

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 2018

	<u>30.09.2018</u> (HK \$'000)	<u>30.09.2017</u> (HK \$'000)
INCOME		
Interest income	70,577	77,242 ✓
Interest expenses	<u>50,427</u>	<u>52,437</u> ✓
Net interest income	20,150	24,805
Other Operating Income		
Gross fees and commission income(Expenses-Nil)	1,864	2,684 ✓
Gains less losses from trading in foreign currencies	2,193	848 ✓
Gains less losses from trading in securities	(1,703)	-
Others	68	1,403 ✓
Total Operating Income	<u>22,572</u>	<u>29,740</u>
EXPENSES		
Operating Expenses		
Staff expenses	5,661	3,968 ✓
Rent, taxes and lighting	781	786 ✓
Other expenses	2,006	1,550 ✓
Operating Profit before Impairment Losses	<u>14,124</u>	<u>23,436</u>
Impairment losses and provisions for impaired loans and receivables		
- Collective Provision	(6,079)	(6,564) ✓
- Specific Provision	-	-
Profit before Taxation	20,203	30,000
Taxation Expense	-	-
Profit after Taxation	<u>20,203</u>	<u>30,000</u>



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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)
ASSETS		
1 Cash and balances with banks	402,680	459,936 ✓
Placement with banks maturing between one and		
2 twelve months	371,683	366,226 ✓
3 Amount due from overseas offices	517,871	127,380 ✓
4 Trade Bills	626,505	398,403 ✓
5 Loans and Receivables		
Advances to customers	1,664,948	2,516,113 ✓
Advances to banks		
Accrued interest and other accounts	26,400	22,566 ✓
Provision for impaired loans and receivables		
- collective	(26,633)	(32,807) ✓
- specific		
6 Investment Securities	386,138	426,960 ✓
7 Property, plant and equipment	77	85 ✓
Total Assets	<u>3,969,669</u>	<u>4,284,862</u>
LIABILITIES		
8 Deposits and balances of banks	2,091,637	2,577,964 ✓
9 Deposits from customers		
Demand deposits and current accounts	207,365	285,437 ✓
Savings deposits		
Time, call and notice deposits	406,236	570,112 ✓
10 Amount due to overseas offices	1,231,166	820,153 ✓
11 Negotiable Debt Instruments		
12 Other liabilities	33,265	31,196 ✓
13 Other Provisions	-	-
Total Liabilities	<u>3,969,669</u>	<u>4,284,862</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 2018 and 31st March 2018.

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

	<u>30.09.2018</u>	<u>31.03.2018</u>
	HK\$ '000	HK\$ '000
<u>2. Derivatives</u>		
a) Notional Amount		
i) Exchange rate contracts	368,892	428,012
ii) Interest rate contracts	-	-
TOTAL	<u>368,892</u>	<u>428,012</u>
b) Fair Value of Derivative contracts (Gross)		
i) Exchange rate contracts	4,715	1,569
ii) Interest rate contracts	-	-
TOTAL	<u>4,715</u>	<u>1,569</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>30.09.2018</u>	<u>31.03.2018</u>
	HK\$ '000	HK\$ '000
Notional Amount		
i) Direct credit substitutes	81,278	60,035
ii) Trade related contingent items	1,242,520	1,094,498
iii) Other commitments	-	-
TOTAL	<u>1,323,798</u>	<u>1,154,533</u>



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III. Additional Information - continued

4. International Claims

As at 30th September 2018

Non Bank Private Sector

	Banks	Official Sector	Non bank Financial Institutions	Non-Financial private sector	Others	Total
	(HK\$ in Million)					
Developed countries	674	-	-	31	-	705 ✓
of which United Kingdom	56	-	-	-	-	56 ✓
of which USA	358	-	-	321	-	679 ✓
of which Canada	229	-	-	-	-	229
Offshore centres	817	-	-	1040	-	1,857
of which Bahrain	391	-	-	-	-	391
of which Singapore	-	-	-	495	-	495
Developing Africa & Middle East	145	-	-	18	-	163
of which UAE	-	-	-	17	-	17
of which Senegal	58	-	-	-	-	58
of which Togo	57	-	-	-	-	57
Developing Asia and Pacific	613	-	-	638	-	1,251
of which India	500	-	-	638	-	1,138
	2,249	-	-	1,727	-	3,976

As at 31st March 2018

Non Bank Private Sector

	Banks	Official Sector	Non bank Financial Institutions	Non-Financial private sector	Others	Total
	(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

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>30.9.2018</u>	<u>31.3.2018</u>
	HK\$ ('000)	HK\$ ('000)
i) By Sectors		
<u>Loans for use in Hong Kong</u>		
a) Industrial, commercial & financial	-	-
Wholesale and retail trade	-	-
b) Manufacturing	4,687	19,693
c) Individual & Professionals		
For other* business purposes		
For other* private purposes	78,828	79,782
d) Others	-	-
Trade Financing	-	-
<u>Loans for use outside Hong Kong</u>	1,581,433	2,416,638
TOTAL	<u>1,664,948</u>	<u>2,516,113</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 \$ 970,974 (HK\$'000) as at 30th September 2018 and \$ 1,384,124 (HK\$'000) as at 31st March 2018 .

b) By Geographical Areas		
Hong Kong	83,515	99,475
India	580,993	1,390,275
Others	1,000,440	1,026,363
TOTAL	<u>1,664,948</u>	<u>2,516,113</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 2018 and 31st March 2018.

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

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

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

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



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III. Additional Information - continued

7. Mainland Activities Exposures

		30.9.2018			31.3.2018		
		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		3,970			4,285		
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.

	<u>30.9.2018</u>				
	US\$	GBP	JPY	EURO	Total
	(HK\$ Million)				
Spot assets	3,851	20	17	62	3,950
Spot liabilities	(3,936)	(2)	(4)	-	(3,942)
Forward purchases	142	10	5	12	169
Forward sales	(47)	(32)	(20)	(76)	(175)
Net options	-	-	-	-	-
Net long (short) position	10	(4)	(2)	(2)	2

	<u>31.3.2018</u>				
	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	-	-	-	-	-
	(4)	0	0	0	(4)



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III. Additional Information - continued

9. Liquidity

	<u>Six Months ended 30.9.2018</u>	<u>Six Months ended 30.9.2017</u>
Average Liquidity Maintenance Ratio	<u>150.05%</u> ✓	<u>123.04%</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.

	<u>Three Months ended 30.9.2018</u>	<u>Three Months ended 30.6.2018</u>
Average Liquidity Maintenance Ratio	<u>223.41%</u> ✓	<u>76.69%</u>

Average Liquidity Maintenance Ratio is calculated as the simple average of each month's average liquidity ratio for the three months of the quarter 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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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 six months ended 30th September 2018 are as follows

	HK\$	Number of Beneficiaries
Fixed Remuneration	1,601,850	2 ✓
Variable Remuneration	633,703	2 ✓
Deferred Remuneration	0	0
Total	<u>2,235,553</u>	<u>2</u>

No senior management or key personnel has been awarded with new sign-on or severance payment during the for the six months ended 30th September 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	<u>131,967,639</u> *	<u>109,539,318</u> ✓

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> ✓
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2. Other financial information

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

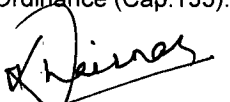
*Indian Rupee converted to HK\$ @ 8.305 (31st March 2018)

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

This Disclosure Statement is also available at HDFC Bank Limited, Hong Kong Branch and the public registry of the Hong Kong Monetary Authority.

Declaration of Chief Executive

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



Chief Executive
Hong Kong

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