

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 30.06.2019	As at 31.03.2019
Regulatory Capital (LKR '000)		
Common Equity Tier 1	3,883,843	3,294,261
Tier 1 Capital	4,133,843	3,294,261
Total Capital	4,133,843	3,294,261
Regulatory Capital Ratios (%)		
Common Equity Tier 1 Capital Ratio <i>(Minimum Requirement - for 2019 -7.00)</i>	15.172	12.878
Tier 1 Capital Ratio <i>(Minimum Requirement - for 2019 - 8.50)</i>	16.149	12.878
Total Capital Ratio <i>(Minimum Requirement - for 2019 - 12.50)</i>	16.149	12.878
Leverage Ratio <i>(Minimum Requirement - for 2019 - 3%)</i>	7.77	6.21
Regulatory Liquidity		
Statutory Liquid Assets (LKR '000)	10,059,299	11,136,628
Statutory Liquid Assets Ratio (Minimum Requirement - for 2019 - 20%)		
Domestic Banking Unit (%)	25.24	27.60
Off-Shore Banking Unit (%)	-	-
Liquidity Coverage Ratio (%) - Rupee <i>(Minimum Requirement - for 2019 - 100 ,)</i>	182.18	162.38
Liquidity Coverage Ratio (%) - All Currency <i>(Minimum Requirement - for 2019 - 100)</i>	-	-

Disclosure 2

Basel III Computation of Capital Ratios

	Amount (LKR ' 000)	
	As at 30.06.2019	As at 31.03.2019
Common Equity Tire 1 (CET1) Capital Afer Adjustment	3,883,843	3,294,261
Common Equity Tire 1 (CET1) Capital	4,773,323	4,198,743
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	303,251	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Unpublished Current Year's Profit/Loss and Gains reflected in OCI	-	-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	889,480	904,482
Goodwill (net)	-	-
Intangible Assets (net)	159,608	166,021
Others (Specify)	729,872	738,461
Additional Tier 1 (AT1) Capital after Adjustments	250,000	-
Additional Tier 1 (AT1) Capital	250,000	-
Qualifying Additional Tiere 1 Capital Instruments	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	142,084	139,305
Qualifying Tier 2 Capital Instruments	-	-
Revaluation Gains	-	-
Loan Loss Provisions	142,084	139,305
Instruments issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by Third Parties	-	-
Total Adjustments to Tier 2	142,084	139,305
Investment in Own Shares	-	-
Others (Specify)	142,084	139,305
CET1 Capital		
Total Tier 1 Capital	4,133,843	3,294,261
Total Capital	4,133,843	3,294,261

	Amount (LKR ' 000)	
	As at 30.06.2019	As at 31.03.2019
Total Risk Weighted Amount	25,598,046	25,579,810
R W As for Credit Risk	22,445,558	22,535,746
R W As for Market Risk	40,000	40,000
R W As for Operational Risk	3,112,488	3,004,064
CET1 Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	15.172	12.878
of Which : Capital Conservation Buffer (%)	-	-
of Which : Countercyclical Buffer (%)	-	-
of Which : Capital Surcharge on D-SIBs (%)	-	-
Total Tier 1 Capital Ratio (%)	16.149	12.878
Total Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	16.149	12.878
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 30.06.2019	As at 31.03.2019
Tier 1 Capital	4,133,843	3,294,260
Total Exposures	53,177,255	53,058,014
On Balance Sheet Items (excluding Derivatives and Securities Financing Transactions, but including Collateral)	52,137,782	51,765,175
Derivative Exposures		
Securities Financing Transaction Exposures	1,039,473	1,292,839
Other Off- Balance Sheet Exposures		
Basel III Leverage Ratio (%) (Tier 1/ Total Exposure)	7.77	6.21

Disclosure 4

Basel III Computation of Liquidity Coverage Ratio

	Amount (LKR '000)			
	As at 30.06.2019		As at 31.03.2019	
	Total Un-weighted Value	Total Weighted Value	Total Un-weighted Value	Total Weighted Value
Total Stock of High - Quality Liquid Assets (HQLA)	4,182,632	4,170,117	5,631,189	5,618,689
Total Adjusted Level 1A Assets	4,157,601	4,157,601	5,341,625	5,341,625
Level 1 Assets	4,157,601	4,157,601	5,606,189	5,606,189
Total Adjusted Level 2A Assets	-	-	-	-
Level 2A Assets	-	-	-	-
Total Adjusted Level 2B Assets	25,031	12,516	25,000	12,500
Level 2B Assets	25,031	12,516	25,000	12,500
Total Cash Outflows	40,939,697	6,263,059	40,910,188	6,444,922
Deposits	30,035,576	3,003,558	30,164,303	3,016,430
Unsecured Wholesale Funding	10,062,366	3,158,943	10,181,826	3,329,196
Secured Funding Transactions	-	-	-	-
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	841,755	100,559	564,059	99,296
Additional Requirements	-	-	-	-
Total Cash Inflows	4,847,964	3,974,040	3,959,305	2,984,651
Maturing Secured Lending Transactions Backed by Collateral	533,030	533,030	585,056	585,056
Committed Facilities	800,000	-	900,000	-
Other Inflows by Counterparty which are Maturing within 30 Days	3,510,275	3,438,681	2,466,923	2,395,932
Operational Deposits	-	-	-	-
Other Cash Inflows	4,659	2,330	7,326	3,663
Liquidity Coverage Ratio (%) (Stock of High Quality Liquid Assets/ Total Net Cash Outflows over the Nexty 30 Callender Days) * 100		182.18		162.38

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 30.06.2019					
	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	4,037,517	-	4,037,517	-	-	-
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	7,257,227	-	7,257,227	-	2,316,897	31.93
Claims on Financial Institutions	2,764,889	-	2,764,889	-	1,457,083	52.70
Claims on Corporates	592,376	-	592,376	-	620,097	104.68
Retail Claims	9,851,144	1,815	9,851,144	1,815	7,284,332	73.94
Claims Secured by Gold	276,834	-	276,834	-	113,556	41.02
Claims Secured by Residential Property	12,483,818	-	12,483,818	-	7,230,851	57.92
Claims Secured by Commercial Real Estate	-	-	-	-	-	-
Non - Performing Assets (NPAs) (i)	2,427,223	-	2,427,223	-	2,038,107	83.97
Higher - risk Categories	-	-	-	-	-	-
Cash Items and Other Assets	1,533,369	-	1,533,369	-	1,384,635	90.30
Total	41,224,397	1,815	41,224,397	1,815	22,445,558	54.45

Disclosure 9

Market Risk under Standardised Measurement Method

Item	RWA Amount (LKR ' 000) As at 30.06.2019
(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 30.06.2019		
			1st year	2nd Year	3rd year
The Basic Indicator Approach	15%		2,302,326	2,450,290	3,028,607
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	389,061				
The Standardised Approach	-				
The Alternative Standardised Approach	-				
Risk weighted Amount For Operational Risk (LKR' 000)					
The Basic Indicator Approach	3,112,488				
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 30.06.2019				
	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	53,319,339	52,182,597	41,224,428	25,000	10,933,169
Cash and Cash Equivalents	249,478	249,478	249,478	-	-
Balances with Central Banks	28,650	28,650	28,650	-	-
Placements with Banks	5,861,933	5,863,537	5,863,537	-	-
Securities purchased under re - sale agreements	-	-	-	-	-
Derivative Financial Assets	-	-	-	-	-
Financial assets recognized through profit or loss- measured at fair value	15,000	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	38,532,081	37,394,180	26,708,147	-	10,686,033
Financial assets at amortised cost-Debt and other financial instruments	7,000,376	6,989,981	6,989,981	-	-
Financial assets measured at fair value through other comprehensive income	-	-	-	-	-
Investments in Subsidiaries	-	-	-	-	-
Investments in Associates and Joint Ventures	-	-	-	-	-
Property, Plant and Equipment	276,480	276,480	276,480	-	-
Investment Property	902,643	902,643	902,643	-	-
Intangible assets	159,608	159,608	-	-	159,608
Deferred Tax Assets	87,528	87,528	-	-	87,528
Other Assets	205,562	205,512	205,512	-	-
			-	-	-
Liabilities	48,335,104	48,341,498	-	-	-
Due to Banks	1,344,853	1,344,853	-	-	-
Derivative Financial Instruments	-	-	-	-	-
Securities sold under repurchase agreements	-	-	-	-	-
Financial Liabilities at amortised cost - due to depositors	40,051,625	40,068,750	-	-	-
Financial Liabilities at amortised cost -other borrowings	1,847,600	1,847,600	-	-	-
Debt Securities Issued	4,125,883	4,125,883	-	-	-
Retirement Benefits obligations	575,627	575,627	-	-	-
Current Tax Liabilities	152,395	158,839	-	-	-
Deferred Tax Liabilities	-	-	-	-	-
Other Provisions	-	-	-	-	-
Other Liabilities	237,121	219,946	-	-	-
			-	-	-
Off-Balance Sheet Liabilities	780,111	780,111	-	-	-
Guarantees	1,815	1,815	1,815	-	-
Performance Bonds	-	-	-	-	-
Letters of Credit	-	-	-	-	-
Other contingent Items	-	-	-	-	-
Undrawn Loan Commitments	778,296	778,296	-	-	504,322
Other commitments	-	-	-	-	-
Shareholders' Equity	4,984,235	3,841,099	-	-	-
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	3,547,614	2,404,478	-	-	-
Accumulated Other Comprehensive Income	(45,597)	-	-	-	-
Other Reserves	520,125	474,528	-	-	-