

June 20, 2025

Axis Bank Limited: [ICRA]AAA (Stable) assigned to infrastructure bonds; ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Infrastructure bonds	-	8,000.00	[ICRA]AAA (Stable); assigned
Basel III Tier I bonds	5,000.00	5,000.00	[ICRA]AA+ (Stable); reaffirmed
Basel III Tier II bonds	22,730.00	22,730.00	[ICRA]AAA (Stable); reaffirmed
Basel III Tier II bonds	850.00	-	[ICRA]AAA (Stable); reaffirmed and withdrawn
Infrastructure bonds	27,775.00	27,775.00	[ICRA]AAA (Stable); reaffirmed
Infrastructure bonds	5,705.00	-	[ICRA]AAA (Stable); reaffirmed and withdrawn
Certificates of deposit	60,000.00	60,000.00	[ICRA]A1+; reaffirmed
Fixed deposit	-	-	[ICRA]AAA (Stable); reaffirmed
Total	1,22,060.00	1,23,505.00	

*Instrument details are provided in Annexure I

Rationale

Axis Bank Limited's (Axis Bank) ratings continue to be supported by its strong position in the Indian financial system as it is the third-largest private sector bank with a 5.7%¹ share in advances and a 5.2% share in the deposits of the banking system as on March 31, 2025. Further, its capitalisation profile remains strong and well above the regulatory levels, aided by healthy internal accruals. Despite the slight increase in credit costs and the pressure on its net interest margin (NIM), the bank was able to maintain its profitability, driven by the moderation in operating expenses (opex). Going forward, the profitability levels are likely to moderate due to the pressure on NIMs amid the declining interest rate environment and the normalisation of credit costs compared to the lows seen after the Covid-19 pandemic. However, ICRA expects the bank to generate sufficient internal accruals for its growth requirements.

Axis Bank's ratings also factor in the strong liability profile with a high share of retail term deposits (RTDs) and current account and savings account (CASA) deposits in total deposits. Additionally, the headline asset quality metrics have remained steady despite the uptick in slippages, supported by steady recoveries and upgrades. Over and above this, Axis Bank continues to operate with large prudent provisions, which can help absorb some of the impact of any asset quality challenges. Nonetheless, its ability to control fresh slippages, in the backdrop of the elevated stress in unsecured loans and overleveraged borrowers in the unsecured retail segments, would remain monitorable for the asset quality.

The Stable outlook on the ratings reflects ICRA's view that Axis Bank will continue to sustain its strong position in the Indian banking sector while maintaining its asset quality, profitability and solvency position.

ICRA has withdrawn the rating outstanding on the matured Basel III Tier II bonds and the infrastructure bonds, amounting to Rs. 850.00 crore and Rs. 5,705.00 crore, respectively, as these have been fully redeemed and no amount is outstanding against the same. The rating has been withdrawn in accordance with ICRA's policy on withdrawal and suspension ([click here for the policy](#)).

¹ All ratios as per ICRA's calculations

Key rating drivers and their description

Credit strengths

Strong position in financial services industry supports the share of granular assets – Axis Bank is the third-largest private sector bank and the seventh-largest bank in the overall Indian banking sector, with the share of advances in banking sector credit at 5.7% as on March 31, 2025 (5.9% as on March 31, 2024). Its market share declined in FY2025 as it decided to slow down its credit growth, given the elevated credit-to-deposit ratio. Axis Bank offers various financial services across investment banking, asset management, securities broking and lending through its subsidiaries, namely Axis Capital Limited, Axis Asset Management Company Limited, Axis Finance Limited and Axis Securities Limited. It also has a presence in the insurance business with the Group's stake at ~19% in Max Life Insurance Company Limited as on March 31, 2025.

Axis Bank's net advances grew by 7.8% YoY to Rs. 10.41 lakh crore as on March 31, 2025 and it maintained its market position as the third-largest private sector bank in the industry. Despite the moderation in the growth momentum in its retail book (7% YoY growth), it still accounted for ~60% of its loan book. Going forward, ICRA expects the bank to remain focused on growing its granular retail book.

Capital cushions remain strong – Axis Bank's capitalisation profile remains strong with the common equity Tier I (CET I) ratio and the capital-to-risk weighted assets ratio (CRAR) at 14.67% and 17.07%, respectively, as on March 31, 2025. The healthy capital cushion was supported by the capital raise during FY2018-FY2021, coupled with improved earnings profile. Additionally, the overall earnings profile continues to help asset growth along with the strong capitalisation. In ICRA's view, the current capital position is sufficient to support Axis Bank's growth requirements as well as absorb unforeseen asset quality shocks while keeping the capital cushion and solvency better than the negative rating triggers.

Steady growth in granular deposit base – The bank's overall deposit base grew at a healthy rate of 10% YoY to Rs. 11.73 lakh crore as on March 31, 2025. Within overall deposits, low-cost CASA stood strong at 40.8% as on March 31, 2025, which remains higher than the private sector banks' average, but lower than the 44-46% levels seen in the past. Nevertheless, Axis Bank continues to steadily grow its granular RTD base and CASA and RTD together dominate the total deposits.

Axis Bank's interest rate proposition is in line with its peer rated private sector banks for most of the deposit tenures. This has helped it reduce the differential in its cost of interest-bearing funds with these banks as well as the banking sector average. Axis Bank's cost of interest-bearing funds stood at 5.21% in FY2025 (4.94% in FY2024) compared to the banking sector average of 5.31% (5.12% in FY2024). The YoY increase in the cost of funds was due to the continued upward repricing of deposits amid intense competition for retail deposits. Going forward, the bank's ability to achieve stronger deposit growth while maintaining or improving the cost differential will remain key for its operating profitability.

Profitability expected to remain strong despite expected pressure on margins – With the upward repricing of the deposit base, NIM/average total assets moderated slightly to 3.52% in FY2025 (3.57% in FY2024 and 3.45% in FY2023). Steady non-interest income, coupled with lower operating expenses (2.43% in FY2025 vs 2.52% in FY2024), helped the bank maintain a healthy return on assets (RoA) of 1.7% in FY2025 (1.8% in FY2024). Moreover, it continued to hold prudent provisions of Rs. 5,012 crore or 0.5% of standard advances as on March 31, 2025. The NIMs and operating profitability are likely to face further pressure in FY2026 amid the faster repricing of assets compared to liabilities in the declining rate environment. Nevertheless, ICRA expects Axis Bank to maintain an RoA of more than 1.4%, which shall be sufficient for its growth capital requirements over the medium term.

Credit challenges

Asset quality remains monitorable – The gross fresh non-performing advances (NPA) generation rate normalised to 2.0% (annualised) in FY2025 from the low of 1.6% in FY2024 and in line with the range of 2.0-3.3% during FY2021-FY2023. Slippages, however, remain higher in the retail segment as lumpy slippages in the corporate book have been limited. The headline asset quality numbers stayed healthy and the gross and net NPAs stood at 1.4% and 0.4%, respectively, as on March 31, 2025 (1.6% and 0.3%, respectively, as on March 31, 2024). This was supported by steady recoveries and upgrades. The credit provision spiked to 0.8% of advances in FY2025 from 0.4% in FY2024 as a higher share of slippages was from the unsecured segment (~19% of its retail loan book) on which the bank makes provisions on an accelerated basis. Axis Bank's overall restructured book also remained manageable (0.1% of standard advances) as on March 31, 2025.

Sustaining the asset quality and credit costs in the backdrop of the elevated stress in the unsecured loans segment and overleveraged borrowers in the unsecured retail segments would remain important. Moreover, any deterioration in the macro environment, along with geopolitical issues, would continue to be monitorable for the asset quality.

Environmental and social risks

While banks like Axis Bank do not face material physical climate risks, they are exposed to environmental risks indirectly through their portfolio of assets. If the entities or businesses, to which banks and financial institutions have an exposure, face business disruptions because of physical climate adversities or if they face climate transition risks because of technological, regulatory or customer behaviour changes, the same could translate into credit risks for banks. However, such risks are not material for Axis Bank as it benefits from adequate portfolio diversification. Further, the lending is typically short to medium term, allowing it to adapt and take incremental exposure to businesses that face relatively fewer downside environmental risks.

With regard to social risks, data security and customer privacy are among the key sources of vulnerability for banks as material lapses could be detrimental to their reputation and invite regulatory censure. Axis Bank has not faced such lapses over the years, which highlights its sensitivity to such risks. It is seen to be operating responsibly in terms of its selling practices with no instances of fines being imposed by the regulatory authorities because of misconduct. Customer preference is increasingly shifting towards digital banking, which provides an opportunity to reduce the operating costs. Axis Bank has been at the forefront of making the requisite investments to enhance its digital interface with its customers. While it contributes to promoting financial inclusion by lending to the underserved segments, its lending practices remain prudent, as reflected in the healthy asset quality numbers in this segment compared with its peers.

Liquidity position: Strong

Axis Bank's liquidity remains strong with the daily average liquidity coverage ratio (LCR) at 119% in Q4 FY2025 against the regulatory requirement of 100%. Besides this, the bank's reported net stable funding ratio (NSFR) stood at 123% as on March 31, 2025, above the regulatory ask of 100%. The excess statutory liquidity ratio (SLR) holding above the regulatory levels can be utilised to avail liquidity support from the Reserve Bank of India (RBI; through reverse repo) apart from the marginal standing facility of the RBI in case of urgent liquidity requirement.

Rating sensitivities

Positive factors – Not applicable as all the ratings are at the highest possible levels

Negative factors – ICRA could downgrade the ratings if there is a material weakening in the bank's liability franchise, thereby impacting its resource profile. This apart, a deterioration in the asset quality or capital position, leading to the weakening of the solvency profile with net NPA/core capital of more than 15% on a sustained basis, could be a negative trigger. Further, a sustained RoA of less than 1.0% and/or a fall in the capital cushions over the regulatory levels to less than 4% at the CET I level, on a sustained basis, will remain negative triggers. Additionally, the weakening of the distributable reserves (DRs) eligible for the coupon payment on the AT-I bonds will be a negative trigger for the rating for these bonds.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	ICRA's Rating Methodology for Banks and Financial Institutions ICRA's Policy on Withdrawal of Credit Ratings
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the standalone financials of Axis Bank. However, in line with ICRA's consolidation approach, the standalone assessment of the bank factors in the ordinary and extraordinary support that it is expected to extend to its subsidiaries.

About the company

Incorporated in December 1993, Axis Bank Limited is a private sector bank. Its promoter group includes Life Insurance Corporation of India (LIC), which held 7.91% of the shares as on March 31, 2025 (7.92% as on March 31, 2024 and 7.96% as on March 31, 2023). As on March 31, 2025, Axis Bank had the third-largest network of branches among private sector banks with 5,876 branches and an international presence through branches in DIFC (Dubai) and Singapore along with representative offices in Abu Dhabi, Sharjah, Dhaka and Dubai and an offshore banking unit in GIFT City.

Key financial indicators (standalone)

Axis Bank Limited	FY2024	FY2025
Total income	70,605	77,546
Profit after tax	24,861	26,373
Total assets (Rs. lakh crore)	14.77	16.10
CET I	13.74%	14.67%
CRAR	16.63%	17.07%
PAT/ATA	1.78%	1.71%
Gross NPAs	1.55%	1.38%
Net NPAs	0.34%	0.35%

Source: Axis Bank Limited, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore unless mentioned otherwise
Total income = Net interest income + Non-interest income (excluding trading gains)

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for past three years

Instrument	Current rating (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Jun-20-2025	FY2025		FY2024		FY2023	
				Date	Ratings	Date	Ratings	Date	Ratings
Fixed deposit	Long term	-	[ICRA]AAA (Stable)	Nov-19-24	[ICRA]AAA (Stable)	Nov-22-23	[ICRA]AAA (Stable)	Apr-7-22	[ICRA]AAA (Stable)
		-	-	Oct-17-24	[ICRA]AAA (Stable)	-	-	May-31-22	[ICRA]AAA (Stable)
		-	-	-	-	-	-	Sep-19-22	[ICRA]AAA (Stable)
		-	-	-	-	-	-	Dec-7-22	[ICRA]AAA (Stable)
		-	-	-	-	-	-	Mar-13-23	[ICRA]AAA (Stable)
Infrastructure bonds/Debentures	Long term	27,775	[ICRA]AAA (Stable)	Nov-19-24	[ICRA]AAA (Stable)	Nov-22-23	[ICRA]AAA (Stable)	Apr-7-22	[ICRA]AAA (Stable)
		-	-	Oct-17-24	[ICRA]AAA (Stable)	-	-	May-31-22	[ICRA]AAA (Stable)
		-	-	-	-	-	-	Sep-19-22	[ICRA]AAA (Stable)
		-	-	-	-	-	-	Dec-7-22	[ICRA]AAA (Stable)
		-	-	-	-	-	-	Mar-13-23	[ICRA]AAA (Stable)
Infrastructure bonds/Debentures	Long term	5,705	[ICRA]AAA (Stable); withdrawn	Nov-19-24	[ICRA]AAA (Stable)	Nov-22-23	[ICRA]AAA (Stable)	Apr-7-22	[ICRA]AAA (Stable)
		-	-	Oct-17-24	[ICRA]AAA (Stable)	-	-	May-31-22	[ICRA]AAA (Stable)
		-	-	-	-	-	-	Sep-19-22	[ICRA]AAA (Stable)
		-	-	-	-	-	-	Dec-7-22	[ICRA]AAA (Stable)
		-	-	-	-	-	-	Mar-13-23	[ICRA]AAA (Stable)

Instrument	Current rating (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Jun-20-2025	FY2025		FY2024		FY2023	
				Date	Ratings	Date	Ratings	Date	Ratings
Infrastructure bonds/Debentures	Long term	8,000	[ICRA]AAA (Stable)	-	-	-	-	-	-
Basel III Tier II bonds	Long term	22,730	[ICRA]AAA (Stable)	Nov-19-24	[ICRA]AAA (Stable)	Nov-22-23	[ICRA]AAA (Stable)	Apr-7-22	[ICRA]AAA (Stable)
		-	-	Oct-17-24	[ICRA]AAA (Stable)	-	-	May-31-22	[ICRA]AAA (Stable)
	-	-	-	-	-	-	-	Sep-19-22	[ICRA]AAA (Stable)
	-	-	-	-	-	-	-	Dec-7-22	[ICRA]AAA (Stable)
	-	-	-	-	-	-	-	Mar-13-23	[ICRA]AAA (Stable)
Basel III Tier II bonds	Long term	850	[ICRA]AAA (Stable); withdrawn	Nov-19-24	[ICRA]AAA (Stable)	Nov-22-23	[ICRA]AAA (Stable)	Apr-7-22	[ICRA]AAA (Stable)
		-	-	Oct-17-24	[ICRA]AAA (Stable)	-	-	May-31-22	[ICRA]AAA (Stable)
	-	-	-	-	-	-	-	Sep-19-22	[ICRA]AAA (Stable)
	-	-	-	-	-	-	-	Dec-7-22	[ICRA]AAA (Stable)
	-	-	-	-	-	-	-	Mar-13-23	[ICRA]AAA (Stable)
Basel III Tier I bonds	Long term	5,000	[ICRA]AA+ (Stable)	Nov-19-24	[ICRA]AA+ (Stable)	Nov-22-23	[ICRA]AA+ (Stable)	Apr-7-22	[ICRA]AA+ (Stable)
	-	-	-	Oct-17-24	[ICRA]AA+ (Stable)	-	-	May-31-22	[ICRA]AA+ (Stable)
	-	-	-	-	-	-	-	Sep-19-22	[ICRA]AA+ (Stable)
	-	-	-	-	-	-	-	Dec-7-22	[ICRA]AA+ (Stable)
	-	-	-	-	-	-	-	Mar-13-23	[ICRA]AA+ (Stable)
Certificates of deposit	Short term	60,000	[ICRA]A1+	Nov-19-24	[ICRA]AA+ (Stable)	Nov-22-23	[ICRA]A1+	Apr-7-22	[ICRA]A1+

Instrument	Current rating (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Jun-20-2025	FY2025		FY2024		FY2023	
				Date	Ratings	Date	Ratings	Date	Ratings
	-	-	-	Oct-17-24	[ICRA]A1+	-	-	May-31-22	[ICRA]A1+
	-	-	-			-	-	Sep-19-22	[ICRA]A1+
	-	-	-	-	-	-	-	Dec-7-22	[ICRA]A1+
	-	-	-	-	-	-	-	Mar-13-23	[ICRA]A1+
Basel II Lower Tier II bonds	Long term	-	-	-	-	-	-	Apr-7-22	[ICRA]AAA (Stable)
	-	-	-	-	-	-	-	May-31-22	[ICRA]AAA (Stable)
	-	-	-	-	-	-	-	Sep-19-22	[ICRA]AAA (Stable)
	-	-	-	-	-	-	-	Dec-7-22	[ICRA]AAA (Stable)
	-	-	-	-	-	-	-	Mar-13-23	[ICRA]AAA (Stable)

Complexity level of the rated instruments

Instrument	Complexity indicator
Infrastructure bonds	Very Simple
Basel III Tier II bonds	Highly Complex
Basel III Tier I bonds	Highly Complex
Certificates of deposit	Very Simple
Fixed deposit	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Basel III Tier I bonds	Yet to be placed			5,000	[ICRA]AA+ (Stable)
INE238A08435	Basel III Tier II bonds	Jun 15, 2017	7.66%	Jun 15, 2027	5,000	[ICRA]AAA (Stable)
INE238A08377	Basel III Tier II bonds	Sep 30, 2015	8.50%	Sep 30, 2025	1,500	[ICRA]AAA (Stable)
INE238A08393	Basel III Tier II bonds	May 27, 2016	8.50%	May 27, 2026	2,430	[ICRA]AAA (Stable)
INE238A08419	Basel III Tier II bonds	Nov 23, 2016	7.84%	Nov 23, 2026	1,800	[ICRA]AAA (Stable)
INE238A08435	Basel III Tier II bonds	Dec 13, 2022	7.88%	Dec 13, 2032	12,000	[ICRA]AAA (Stable)
INE238A08369	Basel III Tier II bonds	Feb 12, 2015	8.45%	Feb 12, 2025	850	[ICRA]AAA (Stable); withdrawn
INE238A08450	Infrastructure bonds	Dec 28, 2018	8.60%	Dec 28, 2028	3,000	[ICRA]AAA (Stable)
INE238A08385	Infrastructure bonds	Oct 30, 2015	8.25%	Oct 30, 2025	3,000	[ICRA]AAA (Stable)
INE238A08468	Infrastructure bonds	Jan 30, 2020	7.65%	Jan 30, 2027	4,175	[ICRA]AAA (Stable)
INE238A08476	Infrastructure bonds	Dec 22, 2021	6.99%	Dec 22, 2031	2,600	[ICRA]AAA (Stable)
INE238A08492	Infrastructure bonds	Mar 07, 2024	7.64%	Mar 07, 2034	3,851	[ICRA]AAA (Stable)
INE238A08500	Infrastructure bonds	Sep 05, 2024	7.45%	Sep 05, 2034	3,925	[ICRA]AAA (Stable)
INE238A08351	Infrastructure bonds	Dec 05, 2014	8.85%	Dec 05, 2024	5,705	[ICRA]AAA (Stable); withdrawn
NA	Infrastructure bonds	Yet to be placed			7,224	[ICRA]AAA (Stable)
NA	Infrastructure bonds	Yet to be placed			8,000	[ICRA]AAA (Stable)
NA	Fixed deposit	-	-	-	-	[ICRA]AAA (Stable)
NA	Certificates of deposit	Yet to be placed		7-365 days	12,805	[ICRA]A1+
INE238AD6835	Certificates of deposit	Dec 06, 2024	7.42%	Jun 06, 2025	2,425	[ICRA]A1+
INE238AD6843	Certificates of deposit	Dec 06, 2024	7.42%	Jun 05, 2025	1,425	[ICRA]A1+
INE238AD6868	Certificates of deposit	Dec 06, 2024	7.42%	Jul 15, 2025	50	[ICRA]A1+
INE238AD6868	Certificates of deposit	Dec 06, 2024	7.42%	Jul 15, 2025	2,300	[ICRA]A1+
INE238AD6876	Certificates of deposit	Dec 06, 2024	7.43%	Jul 16, 2025	2,150	[ICRA]A1+
INE238AD6884	Certificates of deposit	Dec 06, 2024	7.49%	Aug 22, 2025	765	[ICRA]A1+
INE238AD6884	Certificates of deposit	Dec 06, 2024	7.49%	Aug 22, 2025	250	[ICRA]A1+
INE238AD6892	Certificates of deposit	Dec 06, 2024	7.57%	Sep 05, 2025	2,050	[ICRA]A1+
INE238AD6900	Certificates of deposit	Dec 06, 2024	7.57%	Sep 04, 2025	2,000	[ICRA]A1+
INE238AD6918	Certificates of deposit	Dec 06, 2024	7.58%	Sep 09, 2025	2,050	[ICRA]A1+
INE238AD6934	Certificates of deposit	Dec 06, 2024	7.46%	Oct 08, 2025	405	[ICRA]A1+
INE238AD6942	Certificates of deposit	Dec 06, 2024	7.41%	Oct 10, 2025	2,450	[ICRA]A1+
INE238AD6959	Certificates of deposit	Dec 06, 2024	7.42%	Oct 09, 2025	825	[ICRA]A1+
INE238AD6983	Certificates of deposit	Dec 06, 2024	7.51%	Nov 13, 2025	300	[ICRA]A1+
INE238AD6983	Certificates of deposit	Dec 06, 2024	7.51%	Nov 13, 2025	1,850	[ICRA]A1+
INE238AD6991	Certificates of deposit	Dec 06, 2024	7.51%	Nov 12, 2025	2,300	[ICRA]A1+
INE238AD6AA7	Certificates of deposit	Dec 06, 2024	7.53%	Nov 18, 2025	250	[ICRA]A1+
INE238AD6AB5	Certificates of deposit	Dec 06, 2024	7.53%	Oct 17, 2025	250	[ICRA]A1+
INE238AD6AE9	Certificates of deposit	Jan 08, 2025	7.68%	Jan 08, 2026	1,865	[ICRA]A1+
INE238AD6AE9	Certificates of deposit	Jan 09, 2025	7.68%	Jan 08, 2026	450	[ICRA]A1+
INE238AD6AF6	Certificates of deposit	Jan 08, 2025	7.68%	Jan 07, 2026	1,525	[ICRA]A1+
INE238AD6AF6	Certificates of deposit	Jan 09, 2025	7.68%	Jan 07, 2026	450	[ICRA]A1+
INE238AD6AG4	Certificates of deposit	Jan 13, 2025	7.60%	Jun 26, 2026	800	[ICRA]A1+
INE238AD6AG4	Certificates of deposit	Jan 17, 2025	7.58%	Jun 26, 2026	510	[ICRA]A1+
INE238AD6AH2	Certificates of deposit	Jan 17, 2025	7.56%	Jun 16, 2026	100	[ICRA]A1+
INE238AD6AL4	Certificates of deposit	Feb 05, 2025	7.60%	Feb 05, 2026	1,900	[ICRA]A1+
INE238AD6AL4	Certificates of deposit	Feb 06, 2025	7.60%	Feb 05, 2026	500	[ICRA]A1+
INE238AD6AM2	Certificates of deposit	Feb 05, 2025	7.60%	Feb 04, 2026	2,310	[ICRA]A1+
INE238AD6AN0	Certificates of deposit	Mar 05, 2025	7.65%	Mar 04, 2026	2,325	[ICRA]A1+
INE238AD6AO8	Certificates of deposit	Mar 05, 2025	7.65%	Mar 05, 2026	700	[ICRA]A1+
INE238AD6AO8	Certificates of deposit	Mar 06, 2025	7.65%	Mar 05, 2026	1,600	[ICRA]A1+
INE238AD6AO8	Certificates of deposit	Mar 18, 2025	7.62%	Mar 05, 2026	15	[ICRA]A1+
INE238AD6AP5	Certificates of deposit	Mar 10, 2025	7.57%	Mar 09, 2026	1,650	[ICRA]A1+
INE238AD6AQ3	Certificates of deposit	Mar 11, 2025	7.57%	Mar 10, 2026	1,350	[ICRA]A1+
INE238AD6AR1	Certificates of deposit	May 15, 2025	6.50%	Aug 13, 2025	1,275	[ICRA]A1+

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
INE238AD6AR1	Certificates of deposit	May 16, 2025	6.50%	Aug 13, 2025	700	[ICRA]A1+
INE238AD6AS9	Certificates of deposit	May 15, 2025	6.50%	Aug 14, 2025	2,575	[ICRA]A1+
INE238AD6AS9	Certificates of deposit	May 16, 2025	6.50%	Aug 14, 2025	500	[ICRA]A1+

Source: Axis Bank; Certificates of deposit outstanding as on May 31, 2025

Key features of the rated instruments

The servicing of the Basel III Tier II bonds is not subject to any capital ratios and profitability. However, the Basel III Tier II bonds and Basel III Tier I bonds (AT-I bonds) are expected to absorb losses once the point of non-viability (PONV) trigger is invoked.

Further, the exercise of the call option on the Basel III Tier II and Tier I bonds is contingent upon the prior approval of the RBI. Moreover, the bank will need to demonstrate that the capital position is well above the minimum regulatory requirement, following the exercise of the said call option.

The rated Tier I bonds have the following loss-absorption features that make them riskier:

- Coupon payments are non-cumulative and discretionary and the bank has full discretion at all times to cancel coupon payments. Cancellation of discretionary payments shall not be an event of default.
- Coupons can be paid out of the current year's profits. If the current year's profit is not sufficient or if the payment of the coupon is likely to result in a loss, the coupon payment can be made through the reserves and surpluses² created via the appropriation of profits (including statutory reserves). However, the coupon payment is subject to the bank meeting the minimum regulatory requirements for the CET I, Tier I and total capital ratios (including capital conservation buffer, CCB) at all times as prescribed by the RBI under the Basel III regulations.

These Tier I bonds are expected to absorb losses through the write-down mechanism at the objective prespecified trigger point fixed at the bank's CET I ratio as prescribed by the RBI, i.e. 6.125% of the total risk-weighted assets (RWAs) of the bank or when the PONV trigger is breached in the RBI's opinion.

Given the above distinguishing features of the Tier I bonds, ICRA has assigned a one notch lower rating to these than the rating on the Tier II instruments. The DRs that can be used for servicing the coupon in a situation of inadequate profit or a loss during the year stood at a comfortable 8.6% of RWAs as on March 31, 2024.

The rating on the Tier I bonds continues to be supported by the bank's capital profile, which is likely to remain comfortable, given the outlook on its profitability. However, the transition to the expected credit loss (ECL) framework and its impact on the capital and DRs remain monitorable.

Annexure II: List of entities considered for consolidated analysis

Company name	Ownership*	Consolidation approach ⁵
Axis Capital Limited	100.00%	Full consolidation
Axis Trustee Services Limited	100.00%	Full consolidation
Axis Mutual Fund Trustee Limited	75.00%	Full consolidation
Axis Asset Management Company Limited	75.00%	Full consolidation
Axis UK Ltd	100.00%	Full consolidation
Axis Finance Limited	100.00%	Full consolidation
Axis Securities Limited	100.00%	Full consolidation
A.Treds Ltd	67.00%	Full consolidation
Freecharge Payment Technologies Pvt Ltd	100.00%	Full consolidation
Freecharge Business Technology and Services Limited	100.00%	Full consolidation
Axis Max Life Insurance Limited [^]	19.02%	Full consolidation

Source: Axis Bank; *As on Mar 31, 2025; ⁵As per ICRA's rating methodology on consolidation as mentioned in analytical approach section

[^]Axis Bank accounts for Axis Max Life Insurance Limited as an associate in its consolidated financial statements/results

² Calculated as per the amendment in Basel III capital regulations for Tier I bonds by the RBI, vide its circular dated February 2, 2017. As per the amended definition, DRs include all reserves created through appropriations from the profit and loss account

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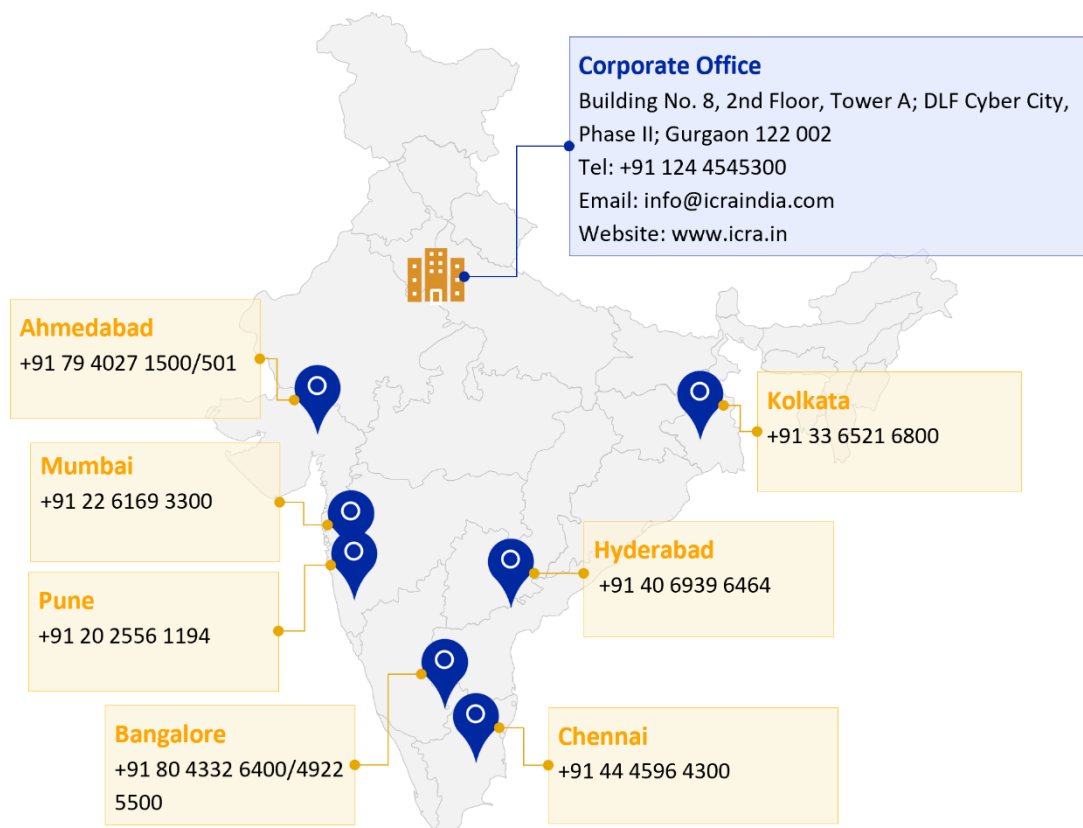


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