BUY (Maintain)

CMP: **INR 1,207** Target Price: **INR 1,400 (INR 1,320)** ▲ 16%

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25 April 2025

India | Equity Research | Results Update

Axis Bank

Banking

Sustains prioritising NIM over growth; asset quality improves QoQ

Axis Bank (Axis) reported ~13% rise in Q4FY25 net profit to INR 71.2bn (flattish YoY; 8% beat) on the back of ~2% rise in PPOP (in-line). Provisions declined sharply, led by INR 8bn reversals on government-backed SR. Reported RoA was strong at ~1.8%. Business growth YoY remained muted (and below system), though QoQ growth saw a seasonal re-bound. Reported NIM improved 4bps QoQ to 3.97% while calculated NIM dipped 7bps QoQ. Axis acknowledged easing systemic liquidity and performance of new vintage, but did not provide quantitative guidance on growth or credit costs. There is a slight change in commentary on the normalisation of stress in personal loan and credit cards. In the current rate cycle (FY22–25), Axis has registered relatively slower deposits growth (~12.6% CAGR), prioritising quality (improvement in run-off rates, contained dip in CASA share) and pricing (modest rise in cost of funding).

Estimate healthy RoA of 1.6% for FY26/27E vs 1.7% in FY25; Maintain BUY on inexpensive valuations

While advances growth (13.7% CAGR and 8% YoY) is relatively slower, the calculated NIM expansion (~35bps over FY22–25) is on the higher side across banks, suggesting focus on profitable growth. Amidst impending pressure on loan yields, we expect growth to be relatively subdued in the near term, though it could see healthy recovery in CY27 from stable rates and easing liquidity conditions. We estimate the bank to deliver ~1.6% RoA in FY26 (similar for FY27) vs. ~1.7% in FY25 with a slight dip in NIM, partly offset by opex and stable credit costs. Maintain **BUY** with a revised TP of INR 1,400 (prior: INR 1,320), valuing the core banking business at ~1.7x FY27E core banking book (1.6x) and INR 133/share for subsidiaries. Stock trades at ~30% discount to HDFCB and given similar growth outcomes and improving liquidity/credit cost environment, could bridge the gap in-part (as RoA differential is still there). Key risks are higher-than-expected rise in slippages impacting profitability.

Loan growth remains muted; SME/LAP growth healthy

Loan growth remained lower than systemic levels due to weak deposits offtake, focus on profitable segment, uncertain macros and tightness in unsecured portfolio. Overall, loans grew ~8% YoY and ~3% QoQ. Focused segments of SBB + SME + MC (~23% of loans) continued to grow at a healthy pace of ~13% YoY (up ~3% QoQ), though marked moderation from the recent run-rate of 16–20% YoY.

Financial Summary

Y/E March	FY24A	FY25A	FY26E	FY27E
NII (INR bn)	498.9	543.5	575.0	661.4
Op. profit (INR bn)	371.2	421.0	443.6	511.7
Net Profit (INR bn)	248.6	263.7	269.0	308.2
EPS (INR)	80.7	85.3	86.9	99.5
EPS % change YoY	13.0	5.7	1.8	14.6
ABV (INR)	481.5	571.8	656.5	752.8
P/BV (x)	2.5	2.1	1.8	1.6
P/ABV (x)	2.3	1.9	1.7	1.4
Return on Assets (%)	1.8	1.7	1.6	1.6
Return on Equity (%)	18.0	15.9	13.9	13.9

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Market Data

Market Cap (INR)	3,739bn
Market Cap (USD)	43,834mn
Bloomberg Code	AXSB IN
Reuters Code	AXBK.BO
52-week Range (INR)	1,340 /934
Free Float (%)	92.0
ADTV-3M (mn) (USD)	103.4

Price Performance (%)	3m	6m	12m
Absolute	27.3	3.4	13.5
Relative to Sensex	22.5	3.7	5.5

ESG Score	2023	2024	Change
ESG score	**81.6**	**80.3**	**(1.3)**
Environment	75.2	79.7	4.5
Social	73.3	67.5	(5.8)
Governance	89.5	90.0	0.5

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

Earnings Revisions (%)	FY26E	FY27E
EPS	1	2

Previous Reports

04-04-2025: Quarterly results preview
11-02-2025: Company Update

Retail loans growth moderated further to 7% YoY led by home loans (up 1% YoY), auto (-1% YoY) and rural loans (7% YoY). Personal loans growth has also declined sharply to 8% YoY (2% QoQ) while credit card growth slowed further to 4% YoY (0.3% QoQ). LAP sustained healthy growth of 18% YoY (up 8% QoQ), led by favourable RaRoC. SME growth, remained reasonably healthy at 14% YoY and 4% QoQ. Corporate loan book grew 8% YoY while mid-corporate book grew 10% YoY (-1% QoQ). We model loan growth of ~10% YoY for FY26E and rising to ~14% for FY27E.

Deposit growth re-bound to 7% QoQ; LDR improves to 89%

Deposits growth was strong, at 7% QoQ; though, on a YoY basis, it remained soft and below the system. Axis reiterated that deposits growth should be seen in conjunction with quality and pricing. While acknowledging slower deposits growth, it mentioned that quality of deposits (in terms of run-of rates, CASA share) has improved. LDR improved to 89% vs. 92.6% QoQ.

CA witnessed strong inflows, which led to 16% QoQ and 6% YoY growth. SA balances grew by 8% QoQ (3% YoY) while term deposits grew by 14% YoY (5% QoQ). Sequential spike can be attributed to in-built seasonality towards year-end. On QAB basis, total deposits grew 9% YoY and 2% QoQ, within which savings account deposits grew 1% YoY (flat QoQ), current account deposits grew 6% YoY (3% QoQ) and term deposits grew 14% YoY (2% QoQ). The bank acknowledged the improving liquidity conditions, though, did not provide any quantitative guidance on deposits growth.

Reported NIM improves 4bps QoQ to 3.97%; bank seems to be prioritising NIM over growth

Despite favorable deposits mix QoQ, cost of deposits inched-up 6bps QoQ to 5.19%. However, we note that Axis has steadily reduced the gap with peer banks on this front. The spreads were higher by 2bps QoQ and interest reversals also added 2bps. Overall, despite unfavourable LDR, reported NIM inched-up 4bps QoQ to 3.97%. Calculated NIM, however, declined 7bps QoQ. NII growth was reasonable (in-line) at 1.5% QoQ (up 5.5% YoY) vs. 2.6% QoQ (8% YoY) loan growth. LCR was broadly stable at 118% vs. 119% QoQ. The bank mentioned that despite pressure on yields amidst declining policy rates, it would try to protect NIM towards its stated levels (3.8%). We model ~15bps YoY decline in NIM for FY26E and see ~10bps rebound for FY27E.

PPOP growth flattish; PAT growth led by lower provisions

Other income was flattish YoY, but up 14% QoQ due to favourable seasonality. Retail fee grew 22% QoQ (up 14% YoY) and constituted 75% of the overall fee. Opex growth continued to remain muted with staff costs growing at 1% YoY (-1% QoQ). Non-staff costs grew 8% YoY (up 13% QoQ) led by PSLC costs (INR 5.91bn). Overall opex grew 6% YoY while ex-PSLC cost, opex growth is well contained at ~1% YoY. Axis added ~500 branches in FY25 and ~170 branches in Q4FY25. Overall PPOP growth was ~2% on both YoY and QoQ basis. Core PPOP grew 5% QoQ and 11% YoY. Reported PAT was flattish YoY and was up 13% QoQ (8% beat), in-part led by INR 8bn reversals on government-backed security receipts provisions. Reported RoA stood at 1.83%.

Slippages ease; credit costs aided by SR reversals

Gross slippages eased to INR 48.05bn, or 1.85% annualised, vs. INR 54.3bn QoQ or 2.1% annualised. Net slippages too improved to INR 20bn, or 0.8% annualised, vs. INR 35 bn or 1.4% annualised. Headline asset quality improved with a 9% QoQ decline in gross NPA. GNPA ratio improve 17bps QoQ to 1.28%. PCR declined ~150bps QoQ but was comfortable at ~75%. Net NPA eased 2bps QoQ to 33bps.

Retail slippages improved to INR 45.07bn (down ~9% QoQ), or 2.9% annualised, vs. 3.3% QoQ. Q3FY25 had an impact of seasonality in agri and minor contribution from MFI.

Change of commentary on credit card/PL stress normalisation; we estimate stable credit costs YoY for FY26

Axis has taken corrective measures to control delinquency in the last 3–4 quarters and the new originations have been behaving reasonably well. Credit card portfolio is stabilising but PL portfolio could take some more quarters to show improvement, as per the bank. We highlight that this contrasts with Axis' previous commentary, wherein it mentioned that credit costs should ideally improve first for PL, followed by credit card in additional few quarters.

Gross credit costs improved to 0.5% vs 0.85% QoQ. The recovery from TWO accounts totalled INR 9.35 bn vs. INR 13bn QoQ. The bank has reversed excess provisions of INR 8bn on security received, backed by NARCL, though has retained INR 5.37bn of unaccrued interests. The bank has made upgrade conditions more stringent now, which could impact credit costs marginally in FY26.

For FY25, the bank reported gross and net slippages of ~1.9% and ~1.1%, respectively. We estimate minor improvement in gross slippages at ~1.8% but similar net slippages (1.1%) on reduced recovery/upgrades. We model stable credit costs of ~75bps with PCR rising to 76% in FY26E vs. 75% in FY25.

Q4FY25 conference call takeaways

Asset quality

- The bank has reversed INR 8bn provisions on government-backed SR. It has not booked INR 5.37bn of accrued interests, which would be done on realisation, or further clarity from RBI.
- The bank has made upgrade conditions more stringent vs. earlier, which could impact credit costs adversely in FY26 vs. FY25. The upgrade conditions could include conditions pertaining to, for example, one-time settlement getting more stringent for smaller vintage. The bank clarified that the impact, however, is likely to be marginal and not exponential.
- Gross slippages break-up: Retail (INR 45bn), SME and commercial – INR 1.96 bn and INR 1.02bn from corporate. For the quarter, ~30% slippage pertaining to linked accounts, or which have upgraded within the quarter.
- Break-up of net slippages: Retail INR 28.04bn, SME/commercial (INR 1.25 bn) and negative in corporate.

Unsecured stress

- Axis maintains that early reading on the unsecured portfolio is positive. However, loan vintages are not matured enough to provide a firm outlook at this stage.
- Credit card portfolio is stabilising but PL portfolio could take some more quarters to show improvement. Correction in card portfolio have started to play out. This view contrasts the bank's previous commentary, wherein it mentioned that credit costs should ideally improve first for PL while credit card may take a few more quarters. The bank mentioned that underwriting is not an exact science and there are continuous tweaks.
- The assets build-up in PL is faster (direct disbursement) and slower for credit card. There are signs of stabilisation/improvement in both segments. However, the new book has different proportion in both these segments.

Opex and other income

- Cost to assets has improved 9bps YoY in FY25.
- The bank added ~500 branches in FY25 and ~170 branches in Q4FY25.
- Tech expenses are 9.3% of the opex.
- Sequential jump in other opex is mostly due to PSL related opex. The bank has paid INR 5.91bn for PSLC purchase. Overall opex grew 6% YoY while ex of PSL cost, opex growth is 1% YoY/2% QoQ.
- The bank has booked INR 1.69bn income on PSL, but cannot net-off this income (as per extant guidelines).

Business

- Three aspects to look at deposits – quality, cost and growth. Axis has delivered on the first two aspects. Granularity has increased and cost has also been in control. To improve growth, it launched multiple initiatives and is now witnessing initial signs of traction because of new deposit initiatives.
- SA–new to bank deposits are up 19% YoY and balances per account are up 17% YoY.
- 18% YoY growth in salary uploads in the NTB salary book by Mar'25.

- For FY25, deposit growth has been a constraint, which has led to a selective growth strategy in advances. If things play out as expected, and liquidity is there in the system, growth and profitability should move in the right direction.
- No guidance on the advances or deposits growth. Loan growth would continue to be driven by RaRoC framework.

NIM

- Axis would like to manage margins by managing asset mix and duration. It has tightly matched duration of asset and liability in terms of interest rate.
- The bank has taken initial steps in terms of savings rate cut and term deposits cut to withstand yields pressure.
- The policy rate re-pricing is within the quarter.
- The day count impact is insignificant or negligible for NIM improvement in Q4FY25.
- The bank would try to protect the stated level of NIM (3.8%) as much as possible despite impending pressure on yields.

Capital and others

- The bank does not need capital for any of the pillars (regulatory or growth). The approval is enabling in nature and customary taken every year at the beginning of the year.
- Axis was the first Indian bank to execute an aircraft financing transaction through its International Banking Unit (IBU) at GIFT City, facilitating a USD loan for the purchase of 34 training aircraft by Air India.
- 66% of the investment is HTM.
- 88% CBG book is PSL compliant.

Q3FY25 conference call takeaways

Advances and deposits growth

- Next couple of quarters, the bank expects sluggish moderation in systemic growth numbers, unless macro changes. Both domestic and international macro is uncertain right now.
- Axis has taken corrective actions in certain portfolios – credit card book growth (and issuance) has moderated sharply.
- Deposits growth would remain a constraint for loan growth. Deposits growth should also be seen in conjunction with tight leash on cost of funding. CoF is up 3bps in the last three quarters.
- SA NTB deposits were up 15% YoY.
- Focused interventions undertaken to increase salaried customers engagement.
- The bank has been improving deposits outflow rate – 25.3%.
- Focused on granularisation in retail deposits. Quality of granular deposits has improved. CoD has not increased materially, proving granularity of deposit book.
- New initiatives and focus on bank-wide efforts on garnering deposits, should help it push for better than industry deposit growth. Axis is confident regarding the outcome of these initiatives.
- QAB growth is better than industry.
- Axis has calibrated its balance sheet in a manner that satisfies the regulator. No significant pressure to reduce LDR. LDR has remained rangebound for a few quarters and the bank does not intend to move away from these levels.

Asset quality

- Credit hungriness and over-leveraging are primary reasons for asset quality issues in the industry.
- Re-calibrated policies in unsecured helped to control delinquency. These guardrails are ensuring that new customer acquisitions are better quality. The recent vintage book is behaving reasonably well; however, given volatile macro, it may take some time to report material progress.
- Have also beefed-up collection in a big way through agency and technology. The bank has been trying to reach to the customer faster and more efficiently.
- INR 50.12bn worth of provisions (unchanged for a long time) earmarked for ECL.
- Dominant contribution of increase in retail slippage came from seasonality in agri and a small rise could be attributed to MFI slippages. MFI is 1% of its overall retail loans.
- The bank did not quantify the slippages from PL and CC. However, it believes that slippages in CC and PL may not have peaked yet for it as well as the industry.
- Highlighted that Axis' provisioning and stress recognition is one of the most conversative across peers. Axis provides 100% on day 91 on unsecured exposure. The bank also does rule-based write-offs on retail and SME portfolio, which has an adverse impact on net slippages. Any vintage recovery is considered in recovery from written off accounts as against net slippages.
- Change in asset mix has led to reversal in standard asset provisions. There is also a write-back of UFCE provision, which is a part of standard asset provision.
- Macro analysis shows some need of caution in other products as well, though there are no signs of contagion to other products. Closely observing every segment.

NIM and other income

- NIM impact: 3bps from interest reversals; and 3 bps because of higher LCR.
- LCR build-up has happened at overseas book; thus, overseas NIMs are much lower QoQ. Domestic NIM is flat QoQ.
- MTM shall continue to remain volatile in Q4FY25.
- Retail fee is based on incremental disbursements. There is a structural shift in disbursements, which is leading to moderation in fees. Card sourcing has also reduced.
- 3.8% through-cycle NIM guidance remains. The bank would strive to protect the guided range.

Opex

- Opex declined because of slower card activity, absence of Citi acquisition costs and ongoing optimization in opex.
- Axis mentioned opex as one of the levers to offset higher credit cost or slower revenue growth. The bank believes that it still has scope.
- Q4 is usually heavy from a business volume perspective, which can impact opex ahead. However, the bank is mindful of extracting operating leverage.

Capital

- CET 1 stood at 14.61%, which includes interim PAT.
- The bank has accreted 49bps CET 1 in the quarter and 87bps in 9M.
- CET 1 is sufficient. Would opportunistically evaluate raising Tier 2 and AT1 bonds as per market conditions.

Exhibit 1: Q4FY25 result review

	Q4FY24	Q4FY25	YoY (%)	Q3FY25	QoQ (%)
Financial Highlights (INR mn)					
Interest Earned	2,92,245	3,12,425	6.9	3,09,539	0.9
Interest Expended	1,61,355	1,74,320	8.0	1,73,481	0.5
Net Interest Income	**1,30,890**	**1,38,105**	**5.5**	**1,36,059**	**1.5**
Other Income	67,658	67,795	0.2	59,722	13.5
Total Income	3,59,903	3,80,220	5.6	3,69,261	3.0
Total Net Income	**1,98,548**	**2,05,901**	**3.7**	**1,95,781**	**5.2**
Staff Expenses	29,235	29,615	1.3	29,846	(0.8)
Other operating expenses	63,956	68,762	7.5	60,596	13.5
Operating Profit	**1,05,357**	**1,07,524**	**2.1**	**1,05,339**	**2.1**
Provision & Contingencies	11,853	13,594	14.7	21,556	(36.9)
Provision for tax	22,207	22,755	2.5	20,745	9.7
Reported Profit	**71,297**	**71,175**	**(0.2)**	**63,038**	**12.9**
Advances (INR bn)	9,651	10,408	7.8	10,146	2.6
Deposits (INR bn)	10,686	11,730	9.8	10,266	14.3
Gross NPA	151	145	-4.2	159	-8.6
Gross NPA (%)	1.4	1.3	-15 bps	1.5	-17 bps
Net NPA	32	37	13.5	38	-2.4
Net NPA (%)	0.3	0.3	2 bps	0.4	-2 bps
Provision Coverage (%)	78.5	74.6	-397 bps	76.2	-162 bps

Source: Company data, I-Sec research

Exhibit 2: Segment gross and net slippages

	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25
Gross slippages (INR mn)						
Retail	33,840	31,100	42,290	40,730	49,230	45,070
SME	2,380	1,630	1,780	2,640	2,150	1,960
Corporate	930	1,980	3,860	1,060	2,940	1,020
Total	**37,150**	**34,710**	**47,930**	**44,430**	**54,320**	**48,050**
Gross slippages (% of loans)						
Retail	2.5	2.1	2.9	2.7	3.3	2.9
SME	1.0	0.6	0.7	1.0	0.8	0.7
Corporate	0.1	0.3	0.5	0.1	0.4	0.1
Total	1.6	1.4	2.0	1.8	2.1	1.8
Net slippages (INR mn)						
Retail	19,880	16,160	29,190	26,070	33,940	28,040
SME	740	510	840	910	1,460	(1,250)
Corporate	-9,450	-3,510	2,870	-3,240	-230	(6,640)
Total	**11,170**	**13,160**	**32,900**	**23,740**	**35,170**	**20,150**
Net slippages (% of loans)						
Retail	1.5	1.1	2.0	1.7	2.2	1.8
SME	0.3	0.2	0.3	0.3	0.5	-0.4
Corporate	-1.3	-0.5	0.4	-0.4	0.0	-0.9
Total	**0.5**	**0.5**	**1.3**	**0.9**	**1.4**	**0.8**
Net slippages net of TWO recovery (INR mn)						
Retail	15,420	10,610	24,560	21,640	29,280	22,970
SME	-110	-620	130	310	500	50
Corporate	-10,490	-6,010	2,310	-8,050	-7,610	(12,230)
Total	**4,820**	**3,980**	**27,000**	**13,900**	**22,170**	**10,790**
Net slippages net of TWO (% of loans)						
Retail	1.1	0.7	1.7	1.4	1.9	1.5
SME	0.0	-0.2	0.0	0.1	0.2	0.0
Corporate	-1.5	-0.9	0.3	-1.1	-1.0	-1.6
Total	**0.2**	**0.2**	**1.1**	**0.6**	**0.9**	**0.4**

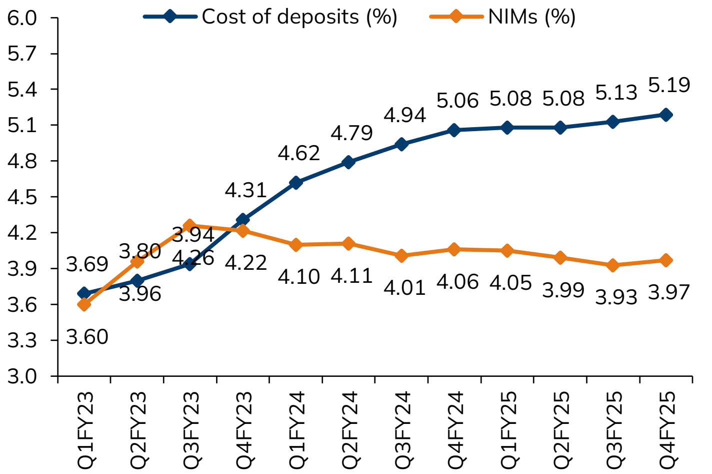
Source: I-Sec research, Company data

Exhibit 3: Deposit mix

Deposit mix	Q4FY24		Q1FY25		Q2FY25		Q3FY25		Q4FY25			
	INR bn	% of total	INR bn	% of total	INR bn	% of total	INR bn	% of total	INR bn	% of total	YoY % chg	QoQ % chg
Total Deposits	**10,686**	***100%***	**10,625**	***100%***	**10,867**	***100%***	**10959**	**100%**	**11,730**	***100%***	***10%***	***7%***
CA	1,573	*15%*	1,496	*14%*	1,425	*13%*	1436	*13%*	1,668	*14%*	*6%*	*16%*
SA	3,021	*28%*	2,949	*28%*	2,985	*27%*	2892	*26%*	3,114	*27%*	*3%*	*8%*
CASA	4,594	*43%*	4,445	*42%*	4,411	*41%*	4329	*39%*	4,782	*41%*	*4%*	*10%*
Term Deposits	6,092	*57%*	6,180	*58%*	6,457	*59%*	6630	*61%*	6,948	*59%*	*14%*	*5%*

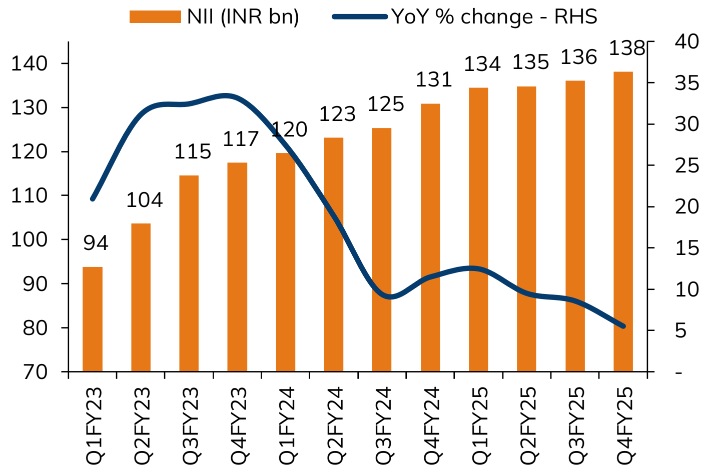
Source: Company data, I-Sec research

Exhibit 4: Reported NIM inch-up QoQ



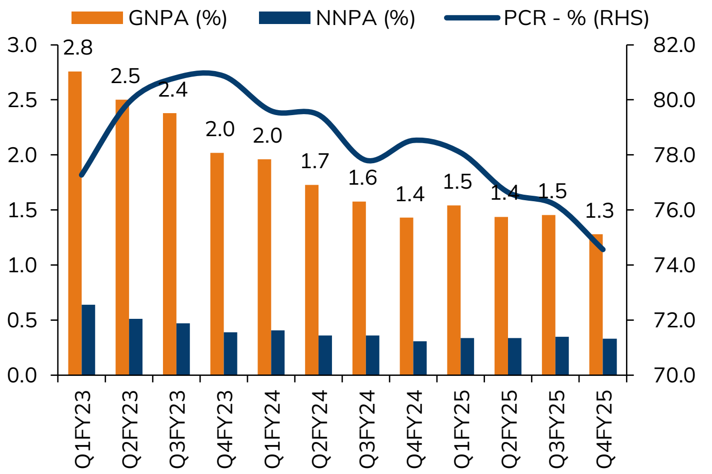
Source: Company data, I-Sec research

Exhibit 5: NII YoY growth has been moderating



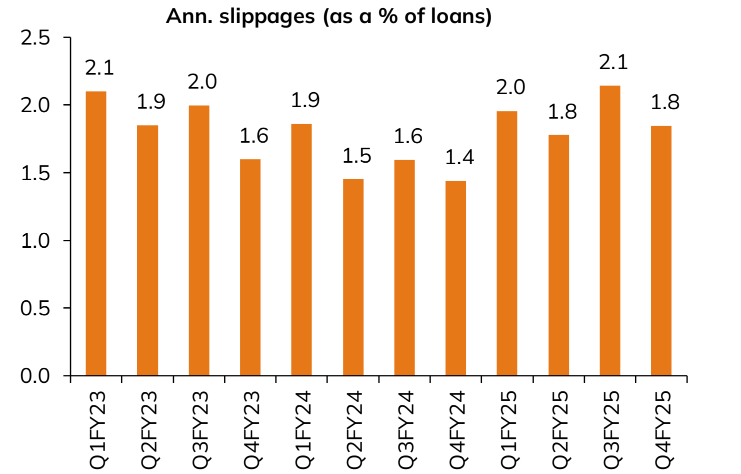
Source: Company data, I-Sec research

Exhibit 6: Headline GNPA ratio improves QoQ



Source: I-Sec research, Company data

Exhibit 7: Slippages improve after a seasonally weak Q3



Source: I-Sec research, Company data

Exhibit 8: Loan growth was soft at 8% YoY, and has remained below systemic average

(INR bn)	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	YoY %	QoQ %	Mix (%)
Corporate Loans	**2,534**	**2,683**	**2,730**	**2,817**	**2,852**	**2,771**	**2,910**	**2,908**	**2,946**	**2,994**	**7.6**	**1.6**	**29%**
SME	**794**	**894**	**877**	**960**	**1,000**	**1,047**	**1,040**	**1,105**	**1,141**	**1,185**	**14.3**	**3.9**	**11%**
Retail	**4,293**	**4,876**	**4,978**	**5,197**	**5,470**	**5,833**	**5,851**	**5,987**	**6,058**	**6,229**	**6.8**	**2.8**	**60%**
Home Loans	1,494	1,574	1,566	1,592	1,628	1,659	1,654	1,677	1,676	1,671	0.8	(0.3)	16%
LAP	425	508	506	539	586	637	651	672	697	753	18.3	8.1	7%
Auto Loans	468	523	535	556	579	587	588	587	584	583	(0.7)	(0.1)	6%
Rural Lending	595	709	716	747	798	919	885	897	937	982	6.9	4.9	9%
PL+CC	713	862	916	970	1,050	1,129	1,161	1,192	1,192	1,204	6.6	1.0	12%
PL	507	546	569	612	651	716	736	754	760	773	8.0	1.8	7%
CC	206	317	347	358	400	413	425	437	432	431	4.3	(0.3)	4%
SBB	383	430	463	503	535	572	584	619	642	668	16.7	4.0	6%
Others	215	270	275	292	294	329	328	344	332	367	11.4	10.7	4%
Total Advances	**7,621**	**8,453**	**8,585**	**8,973**	**9,323**	**9,651**	**9,801**	**10,000**	**10,146**	**10,408**	**7.8**	**2.6**	**100%**

Source: Company data, I-Sec research

Exhibit 9: On YoY basis, growth remains muted; Unsecured loans have seen a sharp moderation in growth

YoY % change	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25
Corporate Loans	**9.4**	**15.4**	**25.4**	**21.5**	**12.6**	**3.3**	**6.6**	**2.8**	**3.3**	**7.6**
SME	**19.5**	**18.8**	**24.0**	**26.6**	**26.0**	**17.1**	**18.7**	**16.5**	**14.1**	**14.3**
Retail	**16.8**	**21.9**	**20.6**	**22.8**	**27.4**	**19.6**	**17.5**	**15.2**	**10.8**	**6.8**
Home Loans	10.4	10.0	7.9	8.6	9.0	5.4	5.6	5.4	2.9	0.8
LAP	8.6	19.5	17.1	22.6	38.0	25.4	28.5	24.7	18.9	18.3
Auto Loans	11.3	17.7	18.7	22.4	23.6	12.4	9.9	5.6	0.8	(0.7)
Rural Lending	27.4	25.9	21.9	24.0	34.0	29.5	23.6	20.1	17.5	6.9
PL+CC	24.1	41.2	40.8	39.2	47.4	30.9	26.8	22.9	13.5	6.6
PL	20.9	20.6	21.0	24.7	28.4	31.2	29.4	23.3	16.7	8.0
CC	32.8	99.9	92.5	73.7	94.3	30.4	22.4	22.0	8.2	4.3
SBB	60.2	50.2	46.2	42.3	39.7	33.1	26.2	23.1	19.9	16.7
Others	(6.3)	13.3	15.8	31.7	36.4	22.0	19.4	17.9	13.0	11.4
Total Advances	**14.5**	**19.4**	**22.4**	**22.8**	**22.3**	**14.2**	**14.2**	**11.4**	**8.8**	**7.8**

Source: Company data, I-Sec research

Exhibit 10: Rural loans and LAP strong while cards was flattish

QoQ % change	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25
Corporate Loans	**9.3**	**5.9**	**1.8**	**3.2**	**1.3**	**(2.9)**	**5.0**	**(0.1)**	**1.3**	**1.6**
SME	**4.7**	**12.6**	**(1.9)**	**9.5**	**4.3**	**4.7**	**(0.7)**	**6.2**	**3.3**	**3.9**
Retail	**1.4**	**13.6**	**2.1**	**4.4**	**5.2**	**6.6**	**0.3**	**2.3**	**1.2**	**2.8**
Home Loans	2.0	5.3	(0.5)	1.6	2.3	1.9	(0.3)	1.4	(0.1)	(0.3)
LAP	(3.3)	19.6	(0.3)	6.4	8.8	8.6	2.2	3.3	3.7	8.1
Auto Loans	3.2	11.6	2.4	3.9	4.1	1.5	0.1	(0.2)	(0.6)	(0.1)
Rural Lending	(1.1)	19.1	1.0	4.2	6.8	15.2	(3.7)	1.3	4.5	4.9
PL+CC	2.2	21.0	6.2	5.9	8.3	7.5	2.9	2.6	0.0	1.0
PL	3.3	7.6	4.3	7.5	6.4	10.0	2.8	2.5	0.7	1.8
CC	(0.3)	54.1	9.6	3.2	11.5	3.4	2.9	2.8	(1.2)	(0.3)
SBB	8.4	12.2	7.7	8.7	6.4	6.9	2.0	6.0	3.7	4.0
Others	(2.8)	25.5	1.8	6.1	0.7	12.2	(0.3)	4.7	(3.5)	10.7
Total Advances	**4.3**	**10.9**	**1.6**	**4.5**	**3.9**	**3.5**	**1.6**	**2.0**	**1.5**	**2.6**

Source: Company data, I-Sec research

Exhibit 11: Loan mix

Mix (%)	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25
Corporate Loans	**33.3**	**31.7**	**31.8**	**31.4**	**30.6**	**28.7**	**29.7**	**29.1**	**29.0**	**28.8**
SME	**10.4**	**10.6**	**10.2**	**10.7**	**10.7**	**10.9**	**10.6**	**11.0**	**11.2**	**11.4**
Retail	**56.3**	**57.7**	**58.0**	**57.9**	**58.7**	**60.4**	**59.7**	**59.9**	**59.7**	**59.8**
Home Loans	19.6	18.6	18.2	17.7	17.5	17.2	16.9	16.8	16.5	16.1
LAP	5.6	6.0	5.9	6.0	6.3	6.6	6.6	6.7	6.9	7.2
Auto Loans	6.1	6.2	6.2	6.2	6.2	6.1	6.0	5.9	5.8	5.6
Rural Lending	7.8	8.4	8.3	8.3	8.6	9.5	9.0	9.0	9.2	9.4
PL+CC	9.4	10.2	10.7	10.8	11.3	11.7	11.9	11.9	11.7	11.6
PL	6.7	6.5	6.6	6.8	7.0	7.4	7.5	7.5	7.5	7.4
CC	2.7	3.7	4.0	4.0	4.3	4.3	4.3	4.4	4.3	4.1
SBB	5.0	5.1	5.4	5.6	5.7	5.9	6.0	6.2	6.3	6.4
Others	2.8	3.2	3.2	3.3	3.1	3.4	3.4	3.4	3.3	3.5
Total Advances	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Source: Company data, I-Sec research

Exhibit 12: Net slippages improve QoQ

	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY23	Q4FY25
Net slippages (INR mn)										
Retail	13,550	8,070	16,390	9,530	15,420	10,610	24,560	21,640	29,280	22,970
SME	830	260	-100	250	-110	-620	130	310	500	50
Corporate	2,810	-9,800	-4,980	-3,730	-10,490	-6,010	2,310	-8,050	-7,610	-12,230
Total	**17,190**	**-1,470**	**11,310**	**6,050**	**4,820**	**3,980**	**27,000**	**13,900**	**22,170**	**10,790**
Ann. net slippages (% of loans)										
Retail	1.26	0.66	1.32	0.73	1.13	0.73	1.68	1.45	1.93	1.48
SME	0.42	0.12	-0.05	0.10	-0.04	-0.24	0.05	0.11	0.18	0.02
Corporate	0.44	-1.46	-0.73	-0.53	-1.47	-0.87	0.32	-1.11	-1.03	-1.63
Total	**0.90**	**-0.07**	**0.53**	**0.27**	**0.21**	**0.16**	**1.10**	**0.56**	**0.87**	**0.41**

Source: Company data, I-Sec research

Exhibit 13: Opex increased 6% YoY but ex PSLC cost, up only 1% YoY

INR mn	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25
Staff cost	22,811	21,636	26,885	26,098	27,113	29,235	31,295	31,172	29,846	29,615
Non-staff cost	45,662	51,987	55,432	61,070	62,344	63,956	59,960	63,754	60,596	68,762
Total opex	**68,473**	**73,624**	**82,317**	**87,168**	**89,457**	**93,191**	**91,255**	**94,926**	**90,442**	**98,377**
YoY % change										
Staff cost	17.7	14.7	23.0	20.5	18.9	35.1	16.4	19.4	10.1	1.3
Non-staff cost	3.9	10.8	30.8	40.9	36.5	23.0	8.2	4.4	-2.8	7.5
Total opex	**8.1**	**11.9**	**28.1**	**34.1**	**30.6**	**26.6**	**10.9**	**8.9**	**1.1**	**5.6**
QoQ % change										
Staff cost	5.3	-5.1	24.3	-2.9	3.9	7.8	7.0	-0.4	-4.3	-0.8
Non-staff cost	5.4	13.9	6.6	10.2	2.1	2.6	-6.2	6.3	-5.0	13.5
Total opex	**5.4**	**7.5**	**11.8**	**5.9**	**2.6**	**4.2**	**-2.1**	**4.0**	**-4.7**	**8.8**

Source: Company data, I-Sec research

Exhibit 14: Key ratios and trends

	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25
Loans (INR mn)	**84,53,028**	**85,85,114**	**89,73,470**	**93,22,864**	**96,50,684**	**98,00,915**	**99,99,792**	**1,01,45,641**	**1,04,08,113**
Loans YoY %	*19.4*	*22.4*	*22.7*	*22.3*	*14.2*	*14.2*	*11.4*	*8.8*	*7.8*
Loans QoQ %	*10.9*	*1.6*	*4.5*	*3.9*	*3.5*	*1.6*	*2.0*	*1.5*	*2.6*
Composition %									
- Corporate	31.7	31.8	31.4	30.6	28.7	29.7	29.1	29.0	28.8
- SME/BB	10.6	10.2	10.7	10.7	10.9	10.6	11.0	11.2	11.4
- Retail	57.7	58.0	57.9	58.7	60.4	59.7	59.9	59.7	59.8
Liability Profile %									
CASA	47.2	45.5	44.4	42.1	43.0	41.8	40.6	39.5	40.8
CA	15.7	14.2	13.8	13.2	14.7	14.1	13.1	13.1	14.2
SA	31.4	31.4	30.6	28.9	28.3	27.8	27.5	26.4	26.5
Retail TD+SA	63.5	65.2	65.3	62.7	61.6	NA	NA	NA	26.5
Branch (No.)	4,903	4,945	4,945	5,252	5,377	5,427	5,577	5,706	5,876
Margins									
NIM %	4.22	4.10	4.11	4.01	4.06	4.05	3.99	3.39	3.97
NIM %- Domestic	4.35	4.20	4.20	4.08	4.16	4.14	4.06	4.06	4.08
Asset Quality									
GNPA %	2.2	2.1	1.8	1.7	1.5	1.6	1.5	1.5	1.4
NNPA %	0.4	0.4	0.4	0.4	0.3	0.3	0.3	0.4	0.3
PCR % - Specific	80.9	79.6	79.5	77.8	78.5	78.1	76.6	76.2	74.6
Restructured book (O/s % of loans)	0.3	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.1
Capital adequacy									
CAR %	17.6	17.7	16.6	16.6	16.6	16.7	16.6	17.0	17.1
Tier I %	14.0	14.4	13.8	14.2	14.2	14.5	14.5	15.0	15.1
ROE Decomposition % (on total assets)									
NII	**4.3**	**4.2**	**4.2**	**4.1**	**4.1**	**4.1**	**4.0**	**4.0**	**3.9**
Other Income (Ex Treasury)	1.7	1.6	1.7	1.7	1.8	1.6	1.7	1.6	1.9
Treasury	0.0	0.2	(0.0)	0.1	0.3	0.1	0.3	0.1	0.0
Opex	2.7	2.9	3.0	2.9	2.9	2.8	2.8	2.6	2.8
PPOP	**3.3**	**3.1**	**2.9**	**3.0**	**3.3**	**3.1**	**3.2**	**3.1**	**3.1**
Provisioning Cost	0.1	0.4	0.3	0.3	0.4	0.6	0.7	0.6	0.4
PBT	3.2	2.7	2.7	2.7	2.9	2.5	2.5	2.4	2.7
Tax	0.8	0.7	0.7	0.7	0.7	0.6	0.5	0.6	0.6
RoA	**2.1**	**1.8**	**1.8**	**1.8**	**2.0**	**1.6**	**1.9**	**1.7**	**1.8**
Leverage (x)	9.9	10.2	9.8	9.7	9.8	9.5	9.2	9	8.9
RoE	**21.1**	**18.1**	**17.4**	**17.3**	**19.3**	**15.6**	**17.1**	**14.9**	**16.2**

Source: Company data, I-Sec research

Exhibit 15: SOTP Valuation

Name of the entity	Value of Business (INR Bn)	Stake (%)	Per share value (INR)	Comments
Axis Finance	119	100	39	2.3x Adj NW FY27E
Axis AMC	255	75	62	6% of FY27E AUM
Axis Securities	66	100	21	15x FY27E PAT
Axis Capital	24	100	8	15x FY27E PAT
Max Life	594	19	36	At implied market cap
Value of Subsidiaries			166	
Holding Co. discount (INR)			33	
Holding Co. discount (in %)			20	
Subs Value post Holdo Disc.			**133**	
Axis Bank Core Book			1,267	~1.7x FY27E ABV
Target Price			**1,400**	

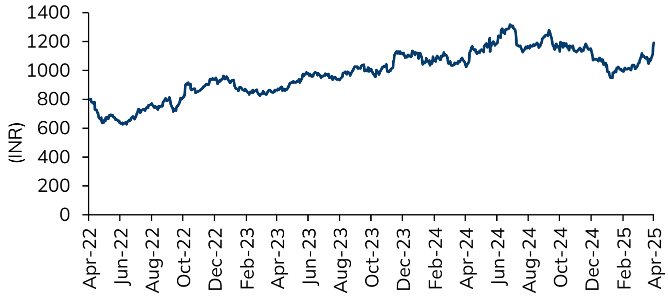
Source: I-Sec research, Company data

Exhibit 16: Shareholding pattern

%	Sep'24	Dec'24	Mar'25
Promoters	8.3	8.2	8.2
Institutional investors	85.0	82.6	82.5
MFs and others	27.8	29.0	32.0
Insurance Cos	4.8	6.3	6.5
FIIs	52.4	47.3	43.9
Others	6.7	9.2	9.3

Source: Bloomberg, I-Sec research

Exhibit 17: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 18: Profit & Loss

(INR mn , year ending March)

	FY24A	FY25A	FY26E	FY27E
Interest income	10,93,686	12,26,770	13,06,239	14,84,155
Interest expense	5,94,742	6,83,292	7,31,216	8,22,766
Net interest income	**4,98,945**	**5,43,478**	**5,75,024**	**6,61,389**
Non-interest income	2,24,420	2,52,571	2,79,034	3,14,929
Operating income	**7,23,364**	**7,96,049**	**8,54,058**	**9,76,318**
Operating expense	3,52,133	3,75,000	4,10,416	4,64,571
Staff expense	1,09,331	1,21,928	1,34,121	1,50,215
Operating profit	**3,71,232**	**4,21,049**	**4,43,641**	**5,11,748**
Core operating profit	**3,53,272**	**4,01,049**	**4,23,141**	**4,91,248**
Provisions & Contingencies	40,631	77,584	83,959	99,731
Pre-tax profit	**3,30,601**	**3,43,466**	**3,59,682**	**4,12,017**
Tax (current + deferred)	81,986	79,731	90,640	1,03,828
Net Profit	**2,48,614**	**2,63,735**	**2,69,042**	**3,08,189**
Adjusted net profit	**2,48,614**	**2,63,735**	**2,69,042**	**3,08,189**

Source Company data, I-Sec research

Exhibit 19: Balance sheet

(INR mn , year ending March)

	FY24A	FY25A	FY26E	FY27E
Cash and balance with RBI/Banks	11,44,544	9,97,321	12,29,237	13,87,156
Investments	33,15,273	39,61,418	43,15,895	47,72,152
Advances	96,50,684	1,04,08,113	1,14,44,740	1,30,39,847
Fixed assets	56,846	62,917	69,452	76,141
Other assets	6,04,740	6,69,530	7,60,367	8,66,775
Total assets	**1,47,72,086**	**1,60,99,299**	**1,78,19,692**	**2,01,42,072**
Deposits	1,06,86,414	1,17,29,520	1,31,18,100	1,50,09,084
Borrowings	19,68,118	18,41,465	18,72,591	19,07,452
Other liabilities and provisions	6,06,939	7,31,062	7,68,088	8,62,598
Share capital	6,173	6,195	6,195	6,195
Reserve & surplus	15,04,443	17,91,057	20,54,718	23,56,743
Total equity & liabilities	**1,47,72,086**	**1,60,99,299**	**1,78,19,692**	**2,01,42,072**
% Growth	12.1	9.0	10.7	13.0

Source Company data, I-Sec research

Exhibit 20: Key ratios

(Year ending March)

	FY24A	FY25A	FY26E	FY27E
No. of shares and per share data				
Adjusted EPS	80.7	85.3	86.9	99.5
Book Value per share	489	580	665	763
Adjusted BVPS	482	572	656	753
Valuation ratio				
PER (x)	**15.0**	**14.2**	**13.9**	**12.1**
Price/ Book (x)	2.5	2.1	1.8	1.6
Price/ Adjusted book (x)	2.3	1.9	1.7	1.4
Dividend Yield (%)	0.1	0.1	0.1	0.2
Profitability ratios (%)				
Yield on advances	**9.6**	**9.7**	**9.3**	**9.5**
Yields on Assets	7.8	7.9	7.7	7.8
Cost of deposits	4.5	4.8	4.6	4.7
Cost of funds	4.3	4.4	4.3	4.3
NIMs	3.8	3.7	3.6	3.7
Cost/Income	48.7	47.1	48.1	47.6
Dupont Analysis (as % of Avg Assets)				
Interest Income	**7.8**	**7.9**	**7.7**	**7.8**
Interest expended	4.3	4.4	4.3	4.3
Net Interest Income	3.6	3.5	3.4	3.5
Non-interest income	**1.6**	**1.6**	**1.6**	**1.7**
Trading gains	0.1	0.1	0.1	0.1
Fee income	1.5	1.5	1.5	1.5
Total Income	5.2	5.2	5.0	5.1
Total Cost	**2.5**	**2.4**	**2.4**	**2.4**
Staff costs	**0.8**	**0.8**	**0.8**	**0.8**
Non-staff costs	1.7	1.6	1.6	1.7
Operating Profit	2.7	2.7	2.6	2.7
Core Operating Profit	**2.5**	**2.6**	**2.5**	**2.6**
Non-tax Provisions	0.3	0.5	0.5	0.5
PBT	2.4	2.2	2.1	2.2
Tax Provisions	**0.6**	**0.5**	**0.5**	**0.5**
Return on Assets (%)	1.8	1.7	1.6	1.6
Leverage (x)	**10.1**	**9.3**	**8.8**	**8.6**
Return on Equity (%)	18.0	15.9	13.9	13.9
Asset quality ratios (%)				
Gross NPA	**1.5**	**1.3**	**1.3**	**1.4**
Net NPA	0.3	0.3	0.3	0.3
PCR	77.4	74.6	76.0	77.0
Gross Slippages	1.7	2.0	2.0	2.0
LLP / Avg loans	0.4	1.1	1.1	1.1
Total provisions / Avg loans	0.4	0.8	0.8	0.8
Net NPA / Networth	2.1	1.9	1.8	1.8
Capitalisation ratios (%)				
Core Equity Tier 1	**13.7**	**14.7**	**15.0**	**14.8**
Tier 1 cap. adequacy	14.2	15.1	15.4	15.1
Total cap. adequacy	16.6	17.1	17.2	16.8

Source Company data, I-Sec research

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