

BUY
 TP: Rs 1,610 | ▲ 18%

AXIS BANK

| Banking

| 26 April 2026

Resilient earnings with improving return ratios and AQ

- **PAT higher than our estimates, mainly supported by tax reversals.**
 Return ratios and AQ improving on lower slippages
- **Business growth gaining traction with a focus on Corporate segment.**
 Management reiterated no dilution in the risk-adjusted return on capital
- **Maintain BUY with revised TP of Rs 1,610 (from Rs 1,470) and roll over valuation to 1.7x Mar'28E ABV (1.6x earlier)**

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PAT above estimates on tax reversals; return ratios improving: Despite a sharp rise in provisions to Rs 35.2bn (+57% QoQ), PAT increased to Rs 70.7bn (+9% QoQ) and was 5% above our estimates. This was driven by a lower tax expense at Rs 21.9bn, on account of a reversal of excess tax provisions, lower current tax outgo, and recognition of deferred tax assets. The higher provisions were driven by a one-time Rs 20bn buffer in Q4FY26, on identified pool of loans across segments, based on an assessment of evolving unpredictable macroeconomic and geopolitical uncertainties. NIMs were largely stable at 3.62% (-2bps QoQ). Management guided for achieving NIMs of 3.8% in the medium term. Further, cost-to-assets improved to 2.28% (-5bps QoQ), mainly aided by a sequential reduction of ~550 employees. Hence, return ratios improved with RoA/ RoE of 1.6%/14.7% in Q4FY26 vs 1.5%/13.7% in Q3FY26. Management aspires to achieve RoE of 18%.

Business growth continues to improve: There was a sustained improvement in net advances growth of 18.5% YoY (Q4FY26) from 14.2% YoY (Q3FY26). We note that credit growth is largely driven by the corporate segment (+38% YoY). As a result, the segment's share increased to 33% (FY26) from 29% (FY25). Management highlighted that there has been no dilution in the risk-adjusted return on capital in this segment, in the last couple of years. Around 91% of corporate loans are rated A- and above, indicating better credit quality. Broadly, the bank plans on maintaining retail and SME share of 70% and corporate at 30%. Further, deposit growth gained traction at 13.9% YoY in FY26 vs 9.8% YoY in FY25, led by broad-based growth across segments.

AQ improving: Asset quality (AQ) improved with GNPA ratio falling by 17bps QoQ to 1.23%, as of Mar'26. This was mainly led by controlled slippages at Rs 47bn (-22% QoQ) or slippage ratio of 1.6% (-53bps QoQ). PCR remained healthy at ~70%.

Maintain BUY: With a sustained business growth momentum resulting in an increase in the return profile, along with improvement in AQ, the bank is poised to deliver RoA/RoE of 1.9%/16.3% by FY29E. We maintain BUY with revised TP of Rs 1,610 (from Rs 1,470), set at 1.7x Mar'28E ABV (from 1.6x earlier).

Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	AXSB IN/Rs 1,366
Market cap	US\$ 45.0bn
Free float	92%
3M ADV	US\$ 103.7mn
52wk high/low	Rs 1,418/Rs 1,043
Promoter/FPI/DII	8%/42%/43%

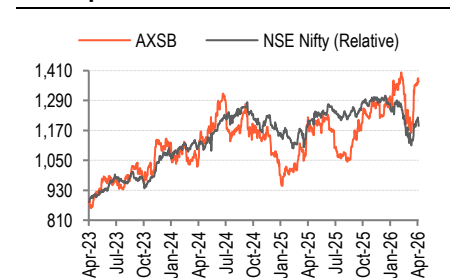
Source: NSE | Price as of 24 Apr 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
NII (Rs mn)	5,60,480	6,68,954	7,87,428
NII growth (%)	3.1	19.4	17.7
Adj. net profit (Rs mn)	2,44,567	3,22,696	4,01,347
EPS (Rs)	78.8	103.8	129.1
Consensus EPS (Rs)	78.8	100.7	119.7
P/E (x)	17.3	13.2	10.6
P/BV (x)	2.1	1.8	1.5
ROA (%)	1.4	1.6	1.8
ROE (%)	12.7	14.6	15.6

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



Fig 1 – Quarterly snapshot: Income statement

(Rs mn)	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26	YoY (%)	QoQ (%)
Income Statement							
Interest Income	2,45,796	2,44,081	2,44,242	2,51,634	2,55,125	3.8	1.4
Income on investments	60,951	61,430	58,917	65,559	67,093	10.1	2.3
Int. on bal. with RBI & inter-bank funds & Others	5,678	5,125	6,544	5,551	5,023	(11.5)	(9.5)
Interest income	3,12,425	3,10,635	3,09,702	3,22,744	3,27,241	4.7	1.4
Interest expense	1,74,320	1,75,038	1,72,257	1,79,878	1,82,669	4.8	1.6
Net interest income	1,38,105	1,35,598	1,37,446	1,42,866	1,44,572	4.7	1.2
Growth YoY (%)	5.5	0.8	1.9	5.0	4.7		
Fee Income	63,380	57,460	60,370	61,000	65,610	3.5	7.6
Trading gains/(losses)	1,730	14,200	4,980	610	(6,060)	(450.3)	(1093.4)
Others	2,685	921	896	647	675	(74.8)	4.5
Non-interest income	67,795	72,581	66,246	62,257	60,226	(11.2)	(3.3)
Growth YoY (%)	0.2	25.5	(1.4)	4.2	(11.2)		
Total income	2,05,901	2,08,178	2,03,691	2,05,122	2,04,797	(0.5)	(0.2)
Growth YoY (%)	3.7	8.2	0.8	4.8	(0.5)		
Staff expenses	29,615	32,618	31,176	27,718	31,148	5.2	12.4
Other operating expenses	68,762	60,409	68,390	68,647	73,516	6.9	7.1
Operating expenses	98,377	93,027	99,566	96,365	1,04,663	6.4	8.6
Pre-Provisioning Profit (PPoP)	1,07,524	1,15,152	1,04,125	1,08,757	1,00,134	(6.9)	(7.9)
Growth YoY (%)	2.1	13.9	(2.8)	3.2	(6.9)		
Provisions	13,594	39,477	35,470	22,459	35,222	159.1	56.8
Growth YoY (%)	14.7	93.6	60.9	4.2	159.1		
Exceptional Item	-	-	-	-	-	-	-
PBT	93,930	75,675	68,655	86,298	64,912	(30.9)	(24.8)
Tax	22,755	17,614	17,759	21,402	(5,801)	(125.5)	(127.1)
PAT	71,175	58,061	50,896	64,896	70,713	(0.6)	9.0
Growth YoY (%)	(0.2)	(3.8)	(26.4)	2.9	(0.6)		
Per Share							
FV (Rs)	2	2	2	2	2		
EPS (Rs)	23	19	16	21	23	(1.0)	8.8
Book Value (Rs)	580	602	618	640	663	14.3	3.7

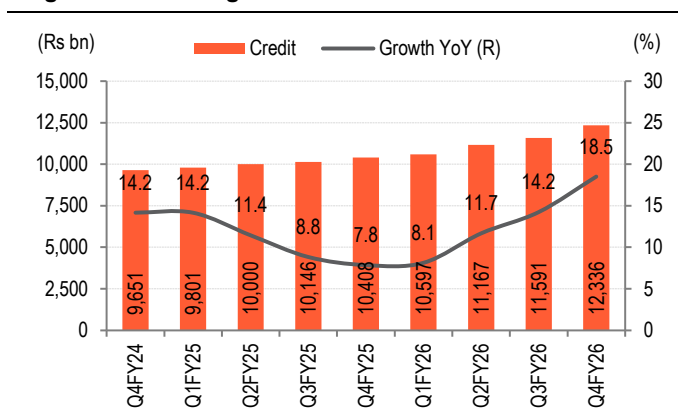
Source: Company, BOBCAPS Research

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

Balance sheet (Rs mn)	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26	YoY (%)	QoQ (%)
Deposits	1,17,29,520	1,16,16,146	1,20,34,869	1,26,07,859	1,33,58,340	13.9	6.0
Growth YoY (%)	9.8	9.3	10.7	15.0	13.9		
Advances	1,04,08,113	1,05,97,244	1,11,67,030	1,15,90,517	1,23,35,699	18.5	6.4
Growth YoY (%)	7.8	8.1	11.7	14.2	18.5		
Investment	39,61,418	36,06,406	39,18,508	41,84,295	44,50,328	12.3	6.4
Equity	17,97,251	18,65,401	19,17,615	19,86,011	20,61,581	14.7	3.8
Assets	1,60,99,299	1,60,33,077	1,67,66,144	1,75,21,715	1,88,68,499	17.2	7.7
Growth YoY (%)	9.0	9.2	11.4	14.8	17.2		
Yield (%)							
Yield on Funds	8.36	8.13	7.96	7.90	7.56	(80bps)	(33bps)
Cost of Funds	5.28	5.19	5.02	4.99	4.79	(49bps)	(20bps)
Spread	3.08	2.94	2.94	2.90	2.77	(31bps)	(13bps)
Net Interest Margin	3.97	3.80	3.73	3.64	3.62	(35bps)	(2bps)
Ratios (%)							
Other Income / Net Income	32.9	34.9	32.5	30.4	29.4	(352bps)	(94bps)
Cost to Income ratio	47.8	44.7	48.9	47.0	51.1	333bps	413bps
CASA ratio	40.8	40.3	39.8	39.1	39.6	(117bps)	49bps
C/D ratio	88.7	91.2	92.8	91.9	92.3	361bps	41bps
Investment to Assets	24.6	22.5	23.4	23.9	23.6	(102bps)	(29bps)
Assets Quality							
GNPA	1,44,901	1,77,647	1,73,077	1,71,668	1,60,837	11.0	(6.3)
NNPA	36,855	50,660	51,139	51,543	47,896	30.0	(7.1)
Provision	1,08,047	1,26,987	1,21,939	1,20,125	1,12,941	4.5	(6.0)
GNPA (%)	1.28	1.57	1.46	1.40	1.23	(5bps)	(17bps)
NNPA (%)	0.33	0.45	0.44	0.42	0.37	4bps	(5bps)
Provision (%)	74.57	71.48	70.45	69.98	70.22	(435bps)	25bps
Others (Nos)							
Branches	5,876	5,879	5,976	6,110	6,275	399	165
ATMs	13,941	14,134	13,177	12,838	12,796	(1,145)	(42)
Employees	1,04,400	1,03,900	1,02,800	1,01,850	1,01,300	(3,100)	(550)

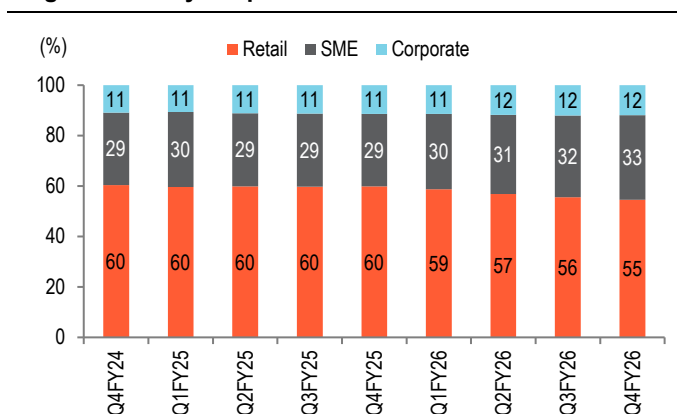
Source: Company, BOBCAPS Research

Fig 3 – Advances grew 18.5% YoY



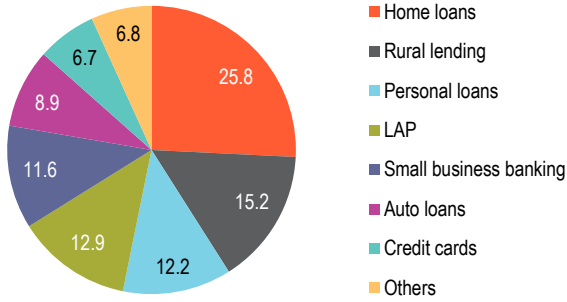
Source: Company, BOBCAPS Research

Fig 4 – ...led by Corporate and SME book



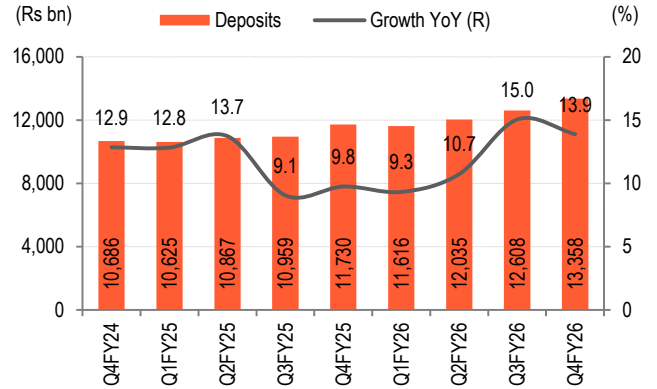
Source: Company, BOBCAPS Research

Fig 5 – Retail loan mix (Q4FY26)



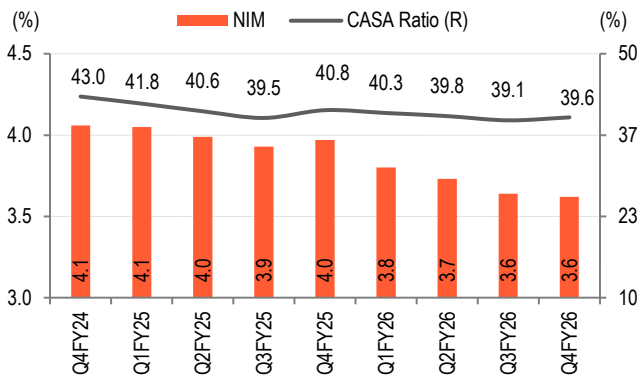
Source: Company, BOBCAPS Research

Fig 6 – Deposits grew 13.9% YoY



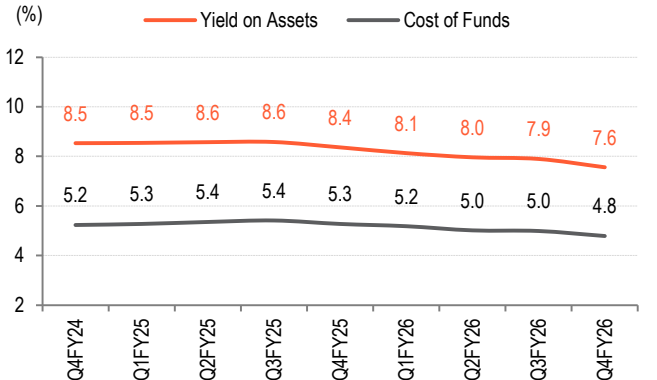
Source: Company, BOBCAPS Research

Fig 7 – NIMs declined on lower spreads



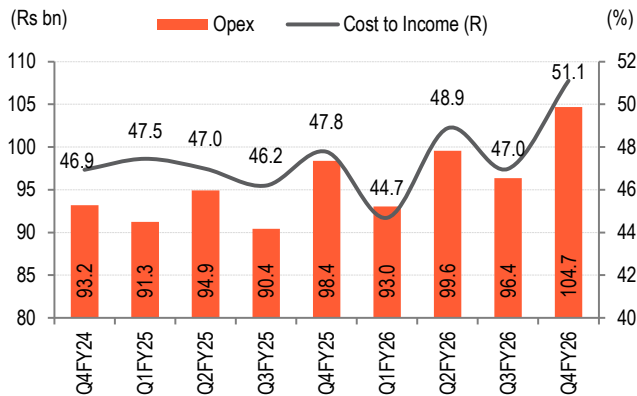
Source: Company, BOBCAPS Research

Fig 8 – Yields down, mainly due to repricing impact



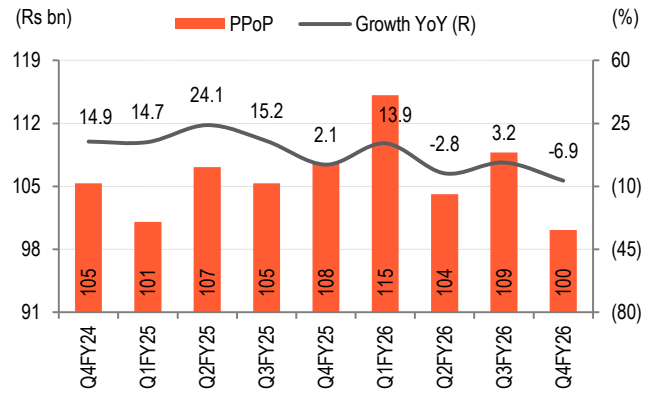
Source: Company, BOBCAPS Research

Fig 9 – C/I ratio increased to 51.1%



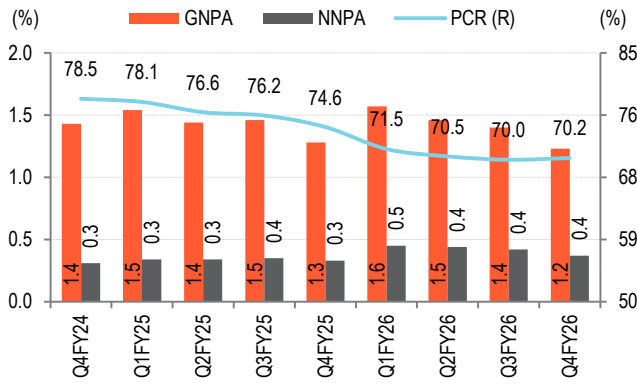
Source: Company, BOBCAPS Research

Fig 10 – PPoP down on lower income and higher opex



Source: Company, BOBCAPS Research

Fig 11 – Asset quality improving...



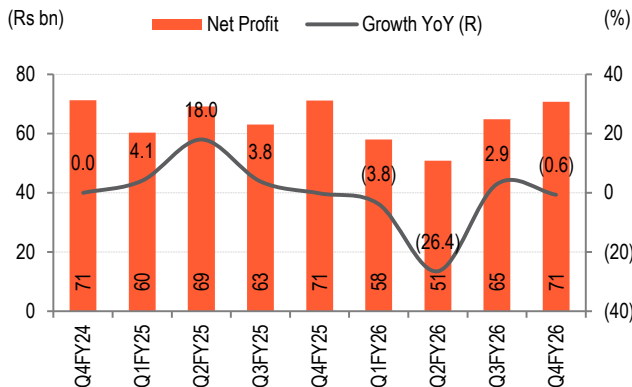
Source: Company, BOBCAPS Research

Fig 12 – Credit cost went up QoQ



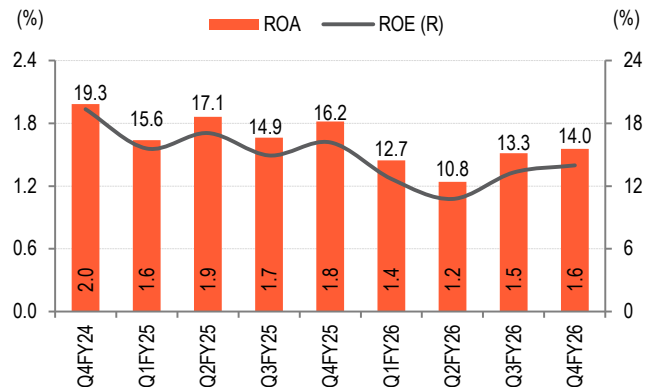
Source: Company, BOBCAPS Research

Fig 13 – Net profit improved sequentially



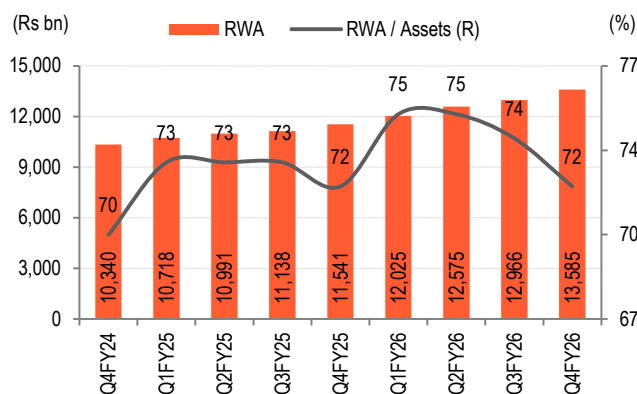
Source: Company, BOBCAPS Research

Fig 14 – Return ratios improving



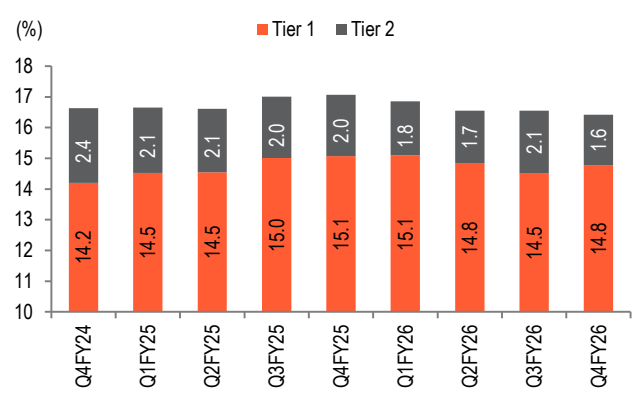
Source: Company, BOBCAPS Research

Fig 15 – RWA increases to Rs 13.6trn, as of Q4FY26



Source: Company, BOBCAPS Research

Fig 16 – Adequate capital ratios



Source: Company, BOBCAPS Research

Earnings Call Highlights

Advances

- **Management reiterated its through-cycle NIM guidance of ~3.8%**, with normalization expected over the next 15–18 months post full transmission of the recent rate cut cycle.
- The bank continues to target an aspirational **ROE of ~18%**, supported by **operating leverage, improving mix, and steady asset quality**.
- Management expects **AI-led initiatives** to start delivering meaningful bottom-line impact over the next 18–24 months, aiding efficiency and revenue generation.
- **Fee income growth is likely to accelerate in the coming year**, driven by scaling core businesses and **incremental contribution from new branch additions**.
- PPOP was down 8% QoQ, mainly because of **trading loss of Rs 6bn** vs trading gain of Rs 610 mn in Q3FY26.
- The bank **remains confident of delivering calibrated growth ahead of industry levels**, while maintaining **discipline on underwriting and portfolio quality**.
- While near-term growth has been supported by wholesale lending to optimise NII, the bank intends **rebalancing portfolio towards its stated mix of ~70% retail + SME and ~30% wholesale** ($\pm 3-4\%$) over the medium term.
- Incremental growth in the corporate segment was from **power, largely renewables, commercial real estate, data centers, NBFC and manufacturing sectors**.
- The bank has created a **one-time contingent provision buffer of Rs 20bn** to strengthen balance sheet resilience against global uncertainties, which is deemed **adequate even under severe stress scenarios for FY27**. The adverse stress scenario assumes average oil at over \$150 for 12 months, inflation spiking to 7.4%, and the INR currency depreciating approximately 20% over the current levels amongst multiple other variables that have gone into the model.
- In the **event of stress** emanating from the West Asia region, identified exposures would be **absorbed through utilisation of these specific provisions**.
- Management **reiterated that growth will not come at the cost of underwriting standards, with no dilution in credit filters envisaged**.
- On the capital front, the bank remains well-capitalised with **no immediate need for equity infusion**. However, **it may opportunistically access debt markets** via Tier II/AT1 instruments depending on market conditions.

Valuation Outlook

Valuation Outlook: With sustained business growth momentum resulting in an increase in return profile along with improvement in AQ, the bank is poised to deliver RoA/RoE of 1.9%/16.3% by FY29E. We maintain BUY with revised SOTP-based TP of Rs 1,610 (earlier Rs 1,470), set at 1.7x Mar'28E ABV (from 1.6x earlier), with Rs 149/share as value of subsidiaries.

Fig 17 – Actual vs Estimates

(Rs mn)	Q4FY26A	Q4FY26E	Change (%)
Loans	1,23,35,699	1,23,23,206	0.1
Deposits	1,33,58,340	1,33,58,000	0.0
Assets	1,88,68,499	1,83,18,121	3.0
NII	1,44,572	1,46,920	(1.6)
PPOP	1,00,134	1,11,610	(10.3)
Provisions	35,222	22,100	59.4
PAT	70,713	67,311	5.1

Source: Company, BOBCAPS Research

Fig 18 – Revised estimates

Estimates Key Parameters (Rs mn)	New		Old		Change (%)	
	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
Loan	1,41,24,375	1,62,14,783	1,37,52,760	1,58,43,180	2.7	2.3
Deposits	1,53,35,374	1,76,81,686	1,52,97,112	1,75,91,679	0.3	0.5
Assets	2,10,66,561	2,40,39,377	2,04,55,452	2,34,79,313	3.0	2.4
NII	6,68,954	7,87,428	6,57,845	7,82,539	1.7	0.6
PPOP	5,44,793	6,42,398	5,50,142	6,55,987	(1.0)	(2.1)
Provision	1,13,381	1,05,838	1,07,989	1,02,643	5.0	3.1
PAT	3,22,696	4,01,347	3,30,730	4,13,902	(2.4)	(3.0)
ABV (Rs)	748	875	746	876	0.2	(0.2)

Source: Company, BOBCAPS Research

Fig 19 – Key operational assumptions

(%)	FY26A	FY27E	FY28E	FY29E
Advances Growth	18.5	14.5	14.8	15.3
Net Interest Income Growth	3.1	19.4	17.7	18.1
PPoP Growth	1.7	27.2	17.9	21.0
PAT Growth	(7.3)	31.9	24.4	22.4
NIM	3.7	3.7	3.7	3.8
GNPA	1.3	1.3	1.2	1.2
CAR	16.4	16.6	16.9	17.2

Source: Company, BOBCAPS Research

Fig 20 – Valuation summary

Business	Valuation	Holdings (%)	Value (Rs/sh)
Axis Bank	1.7x Mar'28E ABV	100	1,461
Axis AMC	8% of AUM	75	56
Axis Finance	1.2x FY28E ABV	100	26
Axis Capital	15x FY28E EPS	100	13
Axis Securities	15x FY28E EPS	100	20
Max Life	1.8x FY28E P/EV	19	35
Total			1,610

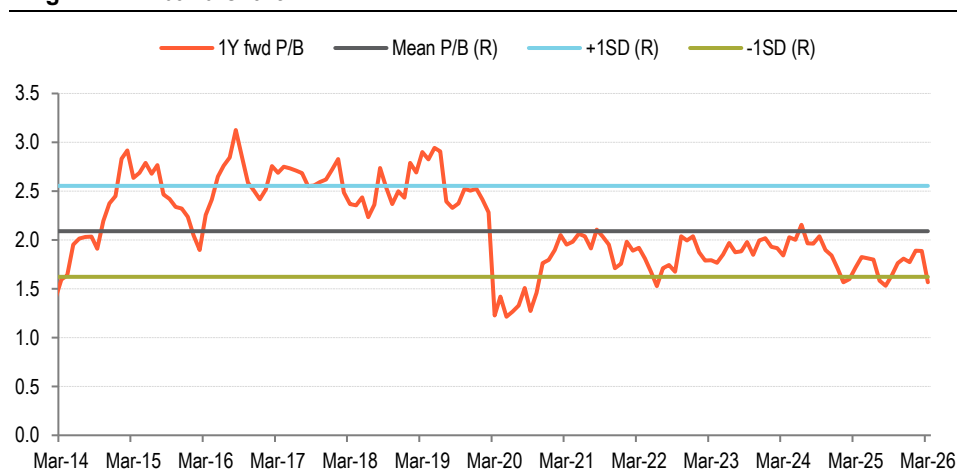
Source: Company, BOBCAPS Research

Fig 21 – Key valuation assumptions

Gordon growth model	Assumptions
Risk-free rate (%)	6.9
Equity risk premium (%)	5.5
Beta	1.2
Cost of equity (%)	13.3
Blended ROE (%)	16.5
Initial high growth period (yrs)	10.0
Payout ratio of high-growth phase (%)	15.0
Long-term growth (%)	3.3
Long term dividend payout ratio (%)	80.0
Justified P/BV Multiple (x)	1.7

Source: Company, BOBCAPS Research

Fig 22 – PB band chart



Source: Company, BOBCAPS Research

Key Risks

Key downside risks to our estimates:

- Any sudden delinquency in the Retail and SME segments, resulting in higher credit cost.
- Inability to manage CoF, which may drag down NIMs as well as the overall profitability.

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Net interest income	5,43,478	5,60,480	6,68,954	7,87,428	9,30,333
NilI growth (%)	8.9	3.1	19.4	17.7	18.1
Non-interest income	2,52,571	2,61,309	3,25,471	3,65,358	4,20,714
Total income	7,96,049	8,21,789	9,94,425	11,52,786	13,51,047
Operating expenses	3,74,999	3,93,621	4,49,632	5,10,388	5,73,926
PPOP	4,21,049	4,28,168	5,44,793	6,42,398	7,77,121
PPOP growth (%)	13.4	1.7	27.2	17.9	21.0
Provisions	77,584	1,32,628	1,13,381	1,05,838	1,20,350
PBT	3,43,466	2,95,540	4,31,411	5,36,560	6,56,771
Tax	79,731	50,973	1,08,716	1,35,213	1,65,506
Reported net profit	2,63,735	2,44,567	3,22,696	4,01,347	4,91,265
Adjustments	0	0	0	0	0
Adjusted net profit	2,63,735	2,44,567	3,22,696	4,01,347	4,91,265

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	17,91,057	20,49,148	23,68,616	27,66,552	32,54,132
Net worth	17,97,251	20,55,364	23,74,833	27,72,768	32,60,348
Deposits	1,17,29,520	1,33,58,340	1,53,35,374	1,76,81,686	2,04,40,029
Borrowings	18,41,465	23,52,706	24,58,578	25,81,507	27,10,582
Other liab. & provisions	7,31,062	11,02,089	8,97,776	10,03,416	11,70,988
Total liab. & equities	1,60,99,299	1,88,68,499	2,10,66,561	2,40,39,377	2,75,81,948
Cash & bank balance	9,97,321	10,49,027	11,56,357	13,37,191	15,43,929
Investments	39,61,418	44,50,328	46,90,700	53,28,000	60,77,933
Advances	1,04,08,113	1,23,35,699	1,41,24,375	1,62,14,783	1,86,95,644
Fixed & Other assets	7,32,447	10,33,445	10,95,130	11,59,403	12,64,441
Total assets	1,60,99,299	1,88,68,499	2,10,66,561	2,40,39,377	2,75,81,948
Deposit growth (%)	9.8	13.9	14.8	15.3	15.6
Advances growth (%)	7.8	18.5	14.5	14.8	15.3

Per Share

Y/E 31 Mar (Rs)	FY25A	FY26A	FY27E	FY28E	FY29E
EPS	85.3	78.8	103.8	129.1	158.1
Dividend per share	1.0	1.0	1.0	1.1	0.0
Book value per share	580.3	661.3	764.1	892.1	1,049.0

Valuations Ratios

Y/E 31 Mar (x)	FY25A	FY26A	FY27E	FY28E	FY29E
P/E	16.0	17.3	13.2	10.6	8.6
P/BV	2.4	2.1	1.8	1.5	1.3
Dividend yield (%)	0.1	0.1	0.1	0.1	0.0

DuPont Analysis

Y/E 31 Mar (%)	FY25A	FY26A	FY27E	FY28E	FY29E
Net interest income	3.5	3.2	3.4	3.5	3.6
Non-interest income	1.6	1.5	1.6	1.6	1.6
Operating expenses	2.4	2.3	2.3	2.3	2.2
Pre-provisioning profit	2.7	2.4	2.7	2.8	3.0
Provisions	0.5	0.8	0.6	0.5	0.5
PBT	2.2	1.7	2.2	2.4	2.5
Tax	0.5	0.3	0.5	0.6	0.6
ROA	1.7	1.4	1.6	1.8	1.9
Leverage (x)	9.3	9.1	9.0	8.8	8.6
ROE	15.9	12.7	14.6	15.6	16.3

Ratio Analysis

Y/E 31 Mar	FY25A	FY26A	FY27E	FY28E	FY29E
YoY growth (%)					
Net interest income	8.9	3.1	19.4	17.7	18.1
Pre-provisioning profit	13.4	1.7	27.2	17.9	21.0
EPS	5.7	(7.6)	31.7	24.4	22.4
Profitability & Return ratios (%)					
Net interest margin	4.0	3.7	3.7	3.7	3.8
Fees / Avg. assets	40.9	37.4	40.8	40.5	40.8
Cost-Income	47.1	47.9	45.2	44.3	42.5
ROE	15.9	12.7	14.6	15.6	16.3
ROA	1.7	1.4	1.6	1.8	1.9
Asset quality (%)					
GNPA	1.4	1.3	1.3	1.2	1.2
NNPA	0.4	0.4	0.4	0.3	0.3
Slippage ratio	2.0	2.4	2.3	2.2	2.1
Credit cost	0.8	1.1	0.9	0.8	0.8
Provision coverage	74.3	71.7	71.7	72.8	73.8
Ratios (%)					
Credit-Deposit	88.7	92.3	92.1	91.7	91.5
Investment-Deposit	33.8	33.3	30.6	30.1	29.7
CAR	17.1	16.4	16.6	16.9	17.2
Tier-1	15.1	14.8	14.7	15.1	15.6

Source: Company, BOBCAPS Research

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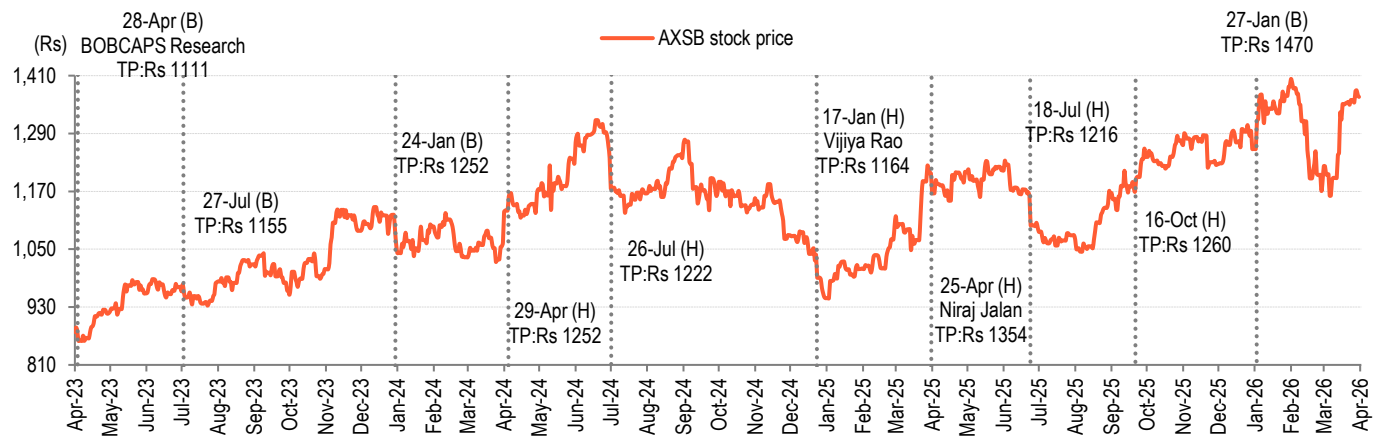
Recommendation scale: Recommendations and Absolute returns (%) over 12 months

- 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

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

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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