Axis Bank's Q4 & FY24 Annual Results

Media Conference Call on April 24, 2024

MANAGEMENT:

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Moderator: Ladies and gentlemen, good day, and welcome to Axis Bank Conference Call to discuss the Bank's Financial Results for the quarter and year ended as on 31st March 2024.

Participation in this conference call is by invitation only. Axis Bank reserves the right to block access to any person to whom an invitation has not been sent. Unauthorized dissemination of the contents or the proceeding of the call is strictly prohibited, and prior explicit permission and written approval of Axis Bank is imperative.

On behalf of Axis Bank, I once again welcome all the participants to the conference call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions at the end of the briefing session. Should you need assistance during the conference call, please signal an operator by pressing * then 0 on your touch-tone phone. Please note that this conference is being recorded.

On behalf of Axis Bank, I once again welcome all the participants to the conference call. On the call we have Mr. Amitabh Chaudhry, MD and CEO, Mr. Rajiv Anand, Deputy Managing Director and Mr. Puneet Sharma, CFO.

I now hand the conference over to Mr. Amitabh Choudhury, MD and CEO. Thank you and over to you, Sir.

Amitabh Chaudhry: Thank you, Neerav. As you mentioned, we have on the call Rajiv, Subrat, Munish and other member of the leadership team.

We have had another strong year of performance built on our GPS strategy that has set Axis Bank firmly on the path to become a resilient all-weather franchise. We have delivered our aspirational return ratios with better quality and consistency of earnings while maintaining a strong balance sheet position.

During the year, we maintained the growth trajectory across our focus business segments, improving MSME, Bharat and Retail Assets and improve the quality of our deposit franchise. We also scaled up the branch network as we crossed the milestone of 5,000 branches and opened a record 475 branches in FY24. We have improved our Net Promoter Score ranking to second amongst large peer banks as per a benchmarking study undertaken by the independent agency, Cantor for Axis Bank.

Our flagship digital properties, 'open' and NEO, continue to lead the market in retail and wholesale segments. Our current position of strength is a result of consistent execution, rigor, and investments made in building blocks across our people, processes, technology, and several multiplicator projects over the past 5 years. This has helped us to not only surpass the GPS commitments we had made, but also deliver distinctiveness, and differentiation across our focused business segments as we continue to build new sources of competitive advantage.

In Q4 FY24, the bank delivered consolidated ROE of 20.87% and has now delivered ROEs of greater than 18% for the past 7 quarters. The bank is well capitalized with organic net accretion of 44 bps of CET1 capital in FY24. We stay focused on 3 core areas of execution of our GPS strategy, namely:

A. **Becoming a resilient all-weather franchise**
B. **Creating multiple creative forces to build competitive advantage**
C. **Building for the future**

As you will see, there is a slight change in narrative through FY24. The earlier themes of high-performance culture, a winning mindset and strengthening of the core are now an integral part of Axis Bank's DNA. I will now discuss each of these areas.

A. <u>Becoming a resilient all-weather franchise:</u>

As far as becoming a resilient all-weather franchise is concerned, I will talk about deposits first. Over the last couple of years, we have in deliberate planned steps shifted the quality and strength of our deposit franchise in a marked manner. We have shared the trend on growth of granular deposits, reduction in LCR outflow rates, premiumization to Burgundy and Burgundy Private platforms and embedding of Siddhi, an employee super app and Sparsh, our customer experience transformation program into the DNA of the branches.

These initiatives have improved the health of our franchise significantly and the impact of this was seen progressively every quarter in FY24 and our deposits market performance. We are carrying this momentum into FY25.

I will now take you through performance highlights for Q4.

- We continue to deliver higher growth in LCR accretive retail and small business deposits, that stood at 18% YOY, 500 bps higher than our overall deposits growth. We have improved our LCR outflow rates by 500 bps in the last 2 years, which is among the best in the sector today.
- CASA deposits grew 8% QOQ and our CASA ratio as a percentage of average assets for Q4 FY24 stood at 32%, which is among of the best in the sector today.
- We have further improved the growth trajectory of retail term deposits with 17% YOY growth that stood at 13 quarter high.
- On the corporate salary side, we have redesigned our corporate salary product proposition under SUVIDHA to win employer mind share and get higher employees wallet share further access to 1,600 SUVIDHA corporate tables from the Citi acquisition with pan-India coverage as compared to few cities earlier is also adding the corporate savings account growth.
- Our premiumization strategy has performed well with Burgundy OEMs growing at a CAGR of 32% in 5 years. Burgundy Private launched 4 years back, now includes 35 of the Forbes 100 richest Indians as its clients and manages wealth for over 10,650 families across 27 cities PAN country.
- On the wholesale segment, Project NEO is helping to drive higher transaction banking flows leading to better current account balances.
- Our NEFT market share in terms of value has increased to 12% and Q4 FY24 as compared to 9% in Q4 FY23. This was possible due to large CMS wins in the fintech payment aggregation space.
- Our deposit mobilization strategy has been led by 2 large transformation initiatives, Siddhi a super app for our employees and Project Triumph leveraging the various business segments within retail, Bharat and SME continuing to progress well.

We have seen all-around growth across businesses, and we have now market-leading growth in our focus segments. Refer to Slide 8 of the investor presentation, our higher-yielding focus segments, including SME, mid-corporate, SBB, which is small business banking rural, personal loan, credit cards together have grown at a CAGR of 25% in the last 4 years and now constitute 43% of the total advances, up by 1,210 bps during this period.

We will continue to focus on driving growth across our business segments while following capital efficient RAROC model. Refer to the Slide 10 and 11.

As far as strengthening the core is concerned, while we strengthened the balance sheet and capital position significantly, we have also been consistently building and investing in the entire technology backbone, data analytics, digital and tech teams.

We have early leadership in micro services-based cloud adoption and the first Indian bank to be ISO certified for its AWS and Azure Cloud Security as part of commitment to open API ecosystem. We now offer wide stack of 410-plus APIs on the developer portal. Our investment in Emerging Tech has demonstrated through creation of 3,500 plus RPA bots and leveraging Microsoft Gen AI use-cases, focused on conversational banking, automation and AI service enablement. This year, we have also embarked on further strengthening our enterprise-class systems of engagement with sales force journey that will further aid in making the systems more scalable and future ready.

B. Creating multiple creative forces to build competitive advantage:

Our second pillar is creating multiple data forces to build competitive advantage. Our readiness to partner with innovative fintech ventures has created a dynamic ecosystem that fosters innovation, enhances the customer experience and sets new industry standards globally. We believe we are well placed to play all the socioeconomic mega trends over the next decade and beyond. The multiplicative forces that we have built through unification of One Axis, 100 plus partnerships and new-age tech platforms give us the right to win. Slide 13 to 16 provide more details.

Citibank Consumer Business integration remains on-track. Deposits are largely stable, while there has been growth in retail assets and wealth management led by improvement in cross-sell metrics. We are now live with the first change in the migration journey for the transitioning customer base with IFC migration, enabling payments to Citibank accounts using Axis Bank IFC. This has been made live in March '24. We have successfully completed the migration of CVC loans portfolio in March 24, and the customers have now fully migrated from Citi systems onto the Axis systems. The integration of the other assets and liabilities remains on-track.

C. Building for the future:

The third pillar, building for the future. We are trying to be ahead of the curve towards building a bank for the future with deep investments on management, time and resources in our chosen areas of distinctiveness, namely Digital, Bharat Banking and Customer Obsession.

Digital banking performance continues to remain strong. ‘open’ by Axis balance sheet continues to deliver strong growth with 33% in deposits and 74% increase in loans. ‘open’ by Axis continues to be the highest-rated mobile banking app on the Google Play store with a 4.8 rating. On the IOS app store too, the rating has increased to 4.8 this quarter.

NEO for business, our MSME proposition, now has 60,000 customers onboarded over the last two quarters. NEO for corporates has been scaled up with customer migration currently underway. The migration here will continue to scale up until quarter three, while we continue to launch additional capabilities. With the full rollout of NEO, Axis remains on track to become the operational bank of choice for our wholesale banking clients.

Bank-wide programs to build distinctiveness continue. Our bet on Bharat is going from strength to strength. The FY24 disbursement sold by Bharat Banking are up 30% YOY, rural advances up 30% YOY and deposits in Bharat branches up by 12%, thereby adding the PSL and profitability metrics.

In rural advances, the balance sheet in the last 24 months is 1.75x the size of the balance sheet added in the previous four years, which is March '18 to March '22. We have expanded our multiproduct distribution architecture to 2,482 branches complemented by 64,550 CSC yearly network across 683 districts and 80-plus partners across the industry. It has also contributed significantly to the bank is overall PSL achievement at 46.37% for FY24.

Sparsh, our customer obsession program is helping to improve relationship and transactional intensity with our customers. Sparsh, our Bank-wide distinctiveness priority, is now embedded in rituals and practices across all 5375+ branches, all our customer touchpoints and in the conduct of every employee. Our Gen AI conversational chatbot is empowering frontline employees to efficiently address queries on core products.

In closing, the Indian economy continues to remain a bright spot with its favourable macros backed by strong and stable domestic policy environment, which bodes well for the banking sector. We will continue to be differentiated and distinctive in our journey to improve our service and performance levels for all our stakeholders. We remain focused towards building an all-weather institution that will stand the test of time.

I will now request Puneet to take over.

Puneet Sharma: Thank you, Amitabh. The FY24 PAT stood at INR 24,851 crores, up 160% YOY.Net Interest Margin for FY24 was 4.07%, up 5 bps YOY. Consolidated ROA at 1.84%, up 99 bps YOY. Consolidated ROE at 19.29%, up 10.03% on a YOY basis. Our operating performance has been robust.

Q4 FY24 net interest income grew 11% YOY and 4% on a sequential quarter basis. Q4 net interest margin was 4.06%, up 5 bps QOQ. Q4 FY24 fee income grew 23% YOY and 9% QOQ. Retail fees grew 33% YOY and 12% QOQ. Granular fees account for 93% of our total fees.

Q4 FY24 operating revenue was up 20% YOY, 10% sequential quarter. Operating profit grew 15% YOY and 15% QOQ. PAT stood at INR 7,130 crores, up 17% on a sequential quarter basis. YOY is not comparable to previous year.

Q4 FY24 consolidated ROA and ROE on an annualized basis is 2.07% and 20.87%, up 23 bps and 226 bps QOQ. Our subsidies contributed 7 bps to the Consolidated ROA and 52 bps to the Consolidated ROE.

Net Interest Income grew 16% YOY for FY24 on a full-year basis. Fee income grew 28% YOY on a full-year basis. Operating profit grew 16% YOY on a full-year basis.

Our healthy business growth was delivered across all segments. Bank's total business grew 13% YOY and 5% sequential quarter. Advances grew 14% YOY, 4% sequential quarter and our month-end deposits grew 13% YOY, 6% sequential quarter.

On a month-end balance basis, our retail term deposits grew 17% YOY and 5% sequential quarter. CASA grew 8% on a QOQ basis with a CASA ratio of 43% as of 31st March 2024.

On a quarterly average balance basis, our retail term deposits grew 16% YOY, 3% sequential quarter. Total deposits grew 16% YOY, 5% on a sequential quarter basis. Our average LCR during Q4 FY24 was 120%.

Our outflow rates improved by 500 bps over the last two years. Advances gross IBPC sold grew 15% YOY, 4% QOQ. Within advances, retail loans grew 20% YOY, 7% QOQ. SME loans grew 17% YOY, 5% QOQ. Corporate loans gross of IBPC sold grew 7% YOY. Small business banking loans grew 33% YOY, 7% sequential quarter.

Our mid-corporate book grew 22% YOY. Small business banking SME plus mid-corporates now aggregate on a total basis to INR 2,08,338 crores of book, constituting 22% of loans. This is up 628 bps in the last three years.

We are well capitalized with a self-sustaining capital structure and adequate liquidity buffers. Overall Capital Adequacy Ratio stood at 16.63% with a CET1 ratio of 13.74%. Net organic CET1 accretion of 44 bps in FY24 and 3 bps in Q4 FY24. INR 5,012 crores of COVID provisions have been reclassified to other provisions.

These are not considered for capital adequacy computation and provide a 41 bps cushion over our reported Capital Adequacy Ratio. Our excess SLR was INR 85,056 crores. Our average LCR for the period was 120.

We continue to maintain strong position in payments and digital banking. Axis Mobile and Axis Pay have 11 million non-Axis Bank customers. 100 plus digital partnerships across platforms and ecosystems. 20 million customers on WhatsApp banking. Credit card CIF market share at 14%. Retail card spends grew 51% YOY.

Our asset quality has improved and is amongst the best in class today. GNPA at 1.43%, declined 59 bps YOY and 15 bps QOQ. Net NPA at 0.31%, declined 8 bps YOY and 5 bps QOQ. GNPA and NNPA in rupee per terms have both declined sequentially. PCR is healthy at 78%. On an aggregated basis, our coverage ratio stands at 159%.

Gross slippage ratio at 1.48% declined 28 bps YOY and 14 bps sequentially. Our Net slippage ratio is 0.57%. Q4 FY24 net credit cost was at 0.32% FY24, net credit cost was 0.37%, declined 3 bps YOY.

Our key subsidies continue to deliver steady performance. FY24 PAT at INR 1,591 crores, up 22% YOY, with a return on investment of 54% on our domestic subsidiaries. Axis Finance FY24 PAT grew 28% YOY to INR 610 crores. Asset quality metrics improved ROE of 16.77%.

Axis AMC FY24 PAT at INR 414 crores, Axis Securities FY24 PAT grew 48% YOY to INR 301 crores. Axis Capital PAT stood at INR 150 crores and executed 90 investment banking deals in FY24.

With this, we conclude our comments. We will be happy to take questions. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Jinit Parmar from Moneycontrol. Please go ahead.

Jinit Parmar: So, my first question is basically on your exposure to AIF. So, you had done some provisions in the last quarter. So, just wanted to get a sense on after RBI direction last month, have you done any write-backs on that particular provision?

Puneet Sharma: No, we have not written back any provisions on AIF post the RBI clarification. We are prudently holding on to provisions on AIF investments.

Jinit Parmar: My second question is on the exit of Mr. Ravi Narayanan from the Bank last month. So, there were speculations that his exit was kind of surprising as such, considering his term in the bank.

So, just wanted to get a clarity that in your exchange filing you had said it is for personal reasons and he wanted to do something else. But just wanted to get a clarity as to like what it was other than personal reasons because there were speculations. So, any clarity on that?

Amitabh Chaudhry: Whatever we had to say was on that announcement. If they want to speculate then that is not our problem.

Jinit Parmar: Sir, your voice is not clear. I am sorry, but I could not hear you.

Rajiv Anand: Whatever the bank had to say was there in the exchange disclosure, we have nothing else to add to that.

Jinit Parmar: Okay, noted on it. Thank you.

Moderator: Thank you. The next question is from the line of Siddhi Nayak from Reuters. Please, go ahead.

Siddhi Nayak: Hi Sir. This is Siddhi. Thanks for the question. I wanted some guidance on your loan and deposit growth. I guess in the last quarterly call you had mentioned that eventually there will be some kind of slowdown in loan growth and the deposit growth obviously will have to catch up to the loan growth.

So, wanted to get some guidance in the new fiscal year. Any outlook that you would provide on the loan and deposit growth?

Amitabh Chaudhry: Firstly, can you hear me?

Siddhi Nayak: Yes Sir.

Amitabh Chaudhry: So, we do not provide any guidance on loan or deposit growth. But we continue to stick to our statement that based on whatever we are hearing and seeing in the marketplace that deposit growth will remain a constraint. Liquidity will remain tight and as a result if the deposit growth remains muted as what we have seen in the recent past, ultimately, the loan growth will also reflect the same.

And I think in this quarter some of the announcements of the banks have come and we can see that playing through in some of the bank results. So, whatever we have said is turning out to be true. So, I hope you will listen more to us going forward in the future.

Siddhi Nayak: Okay, Sir. I will come back.

Moderator: Thank you. The next question is from the line of Benn from The New Indian Express. Please go ahead. Benn, sorry to interrupt you, your voice is not coming clearly. Can you please speak through the handset. Benn, may I request you to come in a better reception area as your voice is breaking.

Benn Kochuveedan: Can you hear me now?

Moderator: Yes, slightly better.

Benn Kochuveedan: Yes. Can you give us the absolute numbers of NIM (Net Interest Income), the balance sheet growth, because barring the profit numbers, none of the absolute numbers are given in the exchange filing?

Puneet Sharma: Thank you for the question. Actually, our press release carries all the numbers that you requested for, but let me read them out to you. On a full year FY24 basis. Sorry, am I audible?

Benn Kochuveedan: Yes.

Puneet Sharma: Thank you for your question. I just want to clarify that all of the numbers you have requested for are part of our exchange filing and also included in our press release please. I will just read them to you for ease of reference. Our Net Interest Income for the full year is INR 49,894 crores. Our net interest income for Q4 is INR 13,089 crores growing 11% YOY and 4% QOQ.

Your second comment was on overall balance sheet size. I will guide you to look at page 8 of our press release. Our total balance sheet size as 31st March is INR 14,77,209 crores. For the same period last year which is 31st March 2023, our balance sheet size was INR 13,17,326 crores effectively representing that our balance sheet grew by INR 1,60,000 crores in the last financial year. I hope that answers your question.

Benn Kochuveedan: And how has been the personal loan growth?

Puneet Sharma: So, effectively, if you look at the way our book has performed on a personal loan growth basis, I will request you to look at slide 740 of our investor presentation. Our PL book grew 10% on a sequential quarter basis, stands at INR 71,592 crores and comprises 12% of our total retail asset loan book.

Benn Kochuveedan: Okay, thank you.

Moderator: Thank you. The next question is from the line of Manojit Saha from Business Standard. Please go ahead.

Manojit Saha: Hi. Good evening. What is the reason for the sharp increase in provisions from INR 305 crores in the same period of previous year to INR 1185.31 crores in the Q4 FY24?

Puneet Sharma: Thank you for your question. If you look at the breakup of provisions that we provide on slide 80 of our investor presentation, you will see that the increase is principally coming on loan loss provisions. And the increase is backed up by improvement in our provision cover ratio.

Asset quality remains good for us, which is reflected through gross slippages. Gross slippages are for us on a YOY basis has actually declined by 28 bps, giving you comfort that the book quality remains good.

Manojit Saha: Can you throw some light where the loan loss provisions have gone up, if it is retail or SME or corporate loans?

Puneet Sharma: So, effectively, please do appreciate that loan loss provisions are across categories. Again, I will request you to look at slide 78 of our investor presentation. We have provided you a segmented disclosure on the NPA composition of our loan book.

We do not provide breakup on segmental net credit cost as part of our reporting. But directionally, wholesale and SME books typically would have held up well. The provisions would be largely for the retail portfolio.

But again, please read the provisions in the context of slippages. Our slippages have improved sequential quarter and YOY, reflecting the fact that the book has healthy credit quality as we stand today.

Manojit Saha: You are saying slippages are in control, but provisions have gone up. So, is it because of aging provision? Or there was a floating provision, right?

Puneet Sharma: We do not as a policy make floating provisions. Please see the PCR number. Our PCR number now stands at a healthy 79%.

Manojit Saha: Essentially, it is aging provision, right?

Puneet Sharma: It will be a mix of aging provision and composition of assets that have slipped. It is not only aging provision. It is also a mix of assets.

Let me give you an example. In our case, we provided very high rates for retail unsecured loans. But a mortgage loan book is provided at a different rate. So, if the composition of slippages changes, loan loss provisions will change. But please do appreciate asset quality is reflected through gross slippages and net NPA. Our net NPAs have improved YOY and sequentially. And our gross slippages have improved YOY and sequentially.

Manojit Saha: And what is the credit growth and deposit growth projection for the current financial year?

Puneet Sharma: We do not offer guidance on loan growth and deposit growth. As we answered a question previously asked to us, the only guidance we offer is medium term. Medium term for us is three to five years. And we believe that we will be a market share gaining franchise on a three to five year basis.

Manojit Saha: Okay, thank you.

Moderator: Thank you. Next question is from the line of Shilpy Sinha from the The Economic Times. Please go ahead.

Shilpy Sinha: Good evening, Sir. My question is again on CASA deposit, which you have been mentioning over the calls for some time now. But again, just to get some views on your deposit falling. The CASA deposit if I look at and the percentage of total deposits has fallen from 47% to 43%. If you can just give some idea as to what the bank is doing about it?

Munish Sharda: Yes, Shilpy, so like Amitabh said, we have been on a transformation journey for our deposit franchise in a very deliberate and planned manner over the last couple of years. If you look at the numbers, we have made structural shifts in our type of deposits, our LCR ratios, our LCR equity deposits, our growth has actually held up our deposit trajectory. Actually, this quarter is on a 13-quarter high in terms of deposits.

And in terms of average or deposit as the sum of average assets, we are amongst the best in the industry. So, we are working on a number of things across the franchise, which include, getting the entire bank to get us deposits, including businesses like asset businesses. Also, our transformation projects, which are technology-led transformation projects. And also, the client project where we are trying to improve the operating rhythm in the branches. Apart from that, our distribution expansion last year has given us good growth and we will continue to invest in that growth, in the time to come.

Shilpy Sinha: Okay. On the advances front also, I wanted to understand if you can give some colour on the kind of loan demand that you are seeing and where is it coming from? Your corporate loan has grown only 3% last year, if I read the numbers correctly. So, if you can give some colour as well?

Rajiv Anand: So, corporate loan demand continues to be fairly broad based across various sectors. We ourselves have participated in a fair number of these transactions. And we do believe that, I mean, as I look at my pipeline, the pipeline for incremental demand on the corporate side, continues to be quite strong as well.

I think the issue will at this point in time, given the way that the curve is shaped, where short-term rates are like a one-year deposit rate is closer to 7.5%, but the 10-year GSEC is closer to 720 and add corporate spreads, etc. I think the shape of the curve will preclude us from participating in many of the transactions where potentially the customer is able to get better yields from, for example, the bond markets as opposed to the loan markets.

From our perspective, we are able to serve the customer given the fact that we have market-leading capabilities on both the debt capital market side as well as on loan origination. And so, therefore, some of our incomes on the wholesale bank side may not necessarily come through NII, but will come through fee incomes as we continue to engage with corporate India across the capital structure that they have.

Puneet Sharma: Shilpy, I would just like to supplement what Rajiv said. A better way to look at corporate growth is grossing up for IBPC sold. So, I think you referenced the 3% number. The number grossed up for IBPC sold is actually 7%. So that is the number we should work with.

Shilpy Sinha: Okay. Another thing, the board has today approved raising of funds for the issue of debt instruments to the tune of INR 35,000 crores. So, what is the plan here? By when do we see the fund raising happening and in which mode?

Puneet Sharma: Shilpy, thank you for the question. It is a recurring annual resolution which is enabling in nature. We had a similar resolution last year of an equivalent amount. This is purely enabling for the purposes of our business. It is not an outlook on the quantum of funds or the type of funds we are likely to raise.

Shilpy Sinha: Okay. Thank you.

Moderator: Thank you. Next question is from the line of Ashish Agashe from Press Trust of India. Please go ahead.

Ashish Agashe: Thank you so much. I hope I am audible, Sir. What was the CD ratio for this quarter, Sir? And secondly, you mentioned that the deposit growth would be a constraint. So, what sort of play could we expect from Axis Bank on this? Like, would it be hiking of deposit rates? What sort of headroom there? And again, what will be the impact on NIMs because of this? What sort of outlook do you keep on NIMs?

Puneet Sharma: Thank you for your questions. You were inaudible for some parts of the questions. We picked up two questions. One was on what our CD ratio as of 31st March was. And the second question was an outlook on NIMs. So please allow us to answer those two. And then if there are parts of your question we missed, we request you to repeat them. The CD ratio as of 31st March was 90.31%. So, that clarifies the data question. On NIM outlook, as we have consistently maintained, we do not offer NIM's guidance on a sequential quarter basis or a YOY basis. Therefore, we do not really have a way to respond to that question.

We remain true to the fact that our through-cycle NIMs will be 3.80% structurally. We currently, on last reported quarter basis, have a 26 bps cushion. Please also note that last year, full year to current year, we have improved our margins by 5 bps. So, 4.02 last year to 4.07 this year. That should indicate to you that we are focused on ensuring the right levels of NIMs at the right levels of risk for the franchise. We do not offer an outlook, so therefore we will not be able to answer that question.

Ashish Agashe: Okay, so the missing part was only on the deposit accretion side. As there is a constraint on deposit growth, will there be more hikes in the offering both for Axis as well as for the system? And then I was linking it up to the NIMs side because if you were to hike deposit rates, what sort of impact do you see on NIMs going forward?

Puneet Sharma: Association of deposit rate increases in margins, and that is now available in public domain. Our 12-month cost of deposits increase, which is the increase in the 12-month FY24 versus the 12-month FY23, is roughly between 95 and 97 bps. We have also had an increase in yield on interest earning assets by an equivalent number.

So far, as looking at cost of deposits and yields impact, our performance for FY24 indicates that we have been able to pass on that cost of funds to our customers either through change of mix or improvement in pricing, in some cases both. On the deposit question, we had a healthy deposit growth on a sequential quarter basis in Q4. Our commentary on deposits has been in the current liquidity constrained environment. Deposits should continue to grow for us is where I will pause that response.

Ashish Agashe: Second quick question. On the entire technology architecture side of things actually, how difficult is it to maintain, and this can be a very broad question, how difficult is it to maintain really the entire tech engine such that it keeps pace with the overall customer growth and other things for a bank your size? You also suffered some difficulties during the quarter recently on that front.

So how difficult is this? Of course, we have seen quite a lot of action from the regulatory side as well on this.

Subrat Mohanty: Sorry, you are not very audible here, but I think I got the gist of your question in terms of how we are architecting our technology landscape to manage both the increase in digital transactions, the resilience of the system to make sure that they do not go down, and also to manage information security and data security risk. Now, this is a constant kind of work that we have been at for the last three to four years. And fundamentally, this requires a very strong and new-gen technology architecture, which kind of separates the core banking system from the middleware, and then middleware from the front-end systems where most of the transactions are happening, which we have done.

The second part of this is also to be able to partition the core banking system in a manner where you are able to do the high-velocity, low-value transaction, which is the feature of India's digital stack. And we are able to take it to the cloud, which is also what we have done. So, from our perspective, there is a clear vision to be able to continue the kind of resilience that we have seen our information technology systems have.

We have also, built the capacity for the infrastructure at fairly significant levels of slack within the system, so that we have that additional capacity when the volumes go up. Having said all of this, this is not an area that any one of us can be comfortable at any point in time. So, the constant monitoring and constant action on this is part of the everyday IT game at this point in time, and we continue to be extremely vigilant about it.

Ashish Agashe: Okay, Sir. Thank you.

Moderator: Thank you. A reminder to all the participants, you may press star and 1 to ask a question. Next question is from the line of Ekta Suri from Zee Business. Please go ahead.

Ekta Suri: Hello, am I audible?

Moderator: Yes, ma'am, you are. Please go ahead.

Ekta Suri: I would actually like to ask that, you know, will it be possible to throw some light on Sojo Infotel NCD underwriting issue. Did Axis Capital pay subscribers like Aditya Birla Finance and Sun TV? If yes, then how much was the amount?

Amitabh Chaudhry: We do not comment on specific transactions the one you are referring to. So, sorry, we will not be able to add anything to what is out there in the public domain.

Ekta Suri: And also, Sir, I would like to understand that as far as the home loan top-ups are concerned, is it like banks, Axis Bank is tracking that what is the end use of that home loan top-up? Because essentially a home loan top-up is for home refurbishing or maybe home expansion. But the banks are advertising it as personal loan usage.

So how is the bank like putting it in their own books, records, like giving it as a home loan top-up, personal loan or what kind of loan or loan against property?

Sumit Bali: So, this is a top-up against the home loan. So for all the customers whose account is with us, we disperse in that account and we track the movement of that. So, it is for personal loan in nature. Discretionary at the end of the customer, you can use it for house repair or other miscellaneous expenses.

Ekta Suri: So, it is in in your book, as a?

Sumit Bali: We lost…Yes, it is treated as an unsecured loan in our books. It is a small quantum of the book.

Ekta Suri: Okay, thank you, Sir.

Moderator: Thank you. Next question is from the line of Jinit Parmar from Money Control. Please go ahead.

Jinit Parmar: Oh, I pressed the button by mistake. Sorry.

Moderator: Thank you. As there are no further questions, I will now hand the conference over to Mr. Puneet Sharma for closing comments.

Puneet Sharma: Thank you, Mr. Neerav. Thank you, ladies and gentlemen, for taking the time to be with us this evening. If any questions remain unanswered, the Corporate Communication and Investor Relations team would be happy to take those questions offline. Thanking all of you for your time this evening. Thank you. Have a good one.

Moderator: Thank you very much. On behalf of Axis Bank, that concludes this conference. Thank you for joining us and you may now disconnect your lines. Thank you.