

**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 31.03.2022</b>	<b>As at 31.12.2021</b>
<b>Regulatory Capital (LKR '000)</b>		
Common Equity Tier 1 Capital	5,651,300	5,573,366
Tier 1 Capital	5,901,300	5,823,366
Total Capital	6,134,431	5,999,440
<b>Regulatory Capital Ratios (%)</b>		
Common Equity Tier 1 Capital Ratio ( <i>Minimum Requirement - for 2020 - 7.00</i> )	19.795	19.118
Tier 1 Capital Ratio ( <i>Minimum Requirement - for 2020 - 8.50</i> )	20.671	19.975
Total Capital Ratio ( <i>Minimum Requirement - for 2020 - 12.50</i> )	21.487	20.579
Leverage Ratio ( <i>Minimum Requirement - for 2020 - 3%</i> )	9.35	9.27
<b>Regulatory Liquidity</b>		
Statutory Liquid Assets (LKR '000)	14,842,816	12,836,835
<b>Statutory Liquid Assets Ratio (<i>Minimum Requirement - for 2020 - 20%</i>)</b>		
Domestic Banking Unit (%)	29.64	26.60
Off-Shore Banking Unit (%)	-	-
Liquidity Coverage Ratio (%) - Rupee ( <i>Minimum Requirement - for 2020 - 100 ,</i> )	119	156
Liquidity Coverage Ratio (%) - All Currency ( <i>Minimum Requirement -for 2020 - 100</i> )	-	-

**Disclosure 2**

**Basel III Computation of Capital Ratios**

	Amount (LKR ' 000)	
	As at 31.03.2022	As at 31.12.2021
<b>Common Equity Tire 1 (CET1) Capital Afer Adjustment</b>	<b>5,651,300</b>	<b>5,573,366</b>
<b>Common Equity Tire 1 (CET1) Capital</b>	<b>5,904,993</b>	<b>5,904,995</b>
Equity Capital (Stated Capital)/Assigned Capital	962,093	962,093
Reserve Fund	245,008	245,008
Published Retained Earnings/(Accumulated Retained Losses)	4,281,474	4,281,476
Published Accumulated Other Comprehensive Income (OCI)	-	-
General and other Disclosed Reserves	416,418	416,418
Unpublished Current Year's Profit/Loss and Gains reflected in OCI	-	-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>253,693</b>	<b>331,629</b>
Goodwill (net)	-	-
Intangible Assets (net)	123,760	129,288
Others (Specify)	129,933	202,341
<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 Tiera 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>233,131</b>	<b>176,074</b>
Qualifying Tier 2 Capital Instruments	-	-
Revaluation Gains	-	-
Loan Loss Provisions	233,131	176,074
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>5,901,300</b>	<b>5,823,366</b>
<b>Total Capital</b>	<b>6,134,431</b>	<b>5,999,440</b>

	Amount (LKR ' 000)	
	As at 31.03.2022	As at 31.12.2021
<b>Total Risk Weighted Amount</b>	<b>28,549,258</b>	<b>29,152,676</b>
R W As for Credit Risk	24,475,314	25,156,284
R W As for Market Risk	-	-
R W As for Operational Risk	4,073,944	3,996,392
<b>CET1 Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer &amp; Surcharge on D-SIBs) (%)</b>	<b>19.795</b>	<b>19.118</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>20,671.000</b>	<b>19.975</b>
<b>Total Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer &amp; Surcharge on D-SIBs) (%)</b>	<b>21.487</b>	<b>20.579</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 31.03.2022	As at 31.12.2021
<b>Tier 1 Capital</b>	<b>5,901,301</b>	<b>5,823,366</b>
<b>Total Exposures</b>	<b>63,120,696</b>	<b>62,824,659</b>
On Balance Sheet Items (excluding Derivatives and Securities Financing Transactions, but including Collateral)	63,120,696	62,824,659
Derivative Exposures	-	-
Securities Financing Transaction Exposures	-	-
Other Off- Balance Sheet Exposures		
<b>Basel III Leverage Ratio (%) (Tier 1/ Total Exposure)</b>	<b>9.35</b>	<b>9.27</b>

Disclosure 4

Basel III Computation of Liquidity Coverage Ratio

	Amount (LKR '000)			
	As at 31.03.2022		As at 31.12.2021	
	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>6,077,379</b>	<b>6,077,379</b>	<b>7,153,550</b>	<b>7,153,550</b>
<b>Total Adjusted Level 1A Assets</b>	6,077,379	6,077,379	7,153,550	7,153,550
<b>Level 1 Assets</b>	6,077,379	6,077,379	7,153,550	7,153,550
<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>49,539,019</b>	<b>7,534,506</b>	<b>50,641,926</b>	<b>9,014,970</b>
Deposits	41,808,551	4,180,855	31,520,675	3,152,068
Unsecured Wholesale Funding	7,008,160	3,194,291	18,338,029	5,697,434
Secured Funding Transactions	-	-	-	-
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	722,308	159,361	783,222	165,468
Additional Requirements	-	-	-	-
<b>Total Cash Inflows</b>	<b>3,587,160</b>	<b>2,417,313</b>	<b>5,594,149</b>	<b>4,427,983</b>
Maturing Secured Lending Transactions Backed by Collateral	545,163	545,163	482,698	482,698
Committed Facilities	1,100,000	-	1,100,000	-
Other Inflows by Counterparty which are Maturing within 30 Days	1,938,006	1,870,155	4,009,028	3,944,074
Operational Deposits	-	-	-	-
Other Cash Inflows	3,991	1,996	2,423	1,212
<b>Liquidity Coverage Ratio (%) (Stock of High Quality Liquid Assets/ Total Net Cash Outflows over the Nexty 30 Callender Days) * 100</b>		<b>119</b>		<b>156</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 31.03.2022					
	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 Government and CBSL	5,904,856	-	5,904,856	-	-	-
Claims on Foreign Sovereigns and their Central Banks	-	-	-	-	-	-
Claims on Public Sector Entities	435,896	-	435,896	-	87,179	-
Claims on Official Entities and Multilateral Development Banks	-	-	-	-	-	-
Claims on Banks Exposures	9,582,745	-	9,582,745	-	2,177,053	22.72
Claims on Financial Institutions	1,663,958	-	1,663,958	-	1,117,514	67.16
Claims on Corporates	1,833,636	-	1,833,636	-	974,053	53.12
Retail Claims	9,342,745	6,086	9,348,831	6,086	6,916,576	73.98
Claims Secured by Gold	469,987	-	469,987	-	315,379	67.10
Claims Secured by Residential Property	11,767,602	-	11,767,602	-	5,466,351	46.45
Claims Secured by Commercial Real Estate	-	-	-	-	-	-
Non - Performing Assets (NPAs) (i)	3,967,683	-	3,967,683	-	4,516,126	113.82
Higher - risk Categories	-	-	-	-	-	-
Cash Items and Other Assets	3,077,607	-	3,077,607	-	2,905,084	94.39
<b>Total</b>	<b>48,046,715</b>	<b>6,086</b>	<b>48,052,801</b>	<b>6,086</b>	<b>24,475,314</b>	<b>50.93</b>

## Disclosure 9

### Market Risk under Standardised Measurement Method

Item	RWA Amount (LKR ' 000) As at 31.03.2022
<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 31.03.2022		
			1st year	2nd Year	3rd year
<b>The Basic Indicator Approach</b>	15%		3,253,663	3,432,420	3,498,779
<b>The Standardised Approach</b>					
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%		-	-	-
<b>The Alternative Standardised Approach</b>					
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	-	-	-
<b>Capital Charges For Operational Risk (LKR'000)</b>					
The Basic Indicator Approach	509,243				
The Standardised Approach	-				
The Alternative Standardised Approach	-				
<b>Risk weighted Amount For Operational Risk (LKR' 000)</b>					
The Basic Indicator Approach	4,073,944				
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 31.03.2022				
	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>63,293,875</b>	<b>63,309,995</b>	<b>48,046,715</b>		<b>15,247,160</b>
Cash and Cash Equivalents	223,235	223,235	223,235	-	-
Balances with Central Banks	-	-	-	-	-
Placements with Banks	9,168,967	9,168,967	9,169,571	-	-
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	42,755,953	42,755,953	27,689,669	-	14,977,347
Financial assets at amortised cost-Debt and other financial instruments	8,853,753	8,853,753	8,925,966	-	-
Financial assets measured at fair value through other comprehensive income	-	-	-	-	-
Investments in Subsidiaries	-	-	-	-	-
Investments in Associates and Joint Ventures	-	-	-	-	-
Property, Plant and Equipment	245,753	245,753	245,753	-	-
Lease ROUA	371,359	371,359	371,359	-	-
Investment Property	1,065,000	1,065,000	1,065,000	-	-
Intangible assets	123,760	123,760	-	-	123,760
Deferred Tax Assets	129,933	146,053	-	-	146,053
Other Assets	356,161	356,161	356,161	-	-
<b>Liabilities</b>	<b>56,728,531</b>	<b>56,717,907</b>	-	-	-
Due to Banks	1,754,430	1,754,430	-	-	-
Derivative Financial Instruments	-	-	-	-	-
Securities sold under repurchase agreements	-	-	-	-	-
Financial Liabilities at amortised cost - due to depositors	48,269,084	48,269,084	-	-	-
Financial Liabilities at amortised cost -other borrowings	1,803,652	1,803,652	-	-	-
Debt Securities Issued	1,464,873	1,464,873	-	-	-
Retirement Benefits obligations	794,664	794,664	-	-	-
Current Tax Liabilities	389,256	378,873	-	-	-
Deferred Tax Liabilities	-	-	-	-	-
Other Provisions	369,622	369,622	-	-	-
Other Liabilities	1,882,949	1,882,708	-	-	-
<b>Off-Balance Sheet Liabilities</b>	<b>572,528</b>	<b>592,256</b>	-	-	-
Guarantees	6,086	6,086	6,086	-	-
Performance Bonds	-	-	-	-	-
Letters of Credit	-	-	-	-	-
Other contingent Items	-	-	-	-	-
Undrawn Loan Commitments	566,442	586,170	-	-	586,170
Other commitments	-	-	-	-	-
<b>Shareholders' Equity</b>	<b>6,565,344</b>	<b>6,592,088</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	4,933,970	4,967,989	-	-	-
Accumulated Other Comprehensive Income	(82,588)	-82,588	-	-	-
Other Reserves	751,869	744,594	-	-	-