

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 2021

	<u>31.3.2021</u> (HK \$'000)	<u>31.3.2020</u> (HK \$'000)
<u>INCOME</u>		
Interest income	93,285	1,39,052
Interest expenses	<u>49,881</u>	<u>1,01,017</u>
Net interest income	43,404	38,035
 <u>Other Operating Income</u>		
Gross fees and commission income(Expenses-Nil)	6,853	7,268
Gains less losses from trading in foreign currencies	4,689	4,112
Gains less losses from trading in securities	3,684	(10,086)
Others	188	167
Total Operating Income	<u>58,818</u>	<u>39,496</u>
 <u>EXPENSES</u>		
<u>Operating Expenses</u>		
Staff expenses	9,752	9,810
Rent, taxes and lighting	1,654	1,629
Other expenses	3,693	3,256
Operating Profit before Impairment Losses	<u>43,719</u>	<u>24,801</u>
 Impairment losses and provisions for impaired loans and receivables		
- Collective Provision	11,455	7,482
- Specific Provision	-	-
Profit before Taxation	32,264	17,319
Taxation Expense	5,410	2,346
Profit after Taxation	<u>26,854</u>	<u>14,973</u>

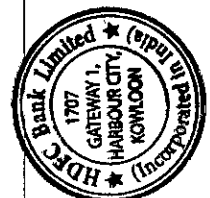


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II. Balance Sheet

As at 31st March 2021

	31.03.2021	30.09.2020
	(HK\$'000)	(HK\$'000)
ASSETS		
1 Cash and balances with banks	7,78,132	8,52,360
2 Placement with banks maturing between one and twelve months	3,88,706	4,84,375
3 Amount due from overseas offices	4,37,042	2,03,643
4 Trade Bills	6,73,321	6,28,726
5 Loans and Receivables		
Advances to customers	34,93,878	21,12,602
Advances to banks	-	4,87,143
Accrued interest and other accounts	19,685	23,310
Provision for impaired loans and receivables		
- Collective	(45,559)	(37,129)
- Specific	-	-
6 Investment Securities	7,39,007	6,47,394
7 Property, plant and equipment	139	136
Total Assets	64,84,351	54,02,560
LIABILITIES		
8 Deposits and balances of banks	17,59,279	29,54,607
9 Deposits from customers		
Demand deposits and current accounts	3,22,241	2,75,917
Savings deposits		
Time, call and notice deposits	7,78,948	3,96,595
10 Amount due to overseas offices	36,14,545	17,55,883
11 Negotiable Debt Instruments		
12 Other liabilities	9,338	19,558
13 Other Provisions	-	-
Total Liabilities	64,84,351	54,02,560



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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 2021 and 30th September 2020 .

There were no impaired loans and advances to other customers as at 31st March 2021 and 30th September 2020 .

	<u>31.03.2021</u> (HK\$ '000)	<u>30.09.2020</u> (HK\$ '000)
<u>2. Derivatives</u>		
a) Notional Amount		
i) Exchange rate contracts	3,66,013	4,51,729
ii) Interest rate contracts	2,45,431	2,69,850
TOTAL	<u>6,11,444</u>	<u>7,21,579</u>
b) Fair Value of Derivative contracts (Gross)		
i) Exchange rate contracts	4,522	501
ii) Interest rate contracts	-	-
TOTAL	<u>4,522</u>	<u>501</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>31.03.2021</u> HK\$ '000	<u>30.09.2020</u> HK\$ '000
Notional Amount		
i) Direct credit substitutes	3,07,068	3,06,251
ii) Trade related contingent items	7,21,252	5,57,106
iii) Other commitments	-	-
TOTAL	<u>10,28,320</u>	<u>8,63,357</u>



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III. Additional Information - continued

4. International Claims

	Banks	Official Sector	Non Bank Private Sector		Others	Total
			Non bank Financial Institutions	Non-Financial private sector		
(HK\$ in Million)						
Developed countries	1,391			628		2,019
of which United Kingdom	619			589		1,208
of which USA	719			38		757
Offshore centres	555	-	31	1314		1,900
of which Bahrain	428			631		1,059
of which Singapore	18			615		633
Developing Latin America and Carribean						-
Developing Europe	156					156
of which Czech Republic	156					156
Developing Africa & Middle East	349			8		357
of which Morocco	230					230
of which UAE	96			7		103
Developing Asia and Pacific	480			1613		2,093
of which India	283			1613		1,896
	2,931	-	31	3,563	-	6,525

	Banks	Official Sector	Non Bank Private Sector		Others	Total
			Non bank Financial Institutions	Non-Financial private sector		
(HK\$ in Million)						
Developed countries	1,554	-	-	150		1,704
of which United Kingdom	881			135		1,016
of which USA	626			15		641
Offshore centres	437	-	-	1337		1,774
of which Bahrain	194			630		824
of which Singapore	26			642		668
Developing Latin America and Carribean	6					6
Developing Africa & Middle East	441			9		450
of which Morocco	315					315
of which UAE	54			8		62
of which South Africa	49					49
Developing Asia and Pacific	886			618		1,504
of which India	868			618		1,486
	3,324	-	-	2,114	-	5,438

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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III. Additional Information - continued

5. Advances to customers

	<u>31-03-2021</u> (HK\$ '000)	<u>30.9.2020</u> (HK\$ '000)
<u>i) By Sectors</u>		
<u>Loans for use in Hong Kong</u>		
a) Industrial, commercial & financial wholesale and retail trade	2	-
b) Manufacturing		
c) Individual & Professionals		
For other* business purposes		
For other* private purposes	67,385	64,777
d) Others	-	-
Trade Financing	-	-
<u>Loans for use outside Hong Kong</u>	34,26,491	20,47,825
TOTAL	<u>34,93,878</u>	<u>21,12,602</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 \$ 2,444,370 (HK\$'000) as at 31st March 2021 and \$ 1,724,605 (HK\$'000) as at 30th September 2020.

ii) By Geographical Areas

Hong Kong	37,106	64,776
India	18,51,877	9,13,429
Others	16,04,895	11,34,397
TOTAL	<u>34,93,878</u>	<u>21,12,602</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

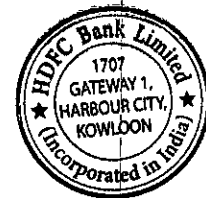
There were no loans and advances to customers overdue for more than 3 months as at 31st March 2021 and 30th September 2020 .

There were no overdue of loans and advance to banks as at 31st March 2021 and 30th September 2020 .

There were no rescheduled loans and advance to customers and banks as at 31st March 2021 and 30th September 2020 .

There were no repossessed assets held as at 31st March 2021 and 30th September 2020 .

There were no other overdue assets as at 31st March 2021 and 30th September 2020 .



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III. Additional Information - continued

7. Mainland Activities Exposures

		31.3.2021 (HK\$ million)			30.9.2020 (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		6,484			5,403		
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.

	31.3.2021						Total
	US\$	GBP	JPY	EURO	AUD	CHF	
				(HK\$ million)			
Spot assets	6,175	116	8	164	9	10	6,482
Spot liabilities	(6,469)	(3)	(2)	(9)	-	-	(6,483)
Forward purchases	334	14	-	31	5	-	384
Forward sales	(37)	(126)	(6)	(186)	(14)	(10)	(379)
Net options	-	-	-	-	-	-	-
Net long (short) position	3	1	-	-	-	-	4

	30.9.2020						Total
	US\$	GBP	JPY	EURO	AUD	CHF	
				(HK\$ million)			
Spot assets	5,098	120	8	143	10	21	5,400
Spot liabilities	(5,391)	(3)	-	(5)	(1)	-	(5,400)
Forward purchases	372	28	4	53	6	3	466
Forward sales	(80)	(142)	(12)	(193)	(15)	(25)	(467)
Net options	-	-	-	-	-	-	-
	(1)	3	-	(2)	-	(1)	(1)



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III. Additional Information - continued

9. Liquidity

	<u>Twelve Months ended 31.3.2021</u>	<u>Twelve Months ended 31.3.2020</u>
Average Liquidity Maintenance Ratio	<u>270.97%</u>	<u>207.39%</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.

	<u>Three Months ended 31.3.2021</u>	<u>Three Months ended 31.12.2020</u>	<u>Three Months ended 30.9.2020</u>	<u>Three Months ended 30.6.2020</u>	<u>Three Months ended 31.3.2020</u>
Average Liquidity Maintenance Ratio	<u>228.10%</u>	<u>266.58%</u>	<u>273.45%</u>	<u>315.76%</u>	<u>249.47%</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

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.

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

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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LIQUIDITY GAP

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

As at 31st March 2021	Next Day	2 to 7 days	8days to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	Over 1 year	Total
	(HK\$ '000)							
ASSETS								
Cash and balances with Central banks	24	-	-	-	-	-	-	24
Amount receivable arising from derivative contracts	4,652	-	-	445	408	675	1,102	7,282
Due from other banks	7,79,189	2,72,100	1,55,488	1,16,789	-	21	2,72,094	15,95,681
Acceptances and Bills	2,279	8,943	34,251	3,04,725	3,22,914	908	-	6,74,020
Loans and Receivables	2,09,182	8	15,54,009	1,78,351	8,91,272	1,50,716	5,12,963	34,96,501
Investment Securities	7,48,870	-	-	-	-	-	-	7,48,870
Other Assets	7,970	-	-	-	-	-	139	8,109
Total of on-balancesheet items	17,52,166	2,81,051	17,43,748	6,00,310	12,14,594	1,52,320	7,86,298	65,30,487
Off-Balance Sheet items				15,353				15,353
LIABILITIES								
Deposits from customers	3,22,241	2,446	42,024	72,993	4,28,491	2,04,750	30,606	11,03,551
Amount payable arising from Derivative Contracts	130	-	-	445	408	675	1,101	2,759
Due to banks	6,975	1,94,531	5,47,728	23,33,877	17,49,477	2,72,094	-	51,04,682
Other liabilities	16,382	-	-	-	-	-	45,559	61,941
Total of on-balancesheet items	3,45,728	1,96,977	5,89,752	24,07,315	21,78,376	4,77,519	77,266	62,72,933
Off-Balance Sheet items	15,353							15,353
Contractual Maturity Mismatch	13,91,085	84,074	11,53,996	(17,91,652)	(9,63,782)	(3,25,199)	7,09,032	
Contractual Cumulative Maturity Mismatch	13,91,085	14,75,159	26,29,155	8,37,503	(1,26,279)	(4,51,478)	2,57,554	

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



HDFC BANK LIMITED HONG KONG BRANCH

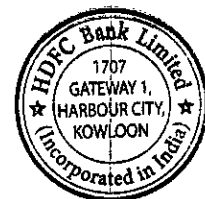
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III. Additional Information - continued

As at 31st March 2020	Next Day	2 to 7 days	8days to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	Over 1 year	Total	
(HK\$ '000)									
ASSETS									
Cash and balances with Central banks	9	-	-	-	-	-	-	9	
Amount receivable arising from derivative contracts	4,143	-	-	-	-	-	-	4,143	
Due from other banks	6,07,296	3,87,810	1,93,874	9,74,966	-	3,68,286	4,87,356	30,19,588	
Acceptances and Bills	162	5,086	2,94,164	1,40,631	2,32,180	4,566	-	6,76,789	
Loans and Receivables	4,55,989	1,85,130	3,85,017	54,023	14,588	75,745	7,05,176	18,75,668	
Investment Securities	6,48,275	-	-	-	-	-	-	6,48,275	
Other Assets	4,945	-	-	-	-	-	85	5,030	
Total of on-balancesheet items	17,20,819	5,78,026	8,73,055	11,69,620	2,46,768	4,48,597	11,92,617	62,29,502	
Off-Balance Sheet items								56,208	56,208
LIABILITIES									
Deposits from customers	3,27,521	71,868	1,85,924	1,57,549	57,429	50,583	18,774	8,69,648	
Amount payable arising from Derivative Contracts	9,914	-	-	-	-	-	-	9,914	
Due to banks	41,804	4,28,965	7,31,829	24,66,697	6,36,816	1,56,888	5,81,505	50,44,504	
Other liabilities	23,269	-	-	-	-	-	34,013	57,282	
Total of on-balancesheet items	4,02,508	5,00,833	9,17,753	26,24,246	6,94,245	2,07,471	6,34,292	59,81,348	
Off-Balance Sheet items								56,208	56,208
Contractual Maturity Mismatch	12,62,103	77,193	(44,698)	(13,98,418)	(4,47,477)	2,41,126	5,58,325		
Contractual Cumulative Maturity Mismatch	-	13,39,296	12,94,598	(1,03,820)	(5,51,297)	(3,10,171)	2,48,154		

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



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III. Additional Information - continued

10. Remuneration Policy

a) The design and implementation of the remuneration system.

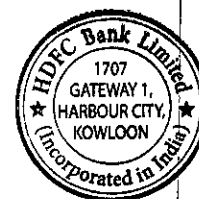
The Remuneration policy of the Bank is decided by the Board of Directors and is detailed in the Bank's Global Financial Statements available in the Bank's Website.

b) Aggregate quantitative information on remuneration for senior management and key personnel (see Note) for the year ended 31st March 2021 are as follows

	HK\$	Number of Beneficiaries
Fixed Remuneration	33,20,850	2
Variable Remuneration	14,58,916	2
Deferred Remuneration	0	0
Total	47,79,766	2

No senior management or key personnel has been awarded with new sign-on or severance payment during the for the year ended 31st March 2021.

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>31.3.2021</u> (HK\$ '000)	<u>31.3.2020</u> (HK\$ '000)
i) Shareholders' Funds	22,30,83,667 *	18,06,95,395 **
ii) Capital Adequacy Ratio***	18.51%	18.26%

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

2. Other financial information

	<u>Year ended</u> <u>31.3.2021</u>	<u>Year ended</u> <u>31.3.2020</u>
Total Assets	1,91,33,51,031 *	1,61,97,03,317 **
Total Liabilities	1,69,02,67,364 *	1,43,90,07,922 **
Total Advances	1,26,02,69,559 *	1,06,93,34,915 **
Total Customer Deposits	1,40,26,63,310 *	1,15,67,23,544 **
Pre-tax Profit	4,54,78,558 *	3,90,90,714 **

*Indian Rupee converted to HK\$ @ 9.4050 (31st March 2021)

**Indian Rupee converted to HK\$ @ 9.76 (31st March 2020)

Declaration of Chief Executive

We have prepared the financial disclosure statement of HDFC Bank , Hong Kong Branch for the year ended 31st March 2021. 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

