

Cautious, Conservative and Consistent Growth

Debt Investor Presentation

November 2019



The Axis Bank Story so far

Axis Bank at a glance



As **the third largest private sector bank** in one of the world's fastest-growing economies, **Axis Bank** offers a wide spectrum of financial solutions to a diverse range of customer segments spanning retail, small and medium enterprises, government and corporate businesses.

The Bank has overseas branches at Singapore, Hong Kong, DIFC - Dubai, Shanghai and Colombo and an Offshore Banking Unit at International Financial Service Centre (IFSC), GIFT City, Gandhinagar, India.

The Bank's subsidiaries are engaged in businesses that are contiguous to banking, such as nonbanking finance (**Axis Finance**), institutional equities and investment banking (**Axis Capital**), retail broking (**Axis Securities**), asset management (**Axis AMC**), digital invoice discounting (**A.Treds**) and digital payments (**Freecharge Payment Technologies**)



25
Years of Legacy



4,274
Branches and counting



17,300+
ATMs and cash deposit/
withdrawal machines



67,000+
Employees



50 million+
POS machines



24.1 million
Debit cards issued



6.64 million
Credit cards issued



₹8,093 billion (\$ 114.2 bn)
Balance sheet size



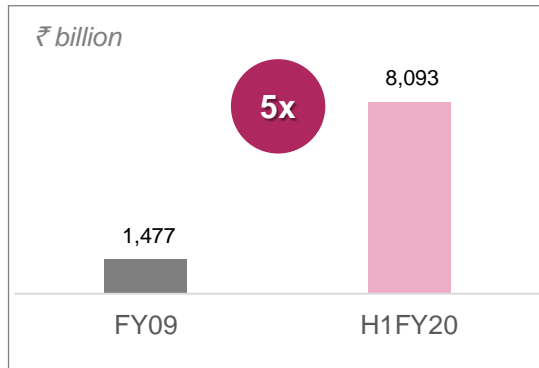
₹2,000 billion (\$ 28.22 bn)
Market capitalisation

Standalone figures as on/for the year ended 30th Sept, 2019
Reference rate as on 30th Sept 2019: 1\$ = ₹70.875

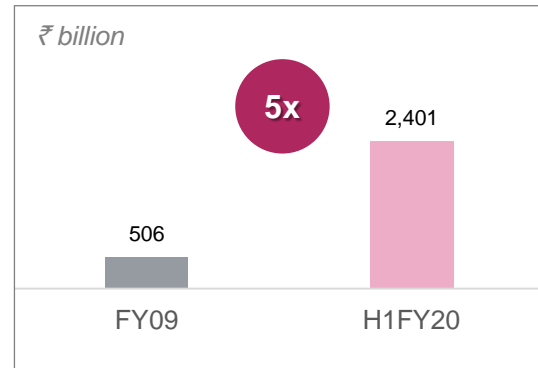
Over the last 10 years, Axis Bank has built an enviable franchise...



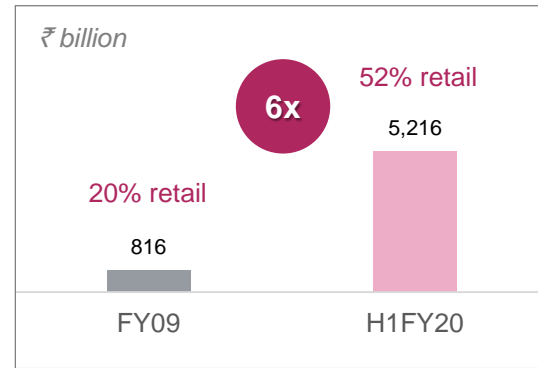
Balance Sheet



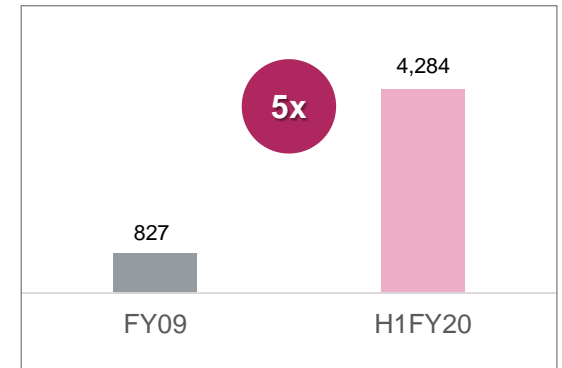
CASA Deposits



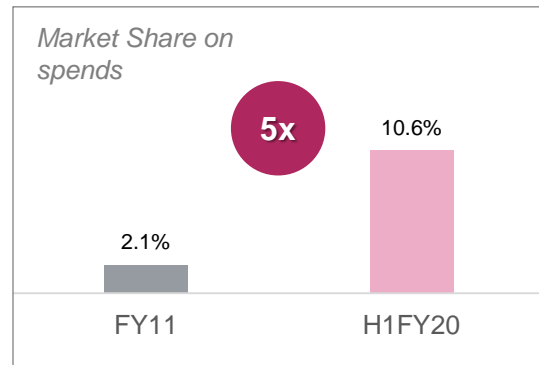
Advances



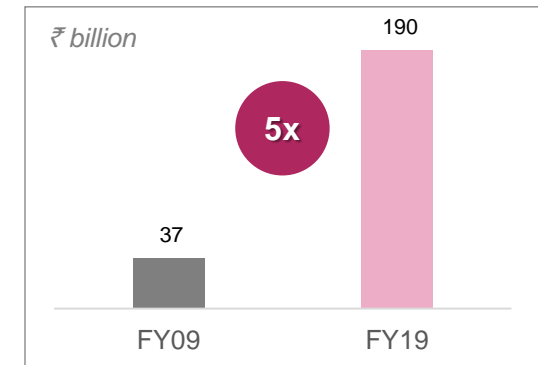
Branches



Credit Cards



Operating Profit



Subsidiaries



Brand



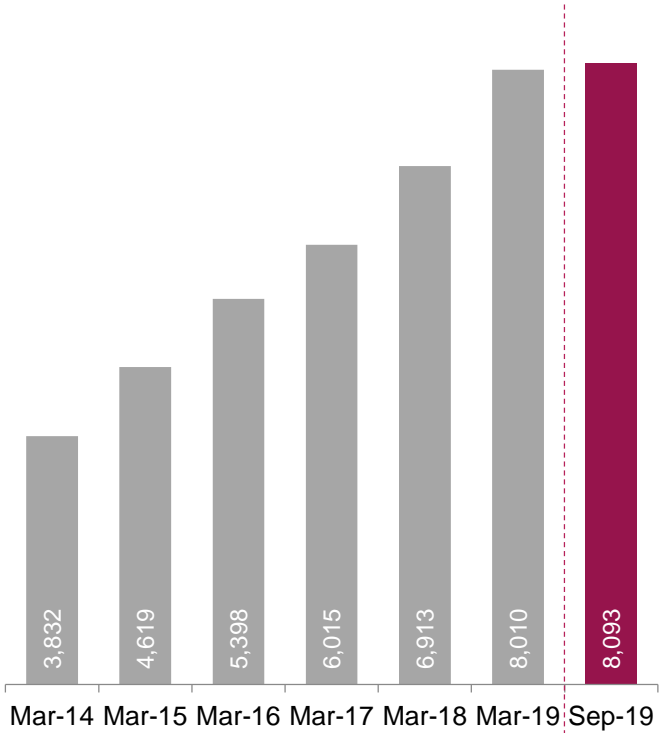
...with a significantly diversified balance sheet in favour of granular business



All figures in ₹ Billion

Assets

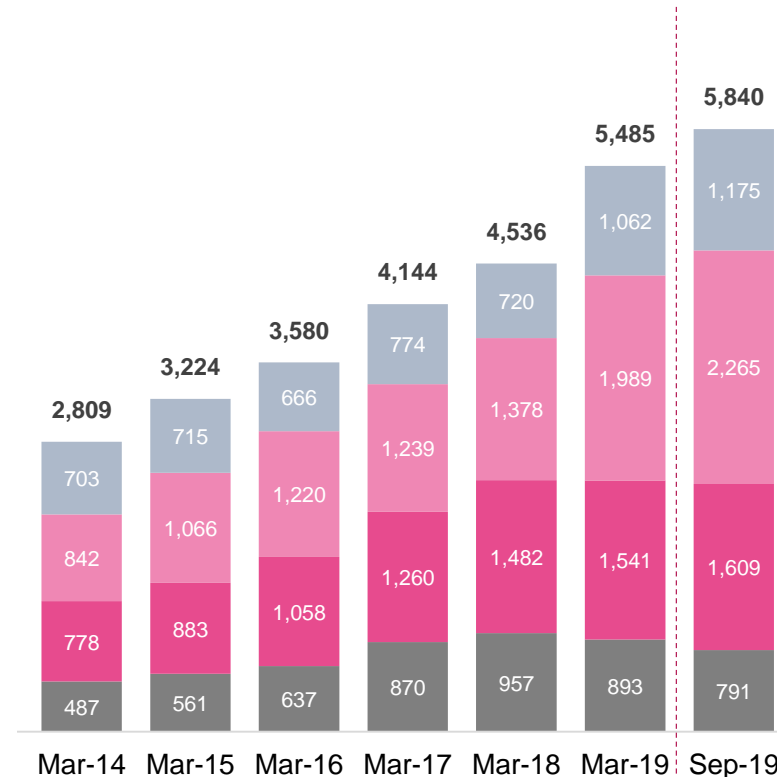
CAGR 15%



Deposits

Granular CASA + RTD forms 80% of total deposits

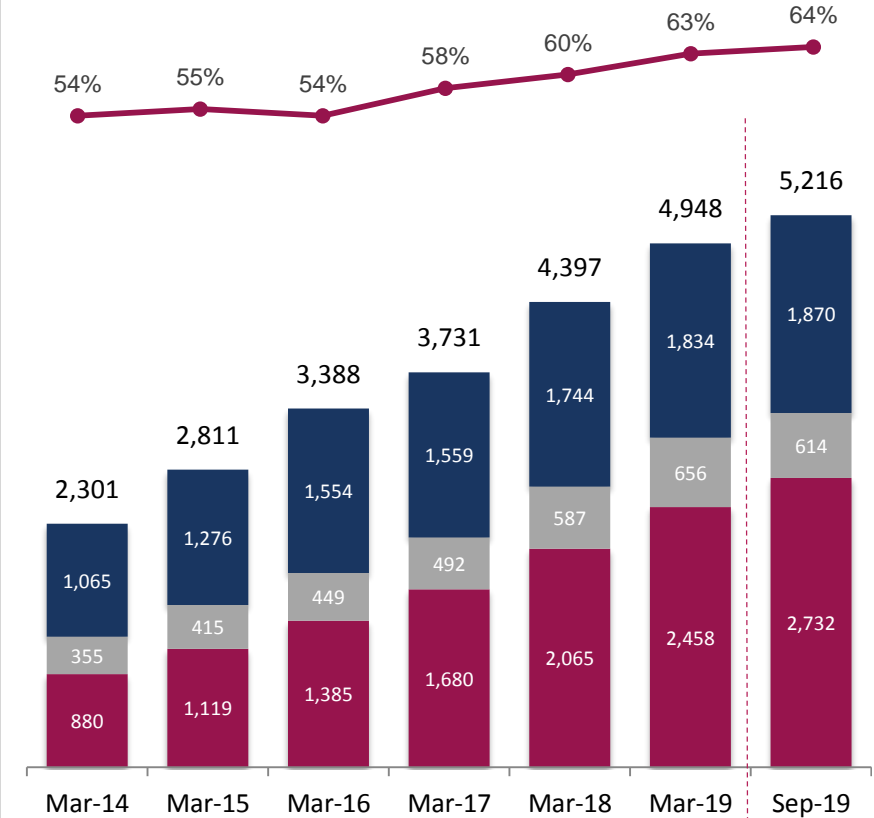
CAGR 14%



Advances

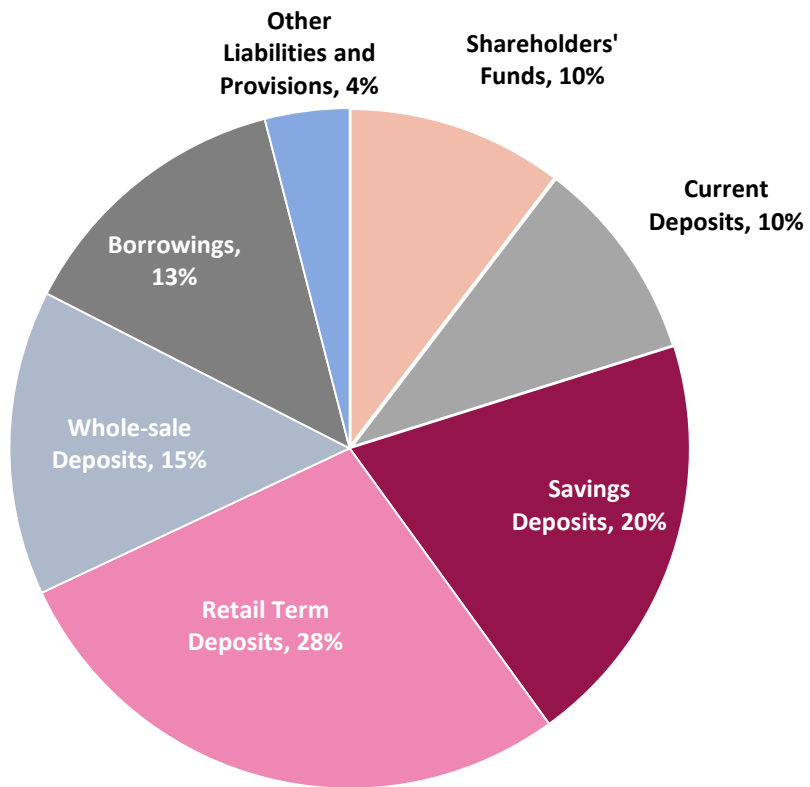
Retail and SME loans constitute 64% of total loans

CAGR 16%



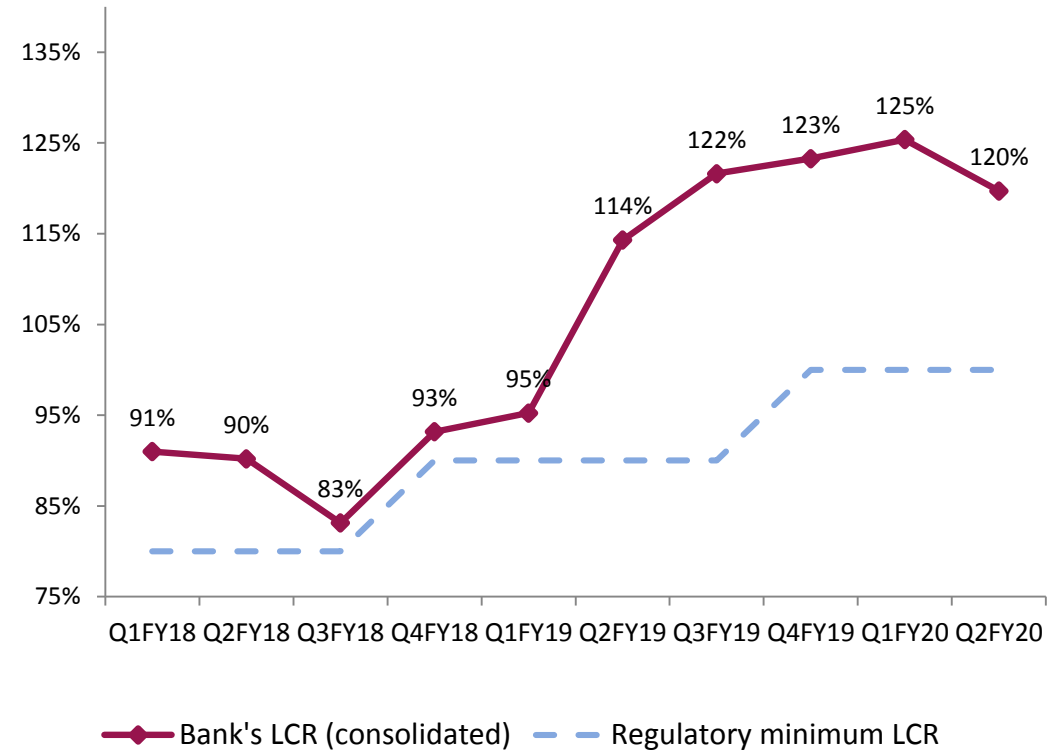
Liquidity & Funding profile remains healthy

Bank has diversified and stable funding profile



Liquidity Coverage Ratio continues to remain higher than regulatory requirements

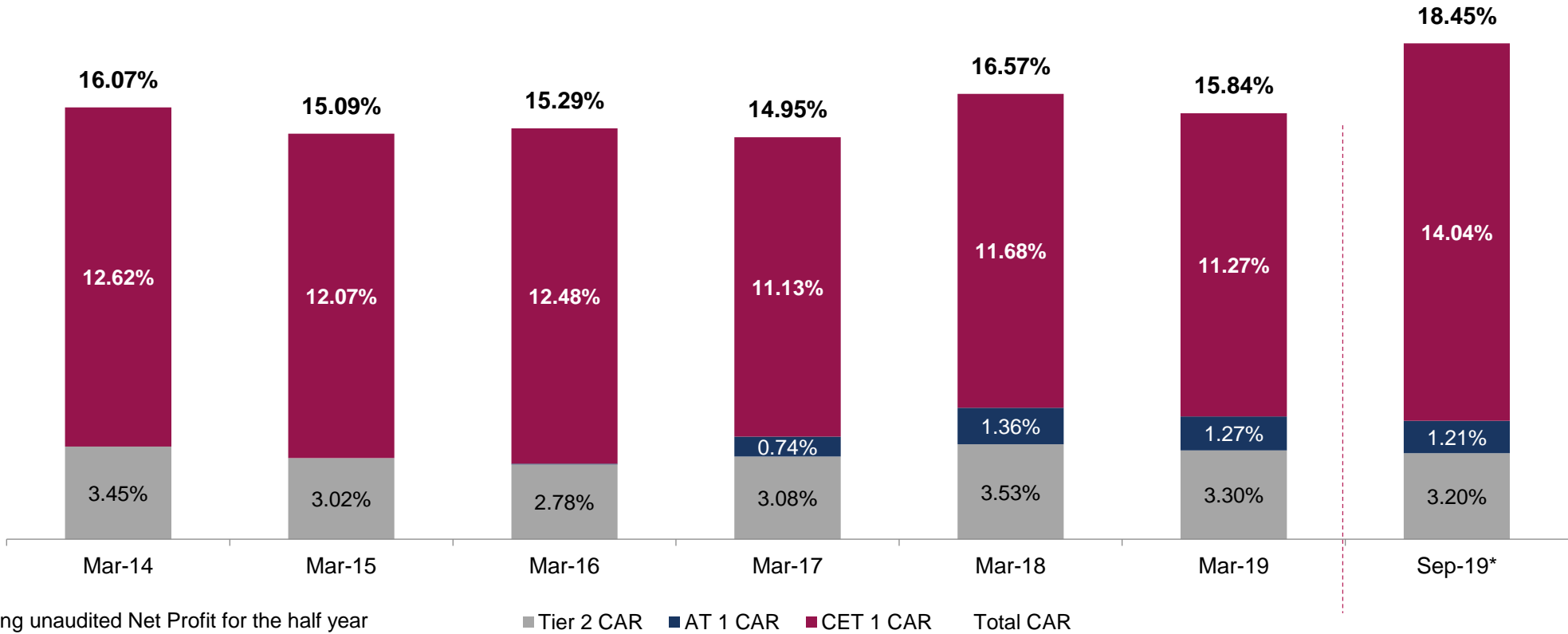
Liquidity Coverage Ratio



The Bank's Capital position has become stronger post the recent capital raise



Trend in Capital Adequacy Ratio

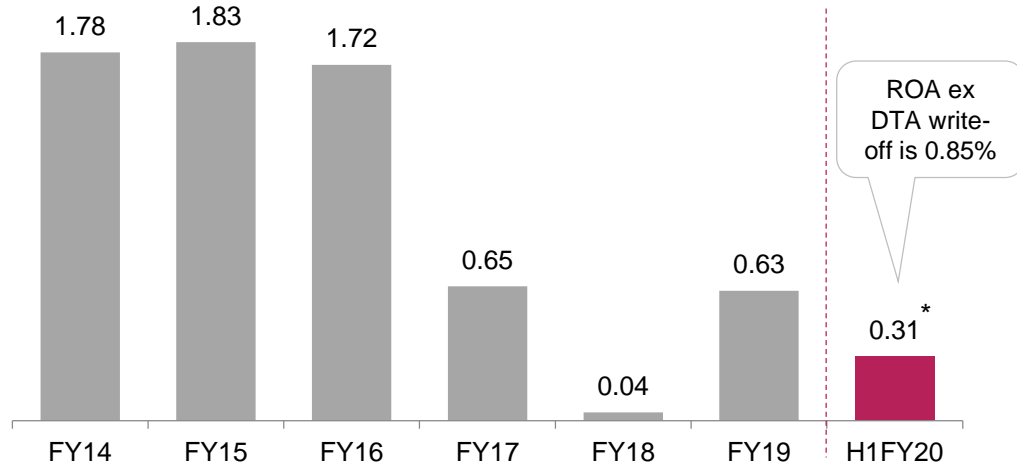


- In Sept 2019, the Bank raised ₹125 Billion of equity capital through a QIP issue, which we understand was the largest ever QIP by a private sector issuer.
- With this, Bank has added 277 bps of CET1 capital during H1FY20

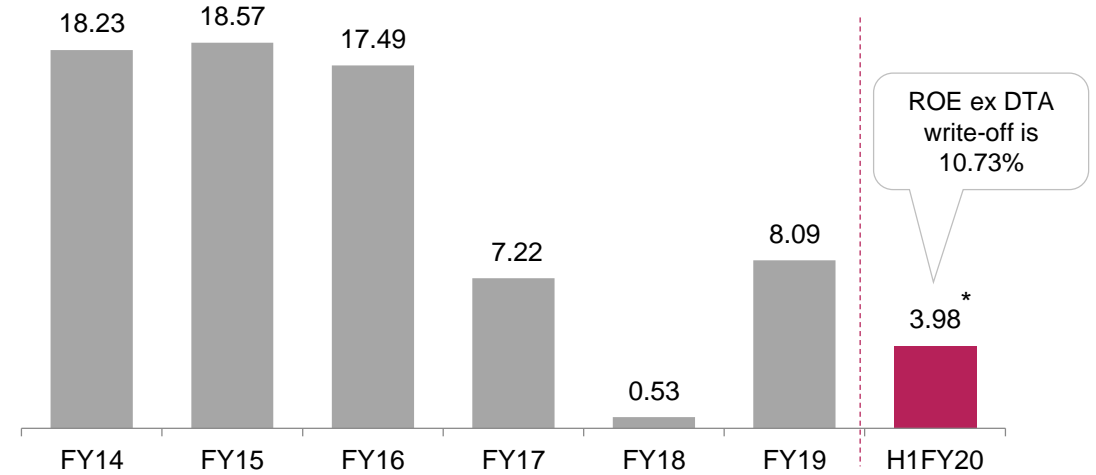
Key Shareholder return metrics



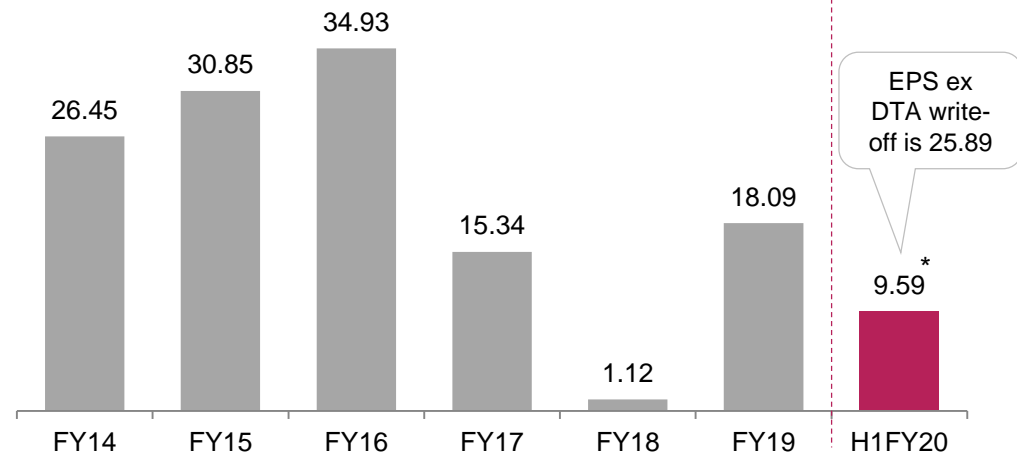
Return on Assets (in %)



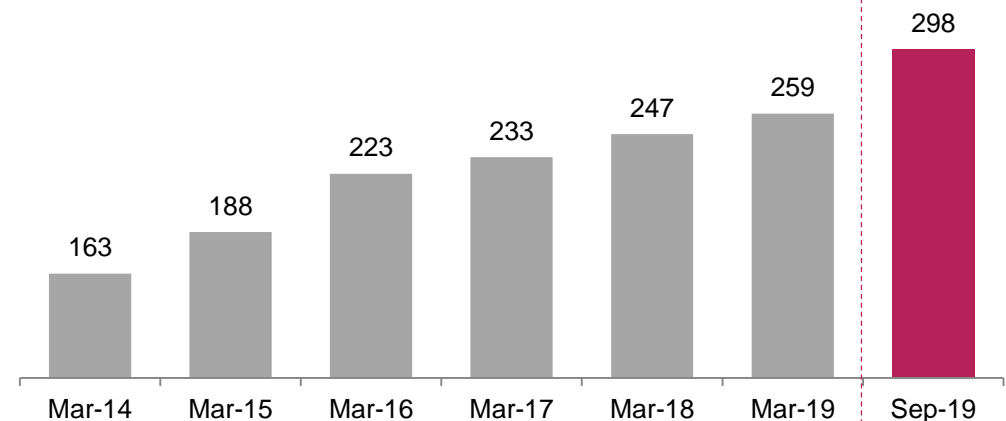
Return on Equity (in %)



Diluted EPS (₹)



Book Value Per Share (₹)



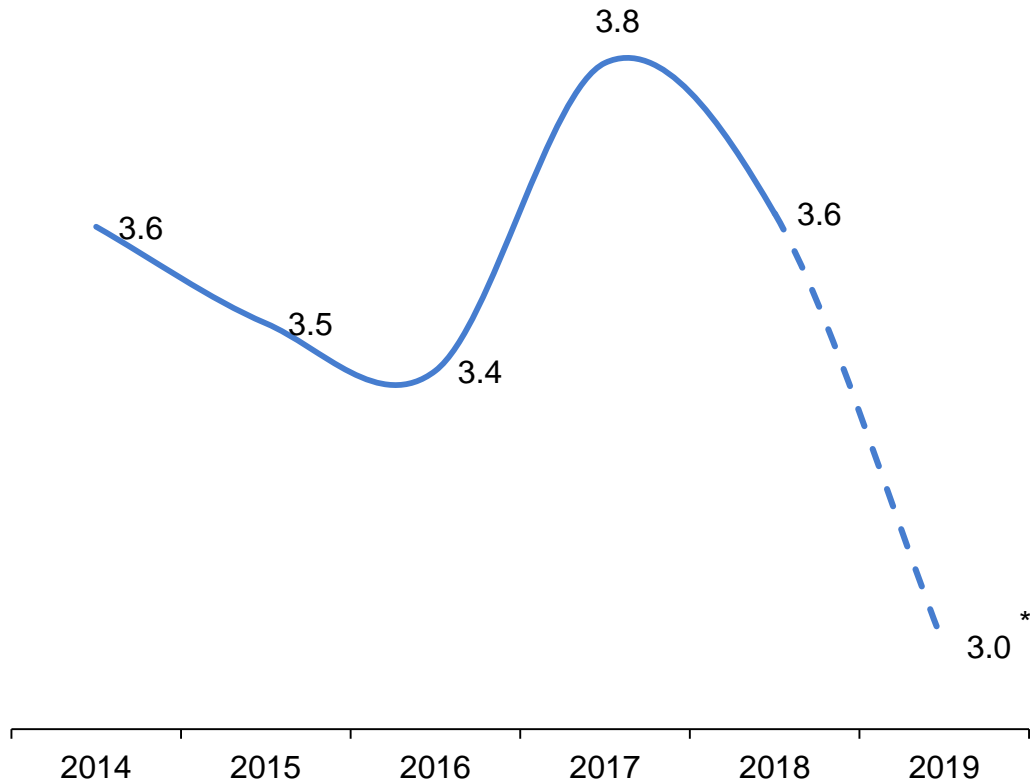
* Note: H1 figures are on annualised basis
The ratios for H1FY20 reflect the one time DTA impact due to recent corporate tax changes

Macro Environment has weakened

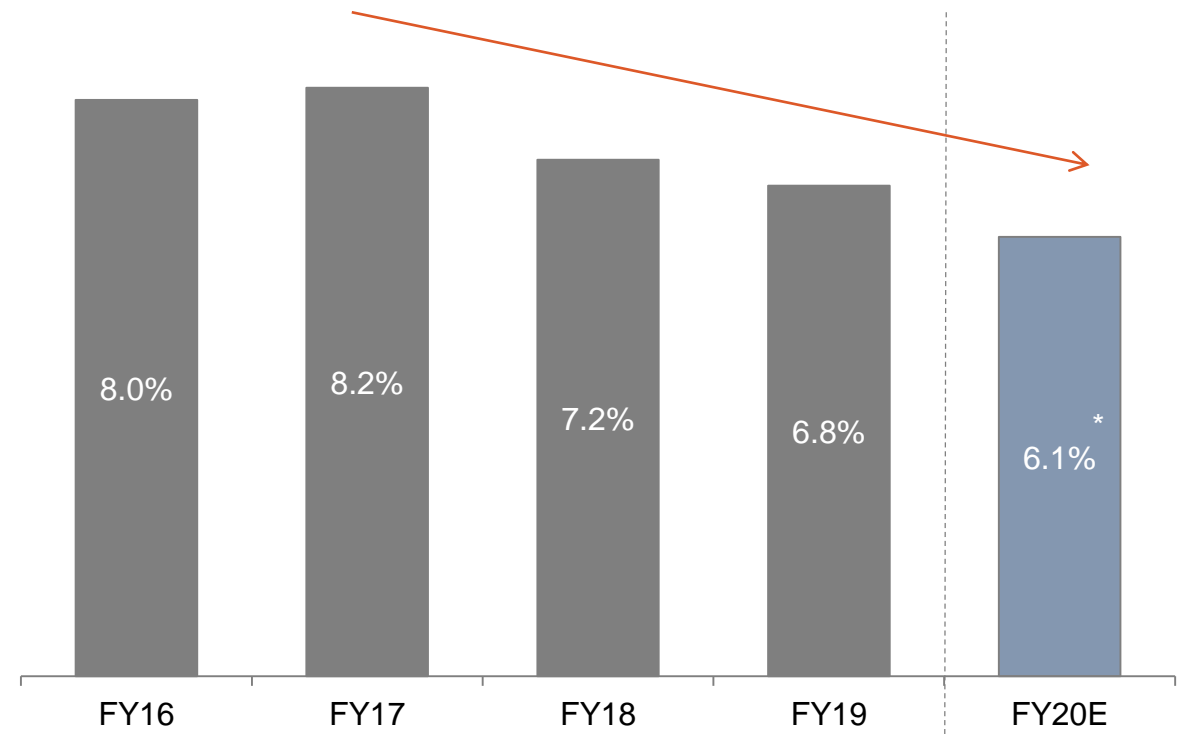
Global growth is slowing, with adverse spill over in India



Global growth has slowed considerably

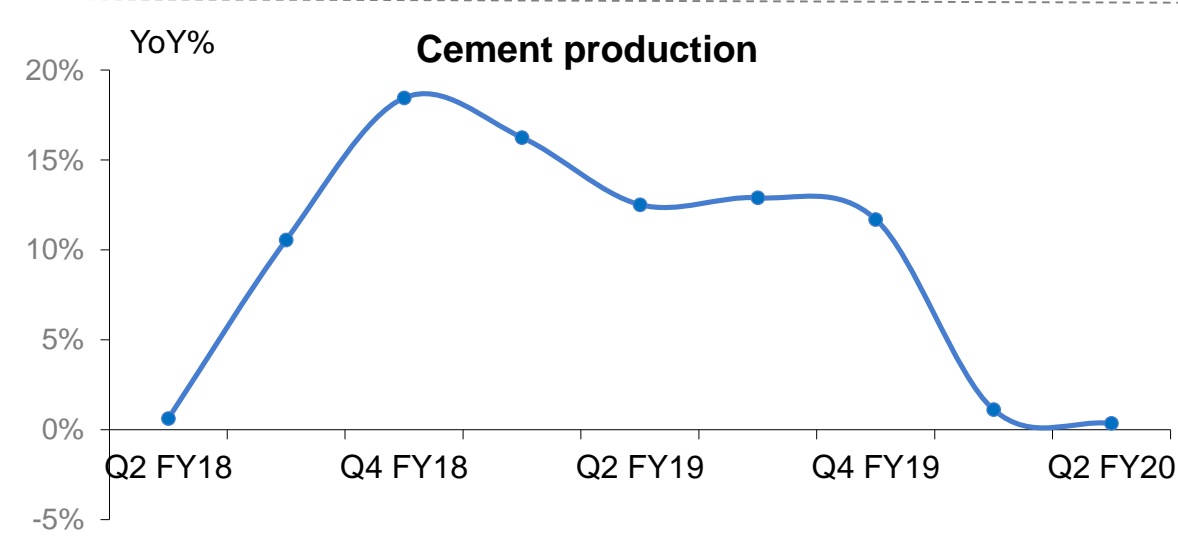
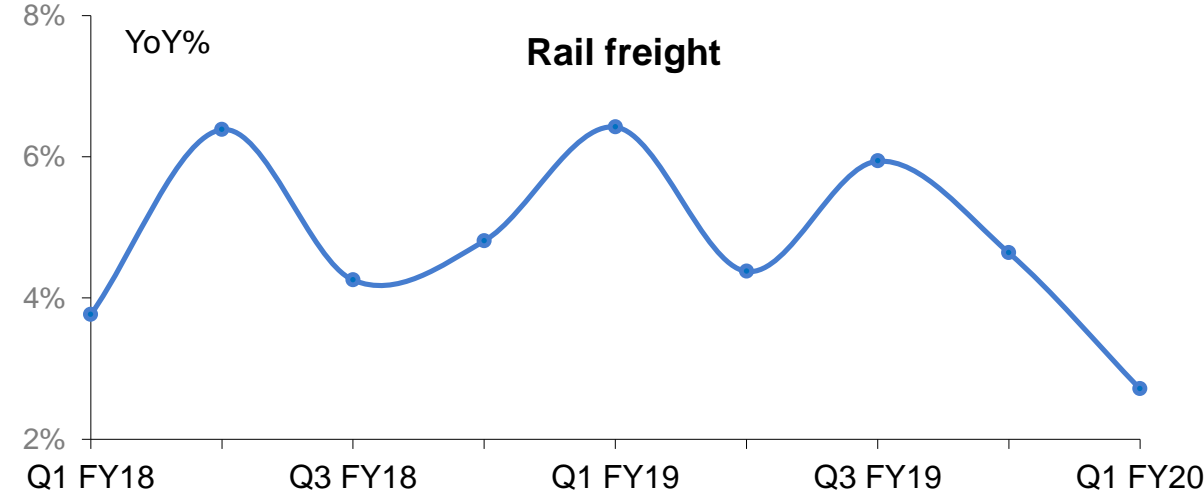
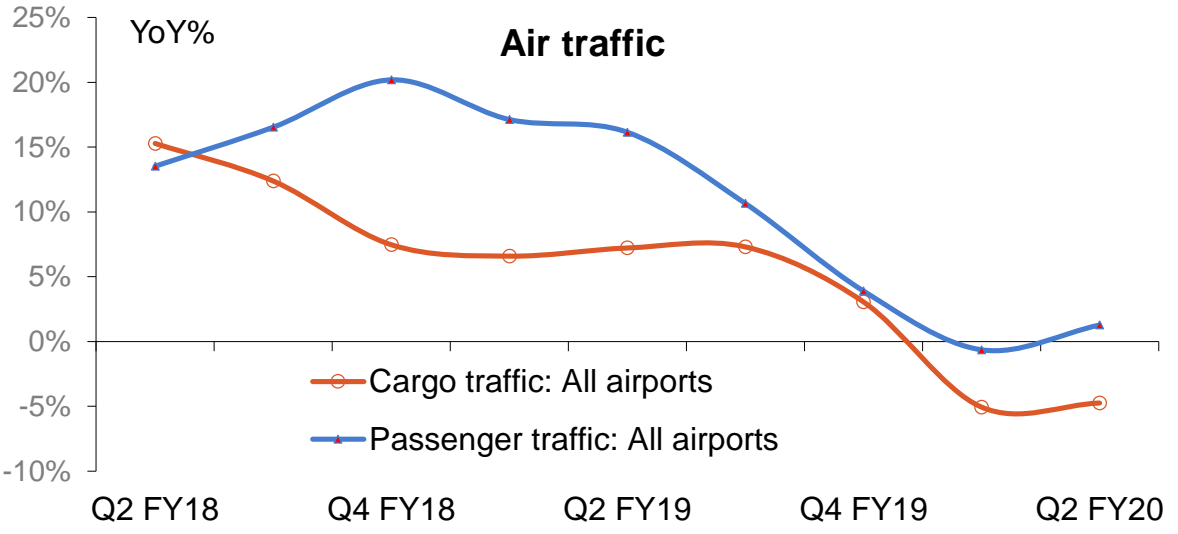
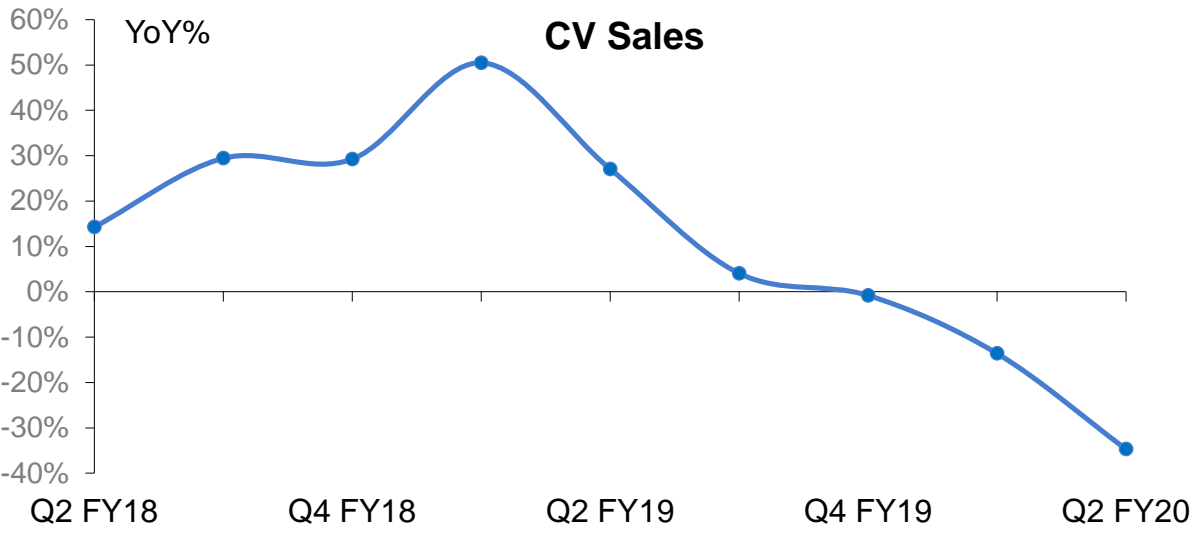


India GDP growth



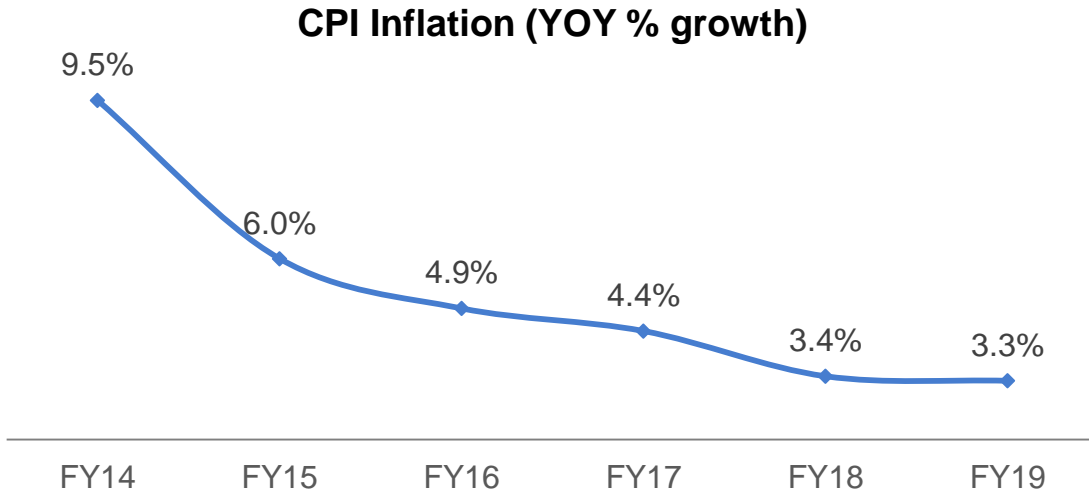
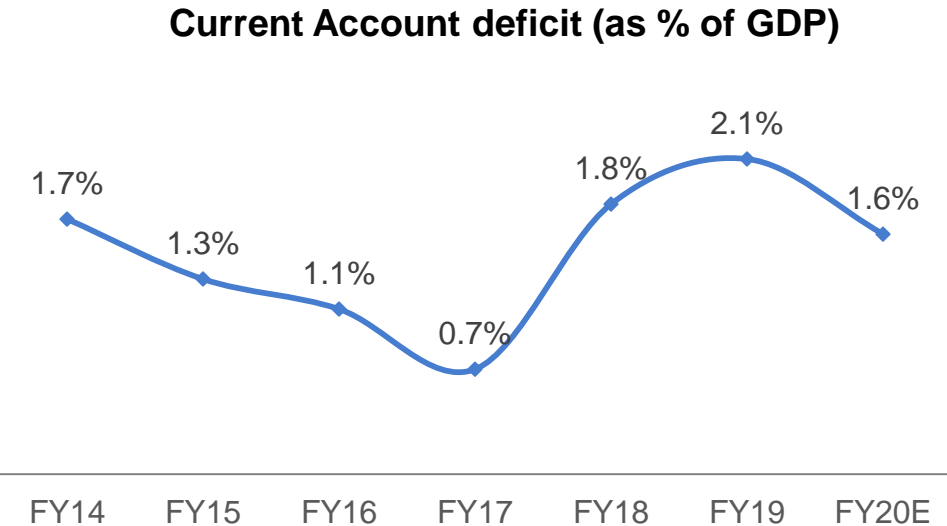
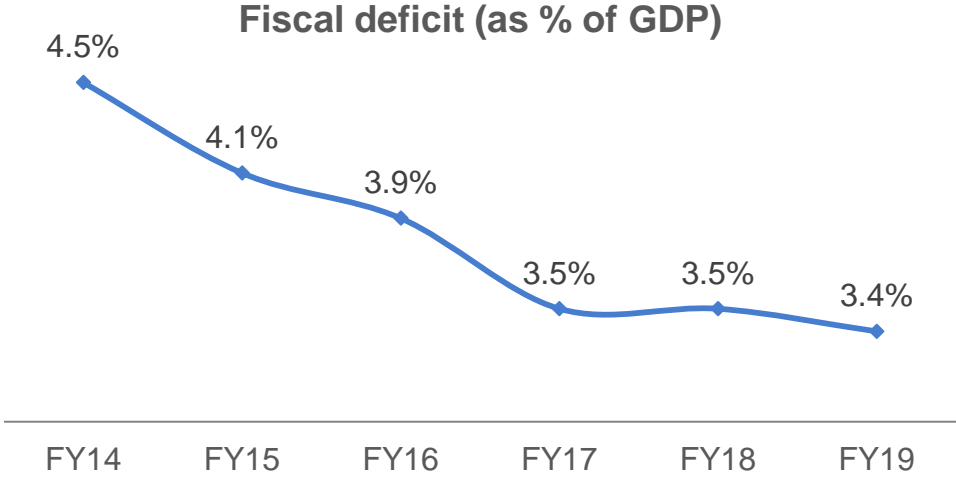
Source: *IMF Estimates

High frequency indicators point to continuing weakness, likelihood of delayed recovery

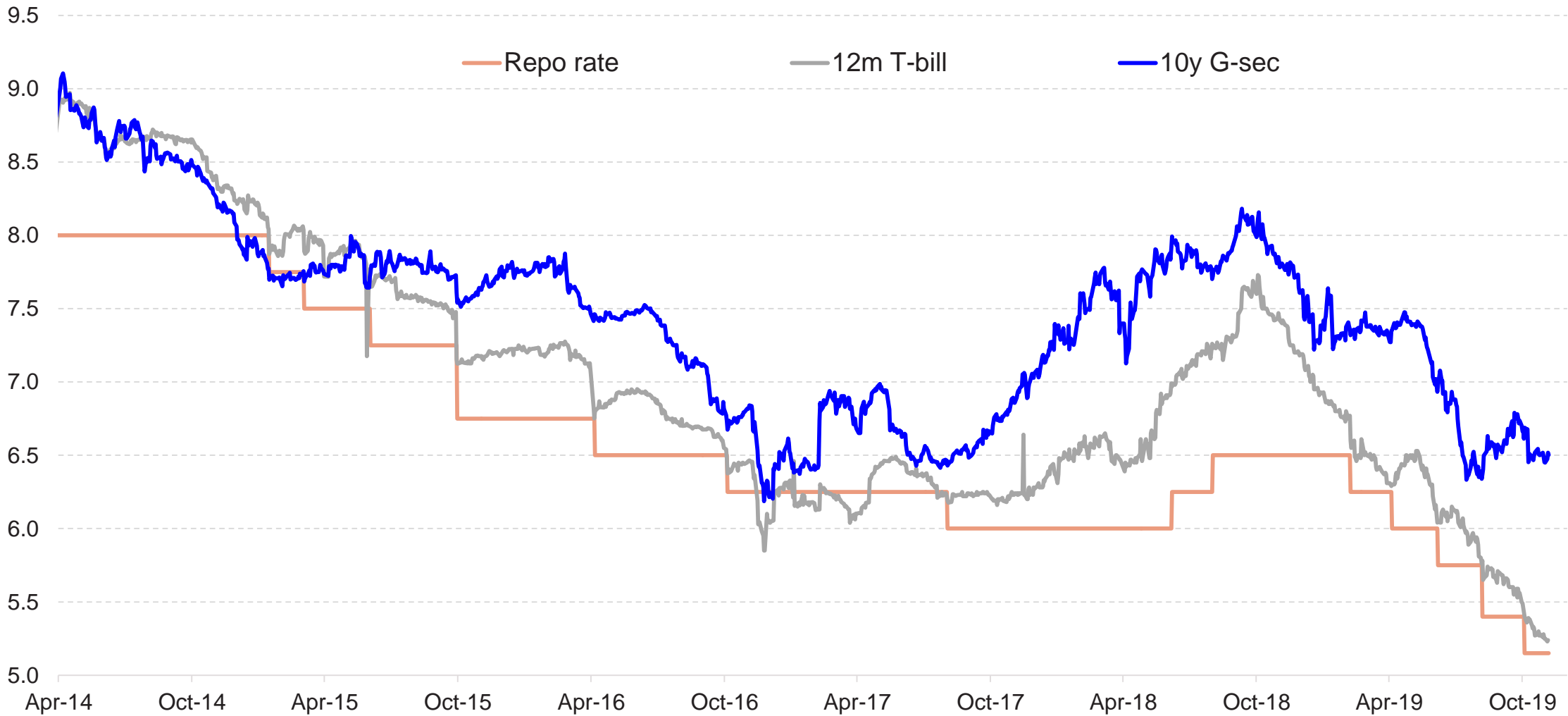


Source: Various government and private bodies

Fiscal trajectory remains a key concern, however a stable rupee and benign inflation provide policy space

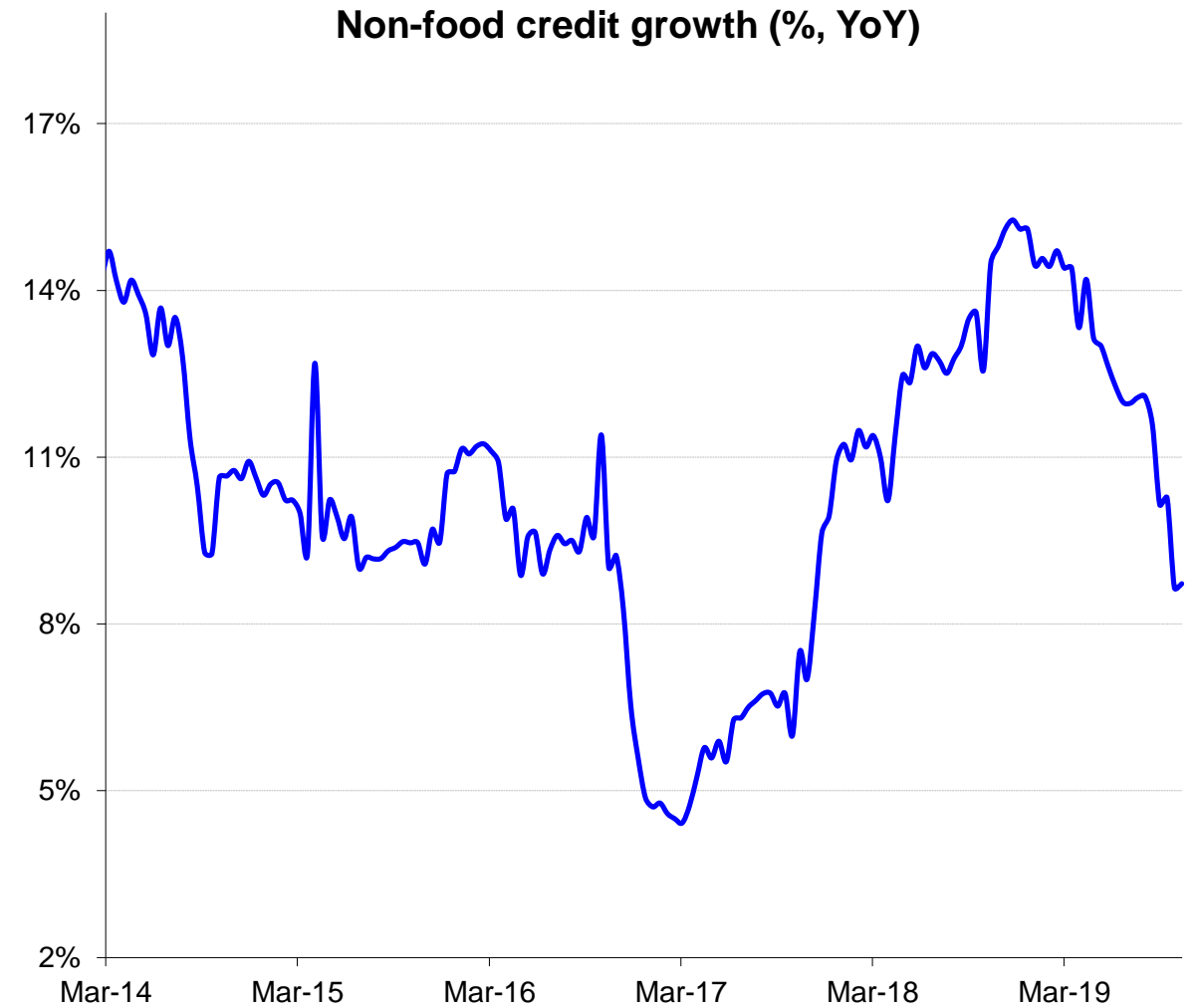
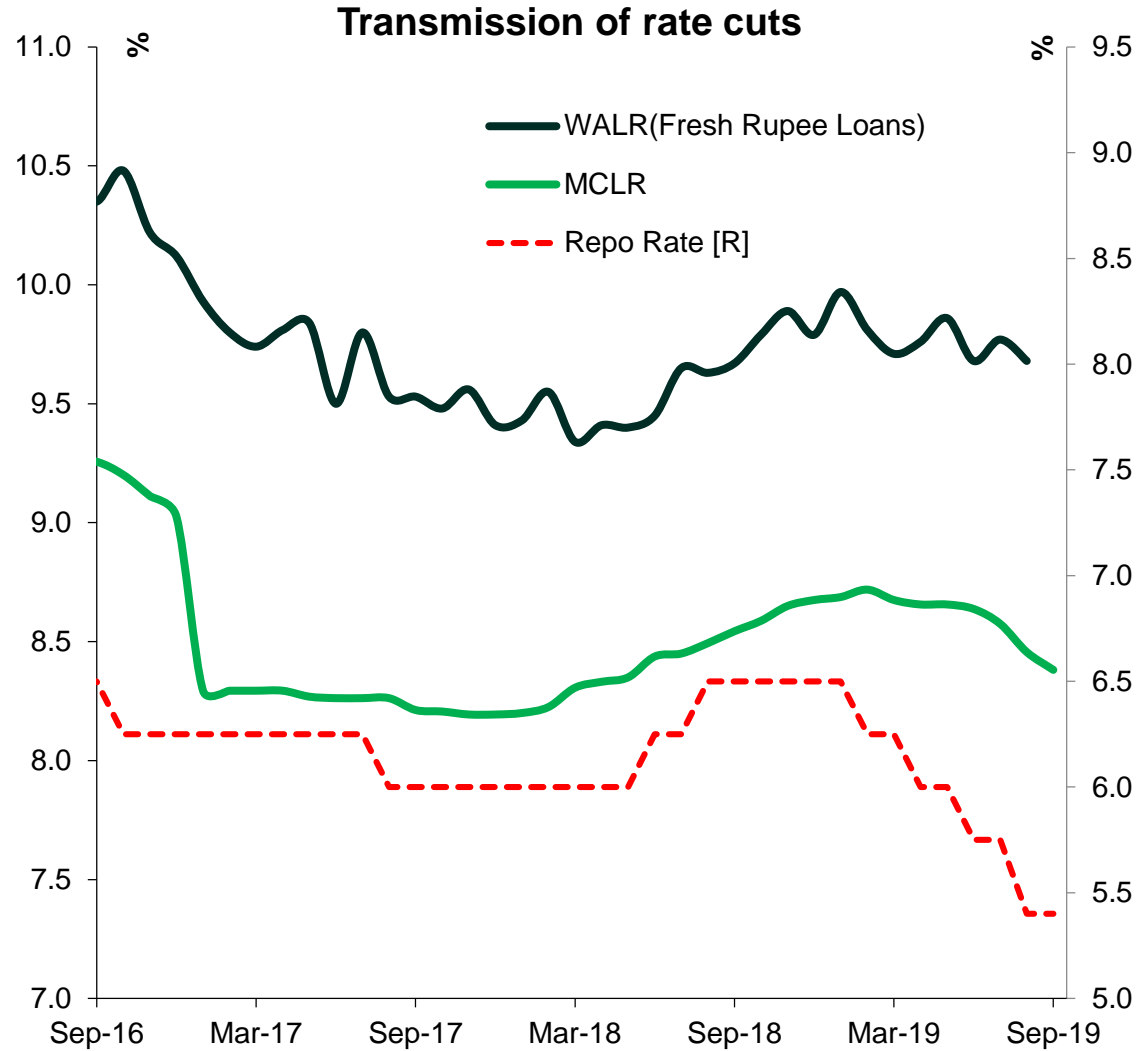


Policy has responded to the slowdown, with deep cuts in the repo rate, but benchmark interest rates have diverged on fiscal worry



Source: Bloomberg

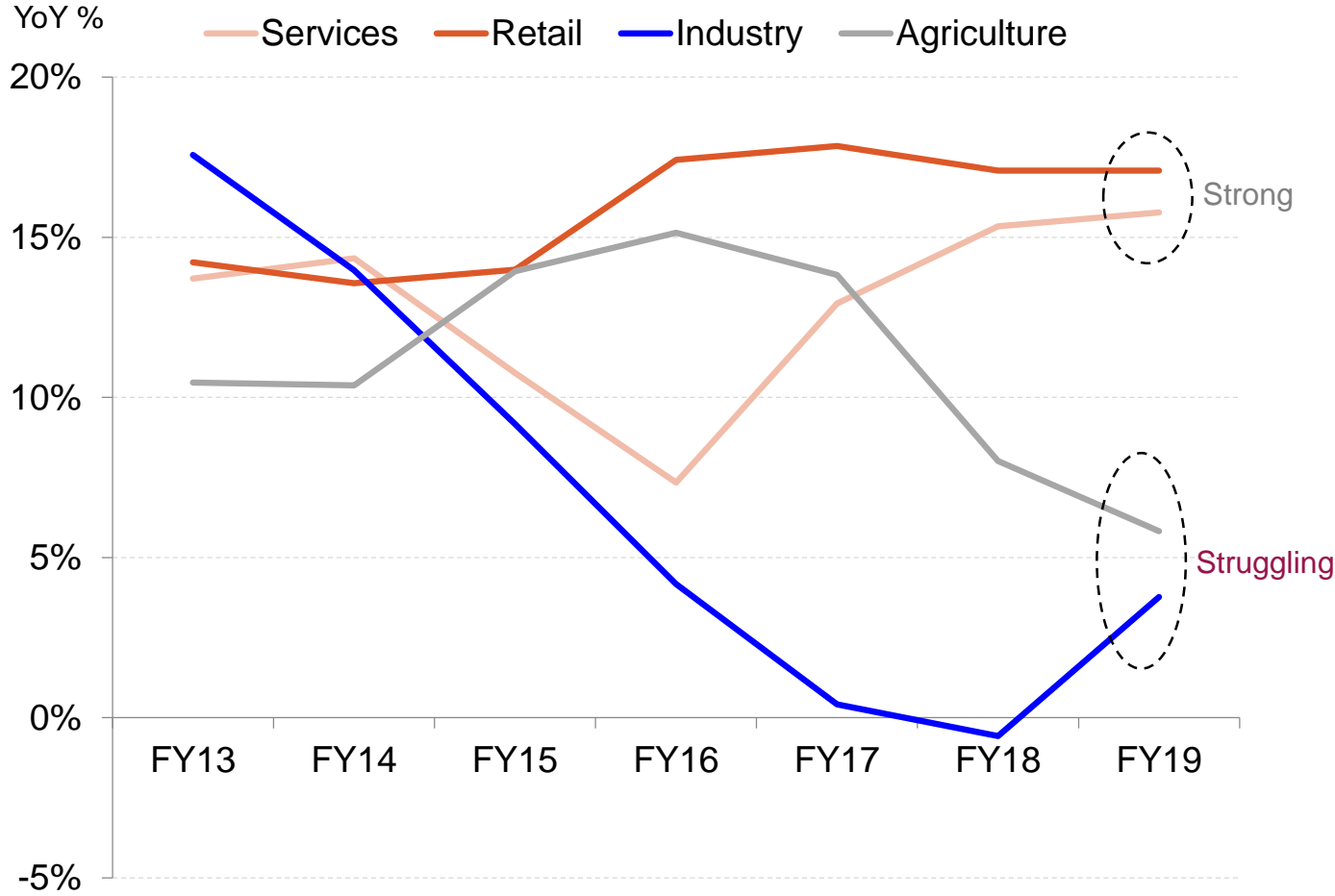
Transmission of monetary policy remains in progress; credit offtake is muted



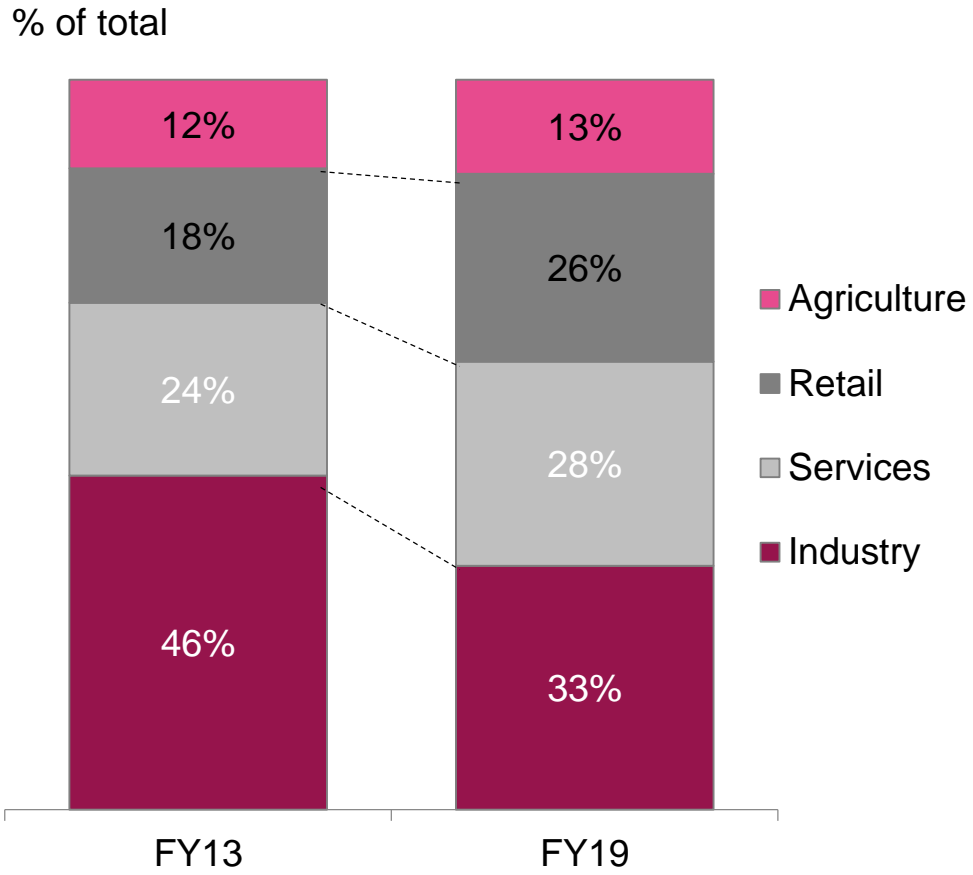
Mirroring the slowdown in manufacturing and capex, the credit squeeze is most evident in the industry segment; retail and services have held up



Credit Growth by Segment



Changing Segment Share in Credit



Source: RBI

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

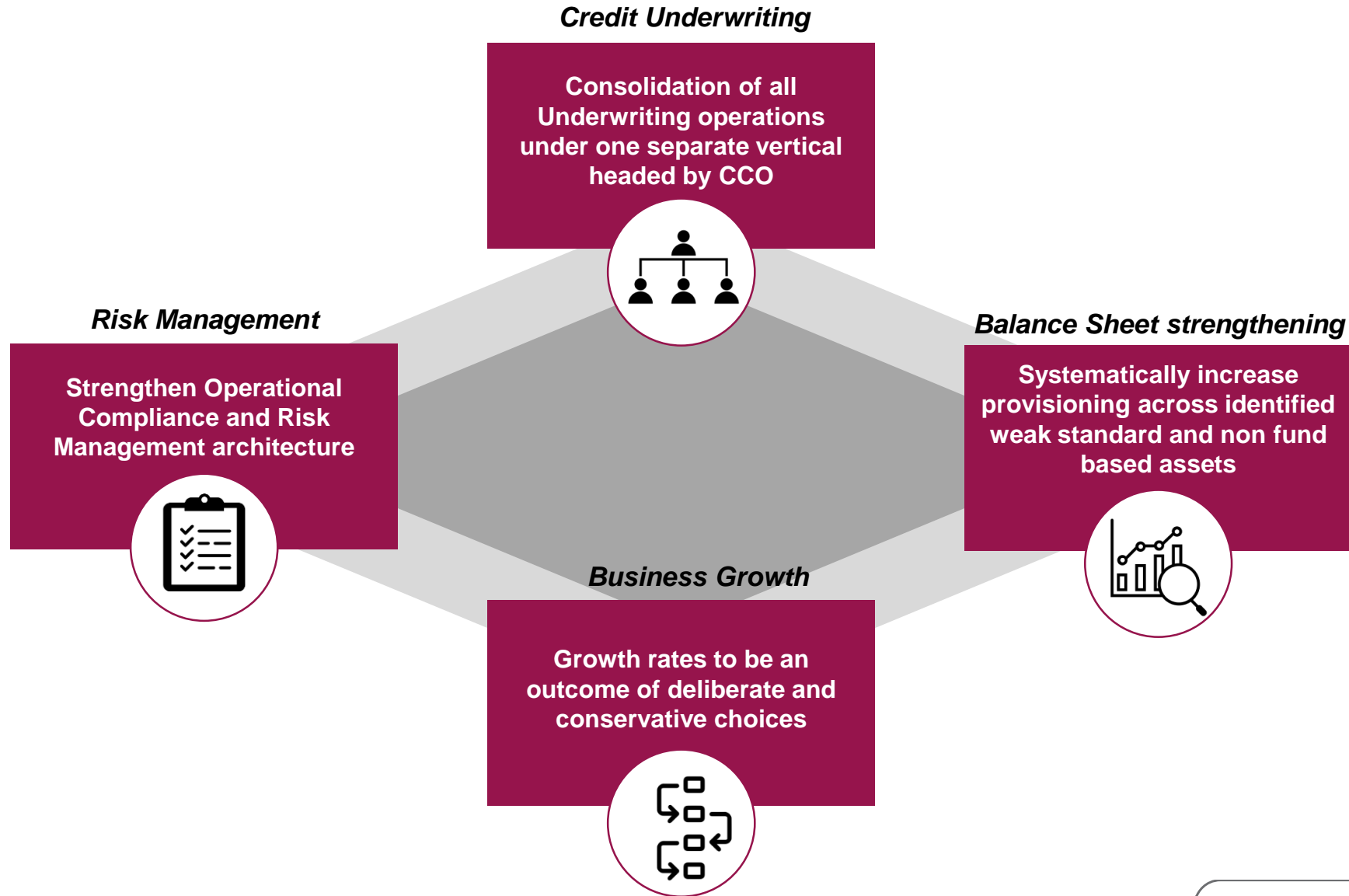
- Optimize business mix
- Improve operating efficiency
- Sweat existing infrastructure
- Reduce credit cost below long term average

Sustainability

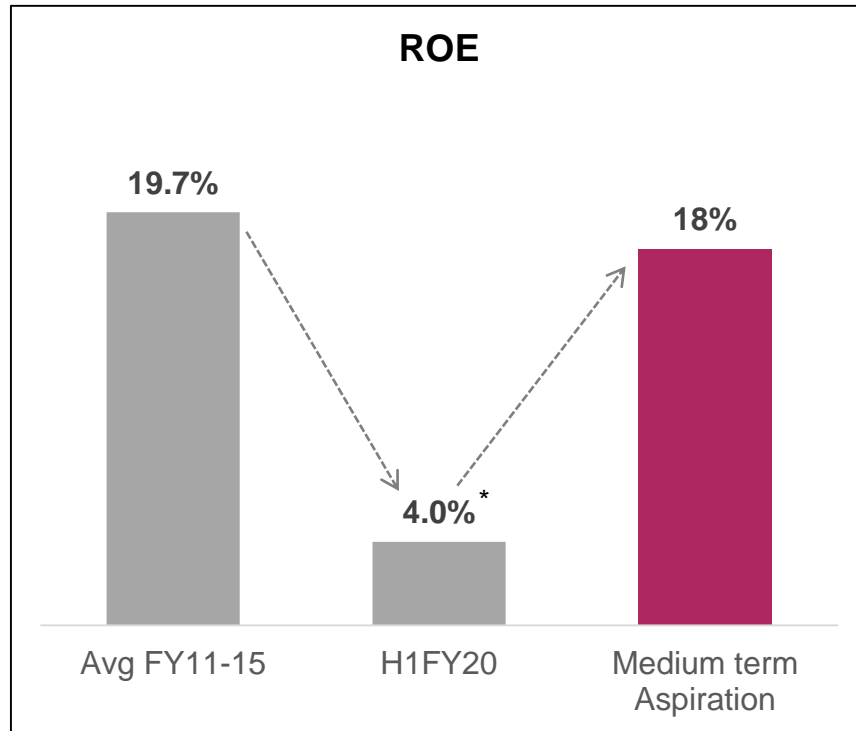
- Strengthen the Core - technology, operations, credit risk and process excellence
- Focus on disciplined execution
- Embed conservatism in the Bank's internal policies and practices

Our goal is to deliver 18% ROE sustainably

The Bank continues to increase conservatism in all its business choices



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

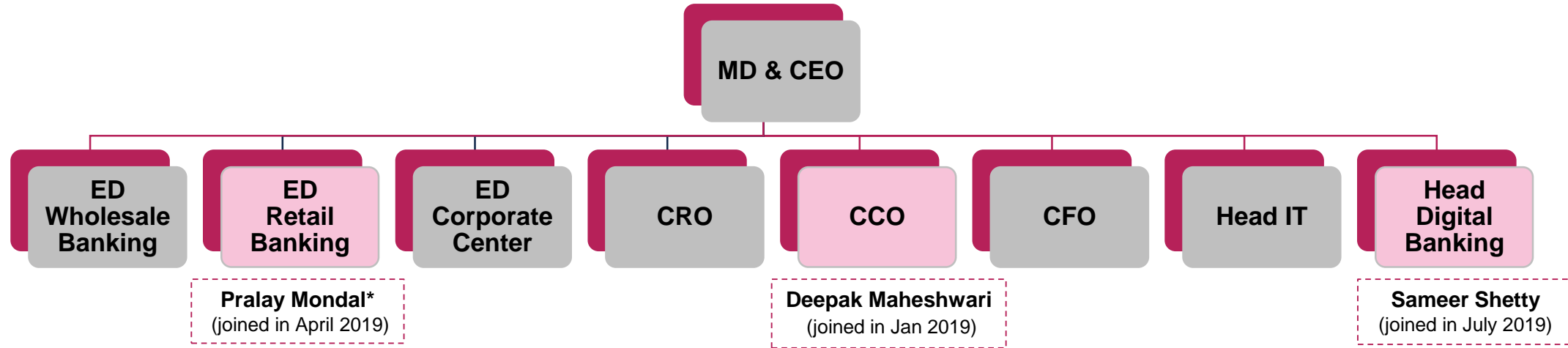


3 drivers of the return to 18% ROE

- 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%

* H1FY20 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**

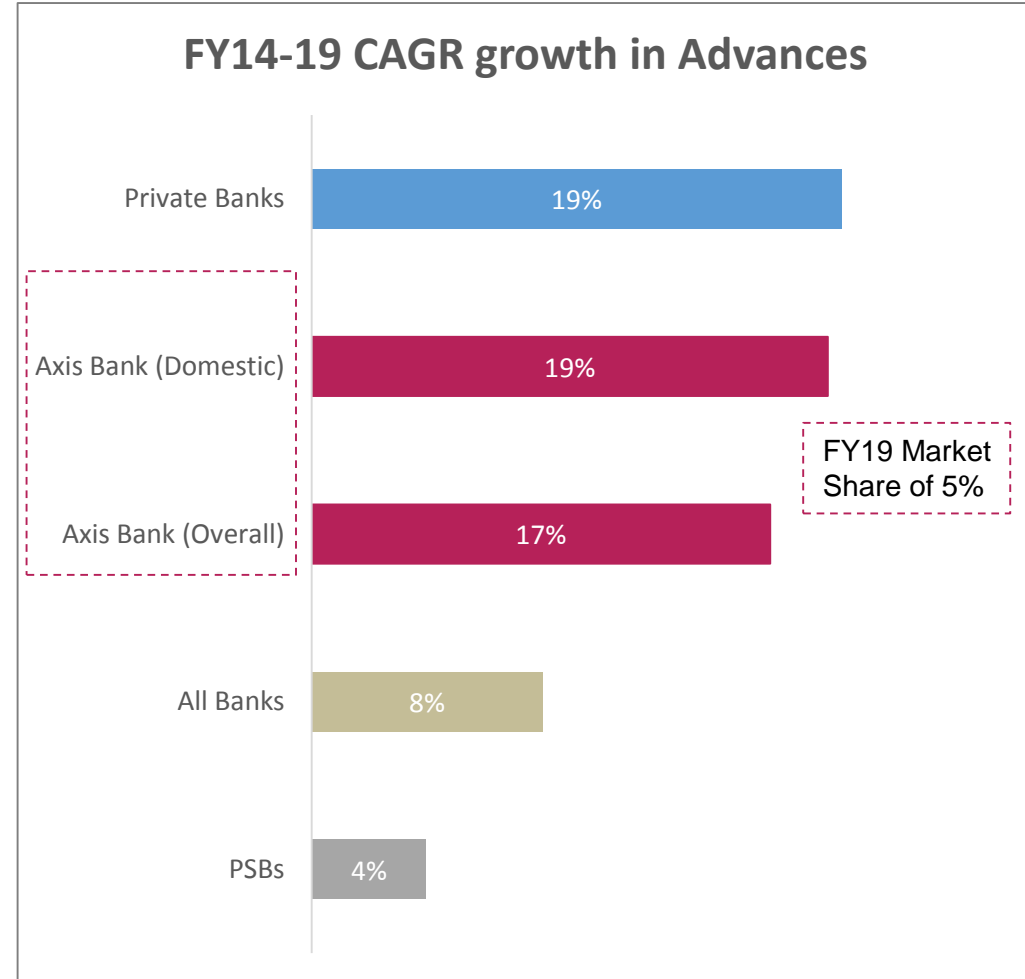
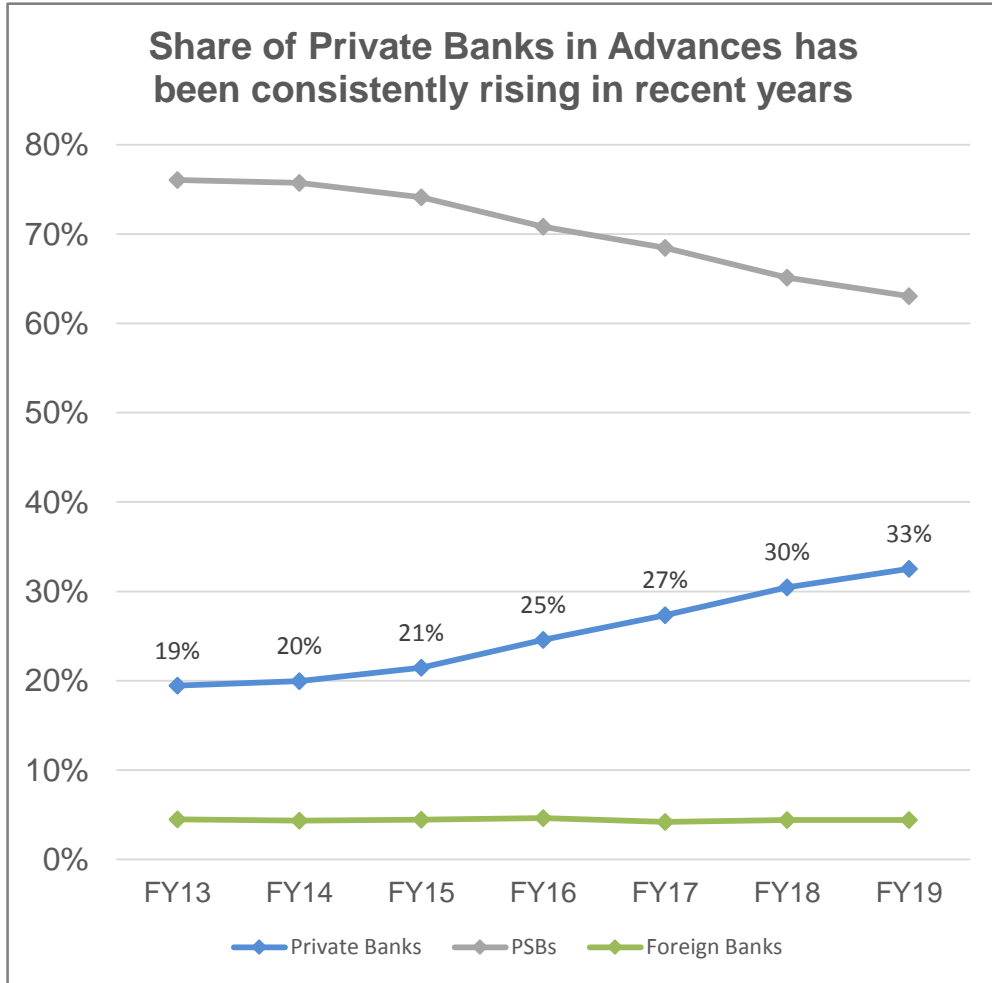
Amit Talgeri joined the Bank as **Head Retail Risk** in April 2019

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

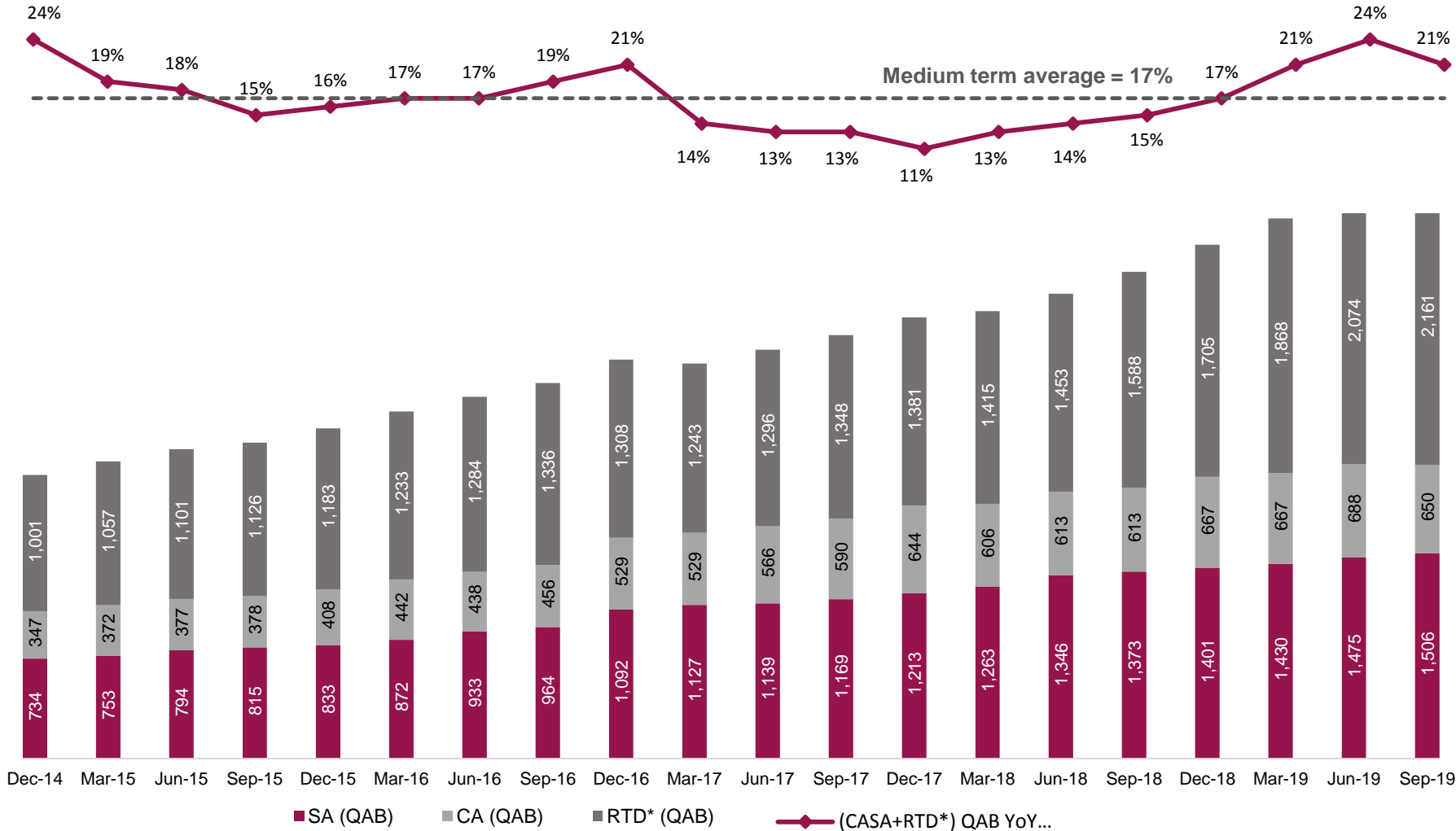
* appointed as the ED (Retail Banking) of the Bank with effect from 1st Aug' 2019

The Bank intends to grow at 5-7% higher rate than industry driven by deposits

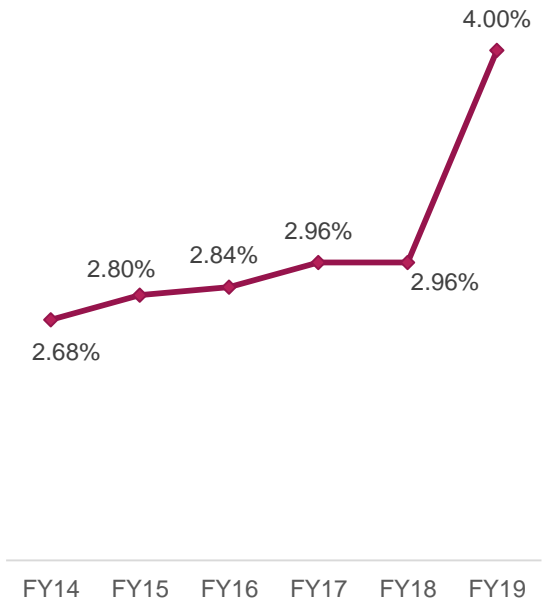


Granular deposits have seen strong growth

All figures in ₹ Billion



Axis Bank Market share in Term Deposits



■ SA (QAB) ■ CA (QAB) ■ RTD* (QAB) ◆ (CASA+RTD*) QAB YoY...

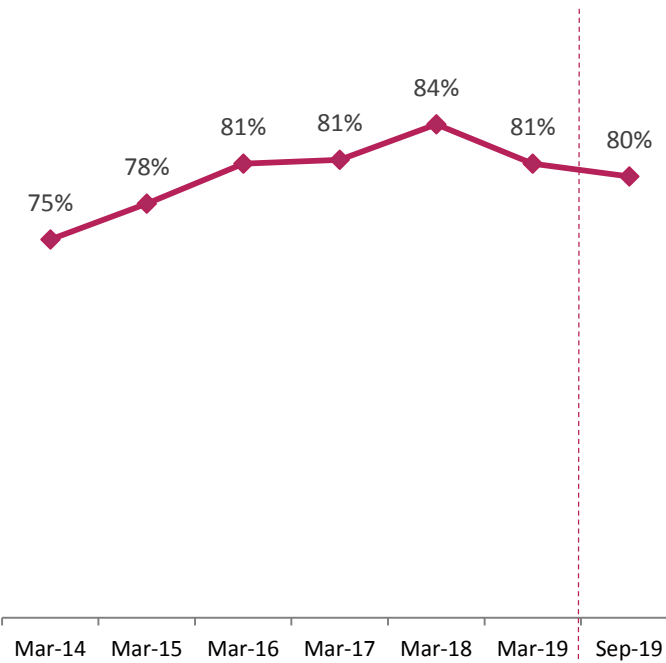
* Retail Term Deposits

Growth increasingly being driven by Retailisation of the Bank



Share of Retail in Deposits

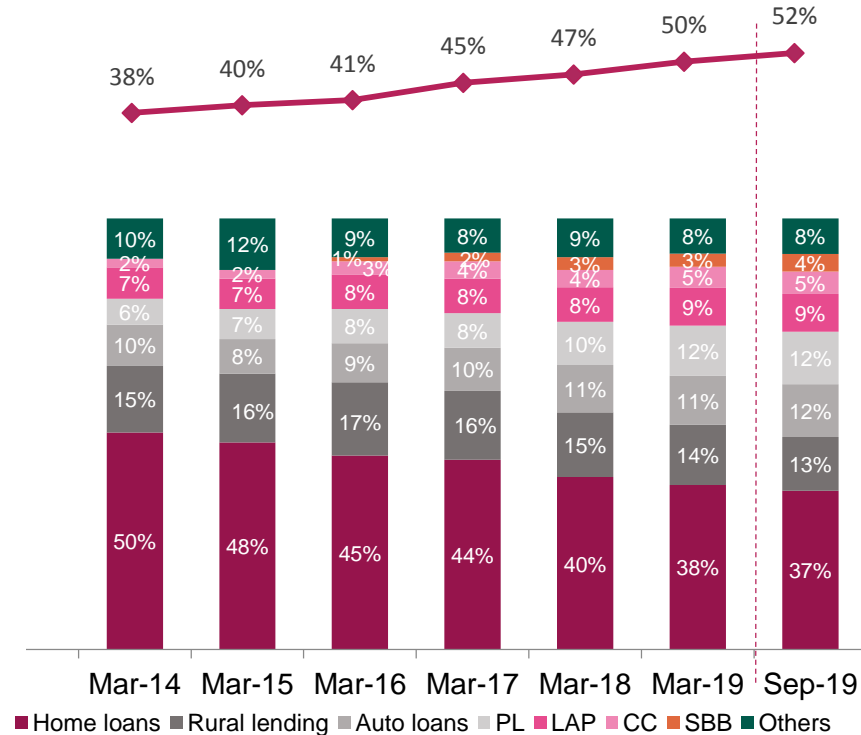
Retail Deposits* CAGR[^] 16%



* Includes CASA and Retail TD

Retail Loan mix and share in Total Advances

Retail Advances CAGR[^] 23%

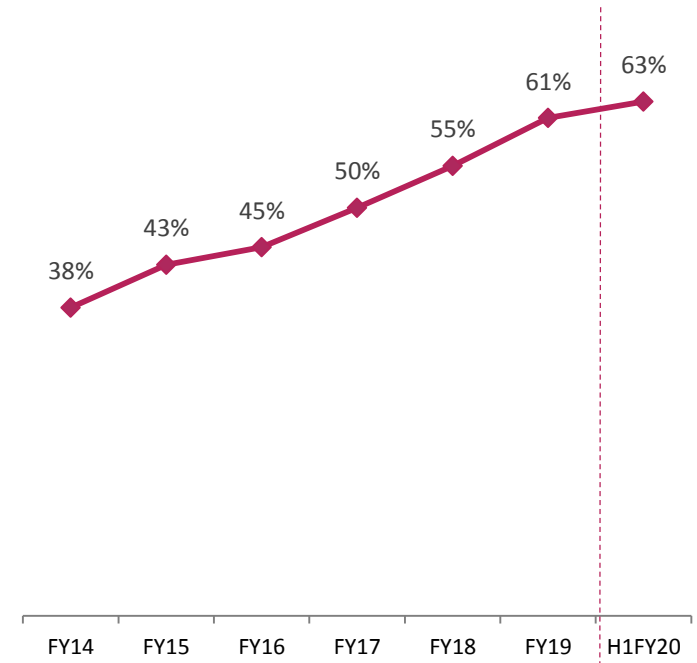


◆ Share of Retail in Advances

PL – Personal Loan, SBB – Small Business Banking, LAP – Loan against Property, CC – Credit Cards

Share of Retail in Fee Income

Retail Fees CAGR^{**} 22%



[^] CAGR over Mar'14 to Sep'19
^{**} CAGR over FY13 to FY19

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

Featured Cards



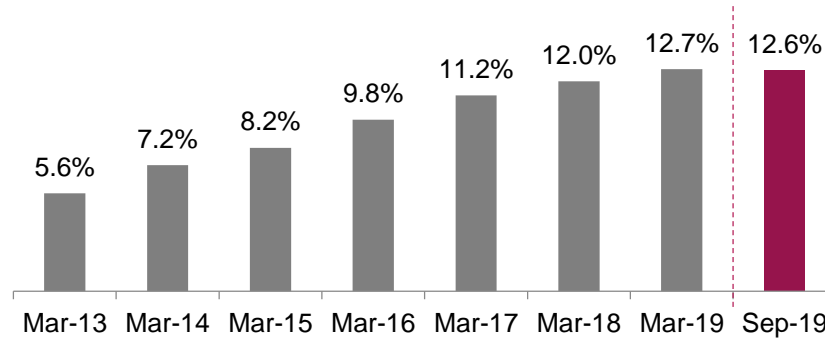
Co-branded Cards



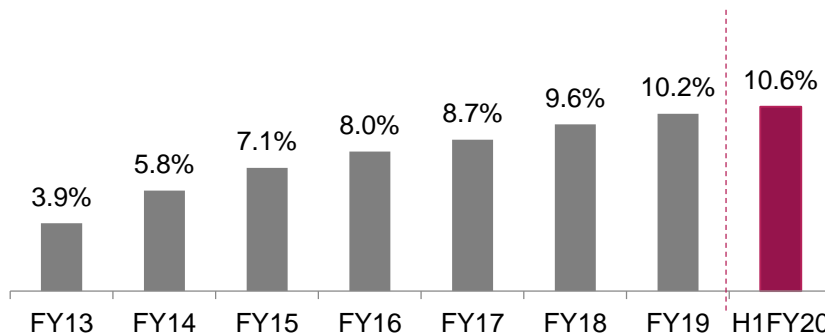
Premium Cards



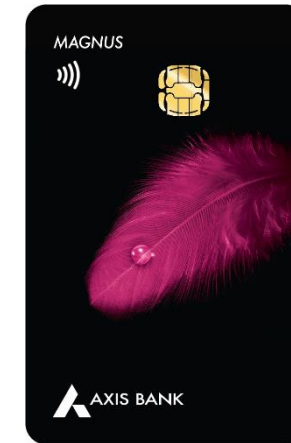
Credit Cards in Force – Market Share



Credit Cards Spends – Market Share



Magnus Credit Card



- Offers best-in-industry benefits for HNI customers – both, Axis Bank and non-Axis Bank
- Unique and exclusive card offers such as complimentary flight ticket every year, airport concierge services etc.
- Benefits of the card encompass all aspects of lifestyle - travel, dining, movie and wellness

Source: RBI Data Reports

The Bank is a leading player in India's Wealth Management space







 Relationship Management and Wealth Specialist team of over 649

 AUM* of over ₹ 1,407 billion (\$20 Bn)

Wealth Management | Axis Bank

Burgundy Performance (Apr'14 - Sept'19)

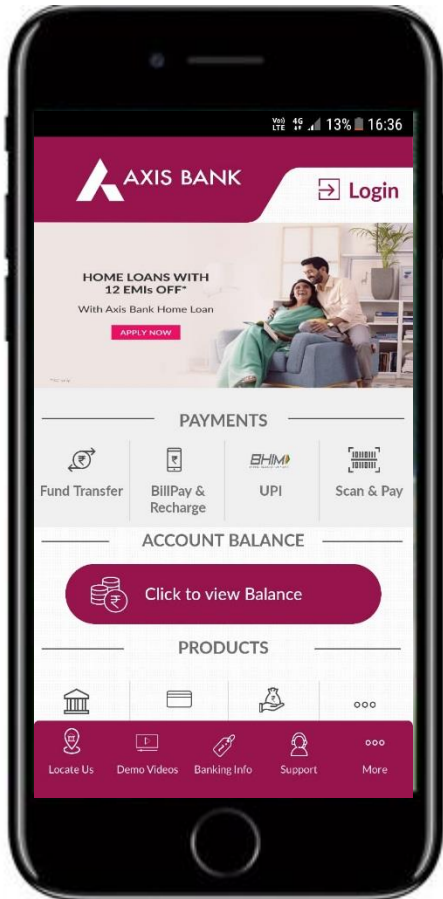
AUM^		28%	Fee Revenue~		43%
Customer Base		27%	Touch Points (RMs & ICs)		16%

* As of 30th Sept. 2019
^ CAGR growth for 3.5 years, since Apr'16
~ CAGR for FY14-FY19
Reference Exchange rate \$ = ₹70.875

We are among the top rated players in mobile banking



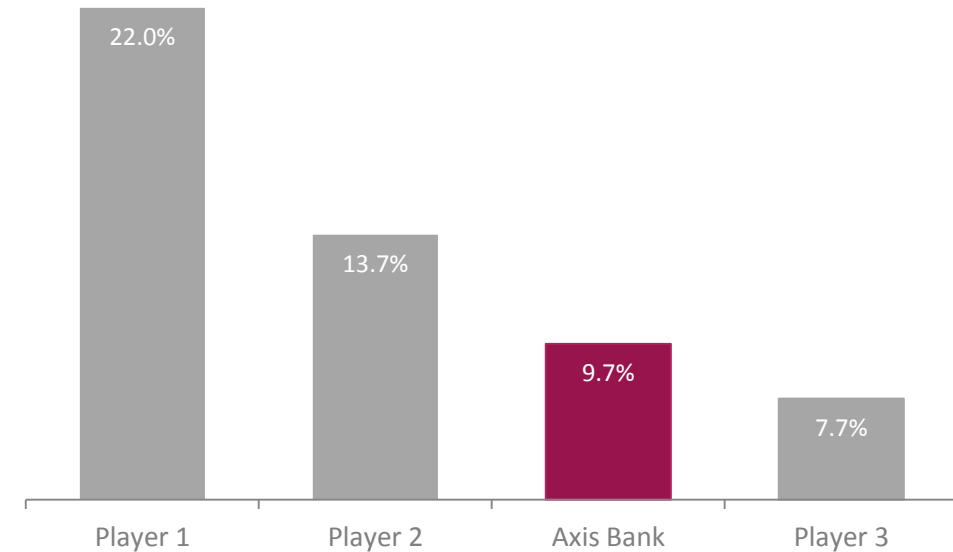
Axis Bank Mobile App



FORRESTER®
2018 Global Rank
#14
vs. #32 in 2017
Among 42 leading banks worldwide

Store Rating
4.6
4.7
People's Choice

Mobile Transactions Market Share for 4M'FY20 (by Volume)

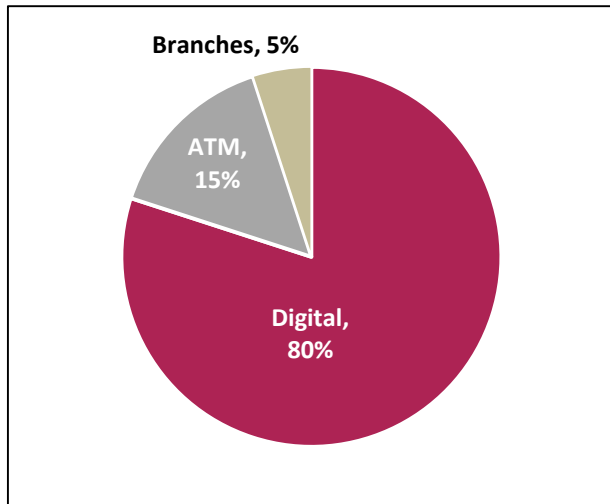


Source: RBI data

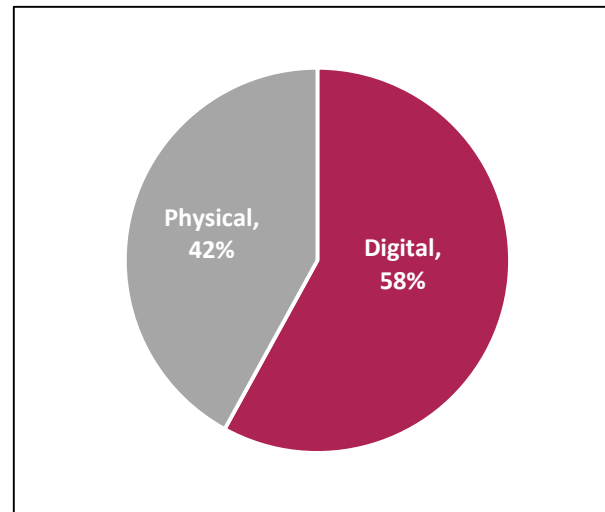
Digital Channels contribute substantially to overall transaction, sourcing and disbursement volumes



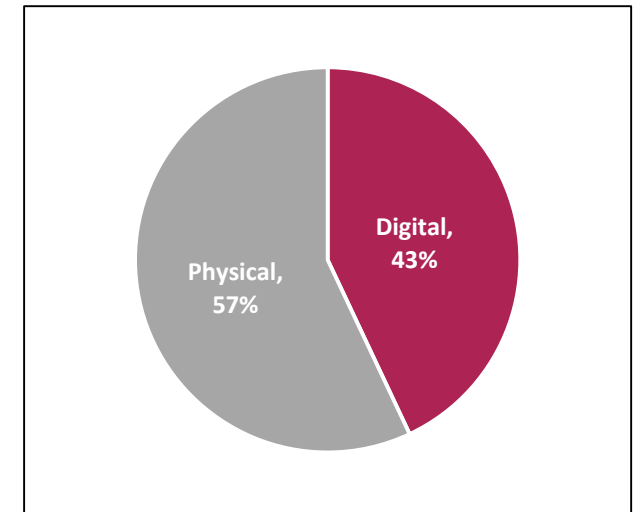
80% of all financial transactions* were digital



58% of Savings Accounts were sourced through Tab*



43% of Personal loans were sourced through Digital channels



• Based on all financial transactions by individual customers in Q2FY20

* Digital tablet based account opening process

We have re-organized the Wholesale Bank, creating an integrated franchise



Re-Oriented Coverage Groups

Large Corporate

Mid Corporate

Focused Segmental Coverage

Commercial Banking

Bank and Subsidiary Products

Credit

Liabilities and Transaction Banking

Treasury



Strengthened Operations and Service Infrastructure

Note: Classification based on client annual revenue – Commercial (₹10 cr- ₹250 cr); Mid (₹ 250 cr- ₹ 1000 cr); Large (> ₹ 1000 cr)

Wholesale Credit Underwriting environment at Axis Bank has been decisively reset

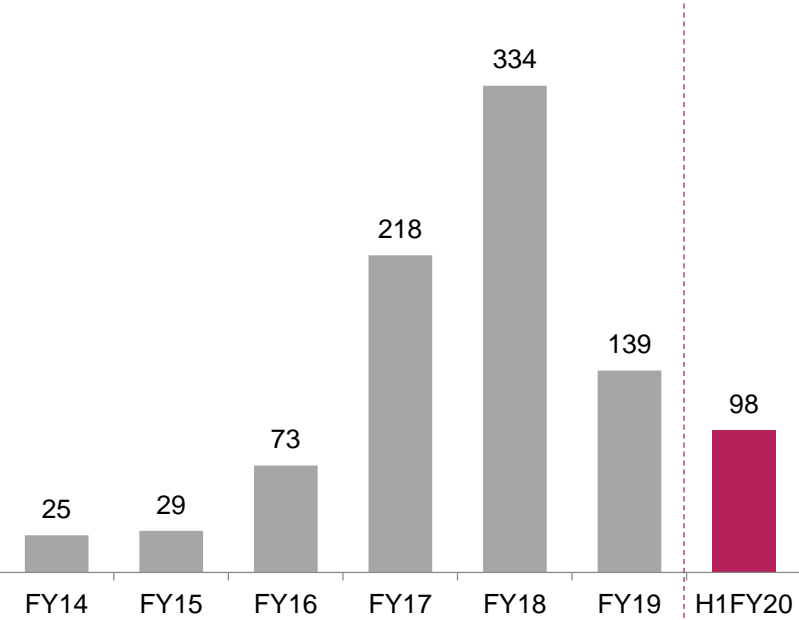


The last 2-3 years have been challenging for the Bank...

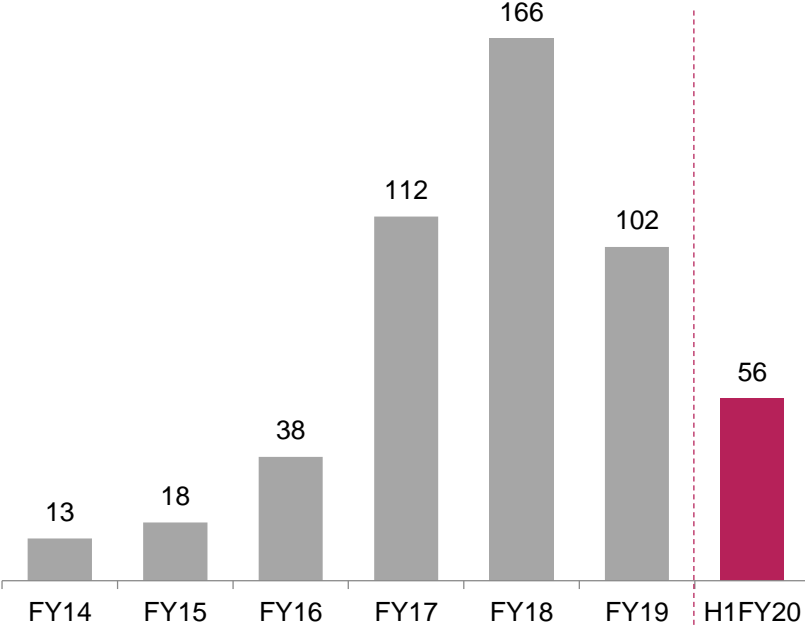


All figures in ₹ Billion

Gross Slippages

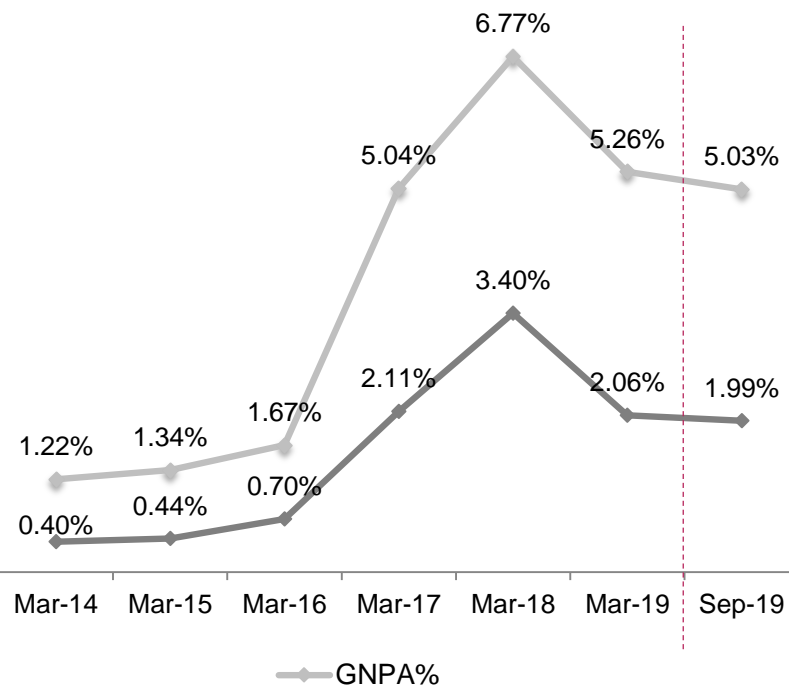


Provision for non-performing assets*



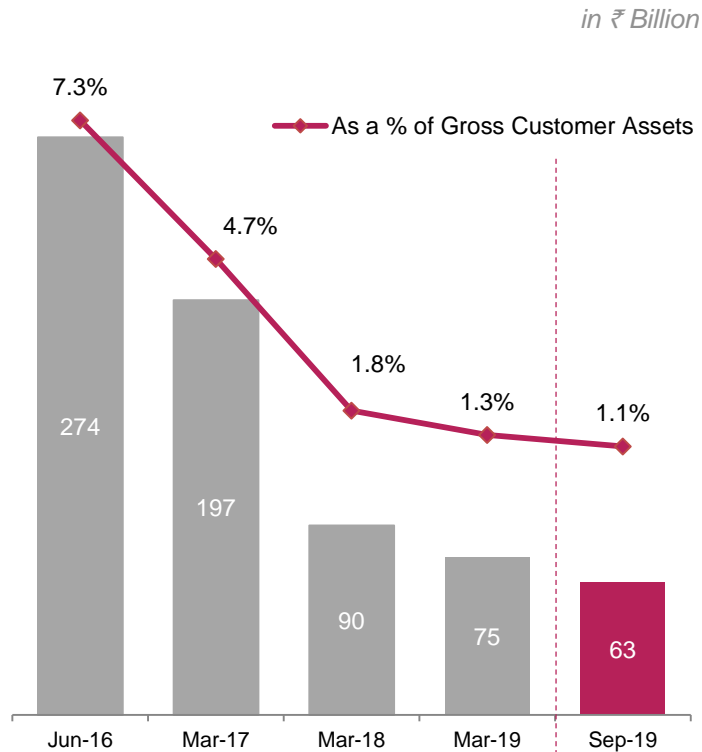
*including bad debts written off and write backs

GNPA and NNPA ratios

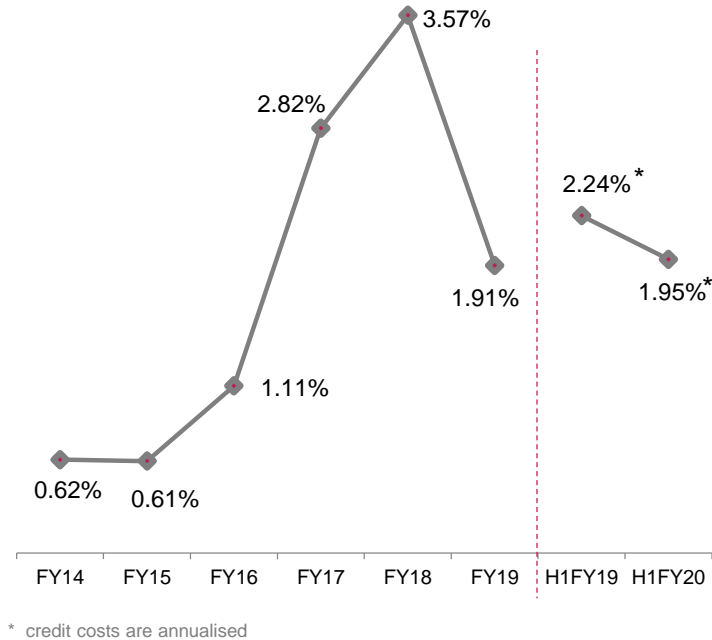


...however the asset quality challenges of recent years have moderated

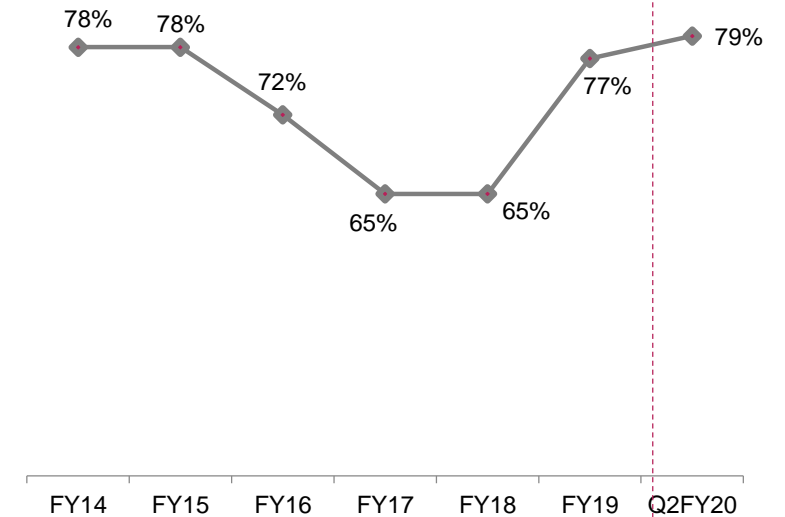
BB & Below pool size has been shrinking



Credit cost has moderated



Provision Coverage ratio is now at 79%

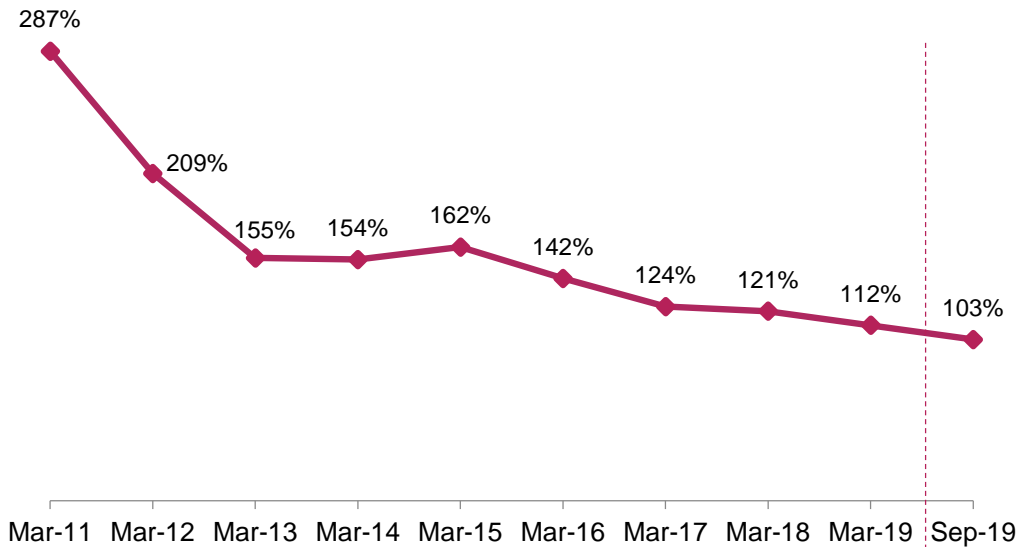


- Non Fund Based outstanding in BB & below corporate portfolio is ~ ₹22 Billion
- Investment outstanding with BB & below rated corporates is ~ ₹ 17.5 Billion
- As on 30th September 2019, the Bank has additional provisions of ~ ₹ 26 Billion towards various risk contingencies, over and above the regular NPA provisioning and the 0.4% standard assets provisioning requirement

New originations in Corporate Credit are more granular and Bond book is being right sized

Concentration Risk has reduced significantly from peak

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

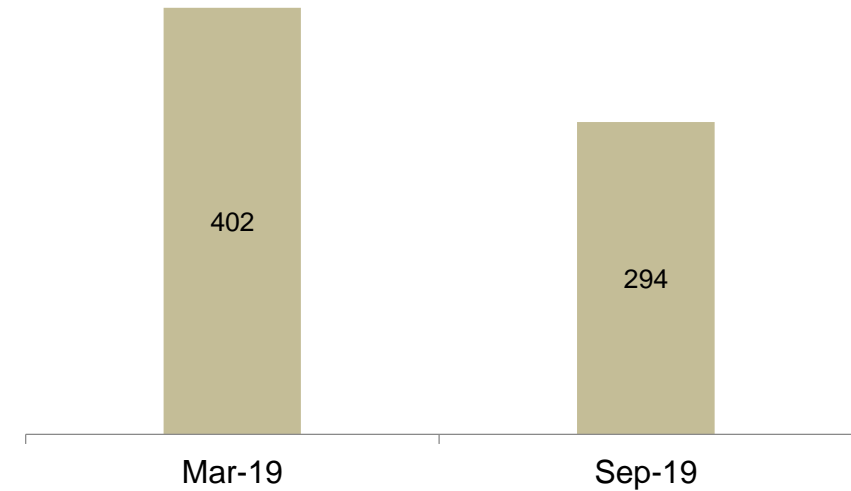


95% of sanctions in H1FY20 was rated A-and above

Corporate Bond portfolio

Outstanding Non SLR Corporate bond* book

in ₹ Billion



93% of bonds rated A- and above

*Only includes standard investments

Recent Quarterly performance

Key Metrics for Q2FY20

Snapshot (As on Sept. 30th, 2019)

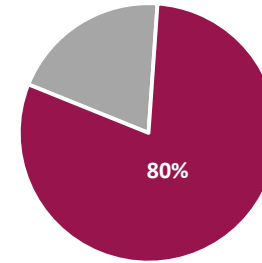


Profit & Loss	Absolute (in ₹ Billion)		YOY Growth	
	Q2FY20	H1FY20	Q2FY20	H1FY20
Net Interest Income	61.02	119.45	17%	15%
Fee Income	26.49	53.12	11%	18%
Operating Expenses	40.46	78.66	6%	4%
Operating Profit	59.52	118.44	45%	40%
Profit Before Tax	24.33	45.11	109%	105%
Net Profit / (Loss) **	(1.12)	12.58	-	(16%)

Balance Sheet	Q2FY20	YOY Growth
	Total Assets	8,092.94
Net Advances	5,215.94	14%
Total Deposits	5,839.58	22%
Shareholders' Funds	838.75	29%

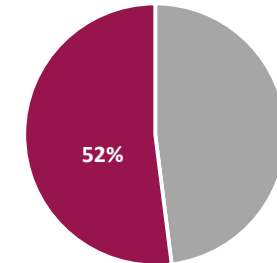
Key Ratios	Q2FY20	Q2FY19
	Diluted EPS* (in ₹) (Q2/H1)	(1.69) / 9.59
Book Value per share (in ₹)	298	253
ROA* (in %) (Q2/H1)	(0.06) / 0.31	0.43 / 0.41
ROE* (in %) (Q2/H1)	(0.68) / 3.98	5.43 / 5.18
Gross NPA Ratio	5.03%	5.96%
Net NPA Ratio	1.99%	2.54%
Basel III Tier I CAR ¹	15.25%	13.04%
Basel III Total CAR ¹	18.45%	16.45%

Deposits ↑ 22% YOY



■ CASA + RTD
 ↑ 21% YOY (QAB*)
 19% YOY (End Balance)

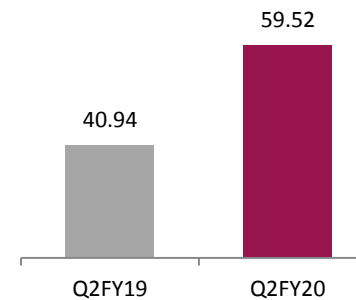
Domestic Advances ↑ 19% YOY



■ Retail Advances^
 ↑ 23% YOY

Operating Profit (in ₹ Billion)

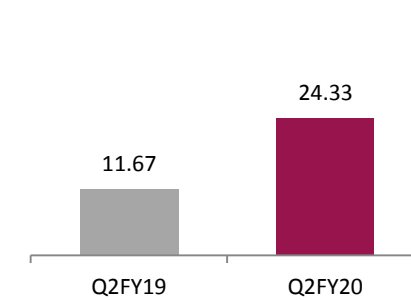
↑ 45% YOY



*QAB – Quarterly Average Balance

Profit Before Tax (in ₹ Billion)

↑ 109% YOY

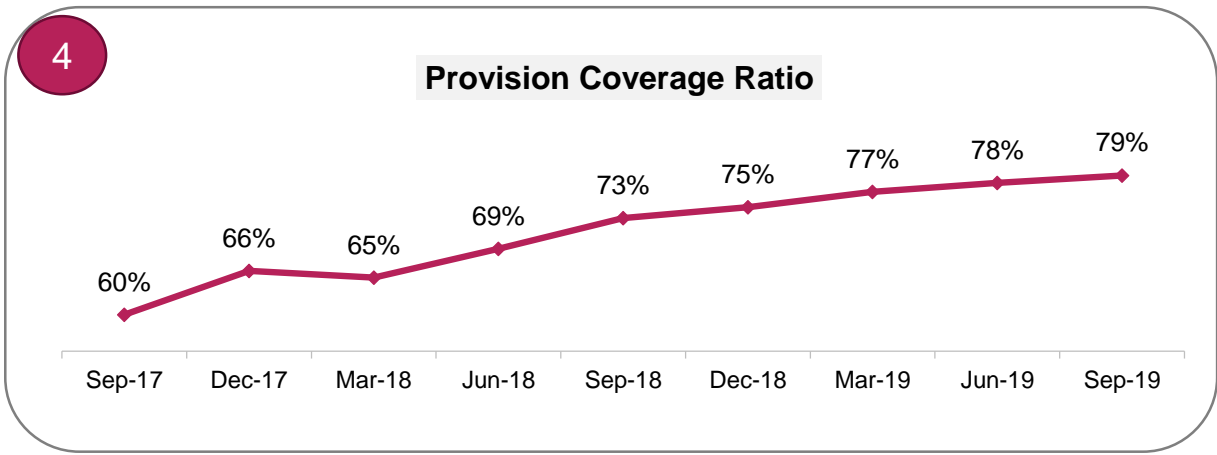
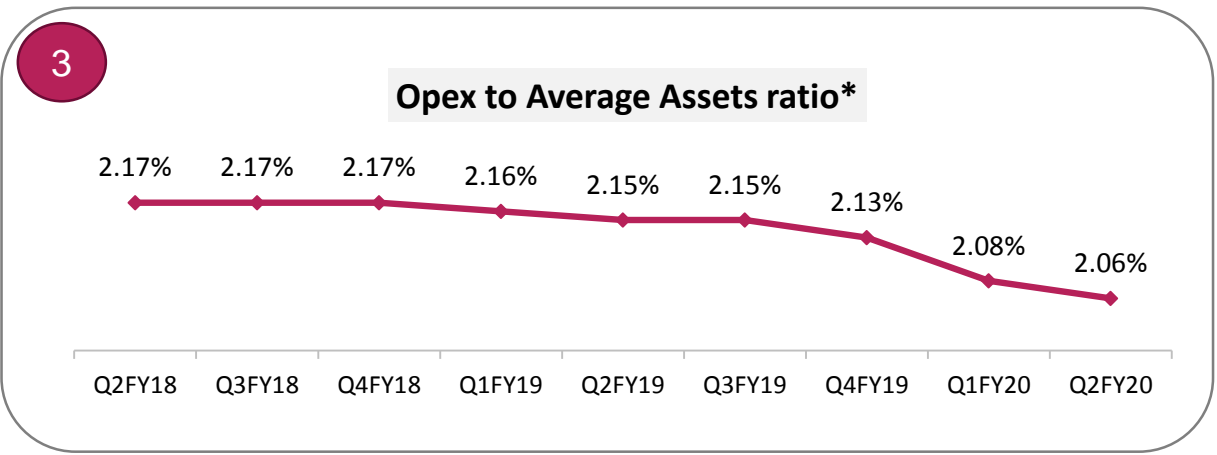
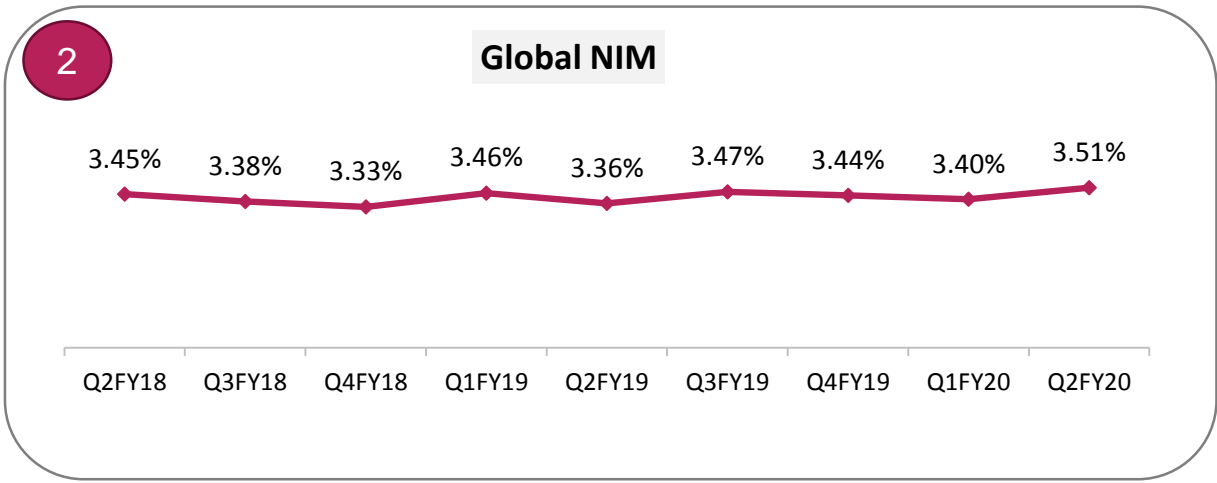
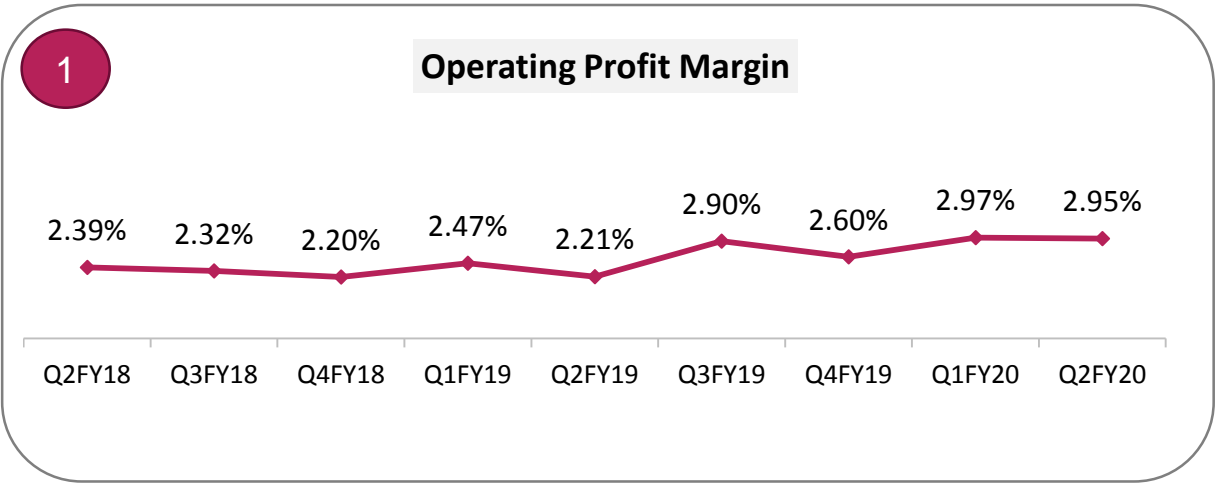


^ As proportion of Total Advances

¹ including profit for H1
* Annualised

** Net loss of ₹1.12 billion for the quarter was driven by a one-time tax impact of ₹21.38 billion due to changes in corporate tax rate. Ex of this extraordinary item, PAT would have been ₹20.26 billion, up 157% YoY

Operating performance metrics were strong during the quarter



Through various measures over the last few quarters, the Bank now holds additional provisions of around ~ ₹26 billion

* Annualised figures

Other important information

- *Debt instruments currently outstanding*
- *Credit Ratings*
- *Sustainability at Axis Bank*
- *Awards*

Axis Bank MTNs (Senior Notes) currently outstanding



Sr. No	Issue	Coupon	Issue Date	Maturity / Call Date	Size (US\$ Mn)
1	Senior Fixed Rate Note	3.25%	21-Nov-14	21-May-20	500
			11-Mar-15	21-May-20	250
			16-Oct-18	21-May-20	50
2	Senior Fixed Rate Note	3.75%	17-Feb-15	17-Feb-25	55
3	Senior Fixed Rate Note (Green Bond)	2.875%	01-Jun-16	01-Jun-21	500
4	Senior Floating Rate Note	L + 1.10%	02-Feb-17	3-Feb-20	10
5	Senior Floating Rate Note	L + 1.00%	27-Mar-17	27-Mar-20	10
6	Senior Fixed Rate Note	3.00%	08-Aug-17	08-Aug-22	500
7	Senior Fixed Rate Note (Green Bond)	3.817%	18-Apr-19	18-Apr-24	40
					1915

Note: L refers to 3 month USD Libor

Spreads of some of the actively traded Axis MTNs

Issue	Coupon	Residual Tenor	Median spread over UST
Senior Fixed Rate Note 2020	3.25%	1 year	110
Senior Fixed Rate Note 2022	3.00%	3 year	125

Axis MTN: Current Spread of Benchmark Tenors

3 Year : UST+125 bps
5 Year: UST+150 bps

Credit Ratings (as of Sept'19)

Rating Agency	Long term Issuer rating	Outlook
S&P Ratings	BBB-	Stable
Moody's	Baa3	Stable
Fitch	BB+	Stable
CRISIL	CRISIL AAA	Stable
CARE	CARE AAA	Stable
ICRA	ICRA AAA	Stable
India Ratings	IND AAA	Stable

“Striving to create positive, financial as well as non-financial impact among our diverse stakeholder spectrum across rural and urban India”

Green Banking



- **First certified Green Bond by an Asian Bank, launched in 2016 for US\$ 500 mn**
- 7.05 MW of solar power installations across 248 locations
- 2.2 million sheets of paper saved in 2018-19 through Saksham initiative for operational excellence

Banking for Emerging India



- 1.7 million women borrowers in 18 states & 1 UT under Axis Microfinance
- 3,200+ SMEs benefitted from Evolve series in 2018-19
- Over 1 million accounts under India’s MUDRA Scheme

CSR Impact



- Axis Bank Foundation active in 7,415 villages in 136 districts in 23 states
- 0.45 million households/trainees impacted in 2018-19 under Foundation’s Mission 2 Million by 2025

Digital Leadership



- 12% market share in UPI transactions with 56 mn VPAs
- First-of-its-kind Raipur Smart City Card under #SmartCities
- India’s first single-wallet, contactless, open loop Metro card for Kochi Metro



FTSE4Good

On the prestigious FTSE4Good Index from 2017 onwards



Winner of the prestigious CII ITC Sustainability Award for CSR 2015, 2016, 2018



Featured in the Top 25 'Best Companies to Work For' by Business Today

Major awards won by the Bank and its subsidiaries



Best use of Data & Analytics for Business Outcome amongst Large Banks



Most Innovative Emerging Technologies Project, India - Ripple Blockchain project



Anti-Money Laundering Technology Implementation



Best Digital Bank for the second consecutive year








- **Best Contactless Payments Project of the Year**
- **Best Prepaid card of the Year**



Financial Inclusion Initiative Of The Year

In Summary

-  **Axis Bank has built an enviable franchise over the last 10 years**
-  **The Bank has crossed the inflection point after having witnessed a challenging period over the last 2-3 years**
-  **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



