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August 16, 2010

**CARE REAFFIRMS 'CARE AAA' RATING TO LOWER TIER II BONDS OF  
AXIS BANK LTD.**

CARE has reaffirmed 'CARE AAA' [Triple A] rating to Subordinated Tier II Bonds of Axis Bank Ltd. aggregating to Rs.3,700 crore.

<b>Instruments</b>	<b>Amount Rated (Rs. Cr)</b>	<b>Amount Outstanding (Rs. Cr)</b>	<b>Ratings<sup>1</sup></b>
Lower Tier II Bonds- I	2000	1700	'CARE AAA' (Triple A)
Lower Tier II Bonds- II	2000	2000	'CARE AAA' (Triple A)

### Rating Rationale

The rating factors in the consistent growth shown by Axis Bank Ltd. in terms of business and profitability parameters, healthy capitalisation levels along with its demonstrated resource-raising ability, strong Current Account-Saving Account (CASA) deposits base, its expanding branch network and customer reach. The rating also factors in the track record of the experienced senior management and its continuously evolving risk management framework. The bank's ability to maintain credit quality, manage liquidity and reduce reliance on bulk deposits are the key rating sensitivities.

### Company Profile

Incorporated on December 03, 1993, Axis Bank Ltd. is a new private sector bank. Over the years, the bank's strong business growth enabled by robust branch network, healthy NIMs, competitive cost of funds and strong asset quality have catapulted Axis Bank into the position of India's third largest private sector bank. As on June 30, 2010, it had a network of 1050 domestic branches, 4474 ATMs and an international presence through branches in DIFC (Dubai), Singapore, Hong Kong and representative offices in Shanghai and Dubai.

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<sup>1</sup> Complete definition of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications

During Q1FY11, the bank's deposits and advances clocked a growth of 34% and 39% respectively compared to those during Q1FY10, surpassing the industry growth of 14.9% and 21.7% respectively. It reported PAT of Rs.742 crore on total income of Rs.4326 crore on the back of healthy NIMs, lower provisioning expenses and continued operational efficiency. Despite the rise in slippages, the asset quality of the bank continues to remain comfortable. Gross and Net NPA ratios stood at 1.13% and 0.35% respectively. Axis Bank reported a Capital Adequacy Ratio of 14.54% (Tier I – 10.32%) as on June 30, 2010.

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***CARE has classified instruments rated by it on the basis of complexity. This classification is available at [www.careratings.com](http://www.careratings.com). Investors/market intermediaries /regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.***

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