

MESSAGE FROM THE MANAGEMENT - RETAIL BANKING

Delivering Sustainable and Profitable Growth



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The Retail Banking segment continues to be the mainstay of the Bank's GPS strategy as we delivered yet another year of strong growth. During the year, we made significant progress in our journey to create one of the best premium Retail Banking franchises, with improvement in the quality of our deposit franchise and sustained momentum in our Retail loan book. We also delivered strong growth in our focus segments such

as Rural and Small Business Banking, and maintained leadership position across Cards, Payments, and Wealth Management businesses.

In fiscal 2024, the LCR accretive deposits grew 18%, Retail loan book grew 20% on the back of all-time high disbursements, overall credit card spends grew 66%, Retail fees grew 36%, contributing 72% to the overall Bank fee income, and

we gained an incremental market share of 28% in Merchant Acquiring business to improve our positioning to #1. Further, with the scale-up of the Bharat Banking business, there was an improvement in our Retail Net Promoter Score (NPS). The acquired Citi consumer businesses are well on track for full integration, and we are progressing well on our journey to become a premium retail franchise.



Visible Improvement in the Growth of Granular Deposits and the Quality of our Deposit Franchise

Over the last few years, we have undertaken significant initiatives to improve the growth trajectory and strengthen the quality of our deposit franchise. Our micro market focused deposit mobilisation strategy, leveraging the various business segments within Retail, Bharat, SME, and Government, continues to progress well. During the year, we delivered 500 bps higher growth in deposits from retail and small business segments than our overall deposits. Further, the reduction in outflow rates by 500 bps in the last two years has helped us to drive balance sheet growth despite the challenging domestic liquidity environment.

During the year, we continued to focus on sweating the existing infrastructure and improve productivity across distribution channels, aided by multiple transformation project initiatives like 'Siddhi', 'Branch of the Future' and 'Triumph'; as well as institutionalisation of daily operating rigour and rhythm. At the same time, we continued to focus on identifying potential areas for expanding our distribution channel as we opened close to 500 new banking outlets in fiscal 2024, which is the highest ever for a particular year in the Bank's history.

The year saw us introduce several new product propositions that included 'Sampann', 'Suvidha Salary Programme' and renewed 'Priority Banking' programme among others

to offer the best of banking services and life experiences under one bouquet. Further, access to 1,600 Suvidha corporate labels from the Citi acquisition is also aiding the corporate SA growth. On the Wholesale segment, project NEO is helping drive higher transaction banking flows, leading to better current account balances.

Concerted efforts across the Bank to garner high-quality, stable and granular LCR accretive deposit growth provide us confidence to continue this growth momentum into fiscal 2025.

Our Premiumisation Strategy Has Performed Well with Strong Growth in Burgundy AUM

Premiumisation of the Liabilities franchise continues to be an important imperative for the Bank. Our Wealth Management business, 'Burgundy', remains among the largest in India, with combined Assets under Management (AUM) of ₹5.37 trillion that grew 50% y-o-y. The Burgundy franchise continues to leverage the capabilities of One Axis and its open architecture platform, with best-in-the-industry partners, to provide a comprehensive product suite to clients. 'Burgundy Private' proposition, which we launched four years ago, has been gaining scale with an AUM of over ₹1.83 trillion, and includes 35 of the top 100 richest Indians (as per *Forbes* list) as its clients.

We have further improved our service architecture led by several digital initiatives, and our customer obsession project 'SPARSH', provides a truly enhanced, distinctive, and industry-first service experience for



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our premium segment customers. Our efforts to create a strong, differentiated, and compelling brand proposition continue to be recognised externally, with the Bank winning the award for 'Best Private Bank for Client Acquisition, Asia' at the PWM Wealth Tech Awards 2023 and 'Best Private Bank for Digital Marketing & Communications' at the Global Private Banker Wealth Tech Awards 2024.

Citibank's Consumer Business Integration is Progressing Well, Further Aiding the Growth Trajectory

The Citibank consumer business portfolio that we had acquired in fiscal 2023 has grown better than our internal estimates, with the employee and customer base embracing migration to a broader platform.

There has been strong growth in Retail Assets and Wealth Management businesses as customers have benefited from seamless transition to the stronger and more powerful 'One Axis' proposition with a wider bouquet of products and services.

On the deposits side, the acquisition of a sizeable premium and granular customer base has strengthened our liability franchise with ~1,600 Suvidha corporate relationships acknowledging our broader offerings and deep presence across the country.

With full integration on track to be completed by the middle of fiscal 2025, we expect to realise further benefits from the various synergy initiatives that we had taken up in fiscal 2024 to improve business growth.

Delivered Strong Growth Across our Focused Retail Segments

Our Retail Lending franchise that now constitutes 60% of the Bank's overall advances, continues to deliver sustained growth across segments with a higher growth across our identified focus segments. In fiscal 2024, we delivered strong performance with a 28% y-o-y growth in disbursements, aided by our wide omnichannel distribution, strategic partnerships and best-in-class digital properties.

In line with our GPS strategy, the focus has been on delivering profitable growth led by business mix optimisation towards higher RAROC segments. The Bank's focus segments, such as Small Business Banking, Rural, Personal Loans and Credit Cards delivered higher growth of over 30% each, led by deepening relationships with Existing to Bank (ETB) customers while leveraging the Known to Bank (KTB) partnerships to acquire new customers.

Our significant investments in digital and technology towards building curated digital onboarding journeys, upgrading the Core Cards platform, enabling front-line staff with varied digital tools on BYOD platform, and other measures have played a key role in the sustained growth story of the Retail franchise.

We continue to leverage our best-in-class data analytical capabilities around proprietary database programmes, alternate data, KTB scorecards and hyper personalisation to drive higher growth across our unsecured retail product segments. For instance, we have now stamped nearly 50% of our retail customer base of 4.5 crore customers for ETB database lending programmes. As part of our universal underwriting project, we have a further stamped base of nearly 19 crore customers, which constitutes nearly 25% of the lendable population, thereby offering immense potential to acquire new customers.

Bharat Banking - Our Distinctiveness Initiative Continues to Scale Up Well

Our strategy to drive higher business growth from rural and semi urban (RuSu) markets made strong progress during the year, with nearly 30% increase in disbursements and 12% growth in deposits through the Bharat Banking vertical. The growth has been across all the major product lines and is value accretive for the Bank due to higher yield, fees and PSL accretion from the RuSu markets.



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.”

One of the key strategic imperatives has been to build a low-cost distribution model with digital at the core. During the year, we scaled up the distribution footprint in this segment to 2,480+ branches, complemented by a large CSC (Common Service Centres) network of 64,550+ VLEs (Village Level Entrepreneurs). 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 also significantly expanded the partnership ecosystem with 80+ partners and continue to pursue co-lending opportunities as we collaborate with marquee names such as ITC, India Post Payments Bank, Airtel Payments Bank, etc. to further penetrate rural supply chains and enhance our distribution.



During the year, the Bank launched a savings product, 'Sampann', for the mass-affluent segment, scaled up tractor refinancing, launched revamped digital customer journeys for farm mechanisation and launched digital Kisan Credit Cards (KCC) and unsecured MSME loans in partnership with the RBI Innovation Hub.

We believe that we are rightly positioned to capture higher incremental business share across high growth 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.

Maintained our Strong Positioning in Cards and Payments Aided by Powerful Product Propositions and Strategic Partnerships

During the year, we continued to witness strong traction across Credit Card issuances, spends and advances. We issued over 4.8 million Credit Cards in fiscal 2024, a new all-time high led by our best-in-class product offerings, strong data analytics and Known to Bank (KTB) partnership strategy. Our co-branded card, 'Flipkart Axis Bank Credit Card', crossed yet another significant milestone to end the year with 4.13 million cards in force, making it one of the fastest-growing co-branded portfolios since its launch in July 2019.

We continue to offer among the best product propositions for our customers, as reflected in 66% y-o-y growth in Credit Card spends for the year, which touched a new yearly high of ₹2.25 lakh crores. Even as the revolve rates continue to be lower as compared to the pre-COVID period, our Credit Card advances saw healthy

growth, aided by revamped EMI conversion journeys on our highly rated 'Axis Mobile' app.

In the merchant acquiring space, we gained an incremental market share of 28% in fiscal 2024 to lead the market share ranking table, led by our innovative product offerings and 'One Axis' approach to offer integrated ecosystem solutions towards empowering merchants. In the UPI payments space, we continue to partner with new fintech players to drive higher payment volumes. In UPI, we maintained a strong market share of 26% by value as on March 31, 2024.

Our investments towards building a robust IT infrastructure and upgrading capabilities have helped us become the preferred partner with fintech and corporates as we closed the year with 100+ partnerships.



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We are Well Placed to Create One of the Best Premium Retail Banking Franchises in India

We have, over the years, built a strong risk management architecture in Retail with a well-defined risk appetite and retail lending policies across product segments. The asset quality in Retail remained stable with a net NPA ratio of 0.42%.

We believe the trend of rising consumerism, growing affluent population and urbanisation in India, with better access to credit, will continue to drive strong growth in the Retail business. We, at Axis Bank, are well placed to leverage this trend on the back of our extensive reach, strategic partnerships, and our leadership in data analytics. Our strong performance in fiscal 2024, gives us the confidence to deliver sustainable and profitable growth while strengthening our market leadership in our key focus segments.

Warm regards,

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