AXIS BANK

# Axis Bank's Q3FY26 Media Conference Call

## 26th January 2026

**MANAGEMENT:**

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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 or the proceeding 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. 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 touch-tone 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:** Thank you, Michelle. Wishing everyone a very Happy Republic Day. We have on the call, apart from Puneet, our Executive Director, Subrat Mohanty, Munish Sharda, and Neeraj Gambhir and other members of the leadership team.

As a bank, 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 summarize the highlights of Quarter 3. Our deposits growth momentum continued with month-end balances growing at 5% Q-o-Q and 15% Y-o-Y and also Quarterly average balances growing 5% Q-o-Q and 12% Y-o-Y with CASA delivering a strong growth of 3% Q-o-Q and 14% Y-o-Y.

Our total advances grew 4% Q-o-Q and 14% Y-o-Y. Within that, small businesses, SME and mid-corporate together grew at 5% Q-o-Q and 22% Y-o-Y and constituted 24% of total bank loans. Core operating revenue was up 7% Y-o-Y and the core operating profit was up 7% Y-o-Y. Our PAT was up 28% Q-o-Q.

The bank remains well-capitalized with a CD1 ratio of 14.5%. We continue to stay focused on the three core areas of execution of our GPS strategy, which we have talked about for many Quarters before -- becoming a resilient all-weather franchise, creating multiplicative forces to build competitive advantage, and building for the future. I will now discuss each one of those areas.

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 cost, 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 towards high-RAROC segments with growth anchored around high-quality transaction-led, 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-minus 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 stabilizing at all levels. All the key indicators; bounce rates, early delinquencies, collections, and resolution trends continue to stabilize, reflecting the ongoing improvement in portfolio behavior. We have positive operating jobs, both for the Quarter as well as year-to-date, with our cost to assets at 2.33%, or 15 basis points, Y-o-Y improvement.

Moving to deposits now. The deposits journey for Axis Bank should be looked at from three aspects - quality, cost, and growth. Please refer to Slide number 17 in our investor presentation. 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 basis points lower Y-o-Y and 8 basis points lower Q-o-Q, reflecting our effective navigation of the current rate-cut cycle as well. We continue to demonstrate and remain focused on going faster in the industry in medium- to long-term. In Quarter 3, our deposits have outpaced the credit growth.

Y-o-Y, on MEB and QAB basis, total deposits grew 15% and 12%, term deposits grew 16% and 14%, CA grew 20% and 10%, and SA grew 11% and 8%, respectively. Q-o-Q on MEB and QAB basis, total deposits grew 5% and 5%, term deposits 6% and 6%, CA 7% and 5%, and SA 1% and 2%, respectively.

We recognize that while our progress in 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 generalization of the deposit book to further enhance its resilience.

Building onto the momentum from Q2FY26, 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 business. At the start of this fiscal, we have recalibrated our approach to both New-to-Bank (NTB), and Existing-to-bank (ETB) deposit mobilization with a sharper focus on quality and engagement. The outcomes continue to be encouraging.

Our salary franchise continues to show encouraging traction with improved activation and high-quality inflows, resulting in 20% Y-o-Y growth in salary uploads in the NTB salary book by December 2025, 32% Y-o-Y growth in number of premium accounts for NTB salary book acquired in year-to-date December '25. ETB salary book grew 18% Y-o-Y during the Quarter, and obviously these trends reflect stronger engagement and a more targeted customer level strategy.

Premiumization across the franchise is progressing well, supported by rising wallet share and superior client servicing reflected in the 7% Q-o-Q and 8% Y-o-Y growth in Burgundy agents. 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 partnership channels.

NEO for corporates is fast emerging as a 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.

On creating multiplicative forces to build competitive advantage, this Quarter we have advanced our agenda on digital-first, inclusive, and future-ready initiatives to industry-first innovations and strategic partnerships. We pioneered the omni-channel Express Banking digital point and partnership with Hitachi Payment Services, a next-generation banking concept offering a glimpse into the future of inclusive banking. Customers can now walk into 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 effectively in the UPI payer PSP space, with our market share rising to 39% by value and 38% by volume in Q3FY26, while maintaining the lowest technical declines of the 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.

As far as building for the future is concerned, digital banking performance continues to remain strong. We continue 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 empower customers to protect their accounts. We launched face authentication-based journeys to select products using Aadhaar, which could dramatically reduce the possibility of fraud. Bank-wide programs to build decisiveness to Bharat Banking and SPARSH are progressing well.

At the end of 2025, the deposits from Bharat Banking branches were up 12%, Y-o-Y and rural advances were up 2%, Q-o-Q. Our customer obsession initiative, SPARSH, continues to accelerate with our enterprise-wide focus on bringing experience outcomes and simplifying interactions through digitization. Retail Bank

NPS has risen four points, Q-o-Q, and 59 points since inception, with consistent improvement across retail parts.

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 geopolitical 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, everybody. Discussing the financial performance of the bank, we had a strong Y-o-Y growth in deposits and advances of 15% and 14% respectively. Core operating profit was up 9% Q-o-Q, and PAT was up 28% Q-o-Q, aided by steady NII and healthy fee income. Overall, healthy core operating performance was aided by stable NII and healthy fee income. Net interest income up 5% Y-o-Y, 4% Q-o-Q.

Net interest margin at 3.64%, down 9 basis points Q-o-Q. Fee income grew 12% Y-o-Y. Granular fee constituted 92% of overall fees and retail fees up 12% Y-o-Y. Cost-to-assets at 2.33%, declined 15 basis points Y-o-Y, 5 basis points Q-on-Q. We delivered a positive job for the 9MFY26. Core operating profit was up 9% Q-o-Q and 7% Y-o-Y.

Our strong deposit growth was delivered on a QAB and an MEB basis, aided by healthy CASA inflows. Y-o-Y/QAB basis, total deposits grew 15%, 12%. Term deposits grew 16%, 14%. CA grew 20%, 10%, and SA grew 11% and 8% respectively. Q-o-Q on an MEB/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. On a month-end balance basis, our CASA ratio was at 39%. It continues to be amongst the best across large private sector banks. Q3FY26 cost of funds declined by 39 basis points Y-o-Y and 8 basis points Q-o-Q. Our healthy loan growth was delivered.

Retail and granular loan disbursements started increasing steadily Q-o-Q. Advances grew 14% Y-o-Y and 4% Q-o-Q. Banks' focus segments grew 12% Y-o-Y and 3% Q-o-Q.

Small business banking plus SME plus our mid-corporate business loan book stands at INR 2,800 billion, constituting 24% of our total loans, up 705 basis points in terms of constitution in the last four years. Our SME loans grew 22% Y-o-Y and 6% Q-o-Q. Our corporate loans grew 27% Y-o-Y and 7% Q-o-Q.

Of the corporate loans, mid-corporates were up 21% Y-o-Y and 6% Q-o-Q. Retail loans grew 6% Y-o-Y, of which small business banking loans grew 12% Y-o-Y and 2% Q-o-Q. Retail disbursements have started picking up and grew 20% Y-o-Y and 12% Q-o-Q.

We are well capitalized as a franchise and we carry adequate liquidity buffers. Overall capital adequacy stood at 16.55%. Our CET1 ratio as of 31st December was 14.50%. We net accreted 7 basis points to CET1 capital in Q3FY26. Additional cushion of 43 basis points over reported capital adequacy ratio can be attributable to other provisions and one-time standard asset provision aggregating to INR 6,243 crores, which we have not included in the reported capital adequacy numbers.

Excess SLR is INR 1,37,919 crores. Average LCR for Q3FY26 was 116%. We continue to maintain our strong position in payments and digital banking, maintaining our market-leading position in the UPI payer PSP space with a market share of 39% by volume with lowest technical declines.

We continue to be amongst the largest players in the merchant acquiring business in India with a terminal market share of 21.4%. We acquired close to a million cards in Q3FY26 with a market share of 14% on cards in force. Axis mobile app continues to be among the top-rated mobile banking apps on Google Play Store and iOS Play Store with a rating of 4.7 and 4.8 respectively with 15 million monthly active users.

Our asset quality has stabilized. GNPA at 1.40% down six basis points Q-o-Q and Y-o-Y. Net NPA at 0.42% down two basis points Q-o-Q. Retail asset quality stabilizing net slippages and net credit costs lower than Q3FY25.

Our provision cover remains healthy at 70%. Overall coverage ratio stands at 146%. Gross slippage ratio for the Quarter at 2.11%, down 2 basis points Y-o-Y. Net slippage ratio for the Quarter at 1.11%, down 29 basis points Y-o-Y. Net credit cost at 0.76%, down four basis points Y-o-Y.

Excluding technical impact, gross slippage ratio at 1.51%, down 62 basis points Yo-Y. Net slippage at 0.95%, down 45 basis points Y-o-Y. Net credit cost at 0.63%, down 17 basis points Y-o-Y.

Moving to discuss the performance of our key domestic subsidiaries. Total 9MFY26 PAT of domestic subsidiaries at INR 1,490 crores, up 6% Y-o-Y. Return on investment of 52% in our domestic subsidiaries. Axis Finance 9MFY26 PAT at INR 571 crores up 12% Y-o-Y. Stable asset quality metrics with a net NPA of 0.36%. Axis AMC 9MFY26 PAT at INR 444 crores up 20% Y-o-Y.

Axis Securities 9MFY26 PAT at INR 270 crores. Axis Capital 9MFY26 PAT at INR 178 crores up 20%. We executed 14 ECM deals and three non-ECM deals in Quarter three FY26. With that, we conclude opening comments. We would be happy to take your questions now. Thank you.

**Moderator:** Thank you very much, sir. We will now begin the question-and-answer session. The first question is from the line of Saloni Shukla from Economic Times. Please go ahead.

**Saloni Shukla:** Hi, this is Saloni Shukla. Sir, just quickly on the technical impact, when it came in Q1FY26, you had indicated it will be a minimal impact, but it seems like it's just continuing, and versus Q2FY26, Q3FY26 is tad bit poor performance. So, can you please explain why we are seeing higher slippages from there?

**Puneet Sharma:** Saloni, thank you for your question. I think I request you to Slide 44 and Slide 45 of our investor presentation. While I will specifically answer your question on the increase in technical slippages, I think it's important to look at a few set of numbers before that.

If you look at our net credit cost reported for Q1FY26, we were 1.38%. We are roughly half that net credit cost at Q3 FY26 at 0.76%. So, when we indicated that asset quality was stabilizing and is on an improving trend, that's clearly visible from the net credit cost number between Q1FY26 and Q3FY26.

If I request you to look at Slide 45, which covers the details of the technical impact, the principal reason technical impact has increased sequentially is Q3FY26 and Q2FY26 are not apples-to-apples comparable. We have agri-slippages seasonality for the banking industry as a whole in Q1FY26 and Q3FY26.

So, an appropriate comparison for Quarterly purposes would be Q1FY26 versus Q3FY26. And if you look at the net slippages in Q1, we were INR 1,861 crores. We are INR 450 crores in that number with respect to Q3FY26 today.

So, again, the number has declined. To your specific question that could this number have been better and will we work hard towards ensuring that this number continues to trend down, the answer is yes. You have seen healthy improvements and recoveries across the portfolio, and you should continue to see that trend play through in the subsequent Quarter.

**Saloni Shukla:** My next question is on the loan book, corporate and retail growth. Basically, this Quarter we've seen a significant amount of growth on the corporate book, but I'm guessing this will be low-yielding loans, and retail has just grown 6%. So, what is the strategy here? Home loans have only grown 2%. I can understand credit card and personal loans are growing slowly, but home loans just continue to grow slowly. So, can you just explain the strategy on both corporate and retail?

**Puneet Sharma:** Thank you for that question. I think, what I would actually like to point out is on the retail loan side, it's important loan book growth lags disbursement growth. So, I would like to give you some statistics around disbursement growth Q-o-Q, which would give you some comfort.

Our retail disbursements on a Y-o-Y basis have grown by 20%, and on a Q-o-Q basis have grown by 12%. Since you specifically asked around the home loan portfolio, our home loan disbursements have grown 30% Y-o-Y and 16% Q-o-Q.

So, what's really happened is as we were recalibrating our loan book, we had focused on higher RAROC products, and consequently there is a loan rundown, which will now on a go-forward basis start being recompensed by disbursement growth translating into loan growth.

So, I would request you to focus on the lead indicator, the lead indicator being disbursements and specifically for home loans, 30% Y-o-Y growth in home loan disbursements and 16% Q-o-Q loan growth on home loans.

To the first part of your question, which is wholesale, I think we found adequate opportunities to lend to the corporate sector on a relationship-led basis, which we measure on relationship RAROC. The growth has not come at the cost of compromising our risk-adjusted return on capital.

So, it's just that we found multiple opportunities to penetrate existing customers, which have allowed us to grow in high-quality corporate loans. The last point I would leave for your consideration on corporate loans, which is also set out in our investor presentation, is close to 90% of the incremental loans given to corporates are to better-rated corporates.

So, we have not gone down the credit spectrum. We've continued to protect our RAROCs and deepen our relationship with the customers, which has allowed us to grow that book successfully over the last few Quarters.

**Saloni Shukla:** Okay, thank you.

**Moderator:** Thank you. The next question is from the line of Subrata Panda from Business Standard. Please go ahead.

**Subrata Panda:** Hi. My question is on corporate lending. What kind of loans are these? I mean, is it more refinancing or...

**Moderator:** Mr. Panda, I'm sorry to interrupt you, sir. Sir, your audio is not clear. May I request you to use your handset, please? Sir, may I request you to kindly rejoin the queue, please, and try again? We'll move on to the next question, which is from the line of Ram Kumar from the Hindu Business Line. Please go ahead.

**Ram Kumar:** Sir, if you can explain this, retail loans as a proportion of total loans has gone down actually, by almost, 200 basis points, whereas corporate has increased quite nicely by around 300 basis points and even SME has gone up by 1%, actually. So, just wanted to understand what is the strategy behind this? Why are you de-growing your retail loan in the overall loan book, actually? Yes, this is my first question.

**Puneet Sharma:** Thank you for the question. One factual clarification and then a response for your consideration. We have requested to look at Slide 7 of our investor presentation. We have actually not de-grown the retail book. The retail book in rupee-crore terms continues to grow on a sequential Quarter basis.

The change in the proportionality of book is principally led by the fact that we found opportunities to grow wholesale and SME in the current environment. And we have been cautious about growing the retail portfolio given the stress in the retail book that was seen in the second half of the last fiscal year.

So effectively, the book proportionality has changed because corporate and SME continue to grow at a healthy cliff. Retail was consciously slowed down. We have risk calibrated and corrected our risk scorecards. And in essence, the lead indicator of retail growth coming back is the disbursement growth that I spoke of in response to the last question.

So, in summary, retail continues to grow, but at a slower pace. Lead indicators of retail are healthy. And you should see some recalibration of the book back to the old proportions that we had over our planned horizon.

**Ram Kumar:** And unsecured loans as a proportion of retail loans, has it come down? Because secured portion you're saying is 73% of total retail loans. So can you give a comparative figure for the last year, actually?

**Puneet Sharma:** Unsecured loans as a proportion of retail loans have come down.

**Ram Kumar:** How much is it for the current year and the last year, if you can share the numbers?

**Puneet Sharma:** My request to you is about 73% of the retail loan book is secured as of now. I think you would see about a couple of percentage point changes. So at peak, we had gone to retail unsecured of about 28%-29%.

**Ram Kumar:** Okay, Thank you so much, Sir.

**Puneet Sharma:** Thank you.

**Moderator:** Thank you. The next question is from the line of Ankur Mishra from ET Now. Please go ahead.

**Ankur Mishra:** Good evening, gentlemen. First, as you were mentioning about the retail loans, particularly, you said that disbursement should be low. I wanted to get a sense, meaning in the next Quarter, that is Q4 and onwards, you would see the loan growth in line with overall growth. Is that the correct understanding?

**Puneet Sharma:** Thank you for the question. We don't guide loan growth at a segment level. But as Amitabh commented as part of his opening remarks, the franchise is set to grow faster than industry. And that endeavor will continue both for the current fiscal as well as our planned horizon.

**Ankur Mishra:** Right. Also wanted to get a sense on the margins front, which has been on a declining trend over the last few Quarters. Do you think that from here on, this trend may be sustaining, or you have a potential of even protecting the margins?

**Puneet Sharma:** So, I think it's important to set context to this response. As you are aware, we pass on repo rate cuts at the end of the Quarter in which the repo rate cut is announced. We had the last repo rate cut being announced on 5th of December. We have transmitted that only towards the end of the Quarter. Effectively, it would have been transmitted for between five and seven days. The full effect of that repo rate cut flows through into Q4FY26. Therefore, the way to think about our margins, given the loan book profile that we have, 73% of our loan book is floating rate of which roughly 60% is repo linked.

The effect of that loan re-pricing will flow through into Q4FY26. Obviously, we will see some part of liability re-pricing that is pending on the book offsetting the loan yield pressure. That's how I would request you to think about margins as we get in. So yes, given when the repo rate cut happened, margins will decline from what we reported in Q3FY26.

**Ankur Mishra:** All right. Thank you so much.

**Moderator:** Thank you. The next question is from the line of Ashish Agashe from PTI. Please go ahead.

**Ashish Agashe:** Thank you so much. Hope I'm audible.

**Moderator:** Yes, sir. Please proceed.

**Ashish Agashe:** Sir, you mentioned about the disbursement being a lead indicator for loan growth in the future. How long a lag is it before the disbursement growth actually shows up on your book growth? This is specific to retail.

**Munish Sharda:** Hi. This is Munish. As Puneet said that for real asset growth, we have now started seeing the growth in disbursals. The way the book works is that the book is running at a particular level of runoff. So, as the disbursal starts growing, you need about three to four Quarters of accumulation of increased disbursals for the balance sheet to start growing, to start improving growth. So, we've seen growth increase from the previous Quarter in some of the lines and with the disbursal in growth that we are getting, we should continue to see a secular growth impact as well.

**Ashish Agashe:** Okay, sir. I take it as about three to four Quarters from now on before you see the loan growth ticking in, sir, on the retail front. Is that a correct deduction of your remarks, sir?

**Munish Sharda:** I won't be giving a timeline, but as we said that we are seeing momentum in our businesses. And if the disbursal continues to grow at this pace, it will take two, three Quarters for the growth to start going to our historical levels.

**Ashish Agashe:** Okay, Sir. And my second question. This is influenced a lot by happenings in the industry. Is the RBI through with the entire supervision exercise for FY25 and specific to agri-loan recognition? Has there been any sort of ask from the RBI?

**Puneet Sharma:** Thank you for the question. We don't discuss RBI inspection reports generically, but to your question on the standard asset provision that some banks have taken in the current Quarter in relation to the agri-book. We had taken the equivalent provisions in Q2FY26 of our reporting.

And consequently, the impact that had to be given for that declassification has already been given effect to as part of our Q2FY26 financials. We have no further impact to take post the impact that we have taken in Q2FY26. So, everything that needed to be dealt with was dealt with in Quarter Q2FY26. We have no further impact on that account.

**Ashish Agashe:** Okay, Sir. Thank you so much.

**Moderator:** Thank you. We will take the next question from the line of Subrata Panda from Business Standard. Please go ahead.

**Subrata Panda:** Hi, sir. Am I audible?

**Moderator:** Yes, sir. Now it's clearly audible. Please proceed.

**Subrata Panda:** My first question is on the corporate loan book growth. I mean, I just wanted to understand a bit as to where the growth is coming from. Is it more of refinancing or are we seeing fresh capex related lending happening? Also, are corporates now moving back to the loan market from the bond market. So, if you could show some light on that? Also, my second question is on Axis Finance. So where are we on the stake sale process? If you could just give us an update?

**Subrat Mohanty:** Hi, Subrata. Thanks for your question. This is Subrat. On corporate book, it's reasonably broad-based. I think sector wise, we are seeing good positive momentum in real estate, in power and some of the large conglomerates that we had a relationship with. We're getting more than our natural market share, more than our usual wallet share because of the relationship that we have built over the last three years.

Separately, the growth is again in terms of there is some refinancing, there are new loans, there is working capital loan growth. So, it's quite broad-based as we see it. On your question on Axis Finance, like we have said earlier, we will continue to make sure that capital is not a constraint for that business.

We continue to explore all options of infusing capital into that business. The process is on right now based on some of the regulatory guidance as well as some of the changes in guidelines that have happened. There is nothing new to add there. We continue to be exploring all options to be able to infuse capital into the business.

**Subrata Panda:** Just to clarify, the stake sale process is not off the table, right?

**Subrat Mohanty:** No, we mentioned it last time that we are exploring stake sale as one of the options. That particular exercise or that particular option is not off the table.

**Subrata Panda:** Okay. Thank you so much, sir. Thanks a lot.

**Moderator:** Thank you. We'll take the next question from the line of Vishwanath Nair from NDTV Profit. Please go ahead.

**Vishwanath Nair:** Hi, couple of questions. Firstly, on this conversation around the margins. After Q2FY26, there was a lot of noise about how the bank declined to give a clarity on margin direction during the media call. But later on with a private analyst, that happened and they published a report as well. So just wanted to get a sense of what exactly is your policy on giving margin direction.

And secondly, on the technical asset quality provisioning that’s standard asset provisioning. You had said in Q1, there was a one-time hit because for some changes in the way you do asset classification, second Quarter was prompted by the Reserve Bank's assessment. Now the third Quarter, again, we have seen this. So how do we take the viewpoint that no further standard asset provisioning will be required from Axis Bank? Thank you.

**Amitabh Chaudhry:** So, Vishwanath, let me take on the first question. First, let me categorically state, please do not twist the facts the way you have asked the question as it is given. The fact is as follows. If you go and listen to our call, first Quarter call, second Quarter call, we were categorical in those calls that based on the rate cuts which have been announced by RBI, this is how our net interest margin will flow.

Exactly the same fact was repeated in our analyst meetings or the meetings which were arranged with the investors. Only the difference was at that time, our interest rate cut had happened from RBI. And we had just said that because of this interest rate cut, our, as explained in the previous calls, our net interest margin trajectory could change a little bit. We have maintained that stand consistently.

Please, I would request you, do not change the facts to make it look like we said something in some call and said something else in the other call. We have been extremely consistent. And if you are not convinced, I am happy for our people to reach out to you and prove to you that nothing of that nature has happened. So please, I request you, do not cut out the facts the way you are doing it. We will answer the second question now.

**Puneet Sharma:** So, on technical slippages, clearly, if you look at Slide 45 of our investor presentation. The technical slippages on Q1FY26 on a gross basis was INR 2,700 crores. It consistently continued to drop. The net slippages have dropped even more meaningfully. Please appreciate that a change in recognition follows through in every Quarter.

What is important to note is what has slipped in the first Quarter, are there adequate recoveries and is the trend line of net slippages continuing to decline and that is clearly visible from the numbers we published versus an INR 1,861 crores net slippage in Q1FY26, we are down to INR 450 crores in Q3FY26.

The reason Q3FY26 is higher than Q2FY26 is simply because we have seasonality in the Agri portfolio. If I compare that to what are the net credit costs on account of the technical portfolio, the net credit costs on account of the technical portfolio is down to 13 basis points, which is roughly about two- and-a-half times lower than what we had in the Q1FY26.

So, the costs as well as slippages are behaving in line with what we have explained. They go into the base at the end of Q4FY26. And consequently, you will not see a specific technical impact flowing through into Q1FY26 because it becomes part of normal BAU recognition. The disclosure is only made for transparency so the reader can understand an apples-to-apples comparison movement in asset quality. Sorry, I would just like to factually clarify, there was no one-off in Q2FY26 as you alluded to. There was no asset quality impact consequent to anything that we needed to take as part of Q2FY26 financials. So again, I want to be explicit and clear. There was no Q2FY26 one-off and there is no Q3FY26 one-off. The technical impact changed only in Q1FY26 and that's all that we have had to report for transparently on asset quality.

**Vishwanath Nair:** Sorry, the notes-to-accounts says something else. It says you are following an RBI advisory post FY25 annual inspection. The bank in Q2FY26 made an additional one-time standard asset provisioning. So, there was a one-off of INR 1,231 crores.

**Puneet Sharma:** That's a standard asset provisioning. It has nothing to do with asset quality. We had clarified there that it was a declassification of a loan portfolio that was previously qualified as priority sector lending.

There is no change in customer terms. There is no deterioration in asset quality and the provision aggregated to 7.5x the average credit cost we had incurred on this portfolio over the last three years. So, it was a specific provision requirement on a standard asset basis. It has nothing to do with asset quality. It had to do with classification and declassification of PSL. As you are aware, inspections happen sequentially.

You have seen that industry-wide impact play through other financial entities in Q3FY26. Our inspection got completed in Q2FY26, therefore it played through our financials in Q2FY26.

**Moderator:** Thank you. We'll take the next question from the line of Kshipra Petkar from Financial Express. Please go ahead.

**Kshipra Petkar:** Good evening, Sir. My first question is, with the kind of growth that we are seeing in the corporate world, what is the ideal retail-to-corporate mix you are looking at by the end of the financial year? And my second question is, even excluding, the technical impact; the retail slippages have kind of gone up. If you could just give me a breakup of the retail slippages that would be helpful.

**Puneet Sharma:** Thank you. We don't disclose a product-wise breakup of retail slippages. Again, I will guide you to Slide 44 of our Investor Presentation. I would request you to remain focused on reported slippages on retail. We were 7,500 in Q1FY26. We are 5,472 in Q3FY26. Q1 and Q3 both have agri-seasonality, so they are apples-to-apples comparable.

Q2 and Q3, although non-comparable, there is no meaningful difference in the gross slippage. Q2FY26 gross slippages were INR 5,200 crores. Q3FY26 slippages are INR 5,400 crores, fully adjusted for agri-seasonality.

If I request you to move to net slippages, net slippages have declined even further. INR 5,726 crores of net slippages in Q1 on retail, down to INR 3,051 crores of net slippages in Q3. If you move to effectively the credit cost number, INR 4,000 crores of credit cost on retail in Q1 down to INR 2,418 crores of credit cost in Q3.

On an aggregated basis, our net NPA number Q1 to Q3 has declined by three basis points. Our gross NPA Q1 to Q3 has declined by 17 basis points. So, as we have previously indicated, our request would be to compare Q1 and Q3 because they're both seasonally adjusted, and on all parameters around the retail portfolio, we are seeing stabilization play through in Q3 as compared to Q1.

As we had previously indicated, as part of our Q4FY25 and Q1FY26 commentary, saying that the retail portfolio showing early signs of stabilization that's borne through numbers as reported in Q3.

**Kshipra Petkar:** Sir, do you expect this kind of stress to stabilize by the end of the year, or do you expect it to spill over in the next Q1 as well?

**Puneet Sharma:** My apologies, I did not fully catch the question because you were not fully audible. May I request you to please repeat that question?

**Kshipra Petkar:** Am I audible now?

**Puneet Sharma:** Yes, please.

**Kshipra Petkar:** My question was, given that you're saying that the stress is normalizing, can we expect it to normalize or maybe end by Q4FY26, or do we expect a spillover for Q1FY27 as well?

**Puneet Sharma:** Thank you for that question. Stabilization continues. Early reads on all of our portfolios indicate that the new portfolio return is showing lower delinquency for the same vintage as the old portfolio. So, the trend on stabilization is something that we stand by as we speak, as we look into Q4FY26.

**Kshipra Petkar:** Okay, and my first question on the ideal retail to corporate mix you are looking at by the end of the financial year?

**Puneet Sharma:** Unfortunately, we don't offer guidance on a Quarter-by-Quarter basis. Fiscal year end is only one Quarter away. But broadly speaking, when we think about our 3.80% through cycle net interest margin, that is modeled on a portfolio that's roughly about 58% to 60% retail, 22% to 25% wholesale, and the balance being the SME book.

And we will continue to work portfolio composition depending on opportunities that present themselves in the short term. Our plan horizons are typically three years. If you are willing to take our plan horizon view, you should look at 60%, 20%, 25%, 10%, 13%, 15% book composition between retail, wholesale, and SME.

**Moderator:** Thank you. We will take the next question from the line of Srishti Sharma from ETBFSI. Please go ahead.

**Srishti Sharma:** Hi. Good evening. Hope I'm audible?

**Moderator:** Yes, ma'am. Please proceed.

**Srishti Sharma:** Good evening, Axis Bank Management. I'll speak about the operating expenses. Slide number 12 talks about the staff cost being lower. Wanted to understand what does that mean? Lesser employees, I mean, more sense on what does lower staff cost mean for you this Quarter?

**Puneet Sharma:** Thank you for your question. Your observation is absolutely right. On a sequential Quarter basis, we do have lower staff expenses. The lower staff expenses have come through for two reasons. One, we have lower average head count given the productivity gains we have started to see on some of our past investments. And there is a one-time credit on staff costs because we had prior accrued variable pay that's no longer payable.

Lastly, divergent to industry trend, we have been accruing for social security expenses from year 2020. And consequently, we've had only an INR 25 crores rupee catch-up provision to make under the social security code versus the larger market, both manufacturing and financial services.

So, those are the three reasons where you have seen average head count decline, a reversal of a one-time variable pays that's no longer payable, and no accrual for social security code warranted given the bank's prudent practices. Staff cost has declined Q-o-Q. That would broadly be similar reasons for why the decline has occurred on a Y-o-Y basis.

**Srishti Sharma:** Noted. Two follow-ups on that. What do those investments mean? I'm assuming that's technology. And can you quantify the head count? When you say lesser head count, how many did you happen to reduce? And what areas or functions did you reduce them from?

**Puneet Sharma:** It's across the board. We wouldn't want to call out departmental head count improvements, but this could be productivity improvements arising out of technology investments. It could be productivity improvements just arising out of business growth. So, it's a multitude of factors.

It is across the board. We would not want to call out the specific departments in which this improvement is visible. But suffice to say, I think you're generically seeing more efficient head count utilization within the bank, while we continue to invest in head count for our assurance functions.

**Srishti Sharma:** Noted. I'll pick up my next question on the profit after tax for 9MFY'26 number. It's 10% down. What explains that?

**Puneet Sharma:** I'm sorry, I didn't catch that question. May I please ask you to repeat it?

**Srishti Sharma:** I'm speaking of the profit after tax, 9MFY'26. It says 10% decline. What explains that?

**Puneet Sharma:** So, I think the best way to explain that number is between the 9MFY25 to the 9MFY26, we have seen 100 basis points repo rate cut, which has played through on lower income for the level of growth that we have delivered. And secondly, our provisions and contingencies for 9MFY26 have been higher than 9MFY25. Part of that is driven by the fact that we took an INR 1,231 crores one-time standard asset provision catch-up in the last Quarter pursuant to the RBI directives and the initial one-time recognition provision that we made in Q1FY26.

So those are the broad reasons. If you look at slide 62 of our Investor presentation, if you look at the big change, provisions and contingencies is the big line-item change that you're likely to see, 6,400 going to 9,700. That will broadly explain the decline in profitability, after adjusting for 100 bps of rate cut. Thank you.

**Srishti Sharma:** Thank you, Sir.

**Moderator:** Thank you, Sir. Ladies and gentlemen, this will be the last question for today, which is from the line of Ashwin Manikandan from Reuters. Please go ahead.

**Ashwin Manikandan:** Hi, thanks. Just wanted to follow up on that question on Axis Finance stake sales. You mentioned that there are several options being considered and capital infusion could be one of them. Could you just elaborate on that? What are the other options that might be on the table? You also mentioned that some recent change in regulations also prompted some change in thinking. So if you could just elaborate on that, please? Thanks.

**Subrat Mohanty:** There is not more elaboration that we can give at this point in time. We have options of figuring out a combination of we are doing some infusion from the bank, getting a strategic partner so that we can dilute the equity and we can raise some capital for the subsidiary. There is also a possibility of subsidiary by itself, funding for its future growth by deleveraging.

All options are on the table like we said. From our perspective, the change in guidelines that came up because of the forms of business circular that came about a month and a half back meant that, the number of options that we had, we had to go back and check whether those options continue or there are more options that have opened. That particular process is gone, that is why nothing is off the table at this point.

**Ashwin Manikandan:** Got it. Thank you so much. Thank you, sir.

**Moderator:** 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. If any queries remain unanswered, please feel free to reach out to our corporate communications team. We would be very happy to address them the soonest possible. 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.