

AXIS BANK

FY 2014-15

Third Quarter Results

Earnings Presentation

Safe Harbor

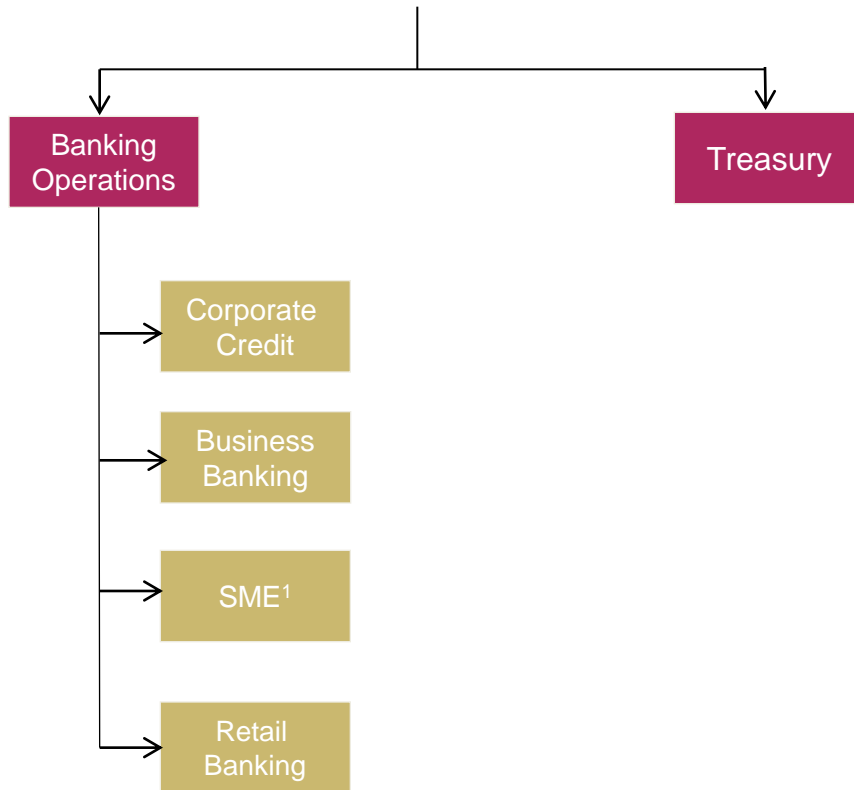
Except for the historical information contained herein, statements in this release which contain words or phrases such as “will”, “aim”, “will likely result”, “would”, “believe”, “may”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “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.

Introduction

Performance Overview

Business Overview

Overview

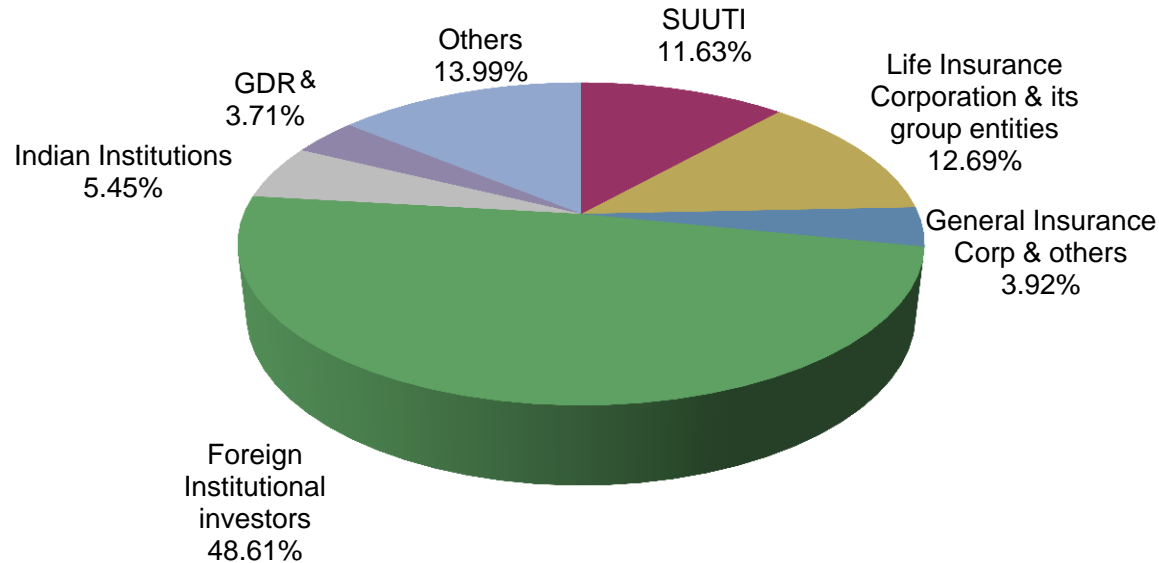


¹ Small and Medium Enterprises
² Includes profits for the nine months
³ Includes extension counters

Snapshot (As on December 31, 2014)

Total Assets	₹4,21,110 crores
Net Advances	₹2,60,567 crores
Total Deposits	₹2,91,199 crores
Net Profit (Q3FY15)	₹1,900 crores
Net Profit (9MFY15)	₹5,177 crores
Shareholders' Funds	₹43,816 crores
Diluted EPS (annualized)	₹28.89
ROA (9MFY15)	1.78%
ROE (9MFY15)	17.55%
Net NPA Ratio	0.44%
Basel III Tier I CAR ²	12.44%
Basel III Total CAR ²	15.64%
Saving Bank Accounts (No.)	145 lac
Branches ³	2,558
International Presence	8
ATMs	12,874

Shareholding Pattern (As on December 31, 2014)

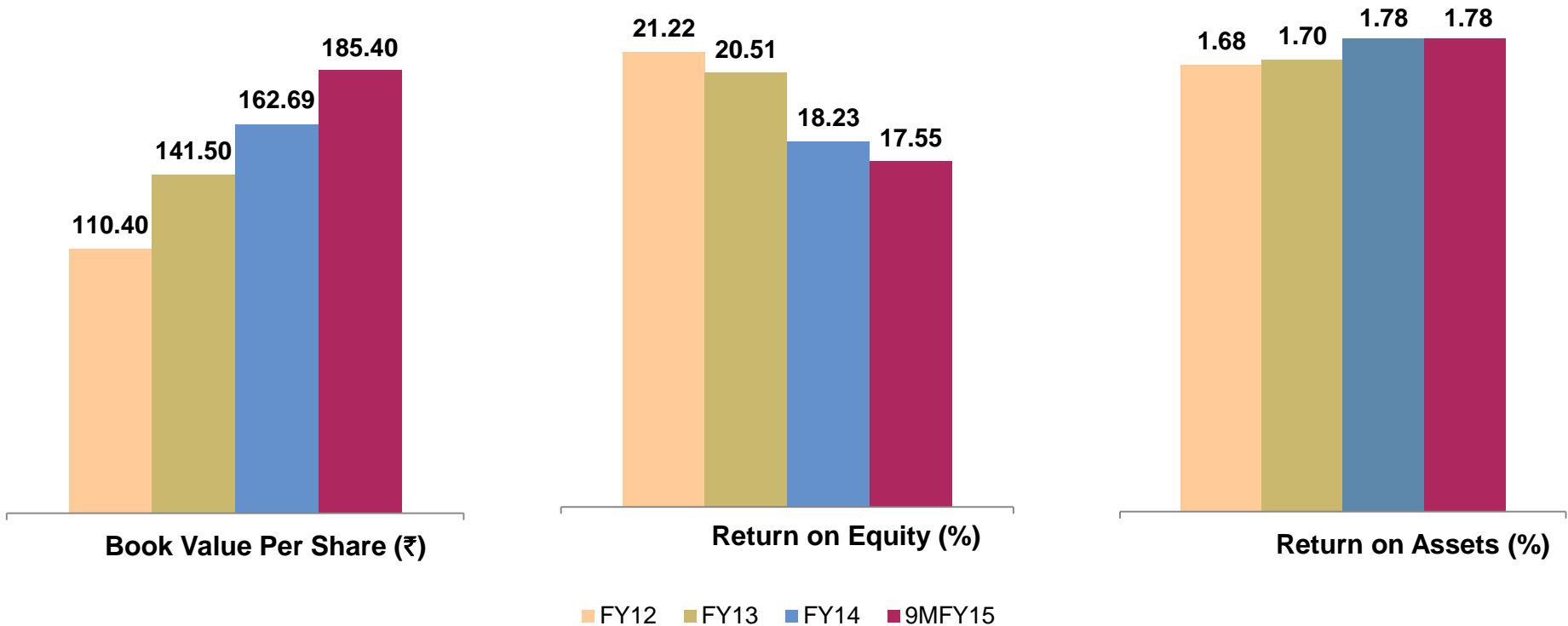


- Share Capital ₹ 472.65 crores
- Shareholders' Funds ₹ 43,816 crores
- Book Value Per Share ₹ 185.40
- Diluted EPS (annualised) ₹ 28.89
- Market Capitalisation ₹ 1,21,510.84 crores (as on January 15, 2015)

As on December 31, 2014, against GDR[&] issuance of 62.7 mn, outstanding GDRs stood at 17.5 mn

[&] 1GDR = 5 shares

High Shareholder Returns



A strong franchise demonstrating consistent value creation over time

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Performance Highlights

	<u>Q3FY15</u>	<u>9MFY15</u>
Net Profit	↑ 18% YOY	↑ 18% YOY
Net Interest Income	↑ 20% YOY	↑ 19% YOY
Fee Income	↑ 16% YOY	↑ 11% YOY
Operating Revenue	↑ 22% YOY	↑ 15% YOY
Operating Profit	↑ 27% YOY	↑ 14% YOY
CASA ¹		↑ 12% YOY
CASA (Daily Average)		↑ 16% YOY
Total Deposits ¹		↑ 11% YOY
Total Advances ¹		↑ 23% YOY

¹ As on 31st December 2014

Highlights of Q3FY15

Retail Franchise continues to show traction

- Savings Bank Deposits registered strong growth, rose 15% YOY to ₹79,953 crores as on December 31, 2014, and 18% YOY to ₹71,844 crores on Daily Average Basis for 9MFY15
- Retail Term Deposits grew 24% YOY, constituted 62% of Term Deposits
- CASA and Retail Term Deposits constituted 78% of Total Deposits
- Retail Advances grew 24% YOY and accounted for 38% of Net Advances

Stable Earnings Profile

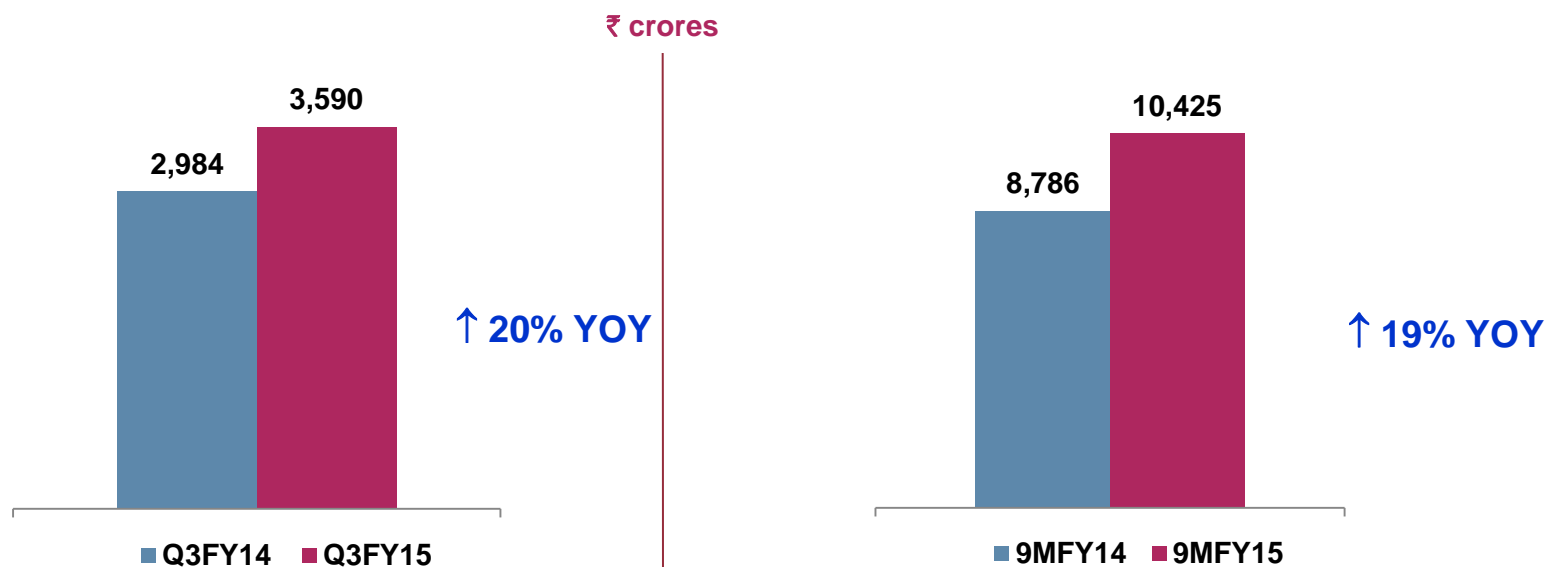
- Core Operating Revenue grew 19% YOY, stood at ₹5,300 crores
- Core Operating Profit rose to ₹2,986 crores, registered growth of 22% YOY
- Return on Assets stood at 1.86% and Return on Equity at 18.48%

Well positioned for future growth with Tier I CAR[&] of 12.44% & Total CAR[&] of 15.64% under Basel III

Overall, a Bank with consistently superior returns and healthy capital position

[&] Includes profits for the nine months

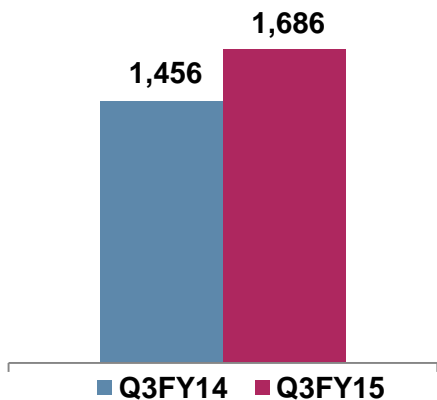
Growing Net Interest Income



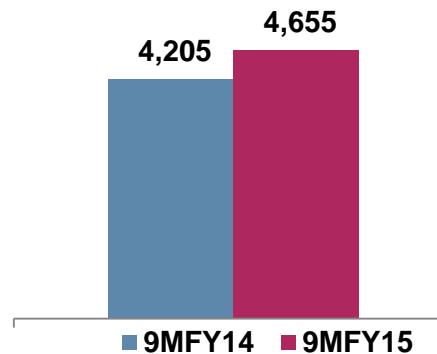
Trend in NII's	(₹crores)
FY11	6,563
FY12	8,018
FY13	9,666
FY14	11,952
CAGR	22%

Diversified Fee Income Profile

₹ crores

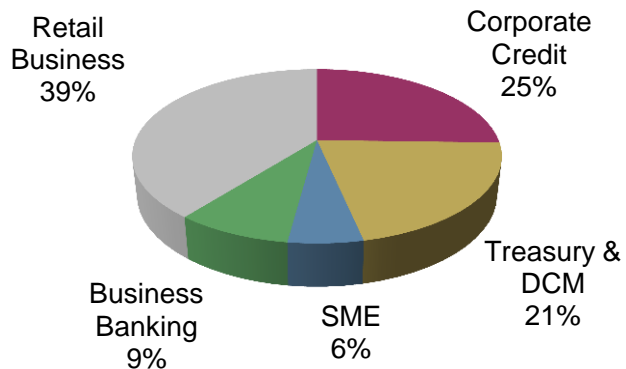


↑ 16% YOY

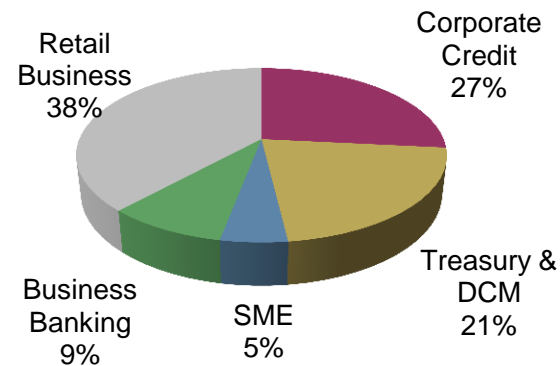


↑ 11% YOY

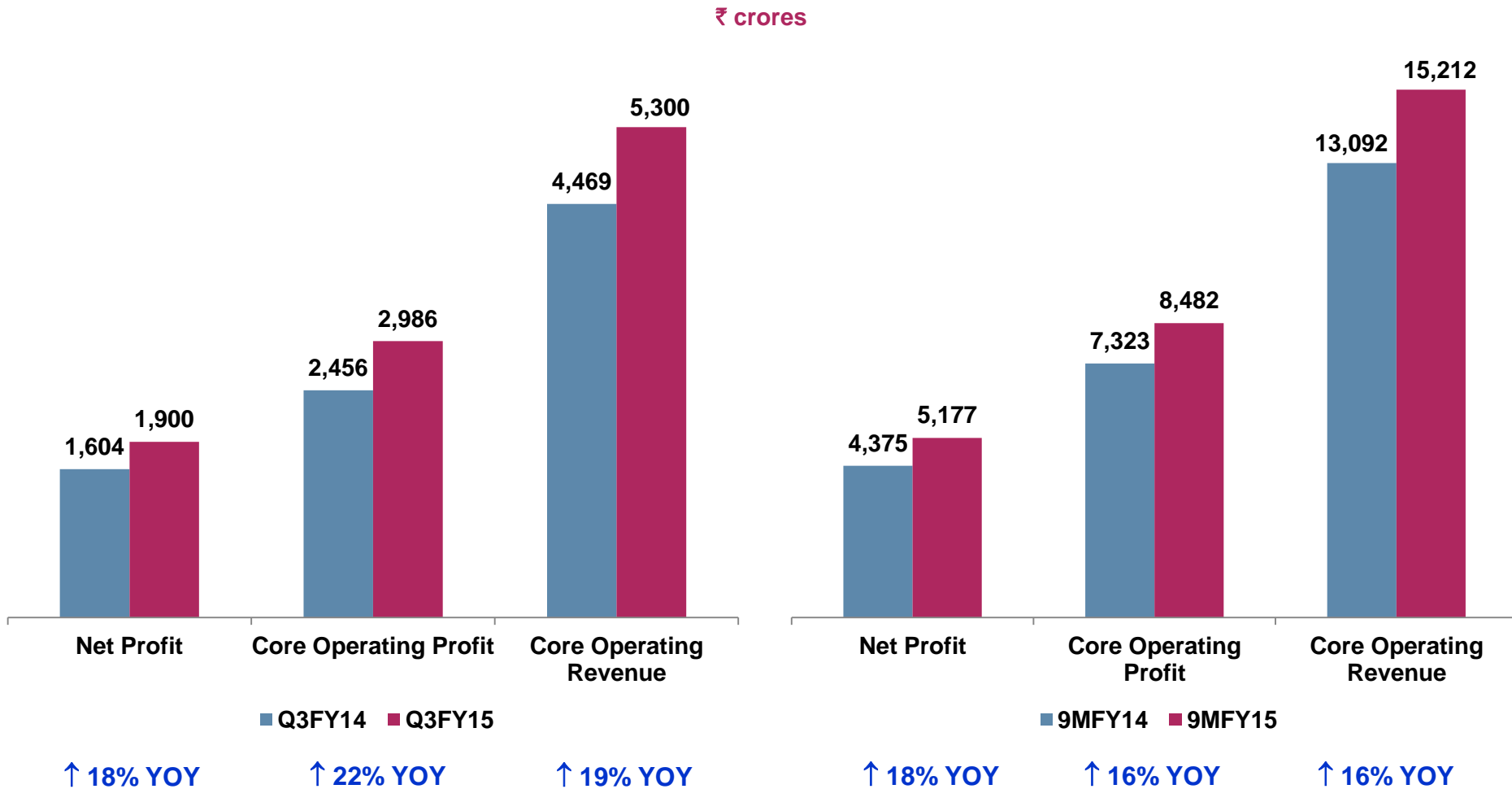
Q3FY15



9MFY15



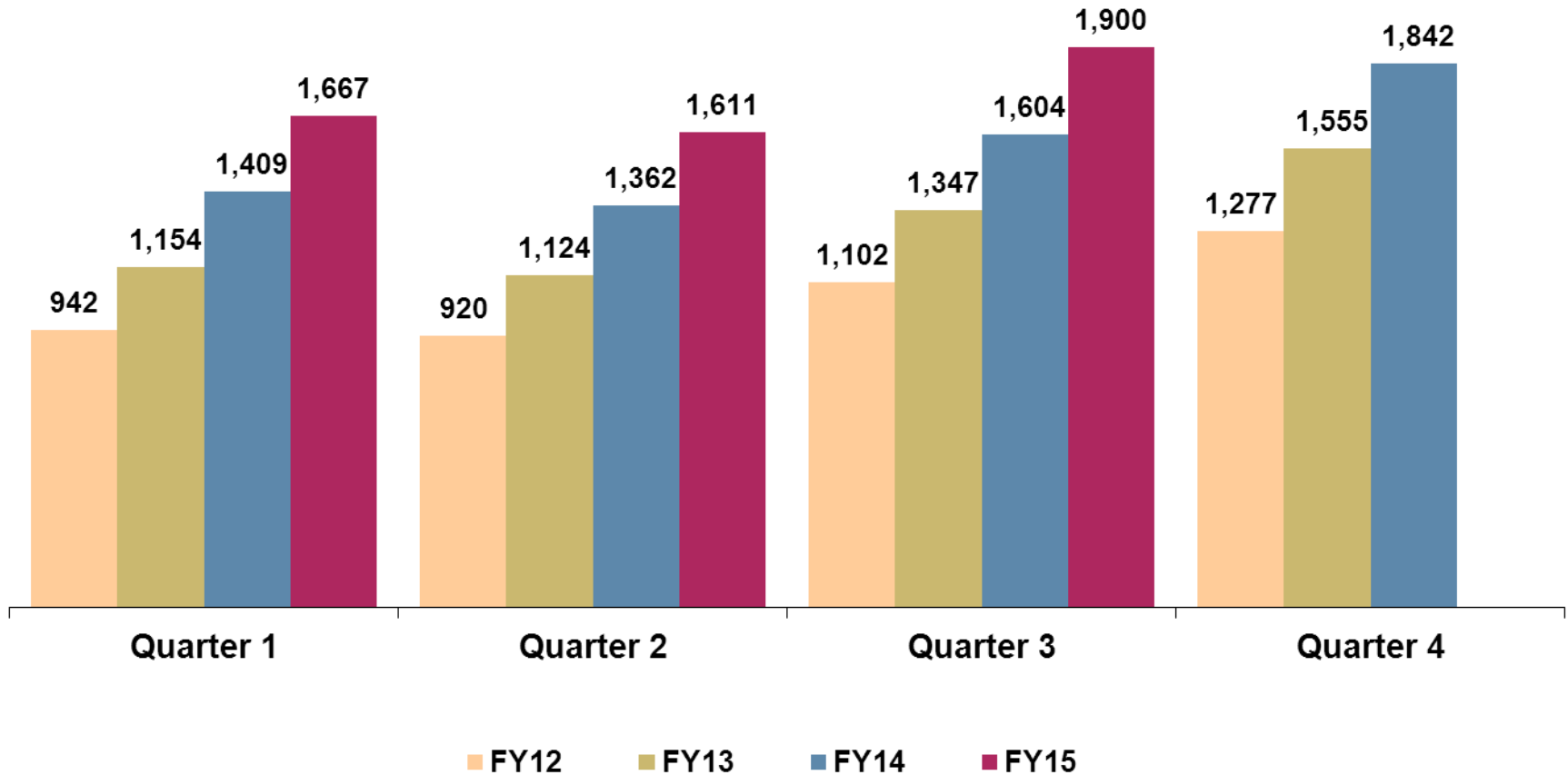
Sustained Profitability Growth: Robust Operating Revenue



Consistent Net Profit Growth

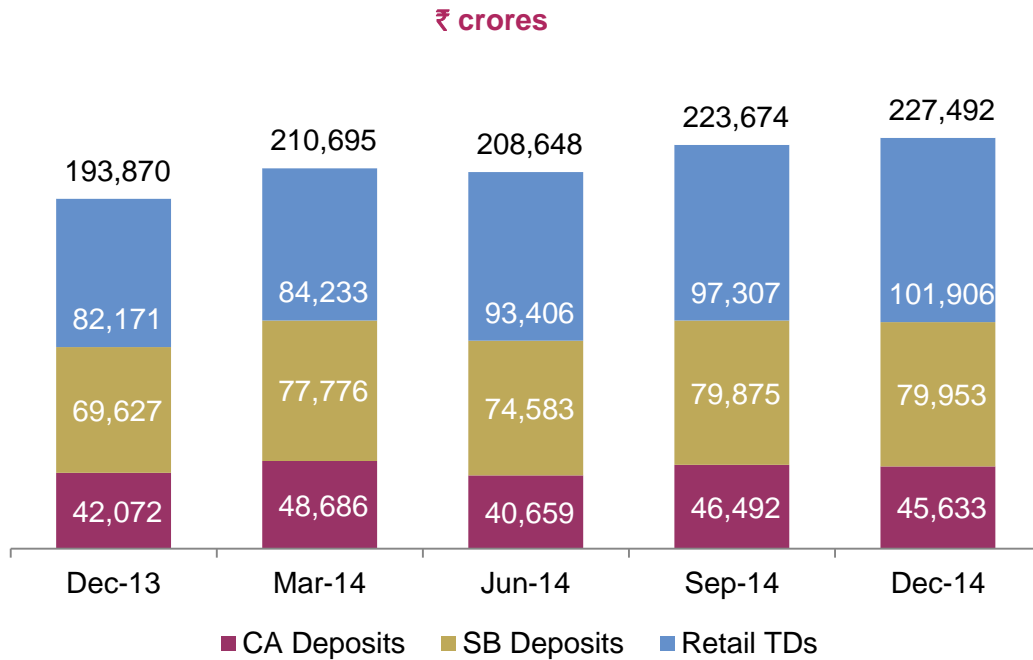
Quarterly Net Profits

₹ crores



Stable CASA Growth Underpins Low-Cost Deposit Franchise

CASA and Retail Term Deposits

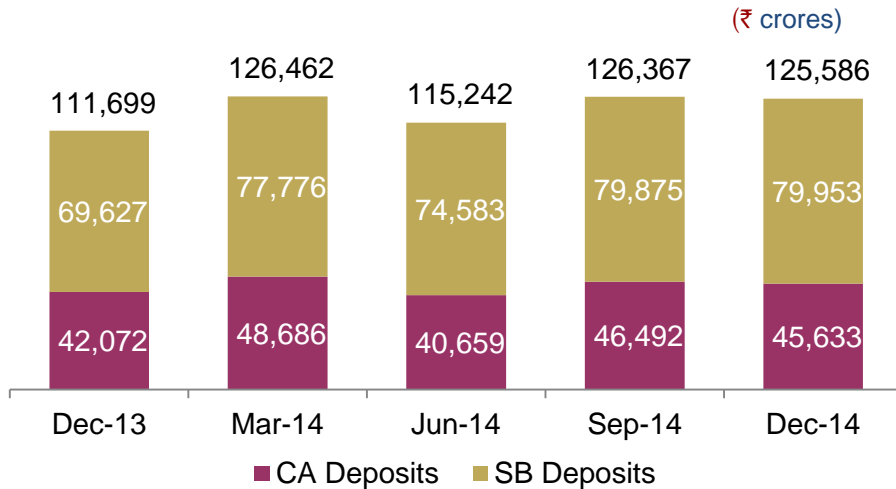


As on December 31 2014	Growth (%)	
	End Day	Daily Average for the nine months
Savings Bank	15	18
CASA	12	16

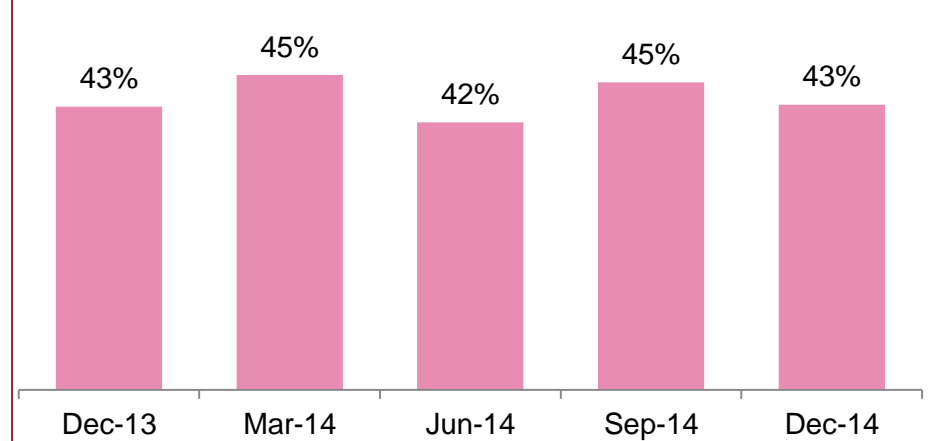
- Share of Retail Term Deposits to Total Term Deposits stood at 62%
- CASA + Retail Term Deposits constitute 78% of Total Deposits

Strong CASA Franchise Supports Margin Stability

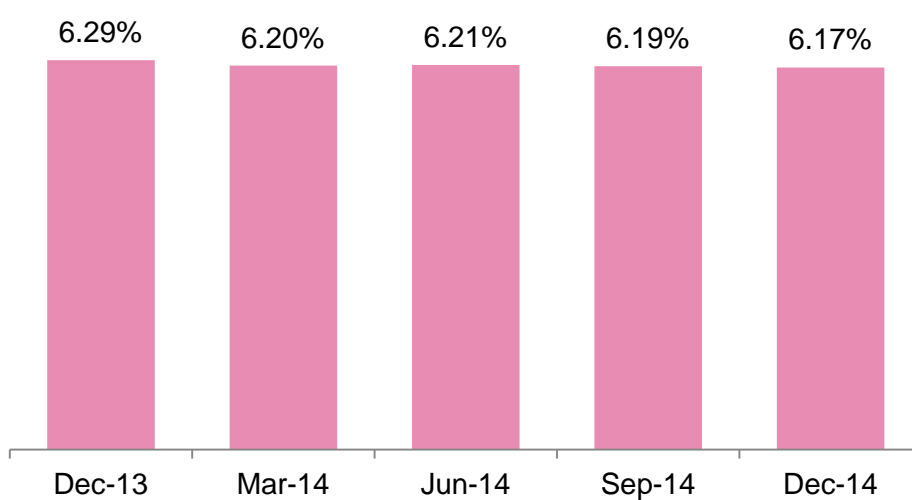
CASA Deposits



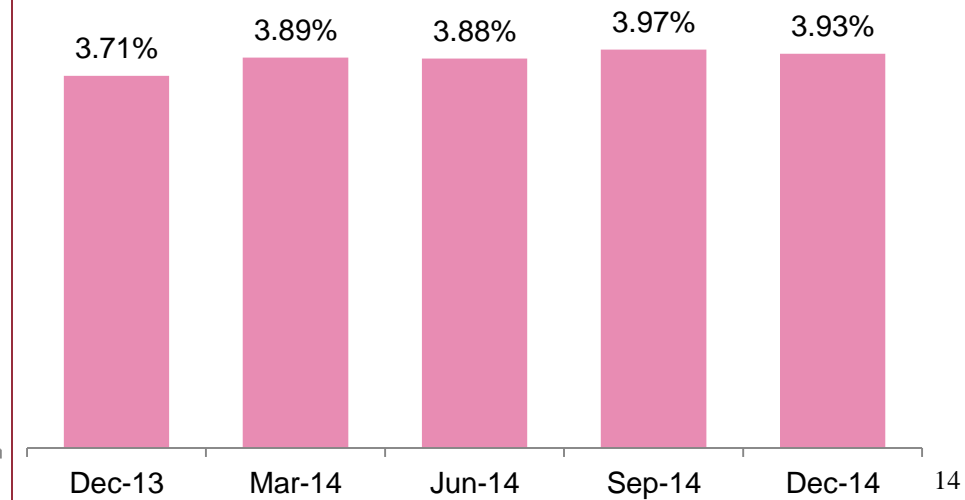
CASA Ratio



Cost of Funds

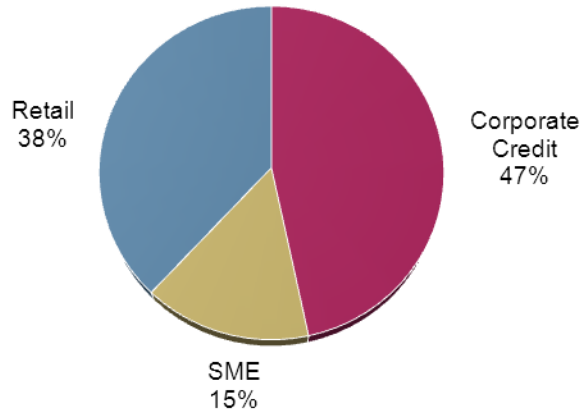


Net Interest Margin



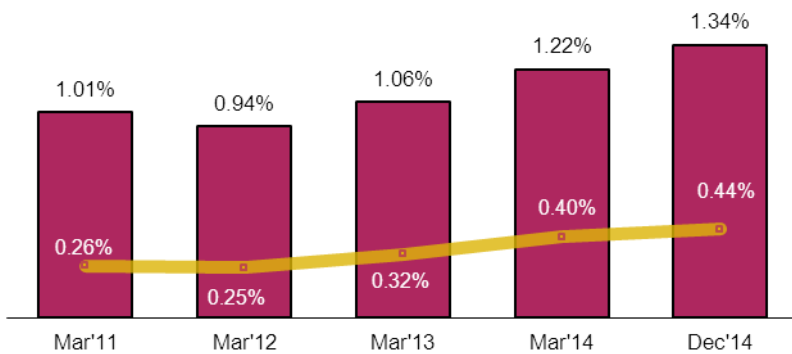
Stable Asset Quality

Loan Mix
(As on December 31 2014)



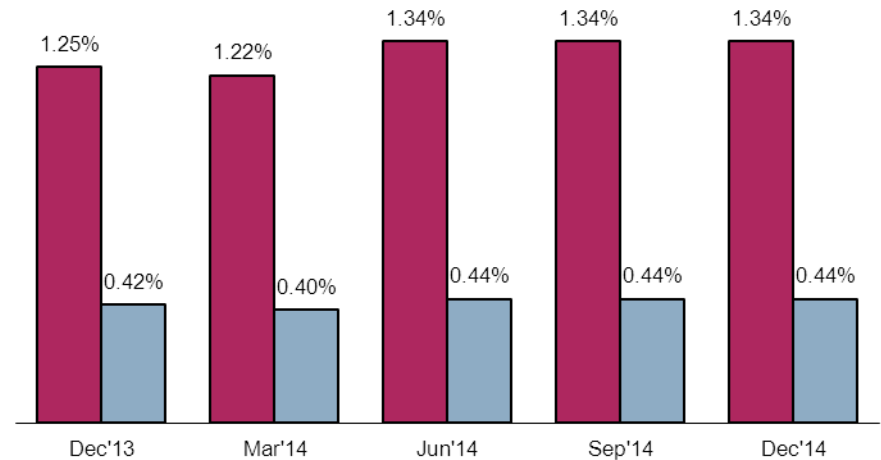
NPA trend

■ Gross NPA ratio ■ Net NPA ratio



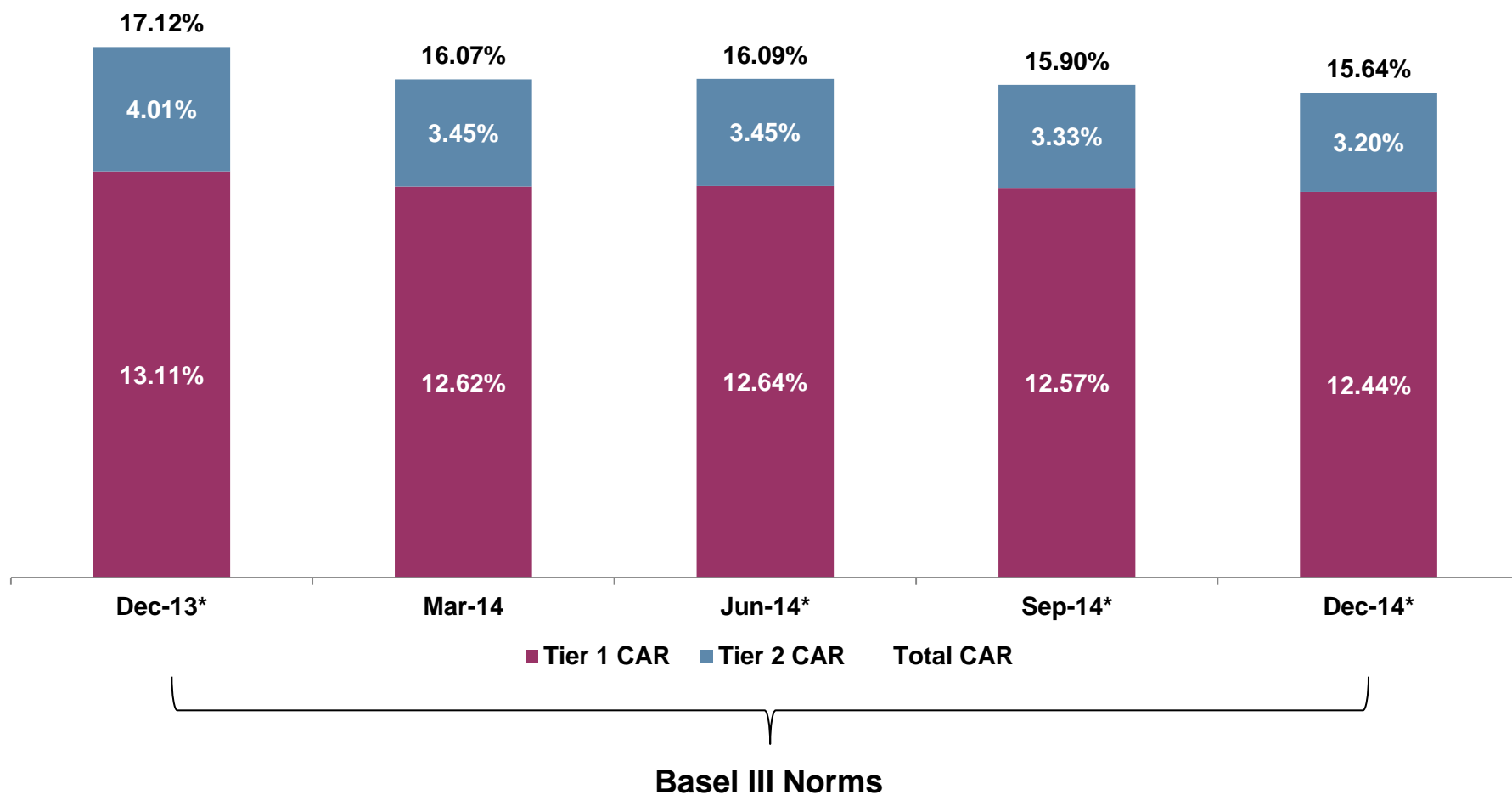
Asset Quality

■ Gross NPA ratio ■ Net NPA ratio



- Provision coverage of 78% as on December 2014 including prudential write-offs (87% before accumulated write-offs)
- Net Cumulative restructured advances were ₹6,808 crores (2.37% of net customer assets) as on December 2014
- ₹132 crores of loans were restructured during the quarter

Capital Adequacy: Well Positioned for Growth



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

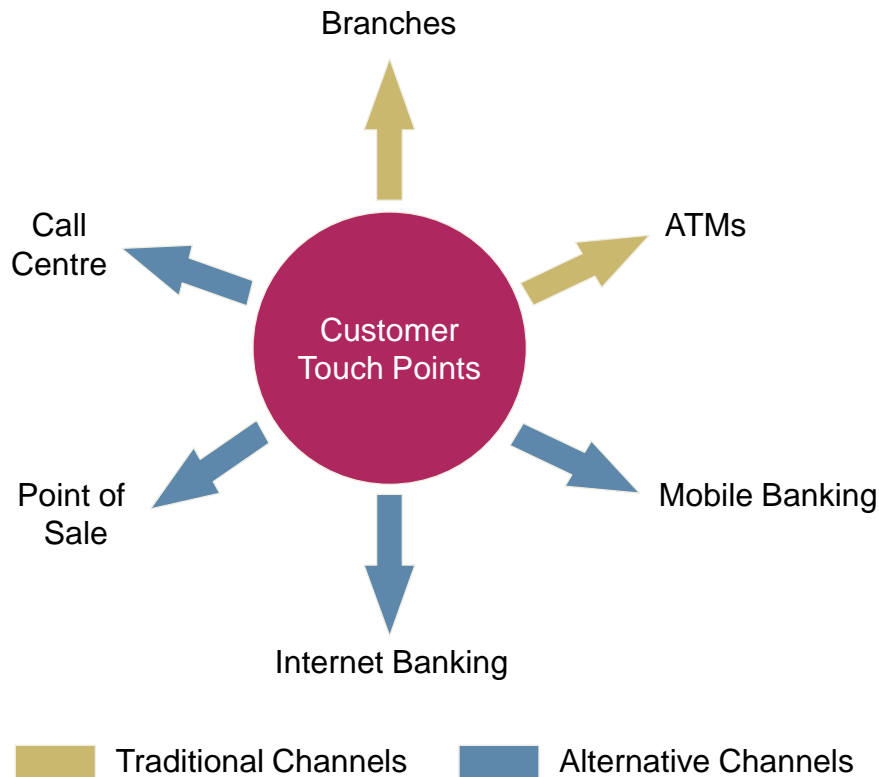
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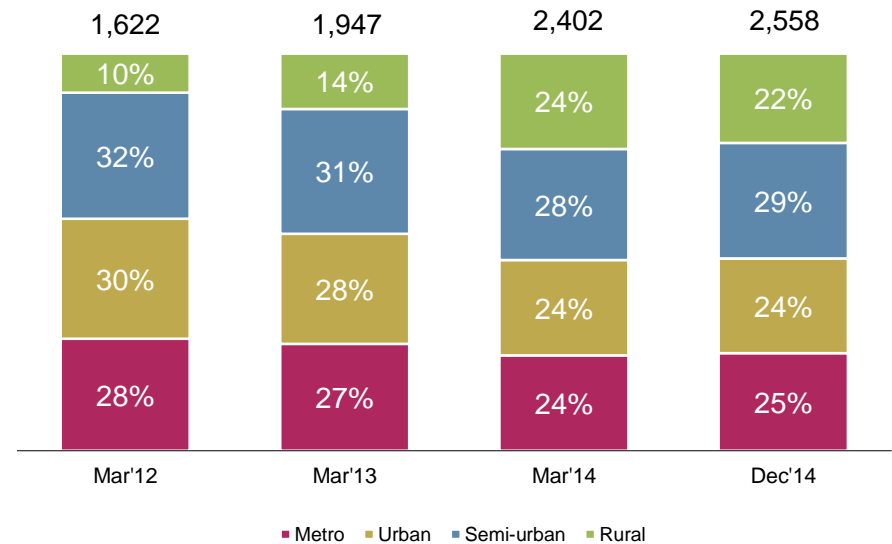
Well distributed, countrywide network of Branches & ATMs

- Multiple channels drive business growth
- Extensive use of technology to provide services



- Expanding footprint across centres
- Largest ATM network in the private sector

Domestic Branch network¹

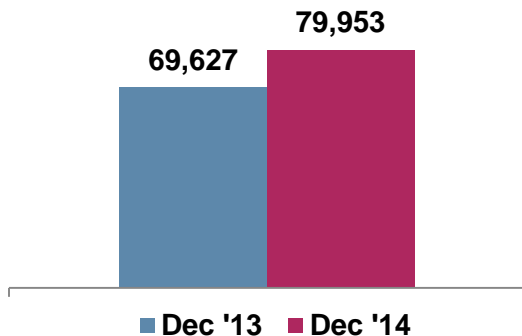


	Mar'12	Mar'13	Mar'14	Dec'14
ATMs	9,924	11,245	12,922	12,874
Centers Covered	1,050	1,263	1,636	1,708
Employees	31,738	37,901	42,420	43,231

¹ Including extension counters

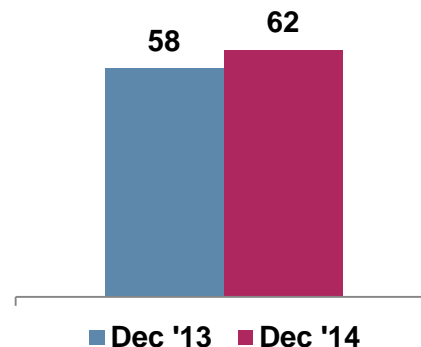
Retail Liabilities Exhibit Consistent Growth

Savings Bank Deposits (₹ crores)

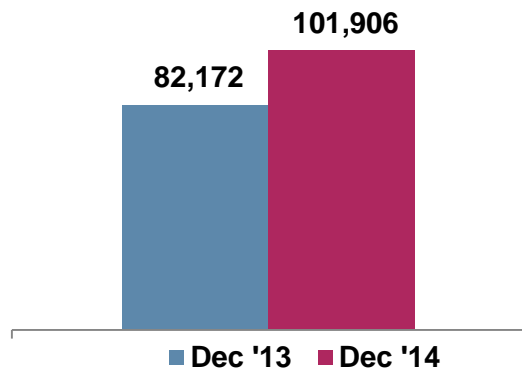


↑ 15% YOY

Retail Deposits* (% of Total Deposits)

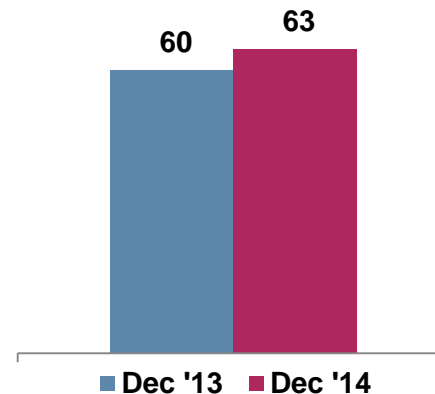


Retail Term Deposits (RTD) (₹ crores)



↑ 24% YOY

Share of Domestic RTD as % of Domestic Term Deposits



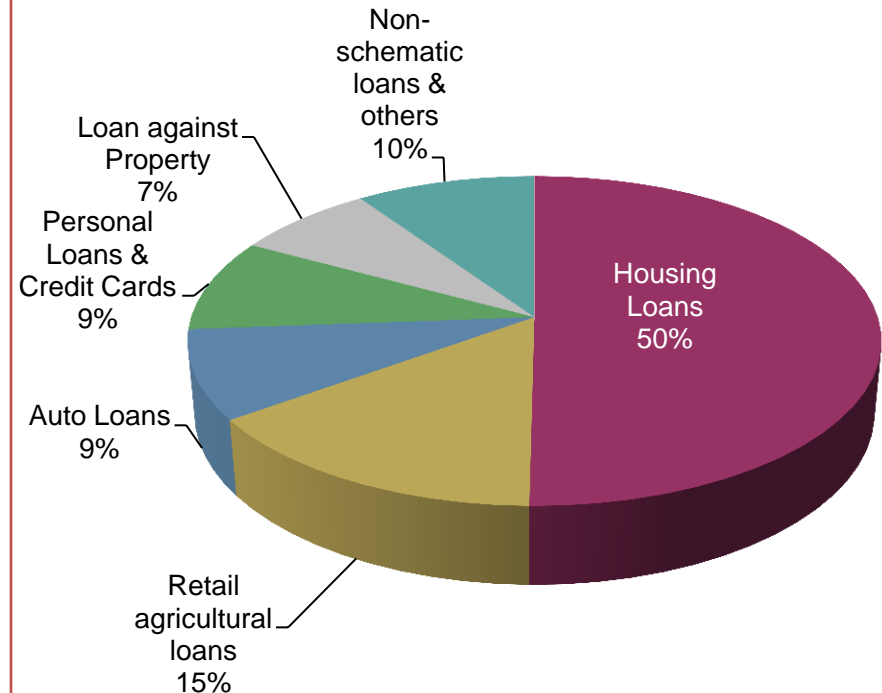
* Retail Deposits include Savings Bank and Retail Term Deposits

Sustained Traction in Retail Assets

Key Highlights

- Maintain focus on secured lending with greater emphasis on mining existing liability customer base
- Integrated strategy for tapping into consumer lending opportunity in rural markets
- Retail Advances constitute 38% of Bank's Net Advances in Dec 2014
- Secured Loans make up 88% of Retail Loans
 - Housing Loans account for 50% of Retail Loans
- 2,390 branches source at least one retail lending product

Composition of Retail Advances



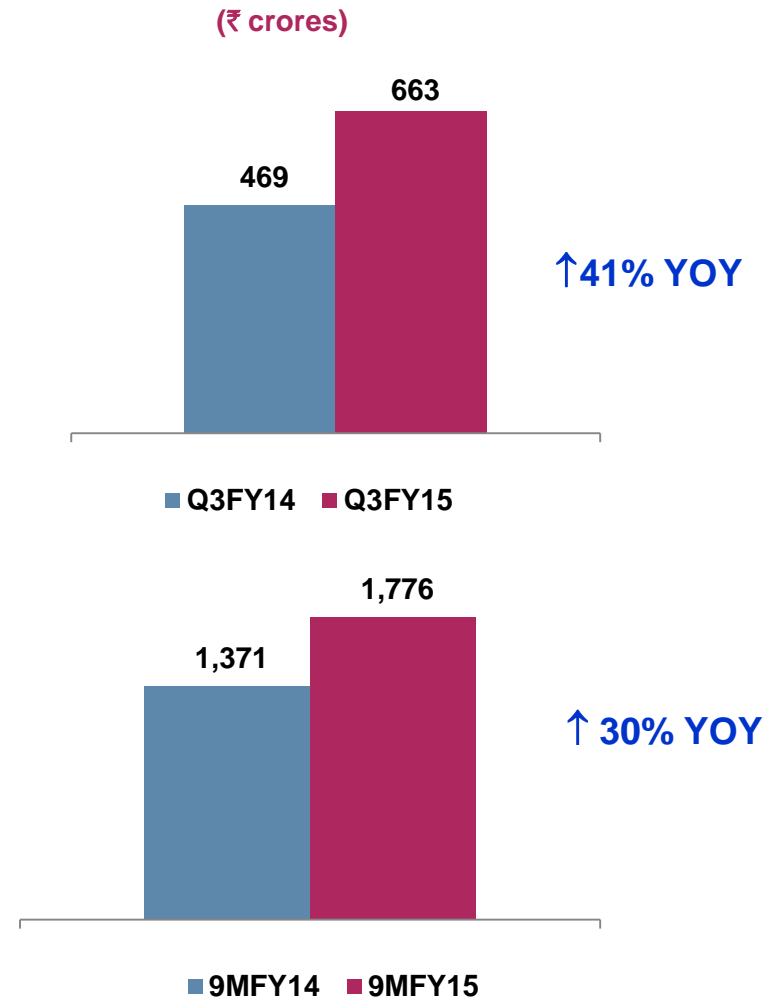
Portfolio Size: ₹99,219 crores

↑ 24% YOY

Growth in Retail Fees

Key Highlights

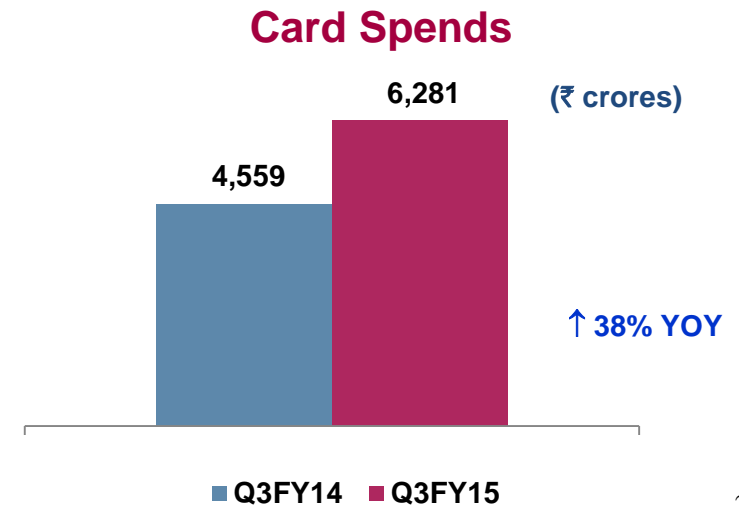
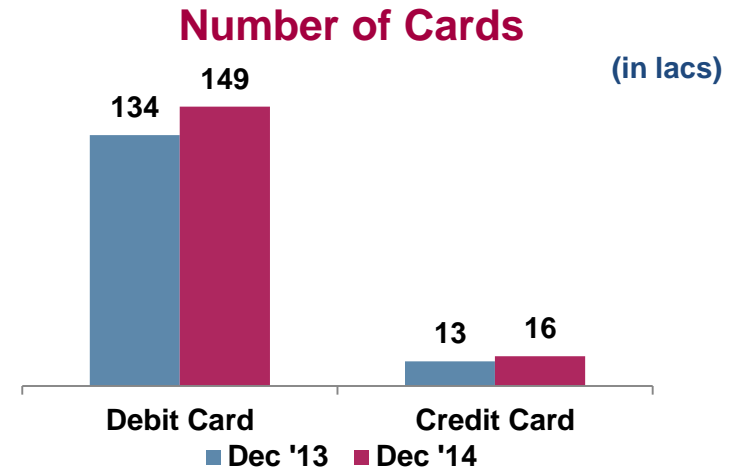
- Focus on cross-selling to existing customers key driver for growth
- Third-party products sold include mutual funds, insurance, on-line broking, portfolio management services (non-discretionary) and gold coins
- Healthy retail asset growth provides momentum to asset linked fees



Retail Payments Franchise

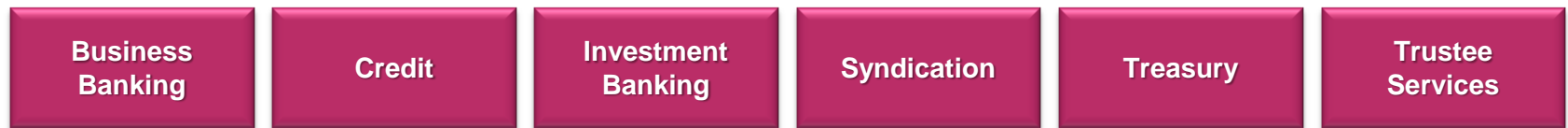
Key Highlights

- One of the largest issuers of debit cards
- Over 16 lac credit cards in circulation
- Credit card acquisition focused on large retail depositor base
- Travel Currency Cards in 12 foreign currencies – USD, Euro, GBP, AUD, CAD, SGD, SEK, CHF, JPY, AED, SAR, THB; INR (for foreign nationals and NRIs)
- Prominent player in merchant acquiring business



Corporate Banking Franchise

Presence across the Value Chain



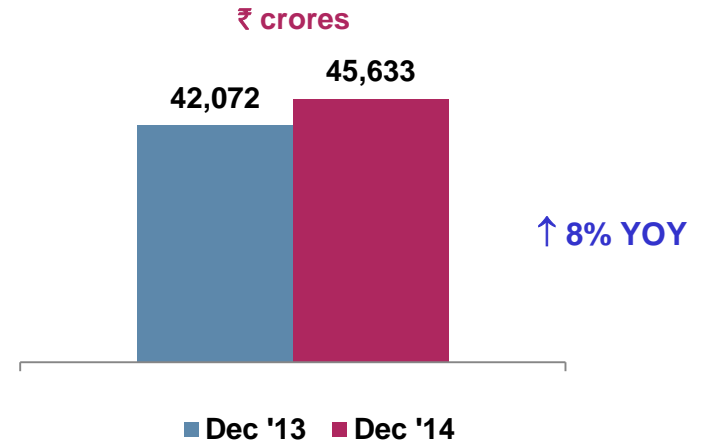
- Strong franchise spread across liability and asset businesses
- Adopted value generating Originate and Distribute Model
- Dominant player in placement and syndication of debt / loans
- Focus on building out a high quality portfolio of credit assets
- Rigorous and regular risk assessment of accounts

Business Banking

Key Highlights

- Strong transaction banking capabilities
- Wide range of products with customised offerings for various business segments
- Growth aided by “Club 50” and “Channel One” high-end premium products
- Broad-based sales strategy
- Focused approach for Corporates, Financial Institutions and Government

Current Accounts



Current A/c Deposits (₹ crore)

FY11	36,917
FY12	39,754
FY13	48,322
FY14	48,686
CAGR	10%

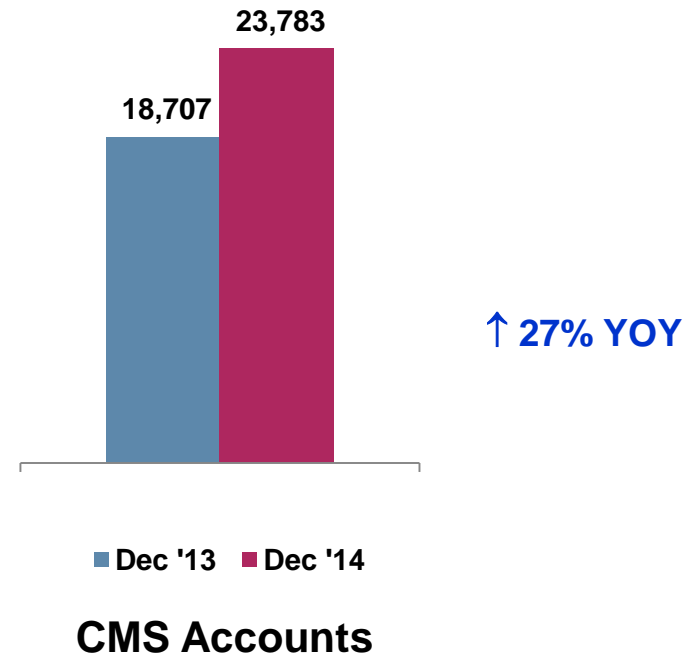
Business Banking

Government Business

- Collection of Central Govt. taxes on behalf of CBDT and CBEC, including through e-payments
- Collection of state taxes on behalf of 14 State Govt. and UTs
- Collections and payments for Central Govt ministries - Railways, Ministry of Finance, Urban Development and Housing & Urban Poverty Alleviation
- Collections under e-governance initiatives of 10 State Govt. and UT
- NPS Trustee Bank & Collection Bankers for subscriptions through all Branches
- Leverage 50 authorized branches as Hubs and source PPF accounts from all branches.

Cash Management Business

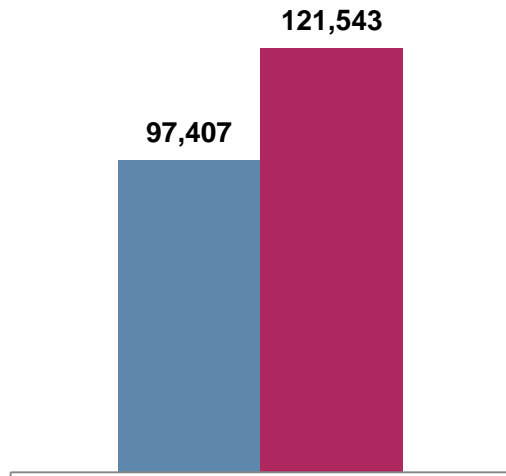
- Leading CMS provider in the country
- Among few banks offering host to host transaction banking facility



Corporate Banking

Advances

(₹ crores)

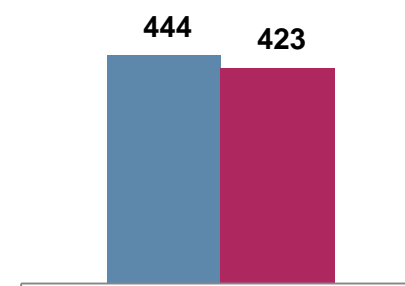


■ Dec '13 ■ Dec '14

↑ 25% YOY

Fees

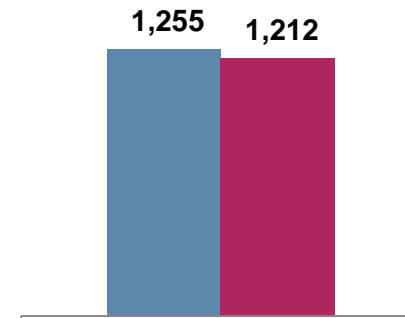
(₹ crores)



■ Q3FY14 ■ Q3FY15

↓ 5% YOY

(₹ crores)



■ 9MFY14 ■ 9MFY15

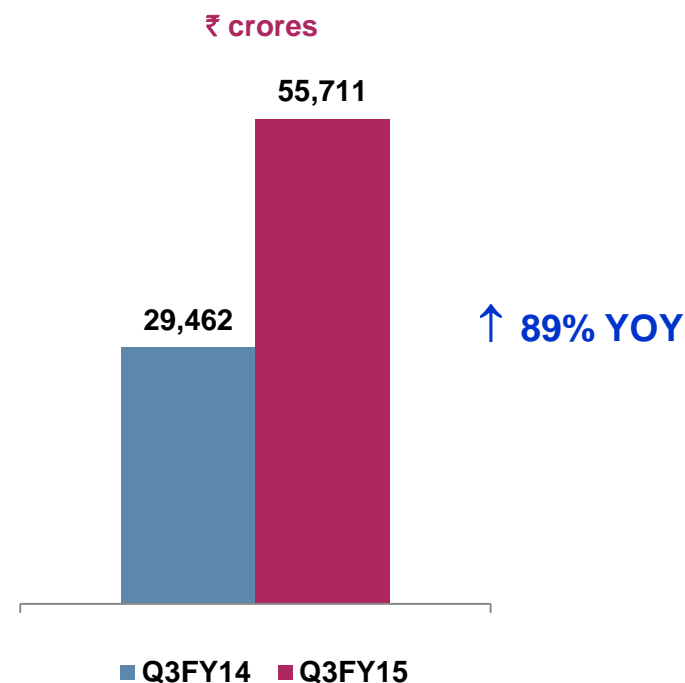
↓ 3% YOY

Debt Capital Markets

Key Highlights

- Dominant player in placement and syndication of debt issuances
- Ranked No. 1 debt arranger by Prime Database for half year ended September 2014
- Ranked No. 1 underwriter for Rupee Denominated Bonds by Bloomberg for calendar year ended December 2014.
- Awarded 'Best DCM House' 2014 by Finance Asia
- Ranked No.1 Top Bank in the secondary market in Asian currency bonds for corporate bonds – India , by Asset Research

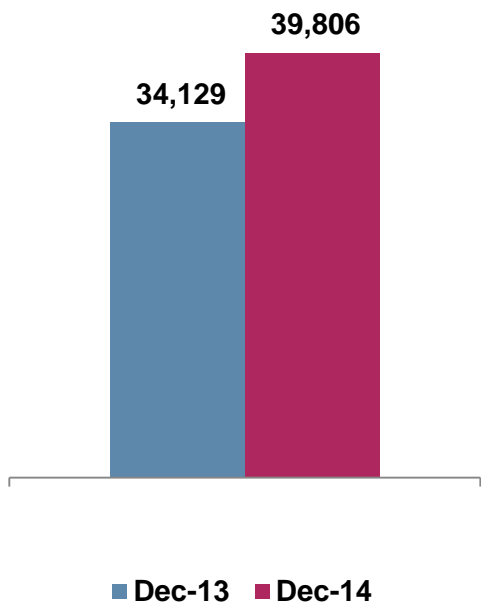
Placement & Syndication of Debt Issues



SME Banking

Advances

(₹ crores)

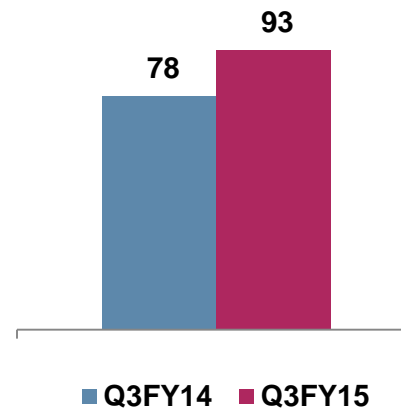


↑ 17% YOY

Includes non-retail agricultural loans amounting to ₹2,535 crores as on 31st December 2013 & ₹2,392 crores as on 31st December 2014

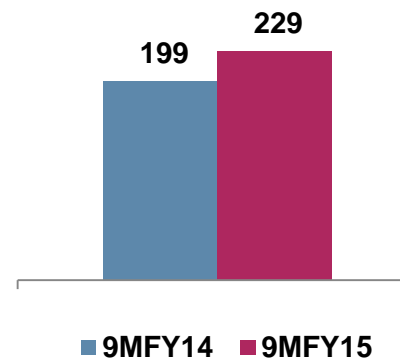
Fees

(₹ crores)



↑ 20% YOY

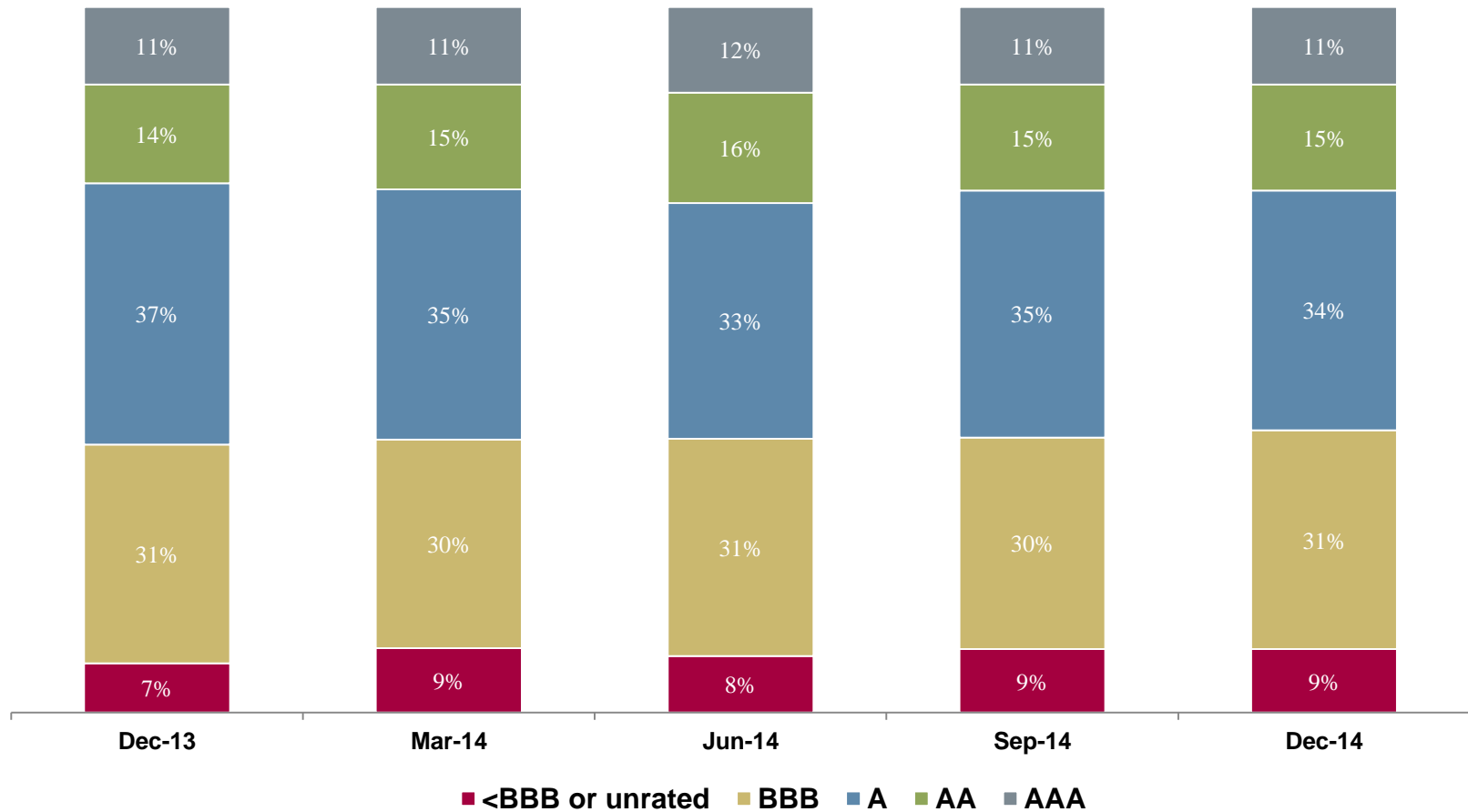
(₹ crores)



↑ 15% YOY

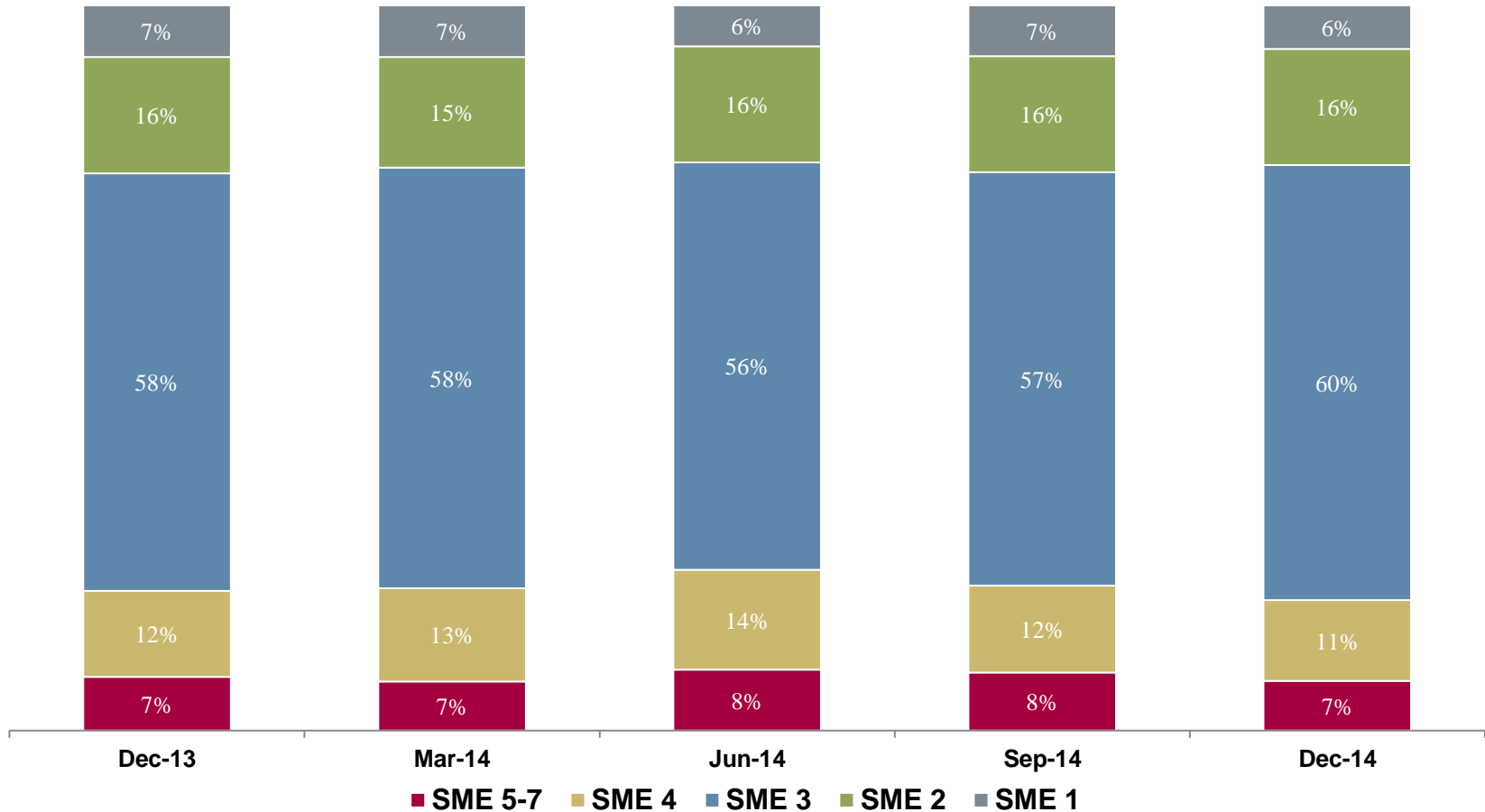
Rating Distribution: Corporate Banking

60% of corporate advances have rating of at least 'A' in December 2014



Rating Distribution: SME

82% of SME advances have rating of at least 'SME3' in December 2014



Industry-wise Distribution (Top 10)

Rank	Sectors	Outstanding as on December 31, 2014 (%) ¹		
		Fund-based	Non-fund based	Total
1.	Infrastructure ²	7.80	8.96	8.11
2.	Financial Companies ³	5.51	9.86	6.69
3.	Power Generation & Distribution	5.32	9.14	6.36
4.	Engineering & Electronics	3.30	14.09	6.24
5.	Metal & Metal Products	5.29	6.61	5.65
6.	Trade	3.48	4.84	3.85
7.	Food Processing	3.52	2.43	3.22
8.	Real Estate	3.31	1.37	2.78
9.	Shipping Transportation & Logistics	2.14	2.49	2.24
10.	Petroleum & Petroleum Products	0.42	6.75	2.15

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

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

³ Includes Housing Finance Companies and other NBFCs

International Presence

Branches at Singapore, Hong Kong, DIFC – Dubai , Colombo & Shanghai

Representative offices at Dubai & Abu Dhabi

Axis Bank UK Limited (a wholly owned subsidiary of the Bank)

Business offerings include Corporate Loans, Trade Finance Products, Debt Syndication and Liability Business

Total Assets overseas stood at USD 7.76 billion

Thank You