

AXIS/CO/CS/582/2022-23

March 1, 2023

National Stock Exchange of India Limited
Exchange Plaza, 5th Floor
Plot No. C/1, "G" Block
Bandra-Kurla Complex
Bandra (E), Mumbai – 400 051

BSE Limited
1st Floor,
P. J. Towers,
Dalal Street
Fort, Mumbai – 400 001

NSE Symbol: AXISBANK

BSE Scrip Code : 532215

Dear Sir(s),

Sub.: Update on acquisition of business undertakings- Press release and presentation

We refer to our letter No. AXIS/CO/CS/580/2022-23 dated March 1, 2023 intimating regarding acquisition of the Citibank's India Consumer Business from Citibank N.A. (acting through its branch in India) and the NBFC Consumer Business from Citicorp Finance (India) Limited.

In this regard, we wish to inform you that the purchase consideration has been settled. Further, the press release and presentation are also enclosed.

This is for your information and records.

Thanking You.

With warm regards,

For Axis Bank Limited

**Sandeep Poddar
Company Secretary**

Encl: as above

Press Release

Axis Bank completes acquisition of Citibank India's consumer businesses in India; strongly positions Axis Bank for accelerated premium market share growth

Key Highlights:

- **Axis Bank consolidates its position amongst the large private lenders by acquiring Citibank's consumer businesses in India - covering loans, credit cards, wealth management and retail banking operations, in line with its growth ambitions**
- **Acquisition completed in an accelerated timeframe - has been carried out in 7 months post receipt of CCI approval**
- **Total purchase consideration (subject to customary & contractual adjustments) of INR 11,603 Cr***
- **The acquisition has strengthened Axis Bank's market position:**
 - **High-quality credit card portfolio of 1.8 Mn+ cardholders with industry leading transaction per card and spend per card metrics**
 - **Addition of aggregate Deposits of INR 399 Bn of which 77% is CASA**
 - **Access to 1600 Suvidha corporate relationships that significantly strengthens Axis Bank's Salary Business**
 - **Access to a large wealth franchise of ~ Total AUM (Wealth & Private Banking) of INR 947 Bn across Citi products including Citigold Private, Citigold, Citi Priority and Citi Private Bank customers**
 - **Aggregate Ending Net Receivables (ENR)of INR 273 Bn ⁽¹⁾ across Credit Cards, Mortgage, Personal & Ready Credit Loans, Asset Backed Finance, Small Business Loans**
- **Key talent retained; ~3200 consumer employees to join Axis family with effect from 1st March 2023**
- **The Bank will gain access to Citi's 6 offices, 21 branches** and 459 ATMs**
- **Service continuity and customer experience is prioritized with continued access to existing Citibank branches, ATMs, Phone Banking, Internet & Mobile banking**

Mumbai, March 01, 2023: Axis Bank, one of India's largest private sector banks, has completed the acquisition of Citibank's consumer business in an accelerated time frame of within 7 months post receipt of CCI approval, displaying a strong testament of its execution

strength. The deal has been closed with Axis Bank paying a total purchase consideration (after customary & contractual adjustments) of INR 11,603 Cr* to Citibank India.

The transaction comprises the sale of the consumer businesses of Citibank India, which includes loans, credit cards, wealth management and retail banking operations. The deal also includes the sale of the consumer business of Citi's non-banking financial company, Citicorp Finance (India) Limited, comprising asset-backed financing business, which includes commercial vehicle and construction equipment loans, as well as the personal loans portfolio.

The acquisition is a healthy strategic fit in line with Axis Bank's GPS (Growth, Profitability & Sustainability) strategy and its **focus on premium segment growth**. The Bank has gained access to the large, affluent and profitable customer franchise of Citibank, which aligns well with its **Premiumization strategy**.

With the acquisition, comes a quality credit card franchise with one of the highest wallet shares in premium cards, that is Complementary and consolidates Axis' position in the cards business, market share improving from 11.4% to 16.2%⁽¹⁾. The acquired portfolio would increase Axis Bank's credit card customer base by ~19%, with an addition of 1.8 million cards^{***}. With the highest number of transactions per card across the industry and digitally engaged customers, the deal would strengthen Axis Bank's position in the top 8 metros, while also providing the opportunity to adopt global best practices in client servicing and operations through Citi Phone banking.

Additionally, the acquisition of 2.4 million customers of Citibank India enhances Axis Bank's presence in the key growth segments, complimenting the existing Axis franchise. The Bank now has aggregate deposits of INR 8,881 Bn of which high proportion of CASA is at 77%, with SA constituting 71%. Access to a premium deposit base with deep corporate salary relationships has improved the combined CASA ratio on proforma basis by ~150 bps to 46%. Affluent and digitally engaged SA customer base with access to ~1600 Suvidha corporate relationships that significantly strengthens Axis Bank's Salary Business.

Post-acquisition, Axis Bank gains ready access to highly affluent wealth customers resulting in a **33%** addition to overall AUM of Burgundy Private Banking portfolio, further strengthening the existing franchise. With an added AUM of INR 947 bn across Citi products in Wealth Management and Private Banking, the current AUM of the Bank's wealth management portfolio stands at INR 3785 bn, making it the 3rd largest in the industry.

Through the acquisition, Axis Bank welcomes a diverse talent pool of ~3200 employees trained in global best practices, and an experienced leadership with deep domain expertise.

Benefits for Citibank customers

The Citi customers will continue to enjoy same benefits and privileges with no changes in their existing Bank account number, Credit/Debit Card numbers, cheque books, IFSC & MICR code. They will continue to be serviced by same relationship managers and teams. All the 21 in-perimeter branches remain fully equipped to serve the incoming customers; we are also equipping 13 additional branches that would be available for incoming customer servicing during the transition period. The necessary IT applications and trained staff have been deployed at acquired branches. All the services to the incoming customers will continue to function as before as the same teams from Citi move to Axis intact.

On the other hand, the erstwhile Citi retail franchise will now have access to massive national scale of (~4900) branches and (~16,000) ATMs and recyclers as well as cutting-edge digital plus data-science assets through the Axis platform.

Further, Citibank's customers will specifically benefit from Axis Bank's wider geographical reach and comprehensive service offerings, along with One Axis capabilities that extend across all its subsidiaries ensuring '**same or better**' offer to all Citi customers.

Speaking on the occasion, Amitabh Chaudhry, MD&CEO, Axis Bank said, "We welcome over 2.4 million customers and ~3200 employees to our Axis family 'Dil Se', as we successfully conclude the first leg of integration. This is a significant milestone in Axis' journey of growth and leadership in the Banking industry and is set to bring great value for all stakeholders involved. We have a strong balance sheet, comfortable capital levels, and the right team and customer segments to further realize our ambitions."

He added, "Citibank has a culture that is much like ours, with a commitment to best-in-class customer service, people focus and community engagement. Axis Bank already has a rich network of Citi alumni across the hierarchy, which reflects of the cultural alignment between the two organizations. Given the expertise that the new employees will bring to the table, we view them as a significant force to help drive our GPS objectives. The premium portfolio and business synergies through this deal will help accelerate and add further momentum to our already robust plans across priority segments."

Subrat Mohanty, Group Executive & Head - Banking Operations and Transformation, Axis Bank said, "We are delighted with the addition of Citi's premium consumer business and a high quality team of colleagues to Axis Bank. We expect our customers to experience the value of this integration with newer, innovative products and world class customer practices. Axis Bank is positioned strongly to power India's growth story."

Arjun Chowdhry, Group Executive & Head – Cards, Payments & Wealth, Axis Bank said, “Axis Bank is committed to building a strong consumer banking business in India, and already has deep market presence, across all segments and geographies. All ~3200 Citi colleagues, who carry a strong and diversified skill set, are extremely excited to join the Axis family and further build on its growth ambitions. We look forward to collaborating with Axis’ experienced senior leadership team and diverse talent pool, as we join the 88,000+ strong, dedicated workforce and live up to the brand’s credo ‘Dil Se Open’.”

(1) Excludes ~ Rs 5 bn of potentially assignable cards receivables

(*)The said cash consideration is subject to contractual and customary true up and / or true down adjustments and changes in the business position from January 31, 2023 to 24:00 hours February 28,2023. The post completion action items as contractually agreed will be completed as per mutually agreed timelines.

(**) includes 21 in-perimeter branches, and additional 13 branches are available for customer servicing (till LD2 atleast).

(***) as of 20th Feb 2023 considering only the customers who provided the consent.

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 4,849 domestic branches (including extension counters) and 15,674 ATMs across the country as on 31st December 2022, the network of Axis Bank spreads across 2,734 cities and towns, enabling the Bank to reach out to a large cross-section of customers with an array of 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.

For further information on Axis Bank, please refer to the website: <https://www.axisbank.com>

Media contact:

Axis Bank	Adfactors PR
Piyali Reddy Mittal Solanki 9322657983 9004909465 piyali.reddy@axisbank.com mittal.solanki@axisbank.com	Sriram Ramakrishnan Brijesh Kutty 93243 83738 99204 60901 r.sriram@adfactorspr.com brijesh.kutty@adfactorspr.com

Acquisition of Citibank's Consumer Businesses in India

March 1, 2023



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Proforma financials and capital impact

Transaction Overview

Acquisition of Citibank's consumer businesses in India



Highlights of Business Acquired

- Axis Bank has completed the acquisition of Citibank's consumer businesses ("Citi India Consumer") from Citibank NA India and Citicorp Finance (India) Limited as going concerns, without values being assigned to individual assets and liabilities to either business.
 - **1.8 Mn+** cardholders with industry leading transaction per card and spend per card metrics
 - Aggregate Deposits of **INR 399 Bn** of which **77% CASA**
 - Total AUM (Wealth & Private Banking) of **INR 947 Bn** across Citi products including Citigold Private, Citigold, Citi Priority and Citi Private Bank customers
 - Aggregate ENR of **INR 273 Bn**⁽¹⁾ across Credit Cards, Mortgage, Personal & Ready Credit Loans, Asset Backed Finance, Small Business Loans
 - **6 offices, 34 branches** (**21 in-perimeter branches, 13 additional branches** available for customer servicing till LD2), **459 ATMs**
- **~3,200** consumer employees to join Axis family with effect from March 1, 2023

Purchase Consideration

- Total purchase consideration (subject to timing differences, customary & contractual adjustments) for Citi India Consumer of **INR 11,603 Cr**
- Implied PE of **17.7x** based on acquisition PAT disclosed in March 2022

1. Excludes ~ Rs 5 bn of potentially assignable cards receivables

Transaction Overview

Acquisition of Citibank's consumer businesses in India



Financial considerations

- Estimated to be EPS & ROE accretive in CY24
- **~137 bps** impact on Axis Bank's CET 1 capital ratio attributable towards purchase premium
- **~40 bps** impact on Axis Bank's CET 1 capital ratio to meet incremental RWA capital requirements
- Strong balance sheet provides flexibility to fund Citi India Consumer purchase through on balance sheet liquidity, external capital or combination of both
- On a Proforma basis, post transaction CAR | CET1 would be **~17.62% | 13.78%**; well above the regulatory requirement

Closing Timeline

- Completed acquisition of Citibank's consumer businesses in India effective March 1, 2023

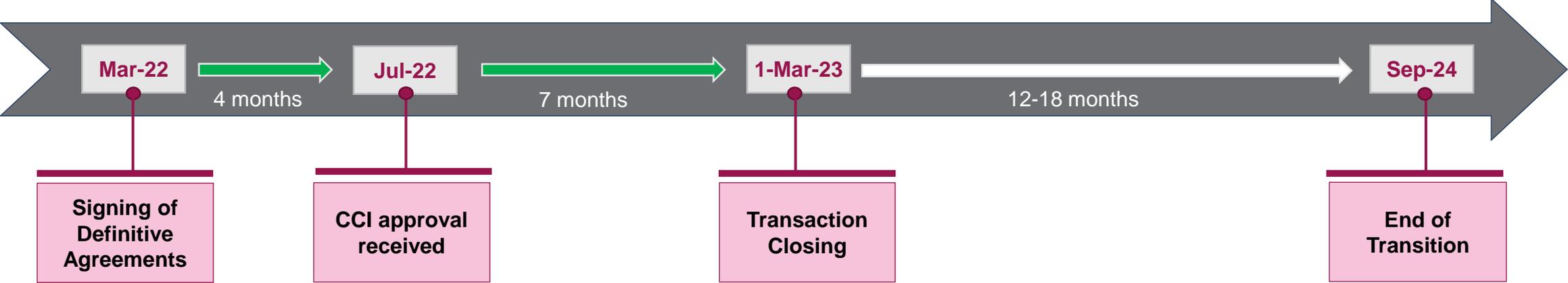
Branding and Transition Support

- Post Closing, Sellers or Seller affiliates to provide requisite support and services to be covered under a Transition Servicing Agreement for a period of ~18 months as well as Citi brand continuity during this period for smooth transition and integration of the business with Axis Bank's platform

Closed a complex transaction in limited time, improves confidence to achieve early end of transition



Transition Timeline



Pre-Closing Activities

- Regulatory approvals and Customer consent
- Integration Management Office (IMO) managed the integration across 15+ workstreams – across businesses, functions, people, technology, compliance, financial & regulatory integration - ensuring an accelerated LD1
- Early migration of 2 businesses completed (CitiBusiness & Retail Forex)

Transfer of Citi India Consumer Business' assets, liabilities, customers, and employees to Axis Bank, as going concerns, without values being assigned to individual assets and liabilities

Transition Services

- Citi to provide various services under the TSA to Axis Bank to support normal business operations
- IMO has already commenced work on next leg of integration –driving business synergy & best practices, new product developments, process harmonization & migration planning

TSA Closure

Transfer of all customers, products, data and partner connections to Axis Bank's systems

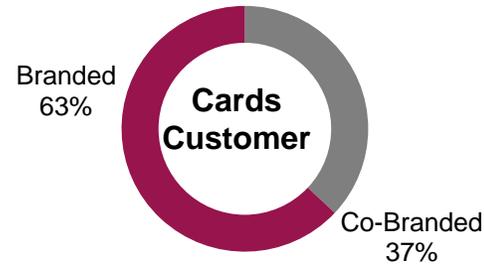
Overview of acquired Citi India Consumer businesses as of Jan 31, 2023



#1 Foreign Bank Credit Card Issuer in India

#1 in Transactions per Active Card in India

INR **86 Bn** ENR⁽¹⁾



Wealth Management & Private Banking

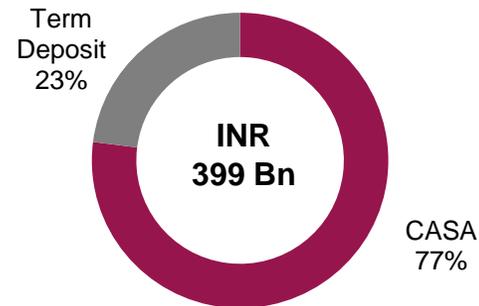
Top 3 MF distributor among Foreign Banks in India

INR **947 Bn** AUM

#1 Foreign Bank with 0.9 Mn+ Retail customers

~1,600 Suvidha Corporates

INR **399 Bn** of Deposits

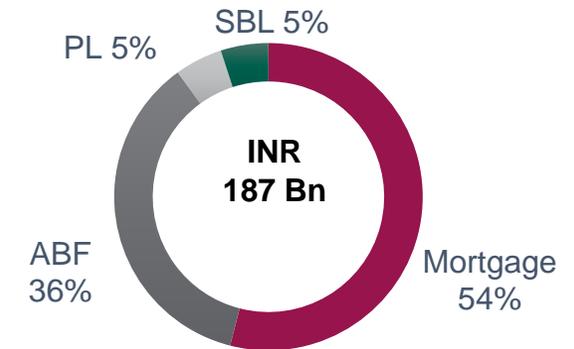


Other Lending

Mortgage : **90%+** owner occupied

PL & RC* – **1.4 lakh+** Customers

INR **187 Bn** ENR



~3200 Employees

6 Offices

21** Branches

~459 ATMs

“Fee oriented” consumer business with comprehensive suite of products & services catering to an attractive affluent customer base

1. Excludes ~ Rs 5 bn of potentially assignable cards receivables

* ABF – Asset Backed Finance, PL & RC – Personal loans & Ready Credit, SBL – Small Business Lending

** additional 13 branches are available for customer servicing (till LD2 atleast)

Access to a large, affluent and profitable consumer franchise




Innovative retail proposition
serving as an industry benchmark for quality customer centric approach

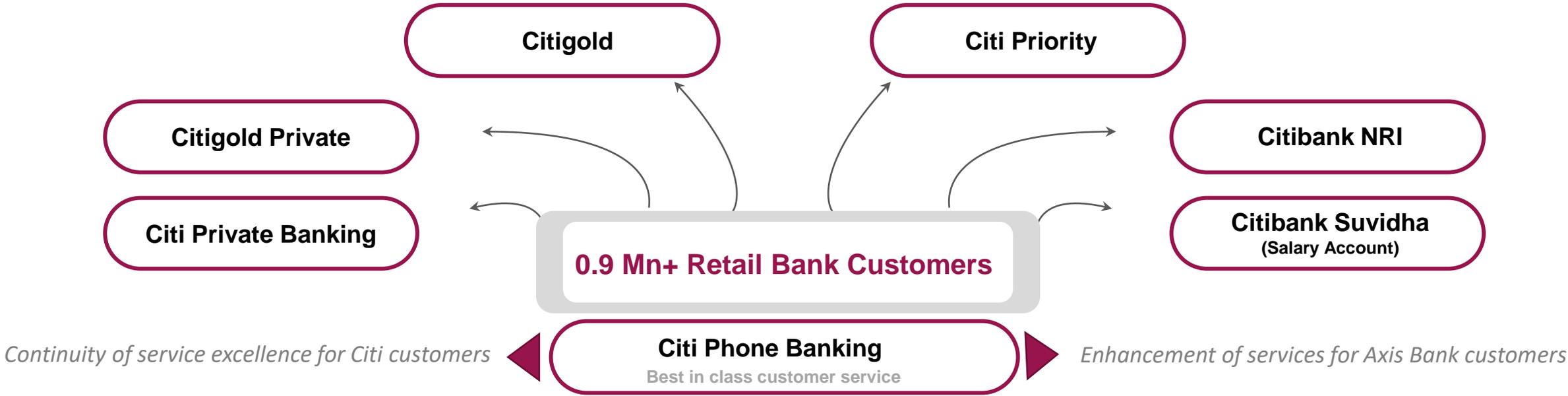


Highly attractive affluent customer base (Citigold and Citi Priority relationship vintage > 10 years)



80%+ of customers in the **attractive age group** (< 45 years) with high customer lifetime value

Differentiated value proposition across customer segments



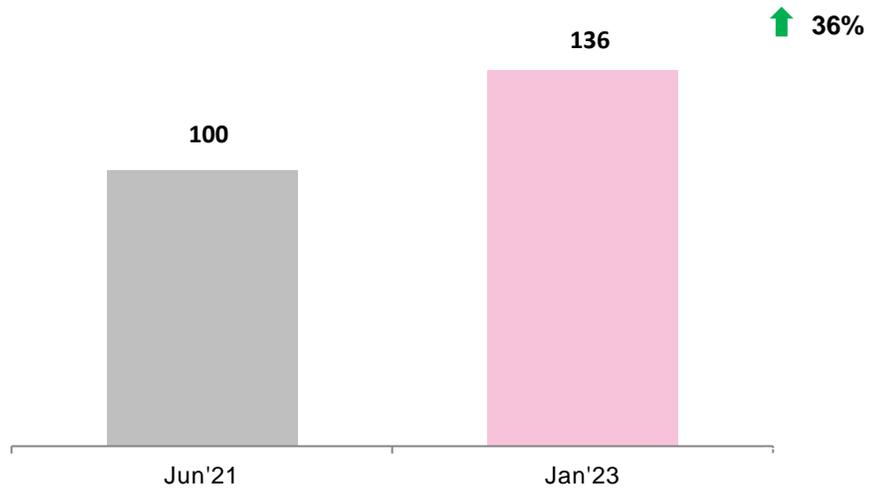
Acquisition would enhance Axis Bank's ambition to expand its premium offerings

Quality of acquired portfolio improved across key segments



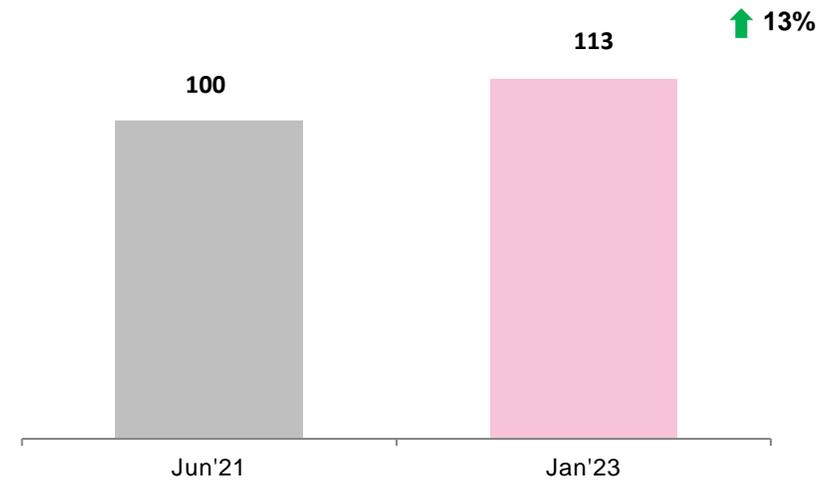
Credit Cards

Monthly spends per card
(indexed)



Deposits

Average deposits per account
(indexed)



Balances in line with our estimates around consent process, natural attrition and other macro factors over deal timeline

Credit Cards ENR (in Rs bn)



Wealth AUM (in Rs bn)



Deposits (in Rs bn)



1. Excludes ~ Rs 5 bn of potentially assignable cards receivables

Complementary and consolidates our position in the cards business, market share improving from 11.4% to 16.2%



Highest no. of transactions per card across industry

Active & digitally engaged customers –strengthens Axis Bank’s position in top 8 metros

Opportunity to adopt **global best practices** in client servicing and operations

Boosts credit card franchise with quality base and **high vintage portfolio**

Customers would continue to avail all the rewards, privileges, and offers they were previously entitled to as Citi customers

	Axis Bank	+	Citi	=	Combined	
ENR (INR Bn)	206		86 ⁽¹⁾		292	↑ 43% 43% growth in Credit Card Advances
Outstanding Cards (INR Mn)	9.4		1.8**		11.2	↑ 19% Healthy accretion to existing Card base
Annual Spend per Card (INR'000)	138 ⁽¹⁾		203 ⁽¹⁾		152	↑ 10% Spend per card to increase by ~10%

Axis Bank consolidates market share in credit cards, premiumizes its portfolio

1. Excludes ~ Rs 5 bn of potentially assignable cards receivables
 Source – Data for Apr-Jan 2023 as per RBI data ** as of 20th Feb 2023 considering only the customers who provided the consent

Access to a sizable granular deposit base with deep corporate salary relationships



High proportion of CASA at **77%** with **SA constituting 71%**

Affluent and digitally engaged SA customer base with access to **~1600 Suvidha corporates**

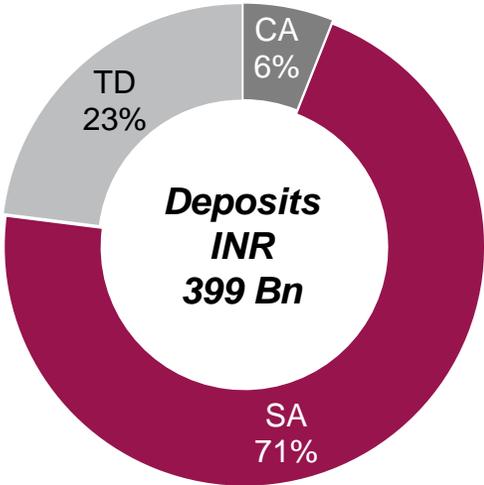
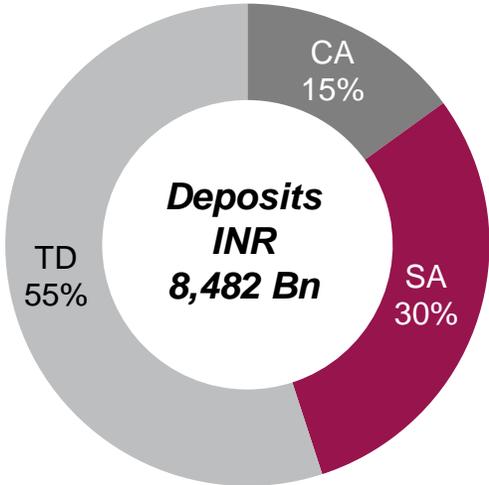
Strategically located branches with **high customer balance per account**

Strengthens Bank's journey on **CASA, LCR accretive deposits**

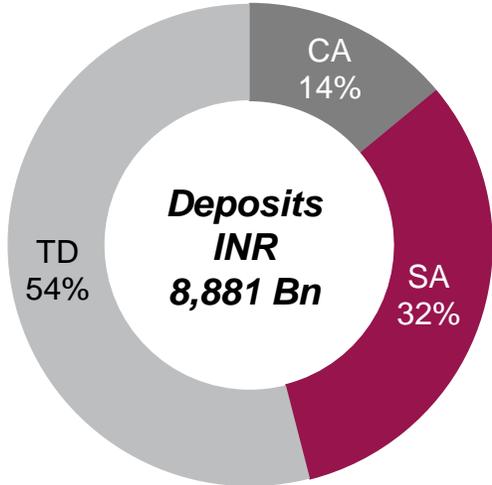
Axis Bank



Citi



Combined



Combined CASA ratio to improve by ~150 bps to 46%

* CA – Current Account, SA – Savings Account, TD – Term Deposits

Natural fit for our strong wealth management franchise, accelerates our growth ambitions

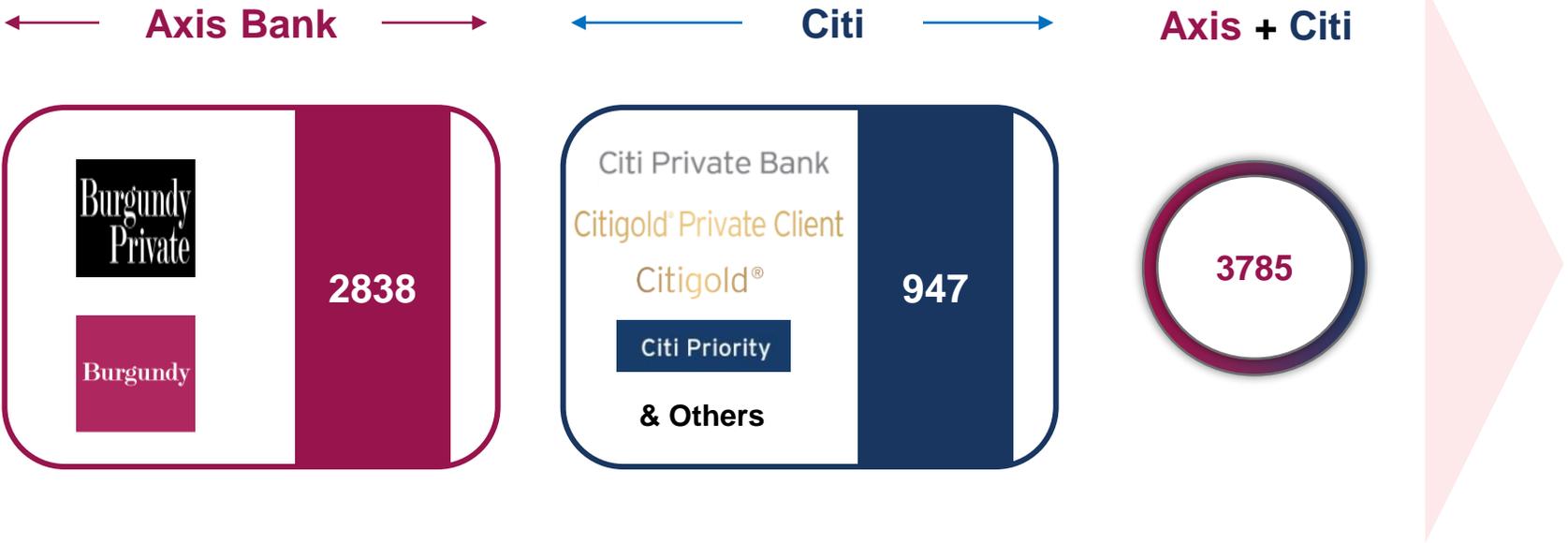


Ready access to highly affluent Wealth customer base

33% addition to the overall Burgundy AUM, further strengthening existing franchise

Huge potential to cross sell Axis Bank's product offerings to Citi's affluent customer base

(AUM INR Bn)



3rd largest by combined AUM

33% addition to overall Burgundy AUM

Citi's affluent clientele backed by global best practices in client servicing and operations to complement Axis Bank's Wealth Platform

Experienced leadership and diverse talent pool



Experienced team with deep domain expertise to add significant value



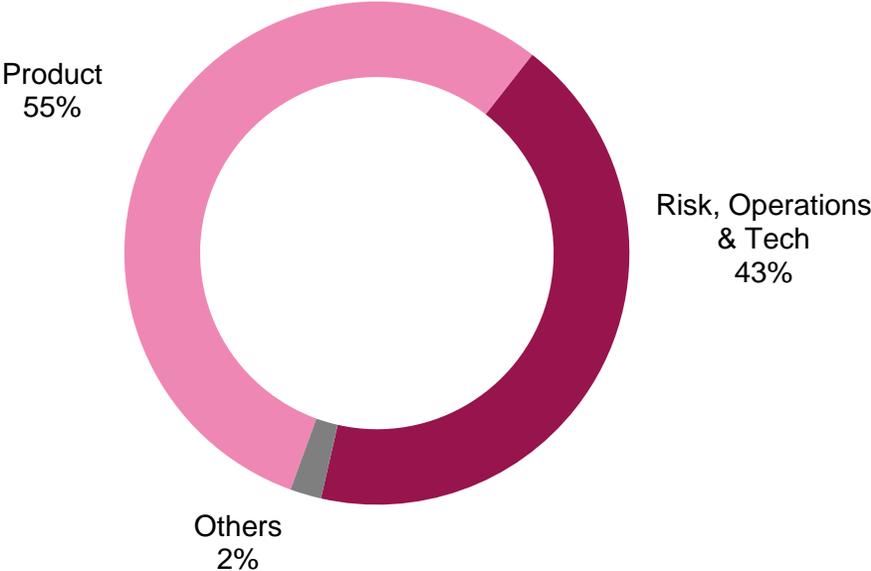
Employees trained in global best practices to enhance Axis Bank's processes



Favourable diversity ratio especially at senior levels

Competent employees with well rounded domain knowledge

Employees by Functions

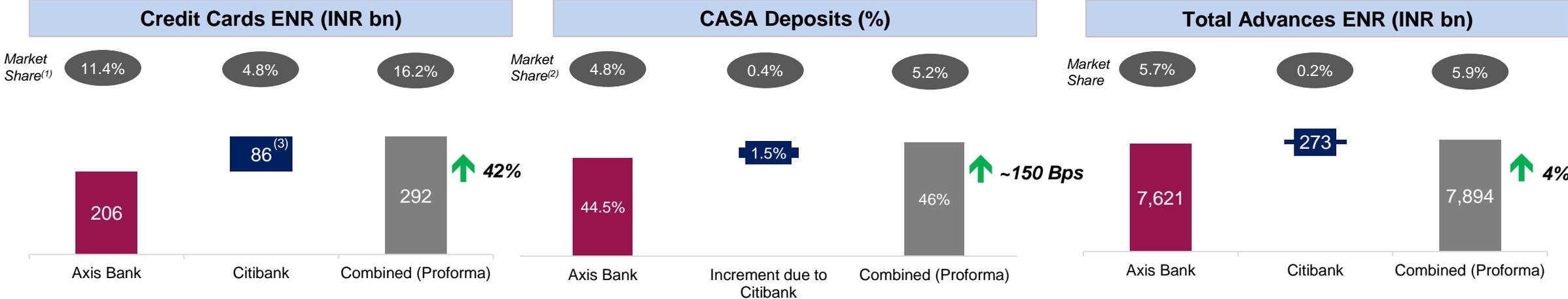


Access to a high-quality talent pool with culture and values aligned to Axis Bank

Proforma Financial information



The acquisition provides a significant boost to our key retail segments

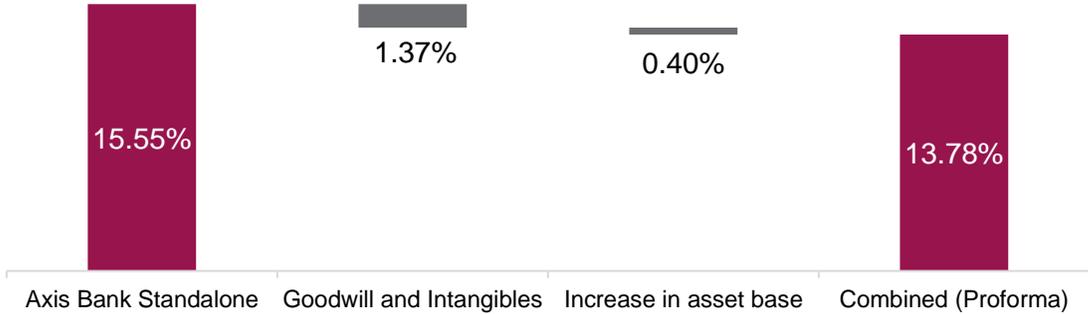


Wealth Management AUM (INR bn)

Impact on CET1 Ratio



The bank's proforma CET1 ratio remains comfortably above the regulatory requirement



1) Based on credit card advances as of Dec'22
 2) CASA deposits market share as of Dec'22
 3). Excludes ~ Rs 5 bn of potentially assignable cards receivables

Competitive Valuation



All figures in Rs Crore other than specifically mentioned

Transaction Valuation Metrics

Purchase Consideration <i>(subject to customary and contractual adjustments)</i>	11,603	➔	Acquisition PAT <i>(current estimate not materially different from Mar'22 disclosure)</i>	800-842 ⁽¹⁾
Add: Estimated Equity Requirement (@13% of RWA)	3,292		Implied P / E	17.7x – 18.7x ⁽²⁾
Implied Equity Value	14,895		Estimated integration cost ⁽³⁾ <i>(post tax impact over 2 financial years)</i>	1,500

~6% decline in Purchase Consideration (subject to true/up down and other customary and contractual adjustments)

Purchase consideration (in Rs Crore)



Notes:

- Rs 842 Crores disclosed in March 2022
- Disclosed in March 2022
- Integration expenses includes transition services agreement expenses to be paid to Citigroup or its Affiliates and Axis Bank's own cost
- Based on January 31, 2023 position

Significant potential for revenue and cost synergies



Revenue Synergies

Cross-sell Axis Bank's products to Citi customer base

Upsell to Citi's customer base

Attract NTB customers with a wider bouquet of products

Significant potential to increase revenue

Axis Bank
+
Citibank

Cost Synergies

Global shared services

Global oversight

Infrastructure, technology and others

Estimated cost savings of 30%-40% of Citi's operating expenses⁽¹⁾ to be realised under Axis Bank umbrella over 2 years post closing

The acquisition strengthens our market position and provides opportunity to accelerate retail business growth in a value accretive manner

1) Basis CY2020 operating expenses for Citibank's India Consumer Business

In summary, the acquisition is meaningfully accretive to Axis Bank



Access to a large, affluent and profitable consumer franchise

- Aligns well with Axis Bank's Premiumization strategy



Complementary and consolidates our position in the cards business, market share improving from 11.4% to 16.2%⁽¹⁾

- A quality credit card franchise with one of the highest wallet share in premium cards



Access to a sizable granular deposit base with deep corporate salary relationships

- Aids journey to bridge the gap with peers : CASA of 77% with SA deposits 71%, CASA ratio of ~ 46%



Natural fit for our strong wealth management franchise, accelerates our growth ambitions

- Well positioned to leverage Burgundy platform to serve affluent Citi customer base – 3rd largest Wealth manager by combined AUM



Experienced leadership and diverse talent pool

- Access to one of the best banking teams with deep domain expertise to augment Axis Bank's overall bench strength



Significant potential for revenue and cost synergies

- Revenue upside from cross sell of differentiated products to a larger combined customer base, 30-40% cost synergy

1. Excludes ~ Rs 5 bn of potentially assignable cards receivables

Annexures

(All numbers for Axis Bank and Citibank's Indian Consumer Banking Business are as at December 31, 2022 and January 31, 2023 respectively, unless specified otherwise)

AUM – Assets Under Management	MN – Million Units
BN – Billion Units	NTB – New To Bank
CAR – Capital Adequacy Ratio	PAT – Profit After Tax
CASA – Current Account Savings Account	PE – Price to Earnings
CET1 – Common Equity Tier 1	ROA – Return on Assets
CY – Calendar Year	ROE – Return on Equity
ENR – Ending Net Receivables	TD – Time Deposits
EPS – Earnings Per Share	TSA – Transition Services Agreement
FY – Financial Year	INR – Indian Rupees
LCR – Liquidity Coverage Ratio	USD – United States Dollar

Thank You

