

## **Axis Bank's Q1FY25 Media Conference Call**

**July 24, 2024**

**MANAGEMENT:**

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**Moderator:**

Ladies and gentlemen, good day and welcome to the Axis Bank Conference Call to discuss the Bank's Financial Results for the quarter ended as on 30th June 2024.

Participation in this conference call is by invitation only. Axis Bank reserves the right to block access to any person to whom an invitation has not been sent. Unauthorized dissemination of the contents or the proceeding of the call is strictly prohibited, and prior explicit permission and written approval of Axis Bank is imperative.

As a reminder, all participant lines will be in the listen-only mode. And there will be an opportunity for you to ask questions after the end of the briefing session. Should you need assistance during the conference call, please signal the operator by pressing "\*" and then "0" on your touchtone phone. Please note that this conference is being recorded.

On behalf of Axis Bank, I once again welcome all the participants to the Conference Call.

On the call we have with us Mr. Amitabh Chaudhry – MD and CEO; Mr. Rajiv Anand – Deputy Managing Director, and Mr. Puneet Sharma – CFO.

I now hand over the conference call to Mr. Amitabh Chaudhry – MD and CEO. Thank you and over to you, Sir.

**Amitabh Chaudhry:**

Thanks, Nirav. This quarter, Axis Bank continued on the path of becoming a resilient all-weather franchise. We delivered higher growth across our focused granular business segments, gained market share in digital channels and products, and improved on key operating and earning metrics that are best-in-class now. We continue to build long-term competitive advantage with investment in technology and analytics, with some cutting-edge use cases in Gen AI and financial crime intelligence.

Let me summarize the Quarter 1 Operating Performance:

- Core operating profit was up 16% YOY and 1% QOQ, driven by healthy operating income growth and moderation in operating expense growth.

- Execution on the deposits is on track with sequential growth in quarterly average deposits and new customer acquisitions. I will elaborate further on this in a bit.
- Our CASA ratio and fee to average assets continues to be amongst the best for peer private banks.
- Our focused business segments delivered 24% YOY growth and 1% QOQ.
- The Bank is well capitalized with the CET 1 ratio of 14.06% with net accretion of 32 bps in the quarter.

We stay focused on three core areas of execution of our GPS strategy, namely:

- A. Becoming a resilient, all-weather franchise.**
- B. Creating multiplicative forces to build competitive advantage.**
- C. Building for the future.**

I will now discuss each one of these areas:

**A. Becoming a resilient, all-weather franchise:**

**The quality and strength of our deposit franchise continues to improve through Project Triumph, the bank-wide deposit transformation program.**

- ✓ The Bank continues to deliver higher than industry deposit growth at 13% YOY.
- ✓ On a quarterly average basis, deposits grew QOQ with savings account balances up 3%, current account balances up 2%, and term deposits up 4% sequentially.
- ✓ We have focused on firing up the New to Bank (NTB) acquisition engine for the Retail Savings Account (SA) Franchise. The past six months have been particularly strong on this. And this quarter we saw.
  - Retail SA NTB deposits were up 20% YOY with new accounts opened up 8% YOY and balances per account up 11% YOY. If you take the NTB savings accounts opened in a quarter and their balances at the end of it, this quarter was the best in our history.
  - New corporate salary labels acquired in Q1FY25 grew 39% QOQ.

- On the wholesale segment, project NEO continues to drive higher transaction banking flows leading to better current account balances. Our NEFT market share (in terms of value) has increased to ~13% in Q1FY25 as compared to ~10% in Q1FY24.

**All-round growth across businesses also continued. We saw market leading growth in our focused segments.**

- Our better yielding focus segments including select Retail, SME and Mid Corporate segments together grew by 24% YOY and now constitute 42% of the total advances, up by ~1300 bps in the last four years.
- We will continue to focus on driving growth across our business segments while following capital efficient RAROC model.

**Strengthened the Core**

We continued to strengthen the core. We have significant investments made in core information technology (run the bank tech), architecture modernization, cybersecurity, and fraud control.

- ✓ Our proprietary Digital tech capabilities is reflected in 'open by Axis Bank' being recognized as one of the top-rated mobile banking app in the world with rating of 4.8.
- ✓ We have created future ready and scalable platforms to replace fragmented legacy systems demonstrated through successful launch of Neo for Corporates and Integrated Treasury Management. Neo for Business, our MSME proposition, now has 80,000 customers onboarded over the last 3 quarters. In Q1FY25, we won six awards for Project Neo: three from Infosys Finacle Innovation Awards, two from Asian Banking & Finance Awards, and one from Digital CX Awards.
- ✓ We now have a strong, dedicated Financial Crime Intelligence division that combines analytics, digital monitoring, and fraud control capabilities to safeguard the Bank.

**B. Creating multiplicative forces to build competitive advantage**

- Our second core area of execution was around creating multiplicative forces to build competitive advantage. We believe we are well placed to contribute and lead on the broader economic trends of the next decade in India. The multiplicative forces that we have built through One Axis, digital capabilities and a prudent operating model differentiates us and gives us the “right to win”.

#### **Citibank Consumer business integration completed successfully:**

We have also completed the final migration of Citibank customers on July 14, two months ahead of schedule, that we had promised back in March '23.

- The integration involved complex tech migration involving 2.1 million customers across multiple products from a franchise that was in India for over 100+ years. We have ensured a smooth and seamless transition for these customers. We came out ahead of schedule for all interim milestones during this period and the data and system transition has gone as per our expectations.
- We have designed products for customers to bring them the best of both organizations and further improve their banking experience through our superior product offerings and technology.
- The business momentum of this franchise, which is the Citibank franchise, remains healthy and ahead of our internal Board monitor targets, and adoption trends across products remained better than expected.
  - ✓ We are also seeing stronger momentum than expected within five days of migration with 7 lakhs plus new to bank customer registrations across Axis Internet & Mobile banking platform.
  - ✓ We have also already seen 9.5 lakh unique logins within first week.
  - ✓ Transaction volume levels across IMPS, RTGS, NEFT, cheques and cards are in line with the BAU trends pre-migration.
  - ✓ While customers are getting used to the new digital platforms of Axis, we have received appreciation across the board for our intuitive and feature-rich mobile application, open.

#### **C. Building for the future**

Our journey to be future-ready continues to progress, led by our focus on distinctive elements, namely Digital, Bharat Banking and Customer Obsession.

**Digital Banking performance continues to remain strong.**

- Our 'open by Axis Bank' balance sheet continues to deliver strong growth with 55% increase in deposits and 68% increase in loans.
- In this quarter we introduced new FD journeys including for non-liability customers and also launched upgraded journeys for UPI, loans, Savings Account opening etc. The Bank has witnessed significant growth in bill pay volumes on the back of various initiatives.
- Refer to slide 51 on progress on personalisation and nudges. These initiatives have shown significant lift in customer response. The Bank has made good progress on RBI introduced platforms. On CBDC (Central Bank Digital Currency), the Bank continues to be among leaders in terms of innovations and volumes.

**Bank-wide programs to build distinctiveness.**

**Our bet on Bharat is growing from strength to strength.**

- The rural advances grew 24% YOY and deposits from Bharat Branches were up 9%; thereby aiding the PSL and profitability metrics. The balance sheet added in the last 24 months (Jun'22-Jun'24) is nearly 2 times the size of the balance sheet added in the previous 4 years (Jun'18-Jun'22), within risk parameters and with better asset quality outcomes.
- We have expanded our multi-product distribution architecture to 2,511 branches complemented by 69,000+ CSC VLE network across 683 districts and 80+ partners across the industry.

**Sparsh, our Customer Obsession Program, is helping improve relationship and transaction intensity with our customers.**

- The program has been instrumental in driving higher Net Promoter Scores (NPS) led by enhanced process automation and significant digitization. The Retail Bank NPS score has jumped to 148 from a baseline of 100 in the past 2 years.

- Adi, our Gen AI conversational BOT, is now live for 61,000 frontline employees, empowering them to efficiently address the customer queries.
- We have now entered the next phase of Sparsh, which focuses on a new set of initiatives.

**In Closing:**

- We find favourable macros backed by a strong and stable domestic policy environment which bodes well for the banking sector.
- We expect the deposit growth to remain a factor influencing growth in advances in the near term. We retain our stance of policy rates staying higher for longer and foresee the system credit growth to converge towards deposit growth of around ~13% for the fiscal.
- We will continue to be differentiated and distinctive in our journey towards building “an all-weather institution.”

I will now request Puneet to take over.

**Puneet Sharma:** Thank you, Amitabh.

**Coming to the Financial Performance for the Quarter:**

- We delivered a steady core operating performance. Our net interest income grew 12% YOY and 3% QOQ. Our net interest margin was 4.05% for the quarter, flat sequentially.
- Fee income grew 16% YOY, retail fee grew 18% YOY, granular fees was 93% of total fees.
- Operating cost growth moderated to 11% YOY and declined sequentially.
- PAT at Rs. 6,035 crores was up 4% YOY.
- Our loan growth was delivered across our focused segments.
- Advances were up 14% YOY and 2% sequentially.
- Retail loans grew 18% YOY. SME loans grew 20% YOY, and corporate loans grew 6% YOY.
- Our small business banking loans grew 26% YOY and 2% sequentially.

- Our mid corporate loans grew 24% YOY and 2% sequentially.
- Our granular business, which is small business banking plus SME plus mid corporate, mix cumulative advances stood at Rs. 2,09,985 crores, representing 21.42% of our loans, up 800 bps in the last four years.
- On a month-end balance basis, our deposits grew 13% YOY, our CASA ratio at 42%, which is amongst the best for peer private banks.
- On a month end balance basis, term loans grew 20% YOY, CA grew 12% YOY, and our savings accounts balances were flat.
- Our average LCR during Q1FY25 was 120%, outflow rates improved 400 bps over the last two years.
- We are well capitalized with the self-sustaining capital structure and continue to carry adequate liquidity buffers.

Overall capital adequacy ratio stood at 16.65% with CET-1 ratio of 14.06%, net accretion to CET-1 in the quarter was 32 bps.

In addition, Rs. 5,012 crores of other provisions not considered in the capital computation, I just articulated, provides a further 40 bps cushion over the reported capital adequacy ratio. Excess SLR at Rs. 77,244 crores.

**We continue to maintain a strong position in Payments and Digital banking.**

- ‘open by Axis Bank’ and ‘Axis Pay’ have 11 million non-Axis Bank customers
- We have 23.6 million customers on WhatsApp banking. We are the largest player in merchant acquiring with a market share of 21%, and an incremental share of 45% in the last one year.
- We have issued approximately 1 million credit cards in Q1. Credit card fixed market share was at 14%.
- Retail card spend grew 14% YOY and overall card spends were up 12% YOY.

**Our asset quality remained stable.**



- Our credit costs for the quarter were higher due to seasonality and lower recoveries and upgrades, and the quarter credit cost is not indicative of full year credit cost.
- Gross NPA at 1.54% declined 42 bps YOY, net NPA at 0.34% declined 7 bps YOY.
- Our provision cover is healthy at 78%. All provisions, which is NPA plus standard plus additional provisions, divided by gross NPA gives us a coverage of 150%.
- Our gross slippage ratio for the quarter was 1.97%. Our net slippage ratio for the quarter was 1.37%.
- Our net credit cost for the quarter was 0.97%.

#### **Coming to the performance of our subsidiaries:**

Our domestic subsidiaries continued to deliver strong performance. Q1 FY25 profit at Rs. 436 crores, up 47% YOY, with the return on investment on domestic subsidiaries of 54%.

- **Axis Finance** Q1FY25 PAT grew 26% YOY to Rs. 154 crores. Asset quality metrics improved ROE at 14.7%.
- **Axis AMC** Q1FY25 PAT grew 27% YOY to Rs. 116 crores.
- **Axis Securities** Q1FY25 PAT grew 171% to Rs. 221 crores.
- **Axis Capital** Q1FY25 PAT grew 220% YOY to Rs. 49 crores and the entity executed 22 investment banking deals in Q1FY25.

With that, we will pause with our opening comments. We would be happy to take questions. Thank you.

**Moderator:**

Thank you very much. We will now begin the 'Question & Answer' session. First question is from the line of Vishwanath Nair from NDTV Profit. Please go ahead.

**Vishwanath Nair:**

Sir, a couple of questions. Firstly, on the asset quality front, this QOQ increase in the gross NPA ratio and thereby also on your provisioning side, which is why your profit is probably not growing as much. I wanted to get a sense as to what has happened. The slippages have also elevated to where is this coming from. The second part of the question, so this NIM has remained more or less flat

QOQ, is this probably the peak or do you expect any other NIM expansion going ahead?

**Puneet Sharma:** Thank you for the question. Let us take the asset quality question upfront. I think let us first contextualize the numbers. Our net NPA is up by 3 bps QOQ. The 3 bps increase is, we must factor that there's seasonality in the first Quarter and the third quarter due to the retail agri-business, so one has to build in seasonality. So, headline gross and net NPA numbers are pretty stable. Our last year, same quarter gross NPA was 1.96. Our current quarter gross NPA is 1.54, so there's a meaningful decline. Similarly with net NPAs, same quarter last year was 0.41, it is 0.34 now, declining YOY. Sequentially, obviously there's seasonality, so one has to build that through. So, I would request to kindly factor that in.

I think you had a comment on credit cost and their impact on PAT growth. What we'd like to state is that the net credit cost annualized for Q1FY25 is not indicative of our expectation of full year credit costs, as Q1FY25 cost is impacted negatively due to seasonality, and a couple of timing differences. The timing differences are caused by recoveries and upgrades on corporate accounts being deferred in time. It is not that they will not happen, they have been deferred in time. That is the nature of the corporate business, that's caused the slippages to stay elevated in the quarter.

If you look at it on a segment basis and a lead indicator of asset quality, the gross slippage ratio, which is a lead indicator, has actually lowered YOY for our retail business. It has lowered YOY for our SME business. So, I hope that provides you color and context to the number and the ratio.

**Vishwanath Nair:** I had a NIM question as well, sorry, if you could respond to that.

**Puneet Sharma:** So, on margins, we do not provide an outlook on margins. So, we do not really comment on whether it is stable, upward bias or downward bias. Effectively, if you look at our investor presentation, on a sequential quarter basis, we have seen about a 1 bps compression in margins. What we have clearly said is our cost of funds will stabilize, assuming marginal cost of money remains constant in the current quarter, which is Q2. But there is a big assumption there that marginal cost of money remains constant, so I would then request you to draw

your own outlook on margins please. We have a structural margin guidance and we have consistently stayed above the structural margin guidance. Our structural margin guidance is 380. We stayed above that by 25 bps as of this quarter. We will make all endeavors to ensure that we retain as much of the cushion as we possibly can.

**Moderator:** Thank you. Next question is from the line of Ritu Singh from CNBC. Please go ahead.

**Ritu Singh:** A quick question on the deposit as well. Sequentially if you look at the number, it is almost flat or a little down by maybe about 0.5%, 0.6%. I just wanted to get a sense of, we are of course seeing this play out across the industry, what sort of outlook do you have on improving this going ahead?

And secondly on your slippages, while we understand the seasonality and some delay in recoveries from some corporate accounts that are expected later. Are there any pockets of emerging stress you would like to highlight or any early signs that you are seeing at the moment, if you could point that out for us?

**Subrat Mohanty:** Hi, this is Subrat. On the deposit growth, Q4 typically tends to be a very good quarter historically in terms of how the deposits accrue. So, even on QOQ basis, if you purely focus on the saving accounts balances, they are up 3%, even current account balances are up 2%, and term deposits are up at 4% sequentially. So, that's fairly I would say, decent growth considering we are comparing ourselves with Q4, the last quarter of the fiscal year, at this point in time. On a YOY basis, the deposit growth is at 13%. Some of the constraints on deposit growth are system wide. We continue to work on a lot of input level as part of what we internally call Project Triumph. And a lot of those input parameters are trending in the right direction. So, we continue to remain confident about the deposit strength that we are building as part of the franchise.

**Puneet Sharma:** Thanks, Subrat. To your question on are we seeing credit quality being impacted in certain parts? I think what we have consistently been saying is the Banking system and we have operated at credit cost. We do expect credit cost to increase, and we have been saying that for a while. What we have indicated

very clearly, and we continue to indicate that today is, for certain parts of the unsecured portfolio we are seeing credit cost curves rise, but they remain well within our risk guardrails. And therefore, yes, you will see credit costs normalize for the industry as a whole, including us. But we do not have a specific pocket of our portfolio to call out today that causes us any meaningful concern.

**Ritu Singh:** Thank you. When you say the credit cost would rise, is there any further guidance you could give us to how much increase you foresee?

**Puneet Sharma:** Sorry, we do not guide credit cost, but we are offering a comment saying that the net credit cost for the quarter, which is Q1FY25 annualized is not indicative of our full year credit cost, because it is impacted negatively by timing differences. So, that should indicate to you what our outlook on credit cost could be. We do not have a firm guidance or a number that we offer, so we would not put that number out please.

**Moderator:** Thank you. Next question is from the line of Shayan Ghosh from Mint. Please go ahead.

**Shayan Ghosh:** I had a question on deposits too, but on CASA. So, there is a decline in outstanding savings deposit on a YOY basis, so ruling out the seasonality there, but current account seems to have grown 12%. Do you see this phenomenon continuing for some time? And the second is, what is your outlook on deposit rates, if you could give that? Thank you.

**Subrat Mohanty:** If you take a 12 month view of our deposit franchise, especially the SA franchise, we have had and we have maintained this in the past that we have continued to build the deposit franchise in terms of its quality, which means that on an ongoing basis our outflow rate of the deposit which is the amount of deposit that is lendable has only gone up. So, we have improved quality over the last 12 months. We have improved granularization of the deposit.

If you look at Slide 7, which is our deposit mix, when you take it as proportion of the retail deposit as per LCR, you will notice that on a YOY basis we have grown actually 14%, on a YOY basis, that is the total. And the savings have grown at about 3%. So, we look at deposits, especially the SA deposit on a holistic basis, both in terms of the new acquisition and growth, as well as

continued improvement in the quality of the deposits and the premiumization of the deposit, so that continued as per our plan.

The second part of your question was around?

**Shayan Ghosh:** An outlook on the deposit rate.

**Rajiv Anand:** I think if you look at the liquidity in the system. Liquidity is on the margin improving a little bit. We do hope now that the budget is behind us, government spending should also come back into the system. Having said all that, we are also in a competitive environment. We do believe that we will have to stay competitive as far as rates are concerned.

**Shayan Ghosh:** Just a follow-up with that, the reason I asked about the savings and the current account and the decline on a YOY basis, isn't it strange that the net money flowing out of savings whereas a non-interest paying deposit is rather more attractive. Is there something concerning there?

**Rajiv Anand:** No, not at all. And I think the hypothesis itself is, to my mind, incorrect. Savings accounts are primarily retail in nature and current accounts are corporate in nature. There are two things that are playing out. One is, Subrat spoke about the fact that there is an element of seasonality, typically Q4 is a very good quarter for most banks from a deposit perspective, some of that flows out in Q1. So, therefore, if you look at even over a three-to-five-year period for most banks, Q1 will typically be flat to lower in most cases. Within current and savings accounts, those are two different types of customers behaving differently, and so therefore one cannot ascribe the fact that, hey, money is moving out of savings account, but is coming into current account. That argument is, to my mind, incorrect.

**Moderator:** Thank you. Next question is from the line of Ashish Agashe from PTI. Please go ahead.

**Ashish Agashe:** I just wanted to check, how much of these incremental slippages, Rs. 4,793 crores, is actually coming from agri-loans where you said that there is some seasonality? And also, Sir secondly, how big a help is Citi sort of base helping in these days of difficulties in deposition accretion? And also, Sir, there is a comment in your presentation saying that you are comfortable growing your

unsecured book right now. So, what is the total contribution of unsecured right now in the overall loan book? And with reference to the Governor's comment recently where he said that even as the percentage is higher, the banks are tending to grow the books. So, what do you have to say about that?

**Puneet Sharma:**

Thank you for your question. We will give you the gross slippage breakup across segments since you asked for that information. Cumulative gross slippages is Rs. 4,793 crores, Rs. 4,229 crores is retail, Rs. 178 crores is our SME business, and Rs. 386 crores is our WB CB business. So, that should indicate to you that the dominant part of the slippages on a gross basis is coming from our retail portfolio, and that includes the seasonality agri comment that I made.

The second question that you had was around, I think you are reading Slide 61 of our presentation and I think that's why you are saying that we feel comfortable growing our unsecured portfolio. I think that comment is written in the context of a 15-year timeline. But it is important for you to look at, we have also caveated that comment by saying net credit cost will be higher out of that segment. Please appreciate, we run our businesses on a risk adjusted return on capital methodology. If you end up taking higher credit risk, you do have higher credit cost. The idea is to have a net of credit cost margin that is positive and accretive, and that's the context in which that comment is written. So, please do not read that comment on Slide 61 in isolation.

Your next comment was the composition of the retail book, secured versus unsecured, split. It is 71% secured, 29% unsecured. Again, I would like to bring to your attention the fact that we run a universal bank. We think about the balance sheet on a composite basis. The remaining part of our balance sheet is dominantly secured, and we have a large wholesale portfolio also as part of our advances. Therefore, we should be thinking about secured/unsecured on a bank balance sheet basis which still remains in low double-digit percentage. So, I think it is 12% or 13% on a cumulative basis. Do not hold me to that number, but that's the broad range of the unsecured portfolio that we run.

I hope I have covered all your questions. If there's something I have missed, then happy to take that question please.

**Ashish Agashe:** Sir, the help from Citi.

**Subrat Mohanty:** I mean, just one additional point. This is Subrat on whatever Puneet said. If you just look at the growth in our PL, the personal loan disbursement numbers, in the last quarter, it has come up a bit. So, it is not that it is an industry-wide in terms of some of the growth coming off. And we have also followed the same trend.

And the point that Puneet made of 71:29 split, that split has remained the same from the previous quarter to this quarter. So, there is no acceleration in that business that's happening at this point.

On Citi, the customers are now all fully with us, their data also has shifted to us. They are now working on our mobile banking and internet banking applications. So, we now believe we have greater ability to reach out, service them, provide them with the additional products and services. And also, give them additional nudges, which now can come directly from our system, from the data capabilities that we have built. So, from here on, as much as we have done this work for the last 12 months working off Citi's system, and that has been quite successful.

We now believe we have additional lever to use this base of customers and build that base of customers further. So, we continue to believe it is a very strong seasoned franchise of customers who are of excellent quality. So, we will continue to build on that in terms of getting additional deposit growth as well as continuing to give them additional products and services in terms of upselling and cross-selling.

**Ashish Agashe:** A quick follow up, Sir. Where do you see the 12% to 13% unsecured number going ahead, now that you are going to grow the book?

**Puneet Sharma:** No, sorry, I do not think we have indicated that we are keen to grow the book. I am not sure where you picked up that impression. I will reiterate what both Subrat and I have said previously. Last quarter our secured retail book was 72%, current quarter our retail secured book is 71%. There is no change in the retail unsecured composition of the book. We have also indicated as part of our comments today that our retail disbursements on unsecured products have

slowed from where they were last quarter. That's where we would like to leave the commentary on the unsecured book.

**Moderator:** Thank you. Next question is from the line of Jinit Parmar from Moneycontrol. Please go ahead.

**Jinit Parmar:** Firstly, I just want to get some information and insights on how your partnership with Paytm has panned out till now? If you can give some numbers on the UPI transaction side, the merchant transaction side, how is that fairing till now?

**Arjun Chowdhry:** Thanks for the question. This is Arjun. I am not allowed to share company specific numbers, but I can certainly share some directional trends. So, as you know, our partnership with Paytm had three parts. The first one was supporting them on their UPI handle. The second one was on their UPI acquiring. And the third one was on non-UPI credit card acquiring. And there were large players in all of those. They partnered with four banks for different parts of that business. Happily, we are their partners on all three.

What we have noticed on those numbers, and I will share these directional trends with you, is that we have been able to grow our market shares on all of these three businesses quite substantially. I will just reiterate what Amitabh said. We are the number one acquiring bank in the country in terms of installation. And the Paytm base of merchants and partnering with them for installation helps us to both consolidate, and then from that platform grow that position.

On UPI, we have seen very good growth by helping take over some of the handles for their customers. We have seen that increase both in P2P and in P2M transactions which they supported. And on what is called traditional acquiring, which is on non-UPI acquiring in the QR codes, we have also been able to acquire more, get a lift in our volumes by acquiring more than the usual run rate of merchants on the QR code side as well as on the EVC side. So, all three aspects of that partnership have worked out well and we continue to partner with them in growing the business.

**Jinit Parmar:** Thank you. My second question is on your home loan portfolio. So, in the past few quarters you have reported single digit growth mostly around 7% to 8%,



9%. I just want to get some understanding, with the competitors growing, basically reporting robust growth in this segment, so what is the outlook as such as to how are you looking at growing this particular segment as such?

**Arjun Chowdhry:** On the home loan portfolio, we look at it as three separate components. There are vanilla home loans, there's a loan against property, and there's affordable housing. Across these three segments, obviously they serve different needs for the three different customer segments, so we have strategies which are fine-tuned to each of them. We plan to grow this book in a calibrated manner, and as Puneet mentioned, with a very strong view on risk adjusted return on capital as our guiding factor for that growth. So, it is an area we will continue to invest in. But we shall do so in a manner which is calibrated along with the return on capital as our guiding principle for that growth.

**Moderator:** Thank you. Next question is from the line of Siddhi Nayak from Reuters. Please go ahead.

**Siddhi Nayak:** My question was on the asset quality front. I understand that around Rs. 4,200 crores of the slippages came from the retail side. Specifically, if I ask you for agri, how much would that be?

**Puneet Sharma:** Thank you for your question. As I answered to a question earlier, we break it up only between retail, CBG and wholesale. We do not give breakup of the agri or product segment wise retail slippages separately. We have never reported them. We do not have the practice of reporting it as such.

**Siddhi Nayak:** My second question was on mule accounts. RBI has been flagging this issue since quite some time now about the system wide issue of mule accounts and how that must be contained to prevent frauds. Wanted to understand from an Axis Bank perspective, have you kind of identified where these accounts are from? And any preventative measures that the Bank is taking for this?

**Subrat Mohanty:** Yes. Thank you for your question. This is Subrat. We are absolutely aware of this particular issue. The regulator is very focused on this. We have got good communication going with various authorities in terms of both understanding the various modus operandi of these operators. Within the Bank, we have multiple ways of, both stopping it at the onboarding stage itself and then on the basis of ongoing transaction, monitoring system that we have got, identifying

the suspicious accounts, and then weeding them out. We have been at this for the last 12 months in a very, very focused way.

About six months back we created a new unit within the Bank, which consolidated some of these roles across the Bank into a single unit, along with the very strong capabilities in terms of analytics, we call that unit the Financial Crime Intelligence Unit. This unit has been working on 20 initiatives as we speak, largely focused on preventing fraud and identifying suspicious and mule accounts. So, this is something that we believe we are a bit ahead in terms of both our thinking as well as execution.

**Siddhi Nayak:** Could you help with the number if you have identified the number of accounts? And from where are they coming, like current or savings, where is this problem?

**Subrat Mohanty:** We do not offer that kind of internal intelligence at this point in time to the external world. It is something that we work very closely with the law enforcement authorities with. So, we would not be able to share specific numbers on this. In terms of the nature of the initiatives, we can definitely share that with you.

**Moderator:** Thank you very much. Ladies and gentlemen, due to the paucity of time, we will have to close the call. I now hand the conference over to Mr. Puneet Sharma for closing comments.

**Puneet Sharma:** Thank you, Nirav. Thank you, ladies and gentlemen, for taking the time and speaking with us this evening. If there are any unanswered questions, I request you to reach out to the Corporate Communications team. We would be very happy to pick them up and get back to you with responses. Thank you and have a good evening.

**Moderator:** Thank you very much. On behalf of Axis Bank, thank you for joining us and you may now disconnect your lines. Thank you.