Opening Remarks – Axis Bank's Q3FY26 Analyst Earnings Call

We have on the call our Executive Directors - Subrat Mohanty, Munish Sharda and Neeraj Gambhir and other members of the leadership team.

We continue to deliver strong growth across both deposits and advances. Our core operating performance remains steady, supported by resilient net interest income and healthy momentum in fee income. We have continued to strengthen our distribution footprint and have now crossed the milestone of 6,000 branches. Our balance sheet remains resilient, and our capital position continues to be strong, enabling us to pursue profitable and sustainable growth.

Let me summarise the highlights of Q3:

1. Our Deposits growth momentum continued with month-end balances growing 5% QoQ and 15% YoY, and also quarterly average balances growing 5% QoQ and 12% YoY; with CASA delivering a strong growth of 3% QoQ and 14% YoY
2. Our total advances grew 4% QOQ and 14% YOY. Within that, Small business, SME and mid-corporate together, grew at 5% QOQ and 22% YOY and constituted 24% of total bank loans.
3. Core operating revenue was up 7% YOY and the core operating profit was up 7% YOY.
4. Our PAT was up 28% QOQ.
5. The Bank remains well capitalized with a CET 1 ratio of 14.50%.

We continue to stay focused on the three core areas of execution of our GPS strategy namely:

- **Becoming a resilient, all-weather franchise**
- **Creating multiplicative forces to build competitive advantage**
- **Building for the future**

I will now discuss each one of these areas.

A. Becoming a resilient, all-weather franchise

We have continued on our journey towards building a resilient, all-weather franchise. There are four areas of focus as we navigate the current cycle - deposit growth, credit growth, retail asset quality, and costs - where we continue to work on sustainable outcomes.

- Starting with credit, we continue to compound on the foundation built for wholesale in the first half, with deeper ecosystem penetration and increasing customer stickiness. We have reinforced our calibrated shift toward high-RAROC segments with growth anchored around high-quality, transaction led and ecosystem-linked flows, while holding our stance on quality intact. This is evident from the quality of our incremental sanctions, as growth remains concentrated in A- and-above rated clients. In Retail Banking, we remain selective in scaling segments, with a sharp focus on credit-tested customers and growth across our distribution channels.

- On asset quality, our secured portfolios across segments continue to remain resilient, while the early indicators on retail unsecured products are well within guardrails and stabilising at lower levels. All the key indicators— bounce rates, early delinquencies, collection and resolution trends — continue to stabilize, reflecting the ongoing improvement in portfolio behaviour.
- We had positive operating jaws both for the quarter as well as year-to-date, with our cost to assets at 2.33%, a 15 bps YOY improvement

Moving to Deposits now:

The deposit journey for Axis Bank should be looked at from three aspects – quality, cost, and growth. Please refer to slide number 17.

- We have managed our cost of funds with strong discipline through the rate-hike cycle, keeping the rate impact well-contained over the last two years. Our cost of funds are now 39 bps lower YoY and 8 bps lower QoQ, reflecting our effective navigation of the current rate-cut cycle as well.
- We continue to demonstrate and remain focused on growing faster than the industry in medium to long term. In Q3, our deposits have outpaced the credit growth.
    - Year-on-Year on MEB and QAB basis, total deposits grew 15% and 12%; term deposits grew 16% and 14%, CA grew 20% and 10%, SA grew 11% and 8%, respectively.
    - Quarter-on-Quarter on MEB and QAB basis, total deposits grew 5% and 5%; term deposits grew 6% and 6%, CA grew 7% and 5%, SA grew 1% and 2%, respectively.
- We recognise that while our progress on the cost and growth dimensions of deposits has been strong, there is still some work to be done on improving the quality. We continue to actively work towards deeper granularization of the deposit book to further enhance its resilience.
- Building onto the momentum from Q2, our deposit franchise continues to gain strength, supported by stronger acquisition funnels, a wider distribution footprint, sharper product propositions, and sustained momentum in our salary and Burgundy businesses. At the start of this fiscal, we had recalibrated our approach to both New-to-Bank (NTB) and Existing-to-Bank (ETB) deposit mobilisation, with a sharper focus on quality and engagement. The outcomes continue to be encouraging.
    - Our NTB engine has seen a marked upgrade in profile, with new customers sourced maintaining higher balances and higher activity from day one, driven by a more premium-led sourcing strategy, persona-based acquisition, and tighter conversion discipline. This has resulted in a richer mix of premium customers and family relationships with a 53% YoY increase in average balances maintained by our NTB customer year-to-date. Our transformation programs—Siddhi and

Sparsh—continue to accelerate this momentum and embed execution consistency across the network.

  - Our salaried franchise continues to show encouraging traction with improved activation and higher-quality inflows resulting in:
    - 21% YoY growth in salary uploads in the NTB Salary book by Dec'25
    - 32% YoY growth in number of premium accounts for NTB Salary book acquired in YTD Dec'25
    - These trends reflect stronger engagement and a more targeted customer-level strategy.
  - Similarly, our ETB franchise continues to gain momentum, supported by the execution discipline we've embedded across the network. Targeted, analytics-led, segment-focused campaigns are deepening balances, broadening product penetration, and elevating customer lifetime value, as evident in our ETB Salary book now growing at 18% YoY.
- Premiumisation across the franchise is progressing well, supported by rising wallet share and superior client servicing, reflected in the 7% QoQ and 8% YoY growth in Burgundy AUMs.
- Our industry-leading Neo platforms continue to scale rapidly, now powering a fast-expanding digital ecosystem, serving over 4.3 lakh customers on Neo for Corporates, 3.1 lakh on Neo for Business, and thousands more through our API and partnership channels. Neo for Corporates is fast emerging as the digital backbone of our Corporate Banking franchise, transforming how clients engage with us and deepening our leadership in platform-led banking. Please refer to slide 31 for more details.

B. Creating multiplicative forces to build competitive advantage

- This quarter, we have advanced our agenda on digital-first, inclusive and future-ready initiatives through industry-first innovations and strategic partnerships.
- We pioneered the omni-channel Express Banking Digital Point in partnership with Hitachi Payment Services - a next-generation banking concept offering a glimpse into the future of inclusive banking. Customers can now walk-in to Express Banking 24x7 to open new bank accounts, avail instant cards, book fixed deposits, apply for loans and pay utility bills as per their convenience.
- We continue to lead decisively in the UPI Payer PSP space, with our market share rising to 39% by value and 38% by volume in Q3, while maintaining the lowest technical declines as a remitter bank, reinforcing our position as the top UPI payee.
- We also introduced a UPI powered, Digital, Co-branded Rupay Credit Card built for India's financial needs - the Google Pay Axis Bank Flex, the first card under this offering.

C. Building for the future

Digital Banking performance continues to remain strong

- We continued to introduce new journeys and enhancements during the quarter. In our mobile app, we further enhanced the One View feature by using Account Aggregators allowing customers to see their portfolios across deposits, Mutual Funds, ETFs and stocks across the entire ecosystem using this feature.
- Additionally, we rolled out several new safety related features which empowers customers to protect their accounts. We launched face authentication based journeys for select products using Aadhaar which could dramatically reduce the possibility of fraud.

Bank-wide programs to build distinctiveness through Bharat Banking and Sparsh is progressing well

- At the end of December 2025, the deposits from Bharat Branches were up 12% YOY and rural advances were up 2% QOQ.
- Our Customer Obsession initiative, Sparsh has been accelerating our enterprise-wide shift focus strengthening experience outcomes and simplifying interactions through digitisation. Retail Bank NPS has risen 4 points QoQ and 59 points since inception, with consistent improvement across Retail products. This progress is being enabled by our digital platforms: Adi, our GenAI-powered assistant, now live across 72 products and processing over 36,000 monthly active users; and Kaleidoscope, our real-time CX engine, which maps 38 live journeys with more than 28,000 monthly active users.

Our progress this quarter reflects our focus on creating longer-term and sustainable solutions - simplifying access to credit, reimagining digital banking, and investing in talent and ideas that will shape the future. We remain vigilant to the evolving geo-political environment and its potential implications for the operating landscape. Over the medium to longer term, our ambition remains unchanged—sustainably outpace the sector growth. We will continue to invest where necessary to remain differentiated and distinctive in our journey towards building ‘an all-weather institution’.

I will now request Puneet to take over.

Thank you, Amitabh.

Good evening and thank you for joining us this evening. The salient features of the financial performance of the Bank for Q3FY26 and 9MFY26, across (i) Operating performance; (ii) Capital and liquidity position and (iii) Asset quality, restructuring and provisioning is as follows:

For 9M FY26, our operating performance was stable across NII, fee and operating expense lines**:**

1. NII at Rs. 41,591 crs, grew 3% YOY, NIM at 3.72%, declining 27 bps YOY after factoring 100 bps pass-through of the repo rate cut
2. Fee at Rs. 17,883 crs, grew 11% YOY

3. Operating expenses Rs. 28,896 crs, grew 4% YOY, delivered a positive operating jaw on both an operating revenue and core operating revenue basis
4. Cost to assets at 2.33%, declined 15 bps YOY
5. Core operating profit at Rs. 30,824 crs, grew 5% YOY

The key metrics for **Q3 FY26 are:**

a. YOY Deposits and advances growth of 15% and 14% respectively
b. QOQ deposits growth of 5% and advances growth of 4%
c. NII at Rs. 14,287 crs, YOY and QOQ growth of 5% and 4% respectively, NIM at 3.64%,
d. Fee at Rs. 6,100 crs, YOY growth of 12%, QoQ growth of 1%, granular fee at 92% of total fee
e. Expenses at Rs 9,637 cr, YOY growth at 7% and QOQ degrowth of 3%
f. Cost to assets at 2.33%, declining 15 bps YOY and 5 bps QOQ
g. Core operating profit at Rs. 10,815 crs, YOY growth of 7%
h. Net credit cost at 0.76%, down 4 bps YOY
i. Net credit cost (excluding technical impact) at 0.63%, down 17 bps YOY and 1 bps QoQ
j. PAT at Rs. 6,490 cr, QoQ growth of 28% and YOY growth of 3%,
k. GNPA at 1.40%, declined 6 bps QOQ and YOY
l. NNPA at 0.42%, declined 2 bps QOQ and increased 7 bps YOY
m. PCR% at 70%, Standard asset coverage of 1.14%, All provisions by GNPA ratio is 146%
n. Consolidated ROA% at 1.57% improving 27 bps QoQ, Consolidated ROE% at 14.15% improving 264 bps QOQ. Subsidiaries contributed 8 bps to the consolidated annualized ROA and 47 bps to the consolidated annualized ROE this quarter.
o. Banks CET-1 including 9MFY26 profit stands at 14.50%, we have net accreted 7 bps of capital in the quarter. The Bank has provisions aggregating to Rs. 6,243 crs which have not been reckoned in the capital computation and translate to a capital cushion of ~43 bps over and above the reported capital adequacy ratio. The Bank assesses its capital position on two pillars i.e. growth and protection. We reiterate that we do not need equity capital for either pillar. We may opportunistically evaluate issuing Tier-2 and AT-1 instruments since our AT1 is currently due in September 2026 based on market conditions.

NIM for Q3FY26 was 3.64%, down 9 bps QoQ. Full quarter impact of the 25 bps repo rate cut in December 2025 will play through loan yields in Q4FY26 as we transmit repo rate changes at the end the quarter in which the rate cut is announced. Yields on interest earning assets declined 17 bps QOQ, this decline was offset by cost of funds reduction of 8 bps QoQ. The Bank maintains its through cycle stance of NIMs at 3.80% (cycle measured in terms of duration, starting from the date of last rate cut).

Our progress on structural NIM drivers continues:

- Improvement in Balance sheet mix: Loans and investments comprised 90% of total assets at December 25, improving 38 bps YOY and 5 bps QoQ;
- Retail and CBG advances comprised 68% of total advances at December 25, declining 333 bps YOY. This is an outcome of the Bank's conscious strategy to optimize for NII in the short term. Retail disbursements have grown 20% YOY and 12% QoQ, which gives us comfort that we will be able to rebalance the portfolio proportionality over our planning horizon.
- Low-yielding RIDF bonds declined by Rs. 6,792 crs YOY. RIDF comprised 0.57% of our total assets at December 25 compared to 1.10% at December 24.
- Quality of liabilities at December 25 measured by outflow rate stood at 28.6%, moved adversely as gained market share in deposits in FY26. We continue to remain focused on this variable
- QAB CASA at 37%, declined by 65 bps QOQ and 116 bps YOY. We have seen an improvement of 37 bps on CASA pricing for the 9MFY26 as compared to FY23. In addition, the impact of YOY decline in QAB CASA was offset by rate benefit across parts of the liability stack. The cost of deposits declined 36 bps YOY and 6 bps QOQ.
- Our fee income grew 12% YOY and 1% QoQ.
    - Total retail fee grew 12% YOY, supported by our SBB, SEG, Liabilities and cards businesses
    - Total wholesale fee grew 11% YOY. WBCG fees grew 19% YOY, our MEG fees grew 16% YOY. Our Transaction Banking fee grew 5% YOY
- Trading profit and other income at Rs. 125 crs declined QOQ and YOY mainly due to lower realized gains and MTM.
- Operating expenses for the quarter stood at Rs. 9,637 cr, growing 7% YOY and declining 3% QoQ.
    - Since Q3FY21, based on a prudent internal policy, the Bank has been consistently provisioning for gratuity liability, in anticipation of the implementation of the Code on Social Security, 2020. As at December 31, 2025, the Bank holds a cumulative provision of ₹434 crores towards the New Labour Codes based on its preliminary assessment of impact. Given the provision accumulation under the prudent policy till the end of the previous quarter, the Bank has had to take a minimal charge to its Profit and Loss Account for Q3FY26 of an amount of ₹25 crores for the Labour Codes. The Bank will monitor the finalization of Central and State rules relating to the New Labour Codes and adjust its estimates and provisions in subsequent reporting periods for gratuity and other aspects of the New Labour Codes, in accordance with applicable accounting standards.
    - The YOY increase in operating expenses is Rs. 593 crs. 79% of this increase can be attributed to an increase in statutory expenses attributable to PSLC costs, CSR and DICGC premium. The balance increase is attributable to Volume linked expense growth, technology spends and BAU expense offset by reduction in staff costs.
    - Total operating expenses declined by 3% QOQ. The decline in staff cost is attributable to decline in QOQ period end head count by 946 and reversal of accruals for staff expenses no longer required to be paid. Operating expenses (other than Staff) were flat QOQ as BAU volume linked expense growth was offset by PSLC cost reduction.

- Technology and digital spends grew 11% YOY and constituted ~ 11% of total operating expenses.
- We opened 134 new branches in the quarter, 234 new branches in the 9MFY26 and 404 branches in the last 12 months

- Net credit costs for the quarter was Rs. 2,307 cr. Annualized net credit cost for Q3FY26 was 76 bps, declining 4 bps YOY
- Net credit costs (excluding technical write off) for the quarter was Rs. 1,930 cr. Annualized net credit cost (excluding technical write off) for Q3FY26 was 63 bps, declining 17 bps YOY and 1 bps QoQ
- The cumulative non NPA provisions at December 31, 2025 is Rs. 13,111 crores, comprising (i) Provision for potential expected credit loss of Rs. 5,012 crores; (ii) Restructuring provisions of Rs. 216 cr, (iii) standard assets provision at higher than regulatory rates of Rs. 1,711 cr, (iv) additional one-time standard asset provision of Rs. 1,231 crores and (v) weak assets & other provisions of Rs. 4,941 crores.

Growth across our liabilities and loan franchise

Amitabh discussed the growth in loans and deposits. We gained market share on a year on year basis across our deposit franchise and maintained the market share on loan franchise. Our loan book is granular and well-balanced with retail advances constituting 56% of the overall advances, corporate loans at 32% and CBG at 12%. Please refer slides 17 and 18 for details around the quality of our liabilities franchise and slides on our loan franchise.

~73% of our loans are floating rate. ~45% of our fixed rate book matures in 12 months. Break-up of the of the floating rate loan book by benchmark type and MCLR re-pricing frequency is set out on Slide 9 of our investor presentation.

In Q3FY26 Retail disbursements grew 20% YOY and 12% QoQ. Disbursement growth in home loans was 30% YOY and 16% QOQ, Vehicle loans was up 26% YOY and 20% QOQ, retail agri was up 32% YOY and 31% QOQ, personal loans was up 21% YOY and 1% QOQ.

Coming to the performance of our subsidiaries

- Detailed performance of the subsidiaries is set out on Slides 51 to 58 of the investor presentation. In 9M FY26, the domestic subsidiaries reported a net profit of Rs. 1,490 cr, growing 6% YOY. The return on investment in domestic subsidiaries was ~ 52%.
- **Axis Finance**:
  - Overall assets under finance grew 22% YOY of which share of Retail + MSME at 56 % of total book v/s 53% last year.
  - 9MFY26 PAT grew 12% YOY to Rs. 571 crores.
  - Strong asset quality with net NPA of 0.36% and negligible restructuring.

- o Incremental standard asset provisions made in the quarter to comply with upper layer regulations is Rs 55 crores

- **Axis AMC:** Overall quarterly average AUM grew 11% YOY to ~ Rs. 3,60,575 crores, 9MFY26 PAT stood at Rs. 454 crores, growing 20% YOY
- **Axis Securities:** 9MFY26 PAT stood at Rs. 270 crores
- **Axis Capital:** 9MFY26 PAT grew 20% YOY to Rs. 178 crores

Asset quality, provisioning and restructuring

- The Slippage, GNPA, NNPA and PCR ratios for the Bank, and segmentally for Retail, CBG and Corporate is provided on slide 42 of our investor presentation.
- Gross slippages in the quarter were Rs. 6,007 cr of which retail was Rs 5,472 cr, CBG was Rs 370 cr and WBCG was Rs 165 Cr.
- Our Gross slippage ratio for the quarter was flat sequentially and declined 2 bps YOY. Our Gross slippage ratio for the quarter (excluding technical impact) declined sequentially by 4 bps QOQ and declined YOY by 62 bps.
- Retail asset quality stabilizing as evidenced by:
    - Credit card portfolio has seen a YOY improvement across gross slippage, net slippage, gross credit cost and net credit cost
    - Retail assets portfolio has seen a YOY improvement across gross slippage, net slippage, gross credit cost and net credit cost
- For the quarter ~ 39% of the gross slippages are attributed to linked accounts of borrowers which were standard when classified or have been upgraded in the same quarter.
- Net slippages in the quarter were Rs. 3,135 cr declining in value terms by 11% YOY. Net Slippages segmentally were Rs. 3,051 cr in Retail, Rs. 195 cr in CBG and negative Rs. 111 cr in WBCG.
- Net slippage ratio for the quarter declined 29 bps YOY. Our Net slippage ratio for the quarter (excluding technical impact) was flat sequentially by and declined YOY by 45 bps.
- Recoveries from written off accounts for the quarter was Rs. 799 crores up 25% QOQ.
- Net slippage in the quarter adjusted for recoveries from written off pool was Rs. 2,335 cr. Segmentally Retail was Rs. 2,506 cr, CBG was Rs. 109 cr and WBCG was negative Rs. 280 cr.

Please see slide 44 and 45 for quantification of Technical Impact across segments

To summarise, Axis Bank is progressing well to be a stronger and sustainable franchise. We continue to closely monitor the current macro and geopolitical environment, inflation, liquidity, cost of funds and its impact on our business.

We conclude our opening remarks and would be happy to take your questions.