

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 31.03.2021	As at 31.12.2020
Regulatory Capital (LKR '000)		
Common Equity Tier 1	4,939,990	4,973,785
Tier 1 Capital	5,189,990	5,223,785
Total Capital	5,346,971	5,452,687
Regulatory Capital Ratios (%)		
Common Equity Tier 1 Capital Ratio <i>(Minimum Requirement - for 2020 -7.00)</i>	17.825	17.003
Tier 1 Capital Ratio <i>(Minimum Requirement - for 2020 - 8.50)</i>	18.727	17.857
Total Capital Ratio <i>(Minimum Requirement - for 2020 - 12.50)</i>	19.293	18.640
Leverage Ratio <i>(Minimum Requirement - for 2020 - 3%)</i>	8.87	9.09
Regulatory Liquidity		
Statutory Liquid Assets (LKR '000)	20,155,293	17,686,998
Statutory Liquid Assets Ratio <i>(Minimum Requirement - for 2020 - 20%)</i>		
Domestic Banking Unit (%)	41.53	37.20
Off-Shore Banking Unit (%)	-	-
Liquidity Coverage Ratio (%) - Rupee <i>(Minimum Requirement - for 2020 - 100 ,)</i>	156.63	138.27
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 31.03.2021	As at 31.12.2020
Common Equity Tire 1 (CET1) Capital Afer Adjustment	4,939,990	4,973,785
Common Equity Tire 1 (CET1) Capital	5,196,858	5,196,858
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Unpublished Current Year's Profit/Loss and Gains reflected in OCI	-	-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	-	-
Total Adjustments to CET1 Capital	256,868	223,073
Goodwill (net)	-	-
Intangible Assets (net)	122,105	127,290
Others (Specify)	134,763	95,783
Additional Tier 1 (AT1) Capital after Adjustments	250,000	250,000
Additional Tier 1 (AT1) Capital	250,000	250,000
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	-	-
Total Adjustments to AT1 Capital	-	-
Investment in Own Shares	-	-
Others (Specify)	-	-
Tier 2 Capital after Adjustments		
Tier 2 Capital	156,981	228,902
Qualifying Tier 2 Capital Instruments	-	-
Revaluation Gains	-	-
Loan Loss Provisions	156,981	228,902
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	5,189,990	5,223,785
Total Capital	5,346,971	5,452,687

	Amount (LKR ' 000)	
	As at 31.03.2021	As at 31.12.2020
Total Risk Weighted Amount	27,713,940	29,252,639
R W As for Credit Risk	23,902,676	25,535,727
R W As for Market Risk	-	-
R W As for Operational Risk	3,811,264	3,716,912
CET1 Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	17.825	17.003
of Which : Capital Conservation Buffer (%)	-	-
of Which : Countercyclical Buffer (%)	-	-
of Which : Capital Surcharge on D-SIBs (%)	-	-
Total Tier 1 Capital Ratio (%)	18.727	17.857
Total Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	19.293	18.640
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 31.03.2021	As at 31.12.2020
Tier 1 Capital	5,189,989	5,223,785
Total Exposures	58,481,082	57,469,010
On Balance Sheet Items (excluding Derivatives and Securities Financing Transactions, but including Collateral)	58,481,082	56,298,683
Derivative Exposures	-	-
Securities Financing Transaction Exposures	-	1,170,327
Other Off- Balance Sheet Exposures		
Basel III Leverage Ratio (%) (Tier 1/ Total Exposure)	8.87	9.09

Disclosure 4

Basel III Computation of Liquidity Coverage Ratio

	Amount (LKR '000)			
	As at 31.03.2021		As at 31.12.2020	
	Total Un - weighted Value	Total Weighted Value	Total Un - weighted Value	Total Weighted Value
Total Stock of High - Quality Liquid Assets (HQLA)	9,005,656	9,005,656	5,075,071	5,075,071
Total Adjusted Level 1A Assets	9,005,656	9,005,656	5,075,071	5,075,071
Level 1 Assets	9,005,656	9,005,656	5,075,071	5,075,071
Total Adjusted Level 2A Assets	-	-	-	-
Level 2A Assets	-	-	-	-
Total Adjusted Level 2B Assets	-	-	-	-
Level 2B Assets	-	-	-	-
Total Cash Outflows	50,138,217	8,269,355	48,453,844	7,610,476
Deposits	38,395,216	3,839,522	37,538,893	3,753,889
Unsecured Wholesale Funding	11,135,108	4,337,585	10,464,769	3,792,369
Secured Funding Transactions	-	-	-	-
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	607,893	92,249	450,182	64,218
Additional Requirements	-	-	-	-
Total Cash Inflows	3,687,267	2,519,588	5,109,118	3,940,036
Maturing Secured Lending Transactions Backed by Collateral	571,937	571,937	667,997	667,997
Committed Facilities	1,100,000	-	1,100,000	-
Other Inflows by Counterparty which are Maturing within 30 Days	2,012,977	1,946,475	3,338,836	3,270,897
Operational Deposits	-	-	-	-
Other Cash Inflows	2,353	1,177	2,285	1,143
Liquidity Coverage Ratio (%) (Stock of High Quality Liquid Assets/ Total Net Cash Outflows over the Nexty 30 Callender Days) * 100		156.63		138.27

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 31.03.2021					
	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	8,913,469	-	8,913,469	-	-	-
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	6,228,899	-	6,228,899	-	2,010,996	32.28
Claims on Financial Institutions	3,874,433	-	3,874,433	-	2,119,238	54.70
Claims on Corporates	265,629	-	265,629	-	298,609	112.42
Retail Claims	9,168,168	6,870	9,168,168	6,870	6,704,940	73.13
Claims Secured by Gold	446,035	-	446,035	-	235,106	52.71
Claims Secured by Residential Property	11,342,167	-	11,342,167	-	4,386,101	38.67
Claims Secured by Commercial Real Estate	-	-	-	-	-	-
Non - Performing Assets (NPAs) (i)	5,158,949	-	5,158,949	-	6,296,124	122.04
Higher - risk Categories	-	-	-	-	-	-
Cash Items and Other Assets	2,003,418	-	2,003,418	-	1,851,562	92.42
Total	47,401,167	6,870	47,401,167	6,870	23,902,676	50.43

Disclosure 9

Market Risk under Standardised Measurement Method

Item	RWA Amount (LKR ' 000) As at 31.03.2021
(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 31.12.2020		
			1st year	2nd Year	3rd year
The Basic Indicator Approach	15%		2,842,087	3,253,663	3,432,420
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	476,408				
The Standardised Approach	-				
The Alternative Standardised Approach	-				
Risk weighted Amount For Operational Risk (LKR' 000)					
The Basic Indicator Approach	3,811,264				
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 31.03.2021				
	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	62,317,030	59,803,612	47,401,167	-	12,416,451
Cash and Cash Equivalents	231,394	217,389	231,394	-	-
Balances with Central Banks	-	-	-	-	-
Placements with Banks	6,148,176	6,149,359	6,149,359	-	-
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	41,886,513	39,322,102	27,162,519	-	12,159,583
Financial assets at amortised cost-Debt and other financial instruments	11,939,824	12,006,332	12,006,332	-	-
Financial assets measured at fair value through other comprehensive income	-	-	-	-	-
Investments in Subsidiaries	-	-	-	-	-
Investments in Associates and Joint Ventures	-	-	-	-	-
Property, Plant and Equipment	239,561	268,535	268,535	-	-
Lease ROUA	368,251	339,277	339,277	-	-
Investment Property	1,016,500	1,016,500	1,016,500	-	-
Intangible assets	122,105	122,105	-	-	122,105
Deferred Tax Assets	134,763	134,763	-	-	134,763
Other Assets	229,942	227,250	227,250	-	-
Liabilities	56,500,519	56,483,507	-	-	-
Due to Banks	1,515,626	1,971,580	-	-	-
Derivative Financial Instruments	-	-	-	-	-
Securities sold under repurchase agreements	-	-	-	-	-
Financial Liabilities at amortised cost - due to depositors	49,473,829	49,474,960	-	-	-
Financial Liabilities at amortised cost -other borrowings	1,874,381	1,404,422	-	-	-
Debt Securities Issued	1,464,977	1,464,977	-	-	-
Retirement Benefits obligations	788,751	788,751	-	-	-
Current Tax Liabilities	483,292	482,978	-	-	-
Deferred Tax Liabilities	-	-	-	-	-
Other Provisions	342,796	342,796	-	-	-
Other Liabilities	556,867	553,044	-	-	-
Off-Balance Sheet Liabilities	523,852	523,842	-	-	-
Guarantees	6,880	6,870	6,870	-	-
Performance Bonds	-	-	-	-	-
Letters of Credit	-	-	-	-	-
Other contingent Items	-	-	-	-	-
Undrawn Loan Commitments	516,972	516,972	-	-	516,972
Other commitments	-	-	-	-	-
Shareholders' Equity	5,816,511	3,320,106	-	-	-
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	4,330,662	1,834,262	-	-	-
Accumulated Other Comprehensive Income	(122,976)	(122,982)	-	-	-
Other Reserves	646,732	646,732	-	-	-