



Axis Bank Limited Q4FY26 Earnings Conference Call

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MANAGEMENT: **MR. AMITABH CHAUDHRY - MANAGING DIRECTOR &
CHIEF EXECUTIVE OFFICER**
MR. PUNEET SHARMA – GE & CHIEF FINANCIAL OFFICER
MR. SUBRAT MOHANTY – EXECUTIVE DIRECTOR
MR. MUNISH SHARDA – EXECUTIVE DIRECTOR
MR. NEERAJ GAMBHIR - EXECUTIVE DIRECTOR

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 March 31, 2026. 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 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 the operator by pressing star and 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.

I now hand the conference over to Mr. Amitabh Chaudhry, MD and CEO. Thank you and over to you, sir.

Amitabh Chaudhry: We welcome you all to a discussion on Axis Bank's Financial Results for the quarter and financial year ended March 2026.

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

FY2026 unfolded against a complex and uncertain global macroeconomic backdrop. Elevated geopolitical tensions, including tariff issues and lately the West Asia conflict, continue to disrupt global supply chains, influence capital flows, and add volatility to markets worldwide. Indian economy has shown resilience amid this uncertainty so far.

In this environment, Axis Bank remained firmly focused on disciplined execution, balancing growth with watchfulness, while continuing to build momentum in our chosen areas of focus.

We made strong progress this quarter in building a resilient, all-weather franchise, strengthening our balance sheet, focusing on our customers, improving efficiency and increasing activity intensity across the franchise without diluting risk standards. Please refer to slide 3 for more details on our House of GPS.

Now let me talk briefly about the progress we have made on each pillar of our GPS strategy.

1. Starting with Growth

We sustained the momentum from the previous quarter with strong all-round growth across segments.

- Our total advances grew 6% QOQ and 19% YOY, within which Wholesale grew 38%, SME 24% and Retail 8% on YOY basis.
 - Wholesale Banking has evolved from a balance-sheet-centric model to an ecosystem-led approach, driving diversified, high-quality growth in relatively strong-cycle segments. We have deepened relationships that enhance our share of wallet, improve risk visibility and deliver the planned RAROC.

- Our SME franchise continues to grow strongly. We have built a diversified, granular portfolio and have improved our yields through data driven credit decisions, simplified products and digitized operations.
 - In Retail, our disbursement growth remains strong and risk-calibrated, centred on credit-tested customers, strengthened underwriting discipline, and balanced scaling across proprietary and partner-led distribution channels.
 - Moving on to the Deposits
 - We continue to deliver faster than the industry growth in medium to long term:
 - Year-on-Year on MEB and QAB basis, total deposits grew 14% and 13%; term deposits grew 16% and 15%, CA grew 11% and 10%, SA grew 11% and 10%, respectively.
 - Quarter-on-Quarter on MEB and QAB basis, total deposits grew 6% and 2%; term deposits grew 5% and 3%, CA grew 7% and 3%, SA grew 7% and 2%, respectively. Total CASA deposits increased by 7% QOQ on MEB basis, resulting in 48 bps improvement in CASA ratio
 - Our cost of deposits declined by 46 bps YoY and 4 bps QoQ, underscoring the strength of our funding strategy and disciplined execution.
 - There is ongoing work on improving the deposit quality through deeper granularization, with an emphasis on building more stable liabilities mix to enhance resilience across cycles.
 - Our New-to-Bank (NTB) franchise continues to scale with a sustained improvement in quality. Newly acquired customers are maintaining meaningfully higher average balances, with NTB average balances up 53% YoY, reflecting the continued impact of premium-led sourcing and tighter conversion discipline.
 - NTB Product Per Customer (PPC) has improved by 24% YOY, due to better quality acquisitions.
 - Our Existing-to-Bank (ETB) engine has continued to strengthen, with our ETB Salary book growing 18% YoY, underscoring steady improvement in corporate salary segment with higher wallet share and customer lifetime value.
 - Burgundy continues to be our key driver of premiumisation, with assets under management up 14% YoY. The strength and consistency of our proposition was reaffirmed with Burgundy Private being named 'India's Best for Next-Gen' at the Euromoney Global Private Banking Awards 2025 for the third year in a row.
2. On **Profitability**: we focused on structurally improving the quality of earnings through consistent and sustainable delivery, supported by ongoing improvements in operating efficiency.
- Our cost-to-assets declined to 2.28%, down 18 bps YoY through improvement in operational productivity

- While we added 400 branches during the year, our total workforce declined by 3% YoY, driven by technology-led efficiency gains at both employee and branch levels.
 - Our consolidated Q4FY26 ROA was 1.64% and ROE was 15.15%
3. On **Sustainability**: we stay focused on quality, balance sheet resilience, building future-ready technology platforms and investing in people and capabilities to deliver sustainable outcomes at scale.
- Our GNPA was at 1.23%, declining 17 bps QOQ and 5 bps YOY; while the Net credit cost was at 0.37%, down 13 bps YOY and 39 bps QoQ
 - I want to specifically highlight the strong progress on AI initiatives across Axis Bank. Please refer to slides 5 to 7 for more on this.
 - Through AXIOM, our bespoke AI operating model, we are building an AI-led, customer centric Bank that's transforming the customer touchpoints, employee productivity, and core processes at enterprise scale
 - We are the only ISO 42001 certified BFSI organisation globally; ISO42001 is the first international standard providing guidelines for an Artificial Intelligence Management System. We also received the award for 'Best GenAI Use Case in Retail Banking' at the Retail Banker International Asia Trailblazer Awards 2026.
 - We have a roadmap for scale-up and we expect AI to drive meaningful bottom-line impact over the next 18-24 months. Our focus remains on embedding AI responsibly, securely, and in a way that supports sustainable growth.
 - Our people-first approach has been consistently recognised externally. During the year, Axis Bank was certified by the Top Employers Institute, the only Indian private-sector bank on the list and included in the TIME Best Companies Asia-Pacific list for the second consecutive year. We were also recognised as one of India's Iconic Workplaces by HT Mint and Deloitte, featured among the Best Places to Work by The Hindu and WorkL, and received the ATD Best Awards for fostering a strategically driven talent management culture.
 - Underpinning all of this is our unwavering focus on customers. Through our Customer Obsession initiative, Sparsh, we are strengthening experience outcomes and simplifying interactions through digitisation. Our Retail Bank NPS has improved significantly since inception, and we have retained the 2nd rank in the Kantar Retail Bank Survey for the 3rd consecutive year. Our leadership in customer experience and analytics has also been recognised at the Annual BFSI Service Quality Excellence India Summit 2026, where Axis Bank won the 'CX Data and Analytics Excellence Award' and 'Best Omni-Channel Experience Strategy'.

We had strong business momentum in Q4 as a Bank with clear intent, the right talent and a strong culture. This positions us well to assert our right to win and to gain more than our fair share across businesses.

In an environment marked by uncertainty and volatility, our conservatism is a strategic advantage. The choices we made during the year have strengthened our foundation and enhanced our resilience.

As we step into FY27, we are watchful of the ongoing uncertainties, however we stay confident in our ability to grow in a disciplined and calibrated manner, faster than the industry.

With that, I will now hand over to Puneet.

Puneet Sharma:

Thank you, Amitabh.

Good evening and thank you for joining us. Before discussing the financial performance for Q4FY26 and FY26, I would like to clarify two items:

- 1. Accounting related to tax item:** In the financial year 2022-23, the Bank acquired Citibank's India Consumer Business from Citibank N.A. (acting through its branch in India) ("CBNA") and the NBFC Consumer Business from Citicorp Finance (India) Limited ("CFIL") collectively referred to as Citi India Consumer Business on a going concern basis. In accordance with an independent valuer's report, intangibles (excluding goodwill) amounting to ₹8,714.24 crores were recognised in the Bank's financial statements. Despite retaining access to and business use of these assets, as a prudent measure aimed at protecting its capacity to pay dividends, the Bank opted to fully amortise these intangibles through the Profit and Loss account in FY 2022-23. Furthermore, the Bank elected not to create any deferred tax asset in FY 2022-23 on such intangibles, nor did the Bank consider the deductibility on the said intangibles while providing for current tax in the books until the regular tax assessment for the said financial year was completed. During the quarter and year ended 31st March 2026, following the conclusion of regular assessment proceedings by the income tax authorities, tax depreciation on these intangibles was allowed. As a result, the tax expense for Q4FY26 and FY26 is lower by ₹2,193.20 crores, which includes the reversal of excess tax provisions made in prior years amounting to ₹ 1,129.80 crores, reduction of current year's tax expense by ₹ 265.85 crores and recognition of a deferred tax asset of ₹ 797.55 crores. This has resulted in the effective tax rate (ETR) for FY26 being 17.25%
- 2. Voluntary enhancement of the Bank's provisioning framework for standard assets:** During Q4 of FY26, the Bank proactively strengthened its balance sheet by voluntarily enhancing its prudent provisioning framework for standard assets, in line with our conservative risk-management philosophy. Based on an assessment of evolving and unpredictable macroeconomic and geopolitical uncertainties, the Bank created an additional one-time provision of ₹2,001 crores during the quarter. This approach is aligned with our practice to enhance resilience of our balance sheet during periods of elevated uncertainty while maintaining transparency and discipline in risk governance. This action is prudent and precautionary in nature and does not reflect any deterioration in asset quality or adverse credit trends in the Bank's loan or investment portfolio as of the reporting date. Our Core asset quality metrics remain stable and within our risk guardrails. The creation, utilisation or potential reversal of this provision is governed by a Board-approved framework and is calibrated using internal stress-testing by the risk function under severe but plausible downside scenarios. Based on our current assessment, this provision is considered sufficient

to absorb potential incremental provisioning charge to P&L even under the most adverse stress scenario modelled for FY27. To provide some context, the adverse stress scenario assumes average oil over US\$ 150 for 12 months, inflation at 7.4% and currency depreciating by ~ 20% over current levels etc.

Between the two one-time items above and trading loss in the quarter due to year-end rate movements driven by extraneous factors, the net impact on the P&L of these three items combined is net neutral on P&L.

Moving to, the salient features of the financial performance of the Bank for FY26 and Q4FY26, across (i) Operating performance; (ii) Capital and liquidity position; (iii) Growth across our deposit and loan franchise and (iv) Asset quality, restructuring and provisioning is as follows:

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

- NII at ₹ 56,048 crs, grew 3% YOY, NIM at 3.69%, declining 29 bps YOY after factoring 125 bps pass-through of the repo rate cut
- Fee at ₹ 24,444 crs, grew 9% YOY
- Operating expenses ₹ 39,362 crs, grew 5% YOY, in line with core revenue growth after absorption of rate cut and despite lower trading income due to year end volatility
- Cost to assets at 2.28%, declined 18 bps YOY
- Core operating profit at ₹ 41,443 crs, grew 4% YOY
- Standard asset coverage ratio of 1.26%, increased by 11 bps YOY; All provisions by GNPA ratio of 166%, increased 900 bps YOY
- Consolidated ROA% at 1.46%, Consolidated ROE% at 13.59%

The key metrics for **Q4 FY26** are:

- PAT at ₹ 7,071 cr, QoQ growth of 9%
- YOY Deposits and advances growth of 14% and 19% respectively
- QOQ deposits growth of 6% and advances growth of 6%
- NII at ₹ 14,457 crs, YOY and QOQ growth of 5% and 1% respectively, NIM at 3.62%,
- Fee at ₹ 6,561 crs, YOY growth of 4%, QoQ growth of 8%, granular fee at 92% of total fee
- Expenses at Rs 10,466 cr, YOY growth at 6%, and QOQ growth of 9%, adjusted for employee benefit related provisions in the current quarter due to year end rate movements and variable pay write-back in the previous quarter, the YOY growth was 5% and QOQ growth was 4%
- Cost to assets at 2.28%, declining 18 bps YOY and 5 bps QOQ
- Core operating profit at ₹ 10,619 crs, largely flat QoQ and YOY
- Net credit cost at 0.37%, down 13 bps YOY and 39 bps QoQ.
- Net credit cost (excluding technical impact) at 0.28%, down 22 bps YOY and 35 Bps QoQ
- GNPA at 1.23%, declined 17 bps QOQ and 5 bps YOY
- NNPA at 0.37%, declined 5 bps QOQ
- PCR% at 70%, flat QOQ%
- Consolidated ROA% at 1.64% improving 7 bps QoQ, Consolidated ROE% at 15.15% improving 100 bps QOQ. Subsidiaries contributed 6 bps to the consolidated annualized ROA and 41 bps to the consolidated annualized ROE this quarter.

- Banks CET-1 including FY26 profit stands at 14.38%, we net consumed 12 bps of capital in the quarter for growth. The Bank has provisions aggregating to ₹ 8,244 crs, including the standard asset provisions created earlier in Q2FY26 pursuant to regulatory guidance. These have not been reckoned for regulatory capital computation. Consequently, they represent an additional buffer over and above reported capital ratios, translating into an incremental capital cushion of ~53 basis points. This further reinforces the Bank's balance-sheet strength and enhances its ability to navigate uncertainty while continuing to support growth and shareholder value. We reiterate that we do not need equity capital for either pillar, i.e., growth and protection. The resolution we've taken today is only an enabling resolution consistent with our practices for the prior years. We may opportunistically evaluate issuing Tier-2 and AT-1 instruments based on market conditions.

Yields on interest earning assets declined 5 bps QOQ, cost of funds were largely flat 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 transmission).

Our progress on structural NIM drivers continues:

- Improvement in Balance sheet mix: Loans and investments comprised 89% of total assets at March-26
- Retail and CBG advances comprised 67% of total advances at March 26, declining 471 bps YOY. This is an outcome of the Bank's conscious strategy to optimize for NII in the short term. Retail disbursements have grown 24% YOY and 19% QoQ, which gives us comfort that we will be able to rebalance the portfolio proportionality over our planning horizon of 3 years.
- Low-yielding RIDF bonds declined by ₹ 5,761 crs YOY. RIDF comprised 0.46% of our total assets at March 26 compared to 0.90% at March 25.
- Quality of liabilities at March 26 measured by outflow rate stood at 28.8%, moved adversely. We continue to remain focused on this variable.
- QAB CASA at 37%. We have seen an improvement of 39 bps on CASA pricing for FY26 as compared to FY23. The impact of marginal YOY decline in QAB CASA was offset by rate benefit across parts of the liability stack. The cost of deposits declined 46 bps YOY and 4 bps QOQ.
- Our fee income grew 4% YOY and 8% QoQ.
 - Total retail fee grew 2% YOY and 11% QOQ supported by our SBB, SEG, Liabilities and cards businesses
 - Total wholesale fee grew 8% YOY. WBCG fees grew 14% YOY, our MEG fees grew 12% YOY. Our Transaction Banking fee grew 5% YOY
- Trading profit and miscellaneous income at negative ₹ 538 crs declined QOQ and YOY mainly due to MTM losses on investments in government securities, bonds & debentures, shares etc.
- Operating expenses for the quarter stood at ₹ 10,466 cr, growing 6% YOY and 9% QoQ. Adjusted for one-time items aggregating Rs 408 crs, the core QoQ growth is 4%. The one time items comprise increase in staff cost is attributable to provisioning for employee benefits Rs 126 crore and one time reversal accruals for staff expenses no longer required to be paid in the previous quarter aggregating to Rs 282 crs

- The YOY increase in operating expenses is ₹ 629 crs. 36% of this increase is attributable to technology spends, 33% is volume linked expense growth while balance is BAU expense partly offset by reduction in statutory costs.
- The QOQ increase in operating expenses is ₹ 830 crs. Of this Rs 408 crore is due to one time items in staff cost. Our QOQ period end head count declined by 552. Operating expenses (other than Staff) were up 7% QOQ largely BAU volume linked expense growth offset by PSLC cost reduction.
- Technology and digital spends grew 14% YOY and constituted ~ 10% of total operating expenses.
- We opened 166 new branches in the quarter, 400 new branches in FY26.
- We are PSL compliant at a headline and each sub-segment level.
- Net credit costs for the quarter was ₹ 1,146 cr. Annualized net credit cost for Q4FY26 was 37 bps, declining 13 bps YOY and 39 bps QoQ.
- Net credit costs (excluding technical write off) for the quarter was Rs. 888 cr. Annualized net credit cost (excluding technical write off) for Q4FY26 was 28 bps, declining 51 bps YOY and 35 bps QoQ.
- The cumulative non NPA provisions at March 31, 2026 is ₹ 15,473 crores, comprising (i) Prudent provisions for standard assets of ₹ 7,013 crores; (ii) Restructuring provisions of ₹ 197 cr, (iii) standard assets provision at higher than regulatory rates of ₹ 1,733 cr, (iv) additional one-time standard asset provision of ₹ 1,231 crores and (v) weak assets & other provisions of ₹ 5,299 crores.

Growth across our liabilities and loan franchise

Amitabh has already discussed the growth in loans and deposits. We gained 20 bps market share gain on loan franchise and maintained stable market share on a YOY basis on the deposit franchise and. Our loan book is granular and well-balanced with retail advances constituting 55% of the overall advances, corporate loans at 33% and CBG at 12%. Please refer slides 22 and 23 for details around the quality of our liabilities franchise and slides on our loan franchise.

~73% of our loans are floating rate. ~48% 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 14 of our investor presentation.

In Q4FY26 Retail disbursements grew 24% YOY and 19% QoQ. Disbursement growth in home loans was 28% YOY and 15% QOQ, Vehicle loans was up 25% YOY and 10% QOQ, retail agri was up 34% YOY and 19% QOQ, personal loans was up 22% YOY and 9% QOQ.

Coming to the performance of our subsidiaries

- Detailed performance of the subsidiaries is set out on Slides 55 to 62 of the investor presentation. In FY26, the domestic subsidiaries reported a net profit of ₹ 2,051 cr, growing 16% YOY. The QoQ growth in PAT is 9%. The return on investment in domestic subsidiaries was ~ 54%.
- **Axis Finance:**
 - Overall assets under finance grew 22% YOY of which share of Retail + MSME at 57% of total book v/s 54% last year.

- FY26 PAT grew 19% YOY to ₹ 806 crores.
- Strong asset quality with net NPA of 0.36% and negligible restructuring.
- Provisions made in the quarter to comply with upper layer regulations is Rs 48 crores
- **Axis AMC:** Overall quarterly average AUM grew 12% YOY to ~ ₹ 3,59,601 crores, FY26 PAT stood at ₹ 596 crores, growing 19% YOY
- **Axis Securities:** FY26 PAT stood at ₹ 366 crores
- **Axis Capital:** FY26 PAT grew 61% YOY to ₹ 259 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 47 of our investor presentation.
- Gross slippages in the quarter were ₹ 4,709 cr of which retail was Rs 4,098 cr, CBG was Rs 297 cr and WBCG was Rs 314 Cr.
- Our Gross slippage ratio for the quarter declined sequentially by 48 bps and declined 27 bps YOY. Our Gross slippage ratio for the quarter (excluding technical impact) declined sequentially by 31 bps and declined YOY by 70 bps.
- For the quarter ~ 35% 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 ₹ 2,013 cr. Net Slippages segmentally were ₹ 1,708 cr in Retail, ₹ 164 cr in CBG and ₹ 141 cr in WBCG.
- Net slippage ratio for the quarter declined 11 bps YOY and 41 bps QoQ. Our Net slippage ratio for the quarter (excluding technical impact) declined YOY by 18 bps and QoQ by 32 bps.
- Recoveries from written off accounts for the quarter was ₹ 1,197 crores up 28% YOY.
- Net slippage in the quarter adjusted for recoveries from written off pool was ₹ 815 cr. Segmentally Retail was ₹ 1,041 cr, CBG was ₹ 93 cr and WBCG was negative ₹ 319 cr.

Please see slide 48, 71 and 72 for quantification of Technical Impact across segments. Technical Impact has lost its reporting relevance as it will be in the base period for the next quarters' reporting. Further, the net slippages are down to negligible levels. Hence, we will discontinue this disclosure from Q1FY27.

In summary, Axis Bank continues to make progress towards building a stronger and more sustainable franchise. We remain vigilant in monitoring the macroeconomic and geopolitical environment, inflation, liquidity, and our cost of funds, along with their impact on our business. This concludes our opening remarks. We look forward to your questions.

Moderator:

Thank you very much. We will now begin the question-and-answer session. The first question comes from the line of Chintan from Autonomous. Please go ahead.

Chintan:

Hi, good evening. Thank you for taking my question. Can I start with NII and NIMs? Could you remind us if there is any day-count convention benefit in your NIMs? Secondly, if the full 25 bps rate cut from December has been passed on your EBLR book? And thirdly, if there's any residual TD repricing left on your book? That's the question on NIMs.

And then I've got a question on the corporate growth. At 34% year-on-year, you are growing your corporate book meaningfully faster than your peers. What opportunity do you see that others may not be seeing? And also, could you kind of show us in the numbers or qualitatively how this has benefited your ROA or is that still left in the future? Because I know it's NIM-dilutive, but it may not be ROA-dilutive. Just want to understand how do we observe that improvement of metrics, how do we go about analysing that bit of growth.

Puneet Sharma:

Chintan, thank you for your questions. I'd probably have to respond in parts. So the first part of your question on have we transmitted the 25 basis points repo rate cut last quarter on our entire loan book? I would request you to look at slide 14 of our investor presentation. The repo-linked book is 61%, so that would have gotten repriced and the full repricing effect would be in the yields for the current quarter because just to remind you, we transfer repo rate pricing at the end of the quarter in which the rate cut was announced. So, this quarter has full impact of repo rate cut on the 61% of the loan book. On the same slide, we've given you tenor-wise breakup on MCLR and other EBLR. So, those will reprice as per the tenors we've set out there. I hope that covers the first question.

The second question on the growth and how is it benefiting us on the corporate side, I'll request Vijay to come in on where he's seeing growth. But I just want to make sure we reassure you, we monitor all of our businesses on risk-adjusted return on capital.

There has been no dilution in risk-adjusted return on capital in the current fiscal compared to what we reported last fiscal for this segment. There has been no dilution in risk standards. 91% of this book is rated A- and above, both on stock and flow roughly follow the same pattern, so we've not gone down the credit curve. I will pause there. I'll request Vijay to come in on growth.

Chintan:

Puneet, just quickly on the NII before we go to Vijay, is there a day count convention benefit in your NIMs if you can remind us on that and residual TD repricing left?

Puneet Sharma:

Chintan, there is no day-count representation. We simply follow number of days in the quarter annualized for days in a year. So, we have no artificial day-count convention management as part of our reported NIMs.

So, the number of days a quarter has, that is what will get annualized. The government securities book follows a 30 by 360 methodology that is market standard, we follow that for the G-sec book. So, we have no further comment to add on day-count convention. We have consistently reported, we have not changed our methodology on margin computation.

Chintan:

And residual TD repricing?

Puneet Sharma:

Chintan, we don't provide the data on residual TD repricing in percentage terms, but we do have some legs left on that lever as we move forward.

Chintan:

That is helpful. Thank you. Thank you. And Vijay?

Vijay Mulbagal: Hi, Chintan. See, on the wholesale side, our playbook remains unchanged. We selectively grow and we are not chasing growth here. We invest in sectors with the strongest cycles and clear micro tailwinds.

Incrementally, growth was seen in power, largely renewables, commercial real estate, data centers, NBFCs largely PSL driven, and manufacturing. Again, as Puneet reiterated, I should also add to that that growth remains quality led. Both our pricing filters and RAROC discipline are maintained even as we are growing. And of course, we use the opportunity of balance sheet to ensure that we are getting reciprocal transaction flows leading to fee expansion and float expansion and obviously driving One-Axis outcomes which includes corporate salary, Axis Capital, trusteeship, etc.

Chintan: Thank you.

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

Rikin Shah: Hi, good evening. I had three questions. The first one is, you know, the strategy of NII maximization has translated into growth acceleration, but with the sharp rise in the wholesale deposit rates that we have seen, do you think it warrants a focus moving back to margins? Just trying to understand when do we reach to this 3.8 through the cycle NIM guidance that we have earlier provided? So that's the first one. I'll come back with two questions after this.

Amitabh Chaudhry: I just want to reiterate that, you know, obviously we are trying to ensure that we maximize the value for the institution looking at NIM, growth, and obviously the risk profile of what we are trying to do on the asset side.

We will continue to optimize them as we move forward depending on the opportunities, the risks that we see, and, you know, as all of us are aware what's happening with West Asia. So, you might see in some quarter's growth which is more than what kind of we are guiding in the medium term, but we have always maintained that from a product mix perspective, we expect 70-30, 70% is what is retail and SME kind of business and 30% is wholesale, plus-minus 3% or 4% here and there, and that's what we expect to maintain.

We have not shifted away from our stance that we expect to deliver 3.8% NIM through cycle. We are working towards it. I mean, obviously it's a target not easy to pin down on because the interest rates continue to behave in a manner and in a shape which is really difficult to predict. Given all of that, we are optimizing everything.

Rikin Shah: Fair enough, Amitabh. But any comment on when do we think this -- we can achieve this 3.8%? Is it like any timeframe that we would like to define?

Puneet Sharma: Rikin, thank you for the question. We'll reiterate we've said we will get to through-cycle 3.80%, 15 to 18 months from transmission of last rate cut. That's a consistent comment we've offered. We are not moving away from that comment.

Rikin Shah: Got it. Perfect. The second one is on the net technical slippages now, you know, clearly inching closer to zero. Wanted to get a sense on what could be the loan yield uplift from the absence of this interest reversals due to technical slippages next year? And also, is there a possibility of any recoveries that can be achieved in these technical slippages in the next fiscal?

Puneet Sharma: Thank you for that question, Rikin. I think on technical slippages we'll reiterate. When technical slippages were first reported by us, we made two comments. We said gross slippages will decline through the year and net slippages will decline even faster. I'll request your attention to Slide 48 of our investor presentation. In the first quarter when we reported technical impact, gross slippages were INR2,700 crores, they're down to INR1,240 crores. Net slippages were INR1,861 crores, they're down to INR218 crores. In percentage terms, the net slippages are now 0.07%. Effectively, what we had said and anticipated is playing through. We continue to believe that there should not be an economic loss on this portfolio, we'll be able to recover it over time. We do not want to provide guidance or outlook on when this portfolio will get fully recovered. It's going into BAU and we'll continue to operate it as BAU.

Rikin Shah: Got it. And then just the last question, Puneet, to your earlier opening remarks that PSL full compliance has been achieved. So just wanted to clarify whether it is including the PSLC purchases or it is organic ex of those purchases we have achieved full compliance? And also if you could just, you know, quantify the absolute amount of AFS reserves as of the March end?

Puneet Sharma: Rikin, thanks again for that question. PSL compliance at headline and subsegment levels counts PSLC purchased. We are not organically compliant, but that's been a strategy that we have consistently followed. If you look at our annual disclosures, we've endeavoured to be fully compliant, including PSLC purchases. On AFS reserve, INR254 crores is our AFS reserve on a gross basis at 31st March 2026.

Rikin Shah: That's the positive number, right?

Puneet Sharma: It's a negative number.

Rikin Shah: Okay. Thanks.

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

Kunal Shah: Yeah. So again touching upon the same question in terms of NII optimization. Last time we indicated that maybe irrespective of the NIM profile, we will still look at NII growth maybe as our -- maybe the target. And this quarter compared to that of the overall loan growth, it appears to be relatively weak at 1-odd-percent. Would it be fair to assume that maybe larger part of growth is coming through towards the end of the quarter and we should see the benefit of growth leveraging coming through in the next year?

And for the full year, should we still expect NII to outpace the overall loan growth looking at this NII optimization strategy given that now rates are almost where they are and deposit repricing, as you mentioned, would be towards the end?

Puneet Sharma: Kunal, thanks for the questions. Let me again respond to them in parts. Business does get booked through the quarter. Quarter 4 is the strongest quarter for the industry as well as us. So yes, there is a gap between MEB growth and average balance growth, which does play through on NII versus growth. Please also appreciate that if you're measuring NII growth in its absolute quarter-on-quarter, there is loan growth number and then there is interest-earning assets growth number.

So I would request you to focus on interest-earning assets growth because that plays through NII, not just advances growth. The interest-earning assets growth is marginally lower than loan growth as we stand today. The last element obviously between the loan growth walk and the NII is the two basis points margin contraction that has played through in the current quarter. So that's the bridge to the growth versus NII walk.

To your pointed question on was the growth period-end or will we see the growth sustain and have net interest income from that growth? The book has continued to hold up, so it was not a period-end bump-up for growth that we reported on the advances side. I hope that answers all of your questions. Thank you.

Kunal Shah: Yeah, perfect. And a couple of more. So one is overall in terms of the step-up on the retail side. So we had seen maybe almost 4-odd percent growth you indicated the disbursement growth that has been quite strong. So we should really see the step-up now getting into the double-digit kind of a retail growth getting into the next year looking at the disbursement momentum or this was more like a Q4 phenomenon?

And then maybe on fee income side, overall relatively weak across the board including all the private banks in say the single-digit kind of a number. So how should we look at it going forward? Would it continue to trail the balance sheet growth? Thanks.

Munish Sharda: So Kunal, this is Munish. First of all, you know, it's not a Q4 phenomenon. We've shown you last quarter also, we saw a decent acceleration in our disbursal numbers in retail assets and in assets, as Puneet and Amitabh told you, we are looking to grow assets in a RAROC accretive businesses and we continue to push for growth in those businesses.

Our investments in technology, digital, etc., we are working with the branches to deepen relationship with our own customers, etc., is helping us accelerate the momentum and we hope to continue to maintain this momentum in the retail asset book which will eventually start feeding into the overall book growth number.

Kunal Shah: Got it. And on fee side?

Munish Sharda: Similarly, you've seen our fee numbers. As the core businesses grow and as our branch business, etc. also grows and with the addition of new branches, we also continue to hope to see acceleration in the fee lines as well as we go into the next year.

Kunal Shah: Okay. Thanks.

Moderator: Thank you. Your next question comes from the line of Abhishek Murarka from HSBC. Please go ahead.

Abhishek Murarka: Hi. Good evening. Thanks for taking my question. So my first question is again on growth. So now since we are seeing a pretty strong pickup in retail disbursements and SME looks good as well, do you see a need to calibrate your corporate deposit growth just from a RAROC or ROA perspective, that change in mix will drive your P&L and make it look better? So do you see any need to calibrate that corporate deposit growth?

And if not, then do we really care about the 60% retail, 15 SME, 25 corporate kind of mix or does that not really matter because on a RAROC basis you're generating pretty much similar return? So how do we think about this?

Neeraj Gambhir: So on the liability side, I think we are seeing a institutionalization of the deposit base. Obviously as a bank we would like to...

Abhishek Murarka: I meant corporate loans. Sorry, my bad. Yeah, I meant corporate loans. So the whole question was about the loan mix and corporate loans.

Puneet Sharma: Abhishek, thanks for the question. Let me respond to the RAROC question first because that leads into the second response. See the RAROCs continue to remain healthy for the wholesale business. We can confirm to you that RAROCs that this business had in FY25 have held up through FY26. So growth has not come at the compromise of RAROC.

The book composition at A- and above has stayed at 91%, so we've not seen growth come at the cost of asset quality or origination quality as we speak. The theoretical question that you asked is as long as the RAROCs hold up well, why bother between a mix of wholesale and retail?

The challenge is that there is a finite amount of leverage that a financial institution can have to retain its AAA rating. We will need to manage that leverage ratio for ourselves, as while RAROCs are leverage-agnostic, ROEs are leverage-dependent. So as we look to manage the max leverage that we can work with within a capital structure that we are comfortable with, we will need a balanced book.

Therefore our commentary that in the near term we are optimizing for NII with wholesale growth, but we will look to recalibrate the book back. That should hopefully give you a full color of our thinking behind the RAROC, ROE, and book composition.

Abhishek Murarka: Yeah, sure. And by when do you start recalibration? Because it's been a while since retail picked up, but now it seems to have picked up quite strongly.

Subrat Mohanty: So as we speak, the levers in our hand are really the activity levels on the ground on the retail asset side, which is fairly strong, which is reflected in Q-on-Q disbursement growth apart from the year-on-year disbursement growth that you are seeing on the retail asset side. So the recalibration in that sense is continuing and is ongoing. So from our perspective, you'll see the retail book growth continue to happen as we've seen in the last two or three quarters.

And like Amitabh mentioned, the overall ratio of about 70-30, give or take 3% on either side, is where we'll be. So from our perspective, that's what we are doing. What's in our control is continued focus on making sure that we are in front of the customers and getting the business,

which you can see on the retail disbursement side is happening and which Munish also reiterated is happening quite strongly.

Abhishek Murarka: Sure. Okay. And the second one is on opex. Can you please clarify? What I got is there's a INR126 crores one-time cost and a INR282 crores reversal, was it? Or it was a cost again?

Puneet Sharma: Abhishek, if you look at my comments last quarter, we did call out that we reversed employee benefit expenses no longer payable last quarter. So in the last quarter, the staff cost went down because of the reversal. In the current quarter, we've provided for INR129 crores. It is not on account of what we reversed, it is basically rate movement for employee benefits.

In one quarter we had a negative, which is the prior quarter, in the current quarter we have a positive, therefore the numbers have moved in opposite directions. The cumulative impact of that as I called out for you was roughly about INR408 crores. Adjusting for that INR408 crores, I had called out the growth numbers on a Q-o-Q basis to be 4%. I hope that clarifies.

Abhishek Murarka: Yeah, sure. Yeah, got it. All right. Thank you so much for answering the questions.

Moderator: Thank you. Our next question comes from the line of MB Mahesh from Kotak Securities. Please go ahead.

MB Mahesh: Puneet, just two questions. One is on that RAROC argument that you presented. Since we can't observe segmental RAROCs for the company and we can kind of see only the ROE side of it, if you were to kind of triangulate and see what the ROEs look like, is it meaningfully lower than a number like 15% or are you targeting for a different number here?

Puneet Sharma: Mahesh, thank you for the question. The aspirational ROE was 18% at the bank level. Given the component outlook we've provided, it's a fair assumption that you can assume that there will be retail/SME ROEs marginally higher than wholesale ROEs. So we don't really want to put a number at a segment level. At the bank level, we continue to aspire for 18% is what we would like to state.

MB Mahesh: Okay. The second question is from the credit cost line. Now that we are seeing slippages trending lower and credit cost trending lower, keeping everything as constant, how do you look at FY27?

Amitabh Chaudhry: Mahesh, Puneet is not going to give you a guidance and I'm not permitted to give you a guidance. I'll just say that given where we are and given if you look at the trend line and the fact that we have said that we have seen stabilization in some of our portfolios, I mean, you can then stretch that trend line.

I mean, obviously the joker in the pack is how long this West Asia crisis lasts and what impact it has on India, and that's why one of the reasons why we have made this provision just to protect ourselves. But if we ignore West Asia, then you know where the trend line is going. If West Asia crisis continues, frankly I don't know where this trend line will go because it's very difficult to predict at this stage how long, what sectors, how much the impact would be, what India will be able to manage, not able to manage, what the inflation would be, etc., etc.

So we'll be watching the space closely and that's why even if as we have grown in the wholesale side, you will see that from a strategy perspective, we have not sacrificed our asset quality at all. We are very, very careful where we are giving this money out. And same applies to retail. While we are seeing disbursement growth, we've been very, very cautious about while we are growing, we want to be very careful where we grow.

MB Mahesh: All right. Thank you. Just one clarification on the incremental disbursements that you're doing, one of the conversations that we've had previously is that there was significant tightening of the underlying credit filters in the last two years and that was expected to open up as the portfolio starts behaving better over time. Have we reverted back to where we were earlier or are you still kind of comfortable to hold the stance that you're more open to kind of take a bit more risk than before? Thank you.

Puneet Sharma: Mahesh, thank you for the question. The growth that we have delivered on disbursement is without loosening our risk filters as on date. We've clearly been prudent and we don't expect to be loosening our risk filters on a go-forward basis. Sorry, Mahesh, was I audible or did you miss me, please?

MB Mahesh: I got the answer. Thank you.

Moderator: Thank you. Your next question comes from the line of Mahrukh Adajania from Tara Capital. Please go ahead.

Mahrukh Adajania: Hi. Good evening. I just had two questions. You talked about your buffer provision you created this quarter quoting \$150 oil price. So does that mean that if indeed the situation gets worse from here on, you would actually be drawing down on these provisions this year itself because you've not drawn down on your earlier contingency provisions? That's why I'm asking. So that's my first question.

And my second question is that just in terms of deposits, right, deposit taking, basically it's getting a little tight for the sector, though deposit growth for the sector has moved up, loan growth has moved up even faster. So given that dynamic, is there a potential for deposit rates to rise from here? So these are my two questions.

Puneet Sharma: Mahrukh, thank you for the questions. I'll take the first one and then request Neeraj to come in on the second. The way we've constructed the provision is it is not a floating provision. There is an underlying identified pool of loans across customer segments, across products. That identification of pool of loans was done pursuant to a framework our risk team set up for stress testing. So these are an identified set of loans.

On these identified set of loans, we have an additional standard asset provision of INR2,001 crores. In the inadvertent event of loans from this pool slipping, this provision will get utilized to take care of slippages from this pool. So the construct of this provision is very different from the INR5,012 crores we were holding for expected credit losses. There is a clear utilization against pools that get impacted by the West Asia crisis.

So the short answer to your question is yes, we will draw down on these provisions in the event we see an impact on the P&L in FY27.

Mahrukh Adajania: Okay, but for that does oil have to go to 150 or there's no such thing, it's just that the pool should be impacted?

Puneet Sharma: Mahrukh, look, the 150 comment and I want to contextualize this because you've picked up one part of the comment I made. The comment holistically I made was even if I take the most stress scenario my risk team gave me, the slippages that I would have would stand fully covered from a provisioning perspective by this standard asset provision we've created today.

So I have not at any point in time said that that slippage will happen, asset quality remains stable, but yes, if anything from this pool were to slip related to West Asia crisis, not everything will slip at 150, something may slip at 110. If assets from this pool slip and the slippage is not in the ordinary course of business, this provision will get utilized.

Mahrukh Adajania: Perfect.

Neeraj Gambhir: Mahrukh, to answer your deposit pricing question, I think we are looking at two different markets. One is the retail deposit market and second is the wholesale or bulk deposit market. In the retail deposit market, banks reduced the pricing by approximately 10 to 15 basis points in response to the 25 basis points cut. So to that extent, the transmission was incomplete, but given where the market is, I don't see any further cuts happening.

Second, on the bulk deposit market or wholesale deposit market, it's the usual year-end phenomenon that we see in the last month of the quarter. We see some kind of an uptick in the bulk deposit rates. This time that uptick was a little bit more accentuated because we saw sell-off in the bond market, we saw higher yields in the CD market and that kind of transmitted back into the bulk deposit market as well.

As we transition into this new year, we have seen some softening of bulk deposit rates, but it's a wait and watch. Liquidity in the system is good, but really the question is what happens to the crude oil prices, to the currency, etc., which is what the market is reacting to.

Mahrukh Adajania: Okay. Thank you. Thanks a lot.

Moderator: Thank you. Ladies and gentlemen, we take that as our last question for today. I now hand the conference over to Mr. Puneet Sharma for closing remarks.

Puneet Sharma: Thank you, Sagar. Thank you everyone for taking the time this evening. If any questions remain unanswered, please feel free to reach out to Rahul or myself. We'd be happy to take them offline. Thank you and have a good evening.

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