

Quarterly Earnings Presentation

Q2 FY17

Safe Harbor

Except for the historical information contained herein, statements in this release which contain words or phrases such as “will”, “aim”, “will likely result”, “would”, “believe”, “may”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “strategy”, “philosophy”, “project”, “should”, “will pursue” and similar expressions or variations of such expressions may constitute “forward-looking statements”. These forward-looking statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. These risks and uncertainties include, but are not limited to our ability to successfully implement our strategy, future levels of non-performing loans, our growth and expansion, the adequacy of our allowance for credit losses, our provisioning policies, technological changes, investment income, cash flow projections, our exposure to market risks as well as other risks. Axis Bank Limited undertakes no obligation to update forward-looking statements to reflect events or circumstances after the date thereof.

Performance Highlights

Growth

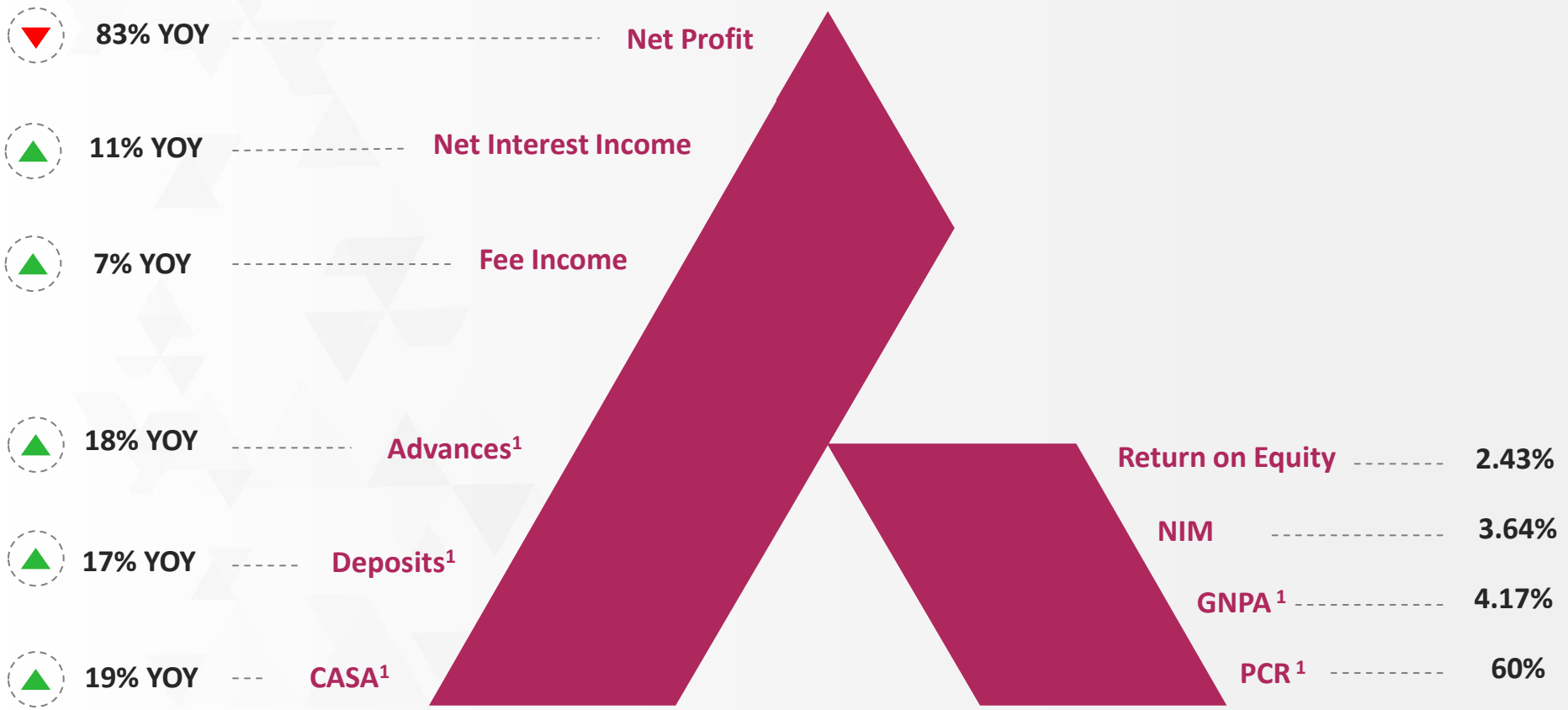
Earnings Quality

Retail Franchise

Asset Quality

Other important information

Summary of Key Metrics for Q2FY17

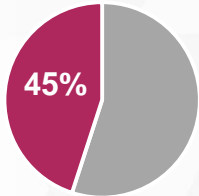


¹ as on 30th September, 2016

Profit under stress due to asset quality. However operating parameters continue to perform well..

Retail Franchise registered strong performance

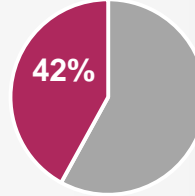
Deposits ↑ 17% YOY



CASA ↑ 19% YOY

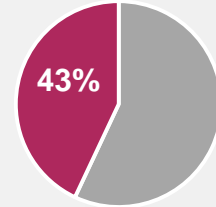
SA Deposits ↑ 20% YOY

Advances ↑ 18% YOY



Retail Advances ↑ 25% YOY

Fee Income ↑ 7% YOY



Retail Fee Income ↑ 17% YOY

Earnings Profile

16%
YOY



Operating Revenue

₹7,054 crores

13%
YOY



Operating Profit

₹4,100 crores

0.23%



Return on Assets**

2.43%



Return on Equity**

Well capitalised

12.03%

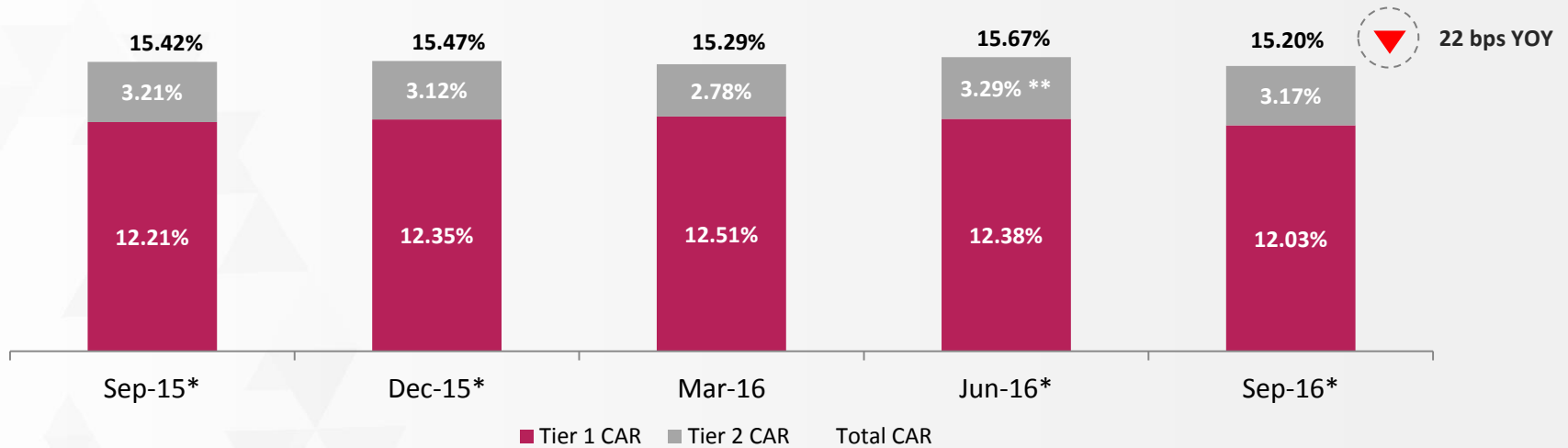
Tier I CAR*

15.20%

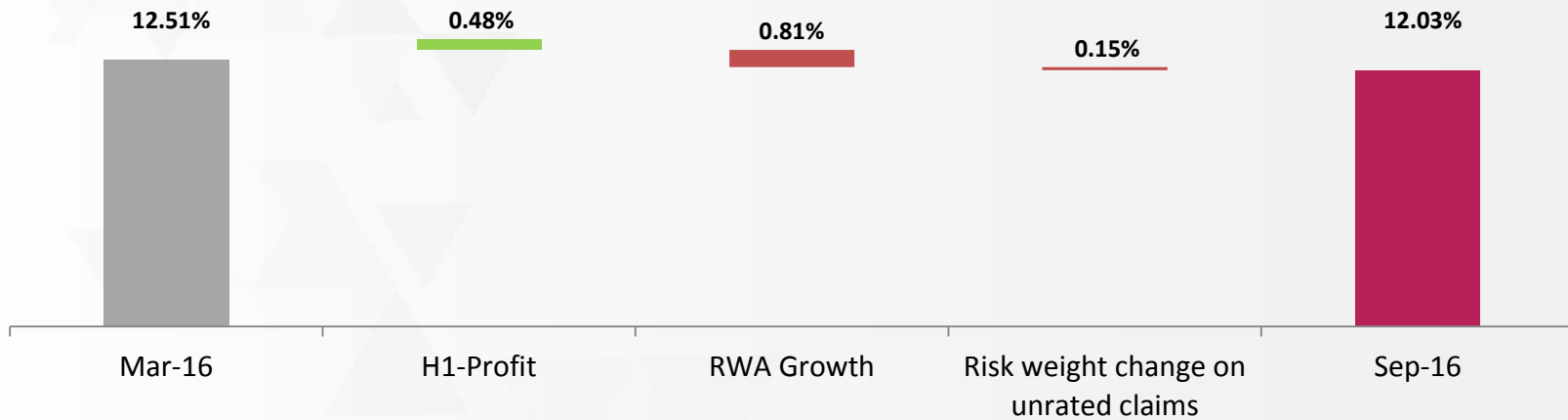
Total CAR*

Capital adequacy remains strong

Trend in Capital Adequacy Ratio



YTD movement in Tier 1 Capital Adequacy Ratio

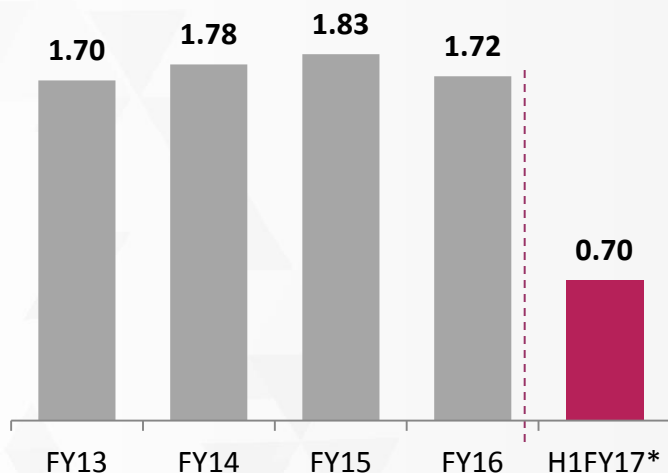


* including unaudited Net Profit for the quarter / half year / nine-months

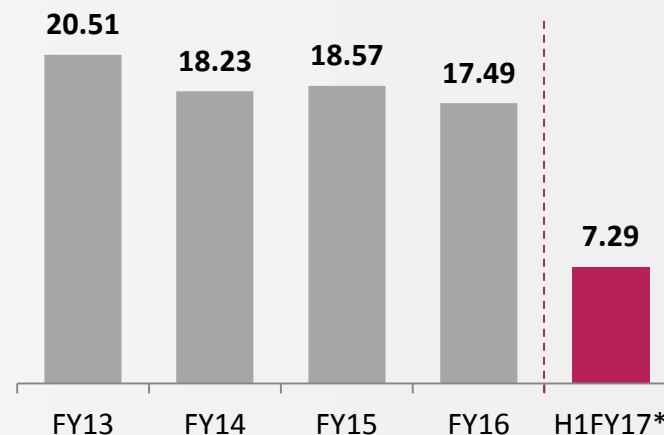
** includes ₹2,430 crores mobilized through issuance of subordinated debt during Q1FY17

Shareholder return metrics have reduced in H1FY17

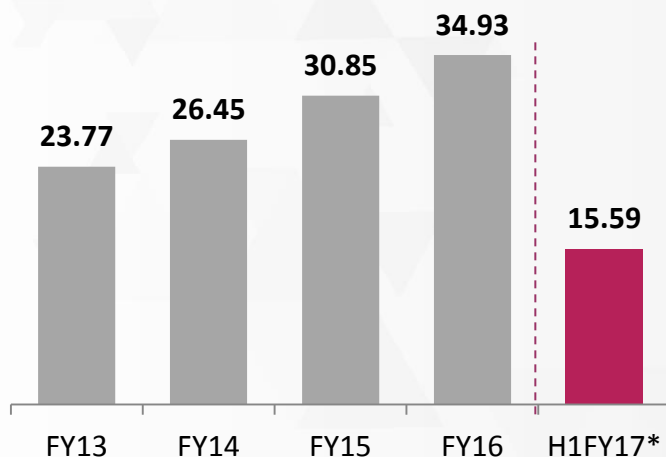
Return on Assets (in %)



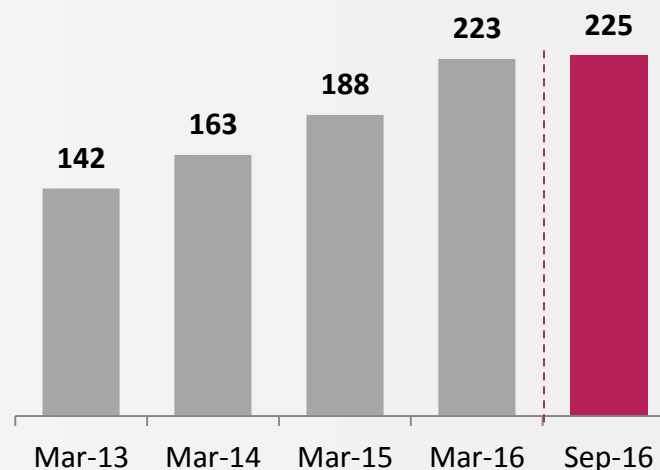
Return on Equity (in %)



Diluted EPS (₹)



Book Value Per Share (₹)



* annualised

Performance Highlights

Growth

Earnings Quality

Retail Franchise

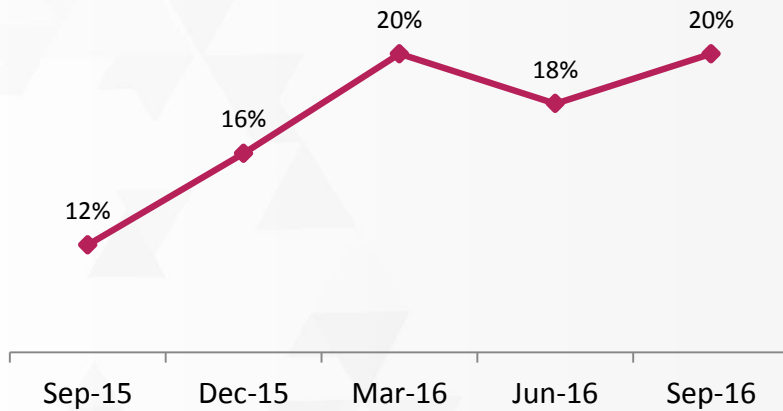
Asset Quality

Other important information

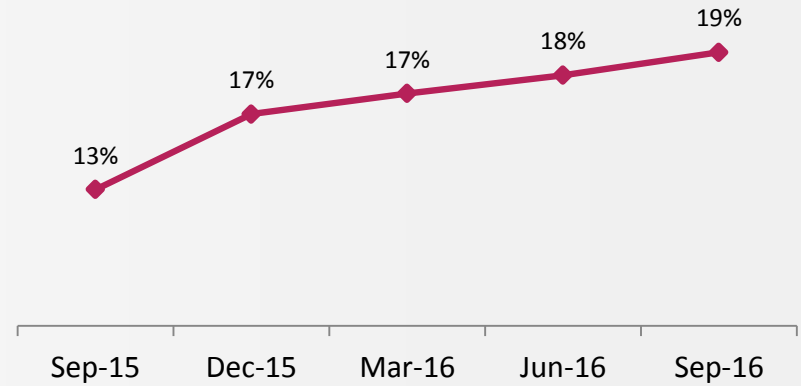
We have delivered strong growth on key balance sheet parameters

All figures in YOY growth

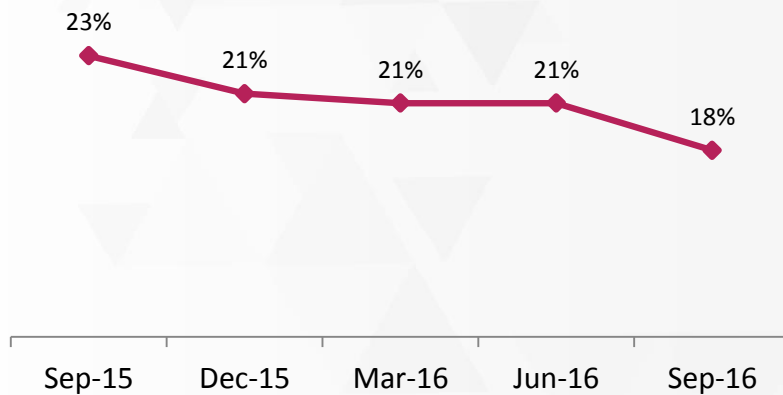
Savings Bank Deposits



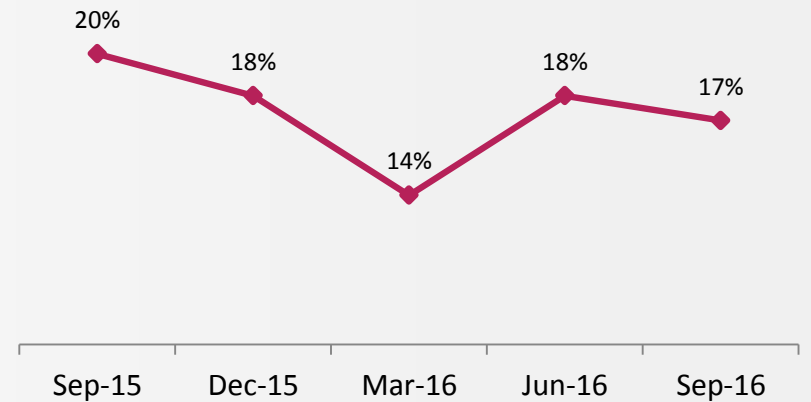
CASA



Advances



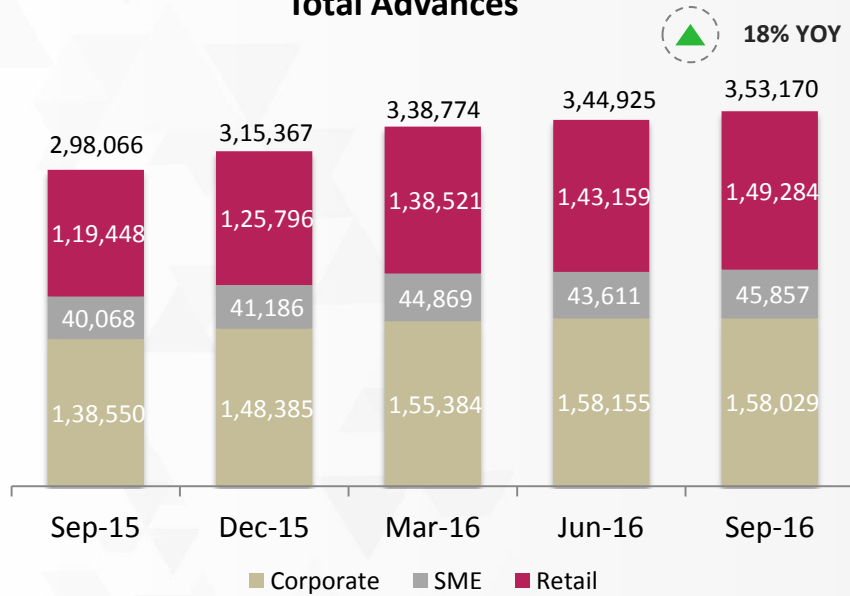
Balance Sheet



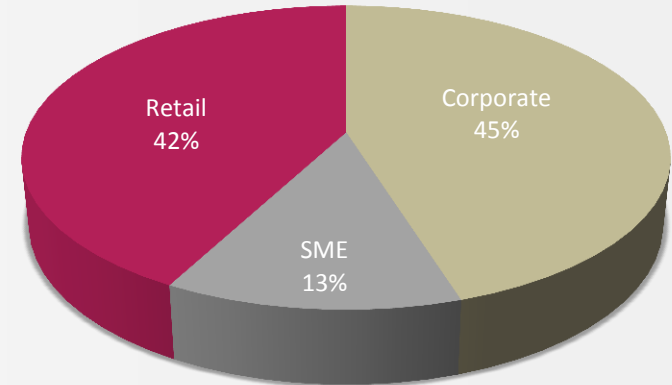
Diversified loan mix with growth driven by retail

All figures in ₹ Crores

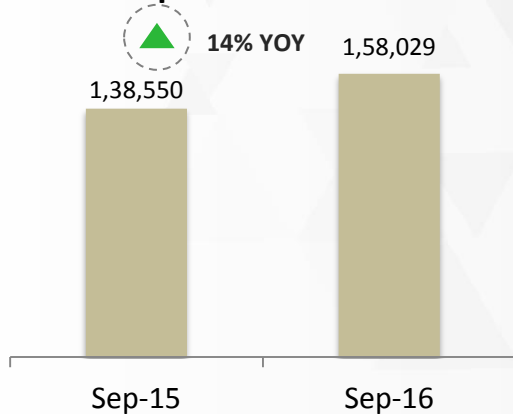
Total Advances



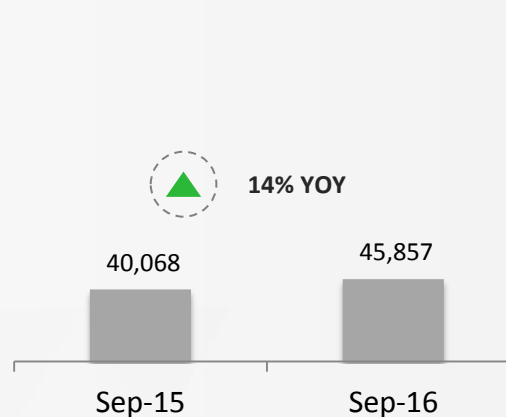
Loan Mix (As on September 30, 2016)



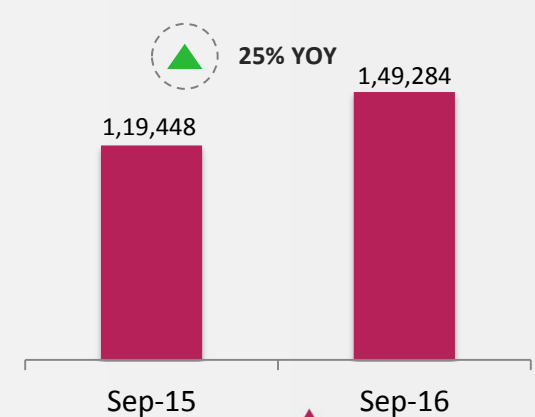
Corporate Advances



SME Advances



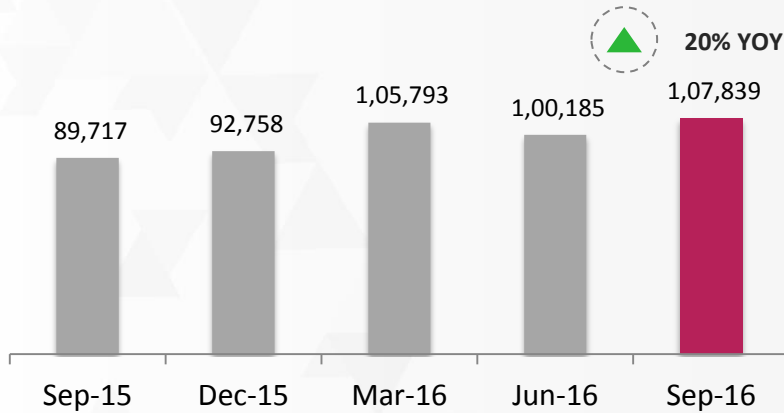
Retail Advances



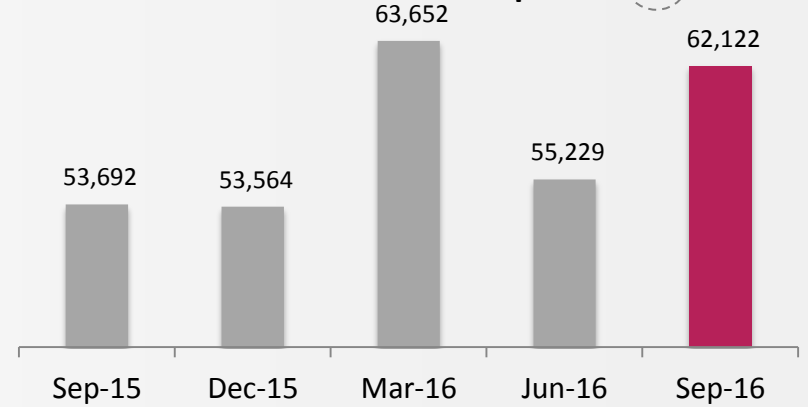
Deposit franchise continues to be robust

All figures in ₹ Crores

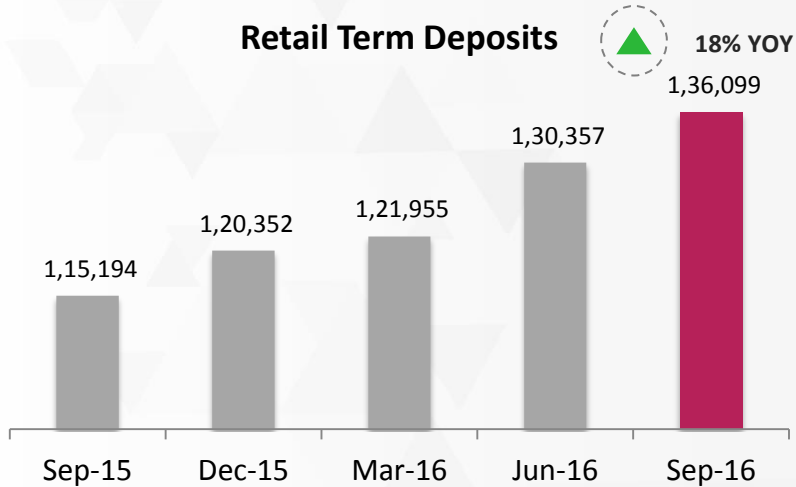
Savings Bank Deposits



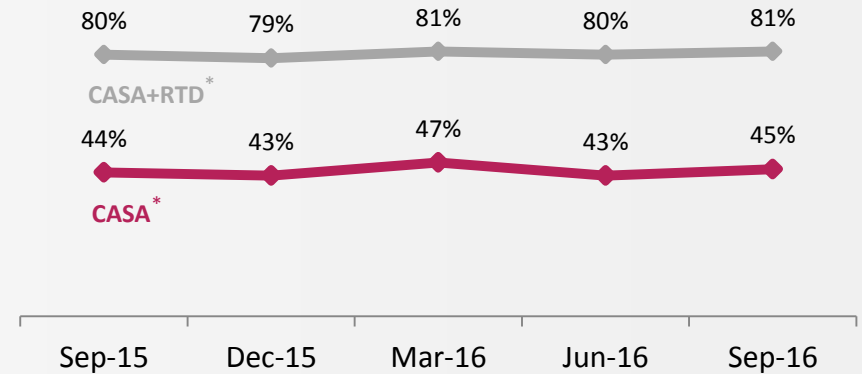
Current Account Deposits



Retail Term Deposits



Trend in CASA and Retail Term Deposits

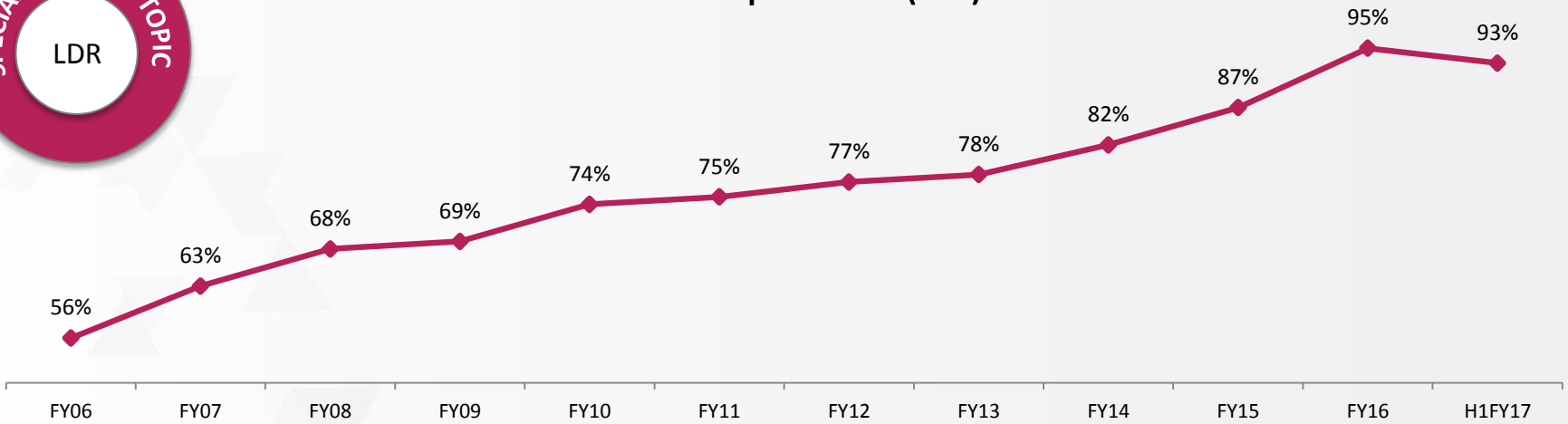


*as % of total deposits

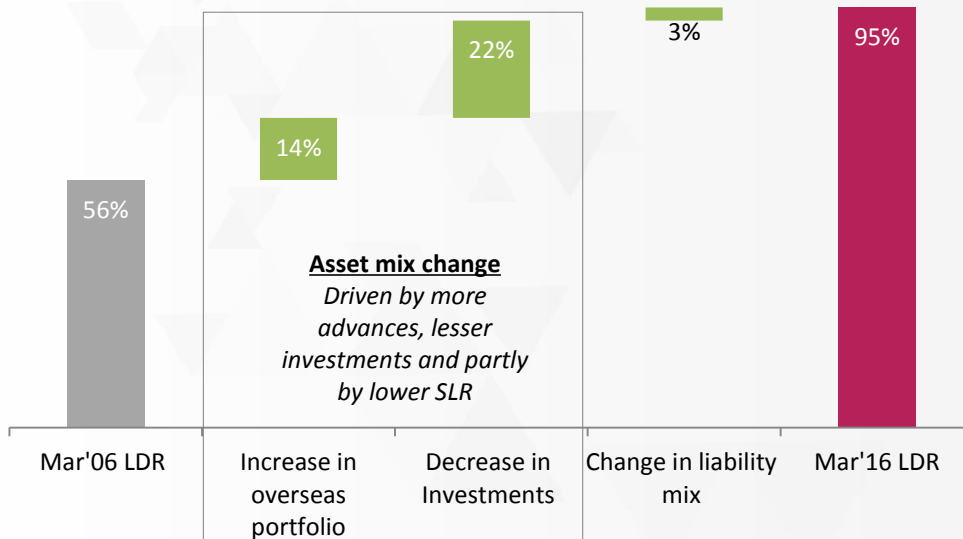


Long term trend in Loan to Deposit Ratio (1/2)

Loan to Deposit Ratio (LDR)



Drivers of movement in Loan to Deposit Ratio



- Overseas operations of the Bank commenced in 2006
- Overseas business is largely funded by borrowings
- Overseas portfolio peaked at 13% of total assets in December 2013

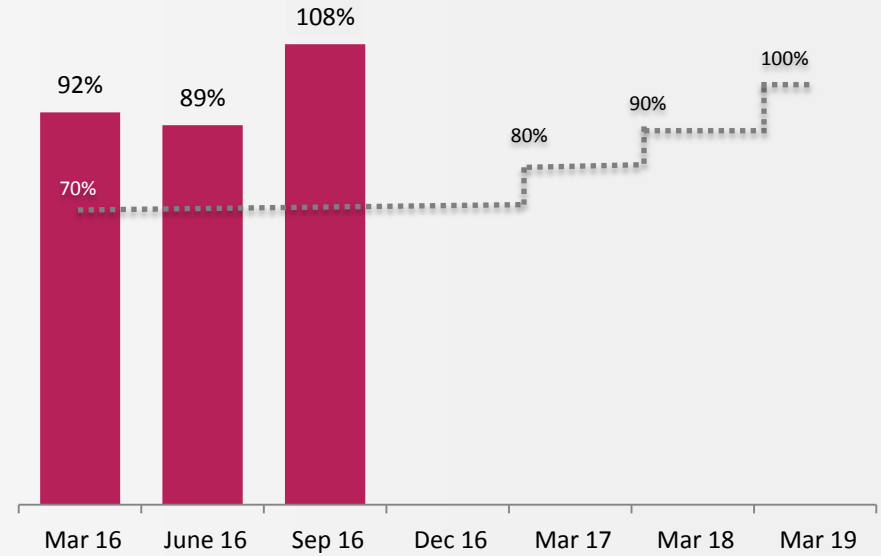
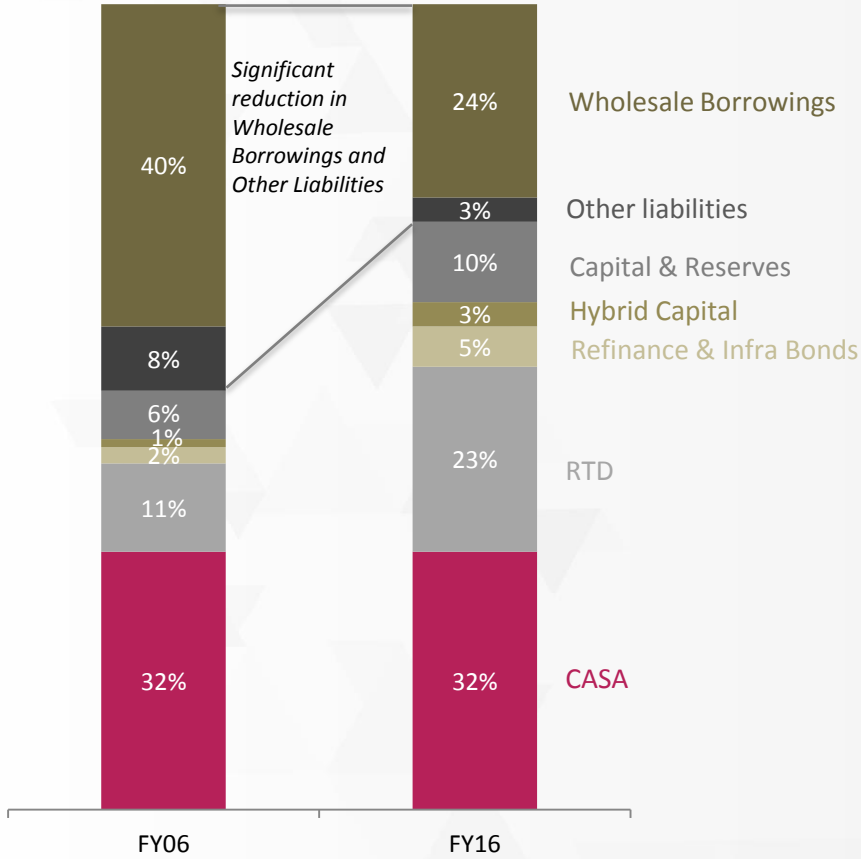
Trend in long term Liability Mix and Liquidity Coverage Ratio (2/2)

Liability Mix

Share of Retail Term deposits (RTD) has increased, while wholesale borrowings has decreased



Liquidity Coverage Ratio (LCR) remains well above regulatory requirements



*Wholesale borrowings comprises of NRTD, Short Term Borrowings & Overseas Borrowings

Performance Highlights

Growth

Earnings Quality

Retail Franchise

Asset Quality

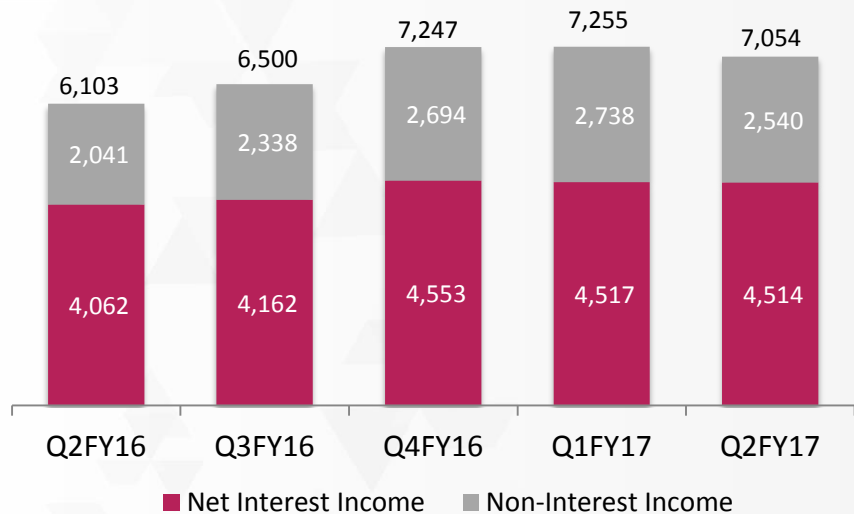
Other important information

Operating Profit delivery has been steady even as Net Profit has dipped due to credit provisions

All figures in ₹ Crores

Operating Revenue

▲ 16% YOY

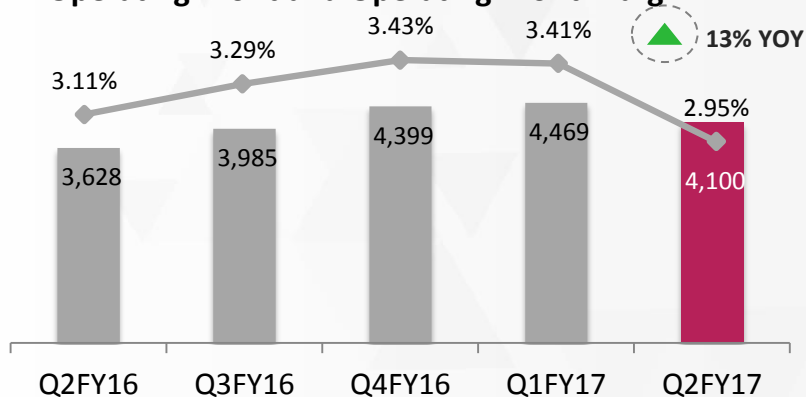


Opex to Assets



Operating Profit and Operating Profit Margin

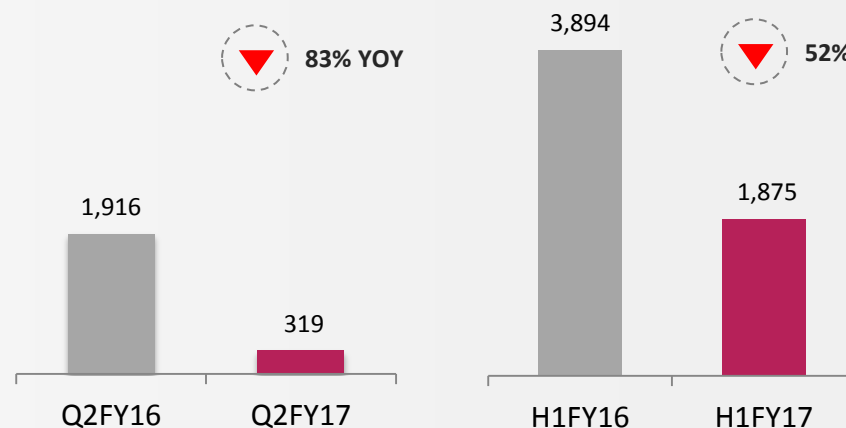
▲ 13% YOY



Net Profit

▼ 83% YOY

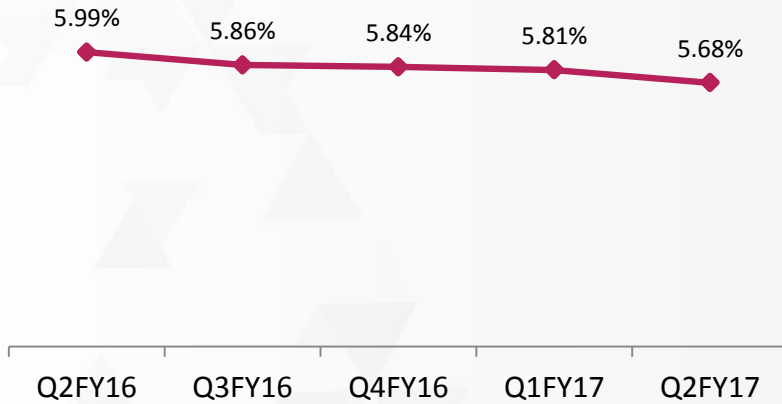
▼ 52% YOY



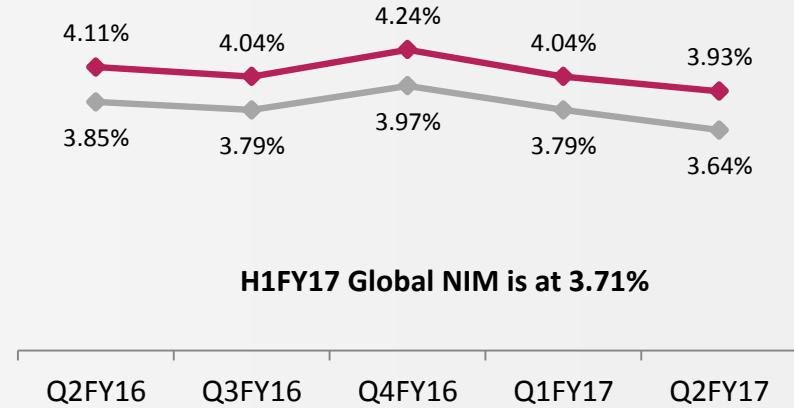
NIM has moderated during the quarter

All figures in ₹ Crores

Cost of Funds

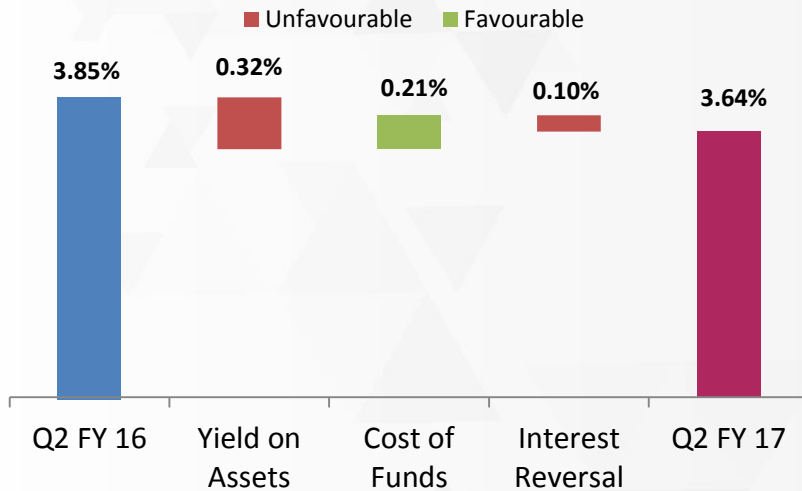


NIM - Global NIM - Domestic

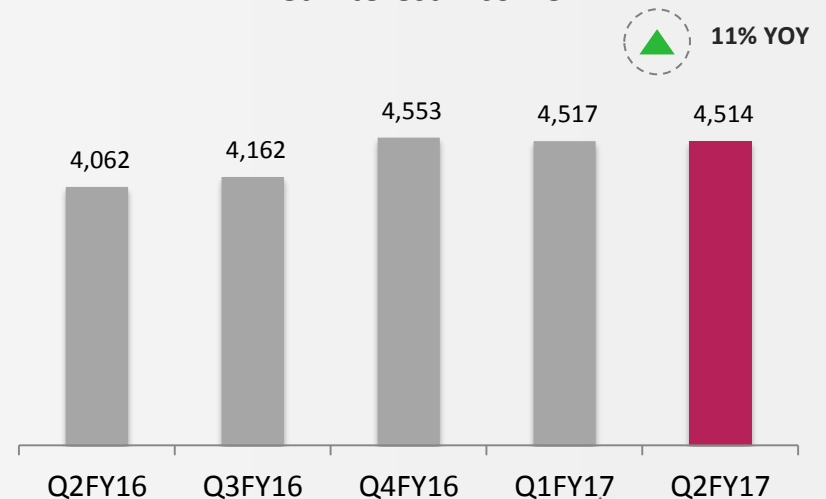


H1FY17 Global NIM is at 3.71%

Movement in NIM



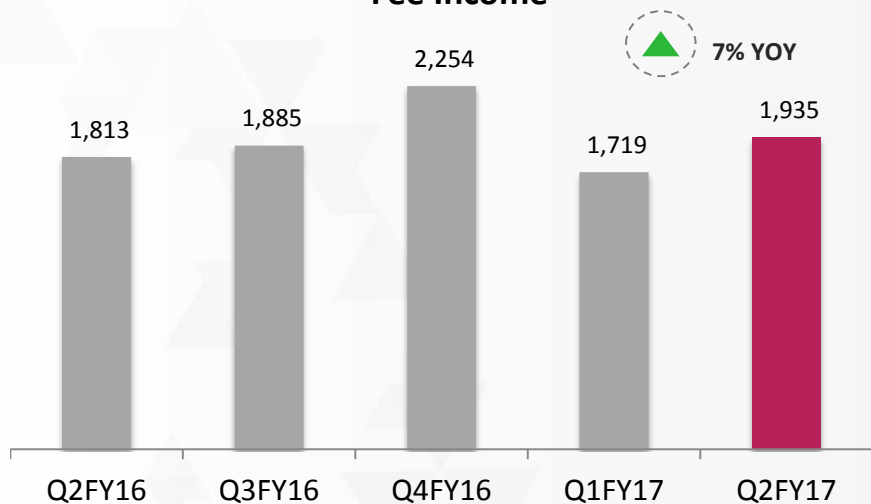
Net Interest Income



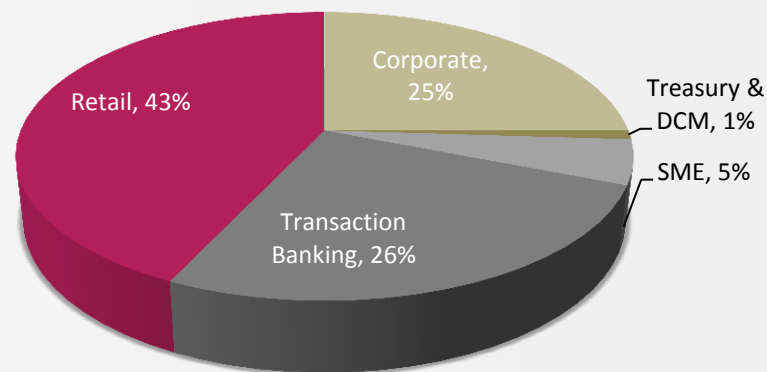
Fee growth has moderated but Granular fees continue to grow

All figures in ₹ Crores

Fee Income



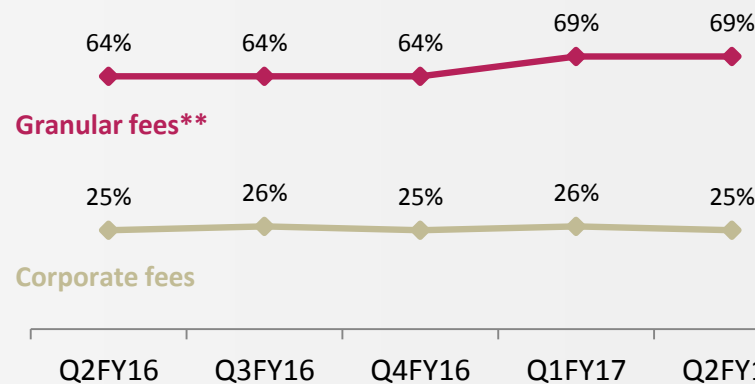
Fee Composition



Fee Growth (YOY)



Trend in Granular and Corporate Fees



**Retail + Transaction Banking Fee as % of total fee income

Performance Highlights

Growth

Earnings Quality

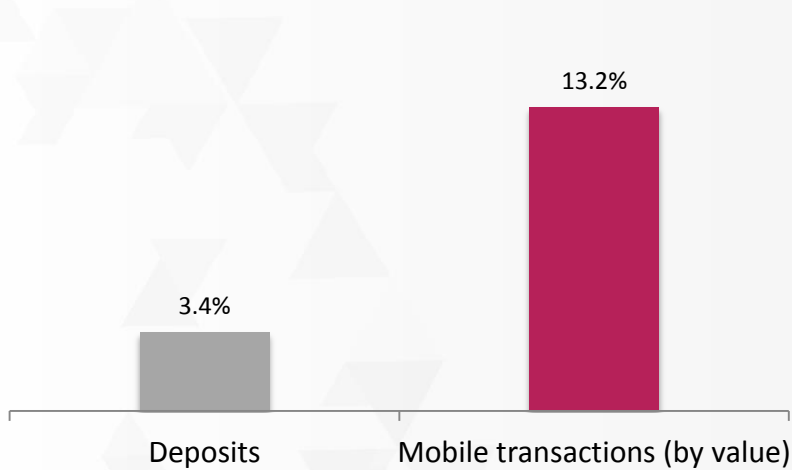
Retail Franchise

Asset Quality

Other important information

Retail Bank has market leading digital capabilities

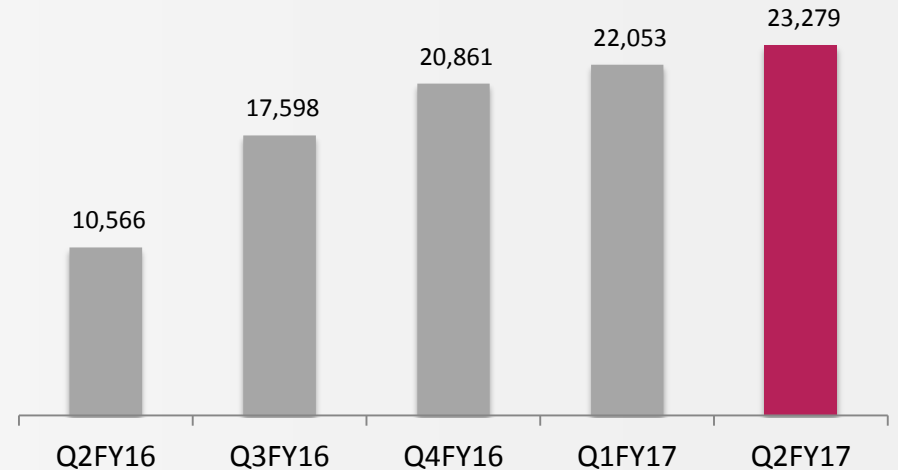
Market Share*



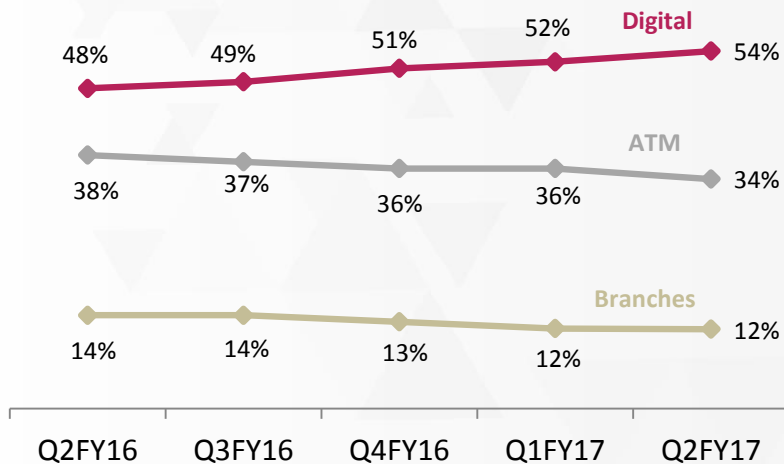
* Source : RBI as on March 2016

Mobile Banking Spends (₹Cr)

▲ 120% YOY

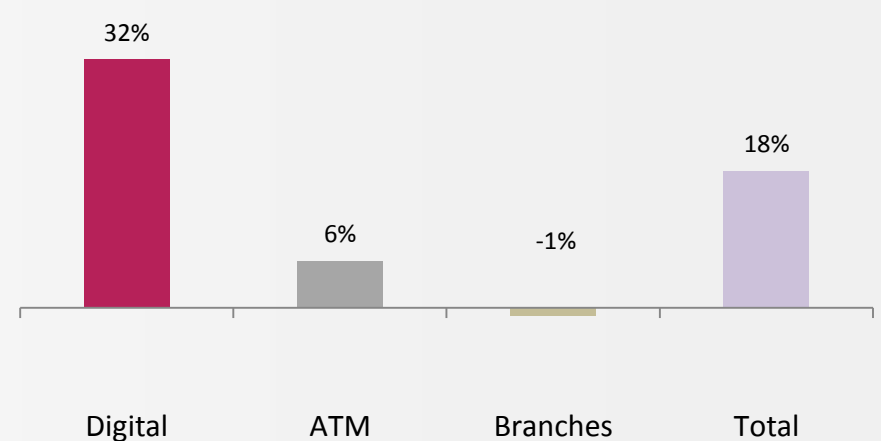


Transaction Mix*



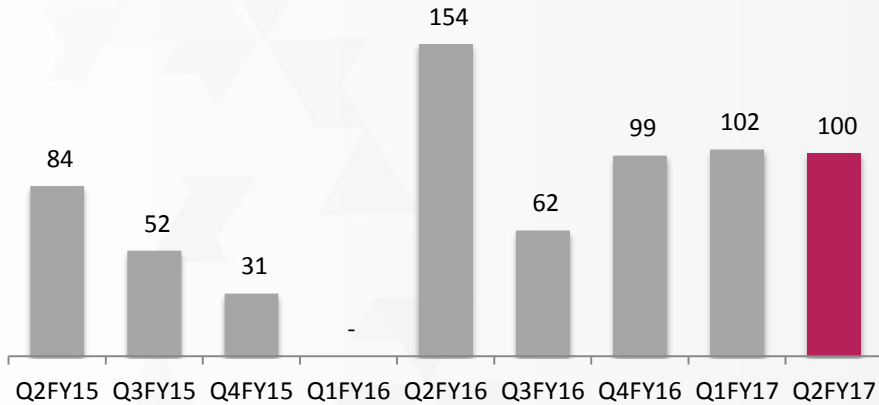
* Based on all financial transactions by individual customers

Transaction Volume Growth YOY

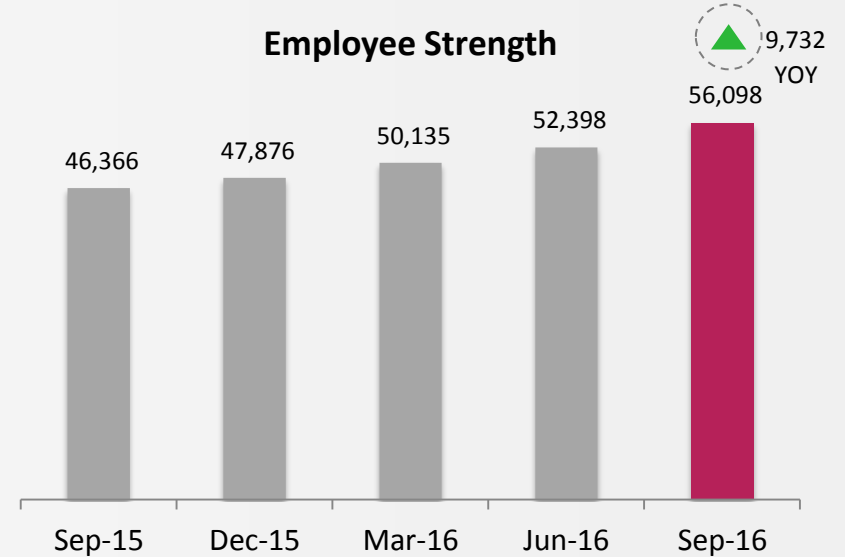


We have also been opening new branches with renewed pace

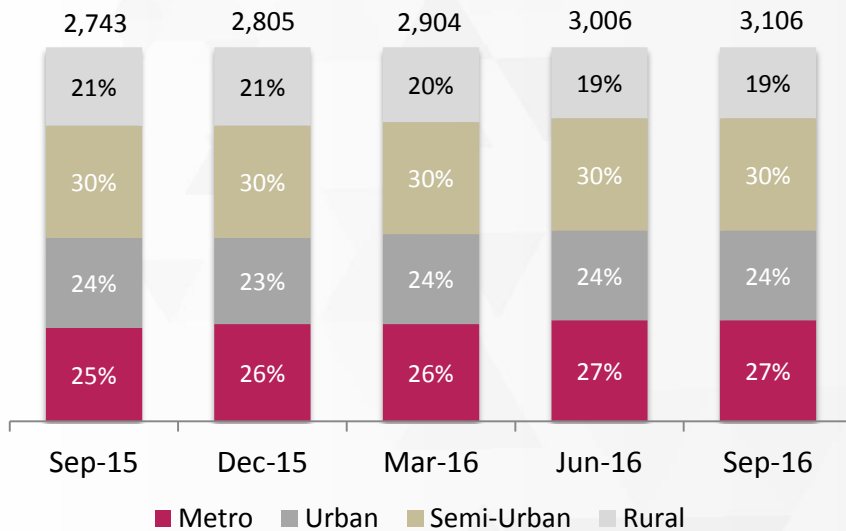
New Branches Opened



Employee Strength



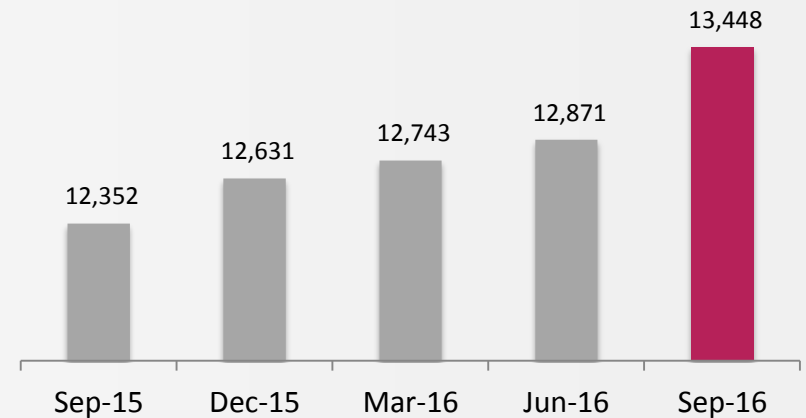
Branch Mix*



■ Metro ■ Urban ■ Semi-Urban ■ Rural

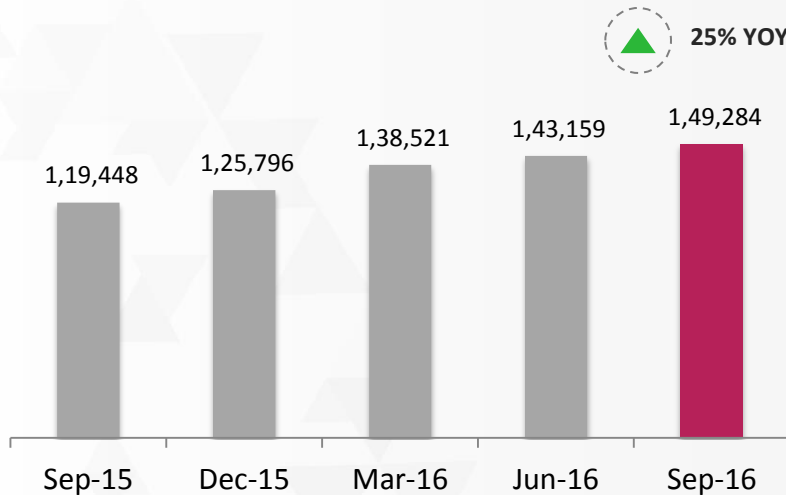
* Includes extension counters

ATMs



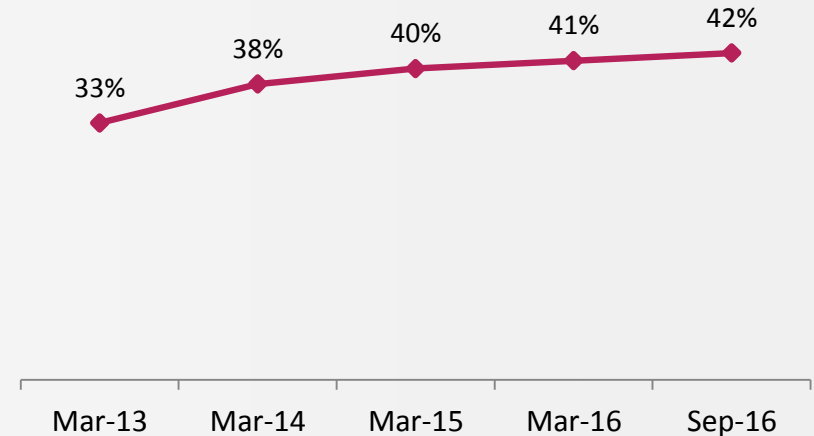
Retail Lending continues to grow steadily

Retail Advances

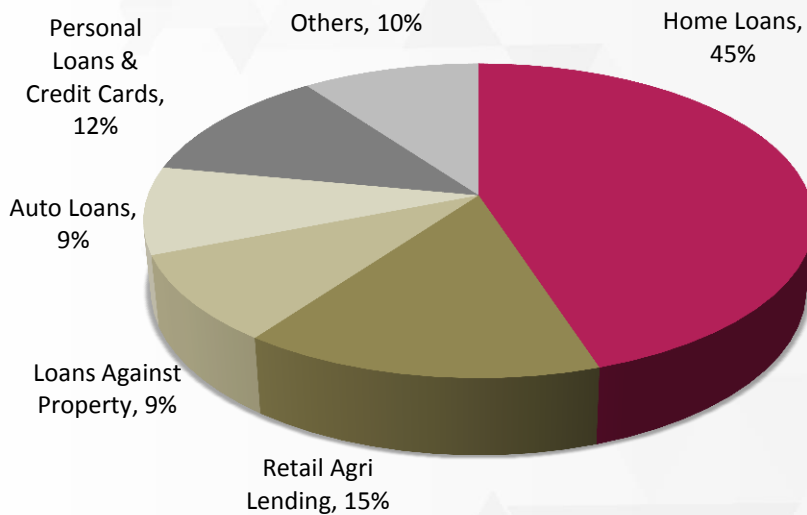


Retail as % of Advances

All figures in ₹ Crores



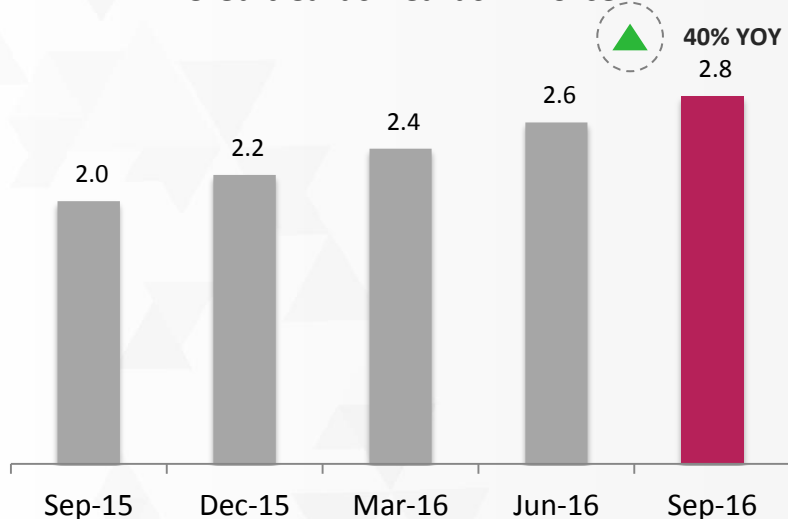
Retail Advances Mix



- Sourcing strategy focused on internal customer base of the Bank
- 72% of sourcing in Q2 was from existing customers
- 94% of Credit Card and 83% of Personal Loan originations in the quarter were from existing customers
- 49% of overall sourcing was through Bank branches
- FCNR deposit linked retail assets at ₹6,724 crores included in others

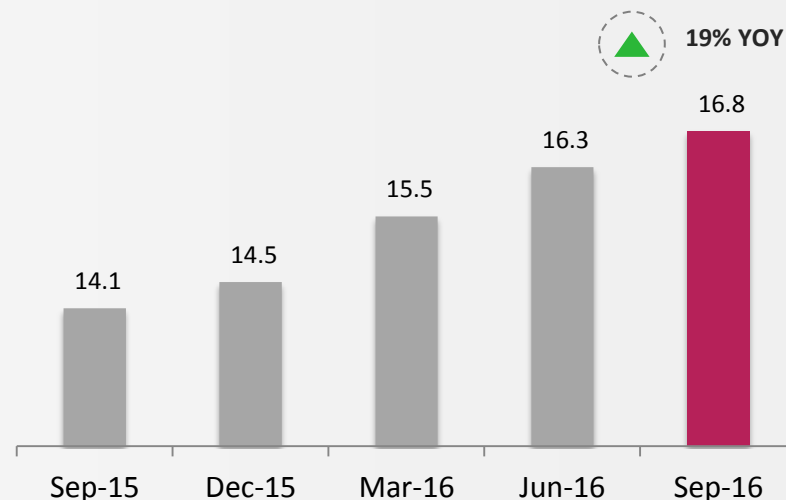
Payments businesses continue to drive deep customer engagement

Credit Cards - Cards In Force

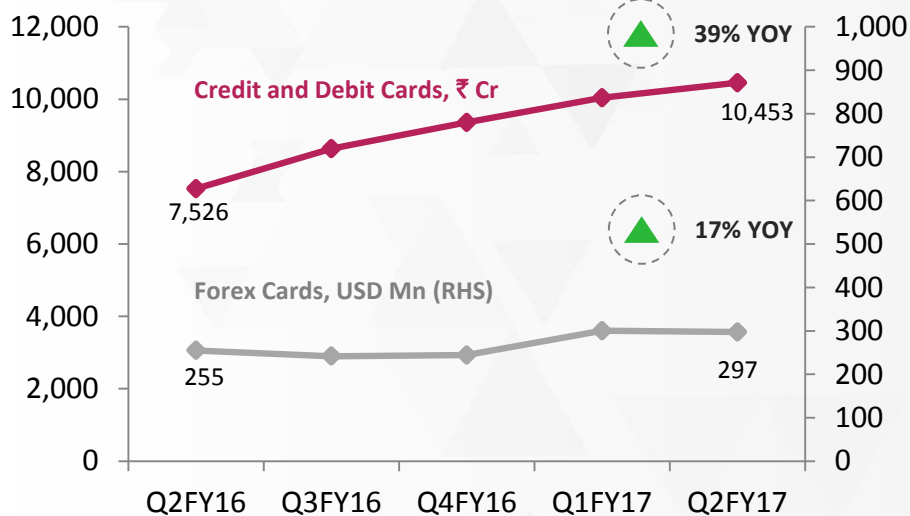


Debit Cards - Cards In Force

All figures in mn



Cards Spends



Strong positioning in the payments space

Product	Market share*	Ranking*
 Credit Cards ¹	10.3%	4 th
 Debit Cards ²	5.8%	4 th
 Forex Cards	45%	1 st
 Merchant Acquisition	18.7%	3 rd

*Based on RBI data as on July 2016 except for Forex Cards

1 – based on cards issued; 2 – based on card spends

Performance Highlights

Growth

Earnings Quality

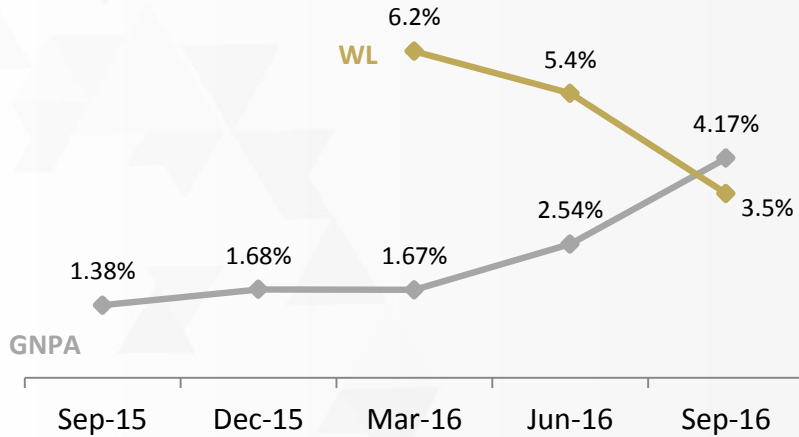
Retail Franchise

Asset Quality

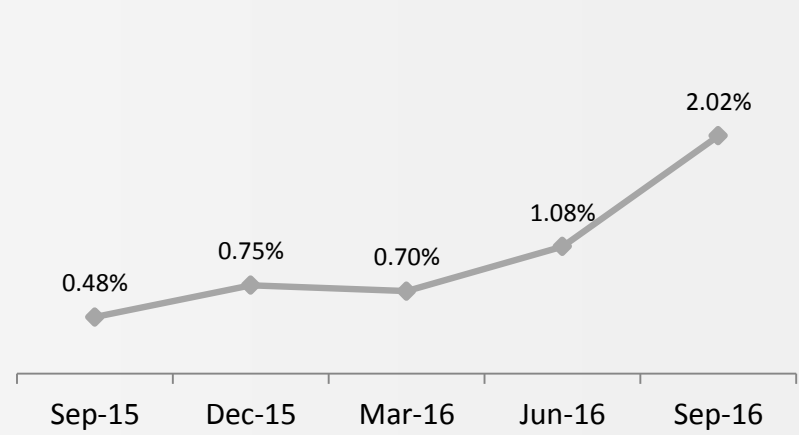
Other important information

Gross and Net NPAs have increased in Q2FY17

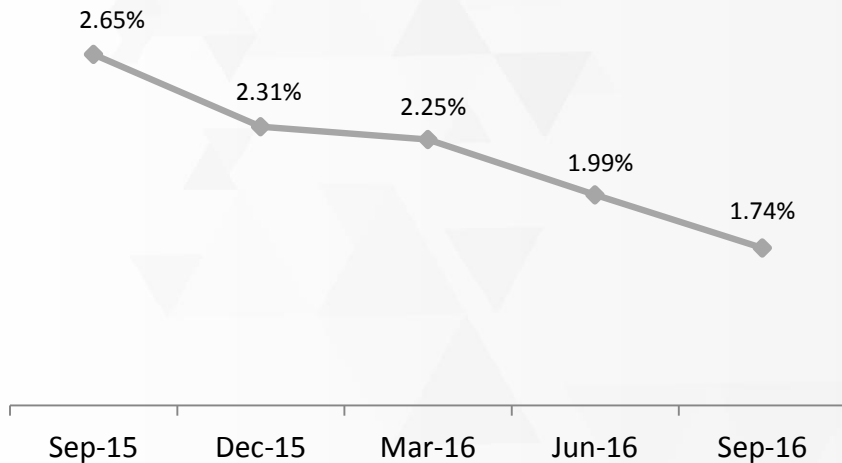
Gross NPA and Watch List (WL)



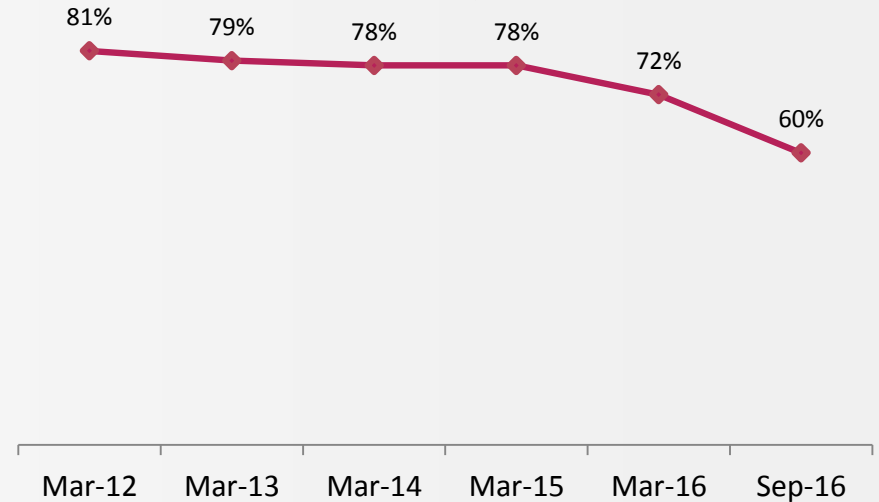
Net NPA



Net Restructured Assets (% of Net Customer Assets)



Provision coverage ratio



Movement in NPA's

All figures in ₹ Crores

		Q2FY16	Q3FY16	Q4FY16	Q1FY17	Q2FY17
Gross NPAs - Opening balance	A	4,251	4,451	5,724	6,088	9,553
Fresh slippages	B	2,603	2,082	1,474	3,638	8,772
Upgradations & Recoveries	C	(988)	(156)	(780)	(140)	(1,073)
Write offs	D	(1,415)	(653)	(330)	(33)	(873)
Gross NPAs - closing balance	E = A+B-C-D	4,451	5,724	6,088	9,553	16,379
Provisions incl. interest capitalisation	F	2,907	3,210	3,566	5,543	8,618
Net NPA	G = E-F	1,544	2,514	2,522	4,010	7,761
Accumulated Prudential write offs		3,151	3,717	3,627	3,547	2,901
Provision Coverage Ratio*		78%	72%	72%	69%	60%

Details of Provisions & Contingencies charged to Profit & Loss Account

	Q2FY16	Q3FY16	Q4FY16	Q1FY17	Q2FY17
For Loan losses	619	626	906	1,823	3,648
For Standard assets**	15	71	258	238	(22)
For SDR accounts	-	-	22	71	9
For Investment depreciation	72	(15)	-	(18)	(37)
Other provisions	1	31	(17)	3	25
Total Provisions & Contingencies (other than tax)	707	713	1,169	2,117	3,623

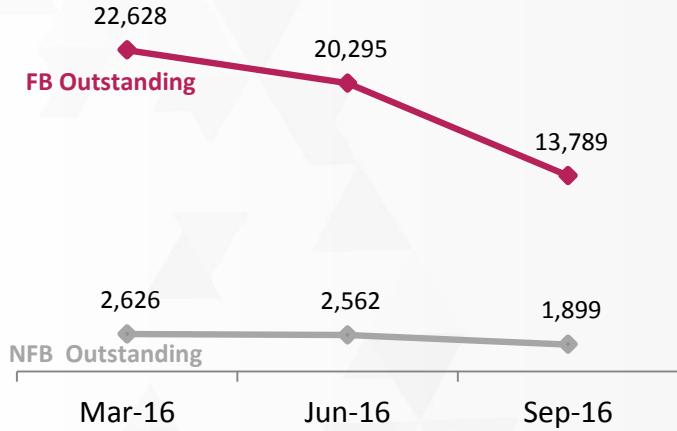
* including prudential write-offs

** including unhedged foreign currency exposures

Most of the slippages in Corporate Lending were from the Watch List

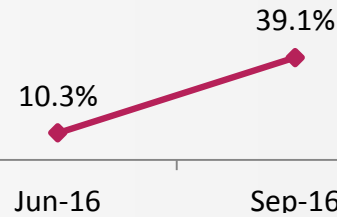
All figures in ₹ Crores

Watch List Outstanding

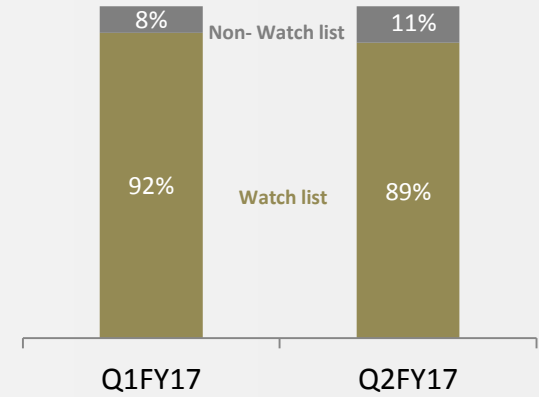


Cumulative Dissolution Rate

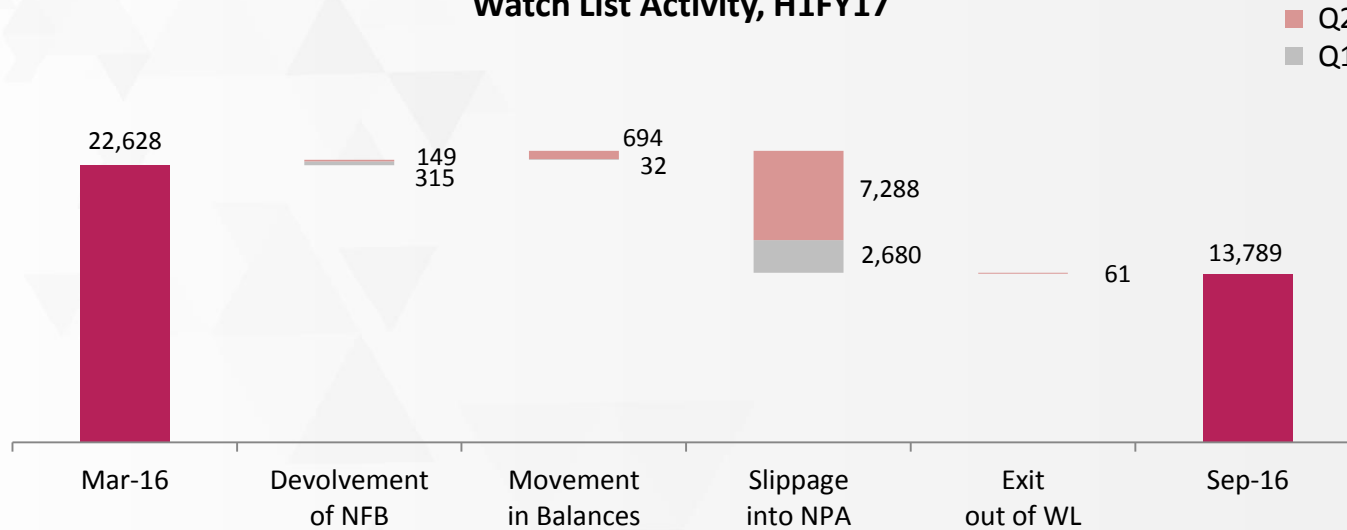
$$= \frac{\text{Net Reduction in WL Outstanding}}{\text{Original WL Outstanding}}$$



Slippages in Corporate Lending



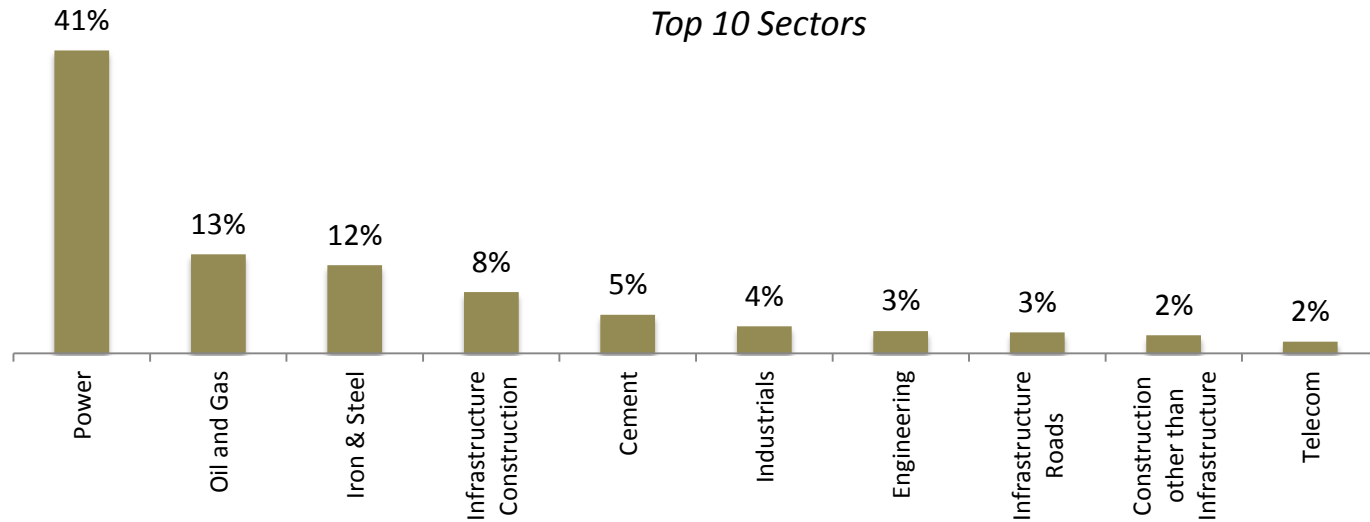
Watch List Activity, H1FY17



With significant slippage from Iron & Steel and Textile Sector, the remaining Watch List portfolio is now dominated by Power

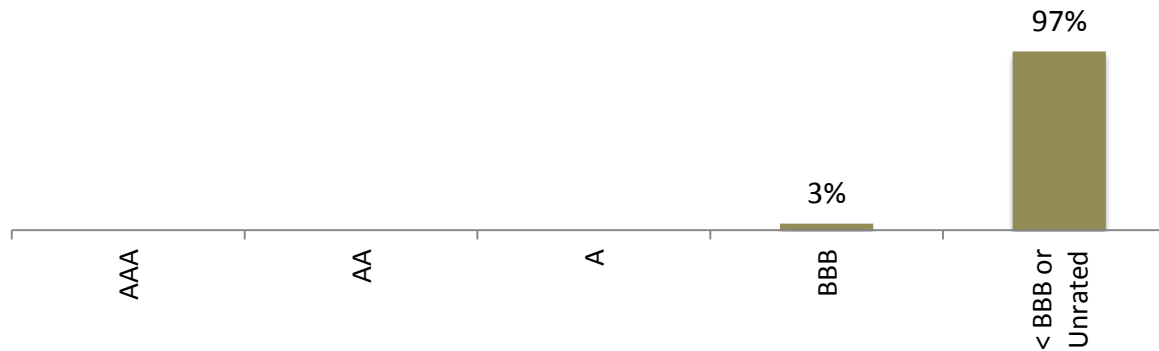
Sectoral composition of Watch List

Top 10 Sectors



Internal Rating Mix

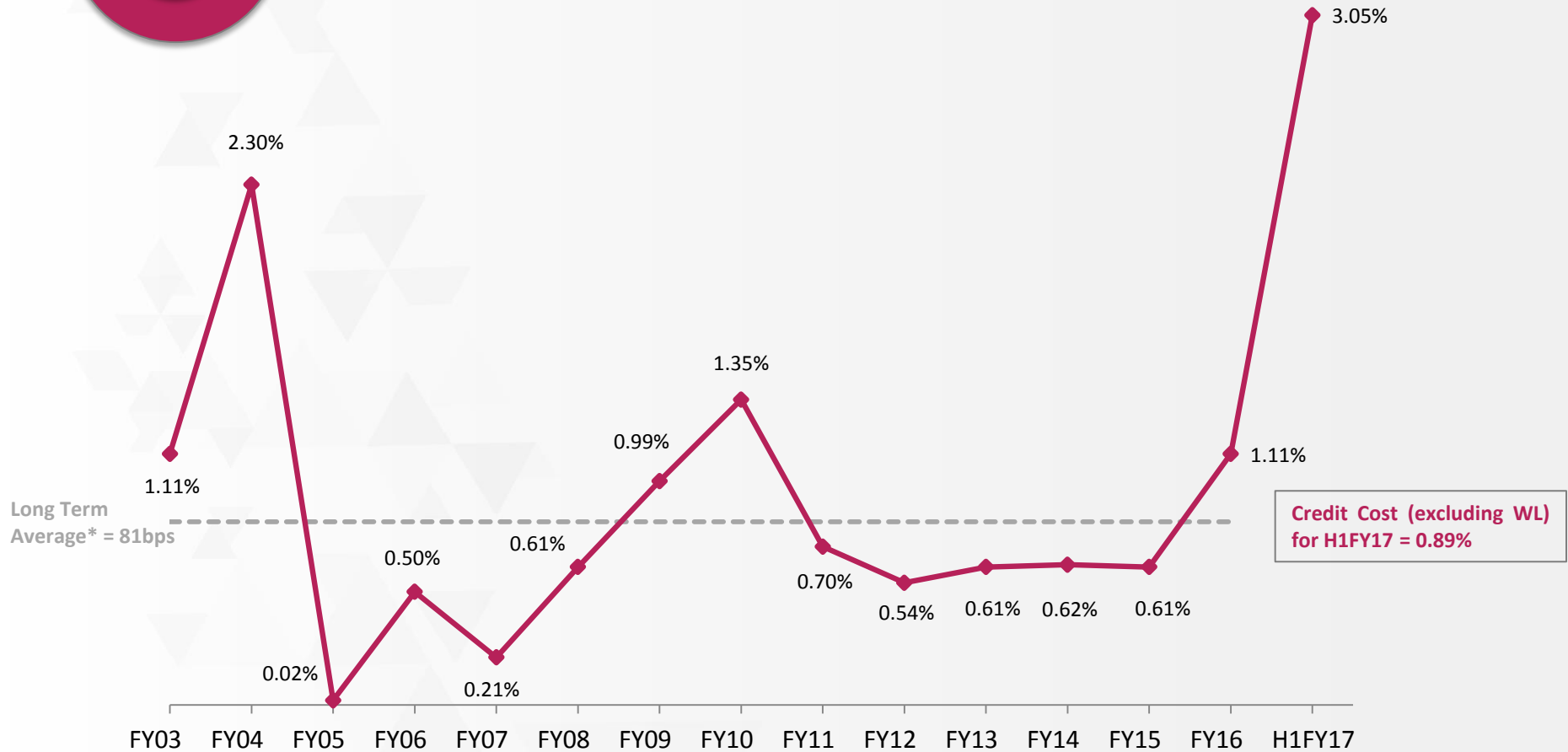
(by value)



The Long term average credit cost at the bank has been 81 bps



Trend in credit cost : FY03 to H1FY17

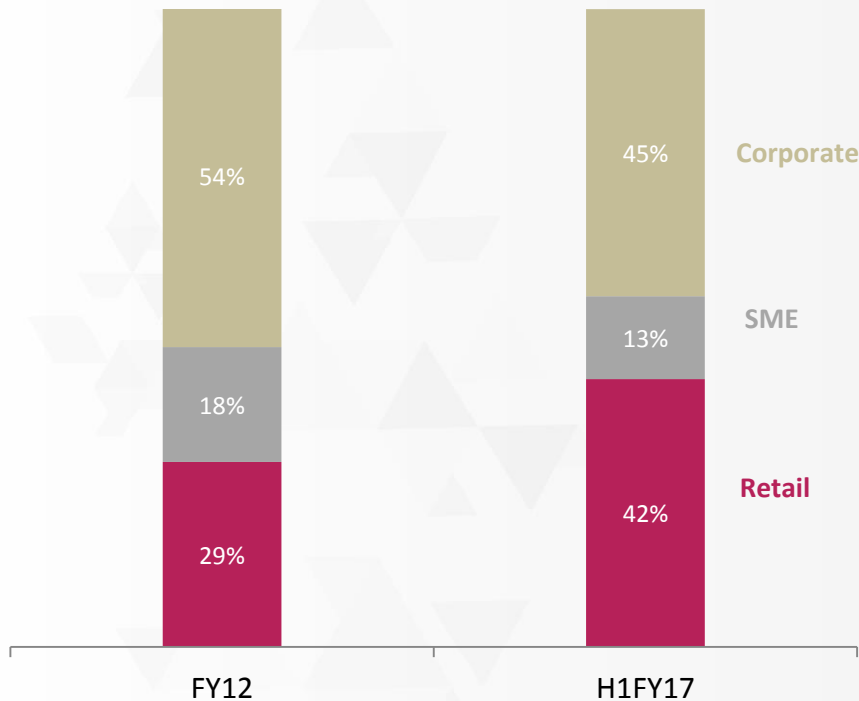


* For the period from FY03 to FY16

The business mix and quality has changed materially after 2012

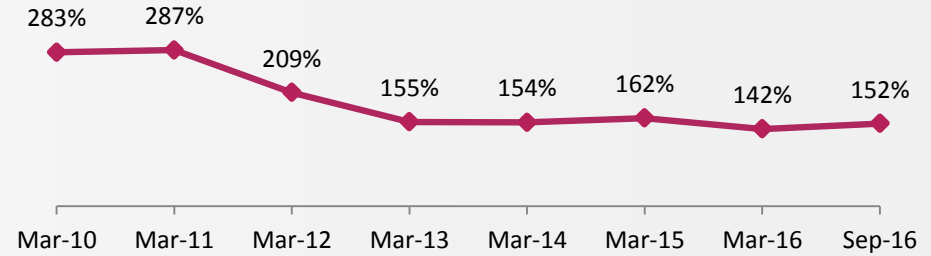


The portfolio is now more Retail



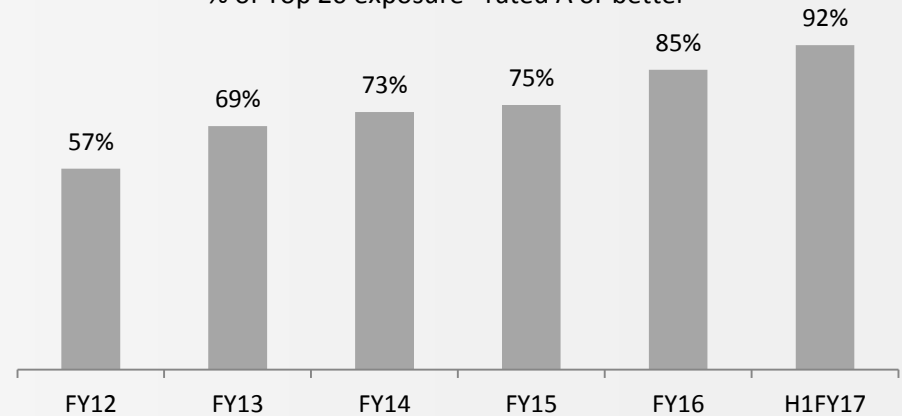
Concentration Risk is reducing ...

Exposure* to Top 20 single borrowers as a % of Tier I Capital



...and it is to better quality borrowers

% of Top 20 exposure* rated A or better



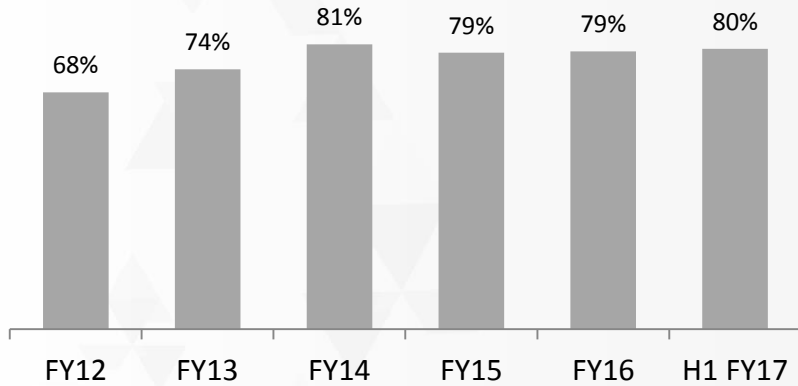
* Includes fund based and non fund based

Corporate loan sanctions post 2012 have been of much better quality



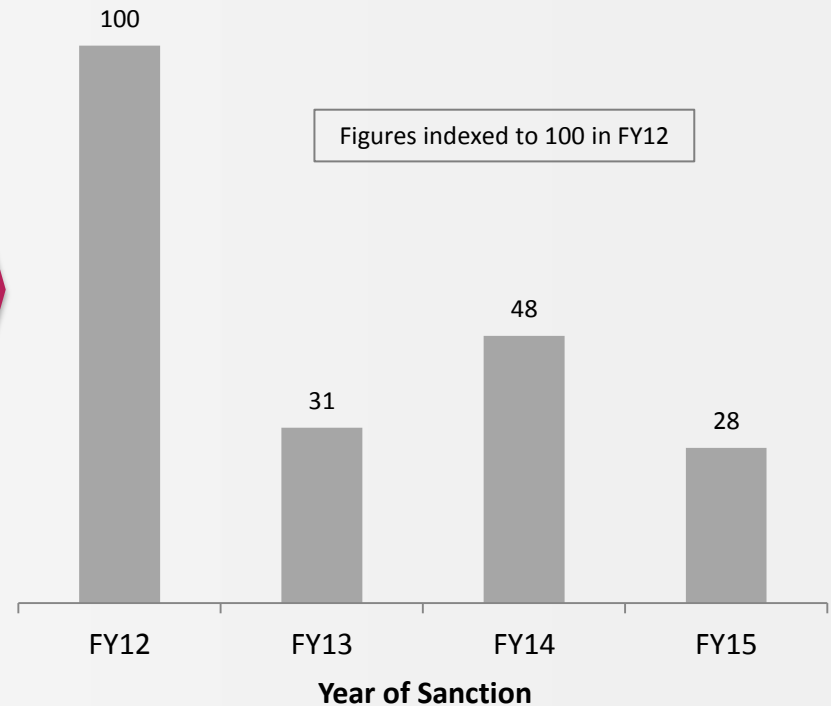
Recent sanctions have been biased towards better rated corporates ...

Percentage of sanctions rated A- & above

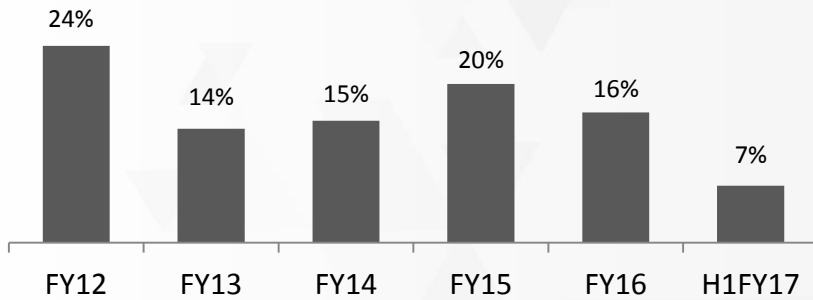


... Resulting in much better credit quality for post-2012 sanctions

30+ days delinquency in first 2 years



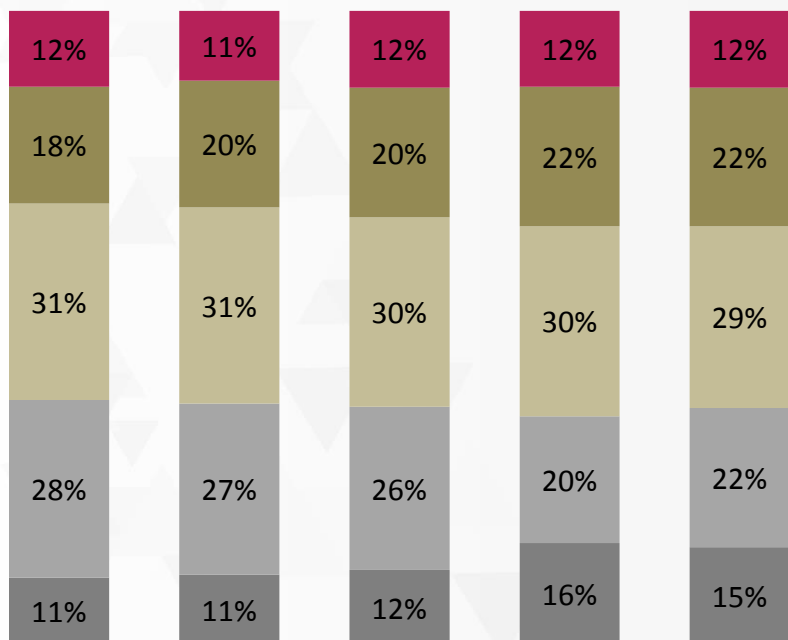
... and away from challenged sectors*



* sanctions to power, iron and steel, and other infrastructure construction (excluding airports, roads and ports) as a percentage of total sanctions for the year

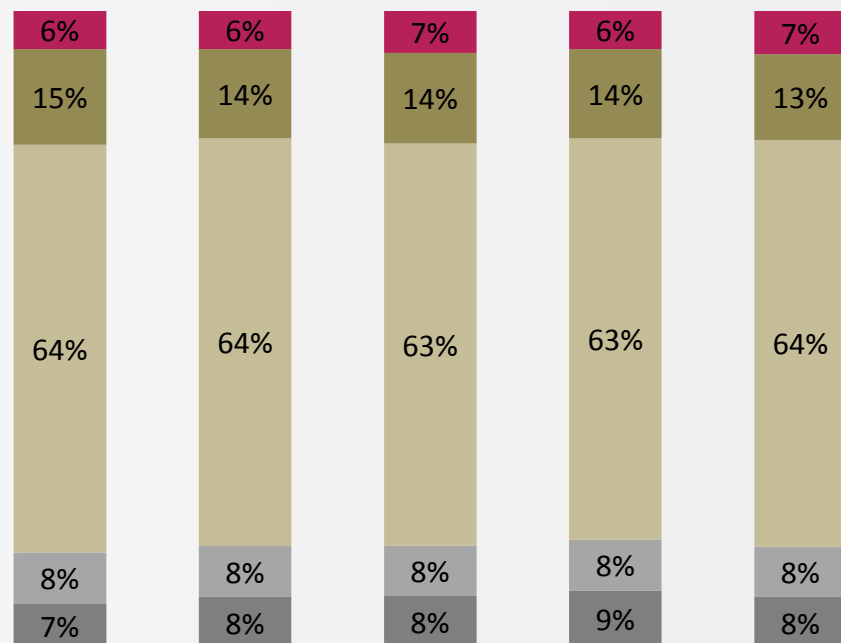
Rating profile remains stable

Corporate Lending



■ AAA ■ AA ■ A ■ BBB ■ <BBB or unrated

SME Lending



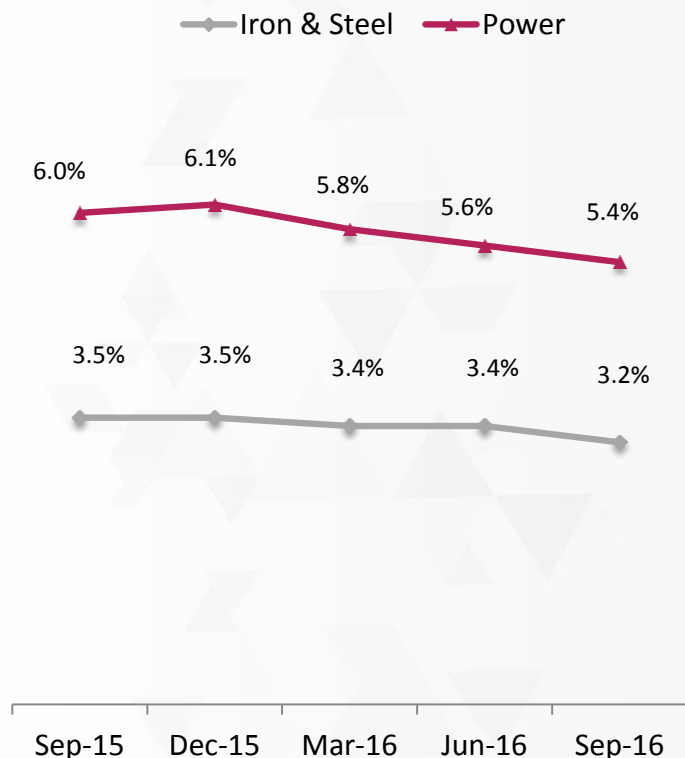
■ SME 1 ■ SME 2 ■ SME 3 ■ SME 4 ■ SME 5-7

63% of corporate advances have rating of at least 'A' in September 2016

84% of SME advances have rating of at least 'SME3' in September 2016

Top 10 Industry concentration has undergone minor change

Industry Concentration
(% of total outstanding)



Rank	Sectors	Outstanding as on 30 th September, 2016 (%) ¹		
		Fund-based	Non-fund based	Total
1.	Infrastructure ²	6.91	10.52	7.74
2.	Financial Companies ³	5.09	13.20	6.94
3.	Engineering & Electronics	3.08	18.34	6.56
4.	Power Generation & Distribution	5.79	3.93	5.36
5.	Other Metal and Metal Products	3.86	2.82	3.63
6.	Iron & Steel	3.34	2.61	3.17
7.	Trade	3.17	3.14	3.17
8.	Real Estate	3.02	1.44	2.66
9.	Telecommunication ⁴	0.69	9.32	2.66
10.	Petroleum & Petroleum Products	0.78	8.82	2.61

¹ Percentages stated above are on the total fund and non-fund based outstanding across all loan segments

² Financing of projects (roads, ports, airports, etc.)

³ Includes Housing Finance Companies and other NBFCs

⁴ Telecommunication included in Top 10 and Food Processing has exited

Performance Highlights

Growth

Earnings Quality

Retail Franchise

Asset Quality

Other important information

Treasury Portfolio and Non-SLR Corporate Bonds

Investment Bifurcation	Book Value* (₹ Crore)
Government Securities ¹	92,196
Corporate Bonds ²	23,852
Others	8,542
Total Investments	124,590

* as on 30th September 2016

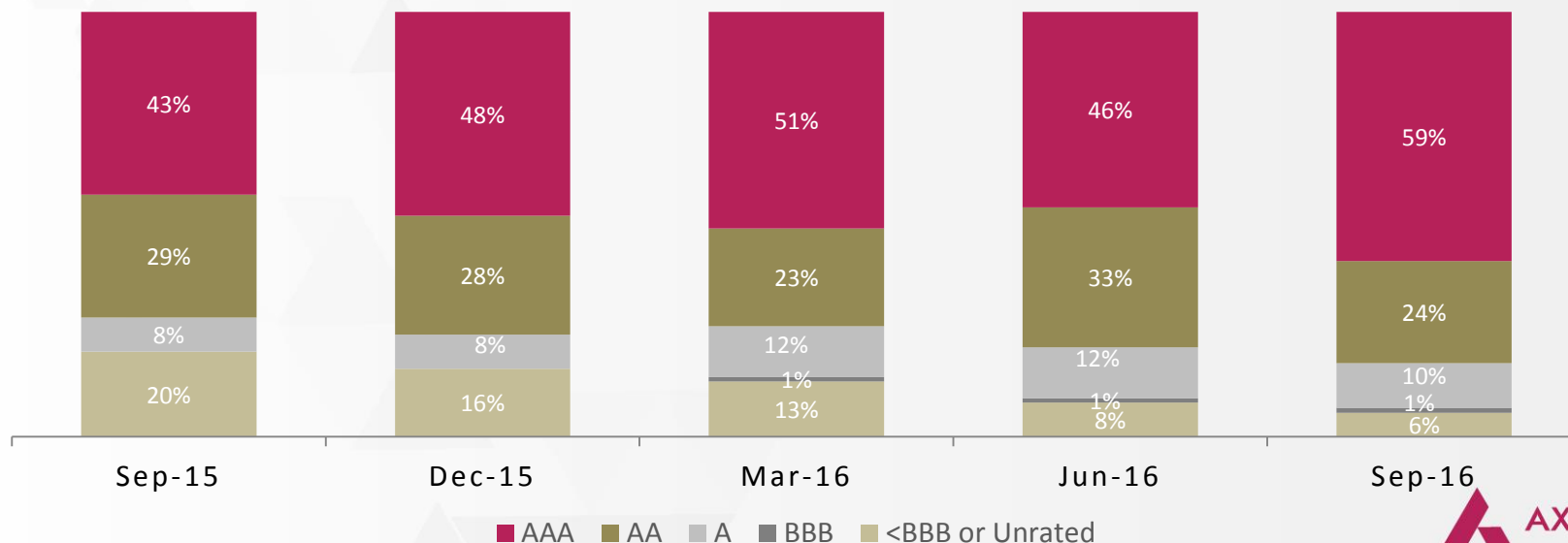
¹ 75% classified under HTM category

² 89% classified under AFS category

Category	Proportion	Modified Duration*
Held Till Maturity (HTM)	57%	6.67 Years
Available For Sale (AFS)	33%	3.24 Years
Held For Trading (HFT)	11%	2.47 years

* For SLR & Corporate Bonds as on 30th September 2016

93% of Corporate bonds have rating of at least 'A' in September 2016



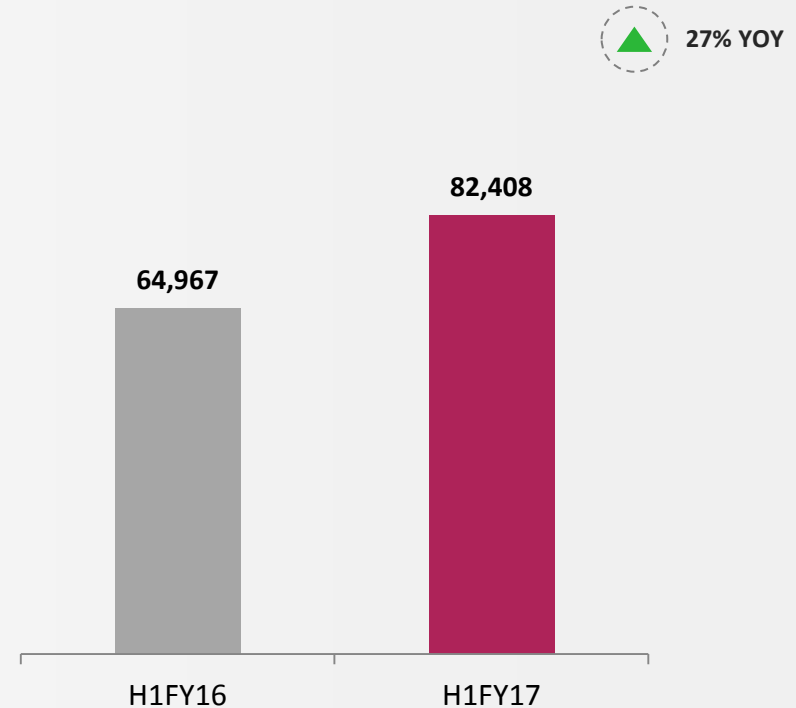
Bank continues to lead the league tables in Debt Capital Markets

All figures in ₹ Crores

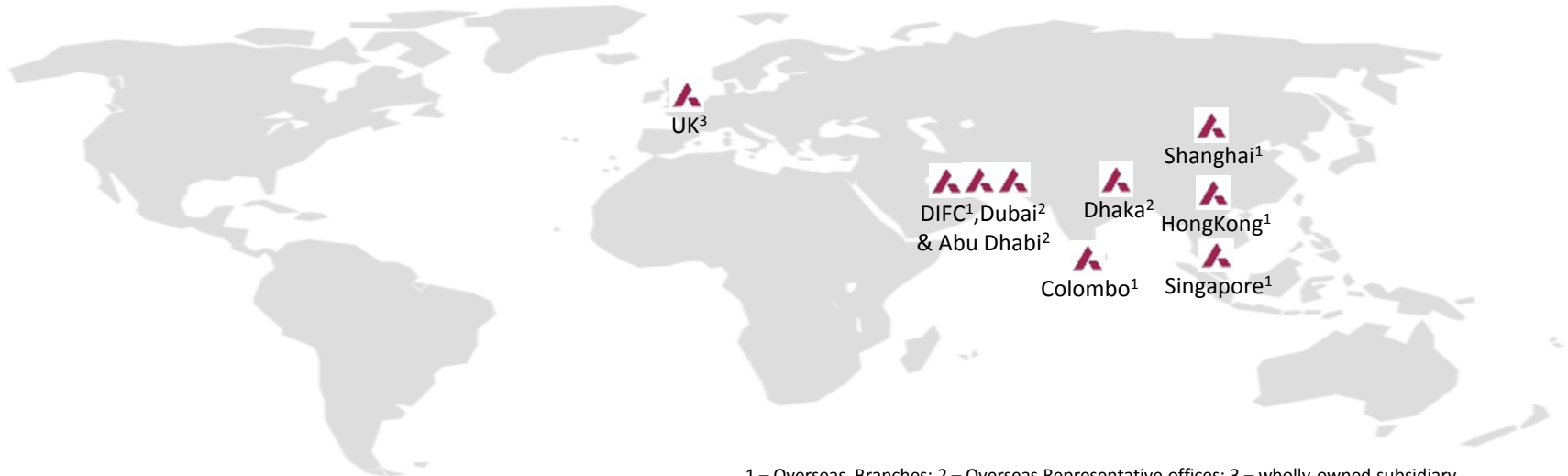
Key Highlights

- Dominant player in placement and syndication of debt issuances
- Best Domestic Bond House in India- 2016 by Finance Asia (20th Anniversary - Platinum award)
- Best DCM House in India - 2016 by Finance Asia
- Top Bank in Corporate Bonds, India, Rank 1 & Investors Choice for primary issues in Corporate Bonds, India-2016 by Asset Benchmark Research

Placement & Syndication of Debt Issues

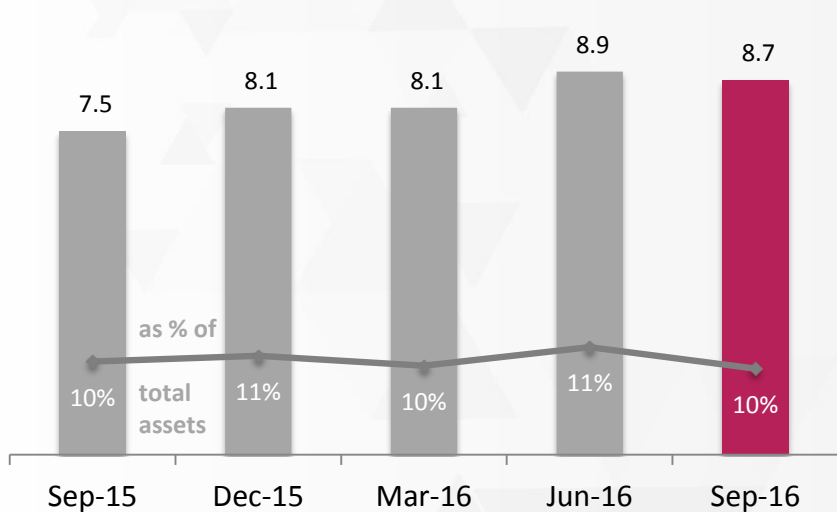


We have a small, strategic international network



1 – Overseas Branches; 2 – Overseas Representative offices; 3 – wholly-owned subsidiary

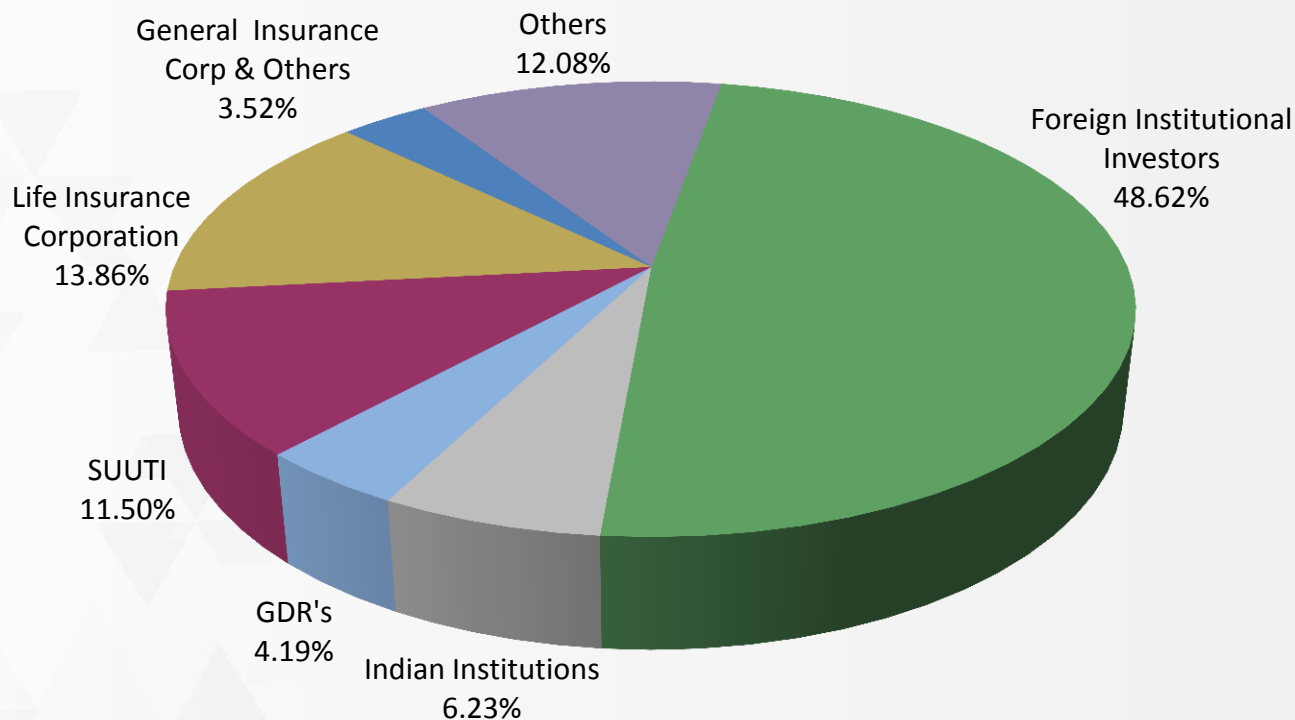
Trend in overseas total assets (USD bn)



Value Proposition

- Wholesale Banking solutions comprises of cross border financing, trade finance, forex hedging products
- Merchant Banking, Debt Capital Market solutions to corporate and institutional clientele
- Retail solutions comprises of remittance products, other banking and investment solutions

Shareholding Pattern (as on 30th September, 2016)



- Share Capital ₹478 crores
- Shareholders' Funds ₹53,823 crores
- Book Value Per Share ₹225
- Diluted EPS - H1 ₹15.59
- Market Capitalisation ₹124,676 crores (as on 24th October, 2016)

& 1 GDR = 5 shares

As on September 30, 2016, against GDR issuance of 62.70 mn, outstanding GDRs stood at 20 mn

The Bank continues to earn accolades from the external community



The Banker
GLOBAL FINANCIAL INTELLIGENCE SINCE 1926

Ranked amongst the Top 75
safest banks in the world



Business India
**BEST
BANK**
2016

Best Bank Award 2016



DRBT

Best among Large Banks for
Digital Banking, Analytics
& Big Data



THE ASIAN BANKER
STRATEGIC BUSINESS INTELLIGENCE FOR ASIA'S FINANCIAL SERVICES COMMUNITY

Best Corporate Payment
Project – Technology
Implementation Award 2015
Best Bank Award 2016



ASIAMONEY

Ranked Best Domestic Bank
in India 2016

Thank You