

PRESS RELEASE

AXIS BANK ANNOUNCES FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED 30th SEPTEMBER 2016

Results at a Glance

- **Asset Quality metrics rise, driven by Watch List:**
 - The Bank's Gross NPA and Net NPA rose to 4.17% and 2.02% respectively in Q2 FY17.
 - Watch List loans as on September 30, 2016 reduced by 32% quarter on quarter and stood at ₹13,789 crores.
 - The Watch List has reduced to 3.5% of customer assets in September 2016, from 5.4% in June 2016 and 6.2% in March 2016.
- **Profit After Taxes de-grows, stable operating performance:**
 - Net Profit for Q2FY17 & H1FY17 stood at ₹319 crores and ₹1,875 crores respectively and reported a drop of 83% YOY and 52% YOY respectively.
 - Operating Profit grew by 13% YOY while Net Interest Income grew by 11% YOY.
 - Net Interest Margin for Q2 FY17 stood at 3.64%.
 - Other Income (including fee and trading profits) grew 24% YOY.
- **Growth continues to be strong:**
 - Net Advances grew 18% YOY, led by Retail, which grew 25% YOY.
- **Retail business continues to thrive:**
 - CASA grew 19% YOY and constituted 45% of Total Deposits as on 30th September 2016.
 - Savings Account balances grew 20% YOY and stood at ₹107,839 crores as on 30th September 2016.
 - Retail Advances accounted for 42% of Net Advances.
 - Retail Fee Income in Q2FY17 grew 17% YOY and constitutes 43% of Total Fee Income.
- **The Bank's Capital Adequacy Ratio (CAR) remains healthy. Under Basel III, Total CAR & Tier I CAR (including the net profit for H1FY17) stood at 15.20% and 12.03% respectively.**

The Board of Directors of Axis Bank Limited approved the financial results for the quarter and half-year ended 30th September 2016 at its meeting held in Mumbai on Tuesday, 25th October 2016. The accounts have been subjected to a Limited Review by the Bank's Statutory Auditors.

Profit & Loss Account: Period ended 30th September 2016

• **Operating Profit and Net Profit**

Operating Profit for Q2FY17 and H1FY17 grew by 13% and 11% to ₹4,100 crores and ₹8,570 crores respectively. The Net Profit for Q2FY17 and H1FY17 contracted by 83% and 52% YOY to ₹319 crores and ₹1,875 crores respectively.

- **Net Interest Income and Net Interest Margin**

The Bank's Net Interest Income (NII) grew by 11% YOY to ₹4,514 crores during Q2FY17 from ₹4,062 crores in Q2FY16. Net interest margin for Q2FY17 stood at 3.64%. NII for H1FY17 also rose 11% YOY to ₹9,031 crores from ₹8,118 crores during H1FY16.

- **Other Income**

Other income (comprising fee, trading profit and miscellaneous income) for Q2FY17 stood at ₹2,540 crores as against ₹2,041 crores during the same period last year. During H1FY17, other income grew 22% YOY and stood at ₹5,278 crores. Fee income for Q2FY17 grew 7% YOY to reach ₹1,935 crores. The key driver of fee income growth was Retail Banking, which grew by 17% YOY and constituted 43% of the Bank's total fee income. Transaction Banking fee performance too was healthy and grew 8% YOY to constitute 26% of the total fee income of the Bank. Trading profits for the quarter grew 220% YOY and stood at ₹536 crores. During H1FY17, fee income grew 9% YOY primarily driven by 18% YOY growth in Retail fee and 12% YOY growth in Transaction Banking.

Balance Sheet: As on 30th September 2016

The Bank's Balance Sheet grew 17% YOY and stood at ₹557,650 crores as on 30th September 2016. The Bank's Advances grew 18% YOY to ₹353,170 crores as on 30th September 2016. Retail Advances grew 25% YOY and stood at ₹149,284 crores and accounted for 42% of the Net Advances of the Bank. Corporate credit grew 14% YOY and stood at ₹158,029 crores; and accounted for 45% of Net Advances. SME Advances grew 14% YOY and stood at ₹45,857 crores.

The book value of the Bank's investments portfolio as on 30th September 2016, was ₹124,590 crores, of which ₹92,196 crores were in government securities, while ₹23,852 crores were invested in corporate bonds and ₹8,542 crores in other securities such as equities, preference shares, mutual funds, etc.

CASA Deposits as on 30th September 2016 constituted 45% of total deposits. Savings Account balances grew at a strong 20% YOY, up from the 12% YOY growth reported for the period ended 30th September 2015. CASA, on a daily average basis, recorded a growth of 18%, in which both Savings Bank Deposits and Current Account Deposits recorded a growth of 18% YOY. The proportion of CASA on a daily average basis remained at the same level as the previous quarter and constituted 41% of total deposits.

CASA and Retail Term Deposits constituted 81% of Total Deposits as on 30th September 2016 compared to 80% as on 30th September 2015.

Capital Adequacy and Shareholders' Funds

The shareholders' funds of the Bank grew 10% YOY and stood at ₹53,823 crores as on 30th September 2016. The Bank is well capitalised. Under Basel III, the Capital Adequacy Ratio (CAR) and Tier I CAR (including net profit for H1FY17) as on 30th September 2016 was 15.20% and 12.03% respectively.

Asset Quality

As on 30th September 2016, the Bank's Gross NPA and Net NPA levels were 4.17% and 2.02% respectively, as against 2.54% and 1.08% respectively as on 30th June 2016.

As on 30th September 2016, the Bank's Gross NPA was ₹16,379 crores against ₹9,553 crores as on 30th June 2016. During the quarter, the Bank added ₹8,772 crores to Gross NPAs, and Recoveries and upgrades were ₹1,073 crores and write-offs during the quarter were ₹873 crores.

As on 30th September 2016, loans outstanding on the Bank's Watch List reduced 32% over the previous quarter and stood at ₹13,789 crores. The reduction in the Watch List primarily represents slippages to NPAs amounting to ₹7,288 crores, which comprises 89% of the total corporate credit slippages. The Watch List has reduced to 3.5% of customer assets in September 2016, from 5.4% in June 2016 and 6.2% in March 2016.

The cumulative value of net restructured assets as on 30th September 2016 stood at ₹6,702 crores, constituting 1.74% of net customer assets, compared to ₹7,363 crores, constituting 1.99% of net customer assets as on 30th June 2016.

During the quarter, the Bank sold assets with a gross outstanding of ₹2,316 crores and a net book value of ₹1,128 crores to ARCs against net sale consideration of ₹822 crores comprising ₹159 crores in cash and ₹663 crores in Security Receipts value.

Network

During Q2FY17, the Bank added 100 branches to its network across the country. As on 30th September 2016, the Bank had a network of 3,106 domestic branches and extension counters situated in 1,920 centres compared to 2,743 domestic branches and extension counters situated in 1,796 centres last Year. As on 30th September 2016, the Bank had 13,448 ATMs and 1,210 cash recyclers 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 8.67 billion as on 30th September 2016.

₹ crores

Financial Performance	Q2FY17	Q2FY16	% Growth	H1FY17	H1FY16	% Growth
Net Profit	319.08	1,915.64	(83.34%)	1,874.61	3,894.08	(51.86%)
EPS Diluted (₹) annualised	5.28	31.83		15.59	32.54	
Net Interest Income	4,513.87	4,062.09	11.12%	9,030.79	8,118.32	11.24%
Other Income	2,539.66	2,041.40	24.41%	5,277.94	4,339.67	21.62%
- Fee Income	1,935.29	1,812.69	6.76%	3,654.54	3,363.45	8.65%
- Trading Income	535.68	167.50	219.81%	1,446.86	813.98	77.75%
- Miscellaneous Income	68.69	61.21	12.22%	176.54	162.24	8.81%
Operating Revenue	7,053.53	6,103.49	15.57%	14,308.73	12,457.99	14.86%
Core Operating Revenue*	6,517.85	5,935.99	9.80%	12,861.87	11,644.01	10.46%
Operating Expenses	2,953.35	2,475.54	19.30%	5,739.18	4,737.97	21.13%
Operating Profit	4,100.18	3,627.95	13.02%	8,569.55	7,720.02	11.00%
Core Operating Profit**	3,564.50	3,460.45	3.01%	7,122.69	6,906.04	3.14%

* Core Operating Revenue = Operating Revenue - Trading Income

** Core Operating Profit = Operating Profit - Trading Income

₹ crores

Condensed Unconsolidated Balance Sheet	As on 30 th September '16	As on 30 th September '15
CAPITAL AND LIABILITIES		
Capital	478	476
Reserves & Surplus	53,345	48,416
Deposits	380,187	324,101
Borrowings	100,415	84,352
Other Liabilities and Provisions	23,225	19,180
Total	557,650	476,525
ASSETS		
Cash and Balances with Reserve Bank of India and Balances with Banks and Money at Call and Short Notice	37,206	29,832
Investments	124,590	113,681
Advances	353,170	298,066
Fixed Assets	3,593	2,588
Other Assets	39,091	32,358
Total	557,650	476,525

₹ crore

Business Performance	As on 30th September '16	As on 30th September '15	% Growth
Total Deposits	380,187	324,101	17.31%
Demand Deposits	169,961	143,408	18.52%
- Savings Bank Deposits	107,839	89,717	20.20%
- Current Account Deposits	62,122	53,691	15.70%
Demand Deposits as % of Total Deposits	44.70%	44.25%	
Term Deposits	210,226	180,693	16.34%
Retail Term Deposits	136,099	115,194	18.15%
Demand Deposits on a Cumulative Daily Average Basis (CDAB) for the half year	139,531	118,207	18.04%
Demand Deposits as % Total Deposits (CDAB) for the half year	40.57%	39.61%	
Net Advances (a) +(b) + (c)	353,170	298,066	18.49%
(a) Corporate Credit	158,029	138,549	14.06%
(b) SME	45,857	40,068	14.45%
(c) Retail Advances	149,284	119,448	24.98%
Investments	124,590	113,681	9.60%
Balance Sheet Size	557,650	476,525	17.02%
Net NPA as % of Net Customer Assets	2.02%	0.48%	
Gross NPA as % of Gross Customer Assets	4.17%	1.38%	
Equity Capital	478	476	
Shareholders' Funds	53,823	48,892	
Capital Adequacy Ratio (Basel III)	14.78%	14.37%	
- Tier I	11.61%	11.16%	
- Tier II	3.17%	3.21%	
Capital Adequacy Ratio (Basel III) (including Net Profit for H1)	15.20%	15.42%	
- Tier I	12.03%	12.21%	
- Tier II	3.17%	3.21%	

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.