BUY (Maintain)

CMP: **INR 1,170** Target Price: **INR 1,450 (INR 1,370)** ▲ 24%

ICICI Securities

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16 October 2025

India | Equity Research | Results Update

Axis Bank

Banking

Provisioning remains high but loan growth and NIM performance strong

Axis Bank (Axis) reported a mixed set of numbers with better-than-expected top line (strong growth and contained NIM pressure), though PAT at INR 50.9bn missed our estimates due to elevated provisioning (including a one-time standard asset charge). Loan growth rebounded to 5% QoQ; at 12% YoY, it is now ahead of the industry. Despite strong corporate growth, NIM outcomes (down 7bps QoQ) were better due to improvement in cost of funds. Gross slippages improved QoQ off a high base, though are still elevated. While reported credit costs remain elevated, core credit costs are showing improving trajectory. The bank mentioned improving asset quality trends in retail unsecured book. We increase our loan growth estimates to ~12% YoY for FY26E. Maintain **BUY** with a revised TP of INR 1,450.

Strong growth, now ahead of industry; NIM decline contained

Loan growth saw strong revival at 5% QoQ. On YoY basis, growth (~12%) was ahead of the industry. On QoQ basis, growth was strong in corporate (up 11%), SME (9%) and credit card (8%). Deposits growth was strong at ~4% QoQ (~11% YoY). SA growth (4% QoQ) was healthy in the backdrop of sharp reduction in card rates. LCR outflow rate, however, deteriorated to 27.2% vs 25.8% QoQ. Despite strong corporate growth and stable LCR (119%), NIM decline was arrested at just 7bps QoQ to 3.73%, aided by a sharp reduction in cost of funds (down 24bps QoQ). The bank maintains that NIM should bottom out in Q3FY26, assuming no further rate cuts. NII grew 1% QoQ (6% beat). Opex growth (5% YoY), despite higher PSLC purchase, was contained.

Slippages improve QoQ though technical slippages still bulky; INR 12.3bn of one-time standard asset provisioning

Gross slippages came in at INR 57bn (vs. our estimate of INR 55bn) and included INR 15bn of technical slippages (vs. INR 27bn QoQ). Slippages rate stood at 2% (2.6% excluding technical slippages) vs. 3.1% QoQ (2.1% excluding technical) and 1.8% YoY. Retail slippages were still elevated at 3.3% vs 2.7% YoY. Net slippages rate improved to ~1% vs. 2.3% QoQ and stable YoY. Provisioning includes INR 12.3bn (~5% cover) of one-time standard asset provisioning pertaining to two discontinued crop loan variants. Credit costs (calculated) improved to 1.3% vs. 1.5% QoQ. Importantly, ex of standard asset provisioning, core credit costs improved sharply to ~80bps vs 150bps QoQ.

Financial Summary

Y/E March	FY24A	FY25A	FY26E	FY27E
NII (INR bn)	498.9	543.5	565.0	670.3
Op. profit (INR bn)	371.2	421.0	452.4	534.9
Net Profit (INR bn)	248.6	263.7	246.9	316.5
EPS (INR)	80.7	85.3	79.7	102.2
EPS % change YoY	13.0	5.7	(6.5)	28.2
ABV (INR)	481.5	571.3	647.8	748.6
P/BV (x)	2.4	2.0	1.8	1.5
P/ABV (x)	2.2	1.8	1.6	1.4
Return on Assets (%)	1.8	1.7	1.4	1.7
Return on Equity (%)	18.0	15.9	12.9	14.4

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Market Data

Market Cap (INR)	3,629bn
Market Cap (USD)	41,232mn
Bloomberg Code	AXSB IN
Reuters Code	AXBK.BO
52-week Range (INR)	1,247 /934
Free Float (%)	92.0
ADTV-3M (mn) (USD)	99.3

Price Performance (%)	3m	6m	12m
Absolute	0.3	5.1	1.4
Relative to Sensex	0.3	(2.5)	0.4

ESG Score	2024	2025	Change
ESG score	**80.3**	**81.7**	**1.4**
Environment	79.7	82.7	3.0
Social	67.5	74.3	1.4
Governance	90.0	86.5	(3.5)

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	(0)	4

Previous Reports

06-10-2025: [Q2FY26 Banking Preview]
18-07-2025: [Q1FY26 results review]

Growth and NIM bottoming out; maintain BUY

The bank witnessed a sharp revival in loan growth, which has now surged above industry average. NIM outcomes, despite sharp corporate growth, have been healthy and barring repo rate action, should be bottoming-out. We increase loan growth estimate for FY26E to ~12% YoY (vs. ~10% YoY) while keeping FY27E estimate unchanged at ~13% YoY. While Q2FY26 credit costs are higher than our estimates, they include large non-recurring items and are on improving trajectory. We estimate Axis to deliver RoA of ~1.45/1.65% for FY26/27E. The stock trades inexpensive at ~1.4x FY27E core banking book. We maintain **BUY** on the stock with revised target price of INR 1,450 (vs. INR 1,370 earlier), based on ~1.75x (~1.65x) FY27E ABV. The bank appears well placed on ECL transition as well due to ~INR 50bn (~45bps of loans) of contingent provisions. **Key risk:** Higher-than-expected slippages impacting profitability.

Q2FY26 conference call takeaways

New RBI circulars

- Axis Bank is in the process of evaluating the impact of the new guidelines.
- As per Axis' assessment, the impact on net worth on transition date is expected to be negligible.
- The current provisioning may not be a true indicator of loss as the bank does accelerated provisions on products like unsecured loans (100% PCR on day 91). On ECL transition, Axis will also have to factor in recoveries from those accounts.
- Credit risk-weight circular is net positive for the industry; however, it is still early to comment on the exact impact on bank's capital position.

Asset quality and technical slippages

- Axis Bank has witnessed improvement in credit card asset quality and stabilisation in personal loan and MFI book.
- Including technical write-offs, the bank has one of the highest PCR (>90%) across peers.
- Technical gross slippages reduced to INR 15bn vs. INR 27bn QoQ.
- Net slippages on account of technical impact were INR 2.8bn, declined 85% QoQ. Provisions on account of technical impact were INR 2.56bn, down 69% QoQ. The decline is slightly lower on provisioning (vs. slippages) due to security erosion in a couple of exposures and higher ageing provisions.

Standard asset provisioning

- Axis Bank made an additional one-time standard asset provision of INR 12.31bn for two discontinued crop loan variants, as directed by the RBI. These product variants are widely offered in the market.
- The provisioning amount was prescribed by the regulator which roughly translates to ~5% of the underlying exposure. The bank believes this to be an issue of PSL classification (and not an issue of asset quality and divergence). The customer repayment terms remain unchanged. The prescribed amount (INR 12.3bn) is ~7.5x of the actual credit costs in these two variants for FY25 and ~13x of the average credit costs for the last 3.5 years.
- The provisioning (INR 12.31bn) is a static number and would not rise or decline. The cover could go to 100% (or even higher than 100%) as the provisioning would remain static but the underlying portfolio may keep declining. The entire provisioning would be reversed once the portfolio becomes zero or by Mar'28, whichever is earlier.

NIM, CoD and yields

- Bank retains 'through the cycle' NIM guidance of 3.8%
- No one-offs in NIM during Q2FY26.
- Axis Bank maintains its guidance of NIM bottoming out in Q3FY26, subject to no further rate cuts.
- It is comfortable in operating in 92% +/- 2% LDR band.

Loan growth

- Risk density has increased compared to 4-5 quarters ago, largely because of operational risk. Risk intensity also moves up as a bank transition from wholesale to retail-focused bank. However, Axis has been accreting capital.

- Disbursement growth is picking up across all products in retail.
- Festive season as well as GST cut have led to a spurt in demand in certain segments like autos, e-com transactions, etc.
- Maintains medium-term guidance of outperforming industry by 300bps.

Deposit growth

- Bank ensured better communication with salaried customers which has led to tangible results. NTB salary book is growing at a robust 14% YoY.
- Outflow rate moved adversely to ~27% as Axis gained market share in deposits.
- Bank remains confident of outperforming industry deposit growth.

Opex

- Other opex includes INR 9.48bn PSL fee, half of which has been accounted in Q2FY26. The balance would be charged in the next two quarters at ~INR 2.2bn each. The bank had paid INR 7.5bn on PSL purchase in Q4FY25.
- The PSLC purchase was necessitated as loans worth INR 240bn were de-classified from PSL to non-PSL as per regulatory requirement.
- Staff costs were lower QoQ due to gratuity reversal and lower headcount (by ~1,100 QoQ).

Others

- Bank does not need any capital infusion.
- Letter of caution from RBI pertains to FY10-11.

Q1FY26 conference call takeaways

Technical impact on asset quality

- Bank has reviewed the upgrade and classification criteria which has impacted reported AQ parameters - gross slippages, net slippages and credit costs. NPA recognition is changed as per annual benchmarking exercise and NOT out of any regulatory intervention. Provisioning criteria is unchanged (and is one of the stringent in the industry). The bank believes that this is the last tightening required and there would be no more unilateral change.
- Technical impact largely restricted to cash credit and OD accounts and also to accounts where one-time settlement is offered. Cash and OD is also offered to retail customers (for example KCC). Majority of slippages are coming from retail segment.
- Upgrades and recoveries will come in normal course of business.
- 80% of individual contracts that slipped because of Technical Impact and that continue to remain NPA as at June 30, 2025 are 100% secured. Hence, given the security cover, the economic loss due to technical Impact will be minimal over the life of such contracts.
- The stock impact has been taken already in this quarter. The subsequent quarter would have flow impact but the net impact for Q2, Q3 and Q4 will be muted

Impact of these changes on gross and net slippages

- Slippages increased by INR 27.09 bn (~1.3%). Ex of technical impact, slippages are similar to Q3FY25.
- Segment wise technical impact on gross slippages- Retail- INR 21.65 bn, CBG- INR 2.34 bn, WBG- INR 3.10 bn. Net slippages- Reported-2.33%. Adjusted 1.62%. Technical impact on net slippages was INR 18.61 bn (~0.71%).
- Segment wise technical impact on net slippages- Retail- INR 21.65 bn, CBG- INR 2.34 bn, WBG- INR 3.10 bn. Segment wise technical impact on net slippages (Ex of TWO)- INR 15.74 bn, CBG- ~INR 1 bn, WBG- INR 1.87 bn.
- Reported gross slippages breakup – Retail - INR 75 bn, CBG - INR 4.03 bn, WBG - INR 2.97 bn.
- Reported net slippage breakup- Retail- INR 57.26, CBG- INR 1.37 bn, WBG- INR 1.90 bn.
- Net slippages adjusted for TWO - INR 32.88. Segmental breakup- Retail- INR 36.36 bn, CBG - INR (0.14) bn, WBG INR (3.34) bn
- New slippages have less PCR. Ex of technical impact, PCR has improved.

Unsecured retail stress

- Bank has seen stabilization / improvement across all unsecured loan products.
- With respect to retail unsecured loans, there are signs of stabilization in every lead indicator such as resolution rate. Indicators are within risk guardrails and are encouraging. The trends are stabilizing in PL and improving in credit card.
- Bank has adequate cover to meet ECL guidelines on stage 3 assets

Business

- In FY26, bank would aim to grow faster than industry as the banks' growth engine is strong. It aims to grow 300bps faster than industry over medium term (3-5 years) with FY26 as base year.
- Bank will continue to focus on deepening relationship with ETB customers.
- QAB basis deposit balance improvement shows that the efforts on ETB customers are yielding results.
- Good momentum on premium NTB acquisition, both on salaried as well as non-salaried customers

NIM

- 1bp adverse impact on NIM because of technical changes. 3 bps impact due to Agri slippages. The rest 13 bps impact is from spread / re-pricing
- Bank maintains through cycle margin guidance of 3.8%. NIM trajectory should be looked at as an "Inverted C".
- NIM during the current quarter has fully absorbed 25 bps of rate cut. Rest 75 bps have been absorbed only for part of the quarter. The impact will come in next quarter. Part of the impact would be cushioned by offset in deposits and borrowing pricing

Opex and other income

- Staff cost increased QoQ due to gratuity.
- Other opex has moderated due to ongoing belt tightening exercise at the bank.
- The bank has widened the JAWS and aims to continue to widen in the near term.

Exhibit 1: Q2FY26 result review

	Q2FY25	Q2FY26	YoY (%)	Q1FY26	QoQ (%)
Financial Highlights (INR mn)					
Interest Earned	3,04,199	3,09,702	1.8	3,10,635	(0.3)
Interest Expended	1,69,367	1,72,257	1.7	1,75,038	(1.6)
Net Interest Income	**1,34,832**	**1,37,446**	**1.9**	**1,35,598**	**1.4**
Other Income	67,219	66,246	(1.4)	72,581	(8.7)
Total Income	3,71,417	3,75,948	1.2	3,83,216	(1.9)
Total Net Income	**2,02,051**	**2,03,691**	**0.8**	**2,08,178**	**(2.2)**
Staff Expenses	31,172	31,176	0.0	32,618	(4.4)
Other operating expenses	63,754	68,390	7.3	60,409	13.2
Operating Profit	**1,07,125**	**1,04,125**	**(2.8)**	**1,15,152**	**(9.6)**
Provision & Contingencies	22,041	35,470	60.9	39,477	(10.1)
Provision for tax	15,908	17,759	11.6	17,614	0.8
Reported Profit	**69,176**	**50,896**	**(26.4)**	**58,061**	**(12.3)**
Advances (INR bn)	10,000	11,167	11.7	10,597	5.4
Deposits (INR bn)	10,867	12,035	10.7	11,616	3.6
Gross NPA	155	173	11.9	178	-2.6
Gross NPA (%)	1.4	1.5	2 bps	1.6	-11 bps
Net NPA	36	51	41.6	51	0.9
Net NPA (%)	0.3	0.4	10 bps	0.5	-1 bps
Provision Coverage (%)	76.6	70.5	-619 bps	71.5	-103 bps

Source: Company data, I-Sec research

Exhibit 2: Summary of technical impact across various asset quality parameters

Summary of Technical Impact across various asset quality parameters

AXIS BANK

Particulars	Q2FY26						Q1FY26					
	Reported		Technical Impact*		Excl. Technical Impact		Reported		Technical Impact*		Excl. Technical Impact	
	Rs. crs	%	Rs. crs	%	Rs. crs	%	Rs. crs	%	Rs. crs	%	Rs. crs	%
Gross Slippage	**5,696**	**2.11%**	**(1,512)**	**(0.56%)**	**4,184**	**1.55%**	**8,200**	**3.13%**	**(2,709)**	**(1.03%)**	**5,491**	**2.10%**
- WBG	209		(102)		107		297		(234)		63	
- CBG	265		(210)		55		403		(310)		93	
- Retail	5,222		(1,200)		4,022		7,500		(2,165)		5,335	
Net Slippage	**2,808**	**1.05%**	**(280)**	**(0.10%)**	**2,528**	**0.95%**	**6,053**	**2.33%**	**(1,861)**	**(0.71%)**	**4,192**	**1.62%**
- WBG	106		(92)		14		190		(187)		3	
- CBG	112		(109)		3		137		(100)		37	
- Retail	2,590		(79)		2,511		5,726		(1,574)		4,152	
Net Credit Cost	**2,133**	**0.73%**	**(256)**	**(0.09%)**	**1,877**	**0.64%**	**3,900**	**1.38%**	**(821)**	**(0.29%)**	**3,079**	**1.09%**
- WBG	(100)		(30)		(130)		(171)		(62)		(233)	
- CBG	114		(98)		15		58		(40)		18	
- Retail	2,119		(128)		1,992		4,013		(719)		3,294	
GNPA	**17,308**	**1.46%**	**(2,041)**	**(0.17%)**	**15,267**	**1.29%**	**17,765**	**1.57%**	**(1,852)**	**(0.16%)**	**15,913**	**1.41%**
- WBG	3,278		(279)		2,999		3,468		(187)		3,281	
- CBG	1,009		(197)		812		1,019		(100)		919	
- Retail	13,021		(1,565)		11,456		13,278		(1,565)		11,713	
NNPA	**5,114**	**0.44%**	**(1,055)**	**(0.09%)**	**4,059**	**0.35%**	**5,066**	**0.45%**	**(1,030)**	**(0.09%)**	**4,036**	**0.36%**
- WBG	335		(186)		149		293		(124)		169	
- CBG	281		(72)		209		319		(60)		259	
- Retail	4,498		(797)		3,701		4,454		(846)		3,608	

* Technical impact arising from prudent application of technical parameters for recognizing slippages and consequent upgrades impacting reported asset quality

Quarterly Results Q2FY26 44

Source: Company data, I-Sec research

Exhibit 3: Segment gross and net slippages

	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26
Gross slippages (INR mn)						
Retail	42,290	40,730	49,230	45,070	75,000	52,220
SME	1,780	2,640	2,150	1,960	4,030	2,650
Corporate	3,860	1,060	2,940	1,020	2,970	2,090
Total	**47,930**	**44,430**	**54,320**	**48,050**	**82,000**	**56,960**
Gross slippages (% of loans)						
Retail	2.9	2.7	3.3	2.9	4.8	3.3
SME	0.7	1.0	0.8	0.7	1.3	0.8
Corporate	0.5	0.1	0.4	0.1	0.4	0.2
Total	**2.0**	**1.8**	**2.1**	**1.8**	**3.1**	**2.0**
Net slippages (INR mn)						
Retail	29,190	26,070	33,940	28,040	57,260	25,900
SME	840	910	1,460	(1,250)	1,370	1,120
Corporate	2,870	-3,240	-230	(6,640)	1,900	1,060
Total	**32,900**	**23,740**	**35,170**	**20,150**	**60,530**	**28,080**
Net slippages (% of loans)						
Retail	2.0	1.7	2.2	1.8	3.7	1.6
SME	0.3	0.3	0.5	-0.4	0.5	0.3
Corporate	0.4	-0.4	0.0	-0.9	0.2	0.1
Total	**1.3**	**0.9**	**1.4**	**0.8**	**2.3**	**1.0**
Net slippages net of TWO recovery (INR mn)						
Retail	24,560	21,640	29,280	22,970	52,100	20,950
SME	130	310	500	50	860	400
Corporate	2,310	-8,050	-7,610	(12,230)	(1470)	320
Total	**27,000**	**13,900**	**22,170**	**10,790**	**51,490**	**21,670**
Net slippages net of TWO (% of loans)						
Retail	1.7	1.4	1.9	1.5	3.3	1.3
SME	0.0	0.1	0.2	0.0	0.3	0.1
Corporate	0.3	-1.1	-1.0	-1.6	-0.2	0.0
Total	**1.1**	**0.6**	**0.9**	**0.4**	**1.9**	**0.8**

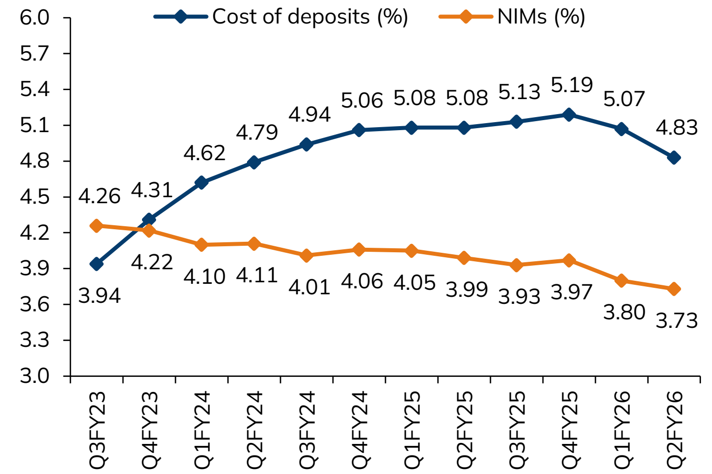
Source: I-Sec research, Company data

Exhibit 4: Deposit mix

Deposit mix	Q2FY25		Q3FY25		Q4FY25		Q1FY26		Q2FY26			
	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	**10,867**	***100%***	**10959**	**100%**	**11,730**	***100%***	**11,616**	***100%***	**12,035**	***100%***	***11%***	***4%***
CA	1,425	*13%*	1436	*13%*	1,668	*14%*	1,630	*14%*	1,613	*13%*	*13%*	*-1%*
SA	2,985	*27%*	2892	*26%*	3,114	*27%*	3,051	*26%*	3,177	*26%*	*6%*	*4%*
CASA	4,411	*41%*	4329	*39%*	4,782	*41%*	4,682	*40%*	4,790	*40%*	*9%*	*2%*
Term Deposits	6,457	*59%*	6630	*61%*	6,948	*59%*	6,934	*60%*	7,245	*60%*	*12%*	*4%*

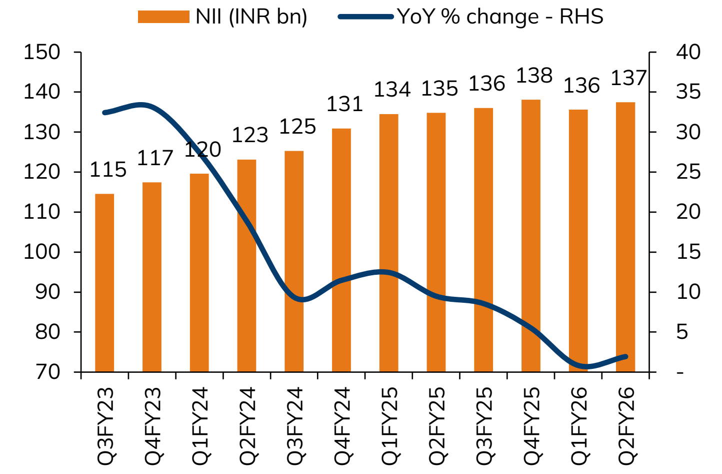
Source: Company data, I-Sec research

Exhibit 5: NIM decline was contained at 7bps QoQ



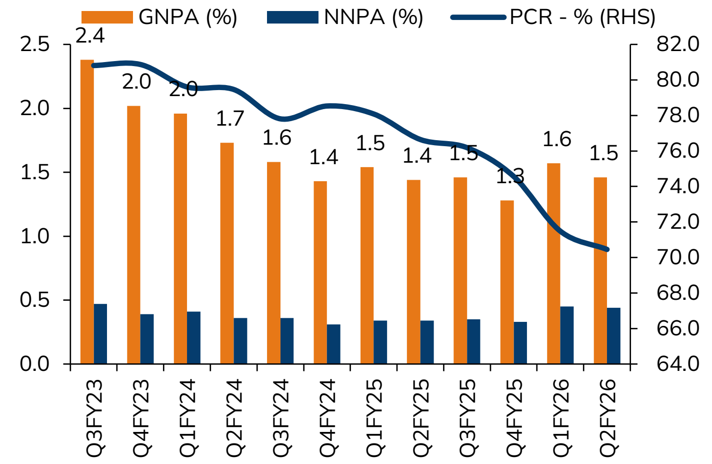
Source: Company data, I-Sec research

Exhibit 6: NII YoY growth has been moderating



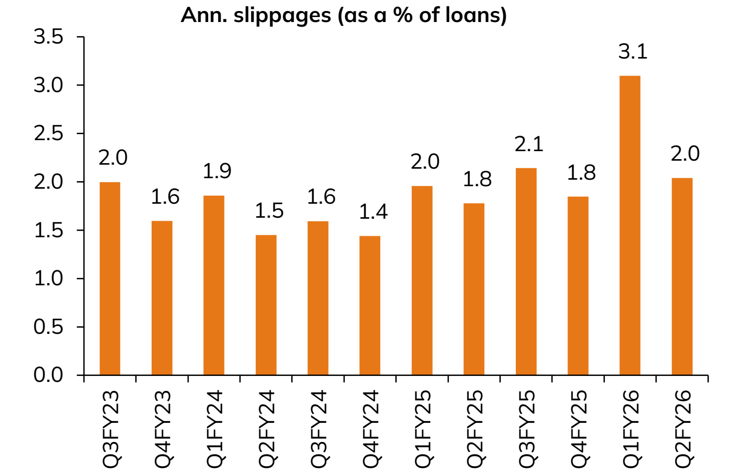
Source: Company data, I-Sec research

Exhibit 7: Headline GNPA ratio improves QoQ



Source: I-Sec research, Company data

Exhibit 8: Slippages improve off high base QoQ



Source: I-Sec research, Company data

Exhibit 9: Loan growth was strong at 12% YoY, and has managed to climb up above systemic average

(INR bn)	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	YoY %	QoQ %	Mix (%)
Corporate Loans	**2,730**	**2,817**	**2,852**	**2,771**	**2,910**	**2,908**	**2,946**	**2,994**	**3,159**	**3,497**	**20.3**	**10.7**	**31%**
SME	**877**	**960**	**1,000**	**1,047**	**1,040**	**1,105**	**1,141**	**1,185**	**1,209**	**1,315**	**19.0**	**8.8**	**12%**
Retail	**4,978**	**5,197**	**5,470**	**5,833**	**5,851**	**5,987**	**6,058**	**6,229**	**6,230**	**6,355**	**6.1**	**2.0**	**57%**
Home Loans	1,566	1,592	1,628	1,659	1,654	1,677	1,676	1,671	1,660	1,657	(1.2)	(0.2)	15%
LAP	506	539	586	637	651	672	697	753	788	823	22.5	4.4	7%
Auto Loans	535	556	579	587	588	587	584	583	578	575	(2.1)	(0.5)	5%
Rural Lending	716	747	798	919	885	897	937	982	931	914	1.9	(1.9)	8%
PL+CC	916	970	1,050	1,129	1,161	1,192	1,192	1,204	1,206	1,257	5.4	4.2	11%
PL	569	612	651	716	736	754	760	773	771	787	4.3	2.1	7%
CC	347	358	400	413	425	437	432	431	435	470	7.4	7.9	4%
SBB	463	503	535	572	584	619	642	668	673	707	14.2	4.9	6%
Others	275	292	294	329	328	344	332	367	394	423	23.0	7.4	4%
Total Advances	**8,585**	**8,973**	**9,323**	**9,651**	**9,801**	**10,000**	**10,146**	**10,408**	**10,597**	**11,167**	**11.7**	**5.4**	**100%**

Source: Company data, I-Sec research

Exhibit 10: On YoY basis, growth improved led by corporate book; credit cards witnessing revival in growth

YoY % change	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26
Corporate Loans	**25.4**	**21.5**	**12.6**	**3.3**	**6.6**	**2.8**	**3.3**	**7.6**	**8.6**	**20.3**
SME	**24.0**	**26.6**	**26.0**	**17.1**	**18.7**	**16.5**	**14.1**	**14.3**	**16.2**	**19.0**
Retail	**20.6**	**22.8**	**27.4**	**19.6**	**17.5**	**15.2**	**10.8**	**6.8**	**6.5**	**6.1**
Home Loans	7.9	8.6	9.0	5.4	5.6	5.4	2.9	0.8	0.4	(1.2)
LAP	17.1	22.6	38.0	25.4	28.5	24.7	18.9	18.3	21.1	22.5
Auto Loans	18.7	22.4	23.6	12.4	9.9	5.6	0.8	(0.7)	(1.8)	(2.1)
Rural Lending	21.9	24.0	34.0	29.5	23.6	20.1	17.5	6.9	5.2	1.9
PL+CC	40.8	39.2	47.4	30.9	26.8	22.9	13.5	6.6	3.8	5.4
PL	21.0	24.7	28.4	31.2	29.4	23.3	16.7	8.0	4.7	4.3
CC	92.5	73.7	94.3	30.4	22.4	22.0	8.2	4.3	2.3	7.4
SBB	46.2	42.3	39.7	33.1	26.2	23.1	19.9	16.7	15.3	14.2
Others	15.8	31.7	36.4	22.0	19.4	17.9	13.0	11.4	19.9	23.0
Total Advances	**22.4**	**22.8**	**22.3**	**14.2**	**14.2**	**11.4**	**8.8**	**7.8**	**8.1**	**11.7**

Source: Company data, I-Sec research

Exhibit 11: Strong sequential growth in SME and corporates; retail growth was reasonable

QoQ % change	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26
Corporate Loans	**1.8**	**3.2**	**1.3**	**(2.9)**	**5.0**	**(0.1)**	**1.3**	**1.6**	**5.5**	**10.7**
SME	**(1.9)**	**9.5**	**4.3**	**4.7**	**(0.7)**	**6.2**	**3.3**	**3.9**	**2.0**	**8.8**
Retail	**2.1**	**4.4**	**5.2**	**6.6**	**0.3**	**2.3**	**1.2**	**2.8**	**0.0**	**2.0**
Home Loans	(0.5)	1.6	2.3	1.9	(0.3)	1.4	(0.1)	(0.3)	(0.7)	(0.2)
LAP	(0.3)	6.4	8.8	8.6	2.2	3.3	3.7	8.1	4.6	4.4
Auto Loans	2.4	3.9	4.1	1.5	0.1	(0.2)	(0.6)	(0.1)	(1.0)	(0.5)
Rural Lending	1.0	4.2	6.8	15.2	(3.7)	1.3	4.5	4.9	(5.2)	(1.9)
PL+CC	6.2	5.9	8.3	7.5	2.9	2.6	0.0	1.0	0.2	4.2
PL	4.3	7.5	6.4	10.0	2.8	2.5	0.7	1.8	(0.3)	2.1
CC	9.6	3.2	11.5	3.4	2.9	2.8	(1.2)	(0.3)	1.0	7.9
SBB	7.7	8.7	6.4	6.9	2.0	6.0	3.7	4.0	0.9	4.9
Others	1.8	6.1	0.7	12.2	(0.3)	4.7	(3.5)	10.7	7.3	7.4
Total Advances	**1.6**	**4.5**	**3.9**	**3.5**	**1.6**	**2.0**	**1.5**	**2.6**	**1.8**	**5.4**

Source: Company data, I-Sec research

Exhibit 12: Loan mix

Mix (%)	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26
Corporate Loans	**31.8**	**31.4**	**30.6**	**28.7**	**29.7**	**29.1**	**29.0**	**28.8**	**29.8**	**31.3**
SME	**10.2**	**10.7**	**10.7**	**10.9**	**10.6**	**11.0**	**11.2**	**11.4**	**11.4**	**11.8**
Retail	**58.0**	**57.9**	**58.7**	**60.4**	**59.7**	**59.9**	**59.7**	**59.8**	**58.8**	**56.9**
Home Loans	18.2	17.7	17.5	17.2	16.9	16.8	16.5	16.1	15.7	14.8
LAP	5.9	6.0	6.3	6.6	6.6	6.7	6.9	7.2	7.4	7.4
Auto Loans	6.2	6.2	6.2	6.1	6.0	5.9	5.8	5.6	5.5	5.1
Rural Lending	8.3	8.3	8.6	9.5	9.0	9.0	9.2	9.4	8.8	8.2
PL+CC	10.7	10.8	11.3	11.7	11.9	11.9	11.7	11.6	11.4	11.3
PL	6.6	6.8	7.0	7.4	7.5	7.5	7.5	7.4	7.3	7.0
CC	4.0	4.0	4.3	4.3	4.3	4.4	4.3	4.1	4.1	4.2
SBB	5.4	5.6	5.7	5.9	6.0	6.2	6.3	6.4	6.4	6.3
Others	3.2	3.3	3.1	3.4	3.4	3.4	3.3	3.5	3.7	3.8
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 13: Opex growth contained

INR mn	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26
Staff cost	26,885	26,098	27,113	29,235	31,295	31,172	29,846	29,615	32,618	31,176
Non-staff cost	55,432	61,070	62,344	63,956	59,960	63,754	60,596	68,762	60,409	68,390
Total opex	82,317	87,168	89,457	93,191	91,255	94,926	90,442	98,377	93,027	99,566
YoY % change										
Staff cost	23.0	20.5	18.9	35.1	16.4	19.4	10.1	1.3	4.2	0.0
Non-staff cost	30.8	40.9	36.5	23.0	8.2	4.4	-2.8	7.5	0.7	7.3
Total opex	28.1	34.1	30.6	26.6	10.9	8.9	1.1	5.6	1.9	4.9
QoQ % change										
Staff cost	24.3	-2.9	3.9	7.8	7.0	-0.4	-4.3	-0.8	10.1	-4.4
Non-staff cost	6.6	10.2	2.1	2.6	-6.2	6.3	-5.0	13.5	-12.1	13.2
Total opex	11.8	5.9	2.6	4.2	-2.1	4.0	-4.7	8.8	-5.4	7.0

Source: Company data, I-Sec research

Exhibit 14: Key ratios and trends

	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26
Loans (INR mn)	**89,73,470**	**93,22,864**	**96,50,684**	**98,00,915**	**99,99,792**	**1,01,45,641**	**1,04,08,113**	**1,05,97,244**	**1,11,67,030**
Loans YoY %	*22.7*	*22.3*	*14.2*	*14.2*	*11.4*	*8.8*	*7.8*	*8.1*	*11.7*
Loans QoQ %	*4.5*	*3.9*	*3.5*	*1.6*	*2.0*	*1.5*	*2.6*	*1.8*	*5.4*
Composition %									
- Corporate	31.4	30.6	28.7	29.7	29.1	29.0	28.8	29.8	31.3
- SME/BB	10.7	10.7	10.9	10.6	11.0	11.2	11.4	11.4	11.8
- Retail	57.9	58.7	60.4	59.7	59.9	59.7	59.8	58.8	56.9
Liability Profile %									
CASA	44.4	42.1	43.0	41.8	40.6	39.5	40.8	40.3	39.8
CA	13.8	13.2	14.7	14.1	13.1	13.1	14.2	14.0	13.4
SA	30.6	28.9	28.3	27.8	27.5	26.4	26.5	26.3	26.4
Branch (No.)	4,945	5,252	5,377	5,427	5,577	5,706	5,876	5,879	5,976
Margins									
NIM %	4.11	4.01	4.06	4.05	3.99	3.39	3.97	3.80	3.73
NIM %- Domestic	4.20	4.08	4.16	4.14	4.06	4.06	4.08	3.91	3.82
Asset Quality									
GNPA %	1.8	1.7	1.5	1.6	1.5	1.5	1.4	1.7	1.5
NNPA %	0.4	0.4	0.3	0.3	0.3	0.4	0.3	0.5	0.4
PCR % - Specific	79.5	77.8	78.5	78.1	76.6	76.2	74.6	71.5	70.5
Restructured book (O/s % of loans)	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1
Capital adequacy									
CAR %	16.6	16.6	16.6	16.7	16.6	17.0	17.1	16.9	16.6
Tier I %	13.8	14.2	14.2	14.5	14.5	15.0	15.1	15.1	14.8
ROE Decomposition % (on total assets)									
NII	**4.2**	**4.1**	**4.1**	**4.1**	**4.0**	**4.0**	**3.9**	**3.8**	**3.7**
Other Income (Ex Treasury)	1.7	1.7	1.8	1.6	1.7	1.6	1.9	1.6	1.7
Treasury	(0.0)	0.1	0.3	0.1	0.3	0.1	0.0	0.4	0.1
Opex	3.0	2.9	2.9	2.8	2.8	2.6	2.8	2.6	2.7
PPOP	**2.9**	**3.0**	**3.3**	**3.1**	**3.2**	**3.1**	**3.1**	**3.2**	**2.8**
Provisioning Cost	0.3	0.3	0.4	0.6	0.7	0.6	0.4	1.1	1.0
PBT	2.7	2.7	2.9	2.5	2.5	2.4	2.7	2.1	1.9
Tax	0.7	0.7	0.7	0.6	0.5	0.6	0.6	0.5	0.5
RoA	**1.8**	**1.8**	**2.0**	**1.6**	**1.9**	**1.7**	**1.8**	**1.4**	**1.2**
Leverage (x)	9.8	9.7	9.8	9.5	9.2	9	8.9	8.8	8.7
RoE	**17.4**	**17.3**	**19.3**	**15.6**	**17.1**	**14.9**	**16.2**	**12.7**	**10.8**

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	136	100	44	2.0x Adj NW FY27E
Axis AMC	255	75	62	6% of FY27E AUM
Axis Securities	58	100	19	15x FY27E PAT
Axis Capital	27	100	9	15x FY27E PAT
Max Life	760	19	47	At implied market cap
Value of Subsidiaries			**180**	
Holding Co. discount (INR)			36	
Holding Co. discount (in %)			20	
Subs Value post Holdo Disc.			**144**	
Axis Bank Core Book			**1,306**	~1.8x FY27E ABV
Target Price			**1,450**	

Source: I-Sec research, Company data

Exhibit 16: Shareholding pattern

%	Mar'25	Jun'25	Sep'25
Promoters	8.2	8.2	8.2
Institutional investors	84.8	85.0	84.8
MFs and others	32.0	32.5	34.0
Banks & FIs	2.5	2.5	2.6
Insurance Cos	5.2	5.0	5.0
FIIs	45.1	45.0	43.2
Others	7.0	6.8	7.0

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	12,63,046	14,39,471
Interest expense	5,94,742	6,83,292	6,98,087	7,69,179
Net interest income	**4,98,945**	**5,43,478**	**5,64,960**	**6,70,292**
Non-interest income	2,24,420	2,52,571	2,83,239	3,10,451
Operating income	**7,23,364**	**7,96,049**	**8,48,199**	**9,80,743**
Operating expense	3,52,133	3,75,000	3,95,757	4,45,801
Staff expense	1,09,331	1,21,928	1,31,682	1,48,801
Operating profit	**3,71,232**	**4,21,049**	**4,52,442**	**5,34,942**
Core operating profit	**3,53,272**	**4,01,202**	**4,23,942**	**5,12,442**
Provisions & Contingencies	40,631	77,584	1,22,346	1,11,765
Pre-tax profit	**3,30,601**	**3,43,466**	**3,30,096**	**4,23,177**
Tax (current + deferred)	81,986	79,731	83,184	1,06,641
Net Profit	**2,48,614**	**2,63,735**	**2,46,912**	**3,16,537**
Adjusted net profit	**2,48,614**	**2,63,735**	**2,46,912**	**3,16,537**

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	12,01,924	13,49,975
Investments	33,15,273	39,61,418	43,22,400	47,64,233
Advances	96,50,684	1,04,08,113	1,16,53,359	1,31,79,211
Fixed assets	56,846	62,917	69,452	76,141
Other assets	6,04,740	6,69,530	7,60,628	8,66,458
Total assets	**1,47,72,086**	**1,60,99,299**	**1,80,07,762**	**2,02,36,020**
Deposits	1,06,86,414	1,17,29,520	1,31,51,456	1,49,67,240
Borrowings	19,68,118	18,41,465	18,72,591	19,07,452
Other liabilities and provisions	6,06,939	7,31,062	9,44,490	10,11,897
Share capital	6,173	6,195	6,195	6,195
Reserve & surplus	15,04,443	17,91,057	20,33,030	23,43,236
Total equity & liabilities	**1,47,72,086**	**1,60,99,299**	**1,80,07,762**	**2,02,36,020**
% Growth	12.1	9.0	11.9	12.4

Source Company data, I-Sec research

Exhibit 20: Key ratios

(Year ending March)

	FY24A	FY25A	FY26E	FY27E
No. of shares and per share data				
No. of shares (mn)	3,087	3,097	3,097	3,097
Adjusted EPS	80.7	85.3	79.7	102.2
Book Value per share	489	580	658	759
Adjusted BVPS	482	571	648	749
Valuation ratio				
PER (x)	14.5	13.7	14.7	11.4
Price/ Book (x)	2.4	2.0	1.8	1.5
Price/ Adjusted book (x)	2.2	1.8	1.6	1.4
Dividend Yield (%)	0.1	0.1	0.1	0.2
Profitability ratios (%)				
Yield on advances	9.6	9.7	9.0	9.2
Yields on Assets	7.8	7.9	7.4	7.5
Cost of deposits	4.5	4.8	4.4	4.3
Cost of funds	4.3	4.4	4.1	4.0
NIMs	3.8	3.7	3.5	3.7
Cost/Income	48.7	47.1	46.7	45.5
Dupont Analysis (as % of Avg Assets)				
Interest Income	7.8	7.9	7.4	7.5
Interest expended	4.3	4.4	4.1	4.0
Net Interest Income	**3.6**	**3.5**	**3.3**	**3.5**
Non-interest income	1.6	1.6	1.7	1.6
Trading gains	0.1	0.1	0.2	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**	**2.3**	**2.3**
Staff costs	0.8	0.8	0.8	0.8
Non-staff costs	1.7	1.6	1.5	1.6
Operating Profit	**2.7**	**2.7**	**2.7**	**2.8**
Core Operating Profit	2.5	2.6	2.5	2.7
Non-tax Provisions	0.3	0.5	0.7	0.6
PBT	**2.4**	**2.2**	**1.9**	**2.2**
Tax Provisions	0.6	0.5	0.5	0.6
Return on Assets (%)	**1.8**	**1.7**	**1.4**	**1.7**
Leverage (x)	10.1	9.3	8.9	8.7
Return on Equity (%)	**18.0**	**15.9**	**12.9**	**14.4**
Asset quality ratios (%)				
Gross NPA	1.5	1.3	1.4	1.2
Net NPA	0.3	0.4	0.4	0.3
PCR	77.4	73.6	73.0	75.0
Gross Slippages	1.7	2.0	2.3	2.0
LLP / Avg loans	0.4	0.8	1.3	1.1
Total provisions / Avg loans	0.4	0.8	1.1	0.9
Net NPA / Networth	2.1	2.1	2.2	1.8
Capitalisation ratios (%)				
Core Equity Tier 1	13.7	14.7	14.7	14.8
Tier 1 cap. adequacy	14.2	15.1	15.0	15.1
Total cap. adequacy	16.6	17.1	17.0	17.0

Source Company data, I-Sec research

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