



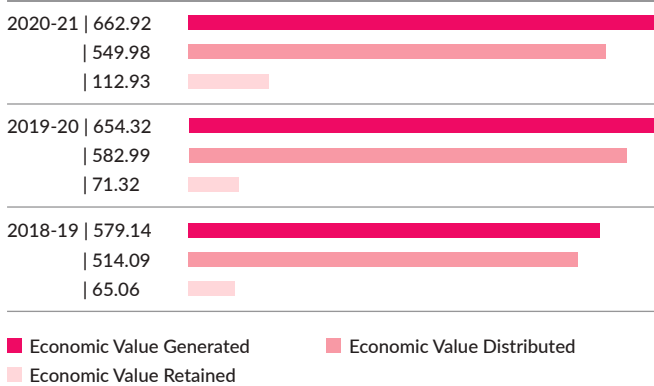
Financial Capital

Financial capital, or the value of financial resources we obtain from our shareholders and providers of capital, is essential to fuel our ability to create sustainable, long-term value for our stakeholders. Financial capital also helps us contribute to the sustainable and equitable growth of the Indian economy.

Economic Value Added

As India's third largest private sector bank, Axis Bank's banking and financial activities span diverse economic segments and cover myriad sectors of the Indian economy. The Bank has been guided by the three vectors – Growth, Profitability and Sustainability (GPS) in its business strategy and approach to deliver positive economic value for its providers of capital, customers, employees, business partners, and for itself as a business. A detailed analysis of the Bank's financial performance is included in the Management's Discussion and Analysis in the Annual Report 2020-21 on pages 81-90. Axis Bank's shareholding pattern has been provided in the Bank's Annual Report 2020-21 on page 65.

Direct Economic Contribution*** (₹ Billion)



** The values reported above have been calculated by the Bank as per the GRI Standards – Disclosure 201 requirements basis its financial results reported in its Annual Report 2020-21.

Indirect Economic Contribution

Axis Bank's business activities percolate across diverse economic sectors, social and economic groups, and regions in India. Through its banking and financing activities, the Bank supports the creation of critical infrastructure in the country, supports the expansion of commerce and industry, enables entrepreneurs and small enterprises access finances critical to their business requirements, offers a channel for investments and savings for individuals. It also connects the unbanked and underbanked population of the country to the formal economy.

Its business activities, such as its services to the Government sector, help strengthen the State's ability to function more transparently and efficiently and be able to deliver services to the citizens more effectively. Similarly, its business activities in the microfinance space help enable Millions of women from financially weaker backgrounds and primarily from rural India achieve financial freedom and a stronger social standing within their families and communities.

As an organisation, the Bank requires products and services for its own consumption and to enable it to run effectively, it requires to meet its regulatory and societal obligations, and it strives to contribute positively as a responsible corporate citizen. Its diverse range of activities connect it to a wide spectrum of stakeholders including its business partners, regulators, its peers, and the communities within which it operates.

Impact of Financial Capital

As a Bank, we cater to a wide spectrum of customers ranging from farmers and women-led Self Help Groups to global corporations, all of whom are integral to our relationship capital. The business relationships highlighted in this section primarily focus on the customer segments wherein we believe such a relation is helping contribute towards a deeper socio-economic impact.

Including the Unbanked and the Under-banked

Axis Bank's retail Microfinance programme, 'Axis Sahyog', aims to provide inclusive financial solutions, helping bring Millions of families in underbanked geographies across India under the umbrella of formal financial avenues.

Driven directly as well as through its Business Correspondent partnerships, the Axis Sahyog programme provides collateral-free, small ticket size loans ranging from ₹12,000 to ₹50,000 to economically active women belonging to households that have an annual income of less than ₹1,60,000, with an objective to facilitate new business opportunities and move up the socio-economic ladder.

Axis Sahyog adopts an integrated approach of combining optimum customer touch points with technology-enabled back-end support functions towards enhancing the programme's efficiency, and has gradually evolved from physical to a physical+digital or phygital, delivery to the last mile. A deeper integration of technology has delivered the following benefits:

16.3 Lakhs

Active customers of Axis Sahyog programme in 22 states and union territories, as on 31 March 2021.

- E-KYC-based onboarding process to avoid identity frauds
- Instant credit bureau check to verify members' credit history
- Seamless loan disbursement and recovery with holistic reporting
- Geolocation tagging and tracking at every loan process
- Paperless operations

In FY 2020-21, under Axis Sahyog, the Bank disbursed ₹2,027 Crores and opened 6.38 Lakhs accounts. The Bank currently partners with four proven and established NBFCs as its Business Correspondents to reach all four corners of the country. Additionally, the Program has supported the creation of employment opportunities for youth in Axis Sahyog's catchment areas who function as Business Correspondent Agents for the Program. Axis Sahyog deployed 13,564 CSC BCs (under Bank's partnership with CSC) and 214 rural lending BC for various mandates under the programme.

Social Security and Other Benefits

One of the key deliverables of the programme is the delivery of various social security, savings, insurance or any other pertinent schemes of the Government of India, a segment that has witnessed strong growth, highlighting the latent demand for financial inclusion in rural India.

9.06 Lakhs

Savings Accounts opened under Pradhan Mantri Jan Dhan Yojana as on 31 March 2021 (~71,000 a/c opened in FY 2020-21)

7.15 Lakhs

Atal Pension Yojana customers as on 31 March 2021

Deepening Rural Reach Through Deep Geo Initiative

Axis Bank had initiated the Deep Geo initiative in FY 2019-20 to deepen its presence in rural and semi-urban India and provide holistic banking services to customers in these regions. From 387 branches in its first year of launch, In FY 2020-21, the initiative expanded to cover 500+ districts through 1,577 RUSU (Rural and Semi-Urban) branches. Through the year, Deep Geo

Priority Sector Lending

The Bank's Priority Sector Lending is closely aligned to its Deep Geo Strategy, aimed at increasing the Bank's presence in specific rural and semi urban geographies across India, that offer high potential for growth in rural advances and MSME lending. During the year, the Bank continued to focus on augmenting the small ticket size loans, crop loans to small and marginal farmers and microfinance business targeted at women borrowers from low income households. Additionally, the Bank enhanced its digital lending channels to facilitate quicker turnaround time for sanction and disbursement of loans to MSME borrowers.

Axis Bank offers a wide range of products fulfilling the features of the Pradhan Mantri Mudra Yojana (MUDRA), classified and reported under the three categories of Shishu, Kishor and Tarun schemes. The Bank had over 21 Lakhs customers under the MUDRA scheme as on 31 March 2021, with new sanctions to over 8 Lakhs borrowers amounting to ₹4,000 Crores in FY 2020-21 alone.

Since its launch, Axis Sahyog has achieved significant growth, demonstrating the latent demand for such a financial programme among India's rural communities.

The COVID-19 pandemic significantly impacted the socio-economic security of Millions of individuals, particularly women, from economically weaker sections in both rural and urban India. Daily wage workers, street vendors, milk producers, were among the many occupations that were impacted, and without adequate accumulated savings, which were further exhausted from long periods of lockdowns and restrictions, ensuring availability of food and even shelter became a significant challenge.

A significant portion of the Bank's microfinance customers fall into the income and occupation categories most significantly impacted by the pandemic. During the ongoing pandemic, the Bank's Retail Microfinance Team went beyond its business mandates to support over 2.2 Lakhs customers in reviving their livelihoods.

actively identified and targeted relevant consumer categories, increased the Bank's lending reach and customised its product offerings to suit regional requirements, supported by focused customer outreach programmes and leveraging digital marketing solutions. Aligned to the Bank's core philosophy of 'One Axis', the programme offers a wide range of retail and business loans to the rural consumer.



Axis Bank Expands its Presence in Rural and Semi-urban India Through CSC

During the year, Axis Bank activated its partnership with Common Service Centre (CSC), a Special Purpose Vehicle (SPV) set up in 2009 by the Ministry of Electronics & Information Technology to expand its presence in identified rural and semi-urban geographies. CSC serves as access points for delivery of various G2C, B2C, Agriculture, Education, Health and Financial Inclusion related services, delivered through Village Level Entrepreneurs (VLEs). Under the partnership, the Bank has onboarded over 13,000 VLEs in RUSU locations wherein CSC acts as a BC for the Bank and the VLEs act as its customer service points (CSPs).

The VLEs are aligned to Deep Geo branches and serve as an extension arm for these branches, acting as crucial influencers at the grass root level and facilitating incremental sourcing for our branches. Amidst the COVID-19 pandemic, the VLEs played a leading role in facilitating cash disbursements at the CSCs, including providing doorstep banking services to aged citizens.

Axis Bank joins Bayer's Better Life Farming Initiative in India

During the year, Axis Bank became one of the first Indian banks to join the 'Better Life Farming', a global multi-stakeholder partnership to support smallholder farmers in developing economies to earn sustainable farm incomes. In India, the partnership includes Bayer, IFC, Netafim, Yara Fertilisers, DeHaat, AgriBazaar, Big Basket, Tata Trusts and now Axis Bank.

As a partner, the Bank will offer holistic and cost-effective financial solutions to smallholder farmers and rural farming communities such as affordably priced loans, deposits, withdrawals and payments, with the convenience of digital banking and doorstep delivery of services. The Bank's offerings shall be through Bayer's Better Life Farming Centres across multiple states in India. These Centres are entirely owned and operated either by a Farmer Producer Organisation (FPO), Federation, an Agri-graduate or a local farmer/entrepreneur. The Initiative aims to create 5,000 Agri-entrepreneurs and empower 2.5 Million smallholder farmers in India by 2025.



Ensuring Safety of 'Feet on Ground' Amid the Pandemic

In the true 'Dil Se' spirit, the Banks Business Correspondent network continued to serve rural customers amid the COVID-19 related restrictions and precautions, providing critical services such as cash withdrawal facilities for Direct Benefit Transfer beneficiaries under Pradhan Mantri Garib Kalyan Yojana, and doorstep services to those unable to visit the BC Centres.

All BC Agents and BC Centres continue to maintain strong COVID-19 safety protocols, and in many locations, have switched to retina-based biometrics instead of fingerprint-based biometrics to facilitate social distancing.

The Bank also took several measures to support the BC Agents amidst the pandemic to ensure they could operate efficiently and safely. These included ensuring cash availability at remote locations given the high demand for cash withdrawals by rural citizens, providing a sanitation allowance to BC agenda, and providing COVID-19-specific medical insurance coverage to the agents.

Banking for India's MSME Sector

Progress of the SME sector is critical to the progress of the Indian economy. The SME sector served by the Bank's Commercial Banking Group (CBG) is of strategic importance to the Bank and it lays strong emphasis on building and deepening banking relations with small and medium businesses across India.

The Bank supported SME businesses during the COVID-19 pandemic in a variety of ways during the financial year, ranging from quick deployment and implementation of all pertinent government and RBI relief schemes for the sector and ensuring seamless and hassle-free customer service. Details on the performance of the Commercial Banking Group can be accessed in the 'Commercial Banking' section of the Management Discussion and Analysis on page 98 of the Annual Report 2020-21.

Digital transformation

The Bank has an ongoing programme, Project Sankalp, focusing on digital transformation to bring in efficiency in processes and improving customer experience and deliver growth. Project Sankalp has been elaborated in the 'Doing Business Sustainably' section of this Report.

During the reporting year, the Bank partnered with Mastercard and Worldline to launch Soft POS, which is the country's first financial payments service to transform a smartphone into a merchant point of sales terminal. The solution, developed in India, is the first such payment acceptance globally and offers a simpler and more secure way to manage transactions especially to merchants moving to digital modes of payments for the first time. The solution is especially targeted at micro-merchants and small SMEs in India who do not need to invest in a POS device.

Supporting Retail Liabilities Products Customers During the Pandemic

During the ongoing pandemic, the Bank has augmented its product offerings with additional benefits and interventions that were especially suited to meet and support the requirements of its customer base.

- An industry-first bundled health insurance proposition along with savings account launched
- Complimentary Hospicash cover covering COVID-19, offered to eligible customers from select product groups
- Introduced Nil premature penalty feature for retail Term Deposits of tenures of 2 years or more, to support customers with sudden liquidity requirements
- Emergency Savings Planner tool introduced that enables customers to plan their emergency corpus, with guidance on preparing savings goals. Over 34,000 customers utilised the tool during the year
- Digital renewal of certain products and services thus providing safety and convenience

Serving our Forces with Pride

Axis Bank is a trusted banking partner to India's defence forces, the paramilitary, and police departments across various states, offering a range of products and services that are especially curated to the requirements of the personnel and their families. This includes offering complimentary personal accident cover to all Defence and Police personnel, and during the pandemic, added COVID-Cover and Hospicash as additional services to the bouquet of services, backed by efficient and effortless claim settlements.

Over and above the banking solutions, the Bank partners closely with its clients from the Defence and Police sectors to host virtual sessions on health and wellness as well as on financial planning and career counselling for the families of the personnel, in partnership with our banking partners. During the year, the Bank also introduced VCIP-based virtual accounting opening as a seamless, paperless, and contactless journey.



Affordable Housing

Axis Bank is a significant lender in the affordable housing space, with its product offering, Asha Home Loans, targeted at first-time home buyers from the economically weaker sections. Asha Home Loans offers certain benefits that offer greater convenience and flexibility to its customers. The loan book size of Asha Home Loans has grown over 70% in the last two years alone, with over 83,000 customers, demonstrating the strong demand for such a product in the target segments.

Asha Home Loans

Book Value (in Crores)

2020-21	9,578.31	
2019-20	7,844.22	
2018-19	5,573	

Customer base

2020-21	83,029	
2019-20	69,645	
2018-19	51,667	

Educational Loans

The Bank has a robust Educational Loan portfolio serving a wide variety of educational requirements of the student community. Notably, close to 1/3 of the Bank's Educational Loan customers are female.

Educational Loans

Book Value (in Crores)

2020-21	1,425.64	
2019-20	1,419.84	
2018-19	1,141.75	

Customer base

2020-21	22,888	
2019-20	23,060	
2018-19	19,471	

Owning a Dream Home through Asha Home Loans

Abhay Kamble is a 29-year-old fruit vendor and supplier from Pune, and this is his story.

"Everyone has their own dream of buying a house. Even I had one to own a house in Pune. I had finalised a property since the last 9 months but due to shortage of own contributions and limited income documents, I was finding it very difficult to avail a home loan. I then approached Axis Bank where I met the Sales Manager, Chetan Borade. He understood my requirements and introduced me to the Asha Home Loans, a product specially designed for customers like me. I applied for the loan and was approved. He also informed me about the Government CLSS scheme which made my home loan even cheaper.

I am thankful to Axis Bank and the Sales Manager, Chetan, for offering me a home loan. I now own my dream home in Pune and am living a happy life with my family."

