Axis Bank's Q3FY24 Earnings Conference Call

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MANAGEMENT:

MR. AMITABH CHAUDHRY – MANAGING DIRECTOR & CEO
MR. RAJIV ANAND – DEPUTY MANAGING DIRECTOR
MR. SUBRAT MOHANTY – EXECUTIVE DIRECTOR
MR. MUNISH SHARDA – EXECUTIVE DIRECTOR (DESIGNATE)
MR. PUNEET SHARMA – CHIEF FINANCIAL OFFICER
MR. ARJUN CHOWDHRY – GROUP EXECUTIVE, AFFLUENT BANKING, NRI, CARDS & PAYMENTS
MR SUMIT BALI – GROUP EXECUTIVE AND HEAD - RETAIL LENDING
MR NEERAJ GAMBHIR – GROUP EXECUTIVE AND HEAD OF TREASURY – GLOBAL MARKETS

Moderator: Ladies and gentlemen good day, and welcome to the Axis Bank Conference Call to discuss the Q3 FY24 financial results. Participation in this 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 this conference call, you may 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 with us Mr. Amitabh Chaudhry, MD, and CEO; and Mr. Puneet Sharma, CFO. I now hand the conference over to Mr. Amitabh Chaudhry, MD, and CEO. Thank you, and over to you, sir.

Amitabh Chaudhry: Thank you, Neerav. Wish you all a very happy new year. We have on the call, Rajiv Anand, Deputy MD; Subrat Mohanty, ED; Munish Sharda, ED Designate; Puneet Sharma, CFO; and other members of the leadership team..

- Over the last few years, we have set Axis Bank on the course of a predictable and sustained high performance guided by our GPS strategy centered on our customers and our colleagues. We had the opportunity to highlight our execution rigour, distinctiveness and differentiation at our Analyst Day in November 2023. The Indian economy continued its upward momentum in Q3 and remains a beacon of optimism globally. A mix of judicious and bold policy moves has placed India in a sweet spot which bodes well for the sector in the medium term.
- In Q3FY24, we delivered strong operating performance led by robust sequential growth across loans and deposits. Let me briefly highlight them:
- The Bank has delivered an ROE greater than 18% for the past 6 quarters, while maintaining a better credit profile as compared to the past, instilling confidence in its sustainability across economic cycles.
- The Bank has organically net accreted 39 bps of CET -1 capital in 9MFY24.
- On loan growth, all the three segments delivered strong sequential growth with Retail, SME and Corporate book (gross of IBPC sold) growing 5%, 4% and 3% QOQ, respectively.
- On deposits, we have improved the quality of our granular franchise significantly with our LCR outflow rates and CASA ratio being the best in class in the sector today; and our retail term deposits growth improving to 12 quarter high.
- On cards and payments, we saw strong traction in new card issuances, cards in force and spends led by our strategic partnerships. On the Merchant Acquiring Business too, we have now attained leadership position with terminal market share of close to 19% as of Nov’23 with widespread adoption of our innovative technology-based product offerings.

- On digital and technology, 'Open by Axis' continues to be the highest rated mobile banking app with rating of 4.8 on the Google play store. On the iOS Appstore as well, Open by Axis' rating has increased to 4.7 this quarter from 4.6 earlier. 'NEO' our cutting-edge digital product offering for corporate and SMEs, is deepening our transaction banking relationship among clients.
- Axis Bank has been recognized in the highest "Leadership" category with score of 77 in the Indian Corporate Governance Scorecard, recently published by Institutional Investor Advisory Services ("IiAS") with evaluation framework built around globally accepted G20/OECD principles.
- We have tried to be ahead of the curve towards building a Bank for the future with deep investment of management time and resources in our chosen areas of distinctiveness, namely, Digital, Bharat Banking and Customer Obsession.

- We stay focused on three core areas of execution of our GPS strategy namely:
  - Embedding a performance driven culture
  - Strengthening the core
  - Building for the future

  I will now discuss each one of these areas:

There is visible improvement in the retail deposits growth and the quality of our Deposit franchise

- The growth trajectory of retail term deposits continued to improve with 17% YOY and 2% QOQ growth on period end basis and 15% YOY and 3% QOQ on QAB basis.
- Our low-cost CASA share at 42% is among the best in the industry and has compounded at 14% for the last three years.
- In Q3, we added 100 branches taking the overall branch additions to ~350 for the 9MFY24 period, which is among the highest in the industry.
- Further, we are doubling down on our deposit mobilization strategy led by 2 large transformation initiatives - Siddhi (a super app for our employees) and Project Triumph. We spoke about them during the Analyst Day.
- We have enabled every business vertical and channel through tools and platforms like VCIP (Video Based Customer Identification process), BYOD (Bring Your Own device) and Siddhi app to serve our customers real time and onboard new customers with minimal friction.
- We have a strong foundation for our liability franchise. We continue to work on the 'deposit leadership' roadmap we set a year back. We expect to realize the full potential of this transformation in next 6-7 quarters

All round growth across businesses. Market leading growth in our focus segments

- Within Retail lending, we continue to drive balanced growth across the product portfolio. The retail disbursements in Q3FY24 were the highest ever for a non-financial year closing quarter aided by improved consumer sentiments and strong festive demand.
- Domestic Corporate loans [gross of IBPC sold] grew 23% YOY and 3% QOQ, led by a healthy pick-up across sectors. The disbursement pipeline for Q4 continues to be healthy.
- MSME segment continues to remain a key growth driver for the Bank. The combined portfolio of mid-corporate, SMEs and small businesses grew 30% YOY and 5% QOQ, and now constitute 21% of the loan book, up ~620 bps in last 3 years.

B. Strengthening the core:

- On wholesale banking, we have replicated the success of our digital consumer banking app with "neo" for Corporates. We have been on this journey for 2 years, and we now have a validation for the strong product-market fit based on how quickly our clients have embraced it.

- On Transaction Banking APIs, we continue to see strong interest from corporates across industry segments. with 3.7X growth in corporate onboarding along with 7X growth in transactions and 4.8X growth in throughput.
- NEO for Business, our mobile-first transaction banking platform tailored for SMEs, continues to scale up in terms of customer onboarding. We saw an increase of over 25% in digital usage amongst these customers with the introduction of business banking specific features. We are in the process of rolling out a host of beyond banking features which will include features like ERP integration, payroll and inventory management.
- We have also rolled out NEO for Corporates, our internet banking proposition for large corporates to all new customers and we are in beta testing with existing corporates clients.
- With full rollout of NEO, Axis remains on track to become the Operational Bank of choice for our Wholesale Banking clients.

C. Building for the future

Digital Banking performance continues to remain strong

- The ‘Open’ by Axis Bank balance sheet had an 48% increase in deposits and 86% increase in loans. We launched a new digital savings account proposition ‘Amaze’ that provides customers attractive joining offers and spends based rewards for a nominal monthly fee.
- We also launched and scaled new products including FD for standalone credit card customers, US$ FDs in GIFT City for NRI customers, new loan and insurance products on Open.

Bank-wide programs to build distinctiveness

Our bet on Bharat is growing from strength to strength

- The Q3FY24 disbursements were up 46% YOY, rural advances up 34% YOY and deposits from Bharat Branches up 11%; thereby aiding the PSL and profitability metrics.
- We have expanded our multi-product distribution architecture to 2,420 branches complemented by 63,500+ CSC VLE network and 80+ partners across the industry.
- Our digital co-lending platform is live with 10+ partners and the volumes are growing 80%+ QOQ
- We are building a pioneering “end-to-end omnichannel and digital” delivery model for the RuSu markets using the Salesforce platform. This will help us scale sustainably over the next 3 years.

Sparsh, our customer obsession program, is helping improve relationship and transaction intensity with our customers

- Over the last 21 months, NPS across 12 retail customer journeys has moved up to 141 over an indexed baseline of 100, as we listen to and act on the voice of our customers. NPS is now an important lead indicator for us, to invest in areas that matter to our customers.
- Sparsh is a Bank-wide priority. It is embedded in rituals and practices across all 5250+ branches, all our customer touchpoints and in the conduct of every employee.

On Citibank Consumer business integration:

- The Citi integration remains on track with acquired business portfolio metrics trending in line with the internal estimates. Deposits are stable and there has been improvement in cross sell metrics across wealth, insurance and retail assets.
- Nearly all of the 70 synergy initiatives that we had identified across cross-sell, deepening, sales productivity and cost rationalization remain on track and monitored

by the Board. We expect to complete data migration and system integration by the end of H1FY25.

In Closing:

- The growth momentum in India continues to be strong. We have taken global headwinds and higher interest rates in our stride. Consumer sentiment remains healthy with improved capacity utilization across sectors for corporates. The factors are ideal for an uptick in private capex.
- The deposit growth in the system is a challenge with a tight liquidity environment. We expect this to continue till inflation reaches the lower bound of the range. We foresee the system credit growth to converge towards deposit growth of around ~13%.
- We see this as an opportunity to differentiate and serve our customers better. All of us are building 'an all-weather institution' that will stand the test of time.

I will now request Puneet to take over.

Puneet Sharma: Thank you, Amitabh.

Good evening and thank you for joining us. We continue to make good progress towards building a stronger, consistent, and sustainable franchise. The salient features of the financial performance of the Bank for Q3 FY24, across (i) Operating performance; (ii) Capital and liquidity position; (iii) Growth across our deposit franchise and loan book and (iv) Asset quality, restructuring and provisioning is as follows:

Our operating performance for **Q3FY24** was steady across NIMs, fee, cost and credit cost lines:

1. Consolidated ROA% at 1.84%, Consolidated ROE% at 18.61%, Subsidiaries contributed 9 bps to the consolidated annualized ROA and 54 bps to the consolidated annualized ROE this quarter
2. Banks CET-1 including profits stands at 13.71%. Organic CET-1 accretion in 9MFY24, including profits was 39 bps, change in regulations impacted CET-1 by ~70 bps. Prudent COVID provision translate to a capital cushion of ~43 bps over and above the reported CET-1 ratio
3. NIM at 4.01%, declining 10 bps QOQ. Yields on interest earning assets have improved by 69 bps YOY and 6 bps QOQ. This increase did not offset increase in cost of funds, thereby impacting NIM. We have always maintained that NIM should be looked at on a full year basis. For the 9MFY24 the NIM was 4.08%, better than 9MFY23 by 13 bps.
4. NII at Rs. 12,532 crores, growing 9% YOY, 2% QOQ
5. Fee at Rs. 5,169 crores, growing 29% YOY growth and 4% QOQ, granular fee at 93% of total fee
6. Operating profit at Rs. 9,141 crores, growing 6% QOQ
7. Core Operating profit at Rs. 8,850 crores, grew 1% QOQ
8. Cost to assets at 2.49%, increased by 25 bps YOY
9. Net credit cost at 0.28%, improved by 14 bps QOQ, 37 bps YOY, aided by higher recoveries and an upgrade of a large corporate restructured account
10. PAT at Rs. 6,071 crores, increasing 4% QOQ
11. GNPA at 1.58%, declined 80 bps YOY and 15 bps QOQ, NNPA at 0.36% declined 11 bps YOY
12. Standard asset coverage of 1.29%, All provisions by GNPA stood at 153% improving 1385 bps YOY.
We achieved the final financial closure of the Citibank transaction. Please refer note 6 of the UFR for details. There is no material impact as the transaction was fully accounted for in FYE March 23. We remain on track for achieving LD2 per earlier stated timelines.

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 December 23, improving 154 bps YOY;
- INR denominated loans comprised 95.8% of total advances at Dec 23, improving ~ 250 bps YOY;
- Retail and CBG advances comprised 69% of total advances at Dec 23, improving 264 bps YOY
- Low-yielding RIDF bonds declined by Rs. 8,170 crores YOY. RIDF comprised 1.8% of our total assets at December 23 compared to 2.73% at December 22.
- Quality of liabilities measured by outflow rate improved ~ 600 bps over last two years, given liquidity and rate situation in the market average CASA at 42% declined 196 bps YOY, however this continues to be the highest among the large private sector banks

We had good fee performance in the quarter.

- Total retail fee grew 36% YOY and 6% QOQ
- Fees from retail loans grew 26% YOY and 7% QOQ
- Retail Card fees grew 58% YOY and 12% QOQ
- Commercial cards fee income grew 35% YOY and 10% QOQ
- Fees from TPP grew 42% YOY and 4% QOQ
- CBG fees grew 13% YOY and 6% QOQ

- Trading profit and other income at Rs. 385 crores was lower by Rs. 178 crores YOY and grew by Rs. 314 crores sequentially, mainly on account of better DCM and trading performance and reversal of MTM booked in the previous quarters.
- Operating expenses for the quarter stood at Rs. 8,946 crores, growing 32% YOY and 3% sequentially. It is pertinent to note that there is no Citi BAU expenses in Q3 FY 23.

    - Integration expenses contribute ~4% of the YOY growth in % terms and ~ 13% of the YOY cost growth in rupee terms;
    - The balance YOY increase in rupee crore expenses other than above can be attributed to the following reasons: (i) 10% linked to volume; (ii) 47% technology and growth related and (iii) balance 30% to BAU.
    - Technology and digital spends grew 36% YOY and constituted ~ 9% of total operating expenses.
    - Staff costs increased by 19% YOY. We have added 12,075 people from same period last year mainly to our growth businesses and technology teams. We opened 100 branches in Q3FY24 taking the branch addition count to 350 for the 9MFY24 period.
    - QOQ increase in operating expenses is largely attributable to higher volumes.

- Provisions and contingencies for the quarter were Rs. 1,028 crores, lower by 28% YOY but higher 26% QOQ. Adjusted for the prudent provision made for AIF investments, provisions and contingencies for the quarter would be Rs. 847 crores, near flat QOQ. The Bank has not utilized any of its COVID-19 provisions, this provision is entirely prudent.

- The cumulative non NPA provisions at December 31, 2023 at Rs. 11,981 crores, comprising (i) Covid19 related at Rs. 5,012 crores; (ii) Restructuring provisions of Rs. 587 crores, includes unsecured retail at 100% provision cover and the rest at first bucket NPA rates, (iii) standard assets provision at higher than regulatory rates of Rs. 2,216 crores and (iv) weak assets & other provisions of Rs. 4,166 crores.

<u>Growth across our liabilities and loan franchise</u>

We gained 20 bps of market share on a YOY basis across our deposit and loan franchise. Please refer slides 19 and 20 for details around the quality of our liabilities franchise and slides on our loan business.
The Bank sold IBPC in the current quarter aggregating to Rs. 5,754 crores, grossed up for IBPC sale, the QOQ loan growth was 4% and YOY loan growth was 23%.
Total Deposits on a QAB Basis grew 18% YOY. Our CASA ratio on QAB basis grew 13% YOY and 1% QOQ.
Our loan book is granular and well-balanced with retail advances constituting 59% of the overall advances, corporate loans at 31% and CBG at 10%.
~69% of our loans are floating rate. ~48% of our fixed rate loan 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 11 of our investor presentation.

Retail book

- Retail advances grew 27% YOY and 5% sequentially, ~ 75% of the book is secured
- Q3FY24 Retail disbursements grew 47% YOY and 10% QOQ. Unsecured disbursements were 22% of retail disbursements for the quarter as compared to 25% in the previous quarter. Disbursement growth in home loans was 37% YOY, SBB and auto loans 33% YOY, retail agri 46% YOY, personal loans 61%.

Wholesale Banking Coverage

Details of rating composition, incremental sanction quality is set out on slide 36 of our investor presentation.

- Domestic corporate loans book grossed up for IBPC sales grew 23% YOY and 3% QOQ.
- The offshore wholesale advances are largely trade finance related and primarily driven by our GIFT city branch. 95% of the overseas standard corporate loan book is India linked and 91% is rated A- and above.

Commercial banking

- The commercial banking book grew 26% YOY and 4% QOQ. The quality of the CBG franchise we are building and strong relation led approach is reflected through:
  - CBG New to Bank book grew by 28% YOY
  - 84% of CBG loan book is PSL compliant.

Coming to the performance of our subsidiaries

Detailed performance of the subsidiaries is set out on Slides 69 to 77 of the investor presentation. The domestic subsidiaries reported a total 9MFY24 net profit of Rs. 1,108 crores, growing 17% YOY. The return on investment in domestic subsidiaries was ~ 50%.

- **Axis Finance**:
  - In Q3FY24, overall AUF grew 38% YOY. Retail book constitutes 44% of total loans
  - 9MFY24 PAT grew 25% YOY to Rs. 425 crores, and healthy CAR at 18.79%.
  - Strong asset quality with net NPA of 0.32% and negligible restructuring.
- **Axis AMC:** Overall quarterly average AUM grew 6% YOY to ~ Rs. 2,62,398 crores, 9MFY24 PAT stood at Rs. 297 crores
- **Axis Securities:** Broking revenues for 9MFY24 grew 42% YOY to Rs. 757 crores and PAT grew 31% YOY to Rs. 198 crores

Asset quality, provisioning and restructuring

- Asset quality continues to improve. The Slippage, GNPA, NNPA and PCR ratios for the Bank, and segmentally for Retail, CBG and Corporate is provided on slide 60 of our investor presentation.
- The Bank has investments in AIF's aggregating Rs. 207 crores. Details are as follows: (i) ~ 46% of the AIF investment is in AIFs that are directly or indirectly government owned or from sponsoring entities like NIIF, NABFID and NABARD; (ii) The Bank has not invested in any single AIF amounts greater than Rs. 50 crores; (iii) The portfolio overlap with AIF's is 85% A- and above rated exposures, 15% is AAA rated exposures; (iv) the realizable value at December 31, 2023 is close to the holding cost the investment. The Bank has prudently provided 100% of the entire AIF outstanding at December 31, 2023 agnostic of overlap as on date.
- Net slippage ratio (annualized) stood at 0.50%, declining 43 bps YOY and 9 bps QOQ.
- Net slippages in the quarter were Rs. 1,117 crores, declining 35% YOY and 12% QOQ. Net Slippages segmentally were Rs. 1,988 crores in retail, Rs. 74 crores in CBG and negative Rs. 945 crores in WBCG.
- Recoveries from written off accounts for the quarter was Rs. 635 crores.
- Net slippage in the quarter adjusted for recoveries from written off pool was Rs. 482 crores of which retail was Rs. 1,542 crores, CBG was negative Rs. 11 crores and WBCG was negative 1,049 crores.
- Gross slippages in the quarter were Rs. 3,715 crores, declining 2% YOY. Gross Slippages segmentally were Rs. 3,384 crores in retail, Rs. 238 crores in CBG and Rs. 93 crores in WBCG.
- 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.

To summarise, Axis Bank is progressing well to be a stronger, consistent and sustainable franchise:

- This is visible through (i) organic business driven CET 1 accretion in the 9M FY 24 of 39 bps; (ii) our covid provision buffer of 43 bps of CAR, (iii) overall coverage at 153% of GNPA, and (iv) limited covid restructuring at 0.16% of GCA.
- Consolidated ROE for 9M FY24 at 18.86%, 82 bps higher than 9MFY23, an outcome of disciplined execution.
- The Bank has ample and sufficient liquidity, visible in the exit LCR ratio of ~129%, given the increased regulatory focus on C/D ratio as one among multiple metrics to be tracked, deposit growth could be the key constraint for growth in advances in the short to medium term.
- We are well placed in the current macro environment, we continue to closely monitor the geopolitical environment, inflation, liquidity, cost of funds and its impact on our business.

Thank you for your patience. We would be happy to take questions now.

Moderator: Thank you very much. The first question is from the line of Chintan Joshi, Individual Investor. Please go ahead.

Chintan Joshi: Yes. Hi. This is Chintan from Autonomous. Before I ask, can I just quickly get your LCR deposit number for reference? And then the question I have, your comment you made that deposit growth will be a constraint on growth overall. How should we think about this? Like do you think these tight liquidity trends will ease over the coming months? Or are we talking about a challenged deposit growth kind of outlook not just for Axis, but for the other banks as well? And then related to that, what are the actions you can take on the asset side to offset some of these pressures?

Rajiv Anand: Our average LCR was 118, for the quarter. Typically, if you see over the last 18 quarters, the average LCRs have trended between 115 and 120. That is where we are quite comfortable, especially given the outflow rates that we have been able to sort of significantly improve over the last three years-or-so. It is a tight liquidity environment; while the policy rates are at 6.5%, you can see that overnight rates are closer to 6.75%, and much of the curve is at 7% and beyond.

That is the liquidity situation that we are seeing at this point in time. It will require intervention from RBI. And I do not think that intervention is going to come anytime soon. And so therefore, the pressure on deposits will continue as we go forward, which is, therefore, the point that Puneet makes that how much we will be able to grow will be determined by how much we are able to grow on the deposit side.

You would have noticed that, thanks to all the initiatives that we had put together over the last many quarters, setting the franchise, partnerships technology like Siddhi, etc, have helped us gain market share. And I think that is a play that we will hopefully continue to play as we go forward. On the asset side, I think we will have to get a balance between continuing to build a long-term franchise with our customers, on one side and being able to optimize for NIMs and ROE on the other side. And I think that is a balancing act that we will have to continue to play based on how liquidity and therefore, deposits for us grows in the coming few quarters.

Chintan Joshi: Thank you. I was after the LCR retail deposit number, if you can -- if you have that handy?

Puneet Sharma: Chintan, we will anyway be publishing that number as part of our Basel disclosures. You should see it on our website at some point in time later in the evening, please.

Chintan Joshi: Thank you so much.

Moderator: Thank you. Next question is from the line of Maruk Adajania from Nuvama. Please go ahead.

Mahrukh Adajania: Yes, hi. I just wanted to check on bulk deposits. So the system liquidity got much tighter towards the end of the quarter. Would it be fair to assume that a lot of bulk deposits were mobilized towards the end of the quarter and the full impact on cost will be seen on the quarter? That is my first part on deposits.

And my second part is on any comments on LDR, given that everyone seems to be worried about the LDR. Of course, you did mention about the deposit challenge. And then some banks have admitted to RBI having discussed this one-on-one with them. So, where do you see your LDR settling, say by FY25, given the, I mean, any broad range? I know you do not give specific guidance, but...

Neeraj Gambhir: So, Mahrukh, this is Neeraj here. On your question around the bulk deposit pricing, I think bulk deposit pricing continues to be inching up steadily through the quarter. It is not just a quarter-end phenomenon. As the system liquidity has remained tight and the overnight rates have inched towards the upper end of the corridor, it is kind of getting reflected in where the bulk deposit rates are and where the CD rates are, which are kind of very close to each other.

I do not think this trend eases off anytime soon. In fact, Q4 being the last quarter of the year, we will probably see this continuing. The main driver will be how the liquidity in the system plays out and how Reserve Bank sort of deals with the liquidity. So, I think that the trend is kind of there. It will play out steadily over a period of time.

Mahrukh Adajania: No, my question was that were most of your bulk deposits mobilized towards the end of the quarter?

Neeraj Gambhir: We do it through the quarter, Mahrukh. Our deposit mobilization process continues through the quarter. There is no, in some senses, bunching up towards the end of the quarter, as you are referring to.

Amitabh Chaudhry: We have moved away from this -- we have worked very hard to move away from this quarter-end month stuff. So, maybe it has happened in the system, but you will also notice that we are perhaps the only large private bank whose LDRs have moderated sequentially. I think you should give us credit for that.

Also, we continue to have one of the best outflow rates in the industry, which we continued to demonstrate even during this quarter. And as Neeraj actually pointed out, even on the LCR side, we have always operated within the 115 to 120 band. The movement is almost, has been within this band for the last 18 quarters.

So, talk about consistency in terms of how we have run the business and the liquidity coverage ratio through the cycle. So, I think just please keep that in mind. We raised large deposits through the quarter. Yes, at the right price, it makes sense to us, and we will continue to move forward. But there is nothing, there is no quarter-end effect. I just want to move away from that. Puneet, you want to add something else?

Puneet Sharma: Mahrukh, thank you for the question. I think the direct pointed answer to your question is if you look at slide eight of our investor presentation, you will see deposit growth presented on a QAB basis. And you will see that the QAB basis deposit growth tracks MEB basis very closely, which will indicate to you that balances have grown through the quarter rather than at period end.

Maruk Adajania: Perfect. And on just the LDR thing, I know that it Is improved. So, it Is rare that in this quarter someone is LDR has improved, but any range you would like to give for FY25?

Puneet Sharma: Mahrukh, thank you for the question. We do not offer a range on LDR. We think there are multiple variables through which we manage our balance sheet. LDR is one of the variables. We do not have a targeted LDR that we discuss publicly.

Mahrukh Adajania: Okay. Thank you so much. Thank you.

Moderator: Thank you. Next question is from the line of Suresh from Macquarie Research. Please go ahead.

Suresh: Yes, hi. Two questions. One is on this deposit mobilization strategy itself, right? So, I mean, we were focusing a lot on retail deposits. But if I look at the same slide eight, it looks like almost 60% plus of incremental deposits this quarter has come from non-retail term deposits, right? It has grown 12% QOQ. So, should we read too much into this? It is just one quarter phenomenon where liquidity has been tight, and therefore you have to take recourse to bulk deposits? Or how should we read into this? Because it is a large number. Almost 60% incremental has come from NRTD.

Puneet Sharma: Suresh, thank you for the question. Couple of things. I think while you look at slide eight, I will also request you to look at slide nine and slide eight collectively. On Slide nine, you will see that our retail term deposits have grown by 17% on a YOY basis. And if you look at the trajectory of growth in retail deposits, it was close to 0% in December '22, and it is up to 17%.

This is in line with all of the efforts we are making to granularize the franchise and the output of those efforts are visible in the RTD growth number. Yes, you are right that in the current quarter, NRTD has contributed to growth. But again, I think it is not a period end balance. It is coming from our corporate customers. And effectively, as Rajiv often says, we are a universal bank. We deal with retail customers and wholesale customers. And if the wholesale customers offer us an opportunity to pick up deposits from them, we would be very happy to pick up deposits from them.

Amitabh Chaudhry: Suresh, I would add, you are asking a very fair question. I would add you to also think and take into account the outflow rates we have, right? So even if we are raising, let us say, deposits from our wholesale customers, please remember that they are coming at a certain outflow rate, which means that there could -- decent portion would be non-callable. So it is not just raising some short-term deposits. We are trying to ensure that the balance sheet is structured right on a consistent basis. Just keep that note.

Suresh: The only problem, Amitabh, there is these deposits tend to be a bit more fickle in nature, right? If liquidity tightens, I know until the time it is non-callable, it is fine. But suddenly, the corporate moves to another bank in the market. And there is a lot of bidding war happening by the PSUs in the market. So you are confident that this does not distort the pricing curve on the cost of fund side for you, right, because you have gone ahead and raised a lot of bulk deposits this quarter. That is the only worry I am.

Amitabh Chaudhry: So pricing of the deposit is a market-driven phenomena. It is not just in the bulk deposit side, but also on the retail deposit side, we are making sure that our liability cost is in line with what our peers are offering. So it is competitive on both the sides, not just on the bulk deposit side.

Yes, bulk deposits tend to have a certain phenomenon that needs to be taken into account. But I have seen a good correlation between where the bulk deposit rates go and where retail rates go over a period of time. The non-callable feature, which actually helps us make sure that the outflow rates are not higher for these deposits is the one real hedge against this deposit shopping in some senses.

Suresh: Okay. And just finally, one question on capital. I know you have, of course, repeated your stance, but still, again, for the benefit of everybody here, you are at 13.7% on CET1; your peers of course, are easily 200, 300 basis points above the number that you are reporting. Some of them actually, Amitabh and Puneet, they keep internal thresholds of 14% Common Equity Tier 1 under the new Basel III regime, whatever it is, each bank has its own threshold criteria. At 13.7%, are you comfortable, sure that with the outlook which is there? And I mean, can you share anything with respect to your internal thresholds there? Any guidance on that would be great? Thank you.

Puneet Sharma: Suresh, thank you for the question. I think the framework that we have consistently adopted with respect to capital as we think about capital on 2 pillars, capital for protection and capital for growth. Under the protection pillar, we look at regulatory capital as well as capital to protect domestic AAA.

Even at 13.7%, we carry sufficient cushion over both those variables. On capital for growth, I would just request you to look at what we put out on Slide 16. On a 9-month period FY24, we have net accreted 39 basis points of CET1 capital. So we are currently in an environment where we think we will organically continue to accrete capital. Amitabh did indicate in his opening remarks that our house economist expect the advances growth at an industry level to be at the 12% to 13% range. And therefore, we are really not seeing capital being consumed for growth given how our organic business is accreting. So we continue to maintain our position categorically that we do not intend to raise capital.

I think to your question in reference to Basel III norms, the one request I would is the risk weight under Basel III are very different from the regulatory risk weights. So what you are seeing 13.7% basis regulatory risk weights would be different in the Basel III construct. Therefore, again, putting that layer on to your question, we still categorically maintain, we do not need capital at the current stage.

Suresh: Okay. Thanks so much, Puneet.

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

Pranav: Thanks for taking the question. Just had a question on your loan mix. You have continued to move towards the higher yielding segments. Two questions on that. One, with the risk weight change that has been announced, do you see a change in pace of that transition, number one?

And number two, do you have any end state in mind in terms of the split between mortgages and other consumer segments that you have right now?

Sumit Bali: So consumer business, especially the personal loan business has been growing. If you see slide 22, in terms of retail disbursement trend, QOQ, that number in terms of composition is down to 22% from 25% in the previous quarter, which really means that the other assets also are growing. So we are kind of comfortable with that.

As we earlier also said, we do not see any stress in the portfolio. The growth we see on the consumer loan side is a result of a few quarters' effort in terms of transformation projects being run and a lot of partnerships scaling up. So that we intend to continue.

The loan mix is in a desired state as we are progressing. Can you just repeat the second part of the question?

Pranav: Second part is more on a steady state mix that you are looking at. Are you at the steady state or is there some more transition that you expect to happen?

Sumit Bali: Yes. So we have been around 78%-80% secured, 20%-22% unsecured. That is what we have been saying and holding for some period of time. If it goes to 75%-25% over a period of time, that is also fine with us.

It is something which we have to keep moderating and observing in line with the various developments happening in the industry. And currently 75% of our retail book is secured.

Pranav: My question is more related to mortgage growth. I think we have seen almost for several quarters now that that growth has been muted. So I was wondering if that was part of an intentional shift to get to a certain loan yield and therefore if we should expect a recovery in the mortgage growth or if we will see some more of this loan mix shift happening?

Amitabh Chaudhry: I think I mentioned in the previous call also that we are assessing every business based on risk-adjusted return on capital and these asset classes stack up on that RAROC curve in a certain way and whichever is higher on the RAROC curve within obviously defined limits, we will try to push that business more in comparison to the others. It is not that the mortgage business is not important for us. It is a large business for us.

But in a deposit constrained environment, we will obviously have a waterfall and in that waterfall, we will push businesses which give us a better return. So we do not want to get caught up in specific numbers in each of the businesses, but we will play depending on what makes the most optimal sense for us. And in a deposit constrained environment where credit growth will get constrained, a lot of questions around LDR and so on and so forth, I think we need to prioritize where we want to grow and that is exactly what we are doing.

Pranav: Understood. Perfect. Thanks a lot.

Moderator: Thank you. Next question is from Jai Mundhra from ICICI Securities. Please go ahead.

Jai Mundhra: Hi, good evening and thanks for the opportunity. Sir, on your opening remarks, you mentioned that the system wide deposits and credit growth are likely to converge at around 13%. Is this like FY24 or this is like FY25? Any timeline for that number?

Amitabh Chaudhry: I mean, if you look at all the commentary coming from RBI and the Governor and commentary around inflation, I think it is quite obvious that this is not just next three months event. This will continue into FY25 and I think stay during FY25 for almost the entire year unless something dramatic happens. We are still way off from or at least away from the target which RBI has in mind on inflation.

There are still risks to that inflation target. So I do not see interest rates coming down. I do not see RBI taking the pedal off the constraint of liquidity.

And frankly, the biggest factor which is driving why the deposit rates are high or deposit growth is constrained is RBI tightening the liquidity and I do not see that going away.

So cutting long story short, we do expect the deposit growth remain constrained. And as a result, over a period of time, the credit growth has to temper down. They have to convert at some stage, they cannot keep running into different or at very different levels for a long period of time. And this is not what we have been saying today, we have been saying this for quite some time also, quite consistently.

Jai Mundhra: Right. So sir, in that context, at our current LDR while it has improved QOQ, it goes without saying that ask rate on deposits for Axis Bank is much higher than the credit growth rate, right? That is how -- and you also indirectly mentioned that the deposit growth will be constrained as a credit growth at least in the near term. Is that the right interpretation?

Neeraj Gambhir: So the -- one of the drivers of the LDR change over a period of time is how we have optimized the balance sheet. If you see our outflow rate on deposit has come down from roughly 29% to 23% levels now. And that has meant that we have preferred certain kinds of deposits over certain other kinds of deposits, right?

The deposits, which attract 100% outflows, we have preferred not to increase that book or rather shrunk that part of the book. And that has had an impact on LDR. So like we said, at NCR, LDR, NSFR, these are all important parameters that we look at while optimizing our balance sheet and seeing how the balance sheet evolves over a period of time, all of these are important parameters. But at times, there is a play between one versus the other.

Jai Mundhra: Right. And then last, a different question on -- I mean, notice that you have around 10 million non-Axis Bank customers using Axis Mobile and Axis Pay. And I assume these are not freecharge customers, right, because that runs into millions or even higher numbers. So if you can provide some color as to what exactly is the offering that these non-Axis Bank customers are using and any medium-term plans to convert these known-to-bank customers to offer other services?

Rajiv Anand: So you are right, these are not freecharge customers. There could be some overlap, but in general these are not freecharge customers. We have been speaking about 3 types of customers: new-to-bank customers, existing-to-bank customers and known-to-bank customers, customers that we know something about. So this set of customers are customers where we know something about them. And we have various programs where we are able to underwrite these customers and we are able to sell personal loans, credit cards, etc, to these entities.

We are a leading player on the account aggregator platform. Much of the traction that you are seeing is through this route as well. And of course, through the various UPI platforms that we are present on.

Jai Mundhra: Understood, thank you and all the best.

Moderator: Thank you. Next question is from the line of Rikin Shah from IIFL. Please go ahead.

Rikin Shah: Thank you for the opportunity. I have two questions. First one is on the linking of the loan book to different benchmarks. So we see that the repo loan benchmarking, the loans linked to repo loans are up by almost 10 percentage point in last 1 year to almost 48%, 49%. That is in the context of mortgage loan growth being slower. So just wanted to understand what is driving this change in the context of impending rate cut cycle that we may see? That is question one. And second, just a small observation. The cost guidance has been removed from the presentation. So do we need to read anything on to this or anything you would like to elaborate? Thanks.

Puneet Sharma: Thank you for the question, Rikin. I will take the second question first. We were -- we commented on cost on the Analyst Day. And the comment that we made on costs at the Analyst Day, which we continue to carry since then is -- as long as the benign credit environment allows us to continue to invest in the franchise, we will continue to invest in the franchise. We are investing for the future. We are investing to build capabilities.

Some of the investments are visible to you today, the NEO app, the mobile app, the tech stack that we have the built, the 350 branches that we have created.

So as long as we operate within a given DuPont, we will continue to make the investment.

We remain focused on managing our expenses when the need arises. And we do believe that we can pull back that expense if the need were to arise. So the number that we used to put was a takeaway when we discussed at length the Bank's performance at the analyst day. It is not a takeaway in the current quarter. Sorry, Rikin, can you give me context to your first question, please?

Rikin Shah: Yes, so we look at the loan book being benchmarked to different rates. And there are the loans which are benchmarked at the repo rate. The share of those loans have increased by almost 10% points from 38%, 39% to 48% now to the repo linked rates. So given the impending rate cut cycle, first, I wanted to understand as to what is driving this higher increase in the benchmarking to the repo? And second, does this mean that once the repo rate cut cycle kind of begins, the transmission of interest rate yields will now be faster or would you kind of course correct before that?

Rajiv Anand: Firstly, we are not in the impending rate cut camp. So let me get that out of the way first. I think, as you know, that all of retail or much of retail and almost all of SME is repo linked. And therefore, as that book grows, it continues to be repo linked. We have over the last one year, we have also seen increasing use of repo rate on the corporate side for corporate loans. And that is driving that growth as well. So therefore, it is most of retail, almost all of SME and some part of the corporate side which is now repo linked.

Rikin Shah: Understood. Fair enough. Thank you very much.

Puneet Sharma: Sorry, Rikin, I will just supplement what Rajiv said. If you look at our December 22 presentation, 68% of our loans were floating rate. As of December 23, it is 69% which is floating rate. So there is not actually a movement, it is just a play between the benchmark types. And effectively, over a finite period of time, the benchmarks will have to behave similarly across a rate cycle.

Rikin Shah: Sure. Thank you, Puneet.

Moderator: Thank you. Next question is from the line of Kunal Shah from Citigroup. Please go ahead.

Kunal Shah: Yes. Hi. Thanks for taking the question. So I am not sure if you answered that because I missed some part of the conversation. But given that you always have been highlighting in terms of the growth targets, but now it seems to suggest that deposit is definitely a constraint. So would we still continue to grow at 4% to 6% points higher than the system average when you are highlighting that loan and deposit growth would settle at 13%-odd percent? Or does that also change given this CD ratio as well as the deposit constraint which is there?

Amitabh Chaudhry: You are trying to hold us on QOQ outlook. I think we continue to maintain our guidance that in the medium term, we will continue to be able to maintain that 400 to 600 basis point differential. We are not changing that.

Kunal Shah: Sorry.

Amitabh Chaudhry: We have said that we will maintain the 400 to 600 basis point differential between industry and our growth rate. Do not hold us Quarter-to-Quarter. But yes, in the medium term, we believe that we can maintain it and we are not changing it.

Kunal Shah: Okay. And secondly, in terms of maybe earlier we highlighted last quarter that almost like the marginal cost of funds and cost of deposits have stabilized. So where are we in terms of maybe what would be the gap between the incremental cost of deposits and the outstanding cost of deposits? If you can maybe not give the exact numbers, but maybe indicate, how much is the gap left between the two? Which will get caught up over a period of time? particularly term deposits?

Puneet Sharma: Kunal, thank you for the question. What we have maintained is marginal cost of funding has stabilized. As long as the marginal cost of funding remains at where it has been for the last four to six months, we do expect our base deposit book to get repriced through quarter four of the current financial year and a spillover into quarter one of the next financial year.

Kunal Shah: Okay. Got that. And any levers on the loan book side now available given that unsecured pie is also coming up? Though this quarter we see sequential growth being strong in some of the high yielding segments. Plus, now RIDF is also down to almost like say 1.8-odd percent, almost getting in line with or maybe much below where the other banks are. So maybe there were a couple of levers on the yield side, but what levers do we see now going forward on yields?

Puneet Sharma: Thank you, Kunal for that question. I think if you look at Slide 12 of our presentation, we have -- from a mix perspective, we have talked about Retail and SME as a percentage of loan book. We have talked about the INR, non-INR-book. And those are the two observations that you are pointing out have got into the 69% and the 4.2% respectively. We also flagged off a third lever when we speak about our yield optimization journey, which is a sub segment shift within the wholesale business, which is still to play through.

The other element is that if you look at our bank balance sheet, only about 14% to 15% of our advances are unsecured. So we do still have some play at of the bank level between secured and unsecured exposure as we move forward. So short answer to your question, yes, there are some levers that have been optimized, but there are other levers that we can still work through in the coming quarters and coming years.

Kunal Shah: Okay. Perfect. Thank you. And all the best.

Moderator: Next question is from the line of Saurabh Kumar from JP Morgan. Please go ahead.

Saurabh Kumar: I have just one question. Sir, on this wholesale credit side, so you have had a large recovery. So, two things. One, can you help us with what is the quantum of the -- on the written-off book, what is the quantum left? And how long would you expect this negative credit cycle -- I mean the recovery side in the corporate will last -- negative net slippage in the corporate to last? Thank you.

Puneet Sharma: Saurabh, thank you for your question. I think if you look at Slide 62 of our Investor presentation, you will see a table that gives you the cumulative value of prudential write-off till date. The number at Q3 FY24 is Rs 40,211 crores.

Saurabh Kumar: Of this how much was corporate?

Puneet Sharma: We do not break this up between corporate and retail. But if I just give you a context, Rs 40,211 crores, this is cumulative value. We have been recovering against this value over a period of time. I think to your specific question on data point on what is corporate and what is corporate recovery likely to be. We have directionally commented to say that we do expect credit costs to move up in the first stage, recovery from written-off accounts will reduce.

And over a period of time, we do expect gross credit cost to move up for the system and for us. All of us are operating below long-term through cyclical credit cost numbers. Hence, that is the trajectory that we expect to see over time.

Saurabh Kumar: Okay. All right, thank you.

Moderator: Thank you. Next question is from the line of Param Subramanian from Nomura. Please go ahead.

Param Subramanian: Yes, hi. Thanks for the opportunity. My question again is on deposits. So historically, we have pointed out in the past that we are strong in the government business. And one of the reasons for the tighter liquidity is government money going out of the system. So when that money comes back, are we better placed compared to the rest of the system? Any sort of gearing you would like to highlight over there? Yes, that is my first question.

Rajiv Anand: So you are right. Historically, we have had a strong relationship with the government at the central state government, district, panchayat, right down to the beneficiaries. And we continue to leverage on those relationships increasingly what the government wants is, is technology solutioning to be able to manage this flow from the consolidated fund of India all the way down to the beneficiary; and we have been providing to the various governments, various state governments, various departments, and ministries these solutions, and we have a significant market share among private sector banks as far as government business is concerned. It is -- the government is looking to get more efficient in terms of these cash flows.

So in the long term, I think as much of these flows become more and more digital, the amount of float in the system will reduce. But I think that is not a problem that we will have tomorrow. But over a period of time, it could potentially sort of play out. But I think the point that you are making is that there is money lying with the government -- and therefore, there is liquidity tightening.

I think to some -- the way that the RBI thinks about liquidity is the liquidity pool that is lying in the banking system, the money that is lying with the government because that government money will either come through -- will either come through in terms of salary payments in the beginning of every month or payments to the state governments and for infrastructure spend, etcetera. So there is a bit of a lead lag as GST payments go to the government and some of these payments come through.

I think one of the things that is been happening is revenue numbers for the government have been very strong. And so therefore, their liquidity buildup has been quite strong. I do believe that, I mean, maybe for the next couple of months as the code of conduct for the elections, which has now pretty much been announced for April 16th, begins to kick in. There may be some slowdown in terms of government spending, but all that will come through as we go forward.

Param Subramanian: Perfect. That is really helpful. But could you provide any numbers in terms of market share? You did highlight that you have a significant market share, but market share percentage of your total deposits, say, contributed by the government business?

Param Subramanian: Any numbers on -- the market share -- you highlighted your market share in government deposits is higher. So any numbers you can give over there? Yes.

Rajiv Anand: I mean, one of the problems that you will always face is that there is no public data around this. So, we know some of these numbers because of some of the work that we have done and some anecdotally. So we are not really looking to share that number publicly.

Param Subramanian: Okay. No problem. And my other question is on the -- again, on re-pricing. So what are the price actions we have taken on unsecured retail as well as loans to NBFCs post the RBI increase in the risk weights. Yes, those are my questions. Thank you.

Puneet Sharma: Thank you for your question, Param. I think on incremental disbursements, we have increased pricing on personal loans. Obviously, you would appreciate that it is a competitive market space and therefore, how much you can pass through to the customers depends on market conditions, but we have increased pricing on the loans and we are seeing a better yield come through on our PL portfolio and incremental disbursements. The back book is entirely fixed. So we are not likely to see that re-priced until it gets repaid.

On NBFCs, we are in the process of passing on the rate hike to the NBFCs. It is a function of when the loan is due for re-pricing, but we have seen a marginal uptick in gross yields on our NBFC book this quarter compared to the last quarter.

Param Subramanian: Perfect. Thanks just one more question, if I could squeeze in. So did I catch it correctly that you are not going to be held to the 2.1% cost to assets exit ratio that you are guiding to, say, by end of FY25? So that is not something we are looking at currently. Is it?

Puneet Sharma: Param, what I said is if the environment permits us to invest, we would like to invest for the future. That is what I had said when we did our Analyst Day. Given the benign credit environment, we would like to continue to build the franchise for the future as long as we can deliver in and around our aspirational ROE metric.

Param Subramanian: Okay. Got it Puneet. Thanks a lot. All the best to the team. Thank you.

Moderator: Thank you. Next question is from the line of Sameer Bhise from JM Financial. Please go ahead.

Sameer Bhise: Yes, hi. Thanks for the opportunity. Just thinking around this liquidity tightness, I wanted to get thoughts from Amitabh on how do you think from the second order derivative perspective of this phenomenon? Would you worry on potential asset quality issues? Are we still some time away from that? And what would you see as signals if this kind of persists for a longer time?

Amitabh Chaudhry: Well, it is difficult to predict at this stage. I think it is given where the Indian banking system is, where the consumer sentiment is. Yes, and the way regulator is watching the matrices so closely and so actively, I do not see the second order impact coming through in any big or significant way. But ultimately, we are in the risk-taking business. It is very difficult to say anything with surety.

All of us are watching our numbers very, very closely. All of us are aware that the times are so good that we do need to watch our numbers closely because this is when we might make some mistakes, no signs as yet. But this potential tightening situation, pricing might lead to a second order impact? Only time will tell. I can only assure you at least from Axis Bank perspective, we are looking at everything possible we can very, very closely and trying to assess if there is any signal out there, which would be telling us that things could be going down -- going south in some form or shape.

Sameer Bhise: But at this point in time, you do not worry on that. Is that fair?

Amitabh Chaudhry: Banking being a risk-taking business, we are worried all the time.

Sameer Bhise: And just quickly, can I have a breakup of the gross slippages across businesses?

Puneet Sharma: Thanks for the question. Our gross slippages for the quarter were Rs 3,715 crores. They declined 2% YOY. Segmentally, it was Rs 3,384 crores for retail, Rs 238 crores for CBG and Rs R93 crores for the WBCG business.

Sameer Bhise: Okay. This is helpful. Thank you and all the best.

Moderator: Thank you. Next question is from the line of Piran Engineer from CLSA. Please go ahead.

Piran Engineer: Hi. Thanks for taking my question and congrats on the quarter. I do not mean to harp on this too much, because it is been discussed quite a bit. But if you had to reduce your LCR, I just want to understand management's approach, would you rather slow down loan growth or get the required deposits through NRTD and compromise a bit on NIMs?

Puneet Sharma: Thank you for the question, Piran. I do not think there is one answer to that question. It is not a choice of either-or. It will be a mix of both, that we will work through. We cannot really say that we are willing to pay any price for a deposit to fund our loan growth.

And similarly, we are not saying that if deposits are far too expensive, we will not grow at all. We operate in a model where we will optimize both variables. So the honest answer is there will be a path that we will find to grow with deposit cost increases as they move through in the future.

Piran Engineer: Got it. So in the interim, it is fair to assume that there is a chance your loan growth does not grow 4 percentage to 6 percentage points higher than the industry, in the interim? That is a fair assessment, right?

Puneet Sharma: Piran, I think the request I have of you is the 400 to 600 bps guidance that we had was basis the structural strength of the franchise, and we said that that is a number that we will target in the medium to long term. We did not hold ourselves ever accountable to do that number on every sequential quarter basis. The comment that we have added through this call is given where liquidity is in the market today, we do expect deposits to constrain advances growth. We will operate within both those metrics, but we are not moving away from our medium-term guidance of 400 to 600 basis points faster than industry credit.

Piran Engineer: Got it. And just secondly, can you talk a bit about what has changed in LAP? Like until two quarters back, we were barely growing 1%, 2% QOQ. Now it is picked up to 6%, 8%. So maybe if you could just help us understand what changes you have made to drive growth here?

Sumit Bali: LAP growth is an outcome of some of the transformation projects which we have been running. During the last 12 months also, LAP was outgrowing within the mortgages business. This year, we have seen a lot of stuff come together in terms of delivering the growth which we are seeing. Our portfolio quality remains strong. So we expect this growth to continue.

Piran Engineer: Sorry. I meant have we improved like our turnaround time, have we added distribution, a new partner, something would have changed that it picked up?

Sumit Bali: It is a mix of everything. We have added partners, turnaround time has improved, our channel management has gotten stronger, sourcing from branches increased, we have gotten deeper distribution into our rural Bharat Banking branches. So it is a host of initiatives across the board, which we have been working on. And that is what has resulted into this outcome.

Piran Engineer: Got it. Got it. Okay, that is useful. Thanks and all the best.

Moderator: Thank you. Next question is from the line of Shubranshu Mishra from Philip Capital. Please go ahead.

Shubranshu Mishra: Good evening, sir. Thank you for the opportunity. Got a couple of questions on the credit card piece, which is on slide number 22.

So when we say 52% is ETB and 33% is known to bank, this entire 33% known to bank is coming from the Flipkart co-brand. That is the first part that I wanted to understand. And also the definition of Known-To-Bank.

The second part is what is the mix of revolvers, EMI, and personal loans here in the transactors here in the mix? And what would be the ballpark ROA that we make on a steady state basis in this business, in the credit card business? Thanks.

Arjun Chowdhry: Yes, sure. Thanks for your question. This is Arjun here. So I will try and cover all of it. KTB refers to Known-To-Bank, which is a set of customers where we have some information about them, but it is not exactly a customer who has an existing, some other product of the bank. May not be a SA account, may not be a loan, but they do in many cases come from our partners where we have compliant data sharing arrangements, which allow us to get a better insight about that customer.

No, all of them do not come from Flipkart. We have a similar arrangement with multiple partners. As you know, we have got partnerships with Airtel, we have got partnerships with Samsung, we have got partnerships with Google, and also Flipkart. So it is a mix of partners.

We do not share, unfortunately, portfolio-specific and segment-specific metrics at the third level, such as EMI and revolve rate. But suffice it to say that the broad trends we have seen in the past continue to hold out this quarter as well.

Not sure I can say much more than that. Your third question I could not quite catch. Would you mind repeating that, please?

Shubranshu Mishra: What would the ballpark ROA of the credit card business on a steady state business, steady state business, not in this quarter or quarter gone by?

Arjun Chowdhry: Yes, no, that unfortunately is something we cannot share at the product level. But we do track it, but we cannot share it at the product level. I am sorry.

Shubranshu Mishra: Right. If I can just, in that case, just squeeze in one last question. What is the absolute dollar value of the cost of acquisition for Existing-To-Bank and Known-To-Bank and an absolute open-source customer?

Arjun Chowdhry: This is a product-wise, segment-wise question. And again, we cannot share that level of granularity in terms of the metrics.

Shubranshu Mishra: No, issue sir. Best of luck.

Moderator: Ladies and gentlemen, we will take that as the last question. I will now hand the conference over to Mr. Puneet Sharma for closing comments.

Puneet Sharma: Thank you, Neerav. Thank you, everyone, for taking the time this evening to join us. If there are any questions that remain unanswered or there are follow-on questions, please feel free to reach out to Abhijit and our IR team, and we would be happy to pick them up. Thank you and have a good evening.

Moderator: Thank you very much. On behalf of Axis Bank, that concludes this conference. Thank you for joining us. You may now disconnect your lines. Thank you.