

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

I. Profit and Loss Account

For the six months ended 30th September 2016

	<u>30.9.2016</u> HK\$'000	<u>30.9.2015</u> HK\$'000
<u>INCOME</u>		
Interest income	289,613	356,775
Interest expenses	(197,054)	(184,191)
Net interest income	92,559	172,584
Fees and commission income	80,643	128,371
Fees and commission expenses	-	-
Net fees and commission income	80,643	128,371
Gains less losses from trading in foreign currencies	744	4,823
Gains less losses from trading in securities	1,562	9,440
Other Operating Income	2,306	14,263
Total Operating Income	175,508	315,218
<u>EXPENSES</u>		
Staff expenses	9,233	8,788
Rental expenses	2,169	3,463
Other expenses	4,614	16,040
Operating Expenses	16,016	28,291
Operating Profit before Impairment Losses	159,492	286,927
Impairment losses and provisions for loans and receivables		
- Collective Provision	94,134	810
- Specific Provision	537,785	810
	631,919	810
Profit before Taxation	(472,427)	286,117
Taxation Expense	-	-
Profit after Taxation	(472,427)	286,117



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II. Balance Sheet

As at 30th September 2016

	<u>30.9.2016</u>		<u>31.3.2016</u>
	HK\$'000		HK\$'000
<u>ASSETS</u>			
1 Cash and balances with banks	338,796		1,036,974
2 Placement with banks maturing between one and twelve months	185,810		-
3 Amount due from overseas offices	736,743		1,356,918
4 Trade Bills	8,038		56,561
5 Loans and Receivables			
(Advances to customers	13,390,517	13,673,307	
Accrued interest and other accounts	164,300	150,642	
Provision for impaired loans and receivables - collective	(237,916)	(144,781)	
Provision for impaired loans and receivables - specific	(537,785)	-	13,679,168
6 Investment Securities	435,996		443,094
7 Property, plant and equipment	3,303		3,482
	<u>14,487,802</u>		<u>16,576,197</u>
Total Assets			
<u>LIABILITIES</u>			
8 Deposits and balances of banks	7,114,714		7,933,856
9 Deposits from customers			
(Demand deposits and current accounts	40,413	149,885	
Savings deposits	56,969	53,829	
Time, call and notice deposits	1,176,058	1,306,294	1,510,008
10 Certificates of deposits issued	152,928		153,133
11 Negotiable Debt Instruments	808,410		807,925
12 Amount due to overseas offices	5,050,463		6,033,744
13 Other liabilities	87,847		137,531
	<u>14,487,802</u>		<u>16,576,197</u>
Total Liabilities			



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

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

2. Derivatives

	<u>30.9.2016</u>	<u>31.3.2016</u>
	HK\$'000	HK\$'000
a) Notional Amount		
i) Exchange rate contracts	10,439,984	9,725,510
ii) Interest rate contracts	15,817,954	16,700,698
TOTAL	<u>26,257,938</u>	<u>26,426,208</u>
b) Fair Value of Derivative contracts (Gross)		
i) Exchange rate contracts	(12,617)	13,168
ii) Interest rate contracts	33,898	32,041
TOTAL	<u>21,281</u>	<u>45,209</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>30.9.2016</u>	<u>31.3.2016</u>
	HK\$'000	HK\$'000
Notional Amount		
i) Direct credit substitutes	4,115,820	4,173,171
ii) Trade-related contingent items	1,271,028	1,232,349
TOTAL	<u>5,386,848</u>	<u>5,405,520</u>



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III. Additional Information - continued

4. International Claims

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
<i>Of which India</i>	<i>108</i>	-	-	<i>8,067</i>	-	<i>8,175</i>
International organisations	-	-	-	-	-	-
Unallocated by country	-	-	-	-	-	-

31.3.2016

(HK\$ in Million)

	Banks	Official Sector	Non-bank private sector		Others	Total
			Non-bank financial institutions	Non-financial private sector		
Developed countries	561	-	-	2,374	-	2,935
Offshore centres	-	-	63	1,138	-	1,201
Developing Europe	-	-	-	-	-	-
Developing Latin America and Caribbean	-	-	-	313	-	313
Developing Africa and Middle East	35	-	-	1,167	-	1,202
Developing Asia-Pacific	1,837	-	-	9,042	-	10,879
<i>Of which India</i>	<i>1,801</i>	-	-	<i>8,419</i>	-	<i>10,220</i>
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).



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III. Additional Information - continued

5. Advances to customers

	<u>30.9.2016</u>	<u>31.3.2016</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	125,019	210,592
- Financial	214,727	217,103
b) Individuals		
For other* business purposes	-	-
For other* private purposes	-	-
<u>Loans for use outside Hong Kong</u>	13,050,771	13,245,612
TOTAL **	<u>13,390,517</u>	<u>13,673,307</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\$4,718,357 ('000) as at 30th September 2016 and HK\$ 4,432,560 ('000) as at 31st March 2016 .

ii) By Geographical Areas

Hong Kong	339,746	111,636
India	4,877,616 *	7,905,763
United Kingdom	457,586	1,079,270
Others	7,715,569 **	4,576,638
TOTAL	<u>13,390,517</u>	<u>13,673,307</u>

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

** Out of the loans to Others \$ 460,236 (HK\$ '000s) as at 30th September 2016 and \$ Nil (HK\$'000) as at 31st March 2016 are 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

	30.9.2016 HK\$ million			31.3.2016 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	-	15	15	-	141	141
7 Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China	-	-	-	-	-	-
Total	-	15	15	-	141	141
Total assets after provision	14,488			16,576		
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

	30.9.2016 (HK\$'000)				31.3.2016 (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	537,785	4.02	-	537,785	-	-	-	-
More than 6 months but not more than one year	-	-	-	-	-	-	-	-
More than one year	-	-	-	-	-	-	-	-

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

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

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

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

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

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



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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.

	<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

	<u>31.3.2016</u>						Total
	(HK\$ Million)						
	US\$	GBP	EUR	CAD	AUD	SGD	
Spot assets	15,493	456	367	176	88	48	16,628
Spot liabilities	(15,906)	(80)	(6)	(10)	(66)	(403)	(16,471)
Forward purchases	4,677	1,647	1,440	86	453	670	8,973
Forward sales	(4,246)	(2,023)	(1,803)	(252)	(475)	(315)	(9,114)
Net options	-	-	-	-	-	-	-
Net long (short) position	18	-	(2)	-	-	-	16

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



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III. Additional Information - continued

10. Liquidity

	Six Months <u>ended 30.09.2016</u>	Six Months <u>ended 30.09.2015</u>
Average Liquidity Maintenance Ratio	<u>85.84%</u>	<u>71.60%</u>

Average Liquidity Maintenance Ratio is calculated as the simple average of each month's average liquidity ratio for the six 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

	31.3.2016 HK\$'000	31.3.2015 HK\$'000
<u>i) Capital</u>		
Shareholders' Funds	<u>62,678,476*</u>	<u>55,768,728**</u>
<u>ii) Capital Adequacy Ratio***</u>	<u>15.29%</u>	<u>15.09%</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	622,625,175*	579,705,922**
Total Liabilities	559,946,699*	523,937,194**
Total Advances	403,350,867*	352,913,952**
Total Customer Deposits	<u>405,184,817*</u>	<u>384,475,223**</u>
	Year ended 31.3.2016	Year ended 31.3.2015
Pre-tax Profit	<u>14,927,849*</u>	<u>13,998,336**</u>

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

** Indian Rupee converted to HK\$ @ 8.06 (31st March 2015)

Declaration of Chief Executive Officer

We have prepared the financial disclosure statement of Axis Bank Limited , Hong Kong Branch for the six months ended 30th September 2016. 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.



Ramasubramanian
 Alternate Chief Executive
 Axis Bank Limited
 Hong Kong