

PRESS RELEASE
AXIS BANK ANNOUNCES FINANCIAL RESULTS
FOR THE QUARTER AND HALF YEAR ENDED 30th SEPTEMBER 2020

Axis Bank reports 51 % QoQ growth in the Net Profit

- Net Interest Income up 20% YOY, NIM up 18 bps QOQ, Fees up 67% QOQ, Operating Profit up 16% YOY
- Total Deposits (QAB) grew 13% YOY, CASA +RTD ratio up 536 bps YOY, Loan book (incl. TLTRO) grew by 14% YOY
- Improving asset quality, NNPA¹ at 0.98% / 1.03% decrease by 25 bps QOQ
- Market share in UPI (20%) and Mobile banking (18%) was up 800 bps each YOY, Card spends up 49% QOQ.
- Balance Sheet strengthened, PCR improved to 77% from 62% YOY; CR² improves to 124%, SACR³ at 2.20%
- Capital adequacy ratio (including H1 profit) at 19.38%, CET 1 ratio improved by 188 bps QOQ to 15.38%
- One Axis: Subsidiaries growing, gaining market share and improving profitability

The Board of Directors of Axis Bank Limited approved the financial results for the quarter and half year ended 30th September 2020 at its meeting held in Mumbai on Wednesday, 28th October 2020. The Accounts have been subjected to a Limited Review by the Bank's Statutory Auditors.

The last quarter saw a variety of initiatives from Axis Bank, to augment customer and employee experience.

With technology breaking physical boundaries, Axis Bank introduced a Full Power Digital Savings Account that can be opened instantly with Video KYC. To cater to the ever-changing lifestyle needs of the Indian youth, the Bank launched 'Liberty Savings Account', a first-of-its-kind savings account that offers complimentary hospital cash insurance of up to Rs.20,000 per year, covering all hospital expenses incurred under Covid-19.

Axis Bank has also taken the lead in redefining conventional employment with GIG-A-Opportunities, a new platform to provide growth along with flexibility, diversity and inclusivity. It has received phenomenal response – with over 56,000 applications so far, of which 45% applicants are women and 40% are from non-metro cities with diverse profiles.

The Bank has joined hands with industry leaders to provide best-in-class solutions. It has partnered with Maruti Suzuki India Limited to offer a variety of EMI schemes to ease the liquidity and repayment stress of customers, and with Bayer's Better Life farming initiative to offer holistic, cost-effective financial solutions to rural farming communities.

The latest 'Dil Se Open Celebrations' launched by the Bank has offers on more than 1,00,000 products from well-known brands, reward points, special interest rate for home loans and benefits on rural products like Agri loans, MSME business solutions etc.

Amitabh Chaudhry, MD&CEO, Axis Bank said "The last quarter was an extremely fulfilling one. Keeping the customer journey at the centre of all our innovations and solutions, we came up with some great initiatives to suit the current times. We have now gone to the next level of digital with Video KYC and other tech-enabled solutions like the AXAA multilingual BOT. As we look forward to an upbeat festive season, we have ensured that our 'Dil Se Open Celebrations' have something for everyone."

¹ NNPA% stated on (reported basis) / (per IRAC norms)

² Coverage Ratio (CR) = Aggregate provisions (specific + standard + additional + Covid) / GNPA

³ Standard Asset Coverage Ratio (SACR) = (Standard asset provision + additional provision + Covid provision) / Standard loans

Results at a Glance

- **Strong operating performance, net profit at 1,683 Crores, compared to loss in same quarter last year:**
 - Net Interest Income in Q2FY21 grew 20% YOY to ₹7,326 crores, NIM stood at 3.58% in Q2FY21
 - Fee income grew 67% QOQ and 4% YOY, Retail fee income grew 82% QOQ and 0.5% YOY while corporate & commercial banking fee grew 46% QOQ and 10% YOY
 - Operating profit for Q2FY21 grew by 16% YOY to ₹6,898 crores; PAT for the quarter stood at ₹1,683 crores
- **Steady growth in Deposits continues to drive Loan growth:**
 - Total deposits grew 13% YOY on quarterly average basis (QAB)
 - Savings Account deposits grew 15% YOY, Current Account deposits grew 18% YOY and Retail Term Deposits (RTD) were up 25% YOY on QAB basis.
 - CASA + RTD deposits ratio improved by 536 bps YOY and 357 bps QOQ to 84%
- **Strengthened capital position with adequate liquidity buffers:**
 - Overall capital adequacy at 19.38% with CET 1 ratio of 15.38% as of Q2FY21 end, including H1 profit
 - Average Liquidity Coverage Ratio (LCR) during Q2FY21 was 117% with excess SLR of ₹34,763 Crores
- **Performance improving across business segments**
 - Retail loans grew 12% YOY and 2% QOQ;
 - 80% of Retail book is secured, home loans constitute 36% with average LTV's of 50% to 60%
 - Corporate loans (including TLTRO investments) grew 22% YOY, SME loan book grew 6% QOQ
- **Digital is the new way to bank at Axis**
 - Bank solidifies its position in Digital payments space with 20% market share in UPI transactions and 18% in Mobile Banking during the quarter; total Card spends up 49% QOQ
 - Share of digital channels in sourcing FDs and personal loan disbursements in H1 stood at 73% and 58%
- **Strengthening and de-risking of Balance Sheet, visible through improving Asset quality metrics**
 - NNPA at 0.98%, PCR increased to 77% from 62% YOY
 - Cumulative provisions (standard + additional other than NPA) translate to 2.20% of our standard loans
 - On an aggregated basis (specific+ standard+ additional + Covid), our coverage ratio stands at 124% of GNPA as at end of 30th September, 2020
- **Our key Subsidiaries have delivered healthy performance**
 - Axis AMC's net profit for H1FY21 more than tripled YOY to ₹92 crores, AAUM growth of 48% YOY
 - Axis Securities PAT for H1FY21 period at ₹74 crores was over 4x of its full year FY20 PAT, with strong net new customer additions
 - Axis Finance asset quality remains stable, 30+ book one of the lowest among its peers
 - Axis Capital completed 21 transactions in H1FY21 comprising 18 ECM transactions

Profit & Loss Account: Period ended 30th September 2020

Operating Profit and Net Profit

The Bank's operating profit for the quarter grew 16% YOY and 18% QOQ to ₹6,898 crores. Net profit for Q2FY21 stood at ₹1,683 crores as against net loss of ₹112 crores in Q2FY20.

Net Interest Income and Net Interest Margin

The Bank's Net Interest Income (NII) grew by 20% YOY to ₹7,326 crores in Q2FY21 from ₹6,102 crores in Q2FY20. Net interest margin for Q2FY21 was 3.58% as against 3.51% for Q2FY20.

Other Income

Fee income for Q2FY21 stands at ₹2,752 crores growing 67% QOQ and 4% YOY. The key driver of fee income growth was Retail fees, which grew 82% QOQ and constituted 62% of the Bank's total fee income. The Corporate & commercial banking fee grew 46% QOQ and 10% YOY. The trading profits and miscellaneous income for the quarter stood at ₹769 crores and ₹286 crores, respectively. Overall, non-interest income (comprising of fee, trading profit and miscellaneous income) for Q2FY21 de-grew by 2% to ₹3,807 crores from ₹3,896 crores in Q2FY20.

Provisions and contingencies

Specific Loan Loss Provisions for Q2FY21 were ₹588 crores, compared to ₹2,701 crores in Q2 last year. The Bank held additional provisions of around ₹6,898 crores towards various contingencies at the end of Q1FY21. The Bank has made incremental provisions of ₹1,279 crores towards loans under moratorium and ₹1,864 crores towards probable restructuring, aggregating to ₹3,143 crores. As at 30th September, 2020, the Bank holds in aggregate additional provisions of ₹10,839 crores. It is pertinent to note that this is over and above the NPA provisioning included in our PCR calculations, and the 0.4% standard asset provisioning requirement on Standard assets.

The overall additional provisions held by the Bank towards various contingencies together with the standard asset provisions, translate to a standard asset coverage of 2.20% as on 30th September, 2020. On an aggregated basis, our provision coverage ratio (including specific + standard + additional + Covid provisions) stands at 124% of GNPA as on 30th September, 2020.

H1FY21 Financial Performance:

Net Interest Income for H1FY21 grew 20 % YoY to ₹14,311 crores from ₹11,945 crores. The Operating expenses grew by 1% YOY and the cost to assets ratio stood at 1.97%. Operating profit grew by 8% to ₹12,742 crores from ₹11,844 crores in H1FY20. Total provisions for H1FY21 stood at ₹8,997 crores, up 23% over the same period last fiscal. Net Profit for H1FY21 grew 122% to ₹2,795 crores from ₹1,258 crores in H1FY20.

Balance Sheet: As on 30th September 2020

The Bank's balance sheet grew 12% YOY and stood at ₹9,09,463 crores as on 30th September 2020. The total deposits grew by 13% on quarterly average balance (QAB) basis and by 9% YOY on period end basis. On QAB basis, Savings account deposits grew 15% YOY and 2% QOQ, Current Account deposits grew 18% YOY and Retail Term Deposits grew 25% YOY. CASA and Retail Term Deposits on QAB basis put together recorded a growth of 20% YOY. The share of CASA and Retail Term Deposits in the Total Deposits on QAB basis was up 536 bps YOY and 357 bps QOQ to 84% as of 30th September 2020.

The Bank's advances including TLTRO investments grew 14% YOY to ₹5,94,461 crores as on 30th September 2020. The Bank's loan to deposit ratio stood at 91%. Retail loans grew 12% YOY to ₹3,05,685 crores and accounted for 53% of the net advances of the Bank. The share of secured loans was 80% with home loans comprising 36% of the Retail book. SME loan book grew 6% QOQ to ₹60,573 crores. 90% of the SME book is secured with predominantly working capital financing, and is well diversified across geographies and sectors. Corporate loan book including TLTRO investments grew by 22% YOY. 82% of Corporate book is now rated A- and above with 95% of incremental sanctions in H1FY21 being to corporates rated A- and above.

The book value of the Bank's Investments portfolio as on 30th September 2020, was ₹2,00,290 crores, of which ₹1,53,941 crores were in government securities, while ₹36,915 crores were invested in corporate bonds and ₹9,434 crores in other securities such as equities, preference shares, mutual funds, etc. Out of these, 69% are in held till maturity (HTM) category, while 27% of investments are available for sale (AFS) and 4% are in held for trading (HFT) category.

Digital

Axis Bank continues to remain among the top players in the Digital banking space.

- 208% - YOY growth in mobile banking transaction volumes in Q2FY21, with market share up 800 bps YOY to 18%
- 166% - YOY growth in total UPI transaction value in Q2FY21, with market share up over 800 bps YOY to 20%
- 87% - Share of digital transactions in the Bank's overall transaction mix during Q2FY21
- 73% - Bank active customers that were digitally active in Q2FY21
- 73% - Fixed deposits (by volume) opened digitally during H1FY21
- 72% - SA accounts opened digitally through tab banking in H1FY21
- 58% - Personal loan disbursements through digital channels in H1FY21
- 52% - Credit cards sourced through digital channels in H1FY21
- 49% - QOQ growth in total card spends (including debit card and credit cards)
- 48% - New mutual fund SIPs sourced through digital channels in H1FY21
- During the quarter, the Bank scaled up video KYC based 'Full Power Digital Savings Account' that can be opened instantly and also launched a Full Power Digital Current Account.

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 over ₹1,69,969 crores as at end of September 2020. Burgundy Private that was launched in December 2019 for the high and ultra-high net worth clients, has scaled up rapidly to cover over 1,225 families with assets of ₹34,591 Crores as at 30th September, 2020.

Capital Adequacy and Shareholders' Funds

The Bank had successfully raised ₹10,000 crores through Qualified Institution Placement (QIP) during the quarter. The shareholders' funds of the Bank grew 16% YOY and stood at ₹97,664 crores as on 30th September 2020. Under Basel III, the Capital Adequacy Ratio (CAR) and CET1 ratio as on 30th September 2020 including profit were 19.38% and 15.38% respectively.

The Book value per equity share increased to ₹319 from ₹305 as of 30th June, 2020.

Asset Quality

As on 30th September 2020, the Bank's Gross NPA and Net NPA levels were 4.18% and 0.98% respectively as against 4.72% and 1.23% as on 30th June 2020.

Absent the standstill to asset classification post August 31, 2020 pursuant to the Supreme Court judgment, the Bank would have been required to report GNPA per RBI's extant IRAC norms for asset classification. The GNPA ratio as per said IRAC norms at September 30, 2020 would have been 4.28% and Net NPA ratio would have been 1.03%. This reflects decline of 75 bps and 96 bps respectively on a YOY basis and 44bps and 20bps decline on GNPA and NNPA respectively on a sequential basis.

The Bank has recognized slippages of ₹931 crores during Q2FY21, compared to ₹2,218 crores during Q1FY21 and ₹4,983 crores in Q2FY20. Slippages from the loan book were at ₹741 crores and that from investment exposures stood at ₹190 crores. Corporate slippages stood at ₹183 crores. Recoveries and upgrades from NPAs during the quarter were ₹1,848 crores while write-offs were ₹1,812 crores. Consequently, there was net decline in NPAs (before write-offs) for the quarter of ₹917 crores as compared to a net slippage of ₹1,610 crores in Q1FY21 and ₹2,770 crores in Q2FY20.

As on 30th September 2020, the Bank's provision coverage, as a proportion of Gross NPAs stood at 77%, as compared to 62% as at 30th September 2019 and 75% as at 30th June 2020.

Network

As on 30th September 2020, the Bank had a network of 4,568 domestic branches and extension counters situated in 2,582 centres compared to 4,284 domestic branches and extension counters situated in 2,453 centres as at end of 30th September 2019. As on 30th September 2020, the Bank had 11,821 ATMs and 5,606 cash recyclers spread across the country.

Key Subsidiaries' Performance

- Axis AMC's average AUM for the quarter grew by 48% YOY to ₹1,56,255 crores and its H1FY21 PAT grew 207% YOY to ₹92 crores from ₹30 crores in H1FY20.
- Axis Securities' broking revenues for H1FY21 grew 138% YOY to ₹183 crores, while its net profit for H1FY21 at ₹74 crores was over 4x of its full year FY20 PAT.
- Axis Finance's H1FY21 PAT was ₹75 crores. Axis Finance remains well capitalized with Capital Adequacy Ratio of 23.8%. The asset quality metrics remain stable with net NPA at 2.1%
- Axis Capital's H1FY21 PAT stood at ₹57 crores. Axis Capital completed 21 transactions in H1FY21 comprising 18 ECM transactions that included two highly successful IPOs in Biotech and REITs space.

₹ crore

Financial Performance	Q2 FY21	Q2 FY20	% Growth
Net Interest Income	7,326	6,102	20%
Other Income	3,807	3,896	(2%)
- Fee Income	2,752	2,649	4%
- Trading Income	769	809	(5%)
- Miscellaneous Income	286	438	(35%)
Operating Revenue	11,133	9,998	11%
Core Operating Revenue*	10,327	9,189	12%
Operating Expenses	4,235	4,046	5%
Operating Profit	6,898	5,952	16%
Core Operating Profit*	6,092	5,143	18%
Net Profit / (Loss)	1,683	(112)	
EPS Diluted (₹) annualized	22.60	(1.69)	
Return on Average Assets (annualized)	0.73%	(0.06%)	
Return on Equity (annualized)	7.95%	(0.68%)	

* excluding trading profit and gain on capital repatriated from overseas branch

₹ crore

Balance Sheet	As on	As on
	30 th September'20	30 th September'19
CAPITAL AND LIABILITIES		
Capital	612	564
Reserves & Surplus	97,052	83,311
Deposits	6,35,454	5,83,958
Borrowings	1,31,207	1,08,946
Other Liabilities and Provisions	45,138	32,515
Total	9,09,463	8,09,294
ASSETS		
Cash and Balances with RBI and Banks and Money at Call and Short Notice	47,788	57,074
Investments	2,00,290	1,61,715
Advances	5,76,372	5,21,594
Fixed Assets	4,360	4,070
Other Assets	80,653	64,841
Total	9,09,463	8,09,294

₹ crore

Business Performance	As on 30 th September'20	As on 30 th September'19	% Growth
Total Deposits (i)+(ii)	6,35,454	5,83,958	9%
(i) Demand Deposits	2,80,788	2,40,054	17%
- Savings Bank Deposits	1,80,689	1,60,916	12%
- Current Account Deposits	1,00,099	79,138	26%
Demand Deposits as % of Total Deposits	44%	41%	
(ii) Term Deposits	3,54,666	3,43,904	3%
- Retail Term Deposits	2,67,294	2,26,452	18%
- Non Retail Term Deposits	87,372	1,17,452	(26%)
Demand Deposits on a Quarterly Daily Average Basis (QAB)	2,49,377	2,15,552	16%
Demand Deposits as % of Total Deposits (QAB)	40%	39%	
Net Advances (a) +(b) + (c)	5,76,372	5,21,594	11%
(a) Corporate	2,10,114	1,87,000	12%
(b) SME	60,573	61,371	(1%)
(c) Retail	3,05,685	2,73,223	12%
Investments	2,00,290	1,61,715	24%
Balance Sheet Size	9,09,463	8,09,294	12%
Gross NPA as % of Gross Customer Assets	4.18%	5.03%	
Net NPA as % of Net Customer Assets	0.98%	1.99%	
Equity Capital	612	564	
Shareholders' Funds	97,664	83,875	
Capital Adequacy Ratio (Basel III)	18.92%	18.23%	
- Tier I	16.06%	15.03%	
- Tier II	2.86%	3.20%	
Capital Adequacy Ratio (Basel III) (including net profit for H1)	19.38%	18.45%	
- Tier I	16.52%	15.25%	
- Tier II	2.86%	3.20%	

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

For press queries, please contact Ms Piyali Reddy at 91-22-24252021 or email: Piyali.Reddy@axisbank.com

For investor queries, please contact Mr. Abhijit Majumder at 91-22-24254672 or email: Abhijit.Majumder@axisbank.com

Safe Harbor

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