

**Basel III - Disclosures Under Pillar 3 as per the Banking Act Direction No.01 of 2016**

**Disclosure 1**

**Key Regulatory Ratios - Capital and Liquidity**

	<b>As at 31.12.2018</b>	<b>As at 31.12.2017</b>
<b>Regulatory Capital (LKR '000)</b>		
Common Equity Tier 1	3,876,396	3,276,661
Tier 1 Capital	3,876,396	3,276,661
Total Capital	3,876,396	3,276,661
<b>Regulatory Capital Ratios (%)</b>		
Common Equity Tier 1 Capital Ratio <i>(Minimum Requirement - for 2017 -5.75, for 2018 - 6.375)</i>	16.417	13.518
Tier 1 Capital Ratio <i>(Minimum Requirement - for 2017 - 7.25, for 2018 - 7.875)</i>	16.417	13.518
Total Capital Ratio <i>(Minimum Requirement - for 2017 - 11.25, for 2018 - 11.875)</i>	16.417	13.518
Leverage Ratio <i>(Minimum Requirement - for 2017 &amp; 2018 - 3%)</i>	6.73	5.67
<b>Regulatory Liquidity</b>		
Statutory Liquid Assets (LKR '000)	7,618,054	10,066,714
Statutory Liquid Assets Ratio <i>(Minimum Requirement - for 2017 &amp; 2018 - 20%)</i>	20.56	27.58
Domestic Banking Unit (%)	20.56	27.58
Off-Shore Banking Unit (%)	-	-
Liquidity Coverage Ratio (%) - Rupee <i>(Minimum Requirement - for 2017 &amp; 2018 - 90)</i>	231.31	103.76
Liquidity Coverage Ratio (%) - All Currency <i>(Minimum Requirement - for 2017 &amp; 2018 - 90)</i>	-	-

**Disclosure 2**

**Basel III Computation of Capital Ratios**

	Amount (LKR ' 000)	
	As at 31.12.2018	As at 31.12.2017
<b>Common Equity Tire 1 (CET1) Capital Afer Adjustment</b>	<b>3,876,396</b>	<b>3,276,661</b>
<b>Common Equity Tire 1 (CET1) Capital</b>	<b>4,774,575</b>	<b>4,198,743</b>
Equity Capital (Stated Capital)/Assigned Capital	962,093	962,093
Reserve Fund	188,425	160,000
Published Retained Earnings/(Accumulated Retained Losses)	3,319,554	2,839,346
Published Accumulated Other Comprehensive Income (OCI)	-	(9,097)
General and other Disclosed Reserves	304,503	246,401
Unpublished Current Year's Profit/Loss and Gains reflected in OCI	-	-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>898,179</b>	<b>922,082</b>
Goodwill (net)	-	-
Intangible Assets (net)	165,401	189,753
Others (Specify)	732,778	732,329
<b>Additional Tier 1 (AT1) Capital after Adjustments</b>		
<b>Additional Tier 1 (AT1) Capital</b>		
Qualifying Additional Tiere 1 Capital Instruments	-	-
Instruments issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by Third Parties	-	-
<b>Total Adjustments to AT1 Capital</b>		
Investment in Own Shares	-	-
Others (Specify)	-	-
<b>Tier 2 Capital after Adjustments</b>		
<b>Tier 2 Capital</b>	<b>139,224</b>	<b>134,328</b>
Qualifying Tier 2 Capital Instruments	-	-
Revaluation Gains	-	-
Loan Loss Provisions	139,224	134,328
Instruments issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by Third Parties	-	-
<b>Total Adjustments to Tier 2</b>	<b>139,224</b>	<b>134,328</b>
Investment in Own Shares	-	-
Others (Specify)	-	-
<b>CET1 Capital</b>		
<b>Total Tier 1 Capital</b>	<b>3,876,396</b>	<b>3,276,661</b>
<b>Total Capital</b>	<b>3,876,396</b>	<b>3,276,661</b>

	Amount (LKR ' 000)	
	As at 31.12.2018	As at 31.12.2017
<b>Total Risk Weighted Amount</b>	<b>23,612,420</b>	<b>24,239,911</b>
R W As for Credit Risk	20,481,532	20,388,266
R W As for Market Risk	42,105	722,409
R W As for Operational Risk	3,088,783	3,129,236
<b>CET1 Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer &amp; Surcharge on D-SIBs) (%)</b>	<b>16.417</b>	<b>13.518</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>16.417</b>	<b>13.518</b>
<b>Total Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer &amp; Surcharge on D-SIBs) (%)</b>	<b>16.417</b>	<b>13.518</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 31.12.2018	As at 31.12.2017
<b>Tier 1 Capital</b>	<b>3,305,382</b>	<b>2,815,213</b>
<b>Total Exposures</b>	<b>49,143,544</b>	<b>49,685,106</b>
On Balance Sheet Items (excluding Derivatives and Securities Financing Transactions, but including Collateral)	46,987,550	47,720,106
Derivative Exposures	-	-
Securities Financing Transaction Exposures	2,155,994	1,965,000
Other Off- Balance Sheet Exposures	-	-
<b>Basel III Leverage Ratio (%) (Tier 1/ Total Exposure)</b>	<b>6.73</b>	<b>5.67</b>

**Disclosure 4**

**Basel III Computation of Liquidity Coverage Ratio**

	Amount (LKR '000)			
	As at 31.12.2018		As at 31.12.2017	
	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>4,454,830</b>	<b>4,442,315</b>	<b>2,895,558</b>	<b>2,885,793</b>
<b>Total Adjusted Level 1A Assets</b>	4,141,535	4,141,535	2,671,004	2,671,004
<b>Level 1 Assets</b>	4,429,799	4,429,799	2,876,027	2,876,027
<b>Total Adjusted Level 2A Assets</b>	-	-	-	-
<b>Level 2A Assets</b>	-	-	-	-
<b>Total Adjusted Level 2B Assets</b>	25,031	12,516	19,531	9,766
<b>Level 2B Assets</b>	25,031	12,516	19,531	9,766
<b>Total Cash Outflows</b>	<b>37,782,041</b>	<b>5,946,895</b>	<b>36,828,013</b>	<b>6,233,582</b>
Deposits	29,841,037	2,984,104	31,306,843	3,130,684
Unsecured Wholesale Funding	7,209,039	2,841,520	5,296,121	3,049,433
Secured Funding Transactions	-	-	-	-
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	731,965	121,271	225,049	53,464
Additional Requirements	-	-	-	-
<b>Total Cash Inflows</b>	<b>5,001,911</b>	<b>4,026,374</b>	<b>5,003,849</b>	<b>3,452,278</b>
Maturing Secured Lending Transactions Backed by Collateral	506,986	506,986	300,035	300,035
Committed Facilities	900,000	-	1,400,000	-
Other Inflows by Counterparty which are Maturing within 30 Days	3,587,361	3,515,606	3,260,905	3,130,788
Operational Deposits	-	-	-	-
Other Cash Inflows	7,564	3,782	42,909	21,455
<b>Liquidity Coverage Ratio (%) (Stock of High Quality Liquid Assets/ Total Net Cash Outflows over the Nexty 30 Callender Days) * 100</b>		<b>231.31</b>		<b>103.76</b>

**Disclosure 5**

**Main Features of Regulatory Capital Instruments**

Description of the Capital Instrument	Stated Capital
Issuer	HDFC Bank
CSE Security Code	HDFC N0000
Governing Law (s) of the Instrument	Sri Lanka
Original Date of Issuance	Multiple
Par Value of Instrument	N/A
Perpetual or Dated	Perpetual
Original Maturity Date, if Applicable	N/A
Amount Recognised in Regulatory Capital (in LKR '000 as at the Reporting Date)	962,093
Accounting Classification (Equity/Liability)	Equity
<b>Issuer Call Subject to Prior Supervisory Approval</b>	
Optional Call Date, Contingent Call Dates and Redemption Amount (LKR '000)	N/A
Subsequent Call Dates, if Applicable	N/A
<b>Coupons/ Dividends</b>	
Fixed or Floating Dividend/Coupon	N/A
Coupon Rate and any Related Index	
Non - Cumulative or Cumulative	Non - Cumulative
<b>Convertible or Non-Convertible</b>	
If Convertible, Conversion Trigger (s)	N/A
If Convertible, Fully or Partially	N/A
If Convertible, Mandatory or Optional	N/A
If Convertible, Conversion Rate	N/A

**Disclosure 7**

**Credit Risk under Standardised Approach  
Credit Risk Exposures and Credit Risk Mitigation (CRM) Effects**

Asset Class	Amount (LKR ' 000) as at 31.12.2018					
	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	4,231,257	-	4,231,257	-	-	-
Claims on Foreign Sovereigns and their Central Banks	-	-	-	-	-	-
Claims on Public Sector Entities	31	-	31	-	31	100
Claims on Official Entities and Multilateral Development Banks	-	-	-	-	-	-
Claims on Banks Exposures	4,569,952	-	4,569,952	-	1,424,351	31.17
Claims on Financial Institutions	642,968	-	642,968	-	205,312	31.93
Claims on Corporates	1,257,423	-	1,257,423	-	1,283,767	102.10
Retail Claims	9,810,205	3,940	9,810,205	3,940	7,125,169	72.63
Claims Secured by Gold	278,236	-	278,236	-	112,105	40.29
Claims Secured by Residential Property	12,403,452	-	12,403,452	-	6,949,148	56.03
Claims Secured by Commercial Real Estate	-	-	-	-	-	-
Non - Performing Assets (NPAs) (i)	2,304,032	-	2,304,032	-	1,992,360	86.47
Higher - risk Categories	-	-	-	-	-	-
Cash Items and Other Assets	1,543,985	-	1,543,985	-	1,389,290	89.98
<b>Total</b>	<b>37,041,541</b>	<b>3,940</b>	<b>37,041,541</b>	<b>3,940</b>	<b>20,481,532</b>	<b>55.29</b>

**Disclosure 9**

**Market Risk under Standardised Measurement Method**

Item	RWA Amount (LKR ' 000) As at 31.12.2018
<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>42,105</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 31.12.2018		
			1st year	2nd Year	3rd year
<b>The Basic Indicator Approach</b>	15%		2,418,302	2,236,494	2,681,059
<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	366,793				
The Standardised Approach	-				
The Alternative Standardised Approach	-				
<b>Risk weighted Amount For Operational Risk (LKR' 000)</b>					
The Basic Indicator Approach	3,088,783				
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 31.12.2018				
	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>49,285,291</b>	<b>48,012,581</b>	<b>37,041,542</b>	<b>25,000</b>	<b>10,946,039</b>
Cash and Cash Equivalents	210,467	210,467	210,467	-	-
Balances with Central Banks	89,723	89,723	89,723	-	-
Placements with Banks	5,396,309	5,396,309	5,396,309	-	-
Securities purchased under re - sale agreements	-	-	-	-	-
Derivative Financial Assets	-	-	-	-	-
Financial assets recognized through profit or loss- measured at fair value	18,750	25,000	-	25,000	-
Financial Assets at amortised cost - Loans and advance to Banks	-	-	-	-	-
Financial Assets at amortised cost-Loans and advances to other customers	37,934,033	36,697,090	26,000,720	-	10,696,370
Financial assets at amortised cost-Debt and other financial instruments	3,980,889	3,955,093	3,955,093	-	-
Financial assets measured at fair value through other comprehensive income	-	-	-	-	-
Investments in Subsidiaries	-	-	-	-	-
Investments in Associates and Joint Ventures	-	-	-	-	-
Property, Plant and Equipment	300,843	300,843	300,843	-	-
Investment Property	871,500	871,500	871,500	-	-
Intangible assets	165,401	165,401	-	-	165,401
Deferred Tax Assets	87,528	84,268	-	-	84,268
Other Assets	229,848	216,887	216,887	-	-
			-	-	-
<b>Liabilities</b>	<b>44,528,679</b>	<b>44,523,997</b>	<b>-</b>	<b>-</b>	<b>-</b>
Due to Banks	1,001,988	1,001,988	-	-	-
Derivative Financial Instruments	-	-	-	-	-
Securities sold under repurchase agreements	-	-	-	-	-
Financial Liabilities at amortised cost - due to depositors	37,016,036	37,016,316	-	-	-
Financial Liabilities at amortised cost -other borrowings	1,611,914	1,611,777	-	-	-
Debt Securities Issued	4,038,676	4,038,676	-	-	-
Retirement Benefits obligations	554,255	554,255	-	-	-
Current Tax Liabilities	57,328	57,328	-	-	-
Deferred Tax Liabilities	-	-	-	-	-
Other Provisions	-	-	-	-	-
Other Liabilities	248,482	243,657	-	-	-
			-	-	-
<b>Off-Balance Sheet Liabilities</b>	<b>528,184</b>	<b>528,184</b>	<b>-</b>	<b>-</b>	<b>-</b>
Guarantees	3,940	3,940	3,940	-	-
Performance Bonds	-	-	-	-	-
Letters of Credit	-	-	-	-	-
Other contingent Items	-	-	-	-	-
Undrawn Loan Commitments	524,244	524,244	-	-	524,244
Other commitments	-	-	-	-	-
<b>Shareholders' Equity</b>	<b>4,756,612</b>	<b>3,488,584</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Equity Capital (stated Capital)/Assigned Capital</b>	<b>962,093</b>	<b>962,093</b>	<b>-</b>	<b>-</b>	<b>-</b>
of which Amount Eligible for CETI	962,093	962,093	-	-	-
of which Amount Eligible for ATI	-	-	-	-	-
Retained Earnings	3,319,554	2,339,561	-	-	-
Accumulated Other Comprehensive Income	45,597	-	-	-	-
Other Reserves	429,368	186,930	-	-	-