# Management's Discussion and Analysis

## Macro-economic Environment

Fiscal 2023 turned out to be an intensely volatile year, characterised by extreme uncertainty. The year started with continuing disruptions in supply chains, shipping and transport, aggravated by China's Zero Covid Policy. The outbreak of hostilities in Europe inter alia caused a massive surge in energy and commodities prices. This combined with the pandemic caused supply shocks and resulted in a surge in inflation in developed markets, which they had not experienced over the past 40 years. The major global central banks had to respond with synchronised, aggressive, front-loaded policy rate hikes. This resulted in heightened volatility in global financial markets and tightened financial and credit conditions, inevitably spilling over into emerging markets.

India has largely weathered this economic storm, its macroeconomic fundamentals surprisingly resilient. India's fiscal 2023 real GDP growth is officially forecast to be 7.0% YOY. However, the channels of transmission of global shocks via commodities prices and exchange rates had resulted in high and persistent inflation, which compelled the Monetary Policy Committee to start raising the policy repo rate early in fiscal 2023. Policy repo rate increased by 250 bps in fiscal 2023.

One of the striking developments over the course of fiscal 2023 was a divergence between high bank credit growth (15.4% YOY) and a more muted deposits accretion (9.6% YOY). The high credit offtake resulted largely from retail and services sector loans, but has been robust across all segments, with a mix of both term loans and working capital. The more muted deposits growth was mainly due to draining of the surplus system liquidity injected by RBI during the pandemic.

## Prospects for fiscal 2024

RBI forecasts India's growth to moderate in fiscal 2024 to 6.5%. The IMF has slightly lowered its 2023 growth forecast, and global trade in goods and services is likely to further slow, both as the result of the monetary policy efforts to cool inflation with high interest rates. However, the G-10 central banks appear to be approaching the peaks of their respective hike cycles, and this will have a beneficial impact on the Rupee.

Overall, while merchandise growth is likely to slow – as has already been seen with an exports contraction in Q4 of fiscal 2023, services exports have remained robust. This, together with very high remittance inflows, had resulted in a manageable Current Account Deficit – expected at 2.4% of GDP in fiscal 2023, and this is forecast to moderate even further in fiscal 2024. Consequently, we expect net Balance of Payments to turn surplus, which will further help a stable Rupee, while allowing RBI to replenish its foreign exchange reserves. Inflation is also projected to moderate steadily, with RBI expecting CPI inflation to average 5.1% (down from 6.6% in fiscal 2023). Overall, India's macroeconomics fundamentals remain robust, and is acknowledged to have become a bright spot in an uncertain global environment. While risks to the growth inflation balance still remain, the ongoing structural reforms and economic resilience will help to buffer India's economy from potential shocks.

The Union government's ongoing focus on capital expenditure will help to gradually crowd in private sector investment. However, in line with the slowdown in the broader economy, bank credit growth is likely to moderate in the year ahead, with the divergence between credit and deposit growth coming down. Deposit growth is likely to shade up slightly, with higher interest rates as an incentive, and with an expected improvement in system liquidity conditions in the second half of the year.

## OVERVIEW OF FINANCIAL PERFORMANCE

### Acquisition of Citibank India consumer Business

The Bank has acquired on a going concern basis the business assets and business liabilities of Citibank's India Consumer Business from Citibank N.A. (acting through its branch in India) ("CBNA") and the NBFC Consumer Business from Citicorp Finance (India) Limited ("CFIL") collectively referred to as Citi India Consumer Business, effective beginning of day 1 March, 2023 (referred to as Legal Day One) without values being assigned to individual assets and liabilities.

The transaction comprises the sale of the consumer businesses of Citibank India, which includes loans, credit cards, wealth management, commercial vehicle, construction equipment loans and retail banking operations. The acquisition provides the Bank with access to a premium customer segment, is a good strategic fit and is completely aligned with Axis Bank's GPS (Growth, Profitability & Sustainability) strategy. The Bank has gained access to the large, affluent and profitable customer franchise of Citibank, which aligns well with its Premiumization strategy.

In accordance with the Business Transfer Agreements (BTAs), the Bank has on Legal Day One paid an Estimated Adjusted Purchase Price aggregating ₹11,602.53 crores based on the position of business assets and business liabilities acquired as at end of day January 31, 2023, and the Bank without prejudice to any of its rights under the said BTAs estimates a further payable of ₹346.55 crores as Purchase Price True Up Amount based on its best estimate of the position of business assets and business liabilities acquired as at beginning of day March 1, 2023. The Estimated Adjusted Purchase Price and estimated Purchase Price True Up Amount aggregating to ₹11,949.08 crores are attributable to (i) various intangible business and commercial rights viz. Customer relationship (including contracts), Co-branding arrangements, Business processes/ information, Non-compete rights (collectively "Intangibles") and (ii) Goodwill pertaining to the Citibank India Consumer Business. Based on the report of an independent valuer, Intangibles (excluding Goodwill) were recognized at ₹8,714.24 crores and Goodwill at ₹3,234.84 crores in the financial statements of the Bank. As a prudent measure and to protect its ability to pay dividends, the Bank has fully amortised the said Intangibles and Goodwill through the Profit and Loss account in fiscal 2023.

### Operating performance

(₹ in crores)

| Particulars | 2022-23 | 2021-22 | % change |
|---|---|---|---|
| Net interest income | 42,946 | 33,132 | 30% |
| Non-interest income | 16,501 | 15,221 | 8% |
| **Operative revenue** | **59,447** | **48,353** | **23%** |
| Operating expenses | 27,398 | 23,611 | 16% |
| **Operating profit** | **32,049** | **24,742** | **30%** |
| Provisions and contingencies | 2,653 | 7,360 | (64%) |
| **Profit before tax and exceptional items** | **29,396** | **17,382** | **69%** |
| Exceptional items | 12,490 | - | - |
| **Profit before tax after exceptional items** | **16,906** | **17,383** | **(3%)** |
| Provision for tax | 7,326 | 4,357 | 68% |
| **Net profit** | **9,580** | **13,025** | **(26%)** |

Operating revenue increased by 23% Y-o-Y (year-on-year) from ₹48,353 crores in fiscal 2022 to ₹59,447 crores in fiscal 2023. Net interest income (NII) rose 30% from ₹33,132 crores in fiscal 2022 to ₹42,946 crores in fiscal 2023. Non-interest income consisting of fee, trading and other income increased by 8% from ₹15,221 crores in fiscal 2022 to ₹16,501 crores in fiscal 2023. Operating expenses (excluding exceptional items) grew 16% from ₹23,611 crores in fiscal 2022 to ₹27,398 crores in fiscal 2023. As a result, the operating profit (excluding exceptional items) grew by 30% to ₹32,049 crores from ₹24,742 crores reported last year. Provisions and contingencies decreased by 64% from ₹7,360 crores in fiscal 2022 to ₹2,653 crores in fiscal 2023. Consequently, profit before tax and exceptional items grew strongly by 69% from ₹17,382 crores in fiscal 2022 to ₹29,396 crores in fiscal 2023. There was a charge in Profit and Loss Account for fiscal 2023 of ₹12,490 crores towards exceptional items arising from acquisition of Citibank India Consumer Business. On account of the exceptional items, the net profit for fiscal 2023 decreased by 26% and stood at ₹9,580 crores, as compared to the net profit of ₹13,025 crores last year.

### Net interest income

(₹ in crores)

| Particulars | 2022-23 | 2021-22 | % change |
|---|---|---|---|
| Interest on loans | 64,554 | 49,617 | 30% |
| Interest on investments | 18,179 | 14,619 | 24% |
| Other interest income | 2,431 | 3,141 | (23%) |
| **Interest income** | **85,164** | **67,377** | **26%** |
| Interest on deposits | 31,733 | 26,684 | 19% |
| Other interest expense | 10,485 | 7,561 | 39% |
| **Interest expense** | **42,218** | **34,245** | **23%** |
| **Net interest income** | **42,946** | **33,132** | **30%** |
| Average interest earning assets[1] | 1,069,241 | 9,54,896 | 12% |
| Average Current Account and Savings Account (CASA)[1] | 351,085 | 3,11,178 | 13% |
| Net interest margin | 4.02% | 3.47% | |
| Yield on assets | 7.96% | 7.06% | |
| Yield on advances | 9.00% | 8.03% | |
| Yield on investments | 6.21% | 6.00% | |
| Cost of funds | 4.28% | 3.86% | |
| Cost of deposits | 3.94% | 3.68% | |

[1] computed on daily average basis

NII constituted 72% of the operating revenue and increased by 30% from ₹33,132 crores in fiscal 2022 to ₹42,946 crores in fiscal 2023. The increase was primarily due to an increase in yield on assets by 90 bps and a lower increase in cost of funds of 42 bps. As a result the NIM improved 55 bps on a year on year basis to 4.02% in fiscal 2023.

During this period, the yield on interest earning assets increased from 7.06% in fiscal 2022 to 7.96% in fiscal 2023, due to rising interest rate environment, pricing discipline and mix change undertaken by the Bank. The yield on advances increased by 97 bps from 8.03% in fiscal 2022 to 9.00% in fiscal 2023. 68% of the loans of the Bank are floating rate loans, linked to external/internal benchmark rates. RBI increased the repo rate from 4.00% in fiscal 2022 to 6.50% in fiscal 2023 which led to an increase in the lending rates. The yield on investments also increased by 21 bps during fiscal 2023.

The increase in benchmark rates has also led to tightening in the liquidity conditions and consequently cost of funds for the banking industry also increased. However, the increase in cost of funds has been slower as compared to the increase in yield on assets, partially due to timing difference in repricing of deposits, resulting in strong growth in NII in fiscal 2023 for the Bank.

Cost of funds increased by 42 bps from 3.86% in fiscal 2022 to 4.28% in fiscal 2023. The Bank continued its focus on both CASA plus Retail Term Deposits (RTD) as part of its overall deposit growth strategy. Cost of deposits increased to 3.94% from 3.68% last year mainly due to increase in funding cost of term deposits. Daily average CASA ratio as a proportion to deposits improved by 66 bps in fiscal 2023 to 43.57% from 42.91% in fiscal 2022 which also partly aided in containing the pace of growth of cost of deposits.

Performance against the drivers for the NIM improvement journey of the Bank in fiscal 2023 is as follows:

- Improvement in Balance sheet mix: loans and investments comprised 86% of total assets as at the end of fiscal 2023, improving 242 bps YOY;
- INR denominated loans comprised 95% of total advances at the end of fiscal 2023, improving 340 bps YOY;
- Retail and CBG advances comprised 69% of total advances at March 2023, improving 150 bps YOY;
- Balance outstanding in low-yielding priority sector shortfall deposits declined by ₹11,089 crores YOY with priority sector short fall deposits comprising 2.3% of total assets at 31 March, 2023 as compared to 3.5% at 31 March, 2022;
- Composition of liabilities measured through average CASA% improved 66 bps YOY.

Reported NII included a one-time interest recovery on restructuring of an existing NPA account aggregating to ₹149 crores.

The Bank also earned interest on income tax refund of ₹85 crores in fiscal 2023 as compared to ₹17 crores in fiscal 2022. The receipt, amount and timing of such income depends on the nature and determinations by tax authorities and is hence neither consistent nor predictable.

## Non-interest income

(₹ in crores)

| Particulars | 2022-23 | 2021-22 | % change |
|---|---|---|---|
| Fee income | 16,216 | 13,001 | 25% |
| Trading profit | (242) | 1,627 | - |
| ---of which | | | |
| Provision for depreciation in value of investments | (596) | 264 | - |
| Miscellaneous income | 527 | 593 | (11%) |
| **Non-interest income** | **16,501** | **15,221** | **8%** |

Non-interest income comprising fees, trading profit and miscellaneous income increased by 8% to ₹16,501 crores in fiscal 2023 from ₹15,221 crores last year and constituted 28% of the operating revenue of the Bank.

Fee income increased by 25% to ₹16,216 crores from ₹13,001 crores last year and continued to remain a significant part of the Bank's non-interest income. It constituted 98% of non-interest income and contributed 27% to the operating revenue in fiscal 2023. Growth in reported fee income was mainly on account of increase in business all across segments.

Segmental composition of Fee Income

| Particulars | 2022-23 | 2021-22 | % change |
|---|---|---|---|
| Retail Banking | 68% | 64% | + 4% |
| Wholesale Banking | 28% | 32% | - 4% |
| Commercial Banking | 4% | 4% | - |

Retail Banking fees constituted 68% of the total fee income of the Bank in fiscal 2023 and grew strongly at 33% on a year on year basis. Fees from retail cards grew 51% on a year on year basis in fiscal 2023 while retail non-card fees registered a strong growth of 23%.

Fee income derived from the Wholesale Bank group accounted for 28% of the Bank's total fee income for fiscal 2023 as against 32% in fiscal 2022. Within Wholesale Banking, granular transaction banking fees grew 24% on a year on year basis. Fee income from the Bank's CBG (Commercial Banking Group) that lends to small and medium enterprises accounted for 4% of the Bank's total fee income for fiscal 2023 and fiscal 2022.

During the year, trading profits without considering impact of provision for depreciation decreased by 74% to ₹353 crores from ₹1,363 crores last year mainly on account of lower profits on the SLR portfolio in fiscal 2023 as compared to fiscal 2022, impacted by the rising interest rate environment. Provision for depreciation in value of investments was ₹596 crores in fiscal 2023 mainly on account of Mark-to-Market (MTM) losses recognized on the corporate bond portfolio due to rate movements, as compared to a write-back in provision of ₹264 crores in fiscal 2022. The Bank does not expect an economic loss on the corporate bond book. 84% of the standard corporate bond book is rated AA+ and above and 99% is rated A- and above.

The Bank's miscellaneous income in fiscal 2023 stood at ₹527 crores compared to ₹593 crores in fiscal 2022, comprising mainly income from sale of Priority Sector Lending Certificates (PSLC) amounting to ₹173 crores in fiscal 2023 and income from display of publicity material amounting to ₹243 crores.

### Operating revenue

The operating revenue of the Bank increased by 23% to ₹59,447 crores from ₹48,353 crores last year. The core income streams (NII and fees) constituted ~100% of the operating revenue, reflecting the stability of the Bank's earnings.

### Operating expenses

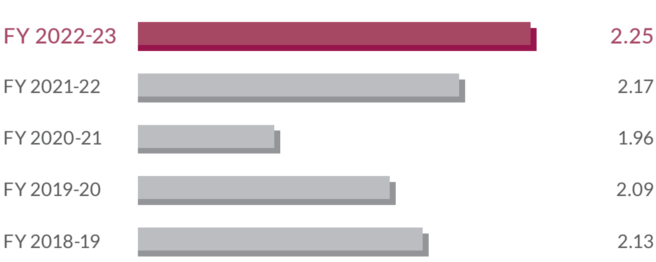
(₹ in crores)

| Particulars | 2022-23 | 2021-22 | % change |
|---|---|---|---|
| Staff cost | 8,797 | 7,613 | 16% |
| Depreciation | 1,145 | 1,008 | 14% |
| Other operating expenses | 17,456 | 14,990 | 16% |
| **Operating expenses** | **27,398** | **23,611** | **16%** |
| **Cost : Income Ratio** | **46.09%** | **48.83%** | |
| **Cost : Asset Ratio** | **2.25%** | **2.17%** | |

YOY growth rate in operating expenses moderated to 16% in fiscal 2023 as compared to 28% in fiscal 2022 with operating expenses increasing to ₹27,398 crores from ₹23,611 crores last year. The Bank continued to invest in technology and human capital for supporting the existing and new businesses.

38% of total cost increase was on account of investments in technology and future growth, 22% of the total cost increase was volume linked, 6% of the total cost increase on account of integration expenses and balance 34% was business as usual expenses.

Operating Expenses to Assets %




Staff cost increased by 16% from ₹7,613 crores in fiscal 2022 to ₹8,797 crores in fiscal 2023, primarily due to annual wage revision and a 7% increase in employee strength during fiscal 2023 from 85,815 as at end of fiscal 2022 to 91,898 as at the end of fiscal 2023. Further, it is pertinent to note that the staff cost includes only one month expenses relating to 3,200+ employees who have joined the Bank on 1 March, 2023 as part of the acquisition of the Citibank India Consumer Business.

Other operating expenses (excluding depreciation) increased by 16% from ₹14,990 crores in fiscal 2022 to ₹17,456 crores in fiscal 2023. The increase is primarily due to increase in volume linked costs coming from rising business volumes, investments in technology to support future business growth, higher collection expenses and integration expenses relating to acquisition of Citi India consumer business.

Operating expenses pursuant to the transitional services agreement and other integration expenses to be incurred by the Bank for acquisition of Citibank India Consumer Business will be recognised in the profit and loss account over the period in which the services will be received. The current best estimate of the transitional period is 18 months commencing from 1 March, 2023 and current best estimate of the transitional costs and integration expenses is ~ ₹2,000 crores. During fiscal 2023, the Bank has recognised integration expenses of ₹217 crores.

The Operating Expenses to Assets ratio increased to 2.25%, higher by 8 bps compared to 2.17% last year. It is again important to note that Citibank acquisition is a pure play retail business which runs at higher operating expenses to assets ratio. The Operating Expenses to Assets ratio for fiscal 2023 does not fully reflect this, as the business was owned by the Bank for one month. The Bank remains committed to consciously invest in its focus business segments. The lower credit cost over the past few quarters has provided some headroom to run operating costs at a slightly elevated level.

## Operating profit

During the year, the operating profit of the Bank (excluding exceptional items) increased by 30% to ₹32,048 crores from ₹24,742 crores last year on account of strong growth in operating revenues and partially offset by a moderated growth in operating expenses.

## Provisions and contingencies

(₹ in crores)

| Particulars | 2022-23 | 2021-22 | % change |
|---|---|---|---|
| Provision for non-performing assets | 6,025 | 7,549 | (20%) |
| Recoveries from written off accounts | (2,885) | (2,367) | 22% |
| Provision for restructured assets/SDR/S4A | (34) | 1 | - |
| Provision for country risk | 8 | 19 | (58%) |
| Provision for standard assets including unhedged foreign currency exposure | 452 | 126 | 259% |
| Provision for other contingencies | (913) | 2,032 | - |
| ---of which | | | |
| Additional provision for delay in implementation of resolution plan | (180) | 410 | - |
| Provision for COVID-19 and MSME Restructuring | (599) | 912 | - |
| **Total Provision and contingencies** | **2,653** | **7,360** | **(64%)** |

During fiscal 2023, provisions (other than provisions for tax) declined 64% YOY to ₹2,653 crores from ₹7,360 crores last year. Key items of provisions are explained below -

### Provisions for NPAs:

The Bank provided ₹6,025 crores towards non-performing assets compared to ₹7,549 crores last year. The decrease in provision for non-performing assets is primarily on account of lower net slippages at ₹3,680 crores in fiscal 2023 as compared to ₹5,760 crores in fiscal 2022.

### Recoveries from written off accounts:

The Bank's recoveries from written off accounts in fiscal 2023 increased 22% YOY to ₹2,885 crores from ₹2,367 crores in fiscal 2022.

### Provisions for standard assets:

The Bank provided ₹452 crores for standard assets including unhedged foreign currency exposure compared to ₹126 crores last year.

- During the year, the Bank made a provision for standard assets of ₹418 crores as against a provision of ₹188 crores made in fiscal 2022. The increase in standard asset provision is largely on account of book growth.
- Further, during the year the Bank had created provision of ₹34 crores as against a write back of ₹62 crores made in fiscal 2022 for unhedged foreign currency exposure.

### Provision for other contingencies:

Provisions for other contingencies for fiscal 2023 had a write-back of ₹913 crores as compared to incremental provision of ₹2,032 crores in fiscal 2022. The reduction is mainly on account of following–

- During fiscal 2023, there was a write-back of ₹599 crores in provision for COVID-19 and MSME restructuring mainly on account of slippages and recoveries. As against the same, there was a provision of ₹912 crores made in fiscal 2022 upon implementation of restructuring under these schemes.
- Further, during fiscal 2023, there has also been a reversal in provision for delay in implementation of resolution plan of ₹180 crores, pursuant to implementation of resolution plan in certain accounts and slippage of certain accounts to NPA.
- Provision for other contingencies in fiscal 2023 also comprised provision on probable legal cases amounting to ₹47 crores. As compared to the same, provision for probable legal cases amounted to ₹215 crores in fiscal 2022.

The Bank has not utilised during the year and continues to hold provisions of ₹5,012 crores as at 31 March, 2023 against the potential impact of COVID-19.

As at the end of fiscal 2023, the cumulative non NPA provisions held by the Bank amounted to ₹11,928 crores with a standard assets coverage ratio (all non NPA provisions / standard assets) of 1.42%.

## Exceptional items

(₹ in crores)

| Sr. No. | Description of Exceptional items | Amount |
|---|---|---|
| 1 | Amortisation of Intangibles and Goodwill in operating expenses | 11,949.08 |
| 2 | Impact of harmonization of policies recognized in provisions and contingencies | 232.14 |
| 3 | Impact of harmonization of policies recognized in operating expenses | 129.33 |
| 4 | One-time acquisition costs recognized in operating expenses | 179.27 |
| | **Total exceptional items** | **12,489.82** |

### Amortisation of Intangibles and Goodwill

The Estimated Adjusted Purchase Price and estimated Purchase Price True Up Amount aggregating to ₹11,949.08 crores for acquisition of Citibank India Consumer Business are attributable to (i) various intangible business and commercial rights viz. Customer relationship (including contracts), Co-branding arrangements, Business processes/ information, Non-compete rights (collectively "Intangibles") and (ii) Goodwill pertaining to the Citibank India Consumer Business. Based on the report of an independent valuer, Intangibles (excluding Goodwill) were recognized at ₹8,714.24 crores and Goodwill at ₹3,234.84 crores in the financial statements of the Bank. As a prudent measure and to protect its ability to pay dividends, the Bank has fully amortised the said Intangibles and Goodwill through the Profit and Loss account in fiscal 2023, though the Bank continues to have access to the business use for the intangibles.

### Impact of harmonisation of policies recognised in provisions and contingencies

During fiscal 2023, the Bank made a one-time provision of ₹232.14 crores mainly arising from non-recurring impact of day 1 cross NPA slippages from acquisition of Citibank India Consumer Business and harmonisation of provisioning policies on portfolio acquired from Citibank India Consumer Business. The same has been recognised under provisions and contingencies in the Profit and Loss Account for fiscal 2023.

### One-time acquisition cost and impact of harmonisation of policies recognised in operating expenses

The Bank has recognised ₹129.33 crores arising from impact of harmonisation of various accounting policies and estimates relating to operating expenses for Citibank India Consumer Business. The Bank has also recognised ₹179.27 crores relating to stamp duty and registration cost in relation with acquisition of Citibank India Consumer Business as one-time acquisition cost. The aforementioned expenses are recognised under operating expenses in the Profit and Loss Account for fiscal 2023.

## Provision for tax

Provision for tax for fiscal 2023 stood at ₹7,326 crores as compared to ₹4,357 crores for last year. The Bank has chosen not to create deferred tax asset on intangibles acquired during the year which were fully amortised through the Profit & Loss Account. Further the current tax expense for the year is also higher on account of non-deductibility of goodwill. These have mainly led to the increase in provision for tax for the fiscal 2023. The effective rate of tax during fiscal 2023 was 43.34%.

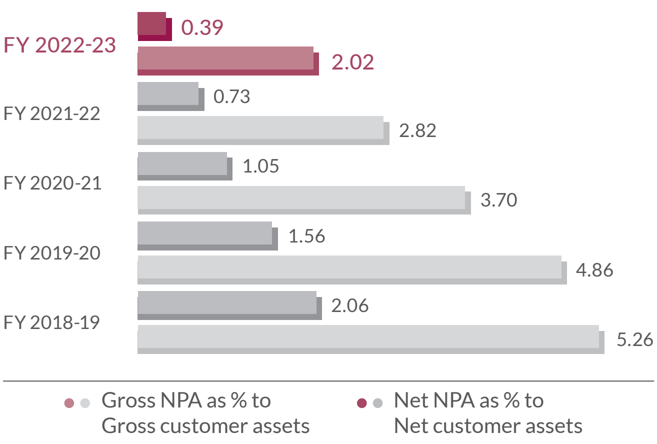
## Net profit

Net profit excluding exceptional items for the year ended 31 March, 2023 increased strongly by 68% YOY to ₹21,933 crores as compared to the net profit of ₹13,025 crores last year. Net profit for the year ended 31 March, 2023 after exceptional items declined and stood at ₹9,580 crores.

### Asset Quality Parameters

The asset quality metrics continued to improve during the fiscal, with reduction in NPA ratios year on year. The Bank added ₹14,249 crores to Gross NPAs during the year with the ratio of Gross NPAs to gross customer assets declining to 2.02%, at the end of March 2023 from 2.82% as at end of March 2022. The Bank added ₹3,680 crores to Net NPAs after adjusting for recoveries and upgradations of ₹3969 crores and ₹6,601 crores respectively and the Bank's Net NPA ratio (Net NPAs as percentage of net customer assets) decreased to 0.39 % from 0.73%. The Bank's provision coverage ratio excluding prudential write-offs increased further during the fiscal and stood at 81%. The Bank's accumulated prudential write-off pool stood at ₹38,015 crores as at end of fiscal 2023.

## Gross and Net NPA %




During the fiscal, the quantum of low rated pool of BB and below accounts (excluding investments and non-fund based exposure) decreased and stood at ₹3,478 crores as compared to ₹5,778 crores at the end of fiscal 2022. The aggregate outstanding in low rated pool of BB and below investments and non-fund based accounts was ₹673 crores and ₹1,371 crores respectively as at the end of March 2023.

The fund based outstanding of standard loans under COVID -19 resolution scheme at 31 March, 2023 stood at ₹2,047 crores or ~ 0.22% of gross customer assets. The linked non fund based outstanding for which there has been no change in original terms stood at ₹925 crores. Linked non-restructured fund based outstanding stood at ₹186 crores. Outstanding restructured loans under the MSME scheme stood at ₹454 crores. The Bank holds a provision of ₹812 crores on these restructured assets.

### Key ratios

(₹ in crores)

| Particulars | 2022-23 | 2021-22 |
|---|---|---|
| Basic earnings per share (₹ ) | 31.17 | 42.48 |
| Diluted earnings per share (₹ ) | 31.02 | 42.35 |
| Basic earnings per share (₹ ) (excluding exceptional items) | 71.37 | 42.48 |
| Diluted earnings per share (₹ )(excluding exceptional items) | 71.03 | 42.35 |
| Book value per share (₹ ) | 406.24 | 374.71 |
| Return on equity (%) | 8.47% | 12.91% |
| Return on assets (%) | 0.80% | 1.21% |
| Return on equity (%)(excluding exceptional items) | 18.38% | 12.91% |
| Return on assets (%)(excluding exceptional items) | 1.82% | 1.21% |
| Net interest margin (%) | 4.02% | 3.47% |
| Profit per employee (₹ lakh) | 10.94 | 15.54 |
| Loan to Deposit ratio (Domestic) | 87.05% | 79.66% |
| Loan to Deposit ratio (Global) | 89.27% | 86.12% |

Reported ratio's for fiscal 2023 are impacted due to one-off impact of exceptional items arising from the acquisition of Citi India Consumer Business. Basic Earnings per Share (EPS) excluding exceptional items was ₹71.37 compared to ₹42.48 last year, while the Diluted EPS excluding exceptional items was ₹71.03 compared to ₹42.35 last year. Reported Basic EPS and Diluted EPS for fiscal 2023 stood ₹31.17 and ₹31.02 respectively.

Return on Equity (RoE) excluding exceptional items increased to 18.38% for fiscal 2023 from 12.91% in fiscal 2022. Return on Assets (RoA) excluding exceptional items increased to 1.82% in fiscal 2023 from 1.21% last year. Book Value per Share increased by 8% to ₹406.24 from ₹374.71 last year.

Loan to Deposit (CD) ratio of the Bank as on 31 March, 2023 was at 89.27% with a domestic CD ratio of 87.05%.

### Balance Sheet parameters

#### Assets

(₹ in crores)

| Particulars | 2022-23 | 2021-22 | % change |
|---|---|---|---|
| **Cash and bank balances** | **106,411** | **110,987** | **(4%)** |
| Government securities | 227,754 | 224,763 | 1% |
| Other securities | 61,061 | 50,834 | 20% |
| **Total investments** | **288,815** | **275,597** | **5%** |

(₹ in crores)

| Particulars | 2022-23 | 2021-22 | % change |
|---|---|---|---|
| Retail advances | 487,571 | 400,142 | 22% |
| Corporate advances | 265,009 | 232,582 | 14% |
| CBG advances | 92,723 | 75,223 | 23% |
| **Total advances** | **845,303** | **707,947** | **19%** |
| **Fixed assets** | **4,734** | **4,572** | **4%** |
| **Other assets[1]** | **72,063** | **76,326** | **(6%)** |
| **Total assets** | **1,317,326** | **1,175,429** | **12%** |

[1] includes Priority Sector Lending deposits of ₹30,564 crores (previous year ₹41,654 crores)

Total assets increased by 12% to ₹1,317,326 crores as on 31 March, 2023 from ₹1,175,429 crores on 31 March, 2022, driven by 19% growth in advances and partly offset by 5% growth in investments.

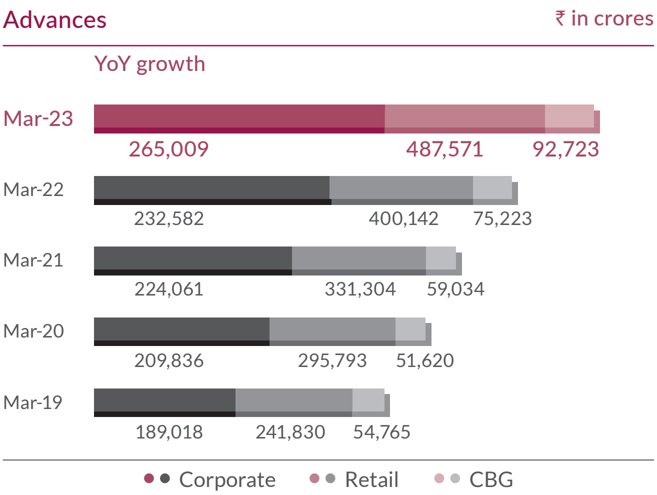
### Advances

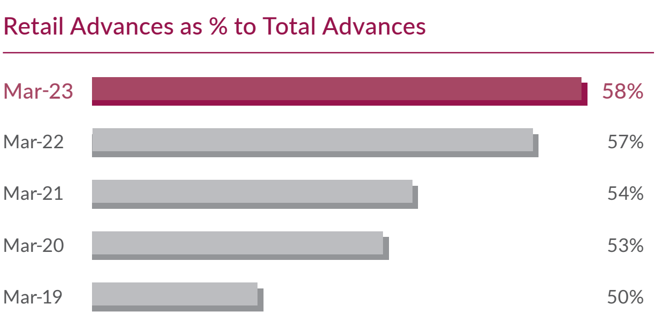
Total advances of the Bank as on 31 March, 2023 increased by 19% to ₹845,303 crores from ₹707,947 crores as on 31 March, 2022, largely driven by healthy growth in the retail segment. Retail advances comprised 58% of total advances and grew by 22% to ₹487,571 crores, corporate advances comprised 31% of total advances and grew by 14% to ₹265,009 crores and SME advances constituted 11% of total advances and grew by 23% to ₹92,723 crores.

Domestic advances of the Bank as on 31 March, 2023 grew by 23% to ₹811,827 crores from ₹659,856 crores as on 31 March, 2022. Further, domestic corporate advances of the Bank as on 31 March, 2023 increased by 24% to ₹232,946 crores from ₹187,841 crores as on 31 March, 2022.

The retail lending growth was led by Small Banking Business (SBB), personal loan, cards and auto loans. Home loans remain the largest component of retail segment and accounted for 32% of retail loans, rural lending (Bharat Banking) 15%, loans againcst property (LAP) 10%, personal loans (PL) and credit cards(CC) were 18%, auto loans 11% and Small Banking Business (SBB) were 9%, while non-schematic loans comprising loan against deposits and other loans accounted for 5%.

Retail advances as at 31 March, 2023 include advances of ₹25,905 crores from acquisition of Citibank India Consumer Business.




### Investments

The investment portfolio of the Bank grew by 5% to ₹288,815 crores. Investments in Government and approved securities, increased by 1% to ₹227,754 crores. Other investments, including corporate debt securities, increased by 20% to ₹61,061 crores. 83% of the government securities have been classified in the HTM category, while 59% of the bonds and debentures portfolio has been classified in the AFS category.

### Other Assets

Other assets of the Bank as on 31 March, 2023 decreased to ₹72,063 crores from ₹76,326 crores as on 31 March, 2022, primarily on account of decrease in Priority Sector Shortfall deposits to ₹30,564 crores as on 31 March, 2023 from ₹41,654 crores on 31 March, 2022.

## Liabilities and shareholder's funds

(₹ in crores)

| Particulars | 2022-23 | 2021-22 | % change |
|---|---|---|---|
| Capital | 615 | 614 | 0.2% |
| Reserves and Surplus | 124,378 | 114,411 | 9% |
| **Total shareholder's funds** | **124,993** | **115,025** | **9%** |
| Employee stock option outstanding (net) | 424 | 149 | 185% |
| **Deposits** | **946,945** | **821,972** | **15%** |
| - Current account deposits | 149,120 | 127,557 | 17% |
| - Savings bank deposits | 297,416 | 242,449 | 23% |
| **- CASA** | **446,536** | **370,006** | **21%** |
| - Retail term deposits | 303,706 | 286,612 | 6% |
| - Non-retail term deposits | 196,703 | 165,354 | 19% |
| **- Total term deposits** | **500,409** | **451,966** | **11%** |
| **Borrowings** | **186,300** | **185,134** | **1%** |
| - In India | 148,787 | 130,747 | 14% |
| - Infra bonds | 23,480 | 23,480 | - |
| - Outside India | 37,513 | 54,387 | (31%) |
| **Other liabilities and provisions** | **58,664** | **53,149** | **10%** |
| **Total liabilities and shareholder's funds** | **1,317,326** | **1,175,429** | **12%** |

### Shareholder's funds

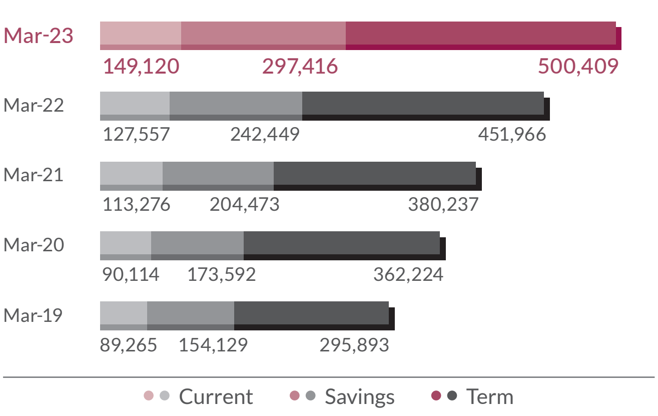
Shareholder's funds of the Bank increased from ₹115,025 crores as on 31 March, 2022 to ₹124,993 crores as on 31 March, 2023. This is mainly on account of profits earned during the year.

### Deposits

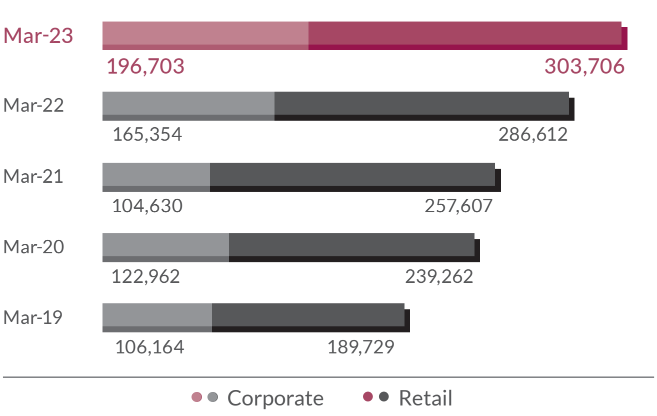
The total deposits of the Bank increased by 15% to ₹9,46,945 crores against ₹821,972 crores last year. Savings Bank deposits reported a growth of 23% to ₹297,416 crores, while Current Account deposits reported increase of 17% to ₹149,120 crores. As on 31 March, 2023, low-cost CASA deposits increased to ₹446,536 crores, and constituted 47% of total deposits. Savings Bank deposits on a daily average basis, increased by 13% to ₹243,271 crores, while Current Account deposits reported a growth of 12% to ₹107,814 crores.

As on 31 March, 2023, the retail term deposits grew 6% and stood at ₹303,706 crores, constituting 61% of the total term deposits. Non-retail term deposits grew 19% over last year.

Deposits ₹ in crores




Term Deposits ₹ in crores



### Borrowings

The total borrowings of the Bank increased by 1% from ₹185,134 crores in fiscal 2022 to ₹186,300 crores in fiscal 2023.

### Contingent Liability

(₹ in crores)

| Particulars | 2022-23 | 2021-22 | % change |
|---|---|---|---|
| Claims against the Bank not acknowledged as debts | 1,995 | 952 | 110% |
| Liability for partly paid investments | 239 | 319 | (25%) |
| **Liability on account of outstanding forward exchange and derivative contracts:** | **1,227,784** | **1,108,371** | **11%** |
| - Forward Contracts | 604,835 | 517,803 | 17% |
| - Interest Rate Swaps, Currency Swaps, Forward Rate Agreement & Interest Rate Futures | 582,019 | 542,609 | 7% |
| - Foreign Currency Options | 40,930 | 47,959 | (15%) |
| **Guarantees given on behalf of constituents** | **102,363** | **79,728** | **28%** |
| - In India | 91,764 | 72,436 | 27% |
| - Outside India | 10,599 | 7,292 | 45% |
| **Acceptances, endorsements and other obligations** | **52,361** | **56,942** | **(8%)** |
| **Other items for which the Bank is contingently liable** | **56,507** | **45,793** | **23%** |
| **Total** | **1,441,249** | **1,292,105** | **12%** |

### Capital Management

The Bank continues its endeavour for greater capital efficiency and shoring up its capital adequacy to enhance shareholder value.

The Bank's overall capital adequacy ratio (CAR) under Basel III stood at 17.64% at the end of the year, well above the benchmark requirement of 11.50% stipulated by Reserve Bank of India (RBI). Of this, the Common Equity Tier I (CET I) CAR was 14.02% (against minimum regulatory requirement of 8%) and Tier I CAR was 14.57% (against minimum regulatory requirement of 9.50%). As on 31 March, 2023, the Bank's Tier II CAR under Basel III stood at 3.07%.

The organic Axis business accreted 69 bps of CET I excluding exceptional items in fiscal 2023. The Bank consumed 191 bps for the acquisition of Citibank India Consumer Business, after accounting for purchase price, harmonization costs, stamp duty and assets acquired.

| Movement of CET I during fiscal 2023 | % |
|---|---|
| **CET I as on 31 March, 2022** | **15.24** |
| Accretion | 2.65 |
| Consumption | (1.96) |
| Decrease attributable to acquisition of Citbank India Consumer Business | (1.91) |
| **CET 1 as on 31 March, 2023** | **14.02** |

The Bank's Risk Weighted Assets (RWA) to Asset ratio as at the end of fiscal 2023 was 65%. During the year ended 31 March, 2023, the Bank raised Tier II bonds amounting to ₹12,000 crores.

The Bank's capital position continues to be strong and is adequate for it to pursue near term growth opportunities with sufficient liquidity buffers.

The following table sets forth the capital, risk-weighted assets and capital adequacy ratios computed as on 31 March, 2023 and 31 March, 2022 in accordance with the applicable RBI guidelines under Basel III.

(₹ in crores)

| Particulars | 2022-23 | 2021-22 |
|---|---|---|
| Tier I capital | 124,048 | 117,875 |
| Tier II capital | 26,116 | 15,858 |
| Out of which | | |
| - Tier II capital instruments | 19,308 | 9,624 |
| - Other eligible for Tier II capital | 6,808 | 6,234 |
| **Total capital qualifying for computation of capital adequacy ratio** | **150,164** | **133,733** |
| **Total risk-weighted assets and contingencies** | **851,335** | **721,356** |
| **Total capital adequacy ratio** | **17.64%** | **18.54%** |
| Out of above | | |
| - Common equity Tier I capital ratio | 14.02% | 15.24% |
| - Tier I capital ratio | 14.57% | 16.34% |
| - Tier II capital ratio | 3.07% | 2.20% |

## BUSINESS OVERVIEW

During the year, we continued to be guided by the three vectors of Growth, Profitability and Sustainability ("GPS"). The Bank's aspiration on the key vectors of GPS are:

- **Growth:** Continue to grow deposits, payments, advances and our subsidiaries to reach leadership positions across our businesses and build the foundation of Axis Digital Bank
- **Profitability:** Optimize business mix, improve operating efficiency, sweat existing infrastructure and maintain control over credit cost
- **Sustainability:** Work towards driving execution excellence, enhance risk management, strengthen compliance culture and bolster the core (Technology, Operations and Process Excellence)

As part of the GPS initiatives, under the "One Axis" vision, the Bank is also focused on delivering solutions across the customer value chain by leveraging shared solutions and services across departments and subsidiaries.

During fiscal 2023, we achieved multiple milestones. We completed the acquisition of Citi's consumer businesses in India ahead of schedule. We gained market share in our focus segments and achieved amongst best-in-class operating and earnings metrics. We continue to have a disproportionate share in digital channels and products. We remain alert to the global macros and its impact on the economy and are well positioned to take advantage of the trends that are emerging in India. We continue to capitalize on these emerging trends and opportunities guided by our GPS strategy. We are driving organization-wide transformation projects to accelerate our GPS journey. These projects will help us in achieving stronger liability relationships, growth in total relationship value, increasing cards market share, delivering tech products faster and improving productivity. Delivery across the key initiatives undertaken by the Bank is visible and we continue to invest in these bank-wide transformation initiatives whose results will more fully play out in due course. We have embedded conservatism and sustainability while driving profitable growth. The bank level distinctiveness initiatives: Sparsh (customer obsession) ), Digital 2.0 (Digital Bank) and Bharat Banking (tapping the high growth potential in RuSu opportunities) which were set in motion in fiscal 2022, have started to yield early results. We have seen improvement in our NPS scores and have delivered higher growth in RuSu markets.

The Bank remains committed to its GPS strategy of working towards Growth, Profitability and Sustainability over the medium term through various key initiatives across the Bank and each of the business segments.

### Retail Banking

The Bank has over the last decade built a strong Retail Banking franchise that continues to be a key driver of the Bank's overall growth strategy. The Bank's focused customer-centric approach, strong and differentiated product offerings, along with its wide distribution network remain the core pillars through which it continues to serve the financial needs and aspirations of its customers.

The Retail business segment provides a complete bouquet of products across deposits, transaction services, wealth management and lending products for retail customers, small businesses, NRIs and retail institutions, backed by innovative, digital-first solutions.

Retail liability products include savings and current accounts and term deposits with features and benefits to meet the banking needs of different customer segments. Retail lending products include home loans, loans against property, automobile loans, two-wheeler loans, commercial vehicle loans, personal loans, gold loans, education loans, credit cards, small business banking loans and agriculture loans among others.

The Bank's Retail Banking business unit also offers other products and services such as debit and credit cards, forex cards, bill payment services and wealth management services. The Bank also distributes third party products such as mutual funds, life and non-life insurance policies, Government bonds, etc.

The Bank's strategy in Retail has been to gain a larger share of the wallet of existing customers, acquire quality new customers, and deliver a best-in-class experience, thus building customer loyalty. In line with its customer centric approach, the Bank continued its strong focus on holistic customer lifecycle management led by its strong data analytics to engage in meaningful conversations and provide the right product proposition. The Bank also developed a structured approach to ensure right segment fitment. This ensures that the right program offers, benefits and services are extended to the customers basis profile and needs. The Bank also continues to focus on digitization of sales, service and branch operations in order to offer hyper-personalized experience and simplified digital journeys. Currently, around 25% to 85% of sales of the Bank across different products are digitally assisted. Digital assisted products have significantly better customer experience, lower costs and better economic outcomes..

During the year, the Bank completed the acquisition of Citi bank's Consumer Businesses in India. Through this acquisition, the Bank has gained access to the large and affluent customer franchise with a bouquet of fee-oriented and profitable business segments, that include a quality cards portfolio, an affluent wealth management clientele and meaningful retail granular deposits. The portfolios acquired are a strategic fit in the Bank's GPS journey towards granularization and premiumization.

The Bank believes that it is well-positioned to capitalize on growth opportunities in the Indian retail financial services market, led by its strong liability franchise, well diversified products portfolio and robust analytics and technological capabilities. The innumerable opportunities and synergies created by acquisition of Citibank India Consumer Businesses will further catapult the Bank on a faster trajectory of growth and service excellence in the Retail Banking space.

During the fiscal year 2023, the Retail segment contributed 63%, 58% and 68% of the Bank's deposits, advances and fee income respectively.

### Retail Deposits

The Bank remains focused on garnering stable and granular retail deposits in order to drive its balance sheet growth. Further, enhancing the quality of deposit franchise, especially via granular Individual deposits, has been a key objective for the Bank to support its asset growth. During the year, the Bank reported steady growth in its Current and Retail Savings Accounts that together grew by 18%. Within this, the retail SA deposits grew by 18% and the CA deposits also grew by 18%, while the term deposits grew by 6%. The Bank added 10.8 million new liability accounts during the year with ~4.7 million of them being SA accounts, each being the highest ever acquisition for any year.

The Bank continued to focus on district level segment strategy to build high quality deposits, that saw strong progress during the fiscal with increase in the number of districts where our market share in deposits is higher than 5%. An on-boarding framework was launched to ensure right customer fitment and early engagement to carry out account due diligence in an effective manner. The plan comprises a system driven approach to ensure effective early month on book onboarding & engagement by senior branch resources across 2 defined interventions in the first 30 days which focuses on providing key account details and benefits, profile verification for risk mitigation and digital activation.

Premiumization of deposits franchise continues to be an important imperative for the Bank. As a step towards increasing the premium deposits, the Bank launched a new Priority Banking Program and Ultima Salary Account proposition to offer the best of banking services and life experiences under one bouquet. The program aims to cater to different profiles of the mass affluent segment and partnering them in their life journeys with the best offerings across lifestyle, travel and health combined with superlative banking products. During the year, the share of premium (Burgundy Private, Burgundy, Priority & NRI) SA segment to overall retail SA deposits improved by 870 bps to 55.3% as on 31 March, 2023 led by Bank's focus on premiumization and the recent acquisition of Citibank India's Consumer Business portfolios.

Granular growth from Individual customers has been a key objective for expanding the Bank's Retail term deposits. Harnessing digital acquisition is pivotal to this objective, implemented via offerings such as the industry-first full KYC digital term deposit, acquisition via digital alliances and the industry-first revamped mobile banking journey with one step - 3 click FD booking. As a result, the percentage share of deposits from Retail and Small Business Customers (SBC) in total term deposits has increased by 450 bps (excluding Citibank deposits) YOY as of 31 March, 2023 This is also in line with the Bank's objective to increase the lendable deposit share as the deposit market becomes increasingly competitive.

The Bank continued to work towards leveraging its corporate lending relationships with top corporates to gain higher share in salary segment. During the year, the new corporate salary labels acquired grew by 33% with 20% growth in new salary accounts. Further the addition of 1,600 'Suvidha' corporate labels with best-in-class Salary account customer base, post the acquisition of Citi's business, has further strengthened our Corporate Salary franchise. Additionally, the Bank also went live with 245+ new corporate salary micro-sites. These micro-sites provide an engagement platform for salary customers and keep them informed about the latest product offerings, benefits, offers, digital journeys and can also enable seamless account opening.

Customer Centricity continues to be the emphasis of all our initiatives, and we constantly strive to achieve customer delight. We attempt to create offerings that cater to the ever-changing customer preferences, 'Silver Linings Program´ was launched in mid of November 2022, targeting customers who are 57 years and above. The program is unique and is provided complimentary with our Senior Savings Account product and offers a plethora of benefits across wellness, travel, entertainment and convenience.

In order to serve the deposit customers better and deepen relationships with them, the Bank has organically built a well-diversified branch network over the years. The Bank continues to look at the segments and demographic areas that are relevant to the Retail Banking strategy, before setting up a branch. As on 31 March, 2023, the Bank had a strong distribution network with 4,890 domestic branches, 3 Digital Banking Units, 13 extension counters and 156 Business Correspondent Banking Outlets (BCBOs). The Bank also has extensive network of 9,802 ATMs and 6,151 Recyclers, which not only handle the cash deposits and withdrawals, but also serve as self-service and fulfilment centres. The Bank's geographical reach in India now extends to 35 states and union territories and 615 districts.

The Bank has been investing in alternate channels like Axis Virtual Center (AVC) which digitally connects with customers to deliver superior customer experience and deepen the relationship. AVC operates in 6 centers with over 5,000 resources that includes 1,500 Virtual Relationship Managers as on 31 March, 2023. AVC has invested in building robust processes and systems to provide services using digital mode and offers plethora of services like account opening through video KYC, relationship management across customer segments of Burgundy, Priority, Prestige and Prime including payments assistance, retail loans, cards portfolio products and investment products to both domestic and overseas customers.

During the year, the Bank initiated and incorporated VCIP Digital Savings Account Journey for all the non-branch banking channels. The Bank further rolled out a personalization engine to drive customer level deepening and boost products per customer, through various digital mediums like SMS, Email, Mobile App, Internet banking, website and Whatsapp. The communications are hyper-personalized basis individual customer profile, transaction patterns, spends behaviour and life stage and hence directed to only those services and products which the customer would most likely be interested to take from the Bank. Furthermore, each of these nudges also provide the customer to fulfill the service or avail the product end-to-end on the platform itself, without any physical intervention or visit to the branch.

### Retail Lending

The Bank's Retail loan book has witnessed strong growth of over 21% CAGR in the last 10 years with a significant diversification in mix over time. The Bank has a comprehensive and yet customized product suite which enables it to cater to all credit-worthy customers. During the year, the Bank continued its business mix optimisation by driving higher growth in its focused product segments and high yielding products. Aided by the Bank's strong data analytics capabilities, the Bank's unsecured segments like personal loans, cards and small business loans continued to grow at a faster pace than the overall retail book growth. The Bank's unsecured to secured mix in the overall retail book stood at 22:78 as of 31 March, 2023.

While the Bank continues to gain a larger share of the wallet of the existing customers, digitization enables us to acquire quality new customers and deliver best-in-class experience. The Bank has undertaken multiple transformation projects across the product segments in order to improve the customer experience and productivity and performance of our employees while reducing the overall turn-around times.

The investments in digitization and technology have been the cornerstone of the Bank's growth strategy. The Bank continues to focus on digitization of sales, service and branch operations in order to offer hyper-personalized experience and simplified digital journeys. Digital Home Loan journey for APF (Approved Project Financial) projects has empowered the Bank to provide real-time sanction to the customer at the builder site. The Bank's Maximus Lending platform for Auto Loans is helpful in building strong OEM partnerships and hence strengthen the market positioning. Digital loans contribution to total Auto Loans disbursements has increased from 9% to 18% in fiscal 2023. Digital Personal Loans have been growing at a steady pace led by end-to-end DIY journeys that contributes more than 55% of the Personal Loan business. The Bank's transformational project 'SBB Sankalp' has further improved efficiencies while delivering superior TATs by re-imagining and digitizing underwriting systems and loan disbursals. More than 45% of the Business Loans are disbursed end to end digitally..

The Bank continues to source ~80% of the customers through the ETB and KTB channels with branches playing a critical role. The Bank has entered into several strategic partnerships and developed proprietary KTB scorecards on partner data. The Bank is also leveraging its universal underwriting capabilities and account aggregator capabilities while deploying use cases based on alternate data to source new customers.

The Bank continues to invest in building risk management and analytical capabilities to mitigate risks and improve the profitability of its retail products. The Bank calibrated its underwriting criteria across product lines based on profiles, industries and nature of products and has also re-calibrated scorecards to reflect the inherent risk in borrower profiles. Through product design and pre-selection, the Bank sources the lower risk customer base and continues to monitor the portfolio by identifying early risk indicators. The Bank's prudent credit evaluation policies and processes have enabled it to maintain a well-balanced portfolio and develop a calibrated approach to managing NPAs.

### Bharat Banking

The credit demand in Rural & Semi Urban (RuSu) markets has been buoyant on the back of several government interventions to improve livelihoods, market linkages in both input & output, income diversification from agriculture to non-agriculture, improving agriculture productivity and integration of the country through both physical and digital infrastructure. Agriculture, the backbone of the RuSu markets, is also witnessing tailwinds backed by higher adoption of technology, better use of data, efficient delivery of government schemes to boost farmer's income, penetration of alternate distribution such as CSC in deeper markets and the rise of Agritech companies. These structural changes are accelerating demand for financial services, giving the Bank an opportunity to deliver at scale, profitably in the RuSu markets.

The Bank had created a 'Bharat Banking' unit in fiscal 2022 as part of its distinctiveness initiative to drive higher growth and increase market share in RuSu markets. The Bank believes that it is well positioned outperform in this market enabled by it's large & deep distribution, a comprehensive product suite catering to all financial needs, strong relationships with the agri value chain be it corporates, new age companies, or any financial institution; and proven lending & underwriting capabilities that have been customised for these markets.

The Bank's first branch with a new rural centric design went live in fiscal 2023 and the Bank intends to replicate the same in order to significantly improve its visibility in RuSu markets.

In fiscal 2023, the Bank took several initiatives to create a distinctive business model that resulted in a 37% YOY increase in disbursements (excluding IPBC), 26% YOY increase in Rural lending book and 15% growth in deposits from RuSu regions. The growth has been secular across both retail and institutional businesses.

The Bank has a strong distribution network in RuSu markets with 2,137 Bharat Banking branches that is complimented by a large CSC (Common Services Centers) network of 60,600+ VLEs (Village Level Entrepreneurs). During the year, the Bank scaled up its CSC VLE network by 54% VLEs and launched several initiatives that has resulted in 7.5X growth in disbursals YOY through this channel. The Bank plans to replicate this success with several other partnerships. In fiscal 2023, the Bank also announced partnership with marquee names such as India Post Payments Bank, Airtel Payments Bank, ITC etc. that will further enhance its distribution.

The Bank had undertaken a digital transformation exercise and in the last one year delivered key projects such as e-KYC Bio-Metric based CASATD, enabling low-cost liability sourcing at partner locations. The Bank operationalised an end-to-end digital co-lending platform, and revamped customer journey for KCC and gold loans. We have also selected an industry leading platform to make our customer journeys best-in-class, giving strong impetus to the low cost & customer centric business model.

The Bank remains sharply focused on the profitability of the business and took several measures for NIM expansion. The efforts to build a multi-product sales architecture is seeing greenshoots led by significant momentum in cross sell of both asset and liabilities and large increase in volumes & productivity from Bank's dedicated multi product distribution team. The Bank has also accelerated its journey towards self-sufficiency in PSL by originating more PSL compliant business.

Even as the current credit environment has been benign, the Bank remains watchful. The Bank took several steps to strengthen the risk and governance in the 'Bharat Banking' segment such as launching a Bharat specific risk framework and guardrails, investing in training of staff & partner network on governance & strengthening the partner on-boarding process.

The Bank remains committed to improving the financial inclusion across the country and has trained 1.2 million customers under its flagship Financial Literacy program. In addition, the Bank has revamped its Government Sponsored Schemes strategy that will further its endeavor of deeply impacting the lives of population living in RuSu markets.

### Retail Payments

The payments industry has in the recent years witnessed a significant shift in the customer spending pattern, with tremendous increase from cash to non-cash transactions. With the government promoting digital payments aggressively that have gained wider acceptance by customers, the industry has seen massive developments and there remains a large opportunity for further growth.

The Payments business continues to be at the core of Bank's Retail Banking strategy as it signifies the face of the franchise, increasing customer engagement and driving profitability. The Bank continues its focuses on building iconic payment products to deepen customer engagement and cater to the digital payment users.

During the year, the Bank saw positive traction in credit cards market share with strong growth in acquisitions, cards in force as well as spends. The Bank sourced 4.2 million cards in fiscal year 2023, highest ever for any year led by its strong data analytics capabilities and Known to Bank (KTB) strategy.

The acquisition of Citi's card business is complementary and strengthened the Bank's position as fourth largest Credit Card player in India, with the addition of a high quality portfolio having one of the highest spends per card across industry. The Bank's card advances market share improved by 450 bps to 16.3%, with the healthy accretion of ~38% to our existing card advances as of 31 March, 2023. The Bank had 12.1 million cards in force with a market share of 14.2% as on 31 March, 2023. The credit cards business also touched the highest ever yearly spends of over 1,35,000 crores, yet another milestone for the business.

Our co-branded card 'Flipkart Axis Bank Credit Card' achieved yet another significant milestone of 3.5 million cards, after having crossed the 2 million mark last fiscal, making it one of the fastest growing co-branded portfolios since its launch in July 2019. The Axis Bank spends on partnership cards continue to outperform industry in terms of activation and card usage with better risk outcomes. During this fiscal year, we scaled up our co-brand credit card offering with Airtel. We also partnered with a leading consumer durable company "Samsung" and launched co-brand credit cards in two variants; catering to both mass and affluent segments

The Bank has enhanced its partnership with NPCI by introducing its IOCL Credit Card on the RuPay network. As a result, the Credit Card Business is now supported by 3 networks.

During the year, the Bank focused extensively on enriching the customer experience by improving processes and eliminating bottle necks in terms of infrastructure. The Bank now has the latest technology platform with higher processing capacity, additional APIs and a PA DSS (Payment Application Data Security Standard) compliant system.

The Bank in its Merchant Acquiring business is the second largest acquirer in the country with an installed base of 13.92 Lakhs terminals serving all categories of merchants from the urban and rural areas. The Bank's active terminal base increased by 46% Y-o-Y with an increase in incremental market share to 26% over the last 1 year.

The Bank also continues to invest heavily in creating state-of-the-art merchant user experiences. During the year, the Bank launched first of its kind "Pin on Glass" – an NFC enabled system which accepts Cards QR and Sodexo method of payment. This provides an increased number of alternatives for the merchant to accept payments seamlessly.

The Bank continues to focus on improving the total relationship value of the merchant, in order to create a profitable merchant franchise. The Bank has rolled out several products such as insurance, credit cards, business loans, savings account, current account etc. that can be offered to the merchant if he has an acquiring relationship with the Bank.

In the UPI payments space, the Bank continues its efforts towards distinctiveness in becoming one of the leading payment franchises in the country by driving continued growth and focus on seamless customer experience. The Bank maintained its strong positioning in UPI with a market share of 17% as Payer PSP by volumes and 18% in the P2M acquiring throughput as of March 2023. The Bank continues to partner with new fintech players with the objective of growing the UPI transactions for Axis Bank. Launch of Prepaid Payment Instrument (PPI) on UPI for Freecharge wallet users and UPI for NRI customers was a further demonstration of the Bank building new capabilities to drive the organic volume growth of UPI transactions. The Bank now has more than 64.4 crore customer VPAs registered as on 31 March, 2023.

The Bank continues to focus on building a robust IT infrastructure and upgrading IT capabilities due to which the Bank has one of the lowest technical decline rates in the industry.

### Retail Forex and Remittance business

The Bank offers a range of forex and remittances products to its retail customers, which include forex cards, inward and outward wire transfers, remittance facilities through online portal as well as through collaboration with correspondent banks and exchange houses.

The Bank continues to be one of the largest players in prepaid forex card market with its flagship offering of Multi-currency card that allows users to load 16 currency options in one card.

In line with the objective of increasing digital adoption for retail forex transactions, the Bank now issues close to 68% of its retail forex cards through the digital platform. Remittances through the digital platforms also continue to grow steadily, and contributed to half of all retail remittances. Another focus area that the Bank identified is the overseas student segment where the solutions offered currently are fragmented and cumbersome. To address this gap, the Bank launched a programme – Axis Bank 'HORIZON' that aims to provide a comprehensive suite of products like Forex Cards, Outward remittances and Education Loan to students and their parents who wish to travel abroad for education. The Bank aims to make Axis Bank HORIZON a one-stop shop for all financial needs of students and their parents with convenient and intuitive digital journeys.

The Bank also continues to source NRI accounts digitally from non-face-to-face channels. The Bank has registered strong year on year growth in number of accounts opened via digital channels, with an average funding of ~1.6 lakhs in these accounts. This year the non-face-to-face acquisition mode was made live for "Burgundy Private" segment, the average funding in "Burgundy Private" accounts opened via non face to face has been healthy at ~₹28 lacs.

During the year, the Bank has launched instant and real time UPI payment system for NRIs through BHIM Axis Pay app or via any third-party app like Paytm, Phone pe. This has been enabled for NRO accounts and Foreign national long term account holders with Indian registered mobile.

### Third Party Distribution

The Bank is one of the leading distributors of third party products including mutual fund schemes, life insurance, health insurance and other general insurance policies. The Bank distributes comprehensive investment and protection solutions, to cater to the diverse needs of each customer segment, adopting tech-enabled delivery mechanisms across all customer touch points. During the year, Third Party Distribution business contributed significantly to Bank's retail fee income on back of its strong partnerships, contextual product launches, wide distribution strength and digital initiatives.

With a total mutual fund AUM of ₹51,794 crores, the Bank has maintained its ranking during the year to the third largest banking distributor in the industry and had 10.9 lakhs mutual fund customers as on 31 March, 2023. The Bank through its dedicated in-house research desk, identifies the best mutual fund schemes based on qualitative and quantitative parameters. Currently, the Bank distributes mutual funds schemes of 21 major Asset Management Companies, through its relation teams, branch network and digital channels based on the customers' lifecycle and investment requirements. The Bank also offers various Alternate Investment Products to its customers from select product providers, as approved by SEBI.

The Bank offers online as well as offline trading services to its customers in collaboration with Axis Securities Ltd. under the brand name Axis Direct. Through its relation teams and branches, the Bank has sourced more than 4.3 million total customers for Axis Direct with 6.4 lacs customers being added in fiscal 2023.

The Bank is one of the largest Bancassurance player for Life Insurance, by volume among private sector banks in India. The Life Insurance fee income has grown by 14% in fiscal 2023 against an industry growth of 16%. Lower growth in LI business was on account of the Product Mix shift to traditional business. Traditional business mix for fiscal 2023 increased to 65% from 49% in fiscal 2022. The life insurance partners of Axis Bank include Max Life Insurance, Bajaj Allianz Life Insurance and Life Insurance Corporation of India.

Axis Bank's non-life insurance partners include TATA AIG General Insurance, ICICI Lombard General Insurance and Go Digit General Insurance in general insurance segment and Aditya Birla Health Insurance and Niva Bupa Health Insurance in health insurance segment.

In the process of integrating the Citibank India Consumer Business, the Bank in fiscal 2023 signed corporate agency agreements with TATA AIA Life Insurance and Birla Sun Life Insurance in life insurance segment and with Royal Sundaram General Insurance, The New India Assurance, Bajaj Allianz General Insurance and HDFC Ergo General Insurance in the general insurance segment.

The Bank's strategy of adopting an open architecture has enabled the Bank to strengthen the penetration in core channels and develop alternate new age avenues for offering a wide range of products to its customers.

The Bank continues to focus on reimagining end to end journeys and build a digital ecosystem for investment products on its mobile banking app and internet banking to ensure seamless access anytime, anywhere. The Bank has an innovative user-friendly digital interface - Axis Marketplace - to facilitate distribution of insurance solutions. Axis Marketplace offers third-party products integrated directly with insurance partner systems thereby providing seamless journeys and instant issuance facilities.

### Wealth Management

The Bank's wealth management business 'Burgundy' continued its growth journey and further consolidated its position among the top wealth management franchises in the country. The consolidated assets under management grew to INR 3.6 trillion as on 31 March, 2023, representing a 29 % CAGR growth in the last 6 years.

Burgundy Private, a proposition for the Bank's UHNI customers, that we launched 3 years back continues to scale greater heights with AUM of nearly ₹1.4 trillion. Burgundy Private now includes 30 of the Forbes 100 richest Indians as its clients and manages wealth for over 11,000 families across 27 cities in India, up from 3,490 families last year (215% YoY).

In a short span of three years, Burgundy Private has not only established itself in India but has also been recognised at international forums with the following awards:

- ''Best private bank for client acquisition, Asia'' at the 5$^{th}$ Annual Wealth Tech Awards by Financial Times, UK

- Outstanding Marketing Campaign by a Private Bank/Family Office (Winner) at the 4th Annual Global Private Banking Innovation Awards by Global Private Banker, Singapore
- Outstanding Digital Marketing Campaign by a Private Bank/Family Office (Highly Acclaimed) at the 4th Annual Global Private Banking Innovation Awards by Global Private Banker, Singapore

After the immensely successful first edition of "Burgundy Private Hurun India 500 Most Valuable Companies", Burgundy Private continued its collaboration with Hurun India with the launch of the second edition in December. This new edition celebrates the leadership of India's top companies, including those from the new economy.

One of the latest entrants in the private wealth management market in India, Burgundy Private focused on building a best-in-class bespoke platform. Burgundy Private continues to leverage the 'One Axis' initiatives and has built a strong operating rhythm with key business units within the Bank. Additionally, to cater to Burgundy Private customers be-spoke requirements, the Bank has tied-up with strategic external partners to offer Estate Planning, Family Office Solutions, Real Estate Advisory, Tax & Regulatory Advisory, Structured Credit solutions and Offshore Investments.

Burgundy Private now has a team of 128 Burgundy Private Partners with an average working experience of over 18 years. They are supported by 70 Service Partners. Burgundy, on the other hand is much larger with 486 Relationship Managers, 275 Premium Service Managers and 110 Wealth Specialists and is offered through more than 4,300 branches across the country This has helped provide specialised banking & wealth management services to HNI customers in the growing Tier 2 and Tier 3 cities as well.

The Bank provides wealth management and protection needs through an open architecture platform with products and solutions carefully selected from amongst the best providers in the market. The Bank's core wealth management system at the backend (which is being further upgraded) along with a multi-channel front-end platform ensures that it is able to provide investors with updated and regular information about their bank accounts and investment portfolios as a 24x7 experience.

The acquisition of Citibank India's Consumer Business has been a natural fit for our strong 'Burgundy' franchise to accelerate the Bank's growth ambitions. Citibank's affluent clientele backed by global best practices in client servicing and operations complement Axis Bank's Burgundy platform, with very little overlap. The acquisition has consolidated our position as the country's top wealth management business. These clients will now be able to benefit from our One Axis proposition, avail of an even wider product palette in both investments and insurance, enjoy better deposit rates and bank seamlessly using our wider branch and ATM network. There are significant synergies that we will utilize over the coming quarters to deliver higher value to customers.

During the year, the Bank launched several first-time initiatives under 'Sparsh', a bank-wide initiative towards Customer Obsession and service excellence. 'Sparsh Bootcamp', a well-crafted training program for Burgundy Relationship Managers embedded with the core principles of customer obsession, was executed in the first half of fiscal 2022 with 100% completion by all Burgundy Relationship Managers along with their supervisors. The Sparsh Bootcamp will now be included as a standard module for all Relationship Managers as part of their induction training program.

The Bank test launched the industry first venture "The Burgundy Promise". It aims at a much faster resolution of select Burgundy service requests within a TAT of 6 working hours. It also provides customer's a real time tracking mechanism (via the digital channels - internet banking and mobile app). The test results have been very successful with a 96% level of TAT adherence.

The Bank has recently launched Burgundy 'Circle of Trust' proposition that provides multiple points of connect and is envisaged to strengthen the institutional relationship with the Customers. The team of experts includes – Relationship Manager, Service Relationship Manager, Branch Relationship Head, Wealth Specialist and Branch Head.

'Investment Perspective', an initiative to empower Burgundy customers with knowledge and information on the Global and Indian equity & fixed income markets from the senior most Fund Manager's in the industry has been very well received and the feedback from all customers who participated across multiple cities has been exceptional.

**Priority Sector Lending**

The Bank continues to pursue a focused strategy on achieving the Priority Sector Lending (PSL) targets and sub targets prescribed by the regulator. The Bank also continues to undertake activities that promotes financial literacy and awareness of the banking services with an aim to cover the under banked borrowers under this PSL drive.

The Bank as part of Bharat Banking strategy, has been working towards increasing its presence in specific rural and semi urban geographies across India, that offer high potential for growth in rural advances and MSME lending. During the year, the Bank continued to focus on augmenting the small ticket size loans, crop loans to small and marginal farmers and microfinance business targeted at women borrowers from low income households. The Bank also enhanced its digital lending channels to facilitate quicker turnaround time for sanction and disbursement of loans to MSME borrowers.

The Bank's PSL achievement during fiscal 2023 was 42.53% as compared to the stipulated target of 40% of Adjusted Net Bank Credit. The Bank through organic book and purchase of PSL certificates (PSLC) achieved the PSL targets at the headline level as well as at each sub-segment level in fiscal 2023. During the fiscal 2023, the Bank purchased PSLCs of an aggregate amount of ₹38,000 crores at a cost of ₹945 crores and sold PSLCs of an aggregate amount of ₹80,514 crores and earned income of ₹173 crores.

**Digital Banking**

Digital banking is a key strategic initiative and an area of distinctiveness for the Bank. In the last 4 years, the Bank has made significant progress on digital outcomes and capability building.

The Bank’s digital aspirations are backed by proprietary capabilities. One of the early calls made by the Bank was to build capabilities inhouse. Today, the Bank has over 1,750 people across departments focused on furthering the digital agenda. The Bank has a 390+ member inhouse full stack engineering team, and today a large number of the Bank’s digital products are built inhouse. The Bank has a 35 member design team and additionally a large digital products and digital marketing team as well. The Bank has also invested in best-in-class platforms across the DevSecOps pipeline, cloud infrastructure as well as developed its own platform for design (Sub-zero). Taken together these put the Bank at the forefront of providing cutting edge digital solutions to its customers with significant growth in metrics across digital adoption, usage, transactions, servicing and sales.

In line with the stated aspirations that it had laid out in 2019, the Bank has launched Axis 2.0 – a Digital Bank within the Bank. Axis 2.0 comprises all products that are originated and fulfilled end-end digitally, with sourcing, sales and processing done digitally. Axis 2.0 is set up as an independent business within the Bank. Axis 2.0 is now fully functional with over 20 products across liabilities, loans (e.g. PL, BL, AL), investment products (e.g. MF, digital gold, PPF, NPS), insurance, forex, etc.

During the fiscal 2023, the Bank continued to make several investments and launch new products and services leveraging digital. Among the most important initiatives include launch of a revised and enhanced mobile banking version with Hyper personalization of customer experience, and introduction of new redesigned journeys for FDs, Bill Pay, remittances, lending (Auto loans, Small Business loans and Gold loans) among others. The Bank also launched and migrated customers to a new internet banking platform and made significant enhancements to credit cards platform. The Bank also launched best in class API developer portal with expanded suite of over 400 APIs across retail and corporate segments.

The Bank has built best in class personalization capabilities towards its objective of becoming the leading customer centric bank. 10,000+ hyper personalized nudges have been developed across 2,500+ customer features for Axis Mobile, the world’s No.1 rated mobile banking app on the Google Play store with rating of 4.8 and over 2 million reviews. This analysis is based on a review of over 59 banks, 8 neo banks and 50 Indian fintechs. The Bank has ~12 million monthly active users on its app and on average an active user visits the app 15 times a month.

The Bank has made good progress in porting capabilities from Axis 2.0 to the rest of the Bank.

The Bank has also made strong progress in ‘Project Neo’, a greenfield project, that the Bank had embarked on its transformational journey to be India’s #1 digital Wholesale Bank. The Neo products stretch beyond reimagining the digital journeys – one of the key focus areas has been to provide an open banking experience while navigating a myriad of technology systems. Neo offerings focus on customer centricity with cutting edge market competitive end-to-end digital & flexible solutions. It offers industry first end-to-end digital onboarding solution for corporates with best in industry corporate API developer portal with 95+ live open banking APIs across Transaction banking products with B2B enablement and industry first plug and play solution for seamless ERP integration to wide domain of banking API services through “Axis Neo Connect”. It also offers best in class SMEs and MSMEs commercial banking proposition – “Neo for Business”

The Bank’s efforts on the digital front continue to get multiple external recognitions by the industry. The Bank was awarded the best Digital Bank in the country by Financial Express. The Bank also received awards for Customer Engagement of the Year for Axis Neo Connect by Economic Times (ETBFSI), Best BFSI MSME Support for Axis Neo Connect and Best BFSI Customer Experience for API Banking Suite by Dun & Bradstreet and the Best API initiative for Project Neo API Banking Suite by Asian Banker.

**Wholesale Banking**

The Bank today is amongst the best and most comprehensive Wholesale Banking franchises in the country catering to all the Banking needs of a corporate across lending products, investment banking, capital markets and transaction banking with linkages to the Retail Bank.

Over the last few years we have been strengthening our client focus in the wholesale bank. This has meant getting deeper into certain segments and consolidating the existing ones. With a view to further sharpening our approach in the market and refining the coverage architecture, we strengthened our leadership team and reorganized the coverage groups with a focus on optimizing our coverage approach and presence in key geographies.

During fiscal 2023, the Bank continued with its approach to deepen client relationships and provide holistic banking solutions by capturing the entire corporate value-chain leveraging 'One Axis' capabilities across the Bank's various business segments and its subsidiaries.

The Bank's Wholesale Coverage Group provides entire bouquet of products and services including cash credit facilities, demand and short-term loans, project finance, export credit, trade, forex and derivative solutions, payments and cash management systems, tax payments, salary accounts and trust services, commercial and credit cards etc. with the support of a well-defined Wholesale Banking Products team. The Bank's offerings are specially designed to meet all financing requirements to our coverage clients which now encompasses a diverse customer group.

The Bank's Wholesale Coverage serves diverse customer segments ranging from SMEs, Start-ups, Large and mid-corporates, MNCs, Financial institutions and intermediaries, PSUs and Government departments through its sharpened coverage structure, as follows:

- **Commercial Banking Coverage Group (CBG):** Caters to businesses with turnover between ₹10 crores to ₹350 crores.
- **Mid-Corporates:** Covering all corporate clients with turnover between ₹350 crores and ₹1500 crores;
- **Large Corporates:** Covering all corporate clients with turnover greater than ₹1500 crores;
- **Focused Segmental Coverage:** Covering PSUs, Government-owned entities, Multi-national companies and Financial institutions

As part of its Open Customer centric approach, the Wholesale Bank has been at the forefront of bringing new digital products and services that help transform customer experiences. One of the key focus areas for the Wholesale Bank has been to lead with Digital; and to become the best-in-class Digital Corporate Bank in India as part of its project 'Neo'. During the year, the Bank made strong progress in its project 'Neo'. The umbrella of initiatives under Neo from Axis Bank have been designed keeping in mind the evolving customer preferences, the ecosystem evolution and the need to be benchmarked against the global best-in-class propositions. The Bank also remains on track for migration of its fully integrated state-of-art Treasury system as a part of its technology upgrade.

During the fiscal 2023, the Bank's domestic corporate loan book grew by 24% over fiscal 2022. Focus segments such as the Mid Corporate and CBG delivered higher growth of 38% and 23% respectively.

The Bank continues to focus on delivering higher relationship RaRoC, with focus on granularity and broad client base. During the year, the Bank's strategy of sectoral approach to portfolio diversification and credit continued, where the focus was on identifying sector specific opportunities and risks and grow accordingly.

For the second year in the row, the Bank was adjudged #1 on the Quality Index for both Large Corporate and Middle Market banking in the Greenwich Banking Survey 2022.

Approximately 89% of new sanctions in the corporate book were to companies rated 'A-' or better. Presently, 89% of outstanding standard corporate book is to companies rated 'A-' and above. The Bank continues to be amongst the leading private sector banks in the Government Banking space in India. The solution-oriented approach along with the strong relationship management has helped us create a sustainable business franchise.

In current fiscal, the business has witnessed strong growth across all major Government initiatives like SNA, CNA, PFMS and various state schemes. The Bank remains committed to support various development and digital initiatives of the Government and has managed to win record number of close to 1,000 new mandates. With continued focus on granularity, the Bank managed to expand its government SA deposit base in the Cat B and Cat C centres which contribute to a substantial portion of the deposit Book.

The Bank remains focused on offering customized solutions for the unique banking requirements of its varied customers and has developed unique working models for its customers, creating distinctiveness for the Bank and sustained investor value in the long term. Case in point is the integrated coverage model which the Bank has developed for the New Age Companies (Startups) and their investors/financial sponsors, which is helping the Bank to grow in this segment in a profitable yet prudent manner, balancing the risks involved. Aided by the Bank's customer-centric products & services backed by a strong technology platform, the Bank is able to create value for New Age companies by helping them scale up their business and also create value for the financial sponsors for their portfolio investments.

During the year, the Bank's overseas branch in Dubai International Financial Centre (DIFC), won the 'Customer Service Excellence' award in the Banking category at the Middle East International Business Awards and the Le Fonti Awards for Banking & Innovation, 2022.

**Commercial Banking**

The MSMEs contribute to 30% of India's GDP, 45% of India's exports and 45% of India's workforce. The Commercial Banking Group (CBG) addresses the banking needs of MSMEs and is one of the fast-growing business segments of the Bank.

CBG business continued to grow and gain market share in fiscal 2023 with its highlights being the high levels of PSL contribution and its contribution towards building a robust Current Account book with predictable streams of Trade and Forex business.

CBG has a deep geographical reach (189 CBG Centres across India) with an extensive product suite to address customer needs. CBG offers both enterprise banking solutions for the business and personal banking solutions for the business owners & employees.

As on 31 March, 2023, the CBG business book stands at ₹92,723 Crores and constitutes 11% of the Bank's total advances.

CBG is continuously building towards simplified digital e2e process to ensure quicker loan origination to disbursement through enablers like Digital Financial & Banking Analyser, automated prefilled credit note, system generated sanction letter, automated account opening form etc.

Relationship Managers are supported through digitally enabled data insights and alerts to enable supporting the customers with the right timely solution.

The asset quality in the CBG segment remains stable as a result of continuous monitoring of exposure through usage of various Early Warning Systems. The net NPA in SME segment stood at 0.33% with provision coverage ratio of 71% as of 31 March,2023.

### Wholesale Banking Products

The Bank has strengthened its proposition as a Transaction Bank of Choice across Current Account, Cash Management, Trade & Supply Chain Finance, Capital Markets and Custody and gained market share. Our focus has been on providing differentiated, integrated product propositions to our clients across corporate, commercial banking, financial institutions, and government segment.

One of the key GPS focus areas for the Wholesale Bank has been to lead with Digital. Neo from Axis Bank is the branding under which it is being delivered. The umbrella of initiatives under Neo from Axis Bank have been designed keeping in mind the evolving customer preferences, the ecosystem evolution and the need to be benchmarked against the global best-in-class propositions. The product and channel roadmap covers APIs, Corporate Internet Banking and Mobile App, Host to Host integration and Partnerships.

#### Cash Management

The Bank offers comprehensive cash management solutions across all segments. Notable amongst the differentiated product propositions launched this year is "Axis Receivables Suite (ARS)". Using ARS, Axis Bank clients can automate their collections and optimise their working capital. The Bank has also implemented new payment hub for handling the fast-growing NEFT volumes of API Banking customers thereby making them and us future ready.

The Bank is progressively increasing its market share in Bharat Bill Payment System (BBPS) ecosystem & has been amongst the first bank to launch B2B category in BBPS. The Bank continues its leadership position in terms of number of biller onboarding and highest number of transactions amongst private banks & has been leading the way for adding new category of billings like insurance, dairy and piloting new initiatives with NPCI, billers & fintech partners. The Bank has won a DigiDhan Award 2021-22 for the maximum on-boarding of billers on BBPS platform.

#### Trade and Supply Chain Finance

The Bank offers a complete suite of Trade and Supply Chain Finance products and solutions – for both domestic as well as international trade. These solutions are offered via various digital channels and through our branch network. Dedicated team of product specialists – both in Sales, Product and Operations support clients across Exports, Imports, Bank Guarantees, Working Capital Optimisation, Liquidity & Risk Management solutions.

Some key initiatives launched and being scaled up are:

- e-BG execution through NeSL
- Cross border payments & LC issuances initiated by corporates through SWIFT India
- Integrated Supply Chain Finance

The Bank is working closely with the Government e-Marketplace (GeM) to offer automated solutions for advising electronic performance guarantees to Government departments /organizations /PSUs and facilitating BG issuances by suppliers on GeM.

#### Current Account

The Bank's focus on becoming the Transaction Bank of choice resulted in the current account balances growing 17% during the year. The Bank had launched onboarding journeys using TAB, SMART Form and web links to increase the digital penetration. Launch of digital current account proposition for merchants, newly incorporated customers and specific industry-based propositions for Pharma, Textile and Agriculture are helping us become the Transaction Bank of choice.

**Treasury & Markets**

The Bank's Treasury & Markets function comprises of Asset Liability Management (ALM), Forex Trading group (including Currency Derivatives & Bullion), Interest Rate Trading (IRT) (including Rupee Derivatives) & Primary Dealership, Non SLR Trading (including Equity), Debt Capital Markets – DCM (Domestic DCM &International DCM), Treasury Sales, Loan Syndication and Treasury Technology & Governance team.

The Bank's ALM group manages the regulatory requirements of Cash Reserve Ratio (CRR), Statutory Liquidity Ratio (SLR) and Liquidity Coverage Ratio (LCR). The group also manages the liquidity, interest rate and currency risks in the Bank's portfolio, under the guidance of the Asset Liability Committee (ALCO) of the Bank.

The Bank's Forex Trading Group is a major participant in the foreign exchange and derivatives market and undertakes proprietary trading and market making in forex and derivatives products.

The Internal Risk Trading (IRT) desk plays an important role of market making and trading in G-Sec, OIS & other interest rate products. The Bank is a primary dealer (PD) of Government securities. Our PD desk ensures mandated bidding commitments, success ratio & turnover ratio for T-bill auctions/ G Sec are achieved for the year. The Corporate Bond & Equity Trading desk undertakes primary and secondary market investments in corporate bonds, commercial papers, certificate of deposits and equity instruments.

The Bank continues to remain a dominant player in the Debt Capital Market (DCM) segment. The Bank had maintained its leadership position, for the 16th consecutive year (as per Bloomberg league tables), as the number one arranger in the Calendar Year 2022 for rupee denominated bonds. The Bank also has a growing International Debt Capital Markets franchise with mandates from leading corporate issuers for their international bond issuances. The desk has demonstrated a track record of arranging several ESG (Environmental, Social & Governance) compliant issuances. The Bank successfully concluded the largest bond issuance in it's history. This 10 Year Tier 2 bond was oversubscribed by 16% from various investors, making it the second largest bond issuance by any Indian bank. The Bank also won "The Best sustainable linked bond " award for Sustainable Finance 2022.

Treasury Sales works closely with coverage team to provide customised risk management and hedging solutions to our diverse clients. The solutions provided are across a range of products including FX, Derivatives, Fixed Income and Commodities, and the breadth of customers we serve allows us to make competitive prices across these wide-ranging products. The Bank's key strengths in complex and structured risk management solutions, hedging advisory and execution skills makes it rank among the leading Treasury solutions provider in the country.

The Bank's Loan Syndication desk is responsible for arranging loan facilities for corporate clients on underwriting/ arranger/ best-efforts basis while also undertaking secondary sale and purchase of loans. The desk, being active in both domestic and international loan markets, plays an integral role in balancing the risks and returns on the Bank's corporate loan book. The Treasury Technology & Governance (TTG) team oversees the Treasury technology implementation and ensures appropriate governance framework is in place before new products are rolled out to customers / undertaken in Interbank market. The Murex Project (Single integrated Treasury system) remains the top priority and is being implemented in a phased manner given the scale. The project is expected to go live by fiscal 2025.

**Customer Experience and Transformation (CXT)**

With a vision to become India's most customer-centric bank, the Bank is committed to deliver world-class customer experiences by intervening across four interrelated layers – listening to customers, optimizing all customer journeys, enabling employees to engage with customers, and transforming the core operations supporting all customer experiences.

A. **Listening to customers:** The Bank's Voice of Customer program is designed on the three pillars of "Listen", "Learn", and "Act". In fiscal 2023, we launched a customer feedback management platform which enabled us to send and monitor feedback in real time, ensuring the learnings from customer feedback is embedded within the Bank, raising the bar by challenging what is perceived as the norm, and delivering delight through our customer conversations.

   Listen: As a part of the Voice of customer program, we now cover journeys that encompass all critical lines of business in retail and wholesale banking. A well-established metric, Net Promoter Score is used to track and measure the success of enhancements made for products and services.

   Learn: Through artificial intelligence and machine learning, the Bank continues to enhance its ability to extract insights by analysing all forms of written and verbal customer feedback.

   Act: Drawing on these insights, actions are triggered to allow near real time response by relevant colleagues to customers providing feedback – this is tracked and reported at all levels of disaggregation, down to every individual.

B. **Optimising all customer journeys:** The Bank continues to delight customers by re-crafting all key onboarding and servicing journeys at every touchpoint. Multiple customer journeys across the Bank have been reimagined using customer feedback, disruptive technology and deep insights. We continue to see positive results - digital onboarding of merchants via an assisted mobile app haws significantly reduced the rework and has doubled the productivity. Additionally, we are focusing on document simplification for Large corporates by rationalising the sanction letter length.

C. **Enabling employees to engage with customers:** Providing a great customer experience requires empowering, motivated colleagues with the time and capability to engage in deep, meaningful conversations with customers.

For example, the Bank has completely digitised the way of working for frontline employees through analytics driven, mobility app. This platform has key features such as customer 360 view, simplified product journeys, action-oriented analysis of entire portfolio, contextual nudges continuously optimised through machine learning. This platform is live for Premium Banking frontline employees and at different stages of implementation for other business functions within the Bank.

The Bank has freed up employees' time by eliminating operational activities and digitising key processes. Wholesale Banking Relationship Managers and branch colleagues, for instance, now have additional time to spend understanding their clients' needs and designing and delivering the right solutions

D. **Transforming core operations that support all customer experiences:** The Bank continues its journey to transform core operations this year through a digital-first approach by incorporating emerging and trending technologies into its core operations. Leveraging intelligent automation (Robotic Process Automation, Intelligent Optical Character Recognition), analytics (e.g. route optimisation for cash handling) and digitisation in addition to core simplification and process re-engineering, processes continue to become more efficient, effective and scalable.

As a means of scaling up further, the Bank will use Cognitive Bots to make decisions and reduce processing times, Intelligent Document Processing for unstructured documents for a paperless environment along with conversational AI for risk-free & effective customer communication.

### Customer Obsession - "SPARSH"

The Bank continues its multi-year customer obsession journey of Sparsh as part of its distinctiveness initiative. It is a strategically prioritized program, with focus on driving cultural transformation and crafting customer delight journeys in order to build customer experience as a true differentiator for the Bank and ultimately drive customer loyalty.

Sparsh behaviours framework advocates staff to deeply embed basic but critical behaviours while handling customers like seek feedback in every interaction, close loop with unhappy or detractor customers. Various rituals are designed and launched to ensure uniformity of these behaviours leading to uniform experience at various customer touch points. These behaviours are monitored and governed in order to build mass movement and focused efforts have been taken for large channels like Branches, Relationship Managers and Inbound voice channel.

The Bank continues to strengthen and build more granular measurements of the critical metrics which captures customer voices, like NPS (Net Promoter Scores), complaints, social media sentiments and various operational process efficiency metrics. NPS is measured for all important journeys of the Bank. Under Sparsh framework, efforts are being taken to fix hygiene and also build tentpoles at the same time. Structural work to improve customer experience through combined approach of people behaviours and process capabilities has led to improvement which is evident and validated through improving Net Promoter Scores.

### Business Intelligence Unit

The Banks' Business Intelligence Unit (BIU) team has the mandate to create data assets and monetize them via various business decisions and strategies. The team has numerous success stories in the areas of risk management, marketing, product innovation and operational optimization. These use cases span across diverse business areas of the Bank including retail lending, credit cards, retail deposits, wholesale banking products, commercial banking group, operations etc

There are over 650 members in the team who are young and techno-functional with an expertise in data engineering, data science algorithms and quantitative approaches.

The Bank has invested in new age data science and engineering platforms – Big Data Lake, Micro Services-based architecture, and Analytical Work Bench to deliver value in traditional/non-traditional use cases. There has been upward trend in the adoption rate of these platforms. The Bank's focus on Artificial Intelligence (AI) & Machine Learning (ML) along with traditional analytics has helped internal stakeholders to make data driven business decisions.

During the year, the BIU team has deployed 100+ diverse use cases in 10+ business domains helping significantly contribute to our GPS agenda. We have continued the journey of "to be distinctive" by taking personalization to next level with on-ground implementation, deliver data stack 3.0 with scaled up use cases and enabling universal underwriting goals via alternate data with the objective of creating differentiated customer experiences in line with the Bank's focus on customer obsession & going digital.

Data stack 3.0 is the modern and scalable architecture which will help us in deploying 1,000+ use cases. The Bank also focused on creating new age digital solutions by leveraging on partnerships with E-commerce and FinTech companies. It has improved customer underwriting by using various alternate data sources such as Satellite-image derived farmland data, payments score etc. The Bank is also leveraging 100+ data features from alternate data sources to build best in industry standard 50+ distinctive models. Custom build scorecards based on Partners data is enabling targeting wider range of Known to Bank (KTB) customers which has helped us in sourcing 30%+ cards per month via partnerships. The Bank has also been the first bank to develop & deploy in house rural lending scorecards for segments like Agri KCC, Farm Equipment, Tractor Finance. The Bank developed first of its kind, fully secure, cloud-native Income estimation for both On-us and Off-us customers.

The customer base qualified for data-based lending has increased from 24% (in fiscal 2017) to 56% (fiscal 2023), The Bank's proprietary scorecards enabled 80% of the entire disbursals in lending area. The scorecards have 1.5x more predictive power than CIBIL Scores. Further, the Bank's database programs contributed 66% of Personal Loan sourcing and 79% of new cards sourcing in fiscal year 2023. Analytics has driven 30% of term deposits through targeted customer campaigns. Further data driven market mapping is helping to drive 10% of CBG business. The Bank continued its focus on using scientific & data driven tools for hiring. BIU has conducted Datathons /Hackathons to provide new-age learning platforms. BIU has setup a strong data quality & data governance framework with six-sigma scorecards being deployed across its data infrastructure.

The Bank's Personalization project won "Economic Times DataCon awards", "Cypher – Data Engineering Excellence Awards" during the year.

**Information Technology and Cyber Security**

The Bank's Information Technology (IT) strategy remains guided by the Bank's GPS strategy and its aspiration of becoming India's most valuable bank while focusing on customer obsession & delight through integrated technology capabilities. The Bank continues to focus on the 6 key imperatives that include end-to-end customer journey digitization, accelerating delivery, modernizing the core to deliver profitable growth, fix the basics to build a sustainable franchise, talent & culture, and risk & governance.

The Bank has been focusing heavily on expanding its technology capabilities. Over the past 3 years, IT spend has gone up by 2.5x while the IT team size has increased by ~100%. The Bank manages all banking applications through a talented 1,750+ member central IT team with strong domain capabilities in banking, treasury, channels, payments, and collections, along with technical expertise.

During the year, the IT department continued execution of 36 key initiatives to facilitate its journey towards driving sustainable growth, improving customer experience with the help of digital banking, leveraging payments business capability, sustained focus on analytics, and providing self-assisted capability to customers. Over the past year, IT team has successfully closed 17 key initiatives in varied areas such as core upgrades, employee enablement and digital-first offerings.

The Bank retained strong position in digital banking with the Axis mobile app being world's highest rated mobile banking app on Google Play store with a rating of 4.8 and around 12 million monthly active users. The Bank continues to add to its 250+ services portfolio on digital channels, eliminating the need to visit branches for basic servicing. Additionally, the Bank has 24 digital services on Branch of the Future (BOTF) channel across assets and liabilities including critical services such as address update for NRI customers, demand draft request, interest certificate for loan, and repayment schedule for loan.

The Bank remains committed to its open ecosystem proposition with its focused API strategy and has built 95+ dedicated partnerships across platforms. The Bank has adopted 'Next Gen integration' by deploying more than 400+ APIs on its Developer portal with 80+ crore monthly transactions across 200+ external gateway partners. The Bank continues to roll out new APIs to enable digital customer journeys and partner on-boarding leading to reduced time to market.

The Bank continued its journey towards Hollowing-the-Core to become future-ready with a modernized Core. The Bank became first amongst peers to create a separate UPI instance for P2M elite merchants and gained leadership position in UPI Payer PSP category. Additionally, Hollowing-the-Core initiatives are undertaken on areas such as General Ledger, Lending, Inquiring, BNPL, and Account Opening to increase capacity and improve performance of the core systems.

The Bank is the first amongst peers to create 3 Cloud landing zones (AWS, Azure and GCP) to support its multi-cloud strategy and has an architectural Cloud-first, Cloud-native approach. The rapid pace of cloud adoption, driven by a dedicated Cloud COE (Centre of Excellence), has helped the Bank to drive business innovation at a faster pace. Using automation and SOPs, the Bank reduced its infrastructure provisioning TAT by ~90% compared to comparable on-premises solutions. With 100+ containerized environments and 3,000+ virtual machines, the Bank has been able to run its core applications in any environment from a private data centre to the public cloud. The Bank has 76 critical applications on Cloud as of March 2023 and is targeting to take 70% of its applications on cloud by 2025.

The Bank has two primary data centres located in Mumbai (co-located) and Bengaluru (owned). Both data centres have n+1 redundant architecture for power and cooling distribution. Business applications are strategically spread between the two data centres for active setup at one DC and resiliency at other DC. Both data centres are in different seismic zones and are connected through a redundant wide-area network which is connected to all branches and office locations. Additionally, the Bank has set up a refreshed Near DR (Disaster Recovery) for critical apps with improved infra availability at 99.99% at its Bengaluru Data Center location. The Bank regularly conducts disaster recovery drills for critical applications to ensure continuity readiness in the event of disaster. Bank has enhanced resiliency of critical applications with automation tools that provide real-time visibility on DR readiness and DR operations.

Additionally, the Bank continues to build capabilities in emerging technologies of AI, ML, Automation, and Data Analytics. The Bank has 2,990+ RPA bots in action and 1,480+ automated processes, and is targeting best in class efficiency for RPA, Voice, and IOCR. During the year, the Bank continued to introduce, and scale new products driven by its zero-based redesign philosophy. The redesigned customer centric journeys enable minimum to no data entry with automated underwriting.

The Bank has been recognized as No. 1 in Corporate Loan Agreement Digital Document execution through National E-Governance Services Limited (NeSL). DDE with NeSL was enabled for CBG & WBCG Customers from November 2022 aiming to improve customer experience with paperless, around-the-clock, online payment mode enabled and easily accessible service. Till now, 26k transactions have been completed and E-stamping has been made live in 21 states and UTs.

The Bank is committed to the highest standards of data security and privacy and continues to invest to enhance its capabilities. The Bank follows a holistic cyber security program with a comprehensive Cyber Security Policy and Standards based on industry best practices in compliance with regulatory guidelines. The Bank has deployed its cyber security structure and framework based on National Institute of Standards and Technology (NIST) Standard. The Bank's cyber security framework is built and operated around five fundamental areas including Identify, Protect, Detect, Respond and Recover. The Bank is compliant to ISO27001 and The Payment Card Industry Data Security standards (PCIDSS) , and the Bank has recently acquired ISO27017 Cloud Security Certification for its AWS and Azure cloud, this is a first in the Indian Banking sector and demonstrates an enhanced cyber security resilience and security controls on the Bank's cloud assets.

The Bank has a 24x7 Security Operations Centre and Cyber Security Operations System. 100% of the digital products of the Bank are under Dark Net / Deep Web monitoring. The Bank has a Bitsight Rating of 800 out of 900 (with 820 as maximum possible score) indicating a well-controlled internet facing security posture. The Bank's current BitSight score is higher than 90% of the Banking and Finance entities tracked by Bitsight. The Bank is also moving to a zero-trust architecture internally, adding security technology and process controls. The Bank has conducted exclusive workshops on cyber security for 800+ mid and senior management employees.

The Bank has deployed Cyber Security controls to protect its information assets from unauthorized access, hacking attempts, data loss, external cyber-attacks, etc., and has implemented various detection and monitoring technologies, to proactively detect and respond to any cyber threats. Some of the controls are as follows:

- ✓ Multifactor authentication has been enabled for users on all cloud platforms.
- ✓ Enhanced WFH Security controls have been enabled with additional security against malware & websites with bad reputation.
- ✓ Secure and isolated environment for remote access to critical systems, to prevent sensitive data leak or unauthorized access.
- ✓ Advanced End-Point controls and Data Leakage Prevention (DLP) control to detect and prevent endpoints being target of cyber-attacks.
- ✓ Spam and Phishing emails protection have been enabled to protect against email-based cyber-attacks that were rampant during the pandemic.
- ✓ 24x7 security monitoring along with usage of Cyber Security Threat Intelligence to detect malicious underground activities against the Bank.
- ✓ In addition, the above to the controls; Bank has also enabled enhanced monitoring for remote users to detect and prevent; any unauthorized and unusual remote access, user access to Bank systems from unusual geographies, concurrent user access from different locations, etc. and data leakage monitoring for Web channel, Email channel and End Points

Information & Cyber Security governance framework is in place at a strategic level through the Board, Risk Management Committee, Information Technology & Digital Strategy Committee and at an executive level through Information System Security Committee which oversees the Bank's Information and Cyber Security initiatives so that those controls commensurate with the risks and threats applicable to the Bank and its information assets.

**RISK**

The Bank continues to focus on strengthening the risk management capabilities by working on six dimensions – comprehensive coverage of risks, enhance models for measuring and monitoring risk, driving actioning to address risks, building technology and data capabilities, strengthening the people front and building a robust risk culture.

The risk management objective of the Bank is to balance the trade-off between risk and return and ensure that the Bank operates within the Board approved Risk Appetite Statement. An independent risk management function ensures that the risk is managed through a risk management architecture composed of policies approved by the Board of Directors and an independent identification, measurement and management of risks across the various businesses of the Bank. The Bank's risk management function strives to proactively anticipate vulnerabilities at the transaction as well as at the portfolio level, through quantitative or qualitative examination of the embedded risks.

The Bank continues to focus on refining and improving its risk measurement systems including automation of processes, not only to ensure compliance with regulatory requirements, but also to ensure better risk-adjusted return and optimal capital utilisation. The Board reviews the risk profile of the Bank at periodic intervals and ensures that risk levels are within the defined risk appetite.

### Risk Governance

The Board is the Apex Governance body on all matters of risk management. The Board of Directors exercises its oversight over risk management both directly and through its Committees, namely the Risk Management Committee, the Audit Committee of the Board, the Special Committee on Large Value Frauds and the IT & Digital Strategy Committee.

Executive Risk committees are constituted to look at specific areas of risk and are mandated by the Risk Management Committee of the Bank. These are: Credit Risk Management Committee (CRMC), Asset Liability Management Committee (ALCO), Operational Risk Management Committee (ORMC), Information Systems Security Committee (ISSC), Central Outsourcing Committee (COC), BCP & Crisis Management Committee (BCPMC), Apex Committee and Subsidiary Management Committee (SMC).

### Risk Architecture

The overall risk appetite and philosophy of the Bank is defined by its Board of Directors. The Risk Appetite framework provides guidance to the management on the desired level of risk for various types of risks in the long term and helps steer critical portfolio decisions.

Further, the Internal Capital Adequacy Assessment Process (ICAAP) of the Bank assesses all the significant risks associated with various businesses.

The independent risk management structure within the Bank is responsible for managing the credit risk, market risk, liquidity risk, operational risk, other Pillar II risks like reputational risk and strategic risk and exercising oversight on risks associated with subsidiaries. The risk management processes are guided by well-defined policies appropriate for the various risk categories supplemented by periodic validations of the methods used and monitoring through the sub-committees of the Board.

### Credit Risk

Credit risk is the risk of financial loss if a customer, borrower, issuer of securities that the Bank holds, or any other counterparty fails to meet its contractual obligations. Credit risk arises from all transactions that give rise to actual, contingent, or potential claims against any counterparty, customer, borrower or obligor. The goal of credit risk management is to maintain asset quality and concentrations at individual exposures as well as at the portfolio level.

Internal rating forms the core of the risk management process for wholesale lending businesses with internal ratings determining the acceptability of risk, maximum exposure ceiling, sanctioning authority, pricing decisions and review frequency. For the retail portfolio including small businesses and small agriculture borrowers, the Bank uses different product-specific scorecards. Credit models used for risk estimation are assessed for their discriminatory power, calibration accuracy and stability independently by a validation team.

Both credit and market risk expertise are combined to manage risks arising out of traded credit products such as bonds and market related off-balance sheet transactions.

### Market Risk

Market risk is the risk of losses in 'on and off-balance sheet' positions arising from the movements in market price as well as the volatilities of those changes, which may impact the Bank's earnings and capital. The risk may pertain to interest rate related instruments (interest rate risk), equities (equity price risk) and foreign exchange rate risk (currency risk). Market risk for the Bank emanates from its trading and investment activities, which are undertaken both for the customers and on a proprietary basis. The Bank adopts a comprehensive approach to market risk management for its banking book as well as its trading book for both its domestic and overseas operations. The market risk management framework of the Bank covers inputs regarding the extent of market risk exposures, the performance of portfolios vis-à-vis the market risk limits and comparable benchmarks which provide guidance to the business in optimizing the risk-adjusted rate of return of the Bank's trading and investment portfolio.

Market risk management is guided by clearly laid down policies, guidelines, processes and systems for the identification, measurement, monitoring and reporting of exposures against various risk limits set in accordance with the risk appetite of the Bank.

Risk Department independently monitors the Bank's investment and trading portfolio in terms of risk limits stipulated in the Market Risk Management Policy and board approved Market Risk Appetite and reports deviations, if any, to the appropriate authorities as laid down in the policy and in the Risk Appetite Statement. The Bank utilises both statistical as well as non-statistical measures for the market risk management of its trading and investment portfolios. The statistical measures include Value at Risk (VaR), stress tests, back tests and scenario analysis while position limits, marked-to-market (MTM), stop-loss limits, trigger limits, gaps and sensitivities (duration, PVBP, option greeks) are used as non-statistical measures of market risk management.

The Bank follows a historical simulation approach to calculate Value at Risk (VaR) with a 99% confidence level for a one-day holding period in a time horizon of 250 days. VaR models for different portfolios are back tested on an ongoing basis and the results are used to maintain and improve the efficacy of the model. VaR measurements are supplemented with a series of stress tests and sensitivity analyses as per a well laid out stress testing framework.

### Liquidity Risk

Liquidity is a bank's capacity to fund increase in assets and meet both expected and unexpected cash and collateral obligations at a reasonable cost and without incurring unacceptable losses. Liquidity risk is the inability of a bank to meet such obligations as they become due, without adversely affecting the bank's financial condition.

The Asset Liability Management (ALM) Policy of the Bank stipulates a broad framework for liquidity risk management to ensure that the Bank is in a position to meet its liquidity obligations as well as to withstand a period of liquidity stress from bank-level factors, market-wide factors or a combination of both. The ALM policy captures the liquidity risk appetite of the Bank and related governance structures as defined in the Risk Appetite Statement. The ALM policy is supplemented by other liquidity policies relating to intraday liquidity, stress testing, contingency funding plan and liquidity policies for each of the overseas branches.

The liquidity profile of the Bank is monitored for both domestic as well as overseas operations on a static as well as on a dynamic basis by using the gap analysis technique supplemented by monitoring of key liquidity ratios and conduct of liquidity stress tests periodically. Periodical liquidity positions and liquidity stress results are reviewed by the Bank's ALCO and the Risk Management Committee of the Board.

The Bank has integrated into its asset liability management framework the liquidity risk management guidelines issued by RBI pursuant to the Basel III framework on liquidity standards. These include the intraday liquidity management and the Liquidity Coverage Ratio (LCR). The Bank maintains LCR /NSFR in accordance with the RBI guidelines and the defined risk appetite of the Bank.

### Operational Risk

Operational risks may emanate from inadequate and/or missing controls in internal processes, people and systems or from external events or a combination of all the four. The Bank has in place an Operational Risk Management (ORM) Policy to manage the operational risk in an effective, efficient and proactive manner. The policy aims at assessing and measuring the magnitude of risks, monitoring and mitigating them through a well-defined framework and governance structure.

All new products and processes, as well as changes in existing products and processes are subjected to risk evaluation by the Operational Risk team. The overall responsibility of new products is vested with the Risk Department through the Bank's Product Management Committee and Change Management Committee. Outsourcing arrangements are examined and approved by the Bank's Outsourcing Committee after due recommendations from the Operational Risk team. The Information System Security Committee of the Bank provides directions for mitigating operational risk in the information systems. The Bank has set up a comprehensive Operational Risk Measurement System for documenting, assessing, and periodic monitoring of various risks and controls linked to various processes across all business lines. Over the year, the Bank has focused on strengthening the operational and information security risk frameworks by implementing several initiatives.

### Business Continuity Plan

The Business Continuity Planning Management Committee (BCPMC) exercises oversight on the implementation of the approved Business Continuity Plan (BCP) framework which has been put in place to ensure continuity of service to its large customer base. The effectiveness of the approved Business Continuity Plan (BCP) framework is tested for all identified critical internal activities to ensure readiness to meet various contingency scenarios. The learning from the BCP exercises are used as inputs to further refine the framework. With effective Business Continuity Plan in place, the Bank has effectively managed to run its operations by adapting to various continuity / mitigation plans.

### Information and Cyber Security Risks

The Bank pursues a holistic Information and cyber security program with a comprehensive Information Security policy, Cyber Security policy and standards based on industry best practices with compliance to regulatory guidelines. These policies are aligned with the regulatory directives on Information and Cyber security and with global best practices like NIST, ISO27001:2013, PCI DSS etc.

The governance framework is in place at executive level with Information System Security Committee constituting key business functions meeting at least once in a quarter to assess the threat landscape and validate the controls enforced in the Bank commensurate with the cyber risks.

The Bank has invested in strong technical and administrative controls to proactively prevent, detect and contain and respond any suspicious activity. Bank is compliant to ISO27001 standard and PCI DSS standard. The Bank conducts various assessment to identify and remediate risks before any application and/or IT infrastructure component is deployed. These assessments include Application security, vulnerability assessment, penetration testing, security architecture review data security assessment etc. Bank also has adopted defense in depth methodology to protect its valuable assets from intrusion by malicious actors. The Bank has 24 x 7 Security Operation Center (SOC) to keep vigil on its digital assets and coordinates with RBI, Indian Computer Emergency Response Team (CERT-IN), National Critical Information Infrastructure Protection Centre (NCIIPC), National Payments Corporation Of India (NPCI) etc. for implementation of their recommendation to strengthen its defense against cyber-attacks.

## Strategic initiatives undertaken in fiscal 2023

The Bank has invested in strengthening the risk infrastructure across multiple dimensions. During fiscal 2023, the Risk Department enhanced its coverage of risks by comprehensively strengthening the model risk framework. The Department also initiated steps to build toolkits that would help assess emerging risks such as ESG as well as support emerging areas of distinctiveness for the Bank like Bharat Banking. It also strengthened toolkits around Credit EWS.

Further, it conducted an organisation wide exercise around training mid-level officers in cyber security so as to cascade the cyber security awareness to the frontline.

The Bank also continued to focus on actioning around its operational risks and put in place timebound plans to address the top critical risks facing the Bank. A digital risk framework was also put in place and continually enhanced to enable the Bank to buildout its digital strategy in a risk – sensitive manner.

The Risk team remains focused on supporting the Bank in implementing its GPS strategy in a risk – sensitive manner. To that end, the team has identified five most critical initiatives for fiscal 2024 around ESG risk, Bharat Banking, cyber security, universal underwriting and risk & compliance culture. These will contribute to a credit – led growth thrust in retail and rural space while balancing those with considerations of ESG and cyber security, as well as building sustainability through a robust risk culture. The plan also includes undertaking other initiatives around subsidiary risk, operational risk, vendor risk, fraud risk and digital risk.

Successful implementation of these initiatives will help the Bank to achieve its GPS objectives in a sustainable manner.

### Subsidiary Governance

Axis Bank oversees its subsidiaries to ensure adherence to corporate governance principles. The Bank is committed towards continuously improving internal controls and overseeing its subsidiaries as a financial conglomerate (FC).

To ensure the alignment of governance practices at the Group (Axis Bank and its subsidiaries) level and to positively engage the Group, the Bank has established a Subsidiary Management Committee (SMC). This committee also helps implement the theme "One Axis" by sharing uniform practices and building synergies between Group entities.

The Bank continues to undertake several initiatives to strengthen the governance framework under the supervision of the Subsidiary Management Committee (SMC). The Governance Framework also focuses on aligning key functions within the organization, such as Risk, Compliance, Audit, Human Resources, Finance, Information Technology, Cyber Security, Legal, Corporate Communication, Marketing, and Secretarial Practices.

### Compliance

The Bank follows Board approved policies to ensure compliance with the regulatory requirements, which are updated annually to factor in the changing and increasing regulatory and supervisory requirements and expectations, as well as other good practices. The Board and senior management spend a significant amount of time to monitor level of compliance across verticals in business & operations, while emphasizing zero tolerance for non-compliance to regulatory requirements. The Board has mandated compliance and risk culture related metrics to be an important part of the performance appraisal of the whole-time directors & senior management, with a clear direction to build & sustain a strong culture of compliance across the Bank.

The Compliance department conducts independent assessment of status of compliance as well as compliance risk score for all the units across the Bank & reports to the audit committee of the board as well as to the Board, at regular intervals. The Compliance team also highlights the important areas that the committee or the Board needs to review & monitor closely and provide guidance to the management, wherever necessary, to improve level of compliance. Such directions are followed up in terms of action taken report, till they are closed satisfactorily.

Compliance testing is used by the Compliance team as one of the important tools to monitor regulatory compliance and to report any gap or deficiencies in complying with the regulatory requirements by any unit. Compliance testing exercise is followed by root cause analysis (RCA), carried out by the concerned unit under the guidance of compliance officers, to build sustainable remediation & avoid repeat failures. Apart from strengthening the RCA framework at regular intervals, based on learnings, the Bank has now launched a repository of RCAs to measure the effectiveness of these RCAs in terms of eliminating repeat or sustenance failures.

The Bank has strengthened the accountability framework, which is applicable to every employee of the Bank. The accountability framework envisages providing independent feedback by the assurance functions, comprising of Risk, Compliance & Internal Audit departments, that in turn flows into the process of annual review of compensation, reward, recognition and progression within the organization.

The Board of the Bank emphasizes the importance of first line of defence, through business and operations, to ensure compliance to regulatory requirements, while it mandates the second & third lines of defence, through assurance functions comprising of Risk, Compliance and Internal Audit, to perform their respective roles in preventing & detecting gaps & deficiencies, in an efficient & timely manner, so as to mitigate losses, including reputational losses, caused due to such deficiencies, gaps or non-compliance.

The Bank continues to emphasize on imparting relevant training and certification programs for the employees and the Board in order to ensure timely and comprehensive compliance by the Bank.

The Bank has strengthened its compliance processes & workflows and continues its initiatives by using workflow based & other available tools, to make the process of compliance simple & efficient for every stakeholder within the organization.

**Internal Audit**

The Bank's Internal Audit function provides an independent view to its Board of Directors and Senior Management on the quality and efficacy of the internal controls, risk management systems, governance systems and processes in place on an on-going basis. This is provided to primarily ensure that the business and support functions are following compliance with both internal and regulatory guidelines.

In line with the RBI's guidelines on Risk Based Internal Audit (RBIA), the Bank has adopted a robust internal audit policy. The Risk Based Internal Audit has been designed after factoring regulatory guidelines and also international best practices. The policy has a well-defined architecture for conducting Risk Based Internal Audit which articulates the audit strategy in terms of a concerted focus on strategic and emerging business risks. These inputs form a key step in the identification of the audit universe for the audit planning exercise. The audit frequencies are in sync with the risk profile of each unit to be audited. This is in alignment with guidelines relating to Risk Based Internal Audit (RBIA). The scope of RBIA includes examining the adequacy and effectiveness of internal control systems, external compliances and also evaluating the risk residing at the audit entities. Further to augment the internal audit function, concurrent audit, off-site audit and thematic audit reviews have been integrated into the internal audit process in order to make the function more robust.

Keeping pace with digitalisation in the Bank, the Internal Audit function has also undertaken several technological initiatives for providing enhanced efficiency and effectiveness through technology driven audits. The Internal Audit function has an effective mix of resources with technology and functional skill sets for effectively conducting technology driven audits. The Audit function is continuously enhancing the skill sets of the audit resources towards technology driven audits, for making the Internal Audit Function agile and responsive towards the emerging and strategic risks.

The Internal Audit function of the Bank operates independently under the supervision of the Audit Committee of the Board, that reviews the efficacy of the internal audit function, effectiveness of the internal controls laid down by the Bank and compliance with internal and regulatory guidelines.

**Corporate Social Responsibility (CSR) & Sustainability**

CSR

Aligned to the Bank's 'OPEN' philosophy, the Bank has, with the guidance of its Board and the CSR Committee (the Committee) of the Board, continued to expand the scale and impact of its CSR initiatives towards creating a long-standing impact in communities across the length and breadth of the country.

The Bank's CSR activities continue to be guided by the CSR Policy and operate within the contours of CSR regulations. During the year, with the guidance of its Board and senior leadership and with an aim to adopt a more focused approach, the Bank has strategically identified and adopted the themes of Lives and Livelihoods, Education, Financial Literacy and Financial Inclusion, Environmental Sustainability, augmented by need-based and relief interventions to channelize its CSR efforts. Additionally, the Bank has also identified specific regions in the country, such as the Aspirational Districts identified by the NITI Aayog or India's Northeastern states which are lagging the national average on many developmental indices, where it aspires to scale up its efforts and reach of interventions.

The Bank's CSR interventions continue to be delivered directly, through credible implementation partners and the Axis Bank Foundation.

Under the theme of Lives and Livelihoods, Axis Bank Foundation's flagship Sustainable Livelihoods program continues to make steady progress towards its Mission 2 Million target, that aims to support 2 million rural households and improve their livelihoods by 2026. The Program works across the socio-economic spectrum in rural and semi-urban India, from small and marginal farmers, rural landless, women, and youth, among others, focused on creating opportunities or imparting the skills that enhance their incomes via a wide variety of interventions.

During the year, the Bank continued to significantly expand its CSR focus on education, supporting and expanding its interventions under this theme in various parts of the country.

The Bank's flagship intervention in education, Axis DilSe, that was launched with an aim to provide children from remote regions and communities in India with opportunities to better learning, scaled up significantly during the year, scaling existing partnerships and launching new ones, primarily in the North-east of the country. Axis DilSe currently covers five North Eastern States – Assam, Arunachal Pradesh, Manipur, Nagaland and Sikkim as well as Odisha.

In fiscal 2023, the Bank completed its third year of partnership with the Sunbird Trust to support the Lyzon Friendship School in rural Manipur, with the various interventions helping expand its student strength to over 430 as of 31 March, 2023. The Bank's partnership with Ayang Trust in Majuli, Assam to support the Hummingbird School completed its second year. The School had 250 children from the predominant Mising tribe, as of 31 March, 2023. The Bank is working with Ayang Trust to build long-term flood resilience in the communities residing in Majuli island.

In a unique partnership with the Indian Army and implementing partner – National Integrity and Educational Development Organisation (NIEDO), the Bank is supporting the establishment of unique Centres of Excellence that aim to provide vulnerable youth, particularly from the North-east, with the highest quality of coaching and mentoring to enable them to participate in various competitive exams in India. Such Centres of Excellence, which shall be fully residential, have been set up and are being set up on Indian Army's campuses in Manipur, Nagaland, Arunachal Pradesh, and Maharashtra, with NIEDO providing the coaching and mentoring to the carefully selected students. As of 31 March, 2023, 90 students were being mentored in total across all such Centres.

In Sikkim, the Bank is working with its partner 17,000 Ft Foundation to upgrade 50 Government primary schools in rural Sikkim that includes creation of playgrounds, refurbishing classrooms, refurbishing existing libraries by adding age-appropriate books, especially in their native languages, strengthening teacher training, and setting up of DigiLabs, a solar-powered, digital literacy learning solution, with an intention to providing the children in the rural areas an opportunity to access better learning avenues. The Bank in partnership with Tata Steel Foundation, is undertaking the program covering the entire Odapada block in Dhenkanal District that seeks to provide access to out-of-school children to enroll into the education system by availing of age-appropriate bridge education courses, aid students with learning deficit through a Learning Enrichment Program, and setting up libraries in around 165 schools, among other activities.

The Bank continues to support scholarships to enable students from economically weaker backgrounds, especially women to access high quality higher education in STEM. The "Axis Bank Scholarship Program" at Ashoka University, Haryana provided scholarships to 78 women undergraduate students (over two phases) pursuing STEM-related disciplines at the University during the year. The "Axis Bank Scholarship Program" at Plaksha University, Punjab, provided scholarships to 26 students pursuing undergraduate degree programs, during the year, who are predominantly women from economically weaker backgrounds and from Tier 2/3 towns. The Bank continues to partner with the JSW Foundation to support the unique 'Museum of Solutions (MuSo)' in Mumbai, that aims to open its doors in fiscal 2024.

During the year, the Bank entered into a strategic partnership with the Indian Institute of Sciences (IISc), Bengaluru to support the establishment of the 'Axis Bank Centre for Mathematics and Computing' on the university campus. The Centre shall be a first-of-its-kind, multi-disciplinary centre of learning providing advanced degrees, supporting cutting edge research, and supporting the global knowledge eco-system in general. The Bank continues to support the establishment of the Pediatrics speciality ward in the upcoming IISc Medical School.

The Bank has during the year expanded its interventions under the Financial Literacy and Financial Inclusion theme. The Bank's Financial Literacy and Financial Inclusion Program under the name 'Axis Sachetana', being implemented by the Retail Microfinance vertical under Bharat Banking, reached over 1.1 million women participants in 24 States, helping create greater awareness on personal financial management and health and wellness. During the year, the Bank partnered with CSC Academy to launch 20 mobile digital literacy vans that will traverse across 20 identified locations imparting digital and financial literacy to communities. The Bank has also partnered with National Institute of Securities Markets (NISM) to undertake financial awareness and literacy interventions aimed at college students and youth in the age group of 20-27 years, targeting approximately 400 colleges in India over the next two years.

'Axis Evolve', the Bank's unique, in-person intervention focused on building capacity and capabilities in India's MSME Sector was relaunched after a two-year hiatus due to the COVID-19 pandemic. The 7$^{th}$ edition of the intervention was conducted in 20 cities around the two themes of 'Indian SMEs: Shifting Gears for Next Level Growth - Digitalization to Building Indian SMEs and 'Export Opportunities for SMEs in the New World Order'.

Under the theme of Environment, the Bank continues to focus on achieving its target of planting 2 million trees across India by 2027, which is also a part of its ESG-aligned commitments. As of 31 March, 2023, over 829,500 saplings had been planted across 6 locations by the Bank's implementing partners. Additionally, the Bank is supporting Miyawaki plantations in the Mumbai region. The Bank has also taken up new interventions focused on habitat restoration through Agroforestry in the buffer zones of select national parks and wildlife sanctuaries in India, which also focus on supporting of vulnerable communities living in the periphery of protected forests and reducing human-animal conflict. In a unique partnership with IDAN, a state entity of the Nagaland Government, the Bank is supporting the establishment of solar-powered cold storage units across the 16 districts of Nagaland that aim to strengthen the agri-supply chain in the State and support small scale agri-producers preserve their produce longer.

During the year, the Bank received the "Special Jury Commendation" from FICCI for its flagship Axis DilSe program being undertaken in Manipur.

Additional details on the Bank's CSR governance, interventions and impact for the reporting year can be accessed in the Annual Report on CSR Activities which forms part of this Annual Report. Additional information is also available on the Bank's corporate website at https://www.axisbank.com/csr and on the Foundation's website at http://www.axisbankfoundation.org/.

### Sustainability

The Bank remains steadfastly committed towards making the principle of Environment, Social, and Governance (ESG) a key element of its long-term strategy and activities; and continues to work towards aligning its overall organizational strategy and decision-making to its Purpose Statement - 'Banking that leads to a more inclusive and equitable economy, thriving community and a healthier planet'.

In 2021, The Bank's CSR Committee formally began to oversee ESG as a topic, supported by the management-level ESG Steering Committee comprising senior leaders. In fiscal 2022, Axis Bank became the first Indian bank to establish a standalone ESG Committee at the Board level. Under the Committee's oversight, the Bank also announced a series of ESG-aligned commitments with its business and non-business activities, which are being driven by the pertinent verticals across the organization. The Bank's commitments are aligned to pertinent Sustainable Development Goals and to India's climate commitments under the Paris Agreement. In fiscal 2023, the ESG Committee of the Board met 4 times, wherein it also reviewed the Bank's progress towards achieving its ESG-aligned commitments. The Bank has been publishing its performance towards achieving its commitments annually, primarily through its annual sustainability reports.

Towards its commitment of achieving incremental wholesale lending of ₹30,000 crores in sectors with positive sustainable impact by 2026, the Bank has achieved ₹20,400 crores of lending as of 31 March, 2023. During the year, under the oversight of the Bank's ESG Working Group that was established in 2021 to formally guide and manage the Bank's future sustainable financing activities, the Bank has automated the internal tagging and tracking process for all such eligible transactions. As a part of its commitments, the Bank has also been actively planning towards scaling down its exposure to highly carbon intensive sectors. Thereunder, the Bank has identified four such sectors, including thermal power generation and coal mining, and has finalized a glide path over the decade that has been reviewed by the ESG Committee.

The Bank has also made progress towards achieving its commitments under Retail Banking. Against the commitment to achieve ₹10,000 Crores of incremental lending under Asha Home Loans by March 2024, the Bank has achieved a cumulative lending of ₹7,971 Crores as of 31 March, 2023. Notably, the Bank has achieved its commitment to increase the percentage of women borrowers under Asha Home Loans, with 18.38% women borrowers as of 31 March, 2023. Against the commitment to achieve 5% of the Bank's Retail 2-wheeler portfolio as electric by 2024, the Bank has reached 2.74% of the portfolio as of 31 March, 2023.

As a part of its commitments, the Bank has also been working towards strengthening its climate risk management capabilities at the enterprise level, under the oversight of the ESG Committee. In fiscal 2022, the Bank crossed its first milestone by embedding ESG risks into the ICAAP. In the same year, as a part of its initiative, the Bank also significantly strengthened its ESG Policy for Lending that integrates environmental and social risk assessment into its credit appraisal for Wholesale Banking. Significantly, the key proposals discussed at the Board level now include frequent discussions around their assessment under the ESG Policy for Lending. During the year, the Bank successfully designed and launched a pilot ESG Rating model, which is undergoing internal testing and validation. In addition, the Bank also published its first ESG Risk dashboard that was also presented to the Bank's Risk Management Committee.

The Bank's Diversity, Equity, and Inclusion (DEI) agenda continues to move from strength to strength. Towards its commitment to achieve 30% representation of women in its workforce by fiscal 2027, the Bank has strived to scale up its hiring diversity across all verticals and launched new initiatives that not only support its #ComeAsYouAre Charter of commitments but also help expand its talent pool. The Bank's #HouseWorkIsWork campaign was especially focused on qualified women who were keen to return to the workforce. In the first year itself of the campaign, the Bank received over 3,000 eligible resumes prompting the Bank to scale up its planned hiring from the program. During the year, the Bank launched an internal initiative – Pause for Bias, that aims to address widely prevalent and often unconscious biases among people. The Bank's Women in Motion program continued to scale during the year, reaching close to 22,800 students in over 40 campuses across India. The 6-hour Axis DE&I Curriculum on Building and Leading Inclusive Organizations created 300 certified DE&I champions through 8 sessions. The DEI Council, an internal, cross-functional group created to support the DEI agenda also met formally during the year.

During the year, the Bank significantly scaled up its participation in and contribution to thought leadership and advocacy around the topics of ESG, climate change, diversity, and sustainable development, among others. The Bank's senior leaders are members of key committees on these topics at FICCI, CII, IBA, among others, as well as at the market regulators including SEBI. During the year, the Bank also released its first TCFD Report, adopting the format included in the RBI's Discussion paper on Climate Risk and Sustainable Finance, released in July 2022.

The Bank continues to deliver steady performance at key ESG assessment and recognition platforms. The Bank continues to be on the prestigious FTSE4Good Index for the sixth consecutive year in 2022. The Bank has an 'A' Rating by MSCI ESG Ratings and scored C in the CDP. Notably, the Bank is placed at the 82$^{nd}$ percentile among banks globally at the S&P Dow Jones Sustainability Indices in 2022.

**Human Resources**

Employees remain the most critical driver in Bank's journey towards achieving its long term objectives. The Bank values and understands that it is the employees, those in the frontline and those supporting them that drive its promise of being 'Dil Se Open'.

During the year, we as a Bank strengthened our capabilities and leadership team as we welcomed 3,200+ colleagues who joined us from Citibank. We have now embarked on a journey of creating an institution that will be respected by all and that will outlive us all. In order to achieve this, we continue to challenge ourselves to design unique initiatives and practices, with a goal to provide an enriching environment to our people.

### Redefining conventional workspace

Axis Bank was the first among Indian Banks to adopt the concept of 'future of work' in full swing with the launch of GIG-A Opportunities in 2020. Under GIG-A 2.0, a pilot for 500 employees was launched in February 2021 in conjunction with our select teams to test and scale up the hypothesis that, work can be successfully done from anywhere. After a successful pilot, the Bank is now operating with this program in full swing with about 3500+ GIG-A employees associated with the Bank. Additionally, there are 200+ freelancers delivering niche skills across the Bank. In this model, the Bank has ensured to maintain a gender diversity ratio of 1:1 and have hired about 35% of freelancers from non-metro cities. The Bank continues to follow 'Hybrid way of working' with majority of the employees at large offices required to visit office twice a week and are advised to work from home on the rest of the days. Since the time large offices opened up after the pandemic, the Bank has successfully run rosters for every department in the Bank. Both employee and manager feedback remains positive in the hybrid model of working.

### Driving the Bank's deeply rooted culture

The Bank focuses on building a fair, diverse, and performance-driven culture, guided by the five Core Values - Customer Centricity, Ethics, Teamwork, Transparency and Ownership. A network of 956 Axis Value Realizers serve as ambassadors to achieve Bank's overarching goal of ensuring that each and every Axis Bank employee live their values and let the values drive their behaviours at work – All of us, All the time. In the fiscal 2023, the Bank noted an overall improvement of 4.4% in the values Scorecard, that helps track progress in the values framework.

### Creating a pipeline of young leaders by offering advanced career paths

Talent Management in the Bank is focused on enhancing key capabilities and embedding a performance centric culture to deliver the Bank's strategic objectives. The second edition of the 'Ahead' Internal talent management program was launched in April 2022 where a group of 30 employees was selected. In this edition, Ahead Management Trainees have also been mapped to mentors from the previous Ahead batch to support them in their first year and help them navigate through the journey. 'Astros' is the Bank's signature talent development program that aims to craft new career avenues for our employees in middle management. The selected employees underwent 6 days of formal learning sessions, worked on live projects with leaders and also participated in a peer knowledge sharing platform. The second edition of the mentoring program with Management Committee was launched in August 2022 with a wider scope and coverage for fiscal 2023 including 21 mentors (all presidents & above included) and 111 mentees across VP to president grade. The Bank offers flexibility to employees to redefine their career journey within the Bank through Catayst, Axis Bank's Internal Job Portal. Employees who have completed a minimum of 18 months in their current role, are eligible to explore new career avenues across the Bank and its subsidiary companies.

### Focus on skill upgradation & creating a winning mind-set

The Bank believes that individual success leads to the holistic organizational success and is therefore passionate about the learning and success journey of each and every employee. A total of 76,83,678 learning hours were imparted in fiscal 2023 and the learning programs covered a total of 88,726 employees under various initiatives. Average person-hours of training were 86.6

person-hours for all employees. Out of all training given to employees, 72% of trainings were conducted online and remaining 28% were classroom-based training.

### Maintaining a performance driven culture through meritocracy and transparency

Employees reflect on their performance twice every year through self and supervisor evaluation and feedback. Mid-Year check-in conversations ensure that managers are accountable for their team member's performance and there are transparent discussions between manager and employee not just during appraisals, but through the year. In an effort to control attrition at various levels, the Bank introduced a KRA focused on team retention for all AVP and above team leaders with a team size of more than 4. So far, the same has been implemented across more than 90% leaders.

### Welcoming young minds to kick-start their banking careers

Last year, the Bank on boarded 656 campus graduates through the diverse campus programs. Bank's flagship program for young leaders, AHEAD, caters to students from Tier 1 B-schools of the country like IIMs and equivalent campuses. The Bank's 'ASPIRE' program also attracts talent from institutes that broadly covers the spectrum of new IIMs and Department of Management Studies in established IITs. ABLe is the Bank's cadre program for recruiting post-graduates (MBA/PGDM/MMS) from Tier 2 B-Schools across the country. The Bank's flagship diversity hiring program, We Lead, hires women management graduates from Tier 1 B-Schools and offers them rich and challenging roles in middle-management level. Last year, the Bank hired 20+ aspiring women through the We Lead program. Apart from management graduates, the Bank also hires from other fields like engineering, CA, Law, Design, and operations.

Launched on 31 May, 2022, ARISE is the Bank's newest and most unique campus program that promises an equal employment opportunity for young folks to prove their talent regardless of the education background. The selection of candidates was done basis their performance in 3 rounds, namely cognitive assessment, functional assessment, and elevator pitch. The first batch of ARISE welcomed 74 bright minds, across diverse business verticals in the Bank and its subsidiary companies. 80% of the total pool has come in from colleges which are not empanelled with the Bank.

The Bank has also partnered with NIIT & Manipal to run academic development programs which allow one to master skills in their area of interest. Post successful completion of the course, students get an assured job with Axis Bank

### Diversity, Equity, and Inclusion

The Bank remains committed to creating a workplace that is free of discrimination and one that celebrates everyone for who they are. With the goal of having 30% women in the workforce by 2027, the DE&I team has put in place a series of initiatives to make the D,E,&I efforts visible and conducive to exist for every member in the organization.

'Pause for Bias' training is a part of the induction program, and so far, the team has conducted 104 'Pause for Bias' sessions covering 20,080 employees across the Bank.

Staying true to the credo of inclusion – "The onus of inclusion lies on those who are included, not on those who are excluded", the Bank periodically introduces unique programs to break through from traditional patterns of hiring. #HouseWorkIsWork was launched in February 2022, welcoming homemakers who had taken a break from their corporate jobs to manage household chores and other added responsibilities of family and children. Axis Bank looks at it through a different lens, where the experience they gain at home is seen a valuable in the Bank's growth journey. The team received an overwhelming response of 3,437 applications for the campaign.

The policy infrastructure of the Bank was upgraded post launch of #ComeAsYouAre charter on 6 September, 2021. This ensures that all policies are gender inclusive and step beyond heteronormativity. The leave policy saw significant changes in the nomenclature where maternity leave was renamed as 'Leave for birthing parents' to include transmen who could be birthing parents, adoption leave is now gender inclusive, paternity leave up from 15 days to now 30 days a year.

The inclusive hiring policy mandates all job descriptions to have the following prompt - **#ComeAsYouAre - Women, LGBTQIA+ and PwD candidates of all ages are encouraged to apply.** This focused approach has led to a **25% of women hires** up from 19% in the previous year.

Axis Bank also ensures a regular pulse check on DE&I agenda in the larger society by engaging with different cohorts. Women In Motion (WiM) is an outreach initiative run by senior most leaders for women students across the country. Last year, the team had a chance to interact with 20,032 students from 53 institutes across the length and breadth of the country. The team also conducts a 6-hour long interactive certification course for all DE&I enthusiasts who are keen on becoming strong advocates for participation of underrepresented groups in the workforce. This reported a coverage of 226 students across 3 institutes till date.

Axis VIBE, launched on September 2022, celebrates the idea of pride and diversity equity and inclusion in the business ecosystem. This is a platform where Axis Bank employees get a chance to interact with prominent leaders from varied industries to learn about policies and practices of businesses that put inclusion as a priority in their agenda.

### Prioritizing wellness

The Axis Bank wellbeing policy focusses on rounded wellness of its employees in the personal, social and professional sphere of everyday life. Professional counsellors on board offer confidently and unconditional support to employees and their immediate families on any personal or professional issue that they struggle with. What started as a heightened response to the pandemic has now become a part of the organizational DNA. The Bank has extended mental health services to employees' families, group therapies, couple therapy and grief counselling. The response picked up with time. In 6 months, there were around 600 employees who sought counselling therapy as one-on-one or group sessions and 1,247 people are in queue seeking counselling appointments.

### Open to listening

The Bank has partnered with inFeedo, a SAAS based Technology Company and are using their AI enabled bot called Amber for regular pulse sensing. Employee experience and engagement is captured as early as 21 days from date of joining. This tool digitally reaches out to a set of employees daily and has HR conversations with them around their experience of working at Axis Bank. Over the last 1 year, Amber has reached out to 75,212 employees. Under the Open to listening initiative, the bank also runs multiple surveys across various employee cohorts to gain insights around employee experiences and key areas of concern so as to deploy adequate corrective/engaging interventions.

### Recognizing the extraordinary

Whether big or small, Axis Bank applauds its employees for their greatness at work and recognize them under the visibility of senior most leaders of the Bank. Champions Awards is the Bank's annual R&R event, celebrating employees for going beyond the call of duty to exhibit the core values of the Bank. Last year, 105 champions were felicitated by the chairman of the Board and our MD&CEO over a fun-filled evening. Anchors is the Bank's quarterly recognition program for all employees up to VP grade across the country. Last year, the Bank recognized 2,459 Anchors for demonstrating excellence in everyday work. Employees are nominated by their Department/Circle Heads across 3 distinct award categories – Supernova, Game Changer and Team Player. Recently the Bank launched a long-service segment in its recognition initiatives. OGs are the stalwarts within the organization who have been part of the Bank's success journey for milestones of 5, 10, 15, 20 and 25 years respectively. A total of 5,523 OGs were recognized and felicitated.

## Subsidiary Performance

The Bank's subsidiaries remain central to the principle of "One Axis" and have an important role to play in the Bank's strategy formulated around the three vectors - Growth, Profitability and Sustainability. In a short span of time, the Bank has established subsidiaries covering a significant gamut of the financial services space, with some of them being leaders in their segments. Axis Capital continues to maintain its leadership position in the ECM segment. Axis Mutual Fund maintained its position as the fastest growing AMC amongst the Top 10 players and is now the seventh largest player with over 5.96 % share in the industry AUM. Axis Finance has grown its AUM at a 27% CAGR in last 5 years while delivering healthy returns.

The Bank continues to focus on further scaling up the subsidiaries so that they attain meaningful size and market share in their respective businesses. During fiscal 2023, the Bank's subsidiaries delivered strong performance with reported total income of ₹5,022 crores and earnings of ₹1,295 crores up 10.89% year on year.

Axis Capital, the Bank's investment banking and institutional equities franchise has been the leader in equity and equity linked deals over the last decade and had another great year with highest number of transactions (42 transactions across IPO, QIPs, OFS and Rights Issue). Axis Capital's earning increased by 29% and contributed 11% to the total earnings of the subsidiaries.

Axis AMC and Axis Securities continued to contribute towards the Bank's Retail Franchise building strategy and strengthen the bond with its customers.

Axis AMC, had 12.9 million client folios as at end of 31 March, 2023 and reported a strong growth in net profits by 16%. The company manages 69 mutual fund schemes with a closing AUM of ₹228,261 crores as compared to closing AUM of ₹253,772 crores as on 31 March, 2022. The Company was ranked 7$^{th}$ amongst the mutual fund industry in India. During the year, the Bank forayed into retirement business with the launch of Axis Pension Fund Management through Axis AMC. The AUM under pension fund management stood at ₹191 crores as on 31 March, 2023. Axis AMC's earnings grew by 16% and contributed 32% to the total earnings of the subsidiaries.

Axis Securities, a brokerage arm become the third largest player based on customer base. The retail brokerage firm reported 17% growth in cumulative client base to 4.86 million. Axis Securities' earnings de-grew 13% as compared to previous period and contributed 16% to total subsidiaries' earnings. The subsidiary achieved a trading volume of ₹9,636,385 crores thereby registering a growth of 53% in fiscal 2023.

Axis Finance Limited, the Bank's NBFC has been diversifying its loan book mix and has made significant investments to grow its retail team with the objective of becoming a consumer-focused lending company. Axis Finance's earnings increased by 30% YOY and contributed 37% to total subsidiaries' earnings. Axis Finance remains well capitalized with Capital Adequacy Ratio of 20.49%. Its asset quality metrics remain stable with net NPA declining 10 bps YOY to 0.36% as of 31 March, 2023.

Freecharge, one of the India's leading digital payment companies has a current user base of 1.4 million, GMV of ₹20,000 crores and 131 million transactions. It continued to make progress in its payments led financials services journey during the year. The Bank leveraged the platform to introduce financial services products including digital SA, digital CA, digital fixed deposits, MFs, credit cards, Paylater and small business loans focused towards millennials and small and medium businesses.

A.TReDs Limited, the Bank's subsidiary that was set up in partnership with M-Junction, was one of the three entities allowed by RBI to set up the Trade Receivables Discounting System (TReDS), an electronic platform for facilitating cash flows for MSMEs. The Bank's digital invoice discounting platform 'Invoicemart' has set a new benchmark by facilitating financing of MSME invoices of more than ₹55,600 crores. It currently has over 20,671 participants on the platform and has e-discounted nearly 16.3 lakh invoices since start of its operation from July 2017.

## SAFE HARBOR

Except for the historical information contained herein, statements in this Annual Report which contain words or phrases such as "will", "aim", "will likely result", "would", "believe", "may", "expect", "will continue", "anticipate", "estimate", "intend", "plan", "contemplate", "seek to", "future", "objective", "goal", "strategy", "philosophy", "project", "should", "will pursue" and similar expressions or variations of such expressions may constitute "forward-looking statements". These forward-looking statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. These risks and uncertainties include, but are not limited to our ability to successfully implement our strategy, future levels of non-performing loans, our growth and expansion, the adequacy of our allowance for credit losses, our provisioning policies, technological changes, investment income, cash flow projections, our exposure to market risks as well as other risks. Axis Bank Limited undertakes no obligation to update forward-looking statements to reflect events or circumstances after the date thereof.