

PRESS RELEASE

AXIS BANK ANNOUNCES FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED 30th SEPTEMBER 2018

Results at a Glance

- **Improved financial performance driven by higher NII YOY:**
 - PAT for Q2FY19 grew 83% YOY and stood at ₹790 crores
 - Core operating profit grew 16% YOY
 - Net Interest Income grew 15% YOY
 - NIM for Q2FY19 was 3.36%, up from 3.29% in Q1 (adjusting for recovery on an IBC list 1 account in Q1)
 - Total provisions stood at ₹2,927 crores; de-grew 7% YOY
- **Asset quality metrics have improved**
 - Slippages declined 69% YOY to ₹2,777 crores
 - The Bank's GNPA and NNPA stood at 5.96% and 2.54%, down from 6.52% and 3.09% QOQ
 - Provision Coverage Ratio of the Bank has improved to 73% from 69%
 - 88% of corporate slippages in Q2 came from previously disclosed BB & Below book
 - Outstanding BB & Below corporate loans have reduced by 15% QOQ to ₹8,860 crores
- **Domestic loan growth during the quarter stood at 15% YOY driven by Retail and SME segments:**
 - Retail and SME loan book grew 20% and 14% YOY, respectively
 - Retail and SME loans constituted 62% of total loans
 - Working capital loans in the corporate segment grew 21%
- **Retail business momentum remains healthy:**
 - Retail Fee Income grew 24% and constituted 62% of Total Fee Income YOY
 - Retail Advances accounted for 49% of Net Advances
 - Saving deposits on a quarterly average balance (QAB) basis grew 17%.
 - CASA deposits QAB basis grew 13% YOY and constituted 45% of total deposits. CASA ratio on Quarter End basis stands at 48%.
- **Among the top players in the digital space:**
 - Ranked #1 in Mobile Banking spends as per RBI data
 - Market share in UPI transactions stood at 8% for Q2FY19
 - Mobile banking spends grew 106% YOY, Credit Card spends grew 44% YOY
- **Freecharge completed 1 yr as part of Axis: *The agility of a Fintech, backed by the strength of a Bank***
 - Loan products launched on Freecharge platform in Q2
- **The Bank's Capital Adequacy Ratio (CAR) remains healthy. Under Basel III, Total CAR & Tier I CAR (including net profit for H1FY18) stood at 16.45% and 13.04%, respectively.**

The Board of Directors of Axis Bank Limited approved the financial results for the quarter and half-year ended 30th September 2018 at its meeting held in Mumbai on Friday, 2nd November 2018. The Accounts have been subjected to a Limited Review by the Bank's Statutory Auditors.

Profit & Loss Account: Period ended 30th September 2018

• Net Profit and Core Operating Profit

Net profit for Q2FY19 grew 83% YOY to ₹790 crores, for H1FY19 Net profit stood at ₹1,491 crores. Core operating profit for Q2FY19 grew by 16% YOY to ₹3,958 crores; for H1FY19, the core operating profit was up 20%.

• Net Interest Income and Net Interest Margin

The Bank's Net Interest Income (NII) grew 15% YOY to ₹5,232 crores during Q2FY19 from ₹4,540 crores in Q2FY18. NII for H1FY19 too rose 14% YOY to ₹10,399 crores from ₹9,156 crores in H1FY18. Net interest margin for Q2FY19 stood at 3.36%, NIM for H1FY19 stood at 3.41%.

• Non-Interest Income

Non-Interest income (excluding Trading Profits) grew 15% YOY to ₹2,542 crores as against ₹2,208 crores during the same period last year. Non-Interest income (comprising fee, trading profit and miscellaneous income) for Q2FY19 grew 4% YOY to ₹2,678 crores as against ₹2,586 crores during the same period last year. Growth was restricted, mainly due to lower trading profits during the quarter. Trading profits for the quarter declined by 64% to ₹136 crores compared to ₹377 crores in Q2FY18.

Fee income for Q2FY19 grew 9% YOY to ₹2,376 crores. The key driver of fee income growth was Retail Banking, which grew strongly 24% YOY and constituted 62% of the Bank's total fee income. Cards' Fees grew 25% YOY. Transaction Banking fees grew 12% YOY and constituted 19% of the total fee income of the Bank. During H1FY19, other income stood at ₹5,603 crores, fee income grew 8% YOY primarily driven by 21% YOY growth in Retail fee and 11% YOY growth in Transaction banking.

Miscellaneous Income for the quarter stood at ₹166 crores compared to ₹38 crores in Q2FY18.

Balance Sheet: As on 30th September 2018

The Bank's Balance Sheet grew 15% YOY and stood at ₹7,30,546 crores as on 30th September 2018.

The Bank's Advances grew 11% YOY to ₹4,56,121 crores as on 30th September 2018. Domestic loans grew 15% while the overseas book de-grew by 12%. Retail loans grew 20% YOY to ₹2,21,710 crores and accounted for 49% of the Net Advances of the Bank. SME loans grew 14% YOY to ₹60,262 crores. Corporate loan book continues to pivot towards working capital loans which grew 21% YOY.

The book value of the Bank's Investments portfolio as on 30th September 2018, was ₹1,55,685 crores, of which ₹1,09,832 crores were in government securities, while ₹30,647 crores were invested in corporate bonds and ₹15,206 crores in other securities such as equities, preference shares, mutual funds, etc.

Savings Bank Deposits, on a quarterly average balance (QAB) basis grew by 17%. On QAB basis, CASA recorded a growth of 13% YOY and constituted 45% as a proportion of total deposits.

Savings Account Deposits on period end basis grew 14% YOY. CASA Deposits on a period end basis grew 9% YOY and constituted 48% of total deposits as at the end of 30th September 2018. The share of CASA and Retail Term Deposits in the Total Deposits stood at 82% as on 30th September 2018. Total Deposits grew 15% YOY.

Capital Adequacy and Shareholders' Funds

The shareholders' funds of the Bank grew 16% YOY and stood at ₹65,059 crores as on 30th September 2018. The Bank is well capitalised. Under Basel III, the Capital Adequacy Ratio (CAR) and Tier I CAR (including net profit for H1FY19) as on 30th September 2018 was 16.45% and 13.04% respectively. The Bank remains well capitalised to pursue growth opportunities.

Asset Quality

As on 30th September 2018, the Bank's Gross NPA and Net NPA levels were 5.96% and 2.54% respectively, as against 6.52% and 3.09% respectively as on 30th June 2018.

The Bank has recognised slippages of ₹2,777 crores during Q2FY19, compared to ₹4,337 crores in Q1FY19 and ₹8,936 crores in Q2 FY18. Corporate lending slippages stood at ₹1,090 crores. 88% of this came from disclosed BB & below accounts. The Bank's BB and below rated book stood at ₹8,860 crores. This is 1.7% of the Bank's Gross Customer Assets, and is down to less than 1/4th of the 7.3% peak reached in Jun-16.

As on 30th September 2018, the Bank's Gross NPA stood at ₹30,938 crores and Net NPA stood at ₹12,716 crores. Recoveries and upgrades during the quarter were ₹2,186 crores while write-offs were ₹2,315 crores. Net slippages (before write-offs) in Retail and SME stood at ₹279 crores and ₹339 crores respectively.

As on 30th September 2018, the Bank's provision coverage, as a proportion of Gross NPAs including prudential write-offs, stood at 73% up from 69% in Q1FY19.

Network

During Q2FY19, the Bank added 103 branches to its network across the country. As on 30th September 2018, the Bank had a network of 3,882 domestic branches, extension counters and RACs situated in 2,269 centres compared to 3,485 domestic branches, extension counters and RACs situated in 2,033 centres last year. As on 30th September 2018, the Bank had 12,660 ATMs and 3,280 cash recyclers spread across the country.

Digital

Axis Bank is ranked #1 in the mobile banking spends and #3 in terms of transaction volumes, as per the latest RBI data for the month of January 2018. Mobile banking transaction volumes surged by 267% YOY while the mobile spends in Q2 reported a growth of 106% YOY primarily led by surge in UPI (Unified Payment Interface) transactions. Axis Bank currently has a 26 million registered UPI customer base. During the quarter, Axis Bank processed over 122 million UPI transactions with total transaction value in Q2 growing over 22 times YOY to ₹13,320 crores.

During the quarter, credit card usage witnessed significant growth of 44% YOY in value terms. The share of digital transactions in the overall transaction mix for the Bank remained strong at 72% as at end of September 2018.

The Bank's wealth management business has seen strong growth and is among the largest in India with assets under management of ₹127,425 crores as at end of September 2018. The wealth management business Burgundy, currently has a base of 114,245 customers, served by 506 relationship managers and Investment counsellors.

Freecharge

Freecharge remains an important component of the Bank's strategy in the Fintech and payment innovation space. Since the completion of acquisition in October 2017, Freecharge's progression from a payments platform towards a complete digital financial services platform has been extremely strong. During the quarter, the Bank started lending on this platform by offering Instant paperless loans and EMI on Debit Cards. User base over the last one year is up 133%, spends per user is up 83% and total payments volume is up 90%.

New product launches, Awards & Recognition received during the quarter

During the quarter, the Bank along with Raipur Smart City Limited launched 'One Raipur' Common payment system. This all-in-one digital payment solution offers a prepaid One Raipur smart card, mobile app and a web portal which will enable citizens to make cashless payment for various services.

The Bank also Introduced 'Axis Tap & Pay', a mobile app, that will allow its customers to make transactions by just tapping their NFC-enabled android mobile phones on contactless merchant terminals.

During the quarter, the Bank won awards for 'the Best Prepaid card of the Year' and 'the Best Contactless Payments Project of the Year' at the 6th edition of Payments & Cards Summit & Awards.

(₹ in crores)

Financial Performance	Q2FY19	Q2FY18	% Growth	H1FY19	H1FY18	% Growth
Net Interest Income	5,232	4,540	15%	10,399	9,156	14%
Other Income	2,678	2,586	4%	5,603	5,585	0.3%
- Fee Income	2,376	2,170	9%	4,493	4,173	8%
- Trading Income	136	377	(64%)	239	1,201	(80%)
- Miscellaneous Income	166	39	340%	872	211	314%
Operating Revenue	7,910	7,125	11%	16,002	14,741	9%
Core Operating Revenue*	7,775	6,748	15%	15,764	13,540	16%
Operating Expenses	3,816	3,348	14%	7,536	6,673	13%
Operating Profit	4,094	3,777	8%	8,466	8,068	5%
Core Operating Profit*	3,958	3,400	16%	8,228	6,867	20%
Net Profit	790	432	83%	1,491	1,738	(14%)
EPS Diluted (₹) annualized	12.17	7.14		11.55	14.42	
Return on Average Assets (annualized)	0.43%	0.27%		0.41%	0.57%	
Return on Equity (annualized)	5.43%	3.34%		5.18%	6.82%	

*Excluding trading profit for all the periods.

(₹ in crores)

Condensed Unconsolidated Balance Sheet	As on 30 th September'18	As on 30 th September'17
CAPITAL AND LIABILITIES		
Capital	514	480
Reserves & Surplus	64,545	55,692
Deposits	4,79,680	4,16,431
Borrowings	1,48,399	1,35,405
Other Liabilities and Provisions	37,408	27,308
Total	7,30,546	6,35,316
ASSETS		
Cash and Balances with Reserve Bank of India and Balances with Banks and Money at Call and Short Notice	48,704	32,211
Investments	1,55,685	1,44,176
Advances	4,56,121	4,10,171
Fixed Assets	3,910	3,891
Other Assets	66,126	44,867
Total	7,30,546	6,35,316

(₹ in crores)

Business Performance	As on 30th September '18	As on 30th September '17	% Growth
Total Deposits (i) + (ii)	4,79,680	4,16,431	15%
(i) Demand Deposits	2,28,870	2,10,057	9%
- Savings Bank Deposits	1,48,742	1,30,265	14%
- Current Account Deposits	80,128	79,792	0.4%
Demand Deposits as % of Total Deposits	48%	50%	
(ii) Term Deposits	2,50,810	2,06,374	22%
- Retail Term Deposits	1,63,233	1,34,501	21%
- Non Retail Term Deposits	87,577	71,873	22%
Demand Deposits on a Quarterly Average Basis (QAB)	1,98,615	1,75,945	13%
Demand Deposits as % of Total Deposits (QAB)	45%	46%	
Net Advances (a) + (b) + (c)	4,56,121	4,10,171	11%
(a) Corporate Credit	1,74,149	1,73,197	0.6%
(b) SME (incl. regulatory retail)	60,262	52,718	14%
(c) Retail Advances	2,21,710	1,84,256	20%
Investments	1,55,685	1,44,176	8%
Balance Sheet Size	7,30,546	6,35,316	15%
Gross NPA as % of Gross Customer Assets	5.96%	5.90%	
Net NPA as % of Net Customer Assets	2.54%	3.12%	
Equity Capital	514	480	
Shareholders' Funds	65,059	56,172	
Capital Adequacy Ratio (Basel III)	16.17%	15.97%	
- Tier I	12.76%	12.01%	
- Tier II	3.41%	3.96%	
Capital Adequacy Ratio (Basel III) (including Net Profit for H1)	16.45%	16.32%	
- Tier I	13.04%	12.36%	
- Tier II	3.41%	3.96%	

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

For press queries, please contact Ms. Mittal Solanki at 91-22-24252016 or email: Mittal.Solanki@axisbank.com

For investor queries, please contact Mr. Abhijit Majumder at 91-22-24254672 or email: Abhijit.Majumder@axisbank.com

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.