Axis Bank's Q1FY27 Media Conference Call

18th July 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 30th June 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 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 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 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. 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. We welcome you all to a discussion on Axis Bank's Financial Results for the quarter ended June 2026. We have on the call our Executive Directors - Subrat Mohanty, Munish Sharda, Neeraj Gambhir, our CFO Puneet Sharma, and other members of the leadership team.

While the global macroeconomic environment stays fragile and susceptible to geopolitical and trade-related uncertainties, intermittent moderation in energy prices and normalization of supply chains are keeping sentiment like where it was when we reported our Q4FY26 results. India, meanwhile, continues to stand out as one of the fastest-growing major economies. The country has navigated recent geopolitical disruptions with notable resilience, underpinned by robust consumption, strong investment activity and the Government's sustained focus on infrastructure and capital expenditure.

In this favourable yet evolving macro environment, Axis Bank remained steadfast in its commitment to building a stronger, more resilient franchise. We continued to deliver quality growth while further strengthening our balance sheet, improving productivity and deepening customer relevance across businesses.

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

1. Starting with **Growth**

Our growth momentum remained firmly intact during the quarter as we continued to gain market share across advances and deposits both on a YoY and QoQ basis.

- Our total advances grew 19% YoY and 2% QoQ, within which Wholesale grew 38%, SME 25% and Retail 8% on YoY basis.
- Retail disbursement trends continue to sustain and remain encouraging, supported by our focus on sourcing quality customers, maintaining underwriting rigor and scaling distribution through effective execution across multiple distribution channels.
- Our SME franchise continues to deliver strong and diversified growth, with digital and analytics serving as key enablers of scale. These capabilities are enhancing sourcing, speeding up credit decisions and improving customer experience while supporting disciplined and scalable growth.
- Wholesale Banking growth remains broad-based driven by sectors benefiting from strong transaction flows. Our relationship-led strategy continued scaling of Mid-Corporates and Conglomerates, and deeper One Axis engagement are enabling us to gain wallet share while steadily improving yields and relationship economics.

- Moving on to the Deposits,
  - We continue to sustain faster-than-industry growth as:
    - YoY on QAB basis, our total deposits grew 18%; term deposits grew 21%, CA grew 13%, SA grew 14%, and total CASA deposits grew 13%.
    - Sequential momentum in deposits was also strong on a QAB basis, with Total deposits growing at 6%, CASA growing at 5% and Term Deposit growing at 7%.
    - FCNR (B) deposit is attracting strong interest from NRI customers and we see it as a meaningful opportunity to augment our deposit base through our NRI franchise and our proactive outreach to banks across overseas markets.

- Our cost of funds declined by 35 bps YoY and 2 bps QoQ.
- Our efforts remain focused on further strengthening the deposit franchise through increased granularization and a more stable liability mix, supporting a resilient and well-diversified funding base.
- We continue to see strong momentum in both customer acquisition and engagement. Our New-to-Bank franchise is scaling with improving quality and premiumization, evidenced by an 18% YoY increase in NTB average balances.
- The Corporate Salary segment continues to be a strong growth driver with 30% YoY increase in average NTB balance in salary accounts, while the Existing-to-Bank salary book also grew at 18% YoY, reflecting continued strengthening of our corporate salary franchise and customer deepening.

- Burgundy continues to be our key driver of premiumisation, with assets under management up 20% YoY and 11% QoQ including AUM for Burgundy Private up 16% YoY and 12% QoQ. The strength and consistency of our proposition was further recognised with Burgundy Private being honoured at PWM Wealth Tech Awards 2026.

2. On **Profitability,** our focus has been on building a more sustainable earnings profile, driven by disciplined execution, operating leverage and ongoing efficiency gains.

- NIM for Q1FY27 was 3.46%, down 16 bps QoQ. We believe the NIM has bottomed out and we expect to see the NIM recovery journey from next quarter onwards.
- With the FCNR (B) deposits opportunity in the near term, we will focus on growth and deployment of the additional liquidity raised through this route.
- Our cost-to-assets declined further to 2.20%, down 21 bps YoY and 8 bps QoQ through continued improvement in operational productivity
- For the quarter, our consolidated ROA was 1.56% and ROE was 14.52%

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 1.28%, declining 29 bps YoY and NNPA at 0.39%, declining 6 bps YoY; while the Net credit cost was at 0.63%, down 75 bps YoY.

- We successfully raised US$600 million in Additional Tier 1 and US$300 million in senior debt instruments, further strengthening our capital position and funding profile. The AT-1 saw interest from high quality long only investors. The transactions reinforce our credit standing and enhances financial flexibility.

- We introduced regular updates on our AI transformation journey last quarter, reflecting the growing role of AI across the franchise. Please refer to Slides 13 and 14 for details on the progress made.

    - AXIOM, our enterprise AI operating model, is designed to systematically embed AI in the functioning of the Bank by adopting a capability platform-led approach. The core idea is simple: build capabilities once, govern them centrally, and deploy them many times across the enterprise. This will enable us to create reusable AI assets that can be leveraged across businesses, functions, products, and customer journeys, driving consistency, speed, and scale.

- Our investments in digital, AI and innovation continued to gain industry recognition. During the quarter, we were named 'Best Digital Bank' at the Financial Express India's Best Banks Awards, won the 'Best AI-Driven Customer Experience Initiative' at the 14th Digital Customer Experience Awards 2026, and received the Platinum Award at the Infosys Finacle Innovation Awards 2026 for leveraging next-generation technologies to drive innovation in corporate banking. These accolades reinforce the progress we are making in building a technology-led, customer-centric franchise.

- At the heart of our strategy continues to be a relentless focus on customers. Through our customer obsession initiative - Sparsh, we are leveraging digital capabilities, analytics and AI to simplify journeys, enhance service outcomes and build deeper, more meaningful customer relationships. Our digital enablers are now helping consistently enhance customer interactions through AI and CX platforms. Adi, our internal AI engine, handled ~7.4 lakhs queries while ~30.9 lakhs customer servicing interactions were enabled through Kaleidoscope during the quarter.

  We remain watchful of evolving uncertainties, including the potential implications of El Nino on the macro, we are confident in the strength and resilience of the franchise we have built. With a robust balance sheet, disciplined risk culture and a diversified growth engine, we are well positioned to capitalize on opportunities and deliver sustainable growth that outpaces the industry.

With that, I will now hand over to Puneet to discuss the financial performance for the quarter.

Puneet Sharma: Thank you, Amitabh. Good evening and thank you everyone for joining us. PAT up 25% YoY, driven by positive operating jaws and stable asset quality. We have gained market share across deposits and advances. Deposits grew 18% YoY, advances grew 19% YoY.

Our operating performance has been stable. Operating profit at ₹11,659 crores, up 16% QoQ. Core operating profit at ₹11,122 crores, up 5% QoQ. Net interest income is up 5% YoY and net interest margin is at 3.46%. Granular fee constituted 90% of our overall fee.

Our corporate and commercial banking fee grew 18% YoY and 16% QoQ. We have delivered robust deposit growth across average and period-end balances. Our YoY, on a month-end balance basis, total deposits grew 18%, term deposits grew 23%, CA grew 6%, SA grew 14%.

QoQ, on a month-end balance basis, total deposits grew 3%, term deposits grew 5%, SA grew 1%. Month-end balance basis CASA grew 11% YoY with CASA ratio at 38%. Loan growth has been strong across segments. Bank's focus segments grew 18% YoY and 2% QoQ.

Small business banking, SME and mid-corporate book stands at ₹3,061 billion, comprising 24% of our total loans and up 911 bps in proportionality in the last 5 years. SME loans up 25% YoY and 3% QoQ. Corporate loans up 38% YoY, 5% QoQ, of which mid-corporate up 27% YoY and 10% QoQ.

Retail loans grew 8% YoY, of which small business banking grew 18% YoY and 2% QoQ. Our retail disbursements grew 18% YoY. We are well capitalized with adequate liquidity buffers. Overall capital adequacy ratio stood at 16.67%, CET1 ratio at 14.64%. We added 26 bps to our CET1 in the quarter.

Over and above the reported capital adequacy, we carry an additional cushion of 52 bps attributable to other provisions and one-time standard asset provision aggregating to ₹8,244 crores that we carry on our balance sheet. We have excess

SLR of ₹1,41,700 crores that places us well on liquidity. Our average LCR for Q1FY27 is 119%, up 2% QoQ.

We continue to maintain a strong position in payments and digital banking, maintaining our market leading position in UPI PSP space with a market share of 38% with the lowest technical declines. We continue to be amongst the largest players in the merchant acquiring business in India with a terminal market share of 22.1%.

We acquired 0.9 million cards in Q1FY27 and we have a market share of 13.4% on cards in force. Axis Mobile app continues to be among the top-rated mobile banking apps on the Google Play Store and iOS Play Store with a rating of 4.8 on both, with 16 million monthly active users.

Our asset quality is stable. Our provision cover is healthy at 70%. Our coverage ratio defined as all provisions by GNPA, stands at 161%, up 2,318 bps YoY. Net credit cost is 0.63%, down 75 bps Y-o-Y. In rupee terms, our provisions are down 46% YoY. Gross slippage ratio at 1.79%, down 134 bps YoY.

Net slippage ratio at 1.12%, down 121 bps YoY. Moving to the performance of our domestic subsidiaries, they delivered a healthy performance in the quarter. Total Q1FY27 PAT of domestic subsidiaries stood at ₹546 crores, up 21% YoY. Return on investment of 41% on our domestic subsidiaries.

Axis Finance's assets under finance crossed ₹50,000 crores during the quarter. Q1FY27 PAT at ₹244 crores, up 29% YoY. Asset quality metrics are stable at Axis Finance with a net NPA of 0.39%.

Axis AMC Q1FY27 PAT at ₹134 crores, up 3% YoY. Axis Securities Q1FY27 PAT at ₹96 crores, up 8% YoY.

Axis Capital performed well with a Q1FY27 PAT of ₹65 crores, up 72% YoY. We executed 8 ECM deals and 3 non-ECM deals in Q1FY27.

In summary, we continue to make progress towards building a stronger and more sustainable franchise. We remain vigilant in monitoring the macroeconomic and geopolitical environment, including inflation, liquidity and our cost of funds along with their impact on our business. Thank you so much for your patience. We would be happy to take 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 Shivam Khilar from NDTV Profit. Please go ahead.

Shivam Khilar: My first question is regarding the gross slippages. We have seen an increase in gross slippages during this quarter. So, can you provide a granular breakdown of the segments contributing to this increase and does this reflect any emerging stress trends or is it largely driven by few isolated accounts?

Puneet Sharma: Thank you, Shivam for the question. I think you're referencing Q1 versus Q4. There is seasonality for the agri portfolio in Q1 that doesn't exist in Q4. If you look at Q1 last year to Q1 this year, our performance on slippages has been significantly better than where we were. Our gross slippage ratio stands at 1.79% in the current quarter and it's lower by 134 bps compared to same period last year. So, Q1 and Q1 are apples-to-apples comparison, and we have improved asset quality meaningfully from that period.

Shivam Khilar: Okay. And my second question is regarding the net interest margin. We have seen the margins were under pressure since last few quarters. So, do you believe the major headwinds are now behind us? And also, regarding the corporate loan book growth, we have seen around 38% of growth in corporate loan book. What were the key factors behind this?

Amitabh Chaudhry: As I stated in my remarks that we believe this is the cycle bottom as far as NIMs are concerned. So, we are hopeful that from here on you will see the NIM journey moving in the right direction. Obviously, we have also stated that FCNR (B) deposits give us an opportunity which could be large and very different in terms of huge amount of liquidity that could come to the system. And it could provide growth opportunities or give us opportunity to pay down some liabilities. We'll see how that plays out. So, we have maintained our stance and at the same time, I'm just saying that there is an opportunity which is being in front of everyone as we speak. Depending on how much we are able to raise, we will decide our strategy accordingly in terms of how we deploy that additional liquidity which was not planned for when we started this financial year.

Shivam Khilar: And in terms of FCNR deposits, how much has the Bank mobilized through FCNR deposits till date and what are your targets for FCNR deposits?

Puneet Sharma: Shivam, thank you for the question. We have not made a separate disclosure on cumulative FCNR deposits. Suffice to say we've launched a product. The lifecycle that is available is till end of September. So, when we report Q2 results, we'll come back to you with the cumulative value that we end up raising.

Shivam Khilar: Okay. Thank you.

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

Ashish Agashe: Thank you so much, sir. So, just to repeat on the previous question on the corporate side, what is driving this 38% number? How much of it would be probably greenfield, brownfield investment-led term loans? And, sir, is any of it really playing into the NIM number which has actually lowered to a cyclic bottom as you said, sir?

Vijay Mulbagal: Ashish, growth is primarily coming from sectors where we're seeing underlying economic tailwinds as well as strong transaction flows. These sectors are energy, commercial real estate, infra, metals, industrials. We're also seeing lot of growth coming in from mid-corporates as we have reported the numbers. We're also seeing growth from conglomerates and NBFCs, particularly PSL.

Along with the growth, we've been able to increase our yields as well during the quarter. And clearly as we had mentioned, Amitabh covered this, that we're not just looking at balance sheet-led growth, we're looking at relationship-led growth and the 'One Axis' engagement across products within the Bank and within the group are helping us obviously get risk-adjusted returns above our thresholds.

Ashish Agashe: Okay. Sir, any impact of this high growth on your NIM?

Puneet Sharma: Thank you for the question. I think as part of our opening remarks we've said that we've hit cycle bottom on margins. We will continue to grow in a calibrated manner optimizing for shareholder return. That's where we would like to leave that response at, please.

Ashish Agashe: Okay, sir. Sir, on the FCNR front, how confident are you that the flows by Q2 end will help expand the margins strictly from a NIM perspective, will help in expansion of the margins and not be really dilutive as one of your larger peers just told us?

Puneet Sharma: Thank you for the question. We've not commented on whether FCNR (B) is dilutive or accretive to margin. I think our comments are limited to the fact that the liquidity that gets generated through the FCNR (B) deposits will get deployed towards growth. We will look at what opportunities present themselves for growth and deploy that liquidity there too.

In terms of quantum of FCNR (B) deposits, we would prefer not to comment on the quantum. I think what we've previously said on FCNR (B) is- as a franchise we are comfortable stating that our market share will be higher than our organic market share. That's the comfort that we have. That's all that we would like to state at the moment. Please allow us to report actual performance at the end of Q2, which will then be a fair comparison of where market stands. Thank you.

Ashish Agashe: Just labouring a bit on the FCNR, sir. Have you decided on the leverage levels which you will possibly allow to the diaspora on this product, sir, because there are some reports saying that okay, it can be as, like not in the context of Axis Bank, but it can be as high as 19 times?

Subrat Mohanty: Hi. So, those are decisions that we'll take on a transaction-by-transaction basis. There is no overall view on what leverage, how much will be allowed. As Puneet just mentioned, we've had only a month. Some of the clarifications came a couple of weeks back. During the course of this quarter, we'll do the mobilization based on what is best for our franchise and we'll come back to you at the end of the quarter based on actual performance, in terms of both leverage as well as the total mobilization we've done.

Amitabh Chaudhry: So, I would advise all of you to look at not just one parameter. I mean we have to look at leverage, you have to look at the rate at which the lending is being done, you have to look at what is the base deposit rate. I think when people pick up just one parameter and start quoting it as if some miracle is happening, I think that can be avoided. Every parameter has to be looked at and finally you have to look at the overall return being given to the customer. So, I think it's an evolving space, so there's no point in speculating on what, where, how much, etc. Thank you.

Ashish Agashe: Thank you so much, sir.

Moderator: Thank you. The next question is from the line of Harshita K from Bloomberg. Please go ahead.

Harshita K: Good evening. So, based on the trends seen so far in Q1, what kind of credit growth are you expecting for FY27 and any sectors that you see as standout?

Moderator: Ma'am, I'm sorry to interrupt you. Your voice is breaking, ma'am. Can you please come in the network area or maybe you can use your handset.

Harshita K: Okay. Hi, based on the trend seen so far in Q1, what kind of credit growth is expected for FY27 and do you expect any sector to be standing out?

Puneet Sharma: Thank you for the question. I think the outlook that we had for the banking industry basis on our house economist's view was a 12-odd percentage point industry credit growth for FY27. That's the industry number, not an Axis number. And the outlook that we have consistently provided is that we believe that over the medium term we can grow at 300 bps faster than industry. That is our stated outlook on both industry as well as Axis-specific growth.

Harshita K: Okay. Thank you so much.

Moderator: Thank you. We'll take the next question from the line of Aathira Varier from Businessworld. Please go ahead.

Aathira Varier: Hi, sir. Good evening. Sir, first question is, you know, it's been quite some few months into West Asia war, and a quarter has passed. How does the Bank look at the impact or is the Bank facing an impact of it on your books or how has it been, sir?

Puneet Sharma: Thank you very much for the question. I think the simple answer that I can offer you is- we made a ₹2,001 crores prudent provision for the West Asia crisis as part of our Q4 FY26 results. We've not had to draw down or we have not drawn down a single rupee from that provision. That provision stands at ₹2,001 crores in its entirety at the end of Q1.

When we made the provision, we said the provision is not reflective of the underlying asset quality both on our loans and investments. We stay true to that statement at the end of Q1 also. The provision continues to be prudent. We do not see any worrisome underlying trends on our investment and loan book as on date.

Aathira Varier: Okay. So, another question is- your other income is down 39% YoY. So, could you please help me out with where the drop is coming from?

Puneet Sharma: Thank you. I think there is only one line item that's actually impacting it. If you look at the detailed P&L that we run, we had a large trading profit in Q1 of last year and the trading profit is lower. It was about ₹1,400 crores Q1 last year. Our trading profit for the current year is roughly about ₹530 crores. That difference of ₹900 crores is the cause of the decline that you have just referenced.

Aathira Varier: Okay. One last question. I mean since you have a strong corporate book, how is the Bank looking at acquisition financing as an opportunity, sir, and what is the outlook there?

Vijay Mulbagal: We'll continue to be selective as we are currently, both in terms of sectors as well as client and wherever the opportunities are on our RAROC and opportunity to cross-sell etc., we will be participating. And we don't have any defined strategy, but we'll continue to be looking out for opportunities to ensure that we pick up transactions and sectors that meet our internal hurdles.

Aathira Varier: Okay, sir. Thank you, sir.

Moderator: Thank you. The next question is from the line of Shrishti Sharma from ET BFSI. Please go ahead.

Shrishti Sharma: Thank you. Good evening, everyone. First question on the FCNR (B) deposit mobilization. The recent circular from UAE that had come was about the Indian Banks' representative offices. There were some restrictions on the way it's being marketed. Is RBI or Ministry of Finance talking to the UAE government or the concerned entity on relieving on some of these restrictions, since you also have a representative office in UAE?

Puneet Sharma: Thank you for the question. We refrain from commenting on the government or regulator actions. We would prefer to see the guidelines as issued to us. We will be fully compliant with all extant guidelines applicable in the course of our business. We would not like to speculate or comment on what the government or the regulator are proceeding on.

Shrishti Sharma: Noted. Second question, again, Mr. Chaudhry's message in the annual report was how the usage of AI would be reflecting the bottom-line impact in the next 18 to 24 months. To add, I know I'm raising this for the third time in the call and the head count for Axis Bank in Q1 has again seen some reduction yet again with the entire FY26 showing the same kind of trend.

One of your larger peers also extrapolated on what kind of roles are they sort of reducing upon. I'd again ask you and I'll add one more point. The largest bank's reduction and your reduction was almost the same amount while your workforce is half of them. They're at 2 lakh something, you're at 1 lakh something. What I'm trying to understand is where is this big-time optimization coming from? Is this trend going to continue yet again and how much are you investing in AI?

Subrat Mohanty: There are a lot of questions in there. See, like we mentioned last time, much of the AI work that we have been doing over the last 12 months, the fruits of that, as Amitabh has written as part of his letter to shareholders in the annual report, will be seen over the next 18 to 24 months.

What you are seeing right now are continued investments that we made in technology in terms of productivity enhancements coming through largely, and that's not really AI. Some part of it might be some of the recent AI stuff that we have done. Two things to please note: one, this is not, I mean the way we are doing this, we have an attrition of about 18% to 20%. So, as we get more productive and efficient, we just don't backfill the attrition. So, there is no layoff happening here, right? And I think that's very important to note. And second, this will continue because there is good amount of investments and we have some headroom for productivity growth since you compared us with some of our peers.

If you look at our productivity metrics on branch productivity, we do have, I would say, quite good headroom for matching up to those productivity. So, we are continuing on our path. I think the benefits of AI will come through a bit later. The current benefits are our continued investments on tech investments that we have made over the last two-three years.

Shrishti Sharma: Okay. Like you mentioned there's no layoff happening, but you're not adding on to the roles. What roles are those? If I'm to understand what those functions are where you're gaining more productivity on and you don't need more people to do the same task. What are those roles?

Subrat Mohanty: Broadly speaking, roles where typically we have mid-office, back-office, maker, checker, multiple levels of checks. There are opportunities for us to eliminate some of those kinds of activities. Individually, as people use some of the tools that we are using, if they were able to do 10 tasks in a particular day they are able to do 11 now.

So a lot of it is just making sure that the mid-office and the back-office gets more efficient and some of that in that kind of capacity is more focused now on the front-end in terms of conversations with customers, discussions with customers. So that kind of shift will continue to happen.

Shrishti Sharma: And this trend is going to continue, right? Is what I make here in closing remark?

Subrat Mohanty: It will possibly continue if we continue to see some of the benefits and the costs of AI implementation etc., continue to trend the way it is currently.

Shrishti Sharma: Okay. Noted. Last point on credit card issuance has seen some decline if you could elaborate on that?

Arnika Dixit: See we have always said we'll continue to have in the ballpark range of a million cards a quarter. We were coming off the back of a Q4 where we saw a higher number. Nothing more to it, we continue to remain and focus on calibrated growth and will be range-bound in that range over the next few quarters.

Shrishti Sharma: Sure. Thank you.

Moderator: Thank you. We'll take the next question from the line of Tarannum Manjul from Businessworld. Please go ahead.

Tarannum Manjul: Yes. Thank you so much. So, I just have one question. The retail loan growth slowed to 8% YoY in Q1FY27. What do you think were the key reasons behind this moderation?

Munish Sharda: Hi, this is Munish Sharda. We've been telling in last couple of quarter calls also, we've seen growth in our disbursement numbers YoY in all of our asset lines. If you compare the growth numbers that we have given out in the investor presentation and compare that to the growth numbers in the previous quarter. In all of our asset lines, we've started seeing the effect of the disbursal growth in the book growth as well and over the next couple of quarters we will start seeing the book growth coming back to its original, to a higher number than where it is today. So, we are pushing for growth in the retail assets across all of our lines and we seeing healthy growth coming through now.

Tarannum Manjul: Thank you so much.

Moderator: Thank you. The next question is from the line of A Rai from Economic Times. Please go ahead.

A Rai: Hello. Am I audible?

Moderator: Yes, you are sir. I'm sorry, we have lost the line for Mr. A Rai. We will move on to the next question. We'll take the question from Stuti Masih from Businessworld. Please go ahead.

Stuti Masih: Hello, sir. My question is the credit card issuance fell from 0.92 million in Q1FY27 from 1.10 million in Q4FY26. Is Axis Bank losing market share or is this a strategic slowdown?

Arnika Dixit: So, as I said in the previous answer, we continue to focus on calibrated growth, getting close to a million cards every quarter. Our market share in terms of CIF remains stable. In fact, if you refer to the RBI report for May, we'd actually gained market share on spend. So, it's something which continues for us. The ambition, the growth and the focus continues and in subsequent quarters we will continue to grow in the same range that we talk about every time.

Stuti Masih: Ma'am, I have one more question. What caused trading income to collapse by 62% despite overall business growth? Can you please elaborate on that too?

Puneet Sharma: Thank you for the question. Effectively if you look at trading profit, it was ₹1,420 crores same quarter last year and it's ₹537 crores the current quarter. My request is two things; one, please don't look at trading profit on a quarter-by-quarter basis. Trading profit should be looked at on a full-year basis.

We did about close to about 80% of our full-year trading profit in the first quarter of last year. So, there are timing differences, but the drop in other income is principally because of the difference in trading profit and our request to you would be to measure trading performance on a full-year basis rather than a quarter-by-quarter basis.

Stuti Masih: Yes. Okay. Thank you so much, sir.

Moderator: Thank you. The next question is from the line of Christina Titus from Financial Express. Please go ahead.

Christina Titus: Hi. Am I audible?

Moderator: Yes, you are, ma'am. Please proceed.

Christina Titus: I just wanted to ask, do you expect your cost of deposits to pan out going ahead, especially with FCNR flows coming in?

Puneet Sharma: My apologies. Could you please repeat that question? We didn't fully catch it.

Christina Titus: Yes. Sure. I just wanted to know how do you expect your cost of funds to pan out, cost of deposits to pan out going ahead, especially with inflows coming from FCNR deposits?

Puneet Sharma: We don't provide an outlook or a guidance on cost of deposits or cost of funds. However, we would request you to look at Slide 9 of our investor presentation. On a sequential quarter basis, we've seen a 2 bps optimization on cost of funds and on a full-year basis, we've seen close to a 35 bps optimization on our cost of funds. FCNR (B) rates are broadly published, so we would request you to draw your own conclusion. We don't offer guidance on cost of funds or cost of deposits. Thank you.

Christina Titus: Yes. Just one more question. So, with the weak monsoon, do you see any impact on your portfolio?

Anand Vishwanathan: Thanks for the question. We have looked at our overall portfolio. We feel it is holding well despite the news around the weak monsoon. We'll continue to monitor it, and we take focused risk actions wherever required.

Christina Titus: Thank you.

Moderator: Thank you. The next question is from the line of A. Rai from The Economic Times. Please go ahead.

A. Rai: Sorry, I'm Arshdeep from Economics Times. The line got disconnected. My question was- what is your assessment of direction of bond yields going ahead? Do you expect it to harden, or do you expect a softer yields going forward?

Neeraj Gambhir: Hi. We've already seen some impact of the reduction in oil prices and the actions that Reserve Bank has taken with regard to the currency markets on the bond yields. Bond yields have come down by approximately 30 bps from their highs. Going forward, there could be some further softening bias as the FCNR (B) flows come in and some of the Banks will probably end up investing this money in government bonds, particularly the foreign Banks. So, we could see some sobering effect as a result of that, but don't expect a big shift in the near term.

A. Rai: Okay. Thank you. And another query, is there a case where your Bank has started trading more in longer terms, 15 or 30 years, especially since they were included in the FAR Bonds?

Neeraj Gambhir: No, we don't necessarily base our decision of investments in our portfolio basis the index inclusion and the FAR Bond changes. Our decision is driven by our own portfolio target durations, etc. So that does not really impact us.

A. Rai: Okay. Thank you. That's all from my side.

Moderator: Thank you. The next question is from the line of Anshika from Mint. Please go ahead.

Anshika: Hi, good evening. Two questions. First, what is the sort of demand been under the ECLGS scheme from your client portfolio and whether you're seeing some kind of signs of some amount of repayment slowdown or any feedback from the clients?

And the second question would be on I think last October you'd mentioned that you don't see any impact from the ECL framework transition, but have you had some time to assess maybe what the impact on net worth would be and in that context maybe what would be the ideal capital level you would like to maintain because it's been around the 16.5% level for the last two quarters? Just those two points. Thank you.

Puneet Sharma: Thank you so much for your questions. Let me attempt to answer them part by part. Your first question was ECLGS. Roughly we have sanctioned close to about ₹5,000 crores odd on ECLGS and our disbursements have been ₹2,400 crores, very limited in the context of the overall size of our book, clearly underpinning the credit quality of the underlying portfolio that we carry.

We do a risk assessment, and we will be calibrated about how we put out additional exposure to the customers that are eligible. Your second question, if I gather, was around ECL, on Expected Credit Losses. I think your question had a supposition in it which said that we said there was no impact of ECL guidelines. We have consistently been saying that the impact of ECL guidelines will be marginal on our net worth.

That is basis the assessment we currently have. Even after the final guidelines, we continue to maintain the position that ECL will have a marginal impact on net worth. Post-ECL transition, we have offered an industry view. We do think at an industry level, provisions to assets will move up for the sector in the initial part of the ECL implementation cycle. I hope I've answered all your questions. If there's one that I have missed, I'm happy to take a follow-up.

Anshika: Sir, maybe just on capital, what is the sort of ideal level that you would maybe would you want to boost your capital level at this point in time or are you comfortable, how are you viewing the capital adequacy?

Puneet Sharma: So, we have a capital philosophy. We like to operate at roughly about 400 bps above reg-minimum. We will also make sure that we protect our domestic triple-A rating. 400 bps above reg-minimum is 12%. We are rated by all four domestic rating agencies at triple-A and the CET1 threshold for them for that rating, depending on which rating agency you look at, is between 10.5 and 12.

Our current CET1 as I called out as part of my early comments was that we are at 14% plus. We also carry a 52 bps, it's 14.64%. We've accreted 25 bps of CET1 in the quarter. We carry 52 bps of additional cushion over reported capital. So very clear that we are comfortable with our capital position and we will continue to operate within the capital range that we currently operating at.

Anshika: Sure. Thank you.

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

Puneet Sharma: Thank you, Michelle. Thank you, everyone for having taken the time to join us this evening. If any questions remain unanswered or there are follow-up questions, we request you to reach out to our Corporate Communications team and we'll be very happy to come back to you. Handing over to Amitabh.

Amitabh Chaudhry: I just want to use the opportunity to thank Puneet for working and serving Axis Bank for the last six years so beautifully. I think he has created a reputation for himself in the marketplace, and he is moving on to a bigger institution. We wish him the very best and I am hoping that he will remain an ambassador of Axis wherever he goes. Thank you, Puneet. Thanks a lot.

Moderator: Thank you, sir. 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.
