

AXIS/CO/CS/981/2019-20

20th February 2020

The Senior General Manager (Listing)
BSE Limited
1st Floor, New Trading Ring, Rotunda
Building
P. J. Towers, Dalal Street
Fort, Mumbai – 400 001

BSE Code: 532215

Dear Sir(s),

**SUB.: CONFIDENTIALITY AND EXCLUSIVITY ARRANGEMENT WITH MAX FINANCIAL SERVICES LIMITED
REF: REGULATION 30 OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS)
REGULATIONS, 2015 (THE LISTING REGULATION)**

This is with reference to your letter reference no. L/SURV/ONL/RV/RS/ (2019-2020)/ 156 dated 20th February 2020.

In this regard, this is to inform you that Axis Bank Limited and Max Financial Services Limited have entered into a confidentiality and exclusivity arrangement to explore a long-term strategic partnership, subject to, *inter alia*, receipt of applicable regulatory approvals and corporate authorisations, satisfactory completion of due diligence, and execution of definitive documentations.

In the event of satisfactory completion of the above requirements, the Bank shall submit the requisite information in accordance with the relevant provisions of Regulation 30 of the Listing Regulations.

A copy of the Press Release on the above is enclosed herewith, with a request to take the same on record and bring it to the notice of all concerned.

Thanking You.

Yours sincerely,
For Axis Bank Limited



Girish V. Koliyote
Company Secretary

Encl.: as above



Axis Bank to explore long-term strategic partnership with Max Life

Axis Bank, Max Financial Services and Max Life sign exclusivity agreement

20th Feb 2020 Mumbai, New Delhi

Axis Bank, Max Financial Services Limited (MFS) and its subsidiary Max Life Insurance Company Limited (Max Life) today signed a confidentiality and exclusivity arrangement to explore the possibility of Axis Bank entering into a long-term strategic partnership with Max Life.

Max Life is currently the largest non-bank owned private life insurer in India. Max Financial Services presently holds a 72.5% stake in Max Life while Mitsui Sumitomo Insurance and Axis Bank hold 25.5% and 2.0% stake respectively.

Axis Bank and Max Life have had a successful bancassurance (banca) arrangement for nearly a decade. The new premium generated through this banca arrangement has aggregated to over Rs 12,000 crore over this period, while maintaining high persistency. Both companies have invested extensively in product and need-based sales training, thereby leading to consistent increase in productivity.

Welcoming the ongoing discussions, **Mr. Amitabh Chaudhry, MD and CEO, Axis Bank**, said, "At the Bank, we constantly keep assessing various strategic opportunities and we see a potential for greater participation in the under-penetrated life insurance space. We have had a long standing bancassurance relationship with Max Life and the on-going discussions are a step further to deepen and strengthen this strategic partnership. The successful completion of the proposed transaction is expected to create significant value for all stakeholders."

Speaking about the development, **Mr. Analjit Singh, Founder and Chairman, Max Group**, said, "The Max Life-Axis Bank partnership is a natural. The partnership has already set multiple benchmarks in the life insurance industry for policy sales, customer retention, rigorous training to ensure need-based policy writing, technology integration etc. The strategic interest of Axis Bank in Max Life will lead to the much awaited permanence and allow both companies to work towards an enduring future for policyholders and other stakeholders. We also believe that the potential transaction will provide a fillip to the life insurance sector overall."

Mr. Pralay Mondal, Executive Director - Retail Banking, Axis Bank, added, "Axis Bank and Max Life have worked together for nearly a decade, bringing immense value for all customers. The teams have been collaborating closely and are continuously building on each other's strengths. The time is right to leverage this unique camaraderie and bring in a more strategic intent to benefit both entities, our customers as well as the larger ecosystem."



Explaining the rationale for the potential transaction, **Mr. Mohit Talwar, Vice Chairman, Max Group and Managing Director, Max Financial Services** said, “The proposed long term partnership between Axis Bank and Max Life is a natural evolution of what has been a highly productive and mutually beneficial affiliation. It will infuse fresh impetus into the teams in both companies and will motivate them to serve customers effectively and efficiently. I believe that this will be one of the most value-accretive partnerships in the Indian life insurance industry.”

The transaction will be subject to applicable regulatory approvals, satisfactory completion of due diligence, execution of definitive documentation and satisfaction of other conditions, including the necessary corporate approvals.

Max Life’s Recent Performance:

For Max Life, in the first nine months of FY2020 (9MFY2020), the proprietary and bancassurance (banca) channels demonstrated strong growth of 22% and 20%, respectively.

The Value of New Business (VNB) written during the first nine months of FY20 was Rs. 576 Cr.¹, growing 24% over the previous year, arising from the shift in product mix towards Non-PAR products. Total First Year Premium increased 19% year-on-year to Rs. 3,693 Cr. Renewal Premium for 9MFY2020 was recorded at Rs. 6,618 Cr., an increase of 11% from the previous year.

In the same period, the New Business Margin was 21.0%², increasing 60 bps over last year. The Profit before Tax fell marginally by 6% to Rs. 353 Cr. due to an increase in Non-Par business and strategic investments in proprietary channels which are positive for long term business health.

In a first, Max Life’s Embedded Value (EV) based on market consistent methodology (MCEV) crossed the Rs. 10,000 Cr. mark at Rs. 10,077 Cr., with an Operating Return on EV (annualised) at 18.4%.

About Axis Bank:

Axis Bank is the third largest private sector bank in India. Axis Bank offers the entire spectrum of services to customer segments covering Large and Mid-Corporates, SME, Agriculture and Retail Businesses. With its 4,415 domestic branches (including extension counters) and 12,173 ATMs across the country as on 31st December, 2019, the network of Axis Bank spreads across 2,521 centres, enabling the Bank to reach out to a large cross-section of customers with an array of

¹ Value of New Business at post-overrun costs

² New Business Margin (post-overrun costs)



products and services. The Axis Group includes Axis Mutual Fund, Axis Securities Ltd., Axis Finance, Axis Trustee, Axis Capital, A.TReDS Ltd., Freecharge and Axis Bank Foundation.

About Max Financial Services

Max Financial Services Limited (MFS), a part of the leading Indian multi-business conglomerate Max Group, is the parent company of Max Life, India's largest non-bank, private life insurance company. MFS actively manages a 72.5% stake in Max Life Insurance Company Limited, making it India's first listed company focused exclusively on life insurance.

MFS is listed on the NSE and BSE. Besides a 28.3% holding by Anajit Singh sponsor family, some of Max Financial Services' marquee shareholders include KKR, New York Life, Baron, Vanguard, Blackrock, Aberdeen, First Voyager, Jupiter, Dimension, East Spring and the Asset Management Companies of Nippon, HDFC, ICICI Prudential, Aditya Birla Sun Life, Mirae, BNP, DSP and Sundaram.

About Max Life

Launched in 2000, Max Life is a Joint Venture (JV) with Mitsui Sumitomo Insurance, a Japan-headquartered global insurance leader. Max Life is India's largest non-bank private life insurer and the fourth largest private life insurance company, with gross premium income of Rs. 14,575 crore and a Claims Paid Ratio of 98.74% in FY19. It has over 4 million policies in force and has a pan-India presence through 345 branch units. Max Life Insurance offers comprehensive long-term savings, protection and retirement solutions through its high-quality agency distribution and multi-channel distribution partners. A financially stable company with a strong track record demonstrated over the last 19 years, Max Life Insurance offers superior investment expertise. Max Life Insurance has the vision 'to be the most admired life insurance company by securing the financial future of our customers'. The company has a strong customer-centric approach focused on advice-based sales and quality service delivered through its superior human capital.

Press Contacts:

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