We are evolving into a relationship-centric, ecosystem-led banking franchise

Neeraj Gambhir
Executive Director

Vijay Mulbagal
Wholesale Banking Coverage & Sustainability

Dear Shareholders,

Fiscal 2026 began amidst concerns around the potential impact of global tariff actions and trade realignments. However, India remained resilient through the year, supported by improving corporate balance sheets, healthy domestic demand, selective revival in private capital expenditure and expanding trade linkages with key global partners. This created a conducive environment for high-quality credit growth, deeper client engagement and stronger transaction flows across the corporate ecosystem.

Supported by these underlying tailwinds, our Wholesale Banking franchise delivered a year of strong, disciplined performance, underpinned not just by scale, but also by a decisive shift in the quality of our growth. We are steadily transitioning from a pure lending led model to a more relationship-centric, ecosystem-driven franchise, where depth of engagement, breadth of solutions, and client primacy define outcomes.

Over the past few years, we have strengthened our organisational architecture to seamlessly integrate asset and liability capabilities, enabling more holistic and enduring client relationships. This evolution is further reinforced by our commitment to delivering a full-suite digital ecosystem to our clients, anchored not only in platforms such as ***neo***, but extending across best-in-class corporate salary propositions and differentiated digital solutions tailored for SMEs and corporates. Together, these capabilities are transforming how we engage, transact, and scale with our clients.

The impact of this transformation is now clearly reflected in our performance metrics. Our Corporate book grew 38% y-o-y, of which the Mid-Corporate book grew 33% y-o-y, while the SME book expanded by 24% y-o-y, underscoring the strength and breadth of our franchise across segments. Overall, the Small Business Banking, SME, and Mid-Corporate businesses together grew 24% y-o-y and now constitute 24% of total loans, an increase of ~845 basis points over the past five years, highlighting a sustained shift towards a more granular, diversified, and resilient portfolio mix. This growth has been complemented by stronger liability depth, a rising contribution from fee-based income, sharper execution capabilities, and improved capital efficiency.

Overall, this progress has been achieved alongside a continued improvement in earnings quality, anchored in a RAROC-led framework, rigorous pricing discipline, sectoral selectivity, deeper One Axis synergies and unwavering adherence to risk guardrails, thus positioning the franchise for structurally superior and sustainable performance.

Scaling with quality, anchored in discipline

Our growth in Wholesale Banking continues to be firmly anchored in disciplined risk and return frameworks, with no compromise on underwriting standards. The Wholesale book's RAROC in fiscal 2026 remained consistent with fiscal 2025, reflecting our ability to grow while preserving return integrity. This has been achieved alongside a high-quality corporate portfolio, with 91% of the book rated A- and above, and 68% rated AA- and above, underscoring our continued bias towards stronger credits.

Even in the SME segment, growth has been within our risk filters. Approximately 87% of incremental sanctions during the year were extended to SME-3 and better-rated clients, with 84% of the overall SME rated book being SME-3 and better. This reinforces our commitment to building a granular yet high-quality portfolio, where expansion is guided by underwriting rigour, portfolio intelligence, and disciplined risk selection.

Our fee performance further complements this quality-led growth framework. Wholesale Banking fees for the full year grew by 10% y–o–y, while contributing 28% to the Bank's total fee income. Within this, transaction banking fees, constituting 71% of Wholesale fees, grew by 8% y–o–y, reflecting the increasing depth of client engagement and flow-based revenues. Credit fees, which account for 25% of the Wholesale fee pool, witnessed robust growth of 19% y–o–y during the year.

Building a scaled and resilient SME franchise

India's SME sector is undergoing a structural transformation, with rapid formalisation driving improved resilience, stronger governance, and a sustained expansion in credit demand.

Aligned to this opportunity, we have built a consistent and scalable SME franchise, and we are now progressing with a clear ambition to establish industry leadership in this segment. Today, SME represents one of the most profitable businesses within the Bank, supported by strong Priority Sector Lending alignment and a balanced risk-return profile.

Our approach to SME banking is anchored in combining data-driven credit decisioning with simplified product constructs and increasingly digitised operations, enabling both faster growth and enhanced customer experience. We have strengthened the underwriting framework by leveraging not just the SME rating model but also the large corporate model, with ~32% of the SME portfolio assessed using large corporate framework given the large turnover, while maintaining a strong 86% alignment with PSL priority sector lending requirements. Further, the portfolio is well-diversified across geographies, sectors and loan size, building resilience and reducing concentration risk thus enabling the business to continue to scale on sustainable basis across cycles.

We continue to augment this foundation with a robust early warning and monitoring architecture, incorporating real-time internal and external data signals along with transaction-level monitoring. These capabilities provide enhanced visibility into portfolio behaviour, enabling proactive risk identification and timely intervention where required. As a result, the SME portfolio remains well within the Bank's defined risk guardrails, supported by strong asset quality metrics with a GNPA of 0.68% and NNPA of 0.23%.

Our efforts in building a differentiated and digitally-enabled SME proposition have also been recognised through multiple industry accolades, including the BFSI Service Quality Excellence Awards 2026 for Best Omni-Channel Experience Strategy, recognition at the Bharat Fintech Summit 2026 for Digital Innovation in MSME through Merchant Cash Advance solutions, as well as Financial Inclusion Organisation of the Year for the MSME segment, alongside wins at BFSI Confex and Awards.

Unlocking liability depth through integrated client coverage

A defining strategic shift during the year has been the enhanced focus on deposits as a core pillar of relationship building, with a deliberate move to bring corporate liabilities under the lens of Wholesale Banking coverage. This integrated approach allows us to leverage a single client relationship more effectively, extending beyond lending into current accounts, corporate salary, and broader transactional flows, thereby strengthening our positioning as a primary banker.

As a result of this strategic alignment, we have witnessed encouraging traction across key liability metrics, including a strong 11% y–o–y growth in current accounts. Our corporate salary franchise has also seen significant momentum, with a 38% y–o–y growth in premium salary uploads within the New-to-Bank (NTB) segment, supported by a 25% growth in premium acquisitions. These trends underscore the effectiveness of our ecosystem-led approach in deepening engagement and enhancing liability capture.

We have continued to expand current account relationships while deepening engagement through greater adoption of digital platforms across payments, collections, trade, forex, and tax ecosystems, including increased GST-linked flows among Existing-to-Bank customers. Focused efforts to enhance current account Infinity adoption are further driving higher float balances and stronger transaction velocity.

Building a market-leading Transaction Banking franchise

Our evolution into a leading transaction banking franchise continues to accelerate, with scale, depth, and client relevance strengthening in tandem. We have significantly enhanced our capabilities across payments, collections, cash management and trade, supported by continuous investments in product innovation and client-centric digital interfaces. This is reflected in our leadership across key payment ecosystems, with a 37% market share in NEFT and 27% in IMPS by volume, 8.5% share in RTGS by value, 7.4% in GST payments, 16% share in Bharat bill payment systems (BBPS) by value, and 11% share in Foreign Letters of Credit during fiscal 2026.

This growing scale is not merely a measure of market presence, but a reflection of our increasing embedment in the day-to-day operating flows of our clients. As we deepen our participation across these transaction corridors, we are building a structurally stronger annuity engine, with transaction-led engagement translating into higher fee generation.

Leading in debt capital markets with scale and consistency

Our capabilities span the full lifecycle of debt markets from structuring and origination to placement and secondary market liquidity, allowing us to deliver comprehensive solutions across varying market conditions. We have continued to strengthen our leadership position in India's fast-evolving corporate bond market, reinforcing us as a trusted partner to issuers and investors alike. We have consistently built scale and relevance across the debt capital markets ecosystem, underpinned by deep market insights, strong client relationships and superior execution capabilities.

In fiscal 2026, our position further strengthened with a market share of 17% in placement and syndication of debt issues, up from 14% in fiscal 2025, reflecting both increased deal flow and deeper client engagement. This momentum builds on our continued recognition as the No. 1 arranger for rupee-denominated bonds, as per the Bloomberg league tables, underscoring our leadership in primary issuances.

These achievements reflect not just market share gains, but the growing trust placed in the Bank as a preferred partner in debt capital markets. As corporate funding requirements evolve and markets deepen, we remain well-positioned to capture opportunities by combining execution excellence with an integrated 'One Axis' approach, thus further expanding fee pools, strengthening client relationships, and reinforcing our leadership in this critical segment.

Driving the next phase of growth through AI and platformisation

We are steadily building digital and AI capabilities across our Wholesale Banking franchise, embedding intelligence across the client lifecycle to enhance decision-making, customer experience and productivity. From lead mining and Gen AI-driven engagement to AI-assisted onboarding, fraud detection, and credit underwriting through decision-support tools, we are making our processes faster, sharper and more scalable. On the servicing side, data-led insights are improving cross-sell effectiveness and deepening client relationships, while strengthening risk visibility across the portfolio.

Built on this foundation, ***neo*** continues to emerge as a cornerstone of our digital corporate and business banking strategy, combining scale, experience, and deep ecosystem integration. We now serve over 5.5 lakh customers, supported by an expanding API and partner ecosystem that positions ***neo*** as the digital backbone of our Corporate Banking franchise. Through partnerships with Enterprise Resource Planning (ERP) platforms such as Tally and Zoho, and enterprise integrations via ***neo*** Connect with systems like SAP, clients can seamlessly transact and manage workflows within their native environments—enhancing convenience and stickiness. Customer experience remains a key differentiator, with '***neo*** for Corporates' app ratings of 4.6 across both Play Store and iOS Store. Our Infiniti platform has enabled over 60,000 digital account openings, reducing onboarding turnaround times by up to 50% through end-to-end digitisation since the launch.

Together, our AI-led capabilities, ***neo*** platform, and innovation-driven product suite are enabling a connected, intelligent and scalable digital franchise by driving superior customer outcomes, improving efficiency and supporting sustainable, future-ready growth.

Way forward: Scaling a future-ready, ecosystem-led franchise

As we look ahead, we remain mindful of a dynamic macroeconomic landscape where global uncertainties and domestic opportunities will continue to coexist. The 'One

Axis' model will continue to deepen wallet share and unlock ecosystem value through coordinated engagement, while Corporate Salary will serve as a strategic moat—extending client relationships into broader ecosystems and strengthening liability ownership.

The Wholesale Banking franchise is undergoing a fundamental shift from a balance sheet-led model to one that is ecosystem-driven, relationship-centric, and digitally enabled, where scale is complemented by depth, and growth is reinforced by resilience, as we continue to invest strategically in technology and product capabilities to build best-in-class digital platforms and product suite for this franchise. We are confident that this strategy positions us to deliver sustainable, high-quality growth while building a future-ready franchise. Our aspiration remains to be the most trusted banking partner to corporate India by combining scale with discipline, innovation with integration and growth with enduring value creation.

Warm regards,

Neeraj Gambhir
Executive Director

Vijay Mulbagal
Wholesale Banking
Coverage & Sustainability