

## PRESS RELEASE

### AXIS BANK ANNOUNCES FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED 30<sup>th</sup> SEPTEMBER 2013

#### Results at a Glance

- **Net Profit for Q2FY14 grows 21% YOY to ₹1,362 crores, while Net Profit for H1FY14 grows 22% to ₹2,771 crores**
- **The Bank's Retail franchise continues to demonstrate solid growth**
  - **Savings Bank Deposits grow 18% YOY**
  - **Domestic CASA and Retail Term Deposits constitute 73% of Total Domestic Deposits**
  - **Daily Average CASA for Q2FY14 constitute 39% of Total Deposits**
  - **Retail Advances grew 37% YOY and account for 30% of net advances**
- **Asset Quality is healthy with Net NPA at 0.37%**
- **Bank is well capitalised with a healthy Capital Adequacy Ratio (CAR). Under Basel II, Total CAR & Tier I CAR (without considering H1FY14 profits as stipulated by RBI) is 16.35% & 11.76% respectively. Total CAR & Tier I CAR considering unaudited H1FY14 profits would have been 17.40% & 12.81% respectively.**

The Board of Directors of Axis Bank Limited approved the financial results for the quarter and half year ended 30<sup>th</sup> September 2013 at its meeting held in Mumbai on Thursday, 17<sup>th</sup> October 2013. The accounts have been subjected to a limited review by the Bank's statutory auditors.

#### **Profit & Loss Account: Period ended 30<sup>th</sup> September 2013**

The Bank continues to report healthy earnings in terms of growth in core revenues for the quarter and half year ended 30<sup>th</sup> September 2013. The Bank's Core Operating Revenue continues to register healthy growth. With slower growth in the operating expenses, the Bank's Core Operating Profit and Net Profit have registered a robust growth.

#### • **Operating Profit & Net Profit**

The Bank's Operating Profit for H1FY14 and Q2FY14 grew by 35% and 26% YOY respectively. The Bank's Operating Profit for H1FY14 was ₹5,593 crores up from ₹4,142 crores for H1FY13. In Q2FY14, the Operating Profit has risen to ₹2,750 crores from ₹2,178 crores in Q2FY13. Consequently, the Net Profits for H1FY14 and

Q2FY14 have registered a growth of 22% and 21% YOY respectively. Net Profit for H1FY14 rose to ₹2,771 crores from ₹2,277 crores in H1FY13, and for Q2FY14 Net Profit has risen to ₹1,362 crores from ₹1,124 crores in Q2FY13.

- **Net Interest Income and Net Interest Margin**

The Bank's Net Interest Income (NII) rose 29% YOY to ₹5,802 crores during H1FY14 from ₹4,507 crores during H1FY13. NII for Q2FY14 rose 26% YOY to ₹2,937 crores from ₹2,327 crores in Q2FY13. The Bank recorded a Net Interest Margin of 3.79% in Q2FY14 as against 3.46% in Q2FY13.

- **Other Income**

Other Income (comprising fee, trading profit and miscellaneous income) for H1FY14 grew 21% and stood at ₹3,547 crores as against ₹2,929 crores during the same period last year. During the quarter, other income grew 11% YOY and stood at ₹1,766 crores as against ₹1,593 crores during the same period last year. During the quarter, fee income grew 7% YOY to reach ₹1,432 crores. The main business segment driving fee growth during the quarter was Business Banking, which grew 19%. Fee income from Retail Banking grew 9%, in which fee income from Retail Assets grew 30% YOY, while fee from Retail Liabilities and third party products grew 16% YOY. During the quarter, in view of the sharply volatile interest rate movements, trading profits was muted at ₹5 crores. During the quarter, miscellaneous income stood at ₹329 crores as against ₹43 crores last year.

### **Balance Sheet: As on 30<sup>th</sup> September 2013**

The Bank's Balance Sheet grew 16% YOY and stood at ₹3,51,363 crores as on 30<sup>th</sup> September 2013. The Bank's Advances grew 17% YOY to ₹2,01,303 crores as on 30<sup>th</sup> September 2013. Retail advances grew 37% YOY to ₹60,869 crores as on 30<sup>th</sup> September 2013, and accounted for 30% of net advances of the Bank compared to 26% last year. SME segment too recorded a healthy growth of 29% YOY and stood at ₹30,415 crores.

The book value of the Bank's investments portfolio (excluding reverse repo) as on 30<sup>th</sup> September 2013, was ₹1,08,635 crores, of which ₹66,048 crores related government securities, while ₹27,341 were invested in corporate bonds and ₹15,246 in other securities such as equities, preference shares, mutual funds, priority sector shortfall deposits etc. 92% of the government securities (excluding reverse repo) have been classified in the HTM category, while 98% of the bonds and debentures portfolio have been classified in the AFS category. The distribution of the investment portfolio in the three categories as well as the modified duration as on 30<sup>th</sup> September 2013 in each category was as follows:

Category	Percentage*	Duration*
HFT	0.94%	5.29 years
AFS	33.25%	3.38 years
HTM	65.81%	4.74 years

\*Excluding reverse repo, RIDF, mutual funds and equity investments

Savings Bank Deposits recorded a healthy growth of 18% YOY to reach ₹66,494 crores as on 30<sup>th</sup> September 2013 and Current Account deposits grew 9% and stood at ₹42,966 crores. On a daily average basis, CASA deposits for Q2FY14 grew 14% YOY constituting 39% of total deposits, compared to 36% during the same period last year. During the same period, Domestic Retail Term Deposits grew 17% YOY to comprise 50% of the Domestic Term Deposits of the Bank. Domestic CASA and Retail Term Deposits constituted 73% of Total Domestic Deposits as on 30<sup>th</sup> September 2013 compared to 67% last year. Domestic Retail Deposits constituting Savings Bank Deposits and Retail Term Deposits, grew 16% YOY and stood at ₹1,74,471 crores as on 30<sup>th</sup> September 2013.

### Capital Adequacy and Shareholders' Funds

The shareholders' funds of the Bank grew 44% YOY and stood at ₹36,224 crores as on 30<sup>th</sup> September 2013. The Bank is well capitalised and Capital Adequacy Ratio (CAR) as on 30<sup>th</sup> September 2013 under Basel II was 16.35% (excluding unaudited net profit for H1FY14) and Tier-I CAR was 11.76% (excluding unaudited net profit for H1FY14). If the net profit of ₹2,771 crores for H1FY14 is included, the total CAR and Tier-I CAR as on 30<sup>th</sup> September 2013 would be 17.40% and 12.81% respectively.

The overall CAR and Tier-I CAR of the Bank computed under Basel III as on 30<sup>th</sup> September 2013 was 15.85% and 11.68% respectively, excluding the net profit for H1FY14.

### Asset Quality

As on 30<sup>th</sup> September 2013, Gross NPAs and Net NPAs stood at 1.19% and 0.37%, as against 1.10% and 0.35% respectively as on 30<sup>th</sup> June 2013. The Bank held provision coverage of 80% as on 30<sup>th</sup> September 2013 (as a proportion of Gross NPAs including prudential write-offs). The provision coverage before accumulated write-offs was 89%.

As on 30<sup>th</sup> September 2013, the Bank's Gross NPA was ₹2,734 crores as against ₹2,490 crores as on 30<sup>th</sup> June 2013. During the quarter, the Bank added ₹618 crores to Gross NPAs, recoveries and upgrades were ₹266 crores and write-offs were ₹107 crores.

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The cumulative value of assets restructured till 30<sup>th</sup> September 2013, stood at ₹4,807 crores against ₹4,211 crores as on 30<sup>th</sup> June 2013, constituting 2.10% of gross customer assets.

### **Network**

During Q2FY14, the Bank added 204 branches and 308 ATMs to its network across the country and at the end of 30<sup>th</sup> September 2013, had a network of 2,225 domestic branches and extension counters and 11,796 ATMs situated in 1,502 cities and towns, compared to 1,741 domestic branches and extension counters, and 10,297 ATMs situated in 1,113 cities and towns last year.

### **International Business**

The Bank has seven international offices with branches at Singapore, Hong Kong, Dubai (at the DIFC) and Colombo and representative offices at Shanghai, Dubai and Abu Dhabi, which focus on corporate lending, trade finance, syndication, investment banking and liability businesses. In addition to the above, the Bank has a presence in UK with its wholly owned subsidiary Axis Bank UK Limited. The total assets under overseas operations were USD 6.46 billion as on 30<sup>th</sup> September 2013, registering a growth of 7%.

### **Appointment of Additional Director**

Ms. Usha Sangwan has joined the Board as an Additional Director of the Bank with effect from 17<sup>th</sup> October 2013. Ms. Sangwan is a nominee of the Life Insurance Corporation of India, where she holds the post of Executive Director. She has been involved in all core areas of Life Insurance, including Marketing, HR, International Operations, Housing Finance, Group Business and Corporate Communications. Ms. Sangwan has a Masters in Economics and a PGDM in HR Management.

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

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₹ crore

Financial Performance	Q2FY14	Q2FY13	%Growth	H1FY14	H1FY13	%Growth
Net Profit	1,362.31	1,123.54	21.25	2,771.24	2,277.06	21.70
EPS Diluted (₹)	114.92	107.10	7.30	117.57	109.17	7.69
Net Interest Income	2,936.67	2,326.93	26.20	5,801.88	4,506.79	28.74
Other Income	1,766.09	1,593.06	10.86	3,547.40	2,928.57	21.13
- Fee Income	1,431.79	1,343.16	6.60	2,749.21	2,497.51	10.08
- Trading Income	4.91	207.39	(97.63)	444.76	357.62	24.37
- Miscellaneous Income	329.39	42.51	674.85	353.43	73.44	381.25
Operating Revenue	4,702.76	3,919.99	19.97	9,349.28	7,435.36	25.74
Core Operating Revenue*	4,697.85	3,712.60	26.54	8,904.52	7,077.74	25.81
Operating Expenses (incl. depreciation)	1,952.96	1,741.73	12.13	3,755.93	3,293.44	14.04
Operating Profit	2,749.80	2,178.26	26.24	5,593.35	4,141.92	35.04
Core Operating Profit**	2,744.89	1,970.87	39.27	5,148.59	3,784.30	36.05

\* Core Operating Revenue = Operating Revenue - Trading Income

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

₹ crore

Condensed Unconsolidated Balance Sheet	As on 30th September '13	As on 30th September '12
<b>CAPITAL AND LIABILITIES</b>		
Capital	469.19	414.53
Reserves & Surplus	35,755.02	24,819.42
Deposits	255,365.10	235,619.09
Borrowings	47,944.65	32,832.04
Other Liabilities and Provisions	11,828.98	8,995.66
<b>Total</b>	<b>351,362.94</b>	<b>302,680.74</b>
<b>ASSETS</b>		
Cash and Balances with Reserve Bank of India and Balances with Banks and Money at Call and Short Notice	20,450.75	19,960.52
Investments	118,410.83	99,690.94
Advances	201,303.16	172,131.57
Fixed Assets	2,321.64	2,274.99
Other Assets	8,876.56	8,622.72
<b>Total</b>	<b>351,362.94</b>	<b>302,680.74</b>

₹ crore

Business Performance	As on 30 <sup>th</sup> September '13	As on 30 <sup>th</sup> September '12	% Growth
Total Deposits	255,365	235,619	8.38
Demand Deposits	109,459	95,538	14.57
- Savings Bank Deposits	66,494	56,189	18.34
- Current Account Deposits	42,966	39,349	9.19
Demand Deposits as % of Total Deposits	43%	41%	
Term Deposits	145,906	140,081	4.16
Demand Deposits on a Cumulative Daily Average Basis for the quarter	91,124	79,623	14.44
Demand Deposits as % Total Deposits (CDAB basis) for the quarter	39%	36%	
Net Advances	201,303	172,132	16.95
- Large & Mid-Corporate	97,377	92,065	5.77
- SME	30,415	23,628	28.72
- Agriculture	12,642	12,153	4.03
- Retail Advances	60,869	44,286	37.45
Investments	118,411	99,691	18.78
Balance Sheet Size	351,363	302,681	16.08
Net NPA as % of Net Customer Assets	0.37%	0.33%	
Gross NPA as % of Gross Customer Assets	1.19%	1.10%	
Equity Capital	469	415	13.19
Shareholders' Funds	36,224	25,234	43.55
Capital Adequacy Ratio (Basel II) *	16.35%	13.92%	
- Tier I	11.76%	9.92%	
- Tier II	4.59%	4.00%	
Capital Adequacy Ratio (Basel III)	15.85%	N.A.	
- Tier I	11.68%	N.A.	
- Tier II	4.17%	N.A.	

\* Basel II capital adequacy ratios exclude profits for H1. Including unaudited profits for H1FY14, Total CAR & Tier I CAR would have been 17.40% & 12.81% respectively

### **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.