

BUY

TP: Rs 1,111 | ▲ 29%

AXIS BANK

| Banking

| 28 April 2023

Valuations to play catch up

- Lower provisioning aids strong Q4 PAT growth of 64% YoY (ex-one-off charge of Rs 125bn towards Citi deal)
- NIM likely to sustain at 3.7% levels with Citi integration in play; higher cumulative provisions provide comfort on asset quality
- We assume coverage with BUY and a TP of Rs 1,111 (1.8x FY25E ABV)

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Strong Q4: AXSB posted a loss of Rs 57bn in Q4FY23 due to a charge of Rs 125bn for the acquisition of Citi's retail arm. Excluding this one-off, PAT grew at a robust 64% YoY to Rs 67bn, which was supported by higher NII (+33%). An increase in cost of funds due to deposit repricing offset better yields, causing NIM(Calc.) to shed 17bps QoQ to 3.95%. Management expects cost pressure in Q1FY24 as well.

A focus on the unsecured portfolio along with mid-corporate and SME business led to credit growth of 19% YoY coupled with deposit growth of 15%. PPOP jumped 42% YoY on higher core income. Credit cost dropped to 16bps vs. 79bps in Q3, and a large decline in provisions aided improvement in GNPA/NNPA to 2%/0.4% with 81% PCR.

High-yield business to boost profitability: Leveraging its asset gearing model, AXSB is looking to its lucrative unsecured business to boost profits, and we expect this trend to continue until the credit cycle reverses. We estimate a credit/deposit CAGR of 18%/16% over FY22-FY25 with a CASA ratio of 46.5% in FY25. The bank's emphasis on liability management could keep NIM range-bound at 3.7%, relatively lower than peers. We estimate a 19% NII CAGR and 20% PPOP CAGR over our forecast period, with C/I elevated at ~45% over FY24-FY25.

Asset quality improving: We do not foresee any major asset quality concerns given AXSB's proactive and prudent provisioning strategy (provisions at 81% in FY23 vs. 74% in FY22; cumulatively 145% of GNPA). Performance of the unsecured portfolio which has gained share in the loan mix to ~11% would be key to watch. We model for GNPA/NNPA at ~1.9%/0.4% over FY24-FY25 with PCR of 81%.

BUY, TP Rs 1,111: AXSB's overall performance has improved substantively over the past year and we expect this trend to continue, aiding expansion in ROE/ROA from 12%/1.2% in FY22 to an estimated 17%/1.7% in FY25. The bank is well capitalised with current CAR at 17.6% even after the Citi retail acquisition. We believe potential improvement in return ratios and asset quality is being overlooked by the market. We assume coverage with BUY for a TP of Rs 1,111, based on 1.8x FY25E ABV (Gordon Growth Model), adding in Rs 100/sh as the value of subsidiaries.

Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	AXSB IN/Rs 860
Market cap	US\$ 32.3bn
Free float	92%
3M ADV	US\$ 132.5mn
52wk high/low	Rs 970/Rs 618
Promoter/FPI/DII	8%/49%/32%

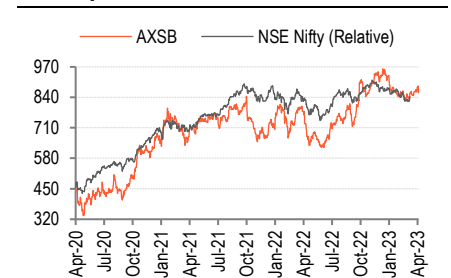
Source: NSE | Price as of 28 Apr 2023

Key financials

Y/E 31 Mar	FY23P	FY24E	FY25E
Net interest income	427,727	494,754	557,999
NII growth (%)	29.1	15.7	12.8
Adj. net profit (Rs mn)	94,079	243,456	274,602
EPS (Rs)	30.6	79.1	89.2
Consensus EPS (Rs)	30.6	77.6	89.8
P/E (x)	28.1	10.9	9.6
P/BV (x)	2.1	1.8	1.5
ROA (%)	1.8	1.7	1.7
ROE (%)	18.2	17.7	16.8

Source: Company, Bloomberg, BOBCAPS Research | P – Provisional

Stock performance



Source: NSE



Fig 1 – Quarterly snapshot: Income statement

(Rs mn)	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	YoY (%)	QoQ (%)
Interest Income	118,815	119,867	126,790	130,694	138,930	152,574	170,910	183,124	40.1	7.1
Income on investments	34,282	35,216	37,668	39,023	42,815	44,775	45,849	48,349	23.9	5.5
Int. on bal. with RBI & inter-bank funds & Others	6,938	8,276	8,153	8,046	5,542	5,041	5,505	8,225	2.2	49.4
Interest income	160,035	163,360	172,611	177,762	187,287	202,389	222,264	239,698	34.8	7.8
Interest expense	82,432	84,357	86,086	89,571	93,446	98,787	107,671	122,276	36.5	13.6
Net interest income	77,603	79,003	86,525	88,191	93,840	103,603	114,593	117,422	33.1	2.5
Growth YoY (%)	11.1	7.8	17.4	16.9	20.9	31.1	32.4	33.1	1,626bps	71bps
Non-interest income	33,585	37,984	38,404	42,233	29,990	39,412	46,654	48,953	15.9	4.9
Growth YoY (%)	29.8	(0.2)	1.7	(9.5)	(10.7)	3.8	21.5	15.9	2,544bps	(557bps)
Non-interest income (Ex-Trading income)	28,595	33,254	34,734	39,923	36,660	40,272	42,374	48,123	20.5	13.6
Total income	111,187	116,987	124,929	130,425	123,830	143,014	161,248	166,375	27.6	3.2
Growth YoY (%)	16.2	5.1	12.1	6.8	11.4	22.2	29.1	27.6	2,077bps	(151bps)
Staff expenses	18,519	19,355	19,386	18,865	21,861	21,667	22,811	21,636	14.7	(5.1)
Other operating expenses	30,805	38,350	43,928	46,900	43,099	44,186	45,662	53,063	13.1	16.2
Operating expenses	49,324	57,705	63,314	65,765	64,960	65,852	68,473	74,699	13.6	9.1
Pre-Provisioning Profit (PPoP)	61,863	59,282	61,615	64,660	58,870	77,162	92,775	91,676	41.8	(1.2)
Growth YoY (%)	5.9	(14.1)	1.1	(5.7)	(4.8)	30.2	50.6	41.8	4,745bps	(879bps)
Pre-Provisioning Profit (Ex-Trading income)	56,873	54,552	57,945	62,350	65,540	78,022	88,495	90,846	45.7	2.7
Growth YoY (%)	8.9	(11.0)	1.2	2.8	15.2	43.0	52.7	45.7	4,291bps	(702bps)
Provisions	33,023	17,351	13,348	9,872	3,594	5,498	14,377	3,058	(69.0)	(78.7)
Growth YoY (%)	(25.2)	(62.1)	(71.0)	(70.0)	(89.1)	(68.3)	7.7	(69.0)	101bps	(7674bps)
Exceptional Item	-	-	-	-	-	-	-	124,898	NA	Na
PBT	28,840	41,931	48,267	54,788	55,276	71,664	78,398	88,618	61.7	13.0
Tax	7,239	10,598	12,125	13,610	14,024	18,367	19,867	21,004	54.3	5.7
PAT	21,602	31,333	36,142	41,178	41,253	53,298	58,531	(57,284)	(239.1)	(197.9)
Growth YoY (%)	94.2	86.2	223.7	54.4	91.0	70.1	61.9	(239.1)	(29,351bps)	(30,106bps)
Per Share										
FV (Rs)	2	2	2	2	2	2	2	2	0.0	0.0
EPS (Rs)	19	19	19	19	19	19	19	(19)	(197.8)	(197.8)
Book Value (Rs)	339	349	361	375	389	406	426	408	8.6	(4.3)

Source: Company, BOBCAPS Research

Fig 2 – Quarterly snapshot: Balance sheet & Key ratios

(Rs mn)	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	YoY (%)	QoQ (%)
Balance sheet										
Deposits	7,138,622	7,362,855	7,716,702	8,217,209	8,035,717	8,108,067	8,481,733	9,469,452	15.2	11.6
Growth YoY (%)	13.6	15.9	18.0	16.2	12.6	10.1	9.9	15.2	(94bps)	533bps
Advances	6,148,737	6,217,193	6,648,656	7,076,960	7,011,299	7,308,748	7,620,755	8,453,028	19.4	10.9
Growth YoY (%)	9.5	7.9	14.1	13.5	14.0	17.6	14.6	19.4	598bps	482bps
Investment	2,399,146	2,498,159	2,664,187	2,755,972	2,977,655	2,876,207	3,051,031	2,888,148	4.8	(5.3)
Equity	1,038,898	1,071,646	1,108,641	1,151,741	1,196,082	1,248,622	1,310,089	1,254,167	8.9	(4.3)
Assets	10,120,499	10,507,381	11,130,655	11,751,781	11,525,803	11,852,725	12,235,089	13,173,255	12.1	7.7
Growth YoY (%)	12.8	15.5	18.7	18.0	13.9	12.8	9.9	12.1	(588bps)	217bps
Yield (%)										
Yield on Funds	6.96	6.89	6.90	6.68	6.94	7.52	7.98	8.06	138bps	8bps
Cost of Funds	3.85	3.83	3.73	3.66	3.77	4.02	4.26	4.52	86bps	26bps
Spread	3.12	3.06	3.17	3.02	3.17	3.50	3.73	3.54	52bps	(18bps)
Net Interest Margin	3.38	3.33	3.46	3.32	3.48	3.85	4.12	3.95	63bps	(17bps)
Ratios (%)										
Other Income / Net Income	30.2	32.5	30.7	32.4	24.2	27.6	28.9	29.4	(296bps)	49bps
Cost to Income ratio	44.4	49.3	50.7	50.4	52.5	46.0	42.5	44.9	(553bps)	243bps
CASA ratio	43.1	44.5	44.7	45.0	43.7	46.2	44.5	47.2	213bps	262bps
C/D ratio	86.1	84.4	86.2	86.1	87.3	90.1	89.8	89.3	314bps	(58bps)
Investment to Assets	23.7	23.8	23.9	23.5	25.8	24.3	24.9	21.9	(153bps)	(301bps)
Assets Quality										
GNPA	259,498	241,486	233,012	218,223	210,368	198,937	199,610	186,042	(14.7)	(6.80)
NNPA	78,465	72,000	65,131	55,122	47,806	39,955	38,301	35,589	(35.4)	(7.1)
Provision	181,033	169,486	167,881	163,102	162,562	158,982	161,309	150,453	(7.8)	(6.7)
GNPA (%)	3.85	3.53	3.17	2.82	2.76	2.50	2.38	2.02	(80bps)	(36bps)
NNPA (%)	1.20	1.08	0.91	1.46	0.64	1.80	0.47	0.39	(107bps)	(8bps)
Provision (%)	69.8	70.2	72.0	74.7	77.3	79.9	80.8	80.9	613bps	6bps
Slippages (%)	4.58	3.77	2.75	2.57	2.38	2.10	2.22	2.14	(43bps)	(8bps)

Source: Company, BOBCAPS Research

Earnings call highlights

Asset quality

- AXSB's asset quality improved during Q4FY23 on the back of lower slippages (Rs 37.7bn including Rs 4bn from Citibank's book vs. Rs 38.1bn in Q3) and higher upgrades and recovery (Rs 51.3bn vs. Rs 37.4bn in Q3). GNPA and NNPA stood at 2% and 0.4% respectively with PCR of 81%.
- Credit cost declined to 16bps vs. 79bps in Q3 and 59bps in Q4FY22, driving PAT. The bank did not use any contingent provisions during the quarter.
- The fund-based and non-fund-based BB-&Below book was at Rs 34.8bn and Rs 13.7bn respectively in Q4, whereas the investment book below BB grade stood at Rs 6.7bn. Additionally, the restructured book totalled Rs 20.5bn, comprising Rs 18.3bn from retail and Rs 2.1bn from Commercial Banking Group (CBG).
- Total non-NPA provisions amounted to Rs 119.3bn, of which Covid-related and restructuring provisions were Rs 50.1bn and Rs 8.1bn respectively. Cumulative provisions inclusive of standard, restructured and others stood at 145% of GNPA.

Loans and deposits

- Advances grew 19% YoY (11% QoQ) in Q4.
- Retail loans were up 22% YoY (14% QoQ) and contributed 58% of the portfolio. The share of secured retail loans was ~78%, with home loans comprising 32% of the retail book. Home loans grew by 10% YoY, small business banking (SBB) by 50%, and rural loans by 26%. Unsecured personal loans grew 21% YoY while the credit card book was up 97%.
- The SME book – a focus area for the bank – increased 23% YoY while the mid-corporate book rose 38% for the quarter.
- The corporate loan book grew 14% YoY, of which the domestic book increased 24%. About 89% of the corporate book is now rated A and above.
- Of the loan book, 68% is floating rate and 42% fixed rate – the latter will mature in less than 12 months.
- On the liability side, deposits climbed 15% YoY led by strong growth in savings accounts (+23% YoY) while current deposits increased 17% YoY, leading to robust growth in low-cost CASA deposits. CASA share improved 215bps YoY to 47%, helping the bank manage its overall cost of deposits.
- Slower deposit growth led to a CD ratio of 89.3% vs. 89.8% in Q3.

LCR for the quarter averaged 129%, 800bps higher than the historical average which contributed 6bps towards NIM compression.

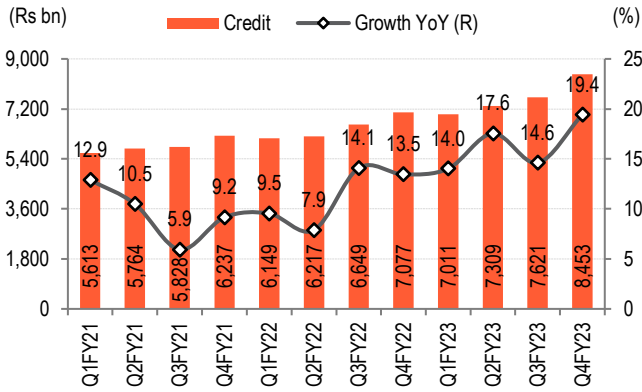
NII and NIM

- Owing to the impact of higher LCR, reported NIM for the quarter at 4.2% was down 4bps QoQ despite a 4bps increase in spread and 3bps rise in income (interest on income tax refund). Management further expects some margin compression in Q1FY24 with deposit rate repricing, and did not proffer any guidance on NIM.
- NII grew 2.5% QoQ (33% YoY) while other income was up 16% YoY (5% QoQ), Relatively slower growth in other income was due to lower treasury gains (at Rs 830mn vs. Rs 1.3bn in Q3 and Rs 2.3bn in Q4FY22).
- Retail fees grew 31% YoY (14% QoQ) and constituted 69% of the bank's total fee income. If we exclude the 50% YoY (14% QoQ) growth in card and payment fees, retail fees grew 22% YoY (12% QoQ).

Operating parameters

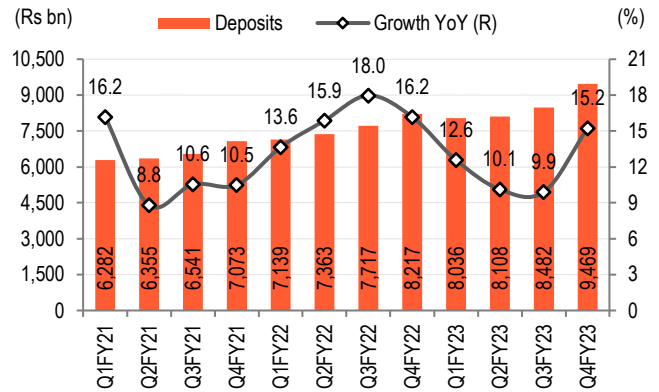
- Pre-provisioning operating profit (PPOP) was up 42% YoY
- Total opex rose 14% YoY (9% QoQ) due to a 15% YoY increase in staff cost and 13% rise in other operating expenses.
- On a sequential basis, staff cost declined 5% as provisions for variable pay made earlier were no longer required.
- The C/I ratio stood at 45%, down 553bps YoY and up 253bps QoQ. The increase in sequential cost was attributed to volume growth (contributed 28% of the increase), tech and growth-related expenses (34%), integration cost (16%) and BAU (22%).
- Technology expenses were 8.7% of total expenses.
- Lower credit cost allowed the bank to run higher opex.
- Citibank's business is entirely retail and so more cost-centric with high ROE. Thus, with gradual integration, AXSB expects costs to fall to 2% of total assets.
- The bank incurred a one-time charge of Rs 125bn towards the Citi business acquisition in Q4. An additional Rs 15bn of integration cost (post-tax) would be accounted for over the next 18 months.
- AXSB added 6,083 employees over the last 12 months and plans to add 500 branches in FY24.

Fig 3 – Strong credit growth in Q4FY23 driven by mid-corporate and SME segments



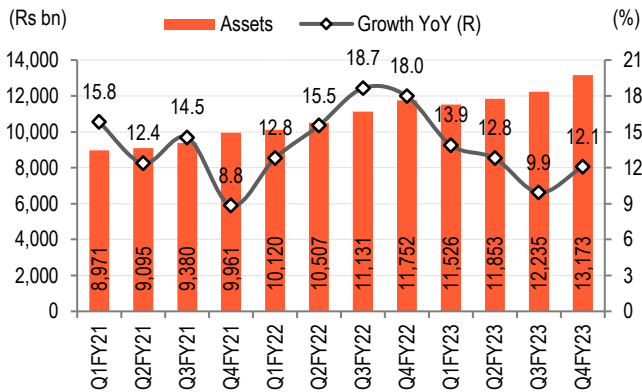
Source: Company, BOBCAPS Research

Fig 4 – Robust CASA led to higher deposit growth



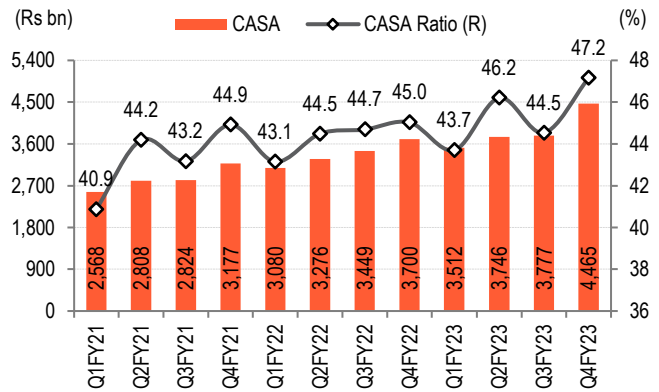
Source: Company, BOBCAPS Research

Fig 5 – Asset growth at 12.1% YoY



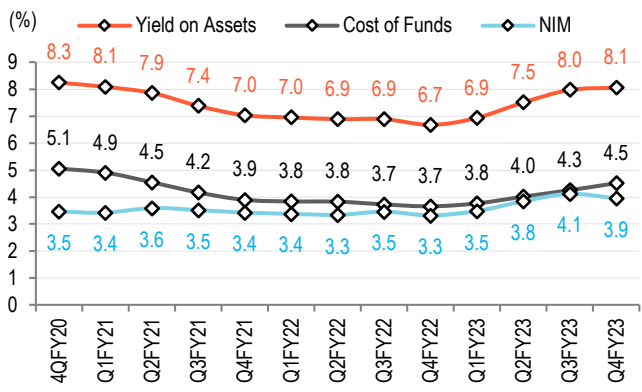
Source: Company, BOBCAPS Research

Fig 6 – Substantial jump in CASA driven by savings accounts



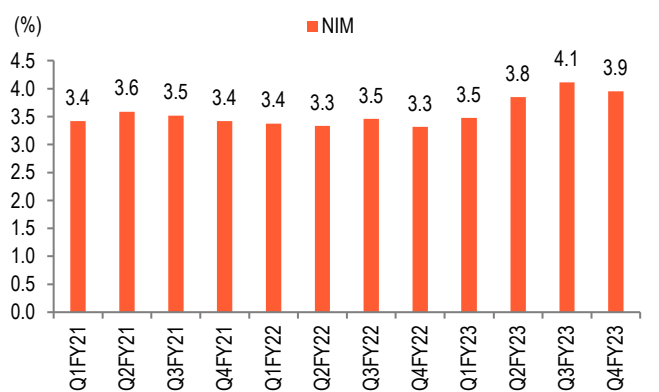
Source: Company, BOBCAPS Research

Fig 7 – NIM (Calculative) down 17bps QoQ



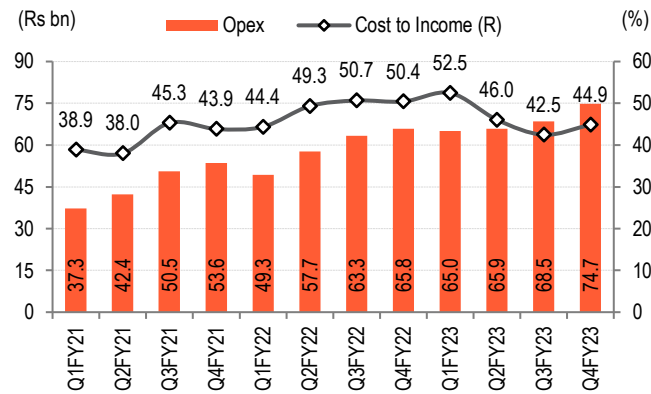
Source: Company, BOBCAPS Research

Fig 8 – NIM(Calc.) to sustain at 3.7% over FY22-25E



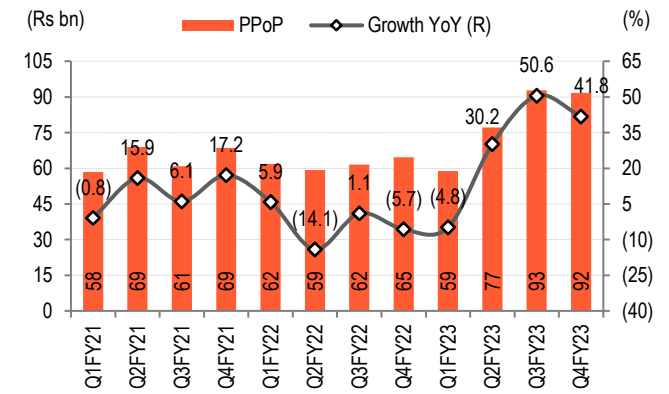
Source: Company, BOBCAPS Research

Fig 9 – Higher employee cost pushed up opex



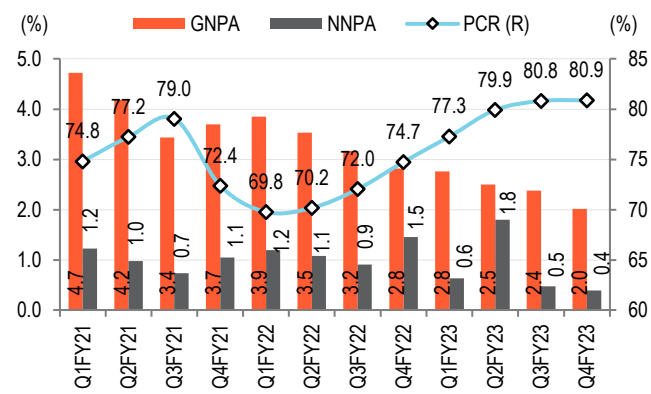
Source: Company, BOBCAPS Research

Fig 10 – Strong topline drove PPOp in Q4FY23



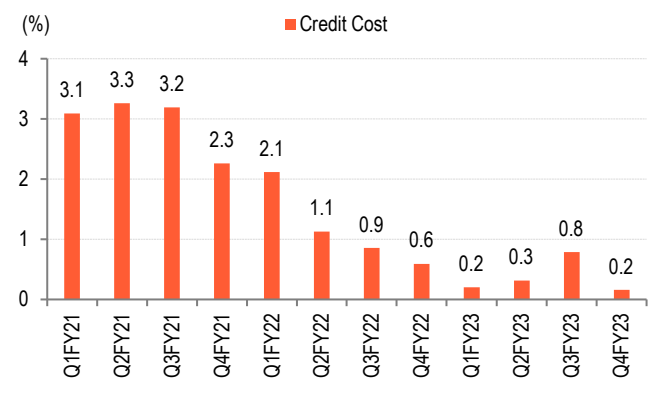
Source: Company, BOBCAPS Research

Fig 11 – Continued improvement in asset quality



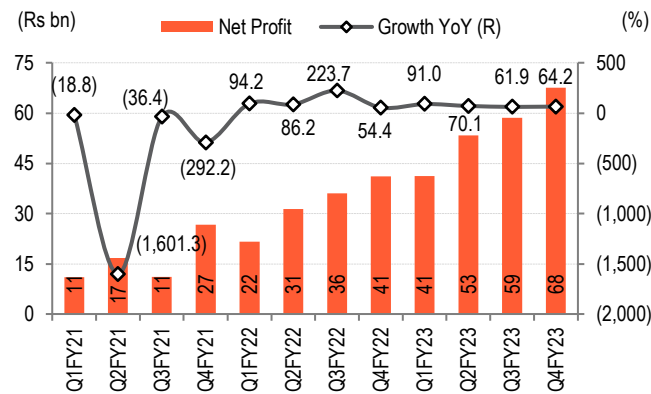
Source: Company, BOBCAPS Research

Fig 12 – Lower credit cost aided to the bottom-line



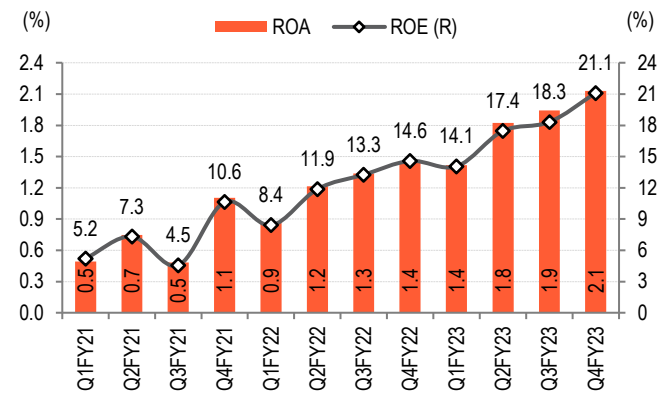
Source: Company, BOBCAPS Research

Fig 13 – Higher margin and low provisions YoY led to 64% PAT growth(knocking one-off)



Source: Company, BOBCAPS Research

Fig 14 – Return ratios remained strong



Source: Company, BOBCAPS Research

Valuation methodology

AXSB's Q4FY23 performance was strong, supported by healthy credit growth and lower provisions. The bank continues to focus on mid-corporates, SMEs and small business (grew 32% YoY and ~22% of the loan book in FY23 vs. 15.7% in FY20), along with unsecured retail lending (11% of loan). Given strong traction in these segments, we pencil in a credit CAGR of 18% for the bank during FY22-FY25, with deposits estimated to grow at 15.6%.

We expect NIM to remain in the region of 3.7% given ongoing integration of the Citibank retail acquisition and some pressure from cost of funds. However, a high CASA ratio (46.5% over FY24-FY25) is likely to ease some pressure on margins.

Growth in non-interest income is likely to remain healthy, supported by higher fee income on the back of an increased retail loan share (15% CAGR over FY22-FY25E vs. 8.5% YoY growth in FY23). On the cost front, the bank is guiding for further network expansion (500 branches additions in FY24) along with Citi integration costs, which is likely to keep the C/I ratio elevated at ~45% through to FY25. We bake in a PPOP CAGR of 20% over FY22-FY25 supported by a strong topline and gradual moderation of operating cost.

The bank's proactive strategy towards provisioning has led to a substantial improvement in asset quality. On the back of controlled slippages and higher upgrades and recoveries, we forecast a healthy asset base (GNPA/NNPA/PCR at ~1.9%/0.4%/81% over FY24-FY25; amongst the best in industry). Additionally, the bank's cumulative provisions stand at 145% of GNPA, lending further comfort on asset quality. We estimate credit cost of 60bps over FY22-FY25 (vs. 35bps in FY23).

AXSB is well capitalised with CAR of 17.6% (tier-1 at 14.6%) despite the Citi retail book acquisition and we believe it would be self-sufficient in terms of funding asset growth. We expect CAR to hold at healthy levels of 17.4%/17.2% in FY24/FY25. Given strong growth with high yielding business and expected lower provisions, we believe AXSB would deliver expansion in ROE/ROA from 12%/1.2% in FY22 to an estimated 17%/1.7% in FY25.

The stock is currently trading at 1.4x FY25E P/ABV and looks undervalued compared to peers. In our view, the potential improvement in return ratios and asset quality is being overlooked by the market. We assume coverage with BUY for an SOTP-based TP of Rs 1,111, based on 1.8x FY25E ABV (Gordon Growth Model) and adding in Rs 100/sh as the value of subsidiaries.

Fig 15 – Key operational assumptions

Parameter (%)	FY22	FY23P	FY24E	FY25E
Advances	15.2	19.4	17.7	16.2
Net Interest Income	13.3	29.1	15.7	12.8
PPoP	7.0	28.8	17.7	15.1
PAT	97.7	68.1	11.2	12.8
NIM	3.4	3.7	3.7	3.7
GNPA	3.0	2.2	1.8	1.9
CAR	18.5	17.6	17.4	17.2

Source: Company, BOBCAPS Research

Fig 16 – Valuation summary

Business	Valuation	Holdings (%)	Value (Rs/sh)
Axis Bank	1.8x FY25E ABV	100	1,011
Axis AMC	7% of AUM	75	42
Axis Finance	1.4x FY25E ABV	100	19
Axis Capital	13x FY25E EPS	100	8
Axis Securities	15x FY25 EPS	100	12
Max Life	-	20	19
Total	-	-	1,111

Source: Company, BOBCAPS Research

Fig 17 – Valuation assumption (Gordon growth model)

Parameter	Assumptions
Risk-free rate (%)	6.3
Equity risk premium (%)	5.0
Beta	1.3
Cost of equity (%)	12.5
Blended ROE (%)	15.4
Initial high growth period (yrs)	10.0
Payout ratio of high-growth phase (%)	20.0
Long-term growth (%)	6.2
Long term dividend payout ratio (%)	60.0
Justified P/BV Multiple (x)	1.8

Source: BOBCAPS Research

Key risks

Key downside risks to our estimates are:

- any sudden delinquency in the mid-corporate and SME segments, resulting higher provision requirements, and
- inability to manage cost of funds, which may drag down NIM as well as overall profitability.

Sector recommendation snapshot

Company	Ticker	Market Cap (US\$ bn)	Price (Rs)	Target (Rs)	Rating
Axis Bank	AXSB IN	32.3	860	1,111	BUY
HDFC Bank	HDFCB IN	115.1	1,688	1,956	BUY
ICICI Bank	ICICIB IN	78.3	918	1,015	HOLD
Indusind Bank	IIB IN	10.9	1,153	1,550	BUY

Source: BOBCAPS Research, NSE | Price as of 28 Apr 2023

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23P	FY24E	FY25E
Net interest income	292,391	331,322	427,727	494,754	557,999
NilI growth (%)	16.0	13.3	29.1	15.7	12.8
Non-interest income	122,636	152,205	165,009	196,982	231,740
Total income	415,027	483,528	592,735	691,736	789,739
Operating expenses	183,751	236,108	273,983	316,574	358,094
PPOP	231,276	247,420	318,752	375,162	431,645
PPOP growth (%)	(1.3)	7.0	28.8	17.7	15.1
Provisions	143,220	73,595	26,526	49,686	64,531
PBT	88,056	173,826	167,328	325,476	367,115
Tax	22,174	43,571	73,249	82,020	92,513
Reported net profit	65,882	130,255	94,079	243,456	274,602
Adjustments	0	0	0	0	0
Adjusted net profit	65,882	130,255	94,079	243,456	274,602

Balance Sheet

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23P	FY24E	FY25E
Equity capital	6,127	6,139	6,154	6,154	6,154
Reserves & surplus	1,009,903	1,145,601	1,248,013	1,491,469	1,766,071
Net worth	1,016,030	1,151,741	1,254,167	1,497,623	1,772,225
Deposits	6,979,853	8,217,209	9,469,452	10,937,217	12,687,172
Borrowings	1,428,732	1,851,339	1,863,000	2,067,930	2,274,723
Other liab. & provisions	443,362	531,493	586,636	666,647	735,881
Total liab. & equities	9,867,976	11,751,781	13,173,255	15,169,418	17,470,001
Cash & bank balance	617,298	1,109,871	1,064,108	1,050,943	1,181,219
Investments	2,261,196	2,755,972	2,888,148	3,224,732	3,635,716
Advances	6,143,994	7,076,960	8,453,028	9,949,214	11,560,987
Fixed & Other assets	845,488	808,978	767,971	944,528	1,092,079
Total assets	9,867,976	11,751,781	13,173,255	15,169,418	17,470,001
Deposit growth (%)	9.0	17.7	15.2	15.5	16.0
Advances growth (%)	7.5	15.2	19.4	17.7	16.2

Per Share

Y/E 31 Mar (Rs)	FY21A	FY22A	FY23P	FY24E	FY25E
EPS	22.4	42.5	30.6	79.1	89.2
Dividend per share	0.0	1.0	1.0	15.8	17.8
Book value per share	331.6	375.2	407.6	486.7	576.0

Valuations Ratios

Y/E 31 Mar (x)	FY21A	FY22A	FY23P	FY24E	FY25E
P/E	38.4	20.2	28.1	10.9	9.6
P/BV	2.6	2.3	2.1	1.8	1.5
Dividend yield (%)	0.0	0.1	0.1	1.8	2.1

DuPont Analysis

Y/E 31 Mar (%)	FY21A	FY22A	FY23P	FY24E	FY25E
Net interest income	3.1	3.1	3.4	3.5	3.4
Non-interest income	1.3	1.4	1.3	1.4	1.4
Operating expenses	1.9	2.2	2.2	2.2	2.2
Pre-provisioning profit	2.4	2.3	2.6	2.6	2.6
Provisions	1.5	0.7	0.2	0.4	0.4
PBT	0.9	1.6	2.3	2.3	2.2
Tax	0.2	0.4	0.6	0.6	0.6
ROA	0.7	1.2	1.8	1.7	1.7
Leverage (x)	10.2	10.0	10.4	10.3	10.0
ROE	7.1	12.0	18.2	17.7	16.8

Ratio Analysis

Y/E 31 Mar	FY21A	FY22A	FY23P	FY24E	FY25E
YoY growth (%)					
Net interest income	16.0	13.3	29.1	15.7	12.8
Pre-provisioning profit	(1.3)	7.0	28.8	17.7	15.1
EPS	271.0	89.7	(27.9)	158.5	12.8
Profitability & Return ratios (%)					
Net interest margin	3.8	3.9	3.8	3.9	3.8
Fees / Avg. assets	32.2	35.2	33.1	34.8	35.5
Cost-Income	44.3	48.8	46.2	45.8	45.3
ROE	7.1	12.0	18.2	17.7	16.8
ROA	0.7	1.2	1.8	1.7	1.7
Asset quality (%)					
GNPA	4.0	3.0	2.2	1.8	1.9
NNPA	1.1	0.8	0.4	0.4	0.4
Slippage ratio	3.0	3.3	2.1	1.8	2.0
Credit cost	2.4	1.1	0.3	0.5	0.6
Provision coverage	71.6	74.2	80.5	80.7	80.7
Ratios (%)					
Credit-Deposit	88.0	86.1	89.3	91.0	91.1
Investment-Deposit	32.4	33.5	30.5	29.5	28.7
CAR	19.1	18.5	17.6	17.4	17.2
Tier-1	16.5	16.3	14.6	14.8	14.9

Source: Company, BOBCAPS Research

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BUY – Expected return >+15%

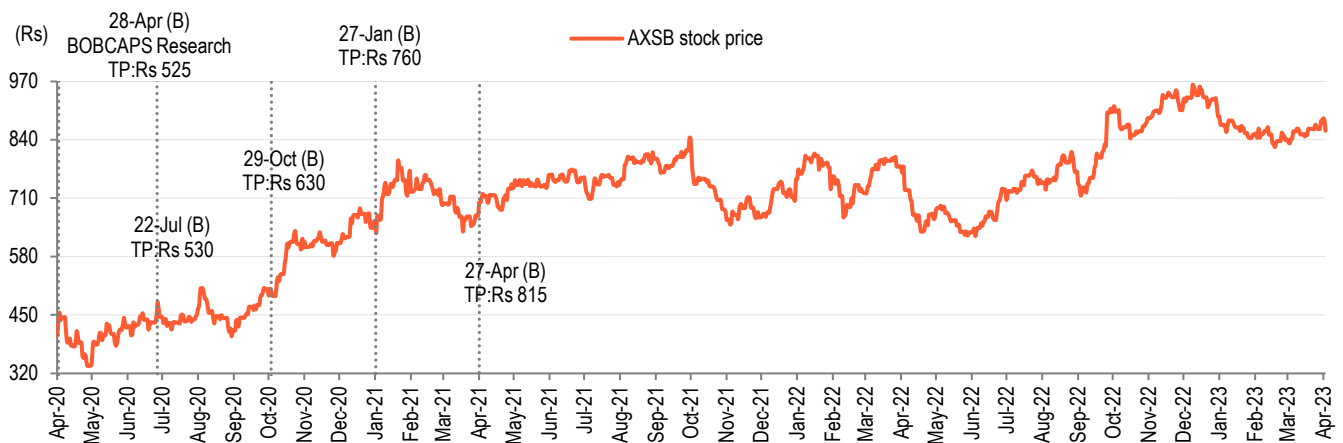
HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

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Ratings and Target Price (3-year history): AXIS BANK (AXSB IN)



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

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