

HDFC 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>	<u>31.3.2017</u>
	(HK \$'000)	(HK \$'000)
<u>INCOME</u>		
Interest income	142,594	154,928
Interest expenses	93,887	109,427
Net interest income	<u>48,707</u>	<u>45,501</u>
<u>Other Operating Income</u>		
Gross fees and commission income(Expenses-Nil)	5,548	6,970
Gains less losses from trading in foreign currencies	3,230	3,226
Gains less losses from trading in securities	-	-
Others	(8,180)	(15,311)
Total Operating Income	<u>49,305</u>	<u>40,386</u>
<u>EXPENSES</u>		
<u>Operating Expenses</u>		
Staff expenses	7,222	7,375
Rent, taxes and lighting	1,585	1,557
Other expenses	4,329	2,745
Operating Profit before Impairment Losses	<u>36,169</u>	<u>28,709</u>
Impairment losses and provisions for impaired loans and receivables		
- Collective Provision	(13,026)	(19,421)
- Specific Provision	-	-
Profit before Taxation	49,195	48,130
Taxation Expense	1463	12,685
Profit after Taxation	<u>47,732</u>	<u>35,445</u>



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II. Balance Sheet
As at 31st March 2018

	<u>31.03.2018</u>	<u>30.09.2017</u>
	(HK\$'000)	(HK\$'000)
<u>ASSETS</u>		
1 Cash and balances with banks	459,936	234,590
Placement with banks maturing between one and		
2 twelve months	366,226	1,007,684
3 Amount due from overseas offices	127,380	166,723
4 Trade Bills	398,403	859,344
5 Loans and Receivables		
Advances to customers	2,516,113	2,187,231
Advances to banks		-
Accrued interest and other accounts	22,566	21,592
Provision for impaired loans and receivables		
- collective	(32,807)	(39,058)
- specific		-
6 Investment Securities	426,960	452,585
7 Property, plant and equipment	85	115
Total Assets	<u>4,284,862</u>	<u>4,890,806</u>
<u>LIABILITIES</u>		
8 Deposits and balances of banks	2,577,964	2,869,647
9 Deposits from customers		
Demand deposits and current accounts	285,437	263,165
Savings deposits		-
Time, call and notice deposits	570,112	544,327
10 Amount due to overseas offices	820,153	1,189,334
11 Negotiable Debt Instruments		-
12 Other liabilities	31,196	24,333
13 Other Provisions		-
Total Liabilities	<u>4,284,862</u>	<u>4,890,806</u>



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III. Additional Information

1. Impaired Loans and Advances

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

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

	<u>31.03.2018</u>	<u>30.09.2017</u>
	HK\$ '000	HK\$ '000
<u>2. Derivatives</u>		
a) Notional Amount		
i) Exchange rate contracts	428,012	590,317
ii) Interest rate contracts	-	-
TOTAL	<u>428,012</u>	<u>590,317</u>
b) Fair Value of Derivative contracts (Gross)		
i) Exchange rate contracts	1,569	(871)
ii) Interest rate contracts	-	-
TOTAL	<u>1,569</u>	<u>(871)</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>31.03.2018</u>	<u>30.09.2017</u>
	HK\$ '000	HK\$ '000
Notional Amount		
i) Direct credit substitutes	60,035	63,839
ii) Trade related contingent items	1,094,498	1,155,663
iii) Other commitments	-	-
TOTAL	<u>1,154,533</u>	<u>1,219,502</u>



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III. Additional Information - continued

4. International Claims

	As at 31st March 2018					Total
	Non Bank Private Sector					
	Banks	Official Sector	Non bank Financial Institutions	Non-Financial private sector	Others	
	(HK\$ in Million)					
Developed countries	1,032	-	-	50	-	1,082
of which United Kingdom	643	-	-	-	-	643
of which USA	223	-	-	50	-	273
of which Canada	129	-	-	-	-	129
Offshore centres	392	-	-	1180	-	1,572
of which Bahrain	-	-	-	450	-	450
of which Singapore	-	-	-	621	-	621
Developing Africa & Middle East	43	-	-	32	-	75
of which UAE	-	-	-	27	-	27
Developing Asia and Pacific	128	-	-	1445	-	1,573
of which India	128	-	-	1445	-	1,573
	1,595	-	-	2,707	-	4,302

	As at 30th September 2017					Total
	Non Bank Private Sector					
	Banks	Official Sector	Non bank Financial Institutions	Non-Financial private sector	Others	
	(HK\$ in Million)					
Developed countries	1,130	-	-	38	-	1,168
of which United Kingdom	633	-	-	-	-	633
of which USA	163	-	-	38	-	201
of which Canada	322	-	-	-	-	322
Offshore centres	429	-	-	1249	-	1,678
of which Bahrain	-	-	-	469	-	469
of which Singapore	-	-	-	642	-	642
Developing Africa & Middle East	457	-	-	27	-	484
of which UAE	313	-	-	27	-	340
Developing Asia and Pacific	482	-	-	1168	-	1,650
of which India	363	-	-	1168	-	1,531
	2,498	-	-	2,482	-	4,980

International claims are derived according to the location of counter parties on which the ultimate risk lies after taking into account any transfer of risk.



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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)
i) By Sectors		
<u>Loans for use in Hong Kong</u>		
a) Industrial, commercial & financial	-	-
Wholesale and retail trade	-	3,905
b) Manufacturing	19,693	4,521
c) Individual & Professionals		
For other* business purposes		
For other* private purposes	79,782	76,475
d) Others	-	-
Trade Financing	-	-
<u>Loans for use outside Hong Kong</u>	2,416,638	2,102,330
TOTAL	<u>2,516,113</u>	<u>2,187,231</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 \$ 1,384,124 (HK\$'000) as at 31st March 2018 and \$ 1,558,969 (HK\$'000) as at 30th September 2017 .

b) By Geographical Areas		
Hong Kong	99,475	84,901
India	1,390,275	1,088,708
Others	1,026,363	1,013,622
TOTAL	<u>2,516,113</u>	<u>2,187,231</u>

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 which is different from the counterparty.



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III. Additional Information - continued

6 Overdue and Rescheduled Assets

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

There were no overdue of loans and advance to banks as at 31st March 2018 and 30th September 2017.

There were no rescheduled loans and advance to customers and banks as at 31st March 2018 and 30th September 2017.

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

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



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III. Additional Information - continued

7. Mainland Activities Exposures

		31.3.2018			30.9.2017		
		HK\$ million			HK\$ million		
		On Balance	Off Balance	Total	On Balance	Off Balance	Total
		Sheet	Sheet		Sheet	Sheet	
		Exposure	Exposure		Exposure	Exposure	
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	-	-	-	-	-	-
7	Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China	-	-	-	-	-	-
Total		-	-	-	-	-	-
Total assets after provision		4,285			4,891		
On-balance sheet exposures as percentage of total assets		0%			0%		



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III. Additional Information - continued

8. 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.

	31.3.2018				
	US\$	GBP	JPY	EURO	Total
	(HK\$ Million)				
Spot assets	4,105	12	51	112	4,280
Spot liabilities	(4,261)	(1)	-	-	(4,262)
Forward purchases	185	-	-	-	185
Forward sales	(33)	(11)	(51)	(112)	(207)
Net options	-	-	-	-	-
Net long (short) position	(4)	0	0	0	(4)

	30.9.2017				
	US\$	GBP	JPY	EURO	Total
	(HK\$ Million)				
Spot assets	4,608	11	73	170	4,862
Spot liabilities	(4,829)	(1)	-	(12)	(4,842)
Forward purchases	261	-	-	2	263
Forward sales	(35)	(14)	(73)	(163)	(285)
Net options	-	-	-	-	-
	5	(4)	0	(3)	(2)



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III. Additional Information - continued

9. Liquidity

	<u>Twelve Months ended 31.3.2018</u>	<u>Twelve Months ended 31.3.2017</u>
Average Liquidity Maintenance Ratio	<u>101.61%</u>	<u>93.81%</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 liquidity risk management process is centralized at the Head Office and guided by the Board approved ALM policies for the Hong Kong Branch as well as entire Bank. The risk management process operates in the following hierarchical manner:

Board of Directors

The Board has the overall responsibility for management of liquidity and interest rate risks. The Board decides the strategy, policies and procedures of the Bank to manage liquidity and interest rate risk including setting of risk tolerance/limits and reviewing of stress test results.

Risk Policy & Monitoring Committee ('RPMC') of the Board

The RPMC is responsible for evaluating the overall risks faced by the Bank including liquidity and interest rate risks. The RPMC also addresses the potential interaction of liquidity risk and interest rate risk with the other risks faced by the Bank.

Asset Liability Committee ('ALCO')

ALCO is a decision-making unit responsible for ensuring adherence to the risk tolerance/limits set by the Board as well as implementing the liquidity and interest rate risk management strategy of the Bank in line with the Bank's risk management objectives and risk tolerance. The ALCO is also responsible for balance sheet planning from risk-return perspective including strategic management of liquidity and interest rate risks.

ALM Operational Groups

Internal ALM operational groups support the ALM organization

Risk Measurement Systems and reporting:

Liquidity Risk is measured using flow approach and stock approach. Flow approach involves comprehensive tracking of cash flow mismatches. Stock approach involves monitoring of critical ratios in respect of liquidity risk. The Bank monitors the Liquidity Maintenance Ratio (LMR) as per regulatory guidelines. Analysis of liquidity risk also involves examining how funding requirements are likely to be affected under crisis scenarios. The Bank has a Board approved liquidity stress framework guided by the regulatory instructions.



III. Additional Information - continued

10. Remuneration Policy

a) The design and implementation of the remuneration system.

The Remuneration policy of the Bank is decided by the Board of Directors and is detailed in the Bank's Global Financial Statements available in the Bank's Website.

b) Aggregate quantitative information on remuneration for senior management and key personnel(Note) for the year ended 31st March 2018 are as follows

	HK\$	Number of Beneficiaries
Fixed Remuneration	3,065,700	2
Variable Remuneration	474,019	2
Deferred Remuneration	0	0
Total	<u>3,539,719</u>	<u>2</u>

No senior management or key personnel has been awarded with new sign-on or severance payment during the for the year ended 31st March 2018

Note: As advised in the CG 5- Guidelines on a sound remuneration system issued by HKMA, senior management personnel are those who are responsible for oversight of either the Bank's company-wise strategy or activities or those of the Bank's main business lines. Key personnel are individual employees whose duties or activities in the course of their employment involve the assumption of material risk or the taking on material exposure on behalf of the Bank.



HDFC BANK LIMITED HONG KONG BRANCH
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SECTION B - BANK INFORMATION CONSOLIDATED BASIS

AVAILABLE FROM THE BANK'S WEBSITE

1. Capital and Capital Adequacy

	<u>31.3.2018</u>	<u>31.3.2017</u>
	HK\$('000s)	HK\$('000s)
i) Shareholders' Funds	131,967,639 *	109,539,318 **
ii) Capital Adequacy Ratio***		
***Capital Adequacy Ratio is calculated in accordance with the requirements of Reserve Bank of India.	<u>14.82%</u>	<u>14.55%</u>

2. Other financial information

Total Assets	1,328,339,759 *	1,064,849,834 **
Total Liabilities	1,196,372,119 *	955,310,515 **
Total Advances	842,906,486 *	698,664,662 **
Total Customer Deposits	937,235,158 *	758,593,734 **
	Year ended 31.3.2018	Year ended 31.3.2017
Pre-tax Profit	34,212,049 *	27,841,465 **

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

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

Declaration of Chief Executive

We have prepared the financial disclosure statement of HDFC Bank , 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.


SUKARM BALI
 Chief Executive
 Hong Kong

