

# **Retail Banking Presentation**

*December 2017*

# 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

Retail profit has grown over 6X in last 4 years

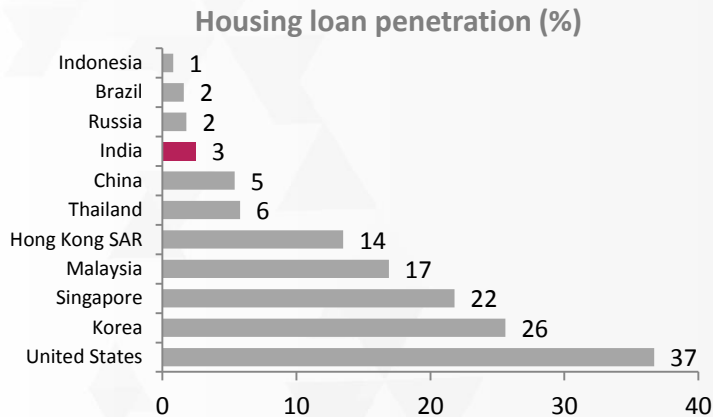
Continued leadership in Payments

Continue investments in Analytics and Digital

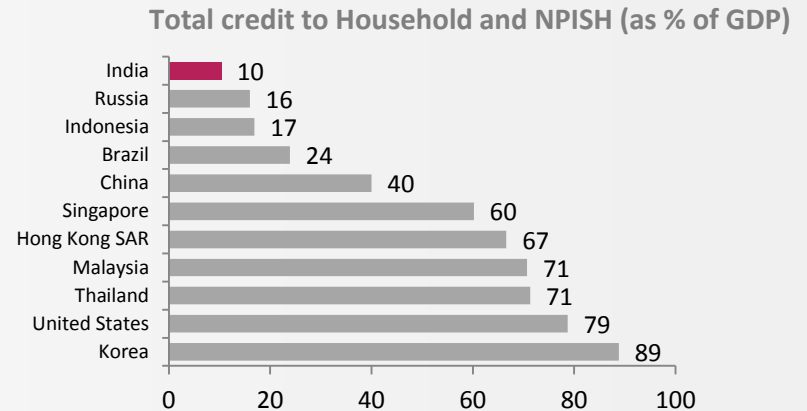
Strong Brand recall

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

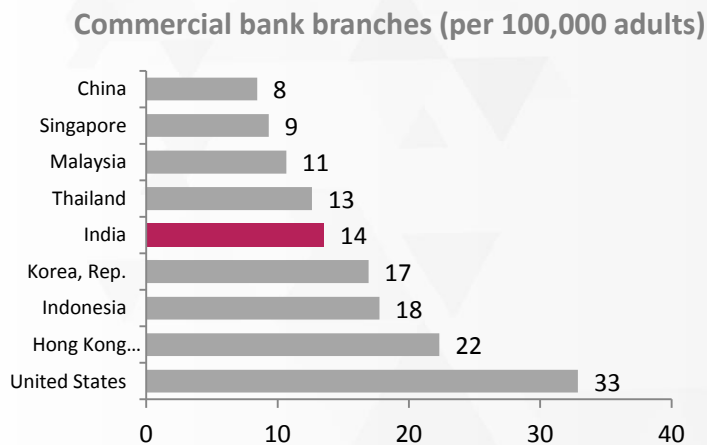
## Low Housing Loan penetration



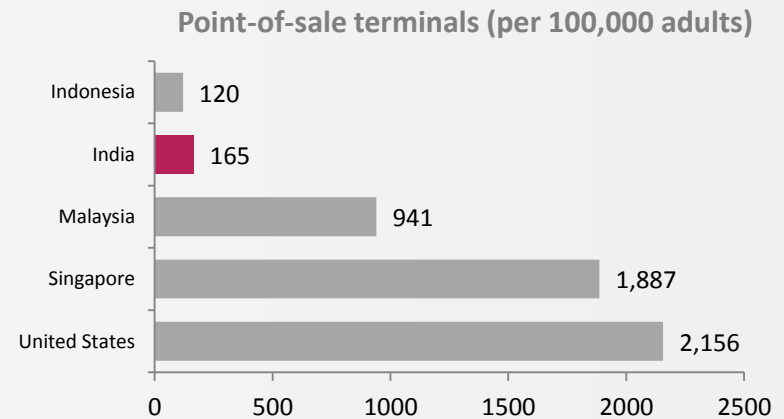
## Household debt at very low level



## Further potential for branch expansion



## Low support infrastructure



Source: World Bank

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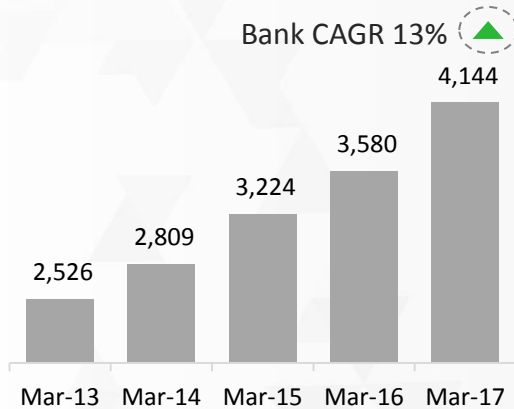
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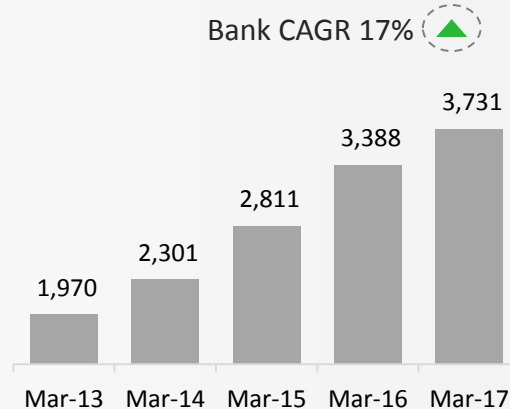
# The retail-ization of Axis Bank has been the bedrock of our financial performance...

All figures in ₹ billion

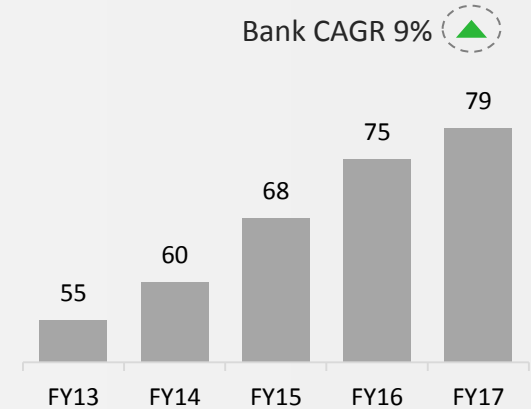
## Overall Deposits



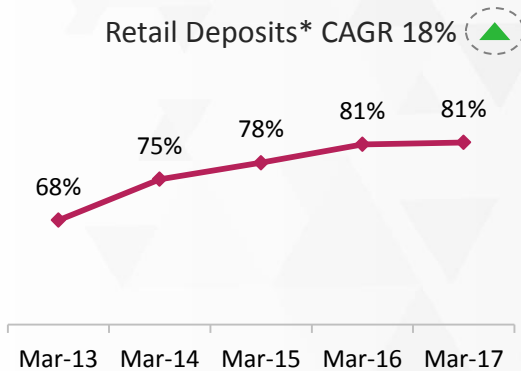
## Overall Advances



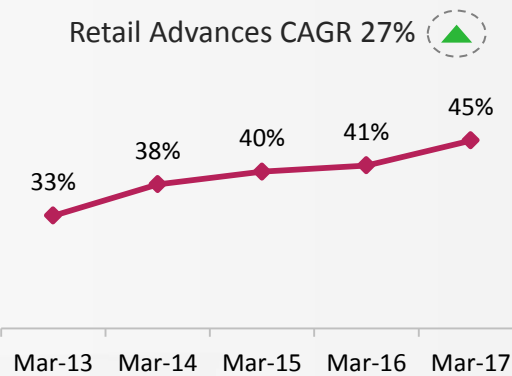
## Overall Fee Income



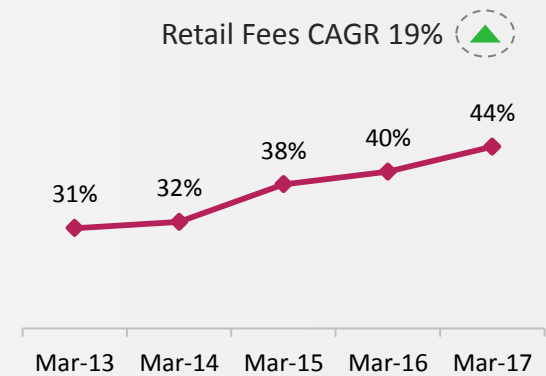
## Retail % - Deposits



## Retail % - Advances



## Retail % - Fee Income



\* Includes CASA and Retail TD

## ...with subsidiaries complementing 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 **2.4 Mn investors**
- Average AUM of **₹69,088 Cr** at **46%** YoY growth in Q2'FY18 as against industry growth of 30%\*\*

### **AXIS DIRECT**

- Retail Online Investment platform for Equity, Mutual Fund & Currency
- **Fastest growing equity broker** in India with client base growing at CAGR of **46%** in last 3 years
- Among **top 3 brokers** in India with client base of **1.59 Mn**

### **AXIS FINANCE**

- Fast growing NBFC
- **Loan book** growing at CAGR of **57%** in last 3 years, the same stood at **₹5,304 Cr** as at end of Sept '17
- 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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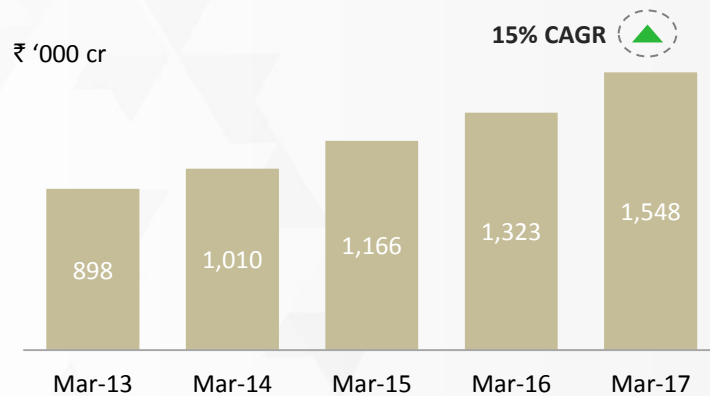
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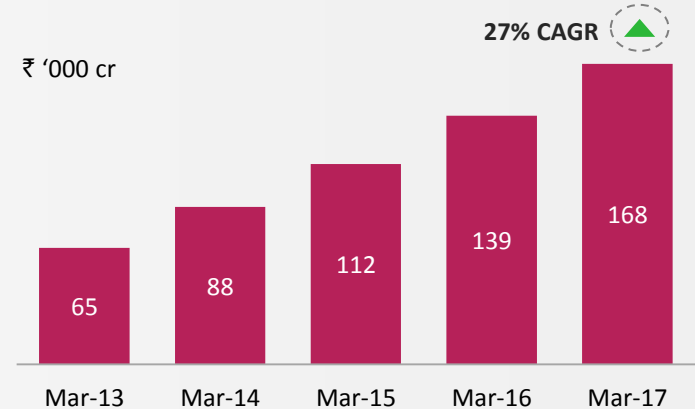


# We have been able to grow retail advances faster than Industry by focusing on our core strengths

## Banking Industry Retail Advances



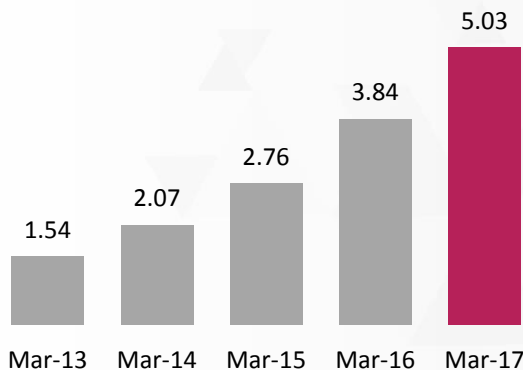
## Axis Bank Retail Advances



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

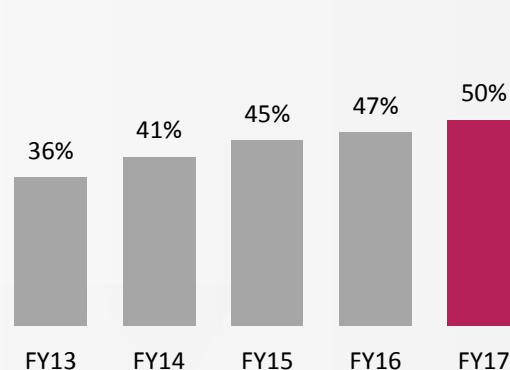
## Granular Growth

Customer\* Growth (in mn)



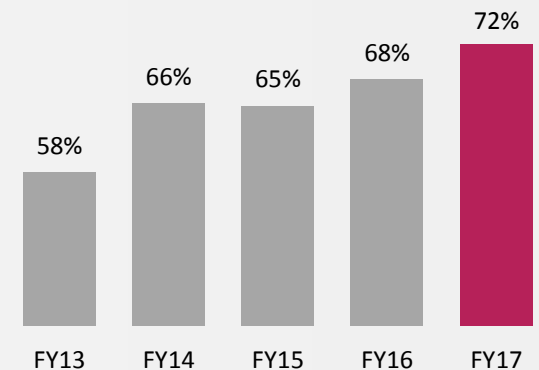
## Leverage Branch Channel

% Sourcing through branches



## Focus on existing customers

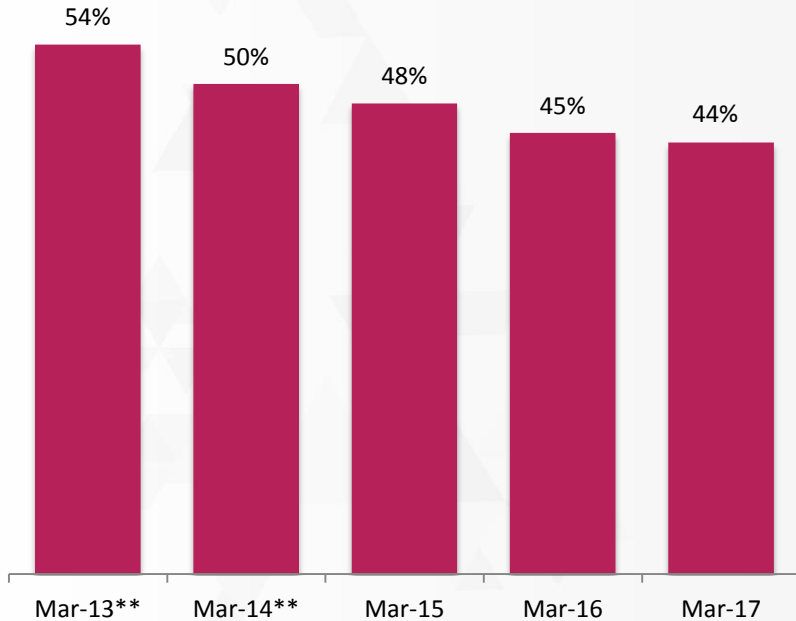
% Sourcing from existing customers



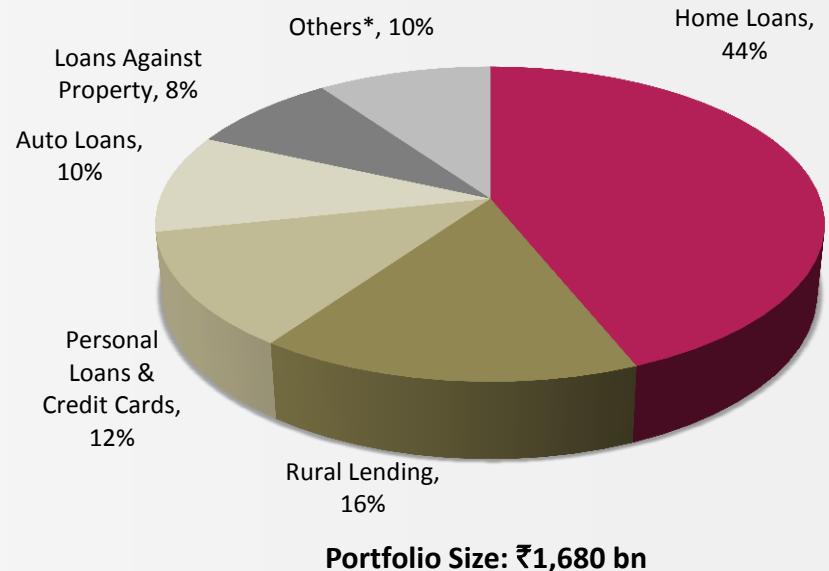
\* Include unique customers availing retail loans, rural loans and credit cards

# 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



\*Others include 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**

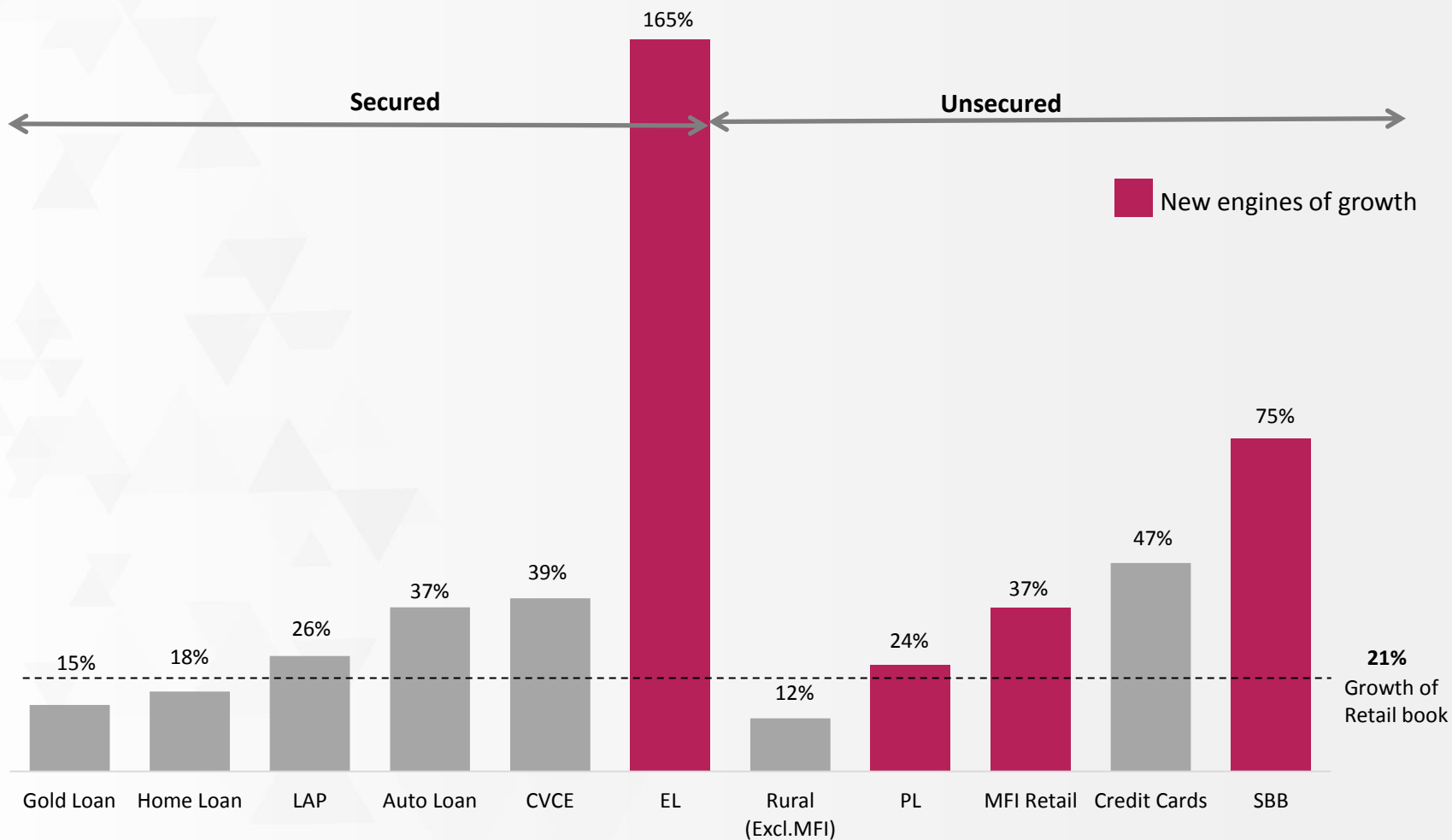
- Portfolio Mix
- Scorecard monitoring

## *Final line of defense*

**Collections**

# Our new engines continue to see disproportionate growth

Product Wise Growth FY17 Over FY16



EL – Education Loan, PL – Personal Loan, SBB – Small Business Banking

# 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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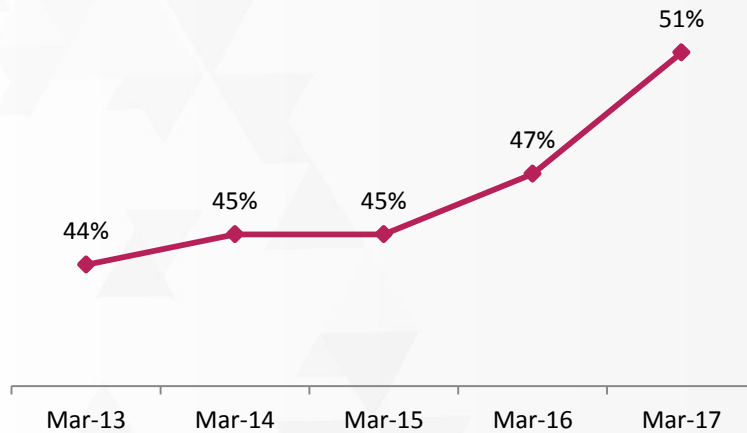
Continue investments in Analytics and Digital

Strong Brand recall

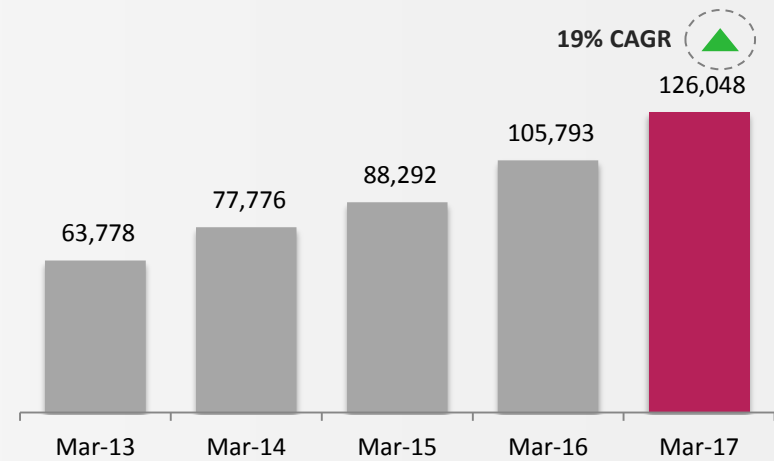
# Deposit franchise continues to remain healthy

All figures in ₹ Crores

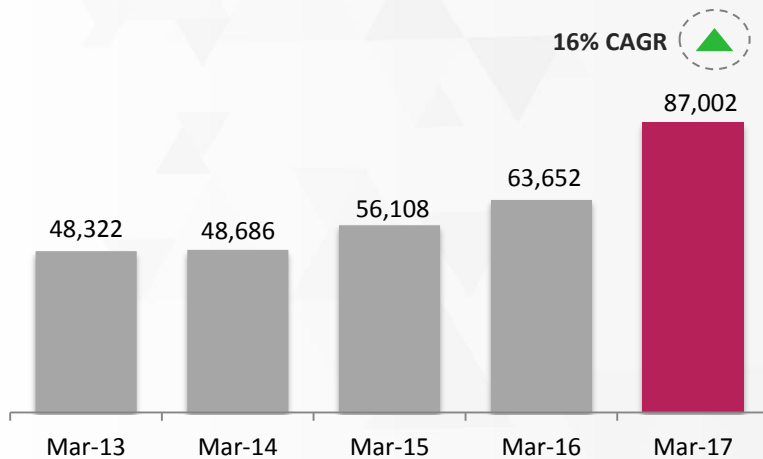
## CASA ratio amongst the best



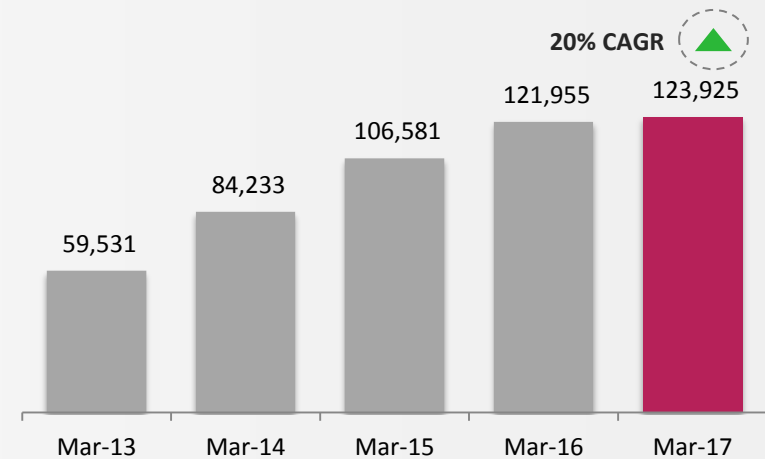
## Savings Account Deposits



## Current Account Deposits

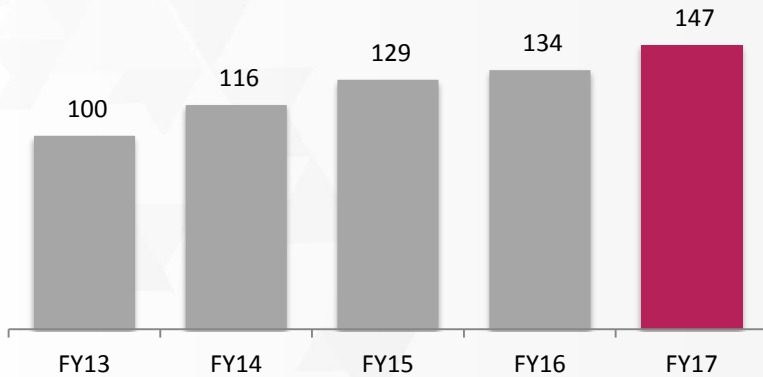


## Retail Term Deposits



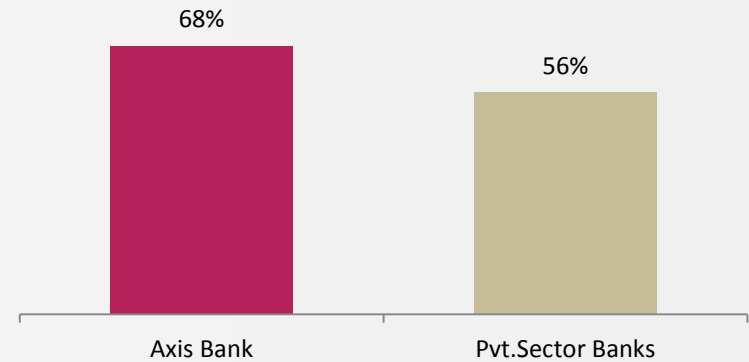
# Investment in the 'quality' of the book has led to strong and granular savings book growth

### Average SA Balance / Account



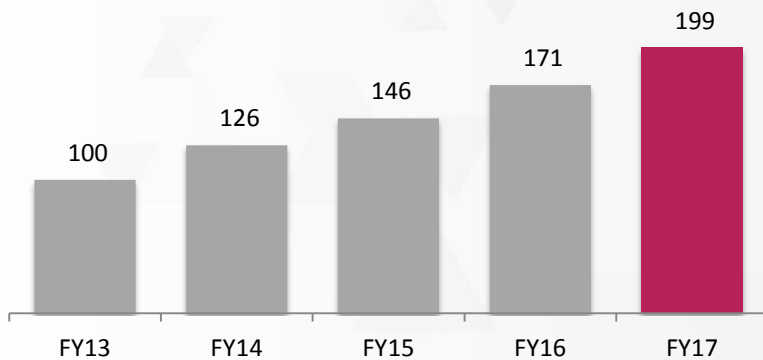
Indexed to FY13

### Transaction Activity Rate\*



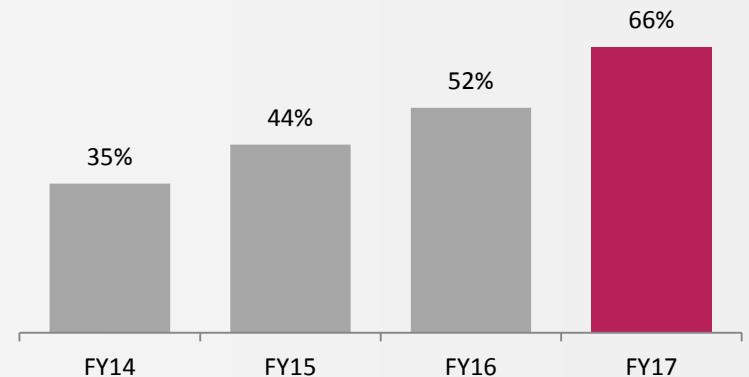
\* Defined as atleast 1 customer induced transaction in 6 months  
(Source – 2016 FIBAC banking industry survey conducted by IBA & BCG)

### Products per Customer



Indexed to FY13

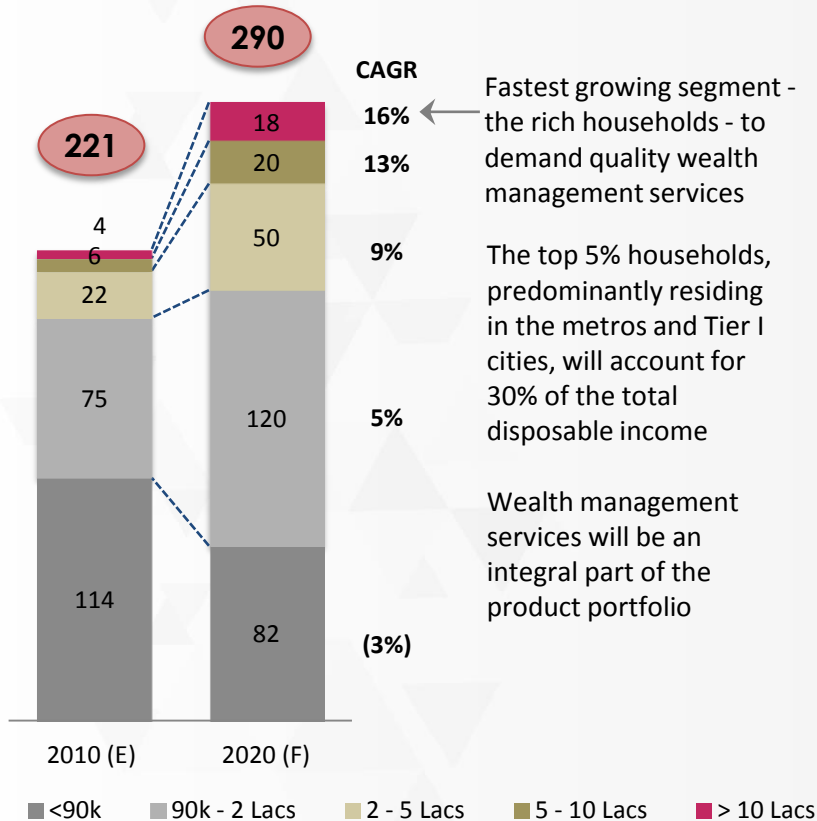
### Digital Transactions %





# We launched Burgundy in the affluent space to complete our product offering and have witnessed strong growth

Indian households by annual income distribution (mn)



Source: Indian Banking 2020, Report by BCG in association with FICCI and IBA

## Axis Bank Performance – Burgundy Segment



FY14 – FY17

CAGR

Revenue



43%

AUM



37%

Savings Deposits

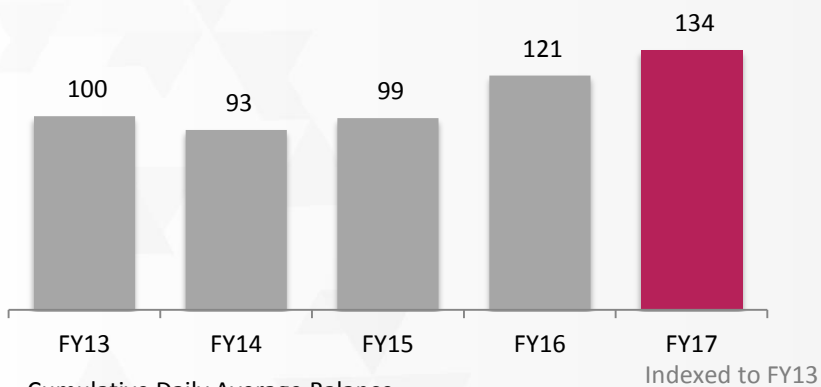


37%

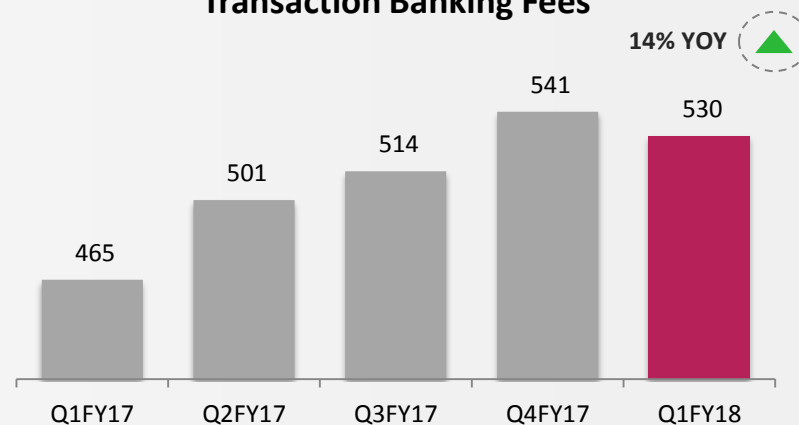
# Focus on flow based businesses has helped in healthy growth in Current Account and Transaction Banking

in ₹ cr

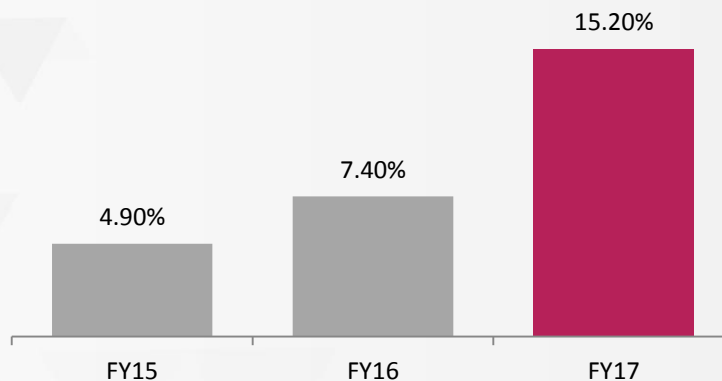
### Average CA CDAB / Account



### Transaction Banking Fees



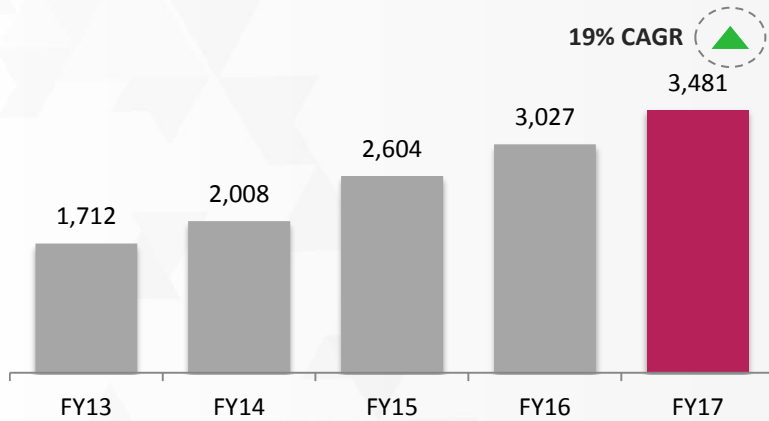
### Mobile banking penetration



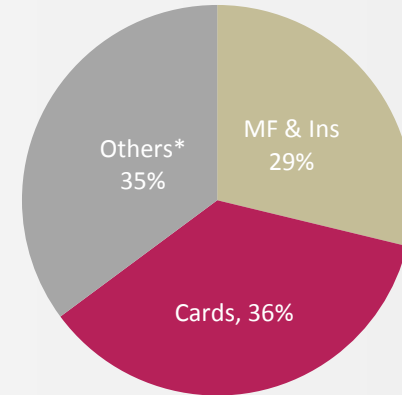
# Retail fees remain granular driven by Cards & Investments

All amounts in ₹cr

## Retail Fees

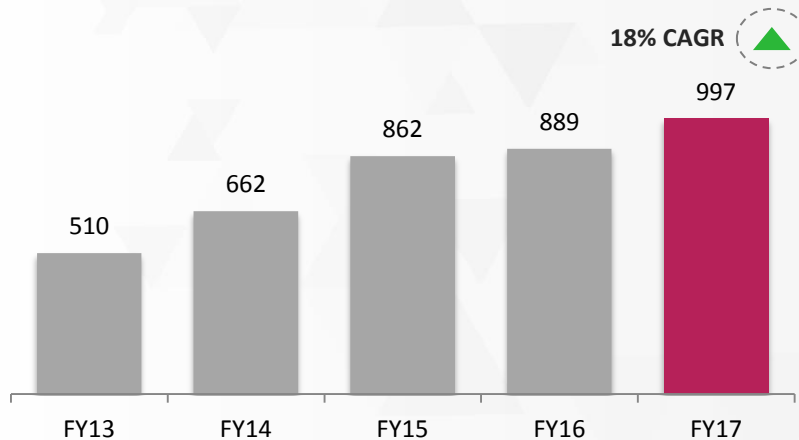


## Retail Fee Mix (FY17)

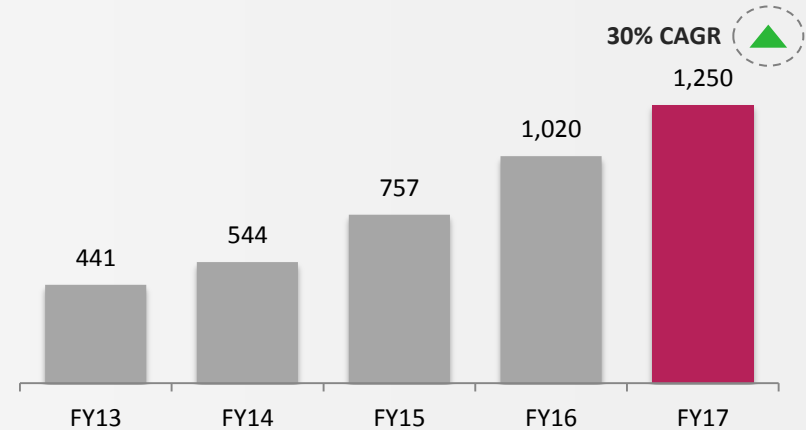


\* Includes other retail assets and liability products

## MF and Insurance Distribution Fees

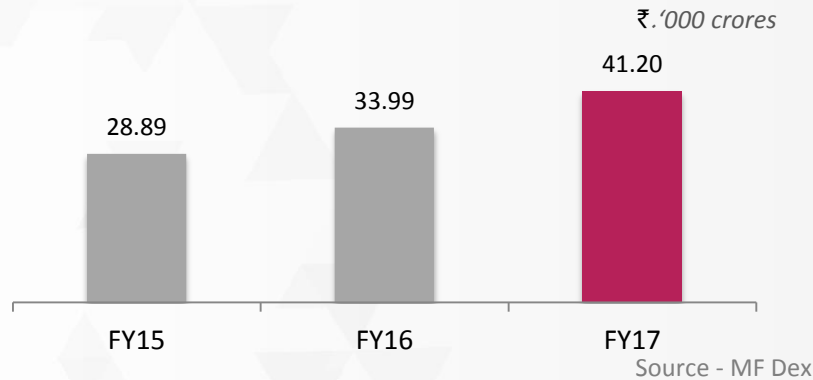


## Card Fees



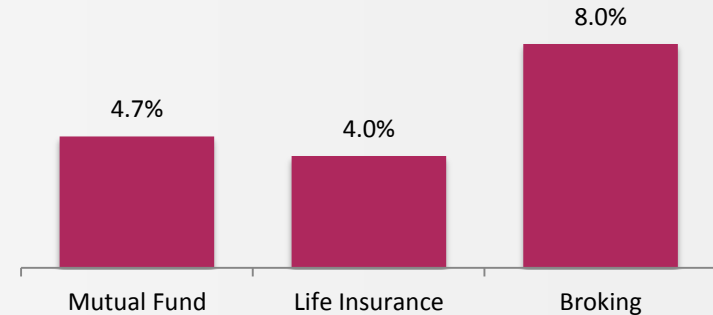
# Axis Bank is now amongst the leading players in the financial savings and investment industry

## Distributor MF AUM - 2<sup>nd</sup> highest in industry

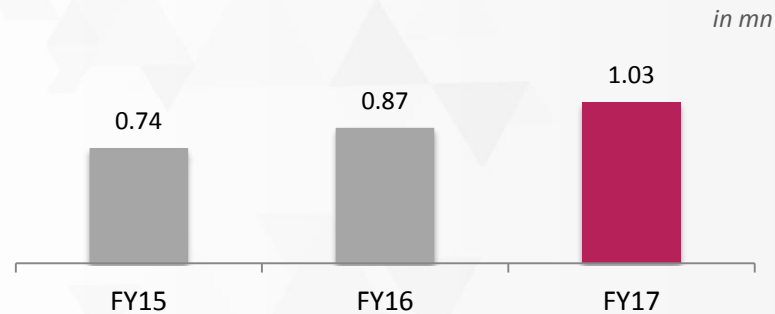


## Huge Upside Potential

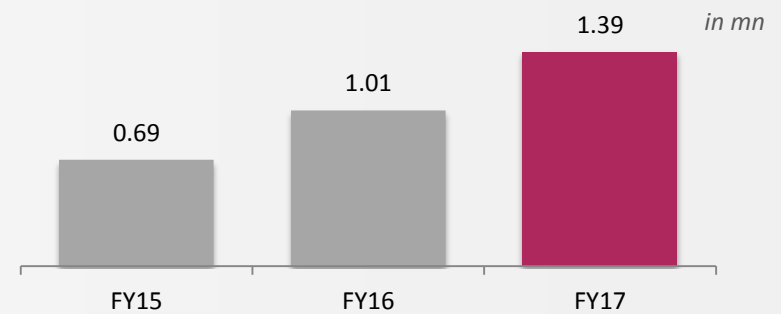
Current Product Penetration (SA customers)



## Crossed 1mn active MF customers



## Doubled broking customers in 2yrs



Awarded "Best Performing Private Bank" at CNBC UTI MF Financial Advisor Awards, 2014 and 2016

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**

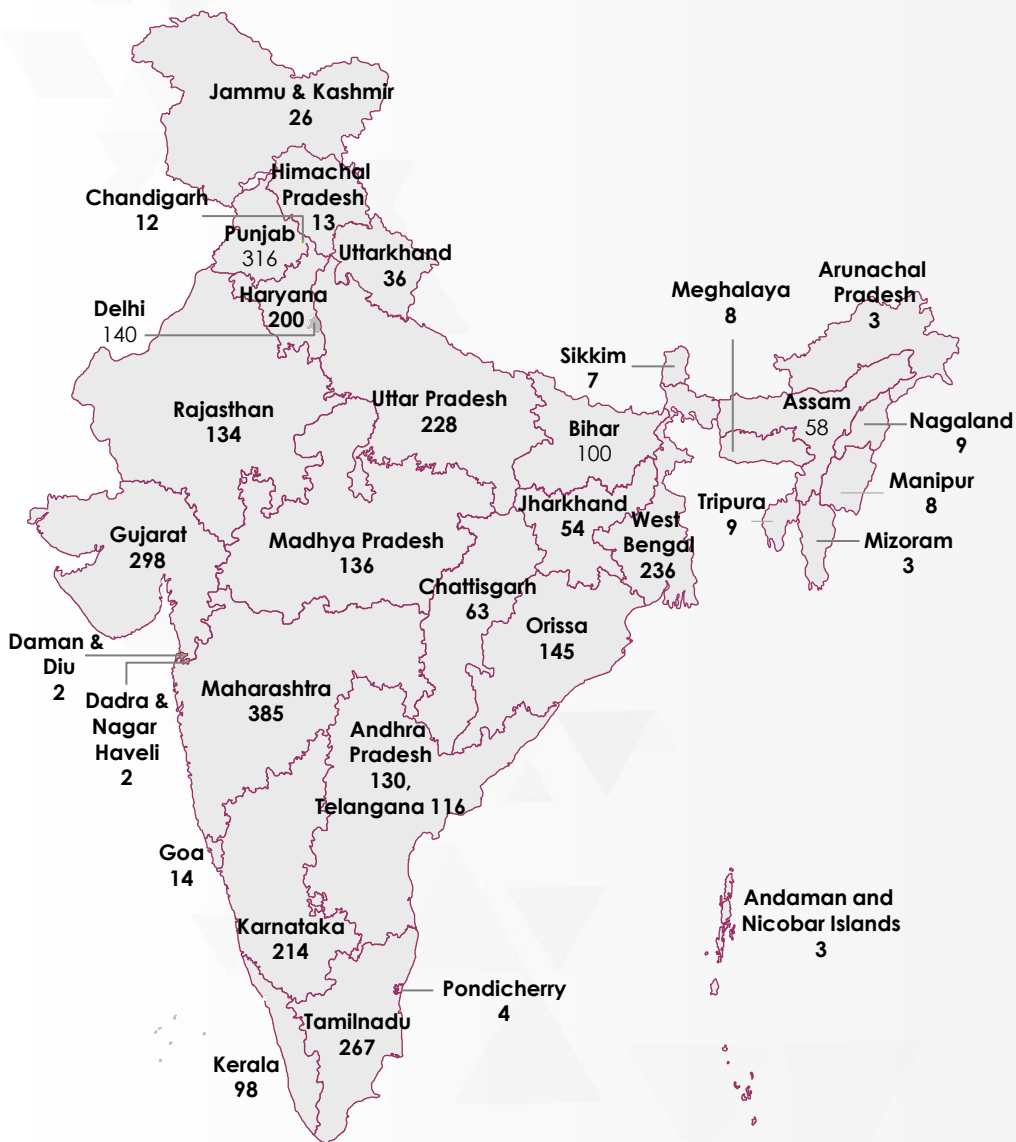
Retail profit has grown over 6X in last 4 years

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

3,485  
Branches\*

14,332  
ATMs

2,033  
Centers

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

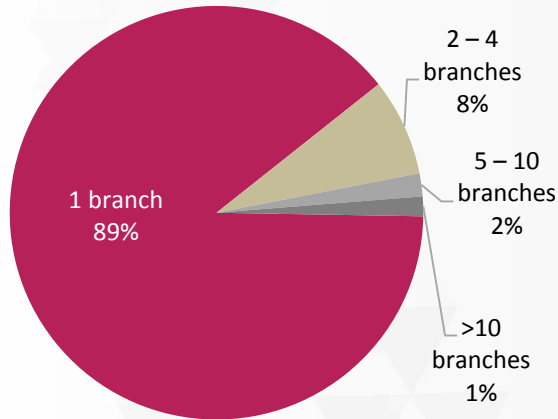
5<sup>th</sup> Retail Advances

4<sup>th</sup> Credit Cards

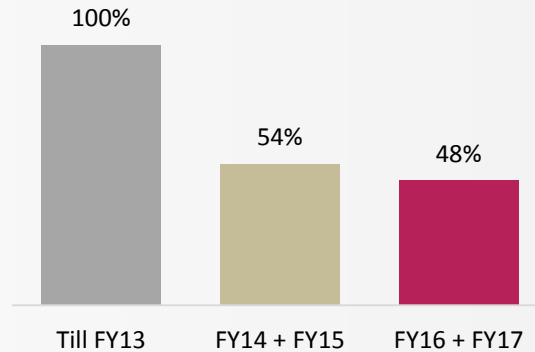
\* As on 30<sup>th</sup> Sept 2017 and Includes extension counters

# We will continue to invest in branches...

### Branches per location

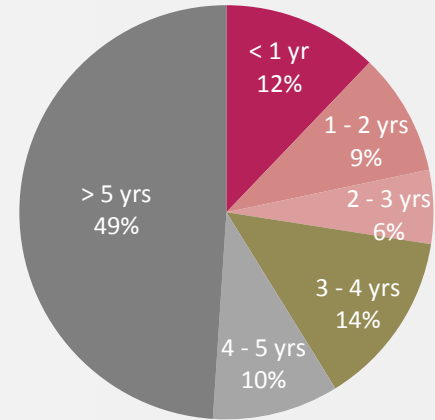


### Branch Area Trends



Branch area indexed to area till FY13, excludes unbanked branches

### Branch Vintage Classification



**Immense potential to improve branch density**

**Smaller sized branches**

**27% branches with vintage less than 3 years, 63% of these are in Metro & Urban**

**New Branches drive customer acquisition and CASA**

**Reduced opex leading to faster breakeven**

**Significant upside to be realised from investments made**

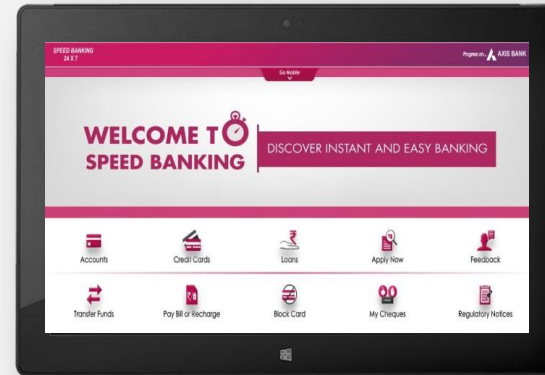
# ... in the process making branches 'smarter'

## Self-Service



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

Corporate eLobbies and Branch eLobbies



Financial and non-financial services for walk-in customers



Reduced Queuing



Instant transactions



Focused interactions



Instant feedback

## Smart-Automation



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



Saksham – single screen for branch user productivity



50 lakh monthly transactions



>75% instant fulfilment



50% Reduction in data entry



2.75 lakh Service request per month

Early benefits 35+ systems combined



# ...Using Digital as a strong lever for smarter onboarding and servicing

## CASA Accounts sourcing



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



**52%**  
with eKYC - Aadhaar



**88%**  
TAT reduction



**>20%**  
Productivity boost



**>80%**  
Household coverage

## Credit Cards sourcing



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



**23%**  
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



**27%**  
Branch to Mobile  
migration



# ...and transform 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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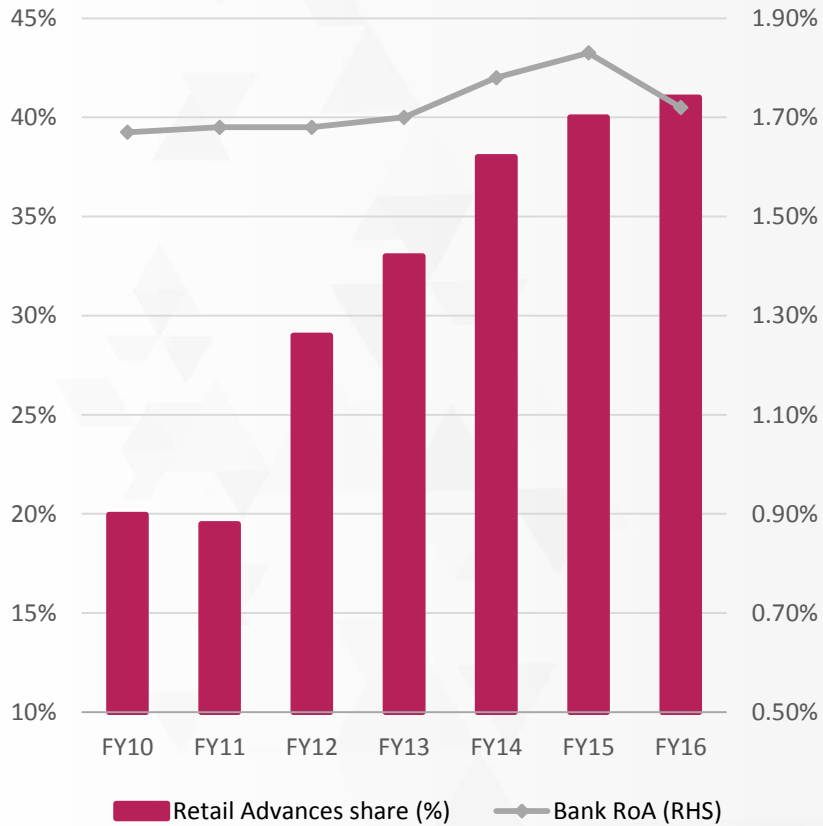
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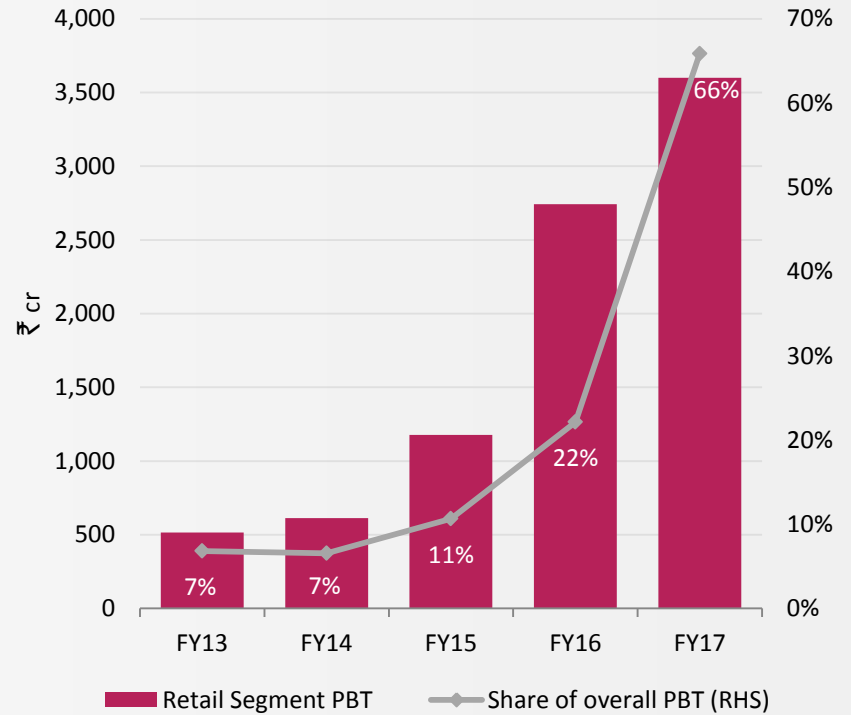
Strong Brand recall

# Retail profit has grown over 6X in last 4 years

## Retail advances growth has not impacted the Bank's profitability



## Retail profit has steadily improved



\* The retail advances starting FY12 include rural lending

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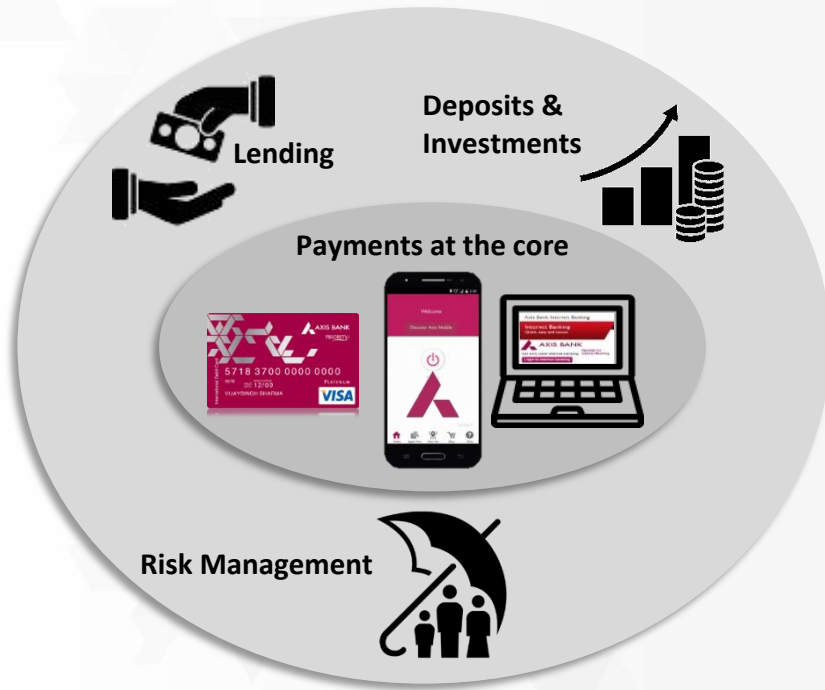
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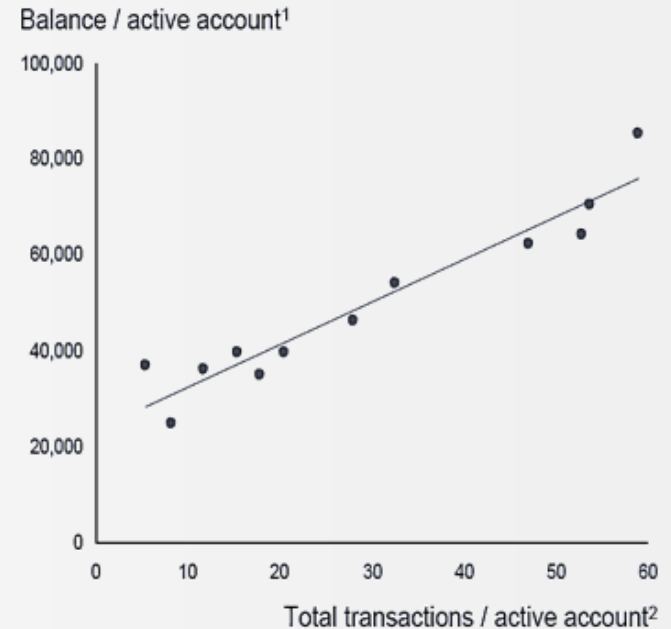
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# Payments remain core to Axis Bank's strategy...



## 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 2014)

<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



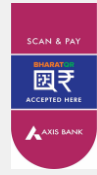
Card and Application Linked

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



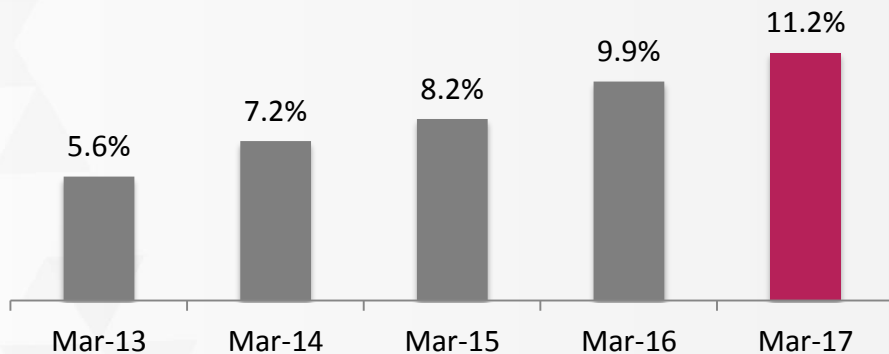
Value Added services



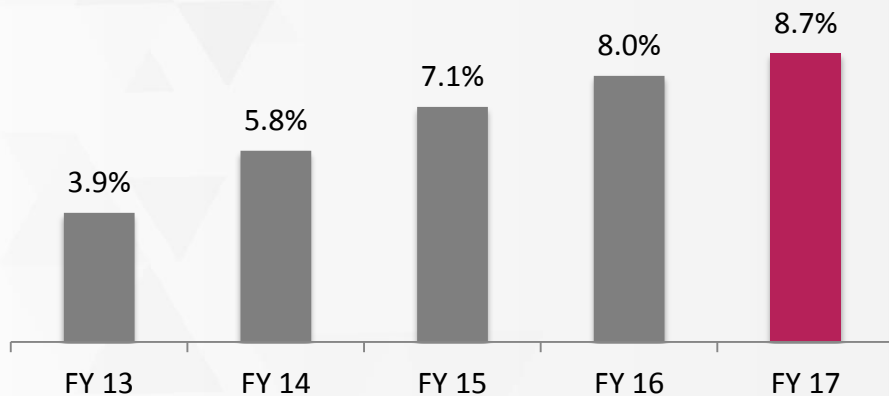
# Our Cards Issuance business continues to grow and deepen the franchise...



### Credit Cards in Force – Market Share



### Credit Cards Spends – Market Share



Market Share grew 2X in last 4 years



# We have strong market position across Digital Payment Solutions

## Axis Bank Market Standing Across Products



Source: RBI, Internal Data  
 1- based on cards issued; 2 – based on card spends at point of sale terminals ; 3 – based on value (RBI August 2017 data)  
 Savings Accounts data is based on RBI figures as on 31 March 2017

# 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

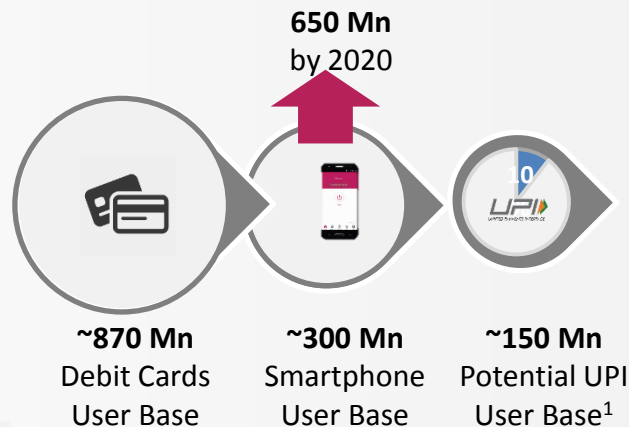


With a Smartphone



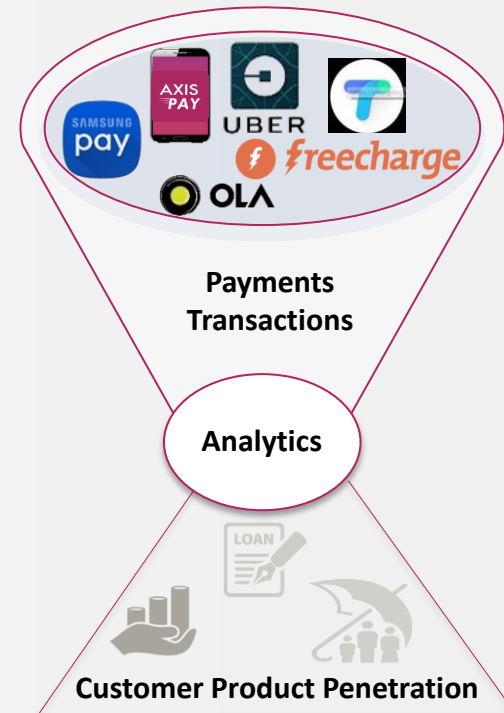
With a Unique Identifier:  
As simple as an email address (Example: [ajay@axisbank.com](mailto:ajay@axisbank.com))

## ...Is a huge opportunity



## For Axis Bank

Robust technology platform which attracts multiple partners



Axis Bank's Progress So Far\*

1

~3.8 Million registered base

2

~4.9 Million transactions

3

Over 3000 merchants on boarded

1) Assumption 50% of Smartphone base

\* Till 30<sup>th</sup> Sept 2017, Across all Axis Properties & Partners

# Freecharge Acquisition further helps us augment our digital capabilities and execution capacity



More than 2x Customer Base



High Frequency Use-cases



Digital Distribution



Popular Digital-only Brand



World Class Team with a start-up mind-set



100% API based Technology Stack

## 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*

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

Retail profit has grown over 6X in last 4 years

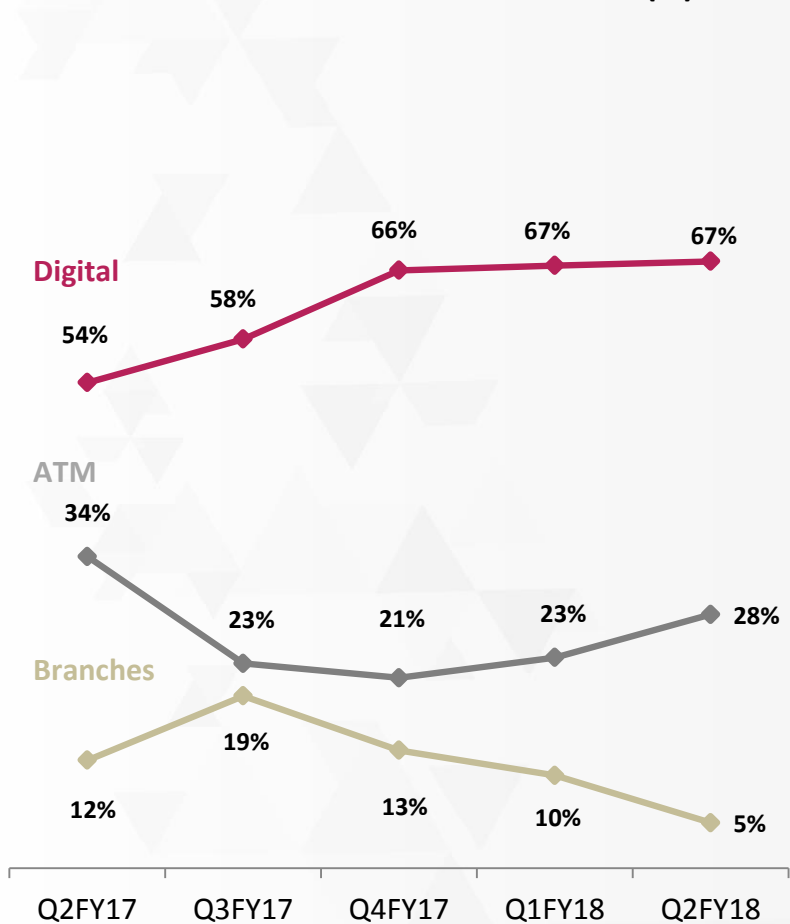
Continued leadership in Payments

Continue investments in Analytics and Digital

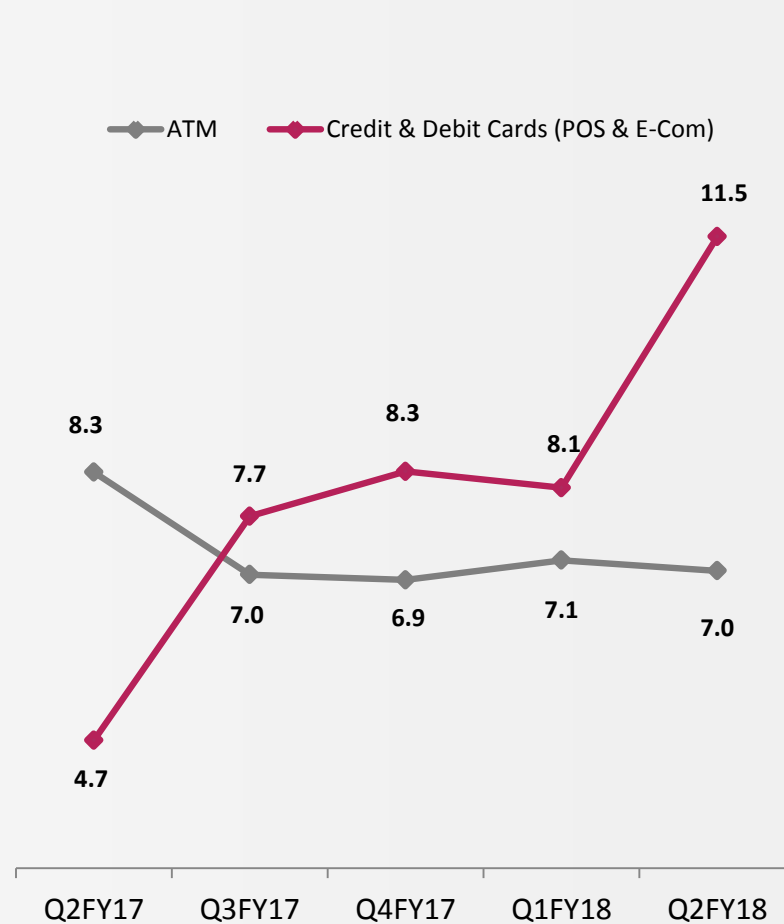
Strong Brand recall

# Our customers are going digital...

## Retail Customers Transaction Mix (%)

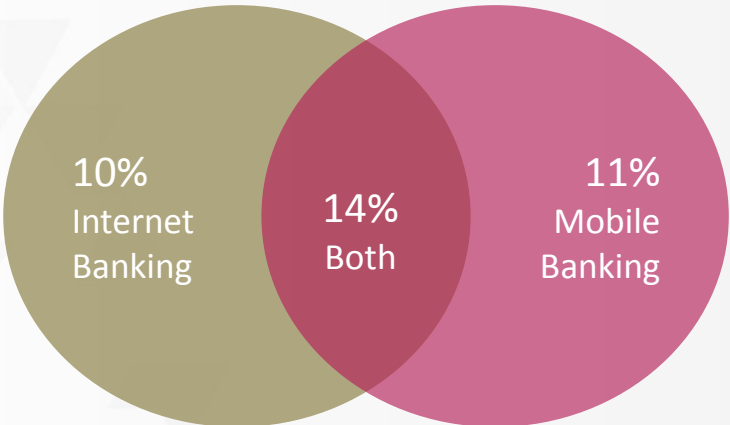


## Digital and ATM Transaction Volume (In Cr)



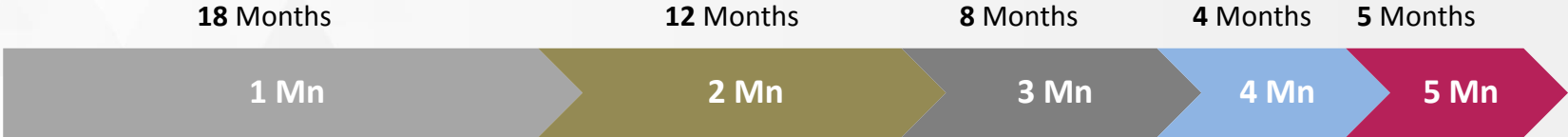
Source: Internal Data

# ...at a continuously accelerating pace

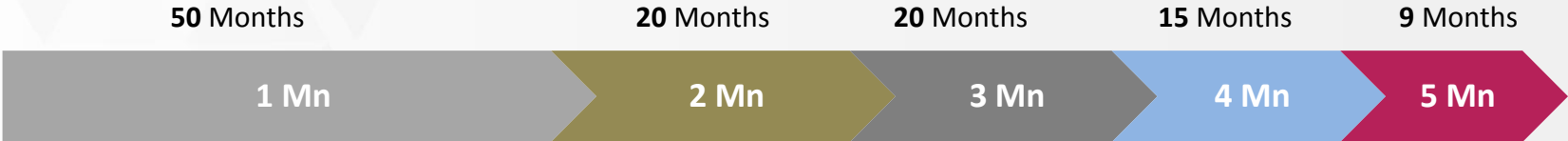


**35%**  
DIGITAL PENETRATION

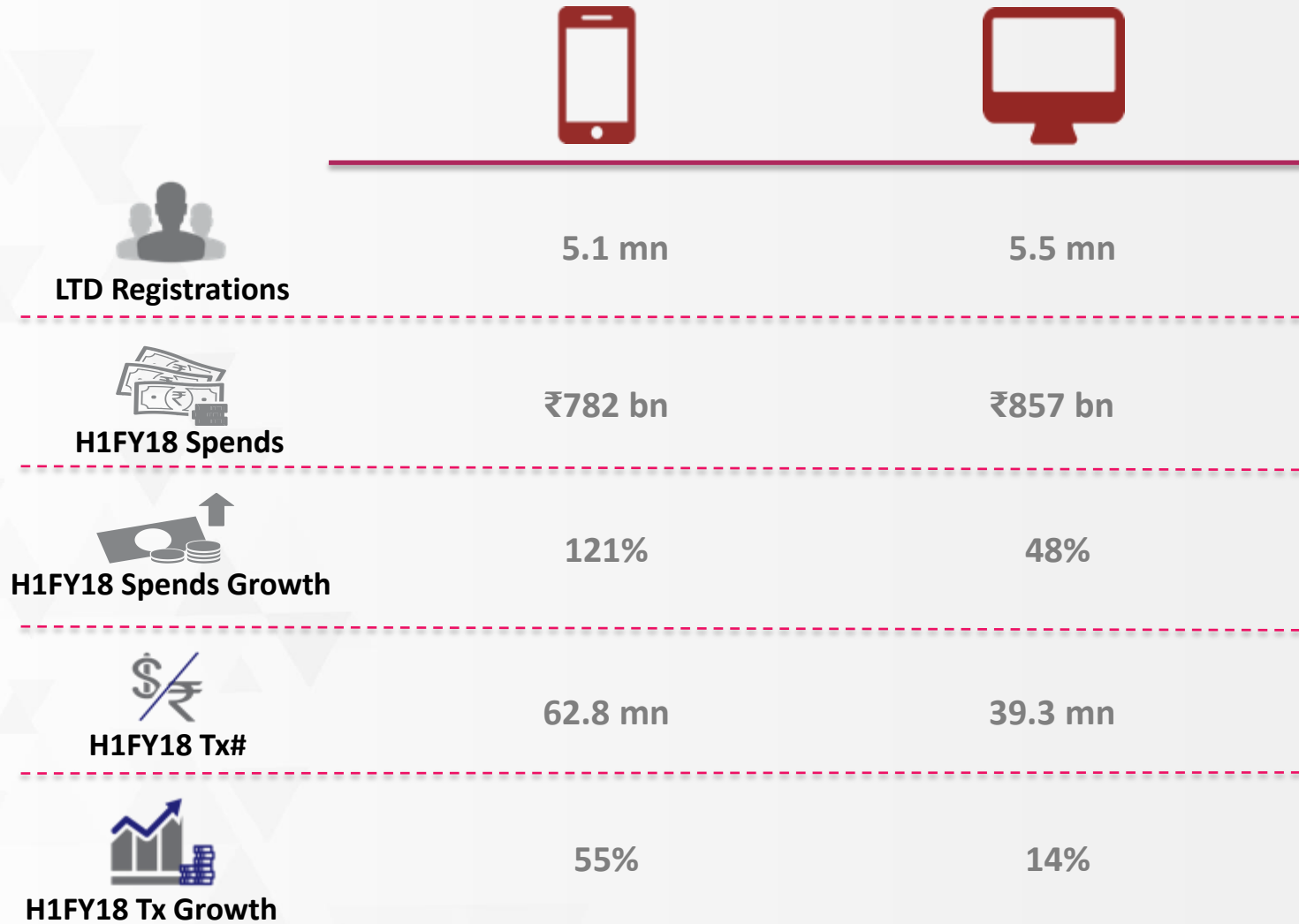
## Axis Mobile



## Internet Banking



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



Data as of Sept'17

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

Responsive\* Public Website

Internet Banking For Desktop

Internet Banking For Mobiles

Mobile App For Smartphones

Mobile App For Feature Phones

The collage consists of five distinct panels:

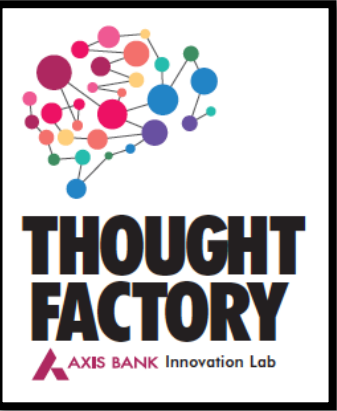
- Responsive\* Public Website:** A desktop view of the Axis Bank website. It features a navigation menu, a search bar, and a main banner for 'EXCLUSIVE BENEFITS ON FOR OUR SENIORS WITH SENIOR PRIVILEGE ACCOUNT'. Below the banner are navigation icons for 'FD Rates', 'Get Call', 'Apply', and 'Get Support', along with a section for 'Easy Education Loans' and a 'BANK SMART' footer.
- Internet Banking For Desktop:** A desktop view of the internet banking portal. It displays a 'SEND MONEY FROM ANY BANK AND GET ₹5.50\* IN YOUR ACCOUNT' offer, a 'SEND MONEY' button, and various service icons like 'Fund Transfer', 'Credit Cards', and 'Axis Payments'.
- Internet Banking For Mobiles:** A mobile view of the internet banking portal. It shows the 'Axis Bank Limited' header, a 'Login' section with 'Net Banking', 'Debit Card', and 'mPIN' options, and input fields for 'Login ID' and 'Password'. There are also links for 'New User?' and 'Forgot Password?' and a 'Switch to Desktop version' option.
- Mobile App For Smartphones:** A screenshot of the 'Axis Mobile' app interface. It features a central image of a woman using a smartphone, surrounded by icons for 'RECHARGE', 'BILL PAY', 'FUNDS TRANSFER', 'WALLET', 'HOTELS', 'SHOPPING', and 'FLIGHTS'.
- Mobile App For Feature Phones:** A dark-themed interface for feature phones, featuring the 'AXIS BANK' logo and a large 'OK' button inside a speech bubble.

\* 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...





# An 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



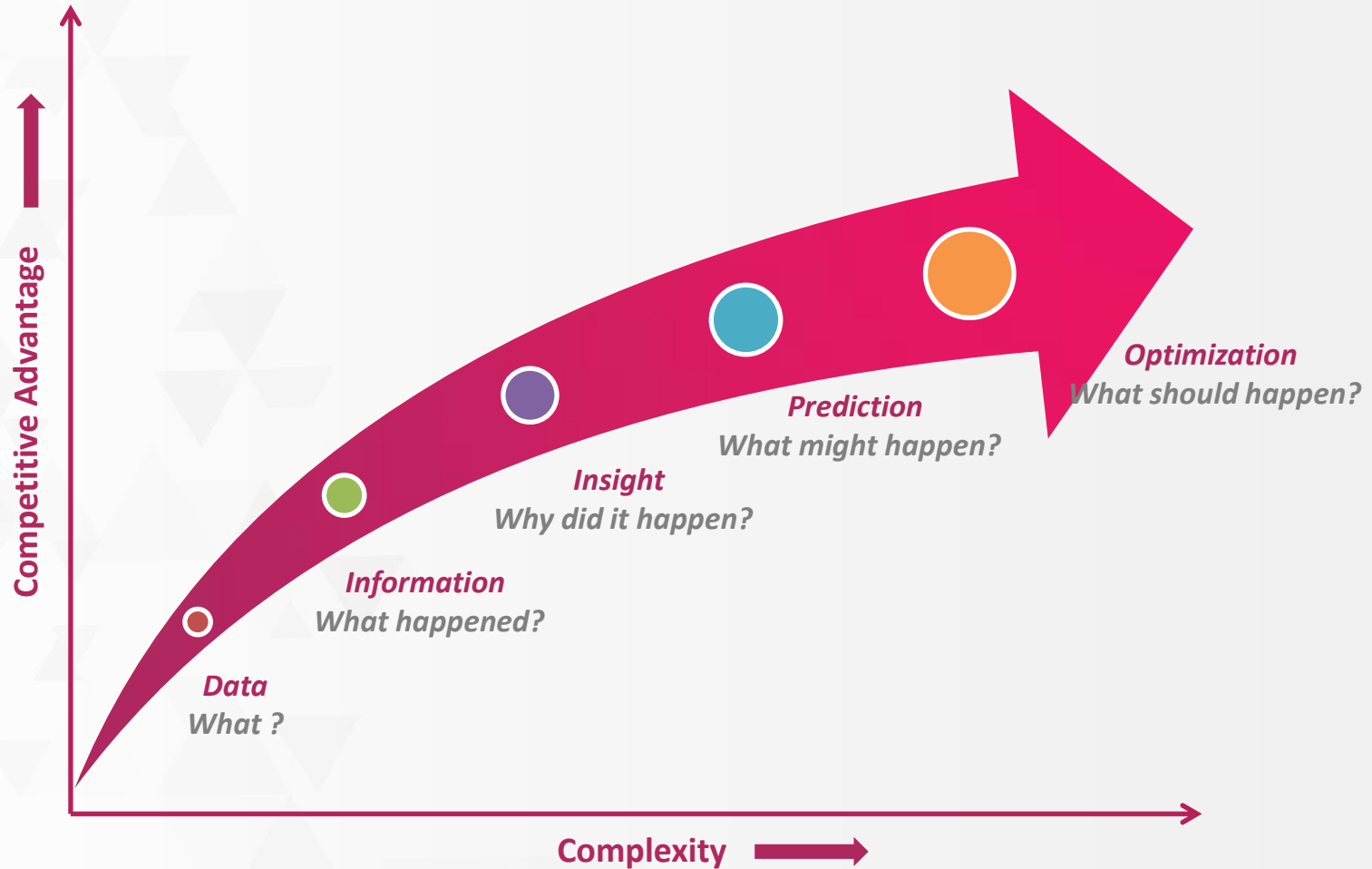
## Enterprise Collaboration

- **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



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Continue investments in Analytics and Digital

**Strong Brand recall**

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

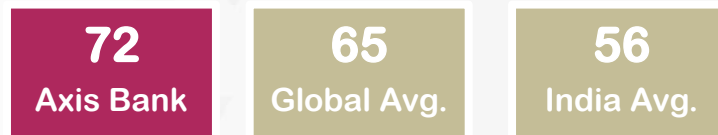
Amongst Top10 most valuable brands in India



CII Awards 2016

- Customer Obsession
- Leveraging digital transformation to deliver superior customer experience

Ranked #2 on Functionality in Forrester's Mobile Banking Benchmark, 2017 (India Banks)



**FORRESTER**<sup>®</sup>

Global Ranking 20 in 2017 vs. 37 in 2016

Research based design tweaks- a big focus, yielding result

- UPI on Android
- Credit Card Spend Analyzer
- Universal Search on App
- Bharat QR code
- Pre-login revamp & Videos

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



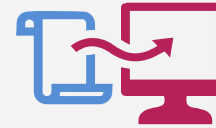
## 1 90,000 ft redesign

- Centralization
- Instant fulfilment
- Organizational realignment



## 2 Lean and BPR

- Process optimization
- Centralization, Standardization
- First time right
- Single touch



## 3 Process digitization

- 125+ Journeys in 2 years
- Digitization at scale
- Digital Forms
- Self service

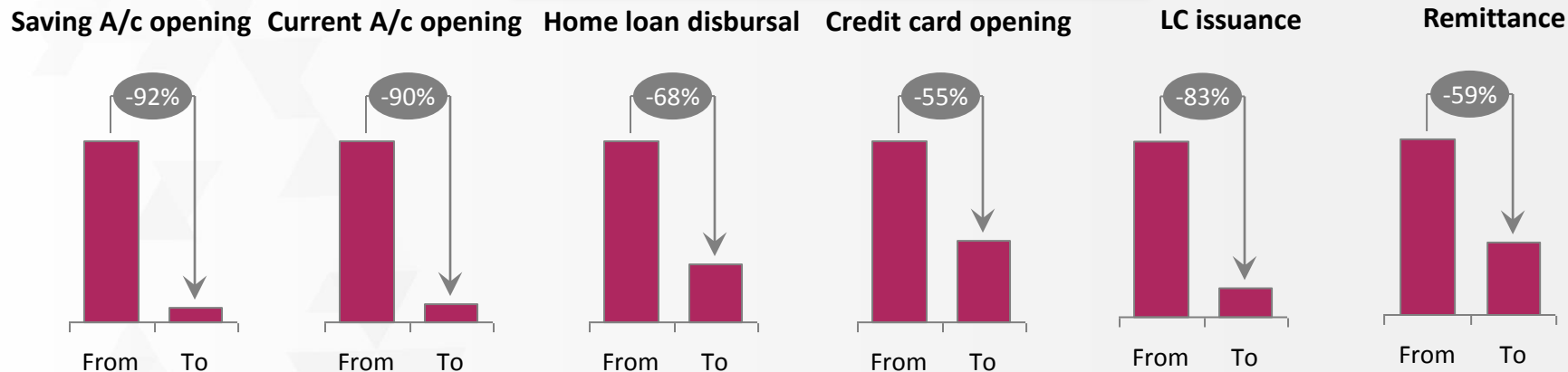


## 4 Robotics & AI

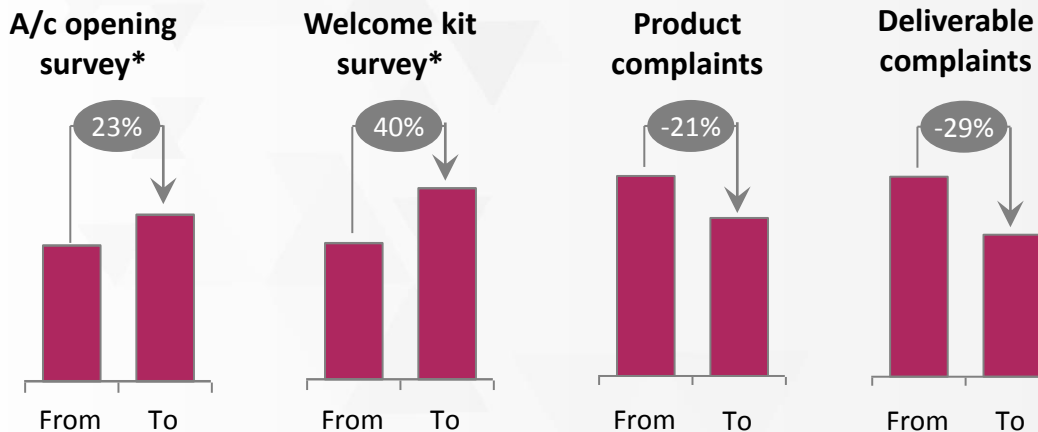
- Cognitive automation
- Self learning processes
- 40+ Journeys in one year

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

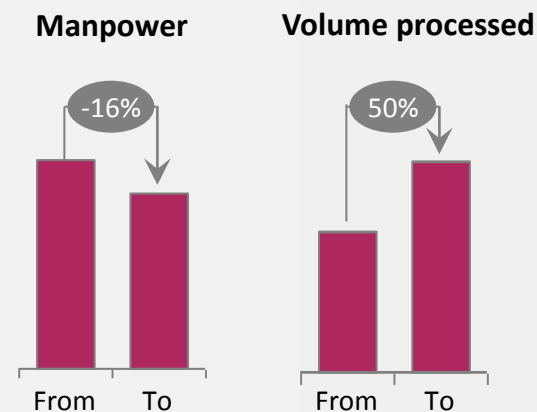
## Key Processes Turnaround Time



## Customer feedback & complaints

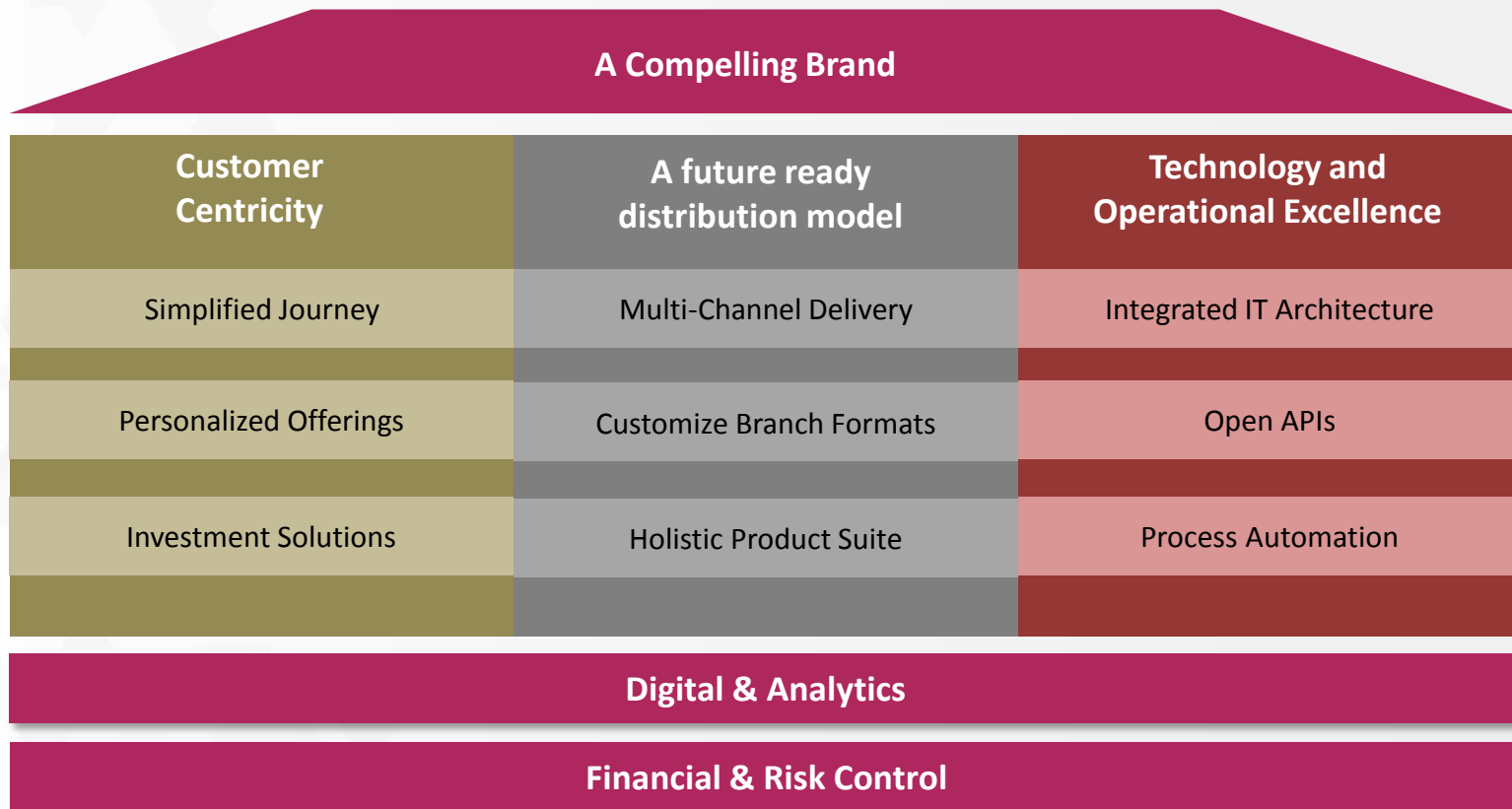


## Back-office efficiency



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

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





**Thank You**