

**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 30.09.2020	As at 30.06.2020
<b>Regulatory Capital (LKR '000)</b>		
Common Equity Tier 1	4,950,687	4,923,253
Tier 1 Capital	5,153,711	5,173,253
Total Capital	5,153,711	5,173,253
<b>Regulatory Capital Ratios (%)</b>		
Common Equity Tier 1 Capital Ratio <i>(Minimum Requirement - for 2020 -7.00)</i>	16.183	17.059
Tier 1 Capital Ratio <i>(Minimum Requirement - for 2020 - 8.50)</i>	16.847	17.925
Total Capital Ratio <i>(Minimum Requirement - for 2020 - 12.50)</i>	16.847	17.925
Leverage Ratio <i>(Minimum Requirement - for 2020 - 3%)</i>	8.63	8.96
<b>Regulatory Liquidity</b>		
Statutory Liquid Assets (LKR '000)	17,472,811	16,108,275
<b>Statutory Liquid Assets Ratio <i>(Minimum Requirement - for 2020 - 20%)</i></b>		
Domestic Banking Unit (%)	38.71	36.74
Off-Shore Banking Unit (%)	-	-
Liquidity Coverage Ratio (%) - Rupee <i>(Minimum Requirement - for 2020 - 100 ,)</i>	110.28	242.89
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 30.09.2020	As at 30.06.2020
<b>Common Equity Tire 1 (CET1) Capital Afer Adjustment</b>	<b>4,950,687</b>	<b>4,923,253</b>
<b>Common Equity Tire 1 (CET1) Capital</b>	<b>5,196,858</b>	<b>5,196,858</b>
Equity Capital (Stated Capital)/Assigned Capital	962,093	962,093
Reserve Fund	209,602	209,602
Published Retained Earnings/(Accumulated Retained Losses)	3,679,558	3,679,558
Published Accumulated Other Comprehensive Income (OCI)	-	-
General and other Disclosed Reserves	345,605	345,605
Unpublished Current Year's Profit/Loss and Gains reflected in OCI	-	-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>246,171</b>	<b>273,605</b>
Goodwill (net)	-	-
Intangible Assets (net)	133,522	140,315
Others (Specify)	112,649	133,290
<b>Additional Tier 1 (AT1) Capital after Adjustments</b>	<b>203,024</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>46,976</b>	<b>-</b>
Investment in Own Shares	-	-
Others (Specify)	46,976	-
<b>Tier 2 Capital after Adjustments</b>		
<b>Tier 2 Capital</b>	<b>233,207</b>	<b>259,611</b>
Qualifying Tier 2 Capital Instruments	-	-
Revaluation Gains	-	-
Loan Loss Provisions	233,207	259,611
Instruments issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by Third Parties	-	-
<b>Total Adjustments to Tier 2</b>	<b>233,207</b>	<b>259,611</b>
Investment in Own Shares	-	-
Others (Specify)	233,207	259,611
<b>CET1 Capital</b>		
<b>Total Tier 1 Capital</b>	<b>5,153,711</b>	<b>5,173,253</b>
<b>Total Capital</b>	<b>5,153,711</b>	<b>5,173,253</b>

	Amount (LKR ' 000)	
	As at 30.09.2020	As at 30.06.2020
<b>Total Risk Weighted Amount</b>	<b>30,591,552</b>	<b>28,860,747</b>
R W As for Credit Risk	26,985,392	25,318,563
R W As for Market Risk	40,000	40,000
R W As for Operational Risk	3,566,160	3,502,184
<b>CET1 Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer &amp; Surcharge on D-SIBs) (%)</b>	<b>16.183</b>	<b>17.059</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>16.847</b>	<b>17.925</b>
<b>Total Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer &amp; Surcharge on D-SIBs) (%)</b>	<b>16.847</b>	<b>17.925</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 30.09.2020	As at 30.06.2020
<b>Tier 1 Capital</b>	<b>5,153,710</b>	<b>5,173,253</b>
<b>Total Exposures</b>	<b>59,685,631</b>	<b>57,737,641</b>
On Balance Sheet Items (excluding Derivatives and Securities Financing Transactions, but including Collateral)	59,015,264	54,310,930
Derivative Exposures	-	-
Securities Financing Transaction Exposures	670,367	3,426,711
Other Off- Balance Sheet Exposures		
<b>Basel III Leverage Ratio (%) (Tier 1/ Total Exposure)</b>	<b>8.63</b>	<b>8.96</b>

Disclosure 4

Basel III Computation of Liquidity Coverage Ratio

	Amount (LKR '000)			
	As at 30.09.2020		As at 30.06.2020	
	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>4,649,354</b>	<b>4,649,354</b>	<b>4,149,151</b>	<b>4,149,151</b>
<b>Total Adjusted Level 1A Assets</b>	4,649,354	4,649,354	4,149,151	4,149,151
<b>Level 1 Assets</b>	4,649,354	4,649,354	4,149,151	4,149,151
<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>47,665,777</b>	<b>7,657,714</b>	<b>45,384,688</b>	<b>6,832,939</b>
Deposits	35,848,710	3,584,871	32,949,832	3,294,983
Unsecured Wholesale Funding	11,377,440	4,019,181	12,033,073	3,471,450
Secured Funding Transactions	-	-	-	-
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	439,627	53,663	401,783	66,506
Additional Requirements	-	-	-	-
<b>Total Cash Inflows</b>	<b>4,616,808</b>	<b>3,441,931</b>	<b>7,984,844</b>	<b>6,816,813</b>
Maturing Secured Lending Transactions Backed by Collateral	923,424	923,424	1,104,330	1,104,330
Committed Facilities	1,100,000	-	1,100,000	-
Other Inflows by Counterparty which are Maturing within 30 Days	2,590,756	2,517,193	5,775,432	5,709,942
Operational Deposits	-	-	-	-
Other Cash Inflows	2,628	1,314	5,082	2,541
<b>Liquidity Coverage Ratio (%) (Stock of High Quality Liquid Assets/ Total Net Cash Outflows over the Nexty 30 Callender Days) * 100</b>		<b>110.28</b>		<b>242.89</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 30.09.2020					
	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	3,981,915	-	3,981,915	-	-	-
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	12,142,623	-	12,142,623	-	4,623,294	38.07
Claims on Financial Institutions	3,030,909	-	3,030,909	-	1,666,306	54.98
Claims on Corporates	353,285	-	353,285	-	384,776	108.91
Retail Claims	10,358,825	6,673	10,358,825	6,673	7,574,335	73.12
Claims Secured by Gold	380,366	-	380,366	-	194,451	51.12
Claims Secured by Residential Property	11,759,754	-	11,759,754	-	6,487,671	55.17
Claims Secured by Commercial Real Estate	-	-	-	-	-	-
Non - Performing Assets (NPAs) (i)	3,553,791	-	3,553,791	-	4,426,365	124.55
Higher - risk Categories	-	-	-	-	-	-
Cash Items and Other Assets	1,795,634	-	1,795,634	-	1,628,195	90.68
<b>Total</b>	<b>47,357,102</b>	<b>6,673</b>	<b>47,357,102</b>	<b>6,673</b>	<b>26,985,392</b>	<b>56.98</b>

## Disclosure 9

### Market Risk under Standardised Measurement Method

Item	RWA Amount (LKR ' 000) As at 30.09.2020
<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>	5,000
(i) General Equity Risk	2,500
(ii) Specific Equity Risk	2,500
<b>(c) RWA for Foreign Exchange &amp; Risk</b>	-
<b>Capital Charges For Market Risk [ (a) + (b) + (c) ] * CAR</b>	<b>40,000</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 30.09.2020		
			1st year	2nd Year	3rd year
<b>The Basic Indicator Approach</b>	15%		2,555,219	3,176,783	3,183,397
<b>The Standardised Approach</b>					
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%		-	-	-
<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	445,770				
The Standardised Approach	-				
The Alternative Standardised Approach	-				
<b>Risk weighted Amount For Operational Risk (LKR' 000)</b>					
The Basic Indicator Approach	3,566,160				
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 30.09.2020				
	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
<b>Assets</b>	<b>62,021,399</b>	<b>59,817,800</b>	<b>47,357,102</b>	<b>18,500</b>	<b>11,942,200</b>
Cash and Cash Equivalents	338,506	338,506	338,506	-	-
Balances with Central Banks	-	-	-	-	-
Placements with Banks	11,317,495	11,324,255	11,324,255	-	-
Securities purchased under re - sale agreements	-	-	-	-	-
Derivative Financial Assets	-	-	-	-	-
Financial assets recognized through profit or loss- measured at fair value	18,500	18,500	-	18,500	-
Financial Assets at amortised cost - Loans and advance to Banks	-	-	-	-	-
Financial Assets at amortised cost-Loans and advances to other customers	41,350,222	39,076,395	27,380,367	-	11,696,028
Financial assets at amortised cost-Debt and other financial instruments	7,120,836	7,185,778	6,685,778	-	-
Financial assets measured at fair value through other comprehensive income	-	-	-	-	-
Investments in Subsidiaries	-	-	-	-	-
Investments in Associates and Joint Ventures	-	-	-	-	-
Property, Plant and Equipment	229,333	229,333	229,333	-	-
Lease ROUA	320,728	320,728	320,728	-	-
Investment Property	920,000	920,000	920,000	-	-
Intangible assets	133,522	133,522	-	-	133,522
Deferred Tax Assets	112,649	112,649	-	-	112,649
Other Assets	159,608	158,135	158,136	-	-
<b>Liabilities</b>	<b>56,461,829</b>	<b>56,460,230</b>	<b>-</b>	<b>-</b>	<b>-</b>
Due to Banks	1,833,339	1,833,339	-	-	-
Derivative Financial Instruments	-	-	-	-	-
Securities sold under repurchase agreements	-	-	-	-	-
Financial Liabilities at amortised cost - due to depositors	47,152,142	47,153,462	-	-	-
Financial Liabilities at amortised cost -other borrowings	1,548,045	1,548,808	-	-	-
Debt Securities Issued	4,223,958	4,223,958	-	-	-
Retirement Benefits obligations	692,936	692,936	-	-	-
Current Tax Liabilities	250,451	250,513	-	-	-
Deferred Tax Liabilities	-	-	-	-	-
Other Provisions	294,970	294,970	-	-	-
Other Liabilities	465,988	462,244	-	-	-
<b>Off-Balance Sheet Liabilities</b>	<b>405,927</b>	<b>405,927</b>	<b>-</b>	<b>-</b>	<b>-</b>
Guarantees	6,673	6,673	6,673	-	-
Performance Bonds	-	-	-	-	-
Letters of Credit	-	-	-	-	-
Other contingent Items	-	-	-	-	-
Undrawn Loan Commitments	399,254	399,254	-	-	399,254
Other commitments	-	-	-	-	-
<b>Shareholders' Equity</b>	<b>5,559,570</b>	<b>3,357,570</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Equity Capital (stated Capital)/Assigned Capital</b>	<b>962,093</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
of which Amount Eligible for CET1	962,093	962,093	-	-	-
of which Amount Eligible for ATI	-	-	-	-	-
Retained Earnings	4,120,020	1,918,020	-	-	-
Accumulated Other Comprehensive Income	(77,750)	(77,750)	-	-	-
Other Reserves	555,207	555,206	-	-	-