

**PRESS RELEASE****AXIS BANK ANNOUNCES FINANCIAL RESULTS  
FOR THE QUARTER ENDED 30<sup>th</sup> JUNE 2018****Results at a Glance**

- **Improved financial performance driven by higher NII, lower expenses and provisions QOQ:**
  - PAT for Q1FY19 stood at ₹701 crores compared to a loss reported in Q4FY18.
  - Core operating profit was up 23% YOY and 24% QOQ
  - Net Interest Income for Q1FY19 was ₹5,167 crores, grew 12% YOY and 9% QOQ
  - NIM for Q1FY19 was 3.46%.
  - Operating expenses for Q1FY19 grew 12% YOY and declined 3% QOQ
  - Total provisions stood at ₹3,338 crores down 54% QOQ.
  - The Bank has recognized the entire ₹135 crores of MTM provisions on AFS and HFT investments incurred in Q1 in this quarter.
- **Elevated NPA recognition phase of this cycle is nearly complete**
  - Q1FY19 slippages declined 74% QOQ to ₹4,337 crores
  - The Bank's GNPA and NNPA stood at 6.52% and 3.09%, down from 6.77% and 3.40% QOQ
  - The Bank has increased Provision Coverage Ratio to 69% from 65% in Q4
  - 88% of corporate slippages in Q1 came from previously disclosed BB & Below book.
  - After this quarter's downgrades into BB & Below, the Bank believes the rating downgrade cycle is now normalized. BB & Below pool stood at 2.1% of gross customer assets. This was 7.3% at peak.
- **Loan growth during the quarter stood at 14% YOY driven by Retail and SME segments:**
  - Retail, SME and Corporate loan book grew 21%, 19% and 6% YOY respectively
  - Retail and SME loans constituted 61% of total loans
  - 78% of outstanding Corporate exposure is rated 'A' or better
- **Retail business momentum remains healthy:**
  - CASA deposits on a cumulative daily average balance (CDAB) basis grew 15% YOY and constituted 46% of total deposits. Saving deposits on a CDAB basis grew 18%.
  - Retail Advances accounted for 48% of Net Advances; Retail Fee Income grew 18% and constituted 61% of Total Fee Income.
- **Among the top players in the digital space:**
  - Ranked #1 in Mobile Banking spends as per RBI data
  - Market share in UPI transactions stood at 10% for Q1FY19
  - Mobile banking spends grew 90% YOY, Credit Card spends grew 51% YOY
- **The Bank's Capital Adequacy Ratio (CAR) improved during the quarter. Under Basel III, Total & Tier I CAR (including net profit for Q1FY19) stood at 16.71% and 13.22%, respectively, up 14 bps QOQ.**

The Board of Directors of Axis Bank Limited approved the financial results for the quarter ended 30<sup>th</sup> June 2018 at its meeting held in Mumbai on Monday, 30<sup>th</sup> July 2018. The Accounts have been subjected to a Limited Review by the Bank's Statutory Auditors.

### **Profit & Loss Account: Quarter ended 30<sup>th</sup> June 2018**

#### **• Core Operating Profit and Net Profit**

Core operating profit for Q1FY19 grew by 23% YOY to ₹4,269 crores from ₹3,467 crores in Q1FY18. Net Profit for Q1FY19 stood at ₹701 crores compared to a loss reported in Q4FY18; on a YOY basis, it contracted by 46%.

#### **• Net Interest Income and Net Interest Margin**

The Bank's Net Interest Income (NII) grew by 12% YOY to ₹5,167 crores during Q1FY19 from ₹4,616 crores in Q1FY18. Net interest margin for Q1FY19 stood at 3.46%.

#### **• Other Income**

Other income (comprising fee, trading profit and miscellaneous income) for Q1FY19 declined 2% YOY to ₹2,925 crores as against ₹3,000 crores during the same period last year.

Fee income for Q1FY19 grew 6% YOY to ₹2,117 crores. The key driver of fee income growth was Retail Banking, which grew strongly 18% YOY and constituted 61% of the Bank's total fee income. Transaction Banking fees grew 10% YOY and constituted 20% of the total fee income of the Bank.

Trading profits for the quarter stood at ₹103 crores compared to ₹824 crores in Q1FY18.

Miscellaneous Income for the quarter stood at ₹705 crores compared to ₹173 crores in Q1FY18. A significant driver here is recoveries from some written off accounts, outside the IBC process.

### **Balance Sheet: As on 30<sup>th</sup> June 2018**

The Bank's Balance Sheet grew 14% YOY and stood at ₹6,92,686 crores as on 30<sup>th</sup> June 2018. The Bank's Advances grew 14% YOY to ₹4,41,074 crores as on 30<sup>th</sup> June 2018. Retail Advances grew 21% YOY to ₹2,11,648 crores and accounted for 48% of the Net Advances of the Bank. SME Advances grew 19% YOY to ₹56,983 crores. Corporate credit grew 6% YOY to ₹1,72,443 crores and accounted for 39% of Net Advances led by 32% growth in working capital loans.

The book value of the Bank's Investments portfolio as on 30<sup>th</sup> June 2018, was ₹1,54,614 crores, of which ₹1,10,936 crores were in government securities, while ₹28,911 crores were invested in corporate bonds and ₹14,767 crores in other securities such as equities, preference shares, mutual funds, etc.

CASA, on a cumulative daily average basis, recorded a growth of 15% YOY, in which Savings Bank Deposits and Current Account Deposits grew by 18% YOY and 8% YOY, respectively. The proportion of CASA on a cumulative daily average basis constituted 46% of total deposits.

CASA Deposits on a period end basis grew 8% YOY and constituted 47% of total deposits as at the end of 30<sup>th</sup> June 2018. Savings Account Deposits on period end basis grew 16% YOY while the Current Account Deposits de-grew by 5% YOY. The share of CASA and Retail Term Deposits in the Total Deposits stood at 81% as on 30<sup>th</sup> June 2018. Total Deposits grew 14% YOY.

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

The shareholders' funds of the Bank grew 12% YOY and stood at ₹64,186 crores as on 30<sup>th</sup> June 2018. The Bank is well capitalised. Under Basel III, the Capital Adequacy Ratio (CAR) and Tier I CAR (including net profit for Q1FY19) as on 30<sup>th</sup> June 2018 was 16.71% and 13.22% respectively. The Bank remains well capitalised to pursue growth opportunities.

### **Asset Quality**

As on 30<sup>th</sup> June 2018, the Bank's Gross NPA and Net NPA levels were 6.52% and 3.09% respectively, as against 6.77% and 3.40% respectively as on 31<sup>st</sup> March 2018.

The Bank has recognised slippages of ₹4,337 crores during Q1FY19. Corporate lending slippages stood at ₹2,218 crores. 88% of this came from disclosed BB & below accounts. The Bank's BB and below rated book stood at ₹10,396 crores. This is 2.1% of the Bank's Gross Customer Assets, and is down to less than 1/3<sup>rd</sup> of the 7.3% peak reached in Jun-16.

As on 30<sup>th</sup> June 2018, the Bank's Gross NPA stood at ₹32,662 crores and Net NPA stood at ₹14,902 crores. Recoveries and upgrades were ₹2,917 crores while write-offs during the quarter were ₹3,007 crores. Net slippages (before write-offs) in Retail and SME stood at ₹537 crores and ₹355 crores respectively.

As on 30<sup>th</sup> June 2018, the Bank's provision coverage, as a proportion of Gross NPAs including prudential write-offs, stood at 69%.

### **Network**

During Q1FY19, the Bank added 76 branches to its network across the country. As on 30<sup>th</sup> June 2018, the Bank had a network of 3,779 domestic branches and extension counters situated in 2,211 centres compared to 3,385 domestic branches and extension counters situated in 1,976 centres as at end of same period last year. As on 30<sup>th</sup> June 2018, the Bank had 12,834 ATMs and 2,952 cash recyclers spread across the country.

## **Digital**

Axis Bank is ranked #1 in the mobile banking spends and #3 in terms of transaction volumes, as per the latest RBI data for the month of January 2018. Mobile banking transaction volumes surged by 203% YOY while the mobile spends in Q1 reported a growth of 90% YOY primarily led by surge in UPI (Unified Payment Interface) transactions. Axis Bank currently has 14.60 mn Virtual Payment Address (VPAs) created across apps. During the quarter, Axis Bank processed over 79 million UPI transactions with total transaction value of ₹9,706 crores.

During the quarter, credit card usage witnessed significant growth of 51% YOY in value terms. The share of digital transactions in the overall transaction mix for the Bank remained strong and stood at 70% as at end of June 2018.

The Bank's online instant Savings Accounts offering 'ASAP' has witnessed strong response from customers with 0.64 mn ASAP accounts opened in little over six months with 0.39 mn accounts opened during Q1FY19.

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

During the quarter, the Bank launched Axis Aha!, an Artificial Intelligence led virtual banking assistant to help customers execute transactions and answer queries. The Conversational Banking Chatbot has so far processed over 0.7 million conversations, answered over 2.84 million FAQs and transacted over ₹7.4 million since inception.

During the quarter, the Bank won the award for Best Performing Bank, in the Private Bank category at the UTI Mutual Fund and CNBC TV18 Financial Advisor Awards 2017-18. Axis Bank has also been awarded at the National APY Conference as the Second Best Performing Private Bank in Atal Pension Yojna for FY 17-18.

₹ crores

<b>Financial Performance</b>	<b>Q1FY19</b>	<b>Q1FY18</b>	<b>% Growth</b>
Net Interest Income	5,167	4,616	12%
Other Income	2,925	3,000	(2%)
- Fee Income	2,117	2,003	6%
- Trading Income	103	824	(88%)
- Miscellaneous Income	705	173	308%
Operating Revenue	8,092	7,616	6%
Core Operating Revenue*	7,989	6,792	18%
Operating Expenses	3,720	3,325	12%
Operating Profit	4,372	4,291	2%
Core Operating Profit*	4,269	3,467	23%
Net Profit	701	1,306	(46%)
EPS Diluted (₹) annualized	10.93	21.79	
Return on Average Assets (annualized)	0.40%	0.87%	
Return on Equity (annualized)	4.94%	10.21%	

\*Excluding trading profit for all the periods.

₹ crores

<b>Condensed Unconsolidated Balance Sheet</b>	<b>As on 30<sup>th</sup> June '18</b>	<b>As on 30<sup>th</sup> June '17</b>
<b>CAPITAL AND LIABILITIES</b>		
Capital	514	479
Reserves & Surplus	63,672	56,633
Deposits	4,47,079	3,93,741
Borrowings	1,52,227	1,29,528
Other Liabilities and Provisions	29,194	26,337
<b>Total</b>	<b>6,92,686</b>	<b>6,06,718</b>
<b>ASSETS</b>		
Cash and Balances with Reserve Bank of India and Balances with Banks and Money at Call and Short Notice	39,787	31,919
Investments	1,54,614	1,41,839
Advances	4,41,074	3,85,481
Fixed Assets	3,968	3,860
Other Assets	53,243	43,619
<b>Total</b>	<b>6,92,686</b>	<b>6,06,718</b>

<b>Business Performance</b>	<b>As on 30<sup>th</sup> June '18</b>	<b>As on 30<sup>th</sup> June '17</b>	<b>% Growth</b>
Total Deposits (i)+(ii)	4,47,079	3,93,741	14%
(i) Demand Deposits	2,09,637	1,93,582	8%
- Savings Bank Deposits	1,41,359	1,22,010	16%
- Current Account Deposits	68,278	71,572	(5%)
Demand Deposits as % of Total Deposits	47%	49%	
(ii) Term Deposits	2,37,442	2,00,158	19%
- Retail Term Deposits	1,51,307	1,32,764	14%
- Non Retail Term Deposits	86,135	67,394	28%
Demand Deposits on a Cumulative Daily Average Basis (CDAB)	1,95,975	1,70,495	15%
Demand Deposits as % of Total Deposits (CDAB)	46%	45%	
Net Advances (a) +(b) + (c)	4,41,074	3,85,481	14%
(a) Corporate Credit	1,72,443	1,62,284	6%
(b) SME (incl. regulatory retail)	56,983	47,919	19%
(c) Retail Advances	2,11,648	1,75,278	21%
Investments	1,54,614	1,41,839	9%
Balance Sheet Size	6,92,686	6,06,718	14%
Gross NPA as % of Gross Customer Assets	6.52%	5.03%	
Net NPA as % of Net Customer Assets	3.09%	2.30%	
Equity Capital	514	479	
Shareholders' Funds	64,186	57,113	
Capital Adequacy Ratio (Basel III)	16.57%	16.36%	
- Tier I	13.08%	12.33%	
- Tier II	3.49%	4.03%	
Capital Adequacy Ratio (Basel III) (including Net Profit for Q1)	16.71%	16.63%	
- Tier I	13.22%	12.60%	
- Tier II	3.49%	4.03%	

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.