

Axis Bank Limited

Investor Presentation

August 2021



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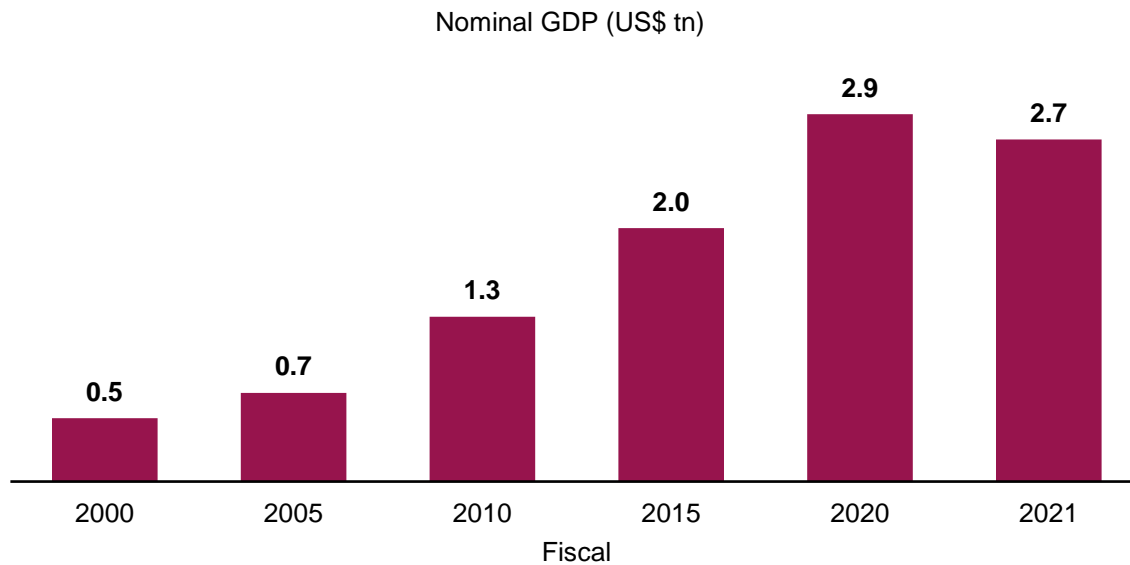
Indian Economy Outlook

India GDP Growth Outlook

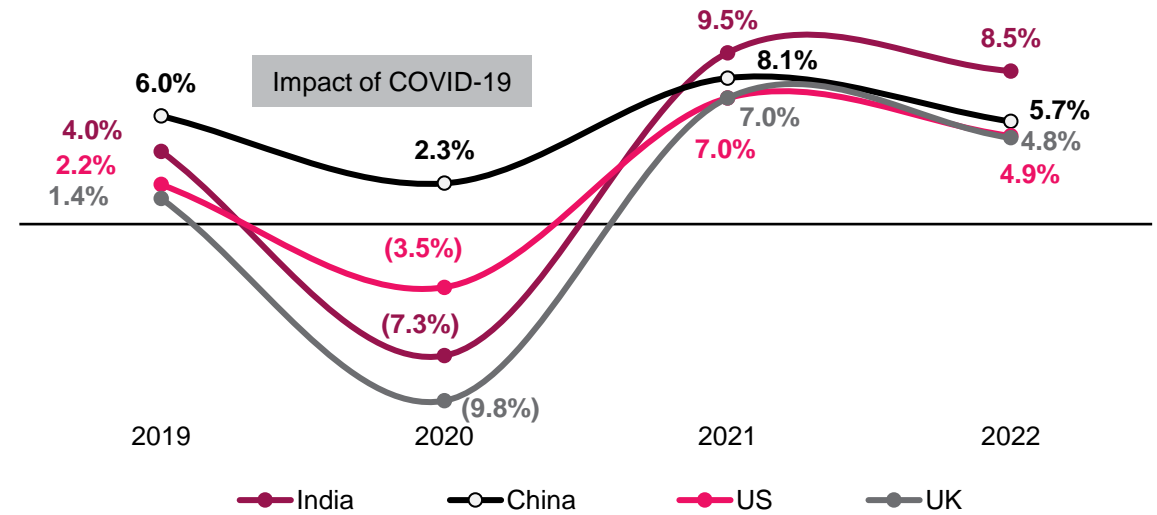


Resilient Gross Domestic Product (“GDP”) Growth^(1,2)

GDP more than doubled in the last decade



GDP Growth Rate for Calendar Year 2019-2022 (%)



- **World’s 6th largest economy based on nominal GDP in 2020⁽¹⁾**
 - Nominal GDP for FY2021: approx. US\$2.7tn⁽¹⁾
- **India is projected to be the 5th largest economy in 2022⁽¹⁾**
- **India is projected to emerge as the fastest growing major economy in 2021 and 2022⁽¹⁾, RBI projects growth at 9.5% for FY2022⁽³⁾**

Notes:

(1) IMF World Economic Outlook July 2021 and April 2021 Update

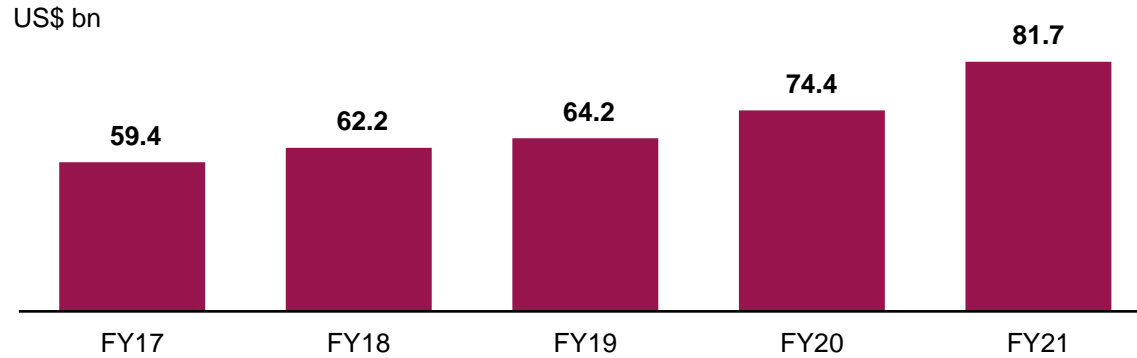
(2) Ministry of Statistics and Programme Implementation

(3) RBI

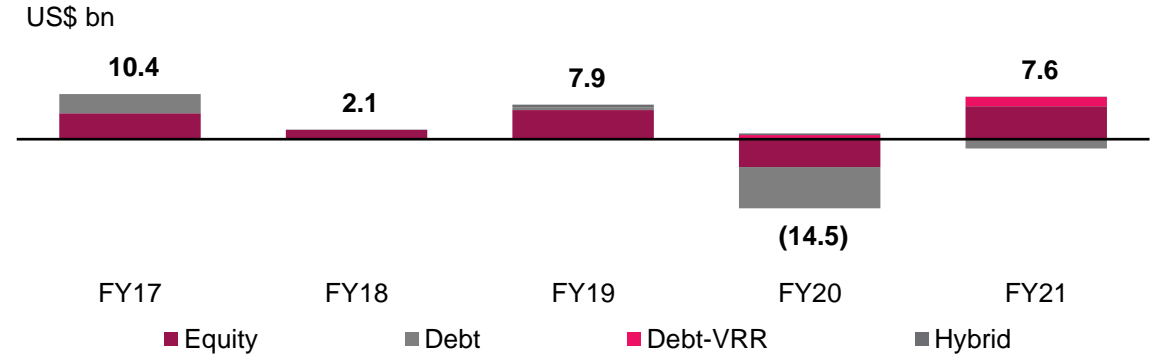
India continues to be an Attractive Investment Opportunity



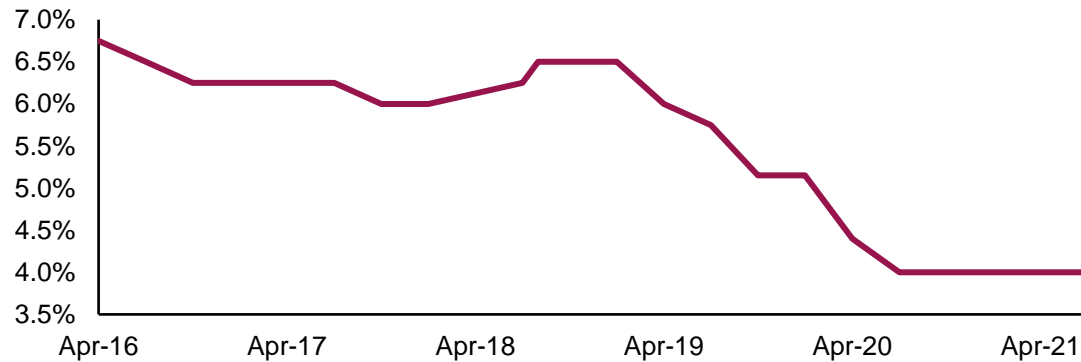
FDI Inflows in India⁽¹⁾



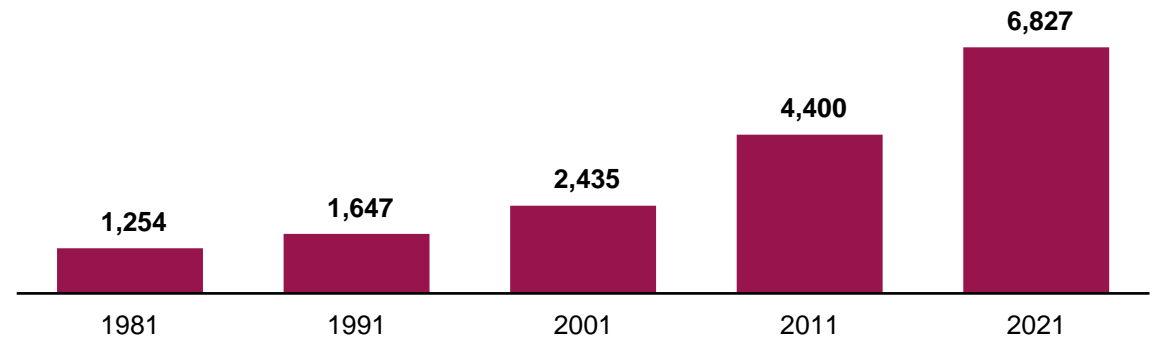
Net FPI Investment in India⁽²⁾



RBI Policy Repo Rates⁽³⁾



GDP per capita, US\$ at PPP⁽⁴⁾



Notes:

(1) Department of Promotion of Industry and Internal Trade, Government of India

(2) National Securities and Depository Limited














(3) RBI

(4) IMF World Economic Outlook April 2021 Update, units: Purchasing power parity; 2017 international dollar

Axis Bank Overview

Axis Bank - At a Glance



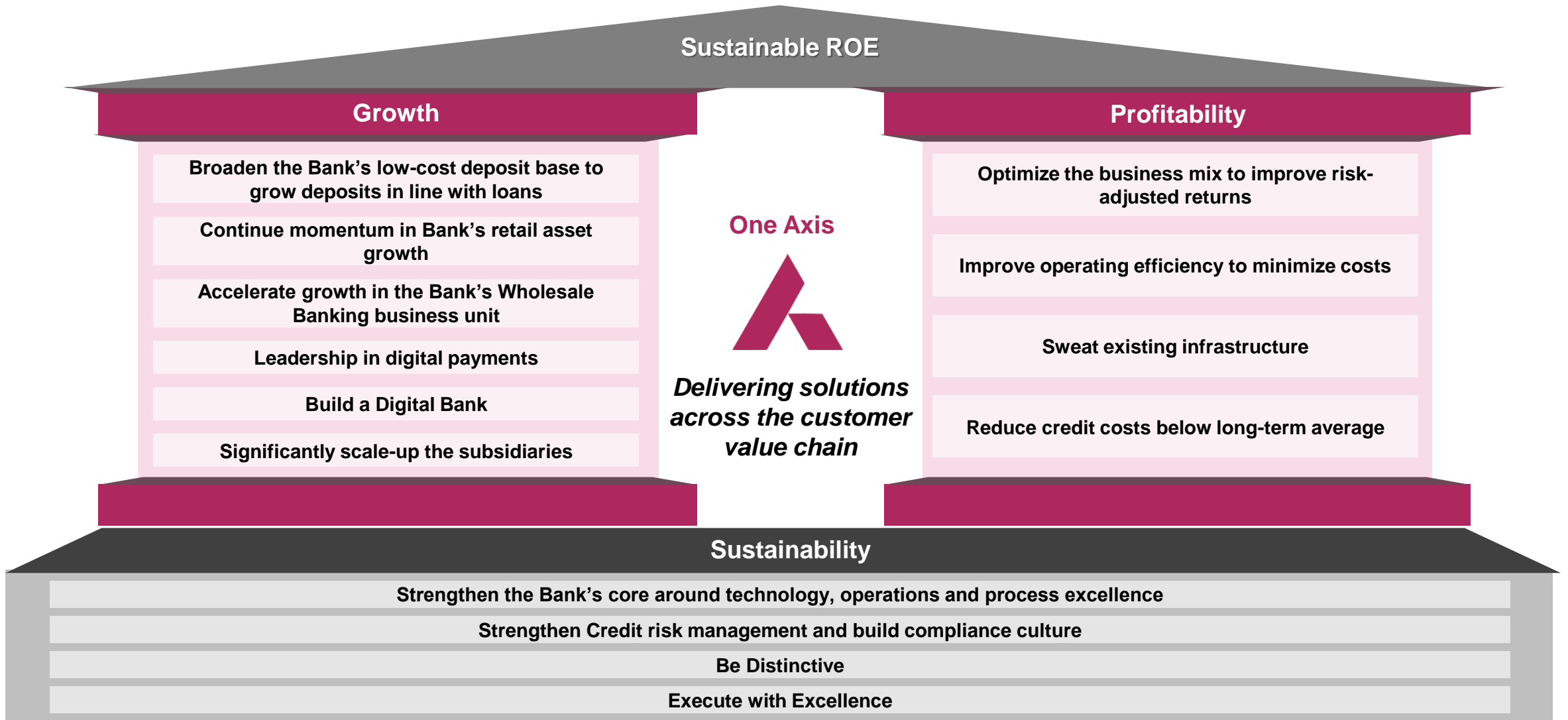
Axis Bank⁽¹⁾ 	3rd largest Private Bank in India in terms of total assets	4,594 Branches ⁽²⁾	78,307 Employees	4th straight year Constituent of FTSE 4Good EI ⁽³⁾
Market Share 	Traditional Banking Segment 5.1% Assets ⁽¹⁾ 4.6% Deposits ⁽⁴⁾ 5.7% Advances ⁽⁴⁾		Digital Banking Segment 16.7% UPI ⁽⁵⁾ 15.6% Mobile Banking ⁽⁵⁾ 11.4% CIF ⁽⁶⁾	
Profitability⁽¹⁾ 	Rs.292bn Net Interest Income	3.53% Net Interest Margin	Rs.257bn Operating Profit	0.70% Return on Average Total Assets
Balance Sheet⁽¹⁾ 	Rs.9.96tn Total Assets	Rs.6.2tn Rs.7.1tn Total Advances Total Deposits	19.12% 15.40% CAR ⁽⁷⁾ CET 1	72.37% 1.05% PCR Net NPA
One Axis (Key Subsidiaries) 	<div style="display: flex; flex-wrap: wrap; justify-content: space-around;"> <div style="border: 1px solid #ccc; padding: 5px; margin: 5px;">  </div> <div style="border: 1px solid #ccc; padding: 5px; margin: 5px;">  </div> <div style="border: 1px solid #ccc; padding: 5px; margin: 5px;">  </div> <div style="border: 1px solid #ccc; padding: 5px; margin: 5px;">  </div> <div style="border: 1px solid #ccc; padding: 5px; margin: 5px;">  </div> <div style="border: 1px solid #ccc; padding: 5px; margin: 5px;">  </div> <div style="border: 1px solid #ccc; padding: 5px; margin: 5px;">  </div> <div style="border: 1px solid #ccc; padding: 5px; margin: 5px;">  </div> </div>			

Notes:

(1) Data as of / for the year ended 31 March 2021
 (2) Domestic network including extension counters
 (3) EI – Emerging Index Series
 (4) Based on Mar 20 data

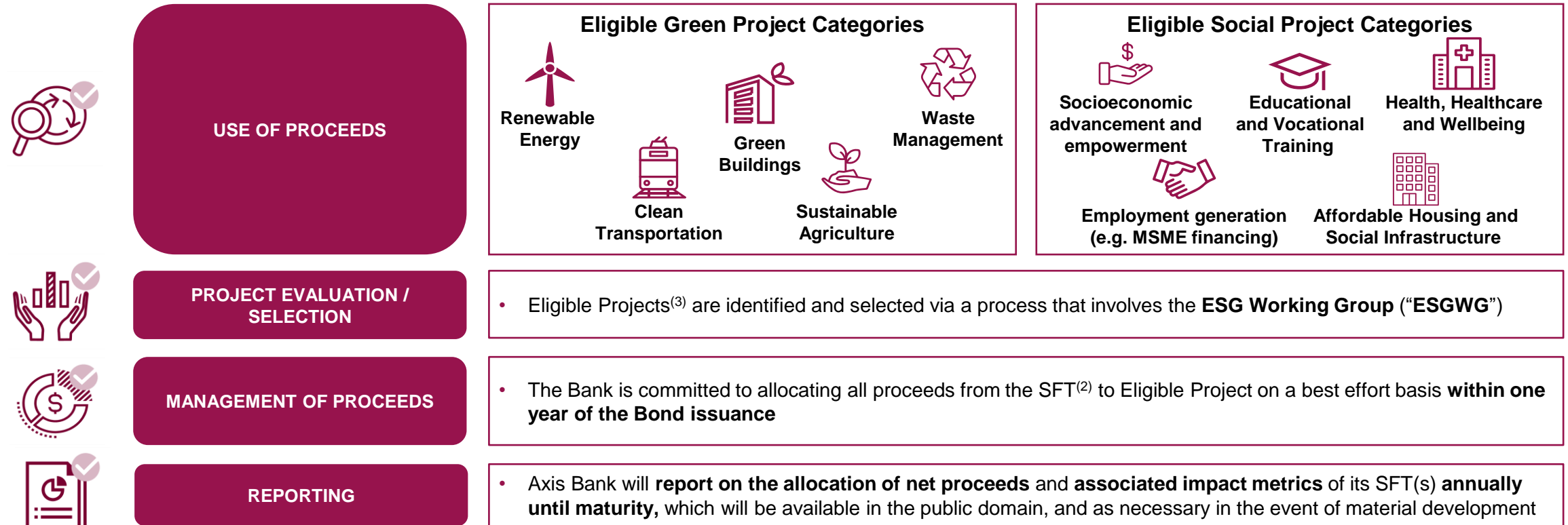
(5) By volumes for FY21
 (6) CIF – Credit Cards in force as of Feb '21
 (7) CAR – Capital Adequacy ratio

The Bank continues to be guided by the pillars of its GPS strategy



Axis Bank's Sustainable Financing Framework

Axis Bank's Sustainable Financing Framework is aligned to the UN SDGs⁽¹⁾ as well as the Paris Agreement



Sustainalytics is confident that Axis Bank Limited is well-positioned to issue sustainability bonds and loans and that that Axis Bank Sustainable Financing Framework is robust, transparent, and in alignment with the four core components of the Sustainability Bond Guidelines 2021, Green Bond Principles 2021, Social Bond Principles 2021, Green Loan Principles 2021, Social Loan Principles 2021, ASEAN Social Bond Standard 2018, ASEAN Green Bond Standard 2018, and ASEAN Sustainability Bond Standards 2018.”

Source: Axis Bank Sustainable Financing Framework:
 Notes:
 (1) UN SDG- United Nations Sustainable Development Goals
 (2) SFT- Sustainable Financing Transaction

(3) Eligible Project Categories may include the projects Axis Bank made during the 36 months prior to the issuance or signing date of the respective SFTs and during the life of the SFTs.

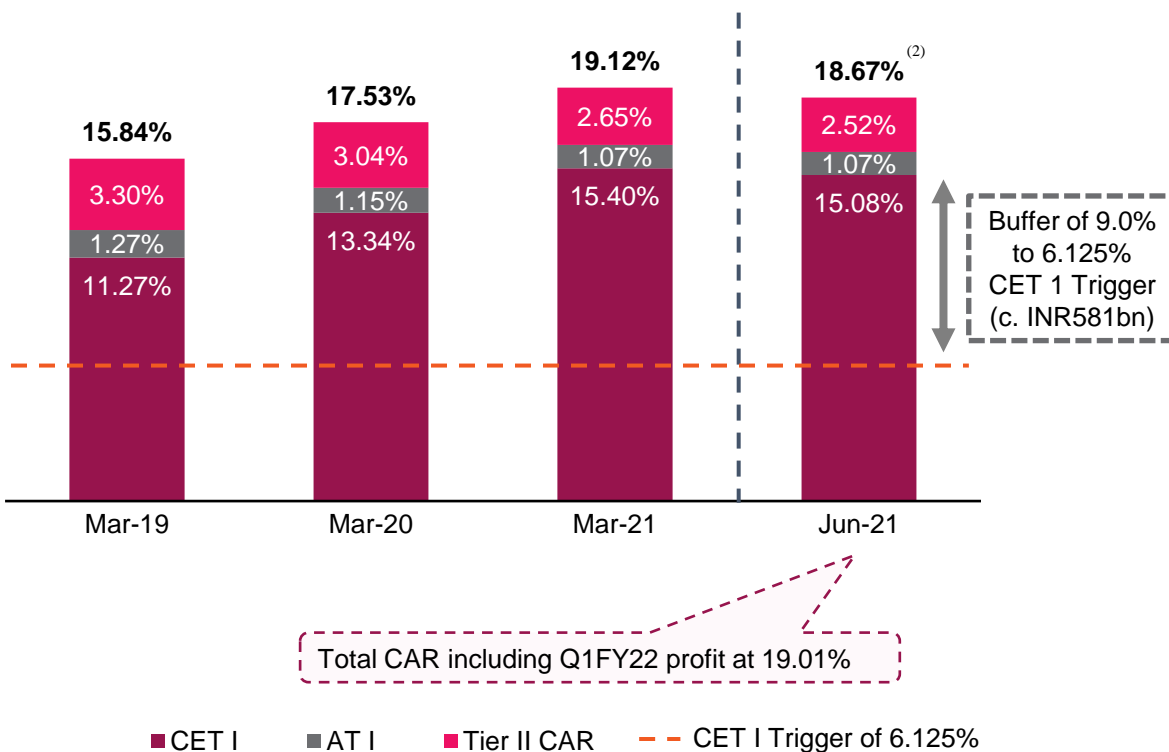
Key Credit Highlights

Key Credit Highlights

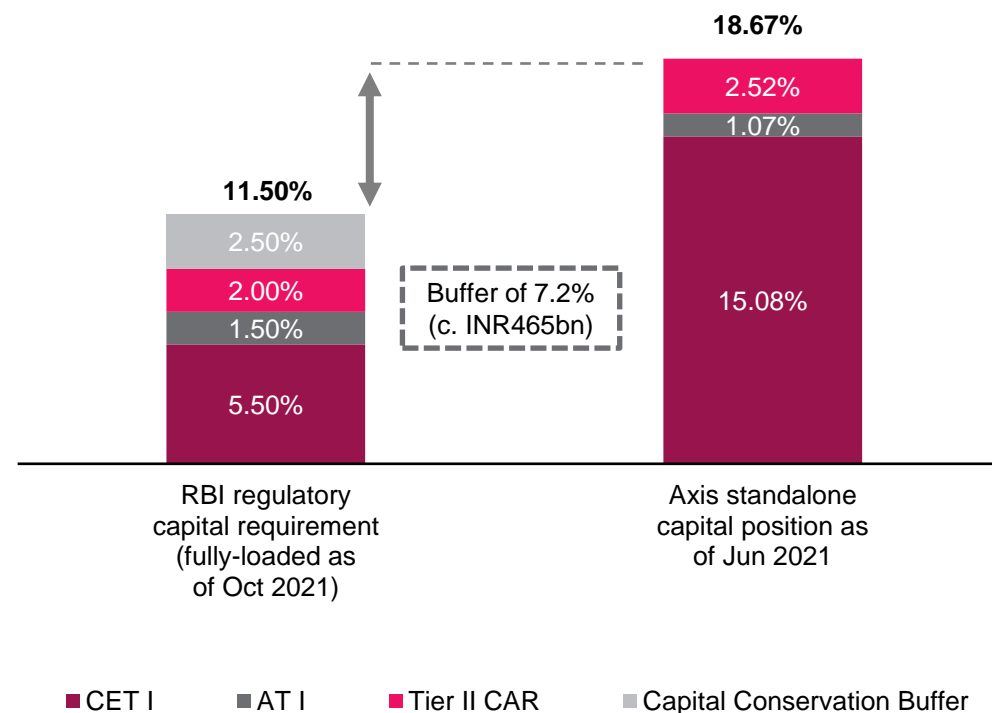
- 1** Robust capital position with adequate liquidity
- 2** Healthy growth in granular CASA deposits, improving funding costs and supporting balanced loan growth across segments
- 3** Balanced loan growth across business segments
- 4** Strong cross sell opportunities through leadership position in wealth management, credit cards and debt capital markets
- 5** Leadership capabilities in digital banking space
- 6** Long term track record of healthy financial performance and well diversified liquidity and funding profile
- 7** Improving asset quality with healthy balance sheet buffers
- 8** Strong relationship led franchise driving synergies across One Axis entities

1 Robust Capital Position with Adequate Liquidity

Bank's Capital Adequacy Ratio⁽¹⁾



Distance to Regulatory Capital Requirement



- For quarters ended 31 Mar 2021 and 30 Jun 2021, average liquidity coverage ratio was constant at approx. 115%
- The Bank holds excess SLR of approx. INR 750bn⁽³⁾

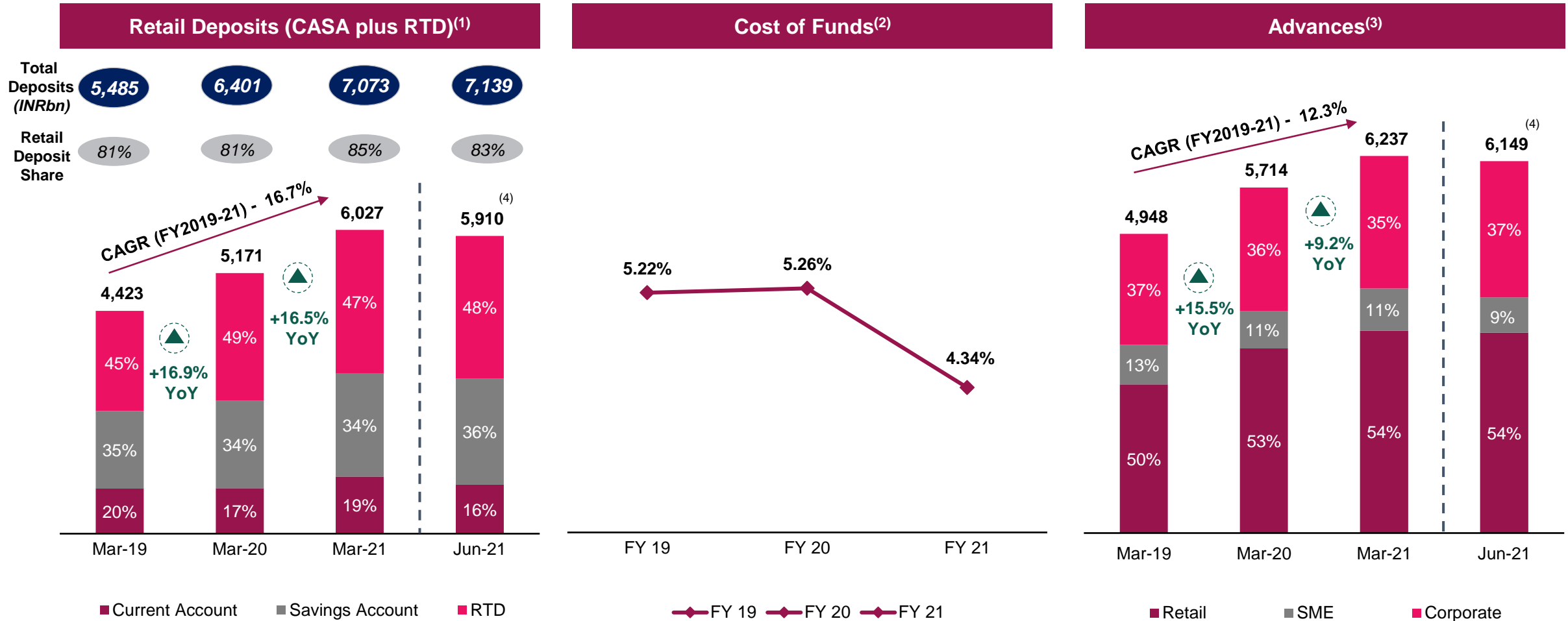
Note: Figures rounded off to nearest integral values for RWA to total assets ratio and Liquidity Coverage Ratio

(1) Computed in accordance with RBI guidelines under Basel III on a standalone basis

(2) Excludes profit for Q1FY22

(3) As of 30 June, 2021

2 Healthy Growth in Granular CASA Deposits, Improving Funding Costs and Supporting Balanced Loan Growth Across Segments



Note: All figures in INR bn. Figures rounded off to nearest integral values. RTD – Retail Term Deposits (Term deposits from individuals, term deposits of up to INR 50mn from non-individuals)

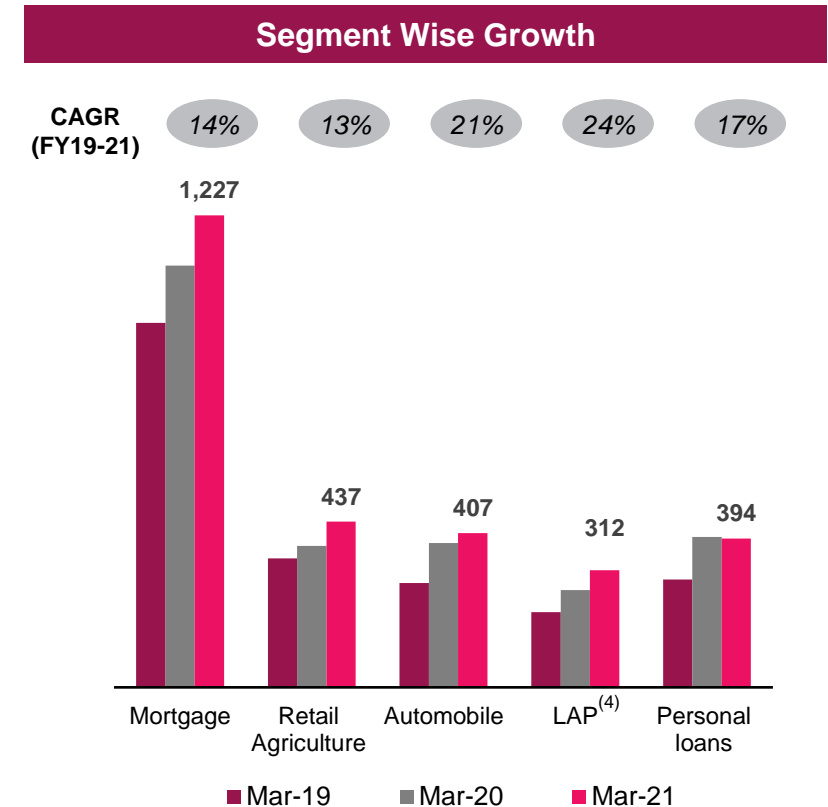
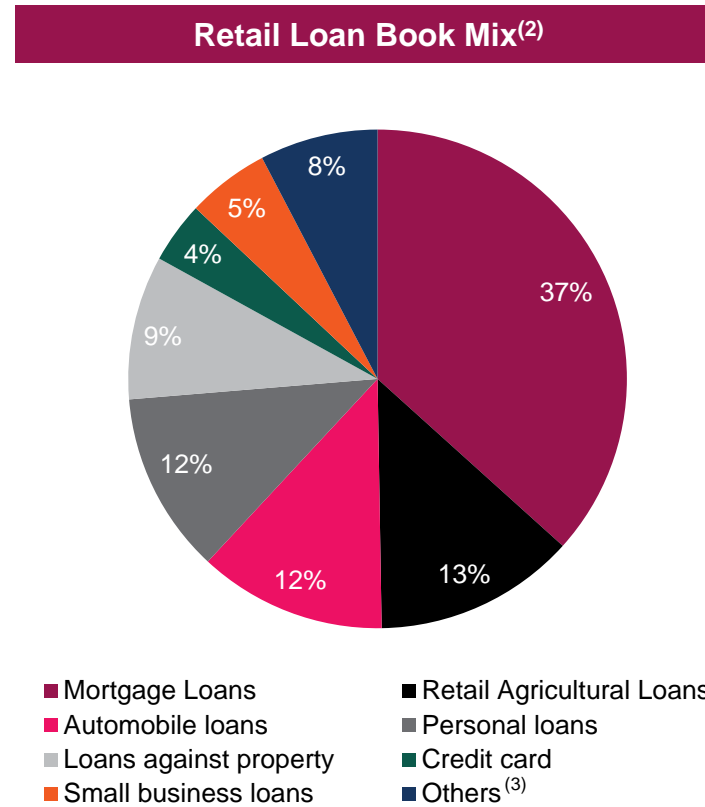
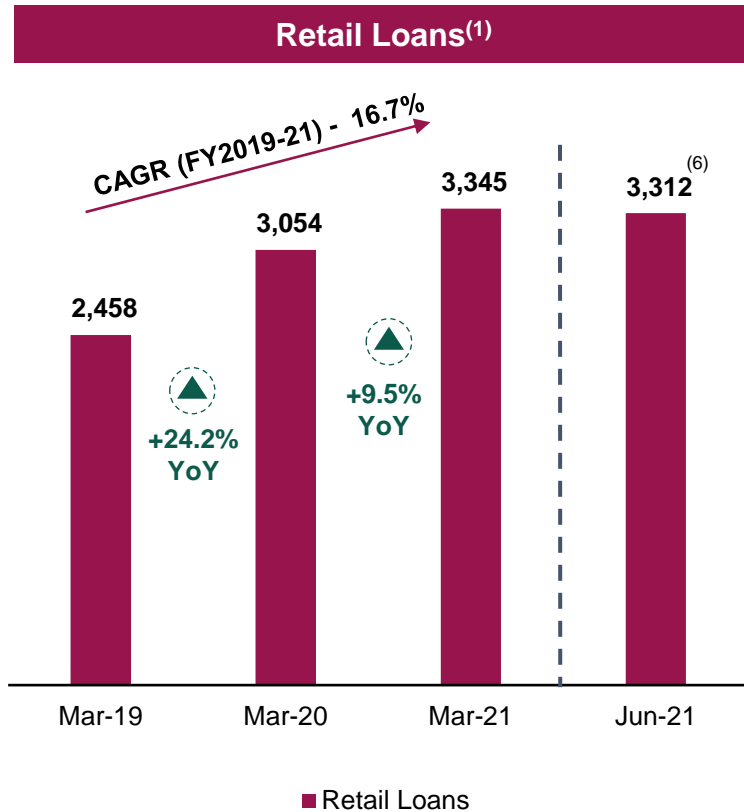
(1) Based on period end numbers

(2) Cost of funds is the ratio of interest expense to quarterly average interest-bearing liabilities

(3) Figures are on net advances basis

(4) Advances and deposits for period ended June-21 are after netting structured collateralised foreign currency loans. Further there has also been migration of certain loan accounts amongst segments in Q1FY22. Hence, prior year end numbers are not comparable with the June-21 numbers

3 INR 3 trillion Retail Book is Well Diversified with over 79% of Secured Loans⁽⁵⁾



- Diversified Retail loan book at 54% of total loans with well distributed Pan-India branch network⁽⁵⁾
- As at 31 Mar 2021, the Bank had 4,594 domestic branches and extension counters

Note: All figures in INR bn. Figures rounded off to nearest integral values..

1) Figures are on net advances basis

2) As at 31 March 2021

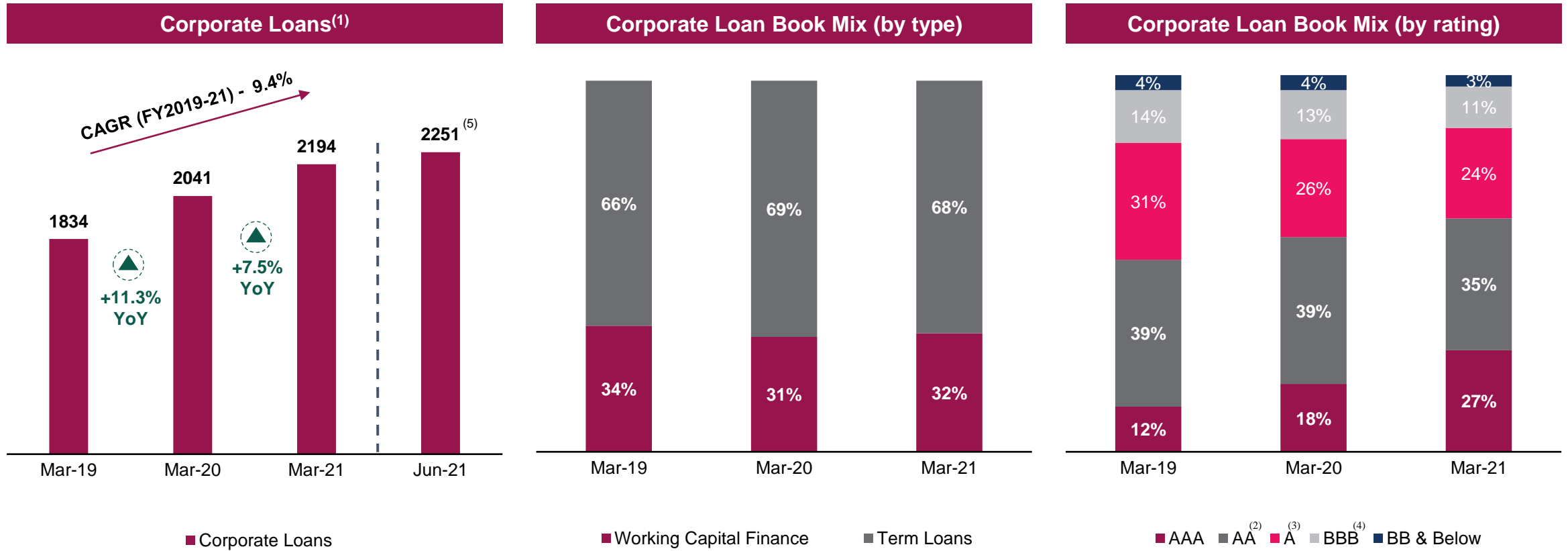
3) Others primarily includes education loans, gold loans, business equipment loans, loans against deposit and other non-schematic loans

4) LAP- Loan Against Property

5) As at 30 June 2021

6) Advances and deposits for period ended June-21 are after netting structured collateralised foreign currency loans. Further there has also been migration of certain loan accounts amongst segments in Q1FY22. Hence, prior year end numbers are not comparable with the June-21 numbers

3 Highly Rated Corporate book with Focus on Better Rated Originations and Short Term Loans



• Approximately 94% of the new corporate loans sanctioned in FY21 and Q1FY22 were rated A- and above

Note: All figures in INR bn. Figures rounded off to nearest integral values

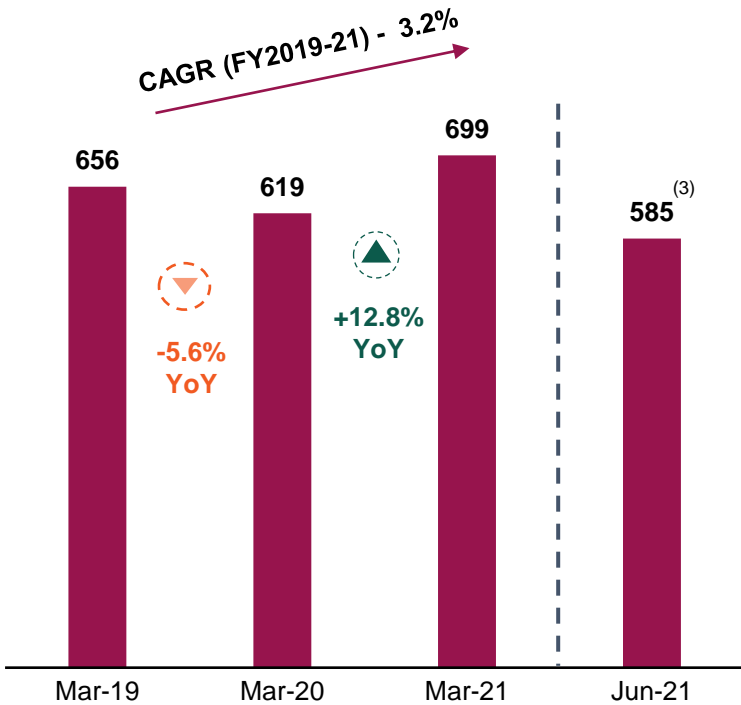
- 1) Figures are in net advances basis
- 2) Includes AA+, AA and AA-
- 3) Includes A+, A and A
- 4) Includes BBB+, BBB and BBB-

5) There has been migration of certain loan accounts amongst segments in Q1FY22. Hence, prior year end numbers are not comparable with the June-21 numbers

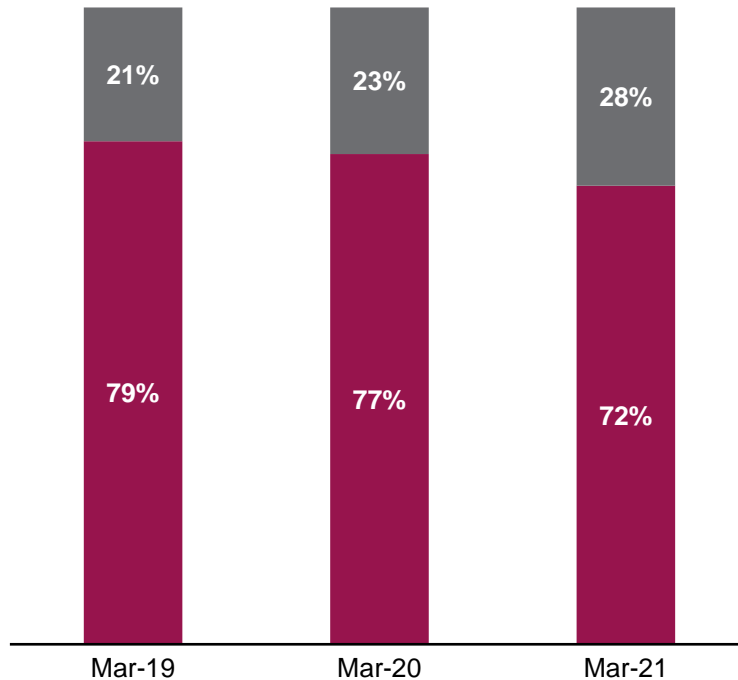
3 Well Diversified SME book with Predominantly Working Capital Financing



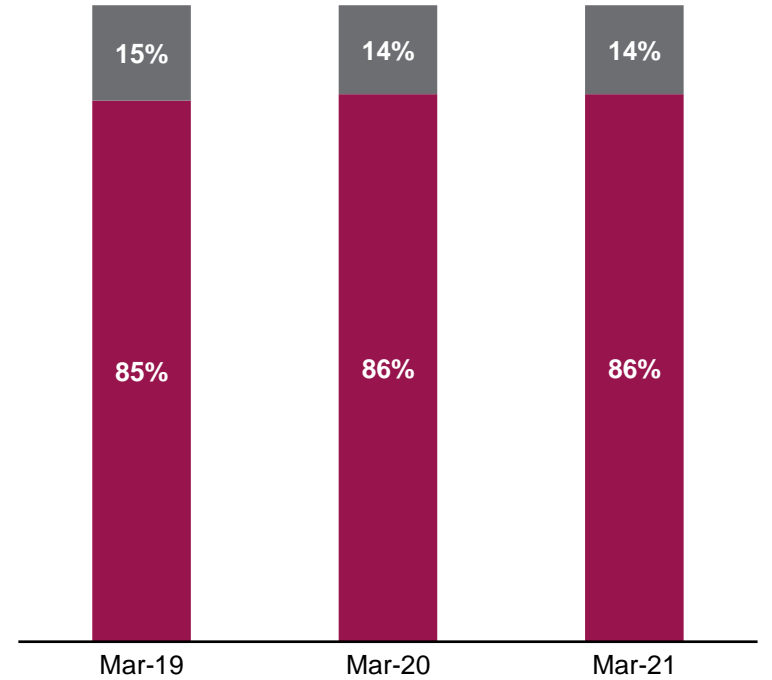
SME Loan Book⁽¹⁾



SME Book Mix (by type)



SME Book Mix (by rating)⁽²⁾



■ SME Loan Book

■ Working Capital Finance

■ Term loans

■ SME3 or better

■ Others

- 86% of SME book is rated SME 3 or better

Note: All figures in INR bn. Figures rounded off to nearest integral values

(1) Figures on net advances basis

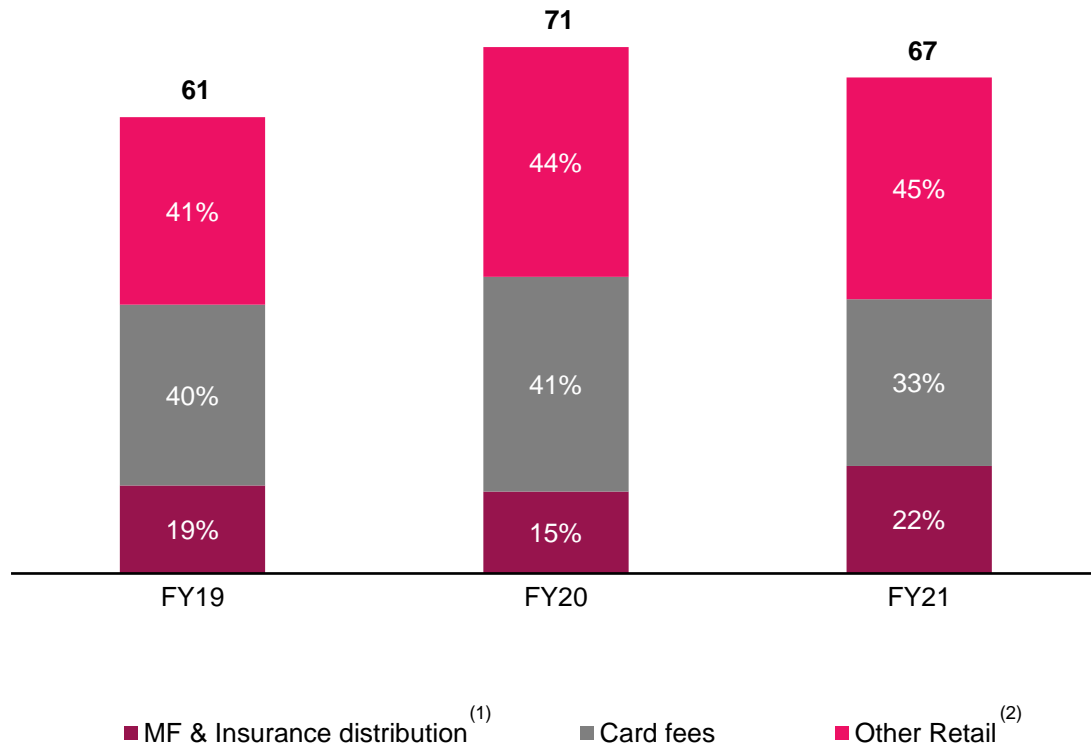
(2) It is an internal rating scale for SMEs which goes from SME1 to SME8 with SME1 denoting highest credit quality and SME3 represents good credit quality.

(3) There has been migration of certain loan accounts amongst segments in Q1FY22. Hence, prior year end numbers are not comparable with the June-21 numbers

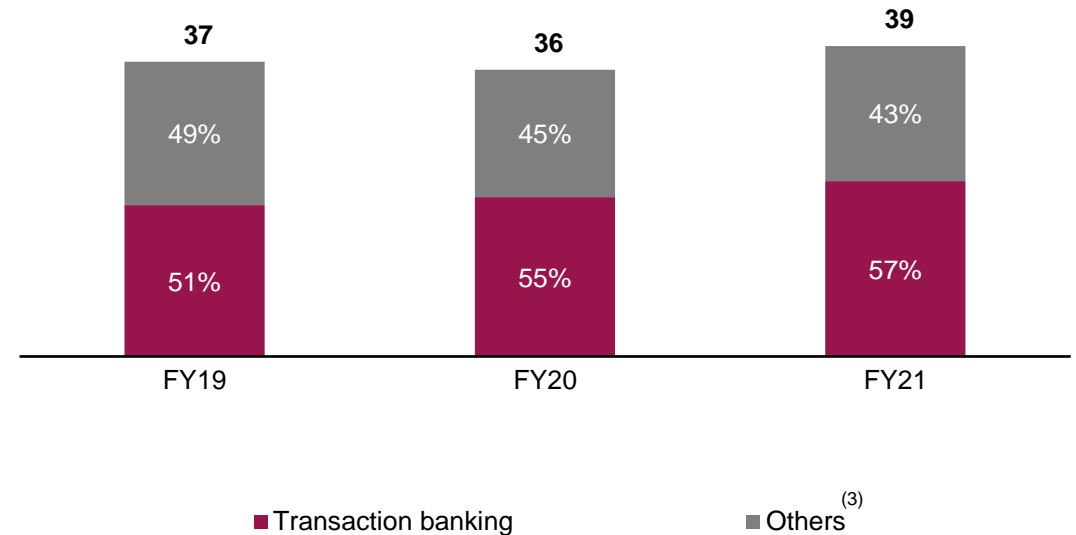
3 Granular Retail and Flow Based Transaction Banking Fee Income Continues to Increase Steadily



Fee Income from Retail Banking



Fee Income from Wholesale Banking



Note: All figures in INR bn. Figures rounded off to nearest integral values.

(1) MF and insurance distribution fees includes distribution fees relating to bonds, gold coins etc.

(2) Other retail fees includes foreign exchange service fees

(3) Others includes fees attributable Corporate and SME segments

4 Strong Cross Sell Opportunities through Leadership Position in Wealth Management, Credit Cards and Debt Capital Markets



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

Burgundy is the Bank's wealth management offering for high networth individuals

The **Burgundy Private** leverages the strength of 'One Axis' and offers the combined expertise of the Bank and its subsidiaries to cater to the needs of high and ultra-high networth clients

Rs.2,130.9bn

Assets under management for customers of Burgundy and Burgundy Private



...and 4th largest issuer of Credit Cards in the country...

Premium Cards



Bank's portfolio of credit card offerings include featured cards, co-branded cards and premium cards

11.4%

Market share in the Indian Credit Card Market for FY 2021⁽²⁾

Featured Cards



Co-branded Cards



...and a dominant player in Debt Capital Markets

Rs.3,337.4bn

Total issuances for various PSUs & corporates in which the bank was associated with in FY2021



Note:.

(1) Awarded in FY21

(2) Source – RBI; Based on Credit Cards in force as of Feb'21

5 Leadership Capabilities in Digital Banking Space



The Bank remains among the top players in the Digital banking space...

...and continues to launch innovative products

16.7%
Market share - One of the largest players⁽¹⁾ in UPI⁽²⁾ space

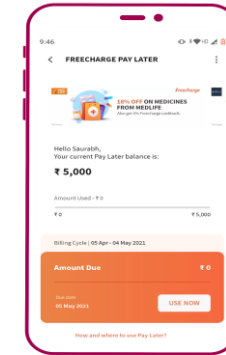
186mn+
Customer VPAs⁽³⁾ registered⁽⁴⁾

15.6%
Market share in Indian mobile banking sector⁽¹⁾

250+
DIY services offered on Axis Mobile⁽⁵⁾

88%
Digital transactions⁽⁶⁾

71%
Savings account sourced through tab banking⁽⁷⁾



Buy now Pay Later (Freecharge)



Digital Forex card



Whatsapp Banking



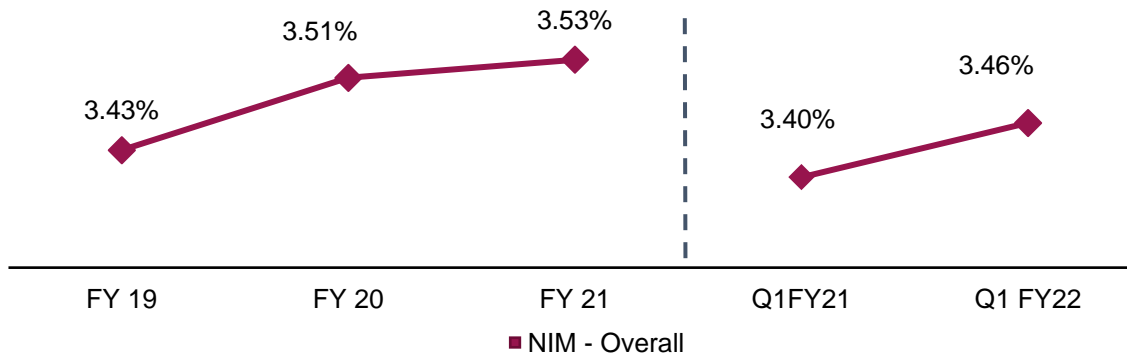
Wear 'N' Pay

Note:.
 (1) By volumes for FY21
 (2) UPI- Unified Payments Interface
 (3) VPA- Virtual Primary Address
 (4) As of 31 March 2021
 (5) DIY- Do It Yourself

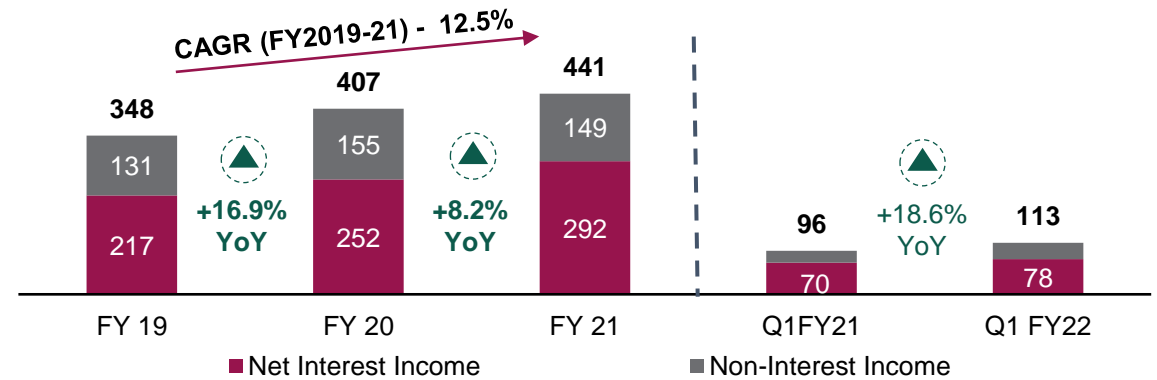
(6) Based on all financial transactions by individual customers in FY21
 (7) Digital tablet based account opening process in FY21
 (8) For FY21

6 Long-term Track Record of Healthy Financial Performance

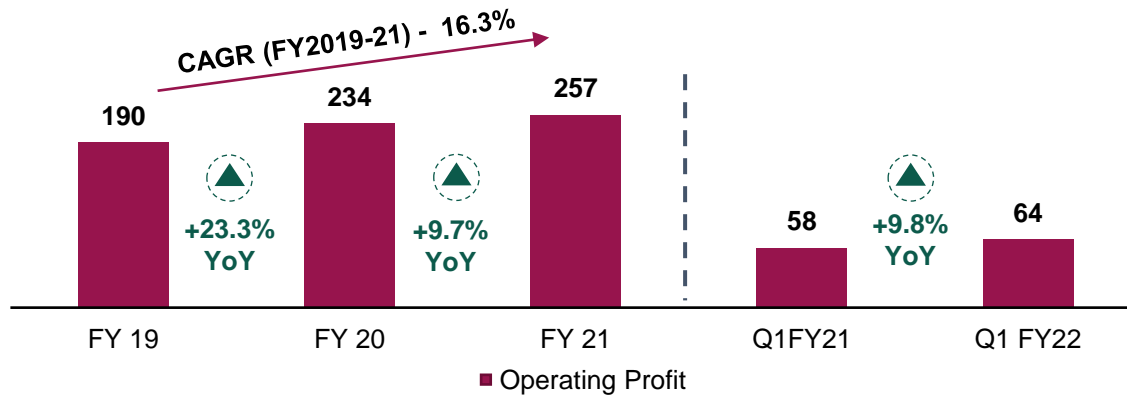
Net Interest Margin (NIM)⁽¹⁾



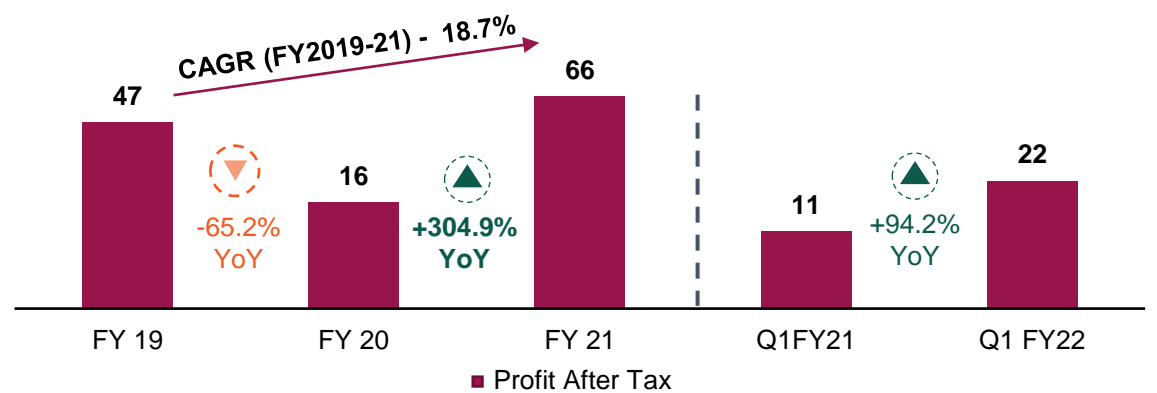
Operating revenue



Operating Profit



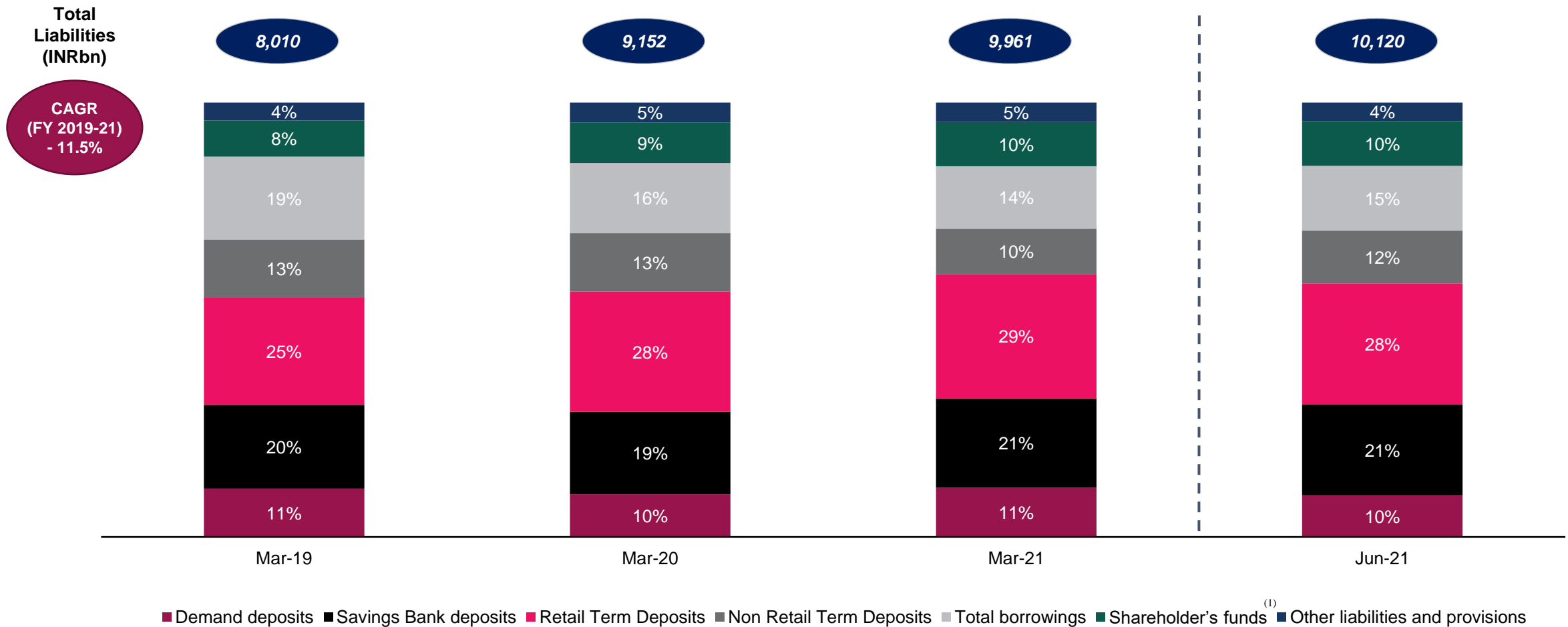
Profit After Tax



Note: All figures in INR bn. Figures rounded off to nearest integral values for operating revenue and operating profit. NIM for Q1FY22 is annualized.

(1) Represents the ratio of net interest income to daily average interest earning assets

6 Well Diversified Liquidity & Funding Profile

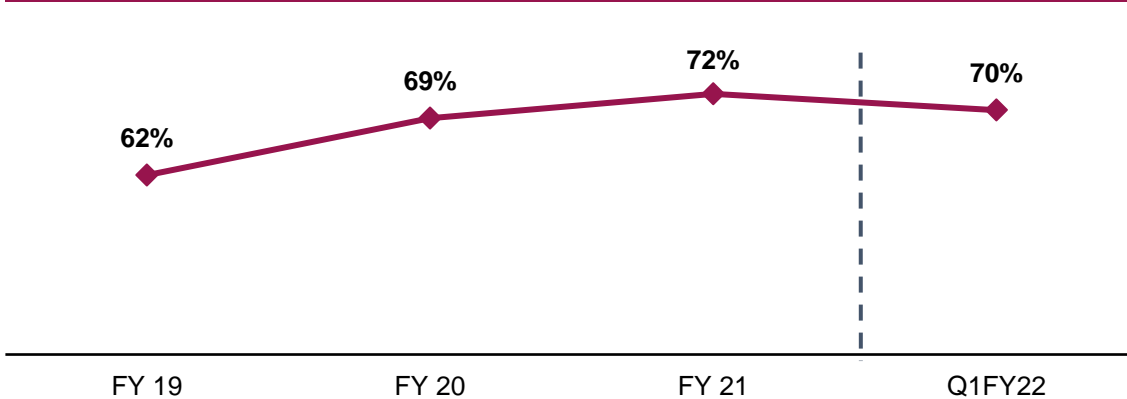


Note: Figures rounded off to nearest integral values. Retail Term Deposits (Term deposits from individuals, term deposits of up to INR 50mn from non-individuals)

(1) Shareholders' funds = Capital + Reserves and Surplus

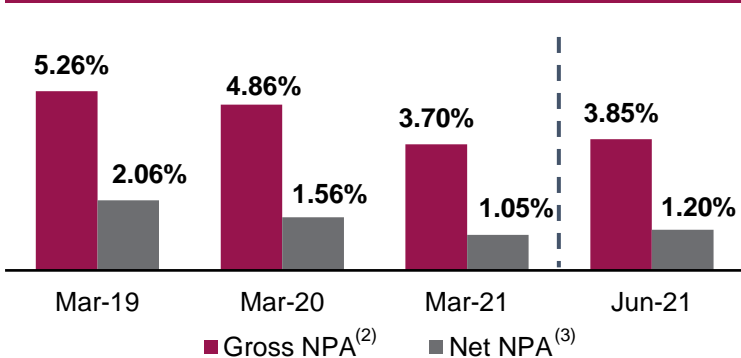
7 Improving Asset Quality with Healthy Balance Sheet Buffers

Provision Coverage Ratio⁽¹⁾

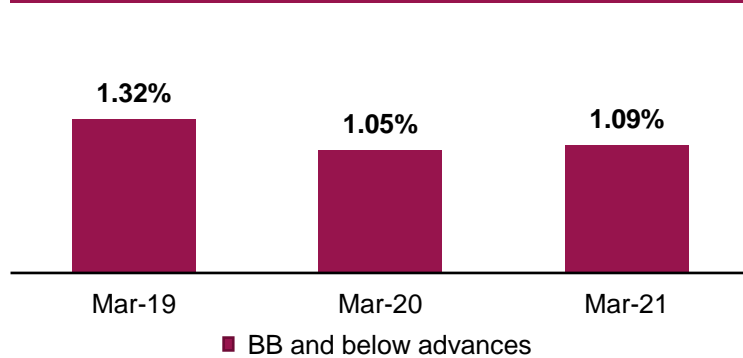


- As on 30 Jun 2021 the bank has cumulative non-NPA provisions amounting to INR124bn and SACR of 2.05%⁽⁴⁾
- In order to address the impact of the COVID-19 situation, the Bank has made additional provisions of INR50.1bn
- The Bank has adopted a prudent and conservative approach towards provisioning to mitigate the impact of the Covid-19 pandemic

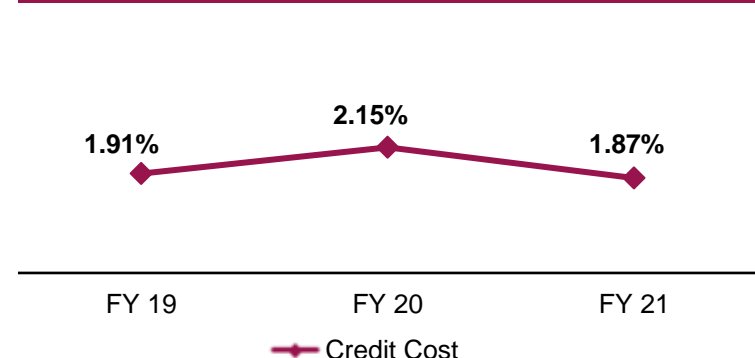
Movement in GNPA and NNPA



BB and below Advances as % of Gross Customer Assets



Credit Cost



Note: Figures rounded off to nearest integral values for PCR and cumulative value of provisions.

(1) Excludes technical write-offs. Calculated as closing Gross NPAs minus Net NPA divided by closing Gross NPAs






(2) As % of gross customer assets. Gross customer assets include advances, credit substitutes before provisions

(3) As % of net customer assets. Net customer assets include advances, credit substitutes after deductions of provisions

(4) SACR represents Standard Assets Coverage Ratio (SACR) = Standard asset provisions plus additional provisions plus Covid provision / Standard loans

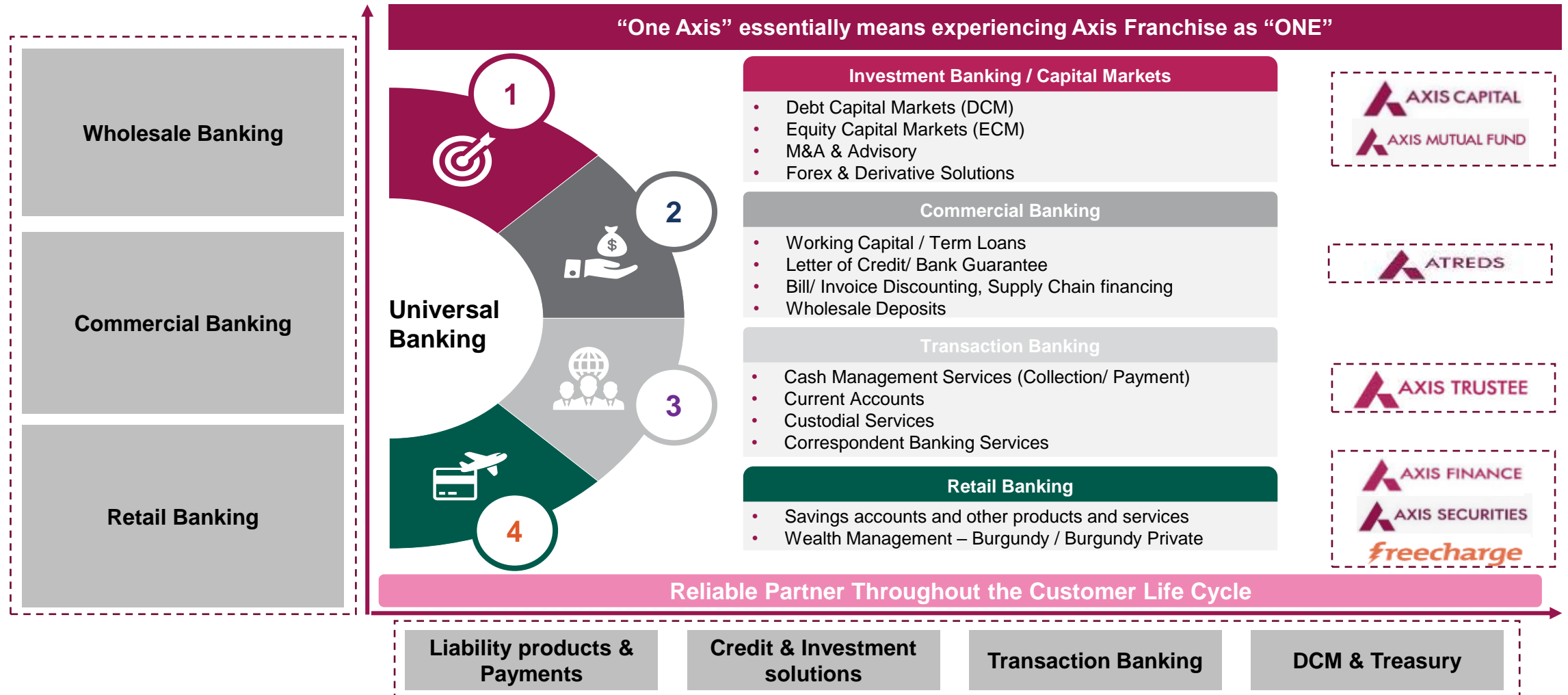
7 Measures taken in relation to COVID-19

Measures taken in relation to Covid 19

-  ➤ **Protecting People**
 - Issuing and implementing advisories around staff health, hygiene and safe working environment in offices and branches
 - Implemented one of the largest **Work-From-Home programmes in the industry** with over 20,000 concurrent users who were able to work remotely
-  ➤ **Ensuring Continuity**
 - **Set up business continuity plans** to ensure that customers are supported in case of partial or full lockdown
 - Enabled **BYOD** (bring your own device) and other mobility and **collaborative tools to enhance productivity** for our employees
 - **Significantly ramped up the opex and capex spends in technology towards modernising the core systems, scaling up the Cloud portfolio** for supporting the real-time business models and building resilience across our operations
 - Almost all of our **branches and ATMs too remained functional** following all the health safety and regulatory guidelines
 - **Strengthened our digital collection infrastructure** that helped in higher demand resolution during the year
-  ➤ **Protecting Operations**
 - **Strengthened and enhanced mechanisms** for monitoring information and cyber security related risks and potential threats
-  ➤ **Conserving Capital**
 - Remained proactive and prudent in our approach towards provisioning and policies
 - In order to address the impact of the COVID-19 situation, the Bank has made **additional provisions of INR50.1bn**
 - Bank has **successfully raised over INR100bn of CET 1 capital in FY2021**
-  ➤ **Supporting the Community**
 - **Operationalized RBI's COVID-19 regulatory package**, thereby offering payment moratorium to eligible borrowers
 - **Actively supported front line workers across India** with essential equipment and material
 - **Axis Bank Foundation, through Axis Cares, has partnered with few NGO's** to provide supplies to rural communities.
 - **Implemented Emergency Credit Line Guarantee Scheme** offering to eligible SMEs and small business banking customers



8 Strong Relationship Led Franchise Driving Synergies Across One Axis Entities



ESG Overview

Axis Bank's ESG Imperative...

Banking that leads to a more inclusive and equitable economy, thriving community and a healthier planet

Inclusive and Equitable Economy	Thriving Community	Healthier Planet
We are committed to providing opportunities that help the most economically disadvantaged achieve prosperity	We are committed to working with communities across the country to help them thrive on a sustainable basis.	We are committed to consciously nurture the planet we live in and make it a better place for future generations.



Among top constituents of Nifty100 ESG Sector Leaders Index

Among top 10 constituents of S&P BSE 100 ESG Index

Among Top 10 constituents of MSCI India ESG Leaders Index

FTSE4Good Emerging Index constituent for 4th consecutive year in 2020

... being achieved across multiple facets

Robust pan-Bank culture; strong governance

ESG a Board-level agenda

- First Indian bank to establish the ESG Committee of the Board
- Climate risk discussed at Risk Committee

ESG oversight at Leadership level

- **ESG Steering Committee** established comprising senior leadership
- D,E&I Council to drive Diversity, Equity and Inclusion
- Working Group to drive ESG integration in banking and financing activities

Building Ownership at Business Level

- ESG aligned commitments being discussed with pertinent businesses
- Incorporating ESG imperatives into departmental action plans

* Now renamed as ESG Policy for Lending

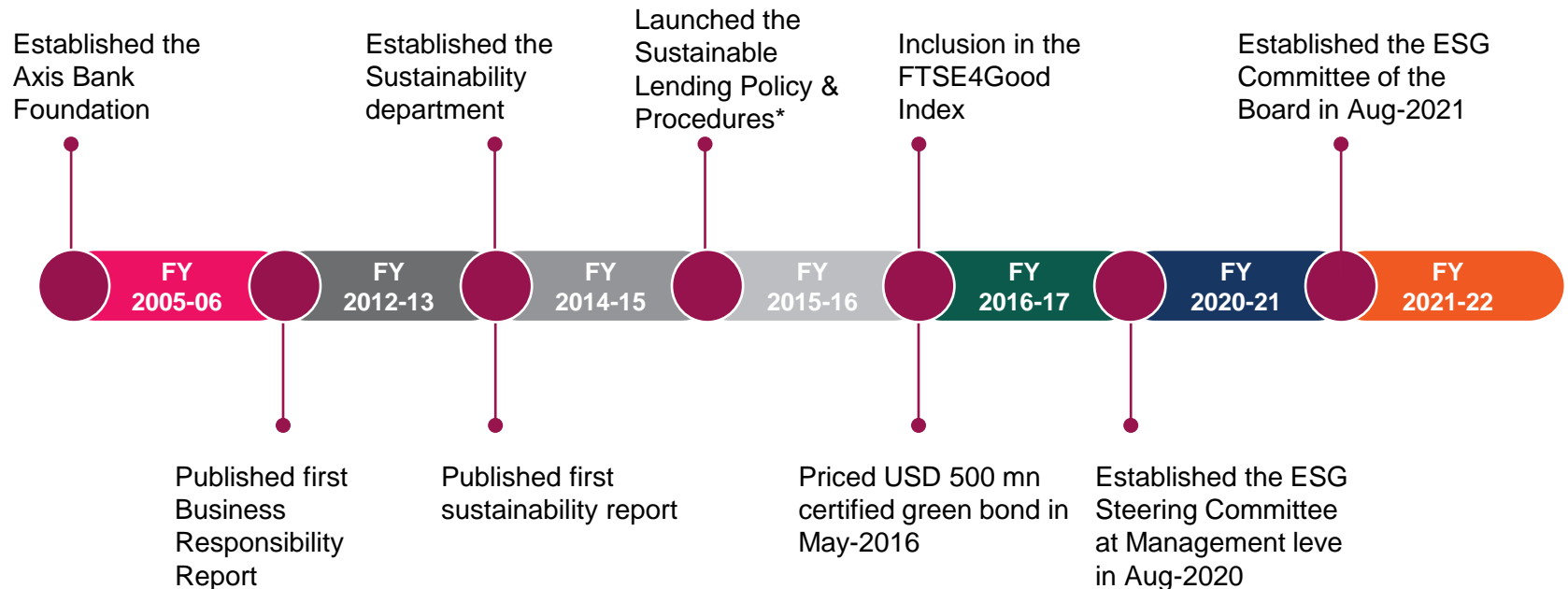
Steady Progress on ESG Benchmarks

4th Consecutive year on FTSE4Good Emerging Index (2020)

CDP Score moved from C to B (2020)

MSCI ESG Rating improves from BBB to A (2020)


Continuous engagement and actioning




Awards and Accolades

Major Awards won by the Bank and its Subsidiaries



 'Most Recommended Retail Bank in India' and Most Helpful Bank during Covid-19 in India⁽¹⁾



 Ranked no 1 in Corporate Banking Quality in India⁽¹⁾



 Best Digital Bank India 2021⁽¹⁾



 Best Cyber Security Project, Best Financial AI Project & Best Risk Management Project⁽¹⁾



THE ASIAN BANKER
The Regulatory Technology Implementation of the Year
Risk Management Awards 2019

 Anti-Money Laundering Technology Implementation⁽²⁾



 Best Use of IT in Risk Management/Fraud Prevention⁽³⁾

Note:.

- (1) Awarded in FY21
- (2) Awarded in FY19
- (3) Awarded in FY20

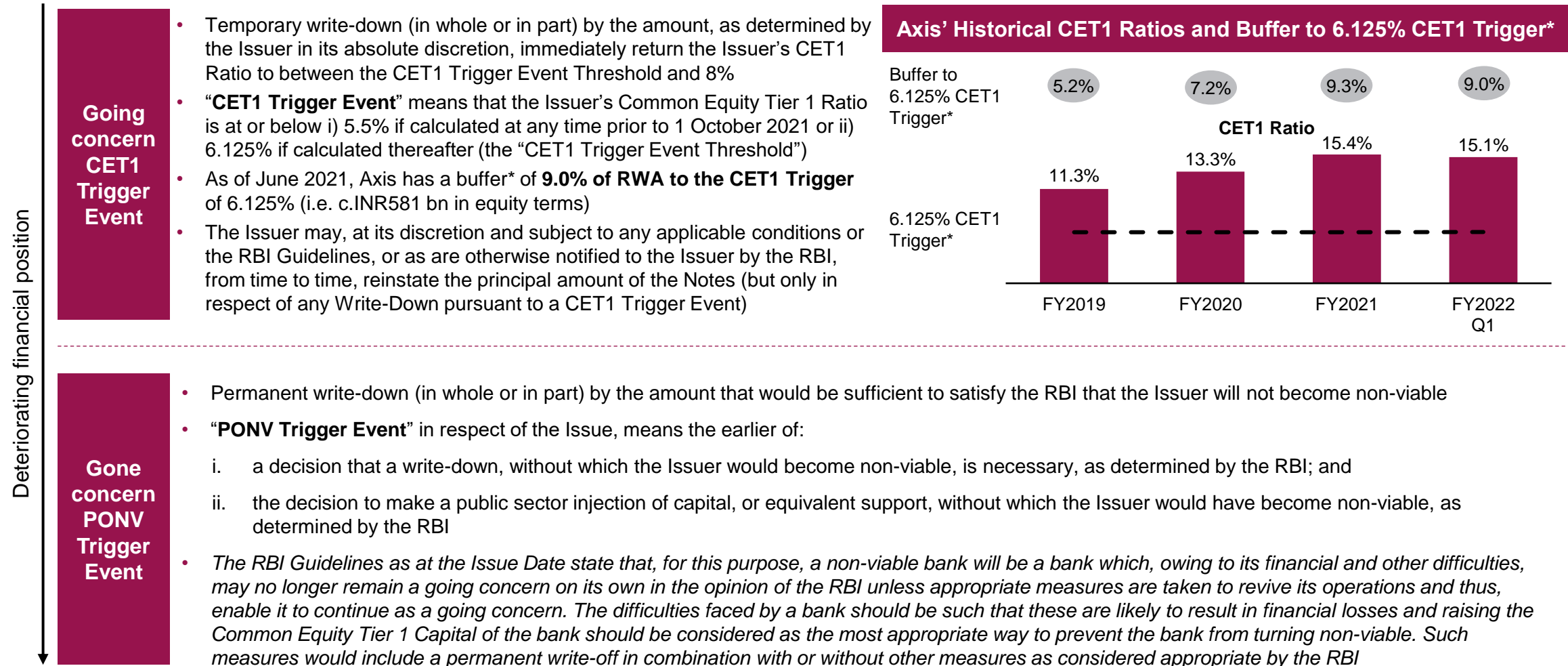
To Summarize...

- ✓ **#3 private sector bank in India** with INR9.96tn balance sheet size (as of 31 Mar 2021) with strong capitalization levels¹ (CET1 = 15.08% and CAR = 18.67%) and standard assets coverage ratio of 2.05% as at 30 Jun 2021
- ✓ **GPS strategy is increasing granularity across businesses and revenue streams** and relentless focus on digital and tech transformation to help build a future ready Bank
- ✓ The **strong balance sheet & healthy capital position** will enable Axis bank to enter the next growth cycle from a position of strength
- ✓ **Loan growth is balanced across segments**; legacy corporate credit issues have been proactively dealt, with **substantial improvement in asset quality metrics**
- ✓ Our **UPI and mobile banking market share** is almost 3x our traditional deposit and advance market share, with one of the highest mobile banking app ratings
- ✓ The **One Axis story** has been gaining momentum with superlative performance across key subsidiaries generating **significant value for the parent Bank**
- ✓ **ESG strategy is now part of Board level agenda**; the new framework and the proposed current transaction will reinforce Axis Bank to finance green and social projects
- ✓ The **domestic credit rating for Rupee denominated Additional Tier 1 bonds for Axis Bank (AA+/Stable by CRISIL)** is at par with other 2 large private sector banks
- ✓ The Bank has received multiple awards for being the **Best Retail Bank, Best Digital Bank, #1 in Corporate Banking Quality**, validating its progress by independent parties

Note:
(1) Excludes Q1 FY22 profit

Appendix

Principal Loss Absorption Mechanism



Note: * Based on bank only standalone CET1 ratio

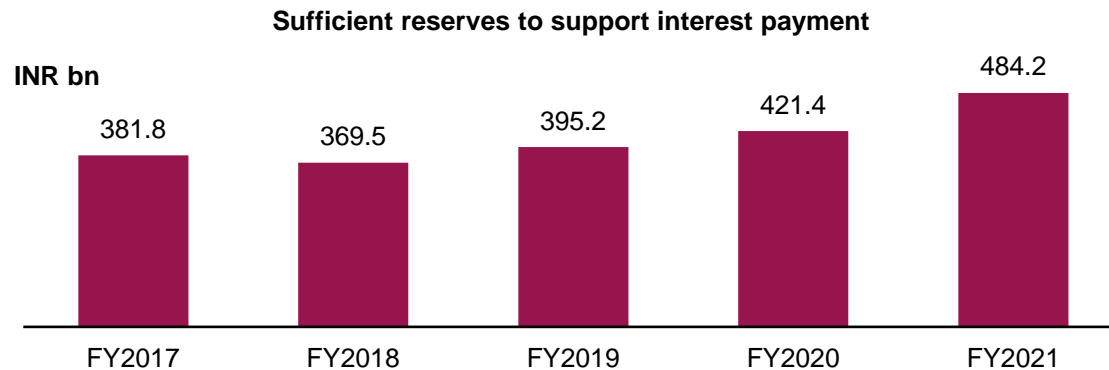
AT1 Interest Cancellation Protection



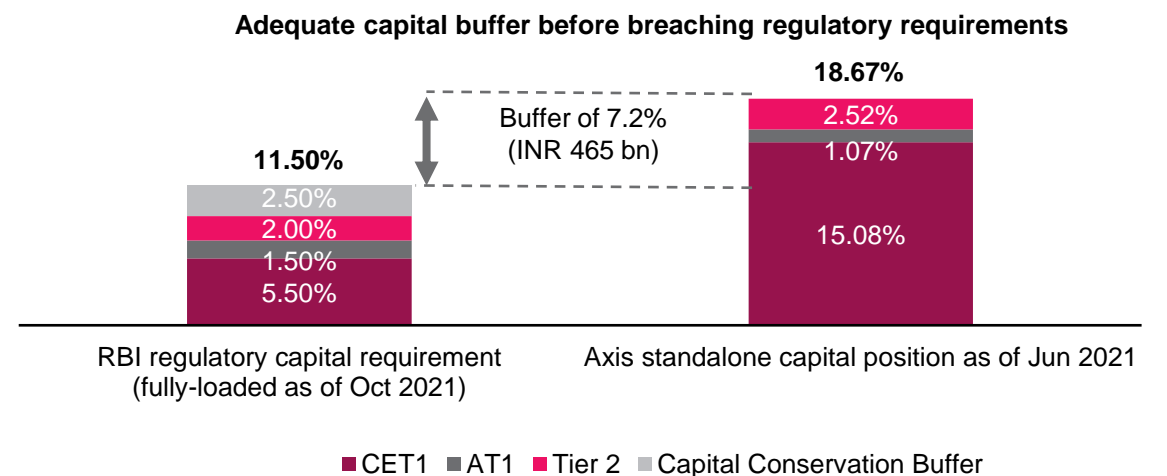
Mandatory Interest Cancellation Event

- Pursuant to the RBI Guidelines, coupons on all Additional Tier 1 instruments (such as the Additional Tier 1 Notes) must be paid out of distributable items. In this context, coupons may be paid out of current year profits.
- However, if current year profits are not sufficient, coupon(s) may be paid subject to availability of (I) profits brought forward from previous years, and/or (II) reserves representing appropriation of net profits, including statutory reserves, and excluding share premium, revaluation reserve, foreign currency translation reserve, investment reserve and reserves created on amalgamation. The accumulated losses and deferred revenue expenditure, if any, shall be netted off from (I) and (II) to arrive at the available balances for payment of coupon(s).
- If the aggregate of: (a) profits in the current year; (b) profits brought forward from the previous years and (c) permissible reserves as at (II) above, excluding statutory reserves, net of accumulated losses and deferred revenue expenditure are less than the amount of the coupon(s), only then the Issuer shall make appropriation from the statutory reserves. In such cases, the Issuer is required to report to the RBI within twenty-one days from the date of such appropriation in compliance with Section 17(2) of the Banking Regulation Act 1949.
- However, payment of coupons on Additional Tier 1 Notes from the revenue reserves is subject to the Issuer meeting minimum regulatory requirements for CET1, Tier 1 and Total Capital ratios at all times and subject to the restrictions under the capital buffer frameworks (i.e. capital conservation buffer and counter cyclical capital buffer in terms of paragraphs 15 and 17 respectively of the RBI Circular dated 2 February 2017 comprising part of the RBI Guidelines).

Axis' Historical Reserves Available for Interest Payment*



Distance to Regulatory Capital Requirement



Note: * Reserves include statutory reserve, general reserve, capital reserve, reserve fund, balance in profit and loss account brought forward

Financial Summary



Standalone Profit & Loss Account

Financial Performance (INR bn)		Q1FY22	Q1FY21
Interest Income ⁽¹⁾	A	160	164
Other Income	B	36	26
Total Income	C = A + B	196	190
Interest Expended	D	82	95
Net Interest Income	E = A - D	78	69
Operating Revenue	F = E + B	114	95
Operating Expenses	G	49	37
Operating Profit	H = F - G	65	58
Provisions and Contingencies	I	43	47
Net Profit	J = H - I	22	11
EPS Diluted ⁽²⁾		7.03	3.94
Return on Average Assets (annualized) ⁽³⁾		0.86%	0.48%
Return on Equity (annualized)		9.11%	5.74%
Capital Adequacy Ratio (Basel III) ⁽⁴⁾		18.67%	17.29%

	FY21	FY20	FY19
	636	626	550
	149	155	131
	785	782	681
	344	374	333
	292	252	217
	441	407	348
	184	173	158
	257	234	190
	191	218	143
	66	16	47
	22.09	5.97	18.09
	0.70%	0.20%	0.63%
	7.55%	2.34%	8.09%
	19.12%	17.53%	15.84%

Note: All figures in INR bn. Figures rounded off to nearest integral values. Financial information prepared in accordance with Indian GAAP

(1) Interest earned includes dividends earned on equity and preference shares and units of mutual funds

(2) Diluted EPS for Q1FY20 and Q1FY21 are not annualized

(3) Calculated as net profit divided by average month-end assets for the fiscal.

(4) Capital adequacy ratios are computed in accordance with RBI guidelines

(5) Interest income and interest expended for Q1FY21 has been regrouped to confirm to classification in Q1FY22 on account of reporting of structured collateralised foreign loans and deposits on net basis from Q1FY22 onwards.

Financial Summary



Standalone Balance Sheet

Balance Sheet (INR bn)	As on 30-Jun-21	As on 30-Jun-20
Capital And Liabilities		
Capital	6	6
Reserves & Surplus	1,033	855
Deposits	7,138	6,156
Borrowings	1,509	1,428
Other Liabilities and Provisions	434	401
Total	10,120	8,846

As on 31-Mar-21	As on 31-Mar-20	As on 31-Mar-19
6	6	5
1,010	844	661
7,073	6,401	5,485
1,429	1,480	1,528
443	421	331
9,961	9,152	8,010

Assets		
Cash and Balances with RBI / Banks and call money	730	601
Investments	2,399	1,873
Advances	6,148	5,488
Fixed Assets	43	44
Other Assets	800	840
Total	10,120	8,846

617	973	672
2,261	1,568	1,750
6,237	5,714	4,948
43	43	40
803	854	600
9,961	9,152	8,010

Note: All figures in INR bn. Figures rounded off to nearest integral values. Financial information prepared in accordance with Indian GAAP

1) Advances and deposits as on 30-June-21 and 30-June-20 are after netting structured collateralised foreign currency loans. Prior year end numbers are not comparable with the June-21 numbers.

Thank You

