

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 30.09.2022	As at 30.06.2022
Regulatory Capital (LKR '000)		
Common Equity Tier 1 Capital	6,197,436	6,191,206
Tier 1 Capital	6,447,436	6,441,206
Total Capital	6,447,436	6,630,237
Regulatory Capital Ratios (%)		
Common Equity Tier 1 Capital Ratio (<i>Minimum Requirement -7.00%</i>)	24.673	23.409
Tier 1 Capital Ratio (<i>Minimum Requirement - 8.50%</i>)	25.668	24.355
Total Capital Ratio (<i>Minimum Requirement -12.50%</i>)	25.668	25.069
Leverage Ratio (<i>Minimum Requirement - 3%</i>)	10.66	10.81
Regulatory Liquidity		
Statutory Liquid Assets (LKR '000)	13,899,882	15,721,343
Statutory Liquid Assets Ratio (<i>Minimum Requirement -- 20%</i>)		
Domestic Banking Unit (%)	29.27	32.83
Off-Shore Banking Unit (%)	-	-
Liquidity Coverage Ratio (%) - Rupee (<i>Minimum Requirement -100%,</i>)	298	318
Liquidity Coverage Ratio (%) - All Currency (<i>Minimum Requirement -100%</i>)	-	-

Disclosure 2

Basel III Computation of Capital Ratios

	Amount (LKR ' 000)	
	As at 30.09.2022	As at 30.06.2022
Common Equity Tire 1 (CET1) Capital Afer Adjustment	6,197,436	6,191,206
Common Equity Tire 1 (CET1) Capital	6,436,104	6,436,104
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Unpublished Current Year's Profit/Loss and Gains reflected in OCI	-	-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	-	-
Total Adjustments to CET1 Capital	238,668	244,898
Goodwill (net)	-	-
Intangible Assets (net)	109,000	115,230
Others (Specify)	129,668	129,668
Additional Tier 1 (AT1) Capital after Adjustments	250,000	250,000
Additional Tier 1 (AT1) Capital	250,000	250,000
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	-	-
Total Adjustments to AT1 Capital	-	-
Investment in Own Shares	-	-
Others (Specify)	-	-
Tier 2 Capital after Adjustments		
Tier 2 Capital	-	189,031
Qualifying Tier 2 Capital Instruments	-	-
Revaluation Gains	-	-
Loan Loss Provisions	-	189,031
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	6,447,436	6,441,206
Total Capital	6,447,436	6,630,237

	Amount (LKR ' 000)	
	As at 30.09.2022	As at 30.06.2022
Total Risk Weighted Amount	25,118,682	26,447,438
R W As for Credit Risk	21,122,858	22,390,846
R W As for Market Risk	-	-
R W As for Operational Risk	3,995,824	4,056,592
CET1 Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	24.673	23.409
of Which : Capital Conservation Buffer (%)	-	-
of Which : Countercyclical Buffer (%)	-	-
of Which : Capital Surcharge on D-SIBs (%)	-	-
Total Tier 1 Capital Ratio (%)	25.668	24.355
Total Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	25.668	25.069
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 30.09.2022	As at 30.06.2022
Tier 1 Capital	6,447,436	6,441,206
Total Exposures	60,470,067	59,573,857
On Balance Sheet Items (excluding Derivatives and Securities Financing Transactions, but including Collateral)	60,470,067	59,573,857
Derivative Exposures	-	-
Securities Financing Transaction Exposures	-	-
Other Off- Balance Sheet Exposures		
Basel III Leverage Ratio (%) (Tier 1/ Total Exposure)	10.66	10.81

Disclosure 4

Basel III Computation of Liquidity Coverage Ratio

	Amount (LKR '000)			
	As at 30.09.2022		As at 30.06.2022	
	Total Un - weighted Value	Total Weighted Value	Total Un - weighted Value	Total Weighted Value
Total Stock of High - Quality Liquid Assets (HQLA)	14,089,488	14,089,488	6,363,616	6,363,616
Total Adjusted Level 1A Assets	14,089,488	14,089,488	6,363,616	6,363,616
Level 1 Assets	14,089,488	14,089,488	6,363,616	6,363,616
Total Adjusted Level 2A Assets	-	-	-	-
Level 2A Assets	-	-	-	-
Total Adjusted Level 2B Assets	-	-	-	-
Level 2B Assets	-	-	-	-
Total Cash Outflows	48,405,279	5,863,194	47,425,657	5,983,962
Deposits	44,333,703	4,433,370	42,968,525	4,296,853
Unsecured Wholesale Funding	3,610,715	1,263,533	3,984,925	1,603,294
Secured Funding Transactions	-	-	-	-
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	460,861	166,291	472,207	83,815
Additional Requirements	-	-	-	-
Total Cash Inflows	2,304,942	1,136,056	5,152,616	3,982,704
Maturing Secured Lending Transactions Backed by Collateral	666,841	666,841	575,055	575,055
Committed Facilities	1,100,000	-	1,100,000	-
Other Inflows by Counterparty which are Maturing within 30 Days	534,149	467,239	3,474,667	3,406,202
Operational Deposits	-	-	-	-
Other Cash Inflows	3,952	1,976	2,894	1,447
Liquidity Coverage Ratio (%) (Stock of High Quality Liquid Assets/ Total Net Cash Outflows over the Nexty 30 Callender Days) * 100		298		318

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 30.09.2022					
	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	6,204,831	-	6,204,831	-	-	-
Claims on Foreign Sovereigns and their Central Banks	-	-	-	-	-	-
Claims on Public Sector Entities	407,314	-	407,314	-	81,463	-
Claims on Official Entities and Multilateral Development Banks	-	-	-	-	-	-
Claims on Banks Exposures	7,089,817	-	7,089,817	-	1,537,411	21.68
Claims on Financial Institutions	1,545,107	-	1,545,107	-	876,782	56.75
Claims on Corporates	1,196,572	-	1,196,572	-	611,732	51.12
Retail Claims	8,883,995	6,576	8,890,571	6,576	6,535,654	73.51
Claims Secured by Gold	487,381	-	487,381	-	346,543	71.10
Claims Secured by Residential Property	11,395,582	-	11,395,582	-	4,417,241	38.76
Claims Secured by Commercial Real Estate	-	-	-	-	-	-
Non - Performing Assets (NPAs) (i)	5,262,192	-	5,262,192	-	5,753,722	109.34
Higher - risk Categories	-	-	-	-	-	-
Cash Items and Other Assets	2,389,084	-	2,389,084	-	2,230,299	93.35
Total	44,861,875	6,576	44,868,451	6,576	22,390,847	49.90

Disclosure 9

Market Risk under Standardised Measurement Method

Item	RWA Amount (LKR ' 000) As at 30.09.2022
(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 30.09.2022		
			1st year	2nd Year	3rd year
The Basic Indicator Approach	15%		3,139,925	3,470,467	3,379,164
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	499,478				
The Standardised Approach	-				
The Alternative Standardised Approach	-				
Risk weighted Amount For Operational Risk (LKR' 000)					
The Basic Indicator Approach	3,995,824				
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 30.09.2022				
	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
Assets	60,659,859	60,659,886	44,516,893		15,453,204
Cash and Cash Equivalents	254,023	254,023	254,023	-	-
Balances with Central Banks				-	-
Placements with Banks	28,558	28,544	28,672	-	-
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	42,486,433	42,486,433	27,026,576		15,208,306
Financial assets at amortised cost-Debt and other financial instruments	15,568,044	15,568,085	15,123,489	-	
Financial assets measured at fair value through other comprehensive income				-	
Investments in Subsidiaries				-	
Investments in Associates and Joint Ventures				-	
Property, Plant and Equipment	266,561	266,561	266,561	-	
Lease ROUA	334,592	334,592	334,592	-	
Investment Property	1,065,000	1,065,000	1,065,000	-	
Intangible assets	109,000	109,000		-	115,230
Deferred Tax Assets	129,668	129,668		-	129,668
Other Assets	417,980	417,980	417,980	-	
Liabilities	54,089,021	54,089,021	-	-	-
Due to Banks	1,233,939	1,233,939	-	-	-
Derivative Financial Instruments			-	-	-
Securities sold under repurchase agreements			-	-	-
Financial Liabilities at amortised cost - due to depositors	47,898,038	47,898,038	-	-	-
Financial Liabilities at amortised cost -other borrowings	1,353,885	1,353,885	-	-	-
Debt Securities Issued	1,550,275	1,550,275	-	-	-
Retirement Benefits obligations	854,588	854,588	-	-	-
Current Tax Liabilities	342,817	342,817	-	-	-
Deferred Tax Liabilities			-	-	-
Other Provisions	352,187	352,187	-	-	-
Other Liabilities	503,292	503,292	-	-	-
Off-Balance Sheet Liabilities	309,833	309,833	-	-	-
Guarantees	4,570	4,570	4,570	-	-
Performance Bonds			-	-	-
Letters of Credit			-	-	-
Other contingent Items			-	-	-
Undrawn Loan Commitments	305,263	305,263	-	-	305,263
Other commitments			-	-	-
Shareholders' Equity	6,570,838	6,570,865	-	-	-
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	4,947,813	4,939,491	-	-	-
Accumulated Other Comprehensive Income	-82,588	-82,588	-	-	-
Other Reserves	743,520	751,869	-	-	-