

DISCLOSURES UNDER THE NEW CAPITAL ADEQUACY FRAMEWORK (BASEL II GUIDELINES) FOR THE HALF YEAR ENDED SEPTEMBER 30, 2009

1. Scope of Application

The Bank has investments in the equity capital of two subsidiaries namely HDFC Securities Ltd. and HDB Financial Services Private Ltd. The investment in these subsidiaries are deducted, 50% from Tier I capital and 50% from Tier II capital. Investments in the Bank's associates are risk-weighted.

As on September 30, 2009, the Bank does not have investment in any insurance entity.

2. Capital Structure

a) Details of Tier I capital are given below:

(Rs. lacs)

Particulars	Amount
Paid up share capital	427,36
Reserves	15,641,94
Innovative Perpetual Debt	200,00
Gross Tier I	16,269,30
Deductions:	
Deferred Tax Asset	(1,011,31)
Credit enhancement on securitization (50%)	(207,56)
Investments in Subsidiaries	(61,88)
Total Deductions	(1,280,75)
Total Tier I capital (net of deductions)	14,988,55

b) The total amount of Tier II capital (net of deductions) as of September 30, 2009 is Rs.6,558,67 lacs.

Details of Tier II capital are given below:

(Rs. lacs)

Particulars	Amount
Upper Tier II capital	2,791,95
Lower Tier II capital	3,248,24
Provision for Standard assets	760,29
Investment Reserve Account	27,63
Less: Credit enhancement on securitization	(207,56)
Less: Investments in Subsidiaries	(61,88)
Total Tier II capital (net of deductions)	6,558,67

c) Debt capital instruments eligible for inclusion in Upper Tier II capital are given below:

(Rs. lacs)

Particulars	Amount
Total amount outstanding as of September 30,2009	2,791,95
<i>Of which amounts raised during the year</i>	-
Amount eligible to be reckoned as capital funds.	2,791,95

- d) Subordinated debt eligible for inclusion in Lower Tier II capital is given below:

(Rs. lacs)

Particulars	Amount
Total amount outstanding as of September 30, 2009	3,393,20
<i>Of which amounts raised during the year</i>	-
Amount eligible to be reckoned as capital funds.	3,248,24

- e) The total eligible capital of the Bank outstanding as of September 30, 2009 amounts to Rs.21,547,22 lacs.

3. Capital Adequacy

- a) Capital Requirements for Credit Risk:

(Rs. lacs)

Portfolios subject to Standardized approach	10,119,76
Securitization Exposures	438,43

- b) Capital Requirements for Market Risk:

Standardized duration approach:

(Rs. lacs)

Interest rate risk	610,02
Foreign Exchange risk (including gold)	27,00
Equity risk	16,76
Total	653,78

- c) Capital Requirements for Operational Risk:

(Rs. lacs)

Capital required under Basic Indicator Approach	1,150,70
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- d) Total and Tier I Capital:

Tier I capital ratio	10.91%
Total capital ratio	15.69%

4. Credit Risk

- a) Gross Credit Risk Exposures:

(Rs. lacs)

Category	Amount
Fund based	119,632,24
Non Fund based*	17,904,39
Total	137,536,63

Fund based exposures comprises loans and advances and investments of the bank

* Non fund based exposures comprises guarantees, acceptances, endorsements and letter of Credits

b) Geographic distribution of exposures:

(Rs. lacs)

Category	Fund based	Non Fund Based
Domestic	117,63,489	17,904,39
Overseas	1,99,735	-
Total	119,632,24	17,904,39

c) Industry-wise distribution of exposures:

(Rs. lacs)

Industry	Fund Based	Non Fund Based
Agriculture and allied activities	2,037,58	50,66
Airlines	248,10	237,94
Automobile & Auto Ancillary	6,722,80	481,05
Banks and Financial Institutions	7,632,42	180,53
Capital Market Intermediaries	1,015,45	1,639,06
Cement and Cement Products	367,67	439,59
Chemical and Chemical Products	1,118,91	381,99
Coal and Petroleum Products	5,496,48	2,480,76
Construction and Developers	964,79	144,60
Consumer Durables	282,13	115,86
Drugs and Pharmaceuticals	1,515,56	167,65
Engineering	1,699,22	2,140,79
Fertilisers and Pesticides	2,586,24	262,15
FMCG and Personal Care	533,69	47,38
Food and Beverage	1,350,98	165,46
Gems and Jewellery	359,01	73,95
Home Finance Companies	3,044,01	-
Information Technology	697,78	137,63
Iron and Steel	1,753,42	876,57
Mining and Minerals	469,01	443,42
NBFC/Financial Intermediaries	5,528,78	13,86
Non-ferrous Metals and Products	676,04	1,750,82
Other Non-metallic Mineral Products	310,77	111,31
Paper, Printing and Stationery	704,63	168,20
Power	1,529,67	465,74
Real Estate and Property Services	2,121,85	389,68
Retail Assets*	51,664,71	616,48
Road Transport**	5,004,38	102,25
Services	1,569,57	236,92
Telecom	1,251,00	984,67
Textile and Garments	1,049,21	244,80
Tobacco and Tobacco Products	387,67	73,64
Wholesale/Retail Trade	5,150,02	893,47
Other Industries***	2,788,69	1,385,51
Grand Total	119,632,24	17,904,39

* comprises auto loans, consumer loans, credit cards, home loans, personal loans, two wheeler loans, business loans except where otherwise classified.

** includes retail commercial vehicle financing.

*** covers about 11 industries such as fishing, glass and glass products, leather and leather products, media and entertainment, plastic and plastic products, rubber and rubber products, wood and wood products, shipping, each of which is less than 0.25% of the total exposure.

d) Residual Contractual Maturity breakdown of assets

(Rs. lacs)

Maturity Buckets	Cash and Balances with Reserve Bank of India	Balances with Banks and Money at Call and Short Notice	Investments	Advances	Fixed Assets	Other Assets	Grand Total
1 to 14 days	5,722,69	1,048,32	14,721,84	6,852,95	-	2,836,11	31,181,91
15 to 28 days	155,49	81,23	810,76	4,066,54	-	1,808,54	6,922,56
29 days to 3 months	382,28	124,01	2,717,31	12,419,41	-	-	15,643,01
3 to 6 months	532,58	106,31	1,971,20	11,510,21	-	-	14,120,30
6 months to 1 year	360,68	-	1,815,43	14,410,25	-	-	16,586,36
1 to 3 years	4,292,74	10	20,637,72	49,504,14	-	1,432,10	75,866,80
3 to 5 years	1,129,43	-	5,765,29	7,387,54	-	-	14,282,26
Above 5 years	1,088,63	9,55	8,730,48	7,520,98	1,987,87	-	19,337,51
Grand Total	13,664,52	1,369,52	57,170,03	113,672,02	1,987,87	6,076,75	193,940,71

e) Gross and Net NPAs:

(Rs. lacs)

NPA Classification	Amount
Sub Standard	1,591,74
Doubtful *	311,27
- Doubtful 1	292,11
- Doubtful 2	14,46
- Doubtful 3	4,70
Loss	123,87
Total	2,026,88

* Doubtful 1, 2 and 3 categories correspond to the period for which asset has been doubtful - Up to one year (Doubtful 1), One to three years (Doubtful 2) and More than three years (Doubtful 3).

f) Net NPAs:

(Rs. lacs)

Particulars	Amount
Gross NPAs	2,026,88
Less Provisions	1,424,45
Net NPAs	602,43

g) NPA Ratio:

Particulars	Ratios
Gross NPAs as a ratio to Gross Advances	1.76%
Net NPAs as a ratio to Net Advances	0.53%

h) Movement of NPAs (Gross)* :

(Rs. lacs)

Particulars	Amount
Opening balance	1,951,53
Additions during the year	1,623,33
Reductions during the year	1,547,98
Closing Balance	2,026,88

* NPAs exclude interest held in suspense in accordance with RBI guidelines dated September 24, 2009 under reference DBOD.No.BP.BC.46/21.04.048/2009-10.

i) Movement of Provisions for NPAs:

(Rs. lacs)

Particulars	Amount
Opening balance	1,323,90
Provisions made during the year	1,577,50
Write off	1,320,14
Write back of excess provisions	156,81
Closing Balance	1,424,45

j) Amount of Non performing Investments

(Rs. lacs)

Particulars	Amount
Gross Non performing Investments	2,23
Total provisions held on Non performing Investments	2,23
Net Non performing Investments	-

k) Movement of provisions for depreciation on investments

(Rs. lacs)

Particulars	Amount
Opening balance	5,541
Provisions made during the year	3,088
Write off	-
Write back of excess provisions	1,545
Closing balance	7,084

5. Credit Risk: Disclosures for portfolios subject to the Standardized Approach

For exposure amounts after risk mitigation subject to the standardized approach, the Bank's outstanding (rated and unrated) in the following three major risk Buckets as well as those that are deducted:

(Rs. lacs)

Particulars	Amount
Below 100% risk weight	56,373,28
100% risk weight	46,290,42
More than 100% risk weight	34,872,93
Deducted	-
Total	137,536,63

6. Credit Risk Mitigation: Disclosures for Standardized Approaches

For disclosed credit risk portfolio under the standardized approach, the total exposure that is covered by eligible financial collateral:

(Rs. lacs)

Particulars	Amount
Total exposure covered by eligible financial collateral	7,78,313

7. Securitisation – Disclosure for Standardized Approach

a) i) Total outstanding principal securitized by exposure type as on September 30, 2009:

(Rs. lacs)

Exposure Type*	Amount
Auto loan	366,88
Commercial vehicle loan	125,59
Two Wheeler loan	1
Loan against property	333,35
Housing loan	804,72
Loan against rent receivables	46,14
Total	1,676,69

*Amounts are in respect of exposures which the Bank has originally sourced and continues to service.

ii) Deals done during the year:

The Bank has not entered into any securitization deal during the half-year ended September 30, 2009.

b) (i) The amount of impaired/past due assets securitized/sold is Rs. 26,57 lacs.

(ii) There are no losses during the year on account of write offs/provisions/write down of I/Os strips and other residual interests.

c) Aggregate amount of securitization exposures retained or purchased as on September 30, 2009.

(Rs. lacs)

Particulars	Amount
1.Retained	
Mixed Asset*	21,57
2.Purchased	
Auto loan	35,90
Commercial vehicle loan	35,35
Hire Purchase Receivables	17,07
Housing loan	732,92
Personal loan	13,52
Two wheeler loan	11,69
3. Credit and Liquidity enhancement / facility**	714,92
4. Other Commitments	-
Total	1,582,94

* comprises auto loans, commercial vehicle loans and two wheeler loans.

** includes third party liquidity facility outstanding.

- d) (i) Risk weight wise securitization exposures retained or purchased.

(Rs. lacs)

Risk Weight bands	Amount
Less than 100%	900,87
100%	266,94
More than 100%	-
Total	1,167,81

- (ii) Securitization exposures deducted from capital by exposure type.

(Rs. lacs)

Exposure Type	Exposure deducted entirely from tier I capital	Credit enhancing I/Os deducted from total capital	Other exposures deducted from total capital
Commercial vehicle loan	-	-	44
Housing loan	-	-	173,28
Mixed assets*	-	-	241,41
Total	-	-	415,13

* includes auto, commercial vehicle, two wheeler loans, loan against property, housing loan and loan against rent receivables.

- e) (i) Total number and book value of loan assets securitised – by type of underlying assets.

Rs. lacs (except no. of loans securitised)

Particulars	For the half year ended September 30, 2009		For the half year ended September 30, 2008	
Underlying assets securitized during the year	Total Book value of assets securitised	Total number of assets securitized	Total Book value of assets securitized	Total number of assets securitized
Commercial vehicle loan	-	-	89,41	5,956
Total	-	-	89,41	5,956

- (ii) Sale Consideration and gain/loss on sale of securitization.

(Rs. lacs)

Particulars	For the half year ended September 30, 2009	For the half year ended September 30, 2008
Sale consideration received	-	89,41
Profit/(loss) on sell off*	-	-

* Pursuant to RBI guidelines dated February 1, 2006 under reference no. DBOD.No.BP.BC. 60/ 21.04.048/2005-06, the Bank amortises any profit/premium arising on account of sale of receivables over the life of the securities sold out while any loss arising on account of sale of receivables is recognised in the profit and loss account for the period in which the sale occurs.

(iii) Summary of form and quantum of services provided.

(Rs. lacs)

Particulars	As on September 30, 2009	As on September 30, 2008
Outstanding credit and liquidity enhancement / facility*	714,92	427,22
- Funded	59,96	55,89
- Non Funded	654,96	371,33
Outstanding servicing liability	1,78	55

*includes third party liquidity facility outstanding.

8. Market Risk in Trading Book**Capital requirements:**

(Rs. lacs)

Category	Capital charge
- Interest rate risk	610,02
- Equity position risk	27,00
- Foreign Exchange risk	16,76
Total	653,78

9. Interest rate risk in the banking book (IRBB)**Quantification of the Interest Rate Risk:**

As required under Pillar III norms, the increase / decline in earnings and economic value for an upward / downward rate shocks of 200 basis points as on September 30, 2009, broken down by currency is as follows:

a) Earnings Perspective:

Currency	Impact on Net Interest Income (Rs. lacs) (by applying interest rate shock of 200 Basis points)	
	(200)	200
INR	(96,65)	96,65
USD	(105,07)	105,07
Others	5,11	(5,11)
Total	(196,61)	196,61

b) Economic Value Perspective (Impact on Market Value of Equity):

Currency	Impact on Economic Value (Rs. lacs) (by applying interest rate shock of 200 Basis points)	
	(200)	200
INR	(2,25)	2,25
USD	(130,43)	130,43
Others	(35,83)	35,83
Total	(168,51)	168,51