

## PRESS RELEASE

### AXIS BANK ANNOUNCES FINANCIAL RESULTS FOR THE QUARTER AND NINE-MONTHS ENDED 31<sup>st</sup> DECEMBER 2017

#### Results at a Glance

- **Financial performance:**
  - Q3FY18 PAT up 25% YOY & 68% QOQ to ₹726 crores; 9MFY18 PAT stood at ₹2,464 crores
  - Net Interest Income for Q3FY18 grew 9% YOY, 9MFY18 NIM stood at 3.48%
  - Fee income grew 24 % YOY and stood at ₹2,246 crores
  - Operating expenses grew at a slower rate of 12% YOY
  - Core operating profit grew 17% YOY and stood at ₹3,654 crores
- **Loan growth during the quarter was strong led by pickup across all segments:**
  - Net Advances grew 21% YOY
  - Retail and SME loan book grew 29% YOY and 27% YOY, respectively
  - Corporate loan growth improved to 12% YOY led by working capital up 49% YOY
- **Strong Retail franchise continues to deliver:**
  - CASA deposits on a cumulative daily average basis grew 21% YOY
  - CASA deposits on period end basis grew 14% YOY and constituted 49% of total deposits
  - Retail Term Deposits and CASA together contributed 84% of total deposits
  - Retail loans accounted for 46% of Net Advances
  - Retail Fee grew 35% YOY and comprised 49% of total fee income
- **Leadership in digital space continues:**
  - Ranked #1 in Mobile Banking Spends and volumes as per latest RBI data
  - Bank's market share in UPI transactions is among the highest in the industry
  - Mobile banking spends grew 71% YOY, Credit Card Spends grew 59% YOY
- **Asset quality:**
  - Slippages have declined by 50% sequentially.
  - Corporate Slippages continue to be driven by low rated accounts
  - The Bank's GNPA reduced QOQ from 5.90% to 5.28% and NNPA from 3.12% to 2.56%
- **The Bank's Capital Adequacy Ratio (CAR) is stronger post capital raise: Under Basel III, Total CAR & Tier I CAR (including net profit for 9MFY18) stood at 18.00% and 14.13%, respectively.**

The Board of Directors of Axis Bank Limited approved the financial results for the quarter and nine-months ended 31<sup>st</sup> December 2017 at its meeting held in Mumbai on Monday, 22<sup>nd</sup> January 2018. The Accounts have been subjected to a Limited Review by the Bank's Statutory Auditors.

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**Profit & Loss Account: Period ended 31<sup>st</sup> December 2017**

- **Net Profit**

Net profit for Q3FY18 grew 25% YOY and 68% QOQ to ₹726 crores, for 9MFY18 Net profit stood at ₹2,464 crores.

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

The Bank's Net Interest Income (NII) grew 9% YOY to ₹4,732 crores during Q3FY18 from ₹4,334 crores in Q3FY17. Net interest margin for Q3FY18 stood at 3.38%. NII for 9MFY18 rose 4% YOY to ₹13,887 crores from ₹13,365 crores during 9MFY17.

- **Other Income**

Other income (comprising fee, trading profit and miscellaneous income) for Q3FY18 de-grew 24% YOY to ₹2,593 crores as against ₹3,400 crores during the same period last year. During 9MFY18, other income de-grew 6% YOY and stood at ₹8,178 crores. Fee income for Q3FY18 grew 24% YOY to ₹2,246 crores. The key driver of fee income growth was Retail Banking, which grew strongly 35% YOY and constituted 49% of the Bank's total fee income. Cards' fees grew 37% YOY. Transaction Banking fees grew 23% YOY and constituted 28% of the total fee income of the Bank. Trading profits for the quarter stood at ₹200 crores. During 9MFY18, fee income grew 18% YOY primarily driven by 30% YOY growth in Retail fee and 17% YOY growth in Transaction banking.

**Balance Sheet: As on 31<sup>st</sup> December 2017**

The Bank's Balance Sheet grew 11% YOY and stood at ₹6,43,938 crores as on 31<sup>st</sup> December 2017. The Bank's Advances grew 21% YOY to ₹4,20,923 crores as on 31<sup>st</sup> December 2017. Retail loans grew 29% YOY to ₹1,93,296 crores and accounted for 46% of the Net Advances of the Bank. SME loans grew 27% YOY to ₹54,884 crores, much higher than in recent times, partly aided by lower base of Q3FY17. Corporate Credit grew 12% YOY to ₹1,72,743 crores and accounted for 41% of Net Advances. Corporate loan growth was led by 49% growth in working capital loans.

CASA, on a cumulative daily average basis, recorded a growth of 21% YOY, in which Savings Bank Deposits and Current Account Deposits grew by 18% YOY and 26% YOY, respectively. The proportion of CASA on a cumulative daily average basis constituted 46% of total deposits. CASA Deposits grew 14% YOY and constituted 49% of total deposits as at the end of 31<sup>st</sup> Decemebr 2017. Savings Account Deposits and Current Account Deposits grew 11% and 21% YOY, respectively for the period ended 31<sup>st</sup> December 2017. The share of CASA and Retail Term Deposits in the Total Deposits stood at 84% as on 31<sup>st</sup> December 2017. Total Deposits grew 10% YOY, partly influenced by base effect of Q3FY17.

### **Capital Adequacy and Shareholders' Funds**

During the quarter, the Bank raised equity capital of ₹8,680 crores through a preferential allotment to a group of select investors to strengthen its CET 1 ratio while supporting future growth plans. The shareholders' funds of the Bank grew 20% YOY and stood at ₹65,548 crores as on 31<sup>st</sup> December 2017. The Bank is well capitalised. Under Basel III, the Capital Adequacy Ratio (CAR) and Tier I CAR (including net profit for 9MFY18) as on 31<sup>st</sup> Decemebr 2017 were 18.00% and 14.13% respectively.

### **Asset Quality**

As on 31<sup>st</sup> December 2017, the Bank's Gross NPA and Net NPA levels reduced to 5.28% and 2.56% from 5.90% and 3.12% as on 30<sup>th</sup> September 2017, respectively. As on 31<sup>st</sup> December 2017, the Bank's provision coverage, as a proportion of Gross NPAs including prudential write-offs, increased to 66% from 60% as on 30<sup>th</sup> September 2017.

As on 31<sup>st</sup> December 2017, the Bank's Gross NPA stood at ₹25,001 crores and Net NPA stood at ₹11,769 crores. Gross NPA additions for Q3FY18 stood at ₹4,428 crores, down from ₹8,936 crores reported in Q2FY18. The corporate slippages stood at ₹2,980 crores and 93% of it came from low rated BB & below accounts. Net slippage (before write-offs) in Retail and SME stood at ₹599 crores and ₹166 crores respectively.

Recoveries and upgrades were ₹4,008 crores while write-offs during the quarter were ₹2,822 crores. During Q3FY18 the Bank recovered substantial amount in cash from an IT/ITES account and also upgraded one account in the Steel Sector. These two accounts were part of the nine accounts that were reclassified as NPA by the Bank in Q2FY18.

As on 31<sup>st</sup> December, 2017, the Bank's total loan amount outstanding against the IBC accounts mentioned in the two lists referred by RBI has declined by 14% compared to the amount outstanding as on 30<sup>th</sup> September 2017. The outstanding under these accounts stood at ₹6,074 crores as on 31<sup>st</sup> December 2017. The Bank has also made incremental provisions of ₹237 crores against these accounts during the quarter taking the total provisioning towards these select accounts to ₹4,123 crores, resulting in an increased provision coverage of 68% on these select accounts.

As on 31<sup>st</sup> December 2017, loans outstanding on the Bank's Watch List declined 12% over the previous quarter and stood at ₹5,309 crores.

The credit cost for the third quarter and first nine months of this fiscal has been 233 bps and 250 bps. We continue to retain our credit cost guidance for fiscal 2018 in the range of 220-260 basis points. PCR is expected to be maintained in the 60% to 65% range.

## **Network**

During Q3FY18, the Bank added 105 branches to its network across the country. As on 31<sup>st</sup> December 2017, the Bank had a network of 3,589 domestic branches and extension counters situated in 2,082 centres compared to 3,211 domestic branches and extension counters situated in 1,946 centres as at end of same period last year. As on 31<sup>st</sup> December 2017, the Bank had 13,977 ATMs and 1,989 cash recyclers spread across the country.

## **Digital channels**

Axis Bank's market position in the mobile banking space improved during the quarter and the Bank now tops the market share tables - both in terms of transaction value and volumes, as per the latest RBI data for the month of October 2017. Mobile banking transaction volumes surged by 219% YOY while the mobile spends in Q3 reported a growth of 71% YOY primarily led by surge in UPI (Unified Payment Interface) transactions.

Axis Pay, the Bank's UPI app has seen tremendous response with over 6.5 mn Virtual Payment Address (VPAs) created across apps. Axis Bank is among the four banks that have partnered with Google for their digital payments app 'Tez' to facilitate the processing of payments across the UPI-enabled banks. During the quarter, Axis Bank processed over 95 million UPI transactions – among the highest in the industry.

During the quarter, the credit card usage witnessed significant growth of 59% YOY in value terms. The share of digital transactions in the overall transaction mix for the Bank remained strong and stood at 66% as at end of December 2017.

## **Subsidiaries:**

The performance of the Bank's key subsidiaries continues to remain strong. Axis Finance's loan book grew by 82% YOY during 9MFY18 and the profit after tax grew 32% YOY to ₹155 crores for the same period. Axis Capital, the Institutional Equities and Investment Banking franchise of the Bank closed 15 deals during the quarter including 7 IPOs, 2 QIPs and one mega buyback among others. Its profit after tax grew by 37% YOY to ₹121 crores in 9MFY18. Axis Securities which currently ranks among top 3 brokerages in India in terms of total client base reported 34% YOY growth in profit after tax to ₹40 crores in 9MFY18. Axis AMC continues to perform well and reported 49% YoY growth in average AUM for 9MFY18 led by 23% YOY rise in number of client folios. Digital invoice discounting platform 'Invoicemart' is India's leading Trade Receivables Discounting System (TReDS), an electronic platform for facilitating cash flows for MSMEs doing exceedingly well, with a market share of nearly 50%.

**New product launches, Awards & Recognition received during the quarter:**

During the quarter, the Bank launched instant international payment services using Ripple's enterprise blockchain technology solution. This would make international remittances faster and transparent for its retail and corporate customers while ensuring security and improving efficiencies. Axis Bank is the first financial institution in India to offer Ripple-enabled, frictionless payments experience.

During the quarter, the Bank was awarded with "Customer Service Excellence for Transformation" at the Nasscom Customer Excellence Awards 2017. The Bank also won the IDC I.C.O.N.I.C. Insight Awards 2017 for Excellence in Operations.

₹ crore

Financial Performance	Q3FY18	Q3FY17	% Growth	9MFY18	9MFY17	% Growth
Net Interest Income	4,732	4,334	9%	13,887	13,365	4%
Other Income	2,593	3,400	(24%)	8,178	8,678	(6%)
- Fee Income	2,246	1,805	24%	6,419	5,459	18%
- Trading Income	200	1,525	(87%)	1,401	2,972	(53%)
- Miscellaneous Income	147	70	110%	358	247	45%
Operating Revenue	7,325	7,734	(5%)	22,065	22,043	0.1%
Core Operating Revenue*	7,125	6,208	15%	20,664	19,070	8%
Operating Expenses	3,471	3,094	12%	10,143	8,833	15%
Operating Profit	3,854	4,640	(17%)	11,922	13,210	(10%)
Core Operating Profit*	3,654	3,115	17%	10,521	10,237	3%
Net Profit	726	580	25%	2,464	2,454	0.4%
EPS Diluted (₹) annualized	11.86	9.58		13.56	13.58	
Return on Average Assets (annualized)	0.44%	0.39%		0.53%	0.58%	
Return on Equity (annualized)	5.52%	4.44%		6.38%	6.30%	

\*Excluding trading profit for all the periods.

₹ crore

Condensed Unconsolidated Balance Sheet	As on 31 <sup>st</sup> December'17	As on 31 <sup>st</sup> December'16
<b>CAPITAL AND LIABILITIES</b>		
Capital	513	478
Reserves & Surplus	65,035	53,979
Deposits	408,967	370,790
Borrowings	140,874	132,371
Other Liabilities and Provisions	28,549	21,145
<b>Total</b>	<b>643,938</b>	<b>578,763</b>
<b>ASSETS</b>		
Cash and Balances with Reserve Bank of India	21,407	44,200
Balances with Banks and Money at Call and Short Notice	6,991	7,527
Investments	142,389	136,485
Advances	420,923	347,175
Fixed Assets	3,940	3,609
Other Assets	48,288	39,767
<b>Total</b>	<b>643,938</b>	<b>578,763</b>

₹ crore

<b>Business Performance</b>	<b>As on 31<sup>st</sup> December '17</b>	<b>As on 31<sup>st</sup> December '16</b>	<b>% Growth</b>
Total Deposits (i)+(ii)	408,967	370,790	10%
(i) Demand Deposits	201,711	176,451	14%
- Savings Bank Deposits	131,219	118,072	11%
- Current Account Deposits	70,492	58,379	21%
Demand Deposits as % of Total Deposits	49%	48%	
(ii) Term Deposits	207,256	194,339	7%
- Retail Term Deposits	140,643	125,493	12%
- Non-Retail Term Deposits	66,613	68,846	-3%
Demand Deposits on a Cumulative Daily Average Basis (CDAB) for the nine months	177,401	147,104	21%
Demand Deposits as % of Total Deposits (CDAB) for the nine months	46%	42%	
Net Advances (a) +(b) + (c)	420,923	347,175	21%
(a) Corporate Credit	172,743	154,429	12%
(b) SME	54,884	43,208	27%
(c) Retail Advances	193,296	149,538	29%
Investments	144,161	136,485	5%
Balance Sheet Size	643,938	578,763	11%
Gross NPA as % of Gross Customer Assets	5.28%	5.22%	
Net NPA as % of Net Customer Assets	2.56%	2.18%	
Equity Capital	513	478	
Shareholders' Funds	65,548	54,457	
Capital Adequacy Ratio (Basel III)	17.50%	16.03%	
- Tier I	13.63%	12.43%	
- Tier II	3.87%	3.60%	
Capital Adequacy Ratio (Basel III) (Including Net Profit for 9MFY18)	18.00%	16.59%	
- Tier I	14.13%	12.99%	
- Tier II	3.87%	3.60%	

A presentation for investors is being separately placed on the Bank's website: [www.axisbank.com](http://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.*