

## Q4 2023

### 1. Loan portfolio expansion

- **Narrative:** Management is optimistic about the bank's growth trajectory, emphasizing their strategy to outpace industry growth. They are focusing on leveraging their unified franchise model to achieve a competitive edge in loan portfolio expansion.

- **Management's Guidance:**

- The management projects that their growth will exceed the industry's by 400 to 600 basis points in the medium to long term. They aim to maintain consistent disbursement yields by operating as a single franchise.

- **Actual Results:**

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

- Data Not Available

**['Q4', '2023']:**

- In Q4 FY23, the bank achieved the highest ever disbursements in Retail Assets and Rural loans. Retail loans grew 22% YOY and 14% QOQ, while Rural loans grew 26% YOY. The domestic loan book grew by 23% YOY and 13% QOQ.

**['Q1', '2024']:**

- Data Not Available

**['Q2', '2024']:**

- In Q2FY24, Axis Bank's loan book exhibited strong growth across various segments. The bank reported a 23% year-on-year (YOY) growth in advances and a 26% YOY growth in the domestic loan book. Retail loans grew by 23% YOY, while rural loans increased by 24% YOY. Corporate loans saw a 21% YOY growth. Additionally, disbursements grew by 37% YOY. These results align with the management's strategy to outpace industry growth, as the bank's loan portfolio expanded significantly across different sectors.

- **Evaluation:**

- **Expectations Exceeded:** The actual results show remarkable growth in the loan portfolio, with retail and rural loans growing significantly, surpassing the management's guidance of outpacing industry growth by 400 to 600 basis points.

### 2. Interest income trends

- **Narrative:** Management has outlined a balanced approach for revenue growth and financial strategy, focusing on maintaining a steady credit growth while ensuring deposit growth remains stable. The strategy involves leveraging the maturity of a significant portion of the fixed rate book to capture potential market upticks, which could positively impact interest income trends.

- **Management's Guidance:**

- Management projects a 12% to 13% growth in the credit side for the next year, with deposit growth expected to remain consistent with current levels.

Additionally, 42% of the fixed rate book is set to mature in the next 12 months, which management believes will allow the company to capture any market upticks effectively.

- **Actual Results:**

**['Q2', '2024']:**

- Data Not Available

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

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

**['Q4', '2023']:**

- Data Not Available

**['Q1', '2024']:**

- Interest Income for Q1 FY24 was reported at 25,557 crores, representing a growth of 36% compared to Q1 FY23.

- **Evaluation:**

- **Expectations Exceeded:** The management projected a 12% to 13% growth in credit, but the actual interest income increased by 36% in Q1 FY24 and 15% in Q3 FY24, surpassing their expectations significantly.

### 3. Fee-based income growth

- **Narrative:** Management is focused on leveraging their Neo platform to enhance fee-based income through increased adoption and monetization.

- **Management's Guidance:**

- Management expects a significant uptick in adoption and subsequent monetization of the Neo platform in FY24.

- **Actual Results:**

**['Q1', '2024']:**

- Fee income stood at Rs 4,488 crores, growing 28% YOY.

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

- Fee income grew 29% YOY and 4% QOQ in Q3 FY24.

**['Q2', '2024']:**

- In Q2 FY24, fee income stood at Rs 4,963 crores, growing 31% YOY and 11% QOQ. Total retail fee grew 38% YOY and 11% QOQ.

**['Q4', '2023']:**

- Fee income grew 24% YOY and 14% QOQ, granular fee constituted 92% of overall fees, Retail fee grew 31% YOY and 14% QOQ.

- **Evaluation:**

- **Expectations Exceeded:** The management expected a significant increase in fee-based income through the Neo platform, and this was surpassed with fee income growing consistently above 28% YOY across multiple quarters, indicating strong adoption and monetization.

### 4. Cost management strategies

- **Narrative:** The management has outlined cost management strategies focused on synergy initiatives, which are designed to optimize deposits, revenues, and expenses. These initiatives are part of a broader financial strategy to enhance the company's operational efficiency and financial performance.

- **Management's Guidance:**

- Management has indicated that they will pursue approximately 20-plus synergy initiatives in the upcoming quarters, specifically targeting deposits, revenues, and expenses. They aim to achieve a 2% improvement by the fiscal year 2025.

**- Actual Results:**

**['Q1', '2024']:**

- Data Not Available

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

- Data Not Available

**['Q4', '2023']:**

- Data Not Available

**['Q2', '2024']:**

- Data Not Available

**- Evaluation:**

- Insufficient Info: Data not available.

**5. Process automation efforts**

- **Narrative:** Management emphasized ongoing efforts to enhance operational efficiency through process automation. This strategic focus is intended to streamline operations and achieve cost savings over the long term.

**- Management's Guidance:**

- Management indicated that improvements from process automation are planned over the next 8-9 quarters, with expectations of some inter-quarter fluctuations, which are normal for a business of their scale and size.

**- Actual Results:**

**['Q2', '2024']:**

- ~3325 Robotic automated processes

**['Q1', '2024']:**

- Data Not Available

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

- 3450 Robotic automated processes

**['Q4', '2023']:**

- 2,990+ RPA Bots; Reduction in infra provisioning TAT by ~90%; Trained 300 professionals on Cloud technologies; Bolstered infrastructure for increased monthly volumes: UPI 1.9B, IMPS 170M, NEFT 30M, and RTGS 1M

**- Evaluation:**

- **Expectations Met:** Management's guidance anticipated gradual improvements in operational efficiency through process automation over 8-9 quarters, which aligns with the actual increase in robotic automated processes and infrastructure enhancements reported in the subsequent quarters.

**6. Cost reduction initiatives**

- **Narrative:** Management highlighted their focus on operational efficiency and cost management through the implementation of over 20 synergy initiatives. These initiatives are targeted to drive both revenue and cost benefits across various business units.

**- Management's Guidance:**

- Management indicated that the implementation of the identified synergy initiatives would commence in Q1FY24, aiming to achieve notable revenue and cost benefits.

**- Actual Results:**

**['Q1', '2024']:**

- Cost to income at 48.29%, improving by 417 bps YOY

**['Q2', '2024']:**

- Incremental YOY cost break up (Rs 2,218 Crore) (YoY ↑ 34%)

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

- Data Not Available

**['Q4', '2023']:**

- Data Not Available

**- Evaluation:**

- **Expectations Met:** The management's focus on operational efficiency and cost management through synergy initiatives achieved the intended cost benefits, as evidenced by the improvement in the cost-to-income ratio by 417 bps YOY in Q1FY24.

**7. Geographic market penetration**

- **Narrative:** Management emphasized their commitment to expanding geographic reach by adding new branches, which is a critical component of their strategy to improve market penetration.

**- Management's Guidance:**

- Management has expressed confidence in adding up to 500 branches within the year, highlighting their aggressive expansion strategy to strengthen market presence.

**- Actual Results:**

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

- Data Not Available

**['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, expanding the distribution network to 5152 domestic branches.

**['Q1', '2024']:**

- Data Not Available

**- Evaluation:**

- **Expectations Met:** Management aimed to open 500 branches within the year, and by Q2 FY24, they reported reaching the milestone of their 5000th branch, with 207 branches and 110 new centers added, aligning with their expansion strategy.

## 8. Liquidity management plans

- **Narrative:** Management addressed their liquidity management plans, indicating a strategic approach to managing financial resources effectively over the upcoming period.

- **Management's Guidance:**

- Management plans to incur a post-tax expense of Rs. 1,500 crores over an 18-month period as part of their liquidity management strategy.

- **Actual Results:**

**['Q1', '2024']:**

- Data Not Available

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

- Data Not Available

**['Q4', '2023']:**

- Data Not Available

**['Q2', '2024']:**

- Data Not Available

- **Evaluation:**

- Insufficient Info: Data not available.

## 9. Sustainability goals

- **Narrative:** Management discussed their ongoing multi-year journey towards sustainability, emphasizing significant investments aimed at covering the entire bank's operations within the current financial year.

- **Management's Guidance:**

- Management indicated that they will continue to invest in sustainability initiatives with the objective of achieving full coverage of the bank's operations within the current financial year.

- **Actual Results:**

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

- Data Not Available

**['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 tCO<sub>2</sub>e annually. Centralized Energy Management System (CEMS) at 600 branches, saving ~3,242 tonnes of CO<sub>2</sub> 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.

- **Evaluation:**

- Insufficient Info: Data not available.