

Cautious, Conservative and Consistent Growth

Motilal Oswal Global Investor Conference

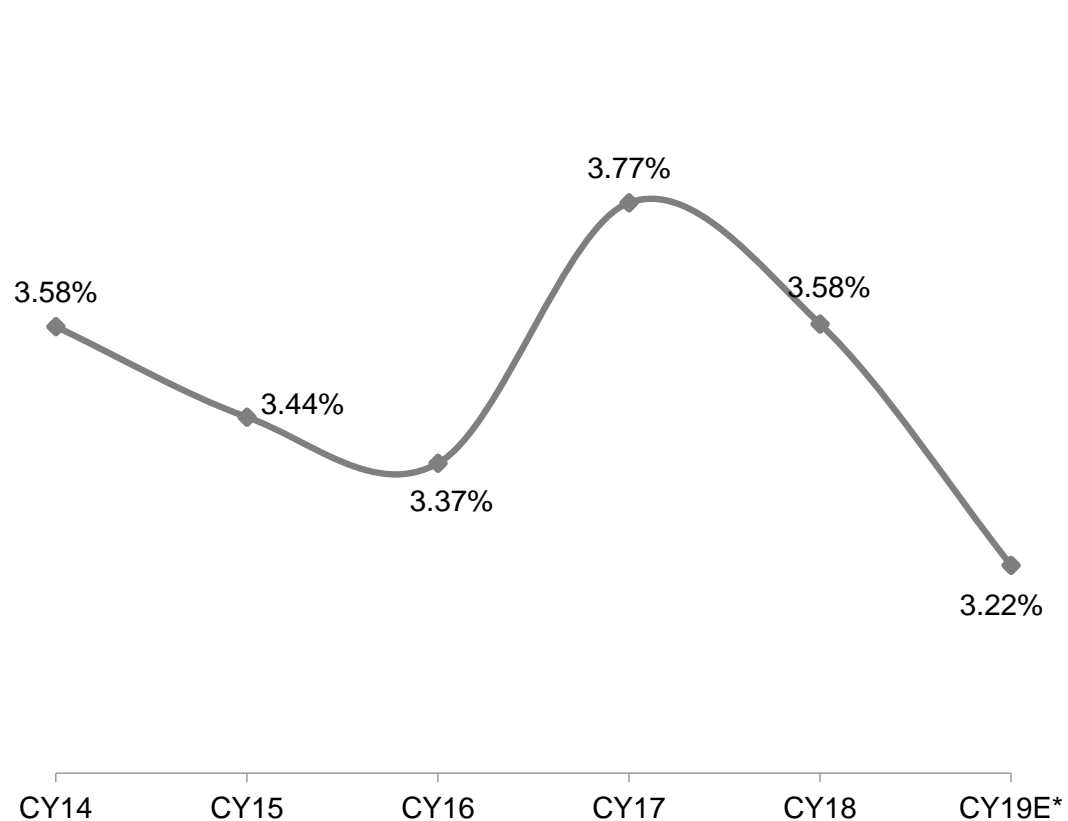
20th August 2019



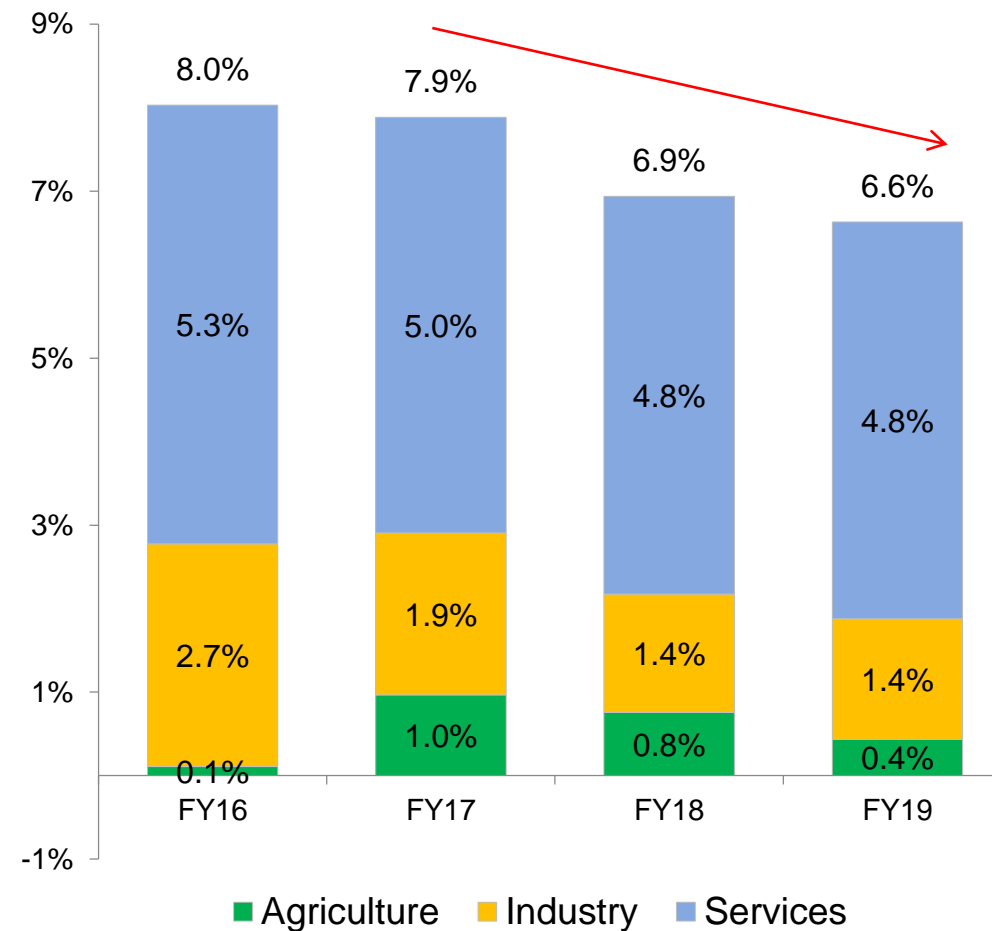
Macro Environment showing signs of weakness

Global economy is slowing, reflected in India too with growth weakening

Global growth has slowed down recently

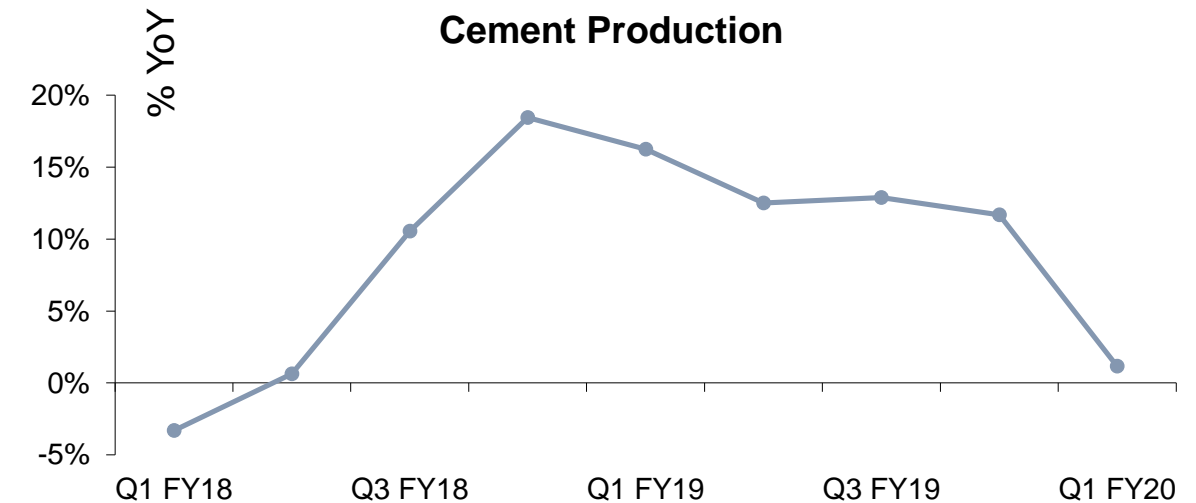
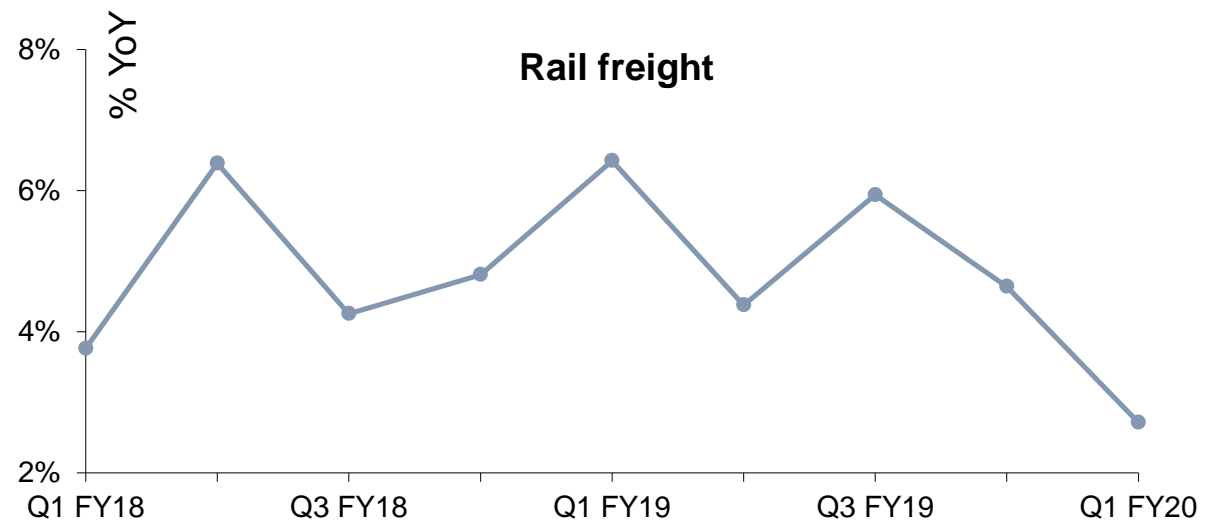
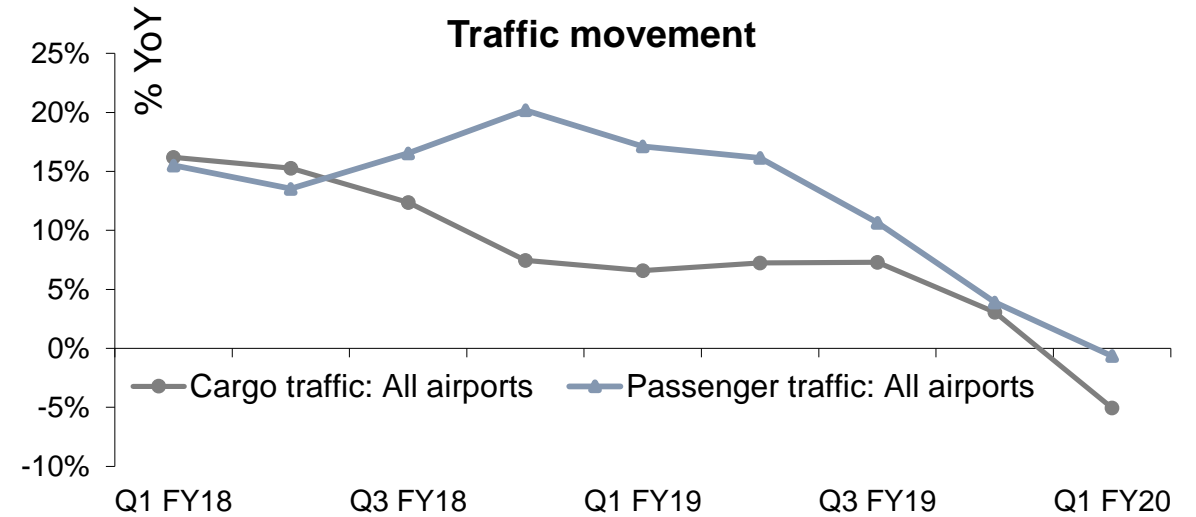
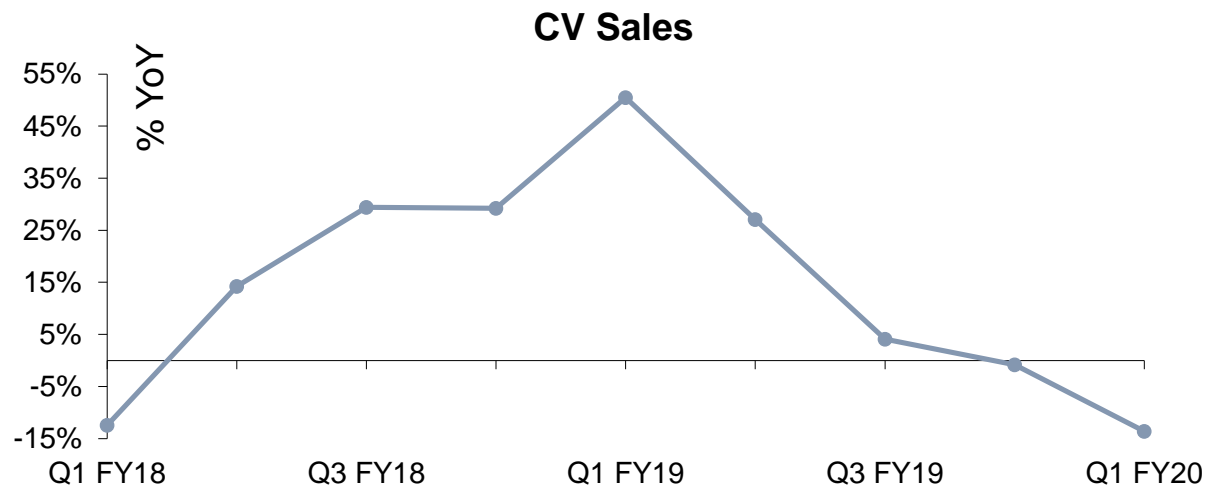


India GVA growth



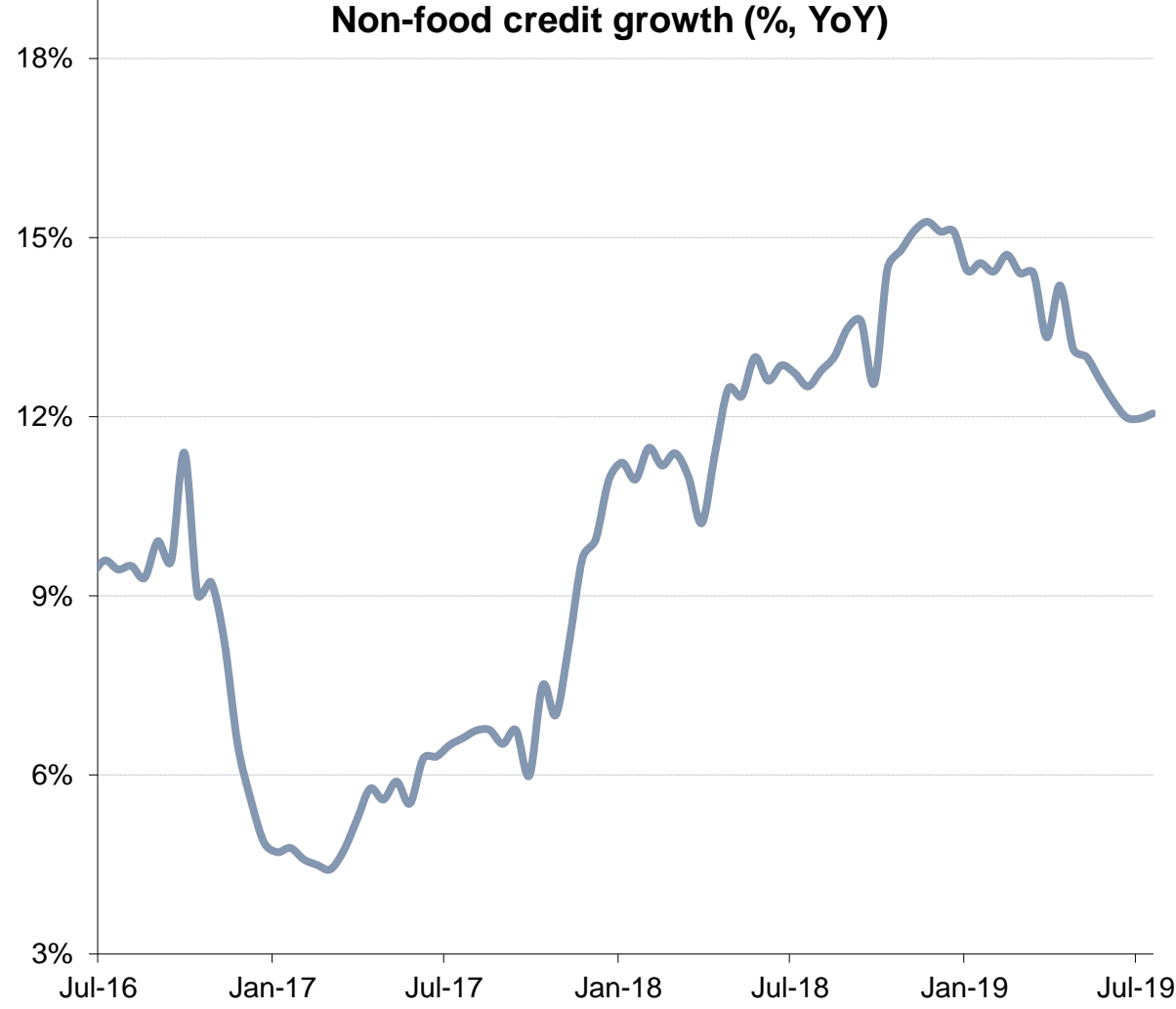
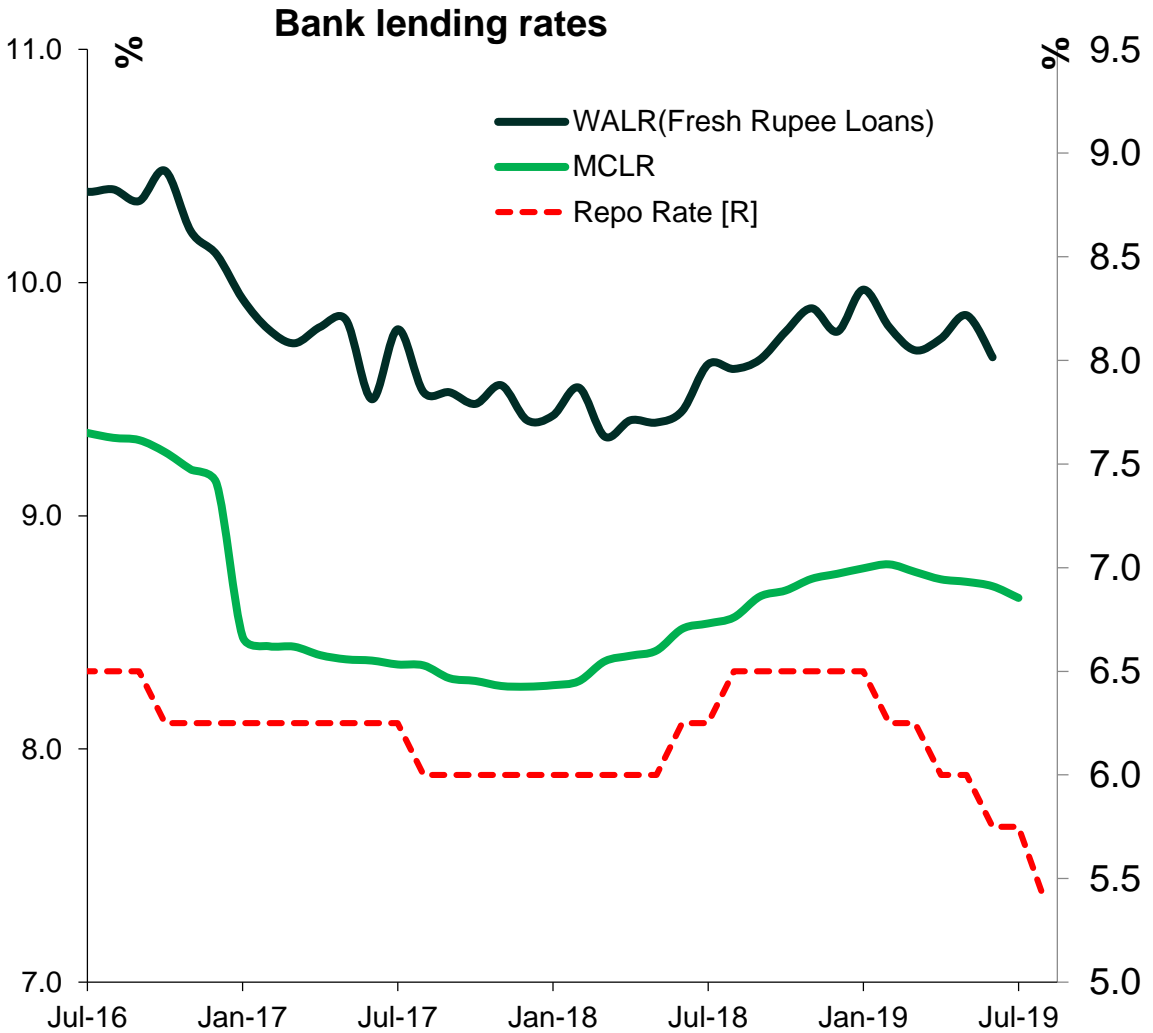
Source: *IMF Estimates, MOSPI, Axis Bank Research

High frequency indicators point towards slowdown in industry and services sectors



Source: Various government and private bodies

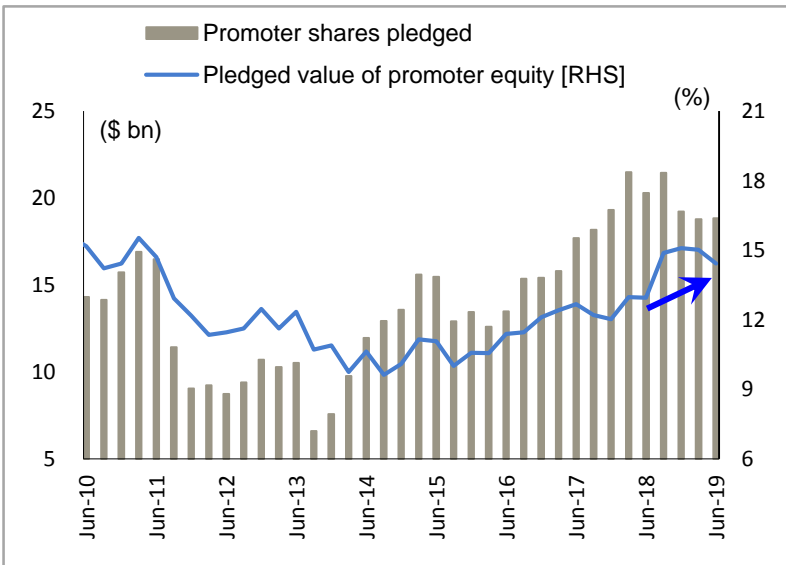
Liquidity has improved and rates have begun to come down, but offtake is still sluggish



Source: RBI, Axis Bank Research

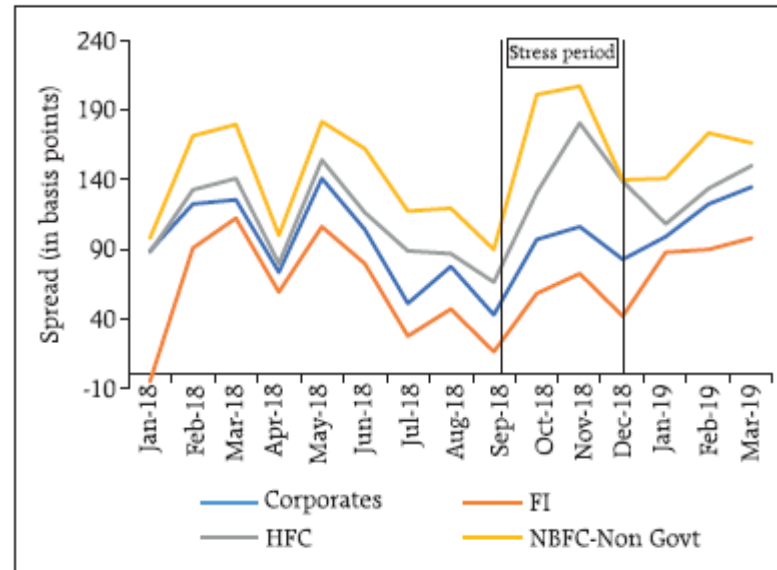
Some other factors affecting corporates

Promoter leverage remains high



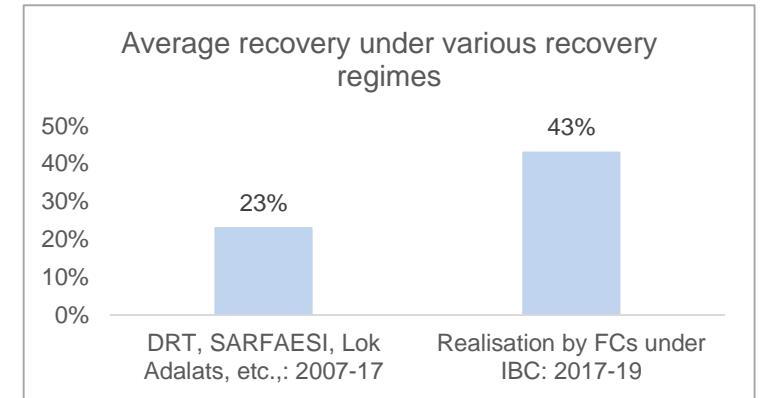
NBFCs with ALM/asset quality concerns have faced funding issues

Category wise 3-month CP spreads over 91-day T-bill

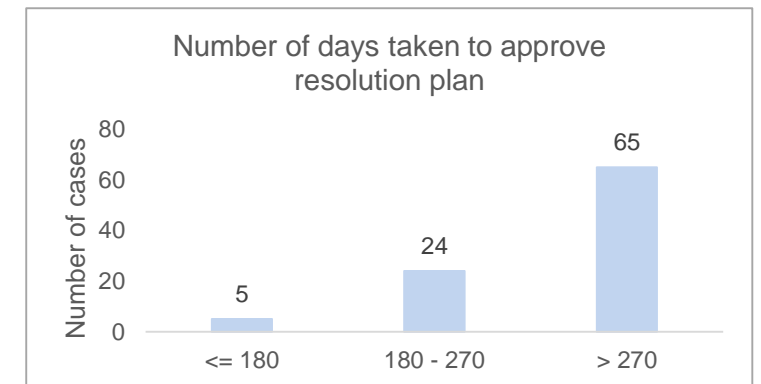


Resolutions taking some time

Though recovery rates are almost twice as high...

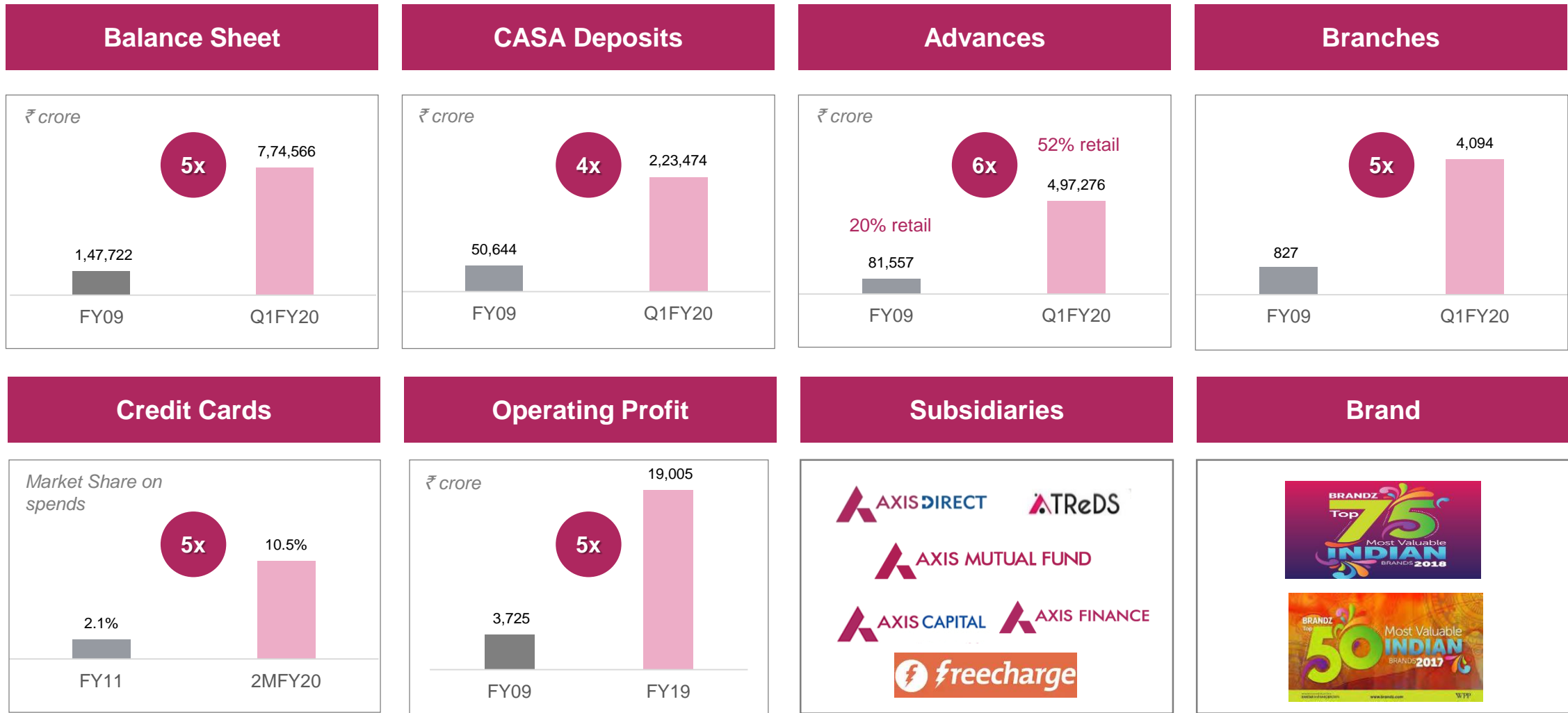


...Out of the 94 CIRPs that ended with resolution plan, 65 cases got approved after 270 days



The Axis Bank Story – *Recent Performance*

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



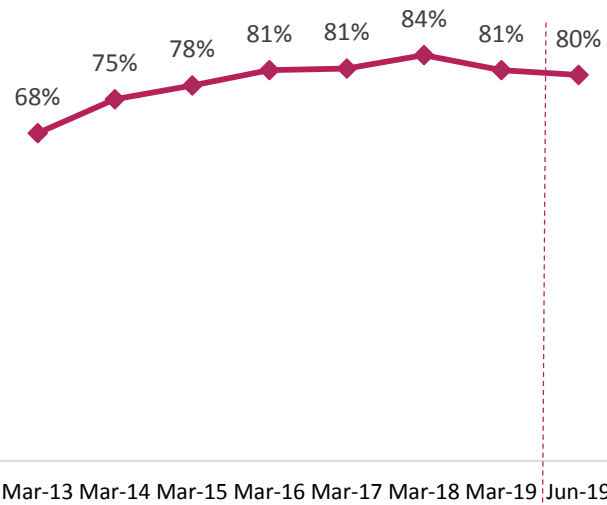
The Bank has become increasingly Retail over these years



All numbers in ₹ bn

Share of Retail in Deposits

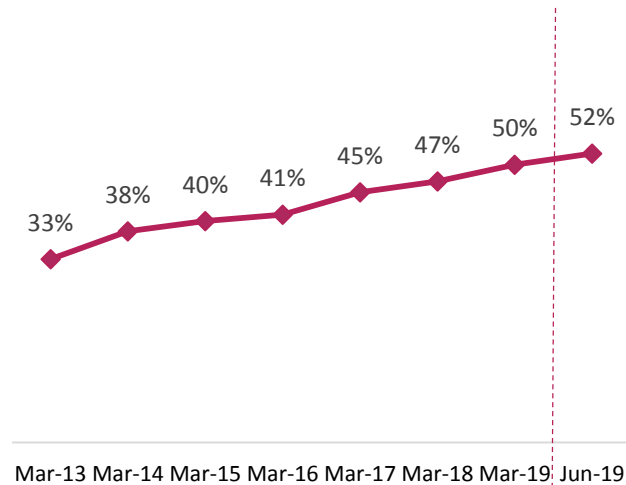
Retail Deposits* CAGR[^] 16%



* Includes CASA and Retail TD

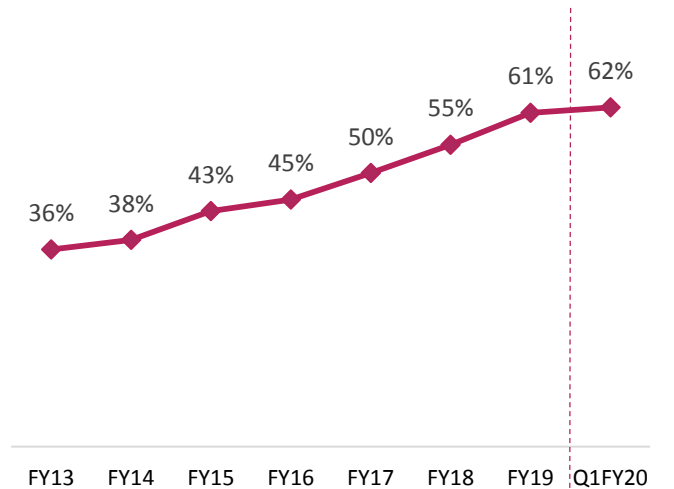
Share of Retail in Advances

Retail Advances CAGR[^] 25%



Share of Retail in Fee Income

Retail Fees CAGR^{**} 21%



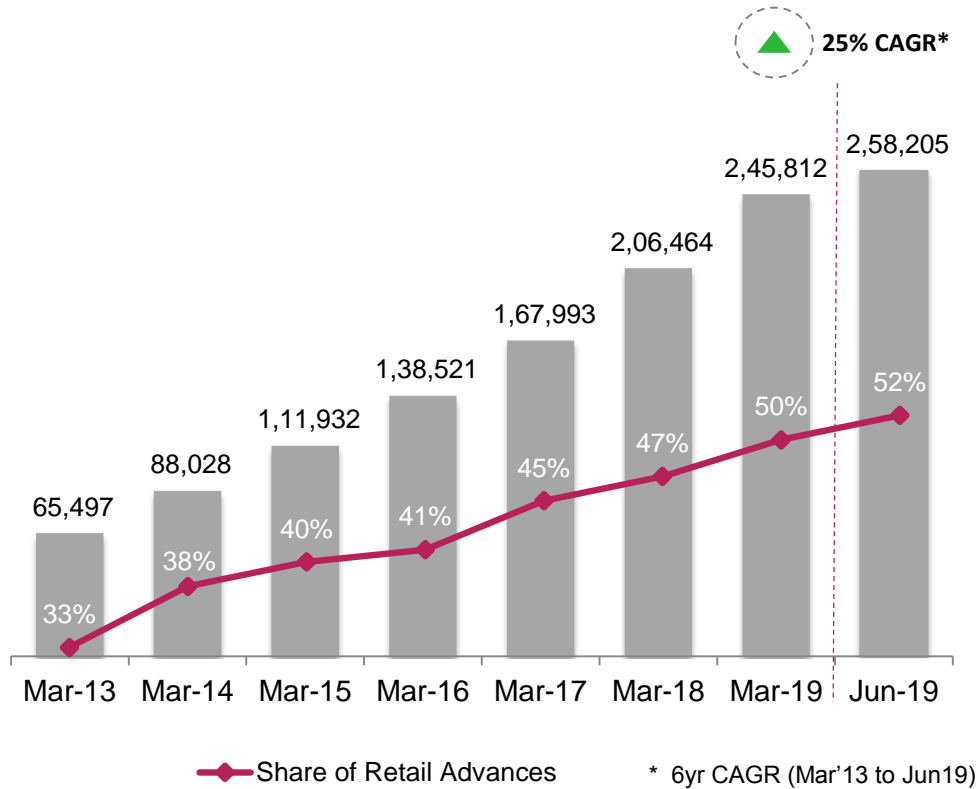
[^] CAGR over Mar'13 to June'19

^{**} CAGR over FY13 to FY19

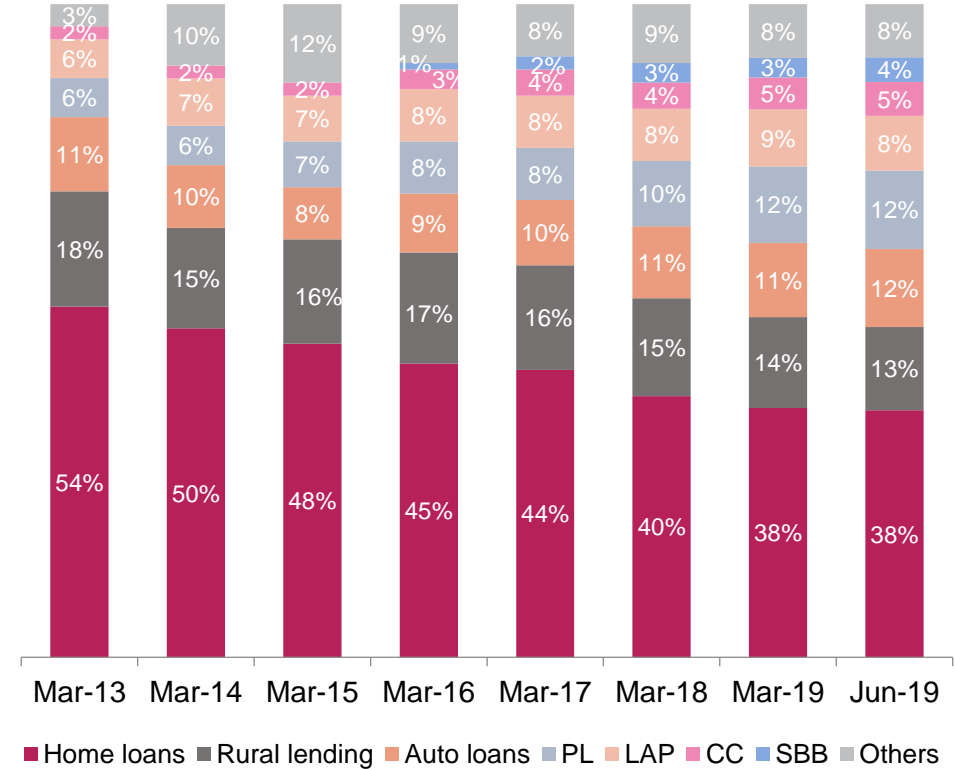
Retail Loans have grown and diversified significantly

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

Our Credit Cards business has grown strongly in the last 6 years and is now the 4th largest in the country

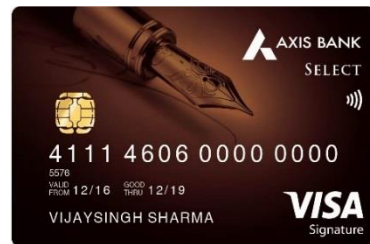
Featured Cards



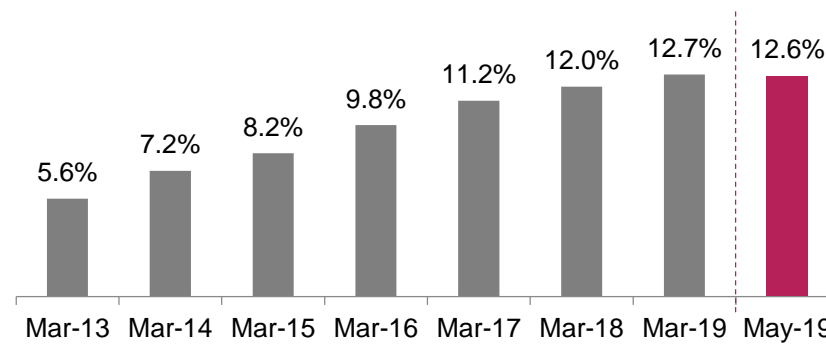
Co-branded Cards



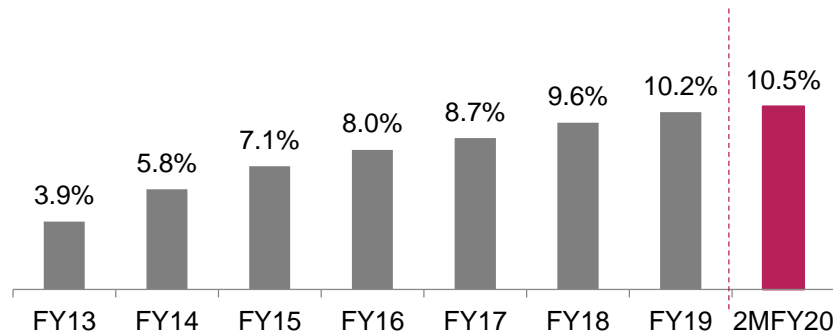
Premium Cards



Credit Cards in Force – Market Share*



Credit Cards Spends – Market Share



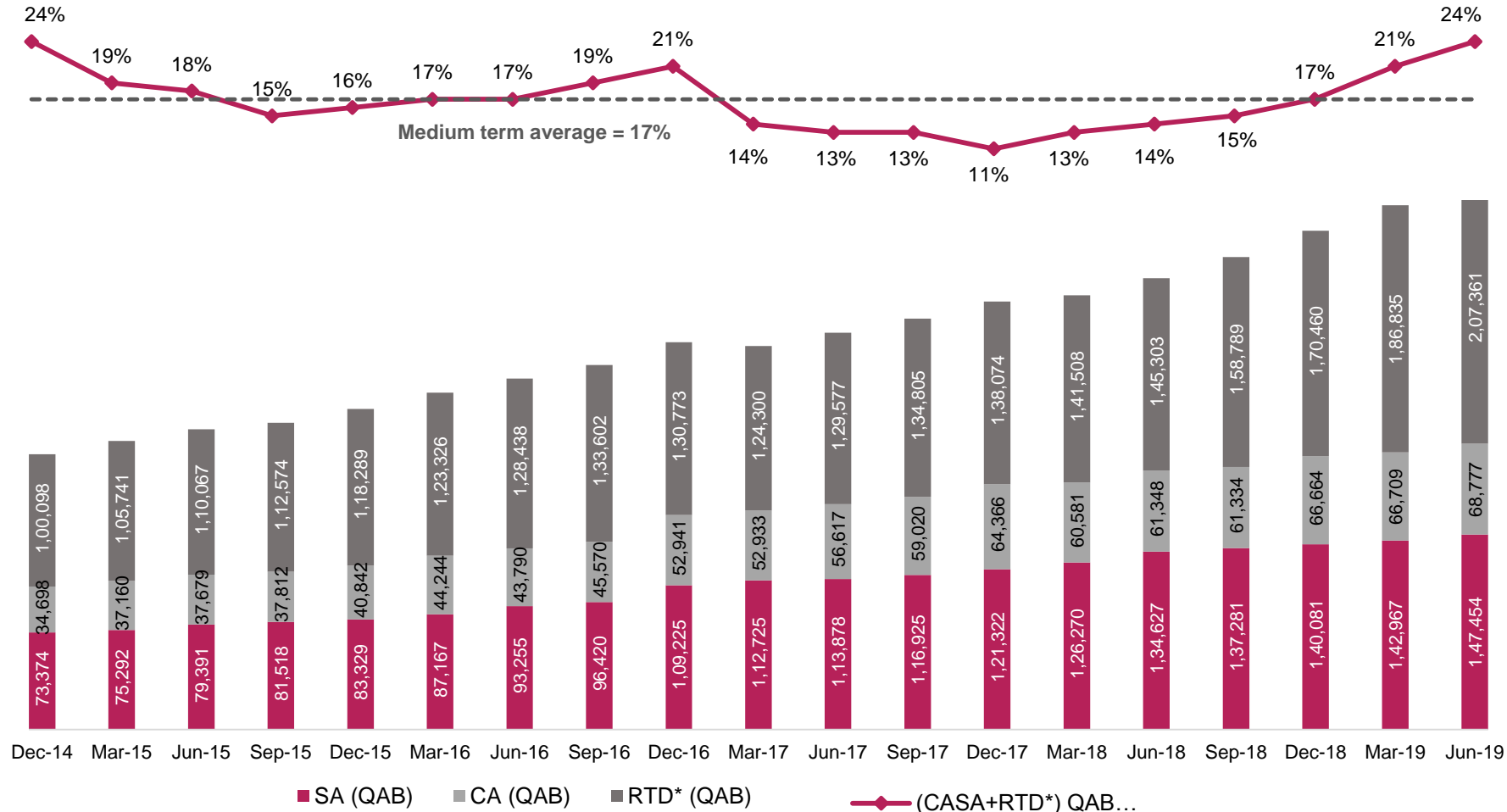
Market share has more than doubled over the last 6 years

Source: RBI Data Reports | *Market share as of the year ending period

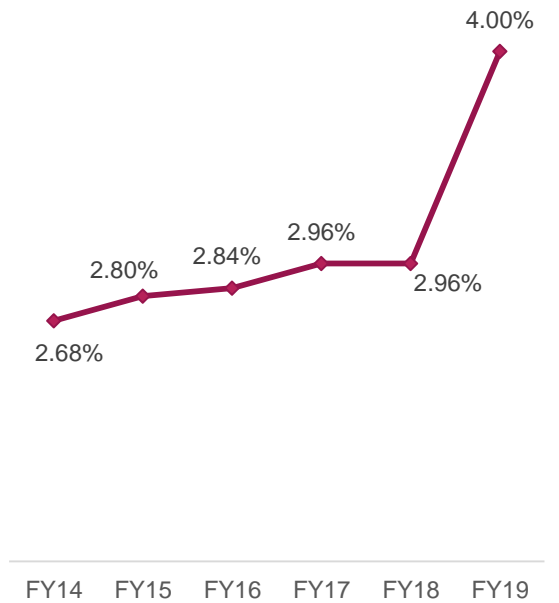
Granular deposits have seen strong growth during the last four years



All figures in ₹ Crores

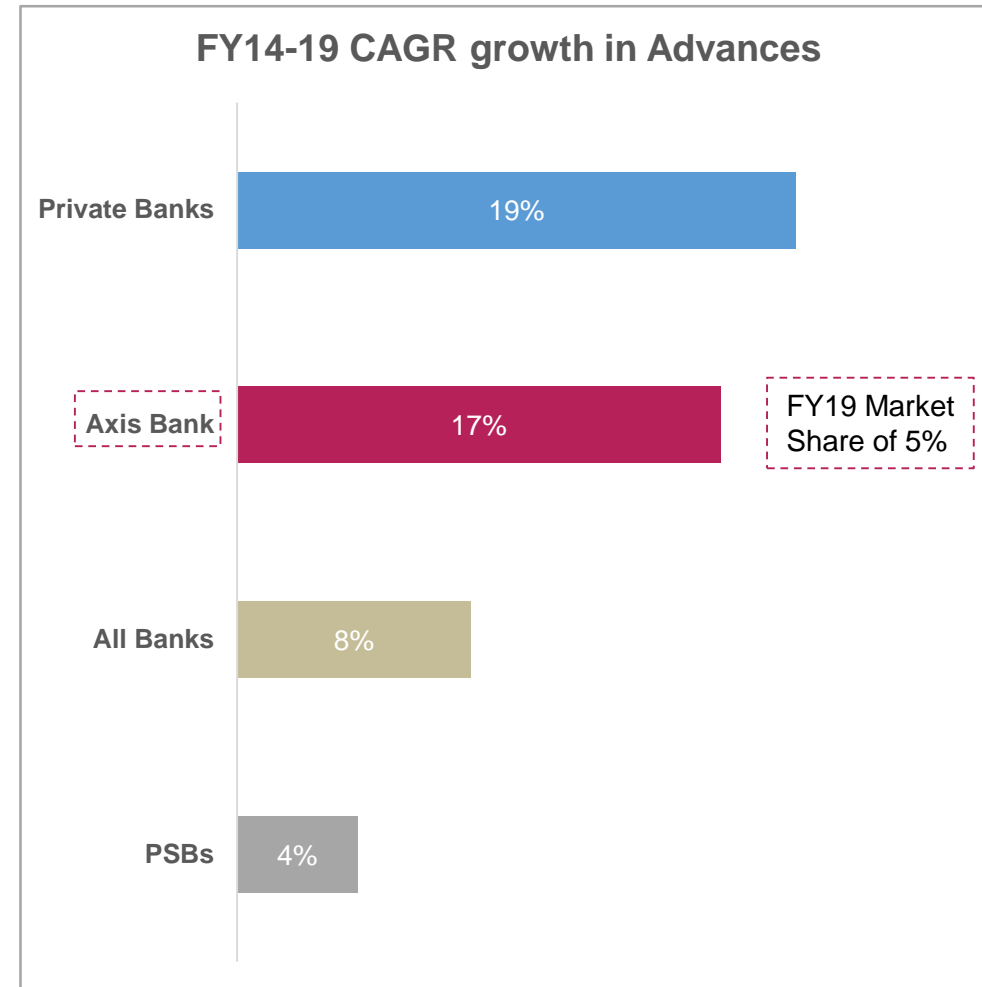
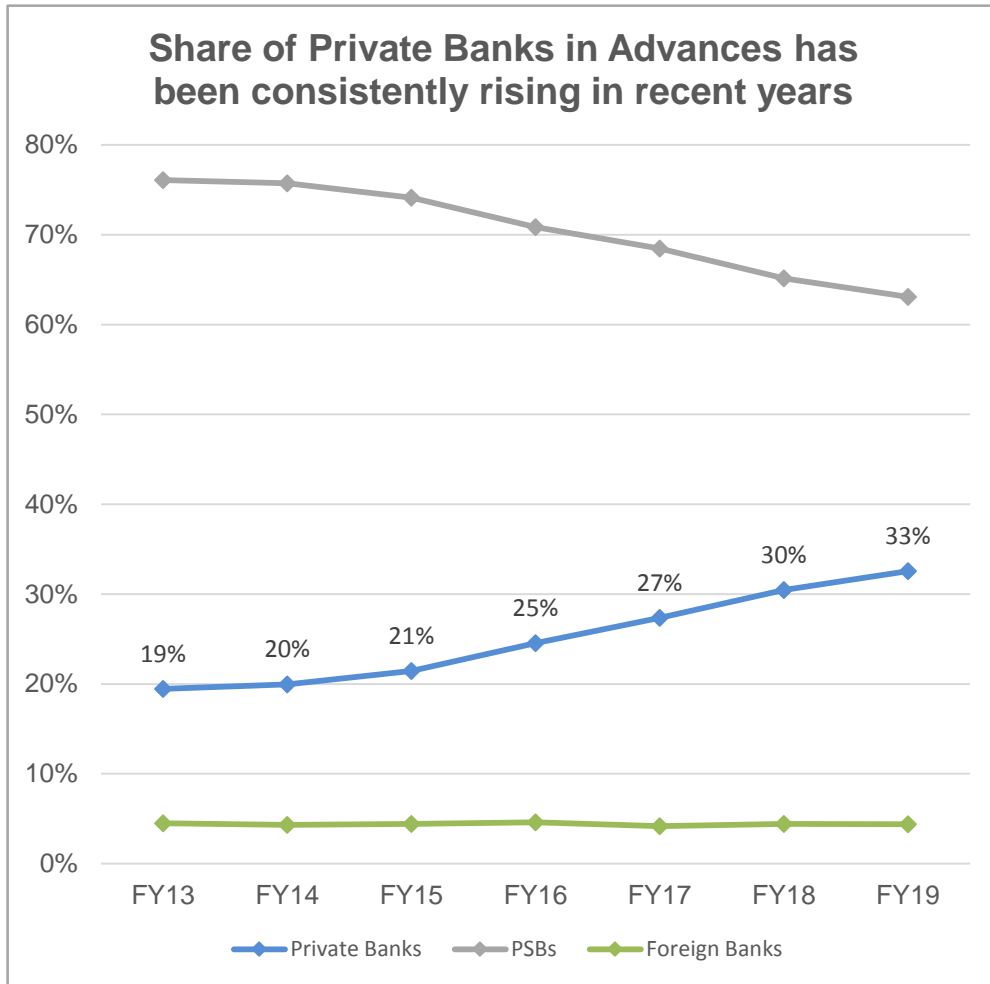


Axis Bank Market share in Term Deposits



* Retail Term Deposits

The Bank has historically grown at much higher pace than industry

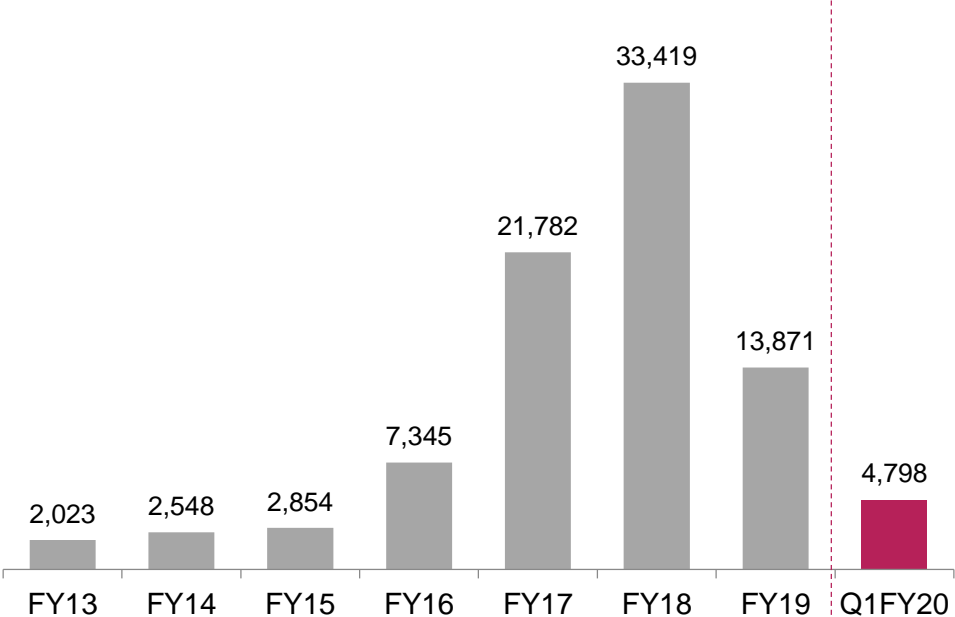


However, the last 2-3 years have been extremely challenging for the Bank

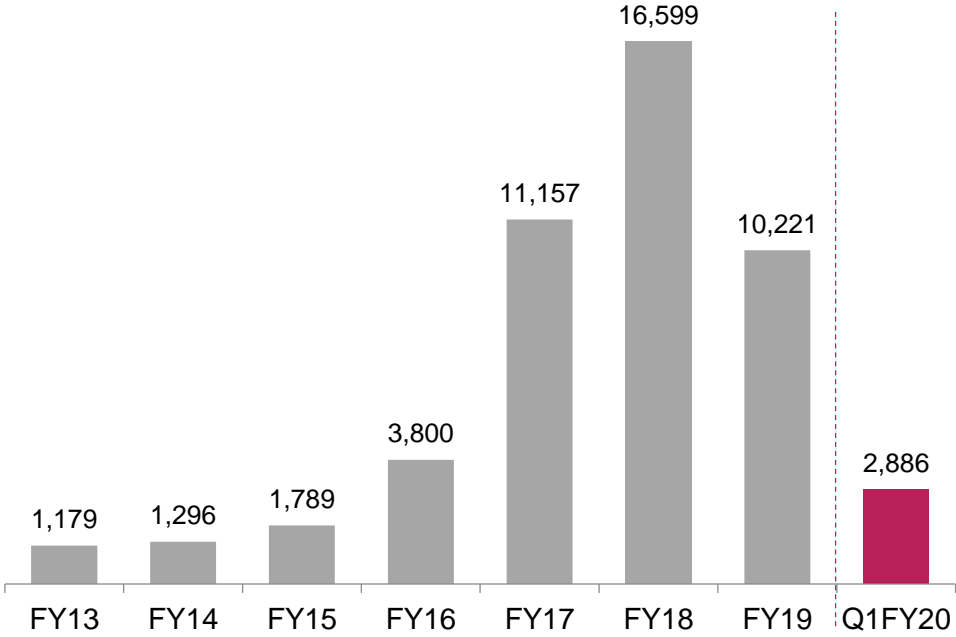


All figures in ₹ Crores

Gross Slippages



Provision for non-performing assets*

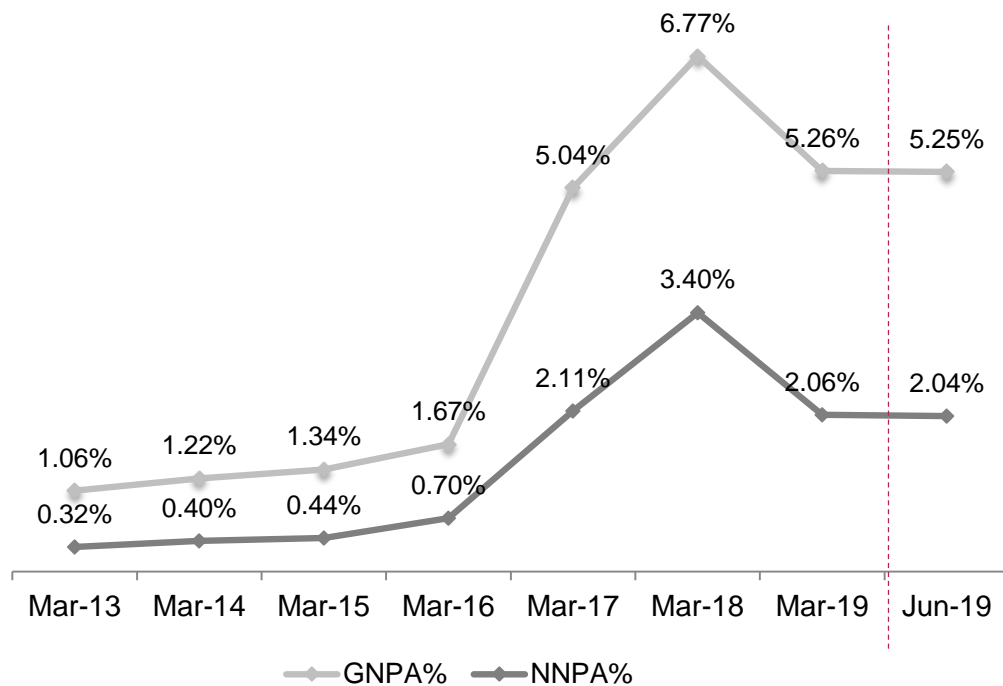


*including bad debts written off and write backs

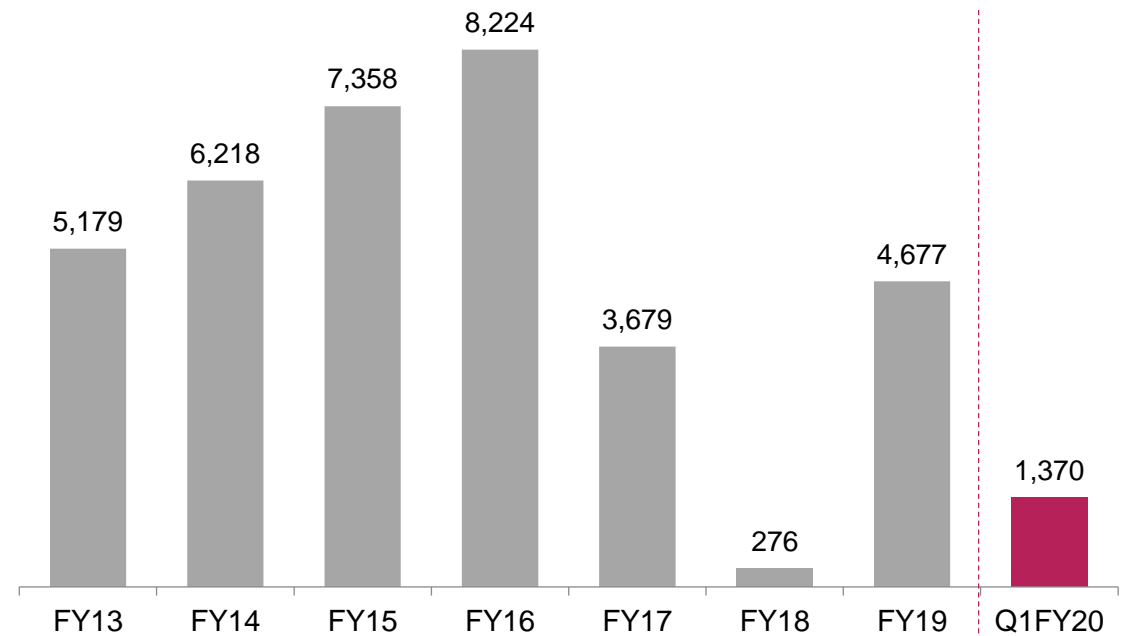
During FY19, the Bank crossed the inflection point on this tough journey

All figures in ₹ Crores

Gross and Net NPA ratios have moderated

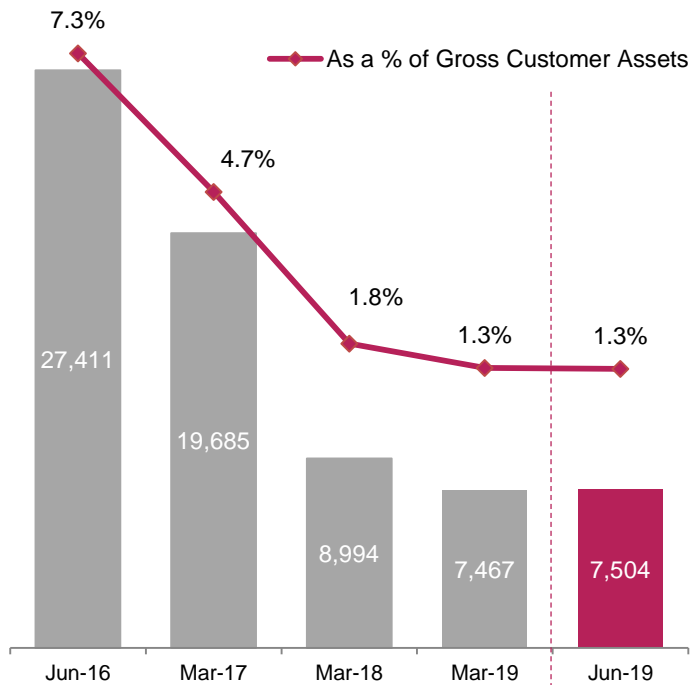


Profit after tax improved further

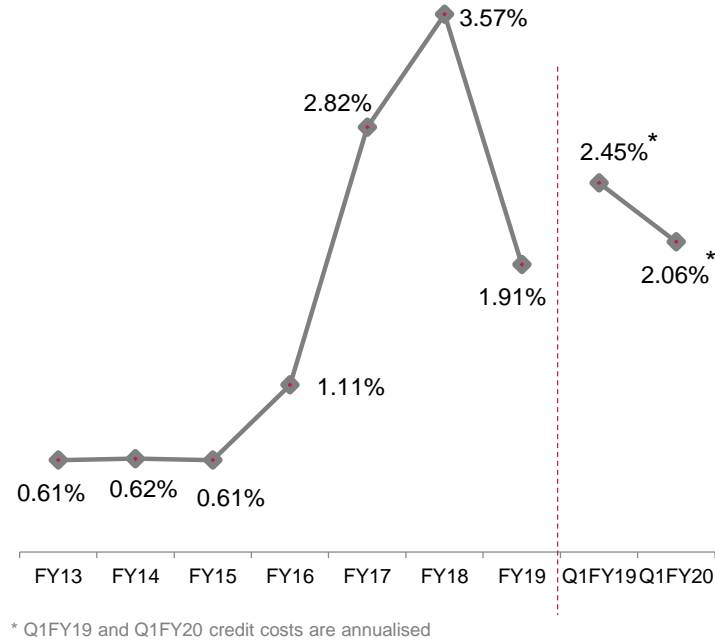


The asset quality challenges of recent years have moderated

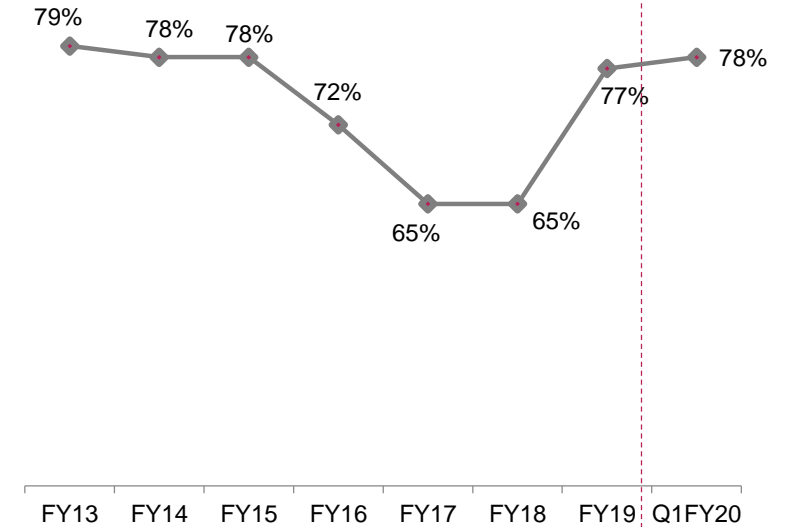
BB & Below pool size has been shrinking



Credit cost has moderated



Provision Coverage ratio is now at 78%



- Bank continues to remain cautious and conservative when it comes to downgrades, recognition and provisioning
- As on 30th June 2019, the Bank has additional provisions of ₹2,358 crores towards various risk contingencies, over and above the regular NPA provisioning and the 0.4% standard assets provisioning requirement

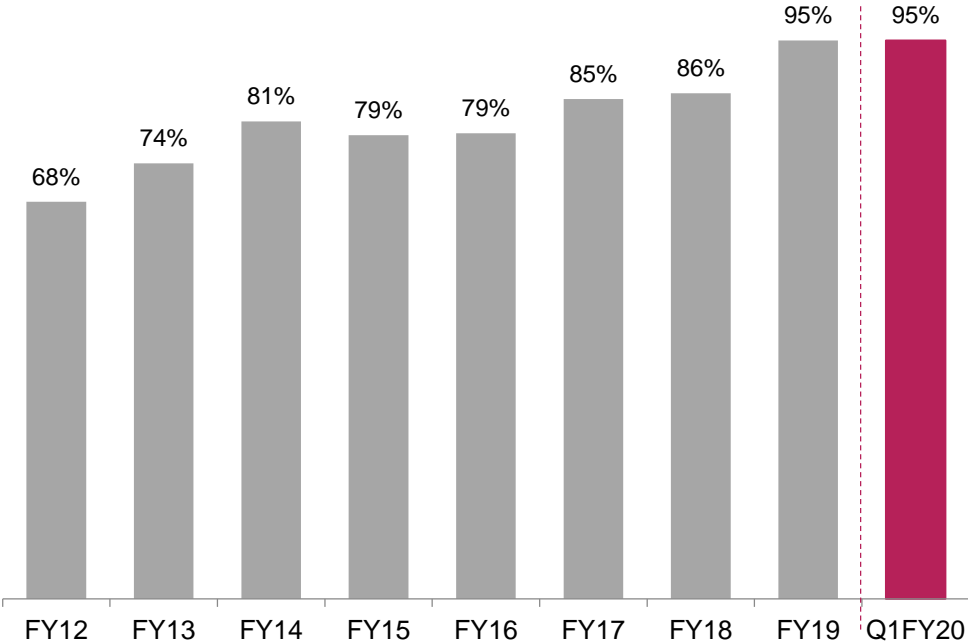
New originations in Corporate Credit are of better quality and more granular



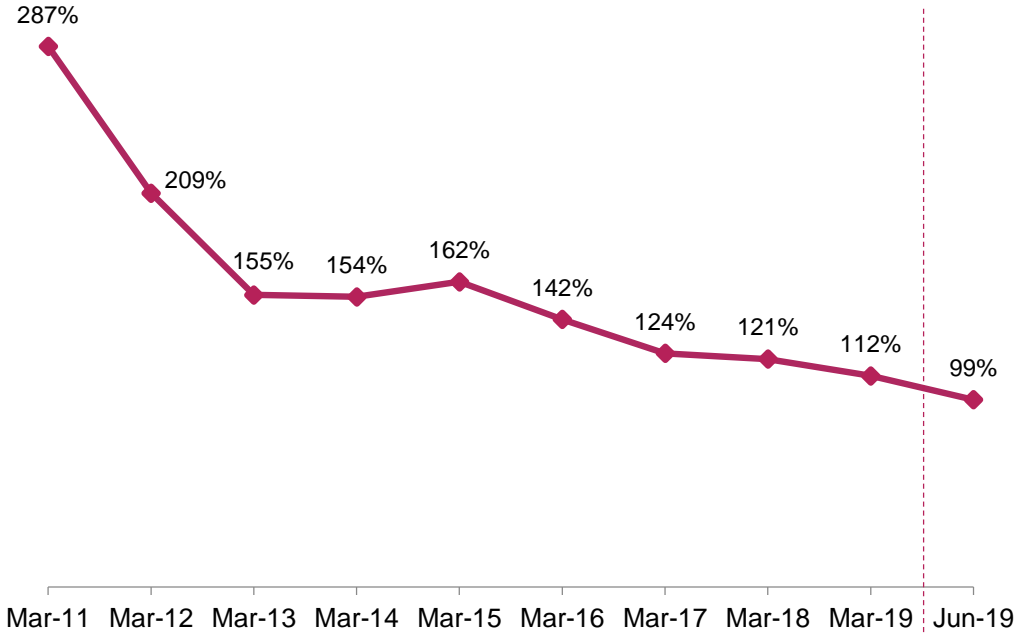
Fresh originations are predominantly from entities rated A- or better

Concentration Risk has reduced significantly from peak

Percentage of sanctions rated A- & above



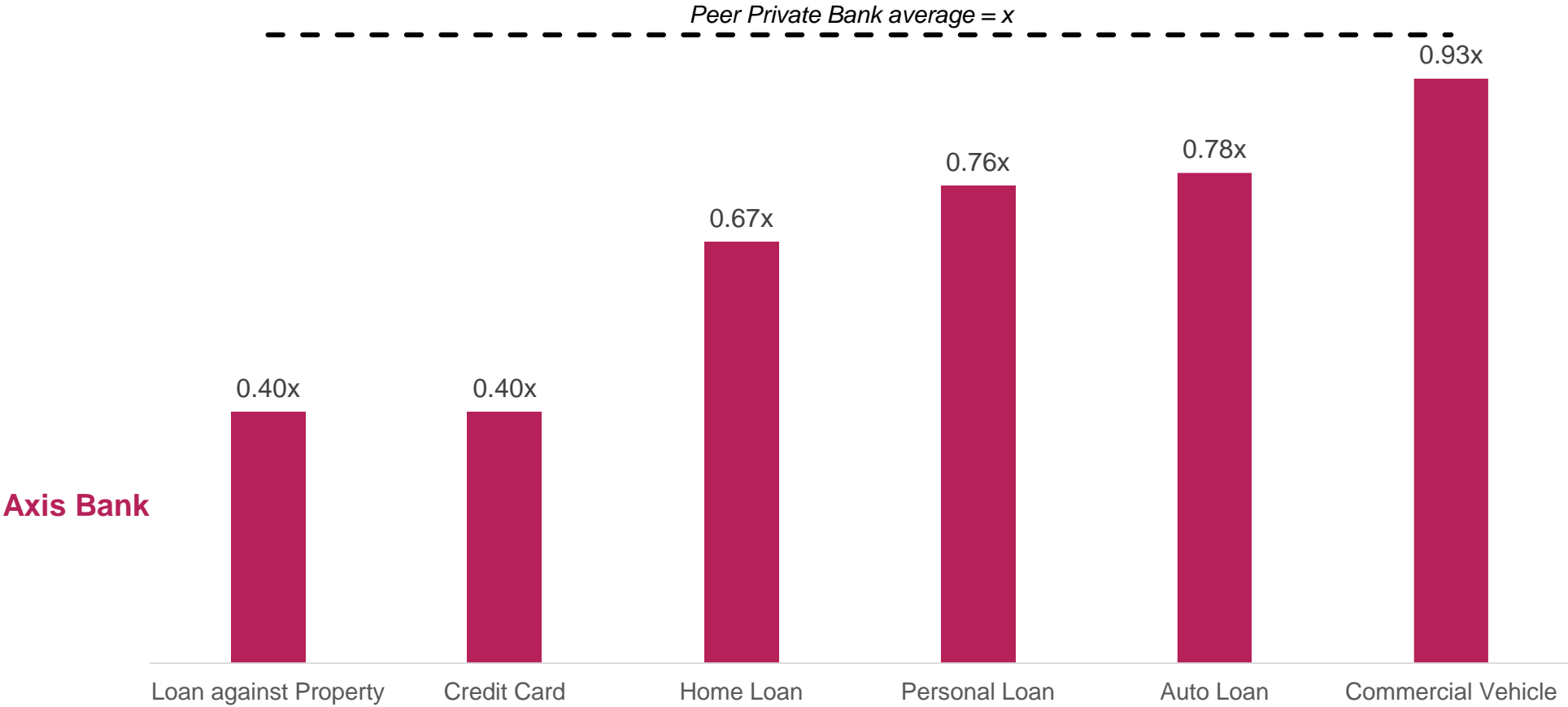
Exposure to Top 20 single borrowers as a % of Tier I Capital



The portfolio choices and conservative underwriting policies in Retail have resulted in better risk outcomes than peer average



Delinquency benchmarking (as of Mar'19)



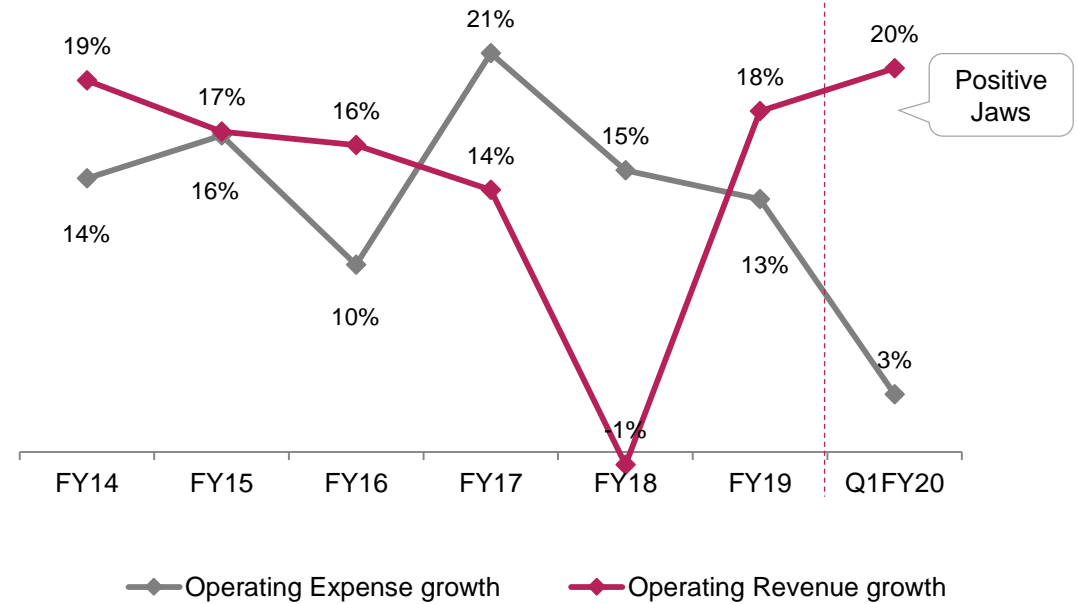
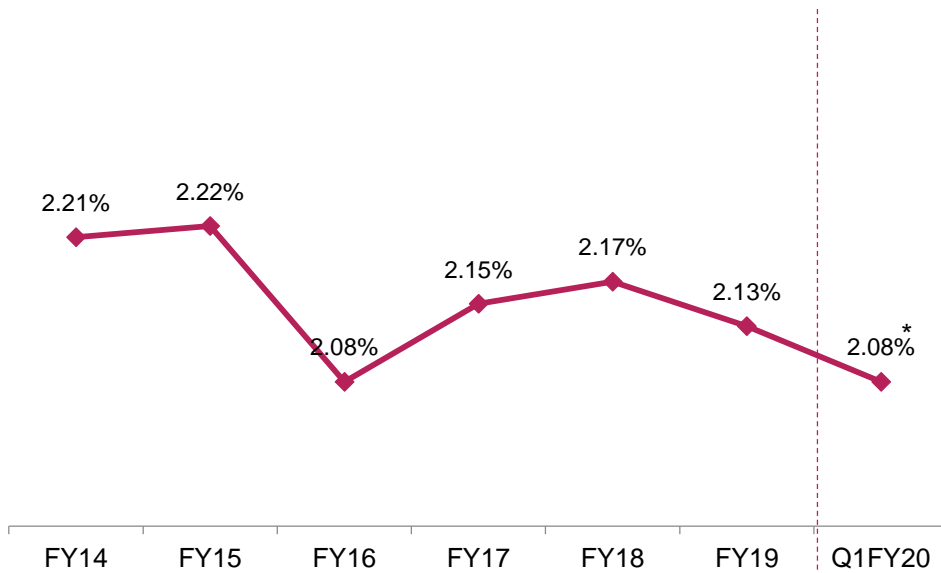
We have also started focusing rigorously on the cost efficiency of our business

All figures in ₹ Crores

Opex to assets ratio moderated even further...

... resulting in widening of positive jaws

Opex to Average Assets

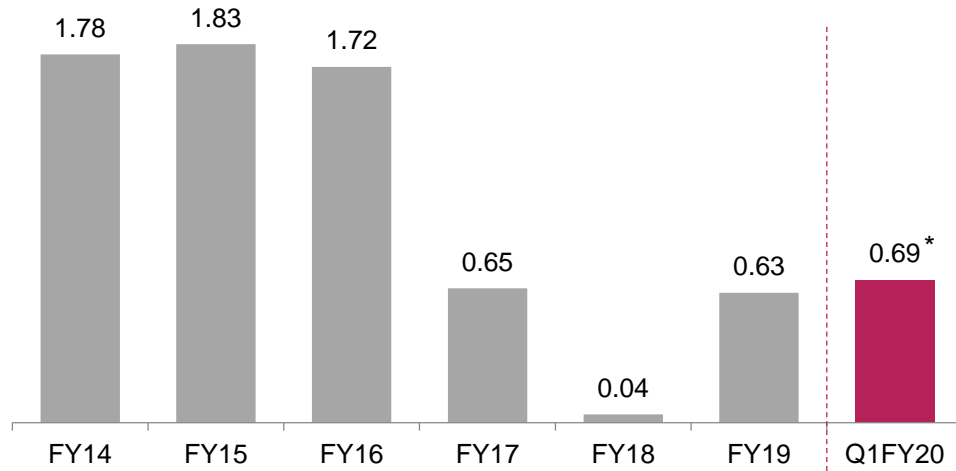


* Q1FY20 figures are annualised

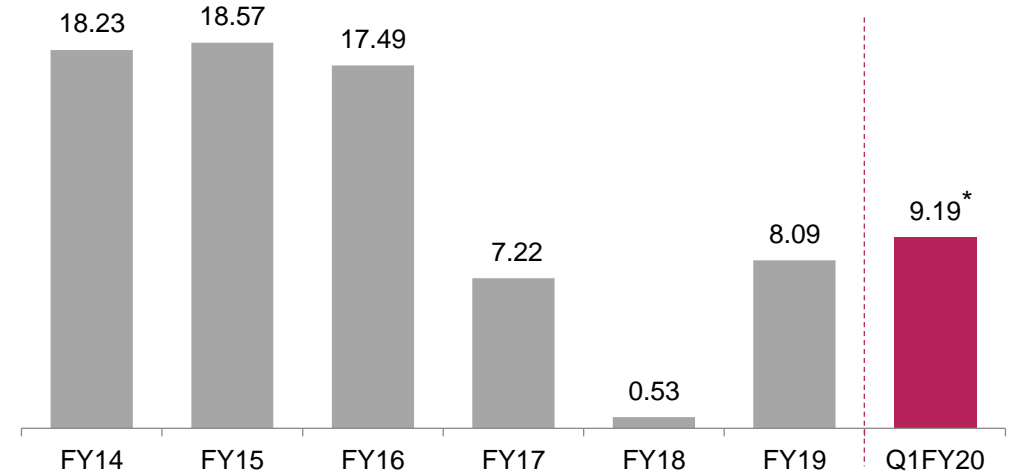
All this has resulted in a slow but noticeable improvement in shareholder return metrics



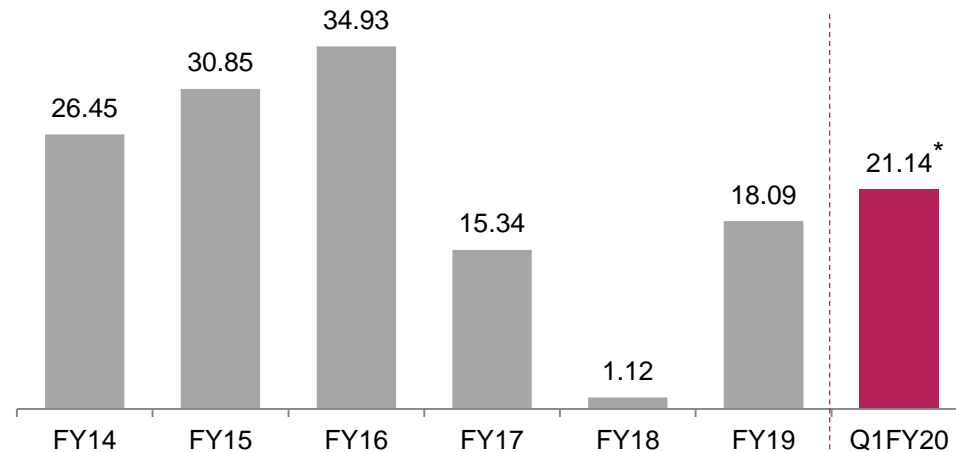
Return on Assets (in %)



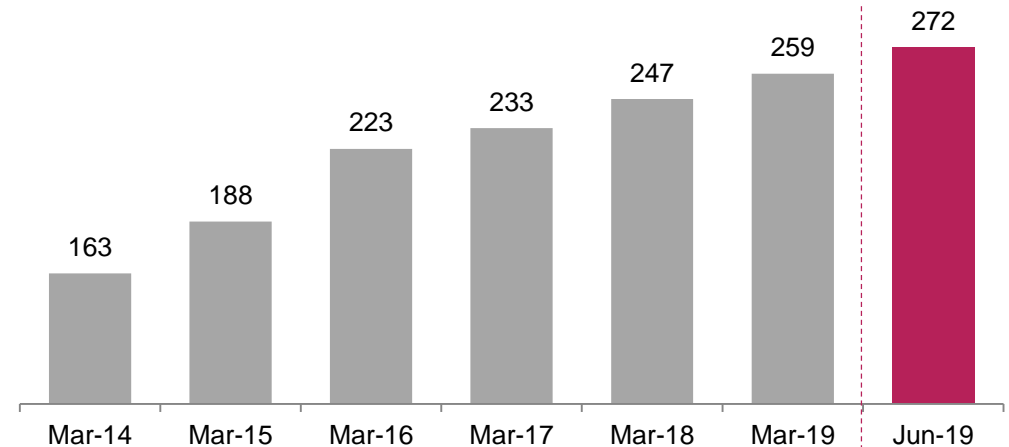
Return on Equity (in %)



Diluted EPS (₹)



Book Value Per Share (₹)



* Q1FY20 figures are annualised

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

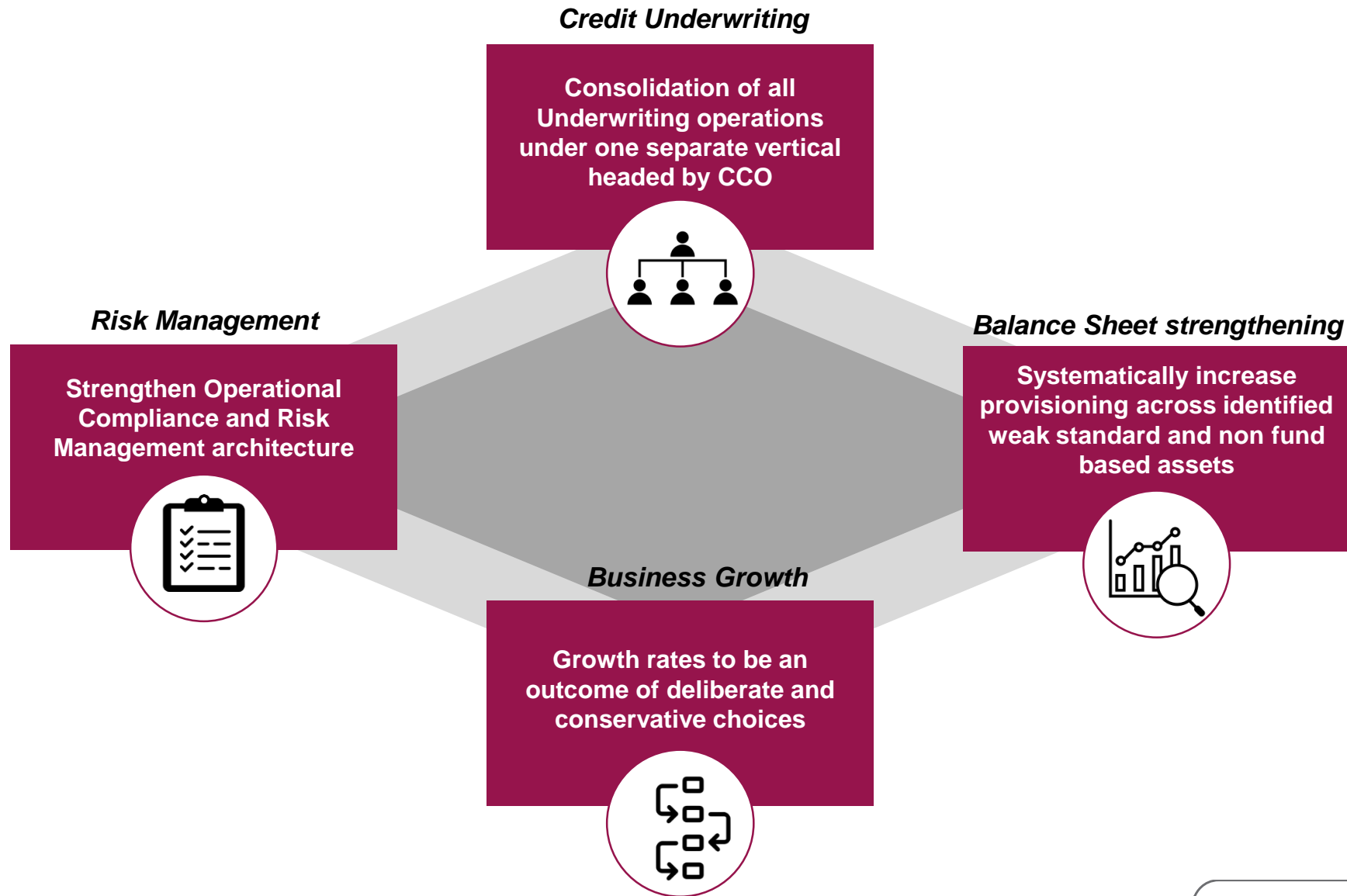
- Optimize business mix
- Improve operating efficiency
- Sweat existing infrastructure
- Reduce credit cost below long term average

Sustainability

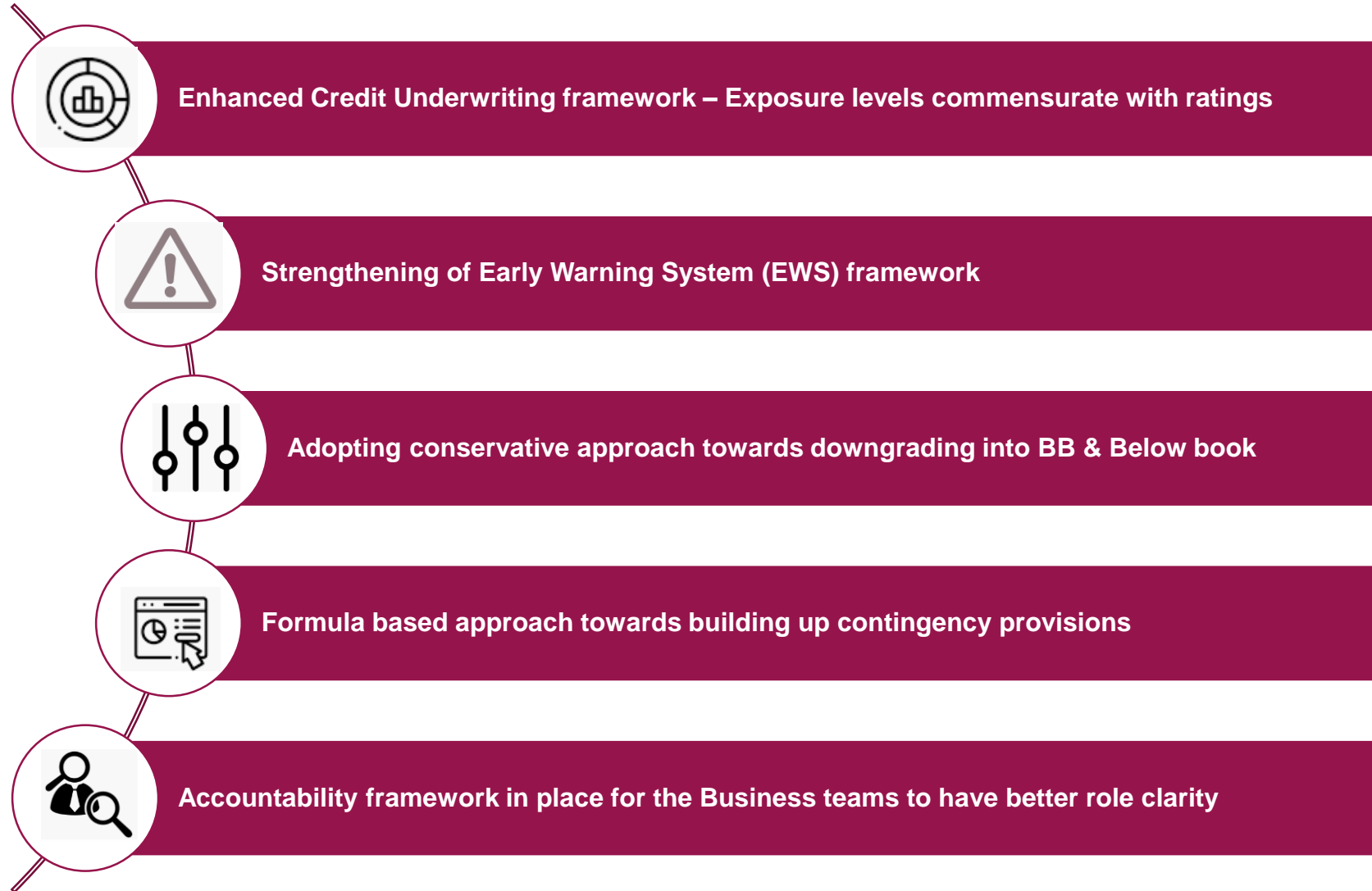
- Strengthen the Core - technology, operations, credit risk and process excellence
- Focus on disciplined execution
- Embed conservatism in the Bank's internal policies and practices

Our goal is to deliver 18% ROE sustainably

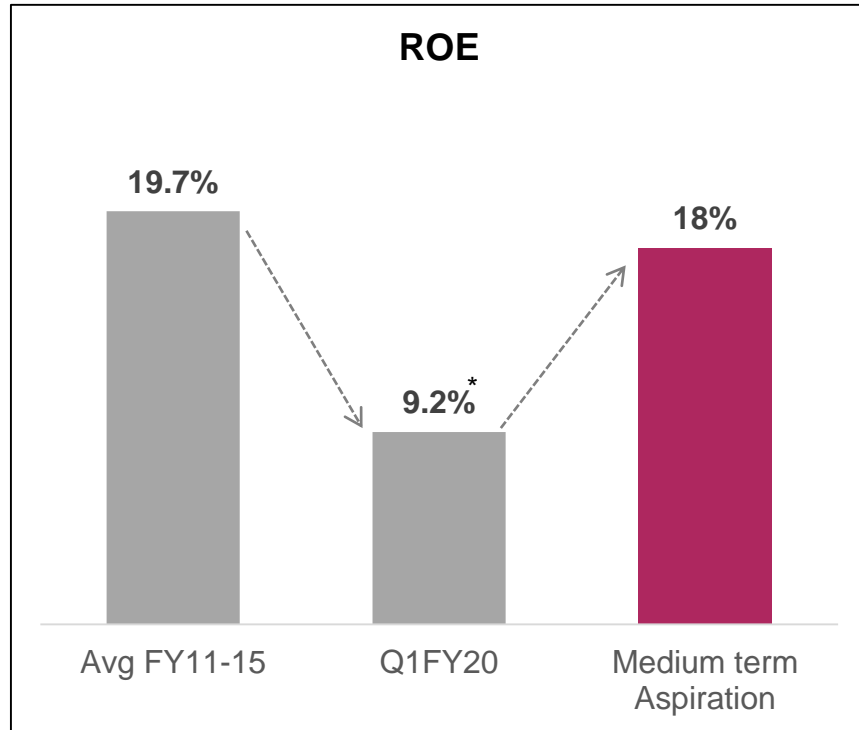
The Bank continues to increase conservatism in all its business choices



Wholesale Credit Underwriting environment at Axis Bank has been decisively reset



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

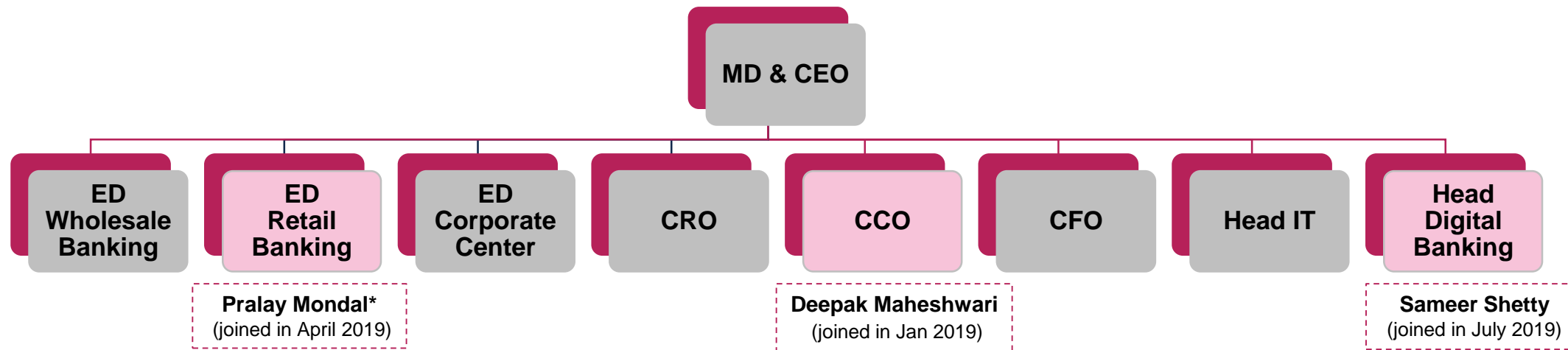


3 drivers of the return to 18% ROE

- 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%

* Q1FY20 figures are annualised

We now have the entire team in place to turn our aspiration into reality in the medium term



Other key positions include

Ravi Narayan joined the Bank as **Head of Branch Banking** in Feb 2019.

Ganesh Sankaran joined the Bank in March 2019 and heads the **Wholesale Banking Coverage Group**.

Narendra Kumar Dixit joined the Bank in July 2019 as **Head of Liability Sales**

Ratan Kesh joined the Bank in April 2019 as **Head - Process Transformation & Service Excellence**

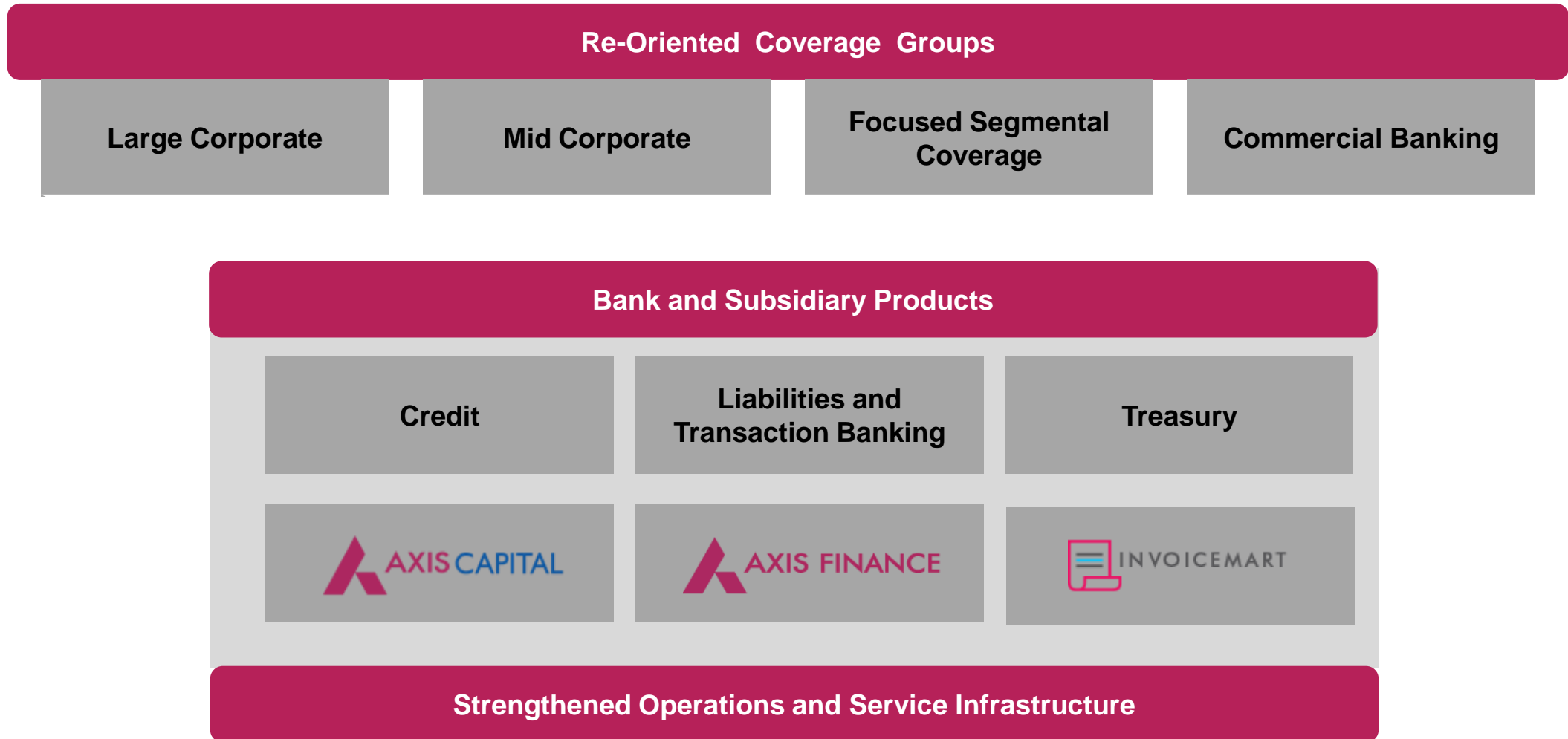
Amit Talgeri joined the Bank as **Head Retail Risk** in April 2019

Neeraj Gambhir joined the Axis family as **Head of Treasury & Markets** in June 2019.

MD & CEO – Managing Director and Chief Executive Officer; ED – Executive Director; CRO – Chief Risk Officer; CCO – Chief Credit Officer; CFO – Chief Financial Officer

* appointed as the ED (Retail Banking) of the Bank with effect from 1st Aug' 2019

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



AXIS CAPITAL

- 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 DIRECT

- 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

- Axis Mutual Fund is among the fastest growing AMC since launch in '09
- Has market share of **4.01%** as at end of June'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 **41%**

AXIS FINANCE

- One of the fastest growing NBFCs with loan book of ₹7,962 crores (as of June'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



In Summary

- **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**
- **The Bank continues to increase conservatism in all its business choices**
- **Amidst tough macro environment, the Bank remains positioned for cautious, conservative and consistent 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



