



## Axis Bank Limited Q1FY26 Earnings Conference Call

**July 17, 2025**

**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 30th June 2025. Participation in the conference call is by invitation only. Axis Bank reserves the right to block access to any person to whom an invitation has not been sent.

Unauthorized dissemination of the contents or the proceeding of the call is strictly prohibited and prior explicit permission and written approval of Axis Bank is imperative. As a reminder, all participant lines will be in the listen only mode and there will be an opportunity for you to ask questions at the end of the briefing session. Should you need assistance during the call, please signal the operator by pressing star 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, Mr. Rajiv Anand, Deputy Managing Director 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:**

We have on the call, Rajiv Anand – Deputy MD, Subrat Mohanty – ED, Munish Sharda – ED and other members of the leadership team.

This quarter, we delivered steady operating performance aided by higher non-interest income and continued moderation in operating expenses. Our focus has been on profitable and sustainable growth. The Bank's balance sheet is resilient, and capital position continues to remain strong.

Let me summarise the Q1 operating performance:

1. Operating profit was up 14% YOY and 7% QOQ.
2. Non-interest income grew 25% YOY and our Fee to average assets continues to be the best amongst peer private banks.
3. On a YOY basis, total deposit growth rates were similar, for both, period end and quarterly average basis at 9% and 8% respectively. On a weighted basis, Retail and small business deposits under the LCR framework grew 12% YOY.
4. On the lending side, Small business, SME and mid-corporate together, grew at 18% YOY and 5% QOQ and constituted 23% of total bank loans.
5. The Bank remains well capitalized with a CET 1 ratio of 14.68%.

We stay focused on three core areas of execution of our GPS strategy namely:

- **Becoming a resilient, all-weather franchise**
- **Creating multiplicative forces to build competitive advantage**
- **Building for the future**

I will now discuss each one of these areas.

**A. Building a resilient, all-weather franchise**

We have significantly progressed towards building a resilient, all-weather franchise. There are four areas of focus as we navigate the current cycle - deposit quality and growth, credit growth, retail asset quality, and costs - where we continue to work on sustainable outcomes.

- On retail asset quality a normalisation cycle is in progress. As indicated in last call, we have prudently made changes to our technical recognition criteria which has impacted Q1 asset quality numbers across gross slippages, net slippages, credit costs and interest reversals impacting NIMs. Puneet will provide details on each of these.
- On credit, we are focused on delivering better growth outcomes. Q1FY26 has been one of our strongest quarters in terms of QoQ loan book growth in last few years. Wholesale banking growth was driven by sector-specific demand, strong refinancing activity, and disciplined execution — not just rate tailwinds.
- On the Cost side, our expense growth moderated to 2% YOY and declined 5% QOQ.

**Let me move to Deposits now:**

The deposit journey for Axis Bank should be looked at from three aspects – quality, cost, and growth. Please refer to slide number 17. On the first two parameters we have delivered well and demonstrated consistency.

- We have improved the granularisation in our deposits, which positively impacts the quality of LCR deposits. Consequently, the outflow ratio improving by 150 bps over the last one year and is similar to larger peer banks.
- We have also demonstrated controlled increase in cost of funds over the last eight quarters. Our confidence in the franchise has allowed us to take early and proactive action on savings account rates and term deposits. This has resulted in a QOQ decline of 11 bps in COF
- On growth YOY MEB | QAB basis, total deposits grew 9% | 8%; term deposits grew 12% | 12%, CA grew 9% | 4%, SA grew 3% | 1%, respectively
- The quality and strength of our deposit franchise continues to improve. Our acquisition engine, expansion plans, product launches, salary credits, and Burgundy AUMs remain healthy.
- In Q1, we made strong strides in acquiring quality New-to-Bank (NTB) customers as we executed a Dual-Track NTB Acquisition Strategy that involves Premium customer acquisition through curated propositions and acquisition through high-potential personas like senior citizens, doctors, self-employed professionals, homemakers, and women, which has led to a notable jump of 58% YOY in Average Total Savings (ATS) and 25% YOY in Savings deposits. Moreover, the productivity of Relationship Managers has seen improvement, up 25% in FY25 (exit) over FY24 and up 33% YOY in Jun'25. Our transformation projects like Siddhi, Sparsh are contributing to this change.
- The Bank has made focused interventions to ensure better engagements with its salaried customers and continues to see healthy trends with:
  - 18% YOY growth in Salary Uploads in the NTB Salary book as of Jun'25

- 27% YOY growth in Premium acquisitions in NTB Salary book as of Jun'25
  - The premiumization of our franchise continues to progress well, led by 6% QOQ growth in Burgundy assets under management. As per the recently published Asian Private Banker India 2024 League Tables, we retained the third position with the highest growth rate amongst banks.
- Coming to our Existing to Bank (ETB) customers, our strategy is centered around deepening customer engagement, transforming passive accounts into active high-value relationships. Through data-driven segmentation, personalized nudges, and lifecycle campaigns, the bank is driving higher balances, product penetration, and long-term loyalty. This improved strategy has started showing results with improved average balance, TD penetration, and positive deepening.
- Our industry leading Neo platforms along with customized solutions across liquidity management, payments and collections continue to drive higher transaction banking flows. Please refer to slide 31 for more details.

## **B. Creating multiplicative forces to build competitive advantage**

- As a full suite cards & payments player, the Bank continued to build on innovation led partnership models to tap newer customer segments and their evolving needs. It partnered with Flipkart Group's super money and RuPay to launch a co-branded credit card targeted at UPI users, and an innovative wearable payments solution in partnership with boAt and Mastercard. The Bank also became the first to implement a pioneering B2B collections solution for a Fortune 500 company on NBBL's Bharat Connect (erstwhile BBPS), leveraging the Bank's best-in-class corporate API stack.

## **C. Building for the future**

### **Digital Banking performance continues to remain strong**

- Providing fraud safe digital platforms remains a key priority for the bank.
  - In Q1, the Bank enhanced transaction monitoring and introduced fraud prevention related features such as mobile OTP, safety centre and lock FD.
  - In addition, the bank introduced enhanced features to My Money, the bank's personal finance manager (PFM), to provide customers a comprehensive view of their finances and to manage them better.
- On the corporate banking side, the bank continued the rollout and further enhancement of features on the Neo platform.
  - In Q1, the Bank migrated ~80% of eligible clients to the Neo platform. We continue to see meaningful increase in digital activation, transactions and other relevant metrics, basis clients already migrated.
- Our digital platforms are scaling rapidly. Adi, the GenAI-powered frontline assistant, has seen a 66% increase in usage. It helps employees deliver faster, consistent resolutions at the frontline, enhancing productivity and reducing dependency on manual support.

**Bank-wide programs to build distinctiveness through Bharat Banking and Sparsh is progressing well**

- The rural advances grew 5% YOY and deposits from Bharat Branches were up 9%; thereby aiding the PSL metrics. We have expanded our multi-product distribution architecture to 2,737 branches.
- Sparsh 2.0, our enhanced Customer Experience program, simplifies interactions, driving NPS, automation, and digitization, with a focus on customer loyalty and business growth. Our Retail Bank NPS score has matured significantly, rising to 159 from a baseline of 100 in the past 3 years. You will see that the score will be inching up regularly and slowly. Softer aspects like our Brand Consideration Score has also improved over the past few years.

In conclusion, we are optimistic as we step into FY26. We believe large, well-capitalised banks like Axis with strong digital capabilities, innovative product suites are best placed to capitalise on the India opportunity. Our platform will allow us to grow at rates faster this year than the industry and this thesis will continue to play in the medium term. The supportive regulatory conditions and the operative landscape add to our confidence. We will continue to invest where necessary to remain differentiated and distinctive in our journey towards building an 'all-weather institution'.

Before I handover to Puneet, on behalf of the Bank, I would like to acknowledge Rajiv Anand's exceptional 16-year journey with Axis Group. We thank him for his visionary leadership and invaluable contributions across all business segments of the Bank, that has created a lasting impact on the Bank's growth and culture.

I will now request Puneet to take over.

**Puneet Sharma:**

Thank you, Amitabh.

Good evening and thank you for joining us.

We disclosed in our Q4FY25 earnings call, that we had reviewed the classification and upgrade criteria for certain types loans that would impact the reported asset quality metrics. Accordingly, the prudent application of technical parameters for recognizing slippages and consequent upgrades has been implemented and has impacted reported asset quality parameters including provisions and contingencies for the quarter ended June 30, 2025 ("Technical Impact"). Technical Impact is largely restricted to cash credit and overdraft products and one time settled accounts. Hence, due to the Technical Impact the reported values of gross slippages, net slippages, credit costs, NPA ratios, ROA% and ROE% are not like for like comparable to previous quarter / previous year.

Please see Slide 44 for quantification of Technical Impact across key variables discussed above:

**Gross Slippages**

- Reported Gross slippages in the quarter were Rs. 8,200 cr. Rs 2,709 crore of the gross slippage is attributable to Technical Impact, representing 1.03% of gross slippage for the quarter in value terms. Gross slippages for the quarter adjusted for Technical Impact is

Rs 5,491 Cr, effectively flat compared to Q3FY25 which also had some agri impact. Gross slippages ex of Technical Impact has increased 13 bps YOY and 20 bps QoQ.

- Reported Gross slippage ratio annualized for Q1FY26 is 3.13%, Gross slippage ratio adjusted for Technical Impact stands at 2.10% increasing 13 bps YOY and 20 bps QoQ.
- Gross Slippages segmentally were Rs. 7,500 cr in Retail, Rs. 403 cr in CBG and Rs. 297 cr in WBCG. The Technical Impact on gross slippages by segment is Rs 2,165 cr retail, Rs 234 cr WBCG, Rs 310 cr CBG.
- Segmentally, the Gross Slippage Ratio for our CBG and Wholesale segments adjusted for Technical Impact declined QoQ and YOY.
- For the quarter ~ 29% of the gross slippages (other than Technical Impact) are attributed to linked accounts of borrowers which were standard when classified or have been upgraded in the same quarter.
- 80% of individual contracts that slipped because of Technical Impact and that continue to remain NPA as at June 30, 2025 are fully secured. Hence, given the aforementioned security cover, we believe that economic loss due to Technical Impact will be minimal over the life of such contracts. Further, the current quarter represents impact on stock and flow. With the stock corrected, the flow is likely to be more muted as compared to the current quarter in future quarters.

#### **Net Slippage**

- Reported Net slippages in the quarter were Rs. 6,053 cr. Rs. 1,861 crore of the net slippage is attributable to Technical Impact, representing 0.71% of net slippage for the quarter in value terms. Net slippages for the quarter adjusted for Technical Impact is Rs. 4,192 Cr
- Reported Net slippage ratio annualized for Q1FY26 is 2.33%, Net slippage ratio adjusted for Technical Impact stands at 1.62%
- Net Slippages segmentally were Rs. 5,726 cr in Retail, Rs. 137 cr in CBG and Rs. 190 cr in WBCG. The Technical Impact on net slippages by segment is Rs 1,574 cr retail, Rs 187 cr WBCG, Rs 100 cr CBG
- Segmentally, the Net Slippage Ratio for CBG and Wholesale segments adjusted for Technical Impact declined YOY.
- Recoveries from written off accounts for the quarter was Rs. 904 crores, increasing 53% YOY and flat QOQ.
- Net slippage in the quarter adjusted for recoveries from written off pool and Technical Impact was Rs. 3,288 cr, (Q1FY25 Rs 2,700 cr and Q4FY25 Rs 1,079 cr). Segmentally Retail was Rs. 3,636 cr (Q1FY25 Rs 2,456 cr | Q4FY25 Rs 2,297 cr), CBG was negative Rs. 14 cr (Q1FY25 Rs 13 cr | Q4FY25 Rs 5 cr) and WBCG was negative Rs. 334 cr (Q1FY25 Rs 231 cr | Q4FY25 negative Rs 1,223 cr).

#### **GNPA% and NNPA %**

- Reported GNPA ratio is 1.57%, GNPA ratio adjusted for Technical Impact stands at 1.41%, lower 13 bps YOY.

- Reported NNPA ratio is 0.45%, NNPA ratio adjusted for Technical Impact stands at 0.36%, increasing 2 bps YOY and 3 bps QOQ.

**Net interest margin %**

- Reported NIM is 3.80%. Interest reversal on Technical Impact adversely impacted margins by 1 bps in the quarter

**Credit Cost%**

- Reported Net Credit Cost is 1.38%, Net Credit Cost adjusted for Technical Impact stands at 1.09%, increasing 12 bps YOY.

**PAT, ROA% and ROE%**

- Technical Impact has adversely impacted PAT by Rs 614 cr, ROA% adversely by 15 bps and ROE adversely by 1.4%.

Moving on to discuss the salient features of the financial performance of the Bank for Q1 FY26, across (i) Operating performance; (ii) Capital and liquidity position and (iii) Asset quality, restructuring and provisioning is as follows:

**The key metrics for Q1 FY 26 are:**

- a. NII at Rs 13,560 crs, YOY growth of 1%, NIM at 3.80%,
- b. Fee at Rs 5,746 crs, YOY growth of 10%, granular fee at 91% of total fee
- c. Expenses at Rs 9,303 cr, YOY growth moderated to 2% and expenses declined QOQ by 5%, delivered a positive operating jaw on both operating revenue and core operating revenue
- d. Cost to assets at 2.41%, declining 5 bps QOQ and 13 bps YOY
- e. Core operating profit at Rs 10,095 crs, YOY growth of 5%;
- f. Net credit cost at 1.38%, up 41 bps YOY, largely due to Technical Impact.
- g. PAT at Rs 5,806 cr,
- h. GNPA at 1.57%, increased 3 bps YOY
- i. NNPA at 0.45%, increased 11 bps YOY
- j. PCR% at 71% declined 308 bps QOQ, largely due to secured nature of the Technical Impact..
- k. Standard asset coverage of 1.12%, All provisions to GNPA ratio is 138%
- l. Consolidated ROA% at 1.51%, Consolidated ROE% at 13.57%. Subsidiaries contributed 4 bps to the consolidated annualized ROA and 43 bps to the consolidated annualized ROE this quarter.
- m. Banks CET-1 including Q1 profit stands at 14.68%, thereby accreting net of consumption, 1 bps of CET-1 capital QOQ and 62 bps YOY. In addition, the Bank has prudent other provisions aggregating to Rs 5,012 crs to be largely utilized for ECL transition. This provision has not been reckoned in the capital computation and translates to a capital cushion of ~36 bps over and above the reported capital adequacy ratio. The Bank assesses

its capital position on two pillars i.e. growth and protection. We reiterate that we do not need equity capital for either pillar.

- n. NIM for Q1FY 26 was 3.80%, declined 25 bps YOY and 17 bps QoQ. ~1 bps of decline in NIMs is attributable to Technical Impact and ~3 bps of QoQ decline is attributable to seasonally higher interest reversal in Q1FY26 as compared to Q4 FY25 largely due to the agri portfolio cyclicalities. Full quarter impact of the repo rate cut will play through loan yields in Q2FY26 and will adversely impact margins in Q2FY26. The Bank however maintains its through cycle stance of average NIMs at 3.80% (cycle measured in terms of duration, starting from the date of last rate cut).

**Our progress on structural NIM drivers continues, with improvements across all variables on a YOY basis:**

- Improvement in Balance sheet mix: Loans and investments comprised 89% of total assets at June 25, improving from 88% at June 24;
- INR denominated loans comprised 96.24% of total advances at June 25, improving ~ 18 bps YOY;
- Retail and CBG advances comprised 70% of total advances at June 25, stable YOY;
- Low-yielding RIDF bonds declined by Rs. 13,519 cr YOY. RIDF comprised 0.84% of our total assets at June 25 compared to 1.36% at June 24.
- Quality of liabilities measured by outflow rate improved ~ 150 bps over last 1 year, QAB CASA deposits grew 2% QOQ. QAB CASA ratio was flat QOQ at 38%. MEB CASA ratio at 40% declined sequentially by 1%.
- Our fee performance was good, reflected in a fee growth of 10% YOY. Our fee to assets improved 3 bps YOY to 1.45% in Q1FY26.
- Total retail fee grew 9% YOY
  - Total wholesale fee grew 13% YOY better the growth in advances reflecting improvements in the franchise
- Trading profit and other income at Rs. 1,512 crs grew 161% YOY, mainly on account of realized gains across Govt. securities and bonds.
- Operating expenses for the quarter stood at Rs. 9,303 cr, growing 2% YOY and declining by 5% sequentially.
- The YOY increase in rupee crore expenses can be attributed to the following reasons: (i) 46% linked to volume; (ii) 37% technology and growth related and (iii) remaining BAU partly offset by NIL integration expenses in Q1FY26.
- Technology and digital constituted ~ 10 % of total operating expenses.
- Staff costs increased by 4% YOY.
- QoQ decline in operating expenses is largely attributable to reduction in other operating expenses. Our staff costs increased by 10% QOQ, mainly increments and gratuity.
- Provisions and contingencies for the quarter were Rs. 3,948 cr, higher by 190% QoQ and 94% YOY.

- The cumulative non NPA provisions at June 30, 2025 is Rs. 11,760 crores, comprising (i) Provision for potential expected credit loss of Rs. 5,012 crores; (ii) Restructuring provisions of Rs. 238 cr, (iii) standard assets provision at higher than regulatory rates of Rs. 2,119 cr and (iv) weak assets & other provisions of Rs. 4,391 crores.

### **Coming to the performance of our subsidiaries**

Detailed performance of the subsidiaries is set out on Slides 50 to 57 of the investor presentation.

In Q1 FY 26, the domestic subsidiaries reported a net profit of Rs. 451 cr, growing 4% YOY. The return on investment on domestic subsidiaries was ~ 47%.

- **Axis Finance:**
  - Overall assets under finance grew 23% YOY. Retail book constitutes 47% of total loans
  - Q1FY26 PAT grew 23% YOY to Rs. 189 Crores, CAR at 19.83%.
  - Strong asset quality with net NPA of 0.35% and negligible restructuring.
- **Axis AMC:** Overall QAAUM grew 15% YOY to ~ Rs. 3,35,607 crores, Q1FY26 PAT at Rs. 130 Crores, growing 12% YOY
- **Axis Securities:** Revenues for Q1FY26 of Rs. 360 crores and Q1FY26 PAT stood at Rs. 89 Crores.
- **Axis Capital:** PAT stood at Rs. 38 Crores and executed 6 ECM deals in Q1FY26.

### **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 42 of our investor presentation.

To summarise, Axis Bank is progressing well to be a stronger and sustainable franchise. In the medium term (defined as a period of 3-5 years with FY 26 as base year), we believe our advances can grow 300 bps faster than industry. We continue to closely monitor the current macro and geopolitical environment, inflation, liquidity, cost of funds and its impact on our business.

Thank you for your patience. We'd be very happy to take questions from you at the moment.

**Moderator:**

Thank you very much. We will now begin the question and answer session. The first question is from Chintan from Autonomous Investments. Please go ahead.

**Chintan:**

I have a question on asset quality and a question on NII. On asset quality, even after removing the technical impact, the credit costs are quite high this quarter. What is driving this elevated level and how should we think about this number going ahead? Not just for FY '26 but for FY '27 as well.

I don't think you are calibrating your business model to this high level. What should we think about on that calibration? And then on NII, the NIM compression that we have seen in this quarter seems to be a little bit more than what we were discussing in the previous earnings call?

Has anything surprised you positively or negatively in the expected trajectory of the NIM? And would you say you are still comfortable with NIMs reverting back to the fourth quarter level given that last quarter you had said that the balance sheet duration is tightly matched on an annual basis?

**Puneet Sharma:**

Chintan, thank you for your question. I would like to offer a couple of actual clarifications before I respond to them. I do not think we have ever alluded to the fact that assets and liabilities are tightly matched on an annual basis.

We have consistently maintained that our assets and liabilities are tightly matched. However, the matching is in the 15-18 month range. So, I would just want to factually correct the 12 month anchoring that you provided in your question.

Now, let me answer parts of your question. If you take your slippages question, adjusted for the technical impact, the slippages are exactly equal to or near equal to the Q3 FY '25 number, which indicates the stabilization that we had previously called out as part of the Q4 commentary, continues to be maintained in Q1 also.

The function of the actual P&L charge, yes, if you're comparing the INR2,185 loan loss provision that we had in Q3 versus the adjusted roughly INR3,000 crores of provision for loan loss that we have in Q1, that's a function of certain aging provisions plus the composition of slippages for the quarter. So those numbers will play through, but the lead indicator of asset quality slippages and adjusted for technical impact, we are flat to Q3.

The last part of your question was on the margin trajectory. I think you alluded to us having provided some form of guidance for quarterly margins. Again, I'd like to reiterate we do not provide quarterly margin guidance. Our stated position is we are confident that we can deliver a 3.8% margin on a through cycle basis, cycle starting from last rate cut. We've offered duration of our assets and liabilities on this call.

So if you're willing to take the duration view of the balance sheet, we feel confident that margins will get back to the levels we've indicated over the period of duration. The shape of how the margin trajectory would work, I would request you to think of the margin trajectory as an inverted C.

Effectively, you start with when the rate cuts are announced, you drop on the inverted C, and then you start climbing back up towards the end of the duration period. So that's how margins will behave.

Let me also answer a question that we are likely to receive through this call. What is next quarter looking like? Margins for the current quarter have fully absorbed on a full book basis, full quarter basis 25 basis points of rate cut. The second 75 basis points of rate cut have been absorbed only for part of the quarter.

So that 75 basis points of rate cut will flow through on a complete basis in the next quarter. It will get offset by some deposit plus borrowing cost savings that will play through. But directionally, you know that 70% plus of our book is floating. So you get a clear trajectory of how that margin direction should move. I hope I've been able to answer each of your questions, but happy to take subsequent questions.

**Amitabh Chaudhry:**

You said that does it reflect on our model and do we need to change our model? Let me just clarify a couple of things here. One, our slippages are stabilizing. We have talked about it in the last call. We're talking about it in this call. We have openly talked about the fact that if you look at the new stock which we are booking as loans on the retail side and how it is performing, it is performing as well as what we saw during pre-COVID times. Across some of the asset classes where we've had a problem. So as the stock plays out, at some stage it will start reflecting in our overall slippages also. That's the hope. Because right now, that's what the data is showing to us. So, yes, we are going through a cycle. Yes, we are seeing elevated slippages and elevated credit costs.

But also at the same time and in the same breath we've been sharing that the stock which is being booked based on the risk cuts which we have done is reflecting signs and I'll ask Amit to add to it if he wants. It's very clearly showing to us that the quality is improving and improving quite rapidly.

So in that sense, within a defined time period, I don't know what that defined time period is. We have not given any guidance. We will see the credit costs reverting to lower levels. Amit, do you want to add anything?

**Amit Talgeri:**

Just to add to that, Amitabh, you're right. All the key indicators that we've seen especially on the retail unsecured side which is credit cards and personal loans primarily whether it's bounce rates, early delinquency or collection resolution rates have shown a clear improvement and that's what provides us comfort and all of this is within the risk guardrails.

**Chintan:**

Thank you.

**Moderator:**

Thank you. The next question is from Mahrukh Adajania from Nuvama. Please go ahead.

**Mahrukh Adajania:**

Good evening. So I had a couple of questions. Firstly, on this technical classification. So we have seen technical classifications earlier on corporate by many banks. Just as late as last year, there were PSUs who had slipped a central government account as technical. But what actually happens in all these technical accounts is that they get upgraded in the next or the next to next quarter.

So usually technical accounts are such that there's a nature or an element of their recoverability in the forthcoming quarters. So are the technical downgrades that we have done recoverable immediately or they are recoverable through sale of collateral as in recoverable sorry that's the wrong way to put it. What I'm trying to ask is are these technical downgrades likely to be upgraded to standard or they'll be recovered because 80% of them are secured. So which bucket or which classification do they fall into? So that's my first question and my related question to that is that if these technical slippages would not have happened, of course I can understand that

the stock has been recognized. But if these technical slippages had not happened then would your flow of slippage on a run rate basis settle at lower than what you will see in the next few quarters and likewise for your credit cost? And then thirdly, there's a, I mean, we've usually seen technical slippage in corporate and most of your slippage is in retail but you've also called out OTS, cash credit and overdraft.

So I'm assuming that cash credit and overdraft will be classified in non-retail and only OTS gets classified in retail. These were my questions?

**Puneet Sharma:**

Mahrukh, thank you for your questions. Let me attempt to respond to them in parts. Let's take your last question first. We all banks in the country offer cash credit overdraft products even to retail customers. A classical example of that could be loans for Kisan Credit. So they are in a CCOD format.

So please do not assume that CCOD is only in the wholesale segment. In fact, when you make technical corrections, the wholesale segment is the first to recover because they are more professionally managed and they are able to upgrade themselves much faster. Consequently, the impact that you're seeing is in the current quarter is dominantly in the retail business as I called out as part of my opening remarks.

You alluded to whether we will recover and upgrade these accounts through security enforcement or through BAU. The current intention is to recover this money and our expectation is parts of this money will get recovered in the normal course of business as customer behavior changes and they regularize themselves in the normal course.

80% of these accounts have 100% security cover and that helps us get comfort that if the customers do not rehabilitate themselves over a period of time, there is enough security cover for us not to face an economic loss on this loan. So these are running businesses. You will work through the running businesses.

Recoveries and upgrades would be the preferred means to recover on these loans, but if those efforts fail, we have security cover to minimize economic loss. I hope that answers all your questions.

**Mahrukh Adajania:**

Sure. Thank you.

**Moderator:**

Thank you. The next question is from Kunal Shah from Citigroup. Please go ahead.

**Kunal Shah:**

Hi. Thanks for taking the questions. Firstly, if you can explain slightly in detail in terms of what has happened with the policies and what actually led to this change. Is it more of a prudent measure? Was it identified during any kind of regulatory inspections or audit and we had to do this?

Maybe within that in terms of the slippages, I didn't get if you clarified in the opening remarks, but were there a few accounts wherein the borrower-wise classification would have led to higher slippages just because something getting classified due to this change in the upgrade policy? So that's the first question?

**Puneet Sharma:**

Kunal, thank you for the question. Effectively, it is the recognition policy that has changed. The upgrade policy has only gotten tightened. So we've tightened the recognition criteria which is why you see the dominant impact come through on gross slippages. You alluded to the fact on whether this was proactive or reactive.

**Kunal Shah:**

Sorry, if you can just give one example as to what has happened. Maybe one couple of examples would really help to clarify in terms of what is leading to almost INR2,900 crores of addition.

**Puneet Sharma:**

Happy to give you an example, Kunal. I think let me complete the response to your earlier question on whether this was proactive or regulatory led. We can confirm to you that this was not regulatory led. So that should answer the question that you have raised as part of your first question.

Now coming to an example of impact, I had said that this impacts cash credit, overdraft and one-time settlement accounts. I think very simplistically put, asset classification happens on a days-past-due counter basis and asset classification can happen on qualitative parameters. Let's take one example of a one-time settlement to illustrate to you what could possibly happen.

Let's assume Puneet has a personal loan. That personal loan is of INR100 and that's five days past due. Our collections team figures out that Puneet should not -- Puneet may not be able to service his loan and consequently decides to enter into a one-time settlement with Puneet and the settlement amount is let's say three installments of INR30 with a 90-day moratorium.

So INR100 loan five days past due to be settled in three installments of INR30 with a 90-day moratorium. What will happen is I will sign up to the settlement. The DPD counter continues to move. So on the 85th day after the settlement or 90 days after the amount fell, first amount fell due Puneet would get classified. All INR100 of Puneet's loan will get classified.

Because it's a 90-day moratorium, on the 95th day of DPD because 90 days after five days, on the 95th day, Puneet pays in 30 rupees. The 30 rupees clears all past overdues and the DPD counter goes to zero. If you were recognizing classification only on a DPD basis, Puneet's residual principal outstanding of INR70 would get fully upgraded because DPD counter has gone to zero.

One of the technical changes is we have stopped upgrading Puneet despite his DPD counter going to zero. Therefore it is a technical parameter that is classifying Puneet and not a DPD parameter. That hopefully explains to you what we mean by technical parameters. These are non-DPD led parameters that have been tightened, resulting in higher slippages for the quarter.

**Kunal Shah:**

Got it. So these were more wherein it was not objectively defined, maybe on days past due, but qualitative parameters were used in terms of like expectations from the OTS and maybe that's the reason it was not classified as NPA. And now since we have stopped that, now it is getting on the entire back book, now it is getting classified as GNPA.

**Puneet Sharma:**

So Kunal, let me clarify. There is no expectation here. The IRAC norms were DPD and therefore if the DPD was not past 90, there was an upgrade. Again, I just want to reiterate and re-clarify. We have said recognition criteria has changed, provisioning has not changed. Provisioning

remains as stringent as it was previously. So previously on Puneet's loan, INR10 would have been provided when the settlement was entered into.

So I was running zero risk even at that point in time. The incremental INR90 of provision which was coming through and being released because only DPD was being used and qualitative was not being used is now flowing through the P&L.

So there is no subjectivity here. The simple point now is instead of reading a DPD counter, if a customer has an OTS, a customer will not get upgraded till the last installment is received in its fullest form. Now this is one example. The criteria changes across multiple examples. We would not like to discuss all of them on the call.

**Kunal Shah:** Yes, I agree. The only thing is in the retail segment, would it be fair to say that the dominance would be of the credit card within this portfolio?

**Puneet Sharma:** No, that would not be factually correct.

**Kunal Shah:** So how would it be spread across product segments? Broadly, if you can indicate like INR2,200 odd crores in retail, which segments does it really impact?

**Puneet Sharma:** So Kunal, I had indicated as part of my opening comments that the products impacted are CC-OD. So cash credit, overdraft product is impacted as a product segment. One time settlement will impact across the board.

**Kunal Shah:** Got it. And lastly, maybe any comments on PL and CC? Till last time, you have been indicating that we have not yet called the peak on PL side and CC is stabilizing. So what would be the incremental comment on it now?

**Amit Talgeri:** So broadly, we have seen stabilization and improvement across retail unsecured. Specifically, we have seen improvement on the credit card side and stabilization in the personal loan side. We did mention the fact that all the key indicators, which includes bounce rates, early delinquency, collection efficiencies have all shown an improving trend and that's something that provides us comfort.

But having said that, I think Puneet did mention in his opening remarks that we are monitoring these indicators for another quarter before we call out stabilization.

**Kunal Shah:** So PL, we can still say it's stabilized or not yet?

**Amit Talgeri:** It is improving for sure and like I said, because we still want to call it out, we had mentioned in the last call as well that we want to watch and wait till end of quarter 2. But clearly, we have seen signs of improvement on PL as well.

**Kunal Shah:** Okay, got it. Thanks and all the best.

**Moderator:** Thank you. The next question is from Param Subramanian from Investec. Please go ahead.

**Param Subramanian:**

Hi, thanks for taking my question. My first question again, so you clarified that it's not regulatory driven, this technical recognition. But what exactly drove this? Is this a gap that you recognized versus peers or is this Axis Bank being more prudent in terms of recognition? If you could just call that out, because one can't understand why exactly we are doing this. Yes, that's question one.

**Puneet Sharma:**

Thank you for the question. We follow a benchmarking exercise once a year on policies across the market space. It's a practice that we've been following for multiple years. And if you go back in our history, you would have seen, for example, we had meaningfully corrected our SME provisioning in '21-'22. So it's an annual practice that the bank has. As part of the annual practice, we benchmark all of our policies.

Wherever we find somebody more prudent, even on an individual parameter basis, we try and make sure that we get to that level of prudence as an institution. It keeps our balance sheet healthy and resilient. That's the principal focus of the benchmarking or purpose of the benchmarking. Because we had completed the benchmarking when we announced quarter 4 results in April, we had called this impact out as part of our quarter 4 commentary that this impact is likely to come through.

So it's an annual feature. We called it out. The comfort I can provide is given where we stand both on recognition and provisioning, we do not expect any further changes to either criteria in the foreseeable future unless the regulation changes for the full industry as a whole.

**Param Subramanian:**

Okay. Got it. So would it be fair to say some of the other larger private banking peers are doing this already and this was a gap? I'm not sure if that was clear. Secondly, if you could call out how much is the impact on the back book versus the flow, because you said there is a back book impact as well, because from Q2 onwards, we'll have to look at the flow impact. So what is the number one should be working with?

**Puneet Sharma:**

I'm not going to give you a stock versus flow impact. You'll probably need to work that through. There is a full stock correction that's happening in quarter 1. Coming to the first part of your question on whether we were lagging some of the peer banks, I think that's a comment the peer bank should offer. This is the benchmarking we do and the policy that we have as of 30th June 2025.

I do not think there is a bank that's more prudent than us on asset classification and upgrades combined on the street today. So if you take classification and upgrade criteria on a combination basis, our benchmark leads us to believe that we are more prudent than banks on the street.

**Param Subramanian:**

Okay. Got it. Very clear, Puneet. One last question, if I may. Again, harping on this, is this in preparation for, say, an ECL transition? And if so, the bank is sitting on INR5,000 crores of ECL buffer. And just to again extend this point, right, we are more conservative in terms of unsecured provisioning which we've called out in the past, there is an ECL buffer and now this technical recognition.

This is all coming at the expense of book value per share as well as ROE for the shareholders, right. So this is something to consider. So firstly, is this in preparation for ECL? And secondly, your thoughts on the other part. Yes. Thank you.

**Puneet Sharma:**

Thanks for your question. I think I've clarified previously and I'll reiterate. Unless there is a change in regulation, we do not think our recognition of provisioning policies need further change. So we are confirming that this would be the large last change that we are putting through.

ECL is a function of provisioning on recognized numbers. We do pro forma preparations internally as we prepare for ECL implementation. Basis the last pro forma we've prepared, we can confirm to you that on stage 3 assets, we have adequate cover to meet ECL guidelines.

**Param Subramanian:**

Thanks. Thanks, Puneet.

**Moderator:**

Thank you. The next question is from Abhishek M from HSBC.

**Abhishek M:**

One question on loan growth. If I look at the movement, especially in the last two quarters, not only have we completely consolidated or slowed down growth in retail, but we have grown more in corporate. And this sort of goes against the trend when we are trying to protect our margins and minimize the yield compression impact.

This also sort of coincides with commentary that stress in unsecured is stabilizing or it is coming under control. So at what point or what would trigger higher growth in retail, maybe not unsecured but at least secured retail? Because surely that would be more yield accretive compared to corporate. Some comment and color here would be helpful.

**Amitabh Chaudhry:**

So I think we have quite heavily demonstrated our ability to grow certain asset classes at the cost of the other asset classes and drive the right NIM through various kind of interest rate changes we have seen over the last three years or so.

On one side, you're seeing high elevated retail risk, so it was important to get a handle and ensure that the flow which is coming is coming at a credit cost which is much lower than what we have seen in the past. So some of those areas which we were growing, obviously the growth has slowed down.

If you go through the disbursement growth in some of our retail asset classes, you will see that has definitely picked up in comparison to what you saw in '24-'25. The AUM has not picked up because you are seeing repayment of loans, but we do expect disbursements will start flowing through AUM. You are seeing decent growth on the mortgage side in the industry between wholesale and mortgage.

We have grown the wholesale side more and wholesale has not really been one of the lower growth asset classes for us for some time. Now we have an opportunity to grow and we are growing there and we have always told you that when we want to grow wholesale, we can grow and we are just demonstrating that as we speak. We expect growth to come back up in some of the other asset classes also as time goes by.

Very clearly in my opening remarks, I made a statement that we expect we have the confidence to grow at rates faster than the industry in this year and in the medium term because our platform allows us to grow. And give us due credit for being able to manage the portfolio mix in the right way so that we can drive the NIM in the right direction.

I think that is a call we take on a regular basis, on a continuous basis based on what the policies in the market are, what will drive right NIMs, what is the LDR, where are we getting the deposits, what kind of deposits we are getting and so on and so forth.

It is a combination of a lot of factors and I am just saying that I think we have demonstrated the ability to manage product mix and we are quite confident we will manage that as we move forward. I hope that answers your question.

**Abhishek M:**

Amitabh, this was important as a historical look at what you have done over the last 1-2 years, but now it has become even more important to grow retail because NIM is going to take a bit of a knock from the repo repricing impact. So are you comfortable enough to grow retail now going forward, let's say, 12 months from now since you said you will grow at par with the industry? So that catchup should start happening...

**Amitabh Chaudhry:**

Retail accounts are 60% of our book. If we have to drive NIMs when we said we will have NIMs of 3.8% on a through cycle basis, either we change the product mix to wholesale and get the NIM up there, which is not easy or the retail has to grow. I think the answer is quite obvious, isn't it?

**Abhishek M:**

Right. Because most of the retail book is in complete consolidation mode for a few quarters. Great. Second question is on your ROE trajectory over the next couple of years. So your 15 to 18-month trajectory for that match duration of your balance sheet starting Feb when the first rate cut happened broadly indicates that by the end of this calendar, we should see the deposit cuts starting to show up and neutralizing the yield impact. Is that the right way to think about it? Let's say by end of December, we should start seeing enough accumulated benefit of the SA and TD rate cuts that you have done so far.

**Puneet Sharma:**

Look, I think we said duration is 15 to 18 months from the last rate cut announced, so the last rate cut was post-Feb, so you got to measure it from the last rate cut date. Second is, let's be clear that there is a market force at play on deposits and deposits will get priced basis competitive intensity.

So yes, I would agree with your answer in a perfect market, but competitive intensity changes over a period of time and you have got to bear that in mind when you think about liability repricing on a through cycle basis. But directionally, look at individual bank's liability durations and you should see their deposits as well as borrowings reprice over that period.

**Moderator:**

We take the next question from Suraj Das from Sundaram Mutual Fund.

**Suraj Das:**

Again, I mean harping on this technical thing, I mean just one simple question. If I have understood correctly that now since your upgrade will only happen if they pay, let us say, 3 EMI and since you have started this exercise from first quarter, would it be fair to assume that

probably going into second half, your recovery or upgrade number would be meaningfully higher versus the current levels?

Because by that time probably whatever the stock impact you have had in this quarter, those would have paid, let us say, 2-3 EMIs already and hence probably your recovery upgrade number would be meaningfully higher. So that is question 1. Question 2 is put it very simply that till last year you were following a different classification and now you are following a different, let us say, policies. If I assume that everything is same last year versus this year, would it be fair to assume that your slippages number for second, third and fourth quarter would be higher this year versus Y-o-Y because now you are not going to recognize those OTS number into the flow? And if I assume that everything is same, your incremental slippages are not coming down. Hence your reported slippages should be higher. Is that the understanding correct? These are my two questions.

**Puneet Sharma:**

Thank you for your questions. I think without specifically commenting on recoveries and upgrades versus what is going to be flow impact, I think the simplest way I would respond to your question directionally is Q2, Q3, Q4 will be more muted than Q1 simply because Q1 has corrected stock.

Q2, Q3, Q4 will have slippages elevated because of the new criteria but that will get offset by recoveries as you correctly pointed out. So I think the way we should look at this is on a net basis Q2, Q3, Q4 will be more muted than Q1 on both the slippage variable as well as the consequent provision variable.

I think to your second part of your question on where will we directionally be on rupee crores slippages, whether we will be higher or lower than prior quarters, we do not guide on slippages so I do not want to start the practice of giving you quarterly indications on where slippages would be. But directionally more muted than quarter 1 for certain with a mix of better recoveries and upgrades and lower fresh flow slippages.

**Suraj Das:**

Sure. And sir, one last question, if I may. Sir, your PCR has come down this quarter. Directionally, would it continue to come down or I mean how you are thinking about the PCR?

**Puneet Sharma:**

Our provision cover ratio is down by about 300 basis points. I would request you to look at Slide 44 of our presentation. If you look at Slide 44 of our presentation, you will see that we made on the technical impact INR821 crores provision roughly INR1,861 crores of net slippages that translates roughly to a PCR of about 44%-45%. So the way I would request you to think is ex of the technical slippage, the PCR actually improved because our policies are prudent.

The new slippages have attracted a lower provision cover and this goes back to a point I made earlier. 80% of the accounts have more than 100% security value and because they have more than 100% security value, they will stand fully covered and therefore require less provision. So the PCR drop is a mixed impact principally. There is no dilution of provisioning of standards so far as the bank is concerned.

**Moderator:**

Thank you. The next question is from M B Mahesh from Kotak Securities. Please go ahead.

**M B Mahesh:**

Yes. Just again, clarification on the technical one. Just trying to understand how was the bank kind of deciding as to who gets the benefit of this one-time settlement offers on the DPD products and on CCOD products, typically these are very interest-only products and just a function of how much of interest comes versus how much of interest needs to be paid. The customer is defaulting on this product just trying to understand how weak was the borrower in the first place.

And when you call it a technical today, was he inherently much more weaker than what you otherwise think it to be?

**Puneet Sharma:**

Sorry, Mahesh, could you help me with your questions again? I couldn't fully hear them, please.

**M B Mahesh:**

In a sense, you kind of indicated that we were offering this benefit of this one-time settlement to the borrowers on the EMI past due. Just trying to understand on what basis were you offering this as a scheme across your entire products because you have seen slippages in the other portfolios as well. When does the borrower get this benefit of one-time settlement versus it gets classified immediately as a slippage in your books?

**Puneet Sharma:**

Mahesh, thanks for the question. So, I think let's go back to the Puneet example I gave at the start of the call. The fact on whether Puneet will get collected on or whether Puneet will be offered a settlement is pretty much a sort of a data science within us, within our system. Criteria that could be used is let's assume Puneet is not over leveraged but has a DPD.

I may choose to collect on Puneet rather than offer him a settlement. But let's assume my bureau analysis shows that Puneet has multiple loans with other counterparties and he is probably likely to fail on those counterparties. The first person out of the door is more likely to collect than the last person out of the door.

So very simplistically put, it will be specifics of the case wherein the collections team will decide evaluating all facts whether Puneet should be offered a settlement or Puneet should be continued to be collected on. I hope that clarifies what you have asked.

**M B Mahesh:**

And when did you start this entire journey? During the quarter, in the sense that if you had started in the beginning of the quarter, on the incremental flows as well as on the stock. Ideally, the borrower had nearly about 90 days to repay because there was a technical risk that the borrower was going to be declared as an NPL. And yet when we look at the upgrades and recoveries seen on the lower side, just trying to understand why has the borrower not chosen to repay and you showing a higher recovery.

**Puneet Sharma:**

So Mahesh, let me go back to the numeric example I gave that may help answer the question. So I was let's say the 5 DPD on 1st of April. So I will slip somewhere towards the end of June. The slippage will be for the full INR100. But Puneet as a borrower has paid in only INR30. So the slippage will be for the full INR100.

The recoupment for the first quarter would have been only INR30 in the example we discussed. So INR70 will still remain slipped. The next INR30 and the next INR20 in my example will be recoveries which should come through in subsequent quarters. But there may be another Puneet that slips on 1st of July.

So which is why I go back to the comment I made earlier for your consideration which is to say quarter 2, quarter 3, quarter 4 will be more muted than quarter 1. And the muting effect will be for two reasons. One, the stock has been corrected. So there is no more stock to flow through in the subsequent quarters. And second, absolutely correct, we should have recoveries from the stock that has flowed through in the current quarter in subsequent quarters.

**M B Mahesh:**

Just to clarify. Just to clarify before I just get moved out of the call. The question which I am asking is, Puneet gets classified in this quarter as an NPA which he ideally wouldn't have done last year. So it is in Puneet's interest to actually make the payment of INR30 from every possible choices of money that he can get outside. Yet he has chosen to default and not repay the loan.

Just trying to understand, why has the borrower not chosen to repay the amount which has resulted in this higher slippage and these are all CCOD products which essentially means that they need to only pay the interest part?

**Puneet Sharma:**

CCOD is a product set. Mahesh, again, I think we said that there was a set of technical factors that we have changed for classification. We were asked to provide one example of a technical factor that we have changed. So OTS was one of the examples of the changes that we have made. That is not the only change we have made. So that should help answer your question on why it is not solely OTS.

Now coming to OTS, actually Puneet's behavior has not changed at all. Puneet only had INR30 to pay. Earlier, Puneet was not being classified while the bank waited for INR30 to come in. And because Puneet was not being classified, bank was not carrying a 100% provision on Puneet.

The only change now is Puneet is being classified. Bank is carrying a 100% provision on Puneet. If Puneet pays back the INR90, the INR90 of provision will be released. So from a customer perspective, customers' cash flows are mirrored. So on 31st March, if I had offered the same structure to Puneet, he would continue to remain classified as standard. On 1st April, when I offer the same structure to Puneet, he gets classified to NPA and does not get upgraded.

So it's not a differential customer cash flow. It's a bank choice of classifying the customer. I hope that explains in detail to what you're offering.

**Moderator:**

Thank you. The next question is from Yy Tsai from Eastspring. Please go ahead. We seem to have lost the line for Mr. Tsai. We'll move to the next question. Next question is from Adarsh from ENAM Holdings. Please go ahead.

**Adarsh:**

Yes, hi. Amitabh and Puneet. The question is, eventually we've put a net cost of about INR800 crores on credit costs from this adjustment. Through the year, we may have some, recover some. Net-net, would it be possible for you to kind of, on a ballpark basis estimate what the credit cost impact would be for the year? And hopefully, 27 will be normalized so that doesn't wreck up next year.

**Puneet Sharma:**

Yes, Adarsh, 27 would be normalized with effect in comparison to 26. That I would agree with. We have confirmed that there will be no other policy changes unless there is a change in regulation. So we have offered that confirmation. We continue to offer that confirmation.

Adarsh, I wouldn't want to guide on what the value of recoveries and upgrades versus fresh slippages on the criteria would be. This is the first quarter in which the criteria has been implemented. Let us get some more data and vintage data on this for us to come back.

So for FY '27, directionally, I would agree with what you've said. FY '26, I would not want to comment on a quarter-by-quarter basis.

**Adarsh:** Understood. And the second question was on the guidance on growth faster than system. Just want to understand, driven by better deposit outlook or better system liquidity, you just want to understand what is anchoring our faster than system growth expectation this year. We kind of had a weak year last year.

**Amitabh Chaudhry:** Adarsh, we would not like to start giving guidance on specific areas where we believe where the growth is going to come from. I think we have demonstrated the ability to manage our portfolio mix. We have demonstrated the ability to grow some asset classes, not grow some, cut down on some.

We have shown the ability to manage our NIMs. Yes, obviously, deposit has to be a driver. We expect deposit growth also to start feeding into the system in the next one or two quarters. So it's a combination of all those facts rather than getting into what exactly is the formula which will help it.

I think we will partly, we have a certain strategy. Partly, we'll also have to react to what is happening in the market. But we do believe that the growth engine is slowly, gradually coming back, and we'll be able to drive that growth into the system.

**Adarsh:** And my last question is on opex. If you can, things are coming in control. Some of the one-offs we had are not happening now. So, just the outlook on either cost income or cost to assets over the next couple of years.

**Puneet Sharma:** Adarsh, thanks for the question. I think, look, we are fully cognizant of the fact that operating expenses is a variable that we will work on. We have dialed up operating expenses when the DuPont permitted us to do so. We've demonstrated over the last three quarters our ability to optimize expenses. We'll continue to do that. In the short term, clearly the management is looking to deliver a positive jaw. Over the longer term, cost to assets should improve from where we are today.

**Adarsh:** Got it. Thanks a lot for the answers. All the best.

**Moderator:** Thank you. We'll be able to take two more questions. We'll take the next question from Jai Mundhra from ICICI Securities. Please go ahead.

**Jai Mundhra:** Hi, good evening. Puneet, if you can give the breakup of this INR6000 crores of net slippages. So, INR8200 crores minus 2100 crores. So, INR6053 crores of net slippages between retail, wholesale and commercial.

- Puneet Sharma:** Sorry, Jai, I just want to clarify the number. It's not INR6000 crores of net slippage. Net slippage reported is INR6053. Technical impact is INR1861. So, apples-to-apples net slippages is INR4192. If you need the breakup of the net slippages on a segment basis, the net slippages on a segment basis are set out on slide 44 on the bottom table. Reported net slippage - wholesale is INR190, CBG is INR137, Retail is INR5726. If you adjust for technical impact, wholesale is absolute INR3 crores, which is close to zero. CBG is absolute INR37 crores, which is also close to zero. And you're left with retail, which is INR4152 crores. Jai, I hope that clarifies to you what you were asking for.
- Jai Mundhra:** Sure, thanks.
- Moderator:** Thank you. The next question is from Nitin Aggarwal from Motilal Oswal. Please go ahead.
- Nitin Aggarwal:** Yes, hi. So, two questions. One is on the SA deposits wherein we have cut like 50 basis points, even for deposits above INR50 lakh, in line with some of the other large peer banks. So, have we seen any outflows there? And what was the composition of SA deposits above INR50 lakh, if you can share? Because our deposit base has declined marginally. So, any outflows? Because such deposits will naturally be a little more interest rate sensitive. So, any color around that? That's question one.
- And second question, and 1.41% gross credit cost excluding technical impact, it's like materially higher versus peers, almost like 3x peers. So, when you say that FY '27 will be more normalized, how should we look at that? Because earlier we used to give that long-term average credit cost chart in the presentation. So, just some idea as to what could be a more normalized number, given where we are right now.
- Munish Sharda:** So, on deposits after the rate cut, I don't think we've seen any shift in the INR50 lakh deposits, etc. In fact, for individual deposits, we've seen slightly better momentum this quarter on deposits after the rate cut as well. And we continue to see good momentum in our premium acquisition, as well as in our NTB customer acquisition, both on salaried and non-salaried customers through the quarter.
- Puneet Sharma:** Nitin, we won't give you specific guidance on what you're asking for. You know our policy on guidance. I don't want to be calling out numbers relative to competition or relative to a past reported number. Directionally, we are very clear which is what we responded to as part of the earlier question. FY '27 should be better than FY '26.
- Nitin Aggarwal:** Right. Got it, Puneet. Thanks so much. And wish you all the best.
- Moderator:** Thank you very much.
- Puneet Sharma:** Thank you.
- Moderator:** We'll take that as the last question. I would now like to hand the conference back to the management team for any closing comments.



*Axis Bank Limited*  
*July 17, 2025*

**Puneet Sharma:**

Thank you, Rayo. Thank you everyone for your time and patience this evening. If any questions remain unanswered, please reach out to the investor relationship team and we will try and pick that up and come back to you as soon as possible. Thank you for your patience and time. Have a good evening.

**Moderator:**

Thank you very much. On behalf of Axis Bank, that concludes the conference. Thank you for joining us, ladies and gentlemen. You may now disconnect your lines.