

Tech-led Banking

**open,
to win
together.**



Distinctive Solutions



Bharat Banking



One Axis Ecosystem



Empowered Employees

Customer Centricity



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*open,
to win
together.*





'Open', our philosophy, continues to be the driving force behind our transformation. It helps us build synergies, distinctiveness and to be customer-centric. As the financial services market continues to evolve, so do our solutions and architectures. What will remain is our conviction in **'Open'** and its power to deliver customer-centric solutions that help us win together.



A Future Powered by 'Open'

We believe in embracing new opportunities and paving the way for sustainable growth. Our diversified and integrated banking model is designed to combine financial strength, trust, and innovation to help our customers, employees and our communities to overcome challenges and reach their goals.

As India's third-largest private sector bank in terms of total assets, our wide network reaches over a billion Indians, covering every major region in the country, including the hinterlands. With One Axis, we offer the entire spectrum of financial services to varied customer segments. We have empowered people and used technology to deliver delight to our customers all over India and reached a strong financial position.



Vision

To be the preferred financial services provider excelling in customer service delivery through insight, empowered employees, and smart use of technology



GPS Strategy



Growth



Profitability



Sustainability



Strategic Pillars



Customer Centricity



Tech-led Banking



Bharat Banking



Distinctive Solutions



Empowered Employees



One Axis Ecosystem



Integrated Business Lines



Retail Banking

Our retail franchise is focused on deepening our connect with individuals, small businesses and Bharat customers by offering innovative products and transformation initiatives, through our branches and mobile app.

Products and services

Loans, savings and retail term deposits, credit, debit and forex cards, bill payment services, wealth management and third-party products distribution such as life and non-life insurance, mutual funds, government bonds, etc.

21%

Growth in CASA y-o-y

22%

Growth in Retail loan book y-o-y

58%

Growth in Burgundy Private AUM y-o-y

Read more on pg **42**

Above are standalone figures as on/for year ended March 31, 2023 unless otherwise mentioned



Wholesale and Commercial Banking

We meet the banking needs of Indian corporates and MSMEs, leveraging our strong value proposition in transaction banking and digital transformation.

Products and services

Loans, current and corporate term deposits, payments, trade finance products, letter of credits, bank guarantees, foreign exchange, derivatives, cash management services and commercial cards.

24%

Growth in Domestic Corporate loans y-o-y

38%

Growth in Mid-corporate book y-o-y

23%

Growth in SME loan book y-o-y

Read more on pg **48**



One Axis

Under the 'One Axis' umbrella, we provide comprehensive products and solutions through our business segments and subsidiaries

Products and services

Investments, broking, asset management, insurance, MSME digital invoice discounting platform, trustee services and payments in addition to services provided by banking segments.

₹2,955 crores

Total investments in subsidiaries

₹6,409 crores

Combined net worth of domestic subsidiaries

₹1,304 crores

Combined net profit of domestic subsidiaries

Read more on pg **56**

What's New?

Our new 'Priority' and 'Silver Linings' product propositions focus on lifestyle, travel, health and investment benefits. We have also launched new co-branded credit cards with Samsung and Indian Oil.

Unlocking the Potential of Axis

Four years ago, we embarked on a new journey to realise the true potential of Axis. Since then, we have scaled new heights on the back of our One Axis proposition, through which we offer a host of banking and financial services. We also unveiled our GPS strategy which enables us to unlock Growth, Profitability and Sustainability (GPS) as we progress. Finally, with our philosophy of '**Open**', we have built and delivered winning propositions for our stakeholders.

The GPS Strategy



Growth

- Grow deposits materially to fund loan growth
- Step up growth in Wholesale Bank
- Continue momentum in Retail Bank
- Establish leadership in digital and payments
- Scale-up subsidiaries materially



Profitability

- Optimise business mix
- Focus on cost rationalisation
- Sweat existing infrastructure
- Reduce credit cost below long-term average



Sustainability

- Strengthen technology, operations, credit-risk and process excellence that leads to disciplined execution
- Embed conservatism in the Bank's internal policies and practices
- Build resilient communities
- Increased focus on ESG governance and positive financing sectors

Objectives



Deliver world-class customer experience



Leadership in digital and technology



Build India's most profitable Bharat Banking franchise

Backed by our 5 values

CUSTOMER CENTRICITY | ETHICS | TRANSPARENCY | TEAMWORK | OWNERSHIP



Sustained and Consistent Financial Outperformance

Consolidated Profit (₹ in crores)

FY 2022-23 **23,172***

FY 2018-19 5,039

*Excluding exceptional items

Subsidiaries' Profit (₹ in crores)

FY 2022-23 **1,252**

FY 2018-19 385

Consolidated Return on Equity (ROE) (%)

FY 2022-23 **18.84***

FY 2018-19 8.58

*Excluding exceptional items

Net Interest Margin (NIM) (%)

FY 2022-23 **4.02**

FY 2018-19 3.43

Core Operating Profit CAGR# (%)

FY 2022-23 **19**

FY 2018-19 4

#Compounded Annual Growth Rate (CAGR) for fiscal 2023 over fiscal 2019 period as compared to CAGR during fiscal 2016 to fiscal 2019

Advances Market Share (%)

FY 2022-23 **6.0**

FY 2018-19 4.9

Credit Card Issuances (million)

FY 2022-23 **4.2**

FY 2018-19 2.0

Deposits Market Share (%)

FY 2022-23 **5.1**

FY 2018-19 4.3

Exceptional items comprise (i) full amortisation of Intangibles and Goodwill amounting to ₹11,949 crores; (ii) impact of policy harmonisation of operating expenses and provisions amounting to ₹361 crores; and (iii) one-time acquisition related expenses amounting to ₹179 crores; on account of acquisition of Citibank India Consumer Business. Bank has fully charged to the profit and loss account all the exceptional items in fiscal 2023. The cumulative impact of all the exceptional items on Bank's profit and loss account (net of taxes) is ₹12,354 crores. (Refer note 18.1 of Standalone and Consolidated financial statements)

Above are standalone figures as on/for year ended March 31, 2023 unless otherwise mentioned

Journey to Progress

Strategic Pillars



Customer Centricity

For customers, trust and preferences are based on the quality, responsiveness, and consistency of their experiences. We have empowered our employees to deliver customer delight through human touch aided by technology. Tools like Sparsh and Siddhi enable Axis employees to engage with customers seamlessly in a boundaryless world, thereby building stronger long-term relationships.

Read more about this on [pg 22](#)



Tech-led Banking

We have a bold vision to underwrite every Indian by the year 2030. With Axis 2.0, our Digital Retail Bank, and with *NEO*, our best-in-class Digital Corporate Bank, we are building alternate data platforms and capabilities to underwrite a significant section of the lendable population, be it salaried or self-employed. Our robust suite of digital banking solutions will be a powerful engine that propels us towards market leadership.

Read more about this on [pg 24](#)



Bharat Banking

We continue to build our offline distribution through our expansion in rural and semi-urban markets under Bharat Banking. In addition, we are ramping up our digital capabilities to expand our reach through multiple channels. Our banking solutions are easily accessible to millions of customers at any place and all the time.

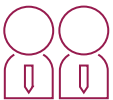
Read more about this on [pg 26](#)



Distinctive Solutions

In today's integrated and co-dependent world, partnerships play an important role in expanding the scope and accelerating business benefits. We have expanded our customer base, improved product propositions, increased geographical reach, enhanced capabilities, and improved our time to market through our partnerships. The partnerships have helped us explore synergies and offer distinctive solutions to our customers thus facilitating a connect and grow approach.

Read more about this on [pg 28](#)



Empowered Employees

We aspire to be the #1 employer in the Indian financial services space. Our inclusive hiring efforts cover women including homemakers, people belonging to the LGBTQIA+ community as well as persons with disability (PwD). We focus on building a fair and performance-driven culture, where skills get as much importance as education. The seamless integration of Citibank India Consumer Business employees is a testimony to the importance we place on our people.

Read more about this on [pg 30](#)



One Axis Ecosystem

Under the One Axis umbrella, the group offers a universal banking platform catering to diverse business segments. Our products and services are integrated to provide a wide range of value propositions for our customers across the board. We are committed to strengthening our relationships with customers in the long-term by offering tailored solutions for their financial needs.

Read more about this on [pg 32](#)



Consolidating Our Premium Franchise

With the acquisition of the Citibank India Consumer Business, we have gained access to a large, affluent, and profitable customer franchise, which aligns well with our premiumisation strategy. The acquisition is a healthy and strategic fit in line with our GPS strategy, powering us to build one of India's most premium franchises.

Synergies Through Acquisition

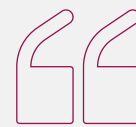
We recently completed our acquisition of Citibank India's Consumer Business at an estimated total purchase consideration of ₹11,949 crores. The deal is expected to be EPS and ROE accretive at the end of calendar year 2024 with significant potential for revenue and cost synergies through cross-selling, upselling, and global shared services.

The acquisition is aligned to our GPS strategy and our focus on premium segment growth. It has granted us access to 2.4 million large, affluent, and profitable Citi customers, ~3,200 Citibank employees with deep domain expertise and best-in-class client servicing and operations through Citi Phone Banking.

Impact of Acquisition

125 bps
Increase in CASA

55%
Increase in credit card advances



We will focus on franchise consolidation, value enhancement for the combined customer base, and transfer of best practices. We have a clear plan across 60+ synergy levers identified.

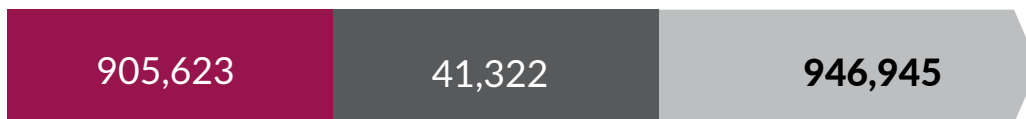
Amitabh Chaudhry
MD & CEO





Citibank India's Consumer Business Acquisition Aligns with Our Premiumisation Strategy

Deposits (₹ in crores)



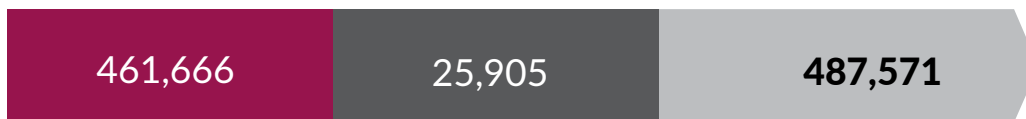
- Strengthened our position in the top eight metros

CASA (%)



- Gained access to a sizable granular deposit base with deep corporate salary relationships

Retail Loan Book (₹ in crores)



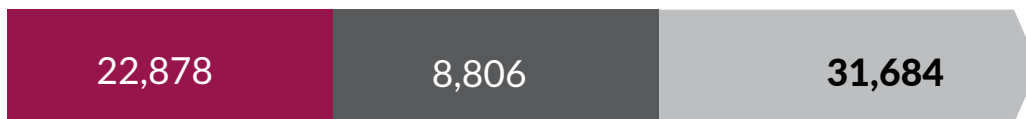
- Consolidated our position amongst the large private lenders

Credit Cards in Force (million)



- Strengthened our position as a leading private player in India

Credit Cards ENR (₹ in crores)



- Improved our market share by 450 bps to 16.3%

● Axis Bank ● Citibank India Consumer Business ● Axis Bank + Citibank India Consumer Business ● Synergies

Above are standalone figures as on/for year ended March 31, 2023 unless otherwise mentioned

Banking That's Always Open

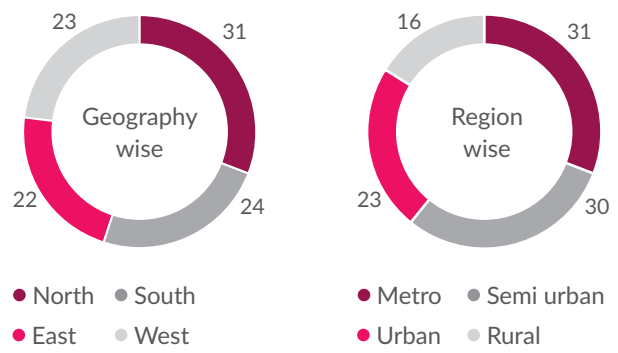
Our customers are at the centre of everything we do, and being accessible and available for their needs is what makes us truly **'dil se open'**. Our widespread network of branches and ATMs, enables us to increase our proximity and be easily accessible across locations. Additionally, our advanced digital outreach allows for seamless banking across the globe 24x7x365.

Pan-India and Beyond

Our branch network is well-distributed across the urban, 'rural, and semi-urban' (RuSu) regions of India. During the year, we added 145 branches to our network and we adopted a calibrated approach towards our network expansion, with focus on improving productivity across our channels. Our RuSu branches align with our Bharat Banking strategy and follow an asset-led liability model, while our Platinum branches cater to our Small Banking Business (SBB) customers.

We have an international presence through branches in DIFC (Dubai) and Singapore, representative offices in Bangladesh (Dhaka) and the UAE (Abu Dhabi, Dubai and Sharjah) and an offshore banking unit in GIFT City.

Branch Profile (%)



65,500+

Total banking outlets

4,910

Branches (including 7 foreign offices and extension counters)

60,600+

Common Service Centers (CSC) village level entrepreneurs

15,953

ATMs and cash deposit/withdrawal machines





Establishing a Connect with Axis Mobile App

We aim to be a world-class digital bank and have invested in digital banking services to provide an enriching experience and engagement through innovative and secure channels. The Axis Mobile app is amongst the world's highest-rated mobile banking app on Google Play Store, with a rating of 4.8, i.e., the highest across 59 global banks, 8 global NEO banks, and 50 Indian fintech apps.

22.6 million

Registered customer base for Mobile Banking (MB)

250+

DIY services available on MB platform

~7.8 million

Non-Axis Bank customers using Axis Mobile and Axis Pay apps

Going Phygital for Omni-channel Presence

We are leveraging our Axis Virtual Centre (AVC) channel for better lead conversion. Although digital has become the way of life post-pandemic, customers find themselves looking for differentiated brick-and-mortar experience. Hence, the hybrid journey of phygital is integral to deliver an enhanced customer experience. This model enables us to power all our interactions with customers and make a swift move between online and offline. Through our AVCs and virtual relationship managers, we provide an omnichannel reach to meet the demands of our customers.

6

Axis Virtual Centre (AVC)

8.1 million

Customer connect per quarter

1,500+

Virtual relationship managers

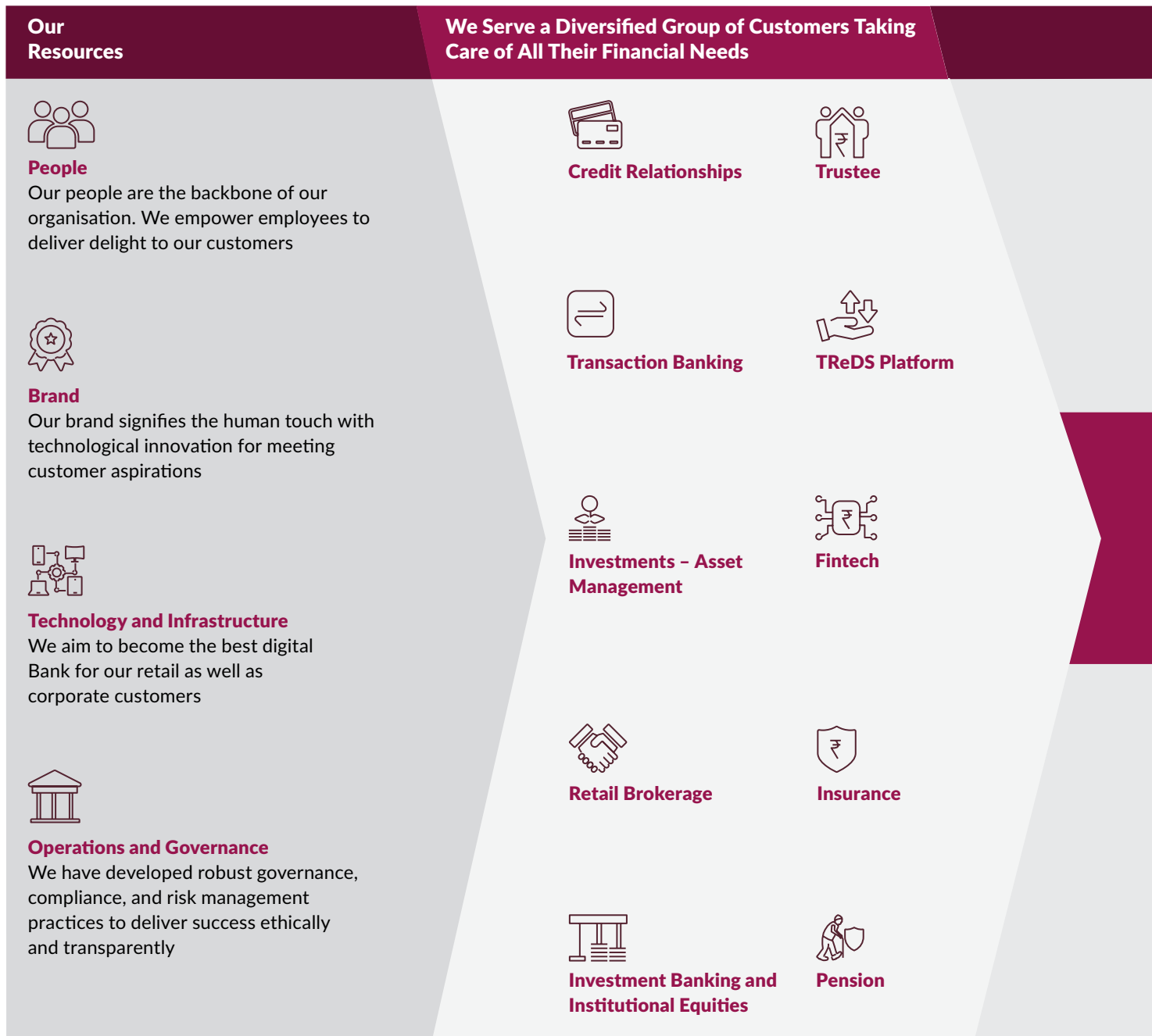
23.2 million

AHA! conversations in fiscal 2023



Delivering Integrated Value Propositions through One Axis

'One Axis' empowers us to deliver exceptional results by bringing together our various subsidiaries to provide a comprehensive suite of products and solutions that address the evolving needs and preferences of our customers.





Delivered Through One Axis Ecosystem

● Providing an entire gamut of financial services under one umbrella

Power of One Axis

● Cross-selling and upselling opportunities in the group

● Integrated products and services with wide range of value propositions make all companies operationally more efficient and leads to cost efficiency

Value Created for Stakeholders



Customers

- ▶ **16%[^]** ₹1,750,710 crores total deposits and advances
- ▶ **2,741** Cities presence
- ▶ **Project NEO** Ensuring fully digital end-to-end customer journey



Employees

- ▶ **18,792** Bankers hired at the frontline
- ▶ **26%** Female representation in workforce
- ▶ **87** Training hours per employee



Community

- ▶ **1.3 million** Households reached under Sustainable Livelihood Program
- ▶ **2.2 million** Women borrowers under retail microfinance
- ▶ **~₹20,400 crores** Incremental exposure achieved cumulatively as of March 2023



Investors

- ▶ **Up 64%[^]** Consolidated Profit After Tax (PAT) (₹23,172 crores)
- ▶ **₹273,201 crores** Market Capitalisation
- ▶ **18.84%*** Consolidated Return on Equity (ROE)



Government/Regulators

- ▶ **60,600+** Common Service Centers (CSC) village level entrepreneurs
- ▶ **8.2%** GST market share

[^] Growth in fiscal 2023 over fiscal 2022

* Excluding exceptional items

Winning Together



Dear Shareholders,

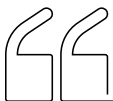
With our '*dil se open*' approach to serving the needs and aspirations of our customers, we at Axis Bank believe that we will win when our customers and stakeholders win.

'*Open*' has been the driving force behind our GPS journey. We have now created a strong platform with multiplicative forces through our One Axis approach along with the unification of digital platforms, partnerships and transformational projects to win across businesses.



The fiscal 2023 has been a historic year in our GPS journey as we made remarkable strides towards our ambition of attaining the leadership position in India's banking space. We delivered a solid performance as we lifted the growth momentum with meaningful upward shift in profitability, led by market share gains and several other accomplishments through the year.

We witnessed strong growth across our focus segments, completed successful acquisition of Citibank India Consumer Business and retained our leadership position in specific businesses like payments, wealth management and Digital. Our steady progress towards delivering distinctiveness in our chosen areas namely Customer Obsession, Bharat Banking, Digital Bank and 'One Axis' has further provided us agility, innovation and synergies to win across business segments.



We are now consistently surpassing our GPS aspirational target of 18% ROE and have fundamentally improved net interest margins to deliver earnings that are more predictable and consistent. The strength of our franchise is further visible through our self-sustaining capital structure.

Our consolidated ROE (excluding exceptional items) for the fiscal 2023 was 18.84% led by all round outperformance across NIMs, fees, costs and asset quality metrics. We delivered growth of 68% in Profit After Tax (excluding exceptional items) on the back of 30% growth in net interest income and 25% growth in fee income. Our NIMs for the entire year improved by 55 bps y-o-y to 4.02%, while the credit costs declined by 32 bps y-o-y to 0.40%. Our organic businesses net accreted 69 bps of CET 1 (excluding exceptional items) in fiscal 2023 as compared to net consumption of 176 bps in previous five years. These metrics provide us confidence to carry this momentum ahead as we continue to focus on the three core areas of execution:

- Deepening a performance-driven culture
- Strengthened the balance sheet and organisational core significantly
- Building for the future with relentless focus on driving distinctiveness

Improved Growth Metrics Led by a Performance-driven Culture

We accelerated the growth momentum in fiscal 2023 led by continued executional excellence and transformation across various businesses of the Bank while setting new benchmarks in our focus areas to deliver improvement in key operating metrics.

During the fiscal, we witnessed strong growth in deposits and advances led by our focus on improving quality and granularity across businesses. Our granular CASA deposits grew 21% y-o-y. On advances, we continued to

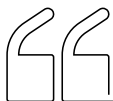
grow faster than the industry with domestic loan book growth of 23% y-o-y. Our focus segments comprising Mid Corporate, SME and Small Business Banking (SBB), grew at a much higher pace of 32% y-o-y and now constitute 20% of overall loan book.

Strong growth momentum in Retail across our businesses

The Retail franchise delivered strong growth led by improvement in the quality of our deposits and higher market share across our key businesses. We delivered several all-time yearly highs as we added 10.8 million new liability relationships and achieved record loan disbursements across the retail and rural segments.

Our focus on building a quality and granular liability franchise continued to progress well with 870 bps y-o-y increase in the share of premium segment in Retail SA deposits portfolio and 550 bps y-o-y reduction in the overall deposits' outflow rates. Our wealth management business 'Burgundy' continues to be among the largest in India with combined assets under management of ₹3.6 trillion and 30 of the top 100 richest Indians as our Burgundy Private clients.

Our well-diversified retail advances book grew 22% with higher growth in focus segments with SBB (50% y-o-y) and Rural (26% y-o-y), aided by several large transformation and technology initiatives. We also strengthened our market share in retail cards and payments businesses led by our innovative product propositions and partnerships led KTB (Known to Bank) strategy. We witnessed strong growth momentum across key metrics with all time high issuances of 4.2 million new credit cards, 63% y-o-y growth in card spends and 97% y-o-y growth in card advances.



By successfully completing the acquisition of Citibank's India Consumer Business, we have achieved a new landmark in the Indian banking industry. This provides us an opportunity to further accelerate our retail business growth while strengthening our positioning across key business segments.

The acquisition of Citibank India Consumer Business to accelerate our journey of creating a premier retail franchise

Our positioning in the credit cards business has strengthened with our card advances market share improving by 450 bps to 16.3% led by the acquisition of a quality and complementary credit card franchise. Our liability franchise received a boost with over 100 bps improvement in CASA ratio and access to over 1,600 Suvidha corporate relationships.

In wealth management business, we gained highly affluent Wealth customer base that would further accelerate our growth ambitions.

The integration of Citibank India Consumer Business remains well on track with ~3,200 Citi employees now integrated into the Axis organisation structure. Early traction from the Citibank customer base has been quite positive. Our interactions with several high-value customers suggest their acknowledgment of the

seamless transition, continuation of highest levels of service, access to Axis Bank's extensive network of branches, and wide product portfolio under the One Axis umbrella. We have already started incremental onboarding of erstwhile 'Suvidha' salary accounts on Axis Bank platform for additional locations across the country where Citi was hitherto not present.

While the acquired Citi business being entirely retail runs at a higher cost, it comes with higher return ratios and is ROE accretive post integration. It does not impede our ability to deliver our aspirational ROE. We have identified 60+ synergy initiatives across the Bank as we look to drive revenue and cost benefits. We believe that this integration between two highly complementary institutions will enable us to create the gold standard in the retail space.

Reinforced our proposition as a relationship-led sustainable and profitable Wholesale Bank

We have the best and most comprehensive Wholesale Banking franchise today. Our strategic focus in this segment has been to deliver relationship RAROC focused growth leveraging our 'One Axis' and Digital capabilities to provide holistic banking solutions to corporates. We stepped up growth across the coverage segments in fiscal 2023 with domestic corporate loan book up 24% y-o-y.

MSME segment continues to remain a key growth driver for the Bank. The combined loan portfolio of Mid Corporate and SME has doubled in the last three years, with 1,100 bps improvement in contribution to overall Wholesale book, thereby bringing higher granularity and aiding the PSL agenda of the Bank.

We continued to engage with our corporate client across their capital structure to be their 'transaction Bank of choice'. We won significant

mandates across the transaction banking segments led by our technology-led solutions that resulted in the transaction banking, forex and trade related fees contributing 78% to overall Wholesale Banking fees. We strengthened our leadership positioning across products with market share of ~31% in IMPS, 20% in Bharat Bill Payment ecosystem and 11% in foreign LC. We also improved our positioning in NEFT from 4th to 2nd rank with market share of 11% in fiscal 2023.

Our key group entities delivered significant value led by 'One Axis' strategy

We have over the last four years scaled up the businesses across our subsidiaries significantly led by our 'One Axis' strategy. The domestic subsidiaries delivered yet another year of good performance with total profits of ₹1,304 crores and contributed 46 bps to the Bank's consolidated ROE (excluding exceptional items) of 18.84%.

Axis Finance, our full-service customer-focused NBFC franchise delivered 30% y-o-y growth in net profit with ROE of 16.9%, healthy capital adequacy ratio of over 20% and superior asset quality. Axis AMC delivered PAT growth of 16% y-o-y, while our retail brokerage subsidiary delivered PAT of ₹203 crores in a volatile market environment. Axis Capital continued to maintain its dominance in equity capital markets. We continued to focus on offering holistic investment and financial solutions to our customers as we added retirement solutions with the launch of Axis Pension Fund during the year.

Freecharge remains among the major fintechs in India with strong growth in Payments and Merchant Business and scale up in lending products segment. Our digital invoice discounting platform 'Invoicemart' continues to set new benchmark as it facilitated financing of MSME invoices of more than ₹55,600 crores since its inception in 2017.



Max Life Insurance, India's fourth largest insurance company where we are a co-promoter, also delivered strong performance with expansion in margins and 28% y-o-y growth in Value of New Business (VNB). We remain committed to the long-term association with Max Life as its promoter and bancassurance partner. With the far-reaching regulatory changes in insurance sector of late and the significant long term growth aspects, we believe that Max Life offers enhanced value creation opportunities for us.

The oversight on Bank's subsidiaries remains an essential element of our 'One Axis' strategy. We have taken several initiatives to strengthen our well-established and integrated Subsidiaries Governance framework under the supervision of the Subsidiary Management Committee (SMC). We also realigned and strengthened the leadership teams across our capital markets facing subsidiaries during the year to drive our next phase of growth.

Fostering a winning mindset

Our winning mindset is reflected in multiple external recognitions that the Bank received for its performance. The Bank was adjudged #1 on the Quality Index for both Large Corporate and Middle Market Banking in the Greenwich Banking Survey for the second year in a row. The Bank's project **NEO** that signifies our aspiration to become the leading Digital Wholesale Bank in India, received several accolades including the 'Best BFSI Customer Experience award' for **NEO** API Banking Suite, 'Best BFSI MSME Support award' for **NEO** Connect at the prestigious Dun & Bradstreet BFSI & Fintech Summit 2023 and the Asset Triple A Digital Award.

The various awards won by the Bank during the year including 'Data Engineering Excellence award' at Cypher 2022 for our personalisation project, 'The Retail Banker's International Asia Trailblazer award'

for trailblazing use of AI and Machine Learning in Financial Services space and Economic Times DataCon award for 'Modern and Agile Data Architecture and Infrastructure' further validated our leadership position in new-age technologies.

I am also pleased to share that we were ranked in the Top 10 of the Kincentric Best Employers in India survey and we were certified a 'Great Place to Work' for the second consecutive year. These external recognitions reflect the positive culture change in the Bank and the investments we have made in our people and technology.

Strengthened the Balance Sheet and Core Significantly

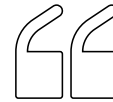
Built a strong balance sheet with self-sustaining capital structure

Our balance sheet remains resilient with healthy capital position and best-in-class asset quality metrics. During the year, we increased our provision coverage ratio by 600 bps to 81% while maintaining significant additional non NPA provisioning buffers of over ₹11,900 crores, that translated to standard asset coverage ratio of 1.42%, among the highest in the industry. The Bank's asset quality too remains among the best-in-class with net NPA declining further by 34 bps to 0.39%. The Bank has also maintained amongst the lowest standard COVID-19 restructuring portfolios that stood at 0.22% of Bank's gross customer assets.

The Bank's self-sustaining capital structure with overall capital adequacy ratio at 17.64% and CET 1 ratio of 14.02% ensures that we are well capitalised to drive our growth ambitions.

Building next-generation technology architecture

In a rapidly evolving financial landscape, technology and product innovation with 'openness and agility' to adapt to evolving customer needs remain critical to achieve success.



In the last three years, our IT team strength has more than doubled with over 2.5x increase in total technology spends, as we continue to focus on building critical capabilities and best-in-class resilience across our business operations.

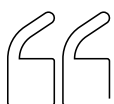
We have been a leader in cloud adoption with our multi cloud-first strategy and cloud-native micro services-based architecture that has helped us to deploy over 75 initiatives on cloud. We have also accelerated the delivery across businesses by investing in emerging technologies with creation of nearly 3,000 RPA bots and 1,480+ automated processes.

Our investments in new-age data science and engineering platforms like Big Data Lake, Micro Services-based Architecture, etc. continue to deliver value as we have now deployed 100+ diverse use cases in 10+ business domains to make data-driven business decisions. We continue to leverage our strength in Data Analytics to further drive distinctiveness in customer experience, as we took personalisation to next level with 10,000+ hyper-personalised nudges across 2,500+ customer features. Our initiative on universal underwriting where our goal is to provide credit access for every eligible Indian leveraging alternate data, continues to scale up well. We also improved our BitSight rating, a key risk indicator of overall cybersecurity to 800 from 770 last year, highlighting our strong focus on risk and governance.

Organisation-wide transformation projects have accelerated our GPS journey

The multiple large-scale transformation projects that we have been running across the Bank have started yielding positive outcomes across the key businesses. Project 'Triumph' has been instrumental in improving the productivity of liability sales channel and improving the quality of deposits with 870 bps increase in share of premium segment in Retail SA balances. On the retail assets side, projects like 'Unnati' and 'SBB Sankalp' have been instrumental in improving TAT and driving higher growth, respectively. On the payments side, the projects 'Zenith' and 'Kanban' have helped to improve our market positioning in cards and merchant acquiring businesses.

We have also made strong progress in Project **NEO** towards our ambition of building a world class Digital Wholesale Bank. Our path-breaking digital banking platform **NEO** witnessed strong adoption from corporates with 1,000+ client engagements since its launch. Our market-leading transaction banking API suite and best-in-class corporate developer portal offers a strong product market fit that resulted in 3x y-o-y growth in transaction volumes.



The fiscal year 2023 was a breakout year for our digital banking platform Axis 2.0. Our early leadership in building proprietary in-house digital native capabilities with full stack engineering, product and a design team of 400+ people have started yielding results.

Building a Future-ready Organisation

Digital continues to be an area of relentless focus for us

Our 'Axis Mobile' app today is the world's highest rated app at scale with 4.8 rating on Google Play Store and nearly 2 million+ reviews. It also serves as the largest branch for the Bank with over 20 million customer registrations, ~12 million monthly active users, 250+ services and over 67% of the service requests serviced digitally.

Axis 2.0, our end-to-end digital business unit, is now operating at scale with over 20 products across liabilities, loans, investment products, insurance and forex accounting for 15% to 85% of incremental sales for these products. It also contributed to our customer obsession journey with Net Promoter Scores (NPS) for Axis 2.0 products being 10-30 percentage points higher than their physical equivalents.

Our API (Application Programming Interfaces) Developer Portal, that has been the 1st in industry to facilitate simplified end-to-end digital developer onboarding journeys, now boasts of strong and wide suite of over 400 open APIs for Retail, Wholesale and Connected banking solutions. The Bank now has 95+ strategic partnerships in the digital space offering true end-to-end digital experience to customers across the spectrum.

In the current integrated environment, Account Aggregator (AA) ecosystem and Open Credit Enablement Network (OCEN) are likely to make significant impact in digital lending to underpenetrated segments across Retail and MSME. We were the first Bank to launch digital lending through AA framework in fiscal 2022 and have since scaled our AA-linked business significantly.

Bank-wide programmes to build distinctiveness

We continue to invest in technologies to empower our employees to increase their productivity and drive customer delight.

Our multiyear distinctiveness programme 'Sparsh' continues to progress in the right direction as we strive to become India's most customer-obsessed Bank. Several initiatives taken across the Bank through combined approach of embedding critical behaviours and building institutional capabilities through Personalisation and Digital, have resulted in upto 33% improvement in our Net Promoter Scores across the Retail and Wholesale Bank. This is a multi-year journey and we will continue to invest with the aim to cover the entire Bank in this Financial Year.

During the year, we went live with 'Siddhi' – a super app that's built on modern tech stack with cloud native development integrates 35+ backend systems to empower our colleagues to engage more meaningfully with customers and offer them instant solutions. This is a multiyear journey, and our vision of Siddhi app is to actually personalise it for every employee of the Bank.

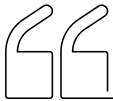
Our distinctiveness initiative around Bharat Banking continues to make strong progress. Multiple macro factors including improvement in physical and digital infrastructure, evolution of the technology stack, efficient delivery of various government schemes in the retail and MSME space, etc. have provided strong tailwinds to the Rural and Semi Urban (RuSu) or 'Bharat' markets.

We scaled up the distribution footprint in this segment to 2,137 branches complemented by a large CSC (Common Services Centres) network of 60,600+ VLEs (Village Level Entrepreneurs) that grew 50% y-o-y. We also collaborated with marquee rural-focused customer and fintech players, launched eKYC based CASA platform through partnership ecosystem and went live with five partners on digital co-lending platforms to further penetrate rural supply chains and access new customer segments.

As a result of our focused initiatives across products, processes and partnerships, we achieved the highest ever yearly disbursements, 26%



growth in rural advances and a 15% y-o-y growth in deposits from 'Bharat' branches. The growth has been across all the major product lines backed by improving margins, PSL asset accretion and lower credit cost. We are confident of continuing the growth momentum and creating distinctiveness in Bharat markets.



We have built a fair, diverse and performance-driven culture, guided by the principles of transparency, meritocracy and our five Core Values that drive our behaviour and actions at work.

Our deep-rooted organisation culture and ESG-aligned commitments continue to get external recognition

We also remain fully committed to strengthen and enhance the Risk and Compliance culture of the Bank in order to build long-term sustainability and trust with our customers and other stakeholders.

We have redefined conventional workplace practices with over 3,700 employees and freelancers working from anywhere under GIG-A-Anywhere and majority of the employees in our large offices being part of the hybrid working model. We also continued to invest in building their skills and provided them avenues for progressing their careers through our flagship talent management initiatives and internal job programmes.

The community continues to be a critical stakeholder for us. The Axis Bank Foundation, under its Sustainable Livelihoods Program, crossed the significant milestone of supporting 1.3 million households as part of

its mission to reach 2 million rural households by the year 2026.

We made strong progress in our ESG-aligned commitments that we had published last year by surpassing the targets we had set for ourselves for the fiscal across Retail and Wholesale Banking to sectors with positive social and environmental outcomes. We also surpassed the overall diversity ratio target for the year with women employees representing 25.7% of the overall workforce.

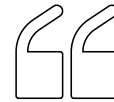
The progress made in our ESG commitments continue to reflect in Bank's steady performance at key ESG assessment and recognition platforms. The Bank featured on the prestigious FTSE4Good Index for the sixth consecutive year in 2022 while improving its ratings across platforms like S&P Dow Jones, MSCI and CDP.

Strong Progress Made across our Focus Segments Backed by Distinctiveness and Execution Excellence, Giving us the Right to Win

We, at Axis Bank, remain confident on the growth opportunities in the Indian economy. The banking industry is currently well placed with loan growth being strong across the key segments, margins and asset quality being the best in recent years along with healthy capital position. As India heads towards a \$5trillion economy, the opportunity to leverage some of the emerging trends like China plus 1, MSME and 'Bharat' acting as engines of growth, rapid evolution of the next-gen public digital infrastructure like account aggregator, OCEN and ONDC in financial services space is immense.

We believe that the large banks with stronger balance sheets, innovative and holistic product propositions, robust technological infrastructure and digital capabilities to deliver better customer experience would continue to gain higher market share.

We are well positioned to take advantage of these trends.



In the last four years, we have transformed the Bank to a stronger, more consistent and sustainable franchise. Our building blocks are firmly in place with robust growth in our focused businesses, strong operational performance, healthy capital and balance sheet position to continue delivering sustained profitable growth.

Given the powerful integrated platform we are building, we will continue to grow 400 to 600 bps faster than the industry, in the medium to long term. The significant strides we made during the year on our customer obsession journey, digital capabilities, Bharat Banking and successful acquisition of Citibank India Consumer Business further give us the confidence in sustaining this performance.

I thank our internal and external stakeholders for their continued support and faith in our strategy, the chosen areas of distinctiveness and our relentless approach to execution excellence. We as a Bank remain committed to our '**Open to Win Together**' tenet while working hard towards building an all-weather institution that will stand the test of time.

Warm Regards,

Amitabh Chaudhry
MD & CEO

Delighting our Customers

AI/ML-based Hyper Personalisation

Employees Empowerment — Customer Delight — Tech-driven



We have empowered our employees with innovative tools and technology to deliver on our '**Open**' promise. Our focused programmes in this area have helped us progress toward becoming a customer-centric organisation.

Siddhi Success Metrics

15%

Additional leads generated each day

35%

Additional leads converted

Customer at the Centre of Everything We Do

Great customer experience drives our operational, financial and shareholder metrics and leads to sustainable progress. Our new-gen customers place their trust and choose their preferences based on the quality, responsiveness and consistency of their experiences. Our employees deliver on customer dreams and financial security through the power of human touch and technology.



Becoming India's Most Customer-obsessed Bank

We aspire to become India's most customer-obsessed bank, and hence, we are measuring NPS across all our customer journeys. We have implemented organisation-wide change-management programmes to institutionalise Sparsh by working on four pillars, i.e. craft delightful journeys, create employees as delight advocates, build institutional capabilities and measure and act on customer feedback.

These initiatives have resulted in positive increase in NPS in all the customer journeys to 133 on the baseline of 100.

Way Forward

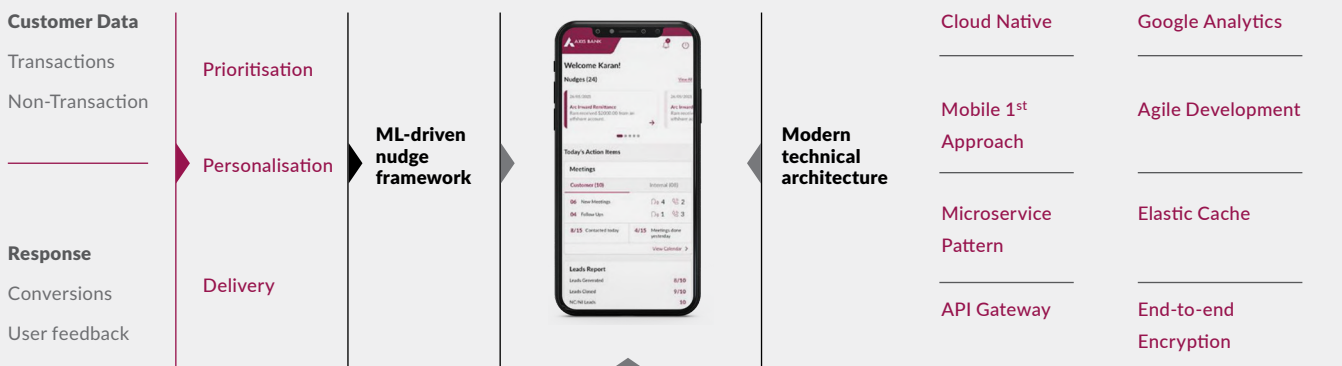
As on date, all our employees and touch points are covered under Sparsh. Axis Bank customers receive personalised, continuously optimised experience based on their individual persona. We will take this experience even higher by improving our digital capabilities, transforming customer journeys and enabling employees to ensure credo of customer obsession is lived every day.

Siddhi – Tool for Customer Privatisation

Siddhi is our comprehensive employee platform and virtual coach that uses technology so that customers can

engage with employees in a seamless manner. Siddhi is an analytics-based intelligent and proactive tool and uses hyper-personalised nudges to improve sales through more meaningful customer conversations.

Siddhi is Built Using Best Practices of Modern Technical Architecture and Reimagines the Front to Back Functions Beyond Traditional Product Processes to Make it Device-agnostic



Siddhi: a boundaryless office

~35+ systems integrated under single app 150+ APIs used

Core banking	CRM	Lending	Mutual funds	Learning	Remittance	Cards	Data lakes
Statements TD/RD Journey	Leads Meetings	Statements Account Details	Transaction Journeys Statements	Schedules Training & Evaluation	Inward Outward	Debit Card Credit Card	Customer 360 Offers

Axis Colleague Testimonial

"I got a call from an affluent customer whom I was trying to meet for months to meet in an hour. I used Siddhi Customer 360 to prepare for the meeting while in taxi, gave the customer statements through Siddhi on the spot. This meeting led to ₹1.5 crores mutual fund being opened on Siddhi."

Sparsh – Instilling Customer Obsession

Our flagship programme, Sparsh, was launched in fiscal 2022 and has redefined the way we deliver customer experience. We implemented an organisation-wide change management to institutionalise Sparsh by embedding, monitoring, and sustaining STAR behaviour and Rituals like PULSATE in our day-to-day operations.

Sparsh- STAR* Delight

A widowed lady of an Axis a/c holder reached out to an RM for the Life Insurance claim of her deceased husband. The claim was rejected due to non-payment of mandated years. However, the RM took charge of the situation, evaluated the available solution and helped the lady to get back the premium paid till date with interest.

*S: Start by Listening T: Take Charge A: Always Keep Promises R: Raise the Bar

Next-gen Capabilities for a Dynamic, Digital Future



Customer-first

Digital Bank

Axis 2.0

Axis 2.0 offers our customers a transformative mobile banking experience in an end-to-end digital environment with next-gen features. Our unwavering commitment to delivering top-of-the-line products in a digital world ensures that our customers enjoy unparalleled, seamless, and intuitive experiences.

Axis 2.0 Key Metrics

~12 million
Mobile banking monthly active users

180 million
Log-ins per month

55%
Personal loans sourced digitally

24%
Credit cards issued digitally end to end

59%
Digital new mutual fund SIP sales



Way Forward

Going ahead, we envision providing a digital option for all servicing needs of our customers, reducing operation and admin load on branches, increasing back-office operations efficiency, improving STP and enhancing experience.

Axis 2.0: A Technology for Today and the Future

Through Axis 2.0, we have made a significant leap in technology and our business model, enabling us to acquire customers at scale and achieve our goal of becoming a digital-lending powerhouse. Being a truly digital bank, Axis 2.0 transforms the customer journey from physical to digital across savings, loans, payments, forex and investments. Through hyper-personalised nudges for regulatory and servicing, cross-sell and upsell, and payments and investments, we have increased customer engagement.

The Axis 2.0 Umbrella

Our **ASAP** digital savings account with shopping benefits and facility of setting financial goals is targeted towards younger, more urban and salaried customers with a high focus on quality.

~₹25,600

Balance per account

VISION, our video KYC platform, is a micro-service used across the Bank and available to partner applications.

2x

Conversion rate vs physical

MAXIMUS is our digital lending stack for all customer segments providing 100% digital loans with a focus on risk pricing aggregator-based underwriting.

5.5 lakhs

VKYC done every month

OLIVE is a complete customer lifecycle digital credit card platform equipped with digital sourcing, servicing as well as cross-sell and upsell.

69%

Cross-sell/upsell digital

Insta Invest offers a full spectrum of investment options, from mutual funds to digital gold to PPF, with a strong engagement with customers.

₹38 crores

Fee income

MAVERICK is our digital forex solution for existing and new customers delivering convenience.

68%

Share in forex card issuance

Accelerating Financial Inclusion to the Last Mile

Building for Bharat

Digital Co-lending — Accelerating Inclusion — Customer-centric — Partnership-led



With Bharat Banking, we are continuously working towards ensuring that our multichannel distribution system reaches even deeper into the Bharat markets for the benefit of every Indian. We believe that access to high-quality financial services can unlock the true potential of these markets and improve the lives of our customers.

Bharat Banking Success Metrics

2,137

Bharat Banking branches

660

Districts served

26%

Growth in rural advances

15%

Growth in deposits

60,600+

CSC village-level entrepreneurs

37%

Growth in disbursements

(Excluding Inter-Bank Participation Certificates)



Accelerating Growth and Profitability

Our pursuit of becoming a growth and profitability engine is trending in the right direction with disbursements and book growing strongly across retail and institutional lines, declining credit cost and maintaining a healthy risk adjusted return on capital. The book continues to be highly PSL-accretive and a key pillar in achieving PSL self-sufficiency at a bank level. In our endeavour of *Open to Win Together*, we have worked across the Bank to deliver on several initiatives such as scaling up multi product architecture significantly through 'Deep Geo' initiative and partnerships such as CSC, enabling more branches to source products such as gold loans and increasing intensity of cross-sell from the sales architecture. To create distinctiveness in RuSu markets, the business is building digital journeys across products, strengthening processes and governance, building several ecosystems, improving propositions to promote credit flow in RuSu markets and enhancing the brand through local and vernacular marketing. We are primed to secure our position as a preferred banking partner for the RuSu customers.

Key Levers of Bharat Banking

Products

Building new customer-centric products, customising propositions for the rural customers, enabling products through policy framework, improving the coverage of products and making the product suite comprehensive for the RuSu customers.

37%

Growth in the number of Bharat Banking branches doing >5 products monthly

Digital and analytics

Launched a digital platform for the co-lending journey, revamped the customer journey for gold loans, enabled eKYC-based CASA sourcing at third party location, using alternate data to optimise risk and several such initiatives to enhance the experience of RuSu customers.

1st

Rank[#] in NPS among all competitors for KCC and gold loans

[#]Based on the survey done by a third party

Way Forward

Our focus is to continue increasing our market share in assets and deposits in RuSu markets, accelerate the PSL self-sufficiency at a Bank level, increase pace of digitisation, enhance the distribution through branches and partnerships network, and dominate several rural ecosystem.

Distribution and partnerships

Enhanced distribution by opening 74 new Bharat Banking branches and adding 21K+ CSC VLE in the last year, creating a rural ecosystem through a mix of partnerships such as CSC and physical networks such as Mandi and FPO.

30+

Live multi-product rural partnerships, many more in pipeline

Profitability

A high RAROC-driven growth backed by improving portfolio quality across retail and institutional segments, driving PSL accretive volumes, improving sales productivity and maintaining a tight control on cost.

Purpose of Bharat Banking

Enable the success of our customers, in both retail and institutional segments, by providing best-in-class products, services and advisory in a seamless manner.

Crafting Distinctive Solutions

Digital maturity — Strategic Investments

Distinctiveness — Connect & Grow — Partner of Choice — Ecosystem



Our financial solutions are crafted with a customer-first approach that makes banking smart, easy and instant. Our distinctive solutions reflect our ability to rapidly create new offerings by leveraging insights and combining them with innovation.

Connect and Grow Success Metrics

6 million
Merchants transacting per day on our UPI stack

1.4 million
Merchant terminal base

17%
UPI market share



Way Forward

We aim to create wider ecosystem through niche partnerships to leverage fintech, digital capabilities and targeted product offerings by existing players to enhance the overall customer value proposition.

An Integrated Banking Experience Through Partnerships

Partnerships are essential for attaining business advantages in our interconnected and networked world. We have established ourselves as a preferred collaborator for any potential partnership. We aim to expand our customer base, improve our product proposition, enhance capabilities, scale faster and widen our geographical reach through partnerships.

Credit Card Business: Flipkart

Our Flipkart Axis Bank Credit Card uses a co-created marketing model to target Flipkart customers with end-to-end digital issuance, supported by digital KYC. We achieved the milestone of 3 million cards in force, making it one of the fastest-growing co-branded credit cards in the country.

71%

30-day spend activation rate

Lending: Freecharge

Through Freecharge, we provide registered users a BNPL monthly credit facility of up to ₹10,000. It is easy one-tap payment solution that makes bill payments simple and quick and enables customers to tide over short-term fund crunch.

2.5x

Growth in overall Gross Merchandised Value (GMV)

Bharat Banking: CSC VLE Network

We have significantly enhanced distribution network in rural and remote regions through strong partnership with Common Service Centres (CSC) and India Post Payments Bank. We have added multiple products and redesigned training and rewards to nurture CSC Village Level Entrepreneurs (VLE).

7.5x

Disbursals against last year

MSME: A.TReDS

Our joint venture with Mjunction, Invoicemart, is a digital platform that connects MSME suppliers and corporate buyers to multiple financiers with the main aim of resolving credit challenges faced by MSMEs.

~₹55,600 crores

Total invoice financing (Since inception in July 2017 - March 2023)

Axis + CREDABLE - Fintech Partnership for Quick Working Capital Solutions = Axis Supply Chain Finance (SCF)

- 1 Axis SCF proposition
- 2 Complex working capital asks from large corporates
- 3 Product co-creation (Axis-owned IP)
- 4 Strategic equity investment
- 5 Live + well-defined product roadmap

We enable supply-chain financing across small businesses including vendors, distributors, dealers and retailers. Our differentiated live solutions like Dynamic Discounting and Insta Digital underwriting enables us to take prompt credit decisions and assist our clients in their digital journey. Our TAT is one hour for a credit extension for an SCF client.

Success metrics

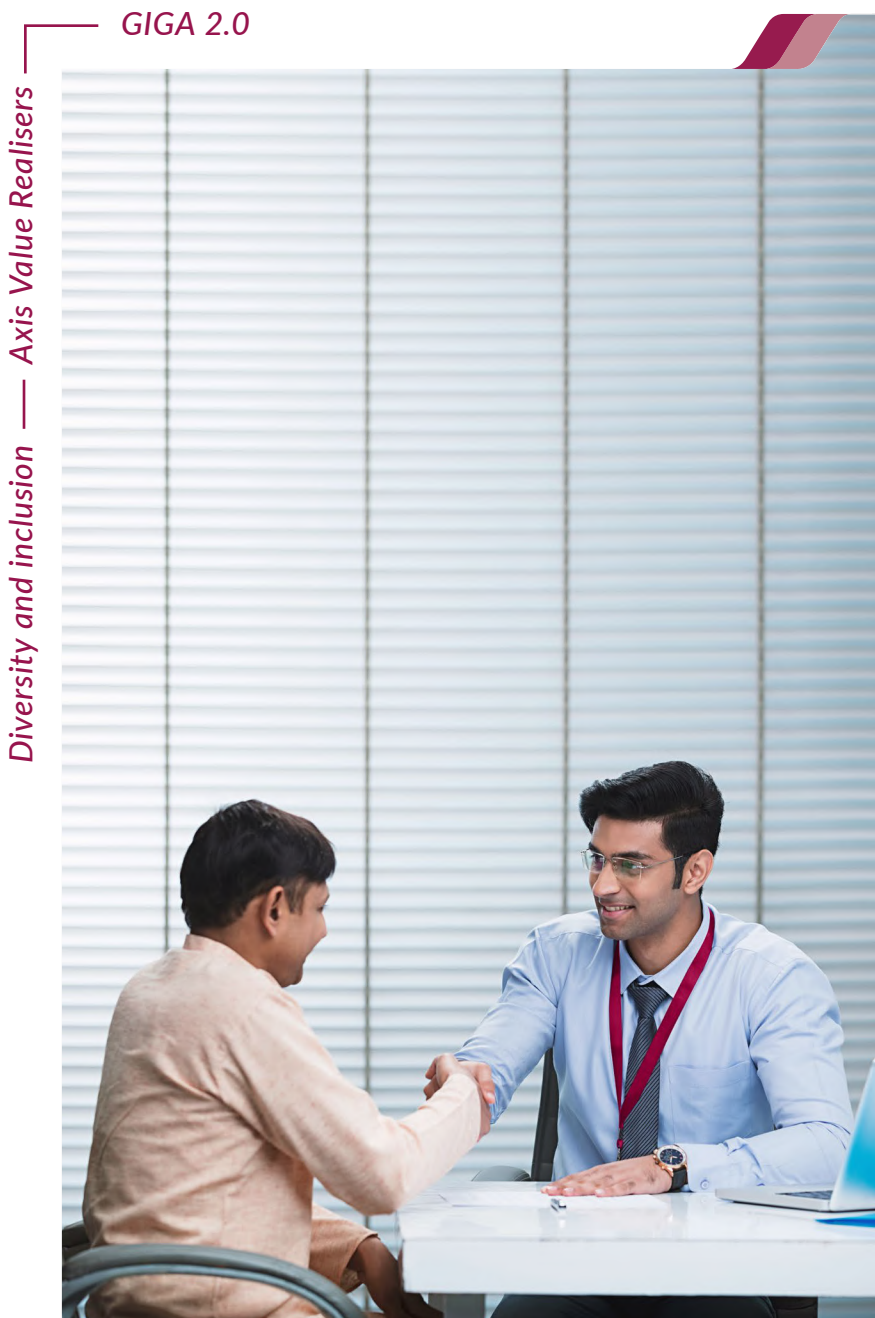
57

New reverse factoring programmes sanctioned in fiscal 2023

₹38 billion

Throughput achieved in fiscal 2023

Building an 'Open' Culture



GIGA 2.0

Diversity and inclusion — Axis Value Realisers

We have access to a wealth of knowledge and unique perspectives owing to our employees who come from diverse backgrounds and areas of expertise. We embrace this diversity and work to create an environment where our employees feel supported, secure and empowered to reach their full potential. At the end of the day, our employees are the ambassadors of **'Open'**.

3,500 Associates*

200+ Freelancers*

*working from anywhere under GIGA 2.0

18,792
Bankers hired at the frontline

35%
Freelancers from non-metro cities



Inviting a Workforce More Representative of India

In February 2023, we launched the ARISE initiative with an intention to tap into the abundant talent in India and encourage recruitment practices to focus on skills over education. The programme was designed to establish an equitable environment where graduates and postgraduates

with up to five years of experience can showcase their skills and gain employment at Axis Bank.

ARISE has had successful outcomes, as evidenced by the feedback received from those hired and their managers who appreciate having varied perspectives and understand the benefit it can bring to various roles within the organisation.

#ComeAsYouAre

Our DE&I agenda focuses on delivered metrics of representation, in line with Axis Bank's credo of inclusion: "The onus of inclusion lies with those who are included, not on those who are excluded". Through Pause for Bias, our signature DE&I training module, Axis Bank employees learn to identify and look beyond their biases.

2,794

Campus hires onboarded

22,800 students

Axis Women in Motion outreach sessions

#Houseworkiswork

3,437 applications

Welcoming homemakers with a gap in career

30%

Women workforce in Bank by 2027

26%

Hiring diversity rate

Seamless Integration of Citi Bank's Employees in Axis Bank

We completed acquisition of Citibank India Consumer Business and welcomed ~3,200 Citi colleagues on March 1, 2023. We achieved a 97%+ retention of critical talent from Citi and their seamless integration through:

- A 'No Less Favourable' offer to all Citi employees
- Efficient query resolution and sharing of other relevant information through a dedicated mobile app
- Comprehensive HR induction on Axis values and culture, DE&I practices, recognition platforms and other policies
- Fast-track career opportunities through our talent management initiatives, AHEAD and ASTROS

Experiences that Matter

India's financial services sector is growing at a rapid pace and we identify the need to capitalise on this gain to give our employees the opportunity to build successful careers. We have deployed a position management system in our HR technology suite—a first for an Indian Bank—that allows all active requisitions to be listed on Catalyst, our internal job portal, before external recruitment begins. The portal helps our employees redefine their career journey within the Bank, by opting for new roles across departments and subsidiaries.

In fiscal 2023, 46% of our vacant positions were filled by internal transfers across the Bank and subsidiaries.

A Culture that Focuses on Delighting Customers

We drive a values-driven culture transformation through Axis Value Realisers (AVRs), who serve as ambassadors of culture and change. We have a Values Scorecard in place that measures and monitors the adoption of values and is done via engagement survey data and customer experience metrics. Our high scores on social media and in internal surveys reflect employee pride and advocacy.

1,349

Axis Value Realisers

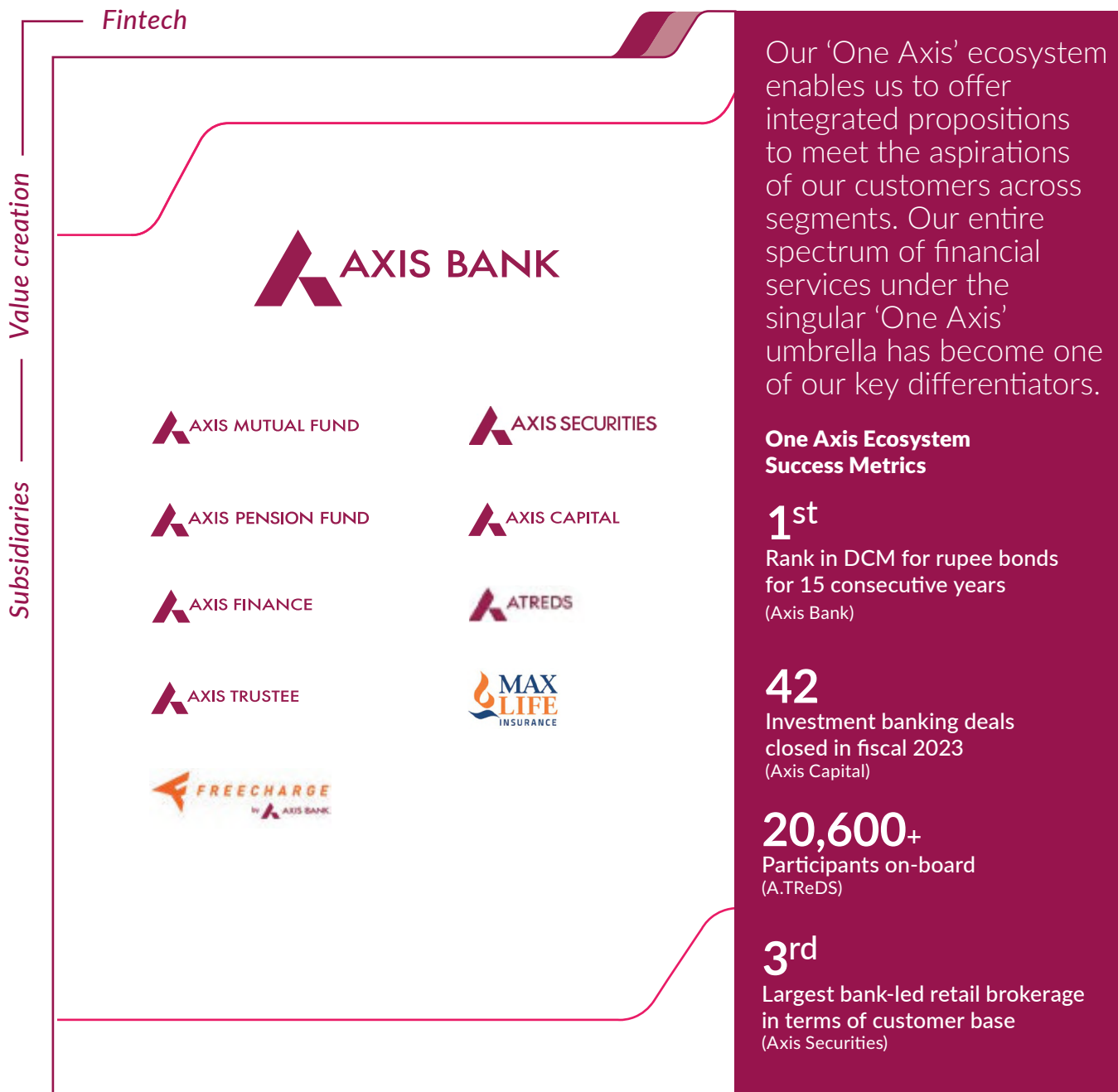
4.4%

Improvement in Values Scorecard in fiscal 2023

Ready for the Future

We are reshaping and redefining work and the workplace through new and advanced practices under the 'Future of Work' space.

One Axis, Multiple Possibilities





One Axis has enabled us to focus on the axis of purposeful growth through leveraging strengths and expertise in each area of operation to create a streamlined business model. Through this approach we have scaled our reach and offered a wide range of financial products and services to our customers.

One Axis at its play

Credit Relationship

- Working Capital, Term Loans
- Deposit products
- Structured finance
- Trusteeship services

Transaction Banking

- Cash Management
- Trade & Supply Chain
- Letter of Credit/ Bank Guarantee
- Bill/ Invoice Discounting
- Current Accounts
- Correspondent Banking
- Custodial Services

One Axis



Retail

- Wealth Management -Burgundy / Burgundy Private
- Salary Accounts of employees
- Payments products - Credit cards, prepaid cards, travel cards, digital wallet
- Insurance and third-party products
- Retail broking and advisory

Treasury

- Debt Capital Markets (DCM)
- Equity Capital Markets (ECM)
- M&A & Advisory
- Forex & Derivative Solutions
- Investment in Axis MF

Ever-growing Reach and Segment Contribution Through One Axis

Formalisation in the economy and credit expansion has resulted in 1 crore registered MSMEs in India with a credit gap of ₹20-25 trillion. We have built a well-diversified and granular MSME loan book to manage risks leveraging the One Axis approach. We have created specialised units within the Bank to address sub-segments within the MSME portfolio.

Way Forward

We will continue to offer wider product propositions and explore synergies through cross-selling and upselling. We will also exploit productivity and process efficiency including digital prowess across companies.

Successful Management of India's Largest IPO - LIC

We adopted one Axis approach to make LIC IPO a success. We were appointed at every step of the IPO - as a lead manager, as a sponsor and as the banker to the issue. The Financial Institution Group (FIG) took the lead to bring together and collaborate with various stakeholders - Axis Capital, Axis Securities, Retail, Salary, Consumer Lending and more to gain market share in current accounts, Demat A/c, UPI, Salary/Saving A/c, Personal Loans and more.

₹6,850 crores

(33%) Total flows managed

25%

Of total applications
Axis Bank Share

17.8 lakhs

(The highest)
Applications through UPI

1.7 lakhs

(Highest ever)
Demat accounts opened
through LIC campaign

Marketing Campaigns





Building a Purposeful Brand



**dil se
open**

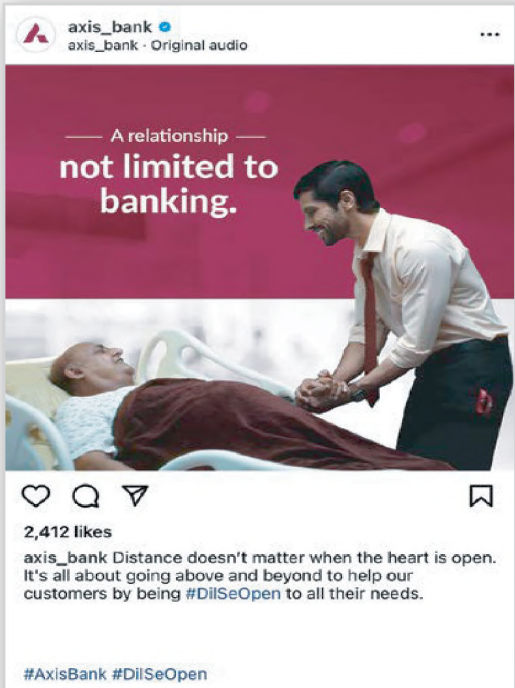


Dil Se Open

We view the world around us through the lens of **'Open'**. This enables us to build lasting value, distinguish ourselves from competitors and have a unique voice. It brings together all the values we hold close, which powers us to win in a market where customer loyalty is the ultimate prize.

Dil Se Open – Aapke Liye

In 2022, we launched the 'Dil Se Open - Aapke Liye' campaign which is an extension of our brand philosophy 'Dil Se Open'. Through this campaign, we communicated the tangible value we add to the lives of our customers.



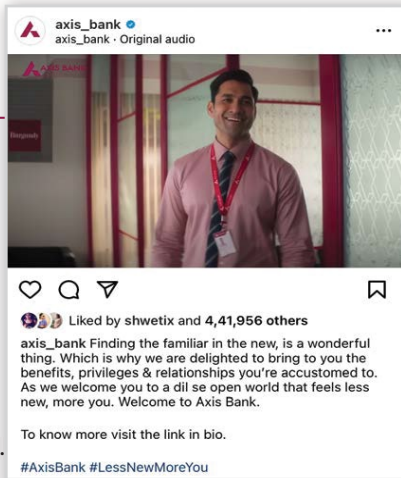
Dil Se Open Stories

Our employees' commitment to the values of 'Open' motivates them to go above and beyond their call of duty. Through a series of real-life narratives, we highlighted how this makes a world of difference for our customers.



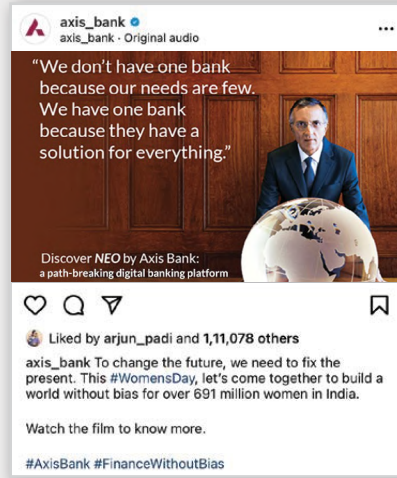
Welcome to a dil se open world

We welcomed our new Citibank Consumer Banking customers by assuring them that they would experience the same class-leading service and a host of new integrated product propositions from Axis Bank.



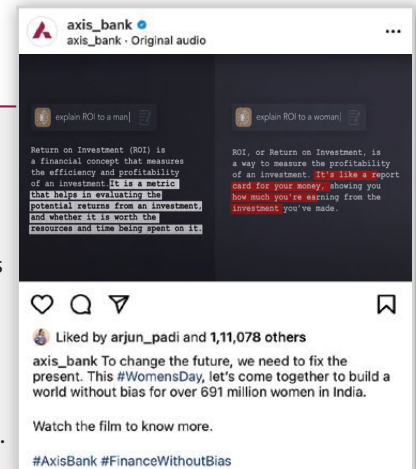
NEO for business

NEO by Axis Bank, our new digital banking platform for business seamlessly integrates our complete suite of transaction banking products with our domain expertise to deliver customised solutions.



#FinanceWithoutBias

AI has imbibed gender biases, from us humans. In celebration of Women's Day 2023, we launched an eye-opening campaign that calls for collaboration among developers and the industry to build technology without biases.



#23in23

On Republic Day, we acknowledged the one unique language Indians speak across borders i.e. the Indian Sign Language. Through our award-winning campaign, we aimed to get official recognition for this language as the 23rd language in 2023.



Splash

Through Splash, we unlocked the imagination of kids by using art as a medium to tell us how to protect our world. We also supported the Swadesh Foundation NGO through this initiative.



MAP Partnership

Our partnership with the Museum of Art & Photography (MAP) is built on a common purpose of democratising Indian art and making it accessible to all.



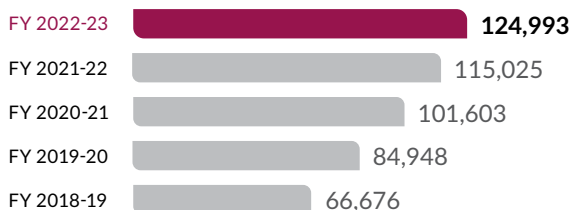
Key Performance Indicators

Performance That Makes us Proud

Generating sustainable value for our stakeholders has always been our priority. Our growth and consistent performance provide us confidence in our ability to maintain our trajectory for the future.

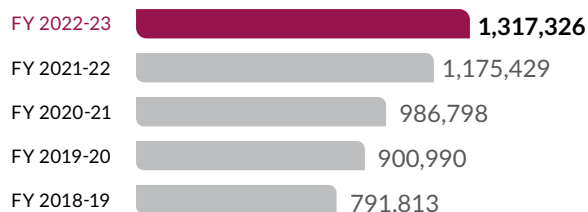
Balance Sheet

Capital & Reserves and Surplus (₹ in crores)



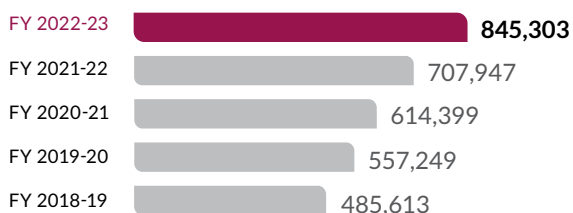
9% 17%

Total Assets (₹ in crores)



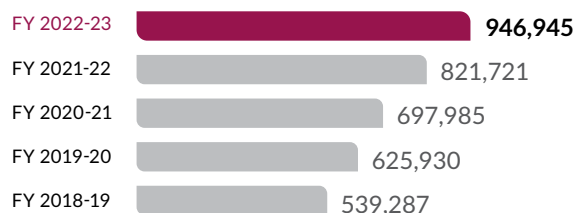
12% 14%

Total Advances (₹ in crores)



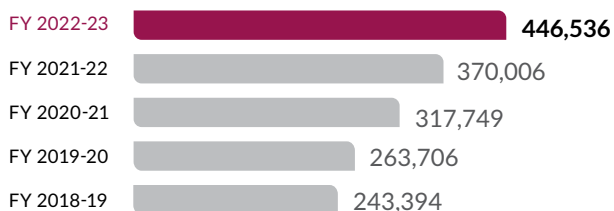
19% 15%

Total Deposits (₹ in crores)



15% 15%

Current Account and Savings Account (CASA) (₹ in crores)



21% 16%

Book Value Per Share (₹)



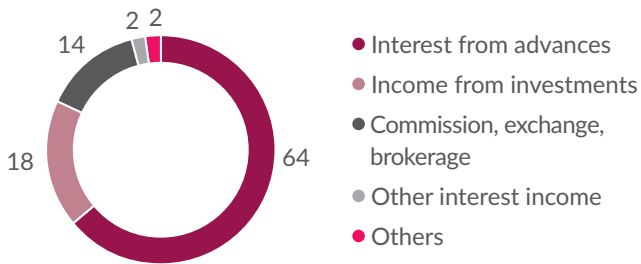
8% 12%

y-o-y growth 4 year CAGR

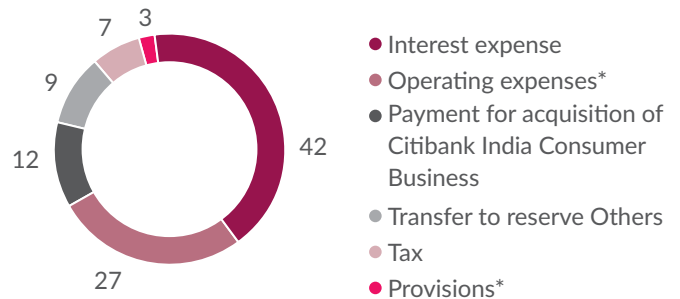


Profit and Loss

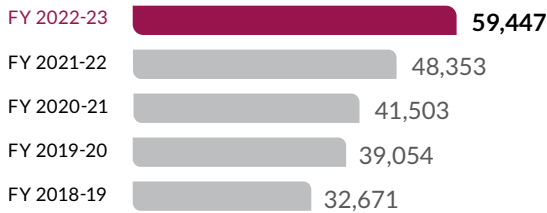
Rupee Earned (%)#



Rupee Spent (%)#

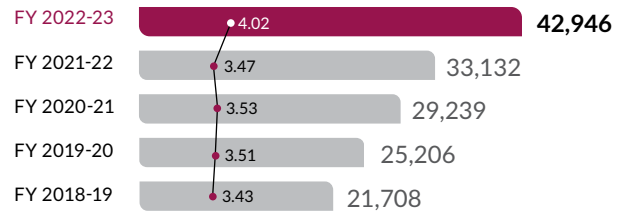


Operating Revenue (₹ in crores)



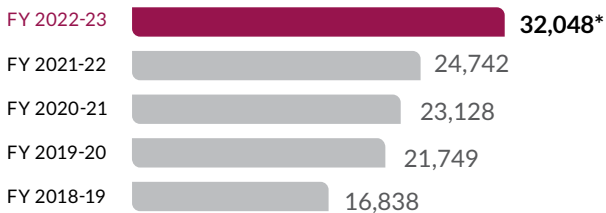
23% ↑ 16% ▲

Net Interest Income (NII) (₹ in crores) Net Interest Margin (NIM) (%)



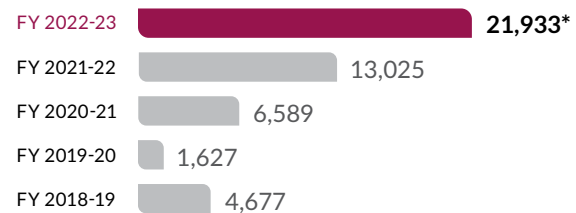
Net Interest Income (NII) Net Interest Margin (NIM)

Operating Profit (₹ in crores)



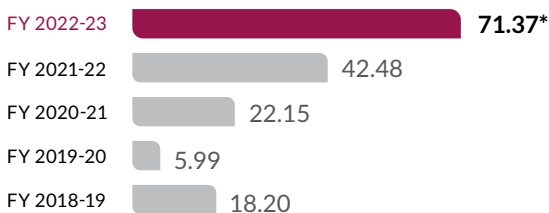
30% ↑ 17% ▲

Net Profit (₹ in crores)



68% ↑ 47% ▲

Earnings Per Share (Basic) (₹)



68% ↑ 41% ▲

*Excluding exceptional items

#Fiscal 2023

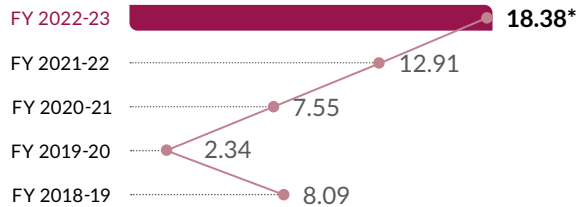
↑ y-o-y growth

▲ 4 year CAGR

Key Performance Indicators

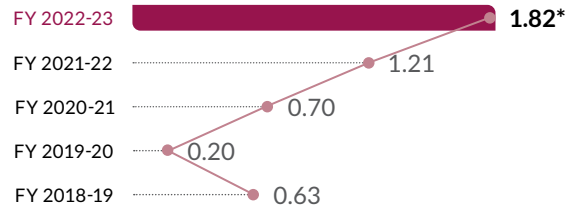
Key Ratios

Return on Equity (ROE) (%)



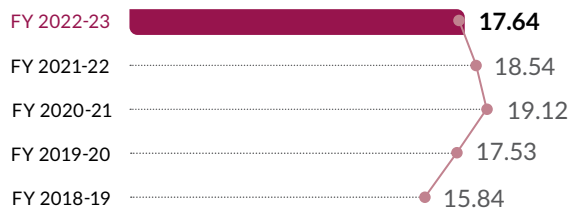
*Excluding exceptional items

Return on Assets (ROA) (%)



*Excluding exceptional items

Capital Adequacy Ratio (%)



Tier 1 Capital (%)



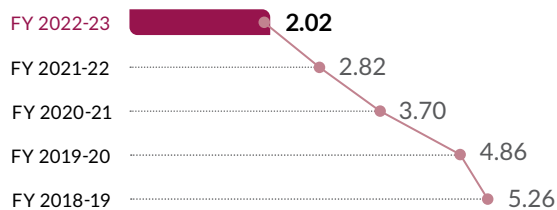
Cost to Asset Ratio (%)



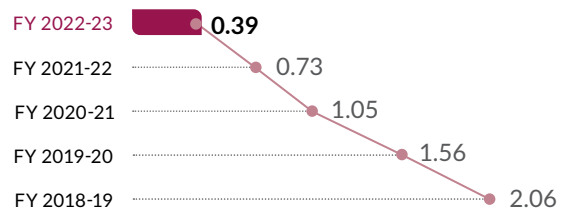
Provision Coverage Ratio (%)



Gross NPA (%)



Net NPA (%)





Highlights of Subsidiaries[^]

9%

Growth in PAT of domestic subsidiaries

30%

Growth in Axis Finance PAT

28%

Growth in Axis Securities new customer additions

20%

Growth in Axis Capital revenue from institutional equity business

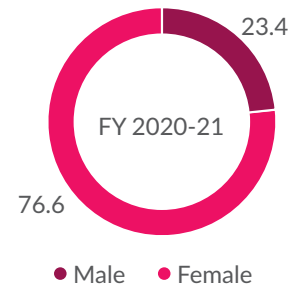
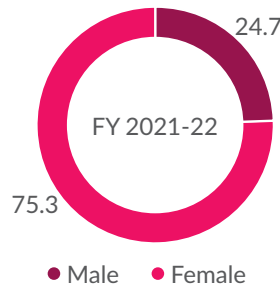
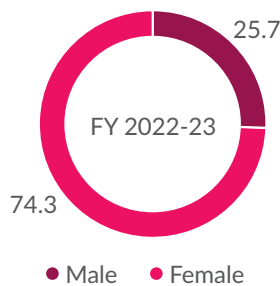
16%

Growth in Axis AMC PAT

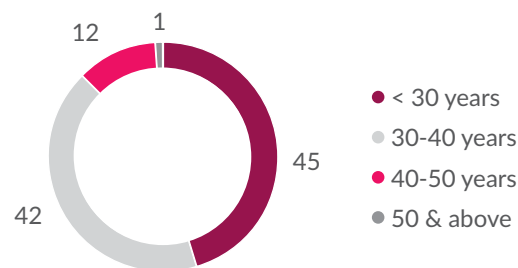
[^]y-o-y growth

People

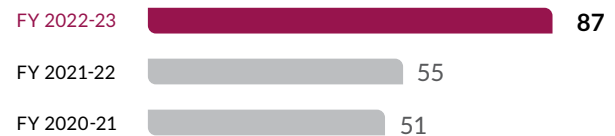
Gender Diversity (%)



Workforce by Age (%)

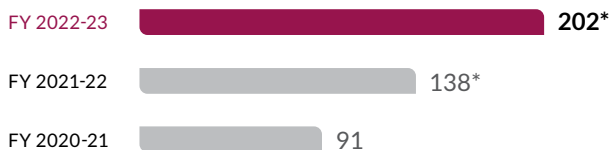


Average Person-hours of Training (hrs)

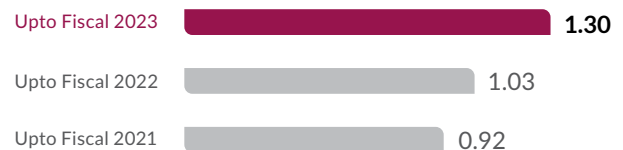


Community

CSR Spend (₹ in crores)



Lives Impacted[#] (No. in million)



*Includes amount transferred to Unspent CSR accounts to be utilised in ongoing programmes in subsequent years

[#]Under the Sustainable Livelihoods Program

Above are standalone figures as on/for year ended March 31, 2023 unless otherwise mentioned

Building on our Strong Retail Banking Franchise

By optimising our business mix and providing exceptional customer service, we deliver a seamless and intelligent banking experience that is both efficient and reliable. By leveraging the power of data, technology and our human touch, we provide a differentiated experience for our customers.



Performance Highlights

870 bps

Growth in premium
SA QAB deposits y-o-y

₹3.6 trillion

AUM in wealth
management

4.2 million

Credit cards issued

22%

Growth in advances y-o-y



Performance Review

We have made significant progress in customer acquisitions and recorded growth in the liability and loan franchise.

Progress in our Liability Franchise

Our focus on premiumisation, digital sourcing, corporate salary accounts, digital transformation initiatives and partnerships led to an 8% increase in new SA accounts (i.e. 4.68 million SA accounts opened in fiscal 2023), CASA deposits growth of 21% y-o-y and an 870 bps higher share of the premium segment in the retail savings portfolio.

Gaining Market Share in Payments

Our credit card issuance increased by 57% to 4.2 million cards in fiscal 2023, aided by Known to Bank relationships and strategic partnerships. This resulted in a 17% incremental CIF market share in H2FY23. In payments, we continue to strengthen our positioning with a 17% market share in UPI, 15.7% in mobile, 10.6% in NEFT payments and 18.6% in merchant POS terminals.

Expanding High-quality Retail Loan Portfolio

Retail loans grew 22% y-o-y to ₹4.9 trillion on the back of personal loans and credit card advances. 100% of PL and 75% of the credit card portfolio is to salaried segment. The retail loan book remains well diversified and 78% secured and has a healthy portfolio with GNPA at 1.44% and NNPA at 0.49%.

Building on Cards and Payments Business

Our SBB portfolio was up 50% y-o-y to ₹430 billion. It is well-diversified and continues to grow strongly led by our One Axis approach, innovative product offerings such as small ticket loans, quick overdrafts and equipment finance, Cards and Payments.

Burgundy Private AUM Crosses ₹1.3 Trillion

Our Bank's overall Burgundy AUM has grown at a CAGR of 29% in the last six years to ~₹3.6 trillion and the Burgundy Private AUM stood at ~₹1.4 trillion, up 58% y-o-y. The portfolio has grown to include 11,009 families across 27 cities across India. Burgundy Private was adjudged as the Best Private Bank for Client Acquisition in Asia in the 5th Annual Wealth Tech Awards.

- 26% incremental market share in POS base fiscal 2023
- 3.6 million Flipkart cards in force as of March 2023
- 17% market share in UPI (fiscal 2023)

Going Beyond the Call of Duty

Narender Rapka, based at Axis Bank's CPU retail document movement, Hyderabad, received a request from the Goregaon retail asset centre (RAC) team for retrieval of customer property documents. The documents had to be delivered from Hyderabad to Mumbai in six hours as the customer was travelling abroad at midnight of the next day. Since

no options were working, Narender checked if any of the Axis employees were traveling to Mumbai and to his relief found Mithlesh traveling on the route the same day who agreed to carry the documents. Another employee from Mumbai, Jayprakash, collected the documents. Hence, customer obsession was followed in true spirit.

What's New?

Axis Bank has

- 95+ digital partnerships across platforms and ecosystems
- ~11 million customers on WhatsApp banking

On the Path to Becoming a Premium Retail Banking Franchise



Ravi Narayanan

Group Executive –
Retail Liabilities and
Branch Banking



Sumit Bali

Group Executive –
Retail Lending and Payments



Munish Sharda

Group Executive –
Bharat Banking



Arjun Chowdhry

Group Executive –
Affluent Banking, NRI,
Cards and Payments

As a key vector of the GPS strategy, we are on a journey to create one of the best and premium retail banking franchises in India. During the year, we made good progress towards the same with improvement in quality of our deposit franchise, sustained momentum in retail loan book with strong growth in our focus segments like Rural and Small Business Banking, and leadership in cards, payments and wealth management businesses. Our CASA deposits grew 21% y-o-y, Retail loan book (constituting 58% of overall Bank advances) grew 22% y-o-y on the back of all-time high disbursements, credit card spends touched new yearly highs and Retail fees grew 33%, contributing 68% to the overall Bank fee income.

Further, the successful acquisition of Citibank India Consumer Business, a landmark in the Indian banking industry, strongly positions us for accelerated premium market share growth.

Granularisation of Liability Franchise with Sharp Improvement in Quality of Deposits

We have significantly improved the quality of our liability franchise led by focus on granularisation and deepening of deposits base. Our micro market focused strategy backed by analytics-driven market scoping continues to play out well. In the last three years, we have steadily gained higher market share across districts with over 33% increase in number of districts with deposits market share of over 5%. We added 10.8 million new liability relationships with ~4.7 million new SA relationships in fiscal 2023, 8% higher than the previous year.

We continued to work towards leveraging our relationships with leading corporates to gain a higher share in the salary segment. We saw 33% y-o-y increase in new salary labels acquired and added 1.8 million new salary accounts with 23% y-o-y higher NTB (New to Bank) balances from

them, a reflection of growth in both quality and quantity.

During the year, the Branch Banking team worked closely with different parts of the Bank – Bharat Banking, Commercial Banking, Government Coverage among others to drive higher growth in granular deposits.

As part of our various planned interventions to increase the share of LCR-accretive retail deposits, we delivered higher growth in deposits from retail and small business segments that resulted in nearly 550 bps reduction in outflow rates.

Strengthened our Positioning in Wealth Management in Line with Bank's Premiumisation Strategy

Premiumisation of the liabilities franchise continues to be an important imperative for the Bank. Our focus on offering 'right fit' solutions and new product propositions like 'Priority Banking' programme, 'Ultima Salary'



and 'Silver Linings' with several value-added features helped us garner new premium relationships. The share of premium segments in our retail SA franchise improved by 870 bps y-o-y to over 55% led by our focus on premiumisation and the recent acquisition of Citibank India's Consumer Business portfolios.

Our wealth management business 'Burgundy' is among the largest in India with combined assets under management of ₹3.6 trillion across ~2.5 lakhs affluent and ultra-HNI clients. Our seasoned team of 700 RMs and wealth specialists with vintage of 12 to 18 years, strong research capabilities across asset classes and robust and modular open API architecture have helped us build deep relationships with the clients. 'Burgundy Private' proposition that we launched three years ago crossed the milestone of ₹1.37 trillion in assets under management. We have built a truly premium proposition with 30 of the top 100 richest Indians as per Forbes list banking with us on the Burgundy Private platform.

NRI segment has been of strategic focus at Axis. In the past year, we have revamped our digital acquisition journey, launched UPI for NRI customers, and introduced Portfolio Investment Scheme services through digital channels. The faith of our customers is evidenced by the strong acquisition momentum.

During the year, we continued to leverage our 'One Axis' capabilities across Axis Group to provide bespoke wealth management services along with the power and stability of a leading Bank to our private banking clients. Our '3i' approach – 'integrity' in all our customer interactions, 'intellect' and 'innovation' in our product offerings and solutions continues to be recognised externally, with the Bank winning the award for 'Best Private Bank for Client Acquisition, Asia' at

the PWM Wealth Tech Awards 2022 organised by Financial Times, UK and 'Outstanding Marketing Campaign by a Private Bank/Family Office' at the Annual Global Private Banking Innovation Awards by Global Private Banker, Singapore.

Acquisition of Citibank India Consumer Business has Further Accelerated our Growth Ambitions

The successful completion of acquisition of Citibank India Consumer Business during the year provided us access to large, affluent and profitable consumer franchise, in line with our ambition to become a premium retail franchise.

The acquisition provided us a quality credit card franchise with one of the highest wallet shares in premium cards, which is complementary and has strengthened our presence in top 8 metros. We have consolidated our position in the credit cards business with our market share improving by 450 bps to 16.3% in terms of credit card advances and nearly 20% addition to the cards in force base.

The acquisition of sizable premium and granular customer base also strengthened our liability franchise with over 100 bps improvement in CASA and access to over 1,600 Suvridha corporate relationships. In wealth management business, we got access to highly affluent Wealth customer base that would accelerate our growth ambitions.

We believe that the Citi's affluent clientele backed by global best practices in client servicing and operations will not only complement Axis Bank's strong product propositions but also offers us huge cross-sell potential to further deepen relationships leveraging our strong platforms. The clients will now be able to benefit from our combined 'One Axis' proposition, avail an even

wider product offerings, and Bank seamlessly using our wider branch and ATM network. There are significant synergies that we expect to realise over the coming quarters to deliver higher value to customers.

Delivered Strong Growth across our Focused Retail Segments

Our retail lending franchise continues to deliver sustained growth across segments with higher growth across higher yielding focus segments. We delivered strong performance with retail disbursements touching new all-time high in fiscal 2023 that led to strong growth in retail advances, which now constitute 58% of the overall Bank advances.

We continued to focus on delivering profitable growth led by business-mix optimisation towards higher yielding loans within secured segment. For instance, within the mortgage segment, we grew Loan against property and affordable home loans faster than the home loan and in wheels, the used car vehicle loans have grown substantially in the last few years. The rural and small business banking loan portfolios delivered strong y-o-y growth of 26% and 50%, respectively.

Further, we continue to leverage our best-in-class data analytical capabilities around proprietary database programmes, alternate data, KTB (Known to Bank) scorecards and hyper personalisation to drive higher growth across our unsecured retail product segments. During the year, the Bank's database programmes contributed 66% of Personal Loan sourcing and 79% of new cards sourcing. The Bank won 'Trailblazer in Next Generation Technology Award' for use of Artificial Intelligence & Machine learning in 2022.

In line with our strategy on building ecosystems, we launched a co-branded home buyer ecosystem, entered into partnerships and MOU with several

Message from Management – Retail Banking

auto manufacturers to provide financing to dealers and customers. The acquisition of Citi Consumer Business, and our early leadership in Universal Underwriting and Account Aggregator framework provide us an opportunity to further cross-sell and drive growth in Retail loan book.

Bharat Banking – Our Distinctiveness Initiative Continues to Scale Up Well

Our strategy to drive higher business growth and increase market share from rural and semi urban (RuSu) markets made strong progress during the year. As a result of our focused initiatives across products, processes and partnerships, we achieved the highest ever monthly disbursement in March 2023 across all the major product segments, 26% growth in rural advances and a 15% y-o-y growth in deposits from 'Bharat' branches. The growth has been across all the major product lines backed by PSL asset accretion and lower credit cost.

The Bharat Banking vertical continues to work together with other parts of the Bank to provide customer-centric solutions related to products which largely cater to agri, rural and farm to fork supply chain segments while driving deeper penetration with other Retail Assets and liability products in the RuSu markets.

We have scaled up the distribution footprint in this segment to 2,137 branches complemented by a large CSC (Common Services Centers) network of 60,600+ VLEs (Village Level Entrepreneurs), that grew 50% y-o-y. We continue to significantly expand the partnership ecosystem & pursue co-lending opportunities as we collaborated with marquee names such as India Post Payments Bank, Airtel Payments Bank, ITC, etc. to further

penetrate rural supply chains and enhance our distribution.

Digital continues to be the key theme to build distinctiveness by providing best in class customer journeys and giving strong impetus to the low-cost and customer-centric business model. We launched eKYC based CASA platform, enabling deepening of our liabilities' products through partnership ecosystem. We also went live with five partners on digital co-lending platform that will provide access to new customer segments and augment the PSL portfolio.

We continue to focus on building an array of 'Bharat centric' products for better segmental coverage and penetration. We launched and scaled up several new propositions to enhance our offerings on the retail and institutional side such as used tractor financing, agri-infra financing, lease rent discounting, Farmer Producer Organisation (FPO) financing, etc. We also enabled several policy changes and process enablements across product categories such as widening collateral coverage to facilitate credit flow in deep markets. The Bank's first branch with a new rural-centric design went live in fiscal 2023 and we intend to replicate the same in order to significantly improve our visibility in RuSu markets.

We are confident of continuing the growth momentum and creating a strong distinction in RuSu markets backed by our deep distribution, comprehensive product suite, investment in digital initiatives, robust partnership ecosystem, and proven expertise in lending to RuSu customers.

Improved Productivity and Customer Experience across the Channels

We continue to follow calibrated branch expansion strategy with emphasis on improving the productivity of our relationship manager and sales channels. Over the past 3 years, we have enhanced the efficiency across the channels and segments led by multiple transformational projects and institutionalisation of daily operating rigour and rhythm.

Project Triumph has been instrumental in improving the productivity of liability sales channel, deepening and improving the quality of deposits. On the retail assets side, projects like Unnati and SBB Sankalp have been instrumental in improving TAT and simplifying the loan origination journeys while the projects Zenith and Kanban have helped to transform the customer life cycle management in cards and merchant acquiring businesses. As part of our 'Branch of the Future' initiative, over 67% of customer service requests are now fulfilled digitally.

Our significant investments in Digital and Technology towards building curated digital onboarding journeys, upgrading the core cards platform, enabling the front line staff with varied digital tools on BYOD platform, etc. have started making impact.

Digital continues to be a distinctiveness area for driving growth in retail assets and liabilities. In fiscal 2023, 48% of the individual retail term deposits by value were sourced digitally. On the assets side, 55% of the personal loans, 48% of the unsecured business loans and 30% of two wheeler loans were disbursed end to end digitally as part of Maximus 24x7 digital lending.



We believe that our omnichannel presence via our strong 4,900 branch network, our highest rated 'Axis Mobile' app which for us is the largest branch, Axis Virtual Centre (AVC) channel with over 1,500 VRMs, strong network of CSC VLEs and business correspondents, along with strong partnerships across products would help us to continue serving our customers 'Dil Se'.

Gained Market Share in Cards and Payments Aided by Strong Product Propositions and Strategic Partnerships

During the year, we continued to witness strong traction across credit card issuances, spends and advances. We issued 4.2 million credit cards in fiscal 2023, highest ever for the year led by our best-in-class product offerings, strong data analytics and partnerships led KTB (Known to Bank) partnership strategy. Our co-branded card 'Flipkart Axis Bank Credit Card' crossed yet another significant milestone to end the year with 3.58 million cards in force, making it one of the fastest growing co-branded portfolios since its launch in July 2019. During the year, we also entered into a strategic partnership with Indian Oil, Samsung and others to drive higher customer engagement.

We continue to invest in improved sourcing and offer propositions like Wednesday Delights, Grab Deals and others to deepen spends. The credit card spends for the year grew 63% y-o-y to touch new yearly highs of ₹1.35 lakh crores. Our 'Axis Mobile' app that has the highest rating of 4.8 on Google Play Store with over 2 million+ reviews, continues to drive growth in card advances. Our card advances for the year grew by 97% aided partly by the acquired Citi Card advances portfolio.

In the merchant acquiring space, we continue to be the second-largest in the country with an installed capacity of over 1.4 million terminals. We gained an incremental market share of 26% in fiscal 2023 led by our 'One Axis' approach towards empowering merchants with innovative offerings and integrated ecosystem solutions like Digital Dukaan and MicroPay that we launched during the year.

In the UPI payments space, we continue to partner with new fintech players to drive higher payment volumes. We have more than doubled our customer VPA (Virtual Private Addresses) base in last fiscal to 644 million and continue to maintain our strong positioning with 17% market share as Payer PSP by volumes.

Our investments towards building a robust IT infrastructure and upgrading capabilities have helped us to achieve one of the lowest technical decline rates in the industry.

Our Aspiration is to Set a New Gold Standard in Consumer Banking in India

We have over the years built a strong risk management architecture in Retail with well-defined risk appetite and retail lending policies across product segments. The asset quality in Retail remained stable with low net slippages and decline in net NPA ratio by 8 bps y-o-y to 0.49%.

The customer demand has been resilient even as higher interest rates pose a near-term threat. The retail growth momentum in India continued to improve through the year to inch closer to the pre-pandemic highs led by higher customer discretionary spending. While the retail banking sector loan growth was broad based across segments, the non-mortgage

sector loan growth improved considerably led by credit cards, customer durables, auto loans and personal loans.

We believe the trend of rising consumerism and urbanisation in India with better access to credit will continue to drive strong growth in retail business. Further, the banks with large distribution network, better technological capabilities and customer experience will continue to gain higher market share. We, at Axis Bank, are well placed to leverage these trends on back of our extensive reach, strategic partnerships and our leadership in data analytics. With focus on customer-centricity, innovation in product offerings, deeper presence in RuSu markets, higher resource productivity led by improvement in operational processes and digital prowess, our aspiration is to set a new gold standard in Consumer Banking in India.

Our strong performance in fiscal 2023, gives us confidence that we are on track to achieve our strategic objectives of sustainable and profitable growth while strengthening our market leadership across our key businesses.

Warm Regards,

Ravi Narayanan

Group Executive – Retail Liabilities and Branch Banking

Sumit Bali

Group Executive – Retail Lending and Payments

Munish Sharda

Group Executive – Bharat Banking

Arjun Chowdhry

Group Executive – Affluent Banking, NRI, Cards and Payments

Wholesale Banking Scales New Heights

We have significantly reinforced our client focus in the Wholesale Bank by strengthening the organisational architecture, leadership and coverage teams. **NEO**, our best-in-class Digital Corporate Banking platform, seamlessly integrates our complete suite of transaction banking products and domain expertise around our customers' business.





24%

Growth in domestic corporate loans y-o-y

17%

Growth in CA deposits y-o-y

38%

Growth in Mid-Corporate book y-o-y

11%

Market share in foreign LC vs 4.6% in fiscal 2020

23%

Growth in SME advances y-o-y

1st

Rank in Debt Capital Markets for rupee bonds

89%

Share of corporate advances to clients rated A- and above

1st

Blockchain-enabled domestic trade* transaction executed

* transaction involved the process of Letter of Credit advising as well as digital presentation of underlying trade documents including invoice & transport document

Above are standalone figures as on/ for year ended March 31, 2023 unless otherwise mentioned

Business Segment Performance – Wholesale Banking

Performance Review

Our strategic focus has been to deliver relationship RAROC-focused growth leveraging 'One Axis' while driving higher growth in our chosen business segments.

One Axis model

We bring the opportunity of 'One Axis' to our customers by offering enterprise banking solutions for the business, personal banking solutions for employees and investment and private banking solutions for promoters and top management. 81% of the Burgundy Private and Burgundy accounts in fiscal 2023 were sourced through the Wholesale Banking and Commercial Banking Group (CBG) segment. For fiscal 2023, ₹100 crores of life insurance premium was sourced through CBG.

Strengthening our wholesale banking franchise

We have transformed the corporate landscape through meaningful enhancements driven by upgrades to top-ranked corporates and an increased contribution of transaction banking fees to wholesale fees. About 89% of incremental sanctions were to companies rated A- and above. About 694 new credit relationships were added during the year.

Recording strong growth in the Corporate segment

Our Corporate loan book was at ₹265,009 crores as at the end of fiscal 2023, up 14% over fiscal 2022. The focus segments of Mid-Corporate and CBG showed impressive growth.

Relation-led approach to grow CBG segment

The CBG business continued to grow and gain market share in fiscal 2023. The business sees a generous PSL contribution, adding to the development of a reliable current account portfolio with steady Trade and Foreign Exchange transactions. This relation-led approach is reflected in the 17% growth in CA deposits and 14% in fees from CBG in fiscal 2023, from a year ago.

Strong momentum in CBG business

The CBG asset portfolio was ₹92,723 crores at the end of fiscal 2023, registering y-o-y growth of 23%. The CBG asset book remains healthy





and well-diversified across several geographical regions and major industrial sectors.

Solution-led approach towards government business

We offer a range of products and services to Central and State governments, local councils, public sector undertakings, co-operative and federations. Our government deposit gross inflows for fiscal 2023 amounted to ₹2,957,158 crores. The market share in the government banking space stood at 4.2% in fiscal 2023.

NEO Banking – The Rise of India’s Top Digital Corporate Bank

Our wholesale banking division has had a successful transformation from an asset-based model to one that focuses on relationships. With client-centricity design at its heart, **NEO** is enabling multi-product, multi-channel end-to-end digital experiences for our corporate clients. About 95+ open banking APIs are now operational across the product suite.

What Great Looks Like

- 1 Becoming India’s leading API-driven corporate Bank, live at scale
- 2 Create integrated banking + beyond banking CBG proposition
- 3 Become the easiest Bank to do business with across segments
- 4 Enable multi-product, multi-channel lineage both internally and with customers
- 5 Help customers to integrate their physical and financial value chains

Corporate Banking – Legacy Issue Resolution

A mid-size pharma company backed by the marquee PE fund General Atlantic PE. The client had been requesting support for writing off 8 shipping bills amounting to \$1.2 million since the last four years. They then exited the Axis Bank relationship and started banking with other large banks in 2019. In fiscal 2023, GA’s top management met our MD & CEO and requested our support. Our MNC Team started to investigate their issues. With support from client and internal team, we processed the write off of those eight shipping bills.



Customer Speak

Dear Champak*, We are thankful to you and the entire team for making extra efforts in attending this request. It was a long-overdue item in our list and thanks to you for getting involved personally at each stage and finally bringing this to a logical closure. I would also thank hereby your back-end team for supporting us in this case.

*Champak is an Axis Bank Employee

What’s New?

Our path-breaking digital banking platform, **NEO**, witnessed strong adoption from corporates with 1,000+ client engagements since launch.

Axis Bank was adjudged #1 on the Quality Index for both Large Corporate and Middle Market banking in the Greenwich Banking Survey for the second year in a row.

Fostering a Powerful Corporate India



In fiscal 2023, we made strong progress in our medium-term GPS journey as we stepped up growth in the Wholesale Bank and strengthened our proposition as a strong relationship-led franchise in order to deliver profitable and sustainable outcomes.

Rajiv Anand

Deputy Managing Director

The fiscal 2023 was yet another remarkable year for Corporate India as it weathered uncertain global macro environment to pursue its growth ambitions. With corporate balance sheets at their healthiest in more than a decade and several domestic macro levers in place, the new private capex cycle has well and truly begun. The increase in export demand, rebound in consumption, and public capex contributed to an uptick in the manufacturing activities of the corporates and their spending plans.

Our strategic focus in Wholesale Bank has been to deliver relationship RAROC-focused growth within our risk framework, leveraging our distinctiveness around 'One Axis',

Digital and Customer Centricity. During the year, we stepped up growth in the Wholesale Bank with domestic corporate loan book up 24% led by broad-based growth across our coverage segments. The Wholesale Bank's profitability too saw strong improvement led by our focus on driving higher growth in focus segments, backed by strong risk architecture and our prudent policies.

Strong Relationship-led Franchise, Serving Clients Requirements Across the Capital Structure

We have over the last four years transitioned the Wholesale Bank from an asset-focused business

model to a strong relationship-led franchise, with the improvement in rating mix and diversification of book towards well-rated corporates. Today, we are amongst the best and most comprehensive Wholesale Banking franchise, serving our clients requirements across the capital structure, be it in the form of term loans, working capital, domestic, and offshore bonds or equity.

Over the last few years, we have significantly reinforced our client focus in the Wholesale Bank led by strengthening the organisation architecture, leadership and coverage teams. This has meant getting deeper into certain segments and geographies to pursue emerging opportunities



across select sectors and further sharpen our approach in the market.

We have also improved our customer engagement and productivity aided by multiple technology-driven transformation projects and operational processes. During the year, we added close to 700 and 5,500 new credit relationships in the Corporate and Commercial Banking segments, respectively.

We continue to deliver 'One Axis' to our customers. From, traditional banking products like loans, working capital, transaction banking services and debt capital markets to investment banking and asset management solutions, and retail banking products like Burgundy wealth management, salary and trusteeship services, forex and commercial credit cards. In fiscal 2023, 81% of the Burgundy Private and Burgundy accounts were sourced through the Wholesale Banking and CBG segment. Our concerted efforts across the coverage and product segments, and subsidiaries to serve clients continue to be recognised externally, with Bank receiving several key awards and accolades. The Bank was adjudged #1 on the Quality Index for both Large Corporate and Middle Market Banking in the Greenwich Banking Survey for the second year in a row. We continue to lead the Debt Capital Market League tables and were conferred the Number 1 arranger for Rupee Bonds in CY2022 by Bloomberg for the 16th consecutive year.

Delivered Disproportionately Higher Growth in Our Focus Segments

We believe that MSME (medium and small and medium enterprises) lending will be the growth driver for the banking industry over the next decade, just like how retail was in the previous decade. The MSME segment remains strategic priority for us as it brings granularity to the wholesale book, offers high RAROC and is PSL accretive business.

Given the diversity of MSMEs in India, one of the strengths that we bring to this segment is our ability to recognise the different segments and provide customer-specific solutions. Our distinctive 'One Axis' approach towards leveraging our capabilities across the Bank, be it Branch Banking, Wholesale Banking Products, Treasury, Wealth Management and our subsidiaries like A.TReDS, Axis Capital and Axis Finance allows us to offer comprehensive solutions to these enterprises and get the maximum share of their wallet.

The concerted efforts resulted in the strong growth performance in our focused segments like CBG and Mid Corporate that together have nearly doubled in book size in last three years. The share of Mid Corporate and SME advances in overall Wholesale book has increased from 30% in fiscal 2019 to 36% in fiscal 2023 end, thereby bringing in a greater level of granularity to the overall portfolio while contributing to the PSL agenda.

Our strategy to expand geographical footprint to accelerate new customer acquisition, and ability to offer multiple

products to existing customers backed by analytics and technology, continues to play out well in these segments. During the year, new credit relationships in CBG segment grew by 69% with the NTB (New to Bank) book balances up 34% y-o-y.

A combination of our differentiated approach towards customer and product selection, our well-diversified book and strong credit underwriting has helped us to keep the risks under control in MSME segment. The asset quality and risk metrics in CBG segment continue to hold up quite well for us with net slippages of ₹282 crores in fiscal 2023. The net NPAs in CBG segment further declined by 23 bps y-o-y to 0.33% with provision coverage at 71%.

We also remain focused on the MNC and New Economy segment where we see vast available opportunity to cater to growing banking needs of start-ups across working capital loans, transaction banking, employee banking, forex, among others. Today, we have about a 30% market share, and we bank 60% of unicorns in the country led by our integrated coverage approach.

During the year, we continued to focus on serving Indian corporates with global operations through our consolidated overseas branch operations in Dubai, Singapore and GIFT City, India, offering them an entire spectrum of financial services. Our overseas book continues to be dominated by high rated Indian conglomerates and PSU entities. The Bank's Dubai International Financial Centre (DIFC) won the 'Customer Service Excellence' award at the Middle East International Business

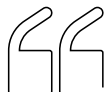
Message from Management – Wholesale Banking

Awards. It also received the much acclaimed Excellence in Banking and Innovation" award at the "Le Fonti International Awards 2023".

Our Solution-oriented Approach Helped Us to Retain Our Dominant Position in Government Business

We retained our strong positioning in the Government business led by our strong relationship management and a solution-oriented approach across deposits, payments, collections and liquidity management. Our endeavour has always been to provide the best-in-class technology platform through our beyond banking solutions as we stand committed towards the beneficiaries, community, and the society by working closely with the Central and State Government organisations.

During the year, as part of the Fund Disbursement Management Solution (FDMS), we went live with our end-to-end digital payment solution tailored for fund management, tracking and payments for various Government projects and schemes under Central sponsored, Central sector and State schemes. We also launched Integrated Financial Management System (IFMS), that involved direct Integration of State Treasury with Axis Bank Payment solution under agreed model of Single Nodal Account (SNA), for payment to beneficiaries and MIS of transaction status for the various schemes launched under the Central Sponsored Schemes.



Our path-breaking digital banking platform NEO, continued to witness strong adoption from corporates. Our market-leading transaction banking API suite and best-in-class corporate developer portal offers a strong product market fit with 1,000+ client engagements since launch with 3X y-o-y growth in transaction volumes.

Strengthened Our Proposition as a Transaction Bank and Gained Scale Across Product Segments

One of the big pivots that has also happened on the profitability side over the last four years is the change in fee profile from majorly credit-linked fees to a more sustainable transaction banking fee franchise.

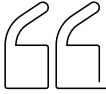
We have invested significantly in talent and expertise to build a cohesive Transaction Banking and Treasury franchise, with focus on simplification, innovation and growth. During the year, we engaged with the customer across their capital structure and captured multiple non-credit revenue streams to become their 'transaction Bank of choice'. We won significant mandates across current account, cash management, trade finance, sector specific smart solutions and government businesses driven by our technology-led offerings. Resultantly, the transaction banking, forex and trade-related fees constituted 78% of Wholesale

Banking fees in fiscal 2023, up nearly 10 percentage points in last four years.

We continued to maintain leadership position across products with market share of ~31% in IMPS, 20% in the Bharat Bill Payment ecosystem and 11% in foreign LC. During the year, we won MeitY's DigiDhan Award for on-boarding the highest number of billers on BBPS for the third consecutive year. We also improved our positioning in NEFT from 4th to 2nd rank with market share of 11% in fiscal 2023.

Made Strong Progress Towards Becoming Best in Class Digital Wholesale Bank

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The efforts put in by teams across Wholesale Banking products, Digital Banking and IT over the last two years to launch innovative banking and beyond **NEO** propositions have been widely acknowledged by the Industry. During the year, the Bank received multiple external recognitions including the 'Best BFSI Customer Experience award' for **NEO** API Banking Suite and the 'Best BFSI MSME Support award' for **NEO** Connect at the prestigious Dun & Bradstreet BFSI & Fintech Summit 2023. Project **NEO** also won the Asset Triple A Digital Award and ET BFSI Excellence Award for Customer Engagement Initiative of the year. In fiscal 2024, we expect significant uptick in customer adoption and subsequent monetisation of this platform.

We continue to maintain rigour around risk management and have now expanded ESG risk coverage in credit appraisal under our ESG Policy for Lending that has been in place since fiscal 2016. We are also

incrementally scaling down exposure to carbon-intensive sectors in our wholesale lending portfolio. As part of our efforts to drive positive climate action and achieve the Sustainable Development Goals, we have committed to incremental financing of ₹30,000 crores under Wholesale Banking to sectors with positive social and environmental outcomes by fiscal 2026.

Benign Credit Environment and Improvement in Pricing to Support Broad Based Credit Growth

The corporates have de-levered significantly in the last seven years and the corporate cash flows continue to remain strong. While the banking system has not lent to corporates in a meaningful way over the last 3 to 5 years, I believe the new credit growth cycle has just started. The overall capacity utilisation in manufacturing sector has now exceeded the long-term averages and there is strong demand from companies across sizes and sectors.

We witnessed better pricing environment in the large corporate segment towards the second half of the year. The rising yields on corporate bonds, and higher interest and hedging costs on External Commercial Borrowing (ECB) too played a part in relatively higher banking sector credit to industry. The pricing environment remains quite conducive at this point for banking industry to be able to continue to support credit growth across sectors and industries.

The corporates have consolidated their banking relationships with top 5-6 banks in the last few years and we at Axis Bank continue to be at the table for all the large deals. I remain bullish on our ability to push pedal on growth in this segment.










Warm Regards,

Rajiv Anand
Deputy Managing Director

Leading with One Axis

One Axis leads to an enriched customer experience as it brings together our entire gamut of financial products and services under one umbrella. The One Axis Ecosystem is now a key driver in the robust performance of our subsidiaries.

One Axis

Asset Management 75%  One of the fastest growing MF player	Invest Banking & Inst Equities 100%  Leadership position in ECM deals segment	Consumer Focused NBFC 100%  AAA rated NBFC with diversified product offerings	Retail Brokerage 100%  3 rd largest Bank led brokerage firm	Trustee 100%  Amongst the leading trustees in India
Fintech Platform 100%  One of the major fintech players in India	TReDS Platform 67%  Leading player on TReDS platform	Insurance 12.99%  4 th largest private insurance company (Co-promoter)	Retirement Solution 47.27%  5 th rank in terms of subscriber addition since inception	

The aforementioned numbers represent the stake in respective group entities



Axis Finance Ltd

Through Axis Finance, our AAA rated diversified NBFC arm, we provide wholesale and retail lending solutions to corporate and retail customers across geographies and businesses. Axis Finance is one of India's most rapidly growing NBFCs, with a 43% CAGR in AUMs (Assets Under Management) from fiscal 2020 to fiscal 2023. This can be attributed to our strong operational and risk management practices, supported by the dependable technology infrastructure and has consistently achieved exceptional operating metrics and returns.

Axis Finance has been investing in building a strong customer-focused franchise. The focus of our wholesale business continues to be well-rated companies and cash flow-backed transactions.

Key initiatives in fiscal 2023

- Re-branded our wholesale and emerging market business into corporate banking vertical
- Achieved automation across all key areas reducing TAT significantly
- 19 new centres in last two years for long-term sustainability of corporate loan book

Performance in fiscal 2023

67%
Growth in Retail loan book y-o-y

19%
Growth in Wholesale loan book y-o-y

17%
Return on Equity

30%
Growth in PAT to ₹475 crores y-o-y

20.5%
CRAR



Axis Capital Ltd

Axis Capital is one of India's leading financial experts, providing customised solutions in investment banking and institutional equities. Using technology and our relationship-building power, we are committed to establishing a world-class franchise. Axis Capital has received consistent recognition as one of India's best investment banks over the last two decades.

Axis Capital completed 18 ECM transactions in fiscal 2023, including 11 IPOs, 2 QIPs, 2 OFS and 1 Rights Issue. Marquee transactions included Biggest ever IPO in Indian capital markets, M&A transaction involving two of the biggest financial institutions in India, among others.

Key initiatives in fiscal 2023

- Strengthened investment banking coverage to include Specialty Chemicals, REIT and InvITs
- Closed 42 IB transactions
- Maintained market leadership in Equity Capital Market with a 12% market share
- Commercial launch of Structured Credit AIF. The targeted fund size is ₹2,000 crores (including ₹1,000 crores of Green Shoe Option)

Performance in fiscal 2023

1st
Rank in Equity Capital Market (ECM)*

12%
Investment banking market share

17%
Growth in Equity business trading (revenue) in F&O segment

₹142 crores
PAT in fiscal 2023

*Source: Prime database; includes IPO, FPO, QIP, REIT, OFS and rights



Axis Asset Management Company Ltd

Axis AMC provides risk managed investment solutions to both retail and institutional investors across listed/unlisted equity, debt and real estate. We have a robust long-term performance track record, and we strive to emerge as the most-admired asset manager. Through One Axis, the AMC's partners have collaborated with the Bank to offer products like fixed deposits and credit cards.

Key initiatives in fiscal 2023

- Strengthened its offering in alternative asset space by launching first of its kind commercial real estate fund in collaboration with Tishman Speyer
- Future Ready with strong digital assets including B2C app and website and 24*7 AI/ML based NLP chatbot to provide anytime service and engagement to customers
- Expanded geographical reach with 18% of its AAUMs from B30 locations

Performance in fiscal 2023

12.9 million Client folios
16% Growth in PAT to ₹415 crores y-o-y

6% AAUM** market share

63% of overall AUM consists of Equity & Hybrid funds

Overall QAAUM* (₹ crores)

Fiscal 2019	89,720
Fiscal 2023	241,415

28% ↑
4 year CAGR

Equity QAAUM* (₹ crores)

Fiscal 2019	44,486
Fiscal 2023	137,074

32% ↑
4 year CAGR

*Quarterly Average Assets Under Management

**Average Assets Under Management

One Axis in Action



Axis Securities Ltd

Axis Securities is a full-service retail brokerage focused on building an advisory model to acquire customers. We have deployed robust technology infrastructure and digital capabilities to deliver holistic solutions to our customers by leveraging One Axis environment. Investing consistently in product and service enhancements for an optimal customer experience is a top priority for us.

Key initiatives in fiscal 2023

- Increase penetration among Burgundy and Burgundy Private customers for better Average Revenue Per Users (ARPU) and profitability
- Exclusive products for premium customers to provide whole bouquet of investment products
- Developed multiple innovative product offerings across equities, commodities and advisory to scale up growth

Total customer base (million)

Fiscal 2019	2.10
Fiscal 2023	4.86

23% 
4 year CAGR

Performance in fiscal 2023

28%
Growth in customer acquisitions y-o-y

51%
Clients traded through Axis Direct mobile app

59%
Share of mobile trading in total volume

₹203 crores
PAT for fiscal 2023



Freecharge Payment Technologies Private Ltd

Freecharge has launched multiple new-age products targeted towards digitally native customers and merchants. It continues to evolve into a complete digital financial services platform, covering all verticals including savings, lending, investments, payments and insurance.

Key initiatives in fiscal 2023

- Quadrupled the volume of co-branded credit card along with growth in transaction value
- Launched unsecured personal loans of upto ₹60,000 to its customers in partnership with Axis Bank
- Freecharge launched a new age Payment aggregator, SPG, the next generation to its current checkout platform

Performance in fiscal 2023

2.5x
Growth in overall gross merchandising value

4x
Growth in no. of cards issued

2.7x
Growth in number of merchant transactions



A.TReDS Ltd

Invoicemart, India's largest Trade Receivables Discounting System (TReDS) platform, is set up to resolve the credit challenges faced by MSMEs. TReDS is an electronic platform that allows a transparent and online trading of receivables. It is a digital marketplace which connects Buyers (CPSEs, State PSUs, Corporates) and

MSMEs to an active pool of financiers, by way of a bidding process, thereby unlocking working capital for Buyers and their MSME suppliers, in a transparent and efficient manner.

Since its launch, the platform has scaled exponentially with the registration of more than 19,300+ MSME sellers, 1,300+ buyers and 56 financiers which is highest on any TReDS platform.

Progress so far (Jul-17 to Mar-23)

~₹55,600 crores
Throughput

~₹16.3 lakhs
Invoices discounted

~20,671
Participants on-board



Axis Trustee Services Ltd

Axis Trustee Services is registered with SEBI and has been successfully handling various trusteeship activities, including debenture trustee, security trustee, security agent, lenders' agent, trustee for securitisation and escrow agent, among others.



Max Life Insurance

Axis Group has a 12.99% share in Max Life Insurance, the fourth largest private insurance company.



Axis Pension Fund Management (PFM) Ltd

Axis PFM commenced its operations effective October 21, 2022, to manage pension funds for investors across all retirement product categories and provide the best retirement solutions to customers. Since then, it has steadily gained total number of subscribers as well as total 'AUM'. Despite being the last among three new entrants, PFM has shown remarkable performance for NPS (National Pension Scheme).

₹191 crores
AUM

12,500+
Subscribers

What's New?

Capitalising on the One Axis approach, Axis Bank became the fastest private Pension Fund to cross ₹100 crores of AUM after being incorporated in fiscal 2023.

Building Future-ready Banking



We remain committed to our transformation programme and we believe that our continued focus on the GPS strategy will enable us to achieve sustained, consistent performance across business lines, while delivering exceptional customer experience.

Subrat Mohanty

Group Executive – Banking Operations & Transformation

Dear Shareholders,

In fiscal 2023, we continued our efforts in-line with our GPS (Growth, Profitability and Sustainability) strategy that aims to make the Bank an all-weather franchise, that keeps customers at its core and remains ahead of the curve when it comes to technology. This, we believe will make our Bank resilient and future-ready. Towards this aim, we invested heavily in technology, while leveraging data and enabling our people with the right tools to serve our customers better. Some of our areas of focus include building digital capabilities, improving the technology framework, leveraging advanced analytics, enhancing customer experience, increasing 'premiumisation' of the franchise, and working to become a corporate citizen admired by our stakeholders.

I would like to share with you illustrative details on what we are doing across focus areas to translate our strategy into tangible transformation.

Building Digital Capabilities

Our digital strategy is focused on reimagining propositions for our retail and wholesale customers, along with empowering employees to effectively engage with them.

On the retail front, Digital continues to be an important acquisition and servicing engine for the Bank with a share of over 94% in individual financial transactions, 67% of term deposits and 81% credit cards issued through digital/phygital modes. We achieved these outcomes through our initiatives driving digital-first products and hyper-personalisation. We are also leveraging the tech stacks of agritech and fintech companies to serve the retail customer in Bharat.

On the wholesale front, Project **NEO** reflects our ambition to build India's #1 digital corporate Bank. We have made large investments into this project that has begun to show early impact.

On the employee front, we have created 'Siddhi', the super app that empowers Axis employees to engage seamlessly with customers. All the capabilities required by employees are being built into Siddhi and progressively rolled out to customer-facing employees across the Bank. So far, Siddhi has led to ~15% additional leads generated per day with >35% higher lead conversions.

Improving the Technology Framework

With respect to enhancing the technology framework, our key priorities have been to achieve faster time to market, to widely adopt Agile/DevSecOps, and to invest in the right team with the right talent.

In order to improve our speed to market, we launched a wide range of API banking solutions for our retail and corporate customers/partners.



Our API suite now has over 400 APIs out of which 285+ are retail banking APIs.

We are leaders among our peers to take the cloud-first approach and 75+ applications have already been implemented on cloud. The DevSecOps Build Farm for Axis is capable of handling multi-cloud CI/CD (continuous integration and continuous deployment) and agile is being embedded into the culture of the Bank.

Lastly, one cannot have a strong technology backbone without appropriate investments in technology talent. In line with this, we have 1,750+ people dedicated to our technology agenda of which 390+ form the inhouse Digital Banking team.

Leveraging Advanced Analytics

We have been leveraging our strong data analytics capabilities across business functions for not only improving cross-sell, customer experience, risk management and collections, but also in fraud detection, operational optimisation, and budgeting.

So far, 150+ use cases have been deployed across credit, fraud and marketing analytics on our cloud decisioning platform. We have built best-in-class personalisation capability (10K+ nudge variants live) and scaled up our customer-centric franchise through 100+ alternate data features. These capabilities have enabled us to achieve 79% of the sourcing in new cards and 100% portfolio exposure increase through a data-driven strategy.

We have also initiated work to scale up universal underwriting using alternate data, data science and technology for ETB (Existing to Bank), NTB (New to Bank) as well as KTB (Known to Bank) segments.

Enhancing Customer Experience

We began the Sparsh journey with the aspiration to be 'India's most customer-obsessed Bank, ranked #1 on NPS'.

To govern this journey, we set up a 'Sparsh Board', with nine senior leaders empowered to make the aspiration a reality. We have also been developing our 91K+ strong staff as 'delight advocates' and have been creating a common understanding of customer obsession and a way of life through rituals. As part of this programme, one of the things we introduced for our customers is the Axis Promise, a 'unique to banking' express service guarantee.

We are confident that our journey is in the right direction with the last year seeing us get more customers as promoters, resulting in upto 33 points improvement in our Retail NPS.

Increasing 'Premiumisation' of the Franchise

Increasing 'premiumisation' has been core to our strategy and we have taken a major step in that direction by acquiring Citibank's Consumer Businesses in India.

The acquisition has strengthened Axis Bank's market position with a high-quality credit card portfolio of 2.0 million cards in force, addition of aggregate deposits of ₹413 billion of which 75% is CASA as on March 2023 and access to a large Wealth & Private Banking franchise.

We have also retained a key talent pool of ~3,200 Citi consumer employees trained in global best practices, and an experienced leadership with deep domain expertise. We expect our customers to experience the value of this integration with newer, innovative products and world-class customer practices.

Working to Become a Corporate Citizen Admired by Our Stakeholders

Axis Bank aims to be a corporate citizen that is universally admired and our ESG programme is key to realising this objective. We have made steady progress in establishing an ESG culture at the Bank and aspire to be an ESG leader, both, in India and globally.

To achieve this, we have established leadership-driven ESG governance through building ownership at the business level, ESG oversight at the leadership level and making ESG as part of the Board level agenda. And with these efforts, our ESG performance continues to get recognition. We are among top 10 constituents of MSCI India ESG Leaders Index and S&P BSE 100 ESG Index. We also featured among FTSE4Good Index constituent for the 6th consecutive year in 2022 and the Nifty100 ESG Sector Leaders Index.

As an organisation, we remain committed to consciously managing the environmental footprint of our operations and adopting practices that maximise resource efficiencies and deliver greater customer satisfaction.

We remain committed to our transformation programme, and we believe that our continued focus on the GPS strategy will enable us to achieve sustained, consistent performance across business lines, while delivering exceptional customer experience.

Warm Regards,

Subrat Mohanty

Group Executive – Banking Operations & Transformation

Safeguarding the Future

We are **'dil se open'** to creating a positive difference in the lives of our stakeholders, driven by our genuine concern for their well-being and progress. Our purpose statement, 'Banking that leads to a more inclusive and equitable economy, thriving communities, and a healthier planet,' serves as our compass in all our Environmental, Social, and Governance (ESG) endeavours. As trailblazers in India's banking sector, we took the pioneering step of establishing an ESG committee of the Board in fiscal 2022. Today, we are steadfastly expanding our efforts by embedding ESG principles throughout our organisation, aligned to the United Nations Sustainable Development Goals (UN SDGs) and India's climate targets.

Leadership-driven ESG Governance





The Progress Against Our Goals

ESG-aligned commitments	Progress in fiscal 2023	Aspirations for fiscal 2024
<p>E Incremental financing of ₹30,000 crores under Wholesale Banking to sectors with positive social and environmental outcomes, by fiscal 2026</p> <p>S</p>	Achieved incremental exposure of ₹20,400 crores cumulatively as of March 2023	Continue the current pace of incremental exposure towards the final target
<p>E Making 5% of its retail two-wheeler loan portfolio as electric by fiscal 2024</p>	Achieved EV penetration of 2.5% in overall retail two-wheeler loan portfolio as of March 2023	Achieve targeted penetration of 5% by March 2024
<p>S Incremental disbursement of ₹10,000 crores by fiscal 2024 under Asha Home Loans for affordable housing, increasing share of women borrowers from 13.9% to 16.9%</p>	<p>Achieved cumulative disbursement of ₹7,970 crores as at March 2023</p> <p>Share of women borrowers reached over 18% as of March 2023</p>	Achieve incremental disbursement of ₹10,000 crores by March 2024
<p>E Scaling down exposure to carbon-intensive sectors</p>	Glide path up till 2030 finalised and being tracked internally by the ESG Committee of the Board	Continue on the internal glide path
<p>G Reaching 30% female representation in workforce by fiscal 2027</p>	Overall diversity at 26% as of March 2023	Achieve 27% overall diversity
<p>E Planting 2 million trees by fiscal 2027 across India towards contributing to creating a carbon sink</p>	0.83 million saplings planted as of March 2023 across 5 states	Plant 1.5 million saplings cumulatively by March 2024

E Environment **S** Social **G** Governance

UN SDGs aligned



ESG Recognition

Steady Performance on Global ESG Benchmarks

S&P Global

Above 80th percentile among global banks on Dow Jones Sustainability Index in 2022



6th Consecutive year on FTSE4Good Index in 2022



MSCI ESG Ratings at A in 2022



CDP Score at C in 2022

Enabling an Inclusive and Sustainable Transition

We are committed to supporting India's transition towards a more inclusive and sustainable economy. Through our collaborative approach, we work towards developing solutions that cater to the diverse needs of the society. We are confident that we can play a pivotal role in fostering growth and building a secure future.

Our lending and financing efforts focus on scaling our corporate and retail lending towards sectors aligned to the SDGs and positive climate action, and our bouquet of products and services under Bharat Banking that touch each and every aspect of the rural economy. Towards our commitment taken in August 2021 of achieving incremental financing of ₹30,000 crores towards sustainable sectors by 2026, we achieved incremental exposure of ₹20,400 crores as at March 2023.





Bharat Banking

We have deep reach in India's rural areas through branches and partnerships and work with both

retail and corporate customers providing best-in-class products, services and advisory in a seamless digital manner.

Read more about Bharat Banking on [pg 26](#)

Axis Sahyog

We launched Axis Sahyog – the retail microfinance programme in 2013 - with an aim to empower millions of families in underbanked geographies across India. This programme is driven by our Microfinance vertical under Bharat Banking.

1,000+
Branches

2.2 million
Women borrowers
under microfinance

24
States and UTs

58%
Loan disbursement
growth y-o-y

MSME Focus

MSME financing is critical to India's success. MSMEs account for 30% of India's GDP, 45% of exports and 45% of workforce. However, as per TransUnion

CIBIL and Parliamentary standing committee report, MSMEs' credit requirement is ₹50 trillion and credit gap is a whopping ₹20-25 trillion. We have developed an extensive suite of products to address

customer needs in the segment. Our one Axis approach and digitisation is helping us help MSMEs.

Project Sankalp

Sankalp is our digitally enabled relationship management and customer connect for driving increasing business effectiveness in the MSME segment. With automated pre-filled credit notes, system-generated sanction

letter, and automated account opening form, it reduces time in pre-screening and for sanctions and disbursements thus providing ease of operations to customer. We are able to reach and help more clients due to the

digitisation. Our SBB Sankalp project will further improve efficiencies and deliver superior TATs by re-imagining and digitising underwriting systems and loan disbursals.

16%
Reduction in loan processing TAT

24%
Increase in client interactions

38%
Growth in new asset addition y-o-y

Revolutionising Customer Experience Through Tech

We are making great strides towards becoming India's leading tech bank. Our expertise in data analytics and technology, coupled with our proprietary skills and focused approach, enables us to develop innovative solutions that cater to the diverse needs of our customer. We are committed to delivering an unparalleled digital experience.

We have leveraged high-end data analytics, optimised omnichannel experiences and adopted resilience and cybersecurity as our top priorities to help preserve and strengthen our customer connect.

Increased Digital Use

Digital penetration across several product lines is now at a substantial high and is only expected to grow going forward.

Deposits

70%

Savings Accounts sourced through Tab Banking

24%

Video KYC-enabled savings accounts

67%

Fixed Deposits sourced digitally

Investments

98%

New PPF accounts sourced digitally

Advances

55%

Personal loans sourced digitally

70%

Credit Card lifecycle products (e.g. EMI, Insta Loan) sourced digitally

81%

Credit Cards issued through end-to-end digital and phygital means

45%

End to end digital lending in overall unsecured business loans disbursements





Axis 2.0 – A Digital Bank Within the Bank

With over 20 products available across liabilities, loans, investment products, insurance, forex, etc., Axis 2.0 accounts for between 15% to 85% of all sales for these products. The overall liability book grew by about 45% and loan book by 53% in fiscal 2023, with CASA growing 92% and TDs growing 89%.

Please refer to pg **14** for more details.

Project NEO – Aspiring to be India's #1 Wholesale Bank

Project **NEO** offers a multi-product, multi-channel linkage both internally and with customers via the CIB platform. It is the best-in-the-industry corporate API developer portal with 95+ live open banking APIs across TxB products with B2B enablement. **NEO** Banking offers Axis **NEO** Connect, which is industry's first plug and play solution for seamless ERP integration.

Our self-intuitive developer portal helps clients to integrate and independently manage and is fully

equipped with automated processes, dedicated implementation, and onboarding support, as well as a chatbot for quick query resolution. Additionally, users can access the developer forum to share ideas and discuss topics.

We have partnered with leading fintechs to offer connected banking experience. Within a short span, we have 1,000+ corporates on our Axis API developer portal. We endeavour to offer our services across the full spectrum of corporate use cases.

Use of Analytics

Hyper-personalisation

Our wide array of digital-first products reinforces hyper-personalisation and offers a simplified end-to-end journey with the objective of delivering a satisfying experience at every stage of the customer lifecycle. Hyper-personalisation is a key initiative where we would drive personalised product and service nudges to customers. Big data & analytics is at the heart of this initiative. 110+ campaigns live with personalised offer, message and channel of communication with 10%+ lift in business outcomes in these campaigns personalisation.

10,000+ Nudges
4 crore Customers

2,500+ Features

Use of Alternate Data

We are getting future-ready with the use of alternate data. For Bharat Banking, we leverage satellite data. In addition to traditional data like bank and tax statements, we employ alternate data like spends and deliveries on our partner sites including Flipkart, alternate scores like Telecom, Satellite farmland info available to us through our 'Connect and Grow' initiative. Risk

models are leveraged heavily in running multiple pre-approved/ pre-qualified lending programmes with alternate data assets (e.g. satellite information) to continuously enhance our underwriting capabilities.

1.5X more
Predictive than CIBIL scores

Enhancing Customer Experience

In fiscal 2023, we kept up our commitment to investing in new products and services that leverage digital, allowing us to achieve momentum in our growth.

- New lending journeys for Auto Loan, Small Business Loan and Gold Loan
- Remittance journeys for equity investments
- Redesigned journeys for Bill Pay, UPI and FD
- Enhanced mobile banking experience
- Migration of customers to a new internet banking platform
- Expansion of our Branch of the future module, enabling servicing for our customers
- Launch of our best-in-class developer portal and expansion of our API suite
- Hyper-personalisation of customer experience on the mobile app

Sustainable Communities. Promising Future.

Our '**Open**' philosophy drives our strategy to create lasting impact in communities. We strive for sustainable business growth that benefits stakeholders and brings about positive change for the communities we operate in.

Our CSR efforts are focused on making a meaningful impact in society and protecting India's natural environment under the key themes of Lives and Livelihoods, Education, Financial Literacy and Financial Inclusion, and Environmental Sustainability. Our programmes aim to reach the most marginalised or remote communities, including India's Aspirational Districts and India's North-east.

Breaking Barriers through Education

The Bank's efforts in Education encompass a wide spectrum ranging from primary education in India's remotest corners to supporting cutting edge research and pedagogy in

India's most prestigious institutions of higher education.

Our flagship Axis Dil Se programme now supports education and capacity building and training in five of the eight North-east states, also further strengthening the socio-economic

integration of the region with the rest of the country. We are supporting scientific research and participation of women in STEM in prominent institutions such as the Indian Institute of Science, Bengaluru and Ashoka University.

Axis Dil Se – Connecting Remote Communities

Since 2017, Axis Dil Se, our flagship programme in education, has been supporting education initiatives in some of India's most remote corners such as Ladakh and the North-east, as well as in India's deep interiors such as Odapada in Odisha.

Programme	Partner	Aim	Beneficiaries
Axis Dil Se Manipur	Sunbird Trust	Supporting the expansion of physical infrastructure, pedagogy and capacity building of the Lyzon Friendship School situated on the India-Myanmar border	Over 400 students from the region's tribal and rural communities
Axis Dil Se Sikkim	17,000 ft Foundation	Transforming 50 government primary schools across rural Sikkim with digital education interventions, teacher capacity building, and physical infrastructure	Over 1,800 primary school students
Axis Dil Se Odisha	Tata Steel Foundation	Supporting equitable and quality school education across the Odapada block, Dhenkanal district in Odisha	Over 350 children, including school drop-outs, received age-appropriate learning with bridge courses
Axis Dil Se Army Centres of Excellence	NIEDO and Assam Rifles	Establishing centres of excellence for free residential coaching and mentoring for underprivileged youth from the North-east for competitive exams	Over 90 students across 3 centres of excellence in Manipur, Nagaland and Arunachal Pradesh

Financial Inclusion for an Equitable society

As a financial institution, supporting India's socio-economic progress has been one of our most important organisational imperatives. Through focused interventions under the theme of Financial Inclusion and Financial Literacy, we are supporting millions of Indians from the bottom of the

pyramid become financially secure and more confident about their livelihoods and future. Our Financial Literacy programme, driven by Bharat Banking, touches over a million women annually across India.

1.2 million
Women participants

24
States





Axis Evolve - Building capacity within India's MSME sector

evolve

Knowledge Series for MSMEs

~2,000

Participants

19

Cities

Axis Bank Centre for Mathematics and Computing, IISc

During the year, we entered into a strategic partnership with the Indian Institute of Science, Bengaluru, to promote cutting-edge research in applied mathematics and computing that cuts across all branches of science and engineering and develop the skilled human resources who shall be India's champions of the future in this space.

The Sustainable Livelihood Program support

Implemented by Axis Bank Foundation, the Sustainable Livelihood Program aims to strengthen and stabilise rural communities' livelihoods. The programme, set to support 2 million families by 2026, operates nationwide. It specifically focuses on establishing stable livelihoods for rural communities by offering opportunities for small farmers, the landless and youth in rural and semi-urban areas to improve their incomes through agriculture, agri-allied work, natural resource management, livestock and skill development. The programme's vision is to create resilient communities with self-sustaining ecosystems managed by the beneficiaries themselves. To achieve this, various entities such as NGO partners, government departments and community institutions are involved in designing and implementing initiatives that align with the specific requirements and aspirations of each community.

Impact of Sustainable Livelihood Program

1.3 million

Households reached

26

States

220

Districts

15,606

Villages

440

Blocks

Protecting India's Natural Environment

We remain committed to supporting the protection and restoration of India's natural environment and its rich biodiversity. In 2021, we committed ourselves to planting 2 million trees across India by 2027, towards contributing to India's carbon sink. Our interventions are also supporting the restoration of natural habitats, coastal mangroves, and strengthening of buffers of national parks and reserves in various parts of the country.



What's New?

Axis Bank is working with tribal communities in Majuli, India's only island district, in Assam to strengthen their resilience towards the annual floods in the Brahmaputra river that drown large parts of the island during the monsoons, affecting thousands of people each year.

Our Commitment to a Greener Tomorrow

As an institution, we recognise the clear and present need for collective action against climate change and are committed to supporting India's climate commitments and actions. We are adopting initiatives that will lower our carbon footprint for a greener tomorrow.

Lowering our Operational Carbon Footprint

We remain committed to reducing carbon emissions from our business operations. To achieve this, we are implementing various initiatives that prioritise the digitalisation of our systems and processes, lowering energy demand at all physical locations and increasing our utilisation of renewable energy sources. We have set a target to decrease the emissions intensity from our Scope 1 and Scope 2 emissions (per FTE) by 5% y-o-y.

7.05 MW

In-house solar power generation capacity

~3,000 tonnes of CO₂ saved annually

Through Centralised Energy Management System at 600 branches

~9,750 tonnes of CO₂ avoided at **200** rural branches through adoption of grid converter





1st and only Indian Bank to achieve the IGBC Platinum certification for Green Existing Building Operations and maintenance, for Axis House, Mumbai.

We are committed to adopting green practices at all our new offices and branches.

EV charging stations provided for employees and customers at our offices in Mumbai and Noida.



Axis House

Axis House, our corporate headquarters in Mumbai, is a certified Platinum Green Building by the Indian Green Building Council (IGBC), that incorporates the latest technologies and solutions towards improving the building's energy, water and waste management as well as improving its internal ambience for the safety and comfort of its occupants.

Notably, Axis House runs entirely on renewable energy. It has solar rooftop installations with the remaining energy demand met through green power procured directly from the grid.

The building deploys several energy efficiency measures that help reduce its energy consumption and thus the associated carbon emissions. Some of such measures include fully LED light fittings and motion sensors at workstations and common areas. The building also provides EV charging stations for our employees and customers.

The building has a centralised and robust waste management system to segregate, collect, transport and recycle different categories of waste generated, wherein portion of its

dry waste is recycled into usable stationery items and all wet waste is converted into compost for use within the premises. All e-waste from the building is handled by certified e-waste handlers.

We have also invested in making Axis House a water-efficient facility and have taken several steps to minimise consumption and increase recycling, such as use of aerator taps and sensors to optimise water flow at washrooms. Axis House recycles 150 KL of water daily through its sewage treatment plant and harvests close to 2,000 KL of rain water annually for the building's use.

What's New?

Our three largest offices, in Mumbai and in Bengaluru are running on 100% renewable energy.

Through Digital Banking initiatives at branches, we have avoided the use of over 1 million sheets of paper in a single month.

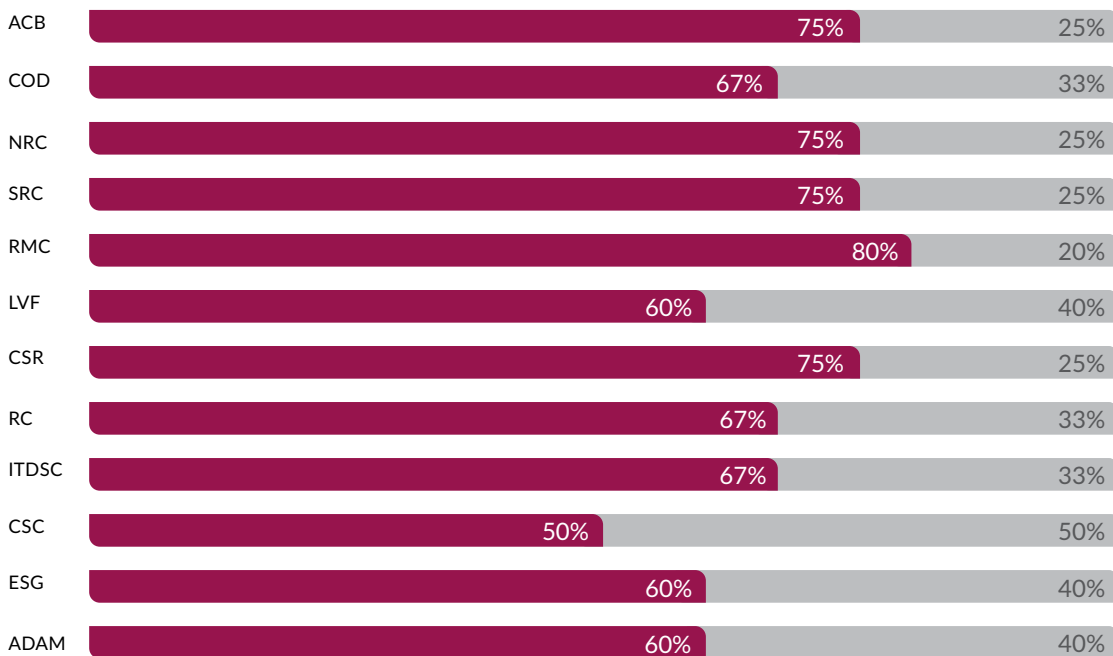
Fostering Stronger Corporate Governance

Leading by Example

We are taking our governance model to the next level by going beyond mere compliance and enabling an atmosphere that encourages collective success. We focus heavily on building a strong corporate governance structure that ensures all stakeholders' expectations are met and helps us envision the impact of our organisation beyond its customers, products, and services.

Independence in Committee Composition as of March 31, 2023

We ensure a high level of independence in the composition of our Board Committees.



■ Independent Directors ■ Non-Independent Directors

Name of the committees
Audit Committee of the Board (ACB)
Committee of Directors (COD)
Nomination and Remuneration Committee (NRC)
Stakeholders Relationship Committee (SRC)
Risk Management Committee (RMC)
Special Committee of the Board of Directors for Monitoring of Large Value Frauds (LVF)

Name of the committees
Corporate Social Responsibility Committee (CSR)
Review Committee (RC)
IT and Digital Strategy Committee (ITDSC)
Customer Service Committee (CSC)
Environmental, Social and Governance Committee (ESG)
Acquisitions, Divestments and Mergers Committee (ADAM)



We have taken proactive steps to develop a robust culture of compliance and ethics in the Bank. We have implemented policies and frameworks such as Anti-Bribery and Corruption Policy, Conflict-of-Interest Policy, Whistleblower Policy and Gifts Policy. We have focused programmes and training sessions covering areas such as Anti-Bribery, Anti-Corruption and Anti-Money Laundering to highlight our commitment to zero tolerance. Our Code of Conduct Policy and training programmes encourage employees to uphold values of customer centricity, team work, ownership, transparency and ethics.

Code of Conduct

Our Code of Conduct and Ethics Policy aims to improve the compliance culture within the organisation. The Code of Conduct and Ethics Policy outlines the accepted standards of behaviour for all employees at our Bank, ensuring that everyone takes the right course of action in their roles. During induction, all employees are expected to read and sign the policy document. Additionally, each year, employees have to read the Code and submit a declaration statement to HR confirming the same.

Conflict of Interest Policy

We have implemented a Conflict of Interest Policy which aims to identify, prevent and manage conflict of interest between employees and other stakeholders such as customers, vendors and business partners of the Bank. As a general rule, our employees are advised to avoid conducting Bank's business with any relative of the employee. The employees are expected to act in the best interest of the Bank and refrain from engaging in transaction(s) where a conflict of

interest exists and are also encouraged to report instances of conflict of interest that may become aware of.

Whistleblower Policy

We follow an open and transparent framework which encourages all stakeholders to report protected disclosures of any suspected or actual illegal, unethical or inappropriate actions, behaviours or practices without fear of retaliation or harassment of any kind. The Bank's Whistleblower Committee can be contacted for an anonymous complaint which contains specific and verifiable information with respect to any such misdemeanours committed by any Bank personnel.

Staff Accountability

We have implemented a framework which makes employees liable for violations of Bank's policies such as the Code of Conduct and Ethics Policy, Prevention and Sexual Harassment Policy, Conflict of Interest Policy, Anti-Bribery and Corruption Policy. The level of severity of the offence is determined by the respective Committees and penalties commensurate with the offence committed are levied on erring Bank personnel.

Information Technology and Cybersecurity

We have in place a holistic Information and Cybersecurity Programme, supported by the Information Security Policy, Cybersecurity Policy and standards based on industry best practices, with compliance to regulatory guidelines and in alignment to regulatory directives on information and cybersecurity.

No customer was affected due to any data breach. There are no fines/penalties paid in relation to information security breaches or other cybersecurity incident.

Customer Privacy and Data Security

We have enhanced our customer privacy trust framework based on preparedness for emerging regulations such as the Data Protection Bill in India. Our Privacy Policy was updated in 2021 and includes key aspects of data privacy and security in our privacy framework.

Human Rights Policy

We are dedicated to complying with internationally accepted human rights principles and standards, as well as implementing appropriate control measures to prevent any human right violations in our activities. We are guided by the Human Rights Policy framed with references from key global human rights frameworks and principles of the UN (United Nations), ILO (International Labor Organisation) and OECD (Organisation for Economic Cooperation and Development).

Mitigating Risks. Ensuring Stability.

We have implemented a robust Comprehensive Risk Management Framework to enhance our ability to identify and mitigate risks. Our Board serves as the highest governing body responsible for overseeing all aspects of risk management, and they are supported by an independent risk function.

Risk Governance Framework

At the apex of our three-tier risk governance framework is the Board and its Committees governing risk management. The Risk Management Department (RMD), headed by the Chief Risk Officer (CRO), takes responsibility for implementing and driving the policies, procedures, and frameworks approved by RM and executive risk committees of the Bank. In accordance with the RBI guidelines, the roles and responsibilities of the CRO are approved by the Board. The CRO reports to the MD & CEO of the Bank. Further, RMD has no business targets, it participates in major decision-making forums, and is empowered to form its independent views.



Risk Management Approach

The risk management processes are guided by well-defined policies appropriate for various risk categories, independent risk oversight, and periodic monitoring through the sub-committees of the Board of Directors. Our risk management approach is underpinned by four pillars, namely:



Risk philosophy

Our Bank's risk philosophy states that risk management is the collective responsibility of all employees. When making decisions, regulatory compliance and reputation should be factored in, as compliance is non-negotiable and safeguarding reputation has equal weight in protecting financial losses.



Risk appetite

It is ensured through Risk Appetite statement that business decisions are in line within approved risk dimensions. Risk policies are approved by the Board and then cascaded for action by business departments. Executive Committees lay down specific instructions around business decisions to address risk issues. New Product/Process or review of the same are vetted by Risk Department.



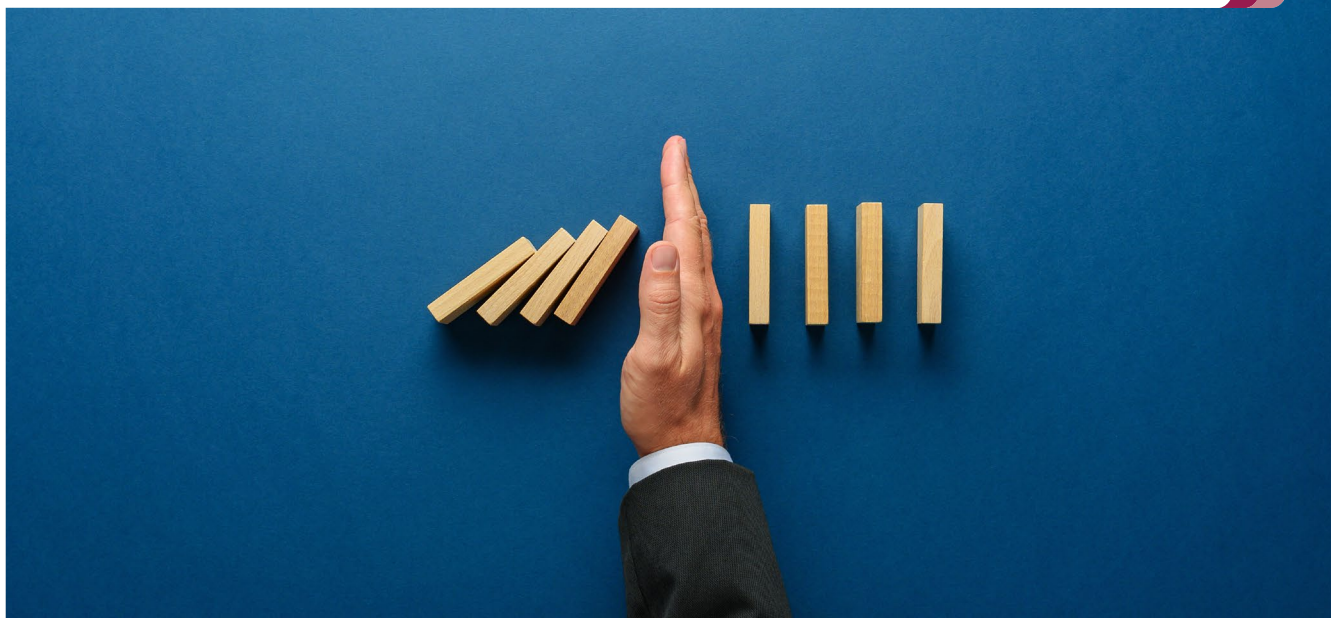
Risk identification and mitigation

RMD, as part of its role, identifies risks and uncertainties that are faced by the Bank as and when they emerge. Material risks within these are covered in the various reporting frameworks of the RMD vis-à-vis the Board and the RMC, including the ICAAP and quarterly Risk Dashboards. RMD participates in risk mitigation at strategic, policy, and operational levels and works collaboratively with business teams to build consensus and ensure ownership of risk in the first line of defence (LOD).



Risk culture

We have adopted a two-pronged approach for embedding a robust Risk & Compliance Culture across all the verticals and levels in the Bank. At the governance level, the Board of Directors and Senior Management act as the anchor points of the Risk & Compliance Culture, while, at the operational level, the Compliance Department and RMD drive the culture across the Bank. This is being reinforced through an accountability and responsibility framework and cascade of values across the Bank.



Key Material Risks

- **Credit risk** comprises traditional default, recovery, and concentration risks as well as emerging risks like country, digital, and fraud risk.
- **Trading risk** is largely an interest rate risk from participation in government securities, derivatives, and bond markets.
- **Interest rate risk** in the banking book is due to mismatch between the interest rate exposures of its assets and liabilities.
- **Liquidity risk** includes risk under stress as covered by the LCR regulations, structural liquidity, and concentration risk.
- **Operational risk** results from inadequate processes/systems and human factors. Emerging areas include outsourcing, fraud, continuity, data privacy, and legal risks.

At a Bank level, key material risks include strategy and business, compliance, regulatory and reputation risks.

Integrated Approach to Managing Risk

Under our risk management approach, the RMD works closely with business and operations units in the 1st LOD (Line of Defence), compliance and finance functions in the 2nd LOD and internal audit in the 3rd LOD to bring together a 360-degree view of the risks.

One example of this approach is the Risk Appetite of the Bank.

Risk Appetite refers to the level and type of risk that the bank is willing to accept in pursuit of its business objective. We have a Risk Appetite Statement (RAS) which articulates the Bank's stance on select risks and cascades them to the operational units i.e., be translated into limits coherently.

RMD monitors and reports adherence to RAS limits to the respective reporting/approving authorities as part of its role as the 2nd LOD.

Citi Consumer Business Acquisition: Project Myrtle

Axis Bank, with the Citi Consumer Business acquisition, expanded not only the scope and scale of business but also the complexity. The acquisition posed some key risks, including the need to integrate systems for customer experience, credit monitoring, and regulatory reporting, maintain our credit standards, and integrate employees. To manage these risks, we created an Integration Management Office (IMO) that managed numerous areas of integration—policies, processes, systems, data, etc. Teams were assigned to each workstream and they took on full ownership of the integration.

Leading the Way to Success

With their expertise and leadership, our Board plays a vital role in shaping policies, risk management strategies, and long-term vision. Committed to upholding the highest standards of corporate governance, the Board fosters transparency, accountability, and ethical practices, enabling us to thrive in the dynamic banking industry.



Rakesh Makhija

Independent Director &
Part-Time Chairman



Amitabh Chaudhry

Managing Director & CEO



Rajiv Anand

Deputy Managing Director



Girish Paranjpe

Independent Director



Prof. S. Mahendra Dev

Independent Director



Meena Ganesh

Independent Director



G. Padmanabhan

Independent Director



Ketaki Bhagwati

Independent Director



Manoj Kohli

Independent Director



P. N. Prasad

Independent Director



CH. S. S. Mallikarjunarao

Independent Director



T. C. Suseel Kumar

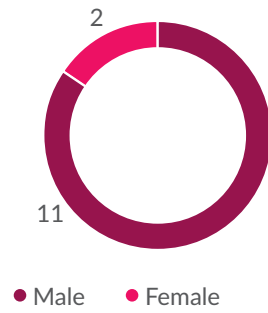
Non-Executive
(Nominee) Director



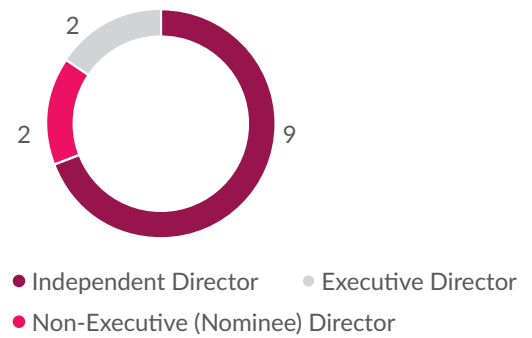
Ashish Kotecha

Non-Executive
(Nominee) Director

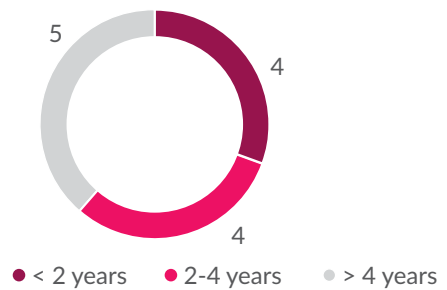
Board Gender Diversity



Board Composition



Average Tenure of Directors on the Board



As at March 31, 2023

Core Management Team

Delivering Excellence with Expertise

Our core management team has a proven track record of success. Under their leadership, we have grown to become one of the top-ranked banks in the country for its financial performance, customer service, and corporate governance. The team is focused on building a strong and sustainable business that will benefit all our stakeholders.

Arjun Chowdhry

Group Executive – Affluent Banking, NRI, Cards & Payments

Ganesh Sankaran

Group Executive – Wholesale Banking Coverage Group

Munish Sharda

Group Executive – Bharat Banking

Neeraj Gambhir

Group Executive – Treasury & Markets and Wholesale Banking Products

Prashant Joshi

Group Executive & Chief Credit Officer

Puneet Sharma

Group Executive & Chief Financial Officer

Ravi Narayanan

Group Executive – Retail Liabilities and Branch Banking

Subrat Mohanty

Group Executive – Banking Operations and Transformation

Sumit Bali

Group Executive – Retail Lending & Payments

Amit Talgeri

President & Chief Risk Officer

Anil Agarwal

President – Financial Institutions Group

Arnika Dixit

President – Branch Banking

Arvind Singla

President – Retail Operations

Avinash Raghavendra

President – Information Technology

Balaji N

President – Business Intelligence Unit

Bimal Bhattacharyya

President & Chief Compliance Officer

Damini Marwah

President – Legal

Rajkamal Vempati

President – Human Resources

Reynold D'souza

President – Liability Sales

Rohit Ranjan

President – LAP & Affordable Home Loans

Sameer Shetty

President – Digital Business and Transformation

Sangram Singh

President – Commercial Banking Group

Sanjay Silas

President – International Banking

Sanjeev Moghe

President – Cards

Satheesh Krishnamurthy

President – Affluent Products, NRI & Private Banking

Vineet Agrawal

President & Chief Audit Executive

Vivek Gupta

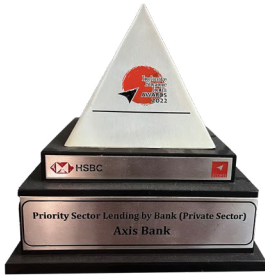
President – Wholesale Banking Products

Sandeep Poddar

Company Secretary



Milestone Moments



Inclusive Finance India Award for Priority Sector Lending by Banks (Private Sector)



Global Private Banking Innovation Awards at The Digital Banker for Outstanding Marketing Campaign by a Private Bank



ETBFSI Best Brands Award for Best BFSI Brand



Global Private Banking Innovation Awards at The Digital Banker for Outstanding Digital Marketing Campaign by a Private Bank



The Asian Banker Financial Technology Innovation Awards for Best CRM Implementation



The Asian Banker Risk Management Awards for Best Enterprise Risk Management



RedHat APAC Innovation Award for India for Digital Transformation and Cloud Native Development



BT KPMG Best Bank Award

Board's Report

Dear Members,

Your Board of Directors (Board) are pleased to present the 29th Annual Report of Axis Bank Limited (Bank) together with the audited financial statements for fiscal 2023.

Financial performance and state of the Bank's affairs

The highlights of the standalone financial performance for the fiscal year under review, are presented below:

Particulars	(₹ in crores)		
	2022-23	2021-22	Growth
Balance sheet:			
Deposits	946,945	821,972	15%
Savings bank deposits	297,416	242,449	23%
Current account deposits	149,120	127,557	17%
Term deposits	500,409	451,966	11%
Advances	845,303	707,947	19%
Retail advances	487,571	400,142	22%
Non-retail advances	357,732	307,805	16%
Total assets / liabilities	1,317,326	1,175,429	12%
Profit & loss account:			
Net interest income	42,946	33,132	30%
Other income	16,501	15,221	8%
Fee income	16,216	13,001	25%
Trading profit ¹	(242)	1,627	-
Miscellaneous income	527	593	(11%)
Operating expenses	27,398	23,611	16%
Operating profit	32,049	24,742	30%
Provisions and contingencies (other than tax)	2,653	7,360	(64%)
Profit before exceptional items and tax	29,396	17,382	69%
Exceptional items ²	12,490	-	-
Profit after exceptions items, but before tax	16,906	17,283	(3%)
Provision for tax	7,326	4,357	68%
Net profit	9,580	13,025	(26%)
Balance in profit and loss account brought forward from previous fiscal year	38,100	29,985	-
Amount available for appropriation	47,680	43,010	-
Appropriations			
Transfer to statutory reserve	2,395	3,256	-
Transfer to capital reserve	68	441	-
Transfer to / (from) investment reserve	(149)	149	-
Transfer to special reserve	841	609	-
Transfer to investment fluctuation reserve	73	455	-
Dividend paid	307	-	-
Surplus carried over to balance sheet	44,145	38,100	-

¹ Excluding merchant exchange profit

² Exceptional items comprise (i) full amortization of Intangibles and Goodwill amounting to ₹11,949 crores; (ii) impact of policy harmonisation of operating expenses and provisions amounting to ₹361 crores; and (iii) one-time acquisition related expenses amounting to ₹179 crores; on account of acquisition of Citibank India consumer business. Bank has fully charged to the profit and loss account all the exceptional items in fiscal 2023. The cumulative impact of all the exceptional items on Bank's profit and loss account (net of taxes) is ₹12,353 crores (Refer note 18.1 of standalone and consolidated financial statements)



Key performance indicators

Key performance indicators	2022-23	2021-22
Interest income as a % of working funds ¹	7.09	6.26
Non-interest income as a % of working funds ¹	1.37	1.41
Net interest margin (%)	4.02	3.47
Return on average net worth (%) ²	18.38	12.91
Operating profit as a % of working funds ^{1,2}	2.67	2.30
Return on average assets (%) ²	1.82	1.21
Profit per employee ³ (₹ in lacs)	10.94	15.54
Business (Deposits less inter-bank deposits + advances) per employee ³ (₹ in crores)	20.00	17.92
Net non-performing assets as a % of net customer assets ⁴	0.39	0.73

¹ Working funds represent average total assets

² Excluding exceptional items

³ Productivity ratios are based on average number of employees for the fiscal year

⁴ Customer assets include advances and credit substitutes

Previous fiscal year's figures have been re-grouped wherever necessary.

Financial performance of the group

Subsidiaries of the Bank continued to deliver steady performance. The domestic subsidiaries, collectively, reported a net profit of ₹ 1,304 crores in fiscal 2023. This translates into a return on investment of ~ 50%. Consolidated profit of the group (excluding exceptional items) for fiscal 2023 stood at ₹ 23,172 crores, growing 64% year-on-year. Consolidated return on equity (excluding exceptional items) for fiscal 2023 stood at 18.84%, up 517 bps year-on-year, with subsidiaries contributing 46 bps.

Acquisition of Citibank's India consumer business

The Bank has acquired on a going concern basis, the business assets and business liabilities of Citibank's India consumer business from Citibank N. A. (acting through its branch in India) (CBNA) and the NBFC consumer business from Citicorp Finance (India) Limited (CFIL) collectively referred to as Citibank India consumer business, effective beginning of day 1 March, 2023 (referred to as legal day one) without values being assigned to individual assets and liabilities.

The transaction comprises the sale of the consumer businesses of Citibank India, which includes loans, credit cards, wealth management, commercial vehicle, construction equipment loans and retail banking operations. The acquisition provides the Bank with access to a premium customer segment, is a good strategic fit and is completely aligned with Axis Bank's GPS (Growth, Profitability & Sustainability) strategy. The Bank has gained access to the large, affluent and profitable customer franchise of Citibank, which aligns well with its premiumisation strategy.

The Board extends a warm 'Dil Se' welcome to the employees and customers of Citibank who have joined the Axis family and acknowledges their support during the transition period.

Dividend

In accordance with Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations), the Bank has formulated and adopted a dividend distribution policy, which was reviewed by the Board. The policy is available on the website of the Bank at <https://www.axisbank.com/docs/default-source/quarterly-reports/dividend-distribution-policy-of-the-bank.pdf>.

In view of the overall performance of the Bank and while retaining capital to support future growth, the Board at its meeting held on 27 April, 2023, recommended a final dividend of ₹ 1/- per equity share of ₹ 2/- each fully paid-up, subject to the approval of members at the ensuing 29th Annual General Meeting (AGM). The record date for payment of dividend is mentioned in the notice of the ensuing 29th AGM of the Bank.

In terms of Accounting Standard (AS) - 4 'contingencies and events occurring after the balance sheet date' as notified by the Ministry of Corporate Affairs (MCA) under Section 133 of the Companies Act, 2013 (Act) read together with the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Rules, 2021, such proposed dividend has not been recognised as a liability as on 31 March, 2023. Further, shares issued on exercise of stock options after 31 March, 2023 till record date will also be eligible for such proposed dividend.

In terms of the Income Tax Act, 1961, the dividend income is taxable in the hands of the members. Therefore, the dividend will be paid to the members after deduction of applicable tax, if any.

Board's Report

Capital structure

Share capital

During fiscal 2023, the Bank issued and allotted 7,104,176 equity shares of ₹ 2/- each, fully paid-up, pursuant to exercise of stock options by the whole-time directors / employees of the Bank and of its subsidiary companies, under the Bank's employee stock option scheme 2000-01 (ESOS).

Consequent to the above, the total issued and paid-up equity share capital of the Bank increased by ₹ 1.42 crores to ₹ 615.37 crores as on 31 March, 2023, as compared to ₹ 613.95 crores, as on 31 March, 2022. The equity shares issued under the ESOS rank *pari-passu* with the existing equity shares of the Bank.

Apart from the above, the Bank did not raise any additional equity share capital during the fiscal year.

Debt instruments

During fiscal 2023, in order to strengthen its capital adequacy and to enhance its long-term resources, the Bank issued and allotted 12,000 unsecured, rated listed subordinated taxable redeemable Basel III compliant tier II non-convertible debentures (Series 30) of face value of ₹ 1 crore each, aggregating to ₹ 12,000 crores, on a private placement basis. The Audit Committee of the Board (ACB) at its meeting held on 23 January, 2023, had reviewed and confirmed that the Bank had utilized the said funds for the above-mentioned purposes only.

Capital adequacy ratio

The Bank's overall Capital Adequacy Ratio (CAR) under Basel III stood at 17.64% at the end of fiscal 2023, well above the benchmark requirement of 11.50% stipulated by the RBI. Of this, the common equity tier I (CET I) CAR was 14.02% (against minimum regulatory requirement of 8.00%) and tier I CAR was 14.57% (against minimum regulatory requirement of 9.50%). As on 31 March, 2023, the Bank's tier II CAR under Basel III stood at 3.07%.

Ratings of various debt instruments

The details of credit ratings obtained by the Bank along with any revisions thereto, if any, during fiscal 2023, for all the debt instruments outstanding as on 31 March, 2023, are provided in the report on corporate governance, forming part of this annual report.

Reclassification to "public" category from "promoter" category

The Administrator of the Specified Undertaking of the Unit Trust of India (SUUTI), one of the promoters of the Bank, vide its letter dated 27 March, 2023 has withdrawn the nomination of its nominee director from the Board of the Bank. SUUTI has also surrendered its right to appoint one nominee director on the Board, requested the Bank (i) to make appropriate amendments to the Articles of Association of the Bank (AOA) and (ii) to exit SUUTI from "promoter" category and reclassify it to "public" category. Accordingly, the Board on 27 March, 2023 noted the aforesaid letters and approved the amendment to the Bank's AOA, limited to cancellation of nomination rights of SUUTI and other consequential changes thereupon, subject to the approval of the members of the Bank and Reserve Bank of India (RBI). The members of the Bank *vide* postal ballot on 28 April, 2023 have approved the amendment to the AOA of the Bank. The approval of RBI on amendment to the AOA is awaited, as on the date of this report.

Further, the Board at its meeting held on 28 April, 2023 has approved the request of SUUTI for reclassification, subject to approval of the stock exchanges. Since SUUTI does not hold any equity shares in the Bank, the provisions of Regulation 31A(3)(a)(iii) of the SEBI Listing Regulations with respect to approval of the members are not applicable. The application to the stock exchanges will be made within the prescribed timelines.

Deposits

Being a banking company, the disclosures relating to deposits as required under Rule 8(5)(v) & (vi) of the Companies (Accounts) Rules, 2014, read with Sections 73 and 74 of the Act, are not applicable to the Bank.

Change in the nature of business

During fiscal 2023, there has been no change in the nature of business of the Bank.

Material changes and commitments affecting the financial position of the Bank

There were no material changes and commitments affecting the financial position of the Bank, between the end of the fiscal year of the Bank to which the financial statements relate and up to the date of this report.



Subsidiaries, joint ventures and associates

As on 31 March, 2023, the Bank has nine unlisted subsidiary companies, two step down subsidiary companies and one associate company:

Sr. no.	Name of the subsidiary/ associate company	Subsidiary/ associate	Business activity	% of shares held by the group
1.	Axis Asset Management Company Limited	Subsidiary	Managing investment portfolios of the scheme(s) launched by Axis Mutual Fund, Axis Alternative Investment Fund- category II & III and portfolios under portfolio management services.	75%
2.	Axis Mutual Fund Trustee Limited	Subsidiary	Trustee for the mutual fund business.	75%
3.	Axis Capital Limited	Subsidiary	Business of intermediation such as investment banking, capital market advisory, private equity advisory, M&A advisory and institutional equities.	100%
4.	Axis Finance Limited	Subsidiary	Non-banking financial company (NBFC) offering loans to corporates, MSME's and retail customers.	100%
5.	Axis Securities Limited	Subsidiary	Retail broking services.	100%
6.	A. Treds Limited	Subsidiary	Facilitating financing of trade receivables.	67%
7.	Axis Trustee Services Limited	Subsidiary	Trusteeship activities and agency & administration services.	100%
8.	Freecharge Payment Technologies Private Limited	Subsidiary	Merchant acquiring services, payment aggregation services, payment support services, and business correspondent to a bank / financial institution, distribution of mutual funds.	100%
9.	Axis Bank UK Limited	Subsidiary	Banking activities in the United Kingdom.	100%
10.	Axis Capital USA, LLC,	Step down subsidiary	Services relating to equity capital market, stock broking to institutional investors in USA.	100% (held by Axis Capital Limited)
11.	Axis Pension Fund Management Limited (Incorporated on 17 May, 2022)	Step down subsidiary	Pension fund management business under the national pension system.	47.27%
12.	Max Life Insurance Company Limited	Associate	Life insurance and long-term saving and protection products.	12.99%

As on 31 March, 2023, the Bank did not have any joint venture company.

The financial position and performance of each of the Bank's subsidiary companies is given in the management discussion & analysis report, which forms part of this annual report.

Consolidated financial statements

In accordance with the provisions of Section 129(3) of the Act, read with Rule 8 of the Companies (Accounts) Rules, 2014, as amended, the Bank has prepared consolidated financial statements, which forms part of this annual report. The statement in form AOC-1 containing the salient features of the financial statements of the subsidiary companies and associate company of the Bank, also forms part of this annual report.

In accordance with the third proviso to Section 136(1) of the Act, the annual report of the Bank, containing standalone financial statements and the consolidated financial statements and all other documents required to be attached thereto are available on the website of the Bank at <https://www.axisbank.com/shareholders-corner/shareholders-information/annual-reports>.

Further, in accordance with the fourth proviso to the said section, the audited financial statements of each of the said subsidiary companies of the Bank are available on the website of the Bank at <https://www.axisbank.com/shareholders-corner/shareholders-information/annual-reports>. The said financial statements will be available for inspection by the members of the Bank and trustees of debenture holders at the registered office of the Bank during business hours on all working days except Saturdays, Sundays, bank holidays and national holidays. Any member interested in obtaining a physical copy of the said financial statements can send an email to the company secretary of the Bank on shareholders@axisbank.com.

Board's Report

Particulars of loans, guarantees and investments

Pursuant to Section 186(11) of the Act, the provisions of Section 186 of the Act, except sub-section (1), do not apply to a loan made, guarantee given or security provided by a banking company in the ordinary course of its business.

The particulars of investments made by the Bank are disclosed in schedule 8 of the financial statements as per the applicable provisions of the Banking Regulation Act, 1949.

Corporate governance

The Bank is committed to achieving and adhering to the highest standards of corporate governance and it constantly benchmarks itself with global best practices, in this regard.

The corporate governance framework of the Bank incorporates all the mandatory requirements as prescribed in the SEBI Listing Regulations. The Bank has also adopted the non-mandatory requirements as recommended in the SEBI Listing Regulations, as detailed in the report on corporate governance.

The report on corporate governance for fiscal 2023 along with general shareholder information forms part of this annual report. M. P. Chitale & Co., Chartered Accountants (ICAI firm registration no. 101851W), joint statutory auditor of the Bank has issued a certificate confirming the compliance with the provisions of Corporate Governance by the Bank for the year ended 31 March, 2023, as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46 (2) and paragraphs C, D and E of Schedule V to the SEBI Listing Regulations, and the same is attached along with the report on corporate governance.

Management's discussion and analysis report

The management's discussion and analysis report as stipulated under Regulation 34(2)(e) of the SEBI Listing Regulations, forms part of this annual report.

Board of directors

Appointment / re-appointment of directors

During fiscal 2023, pursuant to the recommendation of the Nomination and Remuneration Committee of Directors (NRC), the Board appointed / re-appointed the following directors:

1. Manoj Kohli was appointed as an Independent Director of the Bank on 17 June, 2022, for a period of four years with effect from 17 June, 2022 upto 16 June, 2026 (both days inclusive). The said appointment was approved by the members of the Bank at the 28th AGM held on 29 July, 2022.
2. P. N. Prasad was appointed as an Independent Director of the Bank on 20 October, 2022, for a period of four years with effect from 20 October, 2022 upto 19 October, 2026 (both days inclusive). The said appointment was approved by the members of the Bank *vide* postal ballot on 16 January, 2023.
3. CH SS Mallikarjunarao was appointed as an Independent Director of the Bank on 24 January, 2023, for a period of four years with effect from 1 February, 2023 upto 31 January, 2027 (both days inclusive). The said appointment was approved by the members of the Bank *vide* postal ballot on 28 April, 2023.

Manoj Kohli, P. N. Prasad and CH SS Mallikarjunarao are not liable to retire by rotation.

The Board has formed an opinion that Manoj Kohli, P. N. Prasad and CH SS Mallikarjunarao have the integrity, expertise and requisite experience, which is beneficial to the business interest of the Bank. Further, they are in compliance with provisions of the Companies (Appointment and Qualification of Directors) Rules, 2014, with respect to enrolling their name in the online databank of independent directors and qualifying the online proficiency self-assessment test for independent directors.

Ashish Kotecha, Non-Executive (Nominee Director) of the Bank, is liable to retire at ensuing AGM, and being eligible seeks re-appointment. Based on performance evaluation and recommendation of the NRC, the Board recommends his re-appointment to the members of the Bank.

The Board at its meeting held on 28 April, 2023, has appointed Subrat Mohanty as an Executive Director of the Bank with effect from (i) 1 May, 2023 or (ii) the date of approval of his appointment by RBI, whichever is later. His appointment is for a period of three years from the effective date of his appointment and is subject to approval of the members of the Bank and RBI. Subrat Mohanty would be liable to retire by rotation.

Resolutions in respect of re-appointment of Ashish Kotecha and appointment of Subrat Mohanty, have been included in the notice convening the 29th AGM of the Bank.



RBI vide its letter dated 24 June, 2022 has approved the re-appointment of Rajiv Anand as the Deputy Managing Director of the Bank, for a further period of three years, with effect from 4 August, 2022 up to 3 August, 2025 (both days inclusive). Further, RBI vide its letter dated 12 July, 2022 has approved the re-appointment of Rakesh Makhija as Non-Executive (Part-Time) Chairman of the Bank, with effect from 18 July, 2022 up to 26 October, 2023 (both days inclusive).

Resignation / retirement of directors

1. S. Vishvanathan ceased to be an Independent Director of the Bank, with effect from the close of business hours on 10 February, 2023, upon completion of the maximum permissible tenure of eight continuous years, in terms of the provisions of Section 10A(2A) of the Banking Regulation Act, 1949.
2. Vasantha Govindan, ceased to be Non-Executive (Nominee Director) of the Bank with effect from 27 March, 2023, upon withdrawal of her nomination by SUUTI.

The Board acknowledges the invaluable contributions rendered by S. Vishvanathan and Vasantha Govindan during their tenure as directors and places on record its deep appreciation for their guidance as members of the Board.

Key managerial personnel

Amitabh Chaudhry, Managing Director & CEO, Rajiv Anand, Deputy Managing Director, Puneet Sharma, Group Executive & Chief Financial Officer and Sandeep Poddar, Senior Vice President II & Company Secretary are the key managerial personnel of the Bank, in terms of Section 203(1) read with Section 2(51) of the Act and Rule 8 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

There has been no change in the key managerial personnel of the Bank during the fiscal year under review.

Selection and appointment of directors

The selection and appointment of directors of the Bank is done in accordance with the applicable provisions of the Act, rules made thereunder, the Banking Regulation Act, 1949, the guidelines issued by the RBI and the relevant provisions of the SEBI Listing Regulations. The Bank has formulated and adopted various policies with respect to selection and appointment of directors i.e. succession planning policy for the Board and key officials of the Bank, policy on fit and proper criteria for directors of the Bank, Board diversity policy and policy on training of directors, the details of which are provided in report on corporate governance, which forms part of this annual report.

Declaration of independence

All the independent directors of the Bank have confirmed that they meet the criteria prescribed for independence under the provisions of Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI Listing Regulations.

The Board has assessed the veracity of the confirmations submitted by the independent directors and thereafter has taken the same on record.

In the opinion of the Board, all the independent directors are independent of the management.

Board performance evaluation

The Act and the SEBI Listing Regulations relating to corporate governance provides for evaluation of the performance of the Board, its committees, individual directors and the chairperson of a company.

The Bank has institutionalised the board performance evaluation process. The NRC is the nodal agency for conducting the said performance evaluation. The NRC annually reviews and approves the criteria and the mechanism for carrying out the exercise effectively.

The methodology used for the annual board performance evaluation, the outcome, progress made over last fiscal year and the proposed actions for implementation during fiscal 2024, are provided in the report on corporate governance, which forms part of this annual report.

Directors' responsibility statement

In terms of Section 134(3)(c) of the Act, the directors hereby state that:

- a) the applicable accounting standards have been followed in the preparation of the annual accounts for the fiscal 2023.
- b) accounting policies have been selected and applied consistently, and judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Bank as at 31 March, 2023 and of the profit of the Bank for the fiscal year ended on that date.

Board's Report

- c) proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Bank and for preventing and detecting fraud and other irregularities.
- d) the annual accounts have been prepared on a going concern basis.
- e) adequate internal financial controls for the Bank to follow, have been laid down and these are operating effectively.
- f) proper and adequate systems have been devised to ensure compliance with the provisions of all applicable laws and these systems are operating effectively.

Meetings of the Board / committees

The schedule in respect of the meetings of the Board / committees, to be held during the next fiscal year is circulated in advance to all the members of the Board.

During fiscal 2023, nine meetings of the Board were held. Details of board meetings is provided in the report on corporate governance, which forms part of this annual report.

Audit Committee of Board

The composition, role and functions of ACB, is provided in the report on corporate governance, which forms part of this annual report.

During fiscal 2023, the Board has accepted all the recommendations made by the ACB.

Related party transactions

During fiscal 2023, all the related party transactions were entered into in the ordinary course of the business of the Bank and on an arm's length basis. Accordingly, during the fiscal year, no transaction falling under the scope of Section 188(1) of the Act was entered into. Hence, form AOC-2 is not applicable to the Bank.

The details of related party transactions are provided in the note number 4.5 of schedule 18 to the standalone financial statements and in the note number 3.8 of schedule 18 to the consolidated financial statements.

Whistle blower policy and vigil mechanism

The Bank has formulated and adopted a whistle blower policy and vigil mechanism, details of which have been provided in the report on corporate governance, which forms part of this annual report.

Maintenance of cost records

Being a banking company, provisions of Section 148(1) of the Act, relating to maintenance of cost records is not applicable to the Bank.

Adequacy of internal financial controls related to financial statements

The Bank has put in place adequate internal financial controls with reference to its financial statements. These controls ensure the accuracy and completeness of the accounting records and the preparation of reliable financial statements.

Plan and status of Ind AS implementation

The RBI had issued a circular in February 2016 requiring banks to implement Indian accounting standards (Ind AS) and prepare standalone and consolidated Ind AS financial statements with effect from 1 April, 2018. Banks were also required to report the comparative financial statements for fiscal 2018, to be published along with the financial statement for the fiscal year beginning 1 April, 2018. However, the RBI in its press release issued on 5 April, 2018 deferred the applicability of Ind AS by one year (i.e. 1 April, 2019) for scheduled commercial banks. Further, RBI in a circular issued on 22 March, 2019 has deferred the implementation of Ind AS till further notice.

During fiscal 2017, the Bank had undertaken a preliminary diagnostic analysis of the GAAP differences between Indian GAAP vis-a-vis Ind AS. The Bank has also identified and evaluated data gaps, processes and system changes required to implement Ind AS. The Bank is in the process of implementing necessary changes in its IT systems wherever required and other processes in a phased manner. The Bank is also submitting proforma Ind AS financial statements to RBI on a half-yearly basis.

In line with the RBI guidelines on Ind AS implementation, the Bank has constituted a Steering Committee comprising members from the concerned functional areas, headed by the Deputy Managing Director of the Bank. A progress report on the status of Ind AS implementation in the Bank is presented to the ACB and the Board on a quarterly basis.



Remuneration policy

The Bank has formulated and adopted a remuneration policy for its non-executive chairman and non-executive directors and a remuneration policy for its managing director & CEO, whole-time directors, material risk takers, control function staff and other employees (policies), in terms of the relevant provisions of Section 178 of the Act, the relevant rules made thereunder, the SEBI Listing Regulations and guidelines/circulars issued by the RBI.

The details of the said policies have been provided in the report on corporate governance, which forms part of this annual report. The said policies are available on the website of the Bank at <https://www.axisbank.com/shareholders-corner/corporate-governance> in terms of the SEBI Listing Regulations.

Share based employee benefits

Axis Bank employee stock option scheme, 2000-01

The Bank has formulated and adopted Axis Bank employee stock option scheme, 2000-01 (ESOS) for the eligible employees of the Bank and that of its subsidiary companies, in terms of the regulations / guidelines issued by the Securities and Exchange Board of India (SEBI).

The members of the Bank *vide* postal ballot on 16 January, 2023 have approved certain amendment to ESOS in order to extend the benefits of ESOS to all eligible employees of the present / future associate companies. These amendments are not prejudicial to the interests of the employees.

Axis Bank employees stock unit scheme, 2022

In order to act as a retention mechanism, usher in an 'owner-manager' culture, align the interest of the key executives / employees with that of the members in driving long-term value creation for the Bank, achieve greater synergy between the Bank and its subsidiary and associate companies and enable employees to participate in the long-term growth and the Bank's financial success, the Bank has formulated and adopted Axis Bank employees stock unit scheme, 2022 (ESUS) for eligible employees of the Bank / its subsidiaries and associates in terms of the regulations / guidelines issued by the SEBI, which was approved by the members of the Bank *vide* postal ballot on 16 January, 2023.

The aforesaid ESOS and ESUS are in compliance with the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (SEBI (SBEB and SE) Regulations 2021). A certificate from the secretarial auditor of the Bank that the ESOS and ESUS have been implemented in accordance with the SEBI Regulations and in accordance with the resolutions passed by the members of the Bank, will be placed at the 29th AGM of the Bank.

Disclosure as mandated under the provisions of Regulation 14 of the SEBI (SBEB and SE) Regulations 2021, is available on the website of the Bank at <https://www.axisbank.com/shareholders-corner/corporate-governance/compliance-report>.

Particulars of employees

The information required pursuant to Section 197 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, in respect of directors / employees of the Bank, is attached as **Annexure 1** to this report.

In terms of Section 197(12) of the Act, read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of limits set out in said rules forms part of this annual report.

In accordance with the provisions of Section 136(1) of the Act, the annual report excluding the aforesaid information, is being sent to the members of the Bank and others entitled thereto. The said information is available for inspection by the members at the registered office of the Bank during business hours of the Bank up to the date of the ensuing AGM.

Any member interested in obtaining a copy thereof, may write to the company secretary of the Bank at its registered office or at shareholders@axisbank.com.

Information under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Bank has formulated and adopted a policy on prevention of sexual harassment of women at workplace. The Bank has complied with the provisions relating to the constitution of internal committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The information relating to complaints received and redressed during fiscal 2023 is provided in the report on corporate governance, which forms part of this annual report.

Board's Report

Statutory auditors

M. P. Chitale & Co., Chartered Accountants (ICAI firm registration no. 101851W) and CNK & Associates LLP, Chartered Accountants (ICAI firm registration no. 101961WI / W100036) were appointed as the joint statutory auditors of the Bank at the 27th AGM, to hold office from the conclusion of the 27th AGM until the conclusion of the 30th AGM, on such terms and conditions, including remuneration, as may be approved by the ACB, subject to the approval of the RBI every fiscal year.

In accordance with the RBI guidelines, the Bank has framed a policy on appointment of statutory auditors and has also identified internal set of evaluation criteria for assessing the goodness of fit in terms of experience and eligibility for the audit firms including auditor independence.

There are no qualifications, reservations, adverse remarks or disclaimer made by M. P. Chitale & Co., Chartered Accountants, and CNK & Associates LLP, Chartered Accountants, in the statutory auditors report.

Secretarial auditor

Pursuant to the provisions of Section 204 of the Act and the relevant provisions of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Bank had appointed Bhandari & Associates, company secretaries, as the secretarial auditor of the Bank, for fiscal 2023.

The secretarial audit of the Bank was conducted in respect of the matters prescribed in the said rules and set out in the secretarial audit report, for fiscal 2023, attached as **Annexure 2** to this report. There are no qualifications, reservations, adverse remarks or disclaimers made by the secretarial auditor of the Bank, in its report.

In terms of SEBI circular no CIRICFDICMD1/2712019 dated 8 February, 2019, relating to annual secretarial compliance report, the Bank had appointed Bhandari & Associates, company secretaries, for issuing the aforesaid report for fiscal 2023. The Bank will submit the annual secretarial compliance report to the stock exchanges within the prescribed time.

Certificate from a company secretary in practice

In terms of Regulation 34(3) read with Schedule V of the SEBI Listing Regulations, the Bank has obtained a certificate from Bhandari & Associates, company secretaries, confirming that none of the directors on the Board of the Bank have been debarred or disqualified from being appointed or continuing as directors of the companies either by the SEBI or the MCA or any other statutory/regulatory authorities. The said certificate is attached as **Annexure 3** to this report.

Reporting of frauds by auditors

During fiscal 2023, pursuant to Section 143(12) of the Act, neither the statutory auditors nor the secretarial auditor of the Bank have reported any instances of frauds committed in the Bank by its officers or its employees.

Secretarial standards

The Bank is in compliance with the secretarial standards on meetings of the board of directors (SS-1) and the secretarial standards on general meetings (SS-2) issued by the Institute of Company Secretaries of India (ICSI). The Bank has also voluntarily adopted the recommendatory secretarial standard on dividend (SS-3) and secretarial standard on report of the board of directors (SS-4) issued by the ICSI.

Risk management

Pursuant to Regulation 21 of the SEBI Listing Regulations, the Bank has constituted a Risk Management Committee. The details of the said committee and its terms of reference are set out in the report on corporate governance, which forms part of this annual report.

The Bank has formulated and adopted a robust risk management framework. Whilst the Board is responsible for framing, implementing and monitoring the risk management framework, it has delegated its powers relating to monitoring and reviewing of risks associated with the business of the Bank to the said committee. The details of the risk management framework and issues related thereto have been disclosed in the management's discussion and analysis report, which forms part of this annual report.

Corporate social responsibility

The Bank has been formally undertaking corporate social responsibility (CSR) activities since 2006, through Axis Bank Foundation (ABF). With the introduction of Section 135 of the Act making CSR mandatory, the Bank expanded its spectrum of activities to undertake interventions across India in identified themes, directly, through ABF and through other credible implementation partners.

Pursuant to the provisions of Section 135 of the Act, read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 (CSR Rules), as amended, the Bank has constituted the CSR Committee of the Board.



The Bank has formulated and adopted a CSR policy which provides the focus areas (in accordance with Schedule VII of the Act) under which various developmental initiatives are undertaken.

The composition of the CSR Committee, CSR policy and projects/programs approved by the Board are available on the website of the Bank at <https://www.axisbank.com/csr/social-responsibility>.

The annual report on CSR activities and details of amount spent or unspent by the Bank during fiscal 2023, in accordance with the CSR Rules, is attached as **Annexure 4** to this report.

Business responsibility and sustainability report

In terms of Regulation 34(2)(f) of the SEBI Listing Regulations, top 1,000 listed entities based on their market capitalisation as on 31 March, every fiscal year, were required to submit business responsibility report (BRR), as part of their annual report.

In November 2018, the MCA constituted a committee to revise the national voluntary guidelines (NVG) on which the BRR was based. These guidelines were subsequently revised and released as the national guidelines on responsible business conduct (NGRBC) in 2019. Further, the BRR was aligned to the NGRBC and renamed and released as the business responsibility and sustainability report (BRSR) in 2020.

In terms of Regulation 34(2)(f) of the SEBI Listing Regulations, SEBI, vide its circular dated 10 May, 2021, made BRSR mandatory for the top 1,000 listed companies (by market capitalization) from fiscal 2023, to be submitted as a part of their annual report.

The Bank's BRSR for fiscal 2023 forms part of this annual report.

Significant and material order passed by regulators or courts or tribunals impacting the going concern status and future operations of the Bank

During fiscal 2023, no significant and / or material order was passed by any regulator, court or tribunal against the Bank, which could impact its going concern status or future operations.

Conservation of energy & technology absorption, foreign exchange earnings and outgo

The particulars as prescribed under Section 134(3)(m) of the Act, read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is attached as **Annexure 5** to this report.

Annual return

The annual return in Form MGT-7, as mandated under the provisions of Section 92(3) read with Section 134(3) of the Act, has been uploaded on the website of the Bank and is available at <https://www.axisbank.com/shareholders-corner/shareholders-information/annual-return>.

Acknowledgements and appreciations

The Board places on record its gratitude to the RBI, MCA, SEBI, other statutory and regulatory authorities, financial institutions, stock exchanges, registrar and share transfer agent, debenture trustees, depositories and correspondent banks for their continued support and guidance.

The Board also places on record its appreciation to its valued customers for their continued patronage and to the members of the Bank for their continued support.

The Board also expresses its heartfelt thanks and gratitude to each employee and their families for their continued commitment towards the Bank and its customers, who by demonstrating strong work ethics, professionalism, teamwork and initiatives helped the Bank continue to serve its depositors and customers and reinforce its customer centric image despite the challenging environment.

For and on behalf of the Board of Directors

Place: Mumbai
Date: 28 April, 2023

Rakesh Makhija
Chairman

DISCLOSURE ON REMUNERATION

[Pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

- (i) **The ratio of the remuneration of each director of the Bank to the median remuneration of the employees of the Bank for the fiscal 2023 and the percentage increase in remuneration of each director, chief financial officer, chief executive officer and company secretary or manager, if any, in the fiscal 2023, is as under:**

Name of the directors	Designation	Ratio of remuneration to median remuneration of all employees ⁽²⁾	% increase in the remuneration in the fiscal 2023
Rakesh Makhija	Independent Director and Part-time Chairperson	8.56	N.A.
S. Vishvanathan ⁽³⁾	Independent Director	5.89	N.A.
Ketaki Bhagwati	Independent Director	7.02	N.A.
Girish Paranjpe	Independent Director	8.83	N.A.
T. C. Suseel Kumar	Nominee Director	6.82	N.A.
Meena Ganesh	Independent Director	7.22	N.A.
G. Padmanabhan	Independent Director	5.82	N.A.
Ashish Kotecha	Nominee Director	4.31	N.A.
Vasantha Govindan ⁽⁴⁾	Nominee Director	4.18	N.A.
Prof. S. Mahendra Dev	Independent Director	7.42	N.A.
Manoj Kumar Kohli ⁽⁵⁾	Independent Director	3.36	N.A.
P. N. Prasad ⁽⁶⁾	Independent Director	2.10	N.A.
CH SS Mallikarjunarao ⁽⁷⁾	Independent Director	0.89	N.A.
Amitabh Chaudhry ⁽¹⁾	Managing Director & CEO	101.63	5%
Rajiv Anand ⁽¹⁾	Deputy Managing Director	64.59	14.7%
Puneet Sharma	Chief Financial Officer	-	12.0%
Sandeep Poddar	Company Secretary	-	N.A. ⁽⁹⁾

(1) In case of Managing Director & CEO (MD & CEO) and the Deputy Managing Director (DMD), the Bank has considered the annualised fixed pay for the computation of ratios. Fixed pay includes salary, allowances, retiral benefits as well as value of perquisites as approved by the Reserve Bank of India. Variable pay has been excluded from the same.

(2) All confirmed employees (excluding front line sales force), as on 31 March, 2023 have been considered.

(3) Ceased to be an Independent Director of the Bank, with effect from the close of business hours on 10 February, 2023.

(4) Ceased to be a Nominee Director of the Bank with effect from 27 March, 2023.

(5) Appointed as an Independent Director of the Bank, for a period of four years with effect from 17 June, 2022.

(6) Appointed as an Independent Director of the Bank, for a period of four years with effect from 20 October, 2022.

(7) Appointed as an Independent Director of the Bank, for a period of four years with effect from 1 February, 2023.

(8) All the independent directors and nominee directors of the Bank were paid sitting fees of ₹100,000 for every meeting of the Board, Nomination and Remuneration Committee, Audit Committee of the Board, Committee of Directors, Risk Management Committee and IT & Digital Strategy Committee, attended by them. In respect of other committees of the Board, sitting fees of ₹75,000 was paid to the directors. In accordance with RBI circular dated 26 April, 2021 on 'corporate governance in banks - appointment of directors and constitution of committees of the board', the Bank paid fixed remuneration to its non-executive directors (except the independent part-time chairperson) within the prescribed limit of ₹20 lakh per annum per director.

The independent part-time chairperson was paid a remuneration of ₹3,300,000 during fiscal 2022 and fiscal 2023 as approved by the RBI, in addition to sitting fees and provision of car for official and personal use.

(9) Details are not provided as the key managerial personnel (KMP) was only for part of fiscal 2022 or fiscal 2023.



(ii) The percentage increase in the median remuneration of the employees of the Bank during the fiscal 2023:

The median remuneration of employees of the Bank increased by 7.6% in fiscal 2023, as compared to fiscal 2022.

(iii) The number of permanent employees on the rolls of the Bank as on 31 March, 2023:

The Bank had 91,898 permanent employees on its rolls as on 31 March, 2023.

(iv) Average percentile increase already made in the salaries of employees of the Bank other than its managerial personnel during the last fiscal year and its comparison with the percentile increase in the managerial remuneration (KMPs) and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

Average remuneration increase for non-managerial personnel of the Bank during fiscal 2023 was 9.99%. The average remuneration increase for the managerial personnel (KMPs) of the Bank was 8.85%.

(v) Affirmation that the remuneration is as per the remuneration policy of the Bank:

It is hereby affirmed that the remuneration paid during fiscal 2023, is in accordance with the remuneration policy of the Bank.

SECRETARIAL AUDIT REPORT

FOR THE FISCAL YEAR ENDED 31 MARCH, 2023

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,

AXIS BANK LIMITED

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Axis Bank Limited (CIN: L65110GJ1993PLC020769)** (hereinafter called "the Bank"). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Bank's books, papers, minute books, forms and returns filed and other records maintained by the Bank and also the information provided by the Bank, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Bank has, during the audit period covering the year ended on 31 March, 2023 complied with the statutory provisions listed hereunder and also that the Bank has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Bank for the financial year ended on 31 March, 2023 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment. The Bank does not have any Overseas Direct Investment and External Commercial Borrowings during the financial year.
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act"):-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - d. The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
 - e. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
 - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021#;
 - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018#;
 - i. The Securities and Exchange Board of India (Merchant Bankers) Regulation, 1992;
 - j. The Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994; and
 - k. The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018.

The Regulations or Guidelines, as the case may be were not applicable for the period under review.

The list of acts, laws and regulations specifically applicable to the Bank are given below:

- vi. The Banking Regulation Act, 1949.

We have also examined compliance with the applicable clauses of the following:

- (a) Secretarial Standards issued by the Institute of Company Secretaries of India.
- (b) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ["SEBI Listing Regulations"].

During the period under review, the Bank has complied with the provisions of the act, rules, regulations, guidelines, standards, etc. mentioned above, to the extent applicable.

We further report that –

The Board of Directors of the Bank is duly constituted with proper balance of Executive Directors, Non-Executive and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice was given to all directors at least seven days in advance to schedule the board meetings other than those held at a shorter notice. Agenda and detailed notes on agenda were sent in advance for the meetings, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

During the period under review, decisions were carried through unanimously and no dissenting views were observed, while reviewing the minutes.

We further report that there are adequate systems and processes in the Bank commensurate with the size and operations of the Bank to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, the Bank has undertaken the following events / actions –

1. Members approval was obtained at the 28th Annual General Meeting held on 29 July, 2022 for -
 - enhancement of borrowing limit upto ₹ 2,50,000 crores under section 180(1)(c) of the Act.
 - borrowing / raising of funds denominated in Indian rupees or any other permitted foreign currency, by issue of debt securities on a private placement basis upto an amount of ₹ 35,000 crores in domestic and / or overseas markets within the overall borrowing limits of the Bank.
2. On 13 December, 2022 the Committee of Whole-time Directors of the Bank, approved the allotment of 12000 unsecured, rated, listed, subordinated, taxable, non-convertible, Basel III compliant Tier II bonds (Series – 30) of the face value of ₹ 1 crore each ('Bonds / Debentures') for cash, at par aggregating to ₹ 12,000 crores at a coupon rate of 7.88% p.a. payable annually, on a private placement basis.
3. Members approval was obtained through Postal Ballot on 16 January, 2023 to :
 - increase the limit of maximum number of directors on the board of directors of the Bank at any point of time from the present limit of 15 to 18 directors and consequently substituting the existing clause (1) of Article 89 of the Articles of Association ("AOA") of the Bank.
 - formulate and implement the "Axis Bank Employees Stock Unit Scheme, 2022" ("Scheme, 2022") to create, grant, offer, issue and/or allot from time to time, in one or more tranches, units not exceeding 5,00,00,000 (Five crores) in number in aggregate, to or for benefit of employees as determined to be eligible by the Board, be exercisable into not more than 5,00,00,000 (Five crores) equity shares of face value ₹ 2/- each, representing 1.63% of the paid-up capital of the Bank.
 - create, grant, offer, issue and / or allot from time to time, in one or more tranches, the units under the Scheme, 2022 to or for the benefit of the employees of the subsidiaries and associate companies of the Bank.
 - modify the existing Axis Bank Employees Stock Option Scheme, 2000-01 ("Scheme, 2000-01").
 - create, grant, offer, issue and / or allot from time to time, in one or more tranches, the options under the Scheme, 2000-01, to or for the benefit of the employees of the associate companies of the Bank.

Board's Report

4. On 1 March, 2023, the Bank has completed the acquisition of the Citibank's India Consumer Business from Citibank N.A. (acting through its branch in India) and the NBFC Consumer Business from Citicorp Finance (India) Limited as going concerns, without values being assigned to individual assets and liabilities, and settled the purchase consideration.
5. The Bank had received a request letter for cancellation of right to appoint one nominee director on the Board from Administrator of the Specified Undertaking of the Unit Trust of India ("SUUTI") dated 27 March, 2023. The same was approved by the Board of Directors on 27 March, 2023 and the Bank has issued postal ballot notice dated 27 March, 2023 for seeking approval of shareholders for amendment to AOA for cancellation of nomination rights of SUUTI and other consequential changes thereupon, subject to the approval of the RBI. In the said letter, SUUTI had also requested its re-classification to "Public" category from "Promoter" category, which was approved by the Board of Directors at its meeting held on 28 April, 2023.
6. During the financial year ended 31 March, 2023, the Bank redeemed total bonds / debentures aggregating to ₹ 6,000 crores.
7. The IRDAI vide its order dated 13 October, 2022, had imposed a penalty aggregating to ₹ 2 crores on the Bank for non-compliance with certain directions issued by IRDAI. The penalty had been imposed under section 102(b) of the Insurance Act, 1938.

For **Bhandari & Associates**
Company Secretaries

Firm Registration No: P1981MH043700

S. N. Bhandari
Partner

FCS No: 761; C P No.: 366
UDIN: F000761E000213589

Place: Mumbai
Date: 28 April, 2023

This report is to be read with our letter of even date which is annexed as Annexure 'A' and forms an integral part of this report.



'Annexure A'

To,

The Members,

AXIS BANK LIMITED

CIN: L65110GJ1993PLC020769

Our Secretarial Audit Report for the year ended on 31 March, 2023 of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Bank. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Bank.
4. Where ever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Bank nor of the efficacy or effectiveness with which the management has conducted the affairs of the Bank.

For **Bhandari & Associates**
Company Secretaries

Firm Registration No: P1981MH043700

S. N. Bhandari
Partner

FCS No: 761; C P No.: 366
UDIN: F000761E000213589

Place: Mumbai

Date: 28 April, 2023

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

[Pursuant to Regulation 34(3) and Schedule V Para C Clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,

The Members,

Axis Bank Limited,

Trishul, 3rd Floor,
Opp. Samartheshwar Temple,
Law Garden Ellisbridge,
Ahmedabad – 380 006
Gujarat.

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Axis Bank Limited having Corporate Identity Number (CIN) : L65110GJ1993PLC020769 and having Registered Office at Trishul, 3rd Floor, Opp. Samartheshwar Temple, Law Garden Ellisbridge, Ahmedabad – 380006, Gujarat (hereinafter referred to as 'the Bank'), produced before us by the Bank for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Bank & its officers, we hereby certify that none of the Directors on the Board of the Bank as stated below for the financial year ended on 31 March, 2023 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of appointment in the Bank
1.	Rakesh Makhija	00117692	27.10.2015
2.	Amitabh Chaudhry	00531120	01.01.2019
3.	Ketaki Bhagwati	07367868	19.01.2016
4.	Girish Paranjpe	02172725	02.11.2018
5.	T. C. Suseel Kumar	06453310	01.07.2020
6.	Meena Ganesh	00528252	01.08.2020
7.	G. Padmanabhan	07130908	28.10.2020
8.	Ashish Kotecha	02384614	01.11.2020
9.	Prof. S. Mahendra Dev	06519869	14.06.2021
10.	Manoj Kohli	00162071	17.06.2022
11.	P. N. Prasad	07430506	20.10.2022
12.	CH SS Mallikarjunarao	07667641	01.02.2023
13.	Rajiv Anand	02541753	12.05.2016

Ensuring the eligibility of / for the appointment / continuity of every Director on the Board is the responsibility of the management of the Bank. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Bank nor of the efficiency or effectiveness with which the management has conducted the affairs of the Bank.

For **Bhandari & Associates**
Company Secretaries

S. N. Bhandari
Partner

FCS No: 761; C P No.: 366
ICSI UDIN: 000761E000213633

Place: Mumbai
Date: 28 April, 2023



Annexure 4

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

[As prescribed under Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014]

1. Brief outline on CSR policy of the company:

The Corporate Social Responsibility (CSR) philosophy of the Bank is to make meaningful and measurable contributions in the lives of socially, economically, financially and physically excluded, disadvantaged and challenged communities of the country. The Bank has adopted an integrated approach of development that focuses on creating opportunities for enhancing livelihood opportunities, improving quality of education and skills development, and creating awareness amongst public at large on topics of financial literacy, health and hygiene. The Bank also aims to facilitate access to formal banking channels for un-banked and under-banked sections of the society (financial inclusion), supporting environmental sustainability and conservation, and contributing to improvements in health and nutrition. The Bank's interventions may be implemented either directly, through Axis Bank Foundation (ABF), or other implementation partners, as set out in the annual action plan (AAP), approved by the Board of Directors (Board) of the Bank.

2. Composition of CSR Committee:

Sl. no.	Name of director	Designation/nature of directorship	Number of meetings of CSR Committee held during the fiscal year	Number of meetings of CSR Committee attended during the fiscal year
(i)	Rakesh Makhija, Chairperson	Independent Director	4	4
(ii)	Rajiv Anand	Deputy Managing Director	4	4
(iii)	Meena Ganesh	Independent Director	4	4
(iv)	Prof S. Mahendra Dev ¹	Independent Director	2	2

¹ Appointed as Member with effect from 20 October, 2022.

3. Provide the web-link(s) where composition of CSR Committee, CSR policy and CSR projects approved by the Board are disclosed on the website of the company: <https://www.axisbank.com/csr/social-responsibility>

4. Provide the executive summary along with web-link(s) of impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8, if applicable:

In pursuance of sub-rule (3) of rule 8, impact assessment by a third party was conducted during the year for one project i.e. financial literacy program. A summary of the assessment is provided below, and the assessment has been provided on the Bank's website at <https://www.axisbank.com/csr/social-responsibility>.

The program is aimed at promoting financial literacy and raising awareness about health among economically poor women, through the use of topical videos, with the training programs available to all women in the locality where they are conducted. In fiscal 2021, close to one million women took part in the training sessions. The impact assessment of the project was carried out through an extensive survey conducted between January and February, 2023.

The survey found that 98% of the women participants who had seen the modules on financial literacy under the program remembered having watched it, compared to only 5% of the respondents in the control group who had attended any training program on financial literacy. The video had a positive impact on the participants' attitude, with 88% stating that they thought financial planning, saving and investing are important to meet the long-term goals of their family as compared to 68% of the respondents in the control group. Additionally, 75% of the participants have stated that they track their household incomes and expenditures as compared to 36% of the control group respondents.

A significantly higher proportion of participants at 55% have stated that they have obtained the services of business correspondents (Bank Sakhis) as compared to 35% of the control group respondents. The participants group had 23% of respondents investing in fixed deposits compared to 14% in the control group, and 26% investing in recurring deposits

Board's Report

compared to 14% in the control group. Furthermore, 28% of the participant group invested in long term schemes of insurance companies, while only 2% of the control group did so. 23% of the participant group respondents invested in livestock as compared to 16% in the control group. 12% of the participants group invested in land or gold compared to 1% in the control group.

Among the participants, 74% had some form of health insurance as against 60% among the control group respondents. 48% of the participants had some form of life insurance (apart from credit life insurance) compared to only 24% of the control group respondents. Additionally, 35% of participants had applied for a microenterprise loan as compared to 23% of the control group respondents.

An important observation from both the surveys and the field discussions is that while delivering social messages using video as a medium appears intuitive, it has not been widely used for the purpose of spreading financial literacy. The evidence in this research suggests that good quality videos can indeed be effective for spreading financial literacy.

In addition to the financial literacy video, participants were shown video on covid-19 and sanitation, with 94% participants having a high recall. Additionally, participants had a high recall of messages related to sanitation related to food and cooking.

Overall, the program appears to have been successful in increasing financial literacy and health awareness among women participants.

5. (a) **Average net profit of the company as per sub-section (5) of Section 135:** ₹9,973 crores
- (b) **Two percent of average net profit of the company as per sub-section (5) of Section 135:** ₹199.46 crores
- (c) **Surplus arising out of the CSR projects or programmes or activities of the previous fiscal year:** NIL
- (d) **Amount required to be set-off for the fiscal year, if any:** Not applicable
- (e) **Total CSR obligation for the fiscal year [(b)+(c)-(d)]:** ₹199.46 crores
6. (a) **Amount spent on CSR projects (both ongoing project and other than ongoing project):** ₹171.61 crores
- (b) **Amount spent in administrative overheads:** ₹0.59 crores
- (c) **Amount spent on impact assessment, if applicable:** ₹0.11 crores
- (d) **Total amount spent for the fiscal year [(a)+(b)+(c)]:** ₹172.31 crores
- (e) **CSR amount spent or unspent for the fiscal year:**

Total amount spent for the fiscal year (₹ in crores)	Amount unspent (₹ in crores)				
	Total Amount transferred to unspent CSR account as per sub-section (6) of Section 135		Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of Section 135		
	Amount	Date of transfer	Name of the fund	Amount	Date of transfer
172.31	29.61	19 April, 2023 24 April, 2023	NA	NIL	NA

- (f) **Excess amount for set-off, if any:**

Sl. no.	Particular	Amount (in ₹ crores)
(i)	Two percent of average net profit of the company as per sub-section (5) of Section 135	199.46
(ii)	Total amount spent for the fiscal year	201.92
(iii)	Excess amount spent for the fiscal year [(ii)-(i)]	2.46
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous fiscal year, if any	NIL
(v)	Amount available for set off in succeeding fiscal years [(iii)-(iv)]	2.46



7. Details of unspent CSR amount for the preceding three fiscal years:

Sl. no.	Preceding fiscal years	Amount transferred to unspent CSR account under sub-section (6) of Section 135 (₹ in crores)	Balance amount in unspent CSR account under sub-section (6) of Section 135 (₹ in crores)	Amount spent in the fiscal year (₹ in crores)	Amount transferred to a fund as specified under Schedule VII as per second proviso to sub-section (5) of Section 135, if any		Amount remaining to be spent in succeeding fiscal years (₹ in crores)	Deficiency, if any
					Amount (₹ in crores)	Date of transfer		
(i)	Fiscal 2020	NIL	-	-	-	-	-	-
(ii)	Fiscal 2021	NIL	-	-	-	-	-	-
(iii)	Fiscal 2022	24.88	4.21	20.67	NIL	Not applicable	4.21	NIL

8. Whether any capital assets have been created or acquired through CSR amount spent in the fiscal year:

Yes No

If yes, enter the number of capital assets created / acquired: Not applicable

Furnish the details relating to such asset(s) so created or acquired through CSR amount spent in the fiscal year: Not applicable

9. Specify the reason(s), if the company has failed to spend two percent of the average net profit as per sub-section (5) of Section 135: Not applicable.

Rakesh Makhija
Chairperson – CSR Committee

Amitabh Chaudhry
Managing Director & CEO

Place: Mumbai
Date: 28 April, 2023

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Conservation of energy

(i) The steps taken by the Bank or impact on conservation of energy:

- a) Under green building initiative, Indian Green Building Council (IGBC) conferred silver certification for Axis House, Noida.
- b) Under green building initiatives, IGBC conferred platinum certification for Axis House, Mumbai under green existing building rating system for "energy and operational efficiency".
- c) Electrical vehicle charging facility is available at large buildings i.e. Axis House, Mumbai, Andheri MIDC & Axis House, Noida.
- d) Lithium based battery backup is provided for all new UPS installations and existing replacement.
- e) Inverter based air conditioning machines with green refrigerant gas (R32 / R410A) is provided for all new installations and existing replacements.
- f) Replacement of conventional lights to LED lights is provided in all branches / offices.
- g) Centralized energy management system (CEMS) is operational in 600 branches to monitor and control energy consumption.
- h) Conversion of food / wet waste into manure through compost machine for use in landscaping / gardening is operational at Axis House, Mumbai.
- i) Daily re-cycling capacity of 110 kiloliters (KL) of water through sewage treatment plant is available at Axis House, Mumbai.
- j) Rain water harvesting capacity of approximately 2,000 KL of water yearly is available at Axis House, Mumbai.
- k) Savings of water consumption by use of sensors / bio-blocks in urinals at selected large offices.

(ii) The steps taken by the Bank for utilising alternate sources of energy:

- a) Solar power purchased under power purchase agreement (PPA) model for Bank's business continuity centre (data centre), Bangalore.
- b) Solar roof top / on ground installations across selected 245 branches / offices, aggregating approximately 7.05 MW.
- c) Three large offices in Mumbai i.e. Axis House Mumbai, MIDC Andheri and the Ruby premises are being operational on 100% renewal green energy.

(iii) Capital Investments on energy conservation equipment:

- a) Replacement of conventional lights with LED lights at existing set up and new branches estimated at approximately ₹ 3.55 crores per annum.
- b) Yearly cost of approximately ₹ 3.22 crores towards centralised energy management services project.

Technology absorption

(i) Efforts made towards technology absorption:

With the objective of making banking simple and hassle-free for customers, the Bank continues its technology driven business initiatives to deliver value through continuous technology innovation and adoption. During the year, multiple initiatives continued to strengthen Bank's technology capabilities further:

- (a) **Mobile banking:** The Bank retained its strong position in digital banking with the Axis mobile app being world's highest rated mobile banking app on Google Play store with a rating of 4.8 and 11 million monthly active users. The Bank continues to add to its 250+ services portfolio on digital channels, eliminating the need to visit branches for basic servicing. Additionally, the Bank has 24 digital services on branch of the future (BOTF) channel across assets and liabilities including critical services such as address update for NRI customers, demand draft request, interest certificate for loan and repayment schedule for loan.



- (b) **Cloud adoption:** The Bank is the first amongst peers to create 3 cloud landing zones (AWS, Azure and GCP) to support its multi-cloud strategy and has an architectural cloud-first, cloud-native approach. The rapid pace of cloud adoption, driven by a dedicated cloud COE, has helped the Bank to drive business innovation at a faster pace. Using automation and SOPs, the Bank reduced its infrastructure provisioning TAT by approximately 90% compared to comparable on-premises solutions. With 100+ containerized environments and 2,700+ virtual machines, the Bank has been able to run its core applications in any environment from a private data centre to the public cloud. The Bank has 76 critical applications on cloud as on 31 March, 2023 and is targeting to take 70% of its applications on cloud by 2025.
- (c) **API strategy:** The Bank remains committed to its open ecosystem proposition with its focused API strategy and has built 85+ dedicated partnerships across platforms. The Bank has adopted 'Next Gen integration' by deploying more than 350+ APIs on its Developer portal with 80+ crore monthly transactions across 200+ external gateway partners. The Bank continues to roll out new APIs to enable digital customer journeys and partner on-boarding leading to reduced time to market.
- (d) **Core modernization:** The Bank continued its journey towards Hollowing-the-Core to become future-ready with a modernized core. The Bank became first amongst peers to create a separate UPI instance for P2M elite merchants and gained leadership position in UPI payer PSP category. Additionally, Hollowing-the-Core initiatives are undertaken on areas such as general ledger, lending, inquiring, BNPL, and account opening to increase capacity and improve performance of the core systems.
- (e) **Emerging technologies:** The Bank continues to build capabilities in emerging technologies of AI, ML, automation, and data analytics. The Bank has 2990+ RPA bots in action and 1440+ automated processes, and is targeting best in class efficiency for RPA, voice, and IOCR. During the year, the Bank continued to introduce, and scale new products driven by its zero-based redesign philosophy. The redesigned customer centric journeys enable minimum to no data entry with automated underwriting.
- (f) **Infrastructure resiliency:** The Bank has two primary data centres located in Mumbai (co-located) and Bengaluru (owned). Both data centres have n+1 redundant architecture for power and cooling distribution. Business applications are strategically spread between the two data centres for active setup at one DC and resiliency at other DC. Both data centres are located in different seismic zones and are connected through a redundant wide-area network which is connected to all branches and office locations. Additionally, the Bank has set up a refreshed near disaster recovery (DR) for critical applications with improved Infra availability at 99.99% at its data center in Bengaluru. The Bank regularly conducts disaster recovery drills for critical applications to ensure continuity readiness in the event of disaster. The Bank has enhanced resiliency of critical applications with automation tools that provide real-time visibility on DR readiness and DR operations.
- (g) **Blockchain enablement:** The Bank implemented a distributed ledger technology (DLT) based network to digitise the end-to-end trade process which provides user interface (UI) and application programming interface (API) enabled application where corporates and banks will be able to create / initiate and approve / transfer trade assets and instruments. This network will enable digital process flow, paperless transactions and real time monitoring.
- (h) **UPI:** UPI has scaled up tremendously to become a key channel for customer transactions. The Bank maintained its strong positioning in the UPI space with a market share of 17% as payer payment service providers (PSP) (by volume) and approximately 11% in UPI person-to-merchant (P2M) acquiring (by throughput). The Bank has 553 million cumulative virtual payment address (VPA) base and caters to approximately 50 lakh merchant transactions per day on its stack. The Bank was the first bank to hollow the core for elite merchants on UPI and its dedicated IT cloud infrastructure to exclusively handle high volume UPI transactions resulting in the Bank achieving one of the lowest decline rates as a remitter when compared to peer banks. In fiscal 2023, the Bank added UPI capabilities for international transactions and UPI foreign inward remittances (FIR), e-Rupi – V2.0, and NPS D-remit via UPI PFRDA.
- (i) **Monthly transactions:** The Bank continues to increase infrastructure resiliency and robustness to cater to ever-increasing transaction demand. At a monthly level, the Bank is handling 170 million IMPS transaction, 1.9 billion UPI transactions, 30 million IMPS transactions and 1 million RTGS transactions. In fiscal 2024, the Bank will continue to enhance its core infrastructure and applications to cater to increasing volumes.
- (j) **Core upgrades:** The Bank continues to refresh its core applications and upgrades to latest software. Some of the key platform upgrades done in fiscal 2023 are: FinnOne, CRM 7.2, Tallyman Upgrade, and OFSAA Upgrade – Phase I & II. Additionally, the Bank is migrating from Enterprise Payments Hub (EPH) to Global Payment System (GPS).
- (k) **Cyber security:** The Bank is committed to the highest standards of data security and privacy and continues to invest to enhance its capabilities. The Bank follows a holistic cyber security program with a comprehensive cyber security policy and standards based on industry best practices in compliance with regulatory guidelines. The Bank has deployed its cyber security structure and framework based on National Institute of Standards and Technology

Board's Report

(NIST) Standard. The Bank's cyber security framework is built and operated around five fundamental areas including Identify, Protect, Detect, Respond and Recover. The Bank is compliant to ISO27001 and PCIDSS standards, and the Bank has recently acquired ISO27017 cloud security certification for its AWS and Azure cloud, which is a first in the Indian Banking sector and demonstrates an enhanced cyber security resilience and security controls on the Bank's cloud assets.

The Bank has a 24x7 security operations centre and cyber security operations system. 100% of the digital products of the Bank are under Dark Net / Deep Web monitoring. The Bank has a Bitsight rating of 800 out of 900 indicating a well-controlled internet facing security posture. The Bank's current Bitsight score is higher than 90% of the banking and finance entities tracked by Bitsight. The Bank is also moving to a zero-trust architecture internally, adding security technology and process controls. The Bank has trained all its 87,000+ employees on cyber security measures and has conducted exclusive workshops on cyber security for 800+ mid and senior management employees.

- (l) **Central bank digital currency:** The Bank is a part of the digital currency framework for developing customer application and merchant application on blockchain platform for digital currency transactions. The Bank would reap the benefits of improved international payment options, increased payment efficiency, enhanced safety and liquidity to transactions.
- (m) **NPCI projects:** The Bank has invested in three critical projects for business benefits and increased scalability which includes: (i) Credit card on UPI which allows enablement of payments through Rupay credit card on UPI platform, (ii) UPI Lite which allows low value transactions, swift and hassle-free payments and reduce load on core banking, and (iii) Foreign inward and outward remittances.

(ii) The technology benefits derived from the initiatives highlighted above include product improvement, cost reduction, product development or import substitution:

In addition to focusing on developing new age technology products, the Bank continues to strengthen its core systems and applications with planned upgrades. The infrastructure is also being upgraded to deliver improved resiliency. The Bank is also exploring open-source products and platforms to provide reliability and flexibility without adding a significant cost of licensing and support.

(iii) Details of imported technology (imported during the last three years reckoned from the beginning of the fiscal year) is as follows:

(a) The details of technology imported:

- (i) No hardware procurements have been made in foreign currency.
- (ii) Software licenses and upgrades have been procured.

(b) The year of import:

The above referred software licenses and upgrades have been imported during fiscal 2021 to fiscal 2023.

(c) Whether the technology been fully absorbed:

All licenses procured have been put to use.

(d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof:

Not applicable

(iv) The expenditure incurred on research and development: Nil

Foreign exchange earning and outgo

The provisions relating to Section 134(3)(m) of the Companies Act, 2013 on particulars relating to foreign exchange earning and outgo are not applicable to a banking company, as such no disclosure is being made in this regard.

Management's Discussion and Analysis

Macro-economic Environment

Fiscal 2023 turned out to be an intensely volatile year, characterised by extreme uncertainty. The year started with continuing disruptions in supply chains, shipping and transport, aggravated by China's Zero Covid Policy. The outbreak of hostilities in Europe inter alia caused a massive surge in energy and commodities prices. This combined with the pandemic caused supply shocks and resulted in a surge in inflation in developed markets, which they had not experienced over the past 40 years. The major global central banks had to respond with synchronised, aggressive, front-loaded policy rate hikes. This resulted in heightened volatility in global financial markets and tightened financial and credit conditions, inevitably spilling over into emerging markets.

India has largely weathered this economic storm, its macroeconomic fundamentals surprisingly resilient. India's fiscal 2023 real GDP growth is officially forecast to be 7.0% YOY. However, the channels of transmission of global shocks via commodities prices and exchange rates had resulted in high and persistent inflation, which compelled the Monetary Policy Committee to start raising the policy repo rate early in fiscal 2023. Policy repo rate increased by 250 bps in fiscal 2023.

One of the striking developments over the course of fiscal 2023 was a divergence between high bank credit growth (15.4% YOY) and a more muted deposits accretion (9.6% YOY). The high credit offtake resulted largely from retail and services sector loans, but has been robust across all segments, with a mix of both term loans and working capital. The more muted deposits growth was mainly due to draining of the surplus system liquidity injected by RBI during the pandemic.

Prospects for fiscal 2024

RBI forecasts India's growth to moderate in fiscal 2024 to 6.5%. The IMF has slightly lowered its 2023 growth forecast, and global trade in goods and services is likely to further slow, both as the result of the monetary policy efforts to cool inflation with high interest rates. However, the G-10 central banks appear to be approaching the peaks of their respective hike cycles, and this will have a beneficial impact on the Rupee.

Overall, while merchandise growth is likely to slow – as has already been seen with an exports contraction in Q4 of fiscal 2023, services exports have remained robust. This, together with very high remittance inflows, had resulted in a manageable Current Account Deficit – expected at 2.4% of GDP in fiscal 2023, and this is forecast to moderate even further in fiscal 2024. Consequently, we expect net Balance of Payments to turn surplus, which will further help a stable Rupee, while allowing RBI to replenish its foreign exchange reserves. Inflation is also projected to moderate steadily, with RBI expecting CPI inflation to average 5.1% (down from 6.6% in fiscal 2023). Overall, India's macroeconomics fundamentals remain robust, and is acknowledged to have become a bright spot in an uncertain global environment. While risks to the growth inflation balance still remain, the ongoing structural reforms and economic resilience will help to buffer India's economy from potential shocks.

The Union government's ongoing focus on capital expenditure will help to gradually crowd in private sector investment. However, in line with the slowdown in the broader economy, bank credit growth is likely to moderate in the year ahead, with the divergence between credit and deposit growth coming down. Deposit growth is likely to shade up slightly, with higher interest rates as an incentive, and with an expected improvement in system liquidity conditions in the second half of the year.

OVERVIEW OF FINANCIAL PERFORMANCE

Acquisition of Citibank India consumer Business

The Bank has acquired on a going concern basis the business assets and business liabilities of Citibank's India Consumer Business from Citibank N.A. (acting through its branch in India) ("CBNA") and the NBFC Consumer Business from Citicorp Finance (India) Limited ("CFIL") collectively referred to as Citi India Consumer Business, effective beginning of day 1 March, 2023 (referred to as Legal Day One) without values being assigned to individual assets and liabilities.

The transaction comprises the sale of the consumer businesses of Citibank India, which includes loans, credit cards, wealth management, commercial vehicle, construction equipment loans and retail banking operations. The acquisition provides the Bank with access to a premium customer segment, is a good strategic fit and is completely aligned with Axis Bank's GPS (Growth, Profitability & Sustainability) strategy. The Bank has gained access to the large, affluent and profitable customer franchise of Citibank, which aligns well with its Premiumization strategy.

In accordance with the Business Transfer Agreements (BTAs), the Bank has on Legal Day One paid an Estimated Adjusted Purchase Price aggregating ₹11,602.53 crores based on the position of business assets and business liabilities acquired as at end of day January 31, 2023, and the Bank without prejudice to any of its rights under the said BTAs estimates a further payable

Management's Discussion and Analysis

of ₹346.55 crores as Purchase Price True Up Amount based on its best estimate of the position of business assets and business liabilities acquired as at beginning of day March 1, 2023. The Estimated Adjusted Purchase Price and estimated Purchase Price True Up Amount aggregating to ₹11,949.08 crores are attributable to (i) various intangible business and commercial rights viz. Customer relationship (including contracts), Co-branding arrangements, Business processes/ information, Non-compete rights (collectively "Intangibles") and (ii) Goodwill pertaining to the Citibank India Consumer Business. Based on the report of an independent valuer, Intangibles (excluding Goodwill) were recognized at ₹8,714.24 crores and Goodwill at ₹3,234.84 crores in the financial statements of the Bank. As a prudent measure and to protect its ability to pay dividends, the Bank has fully amortised the said Intangibles and Goodwill through the Profit and Loss account in fiscal 2023.

Operating performance

(₹ in crores)			
Particulars	2022-23	2021-22	% change
Net interest income	42,946	33,132	30%
Non-interest income	16,501	15,221	8%
Operative revenue	59,447	48,353	23%
Operating expenses	27,398	23,611	16%
Operating profit	32,049	24,742	30%
Provisions and contingencies	2,653	7,360	(64%)
Profit before tax and exceptional items	29,396	17,382	69%
Exceptional items	12,490	-	-
Profit before tax after exceptional items	16,906	17,383	(3%)
Provision for tax	7,326	4,357	68%
Net profit	9,580	13,025	(26%)

Operating revenue increased by 23% Y-o-Y (year-on-year) from ₹48,353 crores in fiscal 2022 to ₹59,447 crores in fiscal 2023. Net interest income (NII) rose 30% from ₹33,132 crores in fiscal 2022 to ₹42,946 crores in fiscal 2023. Non-interest income consisting of fee, trading and other income increased by 8% from ₹15,221 crores in fiscal 2022 to ₹16,501 crores in fiscal 2023. Operating expenses (excluding exceptional items) grew 16% from ₹23,611 crores in fiscal 2022 to ₹27,398 crores in fiscal 2023. As a result, the operating profit (excluding exceptional items) grew by 30% to ₹32,049 crores from ₹24,742 crores reported last year. Provisions and contingencies decreased by 64% from ₹7,360 crores in fiscal 2022 to ₹2,653 crores in fiscal 2023. Consequently, profit before tax and exceptional items grew strongly by 69% from ₹17,382 crores in fiscal 2022 to ₹29,396 crores in fiscal 2023. There was a charge in Profit and Loss Account for fiscal 2023 of ₹12,490 crores towards exceptional items arising from acquisition of Citibank India Consumer Business. On account of the exceptional items, the net profit for fiscal 2023 decreased by 26% and stood at ₹9,580 crores, as compared to the net profit of ₹13,025 crores last year.

Net interest income

(₹ in crores)			
Particulars	2022-23	2021-22	% change
Interest on loans	64,554	49,617	30%
Interest on investments	18,179	14,619	24%
Other interest income	2,431	3,141	(23%)
Interest income	85,164	67,377	26%
Interest on deposits	31,733	26,684	19%
Other interest expense	10,485	7,561	39%
Interest expense	42,218	34,245	23%
Net interest income	42,946	33,132	30%
Average interest earning assets ¹	1,069,241	9,54,896	12%
Average Current Account and Savings Account (CASA) ¹	351,085	3,11,178	13%
Net interest margin	4.02%	3.47%	
Yield on assets	7.96%	7.06%	
Yield on advances	9.00%	8.03%	
Yield on investments	6.21%	6.00%	
Cost of funds	4.28%	3.86%	
Cost of deposits	3.94%	3.68%	

¹ computed on daily average basis



NII constituted 72% of the operating revenue and increased by 30% from ₹33,132 crores in fiscal 2022 to ₹42,946 crores in fiscal 2023. The increase was primarily due to an increase in yield on assets by 90 bps and a lower increase in cost of funds of 42 bps. As a result the NIM improved 55 bps on a year on year basis to 4.02% in fiscal 2023.

During this period, the yield on interest earning assets increased from 7.06% in fiscal 2022 to 7.96% in fiscal 2023, due to rising interest rate environment, pricing discipline and mix change undertaken by the Bank. The yield on advances increased by 97 bps from 8.03% in fiscal 2022 to 9.00% in fiscal 2023. 68% of the loans of the Bank are floating rate loans, linked to external/internal benchmark rates. RBI increased the repo rate from 4.00% in fiscal 2022 to 6.50% in fiscal 2023 which led to an increase in the lending rates. The yield on investments also increased by 21 bps during fiscal 2023.

The increase in benchmark rates has also led to tightening in the liquidity conditions and consequently cost of funds for the banking industry also increased. However, the increase in cost of funds has been slower as compared to the increase in yield on assets, partially due to timing difference in repricing of deposits, resulting in strong growth in NII in fiscal 2023 for the Bank.

Cost of funds increased by 42 bps from 3.86% in fiscal 2022 to 4.28% in fiscal 2023. The Bank continued its focus on both CASA plus Retail Term Deposits (RTD) as part of its overall deposit growth strategy. Cost of deposits increased to 3.94% from 3.68% last year mainly due to increase in funding cost of term deposits. Daily average CASA ratio as a proportion to deposits improved by 66 bps in fiscal 2023 to 43.57% from 42.91% in fiscal 2022 which also partly aided in containing the pace of growth of cost of deposits.

Performance against the drivers for the NIM improvement journey of the Bank in fiscal 2023 is as follows:

- Improvement in Balance sheet mix: loans and investments comprised 86% of total assets as at the end of fiscal 2023, improving 242 bps YOY;
- INR denominated loans comprised 95% of total advances at the end of fiscal 2023, improving 340 bps YOY;
- Retail and CBG advances comprised 69% of total advances at March 2023, improving 150 bps YOY;
- Balance outstanding in low-yielding priority sector shortfall deposits declined by ₹11,089 crores YOY with priority sector short fall deposits comprising 2.3% of total assets at 31 March, 2023 as compared to 3.5% at 31 March, 2022;
- Composition of liabilities measured through average CASA% improved 66 bps YOY.

Reported NII included a one-time interest recovery on restructuring of an existing NPA account aggregating to ₹149 crores.

The Bank also earned interest on income tax refund of ₹85 crores in fiscal 2023 as compared to ₹17 crores in fiscal 2022. The receipt, amount and timing of such income depends on the nature and determinations by tax authorities and is hence neither consistent nor predictable.

Non-interest income

Particulars	(₹ in crores)		
	2022-23	2021-22	% change
Fee income	16,216	13,001	25%
Trading profit	(242)	1,627	-
---of which			
Provision for depreciation in value of investments	(596)	264	-
Miscellaneous income	527	593	(11%)
Non-interest income	16,501	15,221	8%

Non-interest income comprising fees, trading profit and miscellaneous income increased by 8% to ₹16,501 crores in fiscal 2023 from ₹15,221 crores last year and constituted 28% of the operating revenue of the Bank.

Fee income increased by 25% to ₹16,216 crores from ₹13,001 crores last year and continued to remain a significant part of the Bank's non-interest income. It constituted 98% of non-interest income and contributed 27% to the operating revenue in fiscal 2023. Growth in reported fee income was mainly on account of increase in business all across segments.

Segmental composition of Fee Income

Particulars	2022-23	2021-22	% change
Retail Banking	68%	64%	+ 4%
Wholesale Banking	28%	32%	- 4%
Commercial Banking	4%	4%	-

Management's Discussion and Analysis

Retail Banking fees constituted 68% of the total fee income of the Bank in fiscal 2023 and grew strongly at 33% on a year on year basis. Fees from retail cards grew 51% on a year on year basis in fiscal 2023 while retail non-card fees registered a strong growth of 23%.

Fee income derived from the Wholesale Bank group accounted for 28% of the Bank's total fee income for fiscal 2023 as against 32% in fiscal 2022. Within Wholesale Banking, granular transaction banking fees grew 24% on a year on year basis. Fee income from the Bank's CBG (Commercial Banking Group) that lends to small and medium enterprises accounted for 4% of the Bank's total fee income for fiscal 2023 and fiscal 2022.

During the year, trading profits without considering impact of provision for depreciation decreased by 74% to ₹353 crores from ₹1,363 crores last year mainly on account of lower profits on the SLR portfolio in fiscal 2023 as compared to fiscal 2022, impacted by the rising interest rate environment. Provision for depreciation in value of investments was ₹596 crores in fiscal 2023 mainly on account of Mark-to-Market (MTM) losses recognized on the corporate bond portfolio due to rate movements, as compared to a write-back in provision of ₹264 crores in fiscal 2022. The Bank does not expect an economic loss on the corporate bond book. 84% of the standard corporate bond book is rated AA+ and above and 99% is rated A- and above.

The Bank's miscellaneous income in fiscal 2023 stood at ₹527 crores compared to ₹593 crores in fiscal 2022, comprising mainly income from sale of Priority Sector Lending Certificates (PSLC) amounting to ₹173 crores in fiscal 2023 and income from display of publicity material amounting to ₹243 crores.

Operating revenue

The operating revenue of the Bank increased by 23% to ₹59,447 crores from ₹48,353 crores last year. The core income streams (NII and fees) constituted ~100% of the operating revenue, reflecting the stability of the Bank's earnings.

Operating expenses

Particulars	₹ in crores		
	2022-23	2021-22	% change
Staff cost	8,797	7,613	16%
Depreciation	1,145	1,008	14%
Other operating expenses	17,456	14,990	16%
Operating expenses	27,398	23,611	16%
Cost : Income Ratio	46.09%	48.83%	
Cost : Asset Ratio	2.25%	2.17%	

YOY growth rate in operating expenses moderated to 16% in fiscal 2023 as compared to 28% in fiscal 2022 with operating expenses increasing to ₹27,398 crores from ₹23,611 crores last year. The Bank continued to invest in technology and human capital for supporting the existing and new businesses.

38% of total cost increase was on account of investments in technology and future growth, 22% of the total cost increase was volume linked, 6% of the total cost increase on account of integration expenses and balance 34% was business as usual expenses.

Staff cost increased by 16% from ₹7,613 crores in fiscal 2022 to ₹8,797 crores in fiscal 2023, primarily due to annual wage revision and a 7% increase in employee strength during fiscal 2023 from 85,815 as at end of fiscal 2022 to 91,898 as at the end of fiscal 2023. Further, it is pertinent to note that the staff cost includes only one month expenses relating to 3,200+ employees who have joined the Bank on 1 March, 2023 as part of the acquisition of the Citibank India Consumer Business.

Other operating expenses (excluding depreciation) increased by 16% from ₹14,990 crores in fiscal 2022 to ₹17,456 crores in fiscal 2023. The increase is primarily due to increase in volume linked costs coming from rising business volumes, investments in technology to support future business growth, higher collection expenses and integration expenses relating to acquisition of Citi India consumer business.

Operating expenses pursuant to the transitional services agreement and other integration expenses to be incurred by the Bank for acquisition of Citibank India Consumer Business will be recognised in the profit and loss account over the period in which the services will be received. The current best estimate of the transitional period is 18 months commencing from 1 March, 2023

Operating Expenses to Assets %

FY 2022-23		2.25
FY 2021-22		2.17
FY 2020-21		1.96
FY 2019-20		2.09
FY 2018-19		2.13

and current best estimate of the transitional costs and integration expenses is ~₹2,000 crores. During fiscal 2023, the Bank has recognised integration expenses of ₹217 crores.

The Operating Expenses to Assets ratio increased to 2.25%, higher by 8 bps compared to 2.17% last year. It is again important to note that Citibank acquisition is a pure play retail business which runs at higher operating expenses to assets ratio. The Operating Expenses to Assets ratio for fiscal 2023 does not fully reflect this, as the business was owned by the Bank for one month. The Bank remains committed to consciously invest in its focus business segments. The lower credit cost over the past few quarters has provided some headroom to run operating costs at a slightly elevated level.

Operating profit

During the year, the operating profit of the Bank (excluding exceptional items) increased by 30% to ₹32,048 crores from ₹24,742 crores last year on account of strong growth in operating revenues and partially offset by a moderated growth in operating expenses.

Provisions and contingencies

Particulars	₹ in crores)		
	2022-23	2021-22	% change
Provision for non-performing assets	6,025	7,549	(20%)
Recoveries from written off accounts	(2,885)	(2,367)	22%
Provision for restructured assets/SDR/S4A	(34)	1	-
Provision for country risk	8	19	(58%)
Provision for standard assets including unhedged foreign currency exposure	452	126	259%
Provision for other contingencies	(913)	2,032	-
---of which			
Additional provision for delay in implementation of resolution plan	(180)	410	-
Provision for COVID-19 and MSME Restructuring	(599)	912	-
Total Provision and contingencies	2,653	7,360	(64%)

During fiscal 2023, provisions (other than provisions for tax) declined 64% YOY to ₹2,653 crores from ₹7,360 crores last year. Key items of provisions are explained below -

Provisions for NPAs:

The Bank provided ₹6,025 crores towards non-performing assets compared to ₹7,549 crores last year. The decrease in provision for non-performing assets is primarily on account of lower net slippages at ₹3,680 crores in fiscal 2023 as compared to ₹5,760 crores in fiscal 2022.

Recoveries from written off accounts:

The Bank's recoveries from written off accounts in fiscal 2023 increased 22% YOY to ₹2,885 crores from ₹2,367 crores in fiscal 2022.

Provisions for standard assets:

The Bank provided ₹452 crores for standard assets including unhedged foreign currency exposure compared to ₹126 crores last year.

- During the year, the Bank made a provision for standard assets of ₹418 crores as against a provision of ₹188 crores made in fiscal 2022. The increase in standard asset provision is largely on account of book growth.
- Further, during the year the Bank had created provision of ₹34 crores as against a write back of ₹62 crores made in fiscal 2022 for unhedged foreign currency exposure.

Provision for other contingencies:

Provisions for other contingencies for fiscal 2023 had a write-back of ₹913 crores as compared to incremental provision of ₹2,032 crores in fiscal 2022. The reduction is mainly on account of following-

- During fiscal 2023, there was a write-back of ₹599 crores in provision for COVID-19 and MSME restructuring mainly on account of slippages and recoveries. As against the same, there was a provision of ₹912 crores made in fiscal 2022 upon implementation of restructuring under these schemes.
- Further, during fiscal 2023, there has also been a reversal in provision for delay in implementation of resolution plan of ₹180 crores, pursuant to implementation of resolution plan in certain accounts and slippage of certain accounts to NPA.
- Provision for other contingencies in fiscal 2023 also comprised provision on probable legal cases amounting to ₹47 crores. As compared to the same, provision for probable legal cases amounted to ₹215 crores in fiscal 2022.

The Bank has not utilised during the year and continues to hold provisions of ₹5,012 crores as at 31 March, 2023 against the potential impact of COVID-19.

Management's Discussion and Analysis

As at the end of fiscal 2023, the cumulative non NPA provisions held by the Bank amounted to ₹11,928 crores with a standard assets coverage ratio (all non NPA provisions / standard assets) of 1.42%.

Exceptional items

		(₹ in crores)
Sr. No.	Description of Exceptional items	Amount
1	Amortisation of Intangibles and Goodwill in operating expenses	11,949.08
2	Impact of harmonization of policies recognized in provisions and contingencies	232.14
3	Impact of harmonization of policies recognized in operating expenses	129.33
4	One-time acquisition costs recognized in operating expenses	179.27
Total exceptional items		12,489.82

Amortisation of Intangibles and Goodwill

The Estimated Adjusted Purchase Price and estimated Purchase Price True Up Amount aggregating to ₹11,949.08 crores for acquisition of Citibank India Consumer Business are attributable to (i) various intangible business and commercial rights viz. Customer relationship (including contracts), Co-branding arrangements, Business processes/ information, Non-compete rights (collectively "Intangibles") and (ii) Goodwill pertaining to the Citibank India Consumer Business. Based on the report of an independent valuer, Intangibles (excluding Goodwill) were recognized at ₹8,714.24 crores and Goodwill at ₹3,234.84 crores in the financial statements of the Bank. As a prudent measure and to protect its ability to pay dividends, the Bank has fully amortised the said Intangibles and Goodwill through the Profit and Loss account in fiscal 2023, though the Bank continues to have access to the business use for the intangibles.

Impact of harmonisation of policies recognised in provisions and contingencies

During fiscal 2023, the Bank made a one-time provision of ₹232.14 crores mainly arising from non-recurring impact of day 1 cross NPA slippages from acquisition of Citibank India Consumer Business and harmonisation of provisioning policies on portfolio acquired from Citibank India Consumer Business. The same has been recognised under provisions and contingencies in the Profit and Loss Account for fiscal 2023.

One-time acquisition cost and impact of harmonisation of policies recognised in operating expenses

The Bank has recognised ₹129.33 crores arising from impact of harmonisation of various accounting policies and estimates relating to operating expenses for Citibank India Consumer Business. The Bank has also recognised ₹179.27 crores relating to stamp duty and registration cost in relation with acquisition of Citibank India Consumer Business as one-time acquisition cost. The aforementioned expenses are recognised under operating expenses in the Profit and Loss Account for fiscal 2023.

Provision for tax

Provision for tax for fiscal 2023 stood at ₹7,326 crores as compared to ₹4,357 crores for last year. The Bank has chosen not to create deferred tax asset on intangibles acquired during the year which were fully amortised through the Profit & Loss Account. Further the current tax expense for the year is also higher on account of non-deductibility of goodwill. These have mainly led to the increase in provision for tax for the fiscal 2023. The effective rate of tax during fiscal 2023 was 43.34%.

Net profit

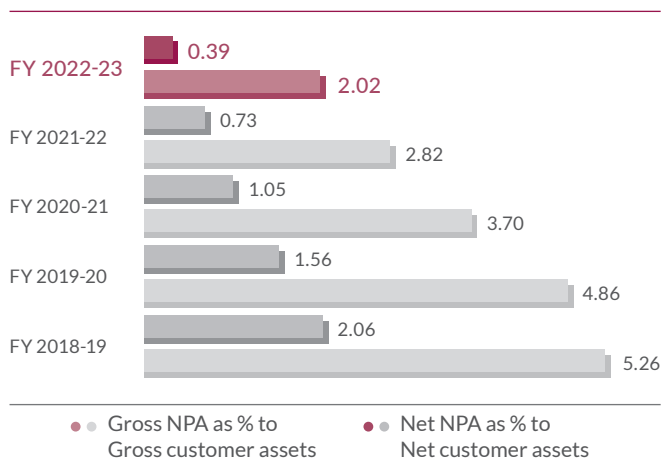
Net profit excluding exceptional items for the year ended 31 March, 2023 increased strongly by 68% YOY to ₹21,933 crores as compared to the net profit of ₹13,025 crores last year. Net profit for the year ended 31 March, 2023 after exceptional items declined and stood at ₹9,580 crores.

Asset Quality Parameters

The asset quality metrics continued to improve during the fiscal, with reduction in NPA ratios year on year. The Bank added ₹14,249 crores to Gross NPAs during the year with the ratio of Gross NPAs to gross customer assets declining to 2.02%, at the end of March 2023 from 2.82% as at end of March 2022. The Bank added ₹3,680 crores to Net NPAs after adjusting for recoveries and upgradations of ₹3969 crores and ₹6,601 crores respectively and the Bank's Net NPA ratio (Net NPAs as percentage of net customer assets) decreased to 0.39 % from 0.73%. The Bank's provision coverage ratio excluding prudential write-offs increased further during the fiscal and stood at 81%. The Bank's accumulated prudential write-off pool stood at ₹38,015 crores as at end of fiscal 2023.



Gross and Net NPA %



During the fiscal, the quantum of low rated pool of BB and below accounts (excluding investments and non-fund based exposure) decreased and stood at ₹3,478 crores as compared to ₹5,778 crores at the end of fiscal 2022. The aggregate outstanding in low rated pool of BB and below investments and non-fund based accounts was ₹673 crores and ₹1,371 crores respectively as at the end of March 2023.

The fund based outstanding of standard loans under COVID-19 resolution scheme at 31 March, 2023 stood at ₹2,047 crores or ~ 0.22% of gross customer assets. The linked non fund based outstanding for which there has been no change in original terms stood at ₹925 crores. Linked non-restructured fund based outstanding stood at ₹186 crores. Outstanding restructured loans under the MSME scheme stood at ₹454 crores. The Bank holds a provision of ₹812 crores on these restructured assets.

Key ratios

Particulars	₹ in crores	
	2022-23	2021-22
Basic earnings per share (₹)	31.17	42.48
Diluted earnings per share (₹)	31.02	42.35
Basic earnings per share (₹) (excluding exceptional items)	71.37	42.48
Diluted earnings per share (₹)(excluding exceptional items)	71.03	42.35
Book value per share (₹)	406.24	374.71
Return on equity (%)	8.47%	12.91%
Return on assets (%)	0.80%	1.21%
Return on equity (%) (excluding exceptional items)	18.38%	12.91%
Return on assets (%) (excluding exceptional items)	1.82%	1.21%
Net interest margin (%)	4.02%	3.47%
Profit per employee (₹ lakh)	10.94	15.54
Loan to Deposit ratio (Domestic)	87.05%	79.66%
Loan to Deposit ratio (Global)	89.27%	86.12%

Reported ratio's for fiscal 2023 are impacted due to one-off impact of exceptional items arising from the acquisition of Citi India Consumer Business. Basic Earnings per Share (EPS) excluding exceptional items was ₹71.37 compared to ₹42.48 last year, while the Diluted EPS excluding exceptional items was ₹71.03 compared to ₹42.35 last year. Reported Basic EPS and Diluted EPS for fiscal 2023 stood ₹31.17 and ₹31.02 respectively.

Return on Equity (RoE) excluding exceptional items increased to 18.38% for fiscal 2023 from 12.91% in fiscal 2022. Return on Assets (RoA) excluding exceptional items increased to 1.82% in fiscal 2023 from 1.21% last year. Book Value per Share increased by 8% to ₹406.24 from ₹374.71 last year.

Loan to Deposit (CD) ratio of the Bank as on 31 March, 2023 was at 89.27% with a domestic CD ratio of 87.05%.

Balance Sheet parameters

Assets

Particulars	₹ in crores		
	2022-23	2021-22	% change
Cash and bank balances	106,411	110,987	(4%)
Government securities	227,754	224,763	1%
Other securities	61,061	50,834	20%
Total investments	288,815	275,597	5%

Management's Discussion and Analysis

Particulars	₹ in crores		
	2022-23	2021-22	% change
Retail advances	487,571	400,142	22%
Corporate advances	265,009	232,582	14%
CBG advances	92,723	75,223	23%
Total advances	845,303	707,947	19%
Fixed assets	4,734	4,572	4%
Other assets¹	72,063	76,326	(6%)
Total assets	1,317,326	1,175,429	12%

¹ includes Priority Sector Lending deposits of ₹30,564 crores (previous year ₹41,654 crores)

Total assets increased by 12% to ₹1,317,326 crores as on 31 March, 2023 from ₹1,175,429 crores on 31 March, 2022, driven by 19% growth in advances and partly offset by 5% growth in investments.

Advances

Total advances of the Bank as on 31 March, 2023 increased by 19% to ₹845,303 crores from ₹707,947 crores as on 31 March, 2022, largely driven by healthy growth in the retail segment. Retail advances comprised 58% of total advances and grew by 22% to ₹487,571 crores, corporate advances comprised 31% of total advances and grew by 14% to ₹265,009 crores and SME advances constituted 11% of total advances and grew by 23% to ₹92,723 crores.

Domestic advances of the Bank as on 31 March, 2023 grew by 23% to ₹811,827 crores from ₹659,856 crores as on 31 March, 2022. Further, domestic corporate advances of the Bank as on 31 March, 2023 increased by 24% to ₹232,946 crores from ₹187,841 crores as on 31 March, 2022.

The retail lending growth was led by Small Banking Business (SBB), personal loan, cards and auto loans. Home loans remain the largest component of retail segment and accounted for 32% of retail loans, rural lending (Bharat Banking) 15%, loans against property (LAP) 10%, personal loans (PL) and credit cards(CC) were 18%, auto loans 11% and Small Banking Business (SBB) were 9%, while non-schematic loans comprising loan against deposits and other loans accounted for 5%.

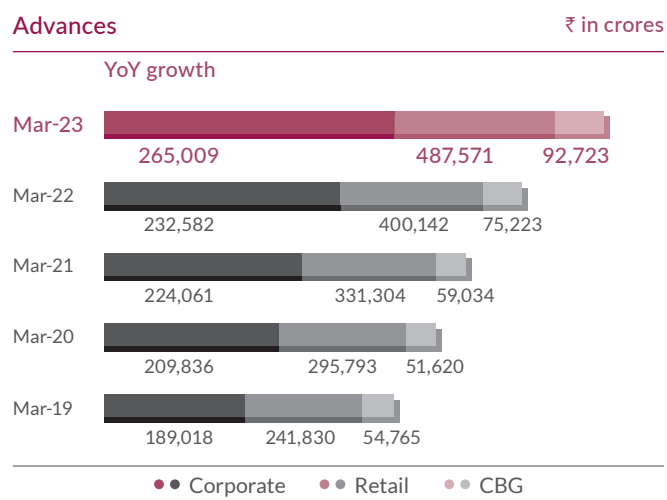
Retail advances as at 31 March, 2023 include advances of ₹25,905 crores from acquisition of Citibank India Consumer Business.

Investments

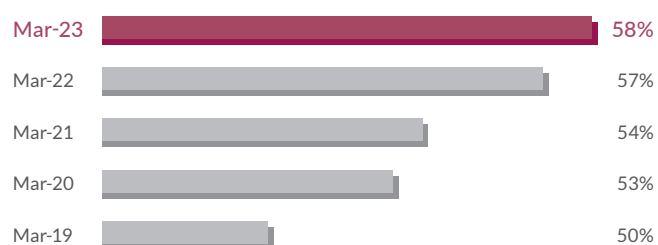
The investment portfolio of the Bank grew by 5% to ₹288,815 crores. Investments in Government and approved securities, increased by 1% to ₹227,754 crores. Other investments, including corporate debt securities, increased by 20% to ₹61,061 crores. 83% of the government securities have been classified in the HTM category, while 59% of the bonds and debentures portfolio has been classified in the AFS category.

Other Assets

Other assets of the Bank as on 31 March, 2023 decreased to ₹72,063 crores from ₹76,326 crores as on 31 March, 2022, primarily on account of decrease in Priority Sector Shortfall deposits to ₹30,564 crores as on 31 March, 2023 from ₹41,654 crores on 31 March, 2022.



Retail Advances as % to Total Advances





Liabilities and shareholder's funds

Particulars	(₹ in crores)		
	2022-23	2021-22	% change
Capital	615	614	0.2%
Reserves and Surplus	124,378	114,411	9%
Total shareholder's funds	124,993	115,025	9%
Employee stock option outstanding (net)	424	149	185%
Deposits	946,945	821,972	15%
- Current account deposits	149,120	127,557	17%
- Savings bank deposits	297,416	242,449	23%
- CASA	446,536	370,006	21%
- Retail term deposits	303,706	286,612	6%
- Non-retail term deposits	196,703	165,354	19%
- Total term deposits	500,409	451,966	11%
Borrowings	186,300	185,134	1%
- In India	148,787	130,747	14%
- Infra bonds	23,480	23,480	-
- Outside India	37,513	54,387	(31%)
Other liabilities and provisions	58,664	53,149	10%
Total liabilities and shareholder's funds	1,317,326	1,175,429	12%

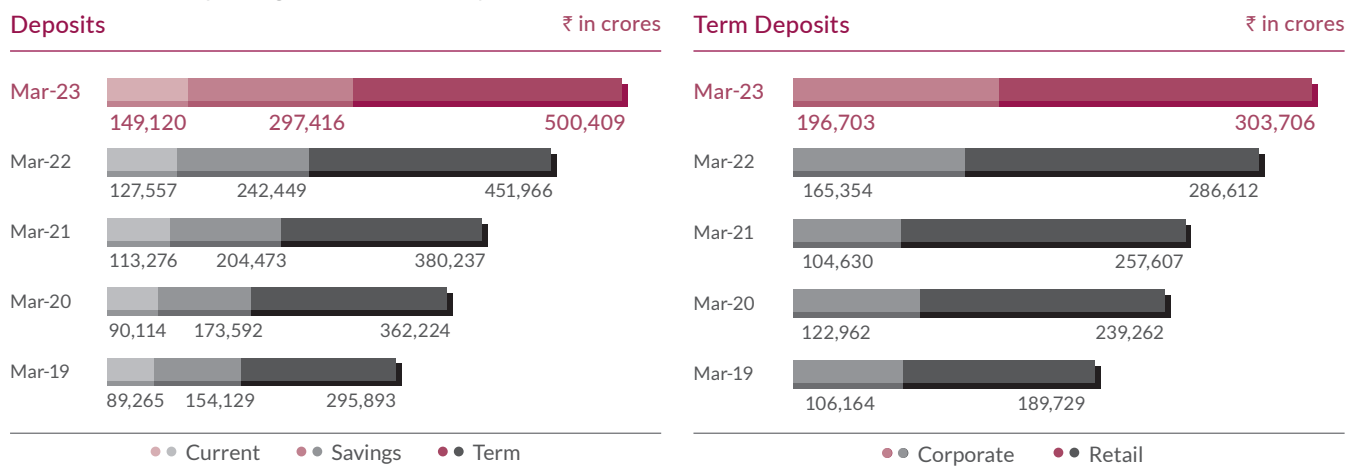
Shareholder's funds

Shareholder's funds of the Bank increased from ₹115,025 crores as on 31 March, 2022 to ₹124,993 crores as on 31 March, 2023. This is mainly on account of profits earned during the year.

Deposits

The total deposits of the Bank increased by 15% to ₹9,46,945 crores against ₹821,972 crores last year. Savings Bank deposits reported a growth of 23% to ₹297,416 crores, while Current Account deposits reported increase of 17% to ₹149,120 crores. As on 31 March, 2023, low-cost CASA deposits increased to ₹446,536 crores, and constituted 47% of total deposits. Savings Bank deposits on a daily average basis, increased by 13% to ₹243,271 crores, while Current Account deposits reported a growth of 12% to ₹107,814 crores.

As on 31 March, 2023, the retail term deposits grew 6% and stood at ₹303,706 crores, constituting 61% of the total term deposits. Non-retail term deposits grew 19% over last year.



Management's Discussion and Analysis

Borrowings

The total borrowings of the Bank increased by 1% from ₹185,134 crores in fiscal 2022 to ₹186,300 crores in fiscal 2023.

Contingent Liability

(₹ in crores)			
Particulars	2022-23	2021-22	% change
Claims against the Bank not acknowledged as debts	1,995	952	110%
Liability for partly paid investments	239	319	(25%)
Liability on account of outstanding forward exchange and derivative contracts:	1,227,784	1,108,371	11%
- Forward Contracts	604,835	517,803	17%
- Interest Rate Swaps, Currency Swaps, Forward Rate Agreement & Interest Rate Futures	582,019	542,609	7%
- Foreign Currency Options	40,930	47,959	(15%)
Guarantees given on behalf of constituents	102,363	79,728	28%
- In India	91,764	72,436	27%
- Outside India	10,599	7,292	45%
Acceptances, endorsements and other obligations	52,361	56,942	(8%)
Other items for which the Bank is contingently liable	56,507	45,793	23%
Total	1,441,249	1,292,105	12%

Capital Management

The Bank continues its endeavour for greater capital efficiency and shoring up its capital adequacy to enhance shareholder value.

The Bank's overall capital adequacy ratio (CAR) under Basel III stood at 17.64% at the end of the year, well above the benchmark requirement of 11.50% stipulated by Reserve Bank of India (RBI). Of this, the Common Equity Tier I (CET I) CAR was 14.02% (against minimum regulatory requirement of 8%) and Tier I CAR was 14.57% (against minimum regulatory requirement of 9.50%). As on 31 March, 2023, the Bank's Tier II CAR under Basel III stood at 3.07%.

The organic Axis business accreted 69 bps of CET I excluding exceptional items in fiscal 2023. The Bank consumed 191 bps for the acquisition of Citibank India Consumer Business, after accounting for purchase price, harmonization costs, stamp duty and assets acquired.

Movement of CET I during fiscal 2023	%
CET I as on 31 March, 2022	15.24
Accretion	2.65
Consumption	(1.96)
Decrease attributable to acquisition of Citibank India Consumer Business	(1.91)
CET I as on 31 March, 2023	14.02

The Bank's Risk Weighted Assets (RWA) to Asset ratio as at the end of fiscal 2023 was 65%. During the year ended 31 March, 2023, the Bank raised Tier II bonds amounting to ₹12,000 crores.

The Bank's capital position continues to be strong and is adequate for it to pursue near term growth opportunities with sufficient liquidity buffers.



The following table sets forth the capital, risk-weighted assets and capital adequacy ratios computed as on 31 March, 2023 and 31 March, 2022 in accordance with the applicable RBI guidelines under Basel III.

Particulars	₹ in crores)	
	2022-23	2021-22
Tier I capital	124,048	117,875
Tier II capital	26,116	15,858
Out of which		
- Tier II capital instruments	19,308	9,624
- Other eligible for Tier II capital	6,808	6,234
Total capital qualifying for computation of capital adequacy ratio	150,164	133,733
Total risk-weighted assets and contingencies	851,335	721,356
Total capital adequacy ratio	17.64%	18.54%
Out of above		
- Common equity Tier I capital ratio	14.02%	15.24%
- Tier I capital ratio	14.57%	16.34%
- Tier II capital ratio	3.07%	2.20%

BUSINESS OVERVIEW

During the year, we continued to be guided by the three vectors of Growth, Profitability and Sustainability (“GPS”). The Bank’s aspiration on the key vectors of GPS are:

- **Growth:** Continue to grow deposits, payments, advances and our subsidiaries to reach leadership positions across our businesses and build the foundation of Axis Digital Bank
- **Profitability:** Optimize business mix, improve operating efficiency, sweat existing infrastructure and maintain control over credit cost
- **Sustainability:** Work towards driving execution excellence, enhance risk management, strengthen compliance culture and bolster the core (Technology, Operations and Process Excellence)

As part of the GPS initiatives, under the “One Axis” vision, the Bank is also focused on delivering solutions across the customer value chain by leveraging shared solutions and services across departments and subsidiaries.

During fiscal 2023, we achieved multiple milestones. We completed the acquisition of Citi’s consumer businesses in India ahead of schedule. We gained market share in our focus segments and achieved amongst best-in-class operating and earnings metrics. We continue to have a disproportionate share in digital channels and products. We remain alert to the global macros and its impact on the economy and are well positioned to take advantage of the trends that are emerging in India. We continue to capitalize on these emerging trends and opportunities guided by our GPS strategy. We are driving organization-wide transformation projects to accelerate our GPS journey. These projects will help us in achieving stronger liability relationships, growth in total relationship value, increasing cards market share, delivering tech products faster and improving productivity. Delivery across the key initiatives undertaken by the Bank is visible and we continue to invest in these bank-wide transformation initiatives whose results will more fully play out in due course. We have embedded conservatism and sustainability while driving profitable growth. The bank level distinctiveness initiatives: Sparsh (customer obsession), Digital 2.0 (Digital Bank) and Bharat Banking (tapping the high growth potential in RuSu opportunities) which were set in motion in fiscal 2022, have started to yield early results. We have seen improvement in our NPS scores and have delivered higher growth in RuSu markets.

The Bank remains committed to its GPS strategy of working towards Growth, Profitability and Sustainability over the medium term through various key initiatives across the Bank and each of the business segments.

Retail Banking

The Bank has over the last decade built a strong Retail Banking franchise that continues to be a key driver of the Bank’s overall growth strategy. The Bank’s focused customer-centric approach, strong and differentiated product offerings, along with its wide distribution network remain the core pillars through which it continues to serve the financial needs and aspirations of its customers.

The Retail business segment provides a complete bouquet of products across deposits, transaction services, wealth management and lending products for retail customers, small businesses, NRIs and retail institutions, backed by innovative, digital-first solutions.

Management's Discussion and Analysis

Retail liability products include savings and current accounts and term deposits with features and benefits to meet the banking needs of different customer segments. Retail lending products include home loans, loans against property, automobile loans, two-wheeler loans, commercial vehicle loans, personal loans, gold loans, education loans, credit cards, small business banking loans and agriculture loans among others.

The Bank's Retail Banking business unit also offers other products and services such as debit and credit cards, forex cards, bill payment services and wealth management services. The Bank also distributes third party products such as mutual funds, life and non-life insurance policies, Government bonds, etc.

The Bank's strategy in Retail has been to gain a larger share of the wallet of existing customers, acquire quality new customers, and deliver a best-in-class experience, thus building customer loyalty. In line with its customer centric approach, the Bank continued its strong focus on holistic customer lifecycle management led by its strong data analytics to engage in meaningful conversations and provide the right product proposition. The Bank also developed a structured approach to ensure right segment fitment. This ensures that the right program offers, benefits and services are extended to the customers basis profile and needs. The Bank also continues to focus on digitization of sales, service and branch operations in order to offer hyper-personalized experience and simplified digital journeys. Currently, around 25% to 85% of sales of the Bank across different products are digitally assisted. Digital assisted products have significantly better customer experience, lower costs and better economic outcomes..

During the year, the Bank completed the acquisition of Citi bank's Consumer Businesses in India. Through this acquisition, the Bank has gained access to the large and affluent customer franchise with a bouquet of fee-oriented and profitable business segments, that include a quality cards portfolio, an affluent wealth management clientele and meaningful retail granular deposits. The portfolios acquired are a strategic fit in the Bank's GPS journey towards granularization and premiumization.

The Bank believes that it is well-positioned to capitalize on growth opportunities in the Indian retail financial services market, led by its strong liability franchise, well diversified products portfolio and robust analytics and technological capabilities. The innumerable opportunities and synergies created by acquisition of Citibank India Consumer Businesses will further catapult the Bank on a faster trajectory of growth and service excellence in the Retail Banking space.

During the fiscal year 2023, the Retail segment contributed 63%, 58% and 68% of the Bank's deposits, advances and fee income respectively.

Retail Deposits

The Bank remains focused on garnering stable and granular retail deposits in order to drive its balance sheet growth. Further, enhancing the quality of deposit franchise, especially via granular Individual deposits, has been a key objective for the Bank to support its asset growth. During the year, the Bank reported steady growth in its Current and Retail Savings Accounts that together grew by 18%. Within this, the retail SA deposits grew by 18% and the CA deposits also grew by 18%, while the term deposits grew by 6%. The Bank added 10.8 million new liability accounts during the year with ~4.7 million of them being SA accounts, each being the highest ever acquisition for any year.

The Bank continued to focus on district level segment strategy to build high quality deposits, that saw strong progress during the fiscal with increase in the number of districts where our market share in deposits is higher than 5%. An on-boarding framework was launched to ensure right customer fitment and early engagement to carry out account due diligence in an effective manner. The plan comprises a system driven approach to ensure effective early month on book onboarding & engagement by senior branch resources across 2 defined interventions in the first 30 days which focuses on providing key account details and benefits, profile verification for risk mitigation and digital activation.

Premiumization of deposits franchise continues to be an important imperative for the Bank. As a step towards increasing the premium deposits, the Bank launched a new Priority Banking Program and Ultima Salary Account proposition to offer the best of banking services and life experiences under one bouquet. The program aims to cater to different profiles of the mass affluent segment and partnering them in their life journeys with the best offerings across lifestyle, travel and health combined with superlative banking products. During the year, the share of premium (Burgundy Private, Burgundy, Priority & NRI) SA segment to overall retail SA deposits improved by 870 bps to 55.3% as on 31 March, 2023 led by Bank's focus on premiumization and the recent acquisition of Citibank India's Consumer Business portfolios.

Granular growth from Individual customers has been a key objective for expanding the Bank's Retail term deposits. Harnessing digital acquisition is pivotal to this objective, implemented via offerings such as the industry-first full KYC digital term deposit, acquisition via digital alliances and the industry-first revamped mobile banking journey with one step - 3 click FD booking. As a result, the percentage share of deposits from Retail and Small Business Customers (SBC) in total term deposits has increased by 450 bps (excluding Citibank deposits) YOY as of 31 March, 2023 This is also in line with the Bank's objective to increase the lendable deposit share as the deposit market becomes increasingly competitive.



The Bank continued to work towards leveraging its corporate lending relationships with top corporates to gain higher share in salary segment. During the year, the new corporate salary labels acquired grew by 33% with 20% growth in new salary accounts. Further the addition of 1,600 'Suvidha' corporate labels with best-in-class Salary account customer base, post the acquisition of Citi's business, has further strengthened our Corporate Salary franchise. Additionally, the Bank also went live with 245+ new corporate salary micro-sites. These micro-sites provide an engagement platform for salary customers and keep them informed about the latest product offerings, benefits, offers, digital journeys and can also enable seamless account opening.

Customer Centricity continues to be the emphasis of all our initiatives, and we constantly strive to achieve customer delight. We attempt to create offerings that cater to the ever-changing customer preferences, 'Silver Linings Program' was launched in mid of November 2022, targeting customers who are 57 years and above. The program is unique and is provided complimentary with our Senior Savings Account product and offers a plethora of benefits across wellness, travel, entertainment and convenience.

In order to serve the deposit customers better and deepen relationships with them, the Bank has organically built a well-diversified branch network over the years. The Bank continues to look at the segments and demographic areas that are relevant to the Retail Banking strategy, before setting up a branch. As on 31 March, 2023, the Bank had a strong distribution network with 4,890 domestic branches, 3 Digital Banking Units, 13 extension counters and 156 Business Correspondent Banking Outlets (BCBOs). The Bank also has extensive network of 9,802 ATMs and 6,151 Recyclers, which not only handle the cash deposits and withdrawals, but also serve as self-service and fulfilment centres. The Bank's geographical reach in India now extends to 35 states and union territories and 615 districts.

The Bank has been investing in alternate channels like Axis Virtual Center (AVC) which digitally connects with customers to deliver superior customer experience and deepen the relationship. AVC operates in 6 centers with over 5,000 resources that includes 1,500 Virtual Relationship Managers as on 31 March, 2023. AVC has invested in building robust processes and systems to provide services using digital mode and offers plethora of services like account opening through video KYC, relationship management across customer segments of Burgundy, Priority, Prestige and Prime including payments assistance, retail loans, cards portfolio products and investment products to both domestic and overseas customers.

During the year, the Bank initiated and incorporated VCIP Digital Savings Account Journey for all the non-branch banking channels. The Bank further rolled out a personalization engine to drive customer level deepening and boost products per customer, through various digital mediums like SMS, Email, Mobile App, Internet banking, website and Whatsapp. The communications are hyper-personalized basis individual customer profile, transaction patterns, spends behaviour and life stage and hence directed to only those services and products which the customer would most likely be interested to take from the Bank. Furthermore, each of these nudges also provide the customer to fulfill the service or avail the product end-to-end on the platform itself, without any physical intervention or visit to the branch.

Retail Lending

The Bank's Retail loan book has witnessed strong growth of over 21% CAGR in the last 10 years with a significant diversification in mix over time. The Bank has a comprehensive and yet customized product suite which enables it to cater to all credit-worthy customers. During the year, the Bank continued its business mix optimisation by driving higher growth in its focused product segments and high yielding products. Aided by the Bank's strong data analytics capabilities, the Bank's unsecured segments like personal loans, cards and small business loans continued to grow at a faster pace than the overall retail book growth. The Bank's unsecured to secured mix in the overall retail book stood at 22:78 as of 31 March, 2023.

While the Bank continues to gain a larger share of the wallet of the existing customers, digitization enables us to acquire quality new customers and deliver best-in-class experience. The Bank has undertaken multiple transformation projects across the product segments in order to improve the customer experience and productivity and performance of our employees while reducing the overall turn-around times.

The investments in digitization and technology have been the cornerstone of the Bank's growth strategy. The Bank continues to focus on digitization of sales, service and branch operations in order to offer hyper-personalized experience and simplified digital journeys. Digital Home Loan journey for APF (Approved Project Financial) projects has empowered the Bank to provide real-time sanction to the customer at the builder site. The Bank's Maximus Lending platform for Auto Loans is helpful in building strong OEM partnerships and hence strengthen the market positioning. Digital loans contribution to total Auto Loans disbursements has increased from 9% to 18% in fiscal 2023. Digital Personal Loans have been growing at a steady pace led by end-to-end DIY journeys that contributes more than 55% of the Personal Loan business. The Bank's transformational project 'SBB Sankalp' has further improved efficiencies while delivering superior TATs by re-imagining and digitizing underwriting systems and loan disbursals. More than 45% of the Business Loans are disbursed end to end digitally.

The Bank continues to source ~80% of the customers through the ETB and KTB channels with branches playing a critical role. The Bank has entered into several strategic partnerships and developed proprietary KTB scorecards on partner data. The Bank is also leveraging its universal underwriting capabilities and account aggregator capabilities while deploying use cases based on alternate data to source new customers.

Management's Discussion and Analysis

The Bank continues to invest in building risk management and analytical capabilities to mitigate risks and improve the profitability of its retail products. The Bank calibrated its underwriting criteria across product lines based on profiles, industries and nature of products and has also re-calibrated scorecards to reflect the inherent risk in borrower profiles. Through product design and pre-selection, the Bank sources the lower risk customer base and continues to monitor the portfolio by identifying early risk indicators. The Bank's prudent credit evaluation policies and processes have enabled it to maintain a well-balanced portfolio and develop a calibrated approach to managing NPAs.

Bharat Banking

The credit demand in Rural & Semi Urban (RuSu) markets has been buoyant on the back of several government interventions to improve livelihoods, market linkages in both input & output, income diversification from agriculture to non-agriculture, improving agriculture productivity and integration of the country through both physical and digital infrastructure. Agriculture, the backbone of the RuSu markets, is also witnessing tailwinds backed by higher adoption of technology, better use of data, efficient delivery of government schemes to boost farmer's income, penetration of alternate distribution such as CSC in deeper markets and the rise of Agritech companies. These structural changes are accelerating demand for financial services, giving the Bank an opportunity to deliver at scale, profitably in the RuSu markets.

The Bank had created a 'Bharat Banking' unit in fiscal 2022 as part of its distinctiveness initiative to drive higher growth and increase market share in RuSu markets. The Bank believes that it is well positioned outperform in this market enabled by its large & deep distribution, a comprehensive product suite catering to all financial needs, strong relationships with the agri value chain be it corporates, new age companies, or any financial institution; and proven lending & underwriting capabilities that have been customised for these markets.

The Bank's first branch with a new rural centric design went live in fiscal 2023 and the Bank intends to replicate the same in order to significantly improve its visibility in RuSu markets.

In fiscal 2023, the Bank took several initiatives to create a distinctive business model that resulted in a 37% YOY increase in disbursements (excluding IPBC), 26% YOY increase in Rural lending book and 15% growth in deposits from RuSu regions. The growth has been secular across both retail and institutional businesses.

The Bank has a strong distribution network in RuSu markets with 2,137 Bharat Banking branches that is complimented by a large CSC (Common Services Centers) network of 60,600+ VLEs (Village Level Entrepreneurs). During the year, the Bank scaled up its CSC VLE network by 54% VLEs and launched several initiatives that has resulted in 7.5X growth in disbursals YOY through this channel. The Bank plans to replicate this success with several other partnerships. In fiscal 2023, the Bank also announced partnership with marquee names such as India Post Payments Bank, Airtel Payments Bank, ITC etc. that will further enhance its distribution.

The Bank had undertaken a digital transformation exercise and in the last one year delivered key projects such as e-KYC Bio-Metric based CASATD, enabling low-cost liability sourcing at partner locations. The Bank operationalised an end-to-end digital co-lending platform, and revamped customer journey for KCC and gold loans. We have also selected an industry leading platform to make our customer journeys best-in-class, giving strong impetus to the low cost & customer centric business model.

The Bank remains sharply focused on the profitability of the business and took several measures for NIM expansion. The efforts to build a multi-product sales architecture is seeing green shoots led by significant momentum in cross sell of both asset and liabilities and large increase in volumes & productivity from Bank's dedicated multi product distribution team. The Bank has also accelerated its journey towards self-sufficiency in PSL by originating more PSL compliant business.

Even as the current credit environment has been benign, the Bank remains watchful. The Bank took several steps to strengthen the risk and governance in the 'Bharat Banking' segment such as launching a Bharat specific risk framework and guardrails, investing in training of staff & partner network on governance & strengthening the partner on-boarding process.

The Bank remains committed to improving the financial inclusion across the country and has trained 1.2 million customers under its flagship Financial Literacy program. In addition, the Bank has revamped its Government Sponsored Schemes strategy that will further its endeavor of deeply impacting the lives of population living in RuSu markets.

Retail Payments

The payments industry has in the recent years witnessed a significant shift in the customer spending pattern, with tremendous increase from cash to non-cash transactions. With the government promoting digital payments aggressively that have gained wider acceptance by customers, the industry has seen massive developments and there remains a large opportunity for further growth.

The Payments business continues to be at the core of Bank's Retail Banking strategy as it signifies the face of the franchise, increasing customer engagement and driving profitability. The Bank continues its focuses on building iconic payment products to deepen customer engagement and cater to the digital payment users.



During the year, the Bank saw positive traction in credit cards market share with strong growth in acquisitions, cards in force as well as spends. The Bank sourced 4.2 million cards in fiscal year 2023, highest ever for any year led by its strong data analytics capabilities and Known to Bank (KTB) strategy.

The acquisition of Citi's card business is complementary and strengthened the Bank's position as fourth largest Credit Card player in India, with the addition of a high quality portfolio having one of the highest spends per card across industry. The Bank's card advances market share improved by 450 bps to 16.3%, with the healthy accretion of ~38% to our existing card advances as of 31 March, 2023. The Bank had 12.1 million cards in force with a market share of 14.2% as on 31 March, 2023. The credit cards business also touched the highest ever yearly spends of over 1,35,000 crores, yet another milestone for the business.

Our co-branded card 'Flipkart Axis Bank Credit Card' achieved yet another significant milestone of 3.5 million cards, after having crossed the 2 million mark last fiscal, making it one of the fastest growing co-branded portfolios since its launch in July 2019. The Axis Bank spends on partnership cards continue to outperform industry in terms of activation and card usage with better risk outcomes. During this fiscal year, we scaled up our co-brand credit card offering with Airtel. We also partnered with a leading consumer durable company "Samsung" and launched co-brand credit cards in two variants; catering to both mass and affluent segments

The Bank has enhanced its partnership with NPCI by introducing its IOCL Credit Card on the RuPay network. As a result, the Credit Card Business is now supported by 3 networks.

During the year, the Bank focused extensively on enriching the customer experience by improving processes and eliminating bottle necks in terms of infrastructure. The Bank now has the latest technology platform with higher processing capacity, additional APIs and a PA DSS (Payment Application Data Security Standard) compliant system.

The Bank in its Merchant Acquiring business is the second largest acquirer in the country with an installed base of 13.92 Lakhs terminals serving all categories of merchants from the urban and rural areas. The Bank's active terminal base increased by 46% Y-o-Y with an increase in incremental market share to 26% over the last 1 year.

The Bank also continues to invest heavily in creating state-of-the-art merchant user experiences. During the year, the Bank launched first of its kind "Pin on Glass" – an NFC enabled system which accepts Cards QR and Sodexo method of payment. This provides an increased number of alternatives for the merchant to accept payments seamlessly.

The Bank continues to focus on improving the total relationship value of the merchant, in order to create a profitable merchant franchise. The Bank has rolled out several products such as insurance, credit cards, business loans, savings account, current account etc. that can be offered to the merchant if he has an acquiring relationship with the Bank.

In the UPI payments space, the Bank continues its efforts towards distinctiveness in becoming one of the leading payment franchises in the country by driving continued growth and focus on seamless customer experience. The Bank maintained its strong positioning in UPI with a market share of 17% as Payer PSP by volumes and 18% in the P2M acquiring throughput as of March 2023. The Bank continues to partner with new fintech players with the objective of growing the UPI transactions for Axis Bank. Launch of Prepaid Payment Instrument (PPI) on UPI for Freecharge wallet users and UPI for NRI customers was a further demonstration of the Bank building new capabilities to drive the organic volume growth of UPI transactions. The Bank now has more than 64.4 crore customer VPAs registered as on 31 March, 2023.

The Bank continues to focus on building a robust IT infrastructure and upgrading IT capabilities due to which the Bank has one of the lowest technical decline rates in the industry.

Retail Forex and Remittance business

The Bank offers a range of forex and remittances products to its retail customers, which include forex cards, inward and outward wire transfers, remittance facilities through online portal as well as through collaboration with correspondent banks and exchange houses.

The Bank continues to be one of the largest players in prepaid forex card market with its flagship offering of Multi-currency card that allows users to load 16 currency options in one card.

In line with the objective of increasing digital adoption for retail forex transactions, the Bank now issues close to 68% of its retail forex cards through the digital platform. Remittances through the digital platforms also continue to grow steadily, and contributed to half of all retail remittances. Another focus area that the Bank identified is the overseas student segment where the solutions offered currently are fragmented and cumbersome. To address this gap, the Bank launched a programme – Axis Bank 'HORIZON' that aims to provide a comprehensive suite of products like Forex Cards, Outward remittances and Education Loan to students and their parents who wish to travel abroad for education. The Bank aims to make Axis Bank HORIZON a one-stop shop for all financial needs of students and their parents with convenient and intuitive digital journeys.

The Bank also continues to source NRI accounts digitally from non-face-to-face channels. The Bank has registered strong year on

Management's Discussion and Analysis

year growth in number of accounts opened via digital channels, with an average funding of ~1.6 lakhs in these accounts. This year the non-face-to-face acquisition mode was made live for "Burgundy Private" segment, the average funding in "Burgundy Private" accounts opened via non face to face has been healthy at ~₹28 lacs.

During the year, the Bank has launched instant and real time UPI payment system for NRIs through BHIM Axis Pay app or via any third-party app like Paytm, Phone pe. This has been enabled for NRO accounts and Foreign national long term account holders with Indian registered mobile.

Third Party Distribution

The Bank is one of the leading distributors of third party products including mutual fund schemes, life insurance, health insurance and other general insurance policies. The Bank distributes comprehensive investment and protection solutions, to cater to the diverse needs of each customer segment, adopting tech-enabled delivery mechanisms across all customer touch points. During the year, Third Party Distribution business contributed significantly to Bank's retail fee income on back of its strong partnerships, contextual product launches, wide distribution strength and digital initiatives.

With a total mutual fund AUM of ₹51,794 crores, the Bank has maintained its ranking during the year to the third largest banking distributor in the industry and had 10.9 lakhs mutual fund customers as on 31 March, 2023. The Bank through its dedicated in-house research desk, identifies the best mutual fund schemes based on qualitative and quantitative parameters. Currently, the Bank distributes mutual funds schemes of 21 major Asset Management Companies, through its relation teams, branch network and digital channels based on the customers' lifecycle and investment requirements. The Bank also offers various Alternate Investment Products to its customers from select product providers, as approved by SEBI.

The Bank offers online as well as offline trading services to its customers in collaboration with Axis Securities Ltd. under the brand name Axis Direct. Through its relation teams and branches, the Bank has sourced more than 4.3 million total customers for Axis Direct with 6.4 lacs customers being added in fiscal 2023.

The Bank is one of the largest Bancassurance player for Life Insurance, by volume among private sector banks in India. The Life Insurance fee income has grown by 14% in fiscal 2023 against an industry growth of 16%. Lower growth in LI business was on account of the Product Mix shift to traditional business. Traditional business mix for fiscal 2023 increased to 65% from 49% in fiscal 2022. The life insurance partners of Axis Bank include Max Life Insurance, Bajaj Allianz Life Insurance and Life Insurance Corporation of India.

Axis Bank's non-life insurance partners include TATA AIG General Insurance, ICICI Lombard General Insurance and Go Digit General Insurance in general insurance segment and Aditya Birla Health Insurance and Niva Bupa Health Insurance in health insurance segment.

In the process of integrating the Citibank India Consumer Business, the Bank in fiscal 2023 signed corporate agency agreements with TATA AIA Life Insurance and Birla Sun Life Insurance in life insurance segment and with Royal Sundaram General Insurance, The New India Assurance, Bajaj Allianz General Insurance and HDFC Ergo General Insurance in the general insurance segment.

The Bank's strategy of adopting an open architecture has enabled the Bank to strengthen the penetration in core channels and develop alternate new age avenues for offering a wide range of products to its customers.

The Bank continues to focus on reimagining end to end journeys and build a digital ecosystem for investment products on its mobile banking app and internet banking to ensure seamless access anytime, anywhere. The Bank has an innovative user-friendly digital interface - Axis Marketplace - to facilitate distribution of insurance solutions. Axis Marketplace offers third-party products integrated directly with insurance partner systems thereby providing seamless journeys and instant issuance facilities.

Wealth Management

The Bank's wealth management business 'Burgundy' continued its growth journey and further consolidated its position among the top wealth management franchises in the country. The consolidated assets under management grew to INR 3.6 trillion as on 31 March, 2023, representing a 29 % CAGR growth in the last 6 years.

Burgundy Private, a proposition for the Bank's UHNI customers, that we launched 3 years back continues to scale greater heights with AUM of nearly ₹1.4 trillion. Burgundy Private now includes 30 of the Forbes 100 richest Indians as its clients and manages wealth for over 11,000 families across 27 cities in India, up from 3,490 families last year (215% YoY).

In a short span of three years, Burgundy Private has not only established itself in India but has also been recognised at international forums with the following awards:

- "Best private bank for client acquisition, Asia" at the 5th Annual Wealth Tech Awards by Financial Times, UK



- Outstanding Marketing Campaign by a Private Bank/Family Office (Winner) at the 4th Annual Global Private Banking Innovation Awards by Global Private Banker, Singapore
- Outstanding Digital Marketing Campaign by a Private Bank/Family Office (Highly Acclaimed) at the 4th Annual Global Private Banking Innovation Awards by Global Private Banker, Singapore

After the immensely successful first edition of “Burgundy Private Hurun India 500 Most Valuable Companies”, Burgundy Private continued its collaboration with Hurun India with the launch of the second edition in December. This new edition celebrates the leadership of India’s top companies, including those from the new economy.

One of the latest entrants in the private wealth management market in India, Burgundy Private focused on building a best-in-class bespoke platform. Burgundy Private continues to leverage the ‘One Axis’ initiatives and has built a strong operating rhythm with key business units within the Bank. Additionally, to cater to Burgundy Private customers be-spoke requirements, the Bank has tied-up with strategic external partners to offer Estate Planning, Family Office Solutions, Real Estate Advisory, Tax & Regulatory Advisory, Structured Credit solutions and Offshore Investments.

Burgundy Private now has a team of 128 Burgundy Private Partners with an average working experience of over 18 years. They are supported by 70 Service Partners. Burgundy, on the other hand is much larger with 486 Relationship Managers, 275 Premium Service Managers and 110 Wealth Specialists and is offered through more than 4,300 branches across the country This has helped provide specialised banking & wealth management services to HNI customers in the growing Tier 2 and Tier 3 cities as well.

The Bank provides wealth management and protection needs through an open architecture platform with products and solutions carefully selected from amongst the best providers in the market. The Bank’s core wealth management system at the backend (which is being further upgraded) along with a multi-channel front-end platform ensures that it is able to provide investors with updated and regular information about their bank accounts and investment portfolios as a 24x7 experience.

The acquisition of Citibank India’s Consumer Business has been a natural fit for our strong ‘Burgundy’ franchise to accelerate the Bank’s growth ambitions. Citibank’s affluent clientele backed by global best practices in client servicing and operations complement Axis Bank’s Burgundy platform, with very little overlap. The acquisition has consolidated our position as the country’s top wealth management business. These clients will now be able to benefit from our One Axis proposition, avail of an even wider product palette in both investments and insurance, enjoy better deposit rates and bank seamlessly using our wider branch and ATM network. There are significant synergies that we will utilize over the coming quarters to deliver higher value to customers.

During the year, the Bank launched several first-time initiatives under ‘Sparsh’, a bank-wide initiative towards Customer Obsession and service excellence. ‘Sparsh Bootcamp’, a well-crafted training program for Burgundy Relationship Managers embedded with the core principles of customer obsession, was executed in the first half of fiscal 2022 with 100% completion by all Burgundy Relationship Managers along with their supervisors. The Sparsh Bootcamp will now be included as a standard module for all Relationship Managers as part of their induction training program.

The Bank test launched the industry first venture “The Burgundy Promise”. It aims at a much faster resolution of select Burgundy service requests within a TAT of 6 working hours. It also provides customer’s a real time tracking mechanism (via the digital channels - internet banking and mobile app). The test results have been very successful with a 96% level of TAT adherence.

The Bank has recently launched Burgundy ‘Circle of Trust’ proposition that provides multiple points of connect and is envisaged to strengthen the institutional relationship with the Customers. The team of experts includes – Relationship Manager, Service Relationship Manager, Branch Relationship Head, Wealth Specialist and Branch Head.

‘Investment Perspective’, an initiative to empower Burgundy customers with knowledge and information on the Global and Indian equity & fixed income markets from the senior most Fund Manager’s in the industry has been very well received and the feedback from all customers who participated across multiple cities has been exceptional.

Priority Sector Lending

The Bank continues to pursue a focused strategy on achieving the Priority Sector Lending (PSL) targets and sub targets prescribed by the regulator. The Bank also continues to undertake activities that promotes financial literacy and awareness of the banking services with an aim to cover the under banked borrowers under this PSL drive.

The Bank as part of Bharat Banking strategy, has been working towards increasing its presence in specific rural and semi urban geographies across India, that offer high potential for growth in rural advances and MSME lending. During the year, the Bank continued to focus on augmenting the small ticket size loans, crop loans to small and marginal farmers and microfinance business targeted at women borrowers from low income households. The Bank also enhanced its digital lending channels to facilitate quicker turnaround time for sanction and disbursement of loans to MSME borrowers.

The Bank’s PSL achievement during fiscal 2023 was 42.53% as compared to the stipulated target of 40% of Adjusted Net Bank Credit. The Bank through organic book and purchase of PSL certificates (PSLC) achieved the PSL targets at the headline level

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as well as at each sub-segment level in fiscal 2023. During the fiscal 2023, the Bank purchased PSLCs of an aggregate amount of ₹38,000 crores at a cost of ₹945 crores and sold PSLCs of an aggregate amount of ₹80,514 crores and earned income of ₹173 crores.

Digital Banking

Digital banking is a key strategic initiative and an area of distinctiveness for the Bank. In the last 4 years, the Bank has made significant progress on digital outcomes and capability building.

The Bank's digital aspirations are backed by proprietary capabilities. One of the early calls made by the Bank was to build capabilities inhouse. Today, the Bank has over 1,750 people across departments focused on furthering the digital agenda. The Bank has a 390+ member inhouse full stack engineering team, and today a large number of the Bank's digital products are built inhouse. The Bank has a 35 member design team and additionally a large digital products and digital marketing team as well. The Bank has also invested in best-in-class platforms across the DevSecOps pipeline, cloud infrastructure as well as developed its own platform for design (Sub-zero). Taken together these put the Bank at the forefront of providing cutting edge digital solutions to its customers with significant growth in metrics across digital adoption, usage, transactions, servicing and sales.

In line with the stated aspirations that it had laid out in 2019, the Bank has launched Axis 2.0 – a Digital Bank within the Bank. Axis 2.0 comprises all products that are originated and fulfilled end-end digitally, with sourcing, sales and processing done digitally. Axis 2.0 is set up as an independent business within the Bank. Axis 2.0 is now fully functional with over 20 products across liabilities, loans (e.g. PL, BL, AL), investment products (e.g. MF, digital gold, PPF, NPS), insurance, forex, etc.

During the fiscal 2023, the Bank continued to make several investments and launch new products and services leveraging digital. Among the most important initiatives include launch of a revised and enhanced mobile banking version with Hyper personalization of customer experience, and introduction of new redesigned journeys for FDs, Bill Pay, remittances, lending (Auto loans, Small Business loans and Gold loans) among others. The Bank also launched and migrated customers to a new internet banking platform and made significant enhancements to credit cards platform. The Bank also launched best in class API developer portal with expanded suite of over 400 APIs across retail and corporate segments.

The Bank has built best in class personalization capabilities towards its objective of becoming the leading customer centric bank. 10,000+ hyper personalized nudges have been developed across 2,500+ customer features for Axis Mobile, the world's No.1 rated mobile banking app on the Google Play store with rating of 4.8 and over 2 million reviews. This analysis is based on a review of over 59 banks, 8 neo banks and 50 Indian fintechs. The Bank has ~12 million monthly active users on its app and on average an active user visits the app 15 times a month.

The Bank has made good progress in porting capabilities from Axis 2.0 to the rest of the Bank.

The Bank has also made strong progress in 'Project Neo', a greenfield project, that the Bank had embarked on its transformational journey to be India's #1 digital Wholesale Bank. The Neo products stretch beyond reimagining the digital journeys – one of the key focus areas has been to provide an open banking experience while navigating a myriad of technology systems. Neo offerings focus on customer centricity with cutting edge market competitive end-to-end digital & flexible solutions. It offers industry first end-to-end digital onboarding solution for corporates with best in industry corporate API developer portal with 95+ live open banking APIs across Transaction banking products with B2B enablement and industry first plug and play solution for seamless ERP integration to wide domain of banking API services through "Axis Neo Connect". It also offers best in class SMEs and MSMEs commercial banking proposition – "Neo for Business"

The Bank's efforts on the digital front continue to get multiple external recognitions by the industry. The Bank was awarded the best Digital Bank in the country by Financial Express. The Bank also received awards for Customer Engagement of the Year for Axis Neo Connect by Economic Times (ETBFSI), Best BFSI MSME Support for Axis Neo Connect and Best BFSI Customer Experience for API Banking Suite by Dun & Bradstreet and the Best API initiative for Project Neo API Banking Suite by Asian Banker.

Wholesale Banking

The Bank today is amongst the best and most comprehensive Wholesale Banking franchises in the country catering to all the Banking needs of a corporate across lending products, investment banking, capital markets and transaction banking with linkages to the Retail Bank.

Over the last few years we have been strengthening our client focus in the wholesale bank. This has meant getting deeper into certain segments and consolidating the existing ones. With a view to further sharpening our approach in the market and refining the coverage architecture, we strengthened our leadership team and reorganized the coverage groups with a focus on optimizing our coverage approach and presence in key geographies.



During fiscal 2023, the Bank continued with its approach to deepen client relationships and provide holistic banking solutions by capturing the entire corporate value-chain leveraging 'One Axis' capabilities across the Bank's various business segments and its subsidiaries.

The Bank's Wholesale Coverage Group provides entire bouquet of products and services including cash credit facilities, demand and short-term loans, project finance, export credit, trade, forex and derivative solutions, payments and cash management systems, tax payments, salary accounts and trust services, commercial and credit cards etc. with the support of a well-defined Wholesale Banking Products team. The Bank's offerings are specially designed to meet all financing requirements to our coverage clients which now encompasses a diverse customer group.

The Bank's Wholesale Coverage serves diverse customer segments ranging from SMEs, Start-ups, Large and mid-corporates, MNCs, Financial institutions and intermediaries, PSUs and Government departments through its sharpened coverage structure, as follows:

- **Commercial Banking Coverage Group (CBG):** Caters to businesses with turnover between ₹10 crores to ₹350 crores.
- **Mid-Corporates:** Covering all corporate clients with turnover between ₹350 crores and ₹1500 crores;
- **Large Corporates:** Covering all corporate clients with turnover greater than ₹1500 crores;
- **Focused Segmental Coverage:** Covering PSUs, Government-owned entities, Multi-national companies and Financial institutions

As part of its Open Customer centric approach, the Wholesale Bank has been at the forefront of bringing new digital products and services that help transform customer experiences. One of the key focus areas for the Wholesale Bank has been to lead with Digital; and to become the best-in-class Digital Corporate Bank in India as part of its project 'Neo'. During the year, the Bank made strong progress in its project 'Neo'. The umbrella of initiatives under Neo from Axis Bank have been designed keeping in mind the evolving customer preferences, the ecosystem evolution and the need to be benchmarked against the global best-in-class propositions. The Bank also remains on track for migration of its fully integrated state-of-art Treasury system as a part of its technology upgrade.

During the fiscal 2023, the Bank's domestic corporate loan book grew by 24% over fiscal 2022. Focus segments such as the Mid Corporate and CBG delivered higher growth of 38% and 23% respectively.

The Bank continues to focus on delivering higher relationship RaRoC, with focus on granularity and broad client base. During the year, the Bank's strategy of sectoral approach to portfolio diversification and credit continued, where the focus was on identifying sector specific opportunities and risks and grow accordingly.

For the second year in the row, the Bank was adjudged #1 on the Quality Index for both Large Corporate and Middle Market banking in the Greenwich Banking Survey 2022.

Approximately 89% of new sanctions in the corporate book were to companies rated 'A-' or better. Presently, 89% of outstanding standard corporate book is to companies rated 'A-' and above. The Bank continues to be amongst the leading private sector banks in the Government Banking space in India. The solution-oriented approach along with the strong relationship management has helped us create a sustainable business franchise.

In current fiscal, the business has witnessed strong growth across all major Government initiatives like SNA, CNA, PFMS and various state schemes. The Bank remains committed to support various development and digital initiatives of the Government and has managed to win record number of close to 1,000 new mandates. With continued focus on granularity, the Bank managed to expand its government SA deposit base in the Cat B and Cat C centres which contribute to a substantial portion of the deposit Book.

The Bank remains focused on offering customized solutions for the unique banking requirements of its varied customers and has developed unique working models for its customers, creating distinctiveness for the Bank and sustained investor value in the long term. Case in point is the integrated coverage model which the Bank has developed for the New Age Companies (Startups) and their investors/financial sponsors, which is helping the Bank to grow in this segment in a profitable yet prudent manner, balancing the risks involved. Aided by the Bank's customer-centric products & services backed by a strong technology platform, the Bank is able to create value for New Age companies by helping them scale up their business and also create value for the financial sponsors for their portfolio investments.

During the year, the Bank's overseas branch in Dubai International Financial Centre (DIFC), won the 'Customer Service Excellence' award in the Banking category at the Middle East International Business Awards and the Le Fonti Awards for Banking & Innovation, 2022.

Commercial Banking

The MSMEs contribute to 30% of India's GDP, 45% of India's exports and 45% of India's workforce. The Commercial Banking Group (CBG) addresses the banking needs of MSMEs and is one of the fast-growing business segments of the Bank.

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CBG business continued to grow and gain market share in fiscal 2023 with its highlights being the high levels of PSL contribution and its contribution towards building a robust Current Account book with predictable streams of Trade and Forex business.

CBG has a deep geographical reach (189 CBG Centres across India) with an extensive product suite to address customer needs. CBG offers both enterprise banking solutions for the business and personal banking solutions for the business owners & employees.

As on 31 March, 2023, the CBG business book stands at ₹92,723 Crores and constitutes 11% of the Bank's total advances.

CBG is continuously building towards simplified digital e2e process to ensure quicker loan origination to disbursement through enablers like Digital Financial & Banking Analyser, automated prefilled credit note, system generated sanction letter, automated account opening form etc.

Relationship Managers are supported through digitally enabled data insights and alerts to enable supporting the customers with the right timely solution.

The asset quality in the CBG segment remains stable as a result of continuous monitoring of exposure through usage of various Early Warning Systems. The net NPA in SME segment stood at 0.33% with provision coverage ratio of 71% as of 31 March, 2023.

Wholesale Banking Products

The Bank has strengthened its proposition as a Transaction Bank of Choice across Current Account, Cash Management, Trade & Supply Chain Finance, Capital Markets and Custody and gained market share. Our focus has been on providing differentiated, integrated product propositions to our clients across corporate, commercial banking, financial institutions, and government segment.

One of the key GPS focus areas for the Wholesale Bank has been to lead with Digital. Neo from Axis Bank is the branding under which it is being delivered. The umbrella of initiatives under Neo from Axis Bank have been designed keeping in mind the evolving customer preferences, the ecosystem evolution and the need to be benchmarked against the global best-in-class propositions. The product and channel roadmap covers APIs, Corporate Internet Banking and Mobile App, Host to Host integration and Partnerships.

Cash Management

The Bank offers comprehensive cash management solutions across all segments. Notable amongst the differentiated product propositions launched this year is "Axis Receivables Suite (ARS)". Using ARS, Axis Bank clients can automate their collections and optimise their working capital. The Bank has also implemented new payment hub for handling the fast-growing NEFT volumes of API Banking customers thereby making them and us future ready.

The Bank is progressively increasing its market share in Bharat Bill Payment System (BBPS) ecosystem & has been amongst the first bank to launch B2B category in BBPS. The Bank continues its leadership position in terms of number of biller onboarding and highest number of transactions amongst private banks & has been leading the way for adding new category of billings like insurance, dairy and piloting new initiatives with NPCI, billers & fintech partners. The Bank has won a DigiDhan Award 2021-22 for the maximum on-boarding of billers on BBPS platform.

Trade and Supply Chain Finance

The Bank offers a complete suite of Trade and Supply Chain Finance products and solutions – for both domestic as well as international trade. These solutions are offered via various digital channels and through our branch network. Dedicated team of product specialists – both in Sales, Product and Operations support clients across Exports, Imports, Bank Guarantees, Working Capital Optimisation, Liquidity & Risk Management solutions.

Some key initiatives launched and being scaled up are:

- e-BG execution through NeSL
- Cross border payments & LC issuances initiated by corporates through SWIFT India
- Integrated Supply Chain Finance

The Bank is working closely with the Government e-Marketplace (GeM) to offer automated solutions for advising electronic performance guarantees to Government departments /organizations /PSUs and facilitating BG issuances by suppliers on GeM.

Current Account

The Bank's focus on becoming the Transaction Bank of choice resulted in the current account balances growing 17% during the year. The Bank had launched onboarding journeys using TAB, SMART Form and web links to increase the digital penetration. Launch of digital current account proposition for merchants, newly incorporated customers and specific industry-based propositions for Pharma, Textile and Agriculture are helping us become the Transaction Bank of choice.

Treasury & Markets

The Bank's Treasury & Markets function comprises of Asset Liability Management (ALM), Forex Trading group (including Currency Derivatives & Bullion), Interest Rate Trading (IRT) (including Rupee Derivatives) & Primary Dealership, Non SLR Trading (including Equity), Debt Capital Markets – DCM (Domestic DCM & International DCM), Treasury Sales, Loan Syndication and Treasury Technology & Governance team.

The Bank's ALM group manages the regulatory requirements of Cash Reserve Ratio (CRR), Statutory Liquidity Ratio (SLR) and Liquidity Coverage Ratio (LCR). The group also manages the liquidity, interest rate and currency risks in the Bank's portfolio, under the guidance of the Asset Liability Committee (ALCO) of the Bank.

The Bank's Forex Trading Group is a major participant in the foreign exchange and derivatives market and undertakes proprietary trading and market making in forex and derivatives products.

The Internal Risk Trading (IRT) desk plays an important role of market making and trading in G-Sec, OIS & other interest rate products. The Bank is a primary dealer (PD) of Government securities. Our PD desk ensures mandated bidding commitments, success ratio & turnover ratio for T-bill auctions/ G Sec are achieved for the year. The Corporate Bond & Equity Trading desk undertakes primary and secondary market investments in corporate bonds, commercial papers, certificate of deposits and equity instruments.

The Bank continues to remain a dominant player in the Debt Capital Market (DCM) segment. The Bank had maintained its leadership position, for the 16th consecutive year (as per Bloomberg league tables), as the number one arranger in the Calendar Year 2022 for rupee denominated bonds. The Bank also has a growing International Debt Capital Markets franchise with mandates from leading corporate issuers for their international bond issuances. The desk has demonstrated a track record of arranging several ESG (Environmental, Social & Governance) compliant issuances. The Bank successfully concluded the largest bond issuance in its history. This 10 Year Tier 2 bond was oversubscribed by 16% from various investors, making it the second largest bond issuance by any Indian bank. The Bank also won "The Best sustainable linked bond" award for Sustainable Finance 2022.

Treasury Sales works closely with coverage team to provide customised risk management and hedging solutions to our diverse clients. The solutions provided are across a range of products including FX, Derivatives, Fixed Income and Commodities, and the breadth of customers we serve allows us to make competitive prices across these wide-ranging products. The Bank's key strengths in complex and structured risk management solutions, hedging advisory and execution skills makes it rank among the leading Treasury solutions provider in the country.

The Bank's Loan Syndication desk is responsible for arranging loan facilities for corporate clients on underwriting/ arranger/ best-efforts basis while also undertaking secondary sale and purchase of loans. The desk, being active in both domestic and international loan markets, plays an integral role in balancing the risks and returns on the Bank's corporate loan book. The Treasury Technology & Governance (TTG) team oversees the Treasury technology implementation and ensures appropriate governance framework is in place before new products are rolled out to customers / undertaken in Interbank market. The Murex Project (Single integrated Treasury system) remains the top priority and is being implemented in a phased manner given the scale. The project is expected to go live by fiscal 2025.

Customer Experience and Transformation (CXT)

With a vision to become India's most customer-centric bank, the Bank is committed to deliver world-class customer experiences by intervening across four interrelated layers – listening to customers, optimizing all customer journeys, enabling employees to engage with customers, and transforming the core operations supporting all customer experiences.

A. Listening to customers: The Bank's Voice of Customer program is designed on the three pillars of "Listen", "Learn", and "Act". In fiscal 2023, we launched a customer feedback management platform which enabled us to send and monitor feedback in real time, ensuring the learnings from customer feedback is embedded within the Bank, raising the bar by challenging what is perceived as the norm, and delivering delight through our customer conversations.

Listen: As a part of the Voice of customer program, we now cover journeys that encompass all critical lines of business in retail and wholesale banking. A well-established metric, Net Promoter Score is used to track and measure the success of enhancements made for products and services.

Learn: Through artificial intelligence and machine learning, the Bank continues to enhance its ability to extract insights by analysing all forms of written and verbal customer feedback.

Act: Drawing on these insights, actions are triggered to allow near real time response by relevant colleagues to customers providing feedback – this is tracked and reported at all levels of disaggregation, down to every individual.

B. Optimising all customer journeys: The Bank continues to delight customers by re-crafting all key onboarding and servicing journeys at every touchpoint. Multiple customer journeys across the Bank have been reimagined using customer feedback, disruptive technology and deep insights. We continue to see positive results - digital onboarding of merchants via an

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assisted mobile app haws significantly reduced the rework and has doubled the productivity. Additionally, we are focusing on document simplification for Large corporates by rationalising the sanction letter length.

- C. Enabling employees to engage with customers:** Providing a great customer experience requires empowering, motivated colleagues with the time and capability to engage in deep, meaningful conversations with customers.

For example, the Bank has completely digitised the way of working for frontline employees through analytics driven, mobility app. This platform has key features such as customer 360 view, simplified product journeys, action-oriented analysis of entire portfolio, contextual nudges continuously optimised through machine learning. This platform is live for Premium Banking frontline employees and at different stages of implementation for other business functions within the Bank.

The Bank has freed up employees' time by eliminating operational activities and digitising key processes. Wholesale Banking Relationship Managers and branch colleagues, for instance, now have additional time to spend understanding their clients' needs and designing and delivering the right solutions

- D. Transforming core operations that support all customer experiences:** The Bank continues its journey to transform core operations this year through a digital-first approach by incorporating emerging and trending technologies into its core operations. Leveraging intelligent automation (Robotic Process Automation, Intelligent Optical Character Recognition), analytics (e.g. route optimisation for cash handling) and digitisation in addition to core simplification and process re-engineering, processes continue to become more efficient, effective and scalable.

As a means of scaling up further, the Bank will use Cognitive Bots to make decisions and reduce processing times, Intelligent Document Processing for unstructured documents for a paperless environment along with conversational AI for risk-free & effective customer communication.

Customer Obsession - "SPARSH"

The Bank continues its multi-year customer obsession journey of Sparsh as part of its distinctiveness initiative. It is a strategically prioritized program, with focus on driving cultural transformation and crafting customer delight journeys in order to build customer experience as a true differentiator for the Bank and ultimately drive customer loyalty.

Sparsh behaviours framework advocates staff to deeply embed basic but critical behaviours while handling customers like seek feedback in every interaction, close loop with unhappy or detractor customers. Various rituals are designed and launched to ensure uniformity of these behaviours leading to uniform experience at various customer touch points. These behaviours are monitored and governed in order to build mass movement and focused efforts have been taken for large channels like Branches, Relationship Managers and Inbound voice channel.

The Bank continues to strengthen and build more granular measurements of the critical metrics which captures customer voices, like NPS (Net Promoter Scores), complaints, social media sentiments and various operational process efficiency metrics. NPS is measured for all important journeys of the Bank. Under Sparsh framework, efforts are being taken to fix hygiene and also build tentpoles at the same time. Structural work to improve customer experience through combined approach of people behaviours and process capabilities has led to improvement which is evident and validated through improving Net Promoter Scores.

Business Intelligence Unit

The Banks' Business Intelligence Unit (BIU) team has the mandate to create data assets and monetize them via various business decisions and strategies. The team has numerous success stories in the areas of risk management, marketing, product innovation and operational optimization. These use cases span across diverse business areas of the Bank including retail lending, credit cards, retail deposits, wholesale banking products, commercial banking group, operations etc

There are over 650 members in the team who are young and techno-functional with an expertise in data engineering, data science algorithms and quantitative approaches.

The Bank has invested in new age data science and engineering platforms – Big Data Lake, Micro Services-based architecture, and Analytical Work Bench to deliver value in traditional/non-traditional use cases. There has been upward trend in the adoption rate of these platforms. The Bank's focus on Artificial Intelligence (AI) & Machine Learning (ML) along with traditional analytics has helped internal stakeholders to make data driven business decisions.

During the year, the BIU team has deployed 100+ diverse use cases in 10+ business domains helping significantly contribute to our GPS agenda. We have continued the journey of "to be distinctive" by taking personalization to next level with on-ground implementation, deliver data stack 3.0 with scaled up use cases and enabling universal underwriting goals via alternate data with the objective of creating differentiated customer experiences in line with the Bank's focus on customer obsession & going digital.

Data stack 3.0 is the modern and scalable architecture which will help us in deploying 1,000+ use cases. The Bank also focused on creating new age digital solutions by leveraging on partnerships with E-commerce and FinTech companies. It has improved customer underwriting by using various alternate data sources such as Satellite-image derived farmland data, payments score



etc. The Bank is also leveraging 100+ data features from alternate data sources to build best in industry standard 50+ distinctive models. Custom build scorecards based on Partners data is enabling targeting wider range of Known to Bank (KTB) customers which has helped us in sourcing 30%+ cards per month via partnerships. The Bank has also been the first bank to develop & deploy in house rural lending scorecards for segments like Agri KCC, Farm Equipment, Tractor Finance. The Bank developed first of its kind, fully secure, cloud-native Income estimation for both On-us and Off-us customers.

The customer base qualified for data-based lending has increased from 24% (in fiscal 2017) to 56% (fiscal 2023), The Bank's proprietary scorecards enabled 80% of the entire disbursements in lending area. The scorecards have 1.5x more predictive power than CIBIL Scores. Further, the Bank's database programs contributed 66% of Personal Loan sourcing and 79% of new cards sourcing in fiscal year 2023. Analytics has driven 30% of term deposits through targeted customer campaigns. Further data driven market mapping is helping to drive 10% of CBG business. The Bank continued its focus on using scientific & data driven tools for hiring. BIU has conducted Datathons /Hackathons to provide new-age learning platforms. BIU has setup a strong data quality & data governance framework with six-sigma scorecards being deployed across its data infrastructure.

The Bank's Personalization project won "Economic Times DataCon awards", "Cypher - Data Engineering Excellence Awards" during the year.

Information Technology and Cyber Security

The Bank's Information Technology (IT) strategy remains guided by the Bank's GPS strategy and its aspiration of becoming India's most valuable bank while focusing on customer obsession & delight through integrated technology capabilities. The Bank continues to focus on the 6 key imperatives that include end-to-end customer journey digitization, accelerating delivery, modernizing the core to deliver profitable growth, fix the basics to build a sustainable franchise, talent & culture, and risk & governance.

The Bank has been focusing heavily on expanding its technology capabilities. Over the past 3 years, IT spend has gone up by 2.5x while the IT team size has increased by ~100%. The Bank manages all banking applications through a talented 1,750+ member central IT team with strong domain capabilities in banking, treasury, channels, payments, and collections, along with technical expertise.

During the year, the IT department continued execution of 36 key initiatives to facilitate its journey towards driving sustainable growth, improving customer experience with the help of digital banking, leveraging payments business capability, sustained focus on analytics, and providing self-assisted capability to customers. Over the past year, IT team has successfully closed 17 key initiatives in varied areas such as core upgrades, employee enablement and digital-first offerings.

The Bank retained strong position in digital banking with the Axis mobile app being world's highest rated mobile banking app on Google Play store with a rating of 4.8 and around 12 million monthly active users. The Bank continues to add to its 250+ services portfolio on digital channels, eliminating the need to visit branches for basic servicing. Additionally, the Bank has 24 digital services on Branch of the Future (BOTF) channel across assets and liabilities including critical services such as address update for NRI customers, demand draft request, interest certificate for loan, and repayment schedule for loan.

The Bank remains committed to its open ecosystem proposition with its focused API strategy and has built 95+ dedicated partnerships across platforms. The Bank has adopted 'Next Gen integration' by deploying more than 400+ APIs on its Developer portal with 80+ crore monthly transactions across 200+ external gateway partners. The Bank continues to roll out new APIs to enable digital customer journeys and partner on-boarding leading to reduced time to market.

The Bank continued its journey towards Hollowing-the-Core to become future-ready with a modernized Core. The Bank became first amongst peers to create a separate UPI instance for P2M elite merchants and gained leadership position in UPI Payer PSP category. Additionally, Hollowing-the-Core initiatives are undertaken on areas such as General Ledger, Lending, Inquiring, BNPL, and Account Opening to increase capacity and improve performance of the core systems.

The Bank is the first amongst peers to create 3 Cloud landing zones (AWS, Azure and GCP) to support its multi-cloud strategy and has an architectural Cloud-first, Cloud-native approach. The rapid pace of cloud adoption, driven by a dedicated Cloud COE (Centre of Excellence), has helped the Bank to drive business innovation at a faster pace. Using automation and SOPs, the Bank reduced its infrastructure provisioning TAT by ~90% compared to comparable on-premises solutions. With 100+ containerized environments and 3,000+ virtual machines, the Bank has been able to run its core applications in any environment from a private data centre to the public cloud. The Bank has 76 critical applications on Cloud as of March 2023 and is targeting to take 70% of its applications on cloud by 2025.

The Bank has two primary data centres located in Mumbai (co-located) and Bengaluru (owned). Both data centres have n+1 redundant architecture for power and cooling distribution. Business applications are strategically spread between the two data centres for active setup at one DC and resiliency at other DC. Both data centres are in different seismic zones and are connected through a redundant wide-area network which is connected to all branches and office locations. Additionally, the Bank has set up a refreshed Near DR (Disaster Recovery) for critical apps with improved infra availability at 99.99% at its Bengaluru Data Center

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location. The Bank regularly conducts disaster recovery drills for critical applications to ensure continuity readiness in the event of disaster. Bank has enhanced resiliency of critical applications with automation tools that provide real-time visibility on DR readiness and DR operations.

Additionally, the Bank continues to build capabilities in emerging technologies of AI, ML, Automation, and Data Analytics. The Bank has 2,990+ RPA bots in action and 1,480+ automated processes, and is targeting best in class efficiency for RPA, Voice, and IOCR. During the year, the Bank continued to introduce, and scale new products driven by its zero-based redesign philosophy. The redesigned customer centric journeys enable minimum to no data entry with automated underwriting.

The Bank has been recognized as No. 1 in Corporate Loan Agreement Digital Document execution through National E-Governance Services Limited (NeSL). DDE with NeSL was enabled for CBG & WBCG Customers from November 2022 aiming to improve customer experience with paperless, around-the-clock, online payment mode enabled and easily accessible service. Till now, 26k transactions have been completed and E-stamping has been made live in 21 states and UTs.

The Bank is committed to the highest standards of data security and privacy and continues to invest to enhance its capabilities. The Bank follows a holistic cyber security program with a comprehensive Cyber Security Policy and Standards based on industry best practices in compliance with regulatory guidelines. The Bank has deployed its cyber security structure and framework based on National Institute of Standards and Technology (NIST) Standard. The Bank's cyber security framework is built and operated around five fundamental areas including Identify, Protect, Detect, Respond and Recover. The Bank is compliant to ISO27001 and The Payment Card Industry Data Security standards (PCIDSS), and the Bank has recently acquired ISO27017 Cloud Security Certification for its AWS and Azure cloud, this is a first in the Indian Banking sector and demonstrates an enhanced cyber security resilience and security controls on the Bank's cloud assets.

The Bank has a 24x7 Security Operations Centre and Cyber Security Operations System. 100% of the digital products of the Bank are under Dark Net / Deep Web monitoring. The Bank has a Bitsight Rating of 800 out of 900 (with 820 as maximum possible score) indicating a well-controlled internet facing security posture. The Bank's current BitSight score is higher than 90% of the Banking and Finance entities tracked by Bitsight. The Bank is also moving to a zero-trust architecture internally, adding security technology and process controls. The Bank has conducted exclusive workshops on cyber security for 800+ mid and senior management employees.

The Bank has deployed Cyber Security controls to protect its information assets from unauthorized access, hacking attempts, data loss, external cyber-attacks, etc., and has implemented various detection and monitoring technologies, to proactively detect and respond to any cyber threats. Some of the controls are as follows:

- ✓ Multifactor authentication has been enabled for users on all cloud platforms.
- ✓ Enhanced WFH Security controls have been enabled with additional security against malware & websites with bad reputation.
- ✓ Secure and isolated environment for remote access to critical systems, to prevent sensitive data leak or unauthorized access.
- ✓ Advanced End-Point controls and Data Leakage Prevention (DLP) control to detect and prevent endpoints being target of cyber-attacks.
- ✓ Spam and Phishing emails protection have been enabled to protect against email-based cyber-attacks that were rampant during the pandemic.
- ✓ 24x7 security monitoring along with usage of Cyber Security Threat Intelligence to detect malicious underground activities against the Bank.
- ✓ In addition, the above to the controls; Bank has also enabled enhanced monitoring for remote users to detect and prevent; any unauthorized and unusual remote access, user access to Bank systems from unusual geographies, concurrent user access from different locations, etc. and data leakage monitoring for Web channel, Email channel and End Points

Information & Cyber Security governance framework is in place at a strategic level through the Board, Risk Management Committee, Information Technology & Digital Strategy Committee and at an executive level through Information System Security Committee which oversees the Bank's Information and Cyber Security initiatives so that those controls commensurate with the risks and threats applicable to the Bank and its information assets.

RISK

The Bank continues to focus on strengthening the risk management capabilities by working on six dimensions – comprehensive coverage of risks, enhance models for measuring and monitoring risk, driving actioning to address risks, building technology and data capabilities, strengthening the people front and building a robust risk culture.

The risk management objective of the Bank is to balance the trade-off between risk and return and ensure that the Bank operates within the Board approved Risk Appetite Statement. An independent risk management function ensures that the risk is managed through a risk management architecture composed of policies approved by the Board of Directors and an independent identification, measurement and management of risks across the various businesses of the Bank. The Bank's risk management function strives to proactively anticipate vulnerabilities at the transaction as well as at the portfolio level, through quantitative or qualitative examination of the embedded risks.

The Bank continues to focus on refining and improving its risk measurement systems including automation of processes, not only to ensure compliance with regulatory requirements, but also to ensure better risk-adjusted return and optimal capital utilisation. The Board reviews the risk profile of the Bank at periodic intervals and ensures that risk levels are within the defined risk appetite.

Risk Governance

The Board is the Apex Governance body on all matters of risk management. The Board of Directors exercises its oversight over risk management both directly and through its Committees, namely the Risk Management Committee, the Audit Committee of the Board, the Special Committee on Large Value Frauds and the IT & Digital Strategy Committee.

Executive Risk committees are constituted to look at specific areas of risk and are mandated by the Risk Management Committee of the Bank. These are: Credit Risk Management Committee (CRMC), Asset Liability Management Committee (ALCO), Operational Risk Management Committee (ORMC), Information Systems Security Committee (ISSC), Central Outsourcing Committee (COC), BCP & Crisis Management Committee (BCPMC), Apex Committee and Subsidiary Management Committee (SMC).

Risk Architecture

The overall risk appetite and philosophy of the Bank is defined by its Board of Directors. The Risk Appetite framework provides guidance to the management on the desired level of risk for various types of risks in the long term and helps steer critical portfolio decisions.

Further, the Internal Capital Adequacy Assessment Process (ICAAP) of the Bank assesses all the significant risks associated with various businesses.

The independent risk management structure within the Bank is responsible for managing the credit risk, market risk, liquidity risk, operational risk, other Pillar II risks like reputational risk and strategic risk and exercising oversight on risks associated with subsidiaries. The risk management processes are guided by well-defined policies appropriate for the various risk categories supplemented by periodic validations of the methods used and monitoring through the sub-committees of the Board.

Credit Risk

Credit risk is the risk of financial loss if a customer, borrower, issuer of securities that the Bank holds, or any other counterparty fails to meet its contractual obligations. Credit risk arises from all transactions that give rise to actual, contingent, or potential claims against any counterparty, customer, borrower or obligor. The goal of credit risk management is to maintain asset quality and concentrations at individual exposures as well as at the portfolio level.

Internal rating forms the core of the risk management process for wholesale lending businesses with internal ratings determining the acceptability of risk, maximum exposure ceiling, sanctioning authority, pricing decisions and review frequency. For the retail portfolio including small businesses and small agriculture borrowers, the Bank uses different product-specific scorecards. Credit models used for risk estimation are assessed for their discriminatory power, calibration accuracy and stability independently by a validation team.

Both credit and market risk expertise are combined to manage risks arising out of traded credit products such as bonds and market related off-balance sheet transactions.

Market Risk

Market risk is the risk of losses in 'on and off-balance sheet' positions arising from the movements in market price as well as the volatilities of those changes, which may impact the Bank's earnings and capital. The risk may pertain to interest rate related instruments (interest rate risk), equities (equity price risk) and foreign exchange rate risk (currency risk). Market risk for the Bank emanates from its trading and investment activities, which are undertaken both for the customers and on a proprietary basis. The Bank adopts a comprehensive approach to market risk management for its banking book as well as its trading book for both its domestic and overseas operations. The market risk management framework of the Bank covers inputs regarding the extent of market risk exposures, the performance of portfolios vis-à-vis the market risk limits and comparable benchmarks which provide guidance to the business in optimizing the risk-adjusted rate of return of the Bank's trading and investment portfolio.

Market risk management is guided by clearly laid down policies, guidelines, processes and systems for the identification, measurement, monitoring and reporting of exposures against various risk limits set in accordance with the risk appetite of the Bank.

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Risk Department independently monitors the Bank's investment and trading portfolio in terms of risk limits stipulated in the Market Risk Management Policy and board approved Market Risk Appetite and reports deviations, if any, to the appropriate authorities as laid down in the policy and in the Risk Appetite Statement. The Bank utilises both statistical as well as non-statistical measures for the market risk management of its trading and investment portfolios. The statistical measures include Value at Risk (VaR), stress tests, back tests and scenario analysis while position limits, marked-to-market (MTM), stop-loss limits, trigger limits, gaps and sensitivities (duration, PVBP, option greeks) are used as non-statistical measures of market risk management.

The Bank follows a historical simulation approach to calculate Value at Risk (VaR) with a 99% confidence level for a one-day holding period in a time horizon of 250 days. VaR models for different portfolios are back tested on an ongoing basis and the results are used to maintain and improve the efficacy of the model. VaR measurements are supplemented with a series of stress tests and sensitivity analyses as per a well laid out stress testing framework.

Liquidity Risk

Liquidity is a bank's capacity to fund increase in assets and meet both expected and unexpected cash and collateral obligations at a reasonable cost and without incurring unacceptable losses. Liquidity risk is the inability of a bank to meet such obligations as they become due, without adversely affecting the bank's financial condition.

The Asset Liability Management (ALM) Policy of the Bank stipulates a broad framework for liquidity risk management to ensure that the Bank is in a position to meet its liquidity obligations as well as to withstand a period of liquidity stress from bank-level factors, market-wide factors or a combination of both. The ALM policy captures the liquidity risk appetite of the Bank and related governance structures as defined in the Risk Appetite Statement. The ALM policy is supplemented by other liquidity policies relating to intraday liquidity, stress testing, contingency funding plan and liquidity policies for each of the overseas branches.

The liquidity profile of the Bank is monitored for both domestic as well as overseas operations on a static as well as on a dynamic basis by using the gap analysis technique supplemented by monitoring of key liquidity ratios and conduct of liquidity stress tests periodically. Periodical liquidity positions and liquidity stress results are reviewed by the Bank's ALCO and the Risk Management Committee of the Board.

The Bank has integrated into its asset liability management framework the liquidity risk management guidelines issued by RBI pursuant to the Basel III framework on liquidity standards. These include the intraday liquidity management and the Liquidity Coverage Ratio (LCR). The Bank maintains LCR /NSFR in accordance with the RBI guidelines and the defined risk appetite of the Bank.

Operational Risk

Operational risks may emanate from inadequate and/or missing controls in internal processes, people and systems or from external events or a combination of all the four. The Bank has in place an Operational Risk Management (ORM) Policy to manage the operational risk in an effective, efficient and proactive manner. The policy aims at assessing and measuring the magnitude of risks, monitoring and mitigating them through a well-defined framework and governance structure.

All new products and processes, as well as changes in existing products and processes are subjected to risk evaluation by the Operational Risk team. The overall responsibility of new products is vested with the Risk Department through the Bank's Product Management Committee and Change Management Committee. Outsourcing arrangements are examined and approved by the Bank's Outsourcing Committee after due recommendations from the Operational Risk team. The Information System Security Committee of the Bank provides directions for mitigating operational risk in the information systems. The Bank has set up a comprehensive Operational Risk Measurement System for documenting, assessing, and periodic monitoring of various risks and controls linked to various processes across all business lines. Over the year, the Bank has focused on strengthening the operational and information security risk frameworks by implementing several initiatives.

Business Continuity Plan

The Business Continuity Planning Management Committee (BCPMC) exercises oversight on the implementation of the approved Business Continuity Plan (BCP) framework which has been put in place to ensure continuity of service to its large customer base. The effectiveness of the approved Business Continuity Plan (BCP) framework is tested for all identified critical internal activities to ensure readiness to meet various contingency scenarios. The learning from the BCP exercises are used as inputs to further refine the framework. With effective Business Continuity Plan in place, the Bank has effectively managed to run its operations by adapting to various continuity / mitigation plans.

Information and Cyber Security Risks

The Bank pursues a holistic Information and cyber security program with a comprehensive Information Security policy, Cyber Security policy and standards based on industry best practices with compliance to regulatory guidelines. These policies are aligned with the regulatory directives on Information and Cyber security and with global best practices like NIST, ISO27001:2013, PCI DSS etc.

The governance framework is in place at executive level with Information System Security Committee constituting key business functions meeting at least once in a quarter to assess the threat landscape and validate the controls enforced in the Bank commensurate with the cyber risks.

The Bank has invested in strong technical and administrative controls to proactively prevent, detect and contain and respond any suspicious activity. Bank is compliant to ISO27001 standard and PCI DSS standard. The Bank conducts various assessment to identify and remediate risks before any application and/or IT infrastructure component is deployed. These assessments include Application security, vulnerability assessment, penetration testing, security architecture review data security assessment etc. Bank also has adopted defense in depth methodology to protect its valuable assets from intrusion by malicious actors. The Bank has 24 x 7 Security Operation Center (SOC) to keep vigil on its digital assets and coordinates with RBI, Indian Computer Emergency Response Team (CERT-IN), National Critical Information Infrastructure Protection Centre (NCIIPC), National Payments Corporation Of India (NPCI) etc. for implementation of their recommendation to strengthen its defense against cyber-attacks.

Strategic initiatives undertaken in fiscal 2023

The Bank has invested in strengthening the risk infrastructure across multiple dimensions. During fiscal 2023, the Risk Department enhanced its coverage of risks by comprehensively strengthening the model risk framework. The Department also initiated steps to build toolkits that would help assess emerging risks such as ESG as well as support emerging areas of distinctiveness for the Bank like Bharat Banking. It also strengthened toolkits around Credit EWS.

Further, it conducted an organisation wide exercise around training mid-level officers in cyber security so as to cascade the cyber security awareness to the frontline.

The Bank also continued to focus on actioning around its operational risks and put in place timebound plans to address the top critical risks facing the Bank. A digital risk framework was also put in place and continually enhanced to enable the Bank to buildout its digital strategy in a risk – sensitive manner.

The Risk team remains focused on supporting the Bank in implementing its GPS strategy in a risk – sensitive manner. To that end, the team has identified five most critical initiatives for fiscal 2024 around ESG risk, Bharat Banking, cyber security, universal underwriting and risk & compliance culture. These will contribute to a credit – led growth thrust in retail and rural space while balancing those with considerations of ESG and cyber security, as well as building sustainability through a robust risk culture. The plan also includes undertaking other initiatives around subsidiary risk, operational risk, vendor risk, fraud risk and digital risk.

Successful implementation of these initiatives will help the Bank to achieve its GPS objectives in a sustainable manner.

Subsidiary Governance

Axis Bank oversees its subsidiaries to ensure adherence to corporate governance principles. The Bank is committed towards continuously improving internal controls and overseeing its subsidiaries as a financial conglomerate (FC).

To ensure the alignment of governance practices at the Group (Axis Bank and its subsidiaries) level and to positively engage the Group, the Bank has established a Subsidiary Management Committee (SMC). This committee also helps implement the theme “One Axis” by sharing uniform practices and building synergies between Group entities.

The Bank continues to undertake several initiatives to strengthen the governance framework under the supervision of the Subsidiary Management Committee (SMC). The Governance Framework also focuses on aligning key functions within the organization, such as Risk, Compliance, Audit, Human Resources, Finance, Information Technology, Cyber Security, Legal, Corporate Communication, Marketing, and Secretarial Practices.

Compliance

The Bank follows Board approved policies to ensure compliance with the regulatory requirements, which are updated annually to factor in the changing and increasing regulatory and supervisory requirements and expectations, as well as other good practices. The Board and senior management spend a significant amount of time to monitor level of compliance across verticals in business & operations, while emphasizing zero tolerance for non-compliance to regulatory requirements. The Board has mandated compliance and risk culture related metrics to be an important part of the performance appraisal of the whole-time directors & senior management, with a clear direction to build & sustain a strong culture of compliance across the Bank.

The Compliance department conducts independent assessment of status of compliance as well as compliance risk score for all the units across the Bank & reports to the audit committee of the board as well as to the Board, at regular intervals. The Compliance team also highlights the important areas that the committee or the Board needs to review & monitor closely and provide guidance to the management, wherever necessary, to improve level of compliance. Such directions are followed up in terms of action taken report, till they are closed satisfactorily.

Compliance testing is used by the Compliance team as one of the important tools to monitor regulatory compliance and to report any gap or deficiencies in complying with the regulatory requirements by any unit. Compliance testing exercise is followed by root

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cause analysis (RCA), carried out by the concerned unit under the guidance of compliance officers, to build sustainable remediation & avoid repeat failures. Apart from strengthening the RCA framework at regular intervals, based on learnings, the Bank has now launched a repository of RCAs to measure the effectiveness of these RCAs in terms of eliminating repeat or sustenance failures.

The Bank has strengthened the accountability framework, which is applicable to every employee of the Bank. The accountability framework envisages providing independent feedback by the assurance functions, comprising of Risk, Compliance & Internal Audit departments, that in turn flows into the process of annual review of compensation, reward, recognition and progression within the organization.

The Board of the Bank emphasizes the importance of first line of defence, through business and operations, to ensure compliance to regulatory requirements, while it mandates the second & third lines of defence, through assurance functions comprising of Risk, Compliance and Internal Audit, to perform their respective roles in preventing & detecting gaps & deficiencies, in an efficient & timely manner, so as to mitigate losses, including reputational losses, caused due to such deficiencies, gaps or non-compliance.

The Bank continues to emphasize on imparting relevant training and certification programs for the employees and the Board in order to ensure timely and comprehensive compliance by the Bank.

The Bank has strengthened its compliance processes & workflows and continues its initiatives by using workflow based & other available tools, to make the process of compliance simple & efficient for every stakeholder within the organization.

Internal Audit

The Bank's Internal Audit function provides an independent view to its Board of Directors and Senior Management on the quality and efficacy of the internal controls, risk management systems, governance systems and processes in place on an on-going basis. This is provided to primarily ensure that the business and support functions are following compliance with both internal and regulatory guidelines.

In line with the RBI's guidelines on Risk Based Internal Audit (RBIA), the Bank has adopted a robust internal audit policy. The Risk Based Internal Audit has been designed after factoring regulatory guidelines and also international best practices. The policy has a well-defined architecture for conducting Risk Based Internal Audit which articulates the audit strategy in terms of a concerted focus on strategic and emerging business risks. These inputs form a key step in the identification of the audit universe for the audit planning exercise. The audit frequencies are in sync with the risk profile of each unit to be audited. This is in alignment with guidelines relating to Risk Based Internal Audit (RBIA). The scope of RBIA includes examining the adequacy and effectiveness of internal control systems, external compliances and also evaluating the risk residing at the audit entities. Further to augment the internal audit function, concurrent audit, off-site audit and thematic audit reviews have been integrated into the internal audit process in order to make the function more robust.

Keeping pace with digitalisation in the Bank, the Internal Audit function has also undertaken several technological initiatives for providing enhanced efficiency and effectiveness through technology driven audits. The Internal Audit function has an effective mix of resources with technology and functional skill sets for effectively conducting technology driven audits. The Audit function is continuously enhancing the skill sets of the audit resources towards technology driven audits, for making the Internal Audit Function agile and responsive towards the emerging and strategic risks.

The Internal Audit function of the Bank operates independently under the supervision of the Audit Committee of the Board, that reviews the efficacy of the internal audit function, effectiveness of the internal controls laid down by the Bank and compliance with internal and regulatory guidelines.

Corporate Social Responsibility (CSR) & Sustainability

CSR

Aligned to the Bank's 'OPEN' philosophy, the Bank has, with the guidance of its Board and the CSR Committee (the Committee) of the Board, continued to expand the scale and impact of its CSR initiatives towards creating a long-standing impact in communities across the length and breadth of the country.

The Bank's CSR activities continue to be guided by the CSR Policy and operate within the contours of CSR regulations. During the year, with the guidance of its Board and senior leadership and with an aim to adopt a more focused approach, the Bank has strategically identified and adopted the themes of Lives and Livelihoods, Education, Financial Literacy and Financial Inclusion, Environmental Sustainability, augmented by need-based and relief interventions to channelize its CSR efforts. Additionally, the Bank has also identified specific regions in the country, such as the Aspirational Districts identified by the NITI Aayog or India's Northeastern states which are lagging the national average on many developmental indices, where it aspires to scale up its efforts and reach of interventions.

The Bank's CSR interventions continue to be delivered directly, through credible implementation partners and the Axis Bank Foundation.

Under the theme of Lives and Livelihoods, Axis Bank Foundation's flagship Sustainable Livelihoods program continues to make steady progress towards its Mission 2 Million target, that aims to support 2 million rural households and improve their livelihoods by 2026. The Program works across the socio-economic spectrum in rural and semi-urban India, from small and marginal farmers, rural landless, women, and youth, among others, focused on creating opportunities or imparting the skills that enhance their incomes via a wide variety of interventions.

During the year, the Bank continued to significantly expand its CSR focus on education, supporting and expanding its interventions under this theme in various parts of the country.

The Bank's flagship intervention in education, Axis DilSe, that was launched with an aim to provide children from remote regions and communities in India with opportunities to better learning, scaled up significantly during the year, scaling existing partnerships and launching new ones, primarily in the North-east of the country. Axis DilSe currently covers five North Eastern States – Assam, Arunachal Pradesh, Manipur, Nagaland and Sikkim as well as Odisha.

In fiscal 2023, the Bank completed its third year of partnership with the Sunbird Trust to support the Lyzon Friendship School in rural Manipur, with the various interventions helping expand its student strength to over 430 as of 31 March, 2023. The Bank's partnership with Ayang Trust in Majuli, Assam to support the Hummingbird School completed its second year. The School had 250 children from the predominant Mising tribe, as of 31 March, 2023. The Bank is working with Ayang Trust to build long-term flood resilience in the communities residing in Majuli island.

In a unique partnership with the Indian Army and implementing partner – National Integrity and Educational Development Organisation (NIEDO), the Bank is supporting the establishment of unique Centres of Excellence that aim to provide vulnerable youth, particularly from the North-east, with the highest quality of coaching and mentoring to enable them to participate in various competitive exams in India. Such Centres of Excellence, which shall be fully residential, have been set up and are being set up on Indian Army's campuses in Manipur, Nagaland, Arunachal Pradesh, and Maharashtra, with NIEDO providing the coaching and mentoring to the carefully selected students. As of 31 March, 2023, 90 students were being mentored in total across all such Centres.

In Sikkim, the Bank is working with its partner 17,000 Ft Foundation to upgrade 50 Government primary schools in rural Sikkim that includes creation of playgrounds, refurbishing classrooms, refurbishing existing libraries by adding age-appropriate books, especially in their native languages, strengthening teacher training, and setting up of DigiLabs, a solar-powered, digital literacy learning solution, with an intention to providing the children in the rural areas an opportunity to access better learning avenues. The Bank in partnership with Tata Steel Foundation, is undertaking the program covering the entire Odapada block in Dhenkanal District that seeks to provide access to out-of-school children to enroll into the education system by availing of age-appropriate bridge education courses, aid students with learning deficit through a Learning Enrichment Program, and setting up libraries in around 165 schools, among other activities.

The Bank continues to support scholarships to enable students from economically weaker backgrounds, especially women to access high quality higher education in STEM. The "Axis Bank Scholarship Program" at Ashoka University, Haryana provided scholarships to 78 women undergraduate students (over two phases) pursuing STEM-related disciplines at the University during the year. The "Axis Bank Scholarship Program" at Plaksha University, Punjab, provided scholarships to 26 students pursuing undergraduate degree programs, during the year, who are predominantly women from economically weaker backgrounds and from Tier 2/3 towns. The Bank continues to partner with the JSW Foundation to support the unique 'Museum of Solutions (MuSo)' in Mumbai, that aims to open its doors in fiscal 2024.

During the year, the Bank entered into a strategic partnership with the Indian Institute of Sciences (IISc), Bengaluru to support the establishment of the 'Axis Bank Centre for Mathematics and Computing' on the university campus. The Centre shall be a first-of-its-kind, multi-disciplinary centre of learning providing advanced degrees, supporting cutting edge research, and supporting the global knowledge eco-system in general. The Bank continues to support the establishment of the Pediatrics speciality ward in the upcoming IISc Medical School.

The Bank has during the year expanded its interventions under the Financial Literacy and Financial Inclusion theme. The Bank's Financial Literacy and Financial Inclusion Program under the name 'Axis Sachetana', being implemented by the Retail Microfinance vertical under Bharat Banking, reached over 1.1 million women participants in 24 States, helping create greater awareness on personal financial management and health and wellness. During the year, the Bank partnered with CSC Academy to launch 20 mobile digital literacy vans that will traverse across 20 identified locations imparting digital and financial literacy to communities. The Bank has also partnered with National Institute of Securities Markets (NISM) to undertake financial awareness and literacy interventions aimed at college students and youth in the age group of 20-27 years, targeting approximately 400 colleges in India over the next two years.

'Axis Evolve', the Bank's unique, in-person intervention focused on building capacity and capabilities in India's MSME Sector was relaunched after a two-year hiatus due to the COVID-19 pandemic. The 7th edition of the intervention was conducted in 20 cities

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around the two themes of 'Indian SMEs: Shifting Gears for Next Level Growth - Digitalization to Building Indian SMEs and 'Export Opportunities for SMEs in the New World Order'.

Under the theme of Environment, the Bank continues to focus on achieving its target of planting 2 million trees across India by 2027, which is also a part of its ESG-aligned commitments. As of 31 March, 2023, over 829,500 saplings had been planted across 6 locations by the Bank's implementing partners. Additionally, the Bank is supporting Miyawaki plantations in the Mumbai region. The Bank has also taken up new interventions focused on habitat restoration through Agroforestry in the buffer zones of select national parks and wildlife sanctuaries in India, which also focus on supporting of vulnerable communities living in the periphery of protected forests and reducing human-animal conflict. In a unique partnership with IDAN, a state entity of the Nagaland Government, the Bank is supporting the establishment of solar-powered cold storage units across the 16 districts of Nagaland that aim to strengthen the agri-supply chain in the State and support small scale agri-producers preserve their produce longer.

During the year, the Bank received the "Special Jury Commendation" from FICCI for its flagship Axis DiSe program being undertaken in Manipur.

Additional details on the Bank's CSR governance, interventions and impact for the reporting year can be accessed in the Annual Report on CSR Activities which forms part of this Annual Report. Additional information is also available on the Bank's corporate website at <https://www.axisbank.com/csr> and on the Foundation's website at <http://www.axisbankfoundation.org/>.

Sustainability

The Bank remains steadfastly committed towards making the principle of Environment, Social, and Governance (ESG) a key element of its long-term strategy and activities; and continues to work towards aligning its overall organizational strategy and decision-making to its Purpose Statement - 'Banking that leads to a more inclusive and equitable economy, thriving community and a healthier planet'.

In 2021, The Bank's CSR Committee formally began to oversee ESG as a topic, supported by the management-level ESG Steering Committee comprising senior leaders. In fiscal 2022, Axis Bank became the first Indian bank to establish a standalone ESG Committee at the Board level. Under the Committee's oversight, the Bank also announced a series of ESG-aligned commitments with its business and non-business activities, which are being driven by the pertinent verticals across the organization. The Bank's commitments are aligned to pertinent Sustainable Development Goals and to India's climate commitments under the Paris Agreement. In fiscal 2023, the ESG Committee of the Board met 4 times, wherein it also reviewed the Bank's progress towards achieving its ESG-aligned commitments. The Bank has been publishing its performance towards achieving its commitments annually, primarily through its annual sustainability reports.

Towards its commitment of achieving incremental wholesale lending of ₹30,000 crores in sectors with positive sustainable impact by 2026, the Bank has achieved ₹20,400 crores of lending as of 31 March, 2023. During the year, under the oversight of the Bank's ESG Working Group that was established in 2021 to formally guide and manage the Bank's future sustainable financing activities, the Bank has automated the internal tagging and tracking process for all such eligible transactions. As a part of its commitments, the Bank has also been actively planning towards scaling down its exposure to highly carbon intensive sectors. Thereunder, the Bank has identified four such sectors, including thermal power generation and coal mining, and has finalized a glide path over the decade that has been reviewed by the ESG Committee.

The Bank has also made progress towards achieving its commitments under Retail Banking. Against the commitment to achieve ₹10,000 Crores of incremental lending under Asha Home Loans by March 2024, the Bank has achieved a cumulative lending of ₹7,971 Crores as of 31 March, 2023. Notably, the Bank has achieved its commitment to increase the percentage of women borrowers under Asha Home Loans, with 18.38% women borrowers as of 31 March, 2023. Against the commitment to achieve 5% of the Bank's Retail 2-wheeler portfolio as electric by 2024, the Bank has reached 2.74% of the portfolio as of 31 March, 2023.

As a part of its commitments, the Bank has also been working towards strengthening its climate risk management capabilities at the enterprise level, under the oversight of the ESG Committee. In fiscal 2022, the Bank crossed its first milestone by embedding ESG risks into the ICAAP. In the same year, as a part of its initiative, the Bank also significantly strengthened its ESG Policy for Lending that integrates environmental and social risk assessment into its credit appraisal for Wholesale Banking. Significantly, the key proposals discussed at the Board level now include frequent discussions around their assessment under the ESG Policy for Lending. During the year, the Bank successfully designed and launched a pilot ESG Rating model, which is undergoing internal testing and validation. In addition, the Bank also published its first ESG Risk dashboard that was also presented to the Bank's Risk Management Committee.

The Bank's Diversity, Equity, and Inclusion (DEI) agenda continues to move from strength to strength. Towards its commitment to achieve 30% representation of women in its workforce by fiscal 2027, the Bank has strived to scale up its hiring diversity across all verticals and launched new initiatives that not only support its #ComeAsYouAre Charter of commitments but also help expand its talent pool. The Bank's #HouseWorkIsWork campaign was especially focused on qualified women who were keen to return to the workforce. In the first year itself of the campaign, the Bank received over 3,000 eligible resumes prompting the Bank to scale up its planned hiring from the program. During the year, the Bank launched an internal initiative - Pause for Bias, that aims to address



widely prevalent and often unconscious biases among people. The Bank's Women in Motion program continued to scale during the year, reaching close to 22,800 students in over 40 campuses across India. The 6-hour Axis DE&I Curriculum on Building and Leading Inclusive Organizations created 300 certified DE&I champions through 8 sessions. The DEI Council, an internal, cross-functional group created to support the DEI agenda also met formally during the year.

During the year, the Bank significantly scaled up its participation in and contribution to thought leadership and advocacy around the topics of ESG, climate change, diversity, and sustainable development, among others. The Bank's senior leaders are members of key committees on these topics at FICCI, CII, IBA, among others, as well as at the market regulators including SEBI. During the year, the Bank also released its first TCFD Report, adopting the format included in the RBI's Discussion paper on Climate Risk and Sustainable Finance, released in July 2022.

The Bank continues to deliver steady performance at key ESG assessment and recognition platforms. The Bank continues to be on the prestigious FTSE4Good Index for the sixth consecutive year in 2022. The Bank has an 'A' Rating by MSCI ESG Ratings and scored C in the CDP. Notably, the Bank is placed at the 82nd percentile among banks globally at the S&P Dow Jones Sustainability Indices in 2022.

Human Resources

Employees remain the most critical driver in Bank's journey towards achieving its long term objectives. The Bank values and understands that it is the employees, those in the frontline and those supporting them that drive its promise of being 'Dil Se Open'.

During the year, we as a Bank strengthened our capabilities and leadership team as we welcomed 3,200+ colleagues who joined us from Citibank. We have now embarked on a journey of creating an institution that will be respected by all and that will outlive us all. In order to achieve this, we continue to challenge ourselves to design unique initiatives and practices, with a goal to provide an enriching environment to our people.

Redefining conventional workspace

Axis Bank was the first among Indian Banks to adopt the concept of 'future of work' in full swing with the launch of GIG-A Opportunities in 2020. Under GIG-A 2.0, a pilot for 500 employees was launched in February 2021 in conjunction with our select teams to test and scale up the hypothesis that, work can be successfully done from anywhere. After a successful pilot, the Bank is now operating with this program in full swing with about 3500+ GIG-A employees associated with the Bank. Additionally, there are 200+ freelancers delivering niche skills across the Bank. In this model, the Bank has ensured to maintain a gender diversity ratio of 1:1 and have hired about 35% of freelancers from non-metro cities. The Bank continues to follow 'Hybrid way of working' with majority of the employees at large offices required to visit office twice a week and are advised to work from home on the rest of the days. Since the time large offices opened up after the pandemic, the Bank has successfully run rosters for every department in the Bank. Both employee and manager feedback remains positive in the hybrid model of working.

Driving the Bank's deeply rooted culture

The Bank focuses on building a fair, diverse, and performance-driven culture, guided by the five Core Values - Customer Centricity, Ethics, Teamwork, Transparency and Ownership. A network of 956 Axis Value Realizers serve as ambassadors to achieve Bank's overarching goal of ensuring that each and every Axis Bank employee live their values and let the values drive their behaviours at work - All of us, All the time. In the fiscal 2023, the Bank noted an overall improvement of 4.4% in the values Scorecard, that helps track progress in the values framework.

Creating a pipeline of young leaders by offering advanced career paths

Talent Management in the Bank is focused on enhancing key capabilities and embedding a performance centric culture to deliver the Bank's strategic objectives. The second edition of the 'Ahead' Internal talent management program was launched in April 2022 where a group of 30 employees was selected. In this edition, Ahead Management Trainees have also been mapped to mentors from the previous Ahead batch to support them in their first year and help them navigate through the journey. 'Astros' is the Bank's signature talent development program that aims to craft new career avenues for our employees in middle management. The selected employees underwent 6 days of formal learning sessions, worked on live projects with leaders and also participated in a peer knowledge sharing platform. The second edition of the mentoring program with Management Committee was launched in August 2022 with a wider scope and coverage for fiscal 2023 including 21 mentors (all presidents & above included) and 111 mentees across VP to president grade. The Bank offers flexibility to employees to redefine their career journey within the Bank through Catalyst, Axis Bank's Internal Job Portal. Employees who have completed a minimum of 18 months in their current role, are eligible to explore new career avenues across the Bank and its subsidiary companies.

Focus on skill upgradation & creating a winning mind-set

The Bank believes that individual success leads to the holistic organizational success and is therefore passionate about the learning and success journey of each and every employee. A total of 76,83,678 learning hours were imparted in fiscal 2023 and the learning programs covered a total of 88,726 employees under various initiatives. Average person-hours of training were 86.6

Management's Discussion and Analysis

person-hours for all employees. Out of all training given to employees, 72% of trainings were conducted online and remaining 28% were classroom-based training.

Maintaining a performance driven culture through meritocracy and transparency

Employees reflect on their performance twice every year through self and supervisor evaluation and feedback. Mid-Year check-in conversations ensure that managers are accountable for their team member's performance and there are transparent discussions between manager and employee not just during appraisals, but through the year. In an effort to control attrition at various levels, the Bank introduced a KRA focused on team retention for all AVP and above team leaders with a team size of more than 4. So far, the same has been implemented across more than 90% leaders.

Welcoming young minds to kick-start their banking careers

Last year, the Bank on boarded 656 campus graduates through the diverse campus programs. Bank's flagship program for young leaders, AHEAD, caters to students from Tier 1 B-schools of the country like IIMs and equivalent campuses. The Bank's 'ASPIRE' program also attracts talent from institutes that broadly covers the spectrum of new IIMs and Department of Management Studies in established IITs. ABLe is the Bank's cadre program for recruiting post-graduates (MBA/PGDM/MMS) from Tier 2 B-Schools across the country. The Bank's flagship diversity hiring program, We Lead, hires women management graduates from Tier 1 B-Schools and offers them rich and challenging roles in middle-management level. Last year, the Bank hired 20+ aspiring women through the We Lead program. Apart from management graduates, the Bank also hires from other fields like engineering, CA, Law, Design, and operations.

Launched on 31 May, 2022, ARISE is the Bank's newest and most unique campus program that promises an equal employment opportunity for young folks to prove their talent regardless of the education background. The selection of candidates was done basis their performance in 3 rounds, namely cognitive assessment, functional assessment, and elevator pitch. The first batch of ARISE welcomed 74 bright minds, across diverse business verticals in the Bank and its subsidiary companies. 80% of the total pool has come in from colleges which are not empanelled with the Bank.

The Bank has also partnered with NIIT & Manipal to run academic development programs which allow one to master skills in their area of interest. Post successful completion of the course, students get an assured job with Axis Bank

Diversity, Equity, and Inclusion

The Bank remains committed to creating a workplace that is free of discrimination and one that celebrates everyone for who they are. With the goal of having 30% women in the workforce by 2027, the DE&I team has put in place a series of initiatives to make the D,E,&I efforts visible and conducive to exist for every member in the organization.

'Pause for Bias' training is a part of the induction program, and so far, the team has conducted 104 'Pause for Bias' sessions covering 20,080 employees across the Bank.

Staying true to the credo of inclusion - "The onus of inclusion lies on those who are included, not on those who are excluded", the Bank periodically introduces unique programs to break through from traditional patterns of hiring. #HouseWorksWork was launched in February 2022, welcoming homemakers who had taken a break from their corporate jobs to manage household chores and other added responsibilities of family and children. Axis Bank looks at it through a different lens, where the experience they gain at home is seen a valuable in the Bank's growth journey. The team received an overwhelming response of 3,437 applications for the campaign.

The policy infrastructure of the Bank was upgraded post launch of #ComeAsYouAre charter on 6 September, 2021. This ensures that all policies are gender inclusive and step beyond heteronormativity. The leave policy saw significant changes in the nomenclature where maternity leave was renamed as 'Leave for birthing parents' to include transmen who could be birthing parents, adoption leave is now gender inclusive, paternity leave up from 15 days to now 30 days a year.

The inclusive hiring policy mandates all job descriptions to have the following prompt - **#ComeAsYouAre - Women, LGBTQIA+ and PwD candidates of all ages are encouraged to apply.** This focused approach has led to a **25% of women hires** up from 19% in the previous year.

Axis Bank also ensures a regular pulse check on DE&I agenda in the larger society by engaging with different cohorts. Women In Motion (WiM) is an outreach initiative run by senior most leaders for women students across the country. Last year, the team had a chance to interact with 20,032 students from 53 institutes across the length and breadth of the country. The team also conducts a 6-hour long interactive certification course for all DE&I enthusiasts who are keen on becoming strong advocates for participation of underrepresented groups in the workforce. This reported a coverage of 226 students across 3 institutes till date.

Axis VIBE, launched on September 2022, celebrates the idea of pride and diversity equity and inclusion in the business ecosystem. This is a platform where Axis Bank employees get a chance to interact with prominent leaders from varied industries to learn about policies and practices of businesses that put inclusion as a priority in their agenda.

Prioritizing wellness

The Axis Bank wellbeing policy focusses on rounded wellness of its employees in the personal, social and professional sphere of everyday life. Professional counsellors on board offer confidently and unconditional support to employees and their immediate families on any personal or professional issue that they struggle with. What started as a heightened response to the pandemic has now become a part of the organizational DNA. The Bank has extended mental health services to employees' families, group therapies, couple therapy and grief counselling. The response picked up with time. In 6 months, there were around 600 employees who sought counselling therapy as one-on-one or group sessions and 1,247 people are in queue seeking counselling appointments.

Open to listening

The Bank has partnered with inFeedo, a SAAS based Technology Company and are using their AI enabled bot called Amber for regular pulse sensing. Employee experience and engagement is captured as early as 21 days from date of joining. This tool digitally reaches out to a set of employees daily and has HR conversations with them around their experience of working at Axis Bank. Over the last 1 year, Amber has reached out to 75,212 employees. Under the Open to listening initiative, the bank also runs multiple surveys across various employee cohorts to gain insights around employee experiences and key areas of concern so as to deploy adequate corrective/engaging interventions.

Recognizing the extraordinary

Whether big or small, Axis Bank applauds its employees for their greatness at work and recognize them under the visibility of senior most leaders of the Bank. Champions Awards is the Bank's annual R&R event, celebrating employees for going beyond the call of duty to exhibit the core values of the Bank. Last year, 105 champions were felicitated by the chairman of the Board and our MD&CEO over a fun-filled evening. Anchors is the Bank's quarterly recognition program for all employees up to VP grade across the country. Last year, the Bank recognized 2,459 Anchors for demonstrating excellence in everyday work. Employees are nominated by their Department/Circle Heads across 3 distinct award categories – Supernova, Game Changer and Team Player. Recently the Bank launched a long-service segment in its recognition initiatives. OGs are the stalwarts within the organization who have been part of the Bank's success journey for milestones of 5, 10, 15, 20 and 25 years respectively. A total of 5,523 OGs were recognized and felicitated.

Subsidiary Performance

The Bank's subsidiaries remain central to the principle of "One Axis" and have an important role to play in the Bank's strategy formulated around the three vectors - Growth, Profitability and Sustainability. In a short span of time, the Bank has established subsidiaries covering a significant gamut of the financial services space, with some of them being leaders in their segments. Axis Capital continues to maintain its leadership position in the ECM segment. Axis Mutual Fund maintained its position as the fastest growing AMC amongst the Top 10 players and is now the seventh largest player with over 5.96 % share in the industry AUM. Axis Finance has grown its AUM at a 27% CAGR in last 5 years while delivering healthy returns.

The Bank continues to focus on further scaling up the subsidiaries so that they attain meaningful size and market share in their respective businesses. During fiscal 2023, the Bank's subsidiaries delivered strong performance with reported total income of ₹5,022 crores and earnings of ₹1,295 crores up 10.89% year on year.

Axis Capital, the Bank's investment banking and institutional equities franchise has been the leader in equity and equity linked deals over the last decade and had another great year with highest number of transactions (42 transactions across IPO, QIPs, OFS and Rights Issue). Axis Capital's earning increased by 29% and contributed 11% to the total earnings of the subsidiaries.

Axis AMC and Axis Securities continued to contribute towards the Bank's Retail Franchise building strategy and strengthen the bond with its customers.

Axis AMC, had 12.9 million client folios as at end of 31 March, 2023 and reported a strong growth in net profits by 16%. The company manages 69 mutual fund schemes with a closing AUM of ₹228,261 crores as compared to closing AUM of ₹253,772 crores as on 31 March, 2022. The Company was ranked 7th amongst the mutual fund industry in India. During the year, the Bank forayed into retirement business with the launch of Axis Pension Fund Management through Axis AMC. The AUM under pension fund management stood at ₹191 crores as on 31 March, 2023. Axis AMC's earnings grew by 16% and contributed 32% to the total earnings of the subsidiaries.

Axis Securities, a brokerage arm become the third largest player based on customer base. The retail brokerage firm reported 17% growth in cumulative client base to 4.86 million. Axis Securities' earnings de-grew 13% as compared to previous period and contributed 16% to total subsidiaries' earnings. The subsidiary achieved a trading volume of ₹9,636,385 crores thereby registering a growth of 53% in fiscal 2023.

Axis Finance Limited, the Bank's NBFC has been diversifying its loan book mix and has made significant investments to grow its retail team with the objective of becoming a consumer-focused lending company. Axis Finance's earnings increased by 30% YOY

Management's Discussion and Analysis

and contributed 37% to total subsidiaries' earnings. Axis Finance remains well capitalized with Capital Adequacy Ratio of 20.49%. Its asset quality metrics remain stable with net NPA declining 10 bps YOY to 0.36% as of 31 March, 2023.

Freecharge, one of the India's leading digital payment companies has a current user base of 1.4 million, GMV of ₹20,000 crores and 131 million transactions. It continued to make progress in its payments led financials services journey during the year. The Bank leveraged the platform to introduce financial services products including digital SA, digital CA, digital fixed deposits, MFs, credit cards, Paylater and small business loans focused towards millennials and small and medium businesses.

A.TReDs Limited, the Bank's subsidiary that was set up in partnership with M-Junction, was one of the three entities allowed by RBI to set up the Trade Receivables Discounting System (TReDS), an electronic platform for facilitating cash flows for MSMEs. The Bank's digital invoice discounting platform 'Invoicemart' has set a new benchmark by facilitating financing of MSME invoices of more than ₹55,600 crores. It currently has over 20,671 participants on the platform and has e-discounted nearly 16.3 lakh invoices since start of its operation from July 2017.

SAFE HARBOR

Except for the historical information contained herein, statements in this Annual Report which contain words or phrases such as "will", "aim", "will likely result", "would", "believe", "may", "expect", "will continue", "anticipate", "estimate", "intend", "plan", "contemplate", "seek to", "future", "objective", "goal", "strategy", "philosophy", "project", "should", "will pursue" and similar expressions or variations of such expressions may constitute "forward-looking statements". These forward-looking statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. These risks and uncertainties include, but are not limited to our ability to successfully implement our strategy, future levels of non-performing loans, our growth and expansion, the adequacy of our allowance for credit losses, our provisioning policies, technological changes, investment income, cash flow projections, our exposure to market risks as well as other risks. Axis Bank Limited undertakes no obligation to update forward-looking statements to reflect events or circumstances after the date thereof.



INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members of **Axis Bank Limited**

1. We, as one of the Joint Statutory Auditors of Axis Bank Limited (hereinafter referred to as "the Bank"), for which the audit report dated 27 April, 2023 has been issued, are issuing this certificate as required under part E of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").
2. We have examined the compliance of conditions of Corporate Governance by the Bank for the year ended 31 March, 2023, as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46 (2) and paragraphs C, D and E of Schedule V to the SEBI Listing Regulations, as amended.

Management's Responsibility

3. The compliance of conditions of the Corporate Governance is the responsibility of the Management. This responsibility also includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in the SEBI Listing Regulations.

Auditor's Responsibility

4. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Bank for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Bank.
5. We have examined the books of account and other relevant records and documents maintained by the Bank for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Bank.
6. We have carried out an examination of the relevant records of the Bank in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India ("the ICAI") and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, we certify that the Bank, has complied with the conditions of Corporate Governance as stipulated in the above mentioned SEBI Listing Regulations for the year ended 31 March, 2023.
9. We further state that such compliance is neither an assurance as to the future viability of the Bank nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Bank.

Restriction on Use

10. This certificate is addressed to and provided to the members of the Bank solely for the purpose of enabling it to comply with its obligations under the Listing Regulations with reference to compliance with the relevant regulations of Corporate Governance and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this certificate for events and circumstances occurring after the date of this certificate.

For M. P. Chitale & Co.

Chartered Accountants,
Firm Reg. No. 101851W

Ashutosh Pednekar

Partner
Membership No. 041037
UDIN: 23041037BGPVNS7566

Place: Mumbai
Date: 28 April, 2023

Corporate Governance

(Part of the Board's Report for the fiscal year ended 31 March, 2023)

I. Philosophy on code of governance

The Bank recognises its role as a responsible corporate citizen and endeavors to adopt and maintain the highest standards of corporate governance.

The Bank's philosophy on corporate governance is to promote the culture of customer centricity, accountability, integrity, sustainability, transparency and ethics, which enables the Bank to conduct itself in the right way while dealing with all its stakeholders.

The Bank has a robust governance structure in place, led by an independent and diverse Board of Directors (Board). The Board believes in prompt and clear communication to its stakeholders, which reflects the internal functioning at the Bank.

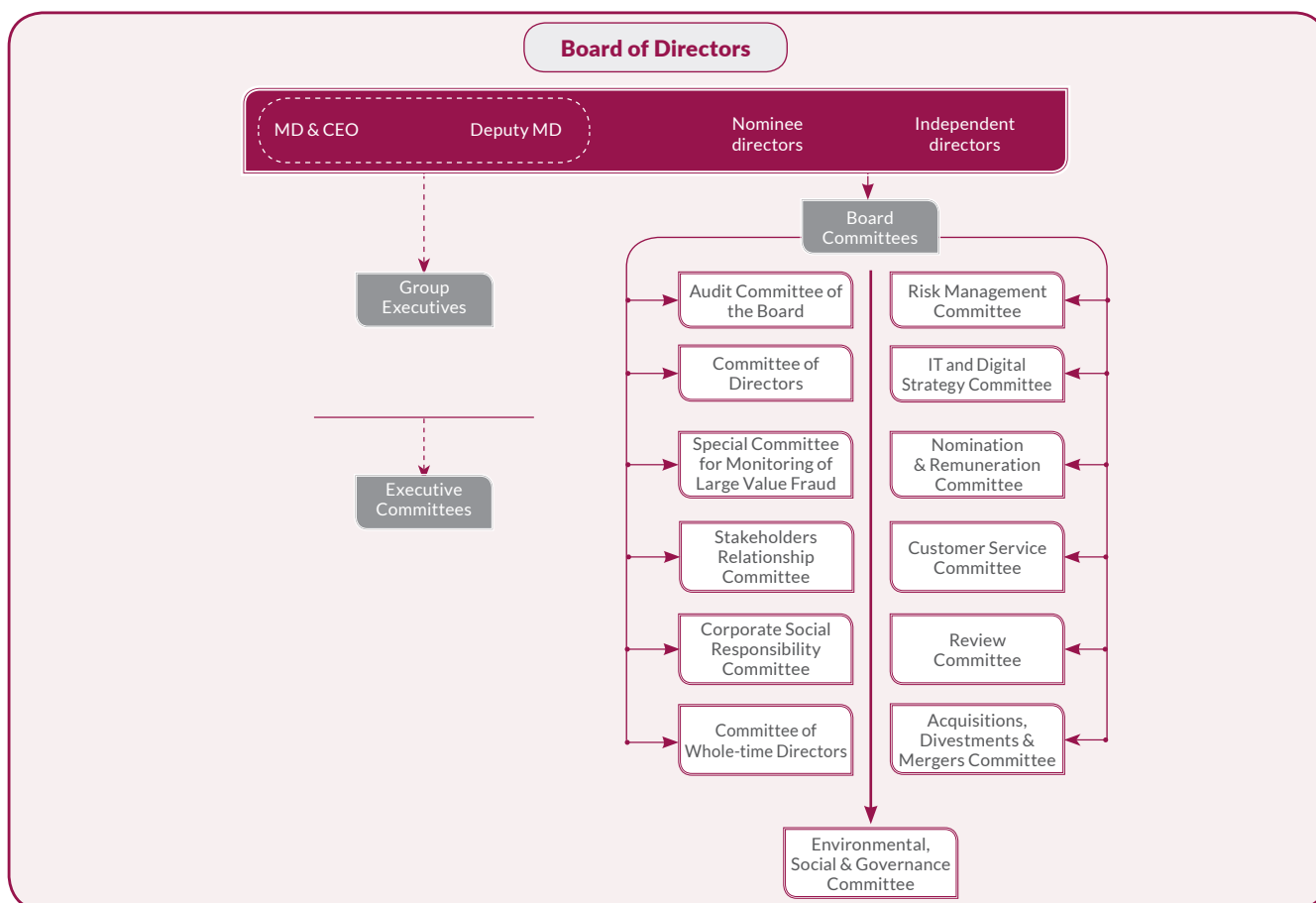
The Bank believes in going beyond the law, to uphold the best-in-class corporate governance practices. In order to protect the interest of all its stakeholders, the Bank has a strong compliance and risk management framework and it continuously reviews its practices and processes, considering the dynamic environment it operates in.

II. Governance structure of the Bank

The Board oversees the standards of corporate governance at the Bank. The directors are appointed by the members. The Managing Director & CEO (MD & CEO) reports to the Board of the Bank. The Deputy Managing Director (Deputy MD) reports to the MD & CEO of the Bank.

The Board has constituted various board level committees for a more focused review of specific matters. The Bank has also constituted various executive committees to *inter alia* deal with routine, operational and administrative matters, and review various matters before its submission to the Board / committees.

Diagrammatic representation of the governance structure of the Bank:



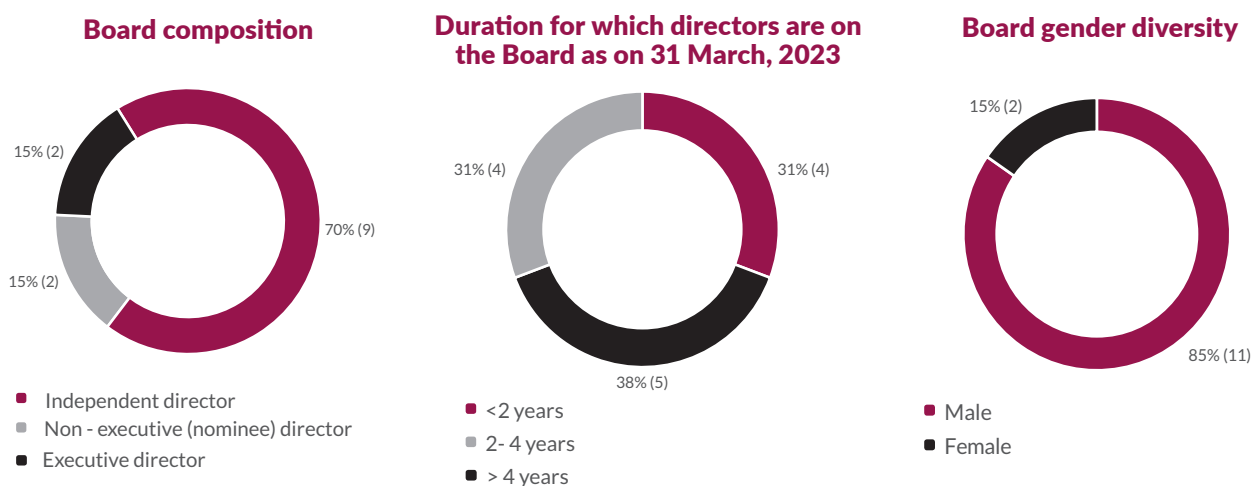


III. Board of Directors

Size and composition of the Board

The composition of the Board is governed by the relevant provisions of the Companies Act, 2013 (Act) and relevant rules made thereunder, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations), the Banking Regulation Act, 1949, the guidelines issued by the Reserve Bank of India (RBI), as amended, from time to time and the articles of association of the Bank (extant laws).

The Board has an optimum combination of executive and non-executive directors with independent directors constituting more than one-half of its total strength. As on 31 March, 2023, the Board has thirteen directors, comprising of MD & CEO, Deputy MD, nine independent directors and two nominee directors, one each from Life Insurance Corporation of India (LIC), a promoter of the Bank and BC Asia Investments VII Limited, Integral Investments South Asia IV and BC Asia Investments III Limited (being entities affiliated to BAIN Capital, a global private equity firm). The Board is led by an independent director and part-time chairperson. The Board has two independent women directors.



None of the directors are related to each other. All the independent directors of the Bank have confirmed that they meet the criteria prescribed for independence under the provisions of Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI Listing Regulations. In the opinion of the Board, all the independent directors fulfill the conditions specified under the said norms and are independent of the management.

Databank of independent directors

All the independent directors of the Bank are in compliance with the provisions of the Companies (Appointment and Qualification of Directors) Rules, 2014, with respect to enrolling their name in the online databank of independent directors and qualifying the online proficiency self-assessment test for independent directors, if applicable.

Corporate Governance

Information about the directors including age, tenure of appointment, details of directorship, number of membership / chairpersonship in the Board are as follows:

Sr. no.	Name, category, DIN and age of the director	Date of first appointment	End date of current term	Directorship in other listed company(ies) and category of directorship ²	Number of directorship in other unlisted companies		Number of memberships (chairpersonship) in Board committees ⁴	Equity shareholding in the Bank
					Indian public limited companies	Other Companies ³		
1.	Rakesh Makhija Independent Part-Time Chairperson DIN: 00117692 Age: 71	27 October, 2015	26 October, 2023	Castrol India Limited, Independent	1	0	2(1)	NIL
2.	Amitabh Chaudhry MD & CEO DIN: 00531120 Age: 58	1 January, 2019	31 December, 2024	-	4	0	0	NIL
3.	Ketaki Bhagwati Independent DIN: 07367868 Age: 59	19 January, 2016	18 January, 2024	Bayer Cropsience Limited, Independent	0	0	1(0)	NIL
4.	Ashish Kotecha Nominee – Entities affiliated to BAIN Capital (Equity Investor) DIN: 02384614 Age: 47	19 December, 2021	18 December, 2024 ¹	-	0	2	0	NIL
5.	Girish Paranjpe Independent DIN: 02172725 Age: 65	2 November, 2018	1 November, 2026	Crisil Limited, Independent	2	3	3(2)	NIL
6.	T. C. Suseel Kumar Nominee – LIC (Equity Investor) – Promoter DIN: 06453310 Age: 62	1 July, 2020	30 June, 2026	1. PCBL Limited, Independent 2. Lakshmi Machine Works Limited, Non- executive 3. BSE Limited, Non- executive	0	0	3(1)	50
7.	Meena Ganesh Independent DIN: 00528252 Age: 59	1 August, 2020	31 July, 2024	1. Pfizer Limited, Independent 2. Procter & Gamble Hygiene and Healthcare Limited, Independent	1	9	2(0)	NIL
8.	G. Padmanabhan Independent DIN: 07130908 Age: 67	28 October, 2020	27 October, 2024	Haldyn Glass Limited, Independent	1	0	1(0)	NIL
9.	Prof. S. Mahendra Dev Independent DIN: 06519869 Age: 65	14 June, 2021	13 June, 2025	-	-	0	0	NIL
10.	Manoj Kohli Independent DIN: 00162071 Age: 64	17 June, 2022	16 June, 2026	-	-	1	0	NIL
11.	P. N. Prasad Independent DIN: 07430506 Age: 62	20 October, 2022	19 October, 2026	Styrenix Performance Materials Limited, Independent	2	0	2(0)	130
12.	CH SS Mallikarjunarao Independent DIN: 07667641 Age: 61	1 February, 2023	31 January, 2027	-	0	1	0	20
13.	Rajiv Anand Deputy MD DIN: 02541753 Age: 57	4 August, 2016	3 August, 2025	-	4	2	2(0)	5,48,569



- ¹ Tenure of Ashish Kotecha is from 19 December, 2021 upto expiry of three years i.e. upto 18 December, 2024 or till the time entities affiliated to Bain Capital are directly holding in the aggregate at least 2.00% of the equity share capital of the Bank on a fully diluted basis, whichever is earlier.
- ² None of the independent directors of the Bank serve as an independent director in more than seven listed companies or as a whole-time director in any listed company.
- ³ Includes foreign companies, private companies and Section 8 companies.
- ⁴ Includes only memberships of the Audit Committee and Stakeholders Relationship Committee in public limited companies. Figures in brackets represent number of chairpersonship of the said committees, as per the disclosure received from the concerned director.

All directors of the Bank have submitted forms / declarations / undertakings / consent as required under the extant laws. Pursuant to review of the said forms / declarations / undertakings / consent as submitted by the directors of the Bank, the NRC and the Board have confirmed that all the directors are in compliance with the applicable norms and are fit and proper to continue as directors of the Bank.

Selection and appointment of directors

The selection and appointment of directors of the Bank is done in accordance with the extant laws. The Bank has formulated and adopted various policies with respect to selection and appointment of directors i.e. succession planning policy for Board of directors and key officials of the Bank, policy on fit and proper criteria for Board of directors of the Bank, Board diversity policy and policy on training for Board of directors of the Bank, the details of which are provided in this report.

Board diversity policy

The Bank recognizes and embraces the importance of a diverse Board and is endowed with appropriate balance of skills, expertise, experience, and perspectives thereby ensuring effective board governance. The Board has reviewed and adopted the policy on Board diversity, which sets out its approach to ensure diversity, and to enhance its effectiveness while discharging its fiduciary obligations towards the stakeholders of the Bank. The policy on Board diversity is available on the website of the Bank at <https://www.axisbank.com/docs/default-source/corporate-governance/policy-on-board-diversity.pdf>. During fiscal 2023, the Board also reviewed the said policy, in line with the extant laws.

In terms of Schedule V of the SEBI Listing Regulations and in the context of the Bank's businesses and sector(s), the Board has identified the following core skills / expertise / competencies for it to function effectively:

• Accountancy	• Economics
• Agriculture and rural economy	• Finance
• Banking	• Small-scale industry
• Co-operation	• Law
• Information technology	• Payment & settlement systems
• Infrastructure sector	• Risk management
• Human resources	• Business management
• Core industries	

The Board has also specified direct and indirect criteria to determine the skill sets of the directors. The details of director wise core skills / expertise / competencies are as follows:

Sr. no.	Name of the director	Skills / expertise / competencies
1.	Rakesh Makhija	Industry & technology business management human resources finance
2.	Amitabh Chaudhry	Finance banking insurance business management information technology human resources customer service risk management accountancy
3.	Ketaki Bhagwati	Finance risk management business management
4.	Ashish Kotecha	Finance private equity risk management business management capital markets
5.	Girish Paranjpe	Accountancy finance business management information technology human resources
6.	T. C. Suseel Kumar	Marketing / product development investment management corporate planning / new projects audit subsidiaries human resources customer service finance accountancy
7.	Meena Ganesh	Technology consulting business management entrepreneurship (BPO, education and health care services) human resources finance
8.	G. Padmanabhan	Bank regulation supervision of foreign exchange / securities markets in India information technology payment system customer service risk management finance economics

Corporate Governance

Sr. no.	Name of the director	Skills / expertise / competencies
9.	Prof. S. Mahendra Dev	Agriculture and rural economy economics co-operation finance
10.	Manoj Kohli	Law business management customer service information technology & digital human resources infrastructure
11.	P. N. Prasad	Core commercial banking risk management corporate banking - project finance & structuring stressed asset management and resolution strategy & business planning client relationship trade finance operations alternative investments international banking audit and compliance human resource development treasury management agriculture and rural economy small scale industries
12.	CH SS Mallikarjunarao	Accountancy banking small scale industry agriculture and rural economy risk management finance business management information technology human resources insurance
13.	Rajiv Anand	Finance business management capital markets accountancy banking

Brief profile of the directors of the Bank is available on the website of the Bank at <https://www.axisbank.com/about-us>.

Succession planning policy for the Board of directors and key officials of the Bank

The Bank has formulated and adopted a succession planning policy for Board of directors and key officials of the Bank (policy), which has been reviewed by the NRC and the Board.

The objective of the policy is to *inter alia* assess, identify and nominate suitable candidates to fill vacancies that may arise for positions of the non-executive chairperson, independent directors, MD & CEO, whole-time directors (including Deputy MD), group executives, key managerial personnel and other key officials of the Bank / subsidiary companies, from time to time. The policy also seeks to plan for succession of the said roles and to fill any vacancies that may arise out of impending move or retirement or resignation or sudden exit or for any reason whatsoever in such roles.

The policy also provides for the course of action to be initiated in case of delay or non-receipt of regulatory / statutory approvals, relating to appointment / re-appointment of MD & CEO or whole-time director (including Deputy MD) or in case of a sudden vacancy in the position of MD & CEO or whole-time director (including Deputy MD), caused due to death or permanent incapacitation or for any other reason whatsoever.

The NRC considers the profile, skill set, experience, expertise, functional capabilities, disqualifications and other relevant information and adherence to the fit and proper norms, before making appropriate recommendations to the Board with regard to their appointment / re-appointment. The objective is to provide the Board with members who have diverse knowledge, practical experience and requisite set of skills to serve the business interests of the Bank and enhance the overall effectiveness of the Board.

The NRC also has discretion to engage the services of an external consultant / expert, to identify and assess the suitability of candidates for the post of director of the Bank, as deemed appropriate.

During fiscal 2023, the Board also reviewed and approved amendments to the policy, in line with the extant laws.

Policy on fit and proper criteria for directors of the Bank

The Bank has formulated and adopted a policy on fit and proper criteria for Board of directors of the Bank (policy).

In terms of the said policy, the NRC assesses and confirms to the Board the 'fit and proper' status of the director as per extant laws, before considering his / her candidature for appointment / re-appointment as a director of the Bank and annually i.e. as at 31 March every fiscal year.

The directors of the Bank, individually sign a deed of covenant which binds them to discharge their responsibilities to the best of their abilities, in order to be eligible for being appointed / re-appointed as a director.

The Bank also obtains a declaration and undertaking on the 'fit and proper' criteria under Insurance Regulatory and Development Authority of India (Registration of Corporate Agent) Regulations, 2015, from all the directors, annually.

During fiscal 2023, the Board also reviewed and approved amendments to the policy, in terms of the extant laws.

Policy on training for Board of directors

The Bank has formulated and adopted a policy on training for Board of directors of the Bank (policy), which aims at providing timely and appropriate orientation and training to its directors to ensure that they are well versed with the business, regulatory and operational aspects of banking.

The said policy provides guidelines with respect to:

A. Induction program for new directors

The Bank conducts induction program for new directors through one-to-one meetings with the MD & CEO, Deputy MD and other members of the senior management on matters relating to businesses, credit underwriting, finance, business strategy, risk management, compliance, internal audit, human resources, information technology / cyber security, environment, social & governance, corporate social responsibility, law, treasury, subsidiary governance and board process. They are also provided with an induction manual including the governance policies, codes and charters.

On appointment, the independent directors are issued a letter of appointment setting out the terms and conditions relating to their appointment and their duties and responsibilities under applicable laws. The format of said letter is also uploaded on the website of the Bank at <https://www.axisbank.com/shareholders-corner/corporate-governance>.

B. Familiarization program for directors

The Bank conducts familiarisation programs for its directors including independent directors covering the matters as specified under Regulation 25(7) of the SEBI Listing Regulations. The details of the same have been uploaded on the website of the Bank at <https://www.axisbank.com/shareholders-corner/corporate-governance/compliance-report>.

C. Continuous education and learning (CELP)

CELP includes training programs / sessions, conducted by reputed consulting firms / experts, with in-depth expertise in various areas taking into account the business requirement of the Bank, the existing skill sets of the directors and recommendations made by them.

During fiscal 2023, the Bank arranged following training programs for the Board, through internal/external speakers:

Sr. no.	Details of programme
1.	Changing regulatory framework for financial sector
2.	Disruptive trends in financial services industry
3.	Global economic outlook & geo-political events: Impact on India & banking
4.	Setting and maintaining effective board - CEO & top management relationships along with effective ways to handle post-merger and integration challenges
5.	Innovation & transformation
6.	Emerging innovations in business models
7.	ESG & climate change (only for ESG committee members)
8.	Emerging innovations in business models
9.	Emerging risks – cyber security
10.	Master class on KYC / AML

During fiscal 2023, the Board also reviewed and approved amendments to the policy, in line with the extant laws.

A summary of the above policies is, as under:



Duties and responsibilities of the Board

The role of the Board is to provide effective guidance and oversight to the management of the Bank so that it delivers enduring sustainable value and is fully compliant with extant laws and functions in an ethical and efficient manner.

The responsibilities of the Board *inter alia* include overseeing the functioning of the Bank, reviewing compliance of all laws applicable to the Bank and efficacy of internal control systems / processes and framing, implementing and monitoring the risk management plan of the Bank.

The Board is also responsible for approving the strategic decisions, plans and priorities for the Bank, monitoring corporate performance against business plans, reviewing and approving the Bank's financial and operating performance on a periodic basis, overseeing the Bank's corporate governance framework and supervising the succession planning process for its directors and senior management.

Corporate Governance

The Board spends considerable time perusing the information provided to them which facilitates informed decision making and effective participation at its meetings, leading to higher board effectiveness. Apart from quarterly review of the performance of the Bank, the Board meets once a year specifically to review the medium and long-term strategy of the Bank. The Board oversees the actions and results of the management to ensure that the medium and long-term objectives of enhancing shareholder's value are met. The Board also has the discretion to engage the services of external experts / advisors, as deemed appropriate.

The duties and responsibilities of the Board have been set out in the charter formulated and adopted by the Bank, in terms of the extant laws. During fiscal 2023, the Board reviewed and approved amendments to its charter, in line with the extant laws.

Role of independent directors

Rakesh Makhija, Ketaki Bhagwati, Girish Paranjpe, Meena Ganesh, G. Padmanabhan, Prof. S. Mahendra Dev, Manoj Kohli, P. N. Prasad and CH SS Mallikarjunarao are the independent directors of the Bank. The role of an independent director is to help in bringing an independent judgment on the Board's deliberations, especially on the issues pertaining to strategy, performance, risk management, human resources, governance, key appointments, and standards of conduct.

Independent directors bring an unbiased view in evaluating performance of the Board and management and review management's performance in meeting their goals and objectives. Independent directors safeguard the interests of all the stakeholders, particularly the minority shareholders.

Rakesh Makhija, Independent Director and Part-time Chairperson of the Bank plays a lead role in managing the Board and facilitating effective communication among directors. He presides over meetings of the Board and of the shareholders of the Bank.

Role of MD and CEO

Amitabh Chaudhry is the MD & CEO of the Bank. He reports to the Board and is vested with powers of managing the affairs of the Bank, within the overall superintendence, control, guidance, and direction of the Board.

As the MD & CEO of the Bank, he has the authority to perform all such acts, deeds, matters and things, which he may consider necessary or appropriate to perform, in the business interest of the Bank. He oversees business operations, drives strategic growth and is responsible for overall performance of the business of the Bank.

Amitabh Chaudhry is also a key managerial personnel of the Bank, in terms of the provisions of Section 203(1) read with Section 2(51) of the Act and Rule 8 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Role of Deputy MD

Rajiv Anand is the Deputy MD of the Bank and reports to the MD & CEO of the Bank. He is, *inter alia*, responsible for wholesale banking, treasury, digital banking, marketing and corporate communications & public relations.

Rajiv Anand is also a key managerial personnel of the Bank, in terms of the provisions of Section 203(1) of the Act read with Section 2(51) of the Act and Rule 8 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

IV. MEETINGS OF THE BOARD / COMMITTEES

Schedule of the meetings

The schedule of the meetings of the Board / committees and the annual general meeting of the Bank to be held during the next fiscal year, is finalised and circulated in advance to the Board.

Framework for conduct of meetings of the Board / committees

The Bank has formulated and adopted a framework for conduct of meetings of the Board / committees of the Bank.

The said framework provides guidance on matters relating to administration of meetings by ensuring standardization in the formats used for preparation of agenda index, agenda notes, minutes and circular resolutions and adopting best practices from a compliance and governance perspective.

Agenda for the meetings

The RBI vide its Circular No. DBR No.BC.93129.67.001/2014-15 dated 14 May, 2015 has prescribed 'seven critical themes' to be reviewed by the Board namely business strategy, risk, financial reports and their integrity, compliance, customer protection, financial inclusion and human resources. The agenda for Board meetings includes matters forming part of the said critical themes, as stipulated by the RBI along with matters required under the provisions of the extant laws.



The agenda for the meetings of the Board / committees is prepared and finalised in consultation with the chairperson of the Board / committees. The agenda notes and presentations for the meetings of the Board / committees are sent to the members of the Board / committees in advance to enable them to read and comprehend the matters to be dealt with and seek further information / clarification, as may be required.

The said agenda notes / presentations are circulated through a secured web-based portal to facilitate easy access on iPad / laptop / desktop. The agenda notes / presentations are presented in a manner, so as to facilitate informed decision making.

Members of the Board / committees are free to recommend inclusion of any matter as part of the agenda for the meetings.

Post-meeting follow-up mechanism

Important decisions taken and suggestions given by the Board and its committees are communicated to the relevant departments for their information and necessary action. The actionables arising out of the meetings of the Board / committees are thereafter dealt with in accordance with the Bank's framework for monitoring and implementation of directions of the Board / committees.

Framework for monitoring and implementation of the directions of the Board

The Bank has formulated and adopted a "framework for monitoring and implementation of directions of the Board / committees". During fiscal 2023, the Board reviewed and approved amendments to the framework.

In terms of this framework, actionables emanating from the deliberations at the meetings and actionables emanating from the agenda notes are periodically monitored and reviewed until their closure. The Deputy MD periodically reviews the actionables which are open beyond their original timelines. The consolidated status of all actionables relating to the Board / committees, is also reviewed by the Board, on a quarterly basis.

Minutes of the meetings

The draft minutes are sent within 15 days from the date of the conclusion of the meetings to the members of the Board / committee, for their comments. The minutes after incorporating the comments, if any, received from the members of the Board / committees are placed at the next meeting for noting and signing by the chairperson of the respective/previous meeting. The Bank follows a Guidance, Challenge and Instruction (GCI) framework, in terms of which it circulates a statement containing GCIs arising from the deliberations at the meetings of the Board / committee, along with the minutes to the directors.

In case of business exigencies or urgency of matters, resolutions are also passed by the Board / committees through circulation with the approval of the respective chairperson. The resolution passed by circulation is noted at the next meeting of the Board / committee.

Conduct of meetings

Majority of the meetings of the Board / committees during fiscal 2023, were convened through audio video conference facility, in accordance with the provisions of Rule 3 of the Companies (Meetings of Board and its Powers) Rules, 2014, as amended from time to time.

During fiscal 2023, nine meetings of the Board were held on 28 April, 2022, 17 June, 2022, 25 July, 2022, 17 August, 2022, 8 September, 2022, 20 October, 2022, 8 December, 2022, 23 January, 2023 and 23 February, 2023.

The quarterly Board meetings for considering financial results were held over a period of two days. During fiscal 2023, the annual Board strategy meeting was held from 23 February, 2023 to 26 February, 2023, where a detailed review of the Bank's business segments and strategy was conducted by the Board.

The gap between two Board meetings did not exceed the prescribed limit of 120 days. The requisite quorum was present throughout the meetings of the Board held during fiscal 2023.

The Board has accepted and implemented all the recommendations, including mandatory recommendations, made by the committees.

Corporate Governance

The details of the Board meetings attended by the directors during fiscal 2023 and attendance at the 28th annual general meeting of the Bank (AGM), are given below:

Sr. no.	Name of the director	Board meetings attended during fiscal 2023	% of attendance	Attendance at last AGM (29 July, 2022)
1.	Rakesh Makhija	9/9	100	Yes
2.	Amitabh Chaudhry	9/9	100	Yes
3.	S. Vishvanathan ¹	8/8	100	Yes
4.	Ketaki Bhagwati	9/9	100	Yes
5.	Girish Paranjpe	9/9	100	Yes
6.	T. C. Suseel Kumar	8*/9	89	Yes
7.	Meena Ganesh	8*/9	89	Yes
8.	G. Padmanabhan	9/9	100	Yes
9.	Ashish Kotecha	9/9	100	Yes
10.	Vasantha Govindan ²	8*/9	89	Yes
11.	Prof. S. Mahendra Dev	9/9	100	Yes
12.	Manoj Kohli ³	7*/8	87	Yes
13.	P. N. Prasad ⁴	4/4	100	NA
14.	CH SS Mallikarjunarao ⁵	1/1	100	NA
15.	Rajiv Anand	9/9	100	Yes

*Leave of absence was granted to the concerned directors who had expressed their inability to attend the respective meetings.

¹ Ceased to be independent director of the Bank, with effect from the close of business hours on 10 February, 2023.

² Ceased to be director of the Bank, with effect from 27 March, 2023.

³ Appointed as an independent director of the Bank, with effect from 17 June, 2022.

⁴ Appointed as an independent director of the Bank, with effect from 20 October, 2022.

⁵ Appointed as an independent director of the Bank, with effect from 1 February, 2023.

Board Committees

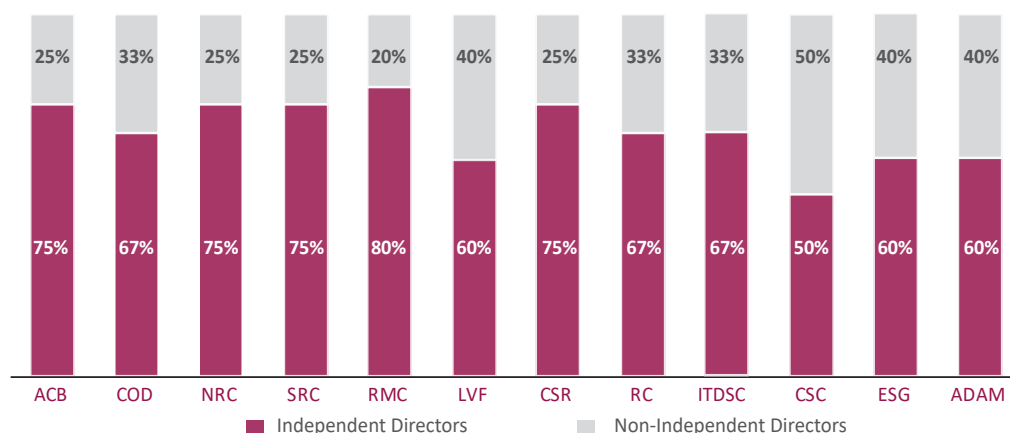
The Board also functions through various committees, constituted to deal with specific matters as mandated under the extant laws. The charter of the Board committees is subject to an annual review by the Board, pursuant to changes in the extant laws or to meet the business requirements of the Bank.

The Board has constituted 13 committees, details of which are as follows:

Sr. No.	Committees
1.	Committee of Directors (COD)
2.	Audit Committee of the Board (ACB)
3.	Risk Management Committee (RMC)
4.	Stakeholders Relationship Committee (SRC)
5.	Nomination and Remuneration Committee (NRC)
6.	Special Committee of the Board for Monitoring of Large Value Frauds (LVF)
7.	Customer Service Committee (CSC)
8.	IT and Digital Strategy Committee (ITDSC)
9.	Corporate Social Responsibility Committee (CSR)
10.	Review Committee (RC)
11.	Acquisitions, Divestments and Mergers Committee (ADAM)
12.	Committee of Whole-Time Directors (COWTD)
13.	Environmental, Social and Governance Committee (ESG)



Independence in committee composition as on 31 March, 2023



With reference to the RBI guidelines on corporate governance in Banks - appointment of directors and constitution of committees of the Board, dated 26 April, 2021 and other applicable RBI guidelines, the details of common members in Board committees are as under:

- Girish Paranjpe, Independent Director is a common member between the RMC and the NRC.
- Prof. S. Mahendra Dev, Independent Director and T. C. Suseel Kumar, Nominee Director are common members between the ACB and the LVF.

The above common membership is in compliance with the RBI guidelines.

Brief description of charter of the committees, their composition and attendance of the members at the meetings held during fiscal 2023, are detailed as under:

1. Committee of Directors

Composition and attendance

The Committee of Directors (COD) comprises of three members out of which two are independent directors.

Name of the members	Designation	Attendance
P. N. Prasad, Chairperson ¹	Independent Director	2/2
S. Vishvanathan ²	Independent Director	10/10
Rajiv Anand ³	Deputy Managing Director	5/5
CH SS Mallikarjunarao ⁴	Independent Director	2/2
Amitabh Chaudhary ⁵ @	Managing Director & CEO	3/7
Ketaki Bhagwati ⁶	Independent Director	10/10
Vasantha Govindan ⁷ @	Nominee Director	3/5

@ Leave of absence was granted to the concerned director who had expressed his inability to attend the respective meeting.

¹ Appointed as a member and chairperson with effect from 11 February, 2023.

² Ceased to be a member and chairperson with effect from 11 February, 2023.

³ Appointed as a member with effect from 20 October, 2022.

⁴ Appointed as a member with effect from 11 February, 2023.

⁵ Ceased to be a member with effect from 20 October, 2022.

⁶ Ceased to be a member with effect from 11 February, 2023.

⁷ Appointed as a member with effect from 20 October, 2022 and ceased to be member with effect from 27 March 2023.

Quorum

Three members or 1/3rd of the total strength of the COD, whichever is higher, with presence of at least two independent directors.

Corporate Governance

Brief description of the charter	<ul style="list-style-type: none"> (i) To review loans sanctioned by Senior Management Committee (SMC), provide approvals for loans as per the limits stipulated in the Corporate Credit Policy of the Bank, as amended, from time to time, and to discuss strategic issues in relation to credit policy and deliberate on the quality of the credit portfolio of the Bank. (ii) To monitor the exposures (both credit and investments) of the Bank and to consider and approve one time compromise settlement proposals, in respect of loan accounts which have been written off. (iii) To approve treasury related investments and disinvestments as mentioned in the domestic investment policy, overseas investment policy and market risk management policy of the Bank, as amended, from time to time. (iv) To review, note and approve proposals relating to the Bank's business / operations covering all its departments and business segments.
Meetings	During fiscal 2023, twelve meetings of the COD were held i.e. on 27 April, 2022, 26 May, 2022, 20 June, 2022, 27 July, 2022, 25 August, 2022, 23 September, 2022, 17 October, 2022, 26 November, 2022, 22 December, 2022, 25 January, 2023, 21 February, 2023 and 23 March, 2023.

2. Audit Committee of Board

Composition and attendance	The Audit Committee of the Board (ACB) comprises of four members, out of which three are independent directors and one is nominee director. The members of the ACB are financially literate.		
	Name of the members	Designation	Attendance
	Girish Paranjpe, Chairperson	Independent Director	18/18
	T. C. Suseel Kumar	Nominee Director	18/18
	Prof. S. Mahendra Dev	Independent Director	18/18
	Meena Ganesh ¹	Independent Director	7/7
	¹ Appointed as a member with effect from 20 October, 2022.		
	The Company Secretary of the Bank acts as the secretary of the ACB.		
Quorum	Three members and at least 2/3 rd of the members attending the meeting of the ACB shall be independent directors.		
Brief description of the charter	<ul style="list-style-type: none"> (i) To provide direction and to oversee the operation of the audit function. (ii) To review the internal audit system with special emphasis on its quality and effectiveness. (iii) To review the risk assessment report, risk mitigation plan, scrutiny reports issued by RBI and any other domestic/overseas regulators and forensic audit reports by external agencies, if any and the status of compliance with the same. (iv) To review the concurrent audit system of the Bank (including the appointment of concurrent auditors) and appointment of statutory auditors. (v) To recommend to the Board, the appointment, re-appointment, remuneration and terms of appointment of the statutory auditors of the Bank. (vi) To approve payments to statutory auditors for any other services rendered by them. (vii) To oversee the Bank's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible. (viii) To review, with the management, the quarterly financial statements of the Bank (standalone and on a consolidated basis, in terms of the relevant provisions of the Listing Regulations) before it is recommended for the approval of the Board. (ix) Oversee the implementation of compliance policy and review the compliance function on half-yearly and annual basis ensuring that all compliance issues are resolved effectively. (x) To review functioning of the whistle blower and vigilance mechanism. (xi) All related party transactions and subsequent material modifications shall require prior approval of the ACB in accordance with the SEBI Listing Regulations, as amended from time to time. (xii) To review the performance of information security audit and the critical issues highlighted during the information security audit and provide appropriate guidance to the Bank's management. (xiii) To review the status of compliance with the provisions of the share dealing code, on an annual basis and to verify that the systems for internal control are adequate and are operating effectively. <p>The Chief Compliance Officer (CCO) and Chief Audit Executive (CAE) of the Bank directly report to the ACB. They also meet the ACB on one-to-one basis, without the presence of the senior management, on a quarterly basis.</p> <p>The ACB discusses the key highlights of the quarterly and annual financial results of the Bank, internal financial controls, branch audits and control findings, with the joint statutory auditors, before recommending the same to the Board, for their approval. Joint statutory auditors have attended the meetings of the ACB held during fiscal 2023, for review of the quarterly / half yearly / annual financial results of the Bank.</p> <p>The ACB also discusses the matters connected with the said financial results with the joint statutory auditors, without the presence of any executives of the Bank.</p>		



Meetings	During fiscal 2023, eighteen meetings of the ACB were held on 26 April, 2022, 28 April, 2022, 23 May, 2022, 21 June, 2022, 25 July, 2022, 29 July, 2022, 22 August, 2022, 5 September, 2022, 23 September, 2022, 17 October, 2022, 20 October, 2022, 26 October, 2022, 22 November, 2022, 20 December, 2022, 18 January, 2023, 23 January, 2023, 7 February, 2023 and 20 March, 2023.
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3. Risk Management Committee

Composition and attendance The Risk Management Committee of Directors (RMC) comprises of five members out of which four are independent directors.

Name of the members	Designation	Attendance
Ketaki Bhagwati, Chairperson	Independent Director	5/5
Amitabh Chaudhry	Managing Director & CEO	5/5
Girish Parajne [®]	Independent Director	4/5
G. Padmanabhan	Independent Director	5/5
Manoj Kohli ^{i®}	Independent director	0/1

[®] Leave of absence was granted to the concerned Director who had expressed his inability to attend the respective meeting.

ⁱ Appointed as a member with effect from 20 October, 2022.

Quorum Three members. At least half of the members attending the meeting of the RMC shall be independent directors, of which at least one member shall have professional expertise / qualification in risk management.

Brief description of the charter

- (i) Framing and governing of the risk strategy and approving and reviewing the risk appetite of the Bank.
- (ii) Ensuring that sound policies, procedures and practices are in place to manage its risks.
- (iii) Establishing a framework to set and monitor limits across risk categories such as credit risk, market risk, operational risk etc. in order to ensure that the risk profile is adequately diversified.
- (iv) To review the risk management plan with respect to cyber security and monitor the implementation of the measures recommended by the IT & Digital Strategy Committee of the Bank, to mitigate any risk arising therefrom.
- (v) Review the appointment, removal and terms of remuneration of the chief risk officer (CRO) of the Bank.

The CRO reports to the MD & CEO of the Bank. The CRO is independent of the business lines and is actively involved in key decision-making processes that impact the risk profile of the Bank. The CRO also meets the RMC without the presence of executives of the Bank. The Bank has a policy defining the roles and responsibilities of the CRO, in line with the guidelines issued by the RBI.

Meetings During fiscal 2023, five meetings of the RMC were held i.e. on 25 April, 2022, 14 June, 2022, 21 July, 2022, 18 October, 2022 and 20 January, 2023.

4. Stakeholders Relationship Committee

Composition and attendance The Stakeholders Relationship Committee (SRC) comprises of four members out of which three are independent directors.

Name of the members	Designation	Attendance
Manoj Kohli, Chairperson ¹	Independent Director	0/0
S. Vishvanathan ²	Independent Director	2/2
Rajiv Anand	Deputy Managing Director	2/2
P. N. Prasad ³	Independent Director	0/0
CH SS Mallikarjunarao ³	Independent Director	0/0
Vasantha Govindan ⁴	Nominee Director	2/2

¹ Appointed as a member and chairperson with effect from 11 February, 2023.

² Ceased to be a member and chairperson with effect from 11 February, 2023.

³ Appointed as a member with effect from 11 February, 2023.

⁴ Ceased to be a member with effect from 27 March, 2023.

Sandeep Poddar, Company Secretary of the Bank is appointed as the Compliance Officer in terms of Regulation 6 of the SEBI Listing Regulations. He also acts as the convener/secretary of this committee.

Corporate Governance

Quorum	Three members or 1/3 rd of the total strength of the SRC, whichever is higher.
Brief description of the charter	<ul style="list-style-type: none"> (i) Consider and resolve the grievances of the security holders of the Bank. (ii) Review of complaints received from the investors in respect of transfer/ transmission of shares and debentures of the Bank, non-receipt of annual report of the Bank, non-receipt of declared dividends and interest on debentures, delay in receipt of new / duplicate certificates, general meetings, etc. and the status of its redressal. (iii) Review the measures taken for effective exercise of voting rights by shareholders. (iv) Review adherence to the service standards adopted by the Bank in respect of various services being rendered by the Registrar & Share Transfer Agent. (v) Review of the various measures and initiatives taken by the Bank for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants / annual reports / statutory notices by the shareholders of the Bank.
Meetings	During fiscal 2023, two meetings of SRC were held on 26 April, 2022 and 7 October, 2022.

5. Nomination and Remuneration Committee

Composition and attendance	The Nomination and Remuneration Committee (NRC) comprises of four members, out of which three are independent directors.		
	Name of the members	Designation	Attendance
	Meena Ganesh, Chairperson	Independent Director	10/10
	Rakesh Makhija	Independent Director	10/10
	Girish Paranjpe	Independent Director	10/10
	T. C. Suseel Kumar ¹	Nominee Director	3/3
	¹ Appointed as a member with effect from 20 October, 2022.		
Quorum	Three members. At least half of the members attending the meeting of the NRC shall be independent directors, of which one shall be a member of the RMC.		
Brief description of the charter	<ul style="list-style-type: none"> (i) To evaluate efficacy of the talent management and succession planning process adopted by the Bank and suggest suitable course of action, if any, relating to vacancies that would be required to be filled at Board, Senior management and key managerial personnel, functional head level, critical role holders on account of retirement / resignation / expiry of term of the chairperson, the directors, senior management, key managerial personnel, functional heads and the critical role holders. (ii) To set the goals, objectives and performance benchmarks for the Bank, whole-time directors and senior management. (iii) To review and recommend for the approval of the Board, the overall remuneration framework and associated policies of the Bank. (iv) To review the structure, size, composition and diversity of the Board and make necessary recommendations to the Board with regard to any changes in its composition as deemed necessary in accordance with the extant norms and formulate and review the policy on board diversity. (v) To carry out evaluation of performance of individual and independent directors, the Board as a whole and the committees thereof and based on the outcome of such performance evaluation, decide whether to re-appoint the director and assignment of additional roles, responsibilities and his remuneration. (vi) To consider and approve the grant of stock options to eligible employees of the Bank including the Managing Director & CEO, other whole-time directors, (vii) Senior management and eligible employees of the subsidiary companies of the bank, in terms of the employees stock option scheme formulated and adopted by the Bank under the relevant provisions of the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, as amended, from time to time. (viii) To review adequacy and appropriateness of HR strategy of the Bank in the broader areas of code of conduct, culture and ethics, conflict of interest, succession planning, talent management, performance management, and remuneration and HR risk management. 		
Meetings	During fiscal 2023, ten meetings of NRC were held on 25 April, 2022, 29 April, 2022, 17 June, 2022, 15 July, 2022, 26 July, 2022, 23 September, 2022, 19 October, 2022, 5 December, 2022, 22 January, 2023 and 24 March, 2023.		



6. Special Committee of the Board for Monitoring of Large Value Frauds

Composition and attendance The Special Committee of the Board for Monitoring of Large Value Frauds of the Bank (LVF) comprises of five members out of which three are independent directors.

Name of the members	Designation	Attendance
T. C. Suseel Kumar, Chairperson ¹	Nominee Director	4/4
S. Vishvanathan ²	Independent Director	3/3
Rakesh Makhija	Independent Director	4/4
Amitabh Chaudhry	Managing Director & CEO	4/4
Prof. S. Mahendra Dev	Independent Director	4/4
P. N. Prasad ³	Independent Director	1/1

¹ Appointed as a chairperson, with effect from 11 February, 2023.

² Ceased to be a member and chairperson with effect from 11 February, 2023.

³ Appointed as a member with effect from 11 February, 2023

Quorum

Three members with at least one being a non-executive director.

Brief description of the charter

- (i) The major functions of the LVF is to monitor and oversee effective investigation of frauds of ₹ 10 million and above (Rupees one crore and above), so as to:
- To review the instances of large value frauds of ₹ 10 million and above (Rupees one crore and above), details of which shall be circulated to the committee immediately on detection.
 - Identify the systemic lacunae, if any that facilitated perpetration of the fraud and put in place measures to plug the same;
 - Identify the reasons for delay, in detection, if any, and reporting to top management of the Bank and RBI;
 - Monitor progress of CBI/Police investigation and recovery position;
 - Ensure that staff accountability is examined at all levels in all the cases of frauds and staff side action, if required, is completed quickly without loss of time;
 - Review the efficacy of the remedial action taken to prevent recurrence of frauds, such as, strengthening of internal controls;
 - Put in place other measures as may be considered relevant to strengthen preventive measures against frauds.
- (ii) To review the reporting of all identified accounts to Central Fraud Monitoring Cell, RBI as per existing cut-offs and to review reporting of all accounts beyond ₹ 30 million (Rupees three crores and above) classified as RFA or 'frauds' on the Central Repository of Information on Large Credits (CRILC) data platform with the dates on which the accounts were classified as such as per the existing cut-offs along with the synopsis of the remedial action taken in respect thereof and their current status.

Meetings

During fiscal 2023, four meetings of LVF were held on 10 June, 2022, 7 September, 2022, 8 December, 2022 and 18 March, 2023.

7. Customer Service Committee

Composition and attendance The Customer Service Committee (CSC) comprises of four members out of which two are independent directors:

Name of the members	Designation	Attendance
G Padmanabhan, Chairperson	Independent Director	4/4
Amitabh Chaudhry [®]	Managing Director & CEO	3/4
T. C. Suseel Kumar	Nominee Director	4/4
Manoj Kohli ¹	Independent Director	2/2
Vasantha Govindan ²	Nominee Director	4/4

[®] Leave of absence was granted to the concerned director who had expressed his inability to attend the respective meeting.

¹ Appointed as a member with effect from 20 October, 2022.

² Ceased to be a member with effect from 27 March, 2023.

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Quorum	Three members or 1/3 rd of total strength of the CSC, whichever is higher, out of which at least one member shall be an independent director of the Bank.
Brief description of the charter	<ul style="list-style-type: none"> (i) Oversee the functioning of various customer sub committees at the Bank. (ii) Review complaints and quality of service provided by the Bank and it's subsidiaries to ensure a robust grievance redressal mechanism. (iii) Approve policy documents and review effective implementation of RBI directives. (iv) Review progress on other regulatory matters. (v) Review the initiatives taken by the Bank to enhance customer experience.
Meetings	During fiscal 2023, four meetings of the CSC were held on 9 June, 2022, 13 September, 2022, 14 December, 2022 and 14 March, 2023.

8. IT & Digital Strategy Committee

Composition and attendance	The IT and Digital Strategy Committee (ITDSC) comprises of six members out of which four are independent directors.		
	Name of the members	Designation	Attendance
	G. Padmanabhan, Chairperson ¹	Independent Director	4/4
	Meena Ganesh ²	Independent Director	2/2
	Ashish Kotecha [®]	Nominee Director	3/4
	Girish Paranjpe	Independent Director	4/4
	Amitabh Chaudhry	Managing Director & CEO	4/4
	Manoj Kohli ³	Independent Director	2/2
	CH SS Mallikarjunarao ⁴	Independent Director	1/1
	S. Vishvanathan ⁵	Independent Director	3/3
	[®] Leave of absence was granted to the concerned director who had expressed his inability to attend the respective meeting. ¹ Appointed as a chairperson with effect from 20 October, 2022. ² Appointed as a chairperson with effect from 27 May, 2022 and ceased to be a member and chairperson with effect from 20 October, 2022. ³ Appointed as a member with effect from 20 October, 2022. ⁴ Appointed as a member with effect from 11 February, 2023. ⁵ Ceased to be a member with effect from 11 February, 2023.		
Quorum	Three members or 1/3 rd of total strength of ITDSC, whichever is higher.		
Brief description of the charter	<ul style="list-style-type: none"> (i) Approving IT Strategy and policies and ensuring that IT strategy is aligned with business strategy. (ii) Review of IT and cyber security Incidents. (iii) Ensure that IT architecture, investment, organizational structure, resources and performance measurement parameters are geared to deliver business value and contribute to the Bank's growth. (iv) Assessing and reviewing the strategy for addressing IT and cyber security risks. (v) Exercise oversight to ensure effective functioning of the IT operations of the Bank. (vi) Review the business continuity plan (BCP) / disaster recovery (DR) plan of the Bank and exercise oversight over the efficacy of the BCP / DR process adopted by the Bank and recommend measures for its improvement. (vii) Review the progress made by the Bank on the digital banking front. 		
Meetings	During fiscal 2023, four meetings of ITDSC were held on 10 June, 2022, 13 September, 2022, 13 December, 2022 and 14 March, 2023.		



9. Corporate Social Responsibility Committee

Composition and attendance	The Corporate Social Responsibility Committee (CSR Committee) comprises of four members out of which three are independent directors.		
	Name of the members	Designation	Attendance
	Rakesh Makhija, Chairperson	Independent Director	4/4
	Rajiv Anand	Deputy Managing Director	4/4
	Meena Ganesh	Independent Director	4/4
	Prof S. Mahendra Dev ¹	Independent Director	2/2
	¹ Appointed as a member with effect from 20 October, 2022.		
Quorum	Three members or 1/3 rd of the total strength of the CSR Committee, whichever is higher.		
Brief description of the charter	<ul style="list-style-type: none"> (i) Formulate and recommend to the Board, the CSR Strategy, themes, focus areas and review mechanism including the CSR policy of the Bank. (ii) Review and approve, the CSR projects/programs to be undertaken by the Bank either directly or through Axis Bank Foundation (ABF) or through implementation partners as deemed suitable, during the fiscal year and specify modalities for its execution and implementation schedules for the same, in terms of the CSR policy of the Bank. (iii) Review and approve the funds to be allocated for the CSR projects / programmes to be undertaken by the Bank during the fiscal year, in terms of the CSR policy of the Bank, subject to compliance with Section 135(5) of the Act. (iv) Review implementation of the CSR policy and AAP, such that the CSR project(s)/ program(s) that are being proposed to be undertaken are aligned to the Bank's social, environmental and economic activities to the extent possible. 		
Meetings	During fiscal 2023, four meetings of CSR Committee were held on 9 June, 2022, 7 September, 2022, 6 December, 2022 and 10 March, 2023.		

10. Review Committee

Composition and attendance	The Review Committee (RC) comprises of three members, out of which two are independent directors.		
	Name of the members	Designation	Attendance
	Amitabh Chaudhry, Chairperson	Managing Director & CEO	2/2
	Ketaki Bhagwati	Independent Director	2/2
	P.N. Prasad ¹	Independent Director	1/1
	S. Vishvanathan ²	Independent Director	1/1
	¹ Appointed as a member with effect from 11 February, 2023		
	² Ceased to be a member with effect from 11 February, 2023		
Quorum	Three members or 2/3 rd of total strength of the RC, whichever is higher.		
Brief description of the charter	<ul style="list-style-type: none"> (i) To review and confirm the order(s) passed by the internal committee identifying a borrower as a wilful defaulter, in terms of Para 3 (c) of RBI Master Circular No. RBI/2015-16/100 DBR.No.CID. BC.22/20.16.003/2015-16 dated 1 July, 2015. (ii) To review and confirm the order(s) passed by the internal committee identifying a borrower as a non-cooperative borrower, in terms of Para 2 (d) of RBI Circular No. RBI/2014-15/362 DBR.No.CID. BC.54/20.16.064/2014-15 dated 22 December, 2014. (iii) To review the information relating to the non-cooperative borrowers to be submitted to central repository of information on large credits (CRILC). (iv) To put in place a system for proper and timely classification of borrowers as wilful defaulters or / as non-cooperative borrowers and review the efficacy of the said system at-least on an annual basis. 		
Meetings	During fiscal 2023, two meetings of RC were held on 22 September, 2022 and 23 March, 2023.		

Corporate Governance

11. Acquisitions, Divestments & Mergers Committee

Composition and attendance	The Acquisitions, Divestments and Mergers Committee (ADAM) comprises of five members out of which three are independent directors.																		
	<table border="1"> <thead> <tr> <th>Name of the members</th> <th>Designation</th> <th>Attendance</th> </tr> </thead> <tbody> <tr> <td>Rakesh Makhija, Chairperson</td> <td>Independent Director</td> <td>4/4</td> </tr> <tr> <td>Ketaki Bhagwati</td> <td>Independent Director</td> <td>4/4</td> </tr> <tr> <td>Amitabh Chaudhry</td> <td>Managing Director & CEO</td> <td>4/4</td> </tr> <tr> <td>Meena Ganesh</td> <td>Independent Director</td> <td>4/4</td> </tr> <tr> <td>Ashish Kotecha[®]</td> <td>Nominee Director</td> <td>2/4</td> </tr> </tbody> </table>	Name of the members	Designation	Attendance	Rakesh Makhija, Chairperson	Independent Director	4/4	Ketaki Bhagwati	Independent Director	4/4	Amitabh Chaudhry	Managing Director & CEO	4/4	Meena Ganesh	Independent Director	4/4	Ashish Kotecha [®]	Nominee Director	2/4
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Meena Ganesh	Independent Director	4/4																	
Ashish Kotecha [®]	Nominee Director	2/4																	
	[®] Leave of absence was granted to the concerned director who had expressed his inability to attend the respective meeting.																		
Quorum	Three members or 1/3 rd of the total strength of the ADAM, whichever is higher.																		
Brief description of the charter	<ul style="list-style-type: none"> (i) The objective of the committee is to consider any proposals relating to mergers, acquisitions and strategic investments and divestments and recommend/ approve them in terms of the charter. (ii) Acquisition of business: business takeover / acquisition as distinct from portfolio or asset purchase (If the purchase of a portfolio is accompanied by other integral elements of the business such as manpower, technology or a distribution franchise, a reference should be made to the committee). (iii) Strategic investments: acquisition of greater than 25% stake in a company or acquisition of stake in a company where the proportion is 25% or lower but where the Bank intends to have management participation. Equity / equity linked investment in a company / subsidiary company (under delegated authority of the Board) if the overall amount is in excess of ₹ 500 crores. (These excludes cases where the stake is acquired under a loan- restructuring / CDR arrangement or where shares are pledged to the Bank against credit facilities). (iv) Strategic divestments: Sale of an existing business of the Bank (as distinct from the sale of assets in the normal course of business, sale to ARCs and fixed assets) or sale of greater than 25% stake in a company / subsidiary company of the Bank and equity / equity linked divestment in a company / subsidiary company if the overall amount is in excess of ₹ 500 crores. 																		
Meetings	During fiscal 2023, four meetings of ADAM were held i.e. on 15 October, 2022, 26 October, 2022, 6 January, 2022 and 17 March, 2023.																		

12. Committee of Whole-time Directors

Composition and attendance	The Committee of Whole-time Directors (COWTD) comprises of two members.									
	<table border="1"> <thead> <tr> <th>Name of the members</th> <th>Designation</th> <th>Attendance</th> </tr> </thead> <tbody> <tr> <td>Amitabh Chaudhry, Chairperson</td> <td>Managing Director & CEO</td> <td>12/12</td> </tr> <tr> <td>Rajiv Anand</td> <td>Deputy Managing Director</td> <td>12/12</td> </tr> </tbody> </table>	Name of the members	Designation	Attendance	Amitabh Chaudhry, Chairperson	Managing Director & CEO	12/12	Rajiv Anand	Deputy Managing Director	12/12
Name of the members	Designation	Attendance								
Amitabh Chaudhry, Chairperson	Managing Director & CEO	12/12								
Rajiv Anand	Deputy Managing Director	12/12								
Quorum	If the COWTD consists of three or less members, 100% of the strength of the COWTD. If the COWTD consists of more than three members, three Members or 1/3 rd of the total strength of the COWTD, whichever is higher.									
Brief description of the charter	<ul style="list-style-type: none"> (i) Issuance of general / special power of attorney to various officials of the Bank and the subsidiary companies of the Bank to do such acts, deeds, matters and things as may be considered necessary or appropriate for and on behalf of the Bank. (ii) Approve the allotment of equity shares pursuant to exercise of stock option by eligible employees / directors of the Bank and that of its subsidiary companies, in terms of the relevant employee stock option scheme(s) of the Bank. (iii) Approve the allotment of debt securities issued by the Bank, including, but not limited to long term bonds, green bonds, non-convertible debentures, perpetual debt instruments, tier II capital bonds or such other debt securities / securities as may be issued by the Bank. (iv) To discuss matters <i>inter alia</i> relating to the operations, strategies, business opportunities relating to the Bank and / or that of its subsidiaries. (v) To approve strategic and other investments and divestments up to ₹ 500 crores. (vi) To review and approve any proposals on investment and divestments in the share capital of the existing group entities up to ₹ 500 crores. (vii) Any other matter as may be authorised by the Board of directors / Board committees or required to be done pursuant to any laws, rules, regulations or any internal policies of the Bank. 									



Meetings	During fiscal 2023, twelve meetings of COWTD were held on 25 April, 2022, 30 May, 2022, 17 June, 2022, 18 July, 2022, 19 August, 2022, 19 September, 2022, 19 October, 2022, 21 November, 2022, 20 December, 2022, 16 January, 2023, 10 February, 2023 and 23 March, 2023.
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13. Environmental, Social and Governance Committee

Composition and attendance The Environmental, Social and Governance Committee (ESG) comprises of five members which includes three independent directors.

Name of the members	Designation	Attendance
Prof. S. Mahendra Dev, Chairperson	Independent Director	4/4
Amitabh Chaudhry	Managing Director & CEO	4/4
Ketaki Bhagwati	Independent Director	4/4
Ashish Kotecha [®]	Nominee Director	3/4
G. Padmanabhan ¹	Independent Director	2/2

[®] Leave of absence was granted to the concerned Director who had expressed his inability to attend the respective meeting.

¹ Appointed as a member with effect from 20 October, 2022

Quorum Three members or 1/3rd of the total strength of the ESG Committee, whichever is higher.

Brief description of the charter

- (i) To guide and assist in setting the Bank's general strategy with respect to ESG matters.
- (ii) To consider and bring to the attention of the Board and/or management, current, and emerging ESG topics that may be material to the Bank or its stakeholders.
- (iii) To take note and advise the Board or management, as appropriate, on any significant stakeholder concerns relating to ESG matters.
- (iv) To review the Bank's ESG-aligned strategy, policies, practices, and disclosures for consistency with respect to applicable regulations.
- (v) To advise and assist the management in the adoption of ESG performance metrics, targets, and other such commitments, and monitor the Bank's progress.

Meetings During fiscal 2023, four meetings of the ESG Committee were held on 7 June, 2022, 9 September, 2022, 7 December, 2022 and 10 March, 2023.

Management Committee

The Management Committee (MANCOM) has been constituted as part of the governance and administrative structure of the Bank. The MANCOM comprises of MD & CEO, Deputy MD, group executives and head – human resources, as appointed from time to time.

The MANCOM meets regularly to review matters, *inter alia*, relating to business strategy & performance, financial reports & integrity, risk, compliance, customer experience & marketing, financial inclusion, human capital and any other matters considered important by the committee including those specified under various policies of the Bank.

Separate meeting of independent directors

During fiscal 2023, the independent directors of the Bank met on 28 April, 2022, 25 July, 2022 and 20 October, 2022 without the presence of executive directors and other members of management. During these meetings, the independent directors reviewed, *inter alia*, the outcome of Board performance evaluation as per the criteria recommended by the NRC and other governance related matters.

Thereafter, the independent directors at its meeting held on 27 April, 2023, evaluated the performance of the non-independent directors, the Board as a whole, the chairperson of the Bank after taking into account the views of the executive and non-executive directors and assessed the quality, quantity and timeliness of flow of information between the management and the Board, in accordance with Para VII to Schedule IV of the Act.

V. BOARD PERFORMANCE EVALUATION

The Bank believes that the annual performance evaluation of the Board plays a vital role in enhancing the Board's effectiveness. The performance evaluation of Board, its committees, chairperson and individual directors was done in compliance with the provisions of the Act and the SEBI Listing Regulations.

As has been the practice, the NRC as the nodal agency finalized the parameters, methodology and mechanism for conducting the Board performance evaluation for fiscal 2023. Online questionnaires were deployed for evaluation of the following parameters:

Corporate Governance

1. Board evaluation covering governance, strategic planning, audit and compliance, identification and management of risks, human resources, board's relationship with executive management, customer grievance / protection, financial inclusion, Board functioning and induction and professional development.
2. Evaluation of every committee's composition, terms of reference, fulfillment of assigned functions, regularity of meetings and attendance, appropriateness of agenda & timely circulation of same, value addition to the Bank, effective steering by the chairperson of committees and timely reporting to the Board.
3. Flow of information including regularity & agenda of meetings and timeliness & adequacy of preparatory information.
4. Chairperson effectiveness covering open-mindedness, decisiveness, professionalism, courtesy extended to other members and ability to steer the meetings and discussions, impartiality, encouraging dissent, facilitating consensus building, knowledge of the industry complexity, and surfacing issues of strategic importance.
5. Individual director's effectiveness covering knowledge and expertise, active participation and contribution during meetings, regularity and punctuality in attending meetings, preparation for meetings and keeping oneself abreast of matters, collaborative relationship with other directors, openness to others' input and acceptance of constructive feedback, uninhibited participation in meetings and willingness to bring forth their insights and integrity.

To enhance objectivity, an external agency was engaged for performance evaluation to ensure smooth execution and provide an eco-system for candid participation of every Board member.

The outcome of the said performance evaluation was reviewed by the NRC at its meeting held on 26 April, 2023 and by the independent directors at its meeting held on 27 April, 2023. The Board also reviewed the performance evaluation report, outcome and action areas at its meeting held on 28 April, 2023. The highlights of this year's Board performance evaluation included Board's involvement in the Bank's strategy and oversight on risk and regulatory matters.

The disclosure in terms of SEBI Circular no. SEBI/HO/CFD/CMD/CIR/P/2018/79 dated 10 May, 2018, on Board evaluation, is detailed as under:

1. Observations of board evaluation carried out for the year: Five observations emanated from the Board performance evaluation for fiscal 2023, detailed as under:
 - (i) Closer focus on and smooth transition of the Board Chair.
 - (ii) Further improve Board agenda & information management.
 - (iii) Continue to lay thrust on further improving the institutionalization of compliance practices.
 - (iv) Closer focus on customer service & complaints.
 - (v) Oversight on Citi businesses' integration.
2. Previous year's observations and actions taken: Seven observations had emanated from the Board performance evaluation for fiscal 2022. These related to balancing of Board and committee agenda, planning for on-boarding of successors of Board members, reviewing skill set and adequacy of size of Board, interaction with directors of subsidiary companies, oversight on actionables relating to attrition and customer complaints, improvising preparatory information for Board / committee meetings and focus on new key themes by IT & Digital Strategy Committee. The Bank has complied with the said observations, which has been also reviewed by the NRC and the Board.
3. Proposed actions based on current year observations: The Bank has accepted all the observations made by the Board emanating from the Board performance evaluation for fiscal 2023. The status of compliance with the said observations will be reviewed by the NRC during the course of the fiscal 2024.

VI. REMUNERATION POLICY

The Bank's remuneration practices are underpinned by principles of meritocracy and fairness. The remuneration system strives to maintain the ability to attract, retain, reward and motivate talent in order to enable the Bank to attain its strategic objectives within the increasingly competitive context in which it operates. The Bank's pay-for-performance approach strives to ensure that both internal and external equity are in line with the emerging market trends.

The Bank has formulated and adopted a remuneration policy for non-executive chairperson and non-executive directors of the Bank which provides guidelines for payment of remuneration to the non-executive chairperson and non-executive directors of the Bank.



The Bank has also formulated a remuneration policy for MD & CEO, whole-time directors, material risk takers, control function staff and other employees of the Bank, in terms of the provisions of the Act, SEBI Listing Regulations and guidelines on compensation of whole-time directors / chief executive officers / material risk takers and control function staff, issued by the RBI on 4 November, 2019. This remuneration policy *inter alia* contains guidelines relating to compensation structure consisting of fixed pay, variable pay, employee stock options, compensation revision cycle and framework regarding malus / clawback. During fiscal 2023, the Board also reviewed and approved amendments to both the policies, in line with the extant laws.

The above policies are available on the website of the Bank at <https://www.axisbank.com/shareholders-corner/corporate-governance>.

The remuneration paid to all the employees / MD & CEO / whole-time directors of the Bank, for fiscal 2023, is in accordance with the aforesaid remuneration policy.

VII. REMUNERATION OF DIRECTORS

A. Executive / whole-time directors

The details of remuneration paid to Managing Director & CEO and Deputy Managing Director during fiscal 2023, is as under:

(in ₹)

Particulars	Amitabh Chaudhry	Rajiv Anand
Salary (Basic)	44,030,424	28,918,188
Leave fare concession facility	999,996	549,996
House rent allowance	12,230,664	9,543,000
Reimbursement	3,190,673	225,380
Utility allowance and unutilized car benefit	1,109,971	2,073,719
Deferred variable pay (for fiscal 2021)	2,937,000	1,945,693
Variable pay (for fiscal 2022)	9,600,000	10,700,000
Superannuation allowance / fund	4,403,046	2,891,822
Perquisites (excluding ESOP)	13,787,801	3,439,577
Provident fund (Bank's contribution)	5,283,650	3,470,182
Gratuity	One month's salary for each completed year of service	One month's salary for each completed year of service
Leave encashment	-	-

Perquisites (evaluated as per Income Tax Rules, 1962, wherever applicable, or otherwise at actual cost to the Bank) such as Bank's furnished accommodation, electricity, water and furnishings, club fees, personal accident insurance, loans, use of car and telephone at residence, medical reimbursement, travelling and halting allowances, newspapers and periodicals and others were provided in accordance with the Bank's policy.

1. Amitabh Chaudhry and Rajiv Anand were granted 369,014 and 248,783 stock options respectively for fiscal 2022 and approval for the same was received from the RBI in fiscal 2023.

The stock options were granted at ₹ 725.90 per share which was the closing market price prevailing on the day prior to the date of grant on the National Stock Exchange of India Limited.

The vesting schedule for the said stock options is spread over 4 (four) years @ 25% every year (commencing on expiry of one year from the date of grant).

2. The whole-time directors of the Bank are not entitled to receive any sitting fees from the Bank or from its subsidiary companies, for attending meetings of the Board and its committees. Further, they do not receive any remuneration from any of the subsidiary companies of the Bank.
3. The Bank as a policy, does not pay any severance fees to its whole-time directors. The tenure of the office of whole-time directors is for a period of three years from date of their respective appointment / re-appointment, as approved by the RBI and the same can be terminated by either party by giving three months' notice in writing. The termination of services shall be in compliance with the provisions of Section 35B of the Banking Regulation Act, 1949.

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B. Independent/nominee directors

The details of the remuneration paid to independent directors and nominee directors during fiscal 2023, are as under:

Sr. no.	Name of the directors	Designation	Sitting fees (in ₹)	Fixed remuneration (For fiscal 2023) (in ₹) ⁷
1.	Rakesh Makhija*	Independent Director and Part-Time Chairperson	3,100,000	3,300,000
2.	S. Vishvanathan ¹	Independent Director	2,850,000	1,555,000
3.	Ketaki Bhagwati	Independent Director	3,450,000	1,800,000
4.	Girish Paranjpe	Independent Director	4,800,000	1,800,000
5.	T. C. Suseel Kumar**	Nominee Director	3,500,000	1,600,000
6.	Meena Ganesh	Independent Director	3,600,000	1,800,000
7.	G. Padmanabhan	Independent Director	2,550,000	1,800,000
8.	Ashish Kotecha	Nominee Director	1,575,000	1,650,000
9.	Vasantha Govindan ^{2***}	Nominee Director	1,550,000	1,577,778
10.	Prof. S. Mahendra Dev	Independent Director	3,750,000	1,800,000
11.	Manoj Kohli ³	Independent Director	1,250,000	1,261,500
12.	P. N. Prasad ⁴	Independent Director	850,000	717,391
13.	CH SS Mallikarjunarao ⁵	Independent Director	400,000	262,223
	Total		33,225,000	20,923,892

¹ Ceased to be an Independent Director with effect from 11 February, 2023.

² Ceased to be a Nominee Director with effect from 27 March, 2023.

³ Appointed as an Independent Director with effect from 17 June, 2022.

⁴ Appointed as an Independent Director with effect from 20 October, 2022.

⁵ Appointed as an Independent Director with effect from 1 February, 2023.

⁶ All the independent directors and nominee directors of the Bank were paid sitting fees of ₹ 1,00,000 for every meeting of the Board, NRC, ACB, COD, RMC and ITDSC attended by them. In respect of meetings of other committees of the Board, they were paid sitting fees of ₹ 75,000 for every meeting attended by them.

⁷ In accordance with RBI circular dated 26 April, 2021 on 'corporate governance in banks - appointment of directors and constitution of committees of the board', the Bank paid fixed remuneration to its non-executive directors [except the independent part-time chairperson] which did not exceed ₹ 20 lacs per annum per director.

⁸ All the directors are entitled to reimbursement of expenses incurred during the performance of their duty as a director of the Bank.

⁹ The Bank does not grant stock options to its independent directors and nominee directors.

* In addition to sitting fees and remuneration, the non-executive (part-time) chairperson is entitled to free use of Bank's car for official and private purposes and travelling and official expenses for Board functions as a chairperson.

** The sitting fees was credited to the bank account of T. C. Suseel Kumar, whereas fixed remuneration was credited to the bank account of LIC.

*** The sitting fees and fixed remuneration were credited to the bank account of SUUTI.

VIII. FEES PAID TO STATUTORY AUDITORS

The details of fees for all services availed by the Bank and its subsidiary companies, on a consolidated basis, from the Joint Statutory Auditors, M P Chitale & Co. and CNK & Associates LLP and all entities in the network firm / network entity of which M P Chitale & Co. and CNK & Associates LLP are part thereof, during fiscal 2023, are as under:

Sr. No.	Particulars	Amount ¹
1.	Audit Fees	3,30,00,000
2.	Fees for certification and other attest services ²	69,75,000
3.	Non Audit Fees	-
	Total	3,99,75,000

¹ The above fees excludes taxes, clerkage fees and out of pocket expenses.



- ² The services of the Statutory Auditors have been obtained during the normal course of business for compliance with statutes and the guidelines of various regulators like SEBI, RBI etc. which specifically require the statutory auditor to undertake these activities and are not in the nature of management assurance.
- ³ No services have been availed by the subsidiaries of the Bank from the Joint Statutory Auditors.
- ⁴ The said fees have been reviewed and approved by the Audit Committee of the Bank.

IX. DETAILS OF UTILISATION OF FUNDS RAISED THROUGH PREFERENTIAL ALLOTMENT OR QUALIFIED INSTITUTIONAL PLACEMENT

During the fiscal 2023, the Bank has not raised any funds through preferential allotment or qualified institutional placement of equity shares.

X. DISCLOSURE IN TERMS OF THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Bank has formulated and adopted a policy on prevention of sexual harassment at workplace (policy) and takes all necessary measures to ensure a harassment-free workplace and has instituted an Internal Complaints Committee (ICC) for redressal of complaints and to prevent sexual harassment. The Bank believes that all employees, including other individuals who are dealing with the Bank have the right to be treated with dignity.

The following is the summary of sexual harassment complaints received and disposed of by the Bank, during fiscal 2023:

Particulars	No. of complaints
Number of complaints pending at the start of the fiscal year	5
Number of complaints of sexual harassment filed during the fiscal year	34
Number of complaints disposed off during the fiscal year	30
Number of complaints pending as on the end of the fiscal year	9

Number of workshops / awareness programs conducted against sexual harassment: 36.

Nature of action taken by the Employer or District Officer : As per the Bank's staff rules.

The ICC is empowered to take appropriate disciplinary action against the employee(s) who is found to have violated the norms prescribed under the said policy.

XI. EMPLOYEE ACCIDENTAL DEATHS

During fiscal 2023, there were no instances of employee accidental death at the workplace.

XII. WHISTLEBLOWER POLICY & VIGIL MECHANISM

The Bank has formulated and adopted a whistleblower policy to inquire / investigate / commend necessary action against an erring incumbent based on information received / complaint lodged with the Bank regarding any wrongdoing by a Bank official.

To ensure that the highest standards of corporate governance are maintained on an ongoing basis and to provide safeguards to various stakeholders (including shareholders, depositors, and employees), the Bank has formulated a 'whistleblower policy'. The policy provides all stakeholders with the opportunity to address serious concerns arising from irregularities, malpractices and other misdemeanors committed by the Bank's officials by approaching a Whistleblower Committee set up for the purpose, without fear of retribution or vengeful action from the persons against whom the complaint was submitted. If the offences are committed by senior management, the policy enables the Bank's staff to report the concerns to the ACB. It complies with the relevant provisions of Section 177(9) of the Act, rules made thereunder and Regulation 4(2) (d) and Regulation 22 of the SEBI Listing Regulations.

To ensure smooth flow and management of complaints under the whistleblower policy, a web-based application - '<https://whistleblower.axisbank.co.in>' has been set up, providing an option for anonymous reporting, thereby enabling lodging of complaints online over a secure platform without fear of revelation of identity. This would create a business culture of honesty, integrity, and compliance and encourage speaking up to initiate preventive action.

The Bank has not denied access to any of its employees to the Chairperson of the ACB and that the policy contains adequate provisions for protecting whistleblowers from unfair termination and other unfair prejudicial and employment practices.

Corporate Governance

The ACB reviews a synopsis of the complaints received and the resolution thereof every quarter under the said policy.

The details of the whistle-blower policy and vigil mechanism are available on the Bank's website at <https://www.axisbank.com/webforms/code-of-commitment>.

XIII. SUBSIDIARY COMPANIES

As on 31 March, 2023, the Bank does not have any unlisted Indian subsidiary companies, which could be deemed to be a material subsidiary, in terms of Regulation 16(1)(c) of the SEBI Listing Regulations. All matters relating to subsidiary governance is overseen by the Board and Board committees and operationalized under the aegis of a Subsidiary Management Committee (SMC) of the Bank. SMC is constituted in accordance with SEBI requirement on having a group governance structure at the parent level. The SMC meets at least once every quarter.

The minutes of the meetings of the Board of all unlisted subsidiary companies of the Bank are tabled at the meetings of the Board of the Bank. The minutes of the meetings of the ACB of unlisted subsidiary companies of the Bank are tabled at the meetings of the ACB of the Bank. A snapshot of the customer complaints which are received by subsidiary companies of the Bank along with the remedial measures are placed before CSC.

ACB reviews the investments made by subsidiaries. Further, it also evaluates the statement of all significant transactions and arrangements entered by subsidiary companies and the compliances of each materially significant subsidiary on a periodic basis.

The RBI has identified Axis Group as a financial conglomerate (FC) under inter regulatory forum (IRF) mechanism which necessitates continuous oversight on subsidiary companies. The oversight on Bank's subsidiaries is an essential element for the implementation of well aligned corporate governance principles across group entities. It assists in integration of 'One Axis' theme of the Bank, by sharing uniform practices across the group and building up synergy in common practices thereby creating value and investor confidence.

The Bank has put in place a comprehensive subsidiary engagement framework encompassing functional alignment areas viz. risk, compliance, audit, finance, human resources, information technology and legal as well as more integrative domains viz. cyber security, brand usage and marketing, corporate communication with the end objective of delivering 'One Axis' across the group.

Performance of each subsidiary company is reviewed by the MD & CEO of the Bank. Further, detailed presentation by subsidiary companies is presented to the Board, every quarter. At least one member of the Management Committee is nominated on the board of the subsidiary companies of the Bank. The said members are responsible for reviewing the matters relating to strategy, business plan and performance of the concerned subsidiary companies.

XIV. POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

As required under Regulation 16(1)(c) of the SEBI Listing Regulations, the Bank has formulated and adopted the policy for determining material subsidiaries (policy). During the year, the policy has been reviewed by the RMC and the Board. The said policy has been hosted on the website of the Bank at <https://www.axisbank.com/docs/default-source/quarterly-reports/07policy-for-determining-material-subsiadiary.pdf>.

XV. DIRECTORS AND OFFICERS INSURANCE

The Bank has a directors and officers insurance policy (policy) in place which protects directors and officers of the Bank for any actual or alleged breach of fiduciary duty. Amongst other things, the policy offers protection for costs related to investigation & extradition, deprivation of asset expenses, outside entity directorship liability, entity coverage for securities related issues and special excess protection for non-executive directors.

XVI. INSIDER TRADING

The Bank has a share dealing code and the code of practices and procedures for fair disclosure of unpublished price sensitive information (UPSI) of the Bank, in line with the SEBI (Prohibition of Insider Trading) Regulations, 2015 (Insider Trading Regulations), as amended from time to time.

The share dealing code of the Bank comprises of Chapter A which is applicable to 'designated persons' and their immediate relatives for trading in securities of the Bank and Chapter B which is applicable to 'persons designated for restricted list' and their immediate relatives for trading in securities of listed client companies (LCC).

The Bank in the ordinary course of its business, is likely to be entrusted with UPSI by LCC and is thus, expected to discharge its fiduciary obligations by maintaining confidentiality of such UPSI, in the interest of such LCC and in compliance with the



Insider Trading Regulations. The compliance officer has taken necessary steps to restrict the persons designated under restricted list from trading in securities of such LCC.

The Bank has adequate and effective systems, internal controls and processes, to ensure compliance with the provisions of the share dealing code, the code of practices and procedures for fair disclosure of UPSI and the Insider Trading Regulations. The Bank conducts awareness programs and circulates do's and don't's, for the designated persons, from time to time. During fiscal 2023, the Board also reviewed and approved amendments to the said codes, in line with the extant laws.

The Bank has also formulated and adopted the policy for determination of materiality of events / information of the Bank, in terms of Regulation 30 of the SEBI Listing Regulations. During fiscal 2023, the said policy was subjected to an annual review and amendments as mandated under applicable regulations, were reviewed and approved by the Board. The policy for determination of materiality of events / information and the code of practices and procedures for fair disclosure of UPSI of the Bank have been uploaded on the website at <https://www.axisbank.com/shareholders-corner/corporate-governance> in compliance with the said Regulations.

XVII. COMPLIANCE CERTIFICATE

Pursuant to Regulation 17(3) of SEBI Listing Regulations, a quarterly confirmation on laws applicable to the Bank is obtained from the relevant heads of departments by the compliance department. A report duly signed by the Chief Compliance Officer of the Bank confirming compliances with applicable laws, is placed before the ACB and the Board, on a quarterly basis.

XVIII. CEO & CFO CERTIFICATION

A certificate issued by Amitabh Chaudhry, MD & CEO and Puneet Sharma, Group Executive & CFO of the Bank, for fiscal 2023, was placed before the Board at its meeting held on 27 April, 2023, in terms of Regulation 17(8) of the SEBI Listing Regulations. CEO & CFO certificate is attached as **Annexure 1** to this report.

XIX. DIRECTORS E-KYC

The Ministry of Corporate Affairs (MCA) has vide amendment to the Companies (Appointment and Qualification of Directors) Rules, 2014, mandated registration of KYC of all the directors through e-form DIR-3 KYC. All directors of the Bank have complied with the aforesaid requirement.

XX. OTHER DISCLOSURES

Related party transactions

During fiscal 2023, the Bank has not entered into any materially significant transactions with its related parties, which could lead to potential conflict of interest between the Bank and these parties, other than transactions entered into with them in the ordinary course of its business. The policy on related party transactions is available on the website of the Bank at <https://www.axisbank.com/docs/default-source/quarterly-reports/6policy-on-related-party-transactions.pdf>.

Transactions of senior management

The members of the senior management of the Bank have affirmed that they have not entered into any material, financial or commercial transaction wherein they have personal interest and which may potentially conflict with the interest of the Bank at large.

Instances of non-compliance

There were no instances of non-compliance by the Bank or penalties and strictures imposed by the stock exchanges or SEBI or other statutory authorities on any matter related to capital markets during the last three years, except the following:

- (i) SEBI vide its letter dated 28 April, 2020 issued an administrative warning for not intimating SEBI on appointment of compliance officer (merchant banking) and that the compliance officer did not have the required NISM certification, as observed during the inspection of the Bank as 'merchant banker'. The Bank has appointed new compliance officer (merchant banking) who has the required NISM certification. The same has been informed to SEBI.
- (ii) SEBI vide its letter dated 28 December, 2020, observed delay in making disclosures by the Bank under the Insider Trading Regulations and in this regard has informed the Bank that the matter has been viewed seriously and has warned the Bank to be careful in future to avoid recurrence of such instances and to be more cautious in filing disclosures, failing which action may be initiated in accordance with the provisions of the SEBI Act, 1992 and rules and regulations framed thereunder.

- (iii) SEBI issued a summary settlement notice dated 28 December, 2020 in relation to an alleged default under Regulation 7(2)(b) of the Insider Trading Regulations. The Bank without admitting or denying the findings of facts and conclusions of law submitted a settlement application on 29 January, 2021 to SEBI, in accordance with the provisions of the SEBI (Settlement Proceedings) Regulations, 2018 and paid the settlement amount of ₹ 41.43 lacs.

Thereafter, SEBI passed a settlement order dated 15 February, 2021 (the settlement order), consequent to which the proceedings to be initiated for the alleged default was disposed-off and the matter stands settled.

- (iv) SEBI carried out inspection of the designated depository participant (DDP) activities of the Bank for fiscal 2019 and issued administrative warning and deficiency letter for contravention with Regulation 31(2)(a), 32(1) of SEBI (FPI) Regulations, 2019 and for contravention with para 2.3 of SEBI Circular CIR/IMD/FIIC/09/2014 dated 28 April, 2014. The Bank has submitted its response on 25 February, 2021.
- (v) The Bank received a show cause notice (SCN) from SEBI vide e-mail dated 3 March, 2021, issued under Rule 4 of the SEBI (Procedure for Holding inquiry and imposing penalties) Rules, 1995. As per the Regulation 27 of SEBI (Merchant Bankers) Regulations, 1992, the merchant banker is required to submit to SEBI complete particulars of any transaction for acquisition of securities of any body-corporate whose issue is being managed by that merchant banker within 15 days from the date of entering into such transaction. The internal audit department (IAD), while conducting the audit of debt capital markets (DCM) department observed that the Bank had inadvertently failed to report transactions as required under Regulation 27 of SEBI (Merchant Bankers) Regulations, 1992. The Bank vide its e-mail dated 30 December, 2019 informed SEBI about the inadvertent non-reporting.

The Bank had submitted response to SCN vide e-mail dated 16 March, 2021. Further, at the hearing conducted on 26 April, 2021, through video conference with respect to the adjudication proceedings the Bank was granted time till 4 May, 2021 to make additional submissions in the matter. Basis the response to the SCN and submissions made by the Bank during personal hearing, the adjudicating officer observed that the Bank had failed to comply with the SEBI regulations for three years (August, 2016 to August, 2019). However, he also noted that :

- The Bank observed the irregularities and informed SEBI.
- No investor complaints were received due to this irregularity.
- The Bank has taken necessary corrective steps to avoid recurrence of such lapses.

Considering these facts, the adjudicating officer has imposed a penalty of ₹ 5 lacs on the Bank.

- (vi) SEBI carried out inspection of the custodian activities of the Bank for fiscal 2019 and issued administrative warning and deficiency letter for contravention with clauses 1, 2, 3 and 10 of the code of conduct prescribed at Regulation 12 of the SEBI (Custodian) Regulations, 1996. The Bank has submitted its response on 6 April, 2021.
- (vii) SEBI had carried out inspection of the DDP activities of the Bank for fiscal 2021. During the inspection, SEBI observed that the designated Compliance Officer was undertaking operational activity by acting as a checker, there was no employee other than the Compliance Officer for carrying out DDP operations from April 2021 to June 2021. SEBI also observed that there were discrepancy in the report of DDP and NSDL, operational manual was not updated, KYC review was not done for two clients and fees were collected from FPI prior to receipt of application. In view of the above, SEBI issued an administrative warning on 9 March, 2023, which was received by the Bank on 21 April, 2023. The Bank has taken corrective actions and submitted its response to SEBI on 27 April, 2023.

Certificate on non-disqualification of directors

The Secretarial Auditor has certified that none of the directors of the Bank have been debarred or disqualified from being appointed or continuing as a director of the Bank by SEBI / Ministry of Corporate Affairs or any other statutory / regulatory authority. The said certificate is annexed to this report.

Compliance with governance norms

The Bank has complied with all the mandatory requirements, as prescribed under the SEBI Listing Regulations relating to corporate governance.

Except sending half-yearly financial results to the members, the Bank has adopted all the other non-mandatory requirements mentioned in Part E of Schedule II of SEBI Listing Regulations, detailed as under:

- (i) Maintenance of Chairperson's office at the Bank's expense and reimbursement of expenses incurred by the non-executive chairperson in performance of his duties,
- (ii) Separate post of Chairperson and Managing Director & CEO,



- (iii) Regime of financial statements with unmodified audit opinion,
- (iv) Chief audit executive directly reporting to the ACB.

The Bank has obtained a certificate from joint statutory auditor, M P Chitale & Co. (Registration No.101851W) Chartered Accountants, Mumbai, confirming that the Bank has complied with all the mandatory requirements as stipulated under the SEBI Listing Regulations relating to corporate governance. The said certificate is enclosed at the start of this report.

Codes of conduct

The Board has formulated and adopted the code of conduct and conflict of interest norms for the Board of directors, and the code of conduct and ethics of the Bank (the code of ethics), in terms of Regulation 17(5) of the SEBI Listing Regulations relating to corporate governance.

The code of conduct and conflict of interest norms for the Board of directors provides for do's and don'ts to be followed by the directors of the Bank and also contains norms with respect to conflict of interest, skill development, health, confidentiality, insider trading and sexual harassment etc. During fiscal 2023, the amendments to the said code were reviewed and approved by the Board.

The code of ethics is a statement of the Bank's commitment to integrity and the highest standards of ethical practices. It defines the standards of conduct that is expected of all employees in order that the right decisions are taken in performing their roles and responsibilities across various functions in the Bank.

The code of ethics is intended to be the charter for day-to-day work, to enable employees to make the right decisions and, therefore, serves to (1) underline the fundamental commitment to compliance with regulatory guidelines and laws of the land, (2) set forth basic parameters of ethical and acceptable social behavior, and (3) establish a system for detection and reporting of known or suspected ethical or violations of regulations.

The said codes have been hosted on the website of the Bank at <https://www.axisbank.com/shareholders-corner/corporate-governance> in compliance with the SEBI Listing Regulations.

The certificate issued by the MD & CEO of the Bank confirming that all the directors and members of the senior management of the Bank have affirmed compliance with the said codes as applicable to them, is attached as **Annexure 2** to this report.

CEO/CFO CERTIFICATION AS PER REGULATION 17(8) OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATION, 2015

The Board of Directors
Axis Bank Limited.

In terms of Regulation 17(8) of the Listing Regulations, we certify that:

- a) We have reviewed the audited financial statements and the cash flow statement for the year ended 31 March, 2023 and that to the best of our knowledge and belief:
 - (i) These results do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) These results together present a true and fair view of the Bank's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions which have been entered into by the Bank during the year that are fraudulent, illegal or violative of the Bank's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Bank pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated the auditors and the Audit Committee:
 - (i) significant changes in internal control over financial reporting during the year;
 - (ii) significant changes in accounting policies during the year, if any, and that the same have been disclosed in the notes to the audited financial statements; and
 - (iii) instances of significant fraud of which we have become aware and involvement therein, if any, of the management or an employee having a significant role in the Bank's internal control system over financial reporting.

Amitabh Chaudhry
Managing Director & CEO

Puneet Sharma
Group Executive & CFO

Place: Mumbai
Date: 27 April, 2023

**Annexure 2****COMPLIANCE WITH CODE OF CONDUCT AND CONFLICT OF INTEREST NORMS IN RESPECT OF BOARD OF DIRECTORS AND THE CODE OF CONDUCT AND ETHICS OF THE BANK, FOR FISCAL 2023**

I confirm that for the year under review, all the directors and members of the senior management of the Bank, have affirmed compliance with the said codes, as applicable to them.

Amitabh Chaudhry
Managing Director & CEO

Place: Mumbai
Date: 28 April, 2023

Corporate Governance

GENERAL SHAREHOLDER INFORMATION

[Pursuant to Regulation 34(3) and Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations)]

Contact information

Registered office	Corporate office	Registrar & Share Transfer Agent
Axis Bank Limited [CIN: L65110GJ1993PLC020769] 'Trishul', 3 rd floor, opp. Samartheshwar Temple, Law Garden, Ellisbridge, Ahmedabad - 380 006, Gujarat Tel. no.: +91 79 6630 6161 Fax no.: +91 79 2640 9321 Email: shareholders@axisbank.com Website: www.axisbank.com	Axis Bank Limited 'Axis House', C-2, Wadia International Centre, Pandurang Budhkar Marg, Worli, Mumbai - 400 025, Maharashtra Tel. no.: +91 22 2425 2525 Fax no.: +91 22 2425 1800 Email: shareholders@axisbank.com Website: www.axisbank.com	KFin Technologies Limited (KFIN) Unit: Axis Bank Limited Selenium tower - B, plot no. 31 & 32, Financial district, Nanakramguda, Serilingampally, Hyderabad - 500032 Telangana Tel. no.: +91 40 6716 2222 Toll free no.: 1800 3094 001 Email: einward.ris@kfintech.com Website: www.kfintech.com
Debenture trustees		Depository for Global Depository Receipts (GDR)
IDBI Trusteeship Services Limited Ground Floor, Universal Insurance Building, Sir Phirozshah Mehta Road, Fort, Mumbai- 400001, Maharashtra Tel. no.: (91) (22) 40807066, Email: itsl@idbitrustee.com Website: www.idbitrustee.com	SBI Cap Trustee Company Limited Mistry Bhavan, 4 th floor, 122 Dinshaw Vachha Road, Churchgate, Mumbai - 400 020, Maharashtra Tel. no.: +91 22 4302 5555 Email: helpdesk@sbicaptrustee.com Website: www.sbicaptrustee.com	The Bank of New York Mellon 240 Greenwich Street New York - 10286 Tel. no.: +1 212 495 1784 Fax no.: 001 212 571 3050 Email: shrrelations@bnymellon.com Website: www.adrbnymellon.com

29th Annual general meeting (AGM)

Day / date / time	The day / date / time of the AGM and matters related thereto will be decided by the Board of Directors of the Bank (the Board) in due course and the details thereof will be communicated to the relevant stakeholders.
Mode	
E - voting dates	
Participation through video-conferencing	

Fiscal year

The Bank follows the fiscal year starting from 1 April to 31 March, every year.

Meeting calendar

The schedule of the meetings of the Board to be held to *inter alia* review and approve the unaudited / audited financial results of the Bank, in respect of fiscal 2024, in terms of Regulation 33(3) of the SEBI Listing Regulations, is detailed as under:

Purpose	Tentative date
Unaudited financial results (standalone and consolidated) of the Bank, for the quarter ending 30 June, 2023	Last week of July, 2023
Unaudited financial results (standalone and consolidated) of the Bank, for the quarter / half year ending 30 September, 2023	Last week of October, 2023
Unaudited financial results (standalone and consolidated) of the Bank, for the quarter / nine months ending 31 December, 2023	Last week of January, 2024
Audited annual financial results (standalone and consolidated) of the Bank, for the fiscal year ending 31 March, 2024	Last week of April, 2024



Dividend

In view of the overall performance of the Bank and while retaining capital to support future growth, the Board has recommended a dividend of ₹ 1/- per equity share of face value of ₹ 2/- each of the Bank, for fiscal 2023, subject to approval of the members at the 29th AGM of the Bank. The dividend, if approved by the members, will be paid on or after five days from the date of the AGM.

Investor's FAQs including dividend related information are available on the website of the Bank at <https://www.axisbank.com/shareholders-corner/financial-results-and-other-information/public-notices/investor-faqs>.

The record date for payment of dividend is mentioned in the notice of the ensuing 29th AGM of the Bank.

Payment of dividend through electronic mode

In terms of Regulation 12 and Schedule I of the SEBI Listing Regulations, every listed entity is required to mandatorily make all payments to members, including dividend, by using any Reserve Bank of India (RBI) approved electronic mode of payments viz. direct credit, real time gross settlement (RTGS), national electronic fund transfer (NEFT), electronic clearing service (ECS), national automated clearing house (NACH), etc. The Bank would be entitled to use the bank account details of the members available with the depository participants to facilitate payment through electronic mode.

All members of the Bank holding equity shares in electronic form are requested to provide details relating to their bank account number, including nine digit MICR Code and 11 digit IFSC Code, e-mail ID and mobile numbers to their depository participants.

All members of the Bank holding equity shares in physical form are requested to provide details relating to their bank account number, indicating nine digit MICR Code and 11 digit IFSC Code, e-mail ID and mobile numbers to KFIN at Selenium Tower - B, Plot No 31 & 32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad - 500 032, Telangana, by quoting their folio number and attaching a photocopy of the cheque leaf of the said bank account and a self-attested copy of their PAN card.

In case the dividend paid through electronic mode is rejected by the corresponding bank, for any reason whatsoever, the Bank will issue a demand draft and print the bank account details available with KFIN on the said demand draft to avoid fraudulent encashment.

Unclaimed dividend

Pursuant to the provisions of Section 125 of the Companies Act, 2013 (Act) and the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the Bank is required to transfer the amount of dividend lying unclaimed for a period of seven consecutive financial years from the date of its transfer to the unpaid dividend account, to Investor Education Protection Fund (IEPF). Accordingly, unclaimed dividend amounting to ₹ 8,981,325 in respect of fiscal 2015 was transferred by the Bank to the IEPF, on 26 September 2022.

The details of the unclaimed dividend as on 31 March, 2023 and the last date for claiming the same, prior to its transfer to the IEPF authority, are as under:

Fiscal year	Unclaimed dividend as on 31 March, 2023 (In ₹)	% to total dividend declared	Date of declaration of dividend	Last date for claiming dividend prior to its transfer to the IEPF Authority
2015-16	11,339,750	0.09	22 July, 2016	28 August, 2023
2016-17	12,834,720	0.11	26 July, 2017	31 August, 2024
2017-18			No dividend declared	
2018-19	1,937,207	0.07	20 July, 2019	25 August, 2026
2019-20			No dividend declared	
2020-21			No dividend declared	
2021-22	2,319,013	0.08	29 July, 2022	4 September, 2029
Total	28,430,690			

Members of the Bank are requested to verify details of their unclaimed dividends in respect of fiscal 2016, fiscal 2017, fiscal 2019 and fiscal 2022, and lodge their claim with KFIN, prior to the date of its transfer by the Bank, to the IEPF authority. Members may write to KFIN at einward.ris@kfintech.com, for any assistance, in this regard.

Corporate Governance

Transfer of underlying equity shares to the IEPF

Pursuant to the provisions of Sections 124 and 125 of the Act and the relevant provisions of the IEPF authority rules, the equity shares of the Bank, on which the dividend has not been claimed for seven consecutive years, are liable to be transferred by the Bank to the IEPF.

Accordingly, till 31 March, 2023, the Bank has transferred 11,36,194 underlying equity shares, to the IEPF.

The Bank does not have any equity shares in the unclaimed suspense account / suspense escrow demat account, as on 31 March, 2023.

Guidelines to claim unclaimed dividends / shares

The detailed guidelines for claiming unclaimed dividends / shares which have been transferred to the IEPF, in accordance with the said rules, are mentioned in the investor's FAQs. The link to the same is provided under the 'dividend' section above.

Equity shares

The equity shares of the Bank are listed on National Stock Exchange of India Limited (NSE) and BSE Limited (BSE). The International Securities Identification Number (ISIN) in respect of the equity shares of the Bank is INE238A01034. The annual listing fees for fiscal 2023 have been paid by the Bank to the stock exchanges.

The National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) are the depositories for the equity shares of the Bank. The annual custodian fees for fiscal 2023 have been paid by the Bank to the depositories.

The equity shares of the Bank have not been suspended from trading on the said stock exchanges or by any regulatory / statutory authority.

Details of stock exchange	Stock exchange codes	Reuters codes	Bloomberg codes
BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 Website: www.bseindia.com	532215	BSE - AXISBANK.BO	BSE - AXSB IN
The National Stock Exchange of India Limited Exchange Plaza, Plot no. C/1, G Block, Bandra-Kurla Complex, Bandra (E) Mumbai - 400 051 Website: www.nseindia.com	AXISBANK	NSE - AXBK.NS	NSE - AXSB IS

Global depository receipts (GDR) / American depository receipts (ADR)

The Bank has in the course of its international offerings to overseas investors issued and allotted securities linked to equity shares of the Bank in the form of GDRs in March 2005, April 2005, July 2007 and September 2009.

The said GDRs are listed and traded on London Stock Exchange (LSE). Each GDR is represented by five equity shares. The number of equity shares representing outstanding GDRs as on 31 March, 2023 were 74,358,165.

Details of stock exchange	Stock exchange code	ISIN
London Stock Exchange 10 Paternoster Square London, EC4M 7LS, United Kingdom Website: www.londonstockexchange.com	AXB	US05462W1099

The Bank has not issued any GDRs / ADRs during fiscal 2023.

Dematerialisation of shares and liquidity

The equity shares of the Bank are required to be compulsorily traded on the floor of the stock exchanges in electronic form by all investors. The Bank has entered into agreements with NSDL and CDSL, so as to provide the members an opportunity to hold and trade in equity shares of the Bank in electronic form.

As on 31 March, 2023, 99.88% of the total issued and paid up equity share capital of the Bank was held in electronic form and 0.12% of the total issued and paid up equity share capital of the Bank was held in physical form.

No equity shares of the Bank held in physical form were transferred / processed, during the last three fiscal years.

As required under Regulation 40(9) of the SEBI Listing Regulations, Ahalada Rao. V & Associates, Practicing Company Secretaries, (C. P. no. 13407), Hyderabad, examines the records relating to share transfer deeds, memorandum of transfers, registers, files and other related documents on yearly basis and issues a certificate confirming compliance with the provisions of the said Regulations.



Distribution of Shareholding

The distribution of shareholding of the Bank as on 31 March, 2023, is detailed as under :

Sl. no.	Category (shares)	Electronic form		Physical form		Total		
		No. of shareholders	No. of shares	No. of shareholders	No. of shares	No. of shareholders	No. of shares	% of capital
1.	1 - 5,000	865,859	88,374,227	3,782	2,840,207	869,641	91,214,434	2.96
2.	5,001 - 10,000	4,976	17,808,233	159	558,360	5,135	18,366,593	0.60
3.	10,001 - 20,000	2,262	16,053,788	12	90,450	2,274	16,144,238	0.52
4.	20,001 - 30,000	732	9,037,229	4	51,800	736	9,089,029	0.30
5.	30,001 - 40,000	389	6,838,483	0	0	389	6,838,483	0.22
6.	40,001 - 50,000	262	5,865,090	1	25,000	263	5,890,090	0.19
7.	50,001 - 100,000	557	19,716,339	1	49,500	558	19,765,839	0.64
8.	100,001 & above	1,927	2,909,543,306	0	0	1,927	2,909,543,306	94.56
	Total	876,964	3,073,236,695	3,959	3,615,317	880,923	3,076,852,012	100.00

Shareholding pattern

Category wise shareholding pattern of the Bank as on 31 March, 2023 is detailed as under:

Sr. no.	Category / shareholder	As on 31 March, 2023	
		No. of shares	% to capital
A.	Promoters		
1.	Administrator of the Specified Undertaking of the Unit Trust of India (SUUTI)	0	0.00
2.	Life Insurance Corporation of India	244,860,645	7.96
	Total promoter shareholding - A	244,860,645	7.96
B.	Domestic shareholders		
3.	Indian FIs / banks / AIF / NBFC / QIB	187,079,415	6.08
4.	Indian MFs	709,434,695	23.06
5.	Indian body corporates	41,143,562	1.34
6.	Indian residents	183,183,640	5.95
7.	Insurance group	66,404,826	2.16
	Total domestic shareholding - B	1,187,246,138	38.59
C.	Foreign shareholders		
8.	FII/FPI/QFI FII	1,470,570,626	47.79
9.	FDI (GDR)	74,358,165	2.42
10.	FDI (Others)	89,250,000	2.90
11.	Foreign bodies - DR	986	0.00
12.	Foreign nationals	402	0.00
13.	NRIs	10,565,050	0.34
	Total foreign shareholding - C	1,644,745,229	53.45
	Total - A+B+C	3,076,852,012	100.00

Corporate Governance

Shareholders holding more than 1% equity share capital of the Bank as on 31 March, 2023 are as under:

Sr. no.	Name of the shareholder	No. of shares held	% to capital
1.	Life Insurance Corporation of India	244,860,645	7.96
2.	SBI Nifty 50 ETF	143,688,357	4.67
3.	ICICI Prudential Bluechip Fund	100,386,973	3.26
4.	Dodge and Cox International Stock Fund	97,674,150	3.17
5.	The Bank of New York Mellon DR	74,358,165	2.42
6.	NPS Trust- A/C UTI Retirement Solutions Pension FU	66,515,332	2.16
7.	HDFC Trustee Company Limited a/c HDFC Balanced Advantage Fund	65,425,947	2.13
8.	Government of Singapore	65,198,885	2.12
9.	Nippon Life India Trustee Limited a/c Nippon India ETF Nifty Bank Bees	56,185,766	1.83
10.	Government Pension Fund Global	54,667,895	1.78
11.	Mirae Asset Large Cap Fund	53,860,184	1.75
12.	Kotak Flexicap Fund	52,603,578	1.71
13.	UTI - Nifty Exchange Traded Fund	48,258,983	1.57
14.	Aditya Birla Sun Life Trustee Private Limited a/c Aditya Birla Sun Life Frontline Equity Fund	45,169,888	1.47
15.	BC Asia Investments VII Limited – FDI	38,920,000	1.27
16.	Vanguard Emerging Markets Stock Index Fund A Seri	31,601,155	1.03

Note: The above shareholding is on the basis of permanent account number.

Convertible warrants

As on 31 March, 2023, the Bank has no outstanding warrants pending for conversion.

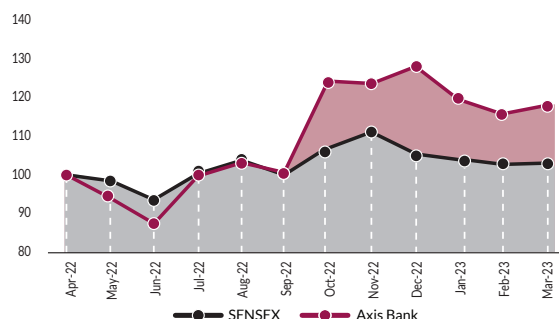
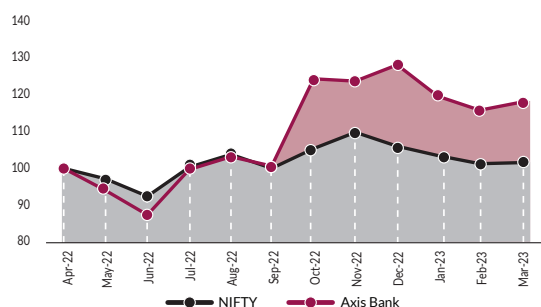
Market price data

The high and low closing prices of the Bank's equity shares and GDRs as traded during fiscal 2023 are detailed as under:

Month	NSE			BSE			LSE (GDRs)		
	High (₹)	Low (₹)	No. of shares Traded	High (₹)	Low (₹)	No. of shares traded	High (USD)	Low (USD)	No. of GDRs traded
April, 2022	816.20	725.00	193,156,671	816.00	725.00	5,793,899	53.90	47.15	23,1194
May, 2022	738.20	630.05	209,893,321	738.00	630.80	6,661,419	49.00	40.30	231,575
June, 2022	698.00	618.25	163,912,580	697.50	618.10	3,206,529	44.55	39.05	159,487
July, 2022	738.80	631.80	183,089,641	738.75	631.80	7,264,602	46.00	40.20	138,198
August, 2022	776.00	712.20	144,763,014	776.00	712.30	8,236,737	52.00	44.95	132,117
September, 2022	816.20	707.70	217,887,874	816.00	706.00	26,775,137	51.50	42.65	134,948
October, 2022	919.95	721.05	244,528,831	919.95	720.80	8,990,248	56.00	43.30	330,266
November, 2022	905.10	841.00	203,936,405	905.00	841.00	47,394,831	58.00	51.70	339,005
December, 2022	958.90	891.40	166,971,020	958.90	891.50	3,542,191	58.30	54.70	211,595
January, 2023	970.00	846.15	197,237,323	970.45	846.35	3,281,051	58.80	52.10	242,239
February, 2023	899.15	829.55	156,448,291	898.85	830.00	2,423,794	53.50	49.95	196,492
March, 2023	874.25	814.30	223,693,768	874.20	814.25	2,795,739	53.10	48.45	176,256

Source: Websites of BSE, NSE and Marketwatch.

GRAPH IN COMPARISON TO NIFTY & SENSEX





Debt securities

The debt instruments issued and allotted by the Bank in the form of additional tier I bond, tier II debt capital instrument and infrastructure bonds, on a private placement basis are listed on NSE and BSE. The bonds issued by the Bank under the MTN programme are listed on London Stock Exchange (ISM) Singapore Stock Exchange (SGX-ST), India International Exchange (IFSC) Limited and NSE IFSC Limited at GIFT City.

Details of stock exchange	Stock exchange code
London Stock Exchange 10 Paternoster Square, London, EC4M 7LS, United Kingdom Website: www.londonstockexchange.com	AXB
Singapore Stock Exchange Singapore Exchange Securities Trading Limited (Attention: SGXNet Services Operations) 2 Shenton Way, #02-02, SGX Centre 1, Singapore - 068804 Website: www.sgx.com	-
India International Exchange (IFSC) Limited 1 st Floor, Unit no. 102, The Signature, Building no. 13B, Road 1C, Zone 1, GIFT SEZ, GIFT City Gandhinagar, Gujarat - 382355 Website: www.indiainx.com	-
NSE IFSC Limited Unit no. 1201, Brigade International Financial Centre, 12 th Floor, Block -14, Road 1 C, Zone 1, GIFT SEZ, Gandhinagar Gujarat - 382355 Website: www.nseifsc.com	-

Credits ratings

The details of the credit ratings obtained by the Bank in respect of all debt instruments issued by it and outstanding as on 31 March, 2023 along with outlook are as under:

Sr. no.	Type of security	ICRA		CARE Ratings		CRISIL		India Ratings	
		Credit rating	Outlook	Credit rating	Outlook	Credit rating	Outlook	Credit rating	Outlook
1.	Certificate of deposits	ICRA A1+	-	-	-	CRISIL A1+	-	-	-
2.	Tier II bonds	-	-	CARE AAA	Stable	-	-	-	-
3.	Infrastructure bond	ICRA AAA	Stable	CARE AAA	Stable	CRISIL AAA	Stable	-	-
4.	Tier II (under basel III)	ICRA AAA	Stable	CARE AAA	Stable	CRISIL AAA	Stable	IND AAA	Stable
5.	Tier I (basel III compliant)	ICRA AA+	Stable	-	-	CRISIL AA+	Stable	IND AA+	Stable
6.	Fixed deposit	ICRA AAA	Stable	-	-	-	-	-	-

MTN (Senior unsecured) securities have been rated BB+ with stable outlook by Fitch, Baa3 with stable outlook by Moody's and BBB- with stable outlook by S&P. During the fiscal year, S&P Ratings has revised the outlook to stable from positive and long term rating to BBB- from BB+. Fitch Ratings has revised the outlook to stable from negative.

Green bonds

The Bank had issued its inaugural green bonds of USD 500 million (ISIN XS1410341389) in June, 2016. The bonds are the first certified green bond by an Asian bank – Axis Bank's green bond was certified under climate bonds initiative standards version 2.1. It was also the first bond issued by an Indian company to be listed on LSE.

The bonds were issued under the 'Green Bond Framework' established by the Bank. The framework defined the use of proceeds criteria for selection and evaluation of projects monitoring utilisation of proceeds and reporting guidelines. The framework was reviewed by KPMG and it provided an independent assurance report as required under the climate bonds standards.

The proceeds of issue of green bonds were allocated to renewable energy projects, low carbon transport projects and energy efficient buildings. In order to monitor the proceeds a Green Bond Committee was constituted by the Bank. Utilisation of said proceeds were tracked on a monthly basis and shortfall if any was parked in government securities and other money market instruments as per extant norms.

Corporate Governance

Investor services

KFIN has been entrusted with the task of administering all aspects relating to investor services for and on behalf of the Bank. KFIN has appropriate systems to ensure that requisite service is provided to the investors of the Bank in accordance with applicable corporate and securities laws and within the adopted service standards.

Investors are requested to write to the registered office of the Bank or to KFIN for availing any services or may address their correspondence / complaints to shareholders@axisbank.com or einward.ris@kfintech.com.

Members can contact KFIN for redressal of queries by visiting <https://kprism.kfintech.com/> for query registration through free identity registration process. Members can also submit their queries on the above website which would generate a registration number. For accessing the status / response to the query submitted the grievance registration number can be used at the option 'click here to track your grievance' after 24 hours.

Investor complaints / correspondence

The details of the investor complaints received and redressed by the Bank during the last three fiscals are as under:

Received from statutory / regulatory authorities	No. of complaints received			No. of complaints unresolved as on 31 March, 2023
	Fiscal 2023	Fiscal 2022	Fiscal 2021	
SEBI SCORES	11	15	9	0
Stock exchanges	2	6	12	0
NSDL / CDSL	0	0	0	0
Ministry of Corporate Affairs (MCA)	0	0	0	0
Reserve Bank of India (RBI)	0	0	0	0
Total no. of complaints received	13	21	21	0
Total no. of complaints redressed	13	21	21	0

There were no investor complaints pending as on 1 April, 2023. During fiscal 2023, the Bank received 13 complaints from the members. The Bank had attended to all the complaints and no complaints were pending or remained unsolved to the satisfaction of the members as on 31 March, 2023.

The details of the investor correspondences received and redressed by the Bank during fiscal 2023 are as under:

Nature of correspondences	Opening balance as on 1 April, 2022	Received	Replied	Pending as on 31 March, 2023
Non-receipt and revalidation of dividend warrant	0	626	626	0
Change in address	0	91	91	0
Incorporation of ECS details	0	26	26	0
Change /correction in name	0	60	60	0
Change in bank mandate	0	16	16	0
Registration of nominee	0	101	101	0
Others	0	373	373	0
Total	0	1,293	1,293	0

During fiscal 2023, the Bank received 1,293 investor correspondence(s) from its investors, capital market intermediaries etc., *inter alia* in respect of the services relating to the securities issued by the Bank by post, web-based query redressal system of KFIN and through emails.

The statement highlighting the status of the investor correspondence(s) / complaint(s) received and redressed by the Bank during fiscal 2023 were tabled at the meetings of the Stakeholders Relationship Committee / Board for their review and noting.

Share transfer system

In terms of Regulation 40(2) of the SEBI Listing Regulations, Committee of Whole-Time Directors of the Bank *inter alia* reviews the matters relating to transfer, transmission and transposition of equity shares of the Bank and matters related thereto.

Issue and transfer of shares

Pursuant to the Regulation 40 of the SEBI Listing Regulations, as amended, the transfer, transmission and transposition of securities of listed companies held in physical form, shall be effected only in demat mode. Further, SEBI vide its circular dated 25 January, 2022, has clarified that listed companies shall henceforth issue the securities in demat form only, while processing the service requests like issue of duplicate share certificate, claim from unclaimed suspense account, renewal/ exchange of share certificate, endorsement, sub-division / splitting of securities certificate, consolidation of securities certificates/ folios,



transmission and transposition. It was further clarified that listed entities/ RTAs shall now issue a Letter of Confirmation in lieu of the share certificate while processing any of the aforesaid investor service request. Accordingly, the members are advised to request for such services by submitting a duly filed and signed form ISR-4, the format of which is available on the Bank's website at <https://www.axisbank.com/shareholders-corner/financial-results-and-other-information/public-notices/investor-faqs>.

Further, in continuation to circular dated 25 January, 2022, SEBI vide another circular dated 30 December, 2022 had stated that in cases where the securities holder / claimant fails to submit the demat request to the depository participant within the period of 120 days from the date of issuance of the letter of confirmation from RTA / listed companies, then the RTA shall move the said securities to a physical folio 'suspense escrow demat account' and later dematerialise these securities. Securities which have been moved to 'suspense escrow demat account' may be claimed by the security holder/claimant by submitting a duly filed and signed Form ISR- 4.

SEBI vide circular dated 27 January, 2023, with an intent to generate awareness among physical shareholders had advised the listed entities to issue them an intimation about the availability of dispute resolution mechanism at stock exchanges against listed companies and RTA(s) either by e-mails or by SMS. Accordingly, the Bank has on 15 February, 2023 sent emails and SMS(es) to shareholders holding equity shares in physical form and whose email ids and mobile numbers were available.

In view of the above and also to eliminate all risks associated with physical shares, members holding equity shares of the Bank in physical form are requested to kindly get their equity shares converted into demat form.

Shareholder handbook / shareholder services

Members are requested to refer to the investor's handbook available on the Bank's website: <https://www.axisbank.com/shareholders-corner/financial-results-and-other-information/public-notices/investor-faqs> for rights of members and procedures related to transfer / dematerialization / transmission of shares, nomination in respect of shareholding, change of address, unclaimed / unpaid dividend, shares underlying unpaid / unclaimed dividend, refund from IEPF, registration of e-mail ID and registration of PAN / Bank details.

Nomination facility

Section 72 of the Act provides that every holder of securities of a company may at any time nominate in the prescribed manner any person to whom the securities shall vest in the event of his/her death. Where the securities of a Bank are held by more than one person jointly, the joint holders may together nominate any person to whom all the rights in the securities shall vest in the event of death of all the joint holders.

In view of the above, the members are encouraged to avail the nomination facility. The relevant nomination form can be downloaded from the website of the Bank or the members may write to the Bank at its registered office or to KFIN for the same.

Please note that the nomination shall be automatically rescinded on transfer / transmission / dematerialization of the securities.

Green initiatives

In terms of Rule 18 of the Companies (Management and Administration) Rules, 2014, a company may send copy of notice through electronic mode including e-mail to those members who have registered their e-mail address either with their depository participants (DP) or with the company.

Further, as per Regulation 36 of the SEBI Listing Regulations, the listed entity is required to send soft copies of its annual report to all those members who have registered their email address(es) for this purpose.

In case of members whose email address has changed and they have not updated the new e-mail address, the Bank would send the said documents to their existing e-mail address and the said documents shall be deemed to have been delivered in compliance with the provisions of the Act and the SEBI Listing Regulations. Therefore, members are requested to register their email address or any change thereof with their DP (shares held in electronic form) or with KFIN (shares held in physical form) at the earliest.

Further, in terms of SEBI circular dated 5 January, 2023, annual report for the fiscal 2023 and the notice convening the 29th AGM, are being sent only through electronic mode to those members, who have registered their e-mail addresses with the Bank/ their respective DP or with KFIN. Accordingly, no physical copy of the said documents is being sent to members who have not registered their e-mail addresses with the Bank / DP or KFIN.

However, in case any member wishes to receive a physical copy of the annual report are requested to write to inward.ris@kfintech.com or shareholders@axisbank.com quoting DP ID and client ID or folio number, as the case may be, to enable the Bank to provide physical copy of the said documents, free of cost. Please note that the said documents are also being uploaded on the Bank's website viz. www.axisbank.com.

Corporate Governance

Means of communication

Quarterly / annual results and investor presentations: The unaudited / audited financial results of the Bank are reviewed and approved by the Board. The same are disclosed to the stock exchanges in accordance with Regulation 30 of the SEBI Listing Regulations. The said financial results of the Bank are also published in Business Standard, Mint (all editions) and Sandesh or Divya Bhaskar (Ahmedabad edition), the day after the said financial results are disclosed to the stock exchanges. The results are also available on the website of the Bank <https://www.axisbank.com/shareholders-corner/financial-results-and-other-information/quarterly-results>.

Detailed presentations are made to institutional investors and financial analysts on the Bank's quarterly, half-yearly as well as annual financial results and are sent to the stock exchanges. These presentations, video recordings and transcript of the meetings are available on the website of the Bank at <https://www.axisbank.com/shareholders-corner/financial-results-and-other-information/quarterly-results>. No unpublished price sensitive information is discussed in the meetings with institutional investors and financial analysts.

Official press releases: Official press releases are also available on the website of the Bank at <https://www.axisbank.com/about-us/press-releases>.

Annual report: The annual report containing *inter alia* audited financial statement, audited consolidated financial statement, board's report, auditors' report and other important information is circulated to the members and others entitled thereto. The management discussion and analysis report forms part of the annual report. The annual report is also available on the website of the Bank.

Letters / e-mails / SMS to investors: The Bank addressed various investor-centric letters / e-mails / SMS to its members during the year. This includes reminders for claiming unclaimed / unpaid dividend from the Bank, updating e-mail ID, PAN and bank account details etc.

Designated exclusive e-mail ID: The Bank has designated the following e-mail ID exclusively for investor servicing: shareholders@axisbank.com.

Shareholders' feedback survey: During fiscal 2023, along with postal ballot conducted in December 2022, the Bank sought feedback from members seeking their views on various matters relating to investor services and annual report.

Annual General Meetings (AGMs)

The details of the previous three AGMs are as under:

AGM	Day and Date	Time	Location
26 th	Friday, 31 July, 2020	10.00 a.m.	Held through video conferencing facility.
27 th	Friday, 30 July, 2021	10.00 a.m.	Held through video conferencing facility.
28 th	Friday, 29 July, 2022	10.00 a.m.	Held through video conferencing facility.

Special resolutions passed at previous three AGMs

The details of the special resolution(s) passed at the previous three AGMs, are as under:

AGM	Date of AGM	Special resolution(s)
26 th	31 July, 2020	Resolution no. 3 - Re-appointment of Rakesh Makhija (DIN: 00117692) as an independent director of the Bank for his second term of three years with effect from 27 October, 2020 up to 26 October, 2023 (both days inclusive). Resolution no. 5 - Borrowing/raising of funds denominated in Indian rupees or any other permitted foreign currency by issue of debt securities on a private placement basis for an amount of up to ₹ 35,000 crore during a period of one year from the date of passing of this special resolution. Resolution no. 6 - Raising of funds through issue of equity shares/ depository receipts and/or any other instruments or securities representing either equity shares and/or convertible securities linked to equity shares for an aggregate amount not exceeding ₹ 15,000 crores (Rupees Fifteen Thousand crores).
27 th	30 July, 2021	Resolution no. 13 - Borrowing/raising of funds denominated in Indian rupees or any other permitted foreign currency by issue of debt securities on a private placement basis and/or for an amount of up to ₹ 35,000 crores during a period of one year from the date of passing of this special resolution. Resolution no. 14 - To create, issue, offer and allot additional equity stock options convertible into equity shares of the aggregate nominal face value not exceeding ₹10,00,00,000 (5,00,00,000 equity shares of ₹ 2/- each of the Bank fully paid up) to the permanent employees and Whole-Time Directors of the Bank (including to the permanent employees and Whole-Time Directors of the present and future subsidiary companies of the Bank as mentioned in resolution no. 15 below) under the employee stock option scheme(s) of the Bank.



AGM	Date of AGM	Special resolution(s)
		Resolution no. 15 - To create, issue, offer and allot additional equity stock options convertible into equity shares of the aggregate nominal face value not exceeding ₹10,00,00,000 (5,00,00,000 equity shares of ₹ 2/- each of the Bank fully paid up) to the permanent employees and Whole-Time Directors of the present and future subsidiary companies of the Bank (including to permanent employees and Whole-Time Directors of the Bank as mentioned in resolution no. 14 above) under the employee stock option scheme(s) of the Bank.
28 th	29 July, 2022	<p>Resolution no. 4 - Re-appointment of Girish Paranjpe (DIN: 02172725) as an independent director of the Bank for his second term of four years with effect from 2 November, 2022 up to 1 November, 2026 (both days inclusive).</p> <p>Resolution no. 5 - Appointment of Manoj Kohli (DIN: 00162071) as an independent director of the Bank for a period of four years with effect from 17 June, 2022 up to 16 June, 2026 (both days inclusive).</p> <p>Resolution no. 6 - Enhancement of borrowing limit of the Bank up to ₹ 2,50,000 crores under Section 180 (1)(c) of the Companies Act, 2013.</p> <p>Resolution no. 7 - Borrowing / raising of funds denominated in Indian rupees or any other permitted foreign currency by issue of debt securities on a private placement basis and/or for an amount of up to ₹ 35,000 crores during a period of one year from the date of passing of this special resolution.</p>

Procedure for postal ballot

The postal ballot process is conducted in accordance with the provisions of Section 110 of the Act read with Rule 22 of the Companies (Management & Administration) Rules 2014 as amended.

MCA vide its various circulars, has permitted companies to conduct the postal ballot by sending the notice in electronic form only. Accordingly, physical copy of the notice along with postal ballot form and pre-paid business reply envelope are not being sent to the members for postal ballot. The Bank publishes a notice in the newspaper informing the details of completion of dispatch of the postal ballot notice and other details.

The Bank engages the services of KFIN/NSDL for providing e-voting facility to its members. Voting rights are reckoned on the paid-up value of the shares registered in the names of the members as on the cut-off date. The communication of the assent or dissent of the members takes place through the process of remote e-voting only in accordance with the SEBI circular on e-voting facility provided by listed entities dated 9 December, 2020.

The Board appoints a scrutinizer for conducting the postal ballot process in a fair and transparent manner. The scrutinizer is required to submit his report to the chairperson after verification of the records and thereafter the consolidated results of the voting can be declared by the chairperson or by any one of the directors of the Bank duly authorized by the Board in this regard.

Subsequently, the said results along with the report of the scrutinizer is disclosed to the stock exchanges within two working days of conclusion of remote e-voting in terms of Regulation 44(3) of the SEBI Listing Regulations, uploaded on the website of the Bank and displayed on the notice board at the registered office of the Bank.

The resolution if passed by requisite majority shall be deemed to have been passed on the last date specified by the Bank for remote e-voting. During fiscal 2023, the Bank had issued two postal ballot notices dated 8 December, 2022 and 27 March, 2023, the details of which are available on the website of the Bank <https://www.axisbank.com/shareholders-corner/shareholders-information/postal-ballot>.

Special resolutions passed through postal ballot during fiscal 2023

During fiscal 2023, approval of members of the Bank was sought for the following matters through postal ballot notice dated 8 December 2022. The Bank had appointed CS KVS Subramanyam, Practicing Company Secretary (Membership no. FCS 5400 and C.P. No. 4815) to act as the scrutiner for conducting the said postal ballot exercise in a fair and transparent manner.

The summary of the postal ballot results in respect of the said special resolutions declared on 16 January, 2023 are as under:

Item no. 1: Appointment of Parameswaranpillai Naga Prasad (P.N. Prasad) (DIN:07430506) as an Independent Director of the Bank.

No. of votes in favour	No. of votes against	% of votes in favor	% of votes against
2,488,119,169	22,417	99.99	0.01

Item no. 2: Increase in limit of maximum number of directors on the board of directors from 15 (fifteen) to 18 (eighteen).

No. of votes in favour	No. of votes against	% of votes in favor	% of votes against
2,463,287,967	25,252,105	98.99	1.01

Item no. 3: Approval of Axis Bank employees stock unit scheme 2022.

No. of votes in favour	No. of votes against	% of votes in favor	% of votes against
1,856,712,482	386,630,313	82.77	17.23

Corporate Governance

Item no. 4: Grant of units to the employees of the subsidiary and associate companies of the Bank under Axis Bank employees stock unit scheme 2022.

No. of votes in favour	No. of votes against	% of votes in favor	% of votes against
1,856,059,810	38,727,1877	82.74	17.26

Item no. 5: Modification to the existing Axis Bank employees stock option scheme 2000- 01

No. of votes in favour	No. of votes against	% of votes in favor	% of votes against
2,242,549,187	245,663,869	90.13	9.87

Item no. 6: Grant of options to the employees of the associate companies of the Bank under Axis Bank employees stock option scheme 2000-01.

No. of votes in favour	No. of votes against	% of votes in favor	% of votes against
2,240,297,829	247,903,781	90.04	9.96

Further, the Bank proposed the following two resolutions *vide* postal ballot notice dated 27 March, 2023. The result of the postal ballot will be declared by the chairperson of the Board or any one of the directors duly authorised by the Board, in this regard, within two working days of conclusion of remote e-voting process i.e. on or before 3 May, 2023:

Item no. 1: Appointment of Chamarty Seshabhadrasrinivasa Mallikarjunarao (CH SS Mallikarjunarao) (DIN: 07667641) as an Independent Director of the Bank.

Item no. 2: Alteration of articles of association - cancellation of nomination rights of the Administrator of the Specified Undertaking of the Unit Trust of India (SUUTI).

Additional information on directors seeking appointment / re-appointment at the ensuing AGM

The details of directors seeking appointment / re-appointment at the ensuing AGM in terms of Regulation 36(3) of the SEBI Listing Regulations is provided in the notice of the ensuing 29th AGM of the Bank.

Commodity Price risk or foreign exchange risk and hedging activities

The details with respect to commodity price risk in terms of SEBI circular no. SEBI/HO/CFD/CMD1/CIR/P/2018/0000000141 dated 15 November, 2018 is as follows:

1. Risk management policy with respect to commodities including through hedging: As the Bank is not exposed to XAU (Gold) and XAG (Silver) price risk, the Bank does not have a risk management policy for commodity price risk.
2. Exposure of the Bank to commodity and commodity risks faced by the Bank during the fiscal year is given below:
 - a) Total exposure of the Bank to commodities in INR: NIL as on 31 March, 2023.
 - b) Exposure of the Bank to various commodities: Not applicable.
 - c) Commodity risks faced by the Bank during the year and how it has been managed: The Bank did not run any trading positions in XAU (Gold) or XAG (Silver) and does not have exposure to any other commodity.

Plant locations

As the Bank is a banking company registered under the Banking Regulation Act, 1949, the provisions relating to disclosure of details relating to plant location is not applicable to the Bank. The Bank operates through a network of branches spread across the length and breadth of the country. As on 31 March, 2023, the Bank had a network of 4,903 domestic branches and extension counters.

The list of branches is available on the website of the Bank at <https://branch.axisbank.com>.



Business Responsibility & Sustainability Report 2022-23

Annexure I

SECTION A: GENERAL DISCLOSURES

I. Details of the listed entity

1. **Corporate Identity Number (CIN) of the Listed Entity**

L65110GJ1993PLC020769

2. **Name of the Listed Entity**

Axis Bank Limited

3. **Year of incorporation**

1994

4. **Registered office address**

“TRISHUL”, Third Floor, Opp. Samartheshwar Temple, Law Garden, Ellisbridge, Ahmedabad - 380 006, Gujarat

5. **Corporate address**

‘Axis House’, C-2, Wadia International Centre, Pandurang Budhkar Marg, Worli, Mumbai – 400 025, Maharashtra

6. **E-mail**

sustainability@axisbank.com

7. **Telephone**

022-24252525 / 43252525

8. **Website**

www.axisbank.com

9. **Financial year for which reporting is being done**

Fiscal 2023

10. **Name of the Stock Exchange(s) where shares are listed**

National Stock Exchange of India Limited (NSE) and BSE Limited (BSE).

11. **Paid-up Capital**

₹ 615.37 Crores (as on 31 March, 2023)

12. **Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report**

Abhejit Agarwal, Head - Sustainability & CSR

e-mail ID: sustainability@axisbank.com

Telephone number: 022-6226 0040

13. **Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together).**

All offices and branches of Axis Bank Limited across India (only for the entity).

Business Responsibility & Sustainability Report 2022-23

II. Products/services

14. Details of business activities (accounting for 90% of the turnover):

S. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
1.	Banking and financial services	The Bank provides a range of commercial banking products and services, including loan products, fee and commission-based products and services, deposit products and foreign exchange and derivatives products to India's leading corporations, middle market companies and small and medium enterprises. The Bank's retail operations primarily consist of retail lending, payments, deposit taking and distribution of third party insurance and investment products. The Bank also offers agricultural and rural banking products.	100%

15. Products/Services sold by the entity (accounting for 90% of the entity's Turnover):

S. No.	Product/Service	NIC Code	% of total Turnover Contributed
1.	Deposits	65191	72%
2.	Loans	65191	64%
3.	Investments	65191	22%

III. Operations

16. Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of plants	Number of offices	Total
National	N.A.	4903*	4903
International	N.A.	7	7

* Including extension counters

17. Markets served by the entity:

a. Number of locations

Locations	Number
National (No. of States)	36 (including Union Territories).
International (No. of Countries)	2

b. What is the contribution of exports as a percentage of the total turnover of the entity?

Not Applicable to Banking Companies.

c. A brief on types of customers

The Bank's integrated business lines cater to a diverse group of customers under its Retail Banking & Commercial and Wholesale Banking segments.

Retail Banking: The Bank offers omni-channel banking services to our urban, semi-urban and rural consumers with an expansive range of products and services in loans, payments, savings, insurance and investments.

Commercial and Wholesale Banking: The Bank provides service to leading corporates and MSMEs with a range of products and services including loans, deposits, trade finance, foreign exchange, and derivatives



IV. Employees

18. Details as at the end of Financial Year:

a. Employees and workers (including differently abled):

Sr. No.	Particulars	Total(A)	Male		Female		Others
			No.(B)	%(B/A)	No.(C)	%(C/A)	
Employees							
1.	Permanent (D)	91,898	68,308	74.33 %	23,587	25.66 %	3
2.	*Other than Permanent (E)	9,132	7,931	86.85 %	1,201	13.15 %	0
3.	Total employees (D + E)	101,030	76,239		24,788		
Workers							
4.	Permanent (F)						
5.	Other than Permanent (G)			N.A.			
6.	Total workers (F + G)						

*'Other than Permanent' employees represents contractual employees which are on the payrolls of the Bank's vendors

b. Differently abled Employees and workers:

Sr. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
Differently Abled Employees						
1.	Permanent (D)	48	42	87.5%	6	12.5%
2.	Other than Permanent (E)	Nil	Nil	Nil	Nil	Nil
3.	Total differently abled employees (D + E)	48	42	87.5%	6	12.5%
Differently Abled Workers						
4.	Permanent (F)					
5.	Other than permanent (G)			N.A.		
6.	Total differently abled workers (F + G)					

19. Participation/Inclusion/Representation of women

	Total(A)	No. and percentage of Females	
		No. (B)	% (B / A)
Board of Directors	13	2	15 %
Key Management Personnel	4	0	0 %

20. Turnover rate for permanent employees and workers (Disclose trends for the past 3 years)

	FY 2023			FY 2022			FY 2021		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	34.4%	35.9%	34.8%	31.1%	33.2%	31.6%	18.8%	20.2%	19.1%
Permanent Workers									

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V. Holding, Subsidiary and Associate Companies (including joint ventures)

21. Names of holding / subsidiary / associate companies / joint ventures

Sr. No.	Name of the holding / subsidiary / associate companies / joint ventures (A)	Indicate whether holding/ Subsidiary/ Associate/ Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1.	Axis Capital Limited	Subsidiary	100%	Yes
2.	Axis Mutual Fund Trustee Limited	Subsidiary	75%	Yes
3.	Axis Trustee Services Limited	Subsidiary	100%	Yes
4.	Axis Asset Management Company Limited	Subsidiary	75%	Yes
5.	Axis Bank UK Limited	Subsidiary	100%	N.A.
6.	Axis Finance Limited	Subsidiary	100%	Yes
7.	Axis Securities Limited	Subsidiary	100%	Yes
8.	A.Treds Limited	Subsidiary	67%	Yes
9.	Freecharge Payment Technologies Private Limited	Subsidiary	100%	Yes
10.	Axis Capital USA LLC	Step-down Subsidiary	100% (held by Axis Capital Ltd.)	N.A.
11.	Axis Pension Fund Management Limited	Step-down Subsidiary	9.02% (directly by Axis Bank Ltd.) 51% (held by Axis AMC Ltd.)	N.A.
12.	Max Life Insurance Company Limited	Associate Company	9.99%	N.A.

VI. CSR Details

22. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: (Yes/No)

Yes

(i) Turnover (in ₹)

₹ 1,01,664.64 crores (as on 31 March, 2023)

(ii) Net worth (in ₹)

₹ 1,17,893.38 crores (as on 31 March, 2023)



VII. Transparency and Disclosures Compliances

23. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder Group from whom complaint is received	Grievance Redressal Mechanism in place (Yes/No) (If Yes, then provide web-link for Grievance Redressal Policy)	FY 2023			FY 2022		
		Number of Complaints filed during the year	Number of Complaints pending resolution at the close of the year	Remarks	Number of Complaints filed during the year	Number of Complaints pending resolution at the close of the year	Remarks
Communities	The Bank and its implementation partners engage with the community periodically. Any complaints/grievances raised by the community are resolved on site on a periodic basis.						
Investors (other than shareholders)	-	-	-		-	-	
Shareholders	Yes	13	0		21	0	
Employees and workers	Yes	POSH - 34	POSH - 5		POSH - 45	POSH - 5	
		WB - 395	WB- 61		WB - 319	WB- 13	
Customers	Yes	943,882	16,827		935,005	45,004	
Value Chain Partners							
Others							

24. Overview of the entity's material responsible business conduct issues

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
Please refer to the section "Stakeholder Engagement & Materiality Assessment" page 36-39 for Sustainability Report Fiscal 2022					

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SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

Disclosure Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
Policy and management processes									
1. a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Yes#	Yes#	Yes#	Yes#	Yes#	Yes#	No^	Yes#	Yes#
b. Has the policy been approved by the Board? (Yes/No)	Y**	Y**	Y**	Y**	Y**	Y**	-	Y**	Y**
c. Web Link of the Policies, if available	Yes^	Yes^	Yes^	Yes^	Yes^	Yes^	-	Yes^	Yes^
2. Whether the entity has translated the policy into procedures. (Yes / No)	Yes	Yes	Yes	Yes	Yes	Yes	-	Yes	Yes
3. Do the enlisted policies extend to your value chain partners? (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	-	Yes	Yes
4. Name of the national and international codes/certifications/ labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	Y*	Y*	Y*	Y*	Y*	Y*	-	Y*	Y*
5. Specific commitments, goals and targets set by the entity with defined timelines, if any.	Yes	Yes	Yes	Yes	Yes	Yes	-	Yes	Yes
6. Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.	Yes	Yes	Yes	Yes	Yes	Yes	-	Yes	Yes
Governance, leadership and oversight									
7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (<i>listed entity has flexibility regarding the placement of this disclosure</i>)									
8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	The Board of the Bank and its respective Committees								
9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on Sustainability related issues? (Yes / No). If yes, provide details.	Yes. Axis Bank has formed an ESG Committee of the Board which is responsible for decision making on sustainability & ESG related issues.								



10. Details of Review of NGRBCs by the Company:

Subject for Review	Indicate whether review was undertaken by Director / Committee of the Board/Any other Committee									Frequency (Annually/ Half yearly/ Quarterly/ Any other - please specify)								
	P1	P2	P3	P4	P5	P6	P7	P8	P9	P1	P2	P3	P4	P5	P6	P7	P8	P9
Performance against above policies and follow up action																		
Compliance with statutory requirements of relevance to the principles, and rectification of any non-compliances	Yes. The Bank has Board level committees that meet every quarter and the policies are reviewed as necessary, except for Principle 7																	
11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.	P1	P2	P3	P4	P5	P6	P7	P8	P9	No. The various Head of Departments are responsible for effective implementation of the pertinent policies. The Bank's Internal Audit Department, among its mandates, assesses each department's adherence to their respective policies. In addition, the Bank's Compliance Department monitors the adherence to implementation of policies mandated by RBI.								

* The policies are developed and aligned to applicable compliance requirements, RBI norms and guidelines, requirements of listing agreement with stock exchanges, or the Bank's internal requirements and best practices.

**The policies are approved by the Board of Directors or Committee of the Board of Directors or senior management of the Bank

^ The Bank along with its subsidiaries works closely with collective trade and industry associations, while there is no specific policy outlined for this principle

The following policies are available on the Bank's website www.axisbank.com

1. Code of Bank's Commitment to Customers
2. Code of Bank's Commitment to Medium and Small Enterprises (MSE)
3. Customer Compensation Policy of the Bank
4. Bank's Fair Practice Code
5. Grievance Redressal Policy
6. Code of Conduct and Conflict of Interest Norms in respect of Board of Directors
7. Code of Conduct & Ethics
8. Corporate Social Responsibility Policy
9. Policy on Environment Management
10. Sustainable Lending Policy & Procedures
11. Equal Employment Opportunity Policy
12. Citizen's Charter - A Charter for Customer Service
13. Customer Rights Policy
14. Code of Conduct for Direct Selling Agents
15. Policy on Related Party Transactions
16. Comprehensive Deposit Policy
17. Policy on Collection of Dues and Repossession of Securities
18. Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI)
19. Policy for Determining Material Subsidiaries
20. Policy for Determining Material Event or Information

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21. Policy for lending to Micro Small & Medium Enterprises (MSMEs)
22. Privacy Policy
23. Remuneration Policy for Non-Executive Chairman and Non-Executive Directors
24. Remuneration Policy for MD& CEO, Whole Time Directors, Material Risk Takers, Control Function Staff and Other Employees
25. Archival Policy
26. Dividend Distribution Policy
27. Diversity, Equity & Inclusion Policy
28. Tax Policy

The remaining policies being internal documents are available to the employees through the Bank's intranet.

Principle-wise policies

P1	Compliance Policy, Whistleblower Policy, Anti Money Laundering Policy, Policy on prevention and reporting of frauds, Policy on recognition/rewards for detection of fraud, Code of Bank's Commitment to Customers, Code of Bank's Commitment to Micro and Small Enterprise, Code of Conduct and Ethics, Code of Conduct and Conflict of Interest Norms in respect of Board of Directors, Code of Conduct for Direct Selling Agents, Policy on Related Party Transactions, Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI), Policy for Determining Material Subsidiaries, Policy for Determining Material Event or Information, Archival Policy, Dividend Distribution Policy, Tax Policy
P2	Code of Bank's Commitment to Micro and Small Enterprise, Sustainable Lending Policy and Procedures, Credit Policy (SME Priority Sector exposures: Concessionary pricing), Policy for lending to Micro Small & Medium Enterprises (MSMEs)
P3	Staff Housing Loan Policy, Staff Rules and Guidelines (covering leave policy, insurance benefits, superannuation scheme etc.), Policy on Prevention of Sexual Harassment, Policy on Safety for Women at Workplace, Policy on Human Rights, Equal Employment Opportunity Policy, Remuneration Policy for Non-Executive Chairman and Non-Executive Directors, Remuneration Policy for MD & CEO, Whole Time Directors, Material Risk Takers, Control Function Staff and Other Employees, Diversity, Equity & Inclusion Policy
P4	Code of Bank's Commitment to Micro and Small Enterprise, Policy on Corporate Social Responsibility Policy, Credit Policy (SME Priority Sector exposures: Concessionary Pricing), Policy for lending to Micro Small & Medium Enterprises (MSMEs)
P5	Policy on Human Rights, Code of Conduct and Ethics
P6	Policy on Environment Management
P8	Financial Inclusion practices, Policy on Corporate Social Responsibility
P9	Code of Bank's Commitment to Customers, Code of right sell for liability & investment products, Policy on outsourcing of financial services, Consumer Lending Credit Policy, Information Systems Security Policies, Citizen's Charter – A Charter for Customer Service, Customer Rights Policy, Comprehensive Deposit Policy, Policy on Collection of Dues and Repossession of Securities, Privacy Policy

12. If answer to question (1) above is "No" i.e. not all Principles are covered by a policy, reasons to be stated:

Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
The entity does not consider the Principles material to its business (Yes/No)									
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)									
The entity does not have the financial or/human and technical resources available for the task (Yes/No)									
It is planned to be done in the next financial year (Yes/No)									
Any other reason (please specify)							#		

The Bank along with its subsidiaries works closely with collective trade and industry associations, while there is no specific policy outlined for this principle.



SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

This section is aimed at helping entities demonstrate their performance in integrating the Principles and Core Elements with key processes and decisions. The information sought is categorized as “Essential” and “Leadership”. While the essential indicators are expected to be disclosed by every entity that is mandated to file this report, the leadership indicators may be voluntarily disclosed by entities which aspire to progress to a higher level in their quest to be socially, environmentally and ethically responsible.

PRINCIPLE 1 Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.

Essential Indicators

1. Percentage coverage by training and awareness programmes on any of the Principles during the financial year:

Segment	Total number of training and awareness programmes held	Topics/ Principles covered under the training and its impact	%age of persons in respective category covered by the awareness programmes
Board of Directors	<ul style="list-style-type: none"> • Induction Programme for new Directors • Familiarisation Programme for Independent Directors • Continuous Education and Learning Program (CELP) 	The details are provided in the Corporate Governance section of the Annual Report of the Bank for fiscal 2023.	
Key Managerial Personnel	30 Person-hours training provided to KMPs.		
Employees other than BoD and KMPs	<p>For fiscal year 2023, average person-hours of training was 84.4 for males, 94.8 for females, and 87 person-hours for all employees overall. Out of all training given to employees, 78% of trainings were conducted online in the form of e-learning modules and remaining 22% were classroom-based training.</p> <p>The Bank's signature DE&I awareness training program “Pause for Bias” helps employees rise beyond their inherent unconscious Biases. The pause for bias training is a part of the induction program, and so far, the team has conducted 313 ‘Pause for Bias’ sessions and have covered 39757 employees across the Bank.</p>	Principle 1,3,4,5,8,9	100% employees covered under mandatory trainings on LMS on POSH, Code of Conduct, Information Security and Business Continuity
Workers	N.A.		

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2. **Details of fines / penalties / punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format** (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website):

NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In INR)	Monetary	
			Brief of the Case	Has an appeal been preferred? (Yes/No)
Penalty/ Fine (1)	Reserve Bank of India (RBI)	₹ 93,00,000/-	The Reserve Bank of India (RBI) has imposed, by an order dated 07.04.2022, a monetary penalty of ₹93 Lakh on the Bank for non-compliance with certain directions issued by RBI on 'Loans and Advances – Statutory and Other Restrictions', 'Reserve Bank of India (Financial Services provided by Banks) Directions, 2016', 'Reserve Bank of India (Know Your Customer (KYC)) Directions, 2016', and 'Levy of penal charges on non-maintenance of minimum balances in savings bank accounts'. Bank has paid the penalty to RBI.	No
Penalty/ Fine (2)	IRDAI	₹ 2,00,00,000/-	Axis Bank (a Corporate Agent for distribution of Mutual Funds) has received a letter from IRDAI (the Authority) dated Oct 13, 2022 levying a penalty of ₹ 2 crs on the charges for not complying with the directions of the Authority in the transaction of acquisition of shares of Max Life Insurance Company Ltd (MLIC) and for making undue profits/ gains from purchase and sale of equity shares of MLIC. The Authority, in the appended letter has sighted series of transactions from February 2016 to April 2021 between Axis Bank and promoters of MLIC. As per the authority, these transactions are at a price which is lower than the fair market value (FMV). Axis Bank has made a representation that each of these transactions have been at FMV either backed by a Chartered Accountants certificate or is based on valuation as envisaged under Rule 11 UA of the Income Tax Rules, 1962. The authority has not accepted the representation and accordingly charged the Bank with a penalty. The Bank further has right to appeal to Securities Appellate Tribunal. Bank has paid the penalty to IRDAI.	No
Compounding Fee	Nil			
Imprisonment	Nil			
Punishment	Nil			

3. **Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.**

Not Applicable

4. **Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.**

The Bank has in place, an Anti-Bribery and Anti-Corruption Policy that reiterates the Bank's zero tolerance to bribery and corruption at the Bank. As a governance best practice, the Bank's Anti-Bribery and Anti-Corruption Policy has been made accessible on its website at <https://www.axisbank.com/docs/default-source/quarterly-reports/anti-bribery-and-anti-corruption-policy.pdf>



5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:

None

6. Details of complaints with regard to conflict of interest:

None

7. Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.

None

Leadership Indicators

1. Awareness programmes conducted for value chain partners on any of the Principles during the financial year:

Total number of awareness Programmes held	Topics / principles covered under the training	%age of value chain partners covered (by value of business done with such partners under the awareness programmes)
Nil	N.A.	N.A.

2. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/ No). If Yes, provide details of the same.

The Board has formulated and adopted the code of conduct and conflict of interest norms for the Board of directors, and the code of conduct and ethics of the Bank (The code of ethics), in terms of Regulation 17(5) of the SEBI Listing Regulations relating to corporate governance.

The code of conduct and conflict of interest norms for the Board of directors provides for do's and don'ts to be followed by the directors of the Bank and also contains norms with respect to conflict of interest, skill development, health, confidentiality, insider trading and sexual harassment etc. During fiscal 2023, the amendments to the said code were reviewed and approved by the Board.

The code of ethics is a statement of the Bank's commitment to integrity and the highest standards of ethical practices. It defines the standards of conduct that is expected of all employees in order that the right decisions are taken in performing their roles and responsibilities across various functions in the Bank.

The code of ethics is intended to be the charter for day-to-day work, to enable employees to make the right decisions and, therefore, serves to (1) underline the fundamental commitment to compliance with regulatory guidelines and laws of the land, (2) set forth basic parameters of ethical and acceptable social behaviour, and (3) establish a system for detection and reporting of known or suspected ethical or violations of regulations.

During the fiscal 2023, the Bank has not entered into any materially significant transactions with its directors or relatives of the directors, which could lead to potential conflict of interest between the Bank and these parties, other than transactions entered into in the ordinary course of its business.

All the members of the Board of Directors of the Bank have affirmed compliance with the said codes as applicable to them for fiscal 2023.

PRINCIPLE 2 Businesses should provide goods and services in a manner that is sustainable and safe

Essential Indicators

1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.

Given the nature of operations as a financial service provider, this question is not applicable.

2. a. Does the entity have procedures in place for sustainable sourcing? (Yes/No)

b. If yes, what percentage of inputs were sourced sustainably?

As an institution providing financial services, the Bank's operations are not material resource intensive. Thus, sustainable sourcing of raw materials may not be a significant material issue for the banking sector in general. However, as a responsible corporate citizen, the Bank has been focusing on maximising its resource consumption efficiency, reducing waste generation while focusing on improving its process efficiency and productivity. Even as digitization of products and services has been reducing the requirement of paper, it remains a significant resource consumed during the Bank's normal course of business, and it has focused on reducing its paper consumption further by scaling up recycling, procuring paper from more sustainable sources, and rationalizing printing requirements

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internally within the business. For procurement of equipment that are required to run our banking operations, such as computer hardware, lighting devices, air conditioners and DG sets, the Bank considers green procurement and ensures that energy efficiency standards are duly considered during the purchase of such equipment. The Bank also has a Supplier Code of Conduct outlining its expectations from vendors to adopt the sustainable practices.

3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.

The Bank has a centralised and robust waste management system that helps segregate, collect, transport and recycle all the different categories of waste generated at its corporate headquarters, at Axis House, Mumbai. The Bank has undertaken several initiatives that helped reduction in waste generation, responsible waste disposal & recycling and reduce the load on landfills. In fiscal 2023, the Bank recycled 122.04 tonnes of dry waste such as newspapers, shredded documents, dry paper cups and tissues.

The Bank has deployed necessary systems and processes to effectively and sustainably manage paper waste and e-waste. In addition, the Bank's digitization efforts across its office and branch locations are also helping rationalise its paper requirements. The e-waste generated by the Bank primarily consists of computers, monitors, modems, switches, laptops, scanners, routers, printers, and UPS systems. In addition to this, the Bank have engaged authorised vendors empanelled with SPCB (State Pollution Control Board) and CPCB (Central Pollution Control Board) for disposal of e-waste in compliance with pertinent government regulations.

4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.

Not applicable.

Considering the nature of banking products which is service-oriented and not material resource intensive, EPR is not applicable and is not a significant material issue for the banking sector in general.

Leadership Indicators

1. Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?

Not applicable.

LCA of products is not applicable for the Bank's products and services.

NIC Code	Name of Product/Service	% of total Turnover contributed	Boundary for which the Life Cycle Perspective/ Assessment was conducted	Whether conducted by independent external agency (Yes/No)	Results communication in public domain (Yes/No) If yes, provide the web-link.
N.A.					

2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.

Not Applicable

3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).

Indicate input material	Recycled or re-used input material to total material	
	FY 2023 Current Financial Year	FY 2022 Previous Financial Year
	*	

* About 122.04 MT of dry waste such as newspapers, shredded documents, dry paper cups, cardboard boxes and tissues collected at all large offices in across India, were sent for recycling in fiscal 2023.



4. **Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:**

Not Applicable

5. **Reclaimed products and their packaging materials (as percentage of products sold) for each product category.**

Not Applicable

PRINCIPLE 3 Businesses should respect and promote the well-being of all employees, including those in their value chains

Essential Indicators

1. a. **Details of measures for the well-being of employees:**

% of employees covered by											
Category	Total (A)	Health insurance		Accident insurance		Maternity Benefits		Paternity benefits		Day care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent employees											
Male	68,308	68,308	100%	The Bank does not provide Accidental Insurance		0	0%	68,308	100%		
Female	23,587	23,587	100%			23,587	100%	0	0%		
Others	3	3	100%			3	100%	3	100%		
Total											
Other than Permanent employees – N.A.											

b. **Details of measures for the well-being of workers:**

Not Applicable

2. **Details of retirement benefits, for Current FY and Previous Financial Year.**

Benefits	FY 2023			FY 2022		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	99.9988%	N.A.	N.A.*	99.9977%	N.A.	N.A.
Gratuity	100%	N.A.	N.A.	100%	N.A.	N.A.
ESI				N.A.		
Others (please specify)				N.A.		

*Axis Bank has an exempted PF Trust and hence the PF deposits are not made to any authority but directly to the Axis Bank PF Trust

3. **Accessibility of workplaces**

Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

The Bank remains committed to being an organisation with strong respect for human rights, inclusive environment & safe work conditions and ethically sound business practices for employees. The Bank has employed many person with disabilities under its ACCESS program. The Bank strives to create an inclusive and safe work environment for its employees, it has initiated the creation of signages for inclusive restrooms in our large offices, which are accessible to persons with physical disabilities. The signage has a braille script for easy navigation for persons with visual impairment. Wheelchair Access Paths to the PwD customers at the branch offices.

4. **Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.**

The Bank has a standalone Equal Employment Opportunity Policy that guides and reinforces the Bank's focus on merit as the role criterion for employment and advancement. The Policy can be accessed at-

https://www.axisbank.com/docs/default-source/default-document-library/Equal_opportunity_policy.pdf

Business Responsibility & Sustainability Report 2022-23

5. Return to work and Retention rates of permanent employees and workers that took parental leave.

Gender	Permanent employees		Permanent workers	
	Return to work Rate	Retention rate	Return to work Rate	Retention rate
Male	100.00%	54.45%		
Female	99.03%	65.26%	N.A.	
Total	99.69%	57.21%		

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.

	Yes/No (If Yes, then give details of the mechanism in brief)
Permanent Workers	N.A.
Other than Permanent Workers	
Permanent Employees	Yes
Other than Permanent Employees	Yes

7. Membership of employees and worker in association(s) or Unions recognised by the listed entity:

The Bank does not have any employee trade union and not in any collective bargaining agreement, although it allows all employees to exercise the lawful right to 'freedom of association'.

8. Details of training given to employees and workers:

Category	FY 2023					FY 2022				
	Total (A)	On Health and safety measures		On Skill Upgradation		Total (A)	On Health and safety measures		On Skill upgradation	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (B)	% (B/A)	No. (C)	% (C/A)
Employees										
Male		68,308	100%				64,655	100%		
Female		23,587	100%				21,158	100%		
Others		3	100%				2	100%		
Total										
Workers										
Male										N.A.
Female										
Total										

For fiscal year 2023, average person hours of training was 84.4 for males, 94.8 for females, and 87 person-hours for all employees overall. Out of all training given to employees, 78% of trainings were conducted online in the form of e-learning modules and remaining 22% were classroom-based training



9. Details of performance and career development reviews of employees and worker:

Category	FY 2023			FY 2022		
	Total (A)	No. (B)	% (B / A)	Total (C)	No. (D)	% (D / C)
Employees						
Male	68,308	42,328	62%	64,655	41,402	64%
Female & Others	23,590	14,602	62%	21,160	12,896	61%
Total	91,898	56,930	62%	85,815	54,298	63.3%
Workers						
Male						
Female & Others			N.A.			
Total						

10. Health and safety management system:

- a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage such system?

Yes. While the Bank is currently developing an exclusive OHS policy and framework, the bank has taken following measures for Safety Management Action through Physical Security

- Hands-on training on evacuation during emergency is conducted every year
- Briefing on Fire safety is provided at the premises
- Demonstration and Hands-on training of use of Fire extinguisher is imparted
- Inspection of Fire Extinguishers is undertaken regularly
- Refilling of Fire Extinguishers is conducted at regular intervals
- Monthly Inspection of Detectors/ sensors is carried out

- b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

Following routine and non-routine actions are undertaken through e-surveillance

- Responding to Alerts received from branches
- Monitor Branches randomly for presence of fire hazards or other hazards
- Assist Branches for monthly inspection of detectors
- Support Branches during emergency

Further, the bank conducts regular fire drills during which the employees are briefed on identifying and eliminating hazards. Security Guards deployed at Bank premise are trained on fire safety equipment. Advisories are issued on various safety related aspects such as weather warnings or fire safety and security.

- c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks. (Y/N)

In order to report work-related hazards, the staff can raise a request through Bank's internal portal for employees. The employees are also briefed during fire drill on how to identify hazards and to eliminate them. In case of emergency, they are educated on contacting the Central Command Centre which is available 24*7.

- d. Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No)

Yes. The Bank has in place, a Group Term Life Insurance and a Medclaim policy to address the non-occupational medical and healthcare needs of its employees. Employees are educated about these policies during the induction and these policies are made available on the Bank's internal portal for ready reference.

Business Responsibility & Sustainability Report 2022-23

11. Details of safety related incidents, in the following format:

Safety Incident/Number	Category	FY 2023	FY 2022
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees		
	Workers		
Total recordable work-related injuries	Employees		
	Workers		
No. of fatalities	Employees		N.A.
	Workers		
High consequence work-related injury or ill-health (excluding fatalities)	Employees		
	Workers		

12. Describe the measures taken by the entity to ensure a safe and healthy workplace.

The Bank continues to focus on strengthening its policies, systems and processes to ensure the safety of its employees and physical assets in the face of unforeseen negative events. The Bank has in place, a Business Continuity Plan (BCP), and it is mandatory for all employees to undertake an e-learning module of the BCP.

Measures undertaken by the Bank for ensuring a safe and healthy workplace

- Fire Training is conducted every year
- Evacuation drill is conducted every year
- Fire safety advisories are released
- Fire safety signage is provided at different points
- E-surveillance and alert monitoring is performed

In terms of Health & Wellness of the employees, we have made all services available under one platform i.e. on Visit App. Below listed are few:-

- Doctor Consultation (On call/Video)
- Enrolment of dependents under Mediclaim
- Lab tests with sample collection on doorstep with reports in 48 hrs
- Annual Health Check-up for AVP & above (40 yrs+)
- Doorstep pharmacy delivery at discounted prices
- Claims submission , status check and settlement on App
- Fitness Workout videos
- Mindfulness podcasts
- Health Risk Assessment

13. Number of Complaints on the following made by employees and workers:

	FY 2023			FY 2022		
	Filed during the year	Pending resolution at the end of the year	Remarks	Filed during the year	Pending resolution at the end of the year	Remarks
Working Conditions			N.A.			
Health & Safety			N.A.			



14. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	Nil
Working Conditions	Nil

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.

While the Bank takes various measures to ensure safety in its premises, there have been no assessments conducted for identification of significant risks/concerns by third party or statutory entities.

Leadership Indicators

1. Does the entity extend any life insurance or any compensatory package in the event of death of:

- Employees (Y/N) – Yes. **Employee Care Benevolent Fund Scheme** will cover the employee and support needy families with an ex-gratia amount towards survival of their dependents. This scheme will extend cash benefits to the dependents of the member / employee in the event of the demise of such a member and Death – in service benefit)
- Workers (Y/N) - Not applicable

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

The Bank works towards greater integration of environmental & social considerations in its procurement practices. The Bank also sets clear expectations with vendors and suppliers through its Supplier code of conduct to abide by labour laws, human rights and regulations in their regions of business.

3. Provide the number of employees / workers having suffered high consequence work- related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

Not Applicable

4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)

No

5. Details on assessment of value chain partners: % of value chain partners (by value of business done with such partners) that were assessed Health and safety practices:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	Nil
Working Conditions	Nil

6. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.

Currently, the Bank does not undertake any assessments of health and safety practices and working conditions of value chain partners. However, it is working on integrating ESG parameters into Vendor Management and may look at addressing these aspects in the future.

Business Responsibility & Sustainability Report 2022-23

PRINCIPLE 4: Businesses should respect the interests of and be responsive to all its stakeholders

Essential Indicators

1. Describe the processes for identifying key stakeholder groups of the entity.

Axis Bank is cognizant that its activities directly or indirectly impact a myriad of stakeholders, ranging from customers, regulators, peers, business partners, to communities. It believes that communicating with its stakeholders transparently and engaging with them meaningfully is key to fostering and maintaining strong and long term relationships with our stakeholder spectrum. Our engagements with diverse range of stakeholders help us better understand the social, environmental and economic impacts, including indirect impacts, of our activities, and their feedback, guidance and critiques enables us to perform as a responsible corporate citizen. The Bank conducts proactive and focused engagements with diverse sets of stakeholders to help identify material issues, evaluate business strategy and operations, products, services and solutions, minimise reputational risk and positively influence our internal and external environment.

The key internal stakeholders of the Bank include the senior management and employees, while its external stakeholders comprise of shareholders & investors, customers, regulatory authorities, community & NGOs, industry & peers, vendors & service providers, media and academia. The Bank continues to actively engage with its various stakeholders throughout the year, through various modes of engagement.

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/ No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency engagement (Annually/ yearly/ Quarterly/ others - please specify)	Purpose and scope engagement including key and concerns raised during such engagement
Shareholders & Investors	No	<ul style="list-style-type: none"> Investor Meets Top Management roadshows Investor grievance channels - Whistleblower mechanism, emails Face-to-face meetings Annual General Meeting Annual Report and Sustainability Report ESG assessments by investor-focused agencies Investor Relations portal on website 	Need-based Periodically Annual Ongoing	The Bank conducts a proactive and focused engagements with diverse sets of stakeholders which helps identify significant material issues for the Bank, evaluate business strategy and operations, products, services and solutions, minimises reputational risk and positively influence our internal and external environment
Customers	No	<ul style="list-style-type: none"> Formal and informal means at branches, offices and on ground Social media communications Print and television marketing campaigns Customer Care channels - App, telephone, email, website Customer Satisfaction surveys Financial Literacy programs Brochures and word of mouth 	Ongoing Eventual Periodic	
Senior Management	No	<ul style="list-style-type: none"> Board meetings Management Committee meetings Axis Blitz program 	Ongoing	
Employees	No	<ul style="list-style-type: none"> Town Halls Training and capacity development programmes Whistle-blower mechanism Annual performance appraisals Intranet portal - MyConnect Internal communications - webcasts, newsletters, surveys, mails Axis Cares - Employee payroll giving Senior management visits to locations 	On-going Eventual	
Regulatory Authorities	No	<ul style="list-style-type: none"> One-to-one as well as group meetings Telephone, email and mail correspondence Periodical submission of business & operational performance Mandatory regulatory filings including to RBI and SEBI Engagement at banking platforms and meetings 	Periodic Need-based	



Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/ No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency engagement (Annually/ yearly/ Quarterly/ others – please specify)	Purpose and scope engagement including key and concerns raised during such engagement
Community & NGOs	Yes	<ul style="list-style-type: none"> • Direct CSR initiatives at multiple locations • Axis Cares - Employee payroll giving • CSR interventions by Axis Bank Foundation and its implementation partners • Whistle blower Mechanism 	Periodic Need-based Ongoing	
Industry & Peers	No	<ul style="list-style-type: none"> • Industry and trade associations • Participation in multilateral platforms • Direct, one-on-one engagements 	Eventual Need-based	
Vendors and service providers	No	<ul style="list-style-type: none"> • One-on-one vendor meets • Techno-commercial discussions and service engagements • Governance-related meetings • Supplier Assessments • Email, telephone and mail communications • Whistleblower Mechanism 	Ongoing Periodic Need-based	
Media	No	<ul style="list-style-type: none"> • Press Releases • Interviews in print and television • Emails and telephonic communications • PR agency partnerships • Media Days 	Eventual Ongoing	
Academia	No	<ul style="list-style-type: none"> • Campus Placements • Campus engagements • Common industry forums 	Ongoing	

Leadership Indicators

1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.

The Bank engages with a wide range of stakeholders who help identify material issues, evaluate business strategy and operations, products, services and solutions, minimise reputational risk and positively influence our internal and external environment. The engagements include stakeholder engagement and materiality exercise, Customer satisfaction surveys, town halls, training programs, social media platforms etc. The inputs received from diverse range of stakeholders are communicated to the Board and senior management to seek their guidance and action.

2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.

Yes. The outputs of SE&MA exercise are used to identify the most relevant material issues pertaining to environment and social issues to the Bank and the Bank has further reported the targets, progress of the projects and activities pertaining to each material issue in its annual Sustainability Report.

3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/marginalized stakeholder groups.

Our 'OPEN' philosophy continues to shape our strategy and actions towards creating long-term impact on the community. Our CSR interventions consciously strive to positively impact the lives of the most marginalised communities, such as those in India's Aspirational Districts or in the country's remote regions. The Financial Inclusion Program is our flagship intervention to promote the financial integration of, and opportunities for, economically weaker sections in rural and urban India. The program focuses on creating greater awareness on personal financial management, and introducing segments of the population to relevant government schemes and formal banking channels. Through, Axis Dil Se, the Bank's flagship Education and Skill Development Program, provides children from remote regions in India access to quality education and learning opportunities. The Bank also provides scholarships to students from economically disadvantaged backgrounds, enabling them to pursue higher studies.

Business Responsibility & Sustainability Report 2022-23

PRINCIPLE 5 Businesses should respect and promote human rights

Essential Indicators

- Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

Category	FY 2023			FY 2022		
	Total (A)	No. of employees / workers covered (B)	% (B/ A)	Total (C)	No. of employees / workers covered (D)	% (D/C)
Employees						
Permanent		100%			100%	
Other than permanent			N.A.			
Total Employees		100%			100%	
Workers						
Permanent			N.A.			
Other than permanent						
Total Workers						

- Details of minimum wages paid to employees and workers, in the following format:

Category	FY 2023					FY 2022				
	Total (A)	Equal Minimum to Wage		More than Minimum Wage		Total (D)	Equal Minimum to Wage		More than Minimum Wage	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Permanent		As an institution in the Banking sector, the Bank is compliant with the Labour laws of India, that stipulate minimum wages for employees falling under different categories.								
Male		The Bank's remuneration of employees is in alignment with Section 197 read with Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, in respect of Directors / Employees of the Bank.								
Female		The remuneration paid to all the employees / MD & CEO / Whole-Time Directors of the Bank, for the fiscal 2023, is in accordance with the Remuneration Policy for MD & CEO, Whole-Time Directors, Material Risk Takers, Control Function Staff and other employees of the Bank.								
Other Permanent than			100%	Nil	Nil	Nil	100%	Nil	Nil	
Male			100%	Nil	Nil	Nil	100%	Nil	Nil	
Female			100%	Nil	Nil	Nil	100%	Nil	Nil	
Workers										
Permanent										
Male										
Female										
Other Permanent than										N.A.
Male										
Female										



3. Details of remuneration/salary/wages, in the following format:

The Bank's remuneration practices are underpinned by principles of meritocracy and fairness. The remuneration system strives to maintain the ability to attract, retain, reward and motivate talent in order to enable the Bank to attain its strategic objectives within the increasingly competitive context in which it operates. The Bank's pay-for-performance approach strives to ensure that both internal and external equity are in line with the emerging market trends. The Bank has formulated and adopted a Remuneration Policy for Non-Executive Chairman and Non-Executive Directors of the Bank which provides guidelines for payment of remuneration to the Non-Executive Chairman and Non-Executive Directors of the Bank. During fiscal 2022, the said policy was amended in line with RBI circular on Corporate Governance in Banks - Appointment of Directors and Constitution of Committees of the Board dated 26 April, 2021. The Bank has also formulated a Remuneration Policy for MD & CEO, Whole-Time Directors, Material Risk Takers, Control Function Staff and other employees of the Bank, in terms of the provisions of the Companies Act, 2013, SEBI Listing Regulations and Guidelines on Compensation of Whole-Time Directors / Chief Executive Officers / Material Risk Takers and Control Function staff, issued by the RBI on 4 November, 2019. This Remuneration Policy *inter alia* contains guidelines relating to compensation structure consisting of fixed pay, variable pay, employee stock options, compensation revision cycle and framework regarding malus / clawback. During fiscal 2022, the aspects relating to malus / clawback as contained in the said policy were amended. The above policies are available on the website of the Bank at <https://www.axisbank.com/docs/default-source/quarterly-reports/comprehensive-remuneration-policy.pdf>.

	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category	Number	Median remuneration/ salary/ wages of respective category
Board of Directors (BoD)	Please refer to 'Disclosure on Remuneration' of the Annual Report 2022-23. The ratio of the remuneration of each Director of the Bank to the median remuneration of the employees of the Bank for the fiscal 2023 and the percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer and Company Secretary or Manager, if any, in the fiscal 2023 provided.			
Key Managerial Personnel				
Employees other than BoD and KMP				
Workers	N.A.			

4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

Yes. Guided by the Bank's Human Rights Policy and other pertinent policies that address various aspects of human rights, the Bank has in place the necessary management oversight to address such aspects in its operations. These include the ESG Committee of the Board and the Diversity, Equity and Inclusion Council at the Management level.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

We remain committed to respecting and imbibing internationally recognized human rights principles and standards and putting in place the systems and processes to ensure no human rights violations occur across the range of our operations. The Bank has a Human Rights Policy and it is accessible at www.axisbank.com/docs/default-source/default-document-library/human-rights-policy.pdf

The Policy guides the Bank's action on creating a Safe & healthy workplace, that encourages diversity, equal opportunity, and fair practices in employee life cycle including compensation & benefits, redressal mechanism, that are relevant to our organization and applicable to all our employees, business partners and other relevant parties. The Policy supplements the Bank's Code of Conduct and Ethics that lays down standards for acceptable employee behavior on various professional and ethical aspects. The Bank has formulated a Whistle blower policy to maintain highest standards of ethics, integrity, accountability and transparency and to provide safeguards to various stakeholders including shareholders, depositors and employees. This Policy provides employees the opportunity to address serious concerns arising from Irregularities, malpractices and other misdemeanours committed by the Bank's personnel by approaching the Whistleblower Committee of the Bank. The Mechanism allows our internal and external stakeholders to report any issue or occurrence committed confidentially and without fear of retribution.

The Bank has in place an employee portal, H-Response, for employees to communicate their grievances or concerns to the Management in a confidential and secure manner.

The Bank also has an Internal Complaints Committee on the Prevention of Sexual Harassment (POSH) continues to deliver on its mandate of making the Bank a safe and secure environment for its female employees, working on various aspects related to awareness, training and redressal.

Business Responsibility & Sustainability Report 2022-23

6. Number of Complaints on the following made by employees and workers:

	FY 2023			FY 2022		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	34	5		45	5	
Discrimination at workplace			NIL			
Child Labour						
Forced Labour/ Involuntary Labour						
Wages			N.A.			
Other human rights related issues						

7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

The Bank has a Prevention of Sexual Harassment (POSH) policy and all employees undergo a mandatory annual training for the same. The POSH module and the policy enable all those working, associated and visiting the Bank to raise their concerns and make complaints without fear. The employees are also informed that during the period of investigation, the aggrieved person may request the CIC for temporary separation from the accused. The Bank would ensure that the complainant, witnesses or the person(s) against whom the complaint is made are not victimized or discriminated against while dealing with the complaints of sexual harassment.

8. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

Yes. The Bank's evaluation criteria for vendors includes social and environmental considerations, focusing on compliance to standardised norms and regulations for environment, health & safety, human rights, labour, among others. The Bank has mandated a supplier sign-off on a Supplier Code of Conduct.

Also, the Bank has in place an ESG policy for lending, as a part of which it performs Environmental and Social Due Diligence of the projects it invests in. The provisions of the policy can be accessed [here](#)

9. Assessments for the year

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labour	
Forced / involuntary labour	
Sexual harassment	
Discrimination at workplace	Nil
Wages	
Others – please specify	

10. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above.

Not Applicable. However, the Bank takes several steps to prevent cases of Sexual Harassment. Please refer to Directors' Report of the Annual Report 2022-23.

Leadership Indicators

1. Details of a business process being modified / introduced as a result of addressing human rights grievances/complaints.

Nil

2. Details of the scope and coverage of any Human rights due-diligence conducted

The Bank has in place an [ESG Policy for lending](#), that integrates Environmental and Social Risk consideration in the Bank's credit appraisal mechanism outlines the scope of the policy and the applicability of due diligence on page 1 to 4



3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

The Bank remains committed to being an organisation with strong respect for human rights, inclusive environment & safe work conditions and ethically sound business practices for employees. The Bank has employed many person with disabilities under its ACCESS program. The Bank strives to create an inclusive and safe work environment for its employees, it has initiated the creation of signages for inclusive restrooms in our large offices, which are accessible to persons with physical disabilities. The signage has a braille script for easy navigation for persons with visual impairment.

4. Details on assessment of value chain partners

	% of value chain partners (by value of business done with such partners) that were assessed
Child labour	
Forced/involuntary labour	
Sexual harassment	Nil
Discrimination at workplace	
Wages	
Others – please specify	

5. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above

Not Applicable

PRINCIPLE 6: Businesses should respect and make efforts to protect and restore the environment

Essential Indicators

1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:

Parameter	FY 2023	*FY 2022
Total electricity consumption (A)	894.19	745.30
Total fuel consumption (B)	99.74	157.16
Energy consumption through other sources (C)	11.49	13.97
Total energy consumption (A+B+C)	1005.42	916.43
Energy intensity per rupee of turnover (Total energy consumption / turnover in rupees)	988.96 (J/Rupee)	1109.51 (J/Rupee)
Energy intensity (optional) – the relevant metric may be selected by the entity	10.96 (GJ/FTE)	10.68 (GJ/FTE)

*The figures are updated after the assurance of the Sustainability Report fiscal 2022.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

The Bank undergoes external assurance of environmental performance. While the report for fiscal 2023 is under preparation, the assurance statement for fiscal 2023 will be published with the sustainability report.

2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

Not Applicable

Business Responsibility & Sustainability Report 2022-23

3. Provide details of the following disclosures related to water, in the following format:

Parameter	FY 2022-23	FY 2021-22
Water Withdrawal by source (in KL)		
(i) Surface Water		
(ii) Ground Water		
(iii) Third Party Water		
(iv) Seawater / Distilled Water		
(v) Others		Not Applicable
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)		
Total volume of water consumption (in kilolitres)		
Water intensity per rupee of turnover (Water consumed / turnover)		
Water intensity (optional) - the relevant metric may be selected by the entity		

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Not Applicable

4. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

Not Applicable

5. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

Parameter	Please specify Unit	FY 2022-23	FY 2021-22
NOx			
SOx			
Particulate Matter (PM)			
Persistent Organic Pollutants (POP)			
Volatile Organic Compounds (VOC)			
Hazardous air pollutants (HAP)			
Others (please specify)			

As a provider of financial services, Air emissions other than GHG emissions are not material to the Bank

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Not Applicable

6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

Parameter	Unit	FY 2023	*FY 2022
Total Scope 1 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO ₂ equivalent	7436.11 (tCO ₂ e) Break-up of above GHG figure into CO ₂ - 7,390.65 (Tons) CH ₄ - 29.12 (tCO ₂ e) N ₂ O - 16.34(tCO ₂ e) Refrigerants - 2003.44 (tCO ₂ e)	11717.34 (tCO ₂ e) Break-up of above GHG figure into CO ₂ - 11645.70 (Tons) CH ₄ - 45.89 (tCO ₂ e) N ₂ O - 25.74(tCO ₂ e) Refrigerants - 2131.97 (tCO ₂ e)
Total Scope 2 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric of CO ₂ equivalent	2,01,192.57	1,63,552
Total Scope 1 and Scope 2 emissions per rupee of turnover		0.21 g CO ₂ e/ Rupee	0.22 g CO ₂ e/ Rupee
Total Scope 1 and Scope 2 emission intensity (optional) - the relevant metric may be selected by the entity		2.30 (per FTE)	2.07 (per FTE)

*The figures are updated after the assurance of the Sustainability Report FY 2022.



7. Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details.

We are committed to investing in digital solutions and multi-pronged energy-conserving initiatives to further our commitment to achieving greater environmental efficiency in our operations. Key initiatives include:

- Implementation of Solar energy projects across select Axis Bank branches and offices, aggregating ~ 2 MW which helped save ~2590 tCO₂e of carbon emissions in fiscal 2023.
- Axis Bank has started procuring solar power of ~1 MW (3.50 Lakhs units p.a.) under Power Purchase Agreement (PPA) Model from fiscal 2020 for Bank's Data Centre in Bengaluru. The Bank has consumed 35.40 lac units of electricity for its Data Centre, alone in fiscal 2023, which helped save ~2870 tCO₂e of carbon emissions.
- In fiscal 2023, the implementation of CEMS in 600 branches helped save 40.02 lac units of electricity, which resulted in saving ~3250 tCO₂e of carbon emissions.
- Existing conventional light fittings replaced with LED bulbs in ~908 branches PAN India which saved around 31.91 lacs units of electricity and saved around 2520 tCO₂e of carbon emissions.
- Maintenance of unity power factor through APFC panels in auto mode for optimum use of power at Axis House Mumbai and Axis House Noida.
- Installation of motion sensors for workstations and common area lighting at Axis House, Mumbai and Regional Office Bengaluru. The Bank shall introduce sensors in additional locations.

8. Provide details related to waste management by the entity, in the following format:

Parameter	FY 2023	FY 2022
Total Waste generated (in metric tonnes)		
Plastic waste (A)	1.92 MT/ Year	3.53 MT/ Year
E-waste (B)	38.45 MT/ Year	83.12 MT/year
Bio-medical waste (C)	N.A.	N.A.
Construction and waste (D)	N.A.	N.A.
Battery waste (E)	No data available	No data available
Radioactive waste (F)	N.A.	N.A.
Other Hazardous Waste. Please specify, if any (G)	N.A.	N.A.
Other Non-Hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector)	Paper Waste - 122.04 MT/ Year	N.A.
Total (A+B + C + D + E + F + G + H)	162.41 MT/year	86.65 MT/year

For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)

Category of waste		
(i) Recycled	100%	100%
(ii) Re-used	N.A.	N.A.
(iii) Other recovery options		
Total		

For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)

Category of waste		
(i) Incineration	N.A.	N.A.
(ii) Landfilling	N.A.	N.A.
(iii) Other disposal operations	N.A.	N.A.
Total	N.A.	N.A.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

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The Bank undergoes external assurance of environmental performance. While the report for fiscal 2023 is under preparation, the assurance statement for fiscal 2023 will be published with the sustainability report.

9. **Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.**

Given the nature of the Bank's business activities, which is providing banking products and services to serve its customers and stakeholders, it largely consumes resources for running its banking operations. This includes purchased electricity and the use of diesel gen sets at its branches, and use of paper in its banking forms, statements, and other such documents that the Bank uses to conduct its banking activities. The Bank has in place its Policy on Environmental Management that provides a strategic guidance to its activities aimed at enhancing resource use efficiency and waste reduction while improving productivity and efficiency. Through varied initiatives, the Bank works towards reducing its resource consumption, as well as focus on enhancing energy efficiency. In addition, the digitization of its internal processes has aided its efforts, such as by replacing the need for paper. The Bank also engages with authorised waste recycling vendors empanelled with SPCBs (State Pollution Control Boards) and CPCB (Central Pollution Control Board) for disposal of e-waste in compliance with pertinent government regulations. The waste paper and plastics are given to local scrap dealers for recycling purposes. In general, the Bank does not utilise any hazardous and toxic chemicals in its products and processes, thus, it does not generate any hazardous or toxic by-product or waste as an outcome.

10. **If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:**

S. No.	Location of operations/offices	Type of operations	Whether the conditions of Environmental approval / clearance are being complied with? (Y/N). If no, the reasons there of and corrective action taken, if any.
None of the Bank's locations fall in this category.			

11. **Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:**

Name and brief details of Project	EIA Notification No.	Date	Whether conducted by independent external agency (Yes/ No)	Results communicated in public domain (Yes/ No)	Relevant Web link
N.A.					

12. **Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, and Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:**

S. No.	Specify the law/ regulation/ guidelines which was not complied with	Provide details of the non-compliance	Any fines/ penalties/ action taken by regulatory agencies such as pollution control boards or by courts	Corrective action taken, if any
No such non-compliances				

Leadership Indicators

1. **Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources, in the following format:**

Please refer to the responses to the Question 1 of Principle 6

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

The Bank undergoes external assurance of environmental performance. While the report for fiscal 2023 is under preparation, the assurance statement for fiscal 2023 will be published with the sustainability report.



2. Provide the following details related to water discharged:

Parameter	FY 2023	FY 2022
Water discharge by destination and level of treatment (in kilolitres)		
(i) To Surface water		
- No treatment		
- With treatment – please specify level of treatment		
(ii) To Groundwater		
No treatment		
-With treatment – please specify level of treatment		
(iii) To Seawater		
- No treatment		
- With treatment – please specify level of treatment		Not Applicable
(iv) Sent to third-parties		
- No treatment		
- With treatment – please specify level of treatment		
(v) Others		
- No treatment		
- With treatment – please specify level of treatment		
Total water discharged (in kilolitres)		

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

3. Water withdrawal, consumption and discharge in areas of water stress (in kilolitres):

For each facility / plant located in areas of water stress, provide the following information:

- (i) Name of the area - Not Applicable
- (ii) Nature of operations - Not Applicable
- (iii) Water withdrawal, consumption and discharge in the following format:

Parameter	FY 2023	FY 2022
Water Withdrawal by source (in KL)		
(i) Surface Water		
(ii) Ground Water		
(iii) Third Party Water		
(iv) Seawater / Distilled Water		
(v) Others		
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)		
Total volume of water consumption (in kilolitres)		
Water intensity per rupee of turnover (Water consumed / turnover)		
Water intensity (optional) – the relevant metric may be selected by the entity		
Water discharge by destination and level of treatment (in kilolitres)		
(i) Into Surface water		
- No treatment		
- With treatment – please specify the level of treatment		
(ii) Into Ground water		

Not Applicable

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Parameter	FY 2023	FY 2022
- No treatment		
- With treatment –please specify level of treatment		
(iii) Into Sea water		
- No treatment		
- With treatment –please specify level of treatment		Not Applicable
(iv) Sent to third parties		
- No treatment		
- With treatment –please specify level of treatment		
Total water discharged (in kilolitres)		

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

4. Please provide details of total Scope 3 emissions & its intensity, in the following format:

Parameter	Unit	FY 2023	*FY 2022
Total Scope 3 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO ₂ equivalent	54,745.69	46,482.91
Total Scope 3 emissions per rupee of turnover		0.054 g CO ₂ e/ Rupee	0.056 g CO ₂ e/ Rupee
Total Scope 3 emission intensity (optional) - the relevant metric may be selected by the entity		0.60	0.54

*The figures are updated after the assurance of the Sustainability Report fiscal 2022.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

The Bank undergoes external assurance of environmental performance. While the report for fiscal 2023 is under preparation, the assurance statement for fiscal 2023 will be published with the sustainability report.

5. With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.

As an institution providing financial services, the Bank does not cause any significant, direct impact on biodiversity. However, as a part of its [ESG Policy for Lending](#), the Bank assesses the environmental and social risks as part of its lending decisions under Wholesale Banking.

6. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

Sr. No.	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome the initiative
1	Adoption of centralised Energy Management System (CEMS) initiative	The details of this initiative shall be published in the Bank's sustainability report for fiscal 2023.	In fiscal 2023, the implementation of CEMS in 600 branches helped save 40.02 lac units of electricity, which resulted in saving ~3,250 tCO ₂ e of carbon emissions.

7. Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.

The BCP & Crisis Management Committee (BCPMC) exercises oversight on the implementation of the approved Business Continuity Plan (BCP) framework, which is an integral component of its overall risk governance framework and has been put in place to ensure continuity of service to its large customer base. The effectiveness of the approved Business Continuity Plan (BCP) framework is tested for all identified critical internal activities to ensure readiness to meet various contingency scenarios. The Policy is accessible at www.axisbank.com/docs/default-source/default-document-library/human-rights-policy.pdf.



8. **Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard.**

Not Applicable.

9. **Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.**

Not Applicable

PRINCIPLE 7 Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

1. a. **Number of affiliations with trade and industry chambers/ associations.**

Empanelment on 26 industry bodies/committees

- b. **List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to.**

S. No.	Name of the trade and industry chambers/	Reach of trade and industry chambers/ associations
1	Indian Banks Association (IBA)	National
2	Associated Chambers of Commerce & Industry of India (ASSOCHAM)	National
3	Bombay Chamber of Commerce and Industry (BCCI)	National
4	World Economic Forum	International
5	Confederation of Indian Industry (CII)	National
6	Federation of Indian Chambers of Commerce and Industry (FICCI)	National
7	Fixed Income Money Market and Derivatives Association (FIMMDA)	International
8	NASSCOM	National
9	Data Security Council of India	National
10	EDM Council	National

2. **Provide details of corrective action taken or underway on any issues related to anti- competitive conduct by the entity, based on adverse orders from regulatory authorities.**

Name of authority	Brief of the case	Corrective action taken
Competition Commission of India	of India Acquisition of stake in CSC e-Governance Services India Limited by Axis Bank Limited. From the information available in the public domain, the Commission observed that Axis Bank acquired stake in CSC e-Governance Services India Limited (CSC e-Governance). In order to assess whether further proceeding is required under Section 20(1) and/or Section 43A of the Competition Act, 2002 (Act) in relation to acquisition of stake in CSC e-Governance by the Bank, the Commission, in its meeting held on 29 December 2021 had advised the Bank to furnish certain information which was submitted on February 21, 2022. The Commission on May 2, 2022 had asked to furnish further information which was submitted by the Bank. The Commission was of the opinion that the acquisition required notification by the Bank to the Commission in terms of the provisions of Section 6(2) of the Act read with Regulation 5 of the Combination Regulations. Accordingly, Bank has been directed to show cause in writing within 15 days of receipt of this Notice, as to why it should not be held in contravention of the provisions of Section 6(2) of the Act read with Section 43A thereof, for not notifying the transaction to the Commission.	Bank has submitted the response to the SCN vide e-mail dated October 14, 2022

Leadership Indicators

1. **Details of public policy positions advocated by the entity:**

S. No.	Public policy advocated	Method resorted such advocacy	Whether information available in public domain? (Yes/No)	Frequency of Review by Board (Annually/Half yearly/Quarterly/ Others - Please specify)	Web Link, if available
There are no such positions taken by the Bank.					

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PRINCIPLE 8 Businesses should promote inclusive growth and equitable development

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.

Name and brief details of project	SIA Notification No.	Date of notification	Whether conducted by independent external agency (Yes/ No)	Results communicated in public domain (Yes/No)	Relevant Web link
N.A.					

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:

S. No.	Name of Project for which R&R is Ongoing	State	District	No. of Project Affected Families (PAFs)	% of PAFs covered by R&R	Amounts paid to PAFs in the FY (In INR)
N.A.						

3. Describe the mechanisms to receive and redress grievances of the community.

The Bank has in a place a whistle blower mechanism and an e-mail ID which is applicable to all its internal and external stakeholders whistleblower@axisbank.com

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:

	FY 2023	FY 2022
Directly sourced from MSMEs/ small producers	As an institution providing financial services, the Bank's operations are not raw material intensive. Thus, local procurement is not a material topic for the Bank. Further, the Bank's operational presence is spread across the country and it sources material such as paper from suppliers in the vicinity wherever feasible.	
Sourced directly from within the district and neighbouring districts		

Leadership Indicators

1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):

Details of negative social impact identified	Corrective action taken
N.A.	

2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:

The Bank's Sustainable Livelihoods program was implemented in the following districts during the year:

No.	State	Aspirational District
1	Andhra Pradesh	Visakhapatnam
2	Assam	Udalguri
3	Bihar	Araria Khagaria Katihar
4	Chhattisgarh	Bastar Dantewada (Dakshin (South) Bastar) Korba Mahasamund North (Uttar) Bastar Kanker
5	Gujarat	Dahod
6	Himachal Pradesh	Chamba
7	Jammu & Kashmir	Baramulla Kupwara
8	Jharkhand	Bokaro Dumka Godda Hazaribagh Khunti West Singhbhum Ramgarh Ranchi



No.	State	Aspirational District
9	Madhya Pradesh	Barwani Khandwa Singrauli
	Maharashtra	Nandurbar
10	Odisha	Kalahandi Koraput Nabarangapur Rayagada
11	Rajasthan	Jaisalmer Sirohi
12	Tamil Nadu	Ramanathapuram
13	Uttar Pradesh	Bahraich

3. (a) **Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups? (Yes/No)**
- (b) **From which marginalized /vulnerable groups do you procure?**
- (c) **What percentage of total procurement (by value) does it constitute?**

The Bank does not have a preferential procurement policy addressing the above parameters. The Bank does focus on green procurement wherever applicable.

4. **Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:**

S. No.	Intellectual Property based on traditional knowledge	Owned/Acquired (Yes/No)	Benefit shared (Yes / No)	Basis calculating Benefit share
		N.A.		

5. **Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.**

Name of authority	Brief of the Case	Corrective action taken
	N.A.	

6. **Details of beneficiaries of CSR Projects:**

S. No.	CSR Project	No. of persons benefitted from CSR Projects	% of beneficiaries from vulnerable and marginalized groups
1	Sustainable Livelihoods	0.27 million households	100%
2	Financial Literacy Program	1.15 million individuals	100%

The Sustainable Livelihoods and Financial Literacy Programs are the two largest programs of the Bank and benefit a great number of beneficiaries.

PRINCIPLE 9 Businesses should engage with and provide value to their consumers in a responsible manner

1. **Describe the mechanisms in place to receive and respond to consumer complaints and feedback.**

Axis Bank is committed to delivering the highest levels of customer experience and satisfaction to its customer base and has put in place the requisite frameworks and measurements to gauge customer satisfaction across key journeys, touch points and business lines. The Bank collects feedback from customers via online surveys and telephonic interviews for select segments, wherein surveys are sent through SMS and emails to customers.

The Bank also has in place grievance redressal portal, offering 3 levels of escalation to customers.

2. **Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:**

	As a percentage to total turnover
Environmental and social parameters relevant to the product	
Safe and responsible usage	N.A.
Recycling and/or safe disposal	

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3. Number of consumer complaints in respect of the following:

	FY 2023		Remarks	FY 2022		Remarks
	Received during the year	Pending resolution at end of year		Received during the year	Pending resolution at end of year	
Data privacy	0	0		0	0	
Advertising						
Cyber-security	0	0		5	0	
Delivery of essential services						
Restrictive Trade Practices						
Unfair Trade Practices*	38,197			45,208		

Please refer to the section on Customer complaints for the top 5 categories of complaints received on Annual Report.

*The complaints received have been categorised as per the 16 categories proposed by RBI in its circular dated 27th Jan 2021. According to the same, Unfair Trade Practices consists of the following category - Mis selling & Non-observance of Fair Practices Code.

4. Details of instances of product recalls on account of safety issues:

Not applicable

5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.

Axis Bank pursues a holistic Information and cyber security programme with a comprehensive Information Security policy, Cyber Security Policy and standards based on industry best practices, with compliance to regulatory guidelines and in alignment to regulatory directives on Information and Cyber security. Bank has invested in strong technical and administrative controls to proactively prevent, detect, and timely contain and respond any suspicious activity. Bank is compliant to ISO 27001 standard and PCI DSS standards. The Bank remains committed to adopting the highest standards for customer privacy and data security, and is guided by its Customer Privacy Policy, accessible at <https://www.axisbank.com/privacy-policy>. Details of the Bank's Information Technology and Cyber Security governance, controls and initiatives during the year are provided in the 'Information Technology and Cyber Security' section of the Management Discussion & Analysis in the Annual Report Fiscal 2023,

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.

Axis bank has set-up a framework to collect customer preferences through consents on application forms. Moreover, customer preferences are being collected on application forms filled for NRI products.

There has not been a data breach in the previous year within the control environment established by data protection office, within the Bank. The Bank's BitSight rating, a key risk indicator of overall cyber security, stood at 790 out of 900, highlighting our strong focus on risk and governance. Please refer to Bank's Risk Governance Section of the Annual Report.

Leadership Indicators

1. Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).

Axis Bank's products and services cater to a wide spectrum of the Indian economy and its society and are designed to best meet their needs and requirements. The Bank has the necessary checks and balances in place to ensure that its product offerings meet the stringent norms put in place by the Reserve Bank of India, and that its representatives, especially those dealing directly with customers, whether in person, on the phone, or online, are adequately trained on critical Know Your Customer policies, and equipped with the relevant product information. In this regard, the Bank's key codes, policies and commitments towards customers, such as the Code of Commitment, Citizen's Charter, Customer Rights Policy, among others, are accessible on the Bank's website at www.axisbank.com/webforms/code-of-commitment. The bank publishes information about its varied range of financial products and services in its website <https://www.axisbank.com/explore-products>



2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.

Axis Bank has in place a Privacy Policy for customers to increase awareness on the steps taken by the bank to protect and process personal data of customer, in a responsible manner.

3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.

The Bank has adequate measures in place towards informing its customers of any risks of disruption or discontinuation of its services, which are also guided by the appropriate regulations for the sector. These are also guided by the Bank's Business Continuity

4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)

The Bank makes every effort to ensure that the contracts or agreements it frames are transparent, easily understood by and well communicated to its customers. The product's price, the associated risks, the terms and conditions that govern use over the product's life cycle and the responsibilities of the customer and the bank are clearly disclosed. In pursuance of the above, the bank

- Ensures complete transparency so that the customers can have a clear understanding of what they can expect from the bank.
- Provides customers with information about its products and services, terms and conditions, and the interest rates / service charges in a simple and easily understandable language, and with sufficient information so that the customer can make an appropriate and informed decisions/ choice of product
- Displays product related information and tariff schedule on the website for customer's perusal.
- Provides information on interest rates, fees and charges either on the Notice Board in the branches or website or through help-lines
- Provides Product information, related terms & conditions and tariffs at the time of on boarding in the welcome kit as well as directly through customers through on-boarding emailers and SMS
- Makes known the key risks associated with the product through provision of Most Important Terms and Conditions (MITC) associated with the product or service.
- Make every effort to ensure that staff dealing in a particular product is properly trained to provide relevant information to customers fully, correctly and honestly

5. Provide the following information relating to data breaches:

a. Number of instances of data breaches along-with impact

Nil. No data breach reported in fiscal 2023

b. Percentage of data breaches involving personally identifiable information of customers

Nil.

Independent Auditors' Report

To the Members of Axis Bank Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the Standalone Financial Statements of **Axis Bank Limited** ('the Bank'), which comprises the Balance Sheet as at March 31, 2023, the Profit and Loss Account and the Cash Flow Statement for the year then ended, and notes to the Standalone Financial Statements including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as 'Standalone Financial Statements').

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by Section 29 of the Banking Regulation Act, 1949 as well as the Companies Act, 2013 ('the Act') and circulars and guidelines issued by the Reserve Bank of India, in the manner so required for banking companies and give a true and fair view in conformity with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, read with rules made thereunder, of the state of affairs of the Bank as at March 31, 2023, and its profit, and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing ('SAs') specified under Section 143 (10) of the Act. Our responsibilities under those SAs are further described in the Auditors' Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Bank in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Standalone Financial Statements under the provisions of the Act, and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our opinion on the Standalone Financial Statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Financial Statements for the current year. These matters were addressed in the context of our audit of the Standalone Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters prescribed below to be the key audit matters:

Sr. No.	Key Audit Matters	How the Matter was addressed in our report
1	<p>Acquisition of Citibank's India Consumer Business</p> <p>Refer Note No. 1 of Schedule 18 relating to acquisition of the consumer business of Citibank N.A. (CBNA) and Citicorp Finance (India) Ltd (CFIL) as going concerns without assigning values to individual assets and liabilities with effect from beginning of March 01, 2023 (Legal Day One/LD1) by the Bank.</p> <p>The Assets and Liabilities are recognized in the books of the Bank on LD1. The initial purchase consideration was determined and recognized based on the position of business assets and business liabilities acquired as at end of day January 31, 2023. Subsequently, on best estimate of the position of business assets and business liabilities acquired as at beginning of day 1 March, 2023 the purchase consideration was trued up to record a further payable to CBNA at March 31, 2023. These amounts are subject to review of the final closing statement in FY 2023-24, which will also be verified by an independent practitioner.</p> <p>Based on the report of an independent valuer, the estimated adjusted purchase price of Rs 11,949.08 crores is attributed to various intangible business and commercial rights such as Customer Relationship (including contracts), Co-branding arrangements, Business processes/ information, Non-compete rights (collectively "Intangibles") and goodwill. The purchase price allocation between various intangible assets and goodwill involves a significant amount of judgement by the valuer and the Management. The Bank has continued use of the intangible assets for the business purposes. The Bank, as a prudent measure and to protect its ability to pay dividends, has fully amortised these intangible assets and goodwill in the Profit and Loss account for the year.</p>	<p>Our approach included understanding the structure of the acquisition, determining the nature, timing and extent of audit procedures, and conducting the same.</p> <p>We have performed following audit procedures for verification of the accounting of acquisition of Citibank's India Consumer Business:</p> <ul style="list-style-type: none"> Review of the Business Transfer Agreements, Transitional Services Agreement, regulatory approvals and other related documents to obtain an understanding of the structure and terms of the acquisition. Verification of the preliminary closing statement prepared by Citibank India for transfer of assets and liabilities based on the position of January 31, 2023 on LD1, best estimates position as on March 1, 2023 as prepared by the Bank's Management and subsequent integration post LD1. Verification of the integration of Citibank's India Consumer Business accounting records into the financial reporting system of the Bank including verification of the general ledgers mapping between Citibank's India Consumer Business and Axis Bank trial balances, and the process of opening new control accounts.



Sr. No. Key Audit Matters	How the Matter was addressed in our report
<p>The value of the purchase consideration, other intangible assets, goodwill and the amounts payable to CBNA are subject to changes based on the final closing statement which is subject to verification by a jointly appointed independent practitioner and independent review by the Bank and CBNA.</p> <p>Though the Bank has continued use of the intangible assets for business purposes, as a prudent measure, the depreciation on such intangibles fully amortized through the Profit & Loss Account is not considered for tax purpose in the books.</p> <p>As per the Business Transfer Agreements executed with CBNA and CFIL, till final migration, the Bank will rely on the Information Technology systems of CBNA/CFIL and data residing therein.</p> <p>The accounting of the acquisition has been determined as key audit matter due to the following:</p> <ul style="list-style-type: none"> • Materiality and complexities of the said transaction including the estimations involved in recognising the assets and liabilities acquired. • Assumptions, estimates and judgements used by the Bank and the independent valuer for the purchase price allocation at the time of initial recognition and true-up based on estimated position as on March 01, 2023. • Changes expected, if any, based on the verification of final closing statement by the Bank, CBNA and independent practitioner. • Reliance placed by the Bank on IT system and internal controls at CBNA/CFIL during the transition period. 	<ul style="list-style-type: none"> • Evaluation of the fair value of the assets acquired along with the valuation methodology and key assumptions applied. We also evaluated the reasonableness of key assumptions and estimates used in the valuation based on our knowledge of the business and industry. • Verification of the accounting treatment for other intangible assets and goodwill and tax impact arising out of the allocation of the purchase consideration based on the valuation report accepted by the Management of the Bank. • Understanding and testing the process of resulting accounting effect on various areas such as alignment of accounting estimates and policies, NPA identification, classification and provisioning, employee benefits, operating expenses, taxation and related disclosures. • Assessment of the internal controls in relation to financial reporting for the accounting and reporting on the said acquired consumer business and reviewing the Bank's disclosures on the same. • Evaluation of testing carried out by the Management on existence and operating efficiency of internal control at Citibank India Consumer Business. • Evaluation of Management's assessment on treatment of amortisation of intangible assets and goodwill for taxation purposes.

2 Information Technology (IT) Systems and controls over financial reporting

The Bank's financial accounting and reporting systems are highly dependent on the effective working of the Core Banking Solution (CBS) and other IT systems linked to the CBS or working independently. Considering the extensive volume, diverse nature and complexity of transactions that are processed daily, there is a risk that automated accounting procedures and related internal controls may not be accurately designed and operating effectively. There exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being materially misstated. Appropriate IT controls are required to ensure that the IT applications perform as planned and the changes made are properly authorized, tested and controlled. Such controls contribute to risk mitigation of erroneous output data. The audit outcome is heavily dependent on the robustness of IT systems and controls.

We have identified IT Controls Framework as a Key Audit Matter as the Bank's business is highly dependent on technology. The IT environment of the Bank is complex and the design and operating effectiveness of IT controls have a direct impact on its financial reporting process. Review of these controls allows us to provide assurance on the integrity and completeness of data processed through various IT applications which are used for the preparation and presentation of financial reports.

- We have planned, designed and carried out the desired audit procedures and sample checks, taking into consideration the IT systems of the Bank. For this purpose, we obtained an understanding of the Bank's IT environment. As part of our IT controls testing, we have tested IT General Controls (ITGC) as well as IT Automated Controls (ITAC) for select applications.
- The procedures adopted by us are, in our opinion, adequate to provide reasonable assurance on the adequacy of IT controls in place. Critical areas for improvement, if any, as and when noticed are communicated to the Bank's Management and the adequacy of action taken by the Bank where necessary, is reviewed by us periodically as part of our audit procedures.
- IT audit specialists are an integral part of our engagement team.

Standalone Financial Statements

Sr. No. Key Audit Matters	How the Matter was addressed in our report
<p>2 Information Technology (IT) Systems and controls over financial reporting</p>	<ul style="list-style-type: none"> • In addition, we have also relied on IS audit conducted by Internal Audit department, and also the audit of Internal Financial Control over Financial Reporting conducted by Operations Health and Control Team of the Bank. • We also tested key automated and manual business cycle controls and logic for system generated reports relevant to the audit; including testing of compensating controls or performed alternate procedures to assess whether there were any unaddressed IT risks that would materially impact the Standalone Financial Statements. • We have also carried out independent alternative audit procedures like substantive testing, analytical procedures etc. to verify the accuracy of the data generated from the IT system.
<p>3 Income Recognition, Asset Classification (IRAC) and provisioning on Loans & Advances and Investments as per the regulatory requirements</p> <p>Please refer to Note no. 3.4 (a) of Schedule 18 relating to Asset Quality in respect of movement of Non-Performing Assets (NPAs) and related provisions and disclosures with regard to Non Performing Investments (NPI) respectively as also Note no. 2 of Schedule 18 regarding the provisions made due to the potential impact of Covid-19 pandemic.</p> <p>The Management of the Bank relies on its automated IT systems to determine asset classification, income recognition, provisioning for standard and non-performing advances/ investments and for compliance of applicable regulatory guidelines issued by the RBI. The Management supplements its assessment by availing services of experts (like independent valuers, lawyers, legal experts and other professionals) to determine the valuation and enforceability of security of such advances/investments.</p> <p>The Bank makes provisions for the performing and non-performing advances/investments, as per its governing framework which includes Management's assessment of the degree of impairment subject to and guided by minimum provisioning levels prescribed under RBI guidelines.</p> <p>Compliance of relevant prudential norms issued by the Reserve Bank of India (RBI) in respect of income recognition, asset classification and provisioning pertaining to advances as well as those pertaining to investments is a key audit matter due to materiality, complexity and uncertainty involved and the current processes at the Bank which requires certain manual interventions, Management estimates and judgement.</p>	<p>Our audit approach included testing the design, operating effectiveness of internal controls and substantive audit procedures in respect of income recognition, asset classification and provisioning pertaining to advances and investments. In particular:</p> <ul style="list-style-type: none"> • We have evaluated and understood the Bank's internal control system in adhering to the relevant RBI guidelines regarding income recognition, asset classification and provisioning pertaining to advances and investments; • We have tested key IT systems/ applications used and their design and implementation as well as operational effectiveness of relevant controls, including involvement of manual process and manual controls in relation to income recognition, asset classification, provisioning pertaining to advances and investments and compliances of other regulatory guidelines issued by the RBI; • We have test checked advances to examine the validity of the recorded amounts, loan documentation, examined the statement of accounts, indicators of impairment, impairment provision for non-performing assets, and compliance with income recognition, asset classification and provisioning pertaining to advances in terms of applicable RBI guidelines; • We have evaluated the past trends of Management judgement, governance process and review controls over impairment provision calculations and discussed the provisions made with the top and senior management of the Bank. • We have also relied on work done by external experts like valuers, lawyers, concurrent auditors etc. on specific areas. • Critical areas for improvement, if any, as and when noticed are communicated to the Bank's Management and the adequacy of action taken by the Bank where necessary, is reviewed by us periodically as part of our audit procedures.



Information other than the Standalone Financial Statements and Auditors' Report thereon

The Bank's Management and Board of Directors are responsible for the Other Information. The other information comprises the information included in the Annual Report but does not include the Standalone Financial Statements, consolidated financial statements and our auditors' report thereon and the Pillar III Disclosures under Basel III Capital Regulation, Leverage Ratio, Liquidity Coverage Ratio and Net Stable Funding Ratio. The other information is expected to be made available to us after the date of this auditors' report.

Our opinion on the Standalone Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Standalone Financial Statements, our responsibility is to read the Other Information identified above when it becomes available and, in doing so, consider whether the Other Information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Other Information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

The Bank's Board of Directors and Management are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the state of affairs, profit and cash flows of the Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, provisions of Section 29 of the Banking Regulation Act, 1949 and the circulars and guidelines issued by Reserve Bank of India ('RBI') from time to time. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone Financial Statements, the Management and Board of Directors are responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management and Board of Directors either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Bank's financial reporting process.

Auditors' Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the Standalone Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Bank has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the Standalone Financial Statements made by the Management and Board of Directors.

Standalone Financial Statements

- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Standalone Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause a Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures, and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

The standalone balance sheet and the standalone profit and loss account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 and Section 133 of the Act.

- A. As required by sub-section (3) of Section 30 of the Banking Regulation Act, 1949, we report that:
- (a) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory;
 - (b) the transactions of the Bank, which have come to our notice, have been within the powers of the Bank; and
 - (c) since the key operations of the Bank are automated with the key applications integrated to the core banking systems, the audit is carried out centrally as all the necessary records and data required for the purposes of our audit are available therein. However, during the course of our audit we have visited 95 branches (including credit units) to examine the records maintained at such branches for the purpose of our audit.
- B. Further, as required by Section 143(3) of the Act, we report that:
- (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the Standalone Financial Statements;
 - (b) in our opinion, proper books of account as required by law relating to preparation of the aforesaid Standalone Financial Statements have been kept by the Bank so far as it appears from our examination of those books;
 - (c) the standalone balance sheet, the standalone profit and loss account, and the standalone cash flow statement dealt with by this Report are in agreement with the relevant books of accounts maintained for the purpose of preparation of the Standalone Financial Statements;
 - (d) in our opinion, the aforesaid Standalone Financial Statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant rules issued thereunder, to the extent they are not inconsistent with the accounting policies prescribed by RBI;
 - (e) on the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act; and
 - (f) with respect to the adequacy of the internal financial controls with reference to Standalone Financial Statements of the Bank and the operating effectiveness of such controls, refer to our separate Report in 'Annexure A'.
- C. With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:



- i. the Bank has disclosed the impact of pending litigations as at March 31, 2023 on its financial position in its Standalone Financial Statements - Refer Schedule 12 - Contingent Liabilities to the Standalone Financial Statements;
 - ii. the Bank has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Schedule 5 read with Note No. 4.14 of Schedule 18 to the Standalone Financial Statements in respect of such items as it relates to the Bank;
 - iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Bank;
 - iv.
 - a. the Management has represented that, to the best of its knowledge and belief, other than as disclosed in the Note No. 4.13 of Schedule 18 to the Standalone Financial Statements, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Bank to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Bank ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - b. further, the Management has represented that, to the best of its knowledge and belief, other than as disclosed in the Note No. 4.13 of Schedule 18 to the Standalone Financial Statements, no funds (which are material either individually or in the aggregate) have been received by the Bank from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Bank shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - c. based on such audit procedures that were considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) above contain any material misstatement.
 - v.
 - a. the final dividend paid by the Bank during the year in respect of the same declared for the previous year is in accordance with Section 123 of the Companies Act 2013 to the extent it applies to payment of dividend.
 - b. as stated in Note no 4.3 of Schedule 18 to the Standalone Financial Statements, the Board of Directors of the Bank has proposed final dividend for the financial year 2022-2023 which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with Section 123 of the Companies Act.
 - vi. as proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Bank with effect from April 1, 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules 2014 on using accounting software which has a feature of recording audit trail (edit log) facility is not applicable.
- D. With respect to the matter to be included in the Auditors' Report under Section 197(16) of the Act:

The Bank is a banking company as defined under Banking Regulation Act, 1949. Accordingly, the requirements prescribed under Section 197 of the Companies Act, 2013 do not apply by virtue of Section 35B(2A) of the Banking Regulation Act, 1949.

For M. P. Chitale & Co.

Chartered Accountants
ICAI FRN 101851W

Ashutosh Pednekar

Partner
ICAI M. No. 041037
UDIN: 23041037BGPVNO4178

Place: Mumbai

Date: April 27, 2023

For CNK & Associates LLP

Chartered Accountants
ICAI FRN 101961W/W100036

Manish Sampat

Partner
ICAI M. No. 101684
UDIN: 23101684BGWNCND8422

Place: Mumbai

Date: April 27, 2023

Standalone Financial Statements

Annexure A to the Independent Auditors' Report of even date on the Standalone Financial Statements of Axis Bank Limited for the year ended March 31, 2023

Report on the Internal Financial Controls with reference to the aforesaid Standalone Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to Standalone Financial Statements of Axis Bank Limited ("the Bank") as of March 31, 2023 in conjunction with our audit of the Standalone Financial Statements of the Bank for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Bank's Management and Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('the ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Bank's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 ("the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Bank's internal financial controls with reference to Standalone Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note issued by the ICAI and the Standards on Auditing ('the Standards'), prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to Standalone Financial Statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to Standalone Financial Statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to Standalone Financial Statements and their operating effectiveness.

Our audit of internal financial controls with reference to Standalone Financial Statements included obtaining an understanding of internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Bank's internal financial controls with reference to Standalone Financial Statements

Meaning of Internal Financial Controls with Reference to Financial Statements

A Bank's internal financial controls with reference to Standalone Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Standalone Financial Statements for external purposes in accordance with generally accepted accounting principles. Bank's internal financial control with reference to financial statement includes those policies and procedures that

- 1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Bank;
- 2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of Standalone Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Bank are being made only in accordance with authorisations of Management and Directors of the Bank; and
- 3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Bank's assets that could have a material effect on the Standalone Financial Statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to Standalone Financial Statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to Standalone Financial



Statements to future periods are subject to the risk that the internal financial control with reference to standalone financial statement become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion the Bank has maintained, in all respects, an adequate internal financial control system with reference to Standalone Financial Statements and such internal financial controls with reference to the Standalone Financial Statements were operating effectively as at March 31, 2023, based on internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note.

For M. P. Chitale & Co.

Chartered Accountants
ICAI FRN 101851W

Ashutosh Pednekar

Partner
ICAI M. No. 041037
UDIN: 23041037BGPVNO4178

Place: Mumbai

Date: April 27, 2023

For CNK & Associates LLP

Chartered Accountants
ICAI FRN 101961W/W100036

Manish Sampat

Partner
ICAI M. No. 101684
UDIN: 23101684BGWNCD8422

Place: Mumbai

Date: April 27, 2023

Standalone Financial Statements

Balance Sheet

As at 31 March, 2023

(₹ in Thousands)			
	Schedule No.	As at 31-03-2023	As at 31-03-2022
Capital and Liabilities			
Capital	1	6,153,704	6,139,496
Employees' Stock Options Outstanding		4,234,118	1,485,957
Reserves & Surplus	2	1,243,778,747	1,144,115,119
Deposits	3	9,469,452,104	8,219,715,463
Borrowings	4	1,863,000,386	1,851,338,631
Other Liabilities and Provisions	5	586,636,261	531,492,834
Total		13,173,255,320	11,754,287,500
Assets			
Cash and Balances with Reserve Bank of India	6	661,177,565	940,345,056
Balances with Banks and Money at Call and Short Notice	7	402,930,507	169,526,229
Investments	8	2,888,148,338	2,755,972,009
Advances	9	8,453,028,410	7,079,465,923
Fixed Assets	10	47,338,516	45,723,503
Other Assets	11	720,631,984	763,254,780
Total		13,173,255,320	11,754,287,500
Contingent Liabilities	12	14,412,489,359	12,921,045,727
Bills for Collection		681,765,458	669,474,382
Significant Accounting Policies and Notes to Accounts	17 & 18		

Schedules referred to above form an integral part of the Balance Sheet

In terms of our report attached.

For M. P. Chitale & Co.
Chartered Accountants
ICAI Firm Registration No.: 101851W

Ashutosh Pednekar
Partner
Membership No.: 041037

For CNK & Associates LLP
Chartered Accountants
ICAI Firm Registration No.: 101961W/W100036

Manish Sampat
Partner
Membership No.: 101684

S. Mahendra Dev
Director

Sandeep Poddar
Company Secretary

Rajiv Anand
Deputy Managing Director

Girish Paranjpe
Director

Puneet Sharma
Chief Financial Officer

For Axis Bank Ltd.

Rakesh Makhija
Chairman

Amitabh Chaudhry
Managing Director & CEO

T.C. Suseel Kumar
Director

Meena Ganesh
Director

Date : 27 April, 2023
Place: Mumbai



Profit & Loss Account

For the year ended 31 March, 2023

	Schedule No.	Year ended 31-03-2023	Year ended 31-03-2022
(₹ in Thousands)			
I Income			
Interest earned	13	851,637,656	673,768,296
Other income	14	165,008,717	152,205,453
Total		1,016,646,373	825,973,749
II Expenditure			
Interest expended	15	422,180,212	342,446,131
Operating expenses	16	396,559,899	236,107,543
Provisions and contingencies	18(3.14)(e)	102,109,477	117,165,291
Total		920,849,588	695,718,965
III Net Profit for the year (I - II)	18.1	95,796,785	130,254,784
Balance in Profit & Loss Account brought forward from previous year		381,006,591	299,852,810
IV Amount Available for Appropriation		476,803,376	430,107,594
V Appropriations:			
Transfer to Statutory Reserve		23,949,197	32,563,696
Transfer to Special Reserve	18 (3.1)(b)(iii)	8,410,000	6,091,900
Transfer to/(from) Investment Reserve	18 (3.1)(b)(iv)	(1,484,983)	1,484,983
Transfer to Capital Reserve	18 (3.1)(b)(v)	678,413	4,410,424
Transfer to Investment Fluctuation Reserve	18 (3.1)(b)(vi)	730,000	4,550,000
Dividend paid	18 (4.3)	3,071,447	-
Balance in Profit & Loss Account carried forward		441,449,302	381,006,591
Total		476,803,376	430,107,594
VI Earnings Per Equity Share (Face value ₹2/- per share)	18 (4.1)		
Basic (in ₹)		31.17	42.48
Diluted (in ₹)		31.02	42.35
Significant Accounting Policies and Notes to Accounts	17 & 18		

Schedules referred to above form an integral part of the Profit and Loss Account

In terms of our report attached.

For M. P. Chitale & Co.

Chartered Accountants
ICAI Firm Registration No.: 101851W

Ashutosh Pednekar

Partner
Membership No.: 041037

For CNK & Associates LLP

Chartered Accountants
ICAI Firm Registration No.: 101961W/W100036

Manish Sampat

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S. Mahendra Dev

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Deputy Managing Director

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Director

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Chief Financial Officer

For Axis Bank Ltd.

Rakesh Makhija

Chairman

Amitabh Chaudhry

Managing Director & CEO

T.C. Suseel Kumar

Director

Meena Ganesh

Director

Date: 27 April, 2023

Place: Mumbai

Cash Flow Statement

For the year ended 31 March, 2023

	(₹ in Thousands)	
	Year ended 31-03-2023	Year ended 31-03-2022
Cash flow from operating activities		
Net profit before taxes	169,058,512	173,825,547
Adjustments for:		
Depreciation and amortisation on fixed assets, intangibles and goodwill (Refer Note 18.1)	130,944,819	10,083,656
Depreciation on investments	5,955,667	(2,644,815)
Amortisation of premium on Held to Maturity investments	8,891,060	8,237,790
Provision for Non Performing Assets (including bad debts)/Restructured assets	62,393,697	75,496,147
Provision on standard assets and other contingencies	(4,696,205)	21,766,659
Profit/(loss) on sale of land, buildings and other assets (net)	67,897	48,759
Loss on repayment of capital by subsidiary	-	237,436
Dividend from Subsidiaries	(150,000)	(886,524)
Employee Stock Options Expense	2,855,221	1,485,957
	375,320,668	287,650,612
Adjustments for:		
(Increase)/Decrease in investments	52,321,544	(241,890,632)
(Increase)/Decrease in advances	(1,434,101,902)	(1,004,617,060)
Increase/(Decrease) in deposits	1,249,736,641	1,237,356,150
(Increase)/Decrease in other assets	27,734,315	35,461,396
Increase/(Decrease) in other liabilities & provisions	59,848,562	66,336,262
Direct taxes paid	(61,838,725)	(40,784,074)
Net cash flow from operating activities	269,021,103	339,512,654
Cash flow from investing activities		
Purchase of fixed assets	(13,249,946)	(13,438,848)
Purchase consideration for acquisition of Citibank India consumer business (Refer Note 18.1)	(116,025,368)	-
(Increase)/Decrease in Held to Maturity investments	(197,141,522)	(258,303,790)
Increase in investment in Subsidiaries	(4,066,478)	(3,994,637)
Decrease in investment in Subsidiaries	-	1,273,010
Proceeds from sale of fixed assets	113,251	61,400
Dividend from Subsidiaries	150,000	886,524
Net cash used in investing activities	(330,220,063)	(273,516,341)



(₹ in Thousands)

	Year ended 31-03-2023	Year ended 31-03-2022
Cash flow from financing activities		
Proceeds from issue/(Repayment) of subordinated debt, Additional Tier I instruments (net)	63,826,500	(23,774,500)
Increase/(Decrease) in borrowings (other than subordinated debt, Additional Tier I instruments (net))	(52,164,745)	446,381,534
Proceeds from issue of share capital	14,209	11,998
Proceeds from share premium (net of share issue expenses)	3,788,801	2,758,544
Payment of dividend (including dividend distribution tax)	(3,071,447)	-
Net cash generated from financing activities	12,393,318	425,377,576
Effect of exchange fluctuation translation reserve	3,042,429	1,199,186
Net increase in cash and cash equivalents	(45,763,213)	492,573,075
Cash and cash equivalents at the beginning of the year	1,109,871,285	617,298,210
Cash and cash equivalents at the end of the year	1,064,108,072	1,109,871,285
Notes to the Cash Flow Statement:		
1. Cash and cash equivalents includes the following		
Cash and Balances with Reserve Bank of India (Refer Schedule 6)	661,177,565	940,345,056
Balances with Banks and Money at Call and Short Notice (Refer Schedule 7)	402,930,507	169,526,229
Cash and cash equivalents at the end of the year	1,064,108,072	1,109,871,285
2. Amount of Corporate Social Responsibility related expenses spent during the year in cash ₹172.04 crores (previous year ₹113.19 crores)		

In terms of our report attached.

For M. P. Chitale & Co.

Chartered Accountants
ICAI Firm Registration No.: 101851W

Ashutosh Pednekar

Partner
Membership No.: 041037

For CNK & Associates LLP

Chartered Accountants
ICAI Firm Registration No.: 101961W/W100036

Manish Sampat

Partner
Membership No.: 101684

S. Mahendra Dev

Director

Sandeep Poddar

Company Secretary

Rajiv Anand

Deputy Managing Director

Girish Paranjpe

Director

Puneet Sharma

Chief Financial Officer

For Axis Bank Ltd.

Rakesh Makhija

Chairman

Amitabh Chaudhry

Managing Director & CEO

T.C. Suseel Kumar

Director

Meena Ganesh

Director

Date: 27 April, 2023

Place: Mumbai

Standalone Financial Statements

SCHEDULES FORMING PART OF THE BALANCE SHEET

As at 31 March, 2023

Schedule 1 - Capital

	As at 31-03-2023	As at 31-03-2022
(₹ in Thousands)		
Authorised Capital		
4,250,000,000 (Previous year - 4,250,000,000) Equity Shares of ₹2/- each	8,500,000	8,500,000
Issued, Subscribed and Paid-up capital		
3,076,852,012 (Previous year - 3,069,747,836) Equity Shares of ₹2/- each fully paid-up	6,153,704	6,139,496

Schedule 2 - Reserves and Surplus

	As at 31-03-2023	As at 31-03-2022
(₹ in Thousands)		
I. Statutory Reserve		
Opening Balance	180,554,232	147,990,536
Additions during the year	23,949,197	32,563,696
	204,503,429	180,554,232
II. Special Reserve		
Opening Balance	6,091,900	-
Additions during the year [Refer Schedule 18 (3.1)(b)(iii)]	8,410,000	6,091,900
	14,501,900	6,091,900
III. Share Premium Account		
Opening Balance	515,052,428	512,293,884
Additions during the year	3,879,810	2,758,544
Less: Share issue expenses	-	-
	518,932,238	515,052,428
IV. Investment Reserve Account		
Opening Balance	1,484,983	-
Additions/(Deductions) during the year [Refer Schedule 18 (3.1)(b)(iv)]	(1,484,983)	1,484,983
	-	1,484,983
V. General Reserve		
Opening Balance	3,543,100	3,543,100
Additions during the year [Refer Schedule 18 (3.1)(b)(vii)]	16,051	-
	3,559,151	3,543,100
VI. Capital Reserve		
Opening Balance	37,221,902	32,811,478
Additions during the year [Refer Schedule 18 (3.1)(b)(v)]	678,413	4,410,424
	37,900,315	37,221,902
VII. Foreign Currency Translation Reserve [Refer Schedule 17 (4.7)]		
Opening Balance	2,069,983	870,797
Additions during the year	3,042,429	1,199,186
	5,112,412	2,069,983
VIII. Investment Fluctuation Reserve		
Opening Balance	17,090,000	12,540,000
Additions during the year [Refer Schedule 18 (3.1)(b)(vi)]	730,000	4,550,000
	17,820,000	17,090,000
IX. Balance in Profit and Loss Account brought forward	441,449,302	381,006,591
Total	1,243,778,747	1,144,115,119



Schedule 3 - Deposits

		(₹ in Thousands)	
		As at 31-03-2023	As at 31-03-2022
A.	I. Demand Deposits		
	(i) From banks	47,600,930	47,926,445
	(ii) From others	1,443,604,049	1,227,641,425
	II. Savings Bank Deposits	2,974,159,723	2,424,492,469
	III. Term Deposits		
	(i) From banks	367,776,402	218,241,253
	(ii) From others	4,636,311,000	4,301,413,871
	Total	9,469,452,104	8,219,715,463
B.	I. Deposits of branches in India	9,326,233,360	8,195,335,060
	II. Deposits of branches outside India	143,218,744	24,380,403
	Total	9,469,452,104	8,219,715,463

Schedule 4 - Borrowings

		(₹ in Thousands)	
		As at 31-03-2023	As at 31-03-2022
I.	Borrowings in India		
	(i) Reserve Bank of India	77,690,000	181,020,000
	(ii) Other banks ¹	200,000	150,000
	(iii) Other institutions & agencies ²	1,409,982,700	1,126,296,822
II.	Borrowings outside India ³	375,127,686	543,871,809
	Total	1,863,000,386	1,851,338,631
	Secured borrowings included in I & II above	77,690,000	250,784,722

- Borrowings from other banks include Subordinated Debt of ₹15.00 crores (previous year ₹15.00 crores) in the nature of Non-Convertible Debentures [Also refer Schedule 18 (3.1)(a)]
- Borrowings from other institutions & agencies include Subordinated Debt of ₹23,565.00 crores (previous year ₹14,065.00 crores) in the nature of Non-Convertible Debentures and Perpetual Debt amounting to Nil (previous year ₹3,500.00 crores) [Also refer Schedule 18 (3.1)(a)]
- Borrowings outside india include Additional Tier I Bonds in the nature of Perpetual Debt amounting to \$600 million (₹4,930.20 crores); previous year \$600 million (₹4,547.55 crores) [Also refer Schedule 18 (3.1)(a)]

Standalone Financial Statements

Schedule 5 - Other Liabilities and Provisions

	(₹ in Thousands)	
	As at 31-03-2023	As at 31-03-2022
I. Bills payable	95,438,106	84,993,581
II. Inter-office adjustments (net)	-	-
III. Interest accrued	37,259,299	42,397,579
IV. Contingent provision against standard assets	78,663,991	72,708,198
V. Others (including provisions)	375,274,865	331,393,476
Total	586,636,261	531,492,834

Schedule 6 - Cash and Balances with Reserve Bank of India

	(₹ in Thousands)	
	As at 31-03-2023	As at 31-03-2022
I. Cash in hand (including foreign currency notes)	96,658,774	98,400,898
II. Balances with Reserve Bank of India		
(i) in Current Account	430,038,791	369,934,158
(ii) in Other Accounts	134,480,000	472,010,000
Total	661,177,565	940,345,056

Schedule 7 - Balances with Banks and Money at Call and Short Notice

	(₹ in Thousands)	
	As at 31-03-2023	As at 31-03-2022
I. In India		
(i) Balance with Banks		
(a) in Current Accounts	11,761,663	12,334,577
(b) in Other Deposit Accounts	26,902,431	1,237,903
(ii) Money at Call and Short Notice		
(a) With banks	2,000,000	-
(b) With other institutions	109,602,394	7,984,854
Total	150,266,488	21,557,334
II. Outside India		
(i) in Current Accounts	46,450,375	23,359,217
(ii) in Other Deposit Accounts	100,830,619	55,183,748
(iii) Money at Call & Short Notice	105,383,025	69,425,930
Total	252,664,019	147,968,895
Grand Total (I+II)	402,930,507	169,526,229



Schedule 8 - Investments

		(₹ in Thousands)	
		As at 31-03-2023	As at 31-03-2022
I.	Investments in India in -		
(i)	Government Securities ¹	2,192,665,557	2,190,931,483
(ii)	Other approved securities	-	-
(iii)	Shares	17,580,038	17,589,672
(iv)	Debentures and Bonds	547,642,629	449,048,275
(v)	Subsidiaries/Joint Ventures	26,222,936	22,156,458
(vi)	Others (Mutual Fund units, PTC etc.)	13,693,476	13,611,786
	Total Investments in India	2,797,804,636	2,693,337,674
II.	Investments outside India in -		
(i)	Government Securities (including local authorities)	84,876,432	56,697,634
(ii)	Subsidiaries and/or joint ventures abroad	3,322,982	3,322,982
(iii)	Others (Equity Shares and Bonds)	2,144,288	2,613,719
	Total Investments outside India	90,343,702	62,634,335
	Grand Total (I+II)	2,888,148,338	2,755,972,009

1. Includes securities costing ₹85,079.35 crores (previous year ₹58,436.89 crores) pledged for availment of fund transfer facility, clearing facility and margin requirements

Schedule 9 - Advances

		(₹ in Thousands)	
		As at 31-03-2023	As at 31-03-2022
A.	(i) Bills purchased and discounted	184,228,644	355,757,979
	(ii) Cash credits, overdrafts and loans repayable on demand¹	2,427,484,784	1,884,280,541
	(iii) Term loans	5,841,314,982	4,839,427,403
	Total	8,453,028,410	7,079,465,923
B.	(i) Secured by tangible assets²	6,032,731,889	5,248,291,348
	(ii) Covered by Bank/Government Guarantees³	51,093,257	138,087,031
	(iii) Unsecured	2,369,203,264	1,693,087,544
	Total	8,453,028,410	7,079,465,923
C.	I. Advances in India		
	(i) Priority Sector	3,068,509,178	2,541,627,452
	(ii) Public Sector	177,199,442	221,957,001
	(iii) Banks	11,125,209	24,469,274
	(iv) Others	4,861,440,968	3,810,509,106
	Total	8,118,274,797	6,598,562,833
	II. Advances Outside India		
	(i) Due from banks	2,054,250	5,608,645
	(ii) Due from others -		
	(a) Bills purchased and discounted	69,547,287	238,885,611
	(b) Syndicated loans	569,027	1,070,721
	(c) Others	262,583,049	235,338,113
	Total	334,753,613	480,903,090
	Grand Total (CI+CII)	8,453,028,410	7,079,465,923

1. Net of borrowings under Inter Bank Participation Certificate (IBPC) ₹8,593.09 crores (previous year Nil), includes lending under IBPC ₹2,162.00 crores (previous year ₹4,925.70 crores)

2. Includes advances against Book Debts

3. Includes advances against L/Cs issued by other banks

Standalone Financial Statements

Schedule 10 - Fixed Assets

	(₹ in Thousands)	
	As at 31-03-2023	As at 31-03-2022
I. Premises		
Gross Block		
At cost at the beginning of the year	18,720,108	18,377,019
Additions on account of acquisition of Citibank India Consumer Business (Refer Note 18.1)	8,607	-
Additions during the year	2,749	343,089
Deductions during the year	-	-
Total	18,731,464	18,720,108
Depreciation		
As at the beginning of the year	2,473,789	2,195,125
Accumulated depreciation of assets acquired from Citibank India Consumer Business (Refer Note 18.1)	4,568	-
Charge for the year	281,771	278,664
Deductions during the year	-	-
Depreciation to date	2,760,128	2,473,789
Net Block	15,971,336	16,246,319
II. Other fixed assets (including furniture & fixtures and intangibles)		
Gross Block		
At cost at the beginning of the year	89,723,748	79,505,358
Additions on account of acquisition of Citibank India Consumer Business (Refer Note 18.1)	119,845,640	-
Additions during the year ¹	13,868,622	12,101,510
Deductions during the year	(2,471,429)	(1,883,120)
Total	220,966,581	89,723,748
Depreciation		
As at the beginning of the year	62,337,834	54,334,010
Accumulated depreciation of assets acquired from Citibank India Consumer Business (Refer Note 18.1)	253,477	-
Charge for the year (Refer Note 18.1)	130,663,048	9,804,992
Deductions during the year	(2,290,469)	(1,801,168)
Depreciation to date	190,963,890	62,337,834
Net Block	30,002,691	27,385,914
III. Capital Work-in-Progress (including capital advances)	1,364,489	2,091,270
GRAND TOTAL (I+II+III)	47,338,516	45,723,503

1. includes movement on account of exchange rate fluctuation



Schedule 11 - Other Assets

	(₹ in Thousands)	
	As at 31-03-2023	As at 31-03-2022
I. Inter-office adjustments (net)	-	-
II. Interest Accrued	100,646,383	84,649,252
III. Tax paid in advance/tax deducted at source (net of provisions)	6,123,806	7,193,917
IV. Stationery and stamps	13,267	6,286
V. Non banking assets acquired in satisfaction of claims ¹	-	-
VI. Others ^{2,3}	613,848,528	671,405,325
Total	720,631,984	763,254,780

1. Represents balance net of provision of ₹2,068.24 crores (previous year ₹2,068.24 crores) on Land held as non-banking asset

2. Includes deferred tax assets of ₹6,326.56 crores (previous year ₹7,361.84 crores) [Refer Schedule 18 (4.8)]

3. Includes Priority Sector Shortfall Deposits of ₹30,564.20 crores (previous year ₹41,653.61 crores)

Schedule 12 - Contingent Liabilities

	(₹ in Thousands)	
	As at 31-03-2023	As at 31-03-2022
I. Claims against the Bank not acknowledged as debts	19,946,684	9,516,734
II. Liability for partly paid investments	2,391,642	3,194,871
III. Liability on account of outstanding forward exchange and derivative contracts:		
a) Forward Contracts	6,048,352,660	5,178,033,671
b) Interest Rate Swaps, Currency Swaps, Forward Rate Agreement & Interest Rate Futures	5,820,185,708	5,426,088,513
c) Foreign Currency Options	409,299,263	479,585,470
Total (a+b+c)	12,277,837,631	11,083,707,654
IV. Guarantees given on behalf of constituents		
In India	917,637,808	724,358,601
Outside India	105,994,487	72,919,870
V. Acceptances, endorsements and other obligations	523,615,332	569,415,450
VI. Other items for which the Bank is contingently liable	565,065,775	457,932,547
GRAND TOTAL (I+II+III+IV+V+VI) [Refer Schedule 18 (4.14)]	14,412,489,359	12,921,045,727

Standalone Financial Statements

SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT

For the year ended 31 March, 2023

Schedule 13 - Interest Earned

	(₹ in Thousands)	
	Year ended 31-03-2023	Year ended 31-03-2022
I. Interest/discount on advances/bills	645,538,069	496,165,823
II. Income on investments	181,787,319	146,189,141
III. Interest on balances with Reserve Bank of India and other inter-bank funds	8,990,052	15,281,533
IV. Others	15,322,216	16,131,799
Total	851,637,656	673,768,296

Schedule 14 - Other Income

	(₹ in Thousands)	
	Year ended 31-03-2023	Year ended 31-03-2022
I. Commission, exchange and brokerage	144,463,305	113,586,145
II. Profit/(Loss) on sale of investments (net)	3,205,455	11,132,237
III. Profit/(Loss) on revaluation of investments (net) [Refer Schedule 18(3.3)(b)]	(5,955,667)	2,644,815
IV. Profit/(Loss) on sale of land, buildings and other assets (net) ¹	(67,897)	(48,760)
V. Profit/(Loss) on exchange/derivative transactions (net)	18,020,946	19,123,801
VI. Income earned by way of dividends etc. from subsidiaries/companies and/or joint venture abroad/in India	150,000	886,524
VII. Miscellaneous Income	5,192,575	4,880,691
Total	165,008,717	152,205,453

1. includes provision for diminution in value of fixed assets

Schedule 15 - Interest Expended

	(₹ in Thousands)	
	Year ended 31-03-2023	Year ended 31-03-2022
I. Interest on deposits	317,329,440	266,837,844
II. Interest on Reserve Bank of India/Inter-bank borrowings	22,715,525	10,213,473
III. Others	82,135,247	65,394,814
Total	422,180,212	342,446,131

Schedule 16 - Operating Expenses

	(₹ in Thousands)	
	Year ended 31-03-2023	Year ended 31-03-2022
I. Payments to and provisions for employees	87,600,521	76,125,539
II. Rent, taxes and lighting	14,353,981	13,355,481
III. Printing and stationery	3,126,943	2,301,928
IV. Advertisement and publicity	1,442,342	732,598
V. Depreciation on bank's property (Refer Note 18.1)	130,944,819	10,083,656
VI. Directors' fees, allowance and expenses	55,538	49,949
VII. Auditors' fees and expenses	37,289	33,735
VIII. Law charges	1,734,008	2,071,479
IX. Postage, telegrams, telephones etc.	3,628,016	2,879,837
X. Repairs and maintenance	14,814,434	13,774,304
XI. Insurance	14,181,612	12,842,409
XII. Other expenditure (Refer Note 18.1)	124,640,396	101,856,628
Total	396,559,899	236,107,543



17 SIGNIFICANT ACCOUNTING POLICIES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31 March, 2023

1. Background

Axis Bank Limited ('the Bank') was incorporated in 1993 and provides a complete suite of banking and financial services including retail banking, wholesale banking and treasury operations. The Bank is primarily governed by the Banking Regulation Act, 1949. As on 31 March 2023, the Bank has overseas branches at Singapore, DIFC - Dubai and an Offshore Banking Unit at the International Financial Service Centre (IFSC), Gujarat International Finance Tec-City (GIFT City), Gandhinagar, India.

Effective 1 March 2023, the Bank completed the acquisition of Citibank's India Consumer Business from Citibank N.A. (acting through its branch in India) ('CBNA') and the NBFC Consumer Business from Citicorp Finance (India) Limited ('CFIL') as going concerns without assigning values to individual assets and liabilities post receipt of statutory and other approvals and completion of all other conditions as stipulated under the respective Business Transfer Agreements (BTAs).

2. Basis of preparation

The standalone financial statements ('financial statements') have been prepared and presented under the historical cost convention on the accrual basis of accounting in accordance with the generally accepted accounting principles in India, unless otherwise stated by the Reserve Bank of India ('RBI'), to comply with the statutory requirements prescribed under the Third Schedule of the Banking Regulation Act, 1949, the circulars, notifications, guidelines and directives issued by the RBI from time to time and the Accounting Standards notified under Section 133 of the Companies Act, 2013 read together with the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Rules, 2021 to the extent applicable and practices generally prevalent in the banking industry in India. Accounting policies applied have been consistent with the previous year except otherwise stated.

3. Use of estimates

The preparation of the financial statements in conformity with the generally accepted accounting principles requires the Management to make estimates and assumptions that affect the reported amounts of assets and liabilities (including contingent liabilities) at the date of the financial statements, revenues and expenses during the reporting period. Actual results could differ from those estimates. The Management believes that the estimates and assumptions used in the preparation of the financial statements are prudent and reasonable. Any revisions, as and when carried out, to the accounting estimates are recognised prospectively in the current and future periods.

4. Significant accounting policies

4.1 Investments

Classification

In accordance with the RBI guidelines, investments are classified at the time of purchase as:

- Held for Trading ('HFT');
- Available for Sale ('AFS'); and
- Held to Maturity ('HTM').

Investments that are held principally for sale within a short period are classified as HFT securities. As per the RBI guidelines, HFT securities, which remain unsold for a period of 90 days are transferred to AFS securities.

Investments that the Bank intends to hold till maturity are classified under the HTM category. Investments in the equity of subsidiaries/joint ventures and investments under TLTRO guidelines are categorised as HTM in accordance with the RBI guidelines.

All other investments are classified as AFS securities.

For disclosure in the Balance Sheet, investments in India are classified under six categories - Government Securities, Other Approved Securities, Shares, Debentures and Bonds, Investment in Subsidiaries/Joint Ventures and Others. Investments made outside India are classified under three categories - Government Securities, Subsidiaries and/or Joint Ventures abroad and Others.

All investments are accounted for on settlement date, except investments in equity shares which are accounted for on trade date.

Standalone Financial Statements

Transfer of security between categories

Transfer of security between categories of investments is accounted for as per the RBI guidelines.

Acquisition cost

Costs incurred at the time of acquisition, pertaining to investments, such as brokerage, commission etc. are charged to the Profit and Loss Account.

Broken period interest is charged to the Profit and Loss Account.

Cost of investments is computed based on the weighted average cost method.

Valuation

Investments classified under the HTM category: Investments are carried at acquisition cost unless it is more than the face value, in which case the premium is amortised over the period remaining to maturity on a constant yield to maturity basis. Such amortization of premium is adjusted against interest income under the head 'Income from Investments' under Schedule 13 in Profit and Loss Account. As per the RBI guidelines, discount on securities held under HTM category is not accrued and such securities are held at the acquisition cost till maturity.

Investments in subsidiaries/joint ventures are categorised as HTM and assessed for impairment to determine permanent diminution, if any, in accordance with the RBI guidelines and suitable provisions are made.

Investments classified under the AFS and HFT categories: Investments under these categories are marked to market. The market/fair value of quoted investments included in the AFS and HFT categories is the market price of the scrip as available from the trades/quotes on the stock exchanges or prices declared by the Fixed Income Money Market and Derivatives Association of India ('FIMMDA')/Financial Benchmark India Private Limited ('FBIL'), periodically. Net depreciation, if any, within each category of each investment classification is recognised in the Profit and Loss Account. The net appreciation, if any, under each category of each investment classification is ignored. Net depreciation on each type of investments falling under the residual category of 'Others' (i.e. mutual funds, Pass Through Certificates (PTCs), security receipts etc.) is not offset against gain in another class of investment falling within the 'Others' category. Further, in case of standard investments classified as weak (including certain internally unrated investments) as per the Bank's internal framework, the Bank recognizes net depreciation without availing the benefit of set-off against appreciation within the same class of investments as permitted under the extant RBI circular. The depreciation on securities acquired by way of conversion of outstanding loans is provided in accordance with the RBI guidelines. Provision for depreciation on investments is classified under Schedule-14 'Other Income'. The book value of individual securities is not changed consequent to the periodic valuation of investments.

Non-performing investments are identified and provision is made thereon as per the RBI guidelines. Provision for depreciation on such non-performing investments is not set off against the appreciation in respect of other performing securities as per RBI guidelines. Interest on non-performing investments is not recognized in the Profit and Loss Account until received.

Treasury Bills, Exchange Funded Bills, Commercial Paper and Certificate of Deposits being discounted instruments, are valued at carrying cost which includes discount accreted over the period to maturity.

Units of mutual funds are valued at the latest repurchase price/Net Asset Value ('NAV') declared by the mutual fund.

Market value of investments where current quotations are not available, is determined in accordance with the norms prescribed by the RBI as under:

- The market/fair value of unquoted government securities which are in the nature of Statutory Liquidity Ratio ('SLR') securities forming part of AFS and HFT categories is computed as per the rates published by FIMMDA/FBIL.
- In case of special bonds issued by the Government of India that do not qualify for SLR purposes, unquoted bonds, debentures and preference shares where interest/dividend is received regularly (i.e. not overdue beyond 90 days), the market price is derived based on the Yield to maturity ('YTM') for Government Securities as published by FIMMDA/FBIL and suitably marked up for credit risk applicable to the credit rating of the instrument. The matrix for credit risk mark-up for each category and credit ratings along with residual maturity issued by FIMMDA/FBIL is adopted for this purpose.
- In case of bonds & debentures where interest is not received regularly (i.e. overdue beyond 90 days), the valuation is in accordance with prudential norms for provisioning as prescribed by the RBI.
- PTC and Priority Sector PTCs are valued as per extant FIMMDA guidelines.



- Equity shares, for which current quotations are not available or where the shares are not quoted on the stock exchanges, are valued at break-up value (without considering revaluation reserves, if any) which is ascertained from the company's latest Balance Sheet (not older than 18 months). In case the latest Balance Sheet is not available, the shares are valued at ₹1 per company.
- Investments in listed instruments of Real Estate Investment Trust ('REIT')/Infrastructure Investment Trust ('INVIT') are valued at the closing price on the recognised stock exchange with the highest volumes. In case the instruments are not traded on any stock exchange, valuation is carried out based on the latest NAV (not older than 1 year) submitted by the trust.
- Units of Venture Capital Funds ('VCF') held under AFS category where current quotations are not available are valued based on the latest audited financial statements of the fund. In case the audited financials are not available for a period beyond 18 months, the investments are valued at ₹1 per VCF. Investment in unquoted VCF may be categorized under HTM category for the initial period of three years and are valued at cost as per the RBI guidelines.
- Investments in Security Receipts ('SRs') are valued as per the NAV declared by the issuing Asset Reconstruction Company ('ARC') or net book value of loans transferred or estimated recoverable value based on Bank's internal assessment on case to case basis, whichever is lower. In case of investments in SRs which are backed by more than 10 percent of the stressed assets sold by the Bank, the valuation of such SRs is additionally subject to a floor of face value of the SRs reduced by the provisioning rate as per the extant asset classification and provisioning norms as applicable to the underlying loans, assuming that the loan notionally continued in the books of the Bank.

Disposal of investments

Investments classified under the HTM category: Realised gains are recognised in the Profit and Loss Account and subsequently appropriated to Capital Reserve Account (net of taxes and transfer to statutory reserves) in accordance with the RBI guidelines. Losses are recognised in the Profit and Loss Account.

Investments classified under the AFS and HFT categories: Realised gains/losses are recognised in the Profit and Loss Account.

Short Sales

In accordance with the RBI guidelines, the Bank undertakes short sale transactions in Central Government dated securities. Such short positions are categorised under HFT category and netted off from investments in the Balance Sheet. These positions are marked-to-market along with the other securities under HFT portfolio and the resultant Mark-to-Market ('MTM') gains/losses are accounted for as per the relevant RBI guidelines for valuation of investments discussed earlier.

4.2 Repurchase and reverse repurchase transactions

Repurchase transactions ('Repos')

Repurchase transactions in Government securities and corporate debt securities including those conducted under the Liquidity Adjustment Facility ('LAF') and Marginal Standby Facility ('MSF') with RBI are accounted for as collateralised borrowings. Accordingly, securities given as collateral under an agreement to repurchase them, continue to be held under the investment account and the Bank continues to accrue the coupon on the security during the repo period. Borrowing cost on such repo transactions is accounted as interest expense in "Schedule 15 - Interest Expended" in the Profit and Loss Account.

Reverse repurchase transactions ('Reverse repos')

Reverse repurchase transactions with RBI with original maturity upto 14 days from the date of issuance, including those conducted under the Liquidity Adjustment Facility ('LAF') and Standing Deposit Facility ('SDF'), are accounted for as collateralised lending under "Schedule 6 - Balances with RBI - in Other Accounts". Revenue on such reverse repos is accounted for as interest income under "Schedule 13 - Interest Earned - Interest on balances with Reserve Bank of India and Other Inter-bank Funds" in the Profit and Loss Account.

Reverse repos with original maturity of more than 14 days from the date of issuance are accounted for as collateralised lending under "Schedule 9 - Advances". Revenue on such reverse repos is accounted for as interest income under "Schedule 13 - Interest Earned - Interest/discount on advances/bills" in the Profit and Loss account.

4.3 Advances

Classification and measurement of advances

Advances are classified into performing and non-performing advances ('NPAs') as per the RBI guidelines and are stated net of bills rediscounted, inter-bank participation certificates, specific provisions made towards NPAs, interest in suspense for NPAs, claims received from Export Credit Guarantee Corporation, provisions for funded interest on term loan classified as NPAs and floating provisions. Structured collateralised foreign currency loans extended to customers and deposits received from the same customer are reported on a net basis.

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The Bank transfers advances through inter-bank participation with and without risk. In accordance with the RBI guidelines, in the case of participation with risk, the aggregate amount of the participation issued by the Bank is reduced from advances and where the Bank is participating, the aggregate amount of the participation is classified under advances. In the case of participation without risk, the aggregate amount of participation issued by the Bank is classified under borrowings and where the Bank is participating, the aggregate amount of participation is shown as due from banks under advances.

Non-performing advances and provision on non-performing advances

NPAs are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by the RBI. Advances held at the overseas branches that are identified as impaired as per host country regulations for reasons other than record of recovery, but which are standard as per the RBI guidelines, are classified as NPAs to the extent of amount outstanding in the host country. NPAs are upgraded to standard as per the extant RBI guidelines.

Provisions for NPAs are made for sub-standard and doubtful assets at rates as prescribed by the RBI with the exception of schematic retail advances, agriculture advances and advances to Commercial Banking segment. In respect of schematic retail advances, provisions are made in terms of a bucket-wise policy upon reaching specified stages of delinquency (90 days or more of delinquency) under each type of loan, which satisfies the RBI prudential norms on provisioning. Provisions in respect of commercial banking group advances and agriculture advances classified into sub-standard and doubtful assets are made at rates which are higher than those prescribed by the RBI.

Provisions for advances booked in overseas branches, which are standard as per the RBI guidelines but are identified as impaired as per host country regulations for reasons other than record of recovery, are made as per the host country regulations.

In case of NPAs referred to the National Company Law Tribunal ('NCLT') under the Insolvency and Bankruptcy Code, 2016 ('IBC') where resolution plan or liquidation order has been approved by NCLT, provision is maintained at higher of the requirement under the RBI guidelines or the likely haircut as per resolution plan or liquidation order.

Provision on restructured assets

Restructured assets are classified and provided for in accordance with the guidelines issued by the RBI from time to time. In respect of advances where resolution plan has been implemented under the RBI guidelines on "Resolution Framework for COVID 19-related Stress" and "Micro, Small and Medium Enterprises (MSME) Sector – Restructuring of Advances", provisions are maintained as per the internal framework of the Bank at rates which are higher than those specified under the extant RBI circulars. Restructured loans are upgraded to standard as per the extant RBI guidelines.

Provisions held on restructured assets are reported in Schedule 5 – Other Liabilities and Provisions in the Balance Sheet.

Write-offs and recoveries from written-off accounts

Write-offs are carried out in accordance with the Bank's policy.

Amounts recovered against debts written off are recognised in the Profit and Loss Account as a credit to Provision and Contingencies.

Appropriation of funds for standard advances

In case of Equated Monthly Instalment (EMI) based standard retail advances, funds received from customers are appropriated in the order of principal, interest, penal interest and charges. In case of other standard advances, funds received from customers are appropriated in the order of charges, penal interest, interest and principal.

In case of portfolio of advances acquired from CBNA and CFIL which continue to be serviced through their respective source systems, funds received from customers in respect of accounts which are less than 90 days past due are appropriated in the order of charges, interest and principal. This appropriation logic will be aligned to the Bank's policy upon completion of migration of customer accounts to the Bank's respective source systems.

Other provisions on advances

The Bank recognises additional provisions as per the RBI's guidelines on accounts in default and with aggregate exposure above the threshold limits as laid down in the said framework where the resolution plan is not implemented within the specified timelines.

In respect of borrowers classified as non-cooperative or wilful defaulters, the Bank makes accelerated provisions as per the extant RBI guidelines.

In the case of one-time settlements with borrowers that are entered into but not closed as on the reporting date, the Bank makes provisions which is the higher of (i) the provision required based on asset classification; and (ii) the amount of contracted sacrifice, on a portfolio basis.



Loans reported as fraud are classified as loss assets, and fully provided for immediately without considering the value of security.

The Bank makes incremental provisioning (determined based on a time scale and on occurrence of predefined events) on all outstanding advances and investments relating to borrowers tagged as Red flagged accounts ('RFA').

For entities with Unhedged Foreign Currency Exposure ('UFCE'), provision is made in accordance with the guidelines issued by the RBI, which requires ascertaining the amount of UFCE, estimating the extent of likely loss and estimating the riskiness of the unhedged position. This provision is classified under Schedule 5 – Other Liabilities and Provisions in the Balance Sheet. Further, incremental capital is maintained in respect of such borrower counter parties in the highest risk category, in line with stipulations by the RBI.

The Bank maintains provisions for incremental exposure of the banking system to specified borrowers beyond the Normally Permitted Lending Limit ('NPLL') in proportion to Bank's funded exposure to the specified borrowers as per the RBI guidelines. This provision is classified under Schedule 5 – 'Other Liabilities and Provisions' in the Balance Sheet.

The Bank maintains a general provision on standard advances at the rates prescribed by the RBI. The general provision on corporate standard advances internally rated 'BB and Below' or 'Unrated' and all Special Mention Accounts-2 ('SMA-2') advances as reported to Central Repository of Information on Large Credits ('CRILC'), is maintained at rates that are higher than those prescribed by RBI. In case of overseas branches, general provision on standard advances is maintained at the higher of the levels stipulated by the respective overseas regulator or by the extant RBI guidelines. The Bank also maintains general provision on positive MTM on derivative transactions at the rates prescribed under the extant RBI guidelines.

The Bank maintains provision on non-funded outstanding in relation to NPAs, prudentially written off accounts, corporate standard advances internally rated 'BB and Below' or 'Unrated' and all SMA-2 advances as reported to CRILC. This provision is classified under Schedule 5 – 'Other Liabilities and Provisions' in the Balance Sheet.

Under its home loan portfolio, the Bank offers housing loans with certain features involving waiver of EMIs for a specific period subject to fulfilment of certain conditions by the borrower. The Bank makes provision against the probable loss that could be incurred in future on account of these waivers to eligible borrowers based on actuarial valuation conducted by an independent actuary. This provision is classified under Schedule 5 – 'Other Liabilities and Provisions' in the Balance Sheet.

As on 31 March, 2023, the Bank continues to hold provisions against the potential impact of COVID-19 (other than provisions held for restructuring under COVID-19 norms).

4.4 Country risk

In addition to the provisions required to be held according to the asset classification status, provisions are held for individual country exposure (other than for home country) as per the RBI guidelines. Such provisions are held only in respect of those countries where the net funded exposure of the Bank exceeds 1% of its total assets. For this purpose the countries are categorized into seven risk categories namely insignificant, low, moderate, high, very high, restricted and off-credit as per internal parameters in accordance with RBI guidelines. Provision is made on exposures exceeding 180 days on a graded scale ranging from 0.25% to 100%. For exposures with contractual maturity of less than 180 days, 25% of the normal provision requirement is held. If the net funded exposure of the Bank in respect of each country does not exceed 1% of the total assets, no provision is maintained on such country exposure in accordance with RBI guidelines. This provision is classified under Schedule 5 – Other Liabilities and Provisions in the Balance Sheet.

4.5 Securitisation and transfer of assets

Securitisation of Standard Assets

The Bank enters into purchase/sale of corporate and retail loans through direct assignment/Special Purpose Vehicle ('SPV'). In most cases, post securitisation, the Bank continues to service the loans transferred to the assignee/SPV. The Bank also provides credit enhancement in the form of cash collaterals and/or by subordination of cash flows to Senior Pass Through Certificate holders. In respect of credit enhancements provided or recourse obligations (projected delinquencies, future servicing etc.) accepted by the Bank, appropriate provision/disclosure is made at the time of sale in accordance with AS-29, Provisions, Contingent Liabilities and Contingent Assets as notified under Section 133 of the Companies Act, 2013 read together with the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Rules, 2021. In accordance with RBI guidelines on Securitisation of Standard Assets, any loss, profit or premium realised at the time of the sale is accounted for in the Profit and Loss Account for the accounting period during which the sale is completed. However, in case of unrealised gains arising out of sale of underlying assets to the SPV, the profit is recognised in Profit and Loss Account only when such unrealised gains associated with such income is redeemed in cash.

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Transfer of Loan Exposures

In accordance with RBI guidelines on Transfer of Loan exposures, any profit or loss arising because of transfer of loans, which is realised, is accounted for and reflected in the Profit and Loss Account for the accounting period during which the transfer is completed. Loans acquired are carried at acquisition cost unless it is more than the outstanding principal at the time of the transfer, in which case the premium paid is amortised based on a straight line method.

4.6 Priority Sector Lending Certificates

The Bank enters into transactions for the sale or purchase of Priority Sector Lending Certificates ('PSLCs'). In the case of a sale transaction, the Bank sells the fulfilment of priority sector obligation and in the case of a purchase transaction the Bank buys the fulfilment of priority sector obligation through the RBI trading platform. There is no transfer of loan assets in PSLC transactions.

4.7 Translation of Foreign Currency items

In respect of domestic operations, transactions denominated in foreign currencies are accounted for at the rates prevailing on the date of the transaction. Monetary foreign currency assets and liabilities are translated at the Balance Sheet date at rates notified by Foreign Exchange Dealers Association of India ('FEDAI'). All profits/losses resulting from year end revaluations are recognised in the Profit and Loss Account.

Financial statements of foreign branches classified as non-integral foreign operations as per the RBI guidelines are translated as follows:

- Assets and liabilities (both monetary and non-monetary as well as contingent liabilities) are translated at closing exchange rates notified by FEDAI at the Balance Sheet date.
- Income and expenses are translated at the rates prevailing on the date of the transactions.
- All resulting exchange differences are accumulated in a separate 'Foreign Currency Translation Reserve' (FCTR) till the disposal of the net investments. Any realised gains or losses on such disposal are recognised in the Profit and Loss Account except for those that relate to repatriation of accumulated profits which are reclassified from FCTR to 'Balance in Profit and Loss Account' under Schedule 2 – Reserves and Surplus in the Balance Sheet.

Contingent liabilities on account of forward exchange and derivative contracts, guarantees, acceptances, endorsements and other obligations denominated in foreign currencies are disclosed at closing rates of exchange notified by FEDAI.

4.8 Foreign exchange and derivative contracts

Derivative transactions comprise of forward contracts, swaps and options which are disclosed as contingent liabilities. The forwards, swaps and options are categorised as trading or hedge transactions. Trading derivative contracts are revalued at the Balance Sheet date with the resulting unrealised gain or loss being recognised in the Profit and Loss Account and correspondingly in other assets (representing positive MTM) and in other liabilities (representing negative MTM) on a gross basis. For hedge transactions, the Bank identifies the hedged item (asset or liability) at the inception of transaction itself. The effectiveness is ascertained at the time of inception of the hedge and periodically thereafter. Hedge swaps are accounted for on accrual basis except in case of swaps designated with an asset or liability that is carried at market value or lower of cost or market value in the financial statements. In such cases the swaps are marked-to-market with the resulting gain or loss recorded as an adjustment to the market value of the designated asset or liability. Hedge transactions that are entered after 26 June, 2019 through rupee interest rate derivatives are accounted for as per the guidance note issued by ICAI on Accounting for Derivative Contracts. Pursuant to the RBI guidelines, any receivables under derivative contracts comprising of crystallised receivables as well as positive MTM in respect of future receivables which remain overdue for more than 90 days are reversed through the Profit and Loss account and are held in a separate suspense account under Schedule 5 – 'Other Liabilities and Provisions'.

Premium on options is recognized as income/expense on expiry or early termination of the transaction.

Currency futures contracts are marked-to-market using daily settlement price on a trading day, which is the closing price of the respective futures contracts on that day. While the daily settlement price is computed based on the last half an hour weighted average price of such contracts, the final settlement price is taken as the RBI reference rate on the last trading day of the futures contracts or as may be specified by the relevant authority from time to time. All open positions are marked-to-market based on the settlement price and the resultant MTM profit/loss is daily settled with the exchange.

Valuation of Exchange Traded Currency Options ('ETCO') is carried out on the basis of the daily settlement price of each individual option provided by the exchange and valuation of Interest Rate Futures ('IRF') is carried out on the basis of the daily settlement price of each contract provided by the exchange.



Outstanding forward exchange contracts including tom/spot contracts (excluding currency swaps undertaken to hedge foreign currency assets/liabilities and funding swaps which are not revalued) are revalued at year end on Present Value basis by discounting the forward value till spot date using Alternative Reference Rate ('ARR') curve and converting the foreign currency amount using the respective spot rates as notified by FEDAI/FBIL. The resulting gains or losses on revaluation are included in the Profit and Loss Account in accordance with RBI/FEDAI guidelines.

Premium/discount on currency swaps undertaken to hedge foreign currency assets and liabilities and funding swaps is recognised as interest income/expense and is amortised on a pro-rata basis over the underlying swap period.

4.9 Revenue recognition

Interest income is recognised on an accrual basis in accordance with AS-9, Revenue Recognition as notified under Section 133 of the Companies Act, 2013 read together with the Companies (Accounts) Rules, 2014, the Companies (Accounting Standards) Rules, 2021 and the RBI guidelines, except in the case of interest income on non-performing assets where it is recognised on receipt basis as per the income recognition and asset classification norms of RBI. Income on non-coupon bearing discounted instruments or low-coupon bearing instruments is recognised over the tenor of the instrument on a constant yield basis.

Commission on guarantees and Letters of Credit ('LC') is recognized on a pro-rata basis over the period of the guarantee/LC. Locker rent is recognized on a straight-line basis over the period of contract. Annual fee for credit cards and debit cards is recognised on a straight-line basis over the period of service. Arrangements/syndication fee is accounted for on completion of the agreed service and when the right to receive is established. Other fees and commission income are recognised when due, where the Bank is reasonably certain of ultimate collection.

Interest income on investments in discounted PTCs is recognized on a constant yield basis.

Dividend income is accounted on an accrual basis when the right to receive the dividend is established.

Gain/loss on sell down of loans and advances through direct assignment is recognised at the time of sale.

Fees paid for purchase of PSLCs are amortised on straight-line basis over the tenor of the certificate as 'Other Expenditure' under Schedule 16 of the Profit and Loss Account. Fees received on sale of PSLCs are amortised on straight-line basis over the tenor of the certificate as 'Miscellaneous Income' under Schedule 14 of the Profit and Loss Account.

In accordance with RBI guidelines on sale of non-performing advances, if the sale is at a price below the net book value (i.e. book value less provisions held), the shortfall is charged to the Profit and Loss Account. If the sale is for a value higher than the net book value, the excess provision is credited to the Profit and Loss Account in the year the amounts are received.

The Bank deals in bullion business on a consignment basis. The difference between the price recovered from customers and cost of bullion is accounted for at the time of sale to the customers. The Bank also deals in bullion on a borrowing and lending basis and the interest paid/received is accounted for on an accrual basis.

4.10 Fixed assets and depreciation/impairment

Fixed assets are carried at cost of acquisition less accumulated depreciation and impairment, if any. Cost includes initial handling and delivery charges, duties, taxes and incidental expenses related to the acquisition and installation of the asset. Subsequent expenditure incurred on assets put to use is capitalised only when it increases the future economic benefit / functioning capability from / of such assets.

Capital work-in-progress includes cost of fixed assets that are not ready for their intended use and also includes advances paid to acquire fixed assets.

Depreciation is provided over the estimated useful life of a fixed asset on straight-line method from the date of addition. The Management believes that depreciation rates currently used, fairly reflect its estimate of the useful lives and residual values of fixed assets based on the historical experience of the Bank, though these rates in certain cases are different from those prescribed under Schedule II of the Companies Act, 2013. Whenever there is a revision of the estimated useful life of an asset, the unamortised depreciable amount is charged over the revised remaining useful life of the said asset.

Asset	Estimated useful life
Leased Land	As per the term of the agreement
Owned premises	60 years
Locker cabinets/cash safe/strong room door	10 years
Interior	9 years
EPABX, telephone instruments	8 years
Modem, scanner, routers, hubs, switches, racks/cabinets for IT equipment	5 years

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Asset	Estimated useful life
UPS, VSAT, fax machines	5 years
Cheque book/cheque encoder, currency counting machine, fake note detector	5 years
Application software	5 years
Electronic Data Capture (EDC)/ Point of Sale (POS) machines	5 years
Vehicles	4 years
Computer hardware including printers	3 years
CCTV and video conferencing equipment	3 years
Assets at staff residence	3 years
All other fixed assets	10 years

Assets costing less than ₹5,000 individually are fully depreciated in the year of purchase.

Depreciation on assets sold during the year is recognised on a pro-rata basis in the Profit and Loss Account till the date of sale.

Gain or losses arising from the retirement or disposal of fixed assets are determined as the difference between the net disposal proceeds and the carrying amount of assets and are recognised as income or expense in the Profit and Loss Account. Further, profit on sale of premises is appropriated to the Capital Reserve Account (net of taxes and transfer to Statutory Reserve) in accordance with RBI instructions.

The Bank has accounted for the Intangibles and Goodwill, acquired and arising from the acquisition of Citi India Consumer Business as per the generally accepted accounting principles and Accounting Standard 26 on Intangible Assets which permits amortization over the best estimate of useful life. During the year, Bank has fully amortized through the Profit and Loss Account, Intangibles and Goodwill resulting from the acquisition of the Citibank India Consumer Business. The Bank continues to have access and business use for the Intangible assets.

The carrying amounts of assets are reviewed at each Balance Sheet date to ascertain if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

4.11 Non-banking assets

Non-banking assets ('NBAs') acquired in satisfaction of claims include land. In the case of land, the Bank creates provision and follows the accounting treatment as per specific RBI directions.

4.12 Lease Transactions

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term are classified as operating lease. Lease payments for assets taken on operating lease are recognised as an expense in the Profit and Loss Account on a straight-line basis over the lease term. Lease income from assets given on operating lease is recognized as income in the Profit and Loss Account on a straight line basis over the lease term.

4.13 Employee Benefits

- **Short-term employee benefits**

Short-term employee benefits comprise salaries and other compensations payable for services which the employee has rendered during the period. These are recognized at the undiscounted amount in the Profit and Loss Account.

- **Provident Fund**

Retirement benefit in the form of provident fund is a defined benefit plan wherein the contributions are charged to the Profit and Loss Account of the year when the contributions to the fund are due and when services are rendered by the employees. Further, an actuarial valuation is conducted by an independent actuary using the Projected Unit Credit Method as at 31 March each year to determine the deficiency, if any, in the interest payable on the contributions as compared to the interest liability as per the statutory rate and the shortfall, if any, due to fluctuations in price or impairment, in the aggregate asset values of the Trust as compared to the market value. Actuarial gains/losses are immediately recognised in the Profit and Loss Account and are not deferred.

The Bank makes contribution as required by The Employees' Provident Funds and Miscellaneous Provisions Act, 1952 to the Employees' Pension Scheme administered by the Regional Provident Fund Commissioner.



The overseas branches of the Bank and its eligible employees contribute a certain percentage of their salary towards respective government schemes as per local regulatory guidelines. The contribution made by the overseas branches is recognised in the Profit and Loss account as it is in the nature of defined contribution.

- **Gratuity**

The Bank contributes towards gratuity fund (defined benefit retirement plan) administered by various insurers for eligible employees. Under this scheme, the settlement obligations remain with the Bank, although the insurers administer the scheme and determine the contribution premium required to be paid by the Bank. The plan provides a lump sum payment to vested employees at retirement or termination of employment based on the respective employee's salary and the years of employment with the Bank. The liability with regard to the gratuity fund is recognised based on actuarial valuation conducted by an independent actuary using the Projected Unit Credit Method as at 31 March each year based on certain assumptions regarding rate of interest, salary growth, mortality and staff attrition. Actuarial gains/losses are immediately recognized in the Profit and Loss Account and are not deferred.

In respect of employees at overseas branches (other than expatriates), the liability with regard to the gratuity is provided on the basis of a prescribed method as per local laws, wherever applicable.

- **Superannuation**

Employees of the Bank (other than those who moved to the Bank as part of the Citibank India Consumer Business acquisition) are entitled to receive retirement benefits under the Bank's superannuation scheme either under a cash-out option through salary or under a defined contribution plan. Through the defined contribution plan, the Bank contributes annually a sum of 10% of the employee's eligible annual basic salary to Life Insurance corporation (LIC), which undertakes to pay the lump sum and annuity benefit payments pursuant to the scheme. Superannuation contributions are recognised in the Profit and Loss Account in the period in which they accrue.

Eligible employees who moved to the Bank as part of the Citibank India Consumer Business acquisition are entitled to receive a lumpsum corpus amount under a separate superannuation scheme with vesting criteria of 10 years as a defined contribution plan. Through the defined contribution plan, the Bank makes a defined contribution annually of a sum of 25% of such employee's eligible annual basic salary to a Superannuation Trust, which undertakes to pay the lump sum payments pursuant to the scheme after the vesting period. Superannuation contributions are recognised in the Profit and Loss Account in the period in which they accrue.

- **National Pension Scheme ('NPS')**

In respect of employees who opt for contribution to the NPS, the Bank contributes certain percentage of the total basic salary of such employees to the aforesaid scheme, a defined contribution plan, which is managed and administered by pension fund management companies. NPS contributions are recognised in the Profit and Loss Account in the period in which they accrue.

- **Resettlement Allowance**

The Bank provides for resettlement allowance liability in the form of six months' pay at the time of separation, for certain eligible employees who moved to the Bank as part of the Citibank India Consumer Business acquisition. Provision for this liability is based on an actuarial valuation conducted by an independent actuary using the Projected Unit Credit Method as at 31 March each year based on certain assumptions regarding discount rate and salary escalation rate.

4.14 Reward points

The Bank runs a loyalty program which seeks to recognize and reward customers based on their relationship with the Bank. Under the program, eligible customers are granted loyalty points redeemable in future, subject to certain conditions. In addition, the Bank continues to grant reward points in respect of certain credit cards (not covered under the loyalty program). The Bank estimates the provision for such loyalty/reward points using an actuarial method at the Balance Sheet date through an independent actuary, which includes assumptions such as redemption rate, lapse rate, discount rate, value of reward points etc. Provision for the said reward points is then made based on the actuarial valuation report as furnished by the said independent actuary.

4.15 Taxation

Income tax expense is the aggregate amount of current tax and deferred tax charge. Current year taxes are determined in accordance with the relevant provisions of the Income Tax Act, 1961 and considering the material principles set out in the Income Computation and Disclosure Standards to the extent applicable. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

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Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off assets against liabilities representing current tax and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws.

Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. The impact of changes in the deferred tax assets and liabilities is recognised in the Profit and Loss Account.

Deferred tax assets are recognised and reassessed at each reporting date, based upon the Management's judgement as to whether realisation is considered as reasonably certain. Deferred tax assets are recognised on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty supported by convincing evidence that such deferred tax asset can be realised against future profits.

4.16 Share issue expenses

Share issue expenses are adjusted from the Share Premium Account in terms of Section 52 of the Companies Act, 2013.

4.17 Corporate Social Responsibility

Expenditure towards Corporate Social Responsibility is recognised in the Profit and Loss Account in accordance with the provisions of the Companies Act, 2013.

4.18 Earnings per share

The Bank reports basic and diluted earnings per share in accordance with AS-20, Earnings per Share, as notified under Section 133 of the Companies Act, 2013 read together with the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Rules, 2021. Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding for the year.

Diluted earnings per share reflects the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted earnings per share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding at the year end except where the results are anti-dilutive.

4.19 Employee stock/unit option scheme

The 2001 Employee Stock Option Scheme ('the Scheme') provides for grant of stock options on equity shares of the Bank to employees and Directors of the Bank and its subsidiaries. The Scheme is in accordance with the Securities and Exchange Board of India (SEBI) (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ('the Guidelines'). These Guidelines have since been repealed and substituted by the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021. The Scheme is in compliance with the said regulations. Options are granted at an exercise price, which is equal to the fair market price of the underlying equity shares at the date of the grant. The fair market price is the latest available closing price, prior to the date of grant, on the stock exchange on which the shares of the Bank are listed. If the shares are listed on more than one stock exchange, then the stock exchange where there is highest trading volume on the said date is considered.

Further, the 2022 Employees Stock Unit Scheme ('the ESU Scheme') provides for grant of stock units convertible into equivalent number of fully paid-up equity share(s) of the Bank to eligible employees. The ESU Scheme is in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and in compliance with the said regulations. The stock units are granted at an exercise price as determined by the Bank and specified at the time of grant which shall not be less than the face value of the equity shares of the Bank.

The Bank followed intrinsic value method to account for its stock based employee compensation plans for all the options granted till the accounting period ending 31 March, 2021.

As per RBI guidelines, for options/units granted after 31 March, 2021, the Bank follows the fair value method and recognizes the fair value of such options/units computed using the Black-Scholes model without reducing estimated forfeitures, as compensation expense over the vesting period. On exercise of the stock options/units, corresponding balance under Employee Stock Options/Units Outstanding is transferred to Share Premium. In respect of the options/units which expire unexercised, the balance standing to the credit of Employee Stock Options/Units Outstanding is transferred to the General Reserve. In respect of Employee Stock Options/Units which are granted to the employees of the subsidiaries, the Bank recovers the cost from the subsidiaries over the vesting period.



4.20 Provisions, contingent liabilities and contingent assets

In accordance with AS-29 "Provisions, Contingent Liabilities and Contingent Assets", provision is recognised when the Bank has a present obligation as a result of past event where it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

A disclosure of contingent liability is made when there is:

- a possible obligation arising from a past event, the existence of which will be confirmed by occurrence or non-occurrence of one or more uncertain future events not within the control of the Bank; or
- a present obligation arising from a past event which is not recognised as it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

4.21 Accounting for dividend

As per AS-4 'Contingencies and Events occurring after the Balance Sheet date' as notified by the Ministry of Corporate Affairs through the Companies (Accounting Standards) Rules, 2021, the Bank does not account for proposed dividend as a liability through appropriation from the Profit and Loss Account. The same is recognised in the year of actual payout post approval of the shareholders. However, the Bank considers proposed dividend in determining capital funds in computing the capital adequacy ratio.

4.22 Cash and cash equivalents

Cash and cash equivalents include cash in hand, rupee digital currency, balances with RBI, balances with other banks and money at call and short notice.

4.23 Segment Reporting

The disclosure relating to segment information is made in accordance with AS-17: Segment Reporting and relevant guidelines issued by the RBI.

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18 NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31 March, 2023

1. Acquisition of Citibank's India Consumer Business

Upon (i) the completion of conditions stipulated in the Business Transfer Agreements (BTAs) executed on 30 March, 2022 as amended from time to time; and (ii) the receipt of requisite statutory and other approvals, the Bank has acquired on a going concern basis the business assets and business liabilities of Citibank's India Consumer Business from Citibank N.A. (acting through its branch in India) ("CBNA") and the NBFC Consumer Business from Citicorp Finance (India) Limited ("CFIL") collectively referred to as Citibank India Consumer Business, effective beginning of day 1 March, 2023 (referred to as Legal Day One) without values being assigned to individual assets and liabilities.

In accordance with the BTAs, the Bank has on Legal Day One paid an Estimated Adjusted Purchase Price aggregating ₹11,602.53 crores based on the position of business assets and business liabilities acquired as at end of day 31 January, 2023, and the Bank without prejudice to any of its rights under the said BTAs estimates a further payable of ₹346.55 crores as Purchase Price True Up Amount based on its best estimate of the position of business assets and business liabilities acquired as at beginning of day 1 March, 2023. The estimated Purchase Price True Up Amount is recorded as a payable to CBNA at 31 March, 2023. Changes, if any, to the Estimated Adjusted Purchase Price and/or estimated Purchase Price True Up Amount, which are subject to review by an external firm and the Bank, upon the receipt of the final closing statement from CBNA and CFIL, shall be accounted for in the period in which the actual settlement occurs.

The Estimated Adjusted Purchase Price and estimated Purchase Price True Up Amount aggregating to ₹11,949.08 crores are attributable to (i) various intangible business and commercial rights viz. Customer relationship (including contracts), Co-branding arrangements, Business processes/ information, Non-compete rights (collectively "Intangibles") and (ii) Goodwill on acquisition of the Citibank India Consumer Business. Based on the report of an independent valuer, Intangibles (excluding Goodwill) were recognized at ₹8,714.24 crores and Goodwill at ₹3,234.84 crores in the financial statements of the Bank. Under Section 15 of the Banking Regulation Act 1949, banks are restricted from declaring dividend in the event a bank carries any intangible assets on its Balance Sheet. As a prudent measure and to protect its ability to pay dividends, the Bank has fully amortised the said Intangibles and Goodwill through the Profit and Loss account in FY 2022-23, even though the Bank continues to have access to and business use for the Intangibles. The Bank has chosen not to create any deferred tax asset on such Intangibles fully amortised through the Profit and Loss Account.

Further, the Bank has fully charged to the Profit and Loss Account (i) ₹179.27 crores towards one-time stamp duty costs relating to the acquisition of Citibank India Consumer Business and (ii) ₹361.47 crores towards harmonization of provisioning and expense policies and/or estimates used in the preparation of financial statements.

Exceptional items comprise (i) full amortization of Intangibles and Goodwill; (ii) impact of policy harmonisation of operating expenses and provisions; and (iii) one-time acquisition related expenses. The tables below quantifies and details the nature of exceptional items and its corresponding impact on Profit after Tax (PAT) for the year ended 31 March, 2023.

		(₹ in crores)
Sr. No.	Description of Exceptional item	31 March, 2023
1	Amortisation of Intangibles and Goodwill in operating expenses	11,949.08
2	Impact of harmonization of policies recognized in provisions and contingencies	232.14
3	Impact of harmonization of policies recognized in operating expenses	129.33
4	One-time acquisition costs recognized in operating expenses	179.27
	Total exceptional items	12,489.82

		(₹ in crores)
Sr. No.	Particulars	31 March, 2023
1	Profit After Tax (PAT) (as per Profit and Loss Account)	9,579.68
2	Add: Exceptional items (net of taxes)	12,353.71
3	PAT (excluding impact of exceptional items net of taxes)	21,933.39

The financial results and relevant disclosures for the year ended 31 March, 2023 with respect to the above are therefore not comparable with the previous periods.



2. COVID-19

India is emerging from the after effect of COVID-19 virus, a global pandemic that affected the world economy for more than two years. The extent to which any new wave of COVID-19 will impact the Bank's operations and asset quality will depend on the future developments, which are highly uncertain.

The Bank continues to hold provisions aggregating to ₹5,012 crores as at 31 March, 2023 against the potential impact of COVID-19 (other than provisions held for restructuring under COVID-19 norms).

3. Statutory disclosures as per RBI

3.1 Regulatory Capital

a) Composition of Regulatory Capital

The capital adequacy ratio of the Bank, calculated as per the RBI guidelines (under Basel III) is set out below:

	(₹ in crores)	
	31 March, 2023	31 March, 2022
Capital		
Common Equity Tier I (CET I)	1,19,338.71	1,09,904.38
Additional Tier I capital	4,709.33	7,970.65
Tier I	1,24,048.04	1,17,875.03
Tier II	26,115.87	15,857.89
Total capital	1,50,163.91	1,33,732.92
Total risk weighted assets and contingents	8,51,335.34	7,21,356.26
Capital ratios		
Common Equity Tier I	14.02%	15.24%
Tier I	14.57%	16.34%
Tier II	3.07%	2.20%
Capital to Risk Weighted Assets Ratio (CRAR)	17.64%	18.54%
Leverage Ratio	8.08%	8.69%
Percentage of the Shareholding of		
Government of India	Nil	Nil
State Government	Nil	Nil
Amount of paid-up equity capital raised during the year	-	-
Amount of Non- equity Tier I capital raised during the year:		
Perpetual Debt Instruments (PDI) (details given below)	-	\$600 million
Amount of Tier II capital raised of which:		
Debt capital instrument (details given below)	12,000.00	-

During the year ended 31 March, 2023, the Bank has raised Basel III compliant debt instruments eligible for Tier-I/Tier-II capital, the details of which are set out below:

Instrument	Capital	Date of maturity	Period	Coupon	Amount
Subordinated debt	Tier-II	13 December, 2032	120 months	7.88%	₹12,000.00 crores

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During the year ended 31 March, 2022, the Bank has raised Basel III compliant debt instruments eligible for Tier-I/Tier-II capital, the details of which are set out below:

Instrument	Capital	Date of maturity	Period	Coupon	Amount
Perpetual debt	Additional Tier-I	-	-	4.10%	\$600 million

Above instrument has a call option at expiry of 60 months from the date of allotment

During the year ended 31 March, 2023, the Bank redeemed Basel III compliant debt instruments eligible for Tier-I/Tier-II capital, the details of which are set out below:

Instrument	Capital	Date of maturity	Period	Coupon	Amount
Subordinated debt	Tier-II	31 December, 2022	120 months	9.15%	₹2,500.00 crores
Perpetual debt	Additional Tier-I	28 June, 2022 ¹	60 months	8.75%	₹3,500.00 crores

1. Represents call date

During the year ended 31 March, 2022, the Bank redeemed Basel III compliant debt instruments eligible for Tier-I/Tier-II capital, the details of which are set out below:

Instrument	Capital	Date of maturity	Period	Coupon	Amount
Subordinated debt	Tier-II	1 December, 2021	120 months	9.73%	₹1,500.00 crores
Subordinated debt	Tier-II	20 March, 2022	120 months	9.30%	₹1,925.00 crores
Perpetual debt	Additional Tier-I	14 December, 2021 ¹	60 months	8.75%	₹3,500.00 crores

1. Represents call date

b) Capital and Reserves and Surplus

i) Share Capital

During the year ended 31 March, 2023 and 31 March, 2022, the Bank has not raised equity capital other than allotment of equity shares to eligible employees upon exercise of options under Employees Stock Option Scheme.

ii) Draw down from Reserves

During the year ended 31 March, 2023 and 31 March, 2022 the Bank has not undertaken any drawdown from reserves.

iii) Special Reserve

During the year, the Bank has appropriated ₹841.00 crores (previous year ₹609.19 crores) to the Special Reserve created and maintained in terms of Section 36 (1) (viii) of the Income-tax Act, 1961.

iv) Investment Reserve

During the year, the Bank has utilised ₹148.50 crores (previous year appropriation of ₹148.50 crores) from the Investment Reserve.

v) Capital Reserve

During the year, the Bank has appropriated ₹67.84 crores (previous year ₹441.04 crores) to the Capital Reserve net of taxes and transfer to Statutory Reserve, being the gain on sale of HTM investments in accordance with RBI guidelines.

vi) Investment Fluctuation Reserve

During the year, the Bank has appropriated ₹73.00 crores (previous year ₹455.00 crores) to the Investment Fluctuation Reserve in accordance with RBI guidelines.

vii) General Reserve

The Bank has transferred ₹1.61 crores to the General Reserve from the Employee Stock Options Outstanding Account, in respect of vested employee stock options that have lapsed during the year ended 31 March, 2023.



3.2 Asset liability management

a) Maturity pattern of certain items of assets and liabilities

As at 31 March, 2023

(₹ in crores)

	Deposits ¹	Advances ^{1,2}	Investments ^{1,4}	Borrowings ¹	Foreign Currency Assets ³	Foreign Currency Liabilities ³
1 day	16,759.25	7,736.00	92,392.42	-	12,183.03	796.77
2 days to 7 days	35,148.43	10,747.89	5,449.84	3,348.59	13,199.29	2,947.79
8 days to 14 days	19,806.80	8,918.27	11,736.76	5,278.84	1,875.85	705.29
15 days to 30 days	25,464.69	18,481.64	12,598.72	4,316.13	9,460.91	5,373.50
31 days and upto 2 months	37,953.46	29,341.35	8,001.95	6,609.57	3,615.49	6,544.07
Over 2 months and upto 3 months	39,823.61	17,886.04	6,434.32	13,052.58	8,993.61	11,810.90
Over 3 months and upto 6 months	51,887.72	34,400.14	8,499.16	18,909.50	8,760.09	12,728.04
Over 6 months and upto 1 year	116,197.84	60,264.50	21,692.03	30,206.47	4,383.73	8,356.61
Over 1 year and upto 3 years	32,918.35	174,259.17	17,167.86	65,771.37	5,796.47	10,954.75
Over 3 years and upto 5 years	2,805.78	98,935.11	13,756.05	19,155.71	5,570.55	5,271.72
Over 5 years	568,179.28	384,332.73	90,935.04	19,651.28	3,353.35	11,134.03
Total	946,945.21	845,302.84	288,664.15	186,300.04	77,192.37	76,623.47

As at 31 March, 2022

(₹ in crores)

	Deposits ¹	Advances ^{1,2}	Investments ^{1,4}	Borrowings ¹	Foreign Currency Assets ³	Foreign Currency Liabilities ³
1 day	14,183.51	5,317.64	75,537.21	-	9,714.81	518.79
2 days to 7 days	37,043.82	7,255.75	8,336.49	7,814.52	7,986.06	1,865.57
8 days to 14 days	13,910.41	7,266.69	6,254.19	1,745.45	2,484.67	1,834.83
15 days to 30 days	28,631.46	13,475.92	5,523.81	6,513.71	10,548.69	9,074.48
31 days and upto 2 months	32,939.20	23,351.88	6,659.33	10,094.12	8,691.62	8,482.07
Over 2 months and upto 3 months	30,179.24	25,416.85	4,965.40	16,449.75	7,943.94	9,721.94
Over 3 months and upto 6 months	63,377.75	39,278.51	10,871.83	19,620.14	10,697.72	15,466.14
Over 6 months and upto 1 year	82,573.56	50,557.91	24,494.08	49,140.66	7,123.16	9,791.16
Over 1 year and upto 3 years	25,399.16	142,388.42	31,416.18	45,702.96	6,961.77	7,214.19
Over 3 years and upto 5 years	2,089.71	86,220.11	12,138.67	17,452.55	3,478.53	4,938.59
Over 5 years	491,643.73	307,416.91	89,287.48	10,600.00	6,406.81	6,902.54
Total	821,971.55	707,946.59	275,484.67	185,133.86	82,037.78	75,810.30

1. Includes foreign currency balances.
2. For the purpose of disclosing the maturity pattern, advances that have been subject to risk participation vide Inter-Bank Participation Certificates ('IBPCs') and Funded Risk Participation ('FRPs') have been classified in the maturity bucket corresponding to the contractual maturities of IBPC instruments.
3. Maturity profile of foreign currency assets and liabilities excludes off balance sheet items.
4. Listed equity investments (except strategic investments) have been considered at 50% haircut as per RBI directions.
5. Classification of assets and liabilities under the different maturity buckets is based on the same estimates and assumptions as used by the Bank for compiling the return submitted to the RBI, which has been relied upon by the auditors.

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b) Disclosure on Liquidity Coverage Ratio

Qualitative disclosure

The Bank has adopted the Basel III framework on liquidity standards as prescribed by RBI and has put in place requisite systems and processes to enable periodical computation and reporting of the Liquidity Coverage Ratio (LCR). The mandated regulatory threshold is embedded into the Risk Appetite Statement of the Bank thus subjecting LCR maintenance to Board oversight and periodical review. The Bank computes the LCR and reports the same to the Asset Liability Management Committee (ALCO) every month for review as well as to the Risk Management Committee of the Board.

The Bank computes LCR on a daily basis and in accordance with RBI guidelines the quarterly disclosures of LCR contain data on the simple average calculated on daily observations over the quarter.

The Bank follows the criteria laid down by RBI for calculation of High Quality Liquid Assets (HQLA), gross outflows and inflows within the next 30-day period. HQLA predominantly comprises Government securities viz. Treasury Bills, Central and State Government securities. A relatively smaller part of HQLA is accounted for by the corporate bonds with mandated haircuts applied thereto.

The Bank monitors the concentration of funding sources from significant counterparties, significant instruments/products as part of the asset liability management framework. The Bank adheres to the regulatory and internal limits on Inter-bank liability and call money borrowings which form part of the ALM policy. The Bank's funding sources are fairly dispersed across sources and maturities.

Expected derivative cash outflows and inflows are calculated for outstanding contracts in accordance with laid down valuation methodologies. Cash flows, if any, from collaterals posted against derivatives are not considered.

Apart from the LCR position in all currencies put together, the Bank monitors the LCR in US Dollar currency which qualifies as a significant currency as per RBI guidelines.

The liquidity management of the Bank is undertaken by the Asset Liability Management group in the Treasury department in accordance with the Board approved policies and ALCO approved funding plans. The Risk department measures and monitors the liquidity profile of the Bank with reference to the Board approved limits, for both domestic as well as overseas operations, on a static as well as on a dynamic basis by using the gap analysis technique supplemented by monitoring of key liquidity ratios and periodical liquidity stress testing. Periodical reports are placed before the Bank's ALCO for perusal and review. As per RBI guidelines, Bank is required to maintain a minimum of 100% of Liquidity Coverage Ratio, which was applicable for all the quarters for the financial years ending on 31 March, 2023 and 31 March, 2022.

All significant outflows and inflows determined in accordance with RBI guidelines are included in the prescribed LCR computation template.



Quantitative disclosure

(₹ in crores)

	Quarter ended 31 March, 2023		Quarter ended 31 December, 2022		Quarter ended 30 September, 2022		Quarter ended 30 June, 2022	
	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets								
1 Total High Quality Liquid Assets (HQLAs)		247,980.92		229,884.88		237,598.27		241,077.03
Cash Outflows								
2 Retail Deposits and deposits from small business customers, of which:	482,386.46	42,941.42	458,088.11	40,811.67	444,730.55	39,661.95	434,794.50	38,815.50
(i) Stable Deposits	105,944.55	5,297.23	99,942.78	4,997.14	96,222.15	4,811.11	93,279.05	4,663.95
(ii) Less Stable Deposits	376,441.91	37,644.19	358,145.33	35,814.53	348,508.40	34,850.84	341,515.45	34,151.55
3 Unsecured wholesale funding, of which :	247,110.11	138,553.33	244,431.24	141,002.94	243,921.59	144,433.65	260,388.97	156,086.76
(i) Operational deposits (all counterparties)	18,446.68	4,589.24	16,173.14	4,021.52	13,643.80	3,389.73	12,949.48	3,218.88
(ii) Non-operational deposits (all counterparties)	228,663.43	133,964.09	228,258.10	136,981.42	230,277.79	141,043.92	247,439.49	152,867.88
(iii) Unsecured debt	-	-	-	-	-	-	-	-
4 Secured wholesale funding		-		-		-		-
5 Additional requirements, of which :	64,944.77	50,038.76	46,680.29	36,847.09	48,593.89	38,933.04	39,588.40	30,664.49
(i) Outflows related to derivative exposures and other collateral requirements	46,202.14	46,202.14	33,837.95	33,837.95	36,687.77	36,687.77	29,000.30	29,000.30
(ii) Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii) Credit and liquidity facilities	18,742.63	3,836.62	12,842.34	3,009.14	11,906.12	2,245.27	10,588.10	1,664.19
6 Other contractual funding obligations	22,167.78	22,167.78	22,461.87	22,461.87	19,014.77	19,014.77	20,490.11	20,490.11
7 Other contingent funding obligations	491,237.66	21,193.99	452,127.88	19,284.36	437,460.54	18,690.48	411,347.55	17,579.64
8 Total Cash Outflows		274,895.28		260,407.93		260,733.89		263,636.50
Cash Inflows								
9 Secured lending (eg. reverse repo)	4,496.71	-	126.77	-	143.14	-	11,613.11	-
10 Inflows from fully performing exposures	56,292.54	40,353.17	43,676.57	31,960.87	38,907.06	29,706.48	40,505.55	29,036.18
11 Other cash inflows	43,179.73	43,179.73	31,040.74	31,040.74	34,531.55	34,531.55	27,166.33	27,166.33
12 Total Cash Inflows	103,968.98	83,532.90	74,844.08	63,001.61	73,581.75	64,238.03	79,284.97	56,202.51
	Total adjusted Value		Total adjusted Value		Total adjusted Value		Total adjusted Value	
13 Total HQLA		247,980.92		229,884.88		237,598.27		241,077.03
14 Total Net Cash Outflows		191,362.38		197,406.32		196,495.86		207,433.99
15 Liquidity Coverage Ratio %		129.59%		116.45%		120.92%		116.22%

Notes:

- 1) Average for all the quarters is simple average of daily observations for the quarter
- 2) Classification of inflows and outflows for determining the run off factors is based on the same estimates and assumptions as used by the Bank for compiling the return submitted to the RBI, which has been relied upon by the auditors

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(₹ in crores)

	Quarter ended 31 March, 2022		Quarter ended 31 December, 2021		Quarter ended 30 September, 2021		Quarter ended 30 June, 2021		
	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	
High Quality Liquid Assets									
1	Total High Quality Liquid Assets (HQLAs)	247,519.05	243,858.03	239,327.42	215,604.04				
Cash Outflows									
2	Retail Deposits and deposits from small business customers, of which:	427,301.99	38,166.88	416,235.28	36,428.42	404,815.33	32,975.93	393,015.07	31,905.43
	(i) Stable Deposits	91,266.46	4,563.32	103,902.27	5,195.11	150,112.00	7,505.60	147,921.57	7,396.08
	(ii) Less Stable Deposits	336,035.53	33,603.55	312,333.02	31,233.30	254,703.33	25,470.33	245,093.50	24,509.35
3	Unsecured wholesale funding, of which:	275,595.76	164,685.22	277,333.41	166,737.37	263,267.72	158,418.00	248,118.43	149,077.91
	(i) Operational deposits (all counterparties)	13,998.66	3,481.98	13,507.54	3,355.14	12,911.04	3,205.91	14,822.54	3,683.92
	(ii) Non-operational deposits (all counterparties)	261,597.10	161,203.23	263,825.86	163,382.23	250,356.68	155,212.09	233,295.90	145,393.99
	(iii) Unsecured debt	-	-	-	-	-	-	-	-
4	Secured wholesale funding	-	-	-	-	-	-	-	-
5	Additional requirements, of which:	49,452.02	39,248.16	44,090.15	34,903.07	53,274.72	45,430.44	45,505.58	38,769.72
	(i) Outflows related to derivative exposures and other collateral requirements	37,514.33	37,514.33	32,216.10	32,216.10	43,237.24	43,237.24	36,322.32	36,322.32
	(ii) Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
	(iii) Credit and liquidity facilities	11,937.69	1,733.84	11,874.04	2,686.97	10,037.48	2,193.20	9,183.26	2,447.40
6	Other contractual funding obligations	20,496.92	20,496.92	20,039.81	20,039.81	16,014.46	16,014.46	14,118.16	14,118.16
7	Other contingent funding obligations	378,769.72	16,282.04	348,838.75	14,962.16	328,623.55	14,116.76	327,377.18	14,001.09
8	Total Cash Outflows	278,879.21	273,070.83	266,955.59	247,872.31				
Cash Inflows									
9	Secured lending (eg. reverse repo)	44,528.38	-	39,197.49	-	40,876.92	-	26,790.71	-
10	Inflows from fully performing exposures	42,763.59	30,232.20	39,012.96	27,802.71	37,294.78	26,247.60	34,658.60	24,525.66
11	Other cash inflows	35,641.28	35,641.28	30,448.63	30,448.63	41,507.53	41,507.53	34,458.32	34,458.32
12	Total Cash Inflows	122,933.26	65,873.48	108,659.07	58,251.33	119,679.23	67,755.13	95,907.63	58,983.98
		Total adjusted Value		Total adjusted Value		Total adjusted Value		Total adjusted Value	
13	Total HQLA		247,519.05		243,858.03		239,327.42		215,604.04
14	Total Net Cash Outflows		213,005.73		214,819.49		199,200.46		188,888.33
15	Liquidity Coverage Ratio %		116.20%		113.52%		120.14%		114.14%

Notes:

- 1) Average for all the quarters is simple average of daily observations for the quarter
- 2) Classification of inflows and outflows for determining the run off factors is based on the same estimates and assumptions as used by the Bank for compiling the return submitted to the RBI, which has been relied upon by the auditors



3.3 Investments

a) Composition of Investments

As at 31 March, 2023

(₹ in crores)

	Investments in India						Investments outside India					Total Investments
	Government Securities	Other Approved Securities	Shares	Debentures and Bonds	Subsidiaries and/or joint ventures	Others	Total Investments in India	Government Securities (including local authorities)	Subsidiaries and/or joint ventures	Others	Total Investments outside India	
Held to Maturity												
Gross	190,079.74	-	-	19,015.66	2,622.29	-	211,717.69	-	332.30	-	332.30	212,049.99
Less: Provision for non-performing investments (NPI)	-	-	-	-	-	-	-	-	-	-	-	-
Net	190,079.74	-	-	19,015.66	2,622.29	-	211,717.69	-	332.30	-	332.30	212,049.99
Available for Sale												
Gross	25,452.91	-	2,472.37	33,344.70	-	1,510.97	62,780.95	8,486.17	-	475.43	8,961.60	71,742.55
Less: Provision for non-performing investments (NPI)	-	-	(550.23)	(610.05)	-	(36.24)	(1,196.52)	-	-	(254.41)	(254.41)	(1,450.93)
Less: Provision for depreciation	(13.16)	-	(164.14)	(671.64)	-	(105.38)	(954.32)	1.47	-	(6.59)	(5.12)	(959.44)
Net	25,439.75	-	1,758.00	32,063.01	-	1,369.35	60,630.11	8,487.64	-	214.43	8,702.07	69,332.18
Held for Trading												
Gross	3,747.34	-	-	3,685.59	-	-	7,432.93	-	-	-	-	7,432.93
Less: Provision for non-performing investments (NPI)	-	-	-	-	-	-	-	-	-	-	-	-
Less: Provision for depreciation	(0.27)	-	-	-	-	-	(0.27)	-	-	-	-	(0.27)
Net	3,747.07	-	-	3,685.59	-	-	7,432.66	-	-	-	-	7,432.66
Total Investments												
Gross	219,279.99	-	2,472.37	56,045.95	2,622.29	1,510.97	281,931.57	8,486.17	332.30	475.43	9,293.90	291,225.47
Less: Provision for non-performing investments (NPI)	-	-	(550.23)	(610.05)	-	(36.24)	(1,196.52)	-	-	(254.41)	(254.41)	(1,450.93)
Less: Provision for depreciation	(13.43)	-	(164.14)	(671.64)	-	(105.38)	(954.59)	1.47	-	(6.59)	(5.12)	(959.71)
Net	219,266.56	-	1,758.00	54,764.26	2,622.29	1,369.35	279,780.46	8,487.64	332.30	214.43	9,034.37	288,814.83

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(₹ in crores)

	Investments in India						Investments outside India					Total Investments
	Government Securities	Other Approved Securities	Shares	Debentures and Bonds	Subsidiaries and/or joint ventures	Others	Total Investments in India	Government Securities (including local authorities)	Subsidiaries and/or joint ventures	Others	Total Investments outside India	
Held to Maturity												
Gross	172,227.05	-	-	18,043.03	2,215.65	0.27	192,486.00	-	332.30	-	332.30	192,818.30
Less: Provision for non-performing investments (NPI)	-	-	-	-	-	-	-	-	-	-	-	-
Net	172,227.05	-	-	18,043.03	2,215.65	0.27	192,486.00	-	332.30	-	332.30	192,818.30
Available for Sale												
Gross	42,146.43	-	2,553.56	26,834.46	-	1,814.03	73,348.48	5,670.56	-	506.49	6,177.05	79,525.53
Less: Provision for non-performing investments (NPI)	-	-	(788.70)	(1,097.37)	-	(131.53)	(2,017.60)	-	-	(245.12)	(245.12)	(2,262.72)
Less: Provision for depreciation	(12.86)	-	(5.90)	(46.41)	-	(321.59)	(386.76)	(0.80)	-	-	(0.80)	(387.56)
Net	42,133.57	-	1,758.96	25,690.68	-	1,360.91	70,944.12	5,669.76	-	261.37	5,931.13	76,875.25
Held for Trading												
Gross	4,732.53	-	-	1,171.12	-	-	5,903.65	-	-	-	-	5,903.65
Less: Provision for non-performing investments (NPI)	-	-	-	-	-	-	-	-	-	-	-	-
Less: Provision for depreciation	-	-	-	-	-	-	-	-	-	-	-	-
Net	4,732.53	-	-	1,171.12	-	-	5,903.65	-	-	-	-	5,903.65
Total Investments												
Gross	219,106.01	-	2,553.56	46,048.61	2,215.65	1,814.30	271,738.13	5,670.56	332.30	506.49	6,509.35	278,247.48
Less: Provision for non-performing investments (NPI)	-	-	(788.70)	(1,097.37)	-	(131.53)	(2,017.60)	-	-	(245.12)	(245.12)	(2,262.72)
Less: Provision for depreciation	(12.86)	-	(5.90)	(46.41)	-	(321.59)	(386.76)	(0.80)	-	-	(0.80)	(387.56)
Net	219,093.15	-	1,758.96	44,904.83	2,215.65	1,361.18	269,333.77	5,669.76	332.30	261.37	6,263.43	275,597.20



b) Movement of Provisions for Depreciation and Investment Fluctuation Reserve

Particulars	(₹ in crores)	
	31 March, 2023	31 March, 2022
A Movement of provisions held towards depreciation on investment		
Opening Balance	387.56	1,954.60
Add: Provisions made during the year ¹	790.63	-
Less: Write off/ write back of excess provisions during the year	(218.48)	(1,567.04)
Closing Balance	959.71	387.56
B Movement of Investment Fluctuation Reserve		
Opening Balance	1,709.00	1,254.00
Add : Amount transferred during the year	73.00	455.00
Less : Drawdown	-	-
Closing Balance	1,782.00	1,709.00
C Closing Balance in IFR as a percentage of closing balance of investments in AFS and HFT category (net of provision for depreciation and provision for non-performing investments)	2.32%	2.06%

1. including transfer from interest capitalization account

c) Sale and transfers to/from HTM category

During the years ended 31 March, 2023 and 31 March 2022, the value of sales/transfers of securities to/from HTM category (excluding one-time transfer of securities, additional shifting of securities explicitly permitted by RBI and sales to RBI under Open Market Operations (OMO) /Government Securities Acquisition Programme (GSAP)/Conversion/Switch auctions) did not exceed 5% of the book value of investments held in HTM category at the beginning of the year.

d) Non-SLR investment portfolio

i) Movement in non-performing non SLR investments are set out below:

Particulars	(₹ in crores)	
	31 March, 2023	31 March, 2022
Opening balance	3,031.21	2,633.15
Additions during the year	616.93	968.47
Reductions during the year	(2,063.00)	(570.41)
Closing balance	1,585.14	3,031.21
Total provisions held	1,450.93	2,262.72

ii) Issuer composition Non-SLR investments*:

As at 31 March, 2023

Sr. No.	Issuer	(₹ in crores)				
		Total Amount	Extent of private placement	Extent of "below investment grade" securities	Extent of "unrated" securities	Extent of "unlisted" securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
i.	Public Sector Units	3,862.12	3,526.63	84.70	-	1,520.20
ii.	Financial Institutions	5,137.01	4,460.31	77.06	-	-
iii.	Banks	7,735.19	6,860.40	-	-	905.83
iv.	Private Corporates	42,259.43	33,478.08	672.68	187.28	3,557.71
v.	Subsidiaries/Joint Ventures	2,954.59	2,954.59	-	-	2,954.59
vi.	Others	9,997.14	1,510.98	-	-	1,480.97
vii.	Provision held towards depreciation on investments	(946.28)	N.A.	N.A.	N.A.	N.A.
viii.	Provision held towards non performing investments	(1,450.93)	N.A.	N.A.	N.A.	N.A.
	Total	69,548.27	52,790.99	834.44	187.28	10,419.30

Amounts reported under columns (4), (5), (6) and (7) above are not mutually exclusive.

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As at 31 March, 2022

(₹ in crores)

Sr. No.	Issuer	Total Amount	Extent of private placement	Extent of "below investment grade" securities	Extent of "unrated" securities	Extent of "unlisted" securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
i.	Public Sector Units	1,857.57	1,419.35	84.70	-	549.42
ii.	Financial Institutions	2,579.59	2,337.23	77.12	-	1,449.95
iii.	Banks	6,731.25	5,740.77	-	-	-
iv.	Private Corporates	37,940.26	28,518.20	1,319.64	667.96	4,120.04
v.	Subsidiaries/Joint Ventures	2,547.94	2,547.94	-	-	2,547.94
vi.	Others	7,484.86	1,814.30	-	-	1,814.30
vii.	Provision held towards depreciation on investments	(374.70)	N.A.	N.A.	N.A.	N.A.
viii.	Provision held towards non performing investments	(2,262.72)	N.A.	N.A.	N.A.	N.A.
Total		56,504.05	42,377.79	1,481.46	667.96	10,481.65

Amounts reported under columns (4), (5), (6) and (7) above are not mutually exclusive.

*excludes investments in non-SLR government securities amounting to ₹5,000.00 (previous year ₹5,000.00)

e) Repo Transactions (in face value terms)

Details of securities sold/purchased (in face value terms) under repos/reverse repos including LAF and MSF transactions (including Triparty repos and repos under Targeted Long Term Repo Operations and SDF under reverse repos):

Year ended 31 March, 2023

(₹ in crores)

	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	As at 31 March, 2023
Securities sold under repos				
i. Government Securities	7,389.35	43,001.88	26,321.49	7,389.35
ii. Corporate debt Securities	-	-	-	-
iii. Any other securities	-	-	-	-
Securities purchased under reverse repos				
i. Government Securities	-	57,252.69	4,174.23	10,958.46
ii. Corporate debt Securities	-	-	-	-
iii. Any other securities	-	-	-	-

There have been no defaults in making the same set of securities available at the time of 2nd leg settlement of the Term Reverse Repo during the year ended 31 March, 2023.

Year ended 31 March, 2022

(₹ in crores)

	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	As at 31 March, 2022
Securities sold under repos				
i. Government Securities	17,364.93	41,087.22	20,070.86	24,543.08
ii. Corporate debt Securities	-	60.99	51.45	-
iii. Any other securities	-	-	-	-
Securities purchased under reverse repos				
i. Government Securities	11,995.59	57,467.38	36,808.01	48,016.50
ii. Corporate debt Securities	-	-	-	-
iii. Any other securities	-	-	-	-

There have been no defaults in making the same set of securities available at the time of 2nd leg settlement of the Term Reverse Repo during the year ended 31 March, 2022.



3.4 Asset Quality

a) i) Movement in gross non-performing assets is set out below:

(₹ in crores)

	31 March, 2023			
	Advances	Investments	Others ¹	Total
Gross NPAs as at the beginning of the year	18,565.63	3,031.21	225.48	21,822.32
Additions on account of acquisition ²	395.70	-	-	395.70
Intra Category Transfer	(90.65)	325.60	(234.95)	-
Additions (fresh NPAs) during the year	13,948.53	291.33	9.47	14,249.33
Sub-total (A)	32,819.21	3,648.14	-	36,467.35
Less:-				
(i) Upgradations	6,389.31	211.22	-	6,600.53
(ii) Recoveries (excluding recoveries made from upgraded accounts) ³	3,162.53	806.69	-	3,969.22
(iii) Technical/Prudential Write-offs	5,045.76	474.52	-	5,520.28
(iv) Write-offs other than those under (iii) above	1,202.52	570.57	-	1,773.09
Sub-total (B)	15,800.12	2,063.00	-	17,863.12
Gross NPAs as at the end of the year (A-B)	17,019.09	1,585.14	-	18,604.23

1. represents application money for investments

2. represents amount of gross NPAs acquired from Citibank India Consumer Business

3. includes recoveries from sale of NPAs

(₹ in crores)

	31 March, 2022			
	Advances	Investments	Others ¹	Total
Gross NPAs as at the beginning of the year	22,681.69	2,633.15	-	25,314.84
Intra Category Transfer	(221.25)	-	221.25	-
Additions (fresh NPAs) during the year	19,136.93	968.47	4.35	20,109.75
Sub-total (A)	41,597.37	3,601.62	225.60	45,424.59
Less:-				
(i) Upgradations	10,958.02	32.37	-	10,990.39
(ii) Recoveries (excluding recoveries made from upgraded accounts) ²	2,948.11	411.58	0.12	3,359.81
(iii) Technical/Prudential Write-offs	7,635.48	81.42	-	7,716.90
(iv) Write-offs other than those under (iii) above	1,490.13	45.04	-	1,535.17
Sub-total (B)	23,031.74	570.41	0.12	23,602.27
Gross NPAs as at the end of the year (A-B)	18,565.63	3,031.21	225.48	21,822.32

1. represents application money for investments

2. includes recoveries from sale of NPAs

ii) Movement in provisions for non-performing assets is set out below:

(₹ in crores)

	31 March, 2023			
	Advances	Investments	Others ¹	Total
Opening balance at the beginning of the year	13,720.69	2,262.72	157.87	16,141.28
Provisions transferred on acquisition ²	203.59	-	-	203.59
Intra-Category Transfer	(90.65)	260.09	(169.44)	-
Provisions made during the year	6,355.89	280.11	-	6,636.00
Effect of exchange rate fluctuation	118.21	9.35	11.57	139.13
Transfer from restructuring provision	-	-	-	-
Write-offs/(write back) of excess provision	(6,875.29)	(1,361.34)	-	(8,236.63)
Closing balance at the end of the year	13,432.44	1,450.93	-	14,883.37

1. represents application money for investments

2. represents provisions transferred from Citibank India Consumer Business

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(₹ in crores)

	31 March, 2022			
	Advances	Investments	Others ¹	Total
Opening balance at the beginning of the year	16,043.23	2,145.75	-	18,188.98
Intra-Category Transfer	(88.50)	-	88.50	-
Provisions made during the year	7,366.06	258.01	65.02	7,689.09
Effect of exchange rate fluctuation	61.74	11.62	4.39	77.75
Transfer from restructuring provision	0.47	-	-	0.47
Write-offs/(write back) of excess provision ²	(9,622.31)	(152.66)	(0.04)	(9,815.01)
Closing balance at the end of the year	13,720.69	2,262.72	157.87	16,141.28

1. represents application money for investments
2. includes provision utilised for sale of NPAs amounting to ₹231.26 crores

iii) Movement in net non-performing assets is set out below:

(₹ in crores)

	31 March, 2023			
	Advances	Investments	Others ¹	Total
Opening balance at the beginning of the year	4,745.30	699.25	67.61	5,512.16
Additions on account of acquisition ²	192.11	-	-	192.11
Intra-Category Transfer	-	65.51	(65.51)	-
Additions during the year	7,592.64	11.22	9.47	7,613.33
Effect of exchange rate fluctuation	(118.21)	(9.35)	(11.57)	(139.13)
Reductions during the year	(8,924.83)	(701.66)	-	(9,626.49)
Interest Capitalisation – Restructured NPA Accounts	(47.90)	54.84	-	6.94
Closing balance at the end of the year³	3,439.11	119.81	-	3,558.92

1. represents application money for investments
2. represents additions to non-performing assets (net of provisions) transferred from Citibank India Consumer Business
3. after netting of balance in Sundries Account (Interest Capitalization - Restructured Accounts), in respect of NPA accounts amounting to ₹161.94 crores which is not recognized as income as per RBI guidelines

(₹ in crores)

	31 March, 2022			
	Advances	Investments	Others ¹	Total
Opening balance at the beginning of the year	6,584.59	408.93	-	6,993.52
Additions during the year	11,637.65	710.46	72.08	12,420.19
Effect of exchange rate fluctuation	(61.74)	(11.62)	(4.39)	(77.75)
Reductions during the year	(13,369.43)	(417.75)	(0.08)	(13,787.26)
Interest Capitalisation – Restructured NPA Accounts	(45.77)	9.23	-	(36.54)
Closing balance at the end of the year²	4,745.30	699.25	67.61	5,512.16

1. represents application money for investments
2. after netting of balance in Sundries Account (Interest Capitalization - Restructured Accounts), in respect of NPA accounts amounting to ₹168.88 crores which is not recognized as income as per RBI guidelines



iv) Classification of advances and provisions held

For the year 31 March, 2023

(₹ in crores)

	Standard	Non-Performing			Total	
	Total Standard Advances	Sub-standard	Doubtful	Loss		Total Non-Performing Advances
Gross Standard Advances and NPAs						
Opening Balance	702,953.91	3,852.85	8,109.54	6,603.24	18,565.63	721,519.54
Inter-Category transfer from/(to) Investments					(90.65)	
Add: Additions on account of acquisition ¹					395.70	
Add: Additions during the year					13,948.53	
Less: Reductions during the year*					(15,800.12)	
Closing Balance	841,866.98	3,888.81	7,223.19	5,907.09	17,019.09	858,886.07
*Reductions in Gross NPAs due to:						
i) Upgradation					(6,389.31)	
ii) Recoveries (excluding recoveries from upgraded accounts)					(3,162.53)	
iii) Technical/Prudential Write-offs					(5,045.76)	
iv) Write-offs other than (iii) above ²					(1,202.52)	
Provisions (excluding Floating Provisions)						
Opening Balance of Provisions held³	7,232.04	1,680.63	5,453.31	6,586.75	13,720.69	20,952.73
Inter category transfer from/(to) Investments & Others					(90.65)	
Add: Provisions transferred on acquisition ¹					203.59	
Add: Fresh provisions made during the year					6,355.89	
Effect of exchange rate fluctuation					118.21	
Transfer from restructuring provision					-	
Less: Excess Provision reversed/ Write-off loans					(6,875.29)	
Closing Balance of Provisions held³	7,815.83	1,999.97	5,549.73	5,882.74	13,432.44	21,248.27
Net NPAs						
Opening Balance		2,172.19	2,573.11	-	4,745.30	
Add: Additions (net of provisions) on account of acquisition ¹					192.11	
Add: Fresh Additions during the year					7,592.64	
Effect of exchange rate fluctuation					(118.21)	
Less: Reductions during the year					(8,924.83)	
Less: Interest Capitalisation - Restructured NPA Accounts					(47.90)	
Closing Balance⁴		1,888.00	1,551.11	-	3,439.11	
Floating Provisions						
Opening Balance						3.25
Add: Additional provisions made during the year						-
Less: Amount of drawn down during the year						-
Closing Balance of Floating provisions						3.25
Technical write-offs and recoveries made thereon (includes advances, investments and others)						
Opening balance of Technical/Prudential written-off accounts						36,255.53
Add: Technical/ Prudential write-offs during the year						5,520.28
Add: Effect of exchange rate fluctuation						520.59
Less: Recoveries made from previously technical/prudential written-off accounts during the year						(2,523.41)
Less: Accounts upgraded pursuant to implementation of resolution plan (change in ownership)						(124.96)
Less: Sacrifice made from previously technical/prudential written-off accounts during the year						(1,632.73)
Closing Balance						38,015.30

1. represents additions to non-performing assets/provisions transferred from Citibank India Consumer Business

2. including sale of NPAs

3. provision for standard advances includes provision on loans under moratorium as per RBI guidelines on COVID-19 regulatory package of ₹3,130.18 crores

4. after netting of balance in Sundries Account (Interest Capitalization - Restructured Accounts), in respect of NPA accounts amounting to ₹147.54 crores which is not recognized as income as per RBI guidelines

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For the year 31 March, 2022

(₹ in crores)

	Standard		Non-Performing		Total Non-Performing Advances	Total
	Total Standard Advances	Sub-standard	Doubtful	Loss		
Gross Standard Advances and NPAs						
Opening Balance	607,822.57	6,140.99	8,962.55	7,578.15	22,681.69	630,504.26
Inter-Category transfer from/(to) Investments					(221.25)	
Add: Additions during the year					19,136.93	
Less: Reductions during the year*					(23,031.74)	
Closing Balance	702,953.91	3,852.85	8,109.54	6,603.24	18,565.63	721,519.54
*Reductions in Gross NPAs due to:						
i) Upgradation					(10,958.02)	
ii) Recoveries (excluding recoveries from upgraded accounts)					(2,948.11)	
iii) Technical/Prudential Write-offs					(7,635.48)	
iv) Write-offs other than (iii) above ¹					(1,490.13)	
Provisions (excluding Floating Provisions)						
Opening Balance of Provisions held²	7,002.38	2,333.19	6,161.02	7,549.02	16,043.23	23,045.61
Inter category transfer from/(to) Investments & Others					(88.50)	
Add: Fresh provisions made during the year					7,366.06	
Effect of exchange rate fluctuation					61.74	
Transfer from restructuring provision					0.47	
Less: Excess Provision reversed/ Write-off loans ³					(9,662.31)	
Closing Balance of Provisions held²	7,232.04	1,680.63	5,453.31	6,586.75	13,720.69	20,952.73
Net NPAs						
Opening Balance		3,783.20	2,801.39	-	6,584.59	
Add: Fresh Additions during the year					11,637.65	
Effect of exchange rate fluctuation					(61.74)	
Less: Reductions during the year					(13,369.43)	
Less: Interest Capitalisation - Restructured NPA Accounts					(45.77)	
Closing Balance⁴		2,172.19	2,573.11	-	4,745.30	
Floating Provisions						
Opening Balance						3.25
Add: Additional provisions made during the year						-
Less: Amount of drawn down during the year						-
Closing Balance of Floating provisions						3.25
Technical write-offs and recoveries made thereon (includes advances, investments and others)						
Opening balance of Technical/Prudential written-off accounts						31,855.92
Add: Technical/ Prudential write-offs during the year						7,716.90
Add: Effect of exchange rate fluctuation						219.51
Less: Recoveries made from previously technical/ prudential written-off accounts during the year						(1,948.00)
Less: Accounts upgraded pursuant to implementation of resolution plan (change in ownership)						(27.59)
Less: Sacrifice made from previously technical/ prudential written-off accounts during the year						(1,561.21)
Closing Balance						36,255.53

1. including sale of NPAs

2. provision for standard advances includes provision on loans under moratorium as per RBI guidelines on COVID-19 regulatory package of ₹3,130.18 crores

3. includes provision utilised for sale of NPAs amounting to ₹231.26 crores

4. after netting of balance in Sundries Account (Interest Capitalization - Restructured Accounts), in respect of NPA accounts amounting to ₹99.64 crores which is not recognized as income as per RBI guidelines



v) Key NPA Ratios

Ratios (in percent)		31 March, 2023	31 March, 2022
i.	Gross non-performing advances to Gross Advances	1.98%	2.57%
ii.	Net non-performing advances to Net Advances	0.41%	0.67%
iii.	Provision Coverage ratio for non-performing advances (including prudential write offs)	93.71%	90.94%
iv.	Gross non-performing assets as a percentage of gross customer assets ¹	2.02%	2.82%
v.	Net non-performing assets as a percentage of net customer assets ¹	0.39%	0.73%

1. Customer assets include advances and credit substitutes

b) Sector-wise advances:

(₹ in crores)

Sr. No.	Sector	31 March, 2023			31 March, 2022		
		Outstanding Total Advances	Gross NPAs	% of Gross NPAs to Total Advances in that sector	Outstanding Total Advances	Gross NPAs	% of Gross NPAs to Total Advances in that sector
A	Priority Sector						
1	Agriculture and allied activities	86,834.11	2,086.30	2.40%	56,553.19	2,091.90	3.70%
2	Advances to industries sector eligible as priority sector lending	75,105.29	960.83	1.28%	72,842.76	1,404.72	1.93%
	-Chemical & Chemical products	8,498.89	53.70	0.63%	7,342.63	68.60	0.93%
	-Basic Metal & Metal Products	8,540.99	92.56	1.08%	6,419.34	110.06	1.71%
	-Infrastructure	5,234.93	28.25	0.54%	3,429.68	43.49	1.27%
3	Services	49,011.41	612.87	1.33%	52,894.43	785.23	1.48%
	-Banking and Finance other than NBFCs and MFs	740.27	-	-	3,200.45	-	-
	-Non-banking financial companies (NBFCs)	531.12	42.04	7.92%	6,728.98	11.04	0.16%
	-Commercial Real Estate	7,330.22	5.33	0.07%	6,658.02	21.35	0.32%
	-Trade	21,912.42	326.66	1.49%	20,086.34	563.67	2.81%
4	Personal loans	98,712.43	1,073.53	1.09%	75,003.40	1,185.01	1.58%
	-Housing*	62,261.29	657.13	1.06%	49,092.20	624.70	1.27%
	-Vehicle Loans	14,626.21	252.01	1.72%	12,897.12	426.45	3.31%
	Sub-total (A)	309,663.24	4,733.53	1.53%	257,293.78	5,466.86	2.12%
B	Non Priority Sector						
1	Agriculture and allied activities	-	-	-	1,490.50	25.96	1.74%
2	Industry	166,095.59	6,646.20	4.00%	145,657.30	7,933.04	5.45%
	-Chemical & Chemical products	21,606.98	50.33	0.23%	15,394.89	604.24	3.92%
	-Basic Metal & Metal Products	19,668.12	34.60	0.18%	20,507.85	34.28	0.17%
	-Infrastructure	66,537.30	2,440.32	3.67%	59,404.55	3,071.15	5.17%
3	Services	113,323.12	2,804.30	2.44%	83,671.49	3,031.14	3.62%
	-Banking and Finance other than NBFCs and MFs	18,978.64	0.83	0.00%	25,132.19	74.29	0.30%
	-Non-banking financial companies (NBFCs)	24,836.89	109.05	0.44%	12,586.98	79.35	0.63%
	-Commercial Real Estate	22,302.37	702.21	3.15%	16,984.64	1,174.48	6.91%
	-Trade	20,677.68	732.45	3.54%	13,450.26	730.59	5.43%
4	Personal loans	269,804.12	2,835.06	1.05%	233,657.11	2,108.63	0.90%

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(₹ in crores)

Sr. No.	Sector	31 March, 2023			31 March, 2022		
		Outstanding Total Advances	Gross NPAs	% of Gross NPAs to Total Advances in that sector	Outstanding Total Advances	Gross NPAs	% of Gross NPAs to Total Advances in that sector
	-Housing*	149,550.88	1,218.09	0.81%	133,646.04	1,277.85	0.96%
	-Vehicle Loans	27,998.16	517.12	1.85%	24,739.12	334.04	1.35%
	Sub-total (B)	549,222.83	12,285.56	2.24%	464,476.40	13,098.77	2.82%
	Total (A+B)	858,886.07	17,019.09	1.98%	721,770.18	18,565.63	2.57%

* includes loan against property

Classification of advances into sector is based on Sector wise Industry Bank Credit return submitted to RBI.

Figures in italics represent sub-sectors where the outstanding advance exceeds 10% of total outstanding advance to that sector.

c) Amount of total assets, non-performing assets and revenue of overseas branches is given below:

(₹ in crores)

Particulars	31 March, 2023	31 March, 2022
Total assets	51,390.81	57,961.69
Total NPAs (Gross)	1,696.27	2,377.67
Total NPAs (Net)	58.67	481.07
Total revenue	2,120.25	901.88

d) Particulars of resolution plan and restructuring

i) Disclosure with regard to implementation of resolution plan as required under RBI circular for Resolution of Stressed Assets:

As on/for the year ended 31 March, 2023

(Amount in ₹ in crores)

Particulars	Resolution plan implemented during the year	Resolution plan not implemented within specified timelines as on 31 March, 2023
No. of borrowers ¹	2	23
Fund and non-fund based outstanding as on 31 March, 2023 ²	492.96	3,236.38
Additional provisions held as per RBI guidelines	108.16	244.88

1. includes prudentially written-off accounts and accounts settled pursuant to implementation of resolution plan

2. excluding fund based outstanding for prudentially written off cases and outstanding in equity shares

As on/for the year ended 31 March, 2022

(Amount in ₹ in crores)

Particulars	Resolution plan implemented during the year	Resolution plan not implemented within specified timelines as on 31 March, 2022
No. of borrowers ¹	4	22
Fund based outstanding as on 31 March, 2022 ²	1,390.45	3,636.18
Additional provisions held as per RBI guidelines	N.A.	591.33

1. includes prudentially written-off accounts and accounts settled pursuant to implementation of resolution plan

2. excluding outstanding for prudentially written off cases and outstanding in equity shares


 ii) **Details of accounts subjected to restructuring^{1,2,3,4}**

(Amount in ₹ crores)

		Agriculture and allied activities		Corporate (excluding MSME)		Micro, Small and Medium Enterprises (MSME)		Retail (excluding agriculture and MSME)		Total	
		As on 31 March, 2023	As on 31 March, 2022	As on 31 March, 2023	As on 31 March, 2022	As on 31 March, 2023	As on 31 March, 2022	As on 31 March, 2023	As on 31 March, 2022	As on 31 March, 2023	As on 31 March, 2022
Standard	Number of borrowers*	2	196	3	2	5,241	17,767	3	29	5,249	17,994
	Gross amount	0.09	18.55	613.41	193.08	453.90	806.66	0.35	2.46	1,067.75	1,020.75
	Provision held	0.00 ⁶	0.93	30.67	9.65	137.48	248.65	0.02	0.15	168.17	259.38
Sub-standard	Number of borrowers*	7	39	-	-	4,808	12,971	778	15	5,593	13,025
	Gross amount	0.44	3.79	-	-	94.38	61.26	10.88	1.34	105.70	66.39
	Provision held	0.13	1.14	-	-	46.03	38.77	10.80	0.54	56.96	40.45
Doubtful	Number of borrowers*	33	91	-	2	18,198	14,290	43	5	18,274	14,388
	Gross amount	3.24	8.37	-	592.58	70.89	34.65	6.65	0.71	80.78	636.31
	Provision held	2.45	6.99	-	228.91	50.53	17.52	4.64	0.50	57.62	253.92
Loss	Number of borrowers*	1	14	3	5	7,801	13,511	18	3	7,823	13,533
	Gross amount	3.98	27.96	463.26	540.37	12.50	17.75	0.27	0.79	480.01	586.87
	Provision held ⁵	3.98	27.96	459.22	535.23	12.34	17.64	0.27	0.79	475.81	581.62
Total	Number of borrowers*	43	340	6	9	36,048	58,539	842	52	36,939	58,940
	Gross amount	7.75	58.67	1,076.67	1,326.03	631.67	920.32	18.15	5.30	1,734.24	2,310.32
	Provision held ⁵	6.57	37.02	489.89	773.79	246.38	322.58	15.73	1.98	758.57	1,135.37

* while reporting number of borrowers, restructured accounts of same borrowers under different category are reported only under one category & Denotes amount less than ₹50,000/-

1. Excludes prudentially written-off accounts
2. Excludes accounts where resolution plan is implemented under RBI Resolution Framework for COVID-19 related stress as per RBI circular dated 6 August, 2020 (Resolution Framework 1.0) and 5 May, 2021 (Resolution Framework 2.0). [Refer note 18 (4.4) (h)]
3. Includes accounts where restructuring is implemented under RBI circular for Resolution of Stressed Assets (excluding cases of change in ownership)
4. Includes restructured portfolio transferred pursuant to acquisition of Citibank India Consumer Business
5. Excluding balance outstanding in Sundries Account (Interest Capitalization - Restructured Accounts), in respect of NPA accounts which is not recognized as income as per RBI guidelines

 e) **Divergence in asset classification and provisioning**

In terms of RBI guidelines, banks are required to disclose the divergences in asset classification and provisioning consequent to RBI's annual supervisory process in their notes to accounts to the financial statements. The disclosure is required if either or both of the following conditions are satisfied: (a) the additional provisioning for NPAs assessed by RBI exceeds 10% of the reported profit before provisions and contingencies for the reference period and (b) the additional Gross NPAs identified by RBI exceed 10% or 15% of the published incremental Gross NPAs for the reference period ended 31 March, 2022 and 31 March, 2021 respectively.

Based on the above, no disclosure on divergence in asset classification and provisioning for NPAs is required with respect to RBI's annual supervisory process for the year ended 31 March, 2022 and 31 March, 2021.

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f) Disclosure on transfer of loan exposures

i) Details of loans not in default acquired and transferred during the year ended 31 March, 2023 and 31 March, 2022 under the RBI Master Direction on Transfer of Loan Exposure dated 24 September, 2021 are given below :

a) Details of loans not in default acquired from other entities:

Particulars	31 March, 2023		31 March, 2022	
	Corporate	Retail	Corporate	Retail
Mode of acquisition	Assignment and Novation	Assignment	Assignment and Novation	Assignment
Aggregate Principal outstanding of loans acquired	₹3,388.77 crores	₹566.74 crores	₹1,563.57 crores	₹1,883.50 crores
Weighted average residual maturity	7.10 years	9.31 years	10.38 years	11.97 years
Weighted average holding period	N.A.	N.A.	N.A.	N.A.
Retention of beneficial economic interest by the originator	N.A.	10%	N.A.	5%-10%
Coverage of tangible security (for secured loans)	95% secured	Weighted average LTV ~ 50%	100% secured	Weighted average LTV ~ 40%
Rating-wise ¹ distribution of loans acquired by value				
- A- and above	88%	N.A.	75%	N.A.
- BBB and BBB+	11%	N.A.	25%	N.A.
- SME -1 and SME -3	1%	N.A.	-	N.A.

1. Represents internal rating

b) Details of loans not in default transferred to other entities:

Particulars	31 March, 2023		31 March, 2022	
	Corporate	Retail	Corporate	Retail
Mode of transfer	Assignment and Novation	-	Assignment and Novation	-
Aggregate Principal outstanding of loans acquired	₹7,814.41 crores	-	₹5,068.01 crores	-
Weighted average residual maturity	N.A.	N.A.	N.A.	N.A.
Weighted average holding period (for assignment transactions)	1.36 years	-	2.08 years	-
Retention of beneficial economic interest	Nil	-	Nil	-
Coverage of tangible security (for secured loans)	96% secured	-	100% secured	-
Rating-wise ¹ distribution of loans transferred by value				
- A- and above	97%	N.A.	100%	N.A.
- BBB+	3%	N.A.	-	N.A.

1. Represents internal rating

ii) Details of stressed loans acquired and transferred during the year ended 31 March, 2023 and 31 March, 2022 under the RBI Master Direction on Transfer of Loan Exposure dated 24 September, 2021 are given below:

a) The Bank has not acquired any stressed loans (NPA and SMA accounts) during the year ended 31 March, 2023 and 31 March, 2022.

b) Details of stressed loans transferred (excluding prudentially written off accounts):



During the year ended 31 March, 2023

(₹ in crores)

	To ARC's		To permitted transferees		To other transferees	
	NPA	SMA	NPA	SMA	NPA	SMA
No. of accounts	1	-	-	-	-	-
Aggregate principal outstanding of loans transferred (on the date of transfer)	₹4.52	-	-	-	-	-
Weighted average residual tenor of the loans transferred	N.A.	-	-	-	-	-
Net book value of the loans transferred (at the time of transfer)	-	-	-	-	-	-
Aggregate consideration	₹4.55	-	-	-	-	-
Additional consideration realized in respect of accounts transferred in earlier years	-	-	-	-	-	-

During the year ended 31 March, 2022

(₹ in crores)

	To ARC's		To permitted transferees		To other transferees	
	NPA	SMA	NPA	SMA	NPA	SMA
No. of accounts	1	-	-	-	-	-
Aggregate principal outstanding of loans transferred (on the date of transfer)	₹215.78	-	-	-	-	-
Weighted average residual tenor of the loans transferred	N.A.	-	-	-	-	-
Net book value of the loans transferred (at the time of transfer)	-	-	-	-	-	-
Aggregate consideration	₹63.40	-	-	-	-	-
Additional consideration realized in respect of accounts transferred in earlier years	-	-	-	-	-	-

iii) Details on recovery ratings assigned for Security Receipts:

The Bank has not made any investment in Security Receipts during the year ended 31 March, 2023 and the book value of outstanding Security Receipts as on 31 March, 2023 is Nil.

The Bank has not made any investment in Security Receipts during the year ended 31 March, 2022 and the book value of outstanding Security Receipts as on 31 March, 2022 is as under:

(₹ in crores)

Recovery ratings ¹	Anticipated recovery as per recovery rating	Book value ²
RRI	100%-150%	236.21
Total		236.21

1. Recovery rating is as assigned by various external agencies

2. The Bank has not made any investment in Security Receipts during the year ended 31 March, 2022 and holds full provision against the outstanding Security Receipts as on 31 March, 2022

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g) Disclosure on provisioning pertaining to fraud accounts

(₹ in crores)

Particulars	31 March, 2023	31 March, 2022
Number of frauds reported during the year ¹	7,865	6,125
Amounts involved net of recoveries/write-offs	172.54	209.43
Provisions held at the beginning of the year	26.19	18.63
Provisions made during the year	94.43	172.83
Balance held in interest capitalisation accounts	-	-
Provisions held at the end of the year ²	120.62	191.46
Unamortised provision debited from 'other reserves' as at the end of the year	-	-

1. Excluding 121 cases of advances (previous year 108 cases) amounting to ₹133.69 crores (previous year ₹621.65 crores) reported as fraud during the year and subsequently prudentially written off within the financial year
2. In respect of frauds related to advances, the Bank undertakes 100% provisioning of the outstanding amount once the borrower account is classified as fraud in line with RBI guidelines. In respect of other frauds, provision is made where the claim has been admitted and the Bank is under an obligation to settle the same. In all other cases declared as fraud but where claim is not admitted, no provision is required to be made. The number of frauds reported during the year include 7,271 cases amounting to ₹51.92 crores where claim has not been admitted by the Bank (previous year 3,044 cases amounting to ₹17.97 crores)

h) Disclosure under Resolution Framework for COVID-19-related Stress

For the year ended on 31 March, 2023

Movement in position of accounts where resolution plan is implemented under RBI Resolution Framework for COVID-19 related stress as per RBI circular dated 6 August, 2020 (Resolution Framework 1.0) and 5 May, 2021 (Resolution Framework 2.0) during the half year ended 30 September, 2022:

(₹ in crores except number of accounts)

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at 31 March, 2022 (A) ¹	Of (A+B), aggregate debt that slipped into NPA during H1 FY23	Of (A+B) amount written off during H1 FY23	Of (A+B) amount paid by the borrowers during H1 FY23 ²	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at 30 September, 2022 ¹
Personal Loans ³	2,907.69	233.37	46.14	275.35	2,352.83
Corporate persons	1,121.09	419.22	-	58.44	643.43
Of which, MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	4,028.78	652.59	46.14	333.79	2,996.26

1. Represents fund based outstanding balance of standard accounts
2. Represents net movement in balance outstanding
3. Personal loans represent retail advances



Movement in position of accounts where resolution plan is implemented under RBI Resolution Framework for COVID-19 related stress as per RBI circular dated 6 August, 2020 (Resolution Framework 1.0) and 5 May, 2021 (Resolution Framework 2.0) during the half year ended 31 March, 2023:

(₹ in crores except number of accounts)

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at 30 September, 2022 (A) ¹	Accounts transferred pursuant to acquisition of Citibank India Consumer Business - Position as at ¹	Of (A), aggregate debt that slipped into NPA during H2 FY23	Of (A) amount written off during H2 FY23	Of (A) amount paid by the borrowers during H2 FY23 ²	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at 31 March, 2023 ¹
Personal Loans ³	2,352.83	3.69	192.97	73.87	255.01	1,834.67
Corporate persons	643.43	-	16.08	125.52	289.89	211.94
Of which, MSMEs	-	-	-	-	-	-
Others	-	-	-	-	-	-
Total	2,996.26	3.69	209.05	199.39	544.90	2,046.61

1. Represents fund based outstanding balance of standard accounts
2. Represents net movement in balance outstanding
3. Personal loans represent retail advances

For the year ended 31 March, 2022

Movement in position of accounts where resolution plan is implemented under RBI Resolution Framework for COVID-19 related stress as per RBI circular dated 6 August, 2020 (Resolution Framework 1.0) during the half year ended 30 September, 2021:

(₹ in crores except number of accounts)

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at 31 March, 2021 (A) ^{1,2}	Of (A), aggregate debt that slipped into NPA during the H1 FY22	Of (A) amount written off during H1 FY22	Of (A) amount paid by the borrowers during H1 FY22 ³	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at 31 March, 2021 ⁴
Personal Loans	484.31	45.77	26.51	45.23	366.80
Corporate persons	1,620.49	-	-	99.61	1,520.88
Of which, MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	2,104.80	45.77	26.51	144.84	1,887.68

1. Includes cases where resolution plan is implemented after 31 March, 2021
2. Represents fund based outstanding before the date of implementation of resolution plan
3. Represents net movement in balance outstanding
4. Represents fund based outstanding balance of standard accounts as on 30 September, 2021

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Movement in position of accounts where resolution plan is implemented under RBI Resolution Framework for COVID-19 related stress as per RBI circular dated 6 August, 2020 (Resolution Framework 1.0) and 5 May, 2021 (Resolution Framework 2.0) during the half year ended 31 March, 2022:

(₹ in crores except number of accounts)					
Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at 30 September, 2021 (A) ^{1,2}	Of (A), aggregate debt that slipped into NPA during H2 FY22	Of (A) amount written off during H2 FY22	Of (A) amount paid by the borrowers during H2 FY22 ³	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at 31 March, 2022 ²
Personal Loans ⁴	3,088.95	85.44	11.32	84.50	2,907.69
Corporate persons	1,536.22	307.06	-	108.07	1,121.09
Of which, MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	4,625.17	392.50	11.32	192.57	4,028.78

1. Includes cases where resolution plan is implemented after 30 September, 2021
2. Represents fund based outstanding balance of standard accounts
3. Represents net movement in balance outstanding
4. Personal loans represent retail advances

i) During the years ended 31 March, 2023 and 31 March, 2022 none of the loans and advances held at overseas branches of the Bank have been classified as NPA by any host banking regulator for reasons other than record of recovery.

3.5 Exposures

a) Exposure to Real Estate sector

(₹ in crores)		
Category	31 March, 2023	31 March, 2022
1) Direct Exposure		
(i) Residential mortgages	205,851.48	186,319.92
- of which housing loans eligible for inclusion in priority sector advances	53,771.99	49,481.10
(ii) Commercial real estate	52,031.70	33,357.52
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
a. Residential	-	-
b. Commercial real estate	-	-
2) Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	29,143.30	25,377.34
Total Exposure to Real Estate Sector	287,026.48	245,054.78



b) Exposure to Capital Market

(₹ in crores)

Category	31 March, 2023	31 March, 2022
1. Direct investments in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt ¹	2,128.35	2,641.05
2. Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds	1.94	1.31
3. Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity-oriented mutual funds are taken as primary security	2,153.40	2,502.29
4. Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity-oriented mutual funds i.e. where primary security other than shares/convertible bonds/convertible debentures/units of equity-oriented mutual funds does not fully cover the advances	223.52	139.43
5. Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	14,725.90	9,968.28
6. Loans sanctioned to corporates against the security of shares/bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	235.13	704.66
7. Bridge loans to companies against expected equity flows/issues	-	-
8. Underwriting commitments taken up in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity-oriented mutual funds	-	-
9. Financing to stock brokers for margin trading	-	-
10. All exposures to Venture Capital Funds (both registered and unregistered) including capital contribution to LLP	530.95	501.19
Total exposure to Capital Market (Total of 1 to 10)	19,999.19	16,458.21

1. excludes investment in equity shares on account of conversion of debt into equity as part of restructuring amounting to ₹805.55 crores as on 31 March, 2023 (previous year ₹718.35 crores) which are exempted from exposure to Capital Market

c) Details of Risk Category wise Country Exposure

(₹ in crores)

Risk Category ¹	Exposure (Net) as at 31 March, 2023	Provision Held as at 31 March, 2023	Exposure (Net) as at 31 March, 2022	Provision Held as at 31 March, 2022
Insignificant	-	-	-	-
Low	29,368.12	27.44	23,771.90	18.97
Moderate	1,841.20	-	3,474.93	-
High	1,316.05	-	1,224.43	-
Very High	748.65	-	2,094.28	-
Restricted	81.34	-	9.82	-
Off-Credit	-	-	-	-
Total	33,355.36	27.44	30,575.36	18.97

1. Risk categorization is based on the methodology as internally adopted by the Bank

d) Unsecured Advances

(₹ in crores)

Particulars	31 March, 2023	31 March, 2022
Total unsecured advances of the Bank	236,920.33	169,308.75
Out of the above, amount of advances for which securities such as charge over the rights, licenses, authority, etc. have been taken	-	-
Estimated value of such intangible securities	-	-

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e) Factoring Exposures

As on 31 March, 2023, exposures under factoring stood at ₹12,005.46 crores (previous year ₹7,113.56 crores)

f) Disclosure on Intra-Group Exposures¹

Particulars	(₹ in crores)	
	31 March, 2023	31 March, 2022
Total amount of intra-group exposures	10,782.09	5,822.48
Total amount of top-20 intra-group exposures	10,782.09	5,822.48
Percentage of intra-group exposures to total exposure of the Bank on borrowers/customers	0.67	0.46

1. Exposure includes credit exposure (funded and non-funded), derivative exposure, investment exposure (including underwriting and similar commitments) and deposits placed for meeting shortfall in Priority Sector Lending

During the years ended 31 March, 2023 and 31 March, 2022, the intra-group exposures were within the limits specified by RBI.

The above information is as certified by the Management and relied upon by the auditors.

g) Unhedged foreign currency exposures

The Bank has laid down the framework to manage credit risk arising out of unhedged foreign currency exposures of the borrowers. Both at the time of initial approval as well as subsequent reviews/renewals, the assessment of credit risk arising out of foreign currency exposure of the borrowers include details of imports, exports, repayments of foreign currency borrowings, as well as hedges done by the borrowers or naturally enjoyed by them vis-a-vis their intrinsic financial strength, history of hedging and losses arising out of foreign currency volatility. The extent of hedge/cover required on the total foreign currency exposure including natural hedge and hedged positions, is guided through a matrix of internal ratings. The hedging policy is applicable for existing as well as new clients with foreign currency exposures above a predefined threshold. The details of un-hedged foreign currency exposure of customers for transactions undertaken through the Bank are monitored periodically. The Bank also maintains additional provision and capital, in line with RBI guidelines.

Particulars	(₹ in crores)	
	31 March, 2023	31 March, 2022
Incremental capital held as at 31 March	1,418.94	1,275.66
Provision/(Write back of provision) made during the year	33.60	(61.82)
Cumulative provision held as at 31 March ¹	309.64	273.97

1. Includes provision of ₹2.07 crores transferred on acquisition of Citibank India Consumer Business

3.6 Concentration of deposits, advances, exposures and NPAs

a) Concentration of deposits

Particulars	(₹ in crores)	
	31 March, 2023	31 March, 2022
Total deposits of twenty largest depositors	85,003.09	82,948.94
Percentage of deposits of twenty largest depositors to total deposits	8.98	10.09

b) Concentration of advances¹

Particulars	(₹ in crores)	
	31 March, 2023	31 March, 2022
Total advances to twenty largest borrowers	124,260.14	109,406.53
Percentage of advances to twenty largest borrowers to total advances	8.08	9.13

1. Advances represent credit exposure (funded and non-funded) including derivative exposure as defined by RBI

c) Concentration of exposures¹

	(₹ in crores)	
	31 March, 2023	31 March, 2022
Total exposure to twenty largest borrowers/customers	138,084.13	131,779.47
Percentage of exposures to twenty largest borrowers/customers to total exposure on borrowers/customers	8.63	10.42

1. Exposure includes credit exposure (funded and non-funded), derivative exposure, investment exposure (including underwriting and similar commitments) and deposits placed for meeting shortfall in Priority Sector Lending

d) Concentration of NPAs

	(₹ in crores)	
	31 March, 2023	31 March, 2022
Total exposure to the top twenty NPA accounts ¹	7,541.48	8,363.27
Percentage exposures of the twenty largest NPA exposures to total gross NPAs ²	37.95	36.27

1. represents fund based and non-fund based outstanding and non-performing investments

2. percentage is computed based on outstanding of top twenty NPA accounts (excluding non-fund based outstanding) to gross NPAs

3.7 Derivatives

a) Disclosure in respect of Interest Rate Swaps ('IRS'), Forward Rate Agreement ('FRA') and Cross Currency Swaps ('CCS') outstanding is set out below:

An 'IRS' is a financial contract between two parties exchanging or swapping a stream of interest payments for a 'notional principal' amount on multiple occasions during a specified period. The Bank deals in interest rate benchmarks like Mumbai Inter-Bank Offered Rate (MIBOR), Indian Government Securities Benchmark Rate (INBMK), Mumbai Inter-Bank Forward Offer Rate (MIFOR), Modified MIFOR, Alternative Reference Rates (ARR) and London Inter-Bank Offered Rate (LIBOR) of various currencies. Pursuant to RBI guidelines on Roadmap for LIBOR transition all new deals are being offered on Modified MIFOR and ARR interest rates benchmarks as published by the regulators of respective currencies. Deals outstanding in MIFOR and LIBOR interest rate benchmarks prior to the transition will continue till their respective maturities.

A 'FRA' is a financial contract between two parties to exchange interest payments for 'notional principal' amount on settlement date, for a specified period from start date to maturity date. Accordingly, on the settlement date cash payments based on contract rate and the settlement rate, which is the agreed bench-mark/reference rate prevailing on the settlement date, are made by the parties to one another. The benchmark used in the FRA contracts of the Bank is ARR of various currencies.

A 'CCS' is a financial contract between two parties exchanging interest payments and principal, wherein interest payments and principal in one currency would be exchanged for an equally valued interest payments and principal in another currency.

		(₹ in crores)	
Sr. No.	Items	As at 31 March, 2023	As at 31 March, 2022
i)	Notional principal of swap agreements	581,830.40	542,412.55
ii)	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	9,028.10	6,344.03
iii)	Collateral required by the Bank upon entering into swaps	1,862.88	699.87
iv)	Concentration of credit risk arising from the swaps		
	Maximum single industry exposure with Banks (previous year with Banks)		
-	Interest Rate Swaps/FRAs	3,698.89	2,340.27
-	Cross Currency Swaps	3,973.03	3,694.49
v)	Fair value of the swap book (hedging & trading)		
-	Interest Rate Swaps/FRAs	251.91	139.59
-	Currency Swaps	(336.95)	391.96

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The nature and terms of the IRS as on 31 March, 2023 are set out below:

(₹ in crores)

Nature	Nos.	Notional Principal	Benchmark	Terms
Trading	5	214.47	EURIBOR	Fixed Receivable v/s Floating Payable
Trading	120	23,284.81	LIBOR	Fixed Receivable v/s Floating Payable
Trading	3,659	151,181.89	MIBOR	Fixed Receivable v/s Floating Payable
Trading	452	32,513.94	MIFOR	Fixed Receivable v/s Floating Payable
Trading	300	22,535.00	MOD MIFOR	Fixed Receivable v/s Floating Payable
Trading	79	21,918.43	SOFR	Fixed Receivable v/s Floating Payable
Trading	2	261.46	SONIA	Fixed Receivable v/s Floating Payable
Trading	2	270.13	ESTR	Fixed Receivable v/s Floating Payable
Trading	8	1,547.58	EURIBOR	Floating Receivable v/s Fixed Payable
Trading	4	650.00	INBMK	Floating Receivable v/s Fixed Payable
Trading	178	35,651.53	LIBOR	Floating Receivable v/s Fixed Payable
Trading	3,570	150,683.86	MIBOR	Floating Receivable v/s Fixed Payable
Trading	208	19,973.24	MIFOR	Floating Receivable v/s Fixed Payable
Trading	179	13,992.00	MOD MIFOR	Floating Receivable v/s Fixed Payable
Trading	115	24,785.35	SOFR	Floating Receivable v/s Fixed Payable
Trading	2	203.30	SONIA	Floating Receivable v/s Fixed Payable
Trading	4	154.02	TONAR	Floating Receivable v/s Fixed Payable
Trading	3	372.10	ESTR	Floating Receivable v/s Fixed Payable
Trading	7	443.52	MIOIS	Floating Receivable v/s Fixed Payable
Trading	32	12,736.35	LIBOR	Floating Receivable v/s Floating Payable
Trading	4	1,479.06	SOFR	Floating Receivable v/s Floating Payable
	8,933	514,852.04		

The nature and terms of the IRS as on 31 March, 2022 are set out below:

(₹ in crores)

Nature	Nos.	Notional Principal	Benchmark	Terms
Hedging	11	3,789.63	LIBOR	Fixed Receivable v/s Floating Payable
Trading	177	32,067.70	LIBOR/EURIBOR	Fixed Receivable v/s Floating Payable
Trading	13	5,472.22	SOFR	Fixed Receivable v/s Floating Payable
Trading	1	248.64	SONIA	Fixed Receivable v/s Floating Payable
Trading	3,329	145,206.43	MIBOR	Fixed Receivable v/s Floating Payable
Trading	632	45,489.71	MIFOR	Fixed Receivable v/s Floating Payable
Trading	63	5,660.00	MOD MIFOR	Fixed Receivable v/s Floating Payable
Trading	4	650.00	INBMK	Floating Receivable v/s Fixed Payable
Trading	246	47,414.65	LIBOR/EURIBOR	Floating Receivable v/s Fixed Payable
Trading	5	416.86	SOFR	Floating Receivable v/s Fixed Payable
Trading	3,311	145,865.23	MIBOR	Floating Receivable v/s Fixed Payable
Trading	317	28,829.68	MIFOR	Floating Receivable v/s Fixed Payable
Trading	43	4,310.00	MOD MIFOR	Floating Receivable v/s Fixed Payable
Trading	37	13,491.07	LIBOR	Floating Receivable v/s Floating Payable
	8,189	478,911.82		



The nature and terms of the FRA as on 31 March, 2023 are set out below:

(₹ in crores)

Nature	Nos.	Notional Principal	Benchmark	Terms
Trading	11	505.00	BOND	Fixed Receivable v/s Floating Payable
	11	505.00		

The nature and terms of the FRA as on 31 March, 2022 are set out below:

(₹ in crores)

Nature	Nos.	Notional Principal	Benchmark	Terms
-	-	-	-	-
	-	-		

The nature and terms of the CCS as on 31 March, 2023 are set out below:

(₹ in crores)

Nature	Nos.	Notional Principal	Benchmark	Terms
Trading	103	16,610.53	Principal & Coupon Swap	Fixed Payable v/s Fixed Receivable
Trading	92	9,977.53	LIBOR/EURIBOR/SOFR	Fixed Receivable v/s Floating Payable
Trading	74	12,887.76	LIBOR/EURIBOR/ MIBOR/SOFR	Floating Receivable v/s Fixed Payable
Trading	43	13,407.93	LIBOR/MIFOR/ EURIBOR	Floating Receivable v/s Floating Payable
Trading	45	9,509.99	Principal Only	Fixed Receivable
Trading	22	4,079.62	Principal Only	Fixed Payable
	379	66,473.36		

The nature and terms of the CCS as on 31 March, 2022 are set out below:

(₹ in crores)

Nature	Nos.	Notional Principal	Benchmark	Terms
Trading	140	19,929.99	Principal & Coupon Swap	Fixed Payable v/s Fixed Receivable
Trading	91	10,305.61	LIBOR/EURIBOR/ MIBOR	Fixed Receivable v/s Floating Payable
Trading	60	9,995.85	LIBOR/EURIBOR	Floating Receivable v/s Fixed Payable
Trading	48	15,853.76	LIBOR/MIFOR/ EURIBOR/MIBOR	Floating Receivable v/s Floating Payable
Trading	36	3,805.33	Principal Only	Fixed Receivable
Trading	24	3,610.19	Principal Only	Fixed Payable
	399	63,500.73		

b) Exchange Traded Interest Rate Derivatives

For the year ended 31 March, 2023

(₹ in crores)

Sr. No.	Particulars	As at 31 March, 2023
i)	Notional principal amount of exchange traded interest rate derivatives undertaken during the year	
	TUM2 - 2 years US Note - June 2022	843.06
	FVM2 - 5 years US Note - June 2022	70.67
	TYM2 - 10 years US Note - June 2022	377.16
	TUU2 - 2 years US Note - September 2022	295.81
	FVU2 - 5 years US Note - September 2022	141.33
	TYU2 - 10 years US Note - September 2022	491.38
	TUZ2 - 2 years US Note - December 2022	42.73
	FVZ2 - 5 years US Note - December 2022	225.15
	TYZ2 - 10 years US Note - December 2022	315.53

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(₹ in crores)

Sr. No.	Particulars	As at 31 March, 2023
	TUH3 - 2 years US Note - March 2023	42.73
	FVH3 - 5 years US Note - March 2023	382.91
	TYH3 - 10 years US Note - March 2023	438.79
	TUM3 - 2 years US Note - June 2023	626.14
	FVM3 - 5 years US Note - June 2023	69.84
	TYM3 - 10 years US Note - June 2023	179.13
		4,542.36
ii)	Notional principal amount of exchange traded interest rate derivatives outstanding as on 31 March, 2023	
	TUM3 - 2 years US Note - June 2023	47.66
	FVM3 - 5 years US Note - June 2023	69.84
	TYM3 - 10 years US Note - June 2023	70.67
		188.17
iii)	Notional principal amount of exchange traded interest rate derivatives outstanding as on 31 March, 2023 and "not highly effective"	N.A.
iv)	Mark-to-market value of exchange traded interest rate derivatives outstanding as on 31 March, 2023 and "not highly effective"	N.A.

For the year ended 31 March, 2022

(₹ in crores)

Sr. No.	Particulars	As at 31 March, 2022
i)	Notional principal amount of exchange traded interest rate derivatives undertaken during the year	
	TUM1 - 2 years US Note - June 2021	462.33
	FVM1 - 5 years US Note - June 2021	73.52
	TYM1 - 10 years US Note - June 2021	238.75
	TUU1 - 2 years US Note - September 2021	666.97
	FVU1 - 5 years US Note - September 2021	219.80
	TYU1 - 10 years US Note - September 2021	372.90
	TUZ1 - 2 years US Note - December 2021	666.97
	FVZ1 - 5 years US Note - December 2021	219.80
	TYZ1 - 10 years US Note - December 2021	303.17
	TUH2 - 2 years US Note - March 2022	666.97
	FVH2 - 5 years US Note - March 2022	181.90
	TYH2 - 10 years US Note - March 2022	392.61
	TUM2 - 2 years US Note - June 2022	113.69
	FVM2 - 5 years US Note - June 2022	154.62
	TYM2 - 10 years US Note - June 2022	258.45
		4,992.45
ii)	Notional principal amount of exchange traded interest rate derivatives outstanding as on 31 March, 2022	
	TUM2 - 2 years US Note - June 2022	22.74
	FVM2 - 5 years US Note - June 2022	65.18
	TYM2 - 10 years US Note - June 2022	108.38
		196.30
iii)	Notional principal amount of exchange traded interest rate derivatives outstanding as on 31 March, 2022 and "not highly effective"	N.A.
iv)	Mark-to-market value of exchange traded interest rate derivatives outstanding as on 31 March, 2022 and "not highly effective"	N.A.



c) **Disclosure on risk exposure in Derivatives**

Qualitative disclosures:

(a) Structure and organisation for management of risk in derivatives trading, the scope and nature of risk measurement, risk reporting and risk monitoring systems, policies for hedging and/or mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges/mitigants:

Derivatives are financial instruments whose characteristics are derived from an underlying asset, or from interest and exchange rates or indices. The Bank undertakes over the counter and Exchange Traded derivative transactions for Balance Sheet management and also for proprietary trading/market making whereby the Bank offers OTC derivative products to the customers to enable them to hedge their interest rate and currency risks within the prevalent regulatory guidelines.

Proprietary trading includes Exchange Traded Currency Options, Interest Rate Futures, Currency Futures and Rupee Interest Rate Swaps under different benchmarks (viz. MIBOR, Modified MIFOR, LIBOR, ARR and INBMK), Currency Options, Currency Swaps and Non Deliverable Options. The Bank also undertakes transactions in Cross Currency Swaps, Principal Only Swaps, Coupon Only Swaps, Currency Options, Interest Rate Swaps, Exotic Derivatives and Long Term Forex Contracts (LTFX) for hedging its Balance Sheet and also offers them to its customers. These transactions expose the Bank to various risks, primarily credit, market, legal, reputation and operational risk. The Bank has adopted the following mechanism for managing risks arising out of the derivative transactions.

There is a functional separation between the Treasury Front Office, Treasury Mid Office and Treasury Back Office to undertake derivative transactions. The customer and interbank related derivative transactions are originated by Derivative sales and Treasury Front Office team respectively which ensures compliance with the trade origination requirements as per the Bank's policy and the RBI guidelines. The Market Risk Group within the Bank's Risk Department independently identifies, measures and monitors the market risks associated with derivative transactions and apprises the Asset Liability Management Committee (ALCO) and the Risk Management Committee of the Board (RMC) on the compliance with the risk limits. The Treasury Back Office undertakes activities such as trade validation, confirmation, settlement, ISDA and related documentation, post deal documentation, accounting, valuation and other MIS reporting.

The derivative transactions are governed by the Derivative policy, Suitability and Appropriateness Policy for derivative products, Market risk management policy, Hedging policy and the Asset Liability Management (ALM) policy of the Bank as well as by the extant RBI guidelines. The Bank has implemented policy on customer suitability & appropriateness to ensure that derivative transactions entered into are appropriate and suitable to the customer. The Bank has put in place a detailed process flow on documentation for customer derivative transactions for effective management of operational/reputation/compliance risk.

Various risk limits are set up and actual exposures are monitored vis-à-vis the limits allocated. These limits are set up taking into account market volatility, risk appetite, business strategy and management experience. Risk limits are in place for risk parameters viz. PV01, VaR, Stop Loss, Delta, Gamma and Vega. Actual positions are monitored against these limits on a daily basis and breaches, if any, are dealt with in accordance with board approved Risk Appetite Statement. Risk assessment of the portfolio is undertaken periodically. The Bank ensures that the Gross PV01 (Price value of a basis point) position arising out of all non-option rupee derivative contracts are within 0.25% of net worth of the Bank as on Balance Sheet date.

Hedging transactions are undertaken by the Bank to protect the variability in the fair value or the cash flow of the underlying Balance Sheet item. These deals are accounted on an accrual basis except the swap designated with an asset/liability that is carried at market value or lower of cost or market value. In that case, the swap is marked to market with the resulting gain or loss recorded as an adjustment to the market value of designated asset or liability. These transactions are tested for hedge effectiveness and in case any transaction fails the test, the same is re-designated as a trading deal and appropriate accounting treatment is followed.

(b) Accounting policy for recording hedge and non-hedge transactions, recognition of income, premiums and discounts, valuation of outstanding contracts

The Hedging Policy of the Bank governs the use of derivatives for hedging purpose. Subject to the prevailing RBI guidelines, the Bank deals in derivatives for hedging fixed rate and floating rate coupon or foreign currency assets/

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liabilities. Transactions for hedging and market making purposes are recorded separately. For hedge transactions, the Bank identifies the hedged item (asset or liability) at the inception of the transaction itself. The effectiveness is ascertained at the time of inception of the hedge and periodically thereafter. Hedge derivative transactions are accounted for in accordance with the hedge accounting principles. Derivatives for market making purpose are marked to market and the resulting gain/loss is recorded in the Profit and Loss Account. The premium on option contracts is accounted for as per FEDAI guidelines. Derivative transactions are covered under International Swaps and Derivatives Association (ISDA) master agreements with respective counterparties. The exposure on account of derivative transactions is computed as per the RBI guidelines and is marked against the Loan Equivalent Risk (LER) limits approved for the respective counterparties.

(c) Provisioning, collateral and credit risk mitigation

Derivative transactions comprise of swaps, FRAs, futures, forward contracts and options which are disclosed as contingent liabilities. Trading swaps/FRAs/futures/options/forward contracts are revalued at the Balance Sheet date with the resulting unrealised gain or loss being recognised in the Profit and Loss Account and correspondingly in other assets or other liabilities respectively. Hedged swaps are accounted for as per the RBI guidelines. In accordance with RBI guidelines, any receivables (crystallised receivables and positive MTM) under derivatives contracts, which remain overdue for more than 90 days, are reversed through the Profit and Loss Account and are held in a separate Suspense Account.

Collateral requirements for derivative transactions are laid down as part of credit sanction terms on a case by case basis. Such collateral requirements are determined, based on usual credit appraisal process. The Bank retains the right to terminate transactions as a risk mitigation measure in certain cases.

The credit risk in respect of customer derivative transactions is sought to be mitigated through a laid down policy on sanction of Loan Equivalent Risk (LER) limits, monitoring mechanism for LER limits and trigger events for escalation/margin calls/termination.

Quantitative disclosure on risk exposure in derivatives¹:

(₹ in crores)

Sr. No.	Particulars	As at 31 March, 2023			
		Currency Derivatives			Interest rate Derivatives
		Forward Contracts ⁴	CCS	Options	
1	Derivatives (Notional Principal Amount)				
	a) For hedging	17,737.96	-	-	-
	b) For trading	587,097.30	66,473.36	40,929.93	515,357.04
2	Marked to Market Positions^{2,3}				
	a) Asset (+)	-	-	78.37	251.91
	b) Liability (-)	(278.52)	(336.95)	-	-
3	Credit Exposure³	19,035.44	8,435.49	1,040.88	10,901.15
4	Likely impact of one percentage change in interest rate (100*PV01) (as at 31 March, 2023)				
	a) on hedging derivatives	0.43	-	-	-
	b) on trading derivatives	5.80	171.17	15.78	410.15
5	Maximum and Minimum of 100*PV01 observed during the year				
	a) on hedging				
	i) Minimum	0.43	-	-	-
	ii) Maximum	1.57	-	-	0.06
	b) on Trading				
	i) Minimum	5.15	102.31	15.31	324.45
	ii) Maximum	13.44	196.57	23.58	438.24

- only Over The Counter derivatives included
- only on trading derivatives and represents net position
- includes accrued interest
- excluding Tom/Spot contracts



(₹ in crores)

Sr. No.	Particulars	As at 31 March, 2022			Interest rate Derivatives
		Currency Derivatives			
		Forward Contracts ⁴	CCS	Options	
1	Derivatives (Notional Principal Amount)				
	a) For hedging	16,271.31	-	-	3,789.63
	b) For trading	501,532.06	63,500.73	47,958.55	475,122.19
2	Marked to Market Positions^{2,3}				
	a) Asset (+)	-	391.96	98.75	110.72
	b) Liability (-)	(597.89)	-	-	-
3	Credit Exposure³	14,755.27	7,945.55	1,023.87	8,489.27
4	Likely impact of one percentage change in interest rate (100*PV01) (as at 31 March, 2022)				
	a) on hedging derivatives	1.30	-	-	0.10
	b) on trading derivatives	15.77	172.26	21.33	394.38
5	Maximum and Minimum of 100*PV01 observed during the year				
	a) on hedging				
	i) Minimum	1.21	-	-	0.10
	ii) Maximum	2.09	-	-	1.12
	b) on Trading				
	i) Minimum	3.98	106.52	10.27	385.31
	ii) Maximum	16.22	204.39	21.33	450.95

1. only Over The Counter derivatives included
2. only on trading derivatives and represents net position
3. includes accrued interest
4. excluding Tom/Spot contracts

The outstanding notional principal amount of Exchange Traded Interest Rate Futures as at 31 March, 2023 was ₹188.17 crores (previous year ₹196.30 crores) and the mark-to-market value was negative ₹3.16 crores (previous year ₹7.53 crores).

The outstanding notional principal amount of Exchange Traded Currency Options as at 31 March, 2023 was Nil (previous year Nil) and the mark-to-market value was Nil (previous year Nil).

d) The Bank has not undertaken any transactions in Credit Default Swaps (CDS) during the year ended 31 March, 2023 and 31 March, 2022.

3.8 Disclosures relating to securitisation

Details of securitisation transactions undertaken under the RBI Master Direction on Securitisation of Standard Assets, 2021 are given below by the Bank:

Sr. No.	Particulars	(₹ in crores)	
		31 March, 2023	31 March, 2022
1	No. of SPEs holding assets for securitisation transactions originated by the Bank	-	-
2	Total amount of securitised assets as per books of the SPEs	-	-
3	Total amount of exposures retained by the Bank to comply with MRR as on the date of balance sheet		
	a) Off-balance sheet exposures		
	First loss	-	-
	Others	-	-
	b) On-balance sheet exposures		
	First loss	-	-
	Others	-	-

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		(₹ in crores)	
Sr. No.	Particulars	31 March, 2023	31 March, 2022
4	Amount of exposures to securitisation transactions other than MRR		
	a) Off-balance sheet exposures		
	i) Exposure to own securitisations		
	First loss	-	-
	Others	-	-
	ii) Exposure to third party securitisations		
	First loss	-	-
	Others	-	-
	b) On-balance sheet exposures		
	i) Exposure to own securitisations		
	First loss	-	-
	Others	-	-
	ii) Exposure to third party securitisations		
	First loss	-	-
	Others	-	-
5	Sale consideration received for the securitised assets and gain/loss on sale on account of securitisation	-	-
6	Form and quantum (outstanding value) of services provided by way of, liquidity support, post-securitisation assets servicing, etc.	-	-
7	Performance of facility provided		
	a) Amount paid	-	-
	b) Repayment received	-	-
	c) Outstanding amount	-	-
8	Average default rate of portfolios observed in the past	-	-
9	Amount and number of additional/ top up loan given on same underlying asset	-	-
10	Investor Complaints		
	a) Directly/indirectly received	-	-
	b) Complaints outstanding	-	-

3.9 The Bank has not sponsored any special purpose vehicle which is required to be consolidated in the consolidated financial statements as per accounting norms.

3.10 Disclosure on transfers to Depositor Education and Awareness Fund (DEA Fund)

		(₹ in crores)	
Particulars	31 March, 2023	31 March, 2022	
Opening balance of amounts transferred to DEA Fund	448.64	335.38	
Add : Amounts transferred to DEA Fund during the year	314.46	145.48	
Less : Amounts reimbursed by DEA Fund towards claims ^{1,2}	(13.93)	(32.22)	
Closing balance of amounts transferred to DEA Fund	749.17	448.64	

1. Includes ₹4.18 crores (previous year ₹0.66 crores) of claim raised and pending settlement with RBI
2. excludes interest post transfer to DEA Fund



3.11 Disclosure of customer complaints

a) Summary of information on complaints received by the Bank from customers and from Offices of Ombudsman (OBO)

	31 March, 2023	31 March, 2022
Complaints received by the Bank from its customers		
1. Number of complaints pending at the beginning of the year	45,004	17,525
2. Number of complaints received during the year	939,870	935,005
3. Number of complaints disposed during the year	968,044	907,526
<i>of 3, number of complaints rejected by the Bank</i>	95,331	113,703
4. Number of complaints pending at the end of the year	16,830	45,004
Maintainable complaints received by the Bank from OBOs		
5. Number of maintainable complaints received by the Bank from OBOs	15,791	13,536
<i>of 5, Number of complaints resolved in favour of the Bank by OBO's</i>	14,449	12,672
<i>of 5, Number of complaints resolved through conciliation/ mediation/ advisories issued by OBO's</i>	1,342	864
<i>of 5, Number of complaints resolved after passing of Awards by OBO's against the Bank</i>	-	-
6. Number of Awards unimplemented within the stipulated time (other than those appealed)	-	-

b) Top five grounds of complaints received by the Bank from customers

For the year ended 31 March, 2023

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
Credit cards	21,484	334,590	16%	6,715	709
Account opening/difficulty in operation of accounts	3,970	159,188	58%	2,288	83
ATM/Debit cards	6,525	141,029	(22%)	2,282	76
Internet/Mobile/Electronic Banking	2,504	116,620	20%	2,380	288
Loans and advances	6,920	99,977	(45%)	830	38
Others	3,601	88,466	0.5%	2,335	117
Total	45,004	939,870	1%	16,830	1,311

For the year ended 31 March, 2022

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
Credit cards	6,665	287,605	287%	21,484	5,522
ATM/Debit cards	1,340	181,146	57%	6,525	814
Loans and advances	4,311	180,390	162%	6,920	693
Account opening/difficulty in operation of accounts	2,584	100,844	120%	3,970	760
Internet/Mobile/Electronic Banking	756	96,970	237%	2,504	144
Others	1,869	88,050	224%	3,601	351
Total	17,525	935,005	159%	45,004	8,284

The above disclosure does not include complaints redressed within 1 working day and is as certified by the Management and relied upon by the auditors.

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3.12 Details of penalty/stricture levied by RBI

Details of penalty/stricture levied by RBI during the year ended 31 March, 2023 is as under:

Amount (₹ in crores)	Reason for stricture issued/levy of penalty by RBI	Date of payment of penalty
0.93	Penalty for non-compliance with certain directions issued by RBI on 'Loans and Advances – Statutory and Other Restrictions', 'Reserve Bank of India (Financial Services provided by Banks) Directions, 2016', 'Reserve Bank of India (Know Your Customer (KYC)) Directions, 2016', and 'Levy of penal charges on non-maintenance of minimum balances in savings bank accounts'	11 April, 2022

Details of penalty/stricture levied by RBI during the year ended 31 March, 2022 is as under:

Amount (₹ in crores)	Reason for stricture issued/levy of penalty by RBI	Date of payment of penalty
5.00	Penalty for non-compliance with certain provisions of RBI directions on 'Strengthening the Controls of Payment Ecosystem between Sponsor Banks and SCBs/UCBs as a Corporate Customer', 'Cyber Security Framework in Banks', 'RBI (Financial Services provided by Banks) Directions, 2016', 'Financial Inclusion - Access to Banking Services – Basic Savings Bank Deposit Account' and 'Frauds – Classification and Reporting'	3 August, 2021
0.25	Penalty for non-compliance with certain provisions of directions issued by RBI contained in the Reserve Bank of India – (Know Your Customer (KYC)) Direction, 2016	3 September, 2021

3.13 Disclosure on Remuneration

Qualitative disclosures

a) Information relating to the composition and mandate of the Nomination and Remuneration Committee:

❖ Name, composition and mandate of the main body overseeing remuneration:

The Nomination and Remuneration Committee of the Board oversees the framing, review and implementation of the compensation policy of the Bank on behalf of the Board. The Committee works in close co-ordination with the Risk Management Committee of the Bank, in order to achieve effective alignment between remuneration and risks.

As at 31 March, 2023, the Nomination and Remuneration Committee comprises of the following Non-Executive Directors:

1. Smt Meena Ganesh - Chairperson
2. Shri Rakesh Makhija
3. Shri Girish Paranjpe
4. Shri TC Suseel Kumar

In respect of Remuneration/HR matters, the Nomination and Remuneration Committee of the Board, functions with the following main objectives:

- a. Review and recommend to the Board for approval, the overall remuneration framework and associated policies of the Bank (including remuneration policy for Directors and Key Managerial Personnel) including the level and structure of fixed pay, variable pay, perquisites, bonus pool, stock-based compensation and any other form of compensation as may be included from time to time to all the employees of the Bank including the Managing Director & CEO (MD & CEO), other Whole-Time Directors (WTD) and senior managers one level below the Board.
- b. Recommend to the Board the compensation payable to the Chairman of the Bank.
- c. Review and recommend to the Board for approval, the talent management and succession policy and process in the Bank for ensuring business continuity, especially at the level of MD & CEO, the other WTDs, senior managers' one level below the Board and other key roles and their progression to the Board.
- d. Formulate the criteria and the manner for effective evaluation of performance of the Board as a whole, its Committees and individual directors, including independent directors of the Bank, which may be carried out either by the Committee or by the Board or with the help of an independent external agency and to review its implementation, compliance and outcomes.
- e. Review adequacy and appropriateness of HR strategy of the Bank in the broader areas of code of conduct, ethics, conflict of interest, succession planning, talent management, performance management, remuneration and HR risk management.



- f. Review and recommend to the Board for approval:
 - the creation of new positions one level below MD&CEO
 - appointments, promotions and exits of senior managers one level below the MD&CEO
 - g. Set the goals, objectives and performance benchmarks for the Bank and for MD&CEO, WTDs and Group Executives for the financial year and over the medium to long term.
 - h. Review the performance of the MD&CEO and other WTDs at the end of each year.
 - i. Consider and approve the grant of Stock Options to the MD&CEO, other Whole-Time Directors, Senior Management and other eligible employees of the Bank/subsidiary, in terms of the relevant provisions of the SEBI Regulations, as amended, from time to time.
 - j. Perform such other duties as may be required to be done under any law, statute, rules, regulations etc. enacted by Government of India, Reserve Bank of India or by any other regulatory or statutory body.
- ❖ External consultants whose advice has been sought, the body by which they were commissioned, and in what areas of the remuneration process:
- The Nomination and Remuneration Committee has commissioned Aon Consulting Pvt. Limited, a globally renowned compensation benchmarking firm, to conduct market benchmarking of employee compensation. The Bank participates in the salary benchmarking survey conducted by Aon every year. Aon collects data from multiple private sector peer banks across functions, levels and roles which is then used by the Bank to assess market competitiveness of remuneration offered to Bank employees.
- ❖ A description of the scope of the Bank's remuneration policy, including the extent to which it is applicable to branches in India and overseas:
- The Committee monitors the remuneration policy for both domestic and overseas branches of the Bank on behalf of the Board. However, it does not oversee the compensation policy for subsidiaries of the Bank.
- ❖ A description of the type of employees covered and number of such employees:
- Employees are categorised into following three categories from remuneration structure and administration standpoint:
- Category 1
MD & CEO and WTDs. This category includes **2*** employees.
- Category 2
All the employees in the Grade of Senior Vice President I and above engaged in the functions of Risk Control, Internal Audit and Compliance. This category includes **87*** employees.
- Category 3: Other Staff
'Other Staff' has been defined as a "group of employees whose actions have a material impact on the risk exposure of the Bank". This category includes **22*** employees.
- *represents employees in these categories during the year FY 2022-23 including employees exited from the Bank during FY 2022-23.

b) Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy:

- ❖ An overview of the key features and objectives of remuneration policy:
- The compensation philosophy of the Bank aims to attract, retain and motivate professionals in order to enable the Bank to attain its strategic objectives and develop a strong performance culture in the competitive environment in which it operates. To achieve this, the following principles are adopted:
- Affordability: Pay to reflect productivity improvements to retain cost-income competitiveness
- Maintain competitiveness on fixed pay in talent market
 - Pay for performance to drive meritocracy through variable pay
 - Employee Stock Options for long-term value creation
 - Benefits and perquisites to remain aligned with market practices and provide flexibility

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Apart from the above, the compensation structure for MD & CEO and WTDs is aligned to RBI's guidelines for sound compensation practices issued in November 2019 and addresses the general principles of:

- Effective and independent governance and monitoring of compensation
- Alignment of compensation with prudent risk-taking through well designed and consistent compensation structures
- Clear and timely disclosure to facilitate supervisory oversight by all stakeholders

Accordingly, the compensation policy for MD & CEO and WTDs seeks to:

- a) Ensure that the compensation, in terms of structure and total amount, is in line with the best practices, as well as competitive vis-à-vis that of peer banks
- b) Establish the linkage of compensation with individual performance as well as achievement of the corporate objectives of the Bank
- c) Include an appropriate variable pay component tied to the achievement of pre-established objectives in line with Bank's scorecard while ensuring that the compensation is aligned with prudent risk taking
- d) Encourage attainment of long term shareholder returns through inclusion of equity linked long-term incentives as part of compensation

Compensation is structured in terms of fixed pay, variable pay and employee stock options (for selective employees), with a strong linkage of variable pay to performance. The compensation policy of the Bank is approved by the Nomination and Remuneration Committee. Additional approval from Shareholders and RBI is obtained specifically for compensation of MD & CEO and WTDs.

- ❖ Whether the remuneration committee reviewed the firm's remuneration policy during the past year, and if so, an overview of any changes that were made:

Reserve Bank of India has released revised guidelines on Compensation of Whole Time Directors/ Chief Executive Officers/ Material Risk Takers and Control Function staff on 4 November, 2019.

Bank's remuneration policy was reviewed by the Nomination and Remuneration Committee of the Bank in FY 2020-21 in order to align with RBI guidelines. Key highlights of the policy are mentioned below:

- At least 50% of total compensation i.e. Fixed Pay plus Total Variable Pay shall be variable.
- Value of stock options will be included in definition of 'Total Variable Pay'
- Total Variable Pay for the MD & CEO/ Whole-time Directors/ Material Risk Takers of the Bank would be capped at 300% of Fixed Pay.
- If the Total Variable Pay is up to 200% of the Fixed Pay, a minimum of 50% of the Variable pay; and in case Variable Pay is above 200%, a minimum of 67% of the Variable Pay shall be paid via employee stock options.
- Minimum 60% of the Total Variable Pay shall be deferred over 3 years. If cash component is part of Total Variable Pay, at least 50% of the cash component of variable pay should also be deferred over 3 years. In cases where the cash component of Total variable pay is under Rs. 25 lakh, variable pay shall not be deferred
- All the fixed items of compensation, including retiral benefits and perquisites, will be treated as part of Fixed Pay.
- Qualitative and quantitative criteria defined for identification of Material Risk Takers (MRTs).
- Specific guidelines on application of malus and clawback clauses.

- ❖ A discussion of how the Bank ensures that risk, internal audit and compliance employees are remunerated independently of the businesses they oversee:

The Bank ensures that risk, internal audit and compliance employees are remunerated independently of the businesses they oversee and is guided by the individual employee performance. The remuneration is determined on the basis of relevant risk measures included in the Balanced Scorecard / key deliverables of staff in these functions. The parameters reviewed for performance based rewards are independent of performance of the business area they oversee and commensurate with their individual role in the Bank. Additionally, the ratio of fixed and variable compensation is weighed towards fixed compensation in case of employees in risk, internal audit, and compliance functions.



c) Description of the ways in which current and future risks are taken into account in the remuneration processes:

- ❖ An overview of the key risks that the Bank takes into account when implementing remuneration measures:
The business activity of the Bank is undertaken within the limits of risk measures to achieve the financial plan. The Financial Perspective in the Bank's Balanced Score Card (BSC) contains metrics pertaining to growth, profitability and asset quality. These metrics along with other metrics in customer, internal process and compliance and people perspective are taken into account while arriving at the remuneration decisions. The metrics on internal process and compliance ensure due weightage to non – financial risk that bank may be exposed to.
- ❖ An overview of the nature and type of key measures used to take account of these risks, including risk difficult to measure:
The Bank has a robust system of measuring and reviewing these risks. The risk parameters are a part of the Balanced Score Card used for setting of performance objectives and for measuring performance which includes, besides financial performance, adherence to internal processes, compliance and people perspectives. Weightage is placed on not only financial or quantitative achievement of objectives but also on qualitative aspects detailing how the objectives were achieved.
- ❖ A discussion of the ways in which these measures affect remuneration:
The relevant risk measures are included in the scorecards of MD & CEO and WTDs. Inclusion of the above mentioned measures ensures that performance parameters are aligned to risk measures at the time of performance evaluation. The Nomination and Remuneration Committee takes into consideration all the above aspects while assessing organisational and individual performance and making compensation related recommendations to the Board.
- ❖ A discussion of how the nature and type of these measures have changed over the past year and reasons for the changes, as well as the impact of changes on remuneration:
The Bank continued to track key metrics across financial, customer, internal process and compliance and people perspective as part of FY 2022-23 BSC. For FY 2022-23, metrics linked to Bank's strategy, with focus on health metrics, sustainability, specifically on capital position and building distinctiveness were incorporated. Further, critical deliverables were included to drive progress as per the Bank's Growth, Profitability Score strategy.

d) Description of the ways in which the Bank seeks to link performance during a performance measurement period with levels of remuneration:

- The Bank's performance management and compensation philosophies are structured to support the achievement of the Bank's on-going business objectives by rewarding achievement of objectives linked directly to its strategic business priorities. These strategic priorities are cascaded through annualised objectives to the employees.
The Bank follows the Balanced Scorecard approach in designing its performance management system. Adequate attention is given to the robust goal setting process to ensure alignment of individual objectives to support the achievement of business strategy, financial and non-financial goals across and through the organisation. The non-financial goals for employees include customer service, process improvement, adherence to risk and compliance norms, operations and process control, learning and knowledge development.
- ❖ An overview of main performance metrics for Bank, top level business lines and individuals:
The Bank follows a Balanced Scorecard approach for measuring performance for the Bank, top business lines and individuals. The approach broadly comprises financial, customer, internal processes, compliance, and people perspectives and includes parameters on revenue and profitability, business growth, customer initiatives, operational efficiencies, regulatory compliance, risk management and people management.
- ❖ A discussion of how amounts of individual remuneration are linked to the Bank-wide and individual performance:
The Bank's remuneration practices are underpinned by principles of meritocracy and fairness. The remuneration system strives to maintain the ability to attract, retain, reward and motivate the talent in order to enable the Bank to attain its strategic objectives within the increasingly competitive context in which it operates. The Bank's pay-for-performance approach strives to ensure both internal and external equity in line with emerging market trends. However, the business model and affordability form the overarching boundary conditions.
The Bank follows a Balanced Scorecard approach for measuring performance at senior levels. The Balanced scorecard parameters for individuals are cascaded from the Bank's Balanced Scorecard. The Management Committee or the Nomination and Remuneration Committee reviews the achievements against the set of parameters which determines the performance of the individuals.
For all other employees, performance appraisals are conducted annually and initiated by the employee with self-appraisal. The immediate supervisor reviews the appraisal ratings in a joint consultation meeting with the employee and assigns the performance rating. The final ratings are discussed by a Moderation Committee comprising of senior officials of the Bank. Both relative and absolute individual performances are considered for the moderation process. Individual fixed pay increases, variable pay and ESOPs are linked to the final performance ratings.

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- ❖ A discussion of the measures the Bank will in general implement to adjust remuneration in the event that performance metrics are weak:

In cases where the performance metrics are weak or not well defined to measure the performance effectively, the Bank uses discretion to reward such employees. The remuneration is then influenced by the operational performance parameters of the Bank along with individual performance achievement.

Whilst determining fixed and variable remuneration, relevant risk measures are included in scorecards of senior employees. The Financial Perspective in the Bank's BSC contains metrics pertaining to growth, profitability and asset quality. These metrics along with other metrics in customer, internal process and compliance and people perspective are taken into account while arriving at the remuneration decisions. The metrics on internal process and compliance ensure due weightage to non – financial risk that bank may be exposed to.

As a prudent measure, for Material Risk Takers, a portion of variable pay if it exceeds a certain threshold is deferred and is paid proportionately over a period of 3 years. The deferred variable pay amount of reference year would be held back in case of any misrepresentation or gross inaccuracy resulting in a wrong risk assessment.

- e) **Description of the ways in which the Bank seeks to adjust remuneration to take account of the long term performance:**

- i) **Bank's deferral and vesting of variable remuneration and, if the fraction of variable remuneration that is deferred differs across employees or groups of employees, a description of the factors that determine the fraction and their relative importance:**

For MD&CEO, Whole Time Directors and other Material Risk Takers of the Bank, minimum 60% of the Total Variable Pay (including Cash Variable Pay and Stock Options) is deferred over 3 years or such other period as prescribed by RBI where applicable. In case the cash component is part of Total Variable Pay and exceeds ₹25 lakhs, at least 50% of the cash component of variable pay is also deferred over 3 years or such other period as prescribed by RBI where applicable.

The total variable pay for MD&CEO, Whole Time Directors and other Material Risk Takers of the Bank is subject to malus and clawback clauses, as defined in the Remuneration Policy of the Bank.

- ii) **Bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting through claw back arrangements:**

The Total Variable Pay for MD&CEO, Whole Time Directors and other Material Risk Takers of the Bank is subject to malus and clawback clauses, which are defined in the Remuneration Policy of the Bank. Detailed scenarios under which said clauses can be applied, such as event of an enquiry determining gross negligence or breach of integrity, or significant deterioration in financial performance are defined in the Remuneration Policy of the Bank.

- f) **Description of the different forms of variable remuneration that the Bank utilizes and the rationale for using these different forms:**

- ❖ An overview of the forms of variable remuneration offered:
 - Variable Pay: Variable Pay is linked to corporate performance, business performance and individual performance and ensures differential pay based on the performance levels of employees
 - Employee Stock Options (ESOPs): ESOPs are given to selective set of employees at senior levels based on their level of performance and role. ESOP scheme has an inbuilt deferred vesting design which helps in directing long term performance orientation among employees
- ❖ A discussion of the use of different forms of variable remuneration and, if the mix of different forms of variable remuneration differs across employees or group of employees, a description of the factors that determine the mix and their relative importance:

Variable pay in the form of performance based bonus is paid out annually and is linked to performance achievement against balanced performance measures and aligned with the principles of meritocracy. The proportion of variable pay in total pay shall be higher at senior management levels. The payment of all forms of variable pay is governed by the affordability of the Bank and based on profitability and cost income ratios. At senior management levels (and for certain employees with potential to cause material impact on risk exposure), a portion of variable compensation may be paid out in a deferred manner in order to drive prudent behaviour as well as long term & sustainable performance orientation. Long term variable pay is administered in the form of ESOPs with an objective of enabling employee participation in the business as an active stakeholder and to usher in an 'owner-manager' culture. The quantum of grant of stock options is determined and approved by the Nomination and Remuneration Committee, in terms of the said Regulations and in line with best practices, subject to the approval of RBI. The current ESOP design has an inbuilt deferral intended to spread and manage risk.



Quantitative disclosures

a) The quantitative disclosures pertaining to the MD & CEO, Whole Time Directors and Material Risk Takers for the year ended 31 March, 2023 and 31 March, 2022 are given below:

Particulars	31 March, 2023	31 March, 2022
a. i) Number of meetings held by the Remuneration Committee (main body overseeing remuneration) during the financial year	10	10
ii) Remuneration paid to its members (sitting fees)	₹3,300,000	₹3,000,000
b. Number of employees having received a variable remuneration award during the financial year ¹	27 ²	25 ²
c. Number and total amount of sign-on/joining bonus made during the financial year		
- Share-linked instruments (number of stock options granted)	85,000	285,000
- Fair value of share linked instruments	₹2.00 crores ³	₹6.64 crores ³
d. Details of severance pay, in addition to accrued benefits, if any	N.A.	N.A.
e. Total amount of outstanding deferred remuneration, split into:		
- Cash	₹18.15 crores	₹7.78 crores
- Shares	-	-
- Share-linked instruments (number of unvested stock options outstanding as on 31 March and fair value of the same)	3,469,130 options with a fair value of ₹79.46 crores ³	3,212,516 options with a fair value of ₹60.02 crores ³
f. Total amount of deferred remuneration paid out in the financial year:		
- Cash	₹2.75 crores	-
- Share-linked instruments (number of stock options vested during the year and fair value of the same)	3,052,814 Options with a fair value of ₹59.21 crores ³	1,791,800 options with a fair value of ₹29.97 crores ³
g. Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred, different forms used:		
- Fixed	₹61.38 crores ⁴	₹52.37 crores ⁴
- Variable	₹103.92 crores ²	₹83.38 crores ²
- Deferred	₹90.85 crores	₹74.05 crores
- of which, cash	₹13.06 crores ³	₹8.38 crores
- of which, share-linked instruments	₹77.79 crores fair value of 3,236,328 options granted during the year ³	₹65.67 crores fair value of 3,142,025 options granted during the year ³
- Non-deferred	₹13.07 crores ²	₹9.33 crores ²
h. Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and/or implicit adjustments	N.A.	N.A.
i. Total amount of reductions during the financial year due to ex- post explicit adjustments	N.A.	N.A.
j. Total amount of reductions during the financial year due to ex- post implicit adjustments	N.A.	N.A.
k. Number of MRT's identified	24	26
l. Number of cases where		
- malus has been exercised	Nil	Nil
- clawback has been exercised	Nil	Nil
- both malus and clawback have been exercised	Nil	Nil
m. The mean pay for the bank as a whole (excluding sub-staff) and the deviation of the pay of each of its WTDs from the mean - Mean pay of the Bank ⁵ - Deviation of the pay of WTDs from the mean pay for the Bank -		
- MD & CEO	₹1,143,372	₹1,041,154
- WTD 1	₹78,509,472	₹69,195,260
- WTD 2	₹53,113,432	₹37,469,260
	-	₹25,117,567

1. Includes MD & CEO/WTDs/and other MRTs based on the revised criteria given by RBI in its guideline dated 4 November, 2019
2. Pertains to FY 2021-22 and FY 2020-21 paid to MD & CEO, WTDs and other material risk takers
3. Fair value is the weighted average fair value of stock options computed using Black-Scholes options pricing model as on the grant date
4. Fixed pay includes basic salary, supplementary allowances, superannuation, contribution to provident fund, gratuity fund and value of perquisites. The value of perquisites is calculated as cost to the Bank
5. Mean pay is computed on annualised fixed pay of all confirmed employees (excluding frontline sales force) as on 31 March. Fixed pay includes basic salary, supplementary allowances, superannuation, contribution to provident fund, gratuity fund and value of perquisites. The value of perquisites is calculated as cost to the Bank
6. Details of erstwhile MRTs who have since retired or undergone a role change and where deferred remuneration is outstanding have also been included in the above disclosure.

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Disclosure for compensation of Non-executive Directors (Except Part-time Chairman):

	(₹ in crores)	
	31 March, 2023	31 March, 2022
a. Amount of fixed remuneration paid during the year	1.76	1.48
b. Profit linked commission paid during the year	-	0.76

3.14 Other Disclosures

a) Business ratios

As at	31 March, 2023 %	31 March, 2022 %
Interest income as a percentage to working funds ¹	7.09	6.26
Non-interest income as a percentage to working funds ¹	1.37	1.41
Cost of Deposits	3.94	3.68
Net Interest Margin ²	4.02	3.47
Operating profit ³ as a percentage to working funds ¹	1.65	2.30
Return on assets (based on working funds ¹)	0.80	1.21
Business (deposits less inter-bank deposits plus advances) per employee ⁴	₹20.00 crores	₹17.92 crores
Profit per employee ⁴ (Refer note 18.1)	₹0.11 crores	₹0.16 crores

- Working funds represent average of total assets as reported to RBI in Form X under Section 27 of the Banking Regulation Act, 1949 during the year
- Net Interest Income/Average Earning Assets. Net Interest Income = Interest Income – Interest Expense
- Operating profit represents total income as reduced by interest expended and operating expenses
- Productivity ratios are based on average employee numbers for the year

Business ratios (excluding exceptional items)

As at	31 March, 2023 %	31 March, 2022 %
Operating profit as a percentage to working funds ¹	2.67	2.30
Return on assets (based on working funds ¹)	1.82	1.21

- Working funds represent average of total assets as reported to RBI in Form X under Section 27 of the Banking Regulation Act, 1949 and adjusted for exceptional items during the year (Refer note 18.1).

b) Bancassurance business

	(₹ in crores)	
Sr. No. Nature of Income	31 March, 2023	31 March, 2022
1. For selling life insurance policies	1,359.37	1,187.34
2. For selling non-life insurance policies	136.97	133.21
Total	1,496.34	1,320.55

c) Marketing and Distribution business

	(₹ in crores)	
Sr. No. Nature of Income	31 March, 2023	31 March, 2022
1. Mutual funds	459.40	462.32
2. Alternate products	126.25	71.04
3. Government bonds	2.99	5.40
4. Fees for display of publicity material	243.25	8.86
5. Others	20.37	14.18
Total	852.26	561.80



d) Disclosure regarding Priority Sector Lending Certificates (PSLCs) purchased/sold by the Bank:

Detail of Priority Sector Lending Certificates (PSLC) purchased by the Bank

(₹ in crores)		
Category	31 March, 2023	31 March, 2022
PSLC – Small/Marginal Farmers	38,000.00	39,200.00
PSLC – Micro Enterprises	-	14,350.00
Total	38,000.00	53,550.00

Details of PSLCs sold by the Bank

(₹ in crores)		
Category	31 March, 2023	31 March, 2022
PSLC – Agriculture	10,000.00	-
PSLC – Micro Enterprises	10,000.50	-
PSLC – General	60,513.75	54,400.00
Total	80,514.25	54,400.00

During the year ended 31 March, 2023, the Bank incurred a cost of ₹945.32 crores (previous year ₹1,246.63 crores) towards purchase of PSLCs which forms part of 'Other Expenditure' under Schedule 16 of the Profit and Loss Account. Further, during the year ended 31 March, 2023, the Bank also earned fees of ₹173.20 crores (previous year ₹349.52 crores) on sale of PSLCs which forms part of 'Miscellaneous Income' under Schedule 14 of the Profit and Loss Account.

e) 'Provisions and contingencies' recognised in the Profit and Loss Account comprise of:

(₹ in crores)		
For the year ended	31 March, 2023	31 March, 2022
Provision for income tax		
- Current tax	6,290.88	4,199.15
- Deferred tax [Refer note 18 (5.8)]	1,035.29	157.93
	7,326.17	4,357.08
Provision for non-performing assets (including bad debts written off net of write backs and recoveries in written off accounts) ¹	3,355.31	5,181.84
Provision for restructured assets/strategic debt restructuring/sustainable structuring	(34.82)	0.95
Provision for Covid-19 restructuring & MSME restructuring	(599.17)	912.33
Provision towards standard assets	434.72	188.21
Provision for unhedged foreign currency exposures	33.60	(61.82)
Provision for country risk	8.47	18.97
Additional provision for delay in implementation of resolution plan	(179.81)	409.62
Provision for probable legal cases	46.75	215.31
Provision for other contingencies	(180.27)	494.04
Total	10,210.95	11,716.53

1. includes provision for non-performing advances of ₹6,053.94 crores (previous year ₹7,164.21 crores) and non-performing investments of ₹186.34 crores (previous year ₹384.46 crores), net of recoveries from written off accounts of ₹2,884.97 crores (previous year ₹2,366.83 crores)

f) Status of implementation of IFRS converged Indian Accounting Standards (Ind AS):

The RBI had issued a circular in February 2016 requiring banks to implement Indian Accounting Standards (Ind AS) and prepare standalone and consolidated Ind AS financial statements with effect from 1 April, 2018. Banks were also required to report the comparative financial statements for the financial year 2017-18, to be published along with the financial statement for the year beginning 1 April, 2018. However, the RBI in its press release issued on 5 April, 2018 deferred the applicability of Ind AS by one year (i.e. 1 April, 2019) for Scheduled Commercial Banks. Further, RBI in a circular issued on 22 March, 2019 has deferred the implementation of Ind AS till further notice.

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During the financial year 2016-17, the Bank had undertaken a preliminary diagnostic analysis of the GAAP differences between Indian GAAP vis-a-vis Ind AS. The Bank has also identified and evaluated data gaps, processes and system changes required to implement Ind AS. The Bank is in the process of implementing necessary changes in its IT systems wherever required and other processes in a phased manner. The Bank is also submitting Proforma Ind AS financial statements to RBI on a half-yearly basis.

In line with the RBI guidelines on Ind AS implementation, the Bank has formed a Steering Committee comprising members from the concerned functional areas, headed by the Deputy Managing Director. A progress report on the status of Ind AS implementation in the Bank is presented to the Audit Committee and Board of Directors on a quarterly basis.

g) Payment of DICGC Insurance Premium

	(₹ in crores)	
	31 March, 2023	31 March, 2022
Payment of DICGC Insurance Premium ¹	958.45	852.52
Arrears in payment of DICGC premium	-	-
Total	958.45	852.52

1. Amount reported is excluding GST

h) Disclosure on provisioning pertaining to Land held under 'Non-Banking assets acquired in satisfaction of claims'

	(₹ in crores)	
Particulars	31 March, 2023	31 March, 2022
Amount of Land held under 'Non-Banking assets acquired in satisfaction of claims'	2,068.24	2,068.24
Provisions made during the year by debiting profit and loss account	-	-
Provisions reversed during the year	-	-
Provisions held at the end of the year	2,068.24	2,068.24
Unamortised provision debited from 'Balance in profit and loss account' under 'Reserves and Surplus'	-	-

i) Details of Others (including provisions) in Other Liabilities and Provisions of Schedule 5 of Balance Sheet exceeding 1% of Total Assets

As at 31 March, 2023

Sr. No.	Particulars	(₹ in crores)
1.	Mark-to-Market (MTM) liability on forex and derivative contracts	13,389.74

During the year ended 31 March, 2022, none of the items within Schedule 5-Other Liabilities and Provisions- "Others (including provisions)" have exceeded 1% of the total assets.

j) Details of Others in Other Assets of Schedule 11 of Balance Sheet exceeding 1% of Total Assets

As at 31 March, 2023

Sr. No.	Particulars	(₹ in crores)
1.	Priority Sector Shortfall Deposits	30,564.20

As at 31 March, 2022

Sr. No.	Particulars	(₹ in crores)
1.	Priority Sector Shortfall Deposits	41,653.61

k) Miscellaneous income exceeding 1% of the total income

During the year ended 31 March, 2023 and 31 March, 2022, none of the items under miscellaneous income (Schedule 14 – Other Income) have exceeded 1% of total income of the Bank.



l) Expenses exceeding 1% of the total income

Details of items under other expenditure (Schedule 16 – Operating Expenses) exceeding 1% of total income of the Bank are given below:

For the year ended 31 March, 2023

Sr. No.	Nature of Expense	(₹ in crores)
1.	Commission paid to Direct Sales Agents (DSA)	1,537.25
2.	Charges paid to Network partners	1,164.46
3.	Cashback charges	1,105.72

For the year ended 31 March, 2022

Sr. No.	Nature of Expense	(₹ in crores)
1.	Fees paid for purchase of Priority Sector Lending Certificates	1,246.63
2.	Commission paid to Direct Sales Agents (DSA)	1,333.77
3.	Fees paid to Collection Agencies	869.12

4. Other Disclosures

4.1. Earnings Per Share ('EPS')

The details of EPS computation is set out below:

	31 March, 2023	31 March, 2022
Basic and Diluted earnings for the year (Net profit after tax) (₹ in crores)	9,579.68	13,025.48
Basic weighted average no. of shares (in crores)	307.30	306.65
Add: Equity shares for no consideration arising on grant of stock options under ESOP (in crores)	1.48	0.92
Diluted weighted average no. of shares (in crores)	308.78	307.57
Basic EPS (₹)	31.17	42.48
Diluted EPS (₹)	31.02	42.35
Basic EPS (excluding exceptional items, refer note 18.1) (₹)	71.37	42.48
Diluted EPS (excluding exceptional items, refer note 18.1) (₹)	71.03	42.35
Nominal value of shares (₹)	2.00	2.00

Dilution of equity is on account of 14,780,391 stock options (previous year 9,241,401)

4.2 Employee Stock Options/Units

Pursuant to the approval of the shareholders in February 2001, the Bank approved an Employee Stock Option Scheme under which eligible employees are granted an option to purchase shares subject to vesting conditions. Over the period till March 2023, pursuant to the approval of the shareholders, the Bank approved ESOP schemes for options aggregating 315,087,000 that vest in a graded manner over 3 years. The options can be exercised within five years from the date of the vesting as the case may be. Within the overall ceiling of 315,087,000 stock options approved for grant by the shareholders as stated earlier, the Bank is authorised to issue options to eligible employees and Whole Time Directors (including those of subsidiary companies).

294,895,841 options have been granted under the Schemes till the previous year ended 31 March, 2022. Pursuant to the approval of the Nomination and Remuneration Committee on 22 March, 2022 the Bank granted 16,625,592 stock options (each option representing entitlement to one equity share of the Bank) to eligible employees/directors of the Bank/subsidiary companies at a grant price of ₹725.90. Further, during FY 2022-23, the Bank granted stock options (each option representing entitlement to one equity share of the Bank) to its eligible employees, the details of which are as under:

Date of grant	No. of options granted	Grant price (₹ per option)
15 July, 2022	85,000	668.25

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Stock option activity under the Scheme for the year ended 31 March, 2023 is set out below:

	Options outstanding	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life (Years)
Outstanding at the beginning of the year	44,279,611	306.54 to 804.80	609.26	4.29
Granted during the year	16,710,592	668.25 to 725.90	725.61	-
Forfeited during the year	(2,676,194)	469.90 to 757.10	693.10	-
Expired during the year	(102,145)	306.54 to 535.00	465.48	-
Exercised during the year	(7,104,176)	306.54 to 757.10	535.32	-
Outstanding at the end of the year	51,107,688	433.10 to 804.80	653.48	4.37
Exercisable at the end of the year	35,119,021	469.90 to 804.80	620.49	3.46

The weighted average share price in respect of options exercised during the year was ₹838.11.

Stock option activity under the Scheme for the year ended 31 March, 2022 is set out below:

	Options outstanding	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life (Years)
Outstanding at the beginning of the year	38,109,654	306.54 to 757.10	544.21	4.22
Granted during the year	13,898,988	697.10 to 804.80	727.80	-
Forfeited during the year	(16,71,547)	469.90 to 757.10	645.30	-
Expired during the year	(58,300)	306.54 to 535.00	484.45	-
Exercised during the year	(59,99,184)	306.54 to 757.10	461.82	-
Outstanding at the end of the year	44,279,611	306.54 to 804.80	609.26	4.29
Exercisable at the end of the year	30,458,322	306.54 to 757.10	589.02	3.36

The weighted average share price in respect of options exercised during the year was ₹740.25

Fair Value Methodology

In line with RBI clarification on Guidelines on Compensation of Whole Time Directors/Chief Executive Officers/Material Risk Takers and Control Function Staff on 30 August, 2021, the Bank has changed its accounting policy from the intrinsic value method to the fair value method for all share-linked instruments granted after 31 March, 2021 and consequently recognized the fair value of options computed using the Black-Scholes model, without reducing estimated forfeitures, as compensation expense over the vesting period. During the year, the Bank has recognised ESOP compensation cost of ₹252.65 crores for options granted to employees of the Bank and recovered ₹32.87 crores from subsidiaries in respect of options granted to their employees and deputed staff.

The impact on reported net profit and EPS in respect of options granted prior to 31 March, 2021 considering the fair value based method as prescribed in the Guidance Note on 'Accounting for Employee Share-based Payments' issued by the Institute of Chartered Accountants of India is given below:

	31 March, 2023	31 March, 2022
Net Profit (as reported) (₹ in crores)	9,579.68	13,025.48
Less: Stock based employee compensation expense determined under fair value based method (proforma) (₹ in crores)	(16.01)	(61.90)
Net Profit (Proforma) (₹ in crores)	9,563.67	12,963.58
Earnings per share: Basic (in ₹)		
As reported	31.17	42.48
Proforma	31.12	42.27
Earnings per share: Diluted (in ₹)		
As reported	31.02	42.35
Proforma	31.01	42.17



No cost has been incurred by the Bank in respect of ESOPs granted prior to 31 March, 2021 to the employees of the Bank and subsidiaries which are valued under the intrinsic value method.

The fair value of the options is estimated on the date of the grant using the Black-Scholes options pricing model, with the following assumptions:

	31 March, 2023	31 March, 2022
Dividend yield	0.26%-0.43%	0.43%-0.64%
Expected life	2.95-4.95 years	2.28-4.28 years
Risk free interest rate	5.46% to 7.13%	4.71% to 5.67%
Volatility	30.95% to 33.02%	30.91% to 33.93%

Volatility is the measure of the amount by which a price has fluctuated or is expected to fluctuate during a period. The measure of volatility used in the Black-Scholes options pricing model is the annualised standard deviation of the continuously compounded rates of return on the stock over a period of time. For calculating volatility, the daily volatility of the stock prices on the National Stock Exchange, over a period prior to the date of grant, corresponding with the expected life of the options has been considered.

The weighted average fair value of options granted during the year ended 31 March, 2023 is ₹240.34 (previous year ₹209.47).

Pursuant to the approval of the Shareholders in January 2023, the Bank approved the 'Axis Bank Employees Stock Unit Scheme, 2022' under which the Bank is authorized to grant Units not exceeding 50,000,000 (Five crores) in number in aggregate, to or for benefit of 'Eligible Employees' in accordance with applicable SEBI Regulations, with each such Unit(s) exercisable into equity share(s) of the Bank subject to vesting conditions. The Units vest in a graded manner over 3 years and can be exercised within five years from the date of the vesting at an exercise price as determined in accordance with applicable laws at the time of grant and on such terms and conditions as contained in the Scheme.

On 24 March, 2023, the Nomination and Remuneration Committee of the Board of Directors of the Bank has approved the grant of upto 13,100,000 stock options and grant of upto 3,200,000 stock units to eligible employees, there have been no allotments of options/units under this grant. Accordingly, these options/units have not been considered in the above disclosure.

4.3. Proposed Dividend

The Board of Directors, in their meeting held on 27 April, 2023 have proposed a final dividend of ₹1 per equity share amounting to ₹307.69 crores. The proposal is subject to the approval of shareholders at the Annual General Meeting. In terms of revised Accounting Standard (AS) 4 'Contingencies and Events occurring after the Balance sheet date' as notified by the Ministry of Corporate Affairs through the Companies (Accounting Standards) Rules, 2021, such proposed dividend has not been recognised as a liability as on 31 March, 2023.

During the year, the Bank paid final dividend of ₹1 per equity share amounting ₹307.14 crores pertaining to year ended 31 March, 2022.

4.4. Segmental reporting

The business of the Bank is divided into four segments: Treasury, Retail Banking, Corporate/Wholesale Banking and Other Banking Business. These segments have been identified based on the RBI's revised guidelines on Segment Reporting issued on 18 April, 2007 vide Circular No. DBOD.No.BP.BC.81/21.04.018/2006-07. The principal activities of these segments are as under.

Segment	Principal Activities
Treasury	Treasury operations include investments in sovereign and corporate debt, equity and mutual funds, trading operations, derivative trading and foreign exchange operations on the proprietary account and for customers. The Treasury segment also includes the central funding unit.
Retail Banking	Constitutes lending to individuals/small businesses through the branch network and other delivery channels subject to the orientation, nature of product, granularity of the exposure and the quantum thereof. Retail Banking activities also include liability products, card services, internet banking, mobile banking, ATM services, depository, financial advisory services and NRI services.
Digital Banking (Sub- segment of Retail Banking)	In accordance with RBI circular DOR.AUT.REC.12/22.01.001/2022-23 dated 7 April 2022 on Establishment of Digital Banking Units, the Bank has presented 'Digital Banking' as a sub-segment of the Retail Banking segment.

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Segment	Principal Activities
Corporate/Wholesale Banking	Includes corporate relationships not included under Retail Banking, corporate advisory services, placements and syndication, project appraisals, capital market related services and cash management services.
Other Banking Business	Includes para banking activities like third party product distribution and other banking transactions not covered under any of the above three segments.

Unallocated assets and liabilities - All items which are reckoned at an enterprise level are classified under this segment such as deferred tax, tax paid in advance net of provision, provision for COVID-19 etc.

Revenues of the Treasury segment primarily consist of fees and gains or losses from trading operations and interest income on the investment portfolio. The principal expenses of the segment consist of interest expense on funds borrowed from external sources and other internal segments, premises expenses, personnel costs, other direct overheads and allocated expenses.

Revenues of the Corporate/Wholesale Banking segment consist of interest and fees earned on loans given to customers falling under this segment and fees arising from transaction services and merchant banking activities such as syndication and debenture trusteeship. Revenues of the Retail Banking segment are derived from interest earned on loans classified under this segment, fees for banking and advisory services, ATM interchange fees and cards products. Expenses of the Corporate/Wholesale Banking and Retail Banking segments primarily comprise interest expense on deposits and funds borrowed from other internal segments, infrastructure and premises expenses for operating the branch network and other delivery channels, personnel costs, other direct overheads and allocated expenses.

Segment income includes earnings from external customers and from funds transferred to the other segments. Segment result includes revenue as reduced by interest expense and operating expenses and provisions, if any, for that segment. Segment-wise income and expenses include certain allocations. Inter segment interest income and interest expense represent the transfer price received from and paid to the Central Funding Unit (CFU) respectively. For this purpose, the funds transfer pricing mechanism presently followed by the Bank, which is based on historical matched maturity and internal benchmarks, has been used by the Bank and relied upon by the Statutory Auditors. Operating expenses other than those directly attributable to segments are allocated to the segments based on an activity-based costing methodology. All activities in the Bank are segregated segment-wise and allocated to the respective segment.



Segmental results are set out below:

(₹ in crores)

	31 March, 2023							Total
	Treasury	Corporate/ Wholesale Banking	Retail Banking			Other Banking Business	Unallocated	
			Digital Banking Business	Other Retail Banking Business	Total Retail Banking			
Segment Revenue								
Gross interest income (external customers)	20,501.86	21,888.27	6,784.06	35,907.80	42,691.86	81.78	-	85,163.77
Other income	1,317.51	3,576.08	5,215.61	3,859.92	9,075.53	2,531.75	-	16,500.87
Total income as per Profit and Loss Account	21,819.37	25,464.35	11,999.67	39,767.72	51,767.39	2,613.53	-	101,664.64
Add/(less) inter segment interest income	2,458.67	8,510.09	4,308.23	33,681.82	37,990.05	-	-	48,958.81
Total segment revenue	24,278.04	33,974.44	16,307.90	73,449.54	89,757.44	2,613.53	-	150,623.45
Less: Interest expense (external customers)	12,813.69	1,773.50	3,218.09	24,412.74	27,630.83	-	-	42,218.02
Less: Inter segment interest expense	4,318.66	16,834.82	3,578.92	24,226.41	27,805.33	-	-	48,958.81
Less: Operating expenses	143.92	4,570.85	6,755.41	15,723.24	22,478.65	204.89	12,257.68	39,655.99
Operating profit	7,001.77	10,795.27	2,755.48	9,087.15	11,842.63	2,408.64	(12,257.68)	19,790.63
Less: Provision for non-performing assets/others ¹	(47.11)	(1,246.94)	1,433.28	2,513.07	3,946.35	0.34	232.14	2,884.78
Segment result	7,048.88	12,042.21	1,322.20	6,574.08	7,896.28	2,408.30	(12,489.82)	16,905.85
Less: Provision for tax								7,326.17
Extraordinary profit/loss								-
Net Profit								9,579.68
Segment assets	445,861.38	352,213.76	75,313.40	435,519.28	510,832.68	931.12	7,486.59	1,317,325.53
Segment liabilities	204,780.60	222,220.96	87,602.69	675,052.34	762,655.03	53.98	2,621.72	1,192,332.29
Net assets	241,080.78	129,992.80	(12,289.29)	(239,533.06)	(251,822.35)	877.14	4,864.87	124,993.24
Capital Expenditure for the year (Refer note 18.1)	9.41	262.19	169.38	921.27	1,090.65	24.89	11,949.08	13,336.22
Depreciation on fixed assets for the year (Refer note 18.1)	7.77	216.49	139.87	760.71	900.58	20.56	11,949.08	13,094.48

1. represents material non-cash items other than depreciation

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(₹ in crores)

	31 March, 2022							
	Treasury	Corporate/ Wholesale Banking	Digital Banking Business	Retail Banking Other Retail Banking Business	Total Retail Banking	Other Banking Business	Unallocated	Total
Segment Revenue								
Gross interest income (external customers)	17,896.21	16,383.68			33,080.98	15.96	-	67,376.83
Other income	3,215.01	3,025.94			6,649.55	2,330.04	-	15,220.54
Total income as per Profit and Loss Account	21,111.22	19,409.62			39,730.53	2,346.00	-	82,597.37
Add/(less) inter segment interest income	-	6,462.45			32,193.47	-	-	38,655.92
Total segment revenue	21,111.22	25,872.07			71,924.00	2,346.00	-	121,253.29
Less: Interest expense (external customers)	8,712.23	1,551.34			23,942.16	38.88	-	34,244.61
Less: Inter segment interest expense	6,810.95	11,809.23			20,034.88	0.86	-	38,655.92
Less: Operating expenses	225.91	4,361.69			18,555.37	467.78	-	23,610.75
Operating profit	5,362.13	8,149.81			9,391.59	1,838.48	-	24,742.01
Less: Provision for non-performing assets/others ¹	287.76	1,445.63			5,626.33	(0.27)	-	7,359.45
Segment result	5,074.37	6,704.18			3,765.26	1,838.75	-	17,382.56
Less: Provision for tax								4,357.08
Extraordinary profit/loss								-
Net Profit								13,025.48
Segment assets	441,862.43	303,872.86			420,762.47	447.81	8,483.18	1,175,428.75
Segment liabilities	200,459.98	192,215.76			665,417.24	109.29	2,201.02	1,060,403.29
Net assets	241,402.45	111,657.10			(244,654.77)	338.52	6,282.16	115,025.46
Capital Expenditure for the year	9.69	233.49			982.81	18.47	-	1,244.46
Depreciation on fixed assets for the year	7.86	189.19			796.36	14.96	-	1,008.37

1. represents material non-cash items other than depreciation



Geographic Segments

(₹ in crores)

	Domestic		International		Total	
	31 March, 2023	31 March, 2022	31 March, 2023	31 March, 2022	31 March, 2023	31 March, 2022
Revenue	99,544.39	81,695.50	2,120.25	901.88	101,664.64	82,597.37
Assets	1,265,934.72	1,117,467.06	51,390.81	57,961.69	1,317,325.53	1,175,428.75
Capital Expenditure for the year	13,335.31*	1,243.08	0.91	1.38	13,336.22*	1,244.46
Depreciation on fixed assets for the year	13,092.74*	1,007.12	1.74	1.25	13,094.48*	1,008.37

*includes intangibles and goodwill on acquisition of Citibank India Consumer Business (Refer note 18.1)

4.5 Related party disclosure

The related parties of the Bank are broadly classified as:

a) Promoters

The Bank has identified the following entities as its Promoters:

- Administrator of the Specified Undertaking of the Unit Trust of India (SUUTI)
- Life Insurance Corporation of India (LIC)

In March 2023, the Administrator of the Specified Undertaking of the Unit Trust of India (SUUTI) has made a request to the Bank to exit SUUTI from “promoter” category and reclassify it to “public” category. In terms of Reg. 31A of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 as amended, the said request is subject to the approval of the Bank’s Board, Stock Exchanges and other Statutory/ Regulatory Authorities, if any. The reclassification will be effective post receipt of the aforesaid approvals.

b) Key Management Personnel

- Mr. Amitabh Chaudhry (MD & CEO)
- Mr. Rajiv Anand (Deputy Managing Director)
- Mr. Rajesh Dahiya [Executive Director (Corporate Centre)] (upto 31 December, 2021)

c) Relatives of Key Management Personnel

Ms. Preeti Chaudhry, Mr. Anagh Chaudhry, Mr. Aruj Chaudhry, Mr. Aryan Chaudhry, Ms. Chhavi Kharb, Mr. Ashok Kharb, Mr. Om Singh Chaudhry, Ms. Kusum Chaudhry, Ms. Gitanjali Anand, Ms. Tara Anand, Ms. Nandita Anand, Mr. P.L. Narain, Mr. P. Srinivas, Ms. Ratna Rao Shekar, Ms. P. Kamashi, Ms. Charu Narain, Ms. K Ramalakshmi, Ms. Hemant Dahiya, Ms. Arooshi Dahiya, Mr. Anshul Avasthi, Ms. Mallika Dahiya, Ms. Jal Medha, Mr. Jai Prakash Dahiya, Ms. Pooja Rathi and Mr. Gagan Rathi.

d) Subsidiary Companies

- Axis Capital Limited
- Axis Trustee Services Limited
- Axis Asset Management Company Limited
- Axis Mutual Fund Trustee Limited
- Axis Bank UK Limited
- Axis Finance Limited
- Axis Securities Limited
- A. Treds Limited
- Freecharge Payment Technologies Private Limited

e) Step down subsidiary companies

- Axis Capital USA LLC
- Axis Pension Fund Management Limited (with effect from 17 May, 2022)

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f) Associate

- Max Life Insurance Company Limited (with effect from 6 April, 2021)

Based on RBI guidelines, details of transactions with Associate are not disclosed since there is only one entity/party in this category.

The details of transactions of the Bank with its related parties during the year ended 31 March, 2023 are given below:

(₹ in crores)						
Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel [#]	Subsidiaries	Step down Subsidiaries	Total
Dividend paid	29.14	0.06	-*	-	-	29.20
Dividend received	-	-	-	15.00	-	15.00
Interest paid	164.98	0.11	0.34	17.88	0.55	183.86
Interest received	-*	0.09	-*	67.15	-	67.24
Investment of the Bank	-	-	-	399.43	7.22	406.65
Repayment of Share Capital by Subsidiaries	-	-	-	-	-	-
Investment in non-equity instruments of related party	-	-	-	85.00	-	85.00
Investment of related party in the Bank	-	16.38	-	-	-	16.38
Redemption of Hybrid capital/Bonds of the Bank	958.00	-	-	-	-	958.00
Purchase of investments	-	-	-	-	-	-
Sale of investments	-	-	-	392.28	-	392.28
Management contracts	-	-	-	8.18	0.20	8.38
Remuneration paid	-	15.26	-	-	-	15.26
Contribution to employee benefit fund	13.76	-	-	-	-	13.76
Placement of deposits	0.22	-	-	-	-	0.22
Repayment of deposits	-	-	-	-	-	-
Call/Term lending to related party	-	-	-	-	-	-
Repayment of Call/Term lending by related party	-	-	-	-	-	-
Swaps/Forward contracts	-	-	-	0.28	-	0.28
Advance granted (net)	-	-	-	474.65	-	474.65
Advance repaid	-*	7.65	-	0.42	-	8.07
Purchase of loans	-	-	-	1,108.14	-	1,108.14
Receiving of services	112.22	-	-	344.06	0.08	456.36
Rendering of services	40.18	-*	-*	74.12	0.55	114.85
Sale/Purchase of foreign exchange currency to/from related party	-	2.55	0.24	-	-	2.79
Royalty received	-	-	-	6.78	-	6.78
Other reimbursements from related party	-	-	-	45.21	0.33	45.54
Other reimbursements to related party	0.08	-	-	0.70	-	0.78

Details of transactions of the Bank with relatives of KMP are for the period during which the KMP are related parties of the Bank

* Denotes amount less than ₹50,000/-

The balances payable to/receivable from the related parties of the Bank as on 31 March, 2023 are given below:

(₹ in crores)						
Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel [#]	Subsidiaries	Step down Subsidiaries	Total
Deposits with the Bank	5,678.24	1.96	6.61	1,126.25	10.96	6,824.02
Placement of deposits	2.11	-	-	-	-	2.11
Advances	0.57	1.27	0.03	710.90	-	712.77
Investment of the Bank	-	-	-	2,947.38	7.22	2,954.60
Investment in non-equity instruments of related party	-	-	-	425.00	-	425.00



(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel [#]	Subsidiaries	Step down Subsidiaries	Total
Investment of related party in the Bank	48.97	0.11	-*	-	-	49.08
Non-funded commitments	3.25	-	-	0.25	-	3.50
Investment of related party in Hybrid capital/ Bonds of the Bank	500.00	-	-	-	-	500.00
Other receivables (net)	2.20	-	-	9.77	0.03	12.00
Other payables (net)	1.32	-	-	92.29	-	93.61

Details of transactions of the Bank with relatives of KMP are for the period during which the KMP are related parties of the Bank.

* Denotes amount less than ₹50,000/-

The maximum balances payable to/receivable from the related parties of the Bank during the year ended 31 March, 2023 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel [#]	Subsidiaries	Step down Subsidiaries	Total
Deposits with the Bank	9,771.44	20.17	11.17	2,130.64	80.00	12,013.42
Placement of deposits	2.11	-	-	-	-	2.11
Advances	0.57	8.89	0.10	870.35	-	879.91
Investment of the Bank	-	-	-	2,947.38	7.22	2,954.60
Investment of related party in the Bank	49.22	0.11	-	-	-	49.33
Investment in non-equity instruments of related party	-	-	-	470.00	-	470.00
Non-funded commitments	3.25	-	-	0.25	-	3.50
Call lending	-	-	-	-	-	-
Swaps/Forward contracts	-	-	-	-	-	-
Investment of related party in Hybrid Capital/ Bonds of the Bank	1,458.00	-	-	-	-	1,458.00
Other receivables (net)	2.20	-	-	16.57	0.04	18.81
Other payables (net)	1.32	-	-	92.29	-	93.61

The details of transactions of the Bank with its related parties during the year ended 31 March, 2022 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel [#]	Subsidiaries	Total
Dividend paid	-	-	-	-	-
Dividend received	-	-	-	88.65	88.65
Interest paid	173.69	0.24	0.37	14.95	189.25
Interest received	0.01	0.32	-*	38.54	38.87
Investment of the Bank	-	-	-	399.46	399.46
Repayment of Share Capital by Subsidiaries	-	-	-	127.30	127.30
Investment in non-equity instruments of related party	-	-	-	315.00	315.00
Investment of related party in the Bank	-	11.07	-	-	11.07
Redemption of Hybrid capital/Bonds of the Bank	-	-	-	-	-
Purchase of investments	-	-	-	-	-
Sale of investments	584.75	-	-	66.52	651.27
Management contracts	-	-	-	8.53	8.53
Remuneration paid	-	14.24	-	-	14.24

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					(₹ in crores)
Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel#	Subsidiaries	Total
Contribution to employee benefit fund	14.19	-	-	-	14.19
Placement of deposits	-	-	-	-	-
Repayment of deposits	0.01	-	-	-	0.01
Call/Term lending to related party	-	-	-	-	-
Repayment of Call/Term lending by related party	-	-	-	-	-
Swaps/Forward contracts	-	-	-	1.09	1.09
Advance granted (net)	-	7.25	-	136.08	143.33
Advance repaid	0.52	2.58	-	0.17	3.27
Purchase of loans	-	-	-	970.04	970.04
Receiving of services	391.51	-	-	284.96	676.47
Rendering of services	46.93	*	*	68.01	114.94
Sale/Purchase of foreign exchange currency to/from related party	-	0.94	0.17	-	1.11
Royalty received	-	-	-	5.53	5.53
Other reimbursements from related party	-	-	-	50.91	50.91
Other reimbursements to related party	0.25	-	-	1.19	1.44

Details of transactions of the Bank with relatives of KMP are for the period during which the KMP are related parties of the Bank.

* Denotes amount less than ₹50,000/-

The balances payable to/receivable from the related parties of the Bank as on 31 March, 2022 are given below:

					(₹ in crores)
Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel#	Subsidiaries	Total
Deposits with the Bank	6,411.50	2.39	6.87	974.63	7,395.39
Placement of deposits	1.89	-	-	-	1.89
Advances	0.57	8.89	0.08	236.71	246.25
Investment of the Bank	-	-	-	2,547.94	2,547.94
Investment in non-equity instruments of related party	-	-	-	425.00	425.00
Investment of related party in the Bank	58.28	0.10	-	-	58.38
Non-funded commitments	3.25	-	-	0.25	3.50
Investment of related party in Hybrid capital/Bonds of the Bank	1,458.00	-	-	-	1,458.00
Other receivables (net)	-	-	-	7.28	7.28
Other payables (net)	-	-	-	55.45	55.45

Details of transactions of the Bank with relatives of KMP are for the period during which the KMP are related parties of the Bank.



The maximum balances payable to/receivable from the related parties of the Bank during the year ended 31 March, 2022 are given below:

(₹ in crores)					
Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Subsidiaries	Total
Deposits with the Bank	15,153.34	17.59	8.44	1,467.69	16,647.06
Placement of deposits	1.90	-	-	-	1.90
Advances	80.60	10.11	0.13	496.69	587.53
Investment of the Bank	-	-	-	2,547.94	2,547.94
Investment of related party in the Bank	81.18	0.11	-	-	81.29
Investment in non-equity instruments of related party	-	-	-	475.00	475.00
Non-funded commitments	3.32	-	-	0.25	3.57
Call lending	-	-	-	-	-
Swaps/Forward contracts	-	-	-	-	-
Investment of related party in Hybrid Capital/Bonds of the Bank	2,760.00	-	-	-	2,760.00
Other receivables (net)	-	-	-	33.28	33.28
Other payables (net)	-	-	-	55.45	55.45

The transactions with Promoters and Key Management Personnel excluding those under management contracts are in nature of the banker-customer relationship.

Details of transactions with Axis Mutual Fund the fund floated by Axis Asset Management Company Ltd., the Bank's subsidiary has not been disclosed since the entity does not qualify as Related Party as defined under the Accounting Standard 18 - Related Party Disclosure, as notified under Section 2(2) and Section 133 of the Companies Act, 2013 and as per RBI guidelines.

The significant transactions between the Bank and related parties during the year ended 31 March, 2023 and 31 March, 2022 are given below. A specific related party transaction is disclosed as a significant related party transaction wherever it exceeds 10% of the aggregate value of all related party transactions in that category:

Particulars	(₹ in crores)	
	31 March, 2023	31 March, 2022
Dividend received		
Axis Bank UK Limited	-	54.56
Axis Capital Limited	-	19.85
Axis Trustee Services Limited	15.00	14.25
Dividend paid		
Life Insurance Corporation of India	24.49	-
Administrator of the Specified Undertaking of the Unit Trust of India	4.65	-
Interest paid		
Life Insurance Corporation of India	132.09	132.32
Administrator of the Specified Undertaking of the Unit Trust of India	32.89	32.09
General Insurance Corporation of India	N.A.	5.30
Interest received		
Axis Finance Limited	66.03	35.85
Investment in Subsidiaries		
Axis Finance Limited	399.43	399.46
Investment in non-equity instruments of related party		
Axis Finance Limited	85.00	315.00
Investment of related party in the Bank		
Mr. Rajiv Anand	16.38	4.49
Mr. Rajesh Dahiya	N.A.	6.58

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Particulars	(₹ in crores)	
	31 March, 2023	31 March, 2022
Repayment of Share Capital by Subsidiary		
Axis Bank UK Limited	-	127.30
Redemption of Hybrid capital/Bonds of the Bank		
Life Insurance Corporation of India	958.00	-
Sale of investments		
The New India Assurance Company Limited	N.A.	177.23
General Insurance Corporation of India	N.A.	327.27
United India Insurance Company Limited	N.A.	50.05
The Oriental Insurance Company Limited	N.A.	30.20
Axis Securities Limited	392.28	66.52
Management contracts		
A.Treds Limited	3.20	3.39
Axis Capital Limited	2.05	2.33
Axis Trustee Services Limited	1.73	1.55
Axis Asset Management Company Limited	1.19	1.26
Remuneration paid		
Mr. Amitabh Chaudhry	9.23	7.37
Mr. Rajiv Anand	6.03	3.97
Mr. Rajesh Dahiya	N.A.	2.90
Contribution to employee benefit fund		
Life Insurance Corporation of India	13.76	14.19
Placement of security deposits		
Life Insurance Corporation of India	0.22	-
Repayment of deposits		
Life Insurance Corporation of India	-	0.01
Swaps/Forward contracts		
Axis Bank UK Limited	0.28	1.09
Advance granted (net)		
Axis Asset Management Company Limited	0.62	0.47
Axis Finance Limited	473.99	135.61
Advance repaid		
Mr. Amitabh Chaudhry	7.25	-
Life Insurance Corporation of India	-*	0.52
Mr. Rajiv Anand	0.40	0.38
Mr. Rajesh Dahiya	N.A.	2.20
Purchase of loans		
Axis Bank UK Limited	-	150.85
Axis Finance Limited	1,108.14	813.01
Receiving of services		
Life Insurance Corporation of India	111.90	152.22
The New India Assurance Company Limited	N.A.	61.62
The Oriental Insurance Company Limited	N.A.	168.72
Freecharge Payment Technologies Private Limited	307.03	251.34
Axis Securities Limited	0.04	0.13
Rendering of services		
Life Insurance Corporation of India	40.18	46.24
Axis Securities Limited	14.89	8.64
Axis Asset Management Company Limited	29.33	27.99
Freecharge Payment Technologies Private Limited	16.34	18.18



(₹ in crores)

Particulars	31 March, 2023	31 March, 2022
Sale/Purchase of foreign exchange currency to/from related party		
Mr. Amitabh Chaudhry	1.78	0.60
Mr. Rajiv Anand	0.76	0.34
Ms. Tara Anand	-	0.02
Ms. Mallika Dahiya	N.A.	0.13
Royalty received		
Axis Asset Management Company Limited	1.54	1.45
Axis Capital Limited	0.66	0.78
Axis Finance Limited	3.48	2.26
Axis Securities Limited	1.02	0.96
Other reimbursements from related party		
Axis Securities Limited	7.11	4.40
Axis Capital Limited	3.33	3.43
Freecharge Payment Technologies Private Limited	2.29	0.72
Axis Asset Management Company Limited	20.02	35.43
Axis Finance Limited	9.95	5.32
Other reimbursements to related party		
Life Insurance Corporation of India	0.08	0.17
Axis Capital Limited	0.21	0.22
Axis Bank UK Limited	0.21	0.21
Axis Finance Limited	0.16	-
Freecharge Payment Technologies Private Limited	0.06	0.76

* Denotes amount less than ₹50,000/-

4.6. Leases

Disclosure in respect of assets taken on operating lease

This comprises of branches, office premises/ATMs, cash deposit machines, currency chests, staff quarters, office and IT equipments.

(₹ in crores)

	31 March, 2023	31 March, 2022
Future lease rentals payable as at the end of the year:		
- Not later than one year	1,080.24	918.20
- Later than one year and not later than five years	3,456.37	3,089.42
- Later than five years	3,351.43	3,145.16
Total of minimum lease payments recognised in the Profit and Loss Account for the year	1,188.39	1,117.74
Total of future minimum sub-lease payments expected to be received under non-cancellable subleases	1.44	0.85
Sub-lease payments recognised in the Profit and Loss Account for the year	0.70	0.83

The Bank has sub-leased certain of its properties taken on lease.

There are no provisions relating to contingent rent.

The terms of renewal/purchase options and escalation clauses are those normally prevalent in similar agreements. There are generally no undue restrictions or onerous clauses in the agreements.

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Disclosure in respect of assets given on operating lease

	(₹ in crores)	
	31 March, 2023	31 March, 2022
Gross carrying amount of premises at the end of the year	209.60	165.24
Accumulated depreciation at the end of the year	25.43	17.29
Total depreciation charged to profit and loss account for the year	2.28	3.40
Future lease rentals receivable as at the end of the year:		
- Not later than one year	28.52	18.09
- Later than one year and not later than five years	106.19	62.34
- Later than five years	66.44	3.20

There are no provisions relating to contingent rent.

4.7. Movement in fixed assets capitalised as application software and intangibles (included in other fixed assets)

● Movement of fixed assets capitalized as application software

	(₹ in crores)	
Particulars	31 March, 2023	31 March, 2022
At cost at the beginning of the year	2,791.75	2,203.10
Additions during the year*	522.27	593.38
Deductions during the year	(9.48)	(4.73)
Accumulated depreciation as at 31 March	(2,184.59)	(1,809.86)
Closing balance as at 31 March	1,119.95	981.89
Depreciation charge for the year	382.90	312.82

*includes movement on account of exchange rate fluctuation

● Movement of fixed assets capitalized as intangibles and goodwill (Refer note 18.1)

	(₹ in crores)	
Particulars	31 March, 2023	31 March, 2022
At cost at the beginning of the year	-	N.A.
Additions during the year	11,949.08	N.A.
Deductions during the year	-	N.A.
Accumulated amortisation as at 31 March	11,949.08	N.A.
Closing balance as at 31 March	-	N.A.
Amortisation charge for the year	11,949.08	N.A.

4.8 The major components of deferred tax assets and deferred tax liabilities arising out of timing differences are as under:

	(₹ in crores)	
As at	31 March, 2023	31 March, 2022
Deferred tax assets on account of provisions for loan losses	4,719.68	5,242.37
Deferred tax assets on account of provision for employee benefits	24.91	12.99
Deferred tax assets on other items	2,000.30	2,302.96
Deferred tax assets	6,744.89	7,558.32
Deferred tax liabilities on account of depreciation on fixed assets	54.88	42.74
Deferred tax liability on creation of Special Reserve under Income Tax Act [Refer note 18 (3.1) (b) (iii)]	363.26	153.32
Deferred tax liabilities on account of other items	0.19	0.42
Deferred tax liabilities	418.33	196.48
Net Deferred tax assets	6,326.56	7,361.84



4.9. Employee Benefits

Provident Fund

The rules of the Bank's Provident Fund administered by a Trust require that if the Board of Trustees are unable to pay interest at the rate declared for Employees' Provident Fund by the Government under para 60 of the Employees' Provident Fund Scheme, 1952 for the reason that the return on investment is less or for any other reason, then the deficiency shall be made good by the Bank.

Based on an actuarial valuation conducted by the independent actuary, there is no deficiency in the Trust observed as at the Balance Sheet date.

The following tables summarise the components of net benefit expenses recognised in the Profit and Loss Account and funded status and amounts recognised in the Balance Sheet for the Provident Fund benefit plan (including staff deputed at subsidiaries).

Profit and Loss Account

Net employee benefit expenses (recognised in payments to and provisions for employees)

	(₹ in crores)	
	31 March, 2023	31 March, 2022
Current Service Cost*	194.84	170.96
Interest on Defined Benefit Obligation	240.46	192.23
Expected Return on Plan Assets	(312.24)	(259.83)
Net Actuarial Losses/(Gains) recognised in the year	132.03	(66.83)
Losses / (Gains) on Acquisition	-	-
Effect of the limit in Para 59(b) of Accounting Standard - 15	(60.25)	134.43
Total included in "Employee Benefit Expense" [Schedule 16(I)]	194.84	170.96
Actual Return on Plan Assets	205.50	530.56

* includes contribution of ₹0.24 crores towards staff deputed at subsidiaries (previous year ₹0.23 crores)

Balance Sheet

Details of provision for provident fund

	(₹ in crores)	
	31 March, 2023	31 March, 2022
Fair Value of Plan Assets	4,007.93	3,538.64
Present Value of Funded Obligations	(3,933.75)	(3,404.21)
Net asset	74.18	134.43
Amount not recognized as an asset (limit in Para 59(b) of Accounting Standard - 15)	(74.18)	(134.43)
Net Asset/(Liability)	-	-
Amounts in Balance Sheet		
Liabilities	-	-
Assets	-	-
Net Asset/(Liability)	-	-

Changes in the present value of the defined benefit obligation are as follows:

	(₹ in crores)	
	31 March, 2023	31 March, 2022
Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	3,404.21	2,861.59
Current Service Cost	194.84	170.96
Interest Cost	240.46	192.23
Actuarial Losses/(Gains)	25.29	203.90
Employees Contribution	372.64	343.79
Liability transferred from/to other companies	126.97	(26.17)
Benefits Paid	(430.66)	(342.09)
Closing Defined Benefit Obligation	3,933.75	3,404.21

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Changes in the fair value of plan assets are as follows:

	(₹ in crores)	
	31 March, 2023	31 March, 2022
Change in the Fair Value of Assets		
Opening Fair Value of Plan Assets	3,538.64	2,861.59
Expected Return on Plan Assets	312.24	259.83
Actuarial Gains/(Losses)	(106.74)	270.73
Employer contribution during the period	194.84	170.96
Employee contribution during the period	372.64	343.79
Assets transferred from/to other companies	126.97	(26.17)
Benefits Paid	(430.66)	(342.09)
Closing Fair Value of Plan Assets	4,007.93	3,538.64

Experience adjustments

	(₹ in crores)				
	31 March, 2023	31 March, 2022	31 March, 2021	31 March, 2020	31 March, 2019
Defined Benefit Obligations	3,933.75	3,404.21	2,861.59	2,494.37	2,245.71
Plan Assets	4,007.93	3,538.64	2,861.59	2,494.37	2,245.71
Surplus/(Deficit)	74.18	134.43	-	-	-
Experience Adjustments on Plan Liabilities	17.24	169.83	43.51	4.24	(27.40)
Experience Adjustments on Plan Assets	(106.74)	270.73	(12.88)	(32.62)	(57.29)

Major categories of plan assets (managed by Insurers) as a percentage of fair value of total plan assets

	31 March, 2023	31 March, 2022
Government securities	53%	54%
Bonds, debentures and other fixed income instruments	9%	11%
Equity shares	9%	8%
Others	29%	27%

Principal actuarial assumptions at the Balance Sheet date

	31 March, 2023	31 March, 2022
Discount rate for the term of the obligation	7.45%	6.80%
Average historic yield on the investment portfolio	8.47%	8.61%
Discount rate for the remaining term to maturity of the investment portfolio	7.45%	6.90%
Expected investment return	8.47%	8.51%
Guaranteed rate of return	8.15%	8.10%

The contribution to the employee's provident fund (including Employee Pension Scheme) amounted to ₹306.55 crores for the year (previous year ₹272.91 crores).

Superannuation

The Bank contributed ₹13.71 crores (previous year ₹14.10 crores) to the superannuation plan for the year.

The Bank has also accrued ₹1.68 crores for the eligible employees of the Bank who had moved to the Bank as part of the Citibank India consumer business acquisition as they are entitled to receive a lumpsum corpus amount under a separate Superannuation scheme with vesting criteria of 10 years as a defined contribution plan.

National Pension Scheme (NPS)

During the year, the Bank contributed ₹10.56 crores (previous year ₹8.53 crores) to the NPS for employees who have opted for the scheme.

Gratuity

The following tables summarise the components of net benefit expenses recognised in the Profit and Loss Account and funded status and amounts recognised in the Balance Sheet for the Gratuity benefit plan.



Profit and Loss Account

Net employee benefit expenses (recognised in payments to and provisions for employees)

	(₹ in crores)	
	31 March, 2023	31 March, 2022
Current Service Cost	76.40	67.12
Interest on Defined Benefit Obligation	40.70	35.89
Expected Return on Plan Assets	(39.39)	(34.13)
Net Actuarial Losses/(Gains) recognised in the year	(7.53)	6.68
Losses/(Gains) on Acquisition	(37.36)	-
Past Service Cost	-	0.78
Total included in "Employee Benefit Expense" [Schedule 16(l)]	32.82	76.34
Actual Return on Plan Assets	19.66	43.58

Balance Sheet

Details of provision for gratuity

	(₹ in crores)	
	31 March, 2023	31 March, 2022
Fair Value of Plan Assets	678.09	559.68
Present Value of Funded Obligations	677.86	(547.55)
Unrecognised past service cost	-	-
Net Asset/(Liability)	0.23	12.13
Amounts in Balance Sheet		
Liabilities	-	-
Assets	0.23	12.13
Net Asset/(Liability) (included under Schedule 11 - Other Assets /Schedule 5 - Other Liabilities)	0.23	12.13

Changes in the present value of the defined benefit obligation are as follows:

	(₹ in crores)	
	31 March, 2023	31 March, 2022
Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	547.55	516.43
Current Service Cost	76.40	67.12
Interest Cost	40.70	35.89
Actuarial Losses/(Gains)	(27.26)	16.13
Liabilities assumed on acquisition	118.96	-
Benefits Paid	(78.49)	(88.02)
Closing Defined Benefit Obligation	677.86	547.55

Changes in the fair value of plan assets are as follows:

	(₹ in crores)	
	31 March, 2023	31 March, 2022
Change in the Fair Value of Assets		
Opening Fair Value of Plan Assets	559.68	508.22
Expected Return on Plan Assets	39.39	34.13
Actuarial Gains/(Losses)	(19.73)	9.45
Contributions by Employer	20.92	95.90
Assets acquired on acquisition	156.32	-
Benefits Paid	(78.49)	(88.02)
Closing Fair Value of Plan Assets	678.09	559.68

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Experience adjustments

	(₹ in crores)				
	31 March, 2023	31 March, 2022	31 March, 2021	31 March, 2020	31 March, 2019
Defined Benefit Obligations	677.86	547.55	516.43	469.30	402.15
Plan Assets	678.09	559.68	508.22	467.75	391.91
Surplus/(Deficit)	0.23	12.13	(8.21)	(1.55)	(10.24)
Experience Adjustments on Plan Liabilities	3.97	25.88	(9.28)	(8.33)	7.50
Experience Adjustments on Plan Assets	(19.73)	9.45	6.38	(6.74)	9.36

Major categories of plan assets (managed by Insurers) as a percentage of fair value of total plan assets

	31 March, 2023	31 March, 2022
Government securities	37%	39%
Bonds, debentures and other fixed income instruments	31%	25%
Money market instruments	4%	10%
Equity shares	3%	5%
Balance in bank & others	25%*	21%

*includes plan assets under transfer pursuant to acquisition of Citibank India Consumer Business

Principal actuarial assumptions at the Balance Sheet date:

	31 March, 2023	31 March, 2022
Discount Rate	7.45% p.a.	6.80% p.a.
Expected Rate of Return on Plan Assets	7.00% p.a.	7.00% p.a.
Salary Escalation Rate	7.00% p.a.	7.00% p.a.
Employee Turnover		
- 21 to 30 (age in years)	24.00%	24.00%
- 31 to 44 (age in years)	14.00%	14.00%
- 45 to 59 (age in years)	8.00%	8.00%

The estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors.

The expected rate of return on plan assets is based on the average long-term rate of return expected on investments of the Fund during the estimated term of the obligations.

As the contribution expected to be paid to the plan during the annual period beginning after the balance sheet date is based on various internal/external factors, a best estimate of the contribution is not determinable.

The above information is as certified by the actuary and relied upon by the auditors.

Resettlement allowance

Profit and Loss account

During the year ended 31 March, 2023, post transfer of provision towards resettlement allowance on acquisition of Citibank India Consumer Business, the Bank recognised an incremental expense of ₹Nil towards liability in respect of resettlement allowance based on actuarial valuation conducted by an independent actuary.

Balance Sheet

	(₹ in crores)	
	31 March, 2023	31 March, 2022
Current liability	0.46	N.A.
Non current liability	3.29	N.A.
Net Liability (included under Schedule 5 – Other Liabilities)	3.75	N.A.



Principal actuarial assumptions at the Balance Sheet date:

	31 March, 2023	31 March, 2022
Discount Rate	7.45% p.a.	N.A.
Salary Escalation Rate	7.00% p.a.	N.A.
Employee Turnover		
- 21 to 30 (age in years)	24.00%	N.A.
- 31 to 44 (age in years)	14.00%	N.A.
- 45 to 59 (age in years)	8.00%	N.A.

Provision towards probable impact on account of Code of Social Security 2020

The Code on Social Security 2020 ('Code') relating to employee benefits during employment and post-employment received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have also not yet been issued. The Bank has carried out an impact assessment of the gratuity liability based on an actuarial valuation and on a prudent basis holds a provision of ₹228.26 crores as on 31 March, 2023 (₹225.30 crores as on 31 March, 2022). This is over and above the provisions made in normal course based on extant rules and as reported in the above disclosure.

The above information is as certified by the actuary and relied upon by the auditors.

Under the terms of BTAs executed with CBNA and CFIL, the liability as on beginning of 1 March, 2023 (Legal Day One) in respect of employee benefits for in perimeter employees who have joined the Bank, arising from the enforcement of Code on Social Security 2020 or any other social security legislation shall be borne by CBNA and CFIL respectively, if such code is legally enforced within a finite period. Since, the finite period for which CBNA and CFIL are responsible for the liability has not expired in the current financial year, accordingly, no provision for the said liability has been made in the books of accounts for the said employees.

4.10. Provisions and contingencies

a) **Movement in provision for frauds included under other liabilities is set out below:**

	31 March, 2023	31 March, 2022
		(₹ in crores)
Opening balance at the beginning of the year	121.99	88.61
Additions during the year	69.87	50.23
Reductions on account of payments/reversals during the year	(13.80)	(16.85)
Closing balance at the end of the year	178.06	121.99

b) **Other liabilities include provision for reward points made on actuarial basis, the movement of which is set out below:**

	31 March, 2023	31 March, 2022
		(₹ in crores)
Opening provision at the beginning of the year	250.29	305.36
Provision transferred on acquisition of Citibank India consumer business	319.62	-
Provision made during the year	298.21	70.35
Reductions during the year	(156.58)	(125.42)
Closing provision at the end of the year	711.54	250.29

c) **Movement in provision for other contingencies is set out below:**

	31 March, 2023	31 March, 2022
		(₹ in crores)
Opening provision at the beginning of the year	4,121.65	3,006.25
Provision transferred on acquisition of Citibank India consumer business	20.24	-
Provision made during the year*	385.21	1,299.24
Reductions during the year	(742.39)	(183.84)
Closing provision at the end of the year	3,784.70	4,121.65

*includes movement on account of exchange rate fluctuation

Closing provision includes provision for legal cases, additional provision for delay in implementation of resolution plan, provision for other contingencies and provision for COVID-19.

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4.11. Small and Micro Enterprises

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from 2 October, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. Following are the details of delayed payments to MSMED registered vendors.

For the year ended 31 March, 2023:

Particulars	₹ in crores)	
	Principal	Interest
The principal amount and the interest due thereon remaining unpaid to any supplier	78.53	0.00*
The amount of interest paid by the buyer in terms of Section 16, along with the amount of the payment made to the supplier beyond the due date	18.55	1.55
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the due date during the year) but without adding the interest specified under MSMED Act, 2006	N.A.	0.30
The amount of interest accrued and remaining unpaid	N.A.	0.30
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowed as a deductible expenditure under Section 23	N.A.	0.30

*Denotes amount less than ₹50,000/-

For the year ended 31 March, 2022:

Particulars	₹ in crores)	
	Principal	Interest
The principal amount and the interest due thereon remaining unpaid to any supplier	52.38	0.04
The amount of interest paid by the buyer in terms of Section 16, along with the amount of the payment made to the supplier beyond the due date	95.61	0.34
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the due date during the year) but without adding the interest specified under MSMED Act, 2006	N.A.	1.57
The amount of interest accrued and remaining unpaid	N.A.	1.61
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowed as a deductible expenditure under Section 23	N.A.	1.61

The above is based on the information available with the Bank which has been relied upon by the auditors.

4.12. Corporate Social Responsibility (CSR)

- Amount required to be spent by the Bank on CSR during the year ₹199.46 crores (previous year ₹138.06 crores).
- Amount spent towards CSR during the year and recognized as expense in the profit and loss account on CSR related activities is ₹201.92 crores (previous year ₹138.25 crores), which comprises of following-

	31 March, 2023			31 March, 2022		
	In cash	Yet to be paid in cash (i.e. provision) ¹	Total	In cash	Yet to be paid in cash (i.e. provision)	Total
Construction/acquisition of any asset	-	-	-	-	-	-
On purpose other than above	172.04	29.88	201.92	113.19	25.06	138.25

- An amount of ₹29.61 crores has been transferred to the "Axis Bank Limited-Unspent CSR Account for FY 2022-23" to be utilized towards on-going project(s)/program(s) in line with the provisions of the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021.



4.13. Disclosure required as per Ministry of Corporate Affairs notification dated 24 March, 2021

During the year ended 31 March, 2023, other than the transactions undertaken in the normal course of banking business and in accordance with extant regulatory guidelines and Bank's internal policies, as applicable:

1. the Bank has not granted any advance/loans or investments or provided guarantee or security to any other person(s) or entities with an understanding, whether recorded in writing or otherwise, to further lend or invest on behalf of the Bank or provide guarantee or security or the like to any other person identified by the Bank.
2. the Bank has not received any funds from any person(s) or entities with an understanding, whether recorded in writing or otherwise, that the Bank shall further lend or invest or provide guarantee or security or the like in any other person on behalf of and identified by such person(s)/entities.

4.14. Description of contingent liabilities

a) Claims against the Bank not acknowledged as debts

These represent claims filed against the Bank in the normal course of business relating to various legal cases currently in progress. These also include demands raised by tax authorities and other statutory authorities which are disputed by the Bank. The Bank holds provision of ₹357.85 crores as on 31 March, 2023 (previous year ₹297.07 crores) towards claims assessed as probable.

b) Liability for partly paid investments

This represents amounts remaining unpaid towards liability for partly paid investments.

c) Liability on account of forward exchange and derivative contracts

The Bank enters into foreign exchange contracts, including non-deliverable forward (NDF) contracts, currency options/swaps, exchange traded currency options, non-deliverable options, interest rate/currency futures and forward rate agreements on its own account and OTC for customers. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate. A non-deliverable forward contract is a currency derivatives contract to exchange cash flows between the contracted forward exchange rate and prevailing spot rates. Currency swaps are commitments between two counterparties to exchange streams of interest payments and/or principal amounts in different currencies on specified dates over the duration of the swap at a pre-agreed exchange rate. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows. Interest rate futures are standardised, exchange-traded contracts that represent a pledge to undertake a certain interest rate transaction at a specified price, on a specified future date. Forward rate agreements (FRA) are financial contracts between two counterparties, in which a buyer will pay or receive, on the settlement date, the difference between a pre-determined fixed rate (FRA rate) and a reference interest rate, applied on a notional principal amount, for a specified forward period. A foreign currency option is an agreement between two parties in which one grants to the other the right to buy or sell a specified amount of currency at a specific price within a specified time period or at a specified future time. An Exchange Traded Currency Option contract is a standardised foreign exchange derivative contract, which gives the buyer the right, but not the obligation, to exchange money denominated in one currency into another currency at a pre-agreed exchange rate on a specified date on the date of expiry. A non-deliverable option contract is a currency derivatives contract that offers the right, but not the obligation to either purchase or sell a currency against another currency and the contract is settled at the difference between the contracted exchange rate and prevailing spot rate on the expiry date. Currency Futures contract is a standardised, exchange-traded contract, to buy or sell a certain underlying currency at a certain date in the future, at a specified price. The amount of contingent liability represents the notional principal of respective forward exchange and derivative contracts.

d) Guarantees given on behalf of constituents

As a part of its banking activities, the Bank issues guarantees on behalf of its customers to enhance their credit standing. Guarantees represent irrevocable assurances that the Bank will make payments in the event of the customer failing to fulfill its financial or performance obligations. These are stated net of cash margin held with the Bank as on the reporting date in Schedule 12 – Contingent Liabilities of the Balance Sheet.

e) Acceptances, endorsements and other obligations

These include documentary credit issued by the Bank on behalf of its customers and bills drawn by the Bank's customers that are accepted or endorsed by the Bank. These are stated net of cash margin held with the Bank as on the reporting date in Schedule 12 – Contingent Liabilities of the Balance Sheet.

Standalone Financial Statements

f) Other items for which the Bank is contingently liable

Other items represent outstanding amount of bills rediscounted by the Bank, estimated amount of contracts remaining to be executed on capital account, notional principal on account of outstanding Tom/Spot foreign exchange contracts, contracts for purchase of investments where settlement is due post balance sheet date, contingent liability relating to undertakings issued towards settlements under resolution plan in respect of non-performing assets, commitments towards underwriting and investment in equity through bids under Initial Public Offering (IPO) of corporates, and amount transferred to Depositor Education and Awareness Fund (DEAF).

During earlier years, the Bank, through one of its overseas branches, had arranged Trade Credit (Buyers Credit loans) against Letters of Undertaking (LOUs) issued by Punjab National Bank (PNB) and down sold such loans to other banks in the secondary market. The LOUs were subsequently alleged as fraudulent by PNB. As on 31 March, 2023, there is no funded exposure outstanding in the overseas branch as Punjab National Bank (PNB) had repaid the aggregate amount of all LOUs due based on the undertaking given by the Bank and made remittance to the overseas branch which was passed on for onward payment to the participating banks. The Bank, in its reasonable and independent judgment, did not and does not anticipate any valid claim by PNB against the Bank for refund by the Bank of the amounts paid by PNB towards the LOUs and has classified this amount as a remote liability as on 31 March, 2023 not warranting any disclosure as a contingent liability.

The Bank has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Bank has reviewed and recorded adequate provision as required under any law/accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) in the books of account and disclosed the same under the relevant notes in the financial statements, where applicable.

5. Previous year figures have been regrouped and reclassified, where necessary to conform to current year's presentation.

In terms of our report attached.

For M. P. Chitale & Co.
Chartered Accountants
ICAI Firm Registration No.: 101851W

Ashutosh Pednekar
Partner
Membership No.: 041037

For CNK & Associates LLP
Chartered Accountants
ICAI Firm Registration No.: 101961W/W100036

Manish Sampat
Partner
Membership No.: 101684

For Axis Bank Ltd.

Rakesh Makhija
Chairman

Rajiv Anand
Deputy Managing Director

Amitabh Chaudhry
Managing Director & CEO

S. Mahendra Dev
Director

Girish Paranjpe
Director

T.C. Suseel Kumar
Director

Sandeep Poddar
Company Secretary

Puneet Sharma
Chief Financial Officer

Meena Ganesh
Director

Date : 27 April, 2023
Place: Mumbai



Independent Auditors' Report

To the Members of Axis Bank Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying Consolidated Financial Statements of Axis Bank Limited (hereinafter referred to as 'the Bank') and its subsidiaries (the Bank and its subsidiaries together referred to as 'the Group') and its Associate, comprising of the Consolidated Balance Sheet as at March 31, 2023, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year then ended, and notes to the Consolidated Financial Statements including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as 'Consolidated Financial Statements').

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid Consolidated Financial Statements give the information required by the Banking Regulation Act, 1949 as well as the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, read with rules made thereunder, of the consolidated state of affairs of the Group as at March 31, 2023, and of their consolidated profit and their consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing ('SAs') specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Consolidated Financial Statements under the provisions of the Act and Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Consolidated Financial Statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements for the current year. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters prescribed below to be the key audit matters to be communicated in our report:

Sr. No.	Key Audit Matters	How the Matter was addressed in our report
1	Acquisition of Citibank's India Consumer Business <p>Refer Note No. 1 of Schedule 18 relating to acquisition of the consumer business of Citibank N. A. (CBNA) and Citicorp Finance (India) Ltd (CFIL) as going concerns without assigning values to individual assets and liabilities with effect from beginning of March 01, 2023 (Legal Day One/LD1) by the Bank. The Assets and Liabilities are recognized in the books of the Bank on LD1. The initial purchase consideration was determined and recognized based on the position of business assets and business liabilities acquired as at end of day January 31, 2023. Subsequently, on best estimate of the position of business assets and business liabilities acquired as at beginning of day 1 March, 2023 the purchase consideration was trued up to record a further payable to CBNA at March 31, 2023. These amounts are subject to a review of the final closing statement in FY 2023-24, which will also be verified by an independent practitioner.</p> <p>Based on the report of an independent valuer, the estimated adjusted purchase price of ₹ 11,949.08 crores is attributed to various intangible business and commercial rights such as Customer Relationship (including contracts), Co-branding arrangements, Business processes / information, Non-complete rights (collectively "Intangibles") and goodwill. The purchase price allocation between various intangible assets and goodwill involves a significant amount of judgement by the valuer and the Management.</p>	<p>Our approach included understanding the structure of the acquisition, determining the nature, timing and extent of audit procedures, and conducting the same.</p> <p>We have performed following audit procedures for verification of the accounting of acquisition of Citibank's India Consumer Business:</p> <ul style="list-style-type: none"> Review of the Business Transfer Agreements, Transitional Services Agreement, regulatory approvals and other related documents to obtain an understanding of the structure and terms of the acquisition. Verification of the preliminary closing statement prepared by Citibank India for transfer of assets and liabilities based on the position of January 31, 2023 on LD1, best estimates position as on March 1, 2023 as prepared by the Bank's Management and subsequent integration post LD1. Verification of the integration of Citibank's India Consumer Business accounting records into the financial reporting system of the Bank including verification of the general ledgers mapping between Citibank's India Consumer Business and Axis Bank trial balances, and the process of opening new control accounts. Evaluation of the fair value of the assets acquired along with the valuation methodology and key assumptions applied. We also evaluated the reasonableness of key assumptions and estimates used in the valuation based on our knowledge of the business and industry.

Consolidated Financial Statements

Sr. No. Key Audit Matters	How the Matter was addressed in our report
<p>The Bank has continued use of the intangible assets for business purposes. The Bank, as a prudent measure and to protect its ability to pay dividends, has fully amortised these intangible assets and goodwill in the Profit and Loss account for the year.</p> <p>The value of the purchase consideration, other intangible assets, goodwill and the amount payable to CBNA are subject to changes based on the final closing statement, which is subject to verification by a jointly appointed independent practitioner and independent review by the Bank and CBNA.</p> <p>Though the Bank has continued use of the intangible assets for business purposes, as a prudent measure, the depreciation on such intangibles fully amortized through the Profit & Loss Account is not considered for tax purpose in the books.</p> <p>As per the Business Transfer Agreements executed with CBNA and CFIL, till final migration, the Bank will rely on the Information Technology systems of CBNA/CFIL and data residing therein.</p> <p>The accounting of the acquisition has been determined as key audit matter due to the following:</p> <ul style="list-style-type: none"> • Materiality and complexities of the said transaction including the estimations involved in recognising the assets and liabilities acquired. • Assumptions, estimates and judgements used by the Bank and the independent valuer for the purchase price allocation at the time of initial recognition and true-up based on estimated position as on March 1, 2023. • Changes expected, if any, based on the verification of final closing statement by the Bank, CBNA and independent practitioner. • Reliance placed by the Bank on IT system and internal controls at CBNA/CFIL during the transition period. 	<ul style="list-style-type: none"> • Verification of the accounting treatment for other intangible assets and goodwill and tax impact arising out of the allocation of the purchase consideration based on the valuation report accepted by the Management of the Bank. • Understanding and testing the process of resulting accounting effect on various areas such as alignment of accounting estimates and policies, NPA identification, classification and provisioning, employee benefits, operating expenses, taxation and related disclosures. • Assessment of the internal controls in relation to financial reporting for the accounting and reporting on the said acquired consumer business and reviewing the Bank's disclosures on the same. • Evaluation of testing carried out by the Management on existence and operating efficiency of internal control at Citibank India Consumer Business. • Evaluation of Management's assessment on treatment of amortization of intangible assets and goodwill for taxation purposes.
2	Information Technology (IT) Systems and controls over financial reporting
<p>The Bank's financial accounting and reporting systems are highly dependent on the effective working of the Core Banking Solution (CBS) and other IT systems linked to the CBS or working independently. Considering the extensive volume, diverse nature and complexity of transactions that are processed daily, there is a risk that automated accounting procedures and related internal controls may not be accurately designed and operating effectively. There exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being materially misstated. Appropriate IT controls are required to ensure that the IT applications perform as planned and the changes made are properly authorized, tested and controlled. Such controls contribute to risk mitigation of erroneous output data. The audit outcome is heavily dependent on the robustness of IT systems and controls.</p> <p>We have identified IT Controls Framework as a Key Audit Matter as the Bank's business is highly dependent on technology. The IT environment of the Bank is complex and the design and operating effectiveness of IT controls have a direct impact on its financial reporting process. Review of these controls allows us to provide assurance on the integrity and completeness of data processed through various IT applications which are used for the preparation and presentation of financial reports.</p>	<ul style="list-style-type: none"> • We have planned, designed and carried out the desired audit procedures and sample checks, taking into consideration the IT systems of the Bank. For this purpose, we obtained an understanding of the Bank's IT environment. As part of our IT controls testing, we have tested IT General Controls (ITGC) as well as IT Application Controls (ITAC) for selected applications. • The procedures adopted by us are, in our opinion, adequate to provide reasonable assurance on the adequacy of IT controls in place. Critical areas for improvement, if any, as and when noticed are communicated to the Bank's Management and the adequacy of action taken by the Bank where necessary, is reviewed by us periodically as part of our audit procedures. • IT audit specialists are an integral part of our engagement team. • In addition, we have also relied on IS audit conducted by Internal Audit department, and also the audit of Internal Financial Control over Financial Reporting conducted by Operations Health and Control Team of the Bank. • We also tested key automated and manual business cycle controls and logic for system generated reports relevant to the audit; including testing of compensating controls or performed alternate procedures to assess whether there were any unaddressed IT risks that would materially impact the Standalone Financial Statements. • We have also carried out independent alternative audit procedures like substantive testing, analytical procedures etc. to verify the accuracy of the data generated from the IT system.



Sr. No. Key Audit Matters	How the Matter was addressed in our report
<p>3 Income Recognition, Asset Classification (IRAC) and provisioning on Loans & Advances and Investments as per the regulatory requirements</p> <p>Please refer to Note No. 3.4 of Schedule 18 relating to Asset Quality in respect of movement of Non-Performing Assets (NPAs) and also Note No. 2.1 of Schedule 18 regarding the provisions made due to the probable impact of COVID-19 pandemic.</p> <p>The Management of the Bank relies on its automated IT systems to determine asset classification, income recognition, provisioning for standard and non-performing advances/investments and for compliance of applicable regulatory guidelines issued by the RBI. The Management supplements its assessment by availing services of experts (like independent valuers, lawyers, legal experts and other professionals) to determine the valuation and enforceability of security of such advances/investments.</p> <p>The Bank makes provisions for the performing and non-performing advances/Investments, as per its governing framework which includes Management's assessment of the degree of impairment subject to and guided by minimum provisioning levels prescribed under RBI guidelines.</p> <p>Compliance of relevant prudential norms issued by the Reserve Bank of India (RBI) in respect of income recognition, asset classification and provisioning pertaining to advances as well as those pertaining to investments is a key audit matter due to materiality, complexity and uncertainty involved and the current processes at the Bank which requires certain manual interventions, Management estimates and judgement.</p>	<p>Our audit approach included testing the design, operating effectiveness of internal controls and substantive audit procedures in respect of income recognition, asset classification and provisioning pertaining to advances and investments. In particular:</p> <ul style="list-style-type: none"> • We have evaluated and understood the Bank's internal control system in adhering to the relevant RBI guidelines regarding income recognition, asset classification and provisioning pertaining to advances and investments. • We have tested key IT systems / applications used and their design and implementation as well as operational effectiveness of relevant controls, including involvement of manual process and manual controls in relation to income recognition, asset classification, and provisioning pertaining to advances and investments and compliances of other regulatory guidelines issued by the RBI; • We have test checked advances to examine the validity of the recorded amounts, loan documentation, examined the statement of accounts, indicators of impairment, impairment provision for non-performing assets, and compliance with income recognition, asset classification and provisioning pertaining to advances in terms of applicable RBI guidelines; • We have evaluated the past trends of Management judgement, governance process and review controls over impairment provision calculations and discussed the provisions made with the top and senior management of the Bank. • We have also relied on work done by external experts like valuers, lawyers, concurrent auditors etc. in specific areas. • Critical areas for improvement, if any, as and when noticed are communicated to the Bank's Management and the adequacy of action taken by the Bank where necessary, is reviewed by us periodically as part of our audit procedures.

Information other than the Consolidated Financial Statements and Auditors' Report thereon

The Bank's Management and Board of Directors are responsible for the Other Information. The Other Information comprises the information included in the Annual Report but does not include the standalone financial statements, consolidated financial statements and our auditors' report thereon and the Pillar III Disclosures under Basel III Capital Regulation, Leverage Ratio, Liquidity Coverage Ratio and Net Stable Funding Ratio. The Other Information is expected to be made available to us after the date of this auditors' report.

Our opinion on the Consolidated Financial Statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the Other Information identified above when it becomes available and, in doing so, consider whether the Other Information is materially inconsistent with the Consolidated Financial Statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Other Information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Bank's Board of Directors and Management are responsible for the matter stated in Section 134 (5) of the Act with respect to the preparation and presentation of these Consolidated Financial Statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed

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under Section 133 of the Act, read with the relevant rules issued thereunder, provision of Section 29 of the Banking Regulation Act, 1949 and the circulars, guidelines and directions issued by Reserve Bank of India ("RBI") from time to time. The respective Board of Directors of the entities included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements, the respective Management and Board of Directors of the entities included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management and Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the entities included in the Group are responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Bank and its subsidiary companies, which are companies incorporated in India, have adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the Consolidated Financial Statements made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors, to express an opinion on the Consolidated Financial Statements. We

are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the Consolidated Financial Statements of which we are the independent auditors. For the other entities included in the Consolidated Financial Statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Bank and such other entities included in the Consolidated Financial Statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our Auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

- (a) We did not audit the financial statements of nine subsidiaries and two step down subsidiaries, whose financial statements reflect total assets of ₹ 31,735.21 crores and net assets of ₹ 7,370.97 crores as at March 31, 2023, total revenues of ₹ 5,025.18 crores and net cash inflows amounting to ₹ 333.59 crores for the year ended on that date, as considered in the Consolidated Financial Statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of Section 143(3) of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

One of the above subsidiaries is located outside India whose financial statements have been prepared in accordance with accounting principles generally accepted in that country and which has been audited by other auditor under generally accepted auditing standards applicable in that country. The Bank's Management has converted the financial statements of such subsidiary located outside India from accounting principles generally accepted in that country to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Bank's Management. Our opinion in so far as it relates to the balances and affairs of such subsidiary located outside India is based on the report of other auditor and the conversion adjustments prepared by the Management of the Bank and audited by us.

- (b) The consolidated financial statements also include the Group's share of net profit of ₹ 65.85 crores for the year ended March 31, 2023 in respect of one Associate entity based on Management's best estimates in the absence of the financial information which has been relied upon by us. According to the information and explanations given to us by the Management, the financial information of the Associate is not material to the Group.

Our opinion on the Consolidated Financial Statements and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements and the other financial information of subsidiaries, as noted in the "Other Matters" paragraph above, we report, to the extent applicable, that:

- (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements;
- (b) in our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;

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- (c) the Consolidated Balance Sheet, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements;
- (d) in our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards prescribed under Section 133 of the Act read with relevant rules issued thereunder, to the extent they are not inconsistent with the accounting policies prescribed by RBI;
- (e) on the basis of the written representations received from the directors of the Bank as on March 31, 2023 and taken on record by the Board of Directors of the Bank and the reports of the statutory auditors of its subsidiary companies, incorporated in India, none of the directors of the Group companies, incorporated in India, are disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164(2) of the Act; and
- (f) with respect to the adequacy of the internal financial controls with reference to Consolidated Financial Statements of the Bank and its subsidiary companies incorporated in India and the operating effectiveness of such controls, refer to our separate report in the "Annexure A";
- (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Consolidated Financial Statements disclose the impact of pending litigations on the consolidated financial position of the Group - Refer Schedule 12 Contingent Liabilities to the Consolidated Financial Statements;
 - ii. provision has been made in the Consolidated Financial Statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer note 3.18(f) of Schedule 18 to the Consolidated Financial Statements in respect of such items as it relates to the Group;
 - iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Bank and its subsidiary companies incorporated in India.
 - iv.
 - (a) the Management has represented that, to the best of its knowledge and belief, other than as disclosed in the note 3.16 of Schedule 18 to the Consolidated Financial Statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Bank to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Bank ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - (b) the Management has represented, that, to the best of its knowledge and belief, other than as disclosed in the note 3.16 of Schedule 18 to the Consolidated Financial Statements, no funds have been received by the Bank from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Bank shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - (c) based on such audit procedures that we have considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused them to believe that the representations under sub-clause (a) and (b) contain any material mis-statement.
 - v.
 - (a) the final dividend paid by the Bank during the year in respect of the same declared for the previous year is in accordance with Section 123 of the Companies Act 2013 to the extent it applies to payment of dividend.
 - (b) as stated in note 3.6 of Schedule 18 to the Consolidated Financial Statements, the Board of Directors of the Bank has proposed final dividend for the financial year 2022-2023 which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with Section 123 of the Companies Act.
 - vi. as proviso to rule 3(1) of the companies (Accounts) Rules, 2014 is applicable for the Bank with effect from April 1, 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules 2014 on using accounting software which has a feature of recording audit trail (edit log) facility is not applicable.



- vii. with respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act:

In our opinion and to the best of our information and according to the explanations given to us and the reports of the statutory auditors of the subsidiary companies incorporated in India, the remuneration paid / provided by those subsidiaries to their directors during the year is in accordance with the provisions of Section 197 of the Act. Further, Section 197 of the Act is not applicable to the Bank by virtue of Section 35B (2A) of the Banking Regulation Act, 1949.

For M. P. Chitale & Co.

Chartered Accountants
Registration No. 101851W

Ashutosh Pednekar

Partner
Membership No. 041037
UDIN: 23041037BGPVNP4335

Place: Mumbai
Date: April 27, 2023

For CNK & Associates LLP

Chartered Accountants
Registration No. 101961 W/W-100036

Manish Sampat

Partner
Membership No. 101684
UDIN: 23101684BGWNCE8365

Place: Mumbai
Date: April 27, 2023

Annexure A to the Independent Auditors' Report of even date on the consolidated financial statements of Axis Bank Limited for the year ended March 31, 2023

Report on the Internal Financial Controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to the Consolidated Financial Statements of Axis Bank Limited ('the Bank') as of and for the year ended March 31, 2023, in conjunction with our audit of the Consolidated Financial Statements of the Bank and its subsidiary companies, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Bank and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control with reference to Consolidated Financial Statements criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Bank's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to Consolidated Financial Statements of the Bank and its subsidiary companies, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note issued by the ICAI and the Standards on Auditing specified under Section 143(10) of the Act to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to Consolidated Financial Statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to Consolidated Financial Statements and their operating effectiveness.

Our audit of internal financial controls with reference to Consolidated Financial Statements included obtaining an understanding of internal financial controls with reference to Consolidated Financial Statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal controls based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to Consolidated Financial Statements of the Bank and its subsidiary companies.

Meaning of Internal Financial Controls with reference to Consolidated Financial Statements

A Bank's internal financial control with reference to Consolidated Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Consolidated Financial Statements for external purposes in accordance with generally accepted accounting principles. A Bank's internal financial control with reference to Consolidated Financial Statements includes those policies and procedures that:

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Bank;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Consolidated Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Bank are being made only in accordance with authorisations of Management and Directors of the Bank; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Bank's assets that could have a material effect on the Consolidated Financial Statements.



Inherent Limitations of Internal Financial Controls with reference to Consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to Consolidated Financial Statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to Consolidated Financial Statements to future periods are subject to the risk that the internal financial controls with reference to Consolidated Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on consideration of reporting of the auditors as mentioned in Other Matters paragraph below, the Bank and its subsidiary companies, which are companies incorporated in India, have, in all material respects, adequate internal financial controls with reference to the Consolidated Financial Statements and such internal financial controls with reference to Consolidated Financial Statements were operating effectively as at March 31, 2023, based on the internal control with reference to Consolidated Financial Statements criteria established by the respective companies considering the essential components of internal controls stated in the Guidance Note.

Other Matter

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to the Consolidated Financial Statements in so far as it relates to nine subsidiary companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India. Our opinion is not modified in respect of the matter with respect to our reliance on the work done by and on the reports of the other auditors.

For M. P. Chitale & Co.

Chartered Accountants
Registration No. 101851W

Ashutosh Pednekar

Partner
Membership No. 041037
UDIN: 23041037BGPVNP4335

Place: Mumbai
Date: April 27, 2023

For CNK & Associates LLP

Chartered Accountants
Registration No. 101961 W/W-100036

Manish Sampat

Partner
Membership No. 101684
UDIN: 23101684BGWNCE8365

Place: Mumbai
Date: April 27, 2023

Consolidated Financial Statements

Consolidated Balance Sheet

As on 31 March, 2023

	Schedule No.	As on 31-03-2023	As on 31-03-2022
(₹ in crores)			
Capital and Liabilities			
Capital	1	615.37	613.95
Employees' Stock Options Outstanding		426.09	150.77
Reserves & Surplus	2	128,740.25	117,495.94
Minority Interest	2A	393.39	261.35
Deposits	3	945,824.72	821,164.80
Borrowings	4	206,213.57	199,778.16
Other Liabilities and Provisions	5	62,204.57	56,314.18
Total		1,344,417.96	1,195,779.15
Assets			
Cash and Balances with Reserve Bank of India	6	66,117.76	94,034.51
Balances with Banks and Money at Call and Short Notice	7	42,590.17	18,309.00
Investments	8	288,094.83	274,608.13
Advances	9	868,387.54	725,376.14
Fixed Assets	10	4,852.58	4,679.12
Other Assets	11	74,085.84	78,483.01
Goodwill on Consolidation		289.24	289.24
Total		1,344,417.96	1,195,779.15
Contingent Liabilities	12	1,443,666.01	1,293,755.36
Bills for Collection		68,176.55	66,947.44
Significant Accounting Policies and Notes to Accounts	17 & 18		

Schedules referred to above form an integral part of the Consolidated Balance Sheet

In terms of our report attached.

For M. P. Chitale & Co.
Chartered Accountants
ICAI Firm Registration No.: 101851W

Ashutosh Pednekar
Partner
Membership No.: 041037

For CNK & Associates LLP
Chartered Accountants
ICAI Firm Registration No.: 101961W/W100036

Manish Sampat
Partner
Membership No.: 101684

S. Mahendra Dev
Director

Sandeep Poddar
Company Secretary

Rajiv Anand
Deputy Managing Director

Girish Paranjpe
Director

Puneet Sharma
Chief Financial Officer

For Axis Bank Ltd.

Rakesh Makhija
Chairman

Amitabh Chaudhry
Managing Director & CEO

T.C. Suseel Kumar
Director

Meena Ganesh
Director

Date : 27 April, 2023
Place: Mumbai



Consolidated Profit & Loss Account

For the year ended 31 March, 2023

(₹ in crores)

	Schedule No.	Year ended 31-03-2023	Year ended 31-03-2022
I Income			
Interest earned	13	87,448.37	68,846.06
Other income	14	18,706.38	17,268.13
Total		106,154.75	86,114.19
II Expenditure			
Interest expended	15	43,389.15	34,922.66
Operating expenses	16	41,227.07	24,824.23
Provisions and contingencies	18 (3.1)	10,685.87	12,202.95
Total		95,302.09	71,949.84
III Net Profit for the year		10,852.66	14,164.35
Share of earnings/(loss) in Associate		65.85	42.54
Consolidated net profit for the year before deducting minorities interest		10,918.51	14,206.89
Minority interest		(100.06)	(87.60)
IV Consolidated Net Profit Attributable to Group	18.1	10,818.45	14,119.29
Balance in Profit & Loss Account brought forward from previous year		40,604.49	31,466.92
V Amount Available for Appropriation		51,422.94	45,586.21
VI Appropriations:			
Transfer to Statutory Reserve		2,394.92	3,256.37
Transfer to Special Reserve		841.00	609.19
Transfer to/(from) Investment Reserve		(148.50)	148.50
Transfer to General Reserve		2.46	2.32
Transfer to Capital Reserve		67.84	441.04
Transfer to Reserve Fund u/s 45 IC of RBI Act, 1934		115.83	69.30
Transfer to Investment Fluctuation Reserve		73.00	455.00
Dividend paid	18 (3.6)	307.14	-
Balance in Profit & Loss Account carried forward		47,769.25	40,604.49
Total		51,422.94	45,586.21
VII Earnings Per Equity Share (Face Value ₹ 2/- Per Share)	18 (3.4)		
Basic (in ₹)		35.20	46.04
Diluted (in ₹)		35.04	45.91
Significant Accounting Policies and Notes to Accounts	17 & 18		

Schedules referred to above form an integral part of the Consolidated Profit and Loss Account

In terms of our report attached.

For M. P. Chitale & Co.

Chartered Accountants
ICAI Firm Registration No.: 101851W

Ashutosh Pednekar

Partner
Membership No.: 041037

For CNK & Associates LLP

Chartered Accountants
ICAI Firm Registration No.: 101961W/W100036

Manish Sampat

Partner
Membership No.: 101684

S. Mahendra Dev

Director

Sandeep Poddar

Company Secretary

Rajiv Anand

Deputy Managing Director

Girish Paranjpe

Director

Puneet Sharma

Chief Financial Officer

For Axis Bank Ltd.

Rakesh Makhija

Chairman

Amitabh Chaudhry

Managing Director & CEO

T.C. Suseel Kumar

Director

Meena Ganesh

Director

Date: 27 April, 2023

Place: Mumbai

Consolidated Financial Statements

Consolidated Cash Flow Statement

For the year ended 31 March, 2023

	(₹ in crores)	
	Year ended 31-03-2023	Year ended 31-03-2022
Cash flow from operating activities		
Net profit before taxes	18,521.12	18,841.86
Adjustments for:		
Depreciation and amortisation on fixed assets, intangibles and goodwill (Refer Note 18.1)	13,145.65	1,048.99
Depreciation on investments	595.57	(264.48)
Amortisation of premium on Held to Maturity investments	889.11	823.78
Provision for Non Performing Assets (including bad debts)/restructured assets	6,225.90	7,580.80
Provision on standard assets and other contingencies	(421.94)	2,224.17
Profit/(loss) on sale of land, buildings and other assets (net)	7.69	6.11
Employee Stock Option Expense	286.02	150.77
	39,249.12	30,412.00
Adjustments for:		
(Increase)/Decrease in investments	4,622.29	(24,189.72)
(Increase)/Decrease in advances	(149,553.15)	(106,571.94)
Increase/(Decrease) in deposits	125,161.20	122,611.53
(Increase)/Decrease in other assets	2,968.61	2,920.04
Increase/(Decrease) in other liabilities & provisions	6,313.23	7,401.45
Direct taxes paid	(6,686.52)	(4,446.06)
Net cash flow from operating activities	22,074.78	28,137.30
Cash flow from investing activities		
Purchase of fixed assets	(1,389.42)	(1,408.97)
Purchase consideration for acquisition of Citibank India consumer business (Refer Note 18.1)	(11,602.54)	-
(Increase)/Decrease in Held to Maturity investments	(19,714.15)	(25,830.38)
Proceeds from sale of fixed assets	11.73	7.25
Net cash used in investing activities	(32,694.38)	(27,232.10)
Cash flow from financing activities		
Proceeds from issue/(Repayment) of subordinated debt, Additional Tier I instruments (net)	6,382.65	(2,377.45)
Increase/(Decrease) in borrowings (other than subordinated debt, Additional Tier I instruments (net))	52.76	49,906.90
Proceeds from issue of share capital	1.42	1.20
Proceeds from share premium (net of share issue expenses)	378.81	275.83
Payment of dividend	(307.14)	-
Increase in minority interest	132.04	87.60
Net cash generated from financing activities	6,640.54	47,894.08



(₹ in crores)

	Year ended 31-03-2023	Year ended 31-03-2022
Effect of exchange fluctuation translation reserve	343.48	119.87
Net increase in cash and cash equivalents	(3,635.58)	48,919.15
Cash and cash equivalents at the beginning of the year	112,343.51	63,424.36
Cash and cash equivalents at the end of the year	108,707.93	112,343.51
Notes to the Cash Flow Statement:		
1. Cash and cash equivalents includes the following		
Cash and Balances with Reserve Bank of India (Refer Schedule 6)	66,117.76	94,034.51
Balances with Banks and Money at Call and Short Notice (Refer Schedule 7)	42,590.17	18,309.00
Cash and cash equivalents at the end of the year	108,707.93	112,343.51
2. Amount of Corporate Social Responsibility related expenses spent during the year in cash ₹193.53 crores (previous year ₹128.24 crores)		

In terms of our report attached.

For M. P. Chitale & Co.

Chartered Accountants
ICAI Firm Registration No.: 101851W

Ashutosh Pednekar

Partner
Membership No.: 041037

For CNK & Associates LLP

Chartered Accountants
ICAI Firm Registration No.: 101961W/W100036

Manish Sampat

Partner
Membership No.: 101684

S. Mahendra Dev

Director

Sandeep Poddar

Company Secretary

Rajiv Anand

Deputy Managing Director

Girish Paranjpe

Director

Puneet Sharma

Chief Financial Officer

For Axis Bank Ltd.**Rakesh Makhija**

Chairman

Amitabh Chaudhry

Managing Director & CEO

T.C. Suseel Kumar

Director

Meena Ganesh

Director

Date: 27 April, 2023

Place: Mumbai

Consolidated Financial Statements

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

As on 31 March, 2023

Schedule 1 - Capital

	As on 31-03-2023	As on 31-03-2022
(₹ in crores)		
Authorised Capital		
4,250,000,000 (Previous year - 4,250,000,000) Equity Shares of ₹2/- each	850.00	850.00
Issued, Subscribed and Paid-up capital		
3,076,852,012 (Previous year - 3,069,747,836) Equity Shares of ₹2/- each fully paid-up	615.37	613.95

Schedule 2 - Reserves and Surplus

	As on 31-03-2023	As on 31-03-2022
(₹ in crores)		
I. Statutory Reserve		
Opening Balance	18,055.42	14,799.05
Additions during the year	2,394.92	3,256.37
	20,450.34	18,055.42
II. Special Reserve		
Opening Balance	609.19	-
Additions during the year	841.00	609.19
	1,450.19	609.19
III. Share Premium Account		
Opening Balance	51,547.87	51,272.03
Additions during the year	387.98	275.86
Less: Share issue expenses	(0.07)	(0.02)
	51,935.78	51,547.87
IV. Investment Reserve Account		
Opening Balance	148.50	-
Additions/(Deductions) during the year	(148.50)	148.50
	-	148.50
V. General Reserve		
Opening Balance	428.29	425.97
Additions during the year	4.08	2.32
	432.37	428.29
VI. Capital Reserve		
Opening Balance	3,722.23	3,281.19
Additions during the year	67.84	441.04
	3,790.07	3,722.23



(₹ in crores)

	As on 31-03-2023	As on 31-03-2022
VII. Foreign Currency Translation Reserve [Refer Schedule 17 (4.7)]		
Opening Balance	351.11	231.25
Additions during the year	343.47	119.86
	694.58	351.11
VIII. Reserve Fund u/s 45 IC of RBI Act, 1934		
Opening Balance	319.84	250.54
Additions during the year	115.83	69.30
	435.67	319.84
IX. Investment Fluctuation Reserve		
Opening Balance	1,709.00	1,254.00
Additions during the year	73.00	455.00
	1,782.00	1,709.00
X. Balance in Profit and Loss Account brought forward	47,769.25	40,604.49
Total	128,740.25	117,495.94

Schedule 2A - Minority Interest

(₹ in crores)

	As on 31-03-2023	As on 31-03-2022
I. Minority Interest at the date on which the parent-subsidiary relationship came into existence	40.23	8.25
Subsequent increase	353.16	253.10
Closing Minority Interest	393.39	261.35

Schedule 3 - Deposits

(₹ in crores)

	As on 31-03-2023	As on 31-03-2022
A. I. Demand Deposits		
(i) From banks	4,760.03	4,792.62
(ii) From others	143,543.86	122,154.54
II. Savings Bank Deposits	297,415.99	242,449.27
III. Term Deposits		
(i) From banks	36,777.64	21,824.13
(ii) From others	463,327.20	429,944.24
Total (I, II and III)	945,824.72	821,164.80
B. I. Deposits of branches in India	931,486.13	818,558.88
II. Deposits of branches/subsidiaries outside India	14,338.59	2,605.92
Total (I and II)	945,824.72	821,164.80

Consolidated Financial Statements

Schedule 4 - Borrowings

(₹ in crores)		
	As on 31-03-2023	As on 31-03-2022
I. Borrowings in India		
(i) Reserve Bank of India	7,769.00	18,102.00
(ii) Other banks ¹	13,696.28	8,518.11
(iii) Other institutions & agencies ²	147,235.52	118,770.87
II. Borrowings outside India ³	37,512.77	54,387.18
Total (I and II)	206,213.57	199,778.16
Secured borrowings included in I & II above	24,053.16	36,709.00

- Borrowings from other banks include Subordinated Debt of ₹15.60 crores (previous year ₹15.60 crores) in the nature of Non-Convertible Debentures [Also refer Schedule 18 (3.2)(b)]
- Borrowings from other institutions & agencies include Subordinated Debt of ₹25,034.40 crores (previous year ₹14,809.40 crores) nature of Non-Convertible Debentures and Perpetual Debt amounting to Nil (previous year ₹3,700.00 crores) [Also refer Schedule 18 (3.2)(b)]
- Borrowings outside india include Additional Tier I Bonds in the nature of Perpetual Debt amounting to \$600 million (₹4,930.20 crores); previous year \$600 million (₹4,547.55 crores) [Also refer Schedule 18 (3.2)(b)]

Schedule 5 - Other Liabilities and Provisions

(₹ in crores)		
	As on 31-03-2023	As on 31-03-2022
I. Bills payable	9,543.81	8,499.36
II. Inter-office adjustments (net)	-	-
III. Interest accrued	4,097.95	4,662.33
IV. Contingent provision against standard assets	7,988.94	7,346.31
V. Others (including provisions)	40,573.87	35,806.18
Total	62,204.57	56,314.18

Schedule 6 - Cash and Balances with Reserve Bank of India

(₹ in crores)		
	As on 31-03-2023	As on 31-03-2022
I. Cash in hand (including foreign currency notes)	9,665.88	9,840.10
II. Balances with Reserve Bank of India:		
(i) in Current Account	43,003.88	36,993.41
(ii) in Other Accounts	13,448.00	47,201.00
Total (I and II)	66,117.76	94,034.51



Schedule 7 - Balances with Banks and Money at Call and Short Notice

(₹ in crores)

	As on 31-03-2023	As on 31-03-2022
I. In India		
(i) Balance with Banks		
(a) in Current Accounts	1,517.10	1,240.04
(b) in Other Deposit Accounts	4,061.40	886.98
(ii) Money at Call and Short Notice		
(a) With banks	200.00	-
(b) With other institutions	11,260.03	998.48
Total (i and ii)	17,038.53	3,125.50
II. Outside India		
(i) in Current Accounts	4,930.27	2,722.53
(ii) in Other Deposit Accounts	10,083.06	5,518.38
(iii) Money at Call & Short Notice	10,538.31	6,942.59
Total (i, ii and iii)	25,551.64	15,183.50
Grand Total (I+II)	42,590.17	18,309.00

Schedule 8 - Investments

(₹ in crores)

	As on 31-03-2023	As on 31-03-2022
I. Investments in India in -		
(i) Government Securities ¹	219,706.84	219,508.11
(ii) Other approved securities	-	-
(iii) Shares	1,193.12	1,194.08
(iv) Debentures and Bonds	54,797.65	44,737.83
(v) Associates ²	863.74	797.89
(vi) Others (Mutual Fund units, PTC etc.)	2,827.25	2,435.57
Total Investments in India	279,388.60	268,673.48
II. Investments outside India in -		
(i) Government Securities (including local authorities)	8,487.64	5,669.76
(ii) Associates	-	-
(iii) Others (Equity Shares and Bonds)	218.59	264.89
Total Investments outside India	8,706.23	5,934.65
Grand Total (I+II)	288,094.83	274,608.13

Consolidated Financial Statements

		(₹ in crores)	
		As on 31-03-2023	As on 31-03-2022
III.	Investments in India		
(i)	Gross value of investments	281,539.72	271,077.85
(ii)	Aggregate of provisions for depreciation (includes provision for non-performing investments)	(2,151.12)	(2,404.37)
(iii)	Net investments	279,388.60	268,673.48
IV.	Investments outside India		
(i)	Gross value of investments	8,965.75	6,180.57
(ii)	Aggregate of provisions for depreciation (includes provision for non-performing investments)	(259.52)	(245.92)
(iii)	Net investments	8,706.23	5,934.65
	Grand Total (III+IV)	288,094.83	274,608.13

1. Includes securities costing ₹85,079.35 crores (previous year ₹58,436.89 crores) pledged for avilment of fund transfer facility, clearing facility and margin requirements
2. Includes goodwill on acquisition of associates amounting to ₹368.54 crores (previous year ₹368.54 crores)

Schedule 9 - Advances

		(₹ in crores)	
		As on 31-03-2023	As on 31-03-2022
A.	(i) Bills purchased and discounted	18,422.86	35,575.80
	(ii) Cash credits, overdrafts and loans repayable on demand ¹	244,470.21	189,787.87
	(iii) Term loans	605,494.47	500,012.47
	Total (i, ii and iii)	868,387.54	725,376.14
B.	(i) Secured by tangible assets ²	622,686.69	539,276.86
	(ii) Covered by Bank/Government Guarantees ³	5,497.26	14,261.37
	(iii) Unsecured	240,203.59	171,837.91
	Total (i, ii and iii)	868,387.54	725,376.14
C.	I. Advances in India		
	(i) Priority Sector	306,850.92	254,162.74
	(ii) Public Sector	17,719.94	22,195.70
	(iii) Banks	1,112.52	2,446.93
	(iv) Others	509,024.03	398,233.79
	Total (i, ii, iii and iv)	834,707.41	677,039.16
	II. Advances Outside India		
	(i) Due from banks	205.42	560.86
	(ii) Due from others -		
	(a) Bills purchased and discounted	6,954.73	23,888.56
	(b) Syndicated loans	150.63	236.56
	(c) Others	26,369.35	23,651.00
	Total (i and ii)	33,680.13	48,336.98
	Grand Total [C.I.+C.II.]	868,387.54	725,376.14

1. Net of borrowings under Inter Bank Participation Certificate (IBPC) ₹8,593.09 crores (previous year Nil), includes lending under IBPC ₹2,162.00 crores (previous year ₹4,925.70 crores)
2. Includes advances against Book Debts
3. Includes advances against L/Cs issued by other banks



Schedule 10 - Fixed Assets

	As on 31-03-2023	As on 31-03-2022
		(₹ in crores)
I. Premises		
At cost as on 31 st March of the preceding year	1,706.82	1,623.97
Additions on account of acquisition of Citibank India Consumer Business (Refer Note 18.1)	0.86	-
Additions during the year	0.27	34.31
Intra-category transfer	(44.36)	48.54
Deductions during the year	-	-
Depreciation to date	(250.58)	(230.09)
Net Block	1,413.01	1,476.73
IA. Premises under construction	-	-
II. Other fixed assets (including furniture & fixtures and intangibles)		
At cost as on 31 st March of the preceding year	9,260.42	8,192.32
Additions on account of acquisition of Citibank India Consumer Business (Refer Note 18.1)	11,984.56	-
Additions during the year ¹	1,451.77	1,277.83
Deductions during the year	(252.79)	(209.73)
Depreciation to date (Refer Note 18.1)	(19,330.70)	(6,421.11)
Net Block	3,113.26	2,839.31
IIA. Leased Assets (Premises given on lease)		
At cost as on 31 st March of the preceding year	165.24	213.78
Additions during the year including adjustments	-	-
Deductions during the year including provisions	-	-
Intra-category transfer	44.36	(48.54)
Depreciation to date	(25.43)	(17.29)
Net Block	184.17	147.95
Grand Total (I, IA, II and IIA)	4,710.44	4,463.99
III. Capital-Work-in progress (including Leased Assets) net of Provisions	142.14	215.13
Grand Total (I, IA, II, IIA and III)	4,852.58	4,679.12

1. includes movement on account of exchange rate fluctuation

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Schedule 11 - Other Assets

		(₹ in crores)	
		As on 31-03-2023	As on 31-03-2022
I.	Inter-office adjustments (net)	-	-
II.	Interest Accrued	10,286.10	8,559.19
III.	Tax paid in advance/tax deducted at source (net of provisions)	748.87	783.85
IV.	Stationery and stamps	1.33	0.63
V.	Non banking assets acquired in satisfaction of claims ¹	-	-
VI.	Deferred Tax assets (net)	6,405.76	7,452.79
VII.	Others ²	56,643.78	61,686.55
Total		74,085.84	78,483.01

1. Represents balance net of provision of ₹2,068.24 crores (previous year ₹2,068.24 crores) on Land held as non-banking asset
2. Includes Priority Sector Shortfall Deposits of ₹30,564.20 crores (previous year ₹41,653.61 crores)

Schedule 12 - Contingent Liabilities

		(₹ in crores)	
		As on 31-03-2023	As on 31-03-2022
I.	Claims against the Group not acknowledged as debts	2,072.26	1,021.65
II.	Liability for partly paid investments	301.03	319.49
III.	Liability on account of outstanding forward exchange and derivative contracts :		
a)	Forward Contracts	604,835.27	517,803.37
b)	Interest Rate Swaps, Currency Swaps, Forward Rate Agreement & Interest Rate Futures	582,389.13	542,976.63
c)	Foreign Currency Options	40,929.92	47,958.55
Total (a+b+c)		1,228,154.32	1,108,738.55
IV.	Guarantees given on behalf of constituents		
	In India	91,763.78	72,435.86
	Outside India	10,613.41	7,313.13
V.	Acceptances, endorsements and other obligations	52,361.53	56,941.54
VI.	Other items for which the Group is contingently liable	58,399.68	46,985.14
Grand Total (I+II+III+IV+V+VI) [Refer Schedule 18 (3.18)]		1,443,666.01	1,293,755.36



SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31 March, 2023

Schedule 13 - Interest Earned

	Year ended 31-03-2023	Year ended 31-03-2022
		(₹ in crores)
I. Interest/discount on advances/bills	66,728.52	51,013.36
II. Income on investments (including dividend)	18,224.36	14,658.11
III. Interest on balances with Reserve Bank of India and other inter-bank funds	907.19	1,529.02
IV. Others	1,588.30	1,645.57
Total	87,448.37	68,846.06

Schedule 14 - Other Income

	Year ended 31-03-2023	Year ended 31-03-2022
		(₹ in crores)
I. Commission, exchange and brokerage	16,642.23	13,446.19
II. Profit/(loss) on sale of land, buildings and other assets (net) ¹	(7.69)	(6.11)
III. Profit/(loss) on exchange/derivative transactions (net)	1,804.00	1,913.42
IV. Profit/(loss) on sale of investments (net)	(236.73)	1,158.23
V. Profit/(loss) on revaluation of investments (net)	-	264.48
VI. Lease finance income (including management fee, overdue charges and interest on lease rent receivables)	-	-
VII. Miscellaneous Income	504.57	491.92
Total	18,706.38	17,268.13

1. includes provision for diminution in value of fixed assets

Schedule 15 - Interest Expended

	Year ended 31-03-2023	Year ended 31-03-2022
		(₹ in crores)
I. Interest on deposits	31,717.27	26,678.41
II. Interest on Reserve Bank of India/Inter-bank borrowings	2,271.55	1,021.58
III. Others	9,400.33	7,222.67
Total	43,389.15	34,922.66

Schedule 16 - Operating Expenses

	Year ended 31-03-2023	Year ended 31-03-2022
		(₹ in crores)
I. Payments to and provisions for employees	9,664.96	8,414.06
II. Rent, taxes and lighting	1,481.25	1,376.98
III. Printing and stationery	319.12	234.67
IV. Advertisement and publicity	216.23	147.59
V. Depreciation on Group's property		
a) Other than Leased Assets (Refer Note 18.1)	13,143.37	1,045.59
b) On Leased Assets	2.28	3.40
VI. Directors' fees, allowance and expenses	10.07	7.18
VII. Auditors' fees and expenses	7.70	6.61
VIII. Law charges	183.74	213.95
IX. Postage, telegrams, telephones etc.	389.11	308.20
X. Repairs and maintenance	1,595.42	1,449.92
XI. Insurance	1,425.54	1,289.74
XII. Amortisation of Goodwill	-	-
XIII. Other expenditure (Refer Note 18.1)	12,788.28	10,326.34
Total	41,227.07	24,824.23

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17 SIGNIFICANT ACCOUNTING POLICIES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March, 2023

1. Principles of consolidation

The consolidated financial statements comprise the financial statements of Axis Bank Limited ('the Bank'), its Subsidiaries and Associate (together 'the Group'). As on 31 March, 2023, the Bank has overseas branches at Singapore, DIFC - Dubai and an Offshore Banking Unit at the International Financial Service Centre (IFSC), Gujarat International Finance Tec-City (GIFT City), Gandhinagar, India.

The Bank consolidates its Subsidiaries in accordance with Accounting Standard ('AS') 21, Consolidated Financial Statements notified under Section 133 of the Companies Act, 2013 read together with the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Rules, 2021 on a line-by-line basis by adding together the like items of assets, liabilities, income and expenditure. All significant inter-company accounts and transactions are eliminated on consolidation.

Investments in entities where the Bank has the ability to exercise significant influence are accounted for under the equity method of accounting as prescribed under Accounting Standard 23 "Accounting for investments in Associates in Consolidated Financial Statements" and the pro-rata share of their profit/(loss) is included in the consolidated Profit and Loss account.

Effective 1 March 2023, the Bank completed the acquisition of Citibank's India Consumer Business from Citibank N.A. (acting through its branch in India) ('CBNA') and the NBFC Consumer Business from Citicorp Finance (India) Limited ('CFIL') as going concerns without assigning values to individual assets and liabilities post receipt of statutory and other approvals and completion of all other conditions as stipulated under the respective Business Transfer Agreements (BTAs).

2. Basis of preparation

- a) The consolidated financial statements ('financial statements') have been prepared and presented under the historical cost convention on the accrual basis of accounting in accordance with the generally accepted accounting principles in India, unless otherwise stated by the Reserve Bank of India ('RBI'), to comply with the statutory requirements prescribed under the Third Schedule of the Banking Regulation Act, 1949, the circulars, notifications, guidelines and directives issued by the RBI from time to time and the Accounting Standards notified under Section 133 of the Companies Act, 2013 read together with the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Rules, 2021 to the extent applicable and practices generally prevalent in the banking industry in India. Accounting policies applied have been consistent with the previous year except otherwise stated.
- b) The consolidated financial statements present the accounts of the Bank including the following entities:

Name	Relation	Country of Incorporation	Ownership Interest
Axis Capital Limited	Subsidiary	India	100.00%
Axis Trustee Services Limited	Subsidiary	India	100.00%
Axis Mutual Fund Trustee Limited	Subsidiary	India	75.00%
Axis Asset Management Company Limited	Subsidiary	India	75.00%
Axis Finance Limited	Subsidiary	India	100.00%
Axis Securities Limited	Subsidiary	India	100.00%
Freecharge Payment Technologies Pvt. Limited	Subsidiary	India	100.00%
A. Treds Limited	Subsidiary	India	67.00%
Axis Bank UK Limited	Subsidiary	U.K.	100.00%
Axis Capital USA LLC	Step down subsidiary	USA	100.00%
Axis Pension Fund Management Limited (with effect from 17 May, 2022)	Step down subsidiary	India	47.27%
Max Life Insurance Company Limited	Associate	India	12.99%

- c) The financial statements of certain subsidiaries have been prepared in accordance with notified Indian Accounting Standards ('Ind-AS'). The financial statements of such subsidiaries used for consolidation are special purpose financial statements prepared in accordance with Generally Accepted Accounting Principles in India ('GAAP') specified under section 133 of the Companies Act, 2013 read together with the Companies (Accounts) Rules, 2014 and the companies (Accounting Standards) Rules, 2021.



- d) The audited financial statements of the above subsidiaries/step-down subsidiaries have been drawn up to the same reporting date as that of the Bank, i.e. 31 March, 2023.
- e) The financial statements of the Bank's foreign subsidiary, Axis Bank UK Limited ('the Company') are prepared in accordance with UK adopted international accounting standards which have been converted to Indian GAAP for the purpose of consolidated financial statements of the Group. Following the termination of the Share Purchase Agreement between OpenPayd Holdings Limited and the Bank for the sale of 100% stake in Axis Bank UK Limited in August 2022, the Company has initiated the wind down of its operations. Accordingly, the financial statements of the Company have been prepared on a basis other than that of a going concern. Considering the size and scale of operations of Axis Bank UK, the impact of the above is not material on the financial statements/position of the Group.
- f) The Group's share of net profit after tax for the year ended 31 March, 2023 as included in the Consolidated Financial Statements in respect of one Associate is based on management's best estimate in the absence of financial information of such Associate.

3. Use of estimates

The preparation of the consolidated financial statements in conformity with the generally accepted accounting principles requires the Management to make estimates and assumptions that affect the reported amounts of assets and liabilities (including contingent liabilities) at the date of the financial statements, revenues and expenses during the reporting period. Actual results could differ from those estimates. The Management believes that the estimates and assumptions used in the preparation of the financial statements are prudent and reasonable. Any revisions, as and when carried out, to the accounting estimates are recognised prospectively in the current and future periods.

4. Significant accounting policies

4.1 Investments

Axis Bank Limited

Classification

In accordance with the RBI guidelines, investments are classified at the time of purchase as:

- Held for Trading ('HFT');
- Available for Sale ('AFS'); and
- Held to Maturity ('HTM').

Investments that are held principally for sale within a short period are classified as HFT securities. As per the RBI guidelines, HFT securities, which remain unsold for a period of 90 days are transferred to AFS securities.

Investments that the Bank intends to hold till maturity are classified under the HTM category. Investments in the equity of subsidiaries/joint ventures and investments under TLTRO guidelines are categorised as HTM in accordance with the RBI guidelines.

All other investments are classified as AFS securities.

For disclosure in the Balance Sheet, investments in India are classified under six categories - Government Securities, Other Approved Securities, Shares, Debentures and Bonds, Investment in Subsidiaries/Joint Ventures and Others. Investments made outside India are classified under three categories - Government Securities, Subsidiaries and/or Joint Ventures abroad and Others.

All investments are accounted for on settlement date, except investments in equity shares which are accounted for on trade date.

Transfer of security between categories

Transfer of security between categories of investments is accounted for as per the RBI guidelines.

Acquisition cost

Costs incurred at the time of acquisition, pertaining to investments, such as brokerage, commission etc. are charged to the Profit and Loss Account.

Broken period interest is charged to the Profit and Loss Account.

Cost of investments is computed based on the weighted average cost method.

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Valuation

Investments classified under the HTM category: Investments are carried at acquisition cost unless it is more than the face value, in which case the premium is amortised over the period remaining to maturity on a constant yield to maturity basis. Such amortization of premium is adjusted against interest income under the head 'Income from Investments' under Schedule 13 in Profit and Loss Account. As per the RBI guidelines, discount on securities held under HTM category is not accrued and such securities are held at the acquisition cost till maturity.

Investments classified under the AFS and HFT categories: Investments under these categories are marked to market. The market/fair value of quoted investments included in the AFS and HFT categories is the market price of the scrip as available from the trades/quotes on the stock exchanges or prices declared by the Fixed Income Money Market and Derivatives Association of India ('FIMMDA')/ Financial Benchmark India Private Limited ('FBIL'), periodically. Net depreciation, if any, within each category of each investment classification is recognised in the Profit and Loss Account. The net appreciation if any, under each category of each investment classification is ignored. Net depreciation on each type of investments falling under the residual category of 'Others' (i.e. mutual funds, Pass Through Certificates (PTCs), security receipts etc.) is not offset against gain in another class of investment falling within the 'Others' category. Further, in case of standard investments classified as weak (including certain internally unrated investments) as per the Bank's internal framework, the Bank recognizes net depreciation without availing the benefit of set-off against appreciation within the same class of investments as permitted under the extant RBI circular. The depreciation on securities acquired by way of conversion of outstanding loans is provided in accordance with the RBI guidelines. Provision for depreciation on investments is classified under Schedule-14 'Other Income'. The book value of individual securities is not changed consequent to the periodic valuation of investments.

Non-performing investments are identified and provision is made thereon as per the RBI guidelines. Provision for depreciation on such non-performing investments is not set off against the appreciation in respect of other performing securities as per RBI guidelines. Interest on non-performing investments is not recognized in the Profit and Loss Account until received.

Treasury Bills, Exchange Funded Bills, Commercial Paper and Certificate of Deposits being discounted instruments, are valued at carrying cost which includes discount accreted over the period to maturity.

Units of mutual funds are valued at the latest repurchase price/Net Asset Value ('NAV') declared by the mutual fund.

Market value of investments where current quotations are not available, is determined in accordance with the norms prescribed by the RBI as under:

- The market/fair value of unquoted government securities which are in the nature of Statutory Liquidity Ratio ('SLR') securities forming part of the AFS and HFT categories is computed as per the rates published by FIMMDA/ FBIL.
- In case of special bonds issued by the Government of India that do not qualify for SLR purposes, unquoted bonds, debentures, and preference shares where interest/dividend is received regularly (i.e. not overdue beyond 90 days), the market price is derived based on the YTM for Government Securities as published by FIMMDA/ FBIL and suitably marked up for credit risk applicable to the credit rating of the instrument. The matrix for credit risk mark-up for each category and credit ratings along with residual maturity issued by FIMMDA/ FBIL is adopted for this purpose.
- In case of bonds & debentures where interest is not received regularly (i.e. overdue beyond 90 days), the valuation is in accordance with prudential norms for provisioning as prescribed by the RBI.
- PTC and Priority Sector PTCs are valued as per extant FIMMDA guidelines.
- Equity shares, for which current quotations are not available or where the shares are not quoted on the stock exchanges, are valued at break-up value (without considering revaluation reserves, if any) which is ascertained from the company's latest Balance Sheet (not older than 18 months). In case the latest Balance Sheet is not available, the shares are valued at ₹1 per company.
- Investments in listed instruments of Real Estate Investment Trust (REIT)/Infrastructure Investment Trust (INVT) are valued at the closing price on the recognised stock exchange with the highest volumes. In case the instruments are not traded on any stock exchange, valuation is carried out based on the latest NAV (not older than 1 year) submitted by the trust.
- Units of Venture Capital Funds ('VCF') held under AFS category where current quotations are not available are valued based on the latest audited financial statements of the fund. In case the audited financials are not available for a period beyond 18 months, the investments are valued at ₹1 per VCF. Investment in unquoted VCF may be categorized under HTM category for the initial period of three years and are valued at cost as per the RBI guidelines.



- Investments in Security Receipts (SR's) are valued as per the NAV declared by the issuing Asset Reconstruction Company (ARC) or net book value of loans transferred or estimated recoverable value based on Bank's internal assessment on case to case basis, whichever is lower. In case of investments in SRs which are backed by more than 10 percent of the stressed assets sold by the Bank, the valuation of such SRs is additionally subject to a floor of face value of the SRs reduced by the provisioning rate as per the extant asset classification and provisioning norms as applicable to the underlying loans, assuming that the loan notionally continued in the books of the Bank.

Disposal of investments

Investments classified under the HTM category: Realised gains are recognised in the Profit and Loss Account and subsequently appropriated to Capital Reserve Account (net of taxes and transfer to statutory reserves) in accordance with the RBI guidelines. Losses are recognised in the Profit and Loss Account.

Investments classified under the AFS and HFT categories: Realised gains/losses are recognised in the Profit and Loss Account.

Short Sales

In accordance with the RBI guidelines, the Bank undertakes short sale transactions in Central Government dated securities. Such short positions are categorised under HFT category and netted off from investments in the Balance Sheet. These positions are marked-to-market along with the other securities under HFT portfolio and the resultant mark-to-market ('MTM') gains/losses are accounted for as per the relevant RBI guidelines for valuation of investments discussed earlier.

Subsidiaries

Investments are initially recognised at cost which comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Investments which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long term investments.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Any reduction in the carrying amount and any reversal of such reductions are charged or credited to the Profit and Loss Account.

Long term investments are stated at cost. Provision is made to recognise a decline, other than temporary, in the value of such investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the Profit and Loss Account.

4.2 Repurchase and reverse repurchase transactions

Axis Bank Limited

Repurchase transactions ('Repos')

Repurchase transactions in Government securities and corporate debt securities including those conducted under the Liquidity Adjustment Facility ('LAF') and Marginal Standby Facility ('MSF') with RBI are accounted for as collateralised borrowings. Accordingly, securities given as collateral under an agreement to repurchase them, continue to be held under the investment account and the Bank continues to accrue the coupon on the security during the repo period. Borrowing cost on such repo transactions is accounted as interest expense in "Schedule 15 - Interest Expended" in the Profit and Loss Account.

Reverse repurchase transactions ('Reverse repos')

Reverse repurchase transactions with RBI with original maturity upto 14 days from the date of issuance, including those conducted under the Liquidity Adjustment Facility ('LAF') and Standing Deposit Facility ('SDF') are accounted for as collateralised lending under "Schedule 6 - Balances with RBI - in Other Accounts". Revenue on such reverse repos is accounted for as interest income under "Schedule 13 - Interest Earned - Interest on balances with Reserve Bank of India and Other Inter-bank Funds" in the Profit and Loss Account.

Reverse repos with original maturity of more than 14 days from the date of issuance are accounted for as collateralised lending under "Schedule 9 - Advances". Revenue on such reverse repos is accounted for as interest income under "Schedule 13 - Interest Earned - Interest/discount on advances/bills" in the Profit and Loss account.

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4.3 Advances

Axis Bank Limited

Classification and measurement of advances

Advances are classified into performing and non-performing advances ('NPAs') as per the RBI guidelines and are stated net of bills rediscounted, inter-bank participation certificates, specific provisions made towards NPAs, interest in suspense for NPAs, claims received from Export Credit Guarantee Corporation, provisions for funded interest on term loans classified as NPAs and floating provisions. Structured collateralised foreign currency loans extended to customers and deposits received from the same customer are reported on a net basis.

The Bank transfers advances through inter-bank participation with and without risk. In accordance with the RBI guidelines, in the case of participation with risk, the aggregate amount of the participation issued by the Bank is reduced from advances and where the Bank is participating, the aggregate amount of the participation is classified under advances. In the case of participation without risk, the aggregate amount of participation issued by the Bank is classified under borrowings and where the Bank is participating, the aggregate amount of participation is shown as due from banks under advances.

Non-performing advances and provision on non-performing advances

NPAs are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by the RBI. Advances held at the overseas branches that are identified as impaired as per host country regulations for reasons other than record of recovery, but which are standard as per the RBI guidelines, are classified as NPAs to the extent of amount outstanding in the host country. NPAs are upgraded to standard as per the extant RBI guidelines.

Provisions for NPAs are made for sub-standard and doubtful assets at rates as prescribed by the RBI with the exception of schematic retail advances, agriculture advances and advances to Commercial Banking segment. In respect of schematic retail advances, provisions are made in terms of a bucket-wise policy upon reaching specified stages of delinquency (90 days or more of delinquency) under each type of loan, which satisfies the RBI prudential norms on provisioning. Provisions in respect of commercial banking group advances and agriculture advances classified into sub-standard and doubtful assets are made at rates which are higher than those prescribed by the RBI.

Provisions for advances booked in overseas branches, which are standard as per the RBI guidelines but are identified as impaired as per host country regulations for reasons other than record of recovery, are made as per the host country regulations.

In case of NPAs referred to the National Company Law Tribunal ('NCLT') under the Insolvency and Bankruptcy Code, 2016 ('IBC') where resolution plan or liquidation order has been approved by NCLT, provision is maintained at higher of the requirement under the RBI guidelines or the likely haircut as per resolution plan or liquidation order.

Provision on restructured assets

Restructured assets are classified and provided for in accordance with the guidelines issued by the RBI from time to time. In respect of advances where resolution plan has been implemented under the RBI guidelines on "Resolution Framework for COVID-19 related Stress" and "Micro, Small and Medium Enterprises (MSME) Sector – Restructuring of Advances", provisions are maintained as per the internal framework of the Bank at rates which are higher than those specified under the extant RBI circulars. Restructured loans are upgraded to standard as per the extant RBI guidelines.

Provisions held on restructured assets are reported in Schedule 5 – Other Liabilities and Provisions in the Balance Sheet.

Write-offs and recoveries from written-off accounts

Write-offs are provided/written off as per carried out in accordance with the Bank's policy.

Amounts recovered against debts written off are recognised in the Profit and Loss Account as a credit to Provision and Contingencies.

Appropriation of funds for standard advances

In case of Equated Monthly Instalment (EMI) based standard retail advances, funds received from customers are appropriated in the order of principal, interest, penal interest and charges. In case of other standard advances, funds received from customers are appropriated in the order of charges, penal interest, interest and principal.

In case of portfolio of advances acquired from CBNA and CFIL which continue to be serviced through their respective source systems, funds received from customers in respect of accounts which are less than 90 days past due are appropriated in the order of charges, interest and principal. This appropriation logic will be aligned to the Bank's policy upon completion of migration of customer accounts to the Bank's respective source systems.



Other provisions on advances

The Bank recognises additional provisions as per RBI's guidelines on accounts in default and with aggregate exposure above the threshold limits as laid down in the said framework where the resolution plan is not implemented within the specified timelines.

In respect of borrowers classified as non-cooperative or wilful defaulters the Bank makes accelerated provisions as per the extant RBI guidelines.

In the case of one-time settlements with borrowers that are entered into but not closed as on the reporting date, the Bank makes provisions which is the higher of (i) the provision required based on asset classification; and (ii) the amount of contracted sacrifice, on a portfolio basis.

Loans reported as fraud are classified as loss assets, and fully provided for immediately without considering the value of security.

The Bank makes incremental provisioning (determined based on a time scale and on occurrence of predefined events) on all outstanding advances and investments relating to borrowers tagged as Red flagged accounts ('RFA').

For entities with Unhedged Foreign Currency Exposure ('UFCE'), provision is made in accordance with the guidelines issued by the RBI, which requires ascertaining the amount of UFCE, estimating the extent of likely loss and estimating the riskiness of the unhedged position. This provision is classified under Schedule 5 - Other Liabilities and Provisions in the Balance Sheet. Further, incremental capital is maintained in respect of such borrower counter parties in the highest risk category, in line with stipulations by the RBI.

The Bank maintains provisions for incremental exposure of the banking system to specified borrowers beyond the Normally Permitted Lending Limit ('NPLL') in proportion to Bank's funded exposure to the specified borrowers as per the RBI guidelines. This provision is classified under Schedule 5 - 'Other Liabilities and Provisions' in the Balance Sheet.

The Bank maintains a general provision on standard advances at the rates prescribed by the RBI. The general provision on corporate standard advances internally rated 'BB and Below' or 'Unrated' and all Special Mention Accounts-2 ('SMA-2') advances as reported to Central Repository of Information on Large Credits ('CRILC'), maintained at rates that are higher than those prescribed by RBI. In case of overseas branches, general provision on standard advances is maintained at the higher of the levels stipulated by the respective overseas regulator or by the extant RBI guidelines. The Bank also maintains general provision on positive MTM on derivative transactions at the rates prescribed under the extant RBI guidelines.

The Bank maintains provision on non-funded outstanding in relation to NPAs, prudentially written off accounts, corporate standard advances internally rated 'BB and Below' or 'Unrated' and all SMA-2 advances as reported to CRILC. This provision is classified under Schedule 5 - 'Other Liabilities and Provisions' in the Balance Sheet.

Under its home loan portfolio, the Bank offers housing loans with certain features involving waiver of EMIs for a specific period subject to fulfilment of certain set of conditions by the borrower. The Bank makes provision against the probable loss that could be incurred in future on account of these waivers to eligible borrowers based on actuarial valuation conducted by an independent actuary. This provision is classified under Schedule 5 - 'Other Liabilities and Provisions' in the Balance Sheet.

As on 31 March, 2023, the Bank continues to hold provisions against the potential impact of COVID-19 (other than provisions held for restructuring under COVID-19 norms)

Axis Finance Limited

Advances are classified into performing and non-performing advances ('NPAs') as per the RBI guidelines and are stated net of specific provisions made towards NPAs. Further, NPAs are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by the RBI.

Provisions for standard assets and NPAs are made at rates as prescribed by the Company policy which is over and above the minimum requirements under the RBI guidelines.

Axis Bank UK Limited

Loans held for sale are measured at the lower of their carrying amount and fair value less cost to sell.

4.4 Country risk

Axis Bank Limited

In addition to the provisions required to be held according to the asset classification status, provisions are held for individual country exposure (other than for home country as per the RBI guidelines). Such provisions are held only in respect of those countries where the net funded exposure of the Bank exceeds 1% of its total assets. For this purpose the countries are

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categorized into seven risk categories namely insignificant, low, moderate, high, very high, restricted and off-credit as per internal parameters in accordance with RBI guidelines. Provision is made on exposures exceeding 180 days on a graded scale ranging from 0.25% to 100%. For exposures with contractual maturity of less than 180 days, 25% of the normal provision requirement is held. If the net funded exposure of the Bank in respect of each country does not exceed 1% of the total assets, no provision is maintained on such country exposure in accordance with RBI guidelines. This provision is classified under Schedule 5 – Other Liabilities and Provisions in the Balance Sheet.

4.5 Securitisation and transfer of assets

Axis Bank Limited

Securitisation of Standard Assets

The Bank enters into purchase/sale of corporate and retail loans through direct assignment/Special Purpose Vehicle ('SPV'). In most cases, post securitisation, the Bank continues to service the loans transferred to the assignee/SPV. The Bank also provides credit enhancement in the form of cash collaterals and/or by subordination of cash flows to Senior Pass Through Certificate holders. In respect of credit enhancements provided or recourse obligations (projected delinquencies, future servicing etc.) accepted by the Bank, appropriate provision/disclosure is made at the time of sale in accordance with AS-29, Provisions, Contingent Liabilities and Contingent Assets as notified under Section 133 of the Companies Act, 2013 read together with the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Rules, 2021.

In accordance with RBI guidelines on Securitisation of Standard Assets, any loss, profit or premium realised at the time of the sale is accounted in the Profit and Loss Account for the accounting period during which the sale is completed. However, in case of unrealised gains arising out of sale of underlying assets to the SPV, the profit is recognised in Profit and Loss Account only when such unrealised gains associated with such income is redeemed in cash.

Transfer of Loan Exposures

In accordance with RBI guidelines on Transfer of Loan exposures, any profit or loss arising because of transfer of loans, which is realised, is accounted for and reflected in the Profit and Loss Account for the accounting period during which the transfer is completed. Loans acquired are carried at acquisition cost unless it is more than the outstanding principal at the time of the transfer, in which case the premium paid is amortised based on a straight line method.

Axis Finance Limited

The Company enters into purchase/sale of corporate and retail loans through direct assignment/securitisation. The loans are recognised/derecognised in the books based on the risk and reward associated with the underlying loans in compliance with RBI guidelines on 'Transfer of loan assets' and 'Securitization of assets'.

4.6 Priority Sector Lending Certificates

Axis Bank Limited

The Bank enters into transactions for the sale or purchase of Priority Sector Lending Certificates ('PSLCs'). In the case of a sale transaction, the Bank sells the fulfilment of priority sector obligation and in the case of a purchase transaction the Bank buys the fulfilment of priority sector obligation through the RBI trading platform. There is no transfer of loan assets in PSLC transaction.

4.7 Translation of Foreign Currency items

Group

In respect of domestic operations, transactions denominated in foreign currencies are accounted for at the rates prevailing on the date of the transaction. Monetary foreign currency assets and liabilities are translated at the Balance Sheet date at rates notified by Foreign Exchange Dealers Association of India ('FEDAI'). All profits/losses resulting from year end revaluations are recognised in the Profit and Loss Account.

Financial statements of foreign branches classified as non-integral foreign operations as per the RBI guidelines are translated as follows:

- Assets and liabilities (both monetary and non-monetary as well as contingent liabilities) are translated at closing exchange rates notified by FEDAI at the Balance Sheet date.
- Income and expenses are translated at the rates prevailing on the date of the transactions.
- All resulting exchange differences are accumulated in a separate 'Foreign Currency Translation Reserve' (FCTR) till the disposal of the net investments. Any realised gains or losses on such disposal are recognised in the Profit and Loss Account except for those that relate to repatriation of accumulated profits which are reclassified from FCTR to 'Balance in Profit and Loss Account' under Schedule 2 – Reserves and Surplus in the Balance Sheet.

Contingent liabilities on account of forward exchange and derivative contracts, guarantees, acceptances, endorsements and other obligations denominated in foreign currencies are disclosed at closing rates of exchange notified by FEDAI.

4.8 Foreign exchange and derivative contracts

Axis Bank Limited

Derivative transactions comprise of forward contracts, swaps and options which are disclosed as contingent liabilities. The forwards, swaps and options are categorised as trading or hedge transactions. Trading derivative contracts are revalued at the Balance Sheet date with the resulting unrealised gain or loss being recognised in the Profit and Loss Account and correspondingly in other assets (representing positive MTM) and in other liabilities (representing negative MTM on a gross basis). For hedge transactions, the Bank identifies the hedged item (asset or liability) at the inception of transaction itself. The effectiveness is ascertained at the time of inception of the hedge and periodically thereafter. Hedge swaps are accounted for on accrual basis except in case of swaps designated with an asset or liability that is carried at market value or lower of cost or market value in the financial statements. In such cases the swaps are marked-to-market with the resulting gain or loss recorded as an adjustment to the market value of the designated asset or liability. Hedge transactions that are entered after 26 June, 2019 through rupee interest rate derivatives are accounted for as per the guidance note issued by ICAI on Accounting for Derivative Contracts. Pursuant to the RBI guidelines any receivables under derivative contracts comprising of crystallised receivables as well as positive MTM in respect of future receivables which remain overdue for more than 90 days are reversed through the Profit and Loss Account and are held in a separate suspense account under Schedule 5 - 'Other Liabilities and Provisions'.

Premium on options is recognized as income/expense on expiry or early termination of the transaction.

Currency futures contracts are marked-to-market using daily settlement price on a trading day, which is the closing price of the respective futures contracts on that day. While the daily settlement price is computed based on the last half an hour weighted average price of such contracts, the final settlement price is taken as the RBI reference rate on the last trading day of the futures contracts or as may be specified by the relevant authority from time to time. All open positions are marked-to-market based on the settlement price and the resultant marked-to-market profit/loss is daily settled with the exchange.

Valuation of Exchange Traded Currency Options ('ETCO') is carried out on the basis of the daily settlement price of each individual option provided by the exchange and valuation of Interest Rate Futures ('IRF') is carried out on the basis of the daily settlement price of each contract provided by the exchange.

Outstanding forward exchange contracts including tom/spot contracts (excluding currency swaps undertaken to hedge foreign currency assets/liabilities and funding swaps which are not revalued) are revalued at year end on PV basis by discounting the forward value till spot date using Alternative Reference Rate ('ARR') curve and converting the foreign currency amount using the respective spot rates as notified by FEDAI/FBIL. The resulting gains or losses on revaluation are included in the Profit and Loss Account in accordance with RBI/FEDAI guidelines.

Premium/discount on currency swaps undertaken to hedge foreign currency assets and liabilities and funding swaps is recognised as interest income/expense and is amortised on a pro-rata basis over the underlying swap period.

Axis Finance Limited

The Company enters into forward contracts to hedge the foreign currency risk of firm commitments and highly probable forecast transactions. Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in the Statement of Profit and Loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the Statement of Profit and Loss depends on the nature of the hedging relationship and the nature of the hedged item.

Cash Flow Hedges

A cash flow hedge is a hedge of the exposure to variability in cash flows that (i) is attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or a firm commitment in respect of foreign currency and (ii) could affect the statement of profit and loss. Under a cash flow hedge, the hedging instrument is measured at fair value, but any gain or loss that is determined to be an effective hedge is recognized in equity, e.g., cash flow hedge reserve. The ineffective portion of the gain or loss on the hedging instrument is recognized immediately in Finance Cost in the statement of profit and loss.

Fair Value Hedges

A fair value hedge is a hedge of the exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect the statement of profit and loss. When applying fair value hedge accounting, the hedging instrument

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is measured at fair value with changes in fair value recognised in the statement of profit and loss. The hedged item is remeasured to fair value in respect of the hedged risk even if normally it is measured at cost, e.g., a fixed rate borrowing. Any resulting adjustment to the carrying amount of the hedged item related to the hedged risk is recognised in the statement of profit and loss even if normally such a change may not be recognised, e.g., for inventory being hedged for fair value changes. The fair value changes of the hedged item and the hedging instrument will offset and result in no net impact in the statement of profit and loss except for the impact of ineffectiveness.

4.9 Revenue recognition

Axis Bank Limited

Interest income is recognised on an accrual basis in accordance with AS-9, Revenue Recognition as notified under Section 133 of the Companies Act, 2013 read together with the Companies (Accounts) Rules, 2014, the Companies (Accounting Standards) Rules, 2021 and the RBI guidelines except in the case of interest income on non-performing assets where it is recognised on receipt basis as per the income recognition and asset classification norms of RBI. Income on non-coupon bearing discounted instruments or low-coupon bearing discounted instruments is recognised over the tenor of the instrument on a constant yield basis.

Commission on guarantees and Letters of Credit (LC) is recognised on a pro-rata basis over the period of the guarantee/LC. Locker rent is recognized on a straight-line basis over the period of contract. Annual fee for credit cards and debit cards is recognised on a straight-line basis over the period of service. Arrangership/syndication fee is accounted for on completion of the agreed service and when the right to receive is established. Other fees and commission income are recognised when due, where the Bank is reasonably certain of ultimate collection.

Interest income on investments in discounted PTCs is recognized on a constant yield basis.

Dividend income is accounted on an accrual basis when the right to receive the dividend is established.

Gain/loss on sell down of loans and advances through direct assignment is recognised at the time of sale.

Fees paid for purchase of PSLCs are amortised on straight-line basis over the tenor of the certificate as 'Other Expenditure' under Schedule 16 of the Profit and Loss Account. Fees received on sale of PSLCs are amortised on straight-line basis over the tenor of the certificate as 'Miscellaneous Income' under Schedule 14 of the Profit and Loss Account.

In accordance with RBI guidelines on sale of non-performing advances, if the sale is at a price below the net book value (i.e. book value less provisions held), the shortfall is charged to the Profit and Loss Account. If the sale is for a value higher than the net book value, the excess provision is credited to the Profit and Loss Account in the year the amounts are received.

The Bank deals in bullion business on a consignment basis. The difference between the price recovered from customers and cost of bullion is accounted for at the time of sale to the customers. The Bank also deals in bullion on a borrowing and lending basis and the interest paid/received is accounted for on an accrual basis.

Subsidiaries

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Fee income is recognised on the basis of accrual when all the services are performed and there is reasonable certainty of ultimate collection.

Interest income is recognised on an accrual basis.

Dividend income is accounted on an accrual basis when the right to receive the dividend is established.

Income from sale of investments is determined on weighted average basis and recognised on the trade date basis.

Axis Capital Limited

Brokerage income in relation to stock broking activity is recognised as per contracted rates at the execution of transactions on behalf of the customers on a trade date basis. Gains/losses on dealing in securities are recognised on a trade date basis.

Revenue from issue management, loan syndication, and financial advisory services is recognised based on the stage of completion of assignments and terms of agreement with the client.

Selling commissions/brokerage generated from primary market operations i.e. procuring subscriptions from investors for public offerings of companies, mutual funds, etc. are recorded on determination of the amount due to the Company, once the allotment of securities are completed.



Axis Trustee Services Limited

Annual fees for trusteeship services and servicing fees are recognised, on a straight line basis, over the period when services are performed. Initial acceptance fee is recognised as and when the 'Offer Letter' for the services to be rendered is accepted by the customer. In the event of non-recovery of fees provision for doubtful debts is made as under.

- Initial acceptance fee

On the expiry of 90 days from the end of the contractual due, the amount of invoice due and not received is provided for in the quarter from the end of the contractual due date of invoice (i.e. 45 days as per MSMED Act).

- Annual fees

Where the invoices remain unpaid for more than 180 days from the end of the contractual due date, 50% of such unpaid value is provided for, and 100% of value is provided for where value remain unpaid for more than 365 days from contractual due date (i.e. 45 days as per MSMED Act).

In case of annual fees due in certain existing cases, which fall under NCLT/stressed cases, 50% of the provision is made on the expiry of 90 days from the end of the contractual due date and remaining 50% of the unpaid balance is provided for on the expiry of 180 days from the end of contractual due date (i.e. 45 days as per MSMED Act).

Realised gains and losses on mutual funds are dealt with in the Profit and Loss Account. The cost of units in mutual fund sold are determined on weighted average basis for the purpose of calculating gains or losses on sale/redemption of such units.

Axis Asset Management Company Limited

Management fees are recognised on accrual basis. The fees charged are in accordance with the terms of scheme information documents of respective schemes and are in line with the provisions of SEBI (Mutual Funds) Regulations, 1996 as amended from time to time.

Management fees from Portfolio Management Services, Alternate Investment Fund and Investment advisory fees-offshore are recognized on an accrual basis as per the terms of the contract with the customers.

Axis Mutual Fund Trustee Limited

Trustee fee is recognised on accrual basis, at the specific rates/amount approved by the Board of Directors of the Company, within the limits specified under the Deed of Trust, and is applied on the net assets of each scheme of Axis Mutual Fund.

Axis Finance Limited

Interest income is recognized on an accrual basis except in the case of interest income on non-performing assets where it is recognised upon realisation, as per the income recognition and asset classification norms prescribed by the RBI.

Income on discounted instruments is recognised over the tenure of the instrument on a straight-line method.

Front end fees on processing of loans are recognised upfront as income.

Axis Securities Limited

Business sourcing and resource management fees are recognised on accrual basis in accordance with the terms and contracts entered between the Company and counterparty.

Fees earned for the provision of services are recognised over time as the customer simultaneously receives and consumes the benefits, as the services are rendered. These include brokerage fees which is fixed at inception irrespective of number of transactions executed. The revenue for such contracts is recognised on consumption of benefits and the balance unutilized plan value is recognised on maturity/validity of the plan.

Selling commissions/brokerage generated from primary market operations i.e. procuring subscriptions from investors for public offerings of companies, mutual funds etc. are recorded on determination of the amount due to the Company, once the allotment of securities are completed.

Depository fees are recognised on completion of the transaction.

Portfolio management fees are accounted on accrual basis as follows:

- In case of fees based on fixed percentage of the corpus/fixed amount, income is accrued at the end of the quarter/month.
- In case of fees, based on the returns of the portfolio, income is accounted on each anniversary as per the agreement.

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A. Treds Limited

Onboarding Fee is a one-time fee and is recognized at the time of onboarding of buyer, seller or financier. Transaction fee is recurring in nature and is recognised on time proportion basis over the tenure of transaction. The Company follows recognition of annual fees on time proportion basis over the tenure of one year.

Freecharge Payment Technologies Private Limited

Revenue from commission income

Merchant checkout fee is recognised on the basis of successful pay-out to the respective merchants. Revenues from operating an internet portal, providing recharge and bill payment services are recognized upon successful recharge/ payment confirmation for the transaction executed. The Company collects Goods and Service Taxes (GST) on behalf of the government and therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue.

Other operating revenue

Revenues from ancillary activities like convenience fee, merchant monetization fees, issuance fees, system integration, paid coupon income, marketing fee etc. are recognised upon rendering of services.

Unbilled revenue

Receivables are generally carried at the original invoiced amount, less an allowance for doubtful receivables where there is objective evidence that balances will not be recovered in full. Unbilled receivables is recognised to the extent for the services not billed at the reporting date.

Revenue from sale of sound box services

Revenue from services i.e sound box is recognized when the control in services is transferred as per the terms of the agreement with merchant i.e. as and when services are rendered. Revenues are disclosed net of the Goods and Services Tax charged on such services.

Axis Pension Fund Management Company Limited

Investment Management Fees

Investment management fees are recognised on an accrual basis on the daily closing assets under management across respective schemes under pension funds. The investment management fees are presented net of Goods and services Tax in the Statement of Profit and Loss Account.

Management fees from Schemes defined by the PFRDA are recognized on an accrual basis as per the terms defined by PFRDA.

Revenue from interest income on debt investments

Interest income on debt investments is recognised on an accrual basis. Amortization of premium or accretion of discount on debt investments is recognised over the period of maturity/holding of the investments on a straight line basis.

4.10 Scheme expenses

Axis Asset Management Company Limited

New fund offer expenses

Expenses relating to new fund offer of Axis Mutual Fund are charged to the Profit and Loss Account in the year in which they are incurred.

Commission

Claw-backable commission paid by the Company in advance is charged to the Profit and Loss Account over the claw-back period/tenure of the respective scheme. The unamortized portion of the claw-backable brokerage is carried forward as prepaid expense.

Upfront commission on close ended and fixed tenure schemes is amortized over the tenure of the respective scheme and in case of Equity Linked Saving Scheme (ELSS), upfront commission is amortized over 3 years. The unamortized portion of the commission is carried forward as prepaid expense.

Commission paid on certain PMS products is amortised over the exit load period. Unamortised portion of commission is carried forward as prepaid expenses.

Commission paid on Alternate Investment Fund schemes is amortized over the minimum tenure of the scheme. The unamortized portion of the commission is carried forward as prepaid expense.



Axis Pension Fund Management Company Limited

Brokerage

Brokerages on the pension fund management segment paid by the Company are accounted for at the rates stipulated by the PFRDA.

4.11 Fixed assets and depreciation/impairment

Group

Fixed assets are carried at cost of acquisition less accumulated depreciation and impairment, if any. Cost includes initial handling and delivery charges, duties, taxes and incidental expenses related to the acquisition and installation of the asset. Subsequent expenditure incurred on assets put to use is capitalised only when it increases the future economic benefit/functioning capability from/of such assets.

Capital work-in-progress includes cost of fixed assets that are not ready for their intended use and also includes advances paid to acquire fixed assets.

Depreciation is provided over the estimated useful life of a fixed asset on a straight-line method from the date of addition. The Management believes that depreciation rates currently used, fairly reflect its estimate of the useful lives and residual values of fixed assets based on the historical experience of the Group, though these rates in certain cases are different from those prescribed under Schedule II of the Companies Act, 2013. Whenever there is a revision of the estimated useful life of an asset, the unamortised depreciable amount is charged over the revised remaining useful life of the said asset.

Asset	Estimated useful life
Leased Land	As per the term of the agreement
Owned premises	60 years
Locker cabinets/cash safe/strong room door	10 years
Interiors	9 years
EPABX, telephone instruments	8 years
Modem, scanner, routers, hubs, switches, racks/cabinets for IT equipment	5 years
UPS, VSAT, fax machines	5 years
Cheque book/cheque encoder, currency counting machine, fake note detector	5 years
Application software	5 years
Electronic Data Capture (EDC)/ Point of Sale (POS) machines	5 years
Vehicles	4 years
Computer hardware including printers	3 years
CCTV and video conferencing equipment	3 years
Assets at staff residence	3 years
All other fixed assets	10 years

Assets costing less than ₹5,000 individually are fully depreciated in the year of purchase.

Depreciation on assets sold during the year is recognised on a pro-rata basis to the Profit and Loss Account till the date of sale.

Gain or losses arising from the retirement or disposal of fixed assets are determined as the difference between the net disposal proceeds and the carrying amount of assets and are recognised as income or expense in the Profit and Loss Account. Further, in case of Bank, profit on sale of premises is appropriated to the Capital Reserve Account (net of taxes and transfer to Statutory Reserve) in accordance with RBI instructions.

The Bank has accounted for the Intangibles and Goodwill, acquired and arising from the acquisition of Citi India Consumer Business as per the generally accepted accounting principles and Accounting Standard 26 on Intangible Assets which permits amortization over the best estimate of useful life. During the year, Bank has fully amortized through the Profit and Loss Account, Intangibles and Goodwill resulting from the acquisition of the Citibank India Consumer Business. The Bank continues to have access and business use for the Intangible assets.

The carrying amounts of assets are reviewed at each Balance Sheet date to ascertain if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

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4.12 Non-banking assets

Axis Bank Limited

Non-banking assets ('NBAs') acquired in satisfaction of claims include land. In the case of land, the Bank creates provision and follows the accounting treatment as per specific RBI directions.

4.13 Lease transactions

Group

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term are classified as operating lease. Lease payments for assets taken on operating lease are recognised as an expense in the Profit and Loss Account on a straight-line basis over the lease term. Lease income from assets given on operating lease is recognized as income in the Profit and Loss Account on a straight line basis over the lease term.

4.14 Employee benefits

- **Short-term employee benefits**

Short-term employee benefits comprise salaries and other compensations payable for services which the employee has rendered during the period. These are recognized at the undiscounted amount in the Profit and Loss Account.

- **Provident Fund**

Axis Bank Limited

Retirement benefit in the form of provident fund is a defined benefit plan wherein the contributions are charged to the Profit and Loss Account of the year when the contributions to the fund are due and when services are rendered by the employees. Further, an actuarial valuation is conducted by an independent actuary using the Projected Unit Credit Method as at 31 March each year to determine the deficiency, if any, in the interest payable on the contributions as compared to the interest liability as per the statutory rate and the shortfall if any due to fluctuations in price or impairment, in the aggregate asset values of the Trust as compared to the market value. Actuarial gains/losses are immediately recognized in the Profit and Loss Account and are not deferred.

The Bank makes contribution as required by The Employees' Provident Funds and Miscellaneous Provisions Act, 1952 to Employees' Pension Scheme administered by the Regional Provident Fund Commissioner.

The overseas branches of the Bank and its eligible employees contribute a certain percentage of their salary towards respective government schemes as per local regulatory guidelines. The contribution made by the overseas branches is recognised in the Profit and Loss Account, as is in the nature of defined contribution.

Subsidiaries

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognises contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service.

- **Gratuity**

Axis Bank Limited

The Bank contributes towards gratuity fund (defined benefit retirement plan) administered by various insurers for eligible employees. Under this scheme, the settlement obligations remain with the Bank, although the insurers administer the scheme and determine the contribution premium required to be paid by the Bank. The plan provides a lump sum payment to vested employees at retirement or termination of employment based on the respective employee's salary and the years of employment with the Bank. The liability with regard to the gratuity fund is recognized based on actuarial valuation conducted by an independent actuary using the Projected Unit Credit Method as at 31 March based on certain assumptions regarding rate of interest, salary growth, mortality and staff attrition. Actuarial gains/losses are recognized in the Profit and Loss Account and are not deferred.

In respect of employees at overseas branches (other than expatriates), the liability with regard to gratuity is provided on the basis of a prescribed method as per local laws, wherever applicable.

Subsidiaries

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation using Projected Unit Credit Method made at the end of each financial year. Actuarial gains/losses are immediately recognized in the Profit and Loss Account and are not deferred.



- **Compensated Absences**

- **Subsidiaries**

- Accumulated leaves, which are expected to be utilized within the next 12 months, is treated as short-term employee benefit. The expected cost of such absences is measured as the additional amount that is expected to be paid as a result of the unused entitlement that has accumulated at the reporting date.

- Accumulated leaves that are expected to be carried forward beyond twelve months are treated as long-term employee benefit for measurement purposes. Such compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately recognised in the Profit and Loss Account and are not deferred.

- **Superannuation**

- **Axis Bank Limited**

- Employees of the Bank (other than those who moved to the Bank as part Citibank India Consumer Business acquisition) are entitled to receive retirement benefits under the Bank's superannuation scheme either under a cash-out option through salary or under a defined contribution plan. Through the defined contribution plan, the Bank contributes annually a sum of 10% of the employee's eligible annual basic salary to Life Insurance corporation (LIC), which undertakes to pay the lump sum and annuity benefit payments pursuant to the scheme. Superannuation contributions are recognised in the Profit and Loss Account in the period in which they accrue.

- Eligible employees who moved to the Bank as part of the Citibank India Consumer Business acquisition are entitled to receive a lumpsum corpus amount under a separate superannuation scheme with vesting criteria of 10 years as a defined contribution plan. Through the defined contribution plan, the Bank makes a defined contribution annually of a sum of 25% of such employee's eligible annual basic salary to a Superannuation Trust, which undertakes to pay the lump sum payments pursuant to the scheme after the vesting period. Superannuation contributions are recognised in the Profit and Loss Account in the period in which they accrue.

- **National Pension Scheme ('NPS')**

- **Group**

- In respect of employees who opt for contribution to the NPS, the Group contributes certain percentage of the total basic salary of such employees to the aforesaid scheme, a defined contribution plan, which is managed and administered by pension fund management companies. NPS contributions are recognised in the Profit and Loss Account in the period in which they accrue.

- **Resettlement Allowance**

- **Axis Bank Limited**

- The Bank provides for resettlement allowance liability in the form of six months' pay at the time of separation, for certain eligible employees who moved to the Bank as part of the Citibank India Consumer Business acquisition. Provision for this liability is based on an actuarial valuation conducted by an independent actuary using the Projected Unit Credit Method as at 31 March each year based on certain assumptions regarding discount rate and salary escalation rate.

- **Long term deferred variable pay structure**

- **Axis Capital Limited**

- As part of its variable pay structure, the Company operates long term deferred variable pay structure plan in which it defers a part of the entitlement which is to be settled in installments over a period of three years at an amount which would be equivalent to the prevailing price of equity share of Axis Bank at the time of settlement. The costs of providing benefits under this plan is determined on the basis of actuarial valuation at the year-end using the projected unit credit method.

- **Long Term Incentive Plan (LTIP)**

- **Axis Asset Management Company Limited**

- The Company has initiated Axis AMC - Long Term Incentive plan. The points granted to employees as per the guidelines laid down in the plan are encashable after they are held for a specified period as per the terms of the plan. The Company accounts for the liability arising on points granted proportionately over the period from the date of grant till the end of the exercise window. The present value of the obligation under such plan is determined based on actuarial valuation.

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4.15 Reward points

Axis Bank Limited

The Bank runs a loyalty program which seeks to recognize and reward customers based on their relationship with the Bank. Under the program, eligible customers are granted loyalty points redeemable in future, subject to certain conditions. In addition, the Bank continues to grant reward points in respect of certain credit cards (not covered under the loyalty program). The Bank estimates the provision for such loyalty/reward points using an actuarial method at the Balance Sheet date through an independent actuary, which includes assumptions such as redemption rate, lapse rate, discount rate, value of reward points etc. Provision for the said reward points is then made based on the actuarial valuation report as furnished by the said independent actuary.

4.16 Taxation

Group

Income tax expense is the aggregate amount of current tax and deferred tax charge. Current year taxes are determined in accordance with the relevant provisions of the Income Tax Act, 1961 and considering the material principles set out in the Income Computation and Disclosure Standards to the extent applicable. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off assets against liabilities representing current tax and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws.

Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. The impact of changes in the deferred tax assets and liabilities is recognised in the Profit and Loss Account.

Deferred tax assets are recognised and reassessed at each reporting date, based upon the Management's judgement as to whether realisation is considered as reasonably certain. Deferred tax assets are recognised on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty supported by convincing evidence that such deferred tax asset can be realised against future profits.

4.17 Share issue expenses

Group

Share issue expenses are adjusted from the Share Premium Account in terms of Section 52 of the Companies Act, 2013.

4.18 Corporate Social Responsibility

Group

Expenditure towards Corporate Social Responsibility is recognised in Profit and Loss Account in accordance with the provisions of the Companies Act, 2013.

4.19 Earnings per share

Group

The group reports basic and diluted earnings per share in accordance with AS-20, Earnings per Share, as notified under Section 133 of the Companies Act, 2013 read together with the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Rules, 2021. Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding for the year.

Diluted earnings per share reflects the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted earnings per share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding at the year end except where the results are anti-dilutive.

4.20 Employee stock option scheme

Axis Bank Limited

The 2001 Employee Stock Option Scheme ('the Scheme') provides for grant of stock options on equity shares of the Bank to employees and Directors of the Bank and its subsidiaries. The Scheme is in accordance with the Securities and Exchange Board of India (SEBI) (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ('the Guidelines'). These Guidelines have since been repealed and substituted by the Securities and Exchange Board of



India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021. The Scheme is in compliance with the said regulations. Options are granted at an exercise price, which is equal to the fair market price of the underlying equity shares at the date of the grant. The fair market price is the latest available closing price, prior to the date of grant, on the stock exchange on which the shares of the Bank are listed. If the shares are listed on more than one stock exchange, then the stock exchange where there is highest trading volume on the said date is considered.

Further, the 2022 Employees Stock Unit Scheme ('the ESU Scheme') provides for grant of stock units convertible into equivalent number of fully paid-up equity share(s) of the Bank to eligible employees. The ESU Scheme is in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and in compliance with the said regulations. The stock units are granted at an exercise price as determined by the Bank and specified at the time of grant which shall not be less than the face value of the equity shares of the Bank.

The Bank followed intrinsic value method to account for its stock based employee compensation plans for all the options granted till the accounting period ending 31 March, 2021.

As per RBI guidelines, for options/units granted after 31 March, 2021, the Bank follows the fair value method and recognizes the fair value of such options/units computed using the Black-Scholes model without reducing estimated forfeitures, as compensation expense over the vesting period. On exercise of the stock options/units, corresponding balance under Employee Stock Options/Units Outstanding is transferred to Share Premium. In respect of the options/units which expire unexercised, the balance standing to the credit of Employee Stock Options/Units Outstanding is transferred to the General Reserve. In respect of Employee Stock Options/Units which are granted to the employees of the subsidiaries, the Bank recovers the cost from the subsidiaries over the vesting period.

4.21 Provisions, contingent liabilities and contingent assets

Group

In accordance with AS-29 "Provisions, Contingent Liabilities and Contingent Assets" provision is recognised when the Group has a present obligation as a result of past event where it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

A disclosure of contingent liability is made when there is:

- a possible obligation arising from a past event, the existence of which will be confirmed by occurrence or non-occurrence of one or more uncertain future events not within the control of the Group; or
- a present obligation arising from a past event which is not recognised as it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

4.22 Accounting for dividend

Group

As per AS-4 'Contingencies and Events occurring after the Balance sheet date' as notified by the Ministry of Corporate Affairs through the Companies (Accounting Standards) Rules, 2021, the group does not account for proposed dividend as a liability through appropriation from the Profit and Loss Account. The same is recognised in the year of actual payout post approval of shareholders. However, the Bank considers proposed dividend in determining capital funds in computing the capital adequacy ratio.

4.23 Cash and cash equivalents

Group

Cash and cash equivalents include cash in hand, rupee digital currency, balances with RBI, balances with other banks and money at call and short notice.

4.24 Segment Reporting

The disclosure relating to segment information is made in accordance with AS-17: Segment Reporting and relevant guidelines issued by the RBI.

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18 NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March, 2023

1. Purchase of Citibank's India Consumer Business

Upon (i) the completion of conditions stipulated in the Business Transfer Agreements (BTAs) executed on 30 March, 2022 as amended from time to time; and (ii) the receipt of requisite statutory and other approvals, the Bank has acquired on a going concern basis the business assets and business liabilities of Citibank's India Consumer Business from Citibank N.A. (acting through its branch in India) ("CBNA") and the NBFC Consumer Business from Citicorp Finance (India) Limited ("CFIL") collectively referred to as Citibank India Consumer Business, effective beginning of day 1 March, 2023 (referred to as Legal Day One) without values being assigned to individual assets and liabilities.

In accordance with the BTAs, the Bank has on Legal Day One paid an Estimated Adjusted Purchase Price aggregating ₹11,602.53 crores based on the position of business assets and business liabilities acquired as at end of day 31st January, 2023, and the Bank without prejudice to any of its rights under the said BTAs estimates a further payable of ₹346.55 crores as Purchase Price True Up Amount based on its best estimate of the position of business assets and business liabilities acquired as at beginning of day 1 March, 2023. The estimated Purchase Price True Up Amount is recorded as a payable to CBNA at 31 March, 2023. Changes, if any, to the Estimated Adjusted Purchase Price and/or estimated Purchase Price True Up Amount, which are subject to review by an external firm and the Bank, upon the receipt of the final closing statement from CBNA and CFIL, shall be accounted for in the period in which the actual settlement occurs.

The Estimated Adjusted Purchase Price and estimated Purchase Price True Up Amount aggregating to ₹11,949.08 crores are attributable to (i) various intangible business and commercial rights viz. Customer relationship (including contracts), Co-branding arrangements, Business processes/information, Non-compete rights (collectively "Intangibles") and (ii) Goodwill on acquisition of the Citibank India Consumer Business. Based on the report of an independent valuer, Intangibles (excluding Goodwill) were recognized at ₹8,714.24 crores and Goodwill at ₹3,234.84 crores in the financial statements of the Bank. Under Section 15 of the Banking Regulation Act 1949, banks are restricted from declaring dividend in the event a bank carries any intangible assets on its Balance Sheet. As a prudent measure and to protect its ability to pay dividends, the Bank has fully amortised the said Intangibles and Goodwill through the Profit and Loss account in FY 2022-23, even though the Bank continues to have access to and business use for the Intangibles. The Bank has chosen not to create any deferred tax asset on such Intangibles fully amortised through the Profit and Loss Account.

Further, the Bank has fully charged to the Profit and Loss Account (i) ₹179.27 crores towards one-time stamp duty costs relating to the acquisition of Citibank India Consumer Business and (ii) ₹361.47 crores towards harmonization of provisioning and expense policies and/or estimates used in the preparation of financial statements.

Exceptional items comprise (i) full amortization of Intangibles and Goodwill; (ii) impact of policy harmonisation of operating expenses and provisions; and (iii) one-time acquisition related expenses. The tables below quantifies and details the nature of exceptional items and its corresponding impact on Profit after Tax (PAT) for the year ended 31 March 2023.

		(₹ in crores)
Sr. No.	Description of Exceptional item	31 March, 2023
1	Amortisation of Intangibles and Goodwill in operating expenses	11,949.08
2	Impact of harmonization of policies recognized in provisions and contingencies	232.14
3	Impact of harmonization of policies recognized in operating expenses	129.33
4	One-time acquisition costs recognized in operating expenses	179.27
Total exceptional items		12,489.82

		(₹ in crores)
Sr. No.	Particulars	31 March, 2023
1	Profit After Tax (PAT) (as per Profit and Loss Account)	10,818.45
2	Add: Exceptional items (net of taxes)	12,353.71
3	PAT (excluding impact of exceptional items net of taxes)	23,172.16

The financial results and relevant disclosures for the year ended 31 March, 2023 with respect to the above are therefore not comparable with the previous periods.



2. Other notes

2.1 COVID-19

India is emerging from the after effect of COVID-19 virus, a global pandemic that affected the world economy for more than two years. The extent to which any new wave of COVID-19 will impact the Bank's operations and asset quality will depend on the future developments, which are highly uncertain.

The Bank continues to hold provisions aggregating to ₹5,012 crores as at 31 March, 2023 against the potential impact of COVID-19 (other than provisions held for restructuring under COVID-19 norms).

2.2 Axis Asset Management Company Ltd. (the Company), a subsidiary of the Bank, had proactively initiated an investigation by independent external advisors into certain allegations of potential irregularities relating to the conduct of certain personnel of the said subsidiary. The management of the Company has submitted details of its findings and disciplinary action of termination of employment taken against the concerned employees, to regulatory authorities and is cooperating with them as required from time to time. Further, pursuant to its independent investigation, SEBI has passed an ad interim ex parte order-cum-show-cause notice (Interim Order) against *inter alia* one of the terminated former employee. Neither the Company nor any of its existing officers/employees have been named as noticees in the Interim Order, nor any directions have been passed against them in the Interim Order. As the outcome of the independent investigation by SEBI is pending on 31 March, 2023, the Company's statutory auditors have issued a modified opinion, stating that the impact is not ascertainable. The Company has assessed that there is no impact of this matter on its financial statements for the current or earlier financial years. Next steps and implications, if any, will be determined basis any change from current position in this matter. Considering the size and scale of operations of the Axis Bank Group, the impact, if any, on the consolidated financial results is not expected to be material.

3. Disclosures

3.1 'Provisions and contingencies' recognised in the Profit and Loss Account comprise of:

	(₹ in crores)	
For the year ended	31 March, 2023	31 March, 2022
Provision for income tax		
- Current tax	6,721.49	4,602.01
- Deferred tax [Refer note 18 (4.11)]	1,047.03	163.10
	7,768.52	4,765.11
Provision for non-performing assets (including bad debts written off, write backs and net of recoveries in written off accounts) ¹	3,340.20	5,212.72
Provision for restructured assets/strategic debt restructuring/ sustainable structuring	(34.82)	0.95
Provision for COVID-19 restructuring & MSME restructuring	(599.17)	912.33
Provision towards standard assets	481.96	215.62
Provision for unhedged foreign currency exposures	33.60	(61.82)
Provision for country risk	8.47	18.97
Additional provision for delay in implementation of resolution plan	(179.81)	409.62
Provision for probable legal cases	46.75	215.31
Provision for other contingencies	(179.82)	514.14
Total	10,685.88	12,202.95

1. includes provision for non-performing advances of ₹6,040.47 crores (previous year ₹7,195.39 crores) and non-performing investments of ₹186.34 crores (previous year ₹384.46 crores), net of recoveries from written off accounts of ₹2,886.61 crores (previous year ₹2,367.13 crores)

3.2 Capital instruments

a) Share Capital

During the year ended 31 March, 2023 and 31 March, 2022, the Bank has not raised equity capital other than allotment of equity shares to eligible employees upon exercise of options under Employees Stock Option Scheme.

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b) Other capital instruments

During the year ended 31 March, 2023, the Bank has raised Basel III compliant debt instruments eligible for Tier-I/Tier-II capital, the details of which are set out below:

Instrument	Capital	Date of maturity	Period	Coupon	Amount
Subordinated debt	Tier-II	13 December, 2032	120 months	7.88%	₹12,000.00 crores

During the year ended 31 March, 2022, the Bank has raised Basel III compliant debt instruments eligible for Tier-I/Tier-II capital, the details of which are set out below:

Instrument	Capital	Date of maturity	Period	Coupon	Amount
Perpetual debt	Additional Tier-I	-	-	4.10%	\$600 million

Above instrument has a call option at expiry of 60 months from the date of allotment

During the year ended 31 March, 2023, the Bank redeemed BASEL III compliant debt instruments eligible for Tier-I/Tier-II capital, the details of which are set out below:

Instrument	Capital	Date of maturity	Period	Coupon	Amount
Subordinated debt	Tier-II	31 December, 2022	120 months	9.15%	₹2,500.00 crores
Perpetual debt	Additional Tier-I	28 June, 2022 ¹	60 months	8.75%	₹3,500.00 crores

1. Represents call date

During the year ended 31 March, 2022, the Bank has redeemed BASEL III compliant debt instruments eligible for Tier-I/Tier-II capital, the details of which are set out below:

Instrument	Capital	Date of maturity	Period	Coupon	Amount
Subordinated debt	Tier-II	1 December, 2021	120 months	9.73%	₹1,500.00 crores
Subordinated debt	Tier-II	20 March, 2022	120 months	9.30%	₹1,925.00 crores
Perpetual debt	Additional Tier-I	14 December, 2021 ¹	60 months	8.75%	₹3,500.00 crores

1. Represents call date

3.3 Divergence in Asset Classification and Provisioning for NPAs

In terms of RBI guidelines, banks are required to disclose the divergences in asset classification and provisioning consequent to RBI's annual supervisory process in their notes to accounts to the financial statements. The disclosure is required if either or both of the following conditions are satisfied: (a) the additional provisioning for NPAs assessed by RBI exceeds 10% of the reported profit before provisions and contingencies for the reference period and (b) the additional Gross NPAs identified by RBI exceed 10% or 15% of the published incremental Gross NPAs for the reference period ended 31 March, 2022 and 31 March, 2021 respectively.

Based on the above, no disclosure on divergence in asset classification and provisioning for NPAs is required with respect to RBI's annual supervisory process for the year ended 31 March, 2022 and 31 March, 2021.

3.4 Earnings Per Share ('EPS')

The details of EPS computation is set out below:

	31 March, 2023	31 March, 2022
Basic and Diluted earnings for the year (Net profit after tax) (₹ in crores)	10,818.45	14,119.29
Basic weighted average no. of shares (in crores)	307.30	306.65
Add: Equity shares for no consideration arising on grant of stock options under ESOP (in crores)	1.48	0.92
Diluted weighted average no. of shares (in crores)	308.78	307.57
Basic EPS (₹)	35.20	46.04
Diluted EPS (₹)	35.04	45.91
Basic EPS (excluding exceptional items, refer note 18.1) (₹)	75.41	46.04
Diluted EPS (excluding exceptional items, refer note 18.1) (₹)	75.04	45.91
Nominal value of shares (₹)	2.00	2.00

Dilution of equity is on account of 14,780,391 stock options (previous year 9,241,401)



3.5 Employee Stock Options/Units

Pursuant to the approval of the shareholders in February 2001, the Bank approved an Employee Stock Option Scheme under which eligible employees are granted an option to purchase shares subject to vesting conditions. Over the period till March 2023, pursuant to the approval of the shareholders, the Bank approved ESOP schemes for options aggregating 315,087,000 that vest in a graded manner over 3 years. The options can be exercised within five years from the date of the vesting as the case may be. Within the overall ceiling of 315,087,000 stock options approved for grant by the shareholders as stated earlier, the Bank is authorised to issue options to eligible employees and Whole Time Directors (including those of subsidiary companies).

294,895,841 options have been granted under the Schemes till the previous year ended 31 March, 2022. Pursuant to the approval of the Nomination and Remuneration Committee on 22 March, 2022 the Bank granted 16,625,592 stock options (each option representing entitlement to one equity share of the Bank) to eligible employees/directors of the Bank/subsidiary companies at a grant price of ₹725.90. Further, during FY 2022-23, the Bank granted stock options (each option representing entitlement to one equity share of the Bank) to its eligible employees, the details of which are as under :

Date of grant	No. of options granted	Grant price (₹ per option)
15 July, 2022	85,000	668.25

Stock option activity under the Scheme for the year ended 31 March, 2023 is set out below:

	Options outstanding	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life (Years)
Outstanding at the beginning of the year	44,279,611	306.54 to 804.80	609.26	4.29
Granted during the year	16,710,592	668.25 to 725.90	725.61	-
Forfeited during the year	(2,676,194)	469.90 to 757.10	693.10	-
Expired during the year	(102,145)	306.54 to 535.00	465.48	-
Exercised during the year	(7,104,176)	306.54 to 757.10	535.32	-
Outstanding at the end of the year	51,107,688	433.10 to 804.80	653.48	4.37
Exercisable at the end of the year	35,119,021	469.90 to 804.80	620.49	3.46

The weighted average share price in respect of options exercised during the year was ₹838.11.

Stock option activity under the Scheme for the year ended 31 March, 2022 is set out below:

	Options outstanding	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life (Years)
Outstanding at the beginning of the year	38,109,654	306.54 to 757.10	544.21	4.22
Granted during the year	13,898,988	697.10 to 804.80	727.80	-
Forfeited during the year	(16,71,547)	469.90 to 757.10	645.30	-
Expired during the year	(58,300)	306.54 to 535.00	484.45	-
Exercised during the year	(59,99,184)	306.54 to 757.10	461.82	-
Outstanding at the end of the year	44,279,611	306.54 to 804.80	609.26	4.29
Exercisable at the end of the year	30,458,322	306.54 to 757.10	589.02	3.36

The weighted average share price in respect of options exercised during the year was ₹740.25.

Fair Value Methodology

In line with RBI clarification on Guidelines on Compensation of Whole Time Directors/Chief Executive Officers/Material Risk Takers and Control Function Staff on 30 August, 2021, the Bank has changed its accounting policy from the intrinsic value method to the fair value method for all share-linked instruments granted after 31 March, 2021 and consequently recognized the fair value of options computed using the Black-Scholes model, without reducing estimated forfeitures, as compensation expense over the vesting period. During the year, the Group has recognised ESOP compensation cost of ₹285.52 crores for options granted to employees of the Group.

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The impact on reported net profit and EPS in respect of options granted prior to 31 March, 2021 considering the fair value based method as prescribed in the Guidance Note on 'Accounting for Employee Share-based Payments' issued by the Institute of Chartered Accountants of India is given below:

	31 March, 2023	31 March, 2022
Net Profit (as reported) (₹ in crores)	10,818.45	14,119.29
Less: Stock based employee compensation expense determined under fair value based method (proforma) (₹ in crores)	(16.01)	(61.90)
Net Profit (Proforma) (₹ in crores)	10,802.44	14,057.39
Earnings per share: Basic (in ₹)		
As reported	35.20	46.04
Proforma	35.15	45.84
Earnings per share: Diluted (in ₹)		
As reported	35.04	45.91
Proforma	35.03	45.72

No cost has been incurred by the Bank in respect of ESOPs granted prior to 31 March, 2021 to the employees of the Bank and subsidiaries which are valued under the intrinsic value method.

The fair value of the options is estimated on the date of the grant using the Black-Scholes options pricing model, with the following assumptions:

	31 March, 2023	31 March, 2022
Dividend yield	0.26%-0.43%	0.43%-0.64%
Expected life	2.95-4.95 years	2.28-4.28 years
Risk free interest rate	5.46% to 7.13%	4.71% to 5.67%
Volatility	30.95% to 33.02%	30.91% to 33.93%

Volatility is the measure of the amount by which a price has fluctuated or is expected to fluctuate during a period. The measure of volatility used in the Black-Scholes options pricing model is the annualised standard deviation of the continuously compounded rates of return on the stock over a period of time. For calculating volatility, the daily volatility of the stock prices on the National Stock Exchange, over a period prior to the date of grant, corresponding with the expected life of the options has been considered.

The weighted average fair value of options granted during the year ended 31 March, 2023 is ₹240.34 (previous year ₹209.47).

Pursuant to the approval of the Shareholders in January 2023, the Bank approved the 'Axis Bank Employees Stock Unit Scheme, 2022' under which the Bank is authorized to grant Units not exceeding 5,00,00,000 (Five crores) in number in aggregate, to or for benefit of 'Eligible Employees' in accordance with applicable SEBI Regulations, with each such Unit(s) exercisable into equity share(s) of the Bank subject to vesting conditions. The Units vest in a graded manner over 3 years and can be exercised within five years from the date of the vesting at an exercise price as determined in accordance with applicable laws at the time of grant and on such terms and conditions as contained in the Scheme.

On 24 March, 2023, the Nomination and Remuneration Committee of the Board of Directors of the Bank has approved the grant of upto 1,31,00,000 stock options and grant of upto 32,00,000 stock units to eligible employees, there have been no allotments of options/units under this grant. Accordingly, these options/units have not been considered in the above disclosure.

3.6 Proposed Dividend

The Board of Directors, in their meeting held on 27 April, 2023 have proposed a final dividend of ₹1 per equity share amounting to ₹307.69 crores. The proposal is subject to the approval of shareholders at the Annual General Meeting. In terms of revised Accounting Standard (AS) 4 'Contingencies and Events occurring after the Balance sheet date' as notified by the Ministry of Corporate Affairs through the Companies (Accounting Standards) Rules, 2021, such proposed dividend has not been recognised as a liability as on 31 March, 2023.

During the year, the Bank paid final dividend of ₹1 per equity share amounting ₹307.14 crores pertaining to year ended 31 March, 2022.



3.7 Segmental reporting

The business of the Bank is divided into four segments: Treasury, Retail Banking, Corporate/Wholesale Banking and Other Banking Business. These segments have been identified and based on RBI's revised guidelines on Segment Reporting issued on 18 April 2007 vide Circular No. DBOD.No.BP.BC.81/21.04.018/2006-07. The principal activities of these segments are as under:

Segment	Principal Activities
Treasury	Treasury operations include investments in sovereign and corporate debt, equity and mutual funds, trading operations, derivative trading and foreign exchange operations on the proprietary account and for customers. The Treasury segment also includes the central funding unit.
Retail Banking	Constitutes lending to individuals/small businesses through the branch network and other delivery channels subject to the orientation, nature of product, granularity of the exposure and the quantum thereof. Retail Banking activities also include liability products, card services, internet banking, mobile banking, ATM services, depository, financial advisory services and NRI services.
Digital Banking (Sub- segment of Retail Banking)	In accordance with RBI circular DOR.AUT.REC.12/22.01.001/2022-23 dated 7 April 2022 on Establishment of Digital Banking Units, the Bank has presented 'Digital Banking' as a sub-segment of the Retail Banking segment.
Corporate/Wholesale Banking	Includes corporate relationships not included under Retail Banking, corporate advisory services, placements and syndication, project appraisals, capital market related services and cash management services.
Other Banking Business	Includes para banking activities like third party product distribution and other banking transactions not covered under any of the above three segments.

Unallocated assets and liabilities - All items which are reckoned at an enterprise level are classified under this segment such as deferred tax, tax paid in advance net of provision, provision for COVID-19 etc.

Business segments in respect of operations of the subsidiaries have been identified and reported taking into account the customer profile, the nature of product and services and the organisation structure.

Revenues of the Treasury segment primarily consist of fees and gains or losses from trading operations and interest income on the investment portfolio. The principal expenses of the segment consist of interest expense on funds borrowed from external sources and other internal segments, premises expenses, personnel costs, other direct overheads and allocated expenses.

Revenues of the Corporate/Wholesale Banking segment consist of interest and fees earned on loans given to customers falling under this segment and fees arising from transaction services and merchant banking activities such as syndication and debenture trusteeship. Revenues of the Retail Banking segment are derived from interest earned on loans classified under this segment and fees for banking and advisory services, ATM interchange fees and cards products. Expenses of the Corporate/Wholesale Banking and Retail Banking segments primarily comprise interest expense on deposits and funds borrowed from other internal segments, infrastructure and premises expenses for operating the branch network and other delivery channels, personnel costs, other direct overheads and allocated expenses.

Segment income includes earnings from external customers and from funds transferred to the other segments. Segment result includes revenue as reduced by interest expense and operating expenses and provisions, if any, for that segment. Segment-wise income and expenses include certain allocations. Inter segment interest income and interest expense represent the transfer price received from and paid to the Central Funding Unit (CFU) respectively. For this purpose, the funds transfer pricing mechanism presently followed by the Bank, which is based on historical matched maturity and internal benchmarks, has been used by the Bank and relied upon by the Statutory Auditors. Operating expenses other than those directly attributable to segments are allocated to the segments based on an activity-based costing methodology. All activities in the Bank are segregated segment-wise and allocated to the respective segment.

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Segmental results are set out below:

(₹ in crores)

	31 March, 2023							Total
	Treasury	Corporate/ Wholesale Banking	Retail Banking			Other Banking Business	Unallocated	
			Digital Banking Business	Other Retail Banking Business	Total Retail Banking			
Segment Revenue								
Gross interest income (external customers)	20,555.00	22,893.36	6,784.06	37,134.17	43,918.23	81.78	-	87,448.37
Other income	1,310.35	4,193.59	5,215.61	4,495.04	9,710.65	3,491.79	-	18,706.38
Total income as per Profit and Loss Account	21,865.35	27,086.95	11,999.67	41,629.21	53,628.88	3,573.57	-	106,154.75
Add/(less) inter segment interest income	3,580.73	8,510.09	4,308.23	33,681.82	37,990.05	-	-	50,080.87
Total segment revenue	25,446.08	35,597.04	16,307.90	75,311.03	91,618.93	3,573.57	-	156,235.62
Less: Interest expense (external customers)	13,984.28	1,707.80	3,218.09	24,478.97	27,697.06	0.01	-	43,389.15
Less: Inter segment interest expense	4,318.66	17,509.60	3,578.92	24,673.69	28,252.61	-	-	50,080.87
Less: Operating expenses	148.04	5,001.75	6,755.41	16,452.89	23,208.30	611.30	12,257.68	41,227.07
Operating profit	6,995.10	11,377.89	2,755.48	9,705.48	12,460.96	2,962.26	(12,257.68)	21,538.53
Less: Provision for non-performing assets/others ¹	(47.11)	(1,276.51)	1,433.28	2,575.21	4,008.49	0.34	232.14	2,917.35
Segment result	7,042.21	12,654.40	1,322.20	7,130.27	8,452.47	2,961.92	(12,489.82)	18,621.18
Less: Provision for tax								7,768.52
Net Profit before minority interest and earnings from Associate								10,852.66
Less: Minority Interest								100.06
Add: Share of Profit in Associate								65.85
Extraordinary profit/loss								-
Net Profit								10,818.45
Segment assets	443,971.16	365,592.28	75,313.40	449,478.30	524,791.70	2,459.20	7,603.62	1,344,417.96
Segment liabilities	224,434.67	222,341.79	87,602.69	677,472.83	765,075.52	189.01	3,021.35 ²	1,215,062.34
Net assets	219,536.49	143,250.49	(12,289.29)	(227,994.53)	(240,283.82)	2,270.19	4,582.27	129,355.62
Capital Expenditure for the year (Refer note 18.1)	9.53	275.29	169.38	964.30	1,133.68	33.54	11,949.08	13,401.12
Depreciation on fixed assets for the year (Refer note 18.1)	7.75	227.54	139.87	789.40	929.27	30.01	11,949.08	13,145.65

1. represents material non-cash items other than depreciation
2. includes minority interest of ₹393.39 crores

(₹ in crores)

	31 March, 2022					
	Treasury	Corporate/ Wholesale Banking	Retail Banking			Total
			Digital Banking Business	Other Retail Banking Business	Other Banking Business	
Segment Revenue						
Gross interest income (external customers)	17,930.65	17,271.97			15.96	68,846.06
Other income	3,199.14	3,660.38			3,191.84	17,268.13
Total income as per Profit and Loss Account	21,129.79	20,932.35			3,207.80	86,114.19
Add/(less) inter segment interest income	666.39	6,462.45			-	39,322.31
Total segment revenue	21,796.18	27,394.80			3,207.80	125,436.50
Less: Interest expense (external customers)	9,401.29	1,515.64			38.98	34,922.66
Less: Inter segment interest expense	6,810.95	12,309.97			0.86	39,322.31
Less: Operating expenses	230.96	4,734.89			826.92	24,824.23
Operating profit	5,352.98	8,834.30			2,341.04	26,367.30
Less: Provision for non-performing assets/others ¹	287.76	1,474.12			(0.26)	7,437.84
Segment result	5,065.22	7,360.18			2,341.30	18,929.46
Less: Provision for tax						4,765.11
Net Profit before minority interest and earnings from Associate						14,164.35
Less: Minority Interest						87.60
Add: Share of Profit in Associate						42.54
Extraordinary profit/loss						-
Net Profit						14,119.29
Segment assets	440,150.42	316,036.13			1,596.68	1,195,779.15
Segment liabilities	214,807.66	192,908.74			242.04	1,077,669.26
Net assets	225,342.76	123,127.39			1,354.64	118,109.89
Capital Expenditure for the year	9.94	253.75			28.63	1,312.14
Depreciation on fixed assets for the year	7.99	200.81			23.84	1,048.99

1. represents material non-cash items other than depreciation
2. includes minority interest of ₹261.35 crores

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Geographic Segments

(₹ in crores)

	Domestic		International		Total	
	31 March, 2023	31 March, 2022	31 March, 2023	31 March, 2022	31 March, 2023	31 March, 2022
Revenue	104,008.16	85,196.41	2,146.59	917.78	106,154.75	86,114.19
Assets	1,292,510.59	1,137,167.83	51,907.37	58,611.32	1,344,417.96	1,195,779.15
Capital Expenditure for the year	13,399.93*	1,309.14	1.19	3.00	13,401.12*	1,312.14
Depreciation on fixed assets for the year	13,139.33*	1,046.81	6.32	2.18	13,145.65*	1,048.99

*includes intangibles and goodwill on acquisition of Citibank India Consumer Business (Refer note 18.1)

3.8 Related party disclosure

The related parties of the Group are broadly classified as:

a) Promoters

The Bank has identified the following entities as its Promoters:

- Administrator of the Specified Undertaking of the Unit Trust of India (SUUTI)
- Life Insurance Corporation of India (LIC)

In March 2023, the Administrator of the Specified Undertaking of the Unit Trust of India (SUUTI) has made a request to the Bank to exit SUUTI from “promoter” category and reclassify it to “public” category. In terms of Reg. 31A of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 as amended, the said request is subject to the approval of the Bank’s Board, Stock Exchanges and other Statutory/Regulatory Authorities, if any. The reclassification will be effective post receipt of the aforesaid approvals.

b) Key Management Personnel

- Mr. Amitabh Chaudhry (MD & CEO)
- Mr. Rajiv Anand (Deputy Managing Director)
- Mr. Rajesh Dahiya [Executive Director (Corporate Centre)] (upto 31 December, 2021)

c) Relatives of Key Management Personnel

Ms. Preeti Chaudhry, Mr. Anagh Chaudhry, Mr. Aruj Chaudhry, Mr. Aryan Chaudhry, Ms. Chhavi Kharb, Mr. Ashok Kharb, Mr. Om Singh Chaudhry, Ms. Kusum Chaudhry, Ms. Gitanjali Anand, Ms. Tara Anand, Ms. Nandita Anand, Mr. P.L. Narain, Mr. P. Srinivas, Ms. Ratna Rao Shekar, Ms. P. Kamashi, Ms. Charu Narain, Ms. K Ramalakshmi, Ms. Hemant Dahiya, Ms. Arooshi Dahiya, Mr. Anshul Avasthi, Ms. Mallika Dahiya, Ms. Jal Medha, Mr. Jai Prakash Dahiya, Ms. Pooja Rathi, Mr. Gagan Rathi.

d) Associate

Max Life Insurance Company Limited (with effect from 6 April, 2021)

Based on RBI guidelines, details of transactions with Associate are not disclosed since there is only one entity/party in the said category.



The details of transactions of the Group with its related parties during the year ended 31 March, 2023 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel [#]	Total
Dividend paid	29.14	0.06	-*	29.20
Interest paid	164.98	0.11	0.34	165.43
Interest received	-*	0.09	-*	0.09
Investment in non-equity instrument of related party	-	-	-	-
Investment of related party in the Bank	-	16.38	-	16.38
Redemption of Hybrid capital/Bonds of the Bank	958.00	-	-	958.00
Sale of investments	-	-	-	-
Remuneration paid	-	15.26	-	15.26
Contribution to employee benefit fund	13.76	-	-	13.76
Placement of deposits	0.22	-	-	0.22
Repayment of deposit	-	-	-	-
Advance granted (net)	-	-	-	-
Advance repaid	-*	7.65	-	7.65
Receiving of services	114.01	-	-	114.01
Rendering of services	54.18	0.01	-*	54.19
Sale/Purchase of foreign exchange currency to/from related party	-	2.55	0.24	2.79
Other reimbursements from related party	42.79	-	-	42.79
Other reimbursements to related party	0.08	-	-	0.08

[#] Details of transactions of the Bank with relatives of KMP are for the period during which the KMP are related parties of the Bank.

*Denotes amount less than ₹50,000/-

The balances payable to/receivable from the related parties of the Group as on 31 March, 2023 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Total
Deposits with the Bank	5,678.24	1.96	6.61	5,686.81
Placement of security deposits	2.11	-	-	2.11
Advances	0.57	1.27	0.03	1.87
Investment in non-equity instruments of related party	-	-	-	-
Investment of related party in the Bank	48.97	0.11	-*	49.08
Non-funded commitments	3.25	-	-	3.25
Investment of related party in Hybrid capital/Bonds of the Bank	500.00	-	-	500.00
Other receivables (net)	2.20	-	-	2.20
Other payables (net)	1.32	-	-	1.32

*Denotes amount less than ₹50,000/-

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The maximum balances payable to/receivable from the related parties of the Group during the year ended 31 March, 2023 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Total
Deposits with the Bank	9,771.44	20.17	11.17	9,802.78
Placement of security deposits	2.11	-	-	2.11
Advances	0.57	8.89	0.10	9.56
Investment of related party in the Bank	49.22	0.11	-	49.33
Investment in non-equity instrument of related party	-	-	-	-
Non-funded commitments	3.25	-	-	3.25
Investment of related party in Hybrid capital/Bonds of the Bank	1,458.00	-	-	1,458.00
Other receivables (net)	16.29	-	-	16.29
Other payables (net)	1.32	-	-	1.32

The details of transactions of the Group with its related parties during the year ended 31 March, 2022 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel#	Total
Dividend paid	-	-	-	-
Interest paid	173.69	0.24	0.37	174.30
Interest received	0.01	0.32	-*	0.33
Investment in non-equity instrument of related party	-	-	-	-
Investment of related party in the Bank	-	11.07	-	11.07
Redemption of Hybrid capital/Bonds of the Bank	-	-	-	-
Sale of investments	584.75	-	-	584.75
Remuneration paid	-	14.24	-	14.24
Contribution to employee benefit fund	14.19	-	-	14.19
Placement of deposits	-	-	-	-
Repayment of deposit	0.01	-	-	0.01
Advance granted (net)	-	7.25	-	7.25
Advance repaid	0.52	2.58	-	3.10
Receiving of services	401.97	-	-	401.97
Rendering of services	47.19	-*	-*	47.19
Sale/Purchase of foreign exchange currency to/from related party	-	0.94	0.17	1.11
Other reimbursements from related party	-	-	-	-
Other reimbursements to related party	0.25	-	-	0.25

Details of transactions of the Bank with relatives of KMP are for the period during which the KMP are related parties of the Bank.



The balances payable to/receivable from the related parties of the Group as on 31 March, 2022 are given below:

(₹ in crores)				
Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Total
Deposits with the Bank	6,411.50	2.39	6.87	6,420.76
Placement of security deposits	1.89	-	-	1.89
Advances	0.57	8.89	0.08	9.54
Investment in non-equity instruments of related party	-*	-	-	-*
Investment of related party in the Bank	58.28	0.10	-	58.38
Non-funded commitments	3.25	-	-	3.25
Investment of related party in Hybrid capital/Bonds of the Bank	1,458.00	-	-	1,458.00
Other receivables (net)	-*	-	-	-*

*Denotes amount less than ₹50,000/-

The maximum balances payable to/receivable from the related parties of the Group during the year ended 31 March, 2022 are given below:

(₹ in crores)				
Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Total
Deposits with the Bank	15,153.34	17.59	8.44	15,179.37
Placement of security deposits	1.90	-	-	1.90
Advances	80.60	10.11	0.13	90.84
Investment of related party in the Bank	81.18	0.11	-	81.29
Investment in non-equity instrument of related party	0.02	-	-	0.02
Non-funded commitments	3.32	-	-	3.32
Investment of related party in Hybrid capital/Bonds of the Bank	2,760.00	-	-	2,760.00
Other receivables (net)	0.02	-	-	0.02

The significant transactions between the Group and related parties during the year ended 31 March, 2023 and 31 March, 2022 are given below. A specific related party transaction is disclosed as a significant related party transaction wherever it exceeds 10% of the aggregate value of all related party transactions in that category:

(₹ in crores)		
Particulars	Year ended 31 March, 2023	Year ended 31 March, 2022
Dividend paid		
Administrator of the Specified Undertaking of the Unit Trust of India	4.65	-
Life Insurance Corporation of India	24.49	-
Interest paid		
Administrator of the Specified Undertaking of the Unit Trust of India	32.89	32.09
Life Insurance Corporation of India	132.09	132.32
General Insurance Corporation of India	N.A.	5.30
Interest received		
Mr. Amitabh Chaudhry	0.04	0.17
Mr. Rajiv Anand	0.06	0.07
Mr. Rajesh Dahiya	N.A.	0.09
Life Insurance Corporation of India	-*	-*

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Particulars	(₹ in crores)	
	Year ended 31 March, 2023	Year ended 31 March, 2022
Investment of related party in the Bank		
Mr. Rajiv Anand	16.38	4.49
Mr. Rajesh Dahiya	N.A.	6.58
Redemption of Hybrid Capital/Bonds of the Bank		
Life Insurance Corporation of India	958.00	-
Sale of investments		
The New India Assurance Company Limited	N.A.	177.23
General Insurance Corporation of India	N.A.	327.27
United India Insurance Company Limited	N.A.	50.05
The Oriental Insurance Company Limited	N.A.	30.20
Remuneration paid		
Mr. Amitabh Chaudhry	9.23	7.37
Mr. Rajiv Anand	6.03	3.97
Mr. Rajesh Dahiya	N.A.	2.90
Contribution to employee benefit fund		
Life Insurance Corporation of India	13.76	14.19
Placement of deposits		
Life Insurance Corporation of India	0.22	-
Repayment of deposits		
Life Insurance Corporation of India	-	0.01
Advance granted (net)		
Mr. Amitabh Chaudhry	-	7.25
Advance repaid		
Life Insurance Corporation of India	*	0.52
Mr. Amitabh Chaudhry	7.25	-
Mr. Rajiv Anand	0.40	0.38
Mr. Rajesh Dahiya	N.A.	2.20
Receiving of services		
The Oriental Insurance Company Limited	N.A.	177.60
The New India Assurance Company Limited	N.A.	61.70
Life Insurance Corporation of India	113.69	153.58
Rendering of services		
Life Insurance Corporation of India	54.18	46.24
General Insurance Corporation of India	N.A.	0.21
Sale/ Purchase of foreign exchange currency to/from related party		
Mr. Amitabh Chaudhry	1.78	0.60
Mr. Rajiv Anand	0.76	0.34
Ms. Tara Anand	-	0.02
Ms. Mallika Dahiya	N.A.	0.13
Other reimbursements to related party		
Life Insurance Corporation of India	0.08	0.17
The New India Assurance Company Limited	N.A.	0.06
Other reimbursements from related party		
Life Insurance Corporation of India	42.79	-

*Denotes amount less than ₹50,000/-



3.9 Leases

Disclosure in respect of assets taken on operating lease

This comprises of branches, office premises/ATMs, cash deposit machines, currency chests, staff quarters, office and IT equipments.

	(₹ in crores)	
	31 March, 2023	31 March, 2022
Future lease rentals payable as at the end of the year:		
- Not later than one year	1,100.35	940.01
- Later than one year and not later than five years	3,521.80	3,125.16
- Later than five years	3,363.84	3,187.82
Total of minimum lease payments recognised in the Profit and Loss Account for the year	1,212.07	1,135.18

There are no provisions relating to contingent rent.

The terms of renewal/purchase options and escalation clauses are those normally prevalent in similar agreements.

There are generally no undue restrictions or onerous clauses in the agreements.

Disclosure in respect of assets given on operating lease

	(₹ in crores)	
	31 March, 2023	31 March, 2022
Gross carrying amount of premises at the end of the year	209.60	165.24
Accumulated depreciation at the end of the year	25.43	17.29
Total depreciation charged to profit and loss account for the year	2.28	3.40
Future lease rentals receivable as at the end of the year:		
- Not later than one year	28.52	18.09
- Later than one year and not later than five years	106.19	62.34
- Later than five years	66.44	3.20

There are no provisions relating to contingent rent.

3.10 Movement in fixed assets capitalized as application software and intangibles (included in other Fixed Assets)

- Movement of fixed assets capitalized as application software

	(₹ in crores)	
Particulars	31 March, 2023	31 March, 2022
At cost at the beginning of the year	2,911.85	2,309.43
Additions during the year ¹	541.65	612.68
Deductions during the year	(9.67)	(10.26)
Accumulated depreciation as at 31 March	(2,284.89)	(1,893.18)
Closing balance as at 31 March	1,158.94	1,018.67
Depreciation charge for the year	399.94	331.22

1. includes movement on account of exchange rate fluctuation

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- Movement of fixed assets capitalized as intangibles and goodwill (Refer note 18.1)

Particulars	(₹ in crores)	
	31 March, 2023	31 March, 2022
At cost at the beginning of the year	-	N.A.
Additions during the year	11,949.08	N.A.
Deductions during the year	-	N.A.
Accumulated amortisation as at 31 March	11,949.08	N.A.
Closing balance as at 31 March	-	N.A.
Amortisation charge for the year	11,949.08	N.A.

3.11 The major components of deferred tax assets and deferred tax liabilities arising out of timing differences are as under:

As at	(₹ in crores)	
	31 March, 2023	31 March, 2022
Deferred tax assets on account of provisions for loan losses/doubtful debts	4,775.21	5,299.90
Deferred tax assets on account of provision for employee benefits	30.55	18.06
Deferred tax assets on account of other items	2,019.33	2,332.62
Deferred tax assets	6,825.09	7,650.58
Deferred tax liability on account of depreciation on fixed assets	55.88	43.92
Deferred tax liability on Special Reserve deduction under Income Tax Act [Refer Schedule 2 (II) of Consolidated Balance Sheet]	363.26	153.32
Deferred tax liabilities on account of other items	0.19	0.55
Deferred tax liabilities	419.33	197.79
Net deferred tax asset	6,405.76	7,452.79

3.12 Employee Benefits

Group

Provident Fund

The contribution to the employee's provident fund (including Employee Pension Scheme) of the Group amounted to ₹332.41 crores for the year ended 31 March, 2023 (previous year ₹292.64 crores).

Axis Bank Ltd.

The rules of the Bank's Provident Fund administered by a Trust require that if the Board of Trustees are unable to pay interest at the rate declared for Employees' Provident Fund by the Government under para 60 of the Employees' Provident Fund Scheme, 1952 for the reason that the return on investment is less or for any other reason, then the deficiency shall be made good by the Bank.

Based on an actuarial valuation conducted by an independent actuary, there is no deficiency in the Trust observed as at the Balance Sheet date.

The following tables summarise the components of net benefit expenses recognised in the Profit and Loss Account and funded status and amounts recognised in the Balance Sheet for the Provident Fund benefit plan (including staff deputed at subsidiaries).



Profit and Loss Account

Net employee benefit expenses (recognised in payments to and provisions for employees):

	(₹ in crores)	
	31 March, 2023	31 March, 2022
Current Service Cost	194.84	170.96
Interest on Defined Benefit Obligation	240.46	192.23
Expected Return on Plan Assets	(312.24)	(259.83)
Net Actuarial Losses/(Gains) recognised in the year	132.03	(66.83)
Losses/(Gains) on Acquisition	-	-
Effect of the limit in Para 59(b) of Accounting Standard - 15	(60.25)	134.43
Total included in "Employee Benefit Expense" [Schedule 16(I)]	194.84	170.96
Actual Return on Plan Assets	205.50	530.56

Balance Sheet

Details of provision for provident fund:

	(₹ in crores)	
	31 March, 2023	31 March, 2022
Fair Value of Plan Assets	4,007.93	3,538.64
Present Value of Funded Obligations	(3,933.75)	(3,404.21)
Net asset	74.18	134.43
Amount not recognized as an asset (limit in Para 59(b) of Accounting Standard - 15)	(74.18)	(134.43)
Amounts in Balance Sheet		
Liabilities	-	-
Assets	-	-
Net Asset/(Liability)	-	-

Changes in the present value of the defined benefit obligation are as follows:

	(₹ in crores)	
	31 March, 2023	31 March, 2022
Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	3,404.21	2,861.59
Current Service Cost	194.84	170.96
Interest Cost	240.46	192.23
Actuarial Losses/(Gains)	25.29	203.90
Employees Contribution	372.64	343.79
Liability transferred from/to other companies	126.97	(26.17)
Benefits Paid	(430.66)	(342.09)
Closing Defined Benefit Obligation	3,933.75	3,404.21

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Changes in the fair value of plan assets are as follows:

	(₹ in crores)	
	31 March, 2023	31 March, 2022
Change in the Fair Value of Assets		
Opening Fair Value of Plan Assets	3,538.64	2,861.59
Expected Return on Plan Assets	312.24	259.83
Actuarial Gains/(Losses)	(106.74)	270.73
Employer contribution during the period	194.84	170.96
Employee contribution during the period	372.64	343.79
Assets transferred from/to other companies	126.97	(26.17)
Benefits Paid	(430.66)	(342.09)
Closing Fair Value of Plan Assets	4,007.93	3,538.64

Experience adjustments

	(₹ in crores)				
	31 March, 2023	31 March, 2022	31 March, 2021	31 March, 2020	31 March, 2019
Defined Benefit Obligations	3,933.75	3,404.21	2,861.59	2,494.37	2,245.71
Plan Assets	4,007.93	3,538.64	2,861.59	2,494.37	2,245.71
Surplus/(Deficit)	74.18	134.43	-	-	-
Experience Adjustments on Plan Liabilities	17.24	169.83	43.51	4.24	(27.40)
Experience Adjustments on Plan Assets	(106.74)	270.73	(12.88)	(32.62)	(57.29)

Major categories of plan assets (managed by Insurers) as a percentage of fair value of total plan assets

	31 March, 2023	31 March, 2022
Government securities	53%	54%
Bonds, debentures and other fixed income instruments	9%	11%
Equity shares	9%	8%
Others	29%	27%

Principal actuarial assumptions at the balance sheet date

	31 March, 2023	31 March, 2022
Discount rate for the term of the obligation	7.45%	6.80%
Average historic yield on the investment portfolio	8.47%	8.61%
Discount rate for the remaining term to maturity of the investment portfolio	7.45%	6.90%
Expected investment return	8.47%	8.51%
Guaranteed rate of return	8.15%	8.10%

Superannuation

The Group contributed ₹13.76 crores (previous year ₹14.16 crores) to the superannuation plan for the year.

The Bank has also accrued ₹1.68 crores for the eligible employees of the Bank who had moved to the Bank as part of the Citibank India consumer business acquisition as they are entitled to receive a lumpsum corpus amount under a separate Superannuation scheme with vesting criteria of 10 years as a defined contribution plan.

National Pension Scheme (NPS)

During the year, the Group has contributed ₹10.59 crores (previous year ₹8.55 crores) to the NPS for employees who have opted for the scheme.



Group

Leave Encashment

The liability of compensated absences of accumulated privileged leave of the employees of the Group, based on actuarial valuation is given below:

(₹ in crores)

	31 March, 2023			
	Liability - Privilege Leave	Total Expenses included under Schedule 16(l)	Assumptions	
			Discount Rate	Salary escalation rate
Axis Capital Ltd.	0.46	0.08	7.30% p.a.	7.00% p.a.
A.Treds Ltd.	0.36	-	7.40% p.a.	10.00% p.a.
Freecharge Payment Technologies Pvt. Ltd.	4.72	2.37	7.28% p.a.	8.50% p.a.

(₹ in crores)

	31 March, 2022			
	Liability - Privilege Leave	Total Expenses included under Schedule 16(l)	Assumptions	
			Discount Rate	Salary escalation rate
Axis Capital Ltd.	0.38	0.08	6.41% p.a.	7.00% p.a.
A.Treds Ltd.	0.36	0.05	6.90% p.a.	10.00% p.a.
Freecharge Payment Technologies Pvt. Ltd.	3.58	1.22	5.15% p.a.	10.50% p.a.

Group

Gratuity

The following tables summarize the components of net benefit expenses recognised in the Profit and Loss Account and the funded status and amounts recognised in the Balance Sheet for the Gratuity benefit plan.

Profit and Loss Account

Net employee benefit expenses (recognised in payments to and provisions for employees)

(₹ in crores)

	31 March, 2023	31 March, 2022
Current Service Cost	82.26	72.63
Interest on Defined Benefit Obligation	43.03	37.75
Expected Return on Plan Assets	(41.21)	(35.58)
Net Actuarial Losses/(Gains) recognised in the year	(8.78)	7.88
Losses/(Gains) on Acquisition	(37.36)	-
Past Service Cost	1.72	0.77
Total included in "Employee Benefit Expense" [Schedule 16(l)]	39.66	83.45
Actual Return on Plan Assets	22.10	45.30

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Balance Sheet

Details of provision for gratuity:

	(₹ in crores)	
	31 March, 2023	31 March, 2022
Present Value of Funded Obligations	(711.08)	(577.56)
Present Value of un-funded Obligations	(4.59)	(3.96)
Fair Value of Plan Assets	706.72	585.56
Unrecognised Past Service Cost	-	-
Net Asset/ (Liability)	(8.95)	4.04
Amounts in Balance Sheet		
Liabilities	(9.18)	(8.09)
Assets	0.23	12.13
Net Asset/(Liability) (included under Schedule 11 Other Assets/Schedule 5 – Other Liabilities)	(8.95)	4.04

Changes in the present value of the defined benefit obligation are as follows:

	(₹ in crores)	
	31 March, 2023	31 March, 2022
Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	581.52	545.18
Current Service Cost	82.26	72.63
Interest Cost	43.03	37.75
Actuarial Losses/(Gains)	(27.89)	17.61
Past Service Cost	1.72	-
Liabilities Assumed on Acquisition	118.96	0.25
Liabilities transferred in/(out)	0.05	0.02
Benefits Paid	(83.98)	(91.90)
Closing Defined Benefit Obligation	715.67	581.52

Changes in the fair value of plan assets are as follows:

	(₹ in crores)	
	31 March, 2023	31 March, 2022
Opening Fair Value of Plan Assets	585.56	528.33
Expected Return on Plan Assets	41.21	35.58
Actuarial Gains/(Losses)	(19.11)	9.72
Contributions by Employer	25.34	102.66
Assets acquired on acquisition	156.32	-
Assets transferred out/ Divestment	0.07	0.24
Benefits Paid	(82.67)	(90.97)
Closing Fair Value of Plan Assets	706.72	585.56



Experience adjustments

(₹ in crores)

	31 March, 2023	31 March, 2022	31 March, 2021	31 March, 2020	31 March, 2019
Defined Benefit Obligations	715.67	581.52	545.18	494.21	424.41
Plan Assets	706.72	585.56	528.33	484.98	403.44
Surplus/(Deficit)	(8.95)	4.04	(16.85)	(9.23)	(20.97)
Experience Adjustments on Plan Liabilities	5.20	29.03	(8.34)	(10.14)	6.70
Experience Adjustments on Plan Assets	(19.11)	9.72	7.92	(7.28)	9.55

Axis Bank Ltd.

Major categories of plan assets (managed by Insurers) as a percentage of fair value of total plan assets

	31 March, 2023	31 March, 2022
Government securities	37%	39%
Bonds, debentures and other fixed income instruments	31%	25%
Money market instruments	4%	10%
Equity shares	3%	5%
Balance in bank & others	25%*	21%

*includes plan assets under transfer pursuant to acquisition of Citibank India Consumer Business

Principal actuarial assumptions at the balance sheet date

	31 March, 2023	31 March, 2022
Discount Rate	7.45% p.a.	6.80% p.a.
Expected rate of Return on Plan Assets	7.00% p.a.	7.00% p.a.
Salary Escalation Rate	7.00%	7.00%
Employee Turnover		
- 21 to 30 (age in years)	24.00%	24.00%
- 31 to 44 (age in years)	14.00%	14.00%
- 45 to 59 (age in years)	8.00%	8.00%

Axis Capital Ltd.

	31 March, 2023	31 March, 2022
The major categories of plan assets* as a percentage of fair value of total plan assets – Insurer Managed Funds	100.00%	100.00%

*composition of plan assets is not available

	31 March, 2023	31 March, 2022
Principal actuarial assumptions at the balance sheet date:		
Discount Rate	7.30% p.a.	6.41% p.a.
Expected rate of Return on Plan Assets	7.30% p.a.	6.41% p.a.
Salary Escalation Rate	7.00% p.a.	7.00% p.a.
Employee Turnover	15.00%	15.00%

Axis Asset Management Company Ltd.

	31 March, 2023	31 March, 2022
The major categories of plan assets* as a percentage of fair value of total plan assets – Insurer Managed Funds	100.00%	100.00%

*composition of plan assets is not available

Consolidated Financial Statements

	31 March, 2023	31 March, 2022
Principal actuarial assumptions at the balance sheet date:		
Discount Rate	7.35% p.a.	6.70% p.a.
Expected rate of Return on Plan Assets	7.00% p.a.	7.00% p.a.
Salary Escalation Rate	11.00% p.a.	11.00% p.a.
Employee Turnover	15.00% - 20.00%	15.00% - 20.00%

Axis Securities Ltd.

	31 March, 2023	31 March, 2022
The major categories of plan assets* as a percentage of fair value of total plan assets – Insurer Managed Funds	100.00%	100.00%

*composition of plan assets is not available

	31 March, 2023	31 March, 2022
Principal actuarial assumptions at the balance sheet date:		
Discount Rate	7.25% p.a.	5.40% p.a.
Expected rate of Return on Plan Assets	7.00% p.a.	7.00% p.a.
Salary Escalation Rate	8.00% p.a.	8.00% p.a.
Employee Turnover		
- 21 to 44 (age in years) (managerial)	25%	22%
- 21 to 44 (age in years) (non managerial)	45%	37%
- 45 to 59 (age in years) (managerial)	22%	35%
- 45 to 59 (age in years) (non managerial)	20%	34%

Axis Finance Ltd.

	31 March, 2023	31 March, 2022
The major categories of plan assets* as a percentage of fair value of total plan assets – Insurer Managed Funds	100.00%	100.00%

*composition of plan assets is not available

	31 March, 2023	31 March, 2022
Principal actuarial assumptions at the balance sheet date:		
Discount Rate	7.47% p.a.	7.25% p.a.
Expected rate of Return on Plan Assets	7.47% p.a.	7.25% p.a.
Salary Escalation Rate	7.00% p.a.	7.00% p.a.
Employee Turnover		
- For service 2 years and below	29.00% p.a.	} 5.00%
- For service more than 2 years but upto 4 years	11.00% p.a.	
- For service above 4 years	2.00% p.a.	

Axis Trustee Services Ltd.

	31 March, 2023	31 March, 2022
Principal actuarial assumptions at the balance sheet date:		
Discount Rate	7.29% p.a.	5.15% p.a.
Expected rate of Return on Plan Assets	N.A.	N.A.
Salary Escalation Rate	12.00% p.a.	10.00% p.a.
Employee Turnover	28.00%	32.00%



A. Treds Ltd.

	31 March, 2023	31 March, 2022
The major categories of plan assets* as a percentage of fair value of total plan assets – Insurer Managed Funds	100.00%	100.00%

*composition of plan assets is not available

	31 March, 2023	31 March, 2022
Principal actuarial assumptions at the balance sheet date:		
Discount Rate	7.40% p.a.	6.90% p.a.
Expected rate of Return on Plan Assets	7.00% p.a.	7.00% p.a.
Salary Escalation Rate	10.00% p.a.	10.00% p.a.
Employee Turnover		
- 21 to 30 (age in years)	24.00%	24.00%
- 31 to 44 (age in years)	14.00%	14.00%
- 45 to 59 (age in years)	8.00%	8.00%

Freecharge Payment Technologies Pvt. Limited

	31 March, 2023	31 March, 2022
Principal actuarial assumptions at the balance sheet date:		
Discount Rate	7.28% p.a.	5.15% p.a.
Expected rate of Return on Plan Assets	N.A.	N.A.
Salary Escalation Rate	8.50% p.a.	10.50% p.a.
Employee Turnover	35.00%	50.00%

Axis Pension Fund Management Limited

	31 March, 2023	31 March, 2022
Principal actuarial assumptions at the balance sheet date:		
Discount Rate	7.35% p.a.	N.A.
Expected rate of Return on Plan Assets	N.A.	N.A.
Salary Escalation Rate	11.00% p.a.	N.A.
Employee Turnover	15.00% - 20.00%	N.A.

The estimates of future salary increases considered take into account the inflation, seniority, promotion and other relevant factors.

The expected rate of return on plan assets is based on the average long-term rate of return expected on investments of the Fund during the estimated term of the obligations.

As the contribution expected to be paid to the plan during the annual period beginning after the balance sheet date is based on various internal/external factors, a best estimate of the contribution is not determinable.

The above information is as certified by the actuary and relied upon by the auditors.

Resettlement allowance

Profit and Loss Account

During the year ended 31 March, 2023, post transfer of provision towards resettlement allowance on acquisition of Citibank India Consumer Business, the Bank recognised an incremental expense of ₹Nil towards liability in respect of resettlement allowance based on actuarial valuation conducted by an independent actuary.

Consolidated Financial Statements

Balance Sheet

	(₹ in crores)	
	31 March, 2023	31 March, 2022
Current liability	0.46	N.A.
Non current liability	3.29	N.A.
Net Liability (included under Schedule 5 – Other Liabilities)	3.75	N.A.

Principal actuarial assumptions at the Balance Sheet date:

	31 March, 2023	31 March, 2022
Discount Rate	7.45% p.a.	N.A.
Salary Escalation Rate	7.00% p.a.	N.A.
Employee Turnover		
- 21 to 30 (age in years)	24.00%	N.A.
- 31 to 44 (age in years)	14.00%	N.A.
- 45 to 59 (age in years)	8.00%	N.A.

Provision towards probable impact on account of Code of Social Security 2020

The Code on Social Security 2020 ('Code') relating to employee benefits during employment and post-employment received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have also not yet been issued. The Bank has carried out an impact assessment of the gratuity liability based on an actuarial valuation and on a prudent basis holds a provision of ₹228.26 crores as on 31 March, 2023 (₹225.30 crores as on 31 March, 2022). This is over and above the provisions made in normal course based on extant rules and as reported in the above disclosure.

The above information is as certified by the actuary and relied upon by the auditors.

Under the terms of BTAs executed with CBNA and CFIL, the liability as on beginning of 1 March, 2023 (Legal Day One) in respect of employee benefits for in perimeter employees who have joined the Bank, arising from the enforcement of Code on Social Security 2020 or any other social security legislation shall be borne by CBNA and CFIL respectively, if such code is legally enforced within a finite period. Since, the finite period for which CBNA and CFIL are responsible for the liability has not expired in the current financial year, accordingly, no provision for the said liability has been made in the books of accounts for the said employees.

3.13 Small and Micro Enterprises

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from 2 October, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. Following are the details of delayed payments to MSMED registered vendors:

Axis Bank Ltd.

For the year ended 31 March, 2023:

	(₹ in crores)	
Particulars	Principal	Interest
The principal amount and the interest due thereon remaining unpaid to any supplier	78.53	0.00*
The amount of interest paid by the buyer in terms of Section 16, along with the amount of the payment made to the supplier beyond the due date	18.55	1.55
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the due date during the year) but without adding the interest specified under MSMED Act, 2006	N.A.	0.30
The amount of interest accrued and remaining unpaid	N.A.	0.30
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowed as a deductible expenditure under Section 23	N.A.	0.30

*Denotes amount less than ₹50,000/-



For the year ended 31 March, 2022:

Particulars	(₹ in crores)	
	Principal	Interest
The principal amount and the interest due thereon remaining unpaid to any supplier	52.38	0.04
The amount of interest paid by the buyer in terms of Section 16, along with the amount of the payment made to the supplier beyond the due date	95.61	0.34
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the due date during the year) but without adding the interest specified under MSMED Act, 2006	N.A.	1.57
The amount of interest accrued and remaining unpaid	N.A.	1.61
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowed as a deductible expenditure under Section 23	N.A.	1.61

The above is based on the information available with the Bank which has been relied upon by the auditors.

Subsidiaries

Particulars	(₹ in crores)	
	31 March, 2023	31 March, 2022
The Principal amount and the interest due thereon remaining unpaid to any supplier	8.23	5.60
The amount of interest paid by the buyer in terms of Section 16, along with the amount of the payment made to the supplier beyond the due date	-	0.00*
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the due date during the year) but without adding the interest specified under MSMED Act, 2006	-	-
The amount of interest accrued and remaining unpaid	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowed as a deductible expenditure under Section 23	-	-

*Denotes amount less than ₹50,000/-

3.14 Corporate Social Responsibility (CSR)

- Amount required to be spent by the Group on CSR during the year ₹220.96 crores (previous year ₹153.11 crores).
- Amount spent towards CSR during the year and recognized as expense in the statement of profit and loss on CSR related activities (including capital expenditure) is ₹223.41 crores (previous year ₹153.30 crores), which comprise of following: –

	(₹ in crores)					
	31 March, 2023			31 March, 2022		
	In cash	Yet to be paid in cash (i.e. provision) ¹	Total	In cash	Yet to be paid in cash (i.e. provision)	Total
Construction/acquisition of any asset	-	-	-	-	-	-
On purpose other than above	193.53	29.88	223.41	128.24	25.06	153.30

- An amount of ₹29.61 crores has been transferred to the "Axis Bank Limited-Unspent CSR Account for FY 2022-23" to be utilized towards on-going project(s)/program(s) in line with the provisions of the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021.

Consolidated Financial Statements

3.15 Provisions and contingencies

a) Movement in provision for frauds included under other liabilities is set out below:

	(₹ in crores)	
	31 March, 2023	31 March, 2022
Opening balance at the beginning of the year	121.99	88.61
Additions during the year	69.87	50.23
Reductions on account of payments/reversals during the year	(13.80)	(16.85)
Closing balance at the end of the year	178.06	121.99

b) Other liabilities include provision for reward points made on actuarial basis, the movement of which is set out below:

	(₹ in crores)	
	31 March, 2023	31 March, 2022
Opening provision at the beginning of the year	250.29	305.36
Provision transferred on acquisition of Citibank India Consumer Business	319.62	-
Provision made during the year	298.21	70.35
Reductions during the year	(156.58)	(125.42)
Closing provision at the end of the year	711.54	250.29

c) Movement in provision for other contingencies is set out below:

	(₹ in crores)	
	31 March, 2023	31 March, 2022
Opening provision at the beginning of the year	4,156.71	3,022.24
Provision transferred on acquisition of Citibank India Consumer Business	20.24	-
Provision made during the year*	396.45	1,324.53
Reductions during the year	(751.01)	(190.06)
Closing provision at the end of the year	3,822.39	4,156.71

*includes movement on account of exchange rate fluctuation

Closing provision includes provision for legal cases, additional provision for delay in implementation of resolution plan, provision for other contingencies and provision for COVID-19.

3.16 Disclosure required as per Ministry of Corporate Affairs notification dated 24 March, 2021

During the year ended 31 March, 2023, other than the transactions undertaken in the normal course of banking business and in accordance with extant regulatory guidelines and Bank's internal policies, as applicable:

- The Bank has not granted any advance/loans or investments or provided guarantee or security to any other person(s) or entities with an understanding, whether recorded in writing or otherwise, to further lend or invest on behalf of the Bank or provide guarantee or security or the like to any other person identified by the Bank.
- The Bank has not received any funds from any person(s) or entities with an understanding, whether recorded in writing or otherwise, that the Bank shall further lend or invest or provide guarantee or security or the like in any other person on behalf of and identified by such person(s)/entities.

3.17 Expenses exceeding 1% of the total income

Details of items under other expenditure (Schedule 16 – Operating Expenses) exceeding 1% of total income of the Group are given below:

For the year ended 31 March, 2023

Sr. No.	Nature of Expense	(₹ in crores)
1.	Commission paid to Direct Sales Agents (DSA)	1,677.35
2.	Charges paid to Network Partners	1,164.46
3.	Cashback charges	1,105.72



For the year ended 31 March, 2022

Sr. No.	Nature of Expense	(₹ in crores)
1.	Fees paid for purchase of Priority Sector Lending Certificates	1,246.63
2.	Commission paid to Direct Sales Agents (DSA)	1,404.86
3.	Fees paid to Collection Agencies	903.40

3.18 Description of contingent liabilities

a) Claims against the Group not acknowledged as debts

These represent claims filed against the Group in the normal course of business relating to various legal cases currently in progress. These also include demands raised by tax authorities and other statutory authorities which are disputed by the Group. The Group holds provision of ₹359.18 crores as on 31 March, 2023 (previous year ₹298.23 crores) towards claims assessed as probable.

b) Liability for partly paid investments

This represents amounts remaining unpaid towards liability for partly paid investments.

c) Liability on account of forward exchange and derivative contracts

The Group enters into foreign exchange contracts including non-deliverable forward (NDF) contracts, currency options/swaps, exchange traded currency options, non-deliverable options, interest rate/currency futures and forward rate agreements on its own account and OTC for customers. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate. A non-deliverable forward contract is a currency derivatives contract to exchange cash flows between the contracted forward exchange rate and prevailing spot rates. Currency swaps are commitments between two counterparties to exchange streams of interest payments and/or principal amounts in different currencies on specified dates over the duration of the swap at a pre-agreed exchange rate. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows. Interest rate futures are standardised, exchange-traded contracts that represent a pledge to undertake a certain interest rate transaction at a specified price, on a specified future date. Forward rate agreements (FRA) are financial contracts between two counterparties, in which a buyer will pay or receive, on the settlement date, the difference between a pre-determined fixed rate (FRA rate) and a reference interest rate, applied on a notional principal amount, for a specified forward period. A foreign currency option is an agreement between two parties in which one grants to the other the right to buy or sell a specified amount of currency at a specific price within a specified time period or at a specified future time. An Exchange Traded Currency Option contract is a standardised foreign exchange derivative contract, which gives the owner the right, but not the obligation, to exchange money denominated in one currency into another currency at a pre-agreed exchange rate on a specified date on the date of expiry. A non-deliverable option contract is a currency derivatives contract that offers the right, but not the obligation to either purchase or sell a currency against another currency and the contract is settled at the difference between the contracted exchange rate and prevailing spot rate on the expiry date. Currency Futures contract is a standardised, exchange-traded contract, to buy or sell a certain underlying currency at a certain date in the future, at a specified price. The amount of contingent liability represents the notional principal of respective forward exchange and derivative contracts.

d) Guarantees given on behalf of constituents

As a part of its banking activities, the Bank issues guarantees on behalf of its customers to enhance their credit standing. Guarantees represent irrevocable assurances that the Bank will make payments in the event of the customer failing to fulfill its financial or performance obligations. These are stated net of cash margin held with the Bank as on the reporting date in Schedule 12 – Contingent Liabilities of the Balance Sheet.

e) Acceptances, endorsements and other obligations

These include documentary credit issued by the Bank on behalf of its customers and bills drawn by the Bank's customers that are accepted or endorsed by the Bank. These are stated net of cash margin held with the Bank as on the reporting date in Schedule 12 – Contingent Liabilities of the Balance Sheet.

f) Other items for which the Group is contingently liable

Other items represent outstanding amount of bills rediscounted by the Bank, estimated amount of contracts remaining to be executed on capital account, notional principal on account of outstanding Tom/Spot foreign exchange contracts, contracts for purchase of investments where settlement is due post balance sheet date, contingent liability relating to undertakings issued towards settlements under resolution plan in respect of non-performing assets, commitments towards underwriting and investment in equity through bids under Initial Public Offering (IPO) of corporates and the amount transferred to Depositor Education and Awareness Fund (DEAF).

Consolidated Financial Statements

During earlier years, the Bank, through one of its overseas branches, had arranged Trade Credit (Buyers Credit loans) against Letters of Undertaking (LOUs) issued by Punjab National Bank (PNB) and down sold such loans to other banks in the secondary market. The LOUs were subsequently alleged as fraudulent by PNB. As on 31 March, 2023, there is no funded exposure outstanding in the overseas branch as Punjab National Bank (PNB) had repaid the aggregate amount of all LOUs due based on the undertaking given by the Bank and made remittance to the overseas branch which was passed on for onward payment to the participating banks. The Bank, in its reasonable and independent judgment, did not and does not anticipate any valid claim by PNB against the Bank for refund by the Bank of the amounts paid by PNB towards the LOUs and has classified this amount as a remote liability as on 31 March, 2023 not warranting any disclosure as a contingent liability.

The Group has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Bank has reviewed and recorded adequate provision as required under any law/accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) in the books of account and disclosed the same under the relevant notes in the financial statements, where applicable.

4. Previous year figures have been regrouped and reclassified, where necessary to conform to current year's presentation.

In terms of our report attached.

For M. P. Chitale & Co.

Chartered Accountants
ICAI Firm Registration No.: 101851W

Ashutosh Pednekar

Partner
Membership No.: 041037

For CNK & Associates LLP

Chartered Accountants
ICAI Firm Registration No.: 101961W/W100036

Manish Sampat

Partner
Membership No.: 101684

For Axis Bank Ltd.

Rakesh Makhija
Chairman

Rajiv Anand

Deputy Managing Director

Amitabh Chaudhry

Managing Director & CEO

S. Mahendra Dev

Director

Girish Paranjpe

Director

T.C. Suseel Kumar

Director

Sandeep Poddar

Company Secretary

Puneet Sharma

Chief Financial Officer

Meena Ganesh

Director

Date : 27 April, 2023

Place: Mumbai

Form AOC-1

Statement pursuant to first proviso to Sub-Section (3) of Section 129 read with rule 5 of the Companies (Accounts) Rules, 2014
Statement containing salient features of the financial statements of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

As on/for the year ended 31st March 2023

	Axis Capital Ltd.	Axis Trustee Services Ltd.	Axis Mutual Fund Trustee Ltd.	Axis Asset Management Company Ltd.	Axis Bank UK Ltd. (Refer Note a)	Axis Finance Ltd.	Axis Securities Ltd.	A.Treds Ltd.	Frecharge Payment Technologies Private Ltd.	Axis Capital USA LLC. (Refer Note b)	Axis Pension Fund Management Ltd. (Refer Note d)
The date since when subsidiary was acquired	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	6 October, 2017	N.A.	N.A.
Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	N.A.	N.A.	N.A.	N.A.	USD (US\$ 1 = ₹82.17)	N.A.	N.A.	N.A.	N.A.	USD (US\$ 1 = ₹82.17)	N.A.
Share capital	73.50	1.50	0.05	210.11	451.93	590.81	144.50	65.00	1,763.70	5.79	80.00
Reserves & surplus	768.64	87.91	0.94	1,236.35	27.24	2,601.48	773.08	(48.04)	(1,450.89)	(1.13)	(11.48)
Total assets (Fixed Assets + Investments + Other Assets)	1,850.02	110.97	1.10	1,588.89	511.65	24,104.58	3,020.76	28.32	442.16	4.90	71.84
Total liabilities (Deposits + Borrowings + Other Liabilities + Provisions)	1,007.88	21.57	0.11	142.43	32.48	20,912.29	2,103.18	11.36	129.35	0.24	3.32
Investments	190.67	17.31	0.73	1,343.29	-	898.67	60.46	-	24.70	4.16	56.97
Turnover (Total Income)	475.67	53.95	1.11	1,003.02	24.43	2,296.83	722.78	32.24	411.54	1.91	1.70
Profit/(Loss) before taxation	191.51	33.11	0.06	557.73	(20.20)	632.00	274.50	6.74	62.33	0.09	(11.48)
Provision for taxation	49.18	8.47	0.01	142.24	-	156.89	71.83	-	13.74	-	-
Profit/(Loss) after taxation	142.33	24.64	0.05	415.49	(20.20)	475.11	202.67	6.74	48.59	0.09	(11.48)
Proposed Dividend and Tax (including cess thereon) (Refer Note c)	-	14.25	-	-	-	-	-	-	-	-	-
% of shareholding	100%	100%	75%	75%	100%	100%	100%	67%	100%	100%	47.27%

The audited financial statements of the above subsidiaries and step down subsidiaries have been drawn up to the same reporting date as that of the Bank, i.e. 31 March, 2023.

Notes:

- Asset/Liability items are stated in INR equivalent of USD (\$1 = ₹ 82.17 as on 31 March, 2023). Profit and loss items reported in INR based on rates prevailing on the date of transactions.
- Axis Capital USA LLC is a wholly owned subsidiary of Axis Capital Ltd. (a wholly owned subsidiary of Axis Bank Ltd.). Asset/Liability items are stated in INR equivalent of USD (\$1 = ₹ 82.17 as on 31 March, 2023). Profit and loss items are stated in INR equivalent of average rate during financial year ended 31 March 2023.
- In terms of revised Accounting Standard (AS) 4 'Contingencies and Events occurring after the Balance Sheet date' as notified by the Ministry of Corporate Affairs through amendment to Companies (Accounting Standards) Amendment Rules, 2016, dated 30 March, 2016, proposed dividend has not been recognised as a liability by the subsidiaries as on 31 March, 2023.
- During FY23, Axis Pension Fund Management Ltd. was incorporated as subsidiary of Axis Asset Management Company Ltd. and a step-down subsidiary of Axis Bank Ltd.
 - Names of subsidiaries which are yet to commence operations: Nil
 - Names of subsidiaries which have been liquidated or sold during the year: Nil

Part "B": Associates

Name of Associates	(₹ in crores)
	Max Life Insurance Company Ltd.
1. Latest audited Balance Sheet Date as on 27 April, 2023	31 December, 2022
2. Date on which the Associate was associated or acquired	6 April, 2021
3. Shares of Associate held by Axis Bank Group at March 31, 2023	
Number of equity shares	249,445,670
Amount of Investment in Associate	755.35
Extent of Holding %	12.99%
4. Description of how there is significant influence	Note 3
5. Reason why the Associate is not consolidated	N.A.
6. Net Worth attributable to shareholding as per latest audited Balance Sheet	3,456.00
7. Profit/(Loss) for the year	
Considered in Consolidation	65.85
Not considered in Consolidation	440.71

Note:

- Names of Associate which is yet to commence operations: Nil
- Names of Associate which have been liquidated or sold during the year: Nil
- As per Accounting Standard 23 issued by Institute of Chartered Accountants of India (ICAI), Axis Group is deemed to have significant influence through its voting power and representation on the Board of directors of the investee company.

Part "C": Joint Ventures - Not applicable



Basel III Disclosures

As at 31 March, 2023

In accordance with RBI guidelines, banks are required to make Pillar 3 disclosures including leverage ratio and liquidity coverage ratio and Net Stable Funding Ratio (NSFR) under the Basel III framework. The Bank has made these disclosures which are available on its website at the following link:

<http://www.axisbank.com/investor-corner/baselIII-disclosures.aspx>

*open,
to win
together.*



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Corporate office:

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