

PRESS RELEASE - 15TH JULY, 2010

AXIS BANK ANNOUNCES Q1FY11 NET PROFIT OF Rs. 741.88 CRORES, UP BY 32.00% YOY

Results at a Glance

- **Net Profit** during Q1FY11 rose to **Rs. 741.88 crores** from **Rs. 562.04 crores** in Q1FY10, registering a growth of **32.00%** yoy.
- **Demand Deposits** on a **daily average basis** grew by **38.51%** yoy to **Rs. 55,043 crores** during Q1FY11 from **Rs. 39,739 crores** during Q1FY10, with **Savings Bank deposits** growing by **39.35%** yoy and **Current Account deposits** by **37.30%**.
- The yoy growth in **Net Interest Income** and **Fee Income** during Q1FY11 was **44.77%** and **18.58%** respectively. **Net Interest Margin** during Q1FY11 was **3.71%** compared to **3.34%** in Q1FY10.
- The Bank is well-capitalised with a **Capital Adequacy Ratio** of **14.54%** (without reckoning Q1FY11 profit, as stipulated by Reserve Bank of India) as at the end of Q1FY11 compared to **15.28%** as at the end of Q1FY10 and **15.80%** at the end of FY2010. **Tier-I capital** was **10.32%** as at the end of Q1FY11, as against **9.39%** at the end of Q1FY10 and **11.18%** at the end of FY2010.

Financial Highlights

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

The Bank continued to extend its presence across the country and at the end of Q1FY11, had a network of 1,050 domestic branches and extension counters, and 4,474 ATMs situated in 651 cities and towns. During the quarter, the Bank added 15 branches and 181 ATMs. The daily average balances of Savings Bank deposits during the quarter grew 39.35% yoy and those of Current Account deposits grew 37.30% yoy. Demand deposits constituted 40% of the aggregate daily average deposits during Q1FY11, higher than the level of 37% in Q1FY10 and lower than 43% in Q4FY10. At the end of the quarter, Current Account and Savings Bank deposits together accounted for 40.17% of the total deposits of the Bank. The Bank posted a NIM of 3.71% during Q1FY11, higher than the NIM of 3.34% during Q1FY10 and lower than the NIM of 4.09% during Q4FY10. The reduction in NIM during Q1FY11 compared to the previous quarter was primarily on account of the increase in cost of Savings Bank deposits and higher reserve requirements as mandated by the Reserve Bank of India.

The Bank's advances grew by 39% yoy, from Rs. 78,105 crores as on 30th June 2009 to Rs. 1,08,609 crores as on 30th June 2010 while investments rose to Rs. 57,540 crores from Rs. 46,328 crores over the same period, a growth of 24% yoy. The NII rose to Rs. 1,514 crores during Q1FY11 from Rs. 1,046 crores during Q1FY10, a growth of 45% yoy.

• **Fee Income**

Fee income registered a growth of 19% yoy, rising to Rs. 743 crores during Q1FY11 compared to Rs. 627 crores in Q1FY10, with contributions from all the major businesses in the Bank. Fee income from Large and Mid Corporate Credit (including Infrastructure) grew 42% yoy, followed by that from Treasury and Debt Capital Markets (22% yoy), Capital Markets (10% yoy), Retail business (8% yoy), Business Banking (6% yoy) while fee income from SME and Agri lending businesses declined by 6%.

• **Trading Profits**

The Bank generated Rs. 196 crores of trading profits during Q1FY11, as compared to Rs. 326 crores during Q1FY10, a decline of 40% yoy. The share of trading profits to operating revenue was 7.78% in Q1FY11, compared to 16.27% in Q1FY10.

• **NPAs and Restructured Loans**

Net NPAs, as a proportion of net customer assets, were 0.35% as on 30th June 2010 compared to 0.41% as on 30th June 2009 and 0.36% as on 31st March 2010. Gross NPAs as a proportion of gross customer assets stood at 1.13% as on 30th June 2010, compared to 1.13% as on 31st March 2010 and 1.01% as on 30th June 2009. The Bank had a provision coverage of 76.62% as on 30th June 2010 (as a proportion of Gross NPAs) including prudential write-offs. The provision coverage (as a proportion of Gross NPAs) before accumulated write-offs was 89.59%.

During the quarter, the Bank added Rs. 421 crores to Gross NPAs. Recoveries and upgradations of Rs. 121 crores and write-offs of Rs. 277 crores during the quarter resulted in a closing position of Rs. 1,341 crores of Gross NPAs on 30th June 2010, higher than the position at the end of June 2009 by Rs. 426 crores.

The Bank restructured loans aggregating Rs. 30 crores during Q1FY11. The cumulative value of assets restructured till 30th June 2010, however, declined to Rs. 2,151 crores (1.81% of gross customer assets).

The segment-wise break-up of restructured loans as on 30th June 2010 is as follows:

Large and Mid-Corporate Credit	69%
SME	20%
Agri	7%
Capital Markets	4%

The sector-wise breakup of restructured loans as on 30th June 2010 was as follows:

Textiles	22%
Shipping	22%
Sugar	8%
Petroleum	8%
Real estate	8%
Others	32%

• Investment Portfolio

The book value of the Bank's investment portfolio as on 30th June 2010 was Rs. 57,540 crores, of which, Rs. 38,819 crores related to government securities while Rs. 18,721 crores was invested in other securities such as corporate bonds, equities, preference shares, mutual funds etc. 82% of the government securities has been classified in the HTM category while 99.56% 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 30th June 2010 in each category was as follows:

Category	Percentage	Duration*
HFT	6.42 %	4.55 years
AFS	32.74 %	2.76 years
HTM	60.84 %	4.80 years

* Excluding mutual funds and equity investment

Business Overview

• Placement / Syndication

The Bank arranged debt aggregating Rs. 22,034 crores during Q1FY11. The Bank was assessed by Prime Database as the No.1 Debt Arranger for FY10 and also by Bloomberg Underwriter league table for the 1st half of 2010. Further, in the Bloomberg league table for 'India Domestic Bonds', the Bank was ranked No.1 for the calendar year 2009 and quarter ended March 2010.

• Retail Business

The number of Savings Bank accounts grew from 75.24 lacs as at the end of June 2009 to 83.27 lacs as at end-June 2010. Retail advances grew from Rs. 16,780 crores as at end-June 2009 to Rs. 21,073 crores as at the end of June 2010, a growth of 26% yoy. Retail Advances accounted for 19% of the total Advances of the Bank as at the end of June 2010. The Bank's International Debit Card issuance has risen to 152 lac debit cards as on 30th June 2010, as compared to 124 lac debit cards as on 30th June 2009. The Bank had over 5,49,000 credit cards in force and an installed base of over 1,60,000 Electronic Data Capture (EDC) machines as on 30th June 2010. 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, which focus on corporate lending, trade finance, syndication, investment banking, risk management and liability businesses. The total assets under overseas operations were USD 3.45 billion as on 30th June 2010.

- **Capital and Shareholders' Funds**

The Shareholders' Funds of the Bank were Rs. 16,889 crores as on 30th June 2010, compared to Rs. 10,784 crores on the 30th June 2009, a growth of 57% yoy. The Capital Adequacy Ratio for the Bank was 14.54%, as on 30th June 2010, compared to 15.28% as on 30th June 2009. The Tier-I capital adequacy ratio was 10.32% as on 30th June 2010, compared to 9.39% as on 30th June 2009. The profit of Q1FY11 has not been reckoned for computation of Tier-I capital, as stipulated by Reserve Bank of India.

- **Appointment of Additional Directors**

Shri M. S. Sundara Rajan has been appointed as an Additional Independent Director with effect from 8th June 2010. Shri Sundara Rajan superannuated as Chairman & Managing Director, Indian Bank in March 2010 after 38 years of banking experience. He has also served as a Director in United India Insurance Company Ltd.

Shri S. K. Roongta has been appointed as an Additional Independent Director with effect from 15th July 2010. Shri Roongta was Chairman of Steel Authority of India Limited (SAIL) from August 2006 to May 2010. Shri Roongta was the first SAIL Chairman to be a member of the Executive Committee of the prestigious World Steel Association (WSA), Brussels.

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	Q1FY11	Q1FY10	%Growth
Net Profit	741.88	562.04	32.00%
EPS Diluted (Rs.)	17.95	15.50	15.81%
Net Interest Income	1,513.77	1,045.63	44.77%
Other Income	1,000.78	958.57	4.40%
- Fee Income	743.07	626.63	18.58%
- Trading Income	195.74	326.07	(39.97%)
- Miscellaneous Income	61.97	5.87	955.71%
Operating Revenue	2,514.55	2,004.20	25.46%
Core Operating Revenue*	2,318.81	1,678.13	38.18%
Operating Expenses (incl. depreciation)	1,064.50	827.84	28.59%
Operating Profit	1,450.05	1,176.36	23.27%
Core Operating Profit**	1,254.31	850.29	47.52%

* 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 Jun'10	As on 30 th Jun'09
CAPITAL AND LIABILITIES		
Capital	407.44	359.76
Reserves & Surplus	16,481.58	10,424.40
Employees' Stock Options Outstanding (Net)	-	0.91
Deposits	1,47,479.42	1,10,256.35
Borrowings	19,614.92	15,964.04
Other Liabilities and Provisions	5,475.64	4,136.86
Total	1,89,459.00	1,41,142.32
ASSETS		
Cash and Balances with Reserve Bank of India and Balances with Banks and Money at Call and Short Notice	17,119.18	12,022.35
Investments	57,540.20	46,328.46
Advances	1,08,609.11	78,104.58
Fixed Assets	1,730.55	1,141.61
Other Assets	4,459.96	3,545.32
Total	1,89,459.00	1,41,142.32

Rs in crores

Business Performance	As on 30 th Jun'10	As on 30 th Jun'09	% Growth
Total Deposits	1,47,479	1,10,256	33.76%
Demand Deposits	59,249	44,176	34.12%
- Savings Bank Deposits	34,703	25,199	37.72%
- Current Account Deposits	24,546	18,977	29.35%
Demand Deposits as % of Total Deposits	40.17%	40.07%	
Term Deposits	88,230	66,080	33.52%
Demand Deposits on a Cumulative Daily Average Basis for the quarter	55,043	39,739	38.51%
Demand Deposits as % Total Deposits (CDAB basis) for the quarter	39.94%	37.30%	
Net Advances	1,08,609	78,105	39.06%
- Large & Mid-Corporate	60,131	38,875	54.68%
- SME	16,818	14,232	18.17%
- Agriculture/Micro Finance	10,587	8,218	28.83%
- Retail Advances*	21,073	16,780	25.58%
Investments	57,540	46,328	24.20%
Balance Sheet Size	1,89,459	1,41,142	34.23%
Net NPA as % of Net Customer Assets	0.35%	0.41%	
Gross NPA as % of Gross Customer Assets	1.13%	1.01%	
Equity Capital	407.44	359.76	
Shareholders' Funds	16,889	10,784	56.61%
Capital Adequacy Ratio	14.54%	15.28%	
- Tier I	10.32%	9.39%	
- Tier II	4.22%	5.89%	

* 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.