

April 28, 2023



Current Price: ₹ 881.05

STOCK DATA

| | |
|------------|----------|
| BSE Code | 532215 |
| NSE Symbol | AXISBANK |
| Reuters | AXBK.BO |
| Bloomberg | AXSB IN |

VALUE PARAMETERS

| | |
|--------------------------------------|---------------|
| 52 W H/L(Rs) | 970.45/618.10 |
| Mkt. Cap.(Rs Cr) | 271151.44 |
| Latest Equity(Subscribed) | 615.52 |
| Latest Reserve (cons.) | 134028.98 |
| Latest EPS (cons.) -Unit Curr. | 66.93 |
| Latest P/E Ratio -cons | 13.16 |
| Latest Bookvalue (cons.) -Unit Curr. | 437.50 |
| Latest P/BV - cons | 2.01 |
| Dividend Yield -% | 0.11 |
| Face Value | 2.00 |

SHARE HOLDING PATTERN (%)

| Description as on | % of Holding 31/03/2023 |
|--------------------------|----------------------------|
| Foreign | 51.11 |
| Institutions | 31.23 |
| Non Promoter Corp. Hold. | 1.34 |
| Promoters | 7.96 |
| Public & Others | 8.37 |

Financial Results

In Cr.

| Particulars | Qtr Ended | Qtr Ended | Var % |
|----------------------------|-----------|-----------|-------|
| | Mar. 23 | Mar. 22 | |
| Interest Earned | 23969.76 | 17776.24 | 35 |
| Interest Expended | 12227.60 | 8957.12 | 37 |
| Net Interest Income | 11742.16 | 8819.12 | 33 |
| Other Income | 4895.32 | 4223.34 | 16 |
| Net Total Income | 16637.48 | 13042.46 | 28 |
| Operating Expenses | 7469.87 | 6576.48 | 14 |
| Operating Profits | 9167.61 | 6465.98 | 42 |
| Provisions & Contingencies | 305.77 | 987.23 | -69 |
| PBT | 8861.84 | 5478.75 | 62 |
| EO | -12489.82 | 0.00 | - |
| PBT after EO | -3627.98 | 5478.75 | PL |
| Provision for tax | 2100.44 | 1360.98 | 54 |
| PAT | -5728.42 | 4117.77 | PL |
| EPS | -ve | 14.39 | |

Q4FY23 Results: Healthy growth momentum, strong asset quality but posted Q4FY23 Loss Of Rs 5,728 Crore due to acquisition cost of Citi Bank's India consumer business during the quarter, in line with estimates

Axis Bank has reported net loss of Rs 5728.42 crore for the quarter ended March 2023 (Q4FY2023) on account of expenses relating to acquisition of Citibank India Business. The Bank made prudent accounting choices in relation to one-time non-recurring items aggregating to Rs 12,490 crore comprising (i) full amortisation of Intangibles and Goodwill which is equal to the value of purchase consideration paid/payable on the acquisition of Citibank India Consumer Business, (ii) charged completely to the Profit & Loss account, the impact of policy harmonization on operating expenses and provisions and (iii) one-time stamp duty on the acquisition. These have been charged to the Profit and Loss Account in Q4FY23 and reported as Exceptional Items. Consequently, reported net loss in Q4FY23 stood at Rs 5728 crore. The bank has posted healthy 33% growth in net interest income (NII), while the core fee income of the bank also improved 24% in Q4FY2023. The Net Interest Margin (NIM) of the bank improved to 4.22% in Q4FY2023 compared to 3.49% in the corresponding quarter of previous year.

On business front, the bank as has posted 17% growth in business with strong 19% surge in loan book (including acquired Citibank India business. The asset quality of the bank was stable in Q4FY2023. Bank has substantially improved the credit to deposit ratio to 89.3% at end March 2023 from 86.1% at end March 2022. However, the CASA ratio of the bank has improved to 47.2% at end March 2023 from 45.0% at end March 2022.

Asset quality improves: The bank has improved asset quality in Q4FY2023.

The fresh slippages of loans declined to Rs 3375 crore in Q4FY2023 compared with 3807 crore in previous quarter and Rs 3981 crore in the corresponding quarter last year.

The recoveries and upgradations were at Rs 2699 crore and the write-off of loans was at Rs 2429 crore in Q4FY2023.

Asset Quality Indicators

| Particulars | Qtr Ended | Qtr Ended | Qtr Ended | Qtr Ended | Qtr Ended | Variation | |
|-----------------------------|-----------|-----------|-----------|-----------|-----------|-----------|---------|
| | Mar-23 | Dec-22 | Sept-22 | Jun-22 | Mar-22 | QoQ | YoY |
| Gross NPA (Rs Crore) | 18604.23 | 19961.02 | 19893.73 | 21036.77 | 21822.32 | -7 | -15 |
| Net NPA (Rs Crore) | 3558.92 | 3830.1 | 3995.54 | 4780.62 | 5512.16 | -7 | -35 |
| % Gross NPA | 2.02 | 2.38 | 2.5 | 2.76 | 2.82 | -36bps | -80bps |
| % Net NPA | 0.39 | 0.47 | 0.51 | 0.64 | 0.73 | -8bps | -34bps |
| % PCR | 81 | 75 | 72 | 69 | 62 | 600bps | 1900bps |
| % CRAR - Basel III | 17.64 | 17.6 | 16.52 | 17.28 | 18.54 | 4bps | -90bps |
| % CRAR - Tier I - Basel III | 14.57 | 14.24 | 14.55 | 15.24 | 16.34 | 33bps | -177bps |

Variation in basis points for figures given in percentages and in % for figures in Rs crore

The standard restructured loan book of the bank stood at Rs 1454 crore end March 2023.

Provision coverage ratio increased to 81% at end March 2023 compared to 75% a quarter ago and 62% a year ago.

The Bank has not utilized Covid provisions during the quarter. The Bank holds cumulative provisions (standard + additional other than NPA) of Rs 11,928 crore at the end of Q4FY23.

The capital adequacy ratio of the bank stood at 17.6% with Tier I ratio at 14.6% at end March 2023.

Business Highlights:

Healthy business growth: The business of the bank has increased 17% YoY to Rs 1792248 crore end March 2023, driven by 19% surge in advances to Rs 845303 crore. Deposits rose 15% to Rs 946945 crore at end March 2023.

CASA deposits ratio improves: The CASA deposits of the bank increased 21% YoY to Rs 446536 crore at end March 2023. The CASA ratio improved to 47.2% at end March 2023 compared to 45.0% at end March 2022, while gained from 44.5% a quarter ago.

Strong loan growth: Advances growth was driven by retail loans rising 22% YoY to Rs 487571 crore at end March 2023, while credit to MSME increased 20% to Rs 92723 crore at end March 2023. The corporate credit has moved up 15% to Rs 265009 crore end March 2023.

Investment book of the bank rose 5% YoY to Rs 288815 crore at end March 2023. The AFS book dipped 10% to Rs 69316 crore, while HTM book rose 9% to Rs 210835 crore at end March 2023.

Margins improve: The bank has showed sharp 92 bps YoY jump in cost of deposits to 4.75% in Q4FY2023. NIM has improved 73 bps YoY to 4.22%.

Branch expansion: The bank has added 54 branches and 279 ATMs in Q4FY2023, taking overall tally to 4903 branches and 15953 ATM` s end March 2023.

Book value of the bank stood at Rs 407.5 per share at end March 2023, while the adjusted book value (net of NNPA and 10% of restructured advances) was Rs 395.5 per share at end March 2023.

Quarterly Performance

NII rises as NIM improves: Bank has recorded 35% increase in the interest earned at Rs 23969.76 crore, while interest expenses increased 37% to Rs 12227.60 crore in Q4FY2023. NII improved 33% to Rs 11742.16 crore in the quarter ended March 2023.

Healthy growth in the core fee income: Bank has posted strong 24% growth in core fee income to Rs 4676 crore, while the treasury income declined 64% to Rs 83 crore and other income fell 42% to Rs 136 crore. The overall non-interest income increased 16% to Rs 4895.32 crore in the quarter ended March 2023.

Expenses ratio improves: The operating expenses of the bank increased 14% to Rs 7469.87 crore, as other expenses moved up 279% to Rs 17796.07 crore, while employee expenses gained 15% to Rs 2163.62 crore in Q4FY2023. Cost to income ratio was nearly stable at 44.9% in Q4FY2023 compared with 50.4% in Q4FY2022, helping the Operating Profit to increase 42% to Rs 9167.61 crore.

Provisions and contingencies decline: The bank has showed 69% decline in provisions to Rs 305.77 crore. The loan loss provisions declined 55% to Rs 270 crore, while the bank has written back other provisions of Rs 168 crore. Further, the standard asset provisions jumped 69% to Rs 204 crore in Q4FY2023.

With the decline in provisions, the PBT increased 62% to Rs 8861.84 crore in Q4FY2023. However on account of charge for Citibank business of Rs 12489.82 crore, the PBT after this exceptional item turned negative to Rs 3627.98 crore. The bank has created tax provision of Rs 2100.44 crore leading to further increase in the net loss to Rs 5728.42 crore during quarter ended March 2023.

Subsidiaries' Performance

The Bank's domestic subsidiaries delivered steady performance with FY23 PAT of Rs 1304 crore, up 9% YOY.

Axis Finance: Axis Finance has been investing in building a strong customer focused franchise. Its overall AUM grew 32% YOY. Retail book grew ~2 times and constituted 42% of total loans, up from 17% two years ago. The focus in its wholesale business continues to be on well rated companies and cash flow backed transactions. Axis Finance remains well capitalized with total Capital Adequacy Ratio of 20.5%. The book quality remains strong with net NPA at 0.36%. Axis Finance FY23 PAT was Rs 475 crore, up 30% YOY from Rs 364 crore in FY22.

Axis AMC: Axis AMC's average AUM for the quarter stood at Rs 241415 crore. Its Q4FY23 PAT grew 19% YOY. FY23 PAT stood at Rs 415 crore.

Axis Capital: Axis Capital completed 8 and 42 investment banking transactions in Q4FY23 and FY23 respectively. Its PAT for FY23 stood at Rs 142 crore.

Axis Securities: Axis Securities' broking revenues for FY23 grew 9% YOY to Rs 724 crore. PAT for FY23 stood at Rs 203 crore.

Financial Performance Fy2023:

Bank has posted 26% decline in net profit to Rs 9579.68 crore in the year ended March 2023 (FY2023). The net interest income increased 30% to Rs 42945.75 crore, while non-interest income moved up 8% to Rs 16500.87 crore, pushing up net total income by 23% to Rs 59446.62 crore in FY2023. The operating expenses increased 16% to Rs 27398.31 crore, while provision and contingencies dipped 64% to Rs 2652.64 crore, allowing profit before tax to increase 69% to Rs 29395.67 crore in FY2023. The cost-to-income ratio improved to 46.1% in FY2023 compared to 48.8% in FY2022. However, PBT after EO of Rs 12489.82 crore declined 3% to Rs 16905.85 crore. An effective tax rate jumped to 43.3% in FY2023 compared to 25.1% in FY2022. The net profit has declined 26% to Rs 9579.68 crore in Fy2023.

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