

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

Key Regulatory Ratios - Capital and Liquidity

	2025 As at 31 March	2024 (Audited) As at 31 December
<b>Regulatory Capital Adequacy</b>		
Common Equity Tier 1, Rs.'Mn	93,973	94,220
Tier 1 Capital, Rs.'Mn	93,973	94,220
Total Capital, Rs.'Mn	96,394	96,739
Common Equity Tier 1 Capital Ratio, as % of Risk Weighted Assets (Minimum Requirement, 7%)	22.10%	23.20%
Tier 1 Capital Ratio, as % of Risk Weighted Assets (Minimum Requirement, 8.5%)	22.10%	23.20%
Total Capital Ratio, as % of Risk Weighted Assets (Minimum Requirement, 12.5%)	22.67%	23.81%

	2025 As at 31 March	2024(Audited) As at 31 December
<b>Regulatory Liquidity</b>		
Liquidity Coverage Ratio (%) - Rupee (Minimum Requirement, 100%)	213.00%	211.74%
Liquidity Coverage Ratio (%) - All currency (Minimum Requirement, 100%)	431.72%	335.50%
Net Stable Funding Ratio (%) (Minimum Requirement 100%)	133.00%	134.71%
Leverage Ratio (%) (Minimum Requirement 3%)	13.32%	14.24%

**THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED**  
SRI LANKA BRANCH

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**Basel III Computation of Capital Adequacy Ratio**

<b>Item</b>	<b>As at 31st March 2025 Rs.'Mn</b>
<b>Common Equity Tier 1 (CET1) Capital after Adjustments</b>	<b>93,973</b>
<b>Total Common Equity Tier 1 (CET1) Capital</b>	<b>94,168</b>
Equity capital or stated capital/assigned capital	3,152
Reserve fund	3,152
Published retained earnings/(Accumulated retained losses)	79,150
Accumulated other comprehensive income (OCI)	8,561
General and other disclosed reserves	153
<b>Total Adjustments to CET1 Capital</b>	<b>195</b>
Revaluation losses of property, plant and equipment	-
Defined benefit pension fund assets	-
Deferred tax assets (net)	251
Other intangible assets (net)	15
Amount due to head office & branches outside Sri Lanka in Sri Lanka Rupees	-
Amount due from head office & branches outside Sri Lanka in Foreign Currency (net)	-
<b>Tier 2 Capital after Adjustments</b>	<b>2,421</b>
<b>Total Tier 2 Capital</b>	<b>-</b>
Revaluation gains	1,050
General provisions	1,371
<b>Total Adjustments to Tier 2 Capital</b>	<b>-</b>
<b>Total Tier 1 Capital</b>	<b>93,973</b>
<b>Total Capital</b>	<b>96,394</b>
<b>Total Risk Weighted Assets (RWA)</b>	<b>425,175</b>
RWAs for Credit Risk	356,086
RWAs for Market Risk	9,566
RWAs for Operational Risk	59,524
<b>CET1 Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer &amp; Surcharge on D-SIBs) (%)</b>	<b>22.10%</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>22.10%</b>
<b>Total Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer &amp; Surcharge on D-SIBs) (%)</b>	<b>22.67%</b>
of which: Capital Conservation Buffer (%)	-
of which: Countercyclical Buffer (%)	-
of which: Capital Surcharge on D-SIBs (%)	-

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Computation of Leverage Ratio

Item	As at 31st March 2025	As at 31 December 2024
	Rs.'Mn	Rs.'Mn
Tier 1 Capital	93,973	94,220
Total Exposures	705,614	661,624
On Balance Sheet Items (Excluding Derivatives and Securities Financing Transactions, but including Collateral)	660,920	612,159
Derivative Exposures	1,238	1,042
Securities Financing Transaction Exposures	-	-
Other Off-Balance Sheet Exposures	43,651	48,370
Basel III Leverage Ratio	13.32%	14.24%

Basel III Computation of Liquidity Coverage Ratio (All Currency)

Item	As at 31st March 2025 Rs.'Mn		As at 31 December 2024 Rs.'Mn	
	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>162,549</b>	<b>162,549</b>	<b>117,804</b>	<b>117,804</b>
<b>Total Adjusted Level 1A Assets</b>	<b>162,549</b>	<b>162,549</b>	<b>117,804</b>	<b>117,804</b>
<b>Level 1 Assets</b>	<b>162,549</b>	<b>162,549</b>	<b>117,804</b>	<b>117,804</b>
Total Adjusted Level 2A Assets	-	-	-	-
Level 2A Assets	-	-	-	-
Total Adjusted Level 2B Assets	-	-	-	-
Level 2B Assets	-	-	-	-
<b>Total Cash Outflows</b>	<b>809,045</b>	<b>150,606</b>	<b>800,328</b>	<b>140,451</b>
Deposits	145,258	14,526	141,968	14,197
Unsecured Wholesale Funding	284,699	105,932	262,210	99,842
Secured Funding Transactions	-	-	-	-
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	353,166	4,225	373,882	4,145
Additional Requirements	25,922	25,922	22,267	22,267
<b>Total Cash Inflows</b>	<b>210,224</b>	<b>176,546</b>	<b>204,791</b>	<b>169,562</b>
Maturing Secured Lending Transactions Backed by Collateral	-	-	-	-
Committed Facilities	-	-	-	-
Other Inflows by Counterparty which are Maturing within 30 Days	198,757	176,442	186,355	169,490
Operational Deposits	11,364	-	18,364	-
Other Cash Inflows	103	103	72	72
<b>Liquidity Coverage Ratio (%) (Stock of High Quality Liquid Assets/Total Net Cash Outflows over the Next 30 Calendar Days) * 100</b>		<b>431.72%</b>		<b>335.50%</b>

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Credit Risk under Standardised Approach - Credit Risk Exposures and Credit Risk Mitigation (CRM) Effects

Asset Class	As at 31st March 2025					
	Exposures before		Exposures post CCF		RWA and RWA	
	On-Balance Sheet Amount Rs.'Mn	Off-Balance Sheet Amount Rs.'Mn	On-Balance Sheet Amount Rs.'Mn	Off-Balance Sheet Amount Rs.'Mn	RWA Rs.'Mn	RWA Density(ii) Rs.'Mn
Claims on Central Government and CBSL	119,716	-	119,716	-	-	0.00%
Claims on Foreign Sovereigns and their Central Banks	45,355	-	45,355	-	-	-
Claims on Public Sector Entities	-	4	-	4	2	50.00%
Claims on Official Entities and Multilateral Development Bank	-	-	-	-	-	-
Claims on Banks Exposures	200,476	58,037	200,476	9,256	52,331	24.95%
Claims on Financial Institutions	1,958	2,262	1,958	-	392	20.00%
Claims on Corporates	129,990	295,914	129,990	35,673	157,359	94.99%
Retail Claims	30,381	57,398	24,434	174	18,506	75.20%
Claims Secured by Residential Property	1,223	-	1,176	-	1,176	100.00%
Claims Secured by Commercial Real Estate	35,839	-	35,839	-	35,839	100.00%
Non-Performing Assets (NPAs)	172	-	172	-	159	92.27%
Higher-risk Categories	-	-	-	-	-	-
Cash Items and Other Assets	93,136	-	93,136	-	90,322	96.98%
<b>Total</b>	<b>658,247</b>	<b>413,614</b>	<b>652,252</b>	<b>45,106</b>	<b>356,086</b>	<b>-</b>

Note : RWA Density – Total RWA/Exposures post CCF and CRM.

Market Risk under Standardised Measurement Method

As at 31st March 2025	RWA Amount Rs.'Mn
<b>(a) RWA for Interest Rate Risk</b>	<b>1,196</b>
General Interest Rate Risk	1,029
(i) Net Long or Short Position	1,029
(ii) Horizontal Disallowance	-
(iii) Vertical Disallowance	-
(iv) Options	-
Specific Interest Rate Risk	-
<b>(b) RWA for Equity</b>	<b>-</b>
(i) General Equity Risk	-
(ii) Specific Equity Risk	-
<b>(c) RWA for Foreign Exchange &amp; Gold</b>	<b>167</b>
<b>Capital Charge for Market Risk [(a) + (b) + (c)] * CAR</b>	<b>9,566</b>

Operational Risk under Basic Indicator Approach

	Capital Charge	Gross Income For the period ending 31 March 2025		
		1st Year Rs.'Mn	2nd Year Rs.'Mn	3rd Year Rs.'Mn
The Basic Indicator Approach	Factor 15%	42,173	53,036	53,601
<b>Capital Charges for Operational Risk (LKR'Mn)</b>				
The Basic Indicator Approach	7,441			
<b>Risk Weighted Amount for Operational Risk (LKR'Mn)</b>				
The Basic Indicator Approach	59,524			

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Credit Risk under Standardised Approach

Exposures by Asset Classes and Risk Weights (Post CCF & CRM)

Description	Amount Rs.'Mn as at 31 March 2025 (Post CCF & CRM)							Total Credit Exposures Amount
Asset classes\ Risk Weight	0%	20%	50%	75%	100%	150%	>150%	
Claims on Central Government and Central Bank of Sri Lanka	119,716	-	-	-	-	-	-	119,716
Claims on Foreign Sovereigns and their Central Banks	45,355	-	-	-	-	-	-	45,355
Claims on Public Sector Entities	-	-	4	-	-	-	-	4
Claims on Official Entities and Multilateral Development Banks	-	-	-	-	-	-	-	-
Claims on Banks Exposures	-	175,893	33,567	-	79	194	-	209,732
Claims on Financial Institutions	-	1,958	-	-	-	-	-	1,958
Claims on Corporates	-	9,135	1,989	-	154,538	-	-	165,662
Retail Claims	-	-	-	24,407	200	-	-	24,607
Claims Secured by Residential Property	-	-	-	-	1,176	-	-	1,176
Claims Secured by Commercial Real Estate	-	-	-	-	35,839	-	-	35,839
Non-Performing Assets (NPAs)	-	-	30	-	138	4	-	172
Higher-risk Categories	-	-	-	-	-	-	-	-
Cash Items and Other Assets	1,105	2,137	-	-	89,894	-	-	93,136
<b>Total</b>	<b>166,176</b>	<b>189,124</b>	<b>35,590</b>	<b>24,407</b>	<b>281,864</b>	<b>197</b>	<b>-</b>	<b>697,358</b>

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Differences between Accounting and Regulatory Scopes and Mapping of Financial Statement Categories with Regulatory Risk Categories – Bank Only

Item	As at 31st March 2025				
	a	b	c	d	e
	Carrying Values as Reported in Published Financial Statements  Rs'Mn	Carrying Values under Scope of Regulatory Reporting  Rs'Mn	Subject to Credit Risk Framework  Rs'Mn	Subject to Market Risk Framework  Rs'Mn	Not subject to Capital Requirements or Subject to Deduction from Capital Rs'Mn
<b>Assets</b>					
Cash and Cash Equivalents	196,984	196,984	194,748	-	3,173
Balances with Central Banks	39,765	39,765	39,765	-	-
Placements with banks	5,926	5,926	5,926	-	-
Derivative Financial Instruments	280	280	-	280	-
Other Financial Assets Held-For-Trading	2,696	2,696	-	2,696	-
Loans and Receivables to Other Customers	198,794	198,794	198,794	-	-
Financial Investments - Fair value through other comprehensive income	122,499	122,499	122,499	-	-
Financial Investments - Amortised cost	99	99	99	-	-
Retirement benefit obligations surplus	-	-	-	-	-
Investments in Associates and Joint Ventures	-	-	-	-	-
Property, Plant and Equipment	5,584	5,584	89,894	-	15
Investment Properties	-	-	-	-	-
Goodwill and Intangible Assets	-	-	-	-	-
Deferred Tax Assets	-	-	-	-	-
Other Assets	85,808	85,808	85,808	-	-
<b>Liabilities</b>					
Due to Banks	10,723	10,723	-	-	-
Derivative Financial Instruments	187	187	-	-	-
Other Financial Liabilities Held-For-Trading	-	-	-	-	-
Financial Liabilities Designated at Fair Value Through Profit or Loss	-	-	-	-	-
Due to Other Customers	423,205	423,205	-	-	-
Other Borrowings	-	-	-	-	-
Retirement Benefit Obligations	235	235	-	-	-
Current Tax Liabilities	1,634	1,634	-	-	-
Deferred Tax Liabilities	332	332	-	-	-
Other Provisions	-	-	-	-	-
Other Liabilities	96,853	96,853	-	-	-
Due to Subsidiaries	-	-	-	-	-
Subordinated Term Debts	-	-	-	-	-
<b>Off-Balance Sheet Liabilities</b>					
Guarantees	15,319	15,319	15,319	-	-
Performance Bonds	48,208	48,208	48,208	-	-
Letters of Credit	41,408	41,408	41,408	-	-
Other Contingent Items	-	-	-	-	-
Undrawn Loan Commitments	248,231	248,231	248,231	-	-
Other Commitments	173,681	173,681	120,752	-	-
<b>Shareholders' Equity</b>					
Equity Capital (Stated Capital)/Assigned Capital	3,152	3,152	-	-	-
of which Amount Eligible for CET1	-	-	-	-	-
of which Amount Eligible for AT1	-	-	-	-	-
Retained Earnings	81,804	81,804	-	-	-
Accumulated Other Comprehensive Income	-	-	-	-	-
Statutory reserve fund	3,152	3,152	-	-	-
Other Reserves	37,158	37,158	-	-	-
<b>Total Shareholders' Equity</b>	<b>125,266</b>	<b>125,266</b>	<b>-</b>	<b>-</b>	<b>-</b>