

HDFC BANK LIMITED HONG KONG BRANCH
INTERIM DISCLOSURE STATEMENT

SECTION A - BRANCH INFORMATION (HONG KONG ONLY)

I. Profit and Loss Account

For the six months ended 30th September 2021

| | <u>30.09.2021</u> (HK \$'000) | <u>30.09.2020</u> (HK \$'000) |
|---|----------------------------------|----------------------------------|
| <u>INCOME</u> | | |
| Interest income | 38,471 | 51,994 |
| Interest expenses | 11,535 | 33,167 |
| Net interest income | <u>26,936</u> | <u>18,827</u> |
| <u>Other Operating Income</u> | | |
| Gross fees and commission income(Expenses-Nil) | 4,734 | 4,232 |
| Gains less losses from trading in foreign currencies | 125 | 4,329 |
| Gains less losses from trading in securities | (2,515) | 8,759 |
| Others | 89 | 68 |
| Total Operating Income | <u>29,369</u> | <u>36,215</u> |
| <u>EXPENSES</u> | | |
| <u>Operating Expenses</u> | | |
| Staff expenses | 6,412 | 5,429 |
| Rent, taxes and lighting | 806 | 840 |
| Other expenses | 2,221 | 1,951 |
| Operating Profit before Impairment Losses | <u>19,930</u> | <u>27,995</u> |
| Impairment losses and provisions for impaired loans and receivables | | |
| - Collective Provision | 18,447 | 3,130 |
| - Specific Provision | - | - |
| Profit before Taxation | 1,483 | 24,865 |
| Taxation Expense | - | - |
| Profit after Taxation | <u>1,483</u> | <u>24,865</u> |



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II. Balance Sheet

As at 30th September 2021

| | 30.09.2021 | 31.03.2021 |
|---|-------------------|-------------------|
| | (HK\$'000) | (HK\$'000) |
| ASSETS | | |
| 1 Cash and balances with banks | 642,906 | 778,132 |
| 2 Placement with banks maturing between one and twelve months | - | 388,706 |
| 3 Amount due from overseas offices | 439,638 | 437,042 |
| 4 Trade Bills | 2,955,037 | 673,321 |
| 5 Loans and Receivables | | |
| Advances to customers | 3,454,206 | 3,493,878 |
| Advances to banks | - | - |
| Accrued interest and other accounts | 23,473 | 19,685 |
| Provision for impaired loans and receivables | | |
| - Collective | (64,092) | (45,559) |
| - Specific | - | - |
| 6 Investment Securities | 827,083 | 739,007 |
| 7 Property, plant and equipment | 187 | 139 |
| Total Assets | 8,278,438 | 6,484,351 |
| LIABILITIES | | |
| 8 Deposits and balances of banks | 3,707,997 | 1,759,279 |
| 9 Deposits from customers | | |
| Demand deposits and current accounts | 345,587 | 322,241 |
| Savings deposits | - | - |
| Time, call and notice deposits | 629,627 | 778,948 |
| 10 Amount due to overseas offices | 3,585,151 | 3,614,545 |
| 11 Negotiable Debt Instruments | | |
| 12 Other liabilities | 10,076 | 9,338 |
| 13 Other Provisions | - | - |
| Total Liabilities | 8,278,438 | 6,484,351 |



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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 30th September 2021 and 31st March 2021.

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

| | <u>30.09.2021</u> (HK\$ '000) | <u>31.03.2021</u> (HK\$ '000) |
|---|----------------------------------|----------------------------------|
| 2. Derivatives | | |
| a) Notional Amount | | |
| i) Exchange rate contracts | 471,206 | 366,013 |
| ii) Interest rate contracts | 200,579 | 245,431 |
| TOTAL | <u>671,785</u> | <u>611,444</u> |
| b) Fair Value of Derivative contracts (Gross) | | |
| i) Exchange rate contracts | 6,802 | 4,522 |
| ii) Interest rate contracts | - | - |
| TOTAL | <u>6,802</u> | <u>4,522</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>30.09.2021</u> HK\$ '000 | <u>31.03.2021</u> HK\$ '000 |
|------------------------------------|--------------------------------|--------------------------------|
| Notional Amount | | |
| i) Direct credit substitutes | 260,370 | 307,068 |
| ii) Trade related contingent items | 1,025,172 | 721,252 |
| iii) Other commitments | - | - |
| TOTAL | <u>1,285,542</u> | <u>1,028,320</u> |



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III. Additional Information - continued

4. International Claims

| | Banks | Official Sector | As at 30th September 2021 | | Others | Total |
|--|-------------------|-----------------|---------------------------------|---|----------|--------------|
| | | | Non bank Financial Institutions | Private Sector Non-Financial private sector | | |
| | (HK\$ in Million) | | | | | |
| Developed countries | 1,680 | | | 638 | | 2,318 |
| of which United Kingdom | 427 | | | 571 | | 998 |
| of which USA | 747 | | | 38 | | 785 |
| Offshore centres | 2,183 | - | 29 | 1397 | | 3,609 |
| of which Bahrain | 428 | | | 631 | | 1,059 |
| of which Singapore | 1,596 | | | 695 | | 2,291 |
| Developing Latin America and Carribean | - | | | - | | - |
| Developing Europe | 1 | | | | | 1 |
| Developing Africa & Middle East | 338 | | | 13 | | 351 |
| of which Morocco | 323 | | | | | 323 |
| of which UAE | 13 | | | 12 | | 25 |
| Developing Asia and Pacific | 553 | | | 1509 | | 2,062 |
| of which India | 170 | | | 1509 | | 1,679 |
| of which Japan | 423 | | | | | 423 |
| of which South Korea | 277 | | | | | 277 |
| | 4,755 | - | 29 | 3,557 | - | 8,341 |

| | Banks | Official Sector | As at 31st March 2021 | | Others | Total |
|--|-------------------|-----------------|---------------------------------|---|----------|--------------|
| | | | Non bank Financial Institutions | Private Sector 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 |

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>30/09/2021</u> (HK\$ '000) | <u>31/03/2021</u> (HK\$ '000) |
|---|----------------------------------|----------------------------------|
| i) By Sectors | | |
| <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 | 70,653 | 67,385 |
| d) Others | - | - |
| Trade Financing | - | - |
| <u>Loans for use outside Hong Kong</u> | 3,383,553 | 3,426,491 |
| TOTAL | <u>3,454,206</u> | <u>3,493,878</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 and \$ 2,374,611 (HK\$'000) as at 30th September 2021 and \$ 2,444,370 (HK\$'000) as at 31st March 2021.

ii) By Geographical Areas

| | | |
|--------------|-------------------------|-------------------------|
| Hong Kong | 40,315 | 37,106 |
| India | 1,693,381 | 1,851,877 |
| Others | 1,720,510 | 1,604,895 |
| TOTAL | <u>3,454,206</u> | <u>3,493,878</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 30th September 2021 and 31st March 2021.

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

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

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

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



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III. Additional Information - continued

7. Mainland Activities Exposures

| | 30.9.2021 (HK\$ million) | | | 31.3.2021 (HK\$ million) | | |
|---|-----------------------------|----------------|-------|-----------------------------|----------------|-------|
| | On Balance | Off Balance | Total | On Balance | Off Balance | Total |
| | Sheet Exposure | Sheet Exposure | | Sheet Exposure | Sheet Exposure | |
| 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 | 8,278 | | | 6,484 | | |
| 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.

| | 30.9.2021 | | | | | | |
|---------------------------|------------------|------------|-----------------------|-------------|------------|------------|--------------|
| | US\$ | GBP | JPY | EURO | AUD | CHF | Total |
| | | | (HK\$ million) | | | | |
| Spot assets | 7,947 | 101 | 10 | 191 | 33 | 9 | 8,291 |
| Spot liabilities | (8,263) | (3) | (1) | (29) | - | - | (8,296) |
| Forward purchases | 405 | 21 | 12 | 32 | 15 | 1 | 488 |
| Forward sales | (73) | (120) | (23) | (201) | (50) | (11) | (478) |
| Net options | - | - | - | - | - | - | - |
| Net long (short) position | 16 | (1) | (2) | (7) | (2) | (1) | 3 |

| | 31.3.2021 | | | | | | |
|-------------------|------------------|------------|-----------------------|-------------|------------|------------|--------------|
| | US\$ | GBP | JPY | EURO | AUD | CHF | Total |
| | | | (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 | - | - | - | - | - | - | - |
| | 3 | 1 | - | - | - | - | 4 |



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III. Additional Information - continued

9. Liquidity

| | Six Months ended 30.9.2021 | Six Months ended 30.9.2020 |
|--|-------------------------------|-------------------------------|
| Average Liquidity Maintenance Ratio | <u>160.04%</u> | <u>294.61%</u> |

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

| | Three Months ended 30.9.2021 | Three Months ended 30.6.2021 | Three Months ended 30.9.2020 | Three Months ended 30.6.2020 |
|--|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Average Liquidity Maintenance Ratio | <u>171.55%</u> | <u>148.53%</u> | <u>273.45%</u> | <u>315.76%</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.

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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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

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 six months ended 30th September 2021 are as follows

| | HKS | Number of Beneficiaries |
|-----------------------|------------------|-------------------------|
| Fixed Remuneration | 1,761,890 | 2 |
| Variable Remuneration | 1,408,780 | 2 |
| Deferred Remuneration | 0 | 0 |
| Total | 3,170,670 | 2 |

No senior management or key personnel has been awarded with new sign-on or severance payment during the for the six months ended 30th September 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-wide 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 | <u>223,083,667</u> * | <u>180,695,395</u> ** |
| ii) Capital Adequacy Ratio*** | | |
| ***Capital Adequacy Ratio is calculated in accordance with the requirements of Reserve Bank of India. | <u>18.51%</u> | <u>18.26%</u> |

2. Other financial information

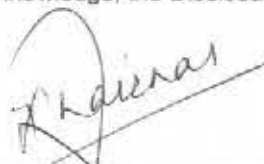
| | | |
|-------------------------|-------------------------|-------------------------|
| Total Assets | <u>1,913,351,031</u> * | <u>1,619,703,317</u> ** |
| Total Liabilities | <u>1,690,267,364</u> * | <u>1,439,007,922</u> ** |
| Total Advances | <u>1,260,269,559</u> * | <u>1,069,334,915</u> ** |
| Total Customer Deposits | <u>1,402,663,310</u> * | <u>1,156,723,544</u> ** |
| | Year ended 31.3.2021 | Year ended 31.3.2020 |
| Pre-tax Profit | <u>45,478,558</u> * | <u>39,090,714</u> ** |

*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 six months ended 30th September 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

