

8th November, 2016

BSE Limited

Dept of Corporate Services
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai 400 001
Fax No. 022-22722037 /39 /41

The National Stock Exchange of India Limited

The Listing Department
Exchange Plaza
Bandra Kurla Complex,
Mumbai 400 051
Fax No. 022-26598237 / 38/
66418124/25/26

Dear Sir,

Sub: Clarification to news items appearing in certain media relating to compromise of debit cards of certain banks, including HDFC Bank

We would like to clarify as under:

a) Whether such event/negotiations/article stated in published news were taking place? If so, you are advised to provide the said information along with the sequence of events in chronological order and the material impact of this article on the Company

Response:

HDFC bank has a transaction monitoring system. During monitoring of such transactions, certain transactions in the first week of September 2016 were observed from ATMs originating from China. Upon calling the customers, these transactions were disputed by the customers. Subsequently, in a short period of time, more transactions were witnessed coming from China, which was again disputed by the customers.

Witnessing the trend, the Bank immediately deployed necessary rules in the monitoring system to track all transactions from China (where disputed transactions were originating) and to decline ATM transactions above a certain threshold. This incident was notified to NPCI, VISA and MasterCard immediately.

The exposure owing to the incident was Rs. 0.17 crore from 29 customers. The customers were immediately compensated for the disputed amount. The Bank has covered the same through insurance and hence there is no loss to the Bank. The Bank has also reported the impacted cases to Reserve Bank of India in the month of September 2016 itself.

NPCI, VISA and MasterCard based on their internal analysis and basis similar disputes reported by other banks, released suitable advisories which have been actioned. They



informed the Bank of the potential compromised card base identified basis their analysis and findings. They have also informed that a forensic investigation is also being initiated at the third party processor which is suspected to be the point of compromise.

The Bank has deployed necessary rules to alert /decline both ATM and Point of Sale international transactions. Customers have been asked to change the card PIN as a precautionary measure through SMS, Emails and Voice blasts. Messages are also flashed advising impacted customers to change their card PIN for security reason, whenever these customers use HDFC Bank ATMs or log in to Net Banking. The Bank also has adopted select re-carding of cards basis risk profiling and internal criteria.

b) Whether company are aware of any information that has not been announced to the Exchanges under Regulation 30 of Listing Regulations. If so, you are advised to provide the said information and the reasons for not disclosing the same to the Exchange earlier as required under Regulation 30 of the Listing Regulations

Response:

It may be noted that the Bank has taken appropriate steps in this regard. As it can be seen, there has been no breach of HDFC Bank systems and the incident is an outcome of possible compromise at a third party payment processor. The impact for HDFC Bank is limited owing to various steps taken by the Bank (both proactive and reactive). We are confident that the incident has been adequately addressed keeping the customers' interests and safety in mind. The incident and various steps taken are closely tracked by the senior management of the Bank on an on-going basis.

Considering the impact, we have not reported the incident to the Stock Exchanges as there is no breach at our end and also there is no material impact due to the incident.

We hope this clarifies.

Yours faithfully,

For HDFC Bank Limited



Sanjay Dongre

Executive Vice President (Legal) & Company Secretary