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PRESS RELEASE

AXIS BANK ANNOUNCES Q3 NET PROFIT AT Rs. 306.83 CRORES; UP BY 66.20% YOY
NINE MONTHS NET PROFIT AT Rs. 709.63 CRORES ; UP BY 58.70% YOY

Axis Bank has announced its unaudited results for Q3 2007-08 and for the nine months ended December 2007, following the approval of its Board of Directors in a meeting held in Mumbai on 9th January, 2008. The Net Profit for the third quarter was Rs. 306.83 crores, up by 66.20% over the Net Profit of Rs. 184.61 crores for the third quarter of last year. The Net Profit of the Bank for the nine months ended December 2007 was Rs. 709.63 crores, up by 58.70% over the Net Profit of Rs. 447.14 crores during the first nine months of the previous year.

RESULTS AT A GLANCE:

Q3 FY 2007-08		9M FY 2007-08	
Net Profit	:Rs. 306.83 crores ↑ 66.20% YOY	Rs. 709.63 crores ↑ 58.70% YOY	
Net Interest Income	:Rs. 747.34 crores ↑ 91.12% YOY	Rs. 1,756.92 crores ↑ 70.68% YOY	
Fee Income	: Rs. 348.41 crores ↑ 80.91% YOY	Rs. 905.38 crores ↑ 70.67% YOY	
Net Interest Margin	: 3.91%* ↑ from 3.00%	3.28%*	↑ from 2.87%
Cost of Funds	: 5.72% ↑ from 5.53%	6.10%	↑ from 5.47%
Demand Deposits	:Rs. 31,032 crores ↑ 64.34 % YOY		
Capital Adequacy Ratio	: 16.88% ↑ from 11.83%		

*Adjusted for amortisation

RESULTS FOR Q3 FY 07-08:

The Net Interest Income for Q3 was Rs. 747.34 crores, as compared to Rs. 391.03 crores during Q3 of the preceding year, a growth of 91% yoy. The Net Interest Margin (NIM) grew in Q3 to 3.91% as compared to 3.28% in Q2 and 3.00% in Q3 of the preceding year. The rise in NIM, lower Cost of Funds together with the growth in Net Advances of 50% yoy have contributed to the rise in Net Interest Income. Fee Income showed a robust growth in the quarter, and was Rs. 348.41 crores for Q3, up by 81% over the Fee Income for Q3 of the preceding year. The Bank recorded a trading profit of Rs. 131.01 crores in Q3 as against a trading profit of Rs. 79.28 crores in Q3 of the preceding year, a growth of 65% yoy. The total deposits of the Bank have grown 35% yoy from Rs. 50,920 crores as at end December'06 to Rs. 68,551 crores as at end December'07. Demand deposits have grown 64% yoy, and constitute 45% of the total deposits, with Savings Bank deposits having grown 51% yoy and Current Account deposits having grown 81% yoy. The Net NPAs have fallen to 0.42% from 0.68% at the end of Q3 of the preceding year and from 0.55% at the end of Q2 this year. The Capital Adequacy Ratio of the Bank, has decreased to 16.88% from 17.59% at the end of Q2, though it is substantially higher than the Capital Adequacy Ratio of 11.83% at the end of Q3 of the preceding year on account of capital raising in July 2007.

Financial Indicators

Rs. in crores

Financial Performance	Q3 FY 07-08	Q3 FY 06-07	% Growth	9M FY 07-08	9M FY 06-07	% Growth
Net Profit	306.83	184.61	66%	709.63	447.14	59%
EPS (Diluted) Rs.	9.09	6.42	42%	21.03	15.56	35%
Income & Expenses						
Net Interest Income	747.34	391.03	91%	1,756.92	1,029.36	71%
Other Income	487.90	279.74	74%	1,239.02	709.01	75%
Fee Income	348.41	192.59	81%	905.38	530.50	71%
Trading Income	131.01	79.28	65%	330.21	142.56	132%
Miscellaneous Income	8.48	7.87	8%	3.43	35.95	(90%)
Operating Revenue	1,235.24	670.77	84%	2,995.94	1,738.37	72%
Core Operating Revenue*	1,104.23	591.49	87%	2,665.73	1,595.81	67%
Operating Expenses (excl. depreciation)	526.61	307.96	71%	1,389.82	790.17	76%
Operating Profit	672.28	333.82	101%	1,503.08	866.81	73%
Core Operating Profit@	541.27	254.54	113%	1,172.87	724.25	62%

* Core Operating Revenue = Operating Revenue less Trading Income

@ Core Operating Profit = Operating Profit less Trading Income

	As on 31st Dec'07	As on 31st Dec'06	Growth
Deposits	68,551	50,920	35%
Demand Deposits	31,032	18,883	64%
Savings Bank	15,768	10,431	51%
Current Accounts	15,264	8,452	81%
Term Deposits	37,519	32,037	17%
Net Advances	48,632	32,337	50%
Large and Mid Corporate Advances	23,936	15,101	59%
SME Advances	9,008	5,721	57%
Agriculture Advances	3,679	2,337	57%
Retail Advances	12,009	9,178	31%
Investments	28,965	24,473	18%
Balance Sheet Size	90,581	64,970	39%
Net NPAs (as % of net customer assets)	0.42%	0.68%	
Gross NPAs (as% of gross customer assets)	0.80%	1.20%	
Capital	As on 31st December '07	As on 31st December '06	
Equity Capital	357.37	281.19	27%
Net Worth	8,374.50	3,196.92	162%
Capital Adequacy Ratio	16.88%	11.83%	
Tier – I	12.58%	6.96%	
Tier – II	4.30%	4.87%	

Q3 Performance Highlights

- Rising Net Interest Income (NII)**

The Bank registered a strong growth of 91% yoy growth in Q3 in its Net Interest Income of Rs. 747.34 crores as against Rs. 391.03 crores in Q3 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 Net Advances of the Bank grew to Rs. 48,632 crores as at end December '07 from Rs. 32,337 crores as at end December '06, a growth of 50% yoy.

- Net Interest Margin(NIM) and Lower Cost of Funds**

The Net Interest Margin (NIM) for Q3 increased substantially to 3.91%, up 63 basis points from the NIM of 3.28% in the preceding quarter, Q2, and up 91 basis points from the NIM of 3.00%, for Q3 of the preceding year. The

NIM for the nine months of 2007-08 was up 41 basis points at 3.28%, as against 2.87% for the same period last year. The NIMs of 3.91% for Q3, 3.28% for Q2 and 3.28% for nine months of 2007-08 are after adjusting the amortisation of premium for investments held in Held to Maturity (HTM) category against 'Interest income on Investments' as stipulated by RBI. The Bank believes it continues to have a very credible and encouraging pipeline of corporate advances, and as these translate into loan assets, the NIM should further rise.

The daily average cost of funds was significantly lower at 5.72% in Q3 as compared to 6.18% in Q2 of the current year and has increased from 5.53% in Q3 of the preceding year, FY 2006-07.

The share of low cost deposits - Savings Bank and Current Account - was 45% as at end December '07, higher than the 37% as at end December '06. Savings Bank deposits registered a growth of 51% yoy, from Rs. 10,431 crores as at end December '06 to Rs. 15,768 crores as at end December '07. Current Account deposits grew significantly at 81% yoy, from Rs. 8,452 crores as at end December '06 to Rs. 15,264 crores as at end December '07.

• **Trading Profits**

The Bank has reported a Trading Profit of Rs. 131.01 crores in Q3 of the current financial year as compared to a Trading Profit of Rs. 79.28 crores in Q3 of last year, a growth of 65% yoy. The share of Trading Profit in Operating Revenue decreased marginally to 11% in Q3 as compared to 12% in Q3 of the preceding year.

• **Prudent NPA Management**

The Net NPAs as a proportion of Net Customer Assets were at 0.42% as at end December '07, down from 0.68% at the end of December '06, as also down from 0.55% as at end September '07. The Gross NPAs as a proportion of Gross Customer Assets were at 0.80% as at end December '07, significantly down from 1.20% at the end of December '06, and 0.95% as at end September '07. The provisions held together with accumulated write-offs as a proportion of Gross NPAs and accumulated write-offs amount to 83.07% at end December '07. If the accumulated write-offs are excluded, then the provisions held as a proportion of Gross NPAs amount to 47.66% as at end December '07.

▪ **Fee Income**

Fee Income registered a strong growth of 81% yoy, rising to Rs. 348.41 crores in Q3 as compared to Rs. 192.59 crores in Q3 of the preceding year. For the first nine months of 2007-08, the Fee Income grew to Rs. 905.38 crores as compared to Rs. 530.50 crores during the same period last year, a growth of 71% yoy.

Cash Management Services

Under Cash Management Services (CMS), the Bank handled a cash remittance throughput of Rs. 2,30,263 crores in Q3 as compared to a throughput of Rs. 1,63,524 crores in Q2, and significantly higher than the remittance throughput of Rs. 95,505 crores in Q3 of the preceding year which represents a growth of 141% yoy. The number of CMS clients has grown to 2,951 from 1,773 a year earlier.

Placement / Syndication and Project Advisory

The Bank regained the 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.2 for the calendar year 2007. The Bank was the arranger for syndication of debt aggregating Rs. 9,450 crores during Q3 of FY 2007-08 as compared to Rs. 9,618 crores during the previous quarter, Q2 and substantially

higher than Rs. 6,435 crores in Q3 of the preceeding year, a growth of 47% 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 43.59 lakhs as at end December '06 to 57.95 lakhs as at end December '07, thereby creating a buoyancy in Savings Bank deposit balances.

- **Retail Asset Products** - Retail advances grew from Rs. 9,178 crores as at end December '06 to Rs. 12,009 crores as at end December '07, a growth of 31% yoy. Retail Advances account for 25% of the total Advances of the Bank as at end December '07. 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 79.90 lakh debit cards as at end December'07 as compared to 56.30 lakh cards as at end December'06. The Bank had issued over 3,73,000 Credit Cards till end December'07. The Bank has an installed base of over 64,000 Electronic Data Capture (EDC) machines as at end December'07.
- **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.
- **Network Expansion:** The Bank's ATM network of 2,595 ATMs is the third largest in the country. The Bank has a wide presence through its 608 Branches & Extension Counters across 363 cities and towns across India as against 2,126 ATMs and 481 Branches and Extension Counters across 275 cities and towns a year earlier. During the last year, the Bank added 127 Branches & Extension Counters and 469 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\$ 1.57 billion as at end December'07.
- **Capital & Net Worth:**
The Net Worth of the Bank stood at Rs. 8,374.50 crores as at end December '07 as compared to Rs. 3,196.92 crores a year earlier, a growth of 162% yoy. The Capital Adequacy Ratio for the Bank was at 16.88%, as at end December '07, as compared to 11.83% as at end December '06. The Tier - I capital amounted to 12.58%, as against 6.96% as at end December'06.

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

Date: 9th January, 2008

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Axis Bank

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UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 31st DECEMBER, 2007

(Rs. in crores)

PARTICULARS	FOR THE QUARTER ENDED 31.12.2007 (Unaudited)	FOR THE QUARTER ENDED 31.12.2006 (Unaudited)	FOR THE NINE MONTHS ENDED 31.12.2007 (Unaudited)	FOR THE NINE MONTHS ENDED 31.12.2006 (Unaudited)	FOR THE YEAR ENDED 31.03.2007 (Audited)
1. Interest earned (a)+(b)+(c)+(d)	1,802.34	1,164.81	4,989.88	3,120.14	4,461.65
(a) Interest/discount on advances/bills	1,229.72	705.30	3,375.56	1,866.64	2,702.85
(b) Income on Investments	534.94	432.47	1,509.58	1,175.82	1,632.72
(c) Interest on balances with Reserve Bank of India and other inter-bank funds	27.37	13.51	70.08	42.59	77.30
(d) Others	10.31	13.53	34.66	35.09	48.78
2. Other Income	487.90	279.74	1,239.02	709.01	1,010.11
3. TOTAL INCOME (1+2)	2,290.24	1,444.55	6,228.90	3,829.15	5,471.76
4. Interest Expended	1,055.00	773.78	3,232.96	2,090.78	2,993.32
5. Operating expenses (i)+(ii)	562.96	336.95	1,492.86	871.56	1,214.59
(i) Employees cost	173.48	114.66	485.80	292.42	381.35
(ii) Other operating expenses	389.48	222.29	1,007.06	579.14	833.24
6. TOTAL EXPENDITURE (4)+(5) (Excluding Provisions and Contingencies)	1,617.96	1,110.73	4,725.82	2,962.34	4,207.91
7. OPERATING PROFIT (3-6) (Profit before Provisions and Contingencies)	672.28	333.82	1,503.08	866.81	1,263.85
8. Provisions (other than tax) and Contingencies (Net)	200.05	51.47	415.42	186.36	267.61
9. Exceptional Items	-	-	-	-	-
10. Profit/(Loss) from Ordinary Activities before Tax (7-8-9)	472.23	282.35	1,087.66	680.45	996.24
11. Tax expense	165.40	97.74	378.03	233.31	337.21
12. Net Profit/(Loss) from Ordinary Activities after Tax (10-11)	306.83	184.61	709.63	447.14	659.03
13. Extraordinary Items (net of tax expense)	-	-	-	-	-
14. Net Profit/(Loss) for the period (12-13)	306.83	184.61	709.63	447.14	659.03
15. Paid-up equity share capital (face value Rs. 10/- per share)	357.37	281.19	357.37	281.19	281.63
16. Reserves excluding revaluation reserves (as per balance sheet of previous accounting year)					3,111.60
17. Analytical Ratios					
(i) Percentage of Shares held by Government of India	NIL	NIL	NIL	NIL	NIL
(ii) Capital Adequacy Ratio	16.88%	11.83%	16.88%	11.83%	11.57%
(iii) Earnings per Share (EPS) for the period / year (before and after extraordinary items)					
- Basic	9.44	6.59	21.83	15.96	23.50
- Diluted	9.09	6.42	21.03	15.56	22.79
(iv) NPA Ratios					
(a) Amount of Gross Non-performing assets	447.57	472.25	447.57	472.25	418.67
(b) Amount of Net Non-performing assets	234.26	266.93	234.26	266.93	266.33
(c) % of Gross NPAs	0.80	1.20	0.80	1.20	0.95
(d) % of Net NPAs	0.42	0.68	0.42	0.68	0.61
(e) Return on Assets (annualized)	1.40	1.17	1.16	1.04	1.10
18. Public Shareholding					
- Number of shares	183,717,136	147,627,347	183,717,136	147,627,347	148,241,566
- Percentage of shareholding	51.41%	52.50%	51.41%	52.50%	52.64%

Notes :

1. The results above have been approved by the Board of Directors of the Bank at its meeting held at Mumbai today.
2. 'Other income' includes gains from securities' transactions, commission earned from guarantees/letters of credit, fees earned from providing services to customers, selling of third party products and ATM sharing fees.
3. Disclosure about investor complaints:

Complaints at the beginning of the quarter	Received during the quarter	Disposed off during the quarter	Unresolved as on 31.12.2007
-	179	179	-

4. These results for the nine months period ended 31st December 2007, have been subjected to a "Limited Review" by the Statutory Auditors of the Bank.
5. Previous period figures have been regrouped and reclassified, where necessary, to make them comparable with current quarter figures.

Place : Mumbai
Date : 09.01.2008

www.axisbank.com

P.J. NAYAK
CHAIRMAN & CEO