

PRESS RELEASE
AXIS BANK ANNOUNCES FINANCIAL RESULTS
FOR THE QUARTER AND NINE MONTHS ENDED 31st DECEMBER 2019

Results at a Glance

- **Steady financial performance:**
 - PAT for Q3FY20 stood at ₹1,757 crores, up 5% YOY
 - Net Interest Income grew 15% YOY to ₹6,453 crores; NIM was 3.57%
- **Operating profit for Q3FY20 stood at ₹5,743 crores. Adjusted for a previously disclosed one-off recovery of ₹800 crore in Q3FY19, Operating Profit grew 22% YOY, Asset quality metrics largely stable:**
 - Specific loan loss provisions were down 12% YOY
 - Slippages from the loan book were ₹5,124 crores. In addition, slippages from the Investment book were at ₹1,090 crores, largely from one Housing Finance Company account.
 - Gross corporate slippages for the quarter (including investment portfolio) stood at ₹3,891 crores, of which 81% came from clients previously rated BB and below
 - Outstanding BB & Below corporate loans declined by 18% QOQ to ₹5,128 crores (0.9% of customer assets)
- **Loan book growth remains healthy:**
 - Loan book grew by almost ₹28,500 crores QOQ
 - Domestic loan growth stood at 18% YOY
 - Retail loan book grew 25% YOY, domestic corporate book grew 16% YOY
- **Deposit franchise had a steady quarter:**
 - Total deposits grew 21% YOY (quarterly average basis)
 - Savings Accounts grew 12% (quarterly average basis)
 - CASA and Retail Term Deposits (RTD) together were up 21% YOY on QAB basis
 - CASA ratio stood at 40% on QAB basis
 - The Bank added 131 branches to its domestic network. Expect to add a total of 550 branches during the year
- **Retail business momentum remains strong:**
 - Retail Advances accounted for 53% of Net Advances
 - Retail Fee Income grew 20% YOY and constituted 67% of Total Fee Income
 - Share of unsecured loans comprising of Personal loans and Credit Cards has been stable YOY at 17% of Retail book. Risk levels in most Retail products like Home loans, LAP, Personal loans and Credit Cards remain close to long term lows.
- **Among the top players in the digital space:**
 - Mobile banking spends grew 56% YOY, credit card spends grew 22% YOY
 - Market share in UPI transactions stood at 14% for Q3FY20; quarterly transactions up 110% YOY
 - Share of digital channels in personal loan disbursements stood at 41% in Q3FY20
- **The Bank's Capital Adequacy Ratio (CAR) remains strong: Common Equity Tier 1 ratio stood at 14.33% compared to 14.04% at the end of Q2FY20.**

The Board of Directors of Axis Bank Limited approved the financial results for the quarter and nine-months ended 31st December 2019 at its meeting held in Mumbai on Wednesday, 22nd January 2020. The Accounts have been subjected to a Limited Review by the Bank's Statutory Auditors.

Profit & Loss Account: Period ended 31st December 2019

Operating Profit and Net Profit

The Bank's operating profit for the quarter was ₹5,743 crores, up 4% YOY from ₹5,525 crores in Q3FY19. Q3FY19 had witnessed one large recovery in an account in the Steel sector. Adjusted for that one-off item, the Bank's operating profit for the quarter grew 22% YOY. For 9MFY20 period, the operating profit grew 26% YOY to ₹17,587 crores. Net profit for Q3FY20 increased 5% YOY to ₹1,757 crores from ₹1,681 crores in Q3FY19; for 9MFY20 Net profit de-grew 5% YOY to ₹3,015 crores, driven by the DTA charge taken in Q2 to incorporate revised corporate tax rates.

Net Interest Income and Net Interest Margin

The Bank's Net Interest Income (NII) grew 15% YOY to ₹6,453 crores during Q3FY20 from ₹5,604 crores in Q3FY19. NII for 9MFY20 rose 15% YOY to ₹18,398 crores from ₹16,003 crores in 9MFY19. Net interest margin for Q3FY20 stood at 3.57%, NIM for 9MFY20 stood at 3.49%.

Other Income

Non-Interest Income (comprising of fee, trading profit and miscellaneous income) for Q3FY20 stood at ₹3,787 crores. For 9MFY20 period, the Non-Interest Income grew 20% YOY to ₹11,551 crores. Fee income for Q3FY20 grew 6% YOY to ₹2,775 crores. For 9MFY20 period, the fee income grew 14% YOY to ₹8,087 crores. The key driver of fee income growth was Retail fees, which grew 20% YOY and constituted 67% of the Bank's total fee income in Q3FY20. Transaction Banking fees grew 2% YOY and constituted 18% of the total fee income of the Bank. Corporate credit related fees declined by 25% YOY.

The trading profits for the quarter stood at ₹515 crores as compared to ₹379 crores in Q3FY19. Miscellaneous Income, for the quarter stood at ₹497 crores compared to ₹1,007 crores in Q3FY19 which included one significant recovery for ₹800 crores. Thus, miscellaneous income was lower during the current quarter on a YOY basis, which resulted in 5% YOY decline in overall other income.

For 9MFY20, Non-Interest Income grew 20% YOY and stood at ₹11,551 crores, of which fee income grew 14% YOY primarily driven by 21% YOY growth in Retail fee and 5% YOY growth in Transaction banking. For 9MFY20, the recoveries in written-off accounts stood at ₹899 crores.

Provisions and contingencies

Specific Loan Loss Provisions for Q3FY20 were ₹2,962 crores, compared to ₹3,352 crores in Q3 last year and ₹2,701 crores in Q2FY20. Including provisions for standard assets and other provisions, total provisions were ₹3,471 crores.

Balance Sheet: As on 31st December 2019

The Bank's balance sheet grew 8% YOY and stood at ₹8,19,039 crores as on 31st December 2019. The Bank's advances grew 16% YOY to ₹5,50,138 crores as on 31st December 2019. Domestic loans grew 18% while the overseas book de-grew by 7%. Retail loans grew 25% YOY to ₹2,91,554 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 unsecured loans comprising of Personal loans and Credit Cards has been stable YOY at 17% of Retail book. We continue to see stable risk in Home loans, LAP, Personal loans and Credit Cards. SME loan book stood at ₹61,741 crores. Corporate loan book grew by 9%, with domestic corporate loan book up 16%. The Bank's loan to deposit ratio stood at 93%.

The book value of the Bank's Investments portfolio as on 31st December 2019, was ₹1,55,979 crores, of which ₹1,21,689 crores were in government securities, while ₹24,410 crores were invested in corporate bonds and ₹9,880 crores in other securities such as equities, preference shares, mutual funds, etc.

The total deposits on quarterly average basis (QAB) grew by 21%. CASA and Retail Term Deposits on a QAB basis put together recorded a growth of 21% YOY. On a period end basis, the total deposits grew 15% YOY. The share of CASA and Retail Term Deposits in the Total Deposits stood at 82% as on 31st December 2019.

Capital Adequacy and Shareholders' Funds

The shareholders' funds of the Bank grew 29% YOY and stood at ₹86,198 crores as on 31st December 2019. Under Basel III, the Capital Adequacy Ratio (CAR) and Tier I CAR (including net profit for 9MFY20) as on 31st December 2019 were 18.72% and 15.54% respectively.

Asset Quality

As on 31st December 2019, the Bank's Gross NPA and Net NPA levels were 5.00% and 2.09% respectively, as against 5.03% and 1.99% respectively as on 30th September 2019.

The Bank has recognized slippages of ₹6,214 crores during Q3FY20, compared to ₹4,983 crores in Q2FY20 and ₹3,746 crores in Q3FY19. Slippages from the loan book were at ₹5,124 crores and that from investment exposures stood at ₹1,090 crores. Corporate slippages stood at ₹3,891 crores. 81% 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 ₹2,422 crores while write-offs were ₹2,790 crores. Consequently, net slippages (before write-offs) for the quarter stood at ₹3,792 crores compared to ₹2,770 crores in Q2FY20 and ₹2,124 crores in Q3FY19. Net slippages (before write-offs) in Retail and SME stood at ₹722 crores and ₹220 crores respectively.

As on 31st December 2019, the Bank's Gross NPA stood at ₹30,073 crores and Net NPA stood at ₹12,160 crores. As on 31st December 2019, the Bank's provision coverage, as a proportion of Gross NPAs including prudential write-offs, stood at 78%.

As on 31st December 2019, the Bank has additional provisions of ₹2,558 crores towards various risk contingencies, over and above the regular NPA provisioning and the 0.4% standard assets provisioning requirement. These ₹2,558 crores of provisions are not counted towards Provision Coverage Ratio calculations of the Bank.

Network

During Q3FY20, the Bank added 131 branches (including extension counters) to its network across the country. As on 31st December 2019, the Bank had a network of 4,415 domestic branches and extension counters situated in 2,521 centres compared to 3,964 domestic branches and extension counters situated in 2,321 centres last year. As on 31st December 2019, the Bank had 12,173 ATMs and 5,254 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 for the first four months of fiscal 2020. Axis Bank's mobile banking transaction volumes in Q3 grew by 67% YOY while the mobile spends reported a growth of 56% YOY. Axis Bank currently has 75 million customers who have a registered Virtual Private Address (VPA) with the Bank. The Bank processed over 526 million Unified Payment Interface (UPI) transactions in Q3 with total transaction value growing over two times YOY to ₹54,814 crores. During the quarter, credit card usage witnessed growth of 22% YOY in value terms to ₹20,552 crores. The share of digital transactions in the overall transaction mix for the Bank remained strong at 82% as at end of December 2019. The contribution of Digital channels towards the business growth continues to rise steadily; 41% of personal loan disbursements in Q3 were through digital channels amounting to around ₹3,000 crores.

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 ₹1,56,075 crores as at end of December 2019.

During the quarter, we launched Burgundy Private, our most exclusive offering, which caters to the high- and ultra-high net-worth segment of clients. We also became first Indian Bank to launch an exclusive 3-in-1 metallic card -- which works as debit, credit and forex card -- exclusively for Burgundy Private clients.

₹ crore

Financial Performance	Q3FY20	Q3FY19	% Growth	9MFY20	9MFY19	% Growth
Net Interest Income	6,453	5,604	15%	18,398	16,003	15%
Other Income	3,787	4,001	(5%)	11,551	9,604	20%
- Fee Income	2,775	2,615	6%	8,087	7,108	14%
- Trading Income	515	379	36%	2,156	617	249%
- Miscellaneous Income	497	1,007	(51%)	1,308	1,879	(30%)
- Recoveries	383	998	(62%)	899	1,706	(47%)
Operating Revenue	10,240	9,604	7%	29,950	25,607	17%
Operating Expenses	4,497	4,080	10%	12,363	11,616	6%
Operating Profit	5,743	5,525	4%	17,587	13,991	26%
Net Profit/(Loss)	1,757	1,681	5%	3,015	3,172	(5%)
EPS Diluted (₹) annualized	24.71	25.86		14.91	16.33	
Return on Average Assets (annualized)	0.86%	0.88%		0.50%	0.57%	
Return on Equity (annualized)	8.83%	11.33%		5.86%	7.25%	

₹ crore

Balance Sheet	As on 31 st December'19	As on 31 st December'18
CAPITAL AND LIABILITIES		
Capital	564	514
Reserves & Surplus	85,634	66,184
Deposits	5,91,676	5,14,092
Borrowings	1,12,007	1,44,669
Other Liabilities and Provisions	29,158	30,717
Total	8,19,039	7,56,176
ASSETS		
Cash and Balances with RBI and Balances with Banks and Money at Call and Short Notice	41,311	55,736
Investments	1,55,979	1,61,036
Advances	5,50,138	4,75,105
Fixed Assets	4,204	3,988
Other Assets	67,407	60,311
Total	8,19,039	7,56,176

₹ crore

Business Performance	As on 31st December '19	As on 31st December '18	% Growth
Total Deposits (i)+(ii)	5,91,676	5,14,092	15%
(i) Demand Deposits	2,43,748	2,35,552	3%
- Savings Bank Deposits	1,65,353	1,51,380	9%
- Current Account Deposits	78,395	84,172	(7%)
Demand Deposits as % of Total Deposits	41%	46%	
(ii) Term Deposits	3,47,928	2,78,540	25%
- Retail Term Deposits	2,39,245	1,74,869	37%
- Non Retail Term Deposits	1,08,683	1,03,671	5%
Demand Deposits on a Quarterly Daily Average Basis (QAB)	2,26,488	2,06,745	10%
Demand Deposits as % of Total Deposits (QAB)	40%	44%	
Net Advances (a) +(b) + (c)	5,50,138	4,75,105	16%
(a) Corporate	1,96,843	1,80,469	9%
(b) SME	61,741	62,238	(1%)
(c) Retail	2,91,554	2,32,397	25%
Investments	1,55,979	1,61,036	(3%)
Balance Sheet Size	8,19,039	7,56,176	8%
Gross NPA as % of Gross Customer Assets	5.00%	5.75%	
Net NPA as % of Net Customer Assets	2.09%	2.36%	
Equity Capital	564	514	
Shareholders' Funds	86,198	66,698	
Capital Adequacy Ratio	18.20%	15.81%	
- Tier I	15.02%	12.48%	
- Tier II	3.18%	3.33%	
Capital Adequacy Ratio (including Net Profit for 9M)	18.72%	16.40%	
- Tier I	15.54%	13.07%	
- Tier II	3.18%	3.33%	

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

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Safe Harbor

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