

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 31.12.2020	As at 31.12.2019
Regulatory Capital (LKR '000)		
Common Equity Tier 1	5,572,339	4,904,034
Tier 1 Capital	5,822,339	5,154,034
Total Capital	5,957,143	5,154,034
Regulatory Capital Ratios (%)		
Common Equity Tier 1 Capital Ratio <i>(Minimum Requirement - for 2019 & 2020- 7.00)</i>	19.335	18.209
Tier 1 Capital Ratio <i>(Minimum Requirement - for 2019 & 2020 - 8.50)</i>	20.202	19.138
Total Capital Ratio <i>(Minimum Requirement - for 2019 & 2020 - 12.50)</i>	20.670	19.138
Leverage Ratio <i>(Minimum Requirement - for 2019 & 2020 - 3%)</i>	9.09	8.85
Regulatory Liquidity		
Statutory Liquid Assets (LKR '000)	17,686,998	10,746,912
Statutory Liquid Assets Ratio <i>(Minimum Requirement - for 2019 & 2020 - 20%)</i>	37.20	26.07
Domestic Banking Unit (%)	37.20	26.07
Off-Shore Banking Unit (%)	-	-
Liquidity Coverage Ratio (%) - Rupee <i>(Minimum Requirement - for 2019 & 2020 - 100%)</i>	138.27	191.31
Liquidity Coverage Ratio (%) - All Currency <i>(Minimum Requirement - for 2019 & 2020- 100%)</i>	-	-

Disclosure 2

Basel III Computation of Capital Ratios

	Amount (LKR ' 000)	
	As at 31.12.2020	As at 31.12.2019
Common Equity Tire 1 (CET1) Capital Afer Adjustment	5,572,339	4,904,034
Common Equity Tire 1 (CET1) Capital	5,904,987	5,197,405
Equity Capital (Stated Capital)/Assigned Capital	962,093	962,093
Reserve Fund	245,008	209,629
Published Retained Earnings/(Accumulated Retained Losses)	4,281,468	3,680,023
Published Accumulated Other Comprehensive Income (OCI)	-	-
General and other Disclosed Reserves	416,418	345,660
Unpublished Current Year's Profit/Loss and Gains reflected in OCI	-	-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	332,648	293,371
Goodwill (net)	-	-
Intangible Assets (net)	127,570	152,781
Others (Specify)	205,078	140,590
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	134,804	252,429
Qualifying Tier 2 Capital Instruments	-	-
Revaluation Gains	-	-
Loan Loss Provisions	134,804	252,429
Instruments issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by Third Parties	-	-
Total Adjustments to Tier 2	-	252,429
Investment in Own Shares	-	-
Others (Specify)	-	252,429
CET1 Capital	5,572,339	4,904,034
Total Tier 1 Capital	5,822,339	5,154,034
Total Capital	5,957,143	5,154,034

	Amount (LKR ' 000)	
	As at 31.12.2020	As at 31.12.2019
Total Risk Weighted Amount	28,819,960	26,931,561
R W As for Credit Risk	25,072,784	23,625,809
R W As for Market Risk	-	40,000
R W As for Operational Risk	3,747,176	3,265,752
CET1 Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	19.335	18.209
of Which : Capital Conservation Buffer (%)	-	-
of Which : Countercyclical Buffer (%)	-	-
of Which : Capital Surcharge on D-SIBs (%)	-	-
Total Tier 1 Capital Ratio (%)	20.202	19.138
Total Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	20.670	19.138
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 31.12.2020	As at 31.12.2019
Tier 1 Capital	5,223,785	4,751,083
Total Exposures	57,469,010	53,710,325
On Balance Sheet Items (excluding Derivatives and Securities Financing Transactions, but including Collateral)	56,298,683	53,149,802
Derivative Exposures	-	-
Securities Financing Transaction Exposures	1,170,327	560,523
Other Off- Balance Sheet Exposures	-	-
Basel III Leverage Ratio (%) (Tier 1/ Total Exposure)	9.09	8.85

Disclosure 4

Basel III Computation of Liquidity Coverage Ratio

	Amount (LKR '000)			
	As at 31.12.2020		As at 31.12.2019	
	Total Un-weighted Value	Total Weighted Value	Total Un-weighted Value	Total Weighted Value
Total Stock of High - Quality Liquid Assets (HQLA)	5,075,071	5,075,071	3,113,868	3,113,868
Total Adjusted Level 1A Assets	5,075,071	5,075,071	3,113,868	3,113,868
Level 1 Assets	5,075,071	5,075,071	3,113,868	3,113,868
Total Adjusted Level 2A Assets	-	-	-	-
Level 2A Assets	-	-	-	-
Total Adjusted Level 2B Assets	-	-	-	-
Level 2B Assets	-	-	-	-
Total Cash Outflows	48,453,844	7,610,476	43,306,915	6,510,584
Deposits	37,538,893	3,753,889	32,641,218	3,264,122
Unsecured Wholesale Funding	10,464,769	3,792,369	9,901,155	3,149,467
Secured Funding Transactions	-	-	-	-
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	450,182	64,218	764,542	96,995
Additional Requirements	-	-	-	-
Total Cash Inflows	5,109,118	3,940,036	7,570,311	6,696,091
Maturing Secured Lending Transactions Backed by Collateral	667,997	667,997	580,839	580,839
Committed Facilities	1,100,000	-	800,000	-
Other Inflows by Counterparty which are Maturing within 30 Days	3,338,836	3,270,897	6,184,788	6,112,910
Operational Deposits	-	-	-	-
Other Cash Inflows	2,285	1,143	4,684	2,342
Liquidity Coverage Ratio (%) (Stock of High Quality Liquid Assets/ Total Net Cash Outflows over the Nexty 30 Callender Days) * 100		138.27		191.31

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 31.12.2020					
	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	4,920,030	-	4,920,030	-	-	-
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	10,523,911	-	10,523,911	-	2,738,284	26.02
Claims on Financial Institutions	2,957,699	-	2,957,699	-	1,622,444	54.85
Claims on Corporates	292,783	-	292,783	-	325,028	111.01
Retail Claims	10,575,460	7,623	10,575,460	7,623	7,755,560	73.34
Claims Secured by Gold	422,799	-	422,799	-	220,205	52.08
Claims Secured by Residential Property	10,872,010	-	10,872,010	-	4,165,008	38.31
Claims Secured by Commercial Real Estate	-	-	-	-	-	-
Non - Performing Assets (NPAs) (i)	5,413,348	-	5,413,348	-	6,503,688	120.14
Higher - risk Categories	-	-	-	-	-	-
Cash Items and Other Assets	1,897,609	-	1,897,609	-	1,742,568	91.83
Total	47,875,649	7,623	47,875,649	7,623	25,072,784	52.37

Disclosure 9

Market Risk under Standardised Measurement Method

Item	RWA Amount (LKR ' 000) As at 31.12.2020
(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	-
(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 31.12.2020		
			1st year	2nd Year	3rd year
The Basic Indicator Approach	15%		2,679,560	3,307,230	3,381,152
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	468,397				
The Standardised Approach	-				
The Alternative Standardised Approach	-				
Risk weighted Amount For Operational Risk (LKR' 000)					
The Basic Indicator Approach	3,747,176				
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 31.12.2020				
	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	61,029,786	58,879,197	47,875,649	-	10,941,351
Cash and Cash Equivalents	305,889	305,889	293,293	-	-
Balances with Central Banks	-	-	-	-	-
Placements with Banks	9,859,833	9,860,421	9,860,421	-	-
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	41,191,989	38,977,462	28,368,759	-	10,608,703
Financial assets at amortised cost-Debt and other financial instruments	7,546,155	7,610,915	7,610,607	-	-
Financial assets measured at fair value through other comprehensive income	-	-	-	-	-
Investments in Subsidiaries	-	-	-	-	-
Investments in Associates and Joint Ventures	-	-	-	-	-
Property, Plant and Equipment	223,329	223,329	223,329	-	-
Lease ROUA	369,642	369,642	369,642	-	-
Investment Property	1,016,500	1,016,500	1,016,500	-	-
Intangible assets	127,570	127,570	-	-	127,570
Deferred Tax Assets	205,078	205,078	-	-	205,078
Other Assets	183,800	182,390	133,097	-	-
Liabilities	55,247,773	55,246,363	-	-	-
Due to Banks	2,408,781	2,408,781	-	-	-
Derivative Financial Instruments	-	-	-	-	-
Securities sold under repurchase agreements	-	-	-	-	-
Financial Liabilities at amortised cost - due to depositors	47,947,005	47,947,005	-	-	-
Financial Liabilities at amortised cost -other borrowings	1,429,156	1,427,746	-	-	-
Debt Securities Issued	1,422,976	1,422,976	-	-	-
Retirement Benefits obligations	777,800	777,800	-	-	-
Current Tax Liabilities	441,773	441,773	-	-	-
Deferred Tax Liabilities	-	-	-	-	-
Lease Liability	349,437	349,437	-	-	-
Other Liabilities	470,845	470,845	-	-	-
Off-Balance Sheet Liabilities	380,011	380,011	7,623	-	372,388
Guarantees	7,623	7,623	7,623	-	-
Performance Bonds	-	-	-	-	-
Letters of Credit	-	-	-	-	-
Other contingent Items	-	-	-	-	-
Undrawn Loan Commitments	372,388	372,388	-	-	372,388
Other commitments	-	-	-	-	-
Shareholders' Equity	5,782,013	3,632,834	-	-	-
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	4,281,474	2,132,296	-	-	-
Accumulated Other Comprehensive Income	(122,982)	(122,982)	-	-	-
Other Reserves	661,427	661,427	-	-	-