

**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 2018**

	<u>31.3.2018</u> HK\$'000	<u>31.3.2017</u> HK\$'000
<b><u>INCOME</u></b>		
Interest income	561,272	562,645
Interest expenses	(431,273)	(408,280)
Net interest income	129,999	154,365
Fees and commission income	178,049	195,108
Fees and commission expenses	-	-
Net fees and commission income	178,049	195,108
Gains less losses from trading in foreign currencies	3,650	1,221
Gains less losses from trading in securities	8,574	5,272
Other Operating Income	12,224	6,493
<b>Total Operating Income</b>	<u>320,272</u>	<u>355,966</u>
<b><u>EXPENSES</u></b>		
Staff expenses	19,411	18,925
Rental expenses	4,387	4,384
Other expenses	7,014	8,291
Operating Expenses	30,812	31,600
Operating Profit before Impairment Losses	<u>289,460</u>	<u>324,366</u>
Impairment losses and provisions for loans and receivables		
- Collective Provision	147,201	17,249
- Specific Provision	514,342	652,985
	661,543	670,234
<b>Profit before Taxation</b>	<u>(372,083)</u>	<u>(345,868)</u>
<b>Taxation Expense</b>	-	-
<b>Profit ( Loss) after Taxation</b>	<u><u>(372,083)</u></u>	<u><u>(345,868)</u></u>



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**II. Balance Sheet**

**As at 31st March 2018**

	31.03.2018		30.09.2017
	HK\$'000		HK\$'000
<b><u>ASSETS</u></b>			
1 Cash and balances with banks	1,312,456		734,453
2 Placement with banks maturing between one and twelve months	1,488,005		3,385,860
3 Amount due from overseas offices	2,366,123		1,152
4 Trade Bills	220,737		68,598
5 Loans and Receivables			
Advances to customers	10,306,600	13,506,412	
Accrued interest and other accounts	376,084	560,836	
Provision for impaired loans and receivables - collective	(292,246)	(174,743)	
Provision for impaired loans and receivables - specific	(526,732)	(866,127)	13,026,378
6 Investment Securities	533,381		450,157
7 Property, plant and equipment	2,842		2,839
	15,787,250		17,669,437
<b><u>LIABILITIES</u></b>			
8 Deposits and balances of banks	6,983,279		8,355,442
9 Deposits from customers			
Demand deposits and current accounts	106,013	138,185	
Savings deposits	104,709	95,650	
Time, call and notice deposits	792,466	821,118	1,054,953
10 Certificates of deposits issued	-		-
11 Negotiable Debt Instruments	819,134		815,011
12 Amount due to overseas offices	6,644,733		6,887,207
13 Other liabilities	336,916		556,824
	15,787,250		17,669,437



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**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\$ 1,485.967 Million as at 31st March 2018 and HK\$ 1,564.682 Million as at 30th September 2017 .

There were no impaired loans and advances to banks and other financial institutions as at 31st March 2018 and 30th September 2017 .

**2. Derivatives**

	<u>31.3.2018</u> HK\$'000	<u>30.9.2017</u> HK\$'000
a) Notional Amount		
i) Exchange rate contracts	13,531,087	10,257,811
ii) Interest rate contracts	13,172,020	14,670,354
TOTAL	<u>26,703,107</u>	<u>24,928,165</u>
b) Fair Value of Derivative contracts (Gross)		
i) Exchange rate contracts	56,144	(21,084)
ii) Interest rate contracts	33,659	22,134
TOTAL	<u>89,803</u>	<u>1,050</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>31.3.2018</u> HK\$'000	<u>30.9.2017</u> HK\$'000
Notional Amount		
i) Direct credit substitutes	1,465,025	2,322,455
ii) Trade-related contingent items	613,547	368,548
TOTAL	<u>2,078,572</u>	<u>2,691,003</u>



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**III. Additional Information - continued**

**4. International Claims**

	<b>31.3.2018</b>					Total
	(HK\$ in Million)					
	Banks	Official Sector	Non-bank private sector		Others	
financial institutions			Non-financial private sector			
Developed countries	924	-	-	2,404	-	3,328
Of which United States	244			917		1,161
Of which United Kingdom	573			656		1,229
Of which Canada	23			367		390
Of which Netherlands				427		427
Offshore centres	1,005	-		984	-	1,989
Of which Singapore	56			397		453
Of which Mauritius	-			3		3
Of which Cayman Islands	-			245		245
Developing Europe			-	117	-	117
Developing Latin America and Caribbean	-	-	-	306	-	306
of which Mexico				276		276
Developing Africa and Middle East	302	-	-	581	-	883
of which UAE				581		581
of which Oman	286					286
Developing Asia-Pacific	3,311	-	-	6,027	-	9,338
Of which India	3,224	-	-	6,027	-	9,251
Of which Sri Lanka	83			-		83
International organisations	-	-	-	-	-	-
Unallocated by country	-	-	-	-	-	-
	<b>5,542</b>			<b>10,419</b>		<b>15,961</b>

	<b>30.9.2017</b>					Total
	(HK\$ in Million)					
	Banks	Official Sector	Non-bank private sector		Others	
financial institutions			Non-financial private sector			
Developed countries	1,290	-	-	1,828	-	3,118
Of which United States	280			774		1,054
Of which United Kingdom	827			250		1,077
Of which Canada				375		375
Of which Netherlands				382		382
Offshore centres	296	-		2,174	-	2,470
Of which Singapore	-			951		951
Of which Mauritius	-			574		574
Of which Cayman Islands	-			243		243
Developing Europe	185		-	-	-	185
Developing Latin America and Caribbean	-	-	-	285	-	285
of which Mexico				274		274
Developing Africa and Middle East	298	-	-	545	-	843
of which UAE				545		545
Developing Asia-Pacific	2,223	-	-	9,233	-	11,456
Of which India	1,478	-	-	8,341	-	9,819
Of which Sri Lanka	743			250		993
Of which Indonesia				464		464
International organisations	-	-	-	-	-	-
Unallocated by country	-	-	-	-	-	-
	<b>4,292</b>			<b>14,065</b>		<b>18,357</b>

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).



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**III. Additional Information - continued**

**5. Advances to customers**

	<u>31.3.2018</u>	<u>30.9.2017</u>
	HK\$'000	HK\$'000
<u>i) By Sectors</u>		
<u>Loans for use in Hong Kong</u>		
a) Industrial, commercial & financial		
- Information Technology	-	-
- Wholesale and retail trade	104,839	158,572
- Financial	217,294	216,294
b) Individuals		
For other* business purposes	-	-
For other* private purposes	-	-
<u>Loans for use outside Hong Kong</u>	9,984,467	13,131,546
<b>TOTAL **</b>	<b><u>10,306,600</u></b>	<b><u>13,506,412</u></b>

\* 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\$ 7,7078,432 ('000) as at 31st March 2018 and HK\$ 5,102,185 ('000) as at 30th September 2017.

ii) By Geographical Areas

Hong Kong	322,133	371,230
India	7,458,875 *	8,903,454 *
Others	2,525,592 **	4,231,728 **
<b>TOTAL</b>	<b><u>10,306,600</u></b>	<b><u>13,506,412</u></b>

\*Out of the loans to India HK\$ 1,483,145 ('000s) as at 31st March 2018 and HK\$ 1,101,087 ('000s) as at 30th September 2017 were impaired loans .

\*\* Out of the loans to Others \$ 2,822 (HK\$'000) as at 31st March 2018 and \$463,595 (HK\$ '000s) as at 30th September 2017 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.



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**III. Additional Information - continued**

**6. Mainland Activities Exposures**

	31.3.2018 HK\$ million			30.9.2017 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	-	13,275	13,275	-	284	284
7 Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China	-	-	-	-	-	-
<b>Total</b>	-	<b>13,275</b>	<b>13,275</b>	-	<b>284</b>	<b>284</b>
Total assets after provision	15,787			17,669		
On-balance sheet exposures as percentage of total assets	0%			0%		



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**III. Additional Information - continued**

**7. Overdue and Rescheduled Assets of Customers**

**Overdue Loans and Advances to customers**

	31.3.2018 (HK\$'000)				30.9.2017 (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	-	-			1,008	0.01	1,008	151
More than 6 months but not more than one year	136,628	1.33	585,479	526,732	796,589	5.90	794,636	119,488
More than one year	800,274	7.76			739,612	5.48	276,027	739,612

There were no other assets overdue for more than 3 months as at 31st March 2018 and 30th September 2017 .  
There were no rescheduled loans and advances as at 31st March 2018 and 30th September 2017 .

There were no repossessed assets as at as at 31st March 2018 and 30th September 2017 .

**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 2018 and 30th September 2017 .

There were no other assets overdue for more than 3 months as at 31st March 2018 and 30th September 2017 .

There were no rescheduled loans and advances as at 31st March 2018 and 30th September 2017 .

There were no repossessed assets as at 31st March 2018 and 30th September 2017 .



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**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.

	<b><u>31.3.2018</u></b>						<b>Total</b>
	<b>(HK\$ Million)</b>						
	<b>US\$</b>	<b>GBP</b>	<b>EUR</b>	<b>CAD</b>	<b>AUD</b>	<b>SGD</b>	
Spot assets	15,108	626	470	183	25	7	16,419
Spot liabilities	(16,208)	(49)	(7)	(26)	(72)	(13)	(16,375)
Forward purchases	6,720	2,965	1,073	166	2,008	6	12,938
Forward sales	(5,594)	(3,534)	(1,538)	(323)	(1,964)	-	(12,953)
Net options	-	-	-	-	-	-	-
Net long (short) position	<u>26</u>	<u>8</u>	<u>(2)</u>	<u>-</u>	<u>(3)</u>	<u>-</u>	<u>29</u>

	<b><u>30.9.2017</u></b>						<b>Total</b>
	<b>(HK\$ Million)</b>						
	<b>US\$</b>	<b>GBP</b>	<b>EUR</b>	<b>CAD</b>	<b>AUD</b>	<b>SGD</b>	
Spot assets	17,056	901	480	182	28	7	18,654
Spot liabilities	(18,021)	(72)	(237)	(26)	(88)	(13)	(18,457)
Forward purchases	5,430	1,884	1,515	14	509	303	9,655
Forward sales	(4,445)	(2,713)	(1,758)	(170)	(449)	(298)	(9,833)
Net options	-	-	-	-	-	-	-
Net long (short) position	<u>20</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1)</u>	<u>19</u>

There is no net structural position constituting 10% or more of the total net structural position in all foreign currencies as at 31st March 2018 and 30th September 2017 .





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**III. Additional Information - continued**

**10. Liquidity**

	Twelve Months ended 31.3.2018	Twelve Months ended 31.3.2017
Average Liquidity Maintenance Ratio	<u>66.53%</u>	<u>93.91%</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**  
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**SECTION B - BANK INFORMATION CONSOLIDATED BASIS**

**1. Capital and Capital Adequacy**

	<u>31.3.2018</u> HK\$'000	<u>31.3.2017</u> HK\$'000
<b><u>i) Capital</u></b>		
Shareholders' Funds	<u>77,311,751*</u>	<u>67,279,654**</u>
<b><u>ii) Capital Adequacy Ratio***</u></b>	<u>16.58%</u>	<u>14.95%</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	847,324,945*	729,668,270**
Total Liabilities	770,013,195*	662,388,616**
Total Advances	541,653,998*	454,749,717**
Total Customer Deposits	<u>526,449,736*</u>	<u>476,093,316**</u>
	Year ended <u>31.3.2018</u>	Year ended <u>31.3.2017</u>
Pre-tax Profit	<u>671,493*</u>	<u>7,088,071**</u>

\* Indian Rupee converted to HK\$ @ 8.305 (31st March 2018)

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

**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 2018. 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

