

PRESS RELEASE
AXIS BANK ANNOUNCES FINANCIAL RESULTS
FOR THE QUARTER ENDED 30th JUNE 2019

Results at a Glance

- **Operating Profitability improved significantly:**
 - Net Interest Income for Q1FY20 grew 13% YOY to ₹5,844 crores; NIM stood at 3.40%
 - Fee income for Q1FY20 grew at 26% YOY, led by Retail Fees, which grew 28% YOY
 - Operating expenses growth was 3% - significantly lower than growth in revenue. This resulted in a further improvement in Cost to Assets ratio to 2.08% from 2.13% in Q4FY19
 - Operating profit for Q1FY20 grew 35% YOY and stood at ₹5,893 crores
- **Provision Coverage enhanced:**
 - Provision Coverage Ratio of the Bank improved sequentially to 78% from 77%
 - Created additional provisions of ₹994 crores over and above required NPA provisioning
 - The Bank now holds ₹2,358 crores of provisions for various contingencies
- **Profitability continues to improve steadily:**
 - Net Profit for Q1FY20 stood at ₹1,370 crores, up 95% YOY
 - Book Value per share improved to ₹272 up from ₹259 as at end of Q4FY19
- **Asset quality metrics continue to improve:**
 - GNPA and NNPA fell for the 5th straight quarter. Stands at 5.25% and 2.04%, as compared to 5.26% and 2.06 % as at the end of Q4FY19
 - Gross slippages for the quarter stood at ₹4,798 crores
 - Downgraded ₹2,242 crores into BB during the quarter, largely from groups that have shown new signs of stress in recent months
 - Post this, outstanding BB & Below corporate loans was stable at 1.3% of customer assets
- **Continue to grow loan book cautiously and steadily:**
 - Domestic loan growth stood at 19% YOY
 - Retail loan book grew 22% YOY while domestic Corporate loan book grew 16% YOY
 - Retail advances are now 52% of total advances of the Bank
- **Deposit franchise had a strong quarter:**
 - Total deposits on quarterly average basis grew 24% YOY
 - CASA and Retail Term Deposits together were up 24% YOY on quarterly average basis
- **Among the top players in the digital space:**
 - Mobile banking spends grew 73% YOY, Credit Card spends grew 29% YOY
 - Market share in UPI transactions stood at 11% for Q1FY20
 - Share of digital channels in personal loan disbursements increased to 46% from 31% in Q1FY19
- **The Bank's Capital Adequacy Ratio (CAR) remains stable. Under Basel III, Total CAR & Tier I including profit for Q1FY20 stood at 16.06% and 12.90% respectively.**

The Board of Directors of Axis Bank Limited approved the financial results for the quarter ended 30th June 2019 at its meeting held in Mumbai on Tuesday, 30th July 2019. The Accounts have been subjected to a Limited Review by the Bank's Statutory Auditors.

Profit & Loss Account: Period ended 30th June 2019**Operating Profit and Net Profit**

The Bank's operating Profit for the quarter grew 35% YOY to ₹5,893 crores from ₹4,372 crores in Q1FY19. Net profit for Q1FY20 grew 95% YOY stood at ₹1,370 crores from ₹701 crores in Q1FY19.

Net Interest Income and Net Interest Margin

The Bank's Net Interest Income (NII) grew 13% YOY to ₹5,844 crores during Q1FY20 from ₹5,167 crores in Q1FY19. Net interest margin for Q1FY20 stood at 3.40%.

Other Income

Non-Interest Income (comprising of fee, trading profit and miscellaneous income) for Q1FY20 grew 32% YOY to ₹3,869 crores as against ₹2,925 crores during the same period last year. Fee income for Q1FY20 grew 26% YOY to ₹2,663 crores. The key driver of fee income growth was Retail Fee, which grew 28% YOY and constituted 62% of the Bank's total fee income. Card Fees grew strongly by 28% YOY. Transaction Banking fees grew 7% YOY and constituted 16% of the total fee income of the Bank.

The trading profits for the quarter stood at ₹832 crores as compared to ₹103 crores in Q1FY19. Miscellaneous Income, for the quarter stood at ₹373 crores compared to ₹705 crores in Q1FY19.

Balance Sheet: As on 30th June 2019

The Bank's Balance Sheet grew 12% YOY and stood at ₹7,74,566 crores as on 30th June 2019. The Bank's Advances grew 13% YOY to ₹4,97,276 crores as on 30th June 2019. Domestic loans grew 19% while the overseas book de-grew by 34%. Retail loans grew 22% YOY to ₹2,58,205 crores and accounted for 52% of the Net Advances of the Bank. SME loans grew 8% YOY to ₹61,616 crores. Corporate loan book grew by 3%, with domestic corporate loan book up 16%. The Bank's loan to deposit ratio stood at 92%.

The book value of the Bank's Investments portfolio as on 30th June 2019, was ₹1,75,792 crores, of which ₹1,29,535 crores were in government securities, while ₹29,296 crores were invested in corporate bonds and ₹16,961 crores in other securities such as equities, preference shares, mutual funds, etc.

The total deposits on quarterly average basis (QAB) grew by 24%. CASA and Retail Term Deposits on a QAB basis put together recorded a growth of 24% YOY. On a period end basis, the total deposits grew 21% YOY. The share of CASA and Retail Term Deposits in the Total Deposits stood at 80% as on 30th June 2019.

Capital Adequacy and Shareholders' Funds

The shareholders' funds of the Bank stood at ₹71,228 crores as on 30th June 2019. During the quarter, the Bank's equity share capital increased by ₹10 crores mainly on account of full conversion of the 4.5 crore warrants issued during the preferential allotment in December 2017. The Bank is well capitalised. Under Basel III, the Capital Adequacy Ratio (CAR) and Tier I CAR as on 30th June 2019 including profit for Q1FY20 was 16.06% and 12.90% respectively.

Asset Quality

As on 30th June 2019, the Bank's Gross NPA and Net NPA levels were 5.25% and 2.04% respectively, as against 5.26% and 2.06% respectively as on 31st March 2019.

The Bank has recognised slippages of ₹4,798 crores during Q1FY20, compared to ₹3,012 crores in Q4FY19 and ₹4,337 crores in Q1FY19. Recoveries and upgrades from NPAs during the quarter were ₹2,177 crores while write-offs were ₹3,005 crores. Consequently, Net slippages for the quarter stood at ₹2,621 crores compared to ₹636 crores in Q4FY19 and ₹1,420 crores in Q1FY19. Net slippages (before write-offs) in Retail and SME stood at ₹889 crores and ₹414 crores respectively.

As on 30th June 2019, the Bank's Gross NPA stood at ₹29,405 crores and Net NPA stood at ₹11,037 crores.

The Bank downgraded ₹2,242 crores into the BB pool this quarter, mostly from groups that have shown new signs of stress in recent months. Post this action, the Bank's BB and below rated book remained largely stable QoQ and stood at ₹7,504 crores. This is 1.3% of the Bank's Gross Customer Assets, significantly down from 7.3% at peak.

As on 30th June 2019, the Bank's provision coverage, as a proportion of Gross NPAs including prudential write-offs, stood at 78% up from 77% in Q4FY19.

During the quarter, the Bank made a change in internal guidelines to continue increasing conservatism in its provisioning. The Bank has now introduced a process of making systematic provisions towards non-fund based facilities in NPA and in stressed accounts outside NPA. This change created a one time provisioning impact of ₹459 crores during the quarter. The Bank has now made multiple interventions over the last few quarters to create additional provisions outside regular NPA provisions.

As on 30th June 2019, the Bank has additional provisions of ₹2,358 crores towards various risk contingencies, over and above the regular NPA provisioning and the 0.4% standard assets provisioning requirement. These ₹2,358 crores of provisions are not counted towards Provision Coverage Ratio calculations of the Bank.

Network

During Q1FY20, the Bank added 44 branches to its network across the country. As on 30th June 2019, the Bank had a network of 4,094 domestic branches and extension counters situated in 2,380 centres compared to 3,787 domestic branches and extension counters situated in 2,211 centres last year. As on 30th June 2019, the Bank had 11,950 ATMs and 5,066 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 month of May 2019. Mobile banking transaction volumes grew by 151% YOY while the mobile spends in Q1 reported a growth of 73% YOY. Axis Bank currently has a 40.6 million registered VPA base. During the quarter, Axis Bank processed over 256 million UPI transactions with total transaction value in Q1 growing over four times YOY to ₹40,427 crores. During the quarter, credit card usage witnessed growth of 29% YOY in value terms. The share of digital transactions in the overall transaction mix for the Bank remained strong at 78% as at end of June 2019. The contribution of Digital channels towards the business growth continues to rise steadily; 46% of personal loan disbursements in Q1 were through digital channels as compared to 31% a year back.

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 ₹1,36,789 crores as at end of June 2019.

New product launches, Awards & Recognition received

Earlier this month, Axis Bank launched an exclusive co-branded credit card in partnership with E-commerce marketplace Flipkart. The credit card offers customers best-in-class benefits and unlimited cashback on all spends, online and offline. During the quarter, the Bank won the 'Anti-Money Laundering Technology Implementation of the Year' at The Asian Banker Risk Management Awards, 2019. The Bank has also won the Retail Banking Award for 'Financial Inclusion Initiative of the Year' at the recently held Asian Banking and Finance Awards.

₹ crore

Financial Performance	Q1FY20	Q1FY19	% Growth
Net Interest Income	5,844	5,167	13%
Other Income	3,869	2,925	32%
- Fee Income	2,663	2,117	26%
- Trading Income	832	103	711%
- Miscellaneous Income	373	705	(47%)
Operating Revenue	9,712	8,092	20%
Core Operating Revenue*	8,880	7,989	11%
Operating Expenses	3,820	3,720	3%
Operating Profit	5,893	4,372	35%
Core Operating Profit*	5,060	4,269	19%
Net Profit	1,370	701	95%
EPS Diluted (₹) annualized	21.14	10.93	
Return on Average Assets (annualized)	0.69%	0.40%	
Return on Equity (annualized)	9.19%	4.94%	

*Excluding trading profit for all the periods.

₹ crore

Balance Sheet	As on 30 th June '19	As on 30 th June '18
CAPITAL AND LIABILITIES		
Capital	524	514
Reserves & Surplus	70,704	63,672
Deposits	5,40,678	4,47,079
Borrowings	1,30,121	1,52,227
Other Liabilities and Provisions	32,539	29,194
Total	7,74,566	6,92,686
ASSETS		
Cash and Balances with RBI and Balances with Banks and Money at Call and Short Notice	38,277	39,787
Investments	1,75,792	1,54,614
Advances	4,97,276	4,41,074
Fixed Assets	4,053	3,968
Other Assets	59,168	53,243
Total	7,74,566	6,92,686

₹ crore

Business Performance	As on 30 th June '19	As on 30 th June '18	% Growth
Total Deposits (i) + (ii)	5,40,678	4,47,079	21%
(i) Demand Deposits	2,23,474	2,09,637	7%
- Savings Bank Deposits	1,52,263	1,41,359	8%
- Current Account Deposits	71,211	68,278	4%
Demand Deposits as % of Total Deposits	41%	47%	
(ii) Term Deposits	3,17,204	2,37,442	34%
- Retail Term Deposits	2,10,897	1,51,307	39%
- Non Retail Term Deposits	1,06,307	86,135	23%
Demand Deposits on a Quarterly Daily Average Basis (QAB)	2,16,232	1,95,975	10%
Demand Deposits as % of Total Deposits (QAB)	41%	46%	
Net Advances (a) + (b) + (c)	4,97,276	4,41,074	13%
(a) Corporate Credit	1,77,455	1,72,443	3%
(b) SME (incl. regulatory retail)	61,616	56,983	8%
(c) Retail Advances	2,58,205	2,11,648	22%
Investments	1,75,792	1,54,614	14%
Balance Sheet Size	7,74,566	6,92,686	12%
Gross NPA as % of Gross Customer Assets	5.25%	6.52%	
Net NPA as % of Net Customer Assets	2.04%	3.09%	
Equity Capital	524	514	
Shareholders' Funds	71,228	64,186	
Capital Adequacy Ratio (Basel III)	15.82%	16.57%	
- Tier I	12.66%	13.08%	
- Tier II	3.16%	3.49%	
Capital Adequacy Ratio (Basel III) (including Net Profit for Q1)	16.06%	16.71%	
- Tier I	12.90%	13.22%	
- Tier II	3.16%	3.49%	

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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