

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 31.12.2021	As at 31.12.2020
Regulatory Capital (LKR '000)		
Common Equity Tier 1	6,185,032	5,572,339
Tier 1 Capital	6,435,032	5,822,339
Total Capital	6,618,995	5,957,143
Regulatory Capital Ratios (%)		
Common Equity Tier 1 Capital Ratio <i>(Minimum Requirement 7%)</i>	21.512	19.335
Tier 1 Capital Ratio <i>(Minimum Requirement- 8.50%)</i>	22.381	20.202
Total Capital Ratio <i>(Minimum Requirement - 12.50%)</i>	23.021	20.670
Leverage Ratio <i>(Minimum Requirement - 3%)</i>	9.27	9.09
Regulatory Liquidity		
Statutory Liquid Assets (LKR '000)	12,836,835	17,686,998
Statutory Liquid Assets Ratio <i>(Minimum Requirement - 20%)</i>	26.60	37.20
Domestic Banking Unit (%)	-	-
Off-Shore Banking Unit (%)	-	-
Liquidity Coverage Ratio (%) - Rupee <i>(Minimum Requirement - 100%)</i>	156	138
Liquidity Coverage Ratio (%) - All Currency <i>(Minimum Requirement - 100%)</i>	-	-

Disclosure 2

Basel III Computation of Capital Ratios

	Amount (LKR ' 000)	
	As at 31.12.2021	As at 31.12.2020
Common Equity Tire 1 (CET1) Capital Afer Adjustment	6,185,032	5,572,339
Common Equity Tire 1 (CET1) Capital	6,436,104	5,904,987
Equity Capital (Stated Capital)/Assigned Capital	962,093	962,093
Reserve Fund	272,373	245,008
Published Retained Earnings/(Accumulated Retained Losses)	4,730,491	4,281,468
Published Accumulated Other Comprehensive Income (OCI)	-	-
General and other Disclosed Reserves	471,147	416,418
Unpublished Current Year's Profit/Loss and Gains reflected in OCI	-	-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	251,072	332,648
Goodwill (net)	-	-
Intangible Assets (net)	125,024	127,570
Others (Specify)	126,048	205,078
Additional Tier 1 (AT1) Capital after Adjustments	250,000	250,000
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		
Investment in Own Shares	-	-
Others (Specify)	-	-
Tier 2 Capital after Adjustments		
Tier 2 Capital	183,963	134,804
Qualifying Tier 2 Capital Instruments	-	-
Revaluation Gains	-	-
Loan Loss Provisions	183,963	134,804
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	6,185,032	5,572,339
Total Tier 1 Capital	6,435,032	5,822,339
Total Capital	6,618,995	5,957,143

	Amount (LKR ' 000)	
	As at 31.12.2021	As at 31.12.2020
Total Risk Weighted Amount	28,751,713	28,819,960
R W As for Credit Risk	24,744,777	25,072,784
R W As for Market Risk	-	-
R W As for Operational Risk	4,006,936	3,747,176
CET1 Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	21.512	19.335
of Which : Capital Conservation Buffer (%)	-	-
of Which : Countercyclical Buffer (%)	-	-
of Which : Capital Surcharge on D-SIBs (%)	-	-
Total Tier 1 Capital Ratio (%)	22.381	20.202
Total Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	23.021	20.670
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 31.12.2021	As at 31.12.2020
Tier 1 Capital	5,823,366	5,223,785
Total Exposures	62,824,659	57,469,010
On Balance Sheet Items (excluding Derivatives and Securities Financing Transactions, but including Collateral)	62,824,659	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)	9.27	9.09

Disclosure 4

Basel III Computation of Liquidity Coverage Ratio

	Amount (LKR '000)			
	As at 31.12.2021		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)	7,153,550	7,153,550	5,075,071	5,075,071
Total Adjusted Level 1A Assets	7,153,550	7,153,550	5,075,071	5,075,071
Level 1 Assets	7,153,550	7,153,550	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	50,641,926	9,014,970	48,453,844	7,610,476
Deposits	31,520,675	3,152,068	37,538,893	3,753,889
Unsecured Wholesale Funding	18,338,029	5,697,434	10,464,769	3,792,369
Secured Funding Transactions	-	-	-	-
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	783,222	165,468	450,182	64,218
Additional Requirements	-	-	-	-
Total Cash Inflows	5,594,149	4,427,983	5,109,118	3,940,036
Maturing Secured Lending Transactions Backed by Collateral	482,698	482,698	667,997	667,997
Committed Facilities	1,100,000	-	1,100,000	-
Other Inflows by Counterparty which are Maturing within 30 Days	4,009,028	3,944,074	3,338,836	3,270,897
Operational Deposits	-	-	-	-
Other Cash Inflows	2,423	1,212	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		138

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 31.12.2021					
	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	7,003,938	-	7,003,938	-	-	-
Claims on Foreign Sovereigns and their Central Banks	-	-	-	-	-	-
Claims on Public Sector Entities	426,369	-	426,369	-	85,274	-
Claims on Official Entities and Multilateral Development Banks	-	-	-	-	-	-
Claims on Banks Exposures	8,603,135	-	8,603,135	-	2,728,063	31.71
Claims on Financial Institutions	2,303,254	-	2,303,254	-	1,264,148	54.89
Claims on Corporates	1,199,294	-	1,199,294	-	457,402	38.14
Retail Claims	9,673,065	4,599	9,673,065	4,599	7,150,706	73.92
Claims Secured by Gold	450,411	-	450,411	-	279,952	62.15
Claims Secured by Residential Property	11,289,683	-	11,289,683	-	5,057,781	44.80
Claims Secured by Commercial Real Estate	-	-	-	-	-	-
Non - Performing Assets (NPAs) (i)	4,813,076	-	4,813,076	-	5,779,696	120.08
Higher - risk Categories	-	-	-	-	-	-
Cash Items and Other Assets	2,091,079	-	2,091,079	-	1,941,755	92.86
Total	47,853,304	4,599	47,853,304	4,599	24,744,777	51.71

Disclosure 9

Market Risk under Standardised Measurement Method

Item	RWA Amount (LKR ' 000) As at 31.12.2021
(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 31.12.2021		
			1st year	2nd Year	3rd year
The Basic Indicator Approach	15%		3,327,263	3,241,982	3,448,109
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	500,867				
The Standardised Approach	-				
The Alternative Standardised Approach	-				
Risk weighted Amount For Operational Risk (LKR' 000)					
The Basic Indicator Approach	4,006,936				
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 31.12.2021				
	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	62,963,591	63,162,671	47,853,304	-	15,197,933
Cash and Cash Equivalents	258,596	258,596	258,596	-	-
Balances with Central Banks	-	-	-	-	-
Placements with Banks	8,138,460	8,138,460	8,139,163	-	-
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	41,836,922	41,836,922	26,890,061	-	14,946,861
Financial assets at amortised cost-Debt and other financial instruments	10,570,351	10,570,351	10,623,730	-	-
Financial assets measured at fair value through other comprehensive income	-	-	-	-	-
Investments in Subsidiaries	-	-	-	-	-
Investments in Associates and Joint Ventures	-	-	-	-	-
Property, Plant and Equipment	224,034	224,034	224,034	-	-
Lease ROUA	386,745	386,745	386,745	-	-
Investment Property	1,065,000	1,065,000	1,065,000	-	-
Intangible assets	125,024	125,024	-	-	125,024
Deferred Tax Assets	126,048	126,048	-	-	126,048
Other Assets	232,412	431,492	265,976	-	-
Liabilities	56,610,075	56,610,075	-	-	-
Due to Banks	2,103,173	2,103,173	-	-	-
Derivative Financial Instruments	-	-	-	-	-
Securities sold under repurchase agreements	-	-	-	-	-
Financial Liabilities at amortised cost - due to depositors	49,813,326	49,813,326	-	-	-
Financial Liabilities at amortised cost -other borrowings	1,282,597	1,282,597	-	-	-
Debt Securities Issued	1,422,978	1,422,978	-	-	-
Retirement Benefits obligations	771,616	771,616	-	-	-
Current Tax Liabilities	316,139	316,139	-	-	-
Deferred Tax Liabilities	-	-	-	-	-
Lease Liability	388,628	388,628	-	-	-
Other Liabilities	511,618	511,618	-	-	-
Off-Balance Sheet Liabilities	650,025	650,025	4,599	-	645,426
Guarantees	4,599	4,599	4,599	-	-
Performance Bonds	-	-	-	-	-
Letters of Credit	-	-	-	-	-
Other contingent Items	-	-	-	-	-
Undrawn Loan Commitments	645,426	645,426	-	-	645,426
Other commitments	-	-	-	-	-
Shareholders' Equity	6,353,516	6,353,516	-	-	-
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	4,730,491	4,730,491	-	-	-
Accumulated Other Comprehensive Income	(82,588)	(82,588)	-	-	-
Other Reserves	743,520	743,520	-	-	-