

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 31.03.2019	As at 31.12.2018
Regulatory Capital (LKR '000)		
Common Equity Tier 1	3,294,261	3,305,382
Tier 1 Capital	3,294,261	3,305,382
Total Capital	3,294,261	3,305,382
Regulatory Capital Ratios (%)		
Common Equity Tier 1 Capital Ratio <i>(Minimum Requirement - for 2019 - 7.00, for 2018 - 6.375)</i>	12.878	14.041
Tier 1 Capital Ratio <i>(Minimum Requirement - for 2019 - 8.50, for 2018 - 7.875)</i>	12.878	14.041
Total Capital Ratio <i>(Minimum Requirement - for 2019 - 12.50, for 2018 - 11.875)</i>	12.878	14.041
Leverage Ratio <i>(Minimum Requirement - for 2018 & 2019 - 3%)</i>	6.21	6.73
Regulatory Liquidity		
Statutory Liquid Assets (LKR '000)	11,136,628	7,618,054
Statutory Liquid Assets Ratio <i>(Minimum Requirement - for 2019 & 2018 - 20%)</i>		
Domestic Banking Unit (%)	27.60	20.56
Off-Shore Banking Unit (%)	-	-
Liquidity Coverage Ratio (%) - Rupee <i>(Minimum Requirement - for 2019 - 100, for 2018 - 90)</i>	162.38	231.31
Liquidity Coverage Ratio (%) - All Currency <i>(Minimum Requirement - for 2019 - 100, for 2018 - 90)</i>	-	-

Disclosure 2

Basel III Computation of Capital Ratios

	Amount (LKR ' 000)	
	As at 31.03.2019	As at 31.12.2018
Common Equity Tire 1 (CET1) Capital Afer Adjustment	3,294,261	3,305,382
Common Equity Tire 1 (CET1) Capital	4,198,743	4,198,743
Equity Capital (Stated Capital)/Assigned Capital	962,093	962,093
Reserve Fund	160,000	160,000
Published Retained Earnings/(Accumulated Retained Losses)	2,839,346	2,839,346
Published Accumulated Other Comprehensive Income (OCI)	(9,097)	(9,097)
General and other Disclosed Reserves	246,401	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Unpublished Current Year's Profit/Loss and Gains reflected in OCI	-	-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	-	-
Total Adjustments to CET1 Capital	904,482	893,361
Goodwill (net)	-	-
Intangible Assets (net)	166,021	165,401
Others (Specify)	738,461	727,960
Additional Tier 1 (AT1) Capital after Adjustments		
Additional Tier 1 (AT1) Capital		
Qualifying Additional Tiera 1 Capital Instruments	-	-
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	139,305	139,224
Qualifying Tier 2 Capital Instruments	-	-
Revaluation Gains	-	-
Loan Loss Provisions	139,305	139,224
Instruments issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by Third Parties	-	-
Total Adjustments to Tier 2	139,305	139,224
Investment in Own Shares	-	-
Others (Specify)	-	-
CET1 Capital		
Total Tier 1 Capital	3,294,261	3,305,382
Total Capital	3,294,261	3,305,382

	Amount (LKR ' 000)	
	As at 31.03.2019	As at 31.12.2018
Total Risk Weighted Amount	25,579,810	23,540,523
R W As for Credit Risk	22,535,746	20,431,462
R W As for Market Risk	40,000	42,088
R W As for Operational Risk	3,004,064	3,066,973
CET1 Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	12.878	14.041
of Which : Capital Conservation Buffer (%)	-	-
of Which : Countercyclical Buffer (%)	-	-
of Which : Capital Surcharge on D-SIBs (%)	-	-
Total Tier 1 Capital Ratio (%)	12.878	14.041
Total Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	12.878	14.041
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 31.03.2019	As at 31.12.2018
Tier 1 Capital	3,294,260	3,305,382
Total Exposures	53,058,014	49,143,544
On Balance Sheet Items (excluding Derivatives and Securities Financing Transactions, but including Collateral)	51,765,175	46,987,550
Derivative Exposures		
Securities Financing Transaction Exposures	1,292,839	2,155,994
Other Off- Balance Sheet Exposures		
Basel III Leverage Ratio (%) (Tier 1/ Total Exposure)	6.21	6.73

Disclosure 4

Basel III Computation of Liquidity Coverage Ratio

	Amount (LKR '000)			
	As at 31.03.2019		As at 31.12.2018	
	Total Un-weighted Value	Total Weighted Value	Total Un-weighted Value	Total Weighted Value
Total Stock of High - Quality Liquid Assets (HQLA)	5,631,189	5,618,689	4,454,830	4,442,315
Total Adjusted Level 1A Assets	5,341,625	5,341,625	4,141,535	4,141,535
Level 1 Assets	5,606,189	5,606,189	4,429,799	4,429,799
Total Adjusted Level 2A Assets	-	-	-	-
Level 2A Assets	-	-	-	-
Total Adjusted Level 2B Assets	25,000	12,500	25,031	12,516
Level 2B Assets	25,000	12,500	25,031	12,516
Total Cash Outflows	40,910,188	6,444,922	37,782,041	5,946,895
Deposits	30,164,303	3,016,430	29,841,037	2,984,104
Unsecured Wholesale Funding	10,181,826	3,329,196	7,209,039	2,841,520
Secured Funding Transactions	-	-	-	-
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	564,059	99,296	731,965	121,271
Additional Requirements	-	-	-	-
Total Cash Inflows	3,959,305	2,984,651	5,001,911	4,026,374
Maturing Secured Lending Transactions Backed by Collateral	585,056	585,056	506,986	506,986
Committed Facilities	900,000	-	900,000	-
Other Inflows by Counterparty which are Maturing within 30 Days	2,466,923	2,395,932	3,587,361	3,515,606
Operational Deposits	-	-	-	-
Other Cash Inflows	7,326	3,663	7,564	3,782
Liquidity Coverage Ratio (%) (Stock of High Quality Liquid Assets/ Total Net Cash Outflows over the Nexty 30 Callender Days) * 100		162.38		231.31

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
Issuer Call Subject to Prior Supervisory Approval	
Optional Call Date, Contingent Call Dates and Redemption Amount (LKR '000)	N/A
Subsequent Call Dates, if Applicable	N/A
Coupons/ Dividends	
Fixed or Floating Dividend/Coupon	N/A
Coupon Rate and any Related Index	
Non - Cumulative or Cumulative	Non - Cumulative
Convertible or Non-Convertible	
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 31.03.2019					
	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	5,307,670	-	5,307,670	-	-	-
Claims on Foreign Sovereigns and their Central Banks	-	-	-	-	-	-
Claims on Public Sector Entities	31	-	31	-	31	100.00
Claims on Official Entities and Multilateral Development Banks	-	-	-	-	-	-
Claims on Banks Exposures	7,128,008	-	7,128,008	-	2,864,900	40.19
Claims on Financial Institutions	1,375,040	-	1,375,040	-	568,443	41.34
Claims on Corporates	1,298,608	-	1,298,608	-	1,325,599	102.08
Retail Claims	9,788,776	3,011	9,788,776	3,011	7,088,948	72.42
Claims Secured by Gold	276,072	-	276,072	-	113,123	40.98
Claims Secured by Residential Property	12,507,753	-	12,507,753	-	7,264,078	58.08
Claims Secured by Commercial Real Estate	-	-	-	-	-	-
Non - Performing Assets (NPAs) (i)	2,285,285	-	2,285,285	-	1,963,700	85.93
Higher - risk Categories	-	-	-	-	-	-
Cash Items and Other Assets	1,486,266	-	1,486,266	-	1,346,925	90.62
Total	41,453,509	3,011	41,453,509	3,011	22,535,746	54.36

Disclosure 9

Market Risk under Standardised Measurement Method

Item	RWA Amount (LKR ' 000) As at 31.03.2019
(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 31.03.2019		
			1st year	2nd Year	3rd year
The Basic Indicator Approach	15%		2,346,492	2,303,077	2,860,586
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	375,508				
The Standardised Approach	-				
The Alternative Standardised Approach	-				
Risk weighted Amount For Operational Risk (LKR' 000)					
The Basic Indicator Approach	3,004,064				
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 31.03.2019				
	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	53,218,384	52,270,905	41,453,509	25,000	10,792,396
Cash and Cash Equivalents	303,091	303,091	303,091	-	-
Balances with Central Banks	107,987	105,344	105,344	-	-
Placements with Banks	6,986,870	6,988,218	6,988,218	-	-
Securities purchased under re - sale agreements	-	-	-	-	-
Derivative Financial Assets	-	-	-	-	-
Financial assets recognized through profit or loss- measured at fair value	16,000	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	37,548,643	36,621,662	26,103,193	-	10,518,469
Financial assets at amortised cost-Debt and other financial instruments	6,600,910	6,607,377	6,607,377	-	-
Financial assets measured at fair value through other comprehensive income	-	-	-	-	-
Investments in Subsidiaries	-	-	-	-	-
Investments in Associates and Joint Ventures	-	-	-	-	-
Property, Plant and Equipment	290,295	290,315	290,315	-	-
Investment Property	887,071	887,071	887,071	-	-
Intangible assets	166,021	166,021	-	-	166,021
Deferred Tax Assets	107,906	107,906	-	-	107,906
Other Assets	203,590	168,900	168,900	-	-
			-	-	-
Liabilities	48,333,384	48,284,200	-	-	-
Due to Banks	1,296,136	1,296,136	-	-	-
Derivative Financial Instruments	-	-	-	-	-
Securities sold under repurchase agreements	-	-	-	-	-
Financial Liabilities at amortised cost - due to depositors	40,296,915	40,305,165	-	-	-
Financial Liabilities at amortised cost -other borrowings	1,626,614	1,626,614	-	-	-
Debt Securities Issued	4,133,457	4,133,457	-	-	-
Retirement Benefits obligations	572,199	572,199	-	-	-
Current Tax Liabilities	89,523	68,643	-	-	-
Deferred Tax Liabilities	-	-	-	-	-
Other Provisions	-	-	-	-	-
Other Liabilities	318,540	281,987	-	-	-
			-	-	-
Off-Balance Sheet Liabilities	508,262	508,262	-	-	-
Guarantees	3,940	3,940	3,940	-	-
Performance Bonds	-	-	-	-	-
Letters of Credit	-	-	-	-	-
Other contingent Items	-	-	-	-	-
Undrawn Loan Commitments	504,322	504,322	-	-	504,322
Other commitments	-	-	-	-	-
Shareholders' Equity	4,885,000	3,986,705	-	-	-
Equity Capital (stated Capital)/Assigned Capital	962,093	962,093	-	-	-
of which Amount Eligible for CETI	962,093	962,093	-	-	-
of which Amount Eligible for ATI	-	-	-	-	-
Retained Earnings	3,448,160	2,546,142	-	-	-
Accumulated Other Comprehensive Income	(45,597)	-	-	-	-
Other Reserves	520,344	478,470	-	-	-