

PRESS RELEASE
AXIS BANK ANNOUNCES FINANCIAL RESULTS
FOR THE QUARTER AND YEAR ENDED 31st MARCH 2021

Axis Bank reports FY21 PAT of ₹ 6,588 crores, up 305% YOY
Balanced growth, improving profitability, resilient balance sheet

- Q4FY21 PAT at ₹2,677 crores, up 140% QOQ, Operating Profit up 17% YOY and 13% QOQ
- Q4FY21 Net Interest Income up 11% YOY, Fees up 15% YOY and 16% QOQ
- CASA (on QAB basis) up 18% YOY and 7% QOQ, CASA ratio at 42%, improved 320 bps YOY and 39 bps QOQ
- Loan book (including TLTRO) grew 12% YOY and 8% QOQ[^], Retail disbursements in Q4FY21 at all-time highs
- Market share in UPI and Mobile banking for FY21 stood at 17% and 16%, respectively
- Improving asset quality, GNPA% at 3.70% declined by 116 bps YOY and 85 bps QoQ
- Balance sheet strengthened, PCR improved to 72% from 69% YOY, Total CRAR at 19.12% with CET1 of 15.40%
- One Axis: Domestic subsidiaries gained market share, delivered strong PAT of ₹ 833 crores, YOY growth of 75%

The Board of Directors of Axis Bank Limited approved the financial results for the quarter and year ended 31st March 2021 at its meeting held in Mumbai on Tuesday, 27th April 2021.

Axis Bank has been at the forefront of customer centric innovations and announced a series of cutting-edge solutions last quarter. In a first for Indian banks, Axis Bank launched its range of wearable contactless payment devices 'Wear N Pay' that are secure and budget-friendly, available in the form of bands, key-chains and watch loops. The Bank launched 'Aura' - a credit card for the health conscious, curated with several health and wellness benefits, like free doctor consultations, fitness sessions, health check-ups etc. Axis Bank also announced its strategic partnership with Hyundai Motor India to offer smart auto retail financing solutions to urban and rural customers, enabling quick and hassle-free online car financing.

The bank launched and scaled an array of new digital products. The digital savings and current account products already operate at scale and have delivered superlative customer experience as well as financial benefits. Launched in October, Grabdeals - a platform for everyday discounts, has received great response from customers and will be scaled up further this year. Along with Freecharge, a new product 'Buy Now Pay later' was introduced. Axis Bank also launched digital outward remittance and digital forex card issuance, enabling customers to access forex easily via the Bank's digital channels. Further, Whatsapp Banking with a full scale integration of products across Savings Accounts, Credit Cards, Deposits and Loans, has made Banking as easy as sending a message.

The efforts received both customer validation and recognition. The Bank was awarded 'Best Digital Bank in India' by Asiamoney and Financial Express for the second and third consecutive year respectively and 'Best Bank – Innovation' by Business Today, amongst a host of other prestigious accolades.

Amitabh Chaudhry, MD&CEO, Axis Bank said, "As an organization, we have traversed a phenomenal distance last year. We have transformed ourselves in line with the evolving business scenario to become more agile, more relevant and totally dedicated to the needs of millions of customers. From strengthening our digital capabilities, providing flexible employment opportunities to playing our part in the community during these difficult times, Axis has come a long way and we hope to continue with the good work."

[^] Provisions on proforma NPA in Q3FY21, netted from advances for comparability

Results at a Glance

- **Strong operating performance, net profit for FY21 at ₹6,588 crores, up 305% YOY**

Q4FY21

- PAT grew 140% QOQ to ₹2,677 crores
- NII grew 11% YOY to ₹7,555 crores; NIM* stood at 3.56% improving by 1 bps YOY
- Fee income grew 15% YOY & 16% QOQ. Retail fee grew 17% QOQ & contributed 64% to total fee
- Operating profit grew 17% YOY & 13% QOQ to ₹6,865 crores
- Credit cost at 1.70% improving 106 bps YOY

FY21

- NII grew 16% YOY to ₹29,239 crores; NIM stood at 3.53%, improving by 2 bps YOY
- Operating profit grew 10% YOY to ₹25,702 crores, cost to assets at 1.96%, improving 13 bps YOY

- **Loan growth driven by all three business segments**

- Loan book (including TLTRO¹ investments) grew 12% YOY and 8% QOQ[^]
- Domestic retail loans grew 11% YOY and 7% QOQ[^]; 81% of the Retail book is secured
- Retail disbursements for the quarter were at new all-time highs. Disbursements in Consumer segment were up 45% YOY & 44% QOQ, Rural disbursements grew 47% YOY & 47% QOQ
- Corporate loans (including TLTRO investments) grew 16% YOY and 9% QOQ[^]
- SME loan book grew 13% YOY and 10% QOQ[^]

- **Steady growth in stable and granular retail deposits**

- On QAB² basis, CASA grew 18% YOY and 7% QOQ, RTD deposits grew 14% YOY and 4% QOQ.
- On QAB basis, SA grew 17% YOY & 6% QOQ, Retail SA grew 20% YOY, CA grew 18% YOY & 10% QOQ
- On QAB basis, CASA ratio stood at 42%, up 320 bps YOY and 39 bps QOQ

- **Well capitalized with adequate liquidity buffers**

- Overall capital adequacy ratio (CAR) including profit for FY21 stood at 19.12% with CET 1 ratio of 15.40%
- COVID provisions of ₹ 5,012 Crores, not in CAR calculation provides additional cushion of 69 bps
- Average LCR³ during Q4FY21 was 115% with exit LCR of ~ 105%, excess SLR[#] of ₹57,915 crores

- **Balance sheet buffers strengthened with high PCR and additional provisions metrics**

- NNPA at 1.05% decreased by 51 bps YOY and 14 bps QOQ
- Cumulative provisions (standard + additional other than NPA) translate to 1.95% of our standard loans
- On an aggregated basis (specific+ standard+ additional + Covid), our coverage ratio stands at 120% of GNPA at 31st March, 2021

- **Bank's domestic subsidiaries delivered strong performance, Max Life stake acquisition completed**

- Cumulative FY21 PAT^{\$} at ₹833 crores, up 75% YOY
- Axis AMC's FY21 PAT doubled YOY to ₹242 crores, AAUM growth of 42% YOY
- Axis Finance FY21 PAT was ₹211 crores; asset quality remains stable, with nil restructuring
- Axis Capital FY21 PAT stood at ₹166 crores, up 66% YOY.
- Axis Securities FY21 PAT at ₹166 crores, was over 10x of its FY20 PAT

* Net Interest Margins; ¹Targeted long term repo operations [^]Provisions on proforma NPA in Q3FY21, netted from advances for comparability
^{\$} Figures of subsidiaries are as per Indian GAAP, as used for consolidated financial statements of the Group
² QAB – Quarterly Average Balance, ³ LCR – Liquidity Coverage Ratio, [#] Statutory Liquidity ratio

Profit & Loss Account: Period ended 31st March 2021**Operating Profit and Net Profit**

The Bank's operating profit for the quarter grew 17% YOY and 13% QOQ to ₹6,865 crores. Net profit for Q4FY21 stood at ₹2,677 crores, as compared to loss of ₹1,388 crores in Q4FY20.

Net Interest Income and Net Interest Margin

The Bank's Net Interest Income (NII) grew 11% YOY to ₹7,555 crores in Q4FY21 from ₹6,808 crores in Q4FY20. Net interest margin (NIM) for Q4FY21 was 3.56%, as against 3.55% for Q4FY20.

Other Income

Fee income for Q4FY21 stood at ₹3,376 crores, up 15% YOY and 16% QOQ. Retail fees grew 16% YOY and 17% QOQ; and constituted 64% of the Bank's total fee income. The corporate & commercial banking fee grew 14% YOY and 15% QOQ. The trading profits and miscellaneous income for the quarter stood at ₹789 crores and ₹503 crores respectively. Overall, non-interest income (comprising of fee, trading profit and miscellaneous income) for Q4FY21 grew 17% YOY to ₹4,668 crores, from ₹3,985 crores in Q4FY20.

Provisions and contingencies

Specific loan loss provisions for Q4FY21 were ₹7,038 crores (including reclassification of NPA provision of Rs 4,266 crores on account of Supreme Court judgment shown as other provision in prior quarter), compared to ₹4,204 crores in Q4FY20. During the quarter, the Bank has made additional provision aggregating Rs. 803 crores on account change in NPA provision rates on loans to Commercial Banking segment. Net of the above 2 adjustments, specific loan loss provision for Q4 FY21 would have been Rs.1,969 crores.

The Bank holds cumulative provisions (standard + additional other than NPA) of ₹12,010 crores at the end of Q4FY21. It is pertinent to note that this is over and above the NPA provisioning included in our PCR calculations. These cumulative provisions translate to a standard asset coverage of 1.95% as on 31st March, 2021. On an aggregated basis, our provision coverage ratio (including specific + standard + additional + Covid provisions) stands at 120% of GNPA as on 31st March, 2021.

Credit cost for the quarter ended March 31, 2021 (net of CBG provisioning policy change) stands at 1.21% as compared to 2.77% at Q4FY20.

FY21 Financial Performance:

Net interest income for FY21 grew 16 % YOY to ₹29,239 crores from ₹25,206 crores in FY20. The operating expenses grew by 6% YOY and the cost to assets ratio stood at 1.96%. Operating profit grew by 10% YOY to ₹25,702 crores from ₹23,438 crores in FY20. Total provisions for FY21 stood at ₹16,896 crores, down 9% over the same period last fiscal. Net profit for FY21 grew 305% to ₹6,588 crores from ₹1,627 crores in FY20.

Balance Sheet: As on 31st March 2021

The Bank's balance sheet grew 9% YOY and stood at ₹9,96,118 crores as on 31st March 2021. The total deposits grew by 10% on period end basis and by 9% YOY on quarterly average balance (QAB) basis. On QAB basis, Savings account deposits grew 17% YOY and 6% QOQ, Retail savings deposits grew 20% YOY, current account deposits grew 18% YOY and 10% QOQ; and retail term deposits (RTD) grew 14% YOY and 4% QOQ. On QAB basis, CASA and RTD deposits put together grew 16% YOY and 6% QOQ. The share of CASA plus RTD deposits in total deposits on QAB basis was up 535 bps YOY to 86% as of 31st March 2021.

The Bank's advances including TLTRO investments grew 12% YOY to ₹6,41,794 crores as on 31st March 2021. The Bank's loan to deposit ratio stood at 88%, improving by 109 bps YOY. Retail loans grew 10% YOY and 7% QOQ[^] to ₹3,34,514 crores and accounted for 54% of the net advances of the Bank. Domestic retail loans grew 11% YOY and 7% QOQ[^]. The share of secured loans was 81% with home loans comprising 36% of the retail book. Retail disbursements touched new all-time highs led by higher contribution from secured loan segments. Disbursements in Consumer segment were up 45% YOY & 44% QOQ, with secured segments like home loans up 73% YOY and 45% QOQ, and LAP up 53% YOY and 51% QOQ. SBB disbursements grew 71% YOY and 42% QOQ. SME loan book grew 13% YOY and 10% QOQ[^] to ₹69,850 crores. 89% of the SME book is secured with predominantly working capital financing, and is well diversified across geographies and sectors. Corporate loan book including TLTRO investments grew by 16% YOY and 9% QOQ[^]. 85% of corporate book is now rated A- and above with 94% of incremental sanctions in FY21 being to corporates rated A- and above.

The book value of the Bank's Investments portfolio as on 31st March 2021, was ₹2,26,120 crores, of which ₹1,84,190 crores were in government securities, while ₹34,904 crores were invested in corporate bonds and ₹7,026 crores in other securities such as equities, mutual funds, etc. Out of these, 74% are in held till maturity (HTM) category, while 23% of investments are available for sale (AFS) and 3% are in held for trading (HFT) category.

Digital

Axis Bank continues to remain among the top players in the Digital banking space.

- 169% - YOY growth in mobile banking transaction volumes in Q4FY21, with FY21 market share of 16%
- 158% - YOY growth in total UPI transaction value in Q4FY21. FY21 market share in UPI transactions at 17%
- 88% - Share of digital transactions in the Bank's overall transaction mix during Q4FY21
- 74% - Bank's active customers that were digitally active in Q4FY21
- 74% - Credit cards sourced through digital channels in Q4FY21
- 71% - Fixed deposits (by volume) opened digitally during FY21
- 71% - SA accounts opened digitally through tab banking in FY21
- 57% - Personal loan disbursements through digital channels in FY21
- 57% - New mutual fund SIPs sourced through digital channels in Q4FY21

[^] Provisions on proforma NPA in Q3FY21, netted from advances for comparability

The Bank has invested heavily in building digital capabilities and has over 800 people dedicated to the digital agenda. The Bank's focus remains on reimagining end-end journeys, transforming the core and becoming a partner of choice for ecosystems.

Wealth Management Business – Burgundy

The Bank's wealth management business has seen strong growth and is among the largest in India with assets under management of over ₹2,13,085 crores as at end of 31st March 2021. Burgundy Private that was launched in December 2019 for the high and ultra-high net worth clients, has scaled up rapidly to cover over 1,666 families from 853 families last year. The combined assets for Burgundy Private increased by 183% YOY to ₹50,028 crores as at 31st March 2021.

Capital Adequacy and Shareholders' Funds

The shareholders' funds of the Bank grew 20% YOY and stood at ₹1,01,603 crores as on 31st March 2021. Under Basel III, the Capital Adequacy Ratio (CAR) and CET1 ratio as on 31st March 2021 including FY21 profits were 19.12% and 15.40% respectively. Additionally, the Bank held ₹5,012 crores of COVID provisions, not considered for CAR calculation providing cushion of 69 bps over the reported CAR. The Book value per equity share increased from ₹301 as of 31st March, 2020 to ₹332 as of 31st March 2021.

The Board of Directors of the Bank at their meeting held today have considered it prudent to not propose any dividend for the year ended 31st March, 2021, in light of the situation developing around Covid-19 in the country and related uncertainty that it creates.

Asset Quality

As on 31st March 2021, the Bank's reported Gross NPA and Net NPA levels were 3.70% and 1.05% respectively as against 4.55% and 1.19% as on 31st December 2020. This reflects decline of 116 bps and 51 bps respectively on a YOY basis and a decrease of 85 bps and 14 bps on GNPA and NNPA respectively on a sequential basis.

Gross slippages during the quarter were ₹5,285 crores, compared to ₹7,993 crores during Q3FY21 and ₹3,920 crores in Q4FY20. Slippages from the loan book were at ₹5,038 crores and that from investment exposures stood at ₹247 crores. Recoveries and upgrades from NPAs during the quarter were ₹3,462 crores while write-offs were ₹5,553 crores. Consequently, there were net slippages in NPAs (before write-offs) for the quarter of ₹1,822 crores as compared to ₹5,831 crores in Q3FY21 and net slippages of ₹1,431 crores in Q4FY20.

As on 31st March 2021, the Bank's provision coverage, as a proportion of Gross NPAs stood at 72%, as compared to 69% as at 31st March 2020 and 75% as at 31st December 2020.

The standard restructured loans under resolution framework for COVID-19 related stress as at March 31, 2021 stood at ₹1,848 crores that translates to 0.3% of the gross customer assets. The Bank carries a provision of 26% on restructured loans, which is in excess of regulatory limits.