

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 30.06.2021	As at 31.03.2021
Regulatory Capital (LKR '000)		
Common Equity Tier 1	5,562,070	4,939,990
Tier 1 Capital	5,812,070	5,189,990
Total Capital	5,963,425	5,346,971
Regulatory Capital Ratios (%)		
Common Equity Tier 1 Capital Ratio <i>(Minimum Requirement - for 2020 -7.00)</i>	21.233	17.825
Tier 1 Capital Ratio <i>(Minimum Requirement - for 2020 - 8.50)</i>	22.187	18.727
Total Capital Ratio <i>(Minimum Requirement - for 2020 - 12.50)</i>	22.765	19.293
Leverage Ratio <i>(Minimum Requirement - for 2020 - 3%)</i>	9.48	8.87
Regulatory Liquidity		
Statutory Liquid Assets (LKR '000)	16,347,470	20,155,293
Statutory Liquid Assets Ratio <i>(Minimum Requirement - for 2020 - 20%)</i>		
Domestic Banking Unit (%)	32.68	41.53
Off-Shore Banking Unit (%)	-	-
Liquidity Coverage Ratio (%) - Rupee <i>(Minimum Requirement - for 2020 - 100 ,)</i>	100.73	156.63
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 30.06.2021	As at 31.03.2021
Common Equity Tire 1 (CET1) Capital Afer Adjustment	5,562,070	4,939,990
Common Equity Tire 1 (CET1) Capital	5,904,993	5,196,858
Equity Capital (Stated Capital)/Assigned Capital	962,093	962,093
Reserve Fund	245,008	209,602
Published Retained Earnings/(Accumulated Retained Losses)	4,281,474	3,679,558
Published Accumulated Other Comprehensive Income (OCI)	-	-
General and other Disclosed Reserves	416,418	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Unpublished Current Year's Profit/Loss and Gains reflected in OCI	-	-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	342,923	256,868
Goodwill (net)	-	-
Intangible Assets (net)	121,733	122,105
Others (Specify)	221,190	134,763
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	151,355	156,981
Qualifying Tier 2 Capital Instruments	-	-
Revaluation Gains	-	-
Loan Loss Provisions	151,355	156,981
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	5,812,070	5,189,990
Total Capital	5,963,425	5,346,971

	Amount (LKR ' 000)	
	As at 30.06.2021	As at 31.03.2021
Total Risk Weighted Amount	26,195,278	27,713,940
R W As for Credit Risk	22,316,982	23,902,676
R W As for Market Risk	-	-
R W As for Operational Risk	3,878,296	3,811,264
CET1 Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	21.233	17.825
of Which : Capital Conservation Buffer (%)	-	-
of Which : Countercyclical Buffer (%)	-	-
of Which : Capital Surcharge on D-SIBs (%)	-	-
Total Tier 1 Capital Ratio (%)	22.187	18.727
Total Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	22.765	19.293
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 30.06.2021	As at 31.03.2021
Tier 1 Capital	5,812,072	5,189,989
Total Exposures	61,297,942	58,481,082
On Balance Sheet Items (excluding Derivatives and Securities Financing Transactions, but including Collateral)	61,297,942	58,481,082
Derivative Exposures	-	-
Securities Financing Transaction Exposures	-	-
Other Off- Balance Sheet Exposures		
Basel III Leverage Ratio (%) (Tier 1/ Total Exposure)	9.48	8.87

Disclosure 4

Basel III Computation of Liquidity Coverage Ratio

	Amount (LKR '000)			
	As at 30.06.2021		As at 31.03.2021	
	Total Un - weighted Value	Total Weighted Value	Total Un - weighted Value	Total Weighted Value
Total Stock of High - Quality Liquid Assets (HQLA)	6,161,995	6,161,995	9,005,656	9,005,656
Total Adjusted Level 1A Assets	6,161,995	6,161,995	9,005,656	9,005,656
Level 1 Assets	6,161,995	6,161,995	9,005,656	9,005,656
Total Adjusted Level 2A Assets	-	-	-	-
Level 2A Assets	-	-	-	-
Total Adjusted Level 2B Assets	-	-	-	-
Level 2B Assets	-	-	-	-
Total Cash Outflows	48,868,456	7,879,277	50,138,217	8,269,355
Deposits	39,026,089	3,902,609	38,395,216	3,839,522
Unsecured Wholesale Funding	9,205,975	3,878,440	11,135,108	4,337,585
Secured Funding Transactions	-	-	-	-
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	636,392	98,228	607,893	92,249
Additional Requirements	-	-	-	-
Total Cash Inflows	2,921,949	1,761,978	3,687,267	2,519,588
Maturing Secured Lending Transactions Backed by Collateral	613,787	613,787	571,937	571,937
Committed Facilities	1,100,000	-	1,100,000	-
Other Inflows by Counterparty which are Maturing within 30 Days	1,206,787	1,147,504	2,012,977	1,946,475
Operational Deposits	-	-	-	-
Other Cash Inflows	1,375	688	2,353	1,177
Liquidity Coverage Ratio (%) (Stock of High Quality Liquid Assets/ Total Net Cash Outflows over the Nexty 30 Callender Days) * 100		100.73		156.63

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 30.06.2021					
	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	6,000,126	-	6,000,126	-	-	-
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	10,201,251	-	10,201,251	-	2,467,943	24.19
Claims on Financial Institutions	3,371,062	-	3,371,062	-	1,758,951	52.18
Claims on Corporates	259,596	-	259,596	-	293,330	112.99
Retail Claims	8,657,652	7,904	8,657,652	7,904	6,340,615	73.24
Claims Secured by Gold	462,633	-	462,633	-	244,825	52.92
Claims Secured by Residential Property	10,631,771	-	10,631,771	-	4,202,041	39.52
Claims Secured by Commercial Real Estate	-	-	-	-	-	-
Non - Performing Assets (NPAs) (i)	4,200,469	-	4,200,469	-	5,122,049	121.94
Higher - risk Categories	-	-	-	-	-	-
Cash Items and Other Assets	2,049,098	-	2,049,098	-	1,887,229	92.10
Total	45,833,658	7,904	45,833,658	7,904	22,316,982	48.69

Disclosure 9

Market Risk under Standardised Measurement Method

Item	RWA Amount (LKR ' 000) As at 30.06.2021
(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 30.06.2021		
			1st year	2nd Year	3rd year
The Basic Indicator Approach	15%		3,010,110	3,207,376	3,478,250
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	484,787				
The Standardised Approach	-				
The Alternative Standardised Approach	-				
Risk weighted Amount For Operational Risk (LKR' 000)					
The Basic Indicator Approach	3,878,296				
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 30.06.2021				
	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	61,426,336	59,658,789	45,833,658	-	13,825,100
Cash and Cash Equivalents	261,818	261,818	261,818	-	-
Balances with Central Banks	-	-	-	-	-
Placements with Banks	9,700,352	9,701,300	9,701,300	-	-
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	40,175,288	38,347,939	24,865,761	-	13,482,178
Financial assets at amortised cost-Debt and other financial instruments	9,049,649	9,117,580	9,117,549	-	-
Financial assets measured at fair value through other comprehensive income	-	-	-	-	-
Investments in Subsidiaries	-	-	-	-	-
Investments in Associates and Joint Ventures	-	-	-	-	-
Property, Plant and Equipment	228,853	257,215	257,215	-	-
Lease ROUA	353,867	325,505	325,505	-	-
Investment Property	1,016,500	1,016,500	1,016,500	-	-
Intangible assets	121,733	121,733	-	-	121,733
Deferred Tax Assets	221,190	221,190	-	-	221,190
Other Assets	297,086	288,009	288,009	-	-
Liabilities	55,379,558	55,392,007	-	-	-
Due to Banks	2,181,190	2,181,190	-	-	-
Derivative Financial Instruments	-	-	-	-	-
Securities sold under repurchase agreements	-	-	-	-	-
Financial Liabilities at amortised cost - due to depositors	48,176,031	48,177,204	-	-	-
Financial Liabilities at amortised cost -other borrowings	1,336,014	1,382,302	-	-	-
Debt Securities Issued	1,507,444	1,507,444	-	-	-
Retirement Benefits obligations	792,074	792,074	-	-	-
Current Tax Liabilities	511,090	525,896	-	-	-
Deferred Tax Liabilities	-	-	-	-	-
Other Provisions	342,838	342,838	-	-	-
Other Liabilities	532,877	483,058	-	-	-
Off-Balance Sheet Liabilities	566,072	566,072	-	-	-
Guarantees	7,904	7,904	7,904	-	-
Performance Bonds	-	-	-	-	-
Letters of Credit	-	-	-	-	-
Other contingent Items	-	-	-	-	-
Undrawn Loan Commitments	558,168	558,168	-	-	558,168
Other commitments	-	-	-	-	-
Shareholders' Equity	6,046,777	4,266,782	-	-	-
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	4,546,239	2,766,244	-	-	-
Accumulated Other Comprehensive Income	(122,982)	(122,982)	-	-	-
Other Reserves	661,427	661,427	-	-	-