AXIS BANK

Opening Remarks – Axis Bank's Q4FY26 Analyst Earnings Call

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.

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:

Accounting related to tax item

1. 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 Rs.2,193.20 crores, which includes the reversal of excess tax provisions made in prior years amounting to Rs. 1,129.80 crores, reduction of current year's tax expense by Rs. 265.85 crores and recognition of a deferred tax asset of Rs. 797.55 crores. This has resulted in the effective tax rate (ETR) for FY26 being 17.25%

Voluntary enhancement of the Bank's provisioning framework for standard assets

2. 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**:**

1. NII at Rs. 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
2. Fee at Rs. 24,444 crs, grew 9% YOY
3. Operating expenses Rs. 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
4. Cost to assets at 2.28%, declined 18 bps YOY
5. Core operating profit at Rs. 41,443 crs, grew 4% YOY
6. Standard asset coverage ratio of 1.26%, increased by 11 bps YOY; All provisions by GNPA ratio of 166%, increased 900 bps YOY
7. Consolidated ROA% at 1.46%, Consolidated ROE% at 13.59%

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

a. PAT at Rs. 7,071 cr, QoQ growth of 9%
b. YOY Deposits and advances growth of 14% and 19% respectively
c. QOQ deposits growth of 6% and advances growth of 6%
d. NII at Rs. 14,457 crs, YOY and QOQ growth of 5% and 1% respectively, NIM at 3.62%,
e. Fee at Rs. 6,561 crs, YOY growth of 4%, QoQ growth of 8%, granular fee at 92% of total fee
f. 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%
g. Cost to assets at 2.28%, declining 18 bps YOY and 5 bps QOQ
h. Core operating profit at Rs. 10,619 crs, largely flat QoQ and YOY
i. Net credit cost at 0.37%, down 13 bps YOY and 39 bps QoQ.
j. Net credit cost (excluding technical impact) at 0.28%, down 22 bps YOY and 35 Bps QoQ
k. GNPA at 1.23%, declined 17 bps QOQ and 5 bps YOY
l. NNPA at 0.37%, declined 5 bps QOQ
m. PCR% at 70%, flat QOQ%
n. 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.
o. 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 Rs. 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 is only an enabling resolution. 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 Rs. 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 Rs. 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 Rs. 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 Rs. 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 Rs. 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 Rs. 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 Rs. 15,473 crores, comprising (i) Prudent provisions for standard assets of Rs. 7,013 crores; (ii) Restructuring provisions of Rs. 197 cr, (iii) standard assets provision at higher than regulatory rates of Rs. 1,733 cr, (iv) additional one-time standard asset provision of Rs. 1,231 crores and (v) weak assets & other provisions of Rs. 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 Rs. 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 Rs. 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 ~ Rs. 3,59,601 crores, FY26 PAT stood at Rs. 596 crores, growing 19% YOY
- **Axis Securities:** FY26 PAT stood at Rs. 366 crores
- **Axis Capital:** FY26 PAT grew 61% YOY to Rs. 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 Rs. 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 Rs. 2,013 cr. Net Slippages segmentally were Rs. 1,708 cr in Retail, Rs. 164 cr in CBG and Rs. 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 Rs. 1,197 crores up 28% YOY.
- Net slippage in the quarter adjusted for recoveries from written off pool was Rs. 815 cr. Segmentally Retail was Rs. 1,041 cr, CBG was Rs. 93 cr and WBCG was negative Rs. 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.

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