

**PRESS RELEASE****AXIS BANK ANNOUNCES FINANCIAL RESULTS  
FOR THE QUARTER AND HALF YEAR ENDED 30<sup>th</sup> SEPTEMBER 2019****Results at a Glance**

- **Strong Profitability performance:**
  - PBT for Q2FY20 stood at ₹2,433 crores, up 109% YOY
  - Net loss of ₹112 crores for the quarter, driven by a one-time tax impact of ₹2,138 crores due to changes in corporate tax rate. Ex of this extraordinary item, PAT would have been ₹2,026 crores, up 157% YoY
  - Book Value Per Share improved sequentially from ₹272 to ₹298
- **Operating Profitability remains strong:**
  - Operating profit for Q2FY20 grew 45% YOY and stood at ₹5,952 crores
  - Net Interest Income grew 17% YOY to ₹6,102 crores; NIM was 3.51%, highest in the last 9 quarters
  - Fee income grew 11% YOY, led by Retail fees, which grew 16% YOY
  - Operating expenses growth was 6% - significantly lower than growth in revenue. This resulted in a further improvement in Cost to Assets ratio to 2.06% from 2.08% in Q1FY20
- **Provision Coverage enhanced:**
  - Provision Coverage Ratio of the Bank improved to 79% from 78%
  - The Bank also holds ₹2,600 crores of provisions towards various contingencies
- **Asset quality metrics largely stable:**
  - GNPA and NNPA book both fell for the 6<sup>th</sup> straight quarter
  - GNPA and NNPA ratios were 5.03% and 1.99%, compared to 5.25% and 2.04% after Q1FY20
  - Gross corporate slippages for the quarter stood at ₹2,862 crores, of which 97% came from BB and below rated clients (loan and investment exposures)
  - Outstanding BB & Below corporate loans declined by 16% and stood at 1.1% of customer assets
- **Strong Loan book growth:**
  - Loan book grew by ₹24,318 crores QOQ, the largest growth in the last 8 quarters
  - Domestic loan growth stood at 19% YOY. Retail loan book grew 23% 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 23% YOY
  - CASA and Retail Term Deposits together were up 21% YOY on quarterly average basis
  - The Bank added 190 branches to its domestic network, the highest in the last 24 quarters
- **Among the top players in the digital space:**
  - Mobile banking spends grew 60% YOY, credit card spends grew 34% YOY
  - Market share in UPI transactions stood at 12% for Q2FY20, up 162% YOY
  - Share of digital channels in personal loan disbursements stood at 43% in Q2FY20
- **The Bank's Capital Adequacy Ratio (CAR) has strengthened post capital raise: Common Equity Tier 1 ratio stood at 14.04% compared to 11.68% at the end of Q1FY20.**

The Board of Directors of Axis Bank Limited approved the financial results for the quarter and half year ended 30<sup>th</sup> September 2019 at its meeting held in Mumbai on Tuesday, 22<sup>nd</sup> October 2019. The Accounts have been subjected to a Limited Review by the Bank's Statutory Auditors.

### **Profit & Loss Account: Period ended 30<sup>th</sup> September 2019**

#### **Operating Profit and Net Profit**

The Bank's operating profit for the quarter grew 45% YOY to ₹5,952 crores from ₹4,094 crores in Q2FY19. Profit before tax for Q2FY20 grew 109% YOY to ₹2,433 crores from ₹1,167 crores in Q2FY19. Net loss for Q2FY20 stood at ₹112 crores as against net profit of ₹790 crores in Q2FY19; for H1FY20, the net profit was down by 16% YOY to ₹1,258 crores.

#### **One-off Deferred Tax Assets (DTA) impact due to change in corporate tax rate**

The one off impact for the Bank, from a DTA perspective, due to a change in corporate tax rate, has been ₹2,138 crores. It has been fully adjusted through Q2FY20 financials, which has impacted the earnings significantly. Adjusted for this one-off Q2FY20 PAT would have been ₹2,026 crores up 157% YoY.

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

The Bank's Net Interest Income (NII) grew 17% YOY to ₹6,102 crores during Q2FY20 from ₹5,232 crores in Q2FY19. Net interest margin for Q2FY20 stood at 3.51%.

#### **Other Income**

Non-Interest Income (comprising of fee, trading profit and miscellaneous income) for Q2FY20 grew 45% YOY to ₹3,896 crores as against ₹2,678 crores during the same period last year. Fee income for Q2FY20 grew 11% YOY to ₹2,649 crores. The key driver of fee income growth was Retail fees, which grew 16% YOY and constituted 64% of the Bank's total fee income. Card fees grew strongly by 21% YOY. Transaction Banking fee grew 7% YOY and constituted 18% of the total fee income of the Bank. Corporate credit related fees grew 13% YOY.

The trading profits for the quarter stood at ₹809 crores as compared to ₹136 crores in Q2FY19. Miscellaneous Income, for the quarter stood at ₹438 crores compared to ₹167 crores in Q2FY19.

#### **Provisions and contingencies**

Specific Loan Loss Provisions for Q2FY20 were ₹2,701 crores, compared to ₹2,686 crores in Q2 last year and ₹2,886 crores in Q1FY20. Including provisions for standard assets and other provisions, total provisions were ₹3,518 crores.

### **Balance Sheet: As on 30<sup>th</sup> September 2019**

The Bank's balance sheet grew 11% YOY and stood at ₹8,09,294 crores as on 30<sup>th</sup> September 2019. The Bank's advances grew 14% YOY to ₹5,21,594 crores as on 30<sup>th</sup> September 2019. Domestic loans grew 19% while the overseas

book de-grew by 25%. Retail loans grew 23% YOY to ₹2,73,223 crores and accounted for 52% of the net advances of the Bank. SME loans grew 2% YOY to ₹61,371 crores. Corporate loan book grew by 7%, with domestic corporate loan book up 18%. The Bank's loan to deposit ratio stood at 89%.

The book value of the Bank's Investments portfolio as on 30<sup>th</sup> September 2019, was ₹1,61,715 crores, of which ₹1,23,810 crores were in government securities, while ₹29,396 crores were invested in corporate bonds and ₹8,509 crores in other securities such as equities, preference shares, mutual funds, etc.

The total deposits on quarterly average basis (QAB) grew by 23%. 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 22% YOY. The share of CASA and Retail Term Deposits in the Total Deposits stood at 80% as on 30<sup>th</sup> September 2019.

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

During the quarter, the Bank raised equity capital of ₹12,500 crores through a Qualified Institutional Placement to enhance its capital adequacy position and support its future growth plans. The shareholders' funds of the Bank grew 29% YOY and stood at ₹83,875 crores as on 30<sup>th</sup> September 2019. Under Basel III, the Capital Adequacy Ratio (CAR) and Tier I CAR (including net profit for H1FY20) as on 30<sup>th</sup> September 2019 were 18.45% and 15.25% respectively.

### **Asset Quality**

As on 30<sup>th</sup> September 2019, the Bank's Gross NPA and Net NPA levels were 5.03% and 1.99% respectively, as against 5.25% and 2.04% respectively as on 30<sup>th</sup> June 2019.

The Bank has recognized slippages of ₹4,983 crores during Q2FY20, compared to ₹4,798 crores in Q1FY20 and ₹2,777 crores in Q2FY19. Corporate slippages stood at ₹2,862 crores. 97% 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 ₹2,213 crores while write-offs were ₹3,104 crores. Consequently, Net slippages for the quarter stood at ₹2,770 crores compared to ₹2,621 crores in Q1FY20 and ₹591 crores in Q2FY19. Net slippages (before write-offs) in Retail and SME stood at ₹496 crores and ₹468 crores respectively.

As on 30<sup>th</sup> September 2019, the Bank's Gross NPA stood at ₹29,071 crores and Net NPA stood at ₹11,138 crores. As on 30<sup>th</sup> September 2019, the Bank's provision coverage, as a proportion of Gross NPAs including prudential write-offs, improved to 79% as compared to 78% in Q1FY20.

As on 30<sup>th</sup> September 2019, the Bank has additional provisions of ₹2,600 crores towards various risk contingencies, over and above the regular NPA provisioning and the 0.4% standard assets provisioning requirement. These ₹2,600 crores of provisions are not counted towards Provision Coverage Ratio calculations of the Bank.

### **Network**

During Q2FY20, the Bank added 190 branches to its network across the country, which has been the highest in last 24 quarters. As on 30<sup>th</sup> September 2019, the Bank had a network of 4,284 domestic branches and extension counters situated in 2,453 centres compared to 3,879 domestic branches and extension counters situated in 2,269 centres last year. As on 30<sup>th</sup> September 2019, the Bank had 12,191 ATMs and 5,124 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 Q2 grew by 121% YOY while the mobile spends reported a growth of 60% YOY. Axis Bank currently has a 56 million registered VPA base; the Bank processed over 320 million UPI transactions in Q2 with total transaction value growing over three times YOY to ₹39,340 crores. During the quarter, credit card usage witnessed growth of 34% YOY in value terms to ₹19,154 crores. The share of digital transactions in the overall transaction mix for the Bank remained strong at 80% as at end of September 2019. The contribution of Digital channels towards the business growth continues to rise steadily; 43% of personal loan disbursements in Q2 were through digital channels.

### **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 ₹1,40,711 crores as at end of September 2019.

### **New product launches, Awards & Recognition received**

During the quarter, Axis Bank launched an exclusive credit card 'Magnus' offering premium and best-in-industry offers spread across all aspects of lifestyle for both Axis Bank & non- Axis Bank HNI customers. In July, Axis Bank launched an exclusive co-branded '**Flipkart Axis Bank Credit Card**' - a card that offers best in class benefits for the digital customer. The Bank has crossed the 1 lakh cards in force mark, for this cobranded card within the first two months of its launch.

The Bank has recently launched a digital Fixed Deposit product 'Express FD' that can be opened online without opening a savings bank account with Axis Bank.

₹ crore

<b>Financial Performance</b>	<b>Q2FY20</b>	<b>Q2FY19</b>	<b>% Growth</b>
Net Interest Income	6,102	5,232	17%
Other Income	3,896	2,678	45%
- Fee Income	2,649	2,376	11%
- Trading Income	809	136	495%
- Miscellaneous Income	438	166	163%
Operating Revenue	9,998	7,910	26%
Core Operating Revenue*	9,189	7,775	18%
Operating Expenses	4,046	3,816	6%
Operating Profit	5,952	4,094	45%
Core Operating Profit*	5,143	3,958	30%
Net Profit/(Loss)	(112)	790	(114%)
EPS Diluted (₹) annualized	(1.69)	12.17	
Return on Average Assets (annualized)	(0.06%)	0.43%	
Return on Equity (annualized)	(0.68%)	5.43%	

\*Excluding trading profit for all the periods.

₹ crore

<b>Balance Sheet</b>	<b>As on 30<sup>th</sup> September'19</b>	<b>As on 30<sup>th</sup> September'18</b>
<b>CAPITAL AND LIABILITIES</b>		
Capital	564	514
Reserves & Surplus	83,311	64,545
Deposits	5,83,958	4,79,680
Borrowings	1,08,946	1,48,399
Other Liabilities and Provisions	32,515	37,408
<b>Total</b>	<b>8,09,294</b>	<b>7,30,546</b>
<b>ASSETS</b>		
Cash and Balances with RBI and Balances with Banks and Money at Call and Short Notice	57,074	48,704
Investments	1,61,715	1,55,685
Advances	5,21,594	4,56,121
Fixed Assets	4,070	3,910
Other Assets	64,841	66,126
<b>Total</b>	<b>8,09,294</b>	<b>7,30,546</b>

₹ crore

Business Performance	As on 30 <sup>th</sup> September '19	As on 30 <sup>th</sup> September '18	% Growth
Total Deposits (i)+(ii)	5,83,958	4,79,680	22%
(i) Demand Deposits	2,40,054	2,28,870	5%
- Savings Bank Deposits	1,60,916	1,48,742	8%
- Current Account Deposits	79,138	80,128	-1%
Demand Deposits as % of Total Deposits	41%	48%	
(ii) Term Deposits	3,43,904	2,50,810	37%
- Retail Term Deposits	2,26,452	1,63,233	39%
- Non Retail Term Deposits	1,17,452	87,577	34%
Demand Deposits on a Quarterly Daily Average Basis (QAB)	2,15,552	1,98,615	9%
Demand Deposits as % of Total Deposits (QAB)	39%	45%	
Net Advances (a) +(b) + (c)	5,21,594	4,56,121	14%
(a) Corporate Credit	1,87,000	1,74,149	7%
(b) SME (incl. regulatory retail)	61,371	60,262	2%
(c) Retail Advances	2,73,223	2,21,710	23%
Investments	1,61,715	1,55,685	4%
Balance Sheet Size	8,09,294	7,30,546	11%
Gross NPA as % of Gross Customer Assets	5.03%	5.96%	
Net NPA as % of Net Customer Assets	1.99%	2.54%	
Equity Capital	564	514	
Shareholders' Funds	83,875	65,059	
Capital Adequacy Ratio (Basel III)	18.23%	16.17%	
- Tier I	15.03%	12.76%	
- Tier II	3.20%	3.41%	
Capital Adequacy Ratio (Basel III) (including Net Profit for H1)	18.45%	16.45%	
- Tier I	15.25%	13.04%	
- Tier II	3.20%	3.41%	

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.*