

AXIS BANK LIMITED, HONG KONG BRANCH
DISCLOSURE STATEMENT
SECTION A - BRANCH INFORMATION (HONG KONG ONLY)

I. Profit and Loss Account
For the year ended 31st March 2017

	<u>31.3.2017</u> HK\$'000	<u>31.3.2016</u> HK\$'000
<u>INCOME</u>		
Interest income	562,645	699,826
Interest expenses	(408,280)	(379,105)
Net interest income	154,365	320,721
Fees and commission income	195,108	230,585
Fees and commission expenses	-	-
Net fees and commission income	195,108	230,585
Gains less losses from trading in foreign currencies	1,221	8,912
Gains less losses from trading in securities	5,272	4,994
Other Operating Income	6,493	13,906
Total Operating Income	355,966	565,212
<u>EXPENSES</u>		
Staff expenses	18,925	15,687
Rental expenses	4,384	6,639
Other expenses	8,291	25,447
Operating Expenses	31,600	47,773
Operating Profit before Impairment Losses	324,366	517,439
Impairment losses and provisions for loans and receivables		
- Collective Provision	17,249	(1,836)
- Specific Provision	652,985	(1,836)
	670,234	(1,836)
Profit before Taxation	(345,868)	519,275
Taxation Expense	-	72,786
Profit (Loss) after Taxation	(345,868)	446,489



AXIS BANK LIMITED, HONG KONG BRANCH
DISCLOSURE STATEMENT
SECTION A - BRANCH INFORMATION (HONG KONG ONLY)

II. Balance Sheet
As at 31st March 2017

	<u>31.3.2017</u>		<u>30.9.2016</u>
	HK\$'000		HK\$'000
<u>ASSETS</u>			
1 Cash and balances with banks	1,333,453		338,796
2 Placement with banks maturing between one and twelve months	760,200		185,810
3 Amount due from overseas offices	1,020		736,743
4 Trade Bills	70,516		8,038
5 Loans and Receivables			
Advances to customers	12,186,740	13,390,517	
Accrued interest and other accounts	593,907	164,300	
Provision for impaired loans and receivables - collective	(162,030)	(237,916)	
Provision for impaired loans and receivables - specific	<u>(651,901)</u>	<u>(537,785)</u>	12,779,116
6 Investment Securities	448,730		435,996
7 Property, plant and equipment	3,049		3,303
	<u>14,583,684</u>		<u>14,487,802</u>
<u>LIABILITIES</u>			
8 Deposits and balances of banks	6,626,147		7,114,714
9 Deposits from customers			
Demand deposits and current accounts	77,384	40,413	
Savings deposits	43,643	56,969	
Time, call and notice deposits	<u>1,170,980</u>	<u>1,176,058</u>	1,273,440
10 Certificates of deposits issued	153,247		152,928
11 Negotiable Debt Instruments	810,443		808,410
12 Amount due to overseas offices	5,156,097		5,050,463
13 Other liabilities	545,743		87,847
	<u>14,583,684</u>		<u>14,487,802</u>



AXIS BANK LIMITED, HONG KONG BRANCH
DISCLOSURE STATEMENT
SECTION A - BRANCH INFORMATION (HONG KONG ONLY)

III. Additional Information

1. Impaired Loans and Advances to customers and banks

There were impaired loans and advances to other customers to the extent of HK\$ 1,292.202

Million as at 31st March 2017 and HK\$ 537.785 Million as at 30th September 2016 .

There were no impaired loans and advances to banks and other financial institutions as at 31st March 2017 and 30th September 2016 .

2. Derivatives

	<u>31.3.2017</u> HK\$'000	<u>30.9.2016</u> HK\$'000
a) Notional Amount		
i) Exchange rate contracts	10,450,736	10,439,984
ii) Interest rate contracts	16,714,894	15,817,954
TOTAL	<u>27,165,630</u>	<u>26,257,938</u>
b) Fair Value of Derivative contracts (Gross)		
i) Exchange rate contracts	43,159	(12,617)
ii) Interest rate contracts	34,504	33,898
TOTAL	<u>77,663</u>	<u>21,281</u>

There are no bilateral netting arrangements and hence there is no effect on the fair value of the derivatives.

3. Off Balance Sheet Exposure other than derivative transactions

	<u>31.3.2017</u> HK\$'000	<u>30.9.2016</u> HK\$'000
Notional Amount		
i) Direct credit substitutes	2,646,260	4,115,820
ii) Trade-related contingent items	326,999	1,271,028
TOTAL	<u>2,973,259</u>	<u>5,386,848</u>



AXIS BANK LIMITED, HONG KONG BRANCH
DISCLOSURE STATEMENT
SECTION A - BRANCH INFORMATION (HONG KONG ONLY)

III. Additional Information - continued

4. International Claims

31.3.2017

(HK\$ in Million)

	Banks	Official Sector	Non-bank private sector		Others	Total
			Non-bank financial institutions	Non-financial private sector		
Developed countries	458	-	-	2,183	-	2,641
Of which United States	211	-	-	823	-	1,034
Of which United Kingdom	98	-	-	753	-	851
Offshore centres	399	-	-	1,641	-	2,040
Of which Singapore	-	-	-	980	-	980
Developing Europe	220	-	-	-	-	220
Developing Latin America and Caribbean	-	-	-	281	-	281
of which Mexico	-	-	-	273	-	273
Developing Africa and Middle East	333	-	-	681	-	1,014
Developing Asia-Pacific	1,093	-	-	8,053	-	9,146
Of which India	1,093	-	-	7,514	-	8,607
International organisations	-	-	-	-	-	-
Unallocated by country	-	-	-	-	-	-

30.9.2016

(HK\$ in Million)

	Banks	Official Sector	Non-bank private sector		Others	Total
			Non-bank financial institutions	Non-financial private sector		
Developed countries	323	-	-	2,668	-	2,991
Offshore centres	363	-	63	1,398	-	1,824
Developing Europe	61	-	-	-	-	61
Developing Latin America and Caribbean	-	-	-	290	-	290
Developing Africa and Middle East	694	-	-	641	-	1,335
Developing Asia-Pacific	124	-	-	8,537	-	8,661
Of which India	108	-	-	8,067	-	8,175
International organisations	-	-	-	-	-	-
Unallocated by country	-	-	-	-	-	-

International claims are derived on net basis according to the location of counter parties on which the ultimate risk lies after taking into account the effect of any recognized risk transfer. Recognized risk transfer refers to the reduction of the exposure to a particular country by an effective transfer of credit risk to a different country with the use of credit risk mitigants (which include guarantees, collateral and credit derivatives).



AXIS BANK LIMITED, HONG KONG BRANCH
DISCLOSURE STATEMENT
SECTION A - BRANCH INFORMATION (HONG KONG ONLY)

III. Additional Information - continued

5. Advances to customers

	<u>31.3.2017</u>	<u>30.9.2016</u>
	HK\$'000	HK\$'000
i) By Sectors		
<u>Loans for use in Hong Kong</u>		
a) Industrial, commercial & financial		
- Information Technology	-	-
- Wholesale and retail trade	63,509	125,019
- Financial	222,803	214,727
b) Individuals		
For other* business purposes	-	-
For other* private purposes	-	-
<u>Loans for use outside Hong Kong</u>	11,900,428	13,050,771
TOTAL **	<u>12,186,740</u>	<u>13,390,517</u>

* Other than for purchase of residential properties or credit card advances

** The total loans are covered by collateral or other security to the extent of HK\$ 4,172,357 ('000) as at 31st March 2017 and HK\$4,718,357 ('000) as at 30th September 2016 .

ii) By Geographical Areas

Hong Kong	286,312	339,746
India	8,859,216 *	9,162,968 *
Others	3,041,212 **	3,887,803 **
TOTAL	<u>12,186,740</u>	<u>13,390,517</u>

*Out of the loans to India HK\$ 831,006 ('000s) as at 31st March 2017 and HK\$ 77,549 ('000s) as at 30th September 2016 were impaired loans .

** Out of the loans to Others \$ 461,195 (HK\$'000) as at 31st March 2017 and \$ 460,236 (HK\$ '000s) as at 30th September 2016 were impaired loans .

Geographical locations are based on the physical location of the borrower. Risk transfer is only made if the claim is guaranteed by a party in a country or the holding company is in a country which is different from the counterparty.



AXIS BANK LIMITED, HONG KONG BRANCH
DISCLOSURE STATEMENT
SECTION A - BRANCH INFORMATION (HONG KONG ONLY)

III. Additional Information - continued

6. Mainland Activities Exposures

		31.3.2017 HK\$ million			30.9.2016 HK\$ million		
		On Balance Sheet Exposure	Off Balance Sheet Exposure	Total	On Balance Sheet Exposure	Off Balance Sheet Exposure	Total
1	Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	-	-	-	-	-	-
2	Local governments, local government-owned entities and their subsidiaries and JVs	-	-	-	-	-	-
3	PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	-	-	-	-	-	-
4	Other entities of central government not reported in item 1 above	-	-	-	-	-	-
5	Other entities of local governments not reported in item 2 above	-	-	-	-	-	-
6	PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	-	194	194	-	15	15
7	Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China	-	-	-	-	-	-
Total		-	194	194	-	15	15
Total assets after provision		14,584			14,488		
On-balance sheet exposures as percentage of total assets		0%			0%		



AXIS BANK LIMITED, HONG KONG BRANCH
DISCLOSURE STATEMENT
SECTION A - BRANCH INFORMATION (HONG KONG ONLY)

III. Additional Information - continued

7. Overdue and Rescheduled Assets of Customers

Overdue Loans and Advances to customers

	31.3.2017 (HK\$'000)				30.9.2016 (HK\$'000)			
	Amount	% of total loans & advances to customer	Collateral held	Specific provision made	Amount	% of total loans & advances to customer	Collateral held	Specific provision made
More than 3 months but not more than 6 months	753,295	6.18	747,972	112,994	537,785	4.02	-	537,785
More than 6 months but not more than one year	538,906	4.42	-	538,906	-	-	-	-
More than one year	-	-	-	-	-	-	-	-

There were no other assets overdue for more than 3 months as at 31st March 2017 and 30th September 2016 .

There were no rescheduled loans and advances as at 31st March 2017 and 30th September 2016 .

There were no repossessed assets as at as at 31st March 2017 and 30th September 2016 .

8. Overdue and Rescheduled Assets to banks and other Financial Institutions

There were no advances to banks overdue for more than 3 months as at 31st March 2017 and 30th September 2016 .

There were no other assets overdue for more than 3 months as at 31st March 2017 and 30th September 2016 .

There were no rescheduled loans and advances as at 31st March 2017 and 30th September 2016 .

There were no repossessed assets as at 31st March 2017 and 30th September 2016 .



AXIS BANK LIMITED, HONG KONG BRANCH
DISCLOSURE STATEMENT
SECTION A - BRANCH INFORMATION (HONG KONG ONLY)

III. Additional Information - continued

9. Foreign Currency Exposure

The position in a particular currency will be reported if the net position (in absolute terms) constitutes 10% or more of the total net position in all foreign currencies.

	<u>31.3.2017</u>						Total
	(HK\$ Million)						
	US\$	GBP	EUR	CAD	AUD	SGD	
Spot assets	13,944	605	547	174	31	50	15,351
Spot liabilities	(14,764)	(38)	(217)	(19)	(87)	(14)	(15,139)
Forward purchases	5,628	1,700	1,356	247	528	293	9,752
Forward sales	(4,750)	(2,265)	(1,686)	(402)	(472)	(329)	(9,904)
Net options	-	-	-	-	-	-	-
Net long (short) position	58	2	-	-	-	-	60

	<u>30.9.2016</u>						Total
	(HK\$ Million)						
	US\$	GBP	EUR	CAD	AUD	SGD	
Spot assets	13,919	533	396	179	91	49	15,167
Spot liabilities	(14,457)	(41)	(12)	(12)	(76)	(397)	(14,995)
Forward purchases	5,318	1,803	1,337	80	566	658	9,762
Forward sales	(4,727)	(2,294)	(1,720)	(247)	(581)	(310)	(9,879)
Net options	-	-	-	-	-	-	-
Net long (short) position	53	1	1	-	-	-	55

There is no net structural position constituting 10% or more of the total net structural position in all foreign currencies as at 31st March 2017 and 30th September 2016 .



AXIS BANK LIMITED, HONG KONG BRANCH
DISCLOSURE STATEMENT
SECTION A - BRANCH INFORMATION (HONG KONG ONLY)

III. Additional Information - continued

10. Liquidity

	Twelve Months ended 31.3.2017	Twelve Months ended 31.3.2016
Average Liquidity Maintenance Ratio	<u>93.91%</u>	<u>75.13%</u>

Average Liquidity Maintenance Ratio is calculated as the simple average of each month's average liquidity ratio for the twelve months of the financial year computed in accordance with Banking Liquidity Rules.

LIQUIDITY RISK MANAGEMENT

The Bank has established, in all material respects, the internal control system and procedures in accordance with the requirements set-out in the "Supervisory Policy Manual (LM2- Sound Systems and Controls for Liquidity Risk Management)" issued by HKMA. The Risk Management Committee, comprising of the senior executives of the Hong Kong Branch is responsible for implementing the liquidity risk management strategy. Guidelines are issued by this Committee periodically for funding and contingency planning. The bank uses the cash flow projections / liquidity planning schedules which are prepared on a daily basis for liquidity management. The risk is tracked through maturity and cash flow mis-matches. Surplus or deficit at selected maturity dates, known as "Time buckets" is adopted as the standard tool for measuring liquidity risk. Limits on tolerance level of mis-matches have been set by the Bank and monitored regularly. Wholesale deposits and borrowings are also monitored on a daily basis. Stress tests of the cash flows are done on quarterly basis under different scenarios of adverse conditions viz. conditions particular to the Bank, general market conditions and the combined effects of both.

The Bank also calculates periodically various ratios with reference to the borrowings, wholesale deposits, commitments and derivative positions and these ratios are also used for monitoring and for liquidity management. In addition, the Bank has committed lines of credit available to it, which can be utilised at any time, without any notice. a portfolio of high class sovereign / quasi sovereign bonds and securities to form a liquidity buffer which provides a cushion to be utilised in case of liquidity needs. The Bank also has repurchase arrangements with two banks in place, which can provide liquidity, as and when required. Overall, the Bank has established sound liquidity policies and procedures for liquidity management and they are being adhered to strictly.



AXIS BANK LIMITED, HONG KONG BRANCH
DISCLOSURE STATEMENT
SECTION B - BANK INFORMATION CONSOLIDATED BASIS

1. Capital and Capital Adequacy

	<u>31.3.2017</u> HK\$'000	<u>31.3.2016</u> HK\$'000
<u>i) Capital</u>		
Shareholders' Funds	<u>67,279,654*</u>	<u>62,678,476**</u>
<u>ii) Capital Adequacy Ratio***</u>	<u>14.95%</u>	<u>15.29%</u>

***Capital Adequacy Ratio is calculated on standalone basis in accordance with the requirements of Reserve Bank of India.

2. Other financial information

Total Assets	729,668,270*	622,625,175**
Total Liabilities	662,388,616*	559,946,699**
Total Advances	454,749,717*	403,350,867**
Total Customer Deposits	<u>476,093,316*</u>	<u>405,184,817**</u>
	Year ended <u>31.3.2017</u>	Year ended <u>31.3.2016</u>
Pre-tax Profit	<u>7,088,071*</u>	<u>14,927,849**</u>

* Indian Rupee converted to HK\$ @ 8.38 (31st March 2017)

** Indian Rupee converted to HK\$ @ 8.545 (31st March 2016)

Declaration of Chief Executive Officer

We have prepared the financial disclosure statement of Axis Bank Limited, Hong Kong Branch for the year ended 31st March 2017. The information disclosed complies fully with the Banking (Disclosure) Rules made by the Hong Kong Monetary Authority under Section 60A of the Banking Ordinance (Cap.155). To the best of my knowledge, the Disclosure Statement is not false or misleading.



Rachit Bhatia
 Chief Executive
 Axis Bank Limited
 Hong Kong