

# **Retail Banking Presentation**

*March 2018*

# 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

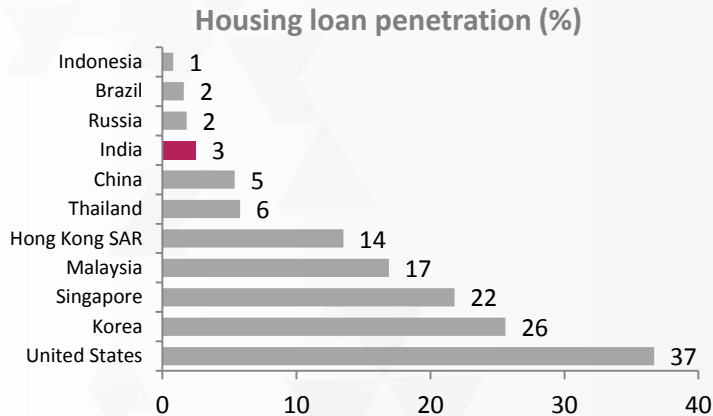
Continued leadership in Payments

Continue investments in Analytics and Digital

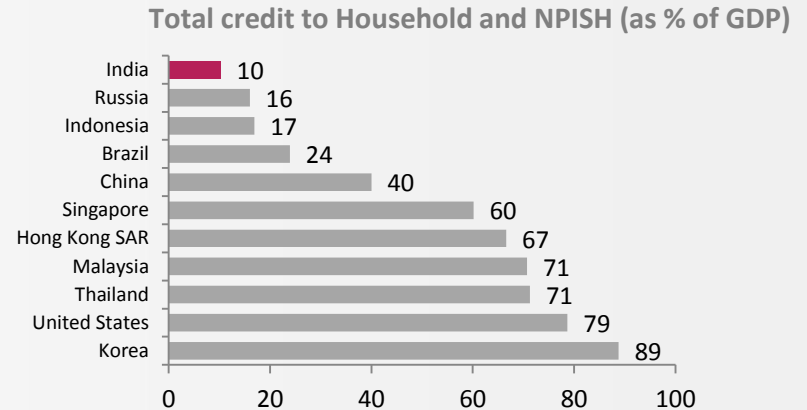
Strong Brand recall

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

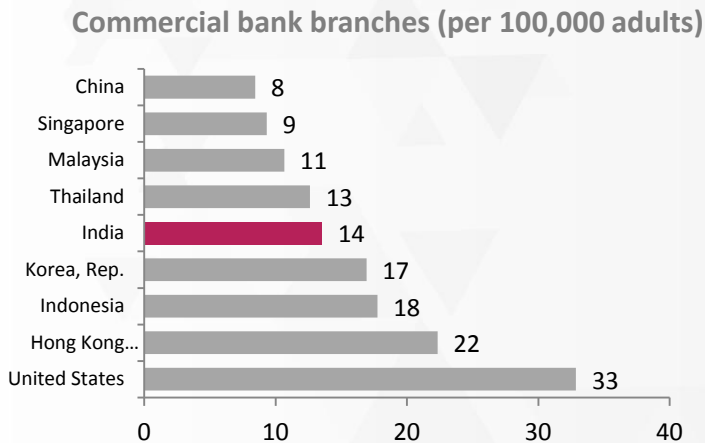
## Low Housing Loan penetration



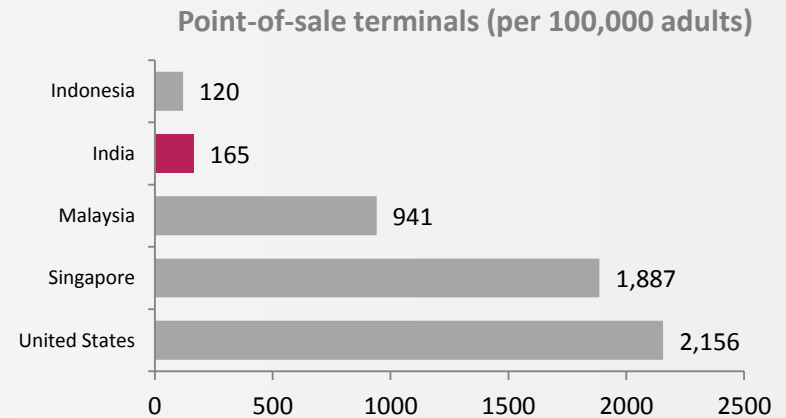
## Household debt at very low level



## Further potential for branch expansion



## Low support infrastructure



Source: World Bank

\* NPISH – Non profit institutions serving households

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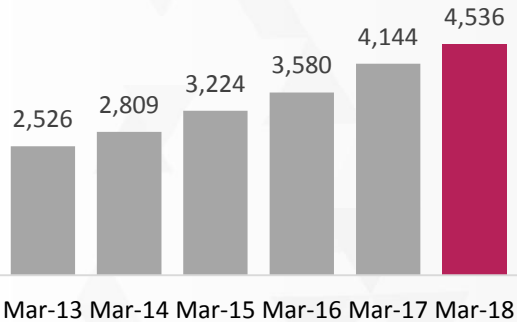
Strong Brand recall

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


All numbers in ₹bn

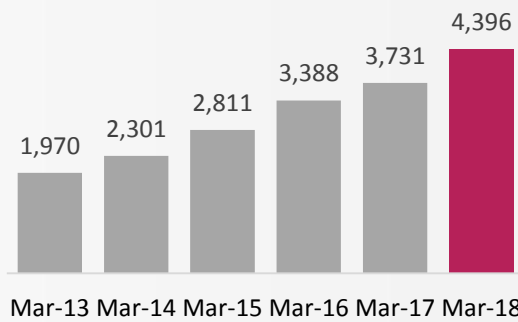
## Overall Deposits

Bank CAGR 12% 




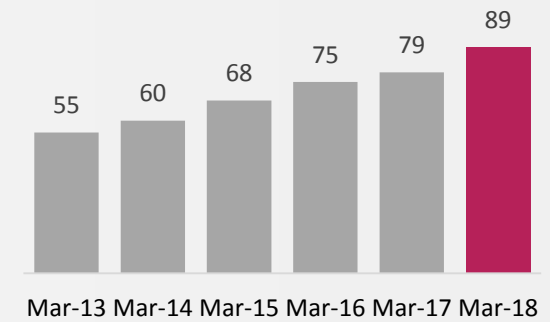
## Overall Advances

Bank CAGR 17% 



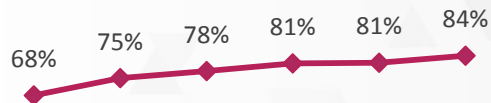
## Overall Fee Income

Bank CAGR 10% 




## Retail % - Deposits

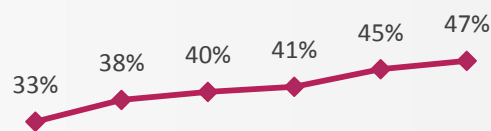
Retail Deposits\* CAGR 17% 



Mar-13 Mar-14 Mar-15 Mar-16 Mar-17 Mar-18


## Retail % - Advances

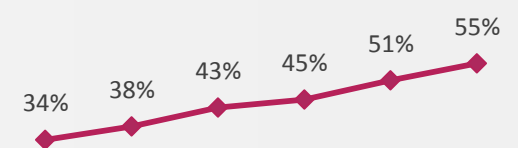
Retail Advances CAGR 26% 



Mar-13 Mar-14 Mar-15 Mar-16 Mar-17 Mar-18

## Retail % - Fee Income

Retail Fees CAGR 21% 



Mar-13 Mar-14 Mar-15 Mar-16 Mar-17 Mar-18

\* Includes CASA and Retail TD

# Bank's subsidiaries complement 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.

## AXIS MUTUAL FUND

- Fastest growing AMC since launch in '09
- More than **2.7 Mn investors**
- Average AUM of ₹**773.25 Bn** at **34% YoY** growth in Q4'FY18 as against industry growth of **26%\*\***

## AXIS DIRECT

- Retail Online Investment platform for Equity, Mutual Fund & Currency
- **Fastest growing equity broker** in India with client base growing at CAGR of **43%** in last 4 years
- Among **top 3 brokers** in India with client base of **1.84 Mn**

## AXIS FINANCE

- Fast growing NBFC
- **Loan book** growing at CAGR of **57%** in last 4 years, the same stood at ₹**66.2 Bn** as at end of Mar '18
- Offers complimentary products to Bank customers
- Product offerings include Structured Financing, Special Situations Funding

## AXIS CAPITAL

- Leading player in Investment banking
- Ranked **no. 1 in Equity and Equity Linked Deals** over the last decade;
- Ranked **no. 1 ECM Banker**; executed equity deals worth over ₹**1000 Bn** since **April '15**

Source: Internal except \*\* which is as per AMFI

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Continued leadership in Payments

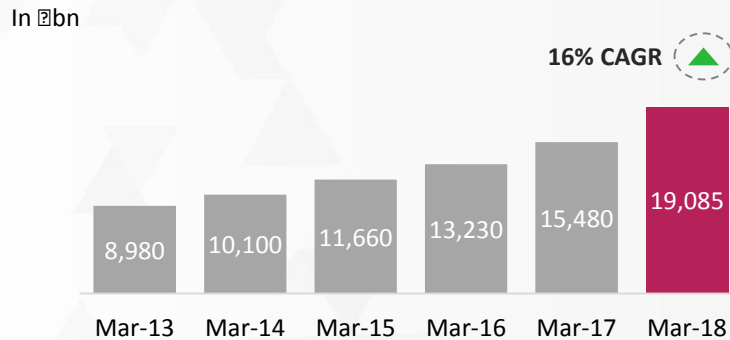
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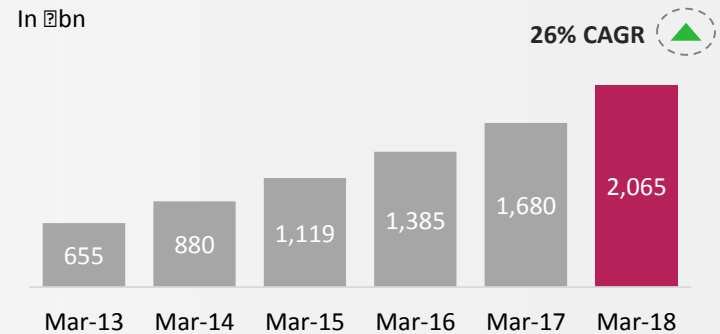


# We have been able to grow retail advances faster than Industry by focusing on our core strengths

## Banking Industry Retail Advances



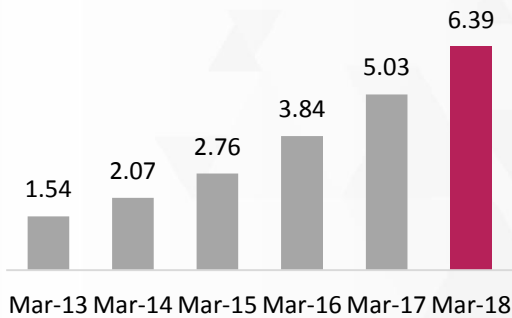
## Axis Bank Retail Advances



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

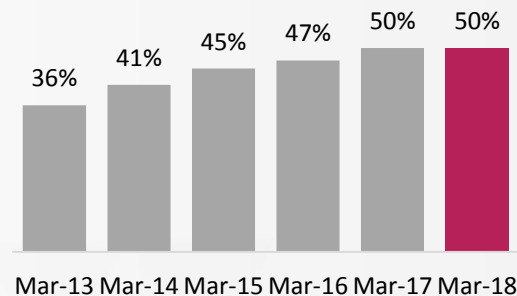
## Granular Growth

Customer\* Growth (in mn)



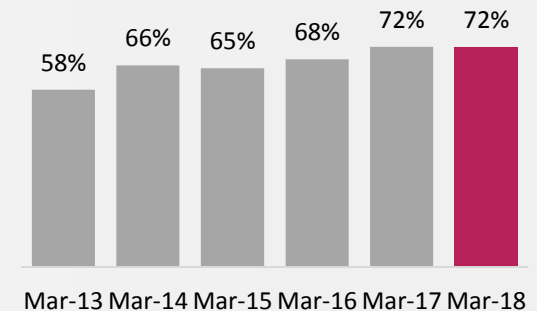
## Leverage Branch Channel

% Sourcing through branches



## Focus on existing customers

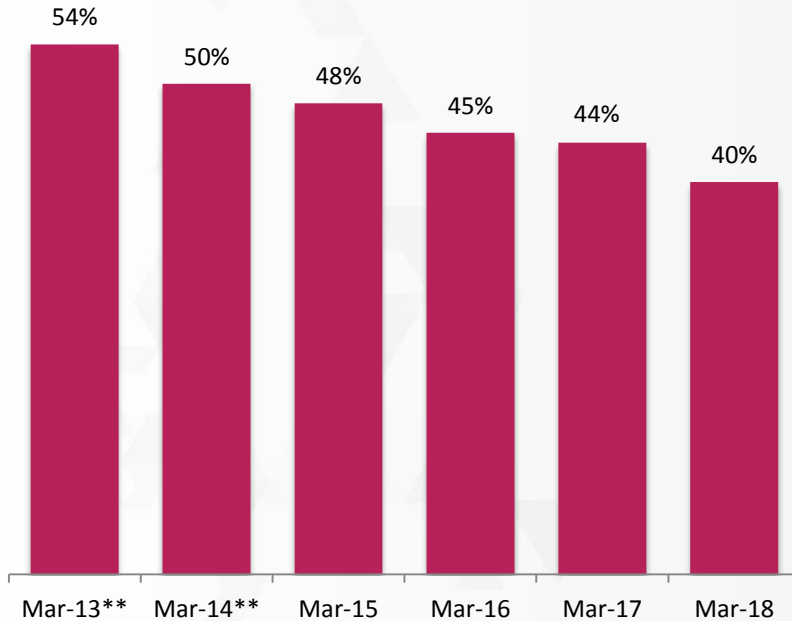
% Sourcing from existing customers



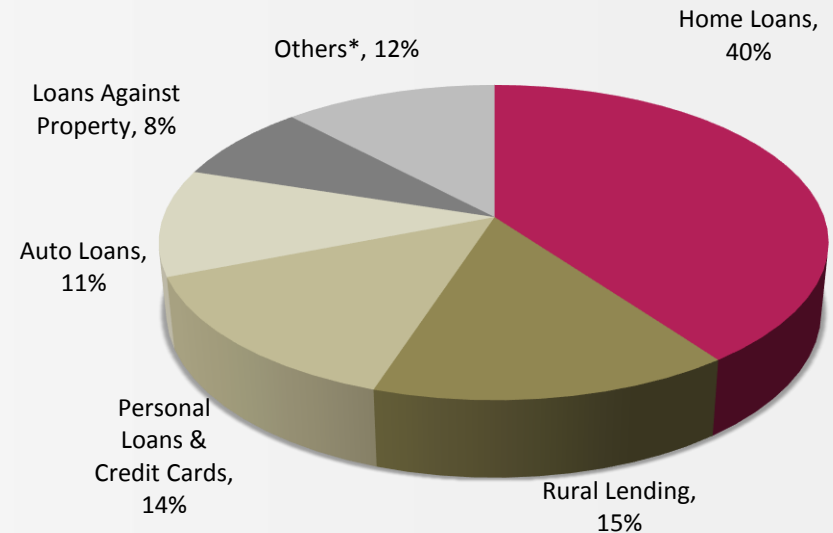
\* Include unique customers availing retail loans, rural loans and credit cards

# 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  
(As on 31<sup>st</sup> March, 2018)



Portfolio Size: ₹2,065 bn

\*Others include SBB, 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**

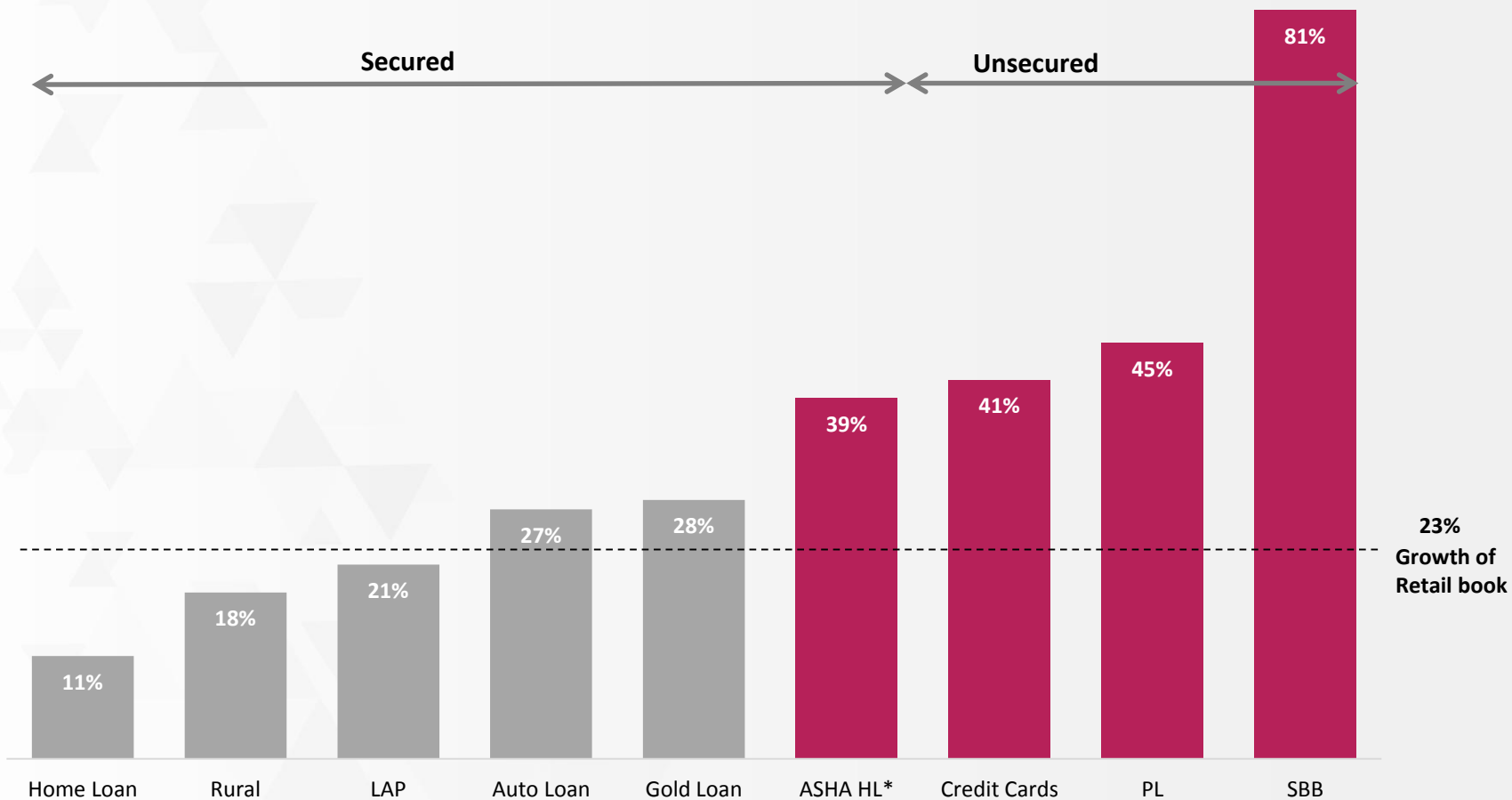
- Portfolio Mix
- Scorecard monitoring

## *Final line of defense*


**Collections**

# Our new engines continue to see disproportionate growth

Product Wise Growth FY18 Over FY17



HL – Home Loans excluding ASHA HL  
 PL – Personal Loan, SBB – Small Business Banking  
 \*ASHA HL – Affordable Housing Loan

 New engines of growth



# 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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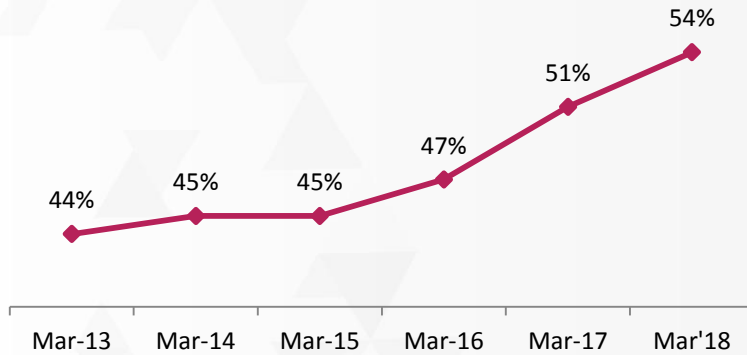
Continue investments in Analytics and Digital

Strong Brand recall

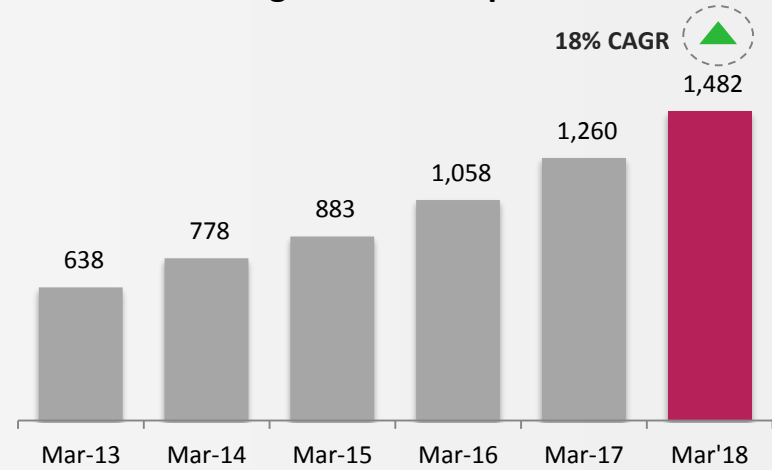
# Deposit franchise continues to remain healthy

All numbers in ₹Bn

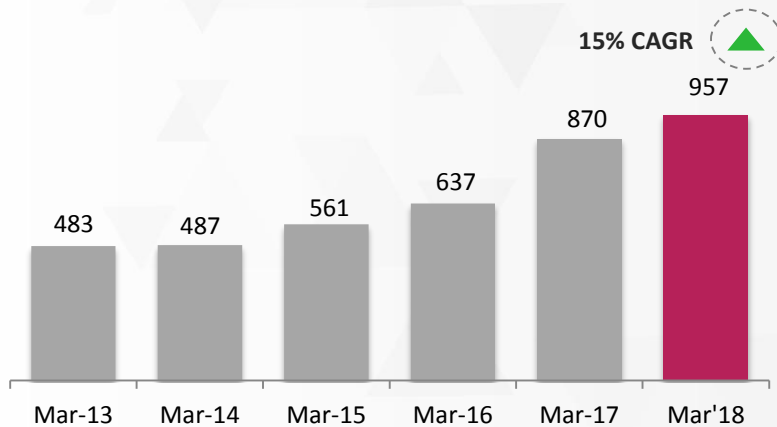
## CASA ratio amongst the best



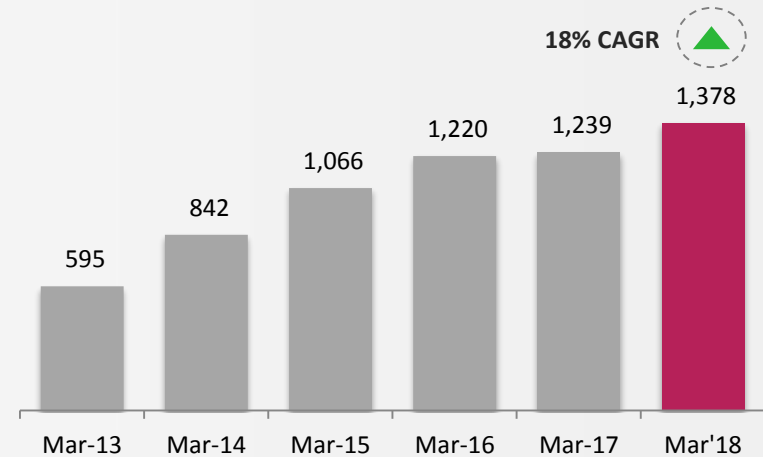
## Savings Account Deposits



## Current Account Deposits

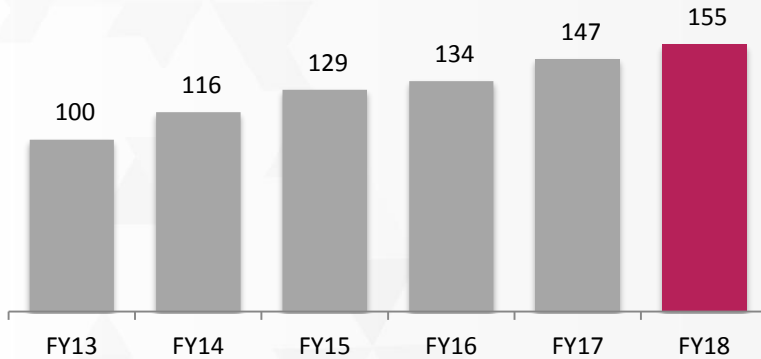


## Retail Term Deposits



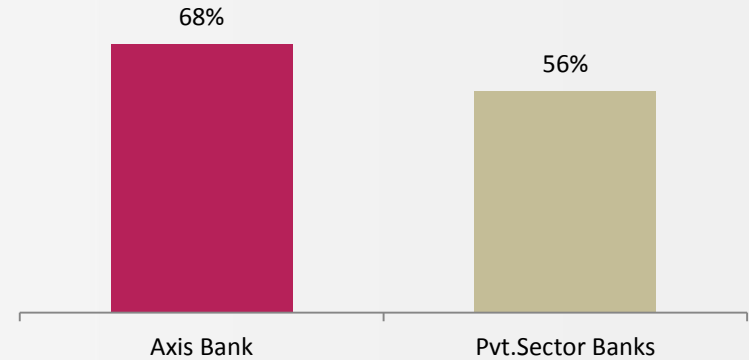
# Investment in the 'quality' of the book has led to strong and granular savings book growth

### Average SA Balance / Account



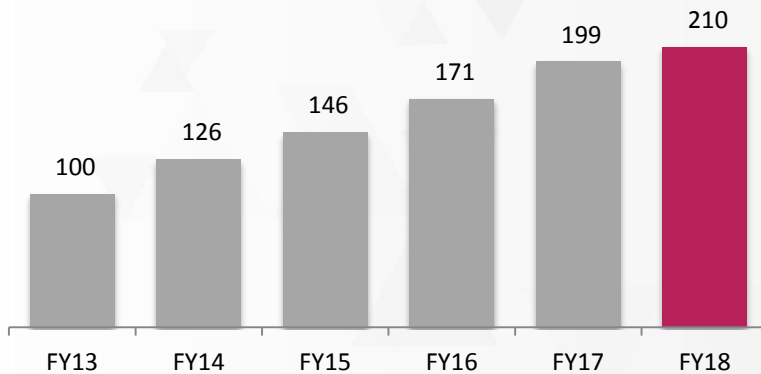
Indexed to FY13

### Transaction Activity Rate\*



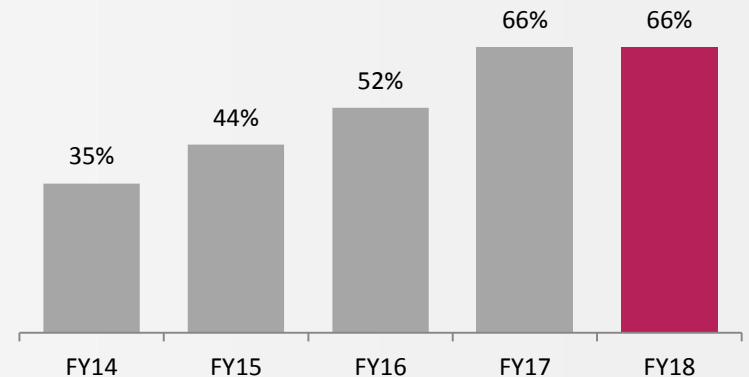
\* Defined as atleast 1 customer induced transaction in 6 months  
(Source – 2016 FIBAC banking industry survey conducted by IBA & BCG)

### 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

## We remain a leading player in Wealth Management

Data as at end of Mar'18

Current AUM : ₹123,298 Crores

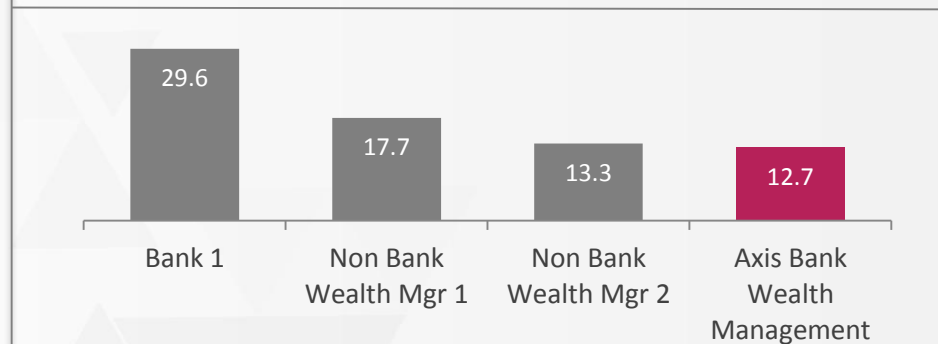
Customer Base : 113,310

Total touch points (RMs & ICs) : 508



Burgundy Performance	FY14-18 CAGR#
AUM#	▲ 45%
Fee Revenue	▲ 55%
Customer Base	▲ 36%
Touch points (RMs & ICs)	▲ 15%

### 4<sup>th</sup> largest Wealth Management business in India (Asian Private Banker\*)



RM – Relationship manager  
IC – Investment Counsellor

# CAGR growth for 2 yrs  
\* As per their India 2017 AUM League Table in terms of AUM (\$ Bn)

# Our Online Instant Savings account offering 'ASAP' has seen strong response



Aadhar + PAN + 3 minutes = ASAP Savings Account



- **0.26 mn** ASAP accounts opened since Dec'17
- **0.26 mn** ASAP accounts opened in Q4FY18



- **85%** of ASAP accounts opened in Q4FY18 were New to Bank



- **65%** of customers in the age group of 18-30 years
- **91%** of customers in the age group of 18-40 years



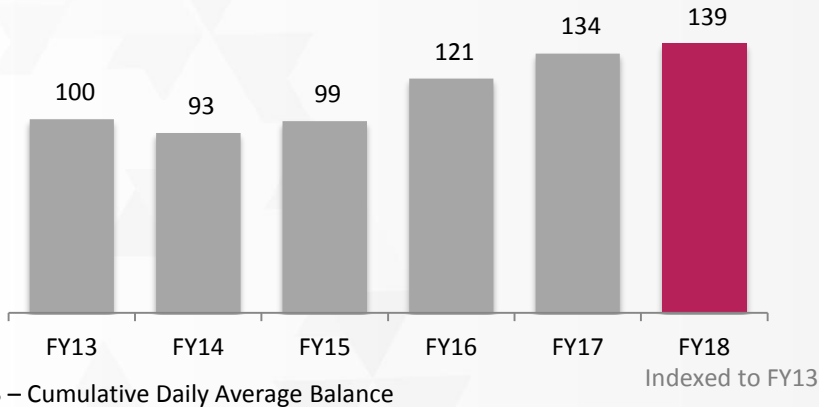
- Customers have opened accounts from over **16,125** pin codes across the country



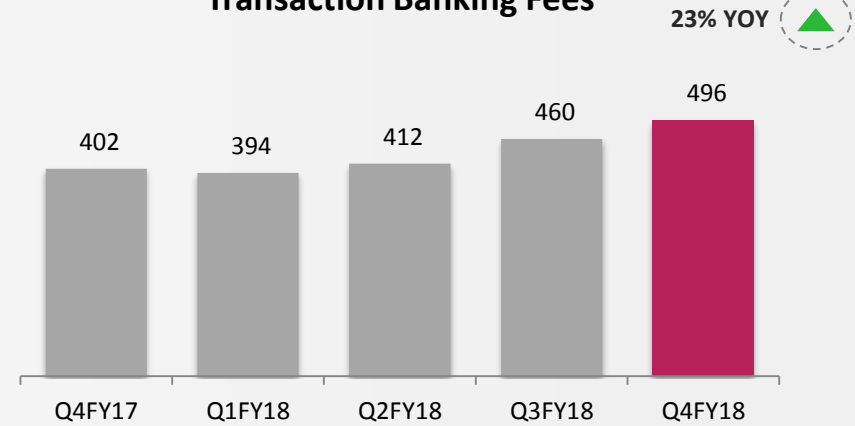
# Focus on flow based businesses has helped in healthy growth in Current Account and Transaction Banking

In ₹ cr

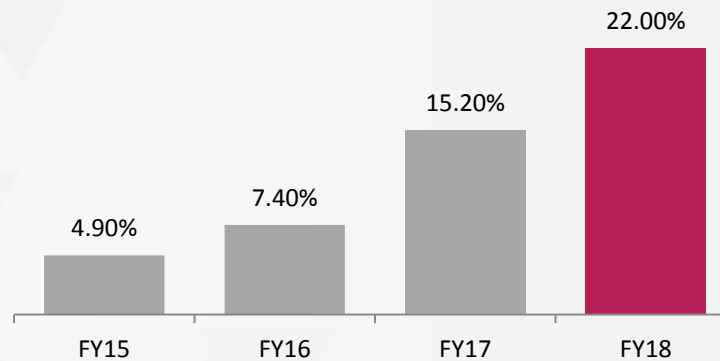
### Average CA CDAB / Account



### Transaction Banking Fees



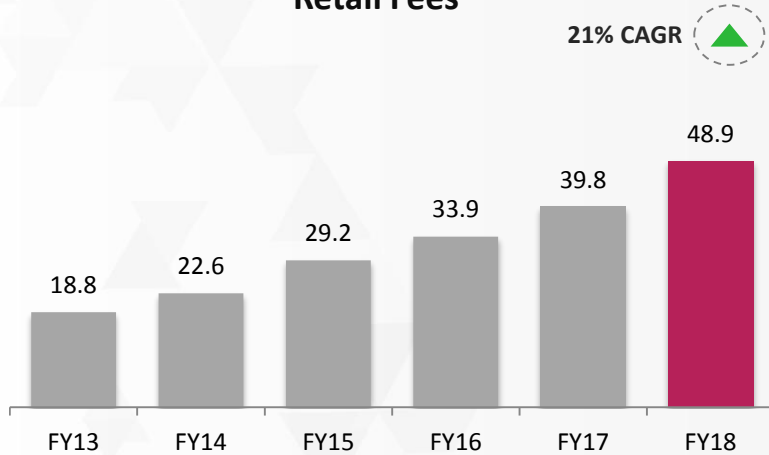
### Mobile banking penetration



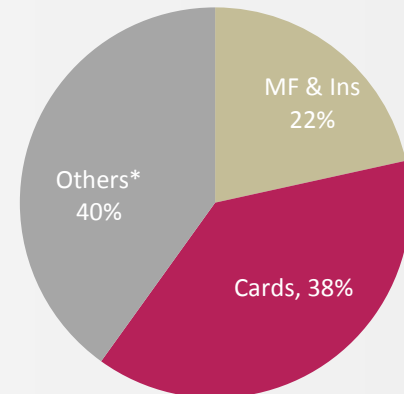
# Retail fees remain granular driven by Cards & Investments

All numbers in ₹Bn

## Retail Fees

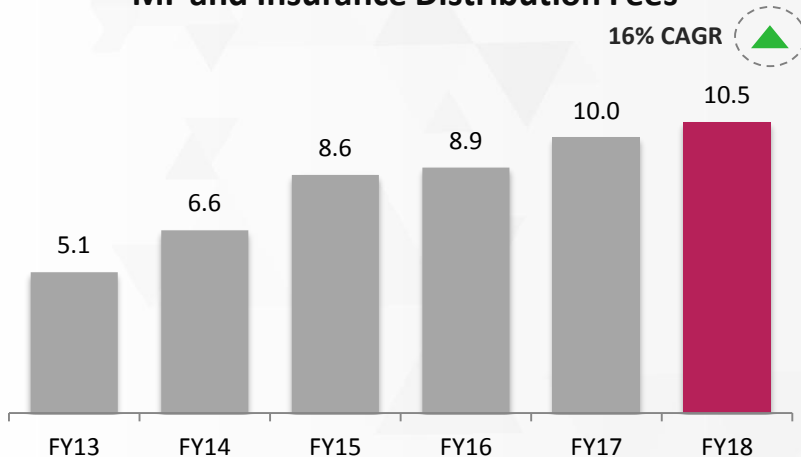


## Retail Fee Mix (FY18)

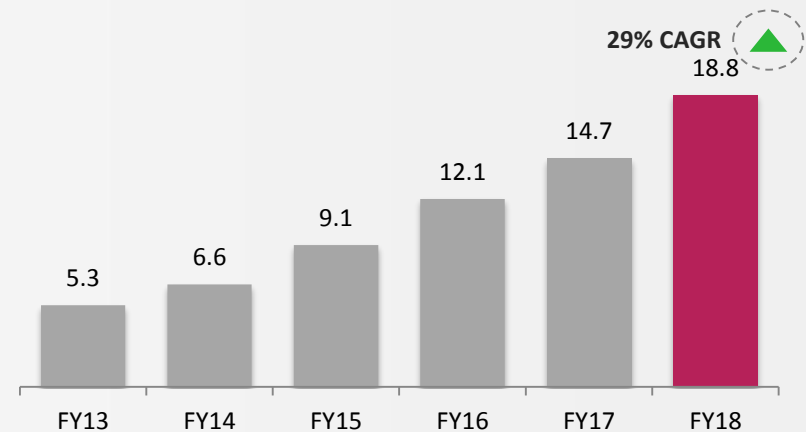


\* Includes other retail assets and liability products

## MF and Insurance Distribution Fees

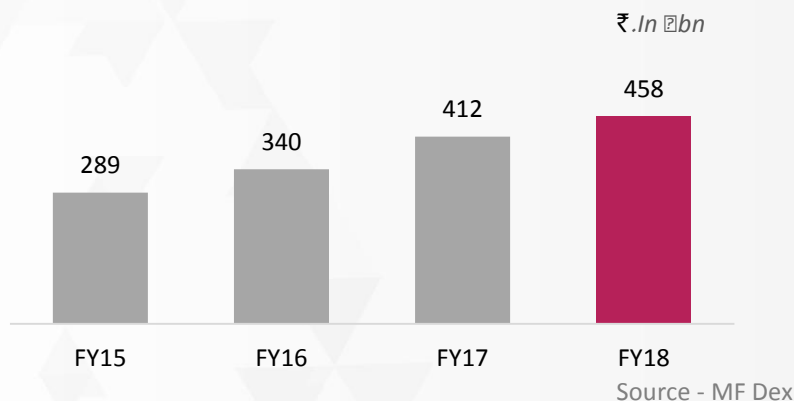


## Card Fees



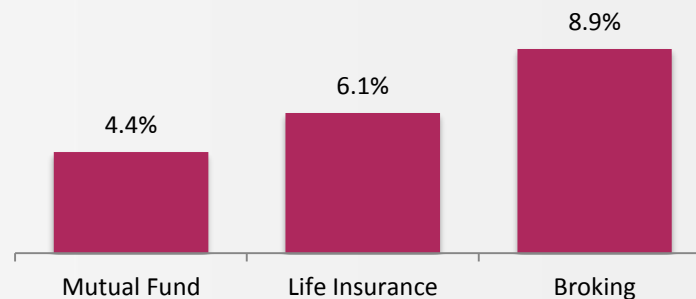
# Axis Bank is now amongst the leading players in the financial savings and investment industry

## Distributor MF AUM

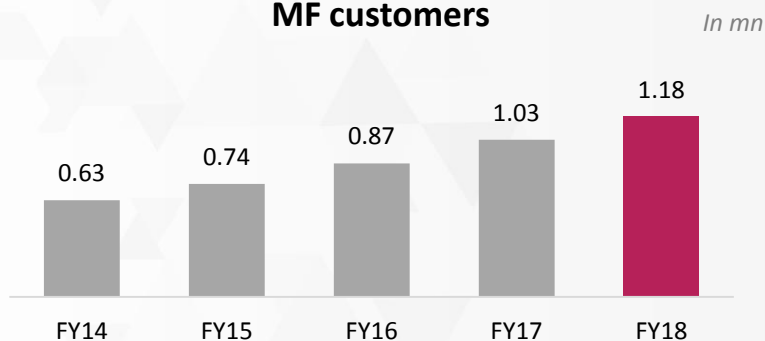


## Huge Upside Potential

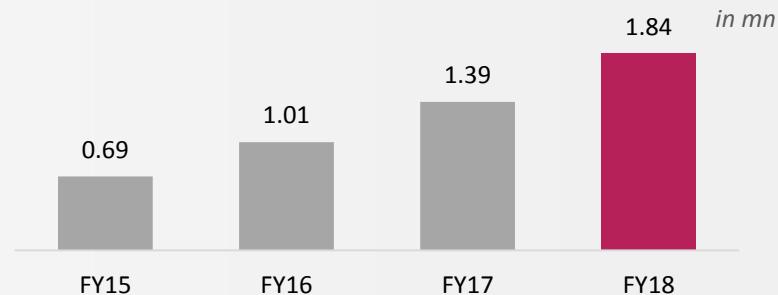
Current Product Penetration (SA customers)



## MF customers



## Broking customers



Grand Jury Award for work done towards financial education & inclusion – Institution 2017

Investing in **digital channels**: Option to invest, redeem and manage portfolio through Mobile App, Internet Banking and RM tablets



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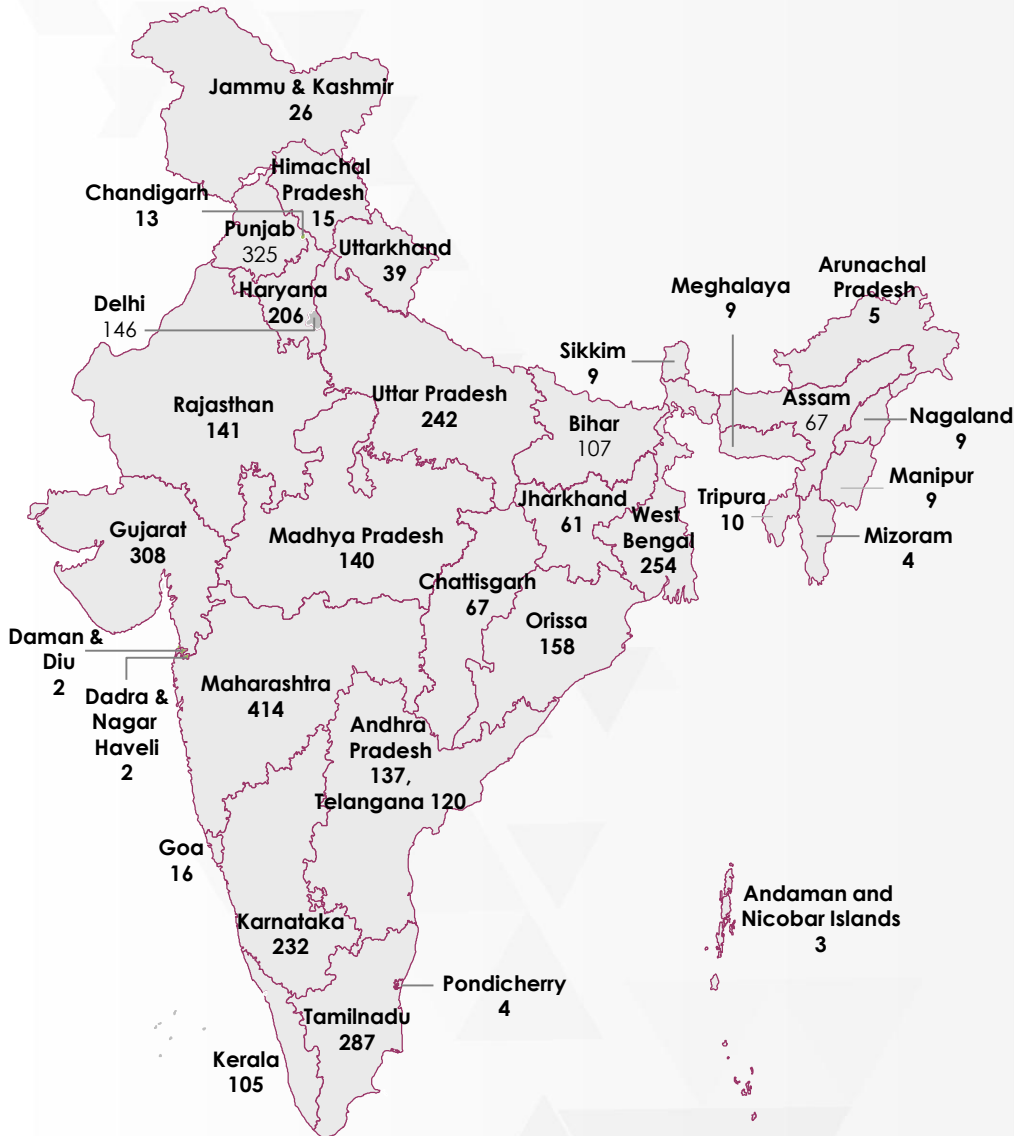
**Branches continue to drive growth**

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



3<sup>rd</sup> Largest Private Sector Bank

3,703  
Branches\*

16,077  
ATMs\*\*

2,163  
Centers

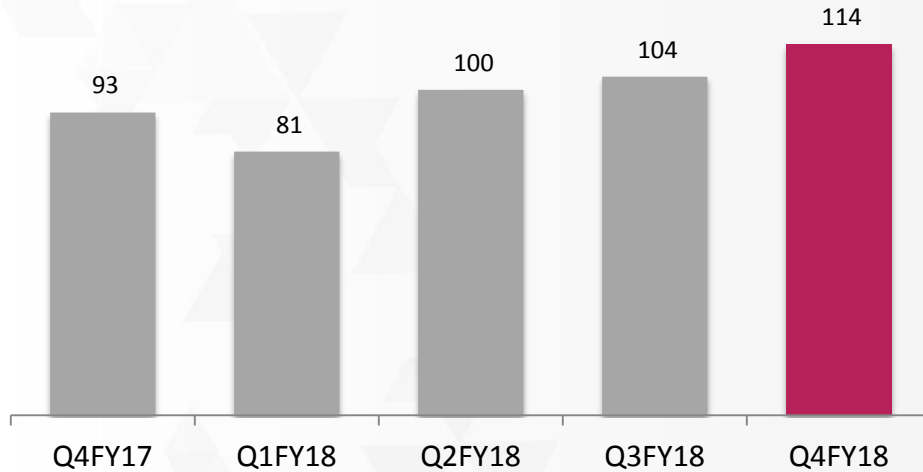
5<sup>th</sup> Savings & Current Deposits



\*As on 31<sup>st</sup> Mar 2018 and Includes extension counters | \*\*ATMs include CDMs & Recyclers | \*\*\* Mkt. share as on Mar'18

# Network expansion continues at a steady pace...

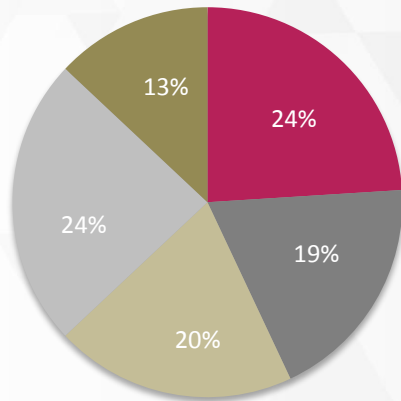
## New Branches Opened\*



### Why are we continuing to invest in Branches?

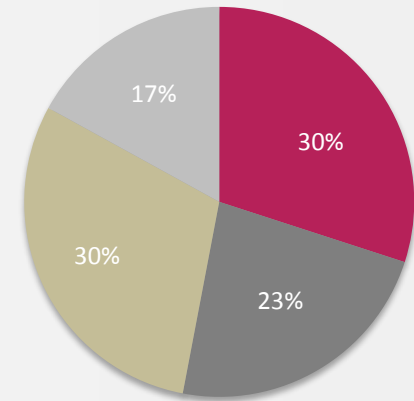
- India continues to be a growth economy
- New customer acquisition is a larger growth driver than deepening of existing customer wallet share
- Physical distribution continues to be central to new customer acquisition (even as transactions and cross-sell have shifted to Digital channels).

## Very well distributed branch presence across regions and categories



■ North ■ East ■ West ■ South ■ Central  
Geographical distribution based on RBI classification

- Our network has been completely organic, built over last 24 years
- Total no of branches\* as on 31<sup>st</sup> March 2018 stood at **3,703**



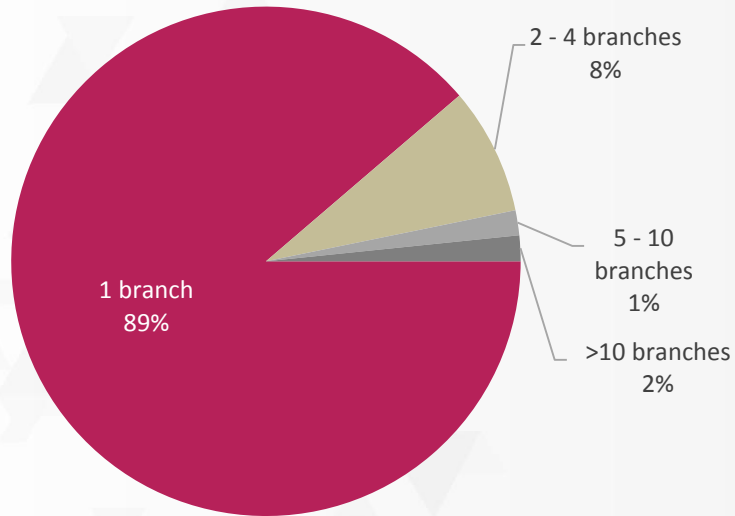
■ Metro ■ Urban ■ Semi-Urban ■ Rural

\* Includes extension counters



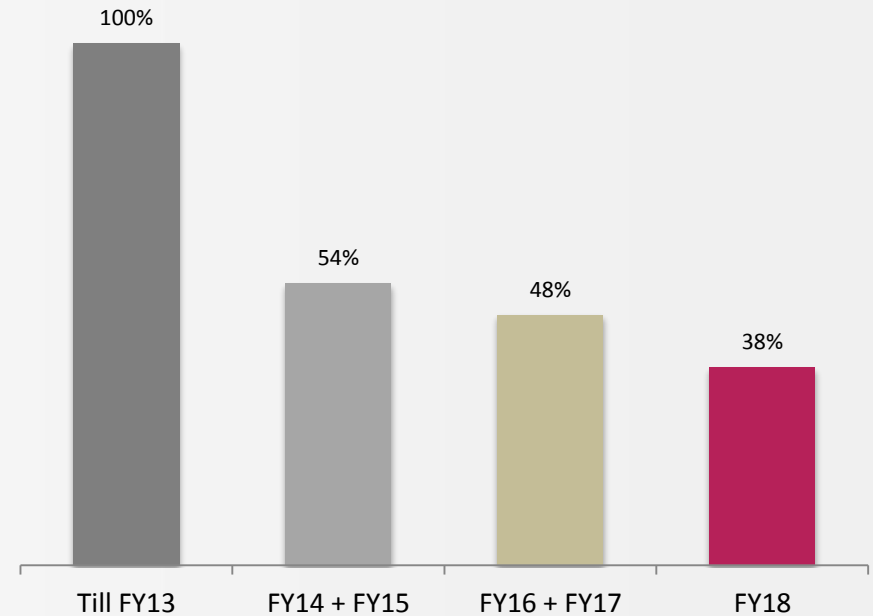
# ...with focus on cost optimization and productivity...

### Branches per location



There exists immense potential to improve branch density

### Branch Area trend



Newer branches are smaller in area\*

\*Branch area indexed to area till FY13, excludes unbanked branches

# ... in the process making branches 'smarter'

## Smart-Automation



- 1 Customer 360
- 2 Service Interactions
- 3 Financial Transaction
- 4 Offers and Leads



**64 lakh**  
monthly  
transactions



**>70%**  
instant fulfilment



**50%**  
Reduction  
in data entry



**2.75 lakh**  
Service request  
per month

**Saksham – single screen for branch user productivity**

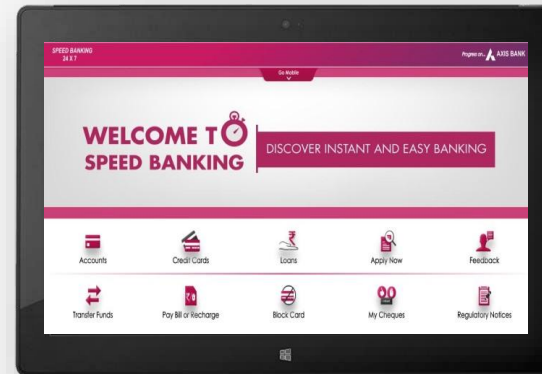
**Early benefits 35+ systems combined**

## Self-Service



- 1 ATM
- 2 Recycler
- 3 Speed Banking
- 4 Passbook Printing
- 5 Cheque Deposit

**Corporate eLobbies and Branch eLobbies**



Reduced  
Queuing



Instant  
transactions



Focused  
interactions



Instant  
feedback

**Financial and non-financial services  
for walk-in customers in top 1000  
Branches**



# We are using Digital as a strong lever for smarter onboarding and servicing

## CASA Accounts sourcing



**10x**  
Increase in TAB  
Cases over last 2  
year



**52%**  
with eKYC - Aadhaar



**85%**  
TAT reduction



**>20%**  
Productivity boost



**>80%**  
Household coverage  
**>45%**  
Overall SA coverage

## Credit Cards sourcing



**1<sup>st</sup>** in  
the industry



**27%**  
Increase in  
Productivity



**50%**  
Lower Decision  
TAT Vs Paper



**~90%**  
Tab Sourcing share



**10+** Regions with 100%  
Digital sourcing

## Instant Servicing



**1<sup>st</sup>** in  
the industry to accept eSigned  
service (Aadhaar based Sign)



**1<sup>st</sup>** in  
the industry to accept digital  
Form G/H



**50%**  
Branch to Mobile  
migration



# And transforming 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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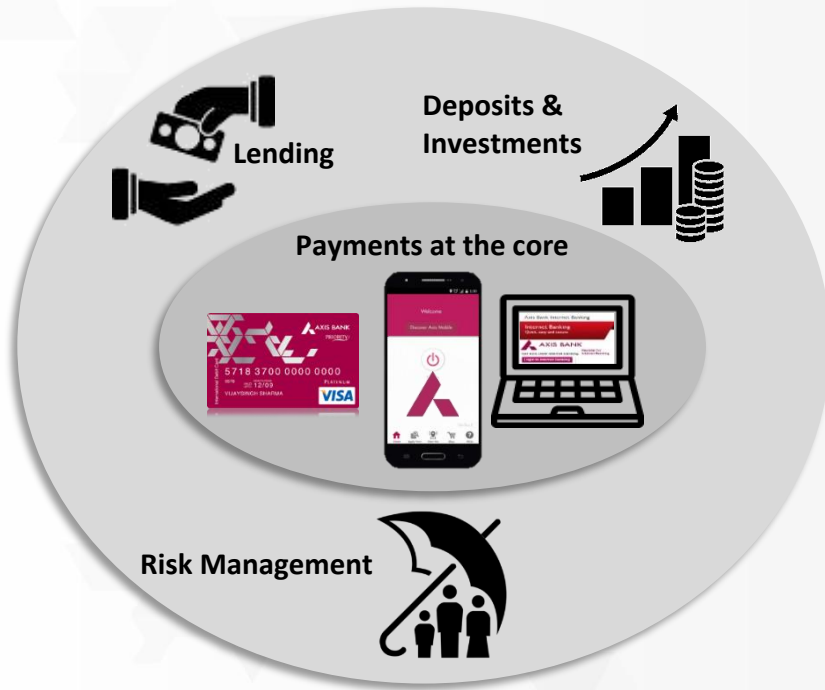
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**Continued leadership in Payments**

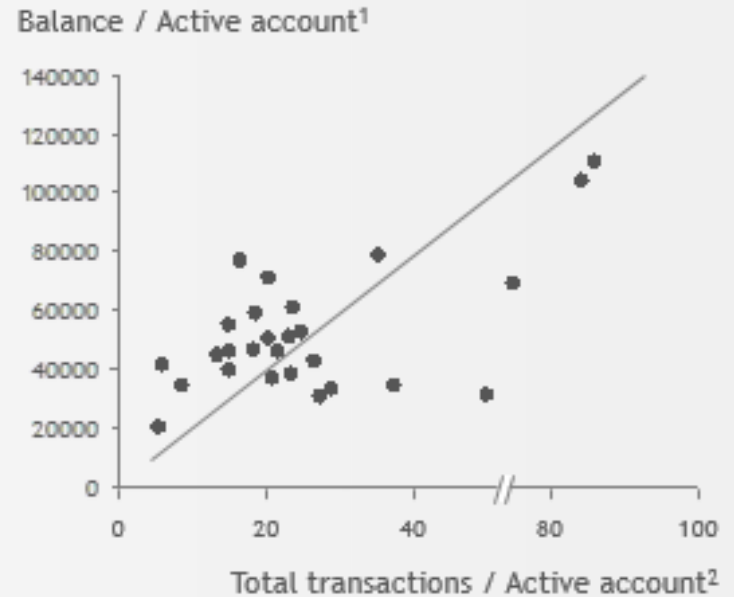
Continue investments in Analytics and Digital

Strong Brand recall

# Payments remain core to 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

<sup>1</sup> Active account defined as accounts which have had a user initiated transaction in last 6 months (as of 31 Mar 2017)

<sup>2</sup> 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

Customer



Merchant



Non-Axis Bank Customer



UPI



Wallet



Forex



Transit

Axis Bank Customer



Banking App



Cards



QR Code Based



HCE based



In-App



Wearable



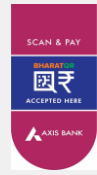
Card and Application Linked

Offline Merchants

## Low Cost Digital Solutions



Merchant App



QR Code

## Hardware Linked Solutions



POS (Enabled for Card, QR, UPI and Contactless)



Mobile POS



Smart POS



PC POS

Online Merchants



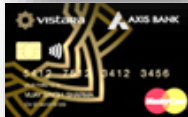
Merchant Payment Gateway



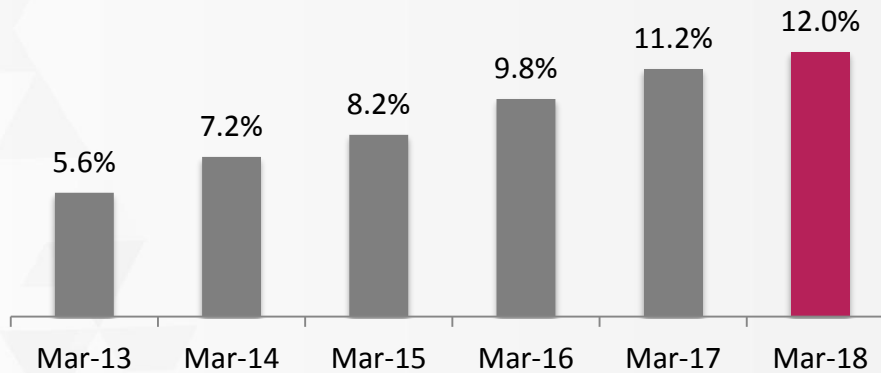
Value Added services



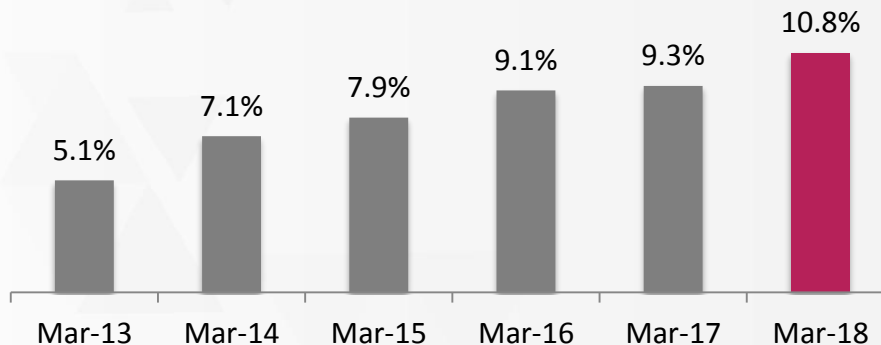
# Our Cards Issuance business continues to grow and deepen the franchise



### Credit Cards in Force – Market Share



### Credit Cards Spends – Market Share



Market Share grew 2x in last 5 years



# We have strong market position across most Digital Payment products



Source: RBI, Internal Data  
 1 – based on card spends at point of sale terminals ; 2 – based on cards issued (RBI Mar 2018 data)  
 3 – based on value (RBI Nov 2017 data), 4 –based on volume; ranking data (Q4FY18 ) on UPI not available from authenticated sources

# We are leveraging UPI to attract non-Axis Bank customers and broadbase payments

## Unified Payments Interface (UPI)...

India's innovation to the Payments world

Is for

Any Banked Customer

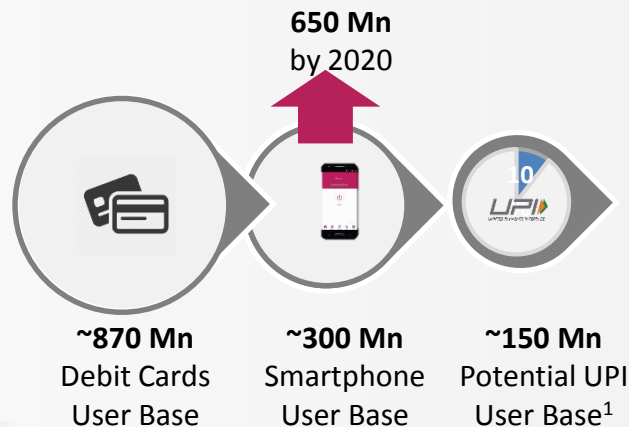


With a Smartphone



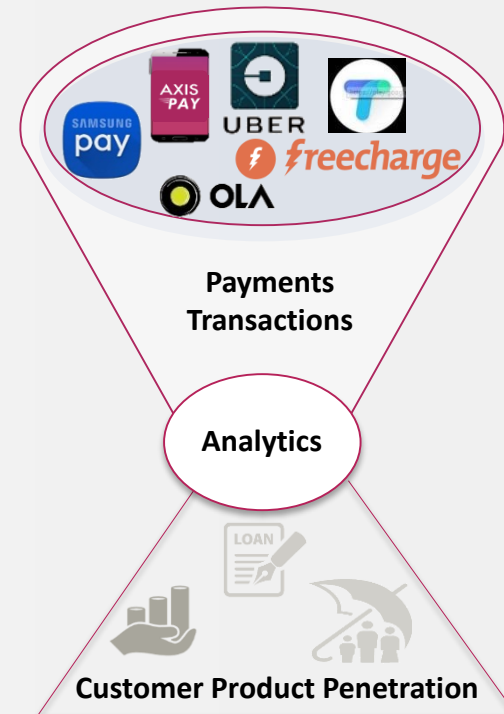
With a Unique Identifier:  
As simple as an email address (Example: [ajay@axisbank.com](mailto:ajay@axisbank.com))

## ...Is a huge opportunity



## For Axis Bank

Robust technology platform which attracts multiple partners



Axis Bank's Progress So Far\*

1

~13.95 Million registered base

2

~190 Million transactions

3

Over 16,150 merchants on boarded

Assumption 50% of Smartphone base; \* Till Mar 2018, Across all Axis Properties & Partners

\* A customer registering once in a Axis Pay and once in Google Tez is counted as one user and not 2.

\* Debit txns. for Axis Pay, Axis MB UPI, Samsung Pay, Google Tez, Merchant txns. and fulfillment txns. from Tez have been considered.

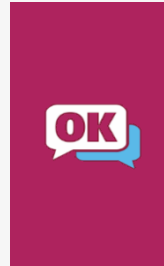
# The Bank has emerged as a leading partnership-driven innovator on payments used cases

## Axis AHA



- Launched an AI-led Virtual Assistant to Enhance online customer experience
- Has processed over 0.7 mn conversations, answered over 2.4mn FAQs and transacted over ₹7.4 mn since inception

## Axis OK



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

## Samsung Pay



- Enabled for Credit & Debit Card across Visa & Master Card
- 188,000+ registered cards in 16 months
- Users added close to 1.00 million bank accounts using @pingpay VPA

## KMRL Axis Bank 'Kochi1' Card



- Automated Fare Collection system
- 1<sup>st</sup> time "open loop" smart cards used in metro

## Axis Bank BMTC Smart Card



- India's first prepaid transit card with acceptability at merchant outlets for shopping
- Over 138,064+ cards issued till date

## Ripple-powered Instant Payment Services



- Uses Ripple's enterprise blockchain technology
- Makes international remittances faster and transparent for customers

# The acquisition of Freecharge can potentially leapfrog our digital journey by multiple years

Through  **freecharge** we intend to...



Leverage Payments as a Hook (UPI, QR etc)



Target digitally-native, mobile-first SA customers



Source and service loans (PL, Cards, Consumer Loans) digitally

## Post acquisition activities remain on track

*Focused campaigns have helped to improve all top line metrics since acquisition\**

- |                          |       |                         |       |
|--------------------------|-------|-------------------------|-------|
| o Total Payments Volumes | 36% ↑ | o Spends per user       | 12% ↑ |
| o Monthly Active Users   | 44% ↑ | o Platform engagement ^ | 68% ↑ |
| o Transaction volumes    | 24% ↑ | o App installation      | 45% ↑ |

\* The growth numbers are for period Oct'17 to Mar'18

^ Defined as percentage increase in unique visitors

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

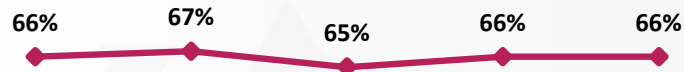
Continued leadership in Payments

Continue investments in Analytics and Digital

Strong Brand recall

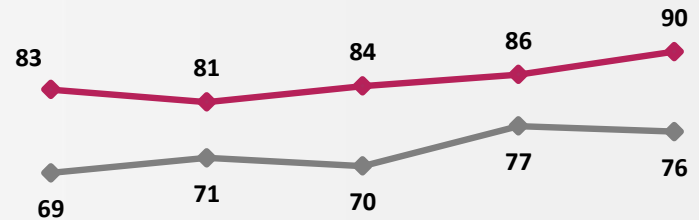
# Our customers are going digital...

## Retail Customers Transaction Mix (%)



## Digital and ATM Transaction Volume (In Mn)

ATM      Credit & Debit Cards (POS & E-Com)

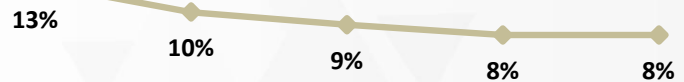


### Digital

ATM



### Branches

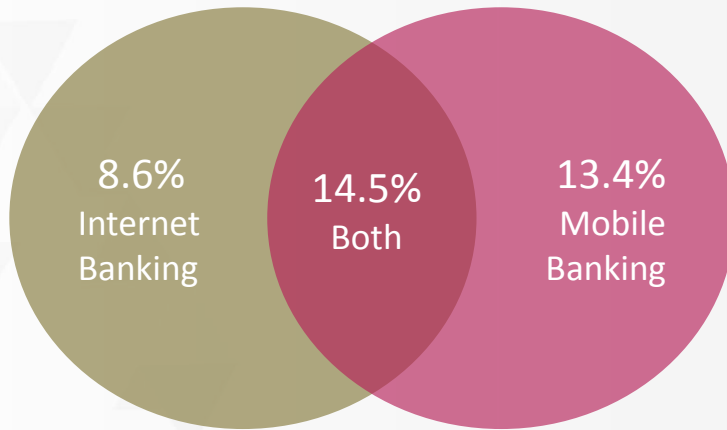


Q4FY17    Q1FY18    Q2FY18    Q3FY18    Q4FY18

Q4FY17    Q1FY18    Q2FY18    Q3FY18    Q4FY18

Source: Internal Data

...at a continuously accelerating pace...

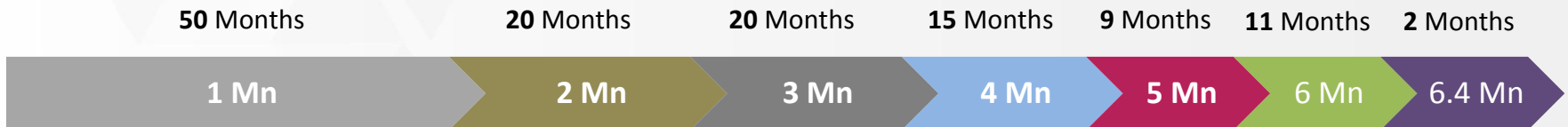


**37%**  
DIGITAL PENETRATION

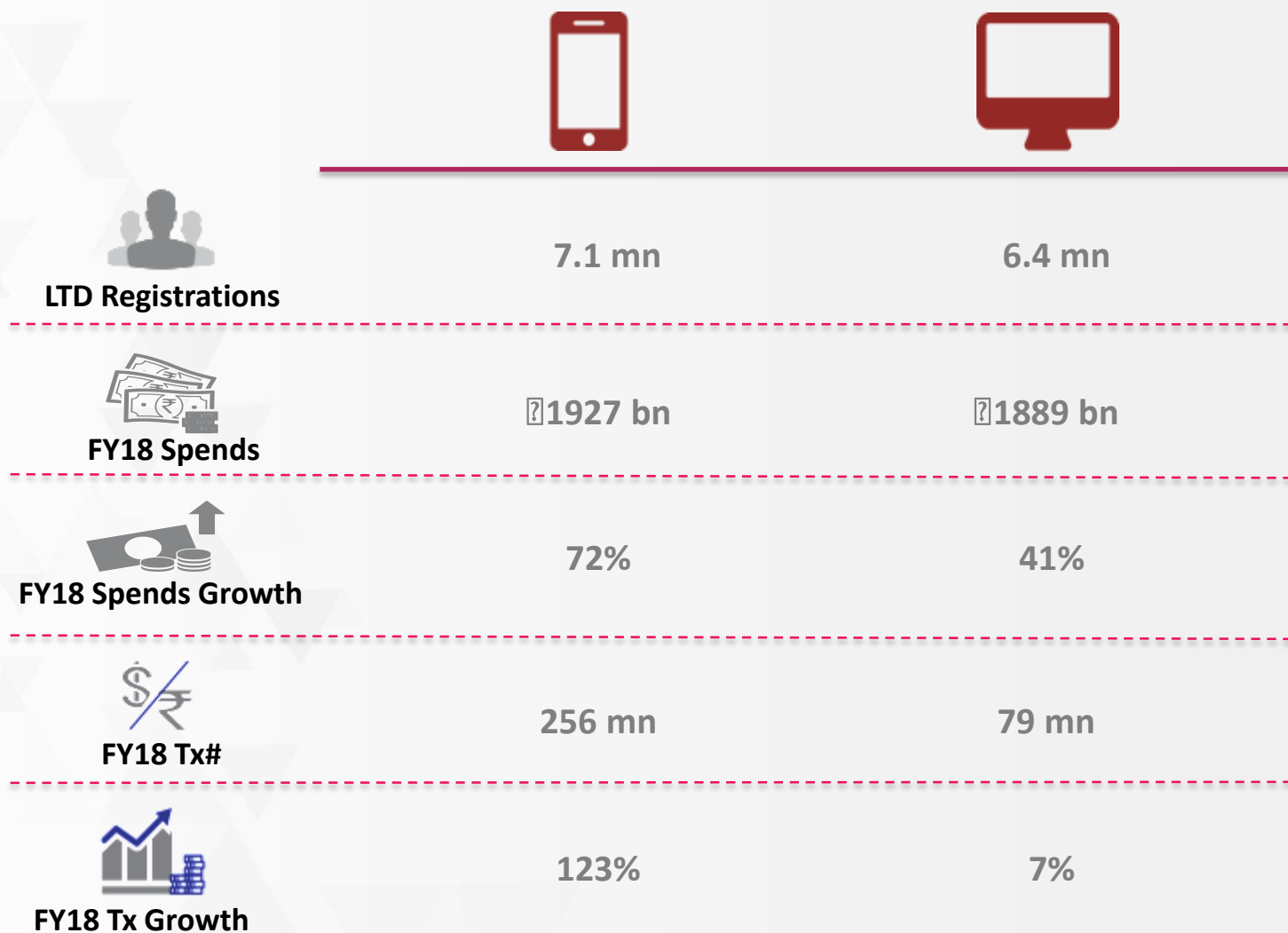
**Axis Mobile**



**Internet Banking**



# ...which is reflected in the growth in users and spends





# We have adopted a focused approach to provide a multitude of options for customers

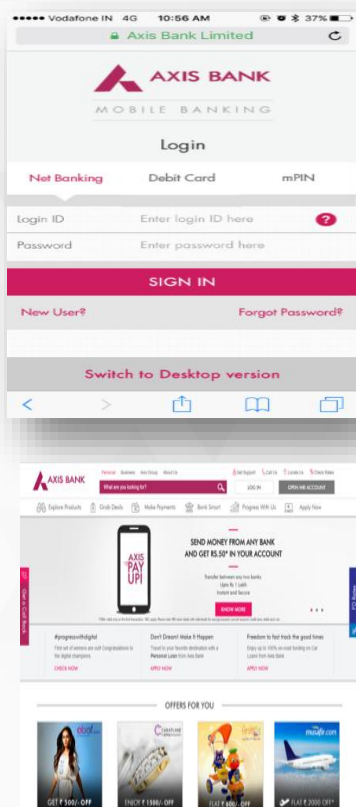
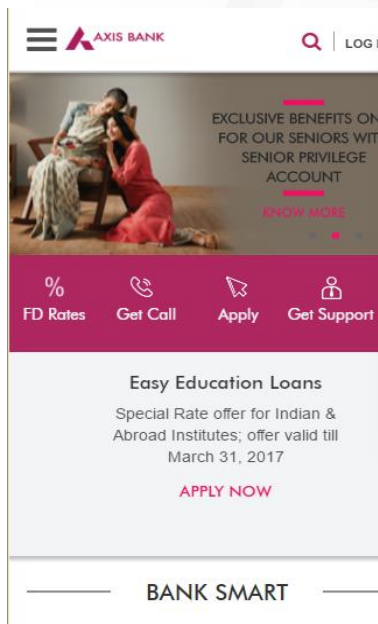
Responsive\* Public Website

Internet Banking For Desktop & Mobile

Mobile App For Smartphones

Mobile App For Feature Phones

Axis Aha Conversational Banking chat bot



Axis Mobile new version garnered improved rating on **Google play store** from **3.9 to 4.3** and from **2.9 to 4.3** on **Apple Store**

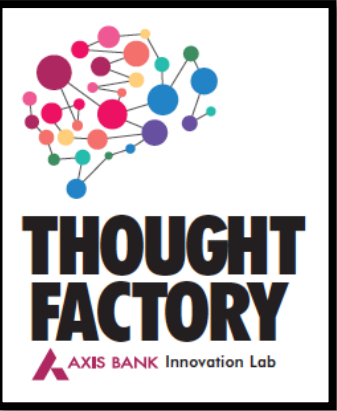
Ratings for Axis Mobile new version only  
**Google play store- 4.74**  
**Apple store – 4.4**



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





# Through Thought Factory we are leveraging the ecosystem for co-creation



## Startup Accelerator

- 3 of 6 Startups from 1<sup>st</sup> batch working on **pan bank launch** post proof of concept
- **Conversational Banking** Project with **Singapore based startup**



## In-House Incubator

- **Axis Start-Up team** comprising of DevOps, Designers, Data Scientists & Product Managers
- **POCs** across AI/Deep learning, Payments, Lending, Digital



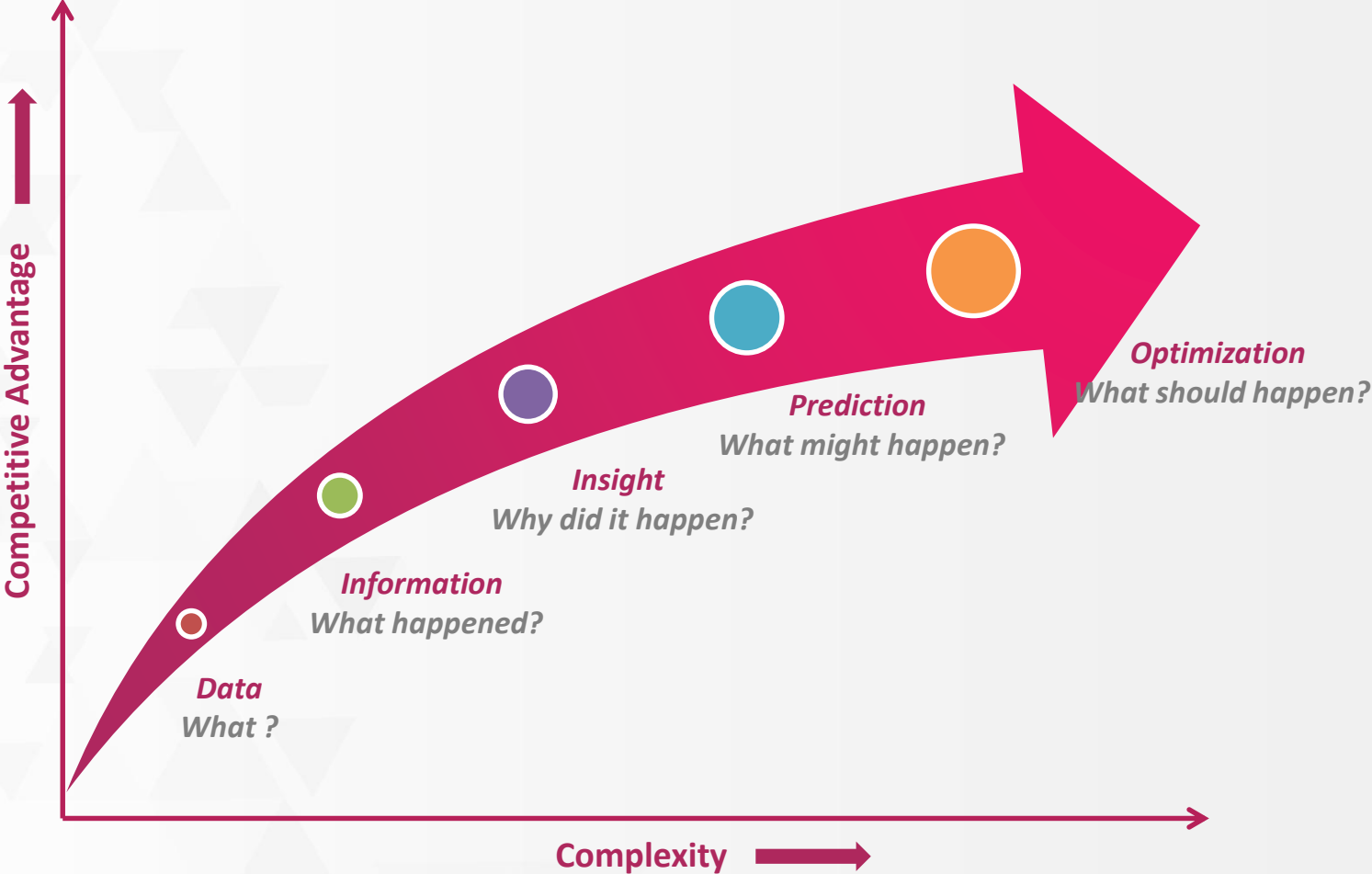
## Enterprise Collaboration

- **Axis Amazon Co-Working Space, Social** at Thought Factory
- Collaboration with **Visa Innovation Center - Singapore, OCBC Bank - Singapore**

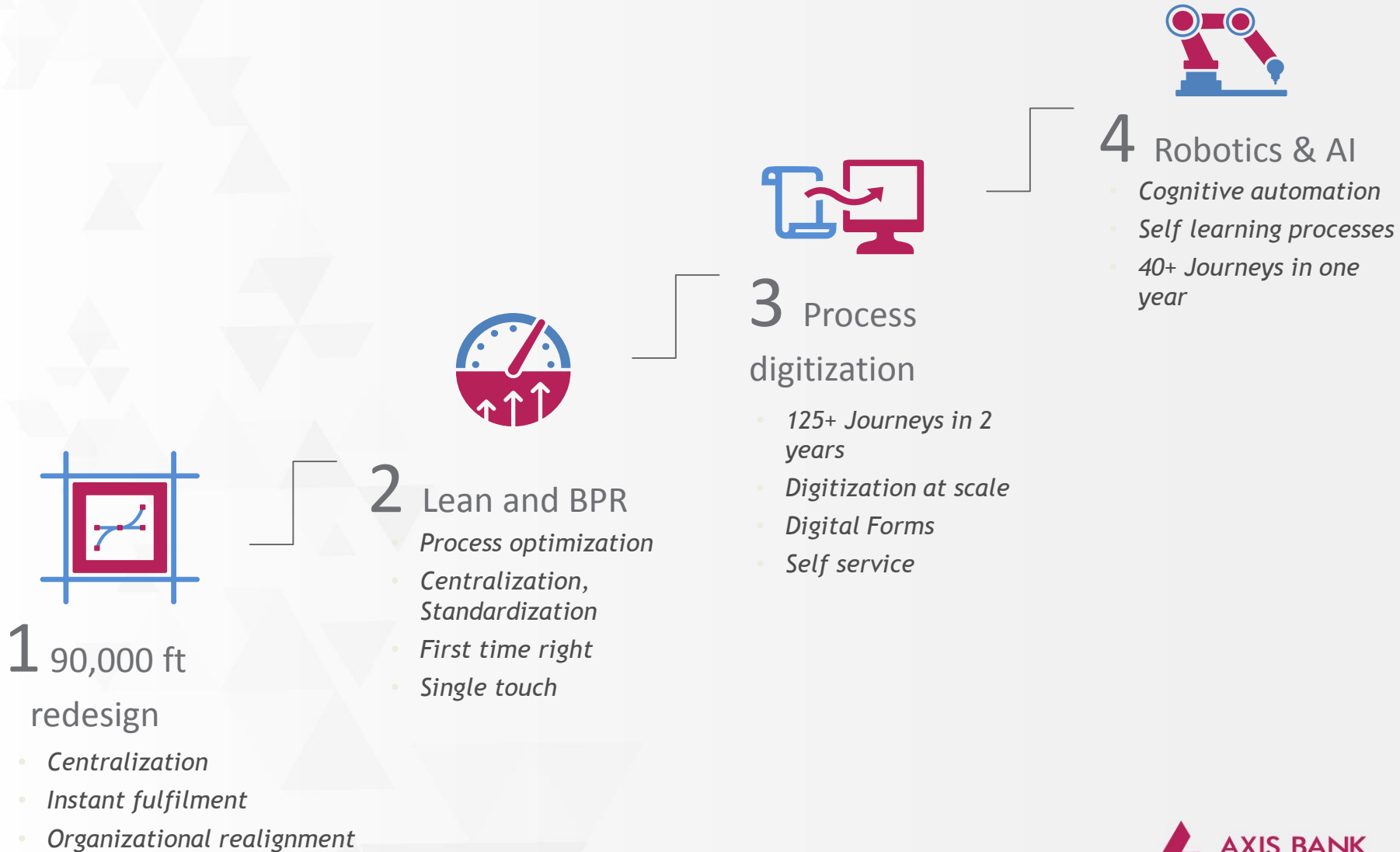
Mentored by an external Tech Advisor group comprising of experienced investors, techies & start-up veterans



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

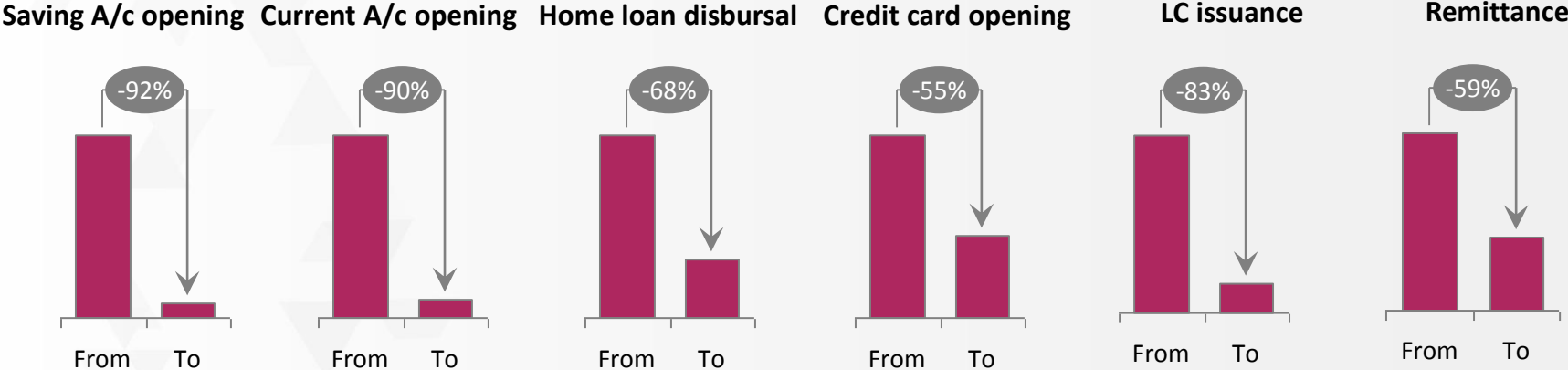


# We have invested in service delivery processes to improve customer experience, efficiency and risk mitigation



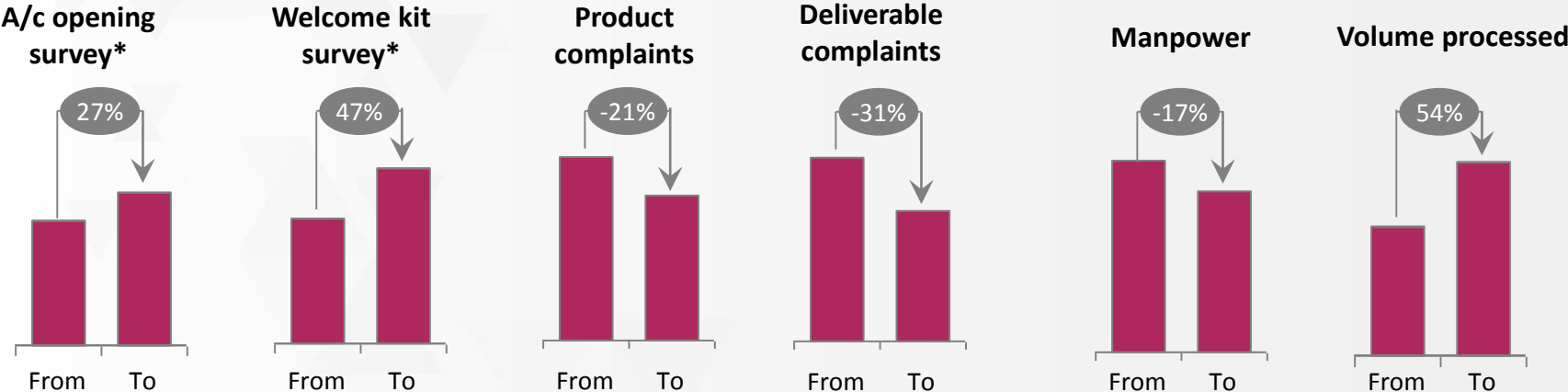
# Investment in digitizing key processes has shown a clear downtrend in complaints, improvement in customer experience & efficiency metrics

## Key Processes Turnaround Time



## Customer feedback & complaints

## Back-office efficiency



\* Customer experience survey - % responses with rating 4 & 5 on 5point scale

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**Strong Brand recall**

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

Best Digital Bank  
Financial Express, 2017



Amongst Top 10 most valuable  
Financial brands in India



Best Performing Private Bank at CNBC UTI  
MF Financial Advisor Awards, 2018



# 1 Indian Website

Global Ranking 20 in 2017 vs. 37 in 2016

72  
Axis Bank

65  
Global Avg.



Best Digital Bank  
Asia Money , 2017

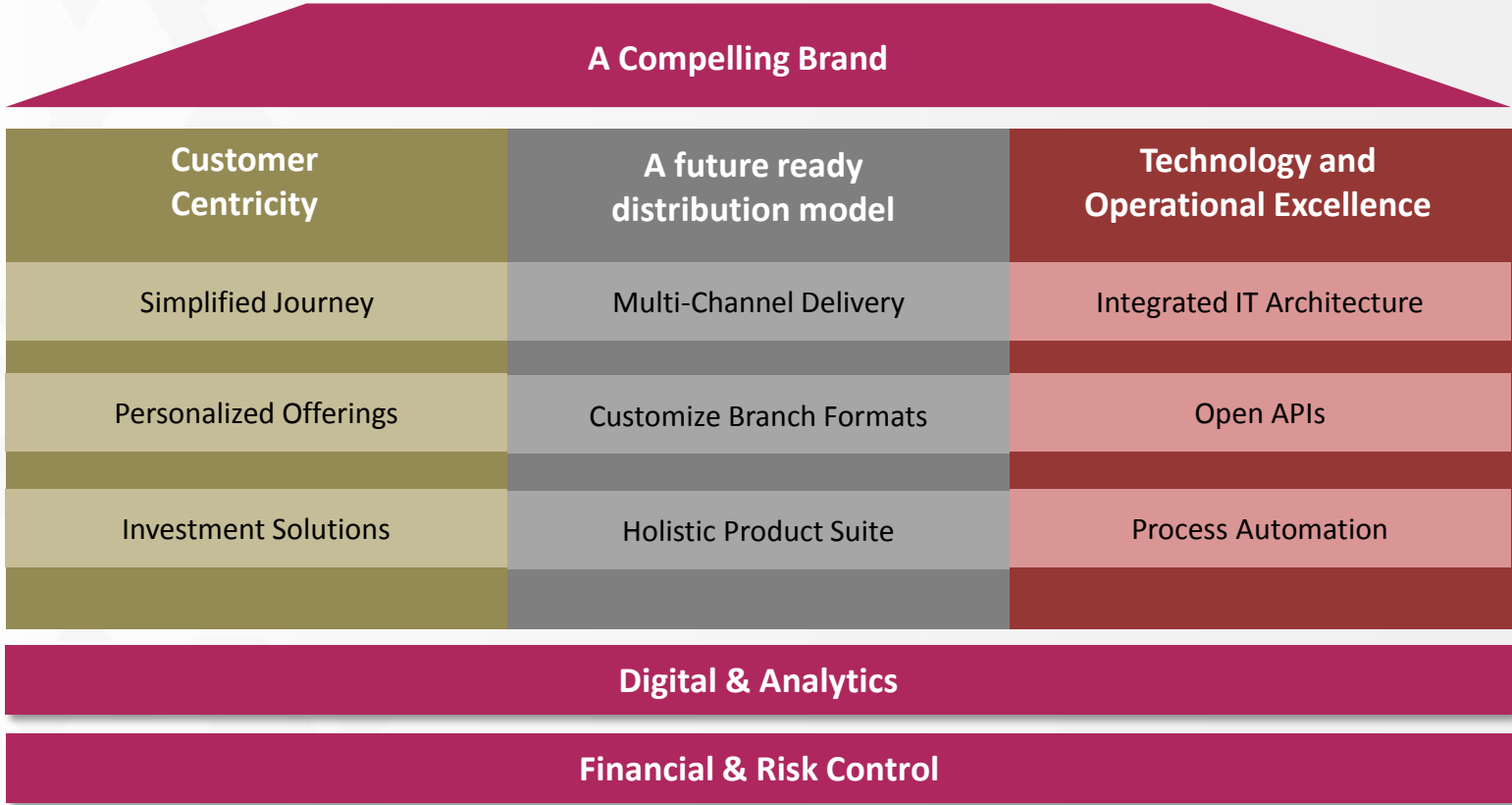


Best online Banking Experience  
Asset Asian Awards





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



**Thank You**