

## Axis Bank Limited

December 30, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Issuer rating	0.00	CARE AAA; Stable	Assigned
Infrastructure Bonds	5,000.00	CARE AAA; Stable	Reaffirmed
Infrastructure Bonds	3,500.00	CARE AAA; Stable	Reaffirmed
Tier II Bonds	3,350.00	CARE AAA; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

Tier II Bonds under Basel III are characterised by a 'Point of Non-Viability' (PONV) trigger, due to which the investor may suffer a loss of principal. PONV will be determined by the Reserve Bank of India (RBI) and is a point at which the bank may no longer remain a going concern on its own unless appropriate measures are taken to revive its operations, and thus, enable it to continue as a going concern. Difficulties faced by a bank should be such that these are likely to result in financial losses and raising the Common Equity Tier I capital of the bank should be considered as the most appropriate way to prevent the bank from turning non-viable.

### Rationale and key rating drivers

Reaffirmation of rating to debt instruments and assigning issuer rating to Axis Bank Limited (ABL) factors in strong capitalisation levels supported by improvement in internal accruals. CARE Ratings Limited (CareEdge Ratings) also notes increasing granularisation of advances book led by retail lending and diversified resource profile led by healthy current account savings account (CASA) deposit mix and comfortable liquidity profile. The rating also favourably factors in the bank's long track record of operations with strong market position as third largest private sector bank in the country, and its strong established franchise and branch network.

Amidst a rise in credit costs and stress in unsecured retail loans, the bank's ability to keep fresh slippages under check would be a key monitorable. Going forward, CareEdge Ratings expects some pressure on the bank's net interest margin (NIM) in FY26 in line with the industry trend, due to faster transmission of the recent repo rate cuts in yield on advances than in cost of funds.

CareEdge Ratings has withdrawn ratings assigned to the Tier II Bonds bearing ISIN INE238A08377 and Infrastructure bonds bearing ISIN INE238A08401 and INE238A08385 considering redemption of the said instruments and post receiving the payment confirmation.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors: Factors that could individually or collectively lead to positive rating action/upgrade:

- Not applicable

#### Negative factors: Factors that could individually or collectively lead to negative rating action/downgrade:

- Deterioration in asset quality parameters with net NPA (NNPA) ratio increasing to over 3% on a sustained basis.
- Decline in profitability on a sustained basis, leading to capitalisation cushion over and above the minimum regulatory requirements remaining less than 3.5%.

#### Analytical approach: Standalone

#### Outlook: Stable

CareEdge Ratings believes that ABL shall continue to report a steady growth in advances and deposits while maintaining healthy profitability, stable asset quality and comfortable capitalisation levels.

<sup>1</sup>Complete definition of ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE Ratings Limited's publications.

## Detailed description of key rating drivers:

### Key strengths

#### Strong capitalisation levels and demonstrated resource raising ability

The bank maintained healthy capitalisation through internal capital generation and demonstrated strong ability to raise capital to fund growth and maintain cushion over minimum regulatory requirement. Capitalisation levels of the bank remained comfortable with capital adequacy ratio (CAR) of 17.07% and Tier I CAR of 15.07% (CET I Ratio of 14.67%) as on March 31, 2025 (March 31, 2024: CAR: 16.63%, Tier I CAR- 14.20%, CET I – 13.74%). As on September 30, 2025, the CAR stood at 16.55% and Tier I CAR stood at 14.83%, which is above the regulatory requirement provision cushion for growth and credit losses.

ABL was able to raise resources through deposits and bonds. The bank raised equity capital of ₹10,000 crore (₹9,963 crore net of share issue expenses) in FY21 from qualified institutional placement (QIP) of equity shares, which strengthened the core capitalisation of the bank. In FY22, the bank raised Additional Tier I (AT I) Bonds amounting to US\$600 million (~₹4,548 crore), which helped overall capitalisation of the bank. In FY23, the bank raised Tier II bonds of ₹12,000 crore.

ABL has seven major subsidiaries, all of which are currently profitable. CareEdge Ratings expects ABL to continue providing growth capital and strategic support to these entities, as evidenced by equity infusions of ₹250 crore into Axis Securities Limited and ₹598 crore into Axis Finance Limited in FY25. While no significant financial support is anticipated for most subsidiaries in the near term, Axis Finance Limited may require additional funding, and the bank is committed to provide the required support. CareEdge Ratings also expects ABL to maintain a comfortable capital buffer above the minimum regulatory requirements to support its ongoing credit growth.

#### Experienced management team

ABL has an experienced senior management team and Board of Directors headed by NS Vishwanathan, who is an Independent Director on the Board of the company and was appointed as the Non-Executive (part time) Chairman on October 27, 2023, for three years. He has wide experience across sectors and was the former Deputy Governor of the Reserve Bank of India ("RBI") and has over four decades of experience.

The bank's operations are headed by Amitabh Chaudhary, who was appointed as the Managing Director and Chief Executive Officer (MD & CEO) on January 01, 2019, for three years. In April 2021 and April 2024, the tenure of Chaudhary was extended for the next three years effective from January 01, 2022, and January 01, 2025, respectively. Prior to that he was the Managing Director (MD) and Chief Executive Officer (CEO) at HDFC Life Insurance Company Limited.

The bank has a well-defined structure and teams comprising experienced professionals to look after its functions.

#### Strong liability franchise and diversified resource profile

ABL's total deposits grew by 10% and stood at ₹11,72,952 crore as on March 31, 2025, compared to ₹10,68,641 crore as on March 31, 2024. Total deposits grew by 11% on a y-o-y basis and stood ₹12,03,487 crore as on September 30, 2025.

CASA proportion stood at 40.77% of total deposits as on March 31, 2025 (March 31, 2024: 42.99%). As on June 30, 2025, the CASA ratio decreased marginally and stood at 40.30%. The CASA ratio declined post March 2025, in line with peers, mainly due to customers shifting their balances towards term deposits. Term deposits grew by 14% on a y-o-y basis and stood at ₹6,94,764 crore as on March 31, 2025, (March 31, 2024: ₹6,09,241 crore). Of the total term deposits (TD), ~55% are retail in nature as on March 31, 2025, providing granularity in the TDs. As on September 30, 2025, term deposits grew by 12% on a y-o-y basis and 4% q-o-q basis to ₹7,24,480 crore.

### Key weaknesses

#### Moderate asset quality with recent uptick in credit cost

ABL's gross NPA (GNPA) at 1.46% and net NPA (NNPA) at 0.44% of advances including investments as on September 30, 2025. This marks an increase from March 2025, levels of 1.28% GNPA, driven by higher slippages and technical impact. Slippage ratio shows an upward trend since FY25, which further rose to an annualised 2.68% in H1FY26. Write-offs (excluding technical write-

offs) also increased significantly to ₹5,008 crore in FY25, compared to ₹2,797 crore in FY24. Rise in slippages and credit costs primarily reflects stress in the unsecured retail lending segment.

The provision coverage ratio (excluding technical write-offs) stood at 71% as on March 31, 2025, compared to 75% in March 2025 and 79% in March 2024. Given the stress in unsecured retail lending and lower recoveries from written-off pool, CareEdge Ratings expect credit cost of the bank to increase from the current level. The bank's ability to sustain asset quality while supporting growth and profitability will remain a key monitorable.

### **Moderate earnings profile**

The bank's financial performance improved in the last few years; except in FY23 where due to a one-time exceptional item incurred by the bank owing to Citi Bank merger, the bank reported a decline in annual profit after taxation (PAT). In FY24, the bank again posted a significant improvement in PAT. The improvement continued in FY25 with the topline and PAT reporting a growth of 12% and 6%, respectively. However, in terms of PAT margin ABL's performance remained on a lower side compared to its peers due its elevated cost-to-income ratio.

The cost of funds increased due to tighter liquidity in the system in FY25 and due to lower average CASA resulting in higher cost of deposits. This increased in cost of somewhat compensated, as the bank has passed on the increased rate across the products. The bank has been growing its higher yielding small and medium enterprise (SME) book resulting in yield increase. As a result, NIM remained largely stable at 3.54% (FY24: 3.59%).

As the bank's majority assets are floating rate assets, with recent rate cuts transferred has happened quickly compared to reduction in cost of funds, which typically take longer duration. As a result, CareEdge expects margins to remain under pressure for the next couple of quarters before regaining to the March 2025 levels.

On the cost front, the opex as a percentage of average total assets rationalised in FY25 to 2.44%, which was 2.53% for FY24. It was high in FY24 due to the one-time expense related to CITI merger. The opex further improved to 2.34% (annualised) in H1FY26.

Due to higher credit costs and moderation in NIMs, return on average total assets (RoTA) declined from 1.79% in FY24 to 1.72% in FY25, despite growth in non-interest income and rationalisation of opex. In H1FY26, it further moderated to 1.33% (annualised) considering moderation in margins and elevated credit cost. Under the current environment with stress in unsecured retail lending and margins expected to remain under pressure, the RoTA is expected to moderate from current level.

### **Liquidity: Strong**

The bank's liquidity position stands comfortable as on September 30, 2025. The bank maintained an average quarterly liquidity coverage ratio at 119% as on September 30, 2025, against regulatory requirement of 100%. The net stable funding ratio (NSFR), on the same date stood at 113.03% against the minimum regulatory requirement of 100%. Comfort is drawn from the bank's access to market liquidity through call money market and RBI's Liquidity Adjustment Facility (LAF) and Marginal Standing Facility (MSF).

### **Environment, social, and governance (ESG) risks**

While ABL's business model limits direct exposure to environmental risks, credit risk may arise if operations of asset class of the portfolio are adversely impacted by environmental factors. The bank has undertaken several initiatives in the form of scaling down of exposure to carbon-intensive sectors such as coal and thermal power and has achieved financing of over ₹48,000 crore under wholesale banking to sectors with positive social and environmental outcomes.

Social risks in the form of cybersecurity threat or customer data breach can affect the bank's regulatory compliance and reputation and hence remain a key monitorable. To part-mitigate these risks, Axis Bank has implemented several digital security measures. The bank has not reported major data breaches or regulatory penalties in this regard in the last one year.

As on September 30, 2025, Axis Bank's Board comprised 13 Directors, including seven Independent Directors and three female Directors, reflecting a good mix of independence and diversity. The Board is supported by 13 Committees, including those focused on audit, risk, customer service, and grievance redressal.

## Applicable criteria

[Definition of Default](#)

[Issuer Rating](#)

[Rating Outlook and Rating Watch](#)

[Banks](#)

[Financial Ratios - Financial Sector](#)

[Withdrawal Policy](#)

[Rating Basel III - Hybrid Capital Instruments issued by Banks](#)

## About the company and industry

### Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Financial Services	Financial Services	Banks	Private Sector Bank

ABL is a new private sector bank incorporated on December 03, 1993, and was promoted jointly by Unit Trust of India (now Administrator of Specified Undertaking of Unit Trust of India – SUUTI), Life Insurance Corporation of India (LIC) and General Insurance Corporation of India (GIC) and other four PSU insurance companies. As on September 30, 2025, LIC is the sole promoter of the bank holding 8.16%. ABL is third-largest bank in the private sector banking space with total assets size of ₹16,09,930 crore as on March 31, 2025.

ABL has a pan-India presence through a network of 5,976 domestic branches and extension counters and 13,177 automated teller machines (ATMs) and cash recyclers spread across the country as on September 30, 2025. The total employee strength stood at ~1,02,800+ as on September 30, 2025. The bank has strategic international presence with branches at Singapore, Dubai (at the DIFC) and Gift City-IBU; representative offices at Dhaka, Dubai, Abu Dhabi and Sharjah.

### Standalone financials of Axis Bank Limited

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	H1FY26 (UA)
Total income	1,31,811	1,47,934	75,916
PAT	24,861	26,373	10,896
Total Assets <sup>#</sup>	14,70,573	16,03,714	16,76,614*
Net Interest margin (NIM) (%)	3.59%	3.54%	3.32%
Gross non-performing assets (NPA) (%)	1.43%	1.28%	1.46%
Net NPA (%)	0.31%	0.33%	0.44%
Capital adequacy ratio (CAR) (%)	16.63%	17.07%	16.55%

A: Audited UA: Unaudited NA: Not available; Note: these are latest available financial results

\*Reported figure.

<sup>#</sup>Per CareEdge Ratings' criteria.

**Status of non-cooperation with previous CRA:** Not applicable

**Any other information:** Not applicable

**Rating history for last three years:** Annexure-2

**Detailed explanation of covenants of rated instrument / facility:** Annexure-3

**Complexity level of instruments rated:** Annexure-4

**Lender details:** Annexure-5

**Annexure-1: Details of instruments/facilities**

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Bonds-Infrastructure Bonds (Unsecured NCD)	INE238A08401	20-Oct-2016	7.60	20-Oct-2025	0.00	Withdrawn
Bonds-Infrastructure Bonds (Unsecured NCD)	INE238A08385	30-Oct-2015	8.25	30-Oct-2025	0.00	Withdrawn
Bonds-Infrastructure Bonds (Unsecured NCD) (Proposed)	-	-	-	-	8,500.00	CARE AAA; Stable
BASEL III - Tier II Bonds	INE238A08377	30-Sep-2015	8.5	30-Sep-2025	0.00	Withdrawn
BASEL III - Tier II Bonds (Proposed)	NA	-	-	-	3,350.00	CARE AAA; Stable
Issuer Rating-Issuer Ratings	-	-	-	-	0.00	CARE AAA; Stable

**Annexure-2: Rating history for last three years**

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Bonds-Lower Tier II	LT	-	-	-	-	1)Withdrawn (04-Apr-23)	1)CARE AAA; Stable (08-Apr-22)
2	Bonds-Lower Tier II	LT	-	-	-	-	1)Withdrawn (04-Apr-23)	1)CARE AAA; Stable (08-Apr-22)
3	Bonds-Lower Tier II	LT	-	-	-	-	1)Withdrawn (04-Apr-23)	1)CARE AAA; Stable (08-Apr-22)
4	Bonds-Lower Tier II	LT	-	-	-	-	1)Withdrawn (04-Apr-23)	1)CARE AAA; Stable (08-Apr-22)
5	Bonds-Lower Tier II	LT	-	-	-	-	1)Withdrawn (04-Apr-23)	1)CARE AAA; Stable (08-Apr-22)
6	Bonds-Tier II Bonds	LT	3350.00	CARE AAA; Stable	1)CARE AAA; Stable (22-Sep-25)	1)CARE AAA; Stable (27-Sep-24)	1)CARE AAA; Stable (29-Sep-23) 2)CARE AAA; Stable (04-Apr-23)	1)CARE AAA; Stable (08-Apr-22)
7	Bonds-Infrastructure Bonds	LT	5000.00	CARE AAA; Stable	1)CARE AAA; Stable (22-Sep-25)	1)CARE AAA; Stable (27-Sep-24)	1)CARE AAA; Stable (29-Sep-23) 2)CARE AAA; Stable (04-Apr-23)	1)CARE AAA; Stable (08-Apr-22)
8	Bonds-Infrastructure Bonds	LT	3500.00	CARE AAA; Stable	1)CARE AAA; Stable (22-Sep-25)	1)CARE AAA; Stable (27-Sep-24)	1)CARE AAA; Stable (29-Sep-23) 2)CARE AAA; Stable (04-Apr-23)	1)CARE AAA; Stable (08-Apr-22)

9	Issuer Rating-Issuer Ratings	LT	0.00	CARE AAA; Stable				
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LT: Long term

**Annexure-3: Detailed explanation of covenants of rated instruments/facilities:** Not applicable

**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Bonds-Infrastructure Bonds	Simple
2	Bonds-Tier II Bonds	Complex
3	Issuer Rating-Issuer Ratings	Simple

**Annexure-5: Lender details**

To view lender-wise details of bank facilities please [click here](#)

**Note on complexity levels of rated instruments:** CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to [care@careedge.in](mailto:care@careedge.in) for clarifications.

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