

Positioned for growth in a challenging market

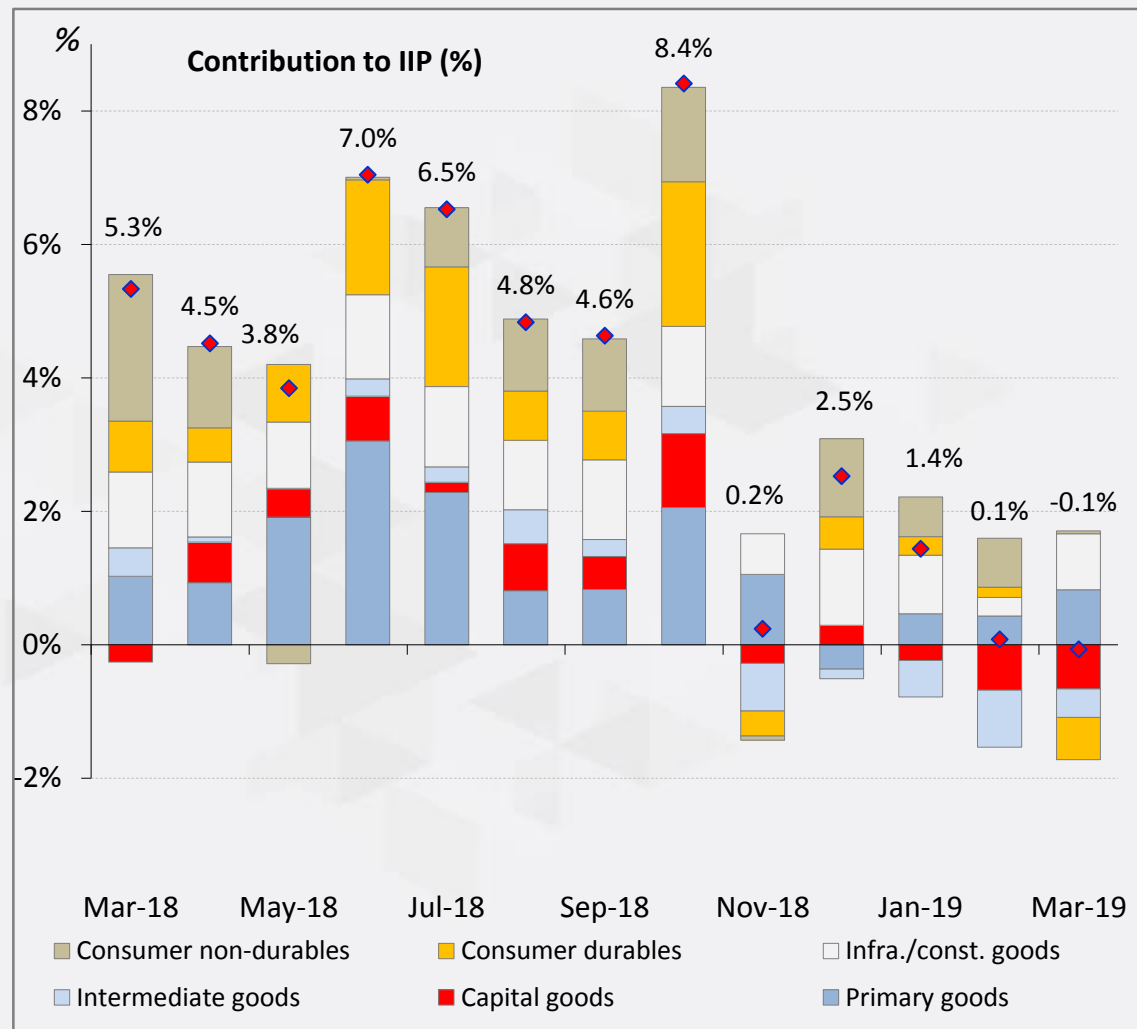
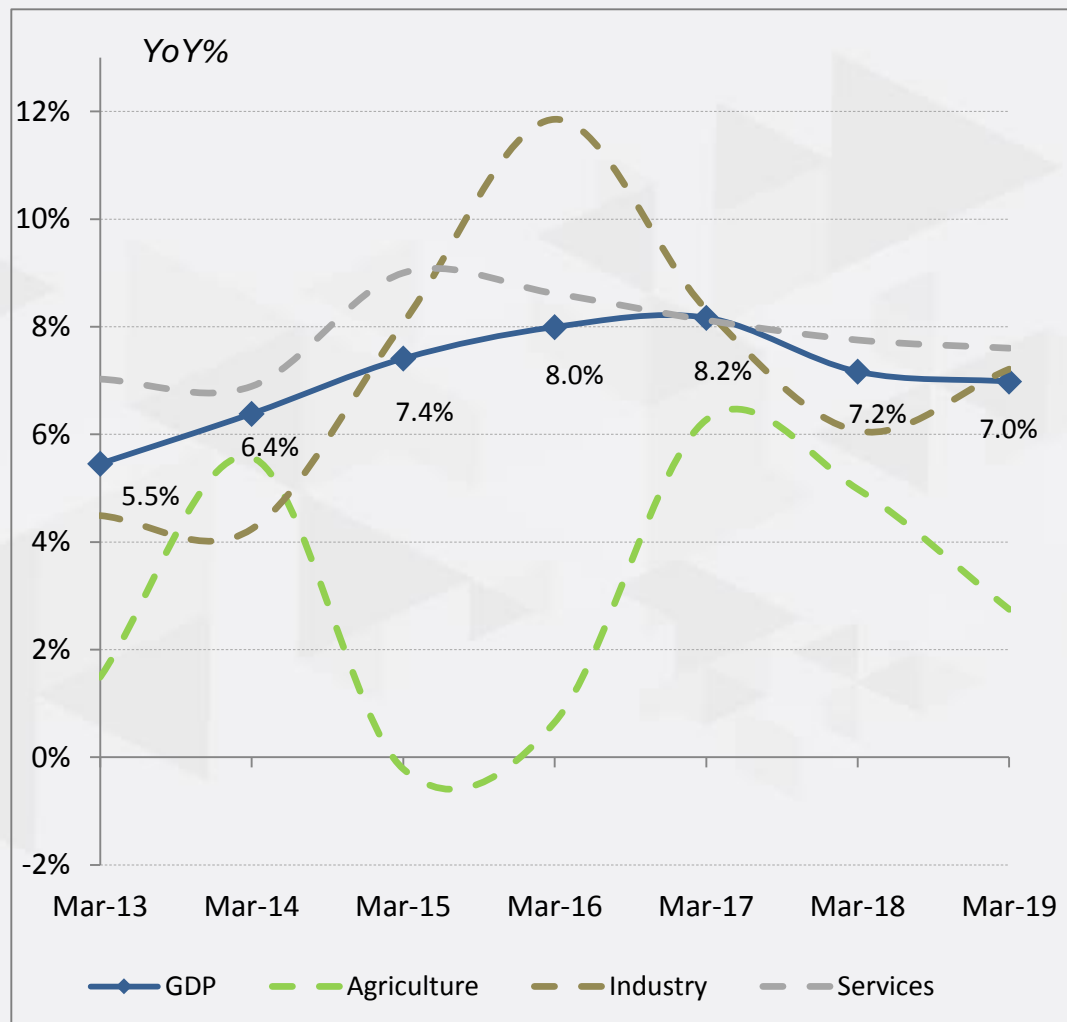
Axis Capital Conference, May 2019

**Macro-Economic indicators point towards a
tough market environment ...**

FY19 GDP growth slowdown, capex contraction, moderate expected inflation, will provide space for monetary easing

GDP Growth

Industrial Growth



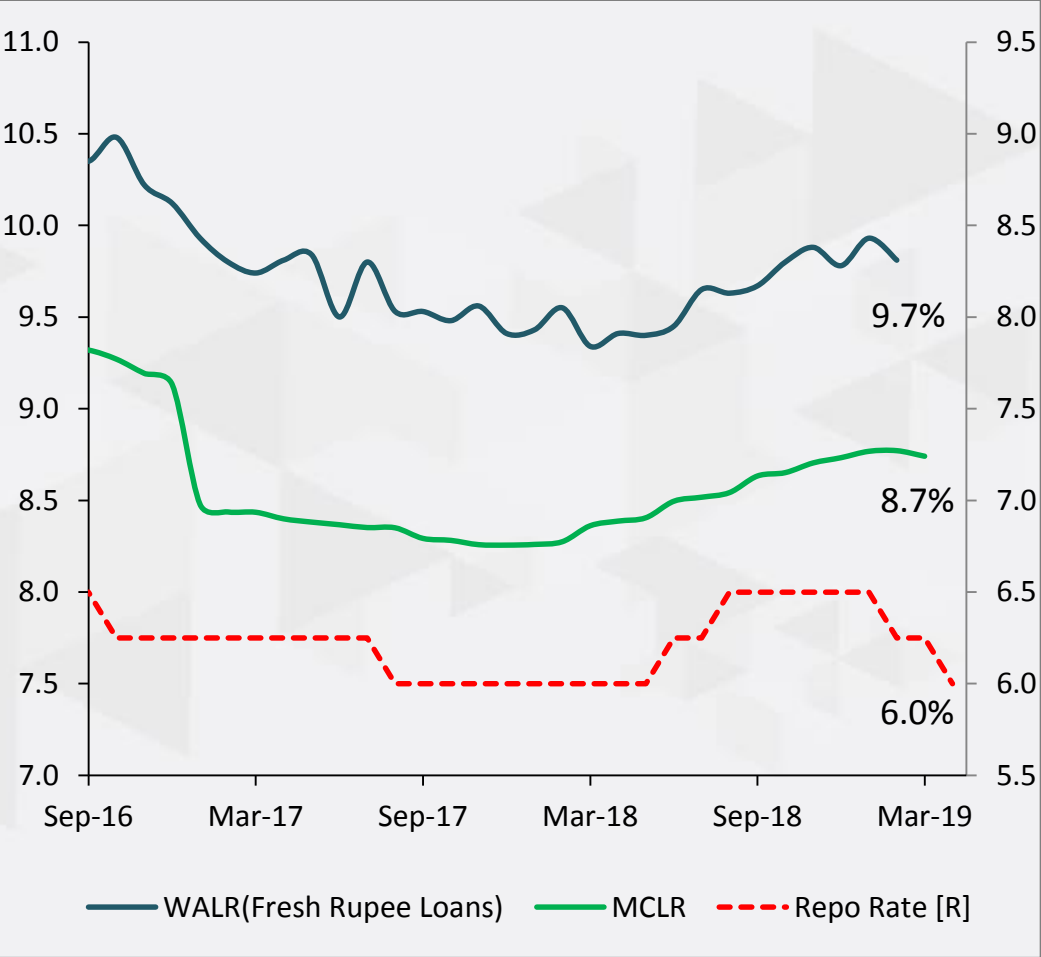
*FY19 GDP% based on 2nd Advance Estimates

Source: MOSPI, Axis Bank Research

Tight liquidity conditions have kept lending rates high, flow of financial resources slower despite rising bank loan growth

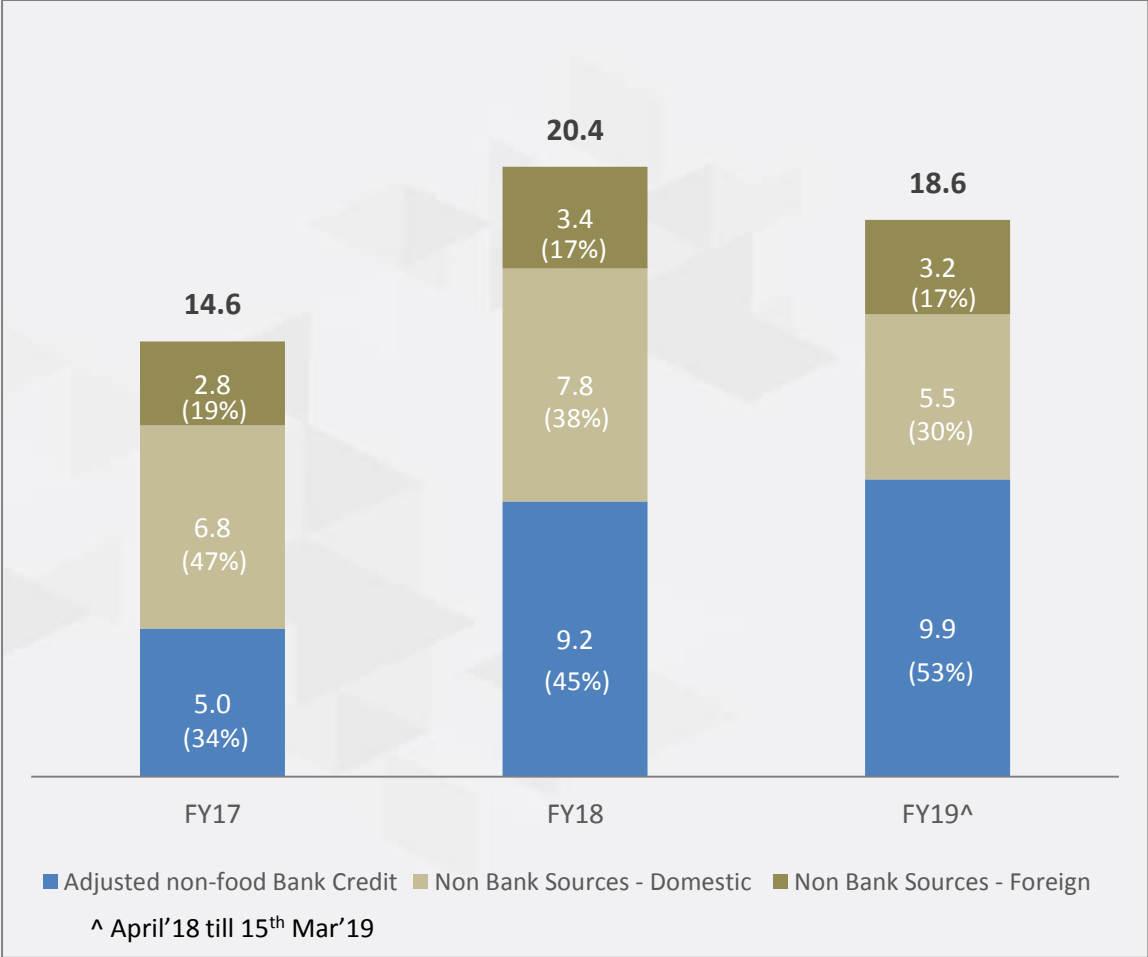
All figures in ₹ Trillion

Bank lending rates



Note: WALR: Weighted Average Lending Rate, MCLR: Marginal Cost of funds based Lending Rate

Flow of Financial Resources to the Commercial Sector



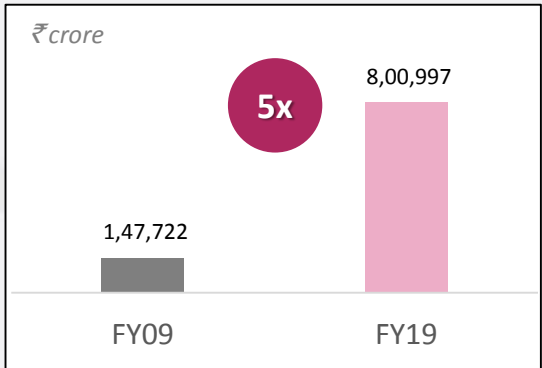
Note: Figures in bracket represent % contribution to flow of financial resources

The Axis Bank Story – Recent Performance

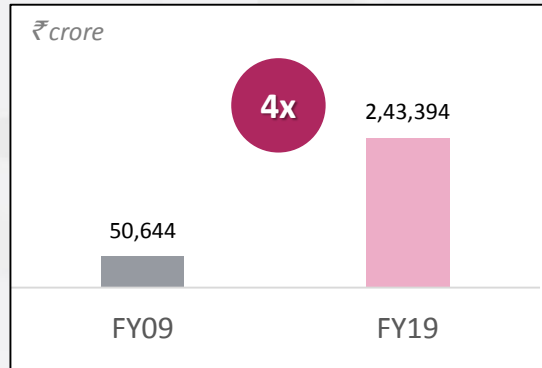
Over the last 10 years, Axis Bank has built an enviable franchise



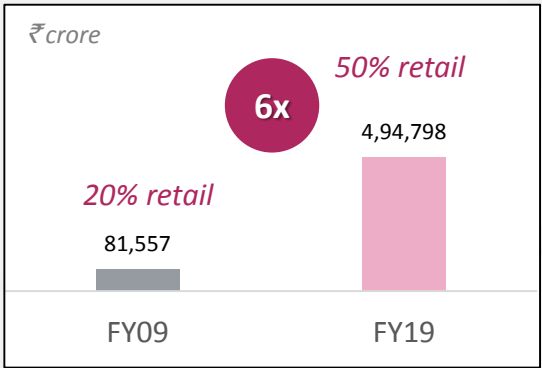
Balance Sheet



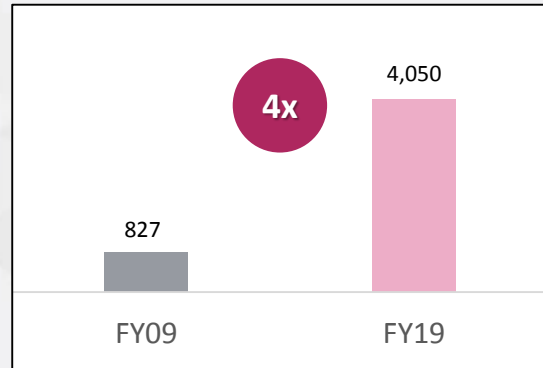
CASA Deposits



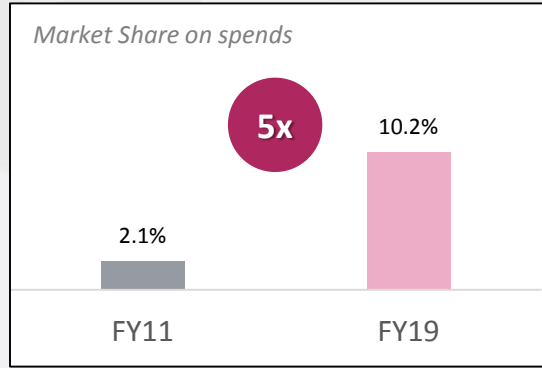
Advances



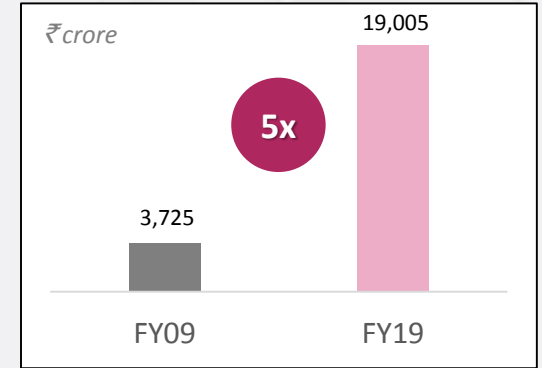
Branches



Credit Cards



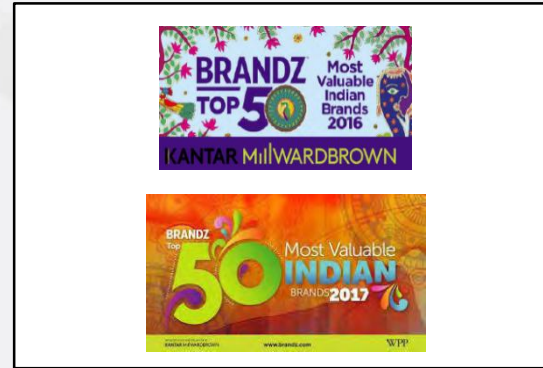
Operating Profit



Subsidiaries



Brand

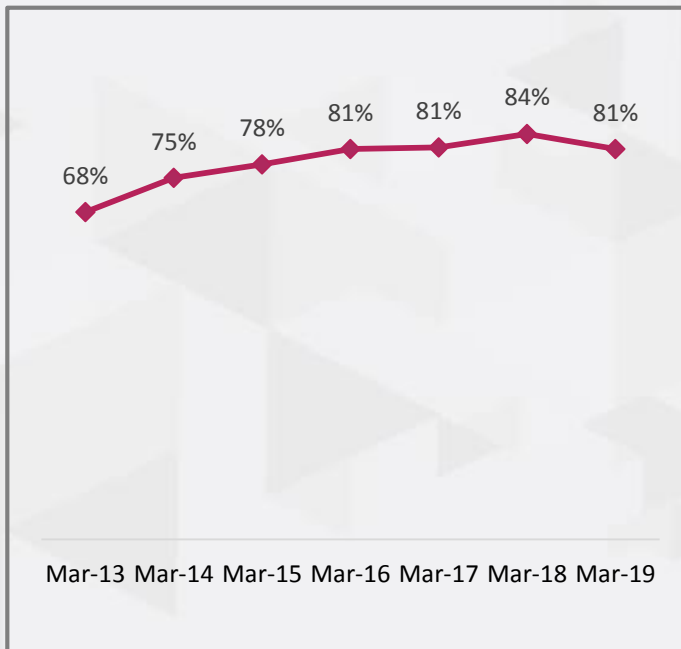


The Bank has become increasingly Retail over these years

All numbers in ₹ bn

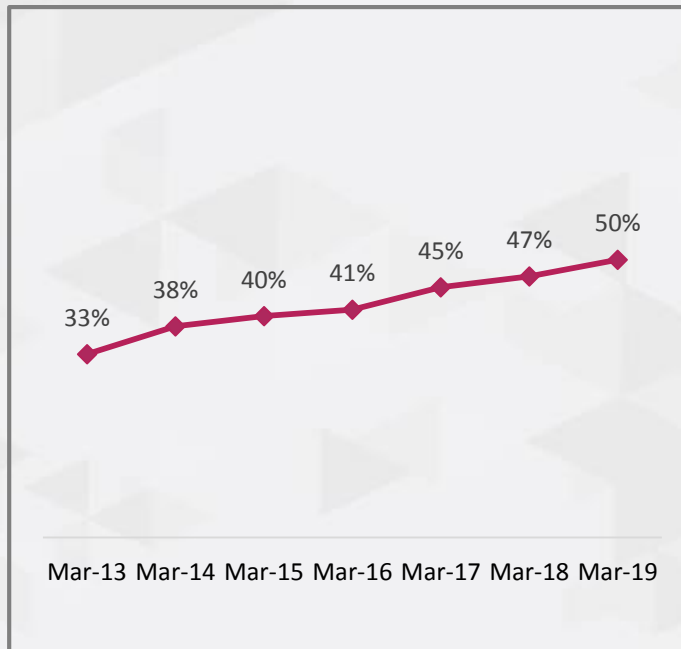
Share of Retail in Deposits

Retail Deposits* CAGR^ 17%



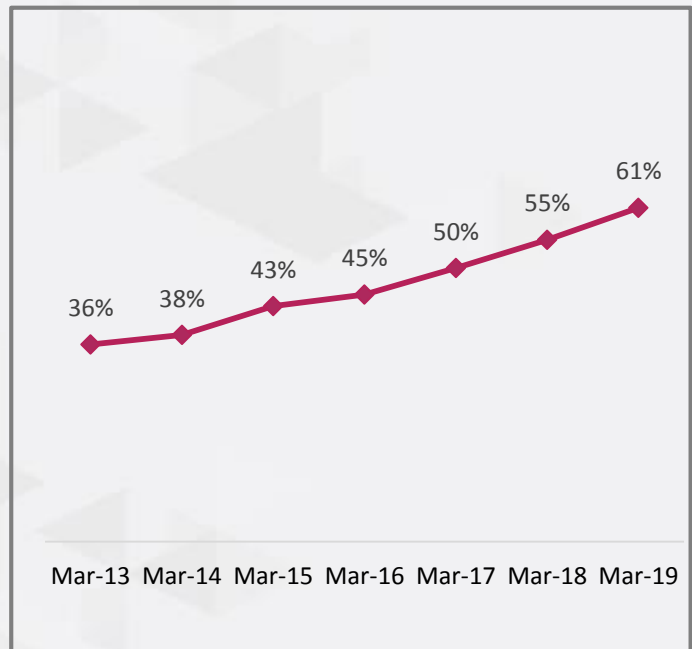
Share of Retail in Advances

Retail Advances CAGR^ 25%



Share of Retail in Fee Income

Retail Fees CAGR^ 21%

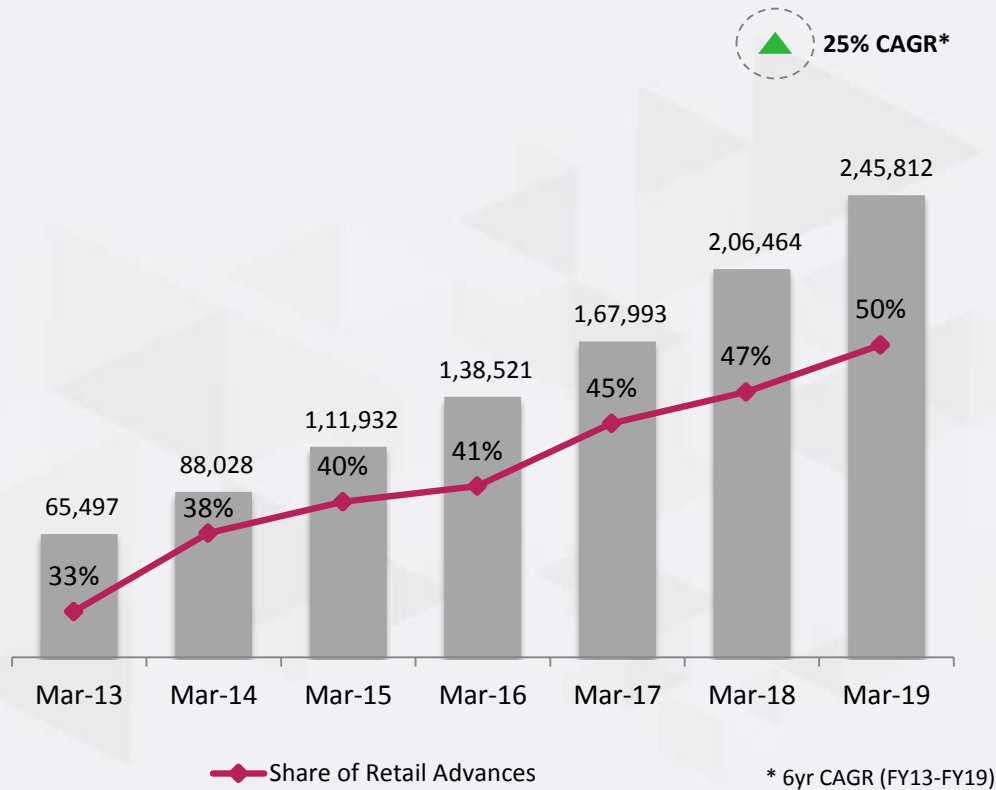


* Includes CASA and Retail TD
 ^ 6 year CAGR

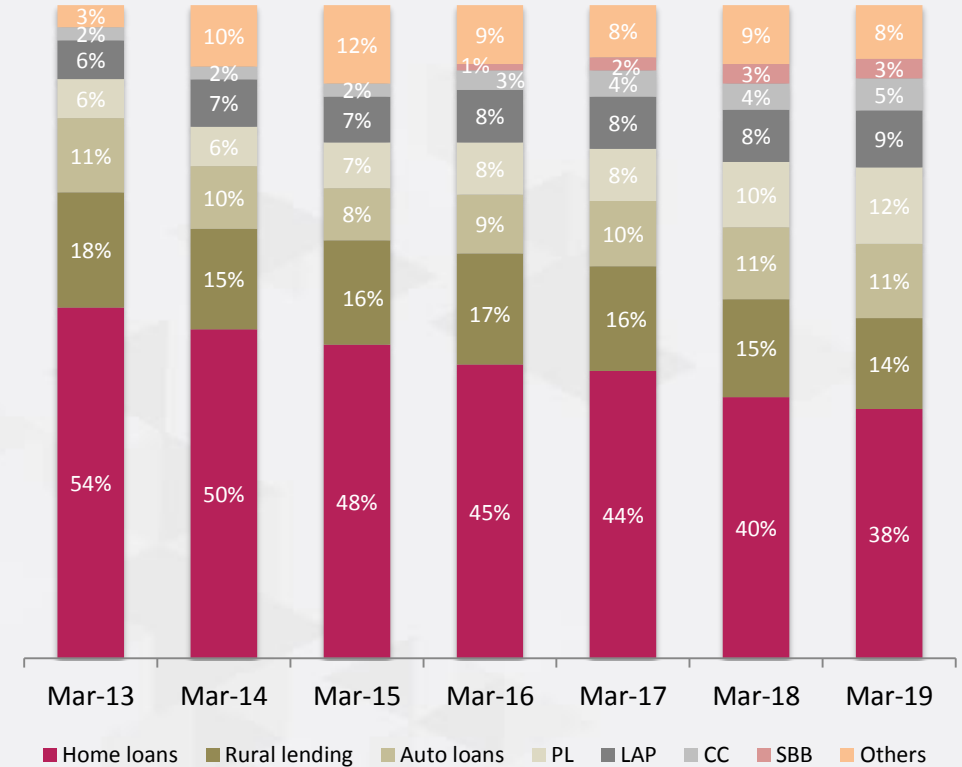
The Retail Lending business has been built steadily and is now well diversified

All figures in ₹ Crores

Retail Advances have shown strong growth...



...with significant dispersion in mix over time



PL – Personal Loan, SBB – Small Business Banking, LAP – Loan against Property, CC – Credit Cards

3 core components of the Bank's strategy in Retail Lending

- ▲ Cross sell to existing deposit customers
- ▲ Distribution through branches
- ▲ Strong analytics engine driving underwriting

The Cards business of the Bank has been a huge success over the last few years

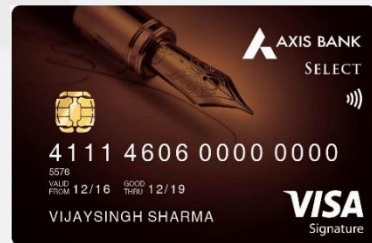
Featured Cards



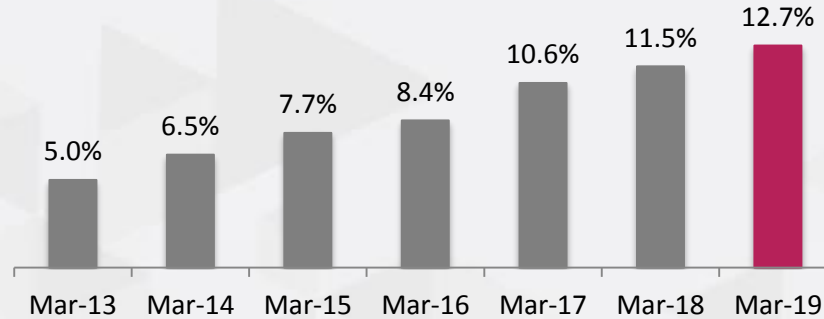
Co-branded Cards



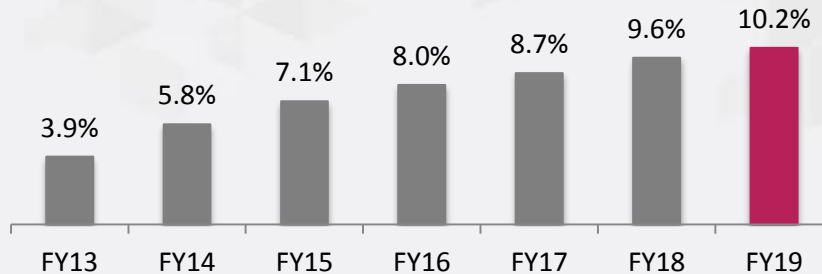
Premium Cards



Credit Cards in Force – Market Share*



Credit Cards Spends – Market Share



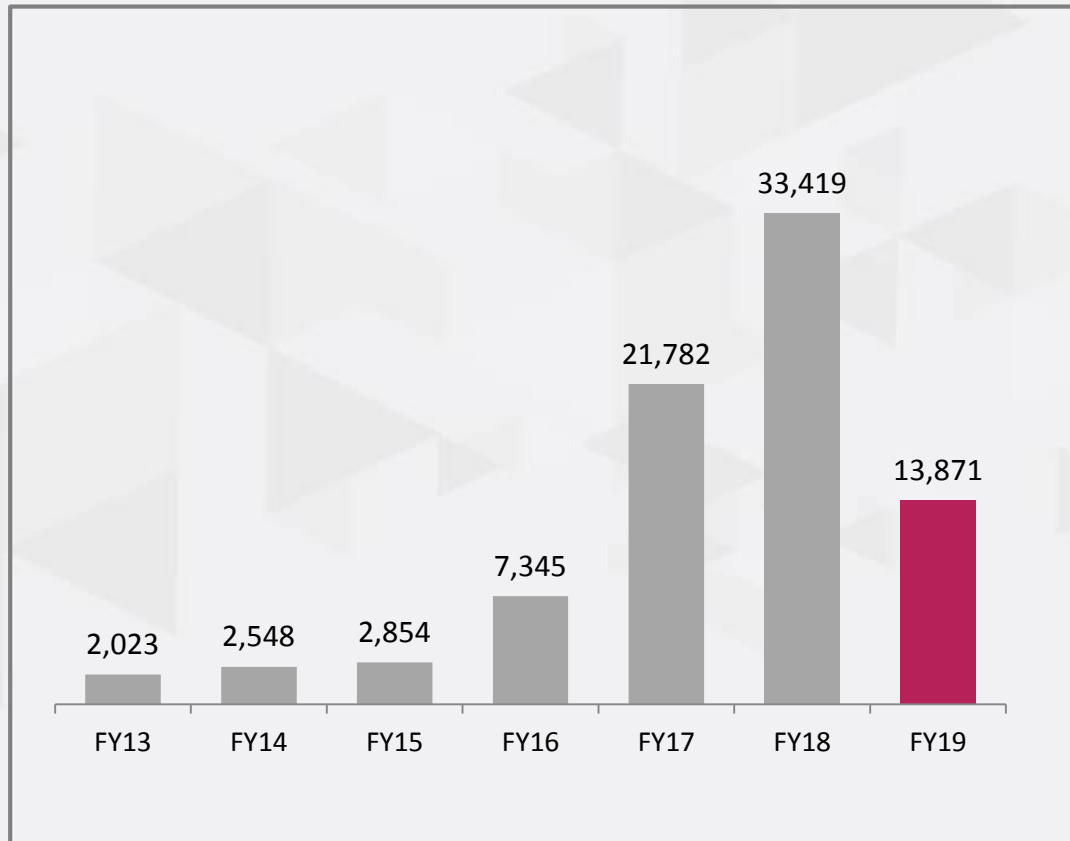
Market share has more than doubled over the last 6 years

Source: RBI Data Reports | *Market share based on average data for the year

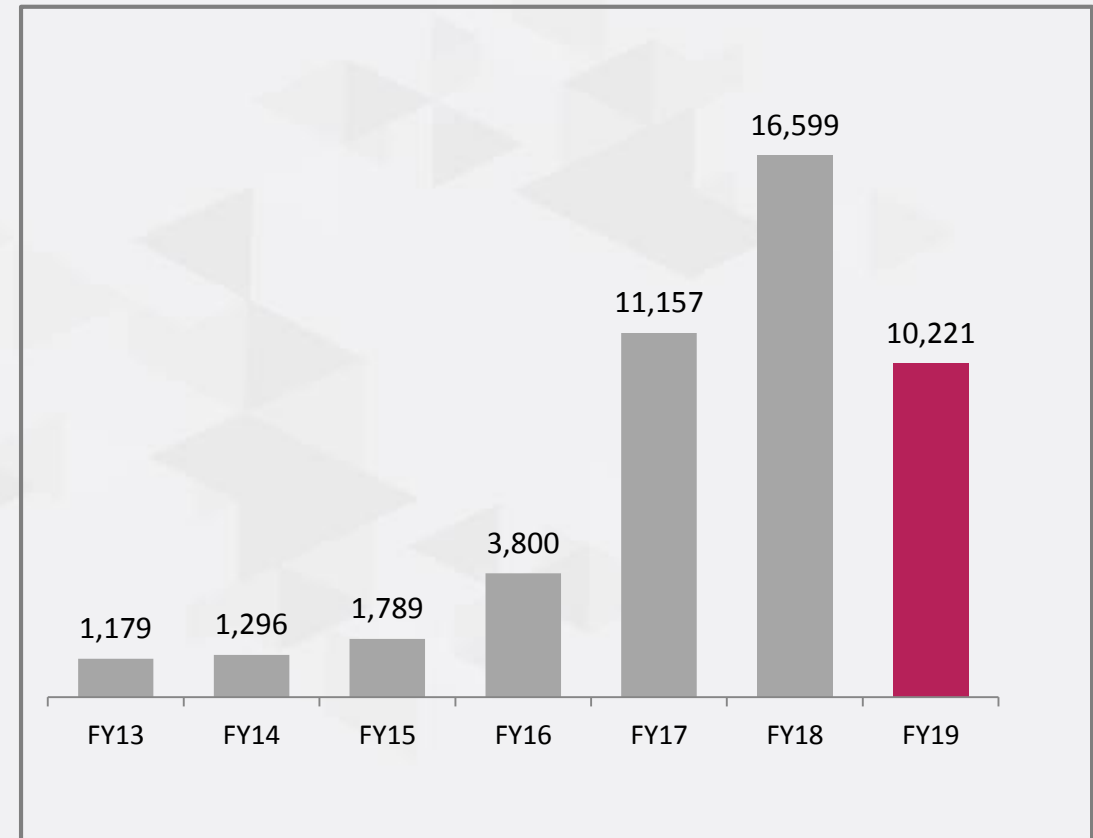
However, the last 2-3 years have been extremely challenging for the Bank

All figures in ₹ Crores

Gross Slippages



Provision for non-performing assets*

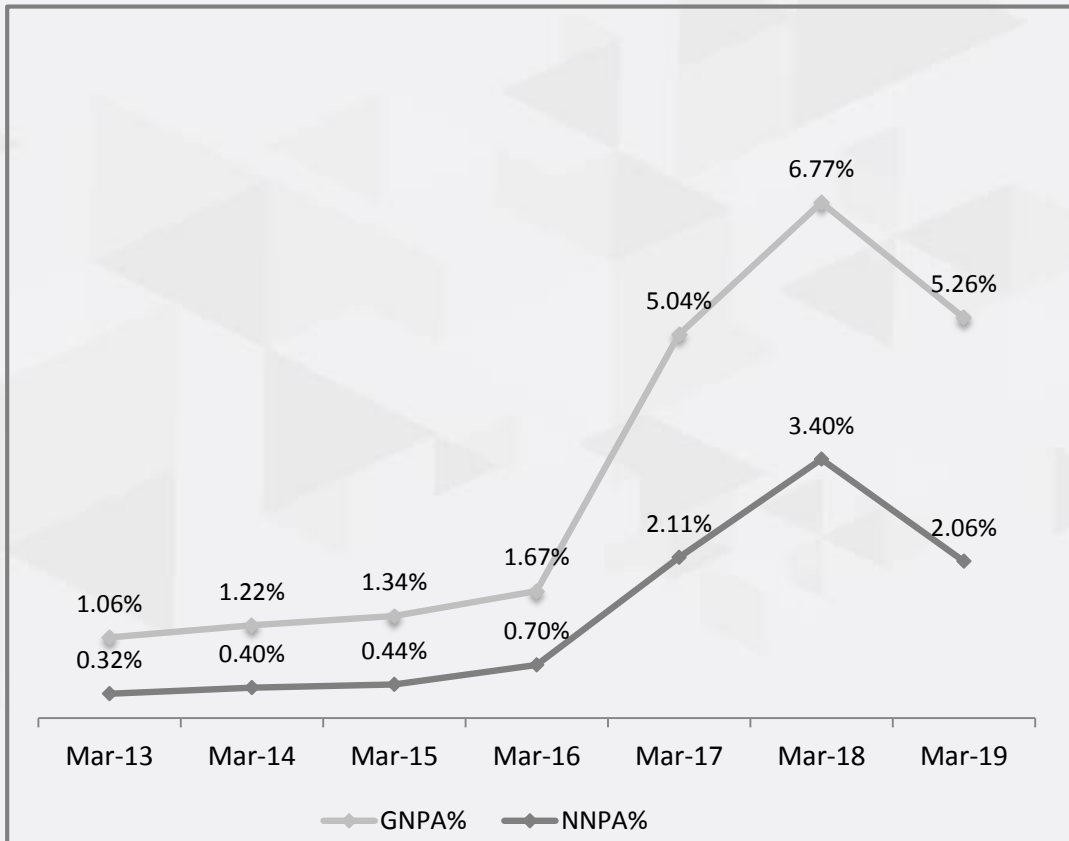


*including bad debts written off and write backs

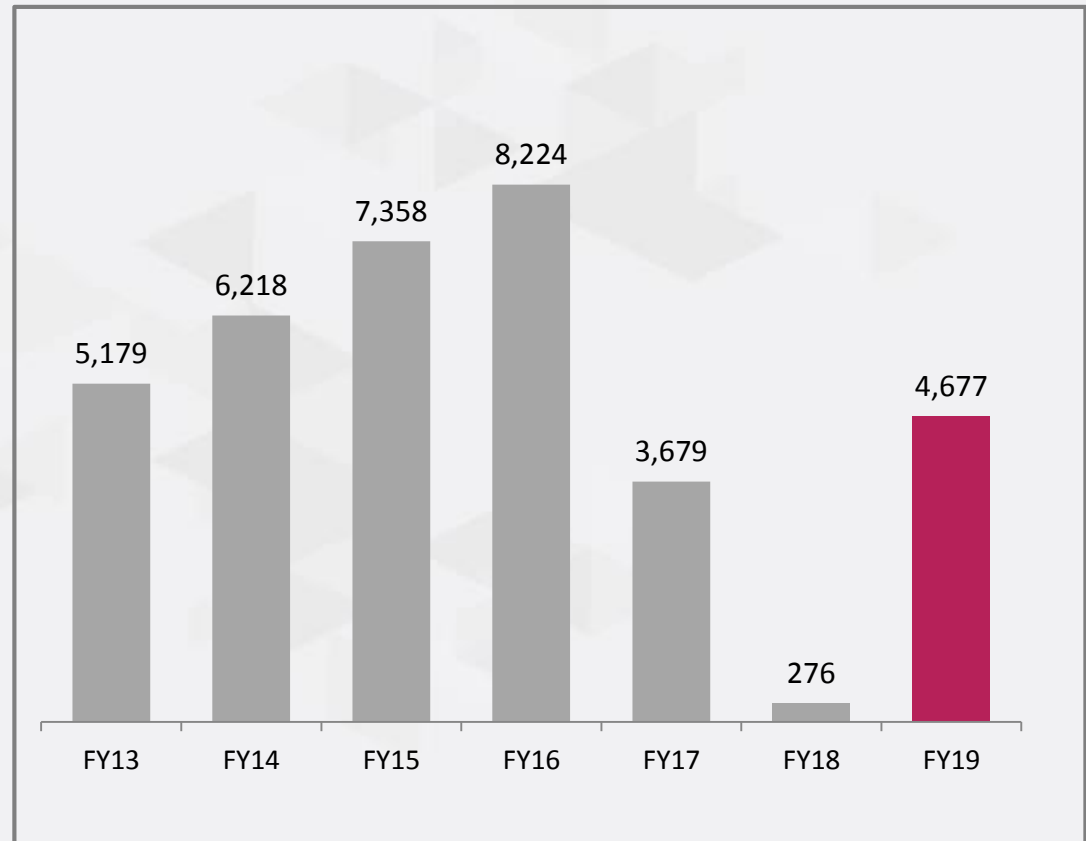
During FY19, the Bank crossed the inflection point on this tough journey

All figures in ₹ Crores

Gross and Net NPA ratios have moderated

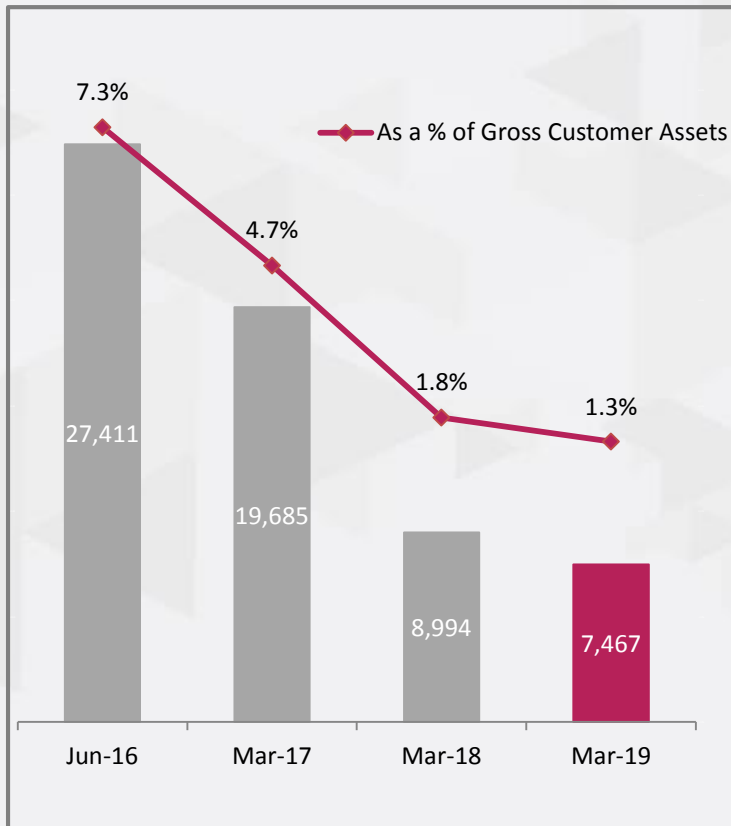


Profit after tax improved in FY19

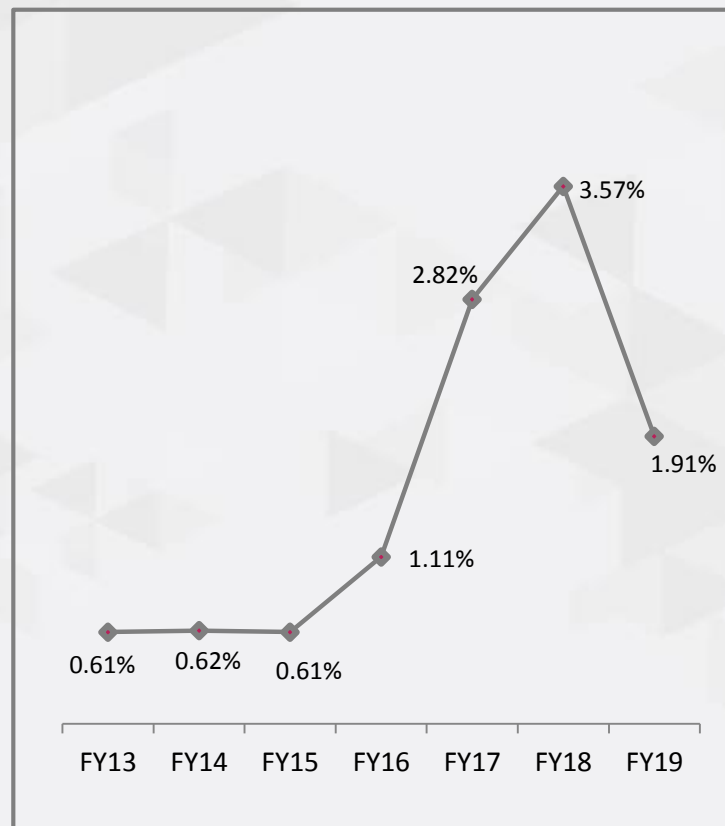


The asset quality challenges of recent years have largely been overcome

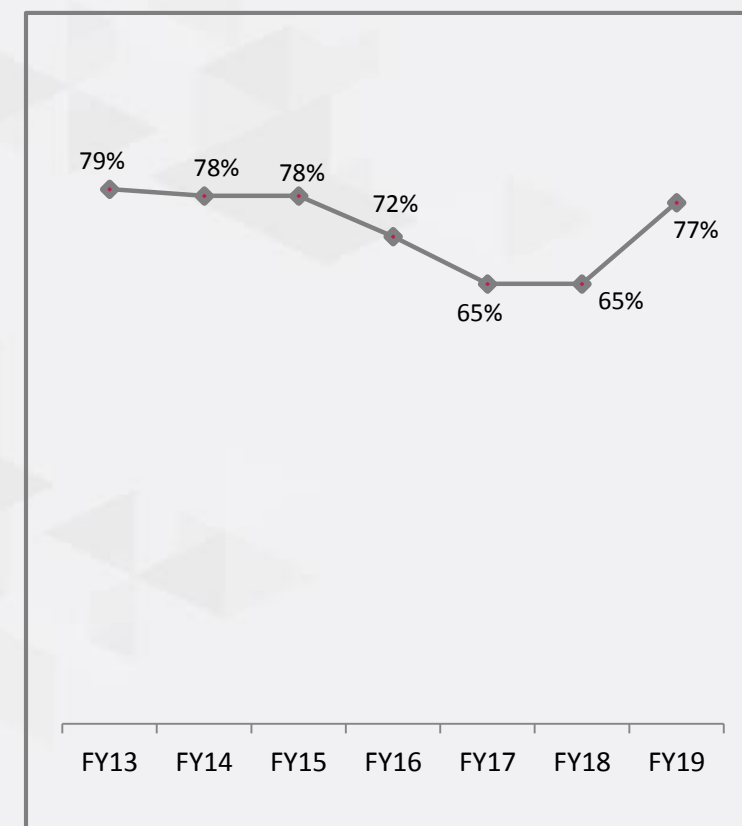
BB & Below pool size has been shrinking



Credit cost has moderated



Provision Coverage ratio is now at 77%



On an incremental basis, credit underwriting has been significantly more conservative

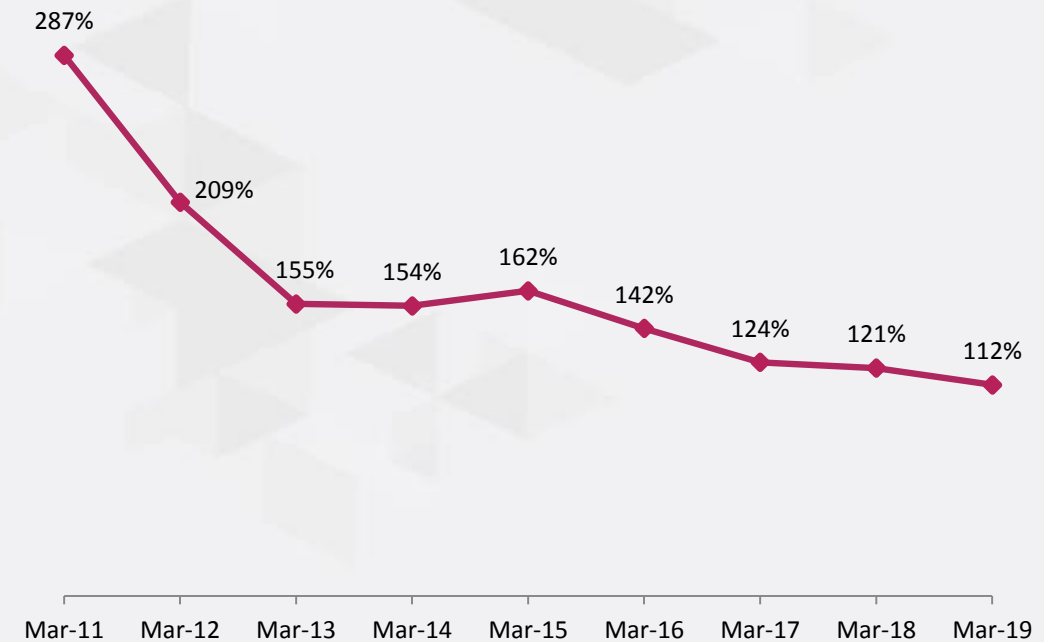
Fresh originations are predominantly from entities rated A- or better

Percentage of sanctions rated A- & above



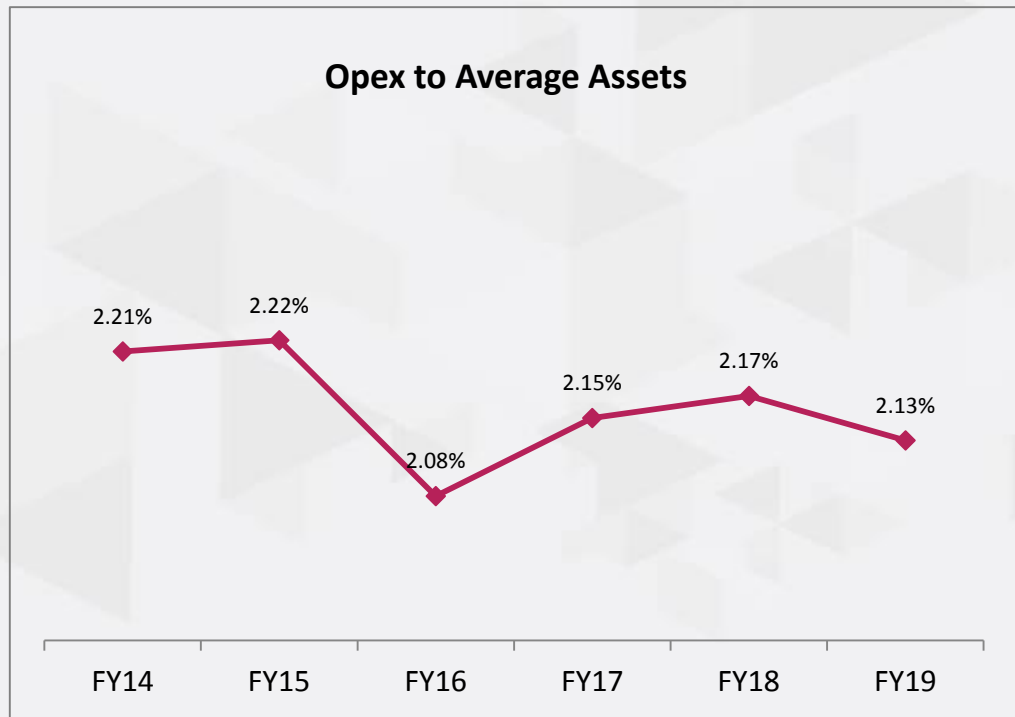
Concentration Risk has reduced significantly from peak

Exposure to Top 20 single borrowers as a % of Tier I Capital

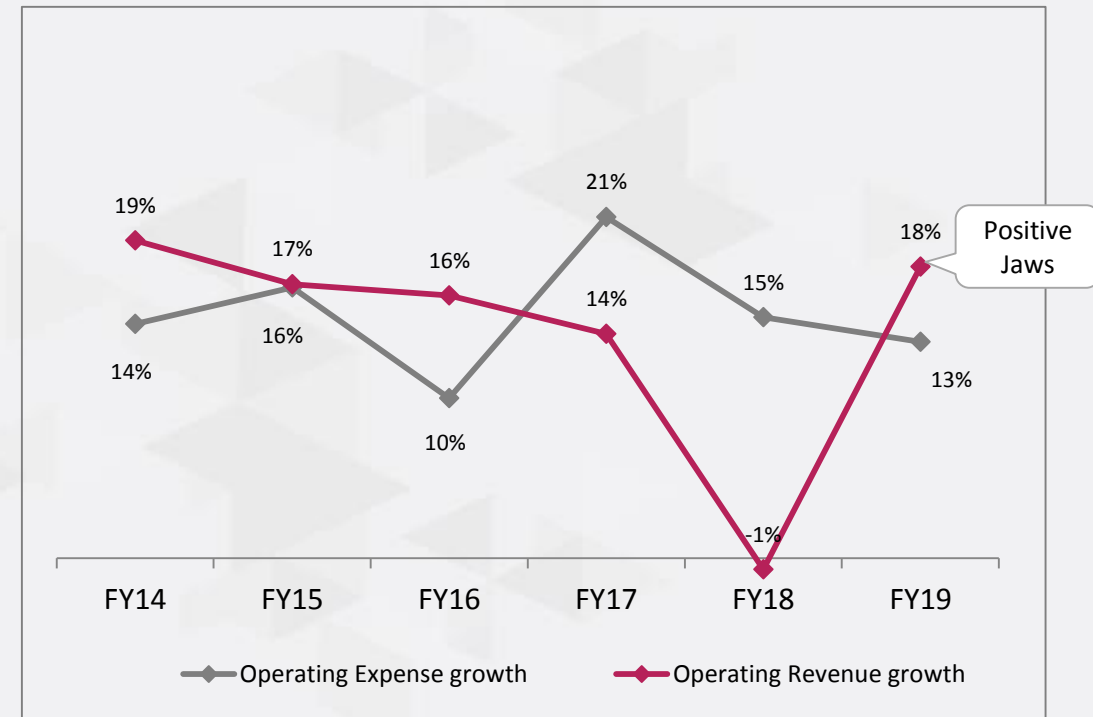


We have also started focusing rigorously on the cost efficiency of our business

Opex to assets ratio moderated in FY19...

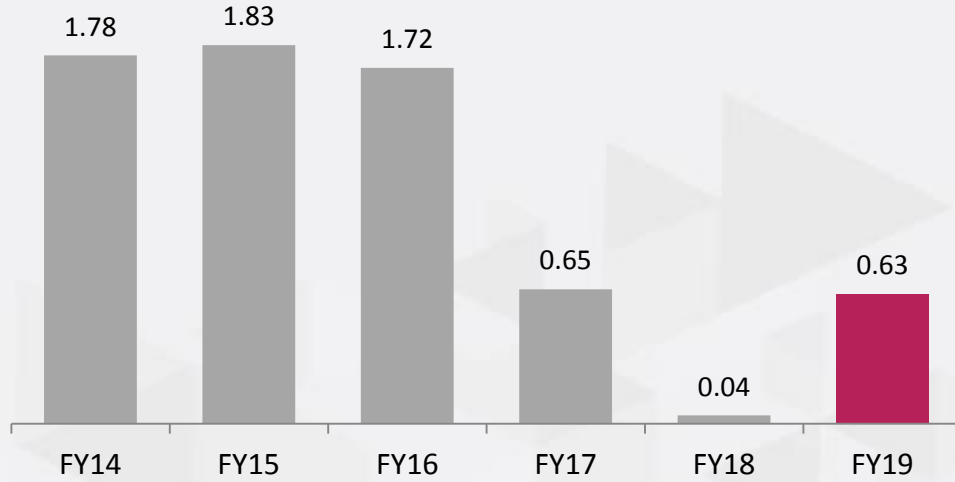


... resulting in positive jaws after a 2 year gap

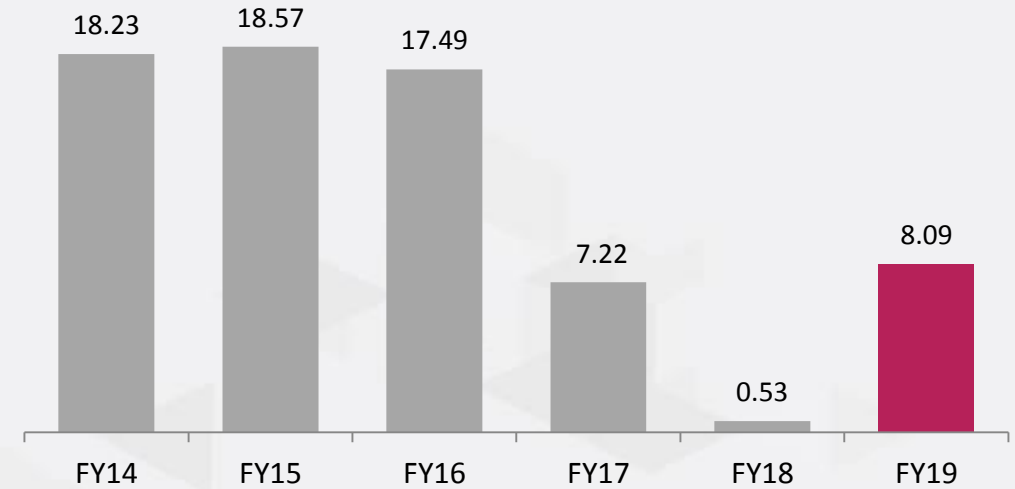


All this has resulted in a slow but noticeable improvement in shareholder return metrics

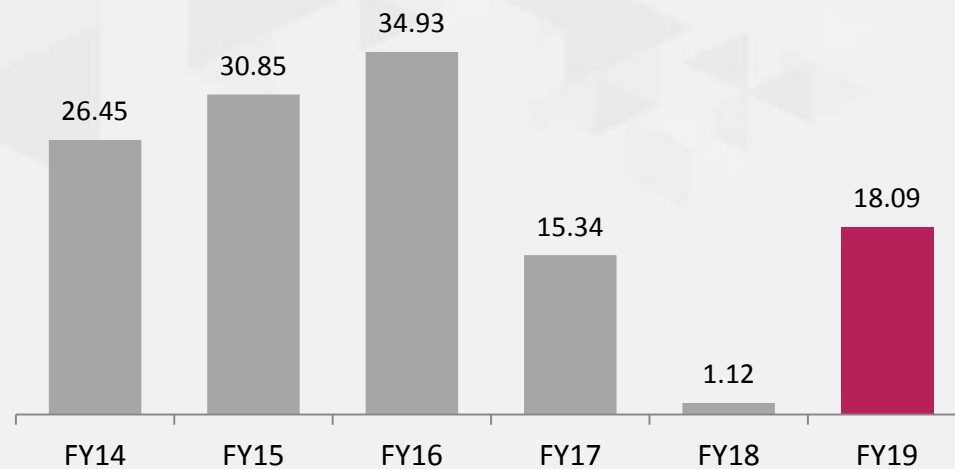
Return on Assets (in %)



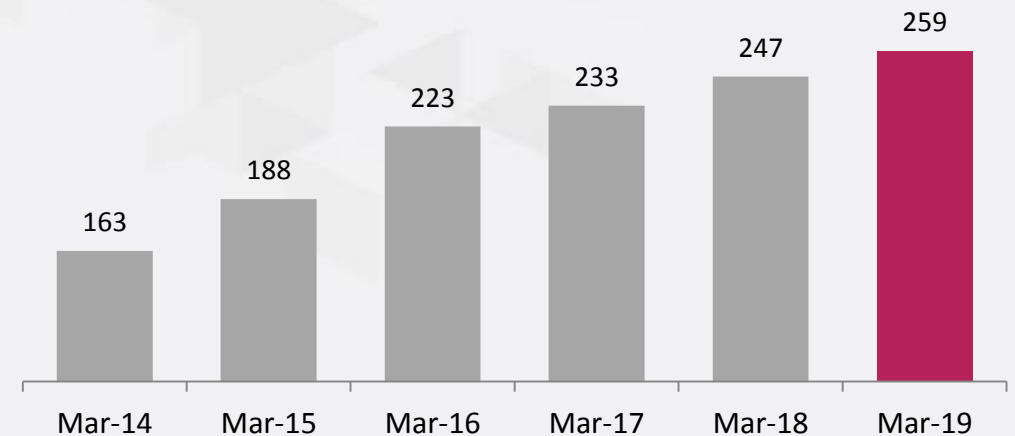
Return on Equity (in %)



Diluted EPS (₹)



Book Value Per Share (₹)



The Axis Bank Story – *Strategy for FY20-22*

Three vectors of our strategy for the next three years

Growth

- Grow deposits in line with loans
- Step up growth in Wholesale Bank
- Continue momentum in Retail Bank
- Establish leadership in digital and payments
- Scale-up subsidiaries materially

Profitability

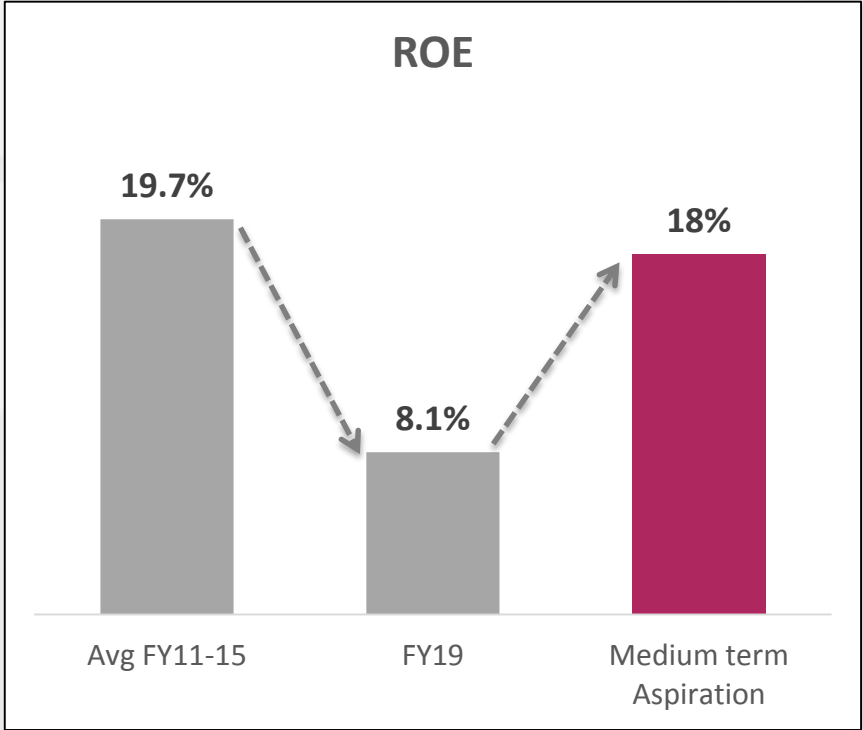
- Optimize business mix
- Improve operating efficiency
- Sweat existing infrastructure
- Reduce credit cost below long term average

Sustainability

- Strengthen the Core - technology, operations, credit risk and process excellence
- Focus on disciplined execution
- Embed conservatism in the Bank's internal policies and practices

Our goal is to deliver 18% ROE sustainably

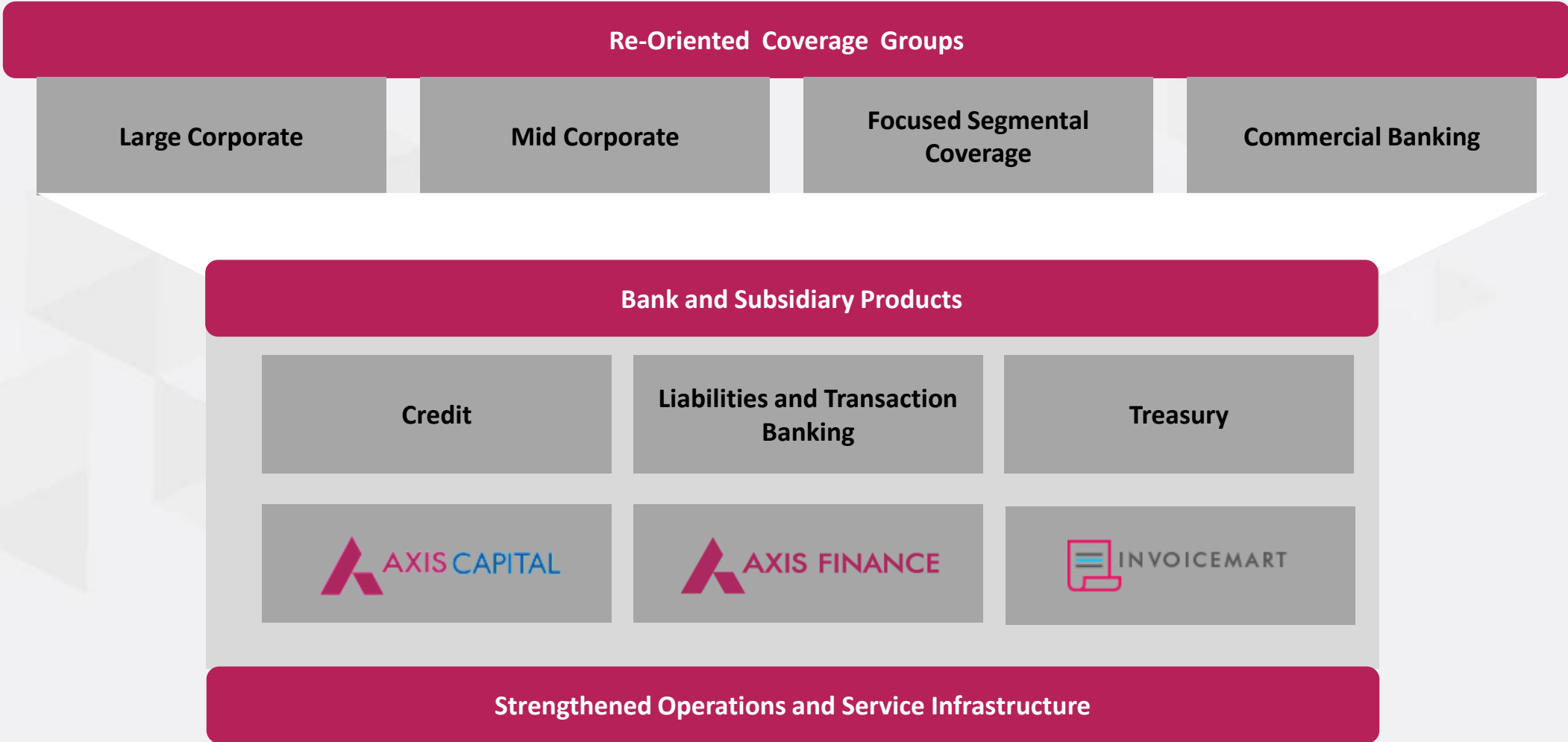
The ROE path back to 18% would be driven by three elements



3 drivers of the return to 18% ROE

- 1** **Risk normalization**
Reduce credit cost below long term average
- 2** **Business mix optimization**
Portfolio choices based on RaRoC
- 3** **Improvement in Operating efficiency**
Reduce Cost to Assets to 2%

We have re-organized the Wholesale Bank, creating an integrated franchise



Note: Classification based on client annual revenue – Commercial (₹10 cr- ₹250 cr); Mid (₹ 250 cr- ₹ 1000 cr); Large (> ₹ 1000 cr)

We are also tightly integrating the key subsidiaries of the Bank and investing in scaling them as key value drivers



- Has been the leader in Equity and Equity linked deals over the last decade
- Offers investors and companies with the spectrum of financial needs in the areas of Equity Capital Markets, M&A, Private Equity, Structured Finance and Institutional Equities.



- Axis Securities is one of the fastest growing stock brokerage firms in India,
- Currently ranked 3rd among brokerages in India in terms of total client base.



- Axis Mutual Fund is among the fastest growing AMC since launch in '09
- Has market share of **3.67%** as at end of Mar'19



- Axis Bank was one of the three entities allowed by RBI to set up the Trade Receivables Discounting System (TReDS), an electronic platform for facilitating cash flows for MSMEs
- Our digital invoice discounting platform 'Invoicemart' continues to be India's leading TReDS platform with market share of nearly **40%**



- One of the fastest growing NBFCs with loan book of ₹8,040 crores (as of Mar'19)
- Offers complementary product offerings to Bank customers that include Structured Financing, Special Situations Funding, etc



- Acquired in Sep'17, it is among the top non-bank financial services platform in the industry with a significant customer franchise footprint
- Freecharge is being positioned by the Bank as an engine that generates a large base of new to bank customers that are young and digitally native

Axis Bank has built an enviable franchise over the last 10 years

However, the last 2-3 years have been extremely challenging for the Bank

During FY19, the Bank crossed the inflection point on this tough journey

Amidst tough macro environment, the Bank remains positioned for growth

We remain committed to our 3 year Execution Strategy, with an aspiration of delivering 18% ROE sustainably

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