BUY
TP: Rs 1,496 | ▲ 16%

AXIS BANK

| Banking | 19 October 2026

NIMs have bottomed out, expect improvement from Q3/Q4

- **Lower fee income and NIMs dent PAT, though lower credit cost and strong loan growth provided some relief to PAT this quarter**
- **Slowdown in retail segment continue to weigh on NIMs as NIMs decline QoQ, with some decline also due to FCNR**
- **Maintain BUY with revised TP of Rs 1,421 (from Rs 1,610) and roll over valuation to 1.7x Sep 28E ABV (1.7x earlier)**

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Lower NIMs and weaker fee income drag PAT: PAT stood at Rs 70 bn, up 40% YoY, supported by 23% YoY loan growth and lower credit costs, partly offset by NIM compression and weaker fee income (down 3% YoY) due to lower treasury gains, credit-card fees and asset-linked fees. RoA declined from 1.5% to 1.4% in Q2. NIM declined 10 bps QoQ to 3.36%, following a 16 bps decline in Q1, partly reflecting slower core retail growth and FCNR-related drag. The 11 bps FCNR impact was driven by balance-sheet gross-up and temporary deployment of funds in lower-yielding investments. Management reiterated its through cycle NIM target of 3.8%, with sequential improvement expected from Q3. FCNR deployment and repayment of high-cost liabilities are expected to support NIMs over the next couple of quarters, while the latest repo-rate hike is expected to benefit the existing repo-linked loan book in Q4.

Business growth continues to improve: Advances grew 23% YoY (19% excluding FCNR), driven by corporate (+34% YoY), mid corporate (+29% YoY) and SME (+25% YoY) segments. Retail, corporate and SME accounted for 54%, 34% and 12% of advances, respectively, broadly unchanged QoQ. Management continues to pursue corporate opportunities across capex, project finance, refinancing and working capital while accelerating retail growth, targeting a retail mix of above 55%, currently 54% of advances. Secured retail loans accounted for ~74% of the retail book, with HL at 24%; LAP grew 10% YoY, PL loans 8% YoY, and the rural portfolio 20% YoY. Loan growth is expected 300 bps more than the system over the medium term. Deposit grew 20.7% YoY (ex FCNR 17% YoY). CASA ratio declined QoQ to 36.5% vs 38% in Q1.

AQ improving: AQ improved with GNPA ratio falling by 12bps QoQ to 1.16%, NNPA was stable at 4 bps.This was mainly led by controlled slippages at Rs 47.6 bn (14% QoQ). Slippage ratio stood at 1.48% (-31bps QoQ). PCR remained healthy at ~70%.

Maintain BUY: Sustained growth, improving AQ, bottoming-out NIMs, and lower credit costs and Opex/ATA are expected to drive FY27 RoA/RoE to 1.5%/13.8%. Maintain BUY with revised TP of Rs 1,421.

Key changes

Target	Rating
▼	◄ ►

Ticker/Price	AXSB IN/Rs 1,290
Market cap	US$ 42.3bn
Free float	92%
3M ADV	US$ 83.0mn
52wk high/low	Rs 1,418/Rs 1,150
Promoter/FPI/DII	8%/42%/43%

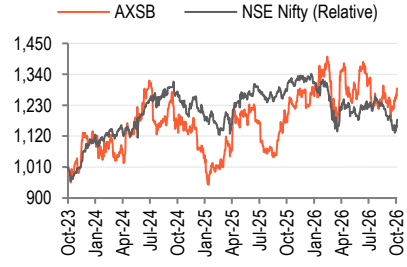
Source: NSE | Price as of 16 Oct 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
NII (Rs mn)	560,480	649,361	782,451
NII growth (%)	3.1	15.9	20.5
Adj. net profit (Rs mn)	244,567	304,804	363,204
EPS (Rs)	78.8	98.1	116.9
P/E (x)	16.4	13.2	11.0
P/BV (x)	2.0	1.7	1.5
ROA (%)	1.4	1.5	1.6
ROE (%)	12.7	13.8	14.3

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

Fig 1 – Quarterly snapshot: Income statement

(Rs mn)	Q2FY26	Q3FY26	Q4FY26	Q1FY27	Q2FY27	YoY (%)	QoQ (%)
Income Statement							
Interest Income	**2,44,242**	**2,51,634**	**2,55,125**	**2,65,157**	**2,80,544**	**14.9**	**5.8**
Income on investments	58,917	65,559	67,093	66,984	72,981	23.9	9.0
Int. on bal. with RBI & inter-bank funds & Others	6,544	5,551	5,023	7,715	10,663	63.0	38.2
Interest income	**3,09,702**	**3,22,744**	**3,27,241**	**3,39,856**	**3,64,188**	**17.6**	**7.2**
Interest expense	1,72,257	1,79,878	1,82,669	1,93,395	2,10,474	22.2	8.8
Net interest income	**1,37,446**	**1,42,866**	**1,44,572**	**1,46,461**	**1,53,714**	**11.8**	**5.0**
Growth YoY (%)	1.9	5.0	4.7	8.0	11.8		
Fee Income	60,370	61,000	65,610	61,560	63,810	5.7	3.7
Trading gains/(losses)	4,980	610	(6,060)	5,370	850	(82.9)	(84.2)
Others	896	647	676	424	646	(27.9)	52.2
Non-interest income	**66,246**	**62,257**	**60,226**	**67,354**	**65,306**	**(1.4)**	**(3.0)**
Growth YoY (%)	(1.4)	4.2	(11.2)	(7.2)	(1.4)		
Total income	**2,03,691**	**2,05,122**	**2,04,797**	**2,13,815**	**2,19,020**	**7.5**	**2.4**
Growth YoY (%)	0.8	4.8	(0.5)	2.7	7.5		
Staff expenses	31,176	27,718	31,148	30,580	33,144	6.3	8.4
Other operating expenses	68,390	68,647	73,516	66,644	75,045	9.7	12.6
Operating expenses	99,566	96,365	1,04,663	97,224	1,08,189	8.7	11.3
Pre-Provisioning Profit (PPoP)	**1,04,125**	**1,08,757**	**1,00,134**	**1,16,591**	**1,10,831**	**6.4**	**(4.9)**
Growth YoY (%)	(2.8)	3.2	(6.9)	1.3	6.4		
Provisions	35,470	22,459	35,222	22,225	16,937	(52.2)	(23.8)
Growth YoY (%)	60.9	4.2	159.1	(43.7)	(52.2)		
Exceptional Item	-	-	-	-	-	-	-
PBT	**68,655**	**86,298**	**64,912**	**94,366**	**93,893**	**36.8**	**(0.5)**
Tax	17,759	21,402	(5,801)	23,226	23,861	34.4	2.7
PAT	**50,896**	**64,896**	**70,713**	**71,139**	**70,033**	**37.6**	**(1.6)**
Growth YoY (%)	(26.4)	2.9	(0.6)	22.5	37.6		
Per Share							
FV (Rs)	2	2	2	2	2	0.0	0.0
EPS (Rs)	16	21	23	23	22	37.1	(1.7)
Book Value (Rs)	618	640	663	687	709	14.7	3.2

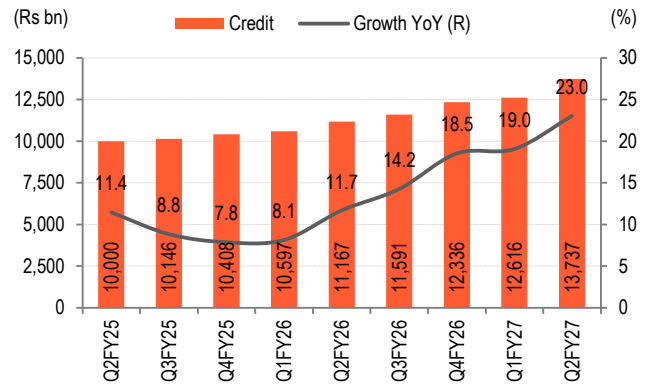
Source: Company, BOBCAPS Research

Fig 2 – Quarterly snapshot: Balance sheet & other key metrics

Balance sheet (Rs mn)	Q2FY26	Q3FY26	Q4FY26	Q1FY27	Q2FY27	YoY (%)	QoQ (%)
Deposits	**1,20,34,869**	**1,26,07,859**	**1,33,58,340**	**1,37,29,357**	**1,45,20,662**	**20.7**	**5.8**
Growth YoY (%)	10.7	15.0	13.9	18.2	20.7		
Advances	**1,11,67,030**	**1,15,90,517**	**1,23,35,699**	**1,26,15,567**	**1,37,37,268**	**23.0**	**8.9**
Growth YoY (%)	11.7	14.2	18.5	19.0	23.0		
Investment	39,18,508	41,84,295	44,50,328	43,89,551	45,34,643	15.7	3.3
Equity	19,17,615	19,86,011	20,61,581	21,36,620	22,07,409	15.1	3.3
Assets	1,67,66,144	1,75,21,715	1,88,68,499	1,92,19,662	2,04,62,400	22.0	6.5
Growth YoY (%)	11.4	14.8	17.2	19.9	22.0		
Yield (%)							
Yield on Funds	7.96	7.90	7.56	7.52	7.70	(27bps)	18bps
Cost of Funds	5.02	4.99	4.79	4.86	5.05	3bps	19bps
Spread	2.94	2.90	2.77	2.66	2.65	(29bps)	(1bps)
Net Interest Margin	**3.73**	**3.64**	**3.62**	**3.46**	**3.36**	**(37bps)**	**(10bps)**
Ratios (%)							
Other Income / Net Income	32.5	30.4	29.4	31.5	29.8	(271bps)	(168bps)
Cost to Income ratio	48.9	47.0	51.1	45.5	49.4	52bps	393bps
CASA ratio	39.8	39.1	39.6	38.0	36.5	(333bps)	(153bps)
C/D ratio	92.8	91.9	92.3	91.9	94.6	182bps	272bps
Investment to Assets	23.4	23.9	23.6	22.8	22.2	(121bps)	(68bps)
Assets Quality							
GNPA	1,73,077	1,71,668	1,60,837	1,71,243	1,67,775	(3.1)	(2.0)
NNPA	51,139	51,543	47,896	51,926	50,538	(1.2)	(2.7)
Provision	1,21,939	1,20,125	1,12,941	1,19,318	1,17,237	(3.9)	(1.7)
GNPA (%)	1.46	1.40	1.23	1.28	1.16	(30bps)	(12bps)
NNPA (%)	0.44	0.42	0.37	0.39	0.35	(9bps)	(4bps)
Provision (%)	70.45	69.98	70.22	69.68	69.68	(78bps)	0bps

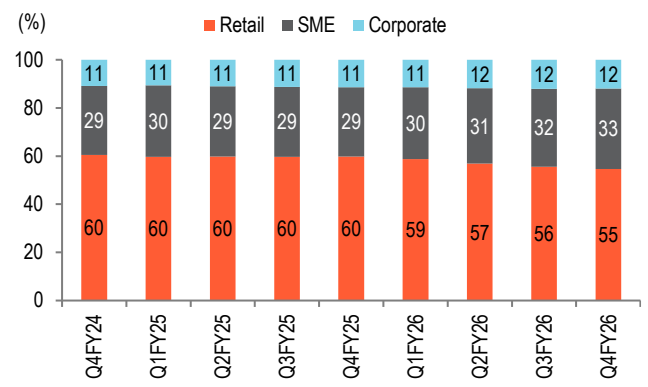
Source: Company, BOBCAPS Research

Fig 3 – Advances grew 23% YoY



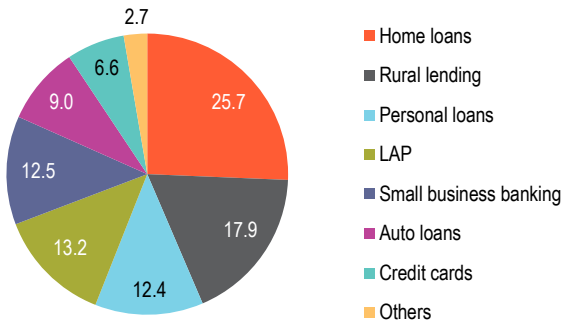
Source: Company, BOBCAPS Research

Fig 4 – …led by Corporate, mid corporate and SME book



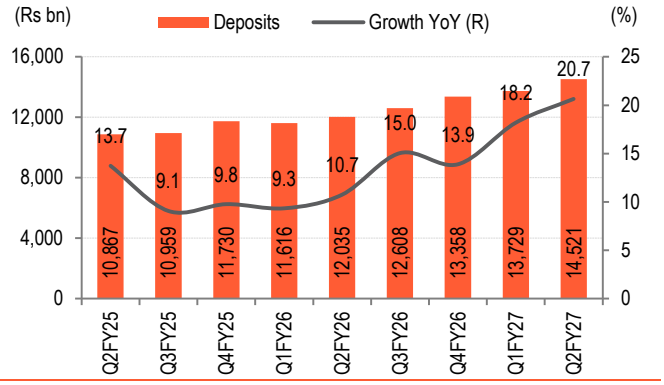
Source: Company, BOBCAPS Research

Fig 5 – Retail loan mix



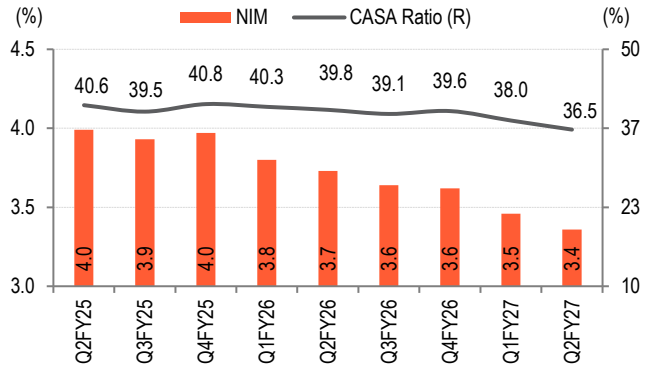
Source: Company, BOBCAPS Research

Fig 6 – Deposits grew 20.7% YoY



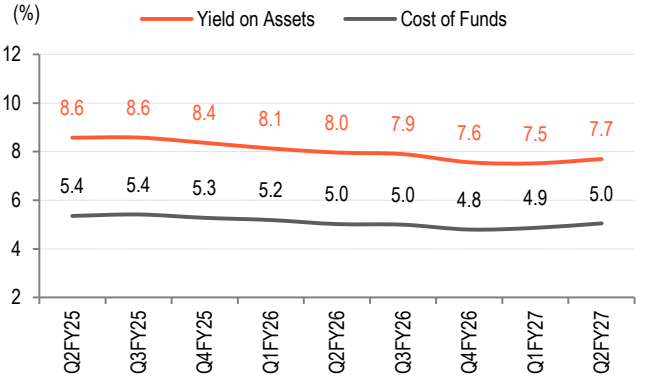
Source: Company, BOBCAPS Research

Fig 7 – NIMs bottomed out this quarter, expect improvement from Q3/Q4



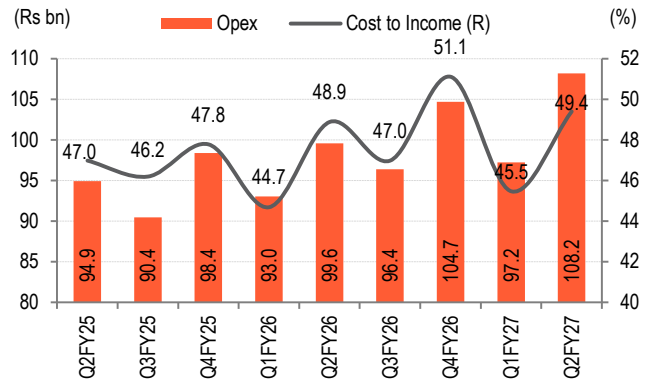
Source: Company, BOBCAPS Research

Fig 8 – Yields down declined due to slower retail growth, parking in lower yielding investment and FCNR impact



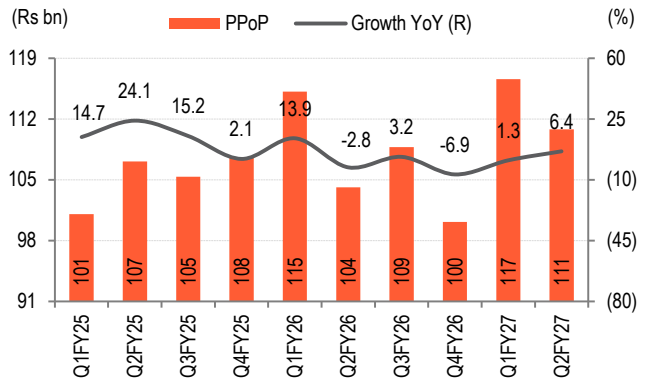
Source: Company, BOBCAPS Research

Fig 9 – C/I ratio improved



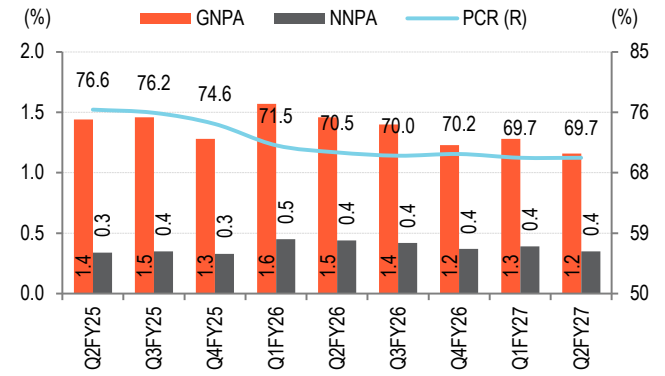
Source: Company, BOBCAPS Research

Fig 10 – Lower fee income, other income and lower NIMs weighed on PPOP



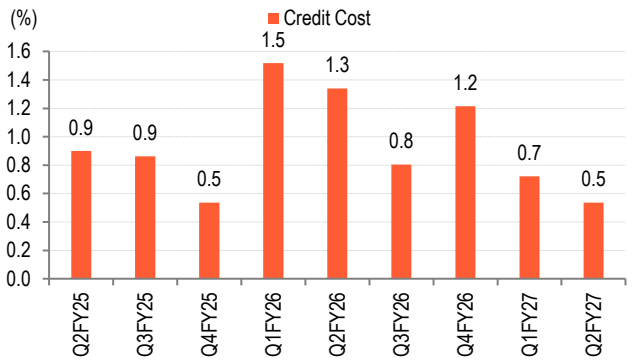
Source: Company, BOBCAPS Research

Fig 11 – Asset quality improving…



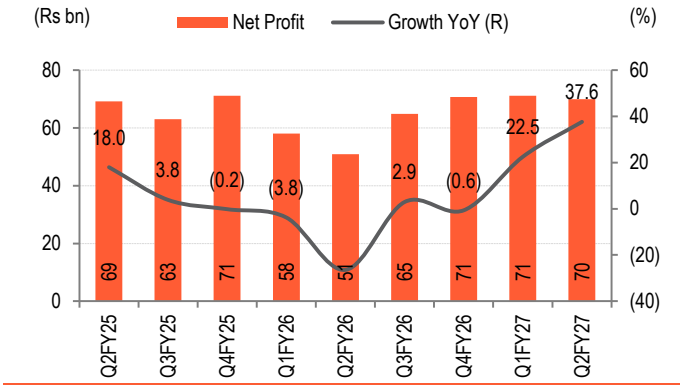
Source: Company, BOBCAPS Research

Fig 12 – Credit cost improved QoQ



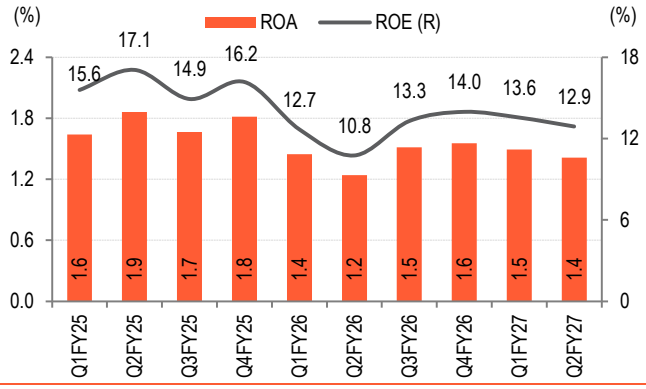
Source: Company, BOBCAPS Research

Fig 13 – Net profit improved sequentially



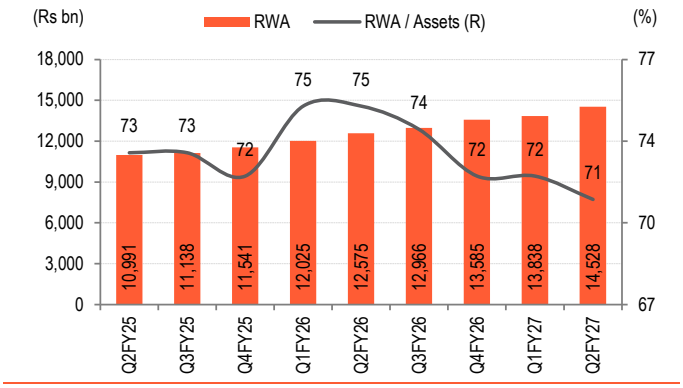
Source: Company, BOBCAPS Research

Fig 14 – Return ratios to impove goig forward



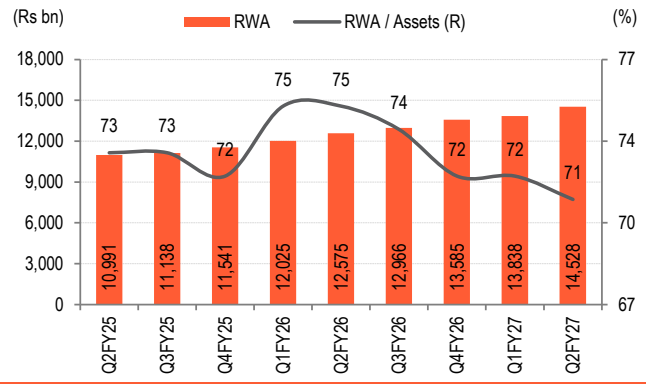
Source: Company, BOBCAPS Research

Fig 15 – RWA density



Source: Company, BOBCAPS Research

Fig 16 – Adequate capital ratios



Source: Company, BOBCAPS Research

Earnings Call Highlights

Advances and Loan Portfolio

- Total advances grew 23.0% YoY and 9.0% QoQ. Excluding loans extended by international branches for FCNR deposits, advances grew 19.0% YoY and 5.0% QoQ.
- Retail advances constituted 54.0% of total advances and grew 16.0% YoY and 10.0% QoQ. Excluding FCNR-linked leverage, retail advances grew 10.0% YoY, while retail disbursements increased 22.0% YoY.
- Home loan disbursements grew 24.0% YoY, vehicle loans 25.0%, Small Business Banking (SBB) 33.0%, retail agriculture 19.0% and consumer loans 20.0%. Personal loans remain entirely focused on salaried customers.
- Wholesale/corporate loans constituted 34.0% of total advances and grew 34.0% YoY, driven by broad-based client activity across CapEx, project finance, refinancing, working capital and One Axis cross-selling.
- SME/CBG/MSME loans constituted 12.0% of total advances and grew 25.0% YoY and 9.0% QoQ.
- Floating-rate loans accounted for 72.0% of the loan book, comprising 60.0% repo-linked loans and 12.0% linked to MCLR/other benchmarks. Fixed-rate loans accounted for 28.0% of the book, of which 44.0% mature within 12 months.
- The bank sanctioned approximately 12,500 ECLGS loans worth Rs 107.0 bn, of which approximately 80.0% had been disbursed.
- The bank gained approximately 10 bps of loan market share YoY and targets advance growth 300 bps above the industry average over the medium term. Management is working to increase the retail loan mix to above 55.0%.

NII and NIM

- Q2 FY27 NII grew 12.0% YoY and 5.0% QoQ to Rs 153.7 bn, while H1 FY27 NII increased 10.0% YoY to Rs 300.2 bn.
- Reported Q2 FY27 NIM declined 37 bps YoY and 10 bps QoQ to 3.36%. Excluding the impact of FCNR(B) deployment, NIM stood at 3.47%, improving 1 bp QoQ.
- The 10 bps QoQ NIM decline comprised an 11 bps impact from grossing up self-leveraged FCNR deposits and temporarily parking funds in low-yielding assets before deployment, partly offset by a 1 bp benefit from lower interest reversals.
- The 37 bps YoY NIM decline comprised an 11 bps impact from FCNR, a 16 bps impact from balance sheet mix changes and a 10 bps net impact from 125 bps of repo rate cuts versus 100 bps in the previous year.
- Cost of funds declined 8 bps YoY but increased 3 bps QoQ.
- Management indicated that underlying NIM bottomed out in Q1 FY27 and expects sequential improvement in Q3/Q4 as FCNR proceeds are fully optimised, high-cost

non-retail term deposits are retired and the asset-liability mix improves. The bank reiterated its through-the-cycle NIM target of 3.80%.

Asset Quality and Provisions

- GNPA declined 30 bps YoY and 12 bps QoQ to 1.16% (Rs 167.8 bn), while NNPA declined 9 bps YoY and 4 bps QoQ to 0.35% (Rs 50.5 bn).
- Gross slippages stood at Rs 47.6 bn, comprising Rs 42.9 bn from retail, Rs 2.9 bn from SME/CBG and Rs 1.9 bn from corporate/WBCG. The gross slippage ratio declined 63 bps YoY and 31 bps QoQ.
- 33.0% of gross slippages related to linked accounts that remained standard or were upgraded within the same quarter.
- Net slippages stood at Rs 23.8 bn, comprising Rs 20.4 bn from retail, Rs 2.1 bn from CBG and Rs 1.3 bn from WBCG. The net slippage ratio declined 30 bps YoY and 37 bps QoQ.
- Recoveries from written-off accounts increased 51.0% YoY to Rs 9.7 bn. Net slippages adjusted for written-off recoveries stood at Rs 14.1 bn, comprising Rs 13.1 bn from retail, Rs 1.0 bn from CBG and Rs 0.01 bn from WBCG.
- NPA provisions stood at Rs 117.2 bn, with a provision coverage ratio (PCR) of 70.0% and total provisions to GNPA coverage of 164.0%.
- Cumulative non-NPA provisions stood at Rs 158.6 bn, comprising prudent standard asset provisions of Rs 67.8 bn, restructuring provisions of Rs 1.7 bn, standard asset provisions above regulatory requirements of Rs 19.1 bn, additional one-time standard asset provisions of Rs 12.3 bn and weak asset/other provisions of Rs 57.7 bn.
- Net credit cost declined 28 bps YoY and 18 bps QoQ to 0.45% (Rs 15.6 bn). Management expects the improving credit cost trajectory to continue across portfolios, with further sequential/directional improvement.

Deposits and FCNR

- Total deposits on a month-end balance (MEB) basis grew 21.0% YoY and 6.0% QoQ to Rs 14,520.7 bn. On a quarterly average balance (QAB) basis, deposits grew 23.0% YoY and 7.0% QoQ.
- Excluding FCNR deposits backed by international branch leverage, MEB deposit growth stood at 17.0% YoY and 3.0% QoQ.
- Term deposits grew 27.0% YoY on an MEB basis and 28.0% on a QAB basis. Excluding FCNR, term deposits grew 21.0% YoY, following an 8.6% QoQ reduction in non-retail term deposits to optimise balance sheet costs.
- Current account deposits grew 7.0% YoY (15.0% QAB), while savings account deposits grew 12.0% YoY (13.0% QAB).
- Total CASA deposits grew 11.0% YoY and 14.0% on a QAB basis, with the CASA mix remaining healthy.

- The bank mobilised Rs 1,018.0 bn in FCNR deposits, capturing an 8.0% market share.
- FCNR deposits carry a one-year lock-in and are treated as non-callable, requiring no HQLA maintenance under LCR rules. The bank actively manages its LCR within the 115.0%–120.0% range.
- New-to-bank (NTB) average balances grew 20.0% YoY. Corporate salary NTB balances grew 40.0% YoY, while the existing salary portfolio grew 16.0% YoY. Burgundy Wealth AUM increased 27.0% YoY and 9.0% QoQ.
- The bank gained approximately 10 bps of deposit market share YoY.

Operating Expenses

- Q2 FY27 OpEx increased 9.0% YoY and 11.0% QoQ to Rs 108.2 bn, while H1 FY27 OpEx grew 7.0% YoY to Rs 205.4 bn.
- The cost-to-assets ratio improved to 2.14%, declining 24 bps YoY and 6 bps QoQ.
- Technology and digital investments accounted for 10.0% of total OpEx.
- The Rs 8.6 bn YoY increase in expenses comprised 48.0% volume-linked costs, 23.0% technology/digital investments and 29.0% staff and other costs.
- Q1 FY27 included Rs 2.7 bn in one-time staff cost reversals. Q2 FY27 included Rs 2.5 bn in one-time expenses, of which slightly over 50.0% (approximately Rs 1.3 bn) related to new labour code/ESIC adjustments and slightly under 50.0% (approximately Rs 1.3 bn) related to FCNR mobilisation costs.
- Adjusting for one-time items, normalised QoQ .OpEx increased Rs 5.7 bn (approximately 6.0%), driven 60.0% by volume, 13.0% by technology and 27.0% by business-as-usual costs.
- The bank added 119 branches in Q2 and 139 branches in H1 FY27. Employee headcount declined by 375 during H1 FY27.
- Management expects the OpEx-to-assets ratio to continue declining, supported by operational efficiencies, structural positive jaws and AI deployment through AXIOM.

Expected Credit Loss Transition

- Management expects no material impact on the bank's financial position or portfolio from transitioning to the Expected Credit Loss (ECL) framework.
- The transition is supported by Rs 80.1 bn of unreckoned contingent standard asset provisions, providing a buffer for a smooth migration.
- Stage 1 and Stage 2 flow rates are being evaluated, with management expecting smooth flow and transition dynamics without material portfolio implications.

Fee Income and IRDAI Impact on Bancassurance

- Regulatory consultation on IRDAI draft insurance commission guidelines is ongoing, with implementation expected in 6–9 months.
- The bank has completed quantitative and qualitative impact assessments and plans to mitigate potential fee income pressure through higher volumes, product mix changes and expansion of alternative non-bancassurance fee streams.
- Q2 FY27 fee income grew 6.0% YoY and 4.0% QoQ to Rs 63.8 bn, while H1 FY27 fee income increased 6.0% YoY to Rs 125.4 bn.
- Granular fees accounted for 90.0% of total fee income.
- Wholesale fees grew 10.0% YoY, while total retail fees increased 4.0% YoY. The fee-to-assets ratio stood at 1.26%.
- Card and payment fees were subdued due to the shift in the festive season, from September last year to October this year.
- The bank did not charge any explicit fee for FCNR deposit mobilisation.
- Implementation of UPI merchant discount rate (MDR) has been delayed. Once implemented, revenues will be partially reinvested to expand merchant-acquiring coverage and infrastructure.

Valuation Outlook

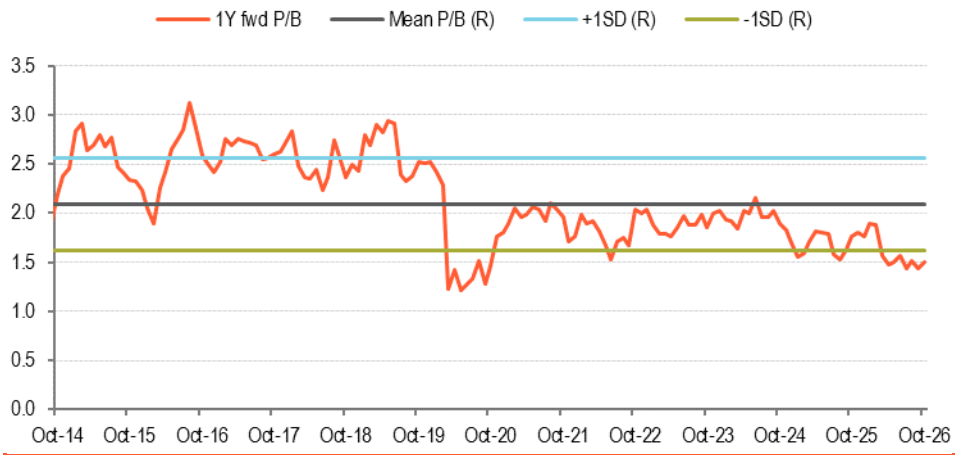
Valuation Outlook: With sustained business growth momentum and a medium-term target of growing 300 bps above industry growth, we believe NIMs have bottomed out and should improve from Q3 onwards, supported by the repo-rate hike and balance-sheet optimisation. With 72% of loans on floating rates (60% repo-linked and 12% linked to MCLR and other benchmarks), a higher retail mix (targeting 55%) should further support yields and NIMs. With further improvement expected t in cost-to-assets, credit costs we believe that the bank can deliver RoA/RoE of 1.5%/13.8% in FY27. We maintain BUY under the SOTP methodology, with a revised TP of Rs 1,421 (1,470 earlier), rolling forward the valuation to 1.7x Sep'28E ABV. However, sustained retail growth momentum remains essential to improving NIMs and return ratios..

Fig 17 – Key operational assumptions

(%)	FY26	FY27E	FY28E	FY29E
Advances Growth	18.5	19.0	15.5	15.5
Net Interest Income Growth	3.1	15.9	20.5	14.2
PPoP Growth	1.7	23.6	18.2	14.7
PAT Growth	(7.3)	24.6	19.2	15.1
NIM	3.7	3.5	3.6	3.6
GNPA	1.3	1.2	1.2	1.2
CAR	16.4	16.5	16.7	16.8

Source: Company, BOBCAPS Research

Fig 18 – PB band chart



Source: Company, BOBCAPS Research

Key Risks

Key downside risks to our estimates:

- Potential regulatory changes to bancassurance commissions under IRDAI draft guidelines could weigh on fee income .
- Margin recovery may be slower than expected due to FCNR-related funding costs, balance sheet mix changes and delays in replacing high-cost non-retail term deposits.

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Net interest income	**543,478**	**560,480**	**649,361**	**782,451**	**893,556**
NII growth (%)	8.9	3.1	15.9	20.5	14.2
Non-interest income	252,571	261,308	330,305	374,640	429,174
Total income	796,049	821,789	979,667	1,157,091	1,322,730
Operating expenses	374,999	393,621	450,607	531,990	605,617
PPOP	421,049	428,168	529,060	625,101	717,113
PPOP growth (%)	13.4	1.7	23.6	18.2	14.7
Provisions	77,584	132,628	121,568	139,535	158,321
PBT	343,466	295,540	407,491	485,567	558,792
Tax	79,731	50,973	102,688	122,363	140,816
Reported net profit	**263,735**	**244,567**	**304,804**	**363,204**	**417,977**
Adjustments	0	0	0	0	0
Adjusted net profit	**263,735**	**244,567**	**304,804**	**363,204**	**417,977**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Equity capital	6,195	6,216	6,216	6,216	6,216
Reserves & surplus	1,791,057	2,049,148	2,350,903	2,711,020	3,125,862
Net worth	1,797,251	2,055,364	2,357,120	2,717,236	3,132,078
Deposits	11,729,520	13,358,340	15,550,082	17,844,774	20,492,167
Borrowings	1,841,465	2,352,706	2,862,933	3,143,657	3,451,996
Other liab. & provisions	731,062	1,102,089	1,102,089	1,113,110	1,124,241
Total liab. & equities	**16,099,299**	**18,868,499**	**21,872,223**	**24,818,777**	**28,200,482**
Cash & bank balance	997,321	1,049,027	1,194,671	1,235,009	1,368,351
Investments	3,961,418	4,450,328	4,648,119	5,181,723	5,777,460
Advances	10,408,113	12,335,699	14,679,482	16,954,801	19,582,795
Fixed & Other assets	732,447	1,033,445	1,137,477	1,220,561	1,338,635
Total assets	**16,099,299**	**18,868,499**	**21,659,749**	**24,592,094**	**28,067,242**
Deposit growth (%)	9.8	13.9	16.4	14.8	14.8
Advances growth (%)	7.8	18.5	19.0	15.5	15.5

Per Share

Y/E 31 Mar (Rs)	FY25A	FY26A	FY27E	FY28E	FY29E
EPS	85.3	78.8	98.1	116.9	134.5
Dividend per share	1.0	1.0	1.0	1.0	1.0
Book value per share	580.3	661.3	758.4	874.2	1,007.7

Valuations Ratios

Y/E 31 Mar (x)	FY25A	FY26A	FY27E	FY28E	FY29E
P/E	15.1	16.4	13.2	11.0	9.6
P/BV	2.2	2.0	1.7	1.5	1.3
Dividend yield (%)	0.1	0.1	0.1	0.1	0.1

DuPont Analysis

Y/E 31 Mar (%)	FY25A	FY26A	FY27E	FY28E	FY29E
Net interest income	3.5	3.2	3.2	3.4	3.4
Non-interest income	1.6	1.5	1.6	1.6	1.6
Operating expenses	2.4	2.3	2.2	2.3	2.3
Pre-provisioning profit	2.7	2.4	2.6	2.7	2.7
Provisions	0.5	0.8	0.6	0.6	0.6
PBT	2.2	1.7	2.0	2.1	2.1
Tax	0.5	0.3	0.5	0.5	0.5
ROA	1.7	1.4	1.5	1.6	1.6
Leverage (x)	9.3	9.1	9.2	9.1	9.0
ROE	15.9	12.7	13.8	14.3	14.3

Ratio Analysis

Y/E 31 Mar	FY25A	FY26A	FY27E	FY28E	FY29E
YoY growth (%)					
Net interest income	8.9	3.1	15.9	20.5	14.2
Pre-provisioning profit	13.4	1.7	23.6	18.2	14.7
EPS	5.7	(7.6)	24.4	19.2	15.1
Profitability & Return ratios (%)					
Net interest margin	4.0	3.7	3.5	3.6	3.6
Fees / Avg. assets	40.9	37.4	40.5	40.1	40.5
Cost-Income	47.1	47.9	46.0	46.0	45.8
ROE	15.9	12.7	13.8	14.3	14.3
ROA	1.7	1.4	1.5	1.6	1.6
Asset quality (%)					
GNPA	1.4	1.3	1.2	1.2	1.2
NNPA	0.4	0.4	0.3	0.3	0.3
Slippage ratio	2.0	2.4	2.3	2.2	2.1
Credit cost	0.8	1.2	0.9	1.0	0.9
Provision coverage	74.3	69.9	71.8	72.8	73.8
Ratios (%)					
Credit-Deposit	88.7	92.3	94.4	95.0	95.6
Investment-Deposit	33.8	33.3	29.9	29.0	28.2
CAR	17.1	16.4	16.5	16.7	16.8
Tier-1	15.1	14.8	14.8	15.0	15.2

Source: Company, BOBCAPS Research

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BUY – Expected return >+15%

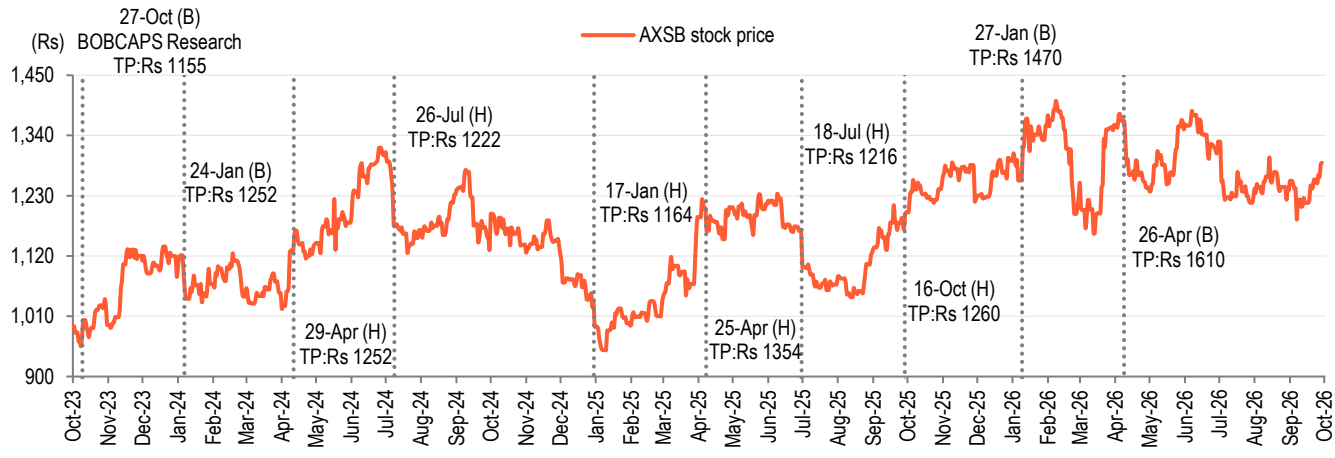
HOLD – Expected return from -6% to +15%

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)



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