

**PRESS RELEASE - 17<sup>TH</sup> JANUARY, 2011**

**AXIS BANK ANNOUNCES Q3 FY11 NET PROFIT OF ₹891.36 CRORES, UP BY 35.88% YOY, AND  
9M FY11 NET PROFIT OF ₹2,368.38 CRORES, UP BY 35.36% YOY**

**Results at a Glance**

- **Net Profit** during Q3 FY11 rose to **₹891.36 crores** from **₹655.98 crores** in Q3 FY10, registering a growth of **35.88%** yoy. **Net Profit** for 9M FY11 stood at **₹2,368.38 crores**, up by **35.36%** yoy from **₹1,749.66 crores** for 9M FY10.
- **Demand Deposits** on a **daily average basis** grew by **36.34%** yoy to **₹62,899 crores** during Q3 FY11 from **₹46,133 crores** during Q3 FY10, with **Savings Bank deposits** growing by **35.21%** yoy.
- The yoy growth in **Net Interest Income** and **Fee Income** during Q3 FY11 was **28.46%** and **21.00%** respectively. **Net Interest Margin** during Q3 FY11 was **3.81%** compared to **3.68%** in Q2 FY11.
- The Bank is well-capitalised with a **Capital Adequacy Ratio** of **12.46%** (without reckoning 9M FY11 profit, as stipulated by Reserve Bank of India) as at the end of 9M FY11 compared to **16.80%** as at the end of 9M FY10 and **13.68%** as at the end of H1 FY11. **Tier-I capital** was **8.86%** as at the end of 9M FY11, as against **11.83%** as at the end of 9M FY10 and **9.77%** as at the end of H1 FY11. The Capital Adequacy Ratio including 9M FY11 profits would have been **13.79%** with a Tier-I capital ratio of **10.19%**.

**Financial Highlights**

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

The Bank continued to build an India-wide presence through its 1,120 branches and extension counters (excluding service branches and central processing centres), and 5,303 ATMs across 734 cities and towns. During the quarter, the Bank added 74 branches and 457 ATMs. The daily average balances of Savings Bank deposits during the quarter grew 35% yoy and those of Current Account deposits grew 38% yoy. Demand deposits on a daily average basis constituted 41% of total deposits during Q3 FY11 compared to 42% observed during Q3 FY10 and 39% observed during Q2 FY11. The Bank posted a NIM of 3.81% during Q3 FY11 compared to 4.00% during Q3 FY10 and 3.68% during Q2 FY11.

The Bank's advances grew 46% yoy, from ₹84,770 crores as on 31<sup>st</sup> December 2009 to ₹1,23,547 crores as on 31<sup>st</sup> December 2010, while investments rose to ₹59,623 crores from ₹49,274 crores, over the same period, a growth of 21% yoy. The NII rose to ₹1,733 crores during Q3 FY11 from ₹1,349 crores during Q3 FY10, a growth of 28% yoy.

• **Fee income**

Fee income registered a growth of 21% yoy, rising to ₹968 crores during Q3 FY11 compared to ₹800 crores in Q3 FY10, with contributions from all major businesses in the Bank. Fee income from Large and Mid Corporate Credit grew 37% yoy, followed by that from Treasury (25% yoy) and Retail Business (21% yoy). Compared to ₹2,145 crores in 9M FY10, fee income in 9M FY11 stood at ₹2,559 crores, up by 19% yoy.

• **Trading Profits**

The Bank generated ₹135 crores of trading profits during Q3 FY11, as compared to ₹170 crores during Q3 FY10. The share of trading profits to operating revenue was 5% in Q3 FY11, as compared to 7% in Q3 FY10.

• **NPAs and restructured loans**

Net NPAs, as a proportion of net customer assets, decreased to 0.29% as on 31<sup>st</sup> December 2010 compared to 0.46% as on 31<sup>st</sup> December 2009 and 0.34% as on 30<sup>th</sup> September 2010. Gross NPAs as a proportion of gross customer assets stood at 1.09% as on 31<sup>st</sup> December 2010, compared to 1.23% as on 31<sup>st</sup> December 2009 and 1.12% as on 30<sup>th</sup> September 2010. The Bank had a provision coverage of 82.69% as on 31<sup>st</sup> December 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 91.42%.

During the quarter, the Bank added ₹334 crores to Gross NPAs. Recoveries and upgradations of ₹126 crores and write-offs of ₹87 crores during the quarter resulted in a closing position of ₹1,483 crores of Gross NPAs on 31<sup>st</sup> December 2010, higher than the position at the end of December 2009 by ₹309 crores.

The Bank restructured loans aggregating ₹163 crores during Q3 FY11. The cumulative value of loans restructured till 31<sup>st</sup> December 2010 was ₹2,117 crores (1.56% of gross customer assets).

The segment-wise break-up of the restructured loans outstanding as on 31<sup>st</sup> December 2010 is as follows:

Large and Mid-Corporate Credit	73%
SME	15%
Agri	9%
Capital Markets	3%

The sector-wise breakup of restructured loans outstanding as on 31<sup>st</sup> December 2010 is as follows:

Textiles	22%
Shipping	21%
Agriculture	9%
Petroleum	8%
Others	40%

#### • Investment Portfolio

The value of the Bank's investment portfolio as on 31<sup>st</sup> December 2010 was ₹59,623 crores, of which, ₹36,268 crores was in government securities, while ₹23,355 crores was in other investments, including corporate bonds, equities, preference shares, mutual funds etc. 87% of the government securities have been classified in the HTM category while over 99% 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 31<sup>st</sup> December 2010 in each category was as follows.

Category	Percentage	Duration*
HFT	3.29%	1.9 years
AFS	36.59%	3.3 years
HTM	60.12%	5.4 years

\* Excluding mutual funds and equity investment

### Business Overview

#### • Placement / Syndication and Project Advisory

The Bank arranged debt aggregating ₹20,330 crores during Q3 FY11. The Bank was assessed by Prime Database as the No.1 Debt Arranger for the period April 2010 to September 2010 and also by Bloomberg Underwriter league table for the calendar year 2010. The Bank was awarded the "Best Domestic Bank in India" and "Best Domestic Bond House in India" at the Asset Triple A Country Awards 2010. It was also awarded the "Best Domestic Debt House in India" 2010 by Asia Money and "Best Bond House in India" 2010 by Finance Asia and Euro Money.

#### • Retail Business

The number of Savings Bank accounts grew from 80.95 lacs as on 31<sup>st</sup> December 2009 to 91.96 lacs as on 31<sup>st</sup> December 2010. Retail advances grew from ₹18,900 crores as on 31<sup>st</sup> December 2009 to ₹25,204 crores as on 31<sup>st</sup> December 2010, a growth of 33% yoy. Retail advances accounted for 20% of the total advances of the Bank as on 31<sup>st</sup> December 2010. The Bank's International Debit Card base has risen to 96 lac debit cards as on 31<sup>st</sup> December 2010, compared to 85 lac debit cards as on 31<sup>st</sup> December 2009. The Bank had over 6,11,000 credit cards in force and an installed base of over 1,77,500 Electronic Data Capture (EDC) machines as on 31<sup>st</sup> December 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\$ 4.59 billion as on 31<sup>st</sup> December 2010.

- **Capital and Shareholders' Funds**

The Shareholders' Fund of the Bank was ₹18,622 crores as on 31<sup>st</sup> December 2010, as compared to ₹15,797 crores as on 31<sup>st</sup> December 2009, a growth of 18% yoy. The Capital Adequacy Ratio for the Bank was 12.46%, as on 31<sup>st</sup> December 2010, as compared to 16.80% as on 31<sup>st</sup> December 2009. The Tier-I capital was 8.86% as on 31<sup>st</sup> December 2010, as compared to 11.83% as on 31<sup>st</sup> December 2009. The unaudited net profit for 9M FY11 has not been reckoned for computation of Capital Adequacy ratio as advised by Reserve Bank of India. The Capital Adequacy Ratio including net profit for 9M FY11 would have been 13.79% with a Tier I capital ratio of 10.19%.

- **Appointment of Additional Director**

Shri Rabindranath Bhattacharya has been appointed as an Additional Director with effect from 17<sup>th</sup> January, 2011. Shri Bhattacharya has served as Government Director on the Boards of Oriental Insurance Company, United Insurance Company and New India Insurance Company. He has also served as Nominee Director on the Board of Hindustan Aeronautics Limited and as Director Insurance DEA, Ministry of Finance and Director, Department of Steel, Ministry of Steel and Mines.

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

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₹crores

Financial Performance	Q3 FY11	Q3 FY10	%Growth	9M FY11	9M FY10	%Growth
Net Profit	891.36	655.98	35.88%	2,368.38	1,749.66	35.36%
EPS Diluted (₹)	21.44	15.98	34.17%	57.04	45.66	24.92%
Net Interest Income	1,733.12	1,349.11	28.46%	4,861.99	3,544.42	37.17%
Other Income	1,147.71	988.09	16.15%	3,181.73	3,012.24	5.63%
- Fee Income	967.65	799.74	21.00%	2,559.23	2,145.35	19.29%
- Trading Income	134.72	169.63	(20.58%)	438.86	719.66	(39.02%)
- Miscellaneous Income	45.34	18.72	142.20%	183.64	147.23	24.73%
Operating Revenue	2,880.83	2,337.20	23.26%	8,043.72	6,556.66	22.68%
Core Operating Revenue*	2,746.11	2,167.57	26.69%	7,604.86	5,837.00	30.29%
Operating Expenses (incl. depreciation)	1,222.35	962.57	26.99%	3,448.84	2,699.92	27.74%
Operating Profit	1,658.48	1,374.63	20.65%	4,594.88	3,856.74	19.14%
Core Operating Profit**	1,523.76	1,205.00	26.45%	4,156.02	3,137.08	32.48%

\* Core Operating Revenue = Operating Revenue - Trading Income

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

₹crores

Condensed Unconsolidated Balance Sheet	As on 31 <sup>st</sup> Dec'10	As on 31 <sup>st</sup> Dec'09
<b>CAPITAL AND LIABILITIES</b>		
Capital	409.90	403.63
Reserves & Surplus	18,212.53	15,393.39
Employees' Stock Options Outstanding (Net)	-	0.67
Deposits	1,55,810.56	1,13,853.16
Borrowings	25,595.31	16,010.46
Other Liabilities and Provisions	6,677.54	4,794.65
<b>Total</b>	<b>2,06,705.84</b>	<b>1,50,455.96</b>
<b>ASSETS</b>		
Cash and Balances with Reserve Bank of India and Balances with Banks and Money at call and short notice	16,770.68	11,390.76
Investments	59,622.54	49,273.88
Advances	1,23,547.04	84,769.90
Fixed Assets	2,004.05	1,207.81
Other Assets	4,761.53	3,813.61
<b>Total</b>	<b>2,06,705.84</b>	<b>1,50,455.96</b>

₹crores

Business Performance	As on 31 <sup>st</sup> Dec'10	As on 31 <sup>st</sup> Dec'09	% Growth
Total Deposits	1,55,811	1,13,853	36.85%
Demand Deposits	65,931	51,909	27.01%
- Savings Bank Deposits	39,132	29,627	32.08%
- Current Account Deposits	26,799	22,282	20.27%
Demand Deposits as % of Total Deposits	42%	46%	
Term Deposits	89,880	61,944	45.10%
Demand Deposits on a Cumulative Daily Average Basis – Q3 FY11	62,899	46,133	36.34%
Demand Deposits as % Total Deposits (Cumulative Daily Average basis) – Q3 FY11	41%	42%	
Net Advances	1,23,547	84,770	45.74%
- Large and Mid Corporate	70,518	41,600	69.51%
- SME	17,053	15,582	9.44%
- Agri & Microfinance	10,772	8,688	23.98%
- Retail Advances*	25,204	18,900	33.36%
Investments	59,623	49,274	21.00%
Balance Sheet Size	2,06,706	1,50,456	37.39%
Net NPA as % of Net Customer Assets	0.29%	0.46%	
Gross NPA as % of Gross Customer Assets	1.09%	1.23%	
Equity Capital	410	404	
Shareholders' Funds	18,622	15,797	17.89%
Capital Adequacy Ratio	12.46%	16.80%	
- Tier I	8.86%	11.83%	
- Tier II	3.60%	4.97%	

\* 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.*