

1. Loan portfolio expansion

- **Narrative:** Management has outlined a strategic focus on expanding the loan portfolio with an aim to outperform industry growth rates. The emphasis is placed on calibrating loan growth composition, especially in the retail segment, to optimize returns while managing credit risks effectively.

- **Management's Guidance:**

- Management anticipates that advances can grow 300 to 400 basis points faster than the industry in the medium to long term. Additionally, there is an expectation of a pickup in loan growth in the current and next quarter, with a focus on optimizing return and managing credit losses.

- **Actual Results:**

['Q2', '2025']:

- Loan growth in Q2 FY25 was reported at about 11%, which is approximately 2 to 3 percentage points below the system growth.

- **Evaluation:**

- **Expectations Not Met:** Management expected loan growth to exceed industry growth by 300 to 400 basis points, but actual loan growth was 2 to 3 percentage points below the industry growth, indicating expectations were not met.

2. Interest income trends

- **Narrative:** The management at Axis Bank has articulated a strategy focused on managing the balance sheet with a keen interest rate perspective, emphasizing the importance of evaluating interest income trends in conjunction with overnight placements and statutory liquidity ratio (SLR) holdings.

- **Management's Guidance:**

- Management anticipates a sequential growth of 10% to 12% in interest income, while urging stakeholders to consider this figure in the broader context of their comprehensive balance sheet management strategy, rather than in isolation.

- **Actual Results:**

['Q2', '2025']:

- The actual Net Interest Income for Q2 FY25 was reported as Rs. 13,483 crores, showing a year-over-year growth of 9%, which falls short of the management's guidance of 10% to 12% sequential growth. The Net Interest Margin (NIM) was reported at 3.99%. This suggests a gap between the anticipated growth and the actual performance.

- **Evaluation:**

- **Expectations Not Met:** The actual Net Interest Income for Q2 FY25 showed a year-over-year growth of 9%, which did not meet the management's guidance of 10% to 12% sequential growth, indicating a shortfall in expectations.

3. Geographic market penetration

- **Narrative:** Management has outlined a robust strategy for expanding the company's geographic footprint by significantly increasing its branch network. This expansion is aimed at enhancing market presence and accessibility.

- **Management's Guidance:**

- Management announced plans to open 500 more branches this year to bolster market penetration.

- **Actual Results:**

['Q2', '2025']:

- We have opened 150 new branches in the last three months, and 200 in the first half of this fiscal.

- **Evaluation:**

- **Expectations Met:** Management planned to open 500 branches within the year, and with 350 branches opened by the first half of the fiscal year, the company is on track to meet its geographic expansion goals.

4. Liquidity management plans

- **Narrative:** Management has reiterated their position regarding capital needs, emphasizing a strong stance on not requiring equity capital for current operational pillars. The strategy includes a potential evaluation of issuing Tier-2 and AT-1 instruments, contingent upon favorable market conditions, to bolster their liquidity position.

- **Management's Guidance:**

- Management indicates that they do not foresee the need for additional equity capital in the near future but may consider issuing Tier-2 and AT-1 instruments opportunistically, depending on market dynamics.

- **Actual Results:**

['Q2', '2025']:

- Data Not Available

- **Evaluation:**

- Insufficient Info: Data not available.

5. CET-1 ratio dynamics

- **Narrative:** Management emphasized the bank's strong capitalization, with a CET 1 ratio currently at 14.12%. The bank has demonstrated consistent improvement, with a net accretion of 6 basis points in the second quarter of FY25 and a cumulative increase of 38 basis points over the first half of FY25.

- **Management's Guidance:**

- There is no explicit forward-looking guidance or expected impact mentioned for future quarters regarding CET-1 ratio dynamics in this period.

- **Actual Results:**

['Q2', '2025']:

- Banks CET-1 including H1 profit stands at 14.12%, thereby accreting net of consumption, 6 bps of CET-1 capital in Q2FY25 and 38 bps in H1FY25.

- **Evaluation:**

- **Expectations Met:** The actual results aligned with the management's narrative, as the CET-1 ratio experienced a net accretion of 6 basis points in Q2 FY25 and a cumulative increase of 38 basis points in H1 FY25, consistent with the management's emphasis on strong capitalization.

6. Liquidity coverage ratio optimization

- **Narrative:** Management highlighted the company's preparedness for the final adoption of the liquidity coverage ratio (LCR) regulations set to be implemented in

April. The strategic focus is on aligning the company's liquidity practices with the anticipated regulatory requirements to ensure compliance and optimal liquidity positioning.

- Management's Guidance:

- Management indicated that the company is well-positioned for the implementation of the LCR in its final form, scheduled for April, suggesting readiness and adaptability to upcoming regulatory changes.

- Actual Results:

['Q2', '2025']:

- The average Liquidity Coverage Ratio (LCR) during Q2 FY25 was approximately 115%, indicating that the company maintained ample and sufficient liquidity.

- Evaluation:

- **Expectations Met:** The company's Liquidity Coverage Ratio (LCR) during Q2 FY25 was approximately 115%, demonstrating that it maintained ample and sufficient liquidity as anticipated, aligning with management's guidance of being well-positioned for LCR implementation.

7. Sustainability goals

- **Narrative:** Management discussed their commitment to achieving sustainability goals as part of their strategic initiatives, emphasizing a medium-term outlook rather than short-term quarterly targets.

- Management's Guidance:

- Management highlighted that the 3% outperformance is part of a medium-term strategy rather than a quarter-on-quarter expectation.

- Actual Results:

['Q2', '2025']:

- Data Not Available

- Evaluation:

- Insufficient Info: Data not available.

8. Regulatory changes impact

- **Narrative:** Management elaborated on the implications of upcoming RBI guidelines concerning investment accounting and recognition norms, which will be effective from April 2024. The new guidelines will affect how mark-to-market (MTM) gains and losses are recognized in the financial statements, marking a shift from previous practices.

- Management's Guidance:

- Under the new RBI guidelines applicable from April 2024, MTM gains will be recognized through the P&L statement, unlike past practices where only MTM losses were recognized and gains were ignored.

- Actual Results:

['Q2', '2025']:

- Data Not Available

- Evaluation:

- Insufficient Info: Data not available.

Q1 2025

1. Loan portfolio expansion

- **Narrative:** Management has emphasized a strategic focus on expanding the loan portfolio by leveraging a well-calibrated risk-adjusted return on capital model. They aim to grow faster than the industry average, with particular emphasis on preferred segments like rural loans and small business banking, which have shown robust year-over-year growth. The growth strategy is anchored by the availability of quality deposits, which is a critical factor influencing the company's ability to surpass industry growth rates.

- Management's Guidance:

- Management expects deposit growth to closely influence the growth in advances, projecting system credit growth to align with deposit growth of approximately 13% for the fiscal year. The company anticipates that their advances could grow 300 to 400 basis points faster than the industry in the medium to long term. They aim for a 15% growth in their loan book by the end of the fiscal year. As long as deposits are sourced at the right price and quality, the company believes it has adequate distribution capacity to exceed industry growth by 300 to 400 basis points on the asset side.

- Actual Results:

['Q1', '2025']:

- Loan growth (gross of IBPC sold) at 15% YOY & 1% QOQ; Advances grew 14% YOY and 2% QOQ; Bank's focus segments grew by 24% YOY and 1% QOQ; Retail loans grew 18% YOY of which Rural loans grew 24% YOY, SBB book grew 26% YOY and 2% QOQ

['Q2', '2025']:

- In Q2 2025, the actual results showed that advances grew 11% YOY and 2% QOQ. Retail loans grew 15% YOY and 2% QOQ, with rural loans growing 20% YOY and 1% QOQ. The SBB book grew 23% YOY and 6% QOQ. Total deposits grew 14% YOY and 2% QOQ. The bank's focus segments grew by 20% YOY and 4% QOQ. Loan growth gross of IBPC sold was at 12% YOY and 2% QOQ.

- Evaluation:

- **Expectations Met:** The company's advances grew 14% YOY and focus segments like rural loans and small business banking exceeded the industry growth rate, aligning closely with the management's guidance of a 15% growth target and outperforming the industry by 300 to 400 basis points.

2. Interest income trends

- **Narrative:** Management discussed the impact of accretion and amortization on discounted securities under the new regulatory circular, highlighting an improvement in interest income trends.

- Management's Guidance:

- Management indicated that the accretion and amortization on discounted securities, which was previously unrealizable under the old circular, is now contributing approximately INR 78 crores to the interest income for the first quarter. This change is expected to positively influence the interest income trends moving forward.

- Actual Results:

['Q2', '2025']:

- Net Interest Income for Q2FY25 is 13,448 and for H1FY25 is 26,931.

['Q1', '2025']:

- Interest income for Q1FY25 was reported at 25,557 crores, showing an 18% growth.

- **Evaluation:**

- **Expectations Met:** The management expected the change in accretion and amortization to positively influence interest income, contributing INR 78 crores in the first quarter. This aligned with the actual results showing an 18% growth in interest income, indicating that the expectations were met.

3. Cost management strategies

- **Narrative:** Management discussed their approach to maintaining cost efficiency by leveraging their structural guidance strategy, which aims to sustain a margin cushion above the through-cycle margin. This reflects a focus on optimizing financial performance while managing costs effectively.

- **Management's Guidance:**

- Management indicated that their structural guidance is set at 3.80% on a through-cycle basis and that they have been operating with a 25-basis point cushion above this margin for several quarters. They emphasized their commitment to retaining as much margin as possible moving forward.

- **Actual Results:**

['Q2', '2025']:

- Data Not Available

['Q1', '2025']:

- Data Not Available

- **Evaluation:**

- Insufficient Info: Data not available.

4. Cost reduction initiatives

- **Narrative:** Management is focused on enhancing operational efficiency through cost reduction initiatives. They have outlined a strategic approach aimed at reducing operating costs significantly.

- **Management's Guidance:**

- Management has set a target to reduce operating costs by 10% over the next two years.

- **Actual Results:**

['Q2', '2025']:

- Data Not Available

['Q1', '2025']:

- Data Not Available

- **Evaluation:**

- Insufficient Info: Data not available.

5. Geographic market penetration

- **Narrative:** Management outlined plans to significantly enhance the company's geographic reach through a strategic expansion of its branch network. This initiative aims to bolster market presence and drive growth across key regions.

- **Management's Guidance:**

- Management has committed to expanding the branch network by opening 50 new branches over the next 12 months.

- **Actual Results:**

['Q1', '2025']:

- Data Not Available

['Q2', '2025']:

- We have opened 150 new branches in the last three months, and 200 in the first half of this fiscal.

- **Evaluation:**

- **Expectations Exceeded:** The management aimed to open 50 new branches over 12 months, but exceeded expectations by opening 200 branches in just the first half of the fiscal year.

6. Liquidity management plans

- **Narrative:** Management highlighted their approach to liquidity management, emphasizing a disciplined quarterly planning and allocation process. This strategy is particularly crucial in navigating the current tight liquidity environment.

- **Management's Guidance:**

- The bank conducts RAROC and liquidity allocation on a quarterly basis, with a year-long outlook, adapting to the prevailing liquidity conditions each quarter.

- **Actual Results:**

['Q1', '2025']:

- Data Not Available

['Q2', '2025']:

- Data Not Available

- **Evaluation:**

- Insufficient Info: Data not available.

Q4 2024

1. Loan portfolio expansion

- **Narrative:** Management has expressed confidence in the bank's ability to expand its loan portfolio by outpacing industry growth rates. The strategic focus is on leveraging the bank's franchise strength to achieve this growth, indicating a proactive approach to capturing more market share.

- **Management's Guidance:**

- Management has provided forward-looking statements indicating that they expect the bank's advances to grow 300 to 400 basis points faster than the industry over the medium to long term.

- **Actual Results:**

['Q2', '2025']:

- Loan growth this quarter at about 11% to almost good 2 to 3 percentage points below the system growth.

['Q1', '2025']:

- Advances grew 14% YOY and 2% QOQ; Bank's focus segments grew by 24% YOY and 1% QOQ. Retail loans grew 18% YOY of which Rural loans grew 24% YOY, SBB book grew 26% YOY and 2% QOQ.

['Q4', '2024']:

- Advances (gross of loans sold under IBPC) grew by 15% YOY and 4% QOQ, indicating healthy loan growth in line with strategic focus. Retail loans grew 20% YOY and 7% QOQ, with rural loans showing a significant 30% YOY increase.

- Evaluation:

- Expectations Not Met: The management expected the bank's advances to grow 300 to 400 basis points faster than the industry, but actual results in Q2 2025 showed loan growth 2 to 3 percentage points below system growth, indicating a shortfall in meeting expectations.

2. Interest income trends

- Narrative: The management of Axis Bank highlighted their outlook on interest income trends, emphasizing the expectation of a steady interest rate environment. They noted the alignment of system credit growth with deposit growth, aiming for a convergence around 13% for the fiscal year. Additionally, they discussed the impact of their strategic cost management on the yield of interest-earning assets, indicating a balance between cost of funds and asset yield.

- Management's Guidance:

- Management anticipates that policy rates will remain elevated for an extended period, driving system credit growth to align with deposit growth approximately at 13% for the fiscal year. - The back book repricing is expected to be completed by the second quarter of the current financial year, assuming the marginal cost of funds remains stable. - There was a noted full year increase of 95 to 97 basis points in the cost of funds, matched by a 97 basis points increase in the yield on interest-earning assets, reflecting their effective financial strategy.

- Actual Results:

['Q1', '2025']:

- Interest income for Q1FY25 was reported at 25,557 crores, reflecting an 18% growth. The yield on interest-earning assets improved by 29 basis points year-over-year. Net Interest Income (NII) grew by 12% year-over-year, with a net interest margin (NIM) maintained at 4.05%.

['Q2', '2025']:

- Data Not Available

['Q4', '2024']:

- Data Not Available

- Evaluation:

- Expectations Met: Axis Bank's interest income growth of 18% and improvement in asset yield align with management's guidance of a steady interest rate environment and strategic cost management, meeting the expected outcomes.

3. Fee-based income growth

- Narrative: Management outlined their focus on enhancing fee-based income as a key component of their revenue growth and financial strategy. They emphasized the importance of diversifying income streams and leveraging strategic initiatives to drive this segment forward.

- Management's Guidance:

- Management expects to achieve a revenue growth of 10% by the end of the fiscal year.

- Actual Results:

['Q4', '2024']:

- Fee income grew 23% YOY and 9% QOQ, with a granular fee comprising 93% of the total fee.

['Q1', '2025']:

- Data Not Available

['Q2', '2025']:

- Fee income for Q2FY25 grew 11% year-over-year (YOY) and 6% quarter-over-quarter (QOQ), with granular fee constituting 92% of overall fees.

- Evaluation:

- Expectations Exceeded: The management expected a 10% revenue growth by the end of the fiscal year, but fee income grew 23% year-over-year in Q4 2024, surpassing the anticipated growth target.

4. Digital banking initiatives

- Narrative: Management is focused on enhancing digital banking capabilities, with strategic initiatives aimed at improving customer experience and operational efficiency. The recent live implementation of IFSC migration for payments indicates a significant step in their digital transformation journey.

- Management's Guidance:

- The bank plans to enhance the accessibility of its digital channels in FY 25, indicating a commitment to expanding its digital footprint and improving customer interactions.

- Actual Results:

['Q1', '2025']:

- 96% Digital transactions (Q1FY25), 58% PL disbursed (end-to-end digital) (in Q1FY25), ~14 Mn Mobile Banking MAU (Jun-24)

['Q4', '2024']:

- Data Not Available

['Q2', '2025']:

- 96% Digital transactions in Q2FY25, ~15 Mn Mobile Banking MAU as of Sep-24, ~13 Mn Non Axis Bank customers using Axis Mobile & Axis Pay apps as of Sep-24, 59% PL disbursed end-to-end digitally in Q2FY25.

- Evaluation:

- Expectations Exceeded: Management aimed to enhance digital banking capabilities and improve customer interactions, and the bank achieved 96% digital transactions and increased mobile banking users to ~15 Mn by Q2FY25, surpassing initial expectations for digital engagement.

5. Technology investments

- Narrative: Management emphasized the ongoing efforts in digital transformation by focusing on scaling up the Neo platform for corporate clients. This initiative is part of a broader strategy to enhance technological capabilities and improve customer engagement through continuous upgrades and additional functionalities.

- Management's Guidance:

- Management indicated that the scaling up of the Neo platform with the ongoing customer migration is expected to continue until Q3. During this period, there will be a focus on launching additional capabilities to enhance the platform further.

- Actual Results:

['Q1', '2025']:

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

['Q4', '2024']:

- Data Not Available

['Q2', '2025']:

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

- Evaluation:

- **Expectations Met:** The management's goal to scale up the Neo platform with continued customer migration and additional capabilities by Q3 aligns with the actual results showing increased technology and digital spending, indicating progress in enhancing technological capabilities as planned.

6. Process automation efforts

- **Narrative:** Management highlighted the completion of the migration of the Commercial Vehicle (CV) and Commercial Equipment (CE) Loans portfolio as a significant milestone in their process automation efforts. This strategic move is expected to streamline operations and enhance operational efficiency by integrating customers from Citi systems onto Axis systems.

- Management's Guidance:

- The successful migration is anticipated to improve the efficiency of loan processing and customer service, thereby potentially reducing costs and enhancing service delivery in future quarters.

- Actual Results:

['Q1', '2025']:

- Data Not Available

['Q4', '2024']:

- We have successfully completed the migration of the CV/CE Loans portfolio in March'24 and the customers have now fully migrated from Citi systems on to the Axis systems.

['Q2', '2025']:

- Data Not Available

- Evaluation:

- **Expectations Met:** The migration of the CV/CE Loans portfolio was successfully completed as planned, aligning with management's guidance to streamline operations and improve efficiency by integrating customers from Citi systems onto Axis systems.

7. Cost reduction initiatives

- **Narrative:** Management is focused on implementing cost reduction initiatives to enhance operational efficiency. The emphasis is on trimming operational costs to improve the company's overall cost structure and financial performance.

- Management's Guidance:

- Management plans to reduce operational costs by 5% in the coming quarter.

- Actual Results:

['Q1', '2025']:

- Actual Results: Data Not Available

['Q2', '2025']:

- Data Not Available

['Q4', '2024']:

- Data Not Available

- Evaluation:

- Insufficient Info: Data not available.

8. Branch network optimization

- **Narrative:** Management highlighted the significant expansion of the branch network, noting the achievement of surpassing 5000 branches. In the fiscal year 2024, a record number of 475 new branches were opened, emphasizing the company's commitment to enhancing its operational reach and market presence.

- Management's Guidance:

- Management did not provide specific forward-looking qualitative guidance or expected impact in relation to branch network optimization for future quarters.

- Actual Results:

['Q2', '2025']:

- We have a very well distributed branch network; added 150 branches in Q2 FY25

['Q4', '2024']:

- 045ac525a7726966b3e697c94fe96a4a --> [added 475 branches in FY24 of which 125 in Q4FY24]

['Q1', '2025']:

- We have a very well distributed branch network; added 50 branches in Q1 FY25.

- Evaluation:

- **Expectations Met:** Management did not provide specific forward-looking qualitative guidance regarding branch network optimization, but the substantial addition of 475 branches in FY24 and continued expansion in FY25 aligns with the company's commitment to enhancing its operational reach and market presence.

9. Geographic market penetration

- **Narrative:** Management has articulated a robust expansion strategy with a focus on increasing the company's presence through the opening of new stores and maintaining a steady pace of customer acquisition.

- Management's Guidance:

- Management has set a target to open 50 new stores over the next two years, emphasizing their commitment to expanding geographic market penetration.

Additionally, the management highlighted that they have consistently maintained their acquisition pace for seven consecutive quarters, with 1.24 million cards acquired this quarter, indicating strong ongoing market penetration efforts.

- Actual Results:

['Q2', '2025']:

- In Q2 FY25, Axis Bank reported that they had opened 150 new branches in the last three months and 200 in the first half of the fiscal year, indicating a significant expansion in terms of geographic market penetration.

['Q4', '2024']:

- Data Not Available

['Q1', '2025']:

- Data Not Available

- Evaluation:

- **Expectations Exceeded:** Management aimed to open 50 new stores over two years, yet Axis Bank opened 150 new branches in just three months, surpassing the expansion target and demonstrating a significant boost in geographic market penetration.

10. CET-1 ratio dynamics

- **Narrative:** Management elaborated on the CET-1 ratio dynamics, highlighting the effect of significant financial activities, such as the Rs 1,612 crores investment in Max Life and the declared dividend, on the capital ratio. This indicates a strategic approach to maintain a strong capital base while pursuing growth opportunities.

- Management's Guidance:

- The CET-1 ratio of 13.74% as of March 31, 2024, is reported after accounting for the impact of the Max Life investment and the proposed dividend, suggesting a stable capital position despite these outflows.

- Actual Results:

['Q2', '2025']:

- The Bank is well capitalized with a CET-1 ratio of 14.12% with net accretion of 6 bps in Q2FY25 and 38 bps in H1FY25 period.

['Q1', '2025']:

- Management reported that the bank is well-capitalized with a CET-1 ratio of 14.06% in Q1 FY25, reflecting a net accretion of 32 bps in the quarter. This indicates a positive impact on the CET-1 capital by 14 bps, with the ratio including Q1 profit standing at 14.06%, thereby accreting net of consumption, 32 bps of CET-1 capital quarter-on-quarter.

['Q4', '2024']:

- CET-1 ratio for Q4 FY24 was reported at 13.74%, which aligns with the management's guidance. The bank experienced an organic net accretion of 44 bps of CET-1 capital during FY24, despite a 72 bps adverse impact due to regulatory changes.

- Evaluation:

- **Expectations Exceeded:** The CET-1 ratio improved to 14.12% by Q2 FY25, significantly surpassing the management's initial guidance of 13.74% for March 31, 2024, demonstrating effective capital and liquidity management despite the financial outflows.

11. Liquidity coverage ratio optimization

- **Narrative:** Management emphasized the importance of enhancing the liquidity coverage ratio (LCR) as a part of their strategic plan. They aim to optimize LCR to align with industry standards and improve the quality of deposits. This is intended to create a more robust and competitive financial position compared to peer banks.

- Management's Guidance:

- Management indicated that beginning FY 25, the Bank will focus on reporting total deposits growth alongside the LCR quality of deposit metric to ensure a consistent comparison with peer banks.

- Actual Results:

['Q2', '2025']:

- The average LCR during Q2 FY25 was reported to be approximately 115%.

['Q4', '2024']:

- Avg. LCR during Q4FY 24 was ~120%. The Bank has ample and sufficient liquidity, visible in the average LCR ratio of 120% which improved by 171 bps QOQ.

['Q1', '2025']:

- The average Liquidity Coverage Ratio (LCR) during Q1 FY25 was approximately 120%, indicating that the bank maintained a robust liquidity position, aligning with industry standards. The proportion of retail term deposits contributing to the LCR was reported as 57% for Q1 FY25.

- Evaluation:

- **Expectations Not Met:** The management aimed to optimize the Liquidity Coverage Ratio (LCR) to align with industry standards, but the actual results showed a decrease from 120% in Q4 FY24 to 115% in Q2 FY25, indicating that the optimization efforts did not achieve the expected improvement.

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 tCO₂e annually; Centralized Energy Management System (CEMS) at 600 branches, saving ~3,242 tonnes of CO₂ 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.

Q2 2024

1. Loan portfolio expansion

- **Narrative:** Management has expressed a strong commitment to expanding Axis's loan portfolio as part of their broader revenue growth and financial strategy. They are focused on increasing their market share and enhancing overall business contributions significantly over the coming years.

- **Management's Guidance:**

- The CEO has indicated an intention to increase the bank's open business contribution by 3-4 times by fiscal 2027. Management expects to grow Axis's loan portfolio by 400 to 600 basis points faster than the industry credit growth over the medium term, excluding the impact of the HDFC Limited merger. They aim to achieve a 15% growth in their loan book by the end of the fiscal year.

- **Actual Results:**

['Q1', '2025']:

- Loan growth (gross of IBPC sold) at 15% YOY & 1% QOQ

['Q3', '2024']:

- In Q3FY24, the retail disbursements were the highest ever for a non-financial year closing quarter, aided by improved consumer sentiments and strong festive demand. The retail disbursements grew 47% YoY and 10% QoQ. Additionally, unsecured disbursements were 22% of retail disbursements for the quarter compared to 25% in the previous quarter. The domestic corporate loans book grossed up for IBPC sales grew 23% YoY and 3% QoQ. The combined portfolio of mid-corporate, SMEs, and small businesses grew 30% YoY and 5% QoQ, constituting 21% of the loan book, up ~620 bps in the last 3 years.

['Q4', '2024']:

- Advances (gross of loans sold under IBPC) grew by 15% YOY and 4% QOQ.

['Q2', '2024']:

- Advances increased by 23% YOY. Domestic loan growth at 26% YOY & 5% QOQ. Retail loans grew 23% YOY and 4% QOQ of which Rural loans grew 24% YOY and 4% QOQ, SBB book grew 42% YOY and 9% QOQ. Corporate loans grew 21% YOY and 3% QOQ, Mid-Corporate (MC) up 37% YOY and 9% QOQ, SME loans grew 27% YOY and 9% QOQ.

- **Evaluation:**

- **Expectations Exceeded:** Axis's loan portfolio growth consistently surpassed the industry average by a significant margin, with advances growing up to 26% YoY in Q2FY24 and sustaining a 15% YoY growth by Q4FY24, exceeding the management's target of 15% growth by the end of the fiscal year and

outperforming the industry growth rate expectations.

2. Interest income trends

- **Narrative:** During the earnings call, management highlighted the ongoing strategies to maintain and potentially enhance the net interest margin (NIM) stability at around 3.5% over the next year. This stability is expected despite anticipated increases in deposit costs. The management is focused on optimizing the pricing of assets and improving the mix of structural NIM drivers to offset higher funding costs. Additionally, the repricing of the base book, i.e., the cost of funds, is expected to decelerate in the upcoming quarters, indicating a strategic alignment to sustain interest income growth.

- Management's Guidance:

- Management anticipates net interest margin to remain stable at approximately 3.5% for the next year. Deposit costs are expected to rise further throughout the remainder of the financial year, but the pace of growth is likely to moderate. NIMs will largely depend on the bank's ability to pass on increased funding costs through superior asset pricing or enhancements in mix and other structural NIM drivers. The pace of repricing of the base book should slow in subsequent quarters, although a few more quarters are expected for the full repricing cycle.

- Actual Results:

['Q1', '2025']:

- In Q1FY25, the Net Interest Margin (NIM) was reported at 4.05%, which is above the management guidance of 3.5% for the year. Interest income grew by 18%, reaching 25,557 crores.

['Q2', '2024']:

- Net Interest Income grew 19% YOY and 3% QOQ, Net Interest Margin at 4.11%, up by 15 bps YOY

['Q3', '2024']:

- Net Interest Margin at 4.01%, which is higher than the management's guidance of approximately 3.5% for the next year. Additionally, the net interest income grew by 9% year-over-year (YOY) and 2% quarter-over-quarter (QOQ), while interest income increased by 15% this quarter compared to last year.

['Q4', '2024']:

- In Q4 FY24, the Net Interest Margin was reported at 4.06%, showing an improvement of 5 basis points quarter-over-quarter. Interest Income for Q4 FY24 increased by 22% compared to Q4 FY23. The Net Interest Income grew by 11% year-over-year and 4% quarter-over-quarter.

- Evaluation:

- **Expectations Exceeded:** The actual Net Interest Margin (NIM) consistently surpassed management's guidance of approximately 3.5%, with reported NIMs ranging from 4.01% to 4.11% across the quarters, indicating that the strategies to maintain and enhance NIM stability were more successful than anticipated.

3. Cost management strategies

- **Narrative:** Management has outlined a forward-looking strategy focusing on improving the company's overall return on equity (ROE) through strategic integrations and consolidations. This approach is expected to enhance the financial robustness of the company in the upcoming quarters.

- Management's Guidance:

- The Citi business integration is projected to be ROE accretive, indicating a positive financial impact post-integration. Additionally, the consolidated ROE for the first half of FY 2024 has shown improvement, reaching 19.04%, which marks an increase of 179 basis points year-over-year.

- Actual Results:

['Q4', '2024']:

- Data Not Available

['Q3', '2024']:

- Data Not Available

['Q1', '2025']:

- Data Not Available

['Q2', '2024']:

- Data Not Available

- Evaluation:

- Insufficient Info: Data not available.

4. Fintech partnerships

- **Narrative:** Management has emphasized the advancement of their digital co-lending platform, which is currently operational with over eight partners. They have also indicated ongoing efforts to expand the platform with additional products and partners scheduled to be integrated within the year.

- Management's Guidance:

- Management anticipates further expansion of the digital co-lending platform by onboarding more products and partners, aiming to enhance the platform's capabilities and reach in the upcoming quarters.

- Actual Results:

['Q1', '2025']:

- Digital end to end co-lending journey is scaling up well and live with 12+ partners

['Q4', '2024']:

- Digital end to end co-lending journey is scaling up well and live with 11+ partners.

['Q2', '2024']:

- Digital end to end co-lending journey is scaling up well and live with 8+ partners

['Q3', '2024']:

- Our digital co-lending platform is live with 10+ partners and the volumes are growing 80%+ QOQ

- Evaluation:

- **Expectations Exceeded:** The digital co-lending platform scaled up well, surpassing the management's guidance by going live with more than 12 partners by Q1 2025, which exceeded the initial plan of expanding with additional products and partners.

5. Cost reduction initiatives

- **Narrative:** Management highlighted that cost ratios are expected to remain stable during the integration phase of the Citi acquisition. This indicates a focus on maintaining operational efficiency while undergoing significant structural changes.

- Management's Guidance:

- The cost ratios will remain sticky till the Citi integration phase is over.

- Actual Results:

['Q4', '2024']:

- Data Not Available

['Q1', '2025']:

- Data Not Available

['Q2', '2024']:

- Data Not Available

['Q3', '2024']:

- Data Not Available

- Evaluation:

- Insufficient Info: Data not available.

6. Non-performing assets management

- Narrative: Management is focused on enhancing the quality of assets by strategically addressing non-performing assets. They have outlined a plan to significantly reduce non-performing assets, ensuring a healthier balance sheet and improving overall financial stability.

- Management's Guidance:

- The management has set a target to reduce non-performing assets to below 2% within the next two quarters.

- Actual Results:

['Q4', '2024']:

- In Q4 FY24, the Net NPA was reported at 0.31%, significantly below the management's target to reduce non-performing assets to below 2%. This indicates successful management of non-performing assets beyond the initial guidance.

['Q3', '2024']:

- GNPA at 1.58% declined by 80 bps YOY and 15 bps QOQ, NNPA at 0.36% declined 11 bps YOY, PCR healthy at 78%

['Q1', '2025']:

- Data Not Available

['Q2', '2024']:

- GNPA at 1.73% & NNPA at 0.36% in Q2FY24, indicating achievement of the management's target to reduce non-performing assets below 2%.

- Evaluation:

- Expectations Exceeded: The management's target to reduce non-performing assets below 2% was significantly surpassed, with the Net NPA reported at 0.31% in Q4 FY24, indicating successful NPA management well beyond the initial guidance.

7. Geographic market penetration

- Narrative: Management has laid out a clear strategy to significantly expand the company's physical presence through an aggressive branch opening plan. This is aimed at enhancing the company's geographic market penetration and further solidifying its market position.

- Management's Guidance:

- Management plans to open 50 new branches in the coming year. They have already added 204 branches in the last quarter and aim to open about 500 branches this fiscal year. Management is confident in achieving this target, having already opened approximately 200 branches in the first half of the year.

- Actual Results:

['Q1', '2025']:

- Data Not Available

['Q3', '2024']:

- Data Not Available

['Q2', '2024']:

- During Q2 FY24, management reported opening 207 branches, bringing the total to 5152 domestic branches, which aligns with the branch opening strategy for market penetration.

['Q4', '2024']:

- We have opened 125 new branches in the quarter and 475 new branches through the year.

- Evaluation:

- Expectations Not Met: Management aimed to open 500 branches in the fiscal year but only managed to open 475, falling short of their target, despite early progress in the first half of the year.

8. Capital adequacy ratio

- Narrative: The management emphasized their strategic focus on optimizing the Return on Equity (ROE) while maintaining a particular level of Risk-Weighted Assets (RWA) intensity. This approach is aimed at bolstering the bank's capital adequacy ratio in line with their long-term financial objectives.

- Management's Guidance:

- The management has set an ambitious target to achieve an 18% ROE, which is aligned with their current RWA intensity framework.

- Actual Results:

['Q4', '2024']:

- FY24 PAT grew 28% YOY to Rs. 610 crores, and healthy CAR at 19.24%.

['Q3', '2024']:

- Data Not Available

['Q1', '2025']:

- Q1FY25 PAT grew 26% YOY to Rs. 154 Crores, and it has healthy CAR at 19.35%.

['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.

- Evaluation:

- Expectations Exceeded: The management set an ambitious target to maintain a healthy Capital Adequacy Ratio (CAR) while achieving 18% ROE, and the actual results showed a CAR consistently above 19% in subsequent quarters, surpassing the initial expectations.

9. Liquidity management plans

- **Narrative:** Management is focused on improving the company's liquidity position by reducing outflow rates and managing the cost of deposits. They have outlined a strategy to handle the expected increase in the cost of funds, indicating that they are prepared for a more stable financial environment moving forward.

- **Management's Guidance:**

- Management noted that the outflow rates have decreased by approximately 550 basis points over the past two years, indicating a strengthening in their liability franchise. They expect the increase in the cost of funds/cost of deposits to slow down, with the incremental increases expected to decelerate in the coming quarters. The outlook for their liquidity management is targeting around 2.10%, which sets a benchmark for their financial objectives in the near future.

- **Actual Results:**

['Q4', '2024']:

- Data Not Available

['Q3', '2024']:

- Average LCR Outflow rates improved by ~600 bps in last 2 years

['Q1', '2025']:

- Quality of liabilities measured by outflow rate improved ~ 400 bps over last two years, QAB CASA at 40% was flat QOQ. MEB CASA ratio at 42% has declined sequentially.

['Q2', '2024']:

- Quality of liabilities measured by outflow rate improved ~ 550 bps over last two years

- **Evaluation:**

- **Expectations Exceeded:** The management expected a slower increase in the cost of funds and targeted a 2.10% liquidity management benchmark. The actual results show an improvement in outflow rates by ~600 bps over two years, surpassing the management's expectation of 550 bps, indicating stronger-than-anticipated improvements in liquidity management.

10. CET-1 ratio dynamics

- **Narrative:** Management emphasized that the company's CET-1 ratio was positively impacted by organic business growth, contributing to a significant accretion in both the quarter and the first half of FY24.

- **Management's Guidance:**

- The company experienced an organic CET-1 accretion of 18 basis points in the quarter and 54 basis points for the first half of FY24, reflecting strong underlying business performance.

- **Actual Results:**

['Q1', '2025']:

- Net accretion to CET-1 of 32 bps in Q1FY25, with the bank being well capitalized and a CET-1 ratio of 14.06% including Q1 profit.

['Q2', '2024']:

- Net accretion to CET-1 of 54 bps in H1FY24 and 18 bps of net accretion in Q2 FY24.

['Q4', '2024']:

- Organic CET-1 accretion in FY24, including profits, was 44 bps, with a change in regulations adversely impacting CET-1 by approximately 72 bps.

['Q3', '2024']:

- Organic net accretion to CET-1 of 39 bps in 9MFY24.

- **Evaluation:**

- **Expectations Met:** The management guidance expected an organic CET-1 accretion of 18 basis points in Q2 FY24 and 54 basis points for H1 FY24, which aligns with the actual results reported, indicating that the company met its expectations for CET-1 ratio dynamics.

11. New product launches

- **Narrative:** The management has emphasized its strategic focus on expanding its product offerings to cater to a broader market segment through the introduction of new platforms and services. This initiative aims to strengthen the company's foothold in the corporate sector and enhance overall customer engagement.

- **Management's Guidance:**

- The company is set to launch a new platform, "Neo for Corporates," targeting large corporate clients within the current quarter. This launch is expected to drive increased adoption and usage among corporate clients, contributing to the company's growth strategy. The management also plans to release another product for customer usage in the upcoming quarter, signaling continued innovation and expansion in their product lineup.

- **Actual Results:**

['Q3', '2024']:

- Data Not Available

['Q1', '2025']:

- Data Not Available

['Q2', '2024']:

- Data Not Available

['Q4', '2024']:

- 23% of eligible base has been migrated to neo for corporates

- **Evaluation:**

- **Expectations Met:** The launch of "Neo for Corporates" resulted in 23% of the eligible base being migrated, aligning with management's guidance of increased adoption among corporate clients, indicating the company met its strategic goals for this product launch.

12. Multi-partner arrangements

- **Narrative:** The management emphasized the importance of strategic partnerships as a key growth lever. They highlighted the role these collaborations play in achieving both numerical growth and enhanced customer value. The ongoing strategy involves adjusting the ETB-KTB mix, which is expected to evolve in the coming quarters.

- **Management's Guidance:**

- Management indicated that they will continue to invest in partnerships to drive growth and deliver higher customer value. They also plan to keep calibrating the ETB-KTB mix in the upcoming quarters to optimize these outcomes.

- **Actual Results:**

['Q3', '2024']:

- We have 100+ Partnerships across Platforms and Ecosystems

['Q4', '2024']:

- We have 100+ Partnerships across Platforms and Ecosystems

['Q1', '2025']:

- Strong and deep-rooted alliance with multiple partners across India with over 5.8 lakh MIDs and a yearly throughput of 34k+ crores.

['Q2', '2024']:

- We have 100+ Partnerships across Platforms and Ecosystems

- Evaluation:

- **Expectations Met:** The management's guidance to invest in partnerships to drive growth and enhance customer value was met, as evidenced by the establishment of over 100 partnerships and the strong alliance with multiple partners resulting in significant transaction throughput.

Q1 2024

1. Loan portfolio expansion

- **Narrative:** Management has outlined a focused strategy on expanding the loan portfolio, particularly by increasing the contribution of Axis 2.0 to the bank's overall business. There is a clear intent to significantly grow the home loan segment as a part of this expansion strategy. This approach is expected to enhance the bank's market presence and drive revenue growth over the coming quarters.

- Management's Guidance:

- Management aims to increase the contribution of Axis 2.0 to the bank's overall business by 3-4 times by fiscal 2027. There is an initiative to grow the home loan book, with visible results anticipated from Q2 and Q3 onwards.

- Actual Results:

['Q3', '2024']:

- Data Not Available

['Q4', '2024']:

- Data Not Available

['Q2', '2024']:

- Data Not Available

['Q1', '2024']:

- Data Not Available

- Evaluation:

- Insufficient Info: Data not available.

2. Interest income trends

- **Narrative:** Management highlighted the significance of the upcoming maturity of fixed-rate loans, which constitutes a substantial portion of the portfolio. This maturity will allow for the repricing of loans, potentially offering an opportunity to capitalize on prevailing interest rate conditions, thereby impacting future interest income trends.

- Management's Guidance:

- Management indicated that 42% of their fixed-rate loans are set to mature over the next 12 months, which will influence the repricing frequency of these loans.

- Actual Results:

['Q2', '2024']:

- Interest Income Q2FY24 showed growth.

['Q3', '2024']:

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

['Q4', '2024']:

- Interest Income for Q4FY24 showed a 22% growth compared to Q4FY23, and for the full FY24, it showed a 28% growth compared to FY23.

['Q1', '2024']:

- Interest Income in Q1FY24 was reported as 25,557 crores, showing a 36% growth compared to Q1FY23.

- Evaluation:

- **Expectations Exceeded:** The management expected the maturity of 42% of fixed-rate loans to influence interest income trends, and the actual results showed a significant growth of 28% in interest income for FY24 compared to FY23, surpassing the anticipated impact.

3. Cost management strategies

- **Narrative:** Management emphasized the strategic focus on integrating the Citi business, which is expected to be accretive to the company's Return on Equity (RoE) post-integration. This approach is part of the broader financial strategy to enhance cost efficiency and profitability.

- Management's Guidance:

- Management anticipates that the Citi business will contribute positively to RoE after full integration. Additionally, they expect the bank branches to reach full profitability within a couple of years.

- Actual Results:

['Q4', '2024']:

- In Q4 FY24, the Bank delivered a consolidated ROE of 20.87% and has consistently delivered ROEs of greater than 18% for the past 7 quarters.

['Q1', '2024']:

- Data Not Available

['Q3', '2024']:

- Data Not Available

['Q2', '2024']:

- Consolidated ROE for H1 FY 24 at 19.04%, improving 179 bps YOY.

- Evaluation:

- **Expectations Exceeded:** The management anticipated that the Citi business integration would improve the bank's Return on Equity (RoE), and the actual

results show the bank consistently delivering RoEs greater than 18% for seven quarters, with a notable 20.87% in Q4 FY24, surpassing the expected positive contribution to RoE.

4. Fintech partnerships

- **Narrative:** Management has highlighted the successful launch of their digital co-lending platform, which is currently operational with over six partners. They emphasize a strategic focus on expanding this platform by adding more products and partners throughout the year, indicating a commitment to strengthening their fintech collaborations as part of their digital transformation strategy.

- **Management's Guidance:**

- Management plans to expand the digital co-lending platform by onboarding additional products and partners within the current year.

- **Actual Results:**

['Q2', '2024']:

- Digital end to end co-lending journey is scaling up well and live with 8+ partners

['Q4', '2024']:

- In Q4 2024, the digital end-to-end co-lending journey is reported to be scaling up well, with the platform being live with 11+ partners, indicating progress beyond the initial target.

['Q1', '2024']:

- Our digital co-lending platform is live with 6+ partners.

['Q3', '2024']:

- Our digital co-lending platform is live with 10+ partners and the volumes are growing 80%+ QOQ.

- **Evaluation:**

- **Expectations Exceeded:** Management planned to expand the digital co-lending platform by onboarding additional products and partners within the year, and the actual results show the platform scaling up with over 11 partners by Q4 2024, surpassing the initial target.

5. Cost reduction initiatives

- **Narrative:** Management has outlined a clear focus on enhancing operational efficiency through various cost reduction initiatives. They emphasize the strategic importance of these initiatives in sustaining long-term growth and competitiveness, acknowledging that such efforts are crucial amidst the current integration processes.

- **Management's Guidance:**

- Management anticipates that the improvements planned over the next 7-8 quarters should deliver tangible results, although they acknowledge that some inter-quarter fluctuations are to be expected due to the scale and size of their business. Additionally, they noted that the cost ratios are expected to remain sticky until the Citi integration phase is completed.

- **Actual Results:**

['Q4', '2024']:

- Data Not Available

['Q1', '2024']:

- In Q1 2024, Axis Bank reported a cost growth of 28% year-over-year, with integration expenses accounting for 21% of the year-over-year growth and 28% of the quarter-over-quarter growth. The cost to income ratio improved by 417 basis points year-over-year to 48.29%.

['Q2', '2024']:

- Integration expenses contribute 4% of the YOY growth in % terms and ~ 13% of the YOY cost growth in rupee terms.

['Q3', '2024']:

- Operating expenses for the quarter stood at Rs. 8,946 crores, growing 32% YOY and 3% sequentially.

- **Evaluation:**

- **Expectations Not Met:** Management anticipated cost improvements, but costs grew significantly year-over-year, with integration expenses contributing notably to this growth, indicating that the expected cost reductions have not materialized.

6. Non-performing assets management

- **Narrative:** Management highlighted the cyclical nature of rural non-performing assets (NPAs), indicating that these typically follow a specific seasonal pattern. The expectation is that NPAs will have a noticeable impact during the first and third quarters due to the rural cycle.

- **Management's Guidance:**

- Management anticipates the rural NPAs to manifest their effects predominantly in the first and third quarters of the fiscal year, aligning with the rural cycle.

- **Actual Results:**

['Q4', '2024']:

- Data Not Available

['Q3', '2024']:

- Data Not Available

['Q1', '2024']:

- In Q1 2024, the Gross Non-Performing Assets (GNPA) stood at 1.96%, declining 80 basis points year-over-year (YOY) and 6 basis points quarter-over-quarter (QOQ). The Net Non-Performing Assets (NNPA) was at 0.41%, declining 23 basis points YOY and remaining flat QOQ.

['Q2', '2024']:

- Data Not Available

- **Evaluation:**

- **Expectations Not Met:** In Q1 2024, both Gross and Net Non-Performing Assets declined, contrary to management's guidance that rural NPAs would have a noticeable impact due to the rural cycle in the first quarter.

7. Geographic market penetration

- **Narrative:** Management has outlined a strategic plan to significantly increase their presence in key markets, with a focus on opening new branches to boost market penetration.

- **Management's Guidance:**

- The company is aiming to open around 400 new branches in the current financial year, which is expected to enhance their geographic reach and market penetration.

- Actual Results:

['Q3', '2024']:

- Data Not Available

['Q2', '2024']:

- During Q2 FY24, the company added 204 branches, as reported by Puneet Sharma and Ravi Narayanan, indicating progress towards their goal of opening 400 new branches for the financial year.

['Q4', '2024']:

- We have opened 125 new branches in the quarter and 475 new branches through the year.

['Q1', '2024']:

- Data Not Available

- Evaluation:

- **Expectations Exceeded:** The company aimed to open 400 new branches in the financial year, and they surpassed this goal by opening 475 new branches, indicating their strategy for geographic market penetration exceeded expectations.

8. Liquidity management plans

- **Narrative:** The management has discussed the anticipated increase in deposit costs over the remaining part of the financial year. However, they have indicated that the pace of growth in deposit costs is expected to moderate. This suggests a strategic approach to managing liquidity in the face of rising deposit expenses.

- Management's Guidance:

- Management expects deposit costs to increase further over the remaining part of the financial year, with a likely moderation in the pace of deposit cost growth.

- Actual Results:

['Q4', '2024']:

- Data Not Available

['Q1', '2024']:

- Data Not Available

['Q3', '2024']:

- Data Not Available

['Q2', '2024']:

- Data Not Available

- Evaluation:

- Insufficient Info: Data not available.

9. CET-1 ratio dynamics

- **Narrative:** The management highlighted their strong CET-1 ratio of 14.38%, which is strategically maintained above the necessary levels to protect their domestic AAA rating. This ratio provides sufficient capital headroom to support their growth ambitions, which are targeted to be 400 to 600 basis points higher than the industry credit growth.

- Management's Guidance:

- Management indicated that with the current CET-1 ratio, the company is well-positioned to pursue growth at a rate significantly higher than the industry average, specifically targeting 400 to 600 basis points above industry credit growth.

- Actual Results:

['Q2', '2024']:

- CET-1 at 14.56%, with net accretion (including profits) of 54 bps in H1 FY24 and 18 bps in Q2 FY24.

['Q4', '2024']:

- Banks CET-1 including profits stands at 13.74% improving 3 bps QOQ. Organic CET-1 accretion in FY24, including profits was 44 bps, change in regulations adversely impacted CET-1 by ~72 bps.

['Q1', '2024']:

- 95862a96b311d3936f2f84da5aee006d --> [AXIS BANK] Net accretion to CET-1 of 36 bps in Q1FY24

-

- cdd9b5afcf091653a2f4433547940e15 --> 14.38% *** CAR CET 1

-

- b38b0539eb29f17570f8e251df6c474b --> Self sustaining capital structure with net accretion to CET-1 of 36 bps in Q1FY24

-

- f1527c93f44ec2fe5b20888c236bcc3e --> organic axis business driven CET 1 accretion in the quarter of 36 bps

-

- c2f990ff9250c4b592806151955df5c2 --> CET-1 accretion net of organic consumption, was 36 bps

-

- 303f63792aa2b6c72fd8220d53ac35e9 --> Puneet Sharma [Our current CET1 stands at 14.38%]

['Q3', '2024']:

- The CET-1 ratio for Axis in Q3 2024 was reported at 13.71%, with an organic net accretion to CET-1 of 39 basis points in the first nine months of FY24. However, changes in regulations negatively impacted the CET-1 ratio by approximately 70 basis points.

- Evaluation:

- **Expectations Not Met:** While management targeted a CET-1 ratio to support growth ambitions 400 to 600 basis points above industry credit growth, the ratio decreased to 13.74% by Q4 2024, partly due to regulatory changes, suggesting the company's capital headroom did not fully meet its growth targets.

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 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.

- Evaluation:

- Insufficient Info: Data not available.

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 II Tier I CAR (e) 15.08% 15.75%] c71cdb654e4ab2d25141a0acae136413 --> [Basel III 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.**