

PRESS RELEASE
AXIS BANK ANNOUNCES FINANCIAL RESULTS
FOR THE QUARTER AND HALF YEAR ENDED 30th SEPTEMBER 2021

Axis Bank reports all time high quarterly profit of ₹ 3,133 crores in Q2FY22, up 86% YOY
Strong CASA and fee performance, accelerating loan growth in focus segments, limited restructuring, improving asset quality, resilient balance sheet

- On QAB basis: SA grew 23% YOY & 5% QOQ, CA grew 18% YOY & 3% QOQ, CASA up 21% YOY & 5% QOQ
- Fees up 17% YOY and 21% QOQ, Retail loan disbursements up 54% YOY and QOQ
- Retail loans up 16% YOY & 4% QOQ, SME loans up 18% YOY & 7% QOQ. Mid-corporate book grew 32% YOY & 10% QOQ
- Limited restructuring at 0.64% of GCA, GNPA% at 3.53% declined by 75 bps YOY* and 32 bps QoQ
- Net slippages ratio at 0.46%, credit cost at 0.54%
- Total CRAR (incl. H1FY22 profit) at 20.04% with CET1 of 15.81%, covid provisions not utilised, SACR[^] at 2.11%
- One Axis: Domestic subsidiaries gained market share, delivered strong PAT of ₹ 267 crores, YOY growth of 38%
- Market share in UPI and Mobile banking stood at 15% & 14%, respectively, Credit card spends up 64% YOY & 34% QOQ

The Board of Directors of Axis Bank Limited approved the financial results for the quarter and half year ended 30th September 2021 at its meeting held in Mumbai on Tuesday, 26th October 2021.

In the second quarter of FY22, Axis Bank announced multiple targets aligned to positive climate action and the Sustainable Development Goals (SDGs). The Bank has set an incremental lending target of Rs. 30,000 crore over the next 5 years to pertinent sectors, while also scaling down exposure to carbon-intensive sectors, deploying ESG risk assessment toolkit and targeting 5% of its retail two-wheeler loan portfolio to be Electric by FY 2024. It's the first financial institution in India to have set up a standalone Environmental Social and Governance (ESG) Committee at the Board level. The Bank was the sole Indian ESG leader to win the 'Leadership in Social Impact' and the 'Leadership in Transparency' awards at the ESG India Leadership Award 2021.

The last quarter also witnessed many firsts for the Bank. With the #ComeAsYouAre initiative, Axis Bank became one of the first companies in the country to announce a wide variety of inclusive steps for the LGBTQIA+ community. It was the first bank to issue Sustainable USD AT1 bonds from its IBU branch at GIFT City. It also became the first Indian private sector bank to arrange a Term SOFR linked trade financing deal.

On the digital front, Axis Bank crossed 1.9 million customers on WhatsApp Banking within 9 months of launch. The Bank has partnered with BharatPe to expand its merchant acquiring business and launched a wide range of open API (Application Programming Interface) Banking solutions, covering 200+ Retail APIs and 51 Corporate APIs. After the success of its Deep Geo initiative, the Bank has created a distinctive growth-focused 'Bharat Bank' unit that will offer tailored rural products with increased physical and digital reach across branches over the next 3 years.

Axis Bank garnered a multitude of accolades including 'Best in Future Operations' at the IDC Future Enterprise Awards, 2021 – India and the 'Financial Inclusion Initiative of the Year – India' at the prestigious ABF Retail Banking Awards 2021. The MD&CEO was also recognised as one of India's Best Leaders in Times of Crisis 2021 by Great Place to Work® India.

Axis Bank MD & CEO, Amitabh Chaudhry said, "As a responsible financial institution and a large Bank, we have been persistently working towards an all-encompassing strategy, governance, and performance framework around ESG. On the business front we are seeing solid progress. We continue our focus on SMEs and mid-corporate segments, and on the retail side we see better disbursements and growth driven by secured products. We really hope to make the upcoming festivities special for our customers, with our 'Dil Se Open Celebrations' providing exciting deals and discounts across e-commerce platforms and local retailers."

*compared to Sep-20 figures as per IRAC norms ^ Standard Asset Coverage Ratio

Performance at a Glance

- **Strong growth in stable and granular CASA deposits**
 - New liability relationships added in Q2FY22 stood at 2.3 million, highest ever in a quarter
 - Deposits on QAB¹ basis grew by **18% YOY & 4% QOQ**, CASA ratio stood at 42%, up 201 bps YOY
 - On QAB basis, Retail term deposits grew **11% YOY** and **3% QOQ**
- **Loan book growth of 10% YOY driven by focused business segments**
 - Retail loans grew **16% YOY** and **4% QOQ**, ~ 80% of the book is secured
 - SME loans grew **18% YOY** and **7% QOQ**, Mid-corporate loan book grew **32% YOY** and **10% QOQ**
 - **93%** of incremental sanctions in corporate were to those rated A- and above
- **Net profit at ₹3,133 crores, up 86% YOY, Fee grew 17% YOY,**
 - NII grew **8% YOY**, NIM* stood at **3.39%**
 - Fee income grew **17% YOY** and **21% QOQ**, granular fee constituted **90%** of overall fees
 - Retail fee grew **19% YOY** and **23% QOQ**; and constituted **63%** of the overall fees
- **Retain strong position in Digital Banking and Payments**
 - More than **half a million** credit cards acquired in Q2FY22, highest in last 10 quarters.
 - Customers acquired on Freecharge platform for Buy Now Pay later product were up **14x QOQ**
 - On WhatsApp banking, the Bank has on boarded over 1.9 million customers within nine months of launch
- **Well capitalized with adequate liquidity buffers**
 - Overall capital adequacy ratio (CAR) including profit for H1FY22 stood at **20.04%** with CET 1 ratio of **15.81%**
 - COVID provisions of **₹ 5,012 crore**, not in CAR calculation provides additional cushion of **67 bps**
 - Average LCR² during Q2FY22 around **120%**, excess SLR³ of **₹85,580 crores**
- **Limited restructuring, dominantly secured, high provision buffers**
 - Provision on restructured book of ₹1,533 crores, coverage improved from 23% at Q1 FY22 to **24%**
 - Net slippages ratio at **0.46%**, ₹707 crores down by **82%** as compared to Q1 FY 22
 - NNPA at **1.08%** decreased by **12 bps QOQ** and increased by **5 bps YOY**⁵
 - On an aggregated basis (specific+ standard+ additional + Covid), our coverage ratio stands at 124%
- **Bank's domestic subsidiaries deliver strong performance, annualized profit closer to ~ ₹1,025 crore**
 - Cumulative H1FY22 PAT⁴ at ₹513 crores, up **61% YOY**
 - Axis AMC's H1FY22 PAT grew **60% YOY** to ₹147 crores, AAUM growth of **52% YOY**
 - Axis Finance H1FY22 PAT grew **84%** to ₹138 crores; asset quality remains stable, with near zero restructuring
 - Axis Capital H1FY22 PAT stood at ₹98 crores, up **72% YOY**.
 - Axis Securities H1FY22 PAT at ₹117 crores, was up **59% YOY**

*Net Interest Margin

¹ QAB – Quarterly Average Balance, ² LCR – Liquidity Coverage Ratio, ³ Statutory Liquidity ratio

⁴ Figures of subsidiaries are as per Indian GAAP, as used for consolidated financial statements of the Group

⁵ compared to Sep-20 figures as per IRAC norms

Profit & Loss Account: Period ended 30th September 2021

Operating Profit and Net Profit

The Bank's operating profit for the quarter was ₹5,928 crores while the core operating profit was ₹5,456 crores. Net profit grew 86% from ₹1,683 crores in Q2FY21 to ₹3,133 crores in Q2FY22.

Net Interest Income and Net Interest Margin

The Bank's Net Interest Income (NII) grew 8% YOY to ₹7,900 crores from ₹7,326 crores in Q2FY21. Net interest margin (NIM) for Q2FY22 stood at 3.39%.

Other Income

Fee income for Q2FY22 grew 17% YOY and 21% QOQ to ₹3,231 crores. Retail fees grew 19% YOY and 23% QOQ; and constituted 63% of the Bank's total fee income. The corporate & commercial banking fee grew 15% YOY and 18% QOQ. The trading profits and miscellaneous income for the quarter stood at ₹473 crores and ₹95 crores respectively. Overall, non-interest income (comprising of fee, trading profit and miscellaneous income) for Q2FY22 stood at ₹3,798 crores, up 6% YOY and 13% QOQ.

Provisions and contingencies

Specific loan loss provisions for Q2FY22 were ₹927 crores compared to ₹2,865 crores in Q1FY22.

The Bank has not utilized Covid provisions during the quarter. The Bank holds cumulative provisions (standard + additional other than NPA) of ₹12,951 crores at the end of Q2FY22. It is pertinent to note that this is over and above the NPA provisioning included in our PCR calculations. These cumulative provisions translate to a standard asset coverage of 2.11% as on 30th September, 2021. On an aggregated basis, our provision coverage ratio (including specific + standard + additional + Covid provisions) stands at 124% of GNPA as on 30th September, 2021.

Credit cost for the quarter ended 30th September 2021 was 0.54% as compared to 1.70% in Q1FY22.

H1FY22 Financial Performance:

Net Interest Income for H1FY22 grew 9% YoY to ₹15,661 crores from ₹14,311 crores. Fee income grew 34% YOY to ₹5,899 crores. Core operating profit grew by 2% to ₹11,064 crores from ₹10,877 crores in H1FY21. Total provisions for H1FY21 stood at ₹5,037 crores, down 40% over the same period last fiscal. Net Profit for H1FY22 grew 89% to ₹5,293 crores from ₹2,795 crores in H1FY21.

Balance Sheet: As on 30th September 2021

The Bank's balance sheet grew 17% YOY and stood at ₹10,50,738 crores as on 30th September 2021. The total deposits grew by 18% YOY, both on period end basis and quarterly average balance (QAB) basis. On QAB basis, Savings account deposits grew 23% YOY and 5% QOQ, current account deposits grew 18% YOY and 3% QOQ; and retail term deposits (RTD) grew 11% YOY and 3% QOQ. On QAB basis, CASA and RTD deposits put together grew 16% YOY and 4% QOQ. On QAB basis, the share of CASA plus RTD deposits in total deposits stood at 83% as of 30th September 2021.

The Bank's advances grew 10% YOY to ₹6,21,719 crores as on 30th September 2021. The Bank's loan to deposit ratio stood at 84%. Retail loans grew 16% YOY and 4% QOQ to ₹3,45,603 crores and accounted for 56% of the net advances of the Bank. The share of secured retail loans was ~ 80%, with home loans comprising 37% of the retail book. Disbursements in Retail segment were up 54% both YOY and QOQ. SME loan book grew 18% YOY and 7% QOQ to ₹62,471 crores. 96% of the SME book is secured with predominantly working capital financing, and is well diversified across geographies and sectors. Corporate loan book stood at ₹2,13,645 crores. 86% of corporate book is now rated A- and above with 93% of incremental sanctions in Q2FY22 being to corporates rated A- and above.

The book value of the Bank's Investments portfolio as on 30th September 2021, was ₹2,49,816 crores, of which ₹2,04,931 crores were in government securities, while ₹38,642 crores were invested in corporate bonds and ₹6,243 crores in other securities such as equities, mutual funds, etc. Out of these, 73% are in held till maturity (HTM) category, while 24% of investments are available for sale (AFS) and 3% are in held for trading (HFT) category.

Digital

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

- **147%** - YOY growth in total UPI transaction value in Q2FY22. Market share in UPI transactions at **15%**
- **91%** - Share of digital transactions in the Bank's total financial transactions by individual customers in Q2FY22
- **71%** - SA accounts opened through tab banking
- **69%** - YOY growth in mobile banking transaction volumes in Q2FY22, with market share of 14%
- **67%** - Retail term deposits (by volume) opened digitally in H1FY22
- **48%** - New mutual fund SIPs sourced through digital channels in H1FY22

The Bank's focus remains on reimagining end-end journeys, transforming the core and becoming a partner of choice for ecosystems. The Bank has taken a cloud-first approach for its digital banking platform having deployed all new customer facing applications on cloud platform since last year. Along with Freecharge, the Bank scaled up engagements for its 'Buy Now Pay Later' product with 14x QOQ growth in number of customers acquired during the quarter. On WhatsApp banking, the Bank now has over 1.9 million customers on board within nine months of launch.

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 ₹2,58,382 crores as at end of 30th September 2021. Burgundy Private that was launched in December 2019 for the high and ultra-high net worth clients, has scaled up rapidly to cover over 2,790 families from 1,225 families in last one year. The combined assets for Burgundy Private increased over 2x times YOY to ₹75,954 crores as at 30th September 2021.

Capital Adequacy and Shareholders' Funds

The shareholders' funds of the Bank grew 3% QOQ and stood at ₹1,07,083 crores as on 30th September 2021. During the quarter, the Bank successfully raised USD 600 mn in India's first ESG compliant Sustainable AT1 Bond in the overseas market. Under Basel III, the Capital Adequacy Ratio (CAR) and CET1 ratio as on 30th September 2021 including H1FY22 profits were 20.04% and 15.81% respectively. Additionally, the Bank held ₹5,012 crores of COVID provisions, not considered for CAR calculation providing cushion of 67 bps over the reported CAR. The Book value per equity share increased from ₹319 as of 30th September, 2020 to ₹349 as of 30th September, 2021.

Asset Quality

As on 30th September 2021, the Bank's reported Gross NPA and Net NPA levels were 3.53% and 1.08% respectively as against 3.85% and 1.20% as on 30th June 2021.

Gross slippages during the quarter were ₹5,464 crores, compared to ₹6,518 crores during Q1FY22 and ₹1,751 crores in Q2FY21 (as per IRAC norms). Slippages in Q2FY21 were moderated due to regulatory forbearances that do not exist in the current quarter. Recoveries and upgrades from NPAs during the quarter were ₹4,757 crores while write-offs were ₹2,508 crores. Consequently, there were net slippages in NPAs (before write-offs) for the quarter of ₹707 crores as compared to ₹3,976 crores in Q1FY22 and net decline in NPA's (before write-offs) of ₹276 crores in Q2FY21. Net slippages in NPAs (before write-offs) for Retail loans stood at ₹697 crores and for SME, there was a ₹16 crores decrease in NPAs (before write-offs).

As on 30th September 2021, the Bank's provision coverage, as a proportion of Gross NPAs stood at 70%, as compared to 77% as at 30th September 2020 and 70% as at 30th June 2021. Provisions prior to technical write-offs remained stable at 88%.

The fund based outstanding of standard restructured loans implemented under resolution framework for COVID-19 related stress (Covid 1.0 and Covid 2.0) as at 30th September 2021 stood at ₹4,342 crores that translates to 0.64% of the gross customer assets. The Bank carries a provision of ~ 24% on restructured loans, which is in excess of regulatory limits.

Network

As on 30th September 2021, the Bank had a network of 4,679 domestic branches and extension counters situated in 2,658 centres compared to 4,568 domestic branches and extension counters situated in 2,582 centres as at end of 30th September 2020. As on 30th September 2021, the Bank had 10,970 ATMs and 5,893 cash recyclers spread across the country. The

Bank's Axis Virtual Centre channel had six centres with over 1,500 Virtual Relationship Managers as on 30th September 2021.

Key Subsidiaries' Performance

The Bank's domestic subsidiaries delivered strong performance with reported total PAT of ₹267 crores, up 38% YOY over the Q2FY21 total profit of ₹194 crores.

- **Axis AMC:** Axis AMC continued to strengthen its positioning driven by strong leadership team and innovative product launches on the equity savings side including global and sustainability strategies. Axis AMC's average AUM for the quarter grew by 52% YOY to ₹2,38,177 crores and its Q2 PAT grew 38% YOY to ₹74 crores. H1FY22 PAT grew 60% YOY to ₹147 crores from ₹92 crores in H1FY21.
- **Axis Finance:** Axis Finance has been investing in building a strong customer focused franchise. Retail book constituted 23% of total loans while the focus in wholesale business continues to be on well rated companies and cash flow backed transactions. Axis Finance remains well capitalized with Capital Adequacy Ratio of 20%. The asset quality metrics remain stable with net NPA at 1.3% with near zero restructuring. Axis Finance Q2FY22 PAT was ₹78 crores, up 82% YOY. H1FY22 PAT grew 84% YOY to ₹138 crores from ₹75 crores in H1FY21.
- **Axis Capital:** Continued to maintain its leadership position in ECM. Axis Capital completed 12 and 31 investment banking transactions in Q2FY22 and H1FY22 respectively. Its PAT for Q2FY22 and H1FY22 grew by 4% YOY and 72% YOY respectively.
- **Axis Securities:** Axis Securities' broking revenues for Q2FY22 & H1FY22 grew 51% and 68% YOY to ₹160 crores and ₹307 crores respectively, net profit for Q2FY22 & H1FY22 grew by 57% and 59% YOY to ₹61 crores and ₹117 crores respectively.

₹ crore

Financial Performance	Q2 FY22	Q2 FY21	% Growth
Net Interest Income	7,900	7,326	8%
Other Income	3,798	3,569	6%
- Fee Income	3,231	2,752	17%
- Trading Income	473	740	(36%)
- Miscellaneous Income	94	77	24%
Operating Revenue	11,699	10,895	7%
Core Operating Revenue*	11,226	10,118	11%
Operating Expenses	5,771	4,236	36%
Operating Profit	5,928	6,660	(11%)
Core Operating Profit*	5,456	5,883	(7%)
Net Profit	3,133	1,683	86%
EPS Diluted (₹) (annualized)	40.42	22.59	
Return on Average Assets (annualized)	1.19%	0.73%	
Return on Equity (annualized)	12.72%	7.95%	

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

₹ crore

Balance Sheet	As on	As on
	30 th September '21	30 th September '20
CAPITAL AND LIABILITIES		
Capital	613	612
Reserves & Surplus	1,06,470	97,052
Employee Stock Option Outstanding (net)	82	-
Deposits	7,36,286	6,23,667
Borrowings	1,58,709	1,31,207
Other Liabilities and Provisions	48,578	45,137
Total	10,50,738	8,97,675
ASSETS		
Cash and Balances with RBI and Banks and Money at Call and Short Notice	96,969	47,788
Investments	2,49,816	2,00,290
Advances	6,21,719	5,64,585
Fixed Assets	4,280	4,360
Other Assets	77,954	80,652
Total	10,50,738	8,97,675

Note - Prior period numbers have been regrouped as applicable for comparison.

₹ crore

Business Performance	As on 30 th September '21	As on 30 th September '20	% Growth
Total Deposits (i)+(ii)	7,36,286	6,23,667	18%
(i) Demand Deposits	3,27,581	2,80,788	17%
- Savings Bank Deposits	2,22,932	1,80,689	23%
- Current Account Deposits	1,04,649	1,00,099	5%
Demand Deposits as % of Total Deposits	44%	44%	
(ii) Term Deposits			
- Retail Term Deposits	2,90,423	2,55,507	14%
- Non Retail Term Deposits	1,18,282	87,372	35%
Demand Deposits on a Quarterly Daily Average Basis (QAB)	3,02,712	2,49,377	21%
Demand Deposits as % of Total Deposits (QAB)	42%	40%	
Net Advances (a) +(b) + (c)	6,21,719	5,64,585	10%
(a) Corporate	2,13,645	2,12,362	1%
(b) SME	62,471	53,081	18%
(c) Retail	3,45,603	2,99,141	16%
Investments	2,49,816	2,00,290	25%
Balance Sheet Size	10,50,738	8,97,675	17%
Gross NPA as % of Gross Customer Assets	3.53%	4.28%*	
Net NPA as % of Net Customer Assets	1.08%	1.03%*	
Equity Capital	613	612	0.2%
Shareholders' Funds	1,07,083	97,664	10%
Capital Adequacy Ratio (Basel III)	19.23%	18.92%	
- Tier I	16.73%	16.06%	
- Tier II	2.50%	2.86%	
Capital Adequacy Ratio (Basel III) (incl. profit for H1FY22)	20.04%	19.38%	
- Tier I	17.54%	16.52%	
- Tier II	2.50%	2.86%	

*as per IRAC norms

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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