

October 30, 2019



Current Price: ₹ 739.15

STOCK DATA

BSE Code	532215
NSE Symbol	AXISBANK
Reuters	AXBK.BO
Bloomberg	AXSB IN

VALUE PARAMETERS

52 W H/L(Rs)	826.55/538.90
Mkt. Cap.(Rs Cr)	208379.61
Latest Equity(Subscribed)	524.02
Latest Reserve (cons.)	69841.91
Latest EPS (cons.) -Unit Curr.	16.60
Latest P/E Ratio -cons	44.54
Latest Bookvalue (cons.) -Unit Curr.	354.65
Latest P/BV - cons	2.08
Dividend Yield -%	0.00
Face Value	2

SHARE HOLDING PATTERN (%)

Description as on	% of Holding 30/09/2019
Foreign	53.76
Institutions	22.86
Non Promoter Corp. Hold.	1.15
Promoters	16.22
Public & Others	6.02

Financial Results

In Cr.

Particulars	Qtr Ended Sep. 2019	Qtr Ended Sep. 2018	Var %
Interest Earned	15437.80	13280.99	16
Interest Expended	9335.97	8048.88	16
Net Interest Income	6101.83	5232.11	17
Other Income	3895.77	2678.38	45
Net Total Income	9997.60	7910.49	26
Operating Expenses	4046.02	3816.49	6
Operating Profits	5951.58	4094.00	45
Provisions & Contingencies	3518.39	2927.38	20
Profit Before Tax	2433.19	1166.62	109
Provisions for tax	2545.27	377.01	575
Net Profit	-112.08	789.61	PL
EPS*(Rs)	-0.08	3.42	

Healthy core performance, NPAs decline for sixth straight quarter. Result beats estimates

Axis Bank has registered net loss of Rs 112.08 crore in the quarter ended September 2019 (Q2FY2020), driven by a one-time tax impact of Rs 2138 crore due to changes in corporate tax rate. Excluding this impact the net profit is showing jump of 157% to Rs 2026 crore from Rs 789.61 crore in Q2FY2019.

The Net Interest Income of the bank has accelerated at 17% to Rs 6102 crore with NIM rising to 9 quarters higher of 3.51% in Q2FY2020. The bank has also posted 11% growth in fee income, led by retail fees rising 16%.

The operating expenses grew slightly by 6% significantly lower than 26% growth in net revenues, helping the operating profit to jump 45% in Q2FY2020. Cost to Assets ratio exhibited a further improvement to 2.06% from 2.08% in Q1FY20.

Asset quality continues to improve

The bank has continued to reduce GNPA and NNPA for the 6th straight quarter to 5.03% and 1.99%, as compared to 5.25% and 2.04% end of June 2019.

The Bank has recognized slippages of Rs 4983 crore during Q2FY20, compared to Rs 4798 crore in Q1FY20 and Rs 2777 crore in Q2FY19.

Corporate slippages stood at Rs 2862 crore. 97% of this came from previously disclosed BB and below rated clients (fund based loans, non-fund based loans and investment holdings).

Outstanding BB & Below corporate loans declined by 16% and stood at 1.1% of customer assets

Recoveries and upgrades from NPAs during the quarter were Rs 2213 crore while write-offs were Rs 3104 crore.

Consequently, Net slippages for the quarter stood at Rs 2770 crore compared to Rs 2621 crore in Q1FY20 and Rs 591 crore in Q2FY19. Net slippages (before write-offs) in Retail and SME stood at Rs 496 crore and Rs 468 crore respectively.

Asset Quality Indicators

Particulars	Qtr Ended	Qtr Ended	Qtr Ended	Qtr Ended	Qtr Ended	Variation		
	Sep-19	Jun-19	Mar-19	Dec-18	Sep-18	QoQ	YTD	YoY
Gross NPA (Rs Crore)	29071.39	29404.90	29789.44	30854.67	30938.33	-1	-2	-6
Net NPA (Rs Crore)	11138.30	11037.48	11275.60	12233.29	12715.71	1	-1	-12
% Gross NPA	5.03	5.25	5.26	5.75	5.96	-22	-23	-93
% Net NPA	1.99	2.04	2.06	2.36	2.54	-5	-7	-55
% Provision Coverage Ratio	79.00	78.00	77.00	75.00	73.00	100	200	600
% CRAR - Basel III	18.23	15.82	15.84	15.81	16.17	241	239	206
Tier I - Basel III %	15.03	12.66	12.54	13.07	12.76	237	249	227

Variation in basis points for figures given in percentages and in % for figures in Rs crore

As on 30 September 2019, the Bank has additional provisions of Rs 2600 crore towards various risk contingencies, over and above the regular NPA provisioning and the 0.4% standard assets provisioning requirement. These Rs 2600 crore of provisions are not counted towards Provision Coverage Ratio calculations of the Bank.

The bank has further improved Provision Coverage Ratio to 79% from 78% end June 2019.

Bank's Capital Adequacy Ratio (CAR) has strengthened post capital raise: Common Equity Tier 1 ratio stood at 14.04% compared to 11.68% at the end of Q1FY20.

Business growth improves

The Bank's balance sheet grew 11% YOY and stood at Rs 809294 crore as on 30th September 2019. The Bank's advances grew 14% YOY to Rs 521594 crore as on 30th September 2019. Domestic loans grew 19% while the overseas book de-grew by 25%.

Retail loans grew 23% YOY to Rs 273223 crore and accounted for 52% of the net advances of the Bank. SME loans grew 2% YOY to Rs 61371 crore. Corporate loan book grew by 7%, with domestic corporate loan book up 18%. The Bank's loan to deposit ratio stood at 89%.

The book value of the Bank's Investments portfolio as on 30th September 2019, was Rs 161715 crore, of which Rs 123810 crore were in government securities, while Rs 29396 crore were invested in corporate bonds and Rs 8509 crore in other securities such as equities, preference shares, mutual funds, etc.

The total deposits on quarterly average basis (QAB) grew by 23%. CASA and Retail Term Deposits on a QAB basis put together recorded a growth of 21% YOY. On a period end basis, the total deposits grew 22% YOY. The share of CASA and Retail Term Deposits in the Total Deposits stood at 80% as on 30th September 2019.

Net Interest Margin at nine quarter high

The Bank's Net Interest Income (NII) grew 17% to Rs 6102 crore during Q2FY20 from Rs 5232 crore in Q2FY19. Net interest margin for Q2FY20 stood at 3.51%.

Other Income surges 45%

Non-Interest Income (comprising of fee, trading profit and miscellaneous income) grew 45% YOY to Rs 3896 crore for Q2FY20 as against Rs 2678 crore during the same period last year.

Fee income for Q2FY20 grew 11% YOY to Rs 2649 crore. The key driver of fee income growth was Retail fees, which grew 16% YOY and constituted 64% of the Bank's total fee income. Card fees grew strongly by 21% YOY. Transaction banking fee grew 7% YOY and constituted 18% of the total fee income of the Bank. Corporate credit related fees grew 13% YOY.

The trading profits for the quarter stood at Rs 809 crore as compared to Rs 136 crore in Q2FY19. Miscellaneous Income, for the quarter stood at Rs 438 crore compared to Rs 167 crore in Q2FY19.

Provisions and contingencies

Specific Loan Loss Provisions for Q2FY20 were Rs 2701 crore, compared to Rs 2686 crore in Q2 last year and Rs 2886 crore in Q1FY20. Including provisions for standard assets and other provisions, total provisions were Rs 3518 crore.

Network

During Q2FY20, the Bank added 190 branches to its network across the country, which has been the highest in last 24 quarters. As on 30th September 2019, the Bank had a network of 4284 domestic branches and extension counters situated in 2453 centres compared to 3879 domestic branches and extension counters situated in 2269 centres last year. As on 30th September 2019, the Bank had 12191 ATMs and 5124 cash recyclers spread across the country.

Digital

Axis Bank continues to remain amongst the top players in mobile banking space - both in terms of transaction value and volumes, as per the latest RBI data for the first four months of fiscal 2020. Axis Bank's mobile banking transaction volumes in Q2 grew by 121% YOY while the mobile spends reported a growth of 60% YOY. Axis Bank currently has a 56 million registered VPA base; the Bank processed over 320 million UPI transactions in Q2 with total transaction value growing over three times YOY to Rs 39340 crore. During the quarter, credit card usage witnessed growth of 34% YOY in value terms to Rs 19154 crore. The share of digital transactions in the overall transaction mix for the Bank remained strong at 80% as at end of September 2019. The contribution of Digital channels towards the business growth continues to rise steadily; 43% of personal loan disbursements in Q2 were through digital channels.

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