

**EMPOWERING.
TRANSFORMING. GROWING.**

Digital Roads to Sustainability
and Livelihood Development



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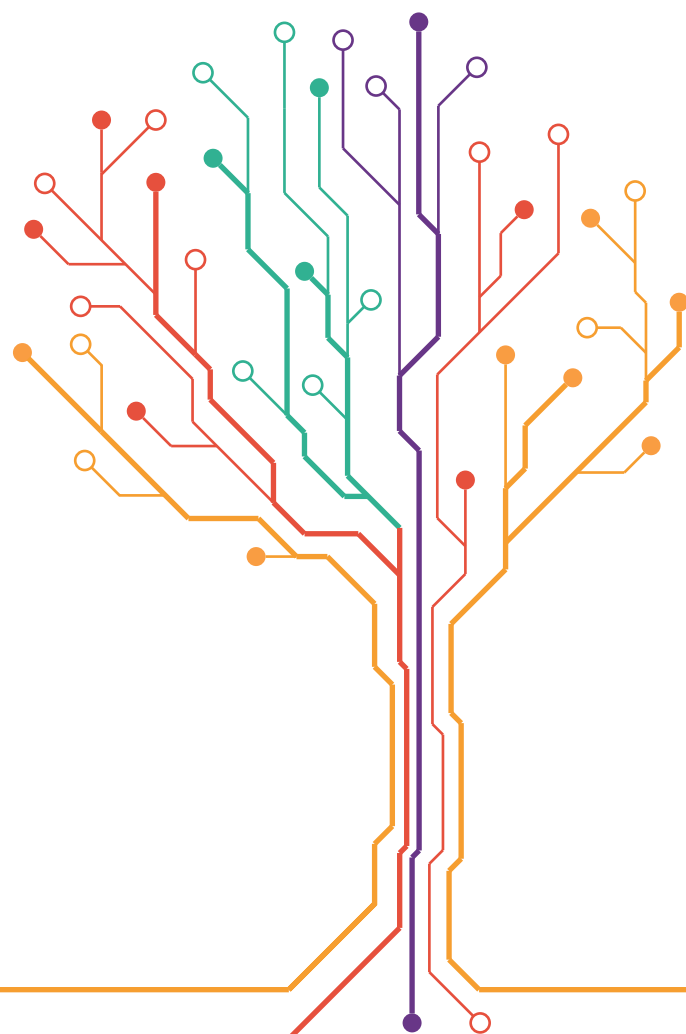
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MESSAGE FROM THE MANAGING DIRECTOR

Dear Friends,

It gives me great pleasure to present our 2nd Integrated Report which incorporates disclosures on our activities to mainstream sustainability. This report follows in the footsteps of our first Integrated Report in 2016-17. As a responsible and responsive organisation, IndusInd Bank dedicatedly continues to deliver consistently greater value to all our stakeholders, in a manner that promotes financial, social, and environmental sustainability.

In view of our first year of Planning Cycle 4, I am happy to report that the Bank has been successful in its endeavours to reach out to wider sections of clients with an expanded, customisable suite of products and services for our customers, while maintaining business growth. Our financial performance remained robust, registering strong growth across all parameters.

Our Net Profit rose by 26% in the year to INR 36.06 billion and our Net Interest Income increased by 14% to INR 47.50 billion. The Return on Risk Weighted Assets for FY '17-18 stood at 2.28%, showing remarkable acceleration towards our target of a 4% increase in RoRWA over PC4. IndusInd Bank is on track for meeting, and indeed, surpassing our shareholders' expectations of doubling the Bank's reach, penetration and business over the course of three years.

A key objective of the Bank is to mainstream financial inclusion by serving the unbanked and under-banked masses, especially to those at the bottom of the pyramid. During the year, the Bank reached out to more than 2.73 million households from the Bottom of the Pyramid section through microfinance lending activities. Our objective of building a stronger presence in semi-urban and rural India is underscored by a more digitally connected IndusInd Bank. With greater regulatory and Governmental support to the national digitisation agenda, your Bank has executed new propositions designed to extend the features of digital banking to those yet to experience the benefits of being in a structured financial system, and thereby create opportunities for sustainable livelihoods.

In fact, the decision to merge Bharat Financial Inclusion Ltd. into IndusInd Bank was also prompted by our vision of developing a stronger and more sustainable platform for financial inclusion. Post-merger, the Bank will expand our reach to an additional 1,00,000 villages, and have 3,600-plus banking outlets (excluding ATMs) serving more than 11.6 million customers in total. Additionally, to facilitate creation of livelihood opportunities, this year IndusInd Bank supported 2,00,000 candidates across the country through our Digital Literacy Programme under the Pradhan Mantri Gramin Digital Saksharta Abhiyan (PMGDISHA).

Digitisation of our products and services in line with our motto of 'responsive innovation' has not only deepened our relationships with customers but also enabled us on our journey towards Customer Experience Transformation. This, in combination with the redefining of key customer journeys across the Bank has helped in embedding the principles of convenience – Seamless, Easy, Fast, and Transparent – into the core of our organisation and thereby deliver superior customer experience.

With the launch of digital innovations like the 'All-in-One' store on the IndusMobile app, as well as, partnerships with Fintech and government entities to coalesce the fragmented digital payments ecosystem, this year has been definitive, allowing IndusInd Bank to provide a larger number of customers with seamless and personalised payment services. Digital technology is therefore, the thread that weaves together operational efficiency, productivity, and financial scale for sustainable business growth.

At IndusInd Bank, we believe in executing a business model that creates sustainable value for all our stakeholders including our employees. We place great value on promoting capacity building and engagement through multiple platforms. This year, the Bank conducted more than 1,066,722 hours of training for over 3,88,581 participants in areas like leadership, effective communication, and skill development. Through the Bank's unique Green Champions Programme, employees also undertook various community-based campaigns aimed towards sustainable consumption of resources and energy.

IndusInd Bank also endeavours to promote inclusion in all spheres of life through unique initiatives like harnessing the power of sports to affect change. Our 'IndusInd for Sports' programme recognises the common set of values between sportsmanship and business including integrity, discipline and diversity. This year, we launched our third marquee programme – IndusInd Girl Power – to support young female athletes, in collaboration with Inspire Institute of Sports.

As we continue forth in Planning Cycle 4, IndusInd Bank is cognizant that sustainable business growth is inextricably intertwined with social and environmental sustainability to promote all-encompassing development of our communities. To this end, the Bank continues to support legal literacy and skill development programmes for women, as well as, education for underprivileged children.

On the environmental front, IndusInd Bank actively integrates climate change mitigation into our operational and business strategy. In FY '17-18, we continued to invest resources in renewable energy generation and Bank-wide energy saving initiatives like greening our IT systems. As part of our flagship Urban Afforestation programme, the Bank planted more than 10,000 trees during the year, in an effort to reduce our carbon footprint. As recognition of our efforts in this area, IndusInd Bank has maintained a leading position in the Carbon Disclosure Project rankings in India for four consecutive years.

It is gratifying to see that our hard work throughout the year was acknowledged and rewarded. We were honoured by 'The Forrester Indian Mobile Banking Benchmark Report 2017' as the 3rd Best Bank amongst the participating banks for IndusMobile App. We also backed the runner-up category for the Best Financial Inclusion initiatives and for the Best Technology Bank.

For IndusInd Bank, our journey towards sustainable banking is propelled by a business model that allows for innovations in products and solutions to be designed, increasingly digitally, implemented sustainably, and supported by strong risk management and governance systems. I invite you all to be a part of this journey as we continue to traverse the path of sustainable growth and development.

Yours Sincerely,
Romesh Sobti
Managing Director & CEO



INTEGRATED REPORTING



INTRODUCTION

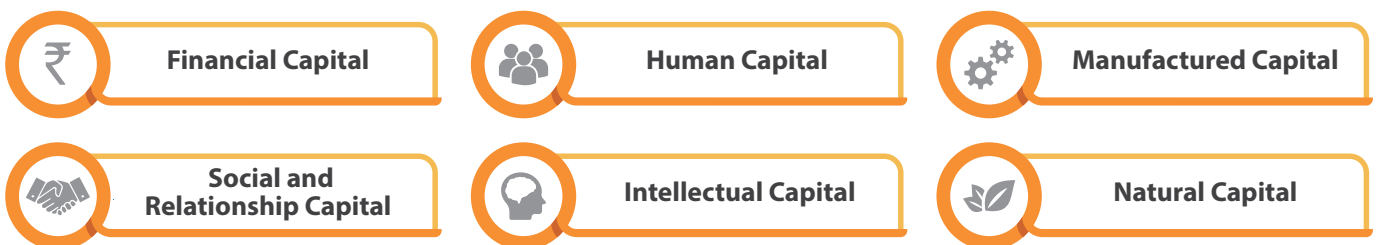
INTRODUCTION

Organisations around the world are increasingly acknowledging the importance of creating and sustaining growth over the long run. Capital growth is no longer dependent on for-profit business decisions alone, but also on the decision-making aspects of an organisation's operations which have intangible but crucial impacts on its performance. Sustainable growth is a multifaceted endeavour influenced by governments, regulators, and the prevailing socio-economic and environmental conditions. Therefore, businesses are proactively engaging with wider stakeholder sets on sustainable value creation, both financial and non-financial.

IndusInd Bank has been one of the first financial organisations to adopt the principles of Integrated Reporting or <IR> to share with stakeholders our strategy and vision for generating sustainable value for them and for the Bank. Integrated Reporting subscribes to the view that value created by an organisation is responsive to the global and regional context it is set against and is determined by the resources it uses and transforms through its business activities. These resources, or **Capitals**, change in nature and stock to define the value-creation arc over time. The six capitals are: **Financial Capital, Manufactured Capital, Intellectual Capital, Human Capital, Social and Relationship Capital**, and **Natural Capital**.

This Integrated Report by IndusInd Bank details the financial outcomes and non-financial impacts of the Bank's activities, operations, and performance during FY '17-18 both within and outside the organisation in a cohesive manner. It aims to provide a clear understanding of evolving stakeholder needs and expectations and how they are implemented in our overall strategy through governance, outcomes, and prospects through the Bank's performance on a variety of financial and non-financial metrics in the past year. It also allows the Bank to demonstrate our commitment to embedding sustainability in business, society and the environment. This report follows in the footsteps of the Bank's first Integrated Report in FY 2016-17¹. The report is built around the theme of leveraging digital technology for creating livelihoods and mainstreaming sustainability in business.

The aforementioned six capitals have been mapped across the report with icons to provide clarity on IndusInd Bank's performance and outcomes. The business model described on pages 38-39 of this report provides a summary of the Bank's value creation process.



REPORTING PRINCIPLES

This report has been prepared in line with the framework adopted by the International Integrated Reporting Council (IIRC). General and financial disclosures within the report are based on the requirements of the Companies Act, 2013 and the Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Non-financial data is reported based on the principles laid down by IIRC, the Global Reporting Initiative (GRI) G4, and the National Voluntary Guidelines on Social, Environmental, and Economic (NVGSEE) Responsibilities of Business.

Reported content is, additionally, in accordance with the Global Reporting Initiative (GRI) G4's set of 'Comprehensive' disclosures for sustainability reporting. The GRI G4 Content Index can be found in the Annexure on pages 102-109 of this report.

This report should be read in conjunction with IndusInd Bank's Annual Report for FY '17-18 which can be found at <http://www.indusind.com/investor/reports-and-presentation/annual-reports.html>.

SCOPE AND BOUNDARY OF REPORTING

This report discusses the pan-India operations of the Bank across business verticals that cater to a wide suite of products and services, targeted towards consumer and corporate banking needs. Financial and non-financial performance, including information on opportunities, risks, and outcomes associated with material matters relevant to the Bank's stakeholders have been incorporated into the reported content.

There have been no revisions to the organisational boundary from the previous reporting period, and no aspect of the Bank's operations or activities have been excluded from this report. This report covers all material issues for the financial year from April 1, 2017 to March 31, 2018, hereafter referred to as FY '17-18.

MATERIALITY DETERMINATION

One of the important guiding principles for creating this report is the inclusion of materiality, that is, the disclosure of information on matters that substantively affect the organisation's ability to create value. Stakeholder engagement is one of the primary modes used to determine matters that are material to our business. The information included in this report focuses particularly on those issues,

opportunities, and challenges, that have a material impact on our ability to be a sustainable business, and which consistently delivers value to all our stakeholders. Our material matters and the process of materiality determination have not changed from the previous year and can be found on pages 46-47 of IndusInd Bank's Integrated Report 2016-17.

SUSTAINABILITY REPORTING

At IndusInd Bank, we believe that 'Good Ecology is Good Economics'. Sustainability reporting, as an extension of 'sustainable banking', is an important tool for communicating our social and environmental agenda, as well as, our performance on a number of non-financial indicators, with the Bank's stakeholders.

IndusInd Bank's sustainability reports have been key in highlighting the Bank's commitment to and impact on societal and environmental development. This is implemented through the Bank's various programmes and initiatives in areas like energy efficiency, equitable resource access, literacy, water conservation, and, capacity building in rural and underprivileged communities. Sustainable value creation is also

reflected in enhancing the capabilities of internal stakeholders, i.e., the Bank's employees through dedicated engagement and skill training. This report is indicative of the Bank's efforts to further the regional and national agenda of achieving targets within the 2020 Sustainable Development Goals (SDGs).

This report, while presented through an integrated reporting framework, is also in accordance with the Sustainability Reporting Guidelines of the Global Reporting Initiative – GRI G4. The complete list of disclosures can be found in the GRI Content Index, on pages 105-109 of this report. The Bank's previous Sustainability Reports can be accessed at <http://www.indusind.com/content/csr-home/sustainabilityreport.htm>.

REPORTING FRAMEWORK: THIS REPORT IS DIVIDED INTO THREE SUBSEQUENT SECTIONS

Our Value Creation Framework: This section outlines IndusInd Bank's organisational and governance profile including human capital management and stakeholder engagement. It also describes the external context within which the Bank operates and an overview of our system for risk assessment and mitigation.

Incorporating Integrated Thinking in Banking: This section details the strategic architecture of the Bank by way of our business model, as well as, highlights the progress and performance under the different strategies under Planning Cycle 4, illustrated using case studies.

Banking for Sustainability: This section illustrates the impact and performance of the Bank's CSR programmes oriented towards social and environmental sustainability, capacity-building and livelihood creation.

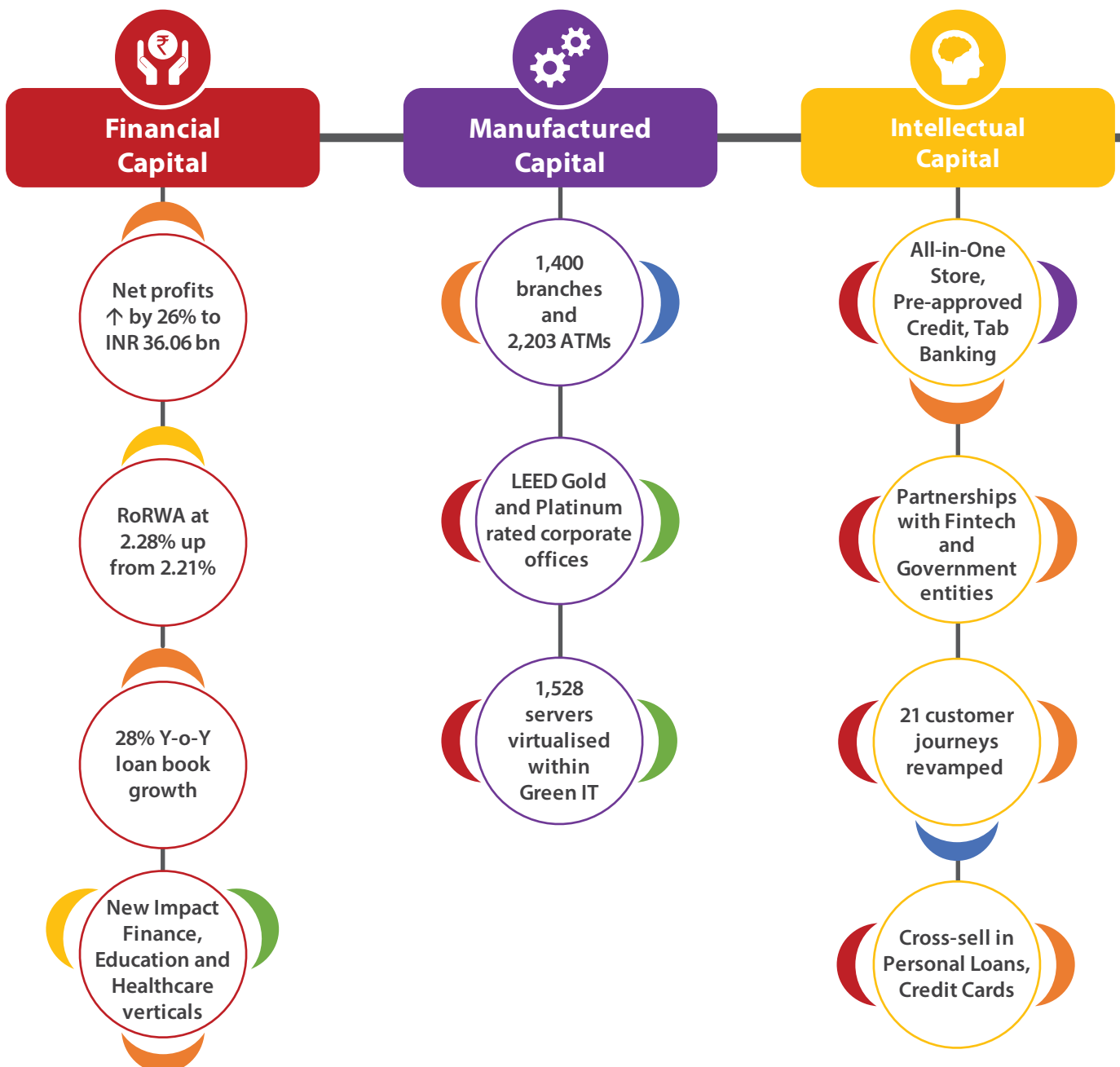
VALUE CREATION FOR SUSTAINABLE BUSINESS

The core philosophy of IndusInd Bank is to integrate sustainability into all aspects of business. This implies business that is not only predicated on financial growth, but also, on operational stability and regulatory compliance. FY '17-18 has been a successful one for IndusInd Bank in terms of creating value for all stakeholders using strategies and initiatives that are designed to be sustainable over the long-term.

The Bank delivers value to stakeholders through banking expertise within corporate and retail banking, agri-business and consumer finance. We employ a knowledge-based and inter-unit collaborative approach to provide customised

solutions. We also invest in increasing our presence across the country through branches and ATMs and creating sustainable physical value through green buildings and investment in technology.

The Bank prioritises customers through client-centric engagement and initiatives to embed convenience in banking. We also target key areas for mainstreaming development through community-centric programmes with scalable and sustainable impact. Employees are essential to our business, and we aim to create a culture of communication, benefits, and capacity building.

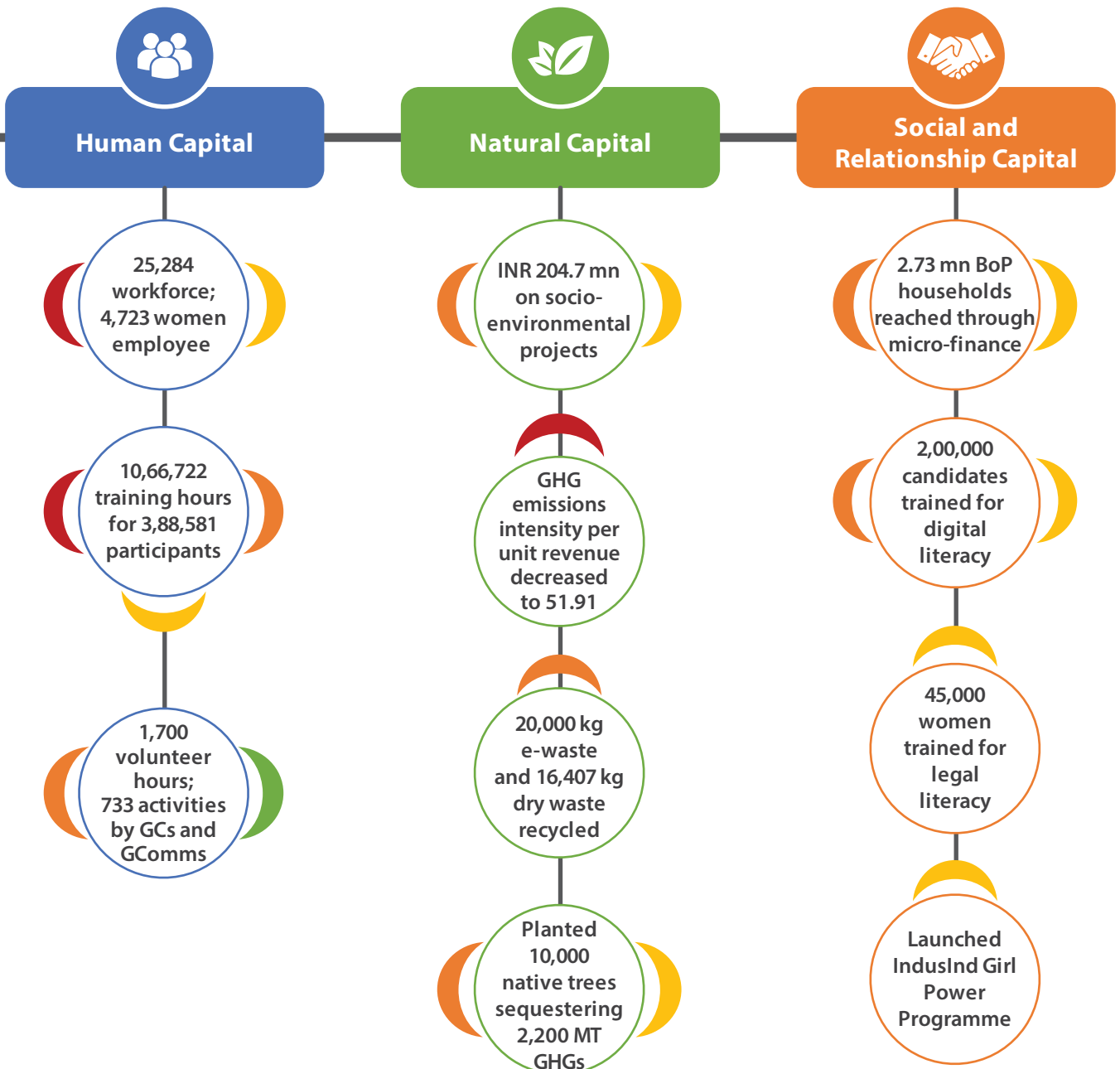


Further, for IndusInd Bank sustainability in business involves taking into account the impact and contribution of our activities on social development and environmental conservation. The Bank's portfolio is geared towards rural development, financial inclusion, high social impact sectors, green lending and operational policies. The Bank believes in enhancing natural capital through investment in and adoption of renewable energy sources, environmental risk assessment and GHG mitigation.

Good governance and regulatory compliance are essential to be a sustainable banking organisation. To this end, the Bank

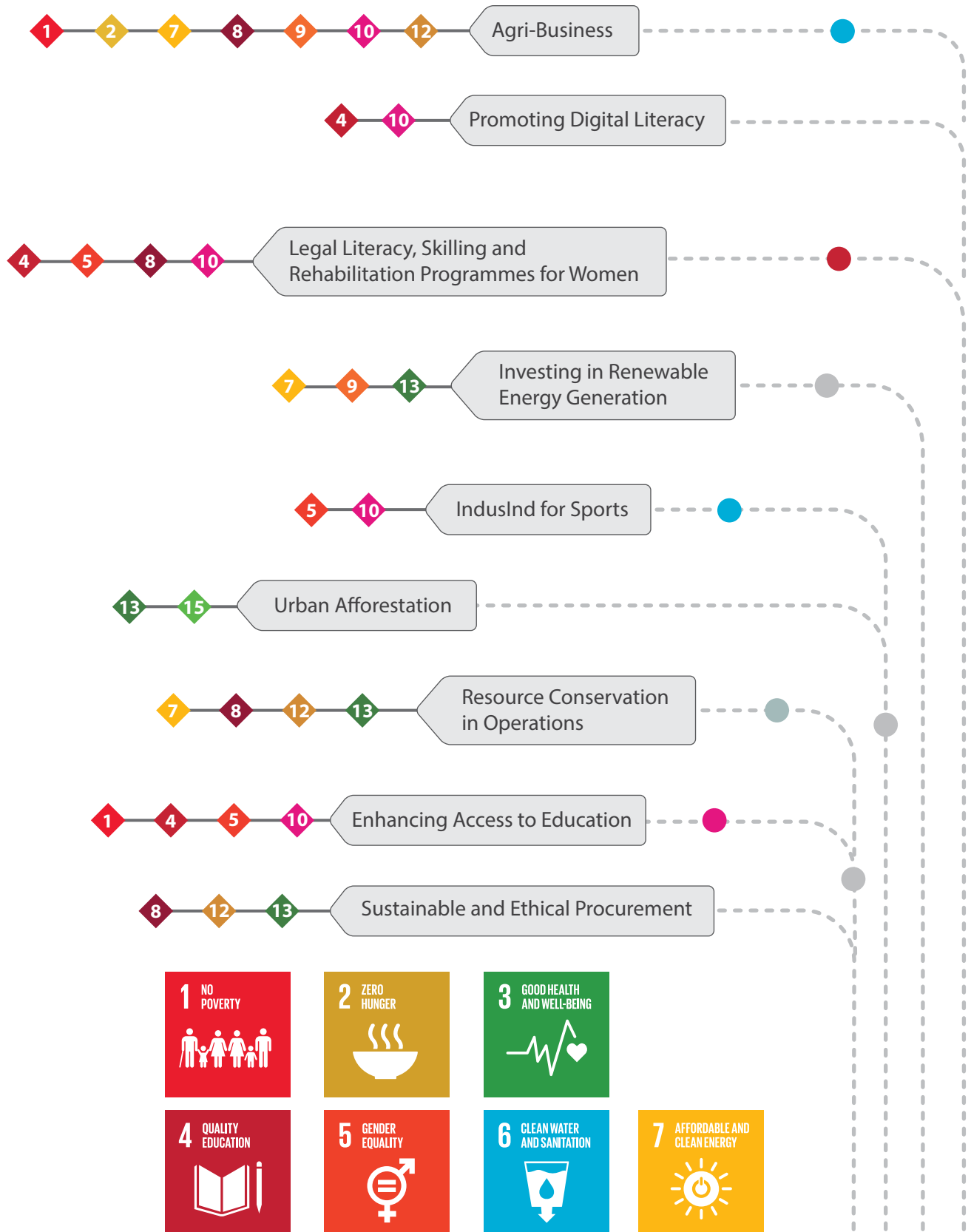
has in place functions to fulfil the regulatory and governance norms associated with banking. This includes a robust risk management framework, compliance and vigilance functions, as well as, the governance and reporting structure that together form the operational foundation of the Bank. More information on these can be found on pages 17-25 of this report.

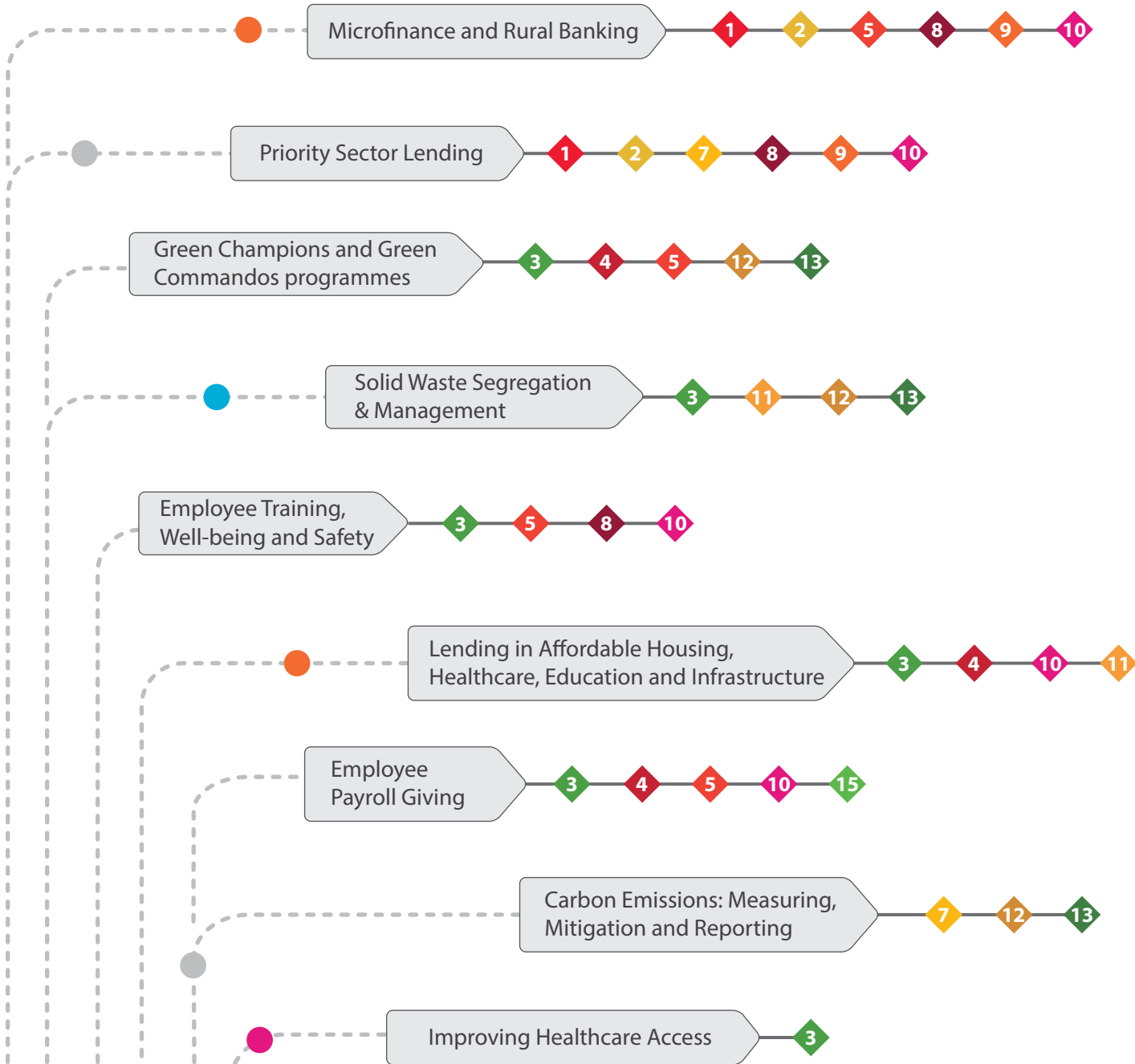
The following graphic represents the Bank's performance during the year towards the enhancement of our value-creating capital stocks.

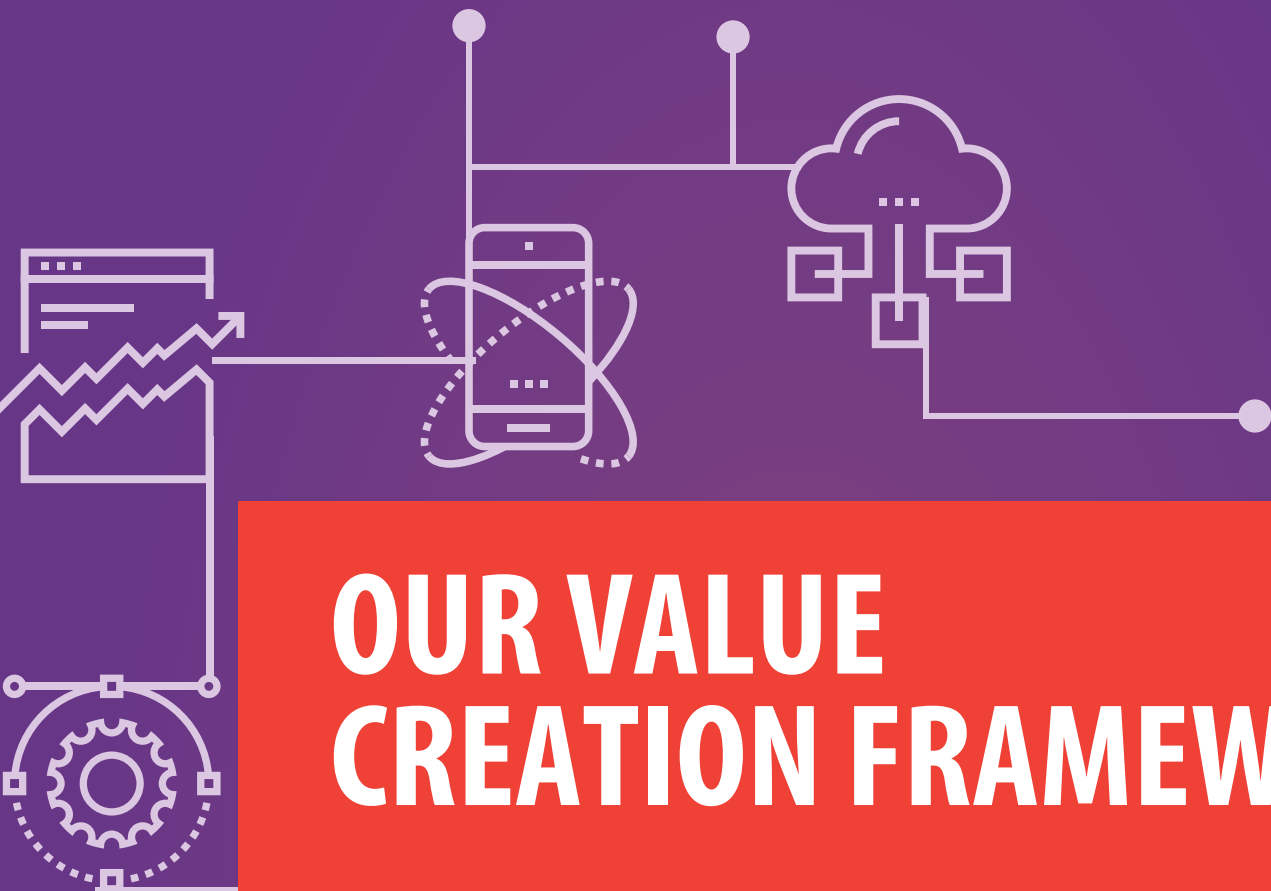


INDUSIND BANK AND SUSTAINABLE DEVELOPMENT GOALS

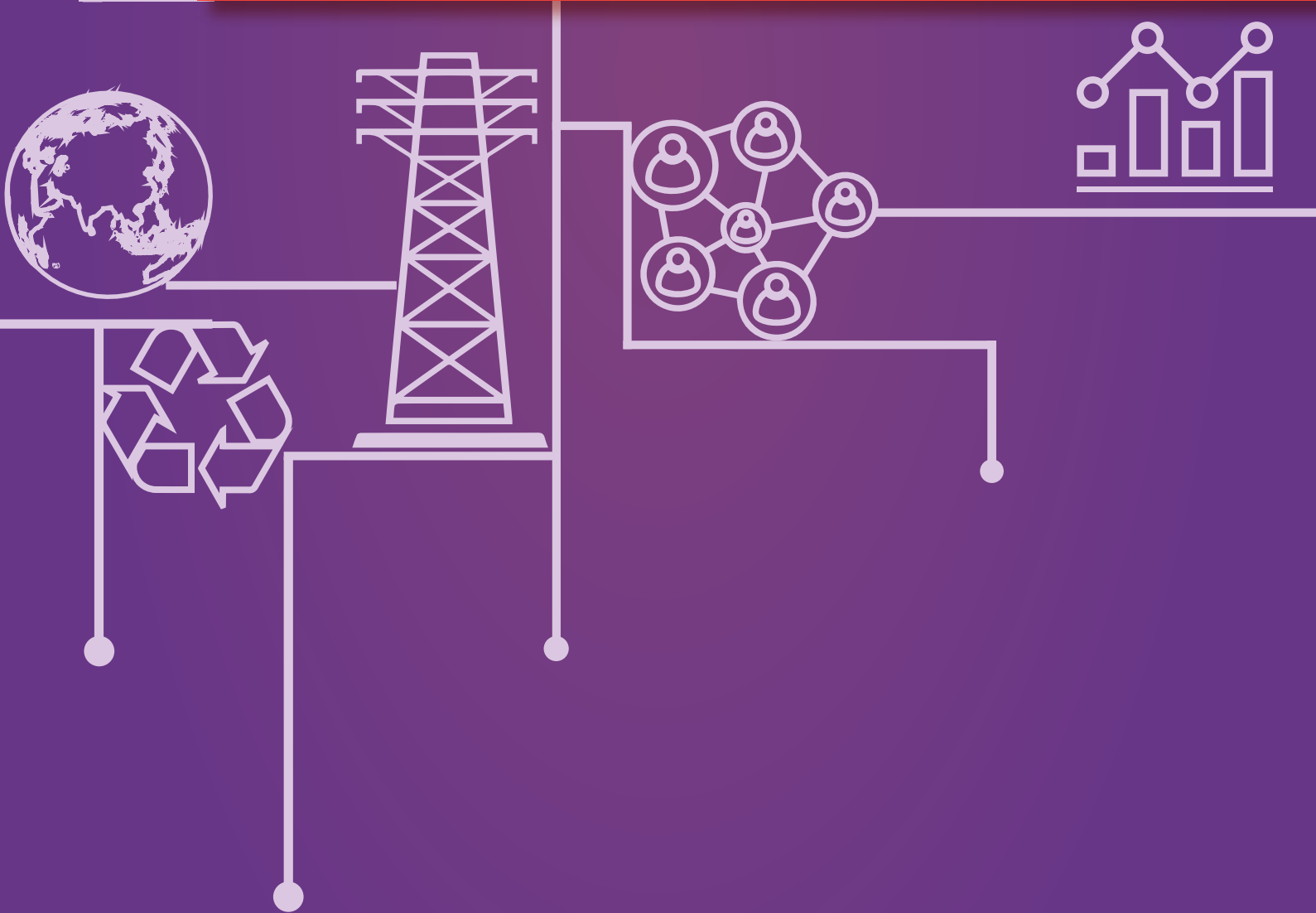
IndusInd Bank is committed to propagating the global 2030 Agenda for Sustainable Development by contributing to the 17 Sustainable Development Goals (SDGs). The Bank's programmes and business and CSR initiatives are geared towards meeting various targets within the SDGs as is shown in the illustration below.







OUR VALUE CREATION FRAMEWORK





ABOUT INDUSIND BANK

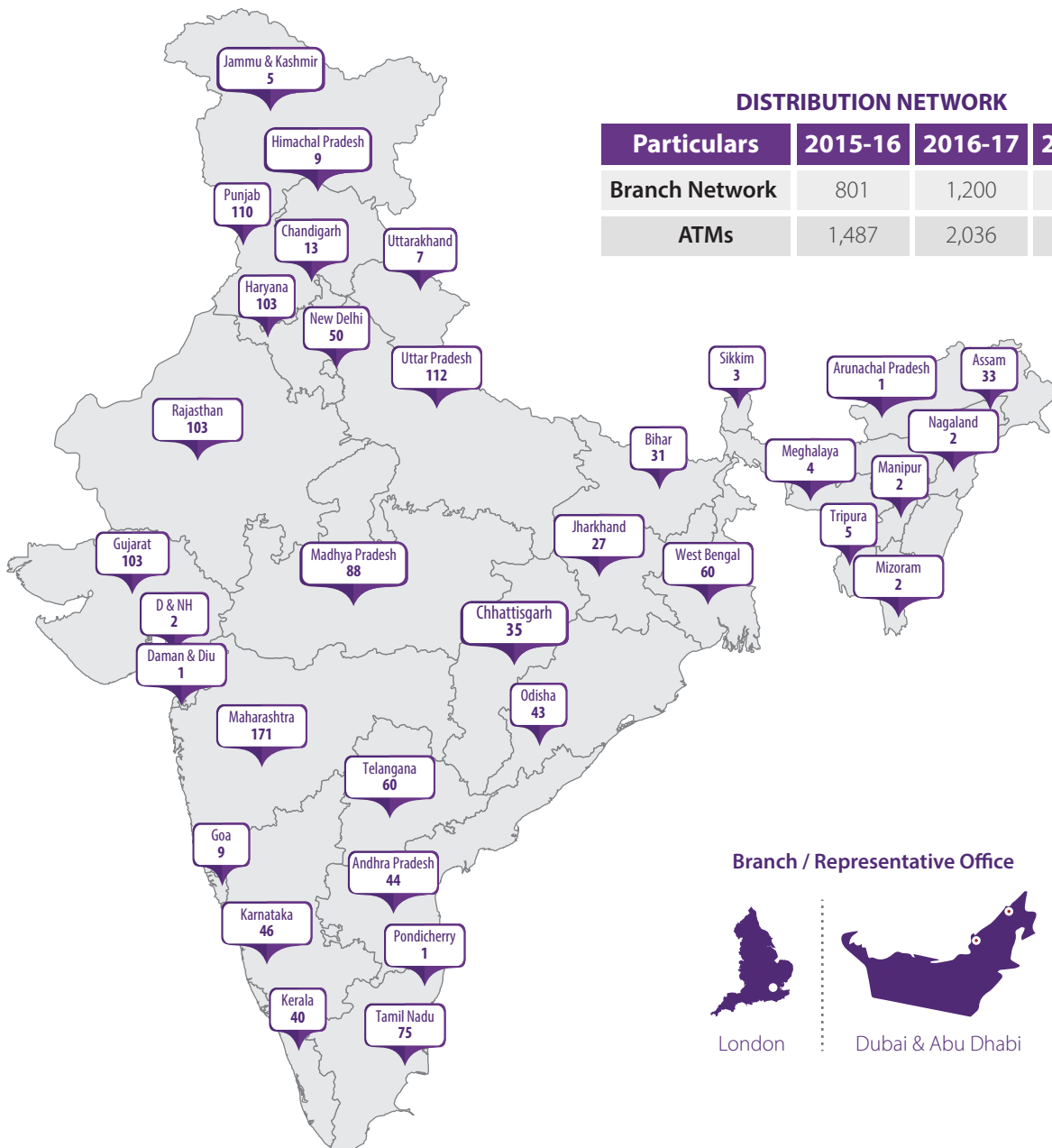
OUR VALUE CREATION FRAMEWORK



IndusInd Bank commenced operations as one of India's new generation of private banks, catering to the needs of both corporate and retail customers. The Bank started with a capital amount of INR 1,000 million, and today has a total income of INR 220.31 billion. As of March 31, 2018, IndusInd Bank caters to more than 11.20 million customers, has 1,400 branches, and 2,203 ATMs spread across 750+ locations across all states in India with a workforce of 25,284. The Bank also has representative offices in London, Dubai and Abu Dhabi, and a strategic alliance in Doha. IndusInd Bank enjoys clearing both major stock exchanges – BSE and NSE – and major commodity exchanges in the country, including MCX, NCDEX, and NMCE. On April 1, 2013, IndusInd Bank was included in the NIFTY 50 benchmark index.

IndusInd Bank offers a range of services including Corporate Banking, Retail Banking, Foreign Exchange, Investment Banking, Capital Markets, and Microfinance, to name a few. Our digital technology platform supports multi-channel delivery. Our mission is to be a 'Best-in-Class' bank and deliver value in a sustainable fashion to all stakeholders by doubling our profits, clients, and branches every three years.

We endeavour to be the primary business and banking partner to our clients while being a frontrunner in the market in terms of profitability, productivity, and efficiency. We aim to achieve this by continuing to propagate our core values of transparency and accountability, productive and sustainable growth, and excellence in service for customers and communities.



CORPORATE GOVERNANCE

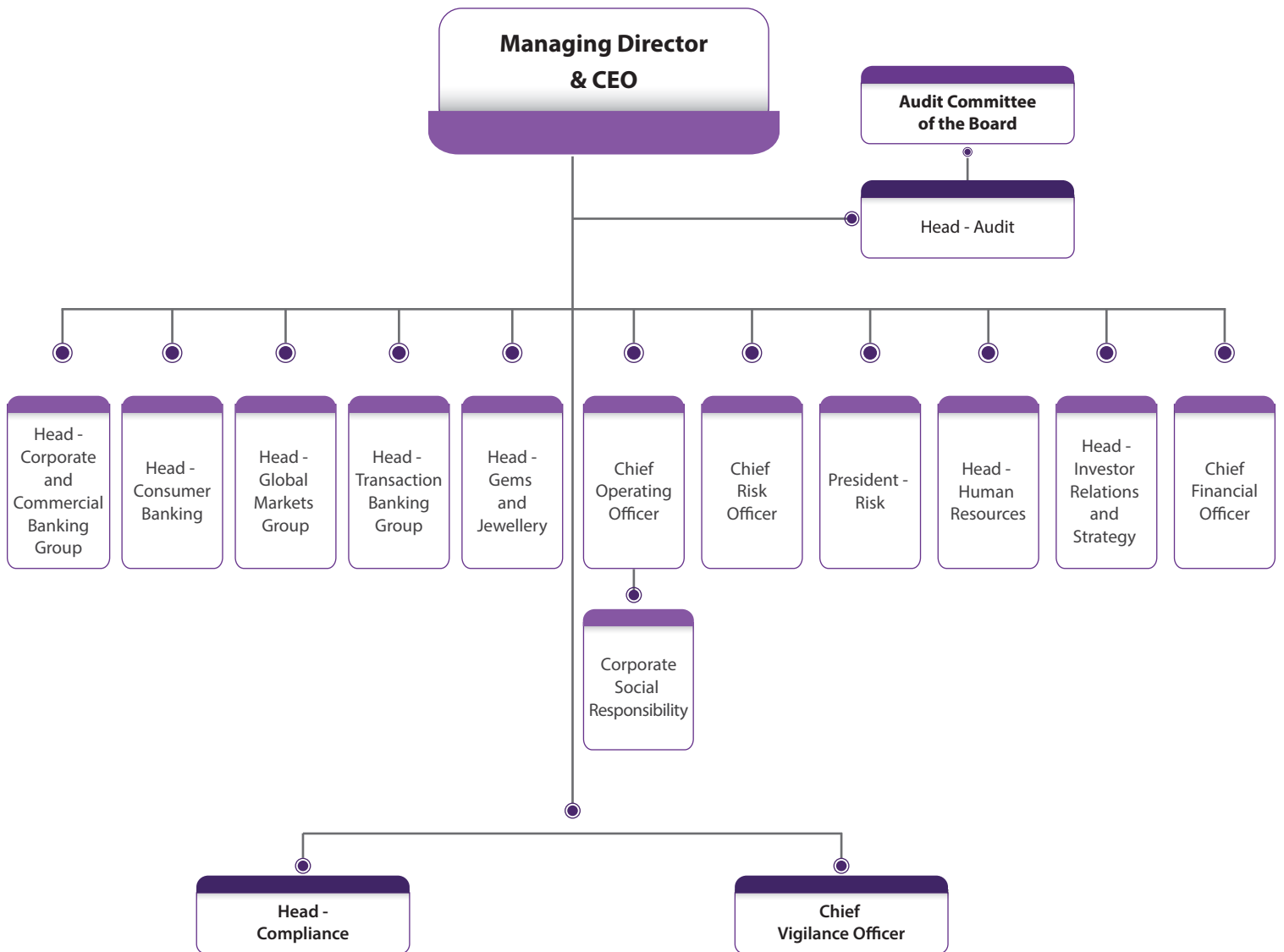


A strong corporate governance structure is the backbone of any business and a crucial element for sustainable long-term growth. At IndusInd Bank, our robust governance framework is a reflection of our value system which encompasses our culture and policies, and strengthens the relationships with our stakeholders.

maintaining the highest level of ethical standards, professional integrity, corporate conduct, and quality oversight. Our governance framework follows the guidelines laid down by the Reserve Bank of India (RBI) and SEBI, and is driven by our Board of Directors, the Core Executive Team, and the Committees of the Board.

The Bank is committed to executing our business while

ORGANISATIONAL STRUCTURE



The Bank is under the leadership and direction of Mr. Romesh Sobti, Managing Director and CEO of the company. Mr. R. Seshasayee, Non-Executive Chairman, presides over the Board of Directors of the Bank. The Board has been constituted as per the procedures laid down in the Companies Act of 2013 and has nine directors, including 6 independent directors, one female director, one non-executive and non-independent director, and the MD & CEO, Mr. Sobti. Details on the Board of Directors can be found on pages 20-22 of this year's Annual Report.



At the functional level, the Board consists of a number of committees to take strategic decisions and monitor activities falling within their terms of reference. These Committees of the Board provide organisational structure and execute changes in the Bank's strategy as determined by the Board. Day-to-day functioning of the Bank is further managed by the Core Executive Team. Additional details on the

Committees of the Board and the Core Executive Team can be found on pages 120-126 of the 2017-18 Annual Report.

The Board of Directors and senior leadership are guided by the Bank's Code of Ethics and Conduct for Directors and Senior Management². This Code sets the guiding principles of integrity, accountability, fair business, and financial prudence on which the organisation operates and conducts business with multiple stakeholders, including the Government and regulatory authorities.

The Bank also has a Board Evaluation Framework setting out the process, criteria, frequency, etc. for evaluating the performance of the Board as a whole, Committees of the Board, and all Directors. Performance evaluation of the Board and its committees are based on criteria such as composition and structure, effectiveness of processes, roles and responsibilities of Directors, information & functioning, etc.

STAKEHOLDER ENGAGEMENT

Stakeholder	Description	Modes of Engagement	Issues of Interest
 <p>Customers</p>	<p>The Bank's customer base consists of retail banking customers as well as corporate banking clients. The Bank is committed to meeting their expectations by engaging with them in a result-oriented and transparent manner.</p>	<ul style="list-style-type: none"> Formal and informal means at branches, video branches, other digital channels EDMs and social media platforms Customer Care channels Customer Satisfaction and Loyalty surveys <p>Frequency: Interaction with customers is continuous and ongoing.</p>	<ul style="list-style-type: none"> Customer data privacy and security Ease of use, access and availability of banking services Effective grievance redressal mechanisms and timely response
 <p>Employees</p>	<p>IndusInd Bank has 25,284 full-time employees working out of branches and offices. The Bank aims to provide employees with opportunities for growth and career development in a diverse and safe working environment.</p>	<ul style="list-style-type: none"> Town-hall meetings with the MD and BU heads Training and capacity development programmes Whistle-blower Policy Performance assessment and management Performance-based benefits Intranet portal, webcasts, newsletters Engagement in CSR activities Employee off-site workshops <p>Frequency: Interactions with employees is continuous and ongoing.</p>	<ul style="list-style-type: none"> Performance-based benefits and remuneration Health and safety in the workplace Effective grievance redressal mechanisms and timely response Training and skill development Work-life balance

²<http://www.indusind.com/investor/corporate-profile/code-of-conduct.html>

Stakeholder	Description	Modes of Engagement	Issues of Interest
 <p>Shareholders and Investors</p>	<p>Shareholders and investors share our vision for the Bank. We are committed to building relationships with them and creating sustainable long-term value through timely and effective disclosures.</p>	<ul style="list-style-type: none"> • Roadshows and investor meets • Investor grievance channels • Roundtables, quarterly conference calls and face-to-face meetings • Annual general meeting • Integrated Report, Sustainability Report, CDP Response • Investor Relations information portal on website <p>Frequency: Interactions are need-based, monthly, quarterly, annual, and ongoing.</p>	<ul style="list-style-type: none"> • Financial performance • Risk management • Compliance • Corporate governance • Sustainable growth • Responsible value chain • Rural development and financial inclusion
 <p>Suppliers and Service Providers</p>	<p>The Bank ensures sustainable procurement practices and that suppliers and vendors are aware of and adhere to compliance standards.</p>	<ul style="list-style-type: none"> • One-on-one supplier meets • Techno-commercial discussions and service engagements • Meetings related to audits, governance, compliance • Supplier sustainability assessments <p>Frequency: Interaction is quarterly and on a periodic basis.</p>	<ul style="list-style-type: none"> • Service delivery and quality • Operational efficiency • Business intelligence • Sustainable practices by providers
 <p>Senior Leadership</p>	<p>Senior leadership at the Bank consists of the Board of Directors and the Core Executive Team (CET). Together, they drive the business and strategic decisions of the Bank.</p>	<ul style="list-style-type: none"> • Board Meetings • Meetings of the Committees of the Board • Direct reporting <p>Frequency: Board meetings are held 6 times in a year. Committee meetings are held as per regulatory guidelines and directions of the Board.</p>	<ul style="list-style-type: none"> • Compliance and governance • Financial performance • Employee welfare and training • Sustainable growth • Rural development and financial inclusion
 <p>Regulatory Authorities</p>	<p>The Bank engages with a number of financial regulatory authorities (RBI, SEBI) and is compliant with all relevant regulations and laws.</p>	<ul style="list-style-type: none"> • Qualified Institutional Placements with RBI • One-to-one meetings and group meetings • Emails and letters • Submission of performance reports <p>Frequency: Interaction is need-based.</p>	<ul style="list-style-type: none"> • Compliance • Corporate Social Responsibility • Reporting
 <p>Society and NGOs</p>	<p>The Bank is committed to engaging with the broader community, including our employees, through our products, services and internal initiatives. We also engage with civil society groups, social development organisations, and NGOs through our CSR activities.</p>	<ul style="list-style-type: none"> • Employee engagement programmes • Employee payroll giving • Financial and legal literacy initiative • Community and rural development • Biodiversity conservation programmes • Resource conservation initiatives and awareness generation campaigns <p>Frequency: Interaction is need-based and monthly.</p>	<ul style="list-style-type: none"> • Rural development • Financial literacy • Sustainable development • Responsible value chain • Livelihoods and financial inclusion

IndusInd Bank recognises that our success as a business is founded on understanding the needs and expectations of our stakeholders, both internal and external. Stakeholder engagement is, therefore, crucial to not only create value as a financial organisation but also to foster long-term relationships to make value creation sustainable.

The Bank engages with a wide variety of stakeholders including customers, suppliers, shareholders, investors, regulators, non-governmental organisations (NGOs), and the community at large. We have identified these stakeholders as key through a series of internal discussions

with the Bank's executives. A number of programmes, initiatives, and communication channels have been instituted to engage with stakeholders, gain their feedback and insights on material issues, and respond appropriately. Effectively managing the issues raised by stakeholders is integral to fulfilling our ambitions and planning the future direction of our business as a bank, while motivating us to be accountable. The Bank's Stakeholder Relations Committee comprising senior management has the sole objective of addressing stakeholders' complaints and responding to their needs.

EMPLOYEE ENGAGEMENT AND COMMUNICATION



IndusInd Bank understands the importance of linking good HR practices with the business strategy. Since employees are the building blocks of our business, the value of pan-organisation involvement to achieve sustainable growth is significant. It is important to empower employees with the skills and knowledge relevant to the priority focus areas of the Bank. Additionally, staff engagement aids in the development of personal capabilities, employee productivity, and career growth while providing them with an avenue to raise their concerns and communicate ideas to the Bank.

Recognising this, the Bank has implemented various systems and programmes to maintain a high level of engagement and dialogue and ensure all-round employee welfare. It is important to note that investing in engaging employees is a direct investment in customer satisfaction. The Bank employs

transparent formal and informal communication channels to connect with employees, encourage ideation and innovation, and gather feedback. Virtual 'Town Hall' webcasts by the MD are live streamed across all offices and branches to broadcast the Bank's business trends, performance, and achievements. Periodic branch visits by HR personnel and line managers also help in capturing employee feedback. During FY' 17-18, 450 branch visits were conducted by the HR department for training, grievance management, and performance review purposes.

On the sustainability front, environmental bulletins and the Bank's event calendar are publicised through Electronic Direct Mailers (EDMs) and the **Hum aur Hariyali** intranet site. Other platforms through which employee engagement is carried out are:

INDUS PARICHAY

Indus Parichay is an internal recruitment initiative for identifying potential candidates by leveraging our existing employees' networks. The direct relationship between potential candidates and the referring employees allows the candidates to develop a strong understanding of the Bank's business and the recruitment process. This helps in synchronising candidate and employer expectations and, therefore, a smoother assimilation of the former into the organisation.



INDUSIND FOR SPORTS

IndusInd Bank's non-banking vertical, IndusInd for Sports aims to make sports an integral and strategic extension for both external and internal stakeholders with year-long activities targeted at our customers, community, as well as, employees.

'Sporting IndusIndians' is a platform through which the Bank encourages and supports employees to take up various sports and, in the process, enhance their physical and mental fitness. Cricket, marathons, and soccer are some of the sports adopted by the employees of the Bank. This initiative is also instrumental in building teamwork and leadership skills.

A landmark initiative for this platform was the **'Get, Set, Run'** – marathon runs sponsored by the Bank in 23 cities in which nearly 3,000 IndusInd Bank employees took part. Some of the marathons supported social causes like breast cancer awareness, education for autistic children and young adults, fundraising for prosthetic legs for underprivileged differently-abled people, etc. Another initiative named, **'Motorcycle Diaries'** saw 6 IndusIndians represent the Bank in the Royal Enfield Himalayan Odyssey from New Delhi to the Khardung-La mountain pass in Ladakh.



NEWSLETTERS AND WORKSHOPS

The Bank publishes various monthly and quarterly newsletters to communicate industry trends and IndusInd Bank's achievements and performance with respect to the market and economic conditions. The 'SPOTLIGHT' series and newsletter from the Sports vertical engages with employees through stories of remarkable achievements by Indians in sports.

In addition, the Bank continues with a monthly Corporate Social Responsibility newsletter titled 'Know Your CSR', first launched in FY 2014-15. The CSR newsletter aims to generate awareness, communicate the latest CSR and green business news and encourage employee participation in the Bank's sustainability agenda. The social and environmental activities undertaken by our Green Champions are also showcased in the CSR newsletter.



INVESTOR AND SHAREHOLDERS ENGAGEMENT



IndusInd Bank's operations and strategy are designed and optimised to cater to the expectations of our shareholders and investors, with a view to sustainable growth and value generation across our business. We recognise that effective and impactful engagement with these stakeholders is a key differentiator for the Bank in the services sector. To this end, the Bank pursues a multi-pronged engagement strategy including relationship-building, complaint redressal,

face-to-face meetings, Investor and Analyst Meets, and regular Email communication with shareholders to discuss the developments in the Bank. Additionally, post the results of each financial quarter, a Press Meet and conferences with investors and analysts are organised to discuss the financial results of the Bank and develop insights from past performance.

STAKEHOLDER REPORTING



A number of reporting and escalation channels have been implemented by the Bank for stakeholders as a means for raising complaints and having grievances redressed. Employee communication is promoted vertically, horizontally, and across the board through all channels. The most prominent and well-established channels through which employees can voice their concerns are the 'Whistle Blowing Mechanism' and 'Direct Reporting'.

Through Direct Reporting, employees can escalate any issue, especially related to unacceptable behaviour or treatment, sexual harassment, unethical dealings or transactions directly to their higher authority up to the CEO. The Bank conducts due diligence while investigating the issue and appropriate disciplinary actions or penalties like dismissals and terminations are taken. Concerned employees have the opportunity to contest the Bank's decision.

ADDRESSING CUSTOMER COMPLAINTS

Prompt and efficient customer service is key to making a service organisation successful, retaining existing customers and maintaining business growth. IndusInd Bank has a transparent and clearly-defined mechanism for addressing customer complaints and grievances. All complaints lodged at the branches are handled by the Branch Head who may escalate it to the Nodal Officer if the complaint remains unresolved after 7 days. The issue may further be escalated to the Banking Ombudsman if the Nodal Officer is unable to

resolve the complaint within 30 days of it being lodged. Customers can also lodge complaints at the Contact Centre or through the Bank's website. In FY '17-18, the Bank received 48,128 complaints in addition to the 2,084 complaints pending at the beginning of the year. 98.5% of the total 50,212 complaints were adequately resolved during the fiscal year. Customer grievances also inform the review of our products and services and enabled the bank in recalibrating our approach to sustain and enhance customer satisfaction.

PRIVACY POLICY AND CUSTOMER PROTECTION

Providing excellent customer service also inherently entails the protection of sensitive customer data. At IndusInd Bank, we value customer privacy as if it were our own. The Privacy Policy, available on the Bank's website, reiterates our promise of safeguarding private customer data. Employees are authorised access to customer information strictly for business purposes only and adhere to an ethics code requiring confidential treatment of the information.

The Bank has developed a comprehensive cyber-security framework and state-of-the-art security systems and protocols, discussed at length on page 72 in this report. The Bank did not identify any substantiated leaks, thefts, or losses of customer data in FY '17-18.



COMPLIANCE AND VIGILANCE



For IndusInd Bank, the values of integrity, transparency, accountability, and excellence in service are integral to the way we conduct business and an inherent part of our culture. Our Code of Conduct actively promotes high ethical standards while meeting the needs of our stakeholders and executing our business strategy.

To ensure that senior management, employees, and vendors maintain the highest professional standards, we have developed robust mechanisms to ensure compliance with existing regulations and legal, statutory, and industry norms.

The Compliance function of the Bank, senior management, and the Audit Committee of the Board work in tandem to ensure appropriate employee conduct and maintain compliance. The Vigilance function and the Vigilance Committee review incidences of non-compliance. Additionally, the Bank also implements a range of policies and guidelines applicable on a pan-organisation basis to inform our senior leadership and all employees. A list of the most relevant of these are presented in the annexures of this report (pg. 103-104).

COMPLIANCE AWARENESS AND MONITORING

The integration of employees into a culture of good corporate governance is essential for managing compliance-related risks. To this end, the Bank actively engages employees on the compliance framework and the consequences of non-compliance. Several communications

and seminars covering compliance topics from domestic and global regions, compliance guides, and a monthly Compliance newsletter are also conducted and disseminated regularly.

Year	Guides	Flashes	Seminars	Bytes	AML News	Tidbits	Flash Messages	Compliance Quiz
2017-18	20	23	32 Seminars covering 807 staff including BMs, DBMs, etc. at 20 locations	12	24	28	26	11

A Compliance Quiz programme was initiated in May 2017 to promote a compliance-oriented culture. The quiz includes questions on regulatory and compliance guidelines; 9 quizzes were conducted in FY '17-18 with participation from over 700 employees.

In FY '17-18, the Compliance department undertook Bank-wide campaigns to highlight and disseminate information on specific compliance themes including Know Your Customer (KYC), Anti-Money Laundering (AML), etc. During the week-long campaigns, tent cards are displayed outside branches, FAQs and other notifications are posted on the Bank's website and employee intranet. The campaign on

Non-Resident External (NRE) and Non-Resident Ordinary (NRO) Rupee accounts conducted in the year covered 845 branches in metro, urban, and semi-urban areas.

The Bank has various mechanisms in place to monitor compliance. In addition to the due diligence followed for trade or forex customers, the Bank has created a bespoke process for a second-level check during account opening, client on-boarding and transactions implemented by the Middle Office Group. This may include detailed face-to-face interviews with prospective clients and field verification by third parties, where required.



FINES OR ACTIONS AGAINST THE BANK IN FY '17-18

Penalties paid for non-compliance*	INR 30 million
Actions initiated against IndusInd Bank for non-compliance by regulatory bodies	None
Any products offered as part of IndusInd Bank's portfolio banned in any markets or have any been subjected to questions by stakeholder or public	None

*Disclosure of penalties imposed by RBI: The Reserve Bank of India (RBI) imposed on December 12, 2017, a monetary penalty of ₹30 million on IndusInd Bank Limited on December 12, 2017 for non-compliance with the directions issued by RBI on Income Recognition and Asset Classification (IRAC) norms and contravention of regulatory restrictions pertaining to non-fund based (NFB) facilities.

In view of the penalty imposed by the RBI on issues of non-compliance, the Bank has reviewed relevant policies and taken remedial action like exiting compliance-conflicted relationships and increasing provisions, as well as, classifying borrowers as per the revised policies to ensure that the non-compliance issues do not arise subsequently.

To mitigate compliance-related risks, the Bank has increased the activities being monitored and increased the sample size

of test studies conducted at corporate offices and associated agencies. New methodologies like report-based monitoring have also been initiated. Additionally, as part of RBI guidelines on Information Technology and Cyber Frauds, 155 actionable points were identified by the IT department, the implementation of which is reviewed by the Compliance function. Meeting compliance is an ongoing effort by the Bank and our employees and management learn from experience to improve operations and processes.

VIGILANCE

Building and maintaining trust with our customers and other stakeholders is an essential component of a responsible business and, therefore, IndusInd Bank's business strategy. The Vigilance mechanism enhances managerial and operational efficiency while protecting the integrity of the Bank and our stakeholders.

The Bank has in place robust prevention and detection procedures to minimise unlawful or fraudulent behaviour, as well as, channels to report any deviant activities. These include the Direct Reporting mechanism and the Whistle Blower Policy. The latter encourages employees, customers, suppliers and shareholders to bring to the notice of the Bank any issue where ethical norms, legal or regulatory provisions have been compromised or violated. Through these reporting channels, the whistle-blowers are assured protection against any kind of retaliation, discrimination or harassment.

IndusInd Bank also has a zero-tolerance stance towards corruption and unlawful behaviour by employees. This policy is emphasised in our Code of Conduct and deliberated during training programmes. In FY '17-18, 3,480 employees attended programmes and seminars on anti-corruption.

During the year, 30 cases of staff accountability and behavioural misconduct were reported of which 28 were resolved and 2 are under process. 12 complaints were received in the area of corruption and bribery, of which 9 were found to be untrue; 1 case is under disciplinary proceedings and the remaining 2 are under investigation. 48 cases were reported through the Whistle-Blower mechanism of which 33 were investigated resulting in 13 cases of punitive action.



In April 2017, the Bank formally instituted a Vigilance Advisory Committee to classify cases of staff accountability arising out of complaints as 'Vigilance' or 'Non-Vigilance' offences after due scrutiny and suggest a response in accordance with the

rules of disciplinary action. This Committee comprises the heads of the departments of Human Resources, Internal Audit and Vigilance.

HUMAN RESOURCES

For IndusInd Bank, one of the most important groups of stakeholders in business is our employees. The Human Resources department is a strategic operative within the Bank as it focuses on maintaining a group of like-minded, dedicated, and passionate people working towards common business objectives. This is achieved through discerning and effective acquisition, management and development of talent, sustaining a result-oriented culture by offering meaningful career growth, and recognition by the Bank. The

outcome is a satisfied workforce, which as human capital, are effectively leveraged by the Bank for maintaining business growth and delivering superior customer service.

IndusInd Bank pursues 'Discipline' and 'Compliance' as core values to create a conducive work environment while meeting the relevant HR-related regulatory and statutory laws. Every employee must adhere to the employee service rules and Code of Conduct.

STRENGTHENING HUMAN CAPITAL: WORKFORCE AND STRATEGY



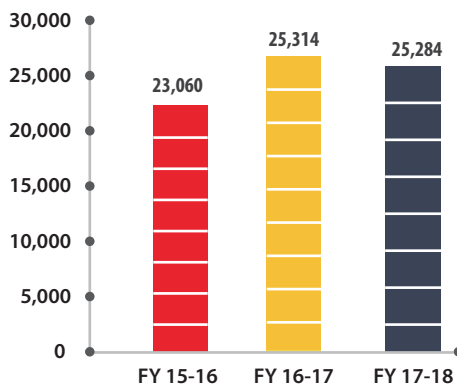
Building a strong foundation of talent is a key component of maintaining business growth and profitability. IndusInd Bank continued to be a preferred career destination in FY 2017-18 for high-potential talent in the industry in terms of long-term career growth and employee benefits.

objective to improve cost efficiency while maintaining high quality. Offering meaningful career growth was another focus of the manpower plan during the year. This has been executed by facilitating internal job movements and role enhancement. For example, tellers and Relationship Officers were converted to Rural Banking Officers (RBO) and Rural Banking Managers (RBM).

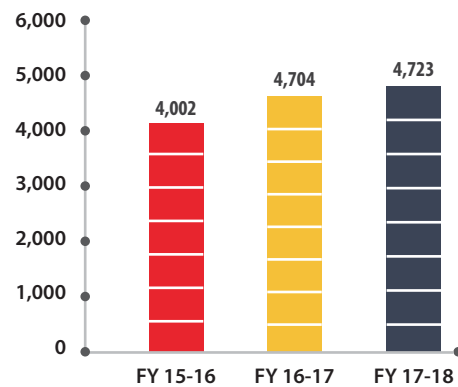
The Bank has a strong hiring rationale where the focus is on new branch hires for critical roles across management grades. During the year, key leadership roles were sourced from peer banks and reputed BFSI companies using a variety of hiring channels with acquisition costs. The 'Hire, Train, Deploy (HTD)' model was utilised, keeping in line with the

In FY 2017-18, our total workforce was 25,284. Of these, the number of permanent women employees is 4,723, increasing from 4,704 in FY '16-17.

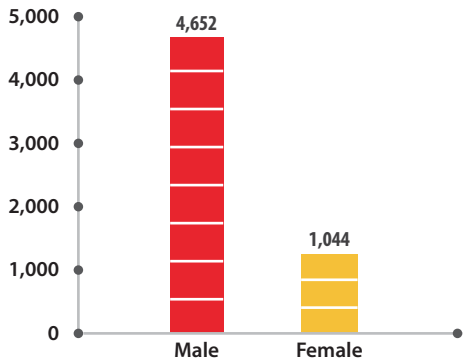
TOTAL EMPLOYEE STRENGTH



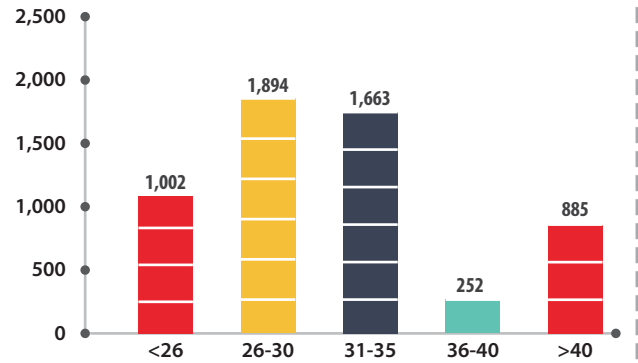
PERMANENT WOMEN EMPLOYEES



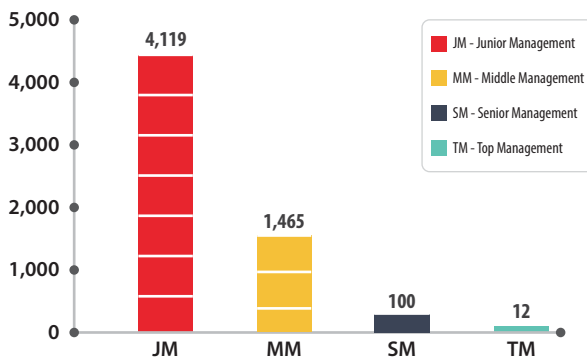
NEW HIRES BY GENDER



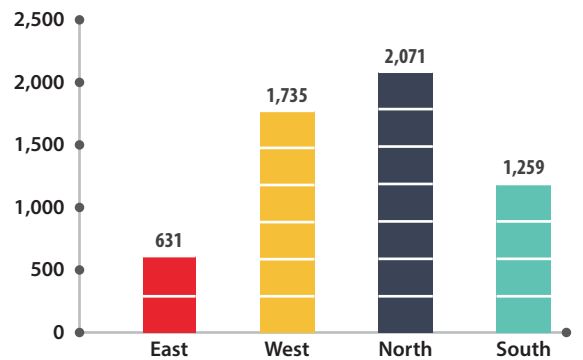
NEW HIRES BY AGE GROUP



NEW HIRES BY MANAGEMENT GRADE



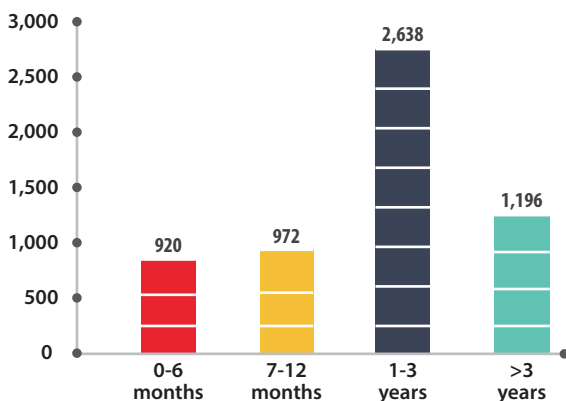
NEW HIRES BY ZONE



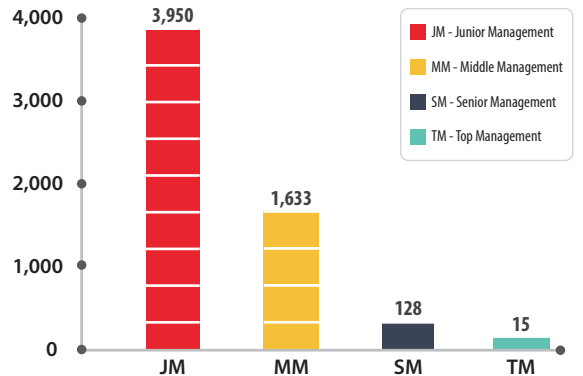
Attrition is a market reality for the BFSI sector. Despite this, the Bank has maintained an attrition rate that is lower than the market level. Comparatively, attrition at the Junior and front office sales levels is higher than that at the Top Management level, in line with banking industry trends. Over PC4, the

target for the Bank is to reduce attrition to sub-20% levels. To this end, the Bank follows a talent identification and retention approach by offering structured career development opportunities, market-aligned compensation, and employee benefits.

TENURE-WISE SEPARATIONS



MANAGEMENT GRADE-WISE SEPARATIONS





HUMAN CAPITAL

CAREER PROGRESSION AND THE BDM MODEL

Human capital development is inextricably linked to the Bank's business development strategy. The Bank has, therefore, instituted channels that are underpinned by a well-defined career progression system. An example of which is the Business Development Manager (BDM) career progression model wherein a BDM or BDE can progress to a Branch Head or even a Regional Manager. KPIs for progression vary with different advancement opportunities available to the employees; some of the criterion are common across the progression streams, for example, fee revenue, customer band upgrade, NTB activation and average ANR growth. Grade enhancement may enhance performance-based employee benefits as well. The employees are also afforded the flexibility to move into an individual contributor or a team management role and strengthen preferred core competencies.

This innovative approach is one of the fastest career progressions within the organisation and when compared to peer banks in the market. It has proved to be a success with enhanced operational and cost efficiency, a high-performing workforce in terms of financial and functional productivity and lower attrition. The business impact of this progression framework is discussed in detail on pages 63-64 of this report.

Employees are offered learning and all-round development opportunities in the Bank like on-the-job training and e-module programmes, learning interventions, career planning, and engagement sessions. These efforts have, not only, reduced attrition, but also, significantly enhanced employee productivity.

Additionally, Talent Management Workshops have been

devised and deployed for senior and top management with the dual expectations of creating management leaders that develop future talent pools at the senior grade and curtailing attrition at the junior levels. The overarching objective is to facilitate self-awareness and build behavioural and leadership competencies across the Bank.

EMPLOYEE TRAINING AND DEVELOPMENT



Developing diversified and multi-dimensional skills for employees continues to be a central focus area for the Bank and is one of the core productivity enhancement activities in the PC4 strategy. Employee skill augmentation and behavioural training is facilitated through a variety of classroom and e-learning programmes. Learning interventions were conducted across BUs which included programmes on behavioural training, customer-centric process empowerment and service excellence, credit skills, leadership development, complaint handling, decision-making, etc.

A Growth Mindset programme for employees has been initiated emphasising the role of a growth-oriented mindset in furthering careers, building capabilities and foster confidence. This programme in conjunction with other initiatives to build interpersonal effectiveness and leadership

skills covers employees across the board including senior management, business unit team leaders, and contact centre employees. A total of 35 such programmes were conducted during the year.

With the advent of PC4, in keeping with the Bank's focus on the digital domain, the HR function has also launched programmes on 'digitisation' consisting of project management skill development using Agile, blockchain technology and SEO portal training.

During FY '17-18, the Bank conducted over 1,066,772 total training man-hours for more than 388,581 participants through 1,400 programmes, including 422,539 hours on skill-based training. About 40% of all training is currently conducted through e-learning modules.



EMPLOYEE SKILL-BASED TRAINING IN FY '17-18

Type of Training Programme	No. of Programmes	No. of Participants	Training Man Hours
Orientation to IndusInd Bank	181	3,767	68,094
Product & Behavioural Training (across BUs)	351	7,009	1,59,009
Process Training (GBO/CCBG/CGMO/Compliance)	161	3,561	40,342
CFD (Induction/DRA/Others)	68	5,811	218,732
External Training	105	261	4,456
E-learning	534	3,68,172	5,76,139
Total	1,400	3,88,581	10,66,772

Well-designed content delivered by qualified experts and an employee feedback mechanism ensures that the effectiveness of the learning programmes is maintained. Needs assessments are conducted regularly to keep training in sync with changing market conditions, new product/process launches, and importantly, employee expectations and requirements.

Our active engagement with employees on skill development has direct benefits to business in terms of higher operational efficiency and profitability, better client service, revenue performance, and reinforcing of our brand image. An effectively trained workforce with dynamic skills and competencies form the Bank's platform for achieving marketplace success.

EMPLOYEE BENEFITS AND WELFARE



We recognise that employees that are engaged and well-incentivised are an invaluable asset to our business. The Bank's HR framework is designed and implemented strategically in order to attract and retain talented, high-performing professionals. Rewarding and acknowledging employee efforts are an intrinsic part of this design, executed using performance management processes like goal-setting and Annual Performance Reviews. Individual performance assessment, counselling, and feedback help the Bank in identifying future leaders for driving our growth.

In this respect, performance assessment plays a pivotal role. Employee goals differ across skill-bases and management grades. There is an intensive focus on SMART goal-setting based on quantifiable measures and targets. The goals for each employee segments are inter-related and reinforce

each other thus engendering holistic growth for the Bank across all channels. In FY '17-18, the Bank witnessed 92% goal submission. The goals and KRAs are segmented into:

Business Targets reflected through Sales Revenue, Profitability

Business Development through new product roll-out, new customers on-boarded

Operations Management

Compliance reflected in annual RBI RBS process and internal audits

People Development through the number of learning man-hours, performance rating

The HR function executes an Annual Performance Appraisal process for all full-time employees. The process involves online self-appraisal of employees against their SMARTs/KRAs followed by a review by their appraisers, as well as, counselling and feedback to enhance performance. The appraisal for FY '17-18 was executed meticulously for 19,900 employees. Appraisal actions like increments, bonus, promotions, etc. are linked to performance and have been normalised across the organisation to ensure standardisation and comparability of assessment across BUs.

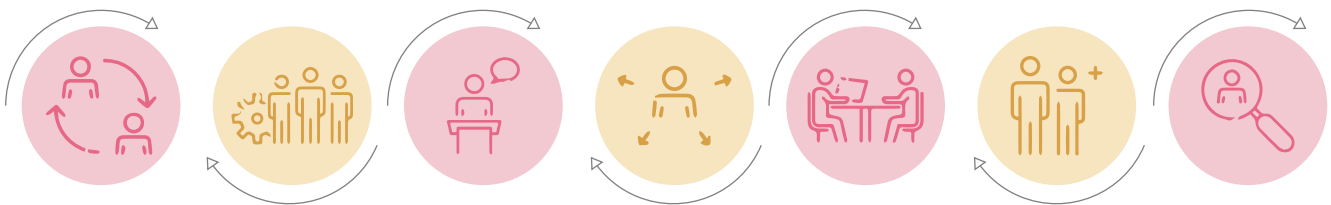
Our Compensation Policy is also designed to assist the Bank in channelising high performers into the talent pipeline. It helps in building long-term employee ownership and association by offering differentiated rewards and recognition based on our philosophy of 'Pay for Performance' and 'Role Criticality'. Employee compensation is in line with industry trends and is compliant with the guidelines set by RBI.

Additionally, the Bank has instituted an Employee Stock

Option Scheme to enable employees, including full-time Directors, to participate in the future growth of the organisation. An aggregate of 41,633,300 options, totalling 6.94% of the Bank's equity capital have been granted through the scheme as on March 31, 2018. Ancillary benefits like health care (Mediclaim, Group Personal Accident Policy) and insurance are also offered to full-time employees. Further details on employee benefits can be found on pages 159 and 196-198 of the Annual Report.

Ensuring employee satisfaction is a key focus area for HR. The Bank tracks employee satisfaction using a variety of channels including branch visits, employee engagement, grievance redressal, query resolutions, and exit interviews. The branch visits conducted during the year, offer feedback and insights which are then analysed for remedial actions or process changes.

During the year, HR also successfully completed employee on-boarding procedures related to the merger with Bharat Financial Inclusion Limited (BFIL) including employee stock options, compensations, and organisational structuring.



ENSURING HUMAN RIGHTS



The Bank respects, protects and promotes the Human Rights mandate that is recognised at the global level. We have formalised processes and systems that facilitate and uphold the principles of ethics and sustainability as they pertain to all stakeholders, including employees.

EQUAL OPPORTUNITY EMPLOYMENT

IndusInd Bank is an equal opportunity employer, especially in HR processes of hiring, training, promotions, and staff benefits irrespective of ethnicity, language, caste, gender, age or disability. Female employees represent 19% of our total employee base. Differently-abled employees are also a part of our permanent workforce and are provided with special soft-skills training. In FY '17-18, training in sign-language and sensitisation workshops were conducted for reporting managers and colleagues of differently-abled employees.

We regularly evaluate and address the specific infrastructural, support, counselling and training needs of our employees through redressal and feedback sessions with HR and the management. IndusInd Bank is also actively pursuing policies to ensure a well-balanced representation of men and women within our workforce and talent pool across all management levels.



REPORTING AND COMMUNICATION

The Bank has in place a number of reporting and communication channels, like Direct Reporting and the Whistle Blower mechanism, for employees to voice concerns and raise complaints. We promote dialogue with our employees regarding matters of Code of Conduct violations, indiscipline, sexual harassment, etc.

Our policy for addressing sexual harassment and gender inequality in the workplace is in harmony with the Sexual Harassment of Women at Workplace (Prevention, Prohibition, and Redressal) Act, 2013 and directives of the Supreme Court. Comprehensive workshops on the issue are also organised for employees. Female employees are encouraged to notify any cases of harassment or

gender-based discrimination for immediate investigation by the Internal Complaints Committee irrespective of grade or level of those involved. The names and identities of involved employees are kept confidential during the investigation to protect their interest. Employees found guilty of a misdemeanour are dismissed from the Bank. In FY '17-18, the Bank received 7 complaints of sexual harassment, all of which were resolved during the year.

An unbiased treatment policy ensures any disciplinary action, unfair dismissals or terminations can be challenged by affected employees which are then resolved adequately post investigation.

HEALTH AND SAFETY

IndusInd provides a safe, healthy, and secure workplace for all employees, contractors, visitors, and customers. Our HR Policy, Workplace Health and Safety Policy, and the Fire Safety Policy & Manual lay out safety measures, escalation mechanisms and directions for handling emergency situations. The Bank's E-learning module on 'Workplace Safety' creates awareness on the various potential hazards and accidents at the workplace. Around 14,450 employees have been sensitised about workplace safety through this module.

Fire evacuation drills and training programmes are conducted periodically at various locations of the Bank. EDMs on fire safety measures and emergency preparedness are shared with all employees. In FY '17-18, Fire Safety training sessions were conducted for 9,800 employees,

achieving 78,000 man-hours of training. Given fire incidents at some of the Bank's branches during the year, additional safety measures have been instituted including electrical infrastructure maintenance and repair at older branches, thermal imaging and earth-pit testing.

Training sessions and sensitisation sessions on Women's Safety were also conducted in FY '17-18 for female employees. Deployment of lady-guards, escorts for women employees leaving at late hours, and police verification of drivers and cleaners has also helped in reducing compromising incidents. IndusInd Bank is one of the first to implement e-surveillance at all branches to identify potential risks, incidents, and threats, and so reduce the response time significantly for action in case of any incidents.



SAFETY TRAINING IN FY '17-18			
Programme Name	Training Type	No. of Programmes	No. of Employees
Women's Safety	Classroom	10	240
Fire Safety	Classroom	880	9,800
POSH	Classroom	165	3,480
Workplace Safety & Security	e-Learning	372	20,483
Total		1,472	34,003



Fire Safety Training at IndusInd Bank



Women's Safety Training at IndusInd Bank



RISK ASSESSMENT AND MANAGEMENT SYSTEM



We, at IndusInd Bank, understand that the business of banking is fundamentally about managing risk in response to the vagaries of the external operating environment. To this end, our robust risk assessment and management framework identifies short- and long-term risks faced by the Bank and institutes effective mitigation techniques. The Bank recognises that risk is as much an opportunity as it is a threat. Therefore, our risk systems are aligned with best industry practices, designed to be able to evolve with changing external operating environments and market conditions.

IndusInd Bank's enterprise-wide risk management framework enables proactive identification and management of risks including strategic, operational, credit or market risk, compliance risk, information security risk, and reputational risk, categorised based on impact and mitigated through distinctly defined actions. Important indicators within various risk types include, but are not limited to, Weighted Average Credit Rating (WACR), Return on Risk-weighted Asset (RoRWA), Value at Risk (VaR), Liquidity Coverage Ratio (LCR), Capital to Risk-weighted Asset Ratio (CRAR), and Return on Equity (RoE).

Within the major risk categories, the Bank has articulated various risk policies which specify risk appetites and strategies, risk measurement methodologies, and monitoring & control measures. Risk policies ensure that the Bank's business strategy is in alignment with the Board-approved risk appetite. These policies are reviewed periodically to keep

pace with changes in the nation's economic and regulatory climate, banking sector norms, and the Bank's financial profile.

The various risk policies and risk management systems as implemented by the Bank are represented in the table on the next page. A detailed description of IndusInd Bank's risk framework and executive committees for risk management can be found in the Bank's 2016-17 Annual Report on pages 210-228.

The Bank has also established the Environmental and Social Management System (ESMS) Policy to ensure our investments balance economic growth with socioeconomic sustainability. This safeguards the bank against credit and reputational risks. More details on the ESMS policy can be found on page 61 of this report.



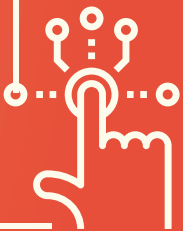
Risk Type	Description	Policies	Risk Management Approach
Credit Risk Management	Credit risk is managed at both the transaction and portfolio level. The key objective is to maintain credit quality within the defined risk appetite, while achieving appropriate returns to risk.	<ul style="list-style-type: none"> • Credit Risk Policy • Bank Risk Policy • Country Risk Policy • Real Estate Policy • Stress-testing Framework • Policy on Collateral Management • Framework on Industries Classification • Risk-based Pricing • Policy on Internal Capital Adequacy Assessment Process 	<ul style="list-style-type: none"> • The Bank maintained credit growth & portfolio quality despite a challenging environment. • Well-diversified corporate exposure fully insulates the Bank from individual risk cycles. • Restructured assets lowest in the industry • On-boarded customers with high credit quality resulting in improved WACR. • Wider range of retail products introduced governed by risk mitigation measures for customer selection & underwriting.

Risk Type	Description	Policies	Risk Management Approach
<p>Market Risk Management</p>	<p>Market Risk arises from changes in interest rates, exchange rates, equity prices and risk-related factors such as market volatilities.</p>	<p>Funds and Investment Policy</p> <ul style="list-style-type: none"> • Foreign Exchange Policy • Derivatives Policy • Equity Policy • Bullion Policy <p>Market Risk Management Policy</p> <ul style="list-style-type: none"> • Exposures Management & Limit Structures • Valuation Policy • Stress Testing Policy • Model Validation Policy • Value at Risk Policy 	<ul style="list-style-type: none"> • The Bank adopted the standardised approach to compute appropriate capital charge towards market risk. • Contingency plans are in place to meet impact of stressed liquidity scenarios. • Contingency Funding Plan covers all available funds sources to supplement cash flow gaps.
<p>Operational Risk Management</p>	<p>Operational Risk is risk of incurring loss due to failure of systems, technology, employees, disasters, external factors, etc., including legal and regulatory risks.</p>	<ul style="list-style-type: none"> • Operational Risk Management Policy • New Product Programmes Policy • Business Community Management Policy 	<ul style="list-style-type: none"> • Operational risk management tools like Risk and Control Self-Assessment (RCSA), KRIs monitoring, and Loss Data Analysis designed for responding and mitigating to operational risk incidents. • New products and processes are filtered through ORM Committee to identify & mitigate inherent risks. • Implemented a comprehensive Bank-wide Business Continuity Plan to ensure continuity of critical processes during disruptions or disasters.
<p>Systems Risk Management</p>	<p>The Information Security Policy deals with security of information in any form or medium across the Bank. The policy directs managerial decision-making and facilitates secure business operations.</p>		<ul style="list-style-type: none"> • The Bank has implemented a Board-approved Cyber Security Policy. • Structured and unstructured data being utilised by the Bank for Anti-Money Laundering and Enterprise-wide Fraud Management. • Sensitive information is shared with authorised personnel for business purposes only.
<p>Reputational & Strategic Risk</p>	<ul style="list-style-type: none"> • Reputational Risk Policy • Strategic Risk Policy • Fraud Risk Management Policy 	<ul style="list-style-type: none"> • Health and Safety Policy • Policy on Know Your Customer (KYC) and Anti-Money Laundering 	<ul style="list-style-type: none"> • Outsourcing Policy • Framework on Enterprise Risk Appetite



INCORPORATING INTEGRATED THINKING IN BANKING

STRATEGIC ARCHITECTURE AND PLANNING

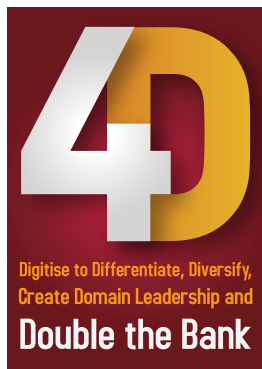


STRATEGIC ARCHITECTURE AND PLANNING



IndusInd Bank embarked on its journey through Planning Cycle 4 (PC4) in FY '17-18, building on the successes and achievements of the preceding Planning Cycle 3. The business strategy for PC4 is based on a thorough assessment of market opportunities, trends and potential risks, the macroeconomic scenario, competitive landscape, and the potential impacts of external operating conditions including regulatory and socio-environmental dynamics.

Planning Cycle 4, covering the period from FY '17-18 to FY '19-20, represents the Bank's ambitions through a 4D framework:

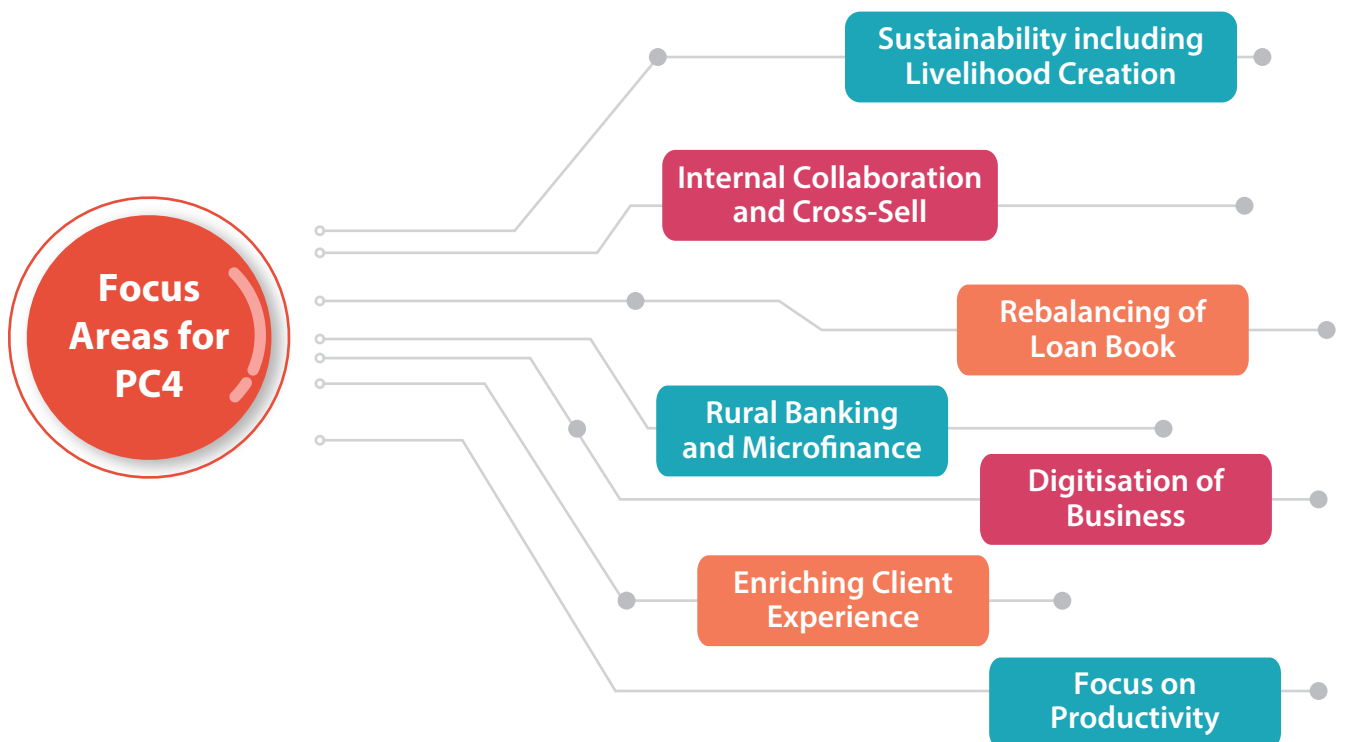


Digitise to **Differentiate, Diversify & Create Domain Leadership**, and **Double the Bank**. Our core strategy remains building **'Market Share with Profitability'** focusing on creating scale in profitable sub-scale businesses with the ambition to double the Bank in three years in terms of clients, loans and profits. To this end, digitisation

will be leveraged to differentiate us from the competition, help in diversifying to new businesses, and support domain leadership in areas that have already achieved significant scale. The broad underlying theme on which the PC4 strategy is founded on are:

- Financing Livelihoods** – the common objective of creating sustainable livelihoods, especially for the Bottom of the Pyramid (BoP) section of society
- Finding Customers from Within** – realising internal cross-sell opportunities between different business units of the Bank
- Reengineering our Businesses** – creating optimal structures and processes to improve efficiency and client experience
- Sustainable Banking** – creating value for all stakeholders from customers, employees, regulators, to shareholders and society

These themes are further divided into seven specific initiatives, in addition to business-as-usual growth, around which PC4 is built.



MACROECONOMIC CONTEXT AND BANKING ENVIRONMENT

The financial year 2017-18 has been an important one for the Indian economy with major policy reform measures undertaken by the Government which have created an enabling environment for businesses in terms of attaining higher growth in a sustainable manner. The landmark Goods and Services Tax (GST) regime was implemented in July 2017 in order to rationalise the indirect tax structure and create a national common market.

Despite a slowdown in growth during the first half of the year due to the disruption caused by GST, economic performance picked up in the second half, led by the services and manufacturing sectors. This includes an acceleration in investment activity reflected by improvement in the Bank's credit offtake, greater resource mobilisation and improved capital goods production and imports.

Governmental reforms in recent years including introduction of digital-led initiatives to improve banking access and formalise the unstructured economy, have received recognition from international agencies. India's rank in World Bank's 2018 Ease of Business Index improved from 130 to 100 reflecting improvement in the overall business climate. For banks like IndusInd, this signals an improvement in medium-term growth prospects along with a stabilised debt profile, given our strategy for digitising our business and improving market penetration with digital-led innovations.

Public sector expenditure remained the key driver of investments, with increased government focus on infrastructure development, particularly roads and the highway network. This offers significant opportunities for IndusInd Bank to improve our exposure in the infrastructure sector over the next few years.

Furthermore, in line with the national strategy and governmental schemes to address financial inclusion and promote socio-economic stability for underprivileged and marginalised sections of society, IndusInd Bank is expanding our investment net and banking coverage to include rural masses and create sustainable development for all. This strategy includes initiatives in the spheres of microfinance, food security, healthcare access, education, affordable housing, etc.

With structural reforms-related transient adverse impact now behind us, the economy is firmly on a recovery path. Encouragingly, investment activity, global growth and financial markets remains supportive. The IMF expects global growth to remain robust in 2018 and 2019, which would aid exports. However, mounting global trade tensions, higher oil prices, and market volatility can counter this growth momentum via higher inflation, fiscal stress, or weaker external demand.

Finally, on track to achieve the target of 175 GW of installed renewable energy capacity, part of India's Intended Nationally Determined Contribution (INDC) under the Paris Agreement, the country has already achieved 70 GW project capacity with an additional 38 GW under implementation³. IndusInd Bank is committed to facilitating the implementation of projects for generation and provision of access to energy with significant investment directed towards the renewable energy sector.

At IndusInd Bank, we believe economic, societal, and environmental sustainability are inextricably linked and need to be supported by the financial services industry. All-encompassing sustainability is, therefore, an integral part of our medium-term strategy.

OUR BUSINESS MODEL



At IndusInd Bank, we believe in universal banking. As a financial institution, our role is to facilitate banking access, support livelihoods, and promote national development across all sections of society, while generating sustained value for all stakeholders. We facilitate the movement and flow of capital between consumers and businesses and

across geographies for the benefit of our clients, customers, and other stakeholders. We offer all banking products on liabilities, assets, investments and transactions and serve all customer segments, from the Bottom of the Pyramid microfinance to retail, corporate and government entities.

³<https://economictimes.indiatimes.com>

INDUSIND BANK'S VALUE CREATION FRAMEWORK



VALUE CREATED FOR IBL AND ALL STAKEHOLDERS

... Through Efficient Risk Assessment & Management

Credit Risk

We endeavour to keep restructured assets among the lowest in the industry.

Capital Risk

Maintaining low risk levels along with stress-testing conducted for impact on Capital to Risk (Weighted) Assets Ratio and ensuring efficient capital deployment for sustainable returns profile.

In FY '17-18,

Total CRAR: **15.03%**
Tier I CRAR: **13.42%**

Market Risk

Using state-of-the-art systems to defend against market volatility by monitoring Value at Risk, derivatives portfolios, exposure limits, etc.

Risk systems cover other financial and non-financial risks including:

- Operational and Legal Risk**
- Regulatory and Compliance Risk**
- Liquidity Risk**
- Interest Rate Risk**

Further details are provided on pages 210-228 of Annual Report 2017-18

... To Deliver Financial Performance (Outputs)

Deposits

INR **1,516.39 bn** with 28% Y-o-Y growth

Loans

INR **144.9 bn** with 28% Y-o-Y growth

Net Revenue

INR **122.48 bn** with 20% Y-o-Y growth

Operating Profit

INR **66.56 bn** with 22% Y-o-Y growth

Profit After Tax

INR **36.06 bn**

Return on Risk Weighted Assets

2.28%

Return on Assets

1.90%

Return on Equity

16.48%

Net NPAs

0.51%

Further details on business performance provided on pages 4-5 and 76-77 of Annual Report 2017-18

... And Create Value for Our Stakeholders (Outcomes)

Shareholders:

- Delivering strong performance with 26% growth in Profit After Tax
- Increase in share price by 25% in FY '17-18 vs. 10% in previous year in NIFTY
- Increase in dividend per share to INR 7.5 from INR 6.0

Clients:

- Opened 200 branches & 215 ATMs
- Launched innovative products such as All-in-One Store mobile App
- Enhanced client experience across key customer journeys
- Maintained competitive pricing

Employees:

- Conducted 1,066,772 man-hours of training
- Salary and incentive payments of INR 17.80 bn

Society and Environment:

- Exceeded Priority Sector Lending targets in FY '17-18 reaching 40.1% of ANBC
- Reached 2.73 mn households through inclusive banking spread over more than 25,000 villages
- INR 204.7 mn spent on social and environmental projects through CSR initiatives

Regulators:

- Complied with extant regulations
- Paid INR 19.75 bn in direct taxes

Our business model, presented in preceding pages, illustrates how we create value for and with stakeholders both internal and external to the Bank. The bedrock of our business model is our focus on those spaces which demonstrate the opportunity for profitable, steady growth and effective execution of strategy in those domains. The objective is to emerge as India's most convenient banking institution with Best-in-Banking financial parameters and advance our position as a well-diversified, liquid, and stable bank. Business plans are formulated based on an in-depth assessment of the current and potential business opportunities and associated risks, the Bank's vision, a competitive landscape, the macroeconomic and regulatory environment, and our operating dynamics. Effective implementation of these plans has resulted in IndusInd Bank consistently delivering scale with profitability over the last decade.

The Bank operates with six *Capital* inputs and these endowments enable us to plan and implement our value-addition activities. Our products and services are managed by the various business units operating in different market segments. The Bank caters to a wide spectrum of clients including microfinance borrowers, commercial, corporate and government entities, MSMEs, as well as, individual consumers. The Bank delivers products and services through various channels including digital, in collaboration with our technology partners. Additionally, our unwavering focus on 'responsive innovation' enables us to cater to the evolving needs of our clients and remain competitive.

A focus on developing our human capital in terms of hiring, training, and deployment of staff is crucial for the effective execution of our strategy. The Bank is sensitive to the needs and potential of our employees and talent development is one of the pillars supporting the Bank's functioning and operations.

We create value for our shareholders by consistently meeting financial targets and ensuring business profitability. Guided by our customer-centric approach, we add value for our customers by making banking with IndusInd Bank progressively accessible and delivering on our strategy for enhancing customer satisfaction. Our products & services are tailored to the socio-economic context and the needs of BoP customers enabling them to generate stable incomes and, thereby, cultivate sustainable livelihoods. Our business model is also geared towards ensuring that the Bank adheres to the principles of environmental sustainability.

Our business evolves in response to changes in market segmentation with respect to customers, products, delivery technology and geography (metro cities, Tier 1 cities, and rural areas). The model is also geared to meet the different needs of individuals, business owners, distributors, and partners. Additionally, our value chain is regularly monitored and updated to ensure ethical and sustainable procurement and operations. The Bank operates within a strict regulatory framework and industry standards for compliance and vigilance. The Governance and Compliance functions work in tandem to ensure compliance and that regulatory operating standards are met, enforced, and maintained across the Bank.

Choose the smarter way of Banking
Go Digital. Go Cashless.

INDUSPAY UPI App, POS, Indus Mobile Mobile Banking, DEBIT CARD, AEPS, VIDEO Branch, CREDIT CARD, USSD, IndusNet, QUICKPAY Send Money Instantly, ontheGO SOCIAL BANKING

2017-18: YEAR IN REVIEW

IndusInd Bank completed the first year of Planning Cycle 4 through the implementation of the aforementioned strategic themes. We measure the Bank's performance *inter alia* on Net Interest Margins, Return on Assets, Return on Equity, Cost-to-Income Ratio, Net NPAs, Revenue per Employee, and Return on Risk Weighted Assets (RoRWA). Our performance on these metrics was amongst the top quartile in the Indian Banking industry for the year 2017-18.

One of the ambitions of the Bank is to improve RoRWA from 2.18% in Q4 FY17 to over 2.4% by FY '19-20. This metric indicates how much risk, and therefore capital consumption, is taken on to generate returns. The Bank's objective is to achieve higher returns while reducing risk intensity, resulting in better risk-adjusted returns. In FY '17-18, the Bank progressed well on this trajectory with RoRWA improving to 2.28%.

Key initiatives undertaken during the year for improving RoRWA include improving corporate loan quality wherein the share of AAA and AA book has increased from 33% to 36%. Additionally, improvement in risk-adjusted returns was aided by growth by nearly 24% in the vehicle finance portfolio. Improvement in the CASA ratio from 37% to 44% over the year has also supported RoRWA by reducing the cost of funding.

The Bank is progressing well towards our target of delivering business growth in a sustainable manner in Planning Cycle 4. The following graphics represents the Bank's performance in key banking indicators and metrics.

PLANNING CYCLE 4 (2017-2020): PLAN vs. OUTCOME











			FY '17-18 Outcome
Loan Growth	▶	25% - 30%	28%
CASA Ratio	▶	40%	44%
Revenue Growth	▶	Exceed balance sheet growth	20%
RoRWA	▶	> 2.4%	2.28%
Branch Network	▶	2,000	1,400
Customer Base	▶	Double to >20mn	On track



DELIVERING STRONG OPERATING PERFORMANCE

	FY '16-17	FY '17-18
Net Interest Margin	3.99%	3.99%
Return on Assets	1.86%	1.90%
Return on Equity	15.26%	16.48%
Cost/Income	46.74%	45.65%
Net NPA	0.39%	0.51%
Revenue per Employee (INR mn)	4.0	4.8

STEADY HEADLINE NUMBERS FOR FY '17-18

Key Indicators		FY '17-18 Performance		Y-o-Y Growth vs. FY '16-17
Net Interest Income		INR 74.98 bn		24%
Core Fee Income		INR 41.77 bn		20%
Revenue		INR 122.48 bn		20%
Operating Profit		INR 66.56 bn		22%
Net Profit		INR 36.06 bn		26%

More details on financial performance during the year is available in the Bank's Annual Report 2017-18 on pages 76-77.

This year also witnessed the implementation of a number of programmes for the expansion of livelihood finance through vehicle loans and micro enterprise finance, creating a larger product suite catering to the BoP sector, larger investment in infrastructure, and enhancing customer service using innovative digital tools and platforms across all operations and processes. Further, 12 specific productivity-enhancing initiatives have been identified by the Bank, largely focusing on branch banking, branch re-configuration, channel optimisation, etc. which are expected to improve the cost-to-income ratio by 2 percentage points over PC4. The Bank implemented these initiatives during 2017-18 with initial success straightaway with the cost-to-income ratio improving by 1 percentage point within the year.

In the upcoming months of FY '18-19, the Bank plans to diversify our portfolio through Impact Finance in the areas of education, healthcare, MSME finance, to name a few. Additionally, the suite of products is set to be scaled up for products like pre-approved personal loans and credit cards, vehicle loans for owner-operators, gold loans, etc. catering to different segments of customers, with special emphasis on livelihood loans. The Bank is also set to introduce services designed to address the wealth management and customised product needs of the mass-affluent sections.

Subsequent sections provide an in-depth discussion of the Bank's strategy in various areas of business and the inter-connectedness of operations which enable sustained progress towards the achievement of Planning Cycle 4 targets.

BANKING FOR SUSTAINABLE LIVELIHOODS



With rural India emerging as an area with significant untapped opportunities in the last decade, businesses have increasingly gravitated towards expansion in these markets. The rural economy has undergone a tremendous socio-economic transformation with the number of banking outlets, basic savings bank deposits growing multi-fold, enabled by national schemes like Pradhan Mantri Jan Dhan Yojana. The Reserve Bank of India now mandates at least 25% of new bank branches opened during a financial year to be located in unbanked rural centres⁴. Additionally, the spread of affordable data networks and mobile handsets have enabled the mobile phone to become a virtual bank. According to the Telecom Regulatory Authority in India, there exist more than 500 million mobile subscribers in rural regions⁵. The trinity of Jan Dhan, Aadhaar and Mobile (JAM) has improved the ease of serving the underserved rural economy. Consumption patterns in rural regions are also changing to increasingly resemble those of urban areas. The FMCG sector in rural and semi-urban India is expected to reach USD 220 billion by 2025⁶. Recognising the financial opportunity these changes presents, IndusInd Bank has oriented its strategy in PC4 to one with a central focus on rural banking and microfinance.

Rural development and equitable resource access are crucial factors that determine the success and growth of any industry foraying into these markets. Therefore, while the Bank's rural banking model is calibrated to utilise this untapped business opportunity, it also promotes inclusivity by creating and developing opportunities for sustainable livelihoods among underprivileged and economically disadvantaged groups.

Strategy design and implementation in terms of branch type, services and their delivery, differ across clusters with different opportunity sets. Opportunities in priority clusters identified by the Bank may be agri-oriented, agri-allied, or dependent on local economies like dairy, poultry, etc. IndusInd Bank leverages the reach and capacities of various business units like the Consumer Finance Department, Retail Agriculture, and Inclusive Banking to develop this strategy. Advancements and innovations in our digital platforms support all aspects of our rural banking model.

Over PC4, IndusInd Bank's vision is to implement and expand rural banking and microfinance into a cohesive business plan such that it becomes a profit centre instead of a cost centre and to ensure that it contributes to more than 10% of our profits by 2020. In FY '17-18, the Bank added to its rural and semi-urban branch network, establishing our presence across 17 states in India through 231 new branches under the Business Correspondent model. The proposed merger with Bharat Financial Inclusion Limited (BFIL) is expected to increase the geographical scope of our reach to the unbanked and under-banked sectors with nearly 6.8 million additional rural customers spread over 100,000 villages.

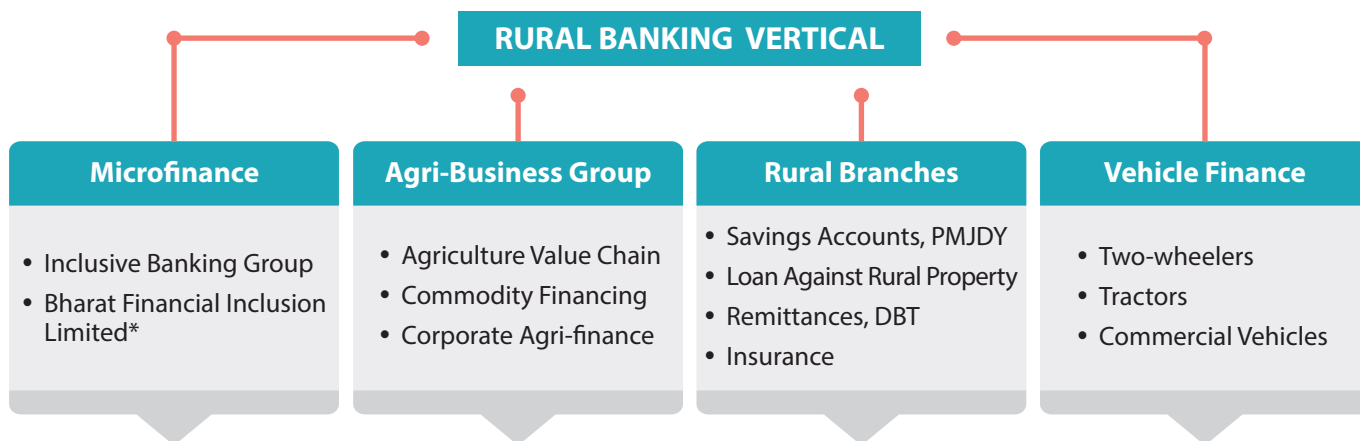
Currently, the share of livelihood finance in IndusInd Bank's total lending portfolio stands around 40-45%. In upcoming years, the Bank's ambition is to dedicate more than 50% of our portfolio dedicated to creating sustainable livelihoods driven by financial inclusion activities like microfinance, vehicle finance and agricultural finance.



⁴<https://rbi.org.in/scripts/NotificationUser.aspx?id=10972&Mode=0>

⁵http://trai.gov.in/sites/default/files/Performance_Indicator_Reports_28092017.pdf

⁶<http://www.assochem.org/newsdetail.php?id=6587>

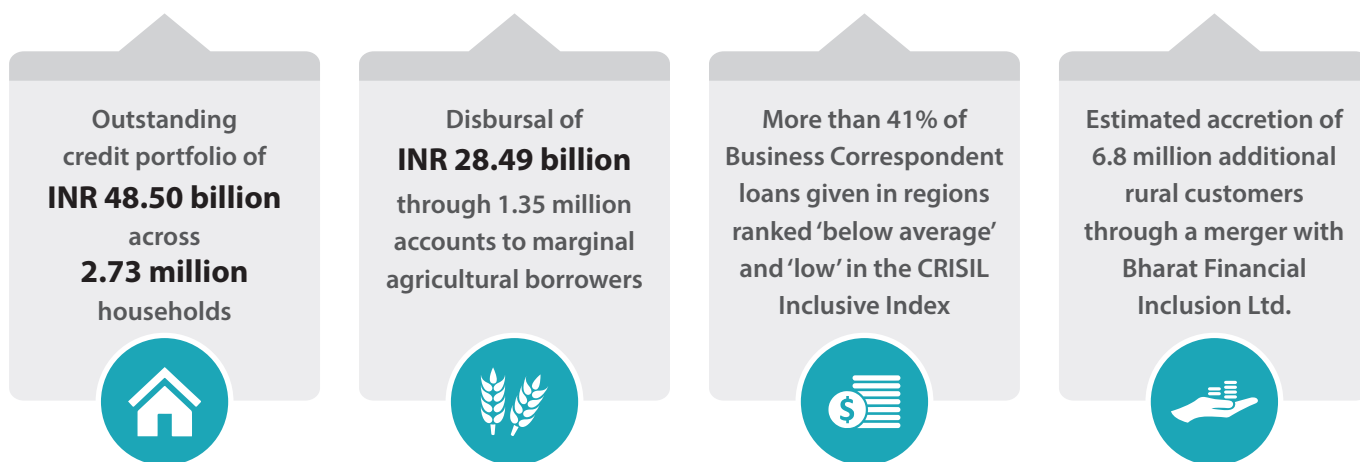


*Merger pending regulatory approval

TRANSFORMING LIVELIHOODS: RURAL BANKING & MICROFINANCE



FINANCIAL INCLUSION HIGHLIGHTS



Financial inclusion is one of the most effective accelerators of economic participation for an emerging economy like India, with nearly 379 million individuals falling in the Bottom of Pyramid (BoP) section. For the BoP section, access to finance, banking services, and business opportunity is the key to transforming their livelihoods to ones that are productive and sustainable. With nearly 60% of India's population living and earning in rural areas, the majority of the rural population belongs to the BoP segment.

IndusInd Bank's rural banking vertical caters to the BoP segment through various product and service offerings like micro-loans, vehicle loans, savings accounts and asset securitisation to rural customers while also engaging in term-lending to microfinance institutions. To reach our BoP clients, the Bank has an extensive network of 250 rural branches, as well as, a country-wide presence enabled through Business Correspondents and MFI partners.

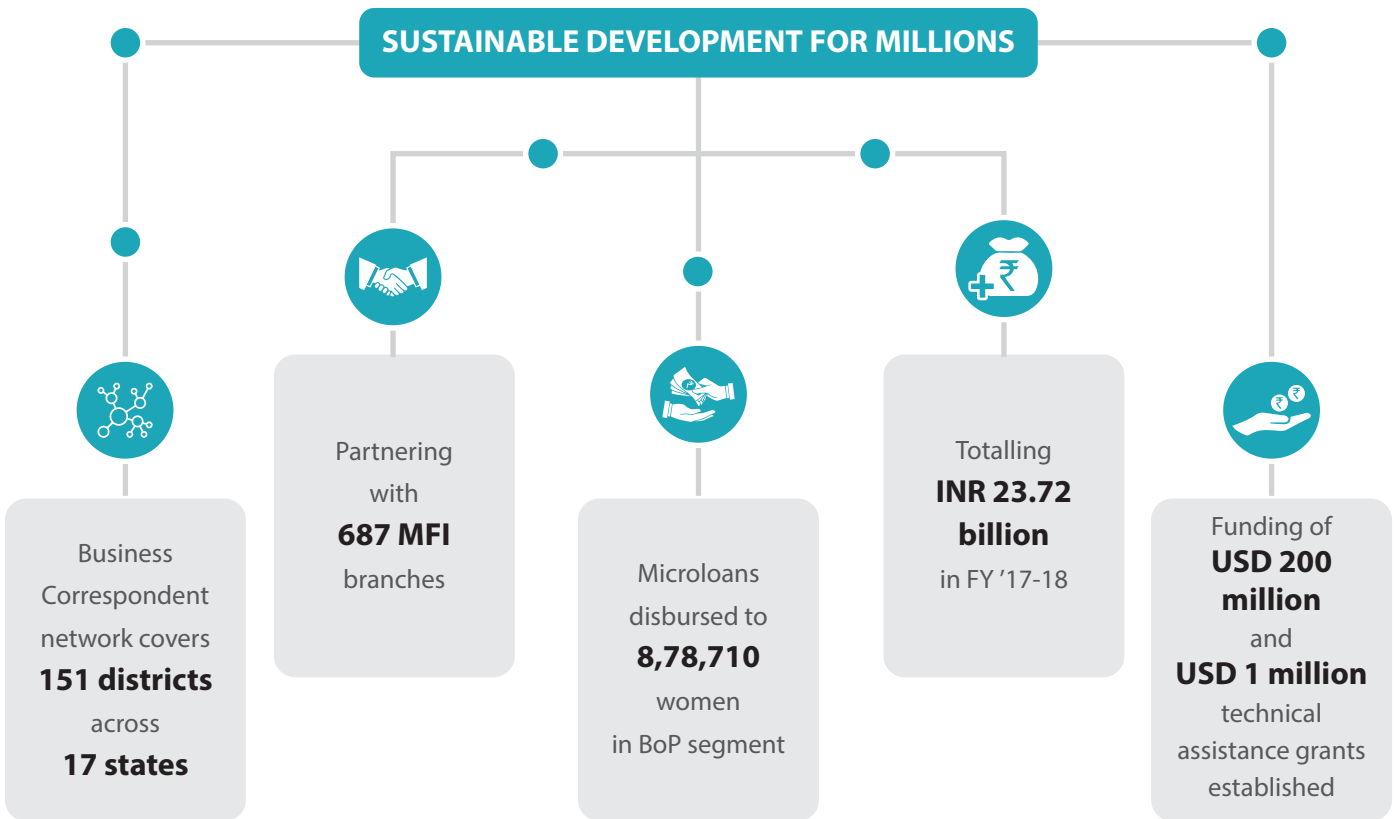
In FY '17-18, the Bank has worked extensively on a gamut of new products customised to the needs of rural customers and the requirements of their livelihoods, like an Overdraft product, affordable housing loans, to name a few. In the process, we reached out to 2.73 million heretofore unbanked and under-banked households with an outstanding portfolio of INR 48.50 billion spread across 28 states covering 25,536 villages. A 100% of the borrowers are women organised in Joint Liability Groups (JLGs), 73% of whom are landless, or marginal farmers. Nearly 60% of the loans are taken for agriculture and agri-allied sectors like livestock, dairy, etc. with 37% for micro-enterprises. About 70% of our women borrowers are repeat customers; this signifies IndusInd's success in building reliability and satisfaction in our brand in rural areas.

A COLLABORATIVE APPROACH TO FINANCIAL INCLUSION

We believe that meaningful financial inclusion requires the engagement of multiple stakeholders, both internal and external, in order to develop a healthy ecosystem of products and services that can address the needs of rural customers engaged in differentiated livelihoods across all social and economic segments.

One such partnership is the Bank's pioneering Business Correspondent (BC) model wherein we partner with microfinance institutions with proven capabilities, intermediation skills, and trust systems for reaching out to underprivileged sections of society through microloans. The Bank provides our BC partners access to adequate funding, banking products, and digital platforms to support and enable them to sustain their lending models and deepen their engagement with rural customers through the

promotion of financial awareness. During the year, more than 380,000 clients were trained in basic banking processes. As of March 31, 2018, the outstanding BC portfolio stands at INR 20 billion.





FINANCING LIVELIHOODS

NANDABAI, LATUR, MAHARASHTRA

Nandabai is a 45 year old lady, living with her husband and three children in a small village called Idgapura. Her husband was unemployed and so Nandabai was struggling to pay the bills and maintain her children's education. To supplement the household's income, she decided to set up a small hotel business selling local fare. Nandabai approached IndusInd Bank for a small business loan and in two years was able to invest that funding wisely to expand her business. She now has a steady source of income with which she been able to buy the land on which her hotel stands. Nandabai is now able to support her family and her children's education and is planning on expanding her business in the near future with IndusInd Bank's support.



PARTNERSHIPS FOR PROMOTING INCLUSIVE BANKING

In the coming years, IndusInd Bank is poised to implement a deeper and more comprehensive approach to rural banking and microfinance. To this end, the expected merger with Bharat Financial Inclusion Ltd. has been the culmination of a long-standing relationship wherein BFIL enabled significant BC lending for the Bank - in excess of INR 9.55 billion. This will bring together entities with significant complementary strengths and huge synergistic advantages, making it a significant value-addition proposition for all stakeholders.

The scheme of arrangements includes the transfer of BFIL's Business Correspondent operations into a wholly-owned subsidiary (BC-WOS) of IndusInd Bank. This merger will give us the opportunity to widen our reach in rural India by leveraging BFIL's micro-lending capabilities through a network of 1,408 branches spread across over 100,000 villages. It is expected to create cost-effective client acquisition prospects for the Bank while enhancing the productivity and efficiency of our rural banking model in terms of capital and resource utilisation.

The amalgamation of IndusInd Bank's banking capabilities and BFIL's rural presence will help in bridging the financial

inclusion gap; our combined BoP customer base will benefit from this partnership through increased access to services like basic savings and recurring accounts, rural insurance, larger ticket, long-term loans and services for ease-of-use including mobile banking, micro ATMs, etc. In the coming year, other loans for two-wheelers, home improvements, and micro enterprises will also be offered through our BC partners. BFIL predominantly lends to economically weaker sections of the society and its portfolio almost entirely qualifies for Priority Sector Lending. The merger is currently at the regulatory approval stage.





FINANCING LIVELIHOODS

BIDAR, KARNATAKA

In partnership with BFIL, the Bank piloted a savings-led BC programme in FY '16-17 in 10 branches to date, in Bidar district of Karnataka within which BoP customers are provided with basic Savings Bank (SB) and Recurring Deposit (RD) accounts. This gives them access to secure savings and other banking services. Under this pilot, 39,350 SBs have been opened to date with a transaction total of INR 1.72 billion along with 21,000 active RDs with a cumulative balance of INR 18.76 million. During the demonetisation period in FY '16-17, the loan default ratio of customers with RD accounts was lower than that of customers without.



This year, the Bank added on to the aforementioned pilot by introducing the Rural Distribution Service Point (RDSP) programme in 2 branches in Bidar, covering 100 villages. RDSPs are essentially local village entrepreneurs with a *kirana* store, enrolled as a sub-agent of a BC, acting as both merchants and service points for the Bank. They are provided with the required infrastructure (biometric dongle, tablet) to facilitate ease-of-banking in financial and non-financial transactions of rural customers using their SBs. Transactions are routed through the Bank's Aadhaar-enabled Payment System (AePS). During the year, 241 RDSPs were enrolled and since their launch, 43,317 transactions have been completed amounting to INR 23.8 million. The *kirana* store owners also benefit from this arrangement through a higher number of transactions directly accruing to them due to increased footfall.

RDSPs are a beneficial operating model for the Bank; by increasing convenience and ease of banking for rural customers in previously under-banked areas, the Bank has created an engaged customer base with a high retention rate.

Further, as part of a strategic alliance with Satin Creditcare Network Ltd., the second-largest MFI in India, it will function as a Business Correspondent for IndusInd Bank, carrying out micro-lending through a network of 700+ branches across

North India. The partnership will significantly augment our outreach in the microfinance space and help the Bank achieve domain leadership.

DIGITAL SIGNPOSTS: EMPOWERING THE LAST MILE CUSTOMERS

The Inclusive Banking department of the Bank has played a central role in transforming the livelihoods of the poorest sections of society and moving them from the informal to the formal economy through structured microfinance options. Surpassing the physical and infrastructural constraints of banking in rural India is a constant challenge to business. To this end, the digital disruption wave has been effectively utilised to enable and augment our reach in the BoP sector. The Bank leverages our digital tools and technology innovations to deepen our engagement with rural customers.

The Bank's digital platforms work in conjunction with public technologies like Immediate Payment Services (IMPS), Unified Payment Interface (UPI), Aadhaar Enabled Payment System (AePS), eKYC, etc. to surpass physical barriers in

achieving financial inclusion across the board. Real-time data transfer enhances productivity and profitability for the Bank; processes and transactions are faster, paper-less, cashless, with quicker TATs, and lower risk. With our network of BC-operated customer and merchant service points which use technology, the costs of customer acquisition and maintenance are lowered significantly, while security, scalability, and transparency are enhanced.

Intelligent use of technology also has far-reaching socio-economic benefits especially that of insulating vulnerable BoP populations from external shocks. Timely availability of credit, savings, instant KYC verification, and cash collections also reduces the financial inclusion gap. IndusInd Bank has empowered its last-mile customers through technology in the following ways:

The ease of access provided by **Doorstep Banking** allows customers to transact locally in small amounts, helping them to manage their characteristically uneven income and expenses, affordably and conveniently.

Differentiated customer needs and financial situations are addressed with tailored payment, transfer, and value storage services embedded within the digital platform.

Besides credit, customers also get access to savings facilities, insurance and micro-pension benefits under the Atal Pension Yojana scheme of PFRDA.

Increased transparency and security, by moving from cash-intensive to electronic channels, reduces theft, fraud, and risks associated with informal credit providers.

Rural customers have the opportunity to build a credit history through microloans which qualifies them for larger ticket borrowings.

Financial inclusion begets social empowerment, for women in particular, by increasing economic participation and contribution.



MAINSTREAMING INCLUSION FOR SUSTAINED IMPACT

IndusInd Bank's approach to mainstreaming financial inclusion is designed to be sustained over the medium term and is forward-looking in terms of restructuring the rural banking scenario as it prevails today. Simultaneously, the push in microfinance is also synergised with the Bank's vision for sustained and holistic business growth. To this end, the targets in the rural banking vertical are complementary to those of other business units, leveraging their respective capabilities to drive growth. The objectives also align with the national agenda of rural development powered by digital networks.

One of the Bank's core focus areas is to increase livelihood financing within rural areas including micro-finance, vehicle and non-vehicle loans. While the majority of offerings through inclusive banking are credit-led, from FY '18-19 the Bank will roll out vulnerability-reducing products like insurance, pension, value-added loans for vehicle purchase, home improvement, microenterprise, etc. in collaboration with other BUs.

Additionally, the on-ground BC-led presence enhanced with digital tools that incorporate client protection measures, not only, drives efficiencies and productivity, but also, improves customer satisfaction and builds confidence in the Bank's brand. This approach is a clear differentiator in the services sector and is geared to increase user-friendliness.

IndusInd Bank believes in adhering to the philosophy of the 'Triple Bottom Line'. While we build a sustainable business portfolio, we are cognizant of the potential of rural banking and microfinance to accelerate socio-economic development for underprivileged sections of society. Our credit interventions are accompanied by a credit shield to enable the borrowers to absorb financial shocks linked with death. The Bank adheres to a calculated strategy in rural India which prioritises women entrepreneurship. This has had a positive impact in terms of alleviating poverty, reducing income inequality, and enabling access to better healthcare, education, and sanitation. Environmental and social due diligence inherent in our lending criteria also mitigates any risks associated with ethical or environmental violations.

ACCELERATING ECONOMIC PROGRESS: AGRICULTURAL FINANCE



AGRICULTURAL LENDING HIGHLIGHTS



20% annual increase in agricultural lending by Agriculture Business Group to more **INR 50 bn** total book size



Investment banking deal completed for the Dairy segment, a first for the Bank



Assets of **INR 30.71 billion** equal to 61% of total portfolio qualified under Priority Sector Lending



Launched new products under Pledge Finance for the PSL sector



KCC expanded to 99 districts with an outstanding book size of **INR 11.16 bn**

Agriculture and agri-allied sectors are arguably the backbone of the economy and the predominant source of livelihood-generation for millions in rural and semi-rural regions of the country. Agriculture finance has been a mainstay in IndusInd Bank's portfolio. The Agriculture Business Group (ABG) of the Bank has developed a variety of growth-oriented financing options targeted to different market segments within the agri and agri-allied industry sectors. These include lending to farmers engaged in commercial crop cultivation and agri-linked activities, commodity-backed loans, i.e. Pledge Finance, etc. In addition, the Food & Agri sub-vertical extends funding to dairy co-operative societies with structured finance products designed to support the livelihoods of farmers in these co-ops and enhance their living standards.

Besides the quantifiable impact of food security on rural livelihoods, robust agri-business supply chains are another crucial element to sustaining rural economies in the long run. To accelerate socio-economic development through sustainable supply chains, the Bank has developed diverse, yet specialised, products that span the entire value chain. Whether it is providing working capital for agri-equipment and livestock, supporting agri - infrastructure (warehouse, cold storage facilities, irrigation systems), logistics, or reducing the dependency on property-backed assets, our lending insures against disruptions at any point in the value chain.

ABG also collaborates with commodity-driven Collateral Managers by providing working capital facilities for the equipment and livestock needs of agri-customers. The Bank has partnered with insurance companies for providing easy and efficient commodity insurance to clients.

IndusInd Bank is a key player in agriculture lending in Punjab, Haryana, Rajasthan, Maharashtra, Telangana, Andhra Pradesh, etc. actively providing loans and working capital to weaker sections, small & marginal farmers. In FY '17-18, the Bank improved penetration into new rural and semi-rural areas in Kerala, Chhattisgarh, Gujarat and Madhya Pradesh with plans to extend our reach across more geographies in PC4. During the year, the Agriculture Business Group grew, with the book size increasing from INR 42.5 billion to more than INR 50 billion and 2,700 additional loan accounts.

During the year, the Bank supported growth in agri and agri-allied sectors with finance for 69 commodities across 57 locations in 15 states with majority exposure in paddy, wheat, cotton bales, pulses, and soybean. In upcoming periods, the Bank plans to increase our strategic investments within agri-business by diversifying the portfolio to other commodities like coffee, pulses, etc. Increasing access to funding for a wider variety of agri-products is also a progressive step towards reducing the agricultural sector's dependency on a few crops in a particular region that may adversely affect the availability of water, local biodiversity, etc. and which may in turn be vulnerable to a changing climate.

The Food & Agri sub-vertical has been identified as a key growth driver in upcoming periods. To capitalise on this opportunity, the Bank has introduced non-pledge variants of existing products to make credit appraisal simpler and faster. New commodities under Pledge Finance have also

been launched with the lending classified as PSL. In FY '17-18, INR 30.71 billion, i.e. nearly 61% of ABG's portfolio qualified as PSL with Food and Agri sub-vertical being the biggest contributor.



FINANCING LIVELIHOODS

CO-OPERATIVE DAIRY UNIONS

Rural dairy unions give small village farmers a chance to supplement their income and improve their standard of living, safe from the exploitation of private milk vendors and middlemen in the dairy sector, as well as, from the vagaries of seasonal market prices. This co-operative structure has, therefore, been the key factor in generating gainful employment for marginal farmers.

IndusInd Bank has a strong association with the district-level milk producers' unions, extending long term and working capital loans. In FY '17-18, the Bank financed 4,764 village-level societies associated with unions in the districts of Kaira, Panchmahal, Surat and Bhavnagar for more than 1.3 million farmers.



The Bank also facilitates the opening of accounts for farmers in the unions. Doorstep banking facilities make money transfer and payments for these farmers affordable and convenient. Additional financial assistance is also extended to them in the form of crop, vehicle and cattle loans. Bank branches in villages with Mehsana and Kaira district co-op unions are planned to be operationalised in 2018.

The ABG unit of the Bank collaborates with the Consumer Banking and Corporate Banking groups for a cross-sharing of leads and referrals with the objective of deepening our relationship with existing agri-customers. A significant portion of the finance arising from this cross-sell is livelihood finance that falls in the PSL category. Under the Food & Agri sub-vertical, agri-finance opportunities amounting to INR 7.65 billion have been identified through inter-BU

collaboration and cross-sell. With a focus on rural sector customers, ABG's collaboration with the Consumer Banking unit is expected to contribute to 43% of ABG's portfolio by FY '19-20. The agri-business arm of the Bank is on track for delivering on its commitment to double its book size to INR 100 billion over PC4. The outcome of this strategy is a positive impact on the net receivables of the Bank from agri-business and on revenue per employee.



RETAIL AGRICULTURE

The retail agriculture unit of the Bank has developed short-term and long-term credit products for farmers in agri and agri-allied sectors, enabling them to make financial decisions to support and enhance their livelihoods. Strategic expansion into rural markets over the next few years is central to IndusInd Bank's strategy. The Indus Kisan product of the Bank, in line with the national Kisan Credit Card (KCC) scheme, is a key enabler in this regard. Indus Kisan is targeted towards marginal and minority farmers including those with disabilities.

With Indus Kisan, the Bank offers loans to meet capital requirements for crop cultivation, agri-equipment, in addition to agri-allied overdrafts, term loans and RuPay cards. These loans are secured and extended on the basis of agricultural land holding and investment needs. KCC simplifies credit delivery and screening processes and provides farmers flexible payment schedules dependent on crop-harvest vagaries. It also works as a single credit facility that farmers can use to fulfil all their agricultural needs. It is beneficial for the Bank as it is time and cost-efficient, requiring negligible paperwork, includes no transaction costs and carries a lower risk in loan recovery.

In FY '17-18, the retail agri-business of the Bank witnessed a steady growth of approximately 60% with an expansion into new rural and semi-urban locations funding over 6,100 customers under KCC across 992 districts in Madhya Pradesh, Maharashtra, Kerala, Gujarat, Rajasthan, Haryana, Punjab, and Chhattisgarh with plans to expand into new states including Tamil Nadu. The outstanding book size for FY '17-18 in retail agri-business is INR 11.16 billion.



FINANCING LIVELIHOODS

MAHARASHTRA

In addition to business viability and financial sustainability of agri-business, IndusInd Bank is also cognizant of the socio-environmental impacts of its lending activities in this sector. The Bank seeks to engage in lending that promotes agri-led business holistically, including efficient and optimal resource consumption, development of smart agricultural practices and supports quality water and soil systems.

To advance this two-fold agenda, IndusInd Bank is assisting farmers in villages in the Mulshi and Latur districts for the purposes of soil conservation, water management, construction & maintenance of rainwater harvesting structures. Additionally, the project supports rejuvenation of existing structures like ponds, well, and check dams. This has improved soil quality and groundwater availability for a large number of households in the region. Small and marginal farmers were also educated on effective practices like crop



planning, bio-dynamic farming, soil maintenance, etc. which has increased crop productivity on the farms.

By funding this project, IndusInd Bank has helped entrepreneurial farmers set up farms for the cultivation of a variety of crops like mangoes, coconut, amla, and bamboo. A successful venture, the farms are now Global Gap certified; the profits from these farms, accruing to the local farmers, have increased with marketing of the produce across Maharashtra, as well as, export to other countries.

The Bank believes in promoting awareness about national schemes and initiatives that are essential for securing the livelihoods of rural farmers. The Retail Agri-business team conducted more than 50 farmers and agri-value chain partner engagement programmes during the year to create awareness on KCC and personal accident insurance. Our comprehensive insurance product, Credit Shield, covers healthcare in the case of an accident, permanent disability and financial protection in the case of death wherein the loan amount can be repaid.

Additionally, to alleviate the distress caused to farmers due to indebted to non-institutional moneylenders, the Bank has actively reached out to farmers to avail of the Debt Swap Scheme. The scheme offers a loan sanction of up to INR 100,000 to borrowers without collateral to pay off moneylender loans and meet crop production needs. To date, the Bank has sanctioned INR 4.2 million of such funding to 48 farmers, the majority of which are women.

Retail agri-business is rife with opportunities to perpetuate cross-sell and internal collaboration. Every customer on-boarded by the retail agri-business is offered bundled Savings Accounts. This approach has created 2,400 new

savings accounts during FY '17-18. A savings account coupled with KCC enables the distribution team to offer multiple products to each customer at a low cost and improves customer retention and loyalty. The Retail Agri-business team has also developed linkages with the Consumer Finance Department to offer crop loans to existing customers logging cases totalling INR 750 million during the year, of which INR 450 million has already been disbursed.

The Bank's activities in this sector have been supported by our digital banking strategy as well; farmers were given training to familiarise them with mobile & internet banking. Other digital infrastructure is perpetuating digital literacy and empowering communities at the grassroots level. The reduced need for travel and lower paper consumption due to products like Indus Kisan and RuPay debit cards have also contributed to the 'going green' philosophy of the Bank.

IndusInd Bank intends to increase our market share in retail agri-finance by reaching out to newer markets and offering a comprehensive suite of products and services to customers in this sector. Our retail agri-business book is expected to more than double to INR 20 billion over the course of PC4.

MAKING INROADS TO BETTER LIVES: CONSUMER FINANCE



The Consumer Finance Division (CFD) of the bank is engaged in the disbursement of livelihood loans to BoP customers engaged in SMEs and Small Road Transport Operations (SRTOs), both categorised under PSL. A majority of these borrowers own less than five acres of land. Loans are availed by individuals from under-serviced and economically disadvantaged rural areas, a significant portion of which are women and first-time borrowers. The objective of focusing on this sector is to enable entrepreneurs and encourage socio-economic progress.

Through the Consumer Finance division, the Bank extends funding for a range of new and used assets including commercial and utility vehicles, goods carriers, passenger cars, two-wheelers, and equipment for agricultural and construction purposes like tractors, cranes, etc. In FY '17-18, loans for new commercial vehicles totalled INR 154 billion as against INR 121 billion in FY '16-17. Loans for two-wheelers also grew to INR 34 billion. In the used vehicles segment, INR 48 billion worth of loans were disbursed, increasing from INR 38.4 billion in the preceding year. In FY '17-18, tractor funding, an important initiative for both PSL and financial

inclusion, increased to INR 17 billion compared to INR 11 billion in FY '16-17. 14% of the CFD book is dedicated to financing the agricultural sector, approximately INR 60 billion for the reporting year.

An aggregate of INR 280 billion in loans in consumer finance was disbursed during the year – a portfolio growth of 23%. New loan accounts numbered 1,130,000 in 2017-18 as against 1,068,000 in FY '16-17. CFD also earned a commission income of INR 646 million through the distribution of various third-party insurance products of Cholamandalam MS General Insurance Ltd., strategic partner of the Bank for bank assurance under the General Insurance segment.

As of March 31, 2018, CFD has achieved pan-India coverage with a 1,000+ business locations. IndusInd Bank's success in consumer finance is attributable to the pursuit of an optimal product mix to maximise penetration and maintain portfolio quality. We consistently reach out to customers in this sector in order to appropriately respond to their needs and requirements with new products and services.

In FY '17-18, the Bank launched an Overdraft (OD) product designed to help customers meet their working capital requirements, especially targeted at individuals lacking formal finance logs. The OD is fully collateralised to reduce risk with a maximum cap of INR 10 million per customer. Customers have availed of this product for an aggregate amount of INR 75.7 million during the year.

One of the major tenets within consumer finance is enabling income growth, equal access and opportunity for the underprivileged masses. In FY '17-18, the Bank introduced

loan products in the affordable housing sector, in line with the national agenda of providing low-cost housing for all. These loans are availed by low and middle income segment individuals lacking a structured source of income. The loans are purposed for home acquisition, construction or home improvement and customised to individual needs. Currently, operating in Tier II and III cities in 7 states, the Bank has disbursed affordable housing loans to the tune of nearly INR 1.36 billion in FY '17-18. In upcoming periods, we aim to penetrate the semi-urban and rural areas with this product and integrate other CFD products.



FINANCING LIVELIHOODS

E-RICKSHAWS

The Bank is cognizant of changing trends in transportation in the modern Indian economy. With more focus on sustainable and fuel-efficient transport systems, including public transport, gaining steam across the country, IndusInd Bank has been proactive in developing vehicle funding products for low-carbon alternatives. In a bid to, not only, capture market share in this sector, but also to contribute to the country's transition towards sustainable transport, the Bank introduced vehicle finance for e-rickshaws in FY '17-18. CFD has financed more than 2,600 of the e-rickshaws to date with beneficiaries belonging to the BoP and low-income segments in the states of Delhi, UP, Bihar, Jharkhand, and West Bengal.

Jagdev Yadav from Bakalpur village in UP is one such beneficiary. A jobless youth, Jagdev's household was subsisting on the meagre income of his wife running a small stitching business. After purchasing the e-rickshaw with funding from IndusInd Bank, he is now earning INR 800+ per day. He can now generate enough income to take care of his family and is even planning on renting a shop for his wife to expand her business.

Aggregate disbursement for e-rickshaws in FY '18-19 is expected to be nearly INR 400 million with a forward-looking target of disbursing INR 1.5 billion by the end of PC4.



IndusInd Bank is reputed for our customer-centric approach and ease-of-doing business within consumer finance and is a lead player in the market. The objective for this business over PC4 is to expand our market share and achieve greater penetration in rural areas for tractor and two-wheeler finance, with an envisioned targeted of a loan book of INR 570 billion by the end of FY '19-20.

To this end, the Bank is actively leveraging the efficiency and reach of our digital infrastructure and initiatives to achieve growth that is low-cost, high-impact and sustainable. CFD has implemented tab-based loan disbursements for all products integrated with Aadhaar validation systems, with a total of 14,400 handheld terminals and 7,076 tabs deployed across

India. While this has facilitated faster and more secure lending, the most visible improvement has been witnessed in productivity and customer experience. The TAT for CFD loans has been reduced to 24-48 hours from 5-7 days. Productivity has also been augmented by the reduced use of paper resources. With nearly a million loan cases each year, this amounts to cost savings of nearly INR 16 million in paper.

Centralised loan status update platforms, eKYC, suggestive insurance algorithms, repayment through debit card, and a tab-based mobility solution, ProGenie, for faster processing, are other digital measures implemented by the Bank during the year.

The strategy to cross-sell and expand the product suite offered to existing CFD and other Bank customers has also been successful in growing the consumer finance business. For instance, two-wheeler loan customers are cross-sold CASA accounts in collaboration with the Consumer Banking unit. In FY '17-18, the cross-sell achievement of CFD across various products categories totals INR 14.95 billion.

Additionally, CFD has subscribed to alerts to identify existing CFD customers who, for example, want to upgrade from a

two-wheeler to a four-wheeler. Based on the customers' income potential and credit history, engagement and product-offering is initiated with them through our Relationship Managers. The Bank also organises outreach events targeted at potential customers. In 2018, the resources and networks of BFIL will also be leveraged to expand our base for two-wheeler loans.

DEVELOPMENT BANKING: PRIORITY SECTOR LENDING



Priority Sector Lending is an important instrument at the disposal of financial institutions to help channelise credit at preferential rates and resources to weaker and vulnerable sectors of the economy that may not get timely or adequate credit in the absence of such special disbursements. The objective is to ensure these sectors with high employment potential get the requisite opportunity and move towards poverty alleviation.

Over time, PSL classification has changed from a sectoral classification to one that includes sub-categories for Small and Marginal farmers, micro enterprises and Weaker Sections. To address the demands of specific niche areas, the Bank's PSL portfolio is sourced from various business divisions including agri-business, consumer finance, inclusive banking, Gems & Jewellery, channel finance, etc. The Bank has, in response built distinct strategy arcs, for each business – a multi-pronged approach that has helped in meeting regulatory requirements on PSL.

The Bank identifies potential high-credit areas like micro-enterprises, agri-allied sectors, etc. for design and deployment of asset-led products directly impacting income generation capabilities of downstream customers. Macro-level lending in agri value chains, food processing, and MSMEs is expected to (in)directly influence the ecosystem of PSL sectors

through responsible lending. Through this strategy, the Bank has financed over 1,100 activities across agri, agri-allied and MSME industries, penetrating almost all aspect of a client at the bottom of the pyramid.

In FY '17-18, the Bank achieved the RBI-prescribed target for Priority Sector Advances, aggregating to INR 483.52 billion, on a quarterly average basis at the end of March 2018, representing 43.90% of Adjusted Net Bank Credit (ANBC) of the previous year. During the year, the Bank financed over 1,360,353 agriculturists, and Aggregate Agricultural Advances stood at INR 128.66 billion, representing 12.78% of ANBC at the end of March 2018. The Bank's finance to 'Weaker Sections' increased from INR 77.36 billion in the previous year to INR 83.43 billion representing 8.29% of ANBC as on March 31, 2018.

Effective FY'16-17, RBI has stipulated furnishing PSL data on a quarterly average basis for monitoring target compliance. Therefore, the achievement at the end of the financial year will be based on the average of PSL target/sub-target achievement at the end of each quarter with the excess/shortfall being monitored. Accordingly, the average of all quarters for FY 2017-18, is represented in the table overleaf:



Item	Target (INR bn)	Achieved (INR bn)	% Achieved	Shortfall / Excess (INR bn)
PSL (40%)	402.59	403.59	40.10	1
Agriculture	181.16	128.66	12.78	(52.51)
Small & Marginal Farmers	80.51	49.97	4.97	(30.54)
Micro Enterprises	75.48	82.91	8.24	7.43
Weaker Section	100.64	83.42	8.29	(17.22)

Various Business Units in Corporate, Commercial and Consumer Banking Groups have built specialised teams to significantly enhance the Bank’s footprint in the PSL

segments. Specific plans and strategies for achieving targets and sub-targets under Priority Sector Lending have been formulated, some of which are indicated below:

- More than 50% of Consumer Finance portfolio eligible as priority sector lending.
- Financing Agri and Allied Projects, viz., Horticulture, Dairy Farming, Poultry Farming, Bee-keeping, Aquaculture, Floriculture, etc.
- Financing Agri Infrastructure, viz., Warehouses, Cold Storages, Godowns, Market Yards, Silos, etc.
- Financing farmers/JLGs against hypothecation of agricultural produce.
- Financing farmers for transport of their own agriculture produce.
- Financing Dairy segment for expansion and working capital requirements.

- Loans to MFIs for on-lending to farmers for agricultural and allied activities eligible for classification under Priority Sector.
- Loans to Service Enterprises – Micro, Small and Medium Enterprises with investment in equipment of up to INR 1 million (Micro), INR 1 million to INR 20 million (Small) and > INR 20 million to INR 50 million (Medium).
- Loans to Manufacturing Enterprises – Micro, Small and Medium Enterprises with investment in Plant and Machinery of up to INR 2.5 million (Micro), > INR 2.5 million to INR 50 million (Small) and > INR 50 million to INR 100 million (Medium)
- Weaker Section Advances - Priority Sector Loans to Small/Marginal Farmers, persons from Scheduled Castes and Scheduled Tribes, Loans up to INR 100,00 to Women Borrowers and Loans to Minority Communities as notified by the Government from time to time.





FINANCING LIVELIHOODS

KIRAN DAVI, KAUSHAMBI, UTTAR PRADESH

Kiran Davi, a resident of Hasimpur Kinar village has a husband who is a daily labourer and has 3 children. She and her family were struggling to make ends meet due to the low and irregular income her husband would earn as a daily labourer. Wanting to contribute to the household income and help her family, Kiran decided to take a loan of INR 15,000 from IndusInd Bank for undertaking a small dairy. She bought two buffaloes to start with and began selling the milk for income. Over time, her business grew to a point where she was generating a surplus of about INR 9,000 per month. To expand further, she availed of another loan of INR 30,000 from the Bank to purchase 2 more buffaloes. With a steady income, she has also been able to pay off another sanitation and home improvement loan from the Bank. Kiran Davi is grateful for the support of IndusInd Bank because of which she has successfully improved her family's standard of living and is generating a steady income to support her household and her children's education.



INVESTING IN SUSTAINABLE FINANCIAL GROWTH



Over the course of our last few Planning Cycles, IndusInd Bank is gradually transitioning to a Bank that has adopted sustainable value creation as our central ethos. Going forward, the Bank seeks to tread this path by continually evolving with the times, achieving dominance in selected areas of business and using opportunities to build scale in new markets and product segments. The core tenets of the Bank's business plan, represented by the triennial Planning Cycles, involve focusing on business arenas that offer

profitable growth with the flexibility to integrate products and services that differentiate us in the market.

This is reflected more so than ever in our ongoing Planning Cycle 4 themes of building a low-cost funding base to support a diversified portfolio with capital reserves that ensures sustainable growth, deepening the relationship with customers through cross-sell of other products & services, as well as, pursuing new areas in which to build domain expertise.

REBALANCING, DIVERSIFICATION AND SPECIALISATION



One of the ambitions of IndusInd Bank is to rebalance our loan book to achieve an optimal mix of corporate and consumer loans, and within consumer loans, vehicle and non-vehicle loans. Consumer loans have higher yields, consume less capital on average, and carry lower risk, thus offering greater margins. A balanced and targeted loan mix is, therefore, expected to further the Bank's objective of ensuring higher risk-adjusted returns, i.e. RoRWA. The Bank's vision for upcoming years is to move towards a 50-50 mix between corporate and consumer loans.

consistent growth. Unsecured assets like personal loans (PL) and credit card (CC) debts have grown significantly by over 100% and 55%, respectively, over the previous year. Non-vehicle retail assets, including personal loans, credit cards, gold loans, loans against property, etc. are expected to contribute significantly to the growth of the consumer loan book in upcoming periods.

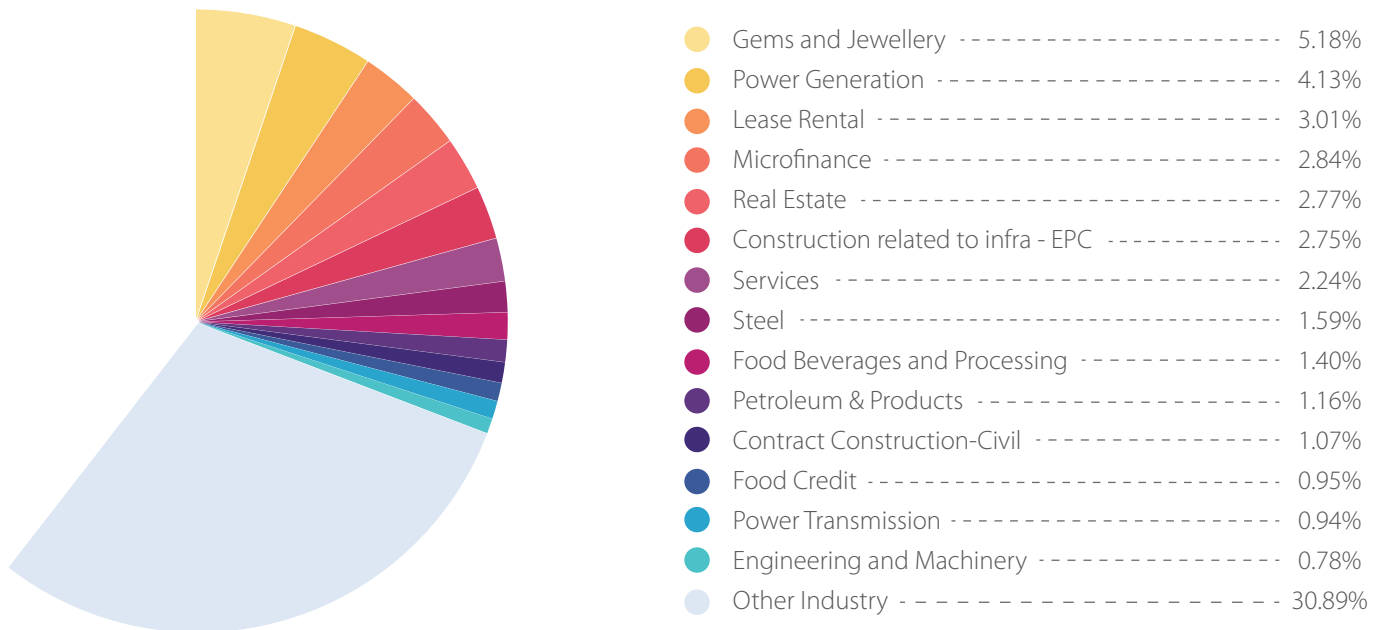
At the end of FY '17-18, the Bank had a well-diversified book, with consumer finance contributing to 46% of the overall loans. On the retail side, the Bank has continued to show

At IndusInd Bank, we recognise that diversifying our assets builds greater resiliency against external shocks and industry-level disruptions, resulting in sustainable business growth. To this end, in PC4 the Bank has adopted a sharper corporate liability focus to diversify the sources of deposits.

A number of as yet untapped sectors exhibiting significant growth prospects have been identified including real estate, supply chain finance, infrastructure, capital markets, etc. The Bank is confident that these sectors will be strong growth drivers, accounting for over 20% of all corporate deposits by 2020. In FY '17-18, the Bank added several large marquee players in these sectors, offering services in investment banking, dealer & vendor finance, etc. For FY '17-18, the Corporate and Commercial loan book was well-diversified, showing strong growth by taking a larger market share in

AAA and AA rated corporates. The Bank's corporate portfolio, as on March 31, 2018, is spread across various sectors as represented in the following graphic.

Diversifying and specialising business also entails considerable investment in human and intellectual capital, as well as, an increase in the Bank's relationship capital within the sector as a greater number of industries, business types, and communities are brought under the umbrella of IndusInd Bank.



BUILDING DOMAIN EXPERTISE



IndusInd Bank, over the course of its operations, has clearly defined its business strengths and effectively deployed available resources to build domain expertise in selected areas. Microfinance, vehicle financing and diamond financing are areas in which the Bank has emerged as a domain leader by creating a wealth of knowledge-based and customer-oriented products and differentiated services specific to the sector.

We have witnessed significant growth in the rural banking sector over the past year as a result of the strategy to scale rural banking and microfinance, and continue as a leading bank in the sector. We approached this agenda by developing more products & services catered to the needs of rural customers. These products are customised for the rural segment with features like reduced ticket size, lower minimum balance, and repayment models synced to cash flow cycles. Agricultural and MSME loans, working capital

funding, etc. are some of the products that have been augmented during FY '17-18.

We have also expanded the suite of vehicles eligible for owner-operator vehicle loans such as e-rickshaws. Vehicle finance, which accounts for 29% of our loan book, is predicated on our expertise in underwriting income generating loans based on the earning capacity of vehicle assets using a business model that involves a high degree of personal interaction with customers, and the ability to be a consistent partner in the ups and downs of business cycles.

The merger with Bharat Financial Inclusion Ltd., with reach and expertise in micro-lending to the BoP segment is also in line with our vision of harnessing domain expertise in rural banking led by microfinance. More details on the Bank's rural banking approach can be found on pages 43-56 of this report.

IndusInd Bank is also a recognised domain leader in the financing of diamond manufacturing (cutting and polishing). The Bank has developed unique value proposition for this sector with the help of in-depth industry knowledge, people expertise, risk management, and a comprehensive understanding of all internal and external stakeholders including mining companies, global retailers, etc. Gems & Jewellery is a labour-intensive industry which provides employment to about 2.5 million of which nearly 1 million are artisans from economically underprivileged segments. Over 90% of the sales of this division are exported, leading to valuable foreign exchange inflow to the country.

IndusInd Bank extends finance for the manufacturing of polished diamond polishing, a significant portion of which falls in the MSME category. The Bank's exposure as on March 31, 2018 is INR 73.87 billion. All IndusInd Bank finance

diamond export activities are controlled by the United Nations Kimberly Process and all imports are Kimberly Certified. The Bank's ESMS Policy also ensures that no child labour is involved in any part of the value chain and all labour laws are strictly complied with.

Whilst IndusInd Bank is a Universal Bank, we seek to continually add to our expertise by identifying new domains to address the needs of underserved sections of society, as well as, opportunities emerging from national financial and digitisation initiatives. New opportunities have emerged for the Bank in the areas of wealth management (products & advisory solutions) for the increasing number of affluent citizens. The Bank seeks to gain significant market share in this segment to which end we are dedicating channels and systems, as well as, training employees to deliver specialised services.

BANKING FOR A SUSTAINABLE FUTURE



In an emerging economy like India, sectors like healthcare, education, renewable energy, and national infrastructure are poised for tremendous boom offering, therein, numerous growth opportunities to financial institutions like banks. Apart from the significant market potential, IndusInd Bank,

as a socially and environmentally responsible organisation, seeks to specialise the lending portfolio by increasing investments in these sectors and contribute positively to the nation's developmental transformation in a sustainable manner.

POWERING RENEWABLE ENERGY



The Project Finance unit of the Bank specialises in investment products for wind and solar energy generation, roads, and power transmissions. The corporate unit is undertaking the provision of long-term financial assistance to the renewable energy sector borne of IndusInd Bank's commitment to the Ministry of New and Renewable Energy formalised at the Renewable Energy Global Investors Meet and Expo (RE-invest), a government initiative in March 2015.

To date, the Bank has already exceeded our commitment of financing 2,000 MW in renewable energy power by 2019 to

reach 2,660 MW, financed with nearly INR 100 billion in sanctions. This is a significant contribution to the national agenda of installing at least 9% of generation capacity through wind and solar energy – a commitment within India's Intended Nationally Determined Contributions (INDC) towards the Paris Climate Change Agreement. A large portion of funding by the Bank is extended in the form of term loans and working capital to companies; IndusInd Bank currently has 181 clients in the renewables sector with 679 accounts to date.

INFRASTRUCTURE AND HOUSING

Quality national infrastructure, housing development and construction has direct bearing on socio-economic growth in emerging economies like India. IndusInd Bank recognises the pivotal role structured finance can play in the development of these sectors and has, thus built a sharper focus in this area over PC4. The Bank offers comprehensive

financial products to entities engaged in building national infrastructure like roads, public works, and housing projects in semi-urban and rural areas in addition to urban cities. IndusInd Bank currently has an exposure of nearly INR 3 billion in term loans and working capital in key housing and infrastructure projects

AFFORDABLE HEALTHCARE

There exists a strong correlation between timely and quality healthcare and the economic prosperity of an economy in terms of GDP per capita and overall growth. Unfortunately, affordable quality healthcare still remains beyond the reach of most of India population; total current spending in healthcare is less than 1% of the country's GDP. By 2025, however, the Government has proposed increasing this to more than 2.5% by 2025 for building a robust healthcare infrastructure system.

Recognising the oncoming impetus this will provide for investments in the healthcare sector, IndusInd Bank has pro-actively instituted the Healthcare vertical in FY '17-18 offering products like term loans, working capital, finance for imported machinery, etc. The funding covers the entire value chain including single and multi-speciality tertiary care hospitals, diagnostic chains, nursing homes, and medical training institutes. The book attributable to investments in this sector is expected to grow tenfold to more than INR 30 billion by 2020, generating INR 1,500 million in revenue.

QUALITY EDUCATION



India holds an important position in the global education industry with nearly 294 million students⁷ enrolled in schools across the country. Access to quality education and educational infrastructure is a gauge by which to measure a nation on the social development index. Poor infrastructure and learning alternatives are major caused for low enrolment and high drop-out rates in India.

IndusInd Bank has been an early mover in this arena, making inroads by providing working capital and project funding through a specialised education vertical created in FY '17-18. A number of financed projects work in the rural development space providing formal education to underprivileged children and women. With increased focus on this sector, the book size increased by 54% in FY '17-18 with expectations of growth to INR 20 billion by 2020 and revenues in excess of INR 1,250 million.

With increasing governmental impetus on transformation of the education sector, there lies significant potential for investment in education services for financial institutions.



MAINSTREAMING SUSTAINABILITY

CITY GAS DISTRIBUTION SYSTEM

The City Gas Distribution (CGD) system is a major governmental initiative in India aimed at reducing import dependency on crude oil and moving towards greener fuel alternatives. CGD network facilitate the distribution of Piped Natural Gas (PNG) and Compressed Natural Gas (CNG) to domestic, industrial, and commercial customers, replacing traditional, more polluting fossil fuels. The implementation of this project involves creating infrastructure like gas stations, pipeline-laying, last-mile connectivity across cities in a phased manner. IndusInd Bank now provides bank guarantees to PSU clients and their joint ventures for implementing the CGD project in selected geographies. IndusInd Bank has guaranteed more than INR 22.45 billion to the PSUs to date. Full implementation of the CGD projects is expected to improve the access to cleaner and greener sources of energy, in addition to addressing the issue of unequal access to energy for under-served sections of society.



⁷Source: Ministry of Human Resource Development <www.mhrd.gov.in/statist>

IMPACT INVESTING

With operations in multiple sectors like microfinance, rural lending, agri-business, healthcare, education, supply chain finance, etc. and across geographies and demographics, IndusInd Bank is uniquely poised to create significant impact on the economy accelerating growth and sustainable development.

A central objective of IndusInd's business philosophy is, not only, to create a positive impact, but also to sustain that impact over time through changing extraneous factors. The Bank seeks to engender collaborations with players on existing platforms and infrastructures, through lending and advisory services, to address systemic issues like unequal/poor access to healthcare, education, affordable housing, energy, etc.

We believe impact financing has, so far, been an under-served area due to high risk perception. However, the

Bank has identified within our books, a tremendous potential for synergies with development agencies, social enterprises, and government bodies working in the sphere of socio-economic development in line with our risk appetite. Mutual leveraging of expertise in these partnerships is expected to enhance the impact of our lending, expediting the common mission towards development.

The Impact Investing Group will provide up to INR 150 million to small and medium enterprises in development-aligned sectors. IndusInd Bank has earmarked a capital investment of USD 50 million to pilot this business, sufficient to build an impact finance loan book of INR 20 billion by 2020. To ensure effective capital deployment, the Bank has developed a proprietary impact-screening tool to identify the development potential in each investment, as well as, post investment impact monitoring mechanisms that capture primary, secondary and tertiary impact data.





MAINSTREAMING SUSTAINABILITY



ENVIRONMENT AND SOCIAL MANAGEMENT SYSTEM

Beyond the incorporation of sustainability within the Bank's own operations, we consider it our responsibility to understand, monitor, and mitigate the social, environmental, and ethical risks associated with our investments and the services we provide.

To this end, the Bank has established the Environmental and Social Management System (ESMS) to ensure that our investments balance financial growth with socio-environmental sustainability, and that the wider impacts of our lending activities are positive in nature. Key focus areas under the ESMS policy umbrella are GHG emissions, mitigation, energy efficiency, water & waste management, resource conservation, and compliance with government regulations on environment, human and labour rights.

Implementation of the policy is carried out by our Relationship Managers who undergo rigorous capacity building and IT training to appropriately assess all proposals, identify gaps, and maintain transparent reporting through the digital filing systems. The policy is governed at the macro level by key stakeholders including board members, the business heads, and the CEO.

100% of proposals are screened against the basic ESMS criteria with 75% of all screened against detailed sector-specific checklists. The Bank has a zero tolerance policy for non-compliance and as a demonstration of our commitment to the ESMS process, the Bank has delayed disbursements until all non-compliance issues are addressed by clients.

PRODUCTIVITY AND DIGITISATION

With the financial industry in continuous flux due to changing consumer preferences, digital disruptions, and product innovations, it is crucial for institutions like banks to also evolve continuously in line with market trends. Evolving to maintain organisational productivity and cost-effectiveness of operations is important for ensuring that value creation is sustainable, that is, the business can achieve profitability and consistent growth over time.

Additionally, IndusInd Bank believes that in order to capitalise on available opportunities, interventions and improvement that encompass all operations and functions of the Bank are the need of the hour. The increasingly digital world offers the tools necessary for bringing about this change. Being an early adopter of digital technologies, we are cognizant of the profound impact of digitisation has had on the banking industry, and especially on IndusInd Bank.

By weaving all systems through with a digital thread, IndusInd Bank's objective is to transition to a more efficient way of conducting business. Digitisation is expected to enable an exponential expansion of our customer base, enhancement of our client service delivery, our impact on key socio-economic areas, and consolidation of the Bank's leadership position in the industry.

Additionally, organisational productivity is dependent, to a significant extent, on our ability to successfully integrate digital instruments and technologies into the business and operational fabric of the Bank. Digitisation effectively increases the linkages between different business units to engender a business model that is cost-effective, profitable, efficient, and with opportunities to scale.



ENHANCING PRODUCTIVITY IN BANKING



Before Planning Cycle 4 was initiated, IndusInd Bank was witness to linearity between costs and revenue. In order to break this linearity, the Bank identified specific initiatives at the beginning of PC4 to enhance productivity across all businesses and operations by capitalising on cost-saving opportunities and leveraging revenue-boosting innovations, while also mitigating operational risk.

These productivity-enhancing initiatives are expected to contribute, by 2020, 5% to incremental profits-before-tax and lower the cost-to-income ratio by 2%. The Bank has witnessed initial success with implementation of the initiatives in FY '17-18. Overall, the Bank's cost-to-income ratio has already improved by 1 percentage point in the first year of implementation.

While the initiatives largely focus on branch banking, channel optimisation, and organisational design, measurable targets have been defined under distinct themes for achieving specific goals. An increase in staff productivity, for instance, is expected to have a direct

disruptive impact on cost linearity; product and process improvements enabled by re-engineering the Bank's top products will also eliminate hand-offs and non-value added steps. In addition, digital tools and platforms have been designed to improve productivity by reducing turn-around time and straight-through processing.

For IndusInd Bank, streamlining the organisational structure for enhancing efficiencies in processes, service delivery, and resource utilisation is central to the objective of maximising productivity. The Bank is actively pursuing a 'de-layering' strategy wherein the organisational structure is re-calibrated by reducing the number of duplicate roles and excess man-power engaged in independent business verticals and establishing one leader for all. Larger and smaller markets are now differentiated with optimum resource allocation achieved by combining coverage teams. The positive outcome of this approach is reflected in lower operational costs and higher revenue in the regions the strategy was applied. The 'de-layering' approach has also revealed unexplored market opportunities for the Bank.



BUILDING BRANCH PRODUCTIVITY

An important initiative towards ensuring operational cost efficiency is the reduction of average branch size by 45-50% in all future branches of the Bank, with product and service delivery enabled by digital technology. It is estimated that branch operation costs including manpower costs will fall by more than two-thirds, compared to before. Smaller physical branches will also, importantly, lower IndusInd Bank's overall water and carbon footprints; electricity consumption, and consequently emissions are expected to decrease by approximately 74 MWh and 61 MTCO₂e per branch per year respectively. We are also adopting a clustered structure for branch banking, integrating servicing and operations based on region-wise opportunity, to drive lower material costs without compromising on banking coverage. In FY '16-17, branch reconfiguration has resulted in 30-35% lower operating costs on average.

In FY '17-18, the Bank undertook a productivity-oriented project to enhance process efficiencies in trade and forex transactions, reduce TAT for the Emerging Corporates Group (ECG) in the consumer banking division. With the previous operating model disaggregated over branches in different categories, there arose instances of multiple processing and hand-offs resulting in longer TAT, reduced efficiency, and varied client experiences.

To increase productivity, the entire process was re-engineered across 49 major ECG branches in six metro

cities. Under the project, each branch was directly linked to a processing location, reducing hand-offs and improving operational efficiency and TAT. The re-engineered process has also improved STP/FTR percentage (Straight through Processing/First Time Right) from 70% to 90%, and enhanced customer satisfaction. Additionally, by reducing hand-offs, this project has freed Trade Operations resources by 12-15% for other purposes, a step towards effective capital deployment.

DEVELOPING EMPLOYEE PRODUCTIVITY



Increasing staff productivity is an intrinsic and inseparable feature of any strategy aimed at making an organisation productive and cost-effective. In Planning Cycle 4, the Bank has implemented over 100 initiatives for improving productivity and efficiency of our employees across all banking processes in FY '17-18. The associated cost benefits have been targeted through processes that have been re-engineered and integrated with centralised digital platforms to reduce hand-offs and TAT. In addition, Bank staff are encouraged to make small process changes that reduce costs, and mitigate operations risk in selected projects like on-boarding of new vendors, negotiations for Enhanced Due Diligence, etc.

IndusInd Bank recognises that to continue being a brand synonymous with convenience and innovation, we have to capitalise on productivity benefits accruing from early entry and adoption, and proactive responsiveness to market changes. The biggest and most diverse knowledge pool capable of driving innovation that IndusInd Bank is part of, derives from our human capital resources. The banking industry has a significant swathe of high-aptitude and skilled employees with the potential to change the way knowledge is created and utilised for business.

While IndusInd Bank has always facilitated idea exchange, in FY '16-17, a specialised platform was launched, dubbed 'Innovation Centre' in an effort to formalise ideation, incentivise innovation and drive collaboration. The Centre operates like think-tank, facilitating dialogue and coordination between various departments, incubating ideas and converting them into directly-applicable client-centric and technology-enabled products and services. Importantly, the inputs in this 'Idea Lab' also target

internal process and systems with the objective of enhancing their productivity.

During FY '17-18, we received ideas from across geographies, rank and file within the Bank, for innovative financial products, process changes, marketing, and branding solutions, etc. Examples of innovative ideas integrate within the Bank's operations include:

- Upgradation of digital infrastructure across all departments in Corporate Banking allocated based on requirements instead of grade with remote access facilitation.
- A 'Buyer's Credit' product that enables short-term lending at competitive rates, unlocking cheaper access to capital for smaller businesses.
- Digital workspaces for business teams on cloud-based computing platforms.
- Branding initiatives routed through the marketing department for creating industry/economic analysis reports, and communications to clients on internal Bank developments.

The Innovation Centre has provided a platform to anticipate and address market needs, as well as, a forum for employees to collaborate and engage which has improved the quality of our outputs besides contributing to the bottom-line. It also encourages the Bank's Senior Management to interact with employees which allows innovators to understand the broader context of the challenges they are working towards addressing.

DELIVERING VALUE THROUGH TALENT MANAGEMENT



IndusInd Bank recognises that our employees are the key element to our overarching strategy of value creation. A high-quality human capital resource is the pre-requisite for effectively deploying and managing financial and intellectual capital resources in the Bank and building intrinsic stability in our business model.

Employee talent management and growth is an important step towards building quality human capital resources and

maintaining organisational productivity. To this end, encouraging employees to develop the right skillsets and augment their capabilities serves leads to, not only business profitability for the Bank, but also promotes all-encompassing personal and career growth for all.



Talent management is also facilitated through regular employee training, skill development, and rigorous feedback and vigilance mechanisms. IndusInd Bank has a comprehensive framework for building and nurturing a talent pool of skilled and competent individuals. Key employees are mapped on a grid of performance, competencies and strengths, and feedback to identify high-potential individuals. This pool is further pruned based on tenure and role criticality. HR's Individual Development Plans, training and role enhancement programmes are customised according to grade and roles in order to impart the most appropriate knowledge and learning tools to the high-performing individuals. In FY '17-18, these efforts led to the building of a productive talent pipeline and potential successors for key supervisory and tactical roles.

A key example of enabling talent development and employee growth is the Career Progression Model which has been institutionalised as a clear and transparent process for all frontline roles in the organisation. As part of this, Business Development Managers (BDM) and Executives are given the opportunity of progressing right up to the level of Branch Head or Regional Manager. The criteria for movement are based on core performance objectives of the current role

and readiness for the next role(s) assessed through specific processes. Additionally, at each level, there are multiple tracks an individual can choose, within the same or alternate job family which guarantees progression for each eligible person in the organisation. Consequently, during the year, nearly 30% of key frontline roles were filled via internal promotions or upgrades. This programme has contributed to a 40% increase in organisational productivity across key frontline roles.

Besides the identification and development of a skilled employee base, maintaining long-term productivity and cost-efficiency, also involves addressing the issues of employee attrition. Deliberate career progression, role enhancement and training initiatives, as described above, are means to this end. Additionally, a structured employee benefits programme including performance-based assured salary increments, uniform incentive plans with increasing pay-outs for higher grades, etc. also help in retaining a satisfied workforce. Further, the Bank's annual appraisal platform is used as a platform for line managers to mentor employees and develop performance plans to enable achievement of future efficiency and productivity targets.

INTERNAL COLLABORATION AND CROSS-SELL

At the beginning of Planning Cycle 4, IndusInd Bank developed a strategy for deepening our relationship with customers through the cross-sell of products & services to existing customers, facilitated through internal BU collaboration. We believe that, with a total customer base of more than 11 million, one of the most effective ways to grow sustainably is to engage customers with a number of the Bank's products, thus multiplying their interests across several business areas. Finding customers from within in this manner has a variety of benefits for the Bank, ranging from lower cost and risks of customer acquisition, higher client retention and customer satisfaction. Additionally, through the offerings of targeted products and services, the cross-sell strategy also benefits our customers in terms of improving convenience and reducing the risk and uncertainty associated with engaging with multiple financial services providers.

Further, through inter-BU linkages, the Bank can better capitalise on untapped business opportunities available



from existing relationships, thereby increasing profitability. The cross-sell programme is underscored by robust digital and analytics platforms which reduce process inefficiencies and employee productivity by delivering targeted customer information to sales teams and reducing manual intervention.

In FY '17-18, the Consumer Banking Group undertook several initiatives to drive internal collaboration and cross-sell. Products like mortgages, business banking loans, and personal loans were cross-sold to the vehicle loan client base of the Consumer Finance Department. In addition, unsecured assets like Personal Loans and Credit Cards were successfully cross-sold to existing liability clients, leading to significant growth in these assets. Similarly, our credit cards business displayed strong performance during the year, crossing 760,000 clients during the year, driven by the cross-sell distribution model. In FY '17-18, 24% of all credit cards were sourced through cross-sell programmes.

A major factor contributing to this growth is the 'pre-approved' strategy adopted by the Bank during the year, wherein eligible customers are targeted with pre-approved personal loans and credit cards. Pre-approved cross-sell business is approximately 50% of the PL business for FY '17-18. Overall, more than half of the assets in the consumer bank originated via cross-sell to other BUs within CBG.

On the corporate side, inter-BU collaboration the Mid-Corporates Group has gained significant momentum in PC4. The business unit cross-sells insurance and credit cards to corporate clients. During the year, the Bank successfully

bagged about 200 mandates through cross-sell. The Agri-business Group also collaborates with the consumer and corporate banking teams to identify cross-sell leads and propagate products like pledge finance, finance for HNI farmers, traders and FMCG clients.

In upcoming months, IndusInd Bank is preparing to integrate the cross-sell of products like Fixed Deposits, Recurring Deposits, lockers, PL, CC, etc. to existing and potential savings accounts customers via our digital platforms and our partnerships in digital ecosystems.

DRIVING GROWTH THROUGH DIGITAL INTEGRATION

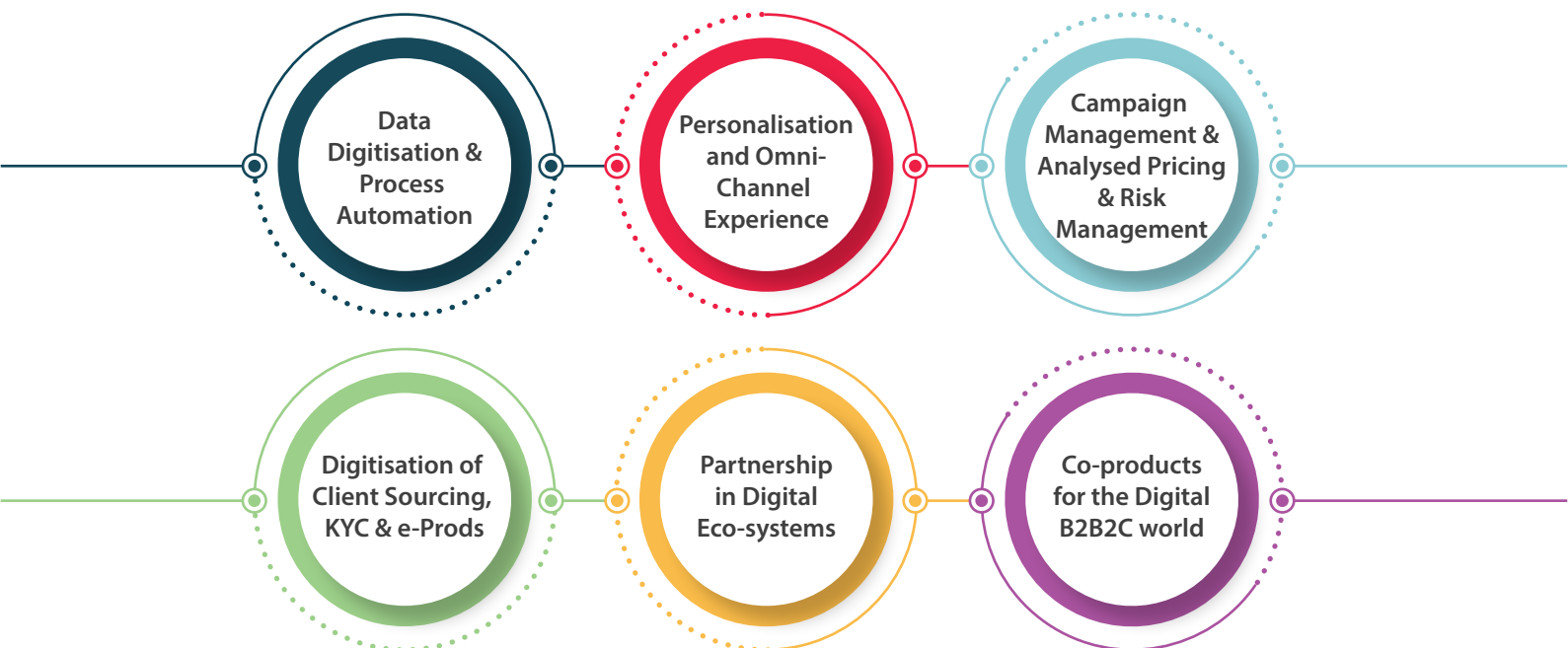


Digitisation in the financial sector has had a profound impact on the way institutions like banks develop and implement their business strategies. Banks are increasingly aware of the impact of digital banking in terms of making business productive, cost efficient, mitigating risk, improving system security, as well as, generating competitive advantage in the industry.

IndusInd Bank has used digitisation as a business strategy in itself, leveraging the digital tools and platforms available as a way to further the 4D aspirations of the Bank. While digital technology has been an enabler over the course of preceding Planning Cycles by standardising, centralising and facilitating seamless workflows, in Planning Cycle 4, the digital strategy has been developed to proactively enhance all operations of the Bank. This includes everything from product development, service delivery, improving client experience, analytics, to risk management.

A key advantage of integrating our systems on digital platforms is significant improvement in productivity and efficiency. Digital networks are cost effective – replacing redundant capital and natural resources – improve employee productivity, and financial accuracy, and streamline internal processes. At IndusInd Bank, digital-led success is made tangible and measurable, reflected in the growth of digital transactions, reduced TAT, higher cross-sell penetration, increased productivity, etc.

The Bank's digital plan-of-action, as represented in the following graphic, is enabled through the combination of innovative digital product offerings, digital partnerships, and digital analytics. Digital banking is expected to contribute 14% of the Bank's profits by 2020. Digital transactions constituted 75% the total transaction volume and 92% of total transaction value during FY '17-18.



DIGITISING TO DIFFERENTIATE



IndusInd Bank has consistently sought to differentiate itself in the banking sector by using technology to find, serve and engage customers by offering unique client experience. Digital technology, with the potential of reaching broader markets and making banking convenient and rewarding for customers, has presented the Bank with the opportunity to stand out against competition and gain leadership in the industry.

A central objective of our digital strategy is to enhance the banking experience for all our clients and customers. This customer-centric approach begins by assessing the needs of these stakeholders by leveraging market research and industry trends and subsequently, developing digital platforms, products and services. These solutions, in line with IndusInd Bank's theme of 'responsive innovation' are

IndusMobile and All-in-One Store

IndusMobile is the Bank's preferred mobile channel of choice. The App allows customers to fulfil the majority of their banking requirements including payments, transfers, cash withdrawal from ATMs, etc. The App is a prime example of 'responsive innovation' with features like Fingerprint Banking and Shake-N-Pay which making mobile banking convenient and secure for customers.

During FY '17-18, this channel was successfully integrated with other digital channels of the Bank making it the focal point for enhancing customer experience. The number of registrations on this App have growth exponentially with over 1.1+ million registrations to date. The App offers a comprehensive suite of 100+ services and is rated 4.4 on Google Play store and 4.6 on the Apple store, making it the best-in-class among Indian banks.

customised to the needs of different client segments and have been successful in terms of improving overall customer experience, service, at the same time, widening our reach across markets, both in rural and urban areas. Especially in rural India, IndusInd Bank's growing portfolio of digital innovations and products and technology has successfully enabled and propagated our rural strategy by democratising and simplifying banking access. In addition, from the business perspective, the integration of digital technology into retail banking in our Home Markets has proven to be beneficial with noticeable improvement of nearly 35% in productivity.

Some key customer-centric initiatives of the Bank within the digital space are enumerated below.

The Bank is embarking on a journey to take IndusMobile 'beyond banking' with the launch of the All-in-One Store. IndusMobile, in partnership with TAPZO, has integrated various m-commerce consumer brands on its platform, acting as a one-stop solution for all lifestyle needs of customers. Accessing these m-commerce services through this App eliminates any re-direction to merchant apps. Through the All-in-One store, customers have the option of payments through direct debit, credit cards, and payment wallets.

This initiative is expected improve our relationship with our customers through greater engagement and value propositions like in-app loyalty programmes with the objective of enhancing 'customer delight through convenience'.

IndusMobile

WHY JUST BANK WHEN YOU CAN DO MORE?

with the All-in-One Store
in the all new IndusMobile App

Tab Banking

In 2017, IndusInd Bank introduced a digital account opening application wherein a Bank representative uses a tablet to open customer accounts which become fully operational within 3 minutes. All tablets are e-KYC enabled supporting biometric scans and are linked with the Aadhaar database through a user-friendly interface. Additionally, the backend processes for account opening have been automated in a straight-through-processing model. Currently 25% of all NTB accounts are routed through tab banking, with the target of increasing this to 70% by mid-2018.

Account opening using tabs bypasses any physical documentation, saving on paper resources, and reduces the TAT for servicing and channel activation. The entire frontline sales organisation has been enabled with comprehensive Tab-based solutions which not only help sell products over and above basic savings accounts, but also monitor employee performance in real time. Overall, with the introduction of this system, the Bank has witnessed improvement on key metrics like operational and cost efficiency, as well as, employee productivity which has improved by more than 25%. Importantly, tab banking has



enhanced customer experience by making account opening and ancillary services faster and more convenient, and for the Bank easier to prevent fraud.

Version 2.0 of the tab-based application will cover more channels, and a wider product spectrum including personal loans, credit cards, and lockers. New features will also allow seamless product bundling, customised product variants, family account opening, etc.

Indus Freedom

IndusInd Bank believes in supporting economic development in our communities. To this end, the Bank has launched a first-of-its-kind transaction-friendly current account product called Indus Freedom. This product is targeted towards 'shop next door' entities – entrepreneurs, retail shops, and small businesses run by individuals or proprietors. Customers with this account have the advantage of Average Monthly Balance requirement waiver, no maintenance charges, and faster credit to account.



Easy Credit Portal

The Easy Credit portal of the Bank caters to existing savings account holders by offering pre-approved personal loans. The portal facilitates real-time digital fulfilment of pre-approved credit where the loan amount is credited to the customer's savings account in less than 30 seconds. Credit allocation is based on individual credit risk adjudged through bureau checks and internal behavioural data points. In FY '17-18, the offerings through the portal were extended to credit cards which requires zero physical documentation, minimal manual interaction and card delivery within two days. In addition, the portal offers a pre-approved bundled

insurance facility for a combined Personal Accident Loan and Personal Loan for customers.

During the year, nearly 60% of personal loans and 10% of credit cards issues were routed through the pre-approved credit portal. Pre-approved credit has also contributed significantly to business productivity; the cost of acquisition for credit cards through this portal is 75% lower compared to traditional means. In the current FY '18-19, the Bank seeks to double the personal loan book and more than triple the number of credit cards issues, with the majority sourced in the form of pre-approved credit.

IndusDirect

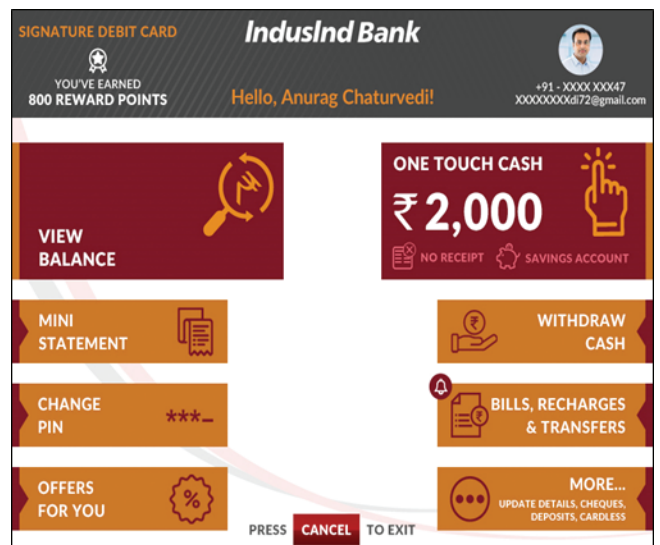
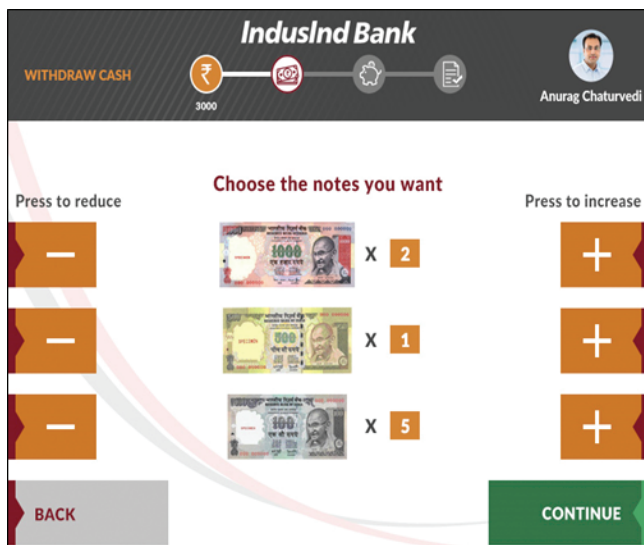
For the Bank's corporate clients, IndusDirect is an integrated electronic payments platform offering a variety of payment channels including NEFT and IMPS, as well as, innovative portfolio management options facilitated by relevant departments. Biometric validation for login and transactions on IndusInd through mobile devices offers the added

Web-Enabled ATM

IndusInd Bank has a fleet of Multi-vendor Software (MVS) web-enabled ATMs installed at 1,872 sites across the country. The Bank recognises the utility of these ATMs in terms of providing instantaneous customer personalisation and payment options with the benefits of lower operational costs. Our new MVS ATM systems offer features like

advantage of privacy and security of transactions for our clients. All clients are also matched with Relationship Managers to ensure consistent client experience. In FY '17-18, more than 283,000 transactions were routed through IndusDirect for a total value exceeding INR 57 billion.

one-touch cash withdrawal, choice of note denomination, credit card payment, etc. They also enable services like debit card upgrade, Aadhaar update, and run cross-sell campaigns for personal loans and credit cards. Customer feedback on the functionalities of our web-enabled ATMs has been positive.



Aadhaar-related Initiatives

In compliance of the Government of India directive to link all bank account with the Aadhaar identification number, the Bank enabled a digital ecosystem wherein our customers can complete linking Aadhaar with their accounts through various channels including IndusMobile and ATMs. For NTB customers, account opening through Tab banking requires mandatorily linking of the Aadhaar number. Submission of Aadhaar is also mandatory during reactivation of dormant/inactive accounts.

IndusInd Bank is also one of the first to introduce Aadhaar-based e-KYC on Travel Cards. Digital enablement was supplemented by continuous communication efforts through ATL and BTL channels to guide customers through the process. During the year, 90% of all Aadhaar linking was completed using digital channels. Additionally, 140 IndusInd branches have been operationalised for Aadhaar enrolment activity.

LEVERAGING DIGITAL PARTNERSHIPS



In the era of digitisation, gaining competitive advantage is paramount especially in the banking sector. IndusInd Bank's digital strategy over Planning Cycle 4 has been developed strategically to capitalise on existing digital ecosystems with

established capital infrastructures and reach, in mutually beneficial collaborations. The underlying intent is to offer value to all stakeholders, the Bank, our partner, and importantly, customers.

To this end, the Bank is pursuing partnerships with FinTech players, mobile wallet providers, payments banks, and other business correspondents with the objective of diversifying and expanding the Bank's customer base in a non-linear Business-to-Business-to-Customer (B2B2C) model. These partnerships are enabled via API (Application Programming Interface) integrations.

In FY '17-18, the Bank partnered with various payments banks on the launch of new products and services that are offered to the latter's clients through their portals. In collaboration with Paytm, a leading mobile wallet provider and payments bank, the Bank is offering a Fixed Deposit (FD) product to Paytm's customers. The IndusInd Bank FD product for Paytm customers has been packaged such that the FD generates high returns even while the funds are available for withdrawal through the sweep facility, based on account balance – a feature that has been well-received by customers. In the subsequent phase of this partnership, customers will be able to book an FD irrespective of account balance.

In a rapidly transforming banking landscape, digital adaptation has emerged as a necessity in ever Bank's agenda. With shifting customer demands, emerging alternative non-bank players - Fintechs – are changing the financial sector by revamping solutions, enabling their clients to do more with less. Recognising this, IndusInd Bank is proactively partnering with Fintech companies with penetration in the MSME sectors to create tools that enable the democratisation of our product offering for customers in these sectors by customising them to match their needs, for example, with microfinance loans, and loan accounts synced to structural sales rhythms.

Keeping with the theme of building alliances, IndusInd Bank is also engaging with various government-mandated national payment regulations and frameworks. The benefits of these alliances present themselves in the form of verifications of transactions leading to lower risk, and higher transparency and accountability.



The Unified Payments Interface (UPI) developed by the National Payments Corporation of India (NPCI) facilitates and simplifies inter-bank transfers for customers to/from using mobile smartphones without sharing of banking credentials, making the process secure and user-friendly. The Bank participated in the launch of the interface and went live with UPI Platform and PSP App under the brand name, **IndusPay** which can be used by both IndusInd and non-IndusInd account holders. In addition, the Bank has proactively adopted digital payments systems like **Bharat QR** and **AadhaarPay**.



Bharat Bill Payment System (BBPS), another integrated system developed by NPCI, provides a holistic bill payments solution for corporate and consumer banking customers for services including payments for electricity, water, DTH, municipal fees, insurance premiums, etc. The Bank has various channels which facilitate BBPS, was one of the first to complete a pilot with BBPS and is now one of the leading bank in the Agent Institution segment.

TReDS

Trade Receivables Discounting System (TReDS) is an RBI-approved digital platform which enables discounting of trade receivables, which has been set up to provide affordable working capital to MSMEs. IndusInd Bank enables straight-through funding and processing of transactions on the TReDS platform for buyers sourcing from MSMEs. The Bank has disbursed INR 500 million through this platform in FY '17-18 with outstanding book of INR 1 billion for the year.



DECISION SCIENCE AND ANALYTICS



Advanced analytics is the foundation on which the digital transformation framework of IndusInd Bank is built. The Decision Sciences Unit (DSU) of the Bank enables the implementation of all forward-looking strategies of the Bank, and informs all tactical decision making for enhancing client experience, driving cross-sell, and increasing organisational productivity.

DSU integrates the backend and front-end systems of the Bank by creating a holistic 360 degree view of customers using data driven analytics and creating solutions to maximise the value of clients across their lifecycles with the Bank from activation, engagement to retention. The system is designed to generate triggers for our field teams of RMs and Client Engagement Managers (CEMs) at critical milestones of each customer's journey for taking targeted actions. The Bank is now evolving from the client-only view to a household view wherein customers are able to group multiple family accounts, and thereby avail better benefits like minimum balance fungibility across all accounts.

Decision sciences also provide analytics support to all business units with data visualisations and customisable dashboards to evaluate macro-level performance, create action plans and identify gaps in execution, and generate business insights. Additionally, socio-economic data, analysed with DSU's filters enables the Bank to take

appropriate action regarding budgeting, expansion and location of our branch network. Apart from business-oriented benefits, this has a direct impact on increasing the productivity of the Bank's operational processes, capital cost efficiency, and of our employees who are able to utilise these tools to take key decisions more efficiently.

In addition to proprietary in-house initiatives, IndusInd Bank has also partnered with leading providers of cloud commerce & predictive analytics-based campaign management tools to strengthen our online presence and build omni-channel client engagement capabilities by leveraging AI and machine learning. This allows us to utilise cutting-edge technology delivery and cross-marketing platforms without worrying about capital costs, operations & talent management.

The Bank's strong digital analytics foundation is critical for enhancing the risk capabilities of the Bank. Big Data is analysed to manage fraud in real time and build a robust anti-money laundering system. Additionally, cognitive data-mining for credit-priced risk and investment risk also ensures that the Bank's risk appetite is maintained. Data analysis also serves as a direct driver of growth and revenue by improving sales force productivity for mobile and tab-based sales management.

DELIVERING THE CROSS-SELL STRATEGY



With the banking sector expanding exponentially and creating a highly competitive market, it is pertinent for growing businesses like IndusInd Bank to identify and target key client segments in order to sustain growth and maintain profitability. There is an ever-increasing need for marketing solutions that are based on accurate scientific analysis of available customer-related data.

To this end, the Decision Sciences Unit of the Bank undertakes customer behaviour analysis presenting a comprehensive profile based on their existing engagement with the Bank. Using certain predictive and propensity-based

models, the Bank can deepen the engagement with existing customers by cross-selling additional need-based products and services. These models are created using data on various customer attributes and calculate the propensity of existing customers to engage with additional products. Cross-sell campaigns leverage these insights such that customers receive only the most appropriate communication and offers matching their specific needs. The pre-approved strategy of the Bank of cross-selling personal loans and credit cards, therefore, is also augmented using the customer insights generated by the predictive models.



Next Best Action Model

The Next Best Action Model analyses six-month behavioural data of a client across all banking channels in addition to their existing product holding to generate predictions of the type of transactions they are most likely to make in the near future.

These analyses are useful for designing campaigns that are relevant to the client and also enables the Bank's field teams to suggest the most appropriate products.

Next Best Offer Model

This model predicts the next-best product that can be pitched to an existing customer. This model takes into consideration 500+ client attributes which include life stage, banking relationship, internal and external product holdings, etc.

The propensity-to-buy of customers by segment is arbitrated based on the revenue which the Bank is expected to make. Based on recommendations, either direct leads are given to the client campaign team or to the field force to connect with clients and make relevant proposals.

In addition to engaging active customers with relevant offers, products, and services, it is crucial for a bank to also address the risk of attrition by customers who are either no longer active in making transactions or considering reducing their engagement with the Bank. To address this risk, the Bank has developed an **Attrition Model** which helps in predicting which customers are likely to attrite in the near future. Based on the propensity to attrite and engagement with the Bank, relevant actions are taken either directly by the client

campaign team or by the Relationship Managers and offers are also communicated directly to clients. During the year, the attrition model was employed across savings accounts at-risk customers were engaged using direct-to-client campaigns and RM/CEM engagement which improved the balance on targeted bases by 24%. This year, we also activated over 1900 clients on Trade & FX who had previously transacted with us but were at risk of attrition.

TECHNOLOGY FOR BUSINESS



In keeping with our digital transformation strategy, IndusInd Bank has been at the forefront of adopting and implementing the latest technology-based innovations as evidenced by the slew of new digital banking products and services. The Bank has a strong Information Technology (IT) infrastructure which ensures seamless roll-out of these products while maintaining a high level of efficiency and organisational productivity. The IT function also continues develop new architecture and functionalities based technological advancements in the banking industry.

The core agendas of the IT function is to develop automation capabilities within each task and workflows to achieve operational excellence, as well as, to build resource capacity in terms of applications, servers, and human capital to continue to support the Bank's growth and maintain user experience. In addition, data security and risk mitigation are at the centre of all digital-led operations of the Bank.

These objectives are sought to be achieved by radically transforming the way the Bank operates at the back-end; aggressive utilisation of cloud computing to handle increasing digital and traditional workloads, transformation of traditional enterprise from hard-wired to software-defined, adoption of data-based insights and metrics to recalibrate internal performance, and implementing standardised and replicable procedures are mechanisms which are being integrated across the Bank.

Some key initiatives on the technological front include implementation of a workflow and imaging system called **iWorks**, re-platforming of the trade system **TradePro**, both of which, through automation of processes, have significantly improve the TAT for key processes across the Bank like account opening, loan document movement, forex transaction processing, remittances, etc.



We have also employed a software-defined data centre suite of applications called **iMegh**, the Bank's on-premise private cloud for, to provide space- and cost-effective infrastructure for data and network storage, reducing the need for manual intervention and, therefore better TAT with less errors.

IndusInd Bank is cognizant of the potential of Artificial Intelligence (AI) and machine learning to generate pertinent insights from a vast amount of data across different systems,

MAINTAINING DIGITAL SECURITY

At IndusInd Bank, we believe in maintaining the highest level of data security and mitigating any risks to our digital networks. Cyber attacks and fraud are an ever-present threat in the banking industry. To avoid any losses in data or intellectual property, we have pre-emptively devised out a three-year cyber security roadmap, with the following functions and features:

A security framework spanning the Bank's infrastructure, networks and perimeter layers, as well as end-points (laptops/PCs).

A 'Next Generation Firewall' which creates precise security filters based on application, user, and content, allowing only authorised users to run sanctioned applications.

A Web Application Firewall deployed to protect workloads on the cloud and existing internet-facing websites.

Cyber controls enabled through multiple vendors in a layered approach to effectively capitalise on the strengths of each vendor and institute fall-back defences.

thus elevating service delivery as well as customer engagement in the banking industry. To this end, we have envisaged the role of AI integrated into various processes and operations of the Bank. In upcoming months, the Bank will introduce a 'conversational banking' feature within IndusMobile and our net-banking website, offering text and voice support. The machine learning capability feature will make the system the digital equivalent of face-to-face interactions at a branch/call centre.

Network and infrastructure controls and filters to combat threats of malware, ransom-ware, botnets, as well as, organised/targeted attacks.

In addition, comprehensive cyber security assessments have been initiated to evaluate our preparedness for mitigating cyberattacks, and will focus on processes across digital channels including authentication policies, user registration, fraud monitoring and prevention, privacy policies, etc.

Over and above cyber security, the Bank also imposes strict restrictions on sharing of any personally identifiable information; movement of any information requires explicit approval from concerned business heads, accompanied by reasoning for the same. Further, a Business Continuity Plan lays out backup, archiving and data recovery strategies in case of accidents to our physical data centres in Mumbai and Chennai. The Bank's Disaster Recovery (DR) management tool automates the switch-over and switch-back process to the DR systems in case of accidents or unforeseen disaster events.

DRIVING DIFFERENTIATION: THE CUSTOMER-CENTRIC APPROACH



Banking in India is witnessing a paradigm shift wherein financial institutions and facilitators are gravitating towards a customer-centric approach seeking to reinforce their market share and differentiate themselves in the services sector by offering all-encompassing customer experiences. At the beginning of PC4, IndusInd Bank undertook the journey of

enhancing the banking experience for our clients in all processes from account opening, ease of doing business, complaint resolution, to building sustained relationships with customers. This strategy has underscored the Bank's operations in all areas of business over the last two years.

PUSHING THE BOUNDARIES OF CLIENT EXPERIENCE



In FY '17-18, IndusInd Bank outlined a CEX transformation roadmap by redefining 21 customer journeys across the Bank with the objective of embedding convenience as the core driver built on the pillars of **Seamless Easy Fast and Transparent (SEFT)** banking. Over 200 initiatives or 'drivers'

identified across these journeys prioritise what is central to the customers' needs, follow industry benchmarks and best practices, and incorporate forward-looking targets for the Bank.



Seamless

Customer needs are served without any intervention



Easy

Customer needs to put very little effort



Fast

Things happen quickly; customer's time is not wasted



Transparent

Customer has visibility of everything they need to know

Experience drivers are unique attributes that define a customer's experience with the Bank, targeting which provides the impetus for effectively solving customer-related issues. Some drivers are specific to the customer segment and/or journey. Ease of documentation, for example, is a key driver for corporate customers during on-boarding, the pivot to which from the legacy document-heavy process is one of the pain-points being addressed by the Bank.

repository of customer requirements. In addition, customer-centric KPIs developed by the enablers sustain the CEX transformation by ensuring governance and ongoing adherence. A CEX Learning Academy will entail organisation-wide training for delivering enhanced customer experience including foundational, technical, and functional training to employees at all levels including Top Management.

To enable mindsets and recalibrate behaviours across businesses and functions, the Bank has prioritised key organisation enablers for supporting the internal infrastructure designed to deliver superior customer experience. The enablers use a variety of programmes including 'Change Workshops' and 'Interdepartmental Role Swap Programmes' to establish interaction protocols, as well as, capacitate frontline & support teams for seamless & collaborative service delivery and building an evolving

Five such customer journeys across the retail and corporate segments were initiated in FY '17-18, including on-boarding, complaint resolution and service journeys. Implementation of these journeys will be underscored by digital interventions, simplified documentation and account navigation, tracked customer interactions, enhanced personalisation, and end-to-end value addition services. Each journey is spearheaded by the 'journey owner' with cross-functional squads providing oversight.



ENHANCING CLIENT EXPERIENCE

RETAIL COMPLAINT JOURNEY

The ongoing Retail Complaint Journey initiated by the Bank in FY '17-18 is designed to identify key complaint issues of the Bank's customers, drive reduction, resolution, and prevent recurrence through system and process changes driven by the cross-functional implementation teams of SDG and IT. Key interventions include process enhancements for delivery of cheque books, debit cards, net-banking PINs; issue resolutions related to transaction alerts, OTP, account maintenance; and customer follow-up to reduce complaint resolution time.

The outcome of this journey has been a sustained reduction in month-on-month complaint volumes by nearly 50% from the beginning of the journey. Additionally, complaint resolution TAT has been reduced to less than 3 days for over 85% of all customer complaints. Pre-emptive complaint measures are also in process of being implemented as part of the journey.

Holistic and comprehensive metrics form the foundation of the CEX transformation programme at IndusInd Bank. Customer metrics, Impact metrics, and Operational metrics are the barometer by which the Bank can track the efficiency, impact and sustainability of our push for superior client experience delivery. Transformation metrics including NPS, customer effort score, % customer attrition, revenue per customer, % financially active customers, employee engagement score, etc. will be tracked against 3-year targets with intermediate milestones. At the Bank level, we propose to achieve by 2020:

NPS of >75%

Complaints per customer <0.2

Customer Effort Score of <3 (on a scale of 10)

20% uptick in employee engagement score

LEVERAGING CUSTOMER ENGAGEMENT FOR SUSTAINED GROWTH



The objective of the Client Experience Transformation programme is to build a world-class leader in IndusInd Bank within the customer service sector. Active customer engagement is a crucial enabler in delivering superior customer experience. Higher and more comprehensive engagement across all available channels is pivotal for business growth and generating sustained value. More opportunities for cross-sell, lower cost-to-serve & cost of acquisition of NTB customers, and longer customer longevity attributable to customer engagements drive this growth. Engagement enabled by digitisation has the ancillary benefits of improving employee productivity and process efficiency. Improving the scope and quality of customer engagement is incorporated within the training and capacity-building initiatives of the CEX transformation programme, and monitored with periodic assessments of employees.

Customer engagement encompasses interconnecting activities like client coverage, communication & relationship-building, complaints redressal, etc. supported by the collaborative efforts of various departments. These activities are implemented by our frontline staff i.e. Relationship Managers, 'Feet-on-the-Street' executives, branch and non-branch service channel, feedback & surveys,

Improving CEX is expected to drive customer base expansion & deeper product penetration especially in the SME and Affluent Banking segments, more client coverage and better retention, improved sales productivity through digital-led frontline services, and higher upsell and cross-sell potential over the course of Planning Cycle 4. Since its inception, the CEX strategy has been successful for the Bank with incremental CASA of INR 4.5 billion and Net Interest & Fee impact of INR 350 million logged to date, on track to delivering the targeted impact.

etc. to better understand customer needs and make the right offers.

The Bank launched the pilot Client Engagement Manager (CEM) programme in FY '16-17 – a tailor-made service and engagement-led coverage model to grow our client base, ensure customer 'stickiness', and build brand loyalty. The CEMs act as stable POCs providing service continuity. KRAs are based on client-centric parameters like coverage, household penetration, transaction engagement through sticky products, service assurance, and digital channel migration.

In FY '17-18, this programme was expanded to further penetrate the business owners segment and their families for all their financial solutions needs. The model's success is reflected in CEM-managed CASA growth of 12% (annualised) amounting to INR 3.5 billion, and INR 120 million in fee-based revenue in FY '17-18. Additionally, CEMs achieved 45% household penetration in the base of last year with attrition tending to zero for household-penetrated customers. In FY '18-17, the CEM programme will reach across other business segments incorporating cross-sell and relationship-building to promote dynamic revenue generation.



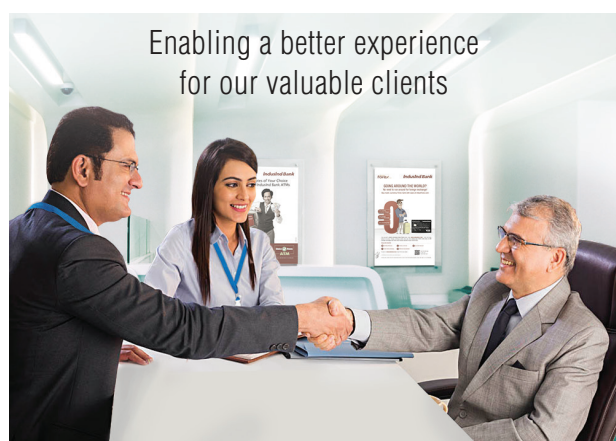


ENHANCING CLIENT EXPERIENCE

CLIENT CONNECT

As part of our endeavour to deliver a differentiated and engaging client experience to our valued customers, the Bank is enabling employees using advanced analytics as part of the 'Client Connect' initiative. This initiative allows IndusInd Bank's Branch Managers to receive real-time alerts when clients are present in the branch which helps them to engage with them in a personalised and informed manner. This fosters long-term sustainable relationship with our customers by offering differentiated service above and beyond normal banking protocols.

This campaign, launched during FY '17-18, has witnessed a high adoption rate; Branch Managers also report greater recall value attributable to the Client Connect alerts. This functionality has also been rolled out for Deputy Branch Managers. The next step in the evolution of the Client Connect programme is ensuring a deeper relationship with clients by enabling the frontline client servicing personnel to engage in relevant conversations with clients aided by the 'Next Best Action' and 'Next Best Offer' alerts for specific customers. These functionalities are being integrated into our core banking system by our Decision Sciences and Campaign Management units.



Pop-up message

ALERT: Valuable Client

If the client is present in person, click on the action button 'YES' to inform the Branch Manager via SMS to meet him/her.

A sample message received by DBM

ALERT:

Shashi Kapur, a CAT A/A+ client is currently in the Cyber City Digital Gurgaon Branch at Renu Bansal's desk. Please meet & greet the client.

ADOPTING ADAPTIVE BANKING: DIGITISATION FOR CEX



In today's digital-led economy, faced with ever-increasing competition and consumer demands for convenience and transparency, service sector institutions like banks need to build a sustained presence in the digital sphere. IndusInd Bank is a strong advocate of prioritising digital tools and platforms across all process and service channels in sync with the underpinning theme of 'responsive innovation'. Digital-led innovations in products and services, while expanding our market horizons, has had a significant positive impact on the Bank's CEX performance in terms of increasing access to day-to-day banking activities, security, convenience, and ease-of-banking.

A prime example is the tablet-based account opening system, termed Tab Banking, introduced in FY '16-17 wherein the Bank's customers can acquire fully operationalised accounts within 2 minutes. The process eschews paper

documentation capturing all details using biometric scanning and Aadhaar-based eKYC in addition to populating selected profile-based products and choice account number. Higher process and employee efficiency attributable to Tab Banking has enhanced customers' experiences, especially in account opening procedures, a priority customer pain-point. Also, with the launch of the All-in-One Store on the IndusMobile platform, the Bank continues to set industry benchmarks, providing a one-stop solution for all lifestyle needs of our customers, essentially offering 'customer delight through convenience'.

Front-line digital tools like the RM Workbench, CRM system, etc. and products like IndusChat Messenger which help customers conduct transactions and attend to customer queries, also enable the Bank to deliver targeted and personalised client experience.

During FY '17-18, an important facet of our customer-centric approach has been pre-approved credit. The Easy Credit Portal, supported by our superior decision analytics and digital platforms, offers pre-approved personal loans and credit cards to customers with real-time application and fulfilment. Now the loan amount can be credited to the customers in less than 30 seconds and the credit card delivered within 2 days. The initiative has contributed significantly to the PL and CC business which is testament to the customer convenience offered through the portal by way of zero physical documentation and minimal manual interaction. Customer satisfaction and loyalty scores reflect the positive impact of the 'pre-approved' strategy.

Fingerprint Banking, Video Banking, and Multi-Vendor Smart ATMs, are other examples of the Bank's continued push in the digital world wherein the potential of technology has been harnessed to bring simplicity and ease to our customers.

By digitising customer journeys from on-boarding to engagement across all service channels, IndusInd Bank has successfully leveraged digital tools to offer bundled products to customers, boosting the implementation of our cross-sell strategy. The benefits of deepening our relationship with customers, flow through the viaducts of enhanced client experiences into business growth and sustained value creation.



ENHANCING CLIENT EXPERIENCE

OPTIMISING OUTREACH AND ENGAGEMENT

The Bank has redefined and honed our business operations to further the CEX Transformation strategy by optimising customer outreach and engagement. The shift from a product-led model to a customer need-based model has allowed the Bank to offer the most appropriate products & services to clients while driving continued engagement through all available communication channels. Customer engagement on new features, products & services for existing and new Bank customers is conducted through all communication touchpoints like e-mail, SMS, mobile notifications, net banners, etc. including social media platforms like Facebook and Twitter. Engagement covers the entire client lifecycle from acquisition, activation across channels, cross-sell, portfolio management, dormant user activation, and win-back.

During the year, the Bank also initiated a pilot with WhatsApp's enterprise solutions facility to communicate with our customers, becoming one of the first banks in India to participate in the pilot. With this functionality, customers can access basic banking services like checking account balance, generating mini-statements, as well as updating Aadhaar number.

Entering into alliances and tie-ups allows IndusInd Bank to not only offer value to customers but also engage them at a high strategic level. During FY '17-18, the Bank created tactical alliances with SpiceJet, MakeMyTrip, Ola, Airbnb, and Amazon, among many others to deliver attractive value offers to customers.



PRIORITISING CUSTOMER SATISFACTION



IndusInd Bank is committed to delivering superior customer service across all client touch-points. For a comprehensive look at customer satisfaction at every stage of a customer's lifecycle, the Bank employs Relationship Managers, Client Engagement Managers, Service Delivery Managers, and Key

Account Managers with different KRAs. Through these channels, the Bank manages the plethora of services for branches and contact centres, as well as, product-related services, complaints addressal, ATM servicing, etc.

An example of the Bank's responsiveness to client needs is the efforts undertaken for implementing the Government directive of linking Aadhaar with customers' bank accounts and integrating GST introduced in FY '17-18. During the year, the Bank expanded the channels allowing customers to link Aadhaar to bank accounts in a seamless manner including net-banking, branches and ATMs. Continuous communication efforts using ATL and BTL channels were established to guide customers. Additionally, internal training workshops for branch personnel educated them on the approach towards assisting customers to transition swiftly through this change.

To implement our strategy of enhancing of client experience, the Bank conducted a host of customer surveys primarily to identify experience drivers and understand customer expectations. The surveys provided rich qualitative insights enabling the Bank to design customer journeys and led to the institutionalisation of a periodic feedback system of customer surveys across all customer communication channels.

Additionally, the Bank conducts monthly transactional surveys called '**Voice of Customer**' conducted through net banking, ATMs and e-mails to gauge customer engagement with day-to-day transactions. In FY '17-18, customer satisfaction & experience, the Bank logged an average of 65% positive score for net banking and 60% for ATM transactions. The Bank also undertakes regular customer service monitoring and assessment at the branch level through random branch audits to assess ability to respond within TAT, quality of servicing at the bank and professionalism of the

staff. We have seen a sustained increase in number of Branches opening on time for client transactions.

IndusInd Bank is one of the 12 banks in India to have scored 'high' on the assessment conducted by the Banking Codes and Standards Bureau of India (BCSBI) which promotes good banking practices, increasing transparency, achieving higher operating standards, and ensuring a cordial banker customer relationship.

2018 will witness the introduction of more surveys being rolled out as we implement each customer journey. The institutionalised format of implementing & incorporating the customer feedback will provide actionable insights to continuous designing & redesigning of our customer journeys.

The Bank's Complaint Management system for corporate clients has also been revamped in order to standardise the complaint handling process across all corporate segments with the creation of a dedicated Complaint Management Unit. The system is designed to efficiently allocate each complaint to the most relevant department, thus reducing the TAT for complaint resolution. This system will also identify the root cause of the complaint and notify the customer upon the complaint's closure.

We have also put in place the Customer Compensation Policy wherein customers are compensated in case the customers have faced any direct or actual loss due to deficiency in service. This policy is based on the principles of transparency and fairness in dealings with customers.

THE WAY FORWARD

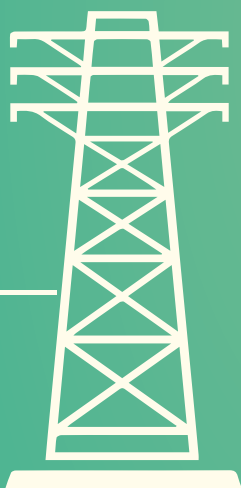
After mobilising action plans in 2017, the strategy in 2018 will ensure seamless completion of the 21 customer journeys for servicing customers from end to end, and implementation of organisational enablers to embed the convenience hierarchy across the organisation. This will create a sustainable mechanism for the delivery of superior client experience. 25 initiatives in 8 categories of organisational levers are expected to revitalise the organisation, refresh capabilities and create appropriate support infrastructure within the Bank to make customer experience the 'common currency'. Additionally, the standardisation of systems and processes across segments redefine the customer experience across parameters of coverage, on-boarding, deepening and engagement.

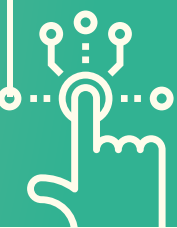
In the coming months, all applicable measurement models will be deployed to periodically advise the Bank on Client Coverage, CASA deepening, Client Quality, RM Productivity, & Attrition. The institutionalisation and standardisation of these 5 shifts will help streamline the process of acquiring, on-boarding, engaging and covering clients across segments. Additionally, higher impetus will be on enabling the front-line through digital & systemic interventions with the objective of improving productivity and reducing attrition.





BANKING FOR SUSTAINABILITY





**GOOD ECOLOGY IS
GOOD ECONOMICS**



IndusInd Bank strives to achieve growth and prosperity in business without compromising on sustainable value creation for our stakeholders. As the social and environmental context within which we operate evolves, so does our strategy for ensuring our operations and functions are in sync with our commitment to sustainable development. We have consistently endeavoured to embed sustainability in our engagements and internal processes. The capital of the Bank invested within communities, relationships, and importantly, the environment is

intertwined with and has a multiplier effect on our business and growth through dynamic external mechanisms.

At the Company level, our Corporate Social Responsibility (CSR) function channels and focuses our vision of being a socially and environmentally progressive company, through projects, programmes, and initiatives both within and outside the Bank. This also ensures that the Bank is in compliance with regulatory, governance, and risk management directives of our industry.

CSR OVERVIEW AND STRATEGY

IndusInd Bank operates within an innovative sustainability strategy which leverages investment in natural, social & relationship capital, and human capital equally in response to rapidly changing social and environmental backdrops. Our CSR mission is to emerge as a 'Best-in-Class' bank committed to growth and development that benefits, not only the Bank and its customers but also, the natural environment and the community at large. To this end, we are guided by the principles outlined in the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGSEE) and the UN Global Compact.

The Bank has a strong Corporate Social Responsibility (CSR) policy and a CSR committee that includes the MD & CEO, Mr. Romesh Sobti, and is headed by Ms. Kanchan Chitale. The CSR committee approves the CSR policy and reviews the projects implemented by the Bank⁸. The Board is also engaged in developing a Bank-wide sustainability strategy in collaboration with other committees working on socio-economic issues like the Human Resources Committee, the Vigilance Committee, the Finance Committee, etc. The Bank exercises the precautionary principle through ERM (Enterprise Risk Management) and ORM (Operations Risk Management) which safeguard the Bank against environmental and social concerns. In FY '17-18, the unique ESMS policy instituted by IndusInd Bank also ensures that business growth is progressive in that the wider impacts of our lending and finance activities on society and the environment are positive in nature. Additionally, it mitigates any ethical and regulatory risks inherent in business.

Key focus areas identified under CSR provide a clear impetus for project selection, implementation, and evaluation. Each

initiative is assessed to ensure it has a significant socio-environmental impact and is considered vital by internal and external stakeholders. In FY '17-18, the Bank spent more than INR 204.7 million on various social and environment-oriented programmes. Major initiatives included programmes on financial and legal literacy, promoting digital literacy through PMGDISHA, biodiversity and resource conservation, and renewable energy installations, detailed in subsequent sections.

CSR Focus Areas at IndusInd Bank



ENVIRONMENTAL STEWARDSHIP

Environmental stewardship has been an integral part of IndusInd Bank’s journey since 2008. Over the last several years, the Bank has worked consistently to mitigate and reduce the impact of our business and activities on the natural environment. The environmental policy of the Bank lays out guidelines and targets in key areas of environmental

sustainability within which the Bank has undertaken and implemented crucial programmes and activities in the domains of sustainable supply chains, green procurement, energy efficiency, waste management, climate change mitigation, carbon footprint assessment, etc.

SUPPLY CHAIN SUSTAINABILITY AND ETHICAL PROCUREMENT



Goods, services, IT and non-IT support for the Bank are provided by a diverse range of suppliers and service providers. The Bank’s Outsourcing and Procurement Policies underline the selection and on-boarding criteria for vendors and suppliers and emphasise the importance of environmental sustainability, human rights & labour laws, and adherence to standardised environmental norms by our upstream and downstream supply chain partners.

The Bank seeks to associate with supply chain entities willing to abide by standard and progressive labour practices while upholding basic human rights. To ensure this, the Bank gives preference to suppliers who have a formal Supplier Code of Conduct. Additionally, given the Bank’s stance on ‘green procurement’, the various attributes assessed under our procurement process include indirect carbon emissions accruing from the sourcing of products and services, materials conservation, transportation, waste management, water discharge, and environmental management. The policies and efforts towards product, supplier, and vendor selection ensure that supplier organisations:

- ▶ **Have a procurement policy or related policies**
- ▶ **Have policies that explicitly prohibit child labour and include commitments on minimum wage, equal opportunity, and health & safety**
- ▶ **Procure materials at fair prices from local & small producers, and communities and support capacity building in disadvantaged communities**
- ▶ **Extend human rights and worker rights to their own supply chains**
- ▶ **Have environmental and energy management systems**
- ▶ **Disclose their sustainability performance**



MAINSTREAMING SUSTAINABILITY

PAPER PROCUREMENT

Paper is a major resource utilised by the Bank for document processing, stakeholder communication, etc. It is inextricably linked with significant environmental concerns including deforestation and climate change. To address these, we have made pan-organisation efforts towards greening paper procurement. The Bank purchases Forest Stewardship Council (FSC) certified A4 printing paper and four of our paper products have been migrated from paper made with virgin- fibres to recycled paper.

An ongoing initiative of the Bank involves the migration of CPU statement letter heads to 100% recycled paper; this programme aligns with our commitment to greening our supply chain and resonates with our stakeholders as well. This initiative has so far migrated 3,040,000 sheets i.e. nearly 13.68 MT of A4 paper to recycled paper, saving in the process more than 56 tonnes of wood and avoiding 14.1 MT of CO₂e emissions.

Additionally, IndusInd Bank has conducted a comprehensive sustainability assessment of high volume suppliers that who make up a significant portion of our IT and equipment spends, as well as, white goods, security and housekeeping services. A majority of the respondents reported that they measure their organisation's carbon footprint, assess the

amount of waste they generate, and take steps to reduce their environmental impact. The Bank also willingly collaborates with upstream and downstream supply chain partners to facilitate the adoption of innovative environmental technologies and strategies.



MAINSTREAMING SUSTAINABILITY

GREEN SUPPLY CHAINS

The Bank is empanelled with various suppliers and vendors for its operational needs like paper, electrical provisions, and functional needs like procurement of ATM machinery. We ensure that these vendors source materials and operate in a socially ethical and environmentally-friendly manner.

Unik Printers, the Bank's supplier for various banking forms and ID cards, employs consultants to ensure efficient utilisation of water and energy, and safe waste disposal. Much of the paper used by the company's high-consumption customers is 100% recycled. Any chemical, ink, paper, and water waste generated in the facility is disposed of or recycled in an environmentally-friendly manner. Unik Printers is an equal opportunity employer with a well-balanced number of male and female employees. They also provide employment to the local community including the differently-abled.

Novateur, engaged with the Bank for providing UPS batteries follows strict monitoring and management processes for energy conservation, pollution control on premises and ensuring environmentally safe disposal of hazardous e-waste. UPS batteries are replaced upon return of used batteries to perpetuate the closed loop of proper waste disposal. Gunnebo, another vendor for safes, lockers, cash bins, etc. employs energy efficient equipment, green building systems, and has put in place processes for waste reduction, water conservation, and safe extractions of toxic dust and fumes from their operations utilising industrial paint.

The Bank has empanelled Diebold Nixdorf to provide financial services and security systems in ATMs. The company has a strong CSR framework wherein it has incorporated sustainability and ethical accountability within its own supply chains for raw materials and equipment. It also focuses on energy efficiency, for example, through LED lighting, and responsible resource consumption (cardboard, paper, water) across the organisation. The vendor disposes of hazardous e-waste in a safe and regulated manner and conducts regular safety drills.

ENERGY EFFICIENCY AND CONSERVATION



Electricity and fuel are the two largest sources of resource consumption in IndusInd Bank. One unit of electricity consumed on-premises represents about 1kg of CO₂ emissions produced at source. While energy use costs account for less than 5% of the total operational expense, it generates nearly 90% of our total greenhouse gas (GHG) emissions. Most of these emissions are attributable to purchased electricity at our offices, branches, and ATMs. In FY '17-18, IndusInd Bank utilised a total of 70,588.81 MWh of energy.

In order to promote resource conservation and, thereby, reduce our carbon footprint, the Bank has developed and implemented strategic practices for energy efficiency across the organisation. IndusInd Bank is also one of the first banks in India to launch an on-site renewables programme for our offices, branches and ATMs and we are constantly identifying opportunities to install green energy solutions at our premises.

ELECTRICITY MANAGEMENT AND CONSERVATION

IndusInd Bank has invested in technological solutions and various energy-conserving initiatives over the years to further our commitment to mainstreaming sustainable resource consumption in our operations. Examples of these initiatives include installation of energy-saving timers and

LEDs in signages and deployment of ‘green’ technology in IT like virtual servers and thin clients. Together, these efforts have led to savings of 2,716.39 MWh of electricity in FY '17-18, avoiding nearly 2,228 MT of GHG emissions.

Electricity Reduction Initiative	Scale	Electricity Saved* (MWh)	GHG Emissions Saved (MT CO ₂)
200 timers installed at signages	Pan-India	468.00	383.85
Deployment of 403 thin clients	Pan-India	40.30	33.05
334 servers virtualised	Data centres	2,208.09	1,811.07

*All figures are for the FY '17-18.

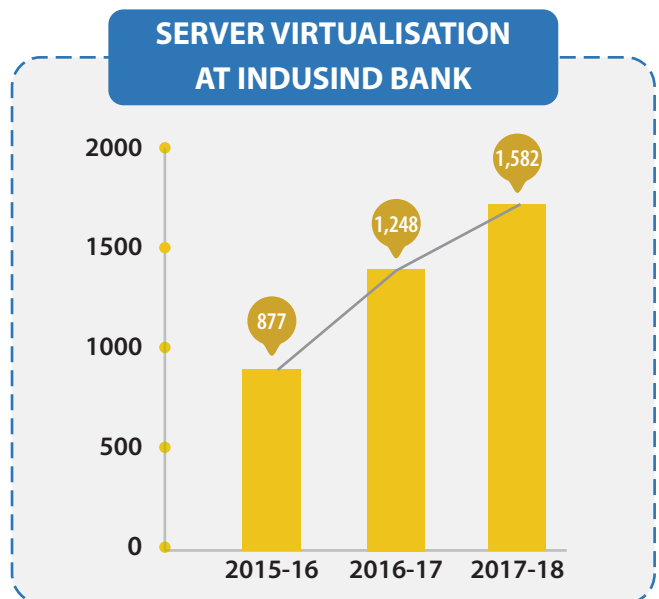
Information Technology forms the backbone of the Bank's operations and functions. Therefore, innovation and transformation in IT are necessary to keep pace with the constant evolution of the banking sector. To this end, the Bank has developed a Green IT roadmap to transform our IT infrastructure to a virtualised habitat. Currently, in Phase 2, the green IT transformation in Data Centres and Disaster Recovery Centres have been designed to reduce power consumption by 20%, as well as, optimise space requirements. This has resulted in higher operational efficiency for the Bank along with lower energy overheads. Within this initiative, the Bank has moved from physical to virtual servers.

Server virtualisation allows businesses to migrate data from physical servers to software-based virtual machines which can hold data equivalent to that held on many physical servers. This remains the most effective way for the Bank to reduce energy consumption while boosting system efficiency and agility; end users can access their data faster and in a more secure way with this virtual system. As of March 31, 2018, 1,582 servers have been virtualised on 100 physical servers, and in the process saved an estimated 10,459 MWh of electricity and avoided 8,578.47 MT of GHG emissions.

Virtualisation will continue to be the technology of choice for all new applications for the Bank in coming years. The next step will be virtualising network components like routers and firewalls that form the backbone of the IT security deployed at the Bank's data centres. Currently, 80%

of the workload in our data centres is virtualised. The Bank is also aligning the IT architecture with foundational transformations like NSX (Network Virtualisation and Security Platform) and Hybrid Cloud to ensure that our data centres are energy efficient and green.

As one of the major initiatives in the 'Productivity' agenda in FY '17-18, IndusInd Bank implemented the scaling down of average branch size by 40% for all new branches opened during the year for a leaner delivery structure led by digital platforms. A direct result of this is a reduction in the resources used by a branch with this structure in terms of electricity, water, and other inputs like diesel fuel and HVAC coolants.

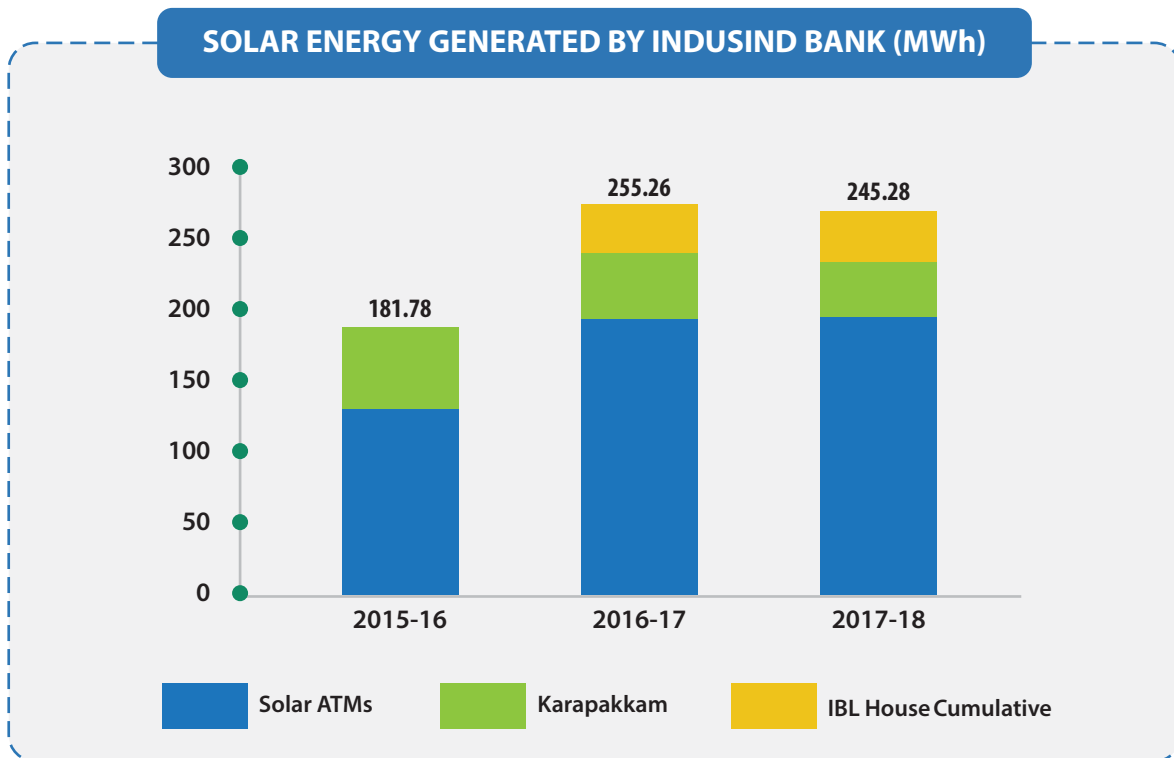


BANKING ON SOLAR

IndusInd Bank's storage and archiving facility in Karapakkam and our corporate office, IBL House in Mumbai, generate electricity using grid-integrated rooftop solar panels. In FY 2017-18, these facilities generated a total of 54.48 MWh of clean, low-carbon energy, mitigating up to 44.69 MT of GHG emissions. Upcoming office buildings of the Bank in Karapakkam, Chennai will also integrate similar low-carbon solar power generation technologies to take us

a step further in our bid to mainstream renewable energy consumption. The Bank became a pioneer in the financial sector when we first installed a solar ATM in Mumbai nine years ago. Since then, our fleet of grid-tied solar ATMs has grown. Together, our solar initiatives in FY '17-18 generated 245.28 MWh of renewable energy avoiding more than 201 MT of GHG emissions.

Solar Initiative	Scale	Electricity Capacity (MWh/Year)	Emissions Avoided (MT CO ₂ /Year)
Solar energy generated at Karapakkam facility	Regional Office	38.56	31.63
Solar energy generated at IBL House	Regional Office	15.92	13.06





MAINSTREAMING SUSTAINABILITY

ENERGY OPTIMISATION

With IndusInd Bank expanding its operations across the country, a lot of the Bank's branches are located in villages and Tier 2 cities which have inadequate or intermittent access to grid electricity. The Bank uses diesel generator (DG) sets in these locations to power the branches. However, diesel use comes with a significant environmental impact. In FY '17-18, the emissions attributable to the Bank's use of diesel totalled 1,620.40 MT of CO₂e significantly lower than the 1,792 MT of CO₂e in the previous year. This is reflective of the Bank's continuous actions towards being more energy-efficient.

In an effort to mitigate further the negative impact of fossil fuels and given the rising costs of diesel, the Bank has identified an opportunity to implement monitoring solutions that can optimise diesel use and, thereby, reduce our overall carbon footprint. IndusInd Bank has collaborated with Vodafone Internet of Things (IoT) to develop and deploy an integrated monitoring system across 21 DG sets. The system allows monitoring of operational parameters like DG run time, battery status, fuel status, etc., and delivers real-time alerts. A self-service portal helps the Bank manage the entire operation and access controls.

This has aided the Bank in reducing the environmental impact of diesel use by identifying optimal DG set running behaviour while also reducing cost and operational inefficiencies. Diesel consumption has reduced by 15-20% in the DG sets using this system. This IoT solution is expected to be implemented in other high diesel-consumption centres in 2018.

MATERIALS CONSERVATION, WASTE MANAGEMENT AND RECYCLING



Over the years, optimising resource consumption and waste management have been the mainstay of IndusInd Bank's environment policy. Our efforts in this area largely focus on the two largest sources of resource use: electronics and

paper. Additionally, sustainable architecture and recycling are areas where the Bank has created significant positive environmental impact.

PAPER CONSUMPTION

Paper is a highly consumed commodity at IndusInd Bank and is used to carry out day-to-day internal and client-oriented operations. To limit paper use, the Bank implements a paperless procurement process called iProcure. During the year, 14,680 online requisitions were routed through this platform.

The Bank's paper consumption in FY '17-18 was 1,275.23 MT which is attributed to the expansion in the Bank's business growth during the year. However, IndusInd Bank's advent into the digital arena with a larger number of digital

platforms and offerings that eschew any paper processing, as well as, tab banking for account opening and basic banking services have significantly reduced the amount of paper used internally and downstream for customers. This is reflected in the lower Y-o-Y growth rate of paper consumption, from 27% to 17% over the last three years.

The option of e-statements, and mobile and video banking also contribute to lower paper usage. Total annual e-statement registrations for FY '17-18 were 458,904.



RECYCLING AND WASTE MANAGEMENT

Given the reliance on electronic equipment in the services industry, especially banking, e-waste is a significant and unavoidable component of waste generated through the Bank's operations. Cognizant of the hazardous nature of e-waste, the Bank has assumed responsibility for environmentally safe and sustainable management and disposal of e-waste in accordance with governmental regulations. During FY '17-18, more than 20,000 kg of e-waste was collected by the Bank and recycled through authorised vendors.

At IndusInd Bank, we understand the rationale for waste management that addresses all stages of waste including reduction, recycling, and importantly, segregation. To manage waste generated at the micro level in branches and offices, the Bank initiated a waste segregation programme at PNA House in Mumbai in 2017. The objective was to, not only, reduce landfill waste, but also, foster and streamline a culture of good waste management practices across the Bank and its employees.

CREATING SUSTAINABLE SPACES

IndusInd Bank believes sustainability is demonstrated, not only, by greening our business processes and promoting responsible behaviour internally, but also, making the physical spaces we occupy and operate in, sustainable. To this end, the Bank has been pursuing the path towards greening our facilities and buildings by using eco-friendly design, materials and technology. The Bank's Palm Spring offices in Gurgaon and IBL House, Mumbai have achieved the LEED Gold and Platinum respectively. They have been transformed into sustainable spaces that are built with environmentally-benign and regionally sourced materials and that utilise solar energy for power generation, rainwater harvesting and efficient water management systems. Each facility's total connected lighting power is 15% below ASHRAE standards and is designed to save electricity through efficient lighting, HVAC systems and solar installations.

Another upcoming facility of the Bank at Karapakkam in Chennai incorporates a variety of 'green' systems and is pursuing the LEED Gold rating. The building design consists of solar reflective roofing and pavers, and covered car parks to reduce local 'heat island' effects and minimise impact on

As part of the programme, awareness sessions on the correct disposal methods for dry, wet, and reject waste were conducted for staff and management. The programme has produced remarkable results whereby currently only 34% of total waste generated in PNA House is landfilled compared to 100% prior to the programme; 66% of all waste generated in the premises is recycled or reused through authorised facilities. Additionally, all organic waste is repurposed as compost for use on the premises. With the expectation of replicating these achievements on a larger scale, this programme will be introduced at 6 additional offices of the Bank in Chennai in FY '18-19.

In the FY '17-18, the Bank recycled 16,407 kg of dry waste (predominantly paper waste) thus reducing waste to landfill. This waste was recovered through our recycling and segregation programmes at PNA House and through our WOW (Wealth out of Waste) programmes in the South Zone. Our goal is to replicate these models at our branches and offices across the country and ensure that we minimise our use of resources and production of waste.

the surrounding microclimate. A central feature of the building is that it will help in reducing the emissions associated with transportation; the facility has proximity to existing utilities, street networks and public transport services. In a unique effort, the facility will provide battery charging stations for low-carbon electric vehicles.

Installation of low-flow and efficient water fixtures are expected to reduce potable water consumption in the building by 50%. The facility will also boast of tertiary-level treatment for a 100% of wastewater generated on-site and which will be reused for landscaping and other custodial purposes. All landscaped areas have been planned for plantation of native species of vegetation to promote local biodiversity and minimal irrigation.

The Karapakkam building is also designed to have low energy consumption by use of efficient lighting systems, natural lighting, HFC-free refrigerants for air conditioning, and meters to monitor and recalibrate energy use. This is expected to result in 20% and 10% lower energy consumption in lighting and HVAC respectively.

CARBON EMISSIONS: MEASURING, MONITORING AND REPORTING



Climate change and its impact on global community welfare, businesses and resources like water and air, is one of the most pressing issues of our times. The Bank recognises this and its potential risk to the financial sector, in terms of financial risk born out of increasing energy and materials cost, regulatory and reputational risk with respect to our investment portfolio, security risk, and physical risk caused by unprecedented and extreme weather events.

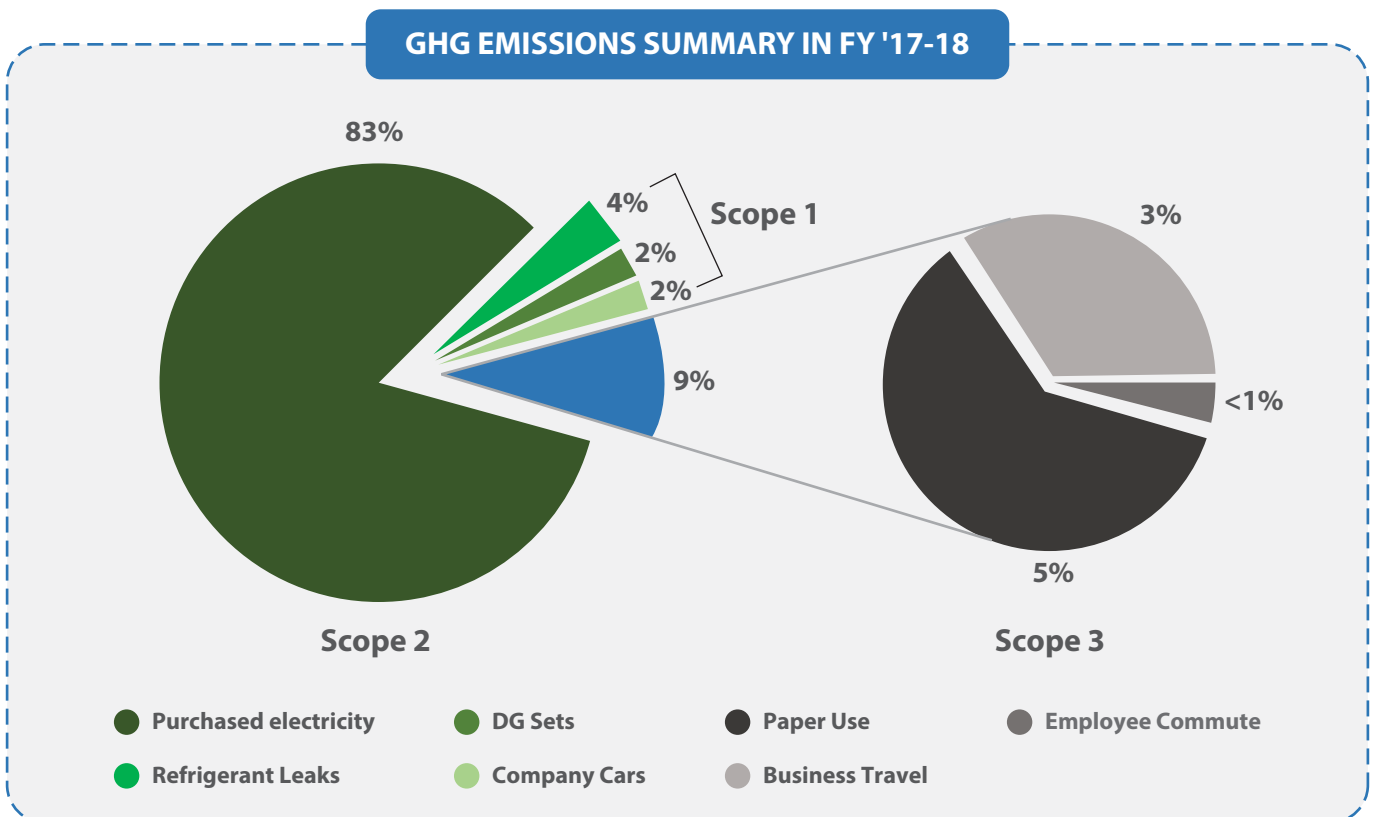
Accounting for these climate-related risks is important in the context of creating sustainable value for our stakeholders. The Bank, therefore, endeavours to be a low-carbon business and address the issues surrounding climate change. We operate with an actively evolving strategy for mitigating our contribution to greenhouse gas emissions, reducing our carbon footprint, and enhancing resource efficiency and conservation.

We believe transparency is integral to sustainable growth and, therefore, ensure that our CSR activities and impacts are reported through several channels including our annual disclosures on sustainability. IndusInd Bank is also, importantly, a signatory to the Carbon Disclosure Project (CDP) whereby we disclose our carbon footprint and GHG

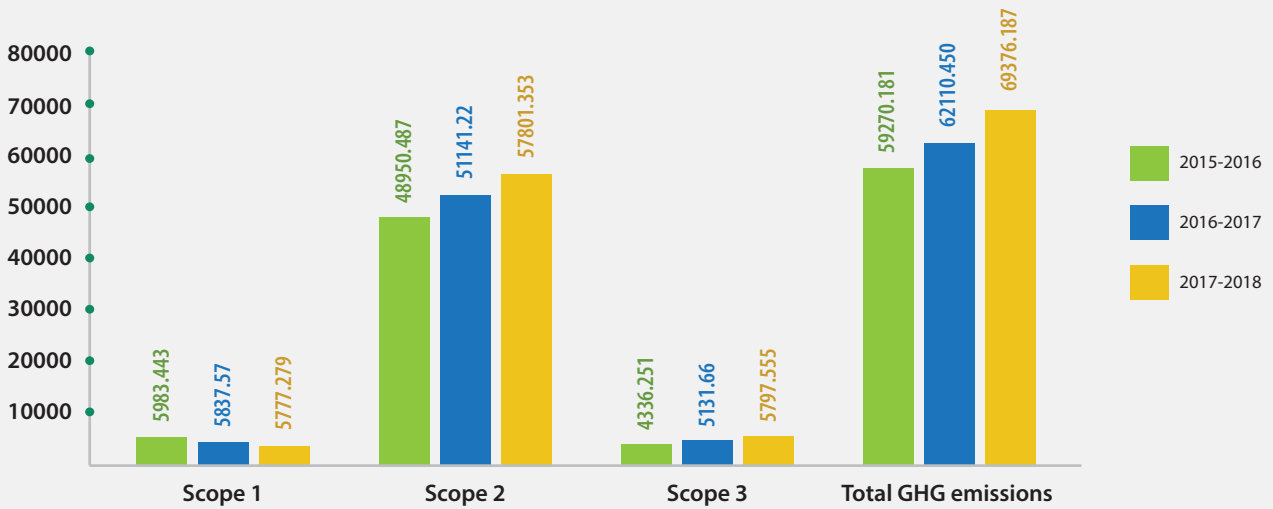
inventory data voluntarily making it available in the public domain for all stakeholders. The Bank has adopted the GHG Protocol Corporate Accounting guidelines to report our greenhouse gas emissions and obtains external assurance of our GHG inventory.

IndusInd Bank's 8th GHG inventory includes all our business activities and operations in India. It includes all major greenhouse gases reported in metric tonnes of CO₂e. Overall GHG emissions for IndusInd Bank are estimated to be 69,376.19 MT of CO₂e for Scopes 1, 2, and 3 combined. The largest contributor to the carbon footprint was purchased electricity which accounts for 83.3% of the total GHG inventory.

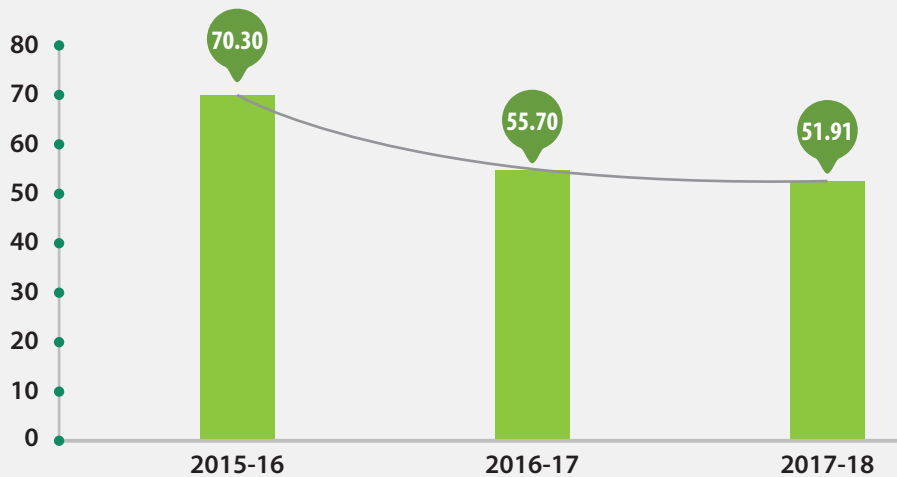
There have been no additions to our inventory in FY '17-18. Further, the Bank has obtained external assurance for the GHG inventory from KPMG, in accordance with ISAE 3410. The following graphics represent a summary of IndusInd Bank's GHG inventory and scope-wise contribution to total emissions over the last three years. The Bank's emissions intensity per revenue (in INR million) decreased from 55.7 to 51.91 in FY '17-18 – a reflection of our commitment to reduce our carbon footprint and grow sustainably.



GHG INVENTORY OF INDUSIND BANK IN FY '17-18 (MTCO₂e)



PER REVENUE EMISSIONS INTENSITY (in INR MILLION)



In FY '16-17, the Bank was featured in the CDP India A-list and was the only financial services organisation to be recognised. This was the fourth consecutive year in which the Bank has been a national leader in CDP and a frontrunner in the financial services sector in carbon emissions mitigation and management.

the strategy to minimise our carbon footprint. The Bank hopes that this will lead to an improvement in the quality of natural capital available for businesses, as well as provide opportunities to communities engaged in perpetuating the recycling and up-cycling economy. Additionally, our focus on technology to address environmental issues enables the Bank to generate value for all stakeholders while meeting our environmental obligations. Constant vigilance and monitoring exercises will prepare the Bank in identifying potential climate-related risks and open up new avenues for growth that are in sync with the environment, for example, renewable energy.

Over PC4, IndusInd Bank has committed to expanding its focus on issues related to sustainability and on enhancing



MAINSTREAMING SUSTAINABILITY



PROMOTING CLIMATE CHANGE MITIGATION

The Bank believes that a green landscape, by enhancing the quality of the environment, and natural resources like clean water and air, improves the quality of life in our communities both in urban and rural areas. Afforestation is also the most effective way to sequester greenhouse gas emissions and reduce the negative impacts of localised climate change.

To implement the vision of a greener planet, IndusInd Bank has partnered with Centre for Environmental Research & Education (CERE) to promote ecological development through afforestation programmes. In FY '17-18, the Bank supported the plantation of about 10,000 trees at 21 urban and peri-urban locations including agro-forested areas with farmers in Bhiwandi, the Indian navy in Uran, and schools in the Mumbai metropolitan region. Native trees, of about 48 species, were planted to conserve and promote regional biodiversity. The plantation is expected to sequester an estimated 2,200 MT of CO₂e over the course of fifteen years.



TRANSFORMING LIVELIHOODS: A DIGITAL REVOLUTION



India, a country of a billion people, is in the throes of a revolution. This revolution is borne out of digitisation, emerging as a conduit for the advancement of socio-economic prosperity and development. The inherent quality of digital technologies and platforms to be customised to the needs of distinct groups in different economic strata is expected to level the playing field for all, from BoP customers, MSME entrepreneurs, corporates, and the public sector. Digitisation is truly the democratising force in an economy.

To achieve the vision of a Digital India, besides access, it is also important for those seeking to improve their livelihoods to have the necessary tools to utilise digital capabilities and effectively propagate financial inclusion. Digital literacy is, therefore, the foundation of the Government's endeavour to digitally empower every household. The Pradhan Mantri Gramin Digital Saksharta Abhiyaan (PMGDISHA) is the national scheme that aims to capacitate 60 million households in rural areas with digital literacy skills by 2020.

In support of PMGDISHA, IndusInd Bank started its collaboration with the Ministry of Electronics & Information

Technology through their SPV, CSC Academy, in FY '17-18. This partnership supports one of the key stakeholders of the scheme, Village Level Entrepreneurs (VLEs), in 11 states, including Maharashtra, Rajasthan, Madhya Pradesh, Gujarat, Uttar Pradesh, West Bengal, Haryana, Punjab, Jharkhand, Chhattisgarh, and Odisha.

Candidates enrolled in the VLE scheme undergo training to understand the functionalities and capabilities of digital devices, for example, creating, managing and accessing information, using mobile & internet for banking transactions through UPI & POS, accessing public utility services, etc. The majority of trainees in the programme are between the ages of 15-24. Under this programme, over 200,000 individuals have been trained in FY '17-18.

The direct result of capacity building in the digital space is the creation of sustainable livelihoods. Enhanced access to microfinance, business opportunity, employment, education, and healthcare resources, to those who previously faced prohibitive socio-economic barriers to the same, has helped to bridge the digital divide and empowered disadvantaged rural populations.



COMMUNITY DEVELOPMENT

DEV KRISHNA RAJASTHAN

Dev, an unemployed youth in Jiwandesar village in Rajasthan, first heard about the PMGDISHA programme from Gurpreet Singh who runs a VLE in the village, in partnership with IndusInd Bank. Dev received training from Gurpreet in the basics of operating a computer like reading, writing, sending emails, attaching documents, and obtaining information from the internet. After a month of training, Dev became confident enough to set up his own business where he helps the villagers with filling up online forms, paying electricity bills, recharging mobile phones, etc., and is earning enough to support his and his family's needs. Dev is happy that, through PMGDISHA, he and many of his peers in his village were given the opportunity to become digitally literate and generate sustainable livelihoods by participating in the digital economy.





COMMUNITY DEVELOPMENT AND OUTREACH



Development of local communities has been an integral part of IndusInd Bank's strategy to promote social sustainability. The relevance and growth of a business enterprise is inextricably linked with its relationship with external stakeholders, most importantly, the local communities which play a crucial role in perpetuating the economic and social space it operates in.

IndusInd Bank values its external stakeholders and, therefore, places distinct and extensive value on its relationship with all

sections of society including children, the underprivileged, the differently-abled, and marginalised farmers and women. During FY '17-18, the Bank reached to nearly 2.73 million households from the BoP segment through direct financial and CSR linked community development channels. Our vision for Planning Cycle 4 is to deepen our engagement with underprivileged and under-represented communities while building their capacity and enabling their access to new opportunities and resources.

JAGMAGATA UTTARAKHAND: WASTE SEGREGATION AND MANAGEMENT



With the increasing influx of tourists and pilgrims, villages in the state of Uttarakhand are increasingly unable to cope with the large amounts solid waste being generated with no infrastructural or maintenance facilities available for segregation and safe disposal.

In line with the national Swachh Bharat Mission, IndusInd Bank has partnered with the Department of Panchayati Raj under Uttarakhand state government for a solid waste segregation and management programme, named **Jagmagata Uttarakhand**, spread across 8 villages in Dehradun district. Under this programme, the Bank will support the local Gram Panchayats and the village communities for creating infrastructure and facilities like litter bins, waste collection and segregation centres, waste compactors and transporters, as well as, recycling at factories, for municipal solid waste. Since a large portion of this is organic wet waste - about 74% - there exists great potential for producing fertile compost from the waste.



This initiative is expected to benefit more than 19,000 villagers and has been designed to, not only, enhance the environment and protect local biodiversity by sensitising the community on the importance of waste segregation, but also, support socio-economic development of the beneficiary communities by increasing income-generation opportunities for the locals.

LEGAL LITERACY FOR WOMEN

The Bank, in partnership with our Business Correspondent, Samhita, conducts a legal literacy programme aimed at marginalised women. The programme benefits women in 10 districts in Madhya Pradesh including Bhopal, Damoh, Sagar, Ashok Nagar, Guna and Bilaspur.

The objective is to train and educate women on their legal rights, entitlements, and protective laws on the issues of

domestic violence and gender discrimination. Community resource persons have been trained to provide paralegal and counselling advice to victims of violence in their neighbourhoods. Counselling is made available in areas where women have no access to legal aid or other services. To date, 45,000 women have benefitted through this programme.

Besides training, the project has built a cadre of 'Community Catalysts' – individuals who demonstrate active interest in taking the lead on legal issues and advocate the resolution of problems faced by their communities. These catalysts are instrumental in mobilising women into local committee groups that defend women's rights and entitlements in the community. Community Catalysts also play a crucial role in identifying survivors of domestic violence and rallying state support for them. For many women, this programme has, for the first time, given them a voice they can use to highlight the prevalence of domestic violence, challenge societal norms and effect change.

The impact of this initiative is monitored regularly to assess its efficacy and identify any gaps therein. There has been a

significant increase in the reporting of domestic violence cases including sexual violence since the inception of this programme.



COMMUNITY DEVELOPMENT

BHAGWATI: COMMUNITY CATALYSTS LEAD THE WAY

Community Catalysts are the face of the Samhita's Legal Rights Awareness Programme working at the grassroots level with and for women facing gender discrimination, poverty, abuse, and financial exclusion. With proper training and support, the women who become Community Catalysts can become agents of change.

Bhagwati, one such woman from Jaisinagar has negotiated for herself and women from her community, spaces traditionally dominated by men, instilling a sense of self-worth and confidence amongst them. From a humble background, and married early, Bhagwati did not fall into the traditional role of a rural home-maker, instead choosing to continue studying towards a college degree. Bhagwati attended Samhita's training programmes on Gender and women empowerment, and despite discouragement, continued her work in the community as an advocate for women's rights. With relentless pursuit of women justice with the Panchayat, and local development officials, Bhagwati has become a well-known face in her community. She has supported more than 400 women to date on issues ranging from old age pensions, dowry-related violence, domestic abuse, to toilet construction under Swachh Bharat, etc.



EDUCATION FOR LIVELIHOOD CREATION

At IndusInd Bank, we believe that by supporting the youth of our nation in their vocational and educational pursuits, we are empowering the change-makers of our future. The Bank has in place a variety of programmes that promote the

education and capacity-building of children and young adults, a majority of which belong to under-represented sections of society.



SCHOLARSHIPS FOR DESERVING STUDENTS

In partnership with Ashoka University, the Bank supports deserving meritorious students through the Young India Fellowship (YIF) programme, renowned for introducing young entrepreneurs in the social development sector. The Bank has supported 60 scholars to date who have gone on to represent grassroots-level organisations working for education & development of marginalised agricultural and rural communities, arts & culture, local policymaking, etc. Through this programme, scholars from 13 states, a majority of which are women, have been given the opportunity to pursue their goals of bringing about societal and economic development.



ENHANCED EDUCATION PROGRAMME

The Bank partnered with our Business Correspondent, Cashpor, in FY '17-18 to implement a group tuition programme. Under this initiative, educational and tuition support classes are conducted for children from underprivileged communities. These classes are conducted in under-developed areas where the school drop-out rates are very high and where children are unable to graduate secondary school without external help.

Currently, this programme is being implemented in 6 districts

of Uttar Pradesh and Jharkhand. To date, more than 5,000 children across 100 such education centres have benefited from the programme. These students are now able to complete their higher secondary schooling and undertake professional degrees to prepare themselves for gainful employment. Through this initiative, the Bank hopes to break the cycle of inter-generational poverty that persists in rural and semi-urban areas despite microfinance access in these communities.



COMMUNITY DEVELOPMENT

EDUCATION THROUGH THE ARTS: NALANDAWAY FOUNDATION

IndusInd Bank has partnered with Nalandaway Foundation to support education for marginalised children through the Arts. The project, implemented in schools in Coimbatore, improves the quality of education available to the students by leveraging their natural creativity and expression. Art experiences offer the youth the opportunity to think and feel, solve problems and interpret the world around them – skills that are necessary for creating and sustaining careers of their choice and a livelihood. To date, more than 2,000 children have benefited from this programme.

Children like Shahrukh Khan, an 8th standard student from the Kuniamuthur Government Higher Secondary School, benefit the most from these programmes. The son of a single parent, Shahrukh stays in a government home for children as his parents were unable to take care of him. A shy child, Shahrukh had difficulty mingling with other children and often felt left out. The Art class facilitator encouraged him to participate and over time, Shahrukh was a happy, active participant in the arts sessions. Today, he is a budding artist who sees art as a potential career path in life. "I am more interested in attending the arts classes. I feel happy to come to the art lab," says Shahrukh.



PROMOTING HEALTHCARE ACCESS

IndusInd Bank is partnering with Bhagwan Mahaveer Cancer Hospital and Research Centre (BMCHRC) in Jaipur to support the treatment of children under the age of 14 affected with cancer. These children, belonging to remote towns and

villages in Rajasthan, had no access to medication or treatment before this initiative. The programme supports the cost of medicines, admission expenses, doctor consultations, nursing, etc. for these children.

REHABILITATION AND SKILL DEVELOPMENT

India is one of the major hubs in Asia for human trafficking enabled by rampant systemic failures like poverty, gender discrimination, marginalisation and discrimination due to caste, gender, and loss of traditional livelihood sources. Victims of human trafficking are a group who have been denied some of the most basic human rights, suffering through physical and psychological abuse. Survivors are often extremely traumatised and being unable to care for themselves are in need of intensive social, economic, and psychological support so that they may rebuild their lives and become a productive part of society.

In a new project initiated in FY '17-18, IndusInd Bank partnered with the NGO Justice and Care to support the rehabilitation of women rescued from trafficking by providing them medical and psychological support, and a foundation course of communication and trust-building activities. The women are then enrolled in a vocational skill-building programme to enhance their livelihood prospects with training imparted for employment in retail, hospitality, and tailoring sectors, etc.



The programme has been initiated in Gaya, Nawada, and Nalanda districts of Bihar which are particularly prone to child trafficking. It is important, therefore, to create livelihood opportunities for the communities as a whole. To this end, Bank will also facilitate margin/seed funding for the rehabilitated women to enhance their income prospects and build self-reliance.

SHARE2CARE



At IndusInd Bank, we encourage employees to volunteer and contribute to the charitable cause of their choice.

To promote this, the Bank has instituted a payroll giving scheme called Share2Care which allows employees to contribute to NGOs working on various social and environmental issues. Through this, our employees are better engaged, are more aware of current

socio-environmental problems, and are even motivated to support the organisations through their communities.

In the past year, our employees raised funds for SUPPORT, Nalandaway Foundation, Samarthanam, Aaranyak, HelpAge India, and Prayas. Their donations have made a significant positive impact in the areas of education for children, women empowerment, biodiversity conservation, and elderly care.





COMMUNITY DEVELOPMENT

REHABILITATING LIVES FOR LIVELIHOODS: SUPPORT

IndusInd Bank has partnered with the NGO, SUPPORT for their Saphale Vocational Programme, a residential rehabilitation programme for drug-addicted street youth in Safale, Maharashtra. The project which started with 6 individuals in 2013, now supports up to 80 youth.

SUPPORT helps people like Sanjay who, due to unstable family conditions, began using drugs and illicit substances at the young age of 7. Sanjay ran away from home and resorted to petty theft and robbery to feed his habit. Completely immersed in drugs, he often got into trouble and was beaten up by street gangs and the police. When Sanjay first joined SUPPORT at 18 years old he was unsure of his ability to quit drugs and rehabilitate his life.

Over time, SUPPORT staff aided him in his path to detoxification and a drug-free lifestyle. On his journey, Sanjay became strong and wanted to emulate his peers who had quit addiction and were now SUPPORT staff and facilitators. He is determined and has already completed his Peer Educators training and is working as an intern at SUPPORT. Sanjay is a glowing example of the valuable work done by SUPPORT which gives a new lease of life to youngsters like Sanjay who can then carry forward the work and help others transform their lives as well.



SPORTS FOR INCLUSIVE DEVELOPMENT

One of the key focus areas of IndusInd Bank's CSR policy is promoting community development and inclusiveness. We believe that sport is a dominant cultural force that has the ability to bring together individuals from all walks of life and society. Sport's ability to be a connecting medium has inspired the Bank to create a relatively vertical within the Bank - 'IndusInd for Sports'⁹. Within this, the Bank collaborates with organisations dedicated to propagating social

development by providing equal access and opportunity to all. The aim of the programme is to attract, mobilise and inspire communities within and outside the Bank using the unique power of sports. All initiatives within this vertical are implemented to ensure long-term impact and engagement for employees, customers, and society.

THE OTHER MEN IN BLUE

IndusInd Bank has partnered with the Cricket Association for the Blind in India (CABI), the sporting arm of Samarthanam Trust, an organisation for empowering visually impaired, differently-abled and underprivileged people. Under this partnership, the Bank has adopted the Indian Blind Cricket team with the objective of demonstrating their ability to be productive parts of society. The Bank supports the team in their coaching, equipment, training, and fitness needs. Importantly, all potential players come from marginalised backgrounds who are given the opportunity to enhance their social assimilation and economic status.



The 'Other Men in Blue' continued to make the nation and the Bank proud in FY '17-18, proving their mettle and winning the ODI Blind Cricket World Cup against Pakistan in Sharjah in January 2018. The Indian team retained its title as World Champions in a thrilling final, winning by 2 wickets.

INDUSIND PARA-CHAMPIONS PROGRAMME

In another on-going initiative, the Bank has partnered with GoSports Foundation in the Para Champions programme in an effort to make a visible difference in the life of para-athletes. We hope to inspire many others by promoting the stories of these athletes and, in the process, help in bridging social barriers. In FY '17-18, IndusInd Bank supported 32 para-athletes with their nutrition, fitness & conditioning, training and medical support needs.

The team has represented the country at several international events including the Para-athletics Championship in London, Switzerland, and Korea, earning gold, silver, and bronze medals in club throw, high-jump, athletics, javelin throw and badminton. Sachin Chaudhary, a para-powerlifter in the programme also won the bronze medal at the 2018 Commonwealth Games in Australia. Devendra Jhajharia and Varun Bhati were conferred the Khel

Prime Minister Shri Narendra Modi also tweeted his congratulations to the team saying, **"...They make our nation proud and inspire every other Indian with their game as well as phenomenal attitude. True champions!"**

Ratna and Arjuna Awards respectively, for their achievements in para-sports.



MP SPORTS ACADEMY

The Bank has partnered with the Department of Sports and Youth Welfare of the Madhya Pradesh government to give local athletes a chance to nurture and hone their talents. Under this programme, the Bank provides employment support to top talented athletes while they are associated with the MP Sports Academy. This gives the athletes the advantage of progressing in their sporting careers without being financially insecure and prevents drop-outs in their journey from training to representing India on an international turf. Many of the athletes come from economically modest backgrounds so employment security with IndusInd Bank bolsters the pursuit of their sporting dreams.

The programme, initiated in 2016, started with a focus on the sport of shooting. Since then, in FY '17-18 the programme

has been expanded to other disciplines like boxing, rowing, swimming, etc. and 4 athletes have been given the opportunity to work with IndusInd Bank while developing their talent.



INDUSIND GIRL POWER PROGRAMME

As our 3rd marquee initiative in sports, the Bank has launched the '#WinLikeAGirl' campaign as part of the Girl Power Athletes Programme, in association with the Inspire Institute of Sport. The objective is to nurture and develop the sporting talent of junior and elite young girl athletes up to 13 years of age through high-quality coaching and customised education curricula to balance sports and academics housed within an all-encompassing foster care environment. The programme helps in bridging the gap that exists in access to holistic sports training and development facilities for women in India.

Through this unique initiative, 60 female athletes have already been inducted in FY '17-18 in the disciplines of Athletics, Wrestling, Boxing, Swimming, etc. This programme is set to be a pioneer among female athlete development programmes in India and does not compromise on the academic side of the girls' development. Babita Phogat, Neena Varakil and Sakshi Malik, all supported by this programme, represented the country at the Commonwealth Games held in Australia in 2018 wherein Babita and Sakshi won Silver and Gold medals, respectively for Wrestling.



CREATING A CULTURE OF SUSTAINABILITY



At IndusInd Bank, we have witnessed a transformation in our employee culture and behaviour to one that is closely attuned to socio-environmental sustainability. Employees are the drivers of growth and change in an organisation and therefore any efforts to implement an all-encompassing shift

towards sustainable practices must be advanced through employee engagement. To create and nurture a workforce that is socially and environmentally conscious, the Bank has put in place policies and active employee engagement programmes that are designed to drive this agenda.

GREEN CHAMPIONS: THE LEADERS OF TOMORROW



The Green Champions Programme is the flagship outreach programme under the Bank's 'Hum aur Hariyali'; initiative developed to increase awareness and promote active action on social and environmental issues among employees. A major objective of the programme is to build leadership skills and capabilities in employees to empower them to be change-makers and affect positive change locally and on a larger scale in society. Through the efforts of our Green Champions, this initiative has seen positive results in the implementation of solutions for energy efficiency, resource conservation and waste management.

In FY '17-18, the GCs engaged their peers by taking on the '**12 Acts of Leadership**' campaign with each month corresponding to a national or international day selected for its social or environmental importance. A total of 733 activities were conducted as part of the campaign including nature walks, health camps, creating butterfly gardens, literacy workshops, and donation drives for the underprivileged. The GCs and the next generation of Green Champions, the Green Commandos together volunteered about 1,758 man-hours for the campaign collaborating with 33 NGOs.



GREEN CHAMPIONS TAKE ACTION



TAKING ON TABOO TOPICS

In July 2017, on the occasion of World Population Day, the Bank's Green Champions got creative with dealing with a subject that most people shy away from discussing: family planning. In Mumbai, Green Commando Rutvij Salunkhe along with other GCs partnered with Jyothi Charitable Trust and took to the streets to create awareness on safe sex and birth control. They organised an excellent street play, in collaboration with Kala Rang Prakalp Babu Vani, for truck drivers in the Steel Market, addressing the issues of HIV/AIDS and population control. In Thiruvananthapuram, GC Rajalakshmi partnered with the NGO Sakhi to organise a sex education session at a secondary school. All-in-all our employee volunteers organised 6 separate awareness events on family planning and sex education around the country.



GIVING A VOICE TO THE VOICELESS

The International Day of Biological Diversity marks an important occasion to celebrate and protect the plants and animals that call our urban areas home. Unfortunately, city dwellers are often unaware of the bio-diversity that exists in our surroundings or their importance to our overall quality of life. To celebrate this day, Green Champions screened nature films and documentaries in their offices to highlight the need to conserve and enhance biodiversity. Some GCs also created butterfly gardens near their offices and residential areas. Six butterfly gardens were created as a result of these initiatives.



Other Green Champions mobilised their colleagues to volunteer at animal shelters in various cities across the country. One such volunteer in GC Rajalakshmi's group at Thiruvananthapuram also adopted a puppy from a shelter home.



An online system to track, manage, and evaluate the performance of GCs has also been implemented this year. Within this system, the GCs are required to maintain and submit qualitative and quantitative reports of their activities throughout the year to the CSR department. They are then evaluated on criteria ranging from the number of campaigns implemented to timely reporting.

An intrinsic part of the programme is the comprehensive training and support given to the GCs and Green Commandos through bi-annual meets. In these sessions, the GCs learn about important socio-environmental

development issues through experts, leaders, and practitioners in the field. The meets are designed to build important skillsets including teamwork, leadership, ideation, knowledge-sharing, and campaign design. During the training meet held in January 2018 in Lonavala near Mumbai, the GCs learned about waste management systems beneficial to local economies, organic urban farming, and toxin-free lifestyles. Group activities to stimulate discussion, ideation and systems thinking were also conducted to prepare the GCs for the programme in the upcoming months.



Over time, the Green Champions programme has emerged as a successful learning platform for our employees. During their time as GCs, our employees have emerged as leaders, change-makers, and activists with an eye for improving the social and environmental score of our lives. Boosted by the success of the programme in 2017, the programme will be

expanded further to include more employees across the country in upcoming periods. This will widen the reach and impact of our sustainability agenda both within and outside the Bank.



GLOSSARY

ABG	Agricultural Business Group	KCC	Kisan Credit Cards
AePS	Aadhaar-enabled Payment System	KPI	Key Performance Indicator
AI	Artificial Intelligence	KRA	Key Responsibility Area
AML	Anti-Money Laundering	KYC	Know Your Customer
ANBC	Adjusted Net Bank Credit	LEED	Leadership in Energy and Environment
API	Application Programming Interface	MCX	Multi Commodity Exchange of India Ltd.
ASHRAE	American Society of Heating, Refrigerating and Air-Conditioning Engineers	MD	Managing Director
ATM	Automatic Teller Machine	MFI	Microfinance Institution
B2B2C	Business-to-Business-to Customer	MSME	Micro and Small scale Manufacturing Enterprises
BBPS	Bharat Bill Payment System	MVS	Multi-Vendor Solutions
BC	Business Correspondent	MWh	Megawatt hour
BCSBI	Banking Codes & Standards Bureau of India	NCDEX	National Commodity & Derivatives Exchange Limited
BDM	Business Development Manager	NCPI	National Payments Corporation of India
BFIL	Bharat Financial Inclusion Ltd.	NFB	Non-Fund Based
BM	Branch Manager	NGO	Non-Governmental Organisation
BMCHRC	Bhagwan Mahaveer Cancer Hospital and Research Centre	NMCE	National Multi-Commodity Exchange
BoP	Bottom-of-Pyramid	NPA	Non-Performing Asset
BSE	Bombay Stock Exchange	NPCI	National Payments Corporation of India
CABI	Cricket Association for the Blind in India	NRE	Non-Resident External
CBG	Consumer Banking Group	NRO	Non-Resident Ordinary
CC	Credit Card	NSE	National Stock Exchange
CCBG	Corporate and Commercial Banking Group	NTB	New to Bank
CDP	Carbon Disclosure Project	NVGSEE	National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business
CEM	Client Engagement Manager	OD	Overdraft
CEO	Chief Executive Officer	ORM	Online Reputation Management
CET	Core Executive Team	ORMC	Operational Risk Management Committee
CEX	Client Experience	OTP	One-Time Password
CFD	Consumer Finance Division	PC4	Planning Cycle 4
CGD	City Gas Distribution	PFRDA	Pension Fund Regulatory and Development Authority
CGMO	Corporate Global Market Operations	PL	Personal Loan
CNG	Compressed Natural Gas	PMGDISHA	Pradhan Mantri Gramin Digital Saksharta Abhiyan
COP	Confence of Parties	PMJDY	Pradhan Mantri Jan Dhan Yojana
CPU	Central Processing Unit	PNG	Piped Natural Gas
CRAR	Capital to Risk-Weighted Asset Ratio	POSH	Prevention of Sexual Harassment
CRM	Customer Relationship Management	PSL	Priority Sector Lending
CRMC	Credit Risk Management Committee	PSU	Public Sector Undertaking
CSR	Corporate Social Responsibility	RBI	Reserve Bank of India
DBM	Deputy Branch Manager	RBM	Rural Banking Manager
DR	Disaster Recovery	RBO	Rural Banking Officer
DSU	Decision Sciences Unit	RBS	Risk Based Supervision
DTH	Direct-to-Home	RCSA	Risk and Control Self-Assessment
ECG	Emerging Corporates Group	RD	Recurring Deposit
EDM	Electronic Direct Mailer	RDSP	Rural Distribution Service Point
ERM	Enterprise Risk Management	RoA	Return on Assets
ESMS	Environment and Social Management System	RoE	Return on Equity
FD	Fixed Deposit	RoRWA	Return on Risk-Weighted Asset
FMCG	Fast-Moving Consumer Goods	SCF	Supply Chain Finance
FSC	Forest Stewardship Council	SDG	Sustainable Development Goal
FTR	First Time Right	SEBI	Securities and Exchange Board of India
GBO	Global Banking Operations	SEO	Search Engine Optimisation
GC	Green Champions	SME	Small and Medium Enterprise
GDP	Gross Domestic Product	SRTO	Small Road Transport Operations
GHG	Greenhouse Gas	STP	Straight Through Processing
GRI	Global Reporting Initiative	TAT	Turn-Around-Time
GST	Goods and Services Tax	TReDS	Trade Receivables Discounting System
GW	Gigawatt	UPI	Unified Payments Interface
HFC	Hydrofluorocarbons	USD	US Dollar
HTD	Hire, Train, Deploy	VaR	Value at Risk
HVAC	Heating, Ventilation and Air Conditioning	VLE	Village-Level Entrepreneur
IBG	Inclusive Banking Group	WACR	Weighted Average Credit Rating
IIRC	International Integrated Reporting Council	WOS	Wholly Owned Subsidiary
INDC	Intended Nationally Determined Contribution		
INR	Indian Rupee		
IRAC	Income Recognition and Asset Classification		
IT	Information Technology		
JLG	Joint Liability Group		

POLICIES AND GUIDELINES

Admin Manual

The manual enlists processes related to facilities and administration and guides Standard Operating Procedures (SOP) for various administrative purposes.

Code of Conduct for Directors and Senior Management

This Code sets forth the guiding principles on which the Bank shall operate and conduct its daily business with multiple stakeholders.

<https://www.indusind.com/content/dam/indusind/Code%20of%20Conduct/Code%20of%20Conduct.pdf>

Employee Code of Conduct

This disciplinary code and set of procedures has been developed to ensure employees are aware of the high standards expected of them in the workplace, and to aid the management in implementing and maintaining discipline with fairness and consistency.

Customer Rights Policy

The Customer Rights Policy enshrines basic rights of the customers of the Bank, regulated by the Reserve Bank of India. It spells out the rights of the customer and also the responsibilities of the Bank. The Policy applies to all products and services offered by the Bank.

<http://www.indusind.com/content/dam/indusind/PDF/customer-rights-policy.pdf>

HR Policy

The HR policy pertains to regular full-time employees and covers guidelines and policies relevant to employee welfare and benefits, work environment and business ethics.

Security Manual

The objective of this manual is to aid in effective security management at all Bank premises and contains relevant security policies, procedures and guidelines. It has been prepared in alignment with Indian Banks' Association (IBA) guidelines.

Whistle Blower Policy

This policy is expected to encourage the Bank's employees, customers, suppliers, shareholders, etc. to bring to the Bank's notice any issue involving compromise/violation of

ethical norms, legal or regulatory provisions, etc. without fear of reprisal, retaliation, discrimination or harassment of any kind.

https://www.indusind.com/content/dam/indusind/PDF/wbp_final_draft1.pdf

Grievance Redressal Policy

This policy aims to minimise instances of customer complaints and grievances through proper service delivery & review mechanisms, and to ensure prompt redressal. The review mechanism helps in identifying shortcomings in product features and service delivery. This policy also covers issues relating to services provided by the outsourced agency.

http://www.indusind.com/content/dam/indusind/PDF/grievance_redressal_policy.pdf

Privacy Policy

The Privacy Policy outlines the Bank's commitment towards keeping customers' data secure.

<http://www.indusind.com/footer/privacy-policy.html>

Environment Policy

The Environment Policy brings cohesiveness to IndusInd Bank's green banking strategy and integrates sustainable action and decision making into the Bank's core business practices.

Workplace Health and Safety Manual

The manual lays down safety measures, escalation mechanisms and ways to handle emergency situations to ensure a safe work environment.

CSR Policy

The CSR policy outlines the key CSR focus areas of the Bank and enumerates the roles and responsibilities of the CSR department and the CSR committee.

<http://www.indusind.com/content/csr-home/our-approach/csr-policy.html>

Outsourcing Policy

The Outsourcing Policy of the Bank acts as the guiding principle for the Top Management of the Bank in dealing with matters relating to outsourcing. Particularly, it addresses issues such as compliance with regulatory authorities and confidentiality and security of data.

Procurement Policy

This document provide guidelines for uniformity in the overall procurement process of the Bank including guidelines on transparency, safety and the inclusion of human rights.

Banking Codes & Standards Board of India (BCSBI): Code of Commitment

The Bank is a member of the BCSBI and has voluntarily adopted their Code of Commitment for Customers and Micro and Small Enterprises, which informs the Bank's dealing with these stakeholders in our day-to-day operations.

<http://www.indusind.com/important-links/code-of-commitment.html>

Customer Compensation Policy

This policy establishes a system whereby Bank shall compensate the Customer for any direct and actual loss by way of interest loss/payment of charges by Customers due to deficiency in service on our part or any act of omission or commission directly attributable to the bank without recourse to any legal action.

<https://www.indusind.com/content/dam/indusind/PDF/compensation-policy-may17.pdf>

Fair Practice Code

The Bank follows this voluntary code which sets standards of fair banking practices based on Indian Banks' Association

(IBA) Fair Practice Code and incorporates principles of Banking Codes and Standards Board of India (BCSBI) Code of Bank's Commitment to Customers, when dealing with individual customers. The Code applies to current, savings and all other deposit accounts, collection and remittance services, loans and overdrafts, foreign exchange services, card products, and third-party products offered through our network.

<https://www.indusind.com/content/dam/indusind/PDF/fair-practice-code.pdf>

Policy Guidelines on Financing to Micro, Small, and Medium Enterprises (MSME)

The MSME code of our loan policy is reflective of the objectives and spirit of the national policy and the regulatory prescription while dealing with application for loan or any financial assistance by MSMEs. It deals with sourcing of MSME borrowers, assessment of their credit need, prompt communication of sanction/rejection, post sanction and post disbursement formalities, recovery, and nursing of sick account etc.

<https://www.indusind.com/content/dam/indusind/PDF/policy-guidelines-on-financing-to-micro-small-and-medium.pdf>

GRI CONTENT INDEX

The report should be read in conjunction with IndusInd Bank's Annual Report 2017-18, Sustainability Report 2016-17 and the Bank's response to Carbon Disclosure Project.

General Standard Disclosures	Disclosures	Location in IR	Page Number	NVG Principle
Section: Strategy & Analysis				
G4-1	CEO Letter		5	
G4-2	Key Impacts, Risks, and Opportunities	Value Creation for Sustainable Business; IndusInd Bank and Sustainable Development Goals; Risk Assessment and Management System	10-11; 12-13; 32-33; Annual Report 2017-18, page 92-94; see also IndusInd Bank CDP Response 2017-18, www.cdp.net	
Section: Organisational Profile				
G4-3	Organisation name	Integrated Reporting: Introduction	8	
G4-4	Primary brands, products, and services	About IndusInd Bank	16	
G4-5	Headquarters location	-	Last Page of IR Report	
G4-6	Areas of the organisation's operations	About IndusInd Bank	16	
G4-7	Nature of ownership and legal form	-	Annual Report 2017-18	
G4-8	Markets served	-	Annual Report 2017-18	
G4-9	Scale of the organisation	About IndusInd Bank	16	
G4-10	Total number of employees by type	Strengthening Human Capital: Workforce and Strategy	25-27	
G4-11	Collective bargaining agreements	None		Principle 3
G4-12	Supply chain description	Supply Chain Sustainability & Ethical Procurement	81-82	
G4-13	Organisational changes during the reporting period	Scope and Boundary of Reporting	9	
G4-14	Precautionary principle	CSR Overview and Strategy	80	
G4-15	External charters, principles, or other initiatives	Reporting Principles; CSR Overview and Strategy	8; 80; Annual Report 2017-18, page 69	Principle 7
G4-16	Membership associations	-	Annual Report 2017-18, page 69	Principle 7
Section: Identified Material Aspects and Boundaries				
G4-17	Entities included in financial statements	-	Annual Report 2017-18, Annexure I to the Directors' Report, page 29-30	
G4-18	Process for defining report boundaries and content	Scope and Boundary of Reporting	9	
G4-19	Material aspects included in the report	-	Integrated Report 2016-17, page 47	
G4-20	Descriptions of material aspect boundaries within the organisation	-	Integrated Report 2016-17, page 47	
G4-21	Descriptions of material aspect boundaries outside the organisation	-	Integrated Report 2016-17, page 47	
G4-22	Restatements	None		
G4-23	Changes from previous reports in terms of scope and/or boundaries	Scope and Boundary of Reporting	9	
Section: Stakeholder Engagement				
G4-24	Stakeholder groups	Stakeholder Engagement (Table)	18-19	Principle 4
G4-25	How stakeholders were identified	Stakeholder Engagement (Table)	18-19	Principle 4
G4-26	Approach to stakeholder engagement	Stakeholder Engagement (Table); Employee Engagement and Communication; Investor and Shareholders Engagement	18-22	Principle 4
G4-27	Topics raised during stakeholder engagement	Stakeholder Engagement (Table)	18-19	Principle 4


General Standard Disclosures	Disclosures	Location in IR	Page Number	NVG Principle
Section: Report Profile				
G4-28	Reporting period	Scope and Boundary of Reporting	9	Principle 1
G4-29	Date of most recent report	Scope and Boundary of Reporting	9	
G4-30	Reporting cycle	Scope and Boundary of Reporting	9	
G4-31	Report contact	-	Back cover	
G4-32	In accordance option, GRI Index, and report assurance	Reporting Principles	8	
G4-33	Policy regarding report assurance	None		
Section: Governance				
G4-34	Governance structure of the organisation	Corporate Governance	17-18	
G4-35	Process for delegating authority for sustainability topics from the Board to senior executives and other employees	CSR Overview and Strategy	80; Annual Report 2017-18, Annexure V to the Director's Report, page 54; Committees of the Board, CSR Committee, pages 122-123	
G4-36	High-level accountability for sustainability topics	CSR Overview and Strategy	80; Annual Report 2017-18, Annexure V to the Director's Report, page 54; Committees of the Board, CSR Committee, pages 122-123	
G4-37	Processes for consultation between stakeholders and the Board on sustainability topics	Stakeholder Engagement (Table); CSR Overview and Strategy	18-19; 80; Annual Report 2017-18, Committees of the Board, CSR Committee, pages 122-123	Principle 4
G4-38	Composition of the Board and its committees	-	Annual Report 2017-18, Committees of the Board, pages 119-127	Principle 1
G4-39	Whether the chair of the Board is also an executive officer	-	Annual Report 2017-18, Directors, pages 19-20	
G4-40	Nomination and selection processes for the Board and its committees	-	Annual Report 2017-18, Directors, pages 19-20	
G4-41	Board conflicts of interest	-	Annual Report 2017-18, Particulars of Contracts or Arrangements with Related Parties, page 25; Related Party Transactions, page 130	
G4-42	Board and executive roles in the organisation mission statements, strategies, policies, and goals related to sustainability impacts	CSR Overview and Strategy	80	
G4-43	Board knowledge of sustainability topics	Committee meetings, Board notes, and other related communication		
G4-44	Board performance with respect to governance and sustainability topics		Annual Report 2017-18, Performance evaluation of the Board, page 22; Annual Evaluation of Performance of the Board, Committees of the Board, and of Individuals Directors, page 127-128	
G4-45	Board role in the identification and management of sustainability impacts, risks, and opportunities	Stakeholder Engagement (Table); CSR Overview and Strategy	18-19; 80; Annual Report 2017-18, Committees of the Board, pages 119-127	
G4-46	Board role in reviewing risk management processes for sustainability topics	-	Annual Report 2017-18, Risk Management, page 21; Annexure V to the Directors' Report, page 54-57; Risk Management Committee, page 125	
G4-47	Frequency of the Board's review of sustainability impacts, risks, and opportunities	Meetings held by the Committees of the Board	Annual Report 2017-18, Annexure V to the Directors' Report, page 54-57; Operational Risk Management, page 94; IndusInd Bank CDP Response 2017-18, www.cdp.net	
G4-48	Highest committee or position that formally reviews and approves the organisation's sustainability report	Chief Operating Officer		

General Standard Disclosures	Disclosures	Location in IR	Page Number	NVG Principle
G4-49	Process for communicating critical concerns to the Board	Stakeholder Reporting; Compliance and Vigilance	22; 23-25	Principle 1
G4-50	Nature and total number of critical concerns that were communicated to the Board	Vigilance	24-25	Principle 1
G4-51	Remuneration policies for the Board and senior executives	-	Annual Report 2017-18, Policy on Remuneration to Non-Executive Directors, page 26; Nomination and Remuneration Committee, page 124; Disclosure on Remuneration, page 203-207	
G4-52	Process for determining remuneration	-	Annual Report 2017-18, Policy on Remuneration to Non-Executive Directors, page 26; Nomination and Remuneration Committee, page 124; Disclosure on Remuneration, page 203-207	
G4-53	Stakeholders' views on remuneration	-	Annual Report 2017-18, Policy on Remuneration to Non-Executive Directors, page 26; Nomination and Remuneration Committee, page 124; Disclosure on Remuneration, page 203-207	
G4-54	Ratio of the annual total compensation for the organisation's highest-paid individual to the median annual total compensation for all employees	-	Annual Report 2017-18, Annexure III to the Directors' Report, page 35-36	
G4-55	Ratio of percentage increase in annual total compensation for the organisation's highest-paid individual to the median percentage increase in annual total compensation for all employees	-	Annual Report 2017-18, Annexure III to the Directors' Report, page 35-36	
Section: Ethics and Integrity				
G4-56	Code of Conduct	Appendix: Policies and Guidelines	103-104; IndusInd Bank Corporate Code of Conduct, http://www.indusind.com/investor/corporate-profile/code-of-conduct.html	Principle 1
G4-57	Helplines or advice lines for employees	Ensuring Human Rights	29-31	Principle 3
G4-58	Mechanisms for reporting concerns about unethical or unlawful behaviour	Stakeholder Reporting; Compliance and Vigilance; Supply Chain Sustainability and Ethical Procurement; Prioritising Customer Satisfaction	22; 23-25; 81-82; 76-77	Principle 1, Principle 3

Specific Disclosures	Indicators	Location in IR	Page Number	NVG Principle
Category: Economic				
G4-DMA		Integrated Reporting; Our Value Creation Framework; Incorporating Integrated Thinking in Banking; Banking for Sustainability	6-101	
G4-EC1	Economic value	Value Creation for Sustainable Business; About IndusInd Bank; Our Business Model; 2017-18: Year in Review	10-11; 16; 37-40; 41-42; Annual Report 2017-18, Business Performance, pages 76-77	
G4-EC2	Climate change risks	Environmental and Social Management System (text box); Environmental Stewardship	61; 81-89; see also IndusInd Bank CDP response 2017-18, www.cdp.net	
G4-EC4	Financial assistance from the government	None		
G4-EC6	Proportion of senior management hired from the local community	100%. Significant locations of operations is pan-India and senior management is hired from India		
G4-EC7	Infrastructure investments	Banking for a Sustainable Future; Impact Investing	58-61	Principle 2, Principle 8
G4-EC8	Indirect economic impacts	Banking for Sustainable Livelihoods; Banking for a Sustainable Future; Impact Investing; Transforming Livelihoods: A Digital Revolution; Community Development and Outreach	43-56; 58-61; 90-91; 92-101	Principle 2, Principle 4, Principle 8
G4-EC9	Local suppliers	Supply Chain Sustainability & Ethical Procurement; Significant operational locations are pan-India, and most of our suppliers are based out of India	81-82	
Category: Environmental				
G4-DMA		Banking for Sustainability	78-101	
G4-EN1	Materials by weight or volume	Materials Conservation, Waste Management and Recycling	85-86	Principle 6
G4-EN2	Recycled input materials	Materials Conservation, Waste Management and Recycling	85-86	Principle 2, Principle 6
G4-EN3	Energy consumption (Scope 1+2)	Energy Efficiency and Conservation	82-85	Principle 6
G4-EN6	Energy reductions	Energy Efficiency and Conservation	82-85	Principle 6
G4-EN7	Energy reductions in products & services	Energy Efficiency and Conservation	82-85	Principle 2
G4-EN15	GHG emissions (Scope 1)	Carbon Emissions: Measuring, Monitoring and Reporting	87-89	Principle 6
G4-EN16	GHG emissions (Scope 2)	Carbon Emissions: Measuring, Monitoring and Reporting	87-89	Principle 6
G4-EN17	GHG emissions (Scope 3)	Carbon Emissions: Measuring, Monitoring and Reporting	87-89	Principle 6
G4-EN18	GHG emissions intensity	Carbon Emissions: Measuring, Monitoring and Reporting	87-89	Principle 6
G4-EN19	Reduction of GHG emissions	Carbon Emissions: Measuring, Monitoring and Reporting	87-89	Principle 6
G4-EN25	Hazardous waste	Recycling and Waste Management	86	Principle 6
G4-EN27	Mitigation of environmental impacts of products & services	Environmental Stewardship	81-89	Principle 2
G4-EN29	Environmental fines and sanctions	None		
G4-EN30	Environmental impacts from product distribution and employee travel	Carbon Emissions: Measuring, Monitoring and Reporting	87-89	Principle 6

Specific Disclosures	Indicators	Location in IR	Page Number	NVG Principle
G4-EN31	Environmental investments	Powering Renewable Energy; Impact Investing; Energy Efficiency and Conservation; Creating Sustainable Spaces	58; 60-61; 82-85; 86; see also Annual Report 2016-17, Annexure VI to the Directors' Report, pages 67-68	Principle 6
G4-EN32	New suppliers screened using environmental criteria	Environmental and Social Management System (text box); Supply Chain Sustainability & Ethical Procurement	61; 81-82	Principle 2
G4-EN33	Supply chain environmental impacts	Supply Chain Sustainability & Ethical Procurement	81-82	Principle 2
Category: Social				
Sub-category: Labour Practices and Decent Work				
G4-DMA		Our Value Creation Framework; Incorporating Integrated Thinking in Banking; Banking for Sustainability	14-101	
G4-LA1	Number and rate of new employee hires and turnover	Strengthening Human Capital: Workforce and Strategy	25-27	
G4-LA2	Benefits provided to full time employees	Employee Benefits and Welfare	28-29; see also Annual Report 2017-18, pages 159 and 196-198	Principle 3
G4-LA3	Parental leave	Maternity leave is granted as per policy		
G4-LA4	Notice periods regarding operational changes	Notice period is 10 days		
G4-LA5	Workforce represented in health and safety committees	None		Principle 3
G4-LA8	Health and safety topics covered in agreements with trade unions	Bank employees are not covered under trade unions		Principle 3
G4-LA9	Average hours of training for employees	Employee Training and Development; Health and Safety	27-28; 30-31	Principle 3
G4-LA10	Programmes for skills management & managing career endings	Employee Training and Development; Employee Benefits and Welfare; Developing Employee Productivity; Delivering Value through Talent Management	27-28; 28-29; 63; 63-64	Principle 3
G4-LA11	Employees receiving performance and career development reviews	Employee Benefits and Welfare; Delivering Value through Talent Management	28-29; 63-64	Principle 3
G4-LA12	Composition of governance bodies and employees	-	Annual Report 2017-18, Committees of the Board, pages 119-127	
G4-LA13	Ratio of basic salary and remuneration of women to men	Equal Opportunity Employment	29	Principle 3
G4-LA14	New suppliers screened using labour practices criteria	Supply Chain Sustainability and Ethical Procurement	81-82	Principle 5
Category: Social				
Sub-category: Human Rights				
G4-DMA		Our Value Creation Framework; Banking for Sustainability	14-33; 78-101	
G4-HR1	Investment agreements and contracts that include human rights clauses or underwent screening	Supply Chain Sustainability and Ethical Procurement	81-82	Principle 5
G4-HR2	Employee training on human rights	Stakeholder Reporting; Vigilance; Employee Training and Development; Ensuring Human Rights	22; 24-25; 27-28; 29-31	Principle 3
G4-HR3	Incidents of discrimination	Stakeholder Reporting; Vigilance	22; 24-25	
G4-HR5	Significant risk of child labour in operations and suppliers	Supply Chain Sustainability and Ethical Procurement	81-82	Principle 3, Principle 5

Specific Disclosures	Indicators	Location in IR	Page Number	NVG Principle
G4-HR6	Significant risk of forced or compulsory labour in operations and suppliers	Supply Chain Sustainability and Ethical Procurement	81-82	Principle 3, Principle 5
G4-HR7	Security personnel trained in the organisation's human rights policies	None		Principle 3
G4-HR8	Incidents of violations involving rights of indigenous peoples	None		Principle 5
G4-HR9	Operations that have been subject to human rights assessments	Supply Chain Sustainability and Ethical Procurement	81-82	Principle 5
G4-HR11	Human rights impacts in the supply chain	None		Principle 5
G4-HR12	Grievances about human rights impacts	None		Principle 5
Category: Social				
Sub-category: Society				
G4-DMA		Our Value Creation Framework; Banking for Sustainability	14-33; 78-101	
G4-SO1	Local community engagement, impact assessments and development programmes	Community Development and Outreach	92-101	
G4-SO3	Risks related to corruption	Vigilance	24-25	Principle 1
G4-SO4	Communications and training on anti-corruption	Vigilance; Employee Training and Development	24-25; 27-28	Principle 1
G4-SO5	Confirmed incidents of corruption	Vigilance	24-25	Principle 1
G4-SO6	Political contributions	None		
G4-SO7	Anti-competitive behaviour	None		
G4-SO8	Fines for non-compliance with laws	Compliance Awareness and Monitoring	23-24	
Category: Social				
Sub-category: Product Responsibility				
G4-DMA		Our Value Creation Framework; Incorporating Integrated Thinking in Banking	14-33; 34-77	
G4-PR4	Non-compliance with regulations concerning product and service labelling	None		Principle 9
G4-PR5	Surveys measuring customer satisfaction	Prioritising Customer Satisfaction	76-77	Principle 9
G4-PR6	Sale of banned or disputed products	None		Principle 9
G4-PR7	Non-compliance with regulations concerning marketing communications	None		Principle 9
G4-PR8	Complaints regarding breach of customer privacy and losses of customer data	None		Principle 9
G4-PR9	Fines for non-compliance with laws and regulations concerning products and services	None		

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