



Axis Bank Ltd.
131, Maker Towers 'F',
Cuffe Parade, Colaba
Mumbai - 400005
Tel. 6707 4407

PRESS RELEASE

AXIS BANK ANNOUNCES Q4 NET PROFIT OF Rs. 361.40 CRORES, UP BY 70.56% YOY;
FY 07-08 NET PROFIT OF Rs. 1,071.03 CRORES, UP BY 62.52% YOY;
PROPOSES 60% DIVIDEND

Axis Bank has announced its audited results for FY 2007-08, following the approval of its Board of Directors in a meeting held in Mumbai on 21st April 2008. The Net Profit of the Bank for the year was Rs. 1,071.03 crores, a growth of 62.52% over the Net Profit of Rs. 659.03 crores during FY 2006-07. The Bank has ended FY 2007-08 with a capital adequacy ratio of 13.73%, and Net NPAs at 0.36% of Net Customer Assets. The diluted EPS at Rs. 31.31 was 37.38% higher than in the previous year. The Board of Directors has recommended a dividend of 60%.

RESULTS AT A GLANCE:

| | Q4 FY 2007-08 | FY 2007-08 |
|-------------------------|---------------------------------|---------------------------------|
| Net Profit | :Rs. 361.40 crores ↑ 70.56% YOY | Rs.1,071.03 crores ↑62.52% YOY |
| Net Interest Income | :Rs. 828.43 crores ↑ 88.72% YOY | Rs.2,585.35 crores↑ 76.07% YOY |
| Fee Income | : Rs. 415.32 crores↑ 67.16% YOY | Rs.1,320.70 crores ↑ 69.55% YOY |
| Net Interest Margin | : 3.93% ↑ from 2.89% | 3.47% ↑ from 2.74% |
| Cost of Funds | : 5.82% ↓ from 5.92% | 6.02% ↑ from 5.60% |
| Demand Deposits | : | Rs. 40,027 crores ↑ 70.84% YOY |
| Capital Adequacy Ratio: | | 13.73% ↑ from 11.57% |

RESULTS FOR Q4 FY 07-08:

Axis Bank has announced a Net Profit of Rs. 361.40 crores for the fourth quarter of the financial year 2007-08, a growth of 70.56% over the Net Profit of Rs. 211.89 crore for the fourth quarter of the financial year 2006-07. The Net Interest Income for Q4 was Rs. 828.43 crores, as compared to Rs. 438.97 crores during Q4 of the preceding year, a growth of 88.72% yoy. The Net Interest Margin for Q4 was 3.93% as compared to 2.89% for Q4 of the preceding year. The Net Advances have grown by 61.79% yoy. Further, the Bank's balance sheet size has grown by 49.58% yoy to Rs. 1,09,577.85 crores as at end March'08 from Rs. 73,257.22 crores as at end March'07. The Fee Income for Q4 was Rs. 415.32 crores, as compared to Rs. 248.46 crores during Q4 of the preceding year, a significant growth of 67.16% yoy. The total deposits of the Bank have grown 49.06% yoy from Rs. 58,785.60 crores as at end March'07 to Rs. 87,626.22 crores as at end March'08. Demand deposits have grown 70.84% yoy, and constitute 46% of the total deposits, with Savings Bank deposits having grown 65% yoy and Current Account deposits having grown 77% yoy. The Net NPAs, as a proportion of net customer assets, have decreased appreciably to 0.36% from 0.61% at the end of the preceding year and declined from 0.42% at the end of December'07. The Bank's Capital Adequacy Ratio was 13.73% as at end March'08 as compared to 11.57% as at end March'07.

Financial Indicators

Rs. in crores

| Financial Performance | Q4 | Q4 | % | | | % |
|---|----------|----------|--------|----------|----------|--------|
| | FY 07-08 | FY 06-07 | Growth | FY 07-08 | FY 06-07 | Growth |
| Net Profit | 361.40 | 211.89 | 71% | 1,071.03 | 659.03 | 63% |
| EPS (Diluted) Rs. | 9.89 | 7.33 | 35% | 31.31 | 22.79 | 37% |
| Income & Expenses | | | | | | |
| Net Interest Income | 828.43 | 438.97 | 89% | 2,585.35 | 1,468.33 | 76% |
| Other Income | 556.47 | 301.10 | 85% | 1,795.49 | 1,010.11 | 78% |
| Fee Income | 415.32 | 248.46 | 67% | 1,320.70 | 778.96 | 70% |
| Trading Income [#] | 97.53 | 43.16 | 126% | 427.74 | 185.72 | 130% |
| Miscellaneous Income | 43.62 | 9.48 | 360% | 47.05 | 45.43 | 4% |
| Operating Revenue | 1,384.90 | 740.07 | 87% | 4,380.84 | 2,478.44 | 77% |
| Core Operating Revenue* | 1,287.37 | 696.91 | 85% | 3,953.10 | 2,292.72 | 72% |
| Operating Expenses (incl. depreciation) | 662.06 | 343.03 | 93% | 2,154.92 | 1,214.59 | 77% |
| Operating Profit | 722.84 | 397.04 | 82% | 2,225.92 | 1,263.85 | 76% |
| Core Operating Profit@ | 625.31 | 353.88 | 77% | 1,798.18 | 1,078.13 | 67% |

* Core Operating Revenue = Operating Revenue less Trading Income

@ Core Operating Profit = Operating Profit less Trading Income

Includes customer forex earnings of Rs. 41.92 crores for Q4 FY 07-08 and Rs. 137.34 crores for FY 07-08

Rs. in crores

| | As on 31st March '08 | As on 31st March '07 | Growth |
|--|--|--|---------------|
| Deposits | 87,626 | 58,786 | 49% |
| Demand Deposits | 40,027 | 23,430 | 71% |
| Savings Bank | 19,982 | 12,126 | 65% |
| Current Accounts | 20,045 | 11,304 | 77% |
| Term Deposits | 47,599 | 35,356 | 35% |
| Net Advances | 59,661 | 36,876 | 62% |
| Large and Mid Corporate Advances | 29,026 | 17,244 | 68% |
| SME Advances | 11,536 | 6,630 | 74% |
| Agricultural Advances | 5,507 | 4,074 | 35% |
| Retail Advances* | 13,592 | 8,928 | 52% |
| Investments | 33,705 | 26,897 | 25% |
| Balance Sheet Size | 1,09,578 | 73,257 | 50% |
| Net NPAs (as % of net customer assets) | 0.36% | 0.61% | |
| Gross NPAs (as % of gross customer assets) | 0.72% | 0.95% | |
| Capital | As on 31st March '08 | As on 31st March '07 | |
| Equity Capital | 357.71 | 281.63 | 27% |
| Net Worth | 8,449.46 | 3,233.57 | 161% |
| Capital Adequacy Ratio | 13.73% | 11.57% | |
| Tier - I | 10.17% | 6.42% | |
| Tier - II | 3.56% | 5.15% | |

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

Q4 and Annual Performance Highlights

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

The Bank registered a 89% yoy growth in Q4 in its Net Interest Income of Rs. 828.43 crores as against Rs. 438.97 crores in Q4 of the preceding year. A strong growth in the levels of advances and investments, together with a higher share of demand deposits, contributed to the rise in Net Interest Income. The advances of the Bank grew to Rs. 59,661.14 crores as at end March'08 from Rs. 36,876.48 crores as at end March'07, a growth of 62% yoy, while investments rose to Rs. 33,705.10 crores from Rs. 26,897.16 crores a year earlier, a growth of 25% yoy.

- **Strong Balance Sheet Growth leading to Rising Margins**

The Net Interest Margin (NIM) for Q4 increased to 3.93%, marginally up by 2 basis points from the NIM of 3.91% in the preceding quarter, Q3, and significantly higher than the NIM of 2.89% for Q4 of the preceding year. The growth in NIM was on account of a substantial increase in the yield on advances, and lower cost of funds on account of the strong growth in current and savings bank deposits. The NIM for FY 2007-08 was 3.47%, as against 2.74% in FY 2006-07.

The daily average cost of funds was 5.82% in Q4 and increased from 5.72% in Q3, and was lower than 5.92% in Q4 of the preceding year, FY 2006-07. The cost of funds for FY 2007-08 was 6.02%, up from 5.60% for FY 2006-07 and is reflective of the general increase of interest rates in the economy.

The share of low cost deposits - Savings Bank and Current Account – increased to 46% as at end March'08 as compared to 40% as at end March'07 and 45% as at end December'07. Savings Bank deposits registered a growth of 65% yoy, from Rs. 12,126 crores as at end March'07 to Rs. 19,982 crores as at end March'08. The daily average Saving Bank balances over the year grew by 51% yoy. Current Account deposits grew 77% yoy, from Rs. 11,304 crores as at end March'07 to Rs. 20,045 crores as at end March'08. The daily average Current Account balances over the year grew by 65% yoy.

- **Fee Income**

Fee Income registered a significant growth of 67% yoy, rising to Rs. 415.32 crores in Q4 as compared to Rs. 248.46 crores in Q4 of the preceding year, FY 2006-07. For FY 2007-08, the Fee Income grew to Rs. 1,320.70 crores as compared to Rs. 778.96 crores in the preceding year FY 2006-07, a growth of 70% yoy.

- **Trading Profits**

The Bank generated Rs. 97.53 crores of Trading Profits in Q4, as compared to Rs. 43.16 crores in Q4 of the preceding year 2006-07, a growth of 126% yoy. The share of Trading Profits to the Operating Revenue marginally increased from 6% in Q4 of the preceding year FY 2006-07 to 7% in Q4 FY 2007-08. Trading Profits during FY 2007-08 grew by 130% yoy to Rs. 427.74 crores, as compared to the Trading Profits of Rs. 185.72 crores in FY 2006-07. Trading Profits during FY 2007-08 constituted 10% of the Operating Revenue, as against 7% in FY 2006-07.

- **Cash Management Services**

Under Cash Management Services, the Bank handled a cash remittance throughput of Rs. 212,394 crores in Q4 as compared to a throughput of Rs. 230,263 crores in the preceding quarter Q3 and significantly higher than the throughput of Rs 135,670 crores during Q4 of the preceding year, a growth of 57% yoy. In FY 07-08, the Bank registered a total remittance throughput of Rs. 746,286 crores from 3,193 clients as compared to Rs. 379,067 crores from 2,173 clients in the preceding financial year, a growth of 97% yoy. During the year, the Bank launched the CBDDT e-payment facility for payment of Direct Taxes.

- **Placement / Syndication and Project Advisory**

The Bank maintained its No.1 rank as Debt Arranger as assessed by Prime Database for the 9 months ended December'07. Further, in the Bloomberg league table for 'India Domestic Bonds', the Bank has been ranked No.1 for the quarter ended March'08. The Bank was the arranger for syndication of debt aggregating Rs 15,293 crores during Q4 of FY 2007-08 as compared to Rs. 9,450 crores during the previous quarter, Q3 and substantially higher than Rs. 3,059 crores in Q4 of the preceeding year, a growth of 400% yoy. For FY 2007-08, the Bank has syndicated debt amounting to Rs. 44,843 crores as compared to Rs. 24,169 crores in the preceding year FY 2006-07, a growth of 86%yoy. The Bank continues to strengthen its focus on project advisory services.

- **Growing Retail Business**

The Bank's retail business continued to show strong growth. The number of Savings Bank accounts grew from 47.31 lakhs as at end March'07 to 61.64 lakhs as at end March'08, thereby creating a buoyancy in Savings Bank deposit balances.

- **Retail Asset Products** - Retail advances grew from Rs. 8,928 crores as at end March'07 to Rs. 13,592 crores as at end March'08, a growth of 52% yoy. Retail Advances account for 23% of the total Advances of the Bank as at end March'08. The Bank has set up Retail Asset Centres (RACs) at 70 towns and cities for focussed retail lending.

- **Cards products** - The Bank's International Debit Card issuance has risen to 86 lakh debit cards as at end March'08 as compared to 59 lakh cards as at end March'07. The Bank had issued over 4,52,000 Credit Cards till end March'08. The Bank has an installed base of over 75,000 Electronic Data Capture (EDC) machines as at end March'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.

- **Prudent NPA Management**

The Net NPAs and the Gross NPAs as proportions of Net and Gross Customer Assets were at 0.36% and 0.72% respectively as at end March'08 as compared to 0.42% and 0.80% as at end December'07, and 0.61% and 0.95% as at end March'07. The Bank has in recent years written off impaired assets aggressively. The provisions held together with accumulated write-offs, as a proportion of Gross NPAs and accumulated write-offs, amount to 82.80% at end March'08. If the accumulated write-offs are excluded, then the provisions held as a proportion of Gross NPAs amount to 49.80% as at end March'08.

- **Derivative Transactions**

There has been considerable media comment in recent weeks on derivative transactions between banks and companies in India. The following is the position with respect to Axis Bank.

Overseas, in the asset portfolios at Singapore, Hong Kong and DIFC, Dubai, the Bank has no Collateralised Debt Obligations (CDOs) and no Credit Default Swaps (CDSs). It has a portfolio of US\$ 153 million of Credit-Linked Notes (CLNs) constituting the credits stripped from convertible bonds issued overseas by Indian Companies. As at end-March'08, the CLNs had a depreciation of US\$ 5.09 million, which has been fully provisioned in terms of RBI guidelines.

Like several other banks, Axis Bank has also been active in structuring derivatives transactions for companies, including various types of cross-currency options and swaps. At end-March'08, there were 188 outstanding derivatives transactions structured by the Bank in which the companies had an aggregate mark-to-market (MTM) loss of Rs 673.55 crores (In addition, there were 70 similar transactions in which companies had an aggregate MTM profit of Rs 8.67 crores). Of these, 113 outstanding transactions pertain to forex derivatives in which the companies had an aggregate MTM loss of Rs 547.72 crores (In addition there were 36 similar transactions in which companies had an aggregate MTM profit of Rs 6.48 crores).

Of the 188 transactions in which there have been MTM losses, 6 transactions have been repudiated by two customers, involving an MTM loss to the companies of Rs 71.97 crores, and the two companies concerned have filed cases in courts. The Bank is legally contesting these cases. However, as a measure of prudence, the Bank has made contingent provisions of Rs 71.97 crores (implying a full provision for the MTM losses of the two companies). In terms of RBI guidelines, any such outstanding contract would be classified as an NPA 90 days after there is a default in a payment to be made to the Bank. None of these transactions have turned into NPAs.

- **Network Expansion**

The Bank has a wide presence through its 671 Branches & Extension Counters and 2764 ATMs across 405 cities and towns. During the year the Bank added 110 Branches & Extension Counters and 423 ATMs. During Q4 it added 63 Branches and 169 ATMs.

- **International Business**

The Bank has four international offices – branches at Singapore, Hong Kong and Dubai (at the DIFC) and a Representative Office in Shanghai - with focus on corporate lending, trade finance, syndication, investment banking, risk management and liability businesses. The total assets under overseas operations amounted to US\$ 1.66 billion as at end March'08 as compared to US\$ 0.73 billion as at end March'07, a growth of 127% yoy.

- **Capital & Net Worth:**

The Net Worth of the Bank was Rs. 8,449 crores as at end March'08 as compared to Rs. 3,234 crores a year earlier, a growth of 161% yoy. The Capital Adequacy Ratio for the Bank was at 13.73%, as at end

March'08, as compared to 11.57% as at end March'07. The Tier - I capital amounted to 10.17% as at end March'08 as against 6.42% as at end March'07.

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

Date: 21st April, 2008

For information, please contact, Mr. Hemant Kaul, President, Tel - 022 - 22162867, e-mail: hemant.kaul@axisbank.com