

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 2023

	<u>31.3.2023</u> (HK \$'000)	<u>31.3.2022</u> (HK \$'000)
<u>INCOME</u>		
Interest income	171,183	75,863
Interest expenses	124,939	23,974
Net interest income	<u>46,244</u>	<u>51,889</u>
<u>Other Operating Income</u>		
Gross fees and commission income(Expenses-Nil)	16,112	11,034
Gains less losses from trading in foreign currencies	(2,986)	(1,415)
Gains less losses from trading in securities	(9,614)	(4,975)
Others	238	210
Total Operating Income	<u>49,994</u>	<u>56,743</u>
<u>EXPENSES</u>		
<u>Operating Expenses</u>		
Staff expenses	14,387	11,539
Rent, taxes and lighting	1,491	1,674
Other expenses	4,983	4,900
Operating Profit before Impairment Losses	<u>29,133</u>	<u>38,630</u>
Impairment losses and provisions for impaired loans and receivables		
- Collective Provision	(15,703)	(4,873)
- Specific Provision		
Profit before Taxation	44,836	43,503
Taxation Expense	7,736	5,963
Profit after Taxation	<u>37,100</u>	<u>37,540</u>



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II. Balance Sheet

As at 31st March 2023

	31.03.2023	30.09.2022
	(HK\$'000)	(HK\$'000)
ASSETS		
1 Cash and balances with banks	420,918	798,723
Placement with banks maturing between one and twelve		
2 months	196,250	
3 Amount due from overseas offices	9,485	597,600
4 Trade Bills	1,124,334	2,248,080
5 Loans and Receivables		
Advances to customers	1,417,247	1,819,961
Advances to banks		
Accrued interest and other accounts	17,756	27,419
Provision for impaired loans and receivables		
- Collective	(25,416)	(40,681)
- Specific		
6 Investment Securities	82,295	333,212
7 Property, plant and equipment	1,184	227
Total Assets	3,244,053	5,784,541
LIABILITIES		
8 Deposits and balances of banks	552,130	3,913,942
9 Deposits from customers		
Demand deposits and current accounts	659,432	488,964
Savings deposits		-
Time, call and notice deposits	1,000,843	706,775
10 Amount due to overseas offices	1,005,961	636,444
11 Negotiable Debt Instruments		
12 Other liabilities	25,687	38,416
13 Other Provisions	-	-
Total Liabilities	3,244,053	5,784,541



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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 2023 and 30th September 2022 .

There were no impaired loans and advances to other customers as at 31st March 2023 and 30th September 2022 .

	<u>31.03.2023</u> (HK\$ '000)	<u>30.09.2022</u> (HK\$ '000)
<u>2. Derivatives</u>		
a) Notional Amount		
i) Exchange rate contracts	528,107	316,248
ii) Interest rate contracts	74,681	101,029
TOTAL	<u>602,788</u>	<u>417,277</u>
b) Fair Value of Derivative contracts (Gross)		
i) Exchange rate contracts	325	1,739
ii) Interest rate contracts	-	-
TOTAL	<u>325</u>	<u>1,739</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>31.03.2023</u> HK\$ '000	<u>30.09.2022</u> HK\$ '000
Notional Amount		
i) Direct credit substitutes	242,257	314,500
ii) Trade related contingent items	763,995	1,096,001
iii) Other commitments	-	-
TOTAL	<u>1,006,252</u>	<u>1,410,501</u>



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III. Additional Information - continued

4. International Claims

	As at 31st March 2023					
	Banks	Official Sector	Non Bank Private Sector		Others	Total
			Non bank Financial Institutions	Non-Financial private sector		
(HK\$ in Million)						
Developed countries	516	79		139		734
of which United Kingdom	17			87		104
of which USA	215	79		49		343
of which Switzerland	82					82
of which Japan	166					166
Offshore centres	1,024			1000		2,024
of which Bahrain				655		655
of which Singapore	424			175		599
Developing Latin America and Carribbean	-			-		-
Developing Europe	-			0		-
Developing Africa & Middle East	26			30		56
of which UAE	26			17		43
Developing Asia and Pacific	204			252		456
of which India	9			252		261
	1,770	79	-	1,421	-	3,270

	As at 30th September 2022					
	Banks	Official Sector	Non Bank Private Sector		Others	Total
			Non bank Financial Institutions	Non-Financial private sector		
(HK\$ in Million)						
Developed countries	1,707	158		108		1,973
of which United Kingdom	1,096			56		1,152
of which USA	228	158		49		435
of which Switzerland	228					228
of which Japan	109					109
Offshore centres	333			1380		1,713
of which Bahrain	79			653		732
of which Singapore	121			655		776
Developing Latin America and Carribbean	359					359
of which Chile	359					359
Developing Europe	296					296
of which Czech Republic	296					296
Developing Africa & Middle East	9			32		41
of which UAE	9			16		25
Developing Asia and Pacific	991			452		1,443
of which India	519			452		971
	3,695	158	-	1,972	-	5,825

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>31.03.2023</u>	<u>30.09.2022</u>
	(HK\$ '000)	(HK\$ '000)
<u>i) By Sectors</u>		
<u>Loans for use in Hong Kong</u>		
a) Industrial, commercial & financial wholesale and retail trade	-	1
b) Manufacturing	-	-
c) Individual & Professionals		
For other* business purposes	-	-
For other* private purposes	170,287	71,396
d) Others	-	-
Trade Financing	-	-
<u>Loans for use outside Hong Kong</u>	1,246,960	1,748,564
TOTAL	<u>1,417,247</u>	<u>1,819,961</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 \$ 1,417,244 (HK\$'000) as at 31st March 2023 and \$ 1,191,963 (HK\$'000) as at 30th September 2022 .

ii) By Geographical Areas

Hong Kong	131,352	35,601
India	503,335	567,087
Bahrain	566,087	566,058
Singapore	162,266	630,119
Others	54,207	21,096
TOTAL	<u>1,417,247</u>	<u>1,819,961</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 2023 and 30th September 2022 .

There were no overdue of loans and advance to banks as at 31st March 2023 and 30th September 2022 .

There were no rescheduled loans and advance to customers and banks as at 31st March 2023 and 30th September 2022 .

There were no repossessed assets held as at 31st March 2023 and 30th September 2022 .

There were no other overdue assets as at 31st March 2023 and 30th September 2022 .



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III. Additional Information - continued

7. Mainland Activities Exposures

	31.3.2023			30.9.2022		
	(HK\$ million)			(HK\$ million)		
	<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)	-	-	-	-	-	-
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	3,244			5,785		
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.

	31.3.2023						
	US\$	GBP	JPY	EURO	AUD	CHF	Total
	(HK\$ million)						
Spot assets	3,088	51	11	38	10	27	3,225
Spot liabilities	(3,201)	(3)	(1)	(18)			(3,223)
Forward purchases	333	42	57	28	45	27	532
Forward sales	(196)	(101)	(70)	(56)	(54)	(53)	(530)
Net options	-	-	-	-	-	-	-
Net long (short) position	24	(11)	(3)	(8)	1	1	4

	30.9.2022						
	US\$	GBP	JPY	EURO	AUD	CHF	Total
	(HK\$ million)						
Spot assets	5,674	52	14	25	7	9	5,781
Spot liabilities	(5,768)	(5)	(2)	(6)			(5,781)
Forward purchases	205	11	-	101	8		325
Forward sales	(117)	(57)	(4)	(120)	(15)	(9)	(322)
Net options	-	-	-	-	-	-	-
	(6)	1	8	-	-	-	3



III. Additional Information - continued

9. Liquidity

	Twelve Months ended 31.3.2023		Twelve Months ended 31.3.2022		
Average Liquidity Maintenance Ratio	163.50%		181.73%		
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 ended 31.3.2023	Three Months ended 31.12.2022	Three Months ended 30.9.2022	Three Months ended 30.6.2022	Three Months ended 31.3.2022
Average Liquidity Maintenance Ratio	163.79%	137.64%	209.44%	143.11%	179.90%

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.

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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III. Additional Information - continued

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 period

As at 31st March 2023	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	20							20
Amount receivable arising from derivative contracts	1,033	-	-	244	202	206		1,685
Due from other banks	430,409	-	-	-	199,380			629,789
Acceptances and Bills	120,351	213,108	214,857	449,041	133,936			1,131,293
Loans and Receivables	416,679	103,146	444,295	36,819	69,938	171,469	177,951	1,420,297
Investment Securities	80,034							80,034
Other Assets	1,893	-	-	-	-	-	2,856	4,749
Total of on-balancesheet items	1,050,419	316,254	659,152	486,104	403,456	171,675	180,807	3,267,867
Off-Balance Sheet items	588,477	-	-	242,257	-			830,734
LIABILITIES								
Deposits from customers	717,617	48,579	77,946	181,069	362,818	275,281	8,737	1,672,047
Amount payable arising from Derivative Contracts	708			245	202	206		1,361
Due to banks	26,370	-	122,163	1,087,934				1,236,467
Other liabilities	3,860	-	-	-	-	-	26,763	30,623
Total of on-balancesheet items	748,555	48,579	200,109	1,269,248	363,020	275,487	35,500	2,940,498
Off-Balance Sheet items	484,514	-	-	-	1,176,956			1,661,470
Contractual Maturity Mismatch	405,827	267,675	459,043	(540,887)	(1,136,520)	(103,812)	145,307	
Contractual Cumulative Maturity Mismatch	405,827	673,502	1,132,545	591,658	(544,862)	(648,674)	(503,367)	

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



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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 2022	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	17							17
Amount receivable arising from derivative contracts	768			141	107	226	161	1,403
Due from other banks	712,858							712,858
Acceptances and Bills	5,135	102,156	875,809	810,675	439,209		5,768	2,238,752
Loans and Receivables	424,148	39,048	797,079	36,932	40,358	138,809	389,348	1,865,722
Investment Securities	796,752							796,752
Other Assets	1,078						1,432	2,510
Total of on-balancesheet items	1,940,756	141,204	1,672,888	847,748	479,674	139,035	396,709	5,618,014
Off-Balance Sheet items	642,093			7,039				649,132
LIABILITIES								
Deposits from customers	282,222	2,472	21,442	37,741	138,739	192,201	8,240	683,057
Amount payable arising from Derivative Contracts	1,860			141	107	226	161	2,495
Due to banks	7,239	352,694	1,297,211	2,940,194				4,597,338
Other liabilities	17,036						43,331	60,367
Total of on-balancesheet items	308,357	355,166	1,318,653	2,978,076	138,846	192,427	51,732	5,343,257
Off-Balance Sheet items	7,038			642,093				649,131
Contractual Maturity Mismatch	2,267,454	(213,962)	354,235	(2,765,382)	340,828	(53,392)	344,977	
Contractual Cumulative Maturity Mismatch	2,267,454	2,053,492	2,407,727	(357,655)	(16,827)	(70,219)	274,758	

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 2023 are as follows

	HK\$	Number of Beneficiaries
Fixed Remuneration	3,729,280	2
Variable Remuneration	1,503,640	2
Deferred Remuneration	0	0
Total	5,232,920	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 2023.

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

	31.3.2023 (HK\$ '000)	31.3.2022 (HK\$ '000)
i) Shareholders' Funds	276,510,628 *	255,502,241 **

ii) Capital Adequacy Ratio***

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

19.02%	18.66%
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2. Other financial information

Total Assets	2,417,418,142.00 *	2,193,113,946 **
Total Liabilities	2,140,907,514 *	1,937,611,705 **
Total Advances	1,587,723,229 *	1,467,915,579 **
Total Customer Deposits	1,772,604,996 *	1,593,647,014 **

Year ended 31.3.2023	Year ended 31.3.2022
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Pre-tax Profit	58,606,926 *	52,453,760 **
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*Indian Rupee converted to HK\$ @10.4675 (31st March 2023)

**Indian Rupee converted to HK\$ @ 9.6800 (31st March 2022)

Declaration of Chief Executive

We have prepared the financial disclosure statement of HDFC Bank , Hong Kong Branch for the year ended 31st March 2023 . 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

