

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 30.06.2020	As at 31.03.2020
Regulatory Capital (LKR '000)		
Common Equity Tier 1	4,923,253	4,518,637
Tier 1 Capital	5,173,253	4,768,637
Total Capital	5,173,253	4,768,637
Regulatory Capital Ratios (%)		
Common Equity Tier 1 Capital Ratio (<i>Minimum Requirement - for 2020 - 7.00</i>)	17.059	15.550
Tier 1 Capital Ratio (<i>Minimum Requirement - for 2020 - 8.50</i>)	17.925	16.410
Total Capital Ratio (<i>Minimum Requirement - for 2020 - 12.50</i>)	17.925	16.410
Leverage Ratio (<i>Minimum Requirement - for 2020 - 3%</i>)	8.96	8.28
Regulatory Liquidity		
Statutory Liquid Assets (LKR '000)	16,108,275	14,244,637
Statutory Liquid Assets Ratio (<i>Minimum Requirement - for 2020 - 20%</i>)		
Domestic Banking Unit (%)	36.74	32.83
Off-Shore Banking Unit (%)	-	-
Liquidity Coverage Ratio (%) - Rupee (<i>Minimum Requirement - for 2020 - 100 ,</i>)	242.89	244.56
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 30.06.2020	As at 31.03.2020
Common Equity Tire 1 (CET1) Capital Afer Adjustment	4,923,253	4,518,637
Common Equity Tire 1 (CET1) Capital	5,196,858	4,773,323
Equity Capital (Stated Capital)/Assigned Capital	962,093	962,093
Reserve Fund	209,602	188,425
Published Retained Earnings/(Accumulated Retained Losses)	3,679,558	3,319,554
Published Accumulated Other Comprehensive Income (OCI)	-	-
General and other Disclosed Reserves	345,605	303,251
Unpublished Current Year's Profit/Loss and Gains reflected in OCI	-	-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	273,605	254,686
Goodwill (net)	-	-
Intangible Assets (net)	140,315	146,548
Others (Specify)	133,290	108,138
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 (Specify)	-	-
Tier 2 Capital after Adjustments		
Tier 2 Capital	259,611	263,688
Qualifying Tier 2 Capital Instruments	-	-
Revaluation Gains	-	-
Loan Loss Provisions	259,611	263,688
Instruments issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by Third Parties	-	-
Total Adjustments to Tier 2	259,611	263,688
Investment in Own Shares	-	-
Others (Specify)	259,611	263,688
CET1 Capital		
Total Tier 1 Capital	5,173,253	4,768,637
Total Capital	5,173,253	4,768,637

	Amount (LKR ' 000)	
	As at 30.06.2020	As at 31.03.2020
Total Risk Weighted Amount	28,860,747	29,059,327
R W As for Credit Risk	25,318,563	25,628,759
R W As for Market Risk	40,000	40,000
R W As for Operational Risk	3,502,184	3,390,568
CET1 Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	17.059	15.550
of Which : Capital Conservation Buffer (%)	-	-
of Which : Countercyclical Buffer (%)	-	-
of Which : Capital Surcharge on D-SIBs (%)	-	-
Total Tier 1 Capital Ratio (%)	17.925	16.410
Total Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	17.925	16.410
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 30.06.2020	As at 31.03.2020
Tier 1 Capital	5,173,253	4,768,637
Total Exposures	57,737,641	57,571,355
On Balance Sheet Items (excluding Derivatives and Securities Financing Transactions, but including Collateral)	54,310,930	55,460,884
Derivative Exposures		
Securities Financing Transaction Exposures	3,426,711	2,110,471
Other Off- Balance Sheet Exposures		
Basel III Leverage Ratio (%) (Tier 1/ Total Exposure)	8.96	8.28

Disclosure 4

Basel III Computation of Liquidity Coverage Ratio

	Amount (LKR '000)			
	As at 30.06.2020		As at 31.03.2020	
	Total Un - weighted Value	Total Weighted Value	Total Un - weighted Value	Total Weighted Value
Total Stock of High - Quality Liquid Assets (HQLA)	4,149,151	4,149,151	4,028,360	4,028,360
Total Adjusted Level 1A Assets	4,149,151	4,149,151	4,028,360	4,028,360
Level 1 Assets	4,149,151	4,149,151	4,028,360	4,028,360
Total Adjusted Level 2A Assets	-	-	-	-
Level 2A Assets	-	-	-	-
Total Adjusted Level 2B Assets	-	-	-	-
Level 2B Assets	-	-	-	-
Total Cash Outflows	45,384,688	6,832,939	46,737,643	6,588,763
Deposits	32,949,832	3,294,983	35,549,593	3,554,959
Unsecured Wholesale Funding	12,033,073	3,471,450	10,650,815	2,949,194
Secured Funding Transactions	-	-	-	-
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	401,783	66,506	537,235	84,609
Additional Requirements				
Total Cash Inflows	7,984,844	6,816,813	6,919,671	5,898,954
Maturing Secured Lending Transactions Backed by Collateral	1,104,330	1,104,330	664,639	664,639
Committed Facilities	1,100,000	-	800,000	-
Other Inflows by Counterparty which are Maturing within 30 Days	5,775,432	5,709,942	5,163,081	5,088,340
Operational Deposits	-	-	-	-
Other Cash Inflows	5,082	2,541	291,951	145,976
Liquidity Coverage Ratio (%) (Stock of High Quality Liquid Assets/ Total Net Cash Outflows over the Nexty 30 Callender Days) * 100		242.89		244.56

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 30.06.2020					
	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	3,983,008	-	3,983,008	-	-	-
Claims on Foreign Sovereigns and their Central Banks	-	-	-	-	-	-
Claims on Public Sector Entities	-	-	-	-	-	-
Claims on Official Entities and Multilateral Development Banks	-	-	-	-	-	-
Claims on Banks Exposures	11,365,555	-	11,365,555	-	3,304,808	29.08
Claims on Financial Institutions	2,681,673	-	2,681,673	-	1,438,105	53.63
Claims on Corporates	340,579	-	340,579	-	371,311	109.02
Retail Claims	9,999,138	6,673	9,999,138	6,673	7,311,680	73.12
Claims Secured by Gold	313,053	-	313,053	-	228,444	72.97
Claims Secured by Residential Property	11,355,898	-	11,355,898	-	6,179,548	54.42
Claims Secured by Commercial Real Estate	-	-	-	-	-	-
Non - Performing Assets (NPAs) (i)	3,911,553	-	3,911,553	-	4,841,056	123.76
Higher - risk Categories	-	-	-	-	-	-
Cash Items and Other Assets	1,809,755	-	1,809,755	-	1,643,612	90.82
Total	45,760,212	6,673	45,760,212	6,673	25,318,563	55.33

Disclosure 9

Market Risk under Standardised Measurement Method

Item	RWA Amount (LKR ' 000) As at 30.06.2020
(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	5,000
(i) General Equity Risk	2,500
(ii) Specific Equity Risk	2,500
(c) RWA for Foreign Exchange & Risk	-
Capital Charges For Market Risk [(a) + (b) + (c)] * CAR	40,000

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 30.06.2020		
			1st year	2nd Year	3rd year
The Basic Indicator Approach	15%		2,450,290	3,010,110	3,295,049
The Standardised Approach					
Corporate Finance	18%		-	-	-
Trading and Sales	18%		-	-	-
Payment and Settlement	18%		-	-	-
Agency services	15%		-	-	-
Asset Management	12%		-	-	-
Retail Brokerage	15%		-	-	-
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	437,773				
The Standardised Approach	-				
The Alternative Standardised Approach	-				
Risk weighted Amount For Operational Risk (LKR' 000)					
The Basic Indicator Approach	3,502,184				
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 30.06.2020				
	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	59,735,474	57,870,801	45,760,212	17,500	12,093,025
Cash and Cash Equivalents	267,134	267,134	267,134	-	-
Balances with Central Banks	-	-	-	-	-
Placements with Banks	10,598,861	10,608,088	10,608,088	-	-
Securities purchased under re - sale agreements	-	-	-	-	-
Derivative Financial Assets	-	-	-	-	-
Financial assets recognized through profit or loss- measured at fair value	17,500	17,500	-	17,500	-
Financial Assets at amortised cost - Loans and advance to Banks	-	-	-	-	-
Financial Assets at amortised cost-Loans and advances to other customers	40,861,740	38,913,436	27,073,375	-	11,840,061
Financial assets at amortised cost-Debt and other financial instruments	6,097,479	6,168,067	6,168,067	-	-
Financial assets measured at fair value through other comprehensive income	-	-	-	-	-
Investments in Subsidiaries	-	-	-	-	-
Investments in Associates and Joint Ventures	-	-	-	-	-
Property, Plant and Equipment	218,417	218,417	218,417	-	-
Lease ROUA	316,085	316,085	316,085	-	-
Investment Property	920,000	920,000	920,000	-	-
Intangible assets	140,315	140,315	-	-	140,315
Deferred Tax Assets	112,649	112,649	-	-	112,649
Other Assets	185,294	189,111	189,046	-	-
Liabilities	54,281,998	54,248,110	-	-	-
Due to Banks	1,773,357	1,773,357	-	-	-
Derivative Financial Instruments	-	-	-	-	-
Securities sold under repurchase agreements	-	-	-	-	-
Financial Liabilities at amortised cost - due to depositors	44,898,965	44,900,183	-	-	-
Financial Liabilities at amortised cost -other borrowings	1,551,403	1,584,172	-	-	-
Debt Securities Issued	4,127,842	4,127,842	-	-	-
Retirement Benefits obligations	683,277	683,277	-	-	-
Current Tax Liabilities	429,962	398,103	-	-	-
Deferred Tax Liabilities	-	-	-	-	-
Other Provisions	289,866	289,866	-	-	-
Other Liabilities	527,326	491,311	-	-	-
Off-Balance Sheet Liabilities	352,572	352,572	-	-	-
Guarantees	6,673	6,673	6,673	-	-
Performance Bonds	-	-	-	-	-
Letters of Credit	-	-	-	-	-
Other contingent Items	-	-	-	-	-
Undrawn Loan Commitments	345,899	345,899	-	-	345,899
Other commitments	-	-	-	-	-
Shareholders' Equity	5,453,476	3,622,691	-	-	-
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	4,013,926	2,183,141	-	-	-
Accumulated Other Comprehensive Income	(77,750)	(77,750)	-	-	-
Other Reserves	555,207	555,206	-	-	-