

**Basel III - Disclosures Under Pillar 3 as per the Banking Act Direction No.01 of 2016**

**Disclosure 1**

**Key Regulatory Ratios - Capital and Liquidity**

	<b>As at 30.09.2019</b>	<b>As at 30.06.2019</b>
<b>Regulatory Capital (LKR '000)</b>		
Common Equity Tier 1	4,073,298	3,883,843
Tier 1 Capital	4,323,298	4,133,843
Total Capital	4,323,298	4,133,843
<b>Regulatory Capital Ratios (%)</b>		
Common Equity Tier 1 Capital Ratio <i>(Minimum Requirement - for 2019 - 7.00)</i>	15.684	15.172
Tier 1 Capital Ratio <i>(Minimum Requirement - for 2019 - 8.50)</i>	16.647	16.149
Total Capital Ratio <i>(Minimum Requirement - for 2019 - 12.50)</i>	16.647	16.149
Leverage Ratio <i>(Minimum Requirement - for 2019 - 3%)</i>	8.28	7.77
<b>Regulatory Liquidity</b>		
Statutory Liquid Assets (LKR '000)	9,151,802	10,059,299
<b>Statutory Liquid Assets Ratio <i>(Minimum Requirement - for 2019 - 20%)</i></b>		
Domestic Banking Unit (%)	23.04	25.24
Off-Shore Banking Unit (%)	-	-
Liquidity Coverage Ratio (%) - Rupee <i>(Minimum Requirement - for 2019 - 100 ,)</i>	191.20	182.18
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 30.09.2019	As at 30.06.2019
<b>Common Equity Tire 1 (CET1) Capital Afer Adjustment</b>	<b>4,073,298</b>	<b>3,883,843</b>
<b>Common Equity Tire 1 (CET1) Capital</b>	<b>4,773,323</b>	<b>4,773,323</b>
Equity Capital (Stated Capital)/Assigned Capital	962,093	962,093
Reserve Fund	188,425	188,425
Published Retained Earnings/(Accumulated Retained Losses)	3,319,554	3,319,554
Published Accumulated Other Comprehensive Income (OCI)	-	-
General and other Disclosed Reserves	303,251	303,251
Unpublished Current Year's Profit/Loss and Gains reflected in OCI	-	-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	-	-
<b>Total Adjustments to CET1 Capital</b>	<b>700,025</b>	<b>889,480</b>
Goodwill (net)	-	-
Intangible Assets (net)	154,735	159,608
Others (Specify)	545,290	729,872
<b>Additional Tier 1 (AT1) Capital after Adjustments</b>	<b>250,000</b>	<b>250,000</b>
<b>Additional Tier 1 (AT1) Capital</b>	<b>250,000</b>	<b>250,000</b>
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	-	-
<b>Total Adjustments to AT1 Capital</b>		
Investment in Own Shares	-	-
Others (Specify)	-	-
<b>Tier 2 Capital after Adjustments</b>		
<b>Tier 2 Capital</b>	<b>226,618</b>	<b>142,084</b>
Qualifying Tier 2 Capital Instruments	-	-
Revaluation Gains	-	-
Loan Loss Provisions	226,618	142,084
Instruments issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by Third Parties	-	-
<b>Total Adjustments to Tier 2</b>	<b>226,618</b>	<b>142,084</b>
Investment in Own Shares	-	-
Others (Specify)	226,618	142,084
<b>CET1 Capital</b>		
<b>Total Tier 1 Capital</b>	<b>4,323,298</b>	<b>4,133,843</b>
<b>Total Capital</b>	<b>4,323,298</b>	<b>4,133,843</b>

	Amount (LKR ' 000)	
	As at 30.09.2019	As at 30.06.2019
<b>Total Risk Weighted Amount</b>	<b>25,970,629</b>	<b>25,598,046</b>
R W As for Credit Risk	22,747,421	22,445,558
R W As for Market Risk	40,000	40,000
R W As for Operational Risk	3,183,208	3,112,488
<b>CET1 Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer &amp; Surcharge on D-SIBs) (%)</b>	<b>15.684</b>	<b>15.172</b>
of Which : Capital Conservation Buffer (%)	-	-
of Which : Countercyclical Buffer (%)	-	-
of Which : Capital Surcharge on D-SIBs (%)	-	-
<b>Total Tier 1 Capital Ratio (%)</b>	<b>16.647</b>	<b>16.149</b>
<b>Total Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer &amp; Surcharge on D-SIBs) (%)</b>	<b>16.647</b>	<b>16.149</b>
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 30.09.2019	As at 30.06.2019
<b>Tier 1 Capital</b>	<b>4,323,298</b>	<b>4,133,843</b>
<b>Total Exposures</b>	<b>52,184,316</b>	<b>53,177,255</b>
On Balance Sheet Items (excluding Derivatives and Securities Financing Transactions, but including Collateral)	51,033,668	52,137,782
Derivative Exposures		
Securities Financing Transaction Exposures	1,150,648	1,039,473
Other Off- Balance Sheet Exposures		
<b>Basel III Leverage Ratio (%) (Tier 1/ Total Exposure)</b>	<b>8.28</b>	<b>7.77</b>

**Disclosure 4**

**Basel III Computation of Liquidity Coverage Ratio**

	Amount (LKR '000)			
	As at 30.09.2019		As at 30.06.2019	
	Total Un-weighted Value	Total Weighted Value	Total Un-weighted Value	Total Weighted Value
<b>Total Stock of High - Quality Liquid Assets (HQLA)</b>	<b>3,065,067</b>	<b>3,056,177</b>	<b>4,182,632</b>	<b>4,170,117</b>
<b>Total Adjusted Level 1A Assets</b>	3,047,286	3,047,286	4,157,601	4,157,601
<b>Level 1 Assets</b>	3,047,286	3,047,286	4,157,601	4,157,601
<b>Total Adjusted Level 2A Assets</b>	-	-	-	-
<b>Level 2A Assets</b>	-	-	-	-
<b>Total Adjusted Level 2B Assets</b>	17,781	8,891	25,031	12,516
<b>Level 2B Assets</b>	17,781	8,891	25,031	12,516
<b>Total Cash Outflows</b>	<b>41,149,948</b>	<b>6,393,609</b>	<b>40,939,697</b>	<b>6,263,059</b>
Deposits	30,281,822	3,028,182	30,035,576	3,003,558
Unsecured Wholesale Funding	10,099,619	3,264,467	10,062,366	3,158,943
Secured Funding Transactions	-	-	-	-
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	768,507	100,960	841,755	100,559
Additional Requirements			-	-
<b>Total Cash Inflows</b>	<b>6,096,326</b>	<b>5,223,842</b>	<b>4,847,964</b>	<b>3,974,040</b>
Maturing Secured Lending Transactions Backed by Collateral	514,289	514,289	533,030	533,030
Committed Facilities	800,000	-	800,000	-
Other Inflows by Counterparty which are Maturing within 30 Days	4,777,965	4,707,517	3,510,275	3,438,681
Operational Deposits	-	-	-	-
Other Cash Inflows	4,072	2,036	4,659	2,330
<b>Liquidity Coverage Ratio (%) (Stock of High Quality Liquid Assets/ Total Net Cash Outflows over the Nexty 30 Callender Days) * 100</b>		<b>191.20</b>		<b>182.18</b>

**Disclosure 5**

**Main Features of Regulatory Capital Instruments**

<b>Description of the Capital Instrument</b>	<b>Stated Capital</b>	<b>Basel III Compliant -Tier 1 Perpetual Bond with a Non - viability Conversion</b>
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
<b>Issuer Call Subject to Prior Supervisory Approval</b>		
Optional Call Date, Contingent Call Dates and Redemption Amount (LKR '000)	N/A	N/A
Subsequent Call Dates, if Applicable	N/A	N/A
<b>Coupons/ Dividends</b>		
Fixed or Floating Dividend/Coupon	N/A	Fixed
Coupon Rate and any Related Index		12.5
Non - Cumulative or Cumulative	Non - Cumulative	Non - Cumulative
<b>Convertible or Non-Convertible</b>		
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 30.09.2019					
	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	2,923,327	-	2,923,327	-	-	-
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	7,368,009	-	7,368,009	-	1,980,840	26.88
Claims on Financial Institutions	3,051,910	-	3,051,910	-	1,581,700	51.83
Claims on Corporates	725,684	-	725,684	-	754,156	103.92
Retail Claims	10,048,835	4,995	10,048,835	4,995	7,326,327	72.91
Claims Secured by Gold	286,066	-	286,066	-	120,770	42.22
Claims Secured by Residential Property	12,056,416	-	12,056,416	-	6,655,755	55.21
Claims Secured by Commercial Real Estate	-	-	-	-	-	-
Non - Performing Assets (NPAs) (i)	2,411,114	-	2,411,114	-	2,971,874	123.26
Higher - risk Categories	-	-	-	-	-	-
Cash Items and Other Assets	1,515,121	-	1,515,121	-	1,355,999	89.50
<b>Total</b>	<b>40,386,482</b>	<b>4,995</b>	<b>40,386,482</b>	<b>4,995</b>	<b>22,747,421</b>	<b>56.32</b>

## Disclosure 9

### Market Risk under Standardised Measurement Method

Item	RWA Amount (LKR ' 000) As at 30.09.2019
<b>(a) RWA for Interest Rate Risk</b>	-
General Interest Rate Risk	-
(i) Net Long or Short Position	-
(ii) Horizontal Disallowance	-
(iii) Vertical Disallowance	-
(iv) Options	-
Specific Interest Rate Risk	-
<b>(b) RWA for Equity</b>	5,000
(i) General Equity Risk	2,500
(ii) Specific Equity Risk	2,500
<b>(c) RWA for Foreign Exchange &amp; Risk</b>	-
<b>Capital Charges For Market Risk [ (a) + (b) + (c) ] * CAR</b>	<b>40,000</b>



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
<b>The Basic Indicator Approach</b>	15%		2,295,650	2,555,219	3,107,152
<b>The Standardised Approach</b>					
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%		-	-	-
<b>The Alternative Standardised Approach</b>					
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	-	-	-
<b>Capital Charges For Operational Risk (LKR'000)</b>					
The Basic Indicator Approach	397,901				
The Standardised Approach	-				
The Alternative Standardised Approach	-				
<b>Risk weighted Amount For Operational Risk (LKR' 000)</b>					
The Basic Indicator Approach	3,183,208				
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 30.09.2019				
	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
<b>Assets</b>	<b>53,797,543</b>	<b>52,325,958</b>	<b>40,386,482</b>	<b>17,750</b>	<b>11,921,726</b>
Cash and Cash Equivalents	359,223	359,223	359,223	-	-
Balances with Central Banks	35,163	35,163	35,163	-	-
Placements with Banks	5,978,621	5,978,451	5,978,451	-	-
Securities purchased under re - sale agreements	-	-	-	-	-
Derivative Financial Assets	-	-	-	-	-
Financial assets recognized through profit or loss- measured at fair value	17,750	17,750	-	17,750	-
Financial Assets at amortised cost - Loans and advance to Banks	-	-	-	-	-
Financial Assets at amortised cost-Loans and advances to other customers	39,984,686	38,523,621	26,844,159	-	11,679,462
Financial assets at amortised cost-Debt and other financial instruments	5,823,795	5,813,487	5,813,487	-	-
Financial assets measured at fair value through other comprehensive income	-	-	-	-	-
Investments in Subsidiaries	-	-	-	-	-
Investments in Associates and Joint Ventures	-	-	-	-	-
Property, Plant and Equipment	275,299	275,299	275,299	-	-
Investment Property	902,643	902,643	902,643	-	-
Intangible assets	154,735	154,735	-	-	154,735
Deferred Tax Assets	87,528	87,528	-	-	87,528
Other Assets	178,100	178,057	178,057	-	-
			-	-	-
<b>Liabilities</b>	<b>48,694,173</b>	<b>48,697,309</b>	<b>-</b>	<b>-</b>	<b>-</b>
Due to Banks	1,183,539	1,183,539	-	-	-
Derivative Financial Instruments	-	-	-	-	-
Securities sold under repurchase agreements	-	-	-	-	-
Financial Liabilities at amortised cost - due to depositors	40,332,123	40,332,123	-	-	-
Financial Liabilities at amortised cost -other borrowings	1,875,808	1,875,808	-	-	-
Debt Securities Issued	4,222,307	4,222,307	-	-	-
Retirement Benefits obligations	607,932	607,932	-	-	-
Current Tax Liabilities	227,033	230,211	-	-	-
Deferred Tax Liabilities	-	-	-	-	-
Other Provisions	-	-	-	-	-
Other Liabilities	245,431	245,388	-	-	-
			-	-	-
<b>Off-Balance Sheet Liabilities</b>	<b>704,097</b>	<b>702,502</b>	<b>-</b>	<b>-</b>	<b>-</b>
Guarantees	4,995	3,400	3,400	-	-
Performance Bonds	-	-	-	-	-
Letters of Credit	-	-	-	-	-
Other contingent Items	-	-	-	-	-
Undrawn Loan Commitments	699,102	699,102	-	-	699,102
Other commitments	-	-	-	-	-
<b>Shareholders' Equity</b>	<b>5,103,370</b>	<b>3,628,649</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Equity Capital (stated Capital)/Assigned Capital</b>	<b>962,093</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
of which Amount Eligible for CETI	962,093	962,093	-	-	-
of which Amount Eligible for ATI	-	-	-	-	-
Retained Earnings	3,666,968	2,192,247	-	-	-
Accumulated Other Comprehensive Income	(45,597)	(45,597)	-	-	-
Other Reserves	519,906	519,906	-	-	-