HDFC Bank of Sri Lanka



ANNUAL AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31st December 2025

Contents

(1) Report of the auditor general on the financial statements and other legal and regulatory requirements

(2) Simplified Statement of Comprehensive Income

(3) Simplified Statement of Financial Position

(4) Statement of Changes in Equity

(5) Statement of Cash Flows

(6) Selected Performance Indicators / Key Financial Data

ජාතික විගණන කාර්යාලය
தேசிய கணக்காய்வு அலுவலகம்
NATIONAL AUDIT OFFICE

මගේ අංකය
எனது இல.
My No. BAN/C/HDFC/FA/2025/01

ඔබේ අංකය
உமது இல.
Your No.

දිනය
திகதி
Date 10 March 2026

Chairman
Housing Development Finance Corporation Bank

Report of the Auditor General on the Financial Statements and Other Legal and Regulatory Requirements of the Housing Development Finance Corporation Bank for the year ended 31 December 2025 in terms of Section 12 of the National Audit Act, No. 19 of 2018.

1. Financial Statements

1.1 Opinion

The audit of the Financial Statements of the Housing Development Finance Corporation Bank (the "Bank") for the year ended 31 December 2025 comprising the statement of financial position as at 31 December 2025 and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the Financial Statements, including material accounting policy information, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No. 19 of 2018 and Finance Act No.38 of 1971. My report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution will be tabled in due course.

In my opinion, the accompanying financial statements of the Bank give a true and fair view of the financial position of the Bank as at 31 December 2025, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

1.2 Basis for Opinion

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

RECEIVED
12 MAR 2026
03
HDFC / CHMD

අංක 306/72, පොල්දූව පාර, බත්තරමුල්ල, ශ්‍රී ලංකාව
இல. 306/72, பொல்துவ வீதி, பத்தரமுல்லை, இலங்கை.
No. 306/72, Polduwa Road, Battaramulla, Sri Lanka.
+94 11 2 88 70 28 - 34
+94 11 2 88 72 23
ag@auditorgeneral.gov.lk
www.naosl.gov.lk

1.3 Key Audit Matters

Key Audit Matters are those matters that, in my professional judgment, were of most significance in my audit of the Financial Statements of the current period. These matters were addressed in the context of my audit of the Financial Statements as a whole, and in forming my audit opinion thereon, and I do not provide a separate opinion on these matters. For each matter below, my description of how my audit addressed the matter is provided in that context.

I have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements.

Key audit matter	**How my audit addressed the key audit matter**
Allowances for Expected Credit Losses of Loans and Advances measured at amortised cost Allowances for expected credit losses of Loans and Advances measured at amortised cost as disclosed in note 21 is determined by management based on the accounting policies described in Note 3.B.i to the financial statements. This was a key audit matter due to • the significant management judgements, assumptions and estimation uncertainty involved in assessing the future recoverability of Loans and Advances; and • the materiality of the reported amount of allowance of expected credit losses.	In addressing the allowances for expected credit losses of loans and advances measured at amortised cost, my audit procedures included the following key procedures: • Assessed the alignment of the Bank's allowances for expected credit loss computations with the underlying methodology and related accounting policies, based on the best available information up to date of my report. • Evaluated the design, implementation and operating effectiveness of controls over estimation of expected credit losses. • Assessed the level of oversight, review and approval of allowances for expected credit losses, policies and procedures by the Board and management. • Tested the completeness, accuracy and reasonableness of the underlying data used in the expected credit loss computations by agreeing details to relevant source documents and accounting records of the Bank.

Key audit matter	How my audit addressed the key audit matter

Key areas of significant judgements, assumptions and estimates used by management in the assessment of the impairment for expected credit losses included determining whether significant increase in credit risk has occurred, use of a broad range of forward-looking macroeconomic inputs and their associated weightages which are subject to inherently heightened levels of estimation uncertainty and subjectivity.	• Evaluated the reasonableness of qualitative and quantitative factors used in credit quality assessments and related stage classifications.
	
	• In addition to the above, the following procedures were performed:
	
	  • For loans and advances assessed on an individual basis for impairment:
	  • Evaluated the reasonableness of key inputs used in the allowances for expected credit losses made. Such evaluations were carried out considering the value and timing of cash flow forecasts particularly relating to elevated risk industries and status of recovery action of the collaterals.
	
	  • Tested the arithmetical accuracy of the underlying individual impairment calculations.
	
	  • For loans and advances assessed on a collective basis for impairment:
	  • Tested the key inputs and the calculations used in the allowances for expected credit losses.
	
	  • Assessed the reasonableness of judgements, assumptions and estimates used by the Management in the underlying methodology and the management overlays including consideration of impact arising from the 'Ditwah' cyclone.

Key audit matter	How my audit addressed the key audit matter
	• My testing included evaluating the reasonableness of forward-looking information used, economic scenarios considered, and probability weighting assigned to each of those scenarios. • Assessed the adequacy of the related financial statement disclosures set out in notes 3.B.i and 21.

1.4 Other information included in the Bank's 2025 Annual Report

The other information comprises the information included in the Bank's 2025 Annual Report, but does not include the financial statements and my auditor's report thereon, which is expected to be made available to me after the date of this auditor's report. Management is responsible for the other information.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the Bank's 2025 Annual Report, if I conclude that there are material misstatements therein, I am required to communicate that matter to those charged with governance for correction. If further material uncorrected misstatements are existed those will be included in my report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution that will be tabled in due course.

1.5 Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern

basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

As per Section 16(1) of the National Audit Act No. 19 of 2018, the Bank is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic Financial Statements to be prepared of the Bank.

1.6 Auditor's Responsibilities for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related

disclosures in the Financial Statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

2. Report on Other Legal and Regulatory Requirements

2.1 National Audit Act, No. 19 of 2018 includes specific provisions for following requirements;

2.1.1 I have obtained all the information and explanation that required for the audit and as far as appears from my examination, proper accounting records have been kept by the Bank as per the requirement of section 12 (a) of the National Audit Act, No. 19 of 2018.

2.1.2 The Financial Statements presented is consistent with the preceding year as per the requirement of section 6 (1) (d) (iii) of the National Audit Act, No. 19 of 2018.

2.1.3 The Financial Statements presented includes all the recommendations made by me in the previous year as per the requirement of section 6 (1) (d) (iv) of the National Audit Act, No. 19 of 2018.

2.2 The section 39 of the Banking Act No 30 of 1988 (as amended by Banking Act No. 24 of 2024) include specific provisions for following requirement;

2.2.1 The disclosures made in the accompanying financial statements are in accordance with the requirements of Circular No. 05 of 2024 issued by Central Bank of Sri Lanka.

2.3 Based on the procedures performed and evidence obtained were limited to matters that are material, nothing has come to my attention;

2.3.1 to state that any member of the governing body of the Bank has any direct or indirect interest in any contract entered into by the Bank which are out of the normal course of business as per the requirement of section 12 (d) of the National Audit Act, No. 19 of 2018.

2.3.2 to state that the Bank has not complied with any applicable written law, general and special directions issued by the governing body of the Bank as per the requirement of section 12 (f) of the National Audit Act, No. 19 of 2018.

2.3.3 to state that the Bank has not performed according to its powers, functions and duties as per the requirement of section 12 (g) of the National Audit Act, No. 19 of 2018.

2.3.4 to state that the resources of the Bank had not been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws as per the requirement of section 12 (h) of the National Audit Act, No. 19 of 2018.

L.S.I. Jayaratna
Auditor General

HDFC BANK OF SRI LANKA
SIMPLIFIED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31.12.2025

Description Rs Mn	Bank For the period ended	
	31-Dec-2025	31-Dec-2024
	Audited	Audited
Interest Income	7,429	8,170
Interest Expenses	4,606	5,388
Net Interest Income	**2,823**	**2,782**
Net fee and commission income	250	330
Net other operating income	51	7
Total Operating Income	**3,124**	**3,119**
Impairment charges	421	278
Personnel Expenses	1,599	1,646
Other Expenses	775	782
Share of profits/(Loss) of associates and joint ventures	-	-
Operating profit/(loss) before taxes	**329**	**412**
Income tax and other taxes	422	603
Profit/(Loss) for the period	**-93**	**-191**
Other comprehensive income, net of taxes	-68	-92
Total comprehensive income for the period	**-161**	**-282**
Earning per share on profit		
Basic Earnings per Ordinary Share (Rs)	(1.44)	(2.95)
Diluted Earnings per Ordinary Share (Rs)	(1.44)	(2.95)

HDFC BANK OF SRI LANKA
SIMPLIFIED STATEMENT OF FINANCIAL POSITION
AS AT 31.12.2025

Description Rs. Mn	Bank As at 31/12/2025 Audited	 As at 31/12/2024 Audited
Assets		
Cash and Cash Equivalents	261	325
Balance with Central Bank		
Placements with banks	2,674	36
Derivative financial instruments		
Financial assets recognized through Profit or Loss		
Financial assets at amortised cost		
- loans and advances	34,510	40,130
- debt and other instruments	23,481	17,698
Financial assets measured at fair value through other comprehensive income		4,739
Investment in subsidiaries		
Investments in associates and joint ventures		
Property, plant and equipment	165	187
Other assets	2,646	2,328
Total Assets	**63,736**	**65,443**
Liabilities		
Due to banks	1,904	566
Derivative financial instruments		
Financial liabilities recognized through profit or loss		
Financial liabilities at amortised cost		
- due to depositors	50,569	52,005
- due to other borrowers	1,498	1,615
Debt securities issued		1,427
Tax liabilities	158	151
Other liabilities & provisions	1,774	1,684
Total Liabilities	55,903	57,449
Debt Capital		
Perpetual Bond	281	281
Total	**281**	**281**
Equity		
Stated capital/ Assigned capital	962	962
Statutory reserve fund	354	354
Retained earnings	5,773	5,866
Other Reserves	464	531
Total shareholders equity	**7,552**	**7,713**
Non- controlling interests		
Total Equity Capital and AT-1 Capital	7,834	7,994
Total equity and liabilities	**63,736**	**65,443**
Contingent liabilities and commitments	**29**	**31**
Net Assets value per Ordinary Share (Rs)	116.71	119.19

Memorandum information

Number of employees	453	494
Number of Branches	39	39

(Note: Amounts stated are net of impairment and depreciation)

HDFC BANK
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2025

Bank											
Description	**Stated capital/ Assigned capital**			**Reserves**					**Total**	**Non-Controlling Interest**	**Total Equity**
Rs Mn	**Ordinary Voting Shares**	**Ordinary non-Voting Shares**	**Assigned capital**	**Statutory Reserve Fund**	**OCI Reserve**	**Revaluation Reserves**	**Retained Earnings**	**Other Reserves**			
Balance as at 01/01/2024	962	-	-	354	-11	-	6,057	634	7,995	-	7,995
Total comprehensive income for the period											
Prior Year Adjustments - Tax	-	-	-	-	-	-		-		-	
Profit/(Loss) for the year (net of tax)	-	-	-	-	-	-	-191	-	-191	-	-191
Other comprehensive income (net of tax)	-	-	-	-	-92	-	-	-	-92	-	-92
Total comprehensive income for the period	**962**			**354**	**-103**		**5,866**	**634**	**7,713**		**7,713**
Transactions with equity holders, recognised directly in equity											
Share issue/increase of Assigned Capital	-	-	-	-	-	-	-	-	-	-	-
Bonus issue	-	-	-	-	-	-	-	-	-	-	-
Right issue	-	-	-	-	-	-	-	-	-	-	-
Transfer to Reserves during the period	-	-	-		-	-			-	-	-
Dividends to equity holders	-	-	-	-	-	-	-	-	-	-	-
Profit transferred to head office	-	-	-	-	-	-	-	-	-	-	-
Gain/(loss) on revaluation of Property Plant and Equipment	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-
Total transaction with equity holders	-	-	-								
Balance as at 31/12/2024	**962**	**-**	**-**	**354**	**-103**	**-**	**5,866**	**634**	**7,713**	**-**	**7,713**

Bank											
Description	**Stated capital/ Assigned capital**			**Reserves**					**Total**	**Non-Controlling Interest**	**Total Equity**
Rs. Mn	**Ordinary Voting Shares**	**Ordinary non-Voting Shares**	**Assigned capital**	**Statutory Reserve Fund**	**OCI Reserve**	**Revaluation Reserves**	**Retained Earnings**	**Other Reserves**			
Balance as at 01/01/2025	962	-	-	354	-103	-	5,866	634	7,713	-	7,713
Total comprehensive income for the period											
Profit/(Loss) for the year (net of tax)	-	-	-	-	-	-	-93	-	-93	-	-93
Other comprehensive income (net of tax)	-	-	-	-	-68	-		-	-68	-	-68
Total comprehensive income for the period	962	-	-	354	-170	-	5,773	634	7,552	-	7,552
Transactions with equity holders, recognised directly in equity											
Share issue/increase of Assigned Capital	-	-	-	-	-	-	-	-	-	-	-
Share options exercised											
Bonus issue	-	-	-	-	-	-	-	-	-	-	-
Right issue	-	-	-	-	-	-	-	-	-	-	-
Transfer to reserves during the period	-	-	-		-	-			-	-	-
Dividends to equity holders	-	-	-	-	-	-	-	-	-	-	-
Profit transferred to head office	-	-	-	-	-	-	-	-	-	-	-
Gain/(loss) on revaluation of Property Plant and Equipment (if cost method is adopted)	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-
Total transaction with equity holders											
Balance as at 31/12/2025	**962**	**-**	**-**	**354**	**-170**	**-**	**5,773**	**634**	**7,552**	**-**	**7,552**

HDFC BANK
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2025

Description	Bank	
	Current Period	Previous Period
Rs , Mn	31.12.2025	31.12.2024
	Audited	Audited
Cash Flows From Operating Activities		
Interest Receipts	8,667	6,248
Interest payments	-3,814	-5,723
Net commission Receipts	196	250
Trading income		
Payments to Employee	-1,504	-1,475
VAT & SSCL payments on financial services	-260	-465
Receipt from other operating activities	93	57
Payments on other operating activities	-673	-596
Operating profit before changes in operating assets & liabilities	**2,705**	**-1,704**
(Increase)/Decrease In Operating Assets :		
Balances with Central Bank of Sri Lanka		
Financial Assets at amotised cost - Loans and Advances	3,573	2,042
Other Assets	-270	21
Increase / (Decrease) In Operating Liabilities		
Financial Liabilities at amotised cost - due to Depositors	-2,196	-1,217
Financial Liabilities at amotised cost - due to Debt Security Holders	-1,409	
Financial Liabilities at amotised cost - due to Other Borrowers	1,098	-265
Other Liabilities	48	-66
Net cash generated from operating activities before income tax	**3,549**	**-1,189**
Income Tax Paid	-207	-680
Net cash (used in) / from operating activities	**3,342**	**-1,869**
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	-25	-11
Proceeds from the sale of property, plant and equipment		7
Purchase of financial investments	-3,381	
Proceeds from the sale and maturity of financial investments		1,960
Net purchase of intangible assets		
Net cash flow from acquisition of investments in subsidiariess, joint ventures and associates		
Net cash flow from disposal of subsidiaries, associates and joint ventures		
Dividends received from investments in subsidiareis and associates		
Other		
Net cash (used in) / from investing activities	**-3,406**	**1,956**
Cash Flows From Financing Activities		
Net proceeds from the issue of Ordinary share capital	-	-
Net proceeds from the issue of Other equity instruments	-	-
Net proceeds from the issue of Subordinated debt	-	-
Repayment of Subordinated debt	-	-
Interest paid on subordinated debts	-	-
Dividends paid to non - controlling Interest	-	-
Dividends paid to shareholders of the parent company	-	-
Dividends paid to holders of other equity instruments	-	-
Others	-	-
Net cash (used in) / from financing activities		
Net increase/(decrease) in cash & cash Equivalents	-64	87
Cash & cash equivalents at beginning of the period	325	237
Exchange difference in respect of cash &cash equivalents		
Cash and cash equivalents at the end of the period	**261**	**325**

Note: Banks have the option to use one of the two methods specified in LKAS 7 for the preparation of the statement of cash flows. The bank uses the direct method and continuously apply

HDFC BANK
SELECTED PERFORMANCE INDICATORS/KEY FINANCIAL DATA
AS AT 31/12/2025 (Based on Regulatory Reporting)

Item	Current Period	Previous Period
	31/12/2025	31/12/2024
Regulatory Capital Adequacy (LKR in Millions)		
Common Equity Tire 1	6,879	7,142
Tier 1 Capital	7,129	7,392
Total Regulatory Capital	7,333	7,609
Regulatory Capital Ratios (%)		
Common Equity Tire 1 Capital (%)(Minimum Requirement , 7.0%)	32.08%	32.53%
Tier 1 Capital Ratio(%) (Minimum Requirement, 8.5%)	33.25%	33.66%
Total Capital Ratios (%) (Minimum Requirement, 12.5%)	34.20%	34.65%
Basel III Leverage Ratio (%) (Minimum Requirment 3%)	11.34%	11.90%
Regulatory Liquidity Requirement		
Liquidity Coverage Ratio (%) (Minimum Requirement -100%)		
-Rupee (%)	217%	223%
-All Currency (%)	-	-
Net Stable Funding Ratio(%) - (Minimum Requirement - 100%)	104%	128%
Assets Quality (Quality of Loan Portfolio)		
Impaired Loans (Stage 3) to Total Loans, Ratio (%) *	47.04%	45.92%
Impairment (Stage 3) to Stage 3 Loans, Ratio (%) *	13.53%	9.91%
Impaired Loans (Stage 3) Ratio % - excluding EPF loans *	25.50%	22.98%
Impairment (Stage 3) to Stage 3 Loans Ratio (%)-excluding EPF loans *	27.08%	23.49%
Income & Profitability		
Net Interest Margin (%)	4.37%	4.18%
Return on Assets (before Tax) (%)	0.01%	0.10%
Return on Equity (%)	-1.22%	-2.43%
Cost to Income Ratio (%)	77.24%	78.03%
Debt/Equity (Times)	0.49	0.50
Interest Cover (Times)	3.76	3.62
Interest Yeild	12.05%	12.80%
Memorandum Information		
Credit Rating - Fithch Ratings	BB+(lka) (Watch Positive)	BB+(lka) (Stable)
Number of Employees	453	494
Number of Branches	39	39

* Including Undrawn Portion of Credit

CERTIFICATION:

We , the undersigned, being the Chief Executive Officer and Chief financial officer of HDFC Bank of Sri Lanka jointly certify that :-

(a) The above statements have been prepared in compliance with the format and definitions prescribed by the Central Bank of Sri Lanka & Colombo Stock Exchange.

(b) The information contained in these statements have been extracted from the unaudited financial statements of the bank unless indicated as audited.

Signed
H C Lokugeegana
GM / CEO

Signed
Anura Hettiarachchi
Chief Financial Officer

Dated: 08 Apr 2026