

Retail Liabilities Franchise

Analyst Day 2022

November 24th, 2022



Granularization and Premiumization of Liability franchise continues to make strong progress



Growth

- ✓ Steady growth in granular deposits
- ✓ Market share gain in deposits across districts
- ✓ New products introduced to enrich the offerings across segments

43%

Increase in new liability relationships added since FY20

15%

SA deposits CAGR*

31%

Increase in no. of districts** with market share of over 5%

27%

CAGR in overall Burgundy AUM

Profitability

- ✓ Premiumization of the deposit franchise
- ✓ Reduction in cost of deposits led by higher share of CASA deposits
- ✓ Sweat existing infrastructure

~ 220 bps

Increase in share of premium in retail SA in last 2 yrs

14%

Bancassurance fees as % of overall fees in FY22

251 bps

QoQ increase in CASA^ ratio

65%

Of overall customer requests serviced digitally

Sustainability

- ✓ Focus on rigor and rhythm in execution
- ✓ Delivering superior customer service through omni-channel presence and relationship focus
- ✓ Key initiatives to improve the quality of deposits structurally

700+

No. of new branches opened since Mar'19

71%

SA accounts opened through tab banking

~121%

Avg. LCR during Q2 FY23

100%

of frontline staff enabled on BYOD

Multiple transformational projects (Siddhi, Triumph, etc.) to drive higher growth and productivity

The Asian Banker Excellence in Retail Financial Services International Awards

'Most Recommended Retail Bank in India' and 'Most Helpful Bank during Covid-19 in India'

* for 3.5 years since Mar'19, basis MEB

** from 77 in Mar'19 to 101 in Mar'22

^ CASA ratio is basis MEB

What have we done well?



- ❖ Sharp focus on granular deposits with improving quality
- ❖ Operating rhythm discipline based on daily rigor & customer centric engagement process

resulting in....

~ **220 bps** YoY increase in premium segment share of retail portfolio*

100% roll out of Triumph operating rhythm extended to all resources with managed book

60% increase in acquisition of Priority accounts after launch of new proposition in April'22

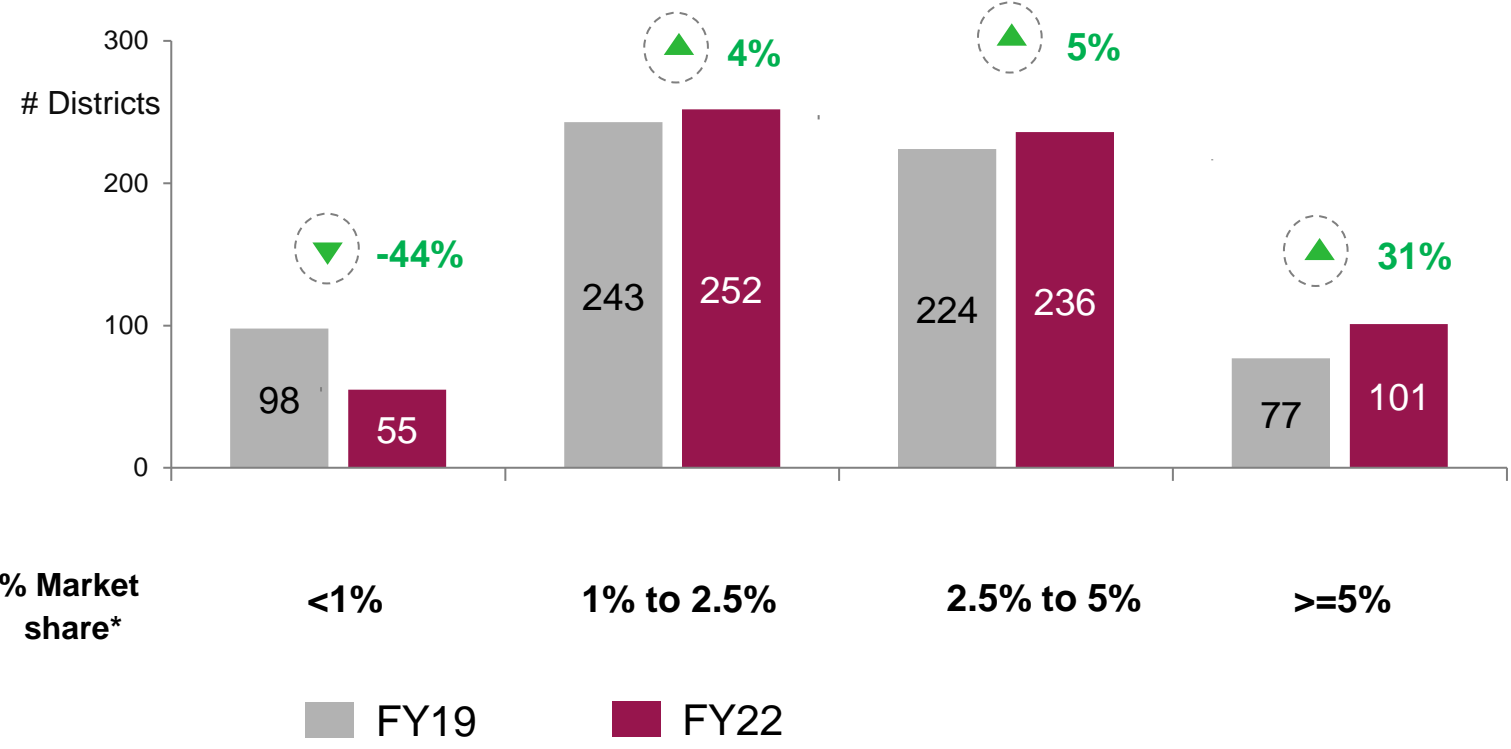
300 bps increase in individual term deposits growth in H1 FY23 over FY22

** Retail excludes TASC

** Premium includes Burgundy Private, Burgundy, Priority and Prestige and NRI segmentsc

1

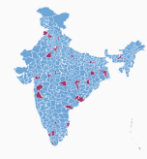
Steadily gaining share across districts led by our micro market focused approach



Delivered 31% growth in # of districts with >5% market share over last 3 years



Market scoping at every district with single minded focus for garnering incremental deposits



Special focus on Top 50 districts#

- SA share > =5% improved from 23 districts as on March'20 to 30 districts as on Q1FY23
- 61% of industry deposits are in Top 50 districts



One Axis approach to drive deposits from all segments

Basis deposits book share
* Market share for ~85 districts not available

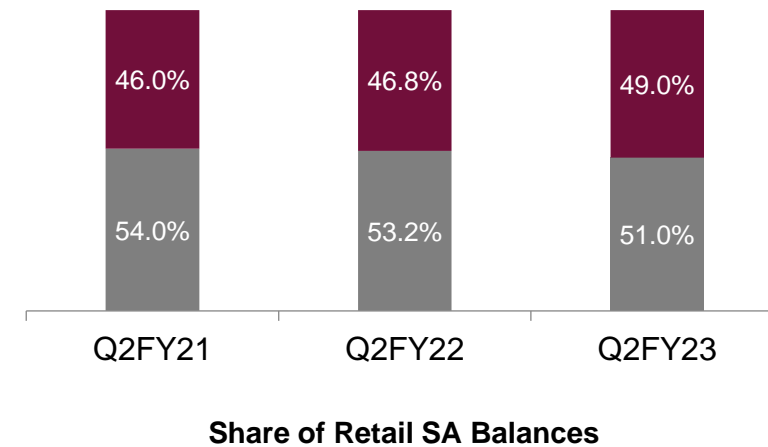
2 Premiumization of franchise continues to do well

- Revitalized Priority proposition with focus on travel and lifestyle to garner deposits from mass affluent segment
- Ultima proposition for salary customers with curated offering for corporates

New 'Priority' & 'Ultima' product propositions, launched in Q1FY23



Premium segment share in the Retail Savings* portfolio increased by ~220 bps YoY

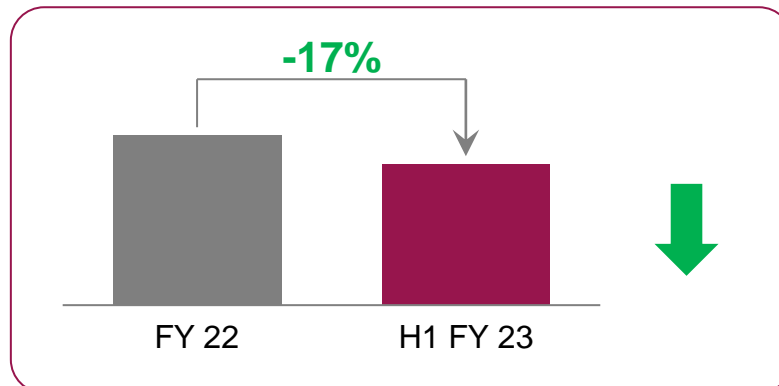
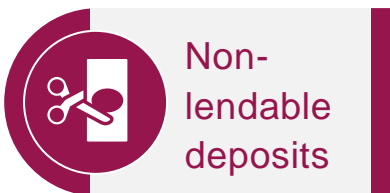
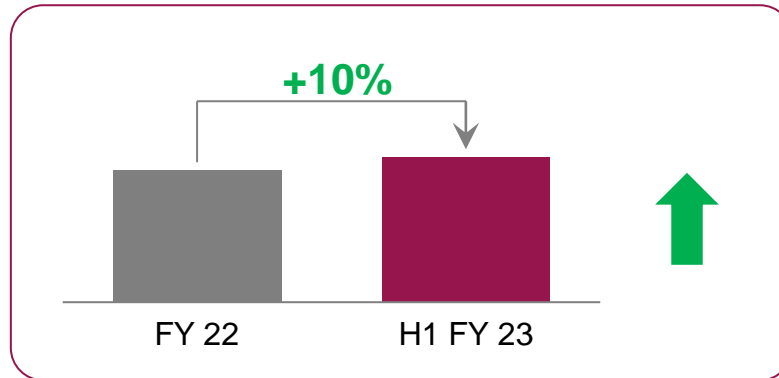


** Retail excludes TASC

** Premium includes Burgundy Private, Burgundy, Priority and Prestige and NRI segments

3 The quality of franchise has seen significant improvement ...

- Lendable deposits comprise the portion of deposits that can be utilized by the bank for further lending
- $\text{Lendable deposits} = \text{Total deposits} - (\text{Run off rate} \times (100 + \text{LCR}\% - 100))$
- Run off rate is defined for each category of deposits by the regulator
- Lower run-off implies higher lendable share from deposit sourced



Indexed to 100

Basis MDAB

Action: Increase lendable deposits

- **Share of Retail + Small Business Customers (SBC)**
 - Increased from 48% in FY22 to 52% in H1 FY23
 - Focus on lower run off deposits across all branches
- **30% growth in non-callable deposits in H1 FY23 over FY22**
 - Launched small ticket non-callable TDs

Action: Decrease non-lendable deposits

- **Reduction of OLE (eg. Trusts, NGOs) callable deposits**

OLE - Other Legal Entities defined as per LCR customer categorization by RBI

...with reduced volatility in daily balances

CA QAB as % of period end CA balances



SA QAB as % of period end SA balances



CASA QAB as % of period end CASA balances



- **Milestone** based business tracking across all resources
- On QAB basis **CASA grew 13% YoY** with **SA registering 14% YoY growth** & **QAB CA deposits registering 11% YoY growth**
- **Sweating the franchise** to drive steady growth in granular deposits, improving quality visible
- **'Right fit'** customers to increase share of stable funds; improving the quarterly average balances (QAB)

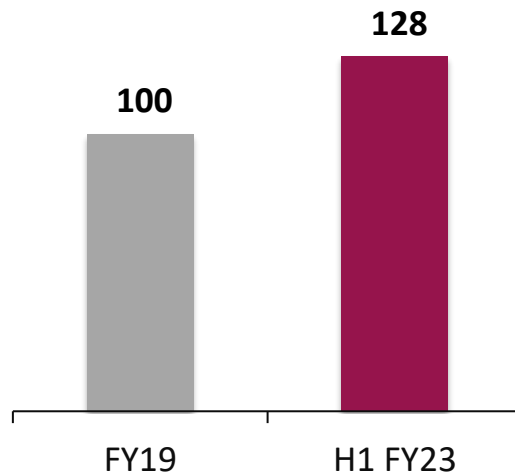
What are we doing to win?



- 1 Sweating the franchise** ▶ Sharp focus on **productivity maximization**
- 2 Data led Personalization engine** ▶ **'Segmentation of one'** to increase wallet share
- 3 Leverage Bharat Banking network and ecosystem** ▶ Building a **robust rural ecosystem** via multi product partnerships
- 4 Unlocking potential of value segments** ▶ Senior Citizen proposition with focus on health, travel & investment benefits
- 5 Leveraging One Axis** ▶ **One Axis approach** to drive deposits from all business verticals
- 6 Strengthening Corporate Salary franchise** ▶ Accelerating growth **by leveraging corporate relationships** & seamless onboarding
- 7 Citi acquisition to further strengthen granularization** ▶ Combined CASA ratio on proforma basis **to improve by ~200 bps** to 48%

Branch Productivity

Total Deposits per branch
(indexed to 100)



RuSu: Rural & Semi Urban



1. Strong new to bank sourcing with 23.3 lac SA accounts

21% YoY growth in new savings account acquisition in H1 FY23



2. Building focus on Corporate Salary acquisitions

64% YoY growth in new salary labels acquired in H1 FY23



3. Drive higher business growth and increase market share in Rural and Semi Urban markets through **asset led liability strategy & enhancing brand in RuSu markets**



4. Driving granular deposits by growing the individual term deposit book



5. Centralized market scoping system in CRM will serve as a repository for all prospects and opportunities



6. Improved productivity metrics led by multiple transformation & digital initiatives.

Rolled out a personalization engine to drive customer level deepening and boost product per customer

Objective to hyper-personalize and reach “segment of one” with...

 **Right nudge**

 **Right channel**

 **Right offer**

 **Right time**

 **Right day**

 **Right language**

 **Right imagery**

 **Right tonality**

 **Right way to address**



15-20% higher MDAB vs portfolio average
(as part of personalization pilot)

1



7.5%
higher MDAB than average
with only curricula nudges

2



15-20%
higher MDAB than average
at 3rd month for customers with MB
registration & 1st transaction nudges

3



7.9%
Higher TD conversion
vs portfolio average (5.4%) through
personalized nudges

Common Service Centre (CSC) Model is working well and is being templated across similar partnerships

4x

Growth in network in the last 18 months, 54k+ agents

24+

Products offered by Village Level Entrepreneur (VLEs)

...and we are seeing **promising signs** from several other partnerships....

10,000+

CASA accounts from partnerships as monthly run rate

69%

Growth in Supply Chain Financing constituents in RuSu markets in the last 18 months

Your Life. Your Way

Axis Bank **SILVER LININGS**
Program



Leveraging internal synergies to drive deposits

Illustration 1:

Leverage Credit Card open market sourcing and partnerships to offer a holistic deposit proposition

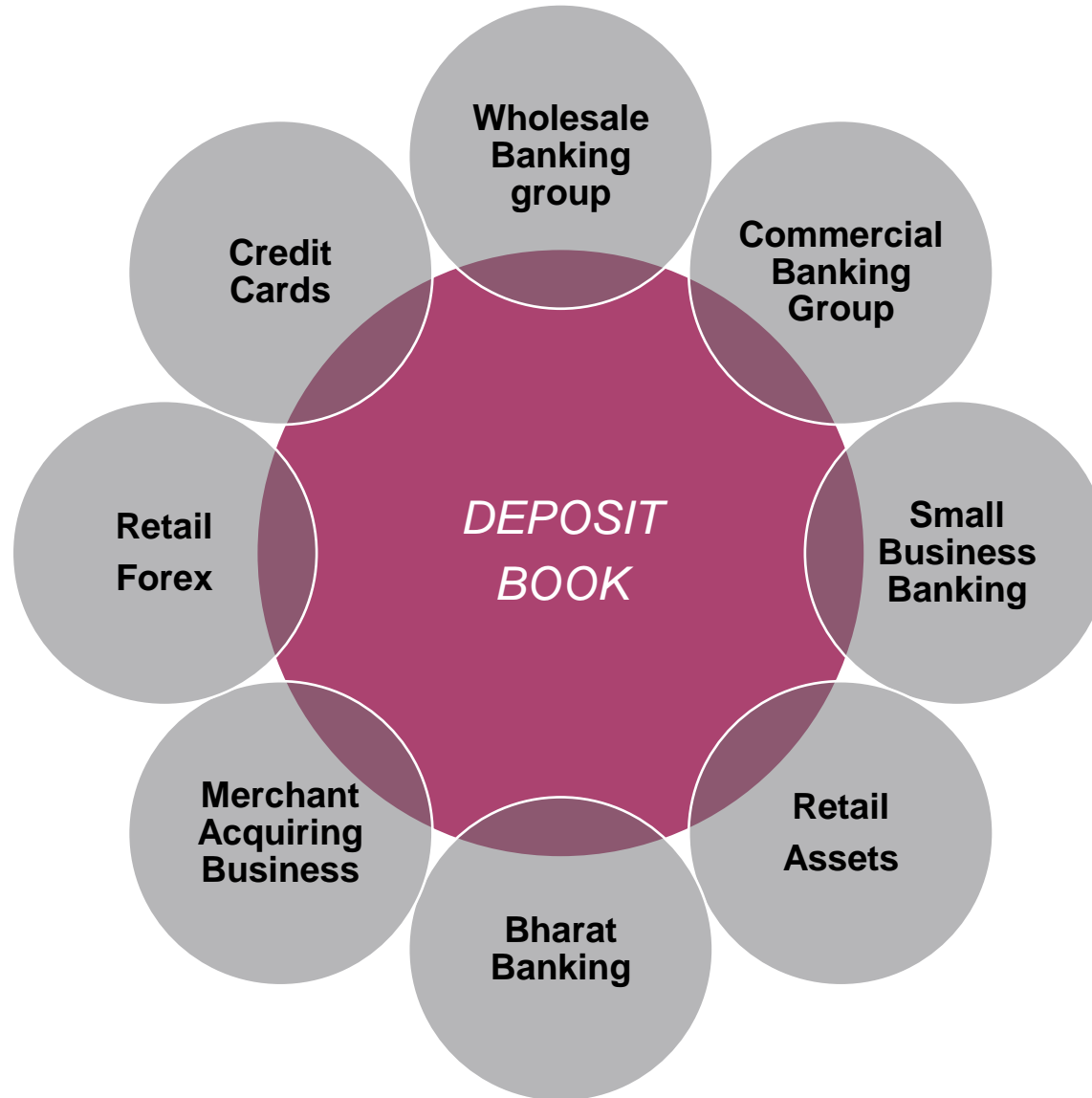


Illustration 3:

Anchoring the Merchant Acquiring Business to increase the account throughput

Illustration 2:

Wholesale Banking Group (WBG) to drive retail liabilities leveraging the comprehensive corporate salary offerings

Illustration 4:

Leveraging the asset relationships to provide deposit led complete banking solutions

Leveraging Self & Assisted modes of acquisition

Identified opportunities to enhance the salary proposition



01 Focus on boosting deepening engine

Driving customer stickiness and PPC

Early customer engagement

Empowering multi-functional switch team



02 Strengthening client value proposition

Deploying 'One-Axis' product team

Strengthening multi-product onboarding journeys

Customizing value proposition by category & segment



03 Sharpening focus on client acquisition

Re-enforcing cross-functional deal-team approach

Instilling pyramid-led account planning approach

Opportunity sizing implementing micro-market capabilities



04 Digitally enabling resources

Providing intelligent nudges

Supporting through unified digital platforms

Growth trends have been encouraging in recent times

64%

YoY growth in new corporate salary labels in H1-FY23

54%

YoY growth in new salary accounts opened (by value) in H1-FY23

44%

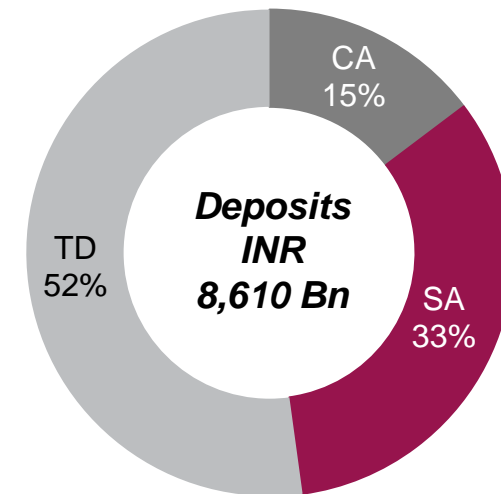
YoY growth in new salary accounts opened (volume) in H1-FY23

Citi acquisition to further strengthen our premiumization and granularization journey

Citi acquisition provides access to a sizable granular deposit base with deep corporate salary relationships

- Incremental addition* of **₹502 bn** to overall deposits
- High proportion of SA base constituting **73%**
- Affluent and digitally engaged SA customer base with **high balances per account**
- Best-in-class salary account customer base with **1600+ Suvidha corporates**
- **Strategically located** branches

Combined (Axis + Citi*) deposits portfolio



Combined CASA ratio on proforma basis to improve by ~200bps to 48%

Thank You

