

PRESS RELEASE
AXIS BANK ANNOUNCES FINANCIAL RESULTS
FOR THE QUARTER AND HALF YEAR ENDED 30th SEPTEMBER 2022

**Q2FY23 PAT at ₹5,330 crores, up 70% YOY, Consolidated ROA at 1.87%, ROE% at 18.90%,
driven by Nil growth, NIM expansion, higher fees and flat QOQ operating expenses**

- Net Interest Income up **31%** YOY and **10%** QOQ, NIM at **3.96%**, up **57 bps** YOY and **36 bps** QOQ, Fee up **20%** YOY
- Core operating profit up **43%** YOY and **19%** QOQ, Operating profit up **30%** YOY & **31%** QOQ
- Retail loans up **22%** YOY & **3%** QOQ, SME up **28%** YOY & **7%** QOQ, Domestic total loans up **20%** YOY & **4%** QOQ
- On QAB basis: CASA grew **13%** YOY and **2%** QOQ, CASA ratio¹ stood at **46%**, up **172 bps** YOY & **251 bps** QOQ
- Overall capital adequacy ratio (CAR) including profit for H1FY23 stood at **17.72%** with CET 1 ratio of **15.14%**
- GNPA% at **2.50%** declined by **103 bps** YOY & **26 bps** QOQ, NNPA% at **0.51%** declined by **57 bps** YOY & **13 bps** QOQ
- **~1.04 million** credit cards issued in Q2, spends up **70%** YOY with incremental spends share of **13%** for last 9 months²
- Axis Mobile is the world's³ highest rated mobile banking app on Google Play store with ratings of **4.8; 10 mn+ MAU**⁴

The Board of Directors of Axis Bank Limited approved the financial results for the quarter and half year ended 30th September 2022 at its meeting held in Mumbai on Thursday, 20th October 2022.

This quarter Axis Bank renewed its focus on customer obsession, continued exploring various partnership models and sustained the momentum on expanding its reach and service network.

The Bank was one of the early adopters of the Account Aggregator ecosystem that is set to transform banking in the years to come, providing an integrated and seamless customer experience. Axis Bank also became the first Indian Bank to launch Axis Receivables Suite (ARS) – a 'first-of-its-kind' Cash Management proposition for its clients. It launched 'Open Doors' in association with Square Yards, a Home Buyer Ecosystem that provides end-to-end assistance for a hassle-free home buying experience.

Axis Bank has been a firm believer in driving added benefits and convenience for customers through partnerships. The Bank launched an exclusive co-branded credit card with Samsung India, offering a gamut of discounts and cashbacks across all Samsung products round the year, in addition to other benefits. In partnership with Amazon Pay, Axis Bank now offers added discounts on recharges, utility, and bill payments on its Kochi¹ card; it has tie-ups with 30+ merchants in Kochi and attractive dine-out deals making the card a one-stop solution for all needs of Kochi residents.

Aligned to the government's financial inclusion agenda, Axis Bank became the first private bank to open a branch in Nagaland's Mon district, reinstating its mission of taking banking services even to the remotest corners of the country. In Nagaland, it has the 2nd largest network of branches and area covered amongst all banks. It also launched an initiative with PayNearby to offer savings and current bank account services to both last mile retailers and customers pan India, reaching out to a network of 50+ lakh micro-entrepreneurs across 20,000+ PIN codes.

The bank reaffirmed its human value proposition through the launch of 'Dil Se Open – Aapke Liye', a fresh brand campaign showcasing five films inspired by real-life stories of the Bank's employees who have lived up to their Dil Se Open promise. Axis Bank was recognized by several eminent platforms during the quarter. Key accolades include 'The Asian Banker Enterprise Risk Management Award', 'The Asian Banker Financial Technology Innovation Award', 'ET Best Digital Financial Inclusion Initiative Award' amongst many more.

Amitabh Chaudhry, MD&CEO, Axis Bank said, "Over the past 12 months, we have made significant strides across every identified priority area. The focus on customer obsession and digitisation has got our acquisition engine humming. The core operating profits and margins have grown on the back of strong performance across business segments. We are building a high-quality, granular franchise with the customer at the centre, while extending our network and services to semi-urban and rural geographies to tap into the Bharat opportunity. We are excited about the future of Axis Bank."

¹ on MEB basis ² as per RBI reported data from Nov-21 to Aug-22 ³ across 59 global banks, 8 global neo banks and 50 Indian fintech apps with 15 lakh+ reviews

⁴ Monthly active users

Performance at a Glance

- **Strong operating performance, net profit grew 70% YOY and 29% QOQ to ₹5,330 crores**
 - NIM at **3.96%**, improved by **57 bps** YOY and **36 bps** QOQ, NII grew **31%** YOY and **10%** QOQ
 - Fee income grew **20%** YOY & **8%** QOQ, Retail fee grew **28%** YOY & **10%** QOQ, Retail cards fee up **53%** YOY
 - Core operating profit grew **43%** YOY and **19%** QOQ, Operating profit grew **30%** YOY and **31%** QOQ
 - Operating expense flat QOQ
 - Q2FY23 Consolidated ROE (annualized) at **18.90%**, up **545 bps** YOY, subsidiaries contribute **41 bps**
- **Healthy loan growth delivered across focused business segments**
 - Retail loans grew **22%** YOY and **3%** QOQ, SBB and Rural loans grew **69%** YOY and **46%** YOY respectively
 - SME loans grew **28%** YOY and **7%** QOQ, Domestic Corporate loans grew **9%** YOY and **7%** QOQ
 - Mid-Corporate (MC) book up **49%** YOY and **9%** QOQ
 - SME + SBB + MC mix at **₹1,43,465 crores** | **20%** of loans, up **~542 bps** in last 2 years
- **Steady growth in granular deposits, early visibility of improving quality**
 - On QAB¹ basis, SA grew **14%** YOY and **3%** QOQ, CA grew **11%** YOY
 - On QAB basis, total deposits grew **10%** YOY
 - Average LCR² during Q2FY23 was **~121%**, increasing sequentially
- **Well capitalized with adequate liquidity buffers**
 - Overall capital adequacy ratio (CAR) including profit for H1FY23 stood at **17.72%** with CET 1 ratio of **15.14%**
 - COVID provisions of **₹5,012 crores**, not in CAR calculation provides additional cushion of **55 bps**
 - Self-sustaining capital structure, with capital accretion through profits being sufficient to fund H1FY23 growth
- **Retaining strong position in Payments and Digital Banking**
 - **16%** market share in UPI transactions and **18%** in UPI P2M acquiring (by throughput)
 - Mobile banking market share stood at **15%**, Axis Mobile & Axis Pay have **~6.2 mn** non-Axis Bank customers
 - **85+** digital partnerships across platforms and ecosystems; **~6.9 mn** customers on WhatsApp banking
 - **75+** Corporate APIs now live as part of Project Neo
- **Declining NPA's and slippages, moderating credit costs, low restructured book**
 - GNPA at **2.50%** declined by **103 bps** YOY & **26 bps** QOQ, NNPA at **0.51%** declined **57 bps** YOY & **13 bps** QOQ
 - PCR healthy at **80%**; On an aggregated basis³, Coverage ratio at **1.60%**
 - Annualized, gross slippage ratio declined **156 bps** YOY & **17 bps** QOQ, net slippage ratio at **0.32%**, down **14 bps** YOY
 - Annualized credit cost for Q2FY23 at **0.38%**, declined by **16 bps** YOY and **3 bps** QOQ
- **Bank's domestic subsidiaries continue to deliver steady performance; annualized profit⁴ at ₹1,170 crores**
 - Axis Finance H1FY23 PAT grew **53%** YOY to **₹210 crores**; asset quality remains stable, with near zero restructuring
 - Axis AMC H1FY23 PAT grew **24%** YOY to **₹183 crores**, Quarterly AAUM grew **4%** YOY
 - Axis Capital H1FY23 PAT stood at **₹64 crores**
 - Axis Securities H1FY23 PAT at **₹100 crores**

¹ QAB – Quarterly Average Balance, ² Liquidity Coverage Ratio, ³ (specific+ standard+ additional + COVID)

⁴ Figures of subsidiaries are as per Indian GAAP, as used for consolidated financial statements of the Group

Profit & Loss Account: Period ended 30th September 2022

Core Operating Profit and Net Profit

The Bank's core operating profit for the quarter grew 43% YOY and 19% QOQ to ₹7,802 crores. Operating profit for the quarter grew 30% YOY and 31% QOQ to ₹7,716 crores. Net profit at ₹5,330 crores in Q2FY23 grew 70% YOY and 29% QOQ.

Net Interest Income and Net Interest Margin

The Bank's Net Interest Income (NII) grew 31% YOY and 10% QOQ to ₹10,360 crores. Net interest margin (NIM) for Q2FY23 stood at 3.96%, up 57 bps YOY and 36 bps QOQ.

Other Income

Fee income for Q2FY23 grew 20% YOY and 8% QOQ to ₹3,862 crores. Retail fees grew 28% YOY and 10% QOQ; and constituted 68% of the Bank's total fee income. Retail Assets (excluding cards and payments) fee grew 29% YOY. Retail cards and payments fee grew 53% YOY. The Corporate & Commercial banking fees together grew 5% YOY. The trading loss for the quarter stood at ₹86 crores as compared to trading gains of ₹473 crores in Q2FY22; miscellaneous income in Q2FY23 stood at ₹165 crores. Overall, non-interest income (comprising of fee, trading profit and miscellaneous income) for Q2FY23 stood at ₹3,941 crores up 31% QOQ.

Provisions and contingencies

Specific loan loss provisions for Q2FY23 declined by 19% YOY to ₹751 crores from ₹927 crores in Q2FY22.

The Bank has not utilized Covid provisions during the quarter. The Bank holds cumulative provisions (standard + additional other than NPA) of ₹11,625 crores at the end of Q2FY23. 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 1.60% as on 30th September, 2022. On an aggregated basis, our provision coverage ratio (including specific + standard + additional + Covid provisions) stands at 138% of GNPA as on 30th September, 2022.

Credit cost for the quarter ended 30th September, 2022 stood at 0.38%, declining by 16 bps YOY and 3 bps QOQ.

H1FY23 Financial Performance:

Net Interest Income for H1FY23 grew 26% YOY to ₹19,744 crores from ₹15,661 crores. Fee income grew 26% YOY to ₹7,438 crores. Core operating profit in H1FY23 grew 30% YOY to ₹14,357 crores from ₹11,064 crores. Operating profit in H1FY23 grew 12% YOY to ₹13,603 crores from ₹12,114 crores. Total provisions for H1FY23 stood at ₹909 crores, down 82% over the same period last fiscal. Net Profit for H1FY23 grew 79% to ₹9,455 crores from ₹5,293 crores in H1FY22.

Balance Sheet: As on 30th September 2022

The Bank's balance sheet grew 13% YOY and stood at ₹11,85,272 crores as on 30th September 2022. The total deposits grew by 10% YOY on quarterly average balance (QAB) basis as well as on period end basis. On QAB basis, savings account deposits grew 14% YOY and 3% QOQ, current account deposits grew 11% YOY; and total term deposits grew 8% YOY. On MEB basis, the share of CASA deposits in total deposits stood at 46%, up 172 bps YOY & 251 bps QOQ.

The Bank's net advances grew 18% YOY and 4% QOQ to ₹7,30,875 crores as on 30th September 2022. Domestic net loans grew 20% YOY and 4% QOQ. The advances growth (gross of transfers through inter-bank participation certificates) was 19% YOY and 5% QOQ. Retail loans grew 22% YOY and 3% QOQ to ₹4,23,235 crores and accounted for 58% of the net advances of the Bank. The share of secured retail loans was ~ 79%, with home loans comprising 35% of the retail book. Home loans grew 13% YOY, Small Business Banking (SBB) grew 69% YOY and 12% QOQ; and rural loan portfolio grew 46% YOY and 2% QOQ. Unsecured personal loans grew 22% YOY and 4% QOQ; Credit Card advances grew 47% YOY and 14% QOQ respectively. SME book that remains well diversified across geographies and sectors, grew 28% YOY and 7% QOQ to ₹78,209 crores. Corporate loan book grew 7% YOY and 6% QOQ to ₹2,29,431 crores with domestic corporate book up 9% YOY and 7% QOQ. Mid-corporate book grew 49% YOY and 9% QOQ. 89% of corporate book is now rated A- and above with 89% of incremental sanctions in H1FY23 being to corporates rated A- and above.

The book value of the Bank's Investments portfolio as on 30th September 2022, was ₹2,87,621 crores, of which ₹2,36,521 crores were in government securities, while ₹44,990 crores were invested in corporate bonds and ₹6,110 crores in other securities such as equities, mutual funds, etc. Out of these, 70% are in held till maturity (HTM) category, while 28% of investments are available for sale (AFS) and 2% are in held for trading (HFT) category.

Payments and Digital

The Bank issued 1.04 million new credit cards in Q2FY23. The Bank has been one of the highest credit card issuers in the country over last three quarters and has gained incremental spends market share of 13% in the last 9 months¹. The Bank continues to remain among the top players in the Retail Digital banking space.

- **94%** - Share of digital transactions in the Bank's total financial transactions by individual customers in Q2FY23
- **92%** - YOY growth in mobile banking transaction volumes in Q2FY23, with market share of 15%
- **73%** - YOY growth in total UPI transaction value in Q2FY23. Market share in UPI transactions at 16%
- **72%** - SA accounts opened through tab banking in Q2FY23
- **63%** - Retail term deposits (by volume) opened digitally in Q2FY23
- **44%** - New mutual fund SIPs sourced (by volume) through digital channels in Q2FY23

The Bank's focus remains on reimagining end-to-end journeys and transforming the core and becoming a partner of choice for ecosystems. Axis Mobile is among the world's* highest rated mobile banking app on Google Play store with ratings of

*across 59 global banks, 8 global neo banks and 50 Indian fintech apps on Google Playstore with 15 lakh+ reviews

¹ as per RBI reported data from Nov-21 to Aug-22

4.8 and over 16 lakh reviews. The Bank's mobile app continues to see strong growth, with Monthly Active Users of 10.5 million and nearly ~6.2 million non-Axis Bank customers using Axis Mobile and Axis Pay apps. The Bank has been among the first to go live on Account Aggregator (AA) network and has seen strong initial traction in AA based digital lending. The Bank now has over 85+ partnerships across platforms and ecosystems and has 350+ APIs hosted on its API Developer Portal. On WhatsApp banking, the Bank now has ~6.9 million customers on board since its launch in 2021.

Wealth Management Business – Burgundy

The Bank's wealth management business is among the largest in India with assets under management (AUM) of ₹2,68,754 crores as at end of 30th September 2022. Burgundy Private, the Bank's proposition for high and ultra-high net worth clients, covers 4,035 families, up from 2,790 families in last one year. The AUM for Burgundy Private increased 25% YOY to ₹94,783 crores.

Capital Adequacy and Shareholders' Funds

The shareholders' funds of the Bank grew 16% YOY and 4% QOQ and stood at ₹1,24,564 crores as on 30th September 2022. As on 30th September 2022, the Capital Adequacy Ratio (CAR) and CET1 ratio including profit for H1FY23 was 17.72% and 15.14% respectively. Additionally, the Bank held ₹5,012 crores of COVID provisions, not considered for CAR calculation, providing cushion of 55 bps over the reported CAR. The Bank is now close to attaining self-sustaining capital structure, with capital accretion through profits being sufficient to fund H1FY23 growth. The Book value per equity share increased from ₹349 as of 30th September, 2021 to ₹405 as of 30th September, 2022.

Asset Quality

As on 30th September, 2022 the Bank's reported Gross NPA and Net NPA levels were 2.50% and 0.51% respectively as against 2.76% and 0.64% as on 30th June, 2022.

Gross slippages during the quarter were ₹3,383 crores, compared to ₹3,684 crores in Q1FY23 and ₹5,464 crores in Q2FY22. Recoveries and upgrades from NPAs during the quarter were ₹2,826 crores. Consequently, the net slippages in NPAs (before write-offs) for the quarter of ₹557 crores as compared to ₹727 crores in Q1FY23 and ₹707 crores in Q2FY22. The net slippages in Retail and CBG stood at ₹1,003 crores, ₹49 crores respectively and net slippages in Corporate were negative ₹495 crores. In addition to recoveries and upgrades previously mentioned, recoveries from written off accounts were ₹709 crores. Hence net slippages adjusted for recoveries from written off accounts were negative ₹152 crores. The Bank in the quarter wrote off NPAs aggregating ₹1,700 crores.

As on 30th September, 2022, the Bank's provision coverage, as a proportion of Gross NPAs stood at 80%, as compared to 70% as at 30th September, 2021 and 77% as at 30th June, 2022.

The fund based outstanding of standard restructured loans implemented under resolution framework for COVID-19 related stress (Covid 1.0 and Covid 2.0) declined during the quarter and as at 30th September, 2022 stood at ₹2,996 crores that translates to 0.38% of the gross customer assets. The Bank carries a provision of ~ 23% on restructured loans, which is in excess of regulatory limits.

Network

As on 30th September, 2022, the Bank had a network of 4,760 domestic branches and extension counters situated in 2,676 centres compared to 4,679 domestic branches and extension counters situated in 2,658 centres as at 30th September, 2021. As on 30th September, 2022, the Bank had 16,043 ATMs and cash recyclers spread across the country. The Bank's Axis Virtual Centre is present across six centres with over 1,500 Virtual Relationship Managers as on 30th September 2022.

Key Subsidiaries' Performance

The Bank's domestic subsidiaries delivered steady performance with annualized H1FY23 PAT of ₹1,170 crores, up 14% YOY.

- **Axis Finance:** Axis Finance has been investing in building a strong customer focused franchise. Its overall AUM grew 53% YOY. Retail book grew over 2.6 times and constituted 39% of total loans, up from 8% two years back. The focus in wholesale business continues to be on well rated companies and cash flow backed transactions. Axis Finance remains well capitalized with Capital Adequacy Ratio of 19.6%. The book quality remains strong with net NPA at 0.42%, and near zero restructuring. Axis Finance H1FY23 PAT was ₹210 crores, up 53% YOY from ₹138 crores in H1FY22.
- **Axis AMC:** Axis AMC's average AUM for the quarter grew by 4% YOY to ₹2,48,343 crores. Its Q2FY23 PAT grew 28% YOY to ₹95 crores from ₹74 crores in Q2FY22. H1FY23 PAT grew 24% YOY to ₹183 crores from ₹147 crores in H1FY22.
- **Axis Capital:** Axis Capital completed 11 and 21 investment banking transactions in Q2FY23 and H1FY23 respectively. Its PAT for H1FY23 stood at ₹64 crores.
- **Axis Securities:** Axis Securities' broking revenues for Q2FY23 and H1FY23 grew 11% and 9% YOY to ₹178 crores and ₹336 crores respectively. PAT for H1FY23 stood at ₹100 crores.

₹ crore

Financial Performance	Q2 FY23	Q2 FY22	% Growth
Net Interest Income	10,360	7,900	31%
Other Income	3,941	3,798	4%
- Fee Income	3,862	3,231	20%
- Trading Income	(86)	473	-
- Miscellaneous Income	165	94	73%
Operating Revenue	14,301	11,699	22%
Core Operating Revenue*	14,387	11,226	28%
Operating Expenses	6,585	5,771	14%
Operating Profit	7,716	5,928	30%
Core Operating Profit*	7,802	5,456	43%
Net Profit	5,330	3,133	70%
EPS Diluted (₹) (annualized)	68.36	40.42	
Return on Average Assets (annualized)	1.80%	1.19%	
Return on Equity (annualized)	18.49%	12.72%	

* excluding trading profit

₹ crore

Balance Sheet	As on	As on
	30th September'22	30th September'21
CAPITAL AND LIABILITIES		
Capital	614	613
Reserves & Surplus	1,23,950	1,06,470
Employee Stock Options Outstanding	298	82
Deposits	8,10,807	7,36,286
Borrowings	1,81,400	1,58,709
Other Liabilities and Provisions	68,203	48,578
Total	11,85,272	10,50,738
ASSETS		
Cash and Balances with RBI and Banks and Money at Call and Short Notice	71,209	96,969
Investments	2,87,621	2,49,816
Advances	7,30,875	6,21,719
Fixed Assets	4,730	4,280
Other Assets	90,837	77,954
Total	11,85,272	10,50,738

Note - Prior period numbers have been regrouped as applicable for comparison.

₹ crore

Business Performance	As on 30 th September'22	As on 30 th September'21	% Growth
Total Deposits (i)+(ii)	8,10,807	7,36,286	10%
(i) CASA Deposits	3,74,638	3,27,581	14%
- Savings Bank Deposits	2,52,244	2,22,932	13%
- Current Account Deposits	1,22,394	1,04,649	17%
CASA Deposits as % of Total Deposits	46%	44%	
(ii) Term Deposits	4,36,169	4,08,705	7%
- Retail Term Deposits	2,88,076	2,90,423	(1%)
- Non Retail Term Deposits	1,48,093	1,18,282	25%
CASA Deposits on a Quarterly Daily Average Basis (QAB)	3,42,055	3,02,712	13%
CASA Deposits as % of Total Deposits (QAB)	44%	42%	
Net Advances (a) +(b) + (c)	7,30,875	6,21,719	18%
(a) Corporate	2,29,431	2,14,961	7%
(b) SME	78,209	61,155	28%
(c) Retail	4,23,235	3,45,603	22%
Investments	2,87,621	2,49,816	15%
Balance Sheet Size	11,85,272	10,50,738	13%
Gross NPA as % of Gross Customer Assets	2.50%	3.53%	
Net NPA as % of Net Customer Assets	0.51%	1.08%	
Equity Capital	614	613	0.2%
Shareholders' Funds	1,24,564	1,07,083	16%
Capital Adequacy Ratio (Basel III)	16.52%	19.23%	
- Tier I	14.55%	16.73%	
- Tier II	1.97%	2.50%	
Capital Adequacy Ratio (Basel III) (incl. profit)	17.72%	20.04%	
- Tier I	15.75%	17.54%	
- Tier II	1.97%	2.50%	

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.