

PRESS RELEASE
AXIS BANK ANNOUNCES FINANCIAL RESULTS
FOR THE QUARTER AND NINE MONTHS ENDED 31st DECEMBER 2020

**Axis Bank reports Q3FY21 operating profit of ₹ 6,096 crores,
Improving business momentum, prudence continues**

- 9MFY21 PAT of ₹3,911 cr up 30% YOY
- Net Interest Income up 14% YOY, NIM* at 3.59 %, Fees up 5% YOY, Core Operating Profit up 10% YOY
- CASA and Retail TD (on QAB basis) grew 16% YOY, CASA ratio at 42%, improved 232 bps YOY, 158 bps QOQ
- Loan book (including TLTRO) grew by 9% YOY, Retail disbursements in Q3FY21 stood at all-time highs
- Market share in UPI and Mobile banking for 9MFY21 stood at 19% and 17%, Card spends up 28% QOQ.
- Improving asset quality, GNPA¹ at 3.44% / 4.55% decreased by 156 bps / 45 bps YOY, Restructured loans at 0.42%[§]
- Balance sheet strengthened, PCR improved to 75% from 60% YOY; CR² & SACR³ improved to 116% & 2.08% YOY
- Capital adequacy ratio including profits for 9MFY21 at 19.31%, CET 1 ratio at 15.36%
- One Axis: Domestic subsidiaries growing, gaining market share and profits in 9MFY21 exceeding FY20 PAT

The Board of Directors of Axis Bank Limited approved the financial results for the quarter and nine months ended 31st December 2020 at its meeting held in Mumbai on Wednesday, 27th January 2021. The Accounts have been subjected to a Limited Review by the Bank's Statutory Auditors.

The last quarter saw several new initiatives by the Bank. It started with the festive campaign 'Dil Se Open Celebrations' with great offers for customers, providing them an opportunity to gift their loved ones and fulfilling their wishes. The Bank partnered with all major brands to offer exciting deals and discounts to Axis Bank cardholders through the 'Grab Deals' platform hosted on its website. Under One Axis solutions, the Bank offered special interest rates on home and auto loans, gold loans, as well as business loans.

Digital was the other focus area for the quarter. With rapid shift towards digital payments due to the pandemic and to cater to its growing consumer base, Axis Bank launched the 'ACE Credit Card' in collaboration with Google Pay and Visa. The Bank also launched 'Axis Bank Club Vistara Forex Card', the first-ever collaboration by a bank and an Indian airline for a co-branded forex card. The multicurrency forex card is designed to address the immediate needs of international travelers, offering unique features like loading up to 16 currencies on a single card, locked-in exchange rates and emergency assistance services.

The Bank strengthened its offerings to the MSME segment by launching an exclusive Business Credit Card to provide short term credit. Committed to the Government's vision of Digital India, Axis Bank was one of the first to go live as a Financial Information Provider (FIP) on RBI's Account Aggregator (AA) framework.

Amitabh Chaudhry, MD&CEO, Axis Bank said, "As the economy turns around, we see fresh enthusiasm and positivity returning to both retail and corporate business. Digital has been one of our biggest strengths and we have fortified it further. With new collaborations with the best brands in their respective fields, we have rolled out some of the most innovative products and services for our customers, with unique features and benefits."

* Net Interest Margins; § as a % to gross customer assets

¹ GNPA% stated on (reported basis) / (per IRAC norms)

² Coverage Ratio (CR) = Aggregate provisions (specific + standard + additional + Covid) / IRAC GNPA

³ Standard Asset Coverage Ratio (SACR) = (Standard asset provision + additional provision + Covid provision) / Standard loans

Results at a Glance

- **Robust operating performance, Net Interest Income (NII) grew 14% YOY,**
 - Reported NII up 14% YOY; NII before interest reversal was up 19% YOY.
 - Reported NIM stood at 3.59% for Q3FY21, NIM before interest reversal was 3.89%
 - Fee income grew 5% YOY and 6% QOQ. Retail fee contributed 64% of overall fees
 - Operating profit grew 6% YOY to ₹6,096 crores, Core* operating profit was up 10% YOY
 - PAT adversely impacted by ~ ₹1,050 crores on account of prudent expense and provisioning charges in Q3
- **Steady growth in stable and granular retail deposits**
 - On QAB¹ basis, CASA plus Retail term deposits grew 16% YOY. CASA ratio at 42%, improved 232 bps YOY and 158 bps QOQ, led by our focus on deepening and premiumisation
 - On QAB basis, SA grew 14% YOY & 4% QOQ, Retail SA grew 20% YOY, CA grew 15% YOY & 4% QOQ
- **Well capitalized with adequate liquidity buffers**
 - Overall capital adequacy (incl. profits for 9MFY21) at 19.31% with CET 1 ratio of 15.36% as of Q3FY21 end
 - Average LCR² during Q3FY21 was 106% with exit LCR ~ 119%, excess SLR of ₹51,886 crores
- **Balanced performance across business segments**
 - Loan book (including TLTRO[^] investments) grew by 9% YOY
 - Retail loans grew 9% YOY and 4% QOQ; 81% of the Retail book is secured
 - Retail disbursements for the quarter were at all-time highs. Disbursements in secured segments like HL, LAP & Auto grew 23% YOY, 11% YOY and 10% YOY respectively, SBB disbursements grew 35% YOY
 - Corporate loans (including TLTRO investments) grew 11% YOY, SME loan book grew 6% QOQ
- **Retain leadership position in Digital**
 - 19% market share in UPI transactions and 17% in Mobile Banking for 9MFY21 period; total Card spends were up 28% QOQ with Credit Card spends up 31% QOQ
 - For 9MFY21 period, digital contribution in sourcing of saving accounts improved YOY to 71% from 59% and that for disbursements of personal loans increased to 56% from 43%.
- **Strengthening and de-risking of balance sheet, visible through improving asset quality metrics**
 - NNPA¹ at 0.74% / 1.19%, PCR² increased to 79% / 75% from 60% YOY
 - Cumulative provisions (standard + additional other than NPA) translate to 2.08% of our standard loans
 - On an aggregated basis (specific+ standard+ additional + Covid), our coverage ratio stands at 116% of GNPA as at end of 31st December, 2020
- **Bank's domestic subsidiaries delivered strong results with reported total PAT exceeding FY20 profits[§]**
 - Cumulative 9MFY21 PAT at ₹541 crores, up 72% YOY
 - Axis AMC's net profit for 9MFY21 more than doubled YOY to ₹164 crores, AAUM growth of 44% YOY
 - Axis Securities PAT for 9MFY21 period at ₹118 crores was 7x of its FY20 PAT
 - Axis Capital 9MFY21 PAT stood at ₹88 crores, up 17% YOY.
 - Axis Finance PAT for 9MFY21 was ₹139 crores; asset quality remains stable, with nil restructuring

* Excluding trading profit and gain / loss on capital repatriated from overseas branch

[^] Targeted long term repo operations

[§] Figures of subsidiaries are as per Indian GAAP, as used for consolidated financial statements of the Group

¹ QAB – Quarterly Average Balance

² LCR – Liquidity Coverage Ratio

³ NNPA% stated on (reported basis) / (per IRAC norms)

⁴ PCR% stated on (reported basis) / (per IRAC norms)

Basis of Preparation and Prudence

The financial results of the Bank for the quarter have been prepared in accordance with extant IRAC norms. Thus, interest and fee reversals per IRAC norms (including on assets not classified as NPA per Supreme Court judgment) have been reduced from the interest and fee income respectively. Provisions on loans (including on assets not classified as NPA per Supreme Court judgment) are recorded in the provisions line. The Supreme Court dispensation on asset classification has been used for financial results preparation only to the limited extent of reported GNPA and NNPA ratio. Reported profits after tax for the quarter are adversely impacted to the extent of ~ ₹1,050 crores on account of prudent expenses and provisioning charges during the quarter.

Profit & Loss Account: Period ended 31st December 2020

Operating Profit and Net Profit

The Bank's operating profit for the quarter grew 6% YOY to ₹6,096 crores. The core operating profit for the quarter grew 10% YOY to ₹5,754 crores. Net profit for Q3FY21 stood at ₹1,117.

Net Interest Income and Net Interest Margin

The Bank's Net Interest Income (NII) grew 14% YOY to ₹7,373 crores in Q3FY21 from ₹6,453 crores in Q3FY20. NII before interest reversals grew 19% YOY to ₹7,987 crores. Net interest margin (NIM) for Q3FY21 was 3.59% as against 3.57% for Q3FY20. NIM before interest reversals stood at 3.89%.

Other Income

Fee income for Q3FY21 stood at ₹2,906 crores, up 5% YOY. Retail fees grew 8% QOQ and constituted 64% of the Bank's total fee income. The Corporate & commercial banking fee grew 15% YOY. The trading profits and miscellaneous income for the quarter stood at ₹367 crores and ₹503 crores, respectively. Overall, non-interest income (comprising of fee, trading profit and miscellaneous income) for Q3FY21 stood at ₹3,776 crores, as compared to ₹3,787 crores in Q3FY20.

Provisions and contingencies

Specific Loan Loss Provisions for Q3FY21 were ₹1,053 crores, compared to ₹2,962 crores in Q3 last year. The Bank has made provisions on 90+ DPD accounts not classified as NPA pursuant to the Supreme Court judgment, at rates that would have applied to these accounts per extant provisioning rules for NPA in the Banks, amounting to ₹3,899 crores during the quarter. The Bank holds cumulative provisions (standard + additional other than NPA) of ₹11,856 crores at the end of Q3FY21. 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 2.08% as on 31st December, 2020. On an aggregated basis, our provision coverage ratio (including specific + standard + additional + Covid provisions) stands at 116% of IRAC GNPA per IRAC as on 31st December, 2020.

9MFY21 Financial Performance:

Net Interest Income for 9MFY21 grew 18 % YOY to ₹21,684 crores from ₹18,398 crores. The Operating expenses grew by 5% YOY and the cost to assets ratio stood at 1.96%. Operating profit grew by 7% YOY to ₹18,838 crores from ₹17,587 crores in 9MFY20. Total provisions for 9MFY21 stood at ₹13,601 crores, up 26% over the same period last fiscal. Net Profit for 9MFY21 grew 30% to ₹3,911 crores from ₹3,015 crores in 9MFY20.

Balance Sheet: As on 31st December 2020

The Bank's balance sheet grew 15% YOY and stood at ₹9,38,049 crores as on 31st December 2020. The total deposits grew by 11% on period end basis and by 8% YOY on quarterly average balance (QAB) basis. On a QAB basis, Savings account deposits grew 14% YOY and 4% QOQ, Retail Savings Deposits grew 20% YOY, Current Account deposits grew 15% YOY and Retail Term Deposits grew 17% YOY. CASA and Retail Term Deposits on QAB basis put together grew 16% YOY. The share of CASA plus Retail TD in total deposits on QAB basis was up 574 bps YOY and 175 bps QOQ to 86% as of 31st December 2020.

The Bank's advances including TLTRO investments grew 9% YOY to ₹600,835 crores as on 31st December 2020. The Bank's loan to deposit ratio stood at 89%. Retail loans grew 9% YOY to ₹3,17,894 crores and accounted for 55% of the net advances of the Bank. The share of secured loans was 81% with home loans comprising 36% of the Retail book. Retail disbursements touched all-time highs led by higher contribution from secured loan segments. Disbursements in secured segments like HL, LAP & Auto grew 23% YOY, 11% YOY and 10% YOY respectively, SBB disbursements grew 35% YOY. SME loan book grew 6% QOQ to ₹63,969 crores. 91% 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 11% YOY. 83% of Corporate book is now rated A- and above with 94% of incremental sanctions in 9MFY21 being to corporates rated A- and above.

The book value of the Bank's Investments portfolio as on 31st December 2020, was ₹1,98,346 crores, of which ₹1,58,784 crores were in government securities, while ₹31,183 crores were invested in corporate bonds and ₹8,379 crores in other securities such as equities, mutual funds, etc. Out of these, 82% are in held till maturity (HTM) category, while 15% 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.

- 179% - YOY growth in mobile banking transaction volumes in Q3FY21, with market share of 17%
- 166% - YOY growth in total UPI transaction value in Q3FY21, with market share of 19%
- 88% - Share of digital transactions in the Bank's overall transaction mix during Q3FY21
- 73% - Bank's active customers that were digitally active in Q3FY21

- 72% - Fixed deposits (by volume) opened digitally during 9MFY21
- 71% - SA accounts opened digitally through tab banking in 9MFY21
- 71% - Credit cards sourced through digital channels in 9MFY21
- 56% - Personal loan disbursements through digital channels in 9MFY21
- 36% - New mutual fund SIPs sourced through digital channels in 9MFY21
- 28% - QOQ growth in total card spends (including debit card and credit cards)

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 ₹1,94,517 crores as at end of December 2020. Burgundy Private that was launched in December 2019 for the high and ultra-high net worth clients, has scaled up rapidly to cover over 1,415 families with assets of ₹43,579 crores as at 31st December, 2020.

Capital Adequacy and Shareholders' Funds

The shareholders' funds of the Bank grew 15% YOY and stood at ₹98,817 crores as on 31st December 2020. Under Basel III, the Capital Adequacy Ratio (CAR) and CET1 ratio as on 31st December 2020 including 9MFY21 profits were 19.31% and 15.36% respectively. The Book value per equity share increased from ₹319 as of 30th September, 2020 to ₹323 as of 31st December 2020.

Asset Quality

As on 31st December 2020, the Bank's reported Gross NPA and Net NPA levels were 3.44% and 0.74% respectively as against 4.18% and 0.98% as on 30th September 2020.

Absent the standstill to asset classification post August 31, 2020 pursuant to the Supreme Court judgment, the Bank would have been required to report GNPA per RBI's extant IRAC norms for asset classification. The GNPA ratio as per said IRAC norms as on 31st December, 2020 would have been 4.55% and Net NPA ratio would have been 1.19%. This reflects decline of 45 bps and 90 bps respectively on a YOY basis and an increase of 27 bps and 16 bps on GNPA and NNPA respectively on a sequential basis.

The reported gross slippages for quarter were almost nil, since the entire quarter was subject to the standstill benefit, pursuant to the Supreme Court decision. Gross slippages during the quarter per IRAC norms were ₹6,736 crores, compared to ₹1,572 crores during Q2FY21 and ₹6,214 crores in Q3FY20. Slippages from the loan book per IRAC norms were at ₹6,499 crores and that from investment exposures stood at ₹236 crores. Recoveries and upgrades from NPAs per IRAC during the quarter were ₹905 crores while write-offs were ₹4,258 crores. Consequently, there was net slippages in NPAs

per IRAC (before write-offs) for the quarter of ₹5,831 crores as compared to ₹3,792 crores in Q3FY20 and negative net slippages of ₹276 crores in Q2FY21.

As on 31st December 2020, the Bank's provision coverage, as a proportion of Gross NPAs stood at 79%, as compared to 60% as at 31st December 2019 and 77% as at 30th September 2020.

The restructured loans as at 31st December, 2020 stood at ₹2,709 crores that translates to 0.42% of the gross customer assets.

Network

As on 31st December 2020, the Bank had a network of 4,586 domestic branches and extension counters situated in 2,586 centres compared to 4,415 domestic branches and extension counters situated in 2,521 centres as at end of 31st December 2019. As on 31st December 2020, the Bank had 11,629 ATMs and 5,625 cash recyclers spread across the country.

Key Subsidiaries' Performance

The Bank's domestic subsidiaries delivered strong performance with reported total PAT of ₹541 crores, up 72% YOY and exceeding full year FY20 profits.

- Axis AMC's average AUM for the quarter grew by 44% YOY to ₹1,77,474 crores and its 9MFY21 PAT grew 140% YOY to ₹164 crores from ₹68 crores in 9MFY20.
- Axis Securities' broking revenues for 9MFY21 grew 130% YOY to ₹293 crores, while its net profit for 9MFY21 at ₹118 crores was over 7x of its full year FY20 PAT.
- Axis Finance's 9MFY21 PAT was ₹139 crores. Axis Finance remains well capitalized with Capital Adequacy Ratio of 21.7%. The asset quality metrics remain stable with net NPA at 1.7%
- Axis Capital's 9MFY21 PAT stood at ₹88 crores. Axis Capital completed 37 transactions in 9MFY21 comprising 31 ECM transactions that included highly successful QIPs in financial services space.

₹ crore

Financial Performance	Q3FY21	Q3FY20	% Growth	9MFY21	9MFY20	% Growth
Net Interest Income	7,373	6,453	14%	21,684	18,398	18%
Net Interest Income (before interest reversals)	7,987	6,725	19%	22,531	19,118	18%
Other Income	3,776	3,787	(0.3%)	10,170	11,551	(12%)
- Fee Income	2,906	2,775	5%	7,310	8,087	(10%)
- Trading Income	367	515	(29%)	1,758	2,156	(18%)
- Miscellaneous Income	503	497	1%	1,102	1,308	(16%)
Operating Revenue	11,149	10,240	9%	31,854	29,950	6%
Core Operating Revenue*	10,808	9,725	11%	30,085	27,794	8%
Operating Expenses	5,053	4,497	12%	13,017	12,363	5%
Operating Profit	6,096	5,743	6%	18,838	17,587	7%
Core Operating Profit*	5,754	5,228	10%	17,069	15,431	11%
Net Profit/(Loss)	1,117	1,757	(36%)	3,911	3,015	30%
EPS Diluted (₹) annualized	14.47	24.71		17.61	14.91	
Return on Average Assets (annualized)	0.48%	0.86%		0.56%	0.50%	
Return on Equity (annualized)	4.91%	8.83%		6.13%	5.86%	

* excluding trading profit and gain/loss on capital repatriated from overseas branch

₹ crore

Balance Sheet	As on	As on
	31 st December'20	31 st December'19
CAPITAL AND LIABILITIES		
Capital	612	564
Reserves & Surplus	98,205	85,634
Deposits	6,54,140	5,91,676
Borrowings	1,35,666	1,12,007
Other Liabilities and Provisions	49,426	29,158
Total	9,38,049	8,19,039
ASSETS		
Cash and Balances with RBI and Banks and Money at Call and Short Notice	72,691	41,311
Investments	1,98,346	1,55,979
Advances	5,82,754	5,50,138
Fixed Assets	4,277	4,204
Other Assets	79,981	67,407
Total	9,38,049	8,19,039

₹ crore

Business Performance	As on 31 st December'20	As on 31 st December'19	% Growth
Total Deposits (i)+(ii)	6,54,140	5,91,676	11%
(i) Demand Deposits	2,82,392	2,43,748	16%
- Savings Bank Deposits	1,89,814	1,65,353	15%
- Current Account Deposits	92,578	78,395	18%
Demand Deposits as % of Total Deposits	43%	41%	
(ii) Term Deposits	3,71,748	3,47,928	7%
- Retail Term Deposits	2,81,101	2,39,245	17%
- Non Retail Term Deposits	90,647	1,08,683	(17%)
Demand Deposits on a Quarterly Daily Average Basis (QAB)	2,58,827	2,26,488	14%
Demand Deposits as % of Total Deposits (QAB)	42%	40%	
Net Advances (a) +(b) + (c)	5,82,754	5,50,138	6%
(a) Corporate	2,00,891	1,96,843	2%
(b) SME	63,969	61,741	4%
(c) Retail	3,17,894	2,91,554	9%
Investments	1,98,346	1,55,979	27%
Balance Sheet Size	9,38,049	8,19,039	15%
Gross NPA as % of Gross Customer Assets	3.44%	5.00%	
Net NPA as % of Net Customer Assets	0.74%	2.09%	
Equity Capital	612	564	
Shareholders' Funds	98,817	86,198	
Capital Adequacy Ratio (Basel III)	18.68%	18.20%	
- Tier I	15.85%	15.02%	
- Tier II	2.83%	3.18%	
Capital Adequacy Ratio (Basel III) (including net profit for 9M)	19.31%	18.72%	
- Tier I	16.48%	15.54%	
- Tier II	2.83%	3.18%	

A presentation for investors is being separately placed on the Bank's website: www.axisbank.com.

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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.