

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 2022

	<u>30.09.2022</u> (HK \$'000)	<u>30.09.2021</u> (HK \$'000)
<u>INCOME</u>		
Interest income	69,046	38,471
Interest expenses	48,961	11,535
Net interest income	<u>20,085</u>	<u>26,936</u>
<u>Other Operating Income</u>		
Gross fees and commission income(Expenses-Nil)	9,485	4,734
Gains less losses from trading in foreign currencies	(2,373)	125
Gains less losses from trading in securities	(10,838)	(2,515)
Others	82	89
Total Operating Income	<u>16,441</u>	<u>29,369</u>
<u>EXPENSES</u>		
<u>Operating Expenses</u>		
Staff expenses	7,515	6,412
Rent, taxes and lighting	754	806
Other expenses	1,876	2,221
Operating Profit before Impairment Losses	<u>6,296</u>	<u>19,930</u>
Impairment losses and provisions for impaired loans and receivables		
- Collective Provision	(437)	18,447
- Specific Provision	-	-
Profit before Taxation	6,733	1,483
Taxation Expense	-	-
Profit after Taxation	<u>6,733</u>	<u>1,483</u>



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II. Balance Sheet

As at 30th September 2022

	30.09.2022	31.03.2022
	(HK\$'000)	(HK\$'000)
<u>ASSETS</u>		
1 Cash and balances with banks	798,723	710,036
2 Placement with banks maturing between one and twelve months		
3 Amount due from overseas offices	597,600	9,699
4 Trade Bills	2,248,080	2,236,628
5 Loans and Receivables		
Advances to customers	1,819,961	1,864,721
Advances to banks		
Accrued interest and other accounts	27,419	16,827
Provision for impaired loans and receivables		
- Collective	(40,681)	(41,014)
- Specific		
6 Investment Securities	333,212	804,591
7 Property, plant and equipment	227	207
Total Assets	5,784,541	5,601,695
<u>LIABILITIES</u>		
8 Deposits and balances of banks	3,913,942	3,379,964
9 Deposits from customers		
Demand deposits and current accounts	488,964	282,220
Savings deposits	-	
Time, call and notice deposits	706,775	399,897
10 Amount due to overseas offices	636,444	1,528,082
11 Negotiable Debt Instruments		
12 Other liabilities	38,416	11,532
13 Other Provisions	-	-
Total Liabilities	5,784,541	5,601,695



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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 2022 and 31st March 2022.

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

	<u>30.09.2022</u> (HK\$ '000)	<u>31.03.2022</u> (HK\$ '000)
<u>2. Derivatives</u>		
a) Notional Amount		
i) Exchange rate contracts	316,248	259,238
ii) Interest rate contracts	101,029	156,750
TOTAL	<u>417,277</u>	<u>415,988</u>
b) Fair Value of Derivative contracts (Gross)		
i) Exchange rate contracts	1,739	(1,092)
ii) Interest rate contracts	-	-
TOTAL	<u>1,739</u>	<u>(1,092)</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>30.09.2022</u> HK\$ '000	<u>31.03.2022</u> HK\$ '000
Notional Amount		
i) Direct credit substitutes	314,500	140,277
ii) Trade related contingent items	1,096,001	937,764
iii) Other commitments	-	-
TOTAL	<u>1,410,501</u>	<u>1,078,041</u>



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III. Additional Information - continued

4. International Claims

	As at 30th September 2022					Total
	Banks	Official Sector	Non bank Financial Institutions	Non-Financial private sector	Others	
	(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 Carribean	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

	As at 31st March 2022					Total
	Banks	Official Sector	Non bank Financial Institutions	Non-Financial private sector	Others	
	(HK\$ in Million)					
Developed countries	1,756	239		109		2,104
of which United Kingdom	567			83		650
of which USA	823	239		23		1,085
of which Japan	178					178
Offshore centres	511		12	1263		1,786
of which Bahrain				637		637
of which Singapore	351			542		893
Developing Latin America and Carribean						-
Developing Europe	145					145
of which Czech Republic	143					143
Developing Africa & Middle East	486			14		500
of which Morocco	43					43
of which UAE	442			12		454
Developing Asia and Pacific	475			624		1,099
of which India	159			624		783
of which South Korea	168					168
	3,373	239	12	2,010	-	5,634

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>30.09.2022</u> (HK\$ '000)	<u>31.03.2022</u> (HK\$ '000)
i) By Sectors		
<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	71,396	84,623
d) Others		-
Trade Financing		-
<u>Loans for use outside Hong Kong</u>	1,748,564	1,780,098
TOTAL	<u>1,819,961</u>	<u>1,864,721</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 \$ 1,191,963 (HK\$'000) as at 30th September 2022 and \$ 1,355,772 (HK\$'000) as at 31st March 2022.

ii) By Geographical Areas

Hong Kong	35,601	48,920
India	567,087	732,357
Bahrain	566,058	549,957
Singapore	630,119	511,072
Others	21,096	22,415
TOTAL	<u>1,819,961</u>	<u>1,864,721</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

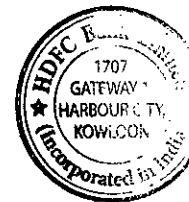
There were no loans and advances to customers overdue for more than 3 months as at 30th September 2022 and 31st March 2022.

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

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

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

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



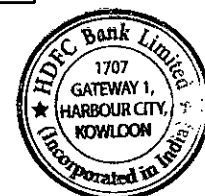
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III. Additional Information - continued

7. Mainland Activities Exposures

	30.9.2022 (HK\$ million)			31.3.2022 (HK\$ million)		
	On Balance Sheet Exposure	Off Balance Sheet Exposure	Total	On Balance Sheet Exposure	Off Balance Sheet Exposure	Total
	1	-	-	-	-	-
2	-	-	-	-	-	-
3	-	-	-	-	-	-
4	-	-	-	-	-	-
5	-	-	-	-	-	-
6	-	-	-	-	-	-
7	-	-	-	-	-	-
Total	-	-	-	-	-	-
Total assets after provision	5,785			5,602		
On-balance sheet exposures as percentage of total assets	0%			0%		



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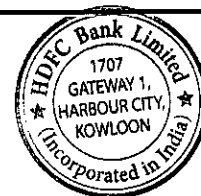
III. Additional Information - continued

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.

	<u>30.9.2022</u>						
	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	-	-	-	-	-	-	-
Net long (short) position	(6)	1	8	-	-	-	3

	<u>31.3.2022</u>						
	US\$	GBP	JPY	EURO	AUD	CHF	Total
	(HK\$ million)						
Spot assets	5,320	85	6	162	9	10	5,592
Spot liabilities	(5,579)	(3)	-	(10)	-	-	(5,592)
Forward purchases	258	6	-	1	-	-	265
Forward sales		(88)	(6)	(153)	(9)	(10)	(266)
Net options	-	-	-	-	-	-	-
	(1)	-	-	-	-	-	(1)



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III. Additional Information - continued

9. Liquidity

	<u>Six Months ended 30.9.2022</u>	<u>Six Months ended 30.9.2021</u>
Average Liquidity Maintenance Ratio	<u>176.28%</u>	<u>160.04%</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.

	<u>Three Months ended 30.9.2022</u>	<u>Three Months ended 30.6.2022</u>	<u>Three Months ended 30.9.2021</u>	<u>Three Months ended 30.6.2021</u>
Average Liquidity Maintenance Ratio	<u>209.44%</u>	<u>143.11%</u>	<u>171.55%</u>	<u>148.53%</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

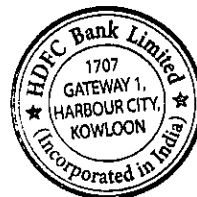
ALM support group is responsible for analyzing, monitoring and reporting the relevant risk profiles to senior management and relevant committees.

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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III. Additional Information - continued

10. Remuneration Policy

a) The design and implementation of the remuneration system.

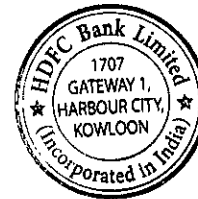
The Remuneration policy of the Bank is decided by the Board of Directors and is detailed in the Bank's Global Financial Statements available in the Bank's Website.

b) Aggregate quantitative information on remuneration for senior management and key personnel (see Note) for the six months ended 30th September 2022 are as follows

	HK\$	Number of Beneficiaries
Fixed Remuneration	1,851,700	2
Variable Remuneration	1,243,640	2
Deferred Remuneration	0	0
Total	3,095,340	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 2022 .

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>31.3.2022</u> (HK\$ '000)	<u>31.3.2021</u> (HK\$ '000)
i) Shareholders' Funds	255,502,241 *	223,083,667 **
ii) Capital Adequacy Ratio***		
***Capital Adequacy Ratio is calculated in accordance with the requirements of Reserve Bank of India.	<u>18.66%</u>	<u>18.51%</u>

2. Other financial information

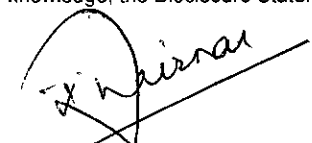
Total Assets	2,193,113,946 *	1,913,351,031 **
Total Liabilities	1,937,611,705 *	1,690,267,364 **
Total Advances	1,467,915,579 *	1,260,269,559 **
Total Customer Deposits	1,593,647,014 *	1,402,663,310 **
	Year ended 31.3.2022	Year ended 31.3.2021
Pre-tax Profit	<u>52,453,760 *</u>	<u>45,478,558 **</u>

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

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

Declaration of Chief Executive

We have prepared the financial disclosure statement of HDFC Bank, Hong Kong Branch for the six months ended 30th September 2022. 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

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