

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 30.09.2020
Regulatory Capital (LKR '000)		
Common Equity Tier 1	4,973,785	4,950,687
Tier 1 Capital	5,223,785	5,153,711
Total Capital	5,452,687	5,153,711
Regulatory Capital Ratios (%)		
Common Equity Tier 1 Capital Ratio <i>(Minimum Requirement - for 2020 - 7.00)</i>	17.003	16.183
Tier 1 Capital Ratio <i>(Minimum Requirement - for 2020 - 8.50)</i>	17.857	16.847
Total Capital Ratio <i>(Minimum Requirement - for 2020 - 12.50)</i>	18.640	16.847
Leverage Ratio <i>(Minimum Requirement - for 2020 - 3%)</i>	9.09	8.63
Regulatory Liquidity		
Statutory Liquid Assets (LKR '000)	17,686,998	17,472,811
Statutory Liquid Assets Ratio <i>(Minimum Requirement - for 2020 - 20%)</i>		
Domestic Banking Unit (%)	37.20	38.71
Off-Shore Banking Unit (%)	-	-
Liquidity Coverage Ratio (%) - Rupee <i>(Minimum Requirement - for 2020 - 100 ,)</i>	138.27	110.28
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 31.12.2020	As at 30.09.2020
Common Equity Tire 1 (CET1) Capital Afer Adjustment	4,973,785	4,950,687
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Unpublished Current Year's Profit/Loss and Gains reflected in OCI	-	-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	223,073	246,171
Goodwill (net)	-	-
Intangible Assets (net)	127,290	133,522
Others (Specify)	95,783	112,649
Additional Tier 1 (AT1) Capital after Adjustments	250,000	203,024
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	-	46,976
Investment in Own Shares	-	-
Others (Specify)	-	46,976
Tier 2 Capital after Adjustments		
Tier 2 Capital	228,902	233,207
Qualifying Tier 2 Capital Instruments	-	-
Revaluation Gains	-	-
Loan Loss Provisions	228,902	233,207
Instruments issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by Third Parties	-	-
Total Adjustments to Tier 2	-	233,207
Investment in Own Shares	-	-
Others (Specify)	-	233,207
CET1 Capital		
Total Tier 1 Capital	5,223,785	5,153,711
Total Capital	5,452,687	5,153,711

	Amount (LKR ' 000)	
	As at 31.12.2020	As at 30.09.2020
Total Risk Weighted Amount	29,252,639	30,591,552
R W As for Credit Risk	25,535,727	26,985,392
R W As for Market Risk	-	40,000
R W As for Operational Risk	3,716,912	3,566,160
CET1 Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	17.003	16.183
of Which : Capital Conservation Buffer (%)	-	-
of Which : Countercyclical Buffer (%)	-	-
of Which : Capital Surcharge on D-SIBs (%)	-	-
Total Tier 1 Capital Ratio (%)	17.857	16.847
Total Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	18.640	16.847
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 30.09.2020
Tier 1 Capital	5,223,785	5,153,710
Total Exposures	57,469,010	59,685,631
On Balance Sheet Items (excluding Derivatives and Securities Financing Transactions, but including Collateral)	56,298,683	59,015,264
Derivative Exposures	-	-
Securities Financing Transaction Exposures	1,170,327	670,367
Other Off- Balance Sheet Exposures		
Basel III Leverage Ratio (%) (Tier 1/ Total Exposure)	9.09	8.63

Disclosure 4

Basel III Computation of Liquidity Coverage Ratio

	Amount (LKR '000)			
	As at 31.12.2020		As at 30.09.2020	
	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	4,649,354	4,649,354
Total Adjusted Level 1A Assets	5,075,071	5,075,071	4,649,354	4,649,354
Level 1 Assets	5,075,071	5,075,071	4,649,354	4,649,354
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	47,665,777	7,657,714
Deposits	37,538,893	3,753,889	35,848,710	3,584,871
Unsecured Wholesale Funding	10,464,769	3,792,369	11,377,440	4,019,181
Secured Funding Transactions	-	-	-	-
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	450,182	64,218	439,627	53,663
Additional Requirements	-	-	-	-
Total Cash Inflows	5,109,118	3,940,036	4,616,808	3,441,931
Maturing Secured Lending Transactions Backed by Collateral	667,997	667,997	923,424	923,424
Committed Facilities	1,100,000	-	1,100,000	-
Other Inflows by Counterparty which are Maturing within 30 Days	3,338,836	3,270,897	2,590,756	2,517,193
Operational Deposits	-	-	-	-
Other Cash Inflows	2,285	1,143	2,628	1,314
Liquidity Coverage Ratio (%) (Stock of High Quality Liquid Assets/ Total Net Cash Outflows over the Nexty 30 Callender Days) * 100		138.27		110.28

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	-	5,712,778	52.55
Claims Secured by Commercial Real Estate	-	-	-	-	-	-
Non - Performing Assets (NPAs) (i)	4,506,048	-	4,506,048	-	5,418,551	120.25
Higher - risk Categories	-	-	-	-	-	-
Cash Items and Other Assets	1,897,920	-	1,897,920	-	1,742,879	91.83
Total	46,968,660	7,623	46,968,660	7,623	25,535,727	54.37

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	3,327,263	3,285,455
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	464,614				
The Standardised Approach	-				
The Alternative Standardised Approach	21,465				
Risk weighted Amount For Operational Risk (LKR' 000)					
The Basic Indicator Approach	3,716,912				
The Standardised Approach	-				
The Alternative Standardised Approach	171,720				

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	60,835,249	58,675,796	46,968,660	-	11,677,519
Cash and Cash Equivalents	305,889	293,293	293,293	-	-
Balances with Central Banks	-	-	-	-	-
Placements with Banks	9,859,828	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	41,091,504	38,899,040	27,461,460	-	11,437,580
Financial assets at amortised cost-Debt and other financial instruments	7,546,039	7,610,638	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	223,262	252,448	222,862	-	-
Lease ROUA	378,257	328,182	328,182	-	-
Investment Property	1,017,000	1,017,000	1,017,000	-	-
Intangible assets	127,570	127,290	-	-	127,290
Deferred Tax Assets	108,826	112,649	-	-	112,649
Other Assets	177,074	174,834	174,834	-	-
Liabilities	55,189,204	55,074,921	-	-	-
Due to Banks	2,408,781	2,396,183	-	-	-
Derivative Financial Instruments	-	-	-	-	-
Securities sold under repurchase agreements	-	-	-	-	-
Financial Liabilities at amortised cost - due to depositors	47,947,005	47,948,324	-	-	-
Financial Liabilities at amortised cost -other borrowings	1,429,156	1,429,156	-	-	-
Debt Securities Issued	1,422,976	1,422,976	-	-	-
Retirement Benefits obligations	777,800	712,027	-	-	-
Current Tax Liabilities	377,859	370,479	-	-	-
Deferred Tax Liabilities	-	-	-	-	-
Other Provisions	354,833	331,156	-	-	-
Other Liabilities	470,794	464,621	-	-	-
Off-Balance Sheet Liabilities	380,011	380,011	-	-	-
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	5,646,045	3,600,875	-	-	-
Equity Capital (stated Capital)/Assigned Capital	962,093	-	-	-	-
of which Amount Eligible for CETI	962,093	962,093	-	-	-
of which Amount Eligible for ATI	-	-	-	-	-
Retained Earnings	4,254,449	2,161,325	-	-	-
Accumulated Other Comprehensive Income	(125,488)	(77,750)	-	-	-
Other Reserves	554,991	555,206	-	-	-