

PRESS RELEASE - 12TH OCTOBER 2009

**AXIS BANK ANNOUNCES Q2FY10 NET PROFIT OF RS. 531.64 CRORES, UP BY 31.95% YOY,
AND H1FY10 NET PROFIT OF RS. 1,093.68 CRORES, UP BY 49.20% YOY**

Results at a Glance

- **Net Profit** during Q2FY10 rose to **Rs. 531.64 crores** from **Rs. 402.91 crores** in Q2FY09, registering a growth of **31.95%** yoy. **Net Profit** for H1FY10 stood at **Rs. 1,093.68 crores**, up by **49.20%** yoy from **Rs. 733.05 crores** for H1FY09.
- **Balance Sheet Size** increased by **18.72%** yoy from **Rs. 1,27,786 crores** as at the end of H1FY09 to **Rs. 1,51,714 crores** as at the end of H1FY10.
- **Demand Deposits** on a **daily average basis** grew by **27.69%** yoy to **Rs 42,554 crores** during Q2FY10 from **Rs 33,326 crores** during Q2FY09, with **Savings Bank deposits** growing by **32.92%** yoy.
- The Bank is well-capitalised with a **Capital Adequacy Ratio** of **16.47%** as at the end of H1FY10 compared to **12.20%** as at the end of H1FY09 and **15.28%** as at the end of Q1FY10. **Tier-I capital** was **11.43%** as at the end of H1FY10, as against **9.20%** as at the end of H1FY09 and **9.39%** as at the end of Q1FY10.

Financial Highlights

• **Net Interest Income (NII) and Net Interest Margin (NIM)**

The Bank continued to build an India-wide presence through its 916 branches and extension counters and 3,866 ATMs across 564 cities and towns. During the quarter, the Bank added 55 branches and 143 ATMs. The daily average balances of Savings Bank deposits during the quarter grew 33% yoy and those of Current Account deposits grew 21% yoy. Demand deposits constituted 39% of total daily average deposits during Q2FY10, higher than the level of 37% observed during Q2FY09 as well as Q1FY10. As a result, the Bank posted a NIM of 3.52% during Q2FY10, higher than the NIM of 3.34% during Q1FY10 and 3.51% during Q2FY09.

The Bank's advances grew by 18% yoy, from Rs. 68,853 crores as on 30th Sep'08 to Rs. 81,044 crores as on 30th Sep'09, while investments rose to Rs. 52,072 crores from Rs. 37,998 crores, over the same period, a growth of 37% yoy. The NII rose to Rs. 1,150 crores during Q2FY10 from Rs. 913 crores during Q2FY09, a growth of 26% yoy.

- **Fee income**

Fee income registered a growth of 15% yoy, rising to Rs. 719 crores during Q2FY10 compared to Rs. 627 crores in Q2FY09, with contributions from all major businesses in the Bank. Fee income from Large and Mid Corporate Credit grew 50% yoy, followed by that from Treasury (35% yoy), Business Banking (22% yoy), SME and Agri lending businesses (16% yoy) and Retail Business (10% yoy).

Compared to Rs. 1,164 crores during H1FY09, fee income during H1FY10 stood at Rs. 1,346 crores, up by 16% yoy.

- **Trading Profits**

The Bank generated Rs. 224 crores of trading profits during Q2FY10, as compared to Rs. 36 crores in Q2FY09, a robust growth of 519% yoy. The share of trading profits to operating revenue increased from 2% in Q2FY09 to 10% in Q2FY10.

- **NPAs and restructured loans**

Net NPAs, as a proportion of net customer assets, increased to 0.45% as on 30th Sep'09 compared to 0.41% as on 30th Jun'09 and 0.43% as on 30th Sep'08. Gross NPAs as a proportion of gross customer assets stood at 1.21% as on 30th Sep'09, compared to 1.01% as on 30th Jun'09 and 0.91% as on 30th Sep'08. The Bank had a provision coverage of 86.66% as on 30th Sep'09 (as a proportion of Gross NPAs together with accumulated write-offs). If the accumulated write-offs are excluded, the provisions held as a proportion of Gross NPAs would be 62.73%.

The Bank has restructured loans aggregating to Rs. 390.09 crores during the quarter, of which, Rs. 94.13 crores were restructured under the CDR mechanism. The cumulative value of assets restructured till 30th Sep'09 was Rs. 2,363.17 crores, constituting 2.53% of gross customer assets. The diminution in fair value against the restructured loans during the quarter was Rs. 16.94 crores and has been provided for.

The segment-wise break-up of the restructured loans for loans restructured in the quarter is as follows:

Large and Mid-Corporate Credit	80%
SME	12%
Agri	8%

The sector-wise breakup of loans restructured during the quarter is as follows:

Petro	45%
Textiles	33%
Agriculture	8%
Paper	8%
Others	6%

- **Investment Portfolio**

The book value of the Bank's investment portfolio as on 30th Sep'09 was Rs. 52,072 crores, of which, Rs. 27,840 crores was in government securities, while Rs. 24,232 crores was in other investments, including corporate bonds, equities, preference shares, mutual funds etc. 94% of the government securities have been classified in the HTM category while 99% of the corporate bond portfolio has been classified in the HFT and AFS categories. The distribution of the investment portfolio in the three categories as well as the modified duration as on 30th September 2009 in each category was as follows.

Category	Percentage	Duration*
HFT	11.65%	5.5 years
AFS	33.80%	3.2 years
HTM	54.55%	5.3 years

* Excluding mutual funds and equity investment

Business Overview

- **Placement / Syndication and Project Advisory**

The Bank maintained its No.1 rank as Debt Arranger as assessed by Prime Database for the quarter ended Jun'09. Further, in the Bloomberg league table for 'India Domestic Bonds', the Bank is ranked No.1 for the quarter ended Jun'09. The Bank arranged debt aggregating to Rs 19,800 crores during Q2FY10, higher than Rs. 14,630 crores arranged during Q1FY10 and Rs. 14,583 crores arranged during Q2FY09, a growth of 36% yoy. The Bank continues to strengthen its focus on project advisory services.

- **Retail Business**

The number of Savings Bank accounts grew from 69.19 lakhs as on 30th Sep'08 to 78.28 lakhs as on 30th Sep'09. Retail advances grew from Rs. 16,777 crores as on 30th Sep'08 to Rs. 17,984 crores as on 30th Sep'09, a growth of 7% yoy. Retail advances accounted for 22% of the total advances of the Bank as on 30th Sep'09. The Bank's International Debit Card issuance has risen to 132 lakh debit cards as on 30th Sep'09, as compared to 105 lakh debit cards as on 30th Sep'08. The Bank had over 5,52,000 credit cards in force and an installed base of over 1,35,000 Electronic Data Capture (EDC) machines as on 30th Sep'09. The Bank offers personal investment products including mutual funds, life insurance products in association with Metlife India, general insurance products in association with Bajaj Allianz Insurance and online trading accounts in association with Geojit BNP Paribas Financial Services as also wealth advisory services and Mohur - gold coins and bars - through select branches.

- **International Business**

The Bank has five international offices - branches at Singapore, Hong Kong and Dubai (at the DIFC) and representative offices at Shanghai and Dubai - with focus on corporate lending, trade finance, syndication, investment banking, risk management and liability businesses. The total assets under overseas operations

amounted to US\$ 2.28 billion as on 30th Sep'09, as compared to US\$ 1.95 billion as on 30th Sep'08, a growth of 17% yoy.

- **New initiatives**

The Bank is proposing to set up a non-banking financial company as a wholly-owned subsidiary to carry out investment and lending activities with a focus on infrastructure and other activities as permitted by the Reserve Bank of India.

- **Capital and Shareholders' Funds**

During the second quarter of this financial year, the Bank raised additional equity capital by undertaking a Qualified Institutional Placement (QIP) of 33,044,500 shares and a preferential allotment of 3,976,632 shares at a price of Rs 906.70 per share. The bank also issued equity in the form of 5,055,500 Global Depository Receipts (GDRs) (each GDR representing 1 underlying equity share of Rs.10 each), at a price of US\$ 18.90 per GDR. As a consequence, the Bank raised a total of Rs. 3,767 crores net of issue related expenses.

The Shareholders' Fund of the Bank was Rs. 15,087 crores as on 30th Sep'09, as compared to Rs. 9,541 crores as on 30th Sep'08, a growth of 58% yoy. The Capital Adequacy Ratio for the Bank was 16.47%, as on 30th Sep'09, as compared to 12.20% as on 30th Sep'08. The Tier-I capital amounted to 11.43% as on 30th Sep'09, as compared to 9.20% as on 30th Sep'08.

A presentation for investors is being separately placed on the Bank's website: www.axisbank.com

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Rs in crores

Financial Performance	Q2FY10	Q2FY09	%Growth	H1FY10	H1FY09	%Growth
Net Profit	531.64	402.91	31.95%	1,093.68	733.05	49.20%
EPS Diluted (Rs.)	14.38	11.07	29.90%	29.73	20.12	47.76%
Net Interest Income	1,149.68	913.47	25.86%	2,195.31	1,723.93	27.34%
Other Income						
- Fee Income	718.98	626.77	14.71%	1,345.61	1,164.04	15.60%
- Trading Income	223.96	36.16	519.36%	550.03	93.47	488.46%
- Miscellaneous Income	122.64	31.47	289.70%	128.51	61.69	108.32%
Operating Revenue	2,215.26	1,607.87	37.78%	4,219.46	3,043.13	38.66%
Core Operating Revenue*	1,991.30	1,571.71	26.70%	3,669.43	2,949.66	24.40%
Operating Expenses (incl. depreciation)	909.51	733.44	24.01%	1,737.35	1,366.38	27.15%
Operating Profit	1,305.75	874.43	49.33%	2,482.11	1,676.75	48.03%
Core Operating Profit**	1,081.79	838.27	29.05%	1,932.08	1,583.28	22.03%

* Core Operating Revenue = Operating Revenue - Trading Income

** Core Operating Profit = Operating Profit - Trading Income

Rs in crores

Condensed Unconsolidated Balance Sheet	As on 30 th Sep'09	As on 30 th Sep'08
CAPITAL AND LIABILITIES		
Capital	401.95	358.89
Reserves & Surplus	14,685.08	9,182.18
Employees' Stock Options Outstanding (Net)	0.88	1.53
Deposits	1,15,599.36	1,02,884.87
Borrowings	8,446.41	7,316.34
Other Liabilities and Provisions	12,579.86	8,042.58
Total	1,51,713.54	1,27,786.39
ASSETS		
Cash and Balances with Reserve Bank of India and Balances with Banks and Money at call and short notice	13,035.57	16,651.92
Investments	52,071.76	37,997.17
Advances	81,044.38	68,853.43
Fixed Assets	1,186.42	955.25
Other Assets	4,375.41	3,328.61
Total	1,51,713.54	1,27,786.39

Rs in crores

Business Performance	As on 30 th Sep'09	As on 30 th Sep'08	% Growth
Total Deposits	1,15,599	1,02,885	12.36%
Demand Deposits	49,462	41,436	19.37%
- Savings Bank Deposits	28,007	21,466	30.47%
- Current Account Deposits	21,455	19,970	7.43%
Demand Deposits as % of Total Deposits	43%	40%	
Term Deposits	66,137	61,449	7.63%
Demand Deposits on a Cumulative Daily Average Basis – Q2FY10	42,554	33,326	27.69%
Demand Deposits as % Total Deposits (CDAB basis) – Q2FY10	39%	37%	
Net Advances	81,044	68,853	17.71%
- Large and Mid Corporate	40,102	33,833	18.53%
- SME	15,860	13,109	20.98%
- Agri	7,098	5,134	38.27%
- Retail Advances*	17,984	16,777	7.20%
Investments	52,072	37,997	37.04%
Balance Sheet Size	1,51,714	1,27,786	18.72%
Net NPA as % of Net Customer Assets	0.45%	0.43%	
Gross NPA as % of Gross Customer Assets	1.21%	0.91%	
Equity Capital	402	359	
Shareholders' Funds	15,087	9,541	58.13%
Capital Adequacy Ratio	16.47%	12.20%	
- Tier I	11.43%	9.20%	
- Tier II	5.04%	3.00%	

* Retail Advances are defined as loans to individuals other than Agricultural Credit.

Safe Harbor

Except for the historical information contained herein, statements in this release which contain words or phrases such as "will", "aim", "will likely result", "would", "believe", "may", "expect", "will continue", "anticipate", "estimate", "intend", "plan", "contemplate", "seek to", "future", "objective", "goal", "strategy", "philosophy", "project", "should", "will pursue" and similar expressions or variations of such expressions may constitute "forward-looking statements". These forward-looking statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. These risks and uncertainties include, but are not limited to our ability to successfully implement our strategy, future levels of non-performing loans, our growth and expansion, the adequacy of our allowance for credit losses, our provisioning policies, technological changes, investment income, cash flow projections, our exposure to market risks as well as other risks. Axis Bank Limited undertakes no obligation to update forward-looking statements to reflect events or circumstances after the date thereof.