Performance and Outlook

November 2016

Macro Picture

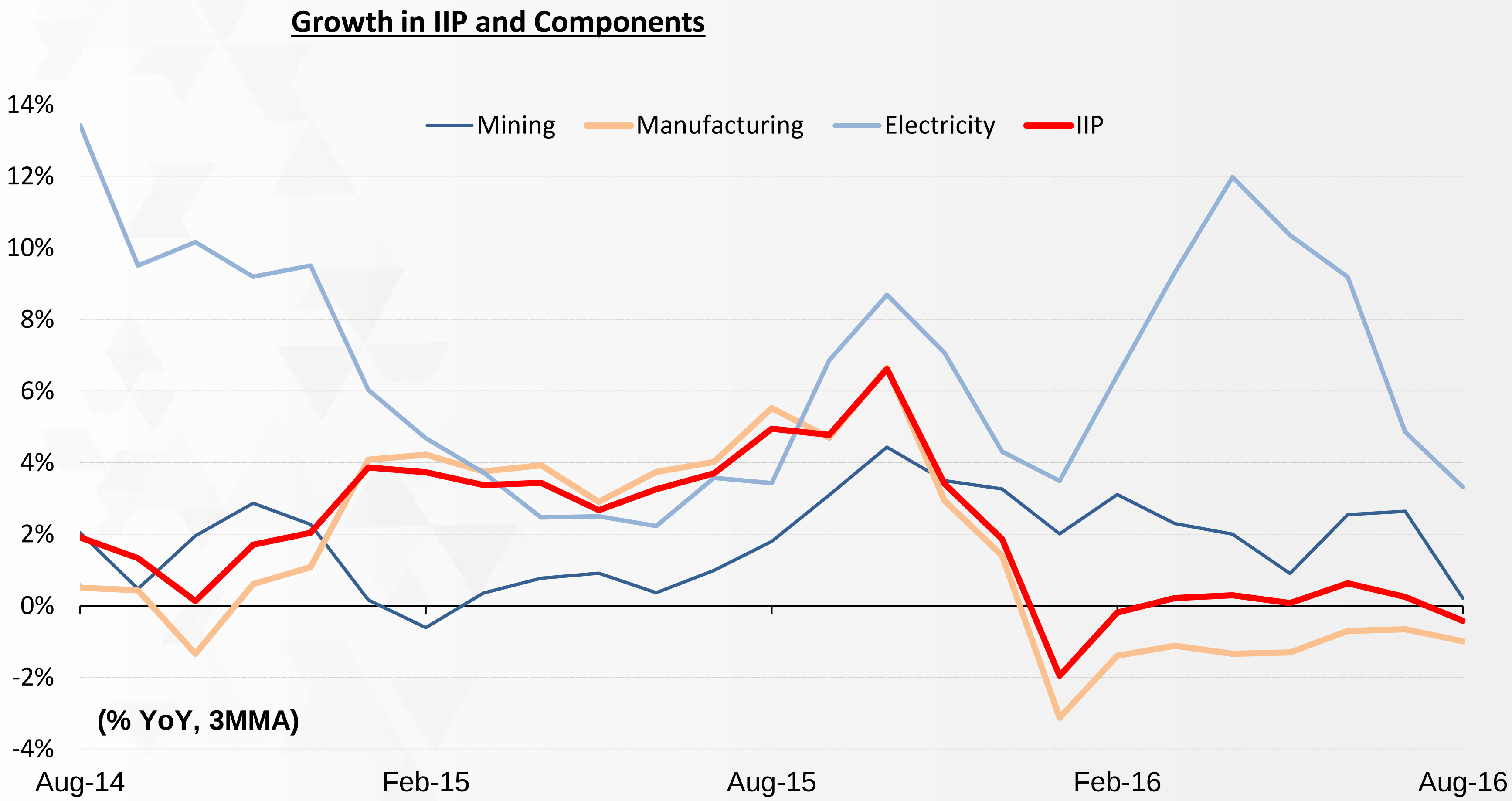
Asset Quality

Growth

Earnings Quality

Retail Franchise

Growth in industrial production has slowed in recent months

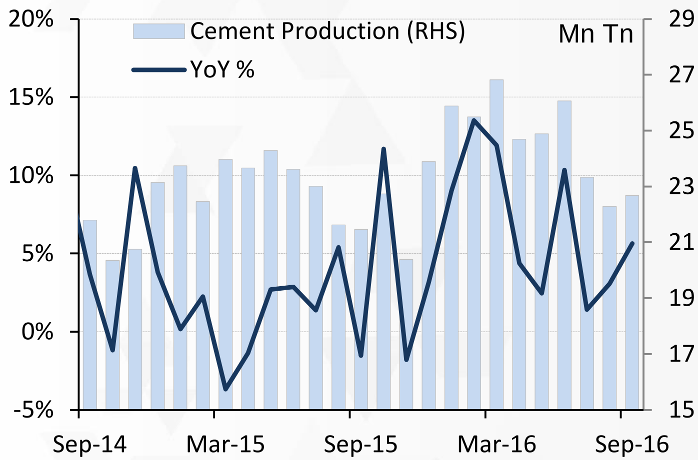


AXIS BANK

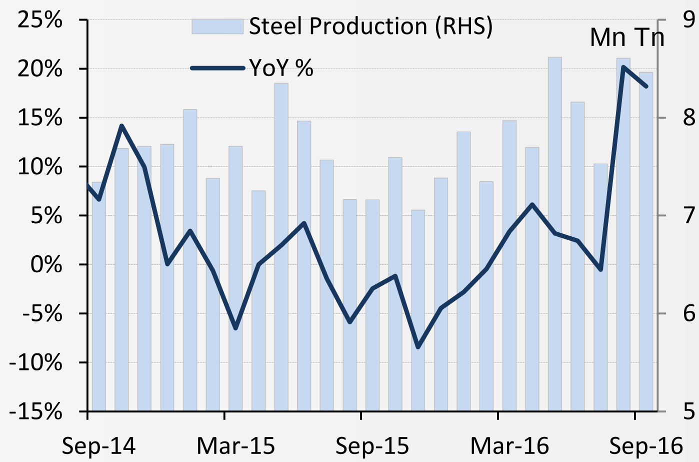
However, output parameters have improved on the margin

Select output indicators

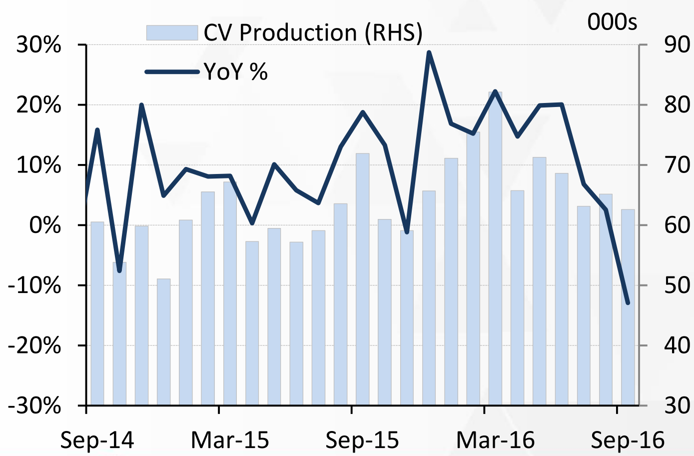
Cement shows moderate growth



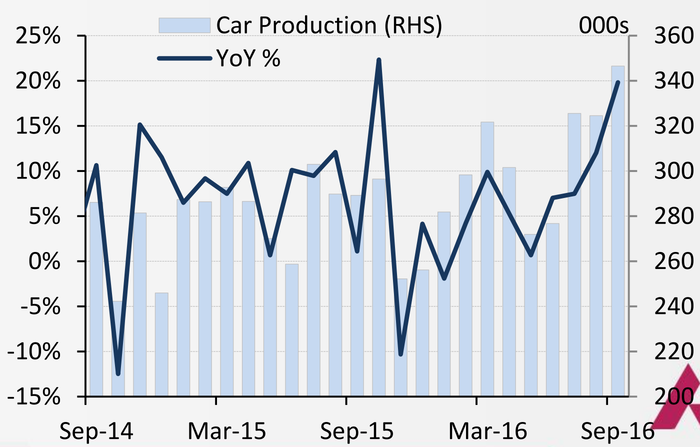
Steel production picks up



HCV production declined sharply



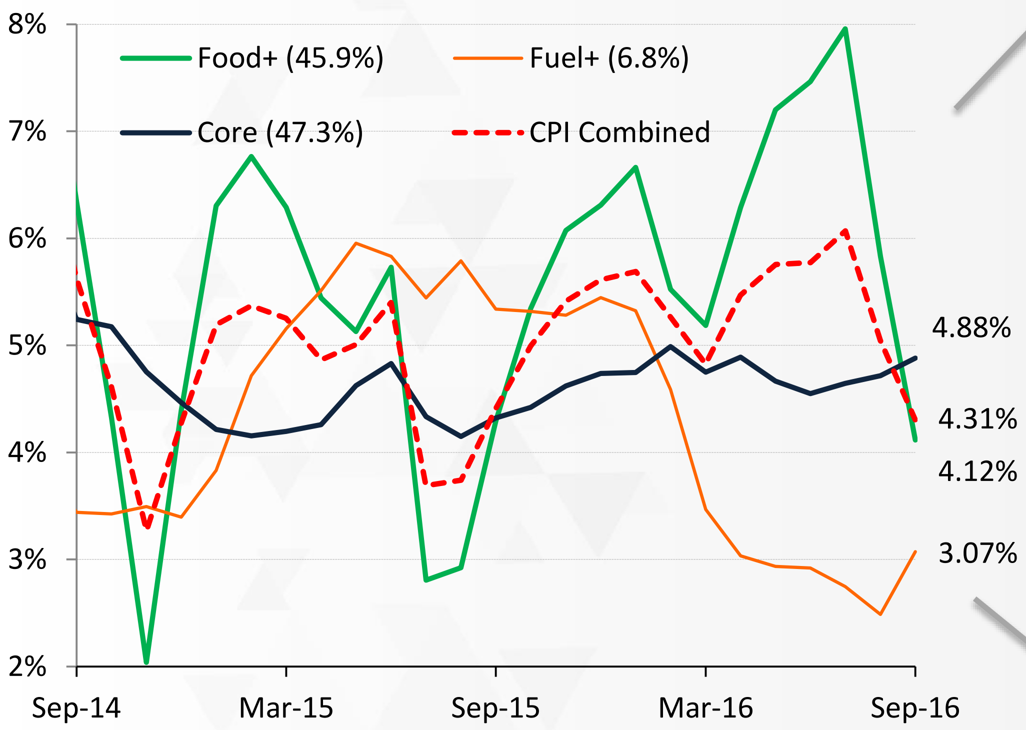
Car production jumps



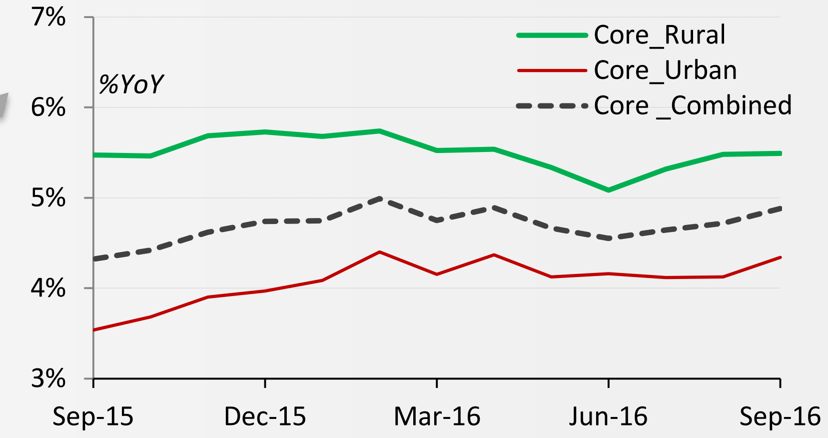
AXIS BANK

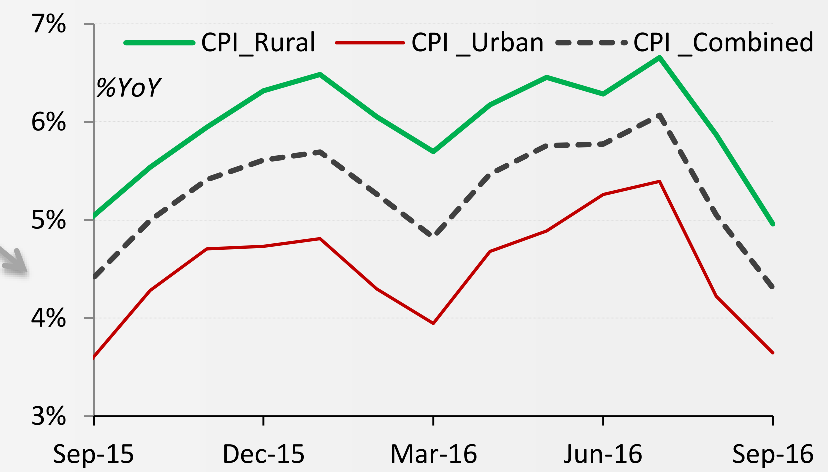
Inflation continues to be benign, supported by lower food prices post the monsoon; likely to meet RBI target of 5% in March 2017

CPI Inflation and components …



… Urban vs Rural

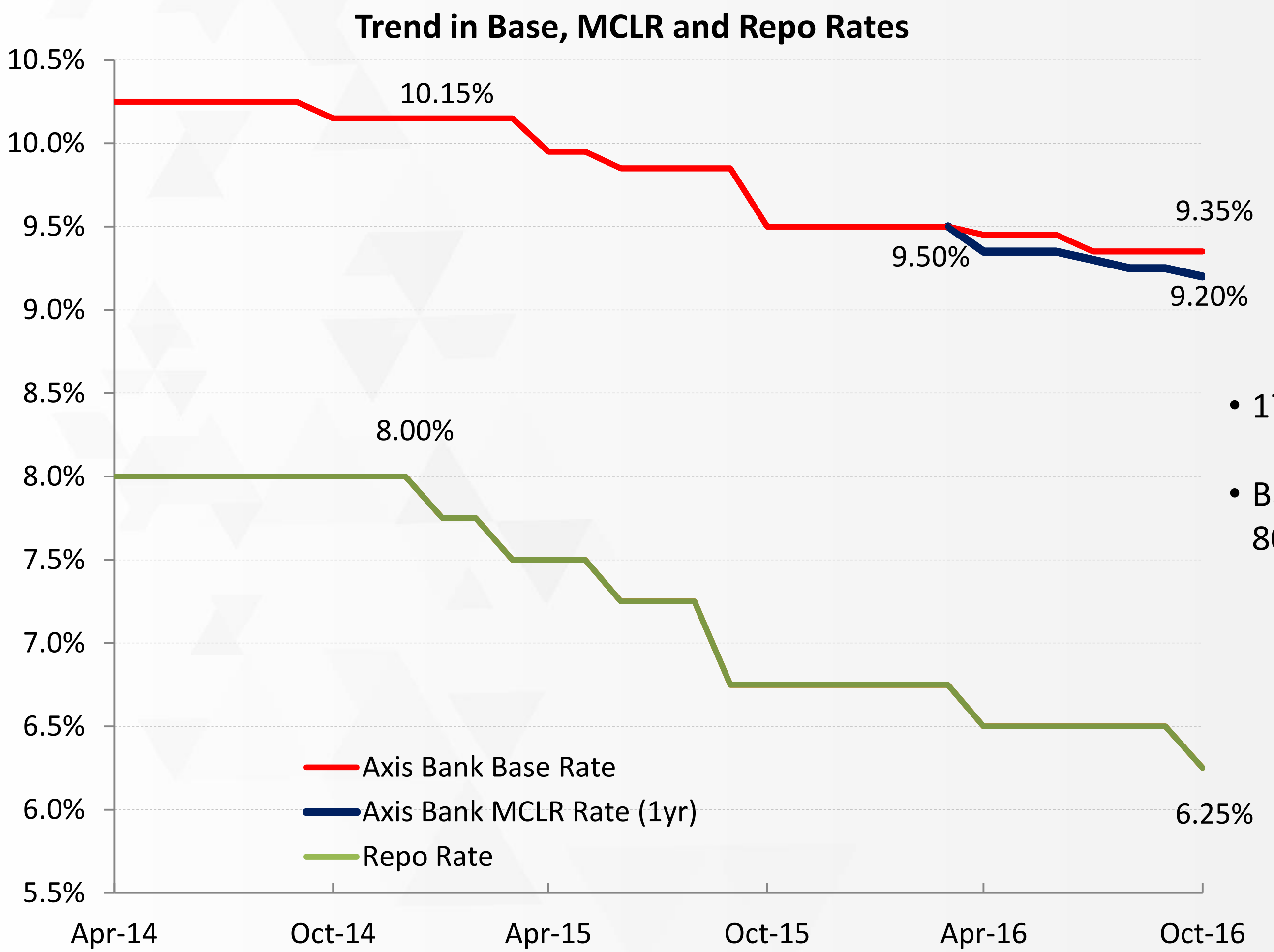




AXIS BANK

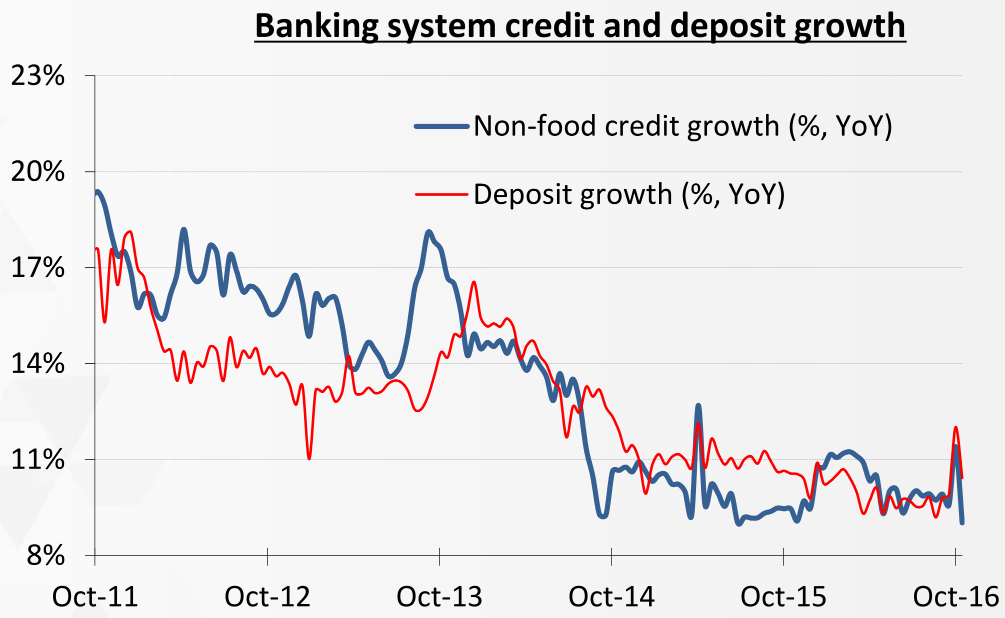
In line with falling inflation, RBI continues to ease rates and the easing is being transmitted by banks

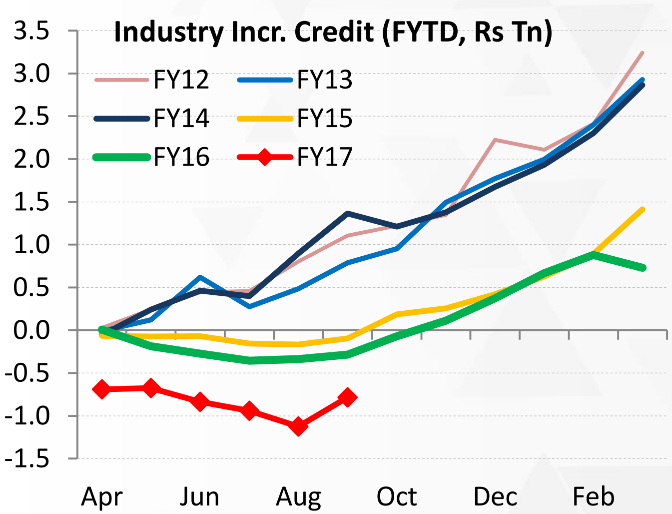
Repo Rate vs Axis Bank Lending Rates

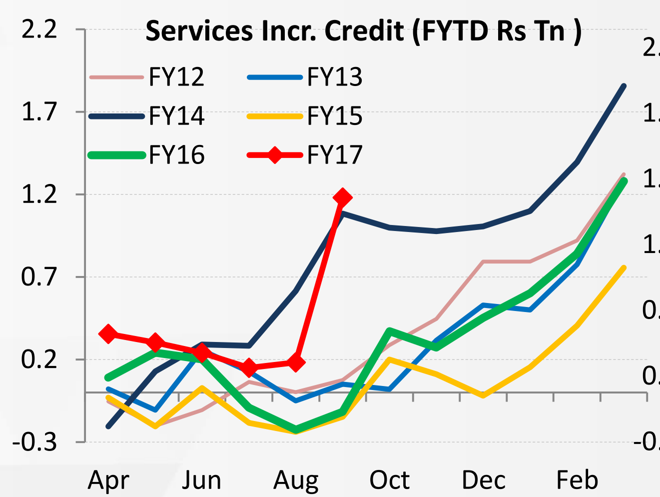


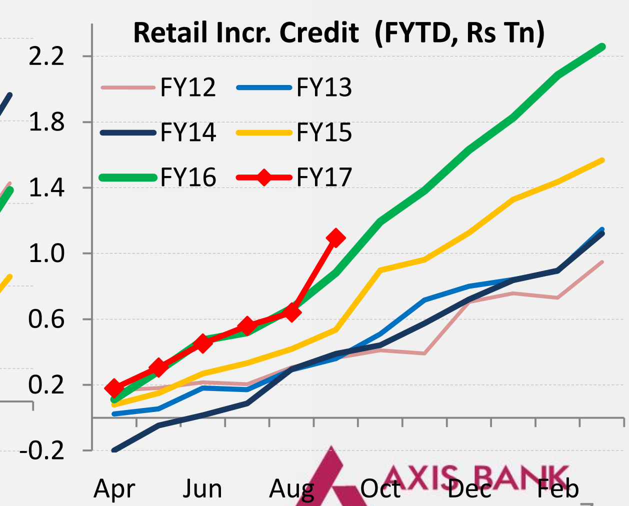
- 175 bps rate cut by RBI since Jan'15
- Bank responded with a reduction of 80 bps in the Base Rate

Credit and deposit growth remain near multi year lows, but credit optics are worse because of UDAY discom loans shifted to bonds









AXIS BANK

Macro Picture

Asset Quality

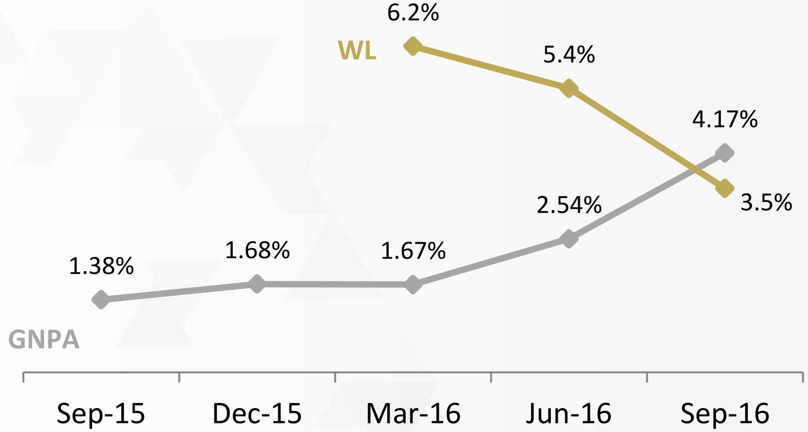
Growth

Earnings Quality

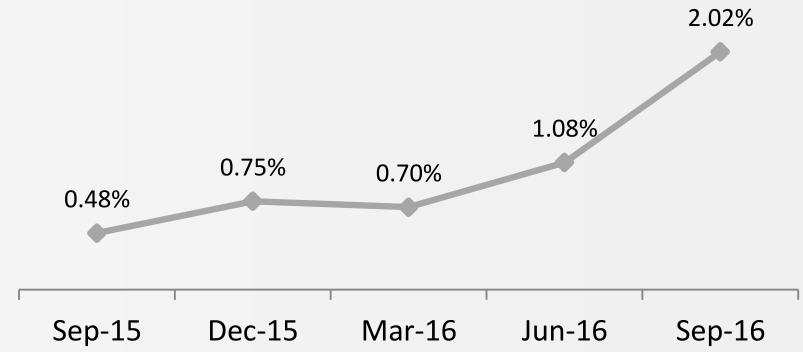
Retail Franchise

Gross and Net NPAs have increased in Q2FY17

Gross NPA and Watch List (WL)

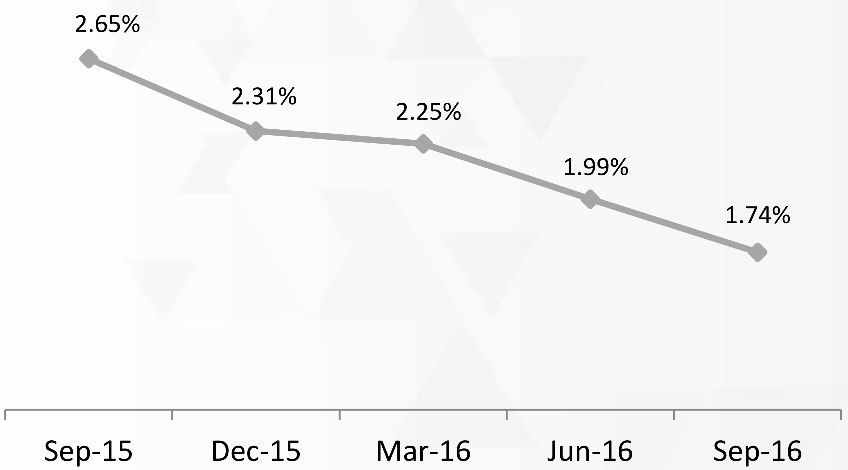


Net NPA

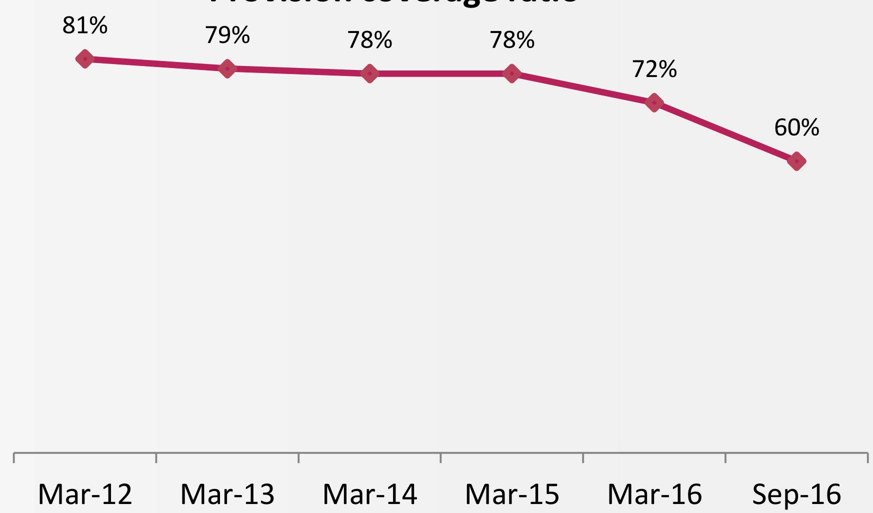


Net Restructured Assets

(% of Net Customer Assets)



Provision coverage ratio

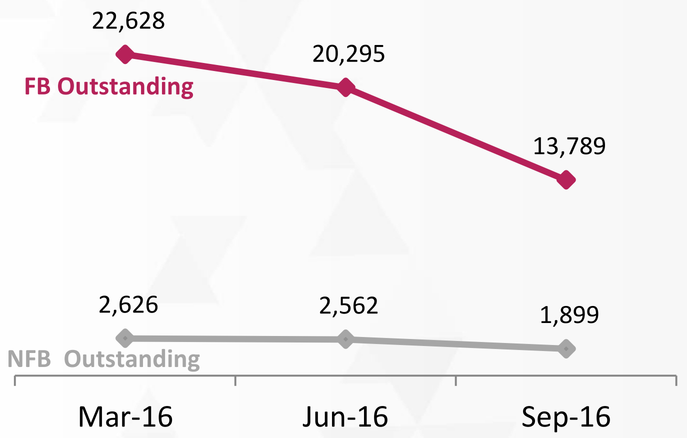


AXIS BANK

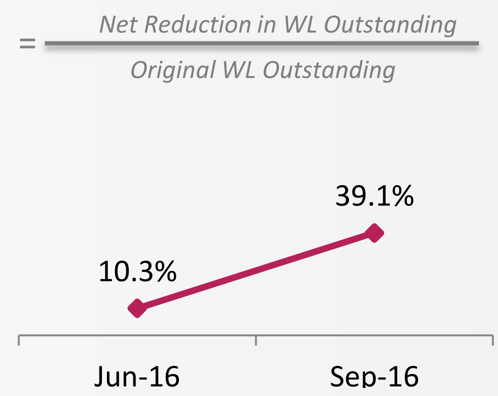
Most of the slippages in Corporate Lending were from the Watch List

All figures in ₹ Crores

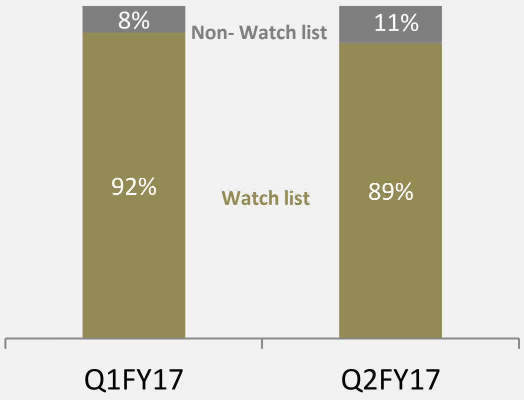
Watch List Outstanding



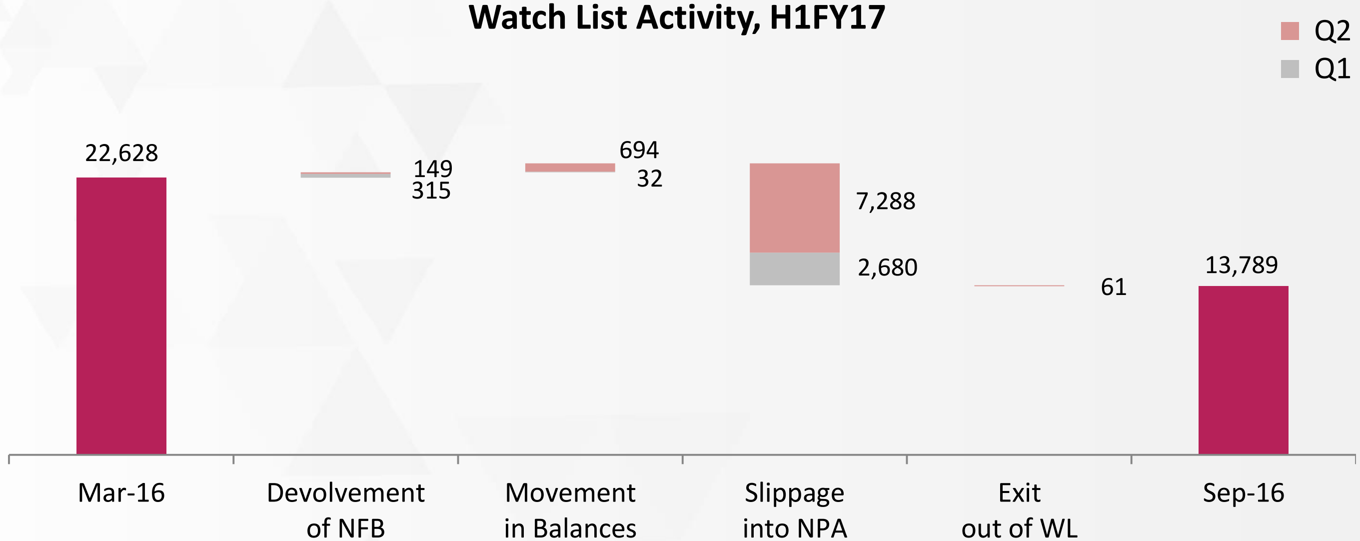
Cumulative Dissolution Rate



Slippages in Corporate Lending



Watch List Activity, H1FY17

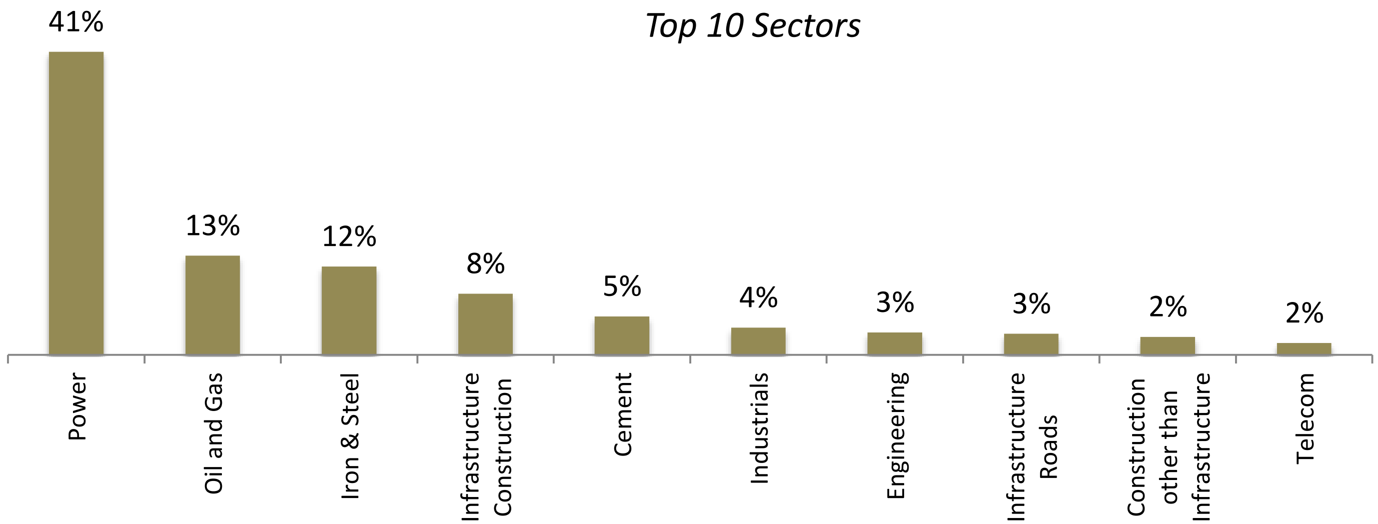


AXIS BANK

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

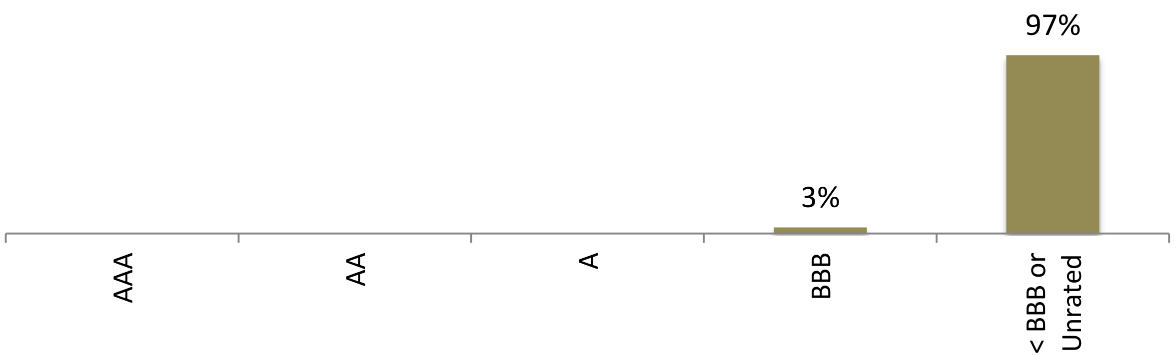
Sectoral composition of Watch List

Top 10 Sectors

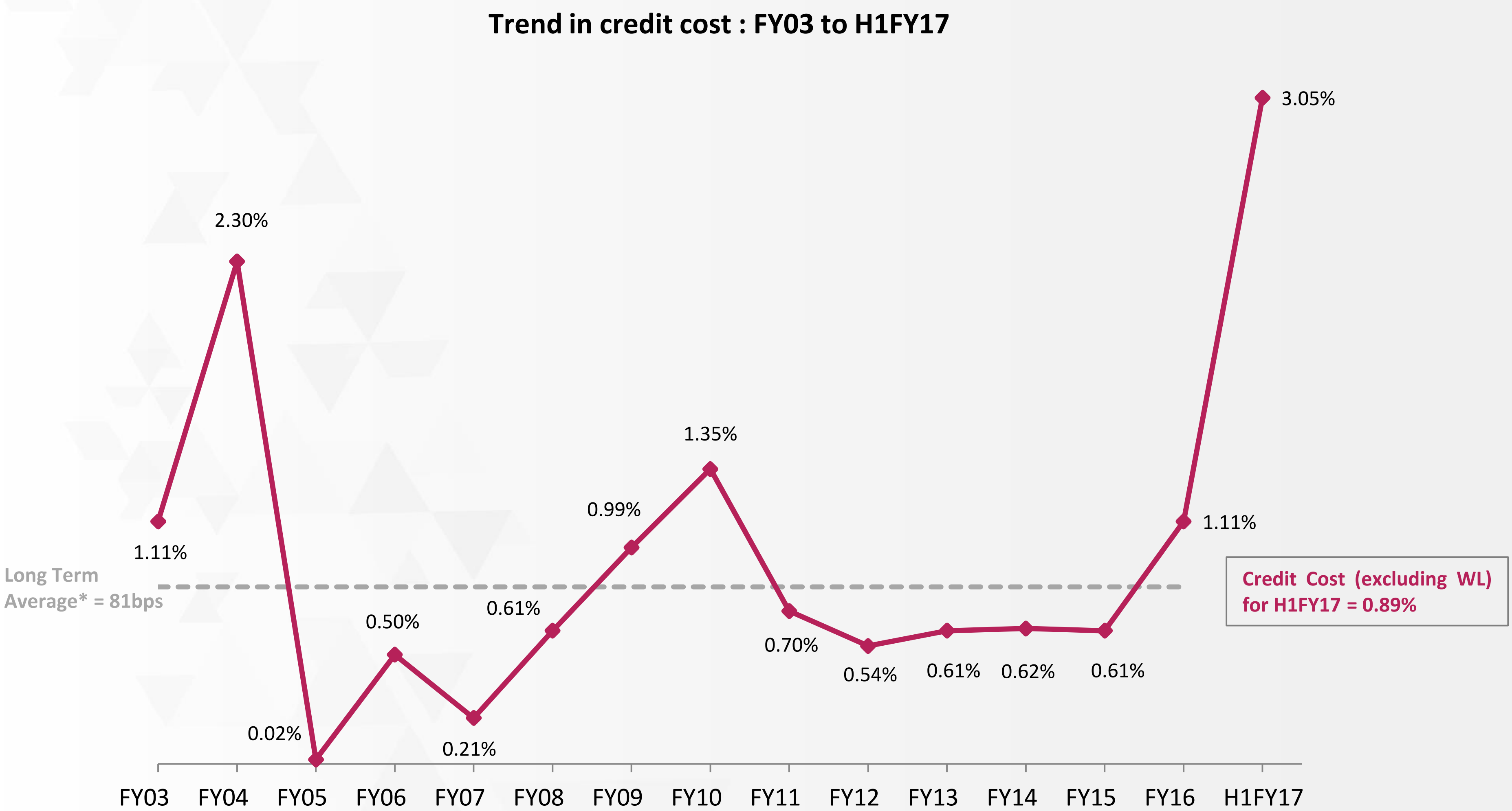


Internal Rating Mix

(by value)



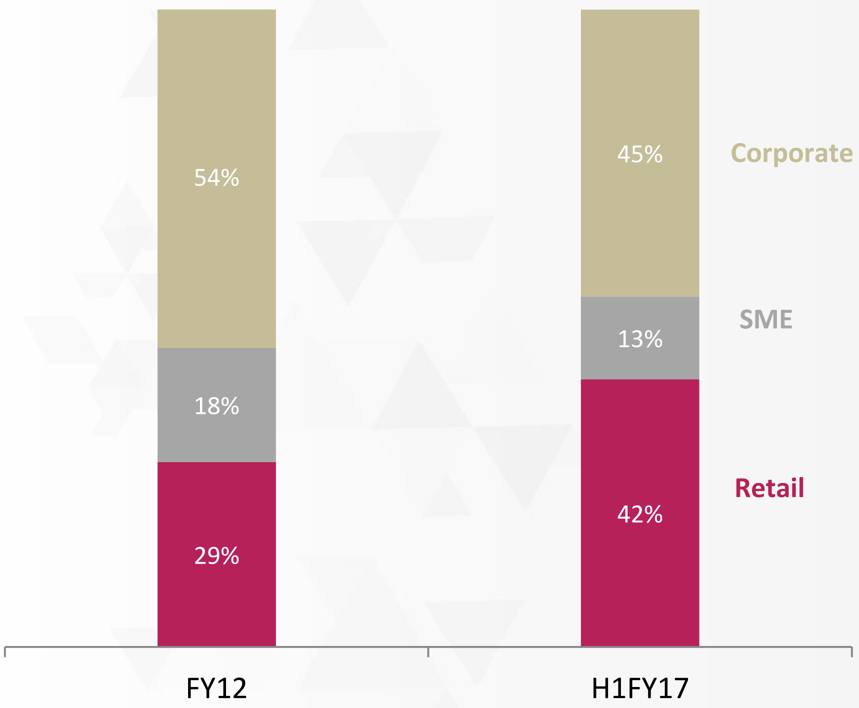
The Long term average credit cost at the bank has been 81 bps



* For the period from FY03 to FY16

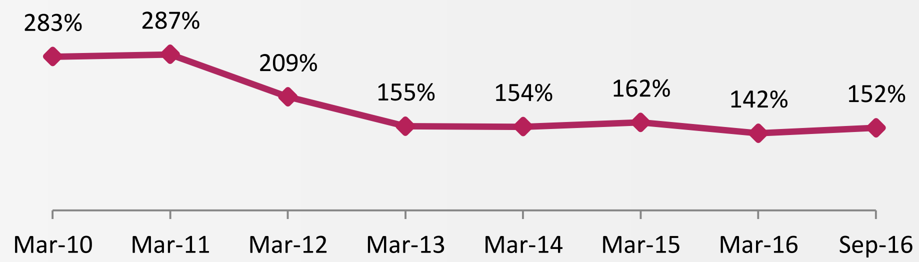
The business mix and quality has changed materially after 2012

The portfolio is now more Retail



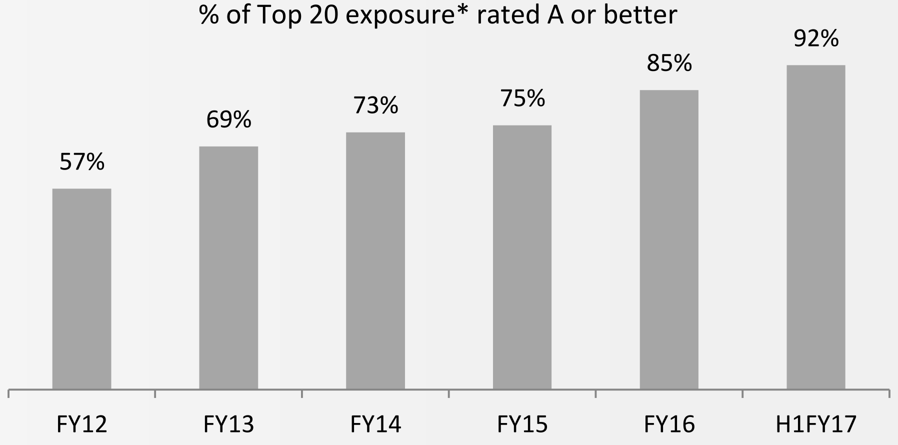
Concentration Risk is reducing …

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

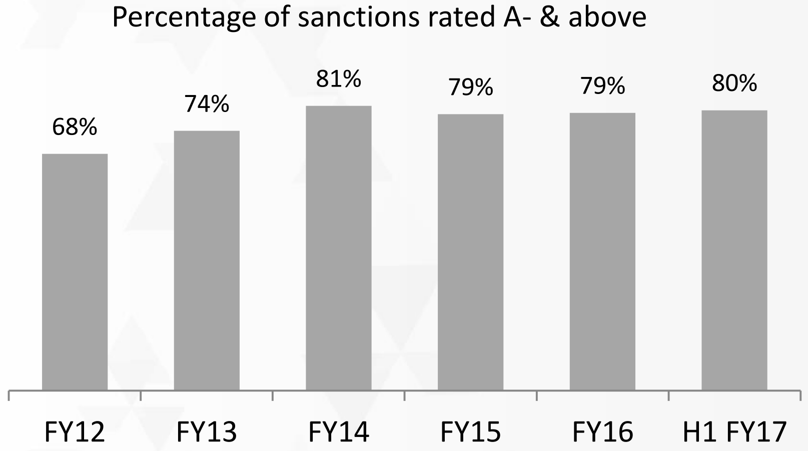


* Includes fund based and non fund based

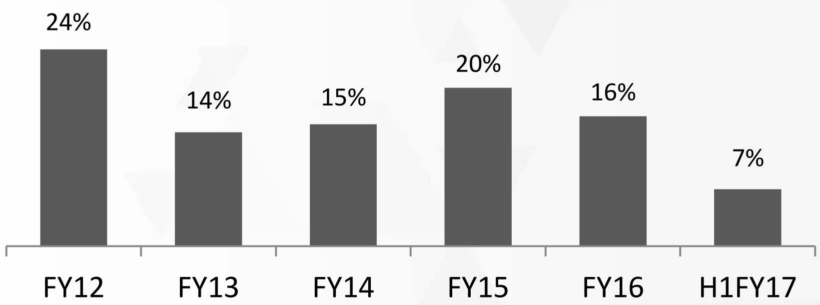
AXIS BANK

Corporate loan sanctions post 2012 have been of much better quality

Recent sanctions have been biased towards better rated corporates …

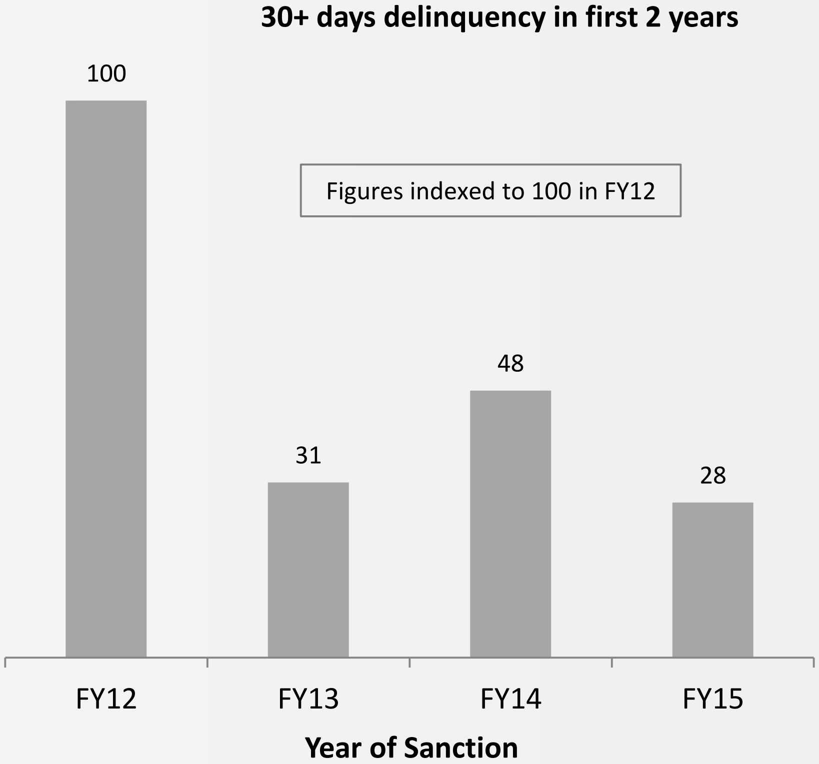


… and away from challenged sectors*



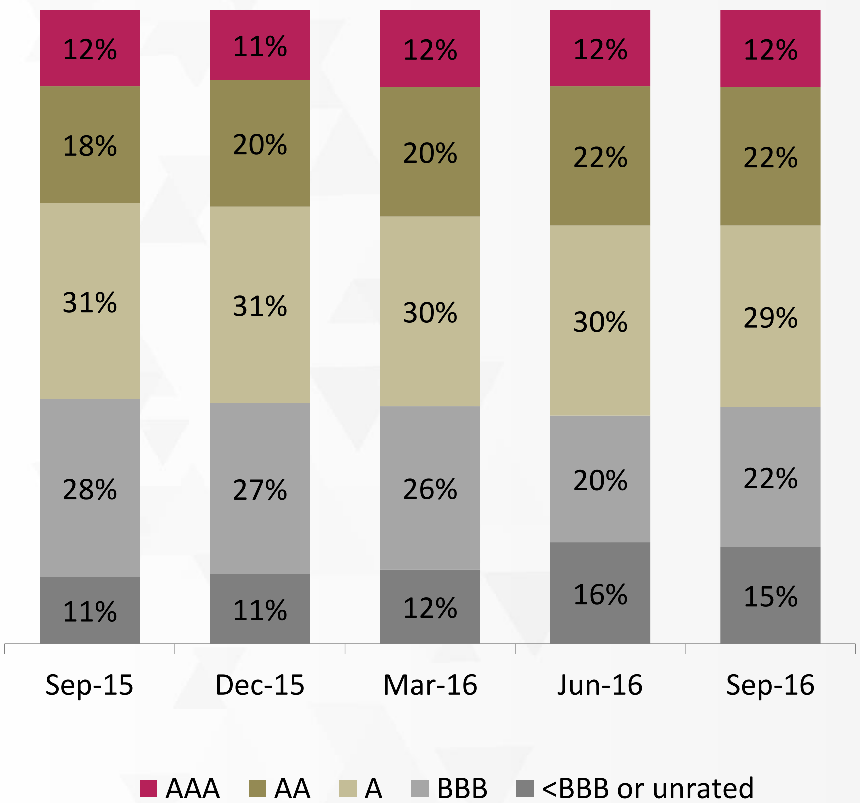
* sanctions to power, iron and steel, and other infrastructure construction (excluding airports, roads and ports) as a percentage of total sanctions for the year

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

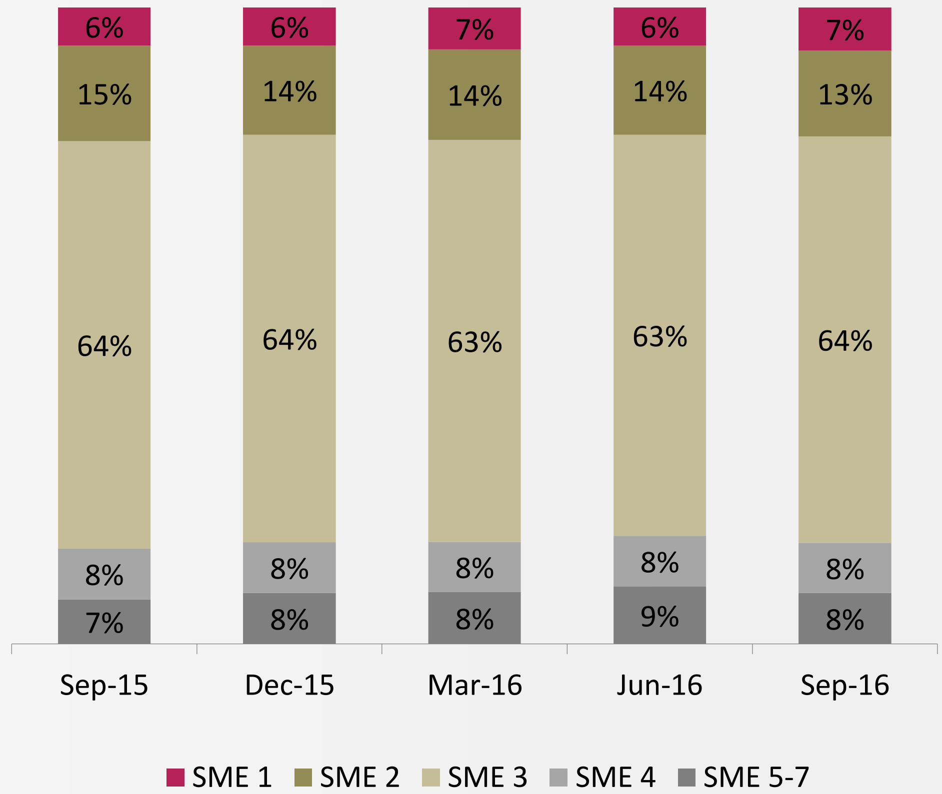


Rating profile remains stable

Corporate Lending



SME Lending



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

AXIS BANK

Macro Picture

Asset Quality

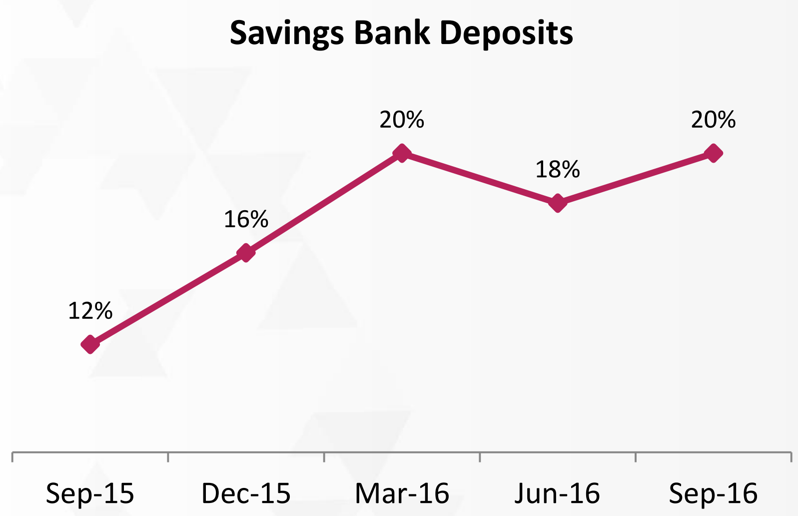
Growth

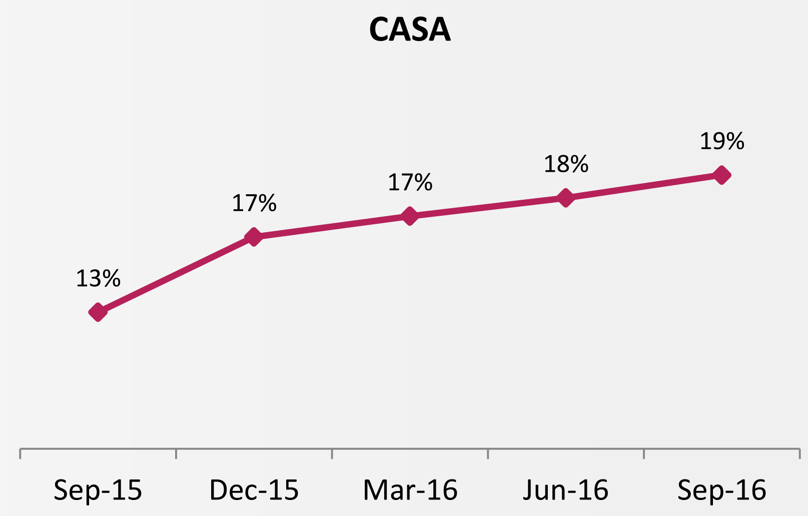
Earnings Quality

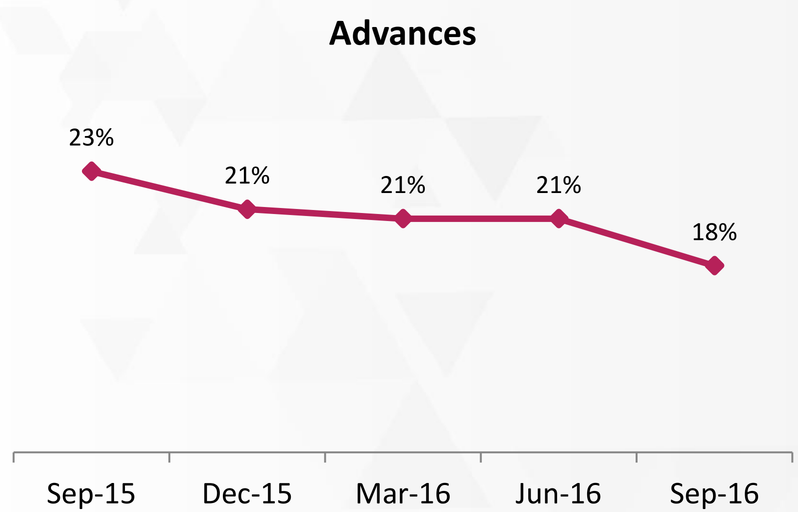
Retail Franchise

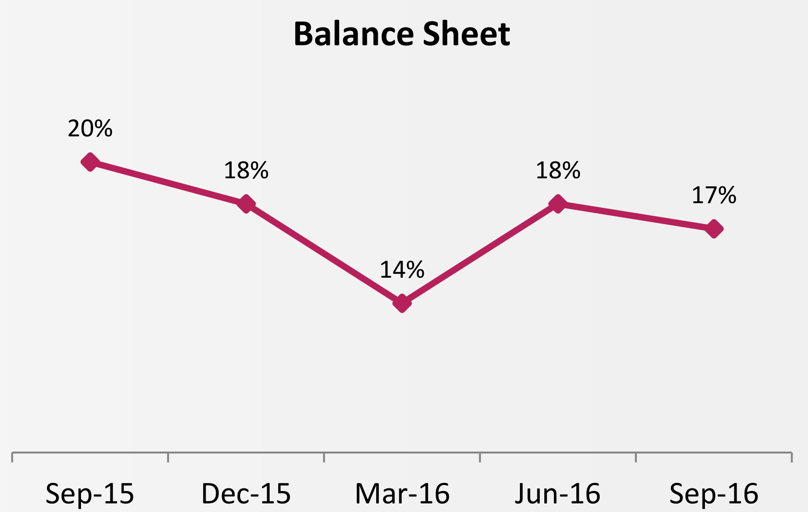
We have delivered strong growth on key balance sheet parameters

All figures in YOY growth







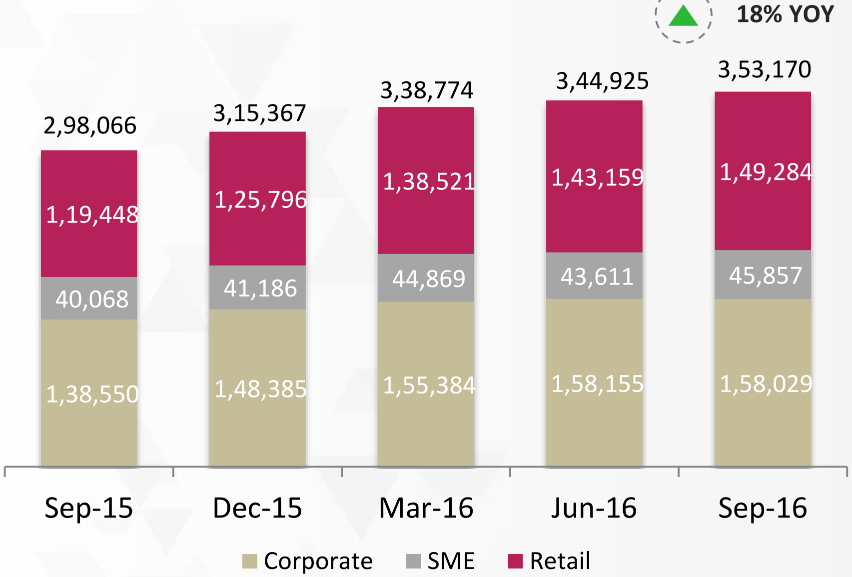


AXIS BANK

Diversified loan mix with growth driven by retail

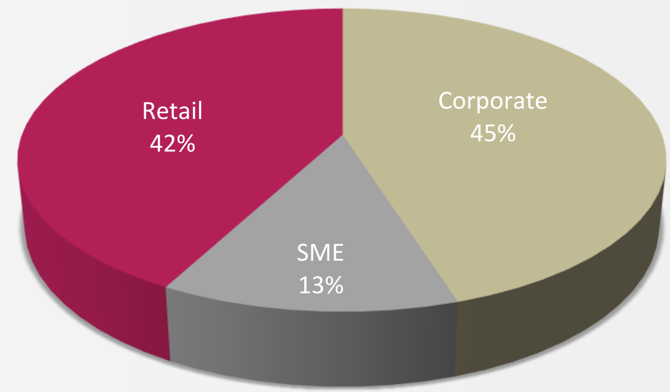
All figures in ₹ Crores

Total Advances

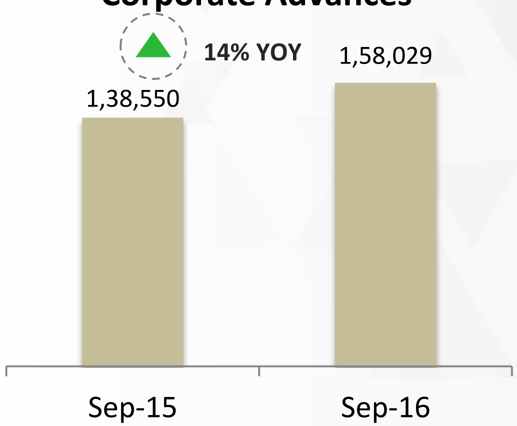


Loan Mix

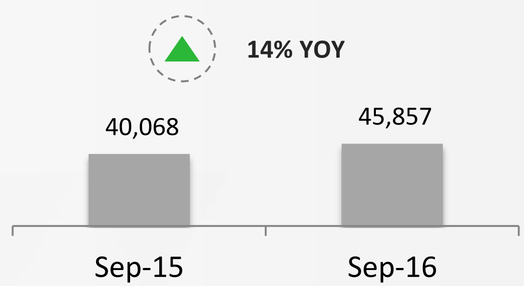
(As on September 30, 2016)



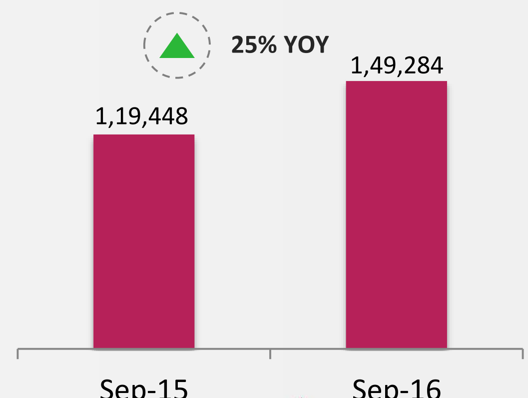
Corporate Advances



SME Advances



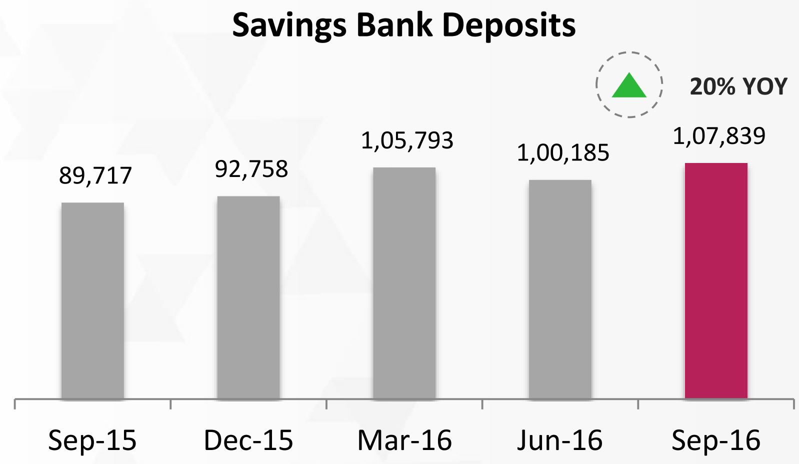
Retail Advances

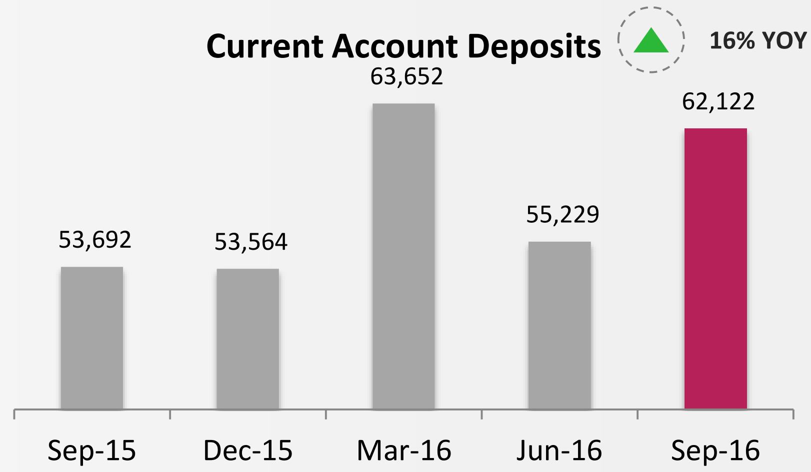


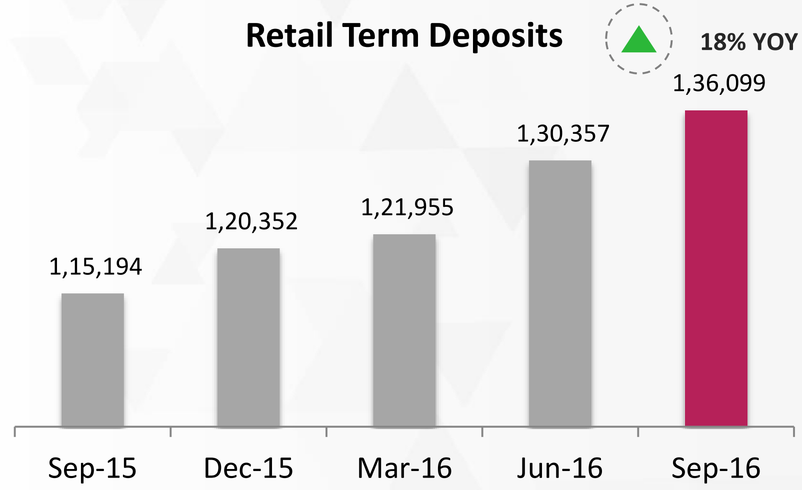
AXIS BANK

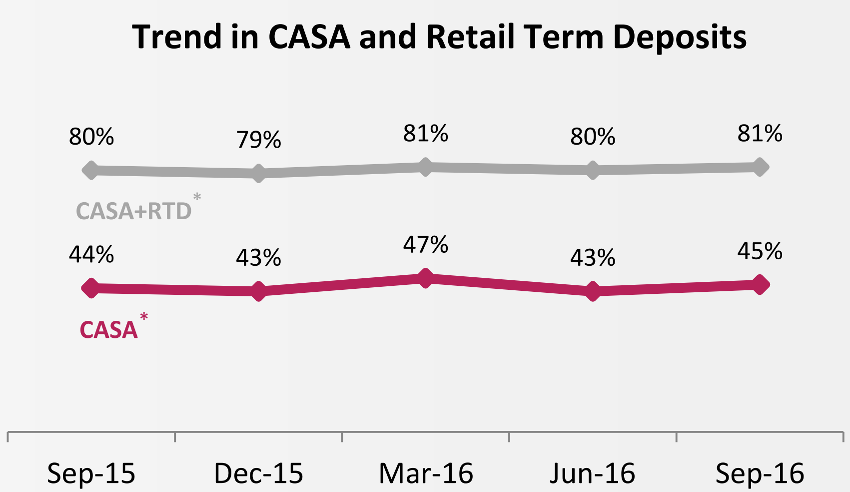
Deposit franchise continues to be robust

All figures in ₹ Crores









*as % of total deposits

AXIS BANK

Macro Picture

Asset Quality

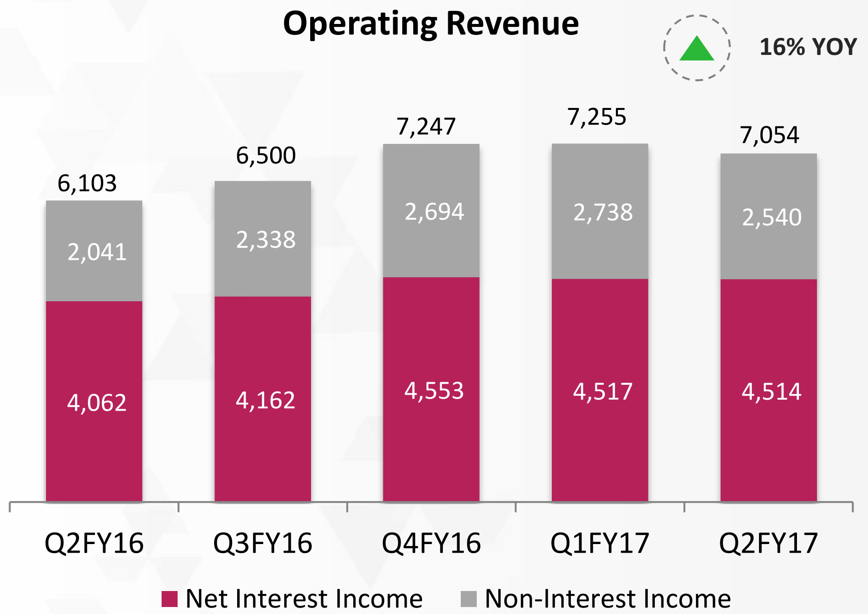
Growth

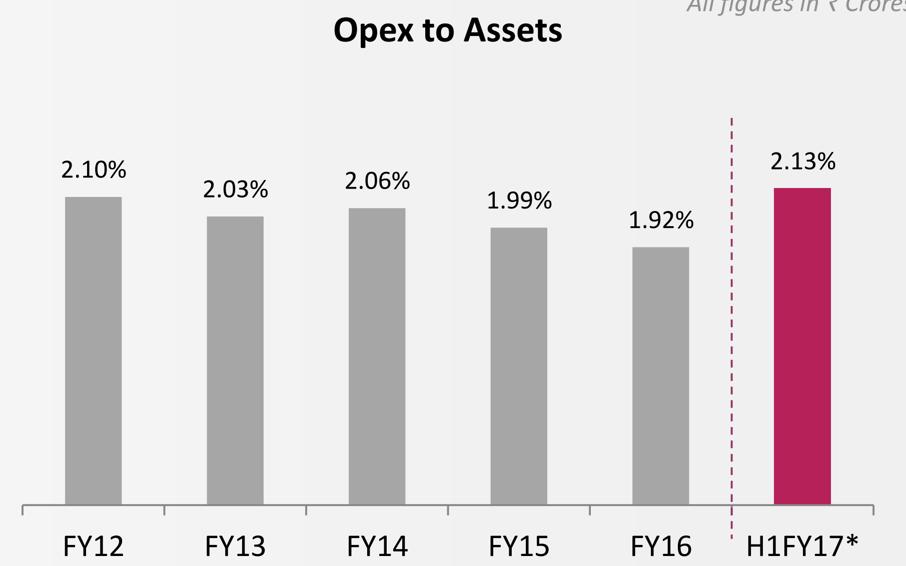
Earnings Quality

Retail Franchise

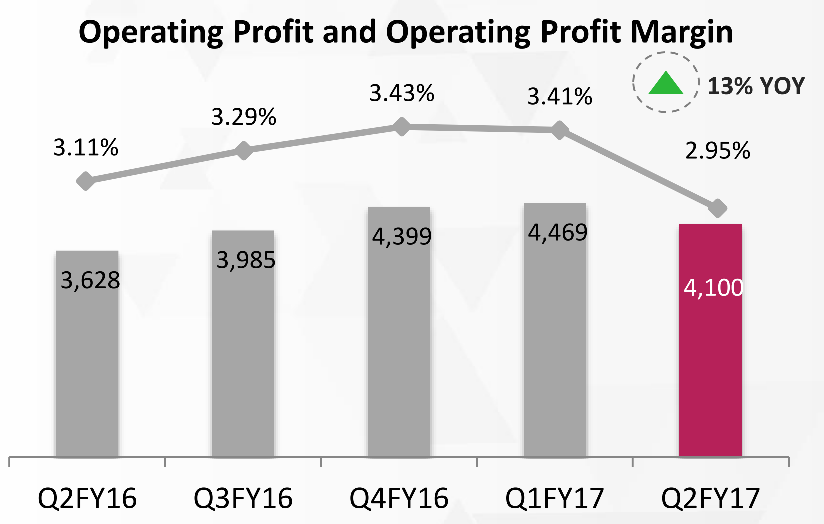
Operating Profit delivery has been steady even as Net Profit has dipped due to credit provisions

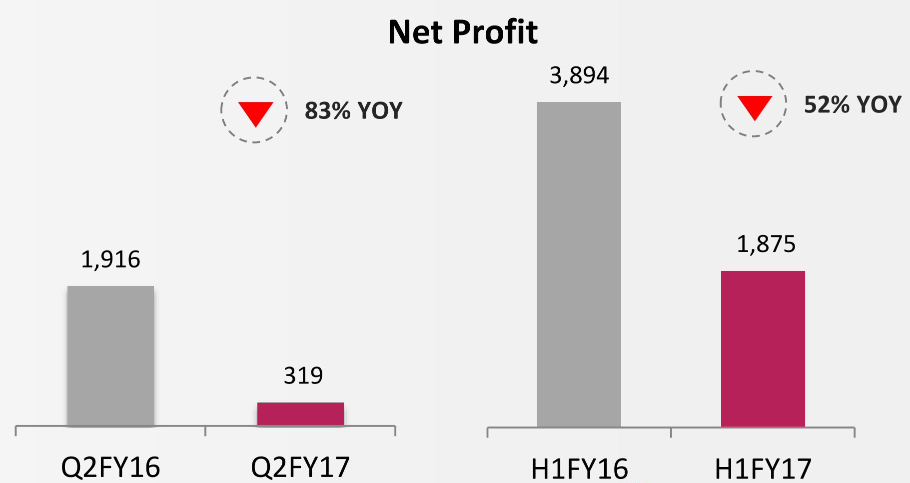
All figures in ₹ Crores





* annualized

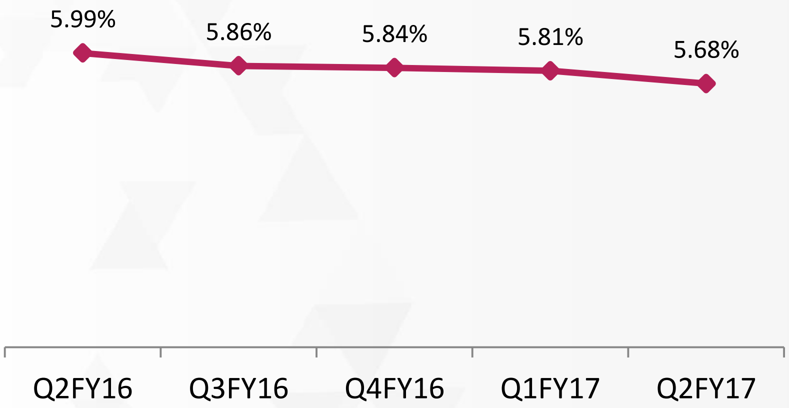


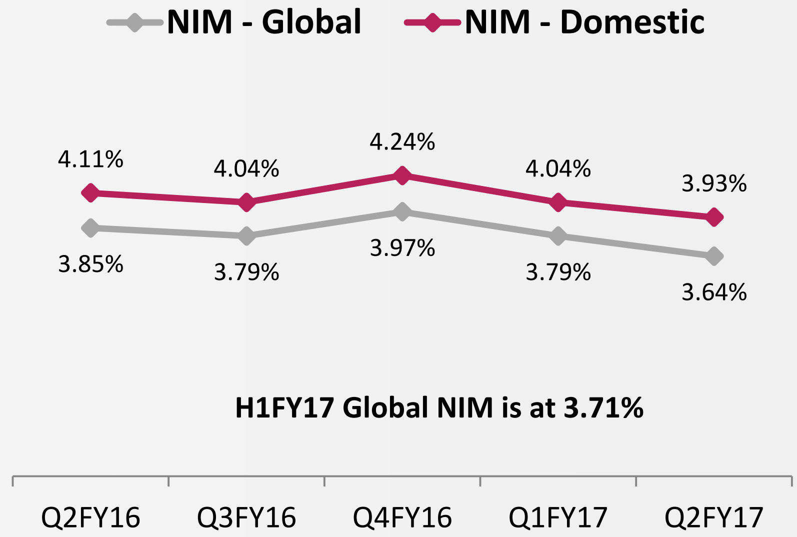


NIM has moderated during the quarter

All figures in ₹ Crores

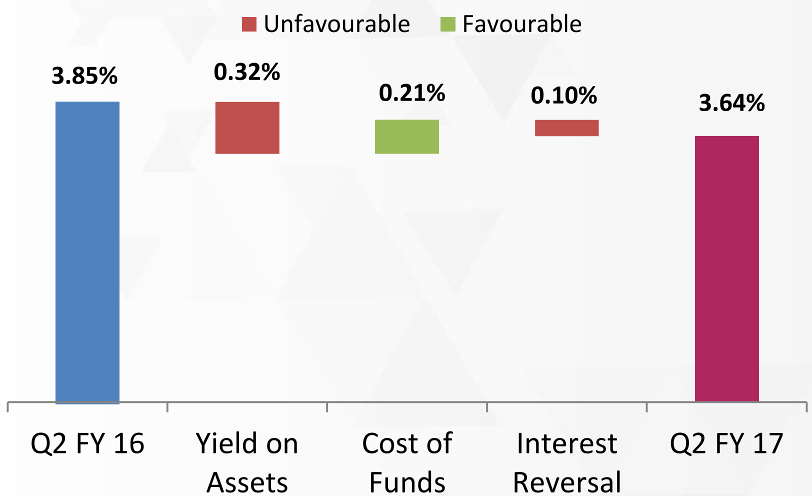
Cost of Funds



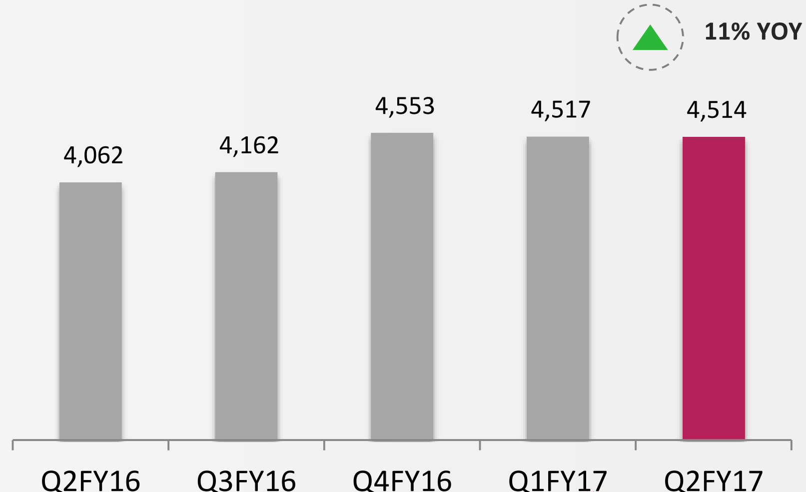


H1FY17 Global NIM is at 3.71%

Movement in NIM



Net Interest Income



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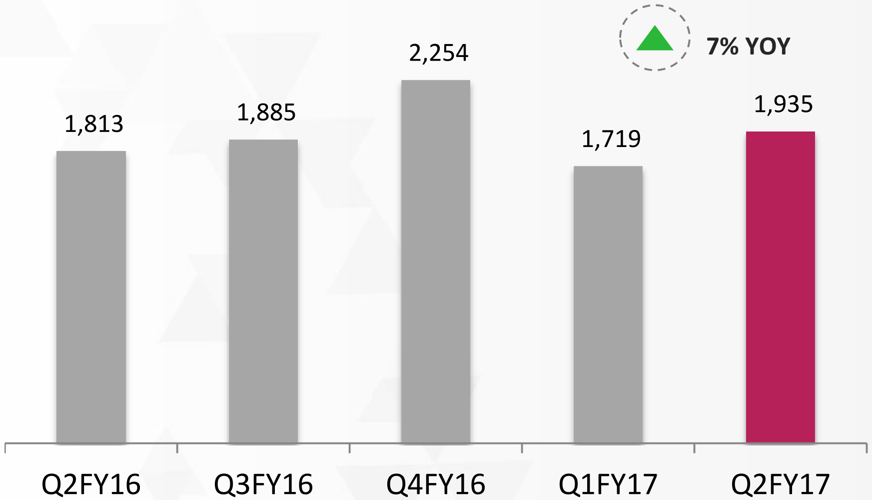
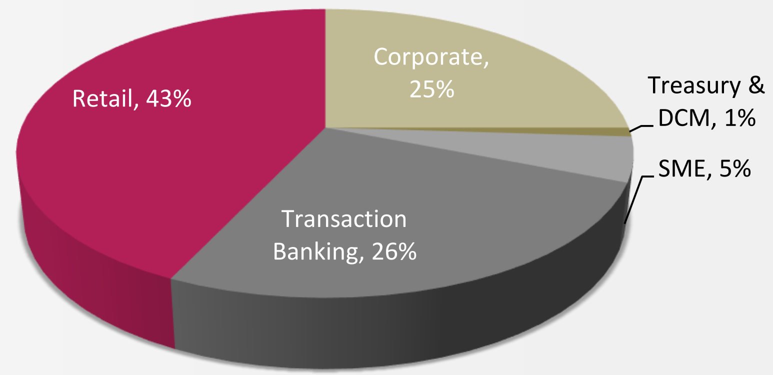
Fee growth has moderated but Granular fees continue to grow

All figures in ₹ Crores

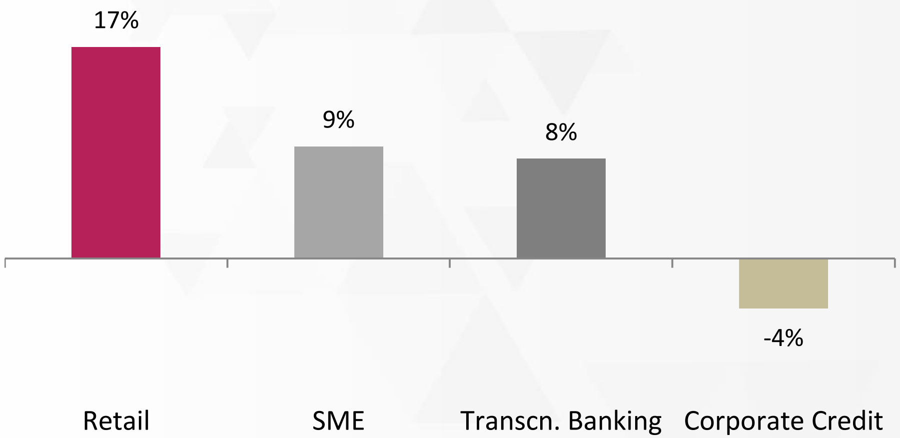
Fee Income



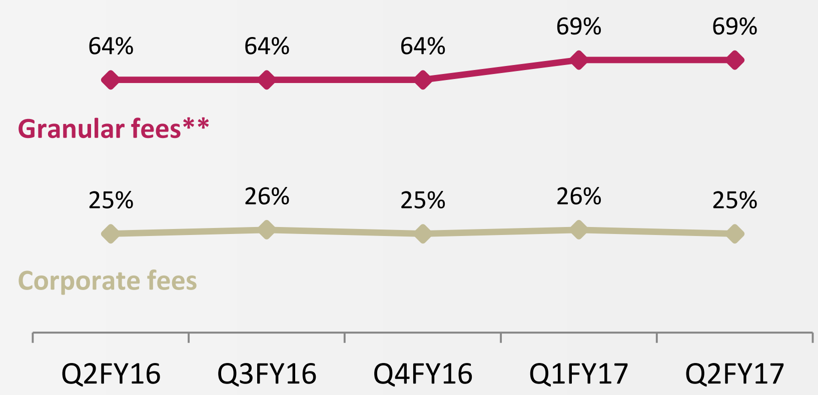
Fee Composition



Fee Growth (YOY)



Trend in Granular and Corporate Fees



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

AXIS BANK

Macro Picture

Asset Quality

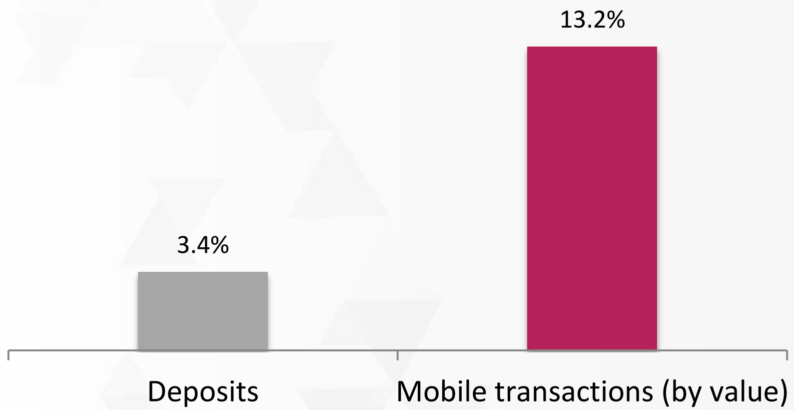
Growth

Earnings Quality

Retail Franchise

Retail Bank has market leading digital capabilities

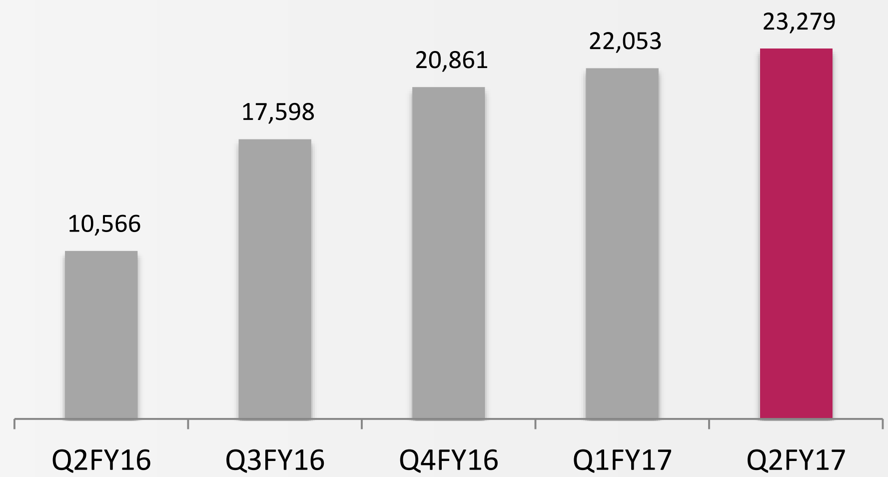
Market Share*



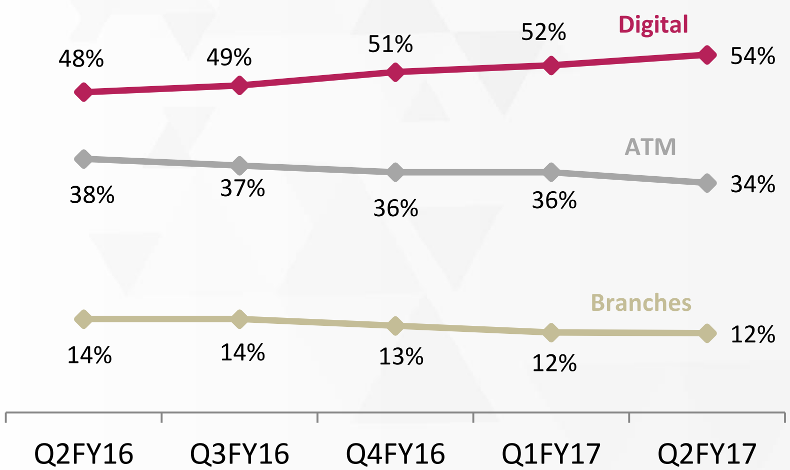
* Source : RBI as on March 2016

Mobile Banking Spends (₹Cr)

120% YOY

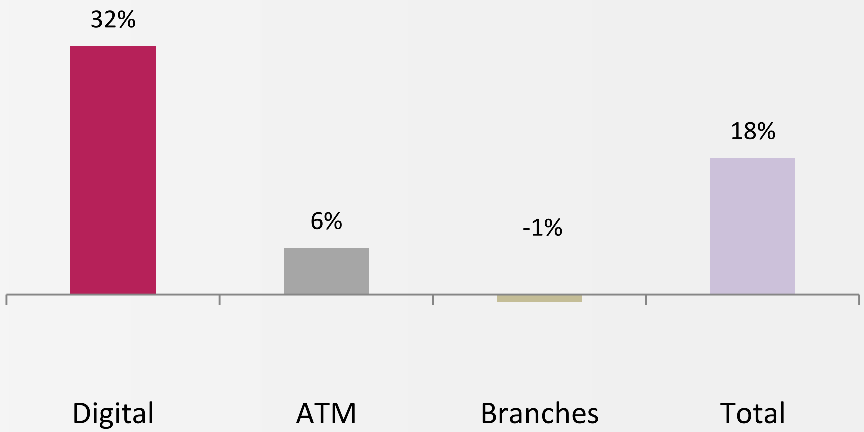


Transaction Mix*



* Based on all financial transactions by individual customers

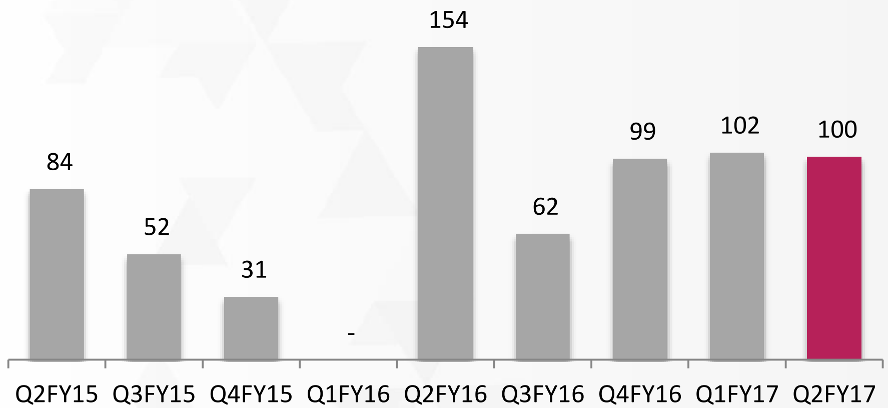
Transaction Volume Growth YOY



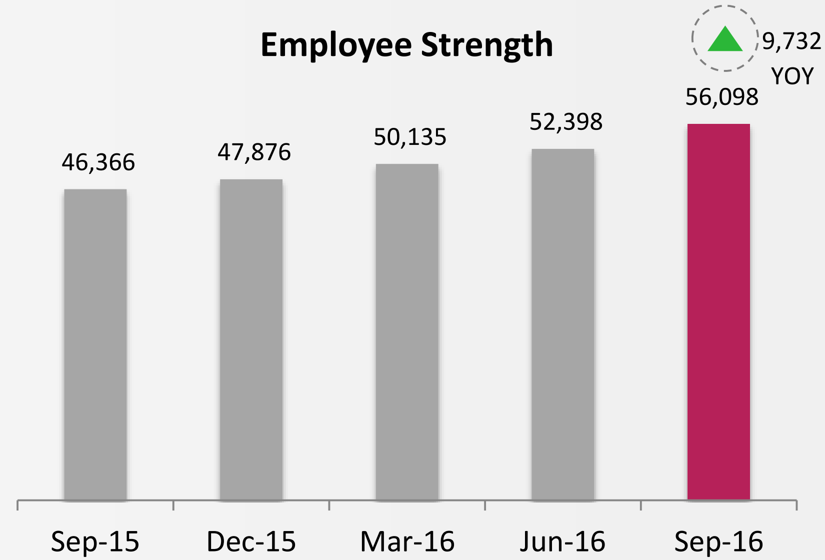
AXIS BANK

We have also been opening new branches with renewed pace

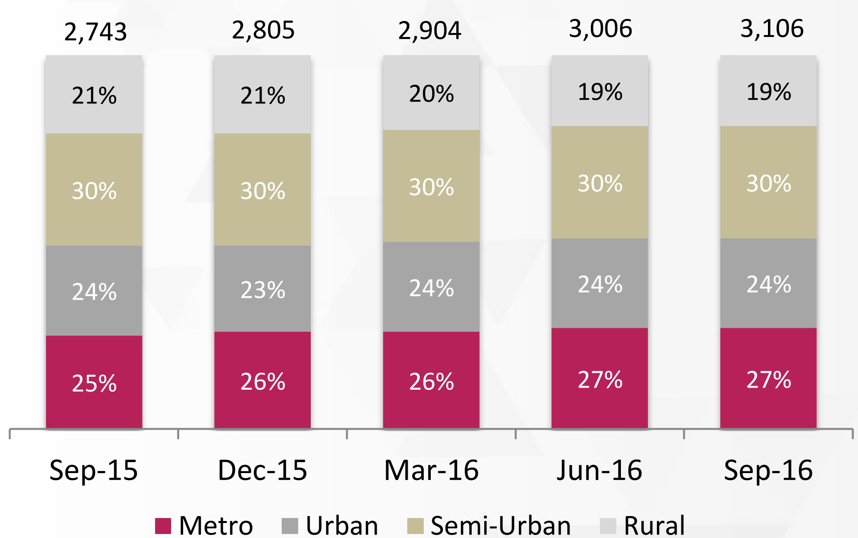
New Branches Opened



Employee Strength

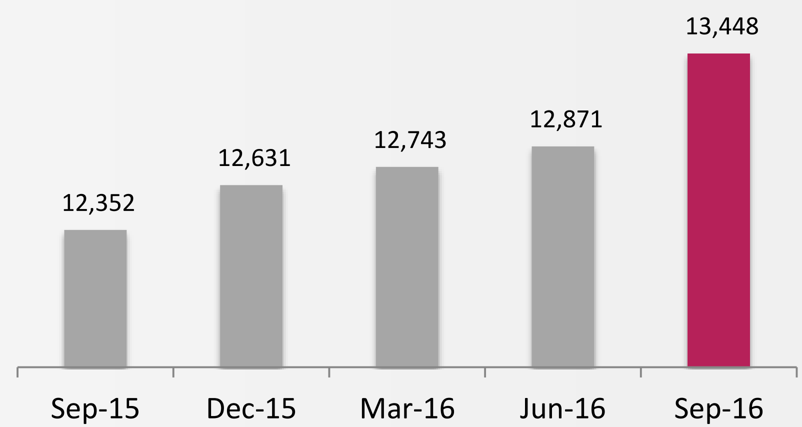


Branch Mix*



* Includes extension counters

ATMs

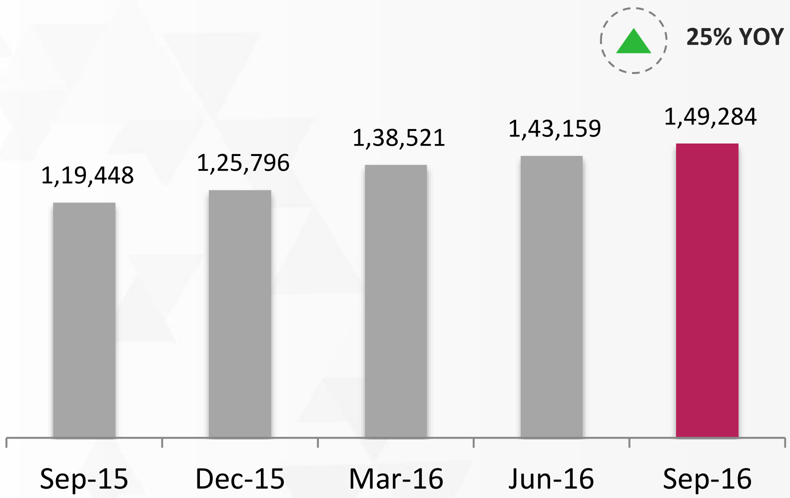


AXIS BANK

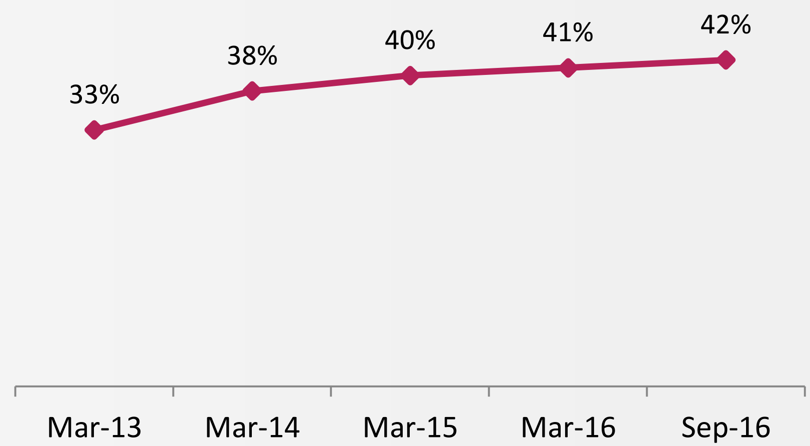
Retail Lending continues to grow steadily

All figures in ₹ Crores

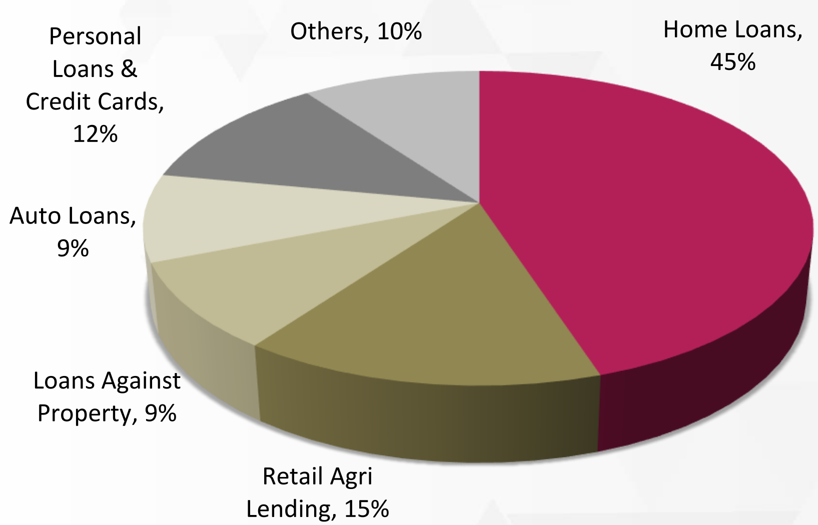
Retail Advances



Retail as % of Advances



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

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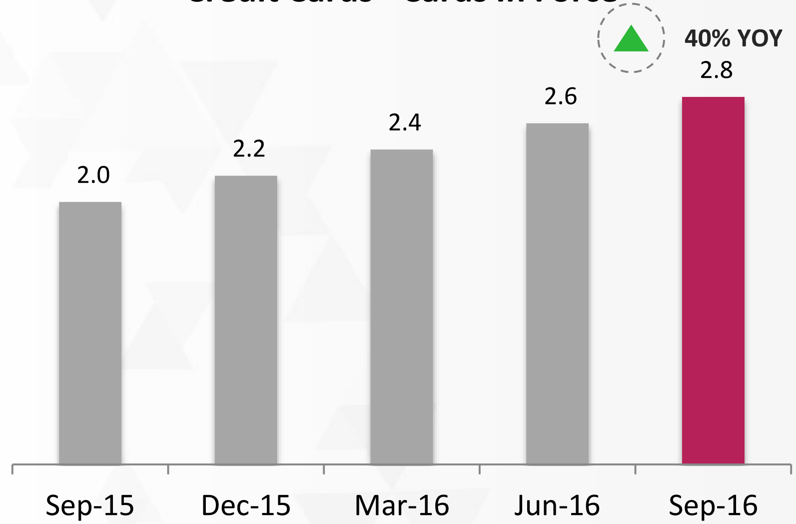
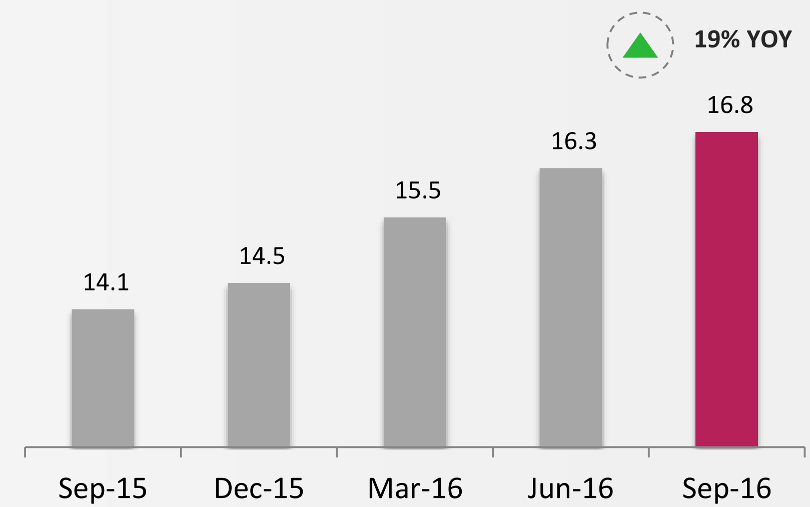
Payments businesses continue to drive deep customer engagement

All figures in mn

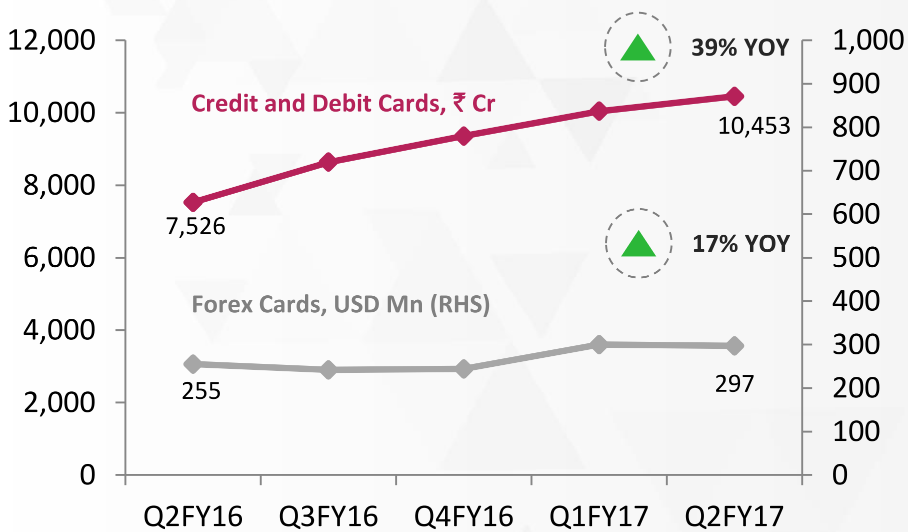
Credit Cards - Cards In Force



Debit Cards - Cards In Force



Cards Spends



Strong positioning in the payments space

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

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

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

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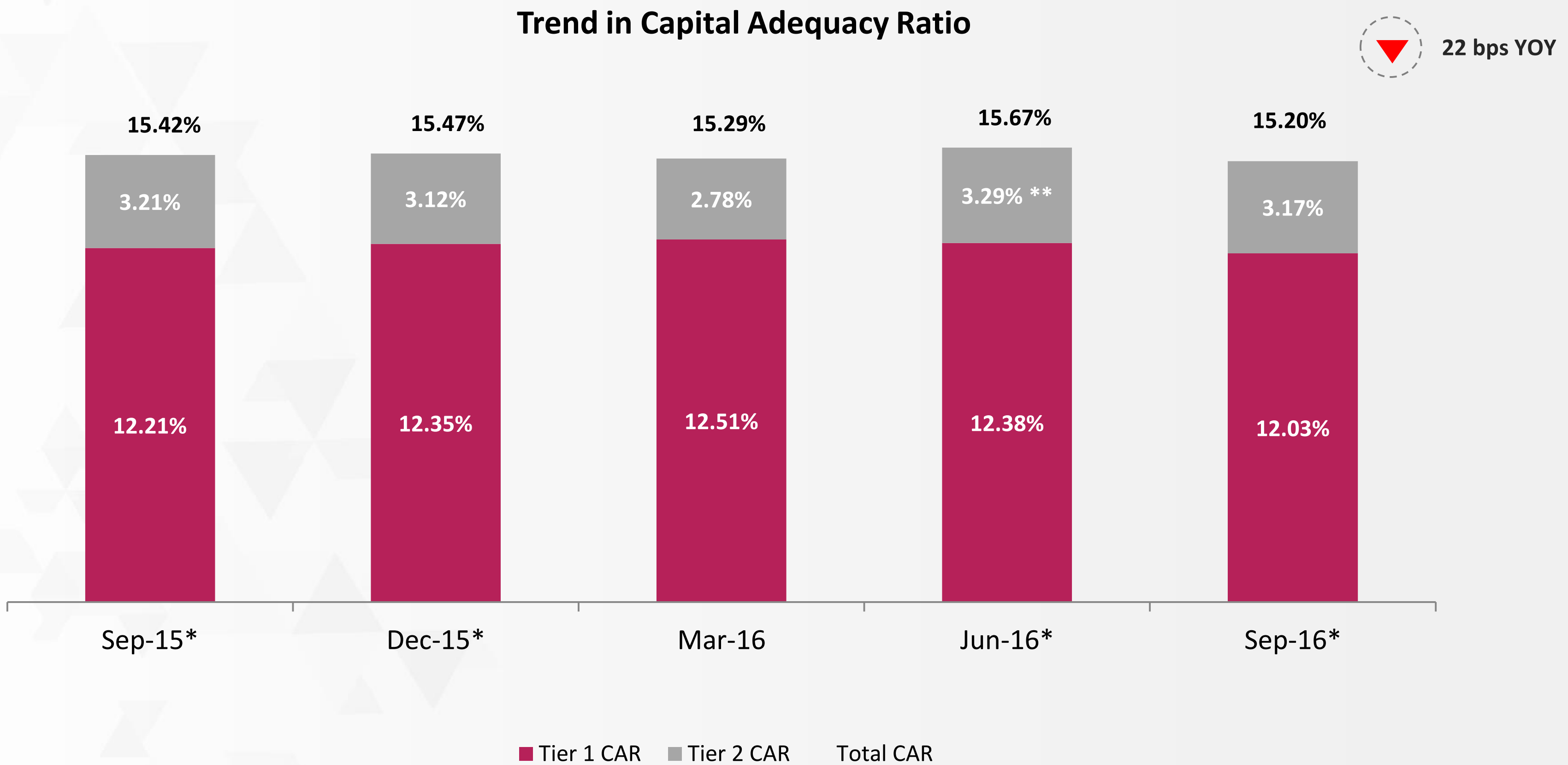
Capital adequacy remains strong



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

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

Summary

- Asset Quality:
  - *Significant part of Watch List risks have already crystallized*
- Growth:
  - *Healthy growth on both sides of the balance sheet with CASA growth at 19% and loan growth at 18%*
- Earnings Quality:
  - *Underlying Operating profitability metrics remain healthy*
- Retail Franchise:
  - *Healthy business growth with a diversified fee base and market leading digital capabilities*

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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

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