

PRESS RELEASE

AXIS BANK ANNOUNCES FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED 31st DECEMBER 2018

Results at a Glance

- **Profitability metrics have improved significantly:**
 - PAT for Q3FY19 grew 131% YOY and stood at ₹1,681 crores
 - Operating profit grew 43% YOY, Core operating profit was up 41% YOY
 - Net Interest Income grew 18% YOY
 - NIM for Q3FY19 was 3.47%, up from 3.36% in Q2
 - Fees grew 16% YOY, led by Retail Fees, which grew 22% YOY
- **Asset quality metrics are progressing well:**
 - GNPA and NNPA stood at 5.75% and 2.36%, down from 5.96% and 2.54 % QOQ
 - Gross slippages for the quarter stood at ₹3,746 crores
 - 98% of corporate slippages came from the BB & Below pool
 - Outstanding BB & Below corporate loans have reduced by 14% QOQ to ₹7,645 crores
 - Recoveries & upgrades for the quarter stood at ₹2,620 crores
- **Provision Coverage enhanced:**
 - Provision Coverage Ratio of the Bank has sequentially improved to 75% from 73%
 - MTM provisions on investments worth ₹322 crores written back during the quarter
- **Healthy loan growth:**
 - Domestic loan growth stood at 18% YOY
 - Retail loan book grew 20% YOY
 - Retail advances are now 49% of total advances of the Bank
- **Deposit franchise had a strong quarter:**
 - Total deposits grew 26% YOY
 - CASA and Retail Term Deposits were up 17% YOY on quarterly average basis
 - Liquidity position improved further
 - Liquidity Coverage Ratio improved to 122%
 - Loan to Deposit ratio stood at 92%
- **Among the top players in the digital space:**
 - Mobile banking spends grew 99% YOY, Credit Card spends grew 43% YOY
 - Market share in UPI transactions stood at 9% for Q3FY19
- **The Bank's Capital Adequacy Ratio (CAR) remains stable. Under Basel III, Total CAR & Tier I CAR (including net profit for 9MFY19) stood at 16.40% and 13.07% respectively.**

The Board of Directors of Axis Bank Limited approved the financial results for the quarter and nine-months ended 31st December 2018 at its meeting held in Mumbai on Tuesday, 29th January 2019. The Accounts have been subjected to a Limited Review by the Bank's Statutory Auditors.

Profit & Loss Account: Period ended 31st December 2018**Operating Profit and Net Profit**

The Bank's operating Profit for the quarter grew 43% YOY to ₹5,525 crore, and for 9MFY19 grew 17% YOY to ₹13,991 crore. Net profit for Q3FY19 grew 131% YOY to ₹1,681 crores, for 9MFY19 Net profit stood at ₹3,172 crores.

Net Interest Income and Net Interest Margin

The Bank's Net Interest Income (NII) grew 18% YOY to ₹5,604 crores during Q3FY19 from ₹4,732 crores in Q3FY18. NII for 9MFY19 too rose 15% YOY to ₹16,003 crores from ₹13,887 crores in 9MFY18. Net interest margin for Q3FY19 stood at 3.47%, NIM for 9MFY19 stood at 3.43%.

Non-Interest Income

Non-Interest Income (comprising of fee, trading profit and miscellaneous income) for Q3FY19 grew 54% YOY to ₹4,001 crores as against ₹2,593 crores during the same period last year. Apart from fee income, the growth in non-interest income was driven by recoveries in written-off accounts and gains on sale of strategic investments, both of which form part of the Miscellaneous Income.

Fee income for Q3FY19 grew 16% YOY to ₹2,615 crores. The key driver of fee income growth was Retail Fee, which grew 22% YOY and constituted 59% of the Bank's total fee income. Cards' Fees grew strongly by 23% YOY. Transaction Banking fees grew 11% YOY and constituted 20% of the total fee income of the Bank.

The Bank recovered ₹998 crores this quarter largely comprising of two accounts from the prudentially written off pool, compared to ₹40 crores in Q3FY18. The Bank sold its stake in two strategic investments during the quarter generating a gain of ₹342 crores. Miscellaneous Income, for the quarter stood at ₹1,007 crores compared to ₹148 crores in Q3FY18.

The trading profits for the quarter grew by 90% to ₹379 crores as compared to ₹200 crores in Q3FY18.

For 9MFY19, Non-Interest Income grew 17% YOY and stood at ₹9,604 crores, of which fee income grew 11% YOY primarily driven by 21% YOY growth in Retail fee and 11% YOY growth in Transaction banking. For 9MFY19, the recoveries in written-off accounts stood at ₹1,706 crores.

Balance Sheet: As on 31st December 2018

The Bank's Balance Sheet grew 17% YOY and stood at ₹7,56,176 crores as on 31st December 2018. The Bank's Advances grew 13% YOY to ₹4,75,105 crores as on 31st December 2018. Domestic loans grew 18% while the overseas book de-grew by 19%. Retail loans grew 20% YOY to ₹2,32,397 crores and accounted

for 49% of the Net Advances of the Bank. SME loans grew 13% YOY to ₹62,238 crores. Corporate loan book grew by 4%. The Bank's loan to deposit ratio stood at 92% as against 95% at the end of Q2FY19.

The book value of the Bank's Investments portfolio as on 31st December 2018, was ₹1,61,036 crores, of which ₹1,16,039 crores were in government securities, while ₹31,555 crores were invested in corporate bonds and ₹13,442 crores in other securities such as equities, preference shares, mutual funds, etc.

Savings Bank Deposits, on a quarterly average balance (QAB) basis grew by 15%. On QAB basis, CASA and Retail Term Deposits put together recorded a growth of 17% YOY. Savings Account Deposits on period end basis grew 15% YOY. CASA Deposits on a period end basis grew 17% YOY and constituted 46% of total deposits as at the end of 31st December 2018. The share of CASA and Retail Term Deposits in the Total Deposits stood at 80% as on 31st December 2018. Total Deposits grew 26% YOY.

Capital Adequacy and Shareholders' Funds

The shareholders' funds of the Bank stood at ₹66,698 crores as on 31st December 2018. The Bank is well capitalised. Under Basel III, the Capital Adequacy Ratio (CAR) and Tier I CAR (including net profit for 9MFY19) as on 31st December 2018 was 16.40% and 13.07% respectively. The Bank remains well capitalised to pursue growth opportunities.

Asset Quality

As on 31st December 2018, the Bank's Gross NPA and Net NPA levels were 5.75% and 2.36% respectively, as against 5.96% and 2.54% respectively as on 30th September 2018.

The Bank has recognised slippages of ₹3,746 crores during Q3FY19, compared to ₹2,777 crores in Q2FY19 and ₹4,428 crores in Q3FY18. Corporate lending slippages stood at ₹1,887 crores. 98% of this came from disclosed BB & below accounts. The Bank's BB and below rated book stood at ₹7,645 crores. This is 1.4% of the Bank's Gross Customer Assets, significantly down from 7.3% at peak.

As on 31st December 2018, the Bank's Gross NPA stood at ₹30,855 crores and Net NPA stood at ₹12,233 crores. Recoveries and upgrades from NPAs during the quarter were ₹1,622 crores while write-offs were ₹2,207 crores. Net slippages (before write-offs) in Retail and SME stood at ₹492 crores and ₹237 crores respectively.

The Bank has received an indicative list from RBI relating to asset quality divergence for the fiscal year ending 31st March 2018. The Bank has been asked to classify 2 accounts as NPA, with an outstanding amount of ₹225 crores, which constituted less than 0.7% of last year's slippages of the Bank. Both of these accounts have already been downgraded in H1 FY19. In addition, the Bank has been asked to make

additional provisions of ₹100 crores on 2 accounts already NPA as of March 2018. This provision has been incorporated in Q3 financials.

As on 31st December 2018, the Bank's provision coverage, as a proportion of Gross NPAs including prudential write-offs, stood at 75% up from 73% in Q2FY19. During this quarter, in addition to the regular provisions for NPA, the Bank has also made a contingent provision of ₹600 crores towards any potential slippages from the BB & Below pool of corporate loans.

Network

During Q3FY19, the Bank added 85 branches to its network across the country. As on 31st December 2018, the Bank had a network of 3,964 domestic branches and extension counters situated in 2,321 centres compared to 3,589 domestic branches and extension counters situated in 2,082 centres last year. As on 31st December 2018, the Bank had 12,705 ATMs and 3,548 cash recyclers spread across the country.

Digital

Axis Bank continues to remain amongst the top four players in mobile banking space - both in terms of transaction value and volumes, as per the latest RBI data for the month of September 2018. Mobile banking transaction volumes surged by 152% YOY while the mobile spends in Q3 reported a growth of 99% YOY primarily led by surge in UPI (Unified Payment Interface) transactions. Axis Bank currently has a 37 million registered UPI customer base. During the quarter, Axis Bank processed over 251 million UPI transactions with total transaction value in Q3 growing over 6 times YOY to ₹23,699 crores.

During the quarter, credit card usage witnessed significant growth of 43% YOY in value terms. The share of digital transactions in the overall transaction mix for the Bank remained strong at 75% as at end of December 2018.

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 ₹129,651 crores as at end of December 2018.

New product launches, Awards & Recognition received

During the quarter, the Bank launched 'QuikPay Home Loan'; an industry-first reducing monthly instalments plan that allows Customers to save on interest by repaying higher principal every month in a structured manner. The Bank's prepaid forex cards crossed aggregate load value of \$10-billion during the quarter, an industry-first milestone, further consolidating its leadership position in this segment. The Bank also won awards for 'Best Debt Payment & Arranger' at NSE Market Achievers Awards and 'the Best Rewards Program' for the 4th consecutive year at the Consumer Loyalty Awards 2018.

₹ crore

| Financial Performance | Q3FY19 | Q3FY18 | % Growth | 9MFY19 | 9MFY18 | % Growth |
|---------------------------------------|---------|--------|----------|--------|--------|----------|
| Net Interest Income | 5,604 | 4,732 | 18% | 16,003 | 13,887 | 15% |
| Other Income | 4,001 | 2,593 | 54% | 9,604 | 8,178 | 17% |
| - Fee Income | 2,615 | 2,246 | 16% | 7,108 | 6,419 | 11% |
| - Trading Income | 379 | 200 | 90% | 617 | 1,401 | (56%) |
| - Miscellaneous Income | 1,007 | 148 | 582% | 1,879 | 358 | 424% |
| - Recoveries | 998 | 40 | | 1706 | 123 | |
| Operating Revenue | 9,604 | 7,325 | 31% | 25,607 | 22,066 | 16% |
| Core Operating Revenue* | 9,225 | 7,125 | 29% | 24,989 | 20,664 | 21% |
| Operating Expenses | 4,080 | 3,471 | 18% | 11,616 | 10,143 | 15% |
| Operating Profit | 5,525 | 3,854 | 43% | 13,991 | 11,922 | 17% |
| Core Operating Profit* | 5,146 | 3,654 | 41% | 13,373 | 10,521 | 27% |
| Net Profit | 1,681 | 726 | 131% | 3,172 | 2,464 | 29% |
| EPS Diluted (₹) annualized | 25.86 | 11.86 | | 16.33 | 13.56 | |
| Return on Average Assets (annualized) | 0.88% | 0.44% | | 0.57% | 0.53% | |
| Return on Equity (annualized) | 11.33 % | 5.52% | | 7.25 % | 6.38% | |

*Excluding trading profit for all the periods.

₹ crore

| Condensed Unconsolidated Balance Sheet | As on 31 st Dec'18 | As on 31 st Dec'17 |
|---|----------------------------------|----------------------------------|
| CAPITAL AND LIABILITIES | | |
| Capital | 514 | 513 |
| Reserves & Surplus | 66,184 | 65,035 |
| Deposits | 5,14,092 | 4,08,967 |
| Borrowings | 1,44,669 | 1,40,874 |
| Other Liabilities and Provisions | 30,717 | 28,549 |
| Total | 7,56,176 | 6,43,938 |
| ASSETS | | |
| Cash and Balances with Reserve Bank of India and Balances with Banks and Money at Call and Short Notice | 55,736 | 28,398 |
| Investments | 1,61,036 | 1,42,389 |
| Advances | 4,75,105 | 4,20,923 |
| Fixed Assets | 3,988 | 3,940 |
| Other Assets | 60,311 | 48,288 |
| Total | 7,56,176 | 6,43,938 |

₹ crore

| Business Performance | As on 31st Dec '18 | As on 31st Dec '17 | % Growth |
|--|--|--|-----------------|
| Total Deposits (i)+(ii) | 5,14,092 | 4,08,967 | 26% |
| (i) Demand Deposits | 2,35,552 | 2,01,711 | 17% |
| - Savings Bank Deposits | 1,51,380 | 1,31,219 | 15% |
| - Current Account Deposits | 84,172 | 70,492 | 19% |
| Demand Deposits as % of Total Deposits | 46% | 49% | |
| (ii) Term Deposits | 2,78,540 | 2,07,256 | 34% |
| - Retail Term Deposits | 1,74,869 | 1,40,643 | 24% |
| - Non Retail Term Deposits | 1,03,671 | 66,613 | 56% |
| Demand Deposits on a Quarterly Daily Average Basis (QAB) | 2,06,745 | 1,85,689 | 11% |
| Demand Deposits as % of Total Deposits (QAB) | 44% | 46% | |
| Net Advances (a) +(b) + (c) | 4,75,105 | 4,20,923 | 13% |
| (a) Corporate Credit | 1,80,469 | 1,72,743 | 4% |
| (b) SME (incl. regulatory retail) | 62,238 | 54,884 | 13% |
| (c) Retail Advances | 2,32,397 | 1,93,296 | 20% |
| Investments | 1,61,036 | 1,42,389 | 13% |
| Balance Sheet Size | 7,56,176 | 6,43,938 | 17% |
| Gross NPA as % of Gross Customer Assets | 5.75% | 5.28% | |
| Net NPA as % of Net Customer Assets | 2.36% | 2.56% | |
| Equity Capital | 514 | 513 | |
| Shareholders' Funds | 66,698 | 65,548 | |
| Capital Adequacy Ratio (Basel III) | 15.81% | 17.50% | |
| - Tier I | 12.48% | 13.63% | |
| - Tier II | 3.33% | 3.87% | |
| Capital Adequacy Ratio (Basel III) (including Net Profit for 9M) | 16.40% | 18.00% | |
| - Tier I | 13.07% | 14.13% | |
| - Tier II | 3.33% | 3.87% | |

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.