



Axis Bank Limited Q3FY26 Earnings Conference Call

January 26, 2026

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Moderator: Ladies and gentlemen, good day and welcome to the Axis Bank Conference Call to discuss the bank's financial results for the quarter ended as on 31st December 2025. Participation in the conference call is by invitation only. Axis Bank reserves the right to block access to any person to whom an invitation has not been sent.

Unauthorized dissemination of the contents of the proceedings of the call is strictly prohibited and prior explicit permission and written approval of Axis Bank is imperative. As a reminder, all participant lines will be in the listen only mode and there will be an opportunity for you to ask questions at the end of the briefing session. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone.

Please note that this conference is being recorded. On behalf of Axis Bank, I once again welcome all the participants to the conference call. On the call, we have Mr. Amitabh Chaudhry, MD and CEO, and Mr. Puneet Sharma, CFO. I now hand the conference over to Mr. Amitabh Chaudhry, MD and CEO. Thank you and over to you, sir.

Amitabh Chaudhry: 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.

Puneet Sharma:

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 9MFY26, 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.
 - 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 summarize, 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.

Moderator:

Thank you very much, sir. Ladies and gentlemen, we will now begin with the question and answer session. The first question is from the line of Chintan from Autonomous. Please go ahead.

Chintan:

Hi, good afternoon. Thank you for taking my questions. Can I please start with the 3.8 NIM guidance? Thank you for reiterating that. The question would be, is that something you're fairly confident about or would you like to caveat that target with any kind of market dynamics that need to play out for you to achieve that target? That would be my first one.

My second, again on NIMs, is you've seen 27%, year-on-year corporate loan growth, 6% year on your retail loan growth. And of course, you highlighted disbursements are improving. But how should we think about this impacting your NIMs on mix effects? It's kind of linked to the 3.8. If you're going to grow corporate faster, does that mean that 3.8 may be a little in danger?

And a final question would be, Amitabh, at Davos, you said it will take 18 to 24 months to return to deposit growth momentum. Could you please elaborate on that? I'm not quite sure what you are referring to there? Thank you.

Puneet Sharma:

Thank you for the question, Chintan. I'll respond to it in parts. 3.8%, we remain confident of, it is rate cycle agnostic, which is why we say it's a through cycle NIM guidance. We are not walking away from that even today, despite the 125 basis points rate cut that we've seen. We remain confident that we will get to the 3.8% over the duration of our book. So we reiterate what we have said previously.

To the second part of your question on portfolio mix, we had clearly called out at the start of Q1 that for the current fiscal, we would look to optimize net interest income because that flows through PAT and has a positive impact on ROE that's exactly what you've seen. We found the right risk-adjusted opportunities to grow in the wholesale business.

We haven't sacrificed RAROCs, we have deepened our relationship with the client, and that's where growth has come through on the wholesale side. We do believe that we will rebalance our book to what we have previously indicated. We think an optimal book balance in the current plan horizon would be 58 to 60 retail, 23 to 25 wholesale and the balance being SME. That calibration will take place depending on the time of cycle that we are in. I'll pause there. I've covered two parts of your question. I'll hand back to Amitabh for the Davos question.

Amitabh Chaudhry:

I was specifically asked about two things when I was there. One, while the credit growth seems to have picked up, what about deposit growth, which remains anemic? And by when do we expect the deposit growth to come back? To that question, I responded that first the credit and the deposit growth have to converge as it converged earlier.

So credit growth cannot get ahead of deposit growth on a sustained basis. And if the Indian economy has to grow at a certain rate, we have to ensure that the credit growth does happen, which feeds into deposit growth. And I'm hoping that in the next 15 months to 18 months, the deposit growth will stabilize at similar levels as credit growth because there is no option. If deposit growth remains anemic, then the credit growth will come down.

You cannot have those two numbers diverging on a sustained basis. RBI, I think is fully cognizant of this. While we have seen periods of very low liquidity again over the last couple of quarters, including in the last quarter, now RBI has talked about infusing liquidity.

It has to be sustained. It has to be continuous. And as is evident, the regulator is fully seized of that matter. And if that continues, we do believe that over a period of time, both the credit growth and sustained liquidity will feed into the deposit growth. That was the context to my answer.

Chintan:

What was surprising was the length of time you think the convergence will take..

Amitabh Chaudhry:

The reason I said that is because given what is happening on a geopolitical basis, it's very difficult to say that things can stabilize that quickly. I mean, look at what's going on around us and every day is a new event. So in that sense, what is happening to the Rupee, whether intervention will be required at what stage, for things to stabilize. I just thought that it cannot happen in a hurry. It will take a little bit more time than what all of us want and anticipate. That's where I was coming from.

Chintan:

Okay, thank you.

Moderator:

Thank you. The next question is from the line of Mahrukh Adajania from Nuvama. Please go ahead.

Mahrukh Adajania: Yes, hi. Congratulations. I have a couple of questions. Firstly, on LCR. So your LCR has dropped. If you could explain the movement for the average LCR, and if you could give the average LCR outflow. I don't know if I missed it in the commentary, but that's my first question.

And my second question is really on deposit growth. So you did give a sector commentary, but just in terms of deposit growth, we've beaten the sector over the last two quarters. Will we be able to continue at the same pace because we are coming from a period where people were questioning the low deposit growth and now we've overtaken many large banks on overall growth. So does that momentum look sustainable to you? That's my second question. And on opex, if at all there is a reversal on employee expenses, because the number looks too low or should this be the new base and we work on building upon this base only? So those were my questions.

Neeraj Gambhir: Hi, Mahrukh. This is Neeraj here. On LCR, we have been broadly in 115% to 120% range for the last several quarters. We continue to operate in that range. Quarter-on-quarter, there is some variability because given the large balance sheet, there are changes to inflows and outflows that do happen and consolidations of liabilities and assets do change. But the broad idea is to stay within that 115% to 120% range that we have operated in for almost 8 to 10 quarters now, maybe even longer. So not too much to be read into that at this point in time.

Munish Sharda: Mahrukh, thank you for your question. This is Munish. On deposit, thank you for acknowledging we've done better than the industry. As we've been telling the street for the last few quarters, that we have been undergoing a transformation in our execution and operating rhythm in the branches.

The components of deposit growth are NTB and ETB and also new segments that we are getting after in the branches apart from the branch expansion that we are doing. We've been telling you that NTB growth has been encouraging for us. We've been premiumizing our new acquisition. We're seeing great momentum in our salary book.

We're also seeing momentum in our NRI book, so the NTB book is growing. This is the work that we've done on customer servicing and customer engagement in the last few quarters. We've also seen our ETB book starting to deepen quite heavily this year as compared to the previous few years.

So, we're confident that, if we continue on that execution, deepening with our customers will continue to improve both on deposits as well as on the number of products that we have per customer, that will continue to improve also. Last year, we added about 500 branches. This year also we will add about 400 branches. We've added 134 branches this quarter. That momentum is continuing. We are very clear that our new branches, location, etc., has to be in line with our premiumizing strategy and also in line with our digital ambition as well as our Bharat Banking ambition. So we continue to invest in there.

Our Burgundy private franchise also is growing very healthily and our investments in digital, etc., have started giving us good results. Net-net, I think we are confident that our retail deposit momentum, we've seen some good work, but we realize, as Amitabh said in his address, that we

have a lot of work to do still across our current account and our individual deposit franchise, and we will continue to double down in those areas.

Puneet Sharma: Mahrukh thanks for the question. I think to the last question that you asked on staff cost. The reduction in staff cost has two variables. Absolute reduction in headcount quarter-on-quarter, which is permanent in nature and there is a one-time reversal of staff expenses that are no longer required to be paid. However, please note that the staff expenses no longer required to be paid would not have changed the direction of the staff cost improvement on a sequential quarter basis.

Mahrukh Adajania.: Okay. Thanks a lot.

Moderator: Thank you. The next question is from the line of Rikin Shah from IIFL Capital. Please go ahead.

Rikin Shah: Hi. Good evening. A few questions. The first one is on the liabilities. So my question is specific on the current account. We have seen a decent acceleration even on average basis. So what's driving that and how do you think about its sustainability? And second part to that is on the borrowings as well. So, we have seen the borrowings going up in the last two quarters, and it's now back to 15% of IBL. So how should we think about that moving ahead? So that's first on the liability.

Second is on cost of deposits. This quarter the improvement in cost of deposit was a bit slower than some of the other peers. Assuming no further rate actions, Puneet, when do you think our TD re-pricing gets over and how much more juice is left on cost of TD side?

The third one is clarification on opex? So, on the staff expenses again, if I look at the average remuneration per employee, should we assume that what we saw in this quarter is the new base and we build on to that or the reversal helped that average number in this quarter and we need to strip that out? If you could quantify that, it'll be helpful.

And the last question is on asset quality. The standard loans provision were negative in this quarter, what's driving that? And given that ex of technical slippages, the credit costs were only 63 basis points this quarter. So how should we think about the direction here on? Thank you.

Neeraj Gambhir: Hi, this is Neeraj here. On your question around current accounts, I think it's a combination of a few things. One, we are continuing to see deepening of our existing customer-base relationships driven by the tech stack and the technology investment that we have done on corporate banking side.

We continue to have much more deeper engagement with clients on their operating flows through some of the Neo based investments that we have done and the platform that we have put in place, whether it is through APIs or whether it's through our Neo for Corporate platform. We are actually seeing some good outcomes of the solutioning that we do with our customers, whether it is corporate customers or government customers for their cash management requirements. So that is having a positive effect on our current account franchise.

We are also working to deepen and granularize the current franchise through our retail current account initiatives, which is spanning both ETB as well as NTB customer base. And on ETB customer base, I think there is a focus on certain set of branches which are closer to current account customers and actually having a dedicated thought process in those branches for current account customers. So a combination of these things is what I would say is playing out for us at this point in time.

Subrat Mohanty:

On the staff cost question, like Puneet mentioned see the absolute number is down. And directionally, things would not have changed even if we had not taken the reversals into account. So staff wage cost productivity is an important metric. We are monitoring it very closely.

We have mentioned in the past about Siddhi, the employee super app, Adi the app that we use for addressing customer questions and queries at the branches. These are very powerful tools to improve employee productivity. These are almost now 100% used across the bank for customer facing roles and for productive roles in the field.

So there is confidence in the team that is going out, meeting customers on an everyday basis in how they use these tools and what productivity gains they are getting out of these. We will continue to work to sustain the wage productivity numbers that we have been able to achieve in this quarter.

And on a broader basis, I think we have maintained the point that we will have an operating jaw that is positive. And that is really how we are looking at it from a medium-term perspective. So the cost-to-asset ratio will continue to head in the direction based on how the operating jaw continues to remain positive.

Puneet Sharma:

Rikin on your last question around cost of funds, we do not give out the proportionality of the book to be re-priced, but the shorter-term book has entirely been re-priced as we stand. I think given that the duration of the book is set out in our annual report, a good estimate could be taken from there on what is left to be re-priced. But please appreciate that non-retail term deposit rates in quarter 4 have started to inch up.

And consequently, the re-pricing benefit on deposits to the fullest extent of the lag book may not come through if the rate environment remains competitive through quarter 4. So we will wait and watch. But ideally, you should see a deposit cost decline play through even in quarter 4 to offset some of the margin pressure that we will see on account of the pass-through of the 25-basis fund repo rate cut.

Rikin Shah:

Got it. And Puneet, on the standard loan negative provisions and the credit cost direction?

Puneet Sharma:

So I think the negative in the standard assets provision for the current quarter is driven by the fact that there were sectors that we had marked as stress previously where given the stabilization of the overall loan book, we do not see a stress. So that is a marginal impact.

It is actually inconsequential in the context of our results. It is about INR128 crores. We have clearly set that number out in the investor presentation to look at. Directionally, from a credit

cost standpoint, we had said the retail book is stabilizing. We continue to remain true to that comment. You are seeing that flow through now in numbers.

Rikin Shah: Got it. Thank you so much.

Moderator: Thank you. The next question is from the line of Jay Mundra from ICICI Securities. Please go ahead.

Jay Mundra: Hi. Good evening. Sir, two questions. One is on PSL. The PSL compliance, how are you placed? The RIDF outstanding has been coming down, now down to 100 billion. Does this suggest that we are moving towards self-sufficiency in PSL or the shortfall is being made good by PSLC certificate? I mean, that is question number one.

Number two is deposit and LCR put together, I mean, the strategy on deposit has been cost, runoff and growth. We have come more than industry on growth. Cost has also been competitive. The runoff rate has inched up a little bit. Now, for LCR from April, the new guidelines comes in and the runoff rates on the wholesale and NBFC should ideally come down. Do you sense that you can still continue this strategy?

I mean, the new LCR guideline would be helpful in pursuing the current deposit strategy without compromising on the runoff rates? And if you would have LCR release or you would need to sort of a buffer up? So, these are the two questions. Thank you.

Subrat Mohanty: So, on the PSLC strategy, see, we have not got any RIDF allocation over the last four years, largely because of how we manage the PSL book in terms of organic growth. We did Bharat Banking in 2021 as a specific strategic agenda for the Bank. Some of it has played out in terms of the strength that we have built in the agri portfolio.

So, the RIDF numbers that you see are the old RIDF numbers which have been running off based on their tenure. Going forward, this is going to continue to be a challenge at a system level because everybody is focused on this. There has been some amount of reclassification, declassification in this specific area.

We feel fairly confident given how we have focused on the Bharat Banking part of the business over the last four years that through a combination of organic book as well as wherever in order to bridge some of the gap, we might need to do PSLC purchase. We will continue to be able to manage the overall PSLC requirements that we have.

Neeraj Gambhir: So, on LCR question, if you recall from 1st April, there are three things which are changing. First is that we are required to maintain an additional 2.5% runoff on retail and SBC deposits which have IB and MB enabled. There is an alignment of HQLA haircut. And thirdly, some OLE deposits will move from OLE category to non-financial corporate category which is a much lower runoff of 40%. So, there are pluses and minuses with this guideline and our current estimate is that this is what our composition of deposits is. We are broadly neutral in terms of these pluses and minuses effective 1st of April.

As far as strategy going forward is concerned, I think we need to bear in mind that currently for the last, I would say, couple of years, the growth rate of individual and small business customer deposits has been somewhat slower as compared to the growth of the corporate and institutional deposits. It is a phenomenon that has been playing out in the Indian banking system. So, we are actually seeing an impact of that which is why there has been an increase in our outflow rates as well.

We will continue to focus more on growing our granular and retail deposit base, but please bear in mind that the current sort of institutional setup and the flow of the deposits in the system is somewhat against this. So, the outflow rates going forward will actually depend upon the growth rate that we see for us as well as for the system on these two separate constitutions.

Jay Mundra: Sure. Net-net, the lower runoff rate should ideally help in the runoff profile of the deposits, right? Is that a fair assessment?

Neeraj Gambhir: I mean, it is helping. Of course, it is helping, but there is also a higher runoff rate for retail deposits that is offsetting it because now you are talking about 5% extra on retail and SBC where you are giving Internet banking and Mobile banking.

Jay Mundra: Right. Sure. Thank you and all the very best.

Moderator: Thank you. The next question is from the line of Abhishek M from HSBC. Please go ahead.

Abhishek M: Yes, thank you. Good evening and congratulations for the quarter. So, two questions. I think the first question is basically on any kind of inorganic opportunity that you see out there, especially something which can give a sort of lasting push to your NIM, ROA, PSL compliance, all those things. And given that, you know, any such thing has to be of a certain size given your scale, would you need additional capital if this kind of an opportunity were to arise or is the current capital position adequate? So, that is my first question.

The second question, Amitabh, is also on how do you think about LDR? I think you said that the regulator still monitors it, but as you move, you know, as we use LCR and NSFR more and more to manage reserves, is that becoming more important than really looking at LDR or is the regulator looking at both? And internally also, do you look at both? So, just these two questions, if you could clarify.

Subrat Mohanty: Thank you, Abhishek. This is Subrat. On the inorganic opportunity, I mean, we continue to be looking at what opportunities are available in the market. But given the size of possible opportunities, if you take the universe of opportunities available, I don't think there is anything of the size which meets some of the criteria that you mentioned, which will require us to raise capital for that kind of opportunity.

So, to answer your question, I don't think there will be any capital requirement given the set that is available in that kind of an area. I mean, we have no other comment to make in terms of what opportunities are available at this point in time.

On your second question on LDR, see, over the last six quarters or so, this is seventh, we have been between about 90% to 93% LDR. And we have been able to navigate this environment in terms of doing the right balance between growth and keeping the LDR in that range. Our general sense right now is that as a metric, you know, the metric served its purpose. Right now, possibly the focus on the metric is a bit different than what it was a year back.

But we continue to remain focused on keeping it in that range, which we have managed in this quarter as well. And we think that we can maintain that range and still continue to show industry equal or industry leading growth. So, that's the way we currently have made sure that the operating model works. And we are comfortable with that.

Abhishek M: Sure. Thanks. Can I squeeze in just one more question? Just sort of data-keeping question on slippages. How much would be the agri slippages this quarter? Because ex of that, I mean, even your Q-o-Q performance and your underlying slippage looks to have improved quite substantially. That's a great thing. So, just if you could share the agri slippage, that would be great? Thanks.

Puneet Sharma: Abhishek, thanks for the question. Consistently, we've responded to that by saying we don't break up the retail slippages across product categories. So, that's a number we won't put out, please. Thank you.

Abhishek M: All right. Thanks, Puneet. And all the best.

Moderator: Thank you. The next question is from the line of Piran Engineer from CLSA. Please go ahead.

Piran Engineer: Hi, team. Congrats on the quarter. Before my questions, I just need a clarification, Subrat, to what you said that the focus on LDR as a metric is different today from what it was a year back. Are you referring to you guys or the RBI here?

Subrat Mohanty: No, no. We are referring to how important or what kind of a range we need to keep it in. I mean, when we were at the higher end of that range between 90 and 93, it was a different kind of a focus. Now that we have been typically in the lower end of that range, we have some kind of, you know, elbow room from our perspective. We don't offer commentary on what the regulator views on that range.

Piran Engineer: Got it. Got it. Okay. That's helpful. Then just moving on to my questions, and I'll ask them all at once. Just firstly, corporate growth, if you could give some more flavor coming from volume or value? And if it's value, is it that the corporates are borrowing more or are you gaining wallet share? So, some quantitative stuff or color out there would be useful.

Secondly, a little bit on credit cards, you know, credit cards, the decline Q-o-Q, is it simply an end of period thing that last quarter was good due to an early festive season? Or should we read more into it and be concerned? And honestly, this is not just for you all, but for the industry.

And thirdly, and I know you all have spoken about this in the last one or two quarters about prioritizing NII over NIM. My question is, why only in FY'26? Why not in FY'27 and FY'28?

It clearly gives you ROE accretion. If you see this quarter also, your capital has not been consumed because you're probably growing in lower risk weight assets. So, let this just continue. What is the logic of keeping it only in the short term? Yes, that's it. Thanks.

Vijay Mulbagal:

Hi, thanks for the question. I'm Vijay here. I'll answer on the corporate growth. We're being very selective about the growth. It's being largely powered by the strong client engagement, materially faster turnaround times compared to how the market is operating, clearly focused on our filters on both FTP and RAROC. In terms of sectors, it's primarily led by power, corporate real estate, diversified conglomerates.

But we're not stopping at just asset growth on the corporate. Our idea is to embed the Bank in each corporate to be able to improve our transactional flows. Neeraj spoke about Neo, and the current account flows are a testament to how we're embedding the Bank in corporates. And also corporate salary and Burgundy, most of these are how we are operating and engaging with the corporates. We're not chasing the growth here, we're being selective about it. And clearly, RAROC FTP filters operate. Ecosystem play is very much our play.

Arnika Dixit:

Hi, this is Arnika. On the card side, I think it's a phenomenon that we've seen across the sector, post the festive demand rundown, the spend year-on-year came down. Last year, festive season was in October, November. This year, the festive season actually along with GST cuts came in September, and that's why you see the quarter-on-quarter difference.

Piran Engineer:

But Arnika, are you seeing pressure on revolvers and EMI products also? Or is it just mathematically a decline? If you get what I mean?

Arnika Dixit:

Yes. So, the key is that our percentage share of revolve continues to be the same. There's no change that we are seeing over there. I think depending on the mix of the clients you get from time to time, the color of the book moves. But from our perspective, our ENR share, our spend share continues to be stable for last six quarters.

Piran Engineer:

Understood.

Puneet Sharma:

Piran, to your last question on optimizing NII on a go forward basis. Our comment for FY'26 was driven by the fact that we make these decisions on a plan cycle basis. So we are due for our plan cycle for FY'27. Once we've made the decision, we'd be happy to communicate.

Piran Engineer:

Okay, so it's not definitely a no, it's just that you will revise it each year and communicate to the street?

Puneet Sharma:

We will review it as part of our plan cycle and the outcomes, we'd be happy to communicate it at a due point in time.

Piran Engineer:

Okay, that's helpful. Yes. Thank you and wish you all the best.

Moderator:

Thank you. The next question is from the line of Adarsh Parasrampur from Enam. Please go ahead.

Adarsh Parasrampuria: Hi team, great set of numbers. A couple of questions. First is with things settling down on unsecured and retail, on credit cost, we did see some gap versus peers getting created on the credit cost side. So most large peers were operating close to 50 or under, and now things seem to be settling on the unsecured side. So if you can offer some direction, you did speak about credit cost, but do you expect to bridge the gap you've had in, maybe in the last couple of years, given that technical slippages also should not be an issue next year?

Moderator: Ladies and gentlemen, thank you for patiently holding. The line for the management has been reconnected. Mr. Parasrampuria, you may proceed now.

Amitabh Chaudhry: Adarsh, we could not hear you properly but before the line got disconnected, I think you asked about M&A and then you had a question on slippages. Let me answer the second question and I'll then ask Puneet to answer the first. I don't know what M&A you're referring to. We don't comment on any M&A and we are not in any position to discuss any M&A at this point in time. People are quoting sources. Good luck to them.

Puneet Sharma: Adarsh, on your question on credit cost. As you're aware, we don't guide on credit cost, but I'll reiterate. Retail asset quality stabilization is what we called out last year Q4 for cards, Q2 this year for PL. The numbers are visible on slide 44/45 for you to see. The stabilization is playing through. Early vintage delinquency of the new underwritten book continues to behave well. That's where we will stop at commenting on credit cost performance, but that should give you a fair idea of stabilization actually playing through our numbers.

Adarsh Parasrampuria: Perfect. Thanks, Amitabh and thanks, Puneet.

Moderator: Thank you. The next question is from the line of Kunal Shah from Citigroup. Please go ahead.

Kunal Shah: Yes. So, the question was on recoveries. When we look at the run rate on the recovery side in particular, it still seems to be almost similar on a quarter-on-quarter basis, somewhere around 2800-2900 range, and there were expectations in terms of better recoveries to flow through even from the technical slippages, given that there was a lot of accretion which has happened.

So, maybe do we expect the overall recovery trend to improve from here on? How should that ideally behave? No doubt on the slippage side, we have seen the core slippages being managed, but there were some expectations of improvement in the recoveries too.

Puneet Sharma: Kunal, thank you for the question. If your question is related to technical slippages and recoveries thereof, we reiterate that pool will not result in an economic loss for us. We will be able to recover these loans because they have an adequate value of security cover. That's what we've consistently been saying. You've seen a decline in the net slippage number on a quarter-on-quarter basis.

I think you're comparing quarter 3 to quarter 2. Please do adjust for seasonality, and if you adjust for seasonality, the trend lines that we've been calling out continue to hold. So, on technical slippages, we remain true to our comment that you should see recovery from that pool over a period of time, no economic loss on that pool.

Kunal Shah: Sure, sure. And secondly, on the investment income side, so there has been quite a bit of volatility in 2Q and 3Q. So, is it more to do with maybe some booking of the, maybe some selling the investments during a particular quarter which would have resulted in the treasury gain in last quarter not reflected in the investment income, and this quarter maybe the treasury is low and investment income is high? So, should we look at it both as a cumulative number to just see in terms of how the investment portfolio is giving the benefit, or how should we rate that? Because last two quarters, it's been quite volatile?

Puneet Sharma: Kunal, treasury income is a function of the treasury's decision to monetize basis market scenarios. Ideally, you should look at trading profit on a full-year basis. It will differ on a quarter-by-quarter basis in each fiscal.

So, if I request you to look at nine months trading profits, nine months trading profits for last year was INR1,885 crores, and nine months trading profit for the current year is INR1,978 crores. So, broadly flat to stable, INR100 crores gap. So, please don't either model or measure trading profits quarter to quarter. On a nine-month to nine-month basis, we've delivered a similar amount as we did last nine months.

Kunal Shah: Sir, the question was more on the investment income side?

Puneet Sharma: So, if you're looking at yields on investment income...

Kunal Shah: Yes. So, interest on investment, sorry?

Puneet Sharma: Yes. So, if you're looking at yields on investment income, there will be some volatility depending on the investment position we carry on our trading book. There will also be some volatility basis the interest rate view our treasury takes between long-duration securities versus short-duration securities.

You're right in your observation that there is a marginal decline in yield on investments in the current quarter, that's driven by specific treasury strategies on elongating or shortening the duration of instruments we hold. Nothing to read into it as we stand today.

Kunal Shah: Sure. Thanks. That's helpful. Yes.

Moderator: Thank you. The next question is from the line of Rahul Jain from MFS Investment. Please go ahead.

Rahul Jain: Thanks and good evening, gentlemen. I've got two questions actually. One is just wanted to understand about the growth in the retail asset book. What strategy are we adopting to improve the traction there? What do you think about the market share gain opportunities that exist in the retail asset side? Because the last few quarters, it's growing in a very narrow band, if I'm not wrong, between 1% to 2% quarter on quarter? So, really keen to hear your comments on that, number one.

Number two, on the operating leverage side, how confident or what's your view about the direction of travel going forward in the next couple of years as the investment need might again arise if the retail asset growth picks up or irrespective of the retail asset, the operating leverage will continue to come through. So, those are two questions. Thank you.

Munish Sharda:

Rahul, hi. This is Munish. Thank you for your question. At a very broad level, there are two or three things that we used to look at the retail asset businesses. The first thing at a broad bank level, we have said that we will grow our asset book through cycles at about 300 basis points better than the industry. And I think the franchise is well positioned to deliver that.

The second thing is that on the RAROC side, we are guided by RAROC operating principles. We are very clear that we will dial up or dial down depending on the returns that we expect to make in any business. The third is any environmental shift that happens impacts the overall growth.

Fourth item is we are very committed to delivering large part of our asset growth by deepening the relationship with our existing customers. So, within these four guiding principles, the last few quarters we've seen, we took a hit in unsecured disbursement because there was about six to eight quarters back we went through a cycle there. We've seen those disbursements now come back.

We have remodeled our acquisition engine, , and we are seeing attraction in that business. We've also, in the mortgage business, we're seeing a lot of competition from PSU banks since a few quarters back. We're also doubling down on a few lines within the retail mortgage business, which will give us higher RAROC, etc., So, we've seen disbursement come back there as well.

In our wheels business, which is the auto loan, commercial vehicle, construction equipment businesses, we're also pushing for the right RAROC in that business. We have deployed technology. We are seeing a growth in that business, also driven by the shift in the GST, etc., that's happened in the last quarter. Finally, in our small business banking businesses, there are also two - secured and unsecured books where we are pushing growth because that business brings a whole lot of opportunities with those set of customers.

We are seeing higher disbursement growth quarter-on-quarter and Y-o-Y. Puneet and Amitabh mentioned those numbers in their respective addresses. We think that if we continue to work in these areas, and we continue to double down on digital transformation etc., in those businesses, our ability to deliver on the 300 basis points better than the industry will continue to get sharpened.

The growth of book takes time once the disbursement starts improving, and we're hoping that if we continue on this momentum, we will be able to deliver and we're well positioned to deliver 300 basis points from the franchise, better than the industry on a through cycle basis. I hope that answers your question.

Rahul Jain:

Okay, so just a follow on. Just to clarify what Munish said earlier, this 300 basis point, to my understanding, was on the aggregate loan growth for the bank. His remark was in context of the retail or the overall, that's number one?

Number two, just to clarify, RAROC, you all feel that the corporate book is better in RAROC than retail, or you're talking about in general the capital allocation? Because retail growth at some stage will start becoming strategic because of even the relationship on the liability side or the card relationship.

Amitabh Chaudhry: So, Rahul, we have mentioned a couple of things consistently. One, we'll maintain a growth which is better than the industry growth rate. Munish gave the numbers. We also mentioned in this call itself that over a period of time, we'd like the ratio of retail, wholesale, and SME to be in a certain zone, which basically implies that at some stage, retail also has to start contributing in the same way as what wholesale is doing today.

Wholesale is way higher right now, but at some stage, that will come down. Retail will pick up because the disbursement numbers definitely reflect that over the next couple of quarters, the retail growth will start picking up. And depending on the asset class in retail, if we can manage credit costs, we have talked about this that the RAROC for retail businesses tends to be higher if you do your client selection and all that well.

That does not mean that wholesale RAROC is lower. But wholesale, unless you get the full relationship and the full value, the only thing you do is a loan. It does not work. Same thing with mortgage. If the only thing you do is a retail mortgage loan, it does not work. So we obviously have a very detailed, intensive, comprehensive RAROC framework, and we use that to decide which businesses can grow, and that's why we keep this balance. I hope that answers the question. Puneet, you can answer the second one.

Puneet Sharma: So Rahul, on your cost question, the way I would request you to think about cost is as follows. Please think about cost to assets on a full year basis rather than quarter-by-quarter. When retail disbursements improve, we will see costs increase because there is a sourcing component, cost component to retail disbursements.

But that does get compensated in part on the fee income line because we will realize some amount of processing fees to offset that cost. Keeping that aside for the moment, directionally, you should see cost to assets improve as we get efficiency into the business. And that's how you should think about our cost to assets on a go-forward basis. So efficiency from where we reported today.

Rahul Jain: Got it. Appreciate the responses. Thank you so much.

Moderator: Thank you. Ladies and gentlemen, this will be the last question for today, which is from the line of Param Subramanian from Investec. Please go ahead.

Param Subramanian: Hi. Good evening. Thanks for taking my question. First question is on the NIM movement in the quarter. So you reported it's down nine basis point quarter-on-quarter. So if I look at your NII at 4% quarter on quarter, it's largely in line with your loan growth and your asset growth.

So is it that, the growth that we saw in the last quarter was back-ended and so, the averages have grown, is my understanding correct there? That's my first question. Because it doesn't tally with the NII movement?

Puneet Sharma: Param, thanks for your question. I think a good way to anchor the response is to refer to slide 9 of our investor presentation. Effectively, we've explained the 9 basis points as 1 bps of extra interest reversal compared to the previous quarter due to seasonality of the quarter. 8 basis points is spread compression.

Broadly, I would request you to think about the 8 basis points as a reasonable portion of the 8 basis points coming from mixed shift in the book. So what you've seen is wholesale proportionality move up compared to retail proportionality. Now that's playing through on full quarter basis as we move forward in time. So there's an advanced mix impact on margins that plays through in the 8 basis points.

And second, there is a liability mix impact that's playing through in margins, given that for the system and us, the incremental CASA ratio is not at the same levels as the book CASA ratio. Those are the two variables that have played through from a margin compression standpoint. The pulls and pushes of what the average balance is or when the growth is will differ quarter to quarter, but those are the two big variables that have impacted margin decline in the current period.

Param Subramanian: Absolutely. That's very helpful. Just to follow up on that, so this mixed shift that has happened over the last two quarters where corporate has picked up in the mix by about 2.5%, like you called out, is it well reflected in the current quarter NIMs and yields, or is there some more pass-through in Q4 that still has to reflect?

Puneet Sharma: So like we said, Param, we are focusing on NII optimization through the year. So effectively, given what opportunities present themselves in the current quarter, we will take a considered decision on where we grow for in the current quarter. So if there's a further mixed shift, it will impact margins. That's the natural response I can provide you. The other impact on margins in Q4, as I had called out earlier, was the full pass-through of the 25 basis points repo rate cut offset by depository pricing in part.

Param Subramanian: Fair enough. Thanks, Puneet. Just one last question. I didn't pick up your response to what is the impact of the new LCR calculation from FY'27 on your reported numbers. Yes, that's it from me. Thank you so much.

Puneet Sharma: Thank you. I think we would be neutral on the change from where we stand today.

Moderator: Thank you. As that was the last question for today, I now hand the conference over to Mr. Puneet Sharma for closing comments. Thank you and over to you, sir.

Puneet Sharma: Thank you, Michelle. Thank you, everyone, for taking the time to speak with us this evening. For any unanswered questions, the IR team and myself will be available. So please do feel free to reach out to us. Thank you and have a good evening.

Moderator: Thank you, members of the management. On behalf of Axis Bank, thank you for joining us and you may now disconnect your lines. Thank you.