

HDFC 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	79,990	78,912
Interest expenses	55,309	45,982
Net interest income	<u>24,681</u>	<u>32,930</u>
<u>Other Operating Income</u>		
Gross fees and commission income(Expenses-Nil)	3,947	731
Gains less losses from trading in foreign currencies	1,402	-
Gains less losses from trading in securities	-	-
Others	(2,371)	(3,185)
Total Operating Income	<u>27,659</u>	<u>30,476</u>
<u>EXPENSES</u>		
<u>Operating Expenses</u>		
Staff expenses	4,339	3,143
Rent, taxes and lighting	769	708
Other expenses	1,554	1,296
Operating Profit before Impairment Losses	<u>20,997</u>	<u>25,329</u>
Impairment losses and provisions for impaired loans and receivables		
- Collective Provision	(17,323)	(2,490)
- Specific Provision	-	-
Profit before Taxation	38,320	27,819
Taxation Expense	-	-
Profit after Taxation	<u>38,320</u>	<u>27,819</u>



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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)
ASSETS		
1 Cash and balances with banks	418,098	398,549
Placement with banks maturing between one and		
2 twelve months	853,039	-
3 Amount due from overseas offices	467,736	465,585
4 Trade Bills	636,425	1,182,834
5 Loans and Receivables		
Advances to customers	3,245,490	4,973,255
Advances to banks		310,148
Accrued interest and other accounts	28,151	27,422
Provision for impaired loans and receivables		-
- collective	(47,350)	(64,662)
- specific		-
6 Investment Securities	648,563	439,099
7 Property, plant and equipment	133	169
Total Assets	<u>6,250,285</u>	<u>7,732,399</u>
LIABILITIES		
8 Deposits and balances of banks	4,127,585	6,061,844
9 Deposits from customers		
Demand deposits and current accounts	237,808	197,088
Savings deposits	-	-
Time, call and notice deposits	1,132,436	1,266,058
10 Amount due to overseas offices	649,819	107,482
11 Negotiable Debt Instruments	-	-
12 Other liabilities	102,637	99,927
13 Other Provisions	-	-
Total Liabilities	<u>6,250,285</u>	<u>7,732,399</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 30th September 2016 and 31st March 2016

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

	<u>30.9.2016</u> HK\$ '000	<u>31.03.2016</u> HK\$ '000
2. Derivatives		
a) Notional Amount		
i) Exchange rate contracts	314,348	607,321
ii) Interest rate contracts	-	-
TOTAL	<u>314,348</u>	<u>607,321</u>
b) Fair Value of Derivative contracts (Gross)		
i) Exchange rate contracts	(1,221)	(8,192)
ii) Interest rate contracts	-	-
TOTAL	<u>(1,221)</u>	<u>(8,192)</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> HK\$ '000	<u>31.03.2016</u> HK\$ '000
Notional Amount		
i) Direct credit substitutes	1,035,439	1,016,282
ii) Trade related contingent items	1,227,610	1,260,416
iii) Other commitments	-	-
TOTAL	<u>2,263,049</u>	<u>2,276,698</u>



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III. Additional Information - continued

4. International Claims

	As at 30th September 2016					Total
	Non Bank Private Sector					
	Banks	Official Sector	Non bank Financial Institutions	Financial private sector	Others	
	(HK\$ in Million)					
Developed countries	958	-	-	94	-	1,052
of which United Kingdom	781	-	-	-	-	781
of which USA	135	-	-	92	-	227
Offshore centres	990	-	-	1056	-	2,046
of which Bahrain	466	-	-	581	-	1,047
Developing Africa & Middle East	344	-	-	154	-	498
of which UAE	344	-	-	153	-	497
Developing Asia and Pacific	597	-	-	2076	-	2,673
of which India	597	-	-	1843	-	2,440
	2,889	-	-	3,380	-	6,269

	As at 31st March 2016					
Developed countries	449	-	-	256	-	705
of which USA	223	-	-	254	-	477
Offshore centres	863	-	-	901	-	1,764
of which Bahrain	466	-	-	530	-	996
Developing Africa & Middle East	344	-	-	210	-	554
of which UAE	344	-	-	209	-	553
Developing Asia and Pacific	983	-	-	3769	-	4,752
of which India	983	-	-	3459	-	4,442
	2,639	-	-	5,136	-	7,775

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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5. Advances to customers

	<u>30.9.2016</u>	<u>31.3.2016</u>
	HK\$ ('000)	HK\$ ('000)
i) By Sectors		
<u>Loans for use in Hong Kong</u>		
a) Industrial, commercial & financial	-	-
Wholesale and retail trade	15,316	15,314
b) Manufacturing	16,517	-
c) Individual & Professionals		
For other* business purposes		
For other* private purposes	156,781	190,334
d) Others	-	-
Trade Financing	-	-
<u>Loans for use outside Hong Kong</u>	3,056,876	4,767,607
TOTAL	<u>3,245,490</u>	<u>4,973,255</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 \$ 3,245,490 (HK\$'000) as at 30th September 2016 and \$ 4,973,255 (HK\$'000) as at 31st March 2016.

b) By Geographical Areas

Hong Kong	188,614	205,648
India	1,782,411	3,302,235
Others	1,274,465	1,465,372
TOTAL	<u>3,245,490</u>	<u>4,973,255</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 30th September 2016 and 31st March 2016 .

There were no overdue of loans and advance to banks as at 30th September 2016 and 31st March 2016 .

There were no rescheduled loans and advance to customers and banks as at 30th September 2016 and 31st March 2016 .

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

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



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III. Additional Information - continued

6. Mainland Activities Exposures

		30.9.2016			31.3.2016		
		HK\$ million			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	-	-	-	-	-	-
7	Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China	-	-	-	-	-	-
Total		-	-	-	-	-	-
Total assets after provision		6,250			7,732		
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.

	30.9.2016				
	US\$	GBP	JPY	EURO	Total
	(HK\$ Million)				
Spot assets	6,012	3	42	181	6,238
Spot liabilities	(6,127)	(4)	-	(105)	(6,236)
Forward purchases	135	3	-	-	138
Forward sales	(22)	(2)	(42)	(75)	(141)
Net options	-	-	-	-	-
Net long (short) position	(2)	0	0	1	(1)

	31.3.2016				
	US\$	GBP	JPY	EURO	Total
	(HK\$ Million)				
Spot assets	7,477	6	20	198	7,701
Spot liabilities	(7,676)	(4)	-	(46)	(7,726)
Forward purchases	246	3	-	18	267
Forward sales	(54)	(5)	(20)	(170)	(249)
Net options	-	-	-	-	-
Net long (short) position	(7)	0	0	0	(7)



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9. Liquidity

	Six Months ended 30.9.2016	Six Months ended 30.9.2015
Average Liquidity Maintenance Ratio	<u>104.13%</u>	<u>106.79%</u>

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



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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 six months ended 30th September 2016 are as follows

	HK\$	Number of Beneficiaries
Fixed Remuneration	1,387,018	2
Variable Remuneration	744,266	2
Deferred Remuneration	0	0
Total	<u>2,131,284</u>	<u>2</u>

No senior management or key personnel has been awarded with new sign-on or severance payment during the six months ended 30th September 2016.

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-wide 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>31.3.2016</u>	<u>31.3.2015</u>
	HK\$('000s)	HK\$('000s)
i) Shareholders' Funds	86,702,595 *	76,934,760 **

ii) Capital Adequacy Ratio***

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

<u>15.50%</u>	<u>16.79%</u>
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2. Other financial information


Total Assets	<u>852,114,141 *</u>	<u>732,634,086 **</u>
Total Liabilities	<u>765,411,546 *</u>	<u>655,699,326 **</u>
Total Advances	<u>568,600,254 *</u>	<u>453,467,781 **</u>
Total Customer Deposits	<u>631,460,928 *</u>	<u>554,991,474 **</u>
	Year ended <u>31.3.2016</u>	Year ended <u>31.3.2015</u>
Pre-tax Profit	<u>22,747,948</u>	<u>19,018,268 **</u>

**Indian Rupee converted to HK\$ @ 8.57 (31st March 2016)

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

Declaration of Chief Executive

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


SUKARM BALI
Chief Executive
Hong Kong

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