

**DISCLOSURES UNDER THE NEW CAPITAL ADEQUACY FRAMEWORK (BASEL II GUIDELINES)
FOR THE HALF YEAR ENDED 30th SEPTEMBER 2009**

I. SCOPE OF APPLICATION

Axis Bank Limited (the 'Bank') is a commercial bank, which was incorporated on 3rd December 1993. The Bank is the controlling entity for all group entities that include its five wholly owned subsidiaries. While computing the consolidated Bank's Capital to Risk-weighted Assets Ratio (CRAR), the Bank's investment in the equity capital of the wholly-owned subsidiaries is deducted, 50% from Tier 1 Capital and 50% from Tier 2 Capital. The subsidiaries of the Bank are not required to maintain any regulatory capital. The table below lists Axis Bank's subsidiaries/Associates/Joint ventures consolidated for accounting and their treatment for capital adequacy purpose.

Sr. No.	Name of the entity	Nature of Business	Holding	Basis of Consolidation
1.	Axis Sales Ltd.	Marketing of credit cards and retail asset products	100%	Fully consolidated
2.	Axis Private Equity Ltd.	Managing investments, venture capital funds and off shore funds	100%	Fully consolidated
3.	Axis Trustee Services Ltd.	Trusteeship services	100%	Fully consolidated
4.	Axis Mutual Fund Trustee Ltd.	Trusteeship	100%	Fully consolidated
5.	Axis Asset Management Company Ltd.	Asset Management	100%	Fully consolidated
6.	Bussan Auto Finance India Private Ltd.	Non-Banking Financial company	26%	Treated as an investment

The Bank does not have any interest in any insurance entity.

II. CAPITAL STRUCTURE

Capital Funds

(Rs. in crores)

Position as on 30 th September 2009		Amount
A	Tier 1 Capital	14,958.24
	Of which	
	- Paid-up Share Capital	401.95
	- Reserves and surplus	14,684.29
	- Innovative Perpetual Debt Instruments	435.28
	- Amount deducted from Tier 1 capital	
	- Investments in subsidiaries	(35.30)
	- Deferred Tax Assets	(527.98)
B	Tier 2 Capital (net of deductions) (B.1+B.2+B.3-B.4)	6,599.30
	Of which	
B.1	Debt Capital Instruments eligible for inclusion as Upper Tier 2 capital	

	- Total amount outstanding	1,316.07
	- Of which amount raised during the current year	-
	- Amount eligible as capital funds	1,316.07
B.2	Subordinated debt eligible for inclusion in Lower Tier 2 capital	
	- Total amount outstanding	5,486.30
	- Of which amount raised during the current year	2,000.00
	- Amount eligible as capital funds	4,852.70
B.3	Other Tier 2 Capital - Provision for Standard Assets	465.82
B.4	Deductions from Tier 2 Capital	
	- Investments in subsidiaries	(35.30)
C	Total Eligible Capital	21,557.53

III. CAPITAL ADEQUACY

A summary of the Bank's capital requirement for credit, market and operational risk and the capital adequacy ratio as on 30th September 2009 is presented below.

(Rs. in crores)

		Amount
A	Capital requirements (at 9%) for Credit Risk	
	- Portfolios subject to standardized approach	9,355.23
	- Securitisation exposures	-
B	Capital requirements (at 9%) for Market Risk	
	- Standardized duration approach	1,766.15
	- Interest rate risk	853.33
	- Foreign exchange risk (including gold)	15.32
	- Equity risk	897.50
C	Capital requirements (at 9%) for Operational risk	
	- Basic indicator approach	656.10
D	Capital Adequacy Ratio of the Bank (%)	16.47%
E	Tier 1 CRAR (%)	11.43%

CREDIT RISK EXPOSURES

Total Gross Credit Risk Exposure Including Geographic Distribution of Exposure- Position as on 30th September 2009

(Rs. in crores)

	Domestic	Overseas	Total
Fund Based	118,058.17	10,300.99	128,359.16
Non Fund Based *	39,242.04	1,709.18	40,951.22
Total	157,300.21	12,010.17	169,310.38

* Non-fund based exposures are guarantees given on behalf of constituents and acceptances and endorsements.

Distribution of credit risk exposure by industry sector – Position as on 30th September 2009

(Rs. in crores)

Sr. No.	Industry Classification	Amount	
		Fund Based	Non Fund Based
1	Coal	76.82	183.47
2	Mining	607.00	91.59
3	Iron and Steel	3,111.15	2,957.05
4	Other Metal and Metal Products	648.92	1,853.24
5	All Engineering	1,949.83	1,733.23
5.1	- Of which Electronics	121.47	72.23
6	Electricity (Power Generation & Distribution)	1,969.31	2,706.90
7	Cotton Textiles	2,457.38	466.31
8	Jute Textiles	6.72	0.24
9	Other Textiles	955.90	214.43
10	Sugar	567.83	437.52
11	Tea	308.33	1.02
12	Food Processing	2,007.73	855.38
13	Vegetable Oil and Vanspati	627.66	919.65
14	Tobacco and Tobacco Products	234.73	4.35
15	Paper and Paper Products	636.44	71.65
16	Rubber and Rubber Products	174.39	14.19
17	Chemicals, Dyes, Paints etc.	2,784.40	1,600.64
17.1	- Of which Drugs & Pharmaceuticals	1,115.90	227.93
18	Cement	922.09	354.48
19	Leather and Leather Products	124.73	10.26
20	Gems and Jewellery	1,377.46	4,860.62
21	Construction	4,264.98	219.47
22	Petrochemicals and Petroleum Products	2,188.14	1,502.77
23	Automobiles including trucks	1,827.27	258.35
24	Computer Software	1,164.43	460.07
25	Infrastructure	7,440.65	8,603.12
25.1	- Of which Infrastructure construction Roads	1,295.99	972.59
25.2	- Of which Infrastructure construction Ports	810.96	834.26
25.3	- Of which Telecommunication	2,001.14	2,048.04
26	NBFCs & Trading	11,237.72	2,923.57
27	Other Industries	16,819.12	4,600.72
27.1	- Of which Banks	5,626.26	2,374.99
27.2	- Of which Entertainment Media	1,153.22	213.15
27.3	- Of which Logistics	1,011.32	574.95
28	Residual exposures to balance the total exposure	61,868.03	3,066.91
	Total	128,359.16	40,951.22

As on 30th September 2009 the Bank's exposure to the industries stated below was more than 5% of the total gross credit exposure:

Sr. No.	Industry classification	Percentage of the total gross credit exposure
1	Infrastructure	9.47%
2	NBFCs and Trading	8.36%

Residual Contractual Maturity breakdown of Assets

(Rs. in crores)

Maturity bucket	Cash, balances with RBI and other banks	Investments	Advances	Other assets including fixed assets
1 day	2,158.11	5,300.22	912.77	0.00
2 to 7 days	1,019.05	1,239.29	1,582.55	42.27
8 to 14 days	1,146.03	2,613.14	356.94	42.27
15 to 28 days	1,693.68	4,468.35	1,461.74	1,307.60
29 days to 3 months	2,602.80	7,640.21	4,327.10	0.00
3 to 6 months	546.30	4,389.04	4,715.88	0.00
6 to 12 months	876.54	6,570.37	7,885.99	0.00
1 to 3 years	1,847.43	8,312.58	11,017.72	0.00
3 to 5 years	24.27	2,885.01	12,936.17	0.00
Over 5 years	1,121.36	8,653.55	35,847.52	4,169.68
Total	13,035.58	52,071.76	81,044.38	5,561.82

Movement of NPAs and Provision for NPAs

(Rs. in crores)

		Amount
A	Amount of NPAs (Gross)	1,131.74
	- Substandard	575.13
	- Doubtful 1	47.16
	- Doubtful 2	19.89
	- Doubtful 3	11.85
	- Loss	477.71
B	Net NPAs	416.74
C	NPA Ratios	
	- Gross NPAs to gross advances (%)	1.38%
	- Net NPAs to net advances (%)	0.51%
D	Movement of NPAs (Gross)	
	- Opening balance as on 1.4.2009	897.77
	- Additions	1,072.02
	- Reductions	(838.05)
	- Closing balance as on 30.9.2009	1,131.74
E	Movement of Provision for NPAs	
	- Opening balance as on 1.4.2009	570.64
	- Provision made in 2009-10	677.62
	- Write offs/ Utilization	(535.06)
	- Write back of excess provision	-
	- Floating provision *	(3.25)
	- Closing balance as on 30.9.2009	709.95

* The floating provision which was earlier deducted from gross NPAs has now been included in other provisions as per RBI circular DBOD.No.BP.BC.122/21.04.048/2008-09 dated April 9, 2009.

NPIs and movement of provision for depreciations on NPIs

(Rs. in crores)

		Amount
A	Amount of Non-Performing Investments	14.58
B	Amount of provision held for non- performing investments	14.58
C	Movement of provision for depreciation on investments	
	- Opening balance as on 1.4.2009	200.00
	- Provision made in 2009-10	-
	- Write offs	-
	- Write back of excess provision	(53.53)
	- Closing balance as on 30.9.2009	146.47

Details of Gross Credit Risk Exposure (Fund based and Non-fund based) based on Risk-Weight:

(Rs. in crores)

	Amount
Below 100% risk weight	96,656.12
100% risk weight	63,931.82
More than 100% risk weight	8,722.45
Deductions	
- Investments in subsidiaries	70.60

V. CREDIT RISK MITIGATION

Under the Standardised Approach, the total credit exposure covered by eligible financial collaterals after application of haircuts as on 30th September 2009 was Rs. 8,282 crores.

VI. SECURITISATION

The Bank has no retained exposure on securitisation transactions originated by it during the year. All transfers of assets under securitisation were effected on true sale basis. During the half year ended 30th September 2009, the Bank has securitised Rs. 552.16 crores as an originator.

Details of exposure securitised by the Bank and subject to securitisation framework

(Rs. in crores)

S.No.	Type of Securitisation	Amount
1.	Impaired/past due assets securitised	-
2.	Losses recognized by the Bank during the current period	-

Aggregate amount of securitisation exposures retained or purchased as on 30th September 2009 is given below

(Rs. in crores)

S.No.	Type of Securitisation	Amount
1.	Retained	-
2.	Securities purchased	
	- Corporate Loans	262.84
3.	Liquidity facility	-
4.	Credit enhancement (cash collateral)	-
5.	Other commitments	-

Risk weight wise bucket details of the securitisation exposures on the basis of book value

(Rs. in crores)

	Amount
Below 100% risk weight	262.84
100% risk weight	-
More than 100% risk weight	-
Deductions	
- Entirely from Tier I capital	-
- Credit enhancing I/Os deducted from Total Capital	-
- Credit enhancement (cash collateral)	-

Comparative position of two half years of the portfolio securitised by the Bank is given below

(Rs. in crores)

S.No.	Type of Securitisation	For the half year ended on 30.9.2009	For the half year ended on 30.9.2008
1.	Total number of loan assets securitised		
	- Corporate Loans	2	15
2.	Total book value of loan assets securitised		
	- Corporate Loans	552.16	4,924.59
3.	Sale consideration received for securitised assets	566.76	4,936.69
4.	Gain / loss on sale on account of securitisation	14.59	9.64
5.	Form and quantum (outstanding value) of service provided		
	- Credit enhancement	-	13.66
	- Outstanding servicing liability	-	-
	- Liquidity support	-	-

VIII. MARKET RISK IN TRADING BOOK

Capital Requirement for Market Risk

(Rs. in crores)

	Amount of Capital Required
- Interest rate risk	853.33
- Equity position risk	897.50
- Foreign exchange risk (including gold)	15.32

X. INTEREST RATE RISK IN THE BANKING BOOK

Details of increase (decline) in earnings and economic value for upward and downward rate shocks are given below:

Earnings Perspective

(Rs. in crores)

Country	Interest Rate Shock	
	0.50%	(-) 0.50%
India	(36.76)	36.76
Overseas	12.76	(12.76)
Total	(24.00)	24.00

Economic Value Perspective

(Rs. in crores)

Country	Interest Rate Shock	
	0.50%	(-) 0.50%
India	(86.78)	84.97
Overseas	26.28	(27.24)
Total	(60.50)	57.73