

MESSAGE FROM THE MANAGEMENT – WHOLESALE BANKING

A Trusted Banking Partner of Corporate India



Rajiv Anand
Deputy Managing Director

Fiscal 2024 was yet another significant year for the Bank as we took big strides in our journey to become the Operational Banker of Choice for Corporate India. In line with our stated strategy, we continued focusing on relationship RAROC-led approach and offering innovative holistic solutions to deliver profitable and sustainable growth.

Over the last few years, we have significantly reinforced our Wholesale Bank's client focus, strengthening the organisational architecture across coverage, service, and technology, along with our 'One Axis' capabilities. During the year, we further strengthened our proposition, led by strong growth in advances across the focused business segments that grew 19% y-o-y. We also gained market share across transaction banking businesses, which led to steady growth in granular non-credit fees, and launched new offerings under 'NEO', our digital platform for corporates and MSMEs.

Strong Relationship-led Franchise, Serving Client Requirements Across the Capital Structure

Corporate India's balance sheets continue to remain strong, with high operating cash flows and relatively low leverage. Private capex has been a lot more measured as corporates remain cautious, funding new capacity additions mostly through internal accruals and lower debt component.

Over the past five year, we have transitioned the Wholesale Bank from an asset-focused business model to a strong relationship-led franchise, improving the rating mix and diversification of book towards well-rated corporates. With Corporate India being quite savvy in managing cash flows, our focus in Wholesale has been to ensure that we are serving them across the capital structure to get a higher share of their overall business rather than just focusing on balance sheet growth.

We continue to deliver 'One Axis' to our customers, providing

them with products and solutions across traditional wholesale and transaction banking, debt capital markets, investment banking, asset management and retail banking products. Our concerted efforts to serve clients across the coverage and product segments, and subsidiaries continue to be recognised externally, with the Bank receiving several key awards and accolades. The Bank was recognised as the 'Share Leader 2023' for Market Penetration – Local Banks in the Indian Large Corporate Banking and Middle Market segments respectively at the Coalition Greenwich Awards for the third consecutive year. The Bank was also ranked #1 bookrunner in India Borrower Local Currency Loans as per the India Capital Market League Tables published by Bloomberg for 2023 .

Delivered Disproportionately Higher Growth in our Focus Segments

The MSME segment remains a key growth driver for us, given that it is a granular and well-diversified portfolio and offers us a relatively better RAROC opportunity. The book size of our focused segments, including SME and Mid-corporate, has nearly doubled in the last three years. It now constitutes 40% of the Wholesale Book, up from 25% in fiscal 2020, thereby bringing in a greater level of granularity to the overall portfolio while contributing to the PSL agenda.

One of our strengths is our ability to recognise the different segments and provide specific banking and beyond solutions to our 4 lakh+



MSME customers across their business life cycle. During the year, we launched NEO for Business, a first-of-a-kind mobile first transaction banking platform, specially curated for the MSMEs' banking and beyond banking needs. The proposition has seen strong acceptance, with over 60K customers onboarded in the six months since launch.

Our differentiated approach towards customer and product selection together with our well-diversified book and strong credit underwriting, has helped us keep the risks under control in the MSME segment, reflected in net slippages of just ₹273 crores in fiscal 2024. The net NPAs in the SME segment further declined by 7 bps y-o-y to 0.26% with provision coverage at 72%.

The MNC and New Economy segments also remain a priority for us. Today, we have active relationship with 67% of unicorns and over 40% of Series D funded startups in the country.

Our overseas book, which constitutes ~10% of our overall Corporate loan book, continues to be majorly dominated by high-rated Indian conglomerates and PSU entities. During the year, we became the first bank to launch digital US dollar fixed deposits for retail NRI customers at our GIFT City IFSC Banking Unit. The Bank's Dubai International Financial Centre (DIFC) also won the FINEXT Awards for Excellence in Finance Companies in Banking.

Our Solution-oriented Approach in Government Business is Aiding us to Drive Deposits Growth

We have been a trusted banking partner of the Government sector in India, led by our strong relationship management and a solution-oriented approach across payments, collections, deposits, and liquidity management. During the year, we implemented over 250 digital mandates aided by

best-in-class banking technology, digital innovation and beyond banking solutions. We continued to leverage our nation-wide presence and our technology prowess to get a larger share of Government flows across multiple programmes, both at the Central and State Government level, right from the Consolidated Fund of India all the way down to the individual beneficiaries. During the year, our deposits from Government business grew by 19% y-o-y as the Wholesale Banking team worked closely with Bharat Banking and Branch Banking teams.

Strengthened our Proposition as a Transaction Bank with Increase in Market Share across Product Segments

We have invested significantly in talent and expertise to build a cohesive Transaction Banking and Treasury franchise. We were one of the first banks to implement an e-Bank Guarantee (e-BG) solution for one of the large PSUs and executed an onshore INR Non-Deliverable Derivative trade transaction for a large domestic client. We also introduced new categories on Bharat Bill Payment System (BBPS), among several other initiatives during the year.

As a result, we improved our market positioning in payments and won significant mandates from large fintech and payment aggregators, led by our comprehensive API stack and technology-backed solutions across current account, cash management, trade finance, etc. We continued to maintain a leadership position across products, with a market share of over 35% in IMPS and 30% in NEFT (in terms of volumes), 20% in the Bharat Bill Payment ecosystem and 11% in foreign LC. Resultantly, fees related to transaction banking, forex and trade constituted 77% of the Wholesale Banking fees in fiscal 2024, up nearly 900 bps in the last five years.

Strong Progress towards Becoming Best-in-class Digital Wholesale Bank

Our path-breaking digital banking platform 'NEO by Axis Bank' continued to demonstrate a strong product market fit. With over 1,800 corporates integrated on APIs, there has been ~6x growth in transaction volumes, over 4x growth in transaction throughput and 2x growth in the linked CA balances in the last 12 months.

Our Corporate Developer Portal now offers over 125 Open Banking APIs that allow seamless end-to-end digital onboarding tailored to clients' specific businesses. We also launched 'NEO for Corporates', a cloud-based digital banking solution that provides a unified platform across payments, trade, forex, and more. This integrated platform will significantly increase ease of doing business for large corporates while enabling us to scale products rapidly. With a full rollout of NEO, Axis remains on track to becoming the Operational Bank of choice for our Wholesale Banking clients.

Benign Asset Quality Environment and Strong Manufacturing Activity to Support Broad-based Credit Growth

Given Corporates' low leverage, there is ample headroom for them to drive capacity expansion in the future. Banks like us are well positioned to support Corporate India across the capital structure in this next phase of growth. I remain confident that our distinctiveness around 'One Axis', digital and customer centricity along with our RaRoC-focused approach towards driving growth will help us gain market share and build a sustainable and profitable Wholesale Bank.

Warm regards,

Rajiv Anand
Deputy Managing Director