

PRESS RELEASE

AXIS BANK ANNOUNCES FINANCIAL RESULTS FOR THE QUARTER AND NINE-MONTHS ENDED 31st DECEMBER 2016

Results at a Glance

- Slippages declined sequentially, Provision Coverage improves:
 - Gross slippages declined by 48% QOQ; Provision coverage increased by over 400 basis points QOQ to 64% as on 31st December 2016.
 - The Bank's Gross NPA and Net NPA rose to 5.22% and 2.18% respectively in Q3FY17.
 - Watch List loans reduced to 2.8% of customer assets in December 2016, from 3.5% in September 2016 and 6.2% at the beginning of the current financial year.
- Profit After Taxes de-grows, stable operating performance:
 - Net Profit for Q3FY17 & 9MFY17 stood at ₹580 crores and ₹2,454 crores respectively and reported a drop of 73% YOY and 60% YOY respectively
 - Operating Profit grew by 16% YOY while Net Interest Income grew by 4% YOY
 - Net Interest Margin for Q3FY17 stood at 3.43%.
 - Other Income (including fee and trading profits) grew 45% YOY.
- Advance growth moderates, Retail remains steady:
 - Net Advances grew 10% YOY, led by Retail, which grew 19% YOY.
- Retail business momentum healthy:
 - CASA grew 21% YOY and constituted 48% of Total Deposits as on 31st December 2016.
 - Savings Account balances grew 27% YOY and stood at ₹118,072 crores as on 31st December 2016.
 - Retail Advances accounted for 43% of Net Advances; Retail Fee Income constituted 45% of Total Fee Income. Fee from the cards business grew by 23% YOY.
- Digital channel usage received an impetus led by Government focus on digitalisation:
 - Cards and mobile banking spends in Q3FY17 grew 82% YOY and 69% YOY respectively.
- The Bank further strengthened its capital position during the quarter. Under Basel III, Total CAR & Tier I CAR (including the net profit for 9MFY17) stood at 16.59% and 12.99% respectively.

The Board of Directors of Axis Bank Limited approved the financial results for the quarter and nine-months ended 31st December 2016 at its meeting held in Mumbai on Thursday, 19th January 2017. The accounts have been subjected to a Limited Review by the Bank's Statutory Auditors.

Profit & Loss Account: Period ended 31st December 2016**• Operating Profit and Net Profit**

Operating Profit for Q3FY17 and 9MFY17 grew by 16% and 13% to ₹4,640 crores and ₹13,210 crores respectively. The Net Profit for Q3FY17 and 9MFY17 contracted by 73% and 60% YOY to ₹580 crores and ₹2,454 crores respectively.

• Net Interest Income and Net Interest Margin

The Bank's Net Interest Income (NII) grew by 4% YOY to ₹4,334 crores during Q3FY17 from ₹4,162 crores in Q3FY16. Net interest margin for Q3FY17 stood at 3.43%. NII for 9MFY17 also rose 9% YOY to ₹13,365 crores from ₹12,280 crores during 9MFY16.

• Other Income

Other income (comprising fee, trading profit and miscellaneous income) for Q3FY17 stood at ₹3,400 crores as against ₹2,338 crores during the same period last year. During 9MFY17, other income grew 30% YOY and stood at ₹8,678 crores. Trading profits for the quarter grew 352% YOY and stood at ₹1,525 crores. Fee income for Q3FY17 contracted by 4% YOY to ₹1,805 crores. Fees from Retail Banking grew by 8% YOY and constituted 45% of the Bank's total fee income, while the Transaction Banking fees grew by 8% YOY and constituted 29% of the total fee income of the Bank. During 9MFY17, fee income grew 4% YOY primarily driven by 14% YOY growth in Retail fee and 11% YOY growth in Transaction Banking.

Balance Sheet: As on 31st December 2016

The Bank's Balance Sheet grew 15% YOY and stood at ₹578,763 crores as on 31st December 2016. The Bank's Advances grew 10% YOY to ₹347,175 crores as on 31st December 2016. Retail Advances grew 19% YOY and stood at ₹149,538 crores and accounted for 43% of the Net Advances of the Bank. Corporate credit grew 4% YOY and stood at ₹154,429 crores; and accounted for 44% of Net Advances. SME Advances grew 5% YOY and stood at ₹43,208 crores.

The book value of the Bank's Investments portfolio as on 31st December 2016, was ₹1,36,485 crores, of which ₹1,02,912 crores were in government securities, while ₹24,699 crores were invested in corporate bonds and ₹8,874 crores in other securities such as equities, preference shares, mutual funds, etc.

CASA Deposits as on 31st December 2016 constituted 48% of total deposits. Savings Account balances grew 27% YOY for the period ended 31st December 2016. CASA, on a daily average basis, recorded a growth of 22%, in which both Savings Bank Deposits and Current Account Deposits recorded a growth of 22% YOY. The proportion of CASA on a daily average basis constituted 42% of total deposits.

CASA and Retail Term Deposits constituted 81% of Total Deposits as on 31st December 2016 compared to 79% as on 31st December 2015.

Capital Adequacy and Shareholders' Funds

The shareholders' funds of the Bank grew 7% YOY and stood at ₹54,457 crores as on 31st December 2016. The Bank further strengthened its capital position during the quarter. Under Basel III, the Capital Adequacy Ratio (CAR) and Tier I CAR (including net profit for 9MFY17) as on 31st December 2016 was 16.59% and 12.99% respectively. During the quarter the Bank raised ₹3,500 crores by way of Additional Tier I capital.

Asset Quality

As on 31st December 2016, the Bank's Gross NPA and Net NPA levels were 5.22% and 2.18% respectively, as against 4.17% and 2.02% respectively as on 30th September 2016. As on 31st December 2016, the Bank's provision coverage, as a proportion of Gross NPAs including prudential write-offs, improved to 64% from 60% as on 30th September 2016.

As on 31st December 2016, the Bank's Gross NPA was ₹20,467 crores against ₹16,379 crores as on 30th September 2016. During the quarter, slippages were ₹4,212 crores down from ₹8,772 crores sequentially. Recoveries and upgrades were ₹350 crores while write-offs during the quarter were ₹122 crores.

As on 31st December 2016, fund based outstanding on the Bank's Watch List reduced 20% over the previous quarter and stood at ₹11,091 crores. The Watch List has reduced to 2.8% of customer assets in December 2016, from 3.5% in September 2016, from 5.4% in June 2016 and 6.2% as on 31st March 2016. On a cumulative basis for the nine-months ended 31st December 2016, 85% of corporate slippages originated from the Watch List. During the quarter reduction in the Watch List primarily represents slippages to NPAs amounting to ₹2,579 crores, which comprises 70% of the total corporate credit slippages.

The cumulative value of net restructured assets as on 31st December 2016 stood at ₹6,109 crores, constituting 1.61% of net customer assets, compared to ₹6,702 crores, constituting 1.75% of net customer assets as on 30th September 2016.

Network

During Q3FY17, the Bank added 105 branches to its network across the country. As on 31st December 2016, the Bank had a network of 3,211 domestic branches and extension counters situated in 1,946 centres compared to 2,805 domestic branches and extension counters situated in 1,815 centres last

Year. As on 31st December 2016, the Bank had 13,726 ATMs and 1,240 cash recyclers spread across the country.

Digital channels

The Bank's digital channel usage received a major fillip on the back of Governmental focus on digitalisation. During the quarter, the card usage grew a staggering 82% YOY in value terms. Mobile Banking channel also witnessed a sharp growth of 103% YOY and 69% YOY in transactions and value terms respectively.

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, investment banking and liability businesses. The total assets under overseas branches were USD 7.83 billion as on 31st December 2016.

₹ crores

Financial Performance	Q3FY17	Q3FY16	% Growth	9MFY17	9MFY16	% Growth
Net Profit	579.57	2,175.30	(73.36%)	2,454.18	6,069.38	(59.56%)
EPS Diluted (₹) annualised	9.58	36.15		13.58	33.76	
Net Interest Income	4,333.73	4,162.06	4.12%	13,364.52	12,280.38	8.83%
Other Income	3,400.21	2,337.78	45.45%	8,678.15	6,677.45	29.96%
- Fee Income	1,804.61	1,884.70	(4.25%)	5,459.15	5,248.15	4.02%
- Trading Income	1,525.44	337.81	351.57%	2,972.30	1,151.79	158.06%
- Miscellaneous Income	70.16	115.27	(39.13%)	246.70	277.51	(11.10%)
Operating Revenue	7,733.93	6,499.84	18.99%	22,042.67	18,957.83	16.27%
Core Operating Revenue*	6,208.50	6,086.07	2.01%	19,070.37	17,730.08	7.56%
Operating Expenses	3,093.71	2,514.78	23.02%	8,832.89	7,252.75	21.79%
Operating Profit	4,640.23	3,985.06	16.44%	13,209.78	11,705.08	12.86%
Core Operating Profit**	3,114.79	3,571.29	(12.78%)	10,237.48	10,477.33	(2.29%)

* Core Operating Revenue = Operating Revenue - Trading Income

** Core Operating Profit = Operating Profit - Trading Income

₹ crores

Abridged Balance Sheet	As on 31 st December'16	As on 31 st December'15
CAPITAL AND LIABILITIES		
Capital	478	476
Reserves & Surplus	53,979	50,571
Deposits	370,790	338,343
Borrowings	132,371	96,558
Other Liabilities and Provisions	21,145	18,629
Total	578,763	504,577
ASSETS		
Cash and Balances with Reserve Bank of India and Balances with Banks and Money at Call and Short Notice	51,727	33,046
Investments	136,485	120,312
Advances	347,175	315,367
Fixed Assets	3,609	2,616
Other Assets	39,767	33,236
Total	578,763	504,577

₹ crore

Business Performance	As on 31st December'16	As on 31st December'15	% Growth
Total Deposits	370,790	338,343	9.59%
Demand Deposits	176,451	146,322	20.59%
- Savings Bank Deposits	118,072	92,758	27.29%
- Current Account Deposits	58,379	53,564	8.99%
Demand Deposits as % of Total Deposits	47.59%	43.25%	
Term Deposits	194,339	192,021	1.21%
Retail Term Deposits	125,493	120,352	4.27%
Demand Deposits on a Cumulative Daily Average Basis (CDAB) for the nine months	147,104	120,202	22.38%
Demand Deposits as % Total Deposits (CDAB) for the nine months	42%	40%	
Net Advances (a) +(b) + (c)	347,175	315,367	10.09%
(a) Corporate Credit	154,429	148,385	4.07%
(b) SME	43,208	41,186	4.91%
(c) Retail Advances	149,538	125,796	18.87%
Investments	136,485	120,312	13.44%
Balance Sheet Size	578,763	504,577	14.70%
Net NPA as % of Net Customer Assets	2.18%	0.75%	
Gross NPA as % of Gross Customer Assets	5.22%	1.68%	
Equity Capital	478	476	
Shareholders' Funds	54,457	51,047	
Capital Adequacy Ratio (Basel III)	16.03%	13.90%	
- Tier I	12.43%	10.78%	
- Tier II	3.60%	3.12%	
Capital Adequacy Ratio (Basel III) (including Net Profit for 9M)	16.59%	15.47%	
- Tier I	12.99%	12.35%	
- Tier II	3.60%	3.12%	

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

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Safe Harbor

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