



ANALYST DAY 2019

A magnifying glass with a black handle and a grey frame is positioned over the '0' in '2019'. Inside the lens of the magnifying glass, a red line graph is visible, showing an upward trend with an arrow pointing towards the top right.

Event Agenda and Presentations

Session 3

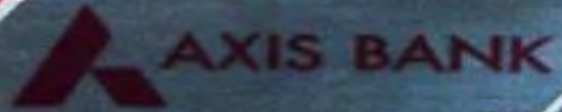
Business Analytics

Wealth Management

Subsidiaries

The path to sustainable RoE expansion and

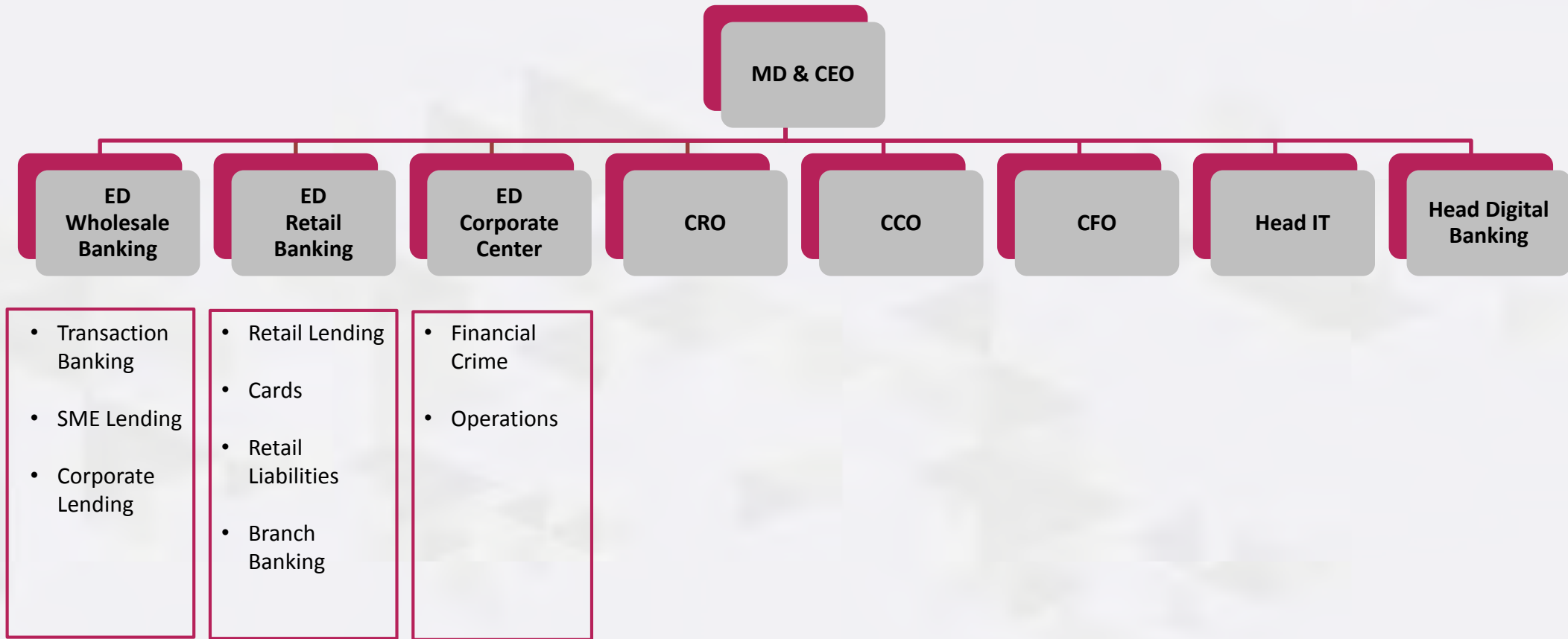
Closing Remarks



AXIS BANK

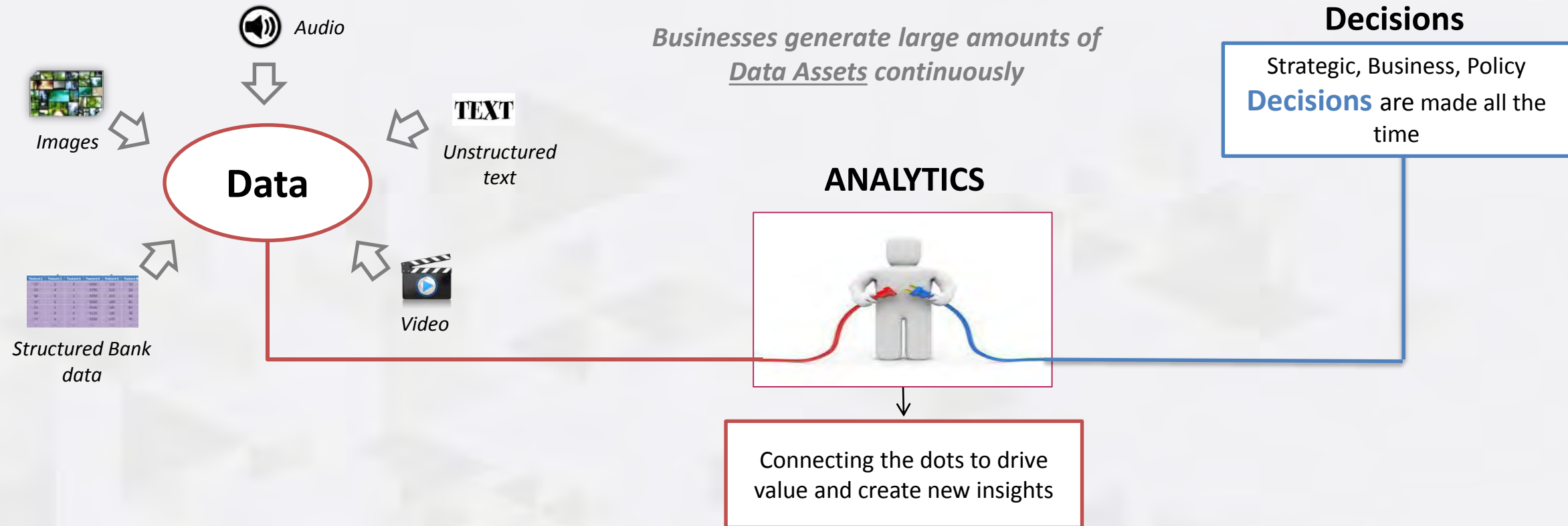
Business Intelligence Unit
Applying Analytics to drive business value

We have invested in a centralized Business Intelligence Unit that provides analytical services to various functions of the Bank



Central Business Intelligence Unit (BIU) team supports various businesses and support functions

The agenda of the BIU is to monetize data assets of the Bank for risk management, growth, and operational optimization



Key Areas

- 1 Reporting and conducting Business Reviews
- 2 Driving **business growth** through data and insights
- 3 Managing **risk outcomes** through analytical toolkits
- 4 Building **proprietary prediction models**
- 5 Setting up key **analytical infrastructure** and delivery systems
- 6 Monetizing **AI and Big Data** proof of concepts

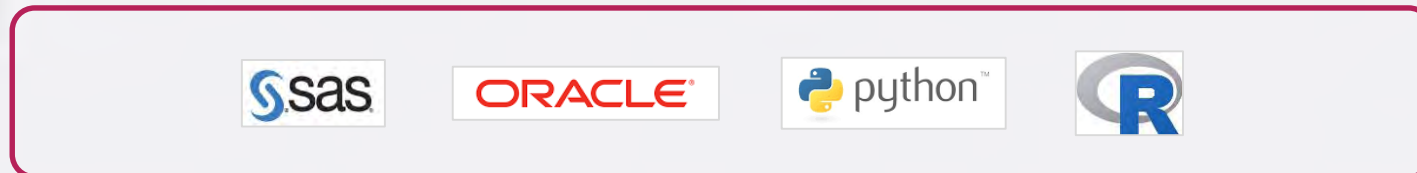
We have a 300+ member dedicated analytics team

Young, techno-functional group with continuously evolving skillsets

Current Role Mix and Focus

Role	Mix	Focus Area	
Business Analysts	57%	Business Growth	Risk Outcomes
Reporting Analysts	24%	Report & Review	
Data Scientists	8%	Proprietary Models	AI and Big Data
Data Engineers	11%	Analytical Infra	

Technical Skillset



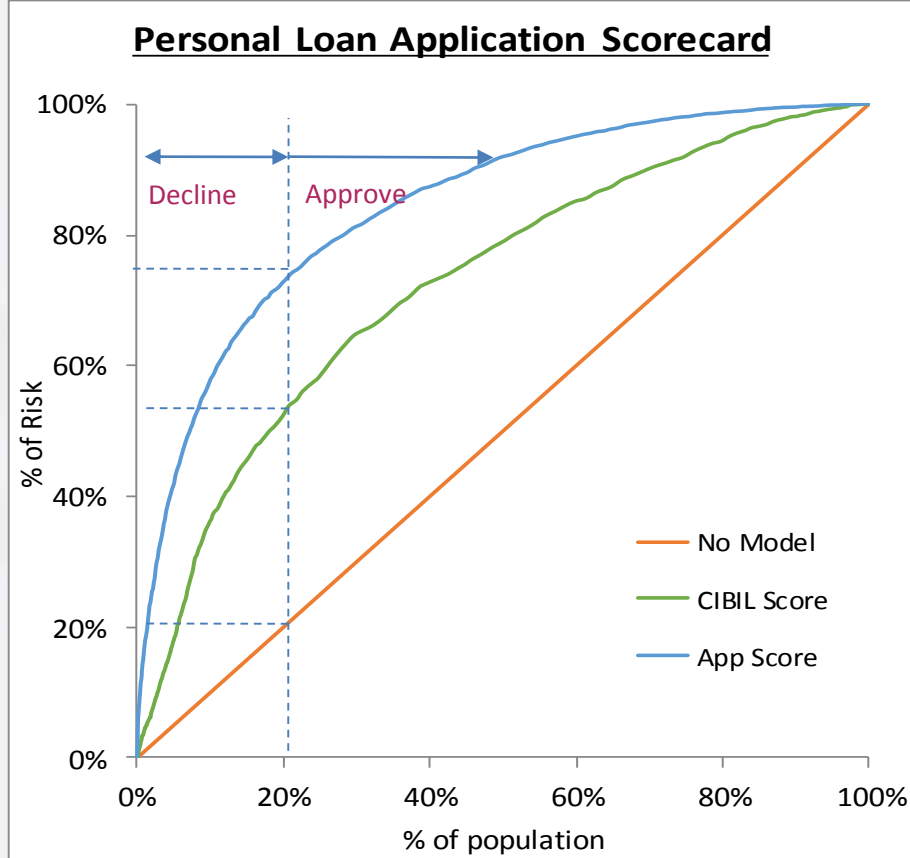
Talent Pool & Features

- Average employee age of 28 years
- 50% have Masters and Post Graduate degrees
- Large campus recruitment program
 - 20 campus visits
 - Big internship program w PPO
- In-house training program
 - 2,000+ man hours of instructor led training
 - Functional , Technical and Algorithms areas
 - Self paced training – partnering with Coursera and Simplilearn
- Hackathons & Contests

The Bank's proprietary risk scorecards form the core of our risk management strategy in Retail



- Risk scorecards in place for all major products
- Proprietary risk scores = $f(\text{Bureau variables, application information, internal bank variables})$
- Significant competitive advantage over more vanilla bureau users



The Bank has a data driven, 'always on' pre-approved lending program

Analytics plays a pivotal role in Bank's pre-approved strategy

Data Preparation + Risk Scoring

- Data Procurement
- Risk Scoring and Eligibility cut-offs



Offer Creation

- Initial Loan and Credit Limit Amount
- Rate Offer/ Product Offer



Marketing

- Channel and Campaign Management
- Customer Personalization

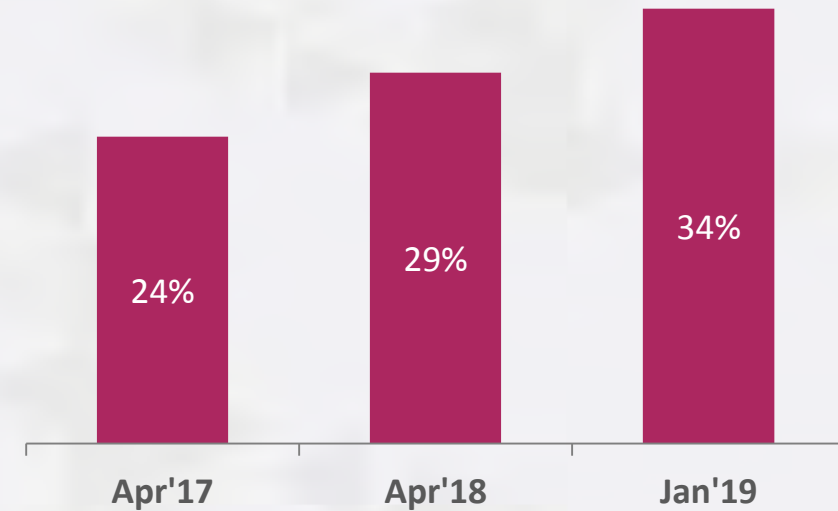


Fulfillment

- Portfolio Insights
- Feedback into data preparation

Significant coverage and revenue generation

% of Savings Account customers
(At least one lending offer available)

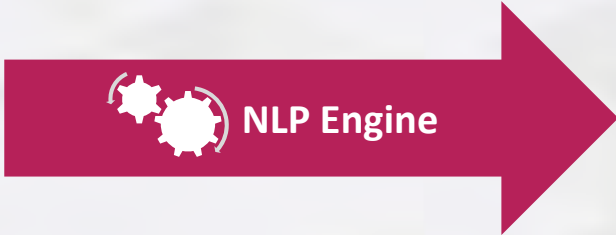
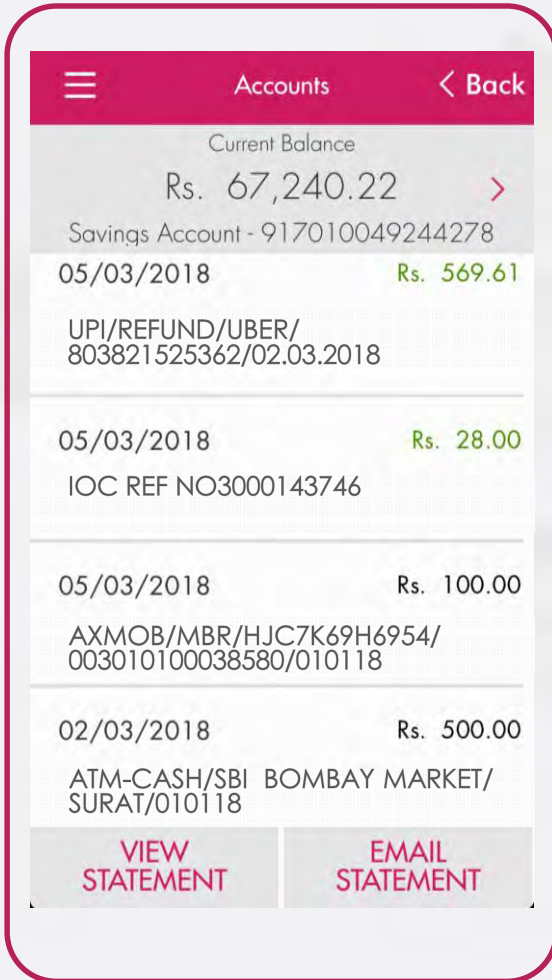


Personalisation and customer UI/UX are emerging as key areas of application of non-traditional analytical techniques



Customer facing transaction narrations were complicated and hard to understand ...

... before text mining algorithms entered the scene



Over the years, the Bank has invested in 3 key pillars to build a world class Analytics team ...

Adoption of Analytics culture



Senior management sponsorship



Business buy-in



Constant reinforcement

Robust data assets and technology

- 'Datafication' of processes
- Transform data from raw to suitable for analytics
- Analytics workbench and tool kits
- Robust workflow systems & rules engines

Right people & skill mix

- Analytics specialists
- Algorithm experts
- Solid technology team
- Continuous training and sharpening of skillset

...with the latest tech architecture to aid new-gen Analytics

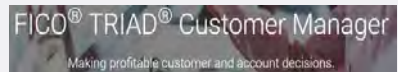
Manage risk outcomes

Drive business growth

Report & review

Systems of ...

Engagement



Analytics



Data



New use cases are being developed that leverage emerging Artificial Intelligence capabilities

What does it do?

Bank use cases



Natural Language Processing

- Transforms unstructured text into meaningful data

- Self-synthesis of unstructured bank documents
- Chat-bots



Computer Vision

- Intelligently identifies defined objects in images and videos

- Branch and ATM e-surveillance
- Face recognition in case of Re-KYC



Speech Recognition

- Identifies and responds to sound produced in human speech

- Robotic call centers
- Voice authentication

Cost initiatives and Ops Risk

Drive more value by specifically focusing on cost reduction and operational risk related initiatives

Deep Learning

Adopt higher use of Deep Learning networks which have higher prediction than normal Machine Learning techniques

Customer Personalization

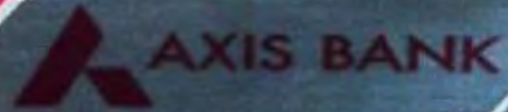
Create and harvest value from our customer personalization platform to drive higher engagement

'Think and Do' Agile

- Working as an agile team across different functions
- Use different skillsets – business, data science, engineering and technology to solve critical problems in an agile fashion

End of deck



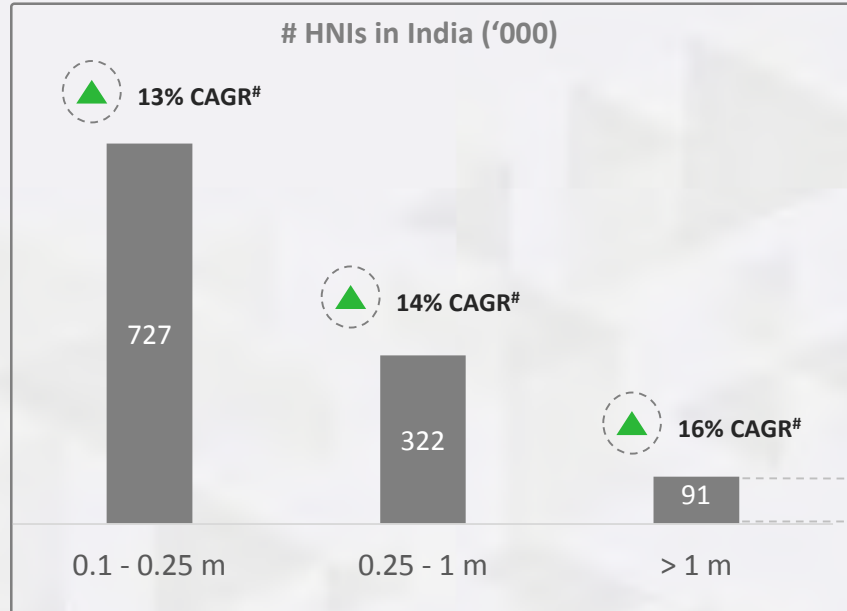


Wealth Management at Axis Bank

The Burgundy Proposition

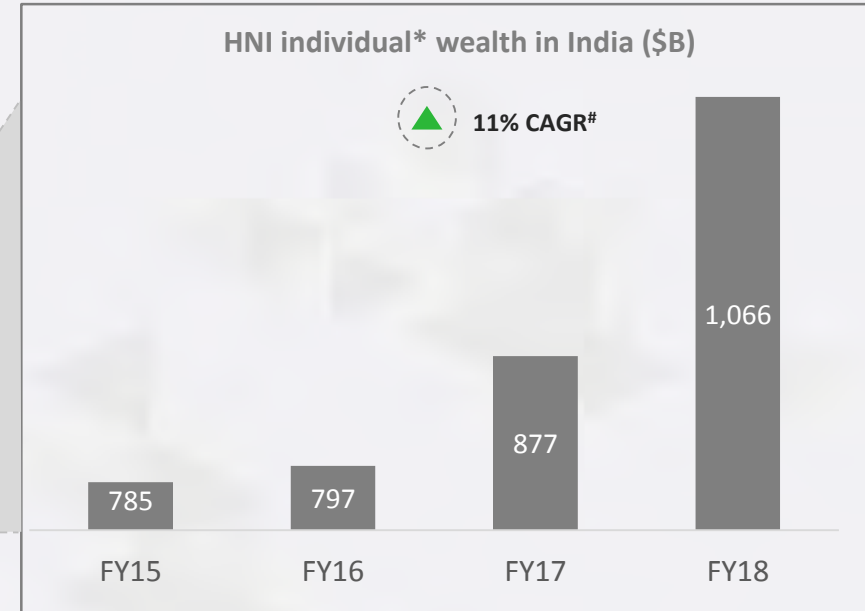
India Wealth Management opportunity

1.1 mn families have wealth > USD 100,000



*CAGR for the period 2017-2022
Source: BCG Global Wealth 2018 Market Sizing

HNI wealth pool in India is over USD 1 Tn



*HNI Individual with > \$1M in assets. Individual wealth includes financial and physical assets, onshore and offshore.
CAGR over FY15 to FY18
Source: Karvy Wealth Reports, Capgemini Wealth Reports

Favorable macro indicators...

- Continued GDP growth of 7-8%, Inflation expected to remain benign
- Various policy measures taken by Government to formalize the economy and improve ease of doing business to encourage entrepreneurship

... are driving greater investment appetite

- Continued investments in financial assets vis-à-vis physical assets
- Increasing focus on growth oriented assets with higher risk-return profile
- Rise of HNIs in Tier 2 cities, along with continued growth in Tier 1 cities

Some use family wealth
to launch a new business.



Others, to grow the
family business.

The choices you make in life are unique. So are our financial solutions. **Wealth. It's personal.**

Burgundy

Wealth Management | Axis Bank

Some acquire knowledge
to grow their wealth.



Others, use their wealth
to go back to the classroom.

The choices you make in life are unique. So are our financial solutions. **Wealth. It's personal.**

Axis Bank is now a leading player in the Wealth Management business

Launched in 2014, Burgundy is positioned well to ride the projected growth in HNIs and their wealth



Relationship Management and Wealth Specialist team of over 500




AUM* over USD 18.5 bn





Eligibility criteria for Burgundy


- Total Relationship Value of Rs.30 lakhs
- Total Relationship Value of Rs.100 lakhs including holdings in demat account
- Net monthly salary credit of Rs.3 lakhs & above

Burgundy Performance (FY14-18)

AUM ^  **45%**

Fee Revenue  **55%**

Customer Base  **36%**

Touch Points (RMs & ICs)  **15%**

4th largest Wealth Management business in India

(Asian Private Banker**)

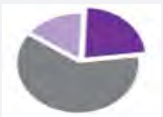


* As of 31st December 2018 (Reference rate US\$ 1 = INR 70); ^ CAGR growth for 2 yrs

** India 2017 AUM League Table, in terms of AUM (\$ Bn)

We offer a full-service product suite for Burgundy clients

Equity Investments



- Mutual Funds,
- Discretionary & Non Discretionary Portfolio Management (PMS),
- Axis Direct (ETFs, Stocks & Derivatives, Offshore Equity) *

Fixed Income Products



- Bank Fixed Deposits
- Mutual Funds
- Bonds & Debentures
- Company Deposits *

Alternate Assets



- Alternate Investment Funds (AIF)

Commodity



- Sovereign Gold Bonds
- Gold Mutual Funds
- Gold ETF *
- Commodities Trading *

Foreign Exchange



- Forward contracts,
- NRI Pro Deposits ^

Life Insurance



- Term, Endowment, ULIP, Whole Life and other plans offered by our partners
- Max Life Insurance Co.
 - LIC of India

General Insurance



- General insurance for Vehicles, Travel, Health, Home and Business offered by
- Tata AIG General Ins.
 - Apollo Munich Health Ins.

Will & Legacy Planning



Legacy Planning – assistance in creation of a Will or Trust for succession or Estate Planning

Research based product solutions – synergies from in-house group expertise

Economic Research

Senior Economist supported by a team of 5 analysts tracking Global and Indian macro economic indicators

Equity Research

Research team at Axis Capital and Axis Securities provides regular equity investment ideas and derivative strategies

Product Due Diligence

Investment Research team brings investment product ideas and solutions after a detailed due diligence

Mutual Fund Selection

A scientifically designed AMC and scheme selection process which includes a mix of quantitative and qualitative factors.

Leverage customer base across Axis Bank

- Retail Bank premium customers
- Salaried senior and middle management of corporate clients
- New economy companies and their promoters
- Promoters of small and medium enterprises
- Large and Mid corporates – Promoters, treasury and management team

Become primary banker for existing base of clients

- Provide financial products and services across the full life cycle of the customer's personal and business needs
- Leverage advanced analytics to drive customer activity and sales
- Continue to broaden customer relationships, grow revenues with focus on recurring income and execute with discipline and prudent risk management

Leverage Tech to deliver products and increase efficiencies

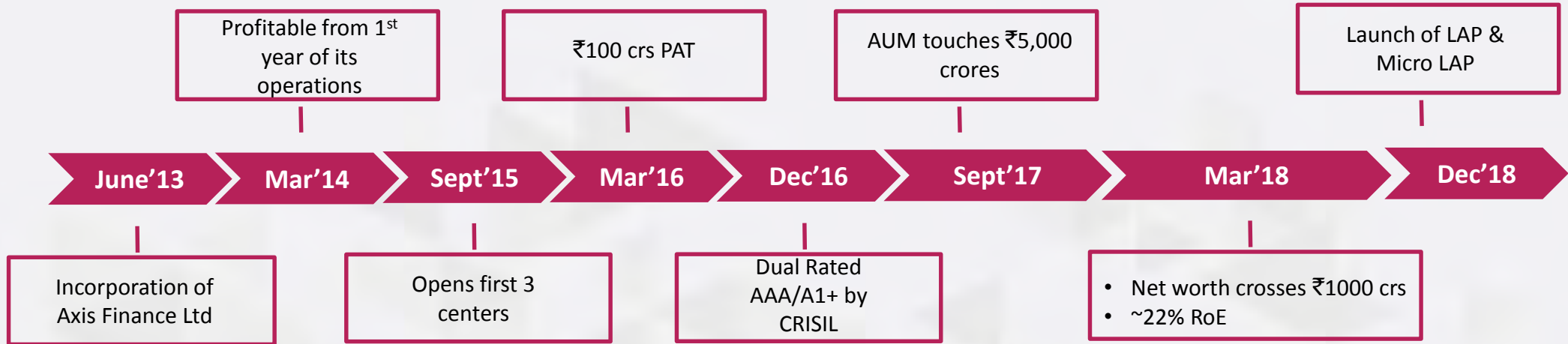
- Complete front-to-back automation for client on-boarding, product offering and servicing
- Continue to enhance our digital capabilities, increasing efficiency and self-service capabilities
- Further improve digital tools provided to relationship managers, an optimal mix of 'High Touch' and 'High Tech'

End of Deck

AXIS BANK

Axis Finance

Axis Finance was setup to complement the Bank's Lending business



Key principles driving the Business



Expand Product reach

Offer products which are not part of the Bank's offerings



Expand customer segment reach

Onboard customers across segments that are not catered to by the Bank



Leverage Axis Brand

Maximize Group's Revenue by leveraging Axis Brand/ Reach



360° Solution

Provide 360° solution to clients by offering an alternate lending platform

Key highlights

Current product offerings

Retail Loans

Funding to HNIs against portfolio of shares, property

- LAS(Shares, MF) > Rs. 20 lacs
- ESOP Funding
- Loan against property

Structured Corporate Loans

Established groups + Exclusive asset charge + Defined exit strategy

- Acquisition Funding, PE Buyouts, Special Situation Funding
- Short to Medium Term exposure
- Clearly defined exit mechanism

LAS

Exposure to top company scrips

- Listed, Large & select Mid cap
- Short Term Exposure
- AA & above comprise 88% of all loans

Real Estate Loans

80% exposure towards late-stage projects

- Focused on ready inventory/last-mile Real Estate assets
- Early stage to select reputed developers

Book Highlights

- AUM Growth CAGR (FY 2014-18) of 55%
- Wholesale & Retail mix of Advances 83% & 17%

Financial Highlights

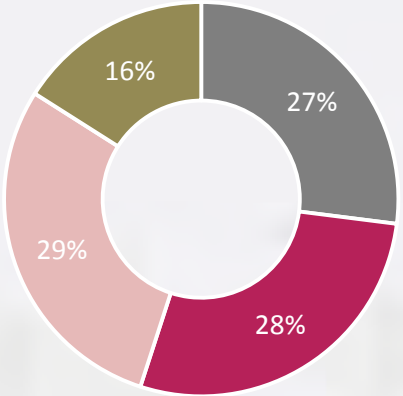
- Income and PAT Growth CAGR (FY 2014-18) of 76% & 59% respectively
- RoE of 18% for 9MFY19
- Rated AAA & A1+ by CRISIL & ICRA

Asset Quality

- NPA ratio of 0.36% as at end of Dec'18. We have had only 1 account as NPA so far

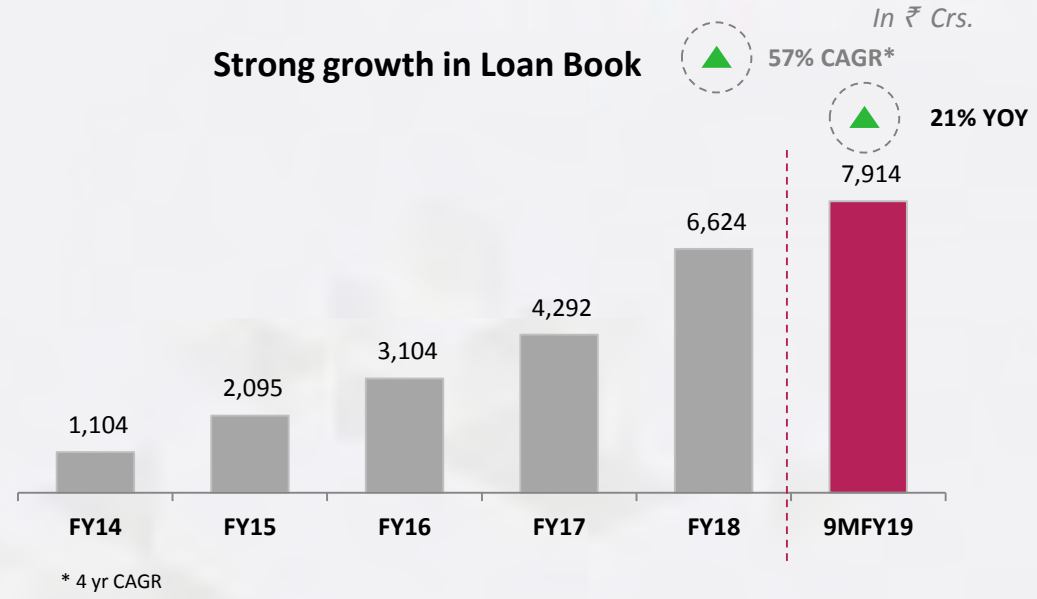
Significantly reduced our dependency on Market funding

Liability Book Mix

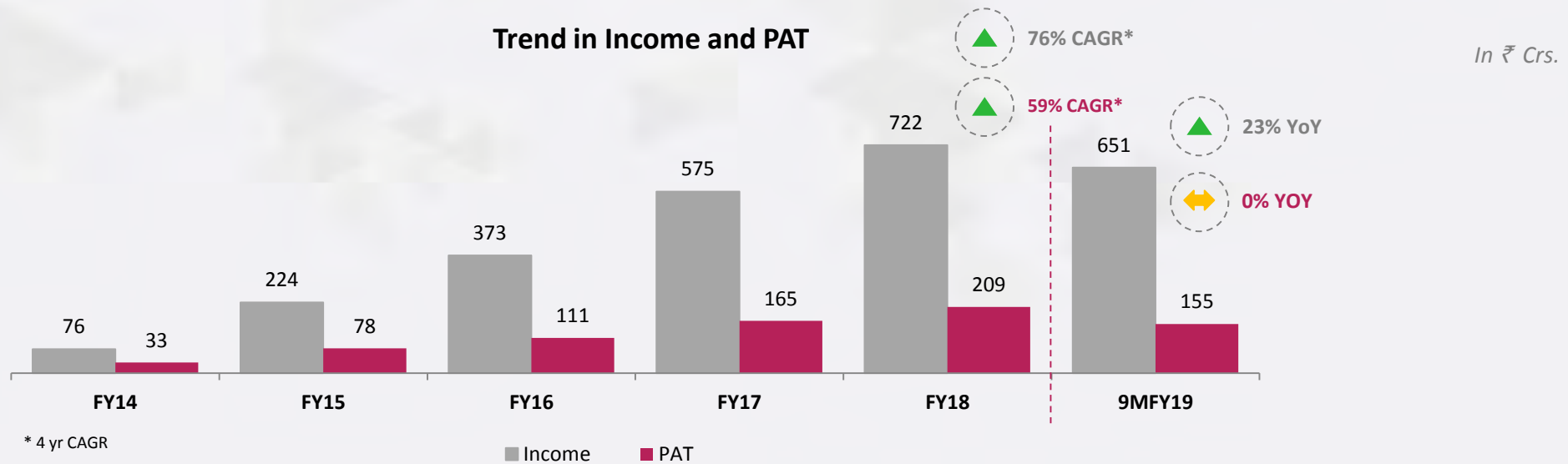


■ Banks ■ Commercial Papers ■ NCD ■ Equity

Strong growth in Loan Book



Trend in Income and PAT



Build retail book

Introduction of new products for granularity:

- Collateralised loans
- Low-ticket mortgage
- Consumer durables

Strong ROE

- High credit ratings leading to efficient cost of borrowings
- Deliver best-in-class Returns

Industry leading technology infrastructure

- Move towards paper less sourcing (to the extent allowed by regulator)
- Improve productivity of sales force by providing tech-enabled tools

Future proof the business

- Effective Risk Management through robust credit score cards and defined guardrails

End of Deck

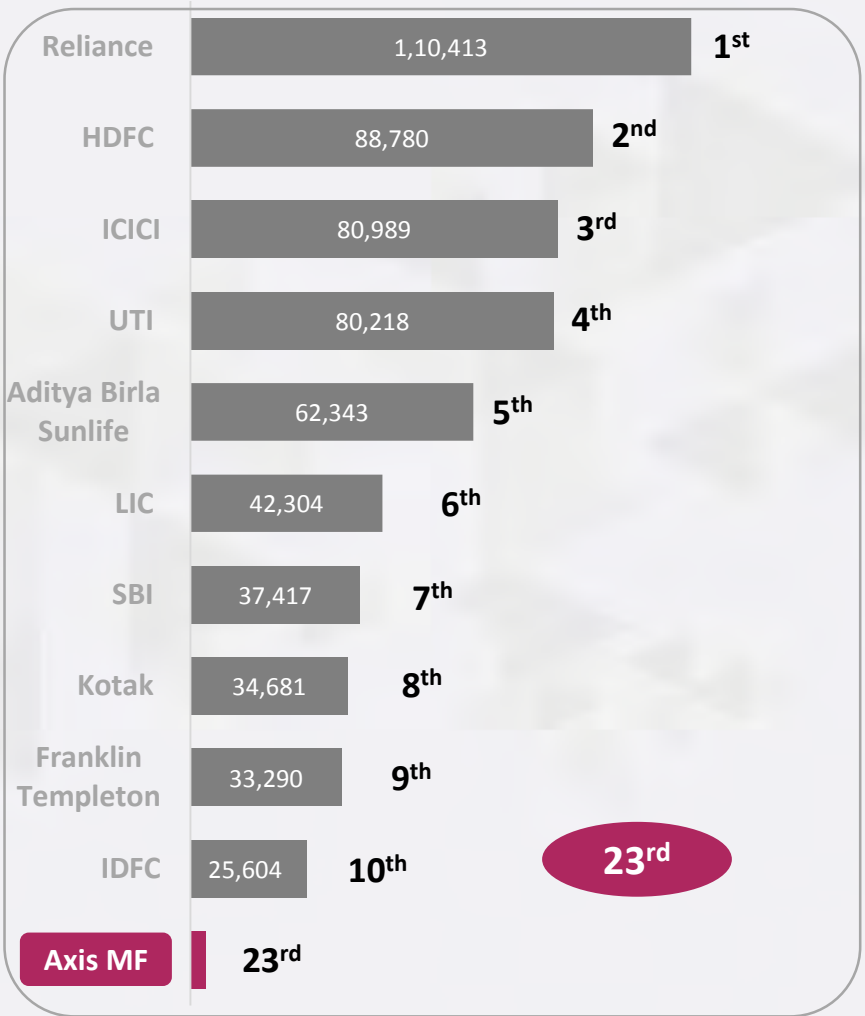
AXIS BANK

Axis AMC

Axis Mutual Fund has been the fastest growing AMC in the industry ...

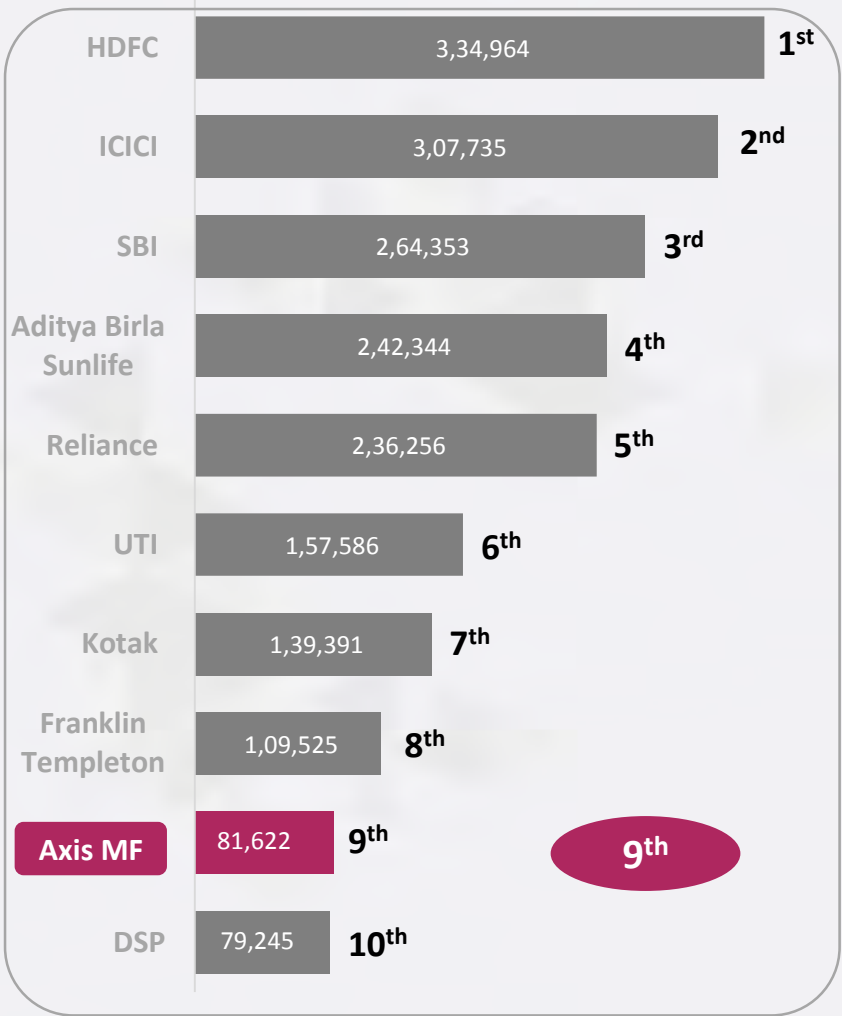


2010



Source: AMFI Data

2018¹



Source: AMFI Data as on Dec-2018

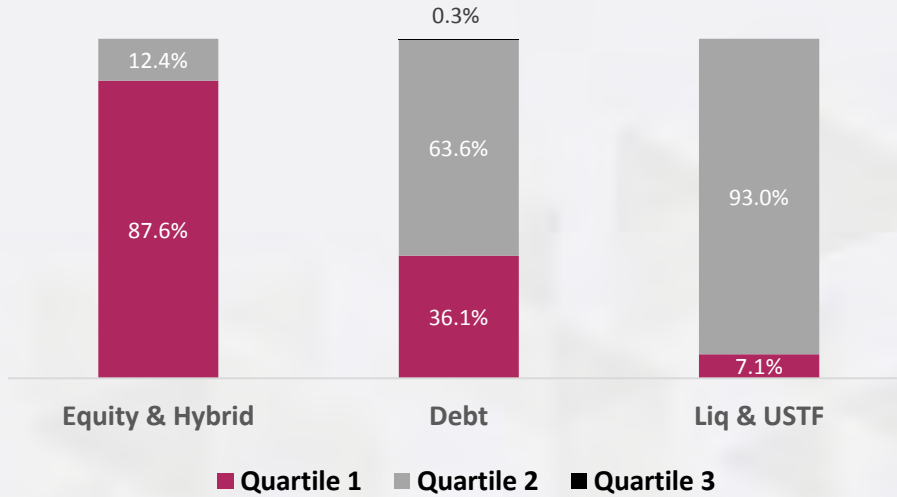
... and has climbed to 9th position in the AUM leader board, with one of the highest equity mix

Rank	AMC Name	*Q AAUM Dec-18	1 Year Growth	5 Year Growth	Asset mix – (Equity/Hybrid)
1	HDFC	334,964	16%	25%	49%
2	ICICI Prudential	307,735	5%	26%	51%
3	SBI	264,353	29%	33%	65%
4	Aditya Birla Sun Life	242,344	1%	23%	38%
5	Reliance	236,256	-3%	18%	52%
6	UTI	157,586	3%	16%	48%
7	Kotak Mahindra	139,427	16%	31%	43%
8	Franklin Templeton	109,525	10%	20%	51%
9	Axis	81,622	11%	41%	60%
10	DSP	79,245	-9%	19%	54%
11	L&T	69,080	15%	32%	58%
12	IDFC	64,583	-10%	9%	36%
13	Tata	49,293	1%	20%	46%
	Total	2,362,041	6%	22%	51%

*Q AAUM – Quarterly AAUM AMFI as on Dec-2018,
Source: Asset mix – AMFI Data as on Dec-2018

Strong fund performance, gaining market share

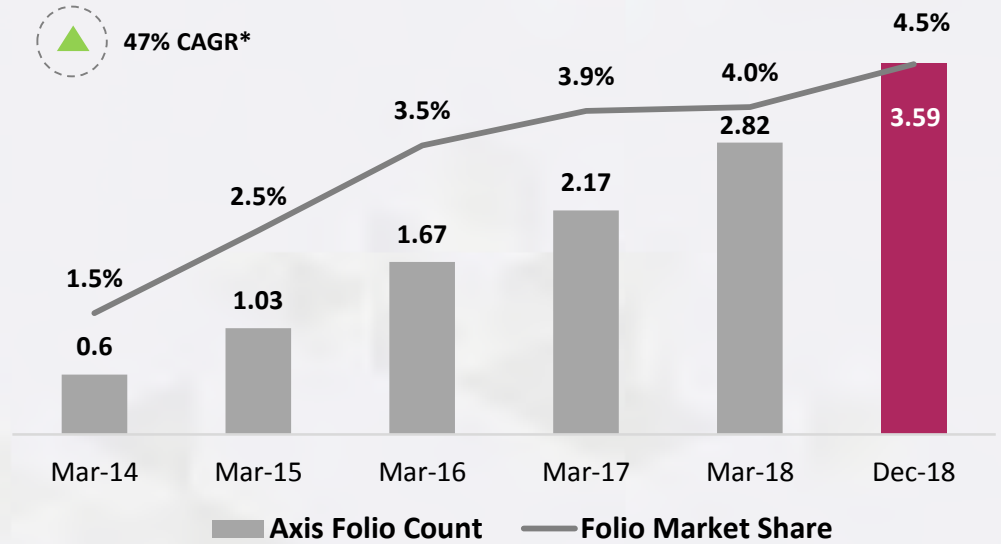
Fund performance (relative to peer group)



Source: Performance data MFI and Ace, quartile performance refers to each fund's relative performance to peers in its category

Number of folios and market share

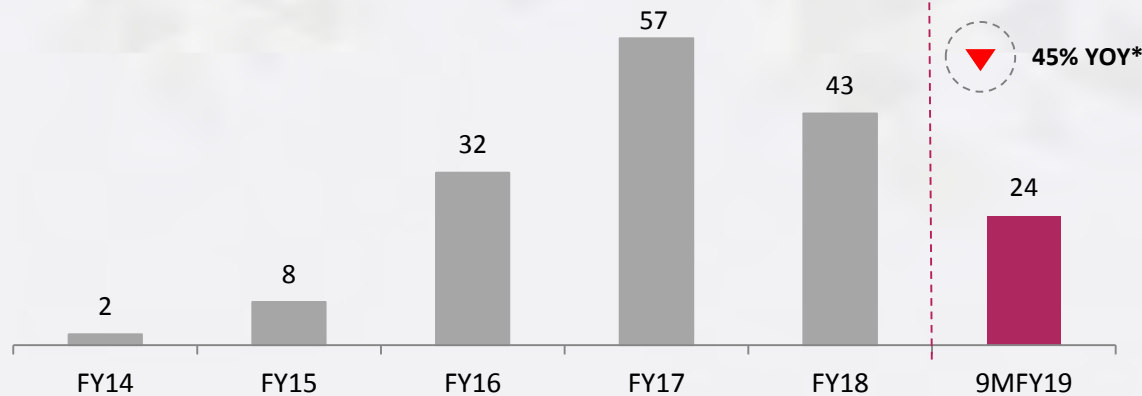
Count in Mn



Source: Folio data AMFI
*CAGR over last 5 years

Trend in PAT

Amount in ₹ Crores



Consistent investment performance

Invest to achieve Top 5 level scale

Broad-base distribution channels

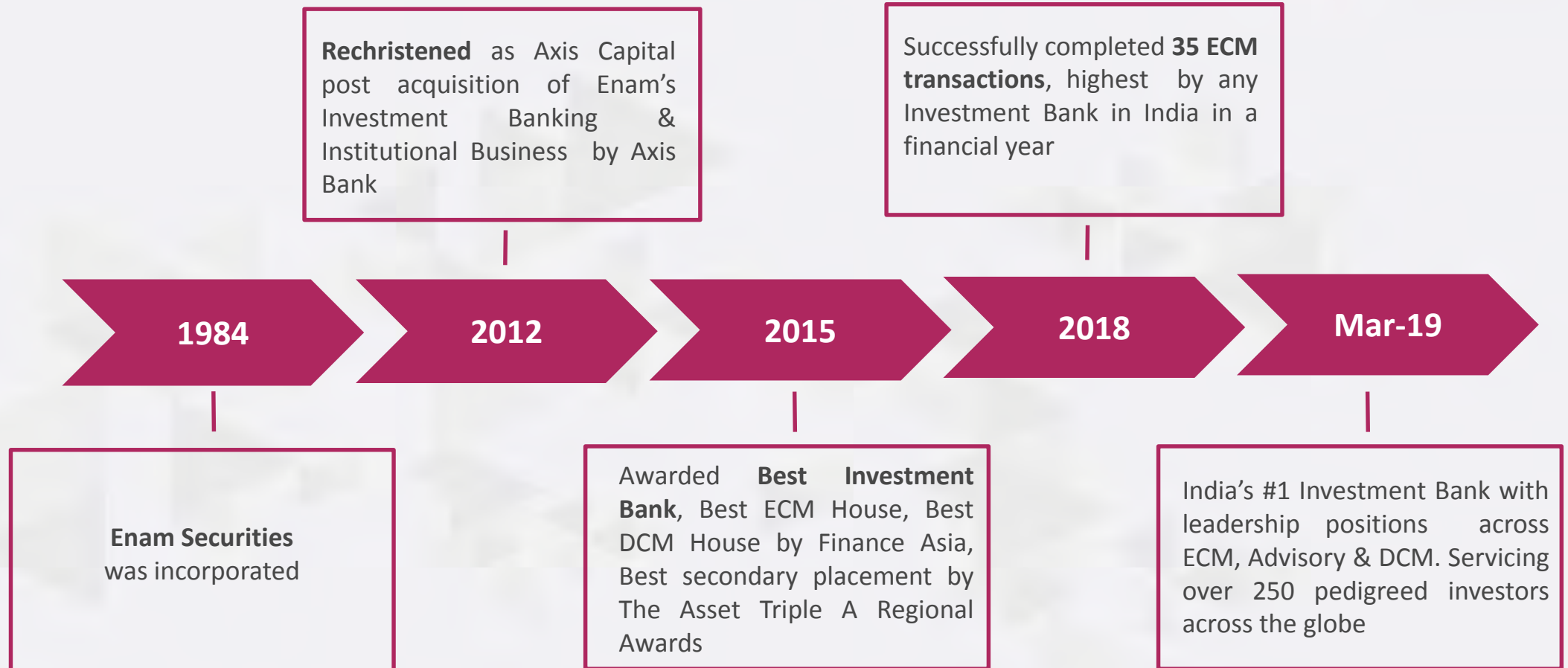
Enhance PMS/AIF capabilities

End of Deck

AXIS BANK

Axis Capital

Axis Capital – India’s Leading Investment Bank & Equity House



Key Highlights

INVESTMENT BANKING

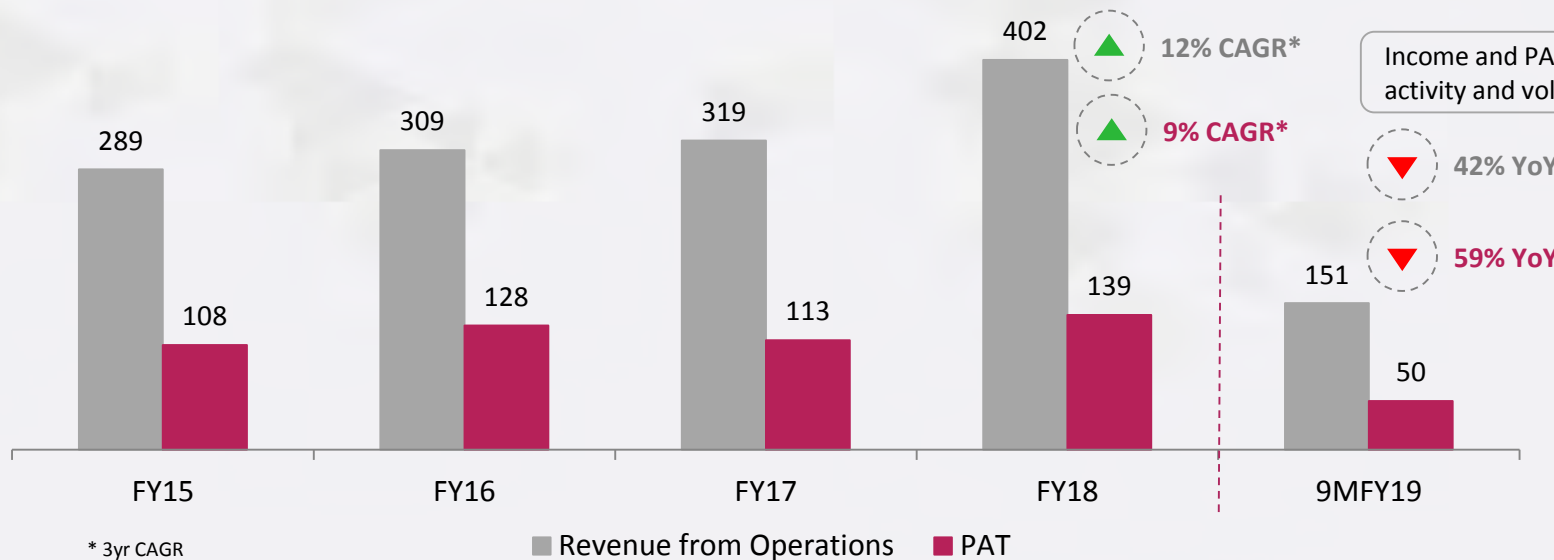
- Awarded Best Investment Bank in India for the 4th year in a row (2018, 2017, 2016, 2015) by Finance Asia
- Awarded Best ECM House in India for 2018, 2015 and 2013 by Finance Asia
- Our M&A bankers were ranked #1 and #2 M&A advisors in Asia Pacific region in 2018 by Mergermarket

INSTITUTIONAL EQUITIES

- Strong relationships built over last 20 years with all key investors across geographies
- Existing coverage of over 230 stocks representing more than 75% of Market Cap
- Our on ground, in-depth research followed by investors across the globe

Trend in Revenue and PAT

Amount in ₹ Crores



Investment Banking

- Maintain leadership in the ECM space
- Build leadership position in M&A Advisory
- Offer solutions across products to large corporate houses
- Reduce market dependent cyclicality of IB business by increasing share from non-ECM / broking business
- Emerge as the preferred full-service Investment Bank

Institutional Equities

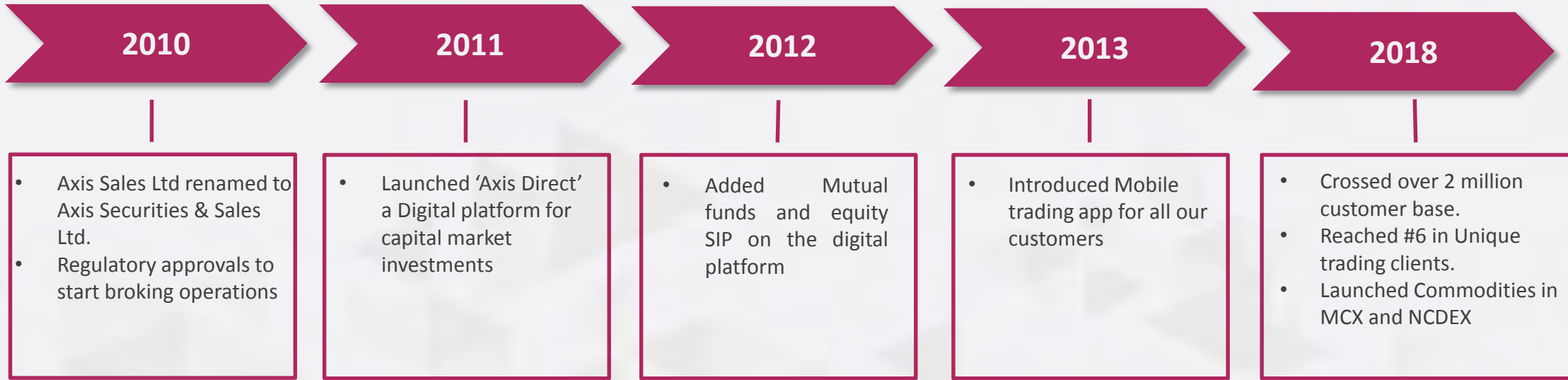
- Be the preferred research house for top-tier funds globally
- Provide top quality corporate access to investors across the globe
- Favored Equity House for executing and placing large blocks
- Sought-after investor conference destination

End of deck

AXIS BANK

Axis Securities

The Journey so far...



Growth through Innovation



Chatbot

Industry 1st AI-based chatbots



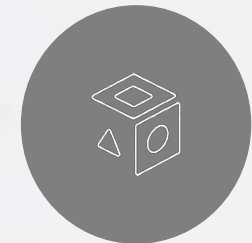
Real Time mailers

International award winning marketing campaign



Award Winning Web Portal

Simple UX/UI

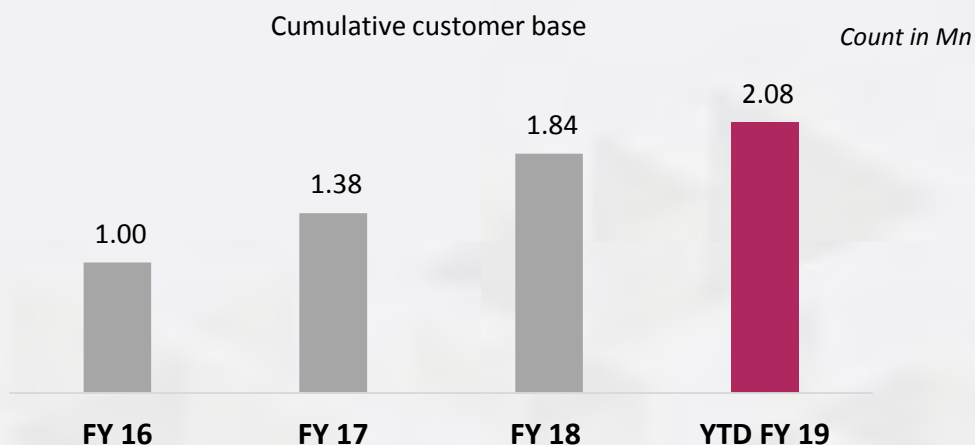


Wise Advisor 2.0

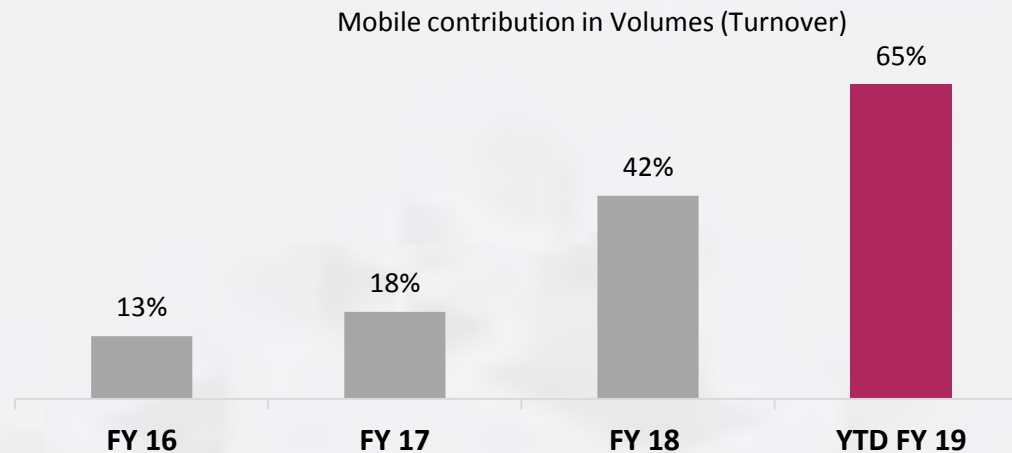
Leverage technology to provide simplified investment solutions

Strong growth in customer addition, mobile adoption and revenue over the years

Ranked 3rd in total customer base

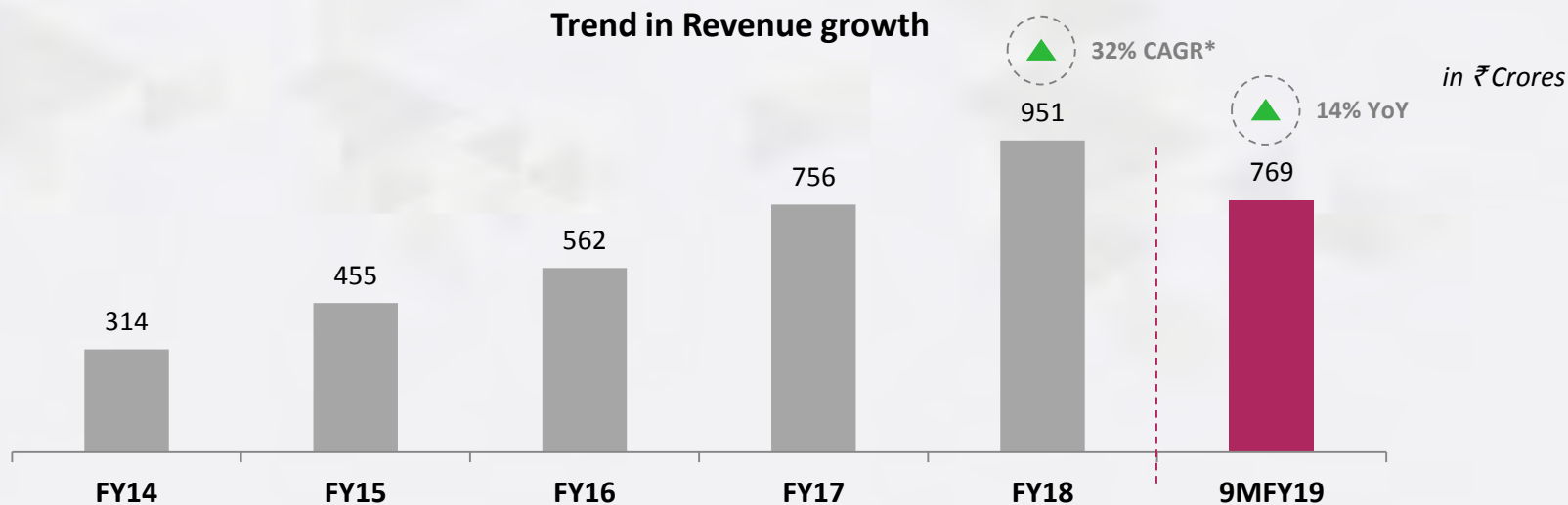


One of the Highest in Mobile Adoption



* YTD FY 19 till Jan 19

Trend in Revenue growth



* 4 year CAGR

Way Forward

Acquisition

Onboard customers through digital channels and open trading account of customers with any Bank account

Digital Prowess

Hyper-personalized mobile app and web trading platform leveraging Machine Learning and Artificial Intelligence

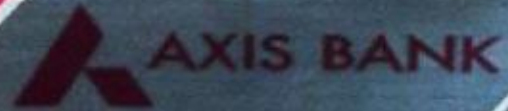
Improve Market Share

Increase daily trading volumes by on boarding high volume customers through customized plan

Investment Products

Enhance product bouquet by introducing products like Currency Trading, Debt Advisory, Online Insurance, to increase products per customer

End of Deck



AXIS BANK

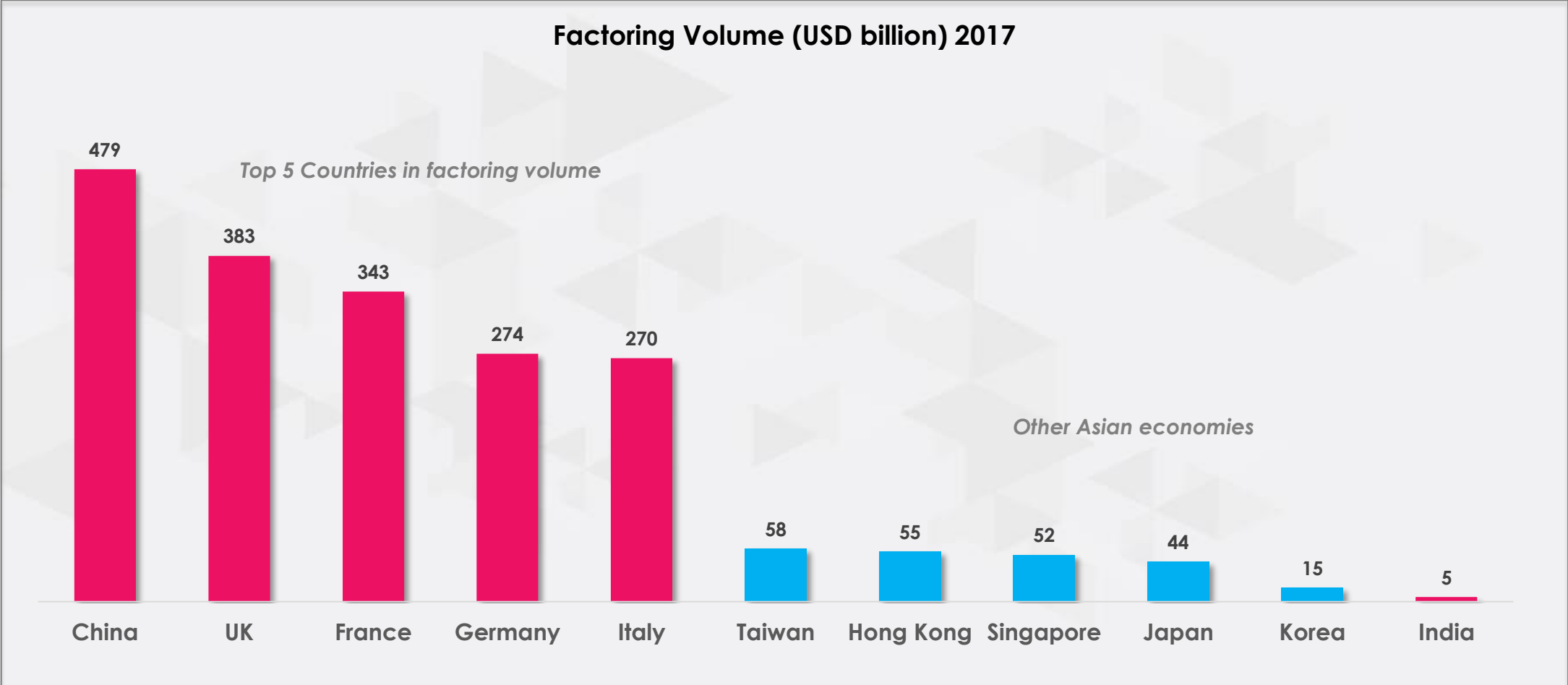
A.TReDs

Fintech platform offering Trade Receivables Discounting System

Factoring solutions for Small Businesses are a large market opportunity globally

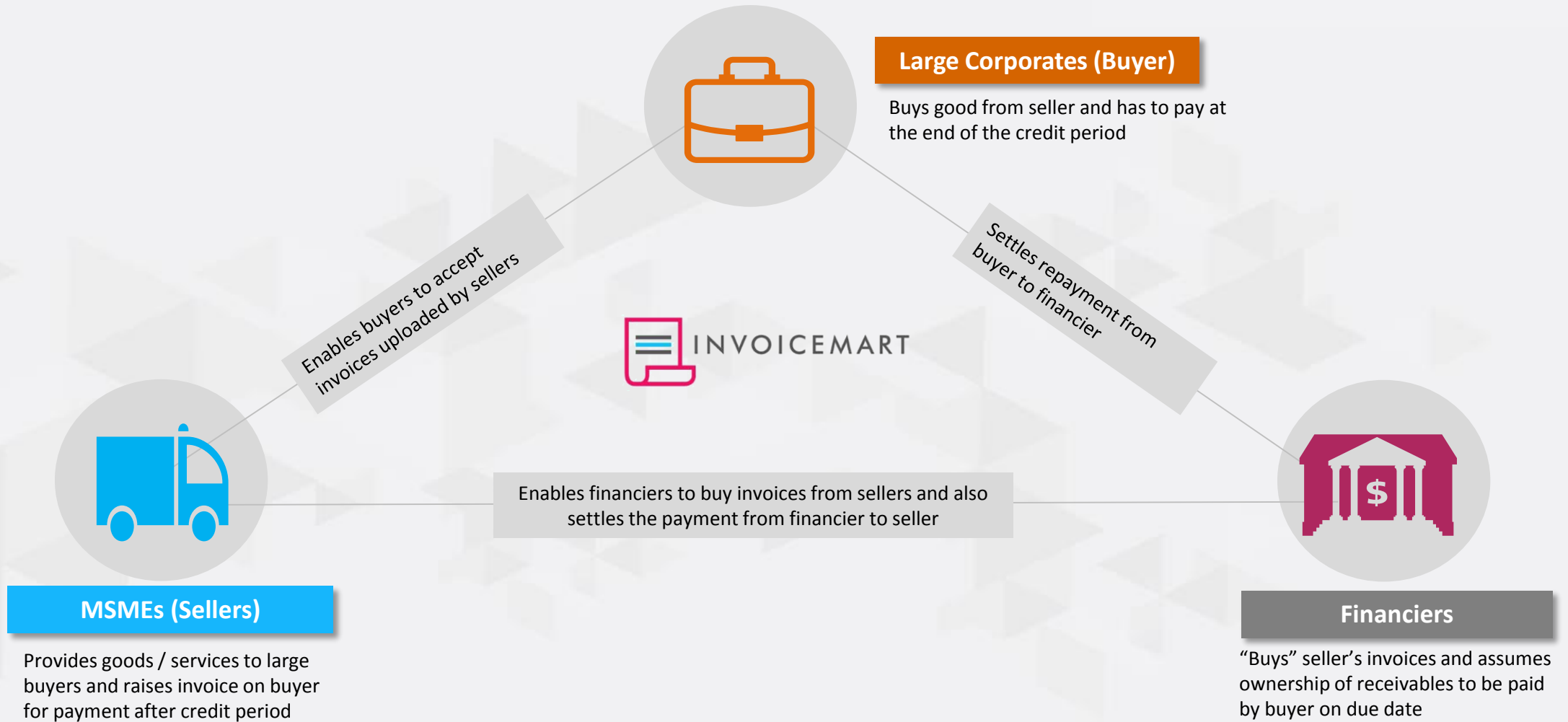


Factoring is seen as a convenient solution to help MSMEs optimize cash flows without taking loan liabilities



Source: FCI statistics, 2015-16; RBI white paper on TReDS

A.TReDs is an online, 3-party ecosystem facilitating interaction between MSMEs, their buyers and financiers



Incorporated in May-16, A.TReDs is a 67/33 joint venture with mjunction

Government is strongly backing TReDS for SMEs and MSMEs

In Oct-17, Government of India mandated all major PSUs, PSBs to join TReDS platform to facilitate payments to MSME vendors.

In Budget February 2018, Govt. has announced integration of TReDS with GSTN

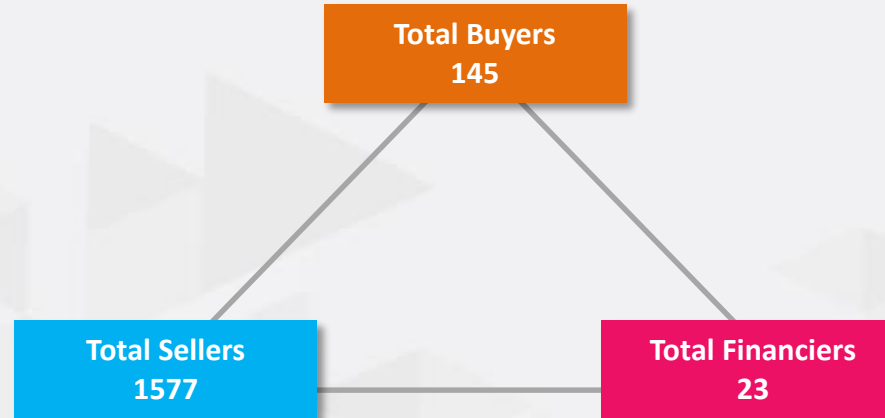
The Public Procurement Policy wants 20% of all procurement by PSUs to be made from MSEs.

Government notification dated 2nd Nov 2019 directed companies having turnover of more than Rs 500 crores to register on TReDs

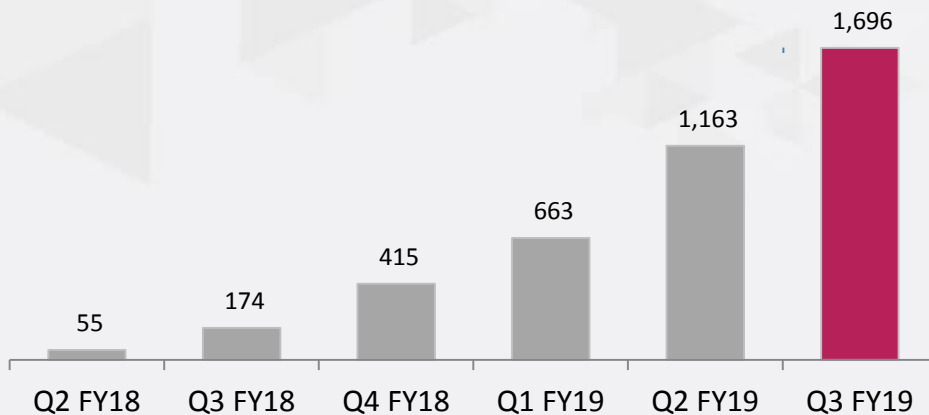
A.TReDs is one of only 3 entities, and the only Bank promoted entity, to be licensed by RBI to set up a TReDs platform

Business volumes at A.TReDs have been growing very strongly

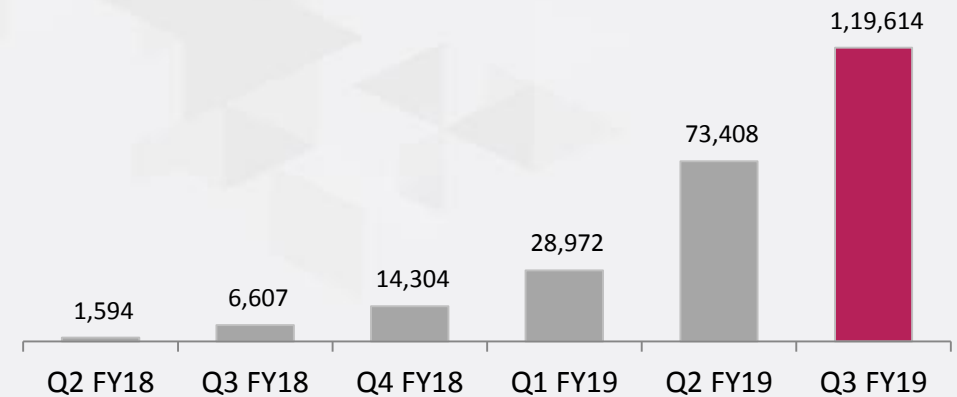
Invoicemart Ecosystem – Current participation



Cumulative Financed Throughput (₹ Crores)



Cumulative No. of Invoices



- **Leverage technology to maintain leadership position**

- **Drive order of magnitude growth to achieve scale**
- **Deliver segmented solutions and differentiated client servicing**























- **Achieve operating break even**

End of Deck





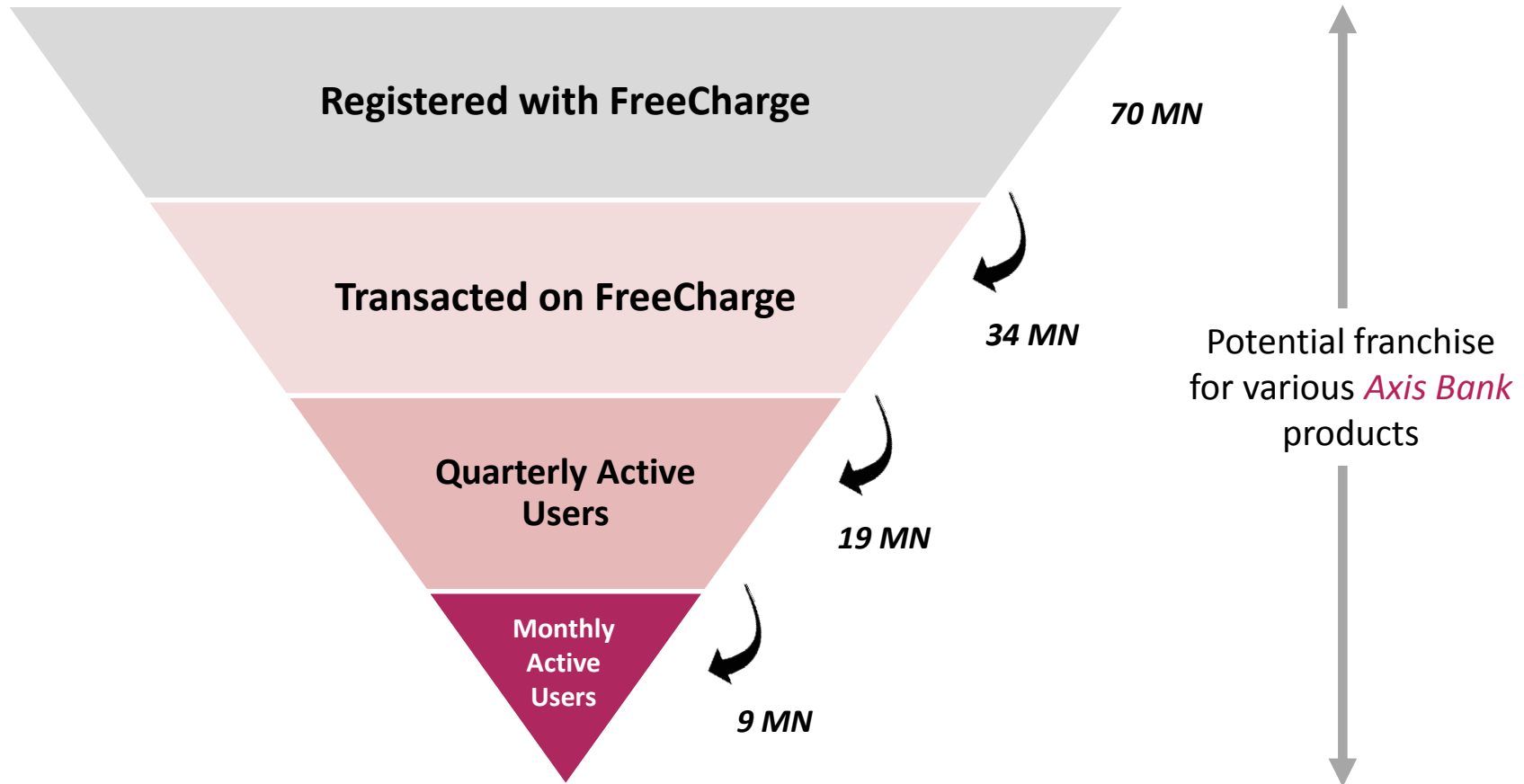
Freecharge is among the top non-bank financial services platforms in the industry ...

#	App
1	 Google Pay (Tez) - a simp...  Google
2	 PhonePe – UPI Payments...  PhonePe
3	 SBI Anywhere Personal - ...  State Bank of India
4	 BHIM - MAKING INDIA C...  NPCI
5	 iMobile by ICICI Bank  ICICI
6	 HDFC Bank MobileBanki...  HDFC Bank
7	 FreeCharge - Recharges, ...  FreeCharge
8	 Moneycontrol – Stocks, S...  Network18
9	 Axis Mobile- Fund Transf...  Axis Bank
10	 YONO SBI: The Mobile B...  State Bank of India
11	 Kotak - 811 & Mobile Ba...  Kotak Mahindra Bank

Based on App Annie intelligence data Dec '18 for Android users of Financial apps in India



... With a significant consumer franchise



12 million new users have been registered since acquisition by Axis Bank



FC Is primarily targeted at the young, upwardly mobile segment of the population which is 'Digital Native' but underserved.

Who is the customer?

- **18-30 years** in age
- Annual income of **Rs. 2 – 6 lakh**
- **Urban**

Why is this segment interesting for Freecharge?

Large segment, under penetrated by banks

18% of banked population

1% of banking revenues

2.9 products per customer

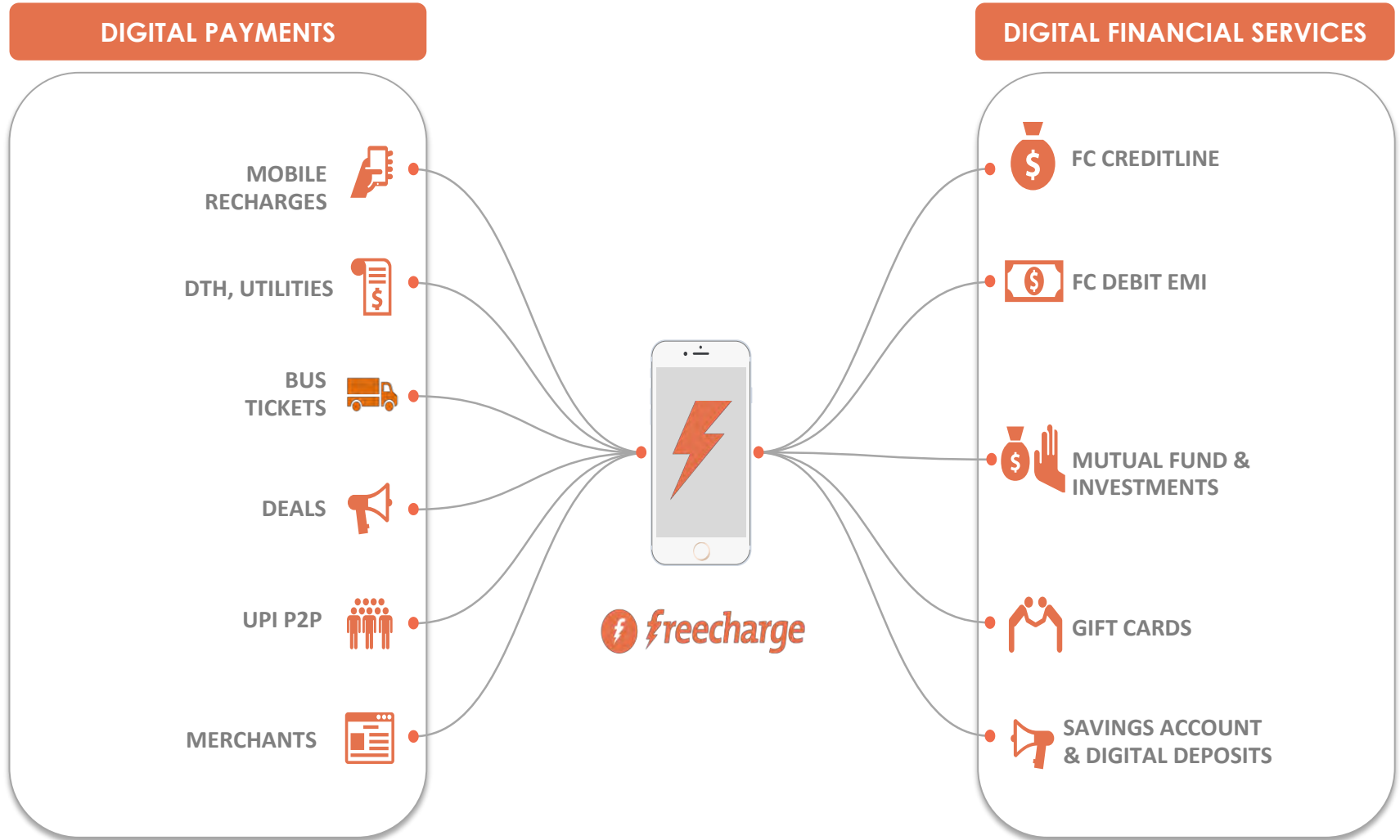
Digitally native

50%+ of consumers use digital for financial services

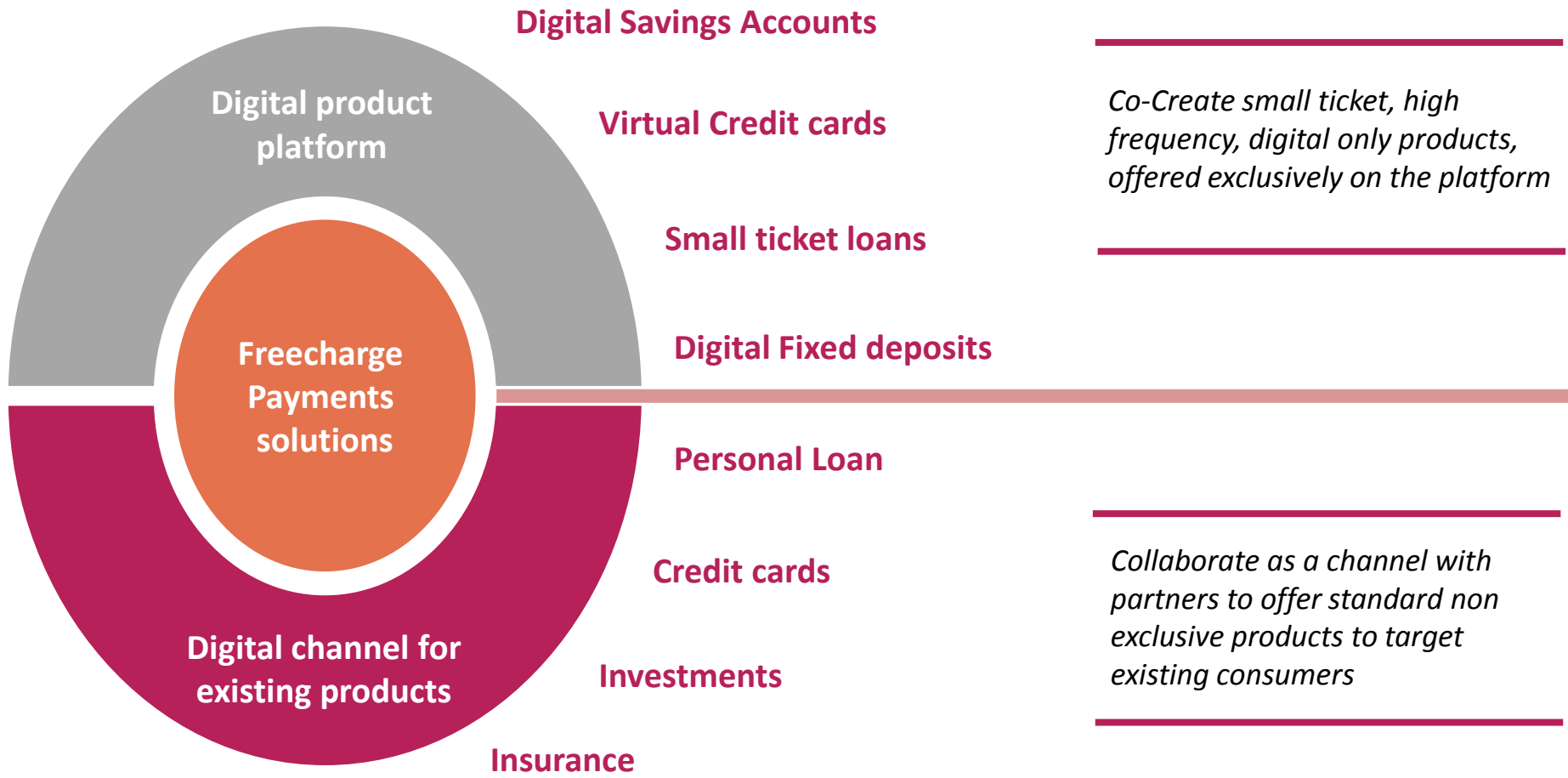
Consumers of tomorrow

Up-migrating into higher income group consumers
Rs. 6-25 lakh is fastest growing population segment

Post acquisition by Axis Bank, Freecharge has focused on evolving from a leading Digital payments platform to a Digital Financial Services platform



 The portfolio of financial services solutions is being expanded steadily to offer multiple propositions...



Our goal is to combine the product breadth of Axis Bank and the capability of a fintech to create value for the Bank and Freecharge customers

Target young,
digitally native,
mass



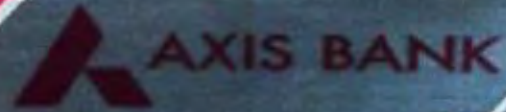
Tailor products
and experiences
for them



Next generation
experimentation

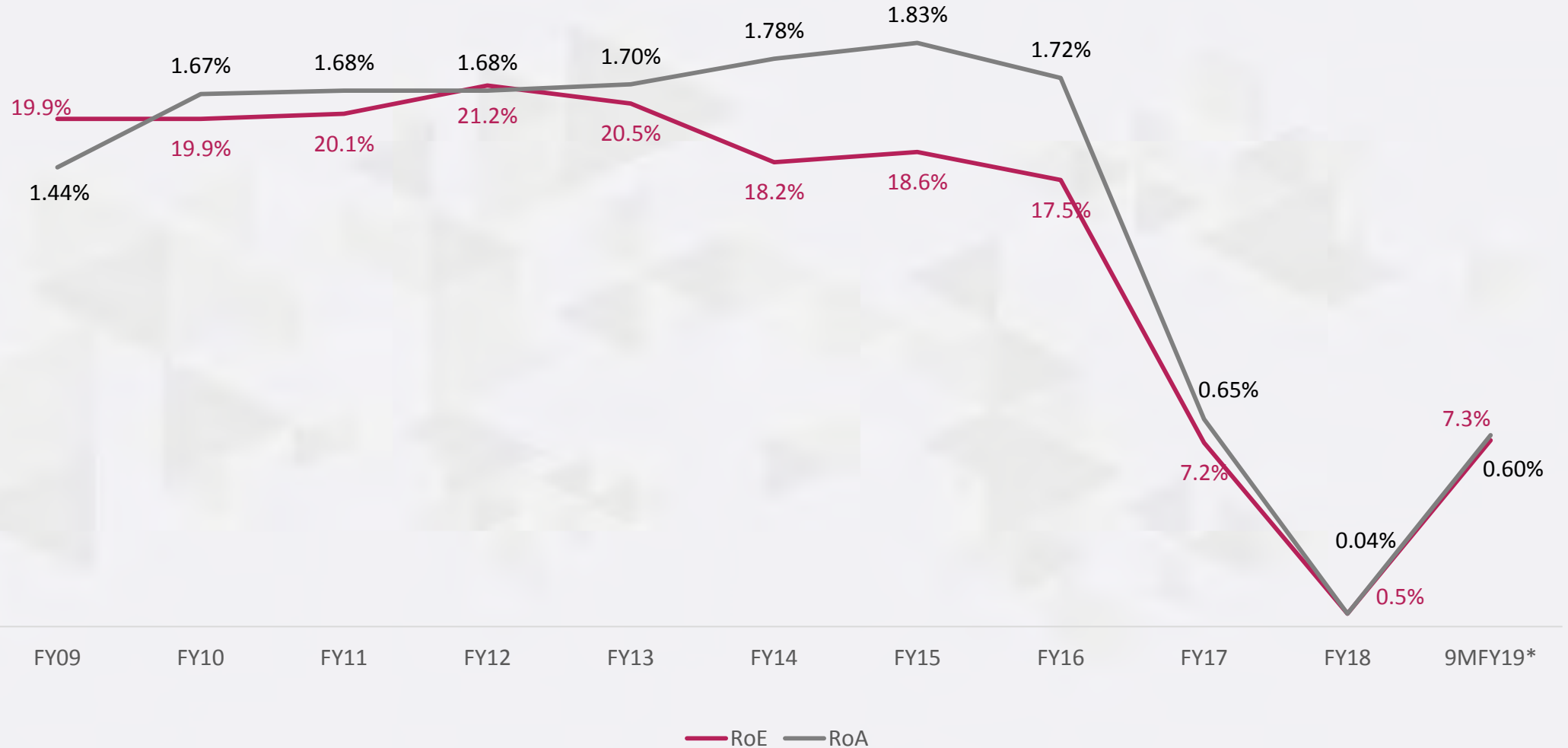


Thank you



The path to sustainable ROE expansion

After consistently strong delivery till FY16, the Bank's ROA and ROE have fallen sharply

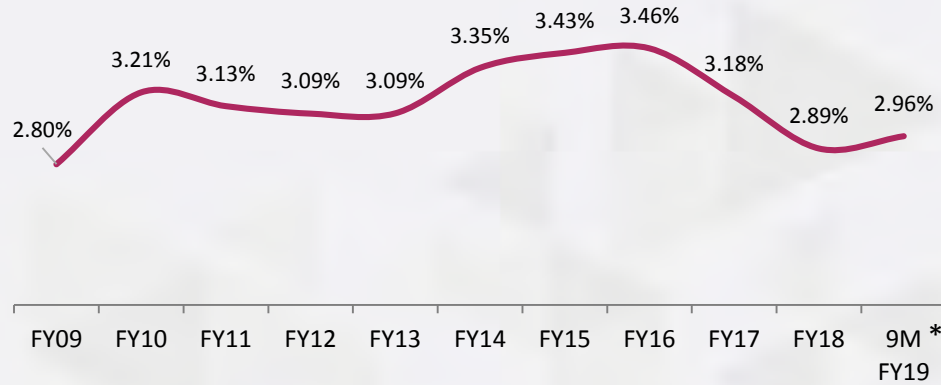


*Annualized

The fall in ROA has been driven by both revenue lines and credit costs

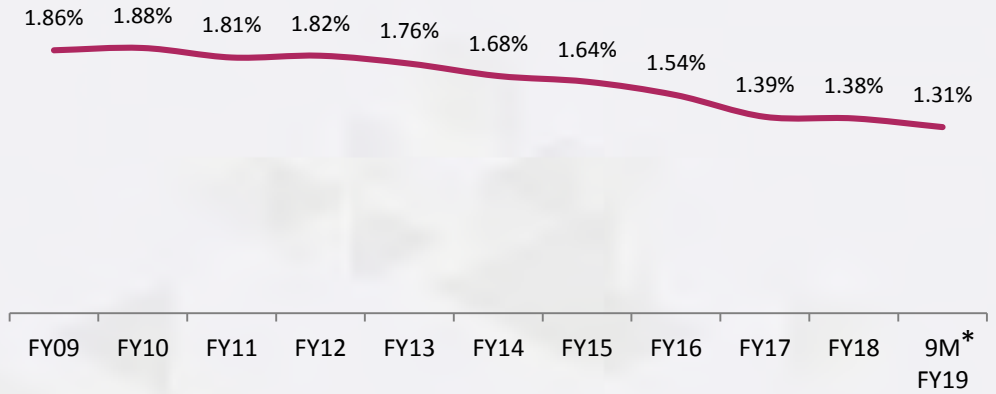
NII to Average Assets

NII margin has reduced by ~ 50 bps from peak levels



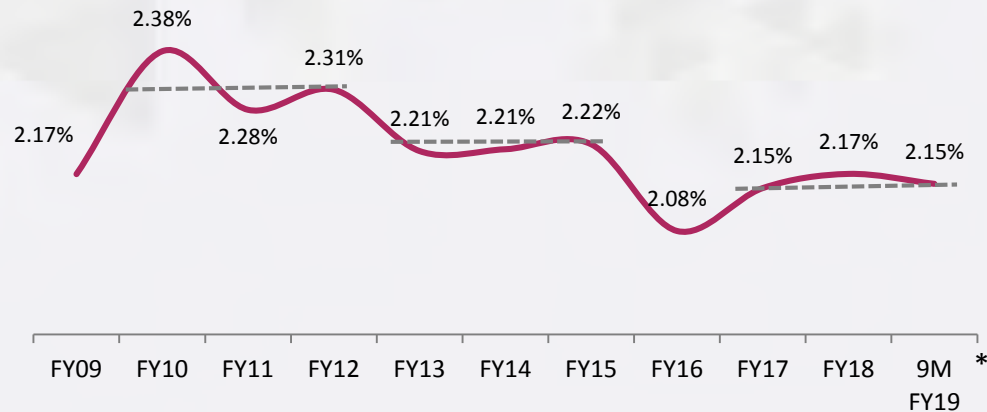
Fee to Average Assets

Fees have reduced by ~ 50 bps from peak levels



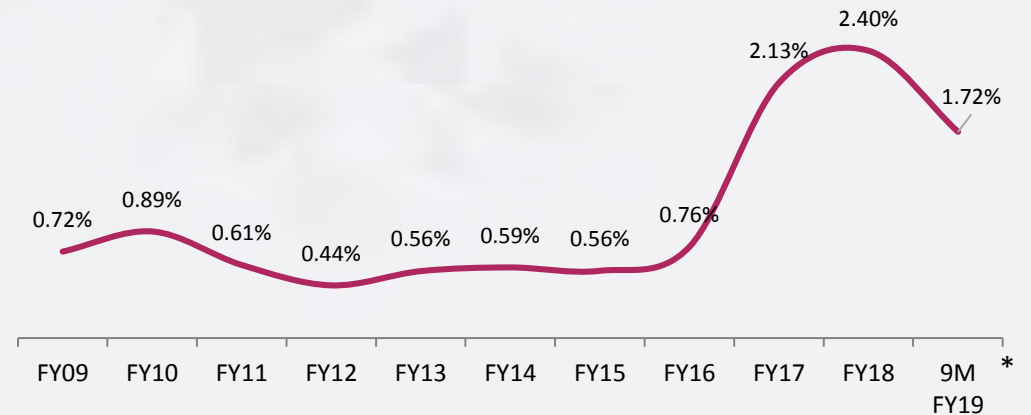
Cost to Average Assets

Cost efficiency has improved by ~ 20 bps

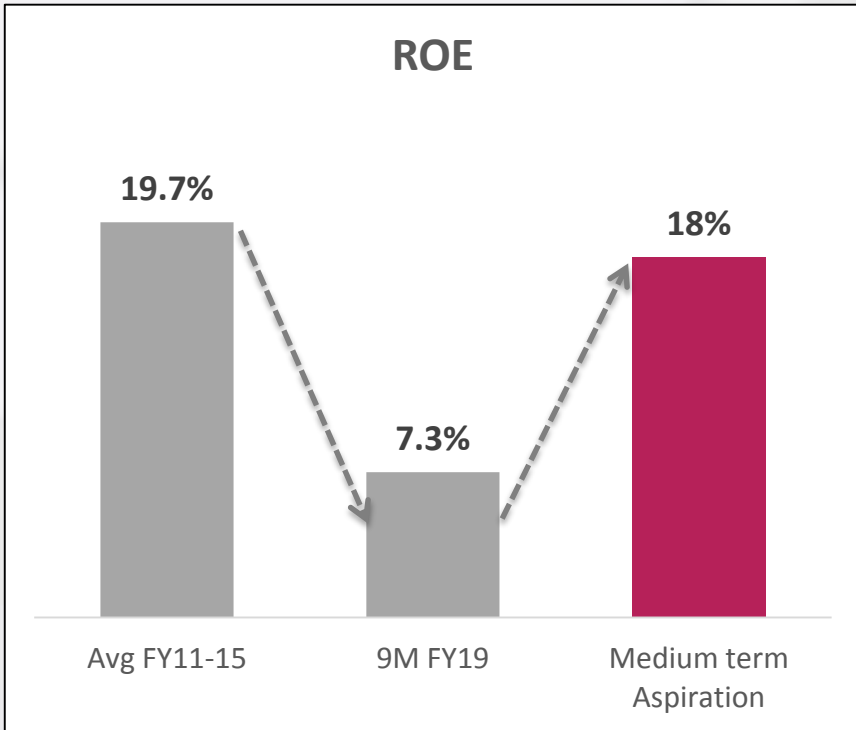


Provisions to Average Assets

Provisions are ~110 bps over FY 11-16 levels



The path to sustainable ROE expansion would be driven by three elements

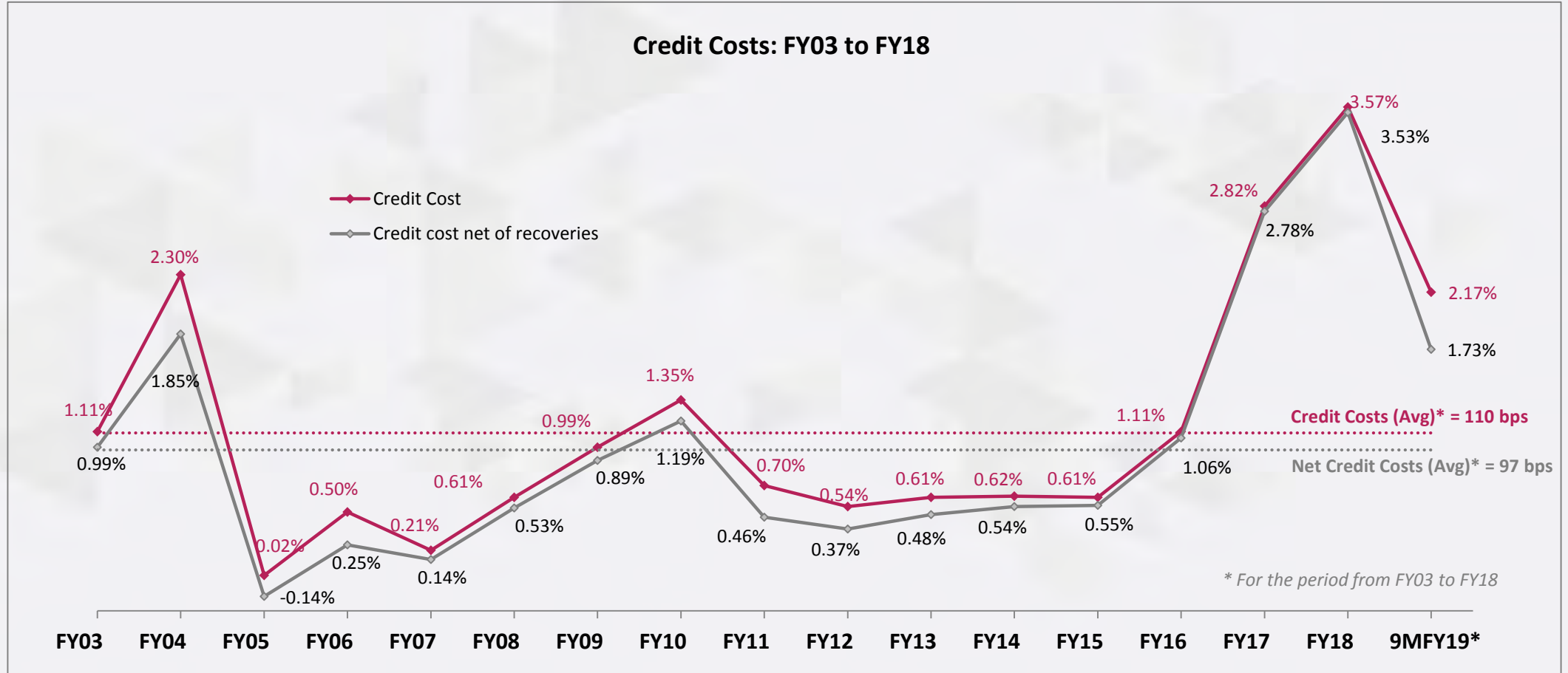


3 drivers of ROE expansion

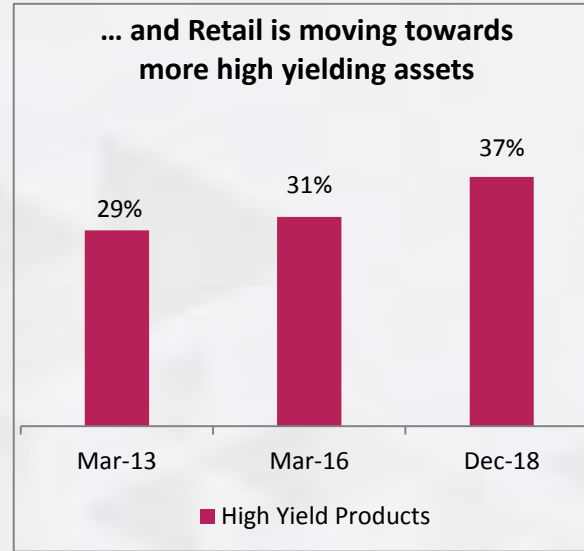
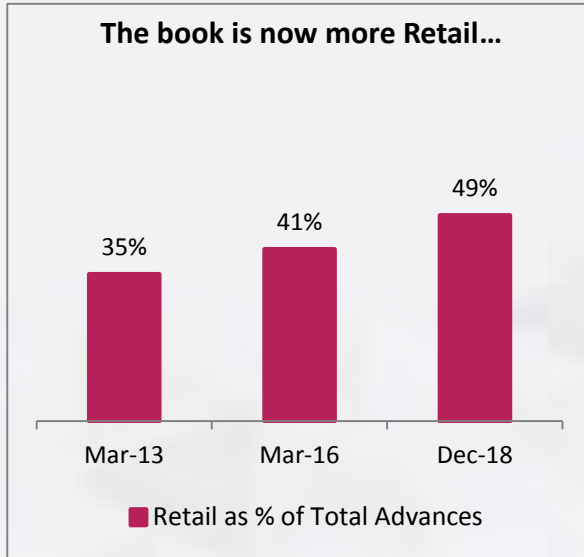
- 1 Risk normalization**
Reduce credit cost below long term average
- 2 Business mix optimization**
Portfolio choices based on RaRoC
- 3 Improvement in Operating efficiency**
Reduce Cost to Assets to 2%

The most significant driver of ROE improvement is likely to be credit cost normalisation

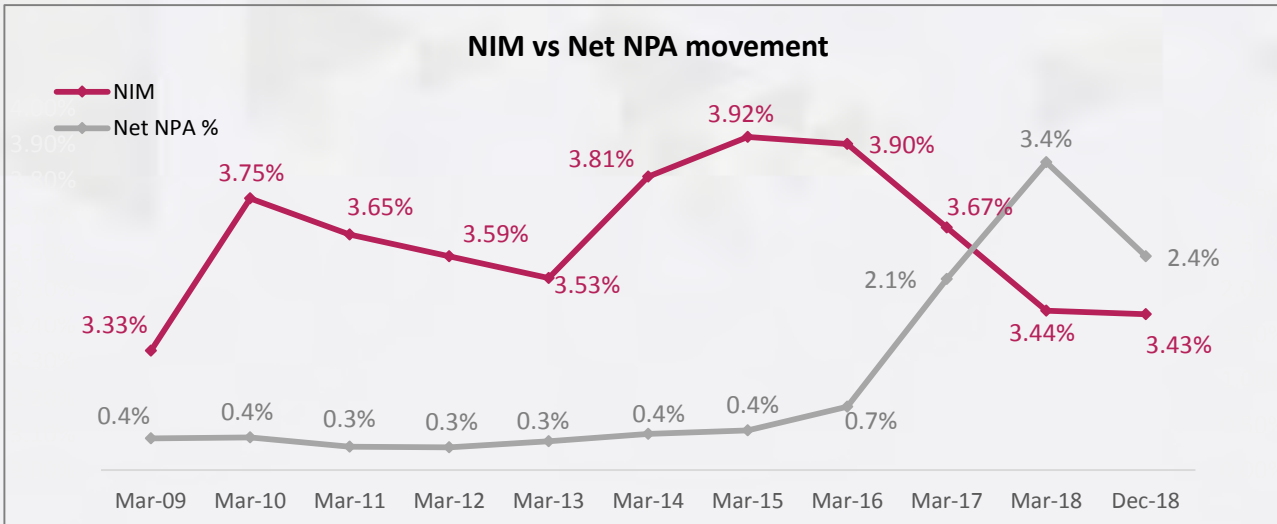
We expect credit costs to reduce below long term average



Business mix optimization is expected to be yield accretive and positive for margins

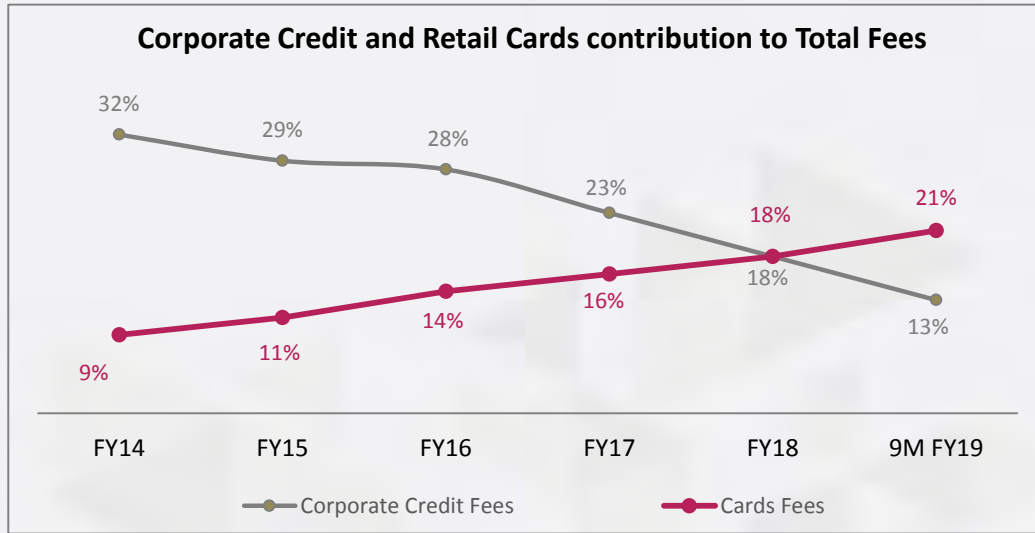


More Retail + More high-yield Retail + Mid-Corporate = Support for yield

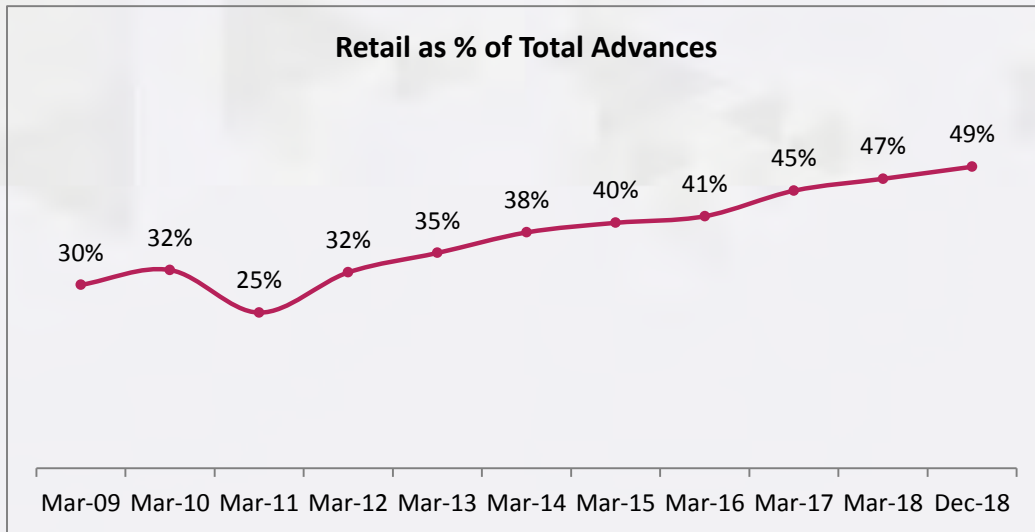


As NPA ratios normalize, some of the margin loss is likely to be regained

There is opportunity for improvement in both Fees and Costs

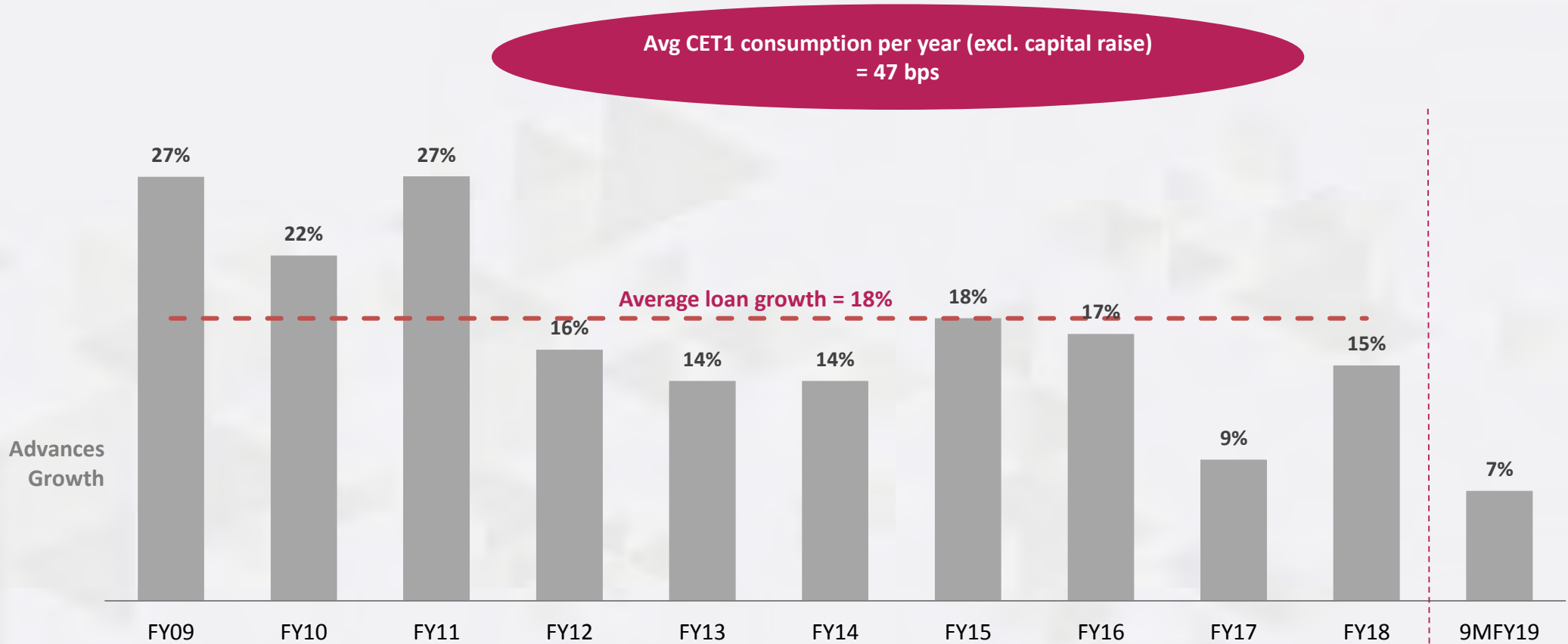


As Corporate Credit fees have declined, Cards business has emerged as a strong fee source



Even as Retail has increased in proportion, Cost / Asset ratios have been stable. With stability in Retail proportion going forward, room for C/A to improve.

Capital Ratios remain healthy to support growth



- As at end of Dec-18, the Bank's CET1 level stood at 11.77%
- Expect around 48 bps accretion to CET1 on conversion of warrants issued as part of the previous capital raise

End of deck

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.