

**AXIS BANK ANNOUNCES FINANCIAL RESULTS
FOR THE QUARTER AND YEAR ENDED 31st MARCH 2020**

Results at a Glance

- **Strong operating performance:**
 - Operating profit for Q4FY20 grew by 17% YOY to 5,851 crores
 - Net Interest Income in Q4FY20 grew by 19% YOY to ₹6,808 crores; NIM was 3.55%
 - Operating profit for FY20 grew by 23% YOY to ₹23,438 crores
 - Net Interest Income in FY20 grew by 16% YOY to ₹25,206 crores; NIM for FY20 was 3.51%
 - Net profit for FY20 was ₹1,627 crores. Adjusted for the one-offs, net profit for FY20 would have been ₹5,182 crores up 11% YoY
- **Growth in Deposits continues to drive Loan growth:**
 - Total deposits grew 19% YOY on quarterly average basis (QAB)
 - Savings Account deposits grew 13% YOY, Current Account deposits grew by 11% YOY and Retail Term Deposits (RTD) were up 33% YOY on QAB basis. CASA ratio was 39% on QAB basis
 - The Bank added 478 branches to its domestic network in FY20
 - Loan book grew by 15% YOY with Retail loans up 24% YOY and Corporate loans up 11% YOY
- **Well capitalized with adequate liquidity buffers:**
 - Overall capital adequacy at 17.53% with Common Equity Tier 1 ratio of 13.34% at the end of FY20
 - Liquidity Coverage Ratio, currently at 120%, with excess SLR of ₹48,463 Crores
- **Business segments' performance:**
 - Retail loans accounted for 53% of total loans; Retail fee constituted 64% of total fees
 - 80% of Retail book is secured, home loans constitute 35%
 - Over 80% of the unsecured loans are to ETB customers and over 80% are to salaried
 - In Corporate segment, 83% of the book and 95% of incremental sanctions are to A- and above;
- **Asset quality metrics improving, additional provisions held of Rs. 5,983 crores:**
 - NNPA declined to 1.56%, from 2.09% on QOQ basis
 - GNPA impact of 11 bps on account of April 17 2020, dispensation not availed for RBI circular of June 7 2019
 - During the quarter, the Bank has made provisions of ₹7,730 crores including ₹3,000 crores related to COVID; taking the overall additional provisions held by the Bank to ₹5,983 crores. The overall additional provisions held by the Bank towards various contingencies together with the standard asset provisions, translate to a standard asset coverage of 1.3% at March 31, 2020.
 - Overall PCR* improved to 69% as at end of Q4FY20, compared to 60% for Q3FY20 and 62% for Q4FY19
- **Among the top players in the digital space:**
 - Mobile banking spends grew 44% YOY
 - Market share in UPI transactions stood at 15% for Q4FY20; quarterly transactions up 135% YOY
 - Share of digital channels in sourcing fixed deposits and personal loan disbursements stood at 66% and 48%, respectively in Q4FY20

* PCR excluding technical write-offs

The Board of Directors of Axis Bank Limited approved the financial results for the quarter and year ended 31st March 2020 at its meeting held in Mumbai on Tuesday, 28th April 2020.

Profit & Loss Account: Period ended 31st March 2020

Operating Profit and Net Profit

The Bank's operating profit for the quarter was ₹5,851 crores, up 17% YOY from ₹5,014 crores in Q4FY19. Net loss for Q4FY20 stood at Rs. 1,388 crores.

For FY20, the operating profit grew 23% YOY to ₹23,438 crores from ₹19,005 crores in FY19. For FY20 Net profit de-grew 65% YOY to ₹1,627 crores, and was impacted on account of higher provisions taken in FY20 and the one time DTA charge taken in Q2 to incorporate revised corporate tax rates. Adjusted for these one-offs, net profit for FY20 would have been ₹5,182 crores up 11% YoY.

Net Interest Income and Net Interest Margin

The Bank's Net Interest Income (NII) grew 19% YOY to ₹6,808 crores during Q4FY20 from ₹5,706 crores in Q4FY19. NII for FY20 rose 16% YOY to ₹25,206 crores from ₹21,708 crores in FY19. Net interest margin for Q4FY20 was 3.55%, NIM for FY20 stood at 3.51%.

Other Income

Non-Interest Income (comprising of fee, trading profit and miscellaneous income) for Q4FY20 grew 13% to ₹3,985 crores. Fee income for Q4FY20 grew 6% QOQ to ₹2,931 crores. Retail fees constituted 64% of the Bank's total fee income. Transaction Banking fee, part of wholesale fees grew 8% YOY. Miscellaneous Income, for the quarter stood at ₹790 crores as compared to ₹153 crores in Q4FY19 driven by higher recoveries during the quarter.

For FY20, Non-Interest Income grew 18% YOY and stood at ₹15,537 crores, of which fee income grew 9% YOY primarily driven by 15% YOY growth in Retail fee and 6% YOY growth in Transaction banking. For FY20, the recoveries in written-off accounts stood at ₹1,553 crores.

Provisions and contingencies

Specific Loan Loss Provisions for Q4FY20 were ₹4,204 crores, compared to ₹1,714 crores in Q4 last year and ₹2,962 crores in Q3FY20. The Bank held additional provisions of around ₹2,558 crores towards various contingencies at the end of Q3FY20. The Bank made other provisions aggregating ₹3,526 crores in Q4 FY20 of which ₹3,000 crores is towards COVID-19. At March 31, 2020, the Bank holds in aggregate additional provisions of ₹5,983 crores. It is pertinent to note that this is over and above the NPA provisioning included in our PCR calculations, and the 0.4% standard asset provisioning requirement on Standard assets.

The overall additional provisions held by the Bank towards various contingencies together with the standard asset provisions, translate to a standard asset coverage of 1.3% at March 31, 2020.

Balance Sheet: As on 31st March 2020

The Bank's balance sheet grew 14% YOY and stood at ₹9,15,165 crores as on 31st March 2020.

The total deposits on quarterly average basis (QAB) grew by 19% and 17% YOY on period end basis. Savings account deposits grew 13% YOY and 3% QOQ, Current Account deposits grew 11% YOY and Retail Term Deposits grew 33% YOY. CASA and Retail Term Deposits on a QAB basis put together recorded a growth of 22% YOY. The share of CASA and Retail Term Deposits in the Total Deposits was 80% as of 31st March 2020.

The Bank's advances grew 15% YOY to ₹5,71,424 crores as on 31st March 2020. The Bank's loan to deposit ratio stood at 89%. Retail loans grew 24% YOY to ₹3,05,400 crores and accounted for 53% of the net advances of the Bank. The growth in Retail advances was driven by all product segments across home loans, auto loans, personal loans, small business loans etc. The share of secured loans was 80% with home loans comprising 35% of the Retail book. SME loan book stood at ₹61,921 crores. 85% of the SME book is secured with predominantly working capital financing, and is well diversified across geographies and sectors. Corporate loan book grew by 11% to ₹2,04,103 crores. 83% of Corporate book is now rated A- and above with 95% of incremental sanctions in FY20 being to corporates rated A- and above.

The book value of the Bank's Investments portfolio as on 31st March 2020, was ₹1,56,734 crores, of which ₹1,25,982 crores were in government securities, while ₹21,303 crores were invested in corporate bonds and ₹9,449 crores in other securities such as equities, preference shares, mutual funds, etc. Out of these, 73% are in held till maturity (HTM) category, while 23% of investments are available for sale (AFS) and 4% are in held for trading (HFT) category.

Capital Adequacy and Shareholders' Funds

The shareholders' funds of the Bank grew 27% YOY and stood at ₹84,948 crores as on 31st March 2020. Under Basel III, the Capital Adequacy Ratio (CAR) and CET1 ratio as on 31st March 2020 were 17.53% and 13.34% respectively.

Asset Quality

As on 31st March 2020, the Bank's Gross NPA and Net NPA levels were 4.86% and 1.56% respectively, as against 5.00% and 2.09% respectively as on 31st December 2019.

The Bank has recognized slippages of ₹3,920 crores during Q4FY20, compared to ₹6,214 crores in Q3FY20 and ₹3,012 crores in Q4FY19. Slippages from the loan book were at ₹3,418 crores and that from investment exposures stood at ₹502 crores. Corporate slippages stood at ₹1,839 crores. Excluding one account of ₹750 crores which got upgraded during the quarter and downgraded again out of total corporate slippages, 84% of this came from previously disclosed BB and below rated clients (fund based loans, non-fund based loans and investment holdings). Recoveries and upgrades from NPAs during the quarter were ₹2,489 crores while write-offs were ₹1,270 crores. Consequently, net slippages (before write-offs)

for the quarter stood at ₹1,431 crores compared to ₹3,792 crores in Q3FY20 and ₹636 crores in Q4FY19. Net slippages (before write-offs) in Retail and SME stood at ₹305 crores and ₹107 crores respectively.

As on 31st March 2020, the Bank's Gross NPA stood at ₹30,234 crores and Net NPA stood at ₹9,360 crores. As on 31st March 2020, the Bank's provision coverage, as a proportion of Gross NPAs stood at 69%.

Network

During Q4FY20, the Bank added 113 branches (including extension counters) to its network across the country. As on 31st March 2020, the Bank had a network of 4,528 domestic branches and extension counters situated in 2,559 centres compared to 4,050 domestic branches and extension counters situated in 2,366 centres last year. As on 31st March 2020, the Bank had 12,044 ATMs and 5,433 cash recyclers spread across the country.

Digital

Axis Bank continues to remain amongst the top players in mobile banking space - both in terms of transaction value and volumes, as per the latest RBI data available till January 2020. Axis Bank's mobile banking transaction volumes in Q4 grew by 79% YOY while the mobile spends reported a growth of 44% YOY. Axis Bank currently has 92 million registered Virtual Private Address (VPA) with the Bank. The Bank processed over 580 million Unified Payment Interface (UPI) transactions in Q4 with total transaction value growing 109% YOY to ₹63,391 crores. During the quarter, credit card usage witnessed growth of 10% YOY in value terms to ₹18,321 crores. The share of digital transactions in the overall transaction mix for the Bank remained strong at 84% as at end of March 2020. The contribution of Digital channels towards the business growth continues to rise steadily; 66% of fixed deposits, 53% of new mutual fund SIPs sourced and 48% of personal loan disbursements in Q4 were through digital channels.

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 ₹147,000 crores as at end of March 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 850 families across 15 key locations with assets of nearly ₹ 18,000 Crores as at March 31, 2020.

Joint venture between Max Financial Services and Axis Bank

Axis Bank Limited (Axis Bank) and Max Financial Services Limited (MFS) today announced the signing of definitive agreements to become joint venture partners in Max Life Insurance Company Limited (Max Life). Axis Bank will hold 30% stake in Max Life post transaction closure, thus making Max Life a 70:30 joint-venture between MFS and Axis Bank. The proposed transaction is subject to approval of requisite corporate and regulatory authorities (including RBI, IRDAI and CCI).

The development will result in a mutually beneficial and enduring relationship between Axis Bank and Max Life and bring the stability of a long term partnership to India's fourth largest private life insurance franchise. The two companies have had a successful business relationship for over a decade, providing long term saving and protection products to over 19 lakh

customers. The total premium generated through this relationship has aggregated to over Rs. 38,000 crore. To enhance customer trust further and highlight the strength of the partnership, Max Life's tag line will now include the Axis Bank name.

Axis Bank's response to COVID-19 challenges

The past several weeks have witnessed the country battling an unprecedented crisis. The Bank was quick to recognize the gravity of the situation – a senior Central Emergency Response Team (CERT) was activated over a month before the lockdown. The Bank has been continuously monitoring the situation since, charting out steps to protect its stakeholders, while also providing uninterrupted and seamless services to customers through digital channels and branches. Over 99% of branches and 96% of the Bank's ATMs are operational. A special mention of Axis Bank employees, who demonstrated exemplary service and commitment levels in reaching out to customers in Retail, SME, Corporate and Government, and have kept the bank up and running as an essential service in this hour of need. Axis Bank is proud of them and salutes their spirit.

A large majority of Axis Bank employees are working from home. The Bank has strengthened its Information security monitoring and Cyber Security Risk Measures to mitigate potential threats, risks and challenges during this transition to the new way of working. Skill development has also been a focus via online training, with several training modules enabled on mobile phones, thus ensuring that the learning curve is improved during this period.

The Bank continues to support all citizens of India, and stands one with the nation at this crucial juncture. It has set aside Rs.100 crore to support customers, employees, vendors, government agencies and the community at large towards curbing the spread of the virus. Many of the initiatives are already underway. For customers, Axis Bank has provided the option of availing moratorium in line with the RBI's instructions and waived off several charges towards ATM withdrawals and other banking services. Axis Bank is also privileged to have been given the mandate to collect donations for the PM CARES Fund. Axis Group employees are contributing a day's salary for the Fund, which will be matched by an equal contribution by the Bank and its Subsidiaries. Axis Bank Foundation has partnered with NGO's to provide food and hygiene supplies to rural communities, while also creating awareness about the pandemic.

Amitabh Chaudhry, MD&CEO, Axis Bank said, "The crisis we are facing as a nation is a long drawn one and it will need courage, grit and a fighting spirit to combat it. We believe in learning from all adversaries. For example, the lock-down has taught us how Work From Home (WFH) can be more productive and convenient. We are now exploring if WFH can become a part of our work culture going ahead. We will keep learning and pushing our limits to emerge stronger as an organization."

₹ crore

Financial Performance	Q4FY20	Q4FY19	% Growth	FY20	FY19	% Growth
Net Interest Income	6,808	5,706	19%	25,206	21,708	16%
Other Income	3,985	3,526	13%	15,537	13,130	18%
- Fee Income	2,931	3,020	-3%	11,019	10,127	9%
- Trading Income	264	354	-25%	2,420	971	149%
- Miscellaneous Income	790	152	416%	2,098	2,032	3%
- Recoveries	654	162	304%	1,553	1,867	(17%)
Operating Revenue	10,793	9,232	17%	40,743	34,839	17%
Operating Expenses	4,942	4,218	17%	17,305	15,833	9%
Operating Profit	5,851	5,014	17%	23,438	19,005	23%
Net Profit/(Loss)	(1,388)	1,505	-	1,627	4,677	(65%)
EPS Diluted (₹) annualized	(19.79)	23.61		5.97	18.09	
Return on Average Assets (annualized)	(0.62%)	0.78%		0.20%	0.63%	
Return on Equity (annualized)	(7.08%)	10.30%		2.34%	8.09%	

₹ crore

Balance Sheet	As on	As on
	31 st March '20	31 st March '19
CAPITAL AND LIABILITIES		
Capital	564	514
Reserves & Surplus	84,384	66,162
Deposits	6,40,105	5,48,471
Borrowings	1,47,954	1,52,776
Other Liabilities and Provisions	42,158	33,074
Total	9,15,165	8,00,997
ASSETS		
Cash and Balances with RBI and Banks and Money at Call and Short Notice	97,268	67,205
Investments	1,56,734	1,74,969
Advances	5,71,424	4,94,798
Fixed Assets	4,313	4,037
Other Assets	85,426	59,988
Total	9,15,165	8,00,997

₹ crore

Business Performance	As on	As on	% Growth
	31 st March'20	31 st March'19	
Total Deposits (i)+(ii)	6,40,105	5,48,471	17%
(i) Demand Deposits	2,63,706	2,43,394	8%
- Savings Bank Deposits	1,73,592	1,54,129	13%
- Current Account Deposits	90,114	89,265	1%
Demand Deposits as % of Total Deposits	41%	44%	
(ii) Term Deposits	3,76,399	3,05,077	23%
- Retail Term Deposits	2,53,437	1,98,914	27%
- Non Retail Term Deposits	1,22,962	1,06,163	16%
Demand Deposits on a Quarterly Daily Average Basis (QAB)	2,35,177	2,09,676	12%
Demand Deposits as % of Total Deposits (QAB)	39%	41%	
Net Advances (a) +(b) + (c)	5,71,424	4,94,798	15%
(a) Corporate	2,04,103	1,83,402	11%
(b) SME	61,921	65,584	(6%)
(c) Retail	3,05,400	2,45,812	24%
Investments	1,56,734	1,74,969	(10%)
Balance Sheet Size	9,15,165	8,00,997	14%
Gross NPA as % of Gross Customer Assets	4.86%	5.26%	
Net NPA as % of Net Customer Assets	1.56%	2.06%	
Equity Capital	564	514	
Shareholders' Funds	84,948	66,676	
Capital Adequacy Ratio	17.53%	15.84%	
- Tier I	14.49%	12.54%	
- Tier II	3.04%	3.30%	