

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 2018

	<u>30.9.2018</u>	<u>30.9.2017</u>
	HK\$'000	HK\$'000
<u>INCOME</u>		
Interest income	350,649	270,303
Interest expenses	(262,672)	(209,659)
Net interest income	87,977	60,644
Other operating income		
Gains less losses arising from trading in foreign currencies	(1,953)	(186)
Gains less losses on securities held for trading purposes	1,836	(4,424)
Gains less losses from other trading activities	-	-
Net fees and commission income	32,924	103,807
Fees and commission income	32,924	103,807
Fees and commission expenses	-	-
Others	-	-
Total Operating Income	120,784	159,841
<u>EXPENSES</u>		
Operating Expenses	14,481	17,081
Staff expenses	8,577	11,318
Rental expenses	1,827	2,170
Other expenses	4,077	3,593
Operating profit before impairment losses	106,303	142,760
Impairment losses and provisions for impaired loans and receivables		
- Collective Provision	(18,529)	12,713
- Specific Provision	153,761	297,549
	135,232	310,262
Gains less losses from the disposal of property, plant and equipment and investment properties	-	-
Loss before taxation	(28,929)	(167,502)
Taxation expense	-	-
Loss after taxation	(28,929)	(167,502)



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II. Balance Sheet

As at 30th September 2018

	<u>30.09.2018</u>		<u>31.03.2018</u>
	HK\$'000		HK\$'000
<u>ASSETS</u>			
1 Cash and balances with banks	328,070		1,312,456
2 Placement with banks which have a residual contractual maturity of more than one month but not more than twelve months	1,212,975		-
3 Amount due from overseas offices of the institution	5,000,585		2,366,123
4 Trade bills	431,125		220,737
5 Securities held for trading purposes	77,814		102,673
6 Loans and receivables			
Loans and advances to customers	7,771,225	10,306,600	
Loans and advances to banks	798,215	1,488,005	
Accrued interest and other accounts	502,083	376,084	
Provision for impaired loans and receivables - collective	(164,144)	(292,246)	
Provision for impaired loans and receivables - specific	(80,034)	(526,732)	
7 Investment securities	481,291		430,708
8 Other investments	-		-
9 Property, plant and equipment and investment properties	2,829		2,842
Total Assets	<u>16,362,034</u>		<u>15,787,250</u>
<u>LIABILITIES</u>			
10 Deposits and balances from banks	7,141,100		6,983,279
11 Deposits from customers			
Demand deposits and current accounts	93,884	106,013	
Savings deposits	91,882	104,709	
Time, call and notice deposits	805,160	792,466	
12 Amount due to overseas offices of the institution	7,293,098		6,644,733
13 Certificates of deposits issued	165,270		-
14 Issued debt securities	425,905		819,134
15 Other liabilities	345,735		336,916
Total Liabilities	<u>16,362,034</u>		<u>15,787,250</u>



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III. Additional Information

1. Impaired loans and advances to customers and banks

Impaired loans and advances to customers

	30.9.2018				31.3.2018			
	(HK\$'000)				(HK\$'000)			
	Amount	% of total loans & advances to customers	Collateral held	Specific provision made	Amount	% of total loans & advances to customers	Collateral held	Specific provision made
More than 1 month but not more than 3 months	-	-	-	-	549,065	5.33	-	82,360
More than 3 months but not more than 6 months	-	-	-	-	-	-	-	-
More than 6 months but not more than one year	-	-	-	-	135,615	1.32	132,793	36,020
More than one year	208,796	2.69	183,918	80,034	801,287	7.77	452,686	408,352

Impaired loans and advances to banks

	30.9.2018				31.3.2018			
	(HK\$'000)				(HK\$'000)			
	Amount	% of total loans & advances to banks	Collateral held	Specific provision made	Amount	% of total loans & advances to banks	Collateral held	Specific provision made
More than 1 month but not more than 3 months	-	-	-	-	-	-	-	-
More than 3 months but not more than 6 months	-	-	-	-	-	-	-	-
More than 6 months but not more than one year	-	-	-	-	-	-	-	-
More than one year	-	-	-	-	-	-	-	-

There were impaired loans and advances to other customers to the extent of HK\$ 208,796 Million as at 30th September 2018 and HK\$ 1,485,967 Million as at 31st March 2018 .

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

2. Derivatives

	30.9.2018	31.3.2018
	HK\$'000	HK\$'000
a) Notional amount		
i) Exchange rate contracts	13,647,758	13,531,087
ii) Interest rate contracts	12,925,612	13,172,020
TOTAL	26,573,370	26,703,107
b) Fair value of derivative contracts (Gross)		
i) Exchange rate contracts	131,980	56,144
ii) Interest rate contracts	37,076	33,659
TOTAL	169,056	89,803

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

3. Off balance sheet exposures other than derivative transactions

	30.9.2018	31.3.2018
	HK\$'000	HK\$'000
Notional amount		
i) Direct credit substitutes	977,515	1,465,025
ii) Trade-related contingent items	531,278	613,547
TOTAL	1,508,793	2,078,572



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III. Additional Information - continued

4. International Claims

	30.9.2018					Total
	(HK\$ in Million)					
	Banks	Official Sector	Non-bank private sector		Others	
		financial institutions	Non-financial private sector			
Developed countries	378	-	-	2,830	-	3,208
Of which United States	123	-	-	822	-	945
Of which United Kingdom	178	-	-	-	-	178
Of which Canada	14	-	-	715	-	729
Of which Netherlands	-	-	-	492	-	492
Of which Cyprus	-	-	-	783	-	783
Offshore centres	1,136	-	-	2,084	-	3,220
Of which Singapore	263	-	-	406	-	669
Of which Mauritius	-	-	-	577	-	577
Of which Bahrain	470	-	-	-	-	470
Developing Europe	-	-	-	-	-	-
Developing Latin America and Caribbean	-	-	-	275	-	275
Of which Mexico	-	-	-	275	-	275
Developing Africa and Middle East	389	-	-	549	-	938
Of which UAE	350	-	-	-	-	350
Of which Egypt	-	-	-	549	-	549
Developing Asia-Pacific	6,025	-	-	2,732	-	8,757
Of which India	5,699	-	-	2,336	-	8,035
Of which Sri Lanka	212	-	-	-	-	212
Of which Malaysia	-	-	-	128	-	128
International organisations	-	-	-	-	-	-
Unallocated by country	-	-	-	-	-	-
	7,928	-	-	8,470	-	16,398

	31.3.2018					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	-	-	-	-	-	-
	5,542	-	-	10,419	-	15,961

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. Loans and advances to customers

i) By Sectors	30.9.2018		31.3.2018	
	Gross amount HK\$'000	Collateral HK\$'000	Gross amount HK\$'000	Collateral HK\$'000
<u>Loans for use in Hong Kong</u>				
a) Industrial, commercial & financial				
- Wholesale and retail trade	119,902	-	104,839	-
- Financial concerns	231,638	-	217,294	-
b) Individuals				
For other* business purposes	-	-	-	-
For other* private purposes	-	-	-	-
<u>Loans for use outside Hong Kong</u>	7,419,685	4,803,336	9,984,467	7,078,432
TOTAL **	7,771,225	4,803,336	10,306,600	7,078,432

* 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 and HK\$ 4,803,336 ('000s) as at 30th September 2018 and HK\$ 7,078,432 ('000s) as at 31st March 2018.

ii) By Geographical areas

	30.9.2018		
	HK\$'000	HK\$'000	HK\$'000
	Gross loans and advances	Overdue loans and advances	Impaired loans and advances
- Hong Kong	351,540	-	-
- India	2,291,625	486,584	208,796
- Others	5,128,060	83,455	-
Total	7,771,225	570,039	208,796

	31.3.2018		
	HK\$'000	HK\$'000	HK\$'000
	Gross loans and advances	Overdue loans and advances	Impaired loans and advances
- Hong Kong	322,133	-	-
- India	7,458,875	934,080	934,080
- Others	2,525,592	551,887	551,887
Total	10,306,600	1,485,967	1,485,967

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.



III. Additional Information - continued
6. Mainland Activities Exposures

	30.9.2018 HK\$ million			31.3.2018 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	-	-	-	-	-
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	-	1	1	-	13,275	13,275
7 Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China	-	-	-	-	-	-
Total	-	1	1	-	13,275	13,275
Total assets after provision	16,362			15,787		
On-balance sheet exposures as percentage of total assets	0%			0%		



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7. Overdue and Rescheduled Assets of Customers

Overdue loans and advances to customers

	30.9.2018				31.3.2018			
	(HK\$'000)				(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 1 month but not more than 3 months	361,243	4.65	279,457	-	549,065	5.33	-	82,360
More than 3 months but not more than 6 months	-	-	-	-	-	-	-	-
More than 6 months but not more than one year	-	-	-	-	135,615	1.32	132,793	36,020
More than one year	208,796	2.69	183,918	80,034	801,287	7.77	452,686	408,352

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

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

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

Collateral held with respect to overdue loans and advances to customers as at September 30, 2018 and March 31, 2018 is mainly comprised of property, inventory, book debt, trade security, plant and machinery, etc. Collaterals of HK\$ 183.91 million have been taken into account in respect of loans and advances to customers to which individual impairment allowances relate (March 31, 2018: HK\$ 585.48million).

8. Overdue and rescheduled assets to banks and other financial institutions

There were no loans and advances to banks overdue for more than 3 months as at 30th September 2018 and 31st March 2018.

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

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

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

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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.

	30.9.2018							Total
	(HK\$ Million)							
	US\$	GBP	EUR	CAD	AUD	SGD	IDR	
Spot assets	15,401	575	277	164	27	13	244	16,701
Spot liabilities	(16,253)	(49)	(6)	(24)	(60)	(20)	(187)	(16,599)
Forward purchases	6,247	2,333	1,031	16	1,200	9	-	10,836
Forward sales	(5,306)	(2,862)	(1,305)	(156)	(1,170)	(2)	-	(10,801)
Net options position	-	-	-	-	-	-	-	-
Net long (short) position	89	(3)	(3)	-	(3)	-	57	137

	31.3.2018						Total
	(HK\$ Million)						
	US\$	GBP	EUR	CAD	AUD	SGD	
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	26	8	(2)	-	(3)	-	29

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



III. Additional Information - continued

10. Liquidity

	Three Months ended 30.09.2018	Three Months ended 30.06.2018	Three Months ended 31.03.2018	Three Months ended 31.12.2017
Average Liquidity Maintenance Ratio	62.58%	67.05%	72.28%	74.95%

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 the Hong Kong Monetary Authority ("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 mismatches. 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 mismatches 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
<u>i) Capital</u>		
Shareholders' Funds	<u>77,311,751*</u>	<u>67,279,654**</u>
<u>ii) Capital Adequacy Ratio</u>	<u>16.58%</u>	<u>14.95%</u>
Capital Adequacy Ratio is calculated on standalone basis in accordance with the requirements of the 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 loans and 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 six months ended 30th September 2018. The information disclosed complies fully with the Banking (Disclosure) Rules made by the HKMA 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

