

## PRESS RELEASE

### AXIS BANK ANNOUNCES FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED 30<sup>th</sup> SEPTEMBER 2017

#### Results at a Glance

- **Strong Retail franchise continues to gain strength:**
  - CASA deposits grew 24% YOY and constituted 50% of total deposits.
  - Retail Term Deposits and CASA together contributed 83% of Total Deposits.
  - Retail loans grew 23% YOY and accounted for 45% of Net Advances.
  - Retail Fee grew 23% YOY and comprised 48% of Total Fee Income.
- **Digital channels continue to witness strong acceptance by customers:**
  - Ranked #2 in Mobile Banking Spends as per RBI data
  - Mobile banking spends grew 78% YOY, Card Spends grew 67% YOY
  - Share of digital transactions remains strong at 67%.
  - The Bank completed its acquisition of 100% stake in Freecharge
- **Loan growth led by pickup across all segments:**
  - Net Advances grew 16% YOY.
  - Retail and SME loan book grew 23% YOY and 15% YOY, respectively.
  - Corporate loan growth rebounded to 10% YOY led by working capital up 36% YOY.
- **Financial performance:**
  - Net Interest Income for Q2FY18 grew 1% YOY to ₹4,540 crore, NIM stood at 3.45%.
  - Fee income grew 12% YOY and stood at ₹2,170 crores.
  - Operating expenses grew at a slower rate of 13% YOY
  - Net profit for Q2FY18 grew 36% YOY to ₹432 crores and for H1FY18, stood at ₹1,738 crores.
- **Asset quality metrics impacted by accelerated recognition of accounts driven by divergence:**
  - The Bank's Gross NPA and Net NPA stood at 5.90% and 3.12%, respectively.
  - Gross slippages for Q2FY18 stood at ₹8,936 crores, of which corporate slippages stood at ₹8,110 crores. Net slippage (before write-offs) in retail and SME stood at ₹292 crores and ₹219 crores respectively.
- **The Bank's Capital Adequacy Ratio (CAR) remains healthy. Under Basel III, Total CAR & Tier I CAR (including net profit for H1FY18) stood at 16.32% and 12.36%, respectively.**

The Board of Directors of Axis Bank Limited approved the financial results for the quarter and half-year ended 30<sup>th</sup> September 2017 at its meeting held in Mumbai on Tuesday, 17<sup>th</sup> October 2017. The Accounts have been subjected to a Limited Review by the Bank's Statutory Auditors.

#### **Profit & Loss Account: Period ended 30<sup>th</sup> September 2017**

- **Net Profit**

Net profit for Q2FY18 grew 36% YOY to ₹432 crores, for H1FY18 Net profit stood at ₹1,738 crores.

- **Net Interest Income and Net Interest Margin**

The Bank's Net Interest Income (NII) grew 1% YOY to ₹4,540 crores during Q2FY18 from ₹4,514 crores in Q2FY17. Net interest margin for Q2FY18 stood at 3.45%. NII for H1FY18 too rose 1% YOY to ₹9,156 crores from ₹9,031 crores in H1FY17.

- **Other Income**

Other income (comprising fee, trading profit and miscellaneous income) for Q2FY18 grew 2% YOY to ₹2,586 crores as against ₹2,540 crores during the same period last year. During H1FY18, other income grew 6% YOY and stood at ₹5,585 crores. Fee income for Q2FY18 grew 12% YOY to ₹2,170 crores. The key driver of fee income growth was Retail Banking, which grew strongly 23% YOY and constituted 48% of the Bank's total fee income. Cards' Fees grew 36% YOY. Transaction Banking fees grew 13% YOY and constituted 26% of the total fee income of the Bank. Trading profits for the quarter stood at ₹377 crores. During H1FY18, fee income grew 14% YOY primarily driven by 28% YOY growth in Retail fee and 14% YOY growth in Transaction banking.

### **Balance Sheet: As on 30<sup>th</sup> September 2017**

The Bank's Balance Sheet grew 13% YOY and stood at ₹6,35,316 crores as on 30<sup>th</sup> September 2017. The Bank's Advances grew 16% YOY to ₹4,10,171 crores as on 30<sup>th</sup> September 2017. Retail loans grew 23% YOY to ₹1,84,256 crores and accounted for 45% of the Net Advances of the Bank. SME loans grew at a much higher pace than in recent times with SME loan book growing 15% YOY to ₹52,718 crores. Corporate credit grew 10% YOY to ₹1,73,197 crores and accounted for 42% of Net Advances. Corporate loan growth was led by 36% growth in working capital loans.

CASA Deposits grew 24% YOY and constituted 50% of total deposits as at the end of 30<sup>th</sup> September 2017. Savings Account Deposits and Current Account Deposits grew 21% and 28% YOY, respectively for the period ended 30<sup>th</sup> September 2017. CASA, on a cumulative daily average basis, recorded a growth of 24% YOY, in which Savings Bank Deposits and Current Account Deposits recorded a growth of 21% YOY and 30% YOY, respectively. The proportion of CASA on a cumulative daily average basis constituted 46% of total deposits.

The share of CASA and Retail Term Deposits in the Total Deposits stood at 83% as on 30<sup>th</sup> September 2017.

### **Capital Adequacy and Shareholders' Funds**

The shareholders' funds of the Bank grew 4% YOY and stood at ₹56,172 crores as on 30<sup>th</sup> September 2017. The Bank is well capitalised. Under Basel III, the Capital Adequacy Ratio (CAR) and Tier I CAR as on 30<sup>th</sup> September 2017 were 16.32% and 12.36% respectively.

### Asset Quality

As on 30<sup>th</sup> September 2017, the Bank's Gross NPA and Net NPA levels stood at 5.90% and 3.12% respectively. As on 30<sup>th</sup> September 2017, the Bank's provision coverage, as a proportion of Gross NPAs including prudential write-offs, stood at 60%.

As on 30<sup>th</sup> September 2017, the Bank's Gross NPA stood at ₹27,402 crores and Net NPA stood at ₹14,052 crores as on 30<sup>th</sup> September 2017. Gross NPA additions for Q2FY18 stood at ₹8,936 crores, of which corporate slippages stood at ₹8,110 crores. The corporate slippages predominantly came from low rated accounts. Net slippage (before write-offs) in retail and SME stood at ₹292 crores and ₹219 crores respectively. Recoveries and upgrades were ₹1,048 crores while write-offs during the quarter were ₹2,517 crores.

The RBI has pointed out certain reclassifications in the Bank's asset classification and provisioning as on 31<sup>st</sup> March 2017, subsequent to the annual Risk Based Supervision (RBS) exercise conducted for fiscal 2017. The Bank has duly recorded the impact of such reclassifications in the results for the quarter ended 30<sup>th</sup> September 2017.

Some details are as follows:

- A total of 9 accounts were reclassified by RBI.
- As on 30<sup>th</sup> June 2017, these 9 accounts were classified as standard assets across most consortium banks, with only around 6% of their outstanding classified as NPA.
- As on 30<sup>th</sup> September 2017, fund-based outstanding on these 9 accounts was ₹4,867 crores, all of which now stands as NPA.
- Sectoral distribution of the 9 accounts is as follows:
  - One account in the steel sector contributes ₹1,128 crores
  - The Power sector has 3 accounts amounting to ₹1,685 crores
  - 4 accounts comprise a total of ₹911 crores
  - One account in the IT / ITES sector contributes ₹1,143 crores
- Axis is the lead banker in only 1 of the above 8 consortium accounts. Axis Bank is the sole banker in the IT/ ITES account. A significant part of this account is expected to get repaid soon, post a business sale transaction, for which a binding agreement is already in place.
- Total provisions of ₹1,618 crores was created on these accounts during the quarter.

As on 30<sup>th</sup> September, 2017, the Bank has total loan outstanding of ₹7,041 crores against the IBC accounts mentioned in the two lists referred by RBI. Incremental provisions of ₹505 crores on these select accounts have been made during the quarter taking the total provisioning against these select accounts to ₹3,886 crores with an improved provision coverage ratio at 55%.

The credit cost for the first half of this fiscal has been 256 bps that includes 73 bps on account of RBS impact and 14 bps on account of additional provisioning done for IBC accounts.

The divergence related credit cost is expected to consume around 40 basis points for the full year. Incorporating this, and after evaluation of the underlying credit trends of the rest of the book, the credit cost guidance for fiscal 2018 is updated to 220-260 basis points. PCR is expected to be maintained in the 60 to 65% range.

### **Network**

During Q2FY18, the Bank added 100 branches to its network across the country. As on 30<sup>th</sup> September 2017, the Bank had a network of 3,485 domestic branches and extension counters situated in 2,033 centres compared to 3,106 domestic branches and extension counters situated in 1,920 centres last year. As on 30<sup>th</sup> September 2017, the Bank had 14,332 ATMs and 1,533 cash recyclers spread across the country.

### **Digital channels**

Axis Bank's market position in the mobile banking space improved significantly as it jumped two places in the ranking table to 2<sup>nd</sup> position, as per the latest RBI data for the month of July 2017. Mobile banking spends in Q2 reported a growth of 78% on a YOY basis.

During the quarter, the card usage witnessed significant growth of 67% YOY in value terms. During the quarter, share of digital transactions remains similar to 67% as in Q1FY18 while ATM and Branch transactions stood at 28% and 5% from 23% and 10% in Q1FY18 respectively.

### **Freecharge acquisition**

Pursuant to RBI approval, the Bank completed its acquisition of 100% stake in Freecharge on 6<sup>th</sup> Oct'17. Freecharge is one of India's leading digital payments companies. The acquisition of Freecharge would help Axis Bank to augment its digital capabilities significantly and will help the Bank leapfrog its digital journey by multiple years.

₹ crore

Financial Performance	Q2FY18	Q2FY17	% Growth	H1FY18	H1FY17	% Growth
Net Profit	432	319	36%	1,738	1,875	-7%
EPS Diluted (₹) annualized	7.14	5.28	35%	14.42	15.59	-8%
Net Interest Income	4,540	4,514	1%	9,156	9,031	1%
Other Income	2,586	2,540	2%	5,585	5,278	6%
- Fee Income	2,170	1,935	12%	4,173	3,655	14%
- Trading Income	377	536	-30%	1,201	1,447	-17%
- Miscellaneous Income	39	69	-45%	211	176	19%
Operating Revenue	7,125	7,054	1%	14,741	14,309	3%
Core Operating Revenue*	6,748	6,518	4%	13,540	12,862	5%
Operating Expenses	3,348	2,953	13%	6,673	5,739	16%
Operating Profit	3,777	4,100	-8%	8,068	8,570	-6%
Core Operating Profit*	3,400	3,565	-5%	6,867	7,123	-4%

\*Excluding trading profit for all the periods.

₹ crore

Condensed Unconsolidated Balance Sheet	As on 30 <sup>th</sup> September '17	As on 30 <sup>th</sup> September '16
<b>CAPITAL AND LIABILITIES</b>		
Capital	480	478
Reserves & Surplus	55,692	53,345
Deposits	416,431	380,187
Borrowings	135,405	107,415
Other Liabilities and Provisions	27,308	23,033
<b>Total</b>	<b>635,316</b>	<b>564,458</b>
<b>ASSETS</b>		
Cash and Balances with Reserve Bank of India and Balances with Banks and Money at Call and Short Notice	32,211	42,006
Investments	144,176	127,007
Advances	410,171	353,170
Fixed Assets	3,891	3,593
Other Assets	44,867	38,682
<b>Total</b>	<b>635,316</b>	<b>564,458</b>

₹ crore

<b>Business Performance</b>	<b>As on 30<sup>th</sup> September '17</b>	<b>As on 30<sup>th</sup> September '16</b>	<b>% Growth</b>
Total Deposits	416,431	380,187	10%
Demand Deposits	210,057	169,961	24%
- Savings Bank Deposits	130,265	107,839	21%
- Current Account Deposits	79,792	62,122	28%
Demand Deposits as % of Total Deposits	50%	45%	
Term Deposits	206,374	210,226	-2%
Retail Term Deposits	134,501	136,099	-1%
Demand Deposits on a Cumulative Daily Average Basis (CDAB) for the half year	173,235	139,192	24%
Demand Deposits as % of Total Deposits (CDAB) for the full year	46%	41%	
Net Advances (a) +(b) + (c)	410,171	353,170	16%
(a) Corporate Credit	173,197	158,029	10%
(b) SME	52,718	45,857	15%
(c) Retail Advances	184,256	149,284	23%
Investments	144,176	127,007	14%
Balance Sheet Size	635,316	564,458	13%
Net NPA as % of Net Customer Assets	3.12%	2.02%	
Gross NPA as % of Gross Customer Assets	5.90%	4.17%	
Equity Capital	480	478	
Shareholders' Funds	56,172	53,823	
Capital Adequacy Ratio (Basel III)	15.97%	14.78%	
- Tier I	12.01%	11.61%	
- Tier II	3.96%	3.17%	
Capital Adequacy Ratio (Basel III) (Including Net Profit for H1)	16.32%	15.20%	
- Tier I	12.36%	12.03%	
- Tier II	3.96%	3.17%	

A presentation for investors is being separately placed on the Bank's website: [www.axisbank.com](http://www.axisbank.com).

For press queries, please contact Mr. Anand Mugad at 91-22-24252021 or email: [Anand.Mugad@axisbank.com](mailto:Anand.Mugad@axisbank.com)

For investor queries, please contact Mr. Abhijit Majumder at 91-22-24254672 or email: [Abhijit.Majumder@axisbank.com](mailto:Abhijit.Majumder@axisbank.com)

### **Safe Harbor**

*Except for the historical information contained herein, statements in this release which contain words or phrases such as "will", "aim", "will likely result", "would", "believe", "may", "expect", "will continue", "anticipate", "estimate", "intend", "plan", "contemplate", "seek to", "future", "objective", "goal", "strategy", "philosophy", "project", "should", "will pursue" and similar expressions or variations of such expressions may constitute "forward-looking statements". These forward-looking statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. These risks and uncertainties include, but are not limited to our ability to successfully implement our strategy, future levels of non-performing loans, our growth and expansion, the adequacy of our allowance for credit losses, our provisioning policies, technological changes, investment income, cash flow projections, our exposure to market risks as well as other risks. Axis Bank Limited undertakes no obligation to update forward-looking statements to reflect events or circumstances after the date thereof.*