

AXIS BANK

**FY 2007-08
Annual Results**

INVESTOR PRESENTATION

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AXIS BANK

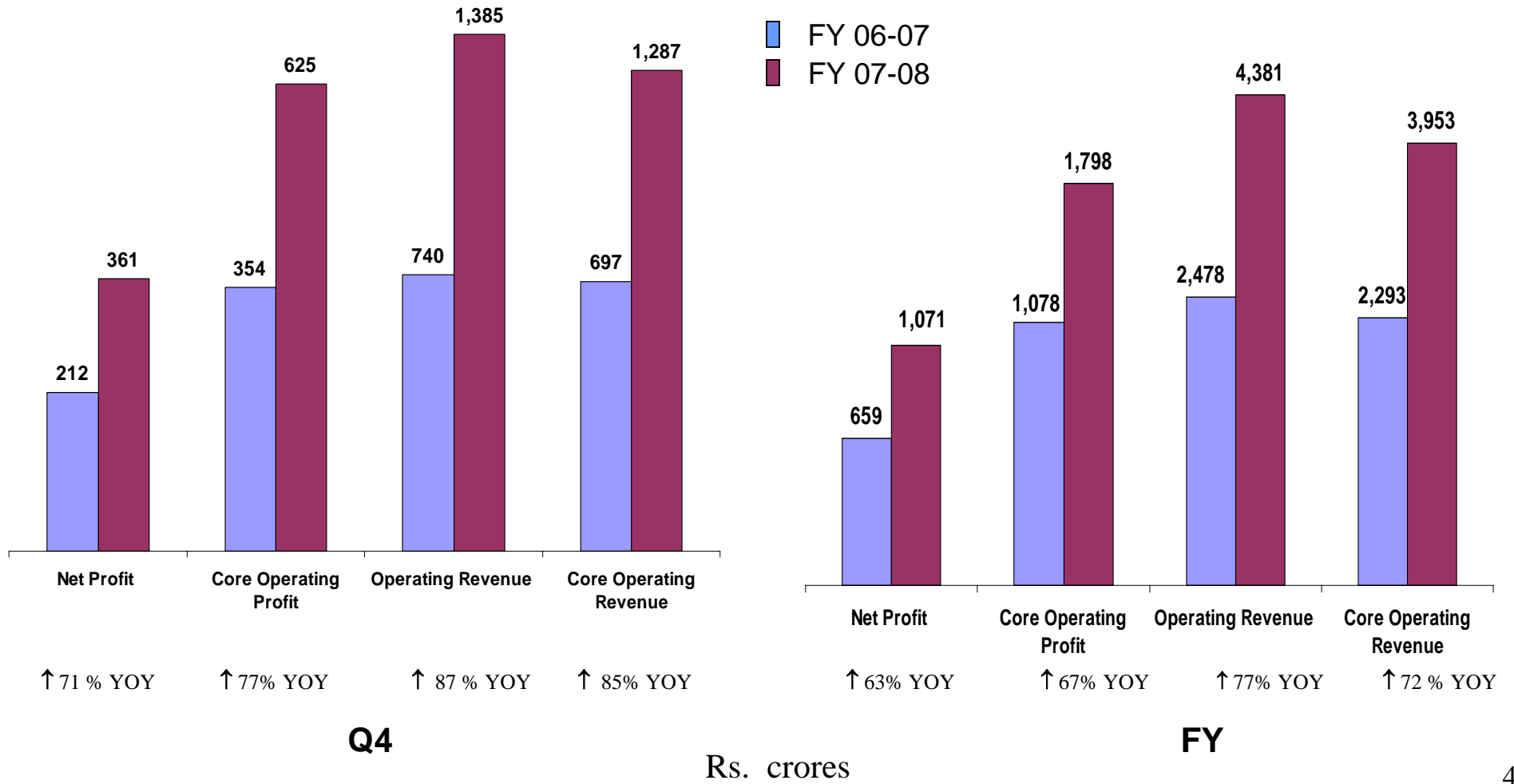
PERFORMANCE HIGHLIGHTS

		<u>Q4</u>		<u>FY08</u>
• Net Profit	↑	71 % yoy	↑	63 % yoy
• Net Interest Income	↑	89 % yoy	↑	76 % yoy
• Fee Income	↑	67 % yoy	↑	70 % yoy
• Operating Revenue	↑	87 % yoy	↑	77 % yoy
• Operating Profit	↑	82 % yoy	↑	76 % yoy
• Net Interest Margin		3.93 %		3.47 %
• Cost of Funds		5.82 %		6.02 %

INTERPRETATION OF Q4 PERFORMANCE

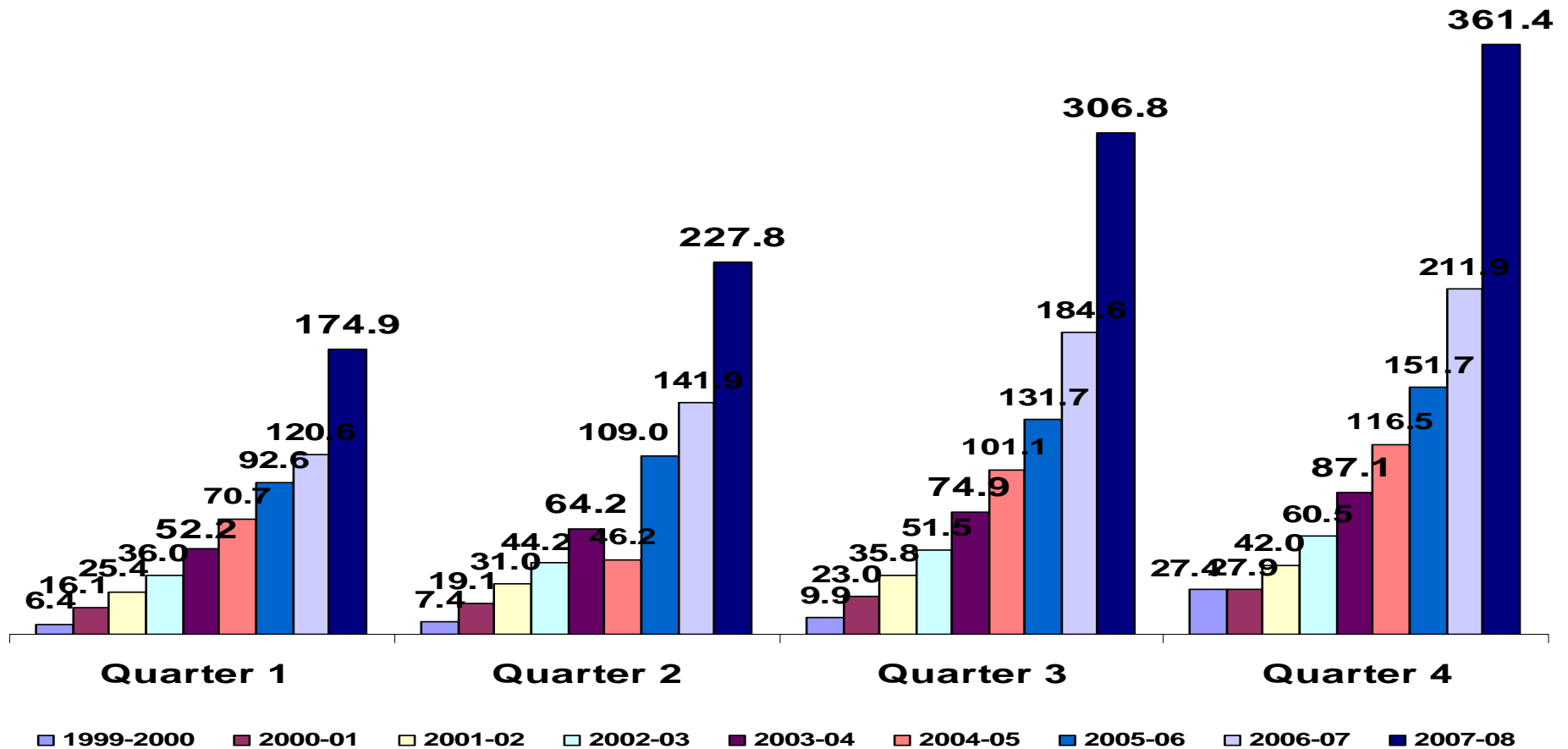
- Rapid Growth in the Bank's core businesses
 - Total Advances grow 62% yoy to Rs. 59,661 crores
 - Total Investments grow 25% yoy to Rs. 33,705 crores
 - Total Assets register a 50% yoy growth, rising to Rs. 109,578 crores
 - Fees grow by 67% yoy, rising to Rs. 415 crores
 - Share of demand deposits in total deposits at 46%
- Retail Assets grow by 52% yoy to Rs. 13,592 crores; constitute 23 % of total advances, as against 24 % a year ago
- Net NPAs at 0.36 %, compared to 0.61 % as at end March'07
- Book Value per share at Rs. 245.14, compared to Rs. 120.50 as at end March'07
- Capital Adequacy at 13.73 % as against 11.57 % a year ago
- Raised Rs. 4,534.36 crores of equity capital during Q2 FY08

PROFITABILITY



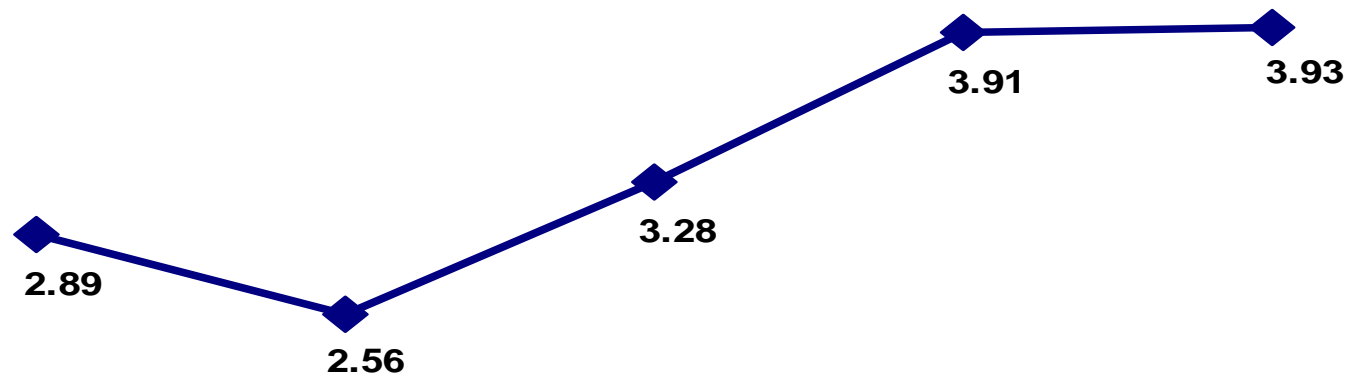
CONSISTENT NET PROFIT GROWTH

The Bank has grown by over 30% yoy in 31 out of the last 33 quarters



Rs. crore

NET INTEREST MARGINS



NIMs in the last 5 years (%)

FY 03-04:	3.12
FY 04-05:	2.90
FY 05-06:	2.85
FY 06-07*:	2.74
FY07-08*:	3.47

Higher Demand Deposits growth together with capital raising, enabled the Bank to retire high cost term deposits and thereby substantially increase the NIM in FY08.

Q4FY07

Q1FY08

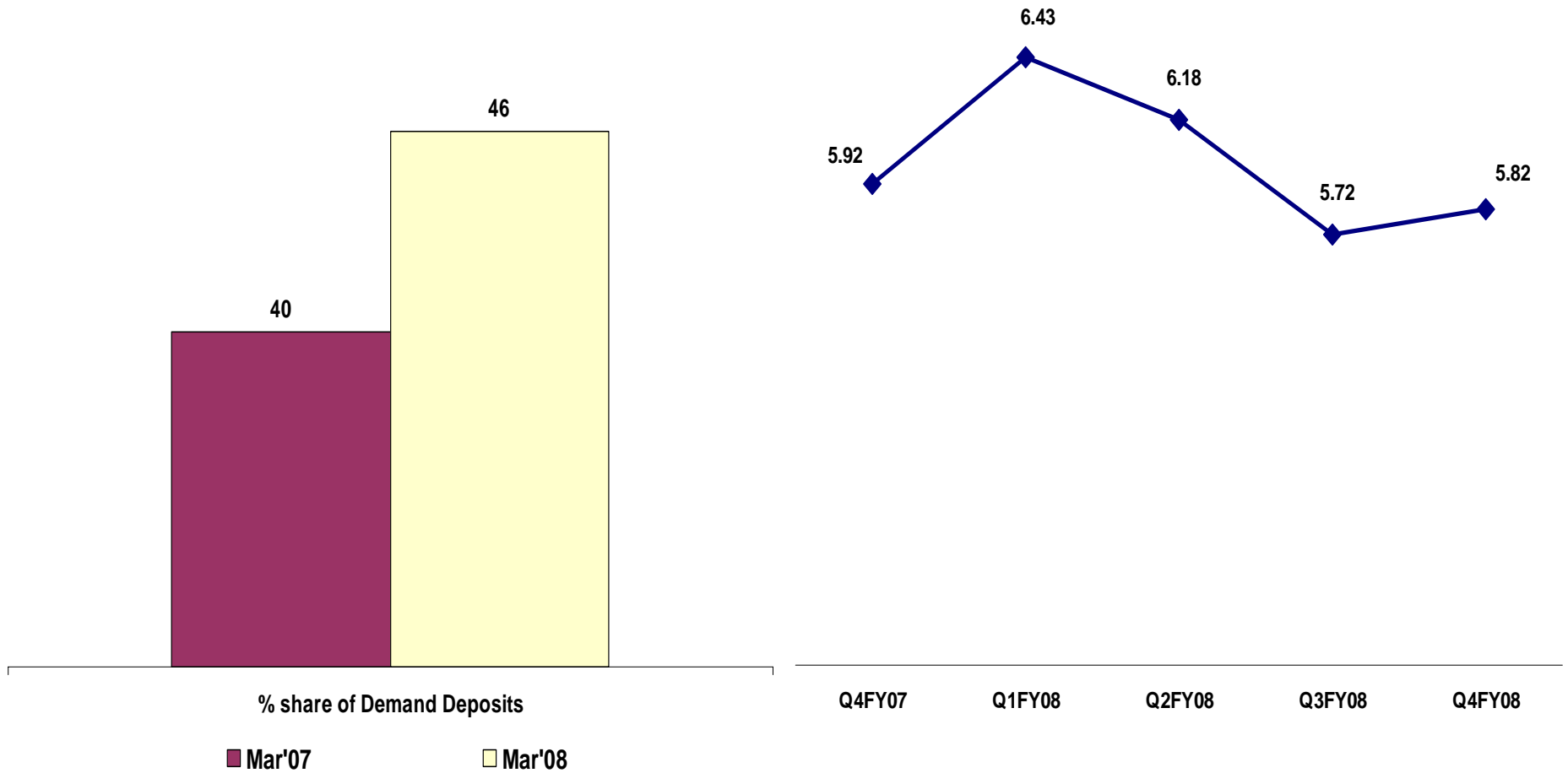
Q2FY08

Q3FY08

Q4FY08

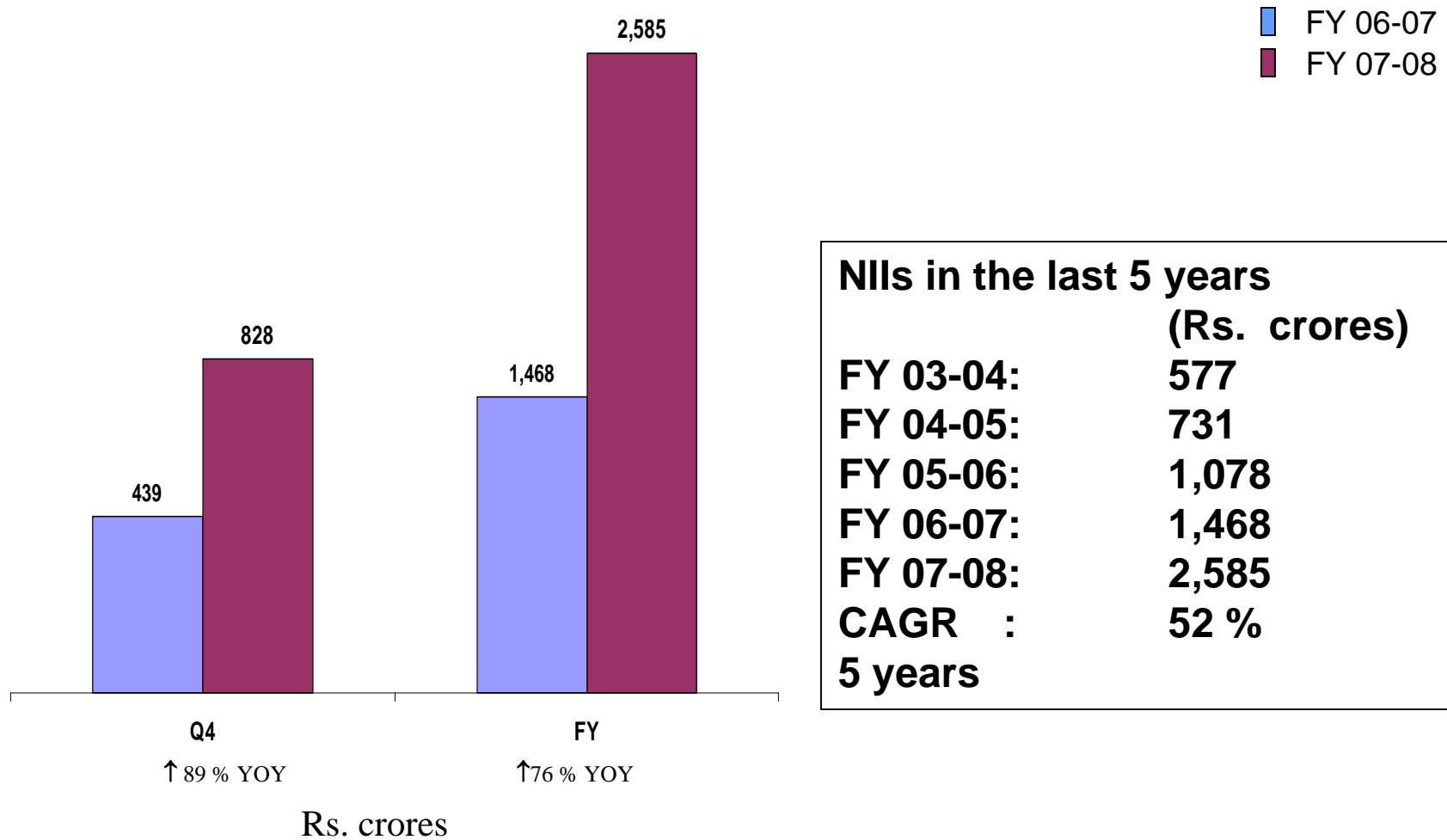
* NIM for FY06-07 and FY07-08 computed after adjusting the amortisation premium for investments held 6 under HTM against 'Interest Income on Investments'. No adjustments made for earlier years.

COST OF FUNDS



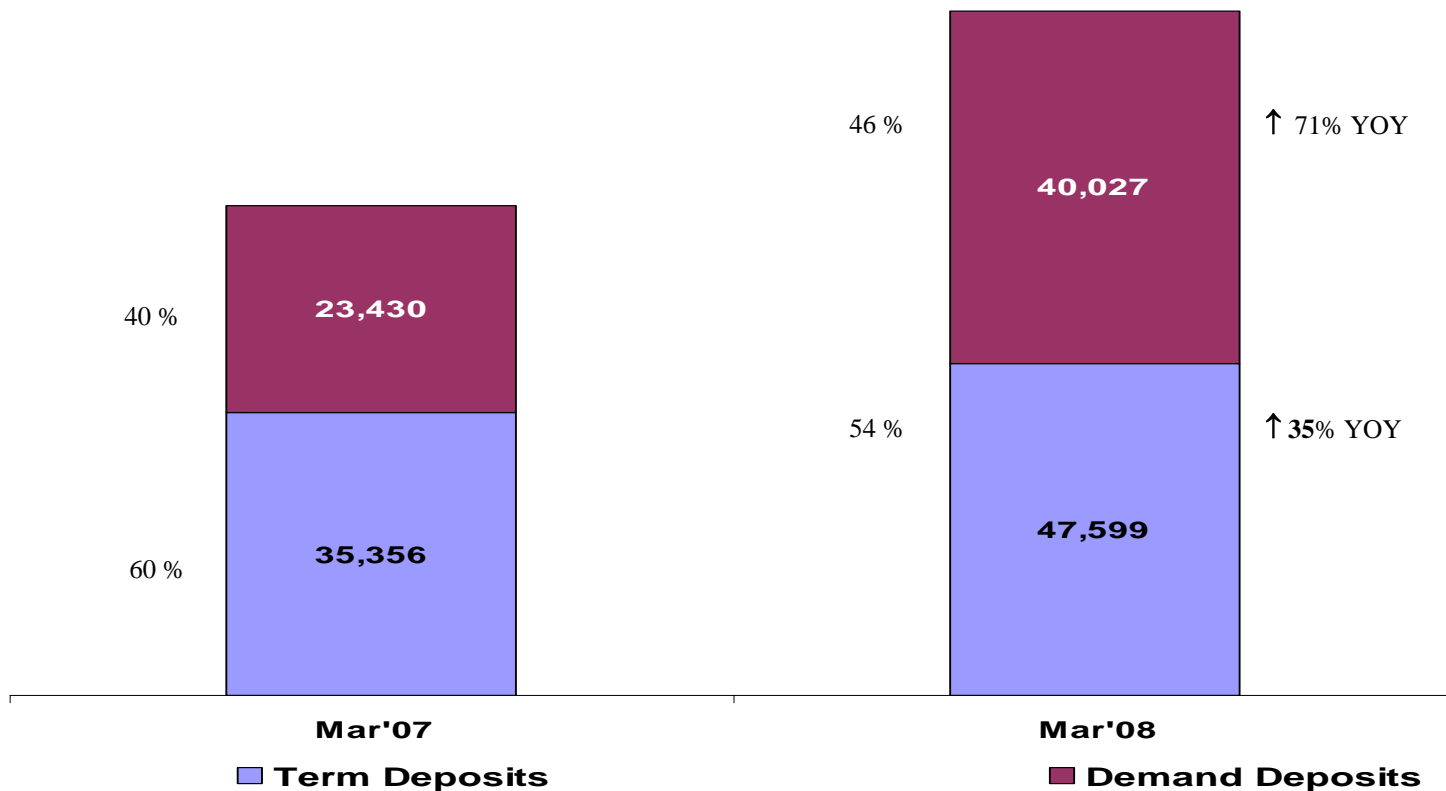
Cost of Funds computed on a Daily Average basis (%) 7

GROWING NET INTEREST INCOME



GROWING DEMAND DEPOSITS

YoY growth in daily average demand deposits (%)		
Deposits	Q4 FY08	FY08
Savings	50	51
Current	62	65
TOTAL	55	57



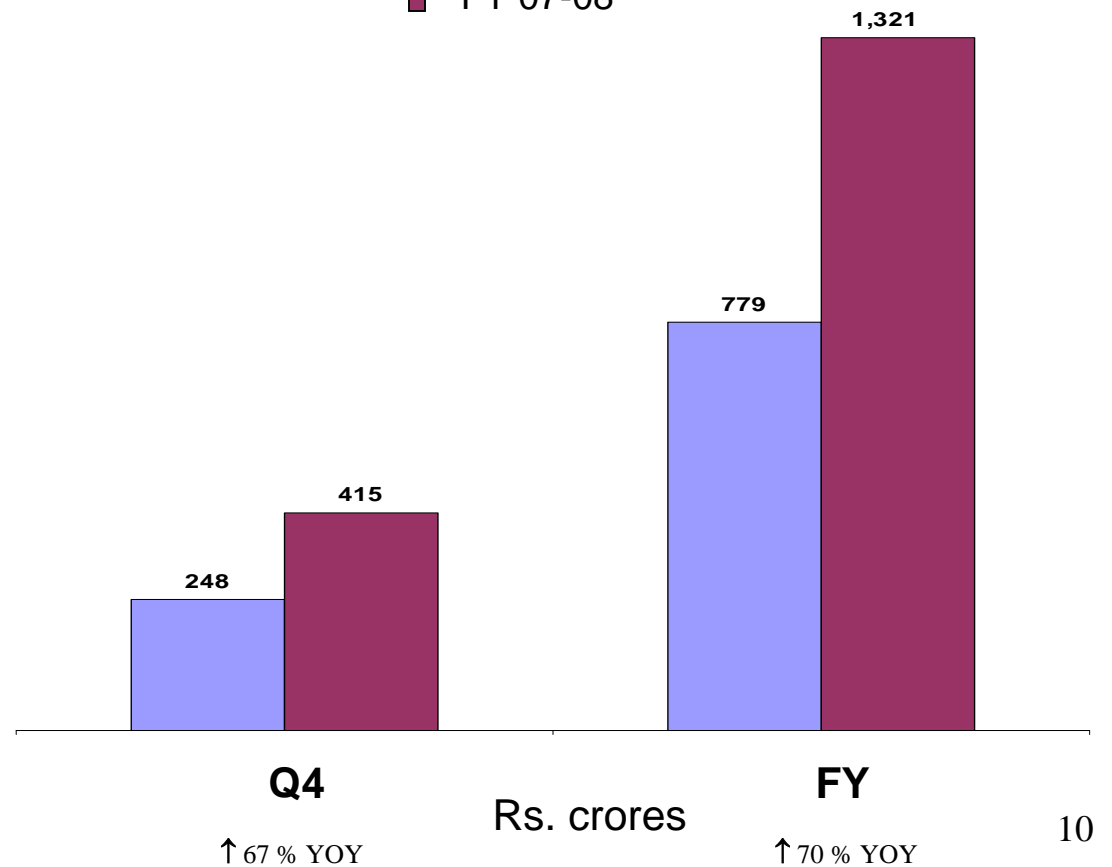
Rs. crores

FEE INCOME

FY 06-07
FY 07-08

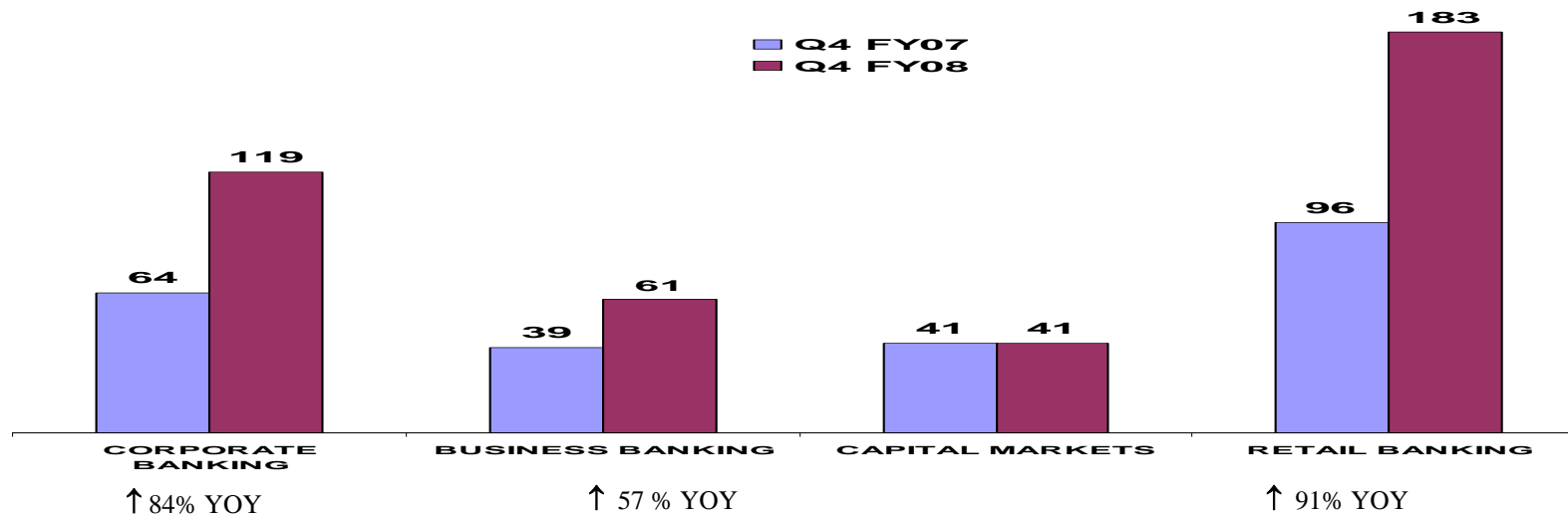
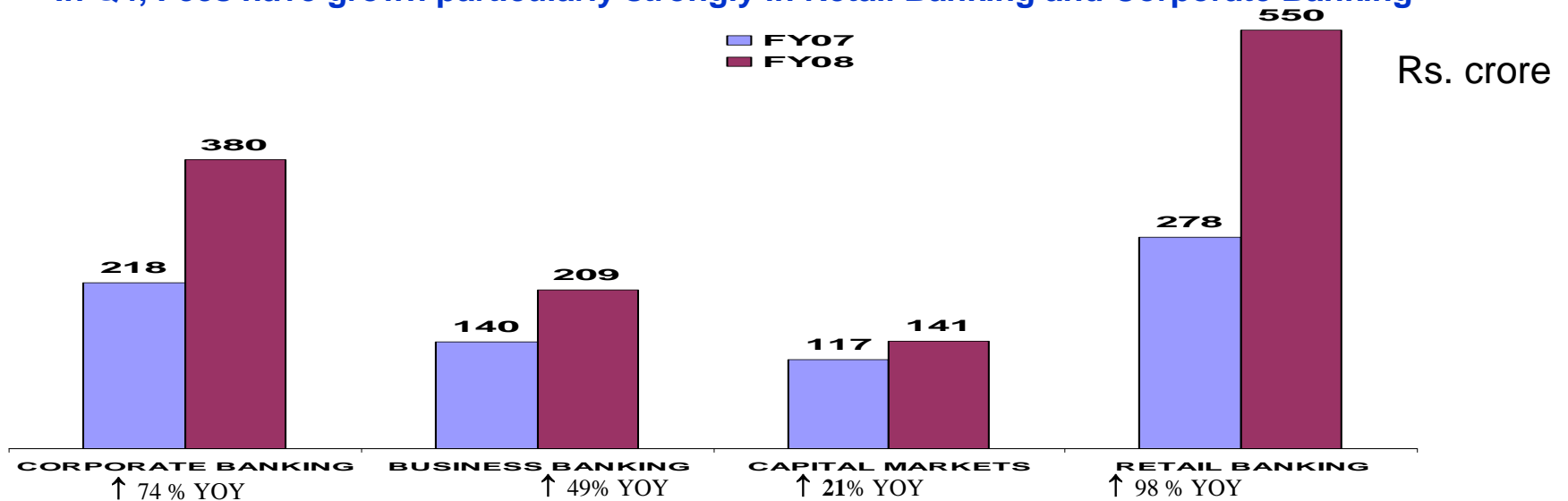
Fees in the last 5 years (Rs. crores)

FY 03-04:	182
FY 04-05:	331
FY 05-06:	489
FY 06-07:	779
FY 07-08:	1,321
CAGR : 5 years	56%

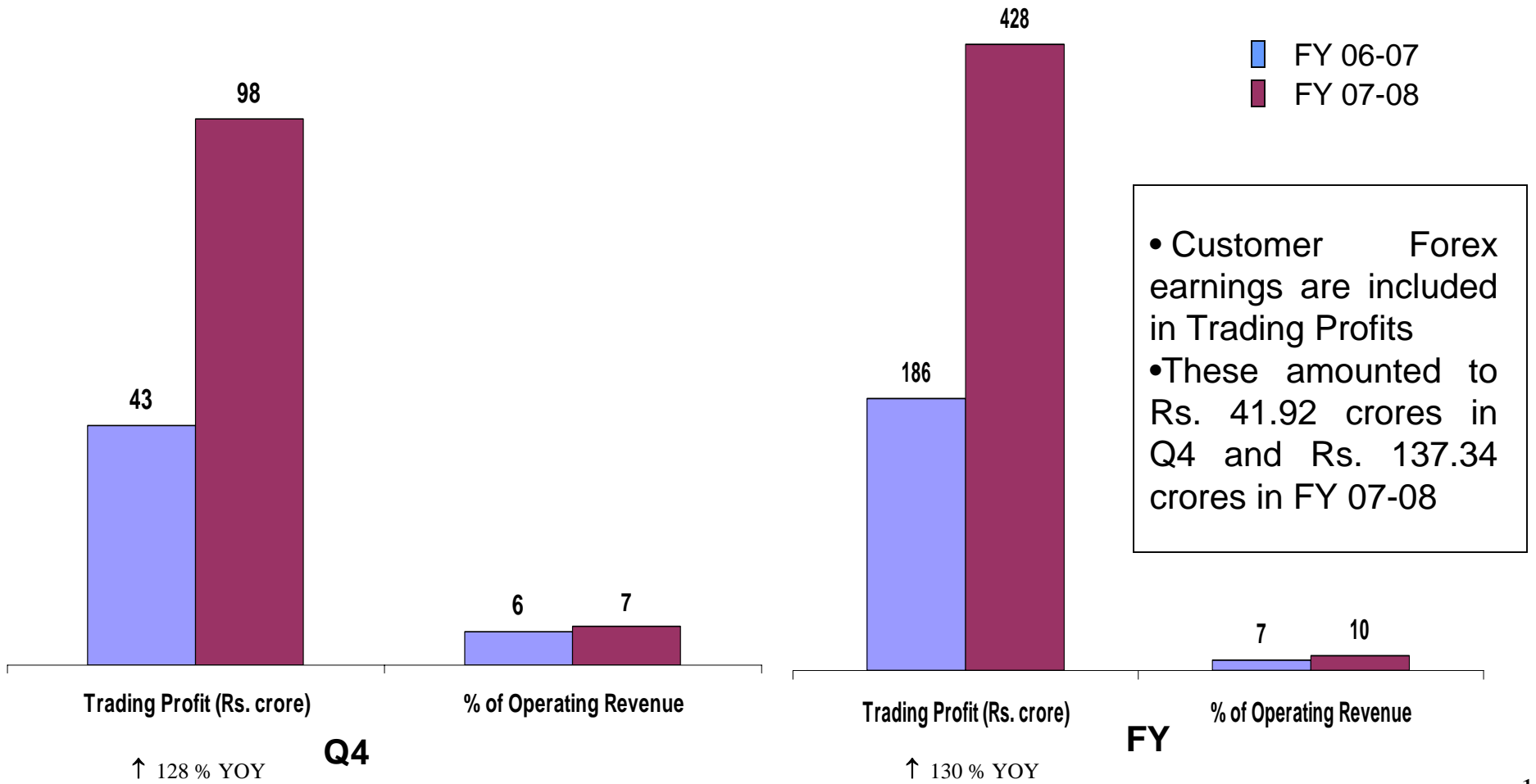


FEE INCOME COMPOSITION

In Q4, Fees have grown particularly strongly in Retail Banking and Corporate Banking



TRADING PROFITS



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**
 - **Mid 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**

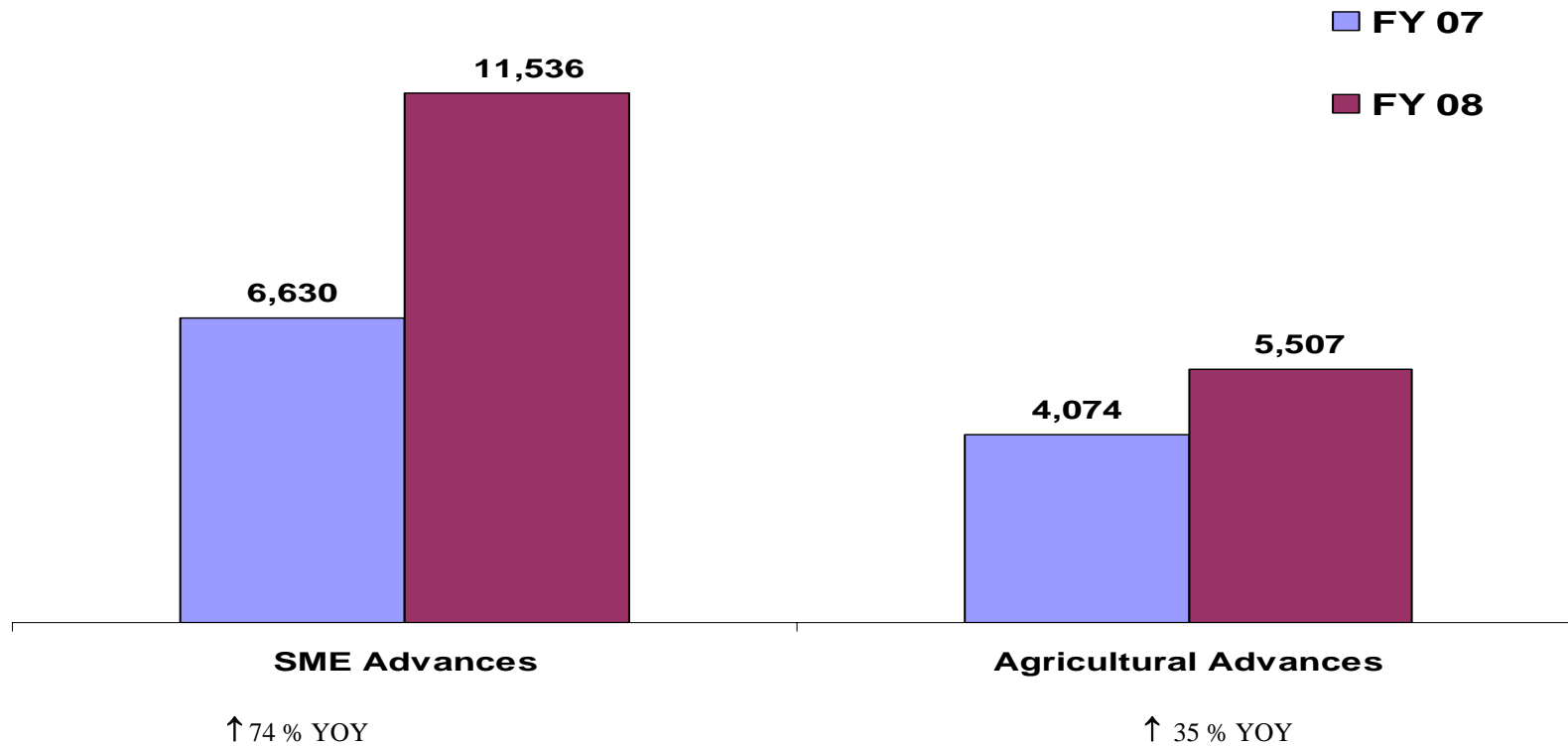
TOP SECTOR EXPOSURES

Rank	Sectors	% of Total Corporate Credit
1	Financial Companies*	10.48
2	Gems & Jewellery	9.64
3	Infrastructure	7.87
4	Real Estate	7.04
5	Trade	6.48
6	Textiles	5.94
7	Metals	5.01
8	Telecommunications	4.65
9	Food Processing	3.99
10	Chemicals	3.50

As on 31.3.2008

* Housing Finance Companies and other NBFCs.

SME & AGRI BUSINESS

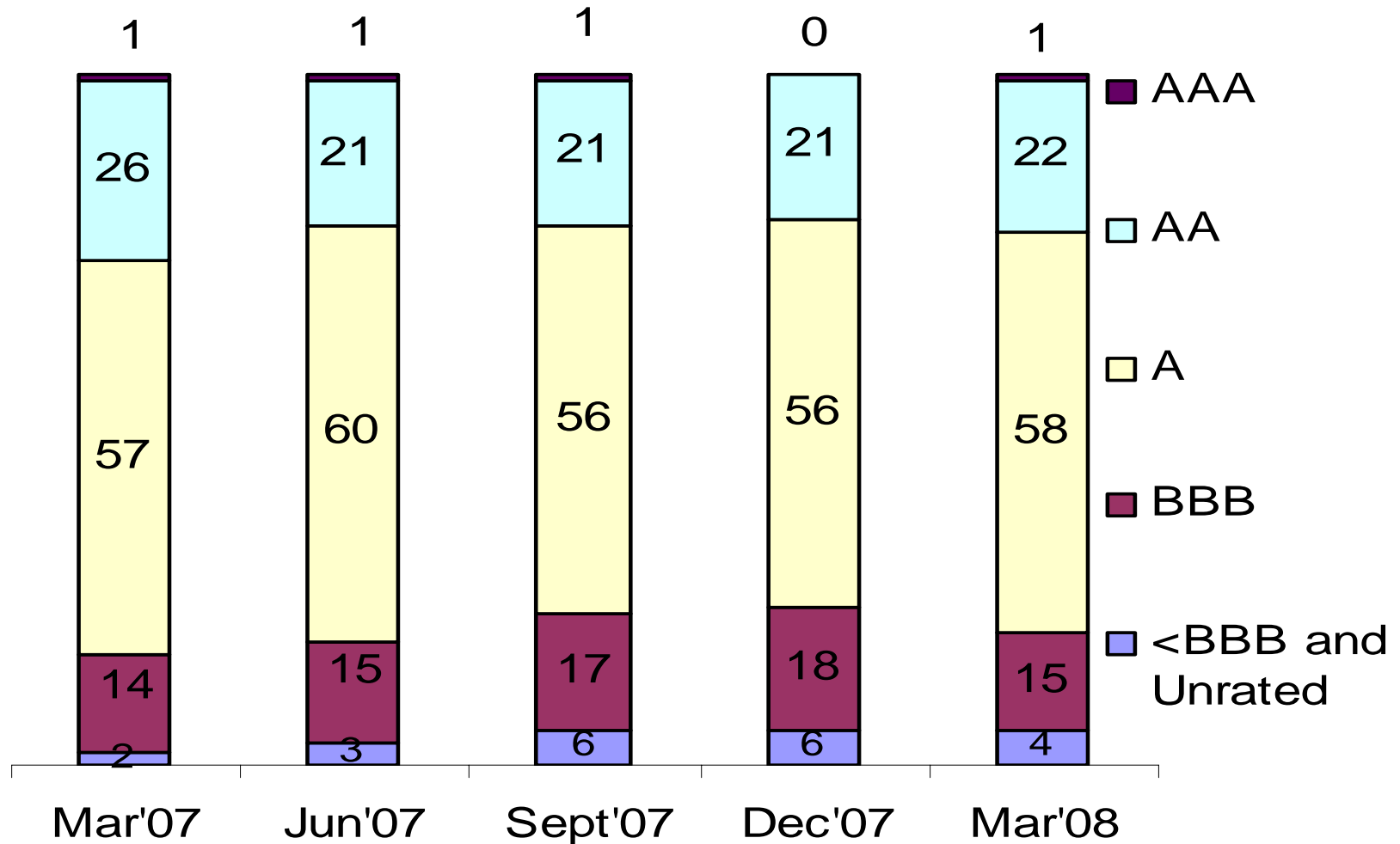


Rs. crores

- **Specialised Advances Cells for SME lending**
 - 20 Cells at Mar'08, as against 15 cells at Mar'07
- **Specialised Clusters for Agricultural lending**
 - 36 Agri-Clusters at Mar'08, as against 18 clusters at Mar'07

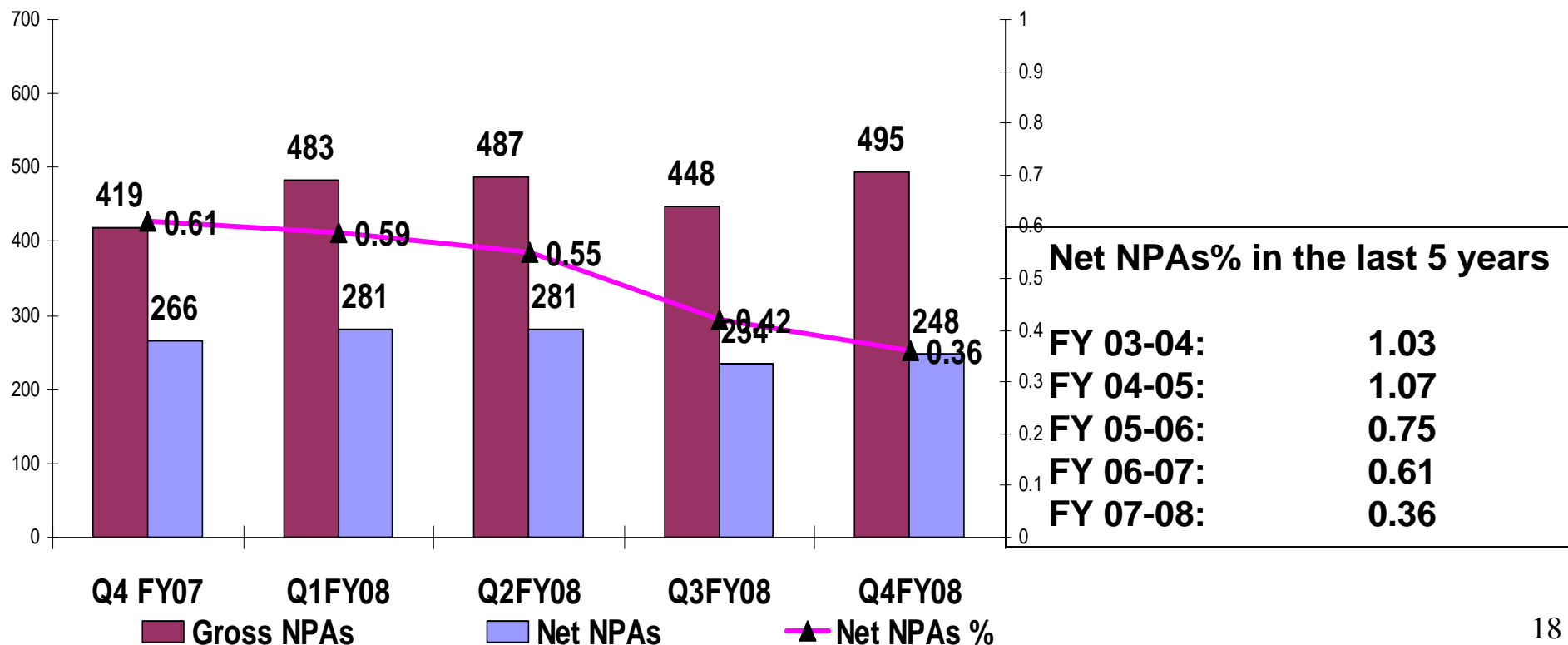
CONSISTENCY IN ASSET QUALITY

81% of corporate advances have rating of at least 'A' as at Mar'08



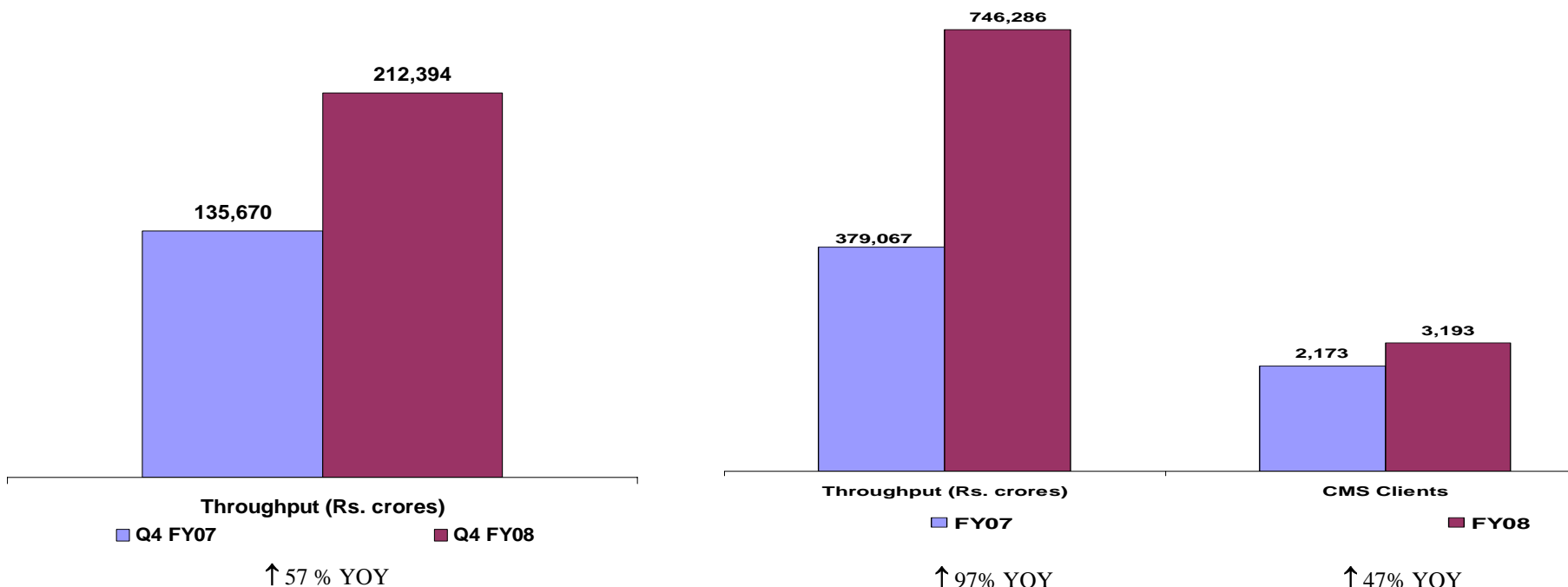
STRESSED ASSETS

NET NPA %



BUSINESS BANKING

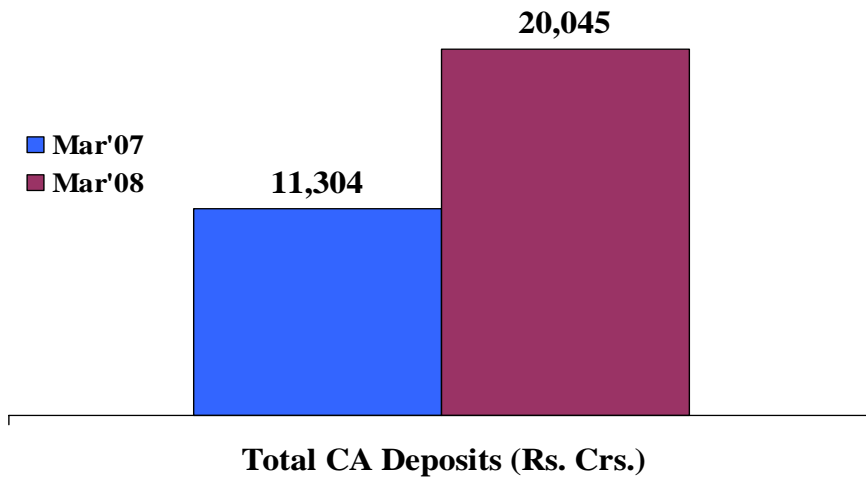
CASH MANAGEMENT SERVICES



- 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 4 State Governments and Chandigarh

BUSINESS BANKING

CURRENT ACCOUNTS GROWTH

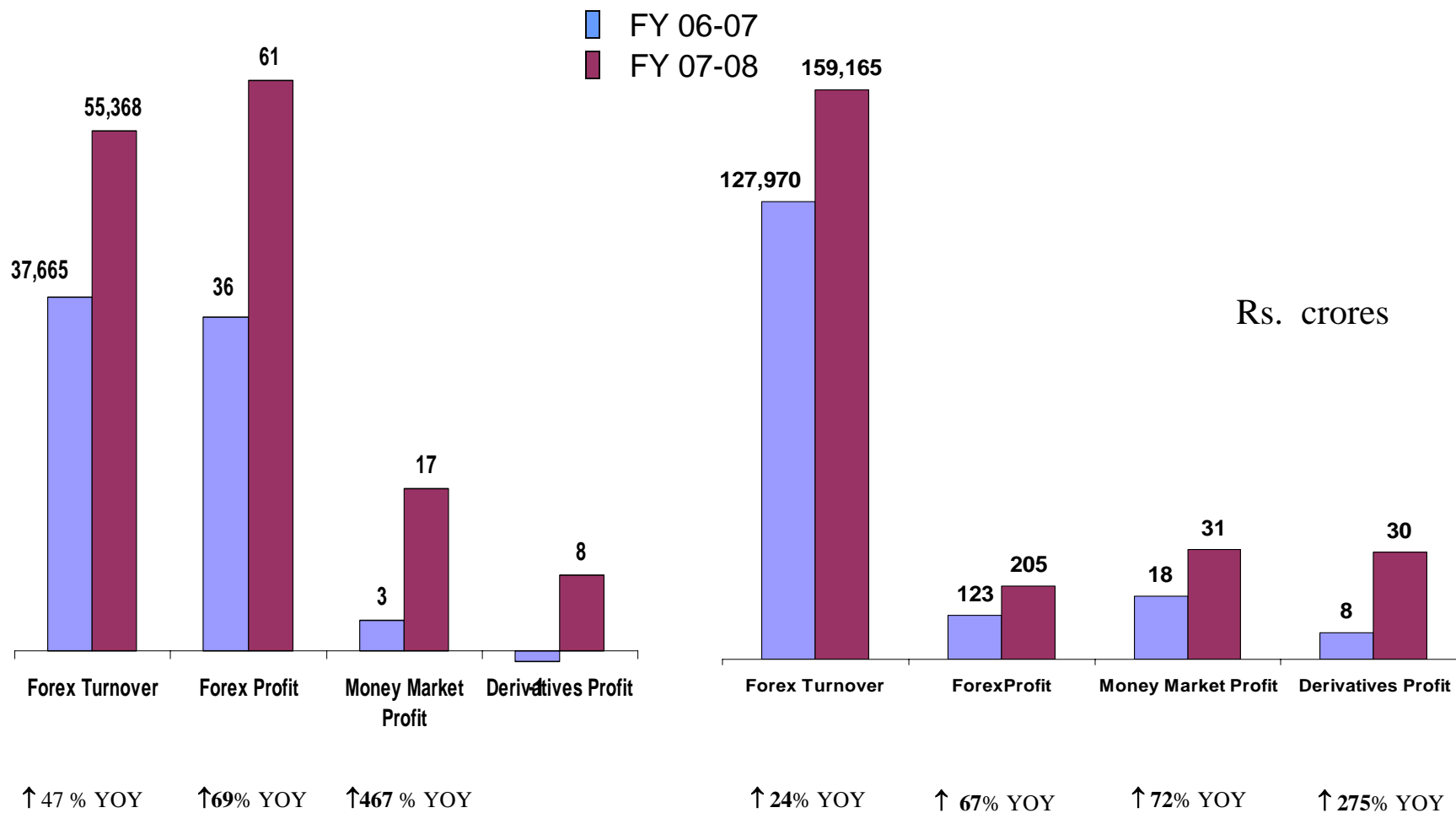


Current Account deposits in the last 5 years, ending March

	Rs. crores
Mar'04	5,394
Mar'05	7,155
Mar'06	7,970
Mar'07	11,304
Mar'08	20,045
CAGR 5Years	52%

- **Wide Range of Products** ^{↑ 77% YOY}
- Customised offerings for various business segments
- Growth aided by “Club 50” & “Channel One” – high-end premium products
- Broad-based sales strategy
- Focused approach for Corporates, Institutions & Government

TREASURY



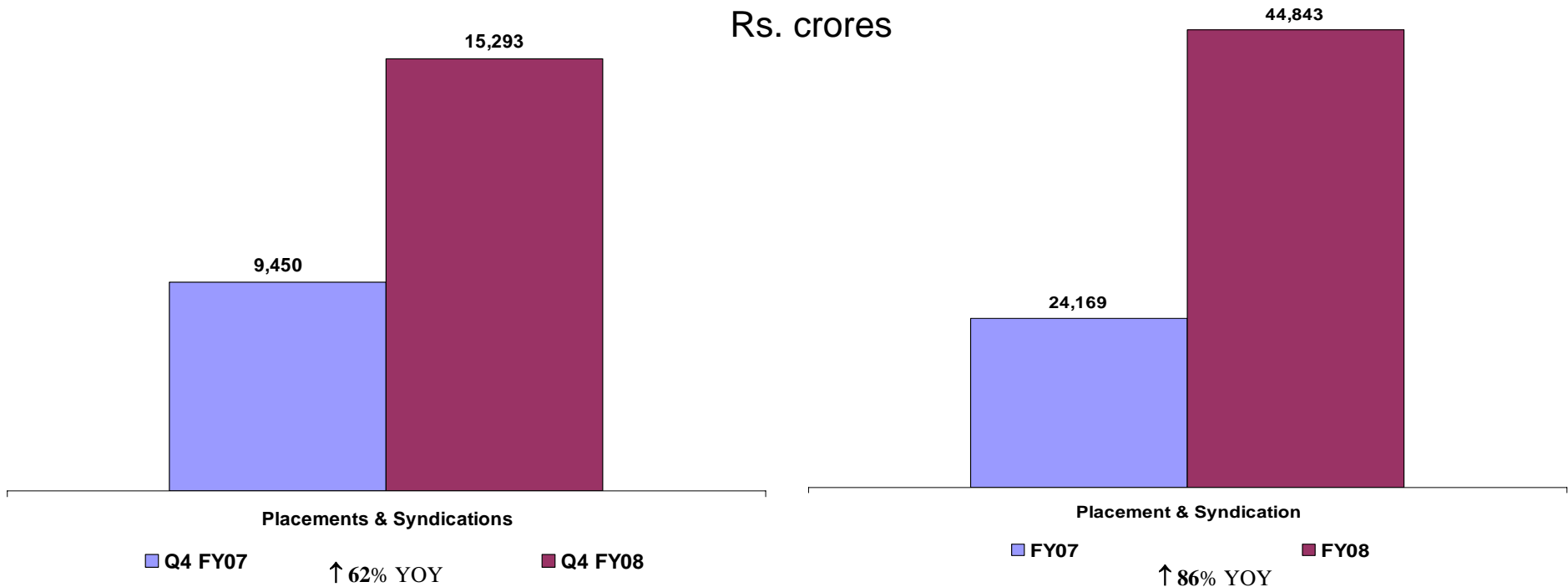
Q4

FY

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CAPITAL MARKETS

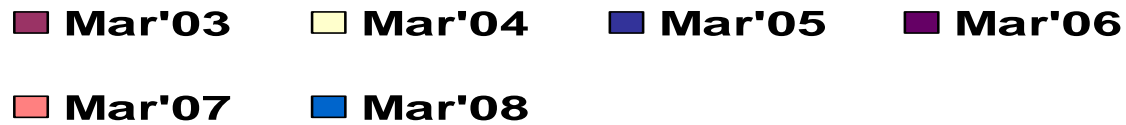
Rs. crores



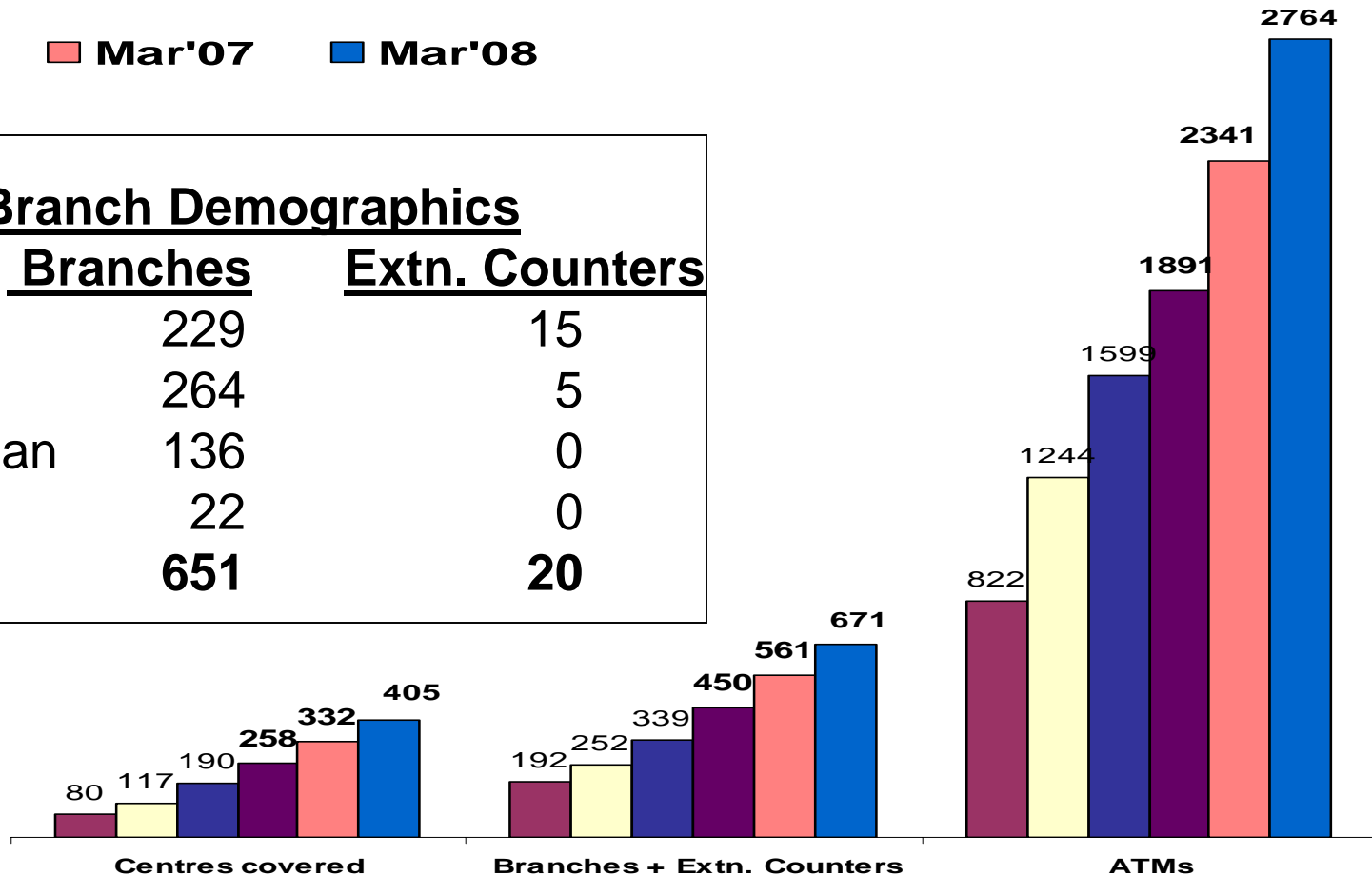
- A dominant player in Placement and Syndication of debt issues
- Ranked No.1 as debt Arranger by Prime Database for first 9 months of FY08
- Ranked No.1 in the Bloomberg Underwriters League Table for Indian Domestic Bonds for the quarter ended March 2008
- Project Advisory Services mandates increase

RETAIL BANKING

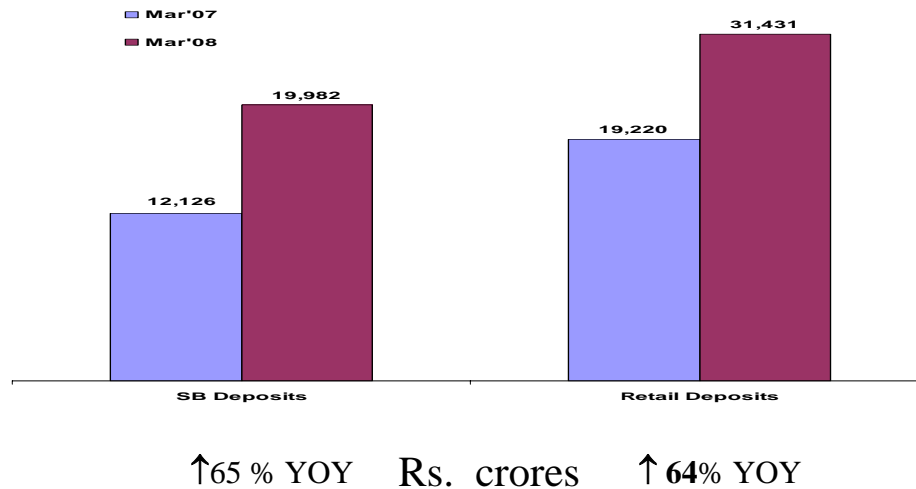
INCREASING REACH



<u>Branch Demographics</u>		
	<u>Branches</u>	<u>Extn. Counters</u>
Metro	229	15
Urban	264	5
Semi-urban	136	0
Rural	22	0
TOTAL	651	20



SAVINGS BANK GROWTH



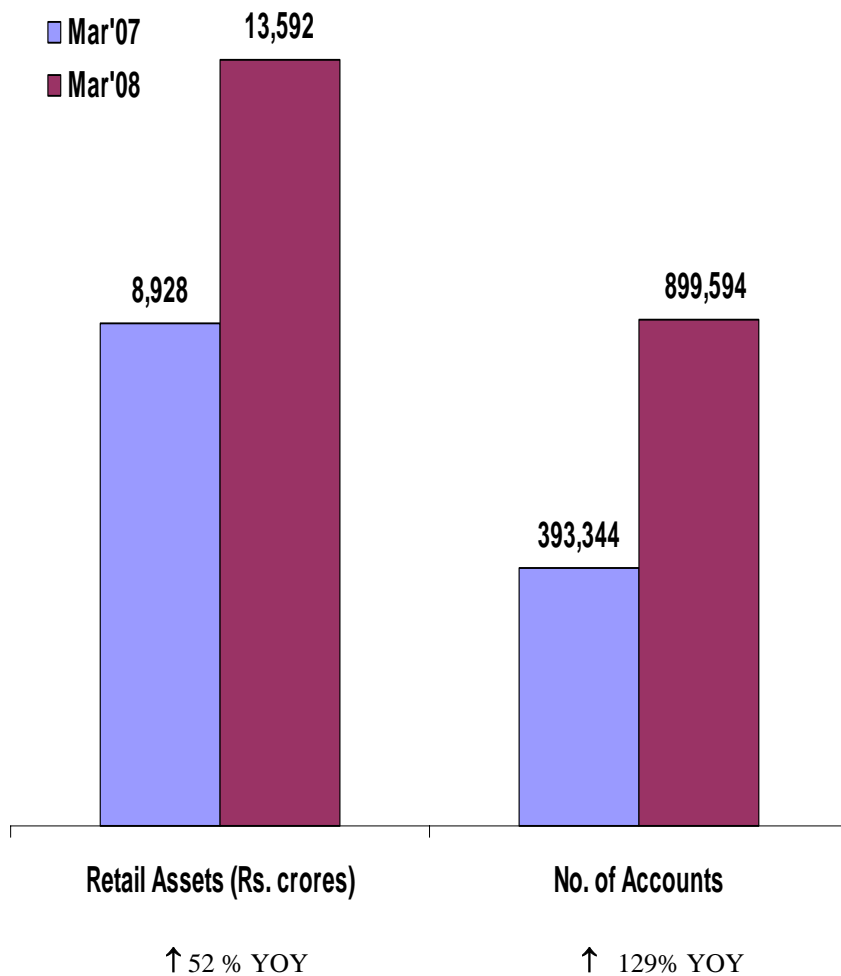
Savings Bank deposits in the last 5 years, ending March

	Rs. crores
Mar'04	2,585
Mar'05	4,891
Mar'06	8,065
Mar'07	12,126
Mar'08	19,982
CAGR 5Years	70%

Savings Bank growth led by:

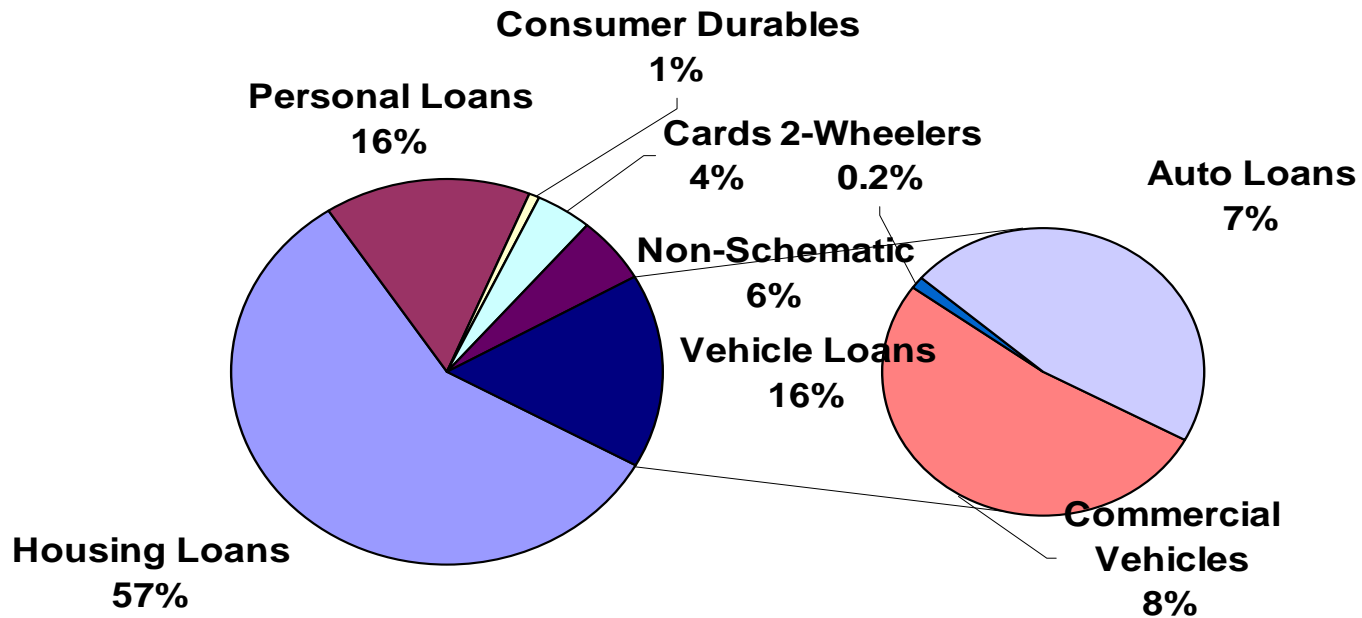
- Wide Network - Branch and ATM Channel reach
- Bank's own sales channel
- Focused strategy for niche customer segments
- Corporate and Government payroll accounts
- Liability Sales Centres

RETAIL ASSETS

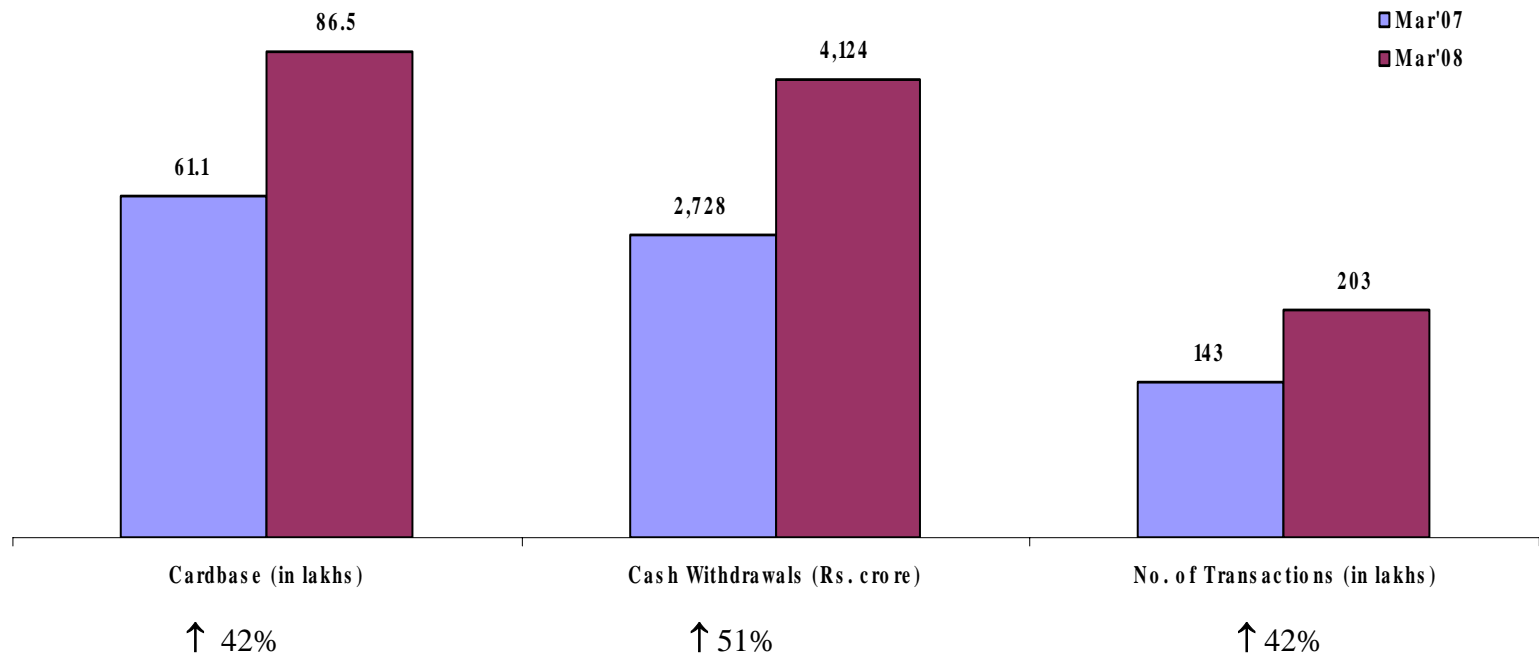


- Retail Assets grow 52% yoy
- Retail Assets constitute 23% of the Bank's total advances, as against 24% at end Mar'07
- Growth driven through Retail Asset Centres(RACs)
- 70 RACs established so far

COMPOSITION OF RETAIL ASSETS

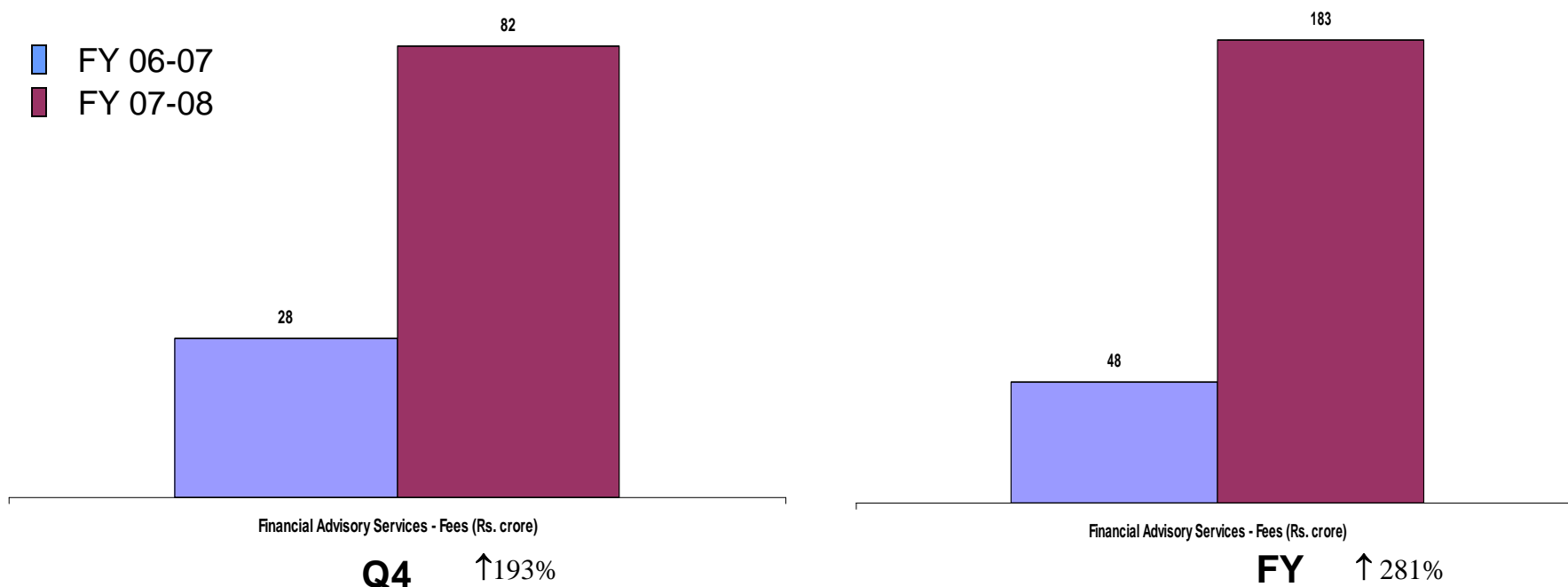


ATM CHANNEL MIGRATION



- Largest network provider for Euronet & Bancs consortia
- Value added services such as Bill Payments, MF Investments, Mobile Top-ups and VISA Money Transfer services

THIRD PARTY PRODUCTS BUSINESS

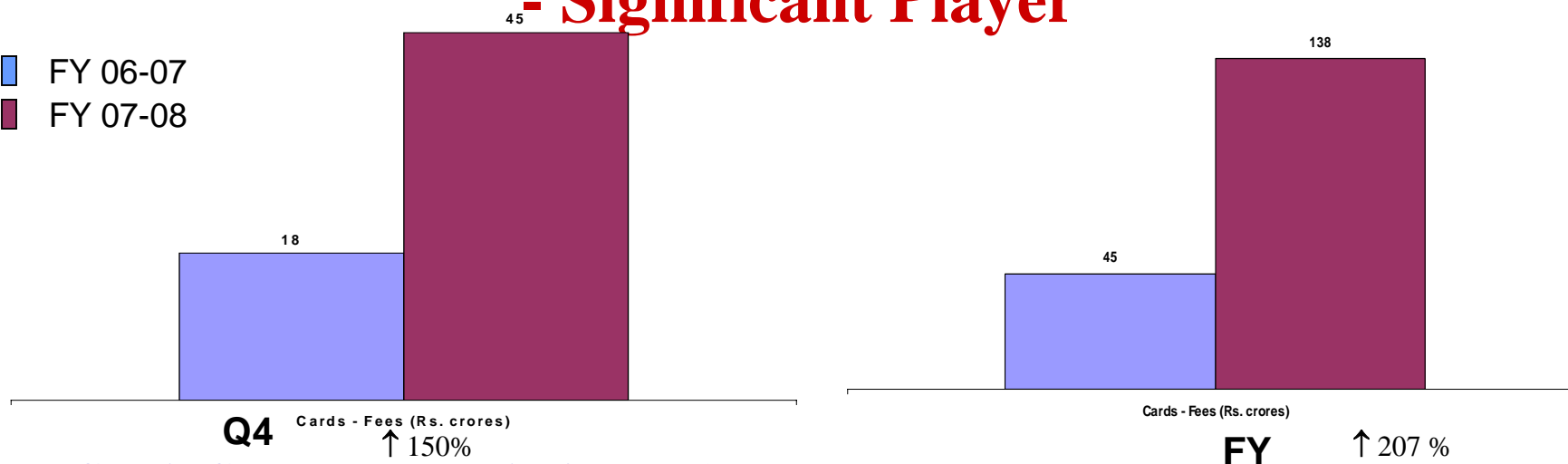


- Focus on cross-sell to Bank's existing customers to generate fee income
- Third-party products sold include: Mutual Funds, Insurance, On-Line Broking, Portfolio Management Services (Non-discretionary) and Gold Coins
- Systematic segmenting of customers

CARDS BUSINESS

- Significant Player

■ FY 06-07
■ FY 07-08



- **Credit Cards launched in August 2006**
 - Over 450,000 Cards issued till date
- **ISSUANCE**
 - 3rd largest debit card base in the country
 - 1st Indian Bank to launch Travel Currency Cards in 8 currencies -US\$, Euro, GBP, AUD, CAD, SGD, SEK, CHF
 - 1st Indian Bank to launch Remittance Card and Meal Card
- **ACQUIRING**
 - Installed base of over 75,000 EDCs and growing
- Cards business a significant contributor to Retail Fees

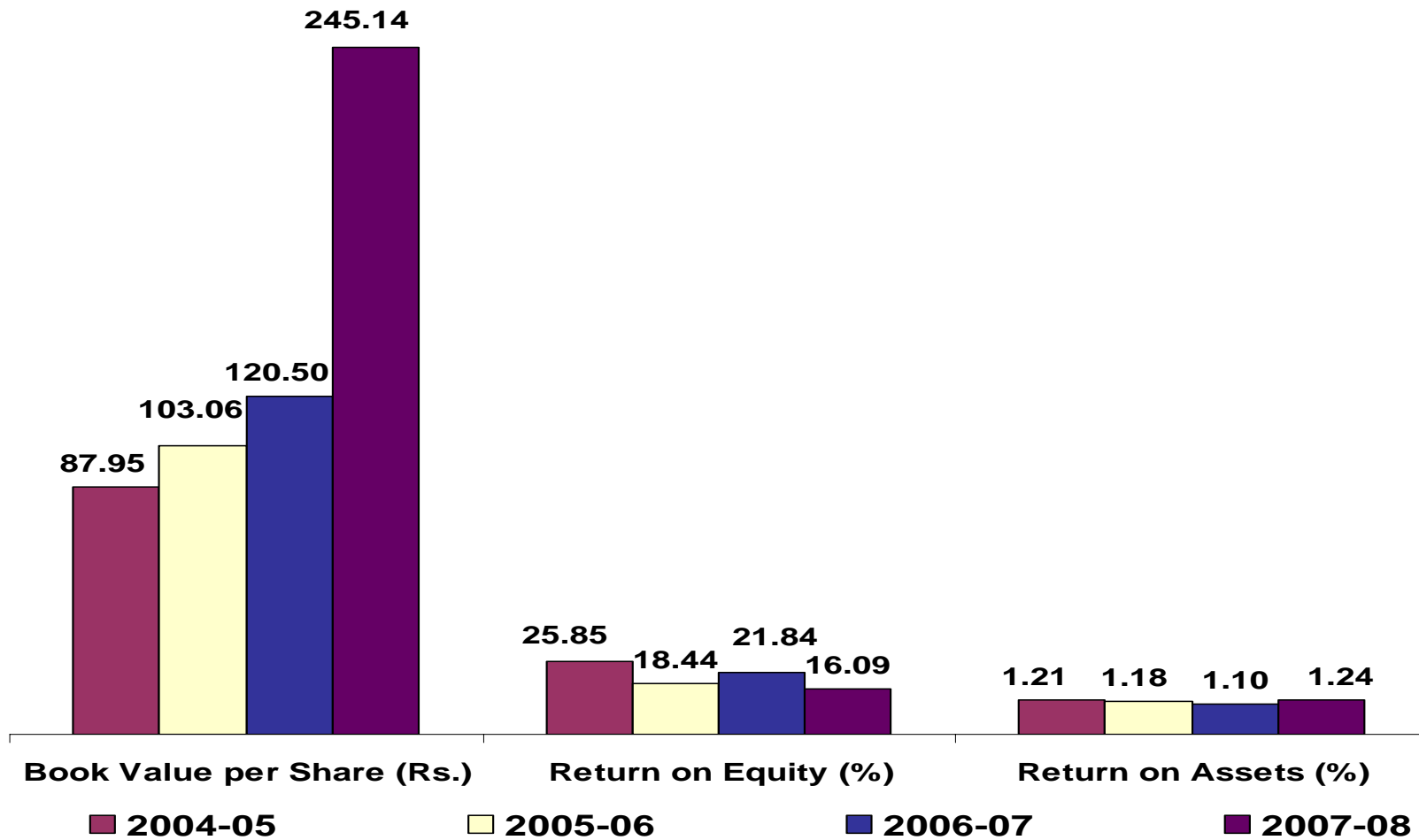
INTERNATIONAL PRESENCE

- Branches at Singapore, Hong Kong and DIFC, Dubai
- Representative office at Shanghai
- Total assets under overseas operations amounted to US\$ 1.66 billion
- Corporate Banking, Trade Finance products, Debt Syndication and Liability businesses

INVESTMENT HIGHLIGHTS

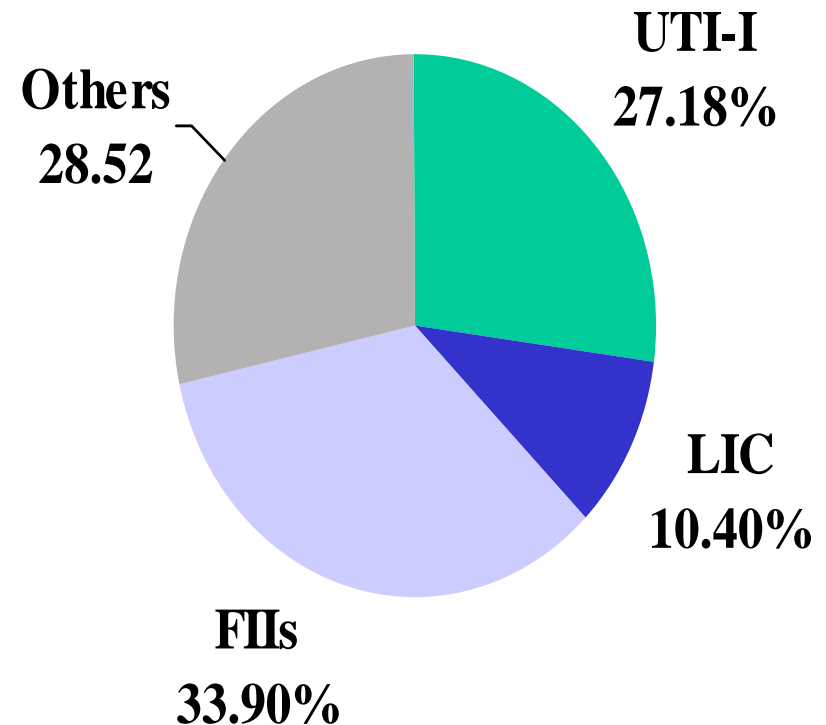
- 17.28% Return on Equity (ROE) during Q4 FY08 as compared to 14.81% in Q3 FY08 and 26.98 % in Q4 FY07. Equity raising in Q2 FY08 lowered the ROE
- 1.43% Return on Assets (ROA) during Q4 FY08 as compared to 1.40% in Q3FY08 and 1.24% in Q4 FY07
- An annualized return of over 46% (without including dividends), since the Bank's IPO in September 1998

SHAREHOLDER RETURNS



SHAREHOLDING

- Share Capital - Rs. 357.71 crores
- Net Worth - Rs. 8,449.45 crores
- Book Value per share - Rs. 245.14
- Market Price as on 17/4/08 - Rs. 824.40
- Market Cap as on 17/4/08 - Rs. 29,490 crores (US \$ 7.38 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

