

Retail Banking Presentation

September 2017

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.

Retail opportunity in India remains large

Axis Retail Bank is strong, and getting stronger

Retail Lending has diversified over time

Liabilities franchise amongst the best

Branches continue to drive growth

Retail profit has grown over 6X in last 4 years

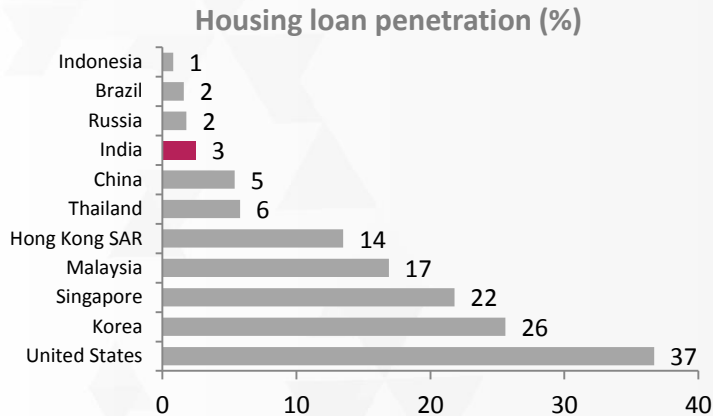
Continued leadership in Payments

Continue investments in Analytics and Digital

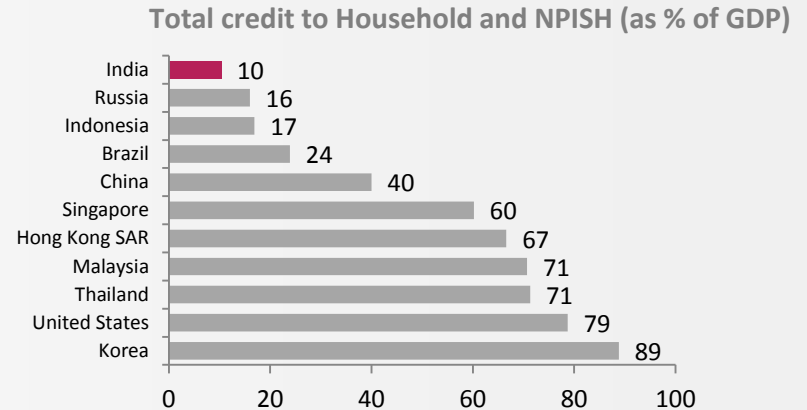
Strong Brand recall

The opportunities in retail banking are immense given the low penetration across key products

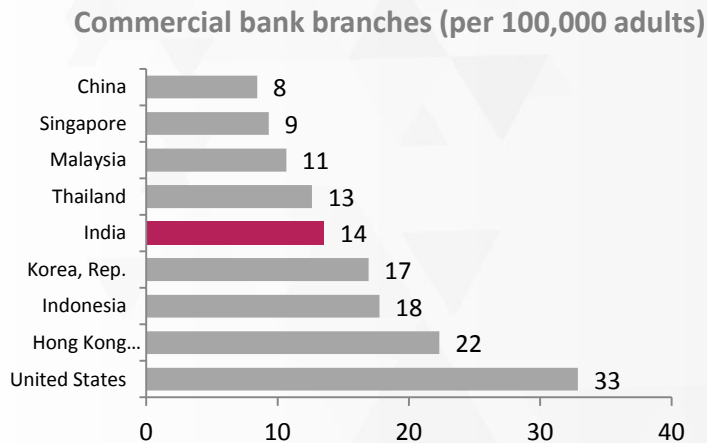
Low Housing Loan penetration



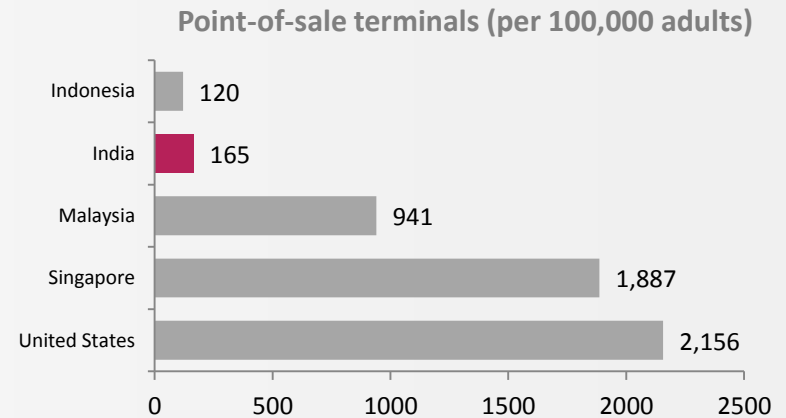
Household debt at very low level



Further potential for branch expansion



Low support infrastructure



Source: World Bank

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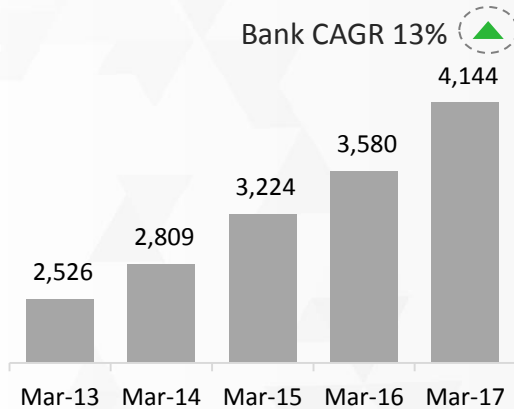
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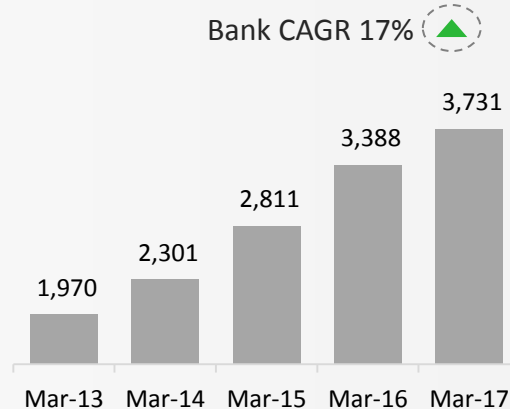
The retail-ization of Axis Bank has been the bedrock of our financial performance...

All figures in ₹ billion

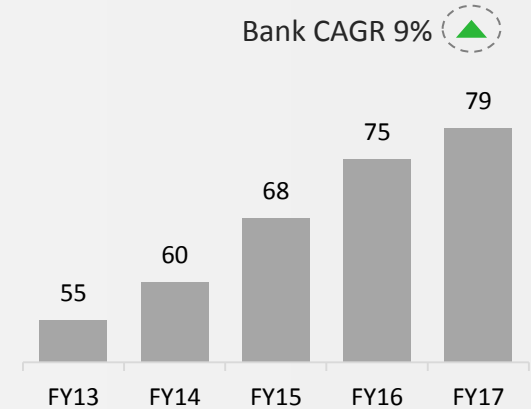
Overall Deposits



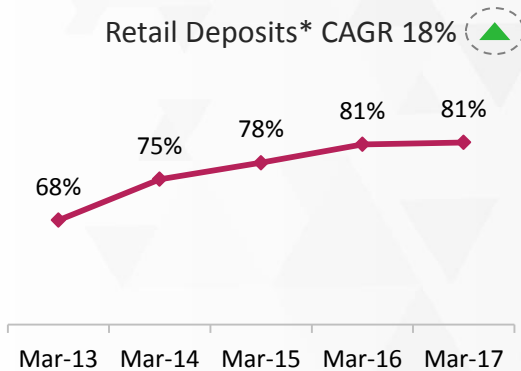
Overall Advances



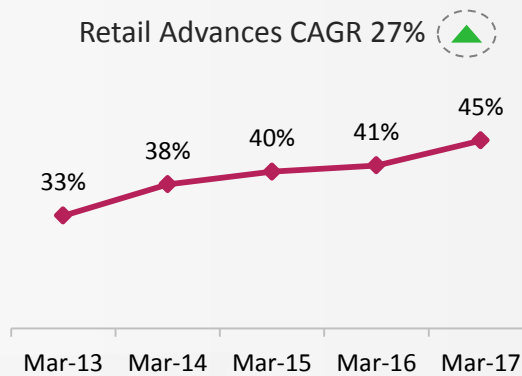
Overall Fee Income



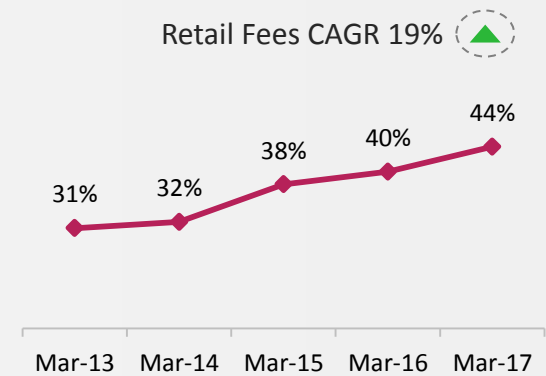
Retail % - Deposits



Retail % - Advances



Retail % - Fee Income



* Includes CASA and Retail TD

...with subsidiaries complementing the strategy



Axis Bank is the third largest private sector bank in India offering the entire spectrum of financial services to customer segments covering Large and Mid-Corporates, MSME, Agriculture and Retail Businesses.

AXIS MUTUAL FUND

- Fastest growing AMC since launch in '09
- More than **2.2 Mn investors**
- Average AUM of **₹63,599 Cr** at **56%** YoY growth in Q1'FY18 as against industry growth of 35%**

AXIS DIRECT

- Retail Online Investment platform for Equity, Mutual Fund & Currency
- **Fastest growing equity broker** in India with client base growing at CAGR of **46%** in last 3 years to **1.38 Mn**
- Among **top 3 brokers** in India in terms of client base

AXIS FINANCE

- Fast growing NBFC
- **Loan book** growing at CAGR of **57%** in last 3 years to **₹4,672 Cr**
- Offers complimentary products to Bank customers
- Product offerings include Structured Financing, Special Situations Funding

AXIS CAPITAL

- Leading player in Investment banking
- Ranked **no. 1 in Equity and Equity Linked Deals** over the last decade; executed **194 deals** since **April '06**
- Ranked **no. 1 ECM Banker**; executed equity deals worth **₹992 bn** since **April '15**

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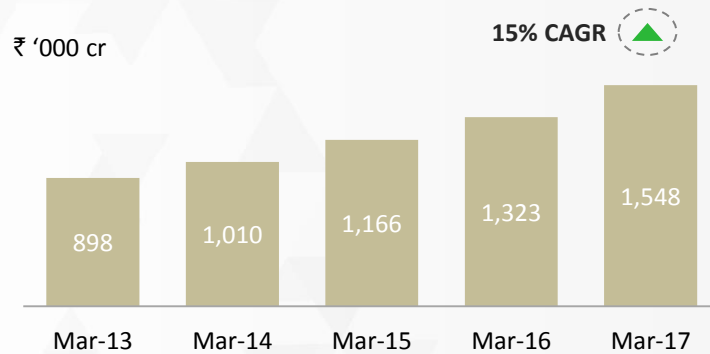
Continued leadership in Payments

Continue investments in Analytics and Digital

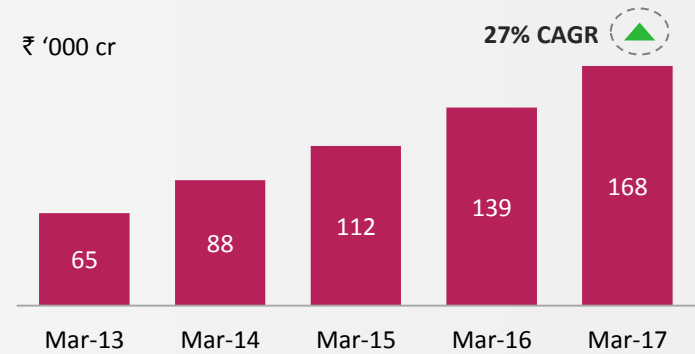
Strong Brand recall

We have been able to grow retail advances faster than Industry by focusing on our core strengths

Banking Industry Retail Advances



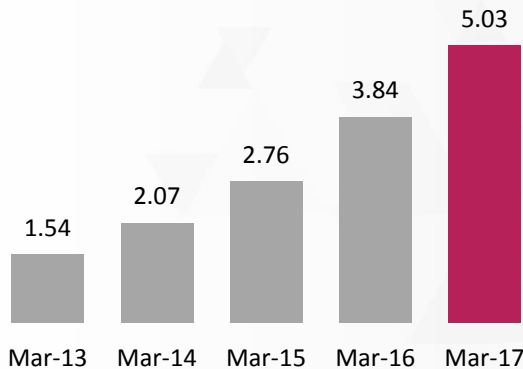
Axis Bank Retail Advances



* Personal Loans from RBI reports on Sectoral deployment of Bank Credit

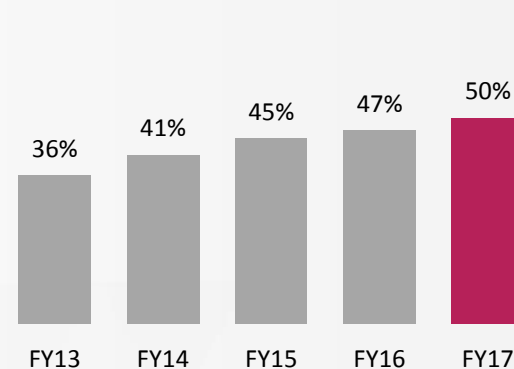
Granular Growth

Customer* Growth (in mn)



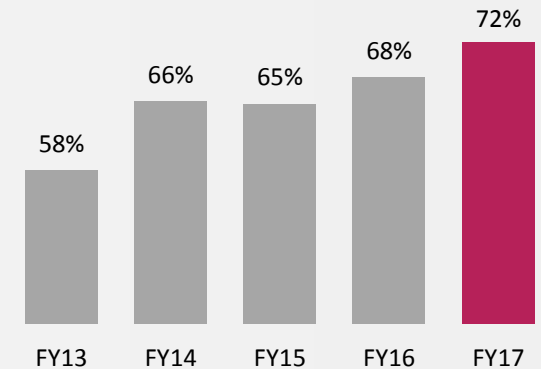
Leverage Branch Channel

% Sourcing through branches



Focus on existing customers

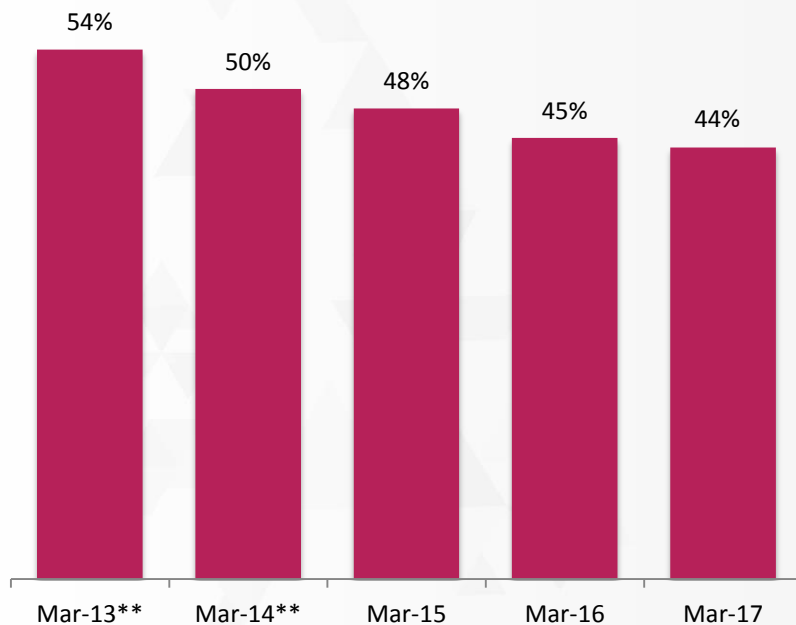
% Sourcing from existing customers



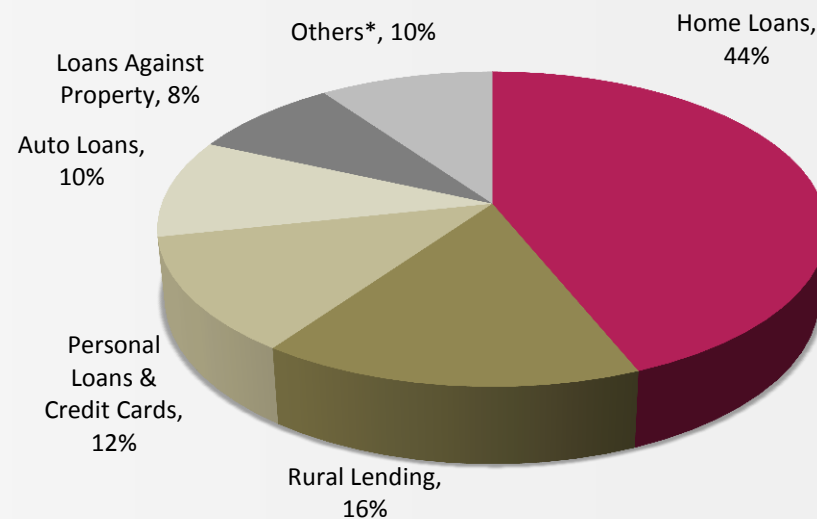
* Include unique customers availing retail loans, rural loans and credit cards

The portfolio has historically been heavy on Home Loans. However, we are steadily shifting the mix...

Share of Home loans in Retail Advances



Retail Advances – Portfolio Breakup



Portfolio Size: ₹1,680 bn

*Others include Gold, Education, OD loans, FCNR

- ▲ Superior growth in Retail loan product distribution achieved by deepening within existing branches coupled with expansion in new geographies, where the Bank already had seasoned branches.
- ▲ This strategy was well complemented and devised by using analytics, which helped in identifying the target segments and keep risks under control.

**Figures restated to include the impact of loan book reclassification from FY15 onwards

...while keeping risks under control by using our risk management toolbox

Choice of business

Portfolio Choice

- Enhanced Business Mix Control
- Customer type (ETB/ NTB)
- Channel (Branch / DSA/ Alternate)

Core lines of defense

Credit Models

Credit Policy

Monitoring

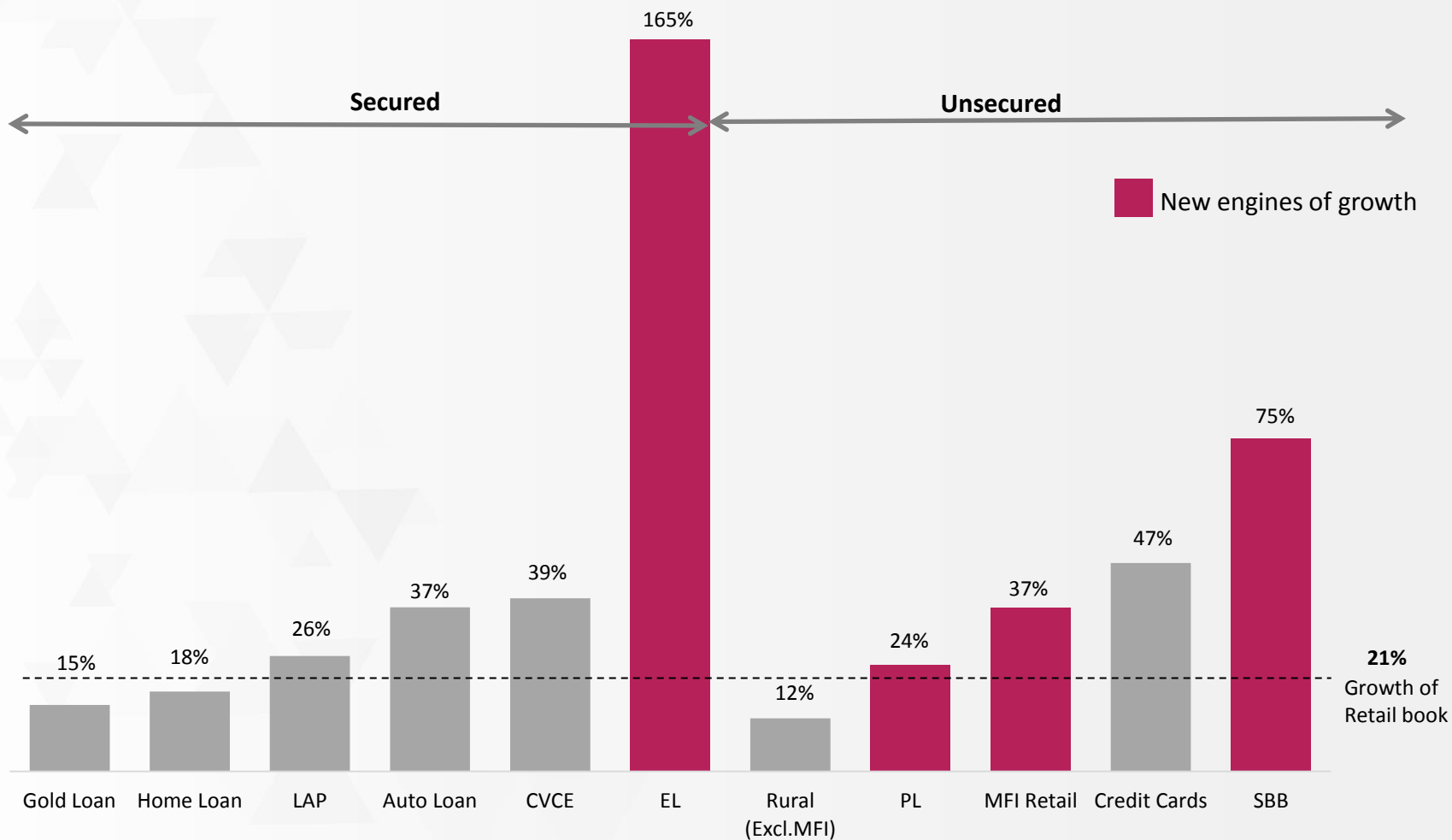
- Portfolio Mix
- Scorecard monitoring

Final line of defense

Collections

Our new engines continue to see disproportionate growth

Product Wise Growth FY17 Over FY16



EL – Education Loan, PL – Personal Loan, SBB – Small Business Banking

We have used technology to bring the underserved into the mainstream – Microfinance Example



Biometric Authentication



KYC validation



Real Time Credit Assessment



CB assessment for geographical expansion



Group Loan Disbursal



End-to-End Servicing



Geo-tagged villages for accuracy



Psychometric assessment



Web Based Collection

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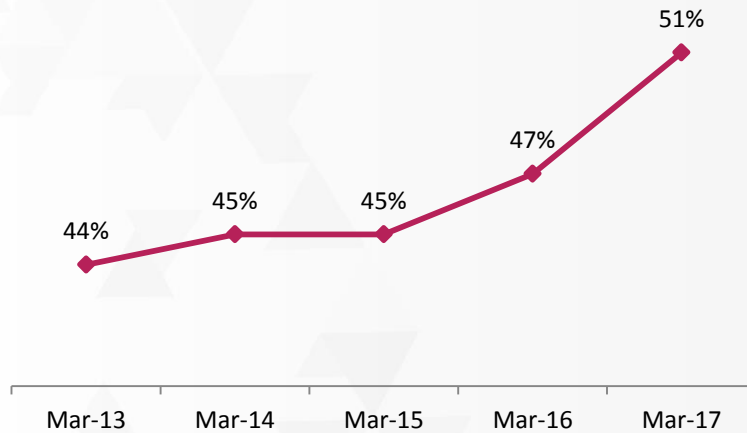
Continue investments in Analytics and Digital

Strong Brand recall

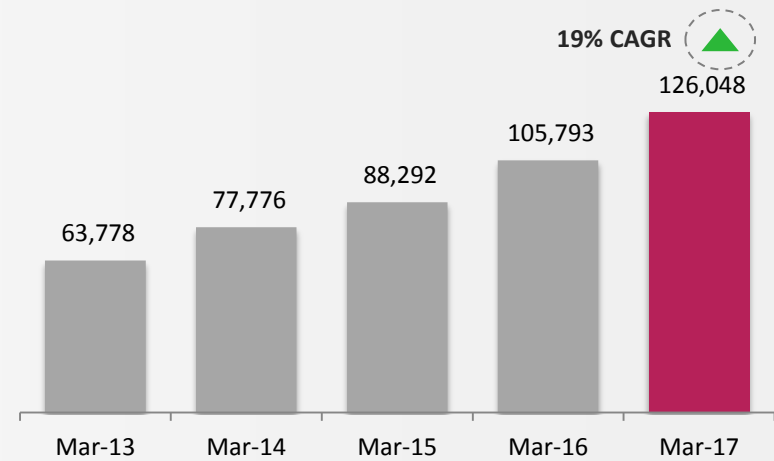
Deposit franchise continues to remain healthy

All figures in ₹ Crores

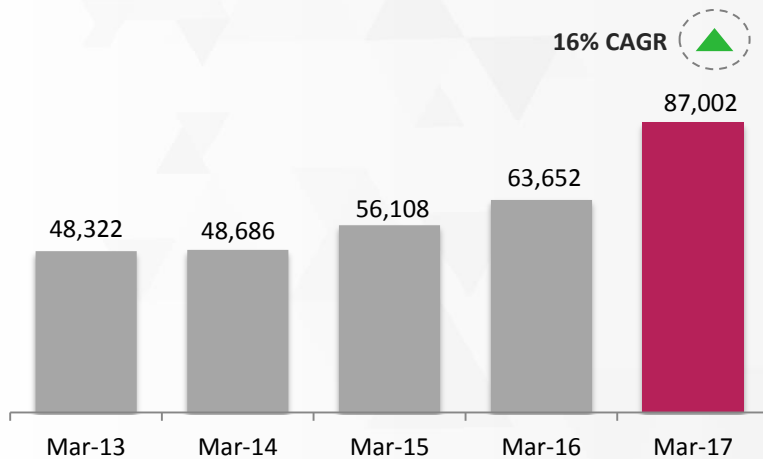
CASA ratio amongst the best



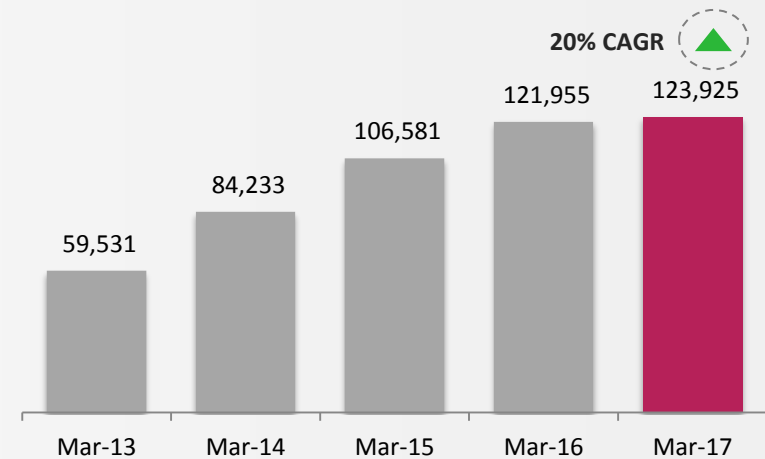
Savings Account Deposits



Current Account Deposits

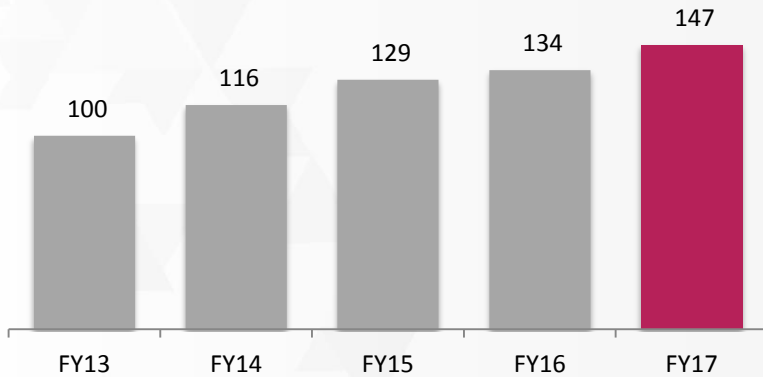


Retail Term Deposits



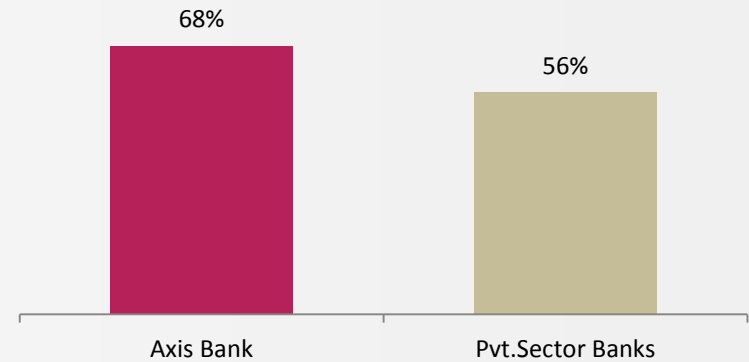
Investment in the 'quality' of the book has led to strong and granular savings book growth

Average SA Balance / Account



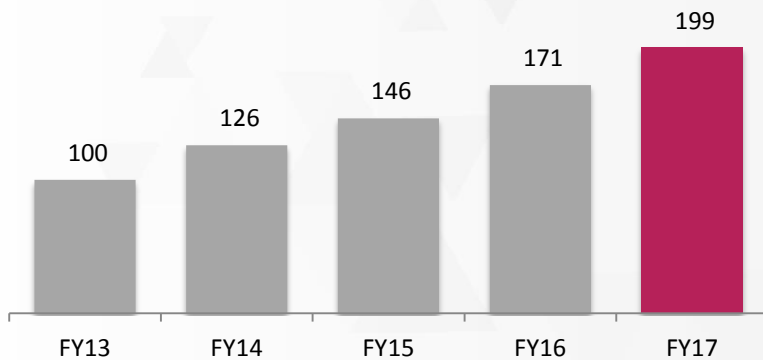
Indexed to FY13

Transaction Activity Rate*



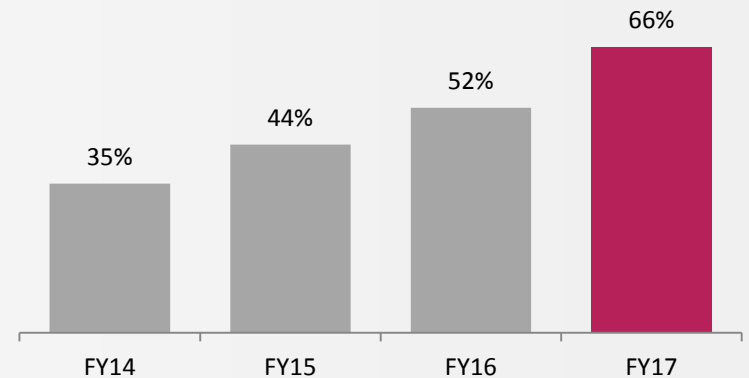
* Defined as atleast 1 customer induced transaction in 6 months
(Source – 2016 FIBAC banking industry survey conducted by IBA & BCG)

Products per Customer



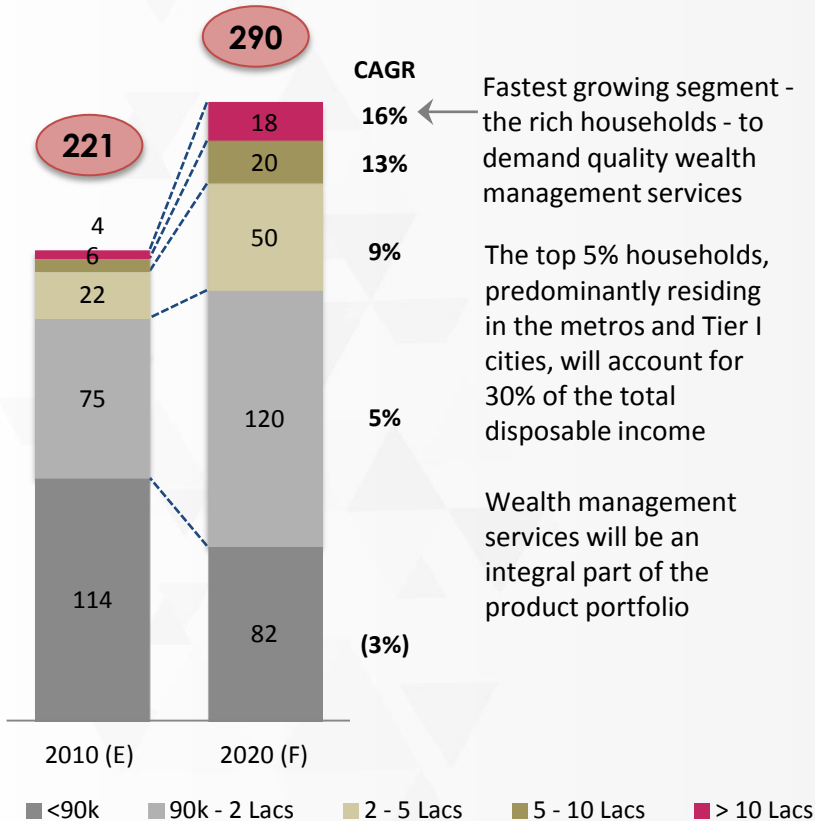
Indexed to FY13

Digital Transactions %



We launched Burgundy in the affluent space to complete our product offering and have witnessed strong growth

Indian households by annual income distribution (mn)



Source: Indian Banking 2020, Report by BCG in association with FICCI and IBA

Axis Bank Performance – Burgundy Segment



FY14 – FY17

CAGR

Revenue



43%

AUM



37%

Savings Deposits

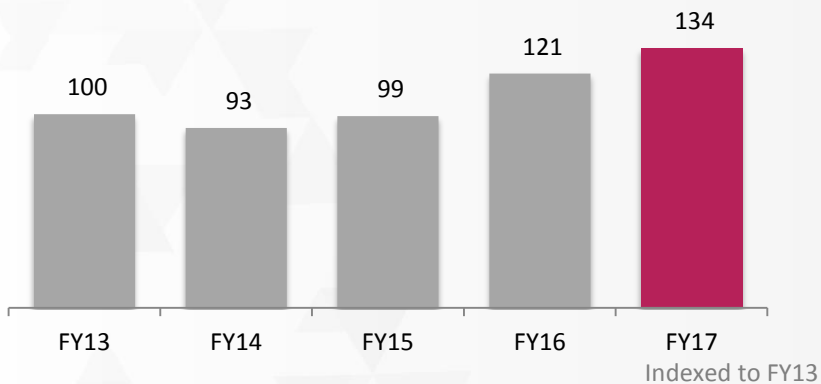


37%

Focus on flow based businesses has helped in healthy growth in Current Account and Transaction Banking

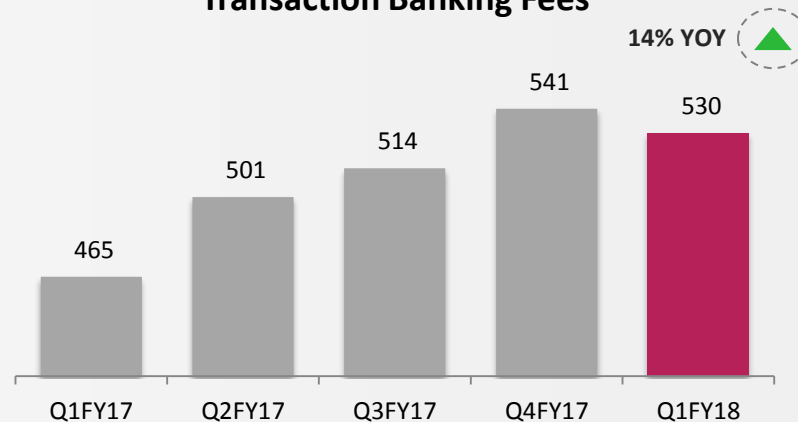
in ₹ cr

Average CA CDAB* / Account

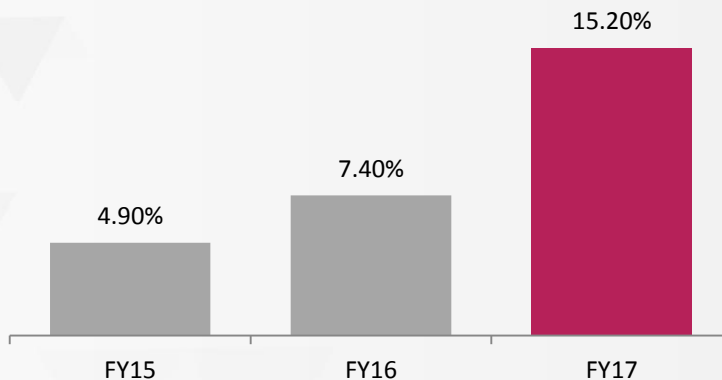


*CDAB – Cumulative Daily Average Balance

Transaction Banking Fees



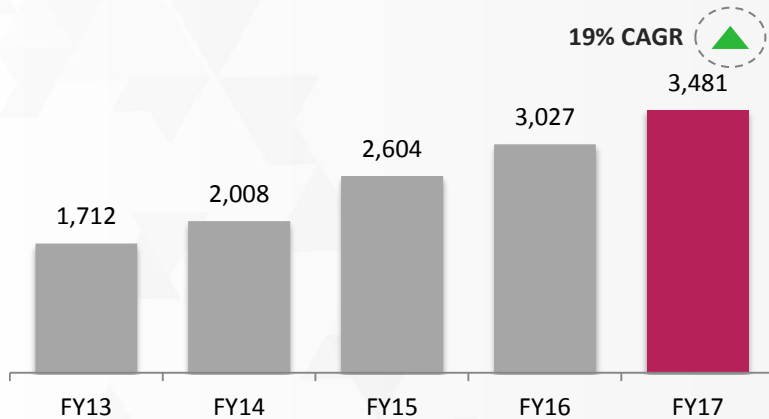
Mobile banking penetration



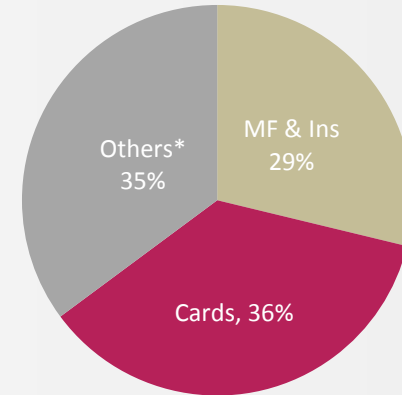
Retail fees remain granular driven by Cards & Investments

All amounts in ₹cr

Retail Fees

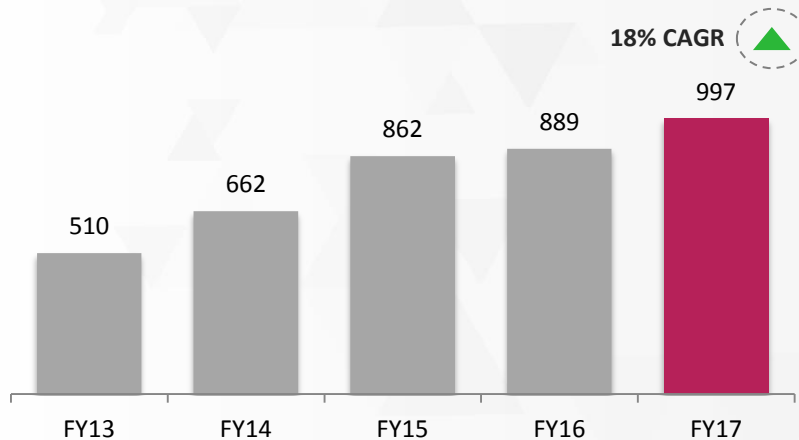


Retail Fee Mix (FY17)

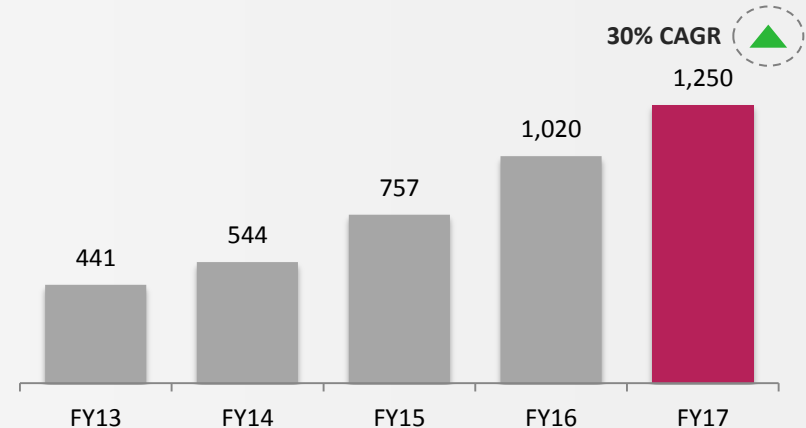


* Includes other retail assets and liability products

MF and Insurance Distribution Fees

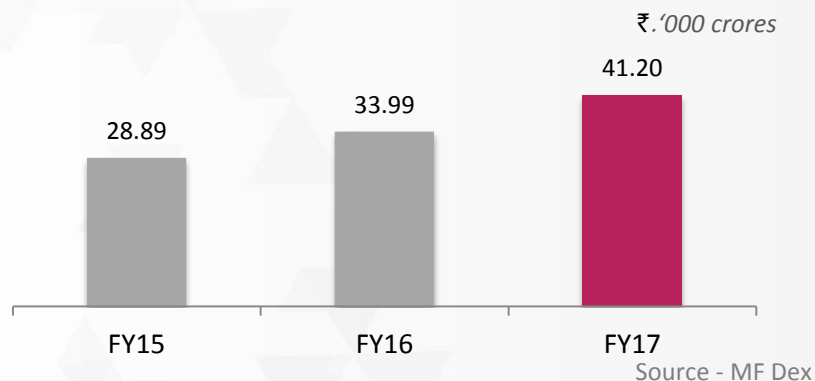


Card Fees



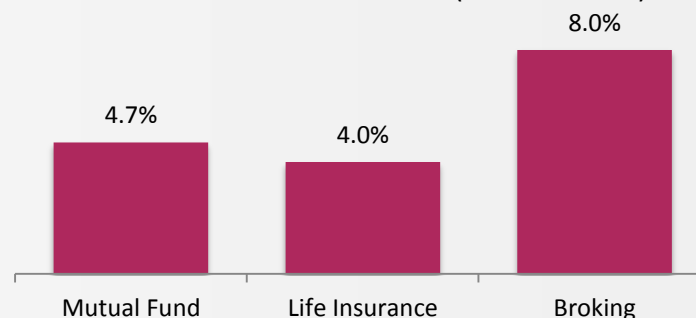
Axis Bank is now amongst the leading players in the financial savings and investment industry

Distributor MF AUM - 2nd highest in industry

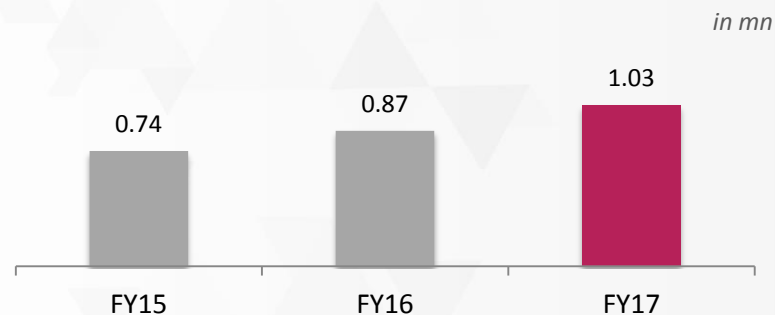


Huge Upside Potential

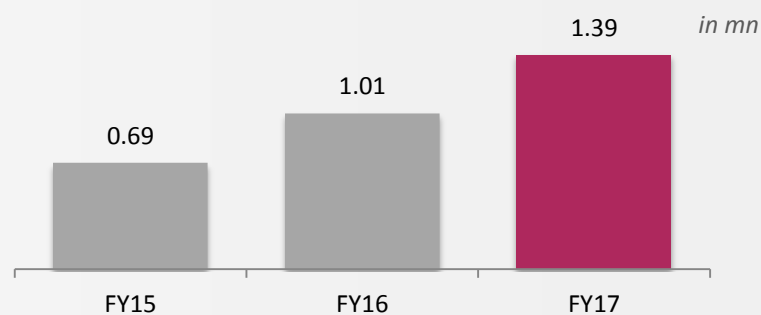
Current Product Penetration (SA customers)



Crossed 1mn active MF customers



Doubled broking customers in 2yrs



Awarded "Best Performing Private Bank" at CNBC UTI MF Financial Advisor Awards, 2014 and 2016

Investing in digital channels: Option to invest, redeem and manage portfolio through Mobile App, Internet Banking and RM tablets



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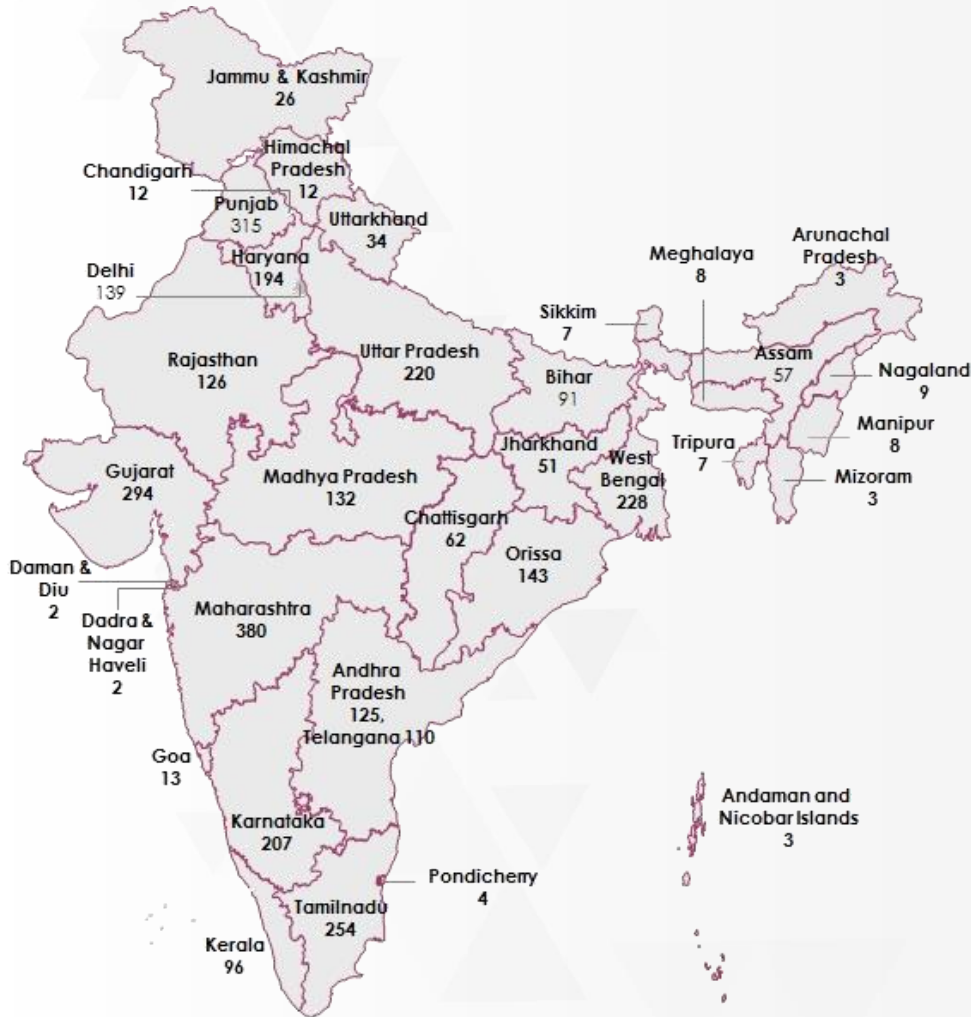
Retail profit has grown over 6X in last 4 years

Continued leadership in Payments

Continue investments in Analytics and Digital

Strong Brand recall

We have organically built a market leading retail franchise spread across the length and breadth of the country



3rd Largest Private Sector Bank

3,385
Branches*

14,311
ATMs

1,946
Centers

5th Savings & Current Deposits

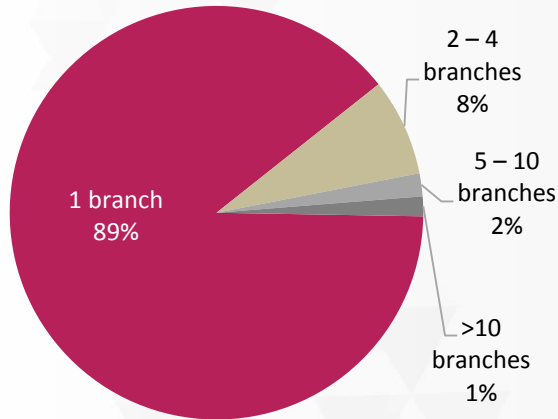
5th Retail Advances

4th Credit Cards

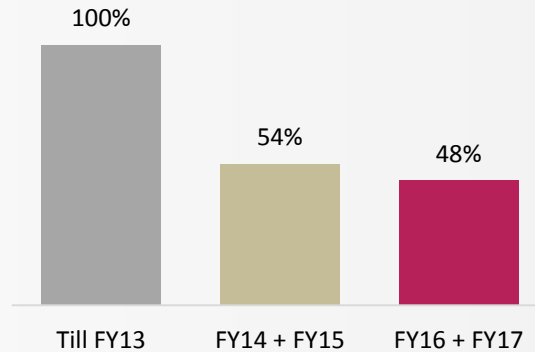
* As on 31st Aug 2017 and Includes extension counters

We will continue to invest in branches...

Branches per location

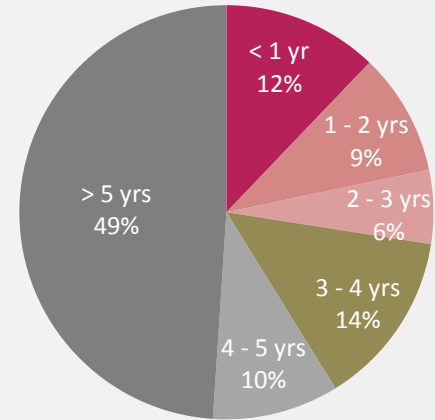


Branch Area Trends



Branch area indexed to area till FY13, excludes unbanked branches

Branch Vintage Classification



Immense potential to improve branch density

Smaller sized branches

27% branches with vintage less than 3 years, 63% of these are in Metro & Urban

New Branches drive customer acquisition and CASA

Reduced opex leading to faster breakeven

Significant upside to be realised from investments made

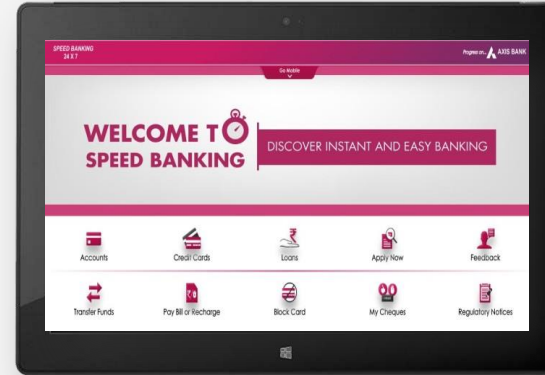
... in the process making branches 'smarter'

Self-Service



- 1 ATM
- 2 Recycler
- 3 Speed Banking
- 4 Passbook Printing
- 5 Cheque Deposit

Corporate eLobbies and Branch eLobbies



Financial and non-financial services for walk-in customers



Reduced Queuing



Instant transactions



Focused interactions



Instant feedback

Smart-Automation



- 1 Customer 360
- 2 Service Interactions
- 3 Financial Transaction
- 4 Offers and Leads



50 lakh monthly transactions



>75% instant fulfillment



50% Reduction in data entry



2.5 lakh Service request per month

Saksham – single screen for branch user productivity

Early benefits 35+ systems combined

...Using Digital as a strong lever for smarter onboarding and servicing

CASA Accounts sourcing



10x
Increase in TAB
Cases over last
year



50%
with eKYC - Aadhaar



90%
TAT reduction



>20%
Productivity boost



>80%
Household coverage

Credit Cards sourcing



1st in
the industry



23%
Increase in
Productivity



50%
Lower Decision
TAT Vs Paper



~90%
Tab Sourcing share



10+ Regions with 100%
Digital sourcing

Instant Servicing



1st in
the industry to accept eSigned
service (Aadhaar based Sign)



1st in
the industry to accept digital
Form G/H



22%
Branch to Mobile
migration



...and transform employee productivity using digital tools

New age techniques like Big Data Analytics, Social Media Marketing, Search optimization to track potential customers



Direct to customer fulfilment using Mobile & Internet channel



Instant opening using Tablet & eKYC



Sales Force Tracker on Mobile App



Digital Performance Tracking by Supervisors



Lead management through CRM



Data analytics to identify potential sales

Omni Channel straight through fulfilment on digital platforms

Real Time Performance monitoring and management

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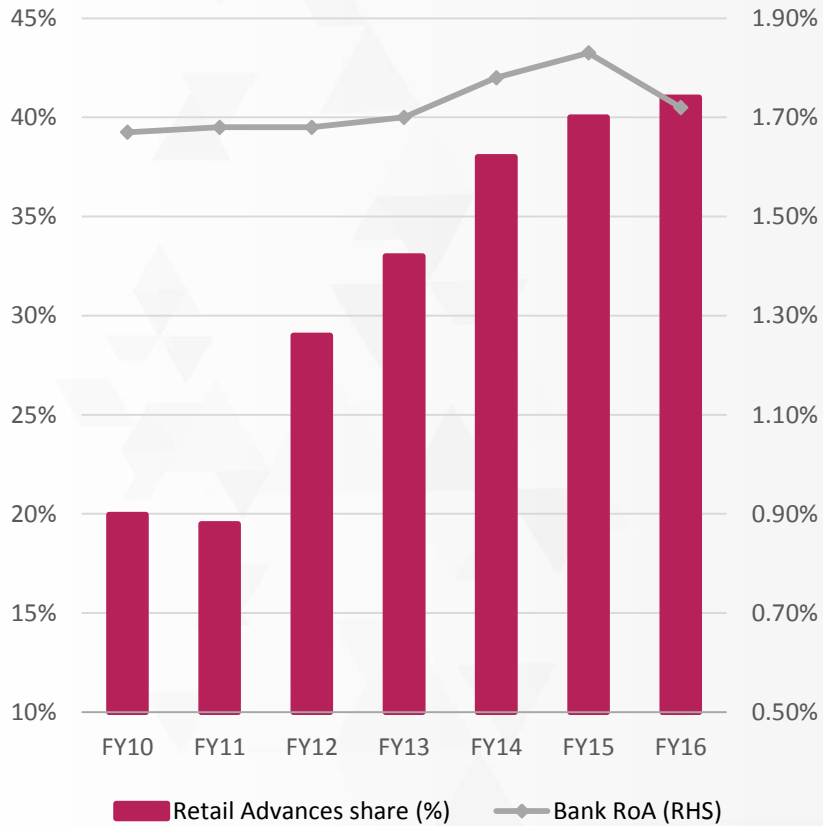
Continued leadership in Payments

Continue investments in Analytics and Digital

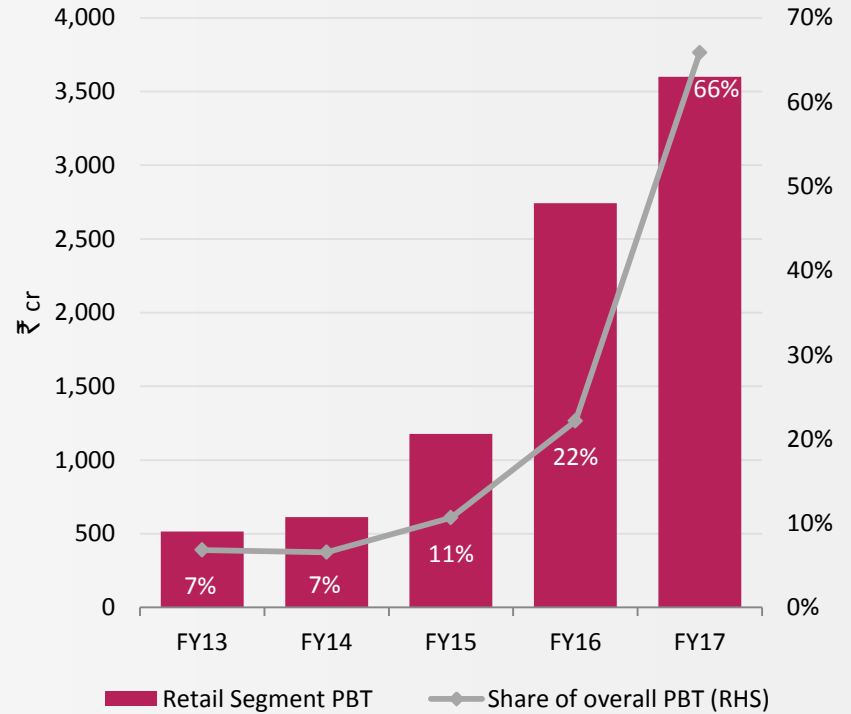
Strong Brand recall

Retail profit has grown over 6X in last 4 years

Retail advances growth has not impacted the Bank's profitability



Retail profit has steadily improved



* The retail advances starting FY12 include rural lending

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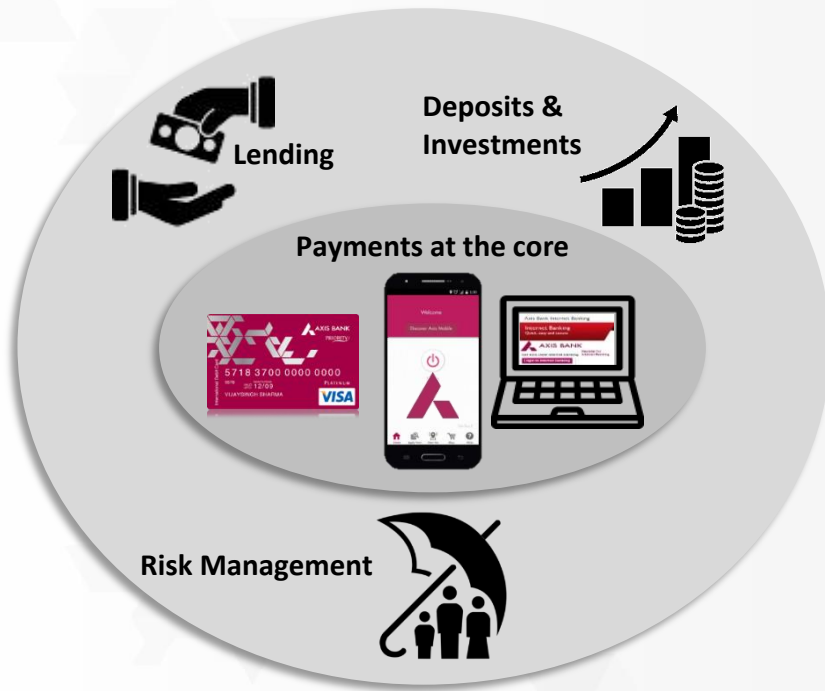
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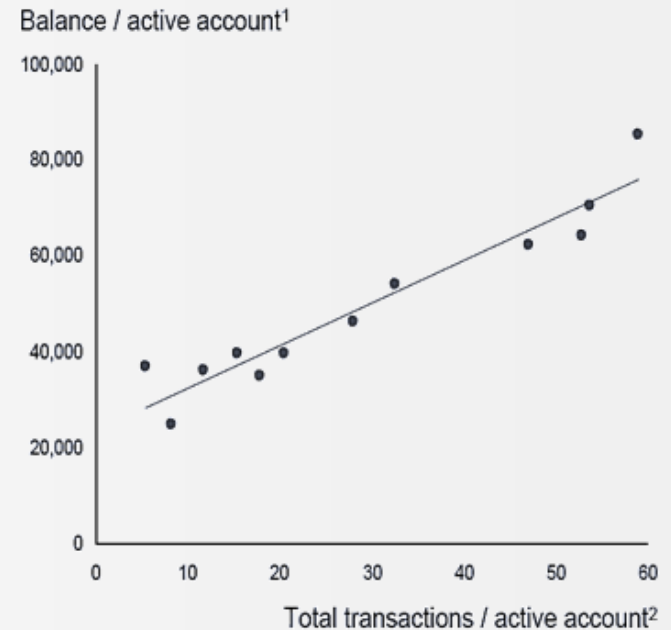
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Strong Brand recall

Payments remain core to Axis Bank's strategy...



Savings account balance Vs. Transactions per account across banks



1

Analytics on Payment data enables lending, deposits and investments, and insurance cross-sell

2

Transactions drive balances and consequently market shares

¹ Active account defined as accounts which have had a user initiated transaction in last 6 months (as of 31 Mar 2014)

² Total Transactions include: cash withdrawal, deposits at branch, cheque (inward + outward), and financial transactions over internet banking, mobile banking, POS machines, and ATMs / CDMs

Source: BCG

...and we offer multiple solutions for both customers and merchants

Customer



Merchant



Non-Axis Bank Customer



UPI



Wallet



Forex



Transit

Axis Bank Customer



Banking App



Cards



QR Code Based



HCE based



In-App



Wearable



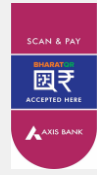
Card and Application Linked

Offline Merchants

Low Cost Digital Solutions



Merchant App



QR Code

Hardware Linked Solutions



POS (Enabled for Card, QR, UPI and Contactless)



Mobile POS



Smart POS



PC POS

Online Merchants



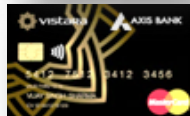
Merchant Payment Gateway



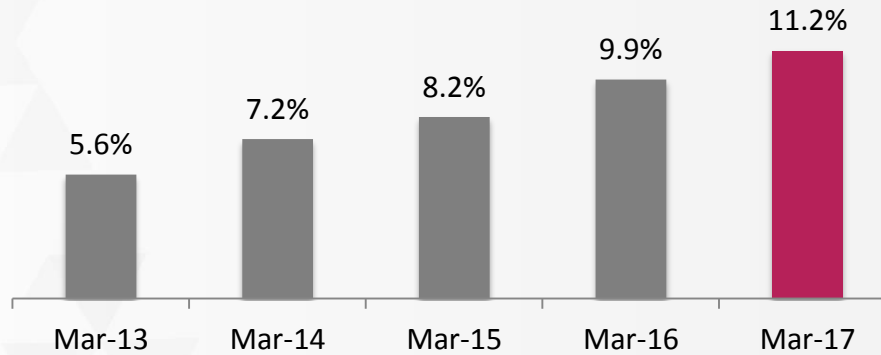
Value Added services



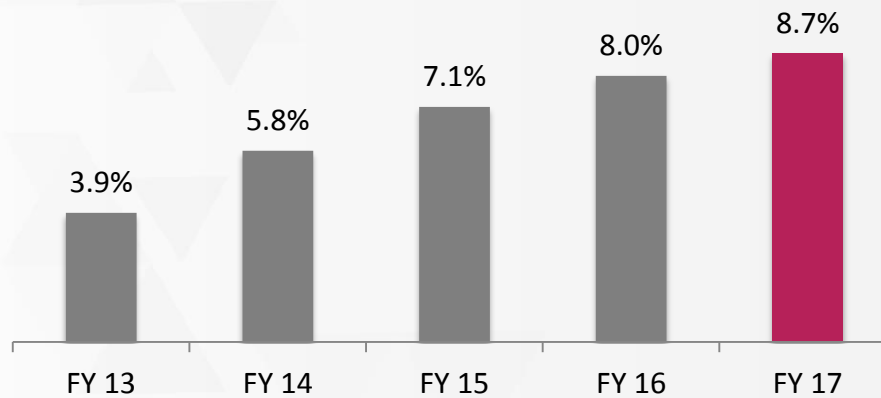
Our Cards Issuance business continues to grow and deepen the franchise...



Credit Cards in Force – Market Share



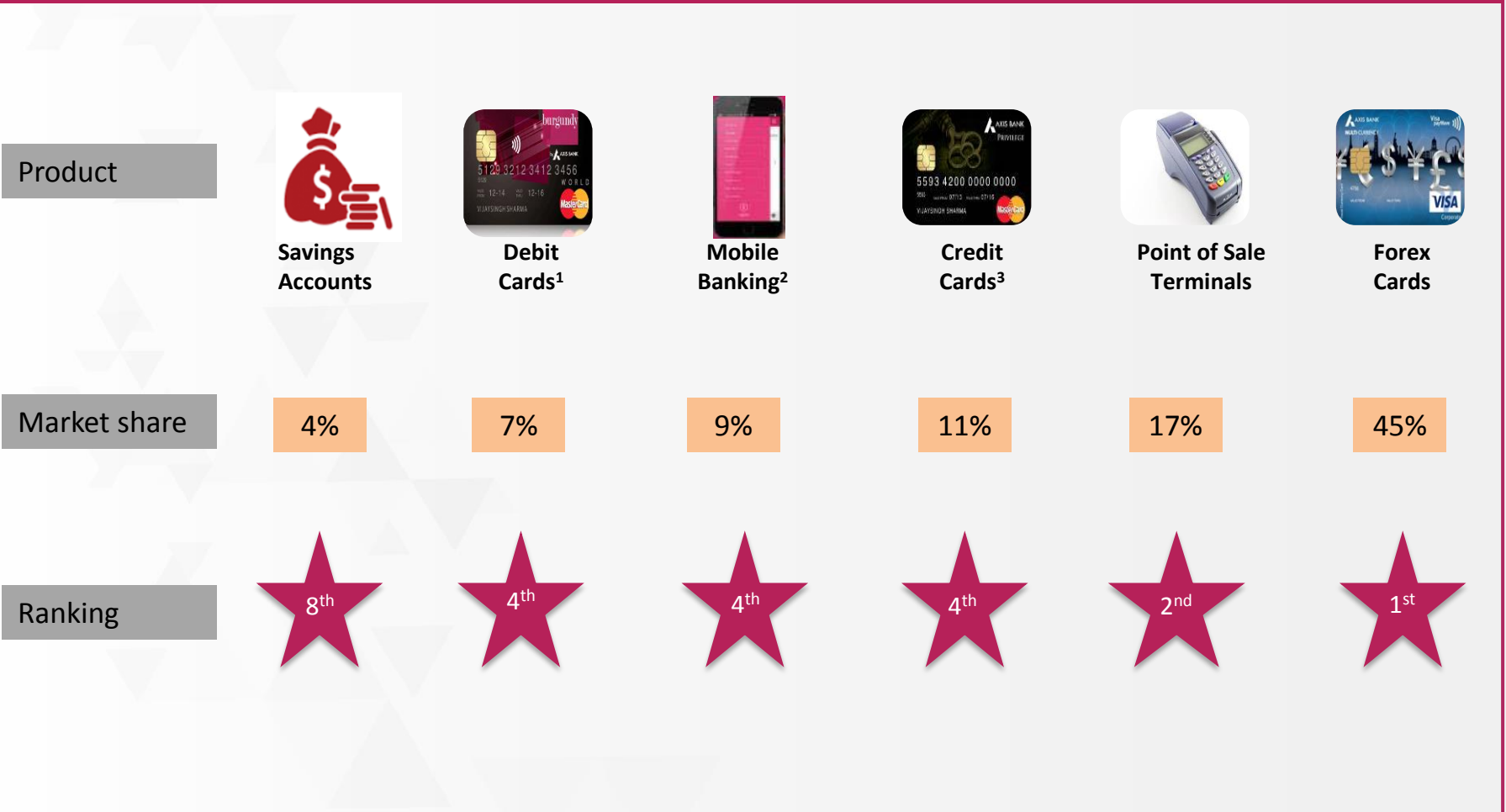
Credit Cards Spends – Market Share



Market Share grew 2X in last 4 years

We have strong market position across Digital Payment Solutions...

Axis Bank Market Standing Across Products



Source: RBI, Internal Data

1 – based on card spends at point of sale terminals ; 2 – based on volumes 3- based on card s issued

*Based on RBI data as on July 2017 except for Forex Cards. Savings Accounts data is based on RBI figures as on 31 March 2017

We are leveraging UPI to attract non-Axis Bank customers and broadbase payments

Unified Payments Interface (UPI)...

India's innovation to the Payments world

Is for

Any Banked Customer

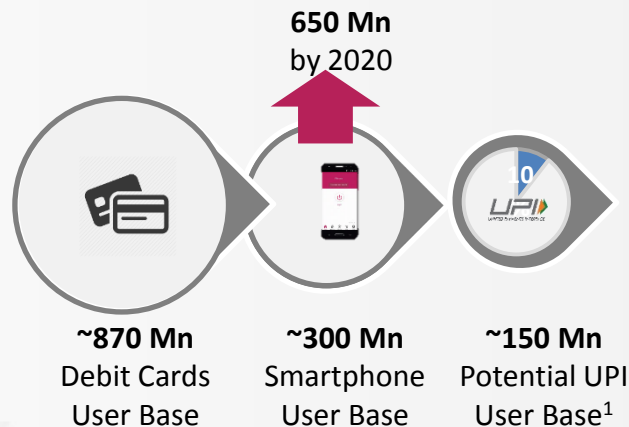


With a Smartphone



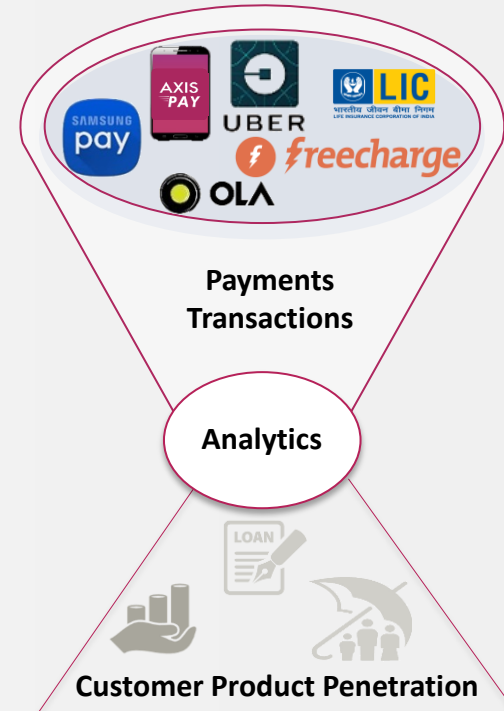
With a Unique Identifier:
As simple as an email address (Example: ajay@axisbank.com)

...Is a huge opportunity



For Axis Bank

Robust technology platform which attracts multiple partners



Axis Bank's Progress So Far

1

Over 2 Million registered base

2

Over 1 Million transactions

3

Over 600 merchants on boarded

1) Assumption 50% of Smartphone base

Source: BCG – Google Digital Payments 2020 Report July 2016

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Retail Lending has diversified over time

Liabilities franchise amongst the best

Branches continue to drive growth

Retail profit has grown over 6X in last 4 years

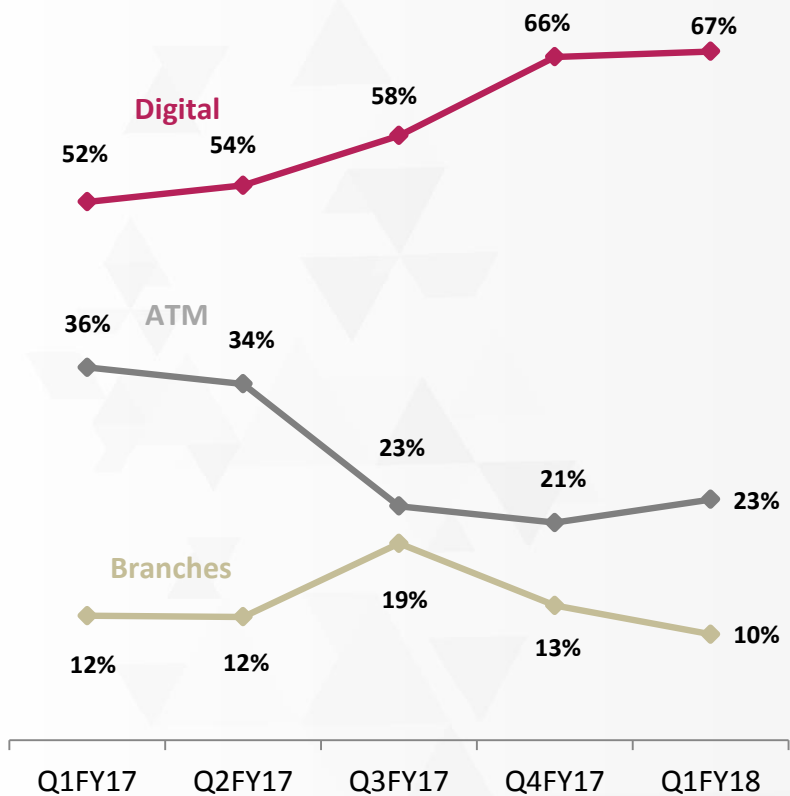
Continued leadership in Payments

Continue investments in Analytics and Digital

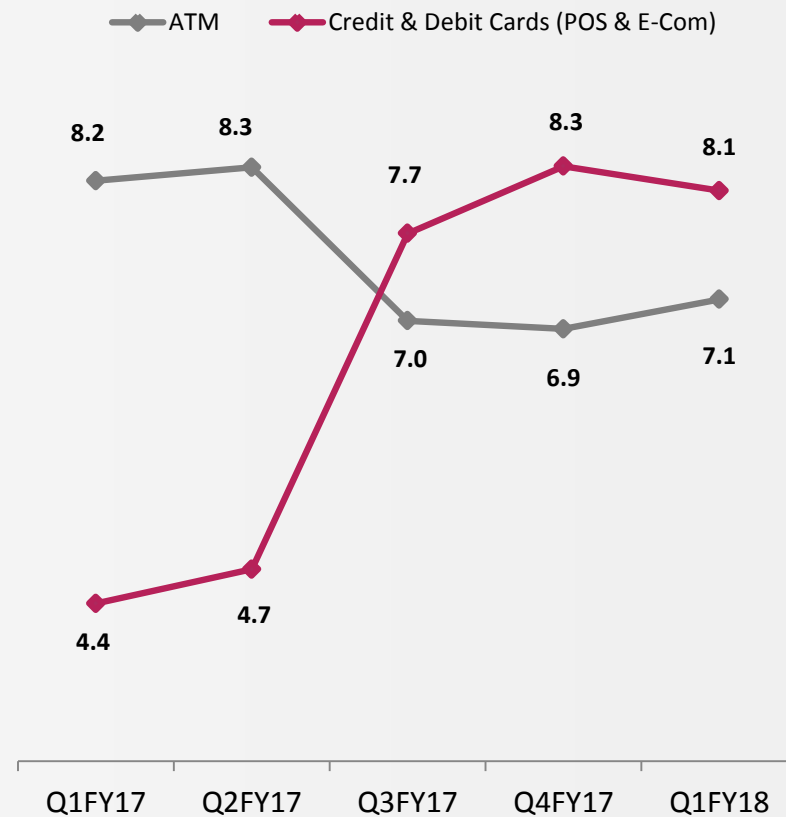
Strong Brand recall

Our customers are going digital...

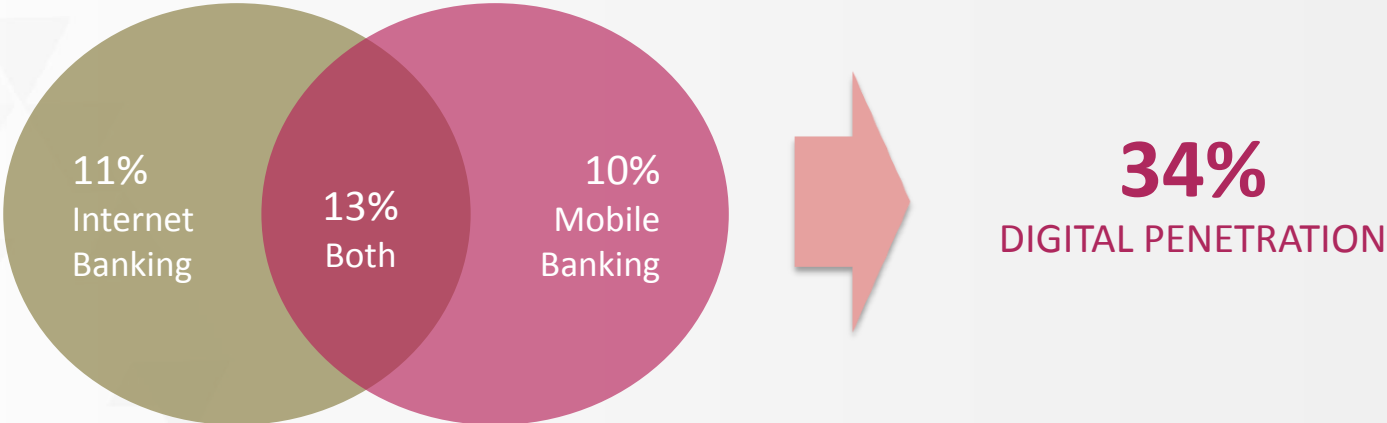
Retail Customers Transaction Mix (%)



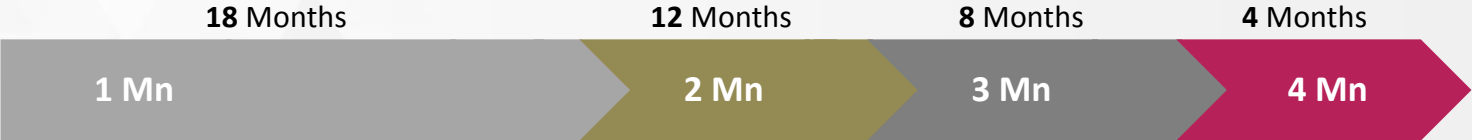
Digital and ATM Transaction Volume (In Cr)



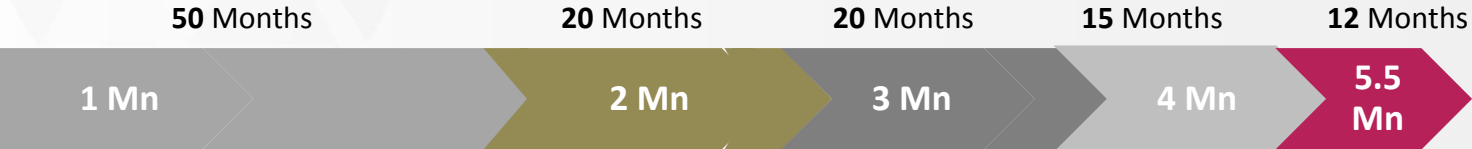
...at a continuously accelerating pace



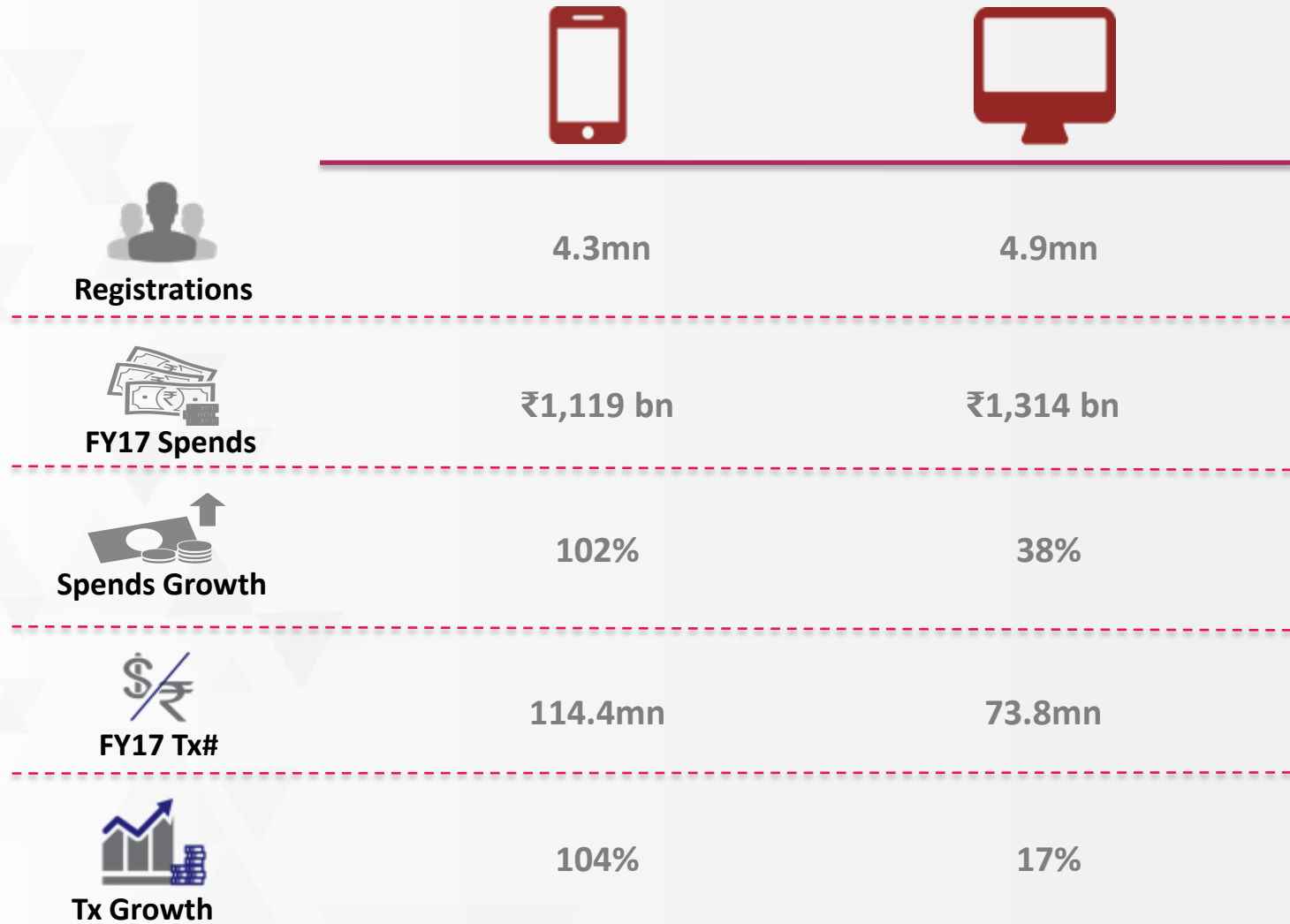
Axis Mobile



Internet Banking



...which is reflected in the growth in users and spends



Data as of Mar'17

We have adopted a focused approach to provide a multitude of options for customers

Responsive* Public Website

Internet Banking For Desktop

Internet Banking For Mobiles

Mobile App For Smartphones

Mobile App For Feature Phones

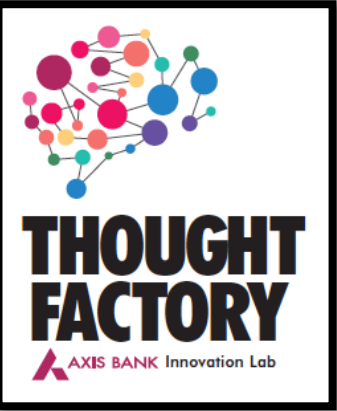
The collage consists of five distinct screenshots:

- Responsive* Public Website:** A desktop view of the Axis Bank website featuring a navigation menu, a search bar, and a main banner for 'EXCLUSIVE BENEFITS ON FOR OUR SENIORS WITH SENIOR PRIVILEGE ACCOUNT'. Below the banner are navigation buttons for 'FD Rates', 'Get Call', 'Apply', and 'Get Support', along with a section for 'Easy Education Loans' and a 'BANK SMART' footer.
- Internet Banking For Desktop:** A desktop view of the internet banking portal showing a 'SEND MONEY FROM ANY BANK AND GET ₹5.50* IN YOUR ACCOUNT' offer, a 'SEND MONEY' button, and a section for 'OFFERS FOR YOU' with various promotional cards.
- Internet Banking For Mobiles:** A mobile view of the internet banking login page with the Axis Bank logo, 'MOBILE BANKING' text, and a 'Login' section containing fields for 'Net Banking', 'Debit Card', and 'mPIN', along with 'Login ID', 'Password', and 'SIGN IN' buttons.
- Mobile App For Smartphones:** A screenshot of the 'Axis Mobile' app interface, showing a central navigation area with icons for 'RECHARGE', 'BILL PAY', 'FUNDS TRANSFER', 'WALLET', 'HOTELS', 'SHOPPING', and 'FLIGHTS', and a large 'OK' speech bubble graphic.
- Mobile App For Feature Phones:** A dark-themed background featuring the Axis Bank logo and a large 'OK' speech bubble graphic.

* Responsive design allows pages to be viewed in response to the size of the viewing screen

Going forward we see customer needs being categorized around 8 key propositions...





An ecosystem for co-creation



Startup Accelerator

- 3 of 6 Startups from 1st batch working on **pan bank launch** post proof of concept
- **Conversational Banking** Project with **Singapore based startup**



In-House Incubator

- **Axis Start-Up team** comprising of DevOps, Designers, Data Scientists & Product Managers
- **POCs** across AI/Deep learning, Payments, Lending, Digital



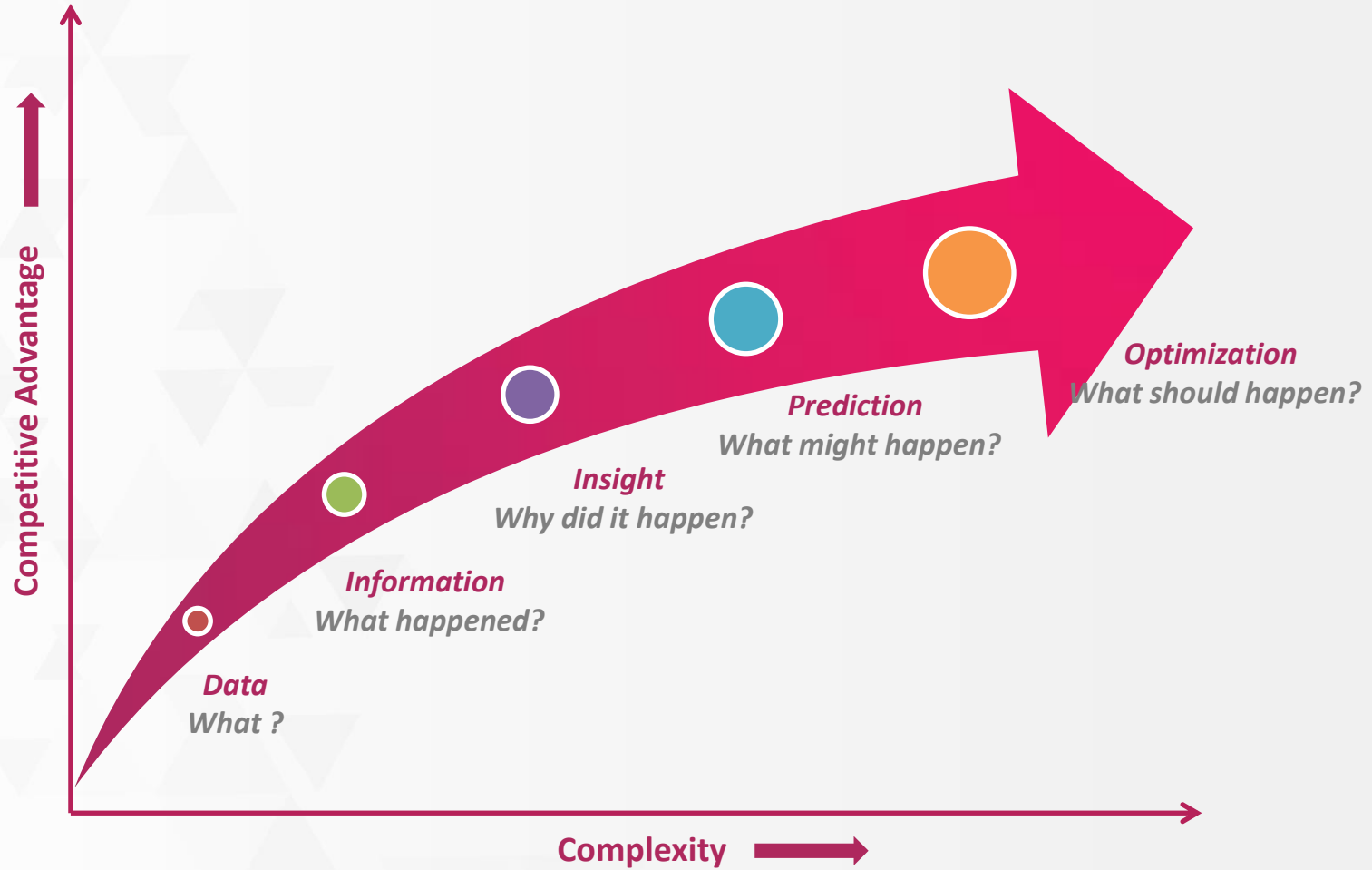
Enterprise Collaboration

- **Axis Amazon Co-Working Space, Social** at Thought Factory
- Collaboration with **Visa Innovation Center - Singapore, OCBC Bank - Singapore**

Mentored by an external Tech Advisor group comprising of experienced investors, techies & start-up veterans



Our investments in analytical capabilities have led to better customer management and therefore competitive advantage



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Strong Brand recall

We have created a differentiated identity and are amongst the most valuable Brands in India

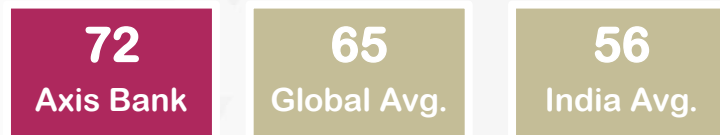
Amongst Top10 most valuable brands in India



CII Awards 2016

- Customer Obsession
- Leveraging digital transformation to deliver superior customer experience

Ranked #2 on Functionality in Forrester's Mobile Banking Benchmark, 2017 (India Banks)



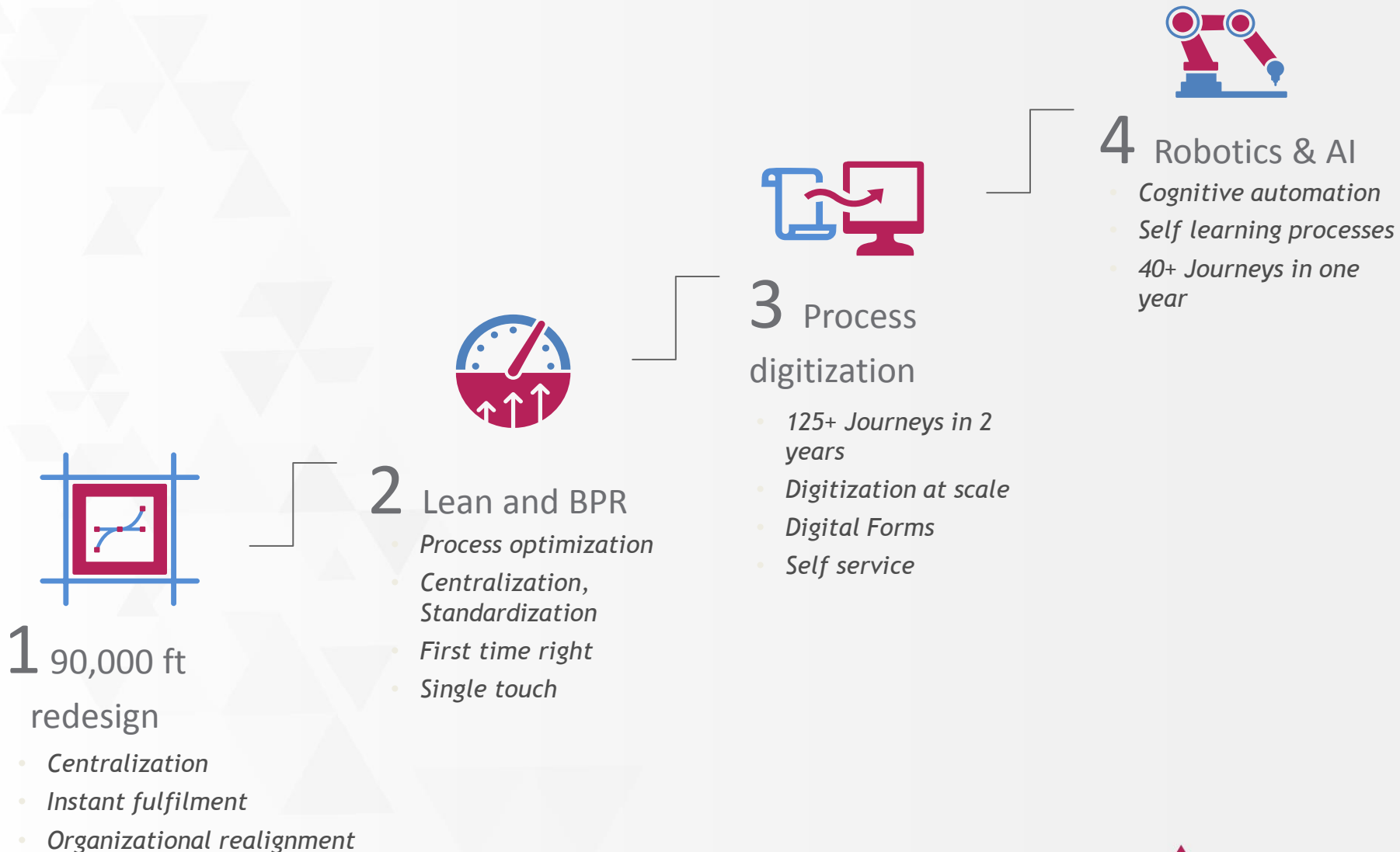
FORRESTER®

Global Ranking 20 in 2017 vs. 37 in 2016

Research based design tweaks- a big focus, yielding result

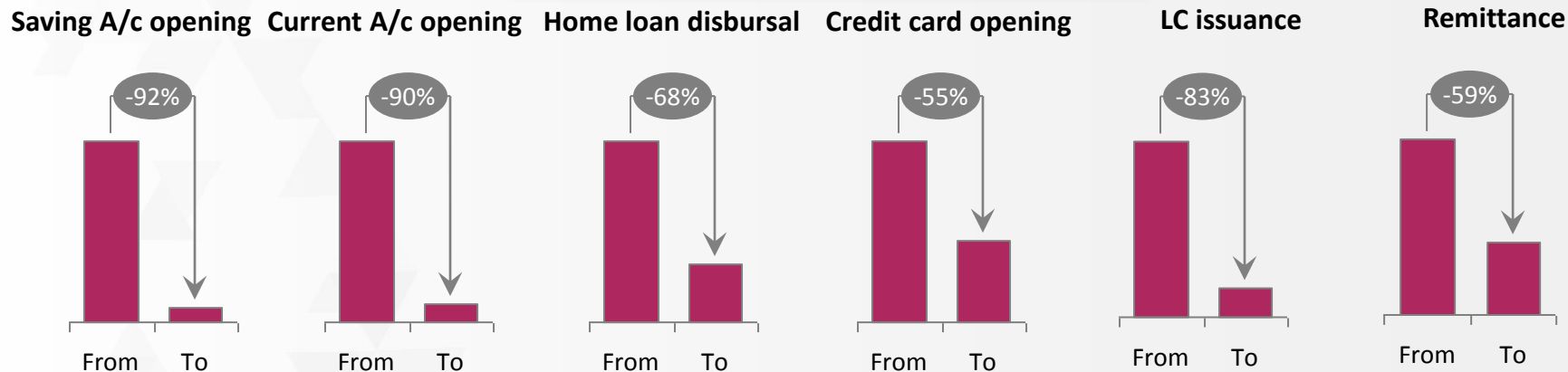
- UPI on Android
- Credit Card Spend Analyzer
- Universal Search on App
- Bharat QR code
- Pre-login revamp & Videos

We have invested in service delivery processes to improve customer experience, efficiency and risk mitigation

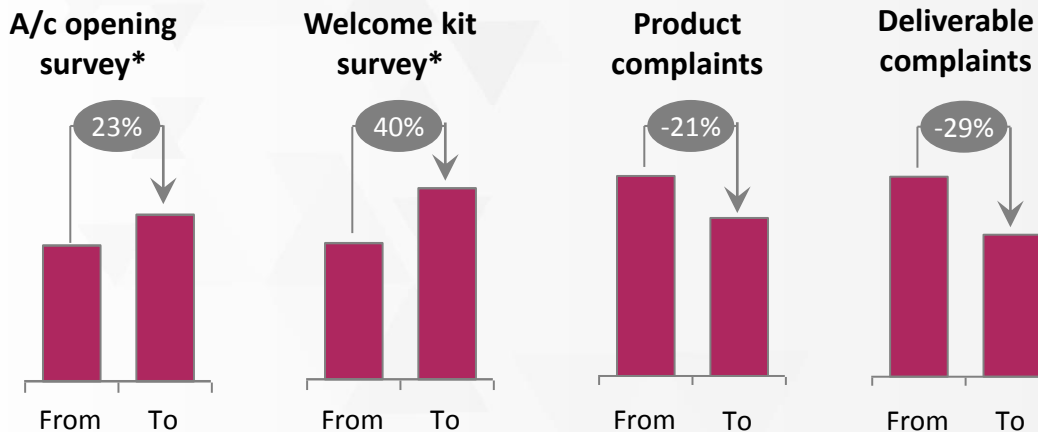


Investment in digitizing key processes has shown a clear downtrend in complaints, improvement in customer experience & efficiency metrics

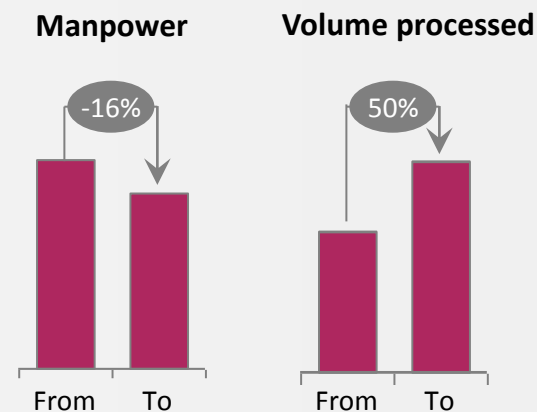
Key Processes Turnaround Time



Customer feedback & complaints

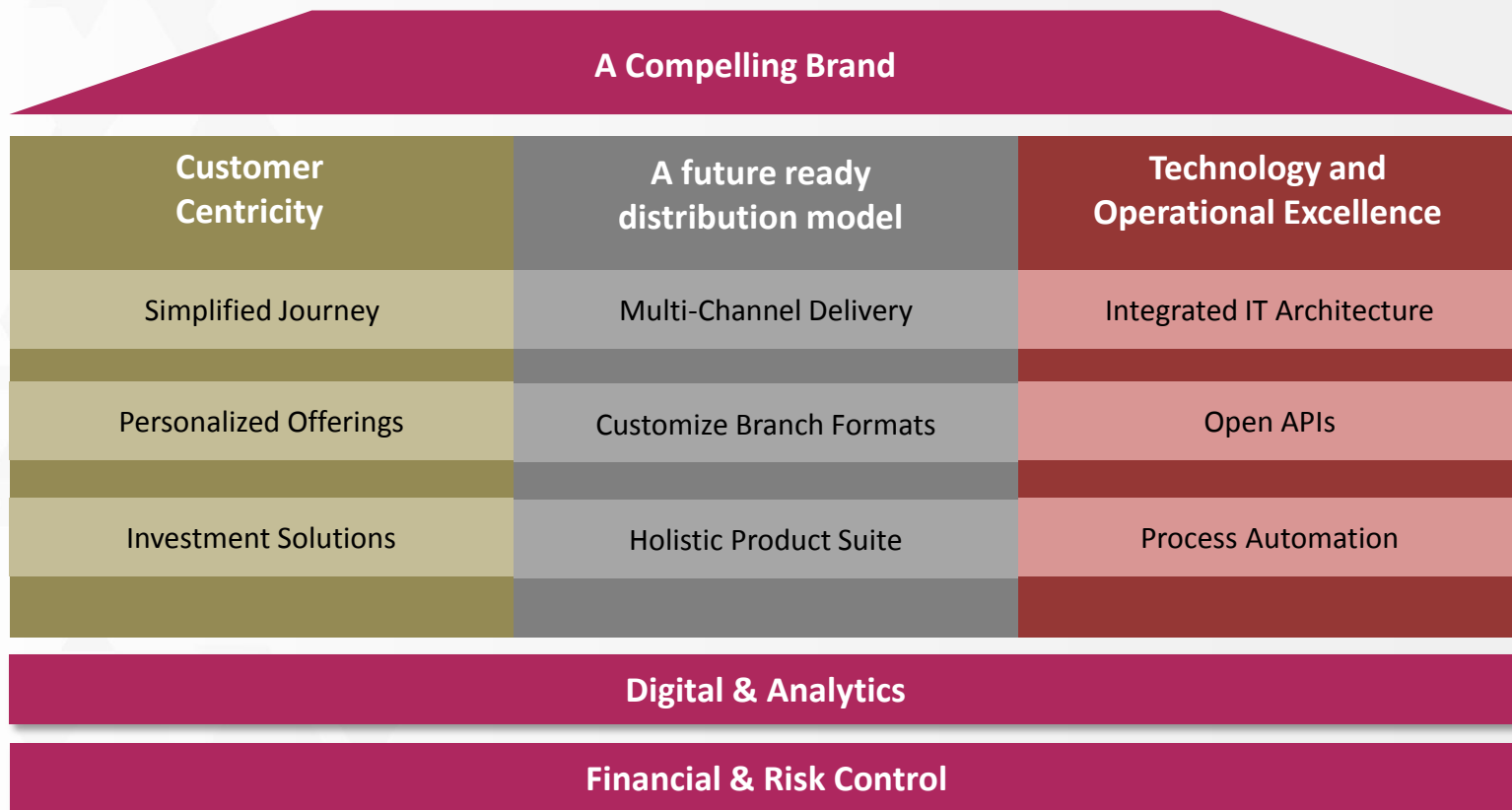


Back-office efficiency



* Customer experience survey - % responses with rating 4 & 5 on 5point scale

In summary, we have created a Retail Banking architecture to progress in our journey towards becoming the Bank of the future



Thank You