

# **Earnings Presentation**

*Annual Results FY16-17*

# 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

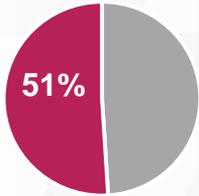
|                       | Q4FY17 | FY17  |
|-----------------------|--------|-------|
| Net Profit            | ↓ 43%  | ↓ 55% |
| Net Interest Income   | ↑ 4%   | ↑ 7%  |
| Fee Income            | ↑ 8%   | ↑ 5%  |
| Operating Revenue     | ↑ 7%   | ↑ 14% |
| Operating Profit      | ↓ 1%   | ↑ 9%  |
| Net Interest Margin   | 3.83%  | 3.67% |
| Return on Equity      | 9.67%  | 7.22% |
| Advances <sup>1</sup> | ↑ 10%  |       |
| Deposits <sup>1</sup> | ↑ 16%  |       |
| CASA <sup>1</sup>     | ↑ 26%  |       |
| GNPA <sup>1</sup>     | 5.04%  |       |
| PCR <sup>1</sup>      | 65%    |       |

<sup>1</sup> as on March 31, 2017

# Retail Franchise delivers another year of strong performance

## Retail Franchise

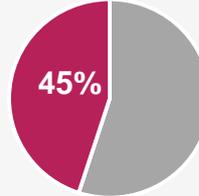
**Deposits** ↑ 16% YOY



■ CASA ↑ 26% YOY

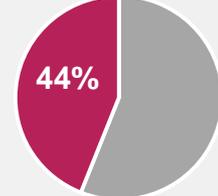
SA Deposits ↑ 19% YOY

**Advances** ↑ 10% YOY



■ Retail Advances ↑ 21% YOY

**Fee Income** ↑ 5% YOY



■ Retail Fee Income ↑ 15% YOY

## Earnings Profile (FY17)

14%  
YOY



**Operating Revenue**

₹29,784 crores

9%  
YOY



**Operating Profit**

₹17,585 crores

0.65%



**Return on Assets**

7.22%



**Return on Equity**

## Capital Adequacy

11.87%

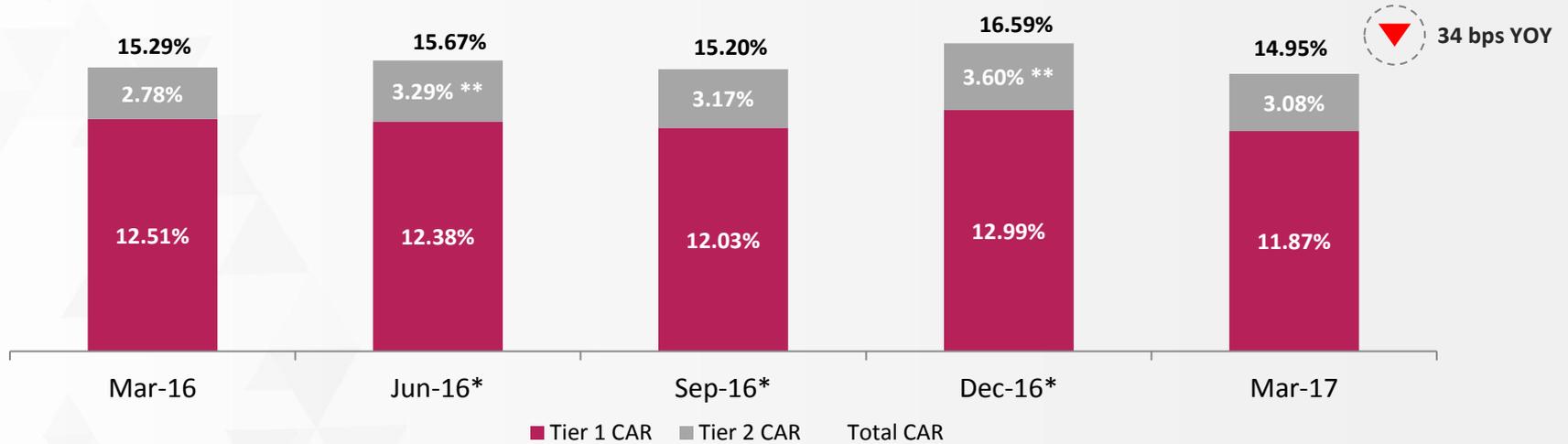
**Tier I CAR**

14.95%

**Total CAR**

# Capital adequacy remains healthy

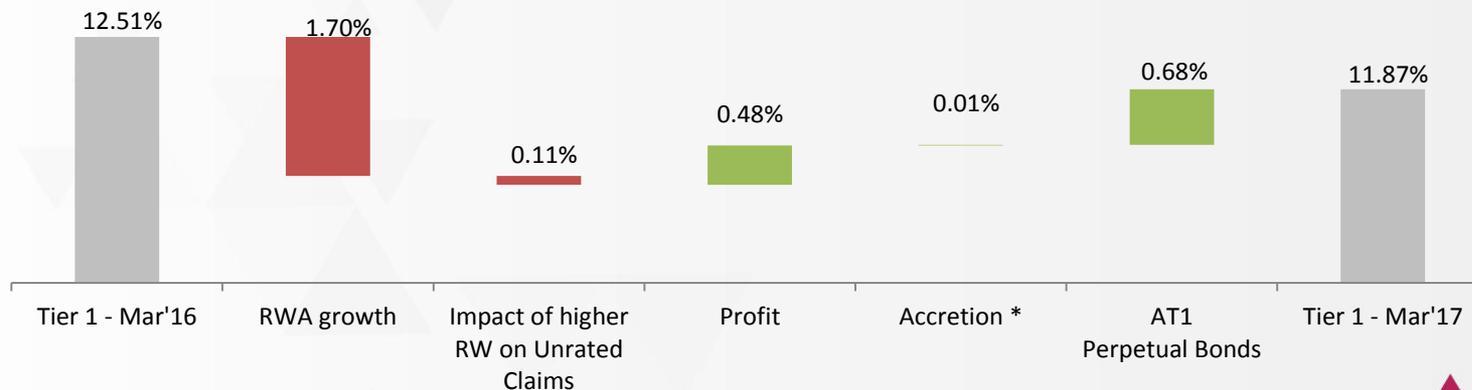
## Trend in Capital Adequacy Ratio



\* 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

## Movement in Tier 1 Capital Adequacy Ratio



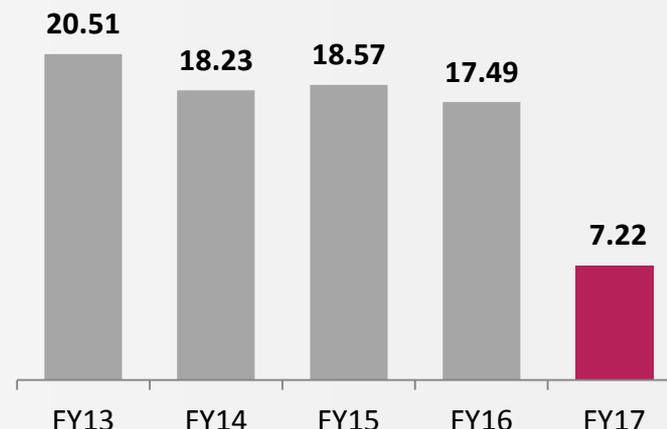
\* Accretion include increase in share premium & Basel III Phase-out of regulatory adjustments

# Shareholder return metrics have seen moderation in FY17

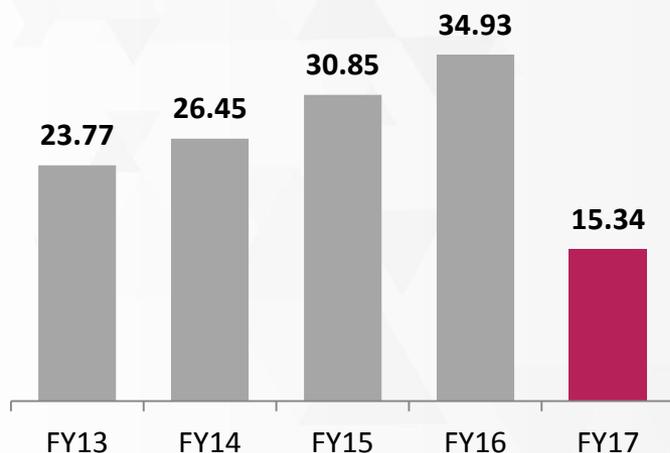
### Return on Assets (in %)



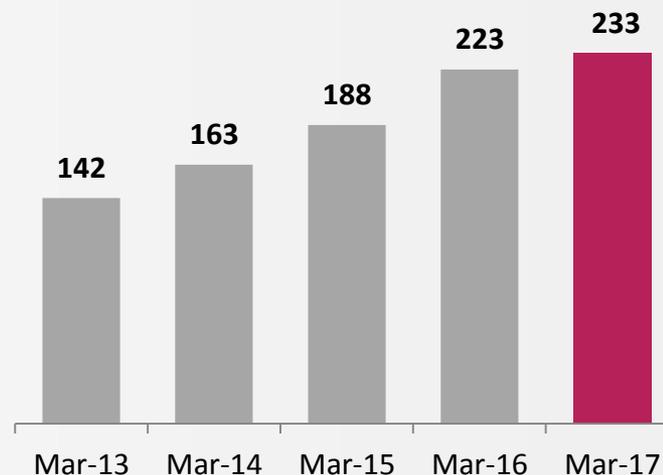
### Return on Equity (in %)



### Diluted EPS (₹)



### Book Value Per Share (₹)



Performance Highlights

Growth

Earnings Quality

Retail Franchise

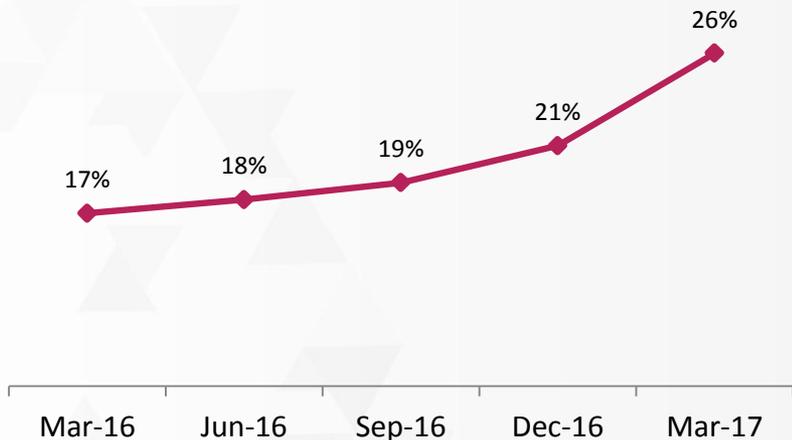
Asset Quality

Other important information

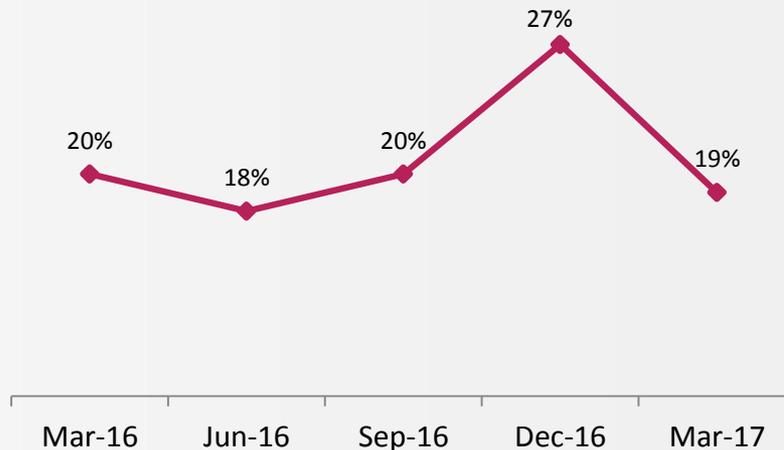
# Key balance sheet parameters report healthy growth

All figures in YOY growth

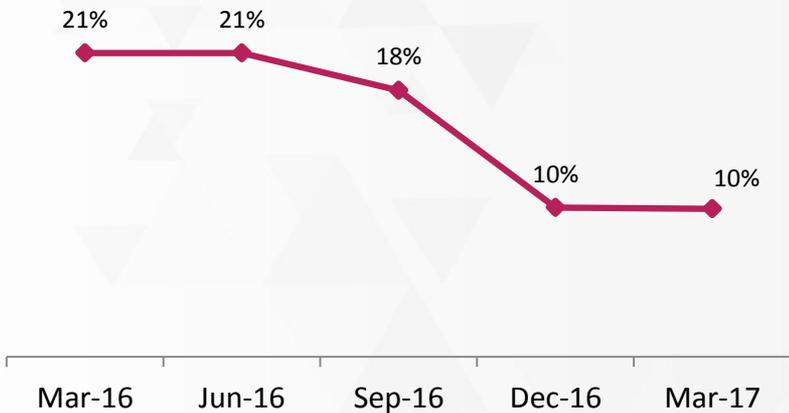
### CASA



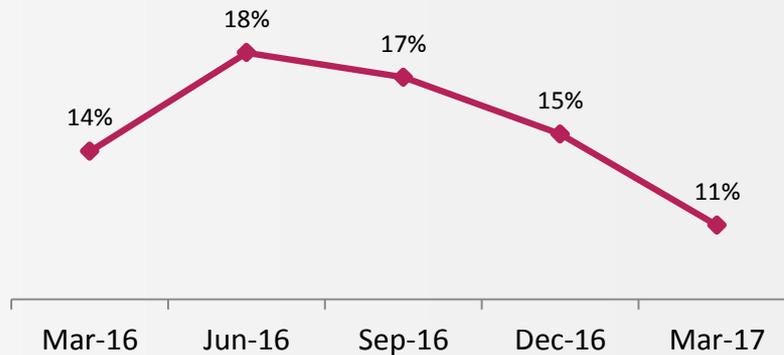
### Savings Bank Deposits



### Advances



### Balance Sheet



# Loan growth continues to be driven by retail

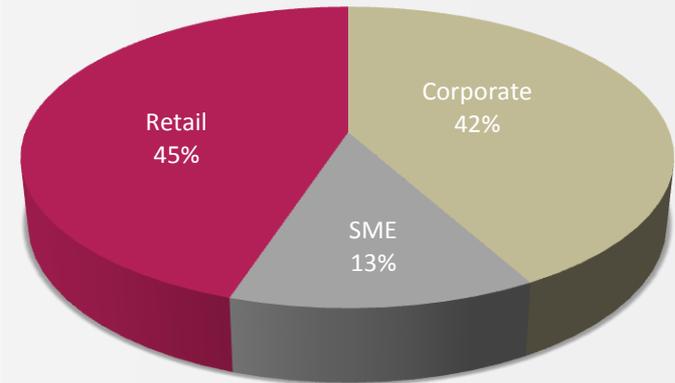
All figures in ₹ Crores

## Total Advances

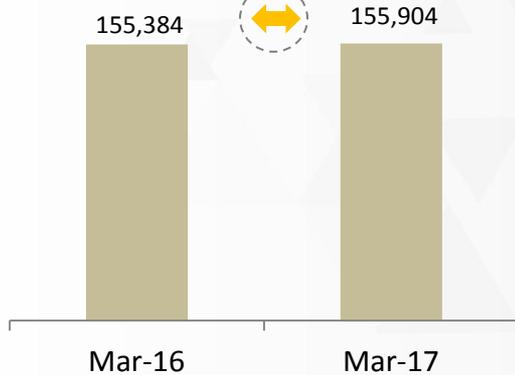
▲ 10% YOY



## Loan Mix (As on March 31, 2017)

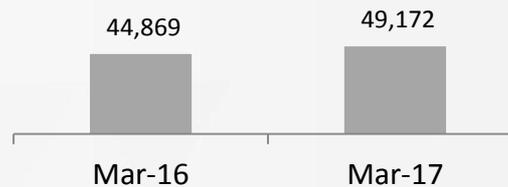


## Corporate Advances



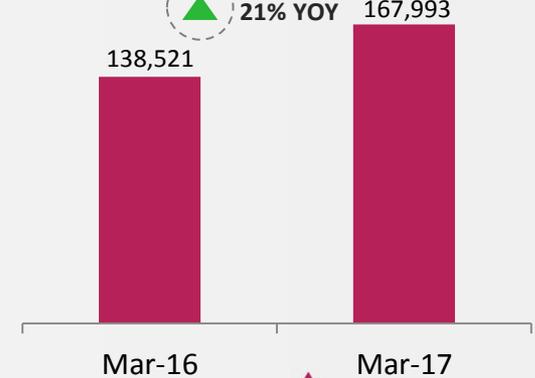
## SME Advances

▲ 10% YOY



## Retail Advances

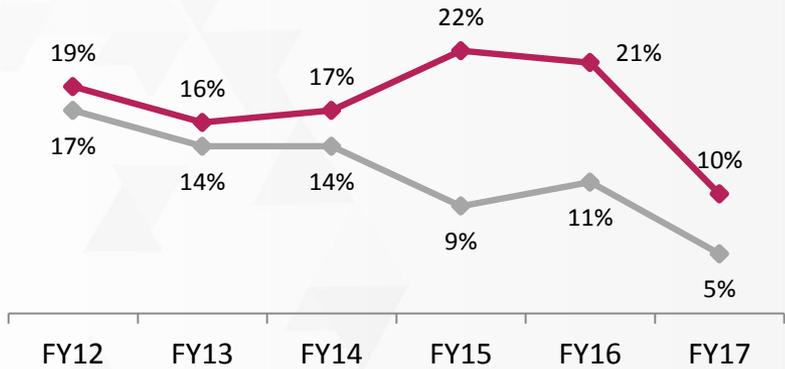
▲ 21% YOY





# Growth in Bank's Advances and Deposits has been better than the Banking system

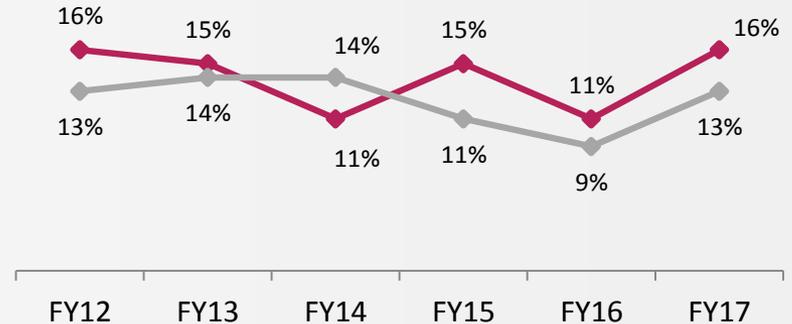
### Growth in Total Advances



\*Source: Axis Bank, RBI

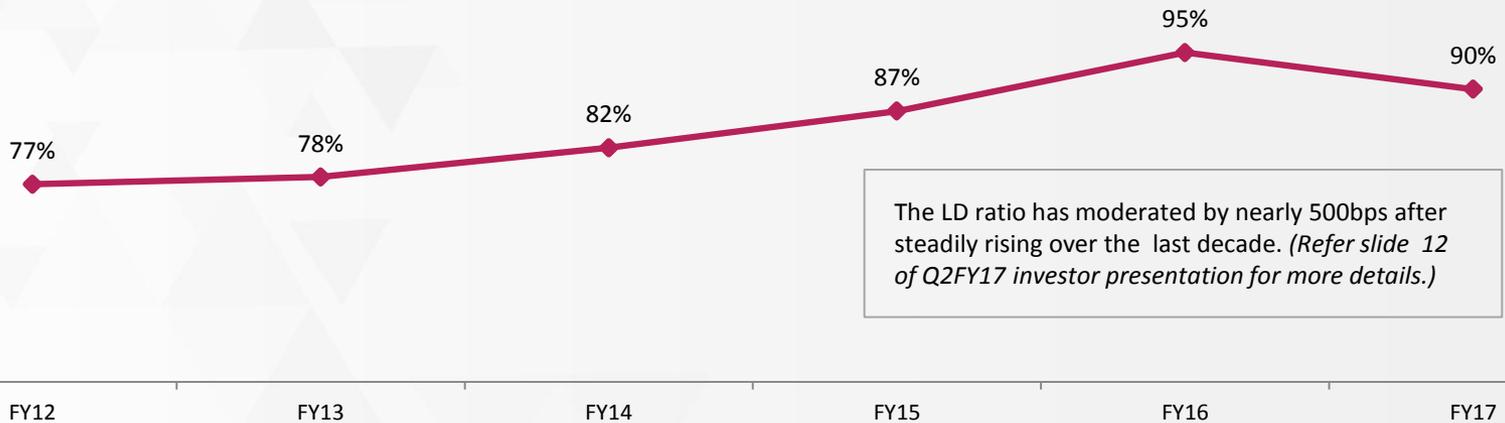
Axis Bank Banking System Credit

### Growth in Total Deposits



Axis Bank Banking System Deposits

### Long term trend in Bank's Loan to Deposit Ratio (LDR)

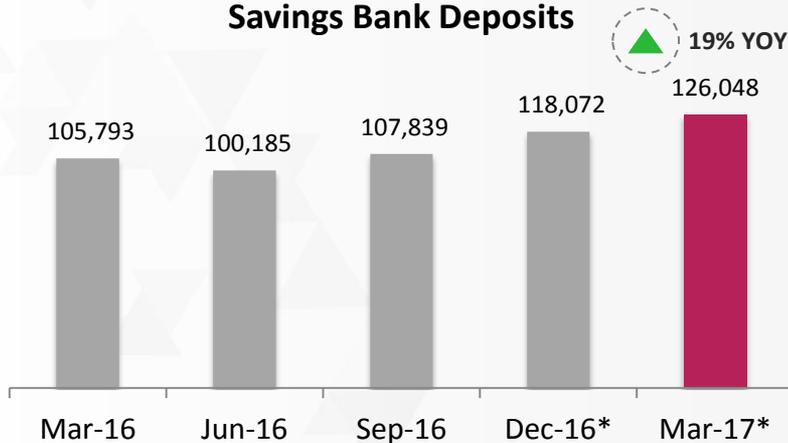


The LD ratio has moderated by nearly 500bps after steadily rising over the last decade. (Refer slide 12 of Q2FY17 investor presentation for more details.)

# Deposit franchise continues to remain healthy

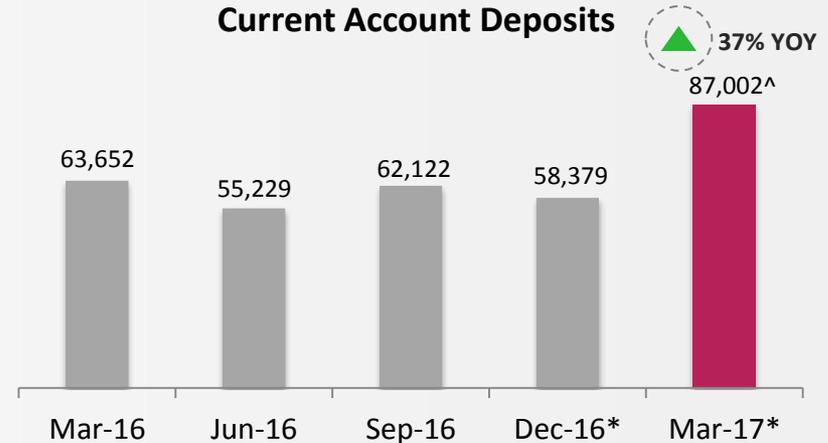
All figures in ₹ Crores

## Savings Bank Deposits



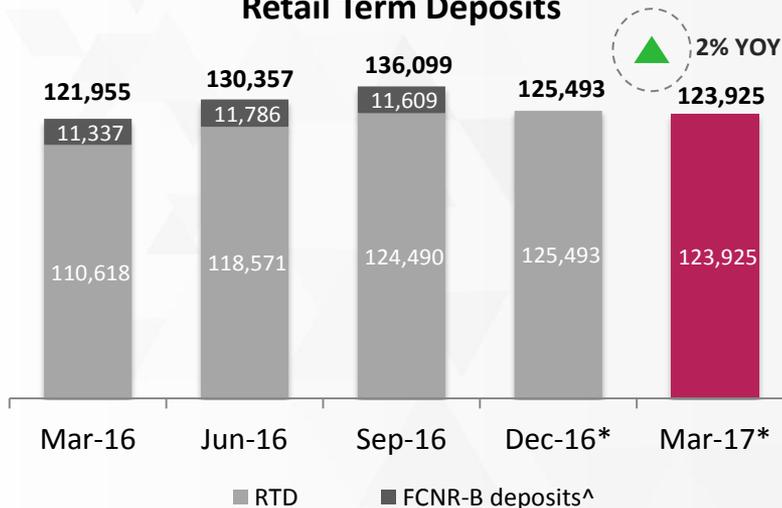
\* 42% of Demonetisation led incremental deposits (that came in till 10<sup>th</sup> Dec) have gone out till 31<sup>st</sup> March

## Current Account Deposits



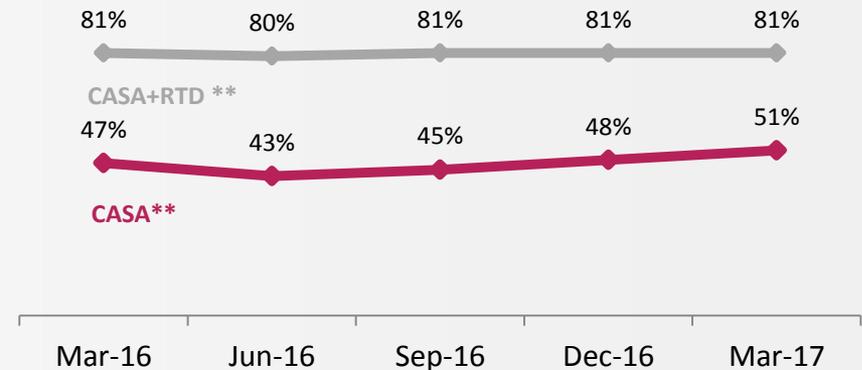
\* 82% of Demonetisation led incremental deposits (that came in till 30<sup>th</sup> Nov) have gone out till 31<sup>st</sup> March

## Retail Term Deposits



\*includes the impact of redemption of FCNR-B deposits that came in third quarter of FY2014 following RBI move to encourage foreign inflows

## Trend in CASA and Retail Term Deposits

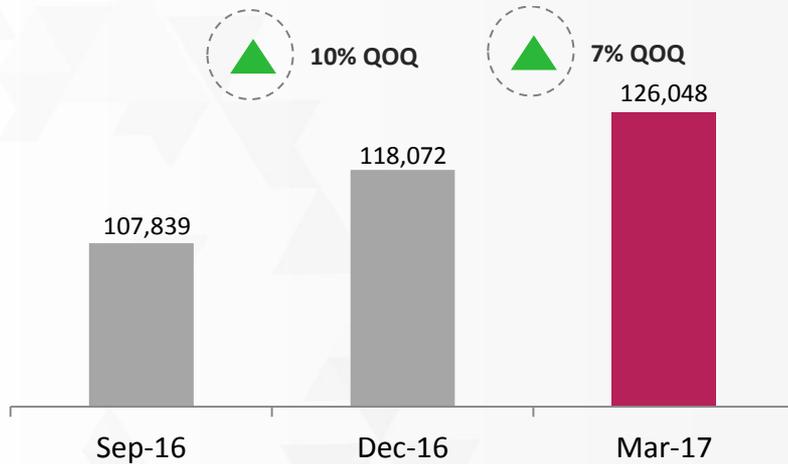


\*\* as % of total deposits

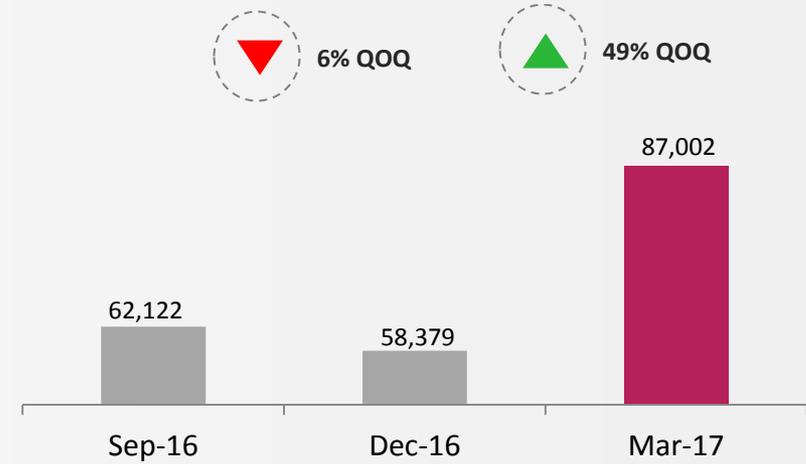
# Sequential deposit growth has been strong

All figures in ₹ Crores

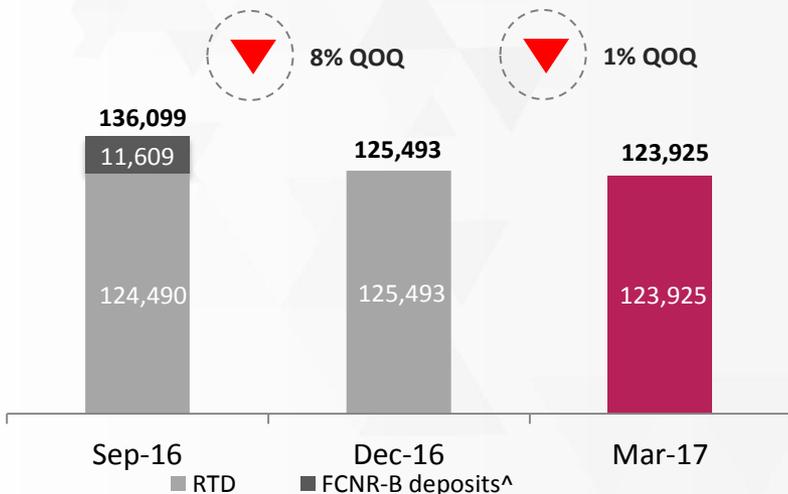
## Savings Bank Deposits



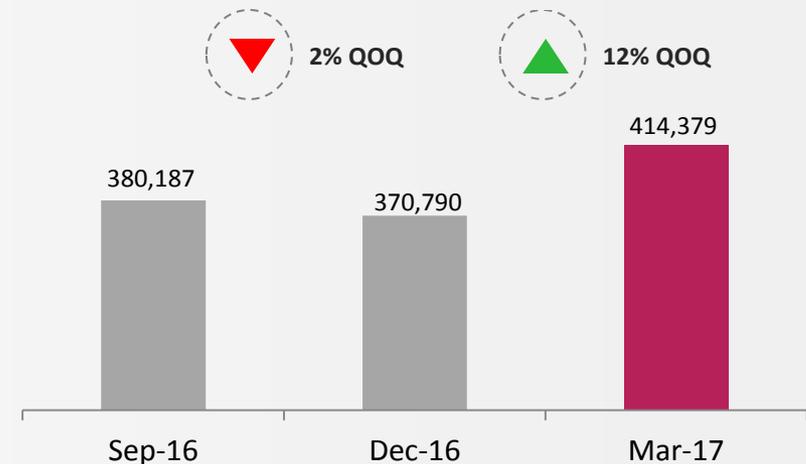
## Current Deposits



## Retail Term Deposits



## Total Deposits



^only include the portion of FCNR-B deposits that came in third quarter of FY14 following RBI move to encourage foreign inflows

Performance Highlights

Growth

Earnings Quality

Retail Franchise

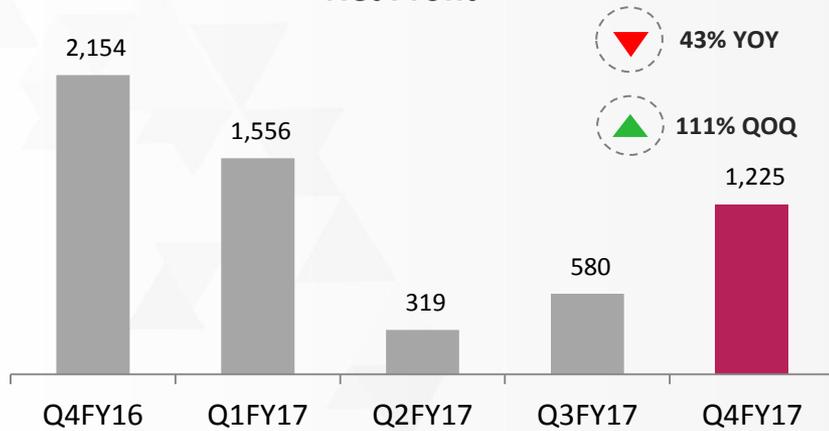
Asset Quality

Other important information

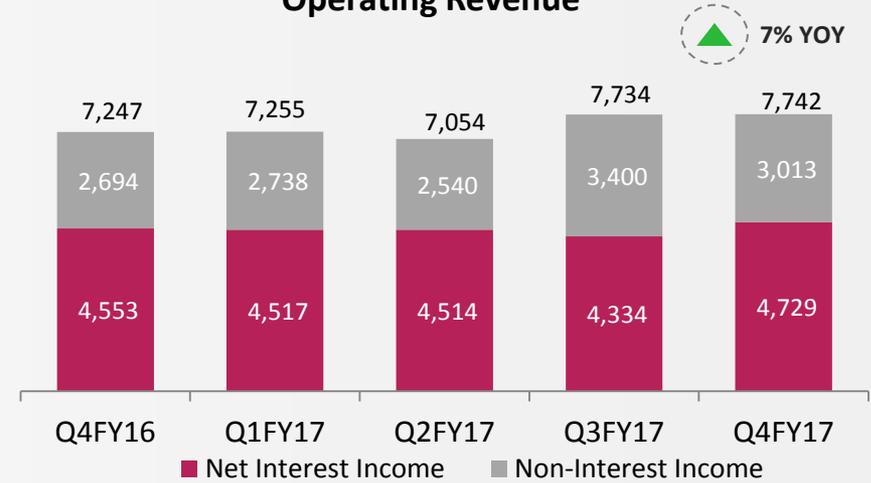
# Earnings continue to improve on a sequential basis

All figures in ₹ Crores

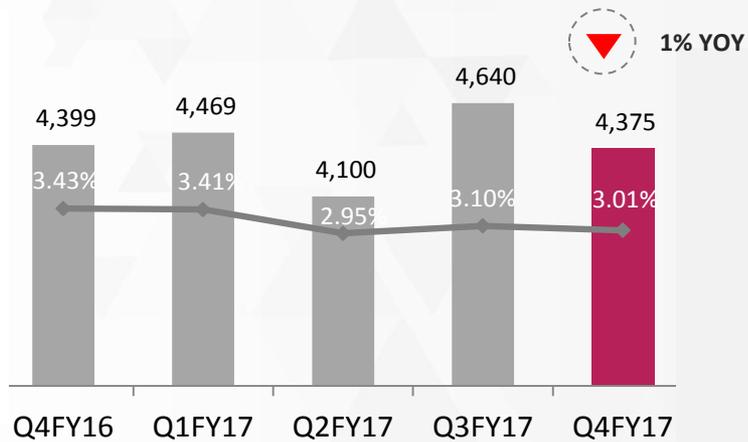
## Net Profit



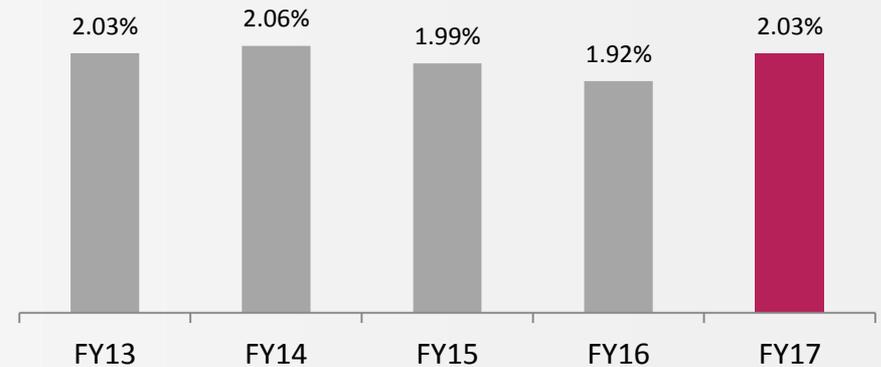
## Operating Revenue



## Operating Profit and Operating Profit Margin

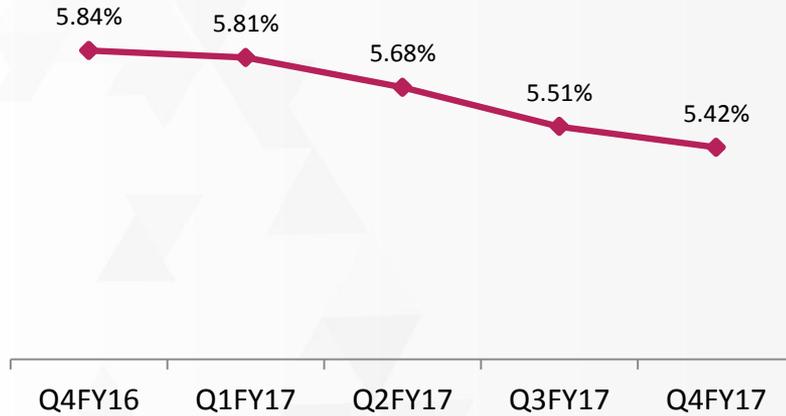


## Opex to Assets

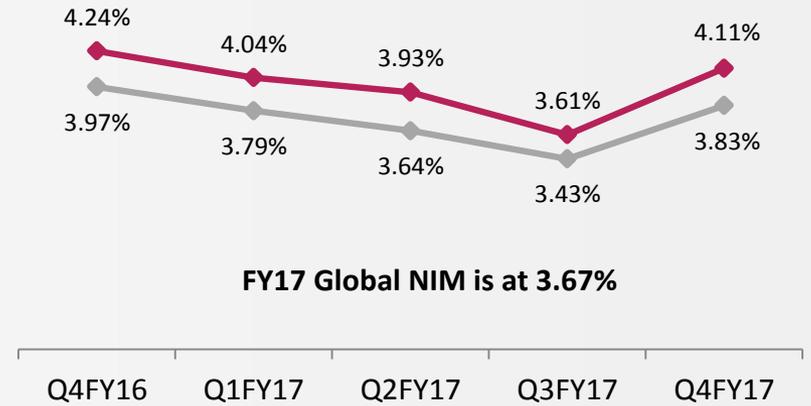


# NIM saw an improvement during the quarter

## Cost of Funds

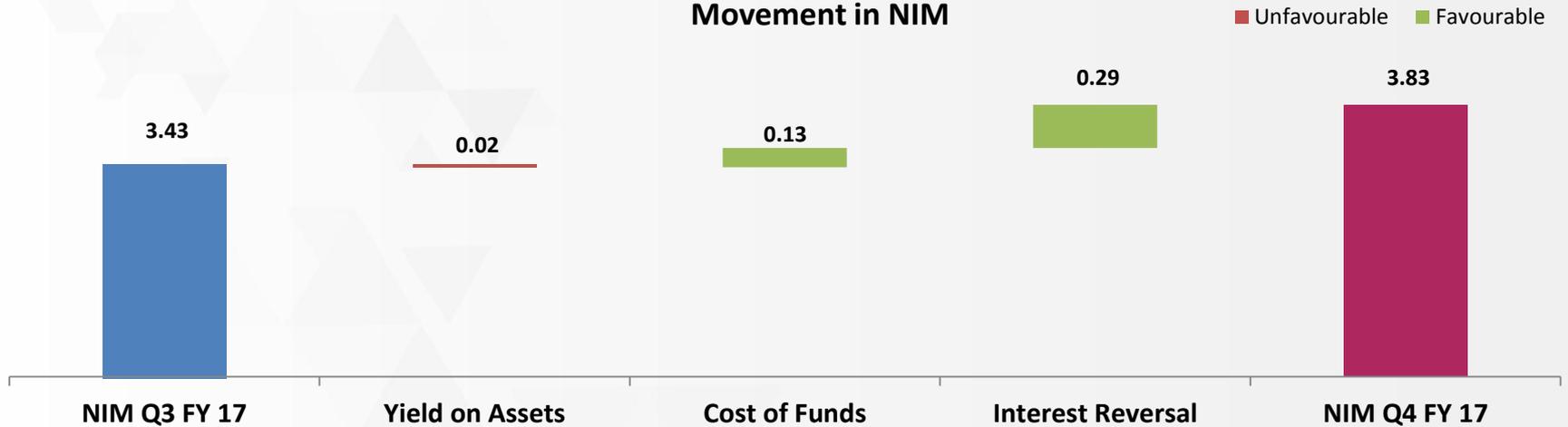


## NIM - Global    NIM - Domestic



**FY17 Global NIM is at 3.67%**

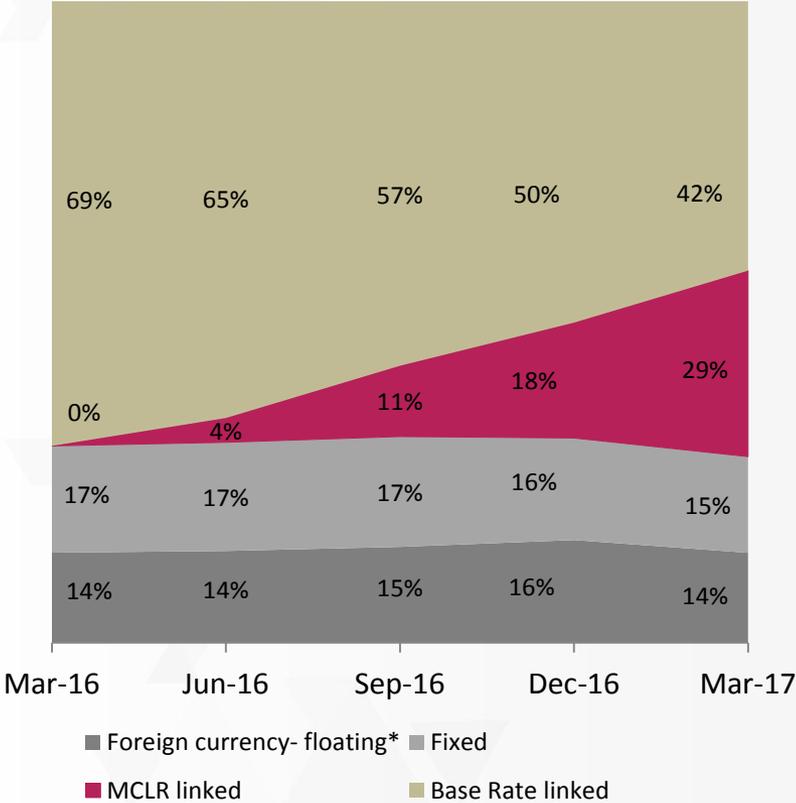
## Movement in NIM



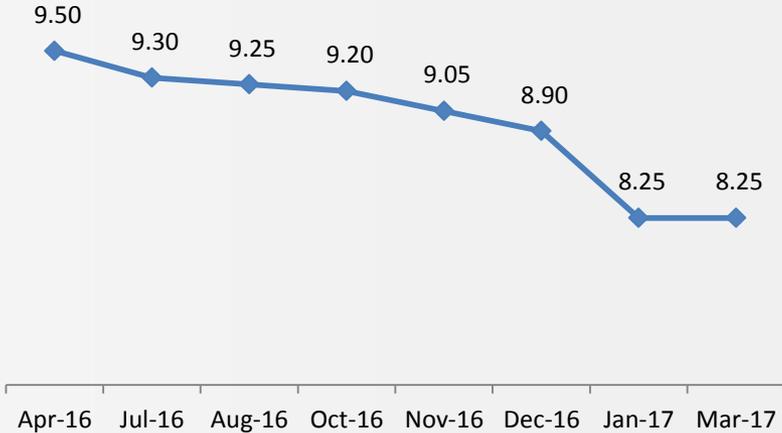
(Includes favourable one-off write back in interest reversal for 13 bps)

# MCLR based loans continue to grow at the expense of Base Rate linked loans

Advances mix by Rate type



Trend in 1 year MCLR (%)



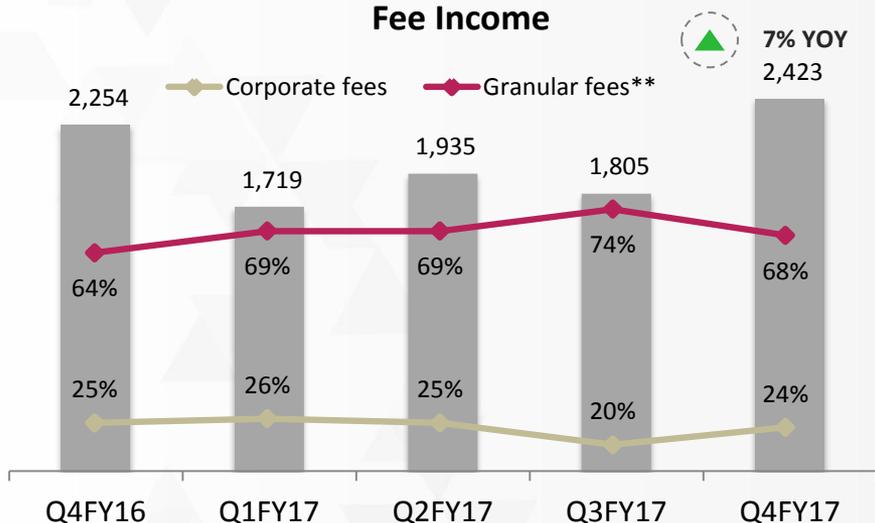
• All incremental variable rate sanctions are linked to MCLR

\* Libor linked

# Overall fee growth was moderate but Retail Fee improved further

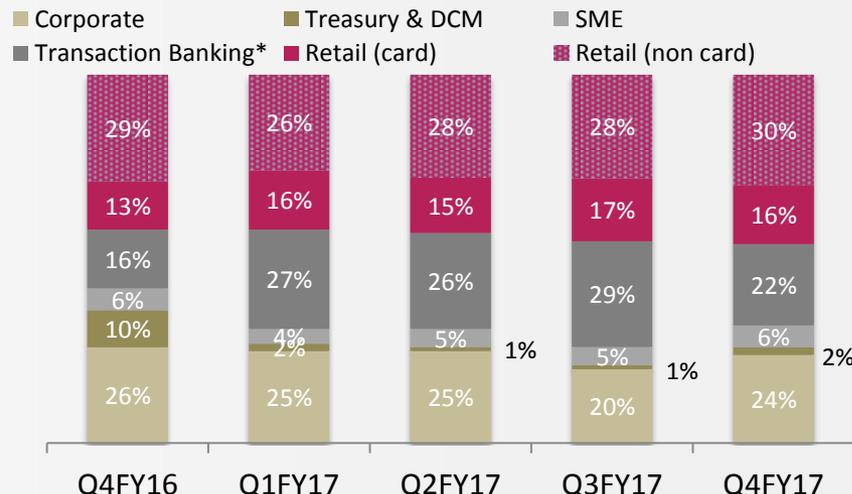
All figures in ₹ Crores

## Fee Income



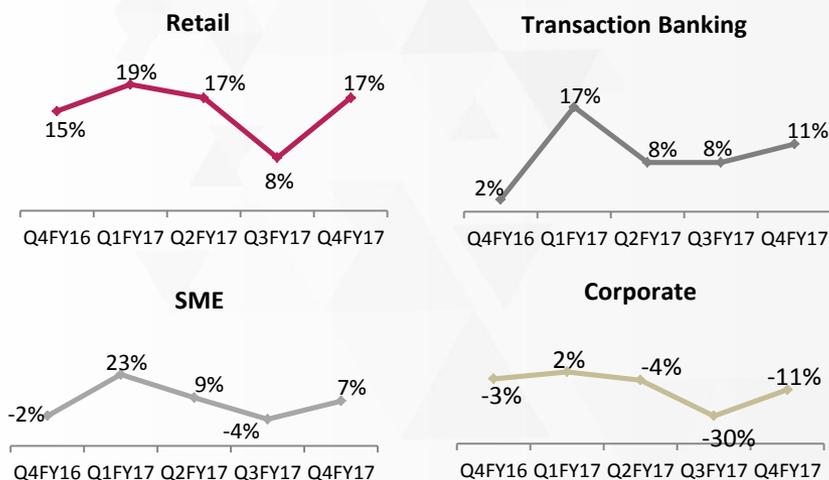
\*\*Retail + Transaction Banking Fee as % of total fee income

## Fee Composition

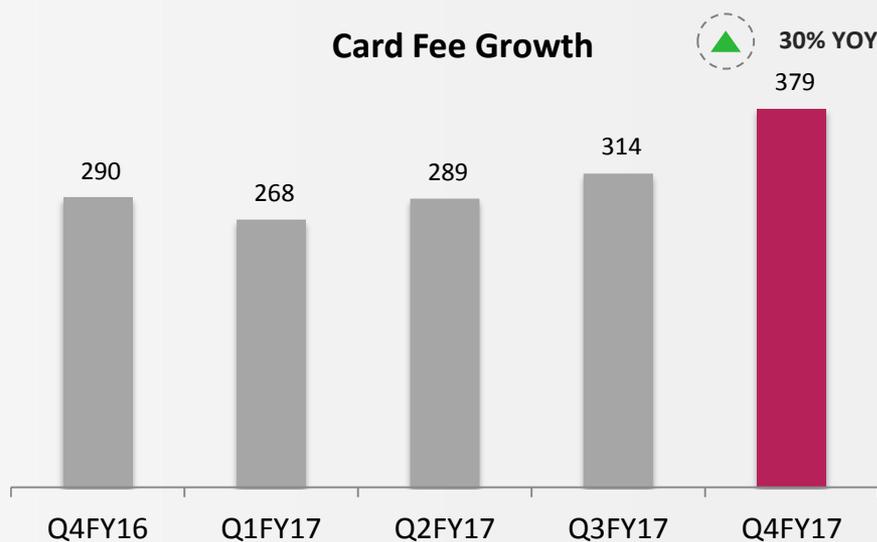


\*some fees have been reclassified as TxB fees from Treasury & DCM segment starting Q1FY17

## Fee Growth (YOY)



## Card Fee Growth



Performance Highlights

Growth

Earnings Quality

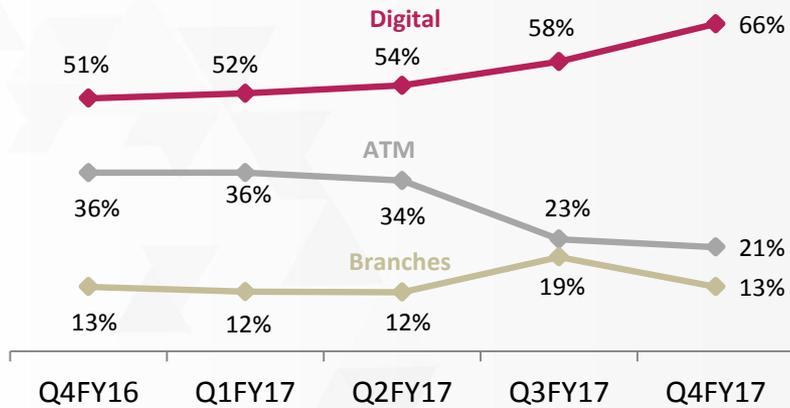
Retail Franchise

Asset Quality

Other important information

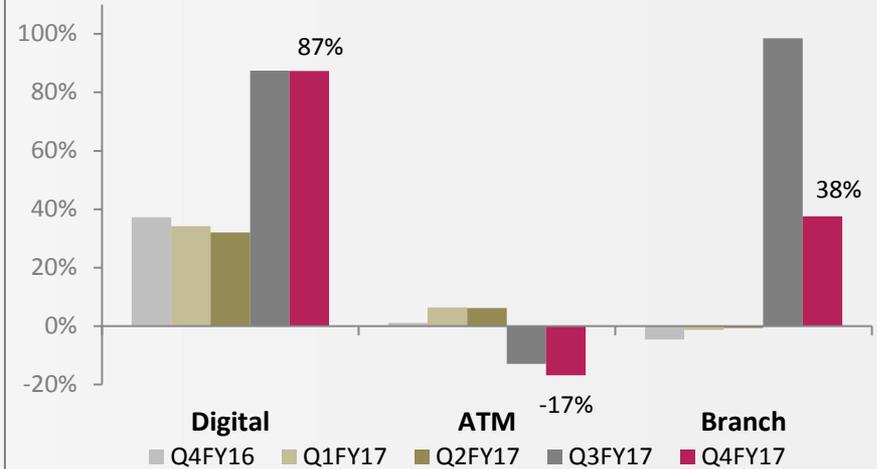
# Demonetisation led boost in digital channels continues

### Transaction Mix\*

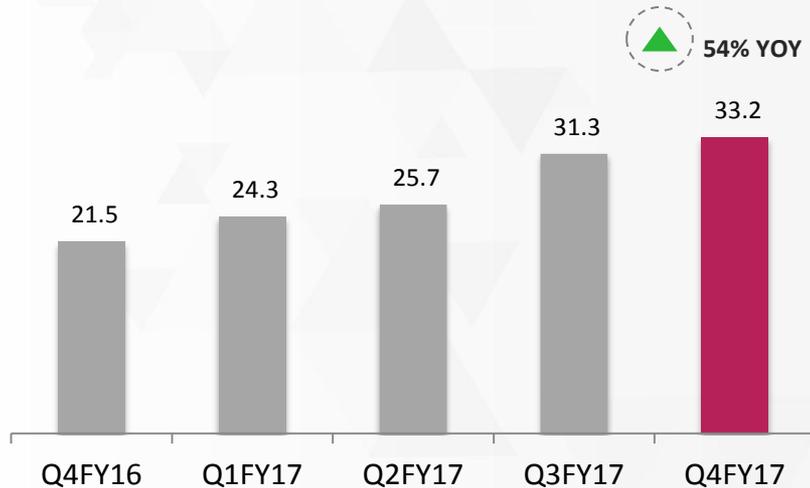


\* Based on all financial transactions by individual customers

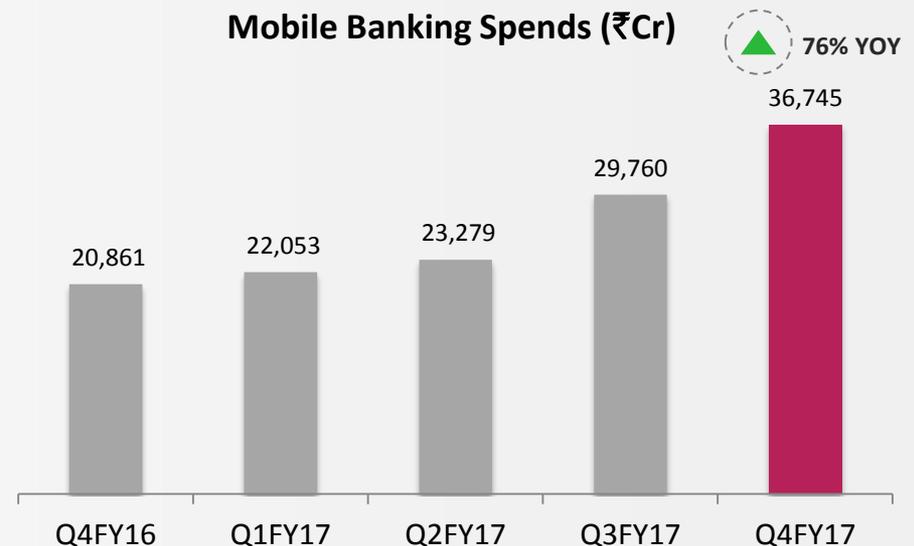
### Transaction Volume Growth (YOY)



### Mobile Banking Transaction Volumes (Mn)

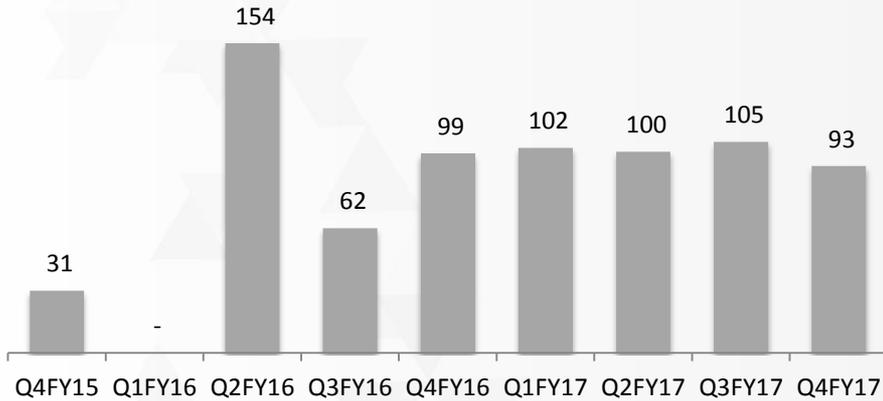


### Mobile Banking Spends (₹Cr)

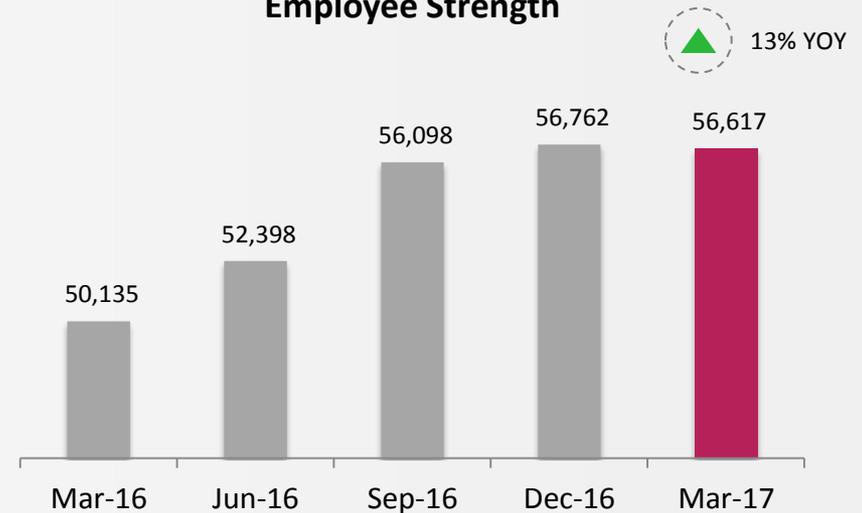


# Network expansion continues at a steady pace

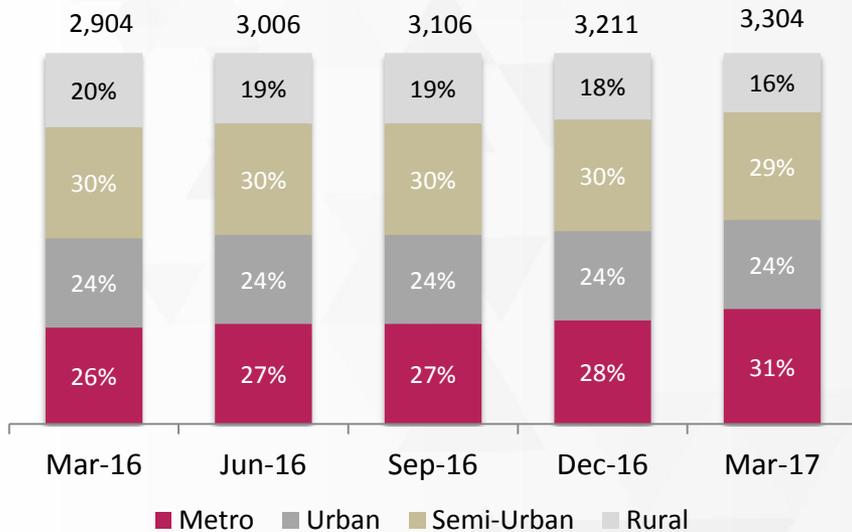
## New Branches Opened



## Employee Strength

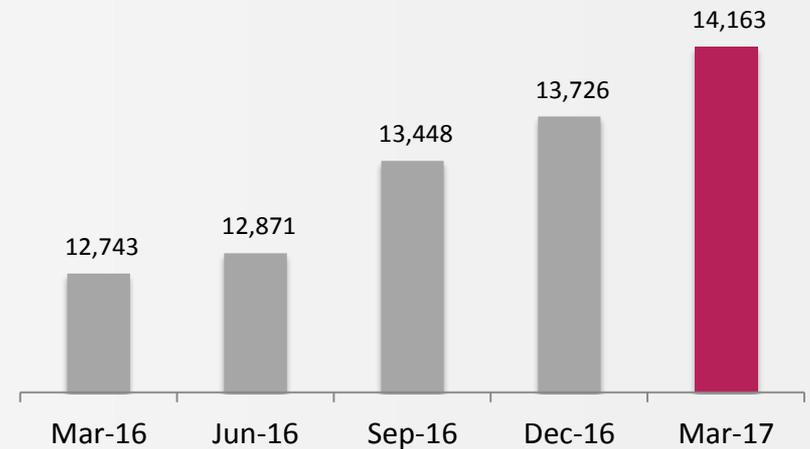


## Branch Mix\*



\* Includes extension counters

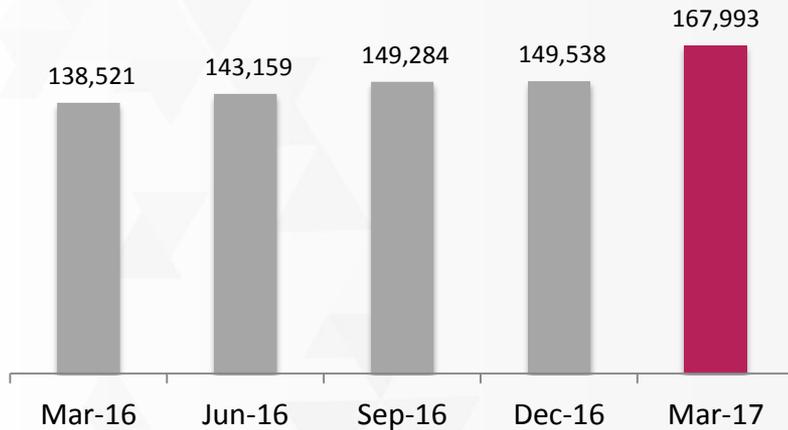
## ATMs



# Retail Lending growth remains healthy

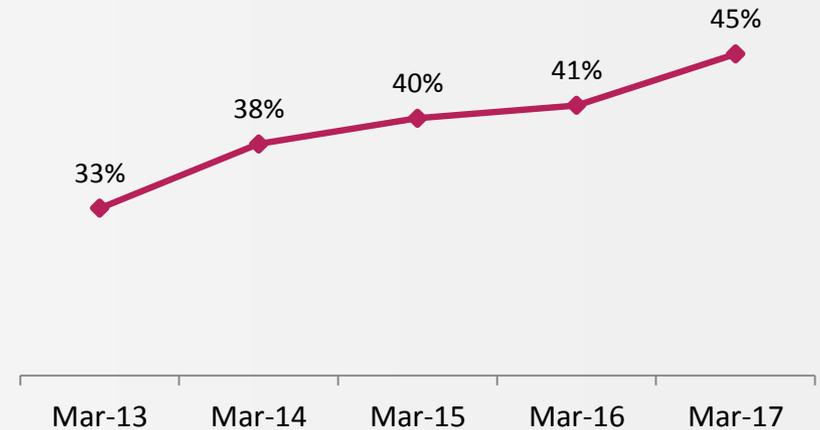
## Retail Advances

21% YOY

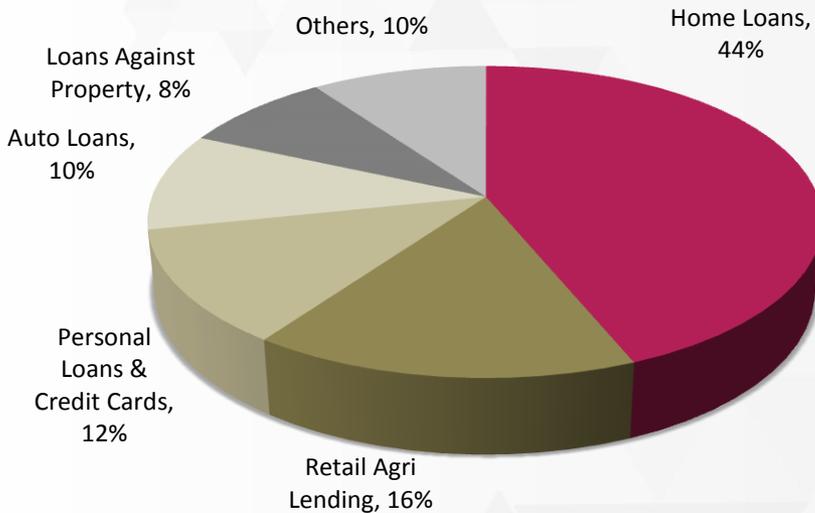


## Retail as % of Advances

All figures in ₹ Crores



## Retail Advances Mix

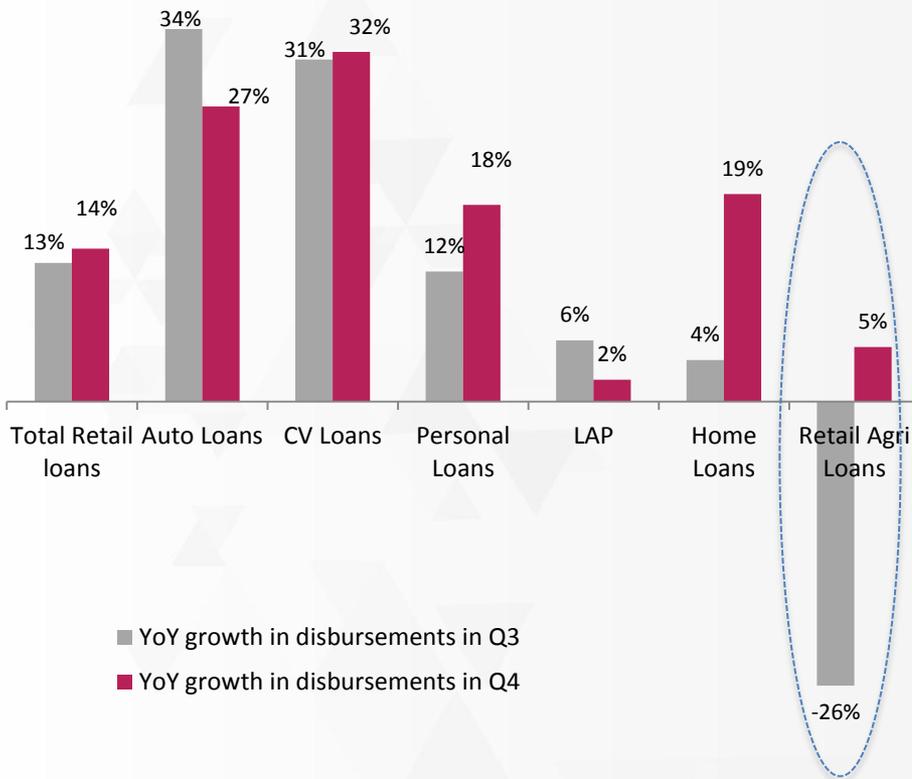


- Sourcing strategy focused on internal customer base of the Bank
- 74% of sourcing in Q4 was from existing customers
- 97% of Credit Card and 81% of Personal Loan originations in the quarter were from existing customers
- 49% of overall sourcing was through Bank branches

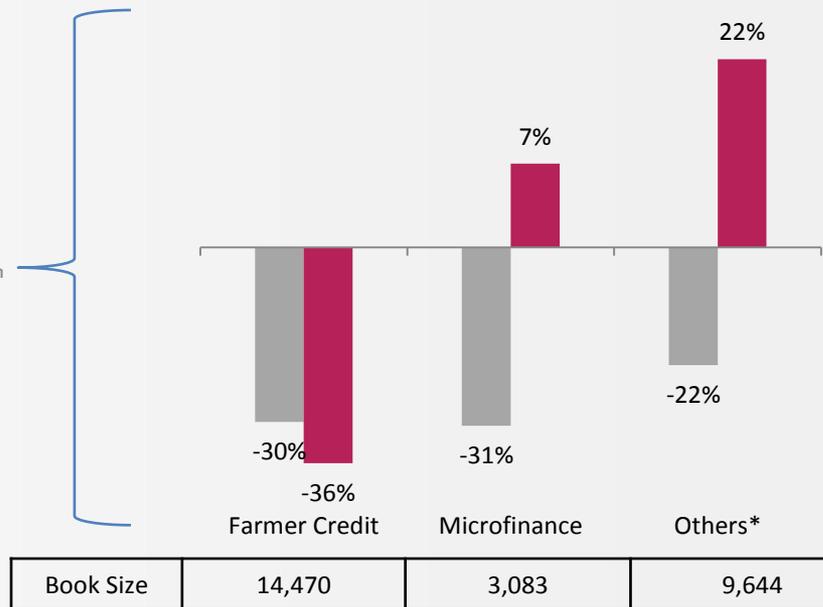


# Most of the Retail Loan segments impacted by demonetisation have seen an improvement

## Disburseals in Home Loans have seen sharp rebound in Q4



## Disbursements to Microfinance and Other Segments have improved



\*As of March 2017 in ₹ Crores

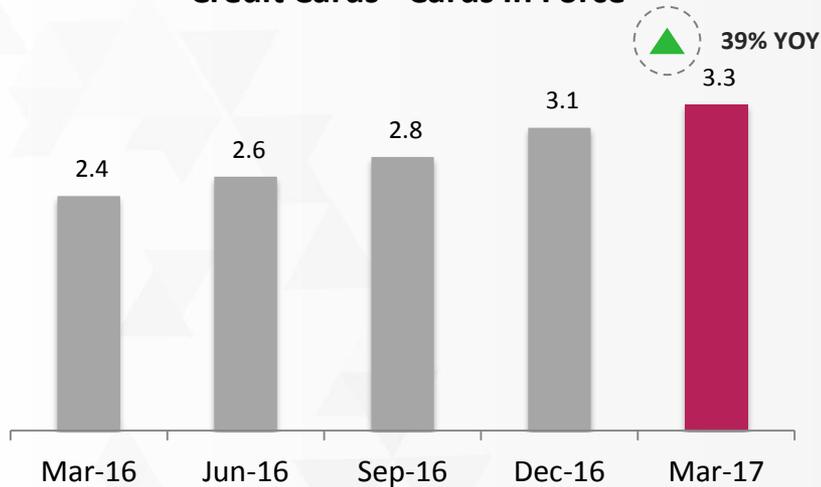
CV - Commercial Vehicles

LAP - Loan against Property

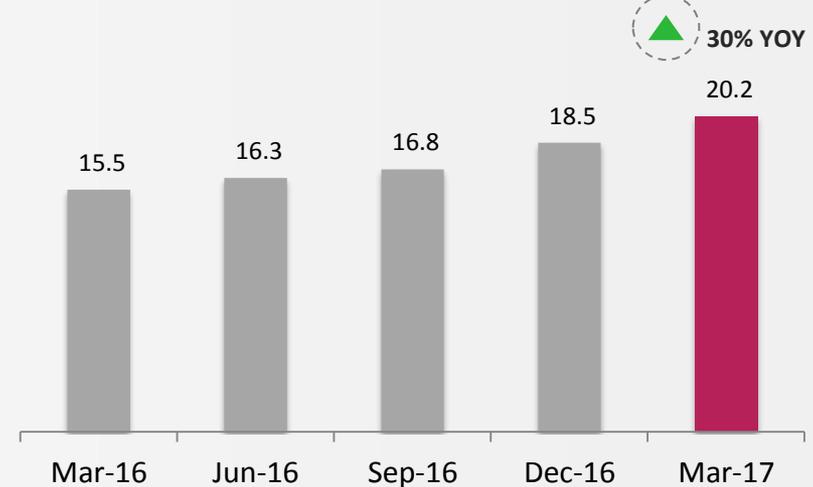
\*Others include tractor, commodity and gold loans

# Transactions and payments businesses maintain momentum

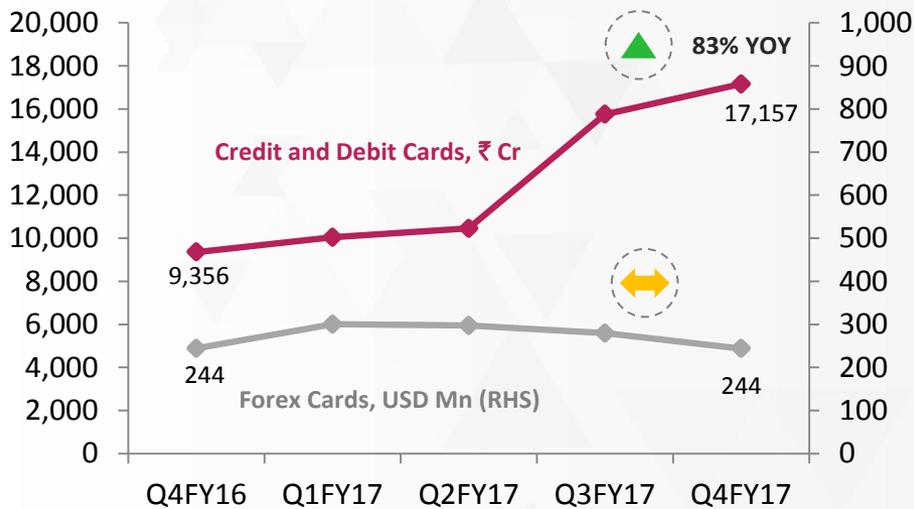
## Credit Cards - Cards In Force



## Debit Cards - Cards In Force



## Cards Spends



## Strong positioning in the payments space

| Product   | Market share* | Ranking*        |
|---|---------------|-----------------|
|  Credit Cards <sup>1</sup> | 10.9%         | 4 <sup>th</sup> |
|  Debit Cards <sup>2</sup> | 4.9%          | 4 <sup>th</sup> |
|  Forex Cards             | 44%           | 1 <sup>st</sup> |
|  Merchant Acquisition    | 17.7%         | 3 <sup>rd</sup> |

\*Based on RBI data as on Feb 2017 except for Forex Cards

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

Performance Highlights

Growth

Earnings Quality

Retail Franchise

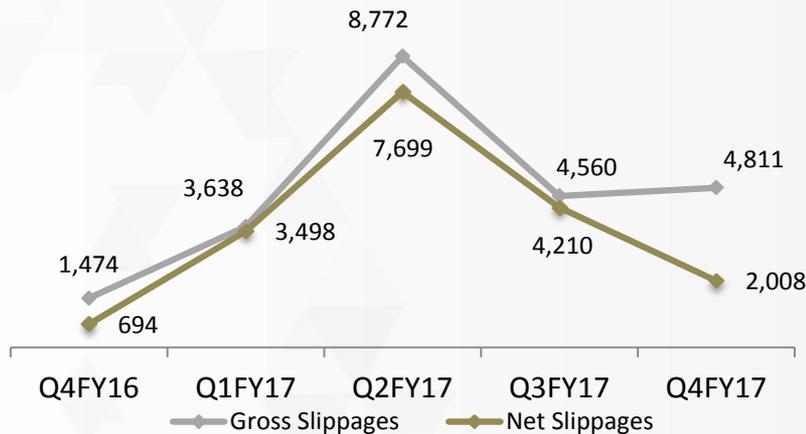
Asset Quality

Other important information

# Slippages continued to be lower than peak levels

All figures in ₹ Crores

## Movement in Gross and Net Slippages



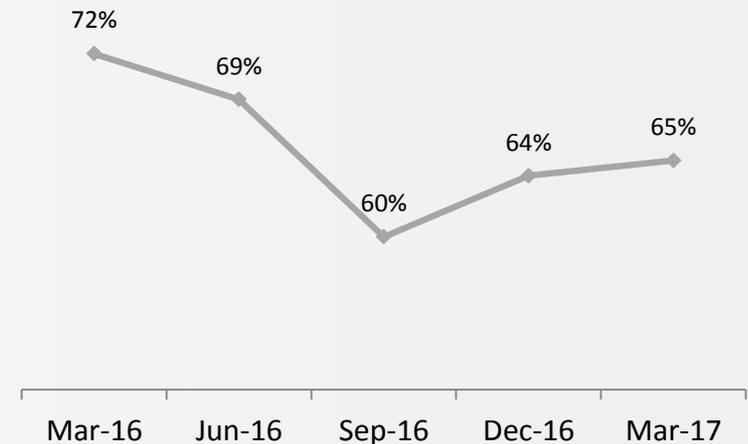
## Movement in Credit Cost\* in the quarter



### Remarks on Gross and Net Slippages in Q4FY17

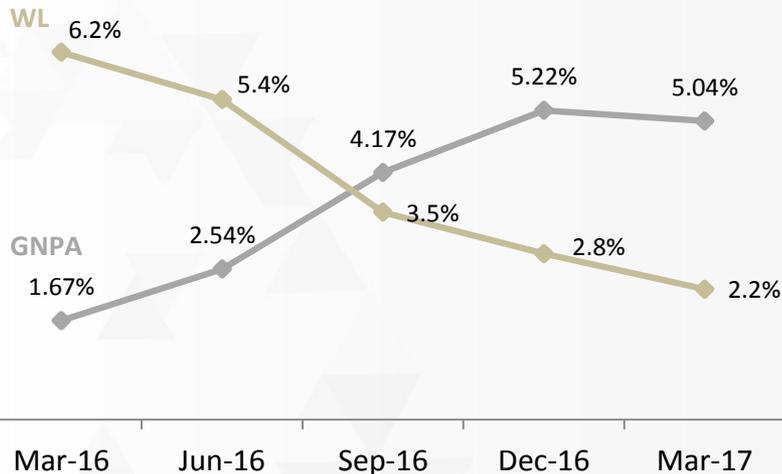
- During the quarter, an account with loan outstanding of ₹16.6bn in the cement and cement products space was downgraded, which was part of watch list.
- Upon successful regularization during the same quarter, this particular account was subsequently upgraded.
- Thus our gross slippage and upgradation numbers for the quarter are both influenced by the similar amount.
- We have made a provision of 25% against the loan outstandings on this account at the end of this quarter

### Trend in Provision Coverage Ratio



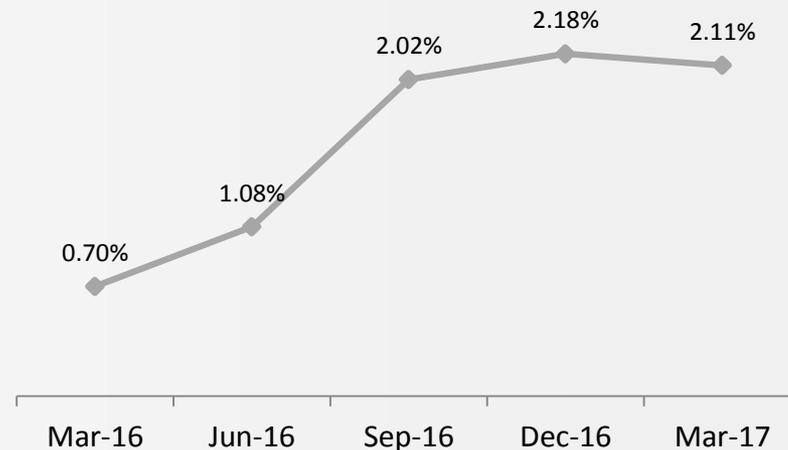
# Trend in Gross and Net NPAs

## Gross NPA and Watch List (WL)



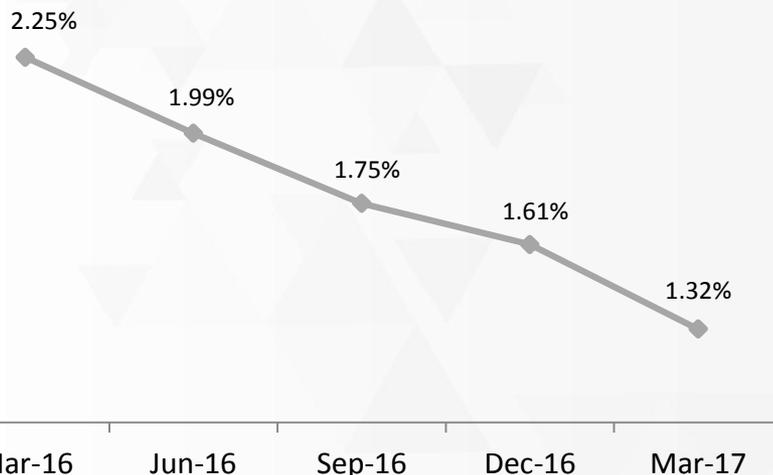
## Net NPA

All figures in ₹ Crores

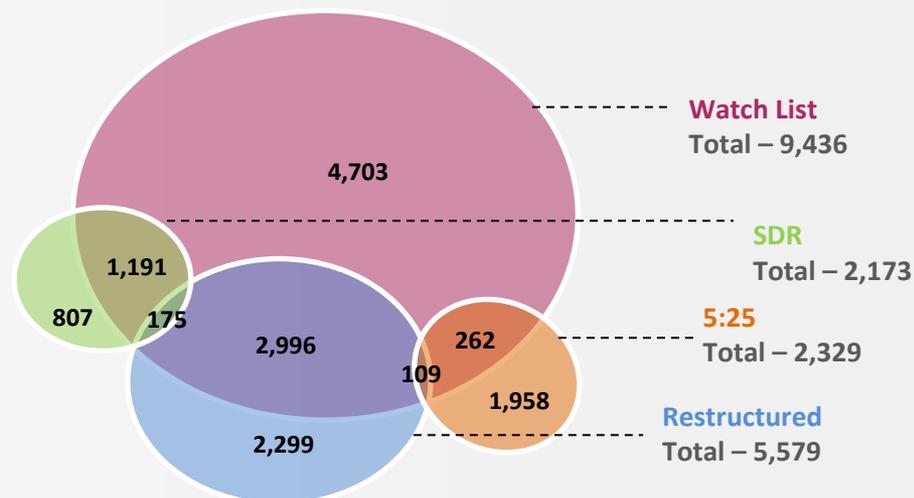


## Net Restructured Assets

(% of Net Customer Assets)



## Non-Retail advances under various dispensations



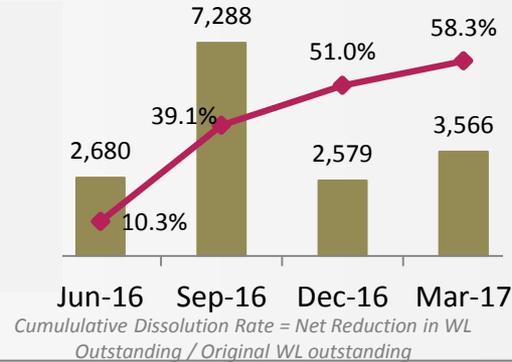
# Trend in Watch List slippages

All figures in ₹ Crores

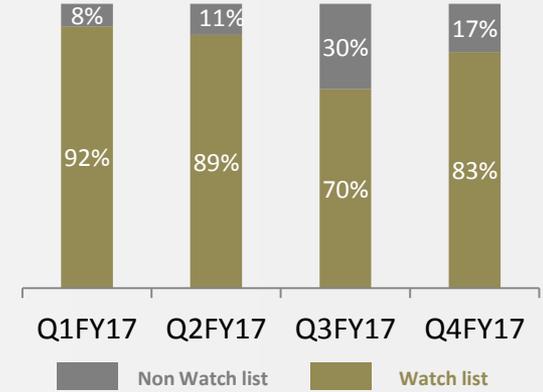
## Watch List Outstanding



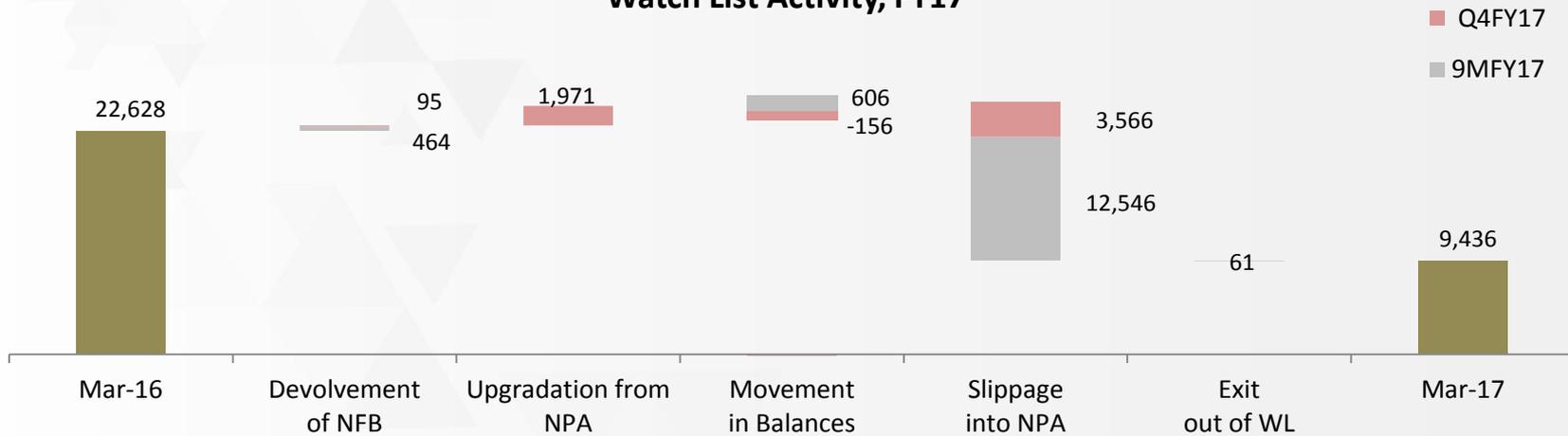
## WL slippages and Cumulative Dissolution Rate



## Slippages in Corporate Lending

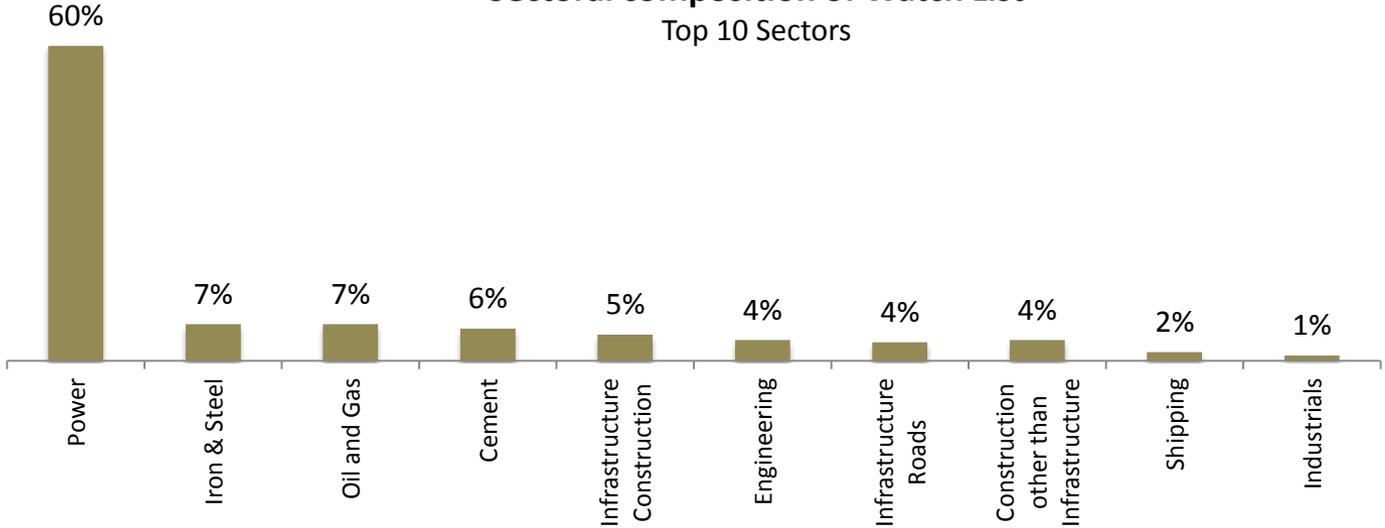


## Watch List Activity, FY17

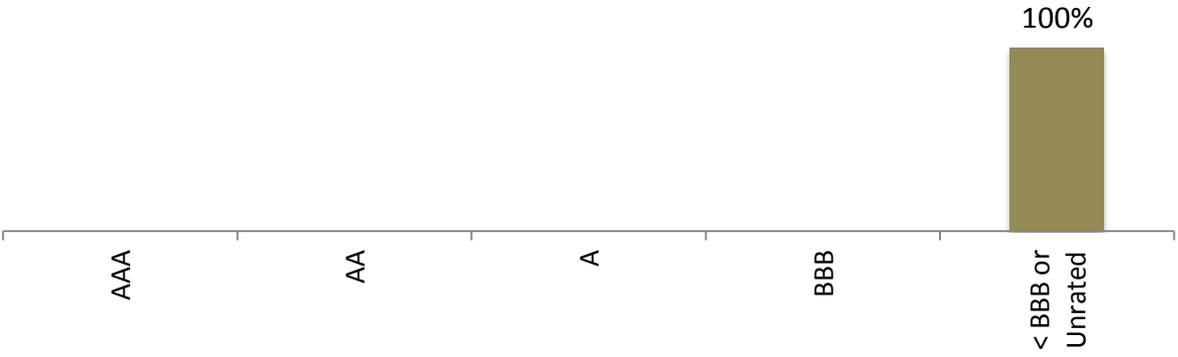


# Remaining Watch List portfolio is dominated by Power

**Sectoral composition of Watch List**  
Top 10 Sectors



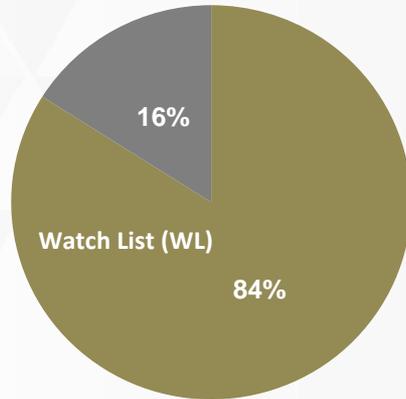
**Internal Rating Mix**  
(by value)



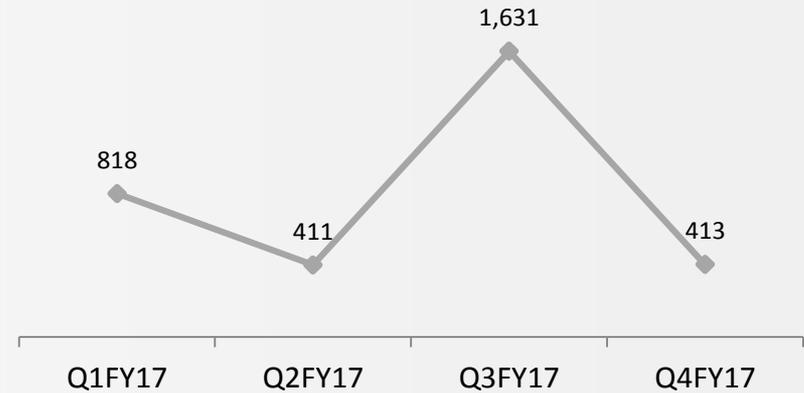
# Trend in non Watch List slippages

All figures in ₹ Crores

84% of Corporate Slippages in FY17 have come from WL

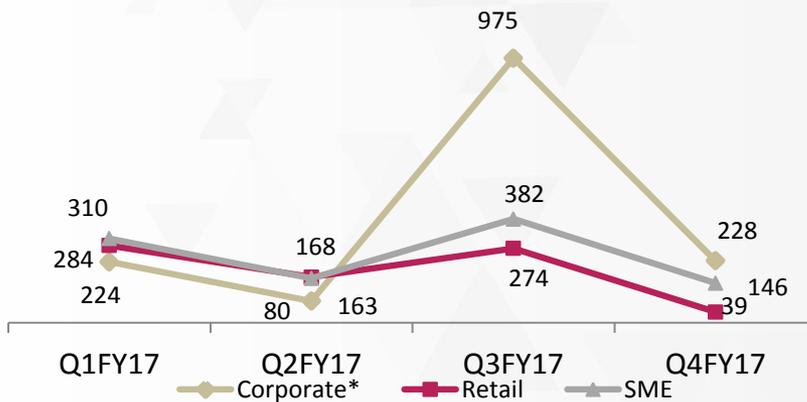


Net Slippages# outside WL



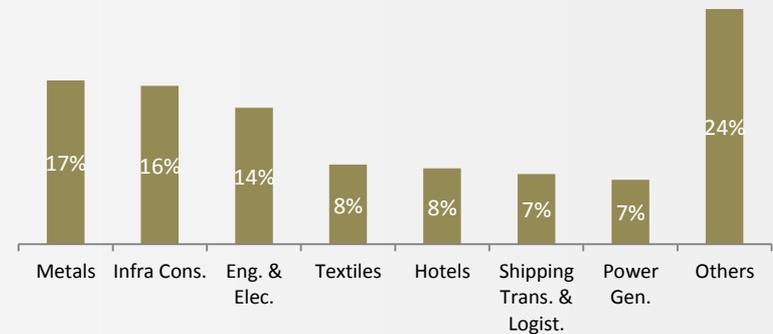
# before write-offs

Most of the increase in net non WL slippages has come largely from Corporate



\*non Watch List accounts

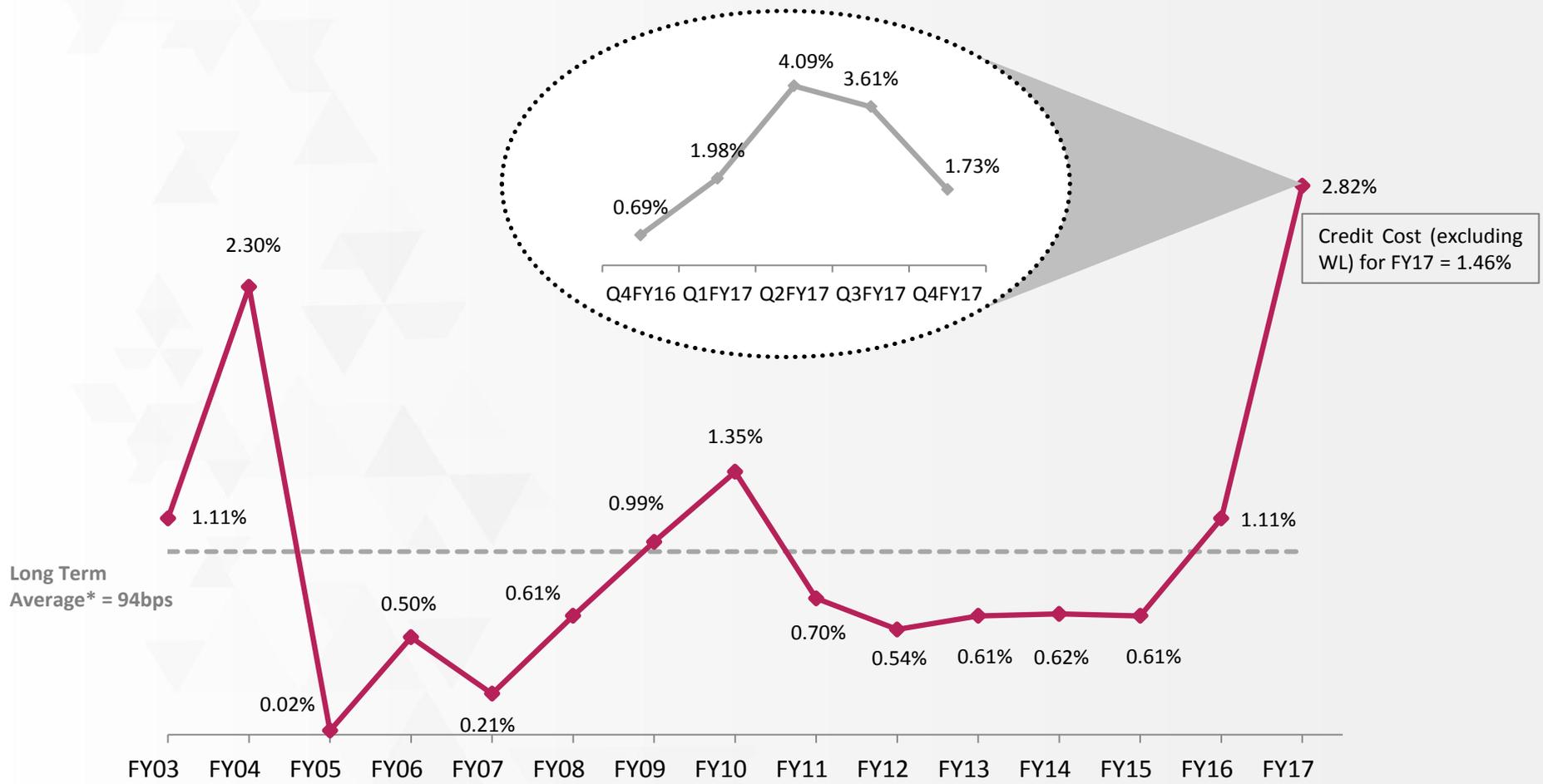
Corporate Slippages (non WL) have been led by Metals and Infra Construction in FY17





# The Long term average credit cost at the Bank has been 94 bps

Trend in Credit Cost : FY03 to FY17



Long Term Average\* = 94bps

\* For the period from FY03 to FY17

## Movement in NPA's

All figures in ₹ Crores

|  |                    | Q4FY16 | Q1FY17 | Q2FY17 | Q3FY17 | Q4FY17 |
|--|--------------------|--------|--------|--------|--------|--------|
| <b>Gross NPAs - Opening balance</b>      | <b>A</b>           | 5,724  | 6,088  | 9,553  | 16,379 | 20,467 |
| Fresh slippages                          | B                  | 1,474  | 3,638  | 8,772  | 4,560  | 4,811  |
| Upgradations & Recoveries                | C                  | 780    | 140    | 1,073  | 350    | 2,804  |
| Write offs                               | D                  | 330    | 33     | 873    | 122    | 1,194  |
| <b>Gross NPAs - closing balance</b>      | <b>E = A+B-C-D</b> | 6,088  | 9,553  | 16,379 | 20,467 | 21,280 |
| Provisions incl. interest capitalisation | F                  | 3,566  | 5,543  | 8,618  | 12,172 | 12,654 |
| <b>Net NPA</b>                           | <b>G = E-F</b>     | 2,522  | 4,010  | 7,761  | 8,295  | 8,627  |
| Accumulated Prudential write offs        |                    | 3,627  | 3,547  | 2,901  | 2,818  | 3,221  |
| Provision Coverage Ratio*                |                    | 72%    | 69%    | 60%    | 64%    | 65%    |

### Details of Provisions & Contingencies charged to Profit & Loss Account

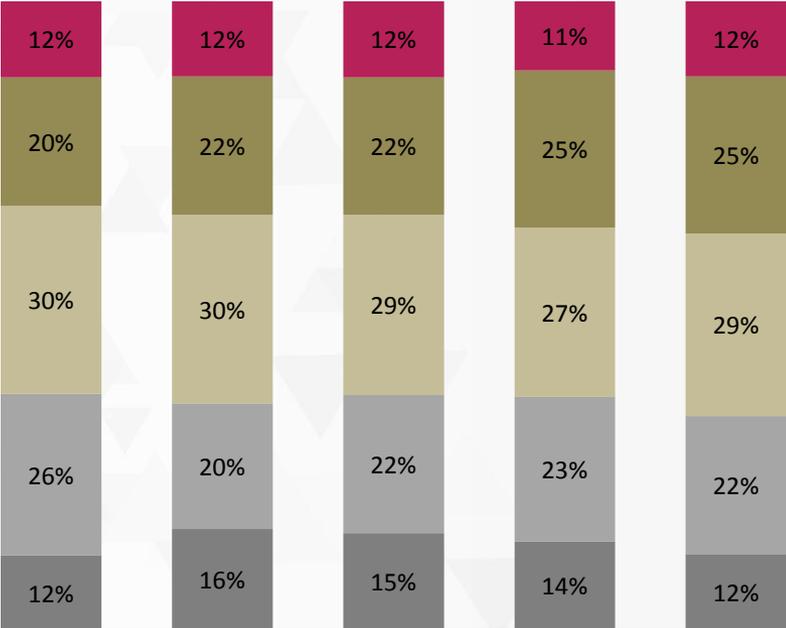
|  | Q4FY16 | Q1FY17 | Q2FY17 | Q3FY17 | Q4FY17 |
|--|--------|--------|--------|--------|--------|
| For Loan losses  | 906    | 1,823  | 3,648  | 3,576  | 1,834  |
| For Standard assets**  | 258    | 238    | (22)   | (81)   | 199    |
| For SDR and S4A accounts                                     | 22     | 71     | 9      | 17     | 249    |
| For Investment depreciation                                  | -      | (18)   | (37)   | 32     | 262    |
| Other provisions   | (17)   | 3      | 25     | 252    | 37     |
| <b>Total Provisions &amp; Contingencies (other than tax)</b> | 1,169  | 2,117  | 3,623  | 3,796  | 2,581  |

\* including prudential write-offs

\*\* including unhedged foreign currency exposures

# Rating profile remains stable

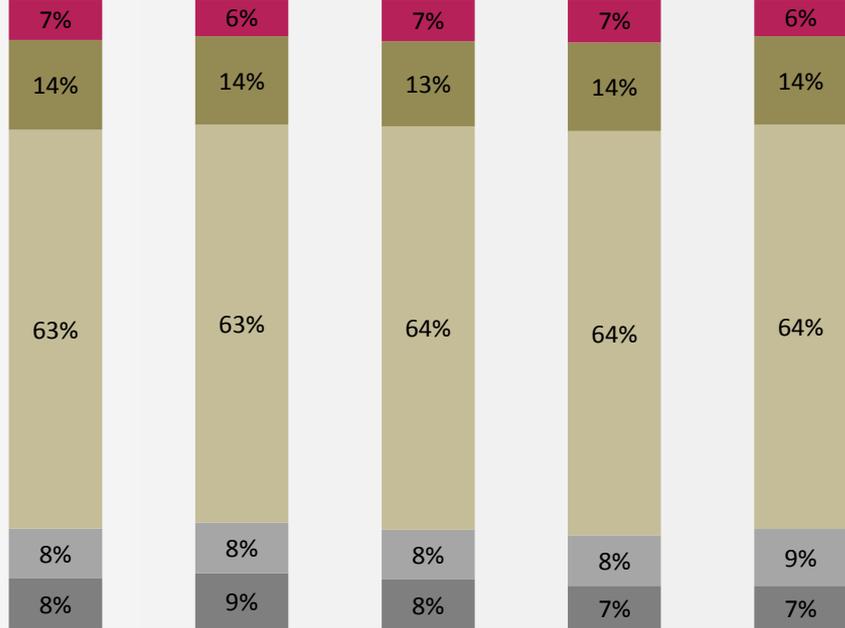
Corporate Lending



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

66% of corporate advances have rating of at least 'A' in March 2017

SME Lending



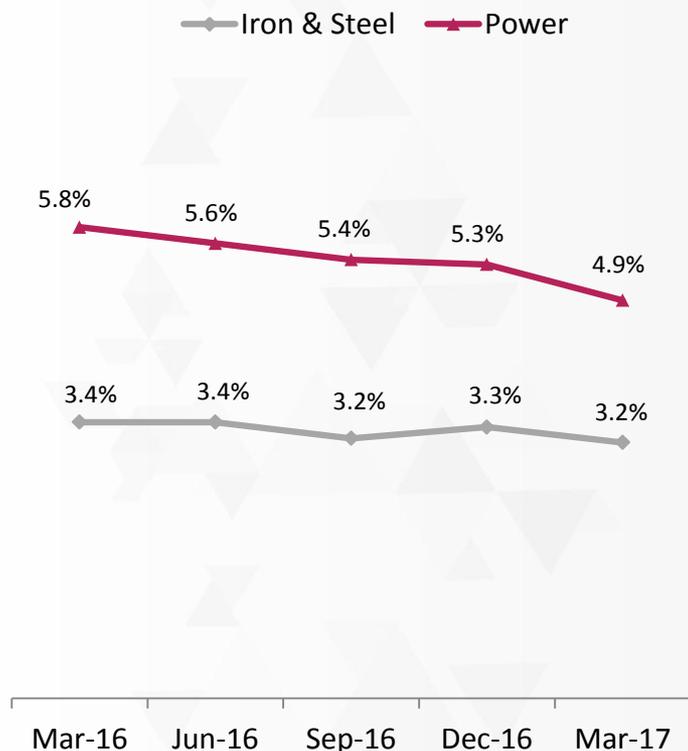
■ SME 1 ■ SME 2 ■ SME 3 ■ SME 4 ■ SME 5-7

84% of SME advances have rating of at least 'SME3' in March 2017

# Top 10 Industry concentration remains stable

All figures in ₹ Crores

## Industry Concentration<sup>1</sup> (% of total outstanding)



| Rank | Sectors                                  | Outstanding as on March 31, 2017 |                |
|------|--|----------------------------------|----------------|
|      |  | Fund-based                       | Non-fund based |
| 1.   | Financial Companies <sup>2</sup>         | 24,114                           | 17,031         |
| 2.   | Infrastructure Construction <sup>3</sup> | 20,094                           | 13,555         |
| 3.   | Engineering & Electronics                | 11,177                           | 22,222         |
| 4.   | Power Generation & Distribution          | 19,742                           | 4,762          |
| 5.   | Other Metal and Metal Products           | 12,814                           | 3,254          |
| 6.   | Iron & Steel                             | 12,722                           | 3,210          |
| 7.   | Trade                                    | 11,237                           | 3,982          |
| 8.   | Real Estate                              | 12,370                           | 1,088          |
| 9.   | Food Processing                          | 11,467                           | 1,960          |
| 10.  | Petroleum & Petroleum Products           | 3,579                            | 9,634          |

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

<sup>2</sup> Includes Housing Finance Companies and other NBFCs

<sup>3</sup> Financing of projects (roads, ports, airports, etc.)

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 <sup>1</sup> | 93,008                |
| Corporate Bonds <sup>2</sup>       | 26,667                |
| Others                             | 9,118                 |
| <b>Total Investments</b>           | <b>128,793</b>        |

\* as on March 31, 2017

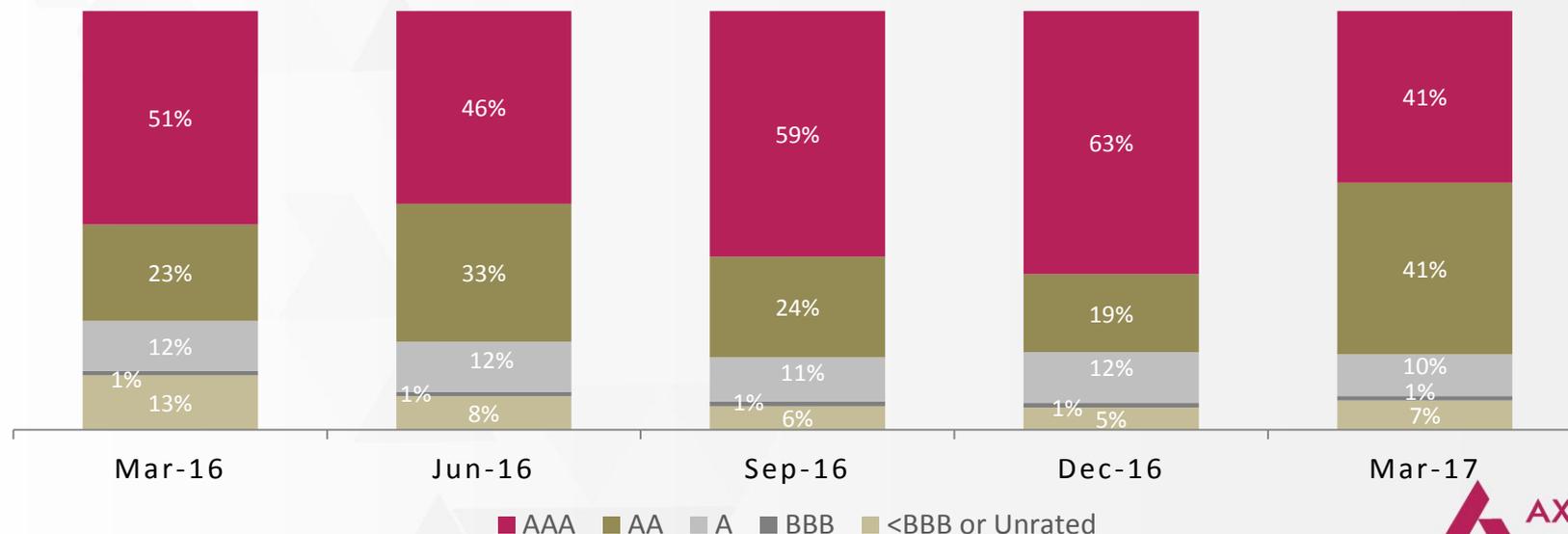
<sup>1</sup> 86% classified under HTM category

<sup>2</sup> 96% classified under AFS category

| Category                 | Proportion | Modified Duration* |
|--------------------------|------------|--------------------|
| Held Till Maturity (HTM) | 63%        | 6.23 Years         |
| Available For Sale (AFS) | 34%        | 3.79 Years         |
| Held For Trading (HFT)   | 3%         | 3.53 Years         |

\* For SLR & Corporate Bonds as on March 31, 2017

## 92% of Corporate bonds have rating of at least 'A' in March 2017



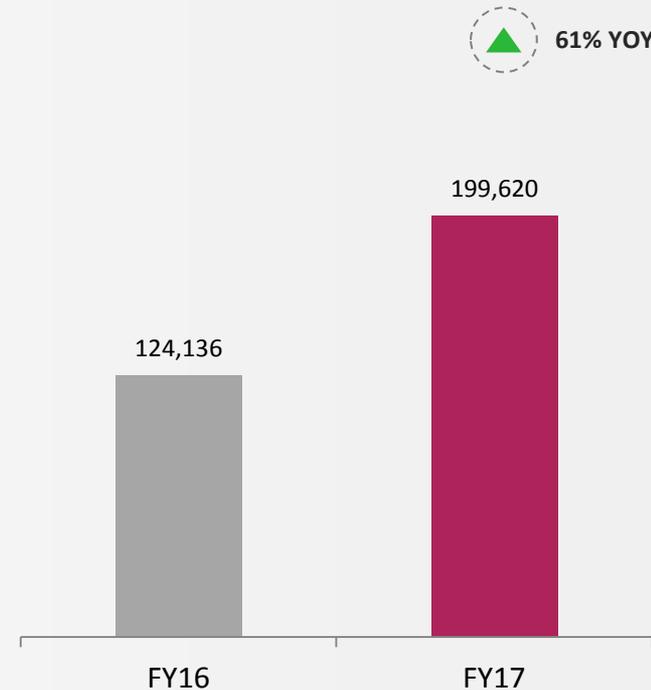
# Bank continues to lead the league tables in Debt Capital Markets

All figures in ₹ Crores

## Key Highlights

- 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 calendar year 2016 and for quarter ended March 31, 2017
- Ranked No. 1 mobilizer as per PRIME Database for quarter ended December 2016

## Placement & Syndication of Debt Issues

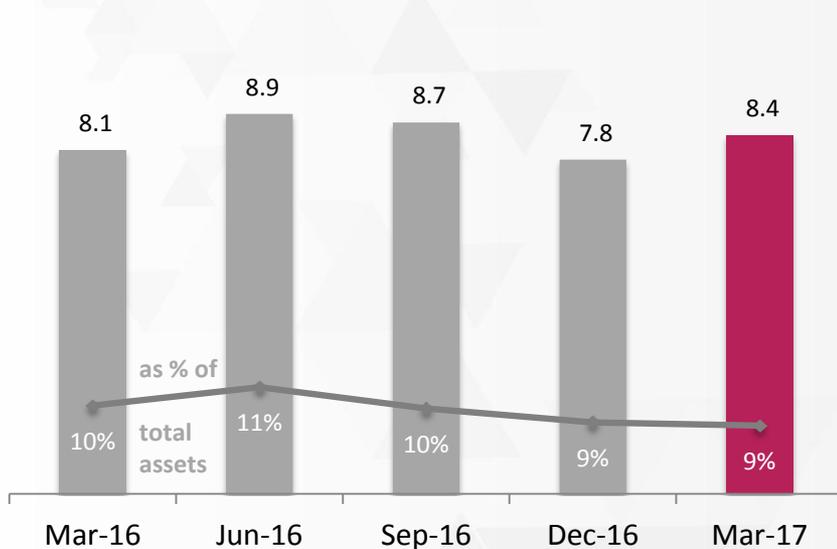


# We have a small, strategic international network



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

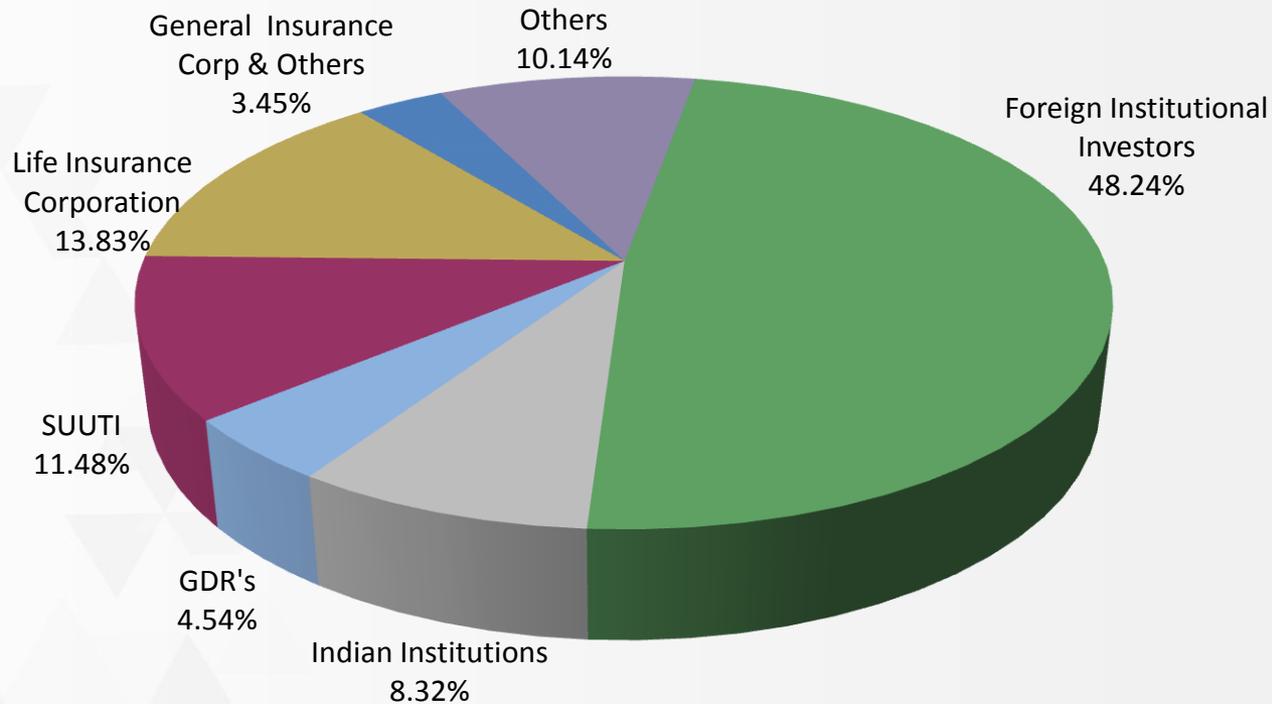
## Trend in overseas total assets (USD bn)



## 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 March 31, 2017)



- Share Capital ₹479 crores
- Shareholders' Funds ₹55,763 crores
- Book Value Per Share ₹233
- Diluted EPS (FY17) ₹15.34
- Market Capitalisation ₹123,747 crores (as on April 25, 2017)

& 1 GDR = 5 shares

As on March 31, 2017, against GDR issuance of 62.7 mn, outstanding GDRs stood at 21.75 mn

# Some of the major awards won by the Bank during the year



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



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



**Best Bank Award 2016**



**Excellence in Corporate  
Social Responsibility**



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



**Best Domestic Bank in  
India 2016**

**Thank You**