

STATE BANK OF INDIA, HONG KONG
INTERIM DISCLOSURE STATEMENT
SECTION A - BRANCH INFORMATION (HONG KONG ONLY)

I. Profit and Loss Account

For the six months ended 30th September 2019

	<u>30.9.2019</u> (HK\$'000)	<u>30.9.2018</u> (HK\$'000)
<u>INCOME</u>		
Interest income	1,999,754	1,925,685
Interest expenses	(1,769,586)	(1,692,798)
Net interest income	230,168	232,887
 <u>Other Operating Income</u>		
Gains less losses from dealing in foreign currencies	7,043	11,660
Gains less losses from trading in interest rate derivative	-	-
Gains less losses from non-trading Investments	18,902	245
Gross fees and commission income (Expenses- NIL)	22,274	30,568
Others	-	-
Total Income	278,387	275,360
 <u>EXPENDITURE</u>		
<u>Operating Expenses</u>		
Staff and rental expenses	29,554	32,617
Other expenses less fees and commission expenses	53,018	14,957
Net charge for other provisions	(91,066)	91,847
Operating Profit before Impairment Losses	286,881	135,939
Impairment losses and provisions for impaired loans and receivables		
- Collective Provision	33,520	15,888
- Specific Provision	-	10,278
Profit before Taxation	253,361	109,773
Taxation Expense	(36,000)	(15,780)
Profit after Taxation	217,361	93,993



STATE BANK OF INDIA, HONG KONG
INTERIM DISCLOSURE STATEMENT
SECTION A - BRANCH INFORMATION (HONG KONG ONLY)

II. Balance Sheet

As at 30th September 2019

	<u>30.09.2019</u> (HK\$'000)	<u>31.03.2019</u> (HK\$'000)
ASSETS		
1. Cash and balances with banks (except those included in amount due from overseas offices)	1,128,311	1,679,290
2. Placement with banks which have a residual contractual maturity of more than one month but not more than 12 months (except those included in amount due from overseas offices)	1,699,479	1,870,140
2a. Placement with banks which have a residual contractual maturity of more than 12 months (except those (included in amount due from overseas offices)	392,023	392,500
3. Amount due from overseas offices	74,060,724	70,922,242
4. Trade Bills	911,637	939,207
5. Certificates of Deposit held	-	-
6. Securities held for trading purposes	-	-
7. Loans and Receivables		
Advances to customers	28,270,867	25,599,534
Advances to banks	2,375,656	2,963,326
Other Accounts (Accrued interest and others)	736,852	844,254
Provision for impaired loans and receivables - collective	(276,831)	(243,531)
Provision for impaired loans and receivables - specific	-	-
8. Investment Securities	11,403,974	9,065,857
9. Other Investments	-	-
Property, plant and equipment and investment		
10. properties	62,918	65,013
Total Assets	<u><u>120,765,610</u></u>	<u><u>114,097,832</u></u>
LIABILITIES		
1. Deposits and balances of banks (except those included in amount due from overseas offices)	80,962,298	86,741,726
2. Deposits from customers		
i) Demand deposits and current accounts	40,379	27,348
ii) Savings deposits	57,710	31,731
iii) Time, call and notice deposits	4,515,442	4,015,802
3. Amount due to overseas offices	31,544,081	18,392,057
4. Certificates of Deposit issued	235,214	235,500
5. Issued Debt Securities	-	-
6. Other liabilities (Accrued interest and others)	3,410,486	4,653,668
7. Other Provisions	-	-
Total Liabilities	<u><u>120,765,610</u></u>	<u><u>114,097,832</u></u>



STATE BANK OF INDIA, HONG KONG
INTERIM DISCLOSURE STATEMENT
SECTION A - BRANCH INFORMATION (HONG KONG ONLY)

III. Additional Information

1. Impaired Loans and Advances

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

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

2. Derivatives

	<u>30.9.2019</u> (HK\$'000)	<u>31.3.2019</u> (HK\$'000)
a) Notional Amount		
i) Exchange rate contracts	21,784,960	21,608,675
ii) Interest rate contracts	796,162	1,564,161
TOTAL	<u>22,581,122</u>	<u>23,172,836</u>
b) Fair Value of Derivative contracts (Gross)		
i) Exchange rate contracts	18,599	(1,750)
ii) Interest rate contracts	71	3,814
TOTAL	<u>18,670</u>	<u>2,064</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>30.9.2019</u> (HK\$'000)	<u>31.3.2019</u> (HK\$'000)
Notional Amount		
i) Direct credit substitutes	15,181	15,413
ii) Trade related contingent items	-	-
iii) Other commitments	117,008	121,667
TOTAL	<u>132,189</u>	<u>137,080</u>

STATE BANK OF INDIA, HONG KONG
INTERIM DISCLOSURE STATEMENT
SECTION A - BRANCH INFORMATION (HONG KONG ONLY)

III. Additional Information - continued

4. International Claims

30.9.2019
(HK\$ Million)

	Non-Bank Private Sector					Total
	Banks	Official Sector	Non-Bank financial institutions	Non-financial private sector	Others	
Developed countries	22	4,011	-	1,972	-	6,005
of which Canada	-	-	-	765	-	765
of which USA	-	4,011	-	39	-	4,050
of which Netherland	-	-	-	667	-	667
of which Luxemborg	-	-	-	501	-	501
Offshore centres	-	-	-	906	-	906
of which Singapore	-	-	-	659	-	659
of which Mauritius	-	-	-	72	-	72
Developing Europe	-	-	-	-	-	-
Developing Latin America and Caribbean	-	-	-	-	-	-
Developing Africa and Middle East	944	196	-	92	-	1,232
of which UAE	709	-	-	92	-	801
of which Saudi Arabia	-	149	-	-	-	149
of which Qatar	235	-	-	-	-	235
Developing Asia-Pacific	83,582	7,235	823	14,447	-	106,087
of which India	82,465	6,811	823	12,418	-	102,517

31.3.2019
(HK\$ Million)

	Non-Bank Private Sector					Total
	Banks	Official Sector	Non-Bank financial institutions	Non-financial private sector	Others	
Developed countries	48	417	-	2,444	-	2,909
of which Australia	13	-	-	-	-	13
of which USA	15	417	-	929	-	1,361
of which Netherland	-	-	-	689	-	689
of which Luxemborg	-	-	-	563	-	563
Offshore centres	525	-	-	531	-	1,056
of which Singapore	-	-	-	459	-	459
of which Mauritius	-	-	-	72	-	72
Developing Europe	-	-	-	-	-	-
Developing Latin America and Caribbean	-	-	-	-	-	-
Developing Africa and Middle East	845	196	-	-	-	1,041
of which UAE	609	-	-	-	-	609
of which Saudi Arabia	-	149	-	-	-	149
of which Qatar	236	-	-	-	-	236
Developing Asia-Pacific	80,968	6,862	-	13,876	-	101,706
of which India	78,933	6,108	-	11,384	-	96,425

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.



STATE BANK OF INDIA, HONG KONG
INTERIM DISCLOSURE STATEMENT
SECTION A - BRANCH INFORMATION (HONG KONG ONLY)

III. Additional Information - continued

5. Advances to Customers

	<u>30.9.2019</u> (HK\$'000)	<u>31.3.2019</u> (HK\$'000)
a) <u>By Sectors</u>		
<u>Loans for use in Hong Kong</u>		
i) Industrial, commercial & financial wholesale and retail trade	4,260	4,242
Transport and transport equipment	-	-
Financial Sectors	798,290	767,958
ii) Individuals		
For other* business purposes	-	-
For other* private purposes	114,317	105,110
iii) All Others		49,717
<u>Trade Financing</u>	-	-
<u>Loans for use outside Hong Kong</u>	27,354,000	24,672,507
TOTAL **	<u><u>28,270,867</u></u>	<u><u>25,599,534</u></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 \$ 4,507,713 (HK\$'000) as at 30th September 2019 and \$ 4,009,866 (HK\$'000) as at 31st March 2019 .

b) By Geographical Areas

Hong Kong	916,867	929,027
India	19,469,329	17,503,571
China	7,321,663	7,095,558
Others	563,008	71,378
TOTAL	<u><u>28,270,867</u></u>	<u><u>25,599,534</u></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.



STATE BANK OF INDIA, HONG KONG
INTERIM DISCLOSURE STATEMENT
SECTION A - BRANCH INFORMATION (HONG KONG ONLY)

III. Additional Information - continued

6. Overdue and Rescheduled Assets of Customers

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

There were no other assets overdue for more than 3 months as at 31st March 2019 and 30th September 2018 .

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

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

7. Overdue and Rescheduled Assets to banks and other Financial Institutions

There were no advances to banks overdue for more than 3 months as at 30th September 2019 and 31st March 2019 .

There were no rescheduled advances as at 30th September 2019 and 31st March 2019 .

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



STATE BANK OF INDIA, HONG KONG
INTERIM DISCLOSURE STATEMENT
SECTION A - BRANCH INFORMATION (HONG KONG ONLY)

III. Additional Information - continued

8. Non-bank Mainland Activities

<u>Type of counterparties</u>	<u>30.9.2019</u> (HK\$'000)			<u>31.3.2019</u> (HK\$'000)		
	<u>On-balance sheet exposure</u>	<u>Off-balance sheet exposure</u>	<u>Total</u>	<u>On-balance sheet exposure</u>	<u>Off-balance sheet exposure</u>	<u>Total</u>
1 Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	188,085	-	188,085	314,572	-	314,572
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 exposures	7,321,663	-	7,321,663	7,095,558	-	7,095,558
Total	7,509,748	0	7,509,748	7,410,130	0	7,410,130
Total assets after provision	120,765,610			114,097,832		
On-balance sheet exposures as percentage of total assets	6.22			6.49		



STATE BANK OF INDIA, HONG KONG
INTERIM DISCLOSURE STATEMENT
SECTION A - BRANCH INFORMATION (HONG KONG ONLY)

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.

	<u>30.9.2019</u> (HK\$ Million)						Total
	US\$	GBP	EUR	JPY	AUD	SGD	
Spot assets	113,444	161	3,315	892	269	174	118,255
Spot liabilities	(113,385)	(288)	(3,064)	(87)	(224)	(22)	(117,070)
Forward purchases	10,196	586	1,873	6,387	953	19	20,014
Forward sales	(10,271)	(460)	(2,122)	(7,190)	(999)	(170)	(21,212)
Net options	-	-	-	-	-	-	-
Net long (short) position	(16)	(1)	2	2	(1)	1	(13)

	<u>31.3.2019</u> (HK\$ Million)						Total
	US\$	GBP	EUR	JPY	AUD	SGD	
Spot assets	106,678	5	3,642	871	567	197	111,960
Spot liabilities	(107,220)	(124)	(3,111)	(11)	(363)	(29)	(110,858)
Forward purchases	10,795	3,828	849	3,104	882	10	19,468
Forward sales	(10,256)	(3,710)	(1,377)	(3,963)	(1,086)	(177)	(20,569)
Net options	-	-	-	-	-	-	-
Net long (short) position	(3)	(1)	3	1	-	1	1

There is no net structural position constituting 10% or more of the total net structural position in all foreign currencies at 30th September 2019 and 31st March 2019



STATE BANK OF INDIA, HONG KONG
INTERIM DISCLOSURE STATEMENT
SECTION A - BRANCH INFORMATION (HONG KONG ONLY)

III. Additional Information - continued

10. Liquidity

Average Liquidity Maintenance Ratio

Six Months ended 30.9.2019	Six Months ended 30.9.2018
62.80%	69.76%

Average Liquidity Maintenance Ratio is calculated as the arithmetic mean of the average of each month's average liquidity ratio for the six months of the financial year computed in accordance with Banking Liquidity Rules.

Quarterly Average Liquidity Maintenance Ratio

Three months ended 30.9.2019	Three months ended 30.6.2019	Three months ended 30.9.2018	Three months ended 30.6.2018
69.22%	56.38%	68.94%	70.59%

Quarterly Average Liquidity Maintenance Ratio is calculated as the arithmetic mean of the 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 of State Bank of India (SBI), Hong Kong Branch is part of the SBI Group's risk management processes. The objective of liquidity risk management is to ensure that there are sufficient funds to meet contractual and regulatory financial obligations and to undertake new transactions. Liquidity risk management is a component of the SBI HK Branch's asset and liability management framework.

The liquidity risk management frame comprises of the following:

- Roles and responsibilities, organizational structure for oversight and communications of the SBI's liquidity risk management;
- Operational liquidity risk management;
- Periodic reporting of liquidity positions
- Managing funding sources and access to markets; and
- Liquidity contingency plan that establishes indicators to alert senior management to potential liquidity and funding problems.

The Hong Kong Asset and Liability Committee ("ALCO") comprising key members from local management and Treasury, conducts meeting on a regular basis to review the daily liquidity reports and deliberate important liquidity risk management matters.

The SBI Branch's liquidity management framework is supported by key liquidity measures, which are monitored on an on-going basis. These measures further serve as early warning indicators ("EWI") to alert senior management of potential liquidity and funding distress situations and trigger management actions in response to the event. The EWIs are designed taking into consideration the Branch's funding profile as well as the market conditions, and are calibrated to differentiate the various level of severity in liquidity shortfall. The EWIs are monitored regularly and discussed at the ALCO.



STATE BANK OF INDIA, HONG KONG
INTERIM DISCLOSURE STATEMENT
SECTION A - BRANCH INFORMATION (HONG KONG ONLY)

III. Additional Information - continued

Liquidity Monitoring

SBI HK Branch manages the operational liquidity by cash flows on an individual currency basis by cash flow mismatch analysis under defined business scenarios. Short-term liquidity stress tests are performed based on an institution-specific crisis scenario, a general market crisis scenario and a combined scenario. The results of the stress tests are used to adjust liquidity risk management strategies, policies and positions and to develop effective contingency funding plans. Liquidity monitoring is performed daily within the framework for projecting cash flows on a contractual basis. Simulations of liquidity exposures under stressed market scenarios are performed and the results are taken into account in the risk management processes.

SBI HK Branch follows the applicable guidance set forth by the HKMA in Supervisory Policy Manual LM-2 "Sound Systems and Controls for Liquidity risk Management".

Liquidity Reporting

In-house systems and procedures are in place to meet the various reporting requirements. The systems include data from different sources with relevant mapping rules to generate internal and local regulatory reports. Daily cash flow mismatch reports are produced by using contractual cash flows in the balance sheets and placing them into appropriate time basis. The measurement and reporting of liquidity would be on a cumulative cash flow mismatch basis for each currency. The daily reporting regulatory reports for Liquidity Maintenance Ratio are prepared in accordance with the relevant reporting requirements.

Funding Strategy

The liquidity and funding positions of SBI HK Branch is centrally managed at Hong Kong. The Branch maintains a diverse range of funding sources. Apart from obtaining the funding from interbank markets, the non-bank customer deposits also form a part of the Branch's overall funding. In order to lengthen the duration of the funding, the Branch obtains intragroup funding at arm's length and borrowing in the money market.

Contingency Planning

The Contingency Funding Plan ("CFP") is a critical component of the liquidity management framework and serves as an extension of the SBI HK Branch's operational or daily management policy. A liquidity crisis can arise due to Market-driven and/or Firm-driven events. A 3-stage approach (Green/Amber/Red) is adopted to differentiate the various states of the liquidity and funding condition.



STATE BANK OF INDIA, HONG KONG
INTERIM DISCLOSURE STATEMENT
SECTION A - BRANCH INFORMATION (HONG KONG ONLY)

11. Remuneration System

The senior management and the key personnel of the branch are Bank's officers from India, the remuneration package is on the lines decided by the Working Group of the Standing Committee by the Government of India, Ministry of Finance (Banking Division). The Standing Committee has been mandated to standardize the remuneration package to be paid to all India based officers of Indian public sector banks operating in various overseas centers including Hong Kong. The Committee meets at periodic intervals to review/revise the remuneration package taking into account cost of living, market situation, etc.

Remuneration of Senior Management and Key Personnel

Information on the remuneration for the Bank's senior management and key personnel is set out below

(i) Amount of remuneration for the six months ended 30th September 2019

	HK\$	Beneficiaries
Fixed remuneration	747,728	3
Variable remuneration	-	-
Total	<u>747,728</u>	<u>3</u>

- (ii) No senior management or key personnel has been awarded with deferred remuneration during the six months ended 30th September 2019 and
- (iii) No senior management or key personnel has been awarded with new sign-on or severance payment during the six months ended 30th September 2019



STATE BANK OF INDIA, HONG KONG
INTERIM DISCLOSURE STATEMENT
SECTION B - BANK INFORMATION CONSOLIDATED BASIS

AVAILABLE IN THE BANK'S WEBSITE

1. Capital and Capital Adequacy

	<u>31.03.2019</u> (HK\$'000)	<u>31.03.2018</u> (HK\$'000)
a) Capital		
Shareholders' Funds	<u>267,995,040*</u>	<u>277,329,254**</u>
b) Capital Adequacy Ratio (Basel III)	<u>12.83%</u>	<u>12.72%</u>

2. Other Financial Information

	<u>31.03.2019</u> (HK\$'000)	<u>31.03.2018</u> (HK\$'000)
Total Assets	4,443,962,358*	4,354,524,988**
Total Liabilities	4,175,967,317*	4,077,195,734**
Total Advances	2,454,349,570*	2,360,166,809**
Total Customer Deposits	<u>3,343,524,171*</u>	<u>3,253,353,580**</u>
	Year ended <u>31.3.2019</u> (HK\$'000)	Year ended <u>31.3.2018</u> (HK\$'000)
Pre-tax Profit (Loss)	<u>5,086,923*</u>	<u>(14,744,022)**</u>

* Indian Rupee converted to HK\$ @ 8.75 (31st March 2019)

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

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

Declaration of Chief Executive Officer

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

Country Head & Chief Executive Officer
 State Bank of India, Hong Kong