

Earnings Presentation

Q1FY18

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.

Major Highlights

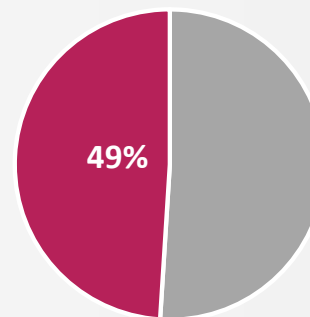
- **Turnaround is gathering strength**
 - Annualized credit cost for the quarter well within our guided range
 - Fee income growth has rebounded to mid-teens
 - Strong growth in Working Capital loans
 - Balance sheet remains strong with high Provision Coverage
 - Annualized ROE back in double digits
- **Strong Retail franchise continues to deliver**
 - CASA Deposits growth was strong
 - Growth in Retail Advances remains healthy
 - Our strength in Digital and the Payments space continues
- **Subsidiaries have started delivering and are scaling up strongly**

Key Metrics for Q1FY18

Snapshot (As on June 30, 2017)

Total Assets	₹606,718 crores
Net Advances	₹385,481 crores
Total Deposits	₹393,741 crores
Net Profit	₹1,306 crores
Shareholders' Funds	₹57,113 crores
Diluted EPS (Annualized)	₹21.79
Book Value per share	₹238
ROA (Annualized)	0.87%
ROE (Annualized)	10.21%
Net NPA Ratio	2.30%
Basel III Tier I CAR ¹	12.60%
Basel III Total CAR ¹	16.63%
Branches ²	3,385
International Presence ³	9
ATMs	14,311

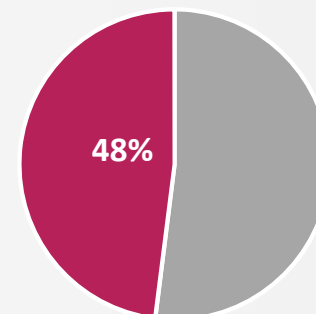
Deposits ↑ 10% YOY



CASA ↑ 25% YOY

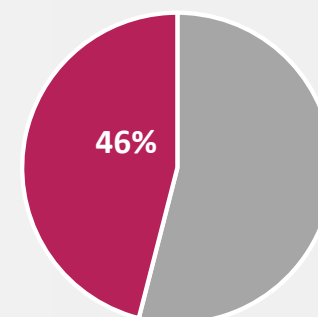
SA Deposits ↑ 22% YOY

Fee Income ↑ 16% YOY



Retail Fee Income ↑ 32% YOY

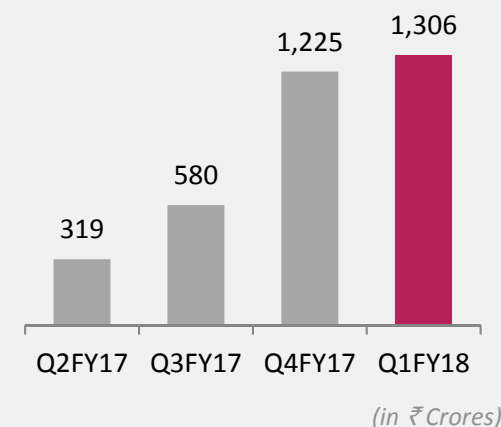
Advances ↑ 12% YOY



Retail Advances

↑ 22% YOY

Net Profit ↑ 7% QOQ



¹ Including profit for Q1 FY18

² Includes extension counters

³ Includes overseas subsidiary in UK

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Subsidiaries' Performance

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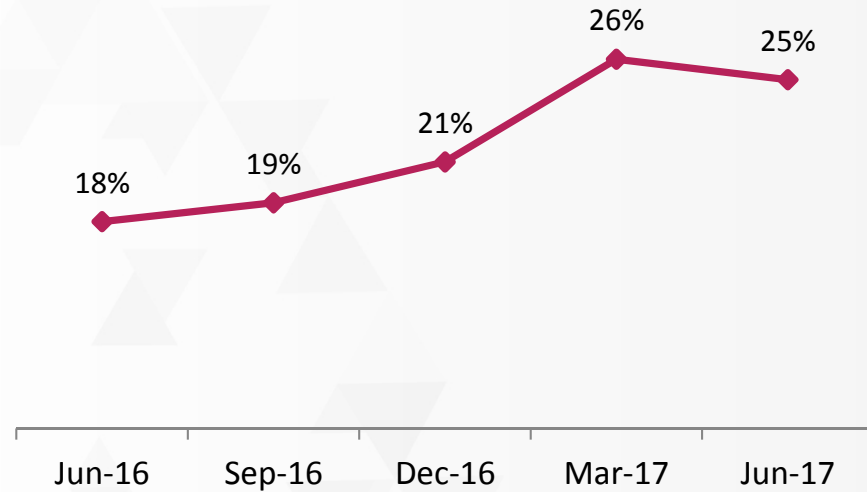
Other important information

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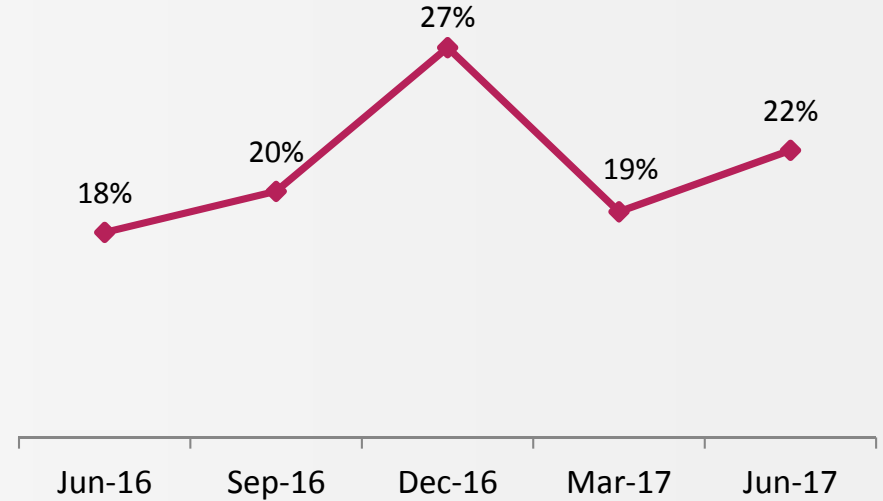
Key balance sheet parameters report healthy growth

All figures in YOY growth

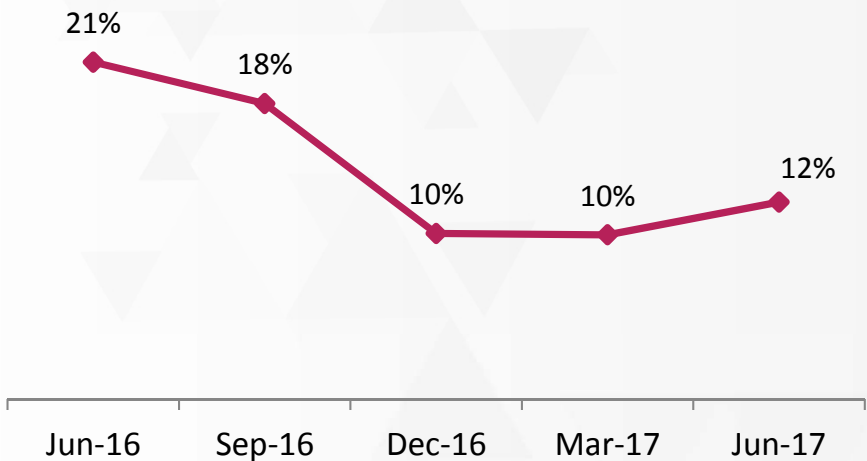
CASA



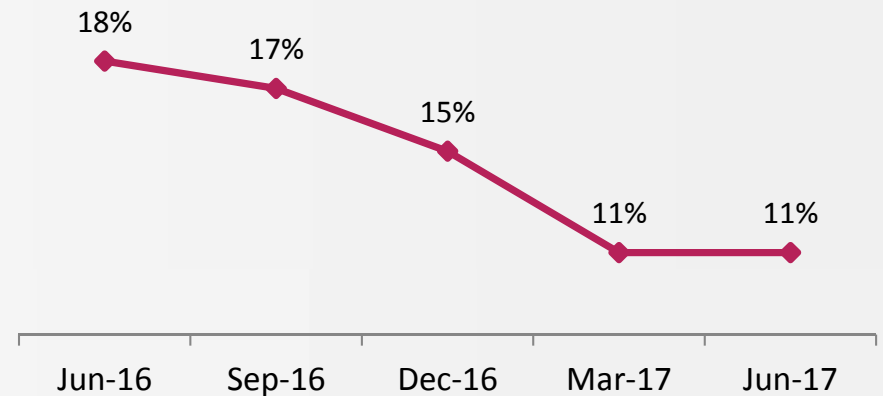
Savings Bank Deposits



Advances



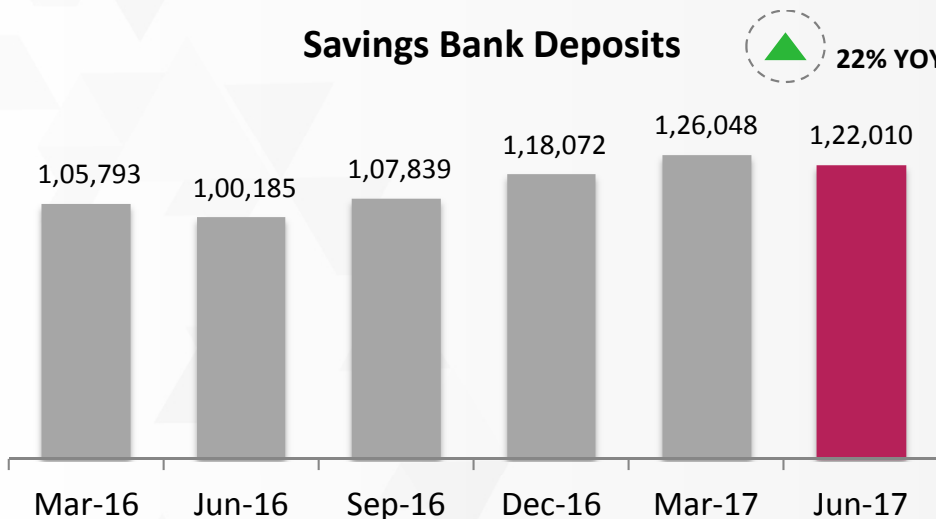
Balance Sheet



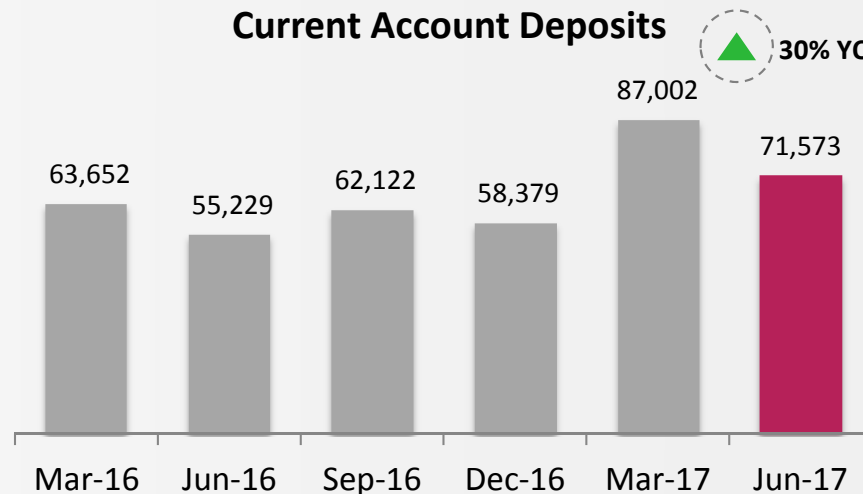
Deposit franchise delivers yet another strong quarter

All figures in ₹ Crores

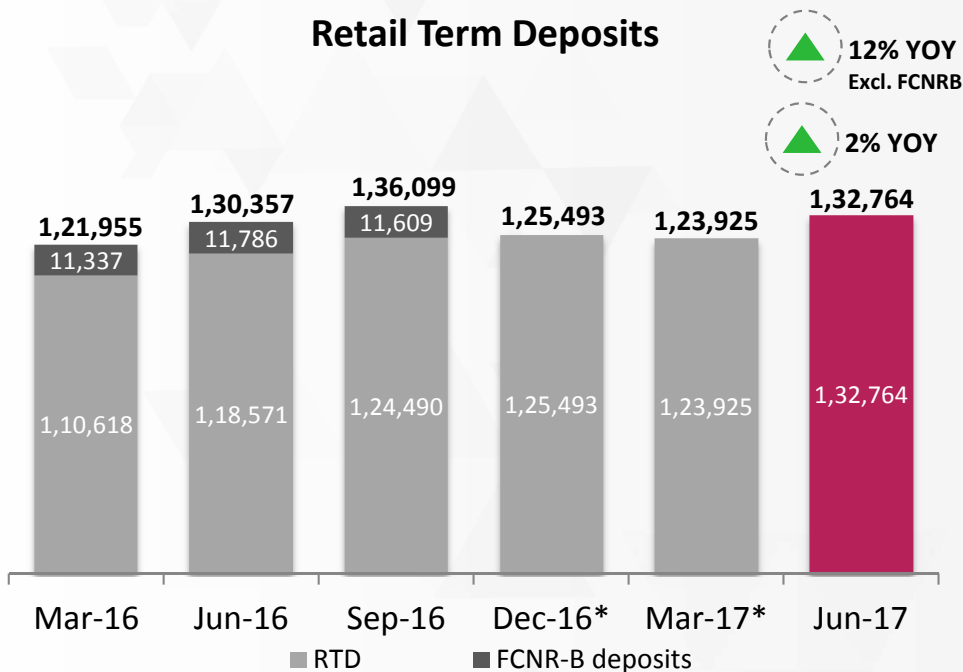
Savings Bank Deposits ▲ 22% YOY



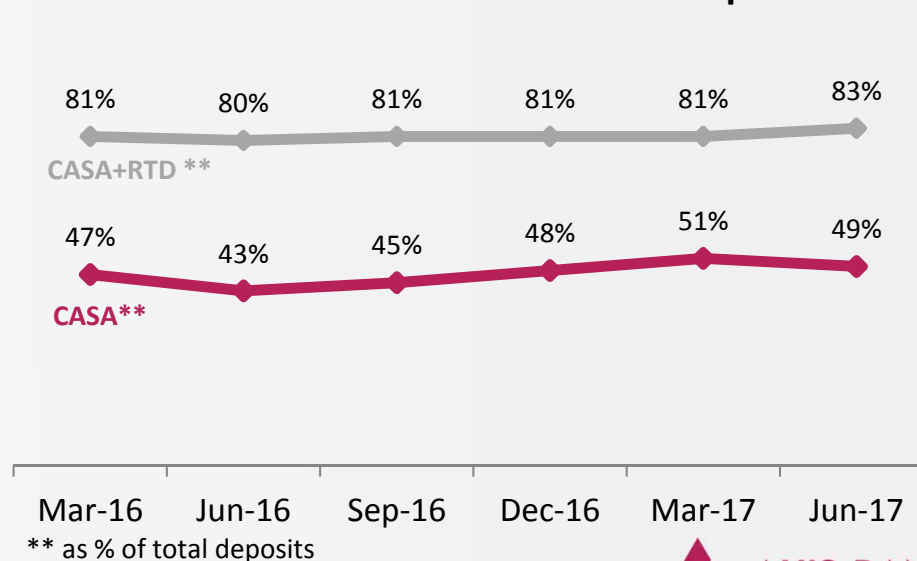
Current Account Deposits ▲ 30% YOY



Retail Term Deposits ▲ 12% YOY Excl. FCNRB



Trend in CASA and Retail Term Deposits



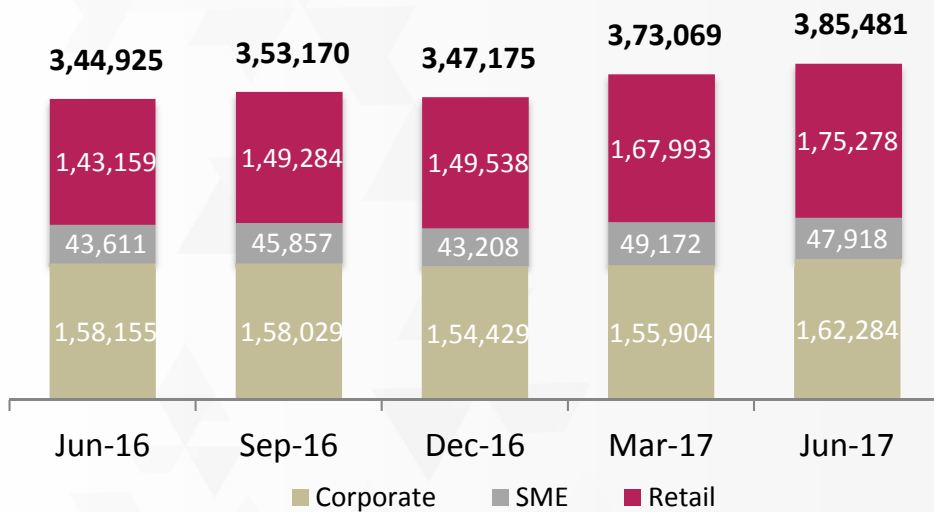
*includes the impact of redemption of FCNR-B deposits

Loan growth continues to be driven by Retail

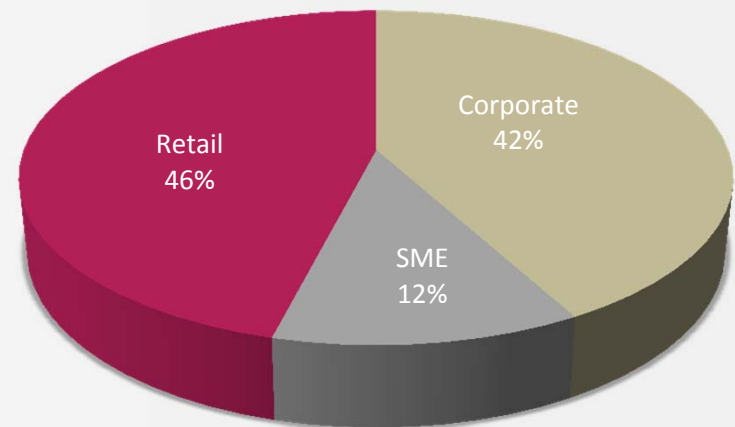
All figures in ₹ Crores

Total Advances

▲ 12% YOY

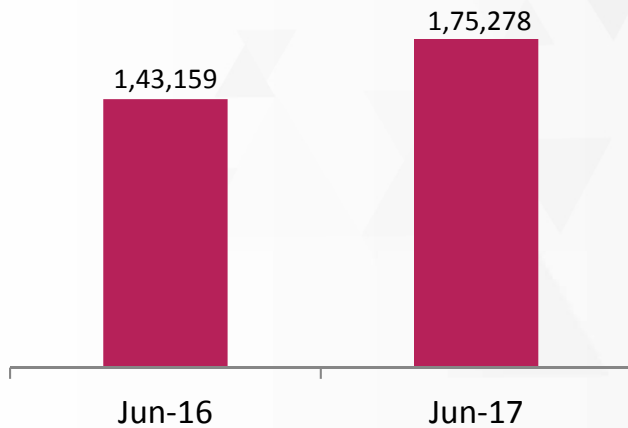


Loan Mix (As on June 30, 2017)



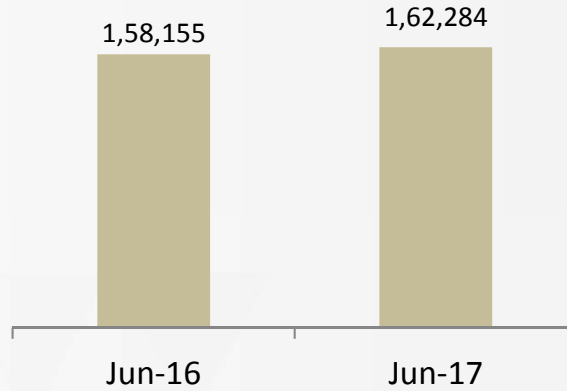
Retail Advances

▲ 22% YOY



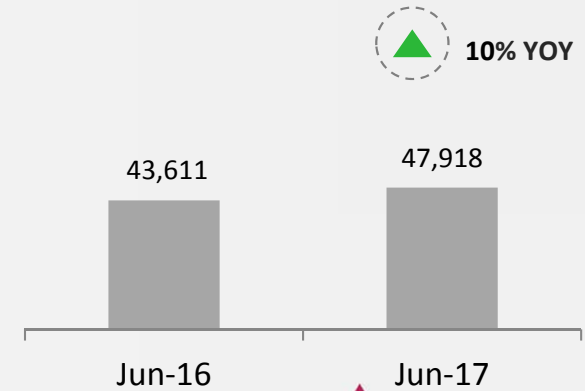
Corporate Advances

▲ 3% YOY



SME Advances

▲ 10% YOY

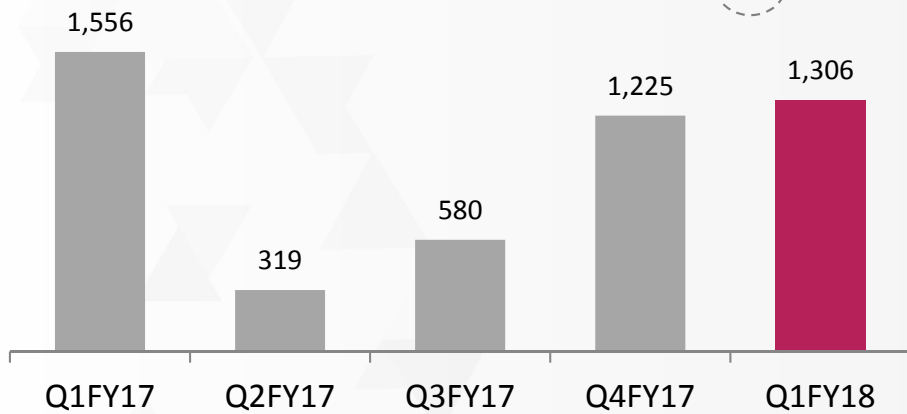


Earnings continue to improve on a sequential basis

All figures in ₹ Crores

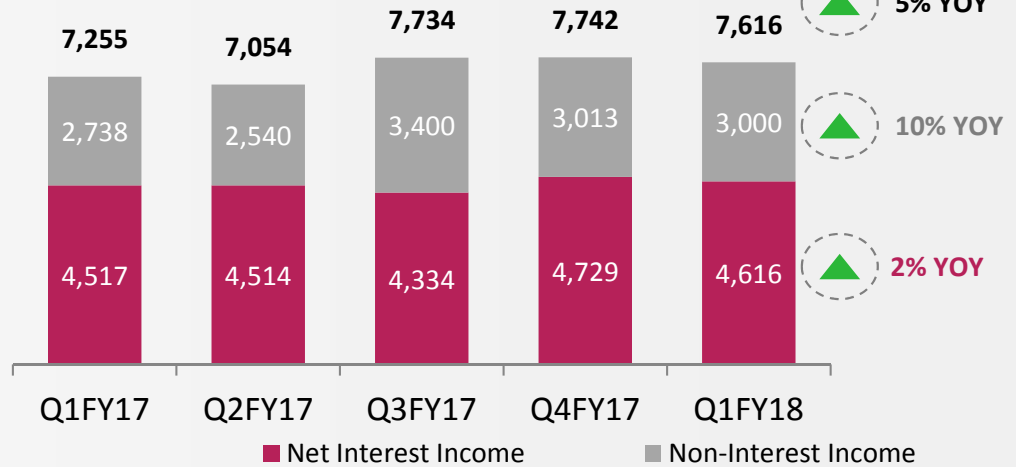
Net Profit

16% YOY
7% QOQ



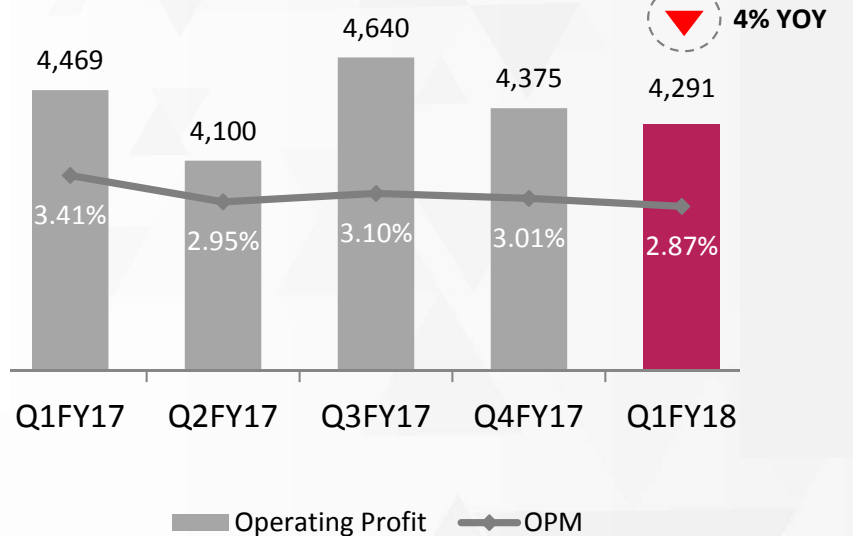
Operating Revenue

5% YOY
10% YOY
2% YOY

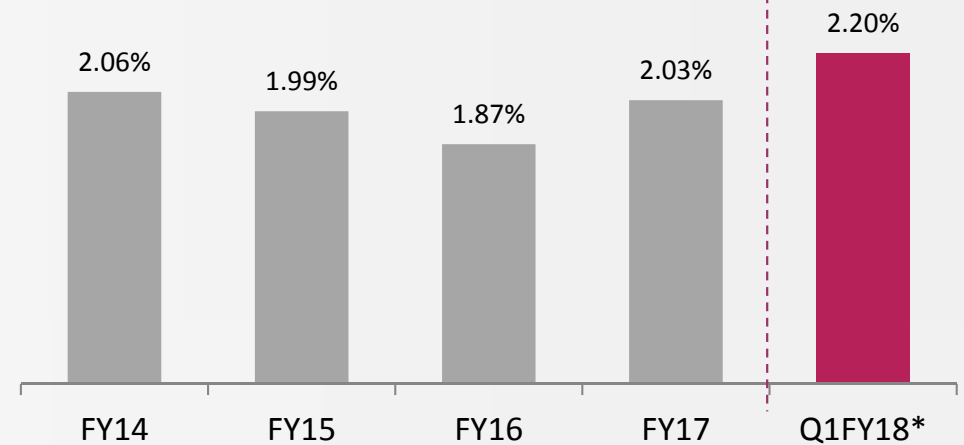


Operating Profit and Operating Profit Margin

4% YOY



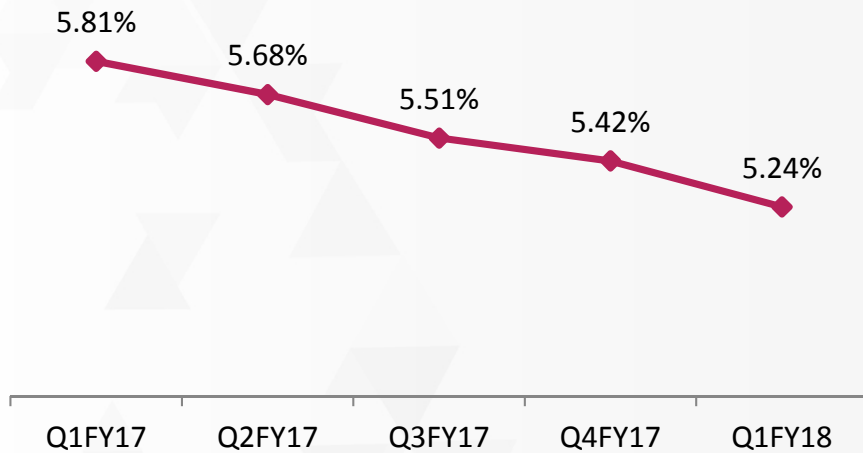
Opex to Assets



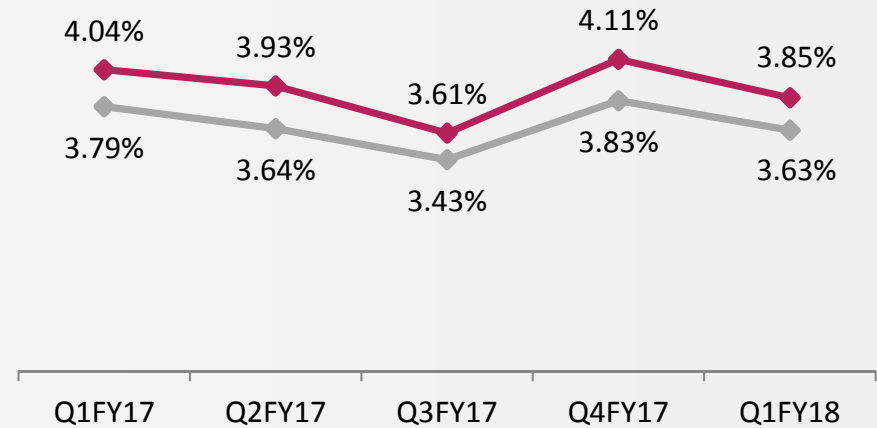
* annualized

NIM has seen moderation during the quarter

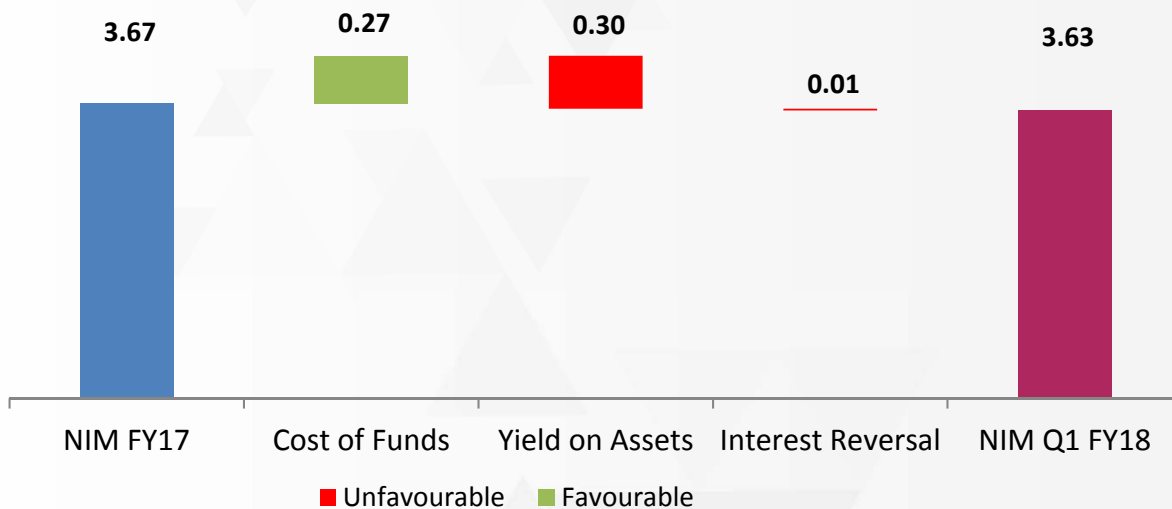
Cost of Funds



NIM - Global vs NIM - Domestic



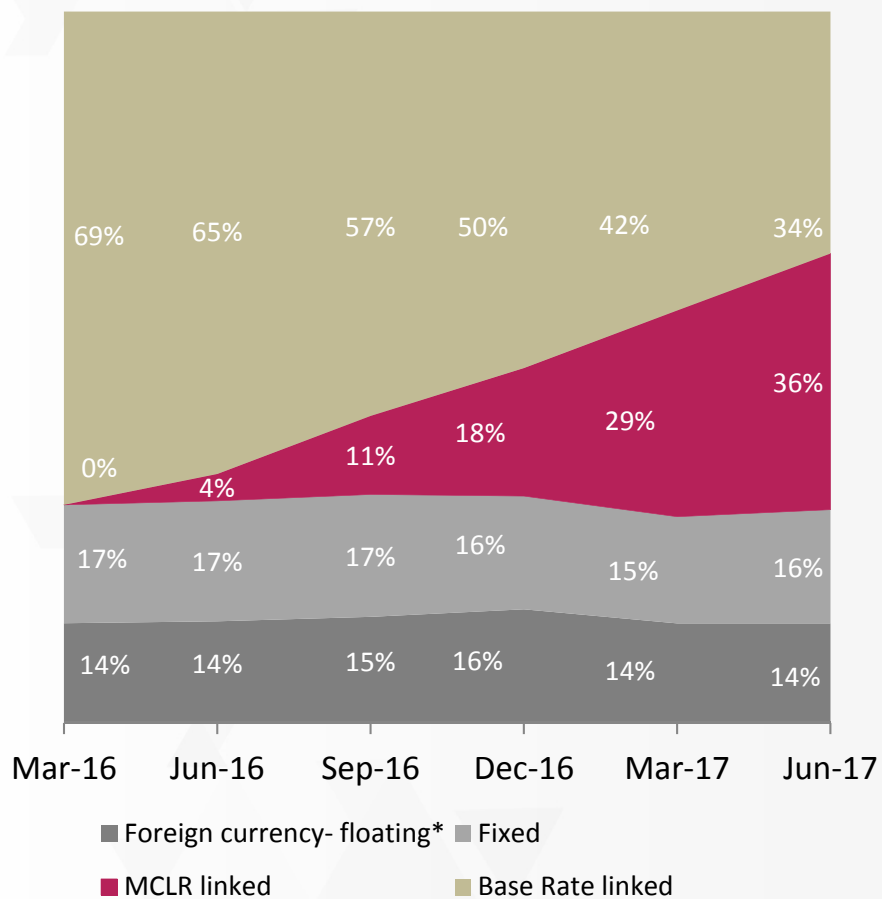
Movement in NIM



Modest compression of 4 bps in margins remain in line with our expectations. NIMs expected to moderate by around 20 bps YOY for FY18.

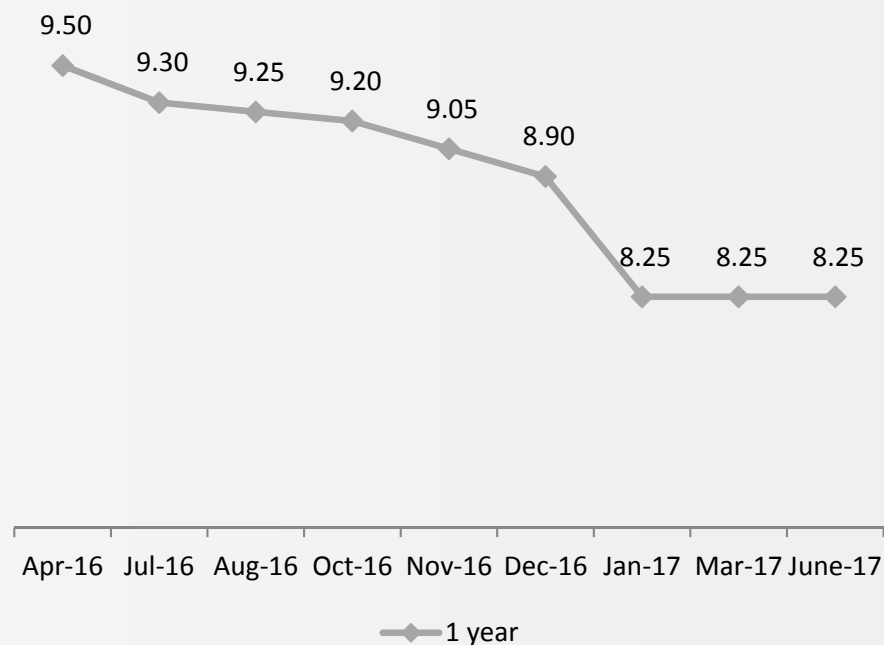
Share of MCLR based loans now higher than Base Rate linked loans

Advances mix by Rate type



* Libor linked

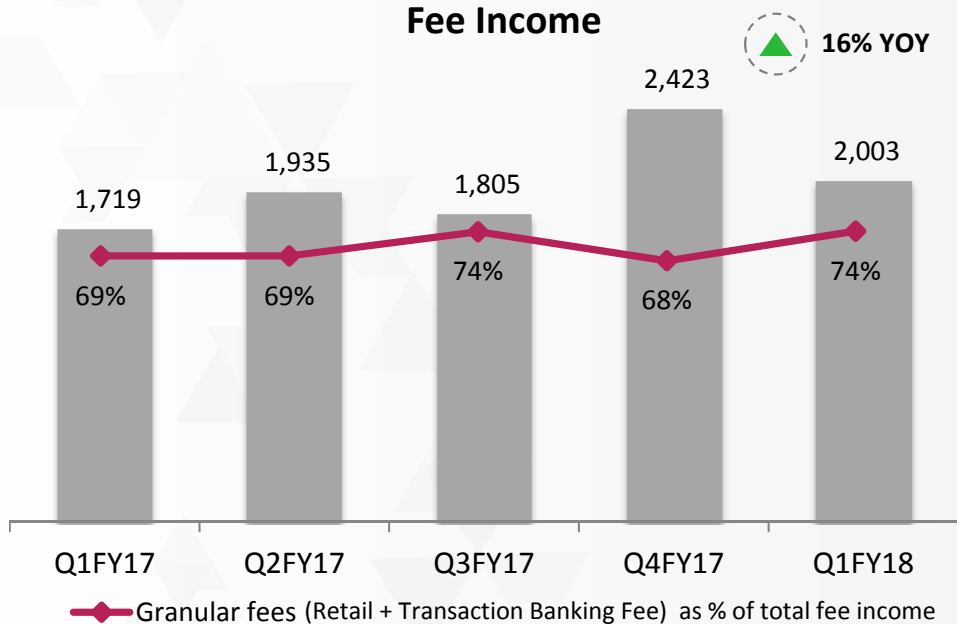
Trend in MCLR (%)



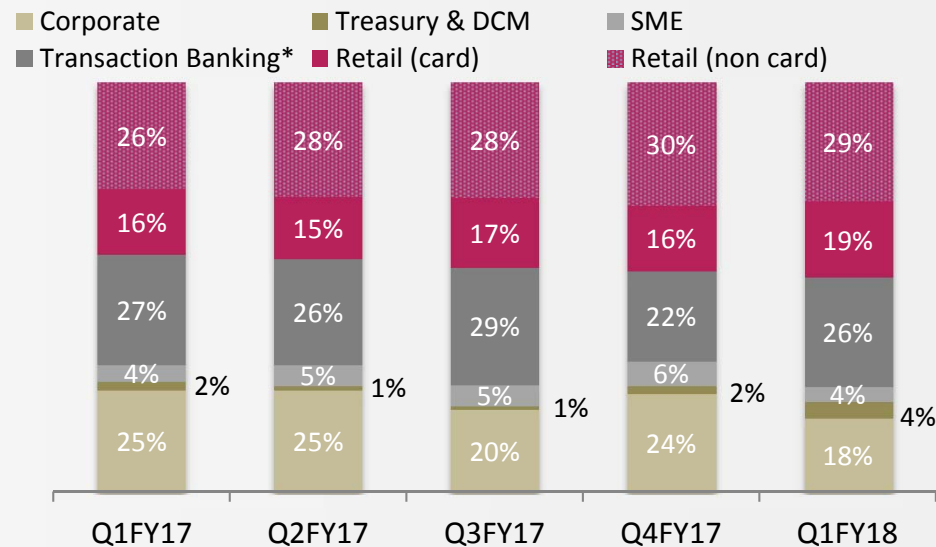
Strong growth in Fee Income led by robust Retail Fee

All figures in ₹ Crores

Fee Income

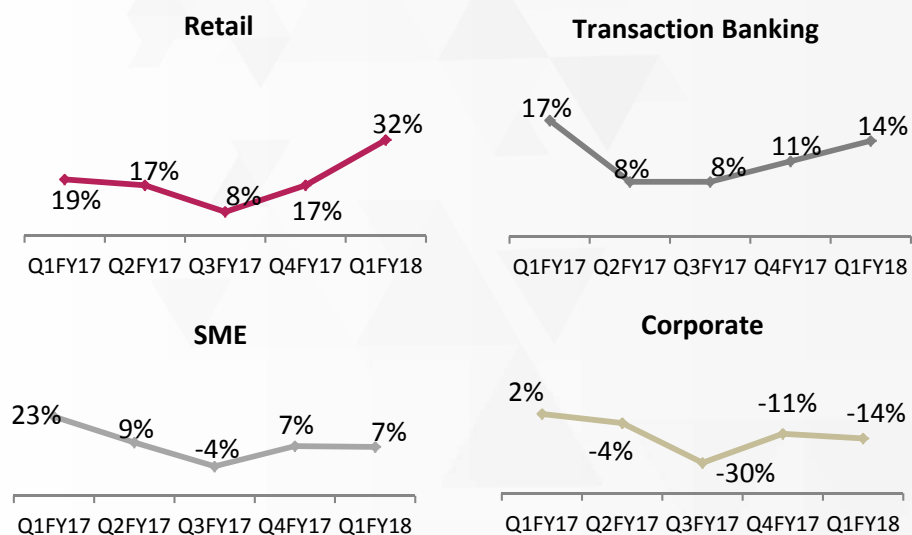


Fee Composition

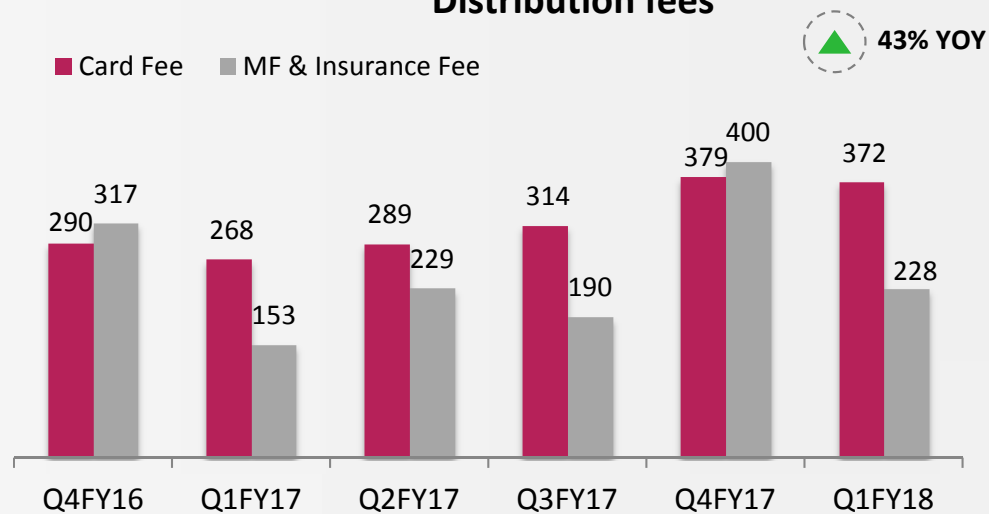


*some fees have been reclassified as TxB fees from Treasury & DCM segment starting Q1FY17

Fee Growth (YOY)



Steady growth in Card and Investment Distribution fees



Financial Highlights

Business Segment performance

Asset Quality

Shareholder Returns and Capital Position

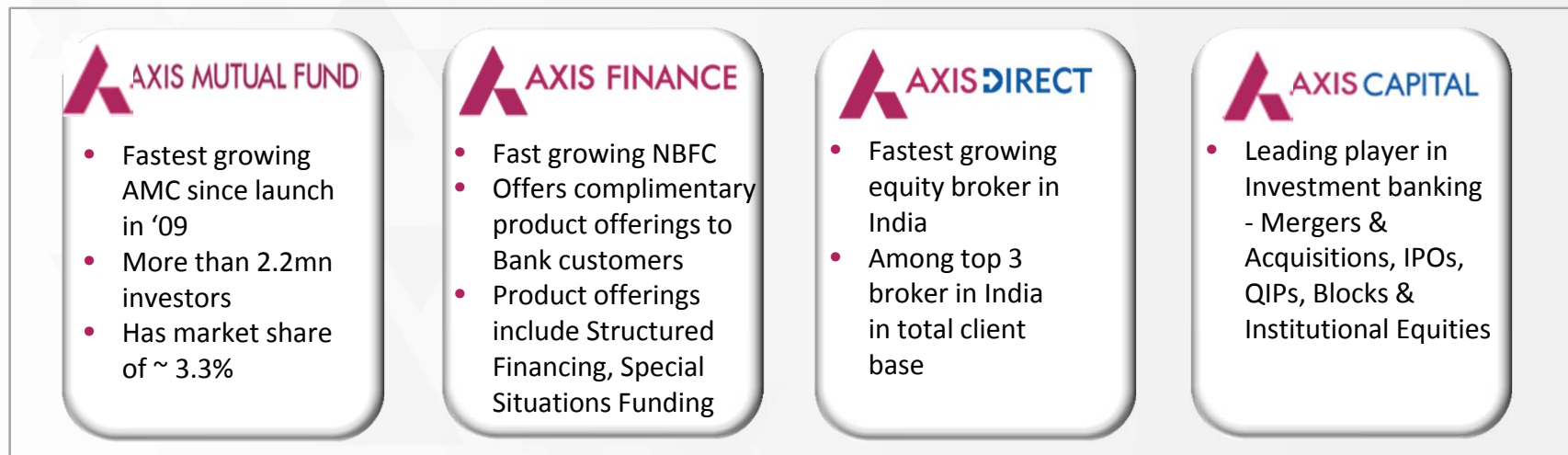
Subsidiaries' Performance

Other important information

The Bank's strengths revolve around four key themes...



...with subsidiaries complementing the strategy



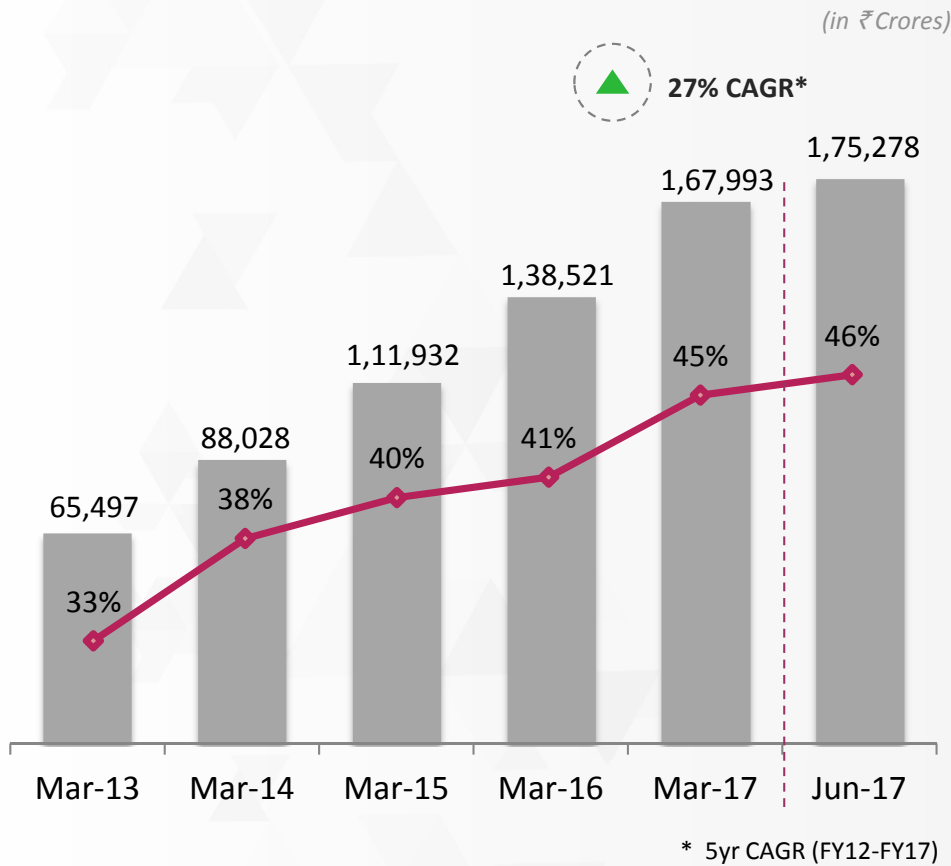
Business Performance

Strong Retail Franchise continues to deliver

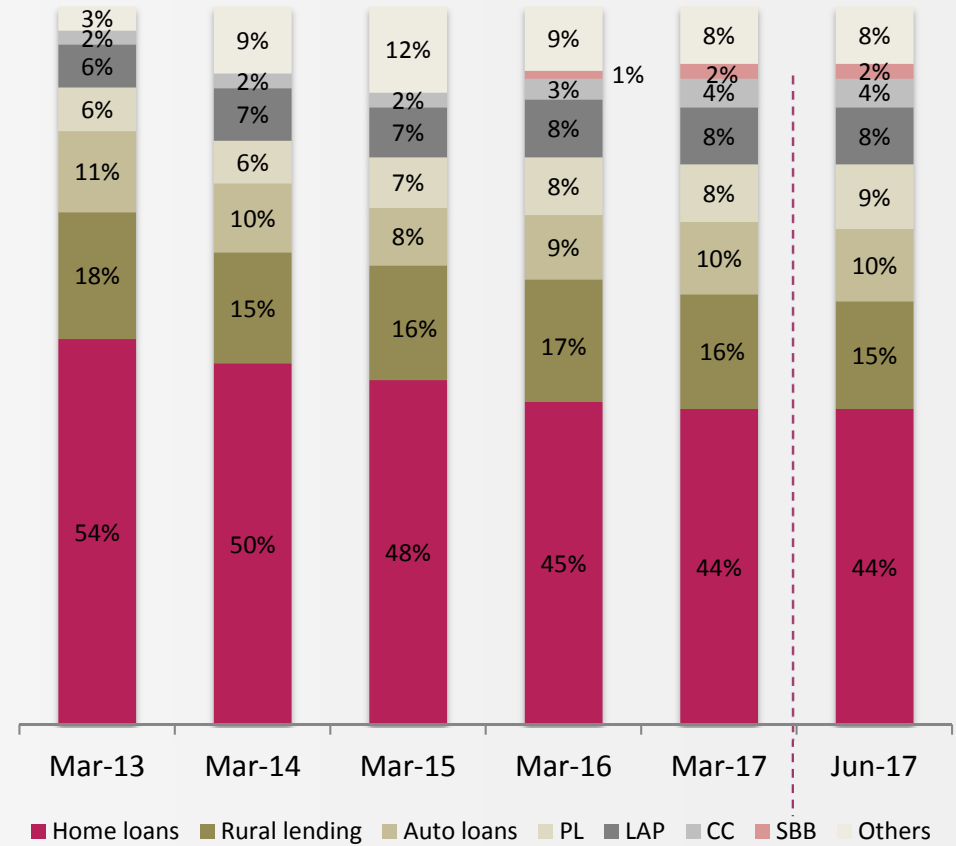


Retail Advances has now become well diversified...

Retail Advances have shown strong growth...



...with significant dispersion in mix over time



- ▲ Superior growth in Retail loan product distribution achieved by deepening business relationships within existing branches, coupled with expansion in new geographies, where the Bank already had seasoned branches.
- ▲ This strategy was augmented by deep data analytics capabilities, used to identify, market to, and underwrite to the most appropriate pockets of our customer base.

PL – Personal Loan, SBB – Small Business Banking, LAP – Loan against Property, CC – Credit Cards



...and continues to drive growth

Our new engines continued to see disproportionate growth in Q1'FY18

Sourcing Strategy

- 73% of sourcing in Q1 was from existing customers
- 45% of overall sourcing was through Bank branches

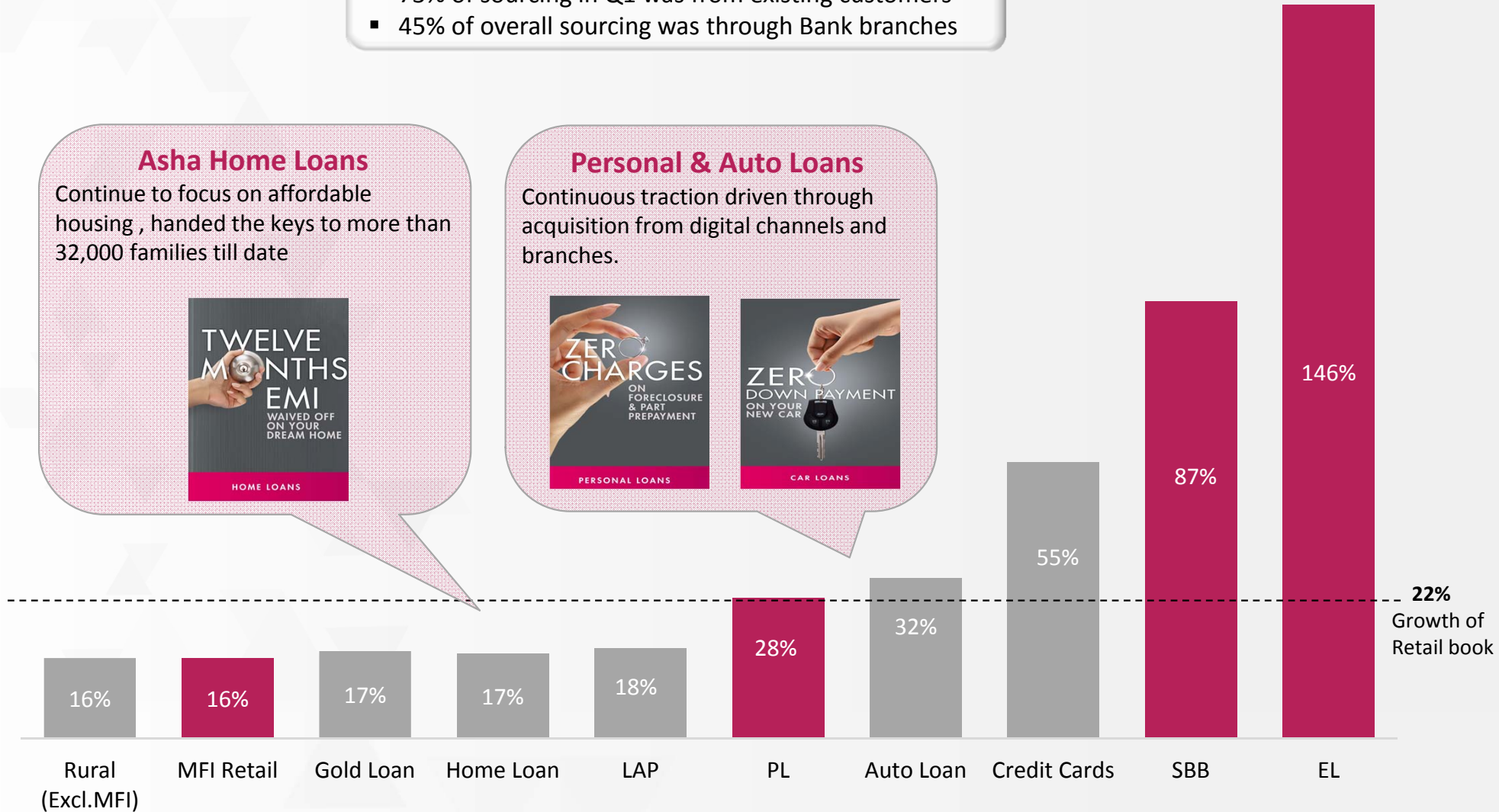
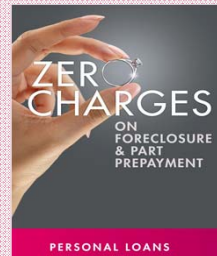
Asha Home Loans

Continue to focus on affordable housing, handed the keys to more than 32,000 families till date



Personal & Auto Loans

Continuous traction driven through acquisition from digital channels and branches.

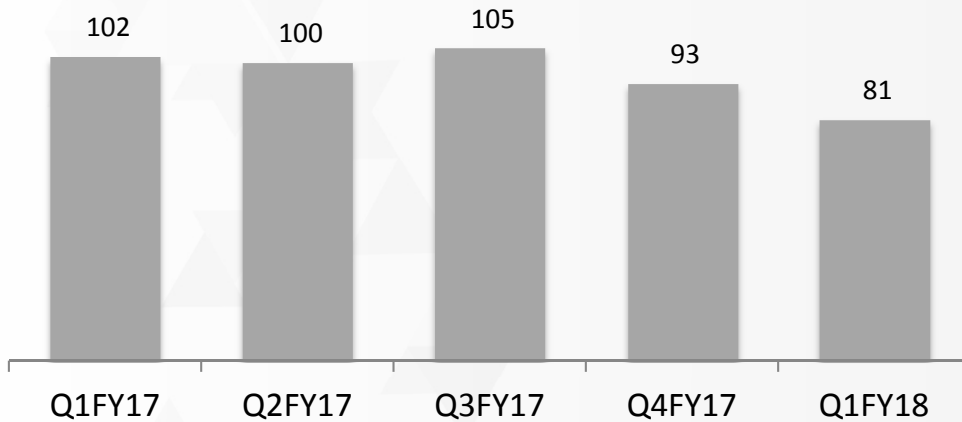


EL – Education Loan, PL – Personal Loan, SBB – Small Business Banking, LAP – Loan Against Property

New engines of growth

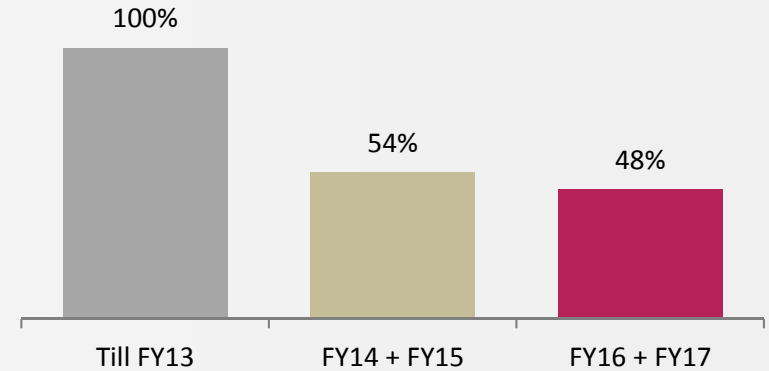
Network expansion continues at a steady pace

New Branches Opened*



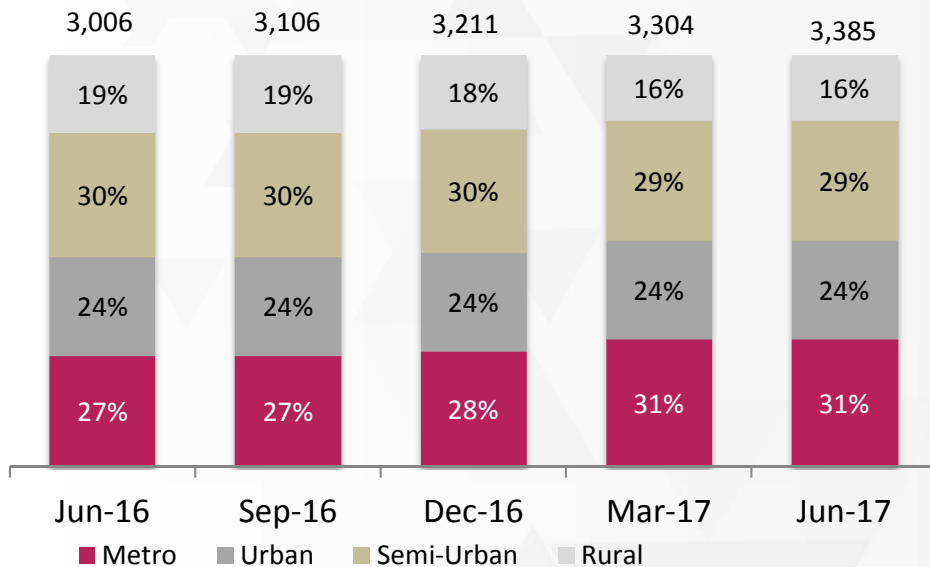
* Includes extension counters

Newer branches have been smaller in area



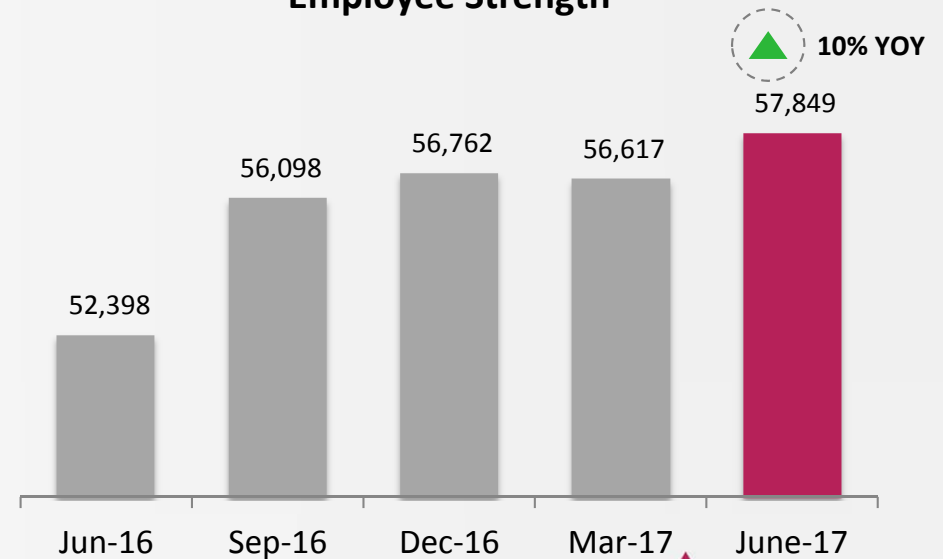
Branch area indexed to area till FY13, excludes unbanked branches

Branch Mix*



* Includes extension counters

Employee Strength

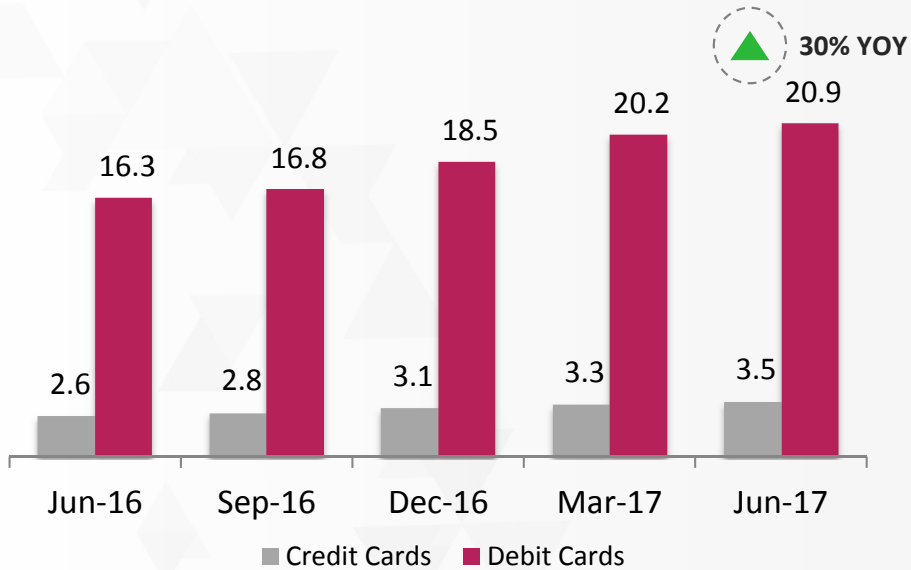


Business Performance

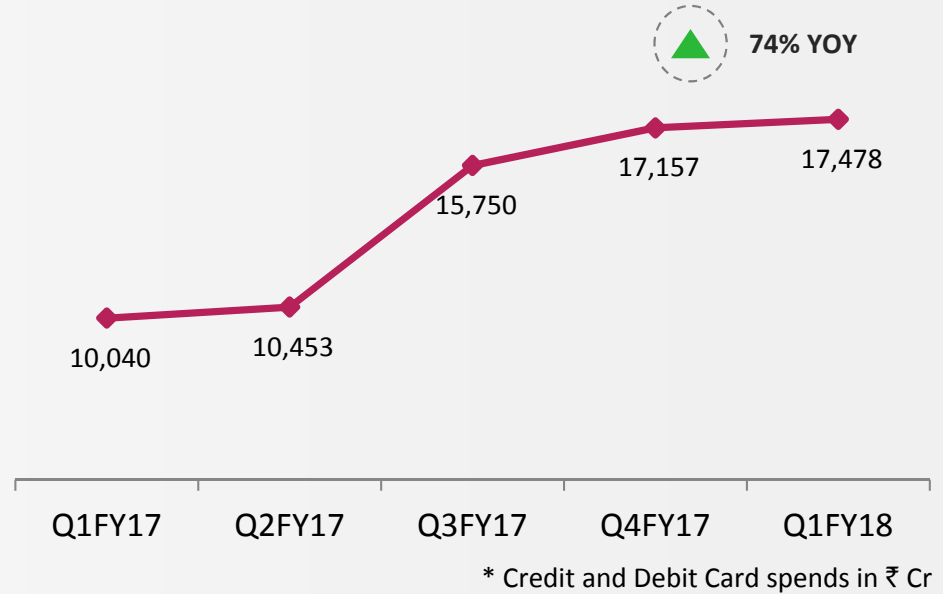
Payments business continues to gain strong traction

Leadership in digital and payments

Credit Cards & Debit Cards In Force (in mn)



Card Spends continue to grow strongly



Product	Savings Accounts	Debit Cards ¹	Mobile Banking ²	Credit Cards ³	Point of Sale Terminals	Forex Cards
Market share	4%	5%	9%	11%	17%	45%
Ranking	8 th	4 th	4 th	4 th	2 nd	1 st

*Based on RBI data as on May 2017 except for Forex Cards

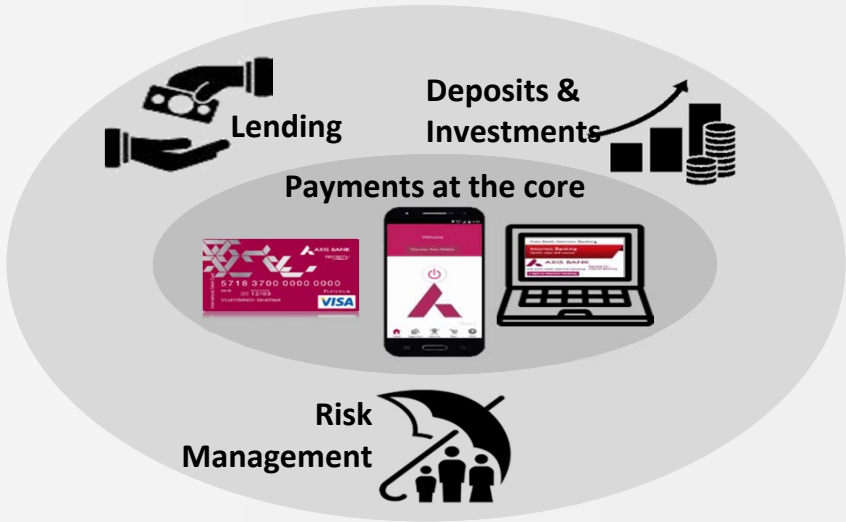
*Savings Accounts data is based on RBI figures as on 31 March 2017

1 – based on card spends issued; 2 – based on volumes 3- based on card s issued

Investments in analytics has helped to sustain and build on this leadership

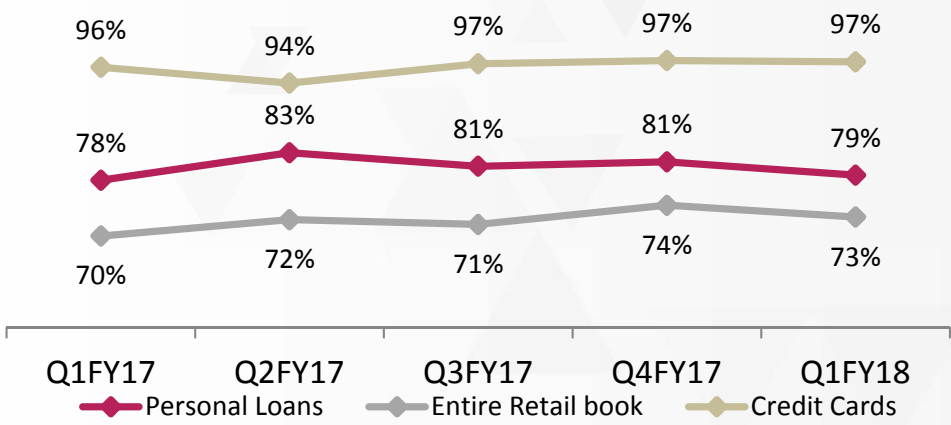


Analytics on Payment data has enabled cross-selling of financial and investment products



Cross-sell metrics remain healthy aided by big data led analytics of the known retail customer base

Sourcing from internal customers

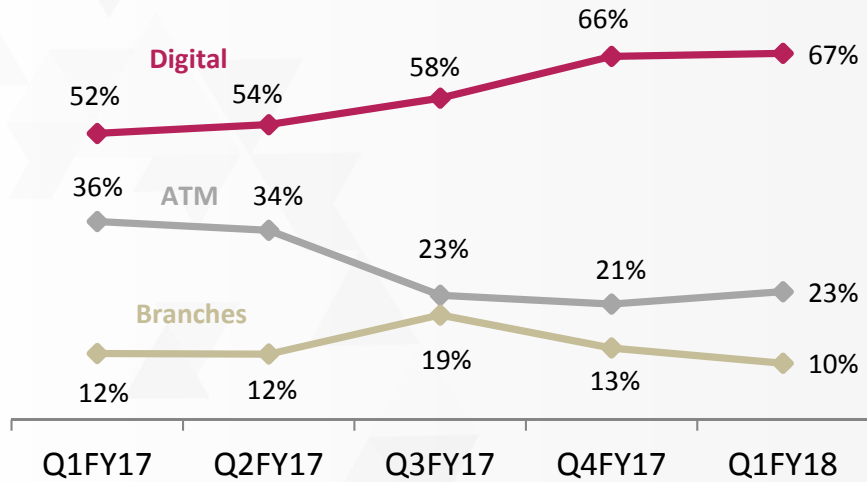


Digital penetration has been strong

- 58% of Bank active customers are Digitally active
- 40% of Mobile Banking customers bank only on Mobile App
- Mobile Banking logins stand at 4.2 times of Internet Banking logins

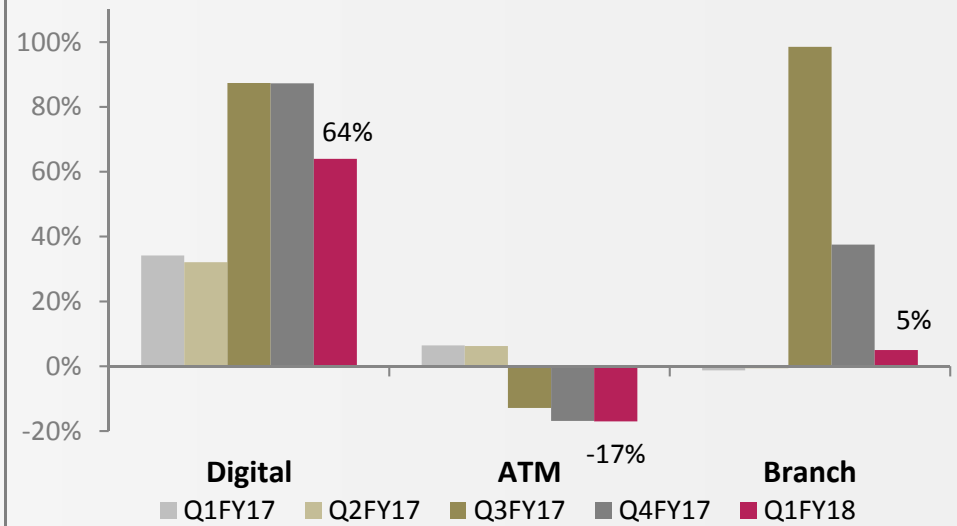
Adoption of digital channels remain strong

Transaction Mix*



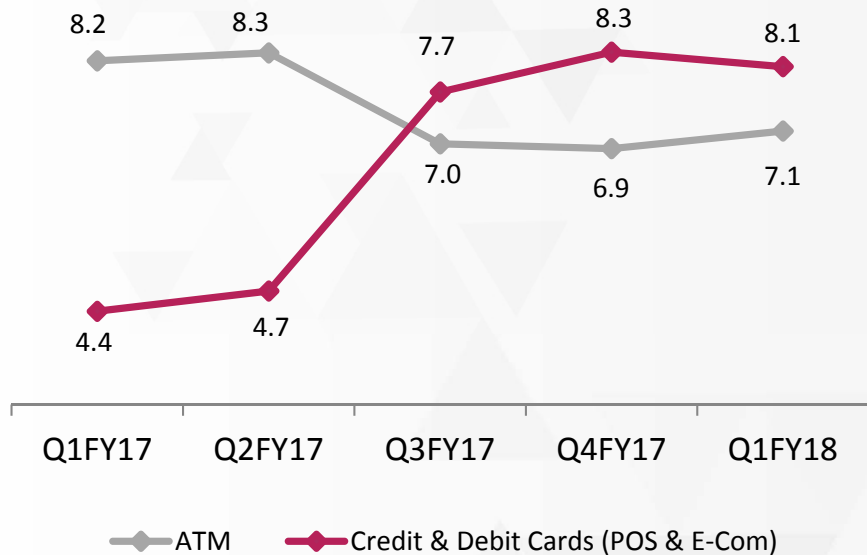
* Based on all financial transactions by individual customers

Transaction Volume Growth (YOY)



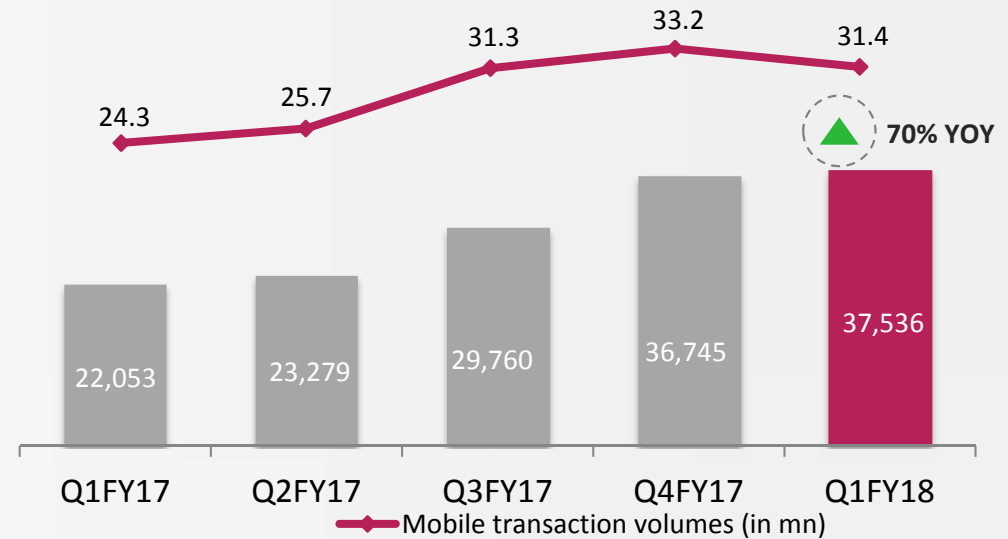
Digital transactions have overtaken ATM transactions

(Volumes in Crores)



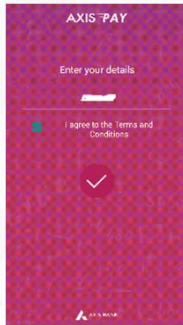
Mobile Banking Spends and Volumes

(in ₹ Crores)



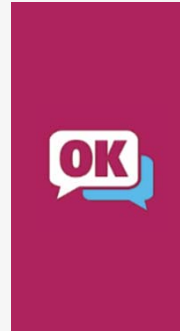
The Bank has introduced some unique payment solutions recently

Axis PayUPI



- Partnered with Govt; Among first to launch
- Over 3 million downloads
- 8.5 Lakh VPAs across apps

Axis OK



- No internet connectivity required
- Available in 6 languages
- Get balance and recharge

Samsung Pay



- Enabled for Credit & Debit Card across Visa & Master Card
- 63,000+ registered cards in 4 months

KMRL Axis Bank 'Kochi1' Card



- Automated Fare Collection system
- 1st time "open loop" smart cards used in metro

Axis Bank BMTC Smart Card



- India's first prepaid transit card with shopping at over 1.3 million merchant outlets

FASTag



- Electronic toll collection program
- Implementing in over 350 toll plazas

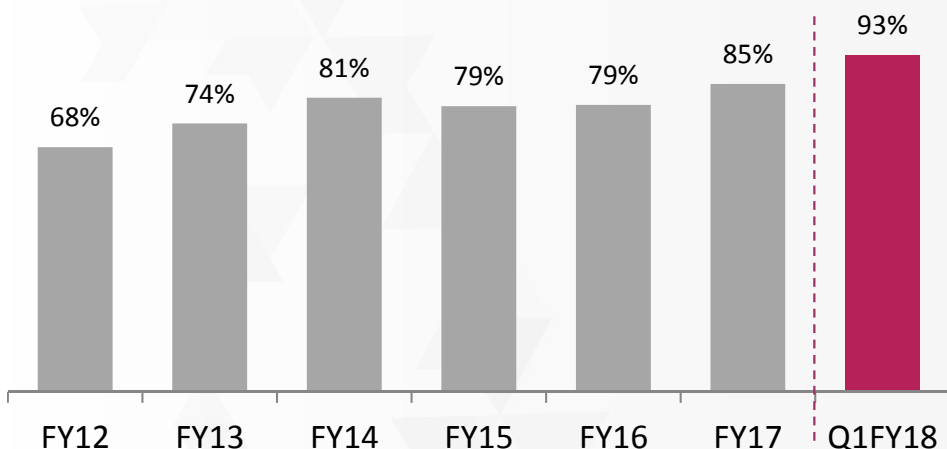
Business Performance

Corporate segment has seen reduced concentration risk with growth driven by Working Capital loans

Corporate loan book is now of much better quality with reduced concentration risk...

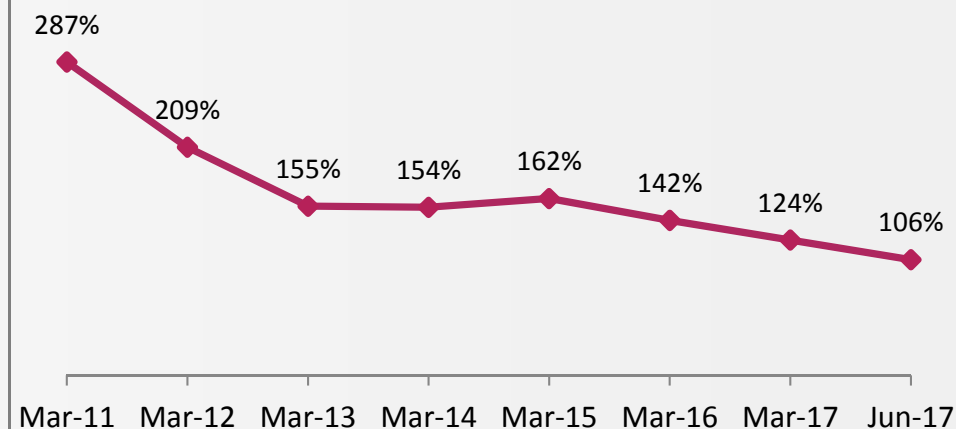
Incremental sanctions have been to better rated corporates

Percentage of sanctions rated A- & above



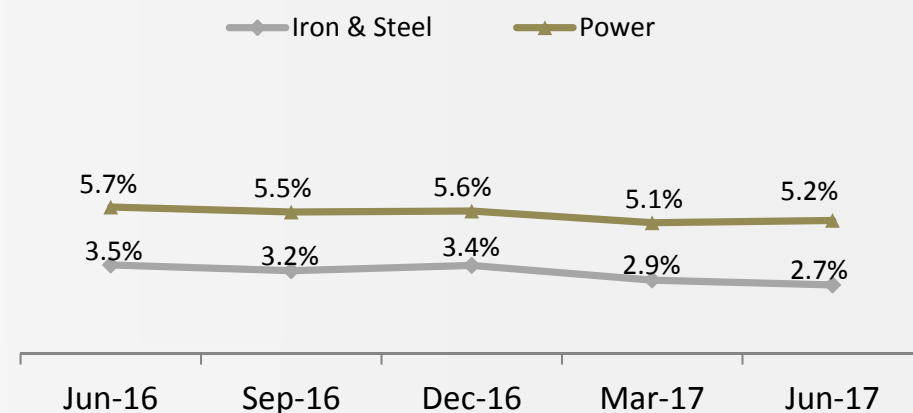
Concentration Risk is reducing

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



Rank	Outstanding ¹ as on Jun 2017 Sectors	Fund-based	Non-fund based
1.	Financial Companies ²	25,781	16,593
2.	Engineering & Electronics	10,560	22,285
3.	Infrastructure Construction ³	15,811	13,022
4.	Power Gen. & Distribution	19,924	5,697
5.	Trade	10,373	5,329
6.	Petroleum & Petroleum Products	4,253	10,442
7.	Real Estate	12,944	1,079
8.	Iron & Steel	9,510	3,683
9.	Food Processing	10,862	1,874
10.	Telecommunication Services	3,395	9,228

Concentration¹ to stressed sectors has remained stable



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

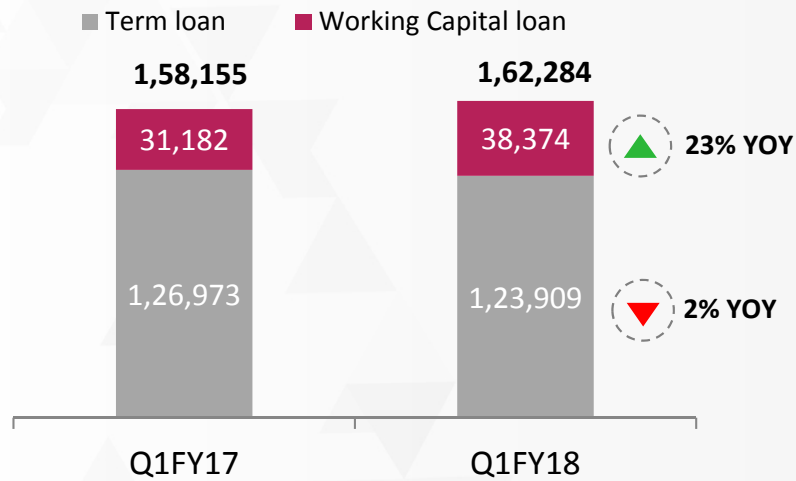
² Includes Housing Finance Companies and other NBFCs

³ Financing of projects (roads, ports, airports, etc.)

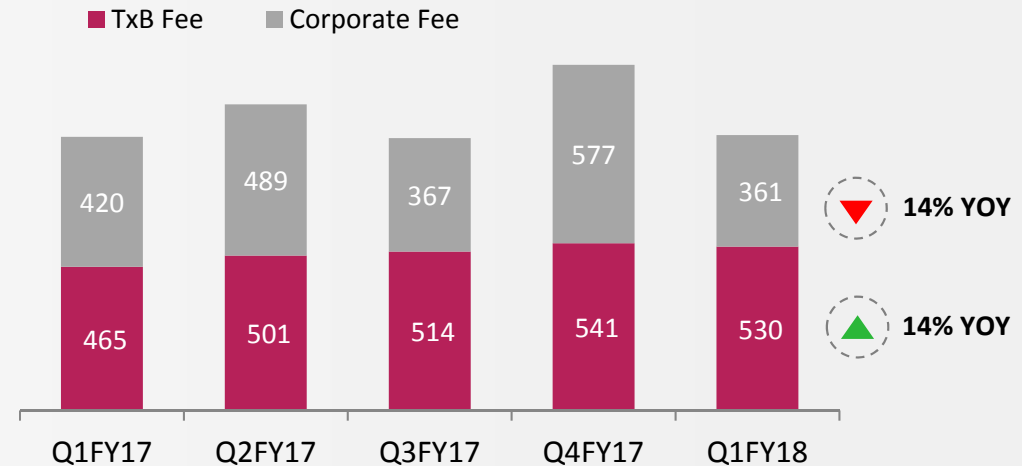
...with shift in business focus towards transaction and working capital loans

All figures in ₹ Crores

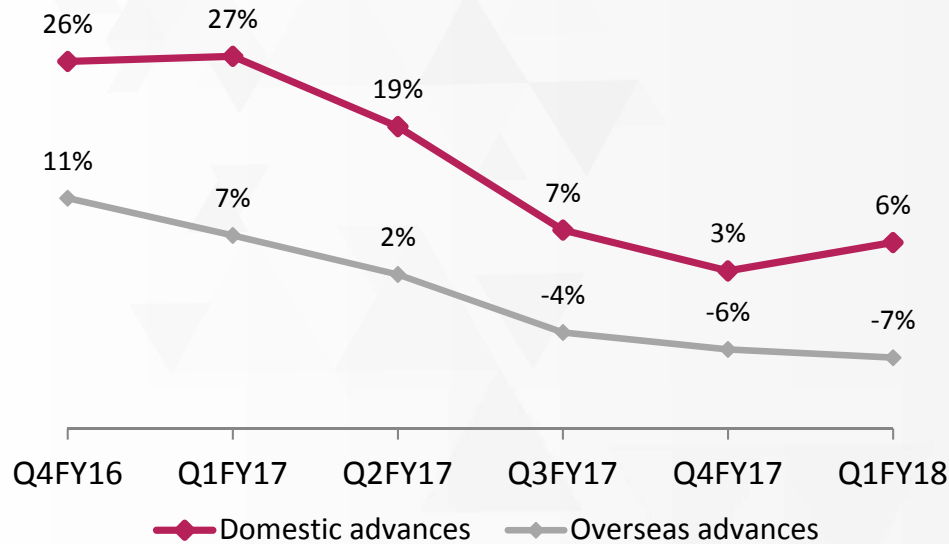
Working Capital loan growth has been strong



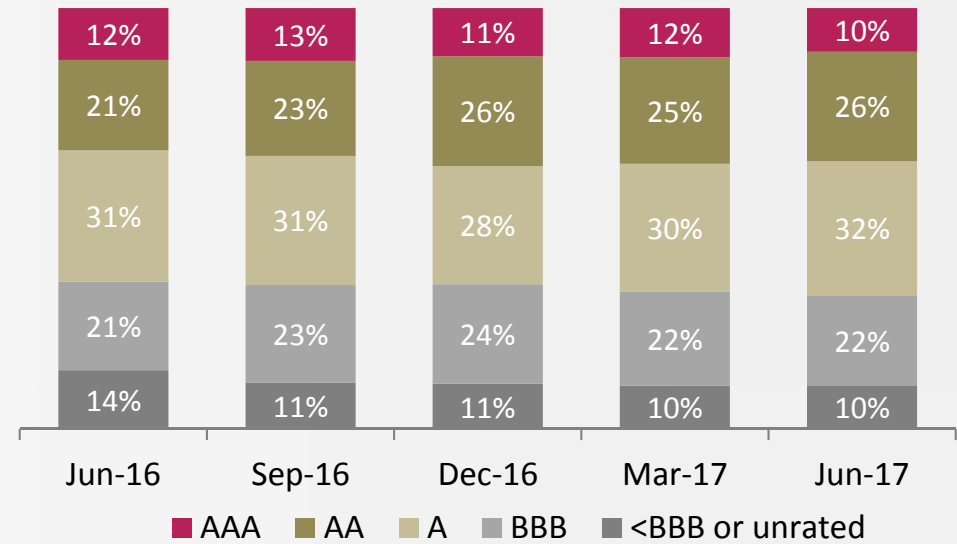
Steady growth in Transaction Banking fees



Domestic Corporate loan growth has been higher




68% of corporate advances* have rating of at least 'A'





* Only includes Standard Advances


We are well placed to benefit from a vibrant Corporate Bond market


All figures in ₹ Crores

 Acted as arranger for some of the major PSUs and Corporates during the quarter.

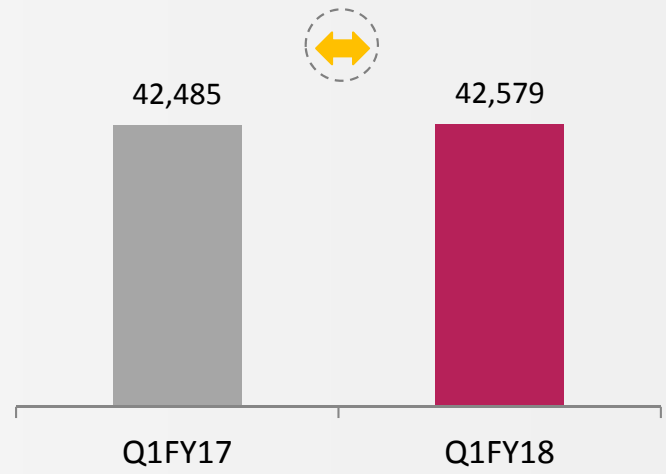
 **Ranked No. 1 arranger** for rupee denominated bonds as per Bloomberg for first half of 2017 and for quarter ended June 30, 2017

 **Ranked No. 1 arranger** for rupee denominated bonds as per Bloomberg for 10 consecutive years

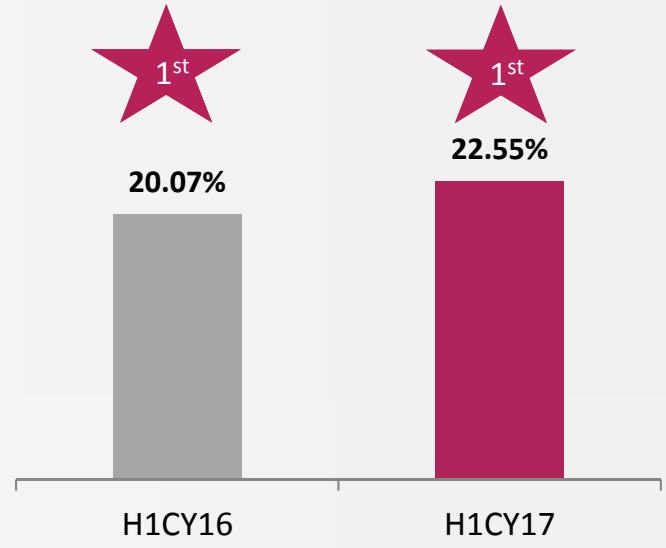
 **Ranked No. 1 mobilizer** as per PRIME Database for financial year March 2017

 Bank was awarded **“Best DCM House in India”** and **“Best Investment Bank in India”** by Finance Asia Country Awards for Achievement 2017

Placement & Syndication of Debt Issues



Market share and Rank*



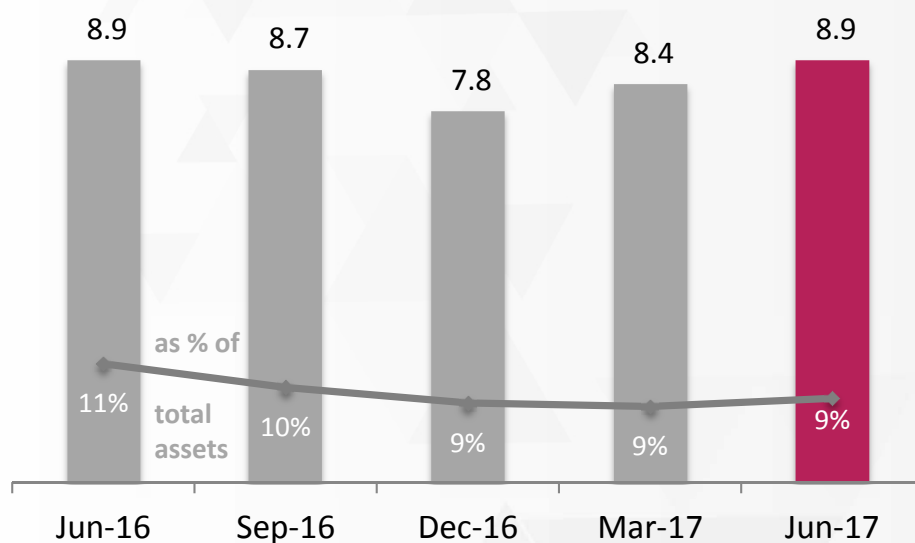
*As per Bloomberg League Table for India Bonds

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

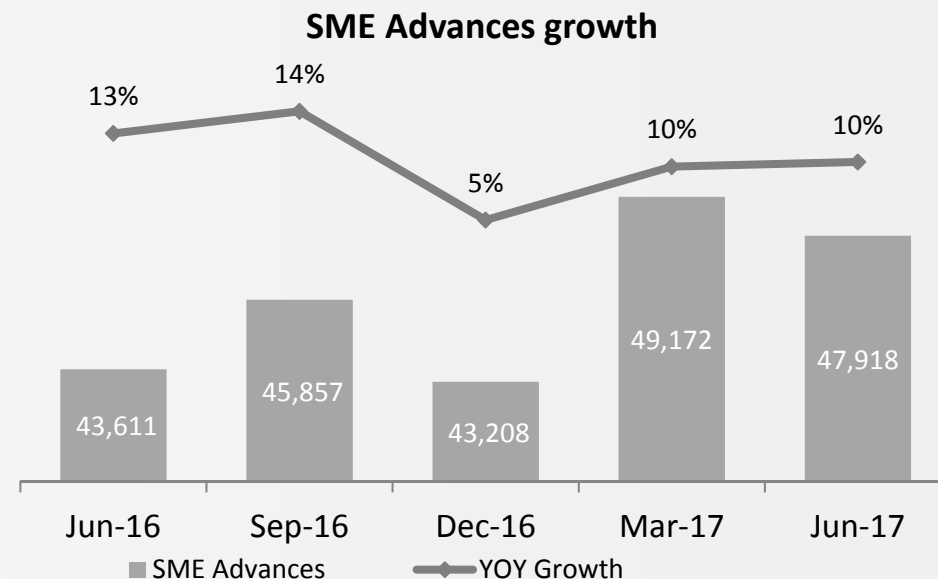
- Wholesale Banking solutions comprises of cross border financing, trade finance, forex hedging products
- Merchant Banking, Debt Capital Market solutions to corporate and institutional clientele
- Retail solutions comprises of remittance products, other banking and investment solutions

Business Performance

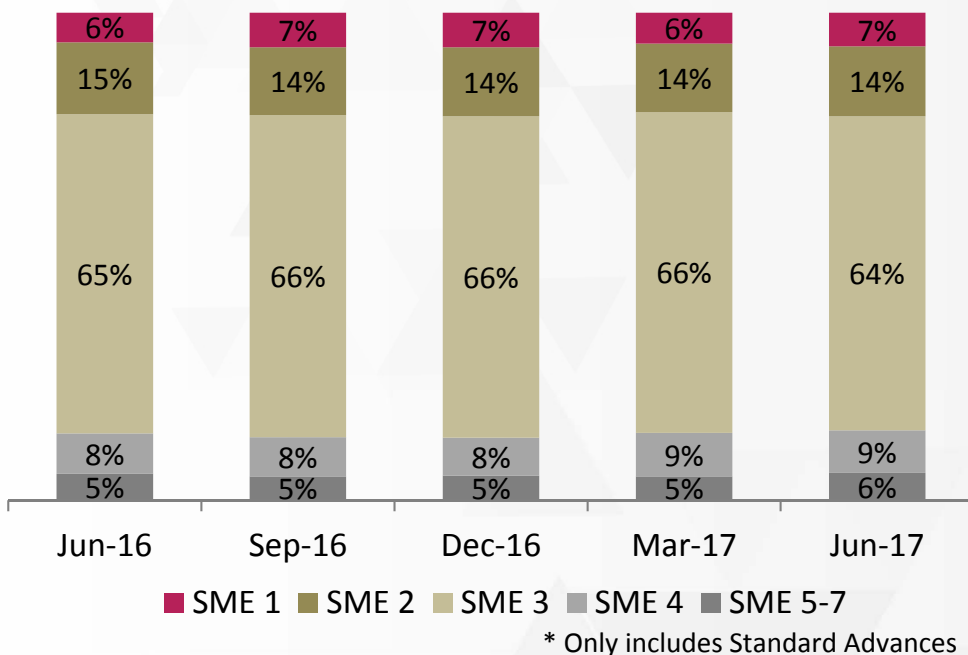
SME Segment focus has been on quality of growth

SME segment has seen recovery in growth

- Our SME business is divided into 3 business verticals: Medium Enterprises Group (MEG), Small Enterprises Group (SEG) and Supply Chain Finance (SCF)
- Currently the Bank operates from 54 SME Centres and 15 SME Cells across the country to service 24,700+ customers effectively covering more than 2,000 branches
- The Bank extends Working Capital, Term Loan, Trade Finance, Bill / Invoice Discounting and Project Finance facilities to SMEs.



85% of SME advances* have rating of at least 'SME3'



- Our SME segment continues to focus towards lending to the Priority sector
- The Bank's SME Awards event "SME 100" acknowledges the best performers in the SME segment. It is aligned with the Government's Make in India, Skill India and Digital India initiatives.
- GST will benefit the SME sector as it will improve transparency significantly which will further help in better risk evaluation and loan pricing.
- We have launched our digital invoice discounting platform for MSMEs called Invoicemart.

Financial Highlights

Business Segment performance

Asset Quality

Shareholder Returns and Capital Position

Subsidiaries' Performance

Other important information

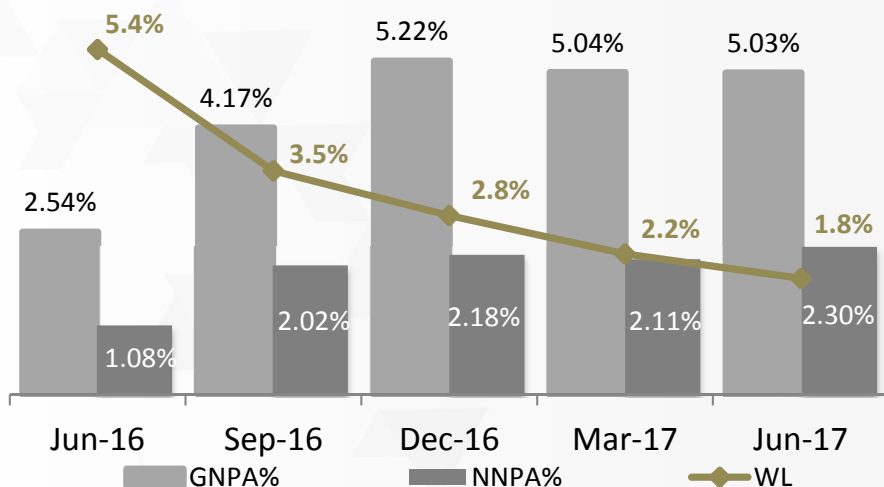
Impact of Higher Standard Asset Provisioning as directed by RBI

- RBI guidelines issued on 18th April 2017 on higher standard asset provision on outstanding advances to stressed sectors
- Policy framed for identification of stressed sectors after reviewing quantitative and qualitative aspects like the sector's size, outlook and portfolio behaviour etc.
- Enhanced provisioning at 1% on the following identified sectors
 - Power
 - Infrastructure Construction
 - Iron and steel
 - Telecommunication services
- This has resulted in an additional provision of ₹184 crores during the quarter.

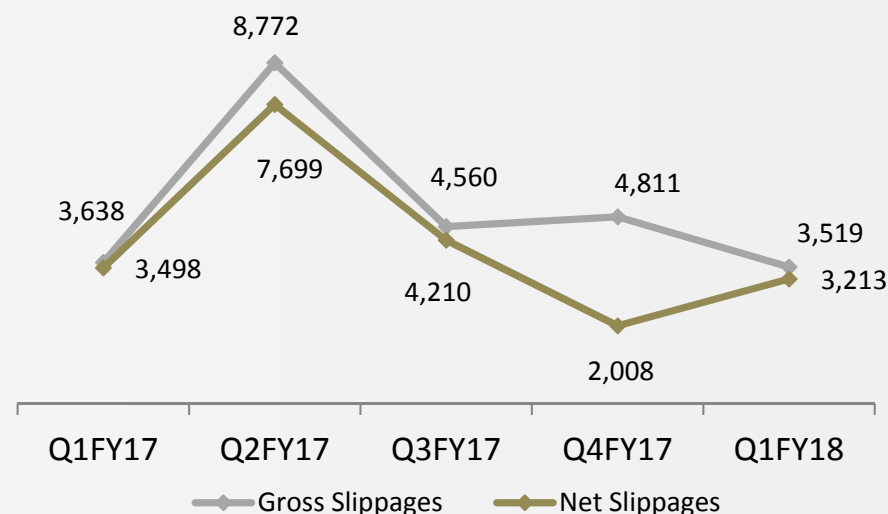
Key Asset Quality metrics continue to moderate

All figures in ₹ Crores

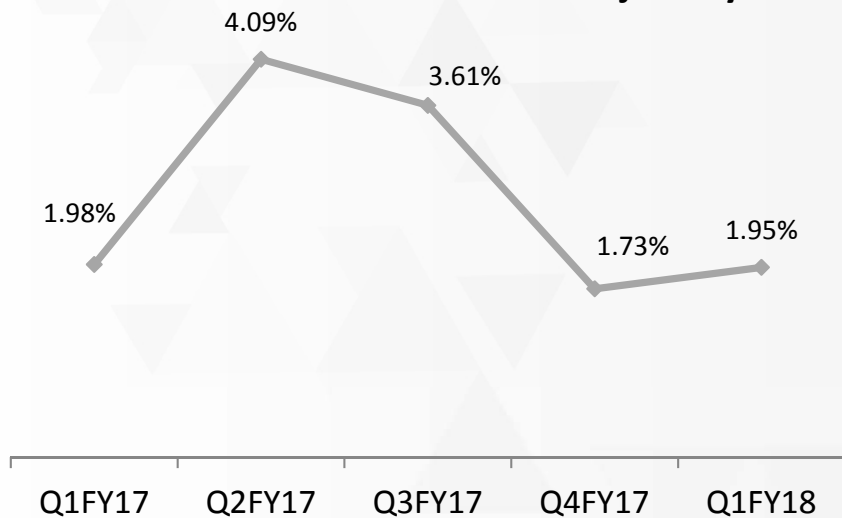
Gross NPA ratio remains stable



Slippages trend lower from peak

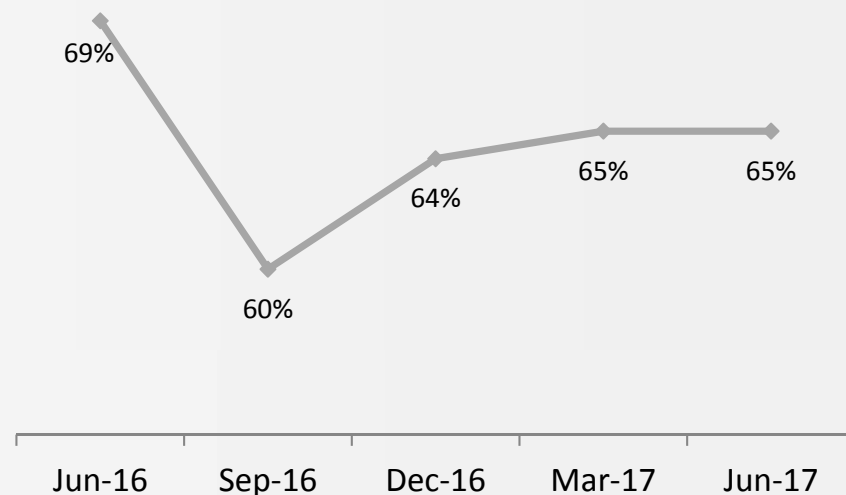


Credit Costs* on a downward trajectory



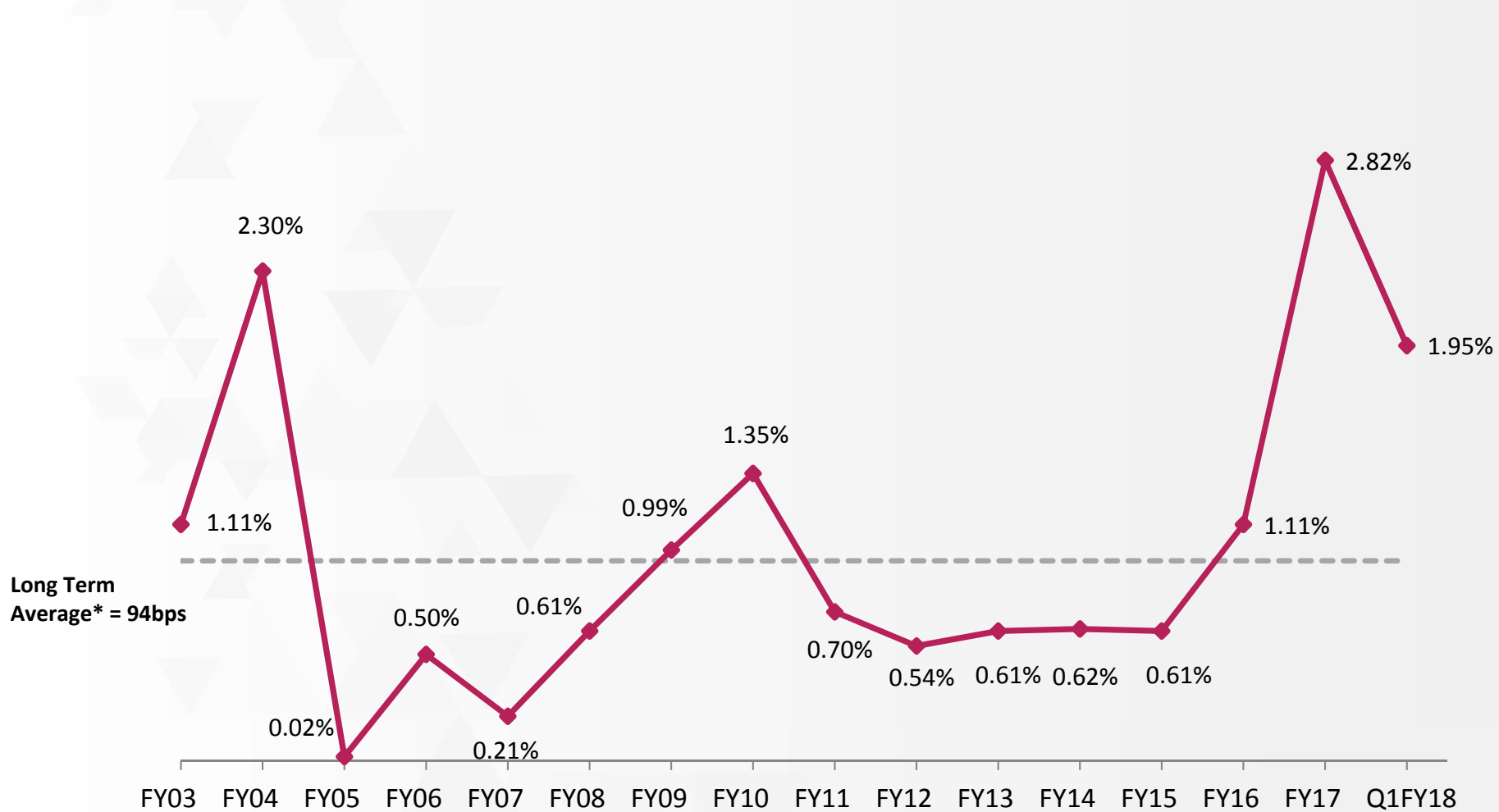
* On annualized basis

Provision Coverage Ratio remains stable



Credit Cost expected to revert towards long term average

Trend in Credit Cost : FY03 to Q1FY18

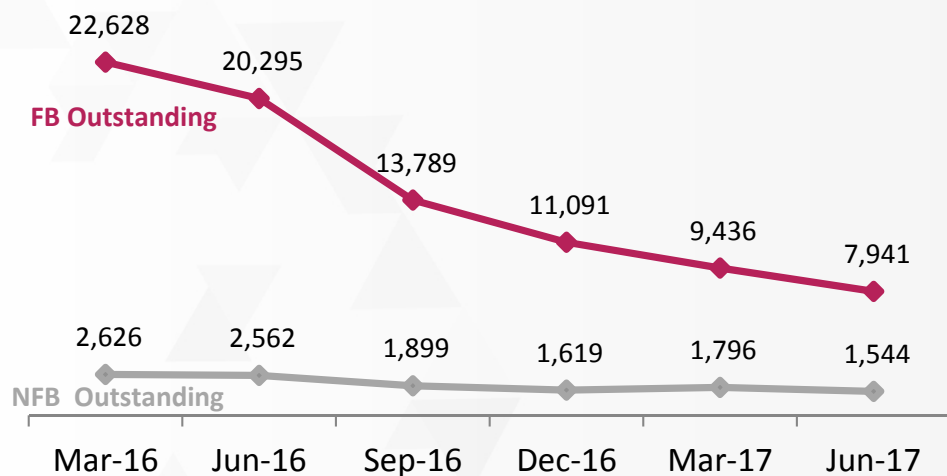


* For the period from FY03 to FY17

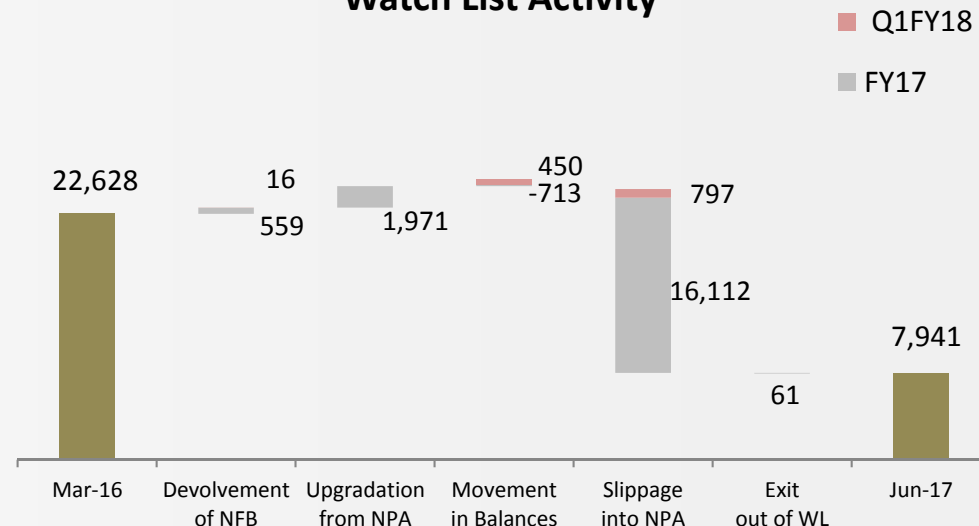
Remaining Watch List dominated by Power segment

All figures in ₹ Crores

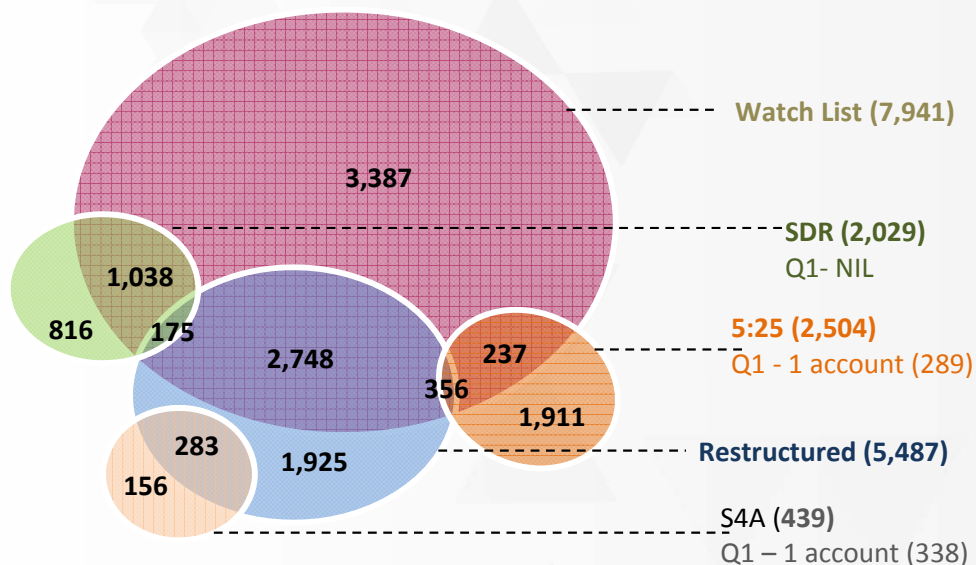
Watch List Outstanding



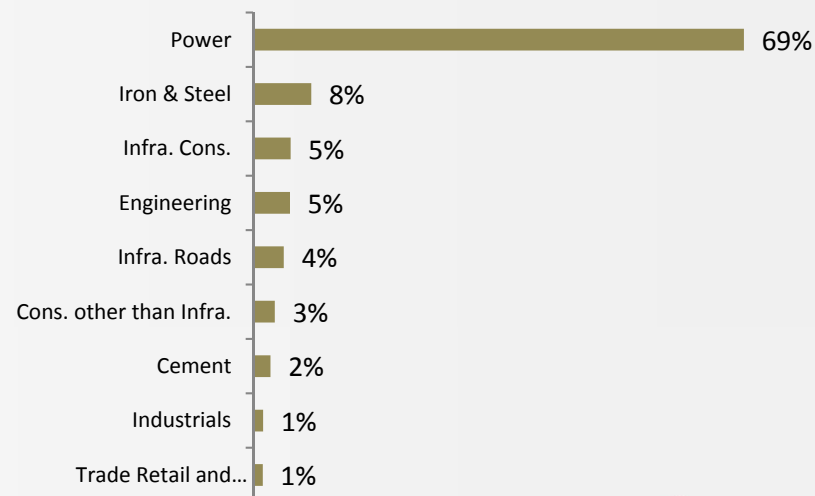
Watch List Activity



Non-Retail advances under various dispensations



Sectoral composition of Watch List



Financial Highlights

Business Segment performance

Asset Quality

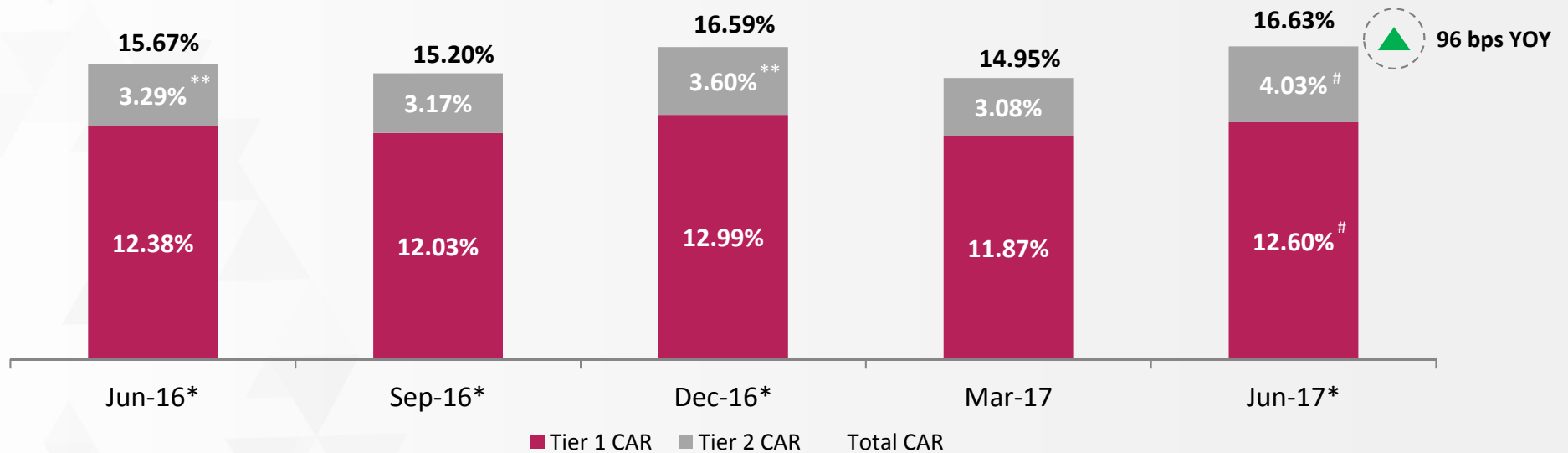
Shareholder Returns and Capital Position

Subsidiaries' Performance

Other important information

Capital adequacy remains healthy

Trend in Capital Adequacy Ratio

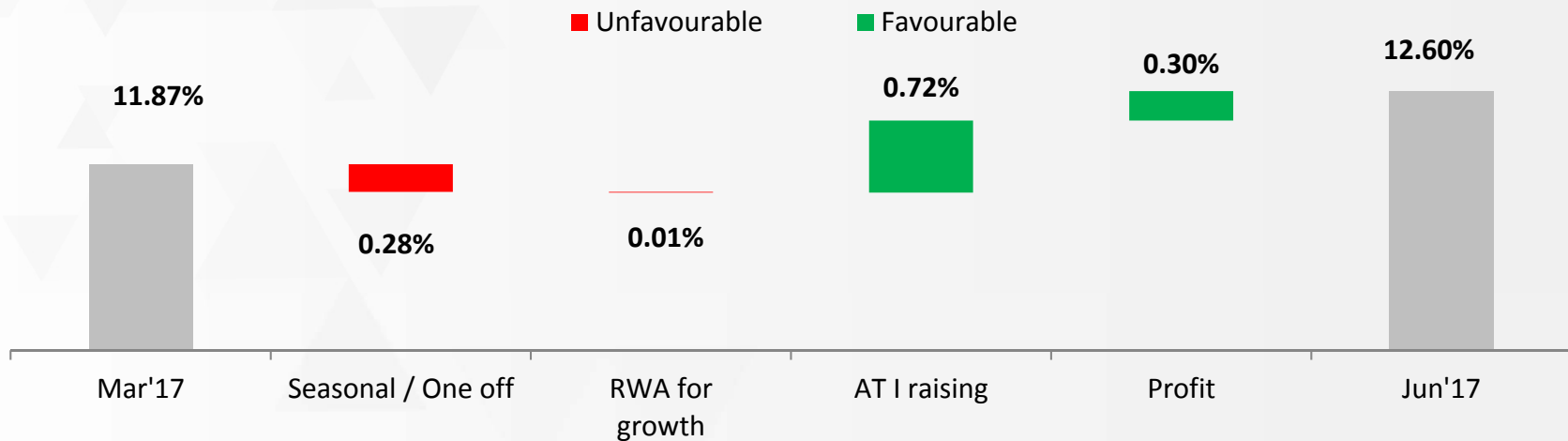


* including unaudited Net Profit for the quarter / half year / nine-months

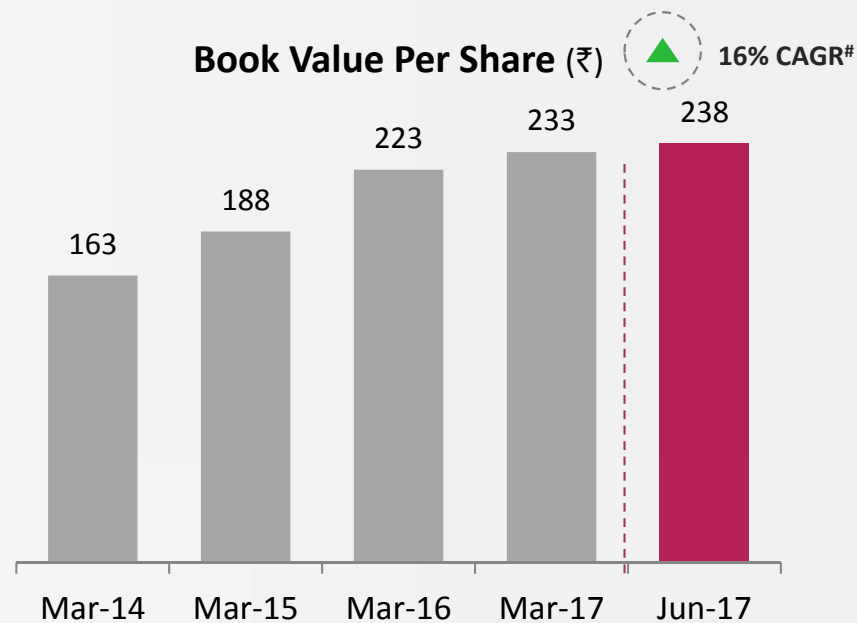
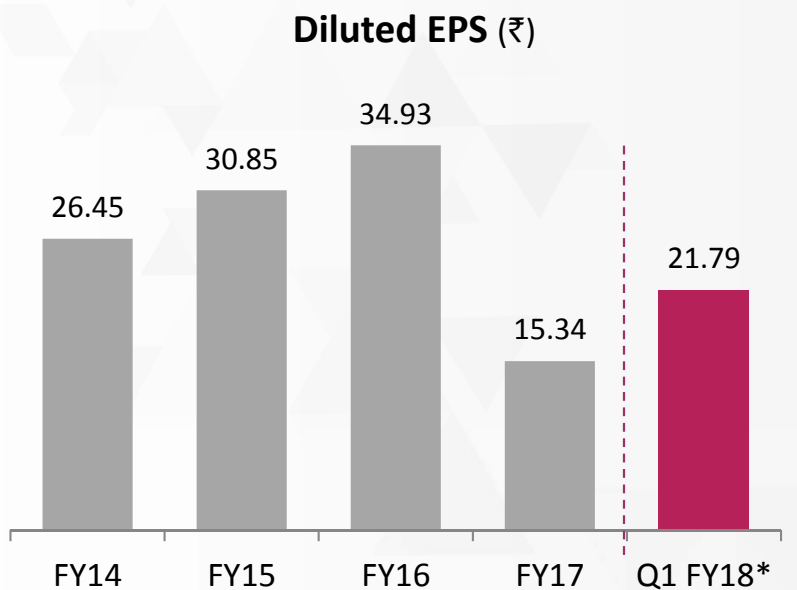
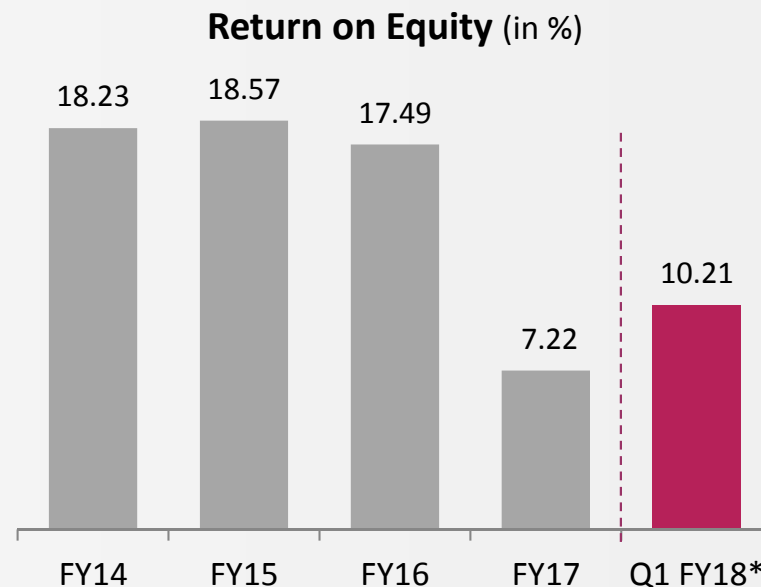
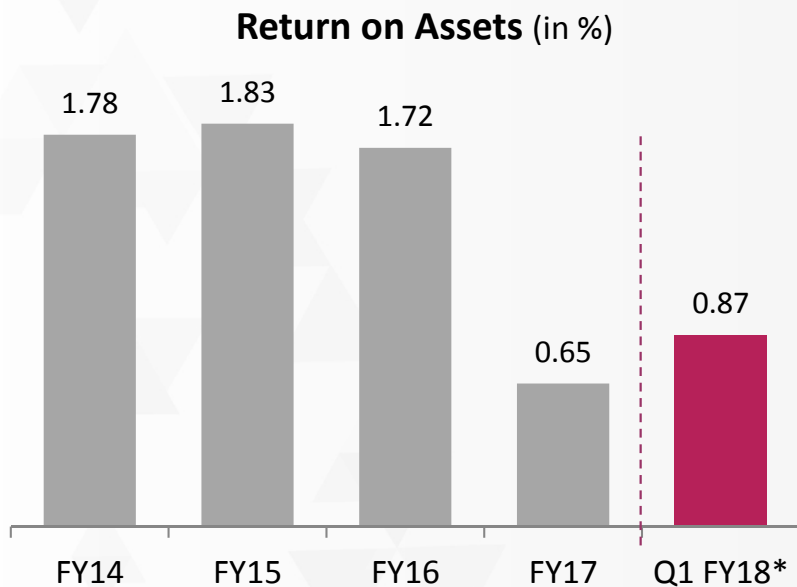
** includes ₹2,430 crores and ₹1,800 crores mobilized through issuance of subordinated debt during Q1FY17 and Q3FY17, respectively

includes the impact of ₹3,500 crores and ₹5,000 crores mobilized through issuance of AT1 bonds and subordinated debt, respectively

Movement in Tier 1 Capital Adequacy Ratio



Shareholder return metrics have witnessed recovery



* annualized

5yr CAGR

Financial Highlights

Business Segment performance

Asset Quality

Shareholder Returns and Capital Position

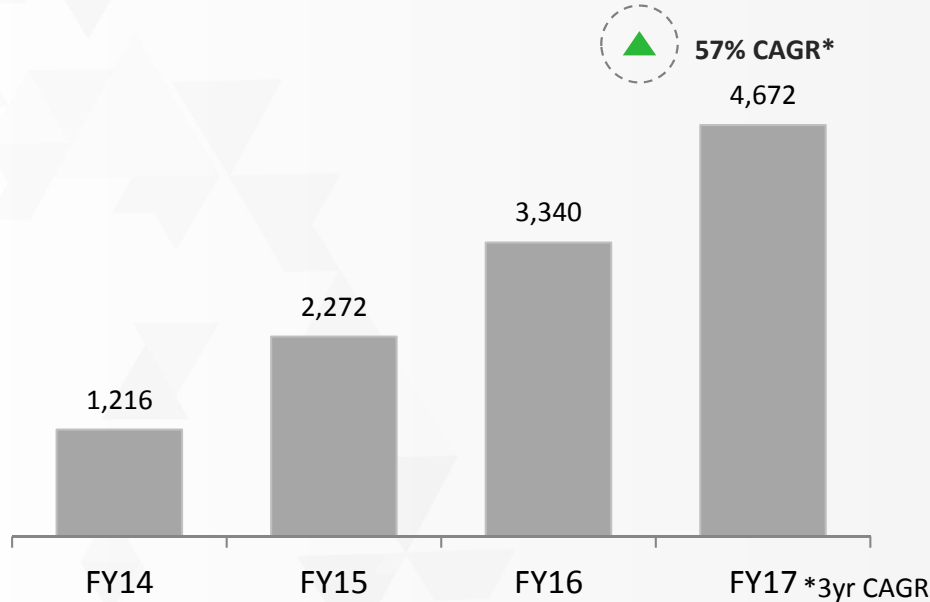
Subsidiaries' Performance

Other important information

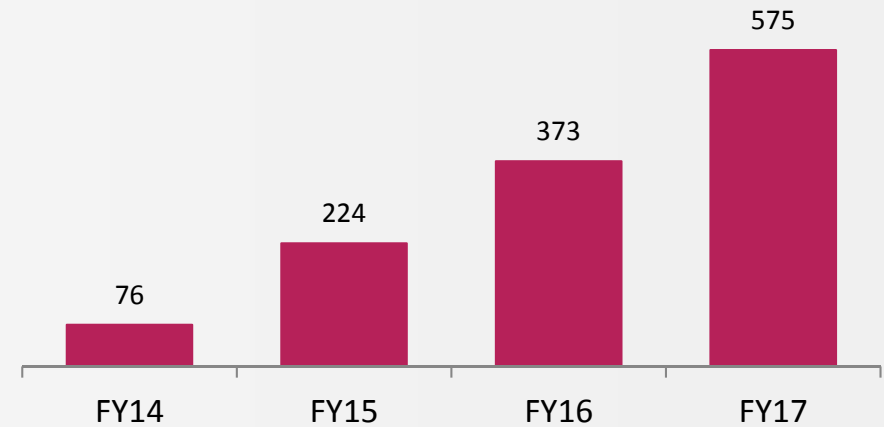
Axis Finance : Has started contributing meaningfully

All figures in ₹ Crores

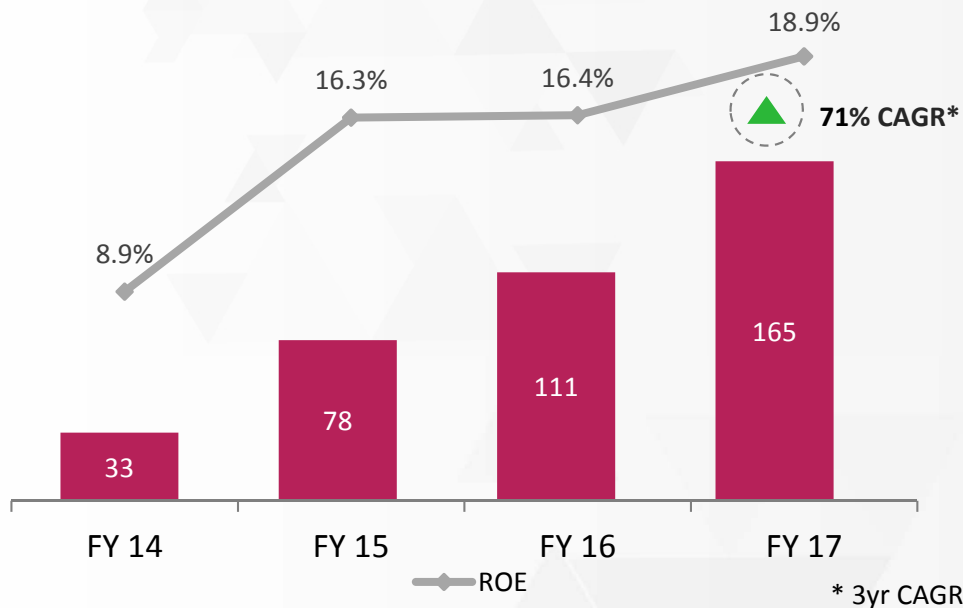
Axis Finance has grown its overall book strongly...



...driving over 7x growth in Income in 3 years



Growth in PAT has been steady



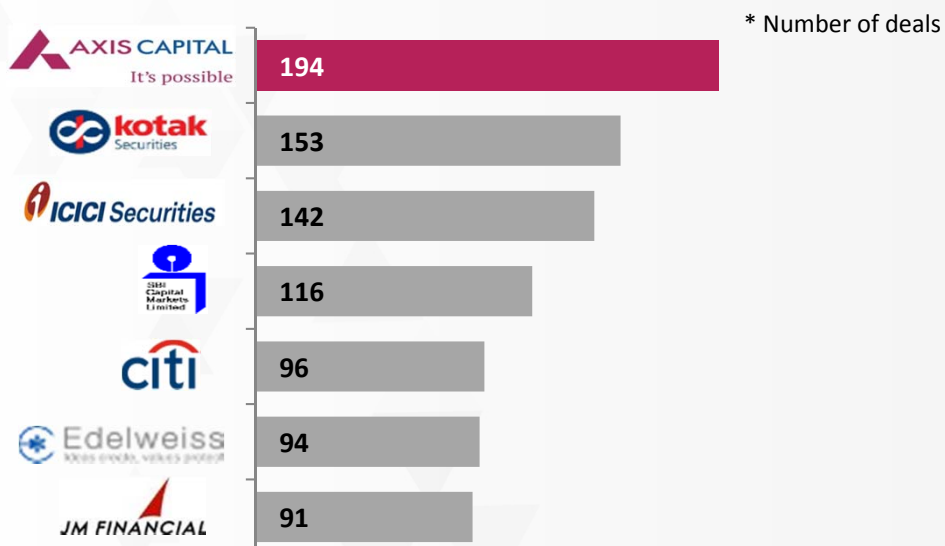
Major Highlights

- One of the lowest Cost-to-income in the industry
- Advances' average maturity at 18 months; 97% of all advances secured
- Highest Credit Rating for CPs and NCDs by Crisil and India Ratings

Axis Capital : Continues to maintain its leadership position

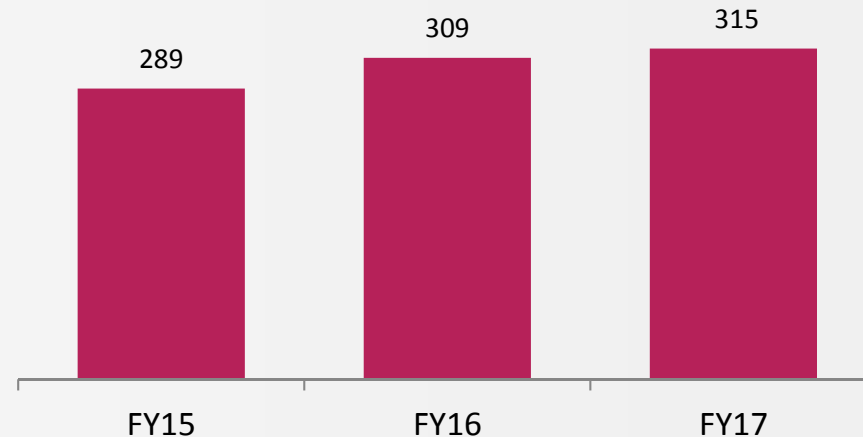
All figures in ₹ Crores

Equity League tables topper over the last decade

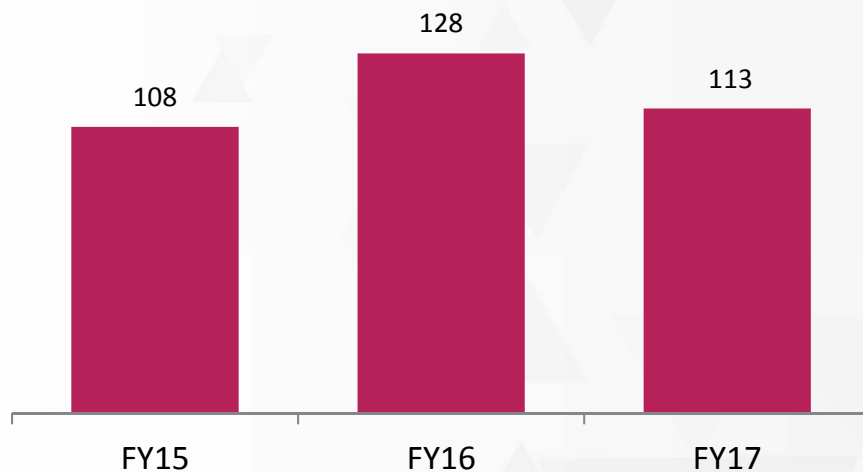


Source: Primedatabase (FY07 to FY17)

Revenue from Operations



Profit After Tax



Major Highlights

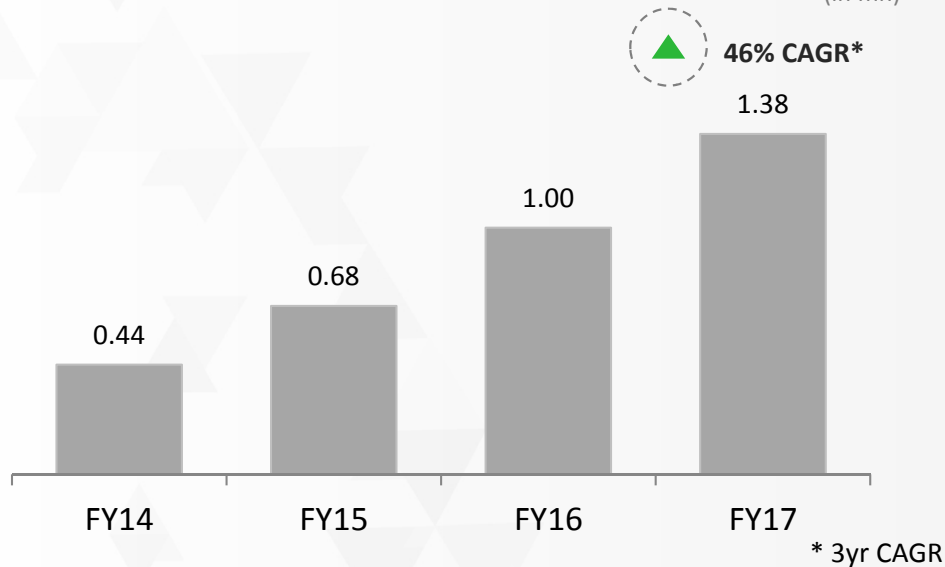
-  During the period ended June 2017, Axis Capital successfully completed 4 IPOs and 1 QIP.
-  Axis Capital was awarded Best Investment Bank by Finance Asia
-  Ranked No 1 ECM banker having executed deals worth ₹992 bn since April 2015
-  Ranked No 1 in Equity and Equity Linked Deals over the last decade

Axis Securities : Has doubled customer base in 2 years

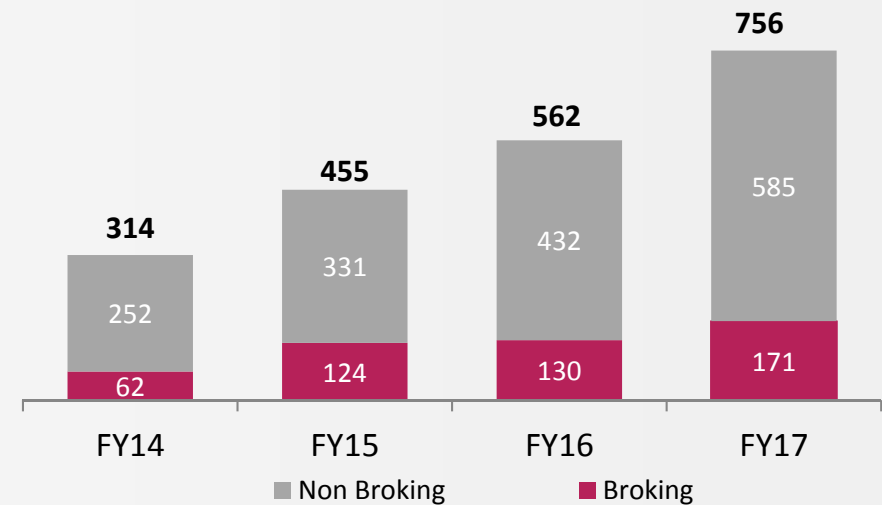
All figures in ₹ Crores

Significant growth in customer additions

(in mn)

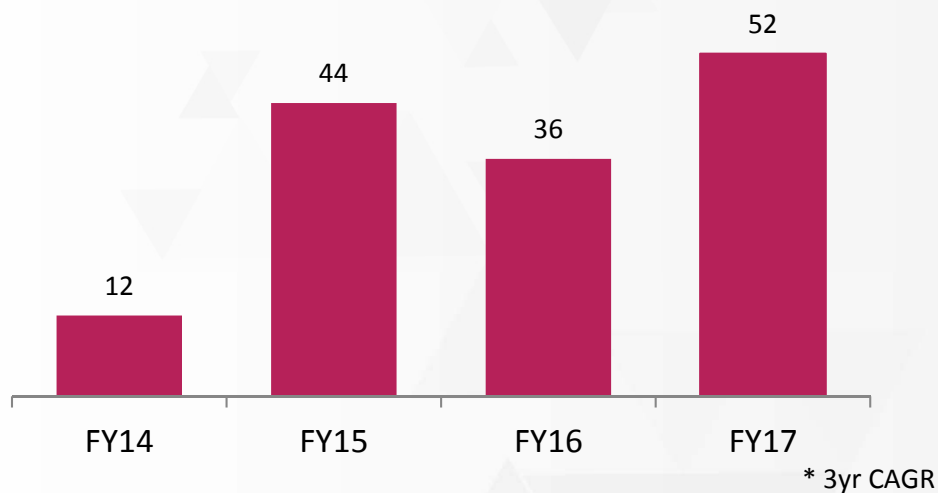


Total Revenue



Healthy growth in profit

63% CAGR*



Major Highlights



Total Customer base at 1.46 mn. Acquired 0.38 mn in FY17 which is highest in the industry



Jumped 6 ranks in NSE Unique Traded Client numbers - from 11th to 5th in 2 years




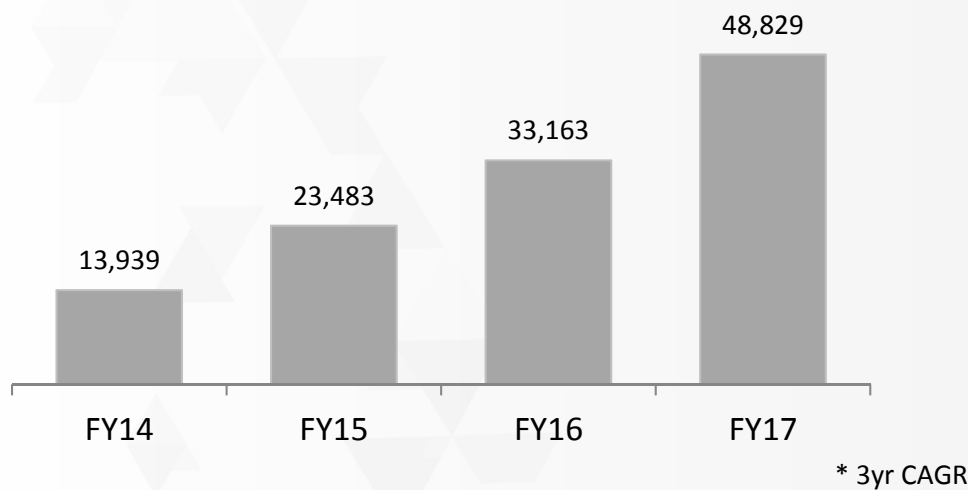
More than 30% clients trade through AxisDirect mobile app making it one of the highest in the industry

Axis AMC : Consistently gaining market share

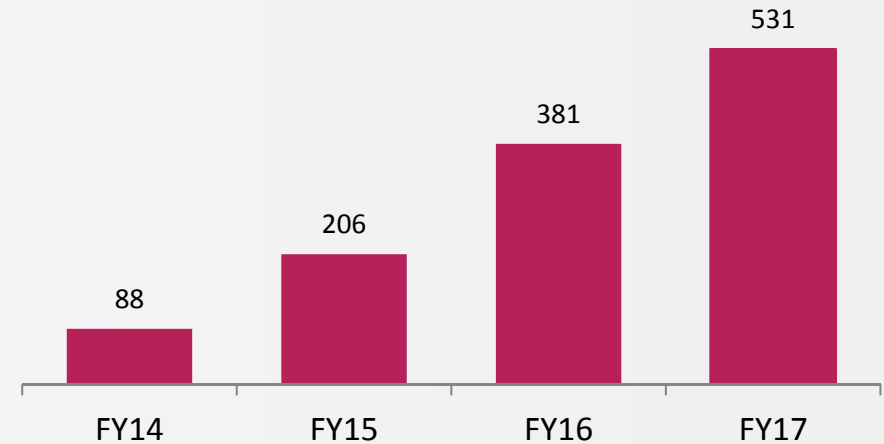
All figures in ₹ Crores

~4x jump in Average AUM in 3 years

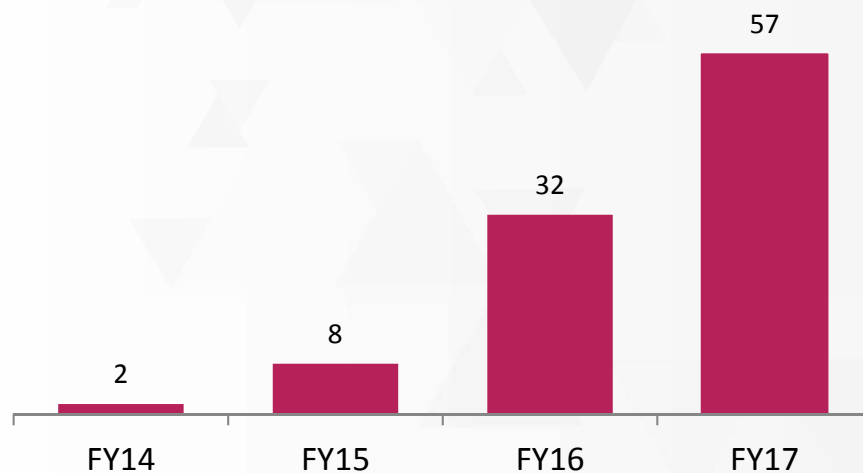
 52% CAGR*



Gross Revenue



Growth in Profit has been strong



Major Highlights



Has been consistently gaining market share with 42 bps increase over last one year to 3.26% .



Added 0.46 mn investors in last one year taking its overall investor folios to 2.28 mn.



Easy App & Easy sell: Online platforms for Investors and distributors.

Financial Highlights

Business Segment performance

Asset Quality

Shareholder Returns and Capital Position

Subsidiaries' Performance

Other important information

Treasury Portfolio and Non-SLR Corporate Bonds

Investment Bifurcation	Book Value* (₹ Crores)
Government Securities ¹	101,155
Corporate Bonds ²	28,004
Others	12,680
Total Investments	141,839

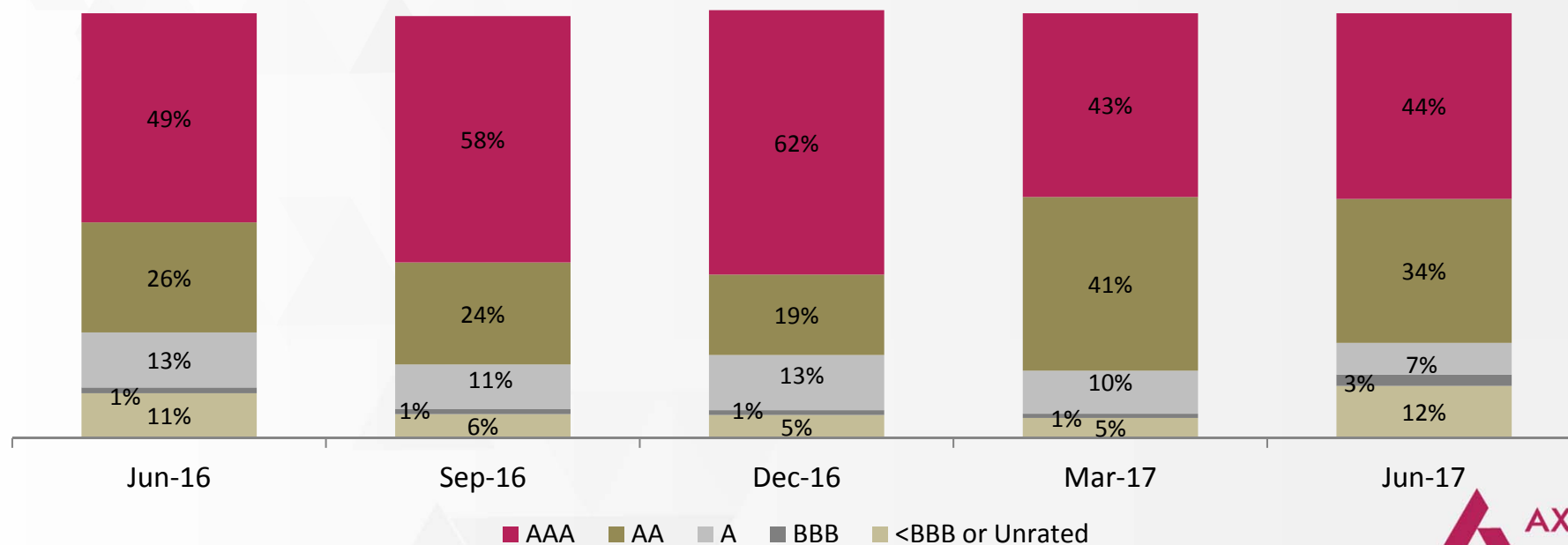
* as on June 30, 2017

¹ 79% classified under HTM category

² 83% classified under AFS category

Category	Proportion
Held Till Maturity (HTM)	57%
Available For Sale (AFS)	33%
Held For Trading (HFT)	10%

85% of Corporate bonds* have rating of at least 'A'



*Only includes standard investments

Movement in NPA's

All figures in ₹ Crores

		Q1FY17	Q2FY17	Q3FY17	Q4FY17	Q1FY18
Gross NPAs - Opening balance	A	6,088	9,553	16,379	20,467	21,280
Fresh slippages	B	3,638	8,772	4,560	4,811	3,519
Upgradations & Recoveries	C	140	1,073	350	2,804	306
Write offs	D	33	873	122	1,194	2,462
Gross NPAs - closing balance	E = A+B-C-D	9,553	16,379	20,467	21,280	22,031
Provisions incl. interest capitalisation	F	5,543	8,618	12,172	12,654	12,265
Net NPA	G = E-F	4,010	7,761	8,295	8,627	9,766
Accumulated Prudential write offs		3,547	2,901	2,818	3,221	5,487
Provision Coverage Ratio*		69%	60%	64%	65%	65%

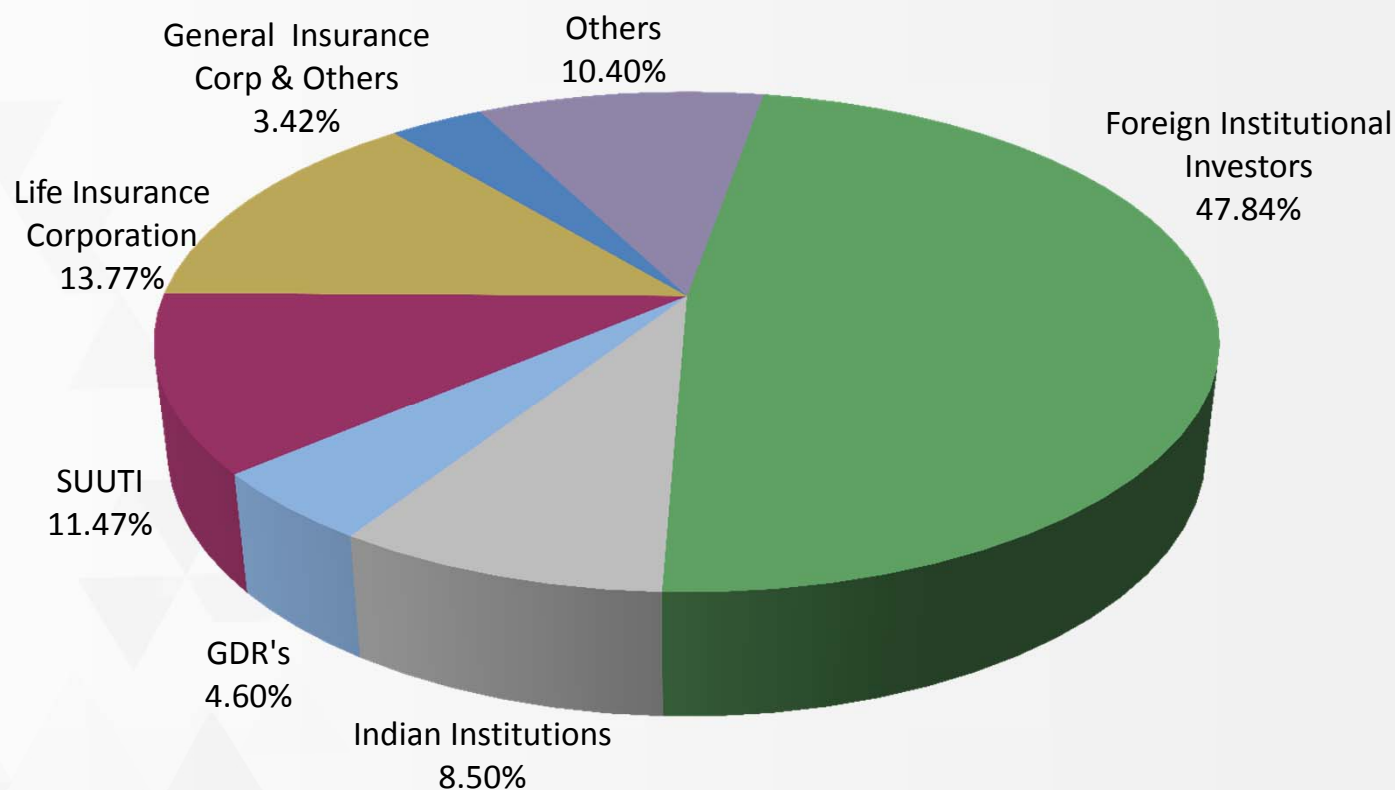
Details of Provisions & Contingencies charged to Profit & Loss Account

	Q1FY17	Q2FY17	Q3FY17	Q4FY17	Q1FY18
For Loan losses	1,823	3,648	3,576	1,834	2,091
For Standard assets**	238	(22)	(81)	199	(6)
For SDR and S4A accounts	71	9	17	249	92
For Investment depreciation	(18)	(37)	32	262	40
Other provisions	3	25	252	37	125
Total Provisions & Contingencies (other than tax)	2,117	3,623	3,796	2,581	2,342

* including prudential write-offs

** including unhedged foreign currency exposures

Shareholding Pattern (as on June 30, 2017)



- Share Capital ₹479 crores
- Shareholders' Funds ₹57,113 crores
- Book Value Per Share ₹238
- Diluted EPS (Q1FY18) ₹21.79
- Market Capitalisation ₹128,201 crores (as on July 24, 2017)

& 1 GDR = 5 shares

As on June 30, 2017, against GDR issuance of 62.70 mn, outstanding GDRs stood at 22.05 mn

Major awards won by the Bank and its subsidiaries



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



**Bank of the Year in India
– The Banker Awards 2016**



**Best Investment Bank in
India**



**Excellence in Corporate
Social Responsibility**



**Best Digital Bank 2016
Business Today-KPMG Study**



**CX Innovator Best Omnichannel
Customer Success Story**

Thank You