

AXIS BANK

Q1 FY08

INVESTOR PRESENTATION



AXIS BANK

PERFORMANCE HIGHLIGHTS

Q1

- Net Profit ↑ 45 % yoy
- Net Interest Income ↑ 39 % yoy
- Fee Income ↑ 47 % yoy
- Trading Profit ↑ 344 % yoy
- Operating Revenue ↑ 51 % yoy
- Operating Profit ↑ 30 % yoy
- Net Interest Margin 2.72 %, Up from 2.68% a year earlier
- Cost of Funds 6.43 %, Up from 5.45% a year earlier

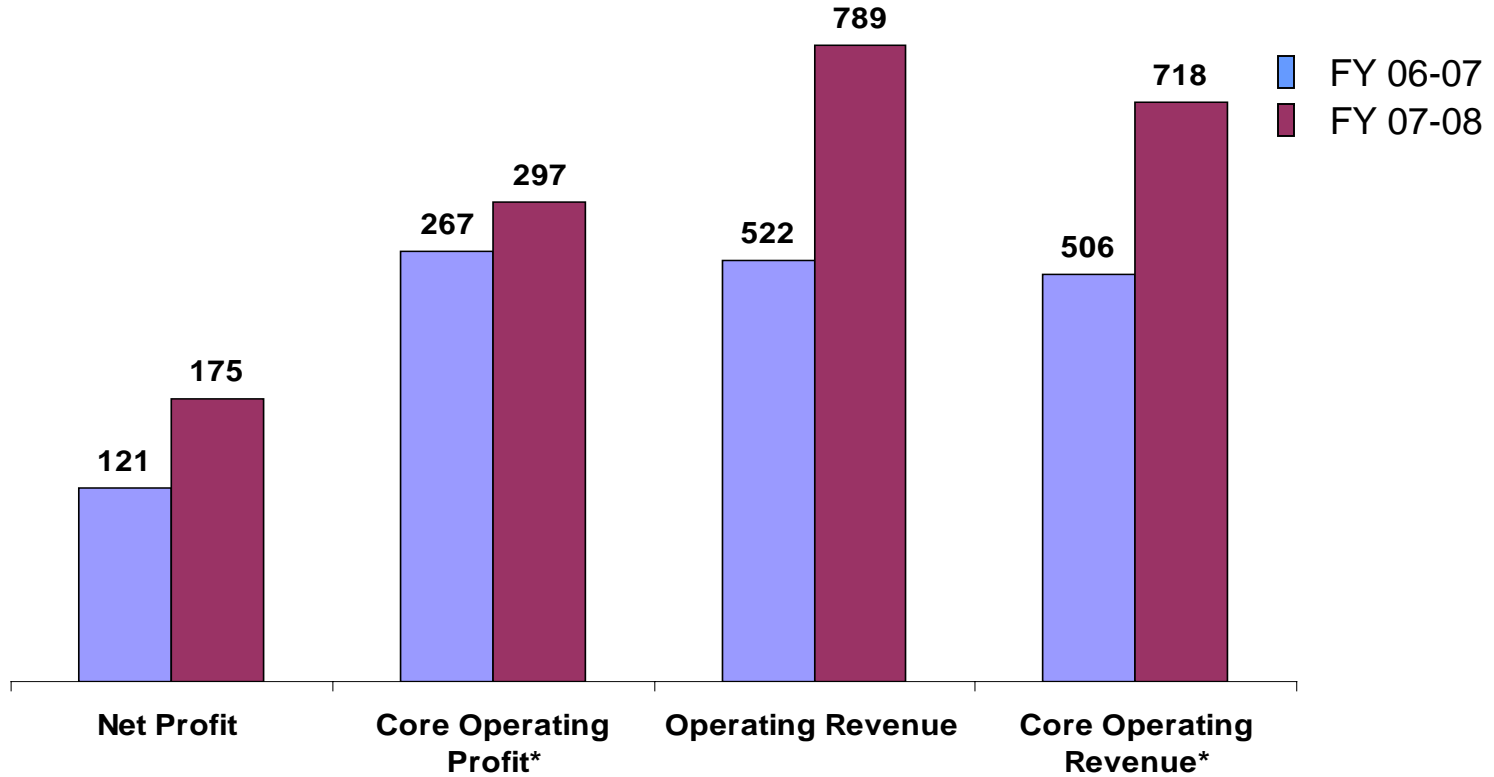


INTERPRETATION OF Q1 PERFORMANCE

- Rapid Growth in the Bank's core businesses
 - Total Advances grow 60% yoy to Rs. 41,285 crores
 - Total Investments grow 26% yoy to Rs. 26,656 crores
 - Total Assets register a 49% yoy growth, rising to Rs. 79,109 crores
 - Fee Income grows by 47% yoy, rising to Rs. 272 crores
 - NII grows 39% yoy, rising to Rs. 447 crores
 - Share of demand deposits in total deposits at 38%
- Retail Assets grow by 23% yoy to Rs. 9,661 crores; constitute 23 % of total advances, as against 30 % a year ago
- Net NPAs at 0.59%, compared to 0.73% in June'06 and 0.61% in March'07
- At end June'07, Book Value per share at Rs. 127.02, compared to Rs. 107.03 as at end June'06
- Capital Adequacy at 11.50% as against 10.28% a year ago. The Bank intends to augment its Tier-I capital in this financial year



PROFITABILITY



↑ 45 % YOY

↑ 11 % YOY

↑ 51 % YOY

↑ 42 % YOY

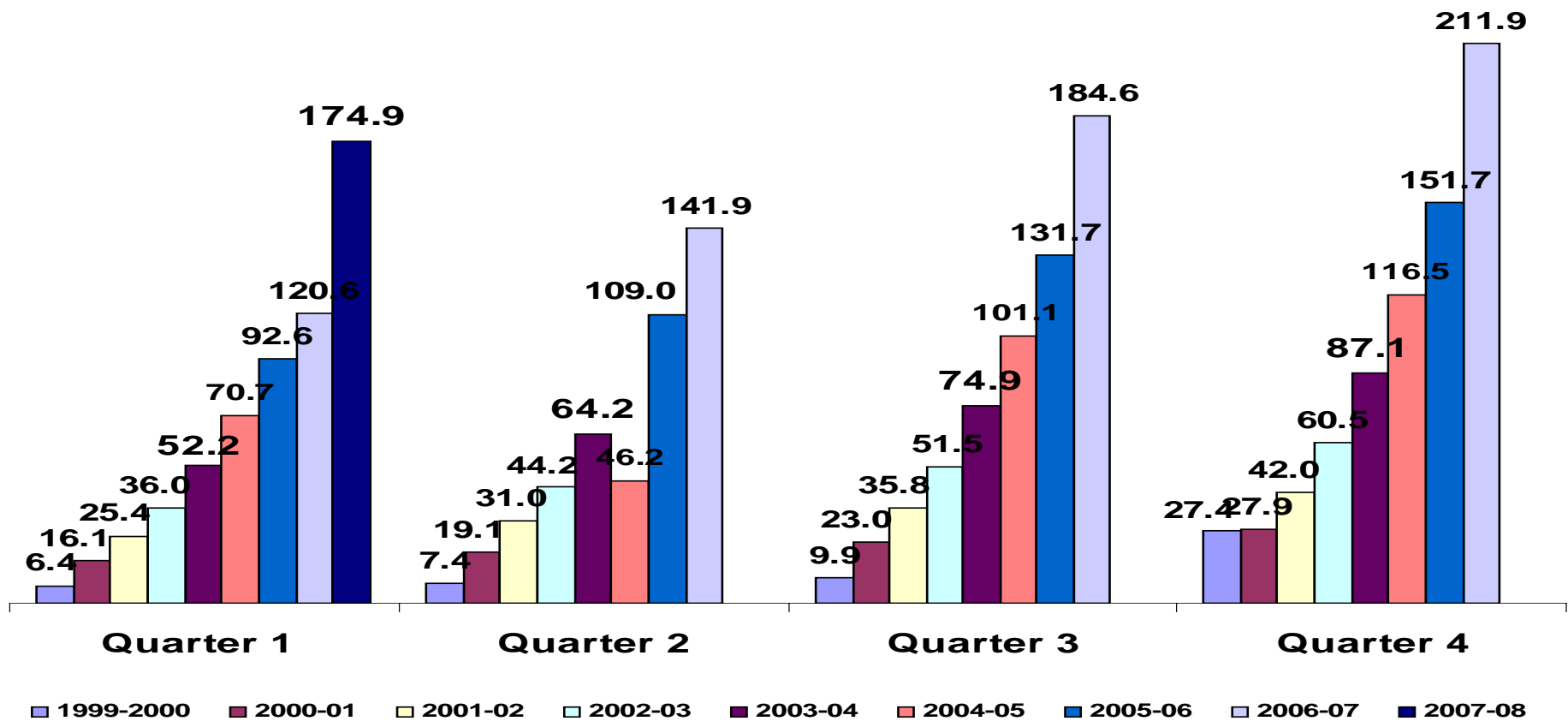
Q1

Rs. crores

* After deduction of amortisation of premium on HTM investments

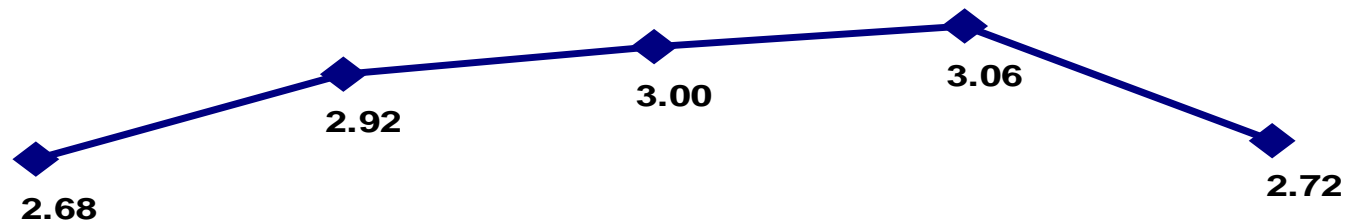
CONSISTENT NET PROFIT GROWTH

The Bank has grown by over 30% yoy in 28 out of the last 30 quarters



Rs. crore

NET INTEREST MARGINS



NIMs in the last 5 years (%)

| | |
|------------------|-------------|
| FY 02-03: | 2.09 |
| FY 03-04: | 3.12 |
| FY 04-05: | 2.90 |
| FY 05-06: | 2.85 |
| FY 06-07: | 2.92 |

As at end Jun'07, Advances grew by 60% yoy, while investments grew by 26% yoy and total assets by 49% yoy. The downward pressure on spreads has arisen partly on account of the acquisition of short term priority sector assets towards the end of the final quarter of the previous year, for purposes of regulatory compliance. As these assets go off the Bank's books, the NIMs can be expected to again rise.

Q1 FY07

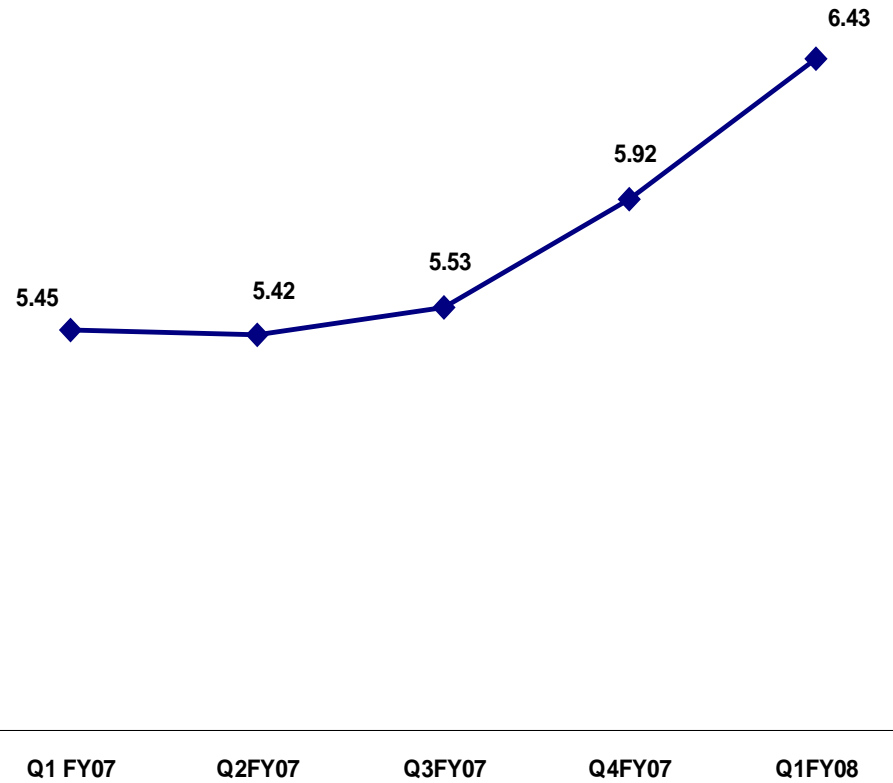
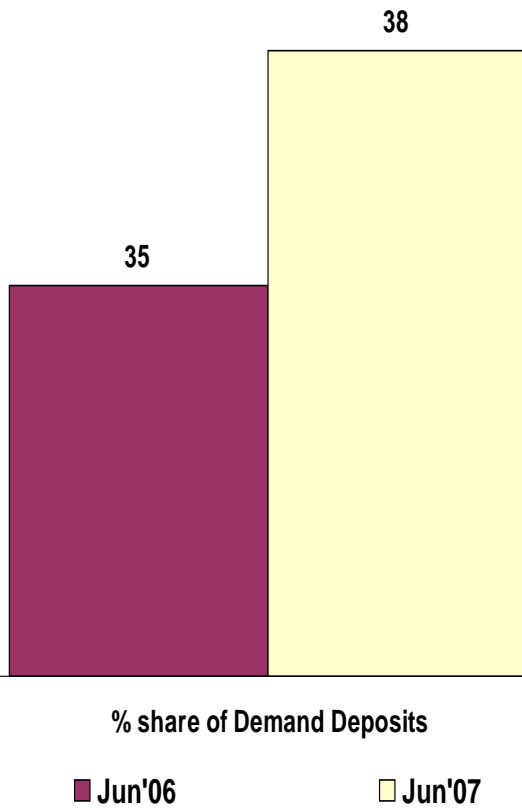
Q2FY07

Q3FY07

Q4FY07

Q1FY08

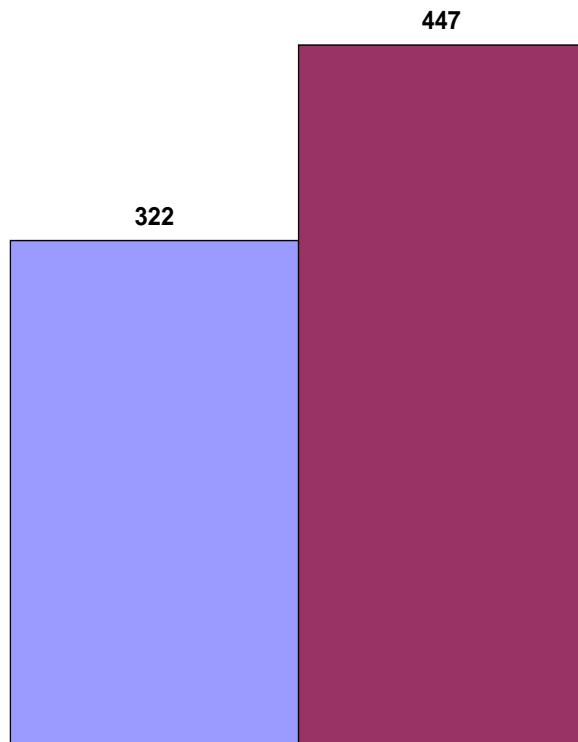
COST OF FUNDS



Cost of Funds computed on a Daily Average basis

GROWING NET INTEREST INCOME

FY 06-07
FY 07-08



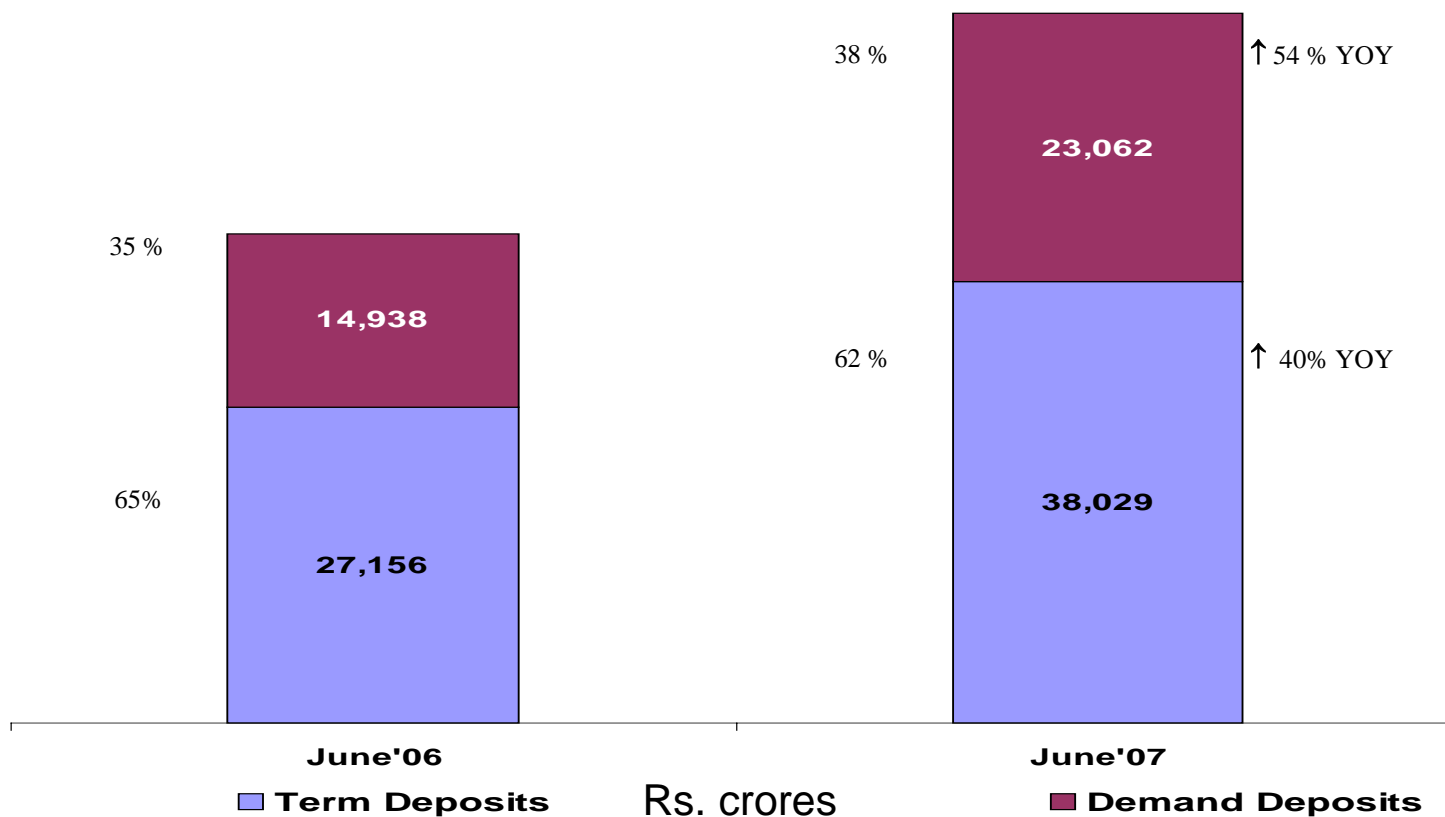
Q1
↑ 39 % YOY

Rs. crores

| NII in the last 5 years | |
|-------------------------|--------------|
| | (Rs. crores) |
| FY 02-03: | 322 |
| FY 03-04: | 577 |
| FY 04-05: | 731 |
| FY 05-06: | 1,078 |
| FY 06-07: | 1,567 |
| CAGR : 5 years | 51 % |

GROWING DEMAND DEPOSITS

| YoY growth in daily average demand deposits (%) | |
|---|-----------|
| Deposit | Q1 FY08 |
| Savings | 51 |
| Current | 58 |
| TOTAL | 54 |

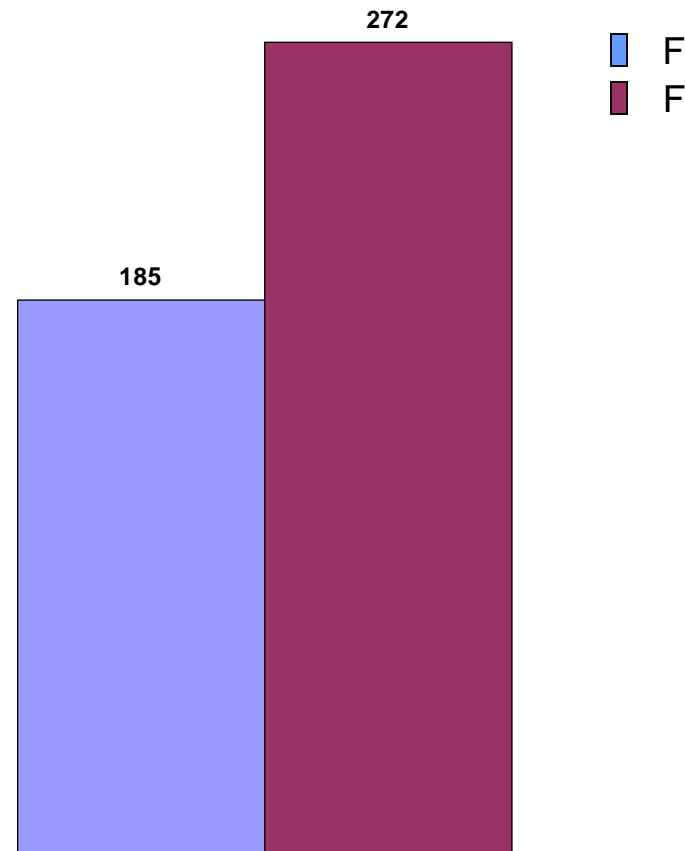


FEE & OTHER INCOME

Rs. crores

■ FY 06-07
■ FY 07-08

| Fees in the last 5 years (Rs. crores) | |
|--|-----|
| FY 02-03: | 148 |
| FY 03-04: | 192 |
| FY 04-05: | 378 |
| FY 05-06: | 513 |
| FY 06-07: | 824 |
| CAGR : 5 years | 52% |

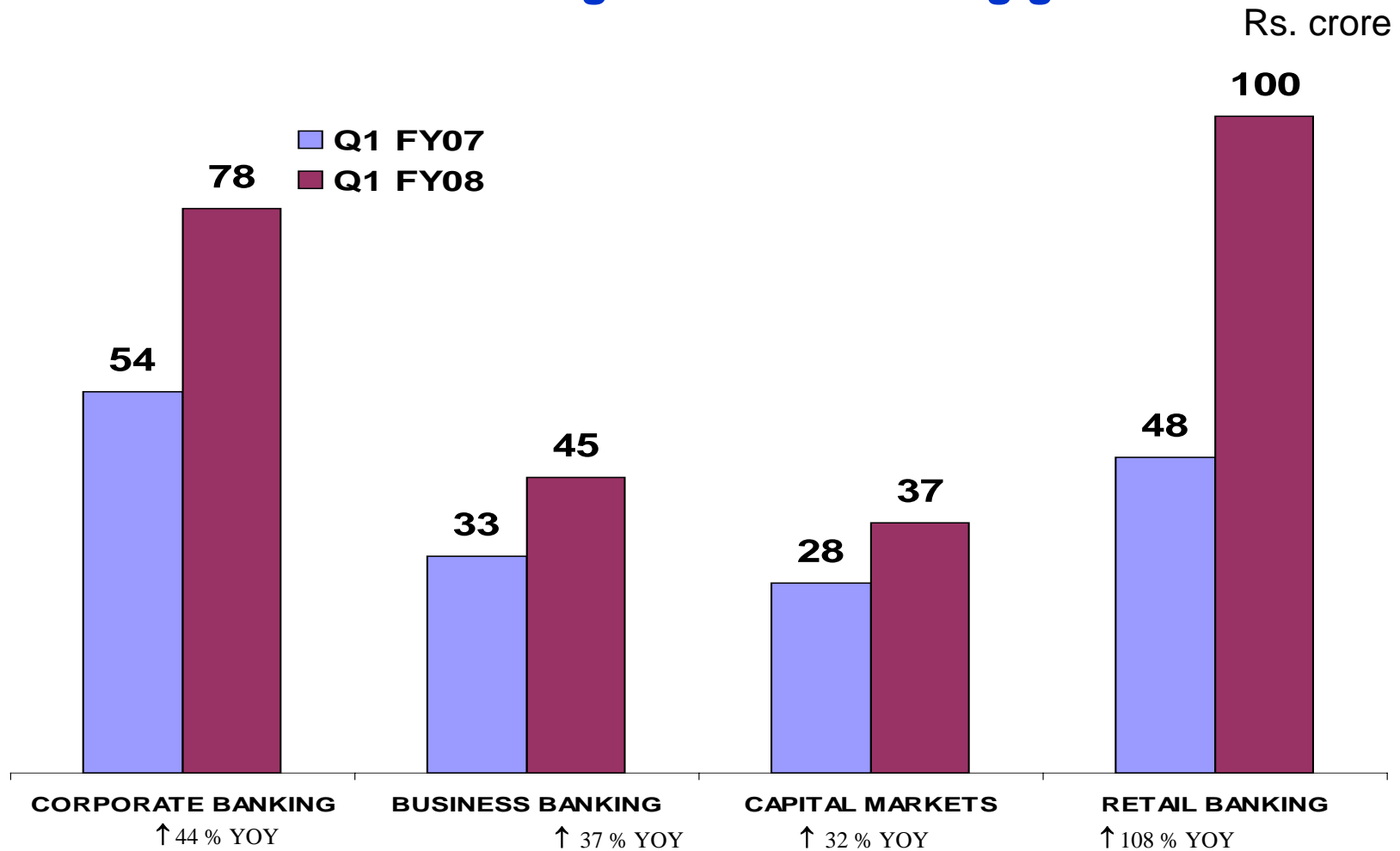


Q1

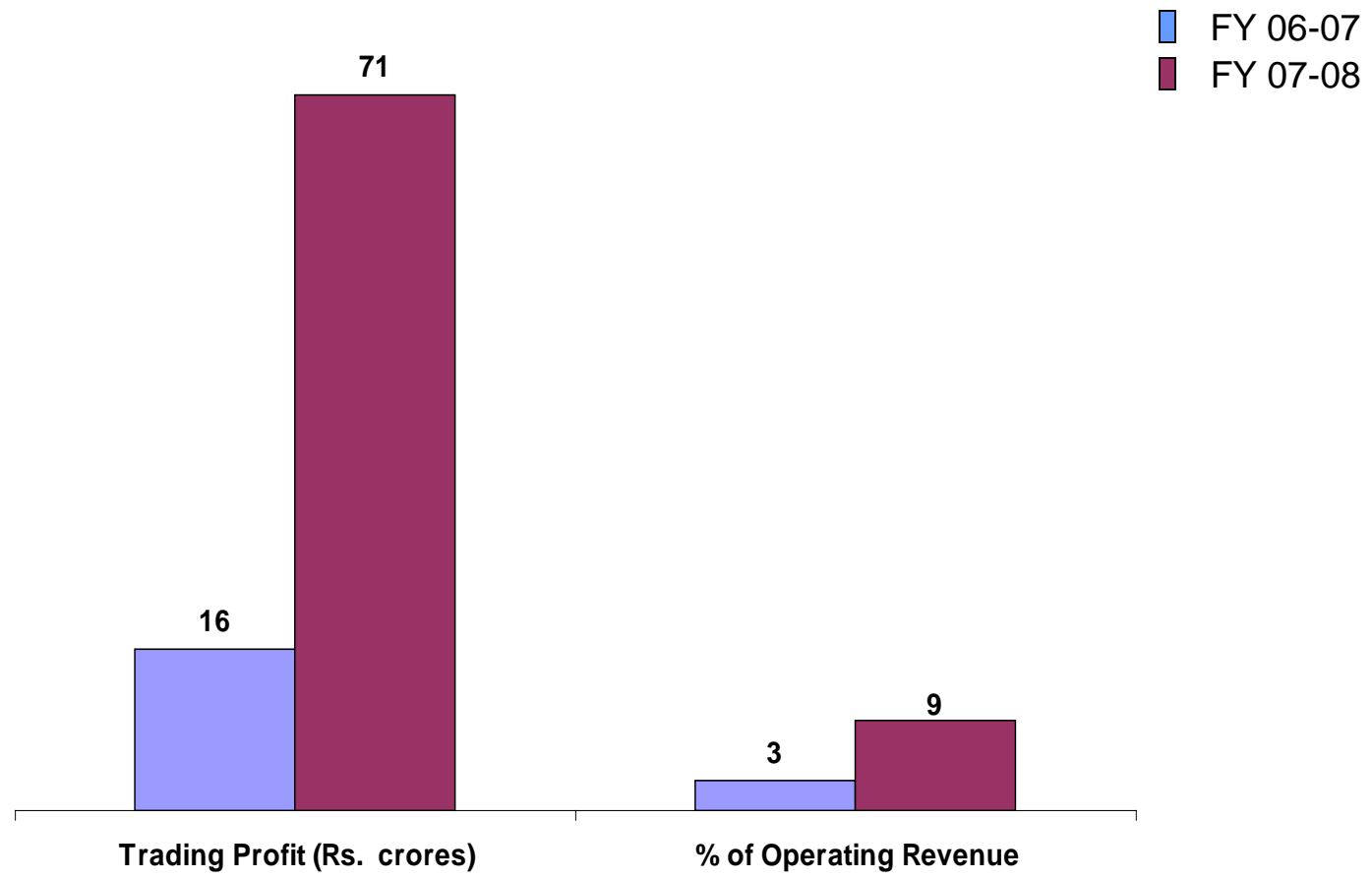
↑ 47 % YOY

FEE INCOME COMPOSITION

Retail Banking has shown strong growth



TRADING PROFITS



↑ 344 % YOY

Q1



AXIS BANK

BUSINESS OVERVIEW

CORPORATE BANKING

- **Focus on quality of credit assets with stress on corporates having**
 - **Global competitive advantage in their businesses**
 - **Good corporate governance and management practices**
- **Business Segments**
 - **Large Corporates**
 - **Channel Financing**
 - **Structured Products**
- **Rigorous and regular risk assessment of individual accounts**
 - **Rating Tools and Monitoring Tools**
- **Offer broad suite of products with continued focus on customised offerings**



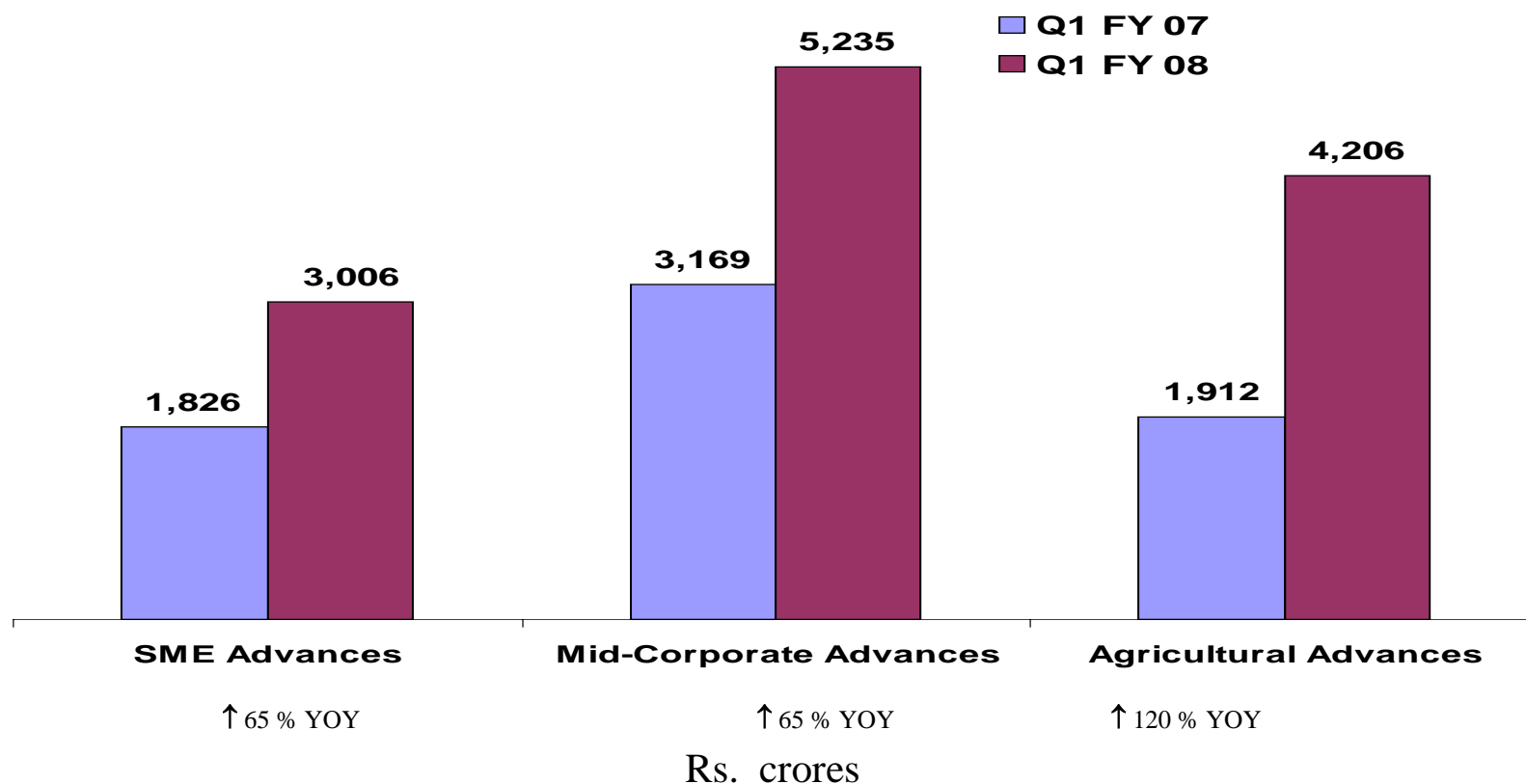
TOP SECTOR EXPOSURES

| Rank | Sectors | % of Total Corporate Credit |
|------|-----------------------------|-----------------------------|
| 1 | Financial Companies* | 15.42 |
| 2 | Real Estate Developers | 9.61 |
| 3 | Textiles | 7.19 |
| 4 | Agriculture | 4.41 |
| 5 | Infrastructure Construction | 3.83 |
| 6 | Trade Retail | 2.53 |
| 7 | Entertainment | 2.5 |
| 8 | Power | 2.49 |
| 9 | Sugar | 2.38 |
| 10 | Chemicals | 2.34 |

As on 30.6.2007

* Housing Finance Companies and other NBFCs. The proportion has risen at end-year on account of the need for being compliant with priority sector lending.

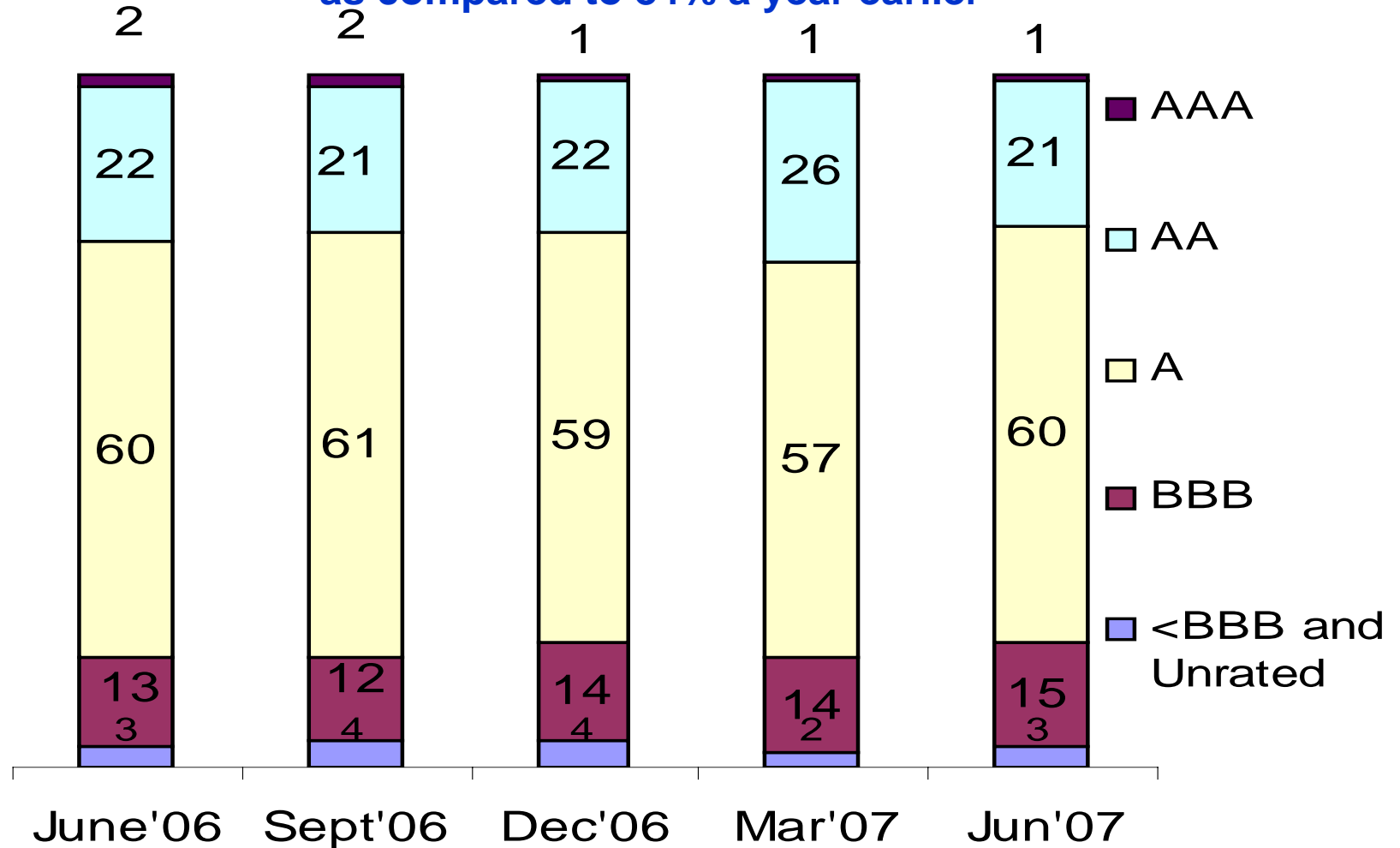
SME, MID-CORPORATE & AGRI BUSINESS



- **Specialised Advances Cells (for SME- Mid Corporate lending)**
 - 20 Cells at June'07, as against 10 cells at June'06
- **Specialised Clusters for Agricultural lending**
 - 28 Agri-Clusters at June'07, as against 9 clusters at June'06

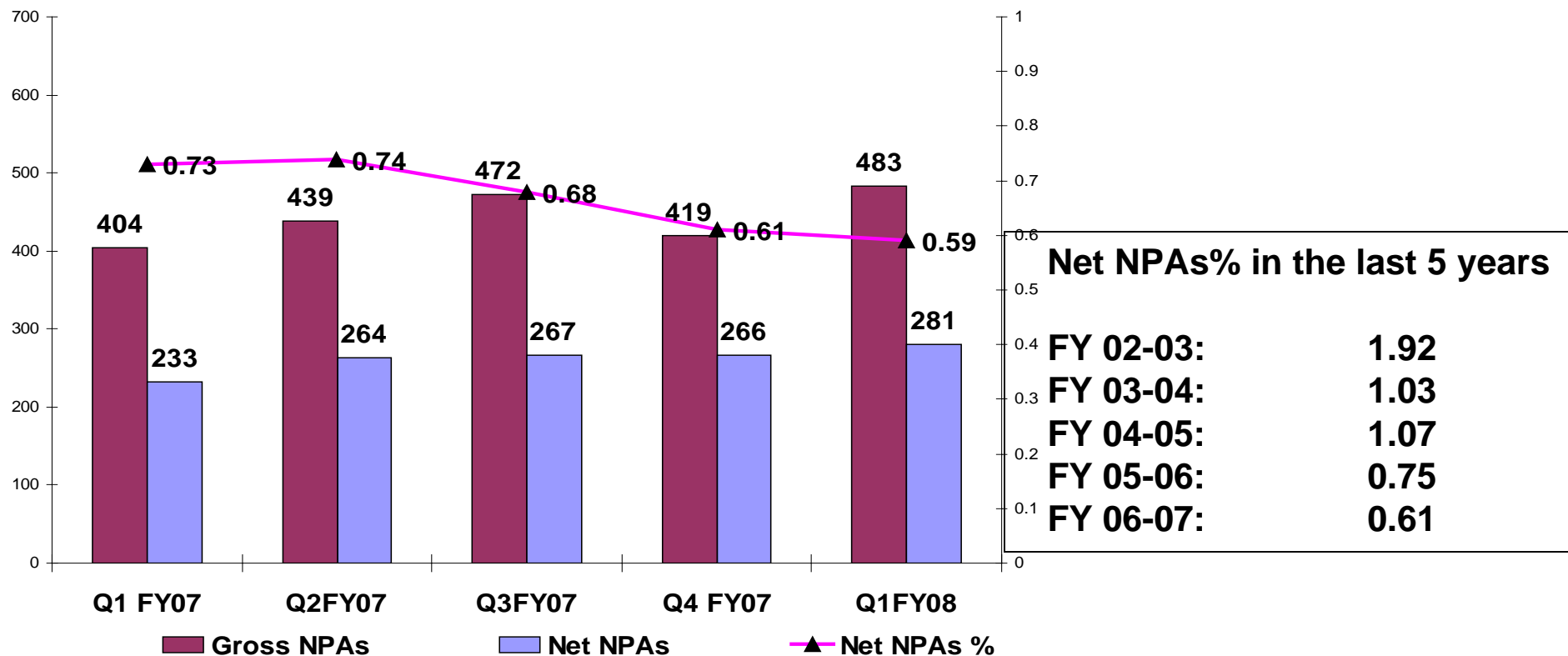
CONSISTENCY IN ASSET QUALITY

82% of corporate advances have rating of at least 'A' as at Jun'07,
as compared to 84% a year earlier

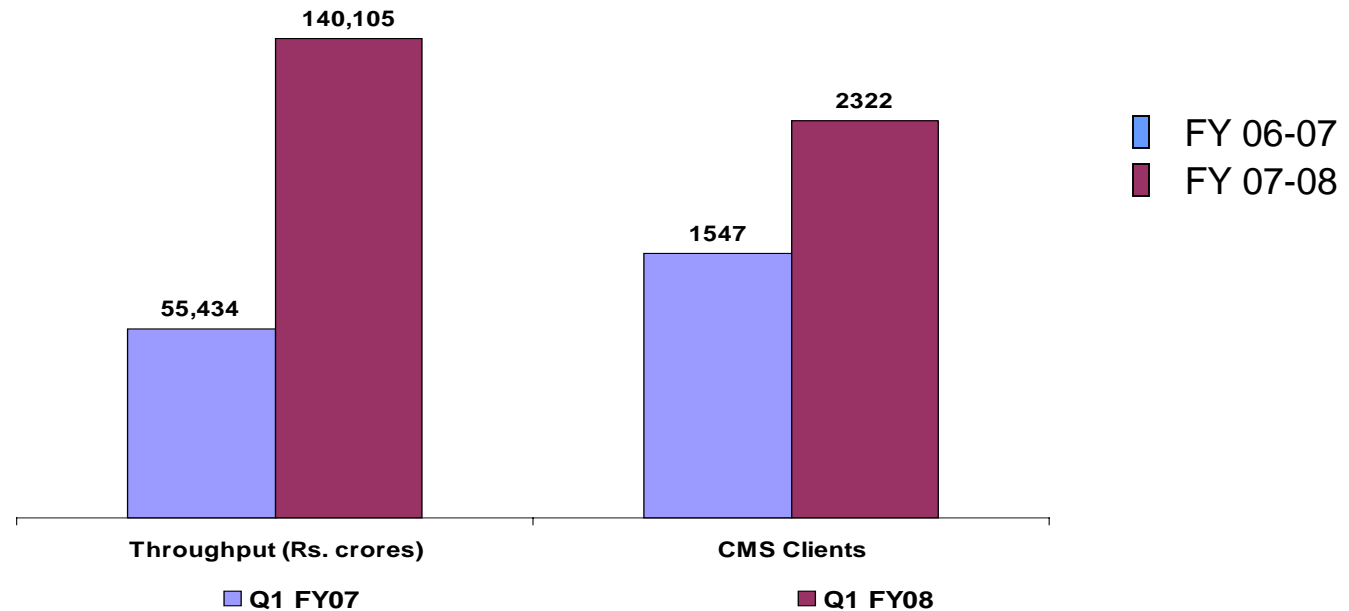


STRESSED ASSETS

NET NPA %



BUSINESS BANKING

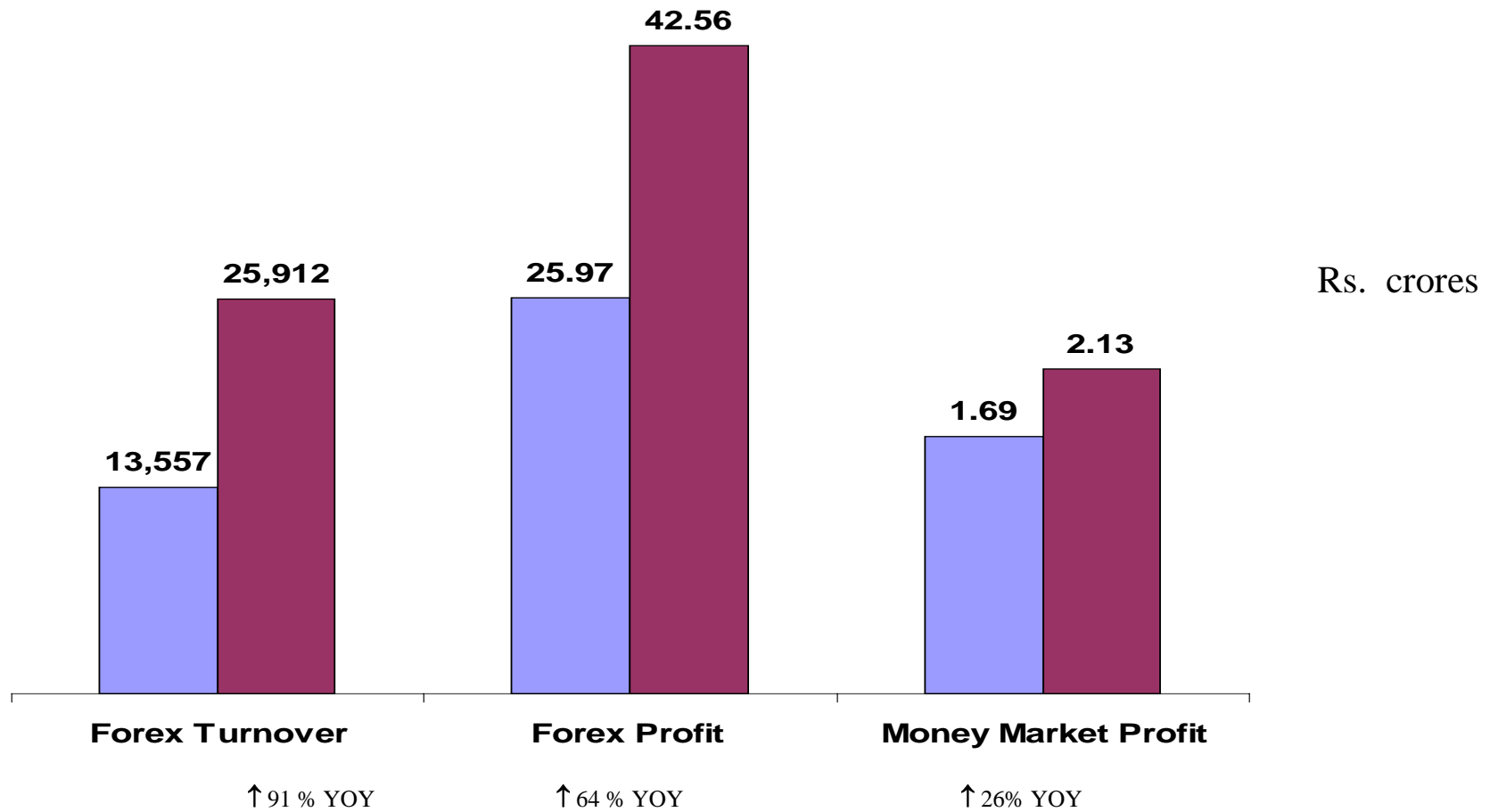


↑ 152% YOY

↑ 50% YOY

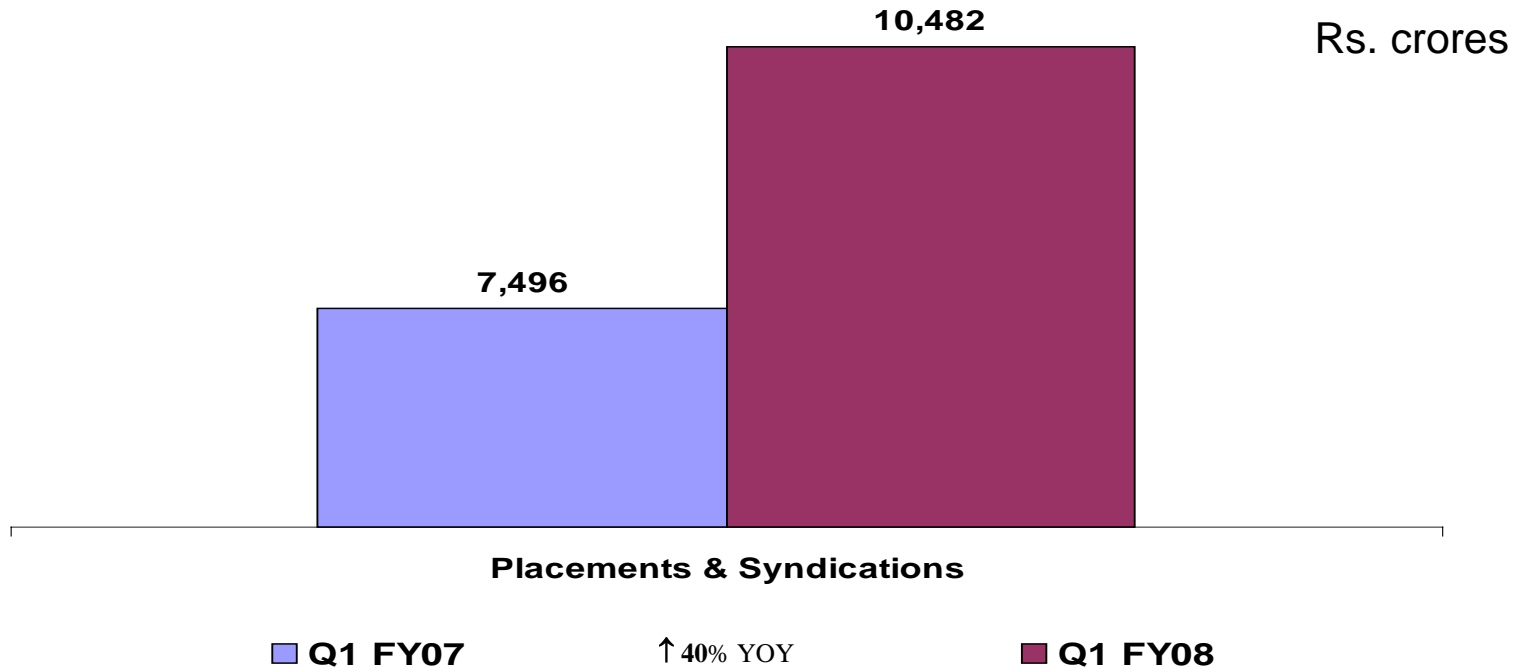
- The Bank collects Central Government Taxes on behalf of CBDT and CBEC, incl through e-Payments.
- The Bank collects State Taxes on behalf of seven State Governments and UTs
- Collections & Payments for Central Government Ministries - Railways, Urban Development and Housing & Urban Poverty Alleviation.
- Collections under e-Governance initiatives of 5 State Governments

TREASURY



Q1

CAPITAL MARKETS



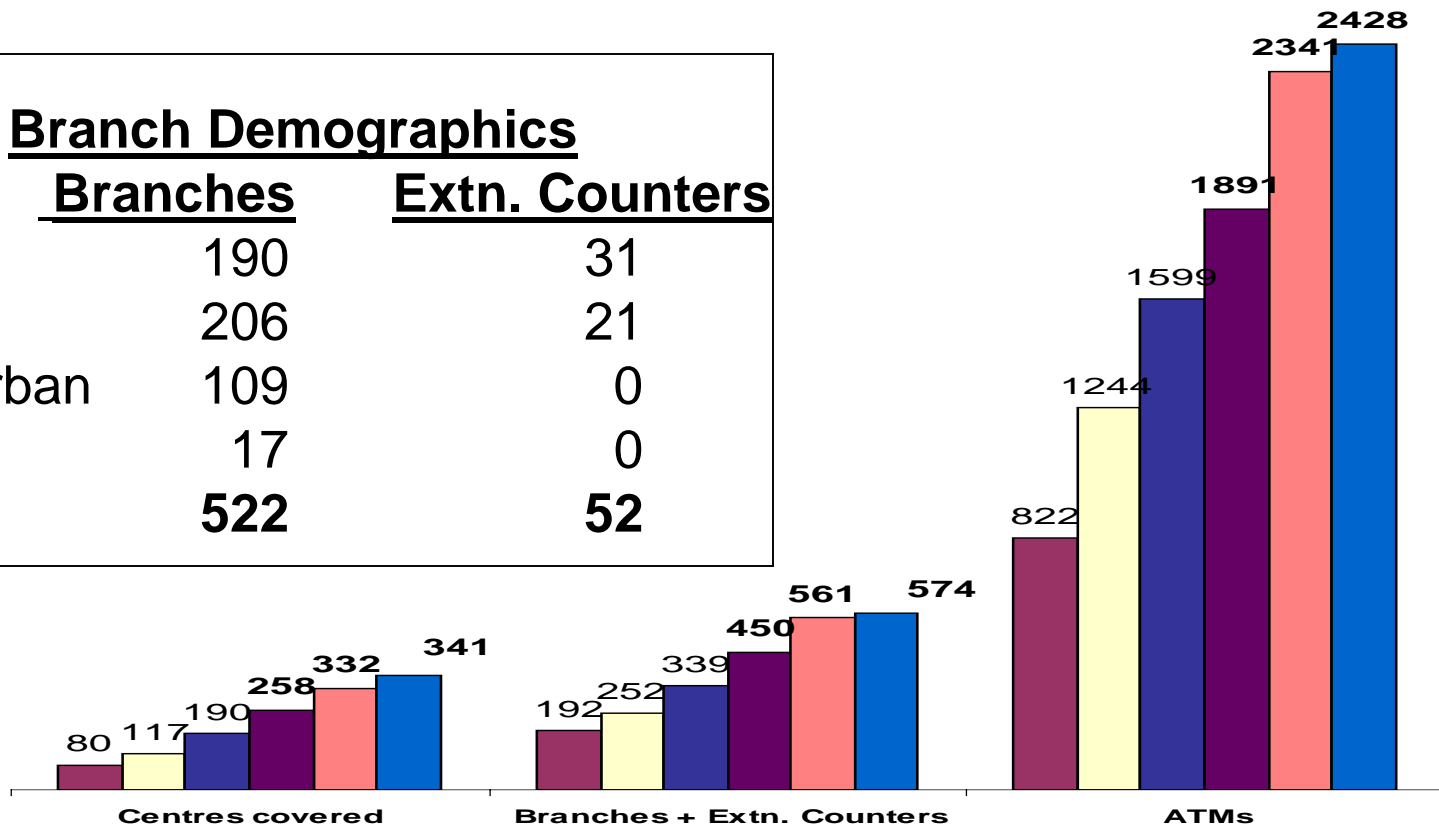
- A dominant player in Placement and Syndication of debt issues
- Ranked 4th by Bloomberg in the Underwriters League Table for the Indian Domestic Bonds for the first six months of calendar year 2007
- Project Advisory Services mandates increase

RETAIL BANKING

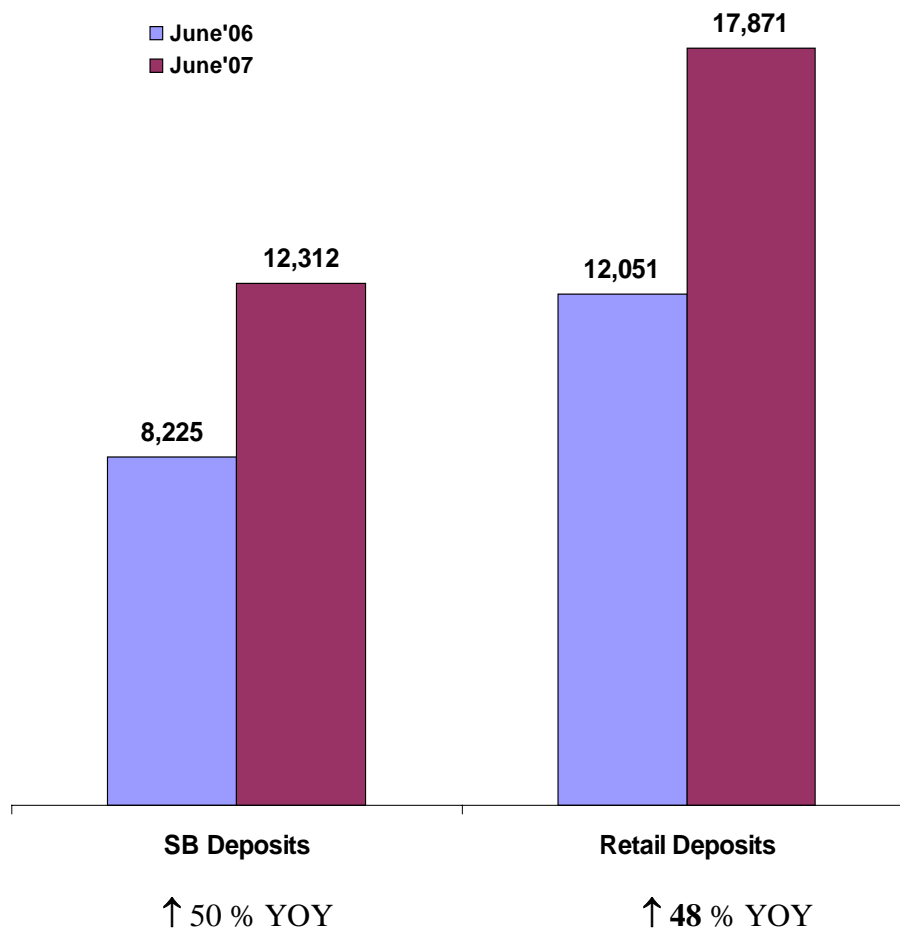
INCREASING REACH



| <u>Branch Demographics</u> | | |
|----------------------------|-----------------|-----------------------|
| | <u>Branches</u> | <u>Extn. Counters</u> |
| Metro | 190 | 31 |
| Urban | 206 | 21 |
| Semi-urban | 109 | 0 |
| Rural | 17 | 0 |
| TOTAL | 522 | 52 |



SAVINGS BANK GROWTH



Rs. crores

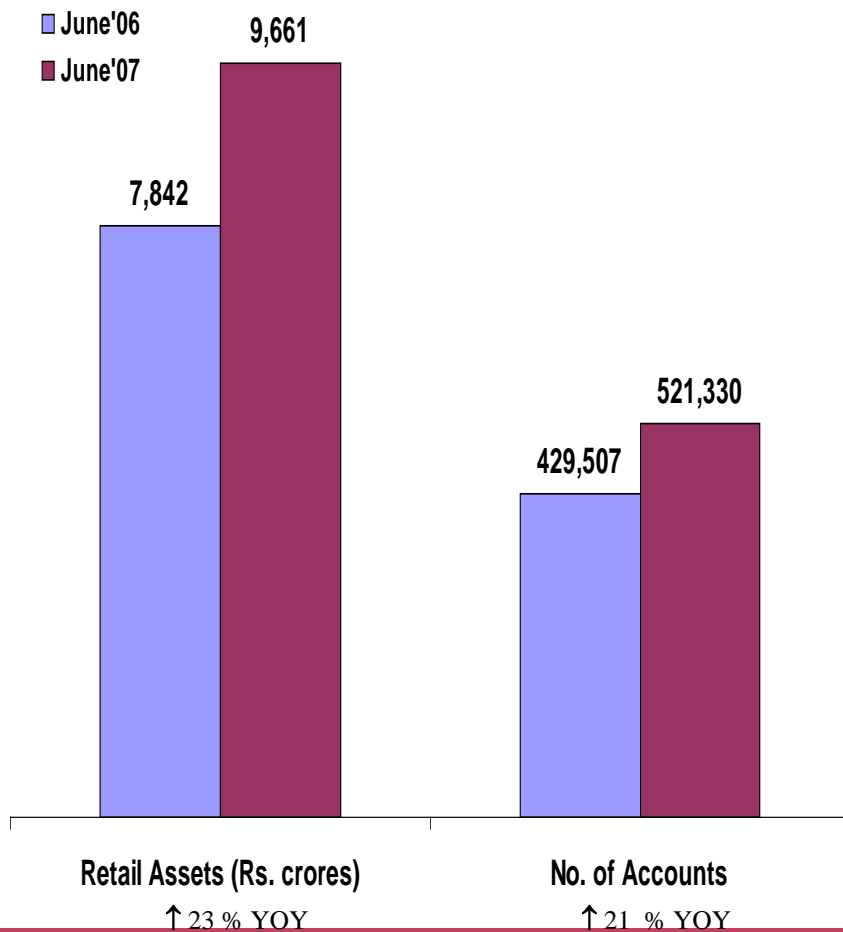
Savings Bank growth led by:

- Wide Network - Branch and ATM Channel reach
- Bank's own sales channel
- Focused strategy for niche customer segments
- Corporate and Government payroll accounts
- Continual product innovation



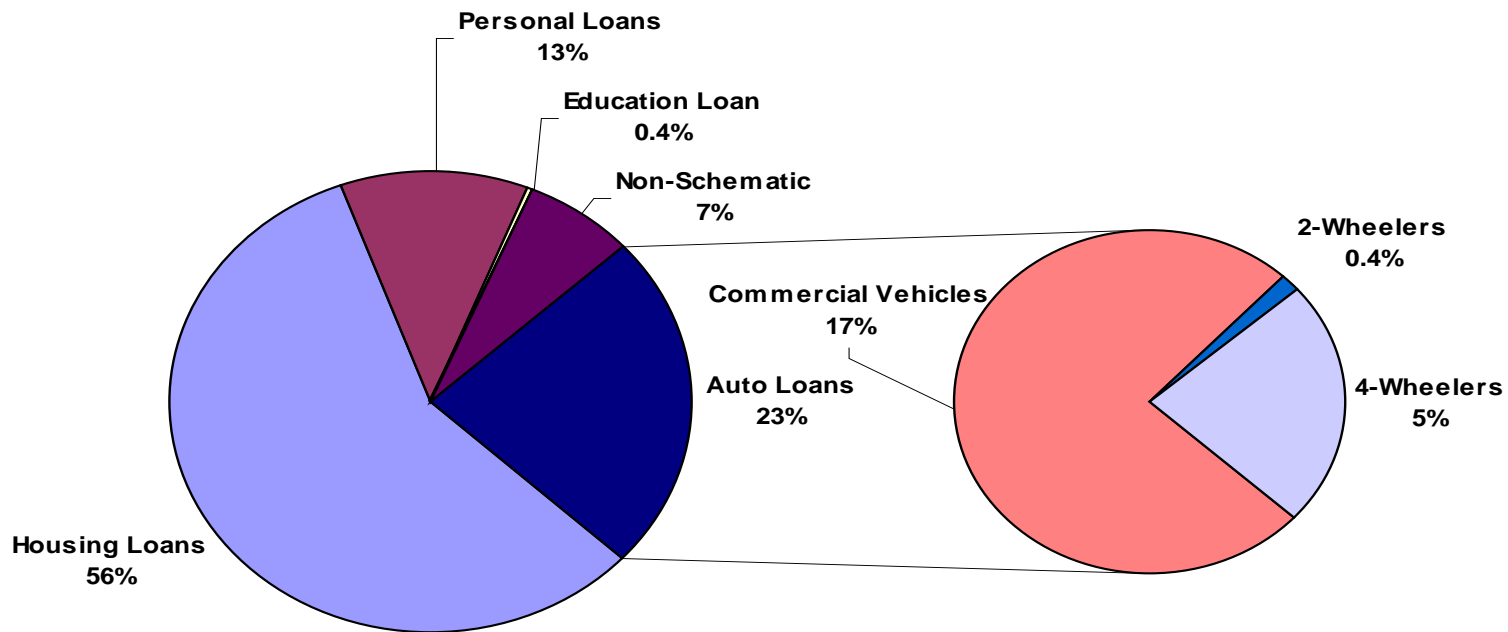
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RETAIL ASSETS



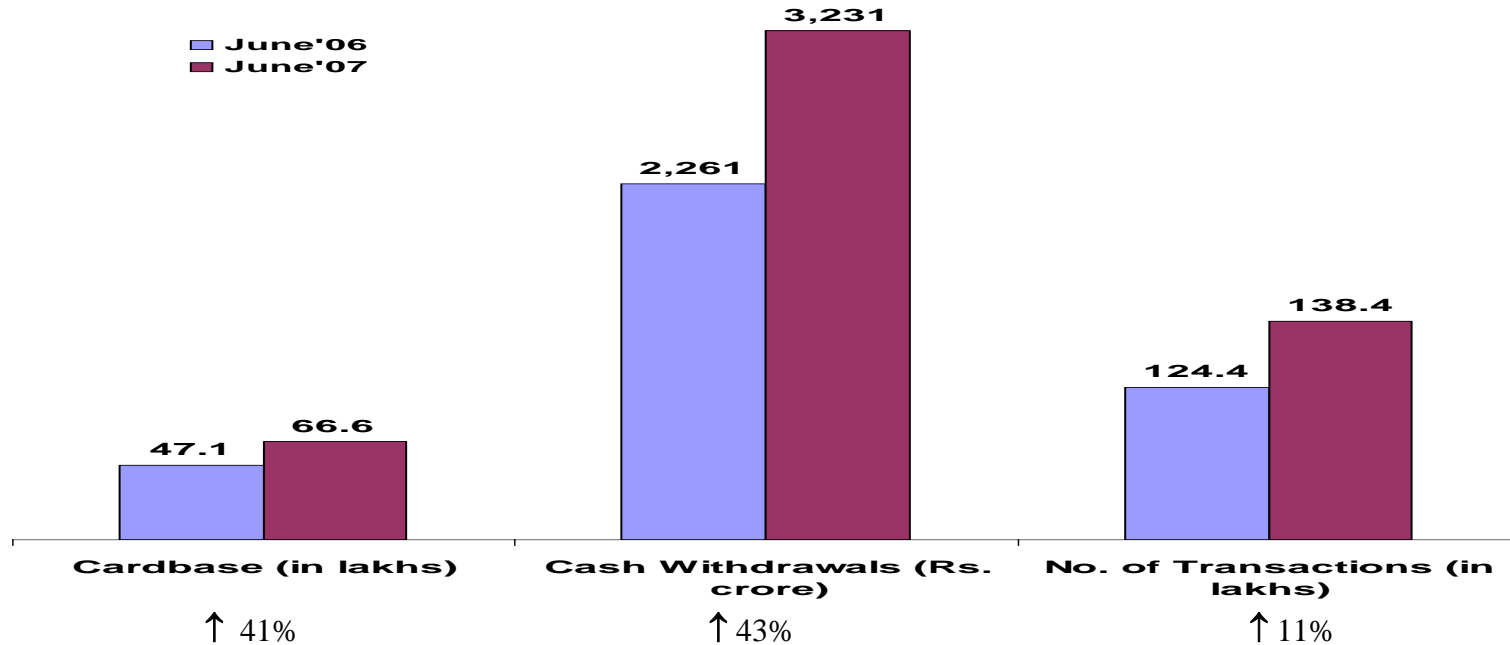
- Retail Assets grow 23% yoy
- Retail Assets constitute 23% of the Bank's total advances, as against 30% in end June'06
- Growth driven through Retail Asset Centres(RACs)
- 69 RACs established so far

COMPOSITION OF RETAIL ASSETS



ATM CHANNEL MIGRATION

Over 95% of SB account cash withdrawals are happening on ATMs.



- Pioneer in ATM sharing arrangements
- Bilateral agreements with 5 Banks
- Largest network provider for Euronet & Bancs consortia
- Value added services such as Bill Payments, MF Investments, Mobile Top-ups and VISA Money Transfer services

CARDS BUSINESS

- Significant Player

- **Credit Cards launched in August 2006**
 - 200,037 Cards In Force (CIF)
- **ISSUANCE**
 - 3rd largest debit card base in the country
 - 1st Indian Bank to launch Travel Currency Cards in multiple currencies -US\$, Euro, GBP, AUD and CAD
 - 1st Indian Bank to launch Remittance Card and Meal Card
- **ACQUIRING**
 - Installed base of over 45,000 EDCs and growing
- Cards business a significant contributor to Retail Fee Income



INTERNATIONAL PRESENCE

- Hong Kong Branch opened in March 2007. Branch opened at DIFC, Dubai in April 2007
- Singapore Branch and Shanghai Representative Office already functioning
- Total assets under overseas operations were at US\$ 910 million
- Corporate Banking, Trade Finance products, Syndication, Investment Banking and Liability businesses.

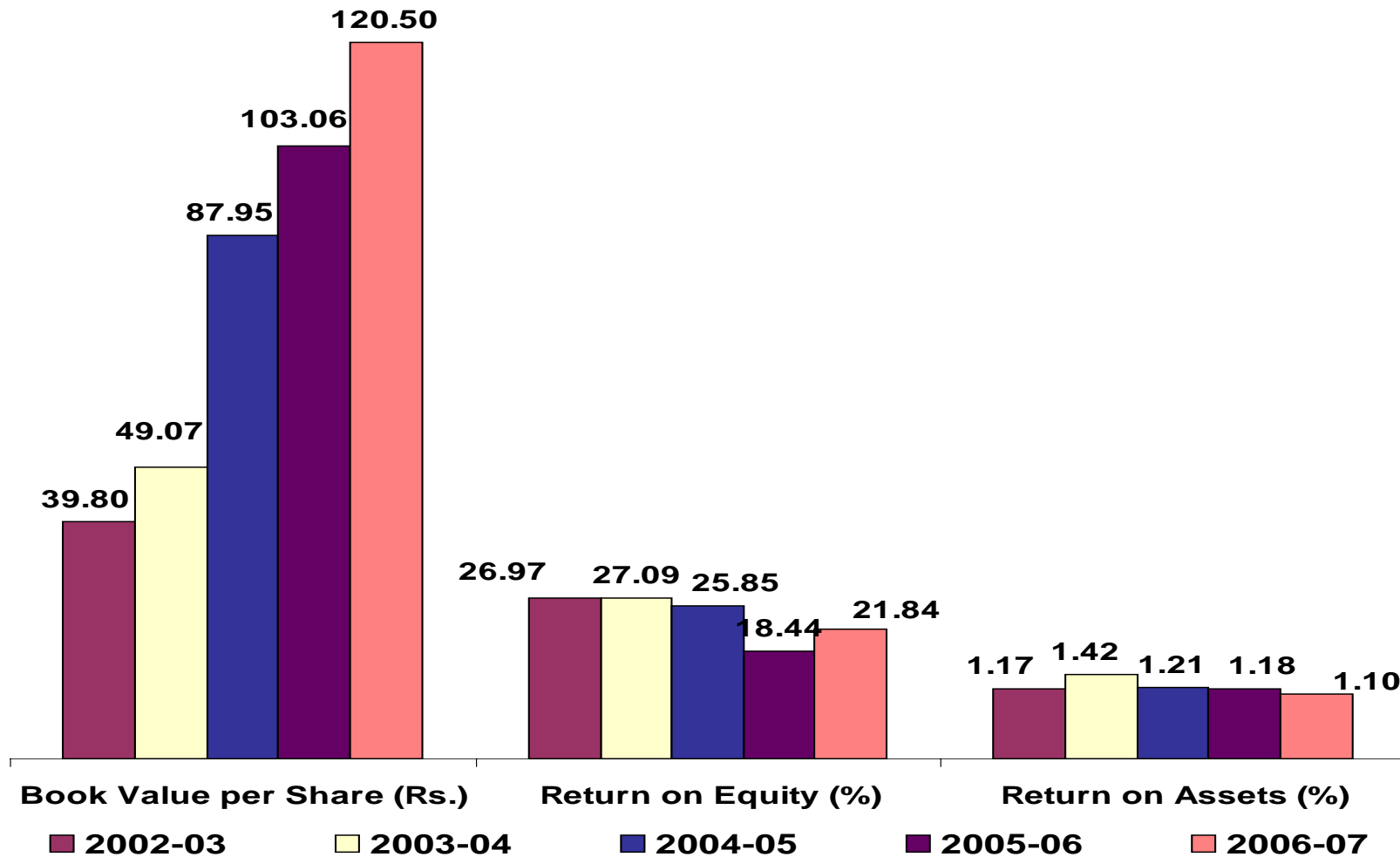


INVESTMENT HIGHLIGHTS

- 21.20% Return on Equity (ROE) during Q1 FY08 as compared to 16.95 % in Q1 FY07
- 0.94% Return on Assets (ROA) during Q1 FY08 as compared to 0.93% in Q1 FY07
- An annualized return of over 47% (without including dividends), since the Bank's IPO in September 1998
- Market out-performer over the last one year (June'06 - June'07)
- Trading at a discount to its peers



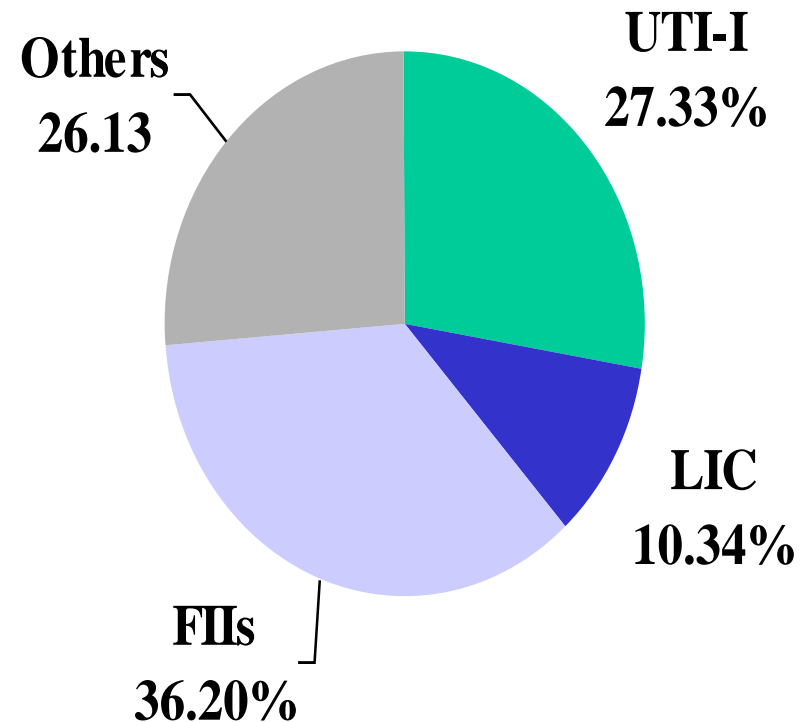
SHAREHOLDER RETURNS



↑ 17% YOY

SHAREHOLDING

- Share Capital - Rs. 282.65 crores
- Net Worth - Rs. 3,406.22 crores
- Book Value per share - Rs. 127.02
- Market Price as on 12/7/07 - Rs. 642.55
- Market Cap as on 12/7/07 - Rs. 18,162 crores (US \$ 4.48 billion)



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.*



Thank You

