

Acquisition of Citibank's Consumer Businesses in India

March 1, 2023



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Proforma financials and capital impact

Transaction Overview

Acquisition of Citibank's consumer businesses in India



Highlights of Business Acquired

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

Purchase Consideration

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

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

Transaction Overview

Acquisition of Citibank's consumer businesses in India



Financial considerations

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

Closing Timeline

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

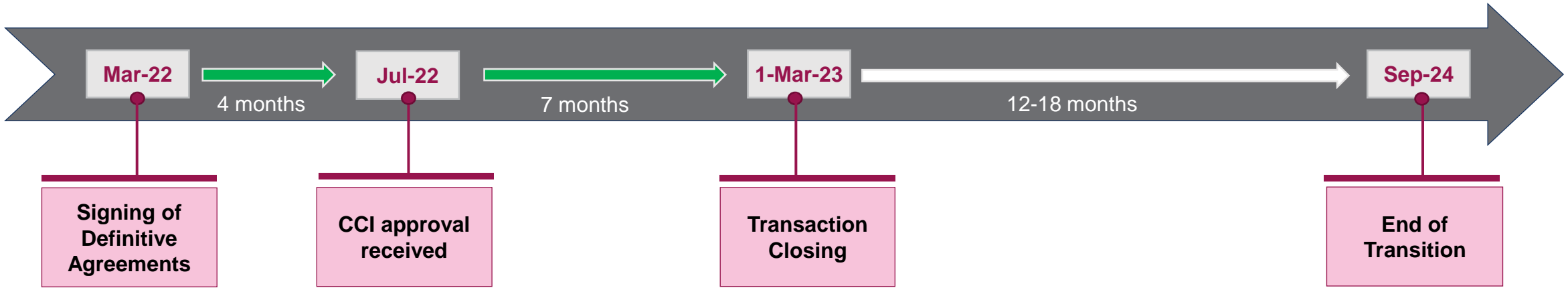
Branding and Transition Support

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

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



Transition Timeline



Pre-Closing Activities

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

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

Transition Services

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

TSA Closure

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

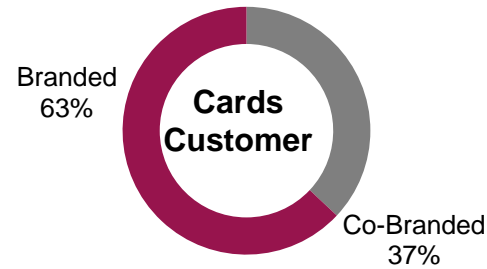
Overview of acquired Citi India Consumer businesses as of Jan 31, 2023



#1 Foreign Bank Credit Card Issuer in India

#1 in Transactions per Active Card in India

INR **86 Bn** ENR⁽¹⁾



Wealth Management & Private Banking

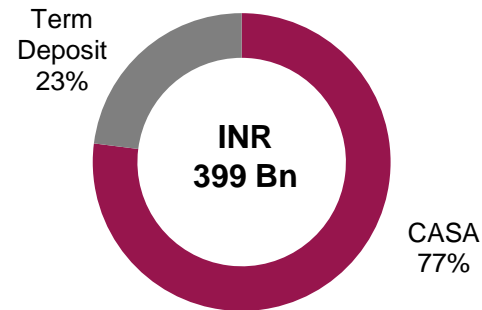
Top 3 MF distributor among Foreign Banks in India

INR **947 Bn** AUM

#1 Foreign Bank with 0.9 Mn+ Retail customers

~1,600 Suvridha Corporates

INR **399 Bn** of Deposits

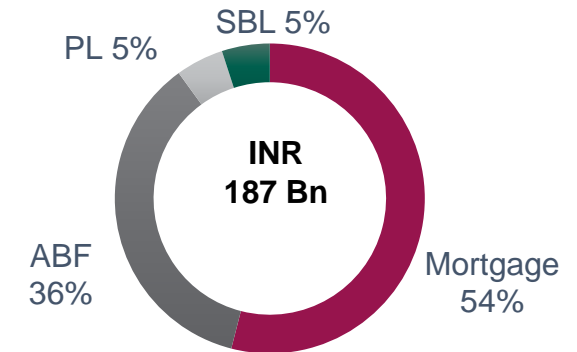


Other Lending

Mortgage : **90%+** owner occupied

PL & RC* – **1.4 lakh+** Customers

INR **187 Bn** ENR



~3200 Employees

6 Offices

21** Branches

~459 ATMs

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

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


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

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


Access to a large, affluent and profitable consumer franchise



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

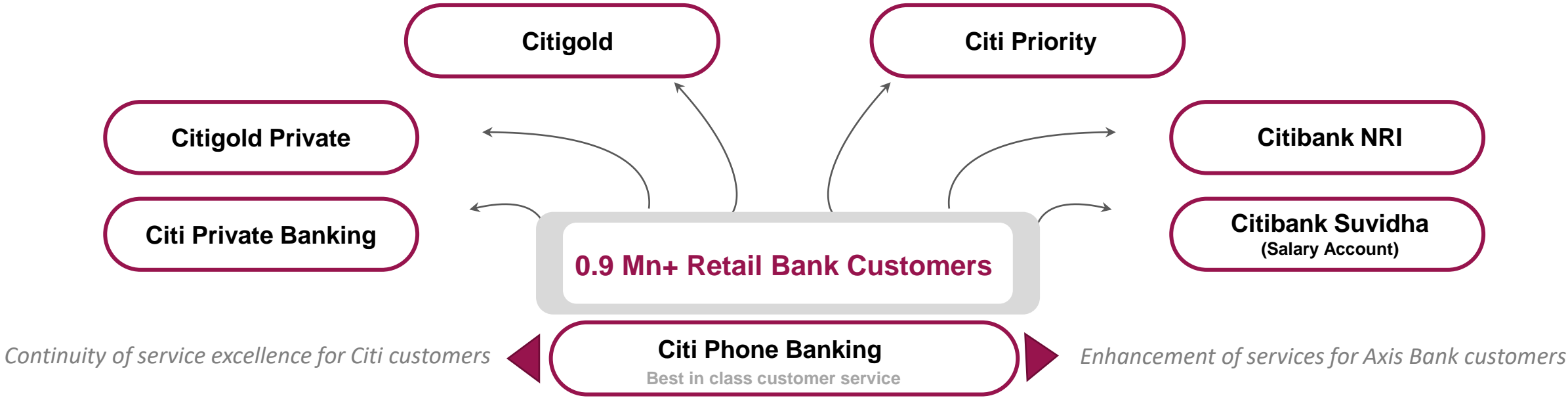


Highly attractive affluent customer base (Citigold and Citi Priority relationship vintage > 10 years)



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

Differentiated value proposition across customer segments



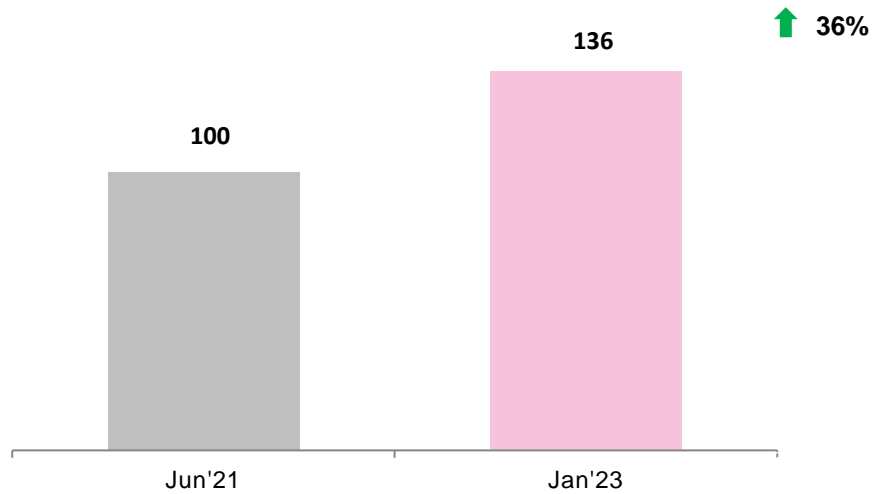
Acquisition would enhance Axis Bank's ambition to expand its premium offerings

Quality of acquired portfolio improved across key segments



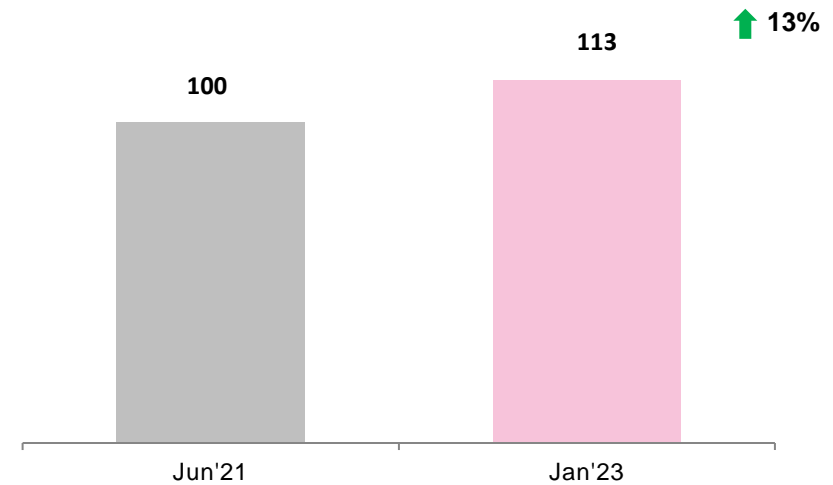
Credit Cards

Monthly spends per card
(indexed)



Deposits

Average deposits per account
(indexed)



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

Credit Cards ENR (in Rs bn)



Wealth AUM (in Rs bn)



Deposits (in Rs bn)



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

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



Highest no. of transactions per card across industry

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

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

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

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

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

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

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

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



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

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

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

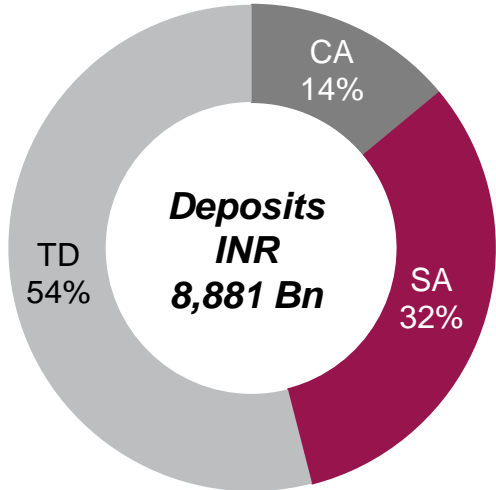
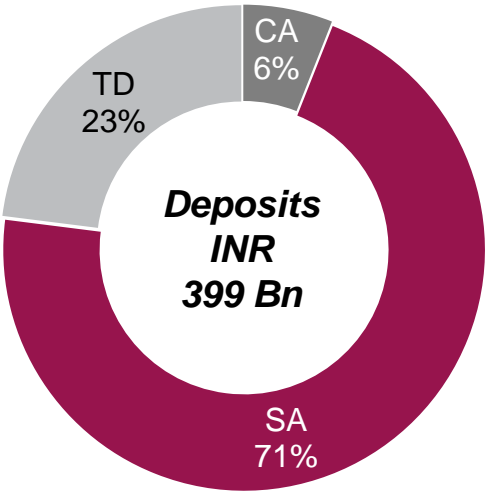
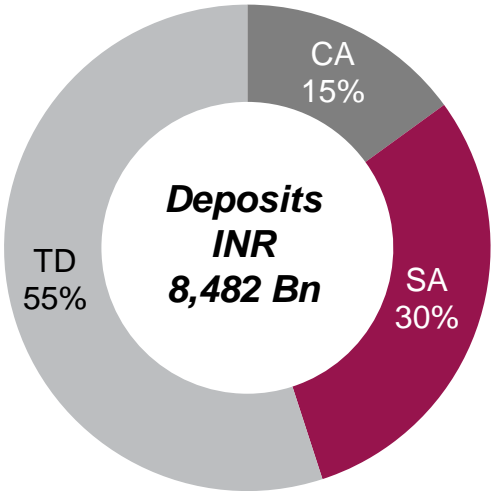
Strengthens Bank's journey on **CASA, LCR accretive deposits**

Axis Bank



Citi

Combined



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

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

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

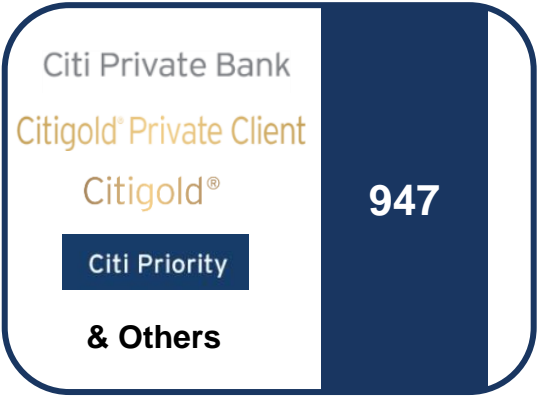


Ready access to highly affluent Wealth customer base

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

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

(AUM INR Bn)



3rd largest by combined AUM

33% addition to overall Burgundy AUM

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

Experienced leadership and diverse talent pool



Experienced team with deep domain expertise to add significant value



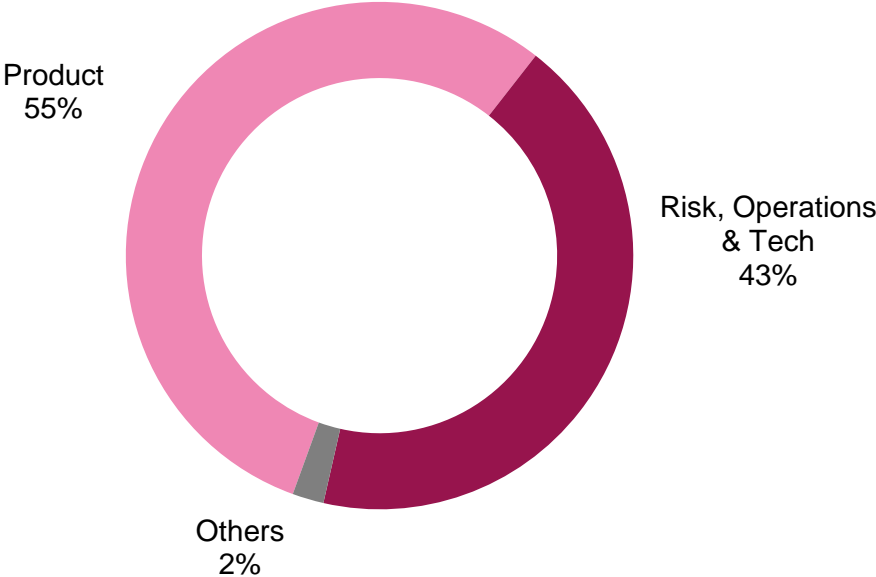
Employees trained in global best practices to enhance Axis Bank's processes



Favourable diversity ratio especially at senior levels

Competent employees with well rounded domain knowledge

Employees by Functions

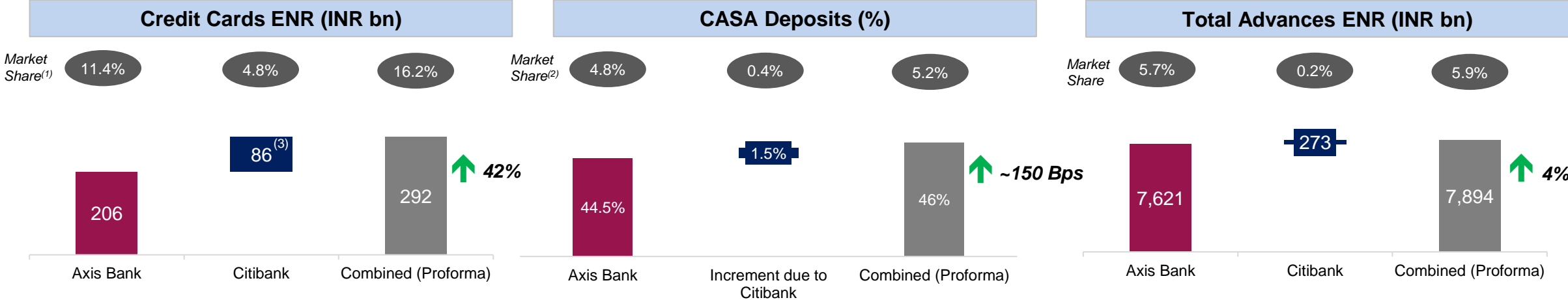


Access to a high-quality talent pool with culture and values aligned to Axis Bank

Proforma Financial information



The acquisition provides a significant boost to our key retail segments

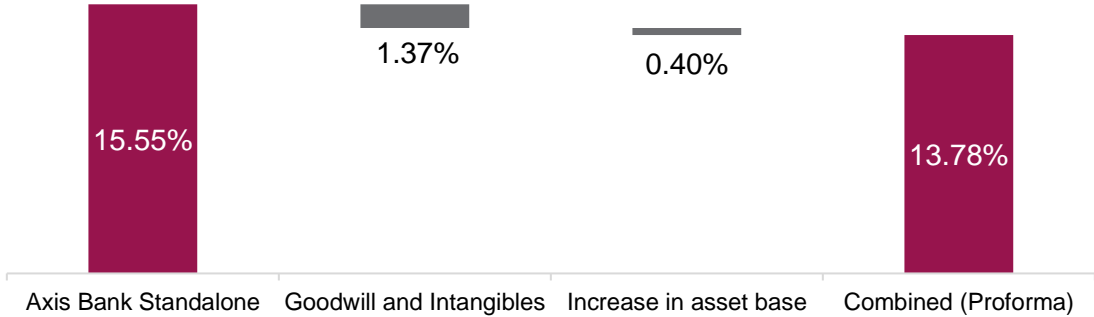


Wealth Management AUM (INR bn)



Impact on CET1 Ratio

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



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

Competitive Valuation



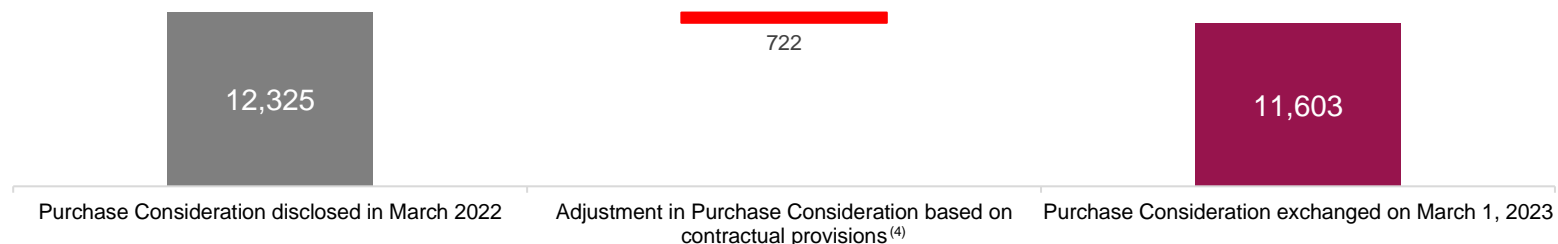
All figures in Rs Crore other than specifically mentioned

Transaction Valuation Metrics

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

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

Purchase consideration (in Rs Crore)



Notes:

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

Significant potential for revenue and cost synergies



Revenue Synergies

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

Upsell to Citi's customer base

Attract NTB customers with a wider bouquet of products

Significant potential to increase revenue

Axis Bank
+
Citibank

Cost Synergies

Global shared services

Global oversight

Infrastructure, technology and others

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

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

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

In summary, the acquisition is meaningfully accretive to Axis Bank



Access to a large, affluent and profitable consumer franchise

- Aligns well with Axis Bank's Premiumization strategy



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

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



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

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



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

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



Experienced leadership and diverse talent pool

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



Significant potential for revenue and cost synergies

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

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

Annexures

Glossary of Terms

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

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

Thank You

