

HARIBHAKTI & CO. LLP

Chartered Accountants

Independent Auditor's Review Report on the Unaudited Interim Condensed Standalone Financial Statements of Axis Bank Limited

To The Board of Directors

Axis Bank Limited

1. We have reviewed the accompanying Unaudited Interim Condensed Standalone Financial Statements of Axis Bank Limited ('the Bank') comprising of the Condensed Balance Sheet as at June 30, 2020, the Condensed Profit & Loss Account and the Condensed Cash Flow Statement for the period April 1, 2020 to June 30, 2020 and selected explanatory notes thereon ("the Condensed Standalone Financial Statements").
2. This Condensed Standalone Financial Statements, which is the responsibility of the Bank's Management and approved by the Board of Directors at its meeting held on July 21, 2020, has been prepared in accordance with recognition and measurement principles laid down in Accounting Standard 25 "Interim Financial Reporting" as prescribed under Section 133 of Companies Act, 2013, the relevant provisions of the Banking Regulation Act, 1949, the circulars, guidelines and directions issued by the Reserve Bank of India as applicable from time to time and other accounting principles generally accepted in India (collectively referred to as "Generally Accepted Accounting Principles"). Our responsibility is to issue a report on the Condensed Standalone Financial Statements based on our review.
3. We conducted our review of the Condensed Standalone Financial Statements in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by ICAI. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Condensed Standalone Financial Statements have been prepared in accordance with the Generally Accepted Accounting Principles and are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
4. Based on our review conducted and procedures performed as stated in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Condensed Standalone Financial Statements are not prepared, in all material respects, in accordance with the Generally Accepted Accounting Principles.



Haribhakti & Co. LLP, Chartered Accountants Regn. No. AAC- 3768, a limited liability partnership registered in India (converted on 17th June, 2014 from a firm Haribhakti & Co. FRN: 103523W)
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5. We draw attention to Note 8 to the selected explanatory notes of Condensed Standalone Financial Statements which explains that the extent to which COVID-19 pandemic will impact the Bank's operations and condensed standalone financial statements is dependent on future developments, which are highly uncertain.
Our report is not modified in respect of this matter.
6. These Condensed Standalone Financial Statements for the quarter ended June 30, 2020 have been prepared for the purpose of inclusion in the Preliminary Placement Document and the Placement Document to be filed with the SEBI, ROC or the Stock Exchanges with regards to the Proposed Qualified Institutional Placement of Equity Share of Face Value of Rs. 2 each of the Bank. We do not accept or assume responsibility for any other purpose except as expressly agreed by our prior consent in writing.

For Haribhakti & Co. LLP

Chartered Accountants

ICAI Firm Registration No.103523W/W100048



Purushottam Nyati
Partner
Membership No.: 118970
UDIN: 20118970AAAAEV4367



Place: Mumbai

Date: July 21, 2020

Axis Bank Limited

Unaudited Interim Condensed Standalone Balance Sheet as at 30 June 2020

(Rs. in crores)

CAPITAL & LIABILITIES	As on 30.06.2020	As on 30.06.2019
Capital	564.40	523.90
Reserves & Surplus	85,506.55	70,703.74
Deposits	6,28,150.28	5,40,677.68
Borrowings	1,42,836.05	1,30,121.44
Other liabilities and provisions	40,080.90	32,539.45
Total	8,97,138.18	7,74,566.21
ASSETS		
Cash and Balances with Reserve Bank of India	51,801.87	28,428.04
Balance with banks and money at call and short notice	8,278.07	9,848.85
Investments	1,87,323.05	1,75,791.53
Advances	5,61,340.83	4,97,276.01
Fixed Assets	4,358.86	4,053.22
Other Assets	84,035.50	59,168.56
Total	8,97,138.18	7,74,566.21
Contingent Liabilities	9,16,185.01	7,42,961.32
Bills for collection	44,294.52	47,070.82

For Haribhakti & Co. LLP

Chartered Accountant

Firm Registration No. 103523W/W100048



Purushottam Nyati

Partner

Membership No. :118970



For Axis Bank Limited


Amitabh Chaudhry
(MD & CEO)

Puneet Sharma
(President & CFO)

Date: 21 July, 2020

Place: Mumbai

Axis Bank Limited

Unaudited Interim Condensed Standalone Profit and Loss account for the quarter ended 30 June 2020

(Rs. in crores)

	For the quarter ended 30.06.2020	For the quarter ended 30.06.2019
INCOME		
Interest earned	16,538.89	15,254.95
Other income	2,586.68	3,868.76
A	19,125.57	19,123.71
EXPENDITURE		
Interest expended	9,553.58	9,411.30
Operating expenses	3,727.59	3,819.65
Provisions & contingencies	4,732.23	4,522.68
B	18,013.40	17,753.63
Net Profit after taxes	1,112.17	1,370.08
Basic Earning per share	3.94	5.29
Diluted Earning per share	3.94	5.26

For Haribhakti & Co. LLP

Chartered Accountant

Firm Registration No. 103523W/W100048

For Axis Bank Limited



Purushottam Nyati

Partner

Membership No. :118970




Amitabh Chaudhry
(MD & CEO)



Puneet Sharma
(President & CFO)



Date: 21 July, 2020

Place: Mumbai

Axis Bank Limited

Unaudited Interim Condensed Standalone Cash Flow statement for the three months ended 30 June 2020

(Rs. in crores)

	For the period ended 30.06.2020	For the period ended 30.06.2019
Cash flow from operating activities	-4,559.51	-8,145.57
Cash flow from investing activities	-27,521.68	-774.01
Cash flow from financing activities	-5,107.51	-19,994.62
Effect of exchange fluctuation on translation reserve	0.37	-13.55
Net increase in cash and cash equivalents	-37,188.34	-28,927.75
Cash and cash equivalents - Opening Balance	97,268.28	67,204.64
Cash and cash equivalents - Closing Balance	60,079.94	38,276.89

For Haribhakti & Co. LLP

Chartered Accountant

Firm Registration No. 103523W/W100048

Puneshottam Nyati

Partner

Membership No. :118970



Date: 21 July, 2020

Place: Mumbai

For Axis Bank Limited

Amitabh Chaudhry
(MD & CEO)

Puneet Sharma
(President & CFO)

1) **Basis of Preparation of Unaudited Interim Condensed Standalone Financial Statements**

The Unaudited Interim Condensed Standalone Financial Statements (Condensed Standalone Financial Statements) consisting of Unaudited Interim Condensed Standalone Balance Sheet as at 30 June 2020, Unaudited Interim Condensed Standalone Profit & Loss Account and Unaudited Interim Condensed Standalone Cash Flow statement for the period then ended have been prepared in accordance with recognition and measurement principles laid down in Accounting Standard 25 "Interim Financial Reporting" as prescribed under Section 133 of Companies Act, 2013, the relevant provisions of the Banking Regulation Act, 1949, the circulars, guidelines and directions issued by the Reserve Bank of India (RBI) as applicable from time to time ("RBI Guidelines") and other accounting principles generally accepted in India.

2) **Use of Estimates**

The preparation of Condensed Standalone Financial Statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of revenue and expenses. The estimates and assumptions used in the accompanying are based upon management's evaluation of the relevant facts and circumstances as on the date of the Condensed Standalone Financial Statements. Actual results may differ from the estimates and assumptions used in preparing the accompanying Condensed Standalone Financial Statements. Any revision to accounting estimates is recognized prospectively in current and future periods.

3) **Accounting Policies**

Accounting Policies and practices followed in the preparation of Condensed Standalone Financial Statements for the period ended 30 June 2020 remain the same as those followed in the preparation of financial statements for the year ended 31 March 2020 except the following changes in accounting policies carried out by the Bank effective 1 April 2020 -

a) The Bank had a practice of recognizing fees on issuance of Letters of Credit and annual fees on Debit Cards on an upfront basis. During the quarter, the Bank changed this practice, from upfront recognition to amortization over the service period. As a result, other income for the quarter ended 30 June 2020 is lower by Rs. 65 crores with a consequent reduction to the profit before tax.

b) The Bank continues to classify exposures as 'Red Flagged Accounts' in accordance with its prevailing internal framework. During the quarter, the Bank has introduced incremental provisioning on such exposures based on a time scale and on occurrence of predefined events. As a result, provisions and contingencies for the quarter ended 30 June, 2020 are higher by Rs. 144 crores with a consequent reduction to the profit before tax.

c) The Bank was recognizing net depreciation and ignoring net appreciation within class of investments in the Profit and Loss Account in accordance with RBI guidelines. During the quarter, the Bank has made two changes to its practice of recognizing depreciation on investments: (i) The Bank has elected to recognize the net depreciation on each class of investments under the residual category of 'Others' (i.e. mutual funds, PTCs, security receipts etc.), without availing the benefit of offset against gain in another class of investment within the 'Others' category. (ii) For standard investments classified as weak based on the Bank's internal framework, the Bank has elected to recognize the net depreciation on such investments without availing the benefit of set-off against appreciation within the same class of investments that is permitted by RBI. As a result, provisions and contingencies for the quarter ended 30 June, 2020 are higher by Rs. 209 crores with a consequent reduction to the profit before tax.

4) **The capital adequacy ratio of the Bank as at 30 June 2020, calculated as per the RBI guidelines (under Basel III) is set out below:**

Capital Adequacy Ratios	(Rs. in crores)	
	30.06.2020**	30.06.2019**
Capital Adequacy Ratio	17.29%	15.82%
CET1	13.32%	11.44%
Tier I CRAR	14.44%	12.66%
Tier II CRAR	2.85%	3.16%

**Capital adequacy ratio (excluding profits for the three month period) computed in accordance with Basel III guidelines issued by RBI.



5) Segmental results

(Rs. in crores)

		FOR THE QUARTER ENDED 30.06.2020 (Unaudited)	FOR THE QUARTER ENDED 30.06.2019 (Unaudited)
1	Segment Revenue		
A	Treasury	5,468.24	6,684.54
B	Corporate/Wholesale Banking	6,979.70	7,079.98
C	Retail Banking	15,440.49	14,270.52
D	Other Banking Business	219.92	219.05
E	Unallocated	-	-
	Total	28,108.35	28,254.09
	Less: Inter segment revenue	8,982.78	9,130.38
	Income from Operations	19,125.57	19,123.71
2	Segment Results After Provisions & Before Tax		
A	Treasury	683.88	1,414.90
B	Corporate/Wholesale Banking	-1,080.26	-653.84
C	Retail Banking	1,681.22	1,159.82
D	Other Banking Business	143.14	157.30
E	Unallocated	-	-
	Total Profit Before Tax	1,427.98	2,078.18
3	Segment Assets		
A	Treasury	3,10,464.85	2,55,378.10
B	Corporate/Wholesale Banking	2,55,903.70	2,29,546.33
C	Retail Banking	3,21,515.39	2,79,926.70
D	Other Banking Business	212.44	246.89
E	Unallocated	9,041.79	9,468.19
	Total	8,97,138.17	7,74,566.21
4	Segment Liabilities		
A	Treasury	2,65,351.05	2,51,337.23
B	Corporate/Wholesale Banking	1,19,274.70	1,07,950.45
C	Retail Banking	4,24,439.23	3,43,873.14
D	Other Banking Business	55.81	41.37
E	Unallocated	1,946.43	136.38
	Capital and Other Reserves	86,070.95	71,227.64
	Total	8,97,138.17	7,74,566.21

6) Ratios

	30.06.2020	30.06.2019
(a) Amount of Gross Non Performing Assets	29,560.15	29,404.90
(b) Amount of Net Non Performing Assets	7,447.99	11,037.48
(c) % of Gross NPAs	4.72%	5.25%
(d) % of Net NPAs	1.23%	2.04%
(e) Return on assets (Annualised)	0.48%	0.69%

7) During the quarter ended 30 June 2020, the Bank allotted 3,45,025 equity shares pursuant to the exercise of options under its Employee Stock Option Scheme.



- 8) COVID-19 virus, a global pandemic has affected the world economy including India leading to significant decline and volatility in financial markets and decline in economic activities. On 24 March 2020, the Indian Government announced a strict 21-day lock-down which was further extended until 31 May 2020 across the country to contain the spread of the virus. On 30 May 2020 the Government announced a phased reopening of certain activities outside specified containment zones, while the lockdown was extended to 30 June 2020 in such containment zones. Subsequently, some of the states have further extended the lockdown to 31 July 2020. The extent to which the COVID-19 pandemic will impact the Bank's operations and asset quality will depend on the future developments, which are highly uncertain, including among the other things any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government mandated or elected by the Bank.

In accordance with the RBI guidelines on 'COVID-19 Regulatory Package' of 27 March 2020 and 17 April 2020, the Bank has granted moratorium of three months on payment of all instalments/interest, as applicable, falling due between 1 March 2020 and 31 May 2020 ('moratorium period') to eligible borrowers. Further, in line with the additional Regulatory Package guideline of RBI of 23 May 2020, the Bank has granted a second three month moratorium on instalments or interest, as applicable, due between 1 June 2020 and 31 August 2020 to eligible borrowers. For all such accounts where the moratorium is granted, the asset classification shall remain stand still during the moratorium period (i.e. the number of days past-due shall exclude the moratorium period for the purposes of determining whether an asset is non-performing).

The Bank holds provisions as at 30 June 2020 against the potential impact of COVID-19 based on the information available at this point in time. The provisions held by the Bank are in excess of the RBI prescribed norms.

- 9) The above Condensed Standalone Financial Statements have been approved by the Board of Directors in its meeting held on 21 July 2020
- 10) Previous period figures have been regrouped and reclassified, where necessary, to make them comparable with current period figures.

For Haribhakti & Co. LLP
Chartered Accountant
Firm Registration No. 103523W/W100048



Purushottam Nyati
Partner

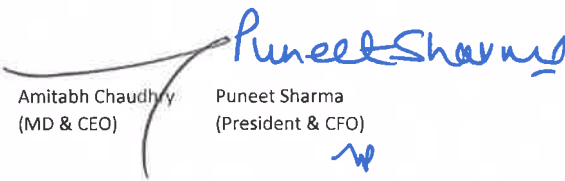
Membership No. :118970

Date: 21 July, 2020
Place: Mumbai



For Axis Bank Limited


Amitabh Chaudhry
(MD & CEO)


Puneet Sharma
(President & CFO)