

**PRESS RELEASE - 14<sup>TH</sup> OCTOBER 2010**

**AXIS BANK ANNOUNCES Q2FY11 NET PROFIT OF ₹735.14 CRORES, UP BY 38.28% YOY, AND  
H1FY11 NET PROFIT OF ₹1,477.02 CRORES, UP BY 35.05% YOY**

**Results at a Glance**

- **Net Profit** during Q2FY11 rose to **₹735.14 crores** from **₹531.64 crores** in Q2FY10, registering a growth of **38.28%** yoy. **Net Profit** for H1FY11 stood at **₹1,477.02 crores**, up by **35.05%** yoy from **₹1,093.68 crores** for H1FY10.
- **Balance Sheet Size** increased by **31.72%** yoy from **₹1,51,714 crores** as at the end of H1FY10 to **₹1,99,833 crores** as at the end of H1FY11.
- **Demand Deposits** on a **daily average** basis grew by **35.53%** yoy to **₹57,674 crores** during Q2FY11 from **₹42,554 crores** during Q2FY10, with **Savings Bank deposits** growing by **40.89%** yoy.
- The Bank is well-capitalised with a **Capital Adequacy Ratio** of **13.68%** (without reckoning H1FY11 profit, as stipulated by Reserve Bank of India) as at the end of H1FY11 compared to **16.47%** as at the end of H1FY10 and **14.54%** as at the end of Q1FY11. **Tier-I capital** was **9.77%** as at the end of H1FY11, as against **11.43%** as at the end of H1FY10 and **10.32%** as at the end of Q1FY11. The Capital Adequacy Ratio including H1 FY11 profits would have been **14.59%** with a Tier-I capital ratio of **10.68%**.

**Financial Highlights**

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

The Bank continued to build an India-wide presence through its 1,103 branches and extension counters and 4,846 ATMs across 676 cities and towns. During the quarter, the Bank added 53 branches and 372 ATMs. The daily average balances of Savings Bank deposits during the quarter grew 41% yoy and those of Current Account deposits grew 28% yoy. Demand deposits constituted 39% of the aggregate daily average deposits during Q2FY11, similar to 39% observed during Q2FY10 and lower than 40% in Q1FY11. At the end of the quarter, Current Account and Savings Bank deposits together accounted for 41.55% of the total deposits of the Bank. The Bank posted a NIM of 3.68% during Q2FY11, slightly lower than the NIM of 3.71% during Q1FY11 and higher than 3.52% during Q2FY10.

The Bank's advances grew by 36% yoy, from ₹81,044 crores as on 30<sup>th</sup> September 2009 to ₹1,10,593 crores as on 30<sup>th</sup> September 2010, while investments rose to ₹61,942 crores from ₹52,072 crores, over the same period, a growth of 19% yoy. The NII rose to ₹1,615 crores during Q2FY11 from ₹1,150 crores during Q2FY10, a growth of 41% yoy.

• **Fee income**

Fee income registered a growth of 18% yoy, rising to ₹849 crores during Q2FY11 compared to ₹719 crores in Q2FY10, with contributions from all major businesses in the Bank. Fee income from Large and Mid Corporate Credit grew 54% yoy, followed by that from Treasury (12% yoy), Retail Business (8% yoy). Fee income declined for Capital Markets (22% yoy), Business Banking (4% yoy), SME and Agri lending businesses (14% yoy). Compared to ₹1,346 crores during H1FY10, fee income during H1FY11 stood at ₹1,592 crores, up by 18% yoy.

• **Trading Profits**

The Bank generated ₹108 crores of trading profits during Q2FY11, as compared to ₹224 crores in Q2FY10, a decline of 52% yoy. The share of trading profits to operating revenue decreased from 10% in Q2FY10 to 4% in Q2FY11.

• **NPAs and restructured loans**

Net NPAs, as a proportion of net customer assets, decreased to 0.34% as on 30<sup>th</sup> September 2010 compared to 0.35% as on 30<sup>th</sup> June 2010 and 0.45% as on 30<sup>th</sup> September 2009. Gross NPAs as a proportion of gross customer assets stood at 1.12% as on 30<sup>th</sup> September 2010, compared to 1.13% as on 30<sup>th</sup> June 2010 and 1.21% as on 30<sup>th</sup> September 2009. The Bank had a provision coverage of 90.45% as on 30<sup>th</sup> September 2010 (as a proportion of Gross NPAs together with prudential write-offs). The provision coverage (as a proportion of Gross NPAs) before accumulated write-offs was 80.17%.

During the quarter, the Bank added ₹446 crores to Gross NPAs. Recoveries and upgradations of ₹130 crores and write-offs of ₹294 crores during the quarter resulted in a closing position of ₹1,362 crores of Gross NPAs on 30<sup>th</sup> September 2010, higher than the position at the end of September 2009 by ₹230 crores.

The Bank restructured loans aggregating ₹60 crores during Q2FY11. The cumulative value of assets restructured till 30<sup>th</sup> September 2010, however, declined to ₹2,061 crores (1.69% of gross customer assets).

The segment-wise break-up of the restructured loans outstanding as on 30<sup>th</sup> September 2010 is as follows:

|                                |     |
|--------------------------------|-----|
| Large and Mid-Corporate Credit | 73% |
| SME                            | 17% |
| Agri                           | 7%  |
| Capital Markets                | 3%  |

The sector-wise breakup of restructured loans outstanding as on 30<sup>th</sup> September 2010 is as follows:

|             |     |
|-------------|-----|
| Textiles    | 23% |
| Shipping    | 22% |
| Sugar       | 8%  |
| Petroleum   | 8%  |
| Real estate | 8%  |
| Others      | 31% |

#### • Investment Portfolio

The book value of the Bank's investment portfolio as on 30<sup>th</sup> September 2010 was ₹61,942 crores, of which, ₹39,159 crores was in government securities, while ₹22,783 crores was in other investments, including corporate bonds, equities, preference shares, mutual funds etc. 91% of the government securities have been classified in the HTM category while over 99% 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 as on 30<sup>th</sup> September 2010 in each category was as follows.

| Category | Percentage | Duration* |
|----------|------------|-----------|
| HFT      | 4.63%      | 4.7 years |
| AFS      | 31.99%     | 3.6 years |
| HTM      | 63.38%     | 5.3 years |

\* Excluding mutual funds and equity investment

### **Business Overview**

#### • Placement / Syndication and Project Advisory

The Bank arranged debt aggregating ₹26,413 crores during Q2FY11. The Bank was assessed by Prime Database as the No.1 Debt Arranger for the quarter ending June 2010 and also by Bloomberg Underwriter league table for the period Jan '10 - Sep '10. Further, the bank was awarded the "Best Domestic Debt House in India" 2010 by Asiamoney and "Best Bond House in India" 2010 by Finance Asia and Euromoney.

#### • Retail Business

The number of retail Savings Bank accounts grew from 78.21 lacs as on 30<sup>th</sup> September 2009 to 86.92 lacs as on 30<sup>th</sup> September 2010. Retail advances grew from ₹17,984 crores as on 30<sup>th</sup> September 2009 to ₹21,001 crores as on 30<sup>th</sup> September 2010, a growth of 17% yoy. Retail advances accounted for 19% of the total advances of the Bank as on 30<sup>th</sup> September 2010. The Bank's International Debit Card issuance has risen to 160 lac debit cards as on 30<sup>th</sup> September 2010, as compared to 132 lac debit cards as on 30<sup>th</sup> September 2009. The Bank had over 5,80,600 credit cards in force and an installed base of over 1,69,000 Electronic Data Capture (EDC) machines as on 30<sup>th</sup> September 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 - with focus on corporate lending, trade finance, syndication, investment banking, risk management and liability businesses. The total assets under overseas operations amounted to US\$ 3.79 billion as on 30<sup>th</sup> September 2010, as compared to US\$ 2.28 billion as on 30<sup>th</sup> September 2009, a growth of 66% yoy.

- **Capital and Shareholders' Funds**

The Shareholders' Funds of the Bank were ₹17,682 crores as on 30<sup>th</sup> September 2010, compared to ₹15,087 crores as on 30<sup>th</sup> September 2009, a growth of 17% yoy. The Capital Adequacy Ratio for the Bank was 13.68%, as on 30<sup>th</sup> September 2010, as compared to 16.47% as on 30<sup>th</sup> September 2009. The Tier-I capital amounted to 9.77% as on 30<sup>th</sup> September 2010, as compared to 11.43% as on 30<sup>th</sup> September 2009. The profit of H1FY11 has not been reckoned for computation of Capital Adequacy Ratio, as stipulated by Reserve Bank of India. The Capital Adequacy Ratio including H1 FY11 profits would have been 14.59% with a Tier-I capital ratio of 10.68%.

- **Appointment of Additional Director**

Shri Prasad R Menon has been appointed as an Additional Independent Director with effect from 9<sup>th</sup> October 2010. Shri Menon has over 40 years of diverse experience in the chemical and power industry. He has served as the Managing Director of Tata Chemicals Ltd. as well as of The Tata Power Company Ltd.

*A presentation for investors is being separately placed on the Bank's website: [www.axisbank.com](http://www.axisbank.com)*

*For information, please contact Mr. Somnath Sengupta, Executive Director & Chief Financial Officer, [somnath.sengupta@axisbank.com](mailto:somnath.sengupta@axisbank.com)*

₹crores

| Financial Performance                   | Q2FY11   | Q2FY10   | %Growth  | H1FY11   | H1FY10   | %Growth  |
|-----------------------------------------|----------|----------|----------|----------|----------|----------|
| Net Profit                              | 735.14   | 531.64   | 38.28%   | 1,477.02 | 1,093.68 | 35.05%   |
| EPS Diluted (₹)                         | 17.72    | 14.38    | 23.23%   | 35.64    | 29.73    | 19.88%   |
| Net Interest Income                     | 1,615.10 | 1,149.68 | 40.48%   | 3,128.87 | 2,195.31 | 42.53%   |
| Other Income                            |          |          |          |          |          |          |
| - Fee Income                            | 848.51   | 718.98   | 18.02%   | 1,591.58 | 1,345.61 | 18.28%   |
| - Trading Income                        | 108.40   | 223.96   | (51.60%) | 304.14   | 550.03   | (44.70%) |
| - Miscellaneous Income                  | 76.33    | 122.64   | (37.76%) | 138.30   | 128.51   | 7.62%    |
| Operating Revenue                       | 2,648.34 | 2,215.26 | 19.55%   | 5,162.89 | 4,219.46 | 22.36%   |
| Core Operating Revenue*                 | 2,539.94 | 1,991.30 | 27.55%   | 4,858.75 | 3,669.43 | 32.41%   |
| Operating Expenses (incl. depreciation) | 1,161.99 | 909.51   | 27.76%   | 2,226.49 | 1,737.35 | 28.15%   |
| Operating Profit                        | 1,486.35 | 1,305.75 | 13.83%   | 2,936.40 | 2,482.11 | 18.30%   |
| Core Operating Profit**                 | 1,377.95 | 1,081.79 | 27.38%   | 2,632.26 | 1,932.08 | 36.24%   |

\* Core Operating Revenue = Operating Revenue - Trading Income

\*\* Core Operating Profit = Operating Profit - Trading Income

₹crores

| Condensed Unconsolidated Balance Sheet                                                                  | As on 30 <sup>th</sup> Sep'10 | As on 30 <sup>th</sup> Sep'09 |
|---------------------------------------------------------------------------------------------------------|-------------------------------|-------------------------------|
| <b>CAPITAL AND LIABILITIES</b>                                                                          |                               |                               |
| Capital                                                                                                 | 408.84                        | 401.95                        |
| Reserves & Surplus                                                                                      | 17,273.34                     | 14,685.08                     |
| Employees' Stock Options Outstanding (Net)                                                              | -                             | 0.88                          |
| Deposits                                                                                                | 1,56,887.09                   | 1,15,599.36                   |
| Borrowings                                                                                              | 19,046.18                     | 15,684.07                     |
| Other Liabilities and Provisions                                                                        | 6,217.64                      | 5,342.20                      |
| <b>Total</b>                                                                                            | <b>1,99,833.09</b>            | <b>1,51,713.54</b>            |
| <b>ASSETS</b>                                                                                           |                               |                               |
| Cash and Balances with Reserve Bank of India and Balances with Banks and Money at call and short notice | 20,777.92                     | 13,035.57                     |
| Investments                                                                                             | 61,942.39                     | 52,071.76                     |
| Advances                                                                                                | 1,10,592.79                   | 81,044.38                     |
| Fixed Assets                                                                                            | 1,921.25                      | 1,186.42                      |
| Other Assets                                                                                            | 4,598.74                      | 4,375.41                      |
| <b>Total</b>                                                                                            | <b>1,99,833.09</b>            | <b>1,51,713.54</b>            |

₹crores

| Business Performance                                         | As on 30 <sup>th</sup><br>Sep'10 | As on 30 <sup>th</sup><br>Sep'09 | % Growth |
|--------------------------------------------------------------|----------------------------------|----------------------------------|----------|
| Total Deposits                                               | 1,56,887                         | 1,15,599                         | 35.72%   |
| Demand Deposits                                              | 65,186                           | 49,462                           | 31.79%   |
| - Savings Bank Deposits                                      | 37,812                           | 28,007                           | 35.01%   |
| - Current Account Deposits                                   | 27,374                           | 21,455                           | 27.59%   |
| Demand Deposits as % of Total Deposits                       | 42%                              | 43%                              |          |
| Term Deposits                                                | 91,701                           | 66,137                           | 38.65%   |
| Demand Deposits on a Cumulative Daily Average Basis – Q2FY10 | 57,674                           | 42,554                           | 35.53%   |
| Demand Deposits as % Total Deposits (CDAB basis) – Q2FY10    | 39%                              | 39%                              |          |
| Net Advances                                                 | 1,10,593                         | 81,044                           | 36.46%   |
| - Large and Mid Corporate                                    | 63,706                           | 40,102                           | 58.86%   |
| - SME                                                        | 16,812                           | 15,011                           | 12.00%   |
| - Agri & Microfinance                                        | 9,073                            | 7,947                            | 14.18%   |
| - Retail Advances*                                           | 21,001                           | 17,984                           | 16.77%   |
| Investments                                                  | 61,942                           | 52,072                           | 18.95%   |
| Balance Sheet Size                                           | 1,99,833                         | 1,51,714                         | 31.72%   |
| Net NPA as % of Net Customer Assets                          | 0.34%                            | 0.45%                            |          |
| Gross NPA as % of Gross Customer Assets                      | 1.12%                            | 1.21%                            |          |
| Equity Capital                                               | 409                              | 402                              |          |
| Shareholders' Funds                                          | 17,682                           | 15,087                           | 17.20%   |
| Capital Adequacy Ratio                                       | 13.68%                           | 16.47%                           |          |
| - Tier I                                                     | 9.77%                            | 11.43%                           |          |
| - Tier II                                                    | 3.91%                            | 5.04%                            |          |

\* 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.*