

**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 2020**

	<u>30.9.2020</u> (HK\$'000)	<u>30.9.2019</u> (HK\$'000)
<b><u>INCOME</u></b>		
Interest income	1,054,802	1,999,754
Interest expenses	(806,106)	(1,769,586)
Net interest income	<u>248,696</u>	<u>230,168</u>
 <u>Other Operating Income</u>		
Gains less losses from dealing in foreign currencies	5,508	7,043
Gains less losses from trading in interest rate derivative	-	-
Gains less losses from non-trading Investments	18,891	18,902
Gross fees and commission income (Expenses- NIL)	36,460	22,274
Others	-	-
<b>Total Income</b>	<u><u>309,555</u></u>	<u><u>278,387</u></u>
 <b><u>EXPENDITURE</u></b>		
<u>Operating Expenses</u>		
Staff and rental expenses	32,081	29,554
Other expenses less fees and commission expenses	37,737	53,018
Net charge for other provisions	<u>(248,158)</u>	<u>(91,066)</u>
Operating Profit before Impairment Losses	487,895	286,881
Impairment losses and provisions for impaired loans and receivables		
- Collective Provision	(11,293)	33,520
- Specific Provision	-	-
<b>Profit before Taxation</b>	499,188	253,361
 <b>Taxation Expense</b>	<u>(58,217)</u>	<u>(36,000)</u>
 <b>Profit after Taxation</b>	<u><u>440,971</u></u>	<u><u>217,361</u></u>



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**II. Balance Sheet**

**As at 30th September 2020**

	30.09.2020 (HK\$'000)	31.03.2020 (HK\$'000)
<b>ASSETS</b>		
1. Cash and balances with banks (except those included in amount due from overseas offices)	622,404	883,781
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)	2,093,338	1,551,010
2a. Placement with banks which have a residual contractual maturity of more than 12 months (except those (included in amount due from overseas offices)	193,751	193,816
3. Amount due from overseas offices	56,505,327	61,726,613
4. Trade Bills	2,093,088	2,884,602
5. Certificates of Deposit held	-	-
6. Securities held for trading purposes	-	-
7. Loans and Receivables		
Advances to customers	28,544,165	31,853,214
Advances to banks	2,216,514	2,488,601
Other Accounts (Accrued interest and others)	491,343	785,520
Provision for impaired loans and receivables - collective	(298,808)	(310,224)
Provision for impaired loans and receivables - specific	(193,751)	(193,816)
8. Investment Securities	7,313,986	8,536,608
9. Other Investments	-	-
10. properties	59,096	61,386
<b>Total Assets</b>	<b>99,640,453</b>	<b>110,461,111</b>
<b>LIABILITIES</b>		
1. Deposits and balances of banks (except those included in amount due from overseas offices)	62,911,784	74,058,093
2. Deposits from customers		
i) Demand deposits and current accounts	54,078	33,233
ii) Savings deposits	72,343	71,535
iii) Time, call and notice deposits	4,659,466	4,601,361
3. Amount due to overseas offices	28,661,762	28,323,457
4. Certificates of Deposit issued	-	-
5. Issued Debt Securities	-	-
6. Other liabilities (Accrued interest and others)	3,281,020	3,373,432
7. Other Provisions	-	-
<b>Total Liabilities</b>	<b>99,640,453</b>	<b>110,461,111</b>



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**III. Additional Information**

**1. Impaired Loans and Advances**

There were no impaired loans and advances to banks as at 30th September 2020 and 31st March 2020 .

There were impaired loans and advances to customers to the extent of \$ 193,751 ( '000s) as on 30th September 2020 and 193,816 ( '000s) as at 31st March 2020 .

**2. Derivatives**

	<u>30.9.2020</u> (HK\$'000)	<u>31.3.2020</u> (HK\$'000)
a) Notional Amount		
i) Exchange rate contracts	33,780,610	14,976,987
ii) Interest rate contracts	6,770,328	1,558,353
TOTAL	<u>40,550,938</u>	<u>16,535,340</u>
b) Fair Value of Derivative contracts (Gross)		
i) Exchange rate contracts	20,085	16,725
ii) Interest rate contracts	992	3,667
TOTAL	<u>21,077</u>	<u>20,392</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>30.9.2020</u> (HK\$'000)	<u>31.3.2020</u> (HK\$'000)
Notional Amount		
i) Direct credit substitutes	11,876	12,594
ii) Trade related contingent items	-	-
iii) Other commitments	450,852	65,501
TOTAL	<u>462,728</u>	<u>78,095</u>

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**III. Additional Information - continued**

**4. International Claims**

30.9.2020  
(HK\$ Million)

	Non-Bank Private Sector					Total
	Banks	Official Sector	Non-Bank financial institutions	Non-financial private sector	Others	
Developed countries	325	1,356	-	1,297	-	2,978
of which USA	280	1,356	-	-	-	1,636
of which Netherland	-	-	-	1,229	-	1,229
of which Luxemborg	-	-	-	66	-	66
Offshore centres	43	-	-	523	-	566
of which Singapore	41	-	-	523	-	564
Developing Europe	-	-	-	-	-	-
Developing Latin America and Caribbean	-	-	-	-	-	-
Developing Africa and Middle East	1,281	77	-	91	-	1,449
of which UAE	1,087	77	-	91	-	1,255
of which Qatar	194	-	-	-	-	194
Developing Asia-Pacific	64,569	6,226	2,028	16,661	-	89,484
of which India	62,610	6,132	1,823	13,116	-	83,681

31.3.2020  
(HK\$ Million)

	Non-Bank Private Sector					Total
	Banks	Official Sector	Non-Bank financial institutions	Non-financial private sector	Others	
Developed countries	182	1,809	-	929	-	2,920
of which USA	164	1,809	-	-	-	1,973
of which Netherland	-	-	-	866	-	866
of which Luxemborg	-	-	-	61	-	61
Offshore centres	4	-	322	233	-	559
of which Singapore	4	-	322	233	-	559
Developing Europe	-	-	-	-	-	-
Developing Latin America and Caribbean	-	-	-	-	-	-
Developing Africa and Middle East	746	286	-	-	-	1,032
of which UAE	746	91	-	-	-	837
of which Saudi Arabia	-	148	-	-	-	148
Developing Asia-Pacific	72,203	6,809	2,750	17,763	-	99,525
of which India	70,903	6,453	2,711	14,187	-	94,254

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**

	30.9.2020 (HK\$'000)	31.3.2020 (HK\$'000)
a) <u>By Sectors</u>		
<u>Loans for use in Hong Kong</u>		
i) Industrial, commercial & financial wholesale and retail trade	2,355	3,462
Transport and transport equipment	-	-
Financial Sectors	412,937	621,000
ii) Individuals		
For other* business purposes	-	-
For other* private purposes	34,651	82,359
iii) All Others		
<u>Trade Financing</u>	-	-
<u>Loans for use outside Hong Kong</u>	28,094,222	31,146,393
TOTAL **	<u>28,544,165</u>	<u>31,853,214</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 \$ 5,314,188 (HK\$'000) as at 30th September 2020 and 5,233,810 (HK\$'000) as at 31st March 2020.

b) By Geographical Areas

Hong Kong	449,943	706,821
India	18,184,744	20,431,090
China	7,437,298 *	8,546,846
Others	2,472,180	2,168,457
TOTAL	<u>28,544,165</u>	<u>31,853,214</u>

\*Out of these loans to China HK\$ and HK\$ 193,751 (000's) as at 30th September 2020 and HK\$ 193,816 ('000s) as at 31st March 2020 are impaired loans.

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 of Customers**

	30.9.2020				31.3.2020			
	(HK\$'000)				(HK\$'000)			
	Amount	% of total loans & advances to customer	Collateral held	Specific provision made	Amount	% of total loans & advances to customer	Collateral held	Specific provision made
More than 3 months but not more than 6 months	-	-	-	-	193,816	0.61	-	193,816
More than 6 months but not more than one year	193,751	0.68	-	193,751	-	-	-	-
More than one year	-	-	-	-	-	-	-	-

There were no other assets overdue for more than 3 months as at 30th September 2020 and 31st March 2020 .

There were no rescheduled loans and advances to customers as at 30th September 2020 and 31st March 2020.

There were no repossessed assets as at 30th September 2020 and 31st March 2020 .

**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 2020 and 31st March 2020.

There were no rescheduled advances as at 30th September 2020 and 31st March 2020 .

There were no repossessed assets as at as at 30th September 2020 and 31st March 2020 .

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**III. Additional Information - continued**

**8. Non-bank Mainland Activities**

<u>Type of counterparties</u>	<u>30.9.2020</u> (HK\$'000)			<u>31.3.2020</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)	234,659	-	234,659	233,103	-	233,103
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	7,444,711	-	7,444,711	8,561,482	-	8,561,482
Total	<u>7,679,370</u>	<u>0</u>	<u>7,679,370</u>	<u>8,794,585</u>	<u>0</u>	<u>8,794,585</u>
Total assets after provision	99,640,453			110,461,111		
On-balance sheet exposures as percentage of total assets	7.71			7.96		





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**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>30.9.2020</u>						Total
	US\$	GBP	EUR	JPY	AUD	SGD	
	(HK\$ Million)						
Spot assets	92,491	6	3,124	1,157	277	182	97,237
Spot liabilities	(92,528)	(103)	(2,801)	(356)	(66)	(15)	(95,869)
Forward purchases	16,676	3,272	4,690	6,125	164	12	30,939
Forward sales	(16,646)	(3,175)	(5,013)	(6,925)	(374)	(178)	(32,311)
Net options	-	-	-	-	-	-	-
Net long (short) position	(7)	-	-	1	1	1	(4)

  

	<u>31.3.2020</u>						Total
	US\$	GBP	EUR	JPY	AUD	SGD	
	(HK\$ Million)						
Spot assets	102,156	417	3,121	1,013	668	188	107,563
Spot liabilities	(103,972)	(239)	(2,811)	(366)	(66)	(47)	(107,501)
Forward purchases	8,336	413	536	3,178	500	23	12,986
Forward sales	(6,532)	(591)	(846)	(3,824)	(1,101)	(164)	(13,058)
Net options	-	-	-	-	-	-	-
Net long (short) position	(12)	-	-	1	1	-	(10)

There is no net structural position constituting 10% or more of the total net structural position in all foreign currencies at 30th September 2020 and 31st March 2020.





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**III. Additional Information - continued**

**10. Liquidity**

**Average Liquidity Maintenance Ratio**

Six Months ended 30.9.2020	Six Months ended 30.9.2019
81.61%	62.80%

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

**Quarterly Average Liquidity Maintenance Ratio**

Quarter Ended 30.9.2020	Quarter Ended 30.6.2020	Quarter Ended 30.9.2019	Quarter Ended 30.6.2019
79.82%	83.41%	69.22%	56.38%

**Quarterly Average Core Funding Ratio**

Quarter Ended 30.9.2020	Quarter Ended 30.6.2020
91.61%	90.59%

Quarterly Average Ratio is calculated as the arithmetic mean of the average of each month's average 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 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.



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**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.



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**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 2020

	HK\$	Beneficiaries
Fixed remuneration	595146	3
Variable remuneration	-	-
Total	<u>595146</u>	<u>3</u>

- (ii) No senior management or key personnel has been awarded with deferred remuneration during the six months ended 30th September 2020  
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 2020.



**STATE BANK OF INDIA, HONG KONG**  
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**SECTION B - BANK INFORMATION CONSOLIDATED BASIS**

**AVAILABLE IN THE BANK'S WEBSITE**

**1. Capital and Capital Adequacy**

	<u>31.03.2020</u> (HK\$'000)		<u>31.03.2019</u> (HK\$'000)
a) Capital			
Shareholders' Funds	<u>258,026,849</u> *		<u>267,995,040</u> **
b) Capital Adequacy Ratio (Basel III)	<u>13.30%</u>		<u>12.83%</u>

**2. Other Financial Information**

	<u>31.03.2020</u> (HK\$'000)		<u>31.03.2019</u> (HK\$'000)
Total Assets	4,313,969,521 *		4,443,962,358**
Total Liabilities	4,055,942,672 *		4,175,967,317**
Total Advances	2,356,396,879 *		2,454,349,570**
Total Customer Deposits	<u>3,353,893,346</u> *		<u>3,343,524,171</u> **
	Year ended <u>31.3.2020</u> (HK\$'000)		Year ended <u>31.3.2019</u> (HK\$'000)
Pre-tax Profit (Loss)	<u>32,792,970</u> *		<u>5,086,923</u> **

\* Indian Rupee converted to HK\$ @ 9.73 (31st March 2020)

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

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 2020. 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