

Creating value by...

Refining our execution strategy

A photograph showing a group of business professionals in a meeting. They are gathered around a table covered with documents, tablets, and several colorful sticky notes (orange, pink, green). One person is holding a pen, ready to write. The background is slightly blurred, showing an office environment. The image is framed by a dark red border at the top and bottom.

We continue to be guided by the three vectors - Growth, Profitability and Sustainability (GPS) - of our strategy. Despite COVID-induced uncertainty, GPS has not only stood the test of all the challenges that the year has thrown at us but has also helped us capitalise on emerging opportunities.



Growth

We remain focused on growing deposits, payments, advances and our subsidiaries to reach leadership positions across our businesses

Broadening the Bank's low-cost deposit base

- Focused on improving account quality of overall balances while increasing contribution from current accounts, savings accounts and premium segments
- Continued to expand the retail banking business by growing the distribution network and have further expanded Deep Geo coverage
- Increased new salary relationships by 2,700+ names

84%

CASA + Retail Term Deposit ratio CDAB*

Silent Revolution' in Digital Banking

- Maintained leadership in digital payment platforms
- Built innovative capabilities during fiscal 2020-21 taking the number of overall digital offerings to 28 - Many of these are first-in-industry
- Witnessed significant traction in new account acquisition by leveraging the video KYC platform - Opened close to 1.35 lakh video KYC based savings accounts during the year
- WhatsApp Banking gained good momentum with 5 lakh+ customers onboarded within two months of launch

250+

Services offered through digital channels

*Cumulative daily average balance

Above are standalone figures as on/for year ended 31 March, 2021 unless otherwise mentioned

Gaining momentum in retail asset growth

- Domestic secured retail loans grew 13% y-o-y, with significantly high proportion of existing-to-bank and salaried customers
- Leveraged internal customer base as well as digital lending platform to drive quality growth

~81%

Of our retail book is secured

Scaling up our subsidiaries to deliver on meaningful contribution to the Bank

- Subsidiaries have capitalized on significant growth opportunities in their sectors and delivered solutions across the customer's value chain
- Delivered industry-leading 75% y-o-y growth in profitability
- Reported net worth and earnings growth at 17% CAGR and 57%, respectively in the last two years

₹833 CR

Combined PAT of domestic operating subsidiaries

Accelerating growth in the Wholesale Banking business unit

- Commercial Banking Business: Reduced loan approval time by 75% and improved resource productivity by 2x through lean and digitally enabled process streams across multiple customer journeys
- Corporate Segment: Deepened relationships with better rated corporates, leveraged 'One Axis' capabilities across the Group and grew the book profitably by emphasizing segments that offer high-growth opportunities and better risk-adjusted return on capital (RAROC)
- Mid-Corporate space: Have invested in building a strong team here and growing the book remains a top priority for the Bank

Adjudged #1

Bank and was the only domestic bank in the 'Large Corporate (Institutional and Coverage Quality)' leader category at the 2021 Greenwich Excellence Awards

Creating value by... contd.



Profitability

We have enhanced non-credit revenue streams, driven leadership in costs, and embedded profitability in all business decisions

Optimizing business mix to improve risk-adjusted returns

- We have diversified revenue sources particularly through fee and commission-based offerings
- Grew low-cost deposit base on the liability side that helped reduce funding cost and drove NIM expansion

15%

Share of Retail fee to total operating revenue of the Bank

Improving operating efficiency through technology

- Technology is at the core of the future-ready Axis that we are building - The pandemic has only accelerated our technology initiatives and investments
- Used opportunities thrown up by the COVID-19 crisis to increase investments into IT automation and Cloud migration: 50+ initiatives already on Cloud
- Invested heavily into core modernization, IT security and data privacy as we transition to cloud
- Enabled one of the largest Work-From-Home programs in the industry with over 20,000 concurrent users able to work remotely with access to all the Bank systems

79%

Increase in Tech opex and capex spends in the last 24 months

Sweating existing infrastructure

- Launched a series of tech-enabled 'future-ready' initiatives to boost productivity
- These include projects that re-think branch layout and design, digitise activities of bank staff and enhance customer self-service in order to improve branch productivity by refocusing time of branch staff towards cross-sell
- Execution on other transformational projects remains on track with positive outcomes in terms of reduction in turnaround times, improved productivity and better customer experience

~800

People dedicated to digital agenda

Reducing credit costs below long-term average

- Tightened underwriting standards and improved sourcing with a large proportion of overall corporate advances to clients rated A- and above
- Pivoted to secured products on the retail side, with sourcing for unsecured products largely restricted to existing Bank customers based on tightened risk frameworks
- Proactive and pre-emptive strategies developed for collections have helped improve efficiency parameters across products

Ramping Up

Proactively increased capacity in the field and call centre collections teams to manage 2.5x volumes post moratorium



Sustainability

We have fortified credit risk management, built a strong compliance culture and strengthened the core through Technology, Operations and Process Excellence initiatives

Strengthening the core

- Invested significantly into building advanced analytics capabilities to enable greater targeted cross-sell, and have initiated a Bank-wide project to drive fundamental IT transformation
- The Bank has built out a Customer Experience Transformation team that has worked on several initiatives to redefine customer experience and journeys

220+

High priority projects launched during the year

Strengthening credit risk management and building a compliance culture

- We have built significant additional provisioning buffers with standard asset coverage ratio of 1.95%
- Built a sustainable franchise by embedding conservatism in internal policies and business practices
- Strengthened the risk management framework that revolves around risk appetite, prudent policies, tightened underwriting standards and efficient collections. We continue to rollout structured initiatives to manage existing as well as emerging risks

400+

Risk management team size

Above are standalone figures as on/for year ended 31 March, 2021 unless otherwise mentioned



Creating value by... contd.

Consistent fiscal prudence

Despite adverse macro conditions, we reported healthy performance, which demonstrates the resilience of our operating model. This is the outcome of our rigorous execution of GPS strategy.

Total Assets (₹ in crores)

FY 2020-21	996,118
FY 2019-20	915,165
FY 2018-19	800,997
FY 2017-18	691,330
FY 2016-17	601,468

13% 5 - year CAGR | 9% [Ⓢ] y-o-y

Total Advances (₹ in crores)

FY 2020-21	623,720
FY 2019-20	571,424
FY 2018-19	494,798
FY 2017-18	439,650
FY 2016-17	373,069

13% 5 - year CAGR | 9% [Ⓢ] y-o-y

Total Deposits (₹ in crores)

FY 2020-21	707,306
FY 2019-20	640,105
FY 2018-19	548,471
FY 2017-18	453,623
FY 2016-17	414,379

15% 5 - year CAGR | 10% [Ⓢ] y-o-y

CASA (₹ in crores)

FY 2020-21	317,749
FY 2019-20	263,706
FY 2018-19	243,394
FY 2017-18	243,852
FY 2016-17	213,050

13% 5 - year CAGR | 20% [Ⓢ] y-o-y

Operating Revenue (₹ in crores)

FY 2020-21	44,077
FY 2019-20	40,743
FY 2018-19	34,838
FY 2017-18	29,585
FY 2016-17	29,784

11% 5 - year CAGR | 8% [Ⓢ] y-o-y

Net Interest Income (NII) (₹ in crores)

FY 2020-21	29,239
FY 2019-20	25,206
FY 2018-19	21,708
FY 2017-18	18,618
FY 2016-17	18,093

12% 5 - year CAGR | 16% [Ⓢ] y-o-y

[Ⓢ] y-o-y: Growth in fiscal 2020-21 vis-à-vis fiscal 2019-20

Operating Profit (₹ in crores)

FY 2020-21	25,702
FY 2019-20	23,438
FY 2018-19	19,005
FY 2017-18	15,594
FY 2016-17	17,585

10% 5 - year CAGR | 10% \uparrow y-o-y

Net Profit (₹ in crores)

FY 2020-21	6,588
FY 2019-20	1,627
FY 2018-19	4,677
FY 2017-18	276
FY 2016-17	3,679

Earnings Per Share (Basic) (₹)

FY 2020-21	22.15
FY 2019-20	5.99
FY 2018-19	18.20
FY 2017-18	1.13
FY 2016-17	15.40

Book Value Per Share (₹)

FY 2020-21	332
FY 2019-20	301
FY 2018-19	259
FY 2017-18	247
FY 2016-17	233

8% 5 - year CAGR | 10% \uparrow y-o-y

Net Interest Margin (NIM) (%)

FY 2020-21	3.53
FY 2019-20	3.51
FY 2018-19	3.43
FY 2017-18	3.44
FY 2016-17	3.67

Gross/Net NPA ratio (%)

FY 2020-21	3.70
FY 2019-20	4.86
FY 2018-19	5.26
FY 2017-18	6.77
FY 2016-17	5.04

Net NPA | Gross NPA

Financial Ratios (%)

	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
Return on equity	7.22	0.53	8.09	2.34	7.55
Return on assets	0.65	0.04	0.63	0.20	0.70
Capital adequacy ratio	14.95	16.57	15.84	17.53	19.12
Tier - I capital adequacy ratio	11.87	13.04	12.54	14.49	16.47
Cost:asset ratio	2.13	2.17	2.13	2.09	1.96

Previous year figures have been re-grouped wherever necessary. All above figures are standalone

Creating value by... contd.

'One Axis' ecosystem

Each business of the Group is growing stronger and aspiring to be leaders in their domains. We are emerging as a formidable force under the 'One Axis' ecosystem. We follow an integrated approach with deep synergies, and are focusing on cross-selling our products and services through our subsidiaries.

Axis Finance Ltd.

Providing wholesale and retail lending solutions to corporate and retail customers, respectively across geographies and businesses.

- 33% y-o-y growth in loan book (5-year CAGR 27%)
- Return on Equity (ROE) stood at 14.6% and Capital Adequacy Ratio (CAR) at 20.4% for fiscal 2020-21
- Cost to Income stood at 28% for fiscal 2020-21 - among industry's lowest

Profit After Tax	(₹ in crores)
FY 2020-21	211
FY 2019-20	193

9% ↑ y-o-y

Axis Capital Ltd.

One of India's leading financial experts providing focused and customised solutions in the areas of investment banking and institutional equities.

- Completed 60 Investment Banking transactions in fiscal 2020-21, including 14 IPOs, 15 QIPs, 8 Rights issue, 5 OFS, 6 Buybacks, among others
- Established its leadership in REITs as it led fourth consecutive REITs transaction in India
- Reinforced Equity Capital Markets (ECM) leadership with participation as a lead banker in 18 of 24 largest ECM deals in India, collectively worth (\$20 billion)

16.4% to 36.3%
ROE improved in last two years

Profit After Tax	(₹ in crores)
FY 2020-21	166
FY 2019-20	100

66% ↑ y-o-y

A.Treds Ltd.

Digital platform which connects MSME suppliers and corporate buyers to multiple financiers enabling sellers to sell their invoices to financiers, thus unlocking working capital quickly.

- Helped MSMSEs across India's 486 cities and towns who are now able to get their bills discounted from 42 financiers (banks and NBFC factors)
- Digital invoice discounting platform 'Invoicemart' became the 1st TReDS platform to reach ₹10,000 crores worth of MSME invoice discounting and has 36% market share

₹12,456 crores
Cumulative throughput till fiscal 2020-21

~6.6 lakh
Invoices discounted

Axis Asset Management Company Ltd.

Providing 'risk managed investment solutions' and not just investment products to both retail and institutional investors.

- Improved market share to 6.1% at the end of March 2021, up from 5.1% last year, driven by fund performance
- Client folios grew by 34% y-o-y to 80 lakh
- One of India's fastest growing AMCs with 85% equity AUM growth y-o-y

Profit After Tax	(₹ in crores)
FY 2020-21	242
FY 2019-20	121
100% y-o-y growth	

Axis Securities Ltd.

An end-to-end broker, focusing on building an advisory model, with customer acquisitions for the fiscal 2020-21 period up 98% y-o-y to 315,417 customers organically.

- ROE improved from 15.5% to 41% in last two years
- Total customer base has grown 60% y-o-y with 5-year CAGR of 29%
- One of the highest mobile adoption rates in the industry with over 73% volumes coming from Mobile in fiscal 2020-21

Profit After Tax	(₹ in crores)
FY 2020-21	166
FY 2019-20	16
946% ⬆️ y-o-y	

Freecharge Payment Technologies Private Ltd.

Offering digital payments and digital financial service platform, which helps the Bank acquire young, digital native customers, through co-created financial service offerings. It also creates a significant cross-sell base for us.

- Continues to make progress in its payments-led financials services journey with the launch of a 'Buy now Pay later' product
- Reported strong growth in the merchant payment solutions product

Profit After Tax	(₹ in crores)
FY 2020-21	38
FY 2019-20	33
16% ⬆️ y-o-y	

Axis Trustee Services Ltd.

SEBI registered debenture trustee; successfully handled various trusteeship activities (debenture trustee, security trustee, security agent, lenders' agent, trustee for securitisation and escrow agent, among others).

- Assets under custody grew 24% y-o-y to ₹26.44 lakh crores at the end of March 2021

Profit After Tax	(₹ in crores)
FY 2020-21	20
FY 2019-20	18
11% ⬆️ y-o-y	

⬆️ y-o-y: Growth in fiscal 2020-21 vis-à-vis fiscal 2019-20