

## Q3 2024

### 1. Loan portfolio expansion

- **Narrative:** Management has conveyed a strategic focus on expanding the loan portfolio by aligning credit growth with deposit growth rates. They aim to maintain a competitive advantage by growing faster than the industry average, ensuring sustainable development in their loan offerings.

- **Management's Guidance:**

- Management anticipates the system credit growth to align with deposit growth at approximately 13%. Amitabh expects the industry-level advances growth to range between 12% to 13%. The company maintains its medium-term guidance of achieving credit growth that is 400 to 600 basis points faster than the industry average.

- **Actual Results:**

**['Q2', '2025']:**

- Loan growth (gross of IBPC sold) at 12% YOY & 2% QOQ; Advances grew 11% YOY and 2% QOQ; Gross of IBPC, loan book grew 12% YOY and 2% QOQ; Retail loans grew 15% YOY and 2% QOQ of which Rural loans grew 20% YOY & 1% QOQ.

**['Q3', '2024']:**

- Data Not Available

**['Q1', '2025']:**

- Advances grew 14% YOY and 2% QOQ; Bank's focus segments grew by 24% YOY and 1% QOQ, with Retail loans growing 18% YOY.

**['Q4', '2024']:**

- Data Not Available

- **Evaluation:**

- **Expectations Met:** The actual loan growth of 12% YOY and advances growth of 11% YOY aligns with the management's guidance of achieving credit growth 400 to 600 basis points faster than the industry average of 12% to 13%.

### 2. Interest income trends

- **Narrative:** Management has reiterated their commitment to maintaining a significant growth differential compared to the industry average. This strategic positioning is intended to sustain competitive advantage and drive revenue growth over the medium term. Furthermore, the management has indicated an ongoing strategy to reprice their base deposit book, contingent upon prevailing funding costs, to optimize interest income.

- **Management's Guidance:**

- Management expects to maintain a 400 to 600 basis point growth differential relative to the industry in the medium term. They also anticipate that, provided the current marginal cost of funding remains stable, their base deposit book will be repriced through the fourth quarter of the current financial year, with potential spillover into the first quarter of the next financial year.

- **Actual Results:**

**['Q1', '2025']:**

- Data Not Available

**['Q2', '2025']:**

- Net Interest Income for Q2FY25 is 13,448 and for H1FY25 is 26,931. Net Interest Income grew 9% YOY, Net Interest Margin at 3.99%.

**['Q3', '2024']:**

- Our interest income has increased by 15% this quarter compared to last year.

**['Q4', '2024']:**

- Data Not Available

- **Evaluation:**

- Insufficient Info: Data not available.

### 3. Technology investments

- **Narrative:** The management at Axis Bank highlighted their ongoing commitment to digital transformation and innovation, particularly emphasizing their investments in technology. They are focused on building an "end-to-end omnichannel and digital" delivery model specifically tailored for Rural and Semi-urban (RuSu) markets utilizing the Salesforce platform. This strategic move is expected to facilitate sustainable scaling over the next three years. Additionally, efforts are underway to complete data migration and system integration by the end of the first half of FY25.

- **Management's Guidance:**

- Management anticipates widespread adoption of their innovative technology-based product offerings, leading to a growth of close to 19% as of November 2023. The completion of data migration and system integration is expected by the end of H1FY25.

- **Actual Results:**

**['Q1', '2025']:**

- Technology and digital spends grew 39% YOY and constituted ~ 10.4% of total operating expenses.

**['Q4', '2024']:**

- Technology and digital spends grew 32% YOY and constituted ~ 9.3% of total operating expenses.

**['Q2', '2025']:**

- Technology and digital spends grew 31% YOY and constituted ~ 10.2% of total operating expenses.

**['Q3', '2024']:**

- Technology and digital spends grew 36% YOY and constituted ~ 9% of total operating expenses.

- **Evaluation:**

- **Expectations Exceeded:** The management anticipated a 19% growth in technology-based product adoption, but actual technology and digital spends grew 31-39% YOY, surpassing expectations and demonstrating stronger adoption and investment than projected.

### 4. Credit risk assessment

- **Narrative:** The management of Axis has consistently maintained a strategic balance between secured and unsecured assets, with an ongoing commitment to a portfolio that is approximately 78%-80% secured and 20%-22% unsecured. This balance has been a focal point for the bank, reflecting its risk management strategy and approach to credit risk assessment.

- **Management's Guidance:**

- The management indicated that while they have maintained a secured to unsecured ratio of 78%-80% to 20%-22%, they are open to adjusting this ratio to 75%-25% over time if necessary. This flexibility suggests a willingness to adapt to changing market conditions while managing credit risk effectively.

**- Actual Results:**

**['Q2', '2025']:**

- ~ 71% of our retail book is secured

**['Q4', '2024']:**

- Data Not Available

**['Q3', '2024']:**

- 75% of our retail book is secured.

**['Q1', '2025']:**

- ~ 71% of our retail book is secured (1)

**- Evaluation:**

**- Expectations Not Met:** The management aimed to maintain a secured to unsecured asset ratio of 78%-80% secured but was open to adjusting to 75%-25%. However, the actual results show a decrease to 71% secured, indicating the expectations for maintaining the preferred ratio were not met.

## 5. Liquidity management plans

**- Narrative:** Management has focused on maintaining robust liquidity management strategies to navigate the volatile economic environment. They have emphasized a proactive approach to ensuring sufficient liquidity buffers to meet any uncertain financial challenges.

**- Management's Guidance:**

- Management expects this strategy to persist until inflation stabilizes within the lower bound of the targeted range.

**- Actual Results:**

**['Q4', '2024']:**

- The Bank holds excess SLR of 85,056 crores.

**['Q2', '2025']:**

- Data Not Available

**['Q3', '2024']:**

- Data Not Available

**['Q1', '2025']:**

- Data Not Available

**- Evaluation:**

**- Expectations Met:** Management aimed to maintain robust liquidity until inflation stabilizes; the bank reported an excess SLR of 85,056 crores in Q4 2024, demonstrating adequate liquidity management as per their strategy.

## 6. Sustainability goals

**- Narrative:** Management emphasized the importance of strategic initiatives aimed at sustainability, focusing on long-term transformation projects. They highlighted their commitment to integrating sustainable practices into the core operations to drive future growth and resilience.

**- Management's Guidance:**

- Management expects to realize the full potential of this transformation in the next 6-7 quarters.

**- Actual Results:**

**['Q2', '2025']:**

- The Bank also won several awards including those for Best performance on Profitability, Risk Management and Asset Quality, apart from being recognized for 'Excellent Practices and Adoption of ESG initiatives' at the Indian Chamber of Commerce Emerging Asia Banking Awards 2024.

**['Q1', '2025']:**

- Saplings planted Site preparation completed at 5 locations ~0.83 million planted saplings ~1.33 million planted

**['Q3', '2024']:**

- Site preparation completed at 5 locations; ~0.83 million saplings planted; The Bank's 3 largest offices, in Mumbai and Bangalore, are running on 100% renewable power; 7.05 MW functional captive solar power capacity at close to 250 locations, helping avoid approximately 3,066 tCO<sub>2</sub>e annually; Centralized Energy Management System (CEMS) at 600 branches, saving ~3,242 tonnes of CO<sub>2</sub> emissions; The bank incorporated various energy efficiency programs in a data center in Bangalore leading to an estimated power saving of 1,401,600 units per year; ~12,152 Metric tons of GHG emissions avoided from diverse energy saving initiatives; 'Branch of the Future' initiative by Digital Banking helping each branch save estimated ~2 million sheets of paper annually; Above 80th percentile among global banks on DJSI in 2023; 7th Consecutive year on FTSE4Good Index in 2023; ~₹18,140 Cr Green lending portfolio as of March 2023; 2.2 Mn Women borrowers under Retail Microfinance; MSCI ESG Ratings at A in 2023.

**['Q4', '2024']:**

- ~ ₹30,000 Cr Achieved Under Wholesale Banking to sectors with positive social and environmental outcomes

**- Evaluation:**

**- Expectations Exceeded:** The actual results indicate significant achievements in sustainability initiatives, including awards for ESG practices, extensive renewable energy use, and a robust green lending portfolio, surpassing management's expectations for transformation potential over the expected timeframe.