



Axis Bank Ltd.

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PRESS RELEASE

**AXIS BANK ANNOUNCES Q4 NET PROFIT OF Rs. 581.45 CRORES, UP BY 60.89% YOY;
FY 08-09 NET PROFIT OF Rs. 1,815.36 CRORES, UP BY 69.50% YOY;
PROPOSES 100% DIVIDEND**

Axis Bank has announced its audited results for FY 2008-09, following the approval of its Board of Directors in a meeting held in Mumbai on 20th April 2009. The Net Profit of the Bank for the year was Rs. 1,815.36 crores, a growth of 69.50% over the Net Profit of Rs. 1,071.03 crores during FY 2007-08. The Bank has ended FY 2008-09 with a capital adequacy ratio of 13.69%, and Net NPAs at 0.35% of Net Customer Assets. The diluted EPS at Rs. 50.27 was 60.56% higher than in the previous year. The Board of Directors has recommended a dividend of 100%.

RESULTS AT A GLANCE:

Q4 FY 2008-09		FY 2008-09	
Net Profit	: Rs. 581.45 crores ↑ 60.89% YOY	Rs. 1,815.36 crores ↑ 69.50% YOY	
Net Interest Income	: Rs. 1,032.60 crores ↑ 24.65% YOY	Rs. 3,686.21 crores ↑ 42.58% YOY	
Fee Income	: Rs. 664.40 crores ↑ 41.90% YOY	Rs. 2,447.35 crores ↑ 63.72% YOY	
Net Interest Margin	: 3.37% ↓ from 3.93%	3.33% ↓ from 3.47%	
Cost of Funds	: 6.64% ↑ from 5.82%	6.50% ↑ from 6.02%	
Demand Deposits	: Rs. 50,644 crores ↑ 26.52% YOY		
Capital Adequacy Ratio:	13.69% ↓ from 13.73%		
Of which Tier-I Ratio	: 9.26%		

RESULTS FOR Q4 FY 08-09:

Axis Bank has announced a Net Profit of Rs. 581.45 crores for the fourth quarter of the financial year 2008-09, a growth of 60.89% over the Net Profit of Rs. 361.40 crores for the fourth quarter of the financial year 2007-08. The Net Interest Income for Q4 was Rs. 1,032.60 crores, as compared to Rs. 828.43 crores during Q4 of the preceding year, a growth of 24.65% yoy. The Net Interest Margin for Q4 was 3.37% as compared to 3.93% for Q4 of the preceding year. The Net Advances have grown by 36.70% yoy. Further, the Bank's balance sheet size has grown by 34.81% yoy to Rs. 1,47,722.05 crores as at end March'09 from Rs. 1,09,577.85 crores as at end March'08. The Fee Income for Q4 was Rs. 664.40 crores, as compared to Rs. 468.21 crores during Q4 of the preceding year, a significant growth of 41.90% yoy. The total deposits of the Bank have grown 33.95% yoy from Rs. 87,626.22 crores as at end March'08 to Rs. 1,17,374.11 crores as at end March'09. Demand deposits have grown 26.52% yoy, and constitute 43% of the total deposits, with Savings Bank deposits having grown 29% yoy and Current Account deposits having grown 24% yoy. The Net NPAs, as a proportion of net customer assets, have reduced to 0.35% from 0.36% at the end of the preceding year and declined from 0.39% at the end of December'08. The Bank's Capital Adequacy Ratio was 13.69% as at end March'09 as compared to 13.73% as at end March'08.

Financial Indicators

Rs. in crores

Financial Performance	Q4 FY 08-09	Q4 FY 07-08	% Growth	FY 08-09	FY 07-08	% Growth
Net Profit	581.45	361.40	61%	1,815.36	1,071.03	69%
EPS (Diluted) Rs.	16.10	9.89	63%	50.27	31.31	61 %
Income & Expenses						
Net Interest Income	1,032.60	828.43	25%	3,686.21	2,585.35	43%
Other Income	845.51	556.47	52%	2,896.88	1,795.49	61%
Fee Income [#]	664.40	468.21	42%	2,447.35	1,494.85	64%
Trading Income	166.16	44.64	272%	373.86	253.59	47%
Miscellaneous Income	14.95	43.62	(66%)	75.67	47.05	61%
Operating Revenue	1,878.11	1,384.90	36%	6,583.09	4,380.84	50%
Core Operating Revenue*	1,711.95	1,340.26	28%	6,209.23	4,127.25	50%
Operating Expenses (incl. depreciation)	739.61	662.06	12%	2,858.21	2,154.92	33%
Operating Profit	1,138.50	722.84	58%	3,724.88	2,225.92	67%
Core Operating Profit@	972.34	678.20	43%	3,351.02	1,972.33	70%

* Core Operating Revenue = Operating Revenue less Trading Income

@ Core Operating Profit = Operating Profit less Trading Income

Includes customer forex earnings of Rs. 76.66 crores for Q4 FY 08-09 and Rs. 274.08 crores for FY 08-09

Rs. in crores

	As on 31 st March '09	As on 31 st March '08	Growth
Deposits	1,17,374	87,626	34%
Demand Deposits	50,644	40,027	27%
Savings Bank	25,822	19,982	29%
Current Accounts	24,822	20,045	24%
Term Deposits	66,730	47,599	40%
Net Advances	81,557	59,661	37%
Large and Mid Corporate	41,211	29,026	42%
SME Advances	16,077	11,536	39%
Agricultural Advances	8,217	5,507	49%
Retail Advances*	16,052	13,592	18%
Investments	46,330	33,705	37%
Balance Sheet Size	1,47,722	1,09,578	35%
Net NPAs (as % of net customer assets)	0.35%	0.36%	
Gross NPAs (as % of gross customer assets)	0.96%	0.72%	
Capital	As on 31st March '09	As on 31st March '08	
Equity Capital	359.01	357.71	0.36%
Net Worth	9,757	8,449	15%
Capital Adequacy Ratio	13.69%	13.73%	
Tier - I	9.26%	10.17%	
Tier - II	4.43%	3.56%	

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

Q4 and Annual Performance Highlights

• Net Interest Income (NII)

The Bank registered a 25% yoy growth in Q4 in its Net Interest Income of Rs. 1,032.60 crores as against Rs. 828.43 crores in Q4 of the preceding year. The industry-wide slowdown in the growth of CASA deposits and the steep rise in the cost of funds in the third quarter resulted in slower growth in NII. Against this backdrop, the Bank did well to register a growth of 43% in NII which rose from Rs. 2,585.35 crores in 2007-08 to Rs. 3,686.21 crores in 2008-09. The advances of the Bank grew to Rs. 81,556.77 crores as at end March'09 from Rs. 59,661.14 crores as at end March'08, a growth of 37% yoy, while investments rose to Rs. 46,330.35 crores from Rs. 33,705.10 crores a year earlier, a growth of 37% yoy.

- **Improving Margins driven by reduction in cost of funds**

The Net Interest Margin (NIM) for Q4 increased to 3.37%, up by 25 basis points from the NIM of 3.12% in the preceding quarter, Q3, but lower than the NIM of 3.93% for Q4 of the preceding year. The growth in NIM was on account of a reduction in the cost of funds once the money markets stabilized towards the end of the previous quarter, accompanied by a rebound in low cost deposits from the previous quarter. The NIM for FY 2008-09 was 3.33%, as against 3.47% in FY 2007-08. The daily average cost of funds was 6.64% in Q4, 27 basis points lower than that in Q3 (6.91%), but higher than 5.82% in Q4 of the preceding year, FY 2007-08. The cost of funds for FY 2008-09 was 6.50%, up from 6.02% for FY 2007-08 and is reflective of the general increase of interest rates in the economy in the earlier part of the last financial year. The share of low cost deposits - Savings Bank and Current Accounts was 43% as at end March'09 as compared to 46% as at end March'08 and 38% as at end December'08. Savings Bank deposits registered a growth of 29% yoy, from Rs. 19,982 crores as at end March'08 to Rs. 25,822 crores as at end March'09. The daily average Saving Bank balances over the year grew by 42% yoy. Current Account deposits grew by 24% yoy, from Rs. 20,045 crores as at end March'08 to Rs. 24,822 crores as at end March'09. The daily average Current Account balances over the year grew by 24% yoy.

- **Fee Income**

Fee Income registered a significant growth of 42% yoy, rising to Rs. 664.40 crores in Q4 as compared to Rs. 468.21 crores in Q4 of the preceding year, FY 2007-08. For FY 2008-09, the Fee Income grew to Rs. 2,447.35 crores as compared to Rs. 1,494.85 crores in the preceding year FY 2007-08, a growth of 64% yoy.

- **Trading Profits**

The Bank generated Rs. 166.16 crores of Trading Profits in Q4, as compared to Rs. 44.64 crores in Q4 of the preceding year 2007-08, a growth of 272% yoy. The share of Trading Profits to the Operating Revenue increased from 3.22% in Q4 of the preceding year FY 2007-08 to 8.85% in Q4 FY 2008-09. Trading Profits during FY 2008-09 grew by 47% yoy to Rs. 373.86 crores, as compared to the Trading Profits of Rs. 253.59 crores in FY 2007-08. Trading Profits during FY 2008-09 constituted 5.68% of the Operating Revenue, as against 5.79% in FY 2007-08.

- **Cash Management Services**

Under Cash Management Services, the Bank handled a cash remittance throughput of Rs. 3,60,318 crores in Q4 as compared to a throughput of Rs. 2,61,012 crores in the preceding quarter Q3 and significantly higher than the throughput of Rs. 2,12,394 crores during Q4 of the preceding year, a growth of 70% yoy. In FY 2008-09, the Bank registered a total remittance throughput of Rs. 10,83,004 crores from 4,852 clients as compared to Rs. 7,46,286 crores from 3,193 clients in the preceding financial year, a growth of 45% yoy.

- **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'08. Further, in the Bloomberg league table for 'India Domestic Bonds', the Bank has been ranked No.1 for the quarter ended March'09. The Bank was the arranger for syndication of debt aggregating Rs 27,206 crores during Q4 of FY 2008-09 as compared to Rs. 24,533 crores during the previous quarter, Q3 and substantially higher than Rs. 17,210 crores in Q4 of the preceding year, a growth of 58% yoy. For FY 2008-09, the Bank has syndicated debt amounting to Rs. 69,062 crores as compared to Rs. 57,327 crores in the preceding year FY 2007-08, a growth of 20% 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 61.64 lakhs as at end March'08 to 76.18 lakhs as at end March'09, thereby creating a buoyancy in Savings Bank deposit balances.

- **Retail Asset Products:** Retail advances grew from Rs. 13,592 crores as at end March'08 to Rs. 16,052 crores as at end March'09, a growth of 18% yoy. Retail Advances account for 20% of the total Advances of the Bank as at end March'09. The Bank has set up 64 Retail Asset Centres (RACs) for focussed retail lending.
- **Card products:** The Bank's International Debit Card issuance has risen to 118 lakh debit cards as at end March'09 as compared to 87 lakh cards as at end March'08. The Bank had over 5,33,000 Credit Cards in force as at end March'09. The Bank has an installed base of over 1,15,000 Electronic Data Capture (EDC) machines as at end March'09.
- **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 0.35% and 0.96% respectively as at end March'09 as compared to 0.39% and 0.90% as at end December'08, and 0.36% and 0.72% as at end March'08. 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 85.31% at end March'09. If the accumulated write-offs are excluded, then the provisions held as a proportion of Gross NPAs amount to 63.56% as at end March'09.

- **Disclosures on loans restructured during the year**

During the year, the Bank restructured loans aggregating to Rs. 996.17 crores, taking the cumulative total of loans restructured till 31st March 2009 to Rs. 1,625.87 crores (of which Rs. 22.06 crores comprise loans restructured a second time, in terms of the Reserve Bank of India dispensation). This constitutes 1.74% of gross customer assets (GCA), as compared to 1.11% at the end of December 2008 and 0.92% at the end of March 2008. The table below provides further details and indicates that at end March 2009, 1.06% of gross customer assets had been restructured with just a principal deferment facility, without any interest rate concessions. This amounts to 61% of the total restructured assets. The diminution in fair value against the restructured loans amounted to Rs. 65 crores and has been provided for.

Particulars	As on 31.3.2008		As on 31.12.2008		(Rs. in crores) As on 31.3.2009	
	Amount	% to GCA	Amount	% to GCA	Amount	% to GCA
Total Restructured Assets	629.70	0.92	963.59	1.11	1,625.87	1.74
Of which						
Accounts where only principal deferment approved	409.05	0.60	617.88	0.71	993.32	1.06
Accounts where both principal deferment and FITL/interest rate concessions approved	220.65	0.32	345.71	0.40	632.55	0.68

40% of the assets restructured during the year were either under the CDR mechanism or under multiple bank lending facilities. The portfolio-wise breakup of loans restructured during the year is as follows.

Large/Mid-Corporate	48%
SME	38%
Capital Market	7%
Agriculture	7%

The sector-wise breakup of loans restructured during the year is as follows:

Textiles	20%
Auto Ancillary Units	14%
Trade	14%
Real Estate	10%
Others	42%

- **Investment Portfolio**

The book value of the Bank's investment portfolio as of 31st March 2009 was Rs. 46,330 crores, of which Rs. 27,723 crores was in government securities while Rs. 18,607 crores was in other investments including corporate bonds, equities, preference shares, mutual funds etc. 87% of the government securities have been classified in the Bank's HTM category while 98% of the corporate bond 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 in each category was as follows.

Category	Percentage	Duration
HFT	0.75%	6.6 years
AFS	42.35%	3.7 years
HTM	56.90%	5.0 years

- **Network Expansion**

The Bank has a wide presence through its 835 Branches & Extension Counters and 3,595 ATMs across 515 cities and towns. During the year the Bank added 164 Branches & Extension Counters and 831 ATMs. During Q4 it added 86 Branches and 424 ATMs.

- **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 focus on corporate lending, trade finance, syndication, investment banking, risk management and liability businesses. The total assets under overseas operations amounted to US\$ 2.30 billion as at end March'09 as compared to US\$ 1.66 billion as at end March'08, a growth of 39% yoy.

- **Capital & Net Worth:**

The Net Worth of the Bank was Rs. 9,757 crores as at end March'09 as compared to Rs. 8,449 crores a year earlier, a growth of 15% yoy. The Capital Adequacy Ratio for the Bank was at 13.69%, as at end March'09, as compared to 13.73% as at end March'08. The Tier - I capital amounted to 9.26% as at end March'09 as against 10.17% as at end March'08.

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

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