision is maintained on such country exposure in accordance with RBI guidelines. This provision is classified under Schedule 5 – Other Liabilities in the Balance Sheet.

### 5.4 Securitisation and transfer of assets

The Bank enters into purchase/sale of corporate and retail loans through direct assignment/Special Purpose Vehicle ('SPV'). In most cases, post securitisation, the Bank continues to service the loans transferred to the assignee/SPV. The Bank also provides credit enhancement in the form of cash collaterals and/or by subordination of cash flows to Senior Pass through Certificate holders. In respect of credit enhancements provided or recourse obligations (projected delinquencies, future servicing etc.) accepted by the Bank, appropriate provision/disclosure is made at the time of sale

in accordance with AS-29, Provisions, Contingent Liabilities and Contingent Assets as notified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016.

In accordance with RBI guidelines of 7 May, 2012, on 'Guidelines on Securitisation of Standard Assets', gain on securitisation transaction is recognised over the period of the underlying securities issued by the SPV. Loss on securitisation is immediately debited to the Profit and Loss Account.

The Bank transfers advances through inter-bank participation with and without risk. In accordance with the RBI guidelines, in the case of participation with risk, the aggregate amount of the participation issued by the Bank is reduced from advances and where the Bank is participating, the aggregate amount of the participation is classified under advances. In the case of participation without risk, the aggregate amount of participation issued by the Bank is classified under borrowings and where the Bank is participating, the aggregate amount of participation is shown as due from banks under advances.

#### **5.5 Priority Sector Lending Certificates**

The Bank enters into transactions for the sale or purchase of Priority Sector Lending Certificates ('PSLCs'). In the case of a sale transaction, the Bank sells the fulfilment of priority sector obligation and in the case of a purchase transaction the Bank buys the fulfilment of priority sector obligation through the RBI trading platform. There is no transfer of loan assets in PSLC transactions.

#### **5.6 Foreign currency transactions**

In respect of domestic operations, transactions denominated in foreign currencies are accounted for at the rates prevailing on the date of the transaction. Monetary foreign currency assets and liabilities are translated at the Balance Sheet date at rates notified by Foreign Exchange Dealers Association of India ('FEDAI'). All profits/losses resulting from year end revaluations are recognised in the Profit and Loss Account.

Financial statements of foreign branches classified as non-integral foreign operations as per the RBI guidelines are translated as follows:

- Assets and liabilities (both monetary and non-monetary as well as contingent liabilities) are translated at closing exchange rates notified by FEDAI at the Balance Sheet date.
- Income and expenses are translated at the rates prevailing on the date of the transactions.
- All resulting exchange differences are accumulated in a separate 'Foreign Currency Translation Reserve' till the disposal of the net investments. Any realised gains or losses on such disposal are recognised in the Profit and Loss Account.

Outstanding forward exchange contracts including tom/spot contracts (excluding currency swaps undertaken to hedge foreign currency assets/liabilities and funding swaps which are not revalued) are revalued at year end on PV basis by discounting the forward value till spot date and converting the FCY amount using the respective spot rates as notified by FEDAI. The resulting gains or losses on revaluation are included in the Profit and Loss Account in accordance with RBI/FEDAI guidelines.

Premium/discount on currency swaps undertaken to hedge foreign currency assets and liabilities and funding swaps is recognised as interest income/expense and is amortised on a pro-rata basis over the underlying swap period.

Contingent liabilities on account of forward exchange and derivative contracts, guarantees, acceptances, endorsements and other obligations denominated in foreign currencies are disclosed at closing rates of exchange notified by FEDAI.

#### **5.7 Derivative transactions**

Derivative transactions comprise of forward contracts, swaps and options which are disclosed as contingent liabilities. The forwards, swaps and options are categorised as trading or hedge transactions. Trading derivative contracts are revalued at the Balance Sheet date with the resulting unrealised gain or loss being recognised in the Profit and Loss Account and correspondingly in other assets (representing positive Mark-to-Market) and in other liabilities (representing negative Mark-to-Market (MTM)) on a gross basis. For hedge transactions, the Bank identifies the hedged item (asset or liability) at the inception of transaction itself. The effectiveness is ascertained at the time of inception of the hedge and periodically thereafter. Hedge swaps are accounted for on accrual basis except in case of swaps designated with an asset or liability that is carried at market value or lower of cost or market value in the financial statements. In such cases the swaps are marked-to-market with the resulting gain or loss recorded as an adjustment to the market value of designated asset or liability. Hedge transactions that are entered after 26 June, 2019 through rupee interest rate derivatives are accounted for as per the guidance note issued by ICAI on accounting for derivative contracts. Pursuant to the RBI

guidelines any receivables under derivative contracts comprising of crystallised receivables as well as positive Mark-to-Market (MTM) in respect of future receivables which remain overdue for more than 90 days are reversed through the Profit and Loss account and are held in separate Suspense Account.

Premium on options is recognized as income/expense on expiry or early termination of the transaction.

Currency futures contracts are marked-to-market using daily settlement price on a trading day, which is the closing price of the respective futures contracts on that day. While the daily settlement price is computed based on the last half an hour weighted average price of such contracts, the final settlement price is taken as the RBI reference rate on the last trading day of the futures contracts or as may be specified by the relevant authority from time to time. All open positions are marked-to-market based on the settlement price and the resultant marked-to-market profit/loss is daily settled with the exchange.

Valuation of Exchange Traded Currency Options (ETCO) is carried out on the basis of the daily settlement price of each individual option provided by the exchange and valuation of Interest Rate Futures (IRF) is carried out on the basis of the daily settlement price of each contract provided by the exchange.

### 5.8 Revenue recognition

Interest income is recognised on an accrual basis in accordance with AS-9, Revenue Recognition as notified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014, the Companies (Accounting Standards) Amendment Rules, 2016 and the RBI guidelines, except in the case of interest income on non-performing assets where it is recognised on receipt basis if overdue for more than 90 days. Income on non-coupon bearing discounted instruments or low-coupon bearing instruments is recognised over the tenor of the instrument on a constant yield basis.

Guarantee commission is recognized on a pro-rata basis over the period of the guarantee. Locker rent and annual fees for credit cards are recognised on a straight-line basis over the period of contract. Arrangership/syndication fee is accounted for on completion of the agreed service and when right to receive is established. Other fees and commission income are recognised when due, where the Bank is reasonably certain of ultimate collection.

Interest income on investments in discounted PTCs is recognized on a constant yield basis.

Dividend is accounted on an accrual basis when the right to receive the dividend is established.

Gain/loss on sell down of loans and advances through direct assignment is recognised at the time of sale.

Fees paid for purchase of Priority Sector Lending Certificates ('PSLC') is amortised on straight-line basis over the tenor of the certificate as 'Other Expenditure' under Schedule 16 of Profit and Loss Account. Fees received on sale of PSLC is amortised on straight-line basis over the tenor of the certificate as 'Miscellaneous Income' under Schedule 14 of Profit and Loss Account.

In accordance with RBI guidelines on sale of non-performing advances, if the sale is at a price below the net book value (i.e. book value less provisions held), the shortfall is charged to the Profit and Loss Account. If the sale is for a value higher than the net book value, the excess provision is credited to the Profit and Loss Account in the year the amounts are received.

The Bank deals in bullion business on a consignment basis. The difference between the price recovered from customers and cost of bullion is accounted for at the time of sale to the customers. The Bank also deals in bullion on a borrowing and lending basis and the interest paid/received is accounted on an accrual basis.

### 5.9 Fixed assets and depreciation/impairment

Fixed assets are carried at cost of acquisition less accumulated depreciation and impairment, if any. Cost includes initial handling and delivery charges, duties, taxes and incidental expenses related to the acquisition and installation of the asset. Subsequent expenditure incurred on assets put to use is capitalised only when it increases the future economic benefit / functioning capability from / of such assets.

Capital work-in-progress includes cost of fixed assets that are not ready for their intended use and also includes advances paid to acquire fixed assets.

Depreciation is provided over the estimated useful life of a fixed asset on the straight-line method from the date of addition. The management believes that depreciation rates currently used, fairly reflect its estimate of the useful lives and residual values of fixed assets based on historical experience of the Bank, though these rates in certain cases are different

## Financial Statements

### Standalone Financial Statements

from lives prescribed under Schedule II of Companies Act, 2013. Whenever there is a revision of the estimated useful life of an asset, the unamortised depreciable amount is charged over the revised remaining useful life of the said asset.

Asset	Estimated useful life
Leased Land	As per the term of the agreement
Owned premises	60 years
Locker cabinets/cash safe/strong room door	10 years
EPABX, telephone instruments	8 years
Modem, scanner, routers, hubs, switches, racks/cabinets for IT equipment	5 years
UPS, VSAT, fax machines	5 years
Cheque book/cheque encoder, currency counting machine, fake note detector	5 years
Application software	5 years
Electronic Data Capture (EDC)/ Point of Sale (POS) machines	5 years
Vehicles	4 years
Computer hardware including printers	3 years
CCTV and video conferencing equipment	3 years
Assets at staff residence	3 years
Mobile phone	2 years
All other fixed assets	10 years

Assets costing less than ₹5,000 individually are fully depreciated in the year of purchase.

Depreciation on assets sold during the year is recognised on a pro-rata basis to the Profit and Loss Account till the date of sale.

Gain or losses arising from the retirement or disposal of Fixed Assets are determined as the difference between the net disposal proceeds and the carrying amount of assets and recognised as income or expense in the Profit and Loss Account. Further, profit on sale of premises is appropriated to Capital Reserve account (net of taxes and transfer to statutory reserve) in accordance with RBI instructions.

The carrying amounts of assets are reviewed at each Balance Sheet date to ascertain if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

#### 5.10 Non-banking assets

Non-banking assets ('NBAs') acquired in satisfaction of claims include land. In the case of land, the Bank creates provision and follows the accounting treatment as per specific RBI directions.

#### 5.11 Lease transactions

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term are classified as operating lease. Lease payments for assets taken on operating lease are recognised as an expense in the Profit and Loss Account on a straight-line basis over the lease term. Lease income from assets given on operating lease is recognised as income in profit and loss account on a straight line basis over the lease term.

#### 5.12 Retirement and other employee benefits

##### Provident Fund

Retirement benefit in the form of provident fund is a defined benefit plan wherein the contributions are charged to the Profit and Loss Account of the year when the contributions to the fund are due and when services are rendered by the employees. Further, an actuarial valuation is conducted by an independent actuary using the Projected Unit Credit Method as at 31 March each year to determine the deficiency, if any, in the interest payable on the contributions as compared to the interest liability as per the statutory rate. Actuarial gains/losses are immediately taken to the Profit and Loss Account and are not deferred.

##### Gratuity

The Bank contributes towards gratuity fund (defined benefit retirement plan) administered by various insurers for eligible employees. Under this scheme, the settlement obligations remain with the Bank, although various insurers administer the scheme and determine the contribution premium required to be paid by the Bank. The plan provides a lump sum

payment to vested employees at retirement or termination of employment based on the respective employee's salary and the years of employment with the Bank. Liability with regard to gratuity fund is accrued based on actuarial valuation conducted by an independent actuary using the Projected Unit Credit Method as at 31 March each year. In respect of employees at overseas branches (other than expatriates) liability with regard to gratuity is provided on the basis of a prescribed method as per local laws, wherever applicable. Actuarial gains/losses are immediately taken to the Profit and Loss Account and are not deferred.

#### **Compensated Absences**

Compensated absences are short term in nature for which provision is held on accrual basis.

#### **Superannuation**

Employees of the Bank are entitled to receive retirement benefits under the Bank's Superannuation scheme either under a cash-out option through salary or under a defined contribution plan. Through the defined contribution plan, the Bank contributes annually a specified sum of 10% of the employee's eligible annual basic salary to LIC, which undertakes to pay the lump sum and annuity benefit payments pursuant to the scheme. Superannuation contributions are recognised in the Profit and Loss Account in the period in which they accrue.

#### **New Pension Scheme ('NPS')**

In respect of employees who opt for contribution to the 'NPS', the Bank contributes certain percentage of the total basic salary of employees to the aforesaid scheme, a defined contribution plan, which is managed and administered by pension fund management companies. NPS contributions are recognised in the Profit and Loss Account in the period in which they accrue.

#### **5.13 Reward points**

The Bank runs a loyalty program which seeks to recognize and reward customers based on their relationship with the Bank. Under the program, eligible customers are granted loyalty points redeemable in future, subject to certain conditions. In addition, the Bank continues to grant reward points in respect of certain credit cards (not covered under the loyalty program). The Bank estimates the probable redemption of such loyalty/reward points using an actuarial method at the Balance Sheet date by employing an independent actuary, which includes assumptions such as mortality, redemption and utilization. Provision for the said reward points is then made based on the actuarial valuation report as furnished by the said independent actuary.

#### **5.14 Taxation**

Income tax expense is the aggregate amount of current tax and deferred tax charge. Current year taxes are determined in accordance with the relevant provisions of Income tax Act, 1961 and considering the material principle set out in Income Computation and Disclosure Standards to the extent applicable. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off assets against liabilities representing current tax and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws.

Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. The impact of changes in the deferred tax assets and liabilities is recognised in the Profit and Loss Account.

Deferred tax assets are recognised and reassessed at each reporting date, based upon the Management's judgement as to whether realisation is considered as reasonably certain. Deferred tax assets are recognised on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty supported by convincing evidence that such deferred tax asset can be realised against future profits.

#### **5.15 Share issue expenses**

Share issue expenses are adjusted from Share Premium Account in terms of Section 52 of the Companies Act, 2013.

#### **5.16 Corporate Social Responsibility**

Expenditure towards corporate social responsibility, in accordance with Companies Act, 2013, is recognised as operating expenditure or capital expenditure as applicable.



#### 5.17 Earnings per share

The Bank reports basic and diluted earnings per share in accordance with AS-20, Earnings per Share, as notified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016. Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding for the year.

Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted earnings per share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding at the year end except where the results are anti-dilutive.

#### 5.18 Employee stock option scheme

The 2001 Employee Stock Option Scheme ('the Scheme') provides for grant of stock options on equity shares of the Bank to employees and Directors of the Bank and its subsidiaries. The Scheme is in accordance with the Securities and Exchange Board of India (SEBI) (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ('the Guidelines'). These Guidelines have been repealed in the month of October, 2014 and were substituted by Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. The Scheme is in compliance with the said regulations. The Bank follows the intrinsic value method to account for its stock based employee compensation plans as per the Guidelines. Options are granted at an exercise price, which is equal to/less than the fair market price of the underlying equity shares. The excess of such fair market price over the exercise price of the options as at the grant date, if any, is recognised as a deferred compensation cost and amortised on a straight-line basis over the vesting period of such options.

The fair market price is the latest available closing price, prior to the date of grant, on the stock exchange on which the shares of the Bank are listed. If the shares are listed on more than one stock exchange, then the stock exchange where there is highest trading volume on the said date is considered.

#### 5.19 Provisions, contingent liabilities and contingent assets

In accordance with AS-29 "Provisions, Contingent Liabilities and Contingent Assets", provision is recognised when the Bank has a present obligation as a result of past event where it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

A disclosure of contingent liability is made when there is:

- a possible obligation arising from a past event, the existence of which will be confirmed by occurrence or non-occurrence of one or more uncertain future events not within the control of the Bank; or
- a present obligation arising from a past event which is not recognised as it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

#### 5.20 Accounting for dividend

As per AS-4 'Contingencies and Events occurring after the Balance sheet date' as notified by the Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016, dated 30 March, 2016, the Bank does not account for proposed dividend (including tax) as a liability through appropriation from the profit and loss account. The same is recognised in the year of actual payout post approval of shareholders. However, the Bank reckons proposed dividend in determining capital funds in computing the capital adequacy ratio.

#### 5.21 Cash and cash equivalents

Cash and cash equivalents include cash in hand, balances with RBI, balances with other banks and money at call and short notice.

## 18 Notes forming part of the Financial Statements

For the year ended 31 March, 2020

- 1.1 During the year ended 31 March, 2020, the Bank allotted 45,357,385 equity shares at a price of ₹ 565 per share pursuant to exercise of convertible share warrants by the warrant holders. As a consequence, the paid-up share capital of the Bank has increased by ₹9.07 crores and the reserves of the Bank have increased by ₹2,551.03 crores after charging off issue related expenses.

Further, during the year ended 31 March, 2020, the Bank raised additional equity capital through a Qualified Institutional Placement of 198,728,139 shares at a price of ₹629 per share. As a consequence, the paid-up share capital of the Bank has increased by ₹39.75 crores and the reserves of the Bank have increased by ₹12,392.50 crores after charging off issue related expenses. The funds mobilised from equity raising were utilised for enhancing the capital adequacy ratio and for general corporate purpose.

- 1.2 COVID-19 virus, a global pandemic has affected the world economy including India leading to significant decline and volatility in financial markets and decline in economic activities. On 24 March, 2020, the Indian Government announced a strict 21-day lock-down which was further extended by 19 days across the country to contain the spread of the virus. The extent to which the COVID-19 pandemic will impact the Bank's provision on assets will depend on the future developments, which are highly uncertain, including among the other things any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government mandated or elected by the Bank.

The RBI on 27 March, 2020 and 17 April, 2020, announced 'COVID-19 Regulatory Package' on asset classification and provisioning. In terms of the RBI guidelines, the lending institutions have been permitted to grant a moratorium of three months on payment of all instalments/interest, as applicable, falling due between 1 March, 2020 and 31 May, 2020 ('moratorium period'). As such, in respect of all accounts classified as standard as on 29 February, 2020, even if overdue, the moratorium period, wherever granted, shall be excluded by the lending institutions from the number of days past-due for the purpose of asset classification under RBI's Income Recognition and Asset Classification norms. The Bank holds provisions as at 31 March, 2020 against the potential impact of COVID-19 based on the information available at this point in time. The provisions held by the Bank are in excess of the RBI prescribed norms.

### 2.1 Statutory disclosures as per RBI

- 2.1.1 'Provisions and contingencies' recognised in the Profit and Loss Account comprise of:

	(₹ in crores)	
For the year ended	31 March, 2020	31 March, 2019
Provision for income tax		
- Current tax	2,891.25	3,009.84
- Deferred tax <sup>1</sup> (Refer 2.2.11)	385.76	(712.36)
	<b>3,277.01</b>	<b>2,297.48</b>
Provision for non-performing assets (including bad debts written off and write backs)	12,755.53	10,221.48
Provision for restructured assets/strategic debt restructuring/sustainable structuring	(15.50)	(19.66)
Provision towards standard assets <sup>2</sup>	1,451.32	809.79
Provision for depreciation in value of investments	135.99	300.02
Provision for unhedged foreign currency exposure	(10.68)	18.79
Provision for country risk	12.17	-
Provision for other contingencies <sup>3</sup>	4,205.08	700.60
<b>Total</b>	<b>21,810.92</b>	<b>14,328.50</b>

- The Bank has elected to exercise the option permitted under Section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Act, 2019. The Bank has recognised provision for income tax for the year ended 31 March, 2020 in line with the above option. This has necessitated a restatement of the opening balance of deferred tax assets as at 1 April, 2019, basis the rate prescribed in the aforesaid section. The restatement has resulted in a write down of ₹2,137.59 crores which has been fully charged to the Profit and Loss account during the year
- including provision on loans under moratorium as per RBI guidelines on COVID-19 regulatory package of ₹1,117.72 crores
- includes provision for non-banking assets, legal cases, other contingencies and provision of ₹1,882.28 crores for COVID-19 over and above regulatory requirement

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2.1.2 The capital adequacy ratio of the Bank, calculated as per the RBI guidelines (under Basel III) is set out below:

(₹ in crores)

For the year ended	31 March, 2020	31 March, 2019
Common Equity Tier I	81,449.04	62,238.37
Tier I	88,449.04	69,238.37
Tier II	18,556.08	18,221.21
<b>Total capital</b>	<b>107,005.12</b>	<b>87,459.58</b>
Total risk weighted assets and contingents	610,527.33	552,048.06
Capital ratios		
Common Equity Tier I	13.34%	11.27%
Tier I	14.49%	12.54%
Tier II	3.04%	3.30%
<b>CRAR</b>	<b>17.53%</b>	<b>15.84%</b>
<b>Amount of equity capital raised</b>	48.82*	-
<b>Amount of additional Tier I capital raised of which:</b>		
Perpetual Non-Cumulative Preference Shares (PNCPS)	-	-
Perpetual Debt Instruments (PDI) (details given below)	-	-
<b>Amount of Tier II capital raised of which:</b>		
Debt capital instrument (details given below)	-	-
Preferential capital instrument	-	-

\*excluding securities premium of ₹15,013.88 crores

During the year ended 31 March, 2020 and 31 March, 2019, the Bank has not raised debt instruments eligible for Tier-I/Tier-II capital.

During the year ended 31 March, 2020, the Bank redeemed debt instruments eligible for Tier-I/Tier-II capital, the details of which are set out below:

Instrument	Capital	Date of maturity	Period	Coupon	Amount
Subordinated debt	Tier II	16 June, 2019	120 months	9.15%p.a.	₹2,000 crores

During the year ended 31 March, 2019, the Bank redeemed debt instruments eligible for Tier-I/Tier-II capital, the details of which are set out below:

Instrument	Capital	Date of maturity	Period	Coupon	Amount
Subordinated debt	Tier II	7 November, 2018	120 months	11.75% p.a.	₹1,500 crores
Subordinated debt	Tier II	28 March, 2019	120 months	9.95%p.a.	₹200 crores

2.1.3 The key business ratios and other information is set out below:

As at	31 March, 2020	31 March, 2019
	%	%
Interest income as a percentage to working funds <sup>#</sup>	7.56	7.38
Non-interest income as a percentage to working funds <sup>#</sup>	1.87	1.76
Operating profit <sup>\$\$</sup> as a percentage to working funds <sup>#</sup>	2.83	2.55
Return on assets (based on working funds <sup>#</sup> )	0.20	0.63
Business (deposits less inter-bank deposits plus advances) per employee <sup>**</sup>	₹17.27 crores	₹16.53 crores
Profit per employee <sup>**</sup>	₹2.40 lacs	₹7.61 lacs
Net non-performing assets as a percentage of net customer assets *	1.56	2.06

<sup>#</sup> Working funds represent average of total assets as reported to RBI in Form X under Section 27 of the Banking Regulation Act, 1949 during the year

<sup>\$\$</sup> Operating profit represents total income as reduced by interest expended and operating expenses

<sup>\*\*</sup> Productivity ratios are based on average employee numbers for the year

\* Net Customer assets include advances and credit substitutes

2.1.4 The provisioning coverage ratio of the Bank computed in terms of the RBI guidelines as on 31 March, 2020 was 82.69% (previous year 76.78%).

2.1.5 Asset Quality

i) Net non-performing advances to net advances is set out below:

	31 March, 2020	31 March, 2019
	%	%
Net non-performing advances as a percentage of net advances	1.62	2.20

ii) Movement in gross non-performing assets is set out below:

(₹ in crores)

	31 March, 2020		
	Advances	Investments	Total
Gross NPAs as at the beginning of the year	27,146.45	2,642.99	29,789.44
Intra Category Transfer	-	-	-
Additions (fresh NPAs) during the year	17,350.64	2,564.37	19,915.01
<b>Sub-total (A)</b>	<b>44,497.09</b>	<b>5,207.36</b>	<b>49,704.45</b>
Less:-			
(i) Upgradations	6,411.62	174.52	6,586.14
(ii) Recoveries (excluding recoveries made from upgraded accounts) <sup>#</sup>	2,462.83	252.39	2,715.22
(iii) Technical/Prudential Write-offs	7,503.38	206.49	7,709.87
(iv) Write-offs other than those under (iii) above	1,515.16	944.24	2,459.40
<b>Sub-total (B)</b>	<b>17,892.99</b>	<b>1,577.64</b>	<b>19,470.63</b>
<b>Gross NPAs as at the end of the year (A-B)</b>	<b>26,604.10</b>	<b>3,629.72</b>	<b>30,233.82</b>

<sup>#</sup> including sale of NPAs

(₹ in crores)

	31 March, 2019		
	Advances	Investments	Total
Gross NPAs as at the beginning of the year	30,876.32	3,372.32	34,248.64
Intra Category Transfer	(2.60)	2.60	-
Additions (fresh NPAs) during the year	13,510.75	360.34	13,871.09
<b>Sub-total (A)</b>	<b>44,384.47</b>	<b>3,735.26</b>	<b>48,119.73</b>
Less:-			
(i) Upgradations	4,982.66	90.94	5,073.60
(ii) Recoveries (excluding recoveries made from upgraded accounts) <sup>#</sup>	3,977.11	50.13	4,027.24
(iii) Technical/Prudential Write-offs	6,655.40	843.46	7,498.86
(iv) Write-offs other than those under (iii) above <sup>#</sup>	1,622.85	107.74	1,730.59
<b>Sub-total (B)</b>	<b>17,238.02</b>	<b>1,092.27</b>	<b>18,330.29</b>
<b>Gross NPAs as at the end of the year (A-B)</b>	<b>27,146.45</b>	<b>2,642.99</b>	<b>29,789.44</b>

<sup>#</sup> including sale of NPAs

iii) Movement in net non-performing assets is set out below:

(₹ in crores)

	31 March, 2020		
	Advances	Investments	Total
Opening balance at the beginning of the year	10,874.76	400.84	11,275.60
Additions during the year	7,418.38	246.62	7,665.00
Effect of exchange rate fluctuation	(236.26)	8.84	(227.42)
Reductions during the year	(8,785.05)	(660.04)	(9,445.09)
Interest Capitalisation - Restructured NPA Accounts	(19.84)	112.16	92.32
<b>Closing balance at the end of the year<sup>#</sup></b>	<b>9,251.99</b>	<b>108.42</b>	<b>9,360.41</b>

<sup>#</sup> net of balance outstanding in interest capitalisation-restructured NPA accounts amounting to ₹70.73 crores

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(₹ in crores)

	31 March, 2019		
	Advances	Investments	Total
Opening balance at the beginning of the year	16,004.42	587.29	16,591.71
Additions during the year	3,958.27	(63.98)	3,894.29
Effect of exchange rate fluctuation	(76.29)	(8.74)	(85.03)
Reductions during the year	(9,120.94)	(142.36)	(9,263.30)
Interest Capitalisation – Restructured NPA Accounts	109.30	28.63	137.93
<b>Closing balance at the end of the year<sup>#</sup></b>	<b>10,874.76</b>	<b>400.84</b>	<b>11,275.60</b>

<sup>#</sup> net of balance outstanding in interest capitalisation-restructured NPA accounts amounting to ₹163.05 crores

iv) Movement in provisions for non-performing assets is set out below:

(₹ in crores)

	31 March, 2020		
	Advances	Investments	Total
Opening balance at the beginning of the year	16,253.17	2,097.62	18,350.79
Intra-Category Transfer	-	-	-
Provisions made during the year	9,926.33	2,317.75	12,244.08
Effect of exchange rate fluctuation	236.26	(8.84)	227.42
Transfer from restructuring provision	5.93	-	5.93
Write-offs/(write back) of excess provision*	(9,107.94)	(917.60)	(10,025.54)
<b>Closing balance at the end of the year</b>	<b>17,313.75</b>	<b>3,488.93</b>	<b>20,802.68</b>

\* includes provision utilised for sale of NPAs amounting to ₹408.93 crores

(₹ in crores)

	31 March, 2019		
	Advances	Investments	Total
Opening balance at the beginning of the year	14,744.08	2,611.87	17,355.95
Intra-Category Transfer	(2.60)	2.60	-
Provisions made during the year	9,552.47	424.32	9,976.79
Effect of exchange rate fluctuation	76.29	8.74	85.03
Transfer from restructuring provision	-	-	-
Write-offs/(write back) of excess provision*	(8,117.07)	(949.91)	(9,066.98)
<b>Closing balance at the end of the year</b>	<b>16,253.17</b>	<b>2,097.62</b>	<b>18,350.79</b>

\* includes provision utilised for sale of NPAs amounting to ₹469.58 crores

v) Movement in technical/prudential written off accounts is set out below:

(₹ in crores)

	31 March, 2020	31 March, 2019
Opening balance at the beginning of the year	18,771.85	13,221.26
Add: Technical/Prudential write-offs during the year	7,709.87	7,498.86
Add: Effect of exchange rate fluctuation	416.42	192.23
<b>Sub-total (A)</b>	<b>26,898.14</b>	<b>20,912.35</b>
Less: Recovery made from previously technical/prudential written-off accounts during the year	1,384.03	1,724.46
Less: Sacrifice made from previously technical/prudential written-off accounts during the year	1,670.04	416.04
<b>Sub-total (B)</b>	<b>3,054.07</b>	<b>2,140.50</b>
<b>Closing balance at the end of the year (A-B)</b>	<b>23,844.07</b>	<b>18,771.85</b>

vi) Total exposure (funded and non-funded) to top four non-performing assets is given below:

(₹ in crores)

	31 March, 2020	31 March, 2019
Total exposure (funded and non-funded) to top four NPA accounts	4,060.55	4,513.63

vii) Sector-wise advances:

(₹ in crores)

Sr. No.	Sector	31 March, 2020			31 March, 2019		
		Outstanding Total Advances	Gross NPAs	% of Gross NPAs to Total Advances in that sector	Outstanding Total Advances	Gross NPAs	% of Gross NPAs to Total Advances in that sector
<b>A</b>	<b>Priority Sector</b>						
<b>1</b>	<b>Agriculture and allied activities</b>	32,454.55	1,575.93	4.86%	27,829.60	1,533.92	5.51%
<b>2</b>	<b>Advances to industries sector eligible as priority sector lending</b>	27,953.55	1,237.85	4.43%	26,871.04	901.97	3.36%
	-Chemical & Chemical products	2,306.23	62.74	2.72%	2,539.72	54.26	2.14%
	-Basic Metal & Metal Products	2,346.61	56.34	2.40%	2,585.52	28.08	1.09%
	-Infrastructure	561.94	41.55	7.39%	618.69	33.49	5.41%
<b>3</b>	<b>Services</b>	21,240.75	874.42	4.12%	21,122.23	707.41	3.35%
	-Banking and Finance other than NBFCs and MFs	1,617.28	13.46	0.83%	2,082.82	14.64	0.70%
	-Non-banking financial companies (NBFCs)	371.68	-	-	1,091.99	-	-
	-Commercial Real Estate	270.22	15.54	5.75%	377.24	18.82	4.99%
	-Trade	11,074.55	718.76	6.49%	12,464.07	564.13	4.53%
<b>4</b>	<b>Personal loans</b>	64,190.85	525.20	0.82%	44,740.94	376.42	0.84%
	-Housing*	45,987.55	272.12	0.59%	36,873.80	271.41	0.74%
	-Vehicle Loans	11,654.72	211.28	1.81%	4,496.31	60.98	1.36%
	<b>Sub-total (A)</b>	<b>145,839.70</b>	<b>4,213.40</b>	<b>2.89%</b>	<b>120,563.81</b>	<b>3,519.72</b>	<b>2.92%</b>
<b>B</b>	<b>Non Priority Sector</b>						
<b>1</b>	<b>Agriculture and allied activities</b>	166.08	18.19	10.95%	-	-	-
<b>2</b>	<b>Industry</b>	163,800.40	16,248.24	9.92%	145,127.78	18,512.21	12.76%
	-Chemical & Chemical products	19,451.17	1,264.78	6.50%	18,345.25	1,304.13	7.11%
	-Basic Metal & Metal Products	21,677.64	969.21	4.47%	20,510.98	1,095.61	5.34%
	-Infrastructure	53,712.35	7,514.69	13.99%	44,367.96	10,863.83	24.49%
<b>3</b>	<b>Services</b>	95,904.00	4,923.83	5.13%	91,160.11	3,912.57	4.29%
	-Banking and Finance other than NBFCs and MFs	27,135.89	316.51	1.17%	27,735.77	190.55	0.69%
	-Non-banking financial companies (NBFCs)	16,502.49	182.31	1.10%	14,374.90	5.49	0.04%
	-Commercial Real Estate	17,279.94	1,698.52	9.83%	15,925.72	1,689.73	10.61%
	-Trade	13,641.42	795.41	5.83%	10,852.94	378.75	3.49%
<b>4</b>	<b>Personal loans</b>	183,087.52	1,200.44	0.66%	154,244.74	1,201.95	0.78%
	-Housing*	87,433.64	701.70	0.80%	78,327.84	753.18	0.96%
	-Vehicle Loans	20,234.86	186.58	0.92%	19,371.98	164.77	0.85%
	<b>Sub-total (B)</b>	<b>442,958.00</b>	<b>22,390.70</b>	<b>5.05%</b>	<b>390,532.63</b>	<b>23,626.73</b>	<b>6.05%</b>
	<b>Total (A+B)</b>	<b>588,797.70</b>	<b>26,604.10</b>	<b>4.52%</b>	<b>511,096.44</b>	<b>27,146.45</b>	<b>5.31%</b>

\* includes loan against property

Classification of advances into sector is based on Sector wise Industry Bank Credit return submitted to RBI

Figures in italics represent sub-sectors where the outstanding advance exceeds 10% of total outstanding advance to that sector.

viii) Divergence in Asset Classification and Provisioning for NPAs

In terms of the RBI circular no. DBR.BP.BC.No.32/21.04.018/2018-19 dated 1 April, 2019, banks are required to disclose the divergences in asset classification and provisioning consequent to RBI's annual supervisory process in their notes to accounts to the financial statements, wherever either or both of the following conditions are satisfied: (a) the additional provisioning for NPAs assessed by RBI exceeds 10 per cent of the reported profit before provisions and contingencies for the reference period and (b) the

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additional Gross NPAs identified by RBI exceed 15 per cent of the published incremental Gross NPAs for the reference period.

Based on the above, no disclosure on divergence in asset classification and provisioning for NPAs is required with respect to RBI's annual supervisory process for the year ended 31 March, 2019.

- ix) Disclosure with regard to accounts where moratorium has been granted under COVID-19 Regulatory Package

		(₹ in crores)
For the year ended		31 March, 2020
Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended**§		11,177.22
Respective amount where asset classification benefit is extended as on 31 March, 2020		735.10
Provisions made as on 31 March, 2020		1,117.72
Provisions adjusted during the respective accounting periods against slippages		-
Residual provisions as on 31 March, 2020		1,117.72

\* represents total outstanding as on 31 March, 2020

§ amounts covered relate to cases where asset classification benefit would have been availed over the moratorium period, based on interpretation of extant regulatory requirements on the date of adoption of financial statements by the Board

- 2.1.6 During the years ended 31 March, 2020 and 31 March, 2019 none of the loans and advances held at overseas branches of the Bank have been classified as NPA by any host banking regulator for reasons other than record of recovery.

- 2.1.7 Movement in floating provision is set out below:

		(₹ in crores)	
For the year ended		31 March, 2020	31 March, 2019
Opening balance at the beginning of the year		3.25	3.25
Provisions made during the year		-	-
Draw down made during the year		-	-
<b>Closing balance at the end of the year</b>		<b>3.25</b>	<b>3.25</b>

- 2.1.8 Provision on Standard Assets:

		(₹ in crores)	
		31 March, 2020	31 March, 2019
Provision towards Standard Assets [includes provision on loans under moratorium as per RBI guidelines on COVID-19 regulatory package of ₹1,117.72 crores (previous year Nil); also includes ₹68.30 crores (previous year ₹38.14 crores) of standard provision on derivative exposures]		4,519.74	3,040.44

- 2.1.9 Details of Investments are set out below:

- i) Value of Investments:

		(₹ in crores)	
		31 March, 2020	31 March, 2019
1) Gross value of Investments			
a) In India		155,333.07	172,597.47
b) Outside India		5,539.37	5,029.73
2) (i) Provision for Depreciation			
a) In India		(642.44)	(560.31)
b) Outside India		(6.76)	-
(ii) Provision for Non-Performing Investments			
a) In India		(3,284.52)	(1,903.39)
b) Outside India		(204.41)	(194.22)
3) Net value of Investments			
a) In India		151,406.12	170,133.77
b) Outside India		5,328.20	4,835.51

ii) Movement of provisions held towards depreciation on investments:

	(₹ in crores)	
	31 March, 2020	31 March, 2019
Opening balance	560.31	254.54
Add: Provisions made during the year*	185.90	326.46
Less: Write offs/write back of excess provisions during the year	(97.01)	(20.69)
<b>Closing balance</b>	<b>649.20</b>	<b>560.31</b>

\*including transfer from interest capitalization account

iii) Details of category wise investments are set out below:

Particulars	31 March, 2020				31 March, 2019			
	HTM	AFS	HFT	Total	HTM	AFS	HFT	Total
Government Securities	111,999.63	11,159.20	2,822.72	125,981.55	104,003.78	15,286.85	948.75	120,239.38
Other approved Securities	-	-	-	-	-	-	-	-
Shares	-	1,186.24	-	1,186.24	-	1,010.84	-	1,010.84
Debentures and Bonds	591.42	17,805.40	2,906.47	21,303.29	-	31,807.51	8,361.32	40,168.83
Subsidiary/Joint Ventures	2,292.82	-	-	2,292.82	2,286.12	-	-	2,286.12
Others	1.60	5,893.90	74.92	5,970.42	3.86	5,689.50	5,570.75	11,264.11
<b>Total</b>	<b>114,885.47</b>	<b>36,044.74</b>	<b>5,804.11</b>	<b>156,734.32</b>	<b>106,293.76</b>	<b>53,794.70</b>	<b>14,880.81</b>	<b>174,969.28</b>

2.1.10 A summary of lending to sensitive sectors is set out below:

As at	(₹ in crores)	
	31 March, 2020	31 March, 2019
<b>A. Exposure to Real Estate Sector</b>		
1) Direct Exposure		
(i) Residential mortgages	134,268.89	123,297.28
- of which housing loans eligible for inclusion in priority sector advances	41,706.24	33,799.67
(ii) Commercial real estate	26,155.61	23,982.81
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
a. Residential	-	-
b. Commercial real estate	-	75.00
2) Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	20,093.82	26,232.39
<b>Total Exposure to Real Estate Sector</b>	<b>180,518.32</b>	<b>173,587.48</b>
<b>B. Exposure to Capital Market</b>		
1. Direct investments in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt*	2,003.55	1,726.94
2. Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds	3.20	4.68
3. Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity-oriented mutual funds are taken as primary security	1,554.52	1,414.36



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(₹ in crores)

As at	31 March, 2020	31 March, 2019
4. Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity-oriented mutual funds i.e. where primary security other than shares/convertible bonds/convertible debentures/units of equity-oriented mutual funds does not fully cover the advances	242.45	2,566.92
5. Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	6,208.70	5,115.79
6. Loans sanctioned to corporates against the security of shares/bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	-	10.83
7. Bridge loans to companies against expected equity flows/issues	-	1.44
8. Underwriting commitments taken up in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity-oriented mutual funds	-	-
9. Financing to stock brokers for margin trading	-	-
10. All exposures to Venture Capital Funds (both registered and unregistered)	161.43	112.45
<b>Total exposure to Capital Market (Total of 1 to 10)</b>	<b>10,173.85</b>	<b>10,953.41</b>

\* excludes investment in equity shares on account of conversion of debt into equity as part of restructuring amounting to ₹991.59 crores as on 31 March, 2020 (previous year ₹1,694.02 crores) which are exempted from exposure to Capital Market

2.1.11 As on 31 March, 2020, outstanding receivables acquired by the Bank under factoring stood at ₹591.17 crores (previous year ₹419.39 crores) which are reported under 'Bills Purchased and Discounted' in Schedule 9 of the Balance Sheet.

2.1.12 During the years ended 31 March, 2020 and 31 March, 2019 there are no unsecured advances for which intangible securities such as charge over the rights, licenses, authority etc. have been taken as collateral by the Bank.

2.1.13 Details of Non-SLR investment portfolio are set out below:

i) Issuer composition as at 31 March, 2020 of non-SLR investments\*:

(₹ in crores)

No.	Issuer	Total Amount	Extent of private placement	Extent of "below investment grade" securities	Extent of "unrated" securities	Extent of "unlisted" securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
i.	Public Sector Units	6,300.05	4,735.07	154.70	-	13.62
ii.	Financial Institutions	2,002.19	1,402.80	77.24	-	-
iii.	Banks	1,089.35	981.04	-	-	88.91
iv.	Private Corporates	16,874.54	13,222.36	2,067.37	601.14	5,034.88
v.	Subsidiaries	2,292.82	2,292.82	-	-	2,292.82
vi.	Others	10,395.43	6,441.03	-	-	6,597.07
vii.	Provision held towards depreciation on investments	(649.20)	N.A.	N.A.	N.A.	N.A.
viii.	Provision held towards non performing investments	(3,488.93)	N.A.	N.A.	N.A.	N.A.
	<b>Total</b>	<b>34,816.25</b>	<b>29,075.12</b>	<b>2,299.31</b>	<b>601.14</b>	<b>14,027.30</b>

Amounts reported under columns (4), (5), (6) and (7) above are not mutually exclusive.

Issuer composition as at 31 March, 2019 of non-SLR investments\*:

(₹ in crores)

No.	Issuer	Total Amount	Extent of private placement	Extent of "below investment grade" securities	Extent of "unrated" securities	Extent of "unlisted" securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
i.	Public Sector Units	9,489.66	5,411.68	657.56	0.98	2,038.79
ii.	Financial Institutions	5,400.64	3,883.90	50.30	-	26.87
iii.	Banks	1,716.72	1,151.67	-	-	14.00
iv.	Private Corporates	33,243.43	22,749.72	1,059.05	753.04	9,365.44
v.	Subsidiaries	2,286.12	2,286.12	-	-	2,286.12
vi.	Others	8,667.72	5,676.37	-	-	5,787.92
vii.	Provision held towards depreciation on investments	(560.31)	N.A.	N.A.	N.A.	N.A.
viii.	Provision held towards non performing investments	(2,097.61)	N.A.	N.A.	N.A.	N.A.
	<b>Total</b>	<b>58,146.37</b>	<b>41,159.46</b>	<b>1,766.91</b>	<b>754.02</b>	<b>19,519.14</b>

Amounts reported under columns (4), (5), (6) and (7) above are not mutually exclusive.

\*excludes investments in non-SLR government securities amounting to ₹5,000.00 (previous year ₹42.54 crores)

ii) Movement in non-performing non SLR investments are set out below:

(₹ in crores)

	31 March, 2020	31 March, 2019
Opening balance	2,642.99	3,372.32
Additions during the year	2,564.37	362.94
Reductions during the year	(1,577.64)	(1,092.27)
<b>Closing balance</b>	<b>3,629.72</b>	<b>2,642.99</b>
<b>Total provisions held</b>	<b>3,488.93</b>	<b>2,097.62</b>

2.1.14 Details of securities sold/purchased (in face value terms) under repos/reverse repos including LAF and MSF transactions (including triparty repos):

Year ended 31 March, 2020

(₹ in crores)

	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	As at 31-03-2020
<b>Securities sold under repos</b>				
i. Government Securities	-	14,761.55	1,386.37	11,269.61
ii. Corporate debt Securities	-	2,261.12	732.34	363.19
<b>Securities purchased under reverse repos</b>				
i. Government Securities	342.65	56,973.93	14,186.14	52,656.69
ii. Corporate debt Securities	-	25.00	0.07	-

There have been no defaults in making the same set of securities available at the time of 2<sup>nd</sup> leg settlement of the Term Reverse Repo during the year ended 31 March, 2020.

Year ended 31 March, 2019

(₹ in crores)

	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	As at 31-03-2019
<b>Securities sold under repos</b>				
i. Government Securities	-	14,687.58	1,219.73	14,687.58
ii. Corporate debt Securities	-	-	-	-
<b>Securities purchased under reverse repos</b>				
i. Government Securities	-	23,514.53	5,109.53	23,514.53
ii. Corporate debt Securities	-	100.00	0.31	-

There have been no defaults in making the same set of securities available at the time of 2<sup>nd</sup> leg settlement of the Term Reverse Repo during the year ended 31 March, 2019.

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#### 2.1.15 Details of financial assets sold to Securitisation/Reconstruction companies for Asset Reconstruction:

(₹ in crores)

	31 March, 2020	31 March, 2019
Number of accounts*	3	5
Aggregate value (net of provisions) of accounts sold	7.92	159.29
Aggregate consideration	28.80	236.61
Additional consideration realised in respect of accounts transferred in earlier years	-	-
<b>Aggregate net gain/(loss) over net book value</b>	<b>20.88</b>	<b>77.32</b>

\*Excludes 1 account already written-off (previous year 3 accounts)

Excess provision reversed to the profit and loss account from sale of NPAs amounts to ₹20.88 crores (previous year ₹85.83 crores)

(₹ in crores)

Particulars	Backed by NPAs sold by the Bank as underlying		Backed by NPAs sold by other banks/financial institutions/non-banking financial companies as underlying		Total	
	As on 31 March, 2020	As on 31 March, 2019	As on 31 March, 2020	As on 31 March, 2019	As on 31 March, 2020	As on 31 March, 2019
Book value of investments in Security Receipts ('SRs')	2,197.31	2,908.00	2.26	2.26	2,199.57	2,910.26

(₹ in crores)

Particulars	As at 31 March, 2020				Total
	SRs issued within past 5 years	SRs issued more than 5 years ago but within past 8 years	SRs issued more than 8 years ago		
(i) Book value of SRs backed by NPAs sold by the bank as underlying	1,953.26	243.72	0.33		2,197.31
Provisions held against (i)*	(183.20)	(241.52)	(0.33)		(425.05)
(ii) Book value of SRs backed by NPAs sold by other banks / financial institutions / non-banking financial companies as underlying	0.22	1.38	0.66		2.26
Provisions held against (ii)*	-	(0.29)	(0.66)		(0.95)
<b>Total (i) + (ii), net of provisions</b>	<b>1,770.28</b>	<b>3.29</b>	<b>-</b>		<b>1,773.57</b>

\* represents provision for depreciation on SRs and is net off appreciation, if any against other SRs

(₹ in crores)

Particulars	As at 31 March, 2019				Total
	SRs issued within past 5 years	SRs issued more than 5 years ago but within past 8 years	SRs issued more than 8 years ago		
(i) Book value of SRs backed by NPAs sold by the bank as underlying	2,664.02	243.98	-		2,908.00
Provisions held against (i)*	-	(220.83)	-		(220.83)
(ii) Book value of SRs backed by NPAs sold by other banks / financial institutions / non-banking financial companies as underlying	0.22	1.38	0.66		2.26
Provisions held against (ii)*	-	-	(0.66)		(0.66)
<b>Total (i) + (ii), net of provisions</b>	<b>2,664.24</b>	<b>24.53</b>	<b>-</b>		<b>2,688.77</b>

\* represents provision for depreciation on SRs and is net off appreciation, if any against other SRs

2.1.16 Details of the Non-Performing Financial Assets sold to other banks (excluding securitisation/reconstruction companies):

	(₹ in crores)	
	31 March, 2020	31 March, 2019
Number of accounts sold	1	4
Aggregate outstanding*	616.93	755.39
Aggregate consideration received	170.55	481.52

\*Represents principal outstanding as on date of sale

During the years ended 31 March, 2020 and 31 March, 2019 there were no Non-Performing Financial Assets purchased by the Bank from other banks (excluding securitisation/reconstruction companies).

2.1.17 Details of securitisation transactions undertaken by the Bank are as follows:

		(₹ in crores)	
Sr. No.	Particulars	31 March, 2020	31 March, 2019
1	No. of SPVs sponsored by the bank for securitisation transactions	-	-
2	Total amount of securitised assets as per books of the SPVs sponsored by the Bank	-	-
3	Total amount of exposures retained by the bank to comply with MRR as on the date of balance sheet		
	a) Off-balance sheet exposures		
	First loss	-	-
	Others	-	-
	b) On-balance sheet exposures		
	First loss	-	-
	Others	-	-
4	Amount of exposures to securitisation transactions other than MRR		
	a) Off-balance sheet exposures		
	i) Exposure to own securitizations		
	First loss	-	-
	Loss	-	-
	ii) Exposure to third party securitisations		
	First loss	-	-
	Others	-	-
	b) On-balance sheet exposures		
	i) Exposure to own securitizations		
	First loss	-	-
	Loss	-	-
	ii) Exposure to third party securitisations		
	First loss	-	-
	Others	-	-

2.1.18 The information on concentration of deposits is given below:

	(₹ in crores)	
	31 March, 2020	31 March, 2019
Total deposits of twenty largest depositors	58,674.60	64,899.05
Percentage of deposits of twenty largest depositors to total deposits	9.17	11.83

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2.1.19 The information on concentration of advances\* is given below:

(₹ in crores)

	31 March, 2020	31 March, 2019
Total advances to twenty largest borrowers	74,849.03	62,677.26
Percentage of advances to twenty largest borrowers to total advances of the Bank	8.65	8.56

\* Advances represent credit exposure (funded and non-funded) including derivative exposure as defined by RBI

2.1.20 The information on concentration of exposure\* is given below:

(₹ in crores)

	31 March, 2020	31 March, 2019
Total exposure to twenty largest borrowers/customers	92,264.51	84,341.85
Percentage of exposures to twenty largest borrowers/customers to total exposure on borrowers/customers	10.08	10.55

\* Exposure includes credit exposure (funded and non-funded), derivative exposure, investment exposure (including underwriting and similar commitments) and deposits placed for meeting shortfall in Priority Sector Lending

2.1.21 During the year ended 31 March, 2020 and 31 March, 2019, the Bank's credit exposure to single borrower and group borrowers was within the prudential exposure limits prescribed by RBI.

2.1.22 Details of Risk Category wise Country Exposure:

(₹ in crores)

Risk Category	Exposure (Net) as at 31 March, 2020	Provision Held as at 31 March, 2020	Exposure (Net) as at 31 March, 2019	Provision Held as at 31 March, 2019
Insignificant	-	-	-	-
Low	19,223.10	12.17	22,233.01	-
Moderate	5,304.97	-	2,948.18	-
High	95.91	-	1,038.47	-
Very High	1,219.26	-	2,827.57	-
Restricted	1.69	-	-	-
Off-Credit	-	-	-	-
<b>Total</b>	<b>25,844.93</b>	<b>12.17</b>	<b>29,047.23</b>	<b>-</b>

2.1.23 A maturity pattern of certain items of assets and liabilities at 31 March, 2020 and 31 March, 2019 is set out below:

As at 31 March, 2020

(₹ in crores)

	Deposits <sup>1</sup>	Advances <sup>1,2</sup>	Investments <sup>1</sup>	Borrowings <sup>1</sup>	Foreign Currency Assets <sup>3</sup>	Foreign Currency Liabilities <sup>3</sup>
1 day	9,393.22	4,373.19	34,818.51	-	8,783.77	319.49
2 days to 7 days	29,764.93	4,380.02	1,510.13	72.06	5,827.00	3,477.56
8 days to 14 days	15,065.83	3,956.05	4,695.30	463.34	628.87	667.67
15 days to 30 days	18,598.50	10,947.57	4,399.54	6,302.02	4,683.82	2,548.11
31 days and upto 2 months	27,305.18	15,526.78	4,419.81	7,814.64	2,669.03	9,095.83
Over 2 months and upto 3 months	24,411.64	15,015.80	3,538.71	4,412.42	3,233.05	6,854.61
Over 3 months and upto 6 months	53,506.32	30,319.38	6,743.15	17,592.82	8,109.22	18,744.94
Over 6 months and upto 1 year	83,932.89	51,919.47	10,037.31	26,182.68	15,510.51	30,201.76
Over 1 year and upto 3 years	23,586.16	114,606.88	15,369.43	50,425.65	12,960.38	15,689.63
Over 3 years and upto 5 years	2,688.28	69,495.45	7,207.81	13,783.50	3,911.41	3,846.53
Over 5 years	351,851.99	250,883.57	63,994.62	20,905.00	31,522.80	7,114.42
<b>Total</b>	<b>640,104.94</b>	<b>571,424.16</b>	<b>156,734.32</b>	<b>147,954.13</b>	<b>97,839.86</b>	<b>98,560.55</b>

1. Includes foreign currency balances

2. For the purpose of disclosing the maturity pattern, advances that have been subject to risk participation vide Inter-Bank Participation Certificates ('IBPCs') and Funded Risk Participation ('FRPs') have been classified in the maturity bucket

corresponding to the contractual maturities of such underlying loans and advances gross of any risk participation. The IBPC and FRP amounts have been classified in the respective maturities of the corresponding underlying loans.

3. Maturity profile of foreign currency assets & liabilities excludes off balance sheet items.
4. The maturity profile disclosed above does not factor in the effect of changes due to postponement of cash flows on account of loans under 3 months moratorium period as permitted under RBI's COVID-19 Regulatory Package notified on 27 March, 2020.
5. During the year ended 31 March, 2020, pursuant to the approval of the Board of Directors, the Bank changed the behavioural methodology for determining the maturity pattern of term deposits of ticket size less than ₹2 crores from account level to constituent level. As a result, the above figures for deposits are strictly not comparable with the previous year. Further, the Bank reports core deposits largely as part of 'over 5 years' bucket based on the results of the behavioural analysis.

As at 31 March, 2019

(₹ in crores)

	Deposits <sup>1</sup>	Advances <sup>1,2</sup>	Investments <sup>1</sup>	Borrowings <sup>1</sup>	Foreign Currency Assets <sup>3</sup>	Foreign Currency Liabilities <sup>3</sup>
1 day	8,854.09	3,179.52	31,440.58	-	9,025.92	245.77
2 days to 7 days	22,294.97	5,234.97	4,660.62	15,062.95	4,964.20	1,418.32
8 days to 14 days	15,394.97	5,107.99	8,025.69	1,024.36	3,041.63	1,294.73
15 days to 30 days	19,159.42	13,573.13	6,803.41	5,275.12	7,739.23	4,116.12
31 days and upto 2 months	36,696.06	9,656.92	7,569.10	10,457.24	2,218.20	10,542.55
Over 2 months and upto 3 months	35,984.16	14,524.37	7,972.16	11,602.82	3,146.91	11,797.01
Over 3 months and upto 6 months	55,550.20	22,578.92	10,247.36	16,315.61	5,867.26	14,577.87
Over 6 months and upto 1 year	107,987.13	29,784.41	20,195.62	22,525.88	4,102.00	28,803.38
Over 1 year and upto 3 years	37,116.54	94,599.36	23,031.65	29,480.21	8,148.93	14,285.41
Over 3 years and upto 5 years	10,036.96	59,808.46	9,773.49	17,369.91	8,329.96	6,562.59
Over 5 years	199,396.84	236,749.92	45,249.60	23,661.68	41,488.00	4,528.35
<b>Total</b>	<b>548,471.34</b>	<b>494,797.97</b>	<b>174,969.28</b>	<b>152,775.78</b>	<b>98,072.24</b>	<b>98,172.10</b>

1. Includes foreign currency balances
2. For the purpose of disclosing the maturity pattern, advances that have been subject to risk participation vide Inter-Bank Participation Certificates ('IBPCs') and Funded Risk Participation ('FRPs') have been classified in the maturity bucket corresponding to the contractual maturities of such underlying loans and advances gross of any risk participation. The IBPC and FRP amounts have been classified in the respective maturities of the corresponding underlying loans.
3. Maturity profile of foreign currency assets & liabilities excludes off balance sheet items.

Classification of assets and liabilities under the different maturity buckets is based on the same estimates and assumptions as used by the Bank for compiling the return submitted to the RBI, which has been relied upon by the auditors.

## 2.1.24 Disclosure on Restructured Assets

Details of loans subjected to restructuring during the year ended 31 March, 2020 are given below:

(₹ in crores)

Type of Restructuring	Asset Classification	Under CDR Mechanism					Under SME Debt Restructuring Mechanism				
		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
Restructured accounts as on April 1 of the FY (Opening Balance)	No. of borrowers	4	-	4	4	12	-	-	-	-	-
	Amount Outstanding - Restructured facility	267.63	-	467.93	97.86	833.42	-	-	-	-	-
	Amount Outstanding - Other facility	0.55	-	89.42	35.76	125.73	-	-	-	-	-
	Provision thereon	6.06	-	-	-	6.06	-	-	-	-	-

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(₹ in crores)

Type of Restructuring Asset Classification		Under CDR Mechanism					Under SME Debt Restructuring Mechanism				
		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
Fresh Restructuring during the year <sup>12</sup>	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding - Restructured facility	0.54	-	32.29	10.16	42.99	-	-	-	-	-
	Amount Outstanding - Other facility	141.80	-	4.72	27.14	173.66	-	-	-	-	-
	Provision thereon	2.39	-	-	-	2.39	-	-	-	-	-
Upgradation to restructured standard category during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding - Restructured facility	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding - Other facility	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-
Restructured Standard Advances which cease to attract higher provisioning and/ or additional risk weight at the end of FY	No. of borrowers	(1)				(1)	-				-
	Amount Outstanding - Restructured facility	(4.08)				(4.08)	-				-
	Amount Outstanding - Other facility	-				-	-				-
	Provision thereon	(0.26)				(0.26)	-				-
Downgradation of restructured accounts during the FY <sup>3</sup>	No. of borrowers	(2)	-	(1)	3	-	-	-	-	-	-
	Amount Outstanding - Restructured facility	(125.17)	-	(275.52)	400.69	-	-	-	-	-	-
	Amount Outstanding - Other facility	(142.35)	-	80.68	61.67	-	-	-	-	-	-
	Provision thereon	(8.19)	-	(8.19)	-	-	-	-	-	-	-

(₹ in crores)

Type of Restructuring Asset Classification		Under CDR Mechanism					Under SME Debt Restructuring Mechanism				
		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
Write-offs of restructured accounts during the FY <sup>4,5,6</sup>	No. of borrowers	-	-	(1)	-	(1)	-	-	-	-	-
	Amount Outstanding - Restructured facility	(138.32)	-	(99.52)	(13.11)	(250.95)	-	-	-	-	-
	Amount Outstanding - Other facility	-	-	(32.46)	-	(32.46)	-	-	-	-	-
Restructured accounts as on March 31 of the FY (closing figures)	No. of borrowers	1	-	2	7	10	-	-	-	-	-
	Amount Outstanding - Restructured facility	0.60	-	125.18	495.60	621.38	-	-	-	-	-
	Amount Outstanding - Other facility	-	-	142.36	124.57	266.93	-	-	-	-	-
	Provision thereon	-	-	8.19	-	8.19	-	-	-	-	-

(₹ in crores)

Type of Restructuring Asset Classification		Others					Total				
		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
Restructured accounts as on April 1 of the FY (Opening Balance)	No. of borrowers	745	103	33	5	886	749	103	37	9	898
	Amount Outstanding - Restructured facility	690.09	16.79	3,284.63	159.69	4,151.20	957.72	16.79	3,752.56	257.55	4,984.62
	Amount Outstanding - Other facility	19.47	0.14	1,310.61	85.02	1,415.24	20.02	0.14	1,400.03	120.78	1,540.97
	Provision thereon	10.54	-	2.08	-	12.62	16.60	-	2.08	-	18.68
Fresh Restructuring during the year <sup>1,2</sup>	No. of borrowers	249	-	-	-	249	249	-	-	-	249
	Amount Outstanding - Restructured facility	121.14	1.96	76.57	18.93	218.60	121.68	1.96	108.86	29.09	261.59
	Amount Outstanding - Other facility	72.74	0.02	24.07	14.47	111.30	214.54	0.02	28.79	41.61	284.96
	Provision thereon	2.48	-	(2.08)	-	0.40	4.87	-	(2.08)	-	2.79



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Type of Restructuring Asset Classification		Others					Total				
		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
Upgradation to restructured standard category during the FY	No. of borrowers	15	(15)	-	-	-	15	(15)	-	-	-
	Amount Outstanding – Restructured facility	1.94	(1.94)	-	-	-	1.94	(1.94)	-	-	-
	Amount Outstanding – Other facility	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-
Restructured Standard Advances which cease to attract higher provisioning and/or additional risk weight at the end of FY	No. of borrowers	(48)				(48)	(49)				(49)
	Amount Outstanding – Restructured facility	(249.86)				(249.86)	(253.94)				(253.94)
	Amount Outstanding – Other facility	(33.93)				(33.93)	(33.93)				(33.93)
	Provision thereon	(8.86)				(8.86)	(9.12)				(9.12)
Downgradation of restructured accounts during the FY <sup>3</sup>	No. of borrowers	(96)	11	81	4	-	(98)	11	80	7	-
	Amount Outstanding – Restructured facility	(11.76)	(3.45)	14.07	1.14	-	(136.93)	(3.45)	(261.45)	401.83	-
	Amount Outstanding – Other facility	(5.41)	5.19	0.22	-	-	(147.76)	5.19	80.90	61.67	-
	Provision thereon	-	-	-	-	-	(8.19)	-	8.19	-	-
Write-offs of restructured accounts during the FY <sup>4,5,6</sup>	No. of borrowers	(1)	(5)	(33)	(3)	(42)	(1)	(5)	(34)	(3)	(43)
	Amount Outstanding – Restructured facility	(51.22)	(2.16)	(1,752.36)	(71.24)	(1,876.98)	(189.54)	(2.16)	(1,851.88)	(84.35)	(2,127.93)
	Amount Outstanding – Other facility	(0.75)	(0.05)	(853.48)	(9.29)	(863.57)	(0.75)	(0.05)	(885.94)	(9.29)	(896.03)

(₹ in crores)

Type of Restructuring Asset Classification		Others					Total				
		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
Restructured accounts as on March 31 of the FY (closing figures)	No. of borrowers	864	94	81	6	1,045	865	94	83	13	1,055
	Amount Outstanding - Restructured facility	500.33	11.20	1,622.91	108.52	2,242.96	500.93	11.20	1,748.09	604.12	2,864.34
	Amount Outstanding - Other facility	52.12	5.30	481.42	90.20	629.04	52.12	5.30	623.78	214.77	895.97
	Provision thereon	4.16	-	-	-	4.16	4.16	-	8.19	-	12.35

Amount outstanding under restructuring facilities and other facilities is as on 31 March, 2020:

1. Amount reported here represents outstanding as on 31 March, 2020. Actual amount subjected to restructuring determined as on the date of approval of restructuring proposal is ₹38.06 crores for the FY 2019-20
2. Includes ₹3.13 crores of fresh/additional sanction to existing restructured accounts (entirely under restructured facility)
3. Includes accounts which were not attracting higher provisioning and/or additional risk weight at the beginning of FY
4. Includes accounts partially written-off during the year
5. Amount outstanding under restructuring facilities and other facilities is as on the date of write-off in the books
6. Includes ₹148.39 crores of reduction from existing restructured accounts by way of sale/recovery (₹144.28 crores from restructured facility and ₹4.11 crores from other facility)
7. The cumulative value of net restructured advances after reducing the provision held for diminution in fair value and balance in interest capitalization account upto 31 March, 2020 aggregated ₹472.14 crores
8. Information appearing under substandard, doubtful and loss category also include accounts slipped into NPAs from restructured standard advances along with restructured NPAs

Details of loans subjected to restructuring during the year ended 31 March, 2019 are given below:

(₹ in crores)

Type of Restructuring Asset Classification		Under CDR Mechanism					Under SME Debt Restructuring Mechanism				
		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
Restructured accounts as on April 1 of the FY (Opening Balance)	No. of borrowers	7	-	18	6	31	-	-	-	-	-
	Amount Outstanding - Restructured facility	427.80	-	1,370.79	124.65	1,923.24	-	-	-	-	-
	Amount Outstanding - Other facility	279.33	-	350.31	34.10	663.74	-	-	-	-	-
	Provision thereon	11.28	-	28.37	-	39.65	-	-	-	-	-

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(₹ in crores)

Type of Restructuring		Under CDR Mechanism					Under SME Debt Restructuring Mechanism				
		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
Movement in balance for accounts appearing under opening balance	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount	8.72	-	11.69	-	20.41	-	-	-	-	-
	Outstanding - Restructured facility	-	-	10.50	23.97	34.47	-	-	-	-	-
	Provision thereon	0.64	-	(28.19)	-	(27.55)	-	-	-	-	-
Fresh Restructuring during the year <sup>12</sup>	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount	-	-	-	-	-	-	-	-	-	-
	Outstanding - Restructured facility	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-
Upgradation to restructured standard category during the FY	No. of borrowers	1	-	(1)	-	-	-	-	-	-	-
	Amount	15.97	-	(15.97)	-	-	-	-	-	-	-
	Outstanding - Restructured facility	-	-	-	-	-	-	-	-	-	-
	Provision thereon	0.18	-	(0.18)	-	-	-	-	-	-	-
Restructured Standard Advances which cease to attract higher provisioning and/ or additional risk weight at the end of FY	No. of borrowers	(4)				(4)					
	Amount	(178.19)				(178.19)					
	Outstanding - Restructured facility	(278.78)				(278.78)					
	Provision thereon	(6.05)				(6.05)					

(₹ in crores)

Type of Restructuring Asset Classification		Under CDR Mechanism					Under SME Debt Restructuring Mechanism				
		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
Downgradation of restructured accounts during the FY <sup>3</sup>	No. of borrowers	-	-	(1)	1	-	-	-	-	-	-
	Amount Outstanding - Restructured facility	-	-	(22.74)	22.74	-	-	-	-	-	-
	Amount Outstanding - Other facility	-	-	(5.51)	5.51	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-
Write-offs of restructured accounts during the FY <sup>4,5,6</sup>	No. of borrowers	-	-	(12)	(3)	(15)	-	-	-	-	-
	Amount Outstanding - Restructured facility	(6.67)	-	(875.84)	(49.54)	(932.05)	-	-	-	-	-
	Amount Outstanding - Other facility	-	-	(265.88)	(27.82)	(293.70)	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-
Restructured accounts as on March 31 of the FY (closing figures)	No. of borrowers	4	-	4	4	12	-	-	-	-	-
	Amount Outstanding - Restructured facility	267.63	-	467.93	97.86	833.42	-	-	-	-	-
	Amount Outstanding - Other facility	0.55	-	89.42	35.76	125.73	-	-	-	-	-
	Provision thereon	6.06	-	-	-	6.06	-	-	-	-	-

(₹ in crores)

Type of Restructuring Asset Classification		Others					Total				
		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
Restructured accounts as on April 1 of the FY (Opening Balance)	No. of borrowers	516	18	191	87	812	523	18	209	93	843
	Amount Outstanding - Restructured facility	757.33	4.55	3,902.96	151.90	4,816.74	1,185.13	4.55	5,273.75	276.55	6,739.98
	Amount Outstanding - Other facility	268.82	0.33	1,390.05	3.75	1,662.95	548.15	0.33	1,740.36	37.85	2,326.69
	Provision thereon	7.35	-	36.97	-	44.32	18.63	-	65.34	-	83.97

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(₹ in crores)

Type of Restructuring Asset Classification		Others					Total				
		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
Movement in balance for accounts appearing under opening balance	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount	0.85	-	67.59	(1.23)	67.21	9.57	-	79.28	(1.23)	87.62
	Outstanding - Restructured facility										
	Amount	(0.17)	-	5.74	-	5.57	(0.17)	-	16.24	23.97	40.04
	Provision thereon	(2.31)	-	(26.69)	-	(29.00)	(1.67)	-	(54.88)	-	(56.55)
Fresh Restructuring during the year <sup>1,2</sup>	No. of borrowers	457	1	5	-	463	457	1	5	-	463
	Amount	289.27	0.01	0.20	-	289.48	289.27	0.01	0.20	-	289.48
	Outstanding - Restructured facility										
	Amount	18.84	0.01	0.01	-	18.86	18.84	0.01	0.01	-	18.86
	Provision thereon	-	-	-	-	-	-	-	-	-	-
Upgradation to restructured standard category during the FY	No. of borrowers	32	(22)	(10)	-	-	33	(22)	(11)	-	-
	Amount	338.52	(5.16)	(333.36)	-	-	354.49	(5.16)	(349.33)	-	-
	Outstanding - Restructured facility										
	Amount	0.25	(0.09)	(0.16)	-	-	0.25	(0.09)	(0.16)	-	-
	Provision thereon	8.19	-	(8.19)	-	-	8.37	-	(8.37)	-	-
Restructured Standard Advances which cease to attract higher provisioning and/or additional risk weight at the end of FY	No. of borrowers	(90)				(90)	(94)				(94)
	Amount	(537.26)				(537.26)	(715.45)				(715.45)
	Outstanding - Restructured facility										
	Amount	(235.70)				(235.70)	(514.48)				(514.48)
	Provision thereon	(2.70)			(2.70)	(8.75)					(8.75)

(₹ in crores)

Type of Restructuring Asset Classification		Others					Total				
		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
Downgradation of restructured accounts during the FY <sup>3</sup>	No. of borrowers	(163)	107	50	6	-	(163)	107	49	7	-
	Amount	(154.37)	17.59	(23.92)	160.70	-	(154.37)	17.59	(46.66)	183.44	-
	Outstanding - Restructured facility										
	Amount	(32.46)	(0.04)	(52.25)	85.02	-	(32.46)	(0.04)	(58.03)	90.53	-
Outstanding - Other facility											
Provision thereon	-	-	-	-	-	-	-	-	-	-	
Write-offs of restructured accounts during the FY <sup>4,5,6</sup>	No. of borrowers	(7)	(1)	(203)	(88)	(299)	(7)	(1)	(215)	(91)	(314)
	Amount	(4.24)	(0.20)	(328.83)	(151.67)	(484.94)	(10.91)	(0.20)	(1,204.67)	(201.21)	(1,416.99)
	Outstanding - Restructured facility										
	Amount	(0.11)	(0.07)	(32.52)	(3.75)	(36.45)	(0.11)	(0.07)	(298.40)	(31.57)	(330.15)
Outstanding - Other facility											
Restructured accounts as on March 31 of the FY (closing figures)	No. of borrowers	745	103	33	5	886	749	103	37	9	898
	Amount	690.09	16.79	3,284.63	159.69	4,151.20	957.72	16.79	3,752.56	257.55	4,984.62
	Outstanding - Restructured facility										
	Amount	19.47	0.14	1,310.61	85.02	1,415.24	20.02	0.14	1,400.02	120.78	1,540.96
Outstanding - Other facility											
Provision thereon	10.54	-	2.08	-	12.62	16.60	-	2.08	-	18.67	

Amount outstanding under restructuring facilities and other facilities is as on 31 March, 2019:

1. Amount reported here represents outstanding as on 31 March, 2019. Actual amount subjected to restructuring determined as on the date of approval of restructuring proposal is ₹285.58 crores for the FY 2018-19
2. Includes ₹12.56 crores of fresh/additional sanction to existing restructured accounts (entirely under restructured facility)
3. Includes accounts which were not attracting higher provisioning and/or additional risk weight at the beginning of FY
4. Includes accounts partially written-off during the year
5. Amount outstanding under restructuring facilities and other facilities is as on the date of write-off in the books
6. Includes ₹212.80 crores of reduction from existing restructured accounts by way of sale/recovery (₹151.00 crores from restructured facility and ₹61.80 crores from other facility)
7. The cumulative value of net restructured advances after reducing the provision held for diminution in fair value and balance in interest capitalization account upto 31 March, 2019 aggregated ₹886.54 crores
8. Information appearing under substandard, doubtful and loss category also include accounts slipped into NPAs from restructured standard advances along with restructured NPAs

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#### 2.1.25 Details of MSME advances subjected to restructuring:

Particulars	(₹ in crores)	
	As at 31 March, 2020	As at 31 March, 2019
No. of accounts restructured	9	-
Amount outstanding	16.35	-

#### 2.1.26 Disclosure with regard to implementation of resolution plan as required under RBI circular of 7 June, 2019 on Prudential Framework for Resolution of Stressed Assets:

Particulars	(₹ in crores)	
	Resolution plan implemented	Resolution plan not implemented
No. of borrowers where timeline for implementation of resolution plan was before 31 March, 2020 (without reckoning the extended resolution period provided through the RBI circular of 17 April, 2020)	6	35
Fund based outstanding as on 31 March, 2020*	640.09	8,185.42
Additional provisions held as per RBI circular of 7 June, 2019		474.89

\* excluding outstanding for cases which have been subject to prudential write-off and outstanding in equity shares

#### 2.1.27 Disclosure in respect of Interest Rate Swaps ('IRS'), Forward Rate Agreement ('FRA') and Cross Currency Swaps ('CCS') outstanding is set out below:

An 'IRS' is a financial contract between two parties exchanging or swapping a stream of interest payments for a 'notional principal' amount on multiple occasions during a specified period. The Bank deals in interest rate benchmarks like Mumbai Inter-Bank Offered Rate (MIBOR), Indian Government Securities Benchmark Rate (INBMK), Mumbai Inter-Bank Forward Offer Rate (MIFOR) and LIBOR of various currencies.

A 'FRA' is a financial contract between two parties to exchange interest payments for 'notional principal' amount on settlement date, for a specified period from start date to maturity date. Accordingly, on the settlement date cash payments based on contract rate and the settlement rate, which is the agreed bench-mark/reference rate prevailing on the settlement date, are made by the parties to one another. The benchmark used in the FRA contracts of the Bank is London Inter-Bank Offered Rate (LIBOR) of various currencies.

A 'CCS' is a financial contract between two parties exchanging interest payments and principal, wherein interest payments and principal in one currency would be exchanged for an equally valued interest payments and principal in another currency.

Sr. No.	Items	(₹ in crores)	
		As at 31 March, 2020	As at 31 March, 2019
i)	Notional principal of swap agreements	301,276.40	236,685.35
ii)	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	6,935.72	4,223.33
iii)	Collateral required by the Bank upon entering into swaps	837.94	523.97
iv)	Concentration of credit risk arising from the swaps		
	Maximum single industry exposure with Banks (previous year with Banks)		
	- Interest Rate Swaps/FRAs	3,890.55	2,201.10
	- Cross Currency Swaps	4,196.42	3,112.72
v)	Fair value of the swap book (hedging & trading)		
	- Interest Rate Swaps/FRAs	(588.68)	(794.06)
	- Currency Swaps	907.85	1,475.34

The nature and terms of the IRS as on 31 March, 2020 are set out below:

(₹ in crores)

Nature	Nos.	Notional Principal	Benchmark	Terms
Hedging	30	12,446.90	LIBOR	Fixed Receivable v/s Floating Payable
Hedging	2	3,783.25	LIBOR	Floating Receivable v/s Fixed Payable
Trading	217	34,240.79	LIBOR	Fixed Receivable v/s Floating Payable
Trading	825	41,163.33	MIBOR	Fixed Receivable v/s Floating Payable
Trading	646	42,574.00	MIFOR	Fixed Receivable v/s Floating Payable
Trading	11	1,000.00	INBMK	Floating Receivable v/s Fixed Payable
Trading	289	41,341.57	LIBOR	Floating Receivable v/s Fixed Payable
Trading	890	42,921.23	MIBOR	Floating Receivable v/s Fixed Payable
Trading	363	26,472.00	MIFOR	Floating Receivable v/s Fixed Payable
Trading	28	8,852.81	LIBOR	Floating Receivable v/s Floating Payable
Trading	4	64.69	LIBOR	Pay Cap
Trading	4	64.69	LIBOR	Receive Cap
	<b>3,309</b>	<b>254,925.26</b>		

The nature and terms of the IRS as on 31 March, 2019 are set out below:

(₹ in crores)

Nature	Nos.	Notional Principal	Benchmark	Terms
Hedging	33	12,413.32	LIBOR	Fixed Receivable v/s Floating Payable
Hedging	2	1,901.76	LIBOR	Floating Receivable v/s Fixed Payable
Trading	3	175.00	INBMK	Fixed Receivable v/s Floating Payable
Trading	250	36,486.34	LIBOR	Fixed Receivable v/s Floating Payable
Trading	564	34,822.66	MIBOR	Fixed Receivable v/s Floating Payable
Trading	380	20,724.00	MIFOR	Fixed Receivable v/s Floating Payable
Trading	18	1,559.00	INBMK	Floating Receivable v/s Fixed Payable
Trading	285	43,149.73	LIBOR	Floating Receivable v/s Fixed Payable
Trading	597	30,858.54	MIBOR	Floating Receivable v/s Fixed Payable
Trading	183	9,945.00	MIFOR	Floating Receivable v/s Fixed Payable
Trading	16	3,679.05	LIBOR	Floating Receivable v/s Floating Payable
Trading	4	106.33	LIBOR	Pay Cap
Trading	4	111.51	LIBOR	Receive Cap
	<b>2,339</b>	<b>195,932.24</b>		

The nature and terms of the FRA as on 31 March, 2020 are set out below:

(₹ in crores)

Nature	Nos.	Notional Principal	Benchmark	Terms
-	-	-	-	-
-	-	-	-	-

The nature and terms of the FRA as on 31 March, 2019 are set out below:

(₹ in crores)

Nature	Nos.	Notional Principal	Benchmark	Terms
-	-	-	-	-
-	-	-	-	-

The nature and terms of the CCS as on 31 March, 2020 are set out below:

(₹ in crores)

Nature	Nos.	Notional Principal	Benchmark	Terms
Trading	77	8,094.31	Principal & Coupon Swap	Fixed Payable v/s Fixed Receivable
Trading	85	8,709.42	LIBOR	Fixed Receivable v/s Floating Payable
Trading	69	13,381.28	LIBOR	Floating Receivable v/s Fixed Payable
Trading	29	10,380.16	LIBOR/MIFOR/ MIBOR	Floating Receivable v/s Floating Payable
Trading	38	4,197.61	Principal Only	Fixed Receivable
Trading	13	1,588.36	Principal Only	Fixed Payable
	<b>311</b>	<b>46,351.14</b>		



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The nature and terms of the CCS as on 31 March, 2019 are set out below:

(₹ in crores)

Nature	Nos.	Notional Principal	Benchmark	Terms
Trading	93	7,416.32	Principal & Coupon Swap	Fixed Payable v/s Fixed Receivable
Trading	74	7,294.53	LIBOR	Fixed Receivable v/s Floating Payable
Trading	70	11,333.58	LIBOR	Floating Receivable v/s Fixed Payable
Trading	13	6,694.33	LIBOR/MIFOR/ MIBOR	Floating Receivable v/s Floating Payable
Trading	48	4,932.27	Principal Only	Fixed Receivable
Trading	32	3,082.09	Principal Only	Fixed Payable
	<b>330</b>	<b>40,753.12</b>		

Details of Exchange Traded Interest Rate Derivatives for the year ended 31 March, 2020 are set out below:

(₹ in crores)

Sr. No.	Particulars	As at 31 March, 2020
<b>i)</b>	<b>Notional principal amount of exchange traded interest rate derivatives undertaken during the year</b>	
	EDM9 – 90 Days Euro Futures – June 2019	1,513.30
	TUM9 – 2 years US Note – June 2019	1,876.49
	FVM9 – 5 years US Note – June 2019	3,238.46
	TYM9 – 10 years US Note – June 2019	2,148.89
	TUU9 – 2 years US Note – September 2019	1,059.31
	FVU9 – 5 years US Note – September 2019	1,436.12
	TYU9 – 10 years US Note – September 2019	272.39
	TUZ9 – 2 years US Note – December 2019	251.21
	FVZ9 – 5 years US Note – December 2019	768.76
	TYZ9 – 10 years US Note – December 2019	295.09
	TUH0 – 2 years US Note – March 2020	142.25
	FVH0 – 5 years US Note – March 2020	567.49
	TYH0 – 10 years US Note – March 2020	606.83
	TUM0 – 2 years US Note – June 2020	27.24
	FVM0 – 5 years US Note – June 2020	308.71
	TYM0 – 10 years US Note – June 2020	172.52
	EDM0 – 90 Days Euro Futures – June 2020	1,543.57
		<b>16,228.63</b>
<b>ii)</b>	<b>Notional principal amount of exchange traded interest rate derivatives outstanding as on 31 March, 2020</b>	
	TUM0 – 2 Years US Note – June 2020	27.24
	FVM0 – 5 Years US Note – June 2020	151.33
	TYM0 – 10 Years US Note – June 2020	142.25
		<b>320.82</b>
<b>iii)</b>	<b>Notional principal amount of exchange traded interest rate derivatives outstanding as on 31 March, 2020 and “not highly effective”</b>	N.A.
<b>iv)</b>	<b>Mark-to-market value of exchange traded interest rate derivatives outstanding as on 31 March, 2020 and “not highly effective”</b>	N.A.

Details of Exchange Traded Interest Rate Derivatives for the year ended 31 March, 2019 are set out below:

(₹ in crores)

Sr. No.	Particulars	As at 31 March, 2019
<b>i)</b>	<b>Notional principal amount of exchange traded interest rate derivatives undertaken during the year</b>	
	717GS2028 – 7.17% GOI 2028	77.28
	FVM8 – 5 years US Note – June 2018	69.15
	TYM8 – 10 years US Note – June 2018	345.77
	FVU8 – 5 years US Note – September 2018	459.19
	TYU8 – 10 years US Note – September 2018	1,136.91
	TYZ8 – 10 years US Note – December 2018	1,569.82

(₹ in crores)

Sr. No. Particulars	As at 31 March, 2019
FVZ8 – 5 years US Note – December 2018	1,064.99
EDZ8 – 90 Days Euro Futures – December 2018	5,532.40
EDM9 – 90 Days Euro Futures – June 2019	2,863.02
TUZ8 – 2 years US Note – December 2018	276.62
EDZ9 – 90 Days Euro Futures – December 2019	9,681.70
TYH9 – 10 years US Note – March 2019	3,380.30
FVH9 – 5 Years US Note – March 2019	7,898.88
TUH9 – 2 Years US Note – March 2019	926.68
TUM9 – 2 Years US Note – June 2019	110.65
FVM9 – 5 Years US Note – June 2019	2,636.19
TYM9 – 10 Years US Note – June 2019	207.46
EDZ0 – 90 Days Euro Futures – December 2020	2,766.20
	<b>41,003.21</b>
<b>ii) Notional principal amount of exchange traded interest rate derivatives outstanding as on 31 March, 2019</b>	
FVM9 – 5 Years US Note – June 2019	818.79
TUM9 – 2 Years US Note – June 2019	82.99
	<b>901.78</b>
<b>iii) Notional principal amount of exchange traded interest rate derivatives outstanding as on 31 March, 2019 and “not highly effective”</b>	N.A.
<b>iv) Mark-to-market value of exchange traded interest rate derivatives outstanding as on 31 March, 2019 and “not highly effective”</b>	N.A.

The Bank has not undertaken any transactions in Credit Default Swaps (CDS) during the year ended 31 March, 2020 and 31 March, 2019.

#### 2.1.28 Disclosure on risk exposure in Derivatives

##### Qualitative disclosures:

- (a) Structure and organisation for management of risk in derivatives trading, the scope and nature of risk measurement, risk reporting and risk monitoring systems, policies for hedging and/or mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges/mitigants:

Derivatives are financial instruments whose characteristics are derived from an underlying asset, or from interest and exchange rates or indices. The Bank undertakes over the counter and Exchange Traded derivative transactions for Balance Sheet management and also for proprietary trading/market making whereby the Bank offers OTC derivative products to the customers to enable them to hedge their interest rate and currency risks within the prevalent regulatory guidelines.

Proprietary trading includes Exchange Traded Currency Options, Interest Rate Futures, Currency Futures and Rupee Interest Rate Swaps under different benchmarks (viz. MIBOR, MIFOR and INBMK), Currency Options and Currency Swap. The Bank also undertakes transactions in Cross Currency Swaps, Principal Only Swaps, Coupon Only Swaps, Currency Option, Interest Rate Swap and Long Term Forex Contracts (LTFX) for hedging its Balance Sheet and also offers them to its customers. These transactions expose the Bank to various risks, primarily credit, market, legal, reputation and operational risk. The Bank has adopted the following mechanism for managing risks arising out of the derivative transactions.

There is a functional separation between the Treasury Front Office, Treasury Mid Office and Treasury Back Office to undertake derivative transactions. The customer and interbank related derivative transaction are originated by Derivative sales and Treasury Front Office team respectively which ensures compliance with the trade origination requirements as per the bank's policy and the RBI guidelines. The Market Risk Group within the Bank's Risk Department independently identifies measures and monitors the market risks associated with derivative transactions and appraises the Asset Liability Management Committee (ALCO) and the Risk Management Committee of the Board (RMC) on the compliance with the risk limits. The Treasury Back Office undertakes activities such as trade validation, confirmation, settlement, ISDA documentation, accounting, valuation and other MIS reporting.

The derivative transactions are governed by the Derivative policy, Suitability and Appropriateness Policy for derivative products, Market risk management policy, Hedging policy and the Asset Liability Management (ALM) policy of the Bank as well as by the extant RBI guidelines. The Bank has implemented policy on customer suitability & appropriateness to ensure that derivatives transactions entered into are appropriate and suitable to the customer. The Bank has put in place a detailed process flow on documentation for customer derivative transactions for effective management of operational/reputation/compliance risk.

Various risk limits are set up and actual exposures are monitored vis-à-vis the limits allocated. These limits are set up taking into account market volatility, risk appetite, business strategy and management experience. Risk limits are in place for risk parameters viz. PV01, VaR, Stop Loss, Delta, Gamma and Vega. Actual positions are monitored against these limits on a daily basis and breaches, if any, are dealt with in accordance with board approved Risk Appetite Statement. Risk assessment of the portfolio is undertaken periodically. The Bank ensures that the Gross PV01 (Price value of a basis point) position arising out of all non-option rupee derivative contracts are within 0.25% of net worth of the Bank as on Balance Sheet date.

Hedging transactions are undertaken by the Bank to protect the variability in the fair value or the cash flow of the underlying Balance Sheet item. These deals are accounted on an accrual basis except the swap designated with an asset/liability that is carried at market value or lower of cost or market value. In that case, the swap is marked to market with the resulting gain or loss recorded as an adjustment to the market value of designated asset or liability. These transactions are tested for hedge effectiveness and in case any transaction fails the test, the same is re-designated as a trading deal and appropriate accounting treatment is followed.

- (b) Accounting policy for recording hedge and non-hedge transactions, recognition of income, premiums and discounts, valuation of outstanding contracts

The Hedging Policy of the Bank governs the use of derivatives for hedging purpose. Subject to the prevailing RBI guidelines, the Bank deals in derivatives for hedging fixed rate and floating rate coupon or foreign currency assets/liabilities. Transactions for hedging and market making purposes are recorded separately. For hedge transactions, the Bank identifies the hedged item (asset or liability) at the inception of the transaction itself. The effectiveness is ascertained at the time of inception of the hedge and periodically thereafter. Hedge derivative transactions are accounted for in accordance with the hedge accounting principles. Derivatives for market making purpose are marked to market and the resulting gain/loss is recorded in the Profit and Loss Account. The premium on option contracts is accounted for as per FEDAI guidelines. Derivative transactions are covered under International Swaps and Derivatives Association (ISDA) master agreements with respective counterparties. The exposure on account of derivative transactions is computed as per the RBI guidelines and is marked against the credit limits approved for the respective counterparties.

- (c) Provisioning, collateral and credit risk mitigation

Derivative transactions comprise of swaps, FRAs, futures, forward contracts and options which are disclosed as contingent liabilities. Trading swaps/FRAs/futures/options/forward contracts are revalued at the Balance Sheet date with the resulting unrealised gain or loss being recognised in the Profit and Loss Account and correspondingly in other assets or other liabilities respectively. Hedged swaps are accounted for as per the RBI guidelines. In accordance with RBI guidelines, any receivables (crystallised receivables and positive MTM) under derivatives contracts, which remain overdue for more than 90 days, are reversed through the Profit and Loss Account and are held in a separate Suspense account.

Collateral requirements for derivative transactions are laid down as part of credit sanction terms on a case by case basis. Such collateral requirements are determined, based on usual credit appraisal process. The Bank retains the right to terminate transactions as a risk mitigation measure in certain cases.

The credit risk in respect of customer derivative transactions is sought to be mitigated through a laid down policy on sanction of Loan Equivalent Risk (LER) limits, monitoring mechanism for LER limits and trigger events for escalation/margin calls/termination.

Quantitative disclosure on risk exposure in derivatives<sup>1</sup>:

(₹ in crores)

Sr. No.	Particulars	As at 31 March, 2020			
		Currency Derivatives			Interest rate Derivatives
		Forward Contracts <sup>4</sup>	CCS	Options	
<b>1</b>	<b>Derivatives (Notional Principal Amount)</b>				
	a) For hedging	43,612.28	-	-	16,230.14
	b) For trading	412,366.46	46,351.14	45,114.10	238,695.12
<b>2</b>	<b>Marked to Market Positions<sup>2</sup></b>				
	a) Asset (+)	7,665.93	3,077.72	1,676.86	3,692.90
	b) Liability (-)	(7,228.49)	(2,169.87)	(1,620.33)	(4,428.26)
<b>3</b>	<b>Credit Exposure<sup>3</sup></b>	21,166.53	7,811.75	1,373.69	6,428.92
<b>4</b>	<b>Likely impact of one percentage change in interest rate (100*PV01) (as at 31 March, 2020)</b>				
	a) on hedging derivatives	12.33	-	-	1.32
	b) on trading derivatives	12.31	5.77	13.02	52.98
<b>5</b>	<b>Maximum and Minimum of 100*PV01 observed during the year</b>				
	a) on hedging				
	i) Minimum	3.94	-	-	1.27
	ii) Maximum	12.33	-	-	31.49
	b) on Trading				
	i) Minimum	0.30	2.25	10.67	52.33
	ii) Maximum	12.31	10.79	57.72	68.11

1. only Over The Counter derivatives included

2. only on trading derivatives

3. includes accrued interest

4. excluding Tom/Spot contracts

(₹ in crores)

Sr. No.	Particulars	As at 31 March, 2019			
		Currency Derivatives			Interest rate Derivatives
		Forward Contracts <sup>4</sup>	CCS	Options	
<b>1</b>	<b>Derivatives (Notional Principal Amount)</b>				
	a) For hedging	56,970.61	-	-	14,315.09
	b) For trading	272,683.15	40,753.12	46,404.77	181,617.15
<b>2</b>	<b>Marked to Market Positions<sup>2</sup></b>				
	a) Asset (+)	3,764.51	2,698.28	1,485.72	1,509.36
	b) Liability (-)	(3,907.80)	(1,222.94)	(1,425.22)	(2,146.16)
<b>3</b>	<b>Credit Exposure<sup>3</sup></b>	13,477.22	6,709.64	1,603.96	3,743.38
<b>4</b>	<b>Likely impact of one percentage change in interest rate (100*PV01) (as at 31 March, 2019)</b>				
	a) on hedging derivatives	3.81	-	-	49.80
	b) on trading derivatives	8.76	2.56	298.94	57.93
<b>5</b>	<b>Maximum and Minimum of 100*PV01 observed during the year</b>				
	a) on hedging				
	i) Minimum	1.02	-	-	29.67
	ii) Maximum	12.34	-	-	60.55
	b) on Trading				
	i) Minimum	0.56	2.46	20.91	53.63
	ii) Maximum	8.76	5.71	306.14	78.97

1. only Over The Counter derivatives included

2. only on trading derivatives

3. includes accrued interest

4. excluding Tom/Spot contracts

## Financial Statements

### Standalone Financial Statements

The outstanding notional principal amount of Exchange Traded Currency Options as at 31 March, 2020 was Nil (previous year Nil) and the mark-to-market value was Nil (previous year Nil).

#### 2.1.29 Details of penalty/stricture levied by RBI:

No penalty/stricture has been imposed by RBI on the Bank during the year ended 31 March, 2020.

Details of penalty/stricture levied by RBI during the year ended 31 March, 2019 is as under:

Amount (₹ in crores)	Reason for stricture issued/ levy of penalty by RBI	Date of payment of penalty
2.00	Non-compliance of RBI guidelines related to 'Collection of Account Payee Cheques - Prohibition on Crediting proceeds to Third Party Account' and Master Directions on 'Frauds- Classification and Reporting by commercial banks and select FIs'. Penalty was imposed in terms of Section 47A(1)(c) read with Section 46(4)(i) of the Banking Regulation Act, 1949	16 February, 2019
0.20	Non-compliance of RBI guidelines related to 'Detection and Impounding of Counterfeit Notes' and 'Sorting of Notes - Installation of Note Sorting Machines'. Penalty was imposed in terms of Section 47A(1)(c) read with Section 46(4)(i) of the Banking Regulation Act, 1949	5 February, 2019
-	Caution letter issued by RBI on 25 February, 2019 for non compliance of RBI directives on time bound implementation and strengthening of SWIFT related operational controls	-

#### 2.1.30 Disclosure of customer complaints

##### (a) Disclosure of customer complaints relating to Bank's customers on Bank's ATMs

	31 March, 2020	31 March, 2019
a. No. of complaints pending at the beginning of the year	-	284
b. No. of complaints received during the year	55,475	115,737
c. No. of complaints redressed during the year	55,475	116,021
d. No. of complaints pending at the end of the year	-	-

##### (b) Disclosure of customer complaints relating to Bank's customers on other bank's ATMs

	31 March, 2020	31 March, 2019
a. No. of complaints pending at the beginning of the year	-	2,360
b. No. of complaints received during the year	80,699	105,110
c. No. of complaints redressed during the year	80,699	107,470
d. No. of complaints pending at the end of the year	-	-

##### (c) Disclosure of customer complaints other than ATM transaction complaints

	31 March, 2020	31 March, 2019
a. No. of complaints pending at the beginning of the year	1,217	24,456
b. No. of complaints received during the year	64,310	78,442
c. No. of complaints redressed during the year	64,562	101,681
d. No. of complaints pending at the end of the year	965	1,217

(d) Total customer complaints

	31 March, 2020	31 March, 2019
a. No. of complaints pending at the beginning of the year	1,217	27,100
b. No. of complaints received during the year	200,484	299,289
c. No. of complaints redressed during the year	200,736	325,172
d. No. of complaints pending at the end of the year	965	1,217

The above information does not include complaints redressed within 1 working day and is as certified by the Management and relied upon by the auditors.

2.1.31 Disclosure of Awards passed by the Banking Ombudsman

	31 March, 2020	31 March, 2019
a. No. of unimplemented awards at the beginning of the year	-	-
b. No. of awards passed by the Banking Ombudsman during the year	-	-
c. No. of awards implemented during the year	-	-
d. No. of unimplemented awards at the end of the year	-	-

The above information is as certified by the Management and relied upon by the auditors.

2.1.32 Draw Down from Reserves

During the year ended 31 March, 2020 the Bank has not undertaken any draw from reserves, except towards issue expenses incurred for equity raising through Qualified Institutional Placement and conversion of share warrants, which has been adjusted against the share premium account.

During the year ended 31 March, 2019 the Bank has made a draw down out of the Investment Reserve account towards depreciation on investments in AFS and HFT categories in terms of RBI guidelines.

2.1.33 Letter of Comfort

The Bank has not issued any Letter of Comfort on behalf of its subsidiaries during the current and previous year.

2.1.34 Disclosure on Remuneration

**Qualitative disclosures**

a) Information relating to the bodies that oversee remuneration:

✂ Name, composition and mandate of the main body overseeing remuneration:

The Nomination and Remuneration Committee of the Board oversees the framing, review and implementation of the compensation policy of the Bank on behalf of the Board. The Committee works in close co-ordination with the Risk Management Committee of the Bank, in order to achieve effective alignment between remuneration and risks.

As at 31 March, 2020, the Nomination and Remuneration Committee comprises of the following Non-Executive Directors:

1. Shri Rohit Bhagat - Chairman
2. Shri Rakesh Makhija
3. Shri Stephen Pagliuca

In respect of Remuneration/HR matters, the Nomination and Remuneration Committee of the Board, functions with the following main objectives:

- a. Review and recommend to the Board for approval, the overall remuneration framework and associated policy of the Bank (including remuneration policy for Directors and key managerial personnel) including the level and structure of fixed pay, variable pay, perquisites, bonus pool, stock-based compensation and any other form of compensation as may be included from time to time to all the employees of the Bank including the Managing Director & CEO (MD & CEO), other Whole-Time Directors (WTD) and senior managers one level below the Board.
  - b. Recommend to the Board the compensation payable to the Chairman of the Bank.
  - c. Review and recommend to the Board for approval, the talent management and succession policy and process in the Bank for ensuring business continuity, especially at the level of MD & CEO, the other WTDs, senior managers' one level below the Board and other key roles and their progression to the Board.
  - d. Formulate the criteria and the manner for effective evaluation of performance of the Board as a whole, its Committees and individual directors, including independent directors of the Bank, which may be carried out either by the Committee or by the Board or with the help of an independent external agency and to review its implementation, compliance and outcomes.
  - e. Set the goals, objectives and performance benchmarks for the Bank and for MD & CEO, WTDs and Group Executives for the financial year and over the medium to long term. Review adequacy and appropriateness of HR strategy of the Bank in the broader areas of code of conduct, ethics, conflict of interest, succession planning, talent management, performance management, remuneration and HR risk management.
  - f. Review and recommend to the Board for approval:
    - the creation of new positions one level below MD & CEO
    - appointments, promotions and exits of senior managers one level below the MD & CEO
  - g. Set the goals, objectives and performance benchmarks for the Bank and for MD & CEO, WTDs and Group Executives for the financial year and over the medium to long term.
  - h. Review the performance of the MD & CEO and other WTDs at the end of each year.
  - i. Perform such other duties as may be required to be done under any law, statute, rules, regulations etc. enacted by Government of India, Reserve Bank of India or by any other regulatory or statutory body.
- ✘ External consultants whose advice has been sought, the body by which they were commissioned, and in what areas of the remuneration process:

The Nomination and Remuneration Committee has commissioned Aon Hewitt, a globally renowned compensation benchmarking firm, to conduct market benchmarking of employee compensation. The Bank participates in the salary benchmarking survey conducted by Aon Hewitt every year. Aon Hewitt collects data from multiple private sector peer banks across functions, levels and roles which is then used by the Bank to assess market competitiveness of remuneration offered to Bank employees.

- ✘ A description of the scope of the Bank's remuneration policy, including the extent to which it is applicable to foreign subsidiaries and branches:

The Committee monitors the remuneration policy for both domestic and overseas branches of the Bank on behalf of the Board. However, it does not oversee the compensation policy for subsidiaries of the Bank.

- ✂ A description of the type of employees covered and number of such employees:

Employees are categorised into following three categories from remuneration structure and administration standpoint:

Category 1

MD & CEO and WTDs. This category includes 4 employees.

Category 2

All the employees in the Grade of Vice President and above engaged in the functions of Risk Control and Compliance. This category includes 34 employees.

Category 3: Other Staff

'Other Staff' has been defined as a "group of employees who pose a material risk". This category includes all the employees of the Bank in the grade of Executive Vice President (EVP) and above and also few other key business roles in case they are below the grade of Executive Vice President. This category includes 46 employees.

- b) Information relating to the design and structure of remuneration processes:

- ✂ An overview of the key features and objectives of remuneration policy:

The compensation philosophy of the Bank aims to attract, retain and motivate professionals in order to enable the Bank to attain its strategic objectives and develop a strong performance culture in the competitive environment in which it operates. To achieve this, the following principles are adopted:

- Affordability: Pay to reflect productivity improvements to retain cost-income competitiveness
- Maintain competitiveness on fixed pay in talent market
- Pay for performance to drive meritocracy through variable pay
- Employee Stock Options for long-term value creation
- Benefits and perquisites to remain aligned with market practices and provide flexibility

Apart from the above, the compensation structure for MD & CEO and WTDs is aligned to RBI's guidelines for sound compensation practices (effective FY 2012-13) and addresses the general principles of:

- Effective and independent governance and monitoring of compensation
- Alignment of compensation with prudent risk-taking through well designed and consistent compensation structures
- Clear and timely disclosure to facilitate supervisory oversight by all stakeholders

Accordingly, the compensation policy for MD & CEO and WTDs seeks to:

- a) Ensure that the compensation, in terms of structure and total amount, is in line with the best practices, as well as competitive vis-à-vis that of peer banks
- b) Establish the linkage of compensation with individual performance as well as achievement of the corporate objectives of the Bank



- c) Include an appropriate variable pay component tied to the achievement of pre-established objectives in line with Bank's scorecard while ensuring that the compensation is aligned with prudent risk taking
- d) Encourage attainment of long term shareholder returns through inclusion of equity linked long-term incentives as part of compensation

Compensation is structured in terms of fixed pay, variable pay and employee stock options (for selective employees), with a strong linkage of variable pay to performance. The compensation policy of the Bank is approved by the Nomination and Remuneration Committee. Additional approval from Shareholders and RBI is obtained specifically for compensation of MD & CEO and WTDs.

- ✘ Whether the remuneration committee reviewed the firm's remuneration policy during the past year, and if so, an overview of any changes that were made:

There were no changes made in the remuneration policy for FY 2019-20.
- ✘ A discussion of how the Bank ensures that risk and compliance employees are remunerated independently of the businesses they oversee:

The Bank ensures that risk and compliance employees are remunerated independently of the businesses they oversee and is guided by the individual employee performance. The remuneration is determined on the basis of relevant risk measures included in the Balanced Scorecard / key deliverables of staff in these functions. The parameters reviewed for performance based rewards are independent of performance of the business area they oversee and commensurate with their individual role in the Bank. Additionally, the ratio of fixed and variable compensation is weighed towards fixed compensation.
- c) Description of the ways in which current and future risks are taken into account in the remuneration processes:
  - ✘ An overview of the key risks that the Bank takes into account when implementing remuneration measures:

The business activity of the Bank is undertaken within the limits of the following risk measures to achieve the financial plan. The Financial Perspective in the Bank's BSC contains metrics pertaining to growth, profitability and asset quality. These metrics along with other metrics in customer, internal process and compliance and people perspective are taken into account while arriving at the remuneration decisions. The metrics on internal process and compliance ensure due weightage to non – financial risk that bank may be exposed to.
  - ✘ An overview of the nature and type of key measures used to take account of these risks, including risk difficult to measure:

The Bank has a robust system of measuring and reviewing these risks. The risk parameters are a part of the Balanced Scorecard used for setting of performance objectives and for measuring performance which includes, besides financial performance, adherence to internal processes, compliance and people perspectives. Weightage is placed on not only financial or quantitative achievement of objectives but also on qualitative aspects detailing how the objectives were achieved.
  - ✘ A discussion of the ways in which these measures affect remuneration:

The relevant risk measures are included in the scorecards of MD & CEO and WTDs. Inclusion of the above mentioned measures ensures that performance parameters are aligned to risk measures at the time of performance evaluation. The Nomination and Remuneration Committee takes into consideration all the above aspects while assessing organisational and individual performance and making compensation related recommendations to the Board.
  - ✘ A discussion of how the nature and type of these measures have changed over the past year and reasons for the changes, as well as the impact of changes on remuneration:

The Bank continued to track key metrics across financial, customer, internal process and compliance and people perspective as part of FY20 BSC. During FY2019-20, metrics on digitizing customer journeys and strengthening of internal processes were incorporated to reinforce focus on delivering superior customer experience. Further, critical deliverables were included to drive progress on the Bank's GPS strategy.

- d) Description of the ways in which the Bank seeks to link performance during a performance measurement period with levels of remuneration:

The Bank's performance management and compensation philosophies are structured to support the achievement of the Bank's on-going business objectives by rewarding achievement of objectives linked directly to its strategic business priorities. These strategic priorities are cascaded through annualised objectives to the employees.

The Bank follows the Balanced Scorecard approach in designing its performance management system. Adequate attention is given to the robust goal setting process to ensure alignment of individual objectives to support the achievement of business strategy, financial and non-financial goals across and through the organisation. The non-financial goals for employees includes customer service, process improvement, adherence to risk and compliance norms, operations and process control, learning and knowledge development.

- ✂ An overview of main performance metrics for Bank, top level business lines and individuals:

The Bank follows a Balanced Scorecard approach for measuring performance for the Bank, top business lines and individuals. The approach broadly comprises financial, customer, internal processes, compliance, and people perspectives and includes parameters on revenue and profitability, business growth, customer initiatives, operational efficiencies, regulatory compliance, risk management and people management.

- ✂ A discussion of how amounts of individual remuneration are linked to the Bank-wide and individual performance:

The Bank's remuneration practices are underpinned by principles of meritocracy and fairness. The remuneration system strives to maintain the ability to attract, retain, reward and motivate the talent in order to enable the Bank to attain its strategic objectives within the increasingly competitive context in which it operates. The Bank's pay-for-performance approach strives to ensure both internal and external equity in line with emerging market trends. However, the business model and affordability form the overarching boundary conditions.

The Bank follows a Balanced Scorecard approach for measuring performance at senior levels. The Balanced Scorecard parameters for individuals are cascaded from the Bank's Balanced Scorecard. The Management Committee or the Nomination and Remuneration Committee reviews the achievements against the set of parameters which determines the performance of the individuals. For all other employees, performance appraisals are conducted annually and initiated by the employee with self-appraisal. The immediate supervisor reviews the appraisal ratings in a joint consultation meeting with the employee and assigns the performance rating. The final ratings are discussed by a Moderation Committee comprising of senior officials of the Bank. Both relative and absolute individual performances are considered for the moderation process. Individual fixed pay increases, variable pay and ESOPs are linked to the final performance ratings.

- ✂ A discussion of the measures the Bank will in general implement to adjust remuneration in the event that performance metrics are weak:

In cases where the performance metrics are weak or not well defined to measure the performance effectively, the Bank uses discretion to reward such employees. The remuneration is then influenced by the operational performance parameters of the Bank along with individual performance achievement.

Whilst determining fixed and variable remuneration, relevant risk measures are included in scorecards of senior employees. The Financial Perspective in the Bank's BSC contains metrics pertaining to

growth, profitability and asset quality. These metrics along with other metrics in customer, internal process and compliance and people perspective are taken into account while arriving at the remuneration decisions. The metrics on internal process and compliance ensure due weightage to non – financial risk that bank may be exposed to.

As a prudent measure, a portion of variable pay if it exceeds a certain threshold is deferred and is paid proportionately over a period of 3 years. The deferred variable pay amount of reference year would be held back in case of any misrepresentation or gross inaccuracy resulting in a wrong risk assessment.

- e) Description of the ways in which the Bank seeks to adjust remuneration to take account of the longer term performance:

- ✘ A discussion of the Bank's policy on deferral and vesting of variable remuneration and, if the fraction of variable remuneration that is deferred differs across employees or groups of employees, a description of the factors that determine the fraction and their relative importance:

The deferral of the Variable Pay for the three categories of employees as stated earlier is given below:

Category 1: MD & CEO and WTDs

Variable Pay will not exceed 70% of the Fixed Pay

To ensure that risk measures do not focus only on achieving short term goals, variable payout is deferred. If the variable pay exceeds 40% of fixed pay, 45% of the variable pay to be deferred proportionately over a period of three years.

Category 2: All the employees in the Grade of Vice President and above engaged in the functions of Risk Control and Compliance

- Variable Pay will be paid on the basis of laid down risk control, compliance and process improvement parameters in the balanced scorecard / key deliverables of staff in this function
- The parameters will be independent of performance of the business area they oversee and will commensurate with their key role in the Bank
- The ratio of fixed and variable compensation will be weighed towards fixed compensation
- Percentage of variable pay to be capped at 70% of fixed pay
- Appropriate deferral structure as approved by the Nomination and Remuneration Committee will be applicable to this category of employees

Category 3: Other Staff

- Variable Pay will be paid on the basis of performance against key deliverables and overall business performance for the financial year
- Percentage of variable pay to be capped at 70% of fixed pay
- Appropriate deferral structure as approved by the Nomination and Remuneration Committee will be applicable to this category of employees

- ✘ A discussion of the Bank's policy and criteria for adjusting deferred remuneration before vesting and (if permitted by national law) after vesting through claw back arrangements:

The deferred portion of the variable pay may be delayed in the event of an enquiry determining gross negligence or breach of integrity. The deferred portion is withheld by the Bank till the completion of such enquiries, if any. As a result, no claw back arrangements are made on the deferred portion of the variable pay.

f) Description of the different forms of variable remuneration that the Bank utilizes and the rationale for using these different forms:

✂ An overview of the forms of variable remuneration offered:

- Variable Pay: Variable Pay is linked to corporate performance, business performance and individual performance and ensures differential pay based on the performance levels of employees
- Employee Stock Options (ESOPs): ESOPs are given to selective set of employees at senior levels based on their level of performance and role. ESOP scheme has an inbuilt deferred vesting design which helps in directing long term performance orientation among employees

✂ A discussion of the use of different forms of variable remuneration and, if the mix of different forms of variable remuneration differs across employees or group of employees, a description of the factors that determine the mix and their relative importance:

Variable pay in the form of performance based bonus is paid out annually and is linked to performance achievement against balanced performance measures and aligned with the principles of meritocracy. The proportion of variable pay in total pay shall be higher at senior management levels. The payment of all forms of variable pay is governed by the affordability of the Bank and based on profitability and cost income ratios. At senior management levels (and for certain employees with potential to cause material impact on risk exposure), a portion of variable compensation may be paid out in a deferred manner in order to drive prudent behaviour as well as long term & sustainable performance orientation. Long term variable pay is administered in the form of ESOPs with an objective of enabling employee participation in the business as an active stakeholder and to usher in an 'owner-manager' culture. The quantum of grant of stock options is determined and approved by the Nomination and Remuneration Committee, in terms of the said Regulations and in line with best practices, subject to the approval of RBI. The current ESOP design has an inbuilt deferral intended to spread and manage risk.

### Quantitative disclosures

a) The quantitative disclosures pertaining to the MD & CEO, Whole Time Directors and other risk takers for the year ended 31 March, 2020 and 31 March, 2019 are given below. Other risk takers include all employees in the grade of Executive Vice President (EVP) and above and also cover certain select roles in case they are below the grade of EVP.

	31 March, 2020	31 March, 2019
a. i) Number of meetings held by the Remuneration Committee (main body overseeing remuneration) during the financial year	6	16
ii) Remuneration paid to its members (sitting fees)	₹1,200,000	₹2,950,000
b. Number of employees having received a variable remuneration award during the financial year	36*	29*
c. Number and total amount of sign-on awards made during the financial year	N.A.	N.A.
d. Number and total amount of guaranteed bonus awarded during the financial year, if any	N.A.	N.A.
e. Details of severance pay, in addition to accrued benefits, if any	N.A.	N.A.
f. Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms	-	-
g. Total amount of deferred remuneration paid out in the financial year	Nil	₹0.34 crores
h. Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred, different forms used	Fixed - ₹66.53 crores#	Fixed - ₹49.80 crores#
	Variable - ₹14.23 crores*	Variable - ₹9.41 crores*
	Deferred - Nil	Deferred - Nil
	Non-deferred - ₹14.23 crores*	Non-deferred - ₹9.41 crores*
	Number of stock options granted during the financial year - 3,718,000	Number of stock options granted during the financial year - 2,479,000

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	31 March, 2020	31 March, 2019
i. Total amount of outstanding deferred remuneration and retained remuneration exposed to ex-post explicit and/or implicit adjustments	N.A.	N.A.
j. Total amount of reductions during the financial year due to ex- post explicit adjustments	N.A.	N.A.
k. Total amount of reductions during the financial year due to ex- post implicit adjustments	N.A.	N.A.

\* pertains to FY 2018-19 paid to MD & CEO, WTDs and other risk takers (previous years pertains to FY 2016-17 paid to MD & CEO and WTDs and for FY 2017-18 paid to other risk takers)

# Fixed Remuneration includes basic salary, fixed allowance, leave fare concession, house rent allowance, super annuation allowance, certain other allowances, gratuity payout, leave encashment and contribution towards provident fund and superannuation fund. Payments in nature of reimbursements have been excluded from fixed remuneration.

#### b) Disclosure for compensation of Non-executive Directors (Except Part-time Chairman):

	31 March, 2020	31 March, 2019
a. Amount of remuneration paid during the year (pertains to preceding year)	0.95	-

(₹ in crores)

#### 2.1.35 The details of fees / brokerage earned in respect of insurance broking, agency and bancassurance business undertaken by the Bank are as under:

Sr. No.	Nature of Income	31 March, 2020	31 March, 2019
1.	For selling life insurance policies	692.02	640.50
2.	For selling non-life insurance policies	76.17	68.62
3.	For selling mutual fund products	291.94	416.09
4.	Others (wealth advisory, RBI and other bonds etc.)	57.07	99.11
<b>Total</b>		<b>1,117.20</b>	<b>1,224.32</b>

(₹ in crores)

#### 2.1.36 The Bank has not sponsored any special purpose vehicle which is required to be consolidated in the consolidated financial statements as per accounting norms.

#### 2.1.37 Amount of total assets, non-performing assets and revenue of overseas branches is given below:

Particulars	31 March, 2020	31 March, 2019
Total assets	53,673.52	47,941.15
Total NPAs	4,420.07	3,727.06
Total revenue	2,058.04	3,416.09

(₹ in crores)

#### 2.1.38 During the years ended 31 March, 2020 and 31 March, 2019 the value of sales/transfers of securities to/from HTM category (excluding one-time transfer of securities and sales to RBI under OMO auctions) did not exceed 5% of the book value of investments held in HTM category at the beginning of the year.

#### 2.1.39 Disclosure on transfers to Depositor Education and Awareness Fund (DEAF)

Particulars	31 March, 2020	31 March, 2019
Opening balance of amounts transferred to DEAF	161.53	97.14
Add : Amounts transferred to DEAF during the year	73.92	66.85
Less : Amounts reimbursed by DEAF towards claims	(2.94)*	(2.46)*
<b>Closing balance of amounts transferred to DEAF</b>	<b>232.51</b>	<b>161.53</b>

(₹ in crores)

\*includes ₹0.38 crores (previous year ₹0.16 crores) of claim raised and pending settlement with RBI

2.1.40 Disclosure on Intra-Group Exposures

(₹ in crores)		
Particulars	31 March, 2020	31 March, 2019
Total amount of intra-group exposures	3,377.94	6,895.64
Total amount of top-20 intra-group exposures	3,377.89	6,895.64
Percentage of intra-group exposures to total exposure of the Bank on borrowers/customers	0.31	0.85

During the years ended 31 March, 2020 and 31 March, 2019, the intra-group exposures were within the limits specified by RBI.

The above information is as certified by the Management and relied upon by the auditors.

2.1.41 Unhedged Foreign Currency Exposure

The Bank's Corporate Credit Policy lays down the framework to manage credit risk arising out of unhedged foreign currency exposures of the borrowers. Both at the time of initial approval as well as subsequent reviews/renewals, the assessment of credit risk arising out of foreign currency exposure of the borrowers include details of imports, exports, repayments of foreign currency borrowings, as well as hedges done by the borrowers or naturally enjoyed by them vis-a-vis their intrinsic financial strength, history of hedging and losses arising out of foreign currency volatility. The extent of hedge/cover required on the total foreign currency exposure including natural hedge and hedged positions, is guided through a matrix of internal ratings. The hedging policy is applicable for existing as well as new clients with foreign currency exposures above a predefined threshold. The details of un-hedged foreign currency exposure of customers for transactions undertaken through the Bank are monitored periodically. The Bank also maintains additional provision and capital, in line with RBI guidelines.

During the year ended 31 March, 2020, the Bank made write back of provision of ₹10.68 crores (previous year provision made of ₹18.79 crores) towards un-hedged foreign currency exposures. As on 31 March, 2020, the Bank held cumulative provision towards un-hedged foreign currency exposures of ₹120.21 crores (previous year ₹130.89 crores).

As on 31 March, 2020, the Bank held incremental capital of ₹490.15 crores (previous year ₹191.52 crores) towards borrowers having un-hedged foreign currency exposures.

2.1.42 Disclosure on provisioning pertaining to fraud accounts\*

(₹ in crores)		
Particulars	31 March, 2020	31 March, 2019
Number of frauds reported during the year**	52	145
Amounts involved	2,030.60	529.04
Provisions held at the beginning of the year	752.23	353.96
Provisions made during the year	1,272.93	172.45
Balance held in interest capitalisation accounts	5.44	2.63
Provisions held at the end of the year	2,030.60	529.04
Unamortised provision debited from 'other reserves' as at the end of the year	-	-

\* disclosure covers only frauds relating to advances

\*\* excluding 72 cases (previous year 22 cases) amounting to ₹2,515.37 crores (previous year ₹540.46 crores) reported as fraud during the year and subsequently prudentially written off within the financial year

2.1.43 Disclosure on provisioning pertaining to Land held under 'Non-Banking assets acquired in satisfaction of claims'

(₹ in crores)		
Particulars	31 March, 2020	31 March, 2019
Amount of Land held under 'Non-Banking assets acquired in satisfaction of claims'*	2,068.24	2,208.61
Provisions made during the year by debiting profit and loss account	1,605.28	603.33
Provisions reversed during the year*	(140.37)	-
Provisions held at the end of the year by debiting profit and loss account	2,068.24	603.33
Unamortised provision debited from 'Balance in profit and loss account' under 'Reserves and Surplus'	-	1,605.28

\* during the year Bank sold a parcel of land with a book value of ₹140.37 crores

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2.1.44 Detail of Priority Sector Lending Certificates (PSLC) purchased by the Bank are set out below:

(₹ in crores)

Category	31 March, 2020	31 March, 2019
PSLC – Small & Micro Farmers	23,830.00	-
PSLC – General	9,900.00	17,470.00
PSLC – Micro Enterprises	8,790.50	2,375.00
PSLC – Agriculture	5,800.00	-
<b>Total</b>	<b>48,320.50</b>	<b>19,845.00</b>

Details of PSLCs sold by the Bank are set out below:

(₹ in crores)

Category	31 March, 2020	31 March, 2019
PSLC – General	44,320.00	385.00
PSLC - Micro Enterprises	4,000.00	-
<b>Total</b>	<b>48,320.00</b>	<b>385.00</b>

2.1.45 Disclosure on Liquidity Coverage Ratio

#### Qualitative disclosure

The Bank has adopted the Basel III framework on liquidity standards as prescribed by RBI and has put in place requisite systems and processes to enable periodical computation and reporting of the Liquidity Coverage Ratio (LCR). The mandated regulatory threshold is embedded into the Risk Appetite Statement of the Bank thus subjecting LCR maintenance to Board oversight and periodical review. The Bank computes the LCR and reports the same to the Asset Liability Management Committee (ALCO) every month for review as well as to the Risk Management Committee of the Board.

The Bank computes LCR on a daily basis and in accordance with RBI guidelines the quarterly disclosures of LCR contain data on the simple average calculated on daily observations over a period of 90 days.

The Bank follows the criteria laid down by RBI for calculation of High Quality Liquid Assets (HQLA), gross outflows and inflows within the next 30-day period. HQLA predominantly comprises Government securities viz. Treasury Bills, Central and State Government securities. A relatively smaller part of HQLA is accounted for by the corporate bonds with mandated haircuts applied thereto.

The Bank monitors the concentration of funding sources from significant counterparties, significant instruments/products as part of the asset liability management framework. The Bank adheres to the regulatory and internal limits on Inter-bank liability and call money borrowings which form part of the ALM policy. The Bank's funding sources are fairly dispersed across sources and maturities.

Expected derivative cash outflows and inflows are calculated for outstanding contracts in accordance with laid down valuation methodologies. Cash flows, if any, from collaterals posted against derivatives are not considered.

Apart from the LCR position in all currencies put together, the Bank monitors the LCR in US Dollar currency which qualifies as a significant currency as per RBI guidelines.

The liquidity risk management of the Bank is undertaken by the Asset Liability Management group in the Treasury in accordance with the Board approved policies and ALCO approved funding plans. The Risk department measures and monitors the liquidity profile of the Bank with reference to the Board approved limits, for both domestic as well as overseas operations, on a static as well as on a dynamic basis by using the gap analysis technique supplemented by monitoring of key liquidity ratios and periodical liquidity stress testing. Periodical reports are placed before the Bank's ALCO for perusal and review.

All significant outflows and inflows determined in accordance with RBI guidelines are included in the prescribed LCR computation template.

## Quantitative disclosure

(₹ in crores)

	Quarter ended 31 March, 2020		Quarter ended 31 December, 2019		Quarter ended 30 September, 2019		Quarter ended 30 June, 2019		
	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	
<b>High Quality Liquid Assets</b>									
1	Total High Quality Liquid Assets (HQLAs)	1,53,367.16		136,689.42		131,204.91		131,403.54	
<b>Cash Outflows</b>									
2	Retail Deposits and deposits from small business customers, of which:	343,438.06	29,290.56	332,402.80	30,483.28	316,993.94	29,016.38	308,585.60	28,213.84
	(i) Stable Deposits	101,064.99	5,053.25	55,139.77	2,756.99	53,660.26	2,683.01	52,894.53	2,644.73
	(ii) Less Stable Deposits	242,373.07	24,237.31	277,263.03	27,726.29	263,333.68	26,333.37	255,691.07	25,569.11
3	Unsecured wholesale funding, of which :	188,919.86	106,484.32	173,900.62	87,383.69	158,269.16	79,179.07	163,736.68	82,229.45
	(i) Operational deposits (all counterparties)	12,446.47	3,091.07	40,926.39	10,219.61	40,975.45	10,232.28	45,252.80	11,301.58
	(ii) Non-operational deposits (all counterparties)	176,473.39	103,393.25	132,974.23	77,164.08	117,293.71	68,946.79	118,483.88	70,927.87
	(iii) Unsecured debt	-	-	-	-	-	-	-	-
4	Secured wholesale funding		205.42		30.76		-		-
5	Additional requirements, of which:	41,661.37	37,484.42	29,064.70	23,845.67	29,973.51	24,432.21	31,272.56	25,562.49
	(i) Outflows related to derivative exposures and other collateral requirements	35,283.57	35,283.57	20,856.03	20,856.03	19,769.56	19,769.56	24,356.76	24,356.76
	(ii) Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
	(iii) Credit and liquidity facilities	6,377.80	2,200.85	8,208.67	2,989.64	10,203.95	4,662.65	6,915.80	1,205.73
6	Other contractual funding obligations	5,186.45	5,186.45	5,329.08	5,329.08	5,567.56	5,567.56	5,993.94	5,993.94
7	Other contingent funding obligations	259,508.03	10,958.57	260,446.40	10,975.47	263,394.18	11,116.33	240,539.04	9,882.59
8	<b>Total Cash Outflows</b>		<b>189,609.74</b>		<b>158,047.95</b>		<b>149,311.55</b>		<b>151,882.31</b>
<b>Cash Inflows</b>									
9	Secured lending (eg. reverse repo)	28,920.03	-	15,742.82	-	6,085.12	-	7,475.08	-
10	Inflows from fully performing exposures	29,834.23	20,486.21	26,837.93	18,100.37	29,440.23	21,375.26	32,929.08	23,639.66
11	Other cash inflows	33,896.15	33,896.15	19,463.48	19,463.48	18,595.27	18,595.27	23,694.78	23,694.78
12	<b>Total Cash Inflows</b>	<b>92,650.41</b>	<b>54,382.36</b>	<b>62,044.23</b>	<b>37,563.85</b>	<b>54,120.62</b>	<b>39,970.53</b>	<b>64,098.94</b>	<b>47,334.44</b>
	<b>Total adjusted Value</b>								
21	<b>Total HQLA</b>		<b>153,367.16</b>		<b>136,689.42</b>		<b>131,204.91</b>		<b>131,403.54</b>
22	<b>Total Net Cash Outflows</b>		<b>135,227.38</b>		<b>120,484.10</b>		<b>109,341.02</b>		<b>104,547.87</b>
23	<b>Liquidity Coverage Ratio %</b>		<b>113.41%</b>		<b>113.45%</b>		<b>120.00%</b>		<b>125.69%</b>

Notes:

- 1) Average for all the quarters is simple average of daily observations for the quarter.
- 2) Classification of inflows and outflows for determining the run off factors is based on the same estimates and assumptions as used by the Bank for compiling the return submitted to the RBI, which has been relied upon by the auditors.
- 3) In compliance with the RBI directive received, the Bank has computed LCR as per the revised definition of 'Operational Deposits' with effect from 20 December, 2019. As a result, the LCR for the quarter ended 31 March, 2020 is strictly not comparable with the LCR reported for previous quarters.



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		(₹ in crores)							
		Quarter ended 31 March, 2019		Quarter ended 31 December, 2018		Quarter ended 30 September, 2018		Quarter ended 30 June, 2018	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
<b>High Quality Liquid Assets</b>									
1	Total High Quality Liquid Assets (HQLAs)		122,173.58		112,336.65		98,417.24		82,905.66
<b>Cash Outflows</b>									
2	Retail Deposits and deposits from small business customers, of which:	288,756.01	26,298.55	276,752.92	25,082.62	262,954.38	23,773.05	250,441.74	22,587.17
(i)	Stable Deposits	51,541.11	2,577.06	51,853.44	2,592.67	50,447.68	2,522.38	49,140.03	2,457.00
(ii)	Less Stable Deposits	237,214.90	23,721.49	224,899.48	22,489.95	212,506.70	21,250.67	201,301.71	20,130.17
3	Unsecured wholesale funding, of which :	156,131.98	79,803.19	147,846.47	74,665.27	138,551.93	71,267.03	133,534.29	68,572.86
(i)	Operational deposits (all counterparties)	45,839.18	11,448.44	45,614.30	11,396.72	42,070.15	10,511.43	41,286.10	10,315.38
(ii)	Non-operational deposits (all counterparties)	110,292.80	68,354.75	102,232.17	63,268.55	96,481.78	60,775.60	92,248.19	58,257.48
(iii)	Unsecured debt	-	-	-	-	-	-	-	-
4	Secured wholesale funding		-		489.13		-		1,315.08
5	Additional requirements, of which:	33,663.94	22,274.62	44,959.20	31,958.57	39,442.47	27,091.98	37,859.76	25,588.32
(i)	Outflows related to derivative exposures and other collateral requirements	20,690.63	20,690.63	30,309.69	30,309.69	25,518.93	25,518.93	23,839.39	23,839.39
(ii)	Outflows related to loss of funding on debt products	35.28	35.28	112.93	112.93	179.59	179.59	136.23	136.23
(iii)	Credit and liquidity facilities	12,938.03	1,548.71	14,536.58	1,535.95	13,743.95	1,393.46	13,884.14	1,612.70
6	Other contractual funding obligations	5,481.21	5,481.21	5,347.92	5,347.92	4,303.74	4,241.13	4,115.59	4,025.59
7	Other contingent funding obligations	229,362.92	9,296.33	232,701.55	9,189.17	236,628.98	9,380.16	226,614.14	8,914.06
8	<b>Total Cash Outflows</b>		<b>143,153.90</b>		<b>146,732.68</b>		<b>135,753.34</b>		<b>131,003.08</b>
<b>Cash Inflows</b>									
9	Secured lending (eg. reverse repo)	9,018.11	-	4,657.91	-	3,172.41	-	2,130.44	-
10	Inflows from fully performing exposures	34,209.85	24,150.15	34,751.35	24,671.71	36,368.55	24,909.84	31,469.06	20,819.65
11	Other cash inflows	20,164.89	20,164.89	30,454.88	30,454.88	25,478.59	25,478.59	23,503.92	23,503.92
12	<b>Total Cash Inflows</b>	<b>63,392.85</b>	<b>44,315.04</b>	<b>69,864.14</b>	<b>55,126.59</b>	<b>65,019.55</b>	<b>50,388.43</b>	<b>57,103.42</b>	<b>44,323.57</b>
		Total adjusted Value		Total adjusted Value		Total adjusted Value		Total adjusted Value	
21	<b>Total HQLA</b>		<b>122,173.58</b>		<b>112,336.65</b>		<b>98,417.24</b>		<b>82,905.66</b>
22	<b>Total Net Cash Outflows</b>		<b>98,838.86</b>		<b>91,606.09</b>		<b>85,364.91</b>		<b>86,679.51</b>
23	<b>Liquidity Coverage Ratio %</b>		<b>123.61%</b>		<b>122.63%</b>		<b>115.29%</b>		<b>95.65%</b>

#### Notes:

- 1) Average for all the quarters is simple average of daily observations for the quarter.
- 2) Classification of inflows and outflows for determining the run off factors is based on the same estimates and assumptions as used by the Bank for compiling the return submitted to the RBI, which has been relied upon by the auditors.

## 2.2 Other disclosures

- 2.2.1 During the year, the Bank has appropriated ₹340.46 crores (previous year ₹124.93 crores) to the Capital Reserve, net of taxes and transfer to Statutory Reserve, being the gain on sale of HTM investments in accordance with RBI guidelines. As advised by RBI, the Bank has also appropriated ₹0.06 crores (previous year ₹0.16 crores) to the Capital Reserve, net of taxes and transfer to Statutory Reserve, being the profit on sale of immovable property.
- 2.2.2 During the year, the Bank has appropriated ₹328.00 crores (previous year ₹600.00 crores) to the Investment Fluctuation Reserve in accordance with RBI guidelines.
- 2.2.3 During the year, the Bank has appropriated ₹0.85 crores (previous year ₹0.63 crores) to Reserve Fund account towards statutory reserve in accordance with guidelines issued by Central Bank of Sri Lanka in respect of Colombo branch operations.
- 2.2.4 Earnings Per Share ('EPS')

The details of EPS computation is set out below:

Category	31 March, 2020	31 March, 2019
Basic and Diluted earnings for the year (Net profit after tax) (₹ in crores)	1,627.22	4,676.61
Basic weighted average no. of shares (in crores)	271.51	256.90
Add: Equity shares for no consideration arising on grant of stock options under ESOP (in crores)	0.98	1.58
Diluted weighted average no. of shares (in crores)	272.49	258.48
Basic EPS (₹)	5.99	18.20
Diluted EPS (₹)	5.97	18.09
Nominal value of shares (₹)	2.00	2.00

Dilution of equity is on account of 8,395,776 stock options and 1,420,559 warrants (previous year 9,813,655 stock options and 6,033,509 warrants).

### 2.2.5 Employee Stock Options Scheme ('the Scheme')

Pursuant to the approval of the shareholders in February 2001, the Bank approved an Employee Stock Option Scheme under which eligible employees are granted an option to purchase shares subject to vesting conditions. Over the period till March 2020, pursuant to the approval of the shareholders, the Bank approved ESOP schemes for options aggregating 265,087,000 that vest in a graded manner over 3 years. The options can be exercised within three/five years from the date of the vesting as the case may be. Within the overall ceiling of 265,087,000 stock options approved for grant by the shareholders as stated earlier, the Bank is authorised to issue options to eligible employees and Whole Time Directors of the subsidiary companies.

259,613,700 options have been granted under the Schemes till the previous year ended 31 March, 2019. Pursuant to the approval of the Nomination and Remuneration Committee on 27 March, 2019, the Bank granted 8,650,150 stock options (each option representing entitlement to one equity share of the Bank) to its eligible employees/directors of the Bank/subsidiary companies at a grant price of ₹757.10. Further, during FY2019-20, the Bank granted stock options (each option representing entitlement to one equity share of the Bank) to its eligible employees/directors of the Bank/subsidiary companies, the details of which are as under:

Date of grant	No. of options granted	Grant price (₹ per option)
25 April, 2019	430,000	752.85
29 July, 2019	90,000	729.85
21 January, 2020	330,000	727.20

Stock option activity under the Scheme for the year ended 31 March, 2020 is set out below:

	Options outstanding	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life (Years)
Outstanding at the beginning of the year	30,132,874	288.96 to 619.60	465.06	4.13
Granted during the year	9,500,150	727.20 to 757.10	755.61	-
Forfeited during the year	(1,018,650)	306.54 to 757.10	623.71	-
Expired during the year	(950)	288.96	288.96	-
Exercised during the year	(5,947,539)	288.96 to 535.00	397.02	-
<b>Outstanding at the end of the year</b>	<b>32,665,885</b>	<b>306.54 to 757.10</b>	<b>557.01</b>	<b>4.15</b>
<b>Exercisable at the end of the year</b>	<b>20,373,840</b>	<b>306.54 to 757.10</b>	<b>505.98</b>	<b>3.03</b>

The weighted average share price in respect of options exercised during the year was ₹715.09.

Stock option activity under the Scheme for the year ended 31 March, 2019 is set out below:

	Options outstanding	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life (Years)
Outstanding at the beginning of the year	29,554,909	217.33 to 535.00	432.45	4.22
Granted during the year	6,455,000	504.85 to 619.60	516.05	-
Forfeited during the year	(748,700)	306.54 to 535.00	500.67	-
Expired during the year	(22,400)	288.96	288.96	-
Exercised during the year	(5,105,935)	217.33 to 535.00	336.29	-
<b>Outstanding at the end of the year</b>	<b>30,132,874</b>	<b>288.96 to 619.60</b>	<b>465.06</b>	<b>4.13</b>
<b>Exercisable at the end of the year</b>	<b>17,138,224</b>	<b>288.96 to 535.00</b>	<b>436.22</b>	<b>2.87</b>

The weighted average share price in respect of options exercised during the year was ₹623.15.

#### Fair Value Methodology

On applying the fair value based method in Guidance Note on 'Accounting for Employee Share-based Payments' the impact on reported net profit and EPS would be as follows:

	31 March, 2020	31 March, 2019
Net Profit (as reported) (₹ in crores)	1,627.22	4,676.61
Add: Stock based employee compensation expense included in net income (₹ in crores)	-	-
Less: Stock based employee compensation expense determined under fair value based method (proforma) (₹ in crores)	(137.07)	(95.04)
<b>Net Profit (Proforma) (₹ in crores)</b>	<b>1,490.15</b>	<b>4,581.57</b>
<b>Earnings per share: Basic (in ₹)</b>		
As reported	5.99	18.20
Proforma	5.49	17.83
<b>Earnings per share: Diluted (in ₹)</b>		
As reported	5.97	18.09
Proforma	5.47	17.77

During the years ended, 31 March, 2020 and 31 March, 2019, no cost has been incurred by the Bank on ESOPs issued to the employees of the Bank and employees of subsidiaries under the intrinsic value method.

The fair value of the options is estimated on the date of the grant using the Black-Scholes options pricing model, with the following assumptions:

	31 March, 2020	31 March, 2019
Dividend yield	0.54%	0.76%
Expected life	1.82-3.82 years	2.57-4.57 years
Risk free interest rate	5.99% to 6.96%	7.07% to 7.63%
Volatility	28.07% to 28.60%	28.78% to 30.82%

Volatility is the measure of the amount by which a price has fluctuated or is expected to fluctuate during a period. The measure of volatility used in the Black-Scholes options pricing model is the annualised standard deviation of the continuously compounded rates of return on the stock over a period of time. For calculating volatility, the daily volatility of the stock prices on the National Stock Exchange, over a period prior to the date of grant, corresponding with the expected life of the options has been considered.

The weighted average fair value of options granted during the year ended 31 March, 2020 is ₹200.15 (previous year ₹164.10).

On 18 March, 2020, the Nomination and Remuneration Committee of the Board of Directors of the Bank has approved the grant of upto 12,500,000 stock options to eligible employees. As on 31 March, 2020, there have been no allotments of options under this grant. Accordingly, these options have not been considered in the above disclosure and for disclosure of proforma net profit and EPS under fair value method for FY 2019-20.

#### 2.2.6 Proposed Dividend

The Reserve Bank of India, vide its circular dated 17 April, 2020, has advised that banks shall not make any further dividend payouts from profits pertaining to the financial year ended 31 March, 2020 until further instructions, with a view that banks must conserve capital in an environment of heightened uncertainty caused by COVID-19. Accordingly, the Board of Directors of the Bank has not proposed any dividend for the year ended 31 March, 2020.

#### 2.2.7 Segmental reporting

The business of the Bank is divided into four segments: Treasury, Retail Banking, Corporate/Wholesale Banking and Other Banking Business. These segments have been identified based on the RBI's revised guidelines on Segment Reporting issued on 18 April, 2007 vide Circular No. DBOD.No.BP.BC.81/21.04.018/2006-07. The principal activities of these segments are as under.

Segment	Principal Activities
Treasury	Treasury operations include investments in sovereign and corporate debt, equity and mutual funds, trading operations, derivative trading and foreign exchange operations on the proprietary account and for customers. The Treasury segment also includes the central funding unit.
Retail Banking	Constitutes lending to individuals/small businesses through the branch network and other delivery channels subject to the orientation, nature of product, granularity of the exposure and the quantum thereof. Retail Banking activities also include liability products, card services, internet banking, mobile banking, ATM services, depository, financial advisory services and NRI services.
Corporate/Wholesale Banking	Includes corporate relationships not included under Retail Banking, corporate advisory services, placements and syndication, project appraisals, capital market related services and cash management services.
Other Banking Business	Includes para banking activities like third party product distribution and other banking transactions not covered under any of the above three segments.

Unallocated assets and liabilities - All items which are reckoned at an enterprise level are classified under this segment such as deferred tax, money received against share warrants, tax paid in advance net of provision, etc.

Revenues of the Treasury segment primarily consist of fees and gains or losses from trading operations and interest income on the investment portfolio. The principal expenses of the segment consist of interest expense

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on funds borrowed from external sources and other internal segments, premises expenses, personnel costs, other direct overheads and allocated expenses.

Revenues of the Corporate/Wholesale Banking segment consist of interest and fees earned on loans given to customers falling under this segment and fees arising from transaction services and merchant banking activities such as syndication and debenture trusteeship. Revenues of the Retail Banking segment are derived from interest earned on loans classified under this segment, fees for banking and advisory services, ATM interchange fees and cards products. Expenses of the Corporate/Wholesale Banking and Retail Banking segments primarily comprise interest expense on deposits and funds borrowed from other internal segments, infrastructure and premises expenses for operating the branch network and other delivery channels, personnel costs, other direct overheads and allocated expenses.

Segment income includes earnings from external customers and from funds transferred to the other segments. Segment result includes revenue as reduced by interest expense and operating expenses and provisions, if any, for that segment. Segment-wise income and expenses include certain allocations. Inter segment interest income and interest expense represent the transfer price received from and paid to the Central Funding Unit (CFU) respectively. For this purpose, the funds transfer pricing mechanism presently followed by the Bank, which is based on historical matched maturity and internal benchmarks, has been used. Operating expenses other than those directly attributable to segments are allocated to the segments based on an activity-based costing methodology. All activities in the Bank are segregated segment-wise and allocated to the respective segment.

Effective 1 April, 2019, the Bank has reported inter segment revenue and inter segment expense in the Central Funding Unit (which forms part of Treasury segment) on a net basis as against earlier practice of reporting revenue and expenses on a gross basis. Accordingly, segmental revenue numbers for the previous period have been restated to make them comparable with current period numbers. There is no impact of this change on the segmental profit before tax.

Segmental results are set out below:

(₹ in crores)

	31 March, 2020				
	Treasury	Corporate/ Wholesale Banking	Retail Banking	Other Banking Business	Total
<b>Segment Revenue</b>					
Gross interest income (external customers)	14,574.22	18,538.09	29,522.85	-	62,635.16
Other income	3,988.16	3,852.72	6,453.32	1,242.36	15,536.56
<b>Total income as per Profit and Loss Account</b>	<b>18,562.38</b>	<b>22,390.81</b>	<b>35,976.17</b>	<b>1,242.36</b>	<b>78,171.72</b>
Add/(less) inter segment interest income	4,813.04	6,524.53	25,323.09	0.01	36,660.67
<b>Total segment revenue</b>	<b>23,375.42</b>	<b>28,915.34</b>	<b>61,299.26</b>	<b>1,242.37</b>	<b>114,832.39</b>
Less: Interest expense (external customers)	16,345.72	1,241.93	19,841.31	-	37,428.96
Less: Inter segment interest expense	2,299.55	14,464.23	19,896.23	0.66	36,660.67
Less: Operating expenses	302.09	4,413.50	12,267.84	321.19	17,304.62
<b>Operating profit</b>	<b>4,428.06</b>	<b>8,795.68</b>	<b>9,293.88</b>	<b>920.52</b>	<b>23,438.14</b>
Less: Provision for non-performing assets/others*	2,599.64	9,726.06	4,325.55	0.38	16,651.63
Less: Unallocated Provision for other contingencies#					1,882.28
<b>Segment result</b>	<b>1,828.42</b>	<b>(930.38)</b>	<b>4,968.33</b>	<b>920.14</b>	<b>4,904.23</b>
Less: Provision for tax					3,277.01
Extraordinary profit/loss					-
<b>Net Profit</b>					<b>1,627.22</b>
Segment assets	320,153.31	257,557.11	328,156.61	283.88	906,150.91
Unallocated assets					9,013.91
<b>Total assets</b>					<b>915,164.82</b>
Segment liabilities	291,911.84	132,443.67	403,812.82	63.49	828,231.82
Unallocated liabilities					1,985.15
<b>Total liabilities</b>					<b>830,216.97</b>
<b>Net assets</b>	<b>28,241.47</b>	<b>125,113.44</b>	<b>(75,656.21)</b>	<b>220.39</b>	<b>84,947.85</b>
<b>Capital expenditure for the year</b>	<b>6.89</b>	<b>229.82</b>	<b>624.99</b>	<b>8.66</b>	<b>870.36</b>
<b>Depreciation on fixed assets for the year</b>	<b>6.12</b>	<b>204.10</b>	<b>555.04</b>	<b>7.69</b>	<b>772.95</b>

\* represents material non-cash items other than depreciation

# represents provision for COVID-19 over and above regulatory requirement, per extant guidelines as on date of adoption of financial statements by the Board

(₹ in crores)

	31 March, 2019				
	Treasury	Corporate/ Wholesale Banking	Retail Banking	Other Banking Business	Total
<b>Segment Revenue</b>					
Gross interest income (external customers)	13,848.40	17,439.94	23,697.43	-	54,985.77
Other income	2,355.65	4,320.54	5,224.37	1,229.78	13,130.34
<b>Total income as per Profit and Loss Account</b>	<b>16,204.05</b>	<b>21,760.48</b>	<b>28,921.80</b>	<b>1,229.78</b>	<b>68,116.11</b>
Add/(less) inter segment interest income	6,680.96	6,175.11	20,249.77	0.01	33,105.85
<b>Total segment revenue</b>	<b>22,885.01</b>	<b>27,935.59</b>	<b>49,171.57</b>	<b>1,229.79</b>	<b>101,221.96</b>
Less: Interest expense (external customers)	16,884.94	1,170.08	15,222.58	-	33,277.60
Less: Inter segment interest expense	3,048.35	13,520.57	16,536.06	0.87	33,105.85
Less: Operating expenses	414.52	3,800.03	11,265.40	353.45	15,833.40
<b>Operating profit</b>	<b>2,537.20</b>	<b>9,444.91</b>	<b>6,147.53</b>	<b>875.47</b>	<b>19,005.11</b>
Less: Provision for non-performing assets/others*	690.12	9,026.31	2,248.59	66.00	12,031.02
<b>Segment result</b>	<b>1,847.08</b>	<b>418.60</b>	<b>3,898.94</b>	<b>809.47</b>	<b>6,974.09</b>
Less: Provision for tax					2,297.48
Extraordinary profit/loss					-
<b>Net Profit</b>					<b>4,676.61</b>
Segment assets	283,985.76	238,692.89	268,642.17	337.05	791,657.87
Unallocated assets					9,338.66
<b>Total assets</b>					<b>800,996.53</b>
Segment liabilities	274,441.80	129,036.23	329,975.67	53.89	733,507.59
Unallocated liabilities					812.64
<b>Total liabilities</b>					<b>734,320.23</b>
<b>Net assets</b>	<b>9,543.96</b>	<b>109,656.66</b>	<b>(61,333.50)</b>	<b>283.16</b>	<b>66,676.30</b>
Capital expenditure for the year	15.52	200.43	674.32	14.80	905.07
Depreciation on fixed assets for the year	12.17	157.17	528.78	11.60	709.72

\*represents material non-cash items other than depreciation

#### Geographic Segments

(₹ in crores)

	Domestic		International		Total	
	31 March, 2020	31 March, 2019	31 March, 2020	31 March, 2019	31 March, 2020	31 March, 2019
Revenue	76,113.68	64,700.02	2,058.04	3,416.09	78,171.72	68,116.11
Assets	861,491.30	753,055.38	53,673.52	47,941.15	915,164.82	800,996.53
Capital Expenditure for the year	869.05	902.89	1.31	2.18	870.36	905.07
Depreciation on fixed assets for the year	771.16	707.05	1.79	2.67	772.95	709.72

#### 2.2.8 Related party disclosure

The related parties of the Bank are broadly classified as:

##### a) Promoters

The Bank has identified the following entities as its Promoters.

- Administrator of the Specified Undertaking of the Unit Trust of India (SUUTI)
- Life Insurance Corporation of India (LIC)
- General Insurance Corporation, New India Assurance Co. Limited, National Insurance Co. Limited, United India Insurance Co. Limited and The Oriental Insurance Co. Limited.

**b) Key Management Personnel**

- Mr. Amitabh Chaudhry (MD & CEO)
- Ms. Shikha Sharma (MD & CEO) (upto 31 December, 2018)
- Mr. V. Srinivasan (Deputy Managing Director) (upto 20 December, 2018)
- Mr. Rajesh Dahiya [Executive Director (Corporate Centre)]
- Mr. Rajiv Anand [Executive Director (Wholesale Banking)]
- Mr. Pralay Mondal [Executive Director (Retail Banking)] (w.e.f. 1 August, 2019)

**c) Relatives of Key Management Personnel**

Ms. Preeti Chaudhry, Mr. Anagh Chaudhry, Mr. Aruj Chaudhry, Mr. Aryan Chaudhry, Ms. Chhavi Kharb, Mr. Om Singh Chaudhry, Ms. Kusum Chaudhry, Mr. Sanjaya Sharma, Ms. Usha Bharadwaj, Mr. Tilak Sharma, Ms. Tvisha Sharma, Dr. Sanjiv Bharadwaj, Dr. Prashant Bharadwaj, Dr. Brevis Bharadwaj, Dr. Reena Bharadwaj, Ms. Gayathri Srinivasan, Mr. V. Satish, Ms. Camy Satish, Ms. Ananya Srinivasan, Ms. Anagha Srinivasan, Ms. Geetha N., Ms. Chitra R., Ms. Sumathi N., Mr. S. Ranganathan, Mr. R. Narayan, Ms. Gitanjali Anand, Ms. Tara Anand, Ms. Nandita Anand, Mr. P.L. Narain, Mr. P. Srinivas, Ms. Ratna Rao Shekar, Ms. P. Kamashi, Ms. Hemant Dahiya, Ms. Arooshi Dahiya, Ms. Mallika Dahiya, Ms. Jal Medha, Ms. Pooja Rathi, Mr. Jai Prakash Dahiya, Ms. Mahasweta Mondal, Ms. Pritha Mondal, Ms. Trina Mondal, Mr. Biplab Mondal, Ms. Anima Mondal.

**d) Subsidiary Companies**

- Axis Capital Limited
- Axis Private Equity Limited
- Axis Trustee Services Limited
- Axis Asset Management Company Limited
- Axis Mutual Fund Trustee Limited
- Axis Bank UK Limited
- Axis Finance Limited
- Axis Securities Limited
- A.Treds Limited
- Accelyst Solutions Private Limited
- Freecharge Payment Technologies Private Limited

**e) Step down subsidiary companies**

- Axis Capital USA LLC

Based on RBI guidelines, details of transactions with step down subsidiaries are not disclosed since there is only one entity/party in this category.

The details of transactions of the Bank with its related parties during the year ended 31 March, 2020 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel <sup>#</sup>	Subsidiaries	Total
Dividend paid	46.04	0.04	-	-	46.08
Dividend received	-	-	-	240.26	240.26
Interest paid	551.48	1.07	0.15	15.57	568.27
Interest received	0.19	0.26	-	53.95	54.40
Investment of the Bank	-	-	-	6.70	6.70
Investment in non-equity instruments of related party	-	-	-	45.00	45.00
Investment of related party in the Bank	-	5.44	-	-	5.44
Redemption of Hybrid capital/Bonds of the Bank	55.00	-	-	-	55.00
Purchase of investments	-	-	-	369.16	369.16
Sale of investments	1,318.04	-	-	-	1,318.04
Management contracts	-	-	-	12.87	12.87
Remuneration paid	-	15.84	-	-	15.84
Contribution to employee benefit fund	15.42	-	-	-	15.42
Repayment of security deposits by related party	-	-	-	-	-
Non-funded commitments (issued)	-	-	-	-	-
Call/Term lending to related party	-	-	-	55.61	55.61
Repayment of Call/Term lending by related party	-	-	-	55.61	55.61
Swaps/Forward contracts	-	-	-	79.34	79.34
Advance granted (net)	-	-	-	0.45	0.45
Advance repaid	5.31	6.01	-	86.47	97.79
Purchase of loans	-	-	-	-	-
Sell down of loans (including undisbursed loan commitments)	-	-	-	-	-
Receiving of services	202.74	-	-	178.55	381.29
Rendering of services	29.38	0.01	-	50.60	79.99
Sale of foreign exchange currency to related party	-	1.48	0.03	-	1.51
Royalty received	-	-	-	3.03	3.03
Other reimbursements from related party	-	-	-	37.77	37.77
Other reimbursements to related party	0.19	-	-	10.53	10.72

<sup>#</sup> Details of transactions of the Bank with relatives of KMP are for the period during which the KMP are related parties of the Bank.

The balances payable to/receivable from the related parties of the Bank as on 31 March, 2020 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel <sup>#</sup>	Subsidiaries	Total
Call/Term lending to related party	-	-	-	-	-
Deposits with the Bank	7,119.06	16.01	5.99	565.88	7,706.94
Placement of security deposits	0.31	-	-	-	0.31
Advances	1.31	4.85	0.03	351.56	375.75
Investment of the Bank	-	-	-	2,292.82	2,292.82
Investment in non-equity instruments of related party	-	-	-	-	-
Investment of related party in the Bank	88.56	0.08	-	-	88.64
Non-funded commitments	3.32	-	-	-	3.32
Investment of related party in Hybrid capital/Bonds of the Bank	2,760.00	-	-	-	2,760.00
Payable under management contracts	-	-	-	-	-
Other receivables (net)	-	-	-	6.13	6.13
Other payables (net)	-	-	-	26.64	26.64

<sup>#</sup> Details of transactions of the Bank with relatives of KMP are for the period during which the KMP are related parties of the Bank.



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The maximum balances payable to/receivable from the related parties of the Bank during the year ended 31 March, 2020 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Subsidiaries	Total
Deposits with the Bank	16,652.92	20.86	5.99	1,106.09	17,785.86
Placement of deposits	0.31	-	-	-	0.31
Advances	11.51	10.99	0.06	1,473.93	1,496.49
Investment of the Bank	-	-	-	2,292.82	2,292.82
Investment of related party in the Bank	93.60	0.09	-	-	93.69
Investment in non-equity instruments of related party	290.05	-	-	-	290.05
Non-funded commitments	3.33	-	-	-	3.33
Call lending	-	-	-	55.61	55.61
Swaps/Forward contracts	-	-	-	1.51	1.51
Investment of related party in Hybrid Capital/Bonds of the Bank	2,815.00	-	-	-	2,815.00
Payable under management contracts	-	-	-	-	-
Other receivables (net)	-	-	-	17.94	17.94
Other payables (net)	-	-	-	88.19	88.19

The details of transactions of the Bank with its related parties during the year ended 31 March, 2019 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel <sup>#</sup>	Subsidiaries	Total
Dividend paid	-	-	-	-	-
Dividend received	-	-	-	131.10	131.10
Interest paid	554.78	0.41	0.12	17.41	572.72
Interest received	0.13	1.09	-	22.19	23.41
Investment of the Bank	-	-	-	197.17	197.17
Investment in non-equity instruments of related party	341.26	-	-	50.00	391.26
Investment of related party in the Bank	-	17.93	-	-	17.93
Redemption of Hybrid capital/Bonds of the Bank	1,510.00	-	-	-	1,510.00
Purchase of investments	205.00	-	-	-	205.00
Sale of investments	857.07	-	-	-	857.07
Management contracts	-	-	-	18.64	18.64
Remuneration paid	-	18.49	-	-	18.49
Contribution to employee benefit fund	16.53	-	-	-	16.53
Repayment of security deposits by related party	0.12	-	-	-	0.12
Non-funded commitments (issued)	-	-	-	-	-
Repayment of Call/Term lending by related party	-	-	-	352.14	352.14
Swaps/Forward contracts	-	-	-	138.31	138.31
Advance granted (net)	-	-	-	22.15	22.15
Advance repaid	0.45	7.38	-	621.41	629.24
Purchase of loans	-	-	-	-	-
Sell down of loans (including undisbursed loan commitments)	-	-	-	-	-
Receiving of services	120.46	-	-	969.90	1,090.36
Rendering of services	27.88	0.03	-	195.79*	223.70
Sale of foreign exchange currency to related party	-	1.35	0.01	-	1.36
Other reimbursements from related party	-	-	-	22.68	22.68
Other reimbursements to related party	0.66	-	-	1.09	1.75

<sup>#</sup> Details of transactions of the Bank with relatives of KMP are for the period during which the KMP are related parties of the Bank

\* Net of reversal of ₹46 crores towards fees receivable from Axis Asset Management Company Limited, pursuant to change in SEBI guidelines

The balances payable to/receivable from the related parties of the Bank as on 31 March, 2019 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel <sup>#</sup>	Subsidiaries	Total
Call/Term lending to related party	-	-	-	-	-
Deposits with the Bank	9,146.04	13.91	0.55	378.75	9,539.25
Placement of security deposits	0.31	-	-	-	0.31
Advances	6.62	10.90	0.03	437.58	455.13
Investment of the Bank	-	-	-	2,286.12	2,286.12
Investment in non-equity instruments of related party	290.05	-	-	-	290.05
Investment of related party in the Bank	93.60	0.08	-	-	93.68
Non-funded commitments	3.33	-	-	-	3.33
Investment of related party in Hybrid capital/Bonds of the Bank	2,790.00	-	-	-	2,790.00
Payable under management contracts	-	-	-	-	-
Other receivables (net)	-	-	-	17.94	17.94
Other payables (net)	-	-	-	88.19	88.19

<sup>#</sup> Details of transactions of the Bank with relatives of KMP are for the period during which the KMP are related parties of the Bank.

The maximum balances payable to/receivable from the related parties of the Bank during the year ended 31 March, 2019 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Subsidiaries	Total
Deposits with the Bank	17,078.36	22.86	5.49	890.52	17,997.23
Placement of deposits	0.43	-	-	-	0.43
Advances	154.79	19.66	0.17	1,172.33	1,346.95
Investment of the Bank	-	-	-	2,286.12	2,286.12
Investment of related party in the Bank	135.32	0.52	-	-	135.84
Investment in non-equity instruments of related party	290.05	-	-	-	290.05
Non-funded commitments	3.35	-	-	0.05	3.40
Call lending	-	-	-	340.78	340.78
Swaps/Forward contracts	-	-	-	3.03	3.03
Investment of related party in Hybrid Capital/Bonds of the Bank	4,300.00	-	-	-	4,300.00
Payable under management contracts	-	3.70	-	-	3.70
Other receivables (net)	-	-	-	55.02	55.02
Other payables (net)	-	-	-	88.19	88.19

The transactions with Promoters and Key Management Personnel excluding those under management contracts are in nature of the banker-customer relationship.

Details of transactions with Axis Mutual Fund the fund floated by Axis Asset Management Company Ltd., the Bank's subsidiary has not been disclosed since the entity does not qualify as Related Parties as defined under the Accounting Standard 18, Related Party Disclosure, as notified under Section 2(2) and Section 133 of the Companies Act, 2013 and as per RBI guidelines.

The significant transactions between the Bank and related parties during the year ended 31 March, 2020 and 31 March, 2019 are given below. A specific related party transaction is disclosed as a significant related party transaction wherever it exceeds 10% of the aggregate value of all related party transactions in that category:

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(₹ in crores)

Particulars	Year ended 31 March, 2020	Year ended 31 March, 2019
<b>Dividend paid</b>		
Life Insurance Corporation of India	26.32	-
Administrator of the Specified Undertaking of the Unit Trust of India	13.69	-
<b>Dividend received</b>		
Axis Securities Limited	33.23	-
Axis Bank UK Limited	31.07	-
Axis Finance Limited	120.19	-
Axis Capital Limited	42.26	117.60
Axis Trustee Services Limited	13.50	13.50
<b>Interest paid</b>		
Life Insurance Corporation of India	433.28	503.97
<b>Interest received</b>		
Axis Finance Limited	52.28	10.93
Axis Bank UK Limited	0.06	10.12
<b>Investment in Subsidiaries</b>		
A Treds Limited	6.70	13.40
Axis Bank UK Limited	-	183.77
<b>Investment in non-equity instruments of related party</b>		
United India Insurance Co. Limited	-	241.26
Oriental Insurance Co. Limited	-	100.00
Axis Finance Limited	45.00	50.00
<b>Investment of related party in the Bank</b>		
Ms. Shikha Sharma	N.A.	8.67
Mr. Rajiv Anand	2.62	4.05
Mr. Rajesh Dahiya	2.82	5.22
<b>Purchase of Investments</b>		
Axis Bank UK Limited	369.16	-
Oriental Insurance Co. Limited	-	205.00
<b>Redemption of Hybrid capital/Bonds of the Bank</b>		
Life Insurance Corporation of India	-	1500.00
General Insurance Corporation Co. Limited	10.00	-
National Insurance Co. Limited	20.00	-
United India Insurance Co. Limited	25.00	10.00
<b>Sale of investments</b>		
New India Assurance Co. Limited	490.00	195.00
General Insurance Corporation Co. Limited	556.00	335.02
United India Insurance Co. Limited	112.18	141.29
Oriental Insurance Co. Limited	99.85	145.76
<b>Management contracts</b>		
Axis Securities Limited	3.97	6.61
A Treds Limited	4.52	6.53
Axis Capital Limited	2.09	2.68
Axis Trustee Services Limited	2.29	2.80
<b>Remuneration paid</b>		
Mr. Amitabh Chaudhry	6.26	1.28
Ms. Shikha Sharma	N.A.	6.83
Mr. V. Srinivasan	N.A.	4.53
Mr. Rajiv Anand	4.16	3.18
Mr. Rajesh Dahiya	3.75	2.68
Mr. Pralay Mondal	1.67	N.A.
<b>Contribution to employee benefit fund</b>		
Life Insurance Corporation of India	15.42	16.53
<b>Repayment of Call/Term lending by related party</b>		
Axis Bank UK Limited	55.61	352.14
<b>Swaps/Forward contracts</b>		
Axis Bank UK Limited	79.34	138.31

(₹ in crores)

Particulars	Year ended 31 March, 2020	Year ended 31 March, 2019
<b>Advance granted (net)</b>		
Axis Capital Limited	-	19.43
Accelyst Solutions Private Limited	-	2.60
Axis Asset Management Company Limited	0.37	-
Axis Securities Limited	0.08	-
<b>Advance repaid</b>		
Axis Capital Limited	19.54	0.02
Axis Bank UK Limited	-	183.77
Axis Finance Limited	64.32	427.61
<b>Receiving of services</b>		
New India Assurance Co. Limited	88.90	52.72
Oriental Insurance Co. Limited	93.87	55.84
Freecharge Payment Technologies Private Limited	109.67	84.79
Accelyst Solutions Private Limited	46.09	0.33
Axis Securities Limited	10.39	878.80
<b>Rendering of services</b>		
Life Insurance Corporation of India	28.22	26.60
Axis Securities Limited	10.95	1.32
Axis Asset Management Company Limited	24.75	226.47
<b>Sale of foreign exchange currency to related party</b>		
Ms. Shikha Sharma	N.A.	1.14
Mr. Amitabh Chaudhry	0.40	0.15
Mr. Rajiv Anand	0.36	0.06
Mr. Pralay Mondal	0.72	N.A.
<b>Royalty received</b>		
Axis Asset Management Company Limited	0.70	-
Axis Capital Limited	0.36	-
Axis Finance Limited	1.51	-
<b>Other reimbursements from related party</b>		
Axis Securities Limited	29.10	0.44
Axis Capital Limited	3.90	3.90
Accelyst Solutions Private Limited	0.49	14.40
<b>Other reimbursements to related party</b>		
Axis Securities Limited	5.85	0.13
Life Insurance Corporation of India	0.19	0.66
Axis Capital Limited	0.26	0.22
Axis Bank UK Limited	4.40	0.57

## 2.2.9 Leases

### Disclosure in respect of assets taken on operating lease

This comprise of office premises/ATMs, cash deposit machines, staff quarters, electronic data capturing machines and IT equipment.

(₹ in crores)

	31 March, 2020	31 March, 2019
Future lease rentals payable as at the end of the year:		
- Not later than one year	850.65	775.07
- Later than one year and not later than five years	2,787.14	2,444.94
- Later than five years	3,008.19	2,235.49
Total of minimum lease payments recognised in the Profit and Loss Account for the year	914.17	833.95
Total of future minimum sub-lease payments expected to be received under non-cancellable subleases	28.51	5.50
Sub-lease payments recognised in the Profit and Loss Account for the year	1.33	2.08

## Financial Statements

### Standalone Financial Statements

The Bank has sub-leased certain of its properties taken on lease.

There are no provisions relating to contingent rent.

The terms of renewal/purchase options and escalation clauses are those normally prevalent in similar agreements. There are generally no undue restrictions or onerous clauses in the agreements.

#### Disclosure in respect of assets given on operating lease

	(₹ in crores)	
	31 March, 2020	31 March, 2019
Gross carrying amount of premises at the end of the year	157.91	157.91
Accumulated depreciation at the end of the year	11.26	8.63
Total depreciation charged to profit and loss account for the year	2.63	0.65
Future lease rentals receivable as at the end of the year:		
- Not later than one year	29.50	28.99
- Later than one year and not later than five years	118.16	116.54
- Later than five years	65.36	100.08

There is no provision relating to contingent rent.

#### 2.2.10 Movement in fixed assets capitalised as application software (included in other Fixed Assets)

	(₹ in crores)	
Particulars	31 March, 2020	31 March, 2019
<b>At cost at the beginning of the year</b>	1,610.96	1,291.64
Additions during the year*	207.34	319.54
Deductions during the year	(26.92)	(0.22)
Accumulated depreciation as at 31 March	(1,260.53)	(1,056.47)
<b>Closing balance as at 31 March</b>	530.85	554.49
Depreciation charge for the year	224.28	198.72

\*includes movement on account of exchange rate fluctuation

#### 2.2.11 The major components of deferred tax assets and deferred tax liabilities arising out of timing differences are as under:

	(₹ in crores)	
As at	31 March, 2020	31 March, 2019
Deferred tax assets on account of provisions for loan losses	5,932.33	7,072.93
Deferred tax assets on account of amortisation of HTM investments	5.01	8.35
Deferred tax assets on account of provision for employee benefits	9.05	97.12
Deferred tax assets on account of other items	1,366.12	547.26
<b>Deferred tax assets</b>	<b>7,312.51</b>	<b>7,725.66</b>
Deferred tax liabilities on account of depreciation on fixed assets	43.41	61.14
Deferred tax liabilities on account of other items	14.13	23.79
<b>Deferred tax liabilities</b>	<b>57.54</b>	<b>84.93</b>
<b>Net Deferred tax assets</b>	<b>7,254.97</b>	<b>7,640.73</b>

The Bank has elected to exercise the option permitted under Section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Act, 2019. The Bank has recognised provision for Income tax for the year ended 31 March, 2020 in line with the above option. This has necessitated a restatement of the opening balance of deferred tax assets as at 1 April, 2019, basis the rate prescribed in the aforesaid section. The restatement has resulted in a write down of ₹2,137.59 crores which has been fully charged to the Profit and Loss account during the year.

## 2.2.12 Employee Benefits

### Provident Fund

The rules of the Bank's Provident Fund administered by a Trust require that if the Board of Trustees are unable to pay interest at the rate declared for Employees' Provident Fund by the Government under para 60 of the Employees' Provident Fund Scheme, 1952 for the reason that the return on investment is less or for any other reason, then the deficiency shall be made good by the Bank. Based on an actuarial valuation conducted by an independent actuary, there is no deficiency as at the Balance Sheet date.

The following tables summarise the components of net benefit expenses recognised in the Profit and Loss Account and funded status and amounts recognised in the Balance Sheet for the Provident Fund benefit plan (including staff deputed at subsidiaries).

#### Profit and Loss Account

Net employee benefit expenses (recognised in payments to and provisions for employees)

	(₹ in crores)	
	31 March, 2020	31 March, 2019
Current Service Cost*	109.92	98.60
Interest on Defined Benefit Obligation	168.87	159.70
Expected Return on Plan Assets	(205.73)	(189.59)
Net Actuarial Losses/(Gains) recognised in the year	36.86	29.89
<b>Total included in "Employee Benefit Expense" [Schedule 16(I)]</b>	<b>109.92</b>	<b>98.60</b>
Actual Return on Plan Assets	173.11	132.30

\* includes contribution of ₹0.40 crores towards staff deputed at subsidiaries (previous year ₹0.52 crores)

#### Balance Sheet

Details of provision for provident fund

	(₹ in crores)	
	31 March, 2020	31 March, 2019
Fair Value of Plan Assets	2,494.37	2,245.71
Present Value of Funded Obligations	(2,494.37)	(2,245.71)
<b>Net Asset</b>	<b>-</b>	<b>-</b>
<b>Amounts in Balance Sheet</b>		
Liabilities	-	-
Assets	-	-
<b>Net Asset</b>	<b>-</b>	<b>-</b>

Changes in the present value of the defined benefit obligation are as follows:

	(₹ in crores)	
	31 March, 2020	31 March, 2019
<b>Opening Defined Benefit Obligation</b>	<b>2,245.71</b>	<b>2,006.65</b>
Current Service Cost	109.92	98.60
Interest Cost	168.87	159.70
Actuarial Losses/(Gains)	4.24	(27.40)
Employees Contribution	276.90	217.42
Liability transferred from/to other companies	(14.90)	(16.45)
Benefits Paid	(296.37)	(192.81)
<b>Closing Defined Benefit Obligation</b>	<b>2,494.37</b>	<b>2,245.71</b>

## Financial Statements

### Standalone Financial Statements

Changes in the fair value of plan assets are as follows:

	(₹ in crores)	
	31 March, 2020	31 March, 2019
<b>Opening Fair Value of Plan Assets</b>	2,245.71	2,006.65
Expected Return on Plan Assets	205.73	189.59
Actuarial Gains/(Losses)	(32.62)	(57.29)
Employer contribution during the period	109.92	98.60
Employee contribution during the period	276.90	217.42
Assets transferred from/to other companies	(14.90)	(16.45)
Benefits Paid	(296.37)	(192.81)
<b>Closing Fair Value of Plan Assets</b>	<b>2,494.37</b>	<b>2,245.71</b>

Experience adjustments

	(₹ in crores)				
	31 March, 2020	31 March, 2019	31 March, 2018	31 March, 2017	31 March, 2016
Defined Benefit Obligations	2,494.37	2,245.71	2,006.65	1,688.78	1,439.02
Plan Assets	2,494.37	2,245.71	2,006.65	1,688.78	1,439.02
Surplus/(Deficit)	-	-	-	-	-
Experience Adjustments on Plan Liabilities	4.24	(27.40)	12.10	20.83	12.08
Experience Adjustments on Plan Assets	(32.62)	(57.29)	(30.95)	0.58	(6.16)

Major categories of plan assets (managed by Insurers) as a percentage of fair value of total plan assets

	31 March, 2020	31 March, 2019
	(in percentage)	(in percentage)
Government securities	55	56
Bonds, debentures and other fixed income instruments	15	40
Equity shares	4	3
Others	26	1

	31 March, 2020	31 March, 2019
Discount rate for the term of the obligation	6.45%	7.65%
Average historic yield on the investment portfolio	8.83%	8.88%
Discount rate for the remaining term to maturity of the investment portfolio	6.85%	7.55%
Expected investment return	8.43%	8.98%
Guaranteed rate of return	8.50%	8.65%

The contribution to the employee's provident fund (including Employee Pension Scheme) amounted to ₹197.75 crores (previous year ₹161.28 crores) for the year.

The Hon'ble Supreme Court of India ("SC") by an order dated 28 February, 2019 in one case, set out the principles based on which allowances paid to the employees should be identified for inclusion in basic wages for the purposes of computation of Provident Fund contribution. Basis subsequent clarification provided by the Employees' Provident Fund Organisation on the said order and an independent legal opinion, the Bank has implemented the principles laid down in the order effective 1 April, 2019.

#### Superannuation

The Bank contributed ₹15.24 crores (previous year ₹16.29 crores) to the employees' superannuation plan for the year.

### National Pension Scheme (NPS)

During the year, the Bank contributed ₹6.35 crores (previous year ₹5.19 crores) to the NPS for employees who have opted for the scheme.

### Leave Encashment

The liability of compensated absences of accumulated privileged leave of employees of the Bank is given below:

	(₹ in crores)	
	31 March, 2020	31 March, 2019
Liability – Privilege Leave	58.10	247.35
Total included in “Employee Benefit Expense” [Schedule 16(I)]	(8.99)	46.62

### Gratuity

The following tables summarise the components of net benefit expenses recognised in the Profit and Loss Account and funded status and amounts recognised in the Balance Sheet for the Gratuity benefit plan.

#### Profit and Loss Account

Net employee benefit expenses (recognised in payments to and provisions for employees)

	(₹ in crores)	
	31 March, 2020	31 March, 2019
Current Service Cost	50.81	44.67
Interest on Defined Benefit Obligation	32.95	29.15
Expected Return on Plan Assets	(29.60)	(24.61)
Net Actuarial Losses/(Gains) recognised in the year	40.95	7.86
Past Service Cost	0.78	-
<b>Total included in “Employee Benefit Expense” [Schedule 16(I)]</b>	<b>95.89</b>	<b>57.07</b>
Actual Return on Plan Assets	22.86	33.97

#### Balance Sheet

Details of provision for gratuity

	(₹ in crores)	
	31 March, 2020	31 March, 2019
Fair Value of Plan Assets	467.75	391.91
Present Value of Funded Obligations	(469.30)	(402.15)
Unrecognised past service cost	1.55	2.33
<b>Net Asset</b>	<b>-</b>	<b>(7.91)</b>
<b>Amounts in Balance Sheet</b>		
Liabilities	-	7.91
Assets	-	-
<b>Net Liability (included under Schedule 5 – Other Liabilities)</b>	<b>-</b>	<b>(7.91)</b>

Changes in the present value of the defined benefit obligation are as follows:

	(₹ in crores)	
	31 March, 2020	31 March, 2019
<b>Opening Defined Benefit Obligation</b>	<b>402.15</b>	<b>342.56</b>
Current Service Cost	50.81	44.67
Interest Cost	32.95	29.15
Actuarial Losses/(Gains)	34.21	17.22
Past service cost	-	2.33
Benefits Paid	(50.82)	(33.78)
<b>Closing Defined Benefit Obligation</b>	<b>469.30</b>	<b>402.15</b>



## Financial Statements

### Standalone Financial Statements

Changes in the fair value of plan assets are as follows:

	(₹ in crores)	
	31 March, 2020	31 March, 2019
<b>Opening Fair Value of Plan Assets</b>	391.91	323.72
Expected Return on Plan Assets	29.60	24.61
Actuarial Gains/(Losses)	(6.74)	9.36
Contributions by Employer	103.80	68.00
Benefits Paid	(50.82)	(33.78)
<b>Closing Fair Value of Plan Assets</b>	<b>467.75</b>	<b>391.91</b>

Experience adjustments

	(₹ in crores)				
	31 March, 2020	31 March, 2019	31 March, 2018	31 March, 2017	31 March, 2016
Defined Benefit Obligations	469.30	402.15	342.56	284.83	232.55
Plan Assets	467.75	391.91	323.72	279.65	232.56
Surplus/(Deficit)	(1.55)	(10.24)	(18.84)	(5.18)	0.01
Experience Adjustments on Plan Liabilities	(8.33)	7.50	4.39	6.64	2.78
Experience Adjustments on Plan Assets	(6.74)	9.36	4.59	(1.64)	(5.36)

Major categories of plan assets (managed by Insurers) as a percentage of fair value of total plan assets

	31 March, 2020	31 March, 2019
	(in percentage)	(in percentage)
Government securities	30	38
Bonds, debentures and other fixed income instruments	42	48
Money market instruments	2	5
Equity shares	2	2
Others	24	7

Principal actuarial assumptions at the Balance Sheet date:

	31 March, 2020	31 March, 2019
Discount Rate	6.45% p.a.	7.65% p.a.
Expected Rate of Return on Plan Assets	7.50% p.a.	7.50% p.a.
Salary Escalation Rate	7.00% p.a.	7.00% p.a.
Employee Turnover		
- 18 to 30 (age in years)	24.00%	20.00%
- 31 to 44 (age in years)	14.00%	10.00%
- 45 & above (age in years)	8.00%	5.00%

The estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors.

The expected rate of return on plan assets is based on the average long-term rate of return expected on investments of the Fund during the estimated term of the obligations.

As the contribution expected to be paid to the plan during the annual period beginning after the balance sheet date is based on various internal/external factors, a best estimate of the contribution is not determinable.

The above information is as certified by the actuary and relied upon by the auditors.

### 2.2.13 Provisions and contingencies

- a) Movement in provision for frauds included under other liabilities is set out below:

	(₹ in crores)	
	31 March, 2020	31 March, 2019
Opening balance at the beginning of the year	53.58	60.98
Additions during the year	25.10	0.78
Reductions on account of payments during the year	(1.02)	-
Reductions on account of reversals during the year	-	(8.18)
<b>Closing balance at the end of the year</b>	<b>77.66</b>	<b>53.58</b>

- b) Other liabilities include provision for reward points made on actuarial basis, the movement of which is set out below:

	(₹ in crores)	
	31 March, 2020	31 March, 2019
Opening provision at the beginning of the year	205.90	143.94
Provision made during the year	214.56	127.22
Reductions during the year	(154.36)	(65.26)
<b>Closing provision at the end of the year</b>	<b>266.10</b>	<b>205.90</b>

- c) Movement in provision for other contingencies is set out below:

	(₹ in crores)	
	31 March, 2020	31 March, 2019
Opening provision at the beginning of the year	187.99	150.66
Provision made during the year	2,655.00	655.26
Reductions during the year	-	(617.93)
<b>Closing provision at the end of the year</b>	<b>2,842.99</b>	<b>187.99</b>

Closing provision includes provision for legal cases, other contingencies and provision for COVID-19 over and above regulatory requirement .

### 2.2.14 Small and Micro Enterprises

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from 2 October, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. There have been no reported cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments. The above is based on the information available with the Bank which has been relied upon by the auditors.

### 2.2.15 Corporate Social Responsibility (CSR)

- a) Amount required to be spent by the Bank on CSR during the year ₹100.62 crores (previous year ₹127.94 crores).
- b) Amount spent towards CSR during the year and recognized as expense in the statement of profit and loss on CSR related activities is ₹100.96 crores (previous year ₹137.59 crores), which comprise of following -

	31 March, 2020			31 March, 2019		
	In cash	Yet to be paid in cash (i.e. provision)	Total	In cash	Yet to be paid in cash (i.e. provision)	Total
Construction/ acquisition of any asset	0.28	-	0.28	11.89	-	11.89
On purpose other than above	95.33	5.35	100.68	125.13	0.57	125.70

**2.2.16 Description of contingent liabilities****a) Claims against the Bank not acknowledged as debts**

These represent claims filed against the Bank in the normal course of business relating to various legal cases currently in progress. These also include demands raised by income tax authorities and disputed by the Bank. In addition, the Bank holds provision of ₹68.88 crores as on 31 March, 2020 (previous year ₹56.06 crores) towards claims assessed as probable.

**b) Liability for partly paid investments**

This represents amounts remaining unpaid towards liability for partly paid investments.

**c) Liability on account of forward exchange and derivative contracts**

The Bank enters into foreign exchange contracts, currency options/swaps, interest rate/currency futures and forward rate agreements on its own account and OTC for customers. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate. Currency swaps are commitments to exchange cash flows by way of interest/principal in two currencies, based on ruling spot rates. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows. Interest rate futures are standardised, exchange-traded contracts that represent a pledge to undertake a certain interest rate transaction at a specified price, on a specified future date. Forward rate agreements are agreements to pay or receive a certain sum based on a differential interest rate on a notional amount for an agreed period. A foreign currency option is an agreement between two parties in which one grants to the other the right to buy or sell a specified amount of currency at a specific price within a specified time period or at a specified future time. An Exchange Traded Currency Option contract is a standardised foreign exchange derivative contract, which gives the buyer the right, but not the obligation, to exchange money denominated in one currency into another currency at a pre-agreed exchange rate on a specified date on the date of expiry. Currency Futures contract is a standardised, exchange-traded contract, to buy or sell a certain underlying currency at a certain date in the future, at a specified price. The amount of contingent liability represents the notional principal of respective forward exchange and derivative contracts.

**d) Guarantees given on behalf of constituents**

As a part of its banking activities, the Bank issues guarantees on behalf of its customers to enhance their credit standing. Guarantees represent irrevocable assurances that the Bank will make payments in the event of the customer failing to fulfill its financial or performance obligations.

**e) Acceptances, endorsements and other obligations**

These include documentary credit issued by the Bank on behalf of its customers and bills drawn by the Bank's customers that are accepted or endorsed by the Bank.

**f) Other items**

Other items represent outstanding amount of bills rediscounted by the Bank, estimated amount of contracts remaining to be executed on capital account, notional principal on account of outstanding Tom/Spot foreign exchange contracts, contracts for purchase of investments where settlement is due post balance sheet date, commitments towards underwriting and investment in equity through bids under Initial Public Offering (IPO) of corporates as at the year end, demands raised by statutory authorities (other than income tax) and disputed by the Bank and amount transferred to Depositor Education and Awareness Fund (DEAF).

During earlier years, the Bank, through one of its overseas branches, had arranged Trade Credit (Buyers Credit loans) against Letters of Undertaking (LOUs) issued by Punjab National Bank (PNB), which were subsequently alleged as fraudulent by PNB. Prior to this declaration by PNB, such buyer's credit loans were sold down in the secondary market by the overseas branch to various participating banks under Risk Participation Agreements. As on 31 March, 2020, there is no funded exposure outstanding in the overseas branch pursuant to such sell down. PNB has repaid the aggregate amount of all LOUs due upto 31 March,

2020, pursuant to an undertaking issued to PNB, and made remittance to the overseas branch which has been passed on for onward payment to the participating banks. Based on the facts and circumstances of the case, internal findings and legal opinion, the Bank does not expect PNB has any valid right at this point in time, for refund by the Bank of the aggregate amount paid by PNB towards LOUs due upto 31 March, 2020. However, as a matter of prudence, the aggregate amount of LOUs issued by PNB to the overseas branch against which buyer's credit was extended, aggregating to ₹4,466.83 crores has been disclosed as part of Contingent Liabilities in the Balance Sheet.

The Bank has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Bank has reviewed and recorded adequate provision as required under any law/accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) in the books of account and disclosed the same under the relevant notes in the financial statements, where applicable.

2.2.17 Previous year figures have been regrouped and reclassified, where necessary to conform to current year's presentation.

In terms of our report attached.

For Axis Bank Ltd.

**For Haribhakti & Co. LLP**

Chartered Accountants

Firm Registration No.: 103523W/W100048

**Rakesh Makhija**

Chairman

**Purushottam Nyati**

Partner

Membership No.: 118970

**S. Vishvanathan**

Director

**Girish Paranjpe**

Director

**B. Babu Rao**

Director

**Amitabh Chaudhry**

Managing Director & CEO

Date : 28 April, 2020

Place : Mumbai

**Girish V. Koliyote**

Company Secretary

**Puneet Sharma**

Chief Financial Officer