

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 31.12.2021 | As at 30.09.2021 |
|--|------------------|------------------|
| Regulatory Capital (LKR '000) | | |
| Common Equity Tier 1 | 5,573,366 | 5,567,157 |
| Tier 1 Capital | 5,823,366 | 5,817,157 |
| Total Capital | 5,999,440 | 5,975,413 |
| Regulatory Capital Ratios (%) | | |
| Common Equity Tier 1 Capital Ratio <i>(Minimum Requirement - for 2020 -7.00)</i> | 19.118 | 20.284 |
| Tier 1 Capital Ratio <i>(Minimum Requirement - for 2020 - 8.50)</i> | 19.975 | 21.195 |
| Total Capital Ratio <i>(Minimum Requirement - for 2020 - 12.50)</i> | 20.579 | 21.771 |
| Leverage Ratio <i>(Minimum Requirement - for 2020 - 3%)</i> | 9.27 | 9.51 |
| Regulatory Liquidity | | |
| Statutory Liquid Assets (LKR '000) | 12,836,835 | 14,791,582 |
| Statutory Liquid Assets Ratio <i>(Minimum Requirement - for 2020 - 20%)</i> | | |
| Domestic Banking Unit (%) | 26.60 | 30.86 |
| Off-Shore Banking Unit (%) | - | - |
| Liquidity Coverage Ratio (%) - Rupee <i>(Minimum Requirement - for 2020 - 100 ,)</i> | 156 | 322 |
| 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 31.12.2021 | As at 30.09.2021 |
| Common Equity Tire 1 (CET1) Capital Afer Adjustment | 5,573,366 | 5,567,157 |
| Common Equity Tire 1 (CET1) Capital | 5,904,995 | 5,904,993 |
| Equity Capital (Stated Capital)/Assigned Capital | 962,093 | 962,093 |
| Reserve Fund | 245,008 | 245,008 |
| Published Retained Earnings/(Accumulated Retained Losses) | 4,281,476 | 4,281,474 |
| 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| Unpublished Current Year's Profit/Loss and Gains reflected in OCI | - | - |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 | - | - |
| Total Adjustments to CET1 Capital | 331,629 | 337,836 |
| Goodwill (net) | - | - |
| Intangible Assets (net) | 129,288 | 116,646 |
| Others (Specify) | 202,341 | 221,190 |
| 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 | 176,074 | 158,256 |
| Qualifying Tier 2 Capital Instruments | - | - |
| Revaluation Gains | - | - |
| Loan Loss Provisions | 176,074 | 158,256 |
| 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 | 5,823,366 | 5,817,157 |
| Total Capital | 5,999,440 | 5,975,413 |

| | Amount (LKR ' 000) | |
|--|-----------------------------|-----------------------------|
| | As at 31.12.2021 | As at 30.09.2021 |
| Total Risk Weighted Amount | 29,152,676 | 27,446,222 |
| R W As for Credit Risk | 25,156,284 | 23,531,350 |
| R W As for Market Risk | - | - |
| R W As for Operational Risk | 3,996,392 | 3,914,872 |
| CET1 Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%) | 19.118 | 20.284 |
| of Which : Capital Conservation Buffer (%) | - | - |
| of Which : Countercyclical Buffer (%) | - | - |
| of Which : Capital Surcharge on D-SIBs (%) | - | - |
| Total Tier 1 Capital Ratio (%) | 19.975 | 21.195 |
| Total Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%) | 20.579 | 21.771 |
| 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 31.12.2021 | As at 30.09.2021 |
| Tier 1 Capital | 5,823,366 | 5,817,159 |
| Total Exposures | 62,824,659 | 61,140,263 |
| On Balance Sheet Items (excluding Derivatives and Securities Financing Transactions, but including Collateral) | 62,824,659 | 61,140,263 |
| Derivative Exposures | - | - |
| Securities Financing Transaction Exposures | - | - |
| Other Off- Balance Sheet Exposures | | |
| Basel III Leverage Ratio (%) (Tier 1/ Total Exposure) | 9.27 | 9.51 |

Disclosure 4

Basel III Computation of Liquidity Coverage Ratio

| | Amount (LKR '000) | | | |
|---|---------------------------|----------------------|---------------------------|----------------------|
| | As at 31.12.2021 | | As at 30.09.2021 | |
| | Total Un - weighted Value | Total Weighted Value | Total Un - weighted Value | Total Weighted Value |
| Total Stock of High - Quality Liquid Assets (HQLA) | 7,153,550 | 7,153,550 | 6,093,847 | 6,093,847 |
| Total Adjusted Level 1A Assets | 7,153,550 | 7,153,550 | 6,093,847 | 6,093,847 |
| Level 1 Assets | 7,153,550 | 7,153,550 | 6,093,847 | 6,093,847 |
| Total Adjusted Level 2A Assets | - | - | - | - |
| Level 2A Assets | - | - | - | - |
| Total Adjusted Level 2B Assets | - | - | - | - |
| Level 2B Assets | - | - | - | - |
| Total Cash Outflows | 50,641,926 | 9,014,970 | 48,982,344 | 7,565,153 |
| Deposits | 31,520,675 | 3,152,068 | 39,520,309 | 3,952,031 |
| Unsecured Wholesale Funding | 18,338,029 | 5,697,434 | 8,803,133 | 3,510,961 |
| Secured Funding Transactions | - | - | - | - |
| Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations | 783,222 | 165,468 | 658,902 | 102,161 |
| Additional Requirements | - | - | - | - |
| Total Cash Inflows | 5,594,149 | 4,427,983 | 8,520,904 | 7,352,927 |
| Maturing Secured Lending Transactions Backed by Collateral | 482,698 | 482,698 | 668,720 | 668,720 |
| Committed Facilities | 1,100,000 | - | 1,100,000 | - |
| Other Inflows by Counterparty which are Maturing within 30 Days | 4,009,028 | 3,944,074 | 6,748,288 | 6,682,259 |
| Operational Deposits | - | - | - | - |
| Other Cash Inflows | 2,423 | 1,212 | 3,896 | 1,948 |
| Liquidity Coverage Ratio (%) (Stock of High Quality Liquid Assets/ Total Net Cash Outflows over the Nexty 30 Callender Days) * 100 | | 156 | | 322 |

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 31.12.2021 | | | | | |
|--|--|--------------------------|----------------------------|--------------------------|-------------------------|------------------|
| | 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 | 7,003,938 | - | 7,003,938 | - | - | - |
| Claims on Foreign Sovereigns and their Central Banks | - | - | - | - | - | - |
| Claims on Public Sector Entities | 426,370 | - | 426,370 | - | 85,274 | - |
| Claims on Official Entities and Multilateral Development Banks | - | - | - | - | - | - |
| Claims on Banks Exposures | 8,603,135 | - | 8,603,135 | - | 2,728,063 | 31.71 |
| Claims on Financial Institutions | 2,303,254 | - | 2,303,254 | - | 1,264,148 | 54.89 |
| Claims on Corporates | 1,199,294 | - | 1,199,294 | - | 457,402 | 38.14 |
| Retail Claims | 9,673,065 | 4,599 | 9,677,664 | 4,599 | 7,150,706 | 73.89 |
| Claims Secured by Gold | 450,411 | - | 450,411 | - | 279,952 | 62.15 |
| Claims Secured by Residential Property | 11,289,683 | - | 11,289,683 | - | 5,057,781 | 44.80 |
| Claims Secured by Commercial Real Estate | - | - | - | - | - | - |
| Non - Performing Assets (NPAs) (i) | 5,081,274 | - | 5,081,274 | - | 6,241,168 | 122.83 |
| Higher - risk Categories | - | - | - | - | - | - |
| Cash Items and Other Assets | 2,041,114 | - | 2,041,114 | - | 1,891,790 | 92.68 |
| Total | 48,071,538 | 4,599 | 48,076,137 | 4,599 | 25,156,284 | 52.33 |

Disclosure 9

Market Risk under Standardised Measurement Method

| Item | RWA Amount (LKR ' 000) As at 31.12.2021 |
|--|--|
| (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 31.12.2021 | | |
|---|-----------------------|--------------|---|-----------|-----------|
| | | | 1st year | 2nd Year | 3rd year |
| The Basic Indicator Approach | 15% | | 3,327,263 | 3,241,982 | 3,421,740 |
| 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 | 499,549 | | | | |
| The Standardised Approach | - | | | | |
| The Alternative Standardised Approach | - | | | | |
| Risk weighted Amount For Operational Risk (LKR' 000) | | | | | |
| The Basic Indicator Approach | 3,996,392 | | | | |
| 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 31.12.2021 | | | | |
|--|---|---|----------------------------------|----------------------------------|--|
| | 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 | 63,042,974 | 60,354,183 | 41,947,718 | - | 16,881,287 |
| Cash and Cash Equivalents | 258,596 | 258,596 | 261,818 | - | - |
| Balances with Central Banks | - | - | - | - | - |
| Placements with Banks | 8,138,685 | 8,139,163 | 8,139,163 | - | - |
| 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 | 41,814,501 | 39,091,617 | 22,541,959 | - | 16,549,658 |
| Financial assets at amortised cost-Debt and other financial instruments | 10,570,351 | 10,641,388 | 9,117,549 | - | - |
| Financial assets measured at fair value through other comprehensive income | - | - | - | - | - |
| Investments in Subsidiaries | - | - | - | - | - |
| Investments in Associates and Joint Ventures | - | - | - | - | - |
| Property, Plant and Equipment | 224,034 | 253,334 | 257,215 | - | - |
| Lease ROUA | 387,887 | 326,807 | 325,505 | - | - |
| Investment Property | 1,065,000 | 1,065,000 | 1,016,500 | - | - |
| Intangible assets | 125,024 | 129,288 | - | - | 129,288 |
| Deferred Tax Assets | 202,341 | 202,341 | - | - | 202,341 |
| Other Assets | 256,555 | 246,649 | 288,009 | - | - |
| | | | | | |
| Liabilities | 56,570,333 | 56,570,745 | - | - | - |
| Due to Banks | 2,103,173 | 2,103,173 | - | - | - |
| Derivative Financial Instruments | - | - | - | - | - |
| Securities sold under repurchase agreements | - | - | - | - | - |
| Financial Liabilities at amortised cost - due to depositors | 49,813,326 | 49,814,455 | - | - | - |
| Financial Liabilities at amortised cost -other borrowings | 1,282,597 | 1,313,847 | - | - | - |
| Debt Securities Issued | 1,422,978 | 1,422,978 | - | - | - |
| Retirement Benefits obligations | 771,616 | 824,202 | - | - | - |
| Current Tax Liabilities | 341,843 | 332,015 | - | - | - |
| Deferred Tax Liabilities | - | - | - | - | - |
| Other Provisions | 384,790 | 348,470 | - | - | - |
| Other Liabilities | 450,010 | 411,606 | - | - | - |
| | | | | | |
| Off-Balance Sheet Liabilities | 585,801 | 585,801 | - | - | - |
| Guarantees | 4,599 | 4,599 | 4,599 | - | - |
| Performance Bonds | - | - | - | - | - |
| Letters of Credit | - | - | - | - | - |
| Other contingent Items | - | - | - | - | - |
| Undrawn Loan Commitments | 581,202 | 581,202 | - | - | 581,202 |
| Other commitments | - | - | - | - | - |
| Shareholders' Equity | 6,472,641 | 3,783,437 | - | - | - |
| Equity Capital (stated Capital)/Assigned Capital | 962,093 | - | - | - | - |
| of which Amount Eligible for CET1 | 962,093 | 962,093 | - | - | - |
| of which Amount Eligible for ATI | - | - | - | - | - |
| Retained Earnings | 4,813,263 | 2,282,899 | - | - | - |
| Accumulated Other Comprehensive Income | (60,842) | (122,982) | - | - | - |
| Other Reserves | 758,127 | 661,427 | - | - | - |