

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

	<b>As at 30.06.2023</b>	<b>As at 31.03.2023</b>
<b>Regulatory Capital (LKR '000)</b>		
Common Equity Tier 1 Capital	6,108,731	5,916,880
Tier 1 Capital	6,358,731	6,166,880
Total Capital	6,618,872	6,402,893
<b>Regulatory Capital Ratios (%)</b>		
Common Equity Tier 1 Capital Ratio <i>(Minimum Requirement -7.00%)</i>	23.098	25.802
Tier 1 Capital Ratio <i>(Minimum Requirement - 8.50%)</i>	24.044	26.893
Total Capital Ratio <i>(Minimum Requirement -12.50%)</i>	25.027	27.922
Leverage Ratio <i>(Minimum Requirement - 3%)</i>	9.18	9.31
<b>Regulatory Liquidity</b>		
Statutory Liquid Assets (LKR '000)	24,959,428	18,585,319
<b>Statutory Liquid Assets Ratio <i>(Minimum Requirement -- 20%)</i></b>		
Domestic Banking Unit (%)	47.75	35.47
Off-Shore Banking Unit (%)	-	-
Liquidity Coverage Ratio (%) - Rupee <i>(Minimum Requirement -100%,)</i>	440	755
Liquidity Coverage Ratio (%) - All Currency <i>(Minimum Requirement -100%)</i>	-	-

Disclosure 2		
Basel III Computation of Capital Ratios		
	Amount (LKR ' 000)	
	As at 30.06.2023	As at 31.03.2023
<b>Common Equity Tire 1 (CET1) Capital Afer Adjustment</b>	<b>6,108,731</b>	<b>5,916,880</b>
<b>Common Equity Tire 1 (CET1) Capital</b>	<b>6,641,427</b>	<b>6,436,104</b>
Equity Capital (Stated Capital)/Assigned Capital	962,093	962,093
Reserve Fund	288,689	272,373
Published Retained Earnings/(Accumulated Retained Losses)	5,007,868	4,730,491
Published Accumulated Other Comprehensive Income (OCI)	-	-
General and other Disclosed Reserves	503,780	471,147
Unpublished Current Year's Profit/Loss and Gains reflected in OCI	(121,003)	-
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>532,696</b>	<b>519,224</b>
Goodwill (net)	-	-
Intangible Assets (net)	122,212	133,192
Others (Specify)	410,484	386,032
<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>260,141</b>	<b>236,013</b>
Qualifying Tier 2 Capital Instruments	-	-
Revaluation Gains	-	-
Loan Loss Provisions	260,141.00	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>6,358,731</b>	<b>6,166,880</b>
<b>Total Capital</b>	<b>6,618,872</b>	<b>6,402,893</b>

	Amount (LKR ' 000)	
	As at 30.06.2023	As at 31.03.2023
<b>Total Risk Weighted Amount</b>	<b>26,446,561</b>	<b>22,931,573</b>
R W As for Credit Risk	21,685,817	19,098,461
R W As for Market Risk	-	-
R W As for Operational Risk	4,760,744	3,833,112
<b>CET1 Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer &amp; Surcharge on D-SIBs) (%)</b>	<b>23.098</b>	<b>25.802</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>24.044</b>	<b>26.893</b>
<b>Total Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer &amp; Surcharge on D-SIBs) (%)</b>	<b>25.027</b>	<b>27.922</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 30.06.2023	As at 31.03.2023
<b>Tier 1 Capital</b>	<b>6,358,730</b>	<b>6,166,880</b>
<b>Total Exposures</b>	<b>69,297,191</b>	<b>66,204,212</b>
On Balance Sheet Items (excluding Derivatives and Securities Financing Transactions, but including Collateral)	69,297,191	66,204,212
Derivative Exposures	-	-
Securities Financing Transaction Exposures	-	-
Other Off- Balance Sheet Exposures		
<b>Basel III Leverage Ratio (%) (Tier 1/ Total Exposure)</b>	<b>9.18</b>	<b>9.31</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>25,079,626</b>	<b>25,079,626</b>	<b>19,120,447</b>	<b>19,120,447</b>
<b>Total Adjusted Level 1A Assets</b>	25,079,626	25,079,626	19,120,447	19,120,447
<b>Level 1 Assets</b>	25,079,626	25,079,626	19,120,447	19,120,447
<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>56,462,137</b>	<b>6,824,499</b>	<b>54,296,741</b>	<b>6,433,010</b>
Deposits	52,187,402	5,218,740	50,642,401	5,064,240
Unsecured Wholesale Funding	3,923,047	1,392,709	3,274,387	1,104,233
Secured Funding Transactions	-	-	-	-
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	351,688	213,049	379,953	264,537
Additional Requirements	-	-	-	-
<b>Total Cash Inflows</b>	<b>2,300,280</b>	<b>1,124,267</b>	<b>5,074,148</b>	<b>3,899,849</b>
Maturing Secured Lending Transactions Backed by Collateral	673,320	673,320	679,485	679,485
Committed Facilities	1,100,000	-	1,100,000	-
Other Inflows by Counterparty which are Maturing within 30 Days	517,432	446,183	3,288,571	3,217,318
Operational Deposits	-	-	-	-
Other Cash Inflows	9,528	4,764	6,092	3,046
<b>Liquidity Coverage Ratio (%) (Stock of High Quality Liquid Assets/ Total Net Cash Outflows over the Nexty 30 Callender Days) * 100</b>		<b>440</b>		<b>755</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 30.06.2023					
	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 Govrment and CBSL	23,796,053	-	23,796,053	-	-	-
Claims on Forign Sovereigns and their Central Banks	-	-	-	-	-	-
Claims on Public Sector Entities	407,516	-	407,516	-	611,274	-
Claims on Official Entities and Multilateral Development Banks	-	-	-	-	-	-
Claims on Banks Exposures	423,964	-	423,964	-	204,555	48.25
Claims on Financial Institutions	504,975	-	504,975	-	275,441	54.55
Claims on Corporates	778,877	-	778,877	-	521,802	66.99
Retail Claims	8,433,645	6,520	8,440,165	6,520	6,222,549	73.73
Claims Secured by Gold	724,085	-	724,085	-	346,749	47.89
Claims Secured by Residential Property	9,819,759	-	9,819,759	-	3,734,490	38.03
Claims Secured by Commercial Real Estate	-	-	-	-	-	-
Non - Performing Assets (NPAs) (i)	6,201,828	-	6,201,828	-	6,696,085	107.97
Higher - risk Categories	-	-	-	-	-	-
Cash Items and Other Assets	3,260,116	-	3,260,116	-	3,072,873	94.26
<b>Total</b>	<b>54,350,818</b>	<b>6,520</b>	<b>54,357,338</b>	<b>6,520</b>	<b>21,685,818</b>	<b>39.89</b>

## Disclosure 9

### Market Risk under Standardised Measurement Method

Item	RWA Amount (LKR ' 000) As at 30.06.2023
<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 30.06.2023		
			1st year	2nd Year	3rd year
The Basic Indicator Approach	15%		3,478,250	3,455,859	4,967,742
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	595,093				
The Standardised Approach	-				
The Alternative Standardised Approach	-				
Risk weighted Amount For Operational Risk (LKR' 000)					
The Basic Indicator Approach	4,760,744				
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 30.06.2023				
	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>69,494,604</b>	<b>69,504,823</b>	<b>54,350,818</b>		<b>15,741,002</b>
Cash and Cash Equivalents	230,646	230,646	211,999	-	-
Balances with Central Banks	-	-	-	-	-
Placements with Banks	31,509	31,597	31,608	-	-
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	40,217,488	40,224,380	25,526,023	-	15,208,306
Financial assets at amortised cost-Debt and other financial instruments	25,415,491	25,412,632	25,508,315	-	-
Financial assets measured at fair value through other comprehensive income	-	-	-	-	-
Investments in Subsidiaries	-	-	-	-	-
Investments in Associates and Joint Ventures	-	-	-	-	-
Property, Plant and Equipment	240,953	240,953	240,953	-	-
Lease ROUA	330,330	330,330	330,330	-	-
Investment Property	1,164,500	1,164,500	1,164,500	-	-
Intangible assets	122,212	122,212	-	-	122,212
Deferred Tax Assets	404,385	410,484	-	-	410,484
Other Assets	1,337,090	1,337,090	1,337,090	-	-
<b>Liabilities</b>	<b>62,899,200</b>	<b>62,910,004</b>	-	-	-
Due to Banks	1,718,899	1,718,899	-	-	-
Derivative Financial Instruments	-	-	-	-	-
Securities sold under repurchase agreements	-	-	-	-	-
Financial Liabilities at amortised cost - due to depositors	56,047,668	56,047,668	-	-	-
Financial Liabilities at amortised cost -other borrowings	1,452,725	1,452,725	-	-	-
Debt Securities Issued	1,508,434	1,508,434	-	-	-
Retirement Benefits obligations	873,622	873,622	-	-	-
Current Tax Liabilities	322,359	333,163	-	-	-
Deferred Tax Liabilities	-	-	-	-	-
Other Provisions	361,692	361,692	-	-	-
Other Liabilities	613,800	613,800	-	-	-
<b>Off-Balance Sheet Liabilities</b>	<b>145,803</b>	<b>132,480</b>	-	-	-
Guarantees	6,520	6,320	6,520	-	-
Performance Bonds	-	-	-	-	-
Letters of Credit	-	-	-	-	-
Other contingent Items	-	-	-	-	-
Undrawn Loan Commitments	139,283	126,160	-	-	126,160
Other commitments	-	-	-	-	-
<b>Shareholders' Equity</b>	<b>6,595,404</b>	<b>6,594,819</b>	-	-	-
<b>Equity Capital (stated Capital)/Assigned Capital</b>	<b>962,093</b>		-	-	-
of which Amount Eligible for CETI	962,093	962,093	-	-	-
of which Amount Eligible for ATI	-	-	-	-	-
Retained Earnings	4,886,864	4,886,280	-	-	-
Accumulated Other Comprehensive Income	-46,022	-46,022	-	-	-
Other Reserves	792,469	792,469	-	-	-