

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 2019

	31.3.2019 (HK \$'000)	31.3.2018 (HK \$'000)
INCOME		
Interest income	143,104	142,594
Interest expenses	100,201	93,887
Net interest income	42,903	48,707
Other Operating Income		
Gross fees and commission income(Expenses-Nil)	4,438	5,548
Gains less losses from trading in foreign currencies	1,847	3,230
Gains less losses from trading in securities	155	-
Others	192	(8,180)
Total Operating Income	49,535	49,305
EXPENSES		
Operating Expenses		
Staff expenses	11,099	7,222
Rent, taxes and lighting	1,540	1,585
Other expenses	4,494	4,329
Operating Profit before Impairment Losses	32,402	36,169
Impairment losses and provisions for impaired loans and receivables		
- Collective Provision	(5,955)	(13,026)
- Specific Provision	-	-
Profit before Taxation	38,357	49,195
Taxation Expense	8035	1463
Profit after Taxation	30,322	47,732

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II. Balance Sheet

As at 31st March 2019

	31.03.2019 (HK\$'000)	30.09.2018 (HK\$'000)
ASSETS		
1 Cash and balances with banks	815,950	402,680
Placement with banks maturing between one and twelve months	372,875	371,683
2 Amount due from overseas offices	9,599	517,871
4 Trade Bills	496,692	626,505
5 Loans and Receivables		
Advances to customers	1,816,642	1,664,948
Advances to banks		
Accrued interest and other accounts	17,129	26,400
Provision for impaired loans and receivables		
- collective	(26,862)	(26,633)
- specific		
6 Investment Securities	288,310	386,138
7 Property, plant and equipment	77	77
Total Assets	<u>3,790,412</u>	<u>3,969,669</u>
LIABILITIES		
8 Deposits and balances of banks	2,280,802	2,091,637
9 Deposits from customers		
Demand deposits and current accounts	334,896	207,365
Savings deposits		
Time, call and notice deposits	420,161	406,236
10 Amount due to overseas offices	737,366	1,231,166
11 Negotiable Debt Instruments		
12 Other liabilities	17,187	33,265
13 Other Provisions		
Total Liabilities	<u>3,790,412</u>	<u>3,969,669</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 2019 and 30th September 2018.

There were no impaired loans and advances to other customers as at 31st March 2019 and 30th September 2018.

	<u>31.03.2019</u> HK\$ '000	<u>30.09.2018</u> HK\$ '000
2. Derivatives		
a) Notional Amount		
i) Exchange rate contracts	197,378	368,892
ii) Interest rate contracts	-	-
TOTAL	<u>197,378</u>	<u>368,892</u>
b) Fair Value of Derivative contracts (Gross)		
i) Exchange rate contracts	2,240	4,715
ii) Interest rate contracts	-	-
TOTAL	<u>2,240</u>	<u>4,715</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>31.03.2019</u> HK\$ '000	<u>30.09.2018</u> HK\$ '000
Notional Amount		
i) Direct credit substitutes	80,379	81,278
ii) Trade related contingent items	839,294	1,242,520
iii) Other commitments	-	-
TOTAL	<u>919,673</u>	<u>1,323,798</u>

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III. Additional Information - continued

4. International Claims

	As at 31st March 2019					
			Non Bank Private Sector			
	Banks	Official Sector	Non bank Financial Institutions	Non-Financial private sector	Others	Total
(HK\$ in Million)						
Developed countries	966	-	-	31	-	997
of which United Kingdom	247	-	-	-	-	247
of which USA	212	-	-	31	-	243
of which Belgium	314	-	-	-	-	314
Offshore centres	448	-	-	1180	-	1,628
of which Singapore	-			639	-	639
of which Bahrain				464		464
Developing Africa & Middle East	95	9		15	-	119
of which Togo	91					91
Developing Asia and Pacific	421	-	-	649	-	1,070
of which India	386	-	-	649	-	1,035
	1,930	9	-	1,875	-	3,814

	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 Togo	57					57
Developing Asia and Pacific	613	-	-	638	-	1,251
of which India	500	-	-	638	-	1,138
	2,249	-	-	1,727	-	3,976

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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<u>5. Advances to customers</u>		<u>31.3.2019</u>	<u>30.9.2018</u>
		HK\$ ('000)	HK\$ ('000)
a	<u>Loans for use in Hong Kong</u>		
	a) Industrial, commercial & financial		-
	Wholesale and retail trade	3,095	-
	b) Manufacturing		4,687
	c) Individual & Professionals		
	For other* business purposes		
	For other* private purposes	73,951	78,828
	d) Others	1	-
	Trade Financing		-
	<u>Loans for use outside Hong Kong</u>	1,739,595	1,581,433
	TOTAL	1,816,642	1,664,948

* 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 \$ 1,013,398 (HK\$'000) as at 31st March 2019 and 1,384,124 (HK\$'000) (HK\$'000) as at 30th September 2018.

b)	<u>By Geographical Areas</u>		
	Hong Kong	77,047	83,515
	India	592,483	580,993
	Others	1,147,112	1,000,440
	TOTAL	1,816,642	1,664,948

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 2019 and 30th September 2018.

There were no overdue of loans and advance to banks as at 31st March 2019 and 30th September 2018.

There were no rescheduled loans and advance to customers and banks as at 31st March 2019 and 30th September 2018.

There were no repossessed assets held as at 31st March 2019 and 30th September 2018.

There were no other overdue assets as at 31st March 2019 and 30th September 2018.

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III. Additional Information - continued

7. Mainland Activities Exposures

	31.3.2019			30.9.2018		
	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		3,790		3,970		
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>31.3.2019</u>				
	US\$	GBP	JPY (HK\$ Million)	EURO	Total
Spot assets	3,740	12	6	23	3,781
Spot liabilities	(3,757)	(2)	(4)	(1)	(3,764)
Forward purchases	62	10	2	-	74
Forward sales	(40)	(21)	(4)	(22)	(87)
Net options	-	-	-	-	-
Net long (short) position	5	(1)	0	0	4

	<u>30.9.2018</u>				
	US\$	GBP	JPY (HK\$ Million)	EURO	Total
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

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	Twelve Months <u>ended 31.3.2019</u>	Twelve Months <u>ended 31.3.2018</u>
Average Liquidity Maintenance Ratio	<u>126.72%</u>	<u>101.61%</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.

	Three Months <u>ended 31.3.2019</u>	Three Months <u>ended 31.12.2018</u>
Average Liquidity Maintenance Ratio	<u>72.27%</u>	<u>134.51%</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 FRAMEWORK

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 in accordance with the risk tolerance/ limits.

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

The Risk Policy and Monitoring Committee (RPMC) a Board level committee, which supports the Board by supervising the implementation of the risk strategy. It guides the development of policies, procedures and systems for managing risk.

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. ALCO at Head Office oversees functioning of liquidity and interest rate risk management at the Branch.

ALM Support Group

ALM support group is responsible for analyzing, monitoring and reporting the relevant risk profiles to senior management and relevant committees.

Funding Strategy

The Hong Kong treasury department follows a funding strategy that ensures the risk limits are not breached and applicable regulations are complied with. The Hong Kong treasury department ensures diversified and stable funding sources on an ongoing basis across money market borrowing, retail/wholesale deposits, trade borrowings and loans. Hong Kong branch is also enabled under the Medium Term Notes Programme of the Bank to issue bonds as and when required. Further, it optimizes the funding through intra-group borrowings.

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Liquidity Risk Mitigation

The Liquidity risk management includes analysis of sources and uses of funds, an understanding of the funding markets in which the bank operates.

Liquidity Risk is measured using flow approach and stock approach. Flow approach involves comprehensive tracking of cash flow mismatches. For measuring and managing net funding requirements, the use of a maturity ladder and calculation of cumulative surplus or deficit of funds at selected maturity dates is adopted as a standard tool.

Stock approach involves measurement of certain critical ratios in respect of liquidity risk. Bank has also adopted the Basel III framework on liquidity standards at consolidated level. It has also put in place requisite systems and processes to compute and maintains LMR for the Hong Kong Branch. In addition to the regulatory limit, Branch also maintains Target LMR which is higher than the regulatory minimum requirement which acts as liquidity cushion above the regulatory requirements.

Liquidity Risk Stress Testing

The liquidity stress testing framework is guided by relevant guidelines issued by RBI and HKMA. The liquidity stress testing framework covers a range of scenarios viz. "institution specific stress," "general market stress" and "combined" stress scenario and is done on a quarterly basis. The stress testing exercise is conducted at Hong Kong Branch level as well as consolidated Bank level.

ALCO is responsible for the implementation of the stress testing framework. It shall periodically review the results of the stress testing assessed for the various risk exposures and guide the bank on adopting mitigating measures. Stress testing results are also tabled at the ICAAP Review Committee on a quarterly basis, to RPMC on half yearly basis and to Board on an annual basis.

Contingency Funding Plan

The Bank has put in place an ALCO/Board approved "Contingency Funding Plan" (CFP) as per the guidelines issued by Reserve Bank of India. The objective of the CFP is to provide a process for managing liquidity under adverse conditions. In case of any contingency at the Hong Kong branch, HO shall provide requisite funding when such contingency is conveyed by the branch. There are no legal and regulatory restrictions in India in term of HO lending funds to a branch overseas.

In case of any contingency at HO, the Bank has set up a comprehensive plan covering early warning indicators, formation of crisis management team, reporting and communication plan and mitigation measures. However, no support will be assumed from overseas branches in case of contingency for the HO.

In addition to the Bank level contingency plan and the stress testing framework applicable to the Hong Kong branch, the Hong Kong branch has also defined early warning indicators specific to the branch to identify potential liquidity stress, if any.

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The following maturity profile is based on the remaining period to repayment on a contractual maturity basis at the end of the reporting period

As at 31st March 2019	Next Day	2 to 7 days	8 days to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	Over 1 year	Total										
			HK\$ in Thousands															
ASSETS																		
Cash and balances with																		
Central banks		15						15										
Due from other banks	817,445			1,698			372,875	1,192,018										
Acceptances and Bills		3,144	8,110	199,278	285,903		4,623	501,058										
Loans and Receivables	553,517	118,905	415,075	40,437	81,032	85,563	525,110	1,819,639										
Investment Securities	284,553							284,553										
Other Assets	3,200		214		572	499	840	5,325										
Total of on-balance sheet items	1,658,730	122,049	423,399	241,413	367,507	86,062	903,448	3,802,608										
Off-Balance Sheet items		580,900		4,049				584,949										
LIABILITIES																		
Deposits from customers	334,893		177,163	152,236	36,639	29,153	29,416	759,500										
Due to banks	555	79,075	952,481	1,413,599	38,367	-	314,000	2,798,077										
Other liabilities	12,738						26,862	39,600										
Total of on-balance sheet items	348,186	79,075	1,129,644	1,565,835	75,006	29,153	370,278	3,597,177										
Off-Balance Sheet items		4,049			580,900			584,949										
Contractual Maturity																		
Mismatch	1,887,395	42,974	(706,245)	(1,320,373)	(288,399)	56,909	533,170											
Contractual Cumulative																		
Maturity Mismatch		1,930,369	1,224,124	(96,249)	(384,648)	(327,739)	205,431											

Positive indicates a position of surplus. Negative indicates a liquidity shortfall that has to be funded

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LIQUIDITY GAP (Cont'd)

As at 31st March 2018	Next Day	2 to 7 days	8 days to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	Over 1 year	Total							
								HK\$ in Thousands							
ASSETS															
Cash and balances with Central banks															
Central banks	41							41							
Due from other banks	273,756	188,371		118,446	366,226			946,799							
Acceptances and Bills	26		167,809	154,645	71,704		4,621	398,805							
Loans and Receivables	157	190,872	1,093,754	301,035	199,122	88,992	650,920	2,524,852							
Investment Securities	416,915							416,915							
Other Assets	4,553		15	-	290	650	2,747	8,255							
Total of on-balance sheet items	695,448	379,243	1,261,578	574,126	637,342	89,642	658,288	4,295,667							
Off-Balance Sheet items	580,730			10,924				591,654							
LIABILITIES															
Deposits from customers															
Deposits from customers	273,664	248,072	137,005	39,432	48,060	88,135	30,067	864,435							
Due to banks	4,600	118,747	1,102,034	1,641,903	34,537		313,908	3,215,729							
Other liabilities	5,309						32,807	38,116							
Total of on-balance sheet items	283,573	366,819	1,239,039	1,681,335	82,597	88,135	376,782	4,118,280							
Off-Balance Sheet items	10,924				580,730			591,654							
Contractual Maturity Mismatch	981,681	12,424	22,539	(1,096,285)	(25,985)	1,507	281,506								
Contractual Cumulative Maturity Mismatch	994,105	1,016,644	(79,641)	(105,626)	(104,119)	177,387									

Positive indicates a position of surplus. Negative indicates a liquidity shortfall that has to be funded

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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 year ended 31st March 2019 are as follows

	HK\$	Number of Beneficiarie s
Fixed Remuneration	3,362,585	3
Variable Remuneration	743,372	2
Deferred Remuneration	0	0
Total	4,105,957	2

No senior management or key personnel has been awarded with new sign-on or severance payment during the year ended 31st March 2019

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>31.3.2019</u> HK\$('000s)	<u>31.3.2018</u> HK\$('000s)
i) Shareholders' Funds	<u>173,877,189</u> *	<u>131,967,639</u> **

ii) Capital Adequacy Ratio***

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

16.77% 14.82%

2. Other financial information

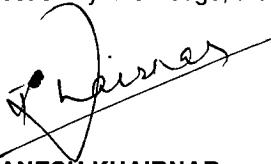
Total Assets	<u>1,462,780,840</u> *	<u>1,328,339,759</u> **
Total Liabilities	<u>1,288,903,651</u> *	<u>1,196,372,119</u> **
Total Advances	<u>983,506,068</u> *	<u>842,906,486</u> * **
Total Customer Deposits	<u>1,033,101,420</u> *	<u>937,235,158</u> **
	Year ended <u>31.3.2019</u>	Year ended <u>31.3.2018</u>
Pre-tax Profit	<u>38,702,172</u> *	<u>34,212,049</u> **

*Indian Rupee converted to HK\$ @ 8.838 (31st March 2019)

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

Declaration of Chief Executive

We have prepared the financial disclosure statement of HDFC Bank , Hong Kong Branch for the year ended 31st March 2019. 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.



DNYANESH KHAIRNAR
Chief Executive
Hong Kong

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