

PRESS RELEASE

AXIS BANK ANNOUNCES FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31st MARCH 2018

Results at a Glance

- The Bank significantly accelerated NPA recognition in Q4.
 - Slippages for Q4FY18 stood at ₹16,536 crores (₹13,938 cr from corporate lending)
 - Accelerated NPA recognition in the BB & Below book, particularly Power sector.
 - New guidelines for Resolution of Stressed Assets drove recognition in restructured book.
 - The Bank's GNPA and NNPA stood at 6.77% and 3.40%
- NPA recognition phase of this cycle is nearly complete.
 - Most of the corporate slippages (90%) in Q4 came from disclosed BB & Below book.
 - BB & Below portfolio reduced 44% in Q4, to 1.8% of gross customer assets. This was 7.3% at peak.
 - Watch List declined 92% in Q4 and stood at Rs. 428 cr.
 - The Bank has retained Provision Coverage Ratio at a healthy 65%
- The Bank's Capital Adequacy Ratio (CAR) remains healthy to support future growth:
 - Under Basel III, Total CAR & Tier I CAR stood at 16.57% and 13.04%, respectively.
- Financial performance:
 - Net Profit for FY18 contracted by 93% and stood at ₹276 crores
 - Net Interest Income for FY18 grew 3% YOY and Net interest margin stood at 3.44%
 - Fee income for FY18 grew 12% YOY and stood at ₹8,867 crores
 - Net Loss for Q4FY18 stood at ₹2,189 crores
 - Net Interest Income for Q4FY18 was flat YoY and QoQ at ₹4,730 crores
 - Fee Income for Q4FY18 grew 9% QoQ and 1% YoY and stood at ₹2,448 crores
- Loan growth during the quarter stood at 18% YOY led by pickup across all segments:
 - Retail and SME loans constituted 60% of total loans
 - Retail, SME and Corporate loan book grew 23%, 19% and 12% YOY respectively
 - 77% of outstanding Corporate exposure is rated 'A' or better
- Strong Retail franchise continues to deliver:
 - CASA deposits on a cumulative daily average basis grew 18% YOY
 - CASA deposits on period end basis grew 14% YOY and constituted 54% of total deposits
 - Retail Fee for FY18 grew 22% YOY and comprised 48% of total fee income
- Among the top players in the digital space:
 - Ranked #2 by volumes and #3 by value in Mobile Banking spends as per RBI data
 - Bank's market share in UPI transactions at 17% for Q4FY18, among the highest in the industry
 - Mobile banking spends grew 71% YOY, Credit Card spends grew 54% YOY
- The Bank now has the capital, the appetite and the Balance Sheet strength to pursue growth in FY19.

The Board of Directors of Axis Bank Limited approved the audited financial results for the quarter and year ended 31st March 2018 at its meeting held in Mumbai on Thursday, 26th April 2018.

Profit & Loss Account: Period ended 31st March 2018

- **Core Operating Profit and Net Profit**

Core operating profit for Q4FY18 and FY18 declined by 12% YOY and 1% YOY respectively. Net loss for Q4FY18 stood at ₹2,189 crores; for FY18 Net profit stood at ₹276 crores down 93% YOY.

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

The Bank's Net Interest Income (NII) in Q4FY18 stood flat on YOY basis at ₹4,730 crores. Net interest margin for Q4FY18 stood at 3.33%. NII for FY18 rose 3% YOY to ₹18,618 crores from ₹18,093 crores during FY17. Net interest margin for FY18 stood at 3.44%.

- **Other Income**

Other income (comprising fee, trading profit and miscellaneous income) for Q4FY18 de-grew 7% YOY to ₹2,789 crores as against ₹3,013 crores during the same period last year. During FY18, other income de-grew 6% YOY and stood at ₹10,967 crores.

Fee income for Q4FY18 grew 1% YOY to ₹2,448 crores. The key driver of fee income growth was Retail Banking, which grew 6% YOY and constituted 48% of the Bank's total fee income. Cards' fees grew 15% YOY. Transaction Banking fees grew 23% YOY and constituted 27% of the total fee income of the Bank. Trading profits for the quarter stood at ₹215 crores.

During FY18, fee income grew 12% YOY primarily driven by 22% YOY growth in Retail fee and 18% YOY growth in Transaction banking.

Balance Sheet: As on 31st March 2018

The Bank's Balance Sheet grew 15% YOY and stood at ₹6,91,330 crores as on 31st March 2018. The Bank's Advances grew 18% YOY to ₹4,39,650 crores as on 31st March 2018. Retail loans grew 23% YOY to ₹2,06,465 crores and accounted for 47% of Net Advances. SME loans grew 19% YOY to ₹58,740 crores and accounted for 13% of the Net Advances. Corporate Credit grew 12% YOY to ₹1,74,446 crores and accounted for 40% of Net Advances. Corporate loan growth was led by 63% growth in working capital loans.

CASA, on a cumulative daily average basis, recorded a growth of 18% YOY, in which Savings Bank Deposits and Current Account Deposits grew by 16% YOY and 23% 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 14% YOY and constituted 54% of total deposits as at the end of 31st March 2018. Savings Account Deposits and Current Account Deposits on period end basis grew 18% YOY and 10% YOY, respectively for the period ended 31st March 2018.

The share of CASA and Retail Term Deposits in the Total Deposits stood at 84% as on 31st March 2018. Total Deposits grew 9% YOY.

Capital Adequacy and Shareholders' Funds

The shareholders' funds of the Bank grew 14% YOY and stood at ₹63,445 crores as on 31st March 2018. Under Basel III, the Capital Adequacy Ratio (CAR) and Tier I CAR as on 31st March 2018 were 16.57% and 13.04% respectively. The Bank remains well capitalised to pursue growth opportunities.

Dividend

After making mandatory appropriations to Statutory Reserve, Investment Reserve and Capital Reserve, no profits are available for distribution as dividend for the year ended 31st March 2018. Accordingly, no dividend has been recommended by the Board of Directors for the year ended 31st March 2018.

Asset Quality

As on 31st March 2018, the Bank's Gross NPA and Net NPA levels rose to 6.77% and 3.40% from 5.28% and 2.56% as on 31st December 2017, respectively.

The Bank has recognised slippages of ₹16,536 crores during Q4FY18. This includes an accelerated recognition in the stressed loan book of the Bank, particularly in the power sector. It also includes a one-time impact driven by recent regulatory guidelines on Resolution of Stressed Assets.

Corporate lending slippages stood at ₹13,938 crores. 90% of this came from disclosed BB & below accounts. The BB and below rated book has declined by 44% in this quarter and stood at ₹8,994 crores. This is 1.8% of the Bank's Gross Customer Assets, and is down to 1/4th of the 7.3% peak reached in Jun-16.

As on 31st March 2018, the Bank's Gross NPA stood at ₹34,249 crores and Net NPA stood at ₹16,592 crores. Recoveries and upgrades were ₹3,401 crores while write-offs during the quarter were ₹3,887 crores. Net slippages (before write-offs) in Retail and SME stood at ₹491 crores and ₹67 crores respectively.

As on 31st March 2018, the Bank's provision coverage, as a proportion of Gross NPAs including prudential write-offs, stood at 65%.

The Bank's Watch List declined 92% over the previous quarter and stood at ₹428 crores.

Network

During Q4FY18, the Bank added 114 branches to its network across the country, taking the tally of new branches opened during FY18 to 400 branches. As on 31st March 2018, the Bank had a network of 3,703 domestic branches and extension counters situated in 2,163 centres compared to 3,304 domestic branches and extension counters situated in 1,946 centres as at end of same period last year. As on 31st March 2018, the Bank had 13,814 ATMs and 2,263 cash recyclers spread across the country.

During the quarter, the Bank started operations in Sharjah, its third representative office in the UAE after Dubai and Abu Dhabi, and tenth outside India. The new representative office will engage primarily in promoting the Bank's retail products and services to large non-resident Indians diaspora in the UAE.

Digital channels

Axis Bank continues to remain amongst the top three players in the mobile banking space - both in terms of transaction value and volumes, as per the latest RBI data for the month of November 2017. Mobile banking transaction volumes surged by 158% YOY while the mobile spends in Q4 reported a growth of 71% YOY primarily led by surge in UPI (Unified Payment Interface) transactions. Axis Bank is among the top three payment service provider (PSP) in the NPCI's UPI ecosystem and currently has 11.50 mn Virtual Payment Address (VPAs) created across apps. During the quarter, Axis Bank processed over 83 million UPI transactions – among the highest in the industry.

During the quarter, the credit card usage witnessed significant growth of 54% YOY in value terms. The share of digital transactions in the overall transaction mix for the Bank remained strong and stood at 66% as at end of March 2018.

Awards & Recognition received during the quarter:

During the quarter, the Bank won two awards, the IBA Banking Technology Awards 2018 for "Best Use of Analytics for Business Outcome" and "Best Use of Digital and Channels Technology". The Bank also bagged two awards at The Asset Triple A Digital Awards 2017 for Most Innovative Emerging Technologies project and Most Innovative Risk Management project and won three awards at the Customer Loyalty Awards 2018.

₹ crore

Financial Performance	Q4FY18	Q4FY17	% Growth	FY18	FY17	% Growth
Net Interest Income	4,730	4,729	-	18,618	18,093	3%
Other Income	2,789	3,013	(7%)	10,967	11,691	(6%)
- Fee Income	2,448	2,423	1%	8,867	7,882	12%
- Trading Income	216	428	(50%)	1,617	3,400	(52%)
- Miscellaneous Income	125	162	(23%)	483	409	18%
Operating Revenue	7,519	7,742	(3%)	29,585	29,784	(1%)
Core Operating Revenue*	7,304	7,314	(0.1%)	27,968	26,384	6%
Operating Expenses	3,847	3,367	14%	13,990	12,200	15%
Operating Profit	3,672	4,375	(16%)	15,594	17,585	(11%)
Core Operating Profit*	3,457	3,947	(12%)	13,978	14,184	(1%)
Net Profit/(Loss)	(2,189)	1,225	-	276	3,679	(93%)
EPS Diluted (₹) annualized	(34.52)	20.70	-	1.12	15.34	(93%)
Return on Average Assets (annualized)	(1.31)	0.84		0.04	0.65	
Return on Equity (annualized)	(15.28)	9.67		0.53	7.22	

*Excluding trading profit for all the periods.

₹ crore

Condensed Unconsolidated Balance Sheet	As on 31 st March'18	As on 31 st March'17
CAPITAL AND LIABILITIES		
Capital	513	479
Reserves & Surplus	62,932	55,284
Deposits	4,53,623	4,14,379
Borrowings	1,48,016	1,05,031
Other Liabilities and Provisions	26,246	26,295
Total	6,91,330	6,01,468
ASSETS		
Cash and Balances with Reserve Bank of India	35,481	30,858
Balances with Banks and Money at Call and Short Notice	7,974	19,398
Investments	1,53,876	1,28,794
Advances	4,39,650	3,73,069
Fixed Assets	3,972	3,747
Other Assets	50,377	45,602
Total	6,91,330	6,01,468

₹ crore

Business Performance	As on 31st March '18	As on 31st March '17	% Growth
Total Deposits (i)+(ii)	453,623	414,379	9%
(i) Demand Deposits	243,852	213,050	14%
- Savings Bank Deposits	148,202	126,048	18%
- Current Account Deposits	95,650	87,002	10%
Demand Deposits as % of Total Deposits	54%	51%	
(ii) Term Deposits	209,771	201,329	4%
- Retail Term Deposits	137,795	123,925	11%
- Non-Retail Term Deposits	71,976	77,404	(7%)
Demand Deposits on a Cumulative Daily Average Basis (CDAB) for the full year	179,731	151,678	18%
Demand Deposits as % of Total Deposits (CDAB) for the full year	46%	43%	
Net Advances (a) +(b) + (c)	4,39,650	373,069	18%
(a) Corporate Credit	1,74,446	155,904	12%
(b) SME	58,740	49,172	19%
(c) Retail Advances	2,06,464	167,993	23%
Investments	1,53,876	128,793	19%
Balance Sheet Size	6,91,330	601,468	15%
Gross NPA as % of Gross Customer Assets	6.77%	5.04%	
Net NPA as % of Net Customer Assets	3.40%	2.11%	
Equity Capital	513	479	
Shareholders' Funds	63,445	55,763	
Capital Adequacy Ratio (Basel III)	16.57%	14.95%	
- Tier I	13.04%	11.87%	
- Tier II	3.53%	3.08%	

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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