

Lending a Hand for a Better World

As a bank, we can play an important role in influencing and driving positive economic and societal impact. It is our fundamental priority to support India's transition to a more inclusive and sustainable economy that harbours positive environmental and social outcomes, especially through our lending portfolio. Our diverse range of financial products and services reach out and cater to millions of customers in hitherto unbanked and under banked sections of the population, making way for financial inclusion and literacy in society.

Capital linkage



Stakeholder linkage



BANKING FOR BHARAT

The diversity in our clientele presents us with an opportunity to serve a wide array of customers, ranging from Fortune 500 companies, multinational corporations to remote women-led self-help groups, entrepreneurs and small-scale farmers. By building unique relationships with our customers across sectors, we have managed to create lasting socio-economic impact.

During the year, we created a growth-focused 'Bharat Bank' with a vision to create an ecosystem for rural India or 'Bharat'. We introduced specific Bharat-centric products and expanded our reach by leveraging our strong physical distribution as well as digital channels. Bharat Banking will work towards unlocking the true potential of rural India. As of March 2022, we had 2,065 'Bharat' branches offering a range of rural products such as farm and agri-related loans, microfinance products, various bank accounts and payment solutions, among others.

During the year, we also scaled up our Common Service Centers (CSC) to 40,000+ outlets, allowing us to penetrate deeper into the rural and semi-urban markets. Additionally, we also partnered with India Post Payments Bank (IPPB) in FY 2021-22 to leverage the IPPB network to expand our presence. Through our partnership with Bayer Crop Science's Better Life Farming (BLF) initiative in India, we are connected with 299 BLF centres in FY 2021-22 across six states including Uttar Pradesh, Jharkhand, Bihar, Odisha, Maharashtra, and Madhya Pradesh.

2,065

Bharat Bank Branches

40,000+

CSC Outlets

AXIS SAHYOG- REACHING THE UNBANKED AND UNDERBANKED

We launched our Retail Microfinance programme under the flagship of 'Axis Sahyog' in 2013 with an aim to empower millions of families in underbanked geographies across India. By providing inclusive financial solutions, we are helping bring untapped segments of the population into the umbrella of formal financial avenues.

As on March 2022, the programme, driven by our Microfinance vertical under Bharat Banking, has served low-income households and catered to 1.87 million women borrowers. From covering four states in 2013-14, Axis Retail Microfinance is now present in 25 States and Union Territories through 1,000+ branches and four Business Correspondent Partners.

1.87 MN

Women borrowers under 'Axis Sahyog' Microfinance programme

Apart from its business activities, the Axis Microfinance team also delivers on our agenda of nurturing financial literacy and health awareness in its areas of operation. This has been highlighted in the 'Strengthening Communities for a Prosperous India' section of this Report.

We have evolved from physical banking to digital anchors, ensuring 'phygital' banking delivery to the last mile, with process improvements such as e-KYC-based onboarding, geo-location tagging, paperless operations and instant credit bureau checks. We also offer a wide range of products fulfilling the features of MUDRA - Shishu, Kishor and Tarun schemes.

3,65,955

Savings accounts opened under PMJDY in FY 2021-22

12,76,117

Total active accounts under PMJDY as on March 31, 2022

386

BC points under PMJDY and various government mandates

₹3,074 CRORES

Small loan disbursements to 0.94 lakhs customers in FY 2021-22

₹5,251 CRORES

Mudra Loans sanctioned to 9.9 lakhs+ borrowers as on March 2022

24,576

New enrolments in Social Security Schemes

PRIORITY SECTOR LENDING

We continued to pursue a focused strategy on Priority Sector Lending during the year, augmenting the small ticket - size loans, crop loans to small and marginal farmers and microfinance business, targeted at women borrowers from low-income households. For more details, please refer to the 'Priority Sector Lending' section on [page 107](#) of the Annual Report 2021-22.

BANKING FOR INDIA'S MSME SECTOR

The overall progress of the Indian economy is greatly influenced by the development in the SME sector. The Commercial Banking Group (CBG) is of strategic importance to us and it caters to the SME sector. We strongly emphasise on building and deepening banking relations with small and medium businesses across India. Details on the performance of the Commercial Banking Group can be accessed in the 'Commercial Banking' section of the Management's Discussion and Analysis on [page 110](#) of the Annual Report 2021-22.

PROJECT SANKALP

Project Sankalp is a tech-driven transformation initiative aimed at improving and enabling ease of business for our SME consumers, providing access to data driven credit decisions, a minimal documentation procedure and simplified products. During the year, the initiative was launched in the Small Business Banking segment to transform loan journeys and enhance customer experience. Through Project Sankalp, we have made significant progress in our digital transformation journey and we expect to roll it out nationally in FY 2022-23.

SERVING OUR FORCES WITH PRIDE

We continue to be a partner of choice for the country's defence and police forces. Our differentiated product bouquet for the personnel includes complimentary personal accident covers (including child education benefits), and various health and wellness solutions.



AFFORDABLE HOUSING

We are a significant lender in the affordable housing space, with our product offering, Asha Home Loans, targeted at first time home buyers from economically weaker sections.

The loan book size of Asha Home Loans has grown over 80% in the last two years alone, with 97,000+ customers, highlighting the strong demand for such a product in the target segments.

80%

Growth in Asha Home Loans book size between FY 2019-20 and FY 2021-22

Asha Home Loans	FY 2021-22	FY 2020-21	FY 2019-20
Book Value (in ₹ crores)	11,312.24	9,578.31	7,844.22
Customer Base	97,246	83,029	69,645

As a part of strengthening our ESG focus, we have also committed to the incremental disbursement of ₹10,000 crores by March 2024 under Asha Home Loans. We are also determined to fulfil the following commitments:

1. Increase presence in Tier-2 and Tier-3 geographies
2. Incremental distribution coverage from 290 to 348 districts by FY 2023-24
3. Increase women customers from the current 13.9% to 16.9% by FY 2023-24

During the year, we achieved a disbursement of ₹3,359 crores against a target of ₹2,265 crores. The distribution coverage has been extended to 310 districts and the share of women borrowers has increased to 15.86% in FY 2021-22.

EDUCATIONAL LOANS

Our Education Loan portfolio remains strong and addresses a wide variety of educational requirements of the student community.

Educational Loans	FY 2021-22	FY 2020-21	FY 2019-20
Book Value (in ₹ crores)	1,753	1,426	1,419
Customer Base	26,434	22,888	23,060

SUSTAINABLE BANKING AND FINANCE

We remain committed to actively financing sectors that contribute to India's growth in a manner that creates positive social and environmental impacts. In our endeavour to fully integrate ESG into our strategy and growth plans, we have announced lending and financing commitments that are aligned with the Paris Agreement and SDGs:

- Incremental financing of ₹30,000 crores under Wholesale Banking to sectors with positive social and environmental outcomes by FY 2025-26
- Making 5% of our retail Two-Wheeler loan portfolio as electric by FY 2023-24 and offering 0.5% interest waiver on new EV loans

The total outstanding under our Corporate Advances book to sectors such as renewable energy generation, urban mass transport, electric mobility, and green

buildings, stood at ₹12,255 crores as on March 31, 2022, up ~26% from our previous year's outstanding of ₹9,753 crores.

While increasing financing to positive impact sectors, we also realise the need to move away from investments that could potentially create negative social and environmental impact. To address this, we have committed to scaling down exposure to carbon-intensive sectors over a period of time in our Wholesale banking business portfolio. This commitment has been approved and is being monitored by the ESG Committee of the Board. At present, we have chosen not to make the exact contours of our commitment public, in light of external factors, and shall look to disclosing the contours in the future.

26%

Growth in Corporate Advances to sectors with positive social and economic outcomes

LANDMARK SUSTAINABLE FINANCE DEALS

In FY 2021-22, we initiated notable sustainable financing transactions that aim to contribute to India's sustainable and equitable economic transition.

US\$ 600_{MN}

Raised for India's first Sustainable AT1 issuance

US\$ 200_{MN}

Guarantee framework with GuarantCo for financing EV ecosystem in India

US\$ 150_{MN}

Partial Guarantee facility agreement with ADB for supply chain financing

US\$ 150_{MN}

Commitment to SAMRIDH blended finance facility to boost healthcare infrastructure

India's First Sustainable AT1 Issuance

We raised India's first sustainable AT1 issuance priced at US\$ 600 million in the overseas markets in September 2021. With this issuance, India became the second jurisdiction in Asia with an ESG AT1 issuance. The offering witnessed an overwhelming response from investors, especially high-quality real money investors, with the order book being 3.8 times oversubscribed, ahead of the Final Pricing Guidance announcement.

➔ For more details, please refer to this press release. <https://www.axisbank.com/about-us/press-releases/axis-bank-raises-indians-first-sustainable-usd-at-1-notes-of-600-million>

Accelerating the EV Ecosystem in India

In November 2021, we announced a partnership with the guarantee arm of Private Infrastructure Development Group (PIDG), GuarantCo, with the intent to execute an umbrella guarantee framework of US\$ 200 million, creating a programme size of US\$ 300 million towards accelerating the e-mobility ecosystem in India. The guarantee will enable capex financing of a wide range of entities engaged in manufacturing, distribution and servicing of electric vehicles (EV), batteries and charging infrastructure. The disbursements under the framework are aligned with our commitment of incremental financing of ₹30,000 crores under Wholesale Banking, to sectors with positive social and environmental outcomes by March 2026.

➔ For more details, please refer to this press release. <https://www.axisbank.com/about-us/press-releases/axis-bank-and-guarantco-through-pidg-announce-guarantee-platform-with-a-programme-size-of-usd-300-million-to-accelerate-transition-to-electric-vehicle-eco-system-in-india>



Strengthening India's Healthcare Infrastructure

The COVID-19 pandemic has revealed the urgent need for boosting investments and partnerships in the healthcare sector in the country. To enable this change, we have committed to strengthen India's healthcare infrastructure by signing an MOU with IPE Global Ltd. for the SAMRIDH Healthcare Blended Finance Facility. Under this partnership, we will provide affordable finance, of up to US\$ 150 million through SAMRIDH, to support health enterprises and innovators who would otherwise be unable to access affordable debt financing.

➔ For more details, please refer to this press release. <https://www.axisbank.com/about-us/press-releases/axis-bank-commits-150-million-to-samridh-healthcare-blended-finance-to-strengthen-india-s-healthcare-infrastructure>

Strengthening Supply Chain Financing to Impact Sectors

We have signed a Partial Guarantee Facility Agreement (PGFA) with the Asian Development Bank (ADB) to support supply chain financing for impact sectors, under which ADB will provide guarantees (variable) to the lending done by us. The programme is scalable, with an initial foundational ramp up of ~US\$ 150 million.

➔ For more details, please refer to this press release. <https://www.axisbank.com/about-us/press-releases/axis-bank-and-asian-development-bank-collaborate-to-offer-supply-chain-finance>

Leadership in Green Debt Capital Markets

We continue to be a leading player in the ESG-aligned debt capital markets space, and have been a part of a number of record-setting deals in the sector.

Joint Arranger for Vector Green Energy's Rupee-denominated Certified Green Bonds – First AAA-rated deal in the Renewable Energy sector

Joint Arranger for Avaada Energy's Rupee-denominated Certified Green Bonds – India's largest AAA rated issuance by any Renewable Energy developer

Mandated Lead Arranger and Book Runner for US\$ 750 million Sustainability Linked Loan to SKI Carbon Black

Implementation of the ESG Policy for Lending

As highlighted in the 'Realising our ESG Strategy' section, we have expanded the scope and robustness of our ESG Policy for lending in FY 2021-22. The following case studies highlight the environmental and social due diligence (ESDD) conducted under the policy.

Case Study 1

Sector: Asbestos-based Products within the Specified Industrial Estate Limits

During the proposal discussion with a company, it was found that though the company is engaged in production/trade of asbestos material, it was not subject to the detailed due diligence as per the ESG Policy for Lending criteria. However, given the background, a detailed ESDD was conducted, and it was found that unbounded asbestos was used for the manufacturing of asbestos-based sheets, which is not as per the Exclusion List of our ESG Policy.

Key Mitigation Measures

It was decided that for all future proposals, no incremental financing shall be made to the asbestos sector, subject to the provisions in the ESG Policy Exclusion List.

Case Study 2

Sector: Manufacturing of Steel Files

Our ESG assessment of a company's portfolio identified that as per the current status declared by the company, there were a few cases registered for the non-compliance of labour laws and are in violation of Factory Act/Rules.

Based on the information declared by the company, cases were discussed in detail with stakeholders of the company to understand the current status with respect to the regulatory compliances.

Key Clarification Measures

- From the nature of the cases discussed with the company, it became evident that all the cases did not violate the labour and working conditions, and hence, did not appear to be serious causes of concern.
- The company has established strict Occupational Health and Safety measures at the site. Stern supervision has been implemented, especially in the areas involving maintenance work at higher height levels. Standard operating procedures have also been displayed at all workstations.