

Message from Executive Director

(Wholesale Banking)



"During the year, Corporate India displayed extreme resilience and adaptability through the tough times by not only managing their supply chain, people and containing costs, but also raising capital."

Rajiv Anand
ED - Wholesale Banking

Large private banks have continued to gain market share in both deposits and advances over the last few years and fiscal 2020-21 also witnessed similar trends. Abundant global liquidity and strong corporate performance ensured significant deleveraging by corporate India. Corporate banks in turn saw lower slippages, despite COVID. However, growth of credit to the corporate sector remained anaemic.

During the year, Corporate India displayed extreme resilience and adaptability through the tough times by not only managing their supply chain, people and containing costs, but also raising capital. The share of bank credit in overall flow of resources to commercial sector remained low as corporates utilised the low interest rate environment to mobilise funds through private placements and foreign investments during the early part of fiscal 2020-21. Though the industry credit to large corporates related to sectors like telecom and metals declined on account of large repayments, the sectoral credit growth in mid-corporates saw strong revival with 29%.

One of the themes that has been playing out over the last few years has been the consolidation of businesses across industries and the shift of corporate banking business from public sector banks to private banks. In the last five years alone, private banks collectively have gained about 10% market share in corporate loans from PSU banks. This trend of corporates consolidating their banking relationships will continue to benefit large banks like Axis Bank who can provide holistic solutions and superlative customer service leveraging on their wide product offerings, efficient processes and digital prowess.

It is in this context that we feel positive about building a sustainable and profitable Corporate Bank, going forward. We will continue to focus on better-rated corporates with an aim of not just lending balance sheet to these clients but also become the transaction bank of choice. This strategy not only deepens the relationship but also ensures we capture multiple revenue stream from the corporate. Our focus

on delivering disproportionate growth from our chosen sectors, like Mid-Corporate, MNC and SME segments will continue. This will also bring a greater level of granularity to the overall portfolio, thereby reducing the risk.

A key area of distinctiveness is our ability to deliver 'One Axis' to our customers. We are currently one of a kind full-service Wholesale Bank that offers varied solutions across all financial services. From, traditional banking products, debt capital markets, investment banking to NBFC and Retail banking products like Burgundy wealth management, salary and trust services, forex and commercial credit cards.

There are numerous examples where Axis Capital, our Investment Banking subsidiary has lead managed an IPO, the Bank has provided transaction banking services, Axis Trustee Co provided trustee services to the issue, Burgundy, our affluent banking proposition distributed the issue and finally some of the surplus funds were parked with Axis Mutual Fund scheme, thereby providing a one-stop shop for the customer, something very few of our peers are able to do.

Aligned to our GPS objectives, we have taken number of significant steps around strengthening the organisation structure and processes in the last two years. We have re-oriented the organisational structure to ensure better client coverage by increasing the number of coverage segments and segregating the responsibilities of business relationships and product specialists. We have also strengthened our leadership team across our focused segments like Mid-Corporate, Government Coverage, MNC and Commercial Banking; and embedded rigour in our way of conducting business for delivering execution excellence and growth aspirations.

These efforts have started reflecting in the strong growth performance in our focused segments. Our corporate loan book growth, including TLTRO investments was strong at 16% as

One of our strategic growth objectives has been to significantly grow our Mid-Corporate segment where we have been underpenetrated. During the year, we continued to invest in strengthening our team structure and geographical presence in specific industrial clusters.

we continued to focus on disciplined execution of our strategy. The growth was more prominent in our focused segments across Mid-Corporate, Government coverage and MNC that grew by 31%, 66% and 49%, respectively on y-o-y basis. Our Commercial Banking business delivered strong all-round performance with 13% growth in advances and 24% growth in average current account balances.

One of the key changes in the coverage model has been the focus on looking at customer relationship opportunity on a RAROC basis and rigorously work towards providing holistic solutions to the customer. Our teams have also been proactively taking lead in setting up the right infrastructure and service architecture to service the customers. As a result of these efforts, we added close to 800 new credit relationships in the Corporate segment.

Our focus on quality coverage has been well recognised by our clients and independent parties as well. During the year, Axis Bank was ranked no. 1 and was the only domestic bank that featured in the Large Corporate (Institutional and Coverage Quality)

leader category at the 2021 Greenwich Excellence Awards.

Our CBG which is one of the most profitable segments in Wholesale Bank has always been a strategic priority for us. Over the last couple of years, we have been strengthening our operational processes and risk framework in the segment. We had embarked on a tech-driven transformation project 'Sankalp' in this segment with the objective to re-imagine the end-to-end customer journeys, simplify the processes and improve sales productivity within the CBG business. The implementation of this digitisation initiative has helped us in reducing the loan approval time by nearly 75% while pushing the productivity of RMs up by 2 to 3 times. Our focus on acquiring new customers aided by 'Sankalp' and better co-ordination with branch banking teams have yielded strong results in the segment with over 100% increase in new relationships added during the year. We remain confident of growing this segment strongly led by our persistent focus and cadence in engaging with clients.

One of our strategic growth objectives has been to significantly grow our Mid-Corporate segment where we have been underpenetrated. During the year, we continued to invest in strengthening our team structure and geographical presence in specific industrial clusters in this segment. We have also been leveraging our strong branch network to build and consolidate relationships. We believe that we have significant run-way for profitable growth in this segment in the medium term.

We continue to maintain our strong positioning among the leading private sector banks handling the Government Businesses across the country. In our Government coverage segment, we have strengthened the team and improved our product and service delivery, that has helped us to get higher share of short-term trade finance and transaction banking

Message from Executive Director (Wholesale Banking) *contd.*

businesses. We continue to remain focused on offering holistic solutions in segments like e-Governance, Finance Commission, Centrally Sponsored Schemes, Urban Local Bodies, Education, Agriculture, Health, NHAI and Defence. The recent government move to open up all the government related banking business to private sector banks plays to our strengths in this segment and further strengthened our position.

During the year, we continued to deepen our relationship with better rated entities and groups, focusing more on working capital loans and engaging with them for transaction banking products. In fiscal 2020-21, over 94% of our incremental sanctions and over 85% of loans outstanding were to corporates rated 'A' and above. While we continue to participate in the credit business, we have been putting all efforts to gain higher share of trade businesses like LC and BG, and supporting them in their transaction flow businesses like current account and cash management, forex and derivatives, capital market, tax payments, etc.

In the Transaction Banking space, we have revamped the organisation structure and service architecture of our wholesale banking products group. With improved product and service offerings, coupled with specialised talent inducted, we have made considerable progress in gaining incremental wallet share. Our market share in foreign LC nearly doubled to 10% while the GST payments too increased to 9% during the year. We have been one of the leading banks in Bharat Bill Payment ecosystem contributing to the highest number of new biller additions to this platform. Resultantly, the share of non-credit granular fees in overall corporate and commercial banking fee mix increased to 57% in fiscal 2020-21 from 52% in fiscal 2019-20.

We have maintained our leadership position as the top arranger of rupee bonds over the last 14 years. We mobilised around ₹18,000 crores

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in TLTRO, by participating in three auctions at the start of year and invested the entire funds across high-rated corporate issuers, thereby helping to build new client relationships.

During the year, we consolidated our overseas business through our branch operations in Dubai, Singapore and GIFT City, India in line with our strategy to focus on Indian corporates with global operations. Our overseas book continues to be dominated by high-rated Indian conglomerates and PSU entities with major part of growth being driven by our GIFT City branch exposures.

Over the last two years, we have tightened governance and risk culture in the Wholesale Bank with respect to coverage and credit underwriting, products and processes. We have institutionalised the activities which we will refrain from doing and would look to price and document risk appropriately. We continued our cautious stance on taking long-term project execution risk in the infra space and green field projects, except in certain segments to certain entities like large corporate groups or PSUs.

We continue to maintain rigour around risk management and have reduced exposure to accounts wherever we saw stress emerging. Our stress book of BB and below rated accounts has moderated to 1.09% with 100% of restructured corporate book classified as BB and below.

In the corporate book, we continued to take prudent actions around asset quality and provisioning. We have further increased the provisioning on standard investments, red flagged accounts, and fully provided for security receipts during the year. Our strong balance sheet position with additional provisions of 1.95% on standard assets, places us well to counter the unlikely risks in the current uncertain environment.

The budget announcements related to extension of performance linked incentive scheme to larger set of sectors, continuation of tax breaks to new companies, ease of doing business, along with geo-political factors have led to marginal shift in global supply chains, thereby aiding growth in certain sectors like pharma, electronics, automotive, etc. I do hope that acceleration in vaccination rollout and continued support from fiscal and monetary authorities would help the businesses to tide over this difficult period. The recent surge in infections caused by second wave of COVID-19 may delay the capex recovery to late fiscal 2021-22 and early 2023.

I continue to remain confident that the changes we have implemented in Corporate and Commercial Banking businesses towards building a granular and diversified book, along with our ability to offer One Axis to our clients would help us gain market share and build a sustainable and profitable Wholesale Bank.

Warm Regards,

Rajiv Anand
Executive Director
Wholesale Banking

Message from Executive Director (Corporate Centre)



"Over the last 18 months, our journey on employee experience has evolved with much work behind the scenes on process and technology improvements. All this work resulted in establishing our 'One Axis App' as a universal front-end for all mobile-first employee journeys."

Rajesh Dahiya
ED - Corporate Centre

This past year has been remarkable year for the Axis franchise. In the wake of an unprecedented economic and humanitarian crisis, our employees have served the country as frontline warriors. The resilience of our organization is owed to the tireless efforts of our people, their ability to adapt to rapid change, and commitment and unity in our purpose. At the outset, I wish to thank each and every one of our employees and their families for keeping Axis 'Dil Se Open' in the face of every challenge.

Our number one imperative in the Corporate Centre has been to shepherd the Bank through the COVID-19 crisis. From a people perspective, we focused on two key things: firstly, ensuring our employees remained connected to the organization through regular communication, engagement, and outreach. Secondly, by seeing to it that all employee processes remained active even during the lockdown. Our team conducted virtual reach-outs covering 50,000 employees, checking in on their health and safety, and continued employee engagement activities, including online art therapy workshops, exercise, and wellness programs. We even had a virtual Family Day that saw over 45,000 people attend.

The ongoing second wave of the COVID pandemic has had a much larger impact on our employees and their families. In keeping with national trends, we are witnessing an increase in bereavements and severe illness. We are committed to supporting all our employees through this. Our Term Life Insurance policies offer multiple years of compensation to deceased employees that are best-in-class in our industry. Axis' Board has committed ₹10 crores to Employee Welfare Trust. This fund is committed to ensuring that all deceased employees receive a one-time payout of ₹2 lakh to tide over immediate obligations and also pay continuity of six months. We will cover all employee medical expenses in case of an unfortunate demise. Our Mediclaim coverage has been extended to home care and non-medical expenses incurred during COVID care.

Message from Executive Director (Corporate Centre) *contd.*

We have also mobilized our in-house experts to provide financial counselling to all affected employees.

We have partnered with Medi-Assist to facilitate full-spectrum health services for our employees. Our employees now have access to confidential counselling, proactive telemedicine, and vaccination support from various partners. We care for your mental well-being and hence we have empanelled licensed therapists to facilitate counselling for employees in need.

Along with this, we have created a task force comprising our senior leaders and regional staff in corporate, commercial, and government coverage, who have mobilized our business relationships for employees, enabling them to access hospital beds, oxygen support, and other medication as needed.

Our commitment to our employees is unwavering and we will ensure that we do everything possible to ensure their health and safety.

Over the last 18 months, our journey on employee experience has evolved with much work behind the scenes on process and technology improvements. All this work resulted in establishing our 'One Axis App' as a universal front-end for all mobile-first employee journeys. As we transitioned to remote working, this capability was instrumental in ensuring all our HR processes remained in good shape. We were amongst the first banks to complete our annual appraisal cycle in fiscal 2019-20, paying out variable pay till the mid-management level by April 2020 and increments and variable compensation for senior management by October 2020. In fiscal 2020-21, we have completed our appraisal process, promotions, and payout of both increments and variable pay within regular timelines.

Much has been said on the transition to work from home and its benefits. At Axis, we took a risk-based approach to the change by taking an early stance that our future would be a hybrid work model. Our early investment in capabilities to implement showed impact when we scaled office presence

Our belief that the communities where we serve are our critical stakeholders and significantly contribute to our success is stronger than ever. So, it has been full steam ahead for our CSR efforts, which touched millions of community participants across India over the year.

up and then backed down in response to the evolving COVID-19 situation. The constraint we placed on ourselves by committing to no incremental corporate office space for five years pushed us to think about how we could best leverage our newfound capability to work from anywhere. From this emerged our project on the Future of Work and the launch of GIG-A-Opportunities, with the ambition to reshape our operating models and expand Axis' access to talented, highly-skilled professionals wherever in the country it may be and in whichever format they choose to associate with us.

This year has proved to us more than ever that our greatest asset at Axis is our people. We have therefore upped our investments and revamped our learning strategy. Now we have a three-year learning roadmap with certification milestones for each role within the Bank. These journeys are comprehensive; focusing on product and process knowledge, capability building, leadership skills, risk, and compliance. We have also launched talent development programs for our Middle Management – creating

fast-track development plans that are aided by mentorship and challenging assignments. We are committed to building our leadership capacity from within and these programs will be instrumental to achieving this goal. Thanks to our e-learning capabilities, learning hours for the year have doubled.

Our belief that the communities where we serve are our critical stakeholders and significantly contribute to our success is stronger than ever. So, it has been full steam ahead for our CSR efforts, which touched millions of community participants across India over the year. Notably, in the field of education, we launched three CSR initiatives– scholarships for women pursuing STEM at Ashoka University, foundation of the Museum of Solutions for children at Mumbai, and the Axis DiSe program in Manipur. Through the Bank's financial literacy and financial inclusion program, we reached over nine lakh women participants in 22 states and Union Territories during the year. This year, we expanded the program to include a health awareness intervention, 'Sachetana,'

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As the pandemic brought economies the world over to a grinding halt, creating a major impact on lives and livelihoods, the Axis Bank Foundation and its partner organizations were quick to come to the aid of all participant communities.

to help raise awareness on COVID-19-focused personal safety and hygiene. Our unique digital financial literacy platform, Project Akshar, reached over 1.2 million individuals since its launch in 2017.

During the year, we made a conscious and concerted effort to scale up our environmental, social, and corporate governance (ESG)-aligned capabilities and performance as we continue to put in place the foundational pillars that can support a strong ESG-aligned pathway for the Bank. ESG is now an integral part of the Board agenda, as we continue to integrate ESG topics into agendas of pertinent Board Committees. The Bank has established an ESG Steering Committee comprising Heads of key departments, who shall act as ESG champions within and outside the Bank and help drive strategic mandates across the Bank.

Even as we worked towards scaling our ESG-aligned competencies, I am happy to share that the Bank improved its performance across key external ESG assessment platforms during the year. For 2020, at the S&P Dow Jones Sustainability Indices, we are now in the highest percentile range among Indian banks, our CDP rating has jumped up two spots to reach B

from C, and our ESG rating by MSCI ESG Ratings has improved from BBB to A.

As the pandemic brought economies the world over to a grinding halt, creating a major impact on lives and livelihoods, the Axis Bank Foundation and its partner organizations were quick to come to the aid of all participant communities. During the lockdown in 2020, the Foundation supported Farmer Groups in procuring agricultural inputs and aggregation of harvested products for sale, especially in instances where market access was compromised due to the pandemic. These tumultuous times have also validated our 'Basket of Livelihoods' concept – whereby we encourage participant communities to diversify their sources of income, helping them build resilience to fluctuations in external markets and climatic conditions.

Through the year, we continued supporting our stakeholders. The Foundation has been working with various government agencies, police departments, municipal corporations, civil hospitals, and other such agencies - providing them with hand sanitisers

As of 31 March, 2021, the Foundation had reached over 0.9 million households towards its Mission 2 Million target, working with 23 implementation partners on 28 projects covering over 15 states in the country.

and masks, thermal guns, PPE kits, and gloves - in close to 20 states across the country, towards meeting their immediate and essential requirements towards fighting the pandemic. In the rural areas, the Foundation continued its support to the rural population helping them emerge from the socio-economic hardships brought upon by the pandemic. Additionally, the Foundation remained focused on its 'Mission2Million', which aims at impacting two million households by 2025. As of 31 March, 2021, the Foundation had reached over 0.9 million households towards its Mission 2 Million target, working with 23 implementation partners on 28 projects covering over 15 states in the country. The Foundation was quick to transition its Skilling programme to an online mode where in-person trainings were not possible. Skill development classes for students were shifted online. The alumni of this programme, several of whom had lost their jobs, were counselled and re-trained through online modules. The dissemination of information through digital means allowed our projects to remain functional even where travel wasn't possible.

The Bank continues to place high importance on managing compliance risks in the Bank and its Subsidiaries, with the Board and Top Management playing an essential role in driving a robust risk and compliance culture in the Bank. Towards this, we have a comprehensive framework to strengthen the risk and compliance culture within the organisation, and the progress is periodically monitored. The Audit Committee of the Board has direct oversight on the Compliance function and all regulatory issues are monitored closely. The Bank is focused on maintaining the highest standard of sustainable compliance throughout the organization and the Group.

We have a strong Group Compliance Policy to consistently review compliance management processes/frameworks and involved in various key projects undertaken by the Bank

Message from Executive Director (Corporate Centre) *contd.*

that are important from a compliance perspective. As a responsible bank, we have strong anti-money laundering controls on knowing our customers, software filtering, and implementing holding periods. Our AML team monitors all customer transactions (Banking and Depository) and screening of remittances. The team conducts name screening and risk categorisation of all customers at the time of onboarding and periodically thereafter. The adoption of Artificial Intelligence and Machine Learning backed technologies have made our AML systems even more sophisticated.

We are steadfast when it comes to ethics and the Bank has in place several guidelines and processes for employees to conform to our 'Basic Responsibility Framework' and reinforce the culture of compliance and ethics in dealing with clients and other stakeholders. We have a zero-tolerance policy towards any act that does not conform to the Bank's Code of Conduct and Ethics and principles of natural justice.

Our values act as a guiding force in our strategy and hence we launched Axis Values Realizers' last October to continue our journey on realising the five core values of Axis. The network, comprising 1,000 Axis Role Models, passionately drives the shift from merely knowing to live our values, every day. The network remained enthusiastic with conversations and storytelling around values and building the foundation of our values-driven culture across regions. We also created a Values Scorecard- a comprehensive set of indicators that track our progress on where we are towards our goal of all our employees demonstrating all our values, all the time. All our leaders have signed up to personally lead this journey and actively mentor our network of Role Models as we move forward. I am happy to share that our employees are showing high levels of pride and advocacy for Axis and what we stand for, and we are making progress on this journey.

Our values act as a guiding force in our strategy and hence we launched Axis Values Realizers' last October to continue our journey on realising the five core values of Axis.

We remain committed to our values and goals. Even as we fight the second wave, the health and well-being of our people remain most important to us.

Thanking all our people once again for their invaluable contribution in rising up to the challenge the pandemic has thrown at us. Please stay safe!

Warm Regards,

Rajesh Dahiya
Executive Director
Corporate Centre

Message from Management

(Retail Banking)



“We as a Bank remained ‘Dil Se Open’ through the COVID-19 crisis and supported the financial needs of our retail consumers and small business banking customers in their hour of need, serving them with compassion.”

Ravi Narayanan
(Group Executive - Retail Liabilities and Branch Banking)



“Given the uncertainty in operating environment post the COVID pandemic, we continued with our core strategy in Retail to deepen relationships and leverage cross sell opportunities within our exiting customer base.”

Sumit Bali
(President - Retail Lending and Payments)

Message from Management (Retail Banking) contd.

The fiscal 2020-21 was an unprecedented year with global health pandemic impacting the credit growth in the first half before the demand recovered steadily towards the second half. The overall retail banking sector that had seen strong double digit CAGR growth over the last decade with no meaningful credit cycle, witnessed growth moderating to 10% during the year.

Despite the overall moderation in retail segment, the secured retail and rural segments recovered faster during the later half of the year led by confluence of factors like low interest rates, government stimulus measures supporting the inherent consumer demand. The secured loan segments like home loans contributed to nearly half of the incremental retail credit of overall banking sector in fiscal 2020-21 even as the growth in credit cards outstanding and other personal loans moderated sharply to 8% and 17%, respectively from an average of over 25% in the previous 5 years.

Given the uncertainty in operating environment post the COVID pandemic, we continued with our core strategy in Retail to deepen relationships and leverage cross-sell opportunities within our existing customer base through our wide distribution network while growing our footprint in deeper geographies. We also utilised the period to continuously invest in people, processes and technology to transform our business operations and improve productivity and customer experience.

We as a Bank remained 'Dil Se Open' through the COVID-19 crisis and supported the financial needs of our retail consumers and small business banking customers in their hour of need, serving them with compassion. Our commitment and openness to serve our most important stakeholders continued to be well recognised by our customers. Axis Bank stood as 'Most recommended Retail Bank in India' and 'Most helpful Bank during COVID-19 in India and 4th in Asia

Pacific' as per the Asian Banker's Bank Quality Consumer Survey on Retail Banks for 2021.

With customer centricity and superlative customer experience at the core of our operations, our strong Retail franchise continued to deliver steady performance amidst the challenging environment. The Bank's saving and retail term deposits grew by 15%, domestic retail advances grew 11% and the retail non card fees grew 6% led by our relentless focus on strengthening and building granularity across the businesses to deliver sustainable growth.

Despite the significant diversification of our retail loan book that has been achieved over the last 10 years, we remain focused on growing the secured retail lending products segment. The secured loan segments like home loans, LAP, SBB and Rural grew 12%, 20%, 30% and 17%, respectively and secured loans together constituted 81% of overall retail book. Our disbursements across the secured segments continued to improve sequentially through the year and touched new highs driven by improved rigour and rhythm and

During the last two years, we have initiated several large process transformation and technology initiatives across our distribution channels to bring in effectiveness and efficiencies while delivering distinctive and seamless omnichannel experience to our customers.

reduced turnaround times as a result of several transformational projects undertaken during the year.

On the fee side, our third-party distribution fee grew strongly by 30%, despite the pandemic related challenges even as the credit card fees was impacted on account of our cautious approach in the first half of fiscal. During the year, we have rationalised our exposure to non-profitable and high-risk segment of Commercial card business impacting the overall card market share. However, our retail cards spend market share has remained steady with strong improvement in card spends by over 50% sequentially in second half of the fiscal.

During the last two years, we have initiated several large process transformation and technology initiatives across our distribution channels to bring in effectiveness and efficiencies while delivering distinctive and seamless omnichannel experience to our customers. In fiscal 2020-21, we adopted a calibrated branch expansion strategy with emphasis on customer centricity and better engagement to drive higher cross-sell opportunities from Bank's existing customer base.

We have set up dedicated Asset Desks and Wealth Desks at select branches that leverage 'One Axis' capabilities to provide entire gamut of product and services to our customers. During the year, we sourced over 70% of retail assets from existing to Bank customers; with over 56% contribution from our branches, significantly higher than 47% in fiscal 2019-20.

On the deposits side, as part of our premiumisation strategy, focus has been to build a high-quality granular franchise adopting customer-centric approach with greater focus on acquiring the right customers and increased engagement with existing customers.

In order to achieve this, we have over the last two years re-oriented the

structure to drive rigour and rhythm, filled the product segment gaps and leveraged our distribution including alternate channels to improve the customer acquisitions. During the year, we acquired over 6.7 million new liability relationships with over 2.8 million new SA relationships. We have improved the quality of new acquisitions led by our focus on offering 'right fit' solutions and new product propositions with value-added features to our customers that have helped to grow average SA balances in newly acquired retail savings and premium segment accounts.

One of our key initiatives to drive SA growth has been to grow our salary business with emphasis on acquiring top corporate relationships. During the year, we acquired over 2,700 new salary relationships that helped our salary book to grow by 25%, much faster than overall SA book growth. During the year, our persistent customer outreach programs and higher interaction with customers helped in improving and deepening existing to Bank (ETB) relationships further that resulted in overall retail SA growth of 19%.

In line with our focus to deepen presence in rural and semi urban markets with high business potential, we continued to scale up our asset-led liability strategy under 'Deep Geo' initiative. We expanded over deep geo coverage to 1,577 branches from 387 branches at the start of the fiscal and enrolled over 13,600 Common Service Centres (CSCs), that would act as extension arms for these branches to grow the asset and liability business of the Bank. The deposits from our deep geo branches grew 19% y-o-y.

As a result of our frequent weekly region-specific and focused product drives around mortgages, wheels, personal loans, power gold loans, famer funding etc, the disbursements from these deep geo branches too witnessed steady improvement through the year and stood at over ₹17,000 crores in fiscal 2020-21, up 59% y-o-y. In the rural loan segment, we have been focusing on improving existing

In line with our focus to deepen presence in rural and semi urban markets with high business potential, we continued to scale up our asset-led liability strategy under 'Deep Geo' initiative. We expanded over deep geo coverage to 1,577 branches from 387 branches at the start of the fiscal.

operations and leveraging technology for faster delivery of products. We also entered into strategic partnerships with agri-corporates and OEMs to capture the entire rural value chain. Overall rural loan book which is a well-diversified portfolio across geographies and product segments grew 17% y-o-y.

We have increasingly been leveraging our alternate Axis Virtual Centre (AVC) channel to deepen relationships, improve customer experience and scale up growth. During the year, we expanded this channel to three new centres taking total number of centres to six. Our AVC channel now has around 1,500 VRMs, managing relationship with our existing customers under affluent and other programs related to loans, cards and investment products. This channel played an important role in reaching out to customers in their hour of need during the pandemic with over 3 million customer contacts every month.

We as a Bank adapted to the new normal and launched various initiatives towards providing hyper-personalised experiences to our customers and employees, through computing and

artificial intelligence. Our Digital Banking team had been working towards not only reimagining end-to-end customer facing propositions but also offer innovative at scale product offerings. During the year, we launched bouquet of digital products across deposits, loans, cards and investments, many of them being industry first.

These products have started making contribution to the Bank' sourcing with close to 1.35 lakh digital SA accounts opened leveraging the video KYC, 71% of fixed deposits and over 40% of Mutual Funds sourced digitally in fiscal 2020-21. We continue to leverage on strong data analytics capabilities to make everyday decisions across the organisation from budgeting, personalisation framework, detection of frauds to developing dashboards for effective tracking. During the fiscal, we sourced 72% of credit cards and 57% of personal loans digitally backed by our proprietary machine learning models.

During the year, we also enabled over 60,000 employees on BYOD environment helping them to maintain connect and serve the customers during COVID phase. We have also strengthened the branch and VRM customer contact rhythm backed by a strong supervisor led review cadence. We have also made investment in virtual training and online certification of our sales officers and RMs towards upgrading their product skills that have reflected in the improved productivity across retail businesses.

Our 'Branch of the Future' initiative that aims to simplify the servicing journeys for customers and help frontline staff to focus on relationship management and sales, continues to progress well. We have identified 22 services that used to take over 70% of the CSO time and bandwidth for re-engineering. We have till date fully digitised over one fourth of these services that used to make up for 50% of the overall service request volumes.

We continue to maintain our strong positioning across the cards and payments businesses. Our focus has

Message from Management (Retail Banking) contd.

been to grow this segment profitably in a manner that meets our risk and return aspects. We continue to have over 90% of our card portfolio with the Bank's large existing customer base. We have also built strong partnerships with large players in recent years, that now form the core of our Known to Bank (KTB) strategy through which we intend to scale up our business further. During the year, we sourced nearly 2 lakh credit cards or close to 20% of overall new credit cards through our partnerships with Flipkart and Google Pay. Our co-branded 'Flipkart Axis Bank' credit card crossed 1 million cards in February 2021.

In the UPI space, we further strengthened our position with a market share of 17% as Payer PSP. The Bank now has partnerships with all the major third-party UPI apps in the ecosystem with more than 186 million customer VPAs registered as on 31 March, 2021. In addition to building on partnerships and growing the UPI franchise, we have focused extensively on strengthening our technology infrastructure on the cloud to handle large transaction volumes. As a result, we have been able to minimise technical declines significantly and had the highest transactional approval rates of over 96% (as a remitter) among the peer banks. Our Mobile Banking platform where we have one of the highest rated financial apps in the country witnessed nearly 3x increase in mobile transaction volumes during the year.

Our wealth management business continues to grow strongly with its assets growing 45% y-o-y to cross ₹2 trillion mark. During the year that saw unprecedented volatility, our vintage team with strong experience in the banking and wealth management space responded with agility to reach out to customers. This along with our product innovation and open architecture helped to scale up 'Burgundy Private' proposition to cover over 1,660 families with asset of nearly ₹50,000 crores in just 15 months since its launch. We continue to engage and deepen our relationships across Burgundy Private, Burgundy, Priority

and NRI segments to become their primary bankers by increasing product cross-sell.

We continue to see the benefits of our 'One Axis' strategy that we had embarked upon last year. The various business segments within Retail Bank, along with our consumer facing subsidiaries like Axis AMC, Axis Securities, Axis Finance and Freecharge came together to provide solutions to our clients, thereby deepening the customer relationships further.

Our third-party products distribution business adapted quickly to the COVID environment and delivered strong growth on back of contextual product launches and digital processes enablement to meet the customers' financial investments and protection needs. We introduced direct-to customer frictionless journeys for third-party products on our mobile banking app and internet banking leveraging on our online KYC capabilities. We are one of the largest players in prepaid forex card market. During the year, we launched outward remittance on mobile app and fully digital forex card issuance platform in the retail forex business to enhance the customer proposition. We continue to focus on building a digital ecosystem around partnerships across our third party and retail forex remittances to aid the growth in retail fees.

Given the resurgence of COVID-19 second wave in India, it is likely to have an impact on the demand and asset quality in short term. However, the measures taken by us over the last year to upfront recognise the stress from first wave, focus primarily on secured loans, tighten risk parameters for unsecured loans and build granularity across our loans and fee mix places us well to counter the likely slowdown, expected in the early part of fiscal 2021-22.

We as a Bank have taken significant steps to build prudence around risk management and provisioning policies in the last two years. In retail we had tightened our underwriting criteria across product lines, re-calibrated scorecards and cut down the credit

limits proactively well before the pandemic struck last year. During the year, we actively leveraged our business intelligence capabilities to enhance our credit decision models.

We have also strengthened our physical and digital collections infrastructure in Retail that resulted in sequential improvement in demand resolutions and collections towards the end of fiscal. We had been very selective in restructuring the retail loan portfolio and have recognised large slippages in our retail portfolio. All these initiatives have enabled us to not only maintain a well-balanced portfolio and develop calibrated approach towards managing asset quality, but also significantly strengthen our balance sheet to counter any unknown risks that may emanate in the near future.

We believe rising consumerism and urbanisation in India with relatively lower penetration of credit compared to global peers and various rural focused government schemes and investments will continue to drive the retail business. Within the banking sector, there has been a trend of consolidation with large and strong banks continuing to gain market share on back of their strong operational and technological capabilities. We at Axis Bank are ideally poised to take advantage of these trends.

We remain confident that our strong balance sheet position, robust risk management, and constant effort to deliver superior customer experience backed by transformation and technology would help us deliver sustainable and profitable growth in this business.

Warm Regards,

Ravi Narayanan

(Group Executive - Retail Liabilities and Branch Banking)

Sumit Bali

(President - Retail Lending and Payments)