



HDFC Bank Sri Lanka

Policy on Corporate Disclosures

Document review and approval

Revision history

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1. Purpose

The purpose of this Corporate Disclosure Policy is to ensure that HDFC Bank of Sri Lanka (hereafter referred to as "the Bank") adheres to high standards of transparency, integrity, accuracy, and timeliness in all disclosures. This policy aligns with the requirements of the Colombo Stock Exchange (CSE) Rule 9, the Corporate Governance Directions issued by the Central Bank of Sri Lanka, and the Sri Lanka Accounting Standards (SLFRS/LKAS). It aims to provide comprehensive guidelines for disclosing material information to stakeholders in a manner that fosters trust and accountability.

2. Scope

This policy applies to all corporate disclosures made by the Bank, including but not limited to financial reporting, material event announcements, press releases, and risk management information. It is applicable to the Board of Directors, Senior Management, and any employees involved in preparing or approving corporate communications to stakeholders.

3. Regulatory Compliance

The Bank's disclosure practices will be governed by the following frameworks:

- **Colombo Stock Exchange (CSE) Rule 9:** Ensuring the continuous disclosure of price-sensitive and material information to the market.
- **Directions issued by the Central Bank of Sri Lanka:** Ensuring the Bank upholds the principles of good governance, risk management, and ethical business conduct.
- **Sri Lanka Accounting Standards (SLFRS/LKAS):** Adhering to the local accounting standards to ensure consistency and transparency in financial reporting.

4. Disclosure Principles

All corporate disclosures shall follow the principles outlined below:

- **Accuracy:** Ensuring all disclosures are factually accurate, clear, and free from misleading information.
- **Integrity:** Ensuring all disclosures made are seen to be honest and reflect strong moral principle.
- **Timeliness:** Disclosures shall be made in a timely manner to comply with CSE Rule 9 and other regulatory requirements, ensuring the market is informed of material changes immediately.
- **Transparency:** Disclosures shall provide a clear and balanced view of the Bank's operations, financial position, and future outlook.
- **Consistency:** Maintaining consistency across all platforms and communications to avoid confusion or misinterpretation.

5. Material Information and Price-Sensitive Disclosures

In compliance with CSE Rule 9, the Bank will promptly disclose any material or price-sensitive information that may affect the decision-making of investors and shareholders. Examples include:

- Significant financial results, forecasts, or revisions to performance estimates.
- Major acquisitions, mergers, or disposals.
- Changes in the composition of the Board of Directors or Senior Management.
- Litigation or regulatory actions with significant impact.
- Corporate restructuring or changes to the capital structure.
- Significant changes in operations, policies, risk management strategies, or strategic direction.

6. Financial Reporting and Disclosures

All financial disclosures will be prepared in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS) and reviewed by the Bank's Audit Committee prior to public release. The Bank is committed to:

- Annual Financial Statements: Providing audited financial statements offering a comprehensive view of the Bank's financial health and performance.
- Quarterly Financial Reports: Publishing unaudited quarterly financial results in accordance with regulatory requirements.
- Management Discussion and Analysis (MD&A): Including detailed analysis of the Bank's financial performance, risks, and strategies in annual and interim reports.

7. Responsibilities of the Board of Directors

The Board of Directors shall hold ultimate responsibility for ensuring compliance with this policy and relevant regulatory standards. The Board will:

- Approve all significant disclosures, including financial statements and risk management information.
- Oversee implementation of the Bank's overall communication strategy with stakeholders.
- Delegate authority to the Audit Committee to review financial disclosures and ensure compliance with SLFRS/LKAS and other applicable standards.

8. Risk Management Disclosures

Recognizing the importance of effective risk management, the Bank is committed to disclosing its risk management policies, practices, and exposures to provide stakeholders with a clear understanding of the Bank's risk profile. Disclosures will include:

- **Risk Governance Structure:** Explanation of roles and responsibilities of the Board, Risk Management Committee, and Senior Management in overseeing risk management.
- **Risk Management Framework:** Description of policies, procedures, and methodologies used to identify, measure, monitor, and control risks.

- **Types of Risks:** Disclosure of key risk categories such as credit, market, liquidity, operational, and compliance risks.
- **Risk Appetite and Limits:** Information on the Bank's risk appetite and the limits set for various risk exposures.
- **Capital Adequacy and Stress Testing:** Details on capital adequacy ratios, compliance with regulatory capital requirements, and results of stress tests.
- **Mitigation Strategies:** Description of strategies employed to mitigate identified risks, including hedging and insurance coverage.
- **Significant Risk Exposures:** Disclosure of any significant concentrations of risk or emerging risk factors impacting the Bank's financial position.

9. Audit Committee Role

The Audit Committee will:

- Review all financial statements and disclosures prior to publication for accuracy and compliance.
- Liaise with external auditors to maintain the integrity of financial reporting processes.
- Ensure that accounting policies are consistently applied and comply with SLFRS/LKAS.

10. Risk Management Committee Role

The Risk Management Committee will:

- Oversee the Bank's risk management practices and ensure effective risk governance.
- Review risk-related disclosures for accuracy and completeness.
- Advise the Board on risk exposure levels and mitigation strategies.

11. Related Party Transactions (RPT) Disclosures

In compliance with laws and regulations, the Bank will disclose all related party transactions that may significantly impact its financial position or operations. Disclosures will include:

- **Transaction Details:** Nature, value, and terms of the transaction, and parties involved.
- **Impact Assessment:** Effect on the Bank's financial health and risk profile.

- Approval Process: Confirmation that transactions were reviewed and approved by the Board or relevant committee to ensure they are conducted on an arm's length basis.
- Regulatory Compliance: Adherence to the RPT Code issued by the Securities and Exchange Commission of Sri Lanka (SEC).

12. Nomination and Governance Disclosures

To uphold corporate governance principles, the Bank will disclose:

- Nomination Process: Procedures for nominating and appointing directors, ensuring diversity and appropriate expertise.
- Director Independence: Status of directors' independence as per CSE and Central Bank guidelines.
- Board Committees: Roles, responsibilities, and composition of key committees (Audit, Risk Management, Remuneration, Nomination), including activities and key decisions.

13. Disclosure Process

To ensure a streamlined disclosure process, the Bank will follow these steps:

- Internal Review: All disclosures will undergo an internal review process involving relevant departments, including Finance, Legal, and Corporate Communications.
- Approval by the Board: Disclosures of material or price-sensitive information, as well as financial reports, will require approval from the Board of Directors before public release.
- Publication: Disclosures will be published through the CSE, the Bank's official website, and other approved channels to ensure accessibility to all stakeholders.

14. Confidentiality and Insider Trading

The Bank recognizes the importance of safeguarding confidential information. Employees who have access to price-sensitive or material non-public information are prohibited from disclosing this information or engaging in insider trading. The Bank will ensure compliance with all relevant laws and regulations regarding insider trading and confidentiality.

15. Non-Compliance and Penalties

Non-compliance with this policy or relevant regulatory requirements shall be treated as a serious breach of conduct. The Bank shall investigate all breaches and take appropriate action, which may include disciplinary measures or legal proceedings. Furthermore, the Bank shall work closely with regulators to rectify any violations of disclosure regulations.

16. Review and Amendment of the Policy

The Compliance Officer shall review this policy once in two years or whenever required to ensure it remains aligned with the latest regulatory requirements and best practices.

17. Record-Keeping

The Bank shall maintain thorough records of all disclosures, including drafts, approvals, and final publications, for a period of 6 years in compliance with regulatory requirements. These records shall be accessible to authorized personnel for future reference and audits.

The Board of Directors approved this Policy on 30th September 2024.