

April 08, 2026

## Axis Bank Limited: Ratings reaffirmed and withdrawn for matured instruments

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Basel III Tier I bonds	5,000.00	5,000.00	[ICRA]AA+ (Stable); reaffirmed
Basel III Tier II bonds	21,230.00	21,230.00	[ICRA]AAA (Stable); reaffirmed
Basel III Tier II bonds	1,500.00	-	[ICRA]AAA (Stable); reaffirmed and withdrawn
Infrastructure bonds	32,775.00	32,775.00	[ICRA]AAA (Stable); reaffirmed
Infrastructure bonds	3,000.00	-	[ICRA]AAA (Stable); reaffirmed and withdrawn
Certificates of deposit	60,000.00	60,000.00	[ICRA]A1+; reaffirmed
Fixed deposit	-	-	[ICRA]AAA (Stable); reaffirmed
<b>Total</b>	<b>1,23,505.00</b>	<b>1,19,005.00</b>	

\*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 5.8%<sup>1</sup> share in advances and a 5.3% share in the deposits of the banking system as on December 31, 2025. The ratings also factor in the bank's strong capitalisation profile with the common equity Tier I (CET I) ratio at 14.50%<sup>2</sup> of the risk-weighted assets (RWAs) as on December 31, 2025 (14.61% as on December 31, 2024), well above the regulatory level, largely 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). ICRA expects NIMs to remain under pressure for some time, given the elevated funding cost amid the current geopolitical turmoil and persisting challenges in raising deposits. However, some improvement in margins is expected in the later part of FY2027 with expected ease in funding costs and downward repricing of the deposit base. This will help the bank maintain steady profitability with sufficient internal accruals generation 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 stable despite the uptick in slippages, supported by steady recoveries and upgrades. Over and above this, Axis Bank continues to operate with prudent provisions at 0.4% of standard advances, 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 persisting stress in the unsecured segments and any shock arising out of the ongoing macroeconomic and geopolitical developments, especially for the micro, small and medium enterprises (MSME) segment, 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 infrastructure bonds, amounting to Rs. 1,500.00 crore and Rs. 3,000.00 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 ([click here for the policy](#)).

<sup>1</sup> All ratios as per ICRA's calculations

<sup>2</sup> Including profits for the interim period

## 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 5.8% as on December 31, 2025 (5.8% as on December 31, 2024). It was able to maintain its market share in 9M FY2026, driven by the strong growth across the corporate and small and medium enterprise (SME) segments amid tepid growth in retail. 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 life insurance business with the Group's stake at ~19% in Axis Max Life Insurance Limited as on December 31, 2025.

Axis Bank's net advances grew by 14.2% YoY to Rs. 11.59 lakh crore as on December 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 (6% YoY growth), it still accounted for ~56% of its loan book. Going forward, ICRA expects the bank to remain focussed on growing its granular retail book.

**Capital cushions remain strong** – Axis Bank's capitalisation profile remains strong with the CET I ratio and the capital-to-risk weighted assets ratio (CRAR) at 14.50% and 16.55%, respectively, as on December 31, 2025. The healthy capital cushion was supported by the capital raise during FY2018-FY2021, coupled with the improved earnings profile thereafter. 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.

Besides this, the subsidiaries largely remain self-sufficient in meeting their capital requirements although a few may need capital support, which is likely to remain manageable in relation to the bank's existing capital levels.

**Steady growth in granular deposit base** – The bank's deposit base grew at a healthy rate of 15% YoY to Rs. 12.61 lakh crore as on December 31, 2025. Within overall deposits, low-cost CASA stood strong at 39.1% as on December 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 with CASA and RTD together dominating 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 4.96% in 9M FY2026 (5.21% in FY2025) compared to the banking sector average of 5.15% (5.31% in FY2025). The decline in the cost of funds was driven by cumulative rate cuts of 125 basis points by the Reserve Bank of India (RBI) since February 2025. Nevertheless, competition for retail deposits remains intense. 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 increase in credit costs and pressure on NIMs** – Axis Bank's credit provision spiked to 1.2% (annualised) of advances in 9M FY2026 from 0.9% in 9M FY2025 (0.8% in FY2025) due to the one-time standard asset provision of ~Rs. 1,230 crore (on discontinued crop loan variants) and the higher share of slippages from the unsecured segment (~27% of its retail loan book) on which it makes provisions on an accelerated basis. Additionally, the faster repricing of assets compared to liabilities led to a compression in NIM/average total assets to 3.30% in 9M FY2026 (3.60% in 9M FY2025, 3.52% in FY2025). However, steady non-interest income, coupled with lower opex (2.29% in 9M FY2026 vs 2.46% in 9M FY2025), helped the bank maintain a healthy annualised return on assets (RoA) of 1.4% in 9M FY2026 (1.7% in 9M FY2025). Moreover, it continued to hold prudent provisions of Rs. 5,012 crore or 0.4% of standard advances as on December 31, 2025. Going forward, Axis Bank's profitability metrics are expected to remain broadly stable, supported by the normalisation of credit costs and the expectation of an improvement in margins in the later part of FY2027.

## Credit challenges

**Asset quality remains monitorable** – The gross fresh non-performing advances (NPA) generation rate rose to 2.6% (annualised) in 9M FY2026 (higher than 2.0% in FY2025 and 1.7% in FY2024) due to changes in the process of recognising slippages (technical impact) and higher slippages in the retail segment even as lumpy slippages in the corporate book were limited. However, the headline asset quality numbers stayed healthy and the gross and net NPAs stood at 1.5% and 0.4%, respectively, as on December 31, 2025 (1.4% and 0.4%, respectively, as on March 31, 2025), supported by steady recoveries and upgrades. Additionally, Axis Bank's overall restructured book remained manageable (0.1% of standard advances) as on December 31, 2025.

Sustaining the asset quality and credit costs in the backdrop of geopolitical issues and evolving trends in the retail unsecured and MSME segments could affect the debt-servicing ability of borrowers. Thus, the resultant impact on the asset quality remains monitorable. Axis Bank's ability to contain slippages in these segments and maintain high recovery rates will continue to be key for maintaining strong asset quality indicators in the near-to-medium term.

## 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 116% in Q3 FY2026 against the regulatory requirement of 100%. Besides this, the bank's reported net stable funding ratio (NSFR) stood at 113% as on December 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 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	<a href="#">ICRA's Rating Methodology for Banks and Financial Institutions</a> <a href="#">ICRA's Policy on Withdrawal of Credit Ratings</a>
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 8.15% of the shares as on December 31, 2025 (7.91% as on March 31, 2025 and 7.92% as on March 31, 2024). As on December 31, 2025, Axis Bank had the third-largest network of branches among private sector banks with 6,110 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	9M FY2026
Total income	70,605	77,546	59,720
Profit after tax	24,861	26,373	17,385
Total assets (Rs. lakh crore)	14.77	16.10	17.52
CET I	13.74%	14.67%	14.50%*
CRAR	16.63%	17.07%	16.55%*
PAT/ATA	1.78%	1.71%	1.38%^
Gross NPAs	1.55%	1.38%	1.47%
Net NPAs	0.34%	0.35%	0.44%

Source: Axis Bank Limited, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore unless mentioned otherwise

\*includes interim period profits; ^ Annualised; 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 (FY2027)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Apr-08-2026	FY2026		FY2025		FY2024	
				Date	Ratings	Date	Ratings	Date	Ratings
<b>Fixed deposit</b>	Long term	-	[ICRA]AAA (Stable)	Jun-20-2025	[ICRA]AAA (Stable)	Nov-19-2024	[ICRA]AAA (Stable)	Nov-22-2023	[ICRA]AAA (Stable)
		-	-	-	-	Oct-17-2024	[ICRA]AAA (Stable)	-	-
<b>Infrastructure bonds/Debentures</b>	Long term	32,775	[ICRA]AAA (Stable)	Jun-20-2025	[ICRA]AAA (Stable)	Nov-19-2024	[ICRA]AAA (Stable)	Nov-22-2023	[ICRA]AAA (Stable)
		-	-	-	-	Oct-17-2024	[ICRA]AAA (Stable)	-	-
<b>Basel III Tier II bonds</b>	Long term	21,230	[ICRA]AAA (Stable)	Jun-20-2025	[ICRA]AAA (Stable)	Nov-19-2024	[ICRA]AAA (Stable)	Nov-22-2023	[ICRA]AAA (Stable)
		-	-	-	-	Oct-17-2024	[ICRA]AAA (Stable)	-	-
<b>Basel III Tier I bonds</b>	Long term	5,000	[ICRA]AA+ (Stable)	Jun-20-2025	[ICRA]AA+ (Stable)	Nov-19-2024	[ICRA]AA+ (Stable)	Nov-22-2023	[ICRA]AA+ (Stable)
	-	-	-	-	-	Oct-17-2024	[ICRA]AA+ (Stable)	-	-
<b>Certificates of deposit</b>	Short term	60,000	[ICRA]A1+	Jun-20-2025	[ICRA]A1+	Nov-19-2024	[ICRA]AA+ (Stable)	Nov-22-2023	[ICRA]A1+
	-	-	-	-	-	Oct-17-2024	[ICRA]A1+	-	-

## Complexity level of the rated instruments

Instrument	Complexity indicator
Infrastructure bonds	Simple
Basel III Tier I bonds	Highly Complex
Basel III Tier II bonds	Highly Complex
Certificates of deposit	Simple
Fixed deposit	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)
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)
INE238A08484	Basel III Tier II bonds	Dec 13, 2022	7.88%	Dec 13, 2032	12,000	[ICRA]AAA (Stable)
INE238A08377	Basel III Tier II bonds	Sep 30, 2015	8.50%	Sep 30, 2025	1,500	[ICRA]AAA (Stable); withdrawn
INE238A08450	Infrastructure bonds	Dec 28, 2018	8.60%	Dec 28, 2028	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)
INE238A08518	Infrastructure bonds	Nov 26, 2025	7.27%	Nov 26, 2035	5,000	[ICRA]AAA (Stable)
INE238A08385	Infrastructure bonds	Oct 30, 2015	8.25%	Oct 30, 2025	3,000	[ICRA]AAA (Stable); withdrawn
NA	Infrastructure bonds		Yet to be placed		10,224	[ICRA]AAA (Stable)
NA	Fixed deposit	-	-	-	-	[ICRA]AAA (Stable)
NA	Certificates of deposit	Yet to be placed		7-365 days	60,000	[ICRA]A1+

Source: Axis Bank; Certificates of deposit outstanding as on March 26, 2026

### 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 surpluses<sup>3</sup> created via the appropriation of profits (including statutory reserves). However, the coupon payment is subject to the bank meeting the

<sup>3</sup> 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

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 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 10.5% of RWAs as on March 31, 2025.

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 <sup>§</sup>
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 <sup>^</sup>	19.02%	Full consolidation

Source: Axis Bank; \*As on December 31, 2025; <sup>§</sup>As per ICRA's rating methodology on consolidation as mentioned in the analytical approach section

<sup>^</sup> Axis Bank accounts for Axis Max Life Insurance Limited as an associate in its consolidated financial statements/results

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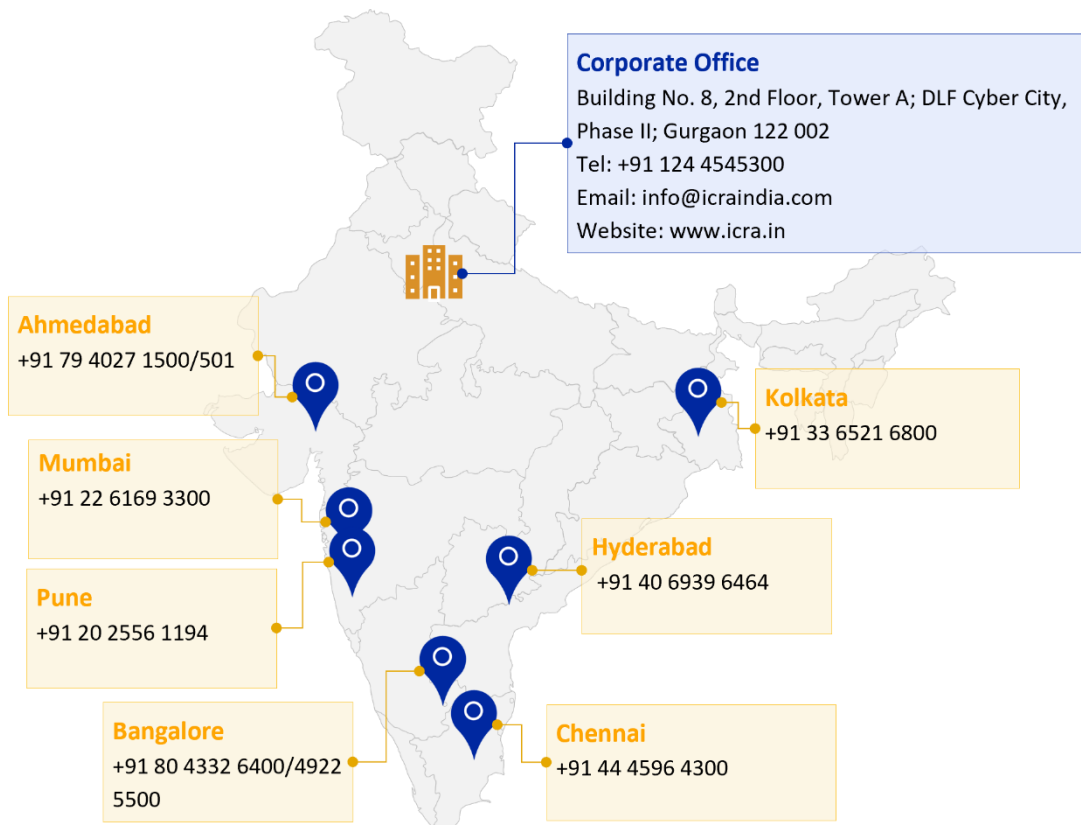


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