

AXIS/CO/CS/616/2022-23

March 24, 2023

Listing & Compliance Department  
National Stock Exchange of India Limited  
Exchange Plaza, 5th Floor  
Plot No. C/1, "G" Block  
Bandra-Kurla Complex  
Bandra (E), Mumbai – 400 051

Listing Department  
BSE Limited  
1<sup>st</sup> Floor,  
P. J. Towers,  
Dalal Street  
Fort, Mumbai – 400 001

NSE Symbol: AXISBANK

BSE Scrip Code : 532215

Dear Sir(s),

**SUB: RATING ACTION BY S&P GLOBAL RATINGS.**

**REF: REGULATION 30 OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 ("LISTING REGULATIONS").**

This is to inform you that credit rating agency S&P Global Ratings has reaffirmed credit rating for Axis Bank Limited as 'BBB-/Stable/A-3. A copy of rationale letter issued by S&P Global Ratings dated March 23, 2023 is enclosed herewith.

This is for your information and records.

Thanking you.

With warm regards,

**For Axis Bank Limited**

**Sandeep Poddar  
Company Secretary**

Encl.: As above  
CC: London Stock Exchange  
Singapore Stock Exchange

# RatingsDirect®

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## Axis Bank Ltd.

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# Axis Bank Ltd.

## Ratings Score Snapshot

### Issuer Credit Rating

BBB-/Stable/A-3

SACP: bbb-



Support: 0



Additional factors: 0

Anchor	bb+	
Business position	Strong	+1
Capital and earnings	Adequate	0
Risk position	Adequate	0
Funding	Adequate	0
Liquidity	Adequate	
CRA adjustment	0	

ALAC support	0
GRE support	0
Group support	0
Sovereign support	0

Issuer credit rating
<b>BBB-/Stable/A-3</b>

ALAC--Additional loss-absorbing capacity. CRA--Comparable ratings analysis. GRE--Government-related entity. ICR--Issuer credit rating. SACP--Stand-alone credit profile.

## Credit Highlights

### Key strengths

Third-largest private-sector bank in India, with a diverse business franchise.  
Good earnings support capitalization.

### Key risks

Higher inflation and rising interest rates could hurt asset quality.

**Axis Bank Ltd.'s acquisition of Citigroup Inc.'s consumer portfolio in India will boost its retail franchise.** The acquired portfolio is equivalent to about 4% of Axis Bank's loans, and comprises credit cards, mortgage loans, personal loans, asset-backed finance, and small business banking loans. Axis' market share in credit cards advances has improved to 16% from about 11% prior to the acquisition. The bank completed the acquisition on March 1, 2023. Full integration of assets will happen over the next 18 months.

**Axis' asset quality should be stable over the next 12-24 months.** We forecast the bank's weak loans (nonperforming loans and restructured loans) will stay at 2.5%-3.0% of total loans as of March 31, 2024, from 2.8% as of Dec. 31, 2022. India's robust macroeconomic conditions should support this.

In our opinion, Axis can absorb a moderate rise in credit stress from higher inflation and rising interest rates. Credit costs are likely to stay under 1% over the next two years.

**Good capitalization and a stable funding profile should continue to support Axis' credit profile.** The bank's risk-adjusted capital (RAC) ratio will likely decline to 7.0%-7.5% over the next two years, from 8.4% as of March 31,

2022. This includes a one-time impact of the acquisition cost and the write off of goodwill and intangibles generated on acquisition in the last quarter of fiscal 2023 (ending March 31, 2023). Steady growth in Axis' retail deposit base as well as good access to capital markets should support its funding profile.

## Outlook

The stable outlook on Axis reflects our view that the bank will maintain its strong market position in India's banking sector over the next two years. Axis' capitalization should stay comfortable, notwithstanding an expected decline from the acquisition of Citigroup Inc.'s retail portfolio in India. Steady growth in Axis' retail deposit base as well as good access to capital markets should support its funding profile.

### Downside scenario

We may lower the ratings on Axis Bank if the bank's asset quality deteriorates sharply. This could happen if economic conditions in India deteriorate, resulting in asset quality stress for the bank.

### Upside scenario

An upgrade of Axis Bank is unlikely over the next one to two years. This is because an upgrade will require an improvement in the bank's financial profile as well as the sovereign credit rating on India.

## Key Metrics

### Axis Bank Ltd.--Key Ratios And Forecasts\*

(Mil. INR)	--Fiscal year ended March 31--				
	2021	2022	2023f	2024f	2025f
Growth in customer loans (%)	8.3	13.9	14.0-16.0	15.0-17.0	15.0-17.0
Net interest income/average earning assets (NIM) (%)	3.6	3.5	3.8-4.2	3.9-4.4	4.0-4.4
Cost to income ratio (%)	44.7	52.3	48.0-52.0	50.0-54.0	49.0-53.0
Return on assets (%)	0.8	1.3	1.1-1.3	1.3-1.5	1.4-1.6
New loan loss provisions/average customer loans (%)	2.3	0.6	0.6-1.1	0.6-1.1	0.6-1.1
Gross nonperforming assets/customer loans (%)	4.5	3.7	3.0-3.5	3.0-3.5	3.0-3.5
Risk-adjusted capital ratio (%)	8.5	8.4	7.5-7.9	7.3-7.7	7.2-7.6

\*All figures adjusted by S&P Global Ratings. INR--Indian rupee. f--forecasts. NIM--Net interest margin.

## Anchor: 'bb+' For Banks Operating Primarily In India

The starting point for our ratings on Axis is 'bb+', the same for any bank operating predominantly in India.

Banks in India are exposed to high economic risks despite relatively moderate private-sector debt in the economy, partly due to low-income levels. A weak legal framework for creditors in India substantially accentuates risks facing

lenders. We see good growth prospects for the Indian economy over the next couple of years.

We believe the banking sector's credit losses and nonperforming assets are heading toward their long-term averages after an unwinding of stresses in the banking system in the past four years. India's economic recovery should restrain the imbalances in the next two years.

The Indian banking sector's funding profile remains a strength. In our view, banking regulations are broadly in line with international standards, although the financial regulator has a mixed record of preventing problems. Weak governance and transparency also undermine the institutional framework for the banking sector. We consider that directed lending by the government and the presence of many government-owned banks distort competition. We expect the earnings of Indian banks to continue to improve as credit costs normalize.

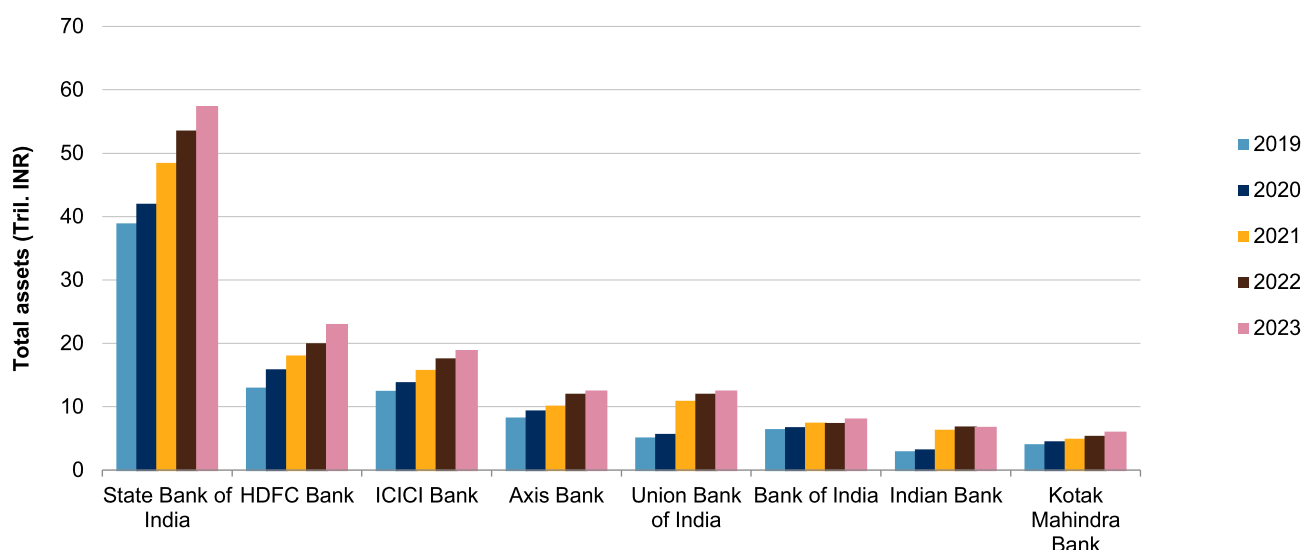
## Business Position: Competitive Position And Franchise To Stay Strong

Axis will maintain its strong business franchise as one of the largest private-sector banks in India (see chart 1). It is the third-largest private bank in India, with a 6% market share of loans (5% of deposits) and assets of Indian rupee (INR) 12.4 trillion (US\$150 billion) as of Dec. 31, 2022.

The bank has diversity across product and customer segments. It is also likely to remain a leader in domestic debt capital markets and a strong player in cash management services and payments. Overseas loans should remain a small part of its portfolio, with incremental loans focused on India-linked business.

**Chart 1**

### Axis Bank Is Expanding Its Asset Base



Note: Fiscal year ending March 31. 2023 data is as of Dec. 31, 2022. INR--Indian rupee. Source: Company filings.  
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Axis' acquisition of Citi's consumer banking portfolio in India will strengthen its retail market position and diversify its revenue profile. The acquired portfolio is equivalent to about 4% of Axis' loans and will add 20 basis points to the bank's loan market share in India. The acquired business comprises credit cards, mortgage loans, personal loans, asset-backed finance, and small business banking loans.

Citi's portfolio also mainly comprises affluent clients, whose credit quality tends to be better than mass-market customers. Citi's spending per credit card is higher than Axis' as well as the average for Indian banks. Axis' credit-card customer base will increase by 1.8 million, a 19% jump, enhancing its market position in this segment.

Axis is likely to successfully execute its strategy for sustainable profit growth. We believe the senior management has the necessary skills and capabilities to manage steady growth while containing risks. The bank will likely continue to focus on retail, small businesses and rural segments. Enhancements to customer-facing digital platforms and risk management should sustain long-term business growth, with loans and deposits increasingly sourced through digital platforms.

Axis' retail advances and fee income should increase over the next two years as the bank continues to grow its distribution network. A focus on affluent retail and corporate transaction management, strong economic activity, and growth in third-party distribution of insurance products should boost fee income. Group subsidiaries should continue to play an important role in the growth and diversification of the Axis franchise.

## Capital And Earnings: Earnings Will Support Good Capitalization

We forecast Axis' RAC ratio will decline to 7.0%-7.5% over the next two years, from 8.4% as of March 31, 2022, due to acquisition costs incurred in the last quarter of fiscal 2023. Axis' internal capital generation should support growth plans and any additional provisioning requirements.

In our base case, we have assumed the following:

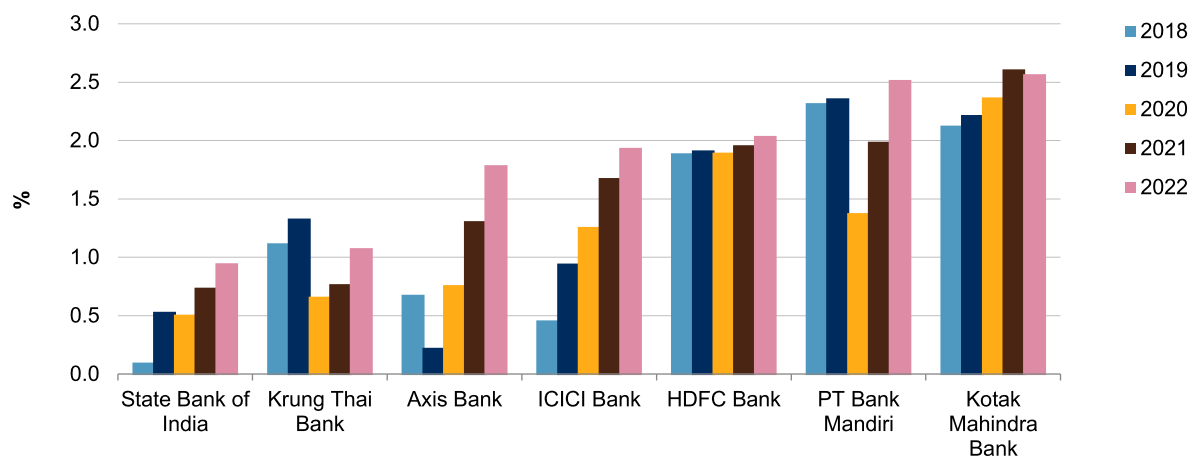
- Organic loan growth of 15%-16% over the next two years, in line with India's economic recovery. Growth should primarily come from the retail and small and midsize enterprises business, and from loans to high-quality corporates.
- Improving margins from policy rate hikes and a higher share of unsecured retail loans.
- Still elevated cost-to-income ratio of 50%-51% due to the bank's technology investments and acquisition integration costs.
- Credit costs staying below 1% as asset quality risks remain contained.
- Improvement in ratio of core earnings to average assets to 1.5%-1.6% over the next two years. Profitability is likely to be lower in fiscal 2023 due to a one-time impact of writing off goodwill and intangibles generated from the acquisition of the Citi portfolio.
- Dividend payouts of 20%-25% of net income.

We forecast Axis' profitability will improve but stay lower than that of private-sector Indian peers such as HDFC Bank

Ltd. and ICICI Bank Ltd. (see chart 2). This is mainly due to Axis' lower margins on account of: (a) the bank's higher share of wholesale borrowings that drive up funding costs; and (b) its relatively lower share of unsecured retail loans (see chart 3).

**Chart 2**

**Axis Bank's Earnings Are Improving**  
Core earnings/average adjusted assets

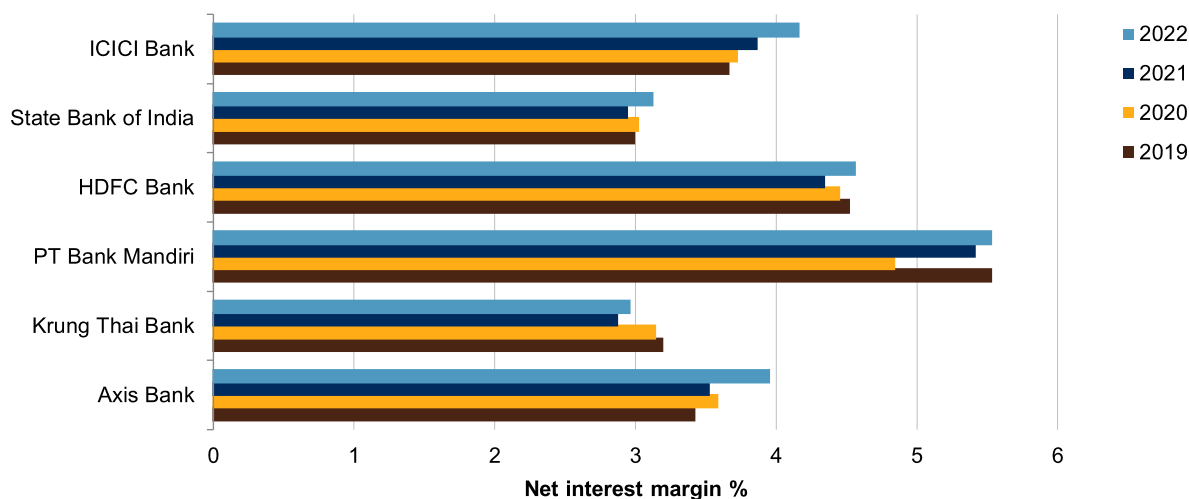


For Indian banks, fiscal year ends March 31. For Indian banks, 2022 data is annualized for nine months ended Dec. 31, 2022. Source: S&P Global Ratings.

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**Chart 3**

**Axis Bank's Margins Lag Those Of Large Indian Private Banks'**



For Indian banks, 2021 refers to fiscal year ending March 31, 2022. For Indian banks, 2022 data is annualized for the nine months ended Dec. 31, 2022. Source: S&P Global Ratings.

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Axis' Citi portfolio acquisition is positive for the Indian bank's long-term profitability. A large part of the portfolio is unsecured, where yields are higher than mortgages. Also, the acquired deposits are mostly low-cost savings accounts, with good quality corporate salary accounts where cross-selling can be profitable.

That said, we expect significant profitability improvements to only accrue from fiscal 2026 onward because full integration is likely only by September 2024. Earnings improvement will also depend on Axis' ability to retain acquired customers and cross-sell its products and services to them.

Axis' capitalization will remain toward the higher end of domestic peers'. In line with our approach for the peers, we count only 45% of the bank's property revaluation reserves in total adjusted capital (rather than 100%). This matches the maximum recognition by the Reserve Bank of India (RBI).

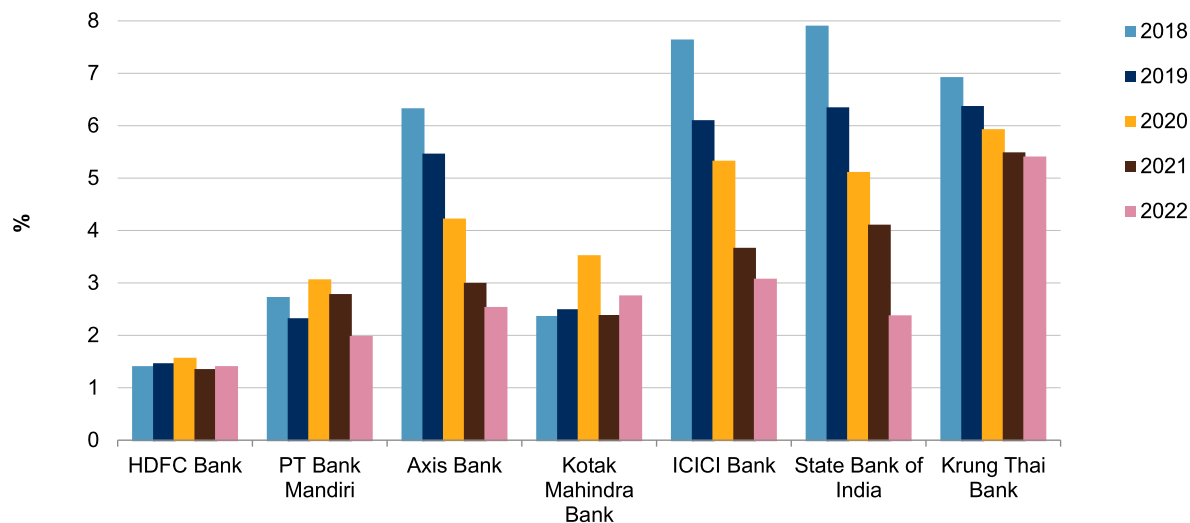
Unlike our treatment of public-sector banks in India, we recognize Axis' Basel III-compliant additional Tier-1 instruments as capital. That is because we believe the instruments will absorb losses on a going concern basis and be a permanent part of the bank's capital structure.

## **Risk Position: Asset Quality Improvement Is Sustainable**

Axis should be able to maintain its good asset quality, supported by stable macroeconomic conditions in India and the bank's well-developed risk management (see chart 4). We forecast Axis' weak loans, defined as nonperforming loans and standard restructured loans (including loans restructured due to COVID), to stay stable at 2.5%-3.0% of total customer loans by end-March 2024, from 2.8% as of Dec. 31, 2022. COVID restructured loans have fallen to 0.3% of total loans as of end-December 2022, from 0.6% as of Dec. 31, 2021. Credit costs could likely stay below 1% while asset quality risks remain contained (see chart 5).

**Chart 4**

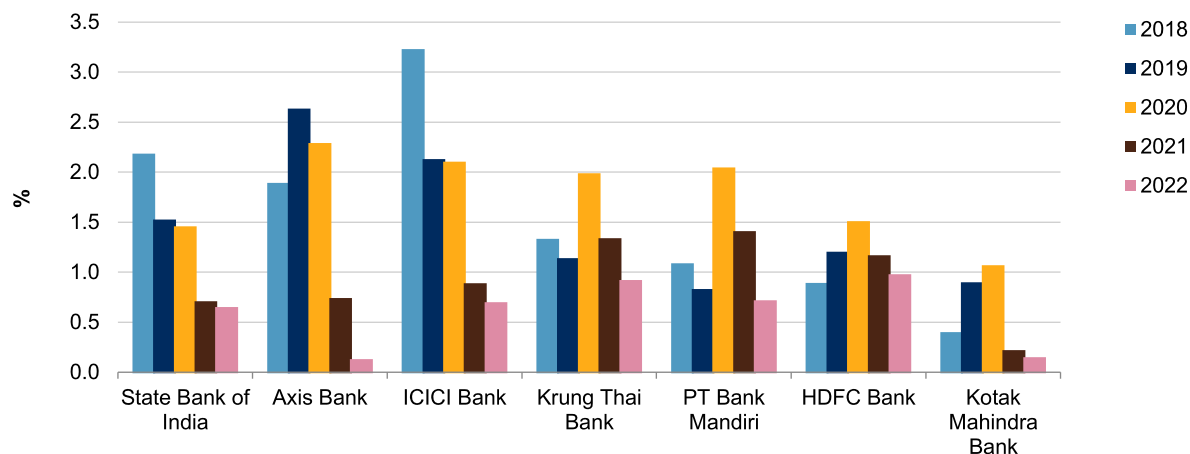
**Axis Bank's Nonperforming Loans Ratio Is Comparable To Peers'**  
Gross nonperforming loan ratio (%)



For Indian banks, fiscal year ends March 31. Source: S&P Global Ratings.  
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**Chart 5**

**Axis Bank's Credit Costs Have Declined Sustainably**  
New loan loss provisions/average customer loans



For Indian banks, fiscal year ends March 31. For Indian banks, 2022 data is annualized for nine months ended Dec. 31, 2022. Source: S&P Global Ratings.  
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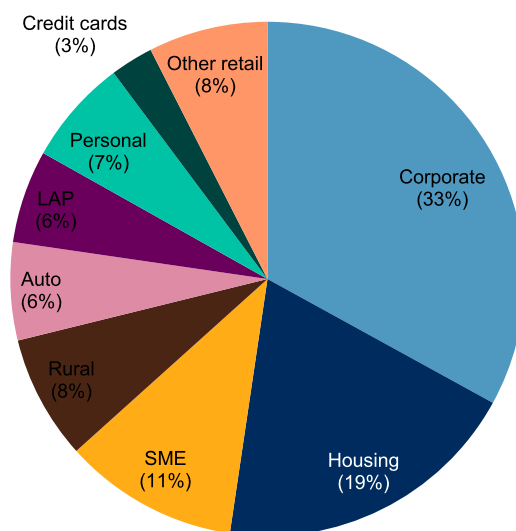
In our view, Axis can absorb the impact of higher inflation and interest rates. The small and midsize enterprise sector and low-income households are vulnerable to rising interest rates and high inflation. However, in our base case of moderate interest-rate hikes, these risks are manageable for Axis. The bank's ample provisioning and capital buffers can help absorb a moderate rise in credit stress. Cumulative provisions covered about 2% on loans classified as standard as of Dec. 31, 2022. The bank has prudently boosted provision coverage on restructured loans, with 100% provided for unsecured retail loans.

Axis' tighter risk management should also support credit quality. The bank's asset quality is likely to stay better than the Indian sector average and comparable to that of similar rated international peers over the next two years. This follows gradual improvements in recent years with a resolution and recovery of legacy weak loans.

In our view, Axis will maintain a diversified loan portfolio, with an increasing share of retail loans (see chart 6). Most retail loans are to salaried professionals and have low loan-to-value ratios (e.g. the average for home loans is 53%). While the bank's strategy is to increase lending to rural and semi-urban customers, its majority exposure to secured loans (79% of retail loans as of Dec. 31, 2022) offers protection against potentially less-creditworthy customers.

**Chart 6**

**Axis Bank Has A Diversified Loan Book**  
Loan book breakdown as of Dec. 31, 2022



Other retail includes commercial equipment, small business loans, education loans and gold loans.  
SME--Small and mid-sized enterprises. LAP--Loans against property. Sources: Bank reports, S&P Global Ratings.  
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## Funding And Liquidity: Good Access To Funding And Liquidity To Stay

We believe Axis will maintain good funding and liquidity over the next 12 months. This is in line with the Indian sector average.

Axis' large and stable retail deposit base, strong domestic franchise, and digital platforms support give it access to low-priced and diverse funding. The bank has also been able to raise significant capital amid the pandemic. Its proportion of low-cost deposits, at about 44% of total deposits as of Dec. 31, 2022, is similar to that of peers such as HDFC Bank and ICICI Bank. However, wholesale borrowings form a larger portion of funding, at about 20%, compared with 10%-15% for the larger Indian peers. This also results in deposits having relatively higher concentration. The top 20 deposits accounted for about 10% of Axis' total deposits as of March 31, 2022, compared with 4%-5% for HDFC Bank and ICICI Bank.

We estimate Axis' broad liquid assets will cover its short-term funding obligations by at least 2x. This compares well with global peers'. All banks in India are required to hold a significant amount of government bonds. They are also largely funded by domestic deposits. These banks' liquidity metrics are therefore sound relative to international banks'.

## Support: Moderately High Systemic Importance, But No Uplift To The Rating

Axis does not get a rating uplift from government support. This is because the bank's stand-alone credit profile is same as the sovereign rating.

We assess Axis as being systemically important to India's banking system. The bank's large market share and brand recognition in India support our view that its failure would disrupt the banking system and the wider economy.

While the RBI does not designate Axis as a domestic systemically important bank, we believe Axis' failure would create a loss of confidence that would spread to other private-sector banks. Given the government's high support for the banking system and desire to protect creditors from losses, it could possibly provide some support to the bank in a stress scenario.

## Environmental, Social, And Governance

### ESG Credit Indicators

E-1	<b>E-2</b>	E-3	E-4	E-5	S-1	<b>S-2</b>	S-3	S-4	S-5	G-1	G-2	<b>G-3</b>	G-4	G-5
- N/A					- N/A					- Transparency and reporting				

N/A—Not applicable. ESG credit indicators provide additional disclosure and transparency at the entity level and reflect S&P Global Ratings' opinion of the influence that environmental, social, and governance factors have on our credit rating analysis. They are not a sustainability rating or an S&P Global Ratings ESG Evaluation. The extent of the influence of these factors is reflected on an alphanumerical 1-5 scale where 1 = positive, 2 = neutral, 3 = moderately negative, 4 = negative, and 5 = very negative. For more information, see our commentary "ESG Credit Indicators: Definition And Applications," published Oct. 13, 2021.

We see environmental, social, and governance factors for Axis to be broadly in line with those for its industry and domestic peers. According to RBI's requirements, domestic commercial banks must have 40% of their adjusted net bank credit or the credit equivalent of off-balance-sheet exposure (whichever is higher) in priority-sector lending.

Axis is pushing into priority-sector lending via a strategic initiative, Bharat Banking. This aims to extend credit in rural and semi-urban areas and support economic growth. Furthermore, the bank is using its digital platforms to increase access to financial services. It maintains a foundation that helps small farmers enhance their income and provide vocational skills for unemployed youth.

Governance factors are a moderately negative consideration in our credit rating analysis of Axis. We believe governance and transparency for Indian banks are weak by global standards. Axis has strengthened its internal controls and monitoring systems following a recent investigation at its mutual-fund unit for potential irregularities.

In our view, Axis maintains a well-developed risk management and governance framework that covers the group's activities. The bank's framework is also better than those of Indian public-sector banks. Moreover, since the change in senior management in 2019, the bank has been pursuing calibrated growth and prudent provisioning. It has also maintained adequate capital buffers.

Like other Indian financial institutions, we view environmental factors as neutral to the creditworthiness of Axis. Axis aims to lend INR300 billion (2%-3% of total loans) by fiscal 2026 to sectors with positive environmental and social outcomes. The bank had achieved one-third of this target by March 31, 2022. The bank has incorporated environmental and social risk assessments in its credit decision-making. It has also raised green bonds to finance these loans.

Axis is offering a 0.5% interest discount for new electric vehicle loans. The bank plans to scale down its exposure to carbon-intensive sectors, although there is a lack of quantitative thresholds on such reduction.

Axis' exposures to vulnerable sectors are generally lower than the average for Indian peers. As of Dec. 31, 2022, the bank had about 1.2% outstanding fund-based exposure to the power sector, 1.8% to petroleum, coal, and nuclear fuels, and about 1.9% exposure to the iron and steel, and cement product segments.

## Key Statistics

**Table 1**

Axis Bank Ltd.--Key Figures					
--Fiscal year ended March 31--					
(Mil. INR)	2023*	2022	2021	2020	2019
Adjusted assets	12,403,951.6	11,878,929.6	10,029,230.8	9,229,472.9	8,106,767.6
Customer loans (gross)	7,990,575.6	7,385,426.1	6,486,069.1	5,990,889.9	5,187,802.4
Adjusted common equity	1,350,864.3	1,159,862.0	1,020,709.5	852,316.8	659,800.6
Operating revenues	431,871.0	488,733.8	433,556.6	403,776.9	341,749.2
Noninterest expenses	207,178.4	255,726.5	198,911.9	204,201.4	173,747.9

**Table 1**

<b>Axis Bank Ltd.--Key Figures (cont.)</b>					
	<b>--Fiscal year ended March 31--</b>				
(Mil. INR)	<b>2023*</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Core earnings	162,520.1	142,114.7	72,589.1	18,805.6	50,635.6

\*For the nine months ended Dec. 31, 2022.

**Table 2**

<b>Axis Bank Ltd.--Business Position</b>					
	<b>--Fiscal year ended March 31--</b>				
(%)	<b>2023*</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Loan market share in country of domicile	N.A.	5.9	5.6	5.4	5.0
Deposit market share in country of domicile	N.A.	4.8	4.5	4.6	4.3
Total revenues from business line (currency in millions)	431,871.0	488,733.8	433,556.6	403,776.9	341,749.2
Commercial banking/total revenues from business line	N.A.	21.8	24.7	26.0	18.9
Retail banking/total revenues from business line	N.A.	58.2	55.5	52.7	32.0
Commercial & retail banking/total revenues from business line	N.A.	80.1	80.2	78.6	50.9
Trading and sales income/total revenues from business line	N.A.	17.4	17.8	19.8	47.9
Other revenues/total revenues from business line	N.A.	2.6	2.0	1.5	1.2
Return on average common equity	17.0	12.7	7.6	2.4	7.6

\*For the nine months ended Dec. 31, 2022. N.A.--Not available.

**Table 3**

<b>Axis Bank Ltd.--Capital And Earnings</b>					
	<b>--Fiscal year ended March 31--</b>				
(%)	<b>2023*</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Tier 1 capital ratio	14.3	16.4	16.6	14.6	12.7
S&P Global Ratings' RAC ratio before diversification	N.A.	8.4	8.5	7.7	7.3
Adjusted common equity/total adjusted capital	94.4	93.5	93.6	92.4	90.4
Net interest income/operating revenues	74.1	69.4	68.7	63.7	64.8
Fee income/operating revenues	9.5	27.5	25.0	26.6	29.1
Market-sensitive income/operating revenues	1.0	6.8	6.0	9.0	5.9
Cost to income ratio	48.0	52.3	45.9	50.6	50.8
Preprovision operating income/average assets	2.5	2.1	2.4	2.3	2.2
Core earnings/average managed assets	1.8	1.3	0.8	0.2	0.7

\*For the nine months ended Dec. 31, 2022. N.A.--Not available. RAC--Risk adjusted capital.

**Table 4**

<b>Axis Bank Ltd.--Risk-Adjusted Capital Framework Data</b>			
(Mil. INR)	<b>Exposure*</b>	<b>S&amp;P Global Ratings RWA</b>	<b>Average S&amp;P Global Ratings RW (%)</b>
<b>Credit risk</b>			
Government and central banks	1,989,979.0	813,660.6	40.9

Table 4

Axis Bank Ltd.--Risk-Adjusted Capital Framework Data (cont.)			
Of which regional governments and local authorities	0.0	0.0	0.0
Institutions and CCPs	1,173,415.0	792,916.4	67.6
Corporate	3,476,634.2	4,094,710.8	117.8
Retail	4,113,461.2	4,859,607.6	118.1
Of which mortgage	1,234,577.4	923,957.7	74.8
Securitization§	31,555.0	6,311.0	20.0
Other assets†	453,738.1	1,090,648.7	240.4
Total credit risk	11,238,782.4	11,657,855.0	103.7
<b>Credit valuation adjustment</b>			
Total credit valuation adjustment	--	0.0	--
<b>Market risk</b>			
Equity in the banking book	0.0	0.0	0.0
Trading book market risk	--	419,475.0	--
Total market risk	--	419,475.0	--
<b>Operational risk</b>			
Total operational risk	--	836,773.8	--
	<b>Exposure</b>	<b>S&amp;P Global Ratings RWA</b>	<b>% of S&amp;P Global Ratings RWA</b>
<b>Diversification adjustments</b>			
RWA before diversification	--	12,914,103.9	100.0
Total diversification/ concentration adjustments	--	273,140.0	2.1
RWA after diversification	--	13,187,243.8	102.1
		<b>Total adjusted capital</b>	<b>S&amp;P Global Ratings RAC ratio (%)</b>
<b>Capital ratio</b>			
Capital ratio before adjustments		1,090,709.5	8.4
Capital ratio after adjustments‡		1,090,709.5	8.3

\*Exposure at default. §Securitization exposure includes the securitization tranches deducted from capital in the regulatory framework. †Exposure and S&P Global Ratings' risk-weighted assets for equity in the banking book include minority equity holdings in financial institutions.

‡Adjustments to tier 1 ratio are additional regulatory requirements (e.g. transitional floor or pillar 2 add-ons). RWA--Risk-weighted assets. RW--Risk weight. RAC--Risk-adjusted capital. INR--Indian rupee. Sources: Company data as of March 31, 2022, S&P Global Ratings.

Table 5

Axis Bank Ltd.--Risk Position					
	--Fiscal year ended March 31--				
(%)	2023*	2022	2021	2020	2019
Growth in customer loans	10.9	13.9	8.3	15.5	13.6
Total managed assets/adjusted common equity (x)	9.2	10.2	9.8	10.8	12.3
New loan loss provisions/average customer loans	0.1	0.6	2.3	2.6	1.9
Net charge-offs/average customer loans	(0.3)	(0.3)	(0.1)	(0.2)	(0.3)
Gross nonperforming assets/customer loans + other real estate owned	2.8	3.7	4.5	5.5	6.5

**Table 5**

<b>Axis Bank Ltd.--Risk Position (cont.)</b>					
	<b>--Fiscal year ended March 31--</b>				
<b>(%)</b>	<b>2023*</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Loan loss reserves/gross nonperforming assets	106.9	87.8	86.7	77.0	64.1

\*For the nine months ended Dec. 31, 2022.

**Table 6**

<b>Axis Bank Ltd.--Funding And Liquidity</b>					
	<b>--Fiscal year ended March 31--</b>				
<b>(%)</b>	<b>2023*</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Core deposits/funding base	81.4	78.4	79.7	76.4	74.2
Customer loans (net)/customer deposits	91.5	90.0	91.7	95.0	95.1
Long-term funding ratio	89.8	88.6	92.1	90.8	86.9
Stable funding ratio	115.2	108.8	108.6	106.0	103.7
Short-term wholesale funding/funding base	11.6	12.8	9.0	10.3	14.5
Broad liquid assets/short-term wholesale funding (x)	2.6	2.5	3.1	2.6	1.9
Short-term wholesale funding/total wholesale funding	60.2	57.4	42.4	42.2	54.0

\*For the nine months ended Dec. 31, 2022.

### **Axis Bank Ltd.--Rating Component Scores**

<b>Issuer Credit Rating</b>	<b>BBB-/Stable/A-3</b>
SACP	bbb-
Anchor	bb+
Business position	Strong
Capital and earnings	Adequate
Risk position	Adequate
Funding	Adequate
Liquidity	Adequate
Comparable ratings analysis	0
Support	0
ALAC support	0
GRE support	0
Group support	0
Sovereign support	0
Additional factors	0

ALAC--Additional loss-absorbing capacity. GRE--Government-related entity. SACP--Stand-alone credit profile.

## **Related Criteria**

- General Criteria: Hybrid Capital: Methodology And Assumptions, March 2, 2022
- Criteria | Financial Institutions | General: Financial Institutions Rating Methodology, Dec. 9, 2021



- Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions, Dec. 9, 2021
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology, July 20, 2017
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

## Related Research

- Indian Banks Have Manageable Exposure To Contagion And Unrecognized Losses, March 21, 2023
- India Banks Poised For IFRS 9, Feb. 28, 2023
- Axis Bank Upgraded To 'BBB-/A-3' On Improving Asset Quality; Outlook Stable, Nov. 21, 2022
- Inflation And Rate Hits Won't Knock Out India Inc., Aug. 23, 2022
- Axis Bank's Purchase Of Citi's India Consumer Business Will Boost Its Retail Franchise, March 31, 2022

### Ratings Detail (As Of March 23, 2023)\*

#### Axis Bank Ltd.

Issuer Credit Rating	BBB-/Stable/A-3
Senior Unsecured	BBB-

#### Issuer Credit Ratings History

21-Nov-2022	BBB-/Stable/A-3
25-Jan-2022	BB+/Positive/B
26-Jun-2020	BB+/Stable/B
17-Apr-2020	BBB-/Negative/A-3

#### Sovereign Rating

India	BBB-/Stable/A-3
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#### Related Entities

##### Axis Bank Ltd. (Dubai International Financial Centre Branch)

Senior Unsecured	BBB-
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##### Axis Bank Ltd. (GIFT City Branch)

Senior Unsecured	BBB-
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##### Axis Bank Ltd. (Singapore Branch)

Senior Unsecured	BBB-
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\*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

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