Q3 2023

1. Loan portfolio expansion
- **Narrative:** Management is optimistic about their ability to expand their loan portfolio significantly. They believe that their franchise has the potential to outperform the industry's credit growth by 500 to 600 basis points. This indicates a strategic focus on capturing a larger market share and enhancing growth in loan advances. Furthermore, the management has reiterated their commitment to aligning their growth with industry standards for the current financial year.
- **Management's Guidance:**
- Management has projected a loan growth of 15% in the next fiscal year, indicating a strong focus on expanding their loan book.
- **Actual Results:**
['Q4', '2023']:
- Data Not Available
['Q1', '2024']:
- Domestic loan growth at 26% YOY & 2% QOQ
['Q2', '2024']:
- Advances increased by 23% YOY.
['Q3', '2023']:
- Net loan book grew 15% YOY and 4% QOQ.
- **Evaluation:**
- Expectations Exceeded: Management projected a loan growth of 15% in the next fiscal year, but actual results showed a domestic loan growth of 26% YOY and advances increased by 23% YOY, significantly surpassing the guidance.

2. Interest income trends
- **Narrative:** Management is focused on enhancing the net interest margin and anticipates adjustments in deposit repricing through the end of the current financial year and into the next. The strategy involves precise financial maneuvers to ensure improved interest income trends.
- **Management's Guidance:**
- Management aims to improve the net interest margin by 20 basis points by the end of the year. Management expects deposits to reprice through the fourth quarter of the current financial year and further into the first quarter of the next financial year.
- **Actual Results:**
['Q2', '2024']:
- NIMs improved 15 bps YOY and 1 bps QOQ. Net Interest Income grew 19% YOY and 3% QOQ, Net Interest Margin at 4.11%, up by 15 bps YOY.
['Q3', '2023']:
- Net interest margins improved 73 basis points year-over-year and 30 basis points quarter-over-quarter to 4.26% in Q3FY23, which is a lifetime high.
['Q4', '2023']:
- Net interest margin improved by 73 basis points year-over-year, exceeding the management's guidance of a 20 basis points improvement.
['Q1', '2024']:
- In Q1 FY24, the Net Interest Margin was reported at 4.10%, which represents a year-on-year improvement of 50 basis points, surpassing the management's guidance of a 20 basis point improvement. Net Interest Income grew by 27% year-on-year, reflecting positive interest income trends.
- **Evaluation:**
- Expectations Exceeded: The management aimed for a 20 basis point improvement in net interest margin by year-end, but actual results showcased a 73 basis point improvement year-over-year by the end of Q4 2023 and a 50 basis point improvement year-over-year by Q1 2024, surpassing the initial expectations.

3. Fee-based income growth
- **Narrative:** Management outlined their strategic focus on enhancing fee-based income as part of their broader revenue growth and financial strategy. The emphasis is on leveraging existing assets and capabilities to drive incremental growth in non-interest income streams over the coming quarters.
- **Management's Guidance:**
- Management expects to achieve a revenue growth of 10% by the end of the fiscal year.
- **Actual Results:**
['Q1', '2024']:
- Fee income grew 28% YOY, granular fee constituted 94% of overall fees, Retail fee grew 37% YOY and 1% QOQ
['Q4', '2023']:
- Data Not Available
['Q2', '2024']:
- Fee income grew 31% YOY and 11% QOQ, granular fee constituted 93% of overall fees, Retail fee grew 38% YOY and 11% QOQ
['Q3', '2023']:
- Fee income grew 23% YOY and 6% QOQ, while total retail fee grew 30% YOY and 8% QOQ in Q3FY23, reflecting a strong performance in fee-based income growth.
- **Evaluation:**
- Expectations Exceeded: Management expected a revenue growth of 10% by the end of the fiscal year, but fee income grew significantly more, with 28% YOY growth in Q1 2024 and 31% YOY growth in Q2 2024, surpassing the expected targets for fee-based income growth.

4. Process automation efforts
- **Narrative:** Management provided an overview of their ongoing process automation efforts, emphasizing the importance of these initiatives in achieving operational efficiency and cost management goals. By focusing on process automation, the company aims to streamline operations, reduce manual interventions, and improve overall productivity.
- **Management's Guidance:**
- The management anticipates that the improvements planned will start to deliver tangible results over the next 8-9 quarters, acknowledging that there may be some inter-quarter fluctuations, which are considered normal for a business of their scale and size.
- **Actual Results:**
['Q2', '2024']:

- e55a85dea8a5a071526b7db789d425ce --> ~3325 Robotic automated processes
-
- 2c88a69fe3ee1d2fcdd7b4ab1831cf2c --> 67% of Branch service request volumes covered
['Q1', '2024']:
- Data Not Available
['Q3', '2023']:
- Data Not Available
['Q4', '2023']:
- 8e4dc42f63bfad625f505f0d7983e6dd --> 2,990+ RPA Bots
-
- 21983df14b46800fa71df3a081eb9ff5 --> Reduction in infra provisioning TAT by ~90%; Trained 300 professionals on Cloud technologies
-
- 21983df14b46800fa71df3a081eb9ff5 --> Bolstered infrastructure for increased monthly volumes: UPI 1.9B, IMPS 170M, NEFT 30M, and RTGS 1M
- **Evaluation:**
- Expectations Met: The process automation efforts have shown tangible results within the anticipated timeframe, with substantial robotic automation processes implemented and a significant portion of branch service requests being automated, aligning with management's guidance for gradual improvements over 8-9 quarters.

5. Cost reduction initiatives
- **Narrative:** Management has emphasized the importance of reducing operational costs to improve overall efficiency. They are focused on decreasing the cost-to-income ratio as a key metric to gauge the effectiveness of their cost reduction initiatives.
- **Management's Guidance:**
- Management aims to reduce the cost-to-income ratio to below 45% by the end of 2024. They also plan to decrease the cost-to-income ratio by 5% over the next two years. Additionally, there is a target to reduce operational costs by 5% in the first half of the year.
- **Actual Results:**
['Q1', '2024']:
- Cost to income at 48.29%, improving by 417 bps YOY
['Q2', '2024']:
- Data Not Available
['Q3', '2023']:
- Data Not Available
['Q4', '2023']:
- Data Not Available
- **Evaluation:**
- Insufficient Info: Data not available.

6. Geographic market penetration
- **Narrative:** Management has outlined a strategic initiative focused on expanding the company's geographic footprint through the establishment of multiple new branches. This move is aimed at strengthening market penetration and enhancing presence across key regions.
- **Management's Guidance:**
- Management has revealed plans to open 50 new branches across the country over the next 12 months. Additionally, they plan to open 50 new branches by the end of 2024, with an overall goal of launching 50 new stores next year. This demonstrates a clear commitment to increasing market penetration over the medium term.
- **Actual Results:**
['Q4', '2023']:
- We have opened 150 new branches this year.
['Q2', '2024']:
- During Q2 FY24, management reported the achievement of opening the 5000th branch, with 207 branches and 110 new centres added to widen their distribution network to 5,152 domestic branches.
['Q3', '2023']:
- Data Not Available
['Q1', '2024']:
- Data Not Available
- **Evaluation:**
- Expectations Exceeded: Management initially planned to open 50 new branches in the next 12 months, but they surpassed this goal by opening 150 new branches in 2023 and further expanded their network significantly, reaching 5,152 domestic branches by Q2 2024.

7. Capital adequacy ratio
- **Narrative:** Management is focused on enhancing return on equity (ROE) as part of their capital and liquidity management strategy. The emphasis is on maintaining and improving ROE to strengthen the capital adequacy ratio, signaling a commitment to achieving robust financial health and efficiency in capital utilization.
- **Management's Guidance:**
- Management has set a target to achieve a 20% return on equity by 2025, indicating strategic efforts to enhance capital efficiency. Additionally, they aim to reach an 18% ROE and are committed to maintaining this level through diligent efforts.
- **Actual Results:**
['Q2', '2024']:
- Our total capital adequacy ratio including profit is 17.84% and our CET-1 ratio is 14.56%. The prudent COVID provision translates to a capital cushion of 48 bps over and above the reported capital adequacy ratio.
['Q3', '2023']:
- Our total capital adequacy ratio including profit for the nine months ended December 31, 2022 is 19.51% and our CET-1 ratio is 15.55%.

['Q1', '2024']:
- Data Not Available
['Q4', '2023']:
- Our total capital adequacy ratio including profit but after proposed dividend for FY23 is 17.64% and our CET-1 ratio is 14.02%.
- **Evaluation:**
- Expectations Met: The capital adequacy ratio remained strong, with a total ratio of 19.51% in Q3 2023 and 17.84% in Q2 2024, aligning with management's commitment to maintain robust financial health and efficiency in capital utilization.

8. CET-1 ratio dynamics
- **Narrative:** Management provided insights into the capital implications of the Citibank acquisition, focusing on the CET-1 ratio's anticipated impact.
- **Management's Guidance:**
- The management estimates that the CET-1 consumption due to the Citibank acquisition will be approximately 180 basis points.
- **Actual Results:**
['Q1', '2024']:
- AXIS BANK Net accretion to CET-1 of 36 bps in Q1FY24, CAR CET 1 at 14.38%, Self sustaining capital structure with net accretion to CET-1 of 36 bps in Q1FY24, organic axis business driven CET 1 accretion in the quarter of 36 bps, CET-1 accretion net of organic consumption, was 36 bps, Puneet Sharma mentions current CET1 stands at 14.38%
['Q4', '2023']:
- Data Not Available
['Q2', '2024']:
- Net accretion to CET-1 of 18 bps in Q2 FY24.
['Q3', '2023']:
- We accreted CET-1 net of all consumption by 41 bps this quarter and have net accreted 31 bps over 9MFY23.
- **Evaluation:**
- Expectations Met: Management expected a CET-1 consumption of approximately 180 basis points due to the Citibank acquisition. The actual results show net accretion to the CET-1 ratio in subsequent quarters, indicating that the impact was managed as per expectations, with CET-1 accretion occurring even after the expected consumption.

9. Sustainability goals
- **Narrative:** Management discussed their commitment to achieving net-zero emissions within the bank's operations, particularly through the strategic management of their RIDF portfolio. This focus is indicative of the bank's broader sustainability goals and aligns with their long-term strategic initiatives.
- **Management's Guidance:**
- The company aims to reach net-zero emissions over a 4 to 5-year timeframe, as indicated by the maturity period of their RIDF portfolio. This timeline sets the expectation for achieving their sustainability targets.
- **Actual Results:**
['Q4', '2023']:
- Data Not Available
['Q1', '2024']:
- Data Not Available
['Q2', '2024']:
- 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 tCO2e annually. Centralized Energy Management System (CEMS) at 600 branches, saving ~3,242 tonnes of CO2 emissions. On-grid inverter solutions at 200+ rural branches to move away from DG sets. ~ 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.
['Q3', '2023']:
- Data Not Available
- **Evaluation:**
- Insufficient Info: Data not available.

10. Basel III compliance
- **Narrative:** Management emphasized their ongoing efforts to ensure full compliance with Basel III norms, highlighting the importance of maintaining strong capital adequacy to support growth and risk management objectives.
- **Management's Guidance:**
- Management anticipates achieving full Priority Sector Lending (PSL) compliance for the fiscal year 2023.
- **Actual Results:**
['Q1', '2024']:
- Basel III Tier I CAR was 14.90% in Q1FY24, compared to 15.79% in Q1FY23. Basel III Total CAR was 17.74% in Q1FY24, compared to 17.83% in Q1FY23.
['Q2', '2024']:
- Actual Results: answer: c71cdb654e4ab2d25141a0acae136413 --> [Basel Il Tier | CAR (e) 15.08% 15.75%] c71cdb654e4ab2d25141a0acae136413 --> [Basel Ill Total CAR © 17.84% 17.72%] f4eb336af49ba66f98e3435603e6cc54 --> In the last two years, the Bank’s outflow rates of Basel reporting bases have seen reduction by 550 basis points and are now trending closer to the best in the Indian Banking sector.
['Q3', '2023']:
- f7753ab1d32fa4072be3dfc9665b05fa --> [Basel III Tier I CAR for Q3FY23]
-
- f7753ab1d32fa4072be3dfc9665b05fa --> [Basel III Total CAR for Q3FY23]
['Q4', '2023']:
- Data Not Available
- **Evaluation:**
- Expectations Not Met: The management aimed for strong capital adequacy under Basel III norms, yet the Tier I CAR decreased from 15.79% in Q1FY23 to 14.90% in Q1FY24, and the Total CAR showed a slight decline from 17.83% to 17.74%, indicating they did not meet their capital adequacy

expectations.