Axis Bank's Q2FY27 Media Conference Call

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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 September, 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 proceedings of the call is strictly prohibited, and prior explicit permission and written approval of Axis Bank is imperative.

As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal the operator by pressing star and 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 & CEO; Mr. Rajeev Mantri, Group Head and CFO, along with other senior leaders of Axis Bank. I now hand the conference over to Mr. Amitabh Chaudhry, MD & CEO. Thank you, and over to you, sir.

Amitabh Chaudhry: Thank you, Sagar. Good evening, and welcome to Axis Bank's earnings call to discuss the bank's financial results for the quarter ended September 2026. Before we begin, I would like to warmly welcome Rajeev Mantri to the Axis Bank family. Also joining us on the call today are our EDs, Subrat Mohanty, Munish Sharda, and Neeraj Gambhir, along with other members of the leadership team.

The global macroeconomic environment continues to face headwinds from geopolitical tensions and trade-related disruptions. Renewed tensions in West Asia have continued to disrupt global supply chains and fuel volatility in energy markets, while rising energy and food prices are adding to inflationary pressures across economies.

Despite the overhang from elevated commodity prices, tariff-related disruptions, and weather-related risks, the Indian economy has continued to demonstrate resilience, with growth supported by broad-based economic momentum.

Economic activity was underpinned by robust investment activity and healthy private consumption aided by sustained discretionary spending. Supported by proactive regulatory measures, system liquidity improved significantly during

the quarter, providing a fillip to credit growth and deposit accretion across the banking system.

In an environment characterized by resilient domestic growth and persistent global uncertainties, Axis Bank continued to build a differentiated and agile franchise through investments in digital, trust, payments innovation, AI-led capabilities, network expansion, and talent development. We sustained the momentum in our businesses while delivering sustainable and quality growth, further strengthening balance sheet resilience, enhancing productivity, and deepening customer relationships across segments.

Now, let me talk briefly about the progress we have made on each pillar of our GPS strategy. Starting with growth, our momentum on gaining market share across deposits and advances continued during the quarter, driven by broad-based growth and supported by encouraging mobilization on the FCNR(B) front. Our total advances grew 23% YoY and 9% QoQ.

Excluding the loans extended by international branches for FCNR(B) deposits, advances grew 19% YoY and 5% QoQ. The growth in advances has been supported by continued healthy traction in retail disbursements across segments for the fourth straight quarter, translating into retail book growth of 16% YoY and 10% QoQ. Even post excluding the leverage facility extended for FCNR(B) deposits, the retail book grew 10% YoY.

Our SME franchise continues to deliver broad-based growth of 25% YoY and 9% QoQ, driven by differentiated offerings, best-in-class tech and digital capabilities, and a customer-centric approach tailored to the evolving needs of India's MSME ecosystem.

Our wholesale banking franchise delivered another strong quarter with growth of 34% YoY, driven by robust client activity across sectors and supported by resilient economic momentum. Our relationship-centric approach characterized by greater engagement intensity, disciplined follow-through, and an omnipresent client coverage model, alongside deeper One Axis collaboration, continued to strengthen client relationships and franchise performance.

Our growth has been through deepening the wallet share across our customers while maintaining our RAROC thresholds. These relationships also provide us access to corporate salary accounts as well as potential for liability relationships and additional fee income going forward.

Moving on to the deposits, through our strong NRI franchise and proactive outreach, we garnered a meaningfully better market share of 8% on FCNR(B) deposits in this quarter, raising an aggregate of INR 1,018 billion of five FCNR(B) deposits.

YoY, on QAB and MEB basis, our total deposits grew 23% and 21%; term deposits grew 28% and 27%; CA, 15% and 7%; savings accounts grew 13% and 12%; and total CASA deposits grew 14% and 11%, respectively. QoQ, on QAB and MEB basis, our total deposits grew 7% and 6%; term deposits, 10% and 8%; CA grew 3%; and SA grew 2% and 2%; and total CASA deposits grew 3% and 2%, respectively.

Excluding the portion of FCNR(B) deposits, backed by loans given by our international branches, our total deposits grew 17% YoY and 3% QoQ; and term deposits grew 21% YoY and 3% QoQ on MEB basis, post accounting for the 8.6% QoQ decline in the non-retail term deposits as we utilized part of the FCNR(B) deposits to optimize our balance sheet. Please refer to Slide 6 for more details on the impact of FCNR(B) on various reporting metrics.

Our new-to-bank franchise scaled further, with an increasing mix of premium and relationship-led acquisition, resulting in 20% YoY growth in NTB average balances and reinforcing the quality of franchise growth. The corporate salary business continued to deliver robust performance, supported by deeper engagement from wholesale coverage team and a sustained focus on relationship deepening.

Average NTB salary balances grew by 40% YoY, while the existing-to-bank salary portfolio expanded by 16% YoY, reflecting strong customer primacy, improved engagement, and continued franchise deepening. Burgundy continues to anchor our premiumization strategy, with assets under management up 27% YoY and 9% QoQ, including AUM for Burgundy Private, which grew 12% YoY and 3% QoQ.

On profitability, our focus has been on building a more sustainable earnings profile, driven by disciplined execution, operating leverage, and improved efficiency. Our net interest income for the quarter grew 12% YoY and 5% QoQ. NIM for Q2FY27 was 3.36%, including accounting for the impact of FCNR(B) deposits.

Excluding the impact of FCNR(B), NIM for Q2FY27 stood at 3.47%. Our cost to assets declined further to 2.14%, down 24 basis points YoY and 6 basis

points QoQ. For the quarter, PAT grew 38%, and our consolidated ROA was 1.49% and ROE was 13.96%.

On sustainability, we stay focused on driving quality growth, strengthening balance sheet resilience, building future-ready technology platforms, advancing industry-first innovations, and investing in people and capabilities to deliver sustainable outcomes at scale. Our GNPA was at 1.16%, declining 30 basis points YoY and 12 basis points QoQ; NNPA at 0.35%, declining 9 basis points YoY and 4 basis points QoQ; while the net credit cost was at 0.45%, down 28 basis points YoY and 18 basis points QoQ.

For the quarterly progress on our AI transformation journey, please refer to slides 14 and 15 for details. We continued to make significant progress in our AI journey through AXIOM, our enterprise-wide AI operating model, focused on embedding AI across customer journeys, operations, and decision-making.

AI-driven solutions such as Doc AI, Voice AI, and GenAI-powered collections continue to enhance customer experience, improve operational efficiency, and deliver better business outcomes. With a strong focus on governance, talent, and innovation, we are accelerating our transition towards becoming an AI-native institution.

We continue to strengthen our leadership in digital payments and secure banking through industry-first innovations. During the quarter, Axis Bank became the first and only Indian bank to enable Apple Pay for its credit card customers, marking a significant milestone in the evolution of digital payments.

Building on our commitment to safe and intuitive banking, we introduced today industry's first UPI limit management feature in our mobile banking app that enables customers to set and manage transaction limits across different UPI payment categories.

Beyond technology and innovation, customer engagement and talent development remain key priorities. We strengthened our customer connect through the launch of Sparsh Week 2026 last month, our flagship customer engagement initiative, while continuing to invest in building a future-ready and customer-centric workforce.

Our continued focus on innovation, customer experience, talent development, and execution excellence was recognized through several prestigious industry accolades, including India's Best Digital Bank at the Euromoney Awards for Excellence 2026, honors at the Brandon Hall Awards, ICC Emerging Asia

Awards, ABF Retail and Wholesale Banking Awards, and the SABRE South Asia Awards.

As we enter the second half of the year, we continue to remain watchful and closely monitor the evolving external environment. We remain confident in our agility, execution capabilities, and ability to navigate the evolving challenges while capitalizing on emerging opportunities.

Backed by a strong capital position, a prudent risk culture, and diversified growth drivers, we are well-positioned to deliver sustainable and profitable growth while continuing to outperform the industry.

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

Rajeev Mantri: Thank you, Amitabh. Good evening, everyone, and thank you for joining us. Let me walk through the key highlights of the financial performance for second quarter. In Q2FY27, we delivered robust growth in deposits at 21% YoY and 6% QoQ, and advances at 23% YoY and 9% QoQ, while profit after tax was higher by 38% YoY to INR 7,003 crores, aided by strong NII growth at 12% YoY and improving asset quality.

Core operating performance remains healthy, supported by strong net interest income. Core operating profit was at INR 10,998 crores, higher by 11% YoY, and core operating revenue at INR 21,817 crores, up 10% YoY and 5% QoQ. Fee income is up 6% YoY, within which the granular fee constituted 90% of the overall fees. We have delivered positive jaws on core operating revenue, and cost to assets stood at 2.14%.

Robust deposit growth sustained across average and period-end balances, supported by strong CASA and FCNR(B) inflows. We have raised FCNR(B) deposits of INR 1,018 billion, including INR 438 billion backed by advances from bank's international branches, and INR 449 billion backed by standby letters of credit.

Amitabh has already discussed the growth on deposits. On QAB and MEB basis, CASA ratio stood at 35% and 36%, respectively, and month-end balance CASA ratio stood at 38%, excluding the impact of FCNR(B) deposits on total deposits.

Moving to loans, loan growth remains strong, supported by sustained growth in retail disbursements, which grew by 20% QoQ and 22% YoY. SBB, SME,

and MC aggregates to INR 3,316 billion, constituting 24% of total loans, and the proportion is up 772 basis points in the last five years.

SBB, which stands for Small Business Banking book, grew by 7% QoQ and 21% YoY, and mid-corporate was higher by 9% QoQ and 29% YoY. Bank's focus segments grew by 6% sequentially and 18% YoY.

The bank remains well-capitalized with adequate liquidity buffers. Our overall capital adequacy ratio stood at 16.27% and CET-1 ratio at 14.61%. We have an additional cushion of 49 basis points over the reported CAR, which is attributable to other provisions and one-time standard asset provision aggregating to INR 8,006 crores. Excess SLR was INR 1,04,306 crores, and average LCR during the quarter was 119%.

We continue to maintain our strong position in payments and digital banking. We have maintained our market-leading position in UPI payer PSP space with a market share of 38%, with lowest technical declines among the 50 UPI remitter members. We have acquired 1.1 million cards in Q2FY27, having a market share of 13.1% of cards in force.

We are the first and only bank in India to launch Apple Pay. Axis mobile App continues to be among the top-rated mobile banking applications on Google Play Store and iOS Store with a rating of 4.8 on both, with 16 million MAU, and continues to be among the largest player in merchant acquiring business in India with a terminal market share of 25.7%.

Moving to asset quality, it continues to improve. PCR stays healthy at 70%, and overall coverage ratio at 164% was higher by 17% YoY. Gross slippage ratio was at 1.48%, down 63 basis points YoY, and net slippage ratio at 0.75% was down 30 basis points YoY.

Our key subsidiaries continue to deliver healthy performance. Total first-half FY27 PAT of domestic subsidiaries was at INR 1,210 crores, which was higher by 29% YoY, with a return on investments of around 45%. Of these, Axis Finance H1FY27 PAT stood at INR 546 crores, higher by 42% YoY. The asset quality of AFL continues to remain stable with Net NPA at 0.35%.

Axis AMC's first-half PAT was INR 370 crores, up 36% YoY. Axis Securities' first-half PAT was INR 191 crores, up 9% YoY. And for Axis Capital, the first-half PAT was at INR 149 crores, higher by 61% YoY. The team executed 20 ECM and 5 non-ECM deals in second quarter FY27.

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, inflation, liquidity, and our cost of funds, along with their impact on our business.

This concludes our opening remarks. We would be happy to take questions.

Moderator: Thank you very much. We will now begin with the question-and-answer session. Your first question comes from the line of Shilpy Sinha with Economic Times. Please go ahead.

Shilpy Sinha: Sir, good afternoon. My question is related to fee income. Your fee income has grown 6% for the quarter. I wanted to know what would be the impact of the proposed commission changes that the insurance regulator is talking about on the fee income, and how much of this comes from insurance? And also on the on your profit before tax, because it contributes around 9% to the PBT as well. If you can just give some idea there?

Subrat Mohanty: Hi, Shilpy. This is Subrat. The insurance commission guidelines or paper is a consulting paper right now. It's still at a consultation stage, and various views are being taken. From our perspective, we continue to focus on building fee income from various sources of our business, both on the retail as well as on the corporate book.

When you take a ratio with respect to PBT, that's not entirely the accurate way of looking at it, because in some years, the PBT is impacted by one-offs and things of that kind, which is why it's possibly better to take a bit of a medium-term view on how to see the fee income impact on a franchise. We do not give product-specific breakup of fee income at the level of what insurance contributes to the overall number.

But from our perspective, we think there is, we will have some amount of time when the final regulatory provisions might apply. Between now and then, there are multiple levers in terms of having alternative sources of fee and also mitigating the possible impact of what these provisions could mean in terms of getting better volumes, changing product mix, and also making sure that the right kind of discussion with our insurance partners in order to increase the pie, because in effect, the customer will get the benefit of lower prices.

And whenever this has happened in the past, including when the GST rates were brought down to zero, the volumes went up quite a bit. We will do a combination of all of this, but at this point in time, it's still early stages, and as

the things evolve, we will continue to give you a sense of how the fee income, especially from insurance, will pan out.

Shilpy Sinha: What portion of the insurance that you sell through the bank is credit life?

Subrat Mohanty: We do not give that level of segment-level detail. The overall fee income and its details are given as part of our annual report, so that's pretty much the level of detail that we share in terms of the fee composition.

Shilpy Sinha: Okay. Thank you.

Moderator: Thank you. Our next question comes from the line of Shivam Khilar with NDTV Profit. Please go ahead.

Shivam Khilar: My first question is regarding the margins, where we have seen an impact of FCNR of around 11 basis points. So my question is that the last time the management has stated that the Q2 the bottom out for margins, but now we have seen an impact of FCNR. When do we see the recovery in margins? And also, what are the key levers that are going to contribute in the recovery and also will it be a loan pricing or asset mix or what are the levers that will contribute to better margins going forward?

Rajeev Mantri: Yes, hi, Shivam. Rajeev here. Yes, from a QoQ perspective, as we have explained, we have seen roughly around 11 basis points impact on the NIMs, which have come through because of the FCNR(B) funds coming through as a result of the grossing up of the balance sheet and also because of the deployment of the FCNR, which took some time.

And as we are optimizing the FCNR deployment, which we are using to draw the advances growth, at the same time, retire some of our more higher higher-cost deposits, as well as borrowings, we should be able to see some bit of an uplift on the NIM on that basis. We are working towards improvement in the NIMs. So if you look at the core NIMs, if we exclude the FCNR(B) impact, I think they improved by 1 basis point from 3.46 to 3.47. Yes, the 11 basis points impact brought it down to 3.36.

As we look at the journey forward, we are looking at the various drivers of improvement in NIMs through the asset mix, through the liability mix and the components within, in terms of how do we drive that up, as well as taking into account some of the headwinds that will come through on the NIM trajectory. But overall, we are working towards how do we drive the improvement in the NIM trajectory going forward and the guidance and the path that we had given

earlier is what we are actually working on, even though the timelines might be something difficult for us to comment on.

Shivam Khilar: Okay. But as you said that you will be deploying the FCNR liquidity. I just wanted to ask that where the actual liquidity [inaudible 0:22:34] the margin the bank and also how much FCNR liquidity amount that is yet to be deployed?

Subrat Mohanty: Your voice is still quite muffled, but I think I got the gist of your question. See FCNR deployment is a combination of either we substitute high-cost deposits which come up for renewal or we use it to continue to drive advances growth. We'll continue to be, in some sense, fairly adaptive to the environment in terms of how we use this.

And going forward, like Rajeev mentioned, the key focus is on the mix. If you look at our disbursement growth in this quarter, on QoQ basis, the disbursement growth on the retail side has been very strong. And if you look at the retail book growth, even excluding FCNR, it's upwards of 10% now. Over the last three quarters or so, it has gone up from 6% to 8% to 10%.

So the translation of the disbursement growth on the retail side, which has been very healthy over the last three quarters, is starting to show up in the book growth. We'll continue to focus on that. Like Rajeev mentioned, we had the opportunity in this quarter itself to use some of our FCNR to retire or to substitute the high-cost deposits, which we have done.

So, there are multiple levers, both on cost of funds as well as on the asset-mix side. We'll continue to apply those and ex of FCNR as well, like we had mentioned last time, we were at the trough in terms of NIM and we have actually gone up by about a 1 basis point during this quarter on the core NIM.

Shivam Khilar: Okay. And ECL transition, that has remained a key uncertainty. So can you quantify the expected increase in the annual credit cost and the provisioning that is being done for ECL?

Rajeev Mantri: Sorry, I think the voice wasn't very clear. We could understand there's some question on ECL, is it?

Shivam Khilar: Can you quantify the impact on the annual credit cost and what can be the excess provisioning that is that is needed to be done for ECL?

Rajeev Mantri: Yes, so I think as a bank, we have not sort of disclosed what exactly the specific impact, but what we can say is that based on where we see our book and the

levels of provision that we have, we do not expect a material impact when we cut over at the time of transition. So, the status that we had sort of guided earlier continues to be the same. We are evaluating and working through the journey towards the ECL transition, and we are confident in terms of the same level of impact to continue.

Shivam Khilar: Okay, thank you.

Moderator: Thank you. Our next question comes from the line of Aathira with Business Standard. Please go ahead.

Aathira: Sir, good evening. Sir, one question is on what is the impact, how much is that Axis Bank likely to gain from the MDR on UPI that is proposed? One. And secondly, have you started repricing your deposits and, after the rate hike, deposits and lending rates, or when are you planning to do it?

Neeraj Gambhir: So let me answer the question on deposits. The bulk deposit rates change almost on a daily basis. So we keep on adjusting them in line with the market conditions. And since the rate hike has happened, there has been a significant increase in the market rates for both CDs, as well as bulk deposits. We have not yet changed the rates on the retail term deposits.

Arnika Dixit: On the UPI MDR, we play across all the three aspects of the ecosystem: as issuer, as PSP bank, as acquiring bank. So, we won't be able to give a specific number. But I think as a bank, as you are aware, we are committed to grow the UPI ecosystem, grow the merchant ecosystem, and as and when the UPI MDR starts to get implemented, we will ensure that we continue to gain market share, as we have been disclosing on acquiring, on PSP share, and issuing.

Aathira: One more question. Considering the El Nino and weather conditions that is being talked about, are you expecting any impact on your agriculture MSME portfolio because of this?

Anand Vishwanathan: Hi. We have been looking at the overall quality of our agriculture portfolio. It remains robust. We are monitoring it, and we have taken adequate policy actions wherever required.

Aathira: Yes, thank you. That was it from me. Thank you, sir.

Moderator: Thank you. We have our next question coming from the line of Manish with Press Trust of India. Please go ahead.

Manish: So I was asking, since the bond yields are hardened because of the inflation and the global uncertainties, and there is expectation that the most of the corporates or some of the corporates will turn towards the bank term loans because there's an anticipation that the bond yields may harden further because of this situation. So how can we see the growth in your corporate loan book in the second half, since it is a very good book and this quarter also, we have seen a good growth in your corporate loan book?

Vijay Mulbagal: Hi, this is Vijay here. I handle wholesale coverage. Customers will always choose the cheapest form of financing for them. However, our strategy around growth is pretty broad-based across sectors. We have seen this time growth coming in from infra, energy, metals, industrials, commercial real estate, etc., and across segments as well.

And also, across financing categories, we have done capex, project financing, working capital, as well as refinancing. So we don't have any dependence on one sector, not one client segment, not financing category. So we expect this growth to be sustainable. Yes, deals might go to bonds based on their choice of financing, but this growth will continue based on how our playbook is going to work, which is which over the last few quarters has been very consistent.

Manish: Okay, thank you, sir.

Moderator: Thank you. Your next question comes from the line of Anshika Kayastha with Mint. Please go ahead.

Anshika Kayastha: First question is on loan growth. We have seen, for the industry, we have seen very strong loan growth of about 17%-19%, including for you, as well. Maybe just a sense on how do you see that panning out going into H2, because we have a high base effect, but we're also seeing some amount of inflation, and but it's also going to be the festival season. Are there concerns about some amount of overheating, could lending rates go even higher than current levels in H2 of the current financial year?

And my second question would be on the OpEx. You mentioned that 10% of the OpEx increases because of technology expense and some amount to business volumes. Would these largely be digital business volumes, and maybe could you elaborate on that?

Subrat Mohanty: On loan growth for the second half, difficult to give a sense. What we can give you a sense of is our, activity levels on the ground, the kind of pipeline we

have, the nature of conversations. All of those seem to suggest that our loan growth continues to remain robust.

You are right, we are coming into the second half with a higher base, given what we saw last year. Some of that moderation possibly might happen at the industry level. And then there is also associated possible downsides on inflation, as well as the rate hikes.

But we don't know how that will pan out as we go forward. All we can say is we continue to see a fairly robust activity on the ground in terms of our discussions and conversations with customers and the pipeline that we are building up. So that's really the prognosis for the second half.

Rajeev Mantri: Yes, I think, on your question on OpEx, we have seen increases primarily driven by the business volume, as we have explained on a YoY perspective, where the costs have increased close to about roughly INR 410 crores increase was there in the business volumes, and about INR 200 crores increase in investments in IT and digital, and then the remaining is the BAU increase.

As the business is growing, I think we do have certain sourcing costs and various other volume-linked costs which have gone up. But primarily, consciously, the bank has invested in IT infrastructure and the digital channels and the journeys in terms of driving improved and increased digitalization within the bank. And I think that's where the investments have been going in.

Anshika Kayastha: Okay. I just heard that the Freecharge also got the payment aggregator license. Would that help some of the OpEx normalization or management on the at least digital volume side? And an extension to the earlier MDR question, do you think the payment aggregator license will help you benefit more from an MDR rollout perspective? And the third bit would be what are the incremental opportunities that you see coming out from this license now in hand?

Sameer Shetty: Hi, this is Sameer. Freecharge is a subsidiary of the bank. It's an independent company. So, all revenue and potential benefits from Freecharge will accrue to Freecharge. It will, obviously, kind of come into the bank through the consolidation route. Freecharge has received a payment aggregator license, and it is been growing very strongly. We have some fairly aspirational growth trajectory for it going forward, though, as I said, the numbers won't kind of directly reflect in the bank's results.

There are a few potential opportunities where, given that with Freecharge we cover the payment aggregator side as well. There are some potential strategies that could be played to benefit from UPI MDR, but all of this is in the future, and we have to see how it plays out.

Anshika Kayastha: Sure. Thank you.

Moderator: Thank you. Ladies and gentlemen, we take that as the last question for today. I now hand the conference over to Mr. Rajeev Mantri for closing comments.

Rajeev Mantri: Thank you, everyone, for joining the call, and I would like to provide the confidence that the bank is working towards the improvement trajectory. And thank you for joining us today. And wish you all a very happy festive greetings.

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