

**Basel III - Disclosures Under Pillar 3 as per the Banking Act Direction No.01 of 2016****Disclosure 1****Key Regulatory Ratios - Capital and Liquidity**

	As at 31.03.2023	As at 31.12.2022
<b>Regulatory Capital (LKR '000)</b>		
Common Equity Tier 1 Capital	5,916,880	6,154,278
Tier 1 Capital	6,166,880	6,404,278
Total Capital	6,402,893	6,404,278
<b>Regulatory Capital Ratios (%)</b>		
Common Equity Tier 1 Capital Ratio ( <i>Minimum Requirement -7.00%</i> )	25.802	25.431
Tier 1 Capital Ratio ( <i>Minimum Requirement - 8.50%</i> )	26.893	26.464
Total Capital Ratio ( <i>Minimum Requirement -12.50%</i> )	27.922	26.464
Leverage Ratio ( <i>Minimum Requirement - 3%</i> )	9.31	10.26
<b>Regulatory Liquidity</b>		
Statutory Liquid Assets (LKR '000)	18,585,319	15,142,932
<b>Statutory Liquid Assets Ratio (<i>Minimum Requirement -- 20%</i>)</b>		
Domestic Banking Unit (%)	35.47	31.52
Off-Shore Banking Unit (%)	-	-
Liquidity Coverage Ratio (%) - Rupee ( <i>Minimum Requirement -100%,</i> )	755	334
Liquidity Coverage Ratio (%) - All Currency ( <i>Minimum Requirement -100%</i> )	-	-

**Disclosure 2**

**Basel III Computation of Capital Ratios**

	Amount (LKR ' 000)	
	As at 31.12.2022	As at 31.12.2022
<b>Common Equity Tire 1 (CET1) Capital Afer Adjustment</b>	<b>5,916,880</b>	<b>6,154,278</b>
<b>Common Equity Tire 1 (CET1) Capital</b>	<b>6,436,104</b>	<b>6,436,104</b>
Equity Capital (Stated Capital)/Assigned Capital	962,093	962,093
Reserve Fund	272,373	272,373
Published Retained Earnings/(Accumulated Retained Losses)	4,730,491	4,730,491
Published Accumulated Other Comprehensive Income (OCI)	-	-
General and other Disclosed Reserves	471,147	471,147
Unpublished Current Year's Profit/Loss and Gains reflected in OCI	-	-
Ordinary Shares issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by Third Parties	-	-
<b>Total Adjustments to CET1 Capital</b>	<b>519,224</b>	<b>281,826</b>
Goodwill (net)	-	-
Intangible Assets (net)	133,192	157,253
Others (Specify)	386,032	124,573
<b>Additional Tier 1 (AT1) Capital after Adjustments</b>	<b>250,000</b>	<b>250,000</b>
<b>Additional Tier 1 (AT1) Capital</b>	<b>250,000</b>	<b>250,000</b>
Qualifying Additional Tiere 1 Capital Instruments	250,000	250,000
Instruments issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by Third Parties	-	-
<b>Total Adjustments to AT1 Capital</b>	<b>-</b>	<b>-</b>
Investment in Own Shares	-	-
Others (Specify)	-	-
<b>Tier 2 Capital after Adjustments</b>		
<b>Tier 2 Capital</b>	<b>236,013</b>	<b>-</b>
Qualifying Tier 2 Capital Instruments	-	-
Revaluation Gains	-	-
Loan Loss Provisions	236,013	-
Instruments issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by Third Parties	-	-
<b>Total Adjustments to Tier 2</b>	<b>-</b>	<b>-</b>
Investment in Own Shares	-	-
Others (Specify)	-	-
<b>CET1 Capital</b>		
<b>Total Tier 1 Capital</b>	<b>6,166,880</b>	<b>6,404,278</b>
<b>Total Capital</b>	<b>6,402,893</b>	<b>6,404,278</b>

	Amount (LKR ' 000)	
	As at 31.12.2022	As at 31.12.2022
<b>Total Risk Weighted Amount</b>	<b>22,931,573</b>	<b>24,199,857</b>
R W As for Credit Risk	19,098,461	20,264,969
R W As for Market Risk	-	-
R W As for Operational Risk	3,833,112	3,934,888
<b>CET1 Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer &amp; Surcharge on D-SIBs) (%)</b>	<b>25.802</b>	<b>25.431</b>
of Which : Capital Conservation Buffer (%)	-	-
of Which : Countercyclical Buffer (%)	-	-
of Which : Capital Surcharge on D-SIBs (%)	-	-
<b>Total Tier 1 Capital Ratio (%)</b>	<b>26.893</b>	<b>26.464</b>
<b>Total Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer &amp; Surcharge on D-SIBs) (%)</b>	<b>27.922</b>	<b>26.464</b>
of Which : Capital Conservation Buffer (%)	-	-
of Which : Countercyclical Buffer (%)	-	-
of Which : Capital Surcharge on D-SIBs (%)	-	-

### Disclosure 3

#### Computation of Leverage Ratio

	Amount (LKR '000)	
	As at 31.03.2023	As at 31.12.2022
<b>Tier 1 Capital</b>	<b>6,166,880</b>	<b>6,404,277</b>
<b>Total Exposures</b>	<b>66,204,212</b>	<b>62,445,696</b>
On Balance Sheet Items (excluding Derivatives and Securities Financing Transactions, but including Collateral)	66,204,212	62,445,696
Derivative Exposures	-	-
Securities Financing Transaction Exposures	-	-
Other Off- Balance Sheet Exposures		
<b>Basel III Leverage Ratio (%) (Tier 1 / Total Exposure)</b>	<b>9.31</b>	<b>10.26</b>

**Disclosure 4**

**Basel III Computation of Liquidity Coverage Ratio**

	Amount (LKR '000)			
	As at 31.03.2023		As at 31.12.2022	
	Total Un - weighted Value	Total Weighted Value	Total Un - weighted Value	Total Weighted Value
<b>Total Stock of High - Quality Liquid Assets (HQLA)</b>	<b>19,120,447</b>	<b>19,120,447</b>	<b>15,590,399</b>	<b>15,590,399</b>
<b>Total Adjusted Level 1A Assets</b>	19,120,447	19,120,447	15,590,399	15,590,399
<b>Level 1 Assets</b>	19,120,447	19,120,447	15,590,399	15,590,399
<b>Total Adjusted Level 2A Assets</b>	-	-	-	-
<b>Level 2A Assets</b>	-	-	-	-
<b>Total Adjusted Level 2B Assets</b>	-	-	-	-
<b>Level 2B Assets</b>	-	-	-	-
<b>Total Cash Outflows</b>	<b>54,296,741</b>	<b>6,433,010</b>	<b>50,645,201</b>	<b>5,962,519</b>
Deposits	50,642,401	5,064,240	47,108,892	4,710,889
Unsecured Wholesale Funding	3,274,387	1,104,233	3,188,410	1,098,706
Secured Funding Transactions	-	-	-	-
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	379,953	264,537	347,899	152,924
Additional Requirements	-	-	-	-
<b>Total Cash Inflows</b>	<b>5,074,148</b>	<b>3,899,849</b>	<b>2,478,543</b>	<b>1,300,765</b>
Maturing Secured Lending Transactions Backed by Collateral	679,485	679,485	632,668	632,668
Committed Facilities	1,100,000	-	1,100,000	-
Other Inflows by Counterparty which are Maturing within 30 Days	3,288,571	3,217,318	728,990	659,654
Operational Deposits	-	-	-	-
Other Cash Inflows	6,092	3,046	16,885	8,443
<b>Liquidity Coverage Ratio (%) (Stock of High Quality Liquid Assets/ Total Net Cash Outflows over the Nexty 30 Callender Days) * 100</b>		<b>755</b>		<b>334</b>

**Disclosure 5**

**Main Features of Regulatory Capital Instruments**

Description of the Capital Instrument	Stated Capital	Basel III Compliant -Tier 1 Perpetual Bond with a Non - viability Conversion
Issuer	HDFC Bank	General Treasury
CSE Security Code	HDFC N0000	Unlisted
Governing Law (s) of the Instrument	Sri Lanka	Sri Lanka
Original Date of Issuance	Multiple	Multiple
Par Value of Instrument	N/A	100
Perpetual or Dated	Perpetual	Perpetual
Original Maturity Date, if Applicable	N/A	N/A
Amount Recognized in Regulatory Capital (in LKR '000 as at the Reporting Date)	962,093	250,000
Accounting Classification (Equity/Liability)	Equity	Liability
<b>Issuer Call Subject to Prior Supervisory Approval</b>		
Optional Call Date, Contingent Call Dates and Redemption Amount (LKR '000)	N/A	N/A
Subsequent Call Dates, if Applicable	N/A	N/A
<b>Coupons/ Dividends</b>		
Fixed or Floating Dividend/Coupon	N/A	Fixed
Coupon Rate and any Related Index		12.5
Non - Cumulative or Cumulative	Non - Cumulative	Non - Cumulative
<b>Convertible or Non-Convertible</b>		
If Convertible, Conversion Trigger (s)	N/A	<p>A "Trigger Event" is determined by and at the sole discretion of the Monetary Board of the Central Bank of Sri Lanka (i.e. conversion of the said Perpetual Bond upon occurrence of the Trigger Event will be effected by the Bank solely upon being instructed by the Monetary Board of the Central Bank of Sri Lanka), Upon the occurrence of a Trigger Event / point which would make the bank non-viable as determined by the Monetary Board as contemplated by section 11(iii) of item 20.2.2.1.1.1 of the Web Based Return Code of the Banking Direction there would be an allocation of losses to the instrument and the par value of the instrument would be reduced which would result in;"</p> <p>a. The claims of the AT1 Bond holder being reduced on a liquidation or upon a call option being exercised in terms of (1) above ; and</p> <p>b. A reduction in the amount of interest arising from the reduction of the principal sum on which the interest rate is applied.</p>
If Convertible, Fully or Partially	N/A	Fully
If Convertible, Mandatory or Optional	N/A	Optional. At the discretion of the monetary board of the Central Bank of Sri Lanka up on occurrence of trigger points as detailed above.
If Convertible, Conversion Rate	N/A	As per the Bond Certificate

**Disclosure 7**  
**Credit Risk under Standardised Approach**  
**Credit Risk Exposures and Credit Risk Mitigation (CRM) Effects**

Asset Class	Amount (LKR ' 000) as at 31.03.2023					
	Exposure before Credit Conversion Factor (CCF) and CRM		Exposures post CCF and CRM		RWA and RWA Density (%)	
	On Balance Sheet Amount	Off Balance Sheet Amount	On Balance Sheet Amount	Off Balance Sheet Amount	RWA	RWA Density (ii)
Claims on Central Govrnment and CBSL	18,948,509	-	18,948,509	-	-	-
Claims on Foreign Sovereigns and their Central Banks	-	-	-	-	-	-
Claims on Public Sector Entities	434,800	-	434,800	-	652,200	-
Claims on Official Entities and Multilateral Development Banks	-	-	-	-	-	-
Claims on Banks Exposures	3,224,475	-	3,224,475	-	762,838	23.66
Claims on Financial Institutions	500,044	-	500,044	-	272,975	54.59
Claims on Corporates	728,732	-	728,732	-	475,641	65.27
Retail Claims	7,138,505	4,970	7,143,475	4,970	5,284,980	73.98
Claims Secured by Gold	536,821	-	536,821	-	200,228	37.30
Claims Secured by Residential Property	8,982,320	-	8,982,320	-	3,236,685	36.03
Claims Secured by Commercial Real Estate	-	-	-	-	-	-
Non - Performing Assets (NPAs) (i)	5,568,019	-	5,568,019	-	6,026,583	108.24
Higher - risk Categories	-	-	-	-	-	-
Cash Items and Other Assets	2,358,271	-	2,358,271	-	2,186,333	92.71
<b>Total</b>	<b>48,420,496</b>	<b>4,970</b>	<b>48,425,466</b>	<b>4,970</b>	<b>19,098,463</b>	<b>39.44</b>

## Disclosure 9

### Market Risk under Standardised Measurement Method

Item	RWA Amount (LKR ' 000) As at 31.03.2023
<b>(a) RWA for Interest Rate Risk</b>	-
General Interest Rate Risk	-
(i) Net Long or Short Position	-
(ii) Horizontal Disallowance	-
(iii) Vertical Disallowance	-
(iv) Options	-
Specific Interest Rate Risk	-
<b>(b) RWA for Equity</b>	-
(i) General Equity Risk	-
(ii) Specific Equity Risk	-
<b>(c) RWA for Foreign Exchange &amp; Risk</b>	-
<b>Capital Charges For Market Risk [ (a) + (b) + (c)] * CAR</b>	-

**Disclosure 10**

**Operational Risk under Basic Indicator Approach/ The standardised Approach/The Alternative Standardised Approach**

Business Lines	Capital Charge Factor	Fixed Factor	Gross Income (LKR '000) As at 31.03.2023		
			1st year	2nd Year	3rd year
The Basic Indicator Approach	15%		3,432,420	3,498,779	2,651,577
The Standardised Approach					
Corporate Finance	18%		-	-	-
Trading and Sales	18%		-	-	-
Payment and Settlement	18%		-	-	-
Agency services	15%		-	-	-
Asset Management	12%		-	-	-
Retail Brokerage	12%		-	-	-
Retail Banking	12%		-	-	-
Commercial Banking	15%		-	-	-
The Alternative Standardised Approach					
Corporate Finance	18%		-	-	-
Trading and Sales	18%		-	-	-
Payment and Settlement	18%		-	-	-
Agency services	15%		-	-	-
Asset Management	12%		-	-	-
Retail Brokerage	12%		-	-	-
Retail Banking	12%	0.035	-	-	-
Commercial Banking	15%	0.035	-	-	-
Capital Charges For Operational Risk (LKR'000)					
The Basic Indicator Approach	479,139				
The Standardised Approach	-				
The Alternative Standardised Approach	-				
Risk weighted Amount For Operational Risk (LKR' 000)					
The Basic Indicator Approach	3,833,112				
The Standardised Approach	-				
The Alternative Standardised Approach	-				

Disclosure 11

Differences between Accounting and Regulatory Scopes and  
Mapping of Financial Statement Categories with Regulatory Risk Categories - Bank Only

Item	Amount (LKR ' 000) as at 31.03.2023				
	a	b	c	d	e
	Carrying values as reported in published Financial Statements	Carrying values under scope of Regulatory Reporting	Subject to Credit Risk Framework	Subject to Market Risk Framework	Not subject to Capital Requirements or subject to Deduction from Capital
<b>Assets</b>	<b>66,600,801</b>	<b>66,490,424</b>	<b>48,420,496</b>		<b>15,727,530</b>
Cash and Cash Equivalents	297,946	297,946	297,946	-	-
Balances with Central Banks	-	-	-	-	-
Placements with Banks	2,736,047	2,735,816	2,736,067	-	-
Securities purchased under re - sale agreements	-	-	-	-	-
Derivative Financial Assets	-	-	-	-	-
Financial assets recognized through profit or loss- measured at fair value	-	-	-	-	-
Financial Assets at amortised cost - Loans and advance to Banks	-	-	-	-	-
Financial Assets at amortised cost-Loans and advances to other customers	40,247,803	40,202,833	22,731,707	-	15,208,306
Financial assets at amortised cost-Debt and other financial instruments	20,566,860	20,548,273	20,468,443	-	-
Financial assets measured at fair value through other comprehensive income	-	-	-	-	-
Investments in Subsidiaries	-	-	-	-	-
Investments in Associates and Joint Ventures	-	-	-	-	-
Property, Plant and Equipment	254,822	254,822	254,822	-	-
Lease ROUA	347,795	355,971	355,971	-	-
Investment Property	1,164,500	1,163,500	1,163,500	-	-
Intangible assets	133,192	133,192	-	-	133,192
Deferred Tax Assets	383,212	386,032	-	-	386,032
Other Assets	468,623	412,040	412,040	-	-
<b>Liabilities</b>	<b>59,954,971</b>	<b>59,910,960</b>	-	-	-
Due to Banks	1,016,966	1,016,966	-	-	-
Derivative Financial Instruments	-	-	-	-	-
Securities sold under repurchase agreements	-	-	-	-	-
Financial Liabilities at amortised cost - due to depositors	53,874,485	53,874,485	-	-	-
Financial Liabilities at amortised cost -other borrowings	1,425,560	1,426,210	-	-	-
Debt Securities Issued	1,465,967	1,465,967	-	-	-
Retirement Benefits obligations	887,403	887,403	-	-	-
Current Tax Liabilities	339,967	299,593	-	-	-
Deferred Tax Liabilities	-	-	-	-	-
Other Provisions	369,231	381,696	-	-	-
Other Liabilities	575,391	558,640	-	-	-
<b>Off-Balance Sheet Liabilities</b>	<b>131,130</b>	<b>131,130</b>	-	-	-
Guarantees	4,970	4,970	4,970	-	-
Performance Bonds	-	-	-	-	-
Letters of Credit	-	-	-	-	-
Other contingent Items	-	-	-	-	-
Undrawn Loan Commitments	126,160	126,160	-	-	126,160
Other commitments	-	-	-	-	-
<b>Shareholders' Equity</b>	<b>6,645,830</b>	<b>6,579,464</b>	-	-	-
<b>Equity Capital (stated Capital)/Assigned Capital</b>	<b>962,093</b>		-	-	-
of which Amount Eligible for CET1	962,093	962,093	-	-	-
of which Amount Eligible for AT1	-	-	-	-	-
Retained Earnings	4,936,462	4,869,647	-	-	-
Accumulated Other Comprehensive Income	-46,022	-46,022	-	-	-
Other Reserves	793,298	793,747	-	-	-