

PRESS RELEASE - 15TH JANUARY, 2010

**AXIS BANK ANNOUNCES Q3FY10 NET PROFIT OF Rs. 655.98 CRORES, UP BY 30.97% YOY,
AND 9MFY10 NET PROFIT OF Rs. 1,749.66 CRORES, UP BY 41.80% YOY**

Results at a Glance

- **Net Profit** during Q3FY10 rose to **Rs. 655.98 crores** from **Rs. 500.86 crores** in Q3FY09, registering a growth of **30.97%** yoy. **Net Profit** for 9MFY10 stood at **Rs. 1,749.66 crores**, up by **41.80%** yoy from **Rs. 1,233.91 crores** for 9MFY09.
- **Demand Deposits** on a **daily average basis** grew by **31.37%** yoy to **Rs. 46,133 crores** during Q3FY10 from **Rs. 35,117 crores** during Q3FY09, with **Savings Bank deposits** growing by **38.59%** yoy.
- The yoy growth in **Net Interest Income** and **Fee Income** during Q3FY10 was **45.12%** and **29.22%** respectively. **Net Interest Margin** during Q3FY10 was **4.00%** compared to **3.52%** in Q2FY10.
- The Bank is well-capitalised with a **Capital Adequacy Ratio** of **16.80%** as at the end of 9MFY10 compared to **13.84%** as at the end of 9MFY09 and **16.47%** as at the end of H1FY10. **Tier-I capital** was **11.83%** as at the end of 9MFY10, as against **9.46%** as at the end of 9MFY09 and **11.43%** as at the end of H1FY10.

Financial Highlights

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

The Bank continued to build an India-wide presence through its 949 branches and extension counters, and 4,055 ATMs across 586 cities and towns. During the quarter, the Bank added 33 branches and 189 ATMs. The daily average balances of Savings Bank deposits during the quarter grew 39% yoy and those of Current Account deposits grew 22% yoy. Demand deposits constituted 42% of total daily average deposits during Q3FY10, higher than the level of 35% observed during Q3FY09 and 39% observed during Q2FY10. The Bank posted a NIM of 4.00% during Q3FY10, higher than the NIM of 3.12% during Q3FY09 and 3.52% during Q2FY10. The increase in NIM during Q3FY10 was on account of a higher share of demand deposits in total deposits, reduction in cost of term deposits and the impact of equity issued in Sep'09.

The Bank's advances grew by 13% yoy, from Rs. 75,328 crores as on 31st Dec'08 to Rs. 84,770 crores as on 31st Dec'09, while investments rose to Rs. 49,274 crores from Rs. 42,111 crores, over the same period, a

growth of 17% yoy. The NII rose to Rs. 1,349 crores during Q3FY10 from Rs. 930 crores during Q3FY09, a growth of 45% yoy.

• **Fee income**

Fee income registered a growth of 29% yoy, rising to Rs. 800 crores during Q3FY10 compared to Rs. 619 crores in Q3FY09, with contributions from all major businesses in the Bank. Fee income from Large and Mid Corporate Credit grew 69% yoy, followed by that from Retail Business (38% yoy), Treasury (33% yoy), SME and Agri lending businesses (18% yoy) and Business Banking (13% yoy).

Compared to Rs. 1,783 crores in 9MFY09, fee income in 9MFY10 stood at Rs. 2,145 crores, up by 20% yoy.

• **Trading Profits**

The Bank generated Rs. 170 crores of trading profits during Q3FY10, as compared to Rs. 114 crores during Q3FY09, a robust growth of 49% yoy. The share of trading profits to operating revenue was 7% in Q3FY10, same as that in Q3FY09.

• **NPAs and restructured loans**

Net NPAs, as a proportion of net customer assets, increased to 0.46% as on 31st Dec'09 compared to 0.39% as on 31st Dec'08 and 0.45% as on 30th Sep'09. Gross NPAs as a proportion of gross customer assets stood at 1.23% as on 31st Dec'09, compared to 0.90% as on 31st Dec'08 and 1.21% as on 30th Sep'09. The Bank had a provision coverage of 69.07% as on 31st Dec'09 (as a proportion of Gross NPAs) after considering technical write-offs. The provision coverage (as a proportion of Gross NPAs) before accumulated write-offs was 87.83%.

The Bank has restructured loans aggregating to Rs. 87 crores during Q3FY10. The cumulative value of assets restructured till 31st Dec'09 was Rs. 2,309 crores, constituting 2.43% of gross customer assets. The diminution in fair value against the restructured loans during the quarter was Rs. 2 crores and has been provided for.

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

SME	41%
Large and Mid-Corporate Credit	40%
Agri	19%

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

Textiles	40%
Education	21%
Agriculture	19%
IT & ITES	11%
Others	9%

• Investment Portfolio

The book value of the Bank's investment portfolio as on 31st Dec'09 was Rs. 49,274 crores, of which, Rs. 28,734 crores was in government securities, while Rs. 20,540 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 Bonds & Debentures 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 31st Dec'09 in each category was as follows.

Category	Percentage	Duration*
HFT	8.48 %	6.5 years
AFS	31.40 %	3.4 years
HTM	60.12 %	5.2 years

* Excluding mutual funds and equity investment

Business Overview

• Placement / Syndication and Project Advisory

The Bank maintained its position as No.1 Debt Arranger as assessed by Prime Database for half-year ended Sep'09. Further, in the Bloomberg league table for 'India Domestic Bonds', the Bank is ranked No.1 for calendar year 2009. The Bank arranged debt aggregating to Rs 13,753 crores during Q3FY10, lower than Rs. 19,800 crores arranged during Q2FY10 and Rs. 18,525 crores arranged during Q3FY09. The Bank continues to strengthen its focus on project advisory services.

• Retail Business

The number of Savings Bank accounts grew from 73.21 lakhs as on 31st Dec'08 to 80.95 lakhs as on 31st Dec'09. Retail advances grew from Rs. 15,616 crores as on 31st Dec'08 to Rs. 18,900 crores as on 31st Dec'09, a growth of 21% yoy. Retail advances accounted for 22% of the total advances of the Bank as on 31st Dec'09. The Bank's International Debit Card issuance has risen to 139 lakh debit cards as on 31st Dec'09, as compared to 110 lakh debit cards as on 31st Dec'08. The Bank had over 5,70,000 credit cards in force and an installed base of over 1,44,000 Electronic Data Capture (EDC) machines as on 31st Dec'09. The Bank offers personal investment products including life insurance products, general insurance products, online trading accounts and mutual funds of leading manufacturers 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\$ 2.45 billion as on 31st Dec'09.

- **Capital and Shareholders' Funds**

The Shareholders' Fund of the Bank was Rs. 15,797 crores as on 31st Dec'09, as compared to Rs. 10,046 crores as on 31st Dec'08, a growth of 57% yoy. The Capital Adequacy Ratio for the Bank was 16.80%, as on 31st Dec'09, as compared to 13.84% as on 31st Dec'08. The Tier-I capital amounted to 11.83% as on 31st Dec'09, as compared to 9.46% as on 31st Dec'08.

- **Appointment of Non-Executive Chairman and Additional Directors**

Dr. Adarsh Kishore has been appointed as Additional Director and Non-Executive Chairman of the Bank, subject to approval of the Reserve Bank of India. Dr. Kishore joined the Indian Administrative Service in 1969 and was the Finance Secretary, Government of India from 2004 to 2006. During this period he was responsible for coordinating the preparation of the Union Budget, monitoring the implementation of the Budget announcements and expenditure management. Dr. Kishore has also worked as the Executive Director representing Bangladesh, Bhutan, India and Sri Lanka in the International Monetary Fund.

Shri V.R. Kaundinya, Managing Director, Advanta Limited joined the Board of Directors as an Additional Independent Director in October 2009. Shri Kaundinya has been working in the field of agriculture since 1979 and has held leadership positions in various industry associations.

Shri S.B. Mathur, former Chairman of LIC and the National Stock Exchange of India has joined the Board as an Additional Independent Director of the Bank. Shri Mathur was earlier a Director of the Bank from 14th October 2005 to 6th December 2007.

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

For information, please contact Mr. Somnath Sengupta, Executive Director & Chief Financial Officer, somnath.sengupta@axisbank.com

Rs in crores

Financial Performance	Q3FY10	Q3FY09	%Growth	9MFY10	9MFY09	%Growth
Net Profit	655.98	500.86	30.97%	1,749.66	1,233.91	41.80%
EPS Diluted (Rs.)	15.98	13.78	15.97%	45.66	33.97	34.41%
Net Interest Income	1,349.11	929.68	45.12%	3,544.42	2,653.61	33.57%
Other Income	988.09	732.17	34.95%	3,012.24	2,051.37	46.84%
- Fee Income	799.74	618.91	29.22%	2,145.35	1,782.95	20.33%
- Trading Income	169.63	114.23	48.50%	719.66	207.70	246.49%
- Miscellaneous Income	18.72	(0.97)	-	147.23	60.72	142.47%
Operating Revenue	2,337.20	1,661.85	40.64%	6,556.66	4,704.98	39.36%
Core Operating Revenue*	2,167.57	1,547.62	40.06%	5,837.00	4,497.28	29.79%
Operating Expenses (incl. depreciation)	962.57	752.22	27.96%	2,699.92	2,118.60	27.44%
Operating Profit	1,374.63	909.63	51.12%	3,856.74	2,586.38	49.12%
Core Operating Profit**	1,205.00	795.40	51.50%	3,137.08	2,378.68	31.88%

* Core Operating Revenue = Operating Revenue - Trading Income

** Core Operating Profit = Operating Profit - Trading Income

Rs in crores

Condensed Unconsolidated Balance Sheet	As on 31 st Dec'09	As on 31 st Dec'08
CAPITAL AND LIABILITIES		
Capital	403.63	358.98
Reserves & Surplus	15,393.39	9,687.38
Employees' Stock Options Outstanding (Net)	0.67	1.50
Deposits	1,13,853.16	1,05,715.51
Borrowings	8,813.01	11,786.88
Other Liabilities and Provisions	11,992.10	9,920.95
Total	1,50,455.96	1,37,471.20
ASSETS		
Cash and Balances with Reserve Bank of India and Balances with Banks and Money at call and short notice	11,390.76	14,281.56
Investments	49,273.88	42,110.52
Advances	84,769.90	75,327.80
Fixed Assets	1,207.81	981.33
Other Assets	3,813.61	4,769.99
Total	1,50,455.96	1,37,471.20

Rs in crores

Business Performance	As on 31st Dec'09	As on 31st Dec'08	% Growth
Total Deposits	1,13,853	1,05,716	7.70%
Demand Deposits	51,909	40,146	29.30%
- Savings Bank Deposits	29,628	21,888	35.36%
- Current Account Deposits	22,281	18,258	22.03%
Demand Deposits as % of Total Deposits	46%	38%	
Term Deposits	61,944	65,570	(5.53%)
Demand Deposits on a Cumulative Daily Average Basis – Q3FY10	46,133	35,117	31.37%
Demand Deposits as % Total Deposits (CDAB basis) – Q3FY10	42%	35%	
Net Advances	84,770	75,328	12.53%
- Large and Mid Corporate	41,600	39,967	4.09%
- SME	16,503	14,146	16.66%
- Agri	7,767	5,599	38.72%
- Retail Advances*	18,900	15,616	21.03%
Investments	49,274	42,111	17.01%
Balance Sheet Size	1,50,456	1,37,471	9.45%
Net NPA as % of Net Customer Assets	0.46%	0.39%	
Gross NPA as % of Gross Customer Assets	1.23%	0.90%	
Equity Capital	404	359	
Shareholders' Funds	15,797	10,046	57.25%
Capital Adequacy Ratio	16.80%	13.84%	
- Tier I	11.83%	9.46%	
- Tier II	4.97%	4.38%	

* 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.