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PRESS RELEASE

AXIS BANK ANNOUNCES Q2 NET PROFIT AT Rs. 402.91 CRORES; UP BY 76.85% YOY

FIRST HALF NET PROFIT AT Rs. 733.05 CRORES ; UP BY 81.99% YOY

Axis Bank has announced its unaudited results for H1 and Q2 2008-09, following the approval of its Board of Directors in a meeting held in Hong Kong on 13th October 2008. The Net Profit of the Bank for the first half year was Rs. 733.05 crores, as compared to the Net Profit of Rs. 402.80 crores during H1 of last year, a growth of 81.99% yoy. The Net Profit for the second quarter was Rs. 402.91 crores, as compared to the Net Profit of Rs. 227.82 crores during Q2 of last year, a growth of 76.85% yoy. The Bank has ended Q2 of the current financial year with Net NPAs at 0.43% of Net Customer Assets and with a capital adequacy ratio of 12.20%. The quarterly EPS (diluted) at Rs. 11.07 was 55.04% higher than the EPS of Rs. 7.14 in Q2 of the previous year.

RESULTS AT A GLANCE:

	Q2 FY 2008-09	H1 FY 2008-09
Net Profit	:Rs. 402.91 crores ↑ 76.85% YOY	Rs. 733.05 crores ↑ 81.99% YOY
Net Interest Income	:Rs. 913.47 crores ↑ 55.18% YOY	Rs. 1,723.93 crores ↑ 70.76% YOY
Fee Income	: Rs. 626.77 crores ↑ 91.29% YOY	Rs. 1,164.04 crores ↑ 84.30% YOY
Net Interest Margin	: 3.51% ↑ from 3.28%	3.43% ↑ from 2.94%
Cost of Funds	: 6.23% ↑ from 6.18%	6.17% ↓ from 6.30%
Demand Deposits	:Rs. 41,436 crores ↑ 42.47% YOY	
Capital Adequacy Ratio:	12.20%	
of which Tier-I Ratio	: 9.20%	

RESULTS FOR Q2 FY 08-09:

The Net Interest Income for Q2 was Rs. 913.47 crores, as compared to Rs. 588.67 crores during Q2 of the preceding year, a growth of 55% yoy. The Net Interest Margin in Q2 was 3.51% as compared to 3.35% in Q1 this year and 3.28% in Q2 of the preceding year. Fee Income for Q2 was at Rs. 626.77 crores, up by 91% over the Fee Income for Q2 of the preceding year. The Trading Profit for Q2 was Rs. 36.16 crores as compared to Rs. 62.84 crores during Q2 of the preceding year, a decline of 42% yoy. The Operating Profit for Q2 grew strongly by 89% yoy from Rs. 462.86 crores to Rs. 874.43 crores. Demand deposits have grown 42% yoy, and constitute 40% of the total deposits, with Savings Bank deposits having grown 49% yoy and Current Account deposits having grown 36% yoy. Net Advances have grown by 54% yoy, with Retail Advances growing by 55% yoy. The Bank's balance sheet size has grown by 53% yoy to Rs. 1,27,786.39 crores as on end September'08 as compared to Rs. 83,548.88 crores as on end September'07, and by 17% during the first half of this financial year. The Net NPAs have improved to 0.43% from 0.47% at the end of the previous quarter and decreased significantly from 0.55% as at the end of Q2 of the preceding year. The Capital Adequacy Ratio of the Bank as at end September'08 was 12.20% as compared to 13.25% as at end June'08 and 17.59% as at end September'07. The Tier-I ratio was at a healthy 9.20%. The Bank intends to raise further Tier-II capital in this financial year.

Financial Indicators

Rs. in crores

Financial Performance	Q2 FY 08-09	Q2 FY 07-08	% Growth	H1 FY 08-09	H1 FY 07-08	% Growth
Net Profit	402.91	227.82	77%	733.05	402.80	82%
EPS (Diluted)	Rs. 11.07	Rs. 7.14	55%	Rs. 20.12	Rs. 12.62	59%
Income & Expenses						
Net Interest Income	913.47	588.67	55%	1,723.93	1,009.58	71%
Other Income	694.40	382.88	81%	1,319.20	751.12	76%
Fee Income	626.77	327.65	91%	1,164.04	631.59	84%
Trading Income	36.16	62.84	(42%)	93.47	124.58	(25%)
Miscellaneous Income	31.47	(7.61)		61.69	(5.05)	
Operating Revenue	1,607.87	971.55	65%	3,043.13	1,760.70	73%
Core Operating Revenue*	1,571.71	908.71	73%	2,949.66	1,636.12	80%
Operating Expenses (excl. depreciation)	687.28	474.03	45%	1,278.04	863.21	48%
Operating Profit	874.43	462.86	89%	1,676.75	830.80	102%
Core Operating Profit@	838.27	400.02	110%	1,583.28	706.22	124%

* Core Operating Revenue = Operating Revenue less Trading Income

@ Core Operating Profit = Operating Profit less Trading Income

Rs. in crores

	As on 30 th Sept '08	As on 30 th Sept '07	% Growth
Deposits	1,02,885	64,112	60%
Demand Deposits	41,436	29,085	42%
Savings Bank	21,466	14,395	49%
Current Account	19,970	14,690	36%
Term Deposits	61,449	35,027	75%
Net Advances	68,853	44,701	54%
Large & Mid Corporate Advances	33,833	22,687	49%
SME Advances	13,109	7,801	68%
Agricultural Advances	5,134	3,365	53%
Retail Advances*	16,777	10,848	55%
Investments	37,997	27,346	39%
Balance Sheet Size	1,27,786	83,549	53%
Net NPAs (as % of net customer assets)	0.43%	0.55%	
Gross NPAs (as % of gross customer assets)	0.91%	0.95%	
Capital	As on 30th Sept'08	As on 30th Sept'07	
Paid up Equity Capital	358.89	356.51	1%
Net Worth	9,081.86	8,107.87	12%
Capital Adequacy Ratio	12.20%	17.59%	
Tier - I	9.20%	13.02%	
Tier - II	3.00%	4.57%	

*includes one time short term lending for DDA booking. Excluding the same, the growth in Retail Advances is 39% yoy.

Q2 Performance Highlights

- **Fast Rising Net Interest Income (NII)**

The Bank registered a buoyant 55% yoy growth in Q2 in its Net Interest Income of Rs. 913.47 crores as against Rs. 588.67 crores in Q2 of the preceding year. A strong growth in the levels of advances and investments, together with robust growth in low-cost demand deposits, contributed to the rise in Net Interest Income. The advances of the Bank grew to Rs. 68,853 crores as at end September '08 from Rs. 44,701 crores as at end September '07, a growth of 54% yoy. During the first half of this financial year, advances grew by 15%.

- **Increasing Margins**

The global Net Interest Margin for Q2 increased significantly to 3.51%, from 3.35% in the previous quarter and from 3.28% in Q2 of the previous year. The domestic (India-business) Net Interest Margin for Q2 increased significantly to 3.67%, from 3.49% in the previous quarter and from 3.40% in Q2 of the previous year.

The daily average cost of funds increased by 12 basis points to 6.23% in Q2 as compared to 6.11% in the previous quarter Q1 and increased marginally by 5 basis points from 6.18% in Q2 of the preceding year.

The share of low cost deposits - Savings Bank and Current Account – remained unchanged at 40% of total deposits as at end June'08, but decreased from 45% as at end September '07. Savings Bank deposits registered a growth of 49% yoy, from Rs. 14,395 crores as at end September '07 to Rs. 21,466 crores as at end September '08. Current Account deposits grew 36% yoy, from Rs. 14,690 crores as at end September '07 to Rs. 19,970 crores as at end September '08.

- **Fee Income**

Fee Income registered a robust growth of 91% yoy, rising to Rs. 626.77 crores in Q2 as compared to Rs. 327.65 crores in Q2 of the preceding year. For the first half year H1 2008-09, Fee Income grew to Rs. 1,164.04 crores as compared to Rs. 631.59 crores in H1 of the preceding year, a growth of 84% yoy.

- **Trading Income**

The Bank has reported a Trading Income of Rs. 36.16 crores in Q2 of the current financial year as compared to Rs. 62.84 crores in Q2 of last year, a decline of 42%yoy. The share of Trading Income to Operating Revenue decreased to 2% in Q2 as compared to 6% in the Q2 of the preceding year. The profitability of the Bank is therefore strongly underpinned by sustained core earnings of Net Interest Income and Fees.

- **Prudent NPA Management**

The Net NPAs as a proportion of Net Customer Assets were at 0.43% as at end September '08, significantly down from 0.55% at the end of September'07, and also down from 0.47% as at end June'08. The Gross NPAs as a proportion of Gross Customer Assets were at 0.91% as at end September '08, marginally down from 0.95% at the end of September'07, and 0.92% as at end June '08. The provisions held together with accumulated write-offs as a proportion of Gross NPAs and accumulated write-offs amount to 80.99% at end September '08. If the accumulated write-offs are excluded, then the provisions held as a proportion of Gross NPA amount to 52.59% as at end September '08.

- **Cash Management Services**

Under Cash Management Services (CMS), the Bank handled a cash remittance throughput of Rs. 2,21,572 crores in Q2, significantly higher than the remittance throughput of Rs. 1,63,524 crores in Q2 of the preceding year which represents a growth of 35% yoy. The number of CMS clients has grown to 4,032.

Placement / Syndication and Project Advisory

In the Bloomberg league table for 'India Domestic Bonds', the Bank has been ranked No.1 as on September'08. The Bank was ranked No.1 Debt Arranger as assessed by Prime Database for the year ended March'08, and No.2 for the quarter ended June'08. The Bank was the arranger for syndication of debt aggregating Rs 14,583 crores during Q2 of the current year as compared to Rs. 9,618 crores during Q2 of the previous year, a growth of 52% yoy. The Bank continues to strengthen its focus on project advisory services. The Bank has also been the recipient of several awards for this business: The Euromoney 2008 - Best Debt House – India award, The Finance Asia 2008 – Best Bond House in India award, and the Asia Money 2008 - Best Domestic Debt House award.

Retail Banking

▪ Growing Retail Business

The Bank's retail business continued to show strong growth. The number of Savings Bank accounts grew from 54.24 lakhs as at end September '07 to 69.19 lakhs as at end September '08, thereby creating a buoyancy in Savings Bank deposit balances.

▪ Retail Assets

Retail advances registered a significant jump, moving from Rs. 10,848 crores as at end September '07 to Rs. 16,777 crores as at end September '08, a growth of 55%. The Retail Advances figure included a one time short term lending for Delhi Development Authority (DDA) bookings of Rs. 1,674 crores (which will get repaid in Q3); excluding which the Retail Advances have grown 39% yoy. Retail Advances now account for 24% of the total Advances of the Bank as at end September '08.

▪ Card products

The Bank's International Debit and Pre-paid cards issuance has risen to over 100 lakh as at end September'08 as compared to 64 lakh cards as at end September'07. The Bank has an installed base of over 90,000 Electronic Data Capture (EDC) machines as at end September'08. The Bank had issued over 518,000 Credit Cards till end September'08.

▪ Wealth Advisory Services and Third Party Products:

The Bank offers Wealth Advisory Services, and Mohur - Gold Coins and bars - through its select branches, and 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 Securities. Fees earned from Financial Advisory Services Fees grew by 112% yoy to Rs. 109.44 crores in H1.

▪ Network Expansion:

The Bank's ATM network of 3,082 ATMs is the third largest in the country. The Bank has a wide presence through its 729 Branches & Extension Counters across 442 cities and towns across India. The Bank has over the last 12 months added 135 Branches and Extension Counters and 582 ATMs across 90 new towns and cities.

▪ **International Business**

The Bank has five international offices – branches at Singapore, Hong Kong and Dubai (at the DIFC) and Representative Offices in Shanghai and Dubai - with a focus on corporate lending, trade finance, syndication, investment banking, risk management and liability businesses. The total assets under overseas operations amounted to US\$ 1.95 billion as at end September'08 as compared to US\$ 1.24 billion as at end September'07, a growth of 57% yoy.

▪ **Capital & Net Worth:**

The Net Worth of the Bank stood at Rs. 9,081.86 crores as at end September '08 as compared to Rs. 8,107.87 crores a year earlier, a growth of 12%. The Capital Adequacy Ratio for the Bank was at 12.20% as at end September'08, as compared to 13.25% as at end June'08. The Tier - I capital amounted to 9.20%.

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

Date: 13th October, 2008

Place: Hong Kong

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