

MESSAGE FROM THE MANAGEMENT - RETAIL BANKING

# Delivering sustainable and profitable growth



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## Dear Shareholders,

Fiscal 2025 has been a year marked by strategic discipline and thoughtful navigation through a complex operating environment. Amidst a backdrop of subdued systemic deposit growth and emerging challenges in select areas of the retail unsecured segment, we remained focused on improving deposit quality and portfolio resilience driving long-term value creation.

Our Retail Banking business continues to anchor our GPS strategy, delivering balanced, risk-adjusted growth. We have taken deliberate steps toward building a high-quality, premium Retail Banking franchise—defined by an improved deposit base, strong progress in our wealth management

business, and the prudent expansion of our loan portfolio. This segment remains a key engine of our growth, driven by a sharp customer-first mindset, a suite of innovative and differentiated products, and one of the most extensive distribution networks in the country having 5,876 branches with a record 500 branches opened in fiscal 2025. These pillars empower us to meet the evolving financial aspirations of millions across India.

The quality of our deposit franchise is getting stronger with further granularisation and we continue to witness sustained growth across our priority business segments like SBB and Rural Banking. We've maintained

dominant position in cards, payments, and wealth management, while adopting a calibrated growth approach in the unsecured retail segment. On the digital payment front, we continue to lead with distinction holding a dominant position in the UPI Payer PSP space and credit cards.

Customer satisfaction continues to be our true north. Through our forward-looking Customer Experience program, we're creating 'wow' moments at every touchpoint—empowering our employees to deliver truly memorable interaction for our customers. This has translated into stronger customer engagement, deeper loyalty, and growing advocacy. Our sharp focus on experience has



propelled a significant improvement in our Retail Net Promoter Score (NPS). The seamless integration of the Citi consumer businesses has positioned us across the spectrum, turbocharging our journey towards becoming a premium retail banking powerhouse.

### Reimagining Deposits: Building a Stronger, Smarter Franchise

At Axis Bank, our deposit journey is anchored in three strategic pillars—quality, cost, and growth.

We've sharpened the quality of our deposit book by improving granularity and focusing on LCR accretive deposits. Consequently, over the past three years, we've improved our outflow ratio by 340 basis points, now aligning with the best in class among large peer banks.

On the cost front, our disciplined approach has kept the increase in cost of funds to just 7 basis points over the last four quarters, despite a tight liquidity environment.

Our deposit growth engine is gaining momentum as the Bank gained an incremental market share of 5.5% in total deposits over the last five years. With a healthy pipeline of acquisitions, strategic expansion, innovative product launches, and improving performance in salary credits and Burgundy AUMs, we're beginning to see early signs of sustained deposit growth. As liquidity conditions ease and key portfolios stabilise, our efforts should translate into tangible outcomes.

The New-to-Bank (NTB) savings account franchise is a standout performer—NTB deposits grew 19% y-o-y despite granular balances per account rising 17% y-o-y, reflecting deeper customer engagement.



**Our deposit franchise is being reimagined on the pillars of quality, cost, and growth—creating a stronger, smarter foundation for sustainable value creation.**

While fiscal 2025 posed challenges for Existing-to-Bank (ETB) deposits due to tight liquidity and reduced government flows, we are now seeing early signs of recovery. Our overarching focus is on deepening relationships, controlling attrition, and becoming the primary bank of choice as we see a powerful opportunity in our existing customer base—not just to grow balances, but to drive sustainable value. Through smart, contextual journeys and timely solutions, we are creating a seamless banking experience that grows with our customers and strengthens long-term engagement. In fiscal 2025, systemic deposit growth remained subdued, primarily constrained by the persistent tightness in durable liquidity, muted government spending, and enhanced efficiency in the management of government balances. However, with liquidity conditions having considerably improved post the RBI action, the macro environment is poised to become more conducive for deposit mobilisation. These tailwinds, coupled with more accommodative monetary policy stance could result in a better deposit growth trajectory in fiscal 2026.

### Blending ambition with expertise to create a new era of aspirational banking.

Premiumisation of the deposits franchise continues to be an important imperative for the Bank. We are accelerating our premiumisation journey with a sharp focus on high-value customer segments. Our Burgundy franchise continues to thrive, with assets under management (AUM) growing 10% y-o-y. Burgundy Private, the private banking franchise of the Bank catering to the UHNI segment, continues to grow strongly with coverage expanding to 44 cities managing an AUM of ₹2.13 trillion (up 16% y-o-y) across ~13,400 families (up 26% y-o-y), which includes 35 of the Forbes 100 richest Indians. This momentum has been recognised on the global stage, with our Burgundy Private offering being named India's Best for Next Gen at the Euromoney Global Private Banking Awards 2025. The Bank also won FT\_PWM Wealth Tech Awards 2025 for best CRM for Private Banking in Asia.

A key milestone in this transformation was the successful integration of Citi's consumer business in July 2024, redefining the scale and scope for Axis Bank in the premium segment.

During the year, the Bank introduced several new product propositions, including the 'ARISE' savings account for women and the Doctors Banking Program, to offer the best banking services and life experiences under one bouquet.

## Driving Quality Loan Growth with Precision and Purpose

Our SBB portfolio grew a strong 17% y-o-y, while our Rural portfolio expanded by 7% as we continue to pursue balanced, RAROC-led growth in our retail segment. Notably, nearly 72% of our retail book remains secured, underscoring the strength and resilience of our portfolio.

Retail continues to be the engine of the Bank's granular performance—contributing 60% of total advances, and 72% of the Bank's fee income in fiscal 2025. By leveraging our robust digital infrastructure and advanced data analytics, we are enhancing operational efficiency and decision-making.

The unsecured retail segment is exhibiting industry-wide stress, driven by increased credit appetite and signs of over-leverage in certain pockets, particularly in personal loans (PL), cards and micro-finance segment MFI portfolio is only ~1.2% of the Bank's total retail loans. We are navigating this evolving credit landscape with agility.

In the unsecured retail segment, including MFI, we are seeing a normalisation cycle. Proactive risk management framework—anchored in real-time portfolio monitoring, early warning triggers, and dynamic policy recalibration—has ensured that delinquencies in new cohorts remain well within our guardrails.

We continue to strengthen the core pillars of our risk architecture—scorecards, policy, and underwriting—while tightening standards through deliberate business mix choices. Our focus on quality is evident: 100% of our personal loan portfolio and 79% of our credit card book is with salaried customers. Existing to bank (ETB) mix stands at 79% for personal loans

and 47% for credit cards, reflecting our disciplined approach to customer selection and portfolio construction. ~20% of credit cards acquired in fiscal 2025 were through Known to Bank (KTB) channel.

## Powering Progress Across Bharat: Banking that Builds Communities

Our Bharat Banking franchise continues to be a powerful engine of inclusive growth, delivering healthy performance PSL assets and expanding our footprint across rural and semi-urban India. In fiscal 2025, our rural advances and deposits grew by 7% and 9%, respectively. Our distribution network now spans 2,736 branches, supported by a formidable 28,000+ CSC Village Level Entrepreneurs network. With 250+ new branches added this year and over 25 strategic partnerships across Agri-tech, Fintech, NBFCs, and corporates, we are reaching deeper into the heart of Bharat.



**Retail remains the engine of the Bank's granular performance, contributing 60% of advances and 72% of fee income. With 72% of our book secured and 100% of personal loans with salaried customers, we are building a franchise that is both high-performing and high-quality.**

This growth is underpinned by a digital-first approach—e-KYC, e-NACH, e-Sign, and e-Stamp are now integral to our customer journeys. We've gone fully digital in our MFI-retail, Farm Mechanisation verticals and are set to onboard key segments like Bharat Enterprise B2B Retail, Farmer Funding (KCC), and Micro-LAP in fiscal 2026. We are also enhancing operational risk controls and launching instant digital CASA journeys to further accelerate deposit growth.

With deep distribution, a robust digital backbone, a thriving partnership ecosystem, and proven expertise in rural lending, we are poised to become a dominant force in Bharat. Our focus remains on deepening engagement, enhancing profitability, scaling alternate revenue streams, and driving sustainable, inclusive growth across India.

## Redefining Payments: Scaling Innovation, Deepening Impact

India's payments landscape is undergoing a paradigm shift—and Axis Bank is at the forefront of this transformation. As customer preferences evolve and digital adoption accelerates, we are seizing the moment to lead with innovation, scale, and precision. In fiscal 2025, our payments business continued to be a cornerstone of our Retail strategy, driving engagement and growth.

With ~15 million credit cards in force and a 14% market share at the end of fiscal 2025, having 20% share of KTB sourcing in total card issuances in fiscal 2025, our credit card business achieved 12% growth in spends with a spends market share of ~11% in fiscal 2025.



Axis Bank is redefining digital banking in India—leading the payments space with a 33% UPI market share, 15 million credit cards, and a merchant acquiring business with ~20% terminal share. Our top-rated mobile app, with 4.7+ ratings on Android and iOS, is the gateway to a seamless, secure, and smart banking experience.

Our co-branded partnerships, include the Flipkart Axis Bank Credit Card with ~4 million cards.

Our merchant acquiring business remains a market leader with ~20% terminal share. In UPI, we've cemented our leadership with a 33% market share as Payer PSP, maintaining a leading position since August 2024. Strategic partnerships with fintechs and tech giants have fuelled this growth, alongside innovations like Credit on UPI and UPI Circle.

Backed by a resilient tech stack, real-time decisioning, and among the lowest decline rates, we are not just participating in the digital payments revolution—we are shaping it.

## Leading with Innovation: Elevating Digital Banking

Axis Bank's digital banking momentum continues to accelerate, driven by innovation, security, and customer-first design. In fiscal 2025, we introduced industry-first features like in-app mobile OTP—enhancing fraud protection while eliminating reliance on telecom networks. Our new Safety Centre on the Axis '*open*' app empowers customers with granular control over their digital channels, reinforcing trust and transparency.

We launched My Money, a pioneering personal finance tool that allows customers to view investments across brokers—another industry-first. New journeys like FD via UPI and enhancements to *neo* for Corporates and *neo* for Businesses are redefining digital experiences for individuals and enterprises alike. We continue to build long-term competitive advantage with investment in technology and analytics with some cutting-edge use case in Gen AI and Financial Crime intelligence.

We are building a resilient, industrial-grade tech backbone through our Salesforce journey's, standardizing 40+ capabilities across 20+ retail lending products. This is powering a pioneering end-to-end omnichannel model, setting the stage for scalable, sustainable growth ahead.

The growing adoption of our '*Siddhi*' App, along with intuitive cross-sell journeys and intelligent nudges, made doing business smoother and smarter for both customers and employees.

Our efforts have not gone unnoticed—Axis Bank was named Best Digital Bank (Private) by Financial Express, a testament to our leadership in digital excellence.

With top-rated apps and a relentless focus on innovation, we are setting new benchmarks in digital banking for India's evolving financial landscape.

## Next-Level Growth, Built on Trust and Technology

As we look ahead, the next phase of our journey will be defined by deeper customer connections, sharper execution, and smarter engagement. By enhancing contactability, driving cross-sell through co-origination journeys, and strengthening our digital capabilities with platforms like '*Siddhi*', we are building a more connected and responsive franchise well-positioned to move forward in our retail banking journey.

Warm regards,

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