

Axis Bank MSME

Analyst Day 2022

November 24th, 2022



MSME

India's Growth Booster

1 Opportunities and growth potential

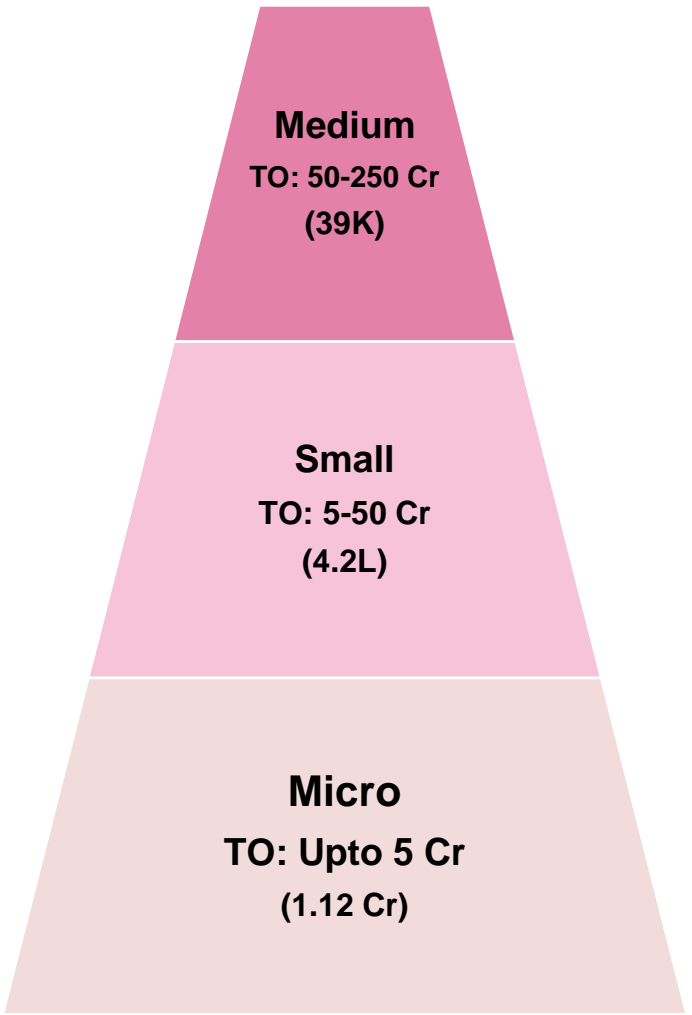
2 Delivering on our GPS strategic goals

3 Our Distinctiveness

MSMEs continue to be a key contributor to the economy, supported by formalization and credit expansion... Now with over 1 Cr+ registered MSME



Classification

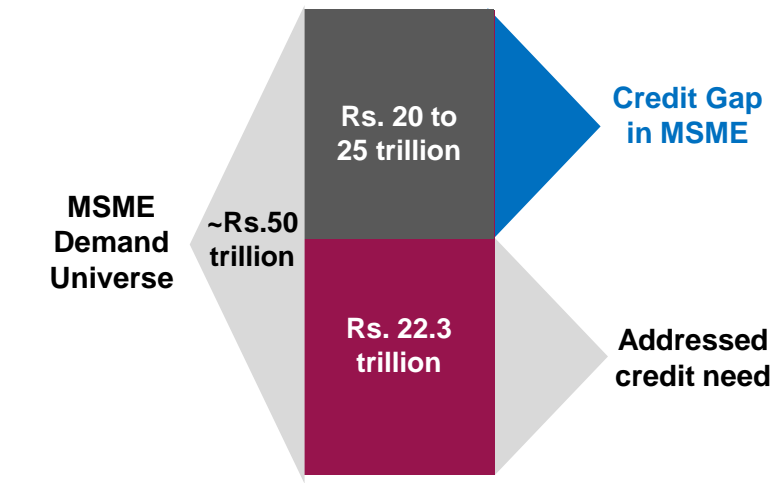


TO : Turnover in INR
Fig in brackets is the count of entities

Contribution



Credit



TransUnion CIBIL & Parliamentary Standing Committee Report

...and with significant tailwinds poised to provide growth impetus to the sector



Downstream Impact of PLI schemes on MSME

Indian MSMEs are key suppliers / vendors and customers for the large industries



China + 1: Growth of exports supporting MSME

Window of Opportunity to scale manufacturing capacities

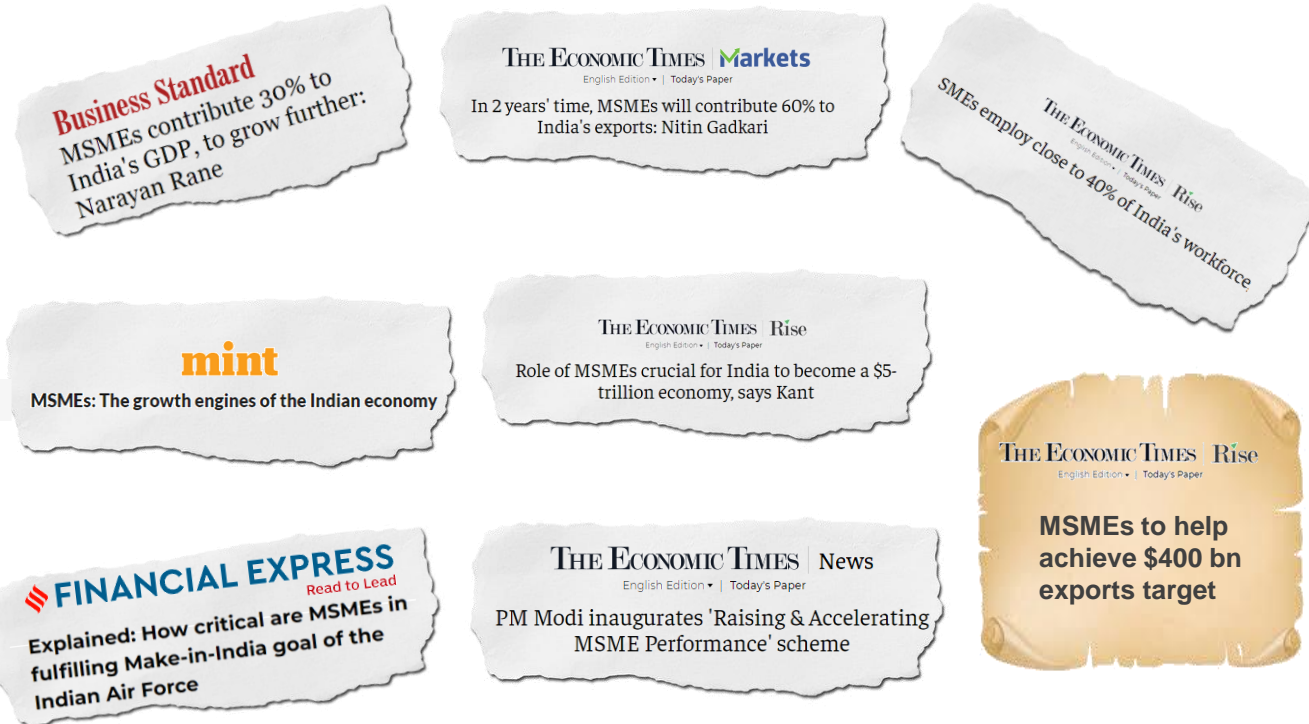


Domestic Demand addressed by MSME



Structural Support for MSME: URC, RAMP, TReDS, Samadhan

Rs. 6,000+ cr RAMP scheme to scale up implementation capacity.



Delivering on our GPS strategic goals by showing marked improvement in performance trajectory in new & existing businesses



Growth

- ✓ Outperform industry growth
- ✓ Increase the contribution of this profitable segment
- ✓ Building robust CA book with predictable stream of forex income

28%

CAGR of book growth
(last 3 years)

20%

MSME share of Bank's
Balance sheet

1.5X

New Business
Growth YoY

Profitability

- ✓ Low cost to income drives operating efficiency
- ✓ Reduce credit cost below long-term average
- ✓ High levels of PSL contribution

31%

High operating
efficiency

~80%

PSL Compliant book

4.3

Average Products Per
Asset Customer

Sustainability

- ✓ Simplifying Bank's internal policies and practices
- ✓ Higher market share with tighter risk controls
- ✓ Inculcating Customer Obsession
- ✓ Harnessing branch banking synergy

60%

Reduction in Loan
processing TAT

~85%

High levels of provision
coverage

65%

Contribution of Branch
Banking to new
disbursements

Our Distinctiveness



1

Deep Geographical reach with specialized verticals

2

Extensive Product Suite to address customer needs

3

Well diversified & granular book to manage risk

4

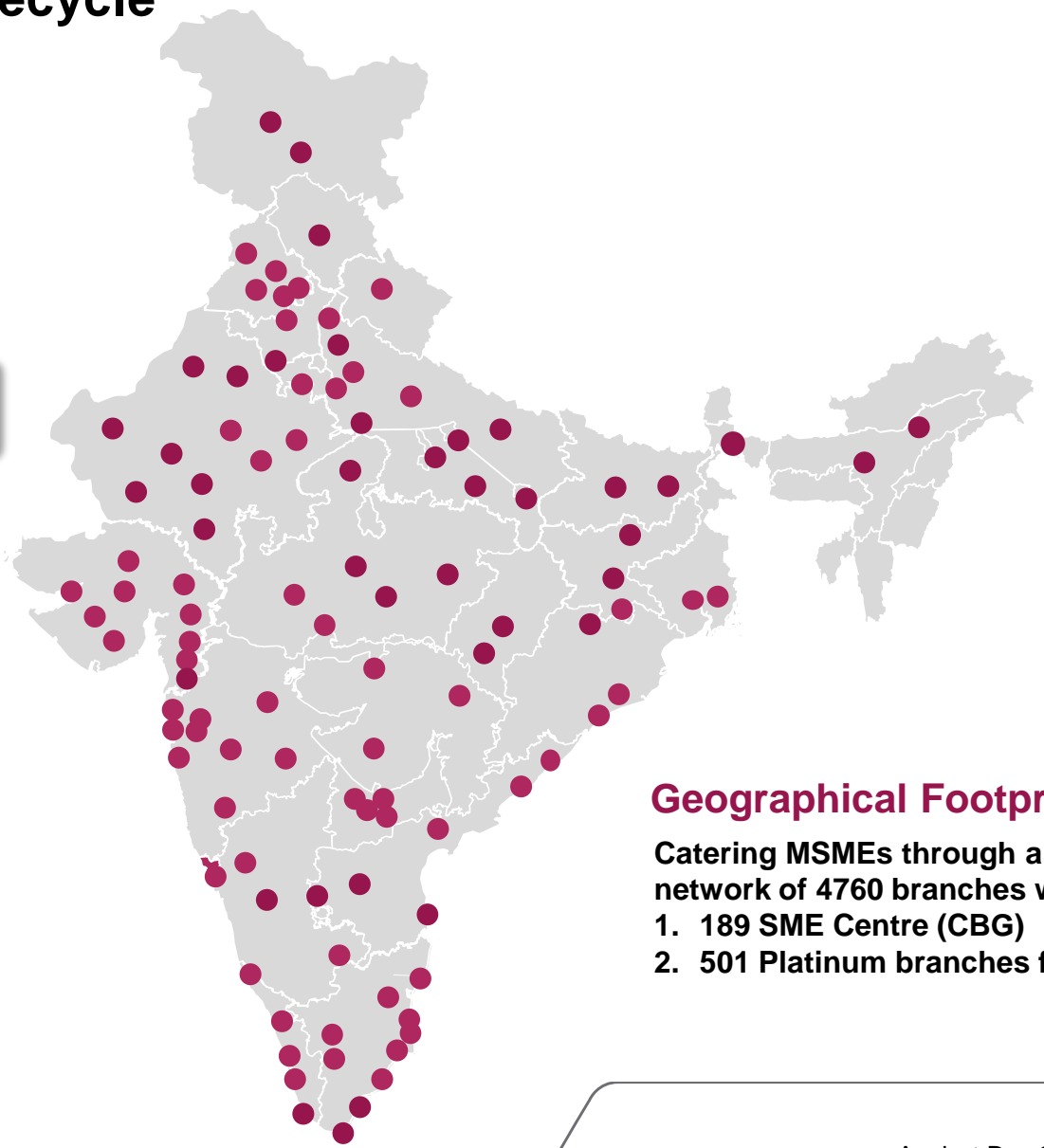
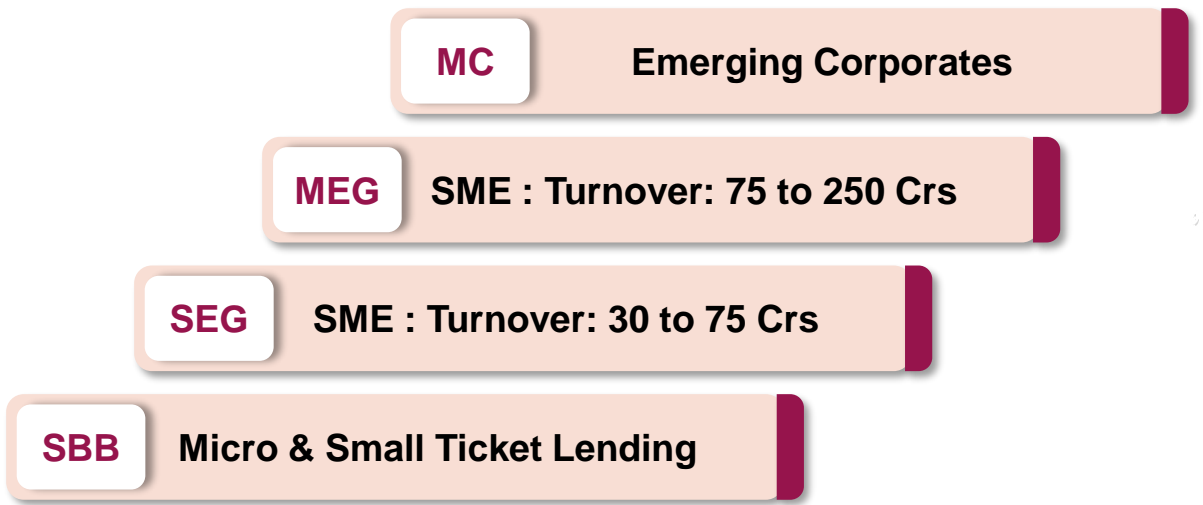
'One Axis' Approach

5

Digitization of customer journeys and interaction through '*Sankalp*'

MSME customers addressed through a segmented approach. Designed to manage customers throughout their growth lifecycle

Specialized units within the bank to focus & serve every segment



Geographical Footprint

Catering MSMEs through a PAN India network of 4760 branches with:

1. 189 SME Centre (CBG)
2. 501 Platinum branches for SBB

SBB: Small Business Banking
 SEG: Small Enterprise Group
 MEG: Medium Enterprise Group

MC: Mid Corporate
 CBG: Commercial Banking Group

Illustrative Map of key coverage, not as per scale

We align the product offerings to the specific needs of the customer in different segments, to ensure deeper engagement.



Traders

- Wholesale traders
- Commodity traders
- Distributors
- Franchisees
- Retail traders



Manufacturers

- Textile
- Pharma
- Chemicals
- Engineering
- Paper
- Food Products
- Metals



Services

- ITES
- Education
- Travel
- Logistics



Exporters

- Handicrafts
- Leather
- Pharma
- Light Engineering
- Agri Commodity

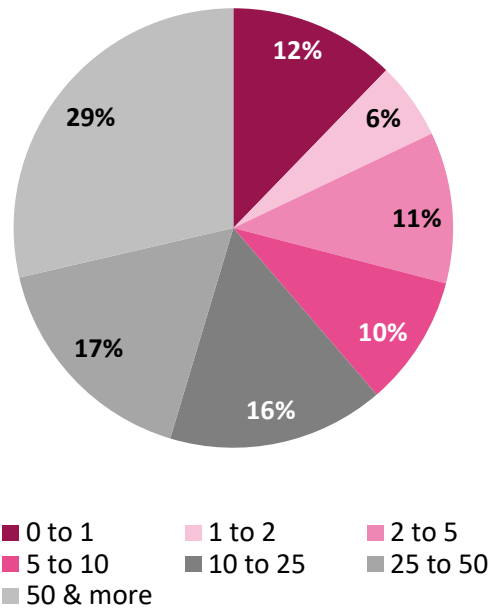


Others

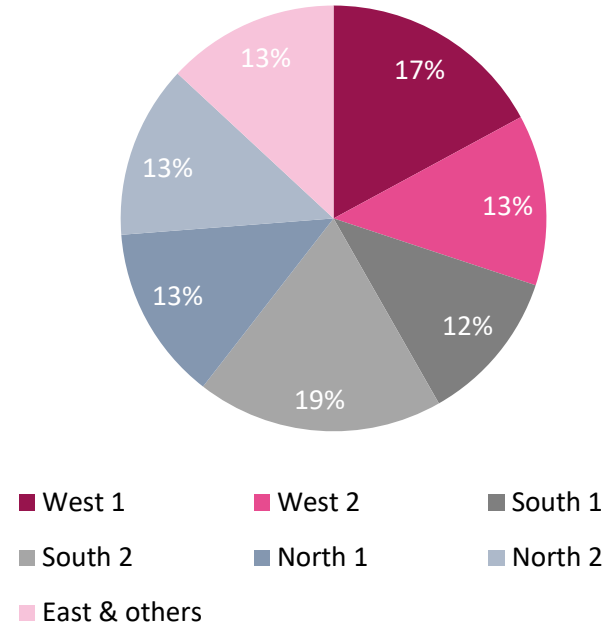
- Real Estate
- EPC
- Hotels

Ensuring granularity and segment/geographic diversification is a fundamental pillar of risk management in the MSME portfolio.

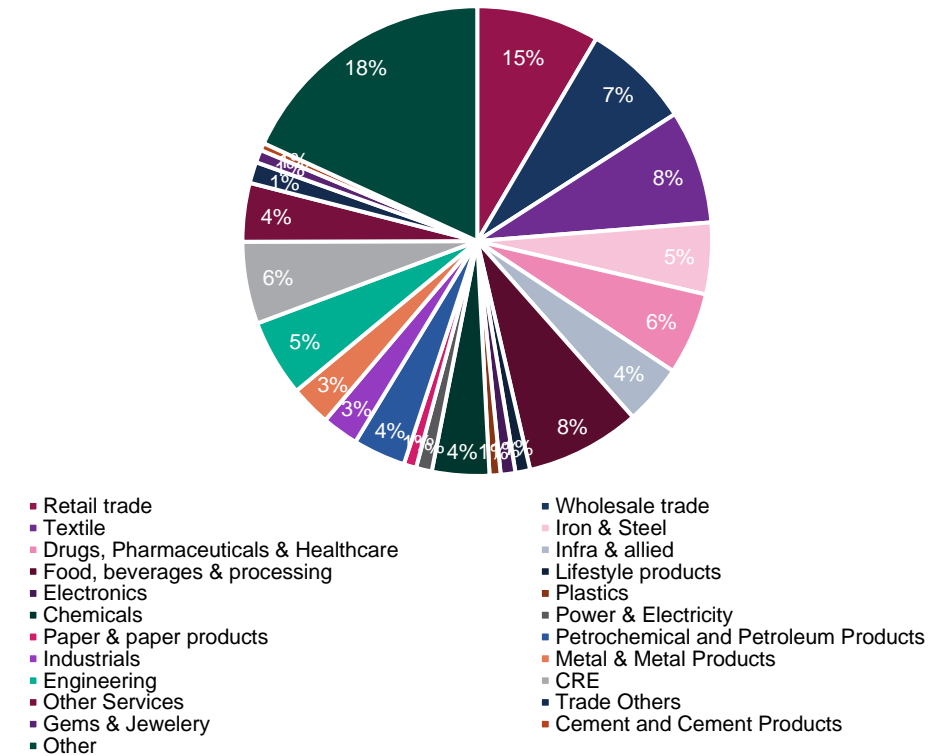
Book by Loan size (Rs Cr)



Well diversified Geographical mix



Well diversified Sectoral mix



The right product – segment selection and diversification ensures that risk remains well under control.

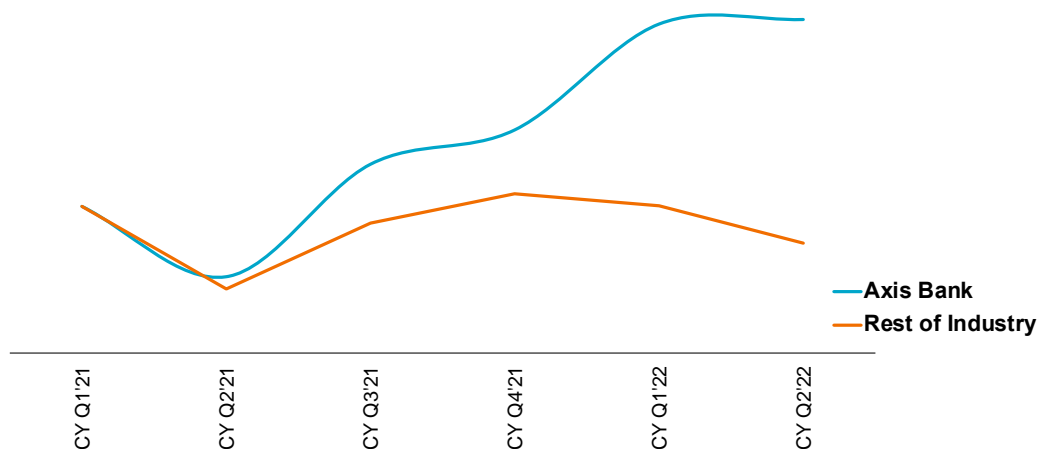
Garnering a higher share of new business flows....

While keeping risk levels under control.

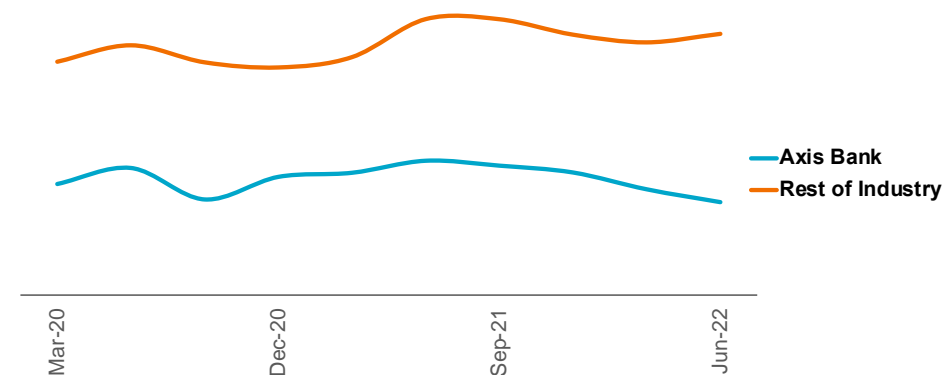
New originations Volume – Axis Bank v/s rest of Industry

Axis Bank vs. Industry – 90+ (90-Infinity)

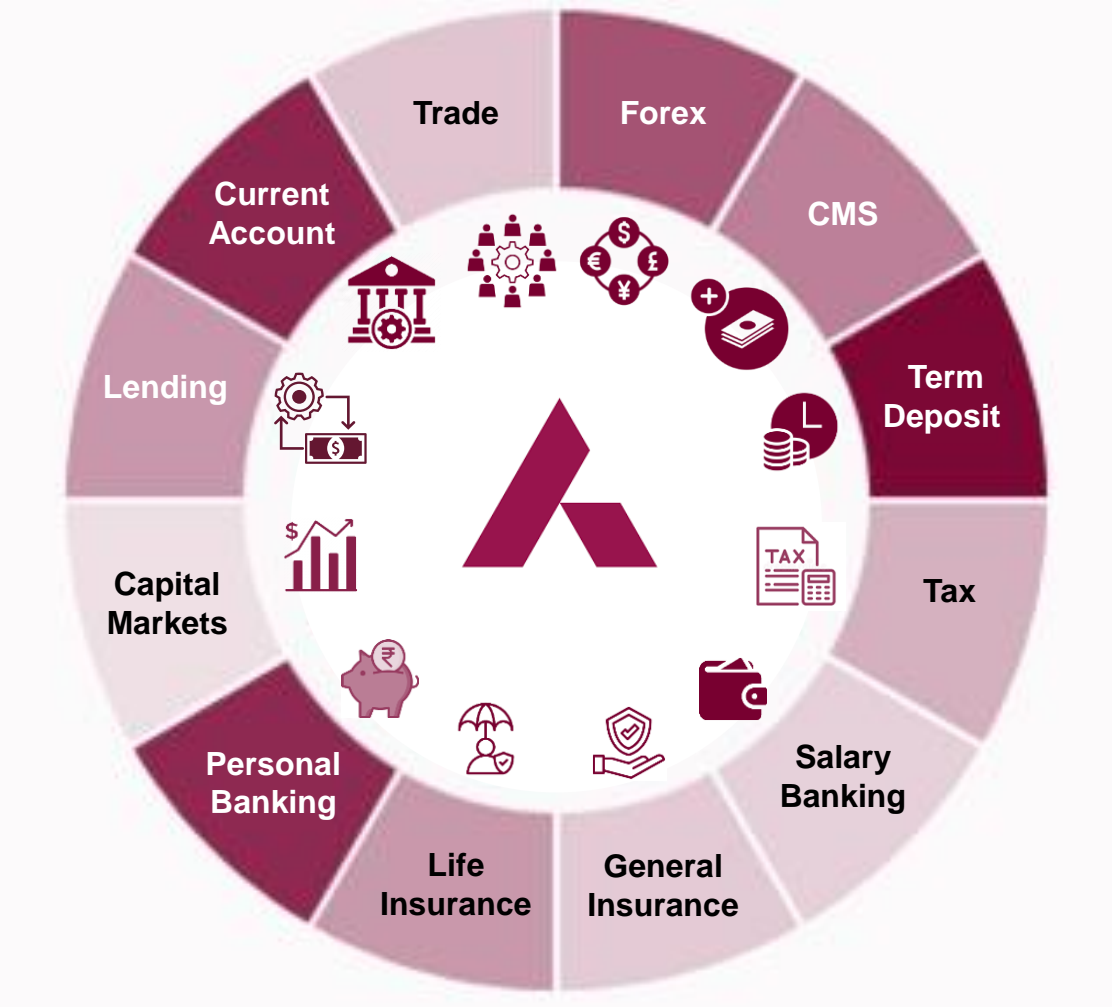
MSME Originations by Volume: Axis Bank vs. Industry



Delinquencies (MSME) – Axis Bank Vs. Rest of Industry 90+ (90-Infinity)



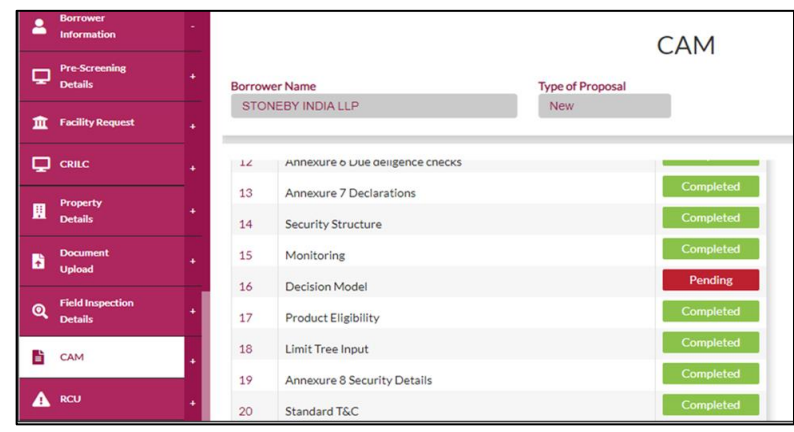
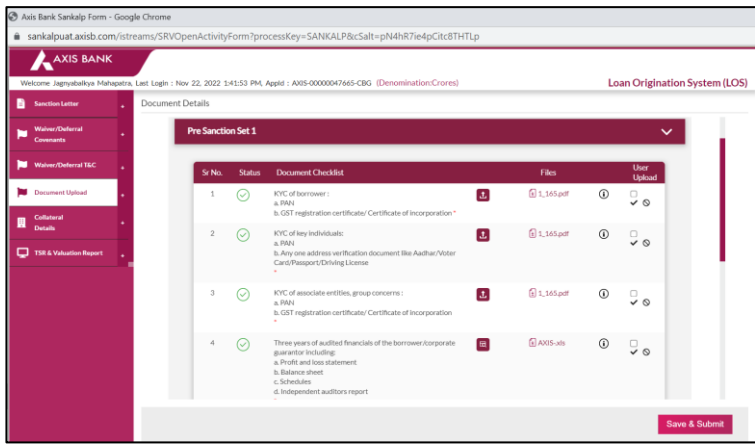
Bring the opportunity of 'One Axis' to the customers... offering both enterprise banking solutions for the business, and personal banking solutions for the Business owners and employees.



MSME Segment Contribution

- 60% of Treasury Forex Income
- 47% of Current Account balances
- 20% of Private Bank customers
- 32% of incremental Salary banking business

Simplified digital e2e process enabling quicker loan origination to disbursements



Key Digital Enablers



Digital Financial & Banking Analyzer



Automated Pre-filled credit note



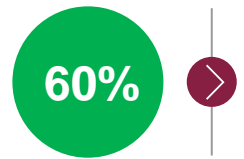
System Generated Sanction Letter



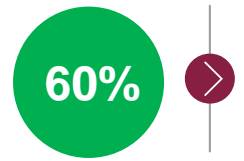
Automated Account Opening form



Reduction in time for Pre-Screening cases



Reduction in Documents needed



Reduction in time for Sanction and Disbursement



Digitally enabled Relationship Management and Customer Connect, driving increasing business effectiveness.

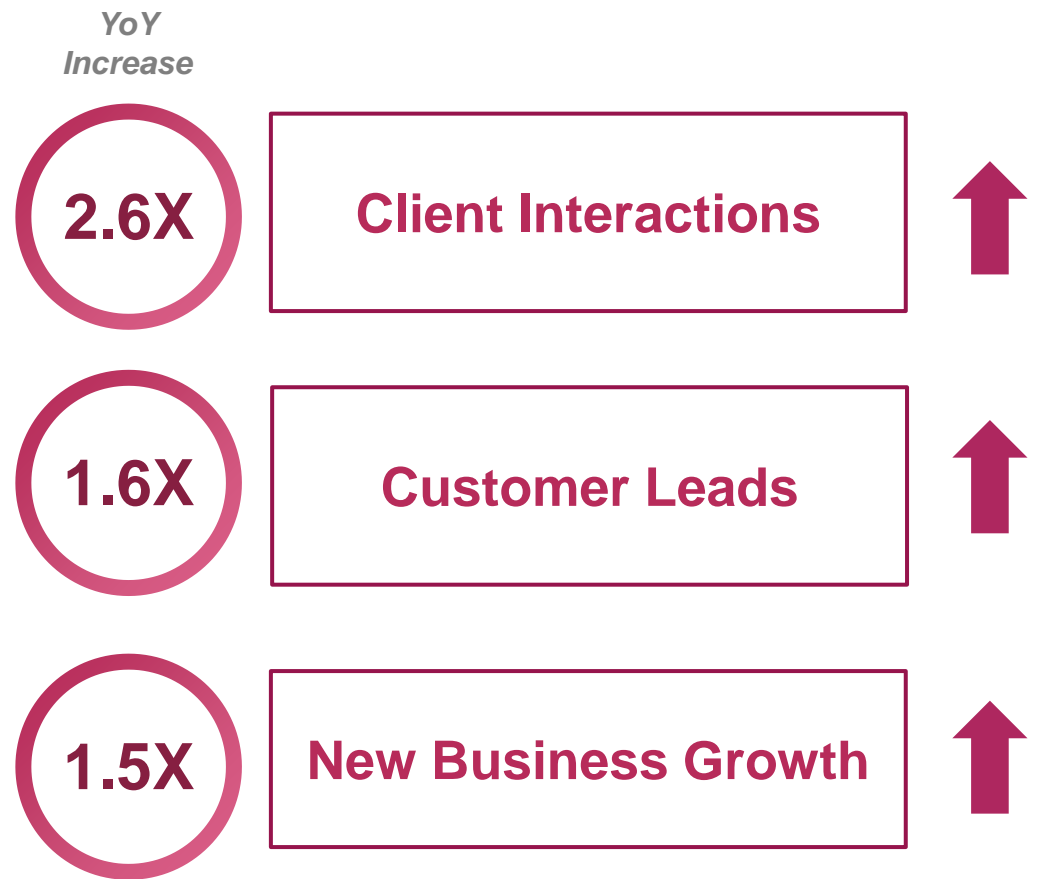
Project Sankalp: Day-in-Life-of RM reimagined Data driven insights & alerts to enable smart pitches at the right time

Plan the day after viewing key Portfolio Alerts... 09.15 am

Which customers am I meeting today? I have 2 platinum and 1 gold meetings set for the day. Well on track to meet my weekly target of 9

Let me check for any new Alerts
Forex throughput for Palash and Co. has been declining. I should have a conversation with them today

...and setting up your customer meetings for the day



Widely used modules on Sankalp Application

- Data Cockpit & Customer 360
- Meeting Planner
- Review Action Center
- Alerts & Triggers
- Lead Pipeline

Thank You

