

Pillar 3 Disclosures

DISCLOSURES UNDER THE NEW CAPITAL ADEQUACY FRAMEWORK (BASEL II) GUIDELINES FOR THE HALF YEAR ENDED SEPTEMBER 30, 2012.

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 of September 30, 2012, the Bank does not have investment in any insurance entity.

2. Capital Structure

a) The details of Tier I capital of the Bank are given below:

(₹ lacs)

Particulars	Sep 30, 2012	Sep 30, 2011
Paid-up share capital	472,34	467,66
Reserves	32,852,97	27,452,32
Innovative Perpetual Debt	200,00	200,00
Gross Tier I	33,525,31	28,119,98
Deductions:		
Deferred Tax Asset	(1,815,19)	(1,227,23)
Securitisation exposures*	(177,80)	(221,01)
Investments in Subsidiaries	(361,81)	(361,81)
Market Risk Charge on account of valuation adjustment for illiquid position of derivative and non derivative portfolio	(48,46)	(57,32)
Total Deductions	(2,403,26)	(1,867,37)
Total Tier I capital (net of deductions)	31,122,05	26,252,61

* Principally comprises credit enhancements

b) The details of Tier II capital of the Bank are given below:

(₹ lacs)

Particulars	Sep 30, 2012	Sep 30, 2011
Upper Tier II capital	3,944,45	3,905,65
Lower Tier II capital	9,352,00	6,281,20
Provision for standard assets and floating provision	2,779,43	2,066,91
Securitisation exposures*	(177,80)	(221,01)
Investments in Subsidiaries	(361,81)	(361,81)
Total Tier II capital (net of deductions)	15,536,27	11,670,94

* Principally comprises credit enhancements

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

(₹ lacs)

Particulars	Sep 30, 2012	Sep 30, 2011
Total amount outstanding	3,944,45	3,905,65
Of which amounts raised during the period	-	-
Amount eligible to be reckoned as capital funds	3,944,45	3,905,65

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

(₹ lacs)

Particulars	Sep 30, 2012	Sep 30, 2011
Total amount outstanding (net of discount)	10,458,00	6,981,00
Of which amounts raised during the period	3,477,00	3,650,00
Amount eligible to be reckoned as capital funds	9,352,00	6,281,20

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e) The details of outstanding debt instruments as on September 30, 2012 are given below:

(₹ lacs)

Type of Instrument	Currency	Year of issue	Year of Maturity	Year of call	Amount
Perpetual Debt	INR	2006-07	-	2016-17	200,00
Upper Tier II	INR	2006-07	2021-22	2016-17	300,00
Upper Tier II	INR	2006-07	2021-22	2016-17	300,00
Upper Tier II	INR	2006-07	2021-22	2016-17	35,90
Upper Tier II	USD	2006-07	2021-22	2016-17	528,55
Upper Tier II	INR	2008-09	2023-24	2018-19	578,00
Upper Tier II	INR	2008-09	2023-24	2018-19	200,00
Upper Tier II	INR	2008-09	2023-24	2018-19	797,00
Upper Tier II	INR	2007-08	2022-23	2017-18	100,00
Upper Tier II	INR	2010-11	2025-26	-	1,105,00
Lower Tier II	INR	2003-04	2014-15	-	395,00
Lower Tier II	INR	2003-04	2017-18	-	5,00
Lower Tier II	INR	2004-05	2014-15	-	15,00
Lower Tier II	INR	2004-05	2014-15	-	4,00
Lower Tier II	INR	2005-06	2015-16	-	414,00
Lower Tier II	INR	2005-06	2015-16	-	231,00
Lower Tier II	INR	2005-06	2015-16	-	257,00
Lower Tier II	INR	2005-06	2015-16	-	300,00
Lower Tier II	INR	2006-07	2016-17	-	169,00
Lower Tier II	INR	2006-07	2016-17	-	241,00
Lower Tier II	INR	2008-09	2018-19	-	1,150,00
Lower Tier II	INR	2008-09	2018-19	-	150,00
Lower Tier II	INR	2011-12	2026-27	2021-22	3,650,00
Lower Tier II	INR	2012-13	2027-28	2022-23	3,477,00
Total					14,602,45

f) Other deductions from capital: Nil (previous period: Nil).

g) The total eligible capital of the Bank outstanding as of September 30, 2012 amounts to ₹ 46,658,32 lacs (previous period: ₹ 37,923,55 lacs).

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3. Capital Adequacy

a) Capital requirements for credit risk: (₹ lacs)

Particulars	Sep 30, 2012	Sep 30, 2011
Portfolios subject to Standardised approach	20,865,19	17,287,25
Securitisation Exposures	1,004,16	898,37
Total	21,869,35	18,185,62

b) Capital requirements for market risk:

Standardised duration approach: (₹ lacs)

Particulars	Sep 30, 2012	Sep 30, 2011
Interest rate risk	443,60	528,88
Foreign exchange risk (including gold)	27,00	27,00
Equity risk	79,96	39,72
Total	550,56	595,60

c) Capital requirements for operational risk: (₹ lacs)

Particulars	Sep 30, 2012	Sep 30, 2011
Basic indicator approach	2,218,67	1,867,62

d) Total and Tier I capital ratio:

	Sep 30, 2012	Sep 30, 2011
Tier I capital ratio	11.37%	11.44%
Total capital ratio	17.04%	16.53%

4. Credit Risk

a) Total gross credit risk exposures including Geographic distribution of exposures: (₹ lacs)

Category	Sep 30, 2012			Sep 30, 2011		
	Domestic	Overseas	Total	Domestic	Overseas	Total
Fund based*	243,097,70	8,767,90	251,865,60	197,778,01	7,040,16	204,818,17
Non-fund based**	35,661,00	202,15	35,863,15	32,441,62	41,34	32,482,96
Total	278,758,70	8,970,05	287,728,75	230,219,63	7,081,50	237,301,13

* Fund based exposures comprise investments and loans & advances including bills re-discounted.

** Non-fund based exposures comprise guarantees, acceptances, endorsements and letters of credit.

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b) Industry-wise distribution of exposures:

(₹ lacs)

Industry	Sep 30, 2012	
	Fund Based	Non-fund Based
Agriculture and Allied Activities	4,251,29	111,29
Automobile and Auto Ancillary	10,896,87	1,310,33
Banks and Financial Institutions	18,222,42	637,77
Capital Market Intermediaries	1,473,71	1,596,55
Cement and Products	1,079,81	333,40
Chemical and Products	2,253,40	463,89
Coal and Petroleum Products	6,123,43	7,180,14
Construction and Developers (infrastructure)	3,072,90	1,149,80
Consumer Durables	975,79	313,23
Drugs and Pharmaceuticals	1,779,98	334,79
Engineering	4,292,71	3,469,37
Fertilisers and Pesticides	4,478,64	1,175,87
Food and Beverage	4,925,97	503,69
Gems and Jewellery	3,647,06	29,46
Housing Finance Companies	2,087,85	-
Information Technology	1,202,94	447,92
Iron and Steel	5,971,07	2,501,11
Mining and Minerals	1,432,35	457,14
NBFC / Financial Intermediaries	8,108,36	53,00
Non-ferrous Metals and Products	2,112,07	2,665,78
Other Industries****	7,276,52	1,354,54
Paper, Printing and Stationery	1,205,62	331,75
Plastic Products	840,63	226,15
Power	4,732,92	856,82
Real Estate and Property Services*	3,432,02	740,97
Retail Assets**	101,073,84	1,281,68
Road Transport***	12,808,97	167,23
Services	5,864,24	1,325,97
Telecom	2,573,59	695,77
Textiles and Garments	2,456,38	924,44
Wholesale / Retail Trade	21,212,25	3,223,30
Total	251,865,60	35,863,15

* classification of exposure to real estate sector under " Exposures in Sensitive Sector", as disclosed in the Notes to the Financial Statements in the Balance Sheet of the Bank, is as per the RBI guidelines, which includes not only exposure to borrowers in the real estate industry but also exposure to borrowers in other industries, (where repayment is dependent on real estate prices), investment in home finance institutions, securitization, etc.

** 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 other industries such as Airlines, Fishing, FMCG & Personal Care, Glass & Products, Leather & Products, Media & Entertainment, Other non-metallic mineral products, Railways, Rubber & Products, Shipping, Tobacco & Products, Wood & Products each of which is less than 0.25% of the total exposure.

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c) Residual contractual maturity breakdown of assets:

Assets and liabilities are classified in the maturity buckets as per the guidelines issued by the Reserve Bank of India.

As on Sep 30, 2012

(₹ lacs)

Maturity Buckets	Cash and Balances with RBI	Balances with Banks and Money at Call and Short Notice	Investments	Advances*	Fixed Assets	Other Assets	Grand Total
1 to 14 days	8,808,28	1,682,68	6,029,97	16,375,37	-	5,097,68	37,993,98
15 to 28 days	431,65	299,06	2,837,25	8,860,26	-	4,834,48	17,262,70
29 days to 3 months	854,66	588,10	5,453,78	27,283,71	-	-	34,180,25
3 to 6 months	793,06	502,86	6,609,90	23,541,83	-	-	31,447,65
6 months to 1 year	1,055,39	1,387,03	5,228,44	23,442,21	-	-	31,113,07
1 to 3 years	5,764,12	2,41	32,938,04	97,514,45	-	14,847,46	151,066,48
3 to 5 years	29,32	552,61	3,959,27	16,761,59	-	-	21,302,79
Above 5 years	3,949,77	11,43	28,677,12	17,869,19	2,500,13	-	53,007,64
Total	21,686,25	5,026,18	91,733,77	231,648,61	2,500,13	24,779,62	377,374,56

As on Sep 30, 2011

(₹ lacs)

Maturity Buckets	Cash and Balances with RBI	Balances with Banks and Money at Call and Short Notice	Investments	Advances*	Fixed Assets	Other Assets	Grand Total
1 to 14 days	7,711,80	881,78	7,455,30	13,929,47	-	5,209,41	3,5187,76
15 to 28 days	350,40	108,55	1,944,90	7,912,11	-	4,056,49	14,372,45
29 days to 3 months	1,102,41	405,34	7,016,90	229,92,49	-	-	31,517,14
3 to 6 months	888,22	194,50	4,676,42	19,184,71	-	-	24,943,85
6 months to 1 year	1,448,80	362,71	6,017,49	19,164,08	-	-	26,993,08
1 to 3 years	6,462,02	40	28,121,38	76,097,13	-	13,384,27	124,065,20
3 to 5 years	647,68	-	4,352,98	13,880,94	-	-	18,881,60
Above 5 years	3,202,42	10,15	19,062,08	15,341,25	2,169,47	-	39,785,37
Total	21,813,75	1,963,43	78,647,45	188,502,18	2,169,47	22,650,17	315,746,45

*Excludes exposure under bills re-discounted.

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d) Amount of Gross NPAs: (₹ lacs)

NPA Classification	Sep 30, 2012	Sep 30, 2011
Substandard	896,92	843,24
Doubtful *		
- Doubtful 1	333,92	470,42
- Doubtful 2	335,78	136,62
- Doubtful 3	69,88	27,17
Loss	496,94	417,49
Total	2,133,44	1,894,94

* 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).

e) Amount of Net NPAs: (₹ lacs)

Particulars	Sep 30, 2012	Sep 30, 2011
Gross NPAs	2,133,44	1,894,94
Less : Provisions	(1,746,58)	(1,539,69)
Net NPAs	386,86	355,25

f) NPA Ratios:

Particulars	Sep 30, 2012	Sep 30, 2011
Gross NPAs as a ratio to gross advances	0.91%	1.00%
Net NPAs as a ratio to net advances	0.17%	0.19%

g) Movement of NPAs (Gross): (₹ lacs)

Particulars	Sep 30, 2012	Sep 30, 2011
Opening balance	1,999,39	1,694,35
Additions during the period	907,41	759,56
Reductions	(773,36)	(558,97)
Closing balance	2,133,44	1,894,94

h) Movement of provisions for NPAs: (₹ lacs)

Particulars	Sep 30, 2012	Sep 30, 2011
Opening balance	1,647,07	1,397,93
Provisions made during the period	760,91	694,06
Write-off	(476,74)	(502,98)
Write-back of excess provisions	(184,66)	(49,32)
Closing balance	1,746,58	1,539,69

i) Amount of Non-performing investments: (₹ lacs)

Particulars	Sep 30, 2012	Sep 30, 2011
Gross non-performing investments	148,61	57,35
Provisions held for non-performing investments	(141,90)	(56,98)
Net non-performing investments	6,71	37

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- j) Movement of provisions for depreciation on investments: (₹ lacs)

Particulars	Sep 30, 2012	Sep 30, 2011
Opening balance	226,93	42,46
Provisions made during the year	128,57	77,65
Write-off	-	-
Write-back of excess provisions	(45,75)	-
Closing balance	309,75	120,11

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

For exposure amounts after risk mitigation subject to the standardised approach (including exposures under bills re-discounting transactions, if any), the Bank's outstanding (rated and unrated) in the following three major risk buckets as well as those that are deducted:

(₹ lacs)

Particulars	Sep 30, 2012	Sep 30, 2011
Below 100% risk weight	128,950,49	83,885,50
100% risk weight	85,010,26	94,533,29
More than 100% risk weight	73,768,00	58,882,34
Deducted	-	-
Total	287,728,75	237,301,13

6. Credit Risk Mitigation: Disclosures for Standardised Approaches

- a) Exposure covered by eligible financial collateral (after application of haircuts): (₹ lacs)

Particulars	Sep 30, 2012	Sep 30, 2011
Exposure covered by eligible financial collateral	13,365,29	9,062,74
Total	13,365,29	9,062,74

- b) Exposure covered by Guarantees / Credit Derivatives: (₹ lacs)

Particulars	Sep 30, 2012	Sep 30, 2011
Exposure covered by guarantees	1,978,88	2,461,77
Total	1,978,88	2,461,77

7. Securitisation Exposures: Disclosure for Standardised Approach

Banking Book

- a) The total amount of exposures securitised by the Bank:
- Total outstanding amount securitised was ₹ 440,81 lacs (previous period ₹ 651,23 lacs)
 - Deals done during the period:
The Bank has not securitised out any component of its standard asset portfolio, impaired/ past due assets during the period ended September 30, 2012 (previous period impaired/ past due: Nil).
- b) Losses on exposures securitised during the current period: Nil (previous period: Nil).

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c) Amount of assets intended to be securitised within a year:

The Bank has made no projection of the assets it intends to securitise-out during the fiscal year beginning April 01, 2012.

d) Of (c), amount of assets originated within a year before securitisation: Not applicable.

e) The total amount of exposures securitised and unrecognised gain or losses on sale by exposure type: Nil.

(₹ lacs)

Exposure Type	Sep 30, 2012		Sep 30, 2011	
	Outstanding amount of exposures securitised	Outstanding unrecognised gain or losses on sale	Outstanding amount of exposures securitised	Outstanding unrecognised gain or losses on sale
Auto loans	12,45	-	55,30	-
Commercial vehicle loans	1,11	-	9,95	-
Loans against property	94,16	-	145,48	-
Housing loans	296,41	-	404,67	-
Loans against rent receivables	36,68	-	35,83	-
Total	440,81	-	651,23	-

f) Aggregate amount of:

- On-balance sheet securitisation exposures retained or purchased broken down by exposure type.

(₹ lacs)

Particulars	Sep 30, 2012	Sep 30, 2011
Commercial vehicle loans	474,14	998,17
Housing loans	15,248,88	11,970,92
Personal loans	25,64	33,66
Two wheeler loans	3,44	1,49
Mixed assets*	542,13	876,51
Construction Equipment loans	28,03	104,98
Tractor loans	486,14	671,31
Total	16,808,40	14,657,04

- Off-balance sheet securitisation exposures broken down by exposure type.

(₹ lacs)

Particulars	Sep 30, 2012	Sep 30, 2011
Commercial Vehicle Loans	-	44
Housing loans	174,35	177,67
Mixed assets*	181,26	263,91
Total	355,61	442,02

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

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- g) Aggregate amount of securitisation exposures retained or purchased and the associated capital charges, broken down between exposures and further broken down into different risk weight bands for each regulatory capital approach:

(₹ lacs)

Risk Weight Bands	Exposure Type	Sep 30, 2012		Sep 30, 2011	
		Exposure	Capital Charge	Exposure	Capital Charge
Less than 100%	Commercial vehicle loans	471,10	31,80	998,17	67,38
	Construction equipment loans	28,03	1,89	104,98	7,09
	Housing loans	10,791,05	493,13	8230,56	378,60
	Mixed assets	492,63	33,25	871,71	58,84
	Tractor loans	486,14	32,81	671,31	45,31
	Personal Loans	-	-	33,66	2,27
At 100%	Housing loans	4,418,58	397,67	3,685,27	331,67
More than 100%	Mixed assets	49,50	5,58	4,80	54
	Two wheeler loans	3,44	39	1,49	17
	Personal Loans	25,64	2,88	-	-
	Commercial Vehicle Loan	3,04	34	-	-
	Housing Loan	39,25	4,42	55,09	6,20
	Total	16,808,40	1,004,16	14,657,04	898,07

- Exposures that have been deducted entirely from Tier 1 capital, credit enhancing Interest Only Strips (I/Os) deducted from total capital and other exposures deducted from total capital (by exposure type):

(₹ lacs)

Exposure Type	Sep 30, 2012			Sep 30, 2011		
	Exposure deducted entirely from Tier I capital	Credit enhancing I/Os deducted from total capital	Other exposure deducted from total capital	Exposure deducted entirely from Tier I capital	Credit enhancing I/Os deducted from total capital	Other exposure deducted from total capital
Commercial Vehicle Loans	-	-	-	-	-	44
Housing loans	-	-	174,35	-	-	177,67
Mixed assets*	-	-	181,26	-	-	263,91
Total	-	-	355,61	-	-	442,02

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

Trading Book

- h) Aggregate amount of exposure securitised-out by the Bank for which the Bank has retained some exposure and which is subject to market risk approach, by exposure type as of September 30, 2012: Nil (previous period: Nil).

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i) Aggregate amount of :

- On-balance sheet securitisation exposures retained or purchased broken down by exposure type:

(₹ lacs)

Exposure Type	Sep 30, 2012	Sep 30, 2011
Hire Purchase Receivables	5, 60	9,63
Housing Loan	268,77	391,70
Micro Finance	-	9,66
Total	274,37	410,99

- Off-balance sheet securitisation exposures broken down by exposure type: Nil (previous period: Nil).

j) Aggregate amount of securitisation exposures retained or purchased, subject to the securitisation framework for specific risk broken down into different risk weight bands :

- The capital requirements for the securitisation exposures, subject to the securitisation framework broken down into different risk weight bands (book value)

(₹ lacs)

Particulars	Sep 30, 2012	Sep 30, 2011
Less than 100 %	274,37	410,99
100%	-	-
More than 100%	-	-
Total	274,37	410,99

k) Aggregate amount of:

- The capital requirements for the securitisation exposures, subject to the securitisation framework broken down into different risk weight bands (capital charge)

(₹ lacs)

Particulars	Sep 30, 2012	Sep 30, 2011
Less than 100 %	10,36	15,32
100%	-	-
More than 100%	-	-
Total	10,36	15,32

- Securitisation exposures that are deducted entirely from Tier 1 capital, credit enhancing I/Os deducted from total capital and exposures deducted from total capital (by exposure type): Nil

8. Market Risk in Trading Book

Capital requirements:

(₹ lacs)

Category	Sep 30, 2012	Sep 30, 2011
Interest rate risk	443,60	528,88
Equity position risk	79,96	39,73
Foreign Exchange risk	27,00	27,00
Total	550,56	595,61

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9. Interest rate risk in the banking book (IRRBB)

• Earnings Perspective (Impact on Net Interest Income):

(₹ lacs)

Currency	If Interest rate were to go down by 200 basis points		If Interest rate were to go up by 200 basis points	
	Sep 30, 2012	Sep 30, 2011	Sep 30, 2012	Sep 30, 2011
INR	(1,253,41)	(991,95)	1,253,41	991,95
USD	(46,96)	(67,79)	46,96	67,79
Others	(3,44)	(5,11)	3,44	5,11
Total	(1,303,81)	(1,064,85)	1,303,81	1,064,85

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

(₹ lacs)

Currency	If Interest rate were to go down by 200 basis points		If Interest rate were to go up by 200 basis points	
	Sep 30, 2012	Sep 30, 2011	Sep 30, 2012	Sep 30, 2011
INR	(570,03)	(180,41)	570,03	180,41
USD	(49,07)	(64,72)	49,07	64,72
Others	(16,29)	(20,17)	16,29	20,17
Total	(63,539)	(265,30)	63,539	265,30