

PRESS RELEASE –17th July 2012

AXIS BANK ANNOUNCES Q1FY13 NET PROFIT OF ₹1,153.52 CRORES, UP BY 22% YOY

The Board of Directors of Axis Bank Limited approved the financial results for the quarter ended 30th June 2012 at its meeting held in Mumbai on Tuesday, 17th July 2012. The accounts have been subjected to a limited review by the Bank's statutory auditors.

Results at a Glance

- **Net Profit** during Q1FY13 rose to **₹1,154 crores** from **₹942 crores** in Q1FY12, registering a growth of **22% YOY**.
- **Demand Deposits** grew **17% YOY** from **₹74,414 crores** as on 30th June 2011 to **₹86,942 crores** as on 30th June 2012. **Savings Bank deposits** in the same period grew **23% YOY**. **Current and Savings Bank deposits** were 39% of aggregate deposits at the end of June 2012.
- **Net Interest Income** and **Other Income** for Q1FY13 registered a growth of **26%** and **14%** respectively. **Net Interest Margin** for Q1FY13 was **3.37%** compared to **3.28%** in Q1FY12. **Operating profit** for Q1FY13 grew **26% YOY**.
- Asset quality was healthy with **Net NPA** at **0.31%**.
- The Bank is well-capitalised with a **Capital Adequacy Ratio** of **13.51%** (including net profit for Q1) as at the end of Q1FY13 compared to **13.01%** (including net profit) as at the end of Q1FY12. **Tier-I capital** was **9.49%** (including net profit for Q1) of risk weighted assets at the end of Q1FY13, compared to **9.84%** (including net profit) as at the end of Q1FY12.

Financial Highlights

Profit & Loss Account: Quarter ended 30th June, 2012

• **Operating Profit & Net Profit**

The Bank's operating profit rose 26% YOY to ₹1,964 crores during Q1FY13 from ₹1,558 crores during Q1FY12. The net profit during Q1FY13 rose to ₹1,154 crores from ₹942 crores in Q1FY12 registering a growth of 22% YOY.

• **Net Interest Income and Net Interest Margin**

The Bank's Net Interest Income rose 26% YOY to ₹2,180 crores during Q1FY13 from ₹1,724 crores during Q1FY12. The net interest margin was 3.37% in Q1FY13, compared to 3.28% during Q1FY12.

- **Fee Income**

Fee income during Q1FY13 stood at ₹1,154 crores up 9% YOY. During Q1FY13, Retail Banking and Business Banking segments were the key drivers for fee income growth. Retail Banking registered a growth of 17% YOY, rising to ₹322 crores. Business Banking fees grew 16% YOY and stood at ₹110 crores. Treasury and DCM segment fees grew 13% YOY and stood at ₹238 crores. Fee income from Agriculture & SME Banking grew 36% YOY to reach ₹63 crores. Large and Mid-Corporate Credit (including Infrastructure) fees contracted marginally by 1% YOY and stood at ₹409 crores. Fee income from Equity Capital Markets (including Trusteeship Services) too saw a contraction by 29% YOY and stood at ₹12 crores.

- **Trading Profits**

The Bank generated ₹150 crores of trading profits during Q1FY13, compared to ₹70 crores during Q1FY12, a growth of 114% YOY. The share of trading profits to operating revenue was 4% in Q1FY13, compared to 2% in Q1FY12.

Balance Sheet: As on 30th June 2012

- **Capital and Shareholders' Funds**

The shareholders' funds of the Bank were ₹24,253 crores as on 30th June 2012 growing 21% YOY from ₹20,017 crores as on 30th June 2011. The Capital Adequacy Ratio (CAR) for the Bank was 13.03% (excluding net profit for Q1FY13), as on 30th June 2012, compared to 12.53% (excluding net profit for Q1FY12) as on 30th June 2011. The Tier-I capital adequacy ratio was 9.02% (excluding net profit for Q1FY13) as on 30th June 2012, compared to 9.36% (excluding net profit for Q1FY12) as on 30th June 2011. The profit of Q1 for both financial years has not been reckoned for computation of Tier-I capital, as stipulated by Reserve Bank of India. If the net profit of ₹1,154 crores for Q1 this year is included, the total CAR and Tier-I CAR as on 30th June 2012 would be 13.51% and 9.49% respectively

- **Key Business Variables**

Demand deposits grew 17% YOY from ₹74,414 crores as on 30th June 2011 to ₹86,942 crores as on 30th June 2012. On a daily average basis, demand deposits constituted 36% of total deposits during Q1FY13, as against 37% in Q1FY12. The daily average balances in CASA deposits during the quarter grew 16% YOY, buoyed up by Savings Bank deposits which grew 22% over the year. At the end of the quarter, Current Account and Savings Bank deposits together accounted for 39% of the total deposits of the Bank.

The Bank's advances grew 30% YOY from ₹1,31,900 crores as on 30th June 2011 to ₹1,71,146 crores as on 30th June 2012. However, normalised YOY growth in advances would be 21% adjusting for currency depreciation of ~25% during the year and a relatively lower base caused by run-offs in short-term loans in the previous

period ended 30th June 2012. Investments rose to ₹87,986 crores from ₹75,307 crores over the same period, registering a growth of 17% YOY.

• Investment Portfolio

Of the Investment book, share of government securities was 65%. Investments in other securities such as corporate bonds, equities, preference shares, mutual funds etc accounted for the balance. 78% of the government securities have been classified in the HTM category while 97% of the Bonds & Debentures portfolios 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 30th June 2012 in each category was as follows:

Category	Percentage	Duration*
HFT	1.72%	2.52 years
AFS	41.64%	2.13 years
HTM	56.64%	5.37 years

* Excluding mutual funds and equity investment

• NPAs and Restructured Assets

Gross NPAs as proportion of gross customer assets and Net NPAs as a proportion of net customer assets were unchanged vis-à-vis previous year and stood at 1.06% and 0.31% respectively for the period ended 30th June 2012. The Bank held a provision coverage of 79% as on 30th June 2012 (as a proportion of Gross NPAs including prudential write-offs). The provision coverage (as a proportion of Gross NPAs) before accumulated write-offs was 90%.

During the quarter, the Bank added ₹456 crores to Gross NPAs. Recoveries and upgrades of ₹62 crores and write-offs of ₹108 crores during the quarter resulted in a closing position of ₹2,092 crores of Gross NPAs as on 30th June 2012, as against ₹1,573 crores as on 30th June 2011.

The Bank restructured assets aggregating ₹628 crores during Q1FY13. The cumulative value of assets restructured till 30th June 2012, rose to ₹3,827 crores (1.95% of gross customer assets). Of the outstanding pool, assets amounting to ₹1,231 crores have displayed a satisfactory repayment track-record of two years. Adjusting for these assets, restructured assets would constitute 1.32% of gross customer assets.

The segment-wise break-up of restructured assets as on 30th June 2012 is as follows:

Large and Mid-Corporate Credit	80%
SME	6%
Agri. including Micro finance	7%
Capital Markets	7%

The sector-wise breakup of restructured assets as on 30th June 2012 was as follows.

Textiles	14%
Petroleum	12%
Edible Oils	12%
Shipping	11%
Infrastructure	9%
Others	42%

Business Overview

• Network

The Bank continued to extend its presence across the country and at the end of Q1FY13, had a network of 1,674 domestic branches and extension counters and 10,337 ATMs situated in 1,080 cities and towns. During the quarter, the Bank added 52 branches and 413 ATMs.

• Retail Business

The number of Savings Bank accounts grew 26% from 99.02 lacs as on 30th June 2011 to 124.45 lacs as on 30th June 2012. Retail advances grew from ₹27,022 crores as on 30th June 2011 to ₹40,591 crores as on 30th June 2012, a growth of 50% YOY. Retail Advances accounted for 24% of the total advances of the Bank as on 30th June 2012. The Bank's International Debit Card issuance has risen to 131 lac debit cards as on 30th June 2012, as compared to 105 lac debit cards in force as on 30th June 2011. The Bank had over 8.24 lac credit cards in force as on 30th June 2012.

• Placement / Syndication

The Bank arranged debt aggregating ₹27,695 crores during Q1FY13 rising 45% over Q1FY12. The Bank was assessed as the No.1 Debt Arranger Rupee denominated bonds for six month period ended June 2012 by Bloomberg. The Bank was assessed No.1 debt arranger for the year ended March 2012 by Prime Database.

• International Business

The Bank has seven international offices - 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, risk management and liability businesses. The total assets under overseas operations were USD 6.15 billion as on 30th June 2012, as compared to USD 4.85 billion as on 30th June 2011, a growth of 27%.

• Enam Update

During the current quarter, pursuant to the order passed by the High Court of Gujarat at Ahmedabad, the equity shareholders and unsecured creditors of the Bank have at their meetings held on 23rd June 2012, approved the Scheme of Arrangement in respect of the demerger of the financial services business from

Enam Securities Private Limited to the Bank and a simultaneous sale of such businesses to Axis Sales & Securities Limited, a wholly owned subsidiary of the Bank, with effect from 1st April, 2010. The Bank is now awaiting the necessary approvals under applicable law from various regulatory authorities to the Scheme of Arrangement and consequently, no effect of the acquisition has been given in the results for the current quarter.

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

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₹ crore

Financial Performance	Q1FY13	Q1FY12	%Growth
Net Profit	1,153.52	942.35	22
EPS Diluted (₹)	27.73	22.67	22
Net Interest Income	2,179.86	1,724.10	26
Other Income	1,335.51	1,167.87	14
- Fee Income	1,154.35	1,056.95	9
- Trading Income	150.23	70.23	114
- Miscellaneous Income	30.93	40.69	(24)
Operating Revenue	3,515.37	2,891.97	22
Core Operating Revenue*	3,365.14	2,821.74	19
Operating Expenses (incl. depreciation)	1,551.71	1,333.49	16
Operating Profit	1,963.66	1,558.48	26
Core Operating Profit**	1,813.43	1,488.25	22

*Core Operating Revenue = Operating Revenue - Trading Income

** Core Operating Profit = Operating Profit - Trading Income

₹ crore

Condensed Unconsolidated Balance Sheet	As on 30 th June '12	As on 30 th June '11
CAPITAL AND LIABILITIES		
Capital	414.29	411.88
Reserves & Surplus	23,838.83	19,604.65
Deposits	222,630.99	183,596.83
Borrowings	34,067.89	22,320.51
Other Liabilities and Provisions	8,420.82	7,207.19
Total	289,372.82	233,141.06
ASSETS		
Cash and Balances with Reserve Bank of India and Balances with Banks and Money at Call and Short Notice	20,775.34	18,863.13
Investments	87,985.66	75,307.39
Advances	171,145.88	131,899.66
Fixed Assets	2,275.95	2,261.32
Other Assets	7,189.99	4,809.56
Total	289,372.82	233,141.06

₹ crore

Business Performance	As on 30 th June '12	As on 30 th June '11	% Growth
Total Deposits	222,631	183,597	21
Demand Deposits	86,942	74,414	17
- Savings Bank Deposits	52,777	42,899	23
- Current Account Deposits	34,165	31,515	8
Demand Deposits as % of Total Deposits	39%	41%	
Term Deposits	135,689	109,183	24
Demand Deposits on a Cumulative Daily Average Basis for the quarter	76,425	65,911	16
Demand Deposits as % Total Deposits (CDAB basis) for the quarter	36%	37%	
Net Advances	171,146	131,900	30
- Large & Mid-Corporate	92,887	70,324	32
- SME	21,985	19,834	11
- Agriculture	15,683	14,720	7
- Retail Advances*	40,591	27,022	50
Investments	87,986	75,307	17
Balance Sheet Size	289,373	233,141	24
Net NPA as % of Net Customer Assets	0.31	0.31	
Gross NPA as % of Gross Customer Assets	1.06	1.06	
Equity Capital	414	412	1
Shareholders' Funds	24,253	20,017	21
Capital Adequacy Ratio ^{&}	13.03	12.53	
- Tier I ^{&}	9.02	9.36	
- Tier II	4.01	3.17	

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

& Total CAR and Tier-I CAR would be 13.51% & 9.49% on inclusion of Q1FY13 net profit of ₹1,154 crore.

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.