

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 31.12.2023	As at 30.09.2023
Regulatory Capital (LKR '000)		
Common Equity Tier 1 Capital	6,249,359	6,245,988
Tier 1 Capital	6,499,359	6,495,988
Total Capital	6,797,600	6,793,841
Regulatory Capital Ratios (%)		
Common Equity Tier 1 Capital Ratio <i>(Minimum Requirement -7.00%)</i>	23.227	21.696
Tier 1 Capital Ratio <i>(Minimum Requirement - 8.50%)</i>	24.156	22.564
Total Capital Ratio <i>(Minimum Requirement -12.50%)</i>	25.265	23.599
Leverage Ratio <i>(Minimum Requirement - 3%)</i>	9.54	9.29
Regulatory Liquidity		
Statutory Liquid Assets (LKR '000)	22,413,397	25,230,410
Statutory Liquid Assets Ratio <i>(Minimum Requirement -- 20%)</i>		
Domestic Banking Unit (%)	41.18	45.45
Off-Shore Banking Unit (%)	-	-
Liquidity Coverage Ratio (%) - Rupee <i>(Minimum Requirement -100%,)</i>	394	429
Liquidity Coverage Ratio (%) - All Currency <i>(Minimum Requirement -100%)</i>	-	-

Disclosure 2		
Basel III Computation of Capital Ratios		
	Amount (LKR ' 000)	
	As at 31.12.2023	As at 30.09.2023
Common Equity Tire 1 (CET1) Capital Afer Adjustment	6,249,359	6,245,988
Common Equity Tire 1 (CET1) Capital	6,762,430	6,762,430
Equity Capital (Stated Capital)/Assigned Capital	962,093	962,093
Reserve Fund	288,689	288,689
Published Retained Earnings/(Accumulated Retained Losses)	5,007,868	5,007,868
Published Accumulated Other Comprehensive Income (OCI)	-	-
General and other Disclosed Reserves	503,780	503,780
Unpublished Current Year's Profit/Loss and Gains reflected in OCI	-	-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	-	-
Total Adjustments to CET1 Capital	513,071	516,442
Goodwill (net)	-	-
Intangible Assets (net)	104,152	114,241
Others (Specify)	408,919	402,201
Additional Tier 1 (AT1) Capital after Adjustments	250,000	250,000
Additional Tier 1 (AT1) Capital	250,000	250,000
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	-	-
Total Adjustments to AT1 Capital	-	-
Investment in Own Shares	-	-
Others (<i>Specify</i>)	-	-
Tier 2 Capital after Adjustments		
Tier 2 Capital	298,241	297,853
Qualifying Tier 2 Capital Instruments	-	-
Revaluation Gains	-	-
Loan Loss Provisions	298,241.00	297,853
Instruments issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by Third Parties	-	-
Total Adjustments to Tier 2	-	-
Investment in Own Shares	-	-
Others (Specify)	-	-
CET1 Capital		
Total Tier 1 Capital	6,499,359	6,495,988
Total Capital	6,797,600	6,793,841

	Amount (LKR ' 000)	
	As at 31.12.2023	As at 30.09.2023
Total Risk Weighted Amount	26,905,237	28,789,026
R W As for Credit Risk	23,236,621	24,998,034
R W As for Market Risk	-	-
R W As for Operational Risk	3,668,616	3,790,992
CET1 Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	23.227	21.696
of Which : Capital Conservation Buffer (%)	-	-
of Which : Countercyclical Buffer (%)	-	-
of Which : Capital Surcharge on D-SIBs (%)	-	-
Total Tier 1 Capital Ratio (%)	24.156	22.564
Total Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	25.265	23.599
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 31.12.2023	As at 30.09.2023
Tier 1 Capital	6,499,358	6,495,987
Total Exposures	68,156,983	69,952,948
On Balance Sheet Items (excluding Derivatives and Securities Financing Transactions, but including Collateral)	68,156,983	69,952,948
Derivative Exposures	-	-
Securities Financing Transaction Exposures	-	-
Other Off- Balance Sheet Exposures		
Basel III Leverage Ratio (%) (Tier 1/ Total Exposure)	9.54	9.29

Disclosure 4

Basel III Computation of Liquidity Coverage Ratio

	Amount (LKR '000)			
	As at 31.12.2023		As at 30.09.2023	
	Total Un - weighted Value	Total Weighted Value	Total Un - weighted Value	Total Weighted Value
Total Stock of High - Quality Liquid Assets (HQLA)	22,258,717	22,258,717	24,752,971	24,752,971
Total Adjusted Level 1A Assets	22,258,717	22,258,717	24,752,971	24,752,971
Level 1 Assets	22,258,717	22,258,717	24,752,971	24,752,971
Total Adjusted Level 2A Assets	-	-	-	-
Level 2A Assets	-	-	-	-
Total Adjusted Level 2B Assets	-	-	-	-
Level 2B Assets	-	-	-	-
Total Cash Outflows	54,103,613	6,474,535	55,882,375	6,847,503
Deposits	49,937,496	4,993,750	51,183,992	5,118,399
Unsecured Wholesale Funding	3,703,567	1,308,757	4,242,975	1,502,559
Secured Funding Transactions	-	-	-	-
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	462,550	172,029	455,408	226,545
Additional Requirements	-	-	-	-
Total Cash Inflows	1,993,710	828,680	2,250,693	1,081,436
Maturing Secured Lending Transactions Backed by Collateral	589,158	589,158	630,952	630,952
Committed Facilities	1,100,000	-	1,100,000	-
Other Inflows by Counterparty which are Maturing within 30 Days	300,241	237,367	514,377	447,802
Operational Deposits	-	-	-	-
Other Cash Inflows	4,311	2,156	5,364	2,682
Liquidity Coverage Ratio (%) (Stock of High Quality Liquid Assets/ Total Net Cash Outflows over the Nexty 30 Callender Days) * 100		394		429

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
Issuer Call Subject to Prior Supervisory Approval		
Optional Call Date, Contingent Call Dates and Redemption Amount (LKR '000)	N/A	N/A
Subsequent Call Dates, if Applicable	N/A	N/A
Coupons/ Dividends		
Fixed or Floating Dividend/Coupon	N/A	Fixed
Coupon Rate and any Related Index		12.5
Non - Cumulative or Cumulative	Non - Cumulative	Non - Cumulative
Convertible or Non-Convertible		
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 31.12.2023					
	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	22,304,601	-	22,304,601	-	-	-
Claims on Foreign Sovereigns and their Central Banks	-	-	-	-	-	-
Claims on Public Sector Entities	426,295	-	426,295	-	639,443	-
Claims on Official Entities and Multilateral Development Banks	-	-	-	-	-	-
Claims on Banks Exposures	402,884	-	402,884	-	194,473	48.27
Claims on Financial Institutions	454,552	-	454,552	-	232,323	51.11
Claims on Corporates	104,062	-	104,062	-	52,031	50.00
Retail Claims	5,850,697	3,720	5,854,417	3,720	4,253,421	72.65
Claims Secured by Gold	1,000,105	-	1,000,105	-	782,437	78.24
Claims Secured by Residential Property	9,147,569	-	9,147,569	-	3,221,171	35.21
Claims Secured by Commercial Real Estate	-	-	-	-	-	-
Non - Performing Assets (NPAs) (i)	9,358,078	-	9,358,078	-	11,691,412	124.93
Higher - risk Categories	-	-	-	-	-	-
Cash Items and Other Assets	2,266,389	-	2,266,389	-	2,169,913	95.74
Total	51,315,232	3,720	51,318,952	3,720	23,236,624	45.28

Disclosure 9

Market Risk under Standardised Measurement Method

Item	RWA Amount (LKR ' 000) As at 31.12.2023
(a) RWA for Interest Rate Risk	-
General Interest Rate Risk	-
(i) Net Long or Short Position	-
(ii) Horizontal Disallowance	-
(iii) Vertical Disallowance	-
(iv) Options	-
Specific Interest Rate Risk	-
(b) RWA for Equity	-
(i) General Equity Risk	-
(ii) Specific Equity Risk	-
(c) RWA for Foreign Exchange & Risk	-
Capital Charges For Market Risk [(a) + (b) + (c)] * CAR	-

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 31.12.2023		
			1st year	2nd Year	3rd year
The Basic Indicator Approach	15%		3,421,740	3,077,307	2,672,485
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	458,577				
The Standardised Approach	-				
The Alternative Standardised Approach	-				
Risk weighted Amount For Operational Risk (LKR' 000)					
The Basic Indicator Approach	3,668,616				
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 31.12.2023				
	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
Assets	68,301,209	68,156,387	51,315,539		15,717,698
Cash and Cash Equivalents	237,282	236,984	119,709	-	-
Balances with Central Banks	-	-	-	-	-
Placements with Banks	33,314	33,256	32,608	-	-
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	41,670,212	41,622,020	25,884,571	-	15,208,306
Financial assets at amortised cost-Debt and other financial instruments	7,162,774	7,153,663	6,613,634	-	-
Financial assets measured at fair value through other comprehensive income	16,814,672	16,814,672	16,814,672	-	-
Investments in Subsidiaries	-	-	-	-	-
Investments in Associates and Joint Ventures	-	-	-	-	-
Property, Plant and Equipment	223,335	223,335	287,279	-	-
Lease ROUA	318,011	291,681	291,681	-	-
Investment Property	1,301,600	1,164,500	1,164,500	-	-
Intangible assets	100,473	100,473	-	-	100,473
Deferred Tax Assets	335,819	408,919	-	-	408,919
Other Assets	103,719	106,885	106,885	-	-
Liabilities	60,059,615	60,146,554	-	-	-
Due to Banks	799,810	799,810	-	-	-
Derivative Financial Instruments	-	-	-	-	-
Securities sold under repurchase agreements	-	-	-	-	-
Financial Liabilities at amortised cost - due to depositors	53,613,104	53,613,104	-	-	-
Financial Liabilities at amortised cost -other borrowings	1,525,527	1,525,527	-	-	-
Debt Securities Issued	1,425,439	1,425,439	-	-	-
Retirement Benefits obligations	872,628	930,868	-	-	-
Current Tax Liabilities	846,774	778,142	-	-	-
Deferred Tax Liabilities	-	-	-	-	-
Other Provisions	351,580	315,317	-	-	-
Other Liabilities	624,755	758,348	-	-	-
Off-Balance Sheet Liabilities	299,584	305,616	-	-	-
Guarantees	3,720	3,720	3,720	-	-
Performance Bonds	-	-	-	-	-
Letters of Credit	-	-	-	-	-
Other contingent Items	-	-	-	-	-
Undrawn Loan Commitments	295,864	301,896	-	-	301,896
Other commitments	-	-	-	-	-
Shareholders' Equity	8,241,594	8,009,833	-	-	-
Equity Capital (stated Capital)/Assigned Capital	962,093	-	-	-	-
of which Amount Eligible for CETI	962,093	962,093	-	-	-
of which Amount Eligible for ATI	-	-	-	-	-
Retained Earnings	6,274,472	6,284,083	-	-	-
Accumulated Other Comprehensive Income	-10,957	-28,812	-	-	-
Other Reserves	1,015,987	792,469	-	-	-