

PRESS RELEASE

AXIS BANK ANNOUNCES FINANCIAL RESULTS FOR THE QUARTER AND NINE-MONTHS ENDED 31st DECEMBER 2015

Results at a Glance

- Net Profit for Q3FY16 grew 15% YOY to ₹2,175 crores and for 9MFY16 grew 17% YOY to ₹6,069 crores
- The Bank's Retail franchise registered strong performance
 - CASA, for Q3FY16, grew 17% YOY and constitutes 43% of Total Deposits
 - Savings Account balances grew at 16% YOY
 - Retail Advances growth continues to be strong at 27% YOY
 - Retail Advances now account for 40% of Net Advances of the Bank
 - Retail Fee Income in Q3FY16 grew 14% YOY and constitutes 40% of Total Fee Income
- The Bank's GNPA and Net NPA levels were 1.68% and 0.75% respectively in Q3FY16 as against 1.38% and 0.48% respectively, in the previous quarter.
- In Q3FY16, the Bank has taken into account the full impact of the asset quality review conducted by RBI
- Net Advances grew 21%, led by Retail growing at 27% followed by Corporate Advances growing at 21%
- The Bank is well capitalised with a healthy Capital Adequacy Ratio (CAR). Under Basel III, Total CAR & Tier I CAR (including the net profit for 9MFY16) stood at 15.47% and 12.35% respectively

The Board of Directors of Axis Bank Limited approved the financial results for the quarter and nine months ended 31st December 2015 at its meeting held in Mumbai on Wednesday, 20th January 2016. The results have been subjected to a Limited Review by the Bank's Statutory Auditors.

Profit & Loss Account: Period ended 31st December 2015

• Core Operating Profit and Net Profit

Earnings quality remained strong with the Bank showing a healthy financial performance in terms of growth in core revenues for the quarter and nine months ended 31st December 2015. The Bank's Core Operating Profit for Q3FY16 grew by a robust 20% YOY to ₹3,571 crores, and for 9MFY16 grew by 24% YOY to ₹10,477 crores. The Net Profit for Q3FY16 and 9MFY16 grew by 15% YOY and 17% YOY to ₹2,175 crores and ₹6,069 crores respectively.

• Net Interest Income and Net Interest Margin

The Bank's Net Interest Income (NII) grew by 16% YOY to ₹4,162 crores during Q3FY16 from ₹3,590 crores in Q3FY15. Net interest margin for Q3FY16 remained healthy and stood at 3.79%. NII for 9MFY16 also rose 18% YOY to ₹12,280 crores from ₹10,425 crores during 9MFY15.

- **Other Income**

Other income (comprising fee, trading profit and miscellaneous income) for Q3FY16 grew 15% YOY and stood at ₹2,338 crores as against ₹2,039 crores during the same period last year. During 9MFY16, other income grew 18% YOY and stood at ₹6,677 crores. During the quarter, fee income grew 12% YOY to reach ₹1,885 crores. The key driver to the growth in fee income was Retail Banking, which grew by 14% YOY and constituted 40% of the Bank's total fee income. Transaction Banking fees grew 9% YOY and constituted 20% of the total fee income. Treasury & DCM fee performance was robust and grew 15% YOY to constitute 10% of the total fee income of the Bank. During 9MFY16, fee income grew 13% YOY primarily driven by 17% YOY growth in retail fee and 37% YOY growth in Treasury & DCM.

Balance Sheet: As on 31st December 2015

The Bank's Balance Sheet grew 18% YOY and stood at ₹4,96,391 crores as on 31st December 2015. The Bank's Advances grew 21% YOY to ₹3,15,367 crores as on 31st December 2015. Retail Advances grew 27% YOY and stood at ₹1,25,796 crores and accounted for 40% of the Net Advances of the Bank. If we were to include SME loans that qualify as regulatory retail, the share of retail loans to total loans would be 45%. Corporate credit grew 21% YOY and stood at ₹1,48,385 crores; and accounted for 47% of Net Advances. SME Advances grew 7% YOY and stood at ₹41,186 crores.

The book value of the Bank's investments portfolio as on 31st December 2015, was ₹1,15,445 crores, of which ₹83,711 crores were in government securities, while ₹23,997 crores were invested in corporate bonds and ₹7,737 crores in other securities such as equities, preference shares, mutual funds, etc.

CASA Deposits as on 31st December 2015 constituted 43% of total deposits. Savings Account balances grew at a strong 16% YOY, up sharply from the 12% YOY growth we had last quarter. CASA, on a daily average basis, recorded a growth of 14%, in which Savings Bank Deposits recorded a growth of 13% YOY, while Current Account deposits grew by 15%. The proportion of CASA on a daily average basis remained at the same level as the previous quarter and constituted 40% of total deposits.

CASA and Retail Term Deposits constituted 79% of Total Deposits as on 31st December 2015 compared to 78% as on 31st December 2014.

Capital Adequacy and Shareholders' Funds

The shareholders' funds of the Bank grew 17% YOY and stood at ₹51,047 crores as on 31st December 2015. The Bank is well capitalised. Under Basel III, the Capital Adequacy Ratio (CAR) and Tier I CAR as on 31st December 2015 (including the net profit for 9MFY16) was 15.47% and 12.35% respectively.

Asset Quality

As a prudent measure, the Bank has fully recognized the necessary impairment and the resultant provisioning impact of the asset reclassification as per RBI's assessment in the current quarter itself. Consequently, as on 31st December 2015, the Bank's GNPA and Net NPA levels were 1.68% and 0.75% respectively, as against 1.38% and 0.48% respectively as on 30th September 2015.

As on 31st December 2015, the Bank's provision coverage, as a proportion of Gross NPAs including prudential write-offs, was 72%. The provision coverage before accumulated write-offs was 82%.

As on 31st December 2015, the Bank's Gross NPA was ₹5,724 crores against ₹4,451 crores as on 30th September 2015. During the quarter, the Bank added ₹2,082 crores to Gross NPAs, and Recoveries and upgrades were ₹156 crores. There were no sales to ARCs during the quarter. The cumulative value of net restructured advances as on 31st December 2015 stood at ₹7,745 crores, constituting 2.31% of net customer assets, compared to ₹8,426 crores, constituting 2.65% of net customer assets as on 30th September 2015.

Network

During Q3FY16, the Bank added 62 branches to its network across the country, pushing up the tally to 216 new branches in 9MFY16. As on 31st December 2015, the Bank had a network of 2,805 domestic branches and extension counters situated in 1,796 centres compared to 2,558 domestic branches and extension counters situated in 1,708 centres last year. As on 31st December 2015, the Bank had 12,631 ATMs spread across the country.

International Business

The Bank has nine international offices with branches at Singapore, Hong Kong, Dubai (at the DIFC), Colombo and Shanghai; representative offices at Dubai, Abu Dhabi, Dhaka and an overseas subsidiary at London, UK. The international offices focus on corporate lending, trade finance, syndication and investment banking and liability businesses.

The total assets under overseas branches were USD 8.06 billion as on 31st December 2015.

Appointment of Additional Independent Director

Ms. Ketaki Bhagwati has joined the Board of Directors as an Additional Independent Director with effect from 19th January 2016. Ms. Bhagwati is a former Chief Investment Officer in the Financial Institutions Group at the International Finance Corporation (IFC). She has over twenty four years of experience in private equity, M&A, debt & structured finance and distressed asset workouts. Ms. Bhagwati has a Bachelors of Arts from Wellesley College (USA) and a Master of Public Administration from Harvard University's John F. Kennedy School of Government.

She is currently a member of the Wellesley College Business Leadership Council and Golden Seeds, an early stage investment firm with a focus on women leaders.

Appointment of Additional Non-Executive Director

Mr. B. Babu Rao has joined the Board of Directors as an Additional Non-Executive Director (Nominee of SUUTI) with effect from 19th January 2016. Mr. Rao has more than 26 years of experience in the area of Finance, Capital Markets and Fund Management in UTI Mutual Fund. Mr. B. Babu Rao is an MBA from Indian Institute of Management, Ahmedabad.

Mr. Rao is currently managing the activities of the Specified Undertaking of UTI (SUUTI) on deputation from UTI Asset Management Company Ltd.

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

For further information, please contact Mr. Suresh Warriar at 91-22-24255601 or email: suresh.warrier@axisbank.com

₹ crore

Financial Performance	Q3FY16	Q3FY15	% Growth	9MFY16	9MFY15	% Growth
Net Profit	2,175.30	1,899.76	14.50	6,069.38	5,177.23	17.23
EPS Diluted (₹)	36.15	31.66	14.18	33.76	28.89	16.86
Net Interest Income	4,162.06	3,589.56	15.95	12,280.38	10,424.90	17.80
Other Income	2,337.78	2,039.07	14.65	6,677.45	5,677.73	17.61
- Fee Income	1,884.70	1,686.42	11.76	5,248.15	4,654.96	12.74
- Trading Income	337.81	329.03	2.67	1,151.79	860.08	33.92
- Miscellaneous Income	115.27	23.62	388.02	277.51	162.69	70.58
Operating Revenue	6,499.84	5,628.63	15.48	18,957.83	16,102.63	17.73
Core Operating Revenue*	6,086.07	5,299.60	14.84	17,730.08	15,212.10	16.55
Operating Expenses	2,514.78	2,314.03	8.68	7,252.75	6,730.07	7.77
Operating Profit	3,985.06	3,314.60	20.23	11,705.08	9,372.56	24.89
Core Operating Profit**	3,571.29	2,985.57	19.62	10,477.33	8,482.03	23.52

* Core Operating Revenue = Operating Revenue - Trading Income – Gain on Repatriation of profit of overseas branches

** Core Operating Profit = Operating Profit - Trading Income - Gain on Repatriation of profit of overseas branches

₹ crore

Condensed Unconsolidated Balance Sheet	As on 31st December '15	As on 31st December '14
CAPITAL AND LIABILITIES		
Capital	475.78	472.65
Reserves & Surplus	50,570.98	43,343.51
Deposits	338,342.83	291,198.65
Borrowings	91,958.25	72,987.51
Other Liabilities and Provisions	15,043.49	13,107.28
Total	496,391.33	421,109.60
ASSETS		
Cash and Balances with Reserve Bank of India and Balances with Banks and Money at Call and Short Notice	33,045.90	25,903.33
Investments	115,444.73	108,826.41
Advances	315,367.23	260,567.33
Fixed Assets	2,616.06	2,472.08
Other Assets	29,917.41	23,340.45
Total	496,391.33	421,109.60

₹ crore

Business Performance	As on 31st December '15	As on 31st December '14	% Growth
Total Deposits	338,343	291,199	16.19
Demand Deposits	146,322	125,586	16.51
- Savings Bank Deposits	92,758	79,953	16.02
- Current Account Deposits	53,564	45,633	17.38
Demand Deposits as % of Total Deposits	43%	43%	
Term Deposits	192,021	165,613	15.95
Retail Term Deposits	120,352	101,906	18.10
Demand Deposits on a Cumulative Daily Average Basis (CDAB) for the nine months	120,202	105,651	13.77
Demand Deposits as % Total Deposits (CDAB) for the nine months	40%	40%	
Net Advances (a) + (b) + (c)	315,367	260,567	21.03
(a) Corporate Credit	148,385	122,944	20.69
(b) SME	41,186	38,404	7.24
(c) Retail Advances	125,796	99,219	26.79
Investments	115,445	108,826	6.08
Balance Sheet Size	496,391	421,110	17.88
Net NPA as % of Net Customer Assets	0.75%	0.44%	
Gross NPA as % of Gross Customer Assets	1.68%	1.34%	
Equity Capital	476	473	0.63
Shareholders' Funds	51,047	43,816	16.50
Capital Adequacy Ratio (Basel III)	13.90%	14.06%	
- Tier I	10.78%	10.86%	
- Tier II	3.12%	3.20%	
Capital Adequacy Ratio (Basel III) (including Net Profit for 9M)	15.47%	15.64%	
- Tier I	12.35%	12.44%	
- Tier II	3.12%	3.20%	

In accordance with RBI circular DBR.BP.BC.No.31/21.04.018/2015-16 dated 16th July, 2015, the Bank has classified deposits placed with NABARD/SIDBI/NHB for meeting shortfall in Priority Sector Lending under 'Other Assets', which were hitherto included under 'Investments'. Figures for the previous periods have also been regrouped to conform to current period's classification.

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.