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Q1FY27 - Result Update
20th July 2026

Axis Bank Ltd.

Sustained growth momentum is driving market share gains across key segments

CMP: INR 1,329

Rating: Accumulate

Target Price: INR 1,499

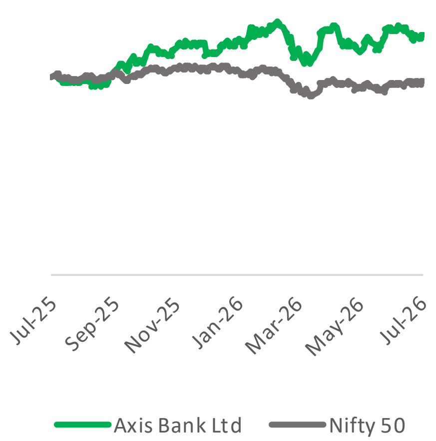
Stock Info	
BSE	532215
NSE	AXISBANK
Bloomberg	ASXB IN
Reuters	AXBK.BO
Sector	Banks
Face Value (INR)	2
Equity Capital (INR Bn)	6.21
Mkt Cap (INR Bn)	4,134
52w H/L (INR)	1,418 / 1,041
Avg Yearly Vol (in 000')	11,193

Shareholding Pattern %
(As on June, 2026)

Promoters	8.14
Public & Others	91.86

Stock Performance (%)	3m	6m	12m
Axis Bank	-3.00	1.61	20.85
Nifty	0.67	-4.89	-2.54

Axis Bank Vs Nifty



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Axis Bank reported a mixed Q1FY27 performance, with margin pressure offset by better operating profitability and lower credit costs, resulting in PAT coming in ahead of our estimate. NII stood at INR 146,461 Mn, broadly in line with our estimate of INR 147,211 Mn, growing 8.0% YoY and 1.3% QoQ, while NIM stood at 3.46%. PPOP came in ahead of our estimate at INR 116,591 Mn, supported by healthy operating performance, and provisions were lower than expected at INR 22,225 Mn, leading to PAT of INR 71,139 Mn, which was ahead of our estimate of INR 67,434 Mn and increased 22.5% YoY. Asset quality remained broadly stable, with GNPA at 1.28% and NNPA at 0.39%, both showing marginal sequential upticks but improving on a YoY basis, while the net slippage ratio stood at 1.12% compared with 0.70% in Q4FY26 and 2.33% in Q1FY26. Business momentum remained healthy, with deposits rising 18.2% YoY to INR 13,729,357 Mn and advances increasing 19.1% YoY to INR 12,615,567 Mn, driven by continued traction across retail, SME, and corporate segments.

Healthy growth across loans and deposits supports market share gains: Axis Bank continued to deliver strong business growth in Q1FY27, with advances rising 19% YoY to INR 12,616 bn and deposits increasing 18% YoY to INR 13,729 bn. Growth remained broad-based, led by corporate loans (+38% YoY), SME loans (+25% YoY), and retail loans (+8% YoY), while focus segments such as SBB, SME, and Mid-Corporate continued to gain scale and now contribute 24% of the loan book. The bank also maintained a high-quality corporate portfolio, with 91% of the book rated A- and above, indicating that growth is being driven through stronger customer relationships and disciplined underwriting rather than higher-risk lending.

Margin pressure appears to be near the bottom : Axis Bank reported a NIM of 3.46% in Q1FY27, which was impacted by the full transmission of the 125 bps repo rate cut and changes in the loan mix. However, the bank believes Q1FY27 could mark the trough of the NIM cycle and reiterated its medium-term aspiration of moving back towards 3.8% NIM. The funding profile continued to improve, with the cost of funds declining by 35 bps YoY and CASA deposits growing 13% YoY on a QAB basis. Strong traction in salary accounts, premium banking, and NRI deposits, including FCNR(B) inflows, is expected to support a more stable liability mix and provide room for gradual margin recovery over the coming quarters.

Improving asset quality and strong provisioning buffer: Axis Bank continued to strengthen its asset quality profile, with GNPA improving to 1.28% and NNPA declining to 0.39%, while net credit cost fell sharply to 0.63%. The gross slippage ratio improved to 1.79%, indicating that incremental stress remains well under control. In addition, the bank is carrying INR 156 bn of cumulative standard and additional provisions, including a INR 20 bn prudential buffer created in Q4FY26 that remains unutilised. Supported by a CET1 ratio of 14.64% and total capital adequacy of 16.67%, the bank remains well capitalised and is entering the next phase of growth with lower credit costs, stronger balance sheet resilience, and no requirement for near-term equity raising.

Valuation & View: Axis Bank remains confident of sustaining healthy growth over the medium term and continues to target loan growth of ~ 300 bps above industry growth while maintaining a disciplined approach towards underwriting and portfolio quality. The bank believes Q1FY27 marks the bottom of the NIM cycle and expects margins to improve gradually as retail loan growth accelerates, the balance sheet mix shifts towards higher-yielding assets and FCNR(B) deposits are deployed efficiently. The liability franchise is expected to remain strong, supported by healthy deposit mobilisation and customer acquisition, while continued investments in technology, AI and productivity initiatives are likely to improve operating efficiency over the next 18–24 months. With a strong capital position, healthy provision buffers and a diversified business franchise, the bank remains well placed to deliver sustainable growth while maintaining stable asset quality despite an uncertain macroeconomic environment . **Hence, We revise our estimates and rating to "Accumulate" with a target price of INR 1,499, valuing the stock at 1.51x FY29E ABV, awaiting clearer signs of growth momentum.**

Exhibit 1: Financial Performance

Axis Bank Ltd. (INR Bn)	FY25	FY26E	FY27E	FY28E	FY29E
NII	543	560	641	733	836
PPOP	421	428	497	580	673
PAT	264	245	310	367	430
EPS (INR / Share)	85.1	78.7	99.7	118.2	138.4
ABVPS (INR / Share)	564.8	641.5	739.9	856.4	993.0
NIM (%)	3.7	3.4	3.4	3.4	3.5
ROA (%)	1.6%	1.3%	1.4%	1.5%	1.5%
ROE (%)	14.8%	12.0%	13.2%	13.5%	13.7%
P / ABV (x)	2.2	2.0	1.7	1.5	1.3

Source: Arihant Research, Company Filings

Q1FY27 - Quarterly Performance (Standalone) (in INR Bn)

Particulars (INR in bn)	Q1FY27	Q4FY26	Q1FY26	QoQ	YoY
Interest Earned	**339.86**	**327.24**	**310.64**	**3.9%**	**9.4%**
- Interest/discount on advances/bills	265.16	255.12	244.08	3.9%	8.6%
- Income on Investments	66.98	67.09	61.43	-0.2%	9.0%
- Interest on bal with RBI	4.51	2.89	3.08	56.0%	46.6%
- Others	3.21	2.13	2.05	50.3%	56.5%
Interest Expenses	193.40	182.67	175.04	5.9%	10.5%
NII	**146.46**	**144.57**	**135.60**	**1.3%**	**8.0%**
Other Income	67.35	60.23	72.58	11.8%	-7.2%
Total Income	213.82	204.80	208.18	4.4%	2.7%
Operating Expenses	**97.22**	**104.66**	**93.03**	**-7.1%**	**4.5%**
- Employee cost	30.58	31.15	32.62	-1.8%	-6.2%
- Others	66.64	73.52	60.41	-9.3%	10.3%
Operating Profits	**116.59**	**100.13**	**115.15**	**16.4%**	**1.3%**
Provisions	22.23	35.22	39.48	-36.9%	-43.7%
Exceptional items	0.00	0.00	0.00	NA	NA
PBT	**94.37**	**64.91**	**75.68**	**45.4%**	**24.7%**
Tax	23.23	-5.80	17.61	-500.4%	31.9%
PAT	**71.14**	**70.71**	**58.06**	**0.6%**	**22.5%**
Advances	12,616	12,336	10,597	2.3%	19.0%
Deposits	13,729	13,358	11,616	2.8%	18.2%
Total Assets	19,220	18,868	16,033	1.9%	19.9%
CASA (%)	37%	40%	38%	-300bps	-100bps
CASA Deposits	4,815	5,289	4,243	-9.0%	13.5%
Asset Quality					
GNPA	171.2	160.8	177.6	6.5%	-3.6%
NNPA	51.9	47.9	50.7	8.4%	2.5%
GNPA (%)	1.28%	1.23%	1.57%	5bps	-29bps
NNPA (%)	0.39%	0.37%	0.45%	2bps	-6bps
RoA	1.51%	1.58%	1.47%	-7bps	4bps
Cost to Income Ratio	45.47%	51.11%	44.69%	-563bps	79bps

Source: Arihant Research, Company Filings

Q1FY27 Conference Call Highlights :

Business Growth & Loan Franchise
- Total advances grew 19% YoY and 2% QoQ, driven by strong growth in wholesale banking (+38% YoY), SME (+25% YoY) and retail advances (+8% YoY). The bank continued to gain market share while maintaining disciplined underwriting standards.
- Retail disbursements increased 18% YoY, led by home loans (+24%), vehicle loans (+21%), personal loans (+23%) and retail agriculture loans (+16%), indicating healthy customer demand and supporting a gradual recovery in retail loan growth.
- Wholesale loan growth remained broad-based across sectors such as energy, commercial real estate and metals. Around 91% of the corporate loan book is rated A- and above, reflecting the bank's focus on maintaining a high-quality lending portfolio.

Deposit Franchise & Liability Profile
- Total deposits increased 18% YoY and 6% QoQ, supported by healthy growth in term deposits (+21% YoY), while CASA deposits also increased 13% YoY. Cost of funds declined by 35 bps YoY and 2 bps QoQ, supporting a gradual improvement in funding costs.
- The bank highlighted healthy traction in FCNR(B) deposits from NRI customers and expects this opportunity to further strengthen its liability franchise over the coming quarters.

Margins & Profitability
- NIM declined to 3.46% due to repo rate transmission, loan repricing and a higher mix of lower-yielding corporate and overseas loans. The bank believes Q1FY27 marks the bottom of the margin cycle.
- Around 19 bps of the YoY NIM decline was attributable to repo rate cuts, while another 16 bps resulted from changes in the balance sheet mix. Margins are expected to improve gradually as retail loan growth accelerates and the portfolio mix normalises.
- Cost efficiency continued to improve, with the cost-to-assets ratio declining to 2.20% (down 21 bps YoY). Continued investments in technology, AI and productivity initiatives are expected to support further operating efficiency.

Asset Quality & Risk Management
- Asset quality remained healthy, with GNPA improving to 1.28% and NNPA to 0.39%. Gross and net slippage ratios improved by 134 bps and 121 bps YoY, respectively, reflecting stable credit quality.
- Gross slippages stood at INR 5,566 crore, of which wholesale banking contributed only INR 124 crore, highlighting the strength of the corporate portfolio.
- The bank retained the additional precautionary provision of INR 2,001 crore created in Q4FY26. Total non-NPA provisions stood at INR 15,608 crore, providing a strong buffer against future uncertainties.

Capital Position & Balance Sheet Strength
- The bank strengthened its capital base by raising USD 600 million through Additional Tier-I bonds and USD 300 million through senior debt during the quarter.
- CET-1 improved to 14.64%, while additional prudential provisions provide an incremental capital cushion of around 52 bps. The bank reiterated that it does not require fresh equity capital to support future growth.

Retail Banking & Customer Franchise
- Customer acquisition remained healthy, with average balances of new-to-bank customers increasing 18% YoY, reflecting improving customer quality and engagement.
- The corporate salary franchise remained strong, with average balances in new salary accounts increasing 30% YoY, while Burgundy Wealth and Burgundy Private AUM grew 20% YoY and 16% YoY, respectively.

Digital Transformation & AI Initiatives
- The bank continued expanding its enterprise-wide AI platform, **Axiom**, to build reusable AI capabilities across businesses and customer journeys, improving scalability and operating efficiency.
- AI assistant Avi handled around 7.4 lakh customer queries, while Kaleidoscope enabled nearly 30.9 lakh customer service interactions during the quarter, reflecting increasing digital adoption.

Wholesale Banking Strategy
- Wholesale loan growth continues to be driven by attractive risk-adjusted returns rather than aggressive pricing, while maintaining strict underwriting standards.
- Corporate relationships are evaluated based on overall profitability across lending, transaction banking, treasury, wealth management and investment banking, rather than lending spreads alone.

Subsidiary Performance
- Domestic subsidiaries reported another healthy quarter, with aggregate PAT increasing 21% YoY to INR 546 crore.
- Axis Finance crossed Assets Under Finance of INR 50,000 crore (+21% YoY), while Axis AMC reported quarterly average AUM of INR 3.69 lakh crore (+10% YoY). Axis Securities and Axis Capital also delivered healthy earnings during the quarter.

Capital Allocation & Strategic Initiatives
- The bank is evaluating the possibility of increasing its stake in Max Financial Services following recent RBI regulatory changes, although no final decision has been taken.
- The Expected Credit Loss (ECL) framework is expected to have only a limited one-time impact on net worth, while ECLGS disbursements reached around INR 2,400 crore, primarily benefiting MSME customers.

Income Statement						
(Rs Bn)	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Interest Earned	1,093.7	1,226.8	1,270.3	1,441.3	1,637.8	1,858.8
Interest Expended	594.7	683.3	709.8	800.0	904.9	1,023.1
Net Interest Income	**498.9**	**543.5**	**560.5**	**641.2**	**732.8**	**835.6**
Other Income	224.4	252.6	261.3	290.4	326.0	365.9
Fee Income	182.6	205.5	225.4	252.4	282.7	316.6
Treasury Income	0.0	0.0	0.0	29.1	33.1	37.8
Operating Income	**723.4**	**796.0**	**821.8**	**931.6**	**1,058.8**	**1,201.5**
Operating Expenses	352.1	375.0	393.6	434.2	479.0	528.4
Employee Expenses	109.3	121.9	122.7	136.2	151.1	167.8
Profit before provision & tax	**371.2**	**421.0**	**428.2**	**497.4**	**579.8**	**673.1**
Provisions and Contingencies	40.6	77.6	132.6	84.2	89.9	99.6
Profit Before Tax	**330.6**	**343.5**	**295.5**	**413.2**	**489.9**	**573.5**
Provision for tax	82.0	79.7	51.0	103.3	122.5	143.4
Exp. Items	0.0	0.0	0.0	0.0	0.0	0.0
Profit After Tax	**248.6**	**263.7**	**244.6**	**309.9**	**367.4**	**430.1**

Balance Sheet						
(Rs Bn)	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Sources of funds						
Share Capital	6	6	6	6	6	6
Total Reserves	1,496	1,780	2,036	2,346	2,713	3,143
Shareholder's Fund	**1,502**	**1,786**	**2,042**	**2,352**	**2,719**	**3,149**
Deposits	10,686	11,730	13,358	15,160	17,189	19,473
Borrowings	1,968	1,841	2,353	2,706	3,247	3,896
Other Liabilities & provisions	607	731	1,102	1,265	1,516	1,817
Total Liabilities	**14,772**	**16,099**	**18,868**	**21,483**	**24,671**	**28,336**
Application of Funds						
Cash & Bank	1,145	997	1,049	983	1,062	1,030
Investments	3,315	3,961	4,450	5,029	5,632	6,308
Advances	9,651	10,408	12,336	14,003	15,883	17,998
Fixed Assets	57	63	65	68	71	74
Other Assets	605	670	968	1,399	2,023	2,925
Total Assets	**14,772**	**16,099**	**18,868**	**21,483**	**24,671**	**28,336**

Source: Arihant Research, Company Filings

Ratios %						
	FY24	FY25	FY26	FY27E	FY28E	FY29E
Asset Quality						
Gross NPA	1.4	1.3	1.2	1.3	1.3	1.3
Net NPA	0.3	0.3	0.4	0.4	0.4	0.4
PCR	78.5	73.6	69.0	71.0	71.0	72.0
Growth						
Advances Growth	14.2	7.8	18.5	13.5	13.4	13.3
Deposit growth	12.9	9.8	13.9	13.5	13.4	13.3
Net Profit Growth	156.8	6.1	-7.3	26.7	18.5	17.1
Liquidity						
C-D Ratio	90.3	88.7	92.3	92.4	92.4	92.4
CASA	43.0	40.8	39.6	40.0	40.0	40.0
Capital Adequacy	16.6	17.1	16.4	16.5	16.5	16.5
Efficiency						
Cost Income Ratio	48.68	47.11	47.90	46.61	45.24	43.98
Operating Costs to Assets	2.38	2.33	2.09	2.02	1.94	1.86

Spread Analysis (%)						
	FY24	FY25	FY26	FY27E	FY28E	FY28E
Spread Analysis						
Yield on Advances	9.0	9.3	8.1	8.1	8.1	8.1
Yield on Investments	6.0	5.8	5.7	5.8	5.9	6.0
Cost of Funds	4.7	5.0	4.5	4.5	4.4	4.4
NIM	3.8	3.7	3.4	3.4	3.4	3.5
Interest Spread	4.3	4.3	3.5	3.6	3.7	3.7
Profitability						
ROE	16.5%	14.8%	12.0%	13.2%	13.5%	13.7%
ROA	1.7%	1.6%	1.3%	1.4%	1.5%	1.5%
Earnings Per Share (Rs)	80.5	85.1	78.7	99.7	118.2	138.4
Book Value (Rs)	487	577	657	757	875	1013
Adjusted Book Value (Rs)	476	565	642	740	856	993
Valuation						
P / EPS (x)	15.6	14.8	16.0	12.6	10.6	9.1
P / ABV (x)	2.6	2.2	2.0	1.7	1.5	1.3

Source: Arihant Research, Company Filings

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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