

CHAIRMAN'S STATEMENT

Promoting Enduring Value for our Stakeholders



N. S. Vishwanathan
Independent Director and
Part-Time Chairman

Dear Shareholders,

It gives me immense pleasure to present to you the Bank's first-ever Integrated Annual Report for the financial year 2023-24. As I write my inaugural letter to the shareholders, I feel delighted and privileged to have joined the esteemed Board of Axis Bank in a year that marked its 30th year of unwavering service and commitment to the stakeholders.

The year gone by turned out to be better than expected for the global economy. In 2023, the global economy remained resilient, with the US being the primary driver of positive growth, supported by fiscal expansion. Even though various high frequency indicators continue to signal a stable growth outlook, the persistence of core inflation across major economies does limit the space for monetary easing in 2024. Geopolitical

uncertainties, which intensified further during the year, too, continue to pose risks related to transportation costs and energy prices.

The Indian economy, on the other hand, continues to remain a bright spot. Domestic economic activity has been expanding at a healthy pace, led by sustained buoyancy in manufacturing and services. The real-estate cycle has turned after a nearly decade-long downturn, corporate balance sheets are sound, and capacity utilisation in sectors like power generation, cement and steel is triggering new investments. Inflation, in India, is headed in the right direction, fiscal consolidation is progressing well, external balance sheet is in a stronger position and the financial sector remains resilient.

We, at Axis Bank, remain well positioned to capture the large growth opportunities driven by steady consumption and revival in investment cycle. During the year, we continued to adhere firmly to our strategic GPS framework towards becoming a resilient all-weather franchise. Our identified focus segments, namely SME, Small Business Banking, Mid Corporate, Rural, Personal Loans and Credit Cards are well aligned with domestic macro themes; and these together grew 26% y-o-y. The Bank delivered a consolidated return on equity (ROE) of 19.29% with better quality and consistency in earnings. The Bank remains well capitalised with organic net accretion of 44 bps of CET -1 capital in fiscal 2024. The strength of our balance sheet is reflected through cumulative non-



NPA provisions of ₹12,134 crores, and standard asset coverage ratio of 1.26%.

At Axis Bank, we embrace a philosophy that prioritises enduring growth and the well-being of our customers and stakeholders. In the last few years, the Bank has invested significantly in strengthening its governance and culture across risk, audit, and compliance.

With the ever-evolving regulatory environment and increasing demands from our customers, fostering a culture of Risk and Compliance is of utmost importance. The Board and senior management of the Bank remains vigilant of emerging risks and is fully committed to ensuring compliance with applicable laws and regulations.

I am pleased to have inherited the Board, which has a rich and diverse expertise across the functional areas spanning from core banking and finance, risk management, information technology (IT), payments, business management, human resources, and capital markets to regulation and supervision of the banking and securities markets. Our Board not only includes individuals who have shaped the contours of the IT, banking, and insurance sectors but also includes those who have been core members of the Central Bank and the SEBI, steering the nation's financial course with over three decades of experience in recommending and implementing policies, systems, guidelines, and regulations. The Board has also been instrumental in shaping policies, strategies, and the long-term vision for the Bank with its practical experience across our focus areas like rural, commercial banking, customer service and digital.

Committed to upholding the highest standards of corporate governance, the Board continues to foster transparency, accountability, and ethical practices, enabling us to thrive

in the dynamic banking industry. I am delighted to state that our notable emphasis on corporate governance and regulatory compliance in the last few years has further solidified our standing in the industry across key benchmark ranking indices. The Bank has been recognised in the highest 'Leadership' category with a score of 77 in the Indian Corporate Governance Scorecard, published in January 2024 by Institutional Investor Advisory Services ('IIAS') with an evaluation framework built around globally accepted G20 and OECD principles.

We have modernised our technology architecture and operations platform enabled by automation and predictive analytics towards building a resilient, scalable, and future ready organisation. The Bank continues to invest in new technologies, including Generative Artificial Intelligence (Gen AI), which are instrumental in propelling us towards a future where innovation and customer satisfaction converge. We have set up a Financial Crime Intelligence division this year that will leverage our strength in data analytics, digital monitoring, and fraud control to further strengthen our defences.

As a leading financial institution, we remain committed to playing a pivotal role in enabling a low-carbon, more inclusive and more equitable economy. In 2021, we were the first Indian bank to establish a standalone ESG Committee of the Board. This committee has strengthened the Bank's strategic thinking and decision-making around ESG. The ESG commitments that we took in September 2021 are aligned to the United Nations Sustainable Development Goals (UN SDGs) and India's commitments under the Paris Agreement. We have already met our target of incremental financing of ₹30,000 crores under Wholesale Banking to sectors with positive social and environmental outcomes, much

ahead of the set timeline. We continue to remain on our glide path to scale down exposure to carbon-intensive sectors, including coal and thermal power, with our actual fiscal 2024 exposure closing below the target. We have also planted 1.33 million saplings so far, in line with our target of planting 2 million trees across India by fiscal 2027 as part of our contribution to creating a carbon sink.

As responsible corporate citizen, we continue to make a positive difference to the society. During the year, over 3.85 lakh small, marginal farmers and landless communities across rural India were positively impacted through our Sustainable Livelihood Programme. During the year, we continued our participation in and contribution to policy advocacy and thought leadership on topics around ESG, climate action and CSR with formal representations on diverse policy level, industry, and academic forum, such as the World Economic Forum, SEBI, CII and FICCI. I am pleased to report that the Bank received a rating of 'A' in the MSCI ESG Ratings assessment during the year.

As I look ahead, we, as a Bank, remain well placed to advance our agenda of sustainable growth and profitability to serve our stakeholders '*Dil Se*' and make their dreams a reality. We remain committed to achieving and adhering to the highest standards of corporate governance, and we continue to implement robust policies and actions across the Bank to drive positive change. I am confident that the collective efforts of our employees, senior management and the Board will reinforce Axis Bank's prominence as a market leader, delivering value to all stakeholders.

Warm regards,

N. S. Vishwanathan
Independent Director and
Part-Time Chairman