

PRESS RELEASE**AXIS BANK ANNOUNCES FINANCIAL RESULTS
FOR THE QUARTER ENDED 30th JUNE 2017****Results at a Glance**

- **Turnaround in financial performance has gained momentum:**
 - Net Profit for Q1FY18 grew 7% QOQ and stood at ₹1,306 crores. On a YOY basis, the Net Profit for Q1FY18 contracted 16%.
 - Net Interest Income for Q1FY18 grew 2% YOY, NIM stood at 3.63%.
 - Fee income grew 16% YOY and stood at ₹2,003 crores.
 - Other Income (including fee and trading profits) for Q1FY18 grew 10% YOY.
 - Annualized RoE back in double digits at 10.21%.
- **Advances growth led by Retail and working capital loans:**
 - Net Advances grew 12% YOY
 - Retail advances grew 22% YOY. Corporate Working capital loans grew 23% YOY.
- **Retail business momentum remains healthy:**
 - CASA deposits grew 25% YOY and constituted 49% of Total Deposits. Savings and Current Account deposit balances grew 22% and 30%, respectively.
 - Retail Advances accounted for 46% of Net Advances; Retail Fee Income grew 32% and constituted 48% of Total Fee Income. Fee from the cards business grew 39% YOY.
- **GNPA (%) levels remain stable sequentially, Provision Coverage healthy at 65%**
 - The Bank's Gross NPA and Net NPA stood at 5.03% and 2.30%, respectively in Q1FY18.
 - Gross slippages for Q1FY18 stood at ₹3,519 crores down from ₹4,811 crores in Q4FY17.
 - **Net slippage** for the quarter stood at ₹3,213 crores.
- **Digital channels continue to witness strong acceptance by customers:**
 - Cards and mobile banking spends in Q1FY18 grew 74% YOY and 70% YOY respectively. Share of digital transactions remains strong at 67%.
- **The Bank's Capital Adequacy Ratio (CAR) remains healthy. Under Basel III, Total CAR & Tier I CAR (including net profit for Q1FY18) stood at 16.63% and 12.60%, respectively. During the quarter, the Bank raised ₹8,500 crores through issuance of Tier I & Tier II Bonds, of which Tier I was ₹3,500 crores and Tier II was ₹5,000 crores.**

The Board of Directors of Axis Bank Limited approved the financial results for the quarter ended 30th June 2017 at its meeting held in Ahmedabad on Tuesday, 25th July 2017. The Accounts have been subjected to a Limited Review by the Bank's Statutory Auditors.

Profit & Loss Account: Year ended 30th June 2017**• Net Profit**

Net profit for Q1FY18 increased 7% QOQ to ₹1,306 crores; however on a YOY basis it contracted by 16%.

- **Net Interest Income and Net Interest Margin**

The Bank's Net Interest Income (NII) grew by 2% YOY to ₹4,616 crores during Q1FY18 from ₹4,517 crores in Q1FY17. Net interest margin for Q1FY18 stood at 3.63%.

- **Other Income**

Other income (comprising fee, trading profit and miscellaneous income) for Q1FY18 grew 10% YOY to ₹3,000 crores as against ₹2,738 crores during the same period last year. Fee income for Q1FY18 grew 16% YOY to ₹2,003 crores. The key driver of fee income growth was Retail Banking, which grew strongly 32% YOY and constituted 48% of the Bank's total fee income. Transaction Banking fees grew 14% YOY and constituted 26% of the total fee income of the Bank. Trading profits for the quarter stood at ₹824 crores.

Balance Sheet: As on 30th June 2017

The Bank's Balance Sheet grew 11% YOY and stood at ₹6,06,718 crores as on 30th June 2017. The Bank's Advances grew 12% YOY to ₹3,85,481 crores as on 30th June 2017. Retail Advances grew 22% YOY to ₹1,75,278 crores and accounted for 46% of the Net Advances of the Bank. Corporate credit grew 3% YOY to ₹1,62,284 crores led by 23% growth in working capital loans; and accounted for 42% of Net Advances. SME Advances grew 10% YOY to ₹47,918 crores.

The book value of the Bank's Investments portfolio as on 30th June 2017, was ₹1,41,839 crores, of which ₹1,01,155 crores were in government securities, while ₹28,004 crores were invested in corporate bonds and ₹12,680 crores in other securities such as equities, preference shares, mutual funds, etc.

CASA deposits grew 25% YOY and constituted 49% of total deposits as on 30th June 2017. Savings Account Deposits and Current Account Deposits grew 22% YOY and 30% YOY, respectively for the period ended 30th June 2017. CASA, on a cumulative daily average basis, recorded a growth of 24% YOY, in which both Savings Bank Deposits and Current Account Deposits recorded a growth of 22% YOY and 29% YOY, respectively. The proportion of CASA on a cumulative daily average basis constituted 45% of total deposits.

CASA and Retail Term Deposits constituted 83% of Total Deposits as on 30th June 2017 compared to 81% as on 31st March 2017.

Capital Adequacy and Shareholders' Funds

The shareholders' funds of the Bank grew 4% YOY and stood at ₹57,113 crores as on 30th June 2017. The Bank is well capitalised. Under Basel III, the Capital Adequacy Ratio (CAR) and Tier I CAR (including net profit for Q1FY18) as on 30th June 2017 was 16.63% and 12.60% respectively.

Asset Quality

As on 30th June 2017, the Bank's Gross NPA and Net NPA levels were 5.03% and 2.30% respectively, as against 5.04% and 2.11% respectively as on 31st March 2017. As on 30th June 2017, the Bank's provision coverage, as a proportion of Gross NPAs including prudential write-offs, remains healthy at 65%.

As on 30th June 2017, the Bank's Gross NPA was ₹22,031 crores against ₹21,280 crores as on 31st March 2017. During the quarter, additions to Gross NPA were ₹3,519 crores, recoveries and upgrades were ₹306 crores while write-offs during the quarter were ₹2,462 crores. The Bank's Net NPA was ₹9,766 crores against ₹8,627 crores as on 31st March 2017.

During the quarter, the Bank put in place a policy for making provisions for standard assets at rates higher than the regulatory minimum, based on evaluation of risk and stress in certain sectors as per the RBI circular dated 18th April 2017. Accordingly, the Bank has made enhanced standard asset provisioning at 1% on four sectors - power, infrastructure construction, iron and steel, and telecommunication services. Against these sectors, an additional provision of ₹184 crores has been made during the quarter.

During the quarter, the Bank sold assets with a gross outstanding of ₹84 crores and a net book value of ₹40 crores to ARCs against cash sale consideration of ₹25 crores.

As on 30th June 2017, loans outstanding on the Bank's Watch List declined 16% over the previous quarter and stood at ₹7,941 crores.

The cumulative value of net restructured assets as on 30th June 2017 stood at ₹5,336 crores, constituting 1.25% of net customer assets, compared to ₹5,379 crores, constituting 1.31% of net customer assets as on 31st March 2017.

Network

During Q1FY18, the Bank added 81 branches to its network across the country. As on 30th June 2017, the Bank had a network of 3,385 domestic branches and extension counters situated in 1,976 centres compared to 3,304 domestic branches and extension counters situated in 1,946 centres last quarter. As on 30th June 2017, the Bank had 14,311 ATMs and 1,419 cash recyclers spread across the country.

Digital channels

During the quarter, the card usage witnessed significant growth of 74% YOY in value terms. Mobile Banking channel also witnessed a growth of 29% YOY and 70% YOY in number of transactions and value terms, respectively. During the quarter share of digital transactions further improved to 67% from 66% in Q4FY17 while the share of ATM and Branch transactions stood at 23% and 10%, from 21% and 13% in Q4FY17 respectively.

International Business

The Bank has nine international offices with branches in Singapore, Hong Kong, Dubai (at the DIFC), Colombo and Shanghai; representative offices in Dubai, Abu Dhabi, Dhaka and an overseas subsidiary in London, UK. The international offices focus on corporate lending, trade finance, syndication, investment banking and liability businesses. The total assets under overseas branches were USD 8.86 billion as on 30th June 2017.

₹ crores

Financial Performance	Q1FY18	Q1FY17	% Growth
Net Profit	1,305.60	1,555.53	(16.07%)
EPS Diluted (₹) annualized	21.79	26.05	(16.35%)
Net Interest Income	4,616.14	4,516.92	2.20%
Other Income	2,999.81	2,738.28	9.55%
- Fee Income	2,002.92	1,719.25	16.50%
- Trading Income	824.12	911.18	(9.55%)
- Miscellaneous Income	172.77	107.85	60.19%
Operating Revenue	7,615.95	7,255.20	4.97%
Core Operating Revenue*	6,791.83	6,344.02	7.06%
Operating Expenses	3,324.79	2,785.83	19.35%
Operating Profit	4,291.16	4,469.37	(3.99%)
Core Operating Profit*	3,467.04	3,558.19	(2.56%)

*Excluding trading profit for all the periods.

₹ crores

Condensed Unconsolidated Balance Sheet	As on 30 th June '17	As on 30 th June '16
CAPITAL AND LIABILITIES		
Capital	479.40	477.46
Reserves & Surplus	56,633.22	54,393.16
Deposits	3,93,740.82	3,57,857.96
Borrowings	1,29,527.63	1,14,504.44
Other Liabilities and Provisions	26,337.19	20,657.30
Total	6,06,718.26	5,47,890.32
ASSETS		
Cash and Balances with Reserve Bank of India and Balances with Banks and Money at Call and Short Notice	31,919.86	33,315.14
Investments	1,41,838.77	1,29,487.47
Advances	3,85,480.54	3,44,925.20
Fixed Assets	3,859.68	3,562.48
Other Assets	43,619.41	36,600.03
Total	6,06,718.26	5,47,890.32

₹ crores

Business Performance	As on 30 th June '17	As on 30 th June '16	% Growth
Total Deposits	3,93,741	357,858	10.03%
Demand Deposits	1,93,582	155,414	24.56%
- Savings Bank Deposits	1,22,010	100,185	21.79%
- Current Account Deposits	71,573	55,229	29.59%
Demand Deposits as % of Total Deposits	49%	43%	
Term Deposits	2,00,158	202,444	(1.13%)
Retail Term Deposits	1,32,764	130,357	1.85%
Demand Deposits on a Cumulative Daily Average Basis (CDAB) for the full year	1,70,495	137,046	24.41%
Demand Deposits as % of Total Deposits (CDAB) for the full year	45%	40%	
Net Advances (a) +(b) + (c)	3,85,481	344,925	11.76%
(a) Corporate Credit	1,62,284	158,155	2.61%
(b) SME	47,918	43,611	9.88%
(c) Retail Advances	1,75,278	143,159	22.44%
Investments	1,41,839	129,487	9.54%
Balance Sheet Size	6,06,718	5,47,890	10.74%
Net NPA as % of Net Customer Assets	2.30%	1.08%	
Gross NPA as % of Gross Customer Assets	5.03%	2.54%	
Equity Capital	479	477	
Shareholders' Funds	57,113	54,871	
Capital Adequacy Ratio (Basel III)	16.36%	15.30%	
- Tier I	12.33%	12.01%	
- Tier II	4.03%	3.29%	
Capital Adequacy Ratio (Basel III) (including Net Profit for Q1)	16.63%	15.67%	
- Tier I	12.60%	12.38%	
- Tier II	4.03%	3.29%	

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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