

PRESS RELEASE

AXIS BANK ANNOUNCES FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31st MARCH 2016

Results at a Glance

- Net Profit for Q4FY16 shrunk 1% YOY to ₹2,154 crores while Net Profit for FY16 grew 12% YOY to ₹8,224 crores
- Net Interest Income and Core Operating Profit for Q4FY16 grew well at 20% YOY and 15% YOY respectively. Net Interest Margin for Q4FY16 stood at 3.97%
- The Bank's GNPA and Net NPA levels were stable at 1.67% and 0.70% respectively in Q4FY16 as against 1.68% and 0.75% respectively, in the previous quarter
- The Bank created a contingency asset provision of ₹300 crores taking the cumulative balance of contingency asset provisions to ₹480 crores as at March 31, 2016
- Net Advances grew 21% YOY, led by Retail Credit which grew 24% YOY and followed by Corporate Credit which grew 22% YOY
- The Bank's Retail franchise registered strong performance
 - CASA, for Q4FY16, grew 17% YOY and constituted 47% of Total Deposits as on 31st March 2016
 - Savings Account balances grew 20% YOY and stood at ₹1,05,793 crores
 - Retail Advances growth continues to be strong at 24% YOY
 - Retail Advances now account for 41% of Net Advances of the Bank
 - Retail Fee Income in Q4FY16 grew 15% YOY and constitutes 42% of Total Fee Income
- Tier 1 Capital Adequacy of the Bank went up by 44 bps YOY, despite strong growth and challenging risk environment. Under Basel III, Total CAR & Tier I CAR stood at 15.29% and 12.51%

The Board of Directors of Axis Bank Limited approved the audited financial results for the quarter and year ended 31st March 2016 at its meeting held in Mumbai on Tuesday, 26th April 2016.

Profit & Loss Account: Year ended 31st March 2016

• **Core Operating Profit and Net Profit**

Earnings quality remained good with the Bank showing a healthy financial performance in terms of growth in core revenues for the quarter and full year ended 31st March 2016. The Bank's Core Operating Profit for Q4FY16 grew 15% YOY to ₹4,134 crores, and for FY16 grew by a robust 21% YOY to ₹14,612 crores. The Net Profit for FY16 grew 12% YOY to ₹8,224 crores. Net Profit for Q4FY16 stood at ₹2,154 crores.

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

The Bank's Net Interest Income (NII) grew 20% YOY to ₹4,553 crores during Q4FY16 from ₹3,799 crores in Q4FY15. Net interest margin for Q4FY16 remained healthy and stood at 3.97%. NII for FY16 also rose 18% YOY to ₹16,833 crores from ₹14,224 crores during FY15.

- **Other Income**

Other income (comprising fee, trading profit and miscellaneous income) for Q4FY16 stood at ₹2,694 crores as against ₹2,687 crores during the same period last year. During FY16, other income grew 12% YOY and stood at ₹9,371 crores. Fee income for Q4FY16 grew 6% YOY to reach ₹2,254 crores. The key driver to the growth in fee income was Retail Banking, which grew by 15% YOY and constituted 42% of the Bank's total fee income. Treasury & DCM fee performance too was healthy and grew 12% YOY to constitute 10% of the total fee income of the Bank. During FY16, fee income grew 11% YOY primarily driven by 16% YOY growth in retail fee and 29% YOY growth in fee from Treasury & DCM segment.

Balance Sheet: As on 31st March 2016

The Bank's Balance Sheet grew 14% YOY and stood at ₹5,25,468 crores as on 31st March 2016. The Bank's Advances grew 21% YOY to ₹3,38,774 crores as on 31st March 2016. Retail Advances grew 24% YOY and stood at ₹1,38,521 crores and accounted for 41% of the Net Advances of the Bank. If we were to include SME loans that qualify as regulatory retail, the share of retail loans to total loans would be 45%. Corporate credit grew 22% YOY and stood at ₹1,55,384 crores; and accounted for 46% of Net Advances. SME Advances grew 8% YOY and stood at ₹44,869 crores.

The book value of the Bank's investments portfolio as on 31st March 2016, was ₹1,22,006 crores, of which ₹87,020 crores were in government securities, while ₹23,079 crores were invested in corporate bonds and ₹11,907 crores in other securities such as equities, preference shares, mutual funds, etc.

CASA Deposits as on 31st March 2016 constituted 47% of total deposits. Savings Account balances grew at a strong 20% YOY, up from the 16% YOY growth we had last quarter. CASA, on a daily average basis, recorded a growth of 15%, in which Savings Bank Deposits recorded a growth of 14% YOY, while Current Account deposits grew by 16%. The proportion of CASA on a daily average basis remained at the same level as the previous quarter and constituted 40% of total deposits.

CASA and Retail Term Deposits constituted 81% of Total Deposits as on 31st March 2016 compared to 78% as on 31st March 2015.

Capital Adequacy and Shareholders' Funds

The shareholders' funds of the Bank grew 19% YOY and stood at ₹53,165 crores as on 31st March 2016. The Bank is well capitalised. Under Basel III, the Capital Adequacy Ratio (CAR) and Tier I CAR as on 31st March 2016 was 15.29% and 12.51% respectively.

Dividend

The Board of Directors have recommended dividend of ₹5 per equity share of face value of ₹2 per equity share for the year ended 31st March 2016, against ₹4.60 per equity share of face value of ₹2 per equity share for the previous year. This would be subject to approval by the shareholders at the next annual general meeting

Asset Quality

As on 31st March 2016, the Bank's GNPA and Net NPA levels were 1.67% and 0.70% respectively, as against 1.68% and 0.75% respectively as on 31st December 2015. As on 31st March 2016, the Bank's provision coverage, as a proportion of Gross NPAs including prudential write-offs, was 72%. The provision coverage before accumulated write-offs was 83%. During the quarter, the Bank created a contingency asset provision of ₹300 crores taking the cumulative balance of contingency asset provisions to ₹480 crores as at March 31, 2016.

As on 31st March 2016, the Bank's Gross NPA was ₹6,088 crores against ₹5,724 crores as on 31st December 2015. During the quarter, the Bank added ₹1,474 crores to Gross NPAs, Recoveries and upgrades were ₹780 crores and write-offs during the quarter were ₹330 crores. Further, the Bank sold ₹349 crores of NPA outstanding to an asset reconstruction company for a consideration of ₹110 crores of which cash consideration stood at ₹25 crores and the balance consideration was received as security receipts.

The cumulative value of net restructured advances as on 31st March 2016 stood at ₹8,072 crores, constituting 2.25% of net customer assets, compared to ₹7,745 crores, constituting 2.31% of net customer assets as on 31st December 2015.

Network

During Q4FY16, the Bank added 99 branches to its network across the country, pushing up the tally to 315 new branches in FY16 compared to 187 branches opened in FY15. As on 31st March 2016, the Bank had a network of 2,904 domestic branches and extension counters situated in 1,855 centres compared to 2,589 domestic branches and extension counters situated in 1,714 centres last year. As on 31st March 2016, the Bank had 12,743 ATMs and 1,146 cash recyclers spread across the country.

International Business

The Bank has nine international offices with branches at Singapore, Hong Kong, Dubai (at the DIFC), Colombo and Shanghai; representative offices at Dubai, Abu Dhabi, Dhaka and an overseas subsidiary at London, UK. The international offices focus on corporate lending, trade finance, syndication and investment banking and liability businesses.

The total assets under overseas branches were USD 8.06 billion as on 31st March 2016.

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

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₹ crore

Financial Performance	Q4FY16	Q4FY15	% Growth	FY16	FY15	% Growth
Net Profit	2,154.28	2,180.59	(1.21)	8,223.66	7,357.82	11.77
EPS Diluted (₹)	36.22	37.03	(2.19)	34.40	30.85	11.51
Net Interest Income	4,552.59	3,799.24	19.83	16,832.97	14,224.14	18.34
Other Income	2,694.01	2,687.31	0.25	9,371.46	8,365.04	12.03
- Fee Income	2,253.82	2,124.02	6.11	7,501.97	6,778.98	10.67
- Trading Income	95.12	274.86	(65.39)	1,246.91	1,134.94	9.87
- Miscellaneous Income	345.07	288.43	19.64	622.58	451.12	38.01
Operating Revenue	7,246.60	6,486.55	11.72	26,204.43	22,589.18	16.00
Core Operating Revenue*	6,982.56	6,055.98	15.30	24,712.64	21,268.08	16.20
Operating Expenses	2,848.07	2,473.67	15.14	10,100.82	9,203.74	9.75
Operating Profit	4,398.53	4,012.88	9.61	16,103.61	13,385.44	20.31
Core Operating Profit**	4,134.49	3,582.31	15.41	14,611.82	12,064.34	21.12

* Core Operating Revenue = Operating Revenue - Trading Income - Gain on Repatriation of profit of overseas branches

** Core Operating Profit = Operating Profit - Trading Income - Gain on Repatriation of profit of overseas branches

₹ crore

Condensed Unconsolidated Balance Sheet	As on 31 st March '16	As on 31 st March '15
CAPITAL AND LIABILITIES		
Capital	476.56	474.10
Reserves & Surplus	52,688.34	44,202.41
Deposits	357,967.56	322,441.94
Borrowings	99,226.38	79,758.27
Other Liabilities and Provisions	15,108.77	15,055.67
Total	525,467.61	461,932.39
ASSETS		
Cash and Balances with Reserve Bank of India and Balances with Banks and Money at Call and Short Notice	33,325.44	36,099.03
Investments	122,006.20	117,589.98
Advances	338,773.72	281,083.03
Fixed Assets	3,523.17	2,514.31
Other Assets	27,839.08	24,646.04
Total	525,467.61	461,932.39

₹ crore

Business Performance	As on 31 st March '16	As on 31 st March '15	% Growth
Total Deposits	357,968	322,442	11.02
Demand Deposits	169,445	144,400	17.34
- Savings Bank Deposits	105,793	88,292	19.82
- Current Account Deposits	63,652	56,108	13.44
Demand Deposits as % of Total Deposits	47%	45%	
Term Deposits	188,523	178,042	5.89
Retail Term Deposits	121,955	106,581	14.43
Demand Deposits on a Cumulative Daily Average Basis (CDAB) for the full year	122,989	107,328	14.59
Demand Deposits as % Total Deposits (CDAB) for the full year	40%	40%	
Net Advances (a) + (b) + (c)	338,774	281,083	20.52
(a) Corporate Credit	155,384	127,644	21.73
(b) SME	44,869	41,507	8.10
(c) Retail Advances	138,521	111,932	23.75
Investments	122,006	117,590	3.76
Balance Sheet Size	525,468	461,932	13.75
Net NPA as % of Net Customer Assets	0.70%	0.44%	
Gross NPA as % of Gross Customer Assets	1.67%	1.34%	
Equity Capital	477	474	0.52
Shareholders' Funds	53,165	44,677	19.00
Capital Adequacy Ratio (Basel III)	15.29%	15.09%	
- Tier I	12.51%	12.07%	
- Tier II	2.78%	3.02%	

In accordance with RBI circular DBR.BP.BC.No.31/21.04.018/2015-16 dated 16th July, 2015, the Bank has classified deposits placed with NABARD/SIDBI/NHB for meeting shortfall in Priority Sector Lending under 'Other Assets', which were hitherto included under 'Investments'. Figures for the previous periods have also been regrouped to conform to current period's classification.

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.