

Retail Banking Presentation

June 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

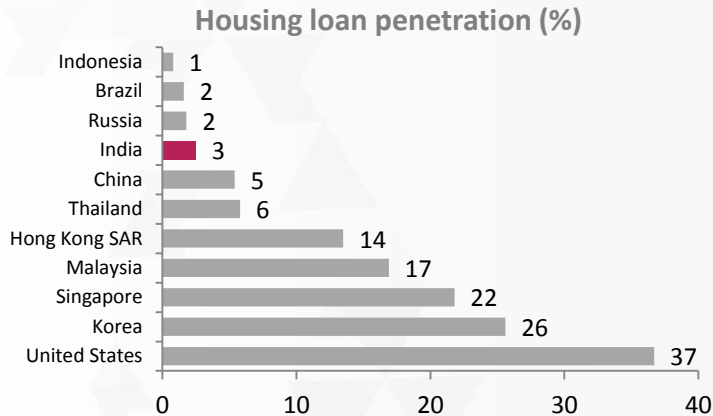
Continued leadership in Payments

Continue investments in Analytics and Digital

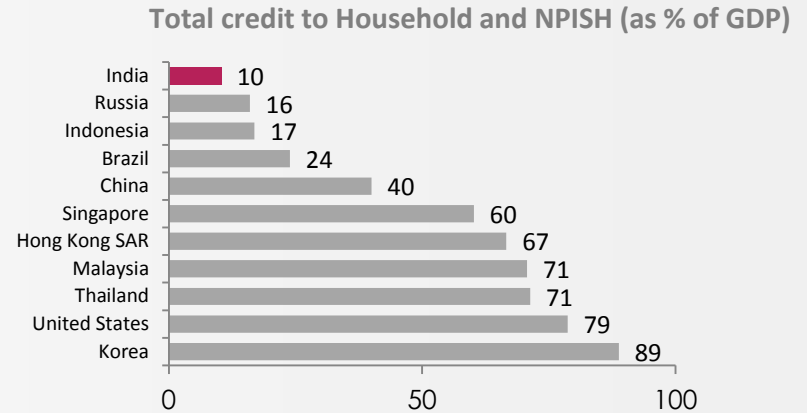
Strong Brand recall

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

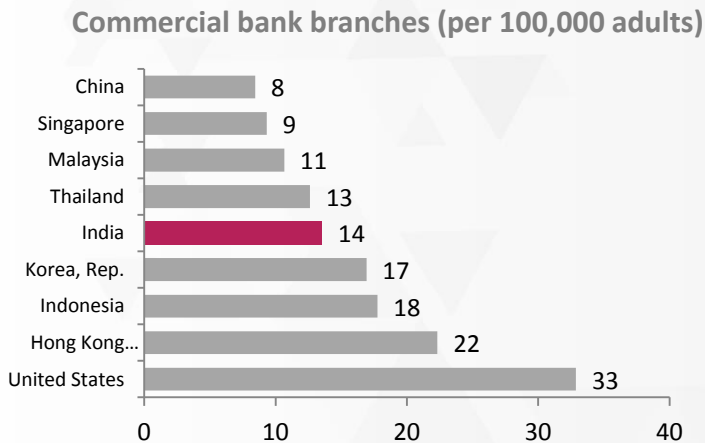
Low Housing Loan penetration



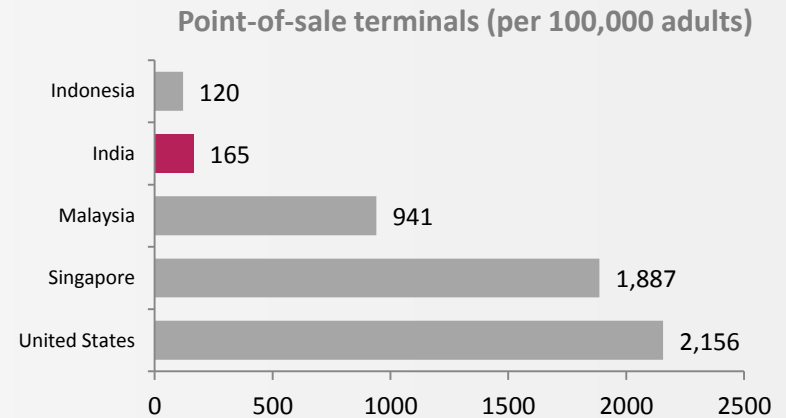
Household debt at very low level



Further potential for branch expansion



Low support infrastructure



Source: World Bank

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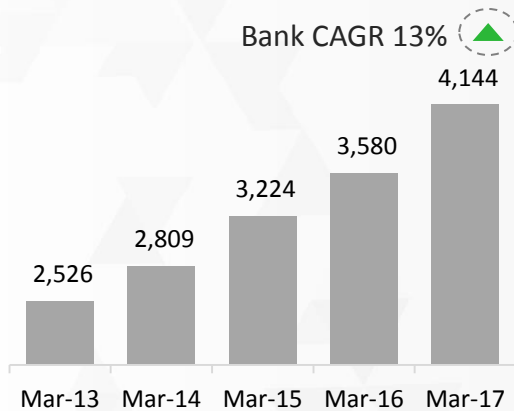
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Strong Brand recall

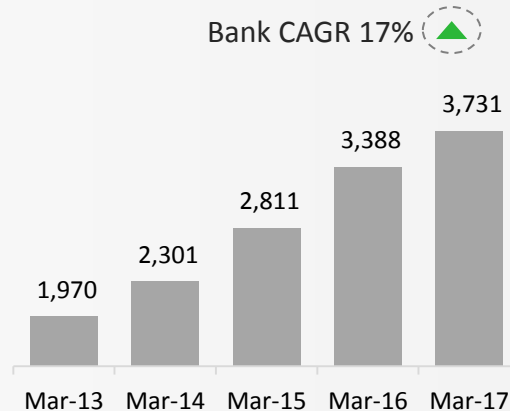
The retail-ization of Axis Bank has been the bedrock of our financial performance...

All figures in ₹ billion

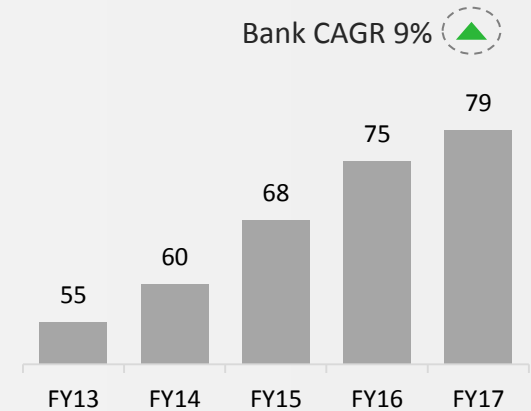
Overall Deposits



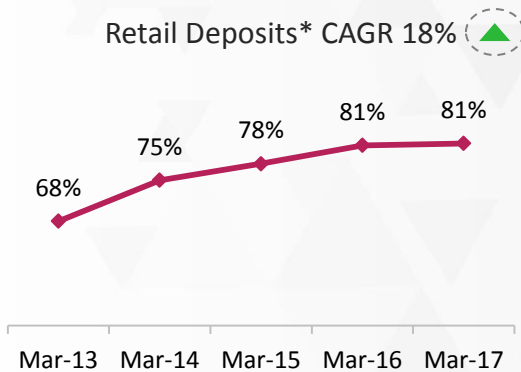
Overall Advances



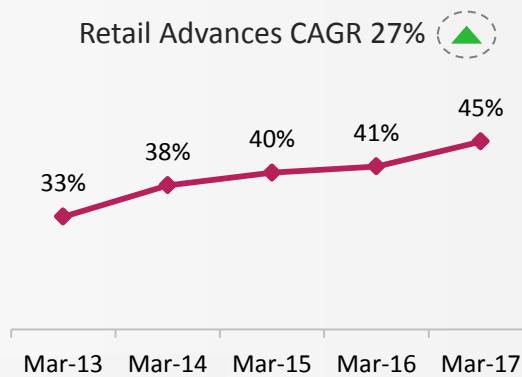
Overall Fee Income



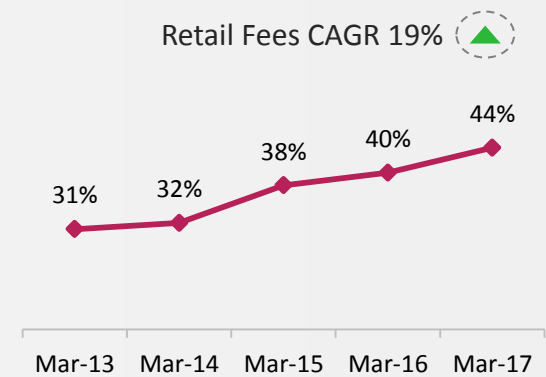
Retail % - Deposits



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.



- Fastest growing AMC since launch in '09
- 10th Largest AMC by AUM
- More than 2.1 Mn investors



- Retail Online Investment platform for Equity, Mutual Fund & Currency
- Fastest growing equity broker in India
- Among top 3 broker in India in total client base



- Loan Against Shares
- Employee Stock Option Financing
- IPO Financing
- Special Situations Funding
- Structured and Mezzanine Financing



- Leading player in Investment banking - Mergers & Acquisitions, IPOs, QIPs, Blocks & Institutional Equities

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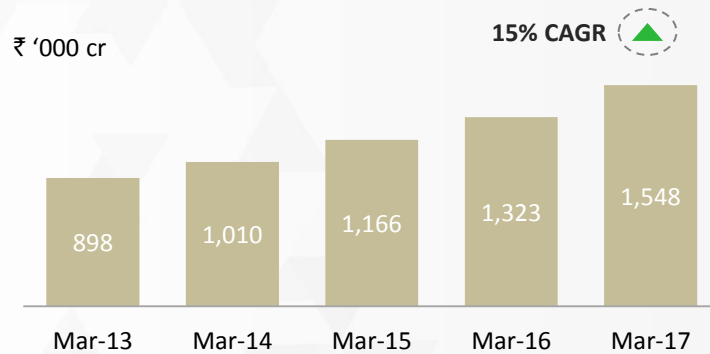
Continued leadership in Payments

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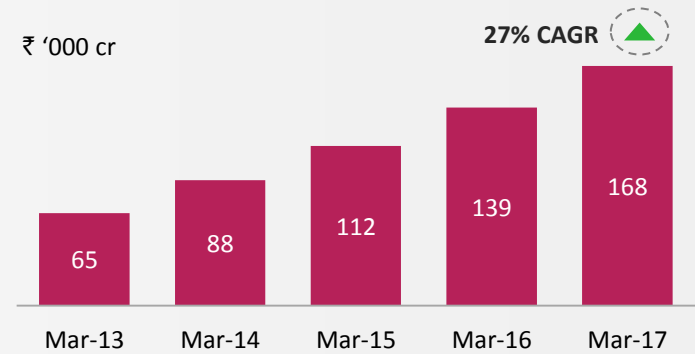
Strong Brand recall

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

Banking Industry Retail Advances



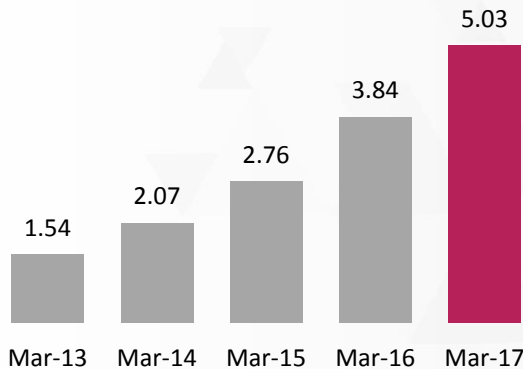
Axis Bank Retail Advances



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

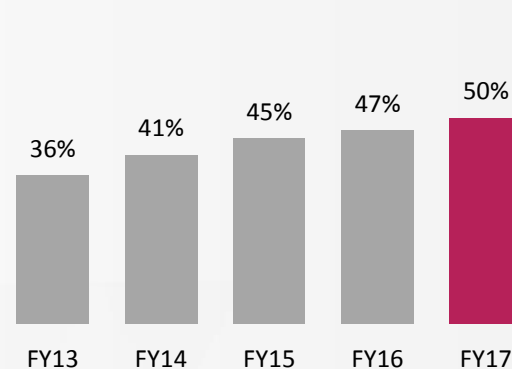
Granular Growth

Customer* Growth (in mn)



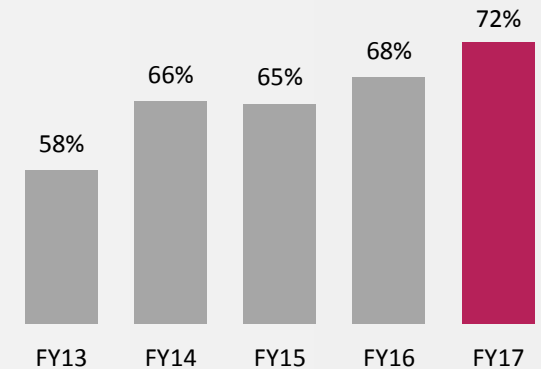
Leverage Branch Channel

% Sourcing through branches



Focus on existing customers

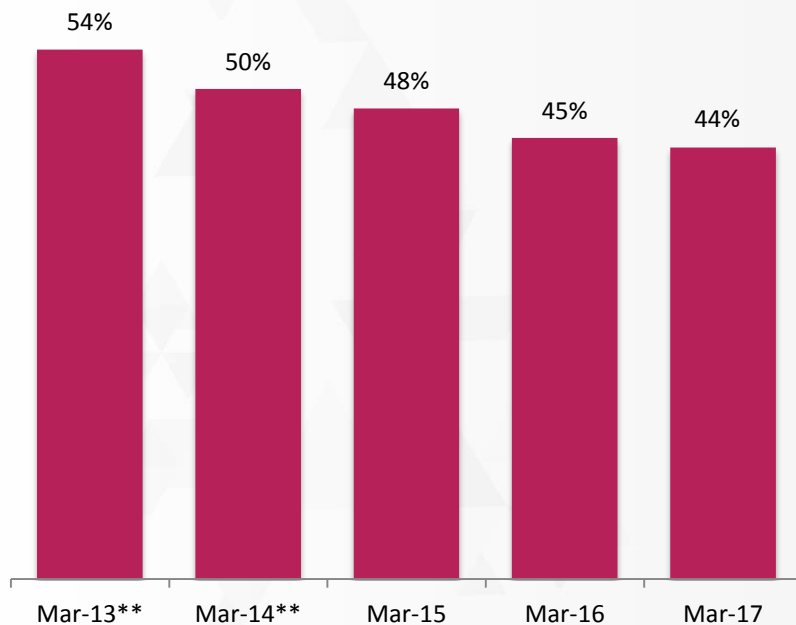
% Sourcing from existing customers



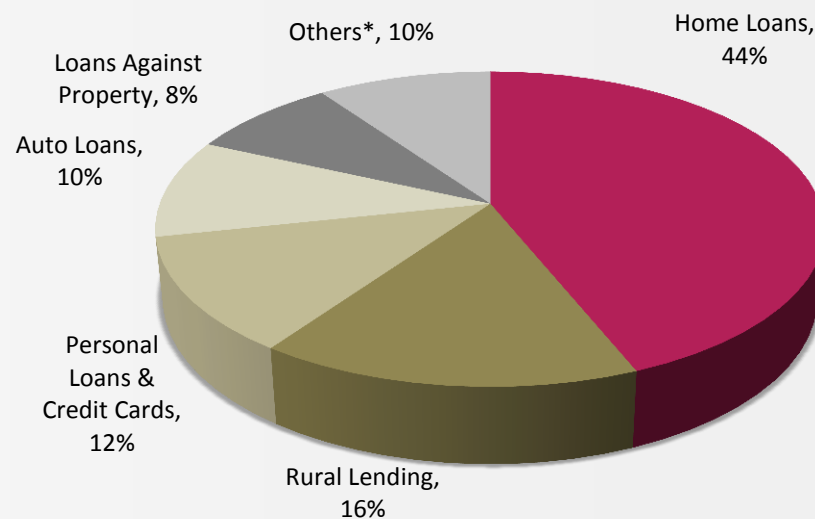
* Include unique customers availing retail loans, rural loans and credit cards

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

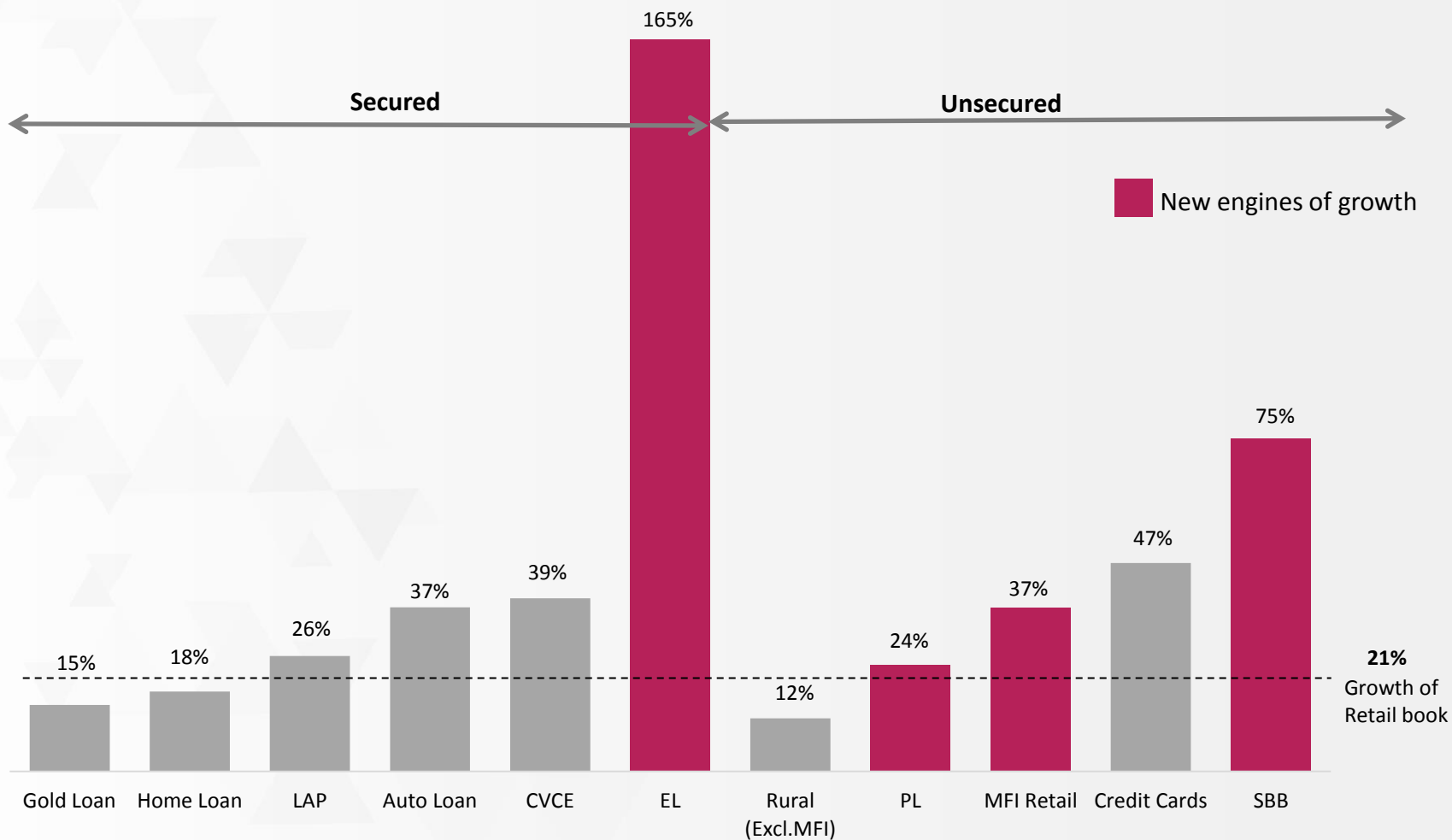
- Portfolio Mix
- Scorecard monitoring

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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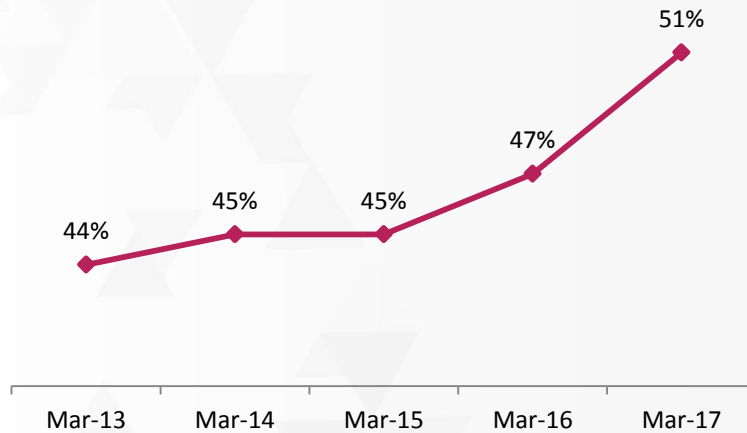
Continue investments in Analytics and Digital

Strong Brand recall

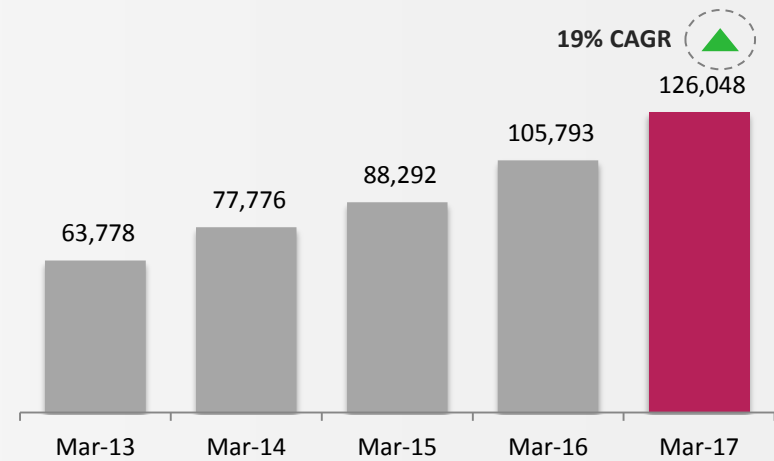
Deposit franchise continues to remain healthy

All figures in ₹ Crores

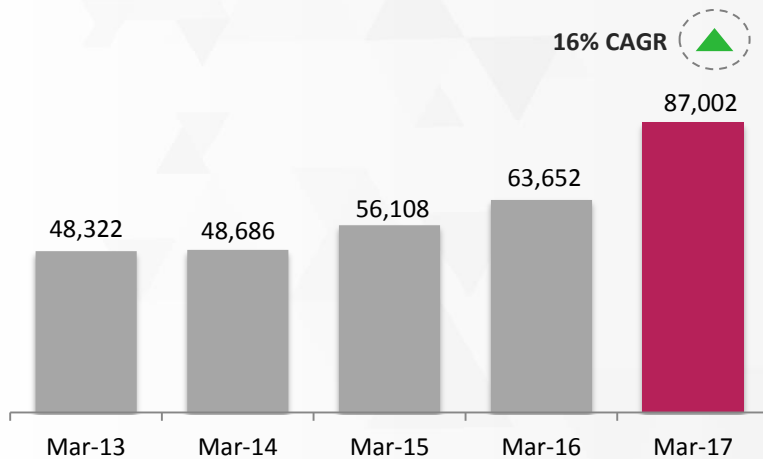
CASA ratio amongst the best



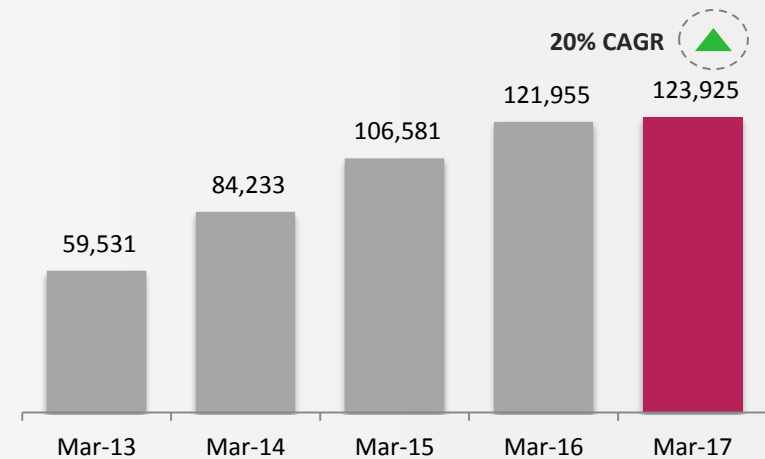
Savings Account Deposits



Current Account Deposits

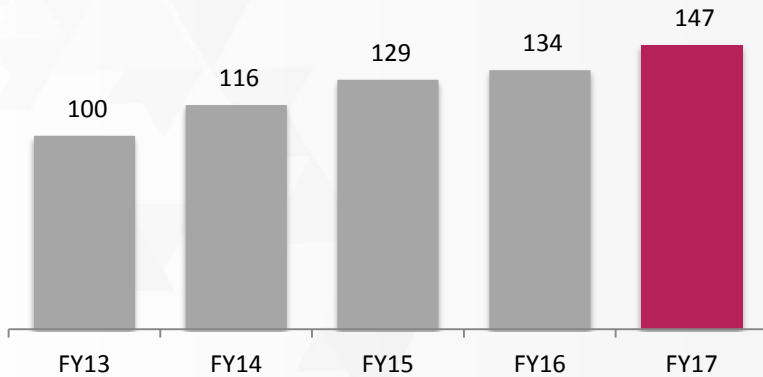


Retail Term Deposits



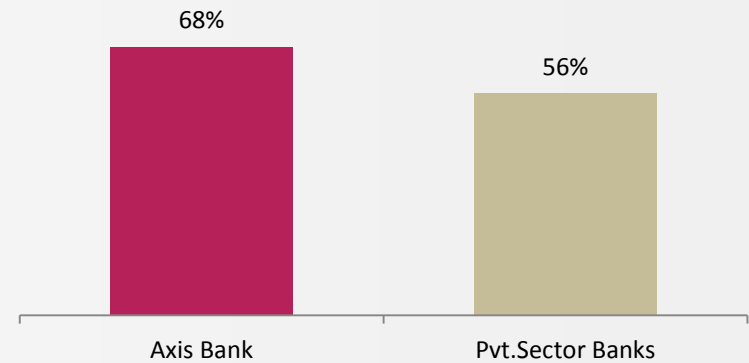
Investment in the 'quality' of the book has led to strong and granular savings book growth

Average SA Balance / Account



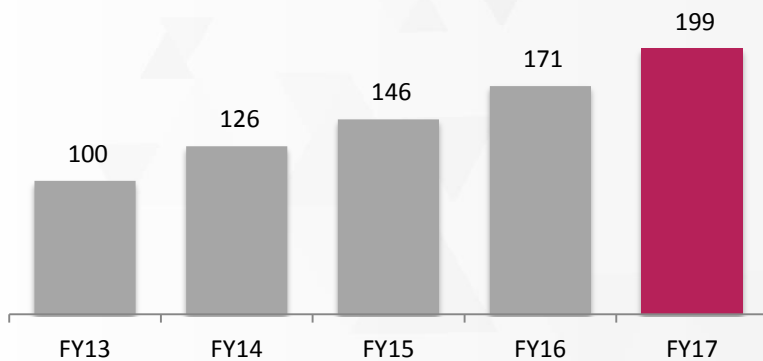
Indexed to FY13

Transaction Activity Rate*



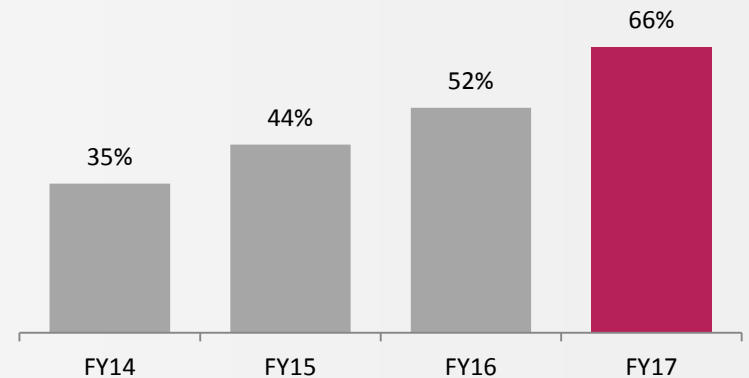
* Defined as atleast 1 customer induced transaction in 6 months
(Source – 2016 FIBAC banking industry survey conducted by IBA & BCG)

Products per Customer



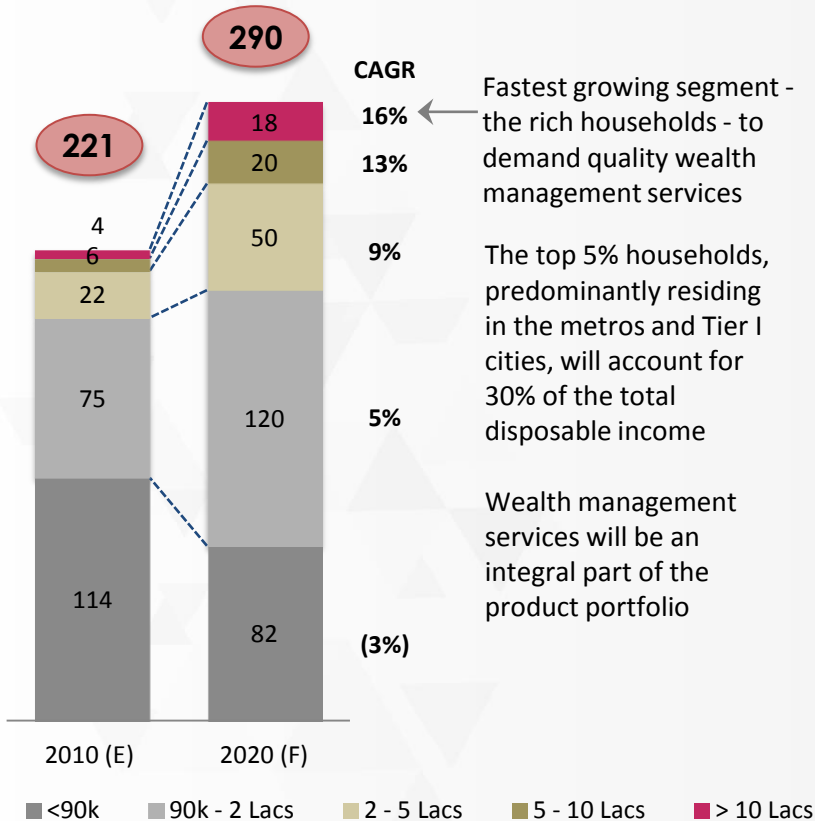
Indexed to FY13

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

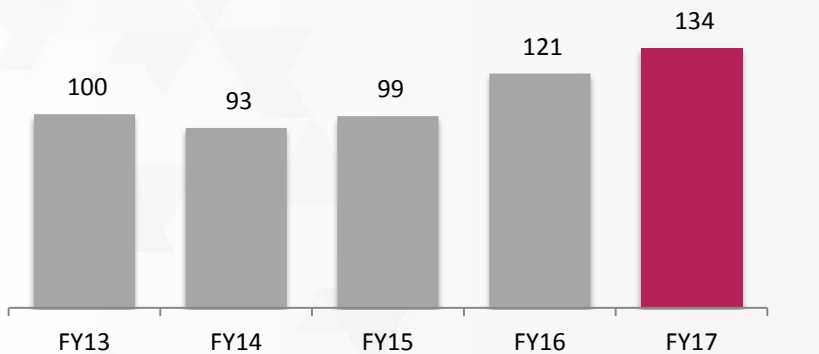


37%

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

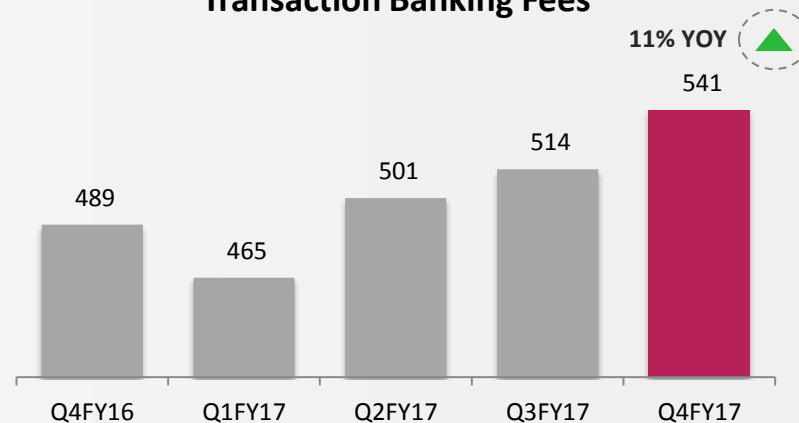
in ₹ cr

Average CA CDAB / Account

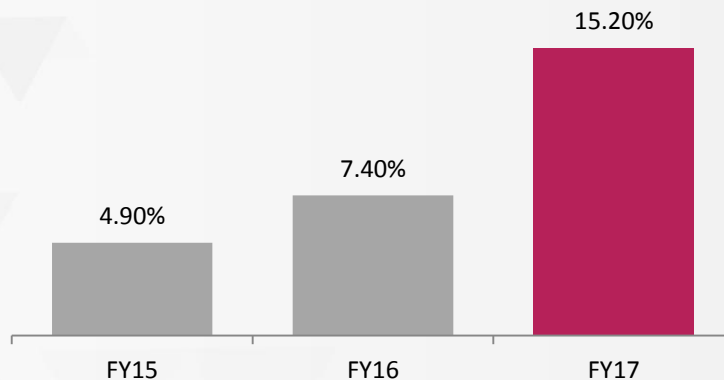


CDAB – Cumulative Daily Average Balance

Transaction Banking Fees



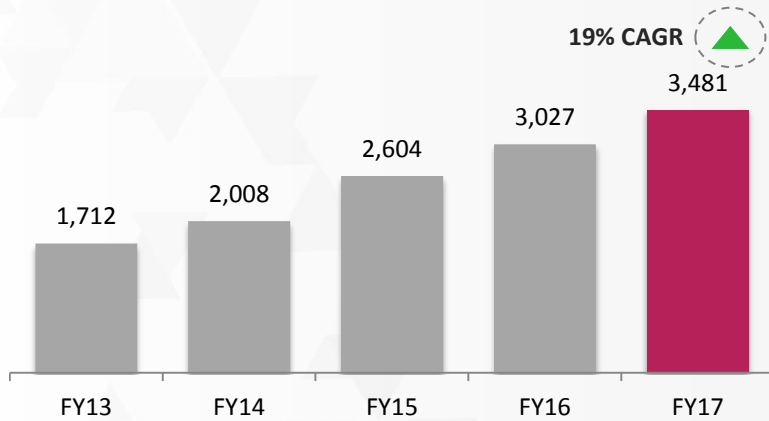
Mobile banking penetration



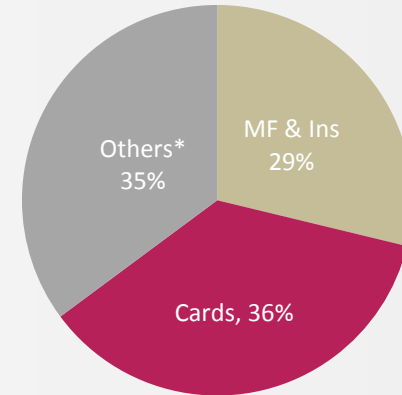
Retail fees remain granular driven by Cards & Investments

All amounts in ₹cr

Retail Fees

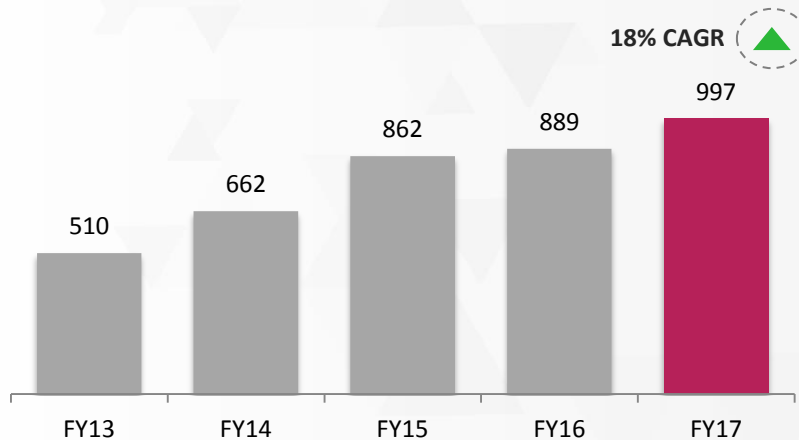


Retail Fee Mix (FY17)

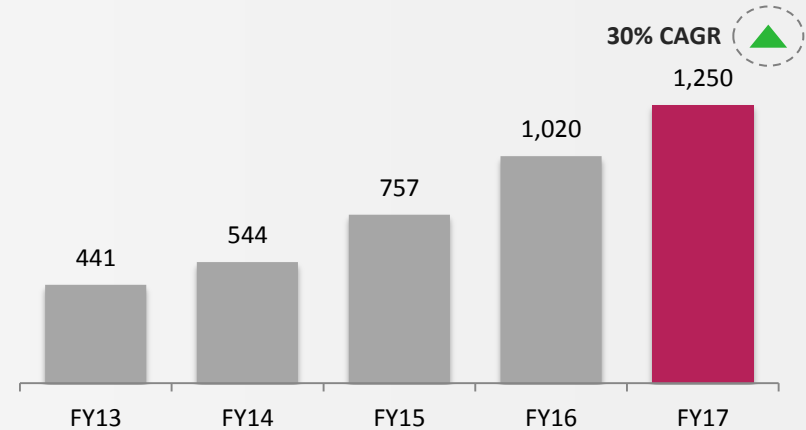


* Includes other retail assets and liability products

MF and Insurance Distribution Fees

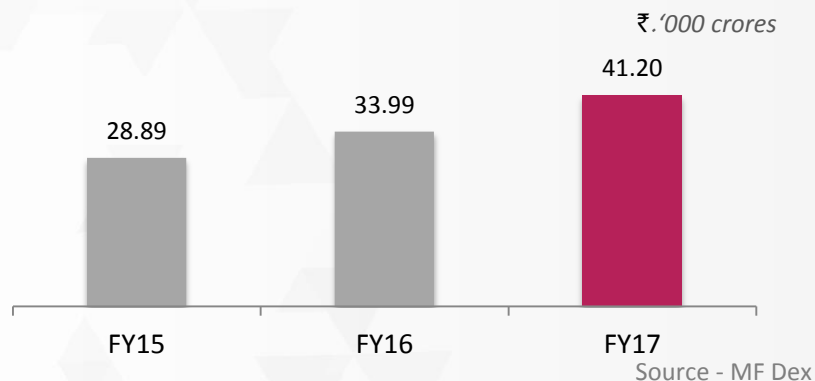


Card Fees



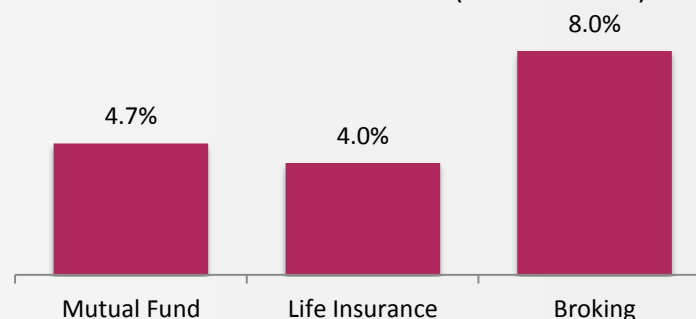
Axis Bank is now amongst the leading players in the financial savings and investment industry

Distributor MF AUM - 2nd highest in industry

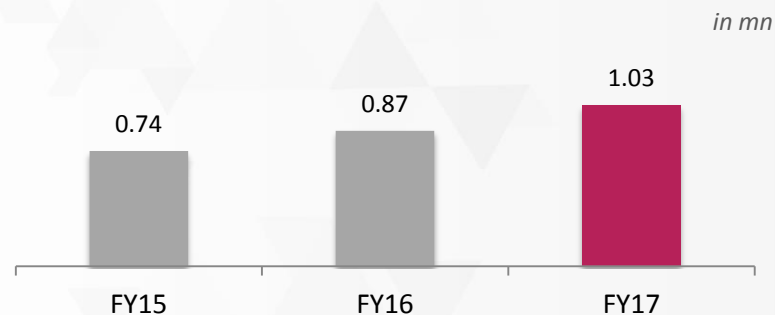


Huge Upside Potential

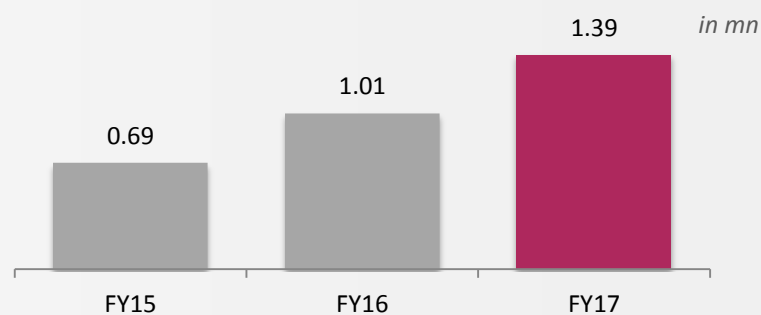
Current Product Penetration (SA customers)



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 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

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



3rd Largest Private Sector Bank

3,304
Branches

14,163
ATMs

1,946
Centers

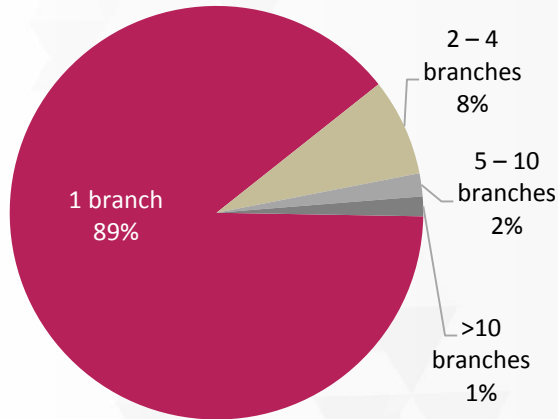
5th Savings & Current Deposits

5th Retail Advances

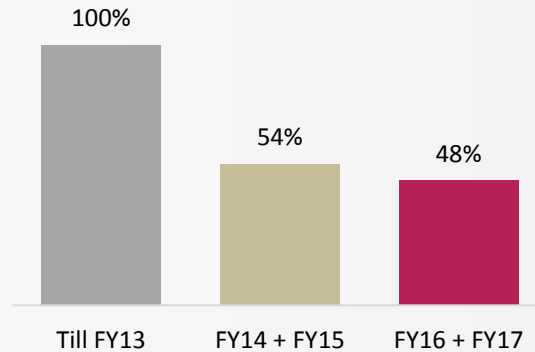
4th Credit Cards

We will continue to invest in branches...

Branches per location

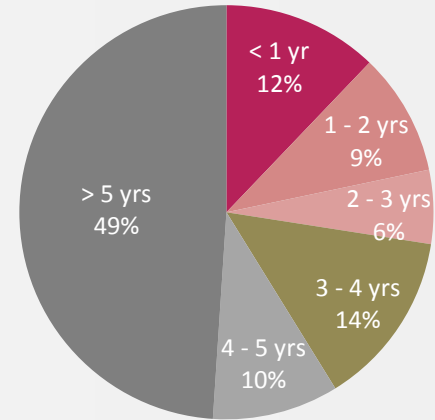


Branch Area Trends



Branch area indexed to area till FY13, excludes unbanked branches

Branch Vintage Classification



Immense potential to improve branch density

Smaller sized branches

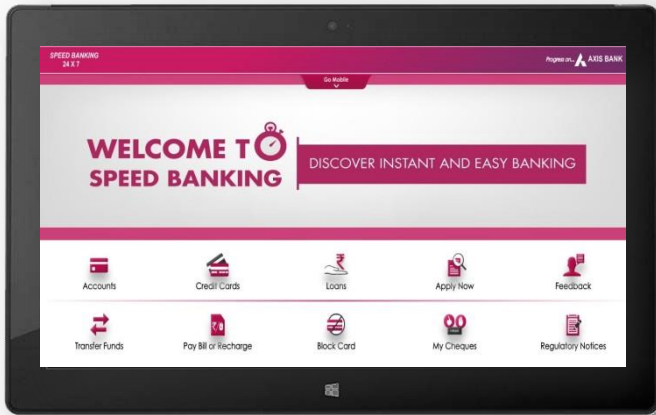
27% branches with vintage less than 3 years, 63% of these are in Metro & Urban

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'...



A platform to conduct financial and non-financial services to branch walk-in customers



Reduced Queue lengths at bank branches



Instant & Easy transactions



CSOs can pay more attention to Sales



Capture Customer feedback instantly

Corporate eLobbies and Branch eLobbies



- 1 ATM
- 2 Recycler
- 3 SpeedBanking Kiosk
- 4 Passbook Printing Kiosk
- 5 Cheque Deposit Kiosk

... 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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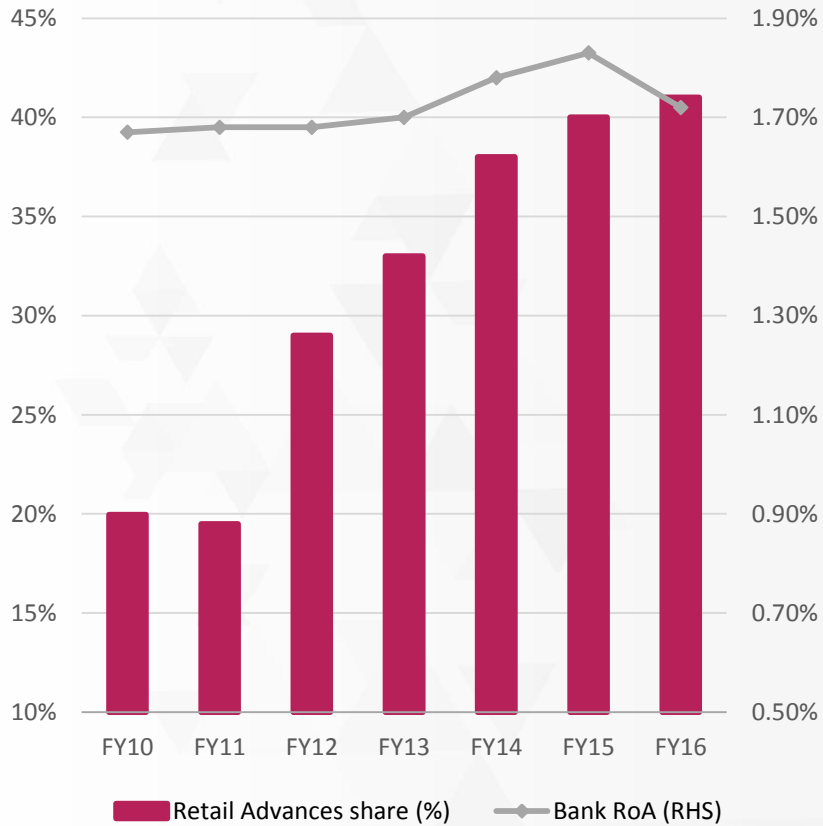
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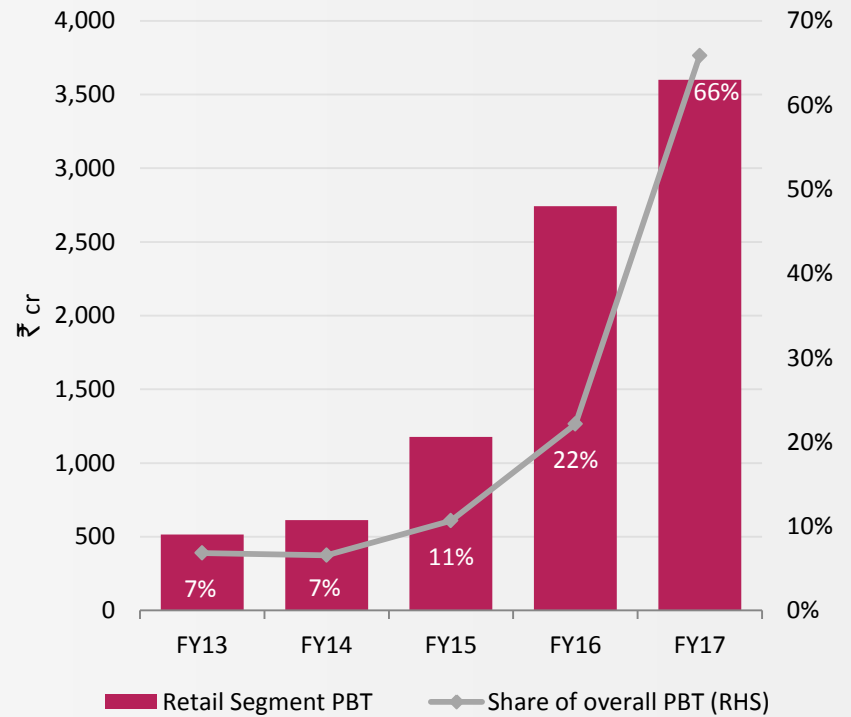
Strong Brand recall

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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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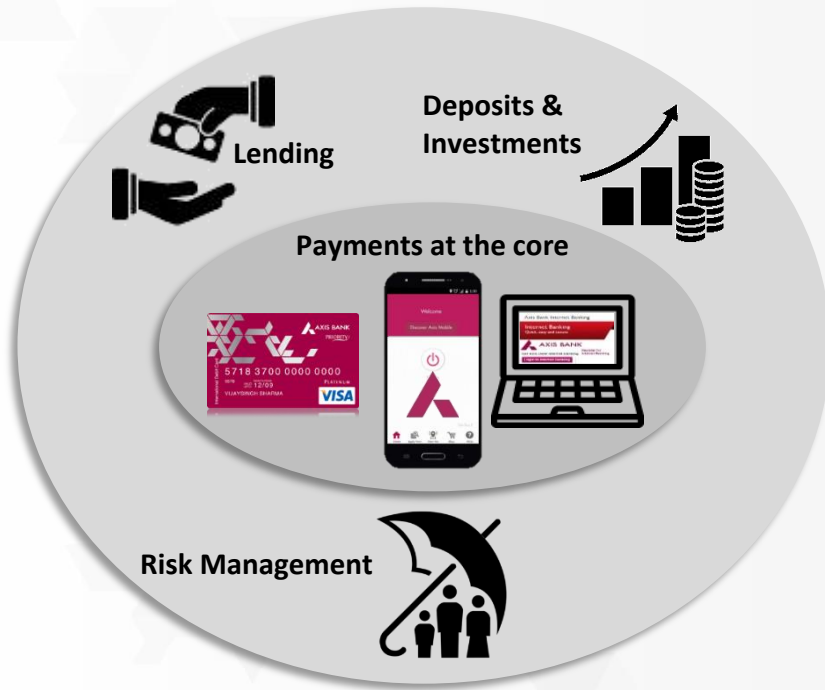
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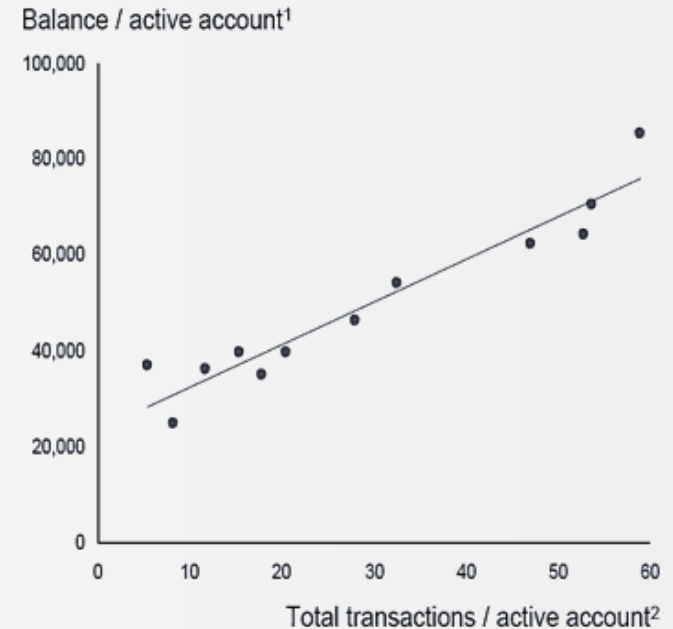
Continue investments in Analytics and Digital

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

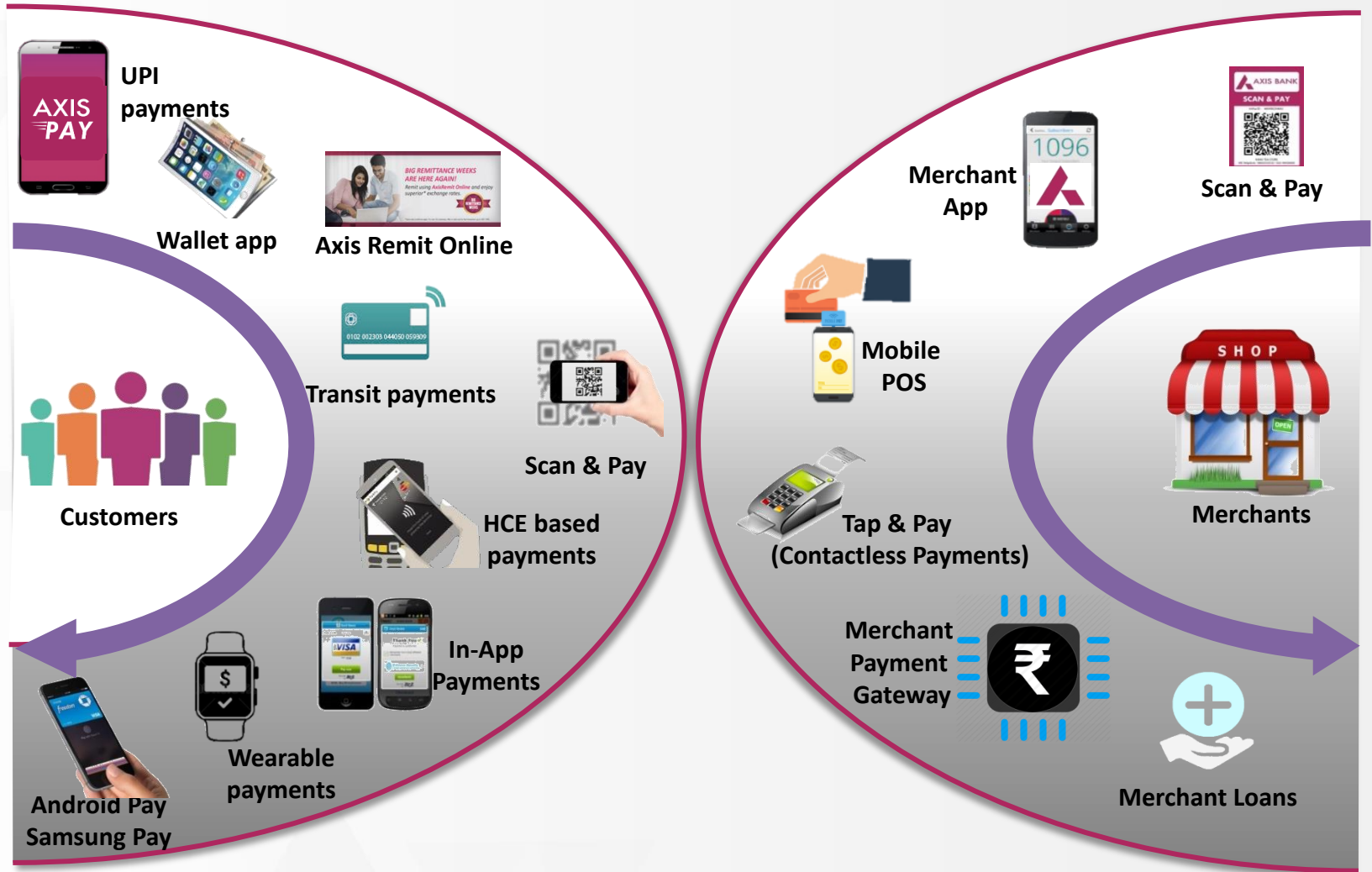
Transactions drive balances and consequently market shares

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

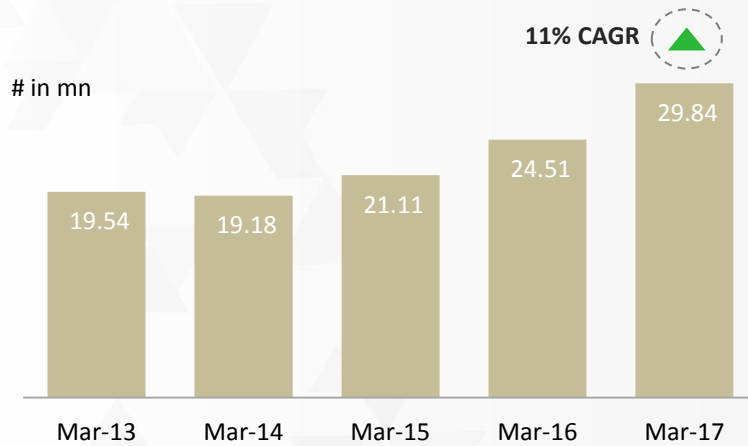
... and we offer multiple solutions for both customers and merchants



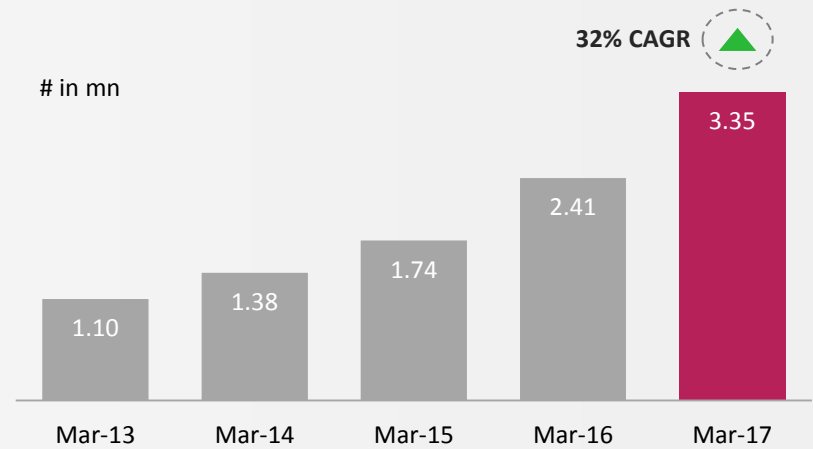
UPI – Unified Payment Interface
HCE – Host Card Emulation
POS – Point of Sale

We are the 4th largest credit card issuer in India

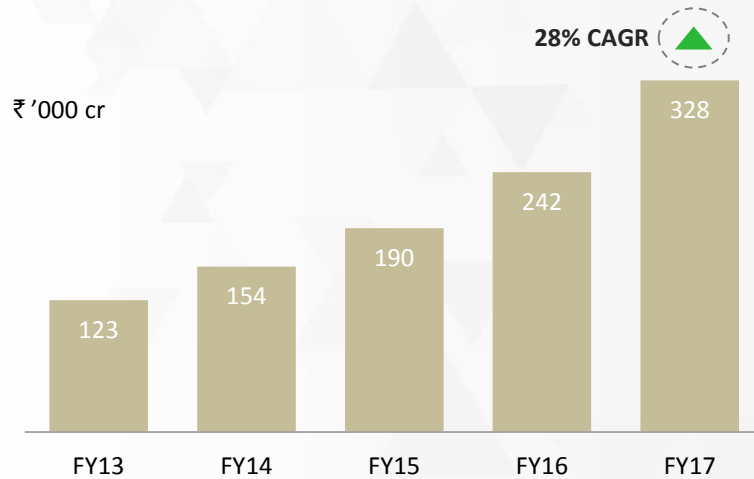
Industry Credit Cards



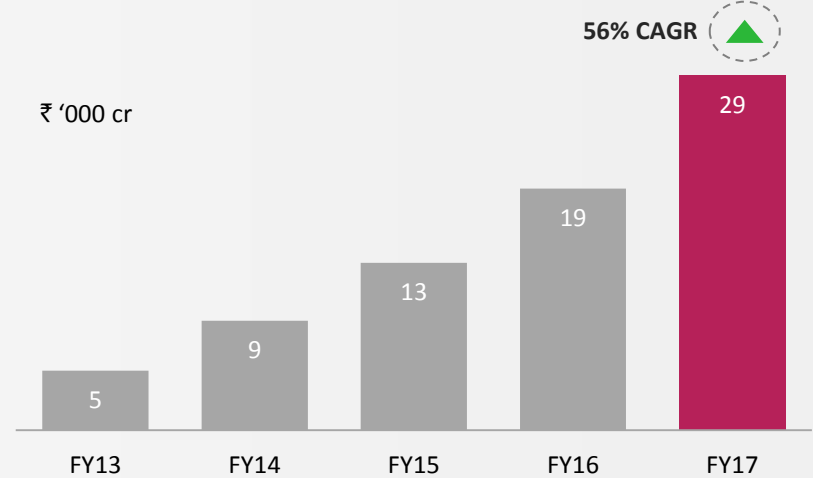
Axis Bank Credit Cards



Industry Credit Card Spends



Axis Bank Credit Card Spends



Source – RBI

We are also enabling a less-cash India



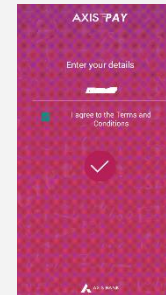
#2 in card acceptance industry with an overall installed base of **433,000+** terminals

Samsung Pay



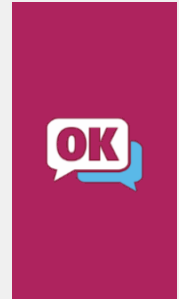
- Enabled for Credit & Debit Card across Visa & Master
- 63,000+ registered cards

Axis PayUPI



- Partnered with Govt; Among first to launch
- Over 3 million downloads
- 8.5 Lakh VPAs across apps

Axis OK



- No internet connectivity required
- Available in 6 languages
- Get balance and recharge

Kochi Metro



- Automated Fare Collection system
- 1st time “open loop” smart cards used in metro

BMTC



- India's first prepaid transit card with shopping at over 1.3 million merchant outlets

FASTag



- Electronic toll collection program
- Implementing in over 350 toll plazas

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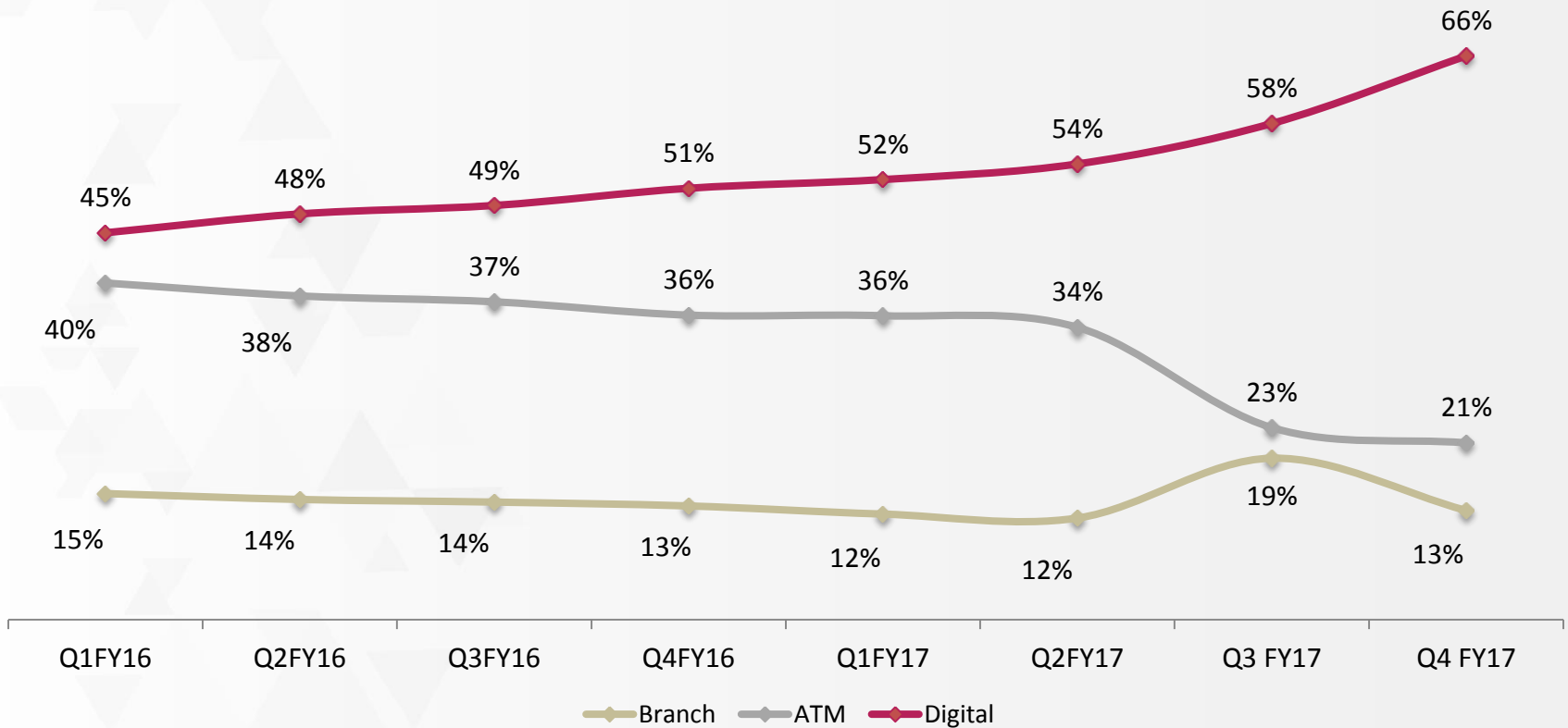
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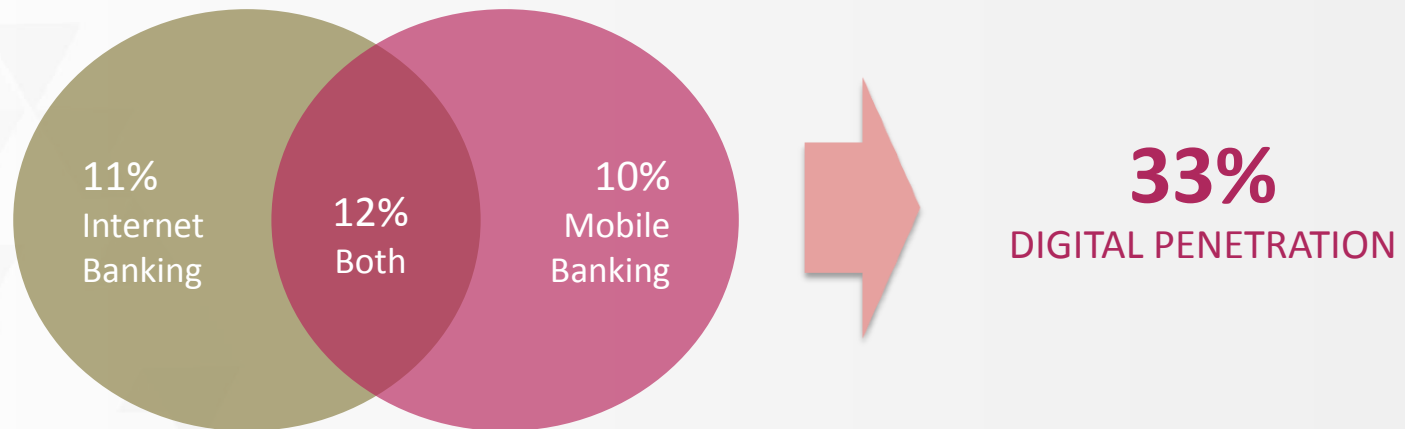
Our customers are going digital...

Customer Transaction Trends



Based on all financial transactions by individual customers

... at a continuously accelerating pace



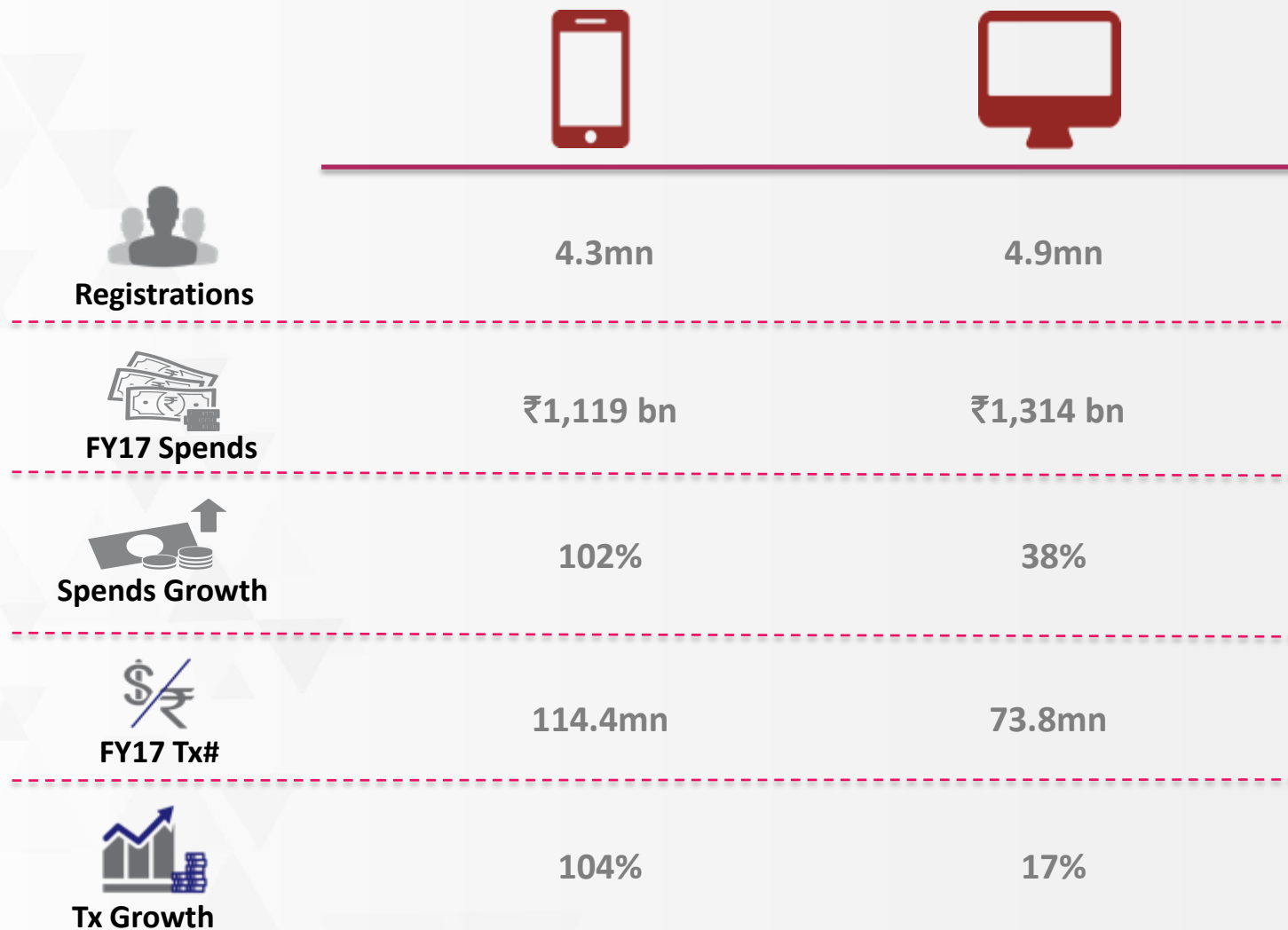
Axis Mobile



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

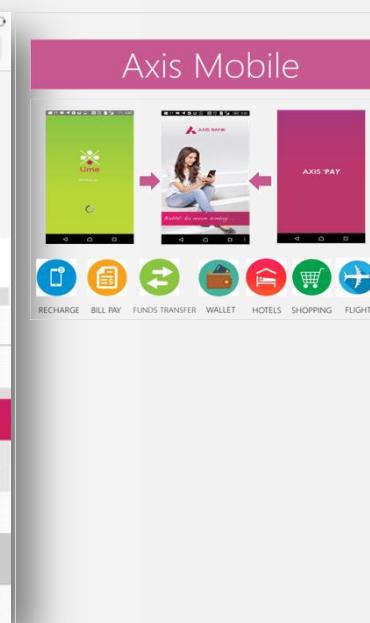
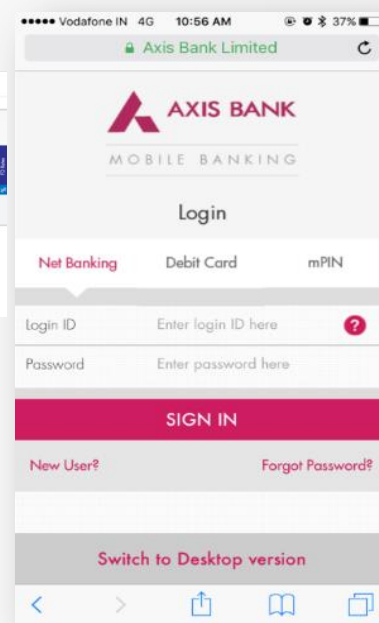
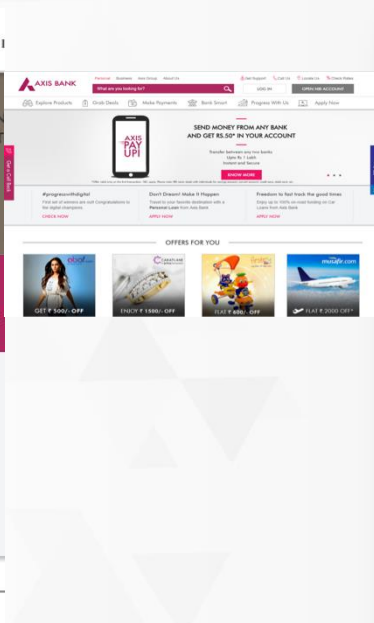
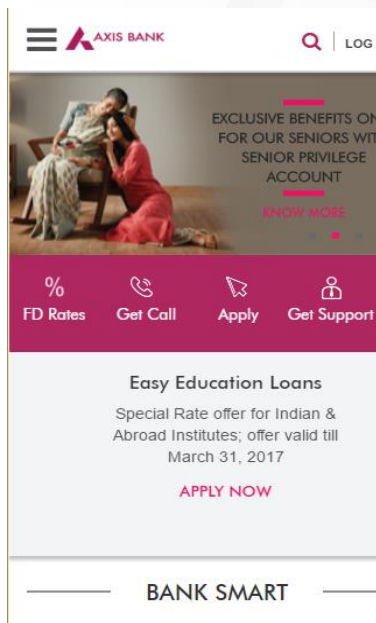
Responsive* Public Website

Internet Banking For Desktop

Internet Banking For Mobiles

Mobile App For Smartphones

Mobile App For Feature Phones



* 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...



We are creating partnerships in the ecosystem towards co-creation

Startup Collaboration

4 FinTech demo days
35+ startups presented`

Payments & Mobile
hackathon 14 prototypes

Analytics & Digital
Hackathon
10 prototypes, 2 winners

Governance & Management

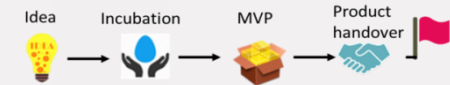
4 External Tech
Advisors
Innovation Think Tank



Accelerator



- 6 Fintech Startups selected



In-House Incubator

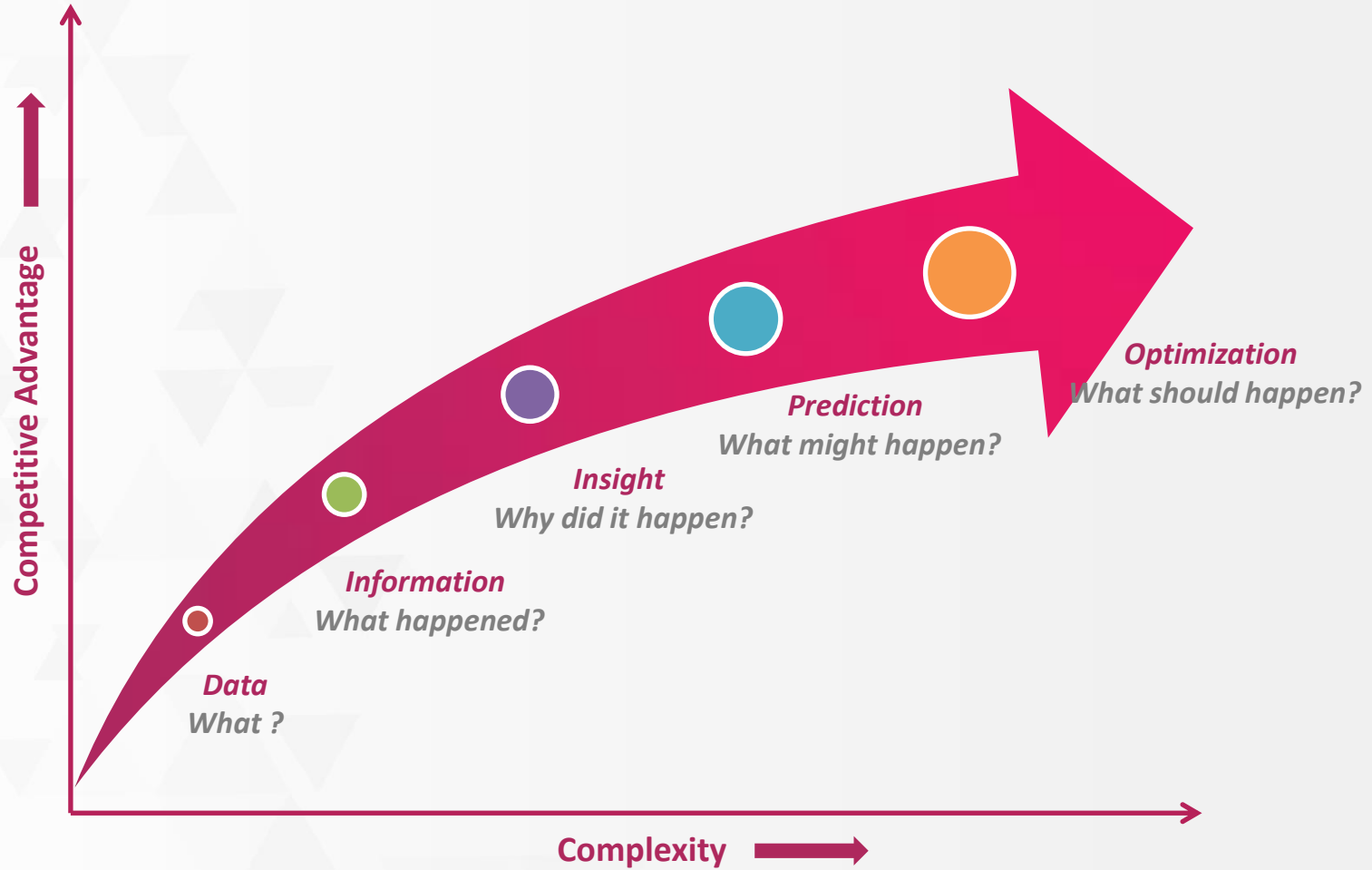
- 12 intrapreneurs - 2 hired through #hack4Hire
- POCs across AI/Deep learning, Payments, Lending, Digital
- Tie-ups VISA, OCBC Bank, IIT B, IIT M, IIT K

Axis Amazon Social



- More than 40 startups have worked out of the space
- Hosted 35 community events

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



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

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

Amongst Top10 most valuable brands in India



Ranked #2 in Forrester's Customer Experience Index - Indian Banks, 2016



FORRESTER®

Amongst Top3 Most Trusted Banks - ET
for 3 years in a row



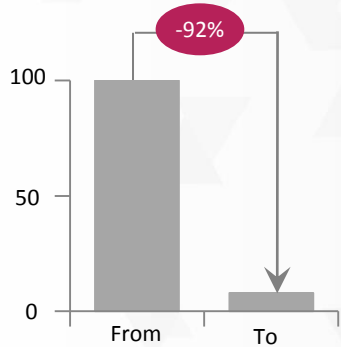
Amongst Top 75 safest banks in the world

The Banker

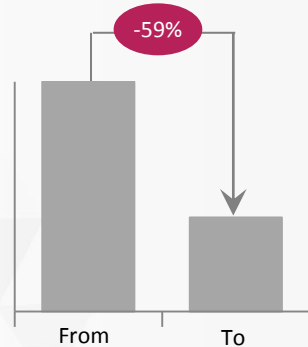
We have invested in digitizing key processes and have seen a clear downtrend in product complaints

Turnaround times

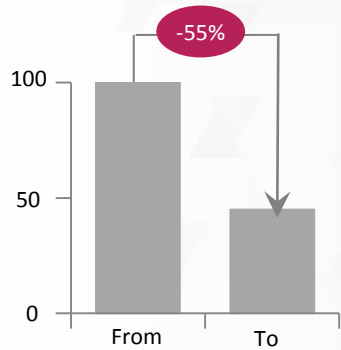
Savings A/c opening



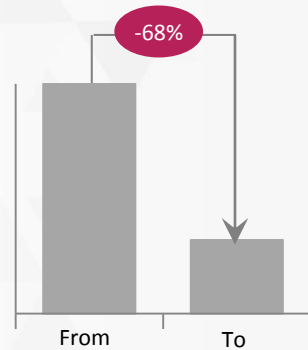
Remittance



Credit card opening



Home loan disbursal

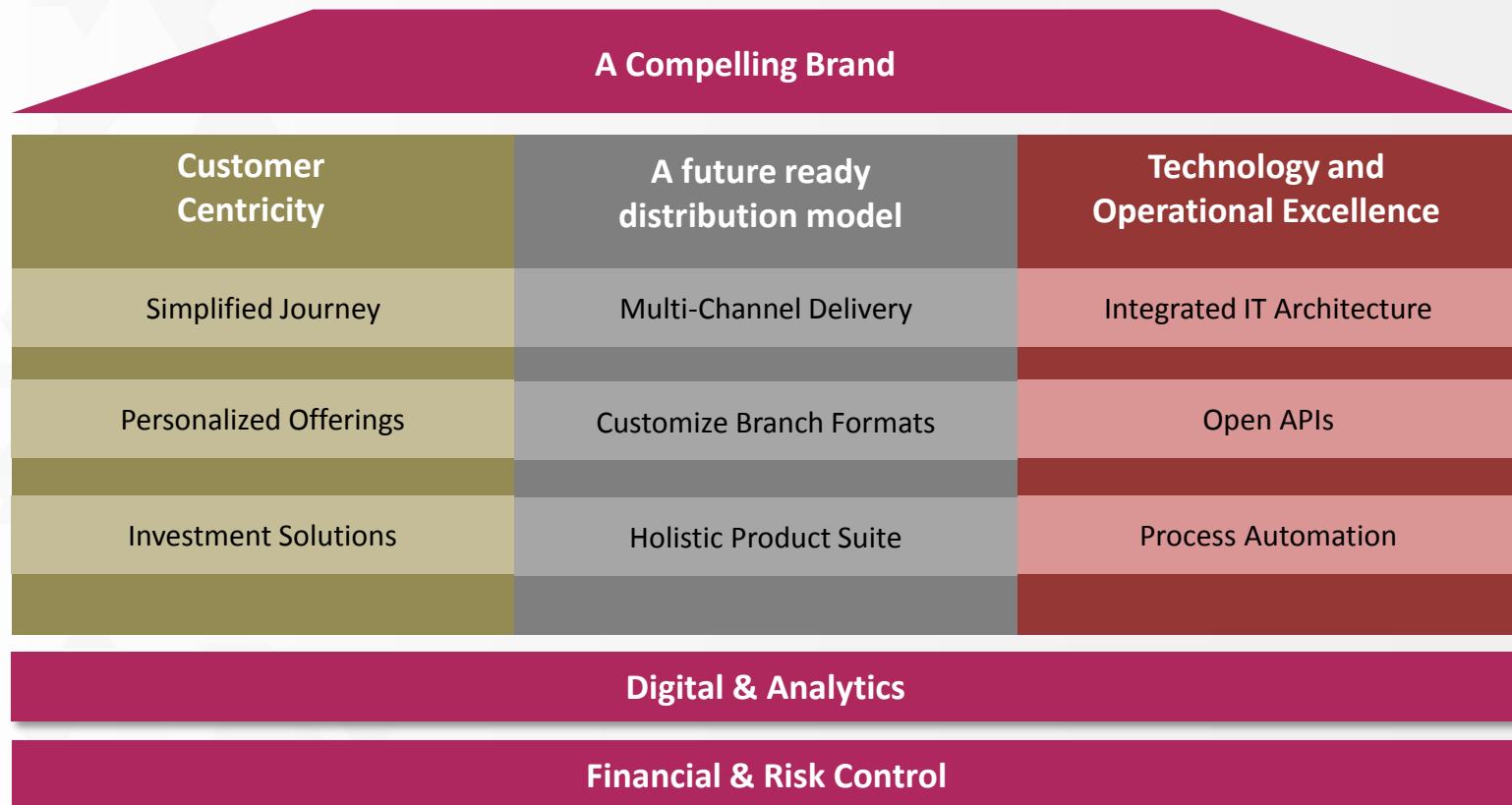


Significant reduction in TAT was achieved by the Bank under its Project named "Pratham"

Product Complaints



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



Thank You