THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED
SRI LANKA BRANCH

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 30 September**	2024 (Audited) As at 31 December
Regulatory Capital Adequacy		
Common Equity Tier 1, Rs.'Mn	94,272	94,220
Tier 1 Capital, Rs.'Mn	94,272	94,220
Total Capital, Rs.'Mn	96,587	96,739
Common Equity Tier 1 Capital Ratio, as % of Risk Weighted Assets (Minimum Requirement, 7%)	24.06%	23.20%
Tier 1 Capital Ratio, as % of Risk Weighted Assets (Minimum Requirement, 8.5%)	24.06%	23.20%
Total Capital Ratio, as % of Risk Weighted Assets (Minimum Requirement, 12.5%)	24.65%	23.81%

	2025 **As at 30 September**	2024(Audited) As at 31 December
Regulatory Liquidity		
Liquidity Coverage Ratio (%) - Rupee (Minimum Requirement, 100%)	236.00%	211.74%
Liquidity Coverage Ratio (%) - All currency (Minimum Requirement, 100%)	554.64%	335.50%
Net Stable Funding Ratio (%) (Minimum Requirement 100%)	150.00%	134.71%
Leverage Ratio (%) (Minimum Requirement 3%)	14.06%	14.24%

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Basel III Computation of Capital Adequacy Ratio

Item	As at 30th September 2025 Rs.'Mn
Common Equity Tier I (CETI) Capital after Adjustments	**94,272**
Total Common Equity Tier I (CET1) Capital	**94,168**
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
Total Adjustments to CET1 Capital	**(104)**
Revaluation losses of property, plant and equipment	-
Defined benefit pension fund assets	-
Deferred tax assets (net)	-
Other intangible assets (net)	12
Amount due to head office & branches outside Sri Lanka in Sri Lanka Rupees	(116)
Amount due from head office & branches outside Sri Lanka in Foreign Currency (net)	-
Tier 2 Capital after Adjustments	**2,315**
Total Tier 2 Capital	**-**
Revaluation gains	1,050
General provisions	1,265
Total Adjustments to Tier 2 Capital	**-**
Total Tier 1 Capital	**94,272**
Total Capital	**96,587**
Total Risk Weighted Assets (RWA)	**391,851**
RWAs for Credit Risk	318,690
RWAs for Market Risk	18,401
RWAs for Operational Risk	54,760
CET1 Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	**24.06%**
of which: Capital Conservation Buffer (%)	-
of which: Countercyclical Buffer (%)	-
of which: Capital Surcharge on D-SIBs (%)	-
Total Tier 1 Capital Ratio (%)	**24.06%**
Total Capital Ratio (including Capital Conservation Buffer, Countercyclical	**24.65%**
Capital Buffer & Surcharge on D-SIBs) (%)	-
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 30th September 2025 Rs.'Mn	As at 31 December 2024 Rs.'Mn
Tier 1 Capital	**94,272**	94,220
Total Exposures	**670,467**	661,624
On Balance Sheet Items (Excluding Derivatives and Securities Financing Transactions, but including Collateral)	**622,784**	612,159
Derivative Exposures	**1,391**	1,042
Securities Financing Transaction Exposures	**-**	-
Other Off-Balance Sheet Exposures	**46,189**	48,370
Basel III Leverage Ratio	**14.06%**	14.24%

Basel III Computation of Liquidity Coverage Ratio (All Currency)

Item	As at 30th September 2025 Rs'Mn		As at 31 December 2024 Rs'Mn	
	Total Un-weighted Value	**Total Weighted Value**	Total Un-weighted Value	Total Weighted Value
Total Stock of High-Quality Liquid Assets (HQLA)	**202,910**	**202,910**	**117,804**	**117,804**
Total Adjusted Level 1A Assets	**202,910**	**202,910**	**117,804**	**117,804**
Level 1 Assets	**202,910**	**202,910**	**117,804**	**117,804**
Total Adjusted Level 2A Assets	-	-	-	-
Level 2A Assets	-	-	-	-
Total Adjusted Level 2B Assets	-	-	-	-
Level 2B Assets	-	-	-	-
Total Cash Outflows	**810,621**	**146,335**	**800,328**	**140,451**
Deposits	141,130	14,113	141,968	14,197
Unsecured Wholesale Funding	266,213	96,686	262,210	99,842
Secured Funding Transactions	-	-	-	-
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	370,565	2,824	373,882	4,145
Additional Requirements	32,712	32,712	22,267	22,267
Total Cash Inflows	**157,589**	**124,001**	**204,791**	**169,562**
Maturing Secured Lending Transactions Backed by Collateral	-	-	-	-
Committed Facilities	-	-	-	-
Other Inflows by Counterparty which are Maturing within 30 I	148,000	123,967	186,355	169,490
Operational Deposits	9,555	-	18,364	-
Other Cash Inflows	34	34	72	72
Liquidity Coverage Ratio (%) (Stock of High Quality Liquid Assets/Total Net Cash Outflows over the Next 30 Calendar Days) * 100		**554.64%**		**335.50%**

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

Asset Class	As at 30th September 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	144,223	-	144,223	-	-	0.00%
Claims on Foreign Sovereigns and their Central Banks	61,501	-	61,501	-	-	-
Claims on Public Sector Entities	-	4	-	4	2	50.00%
Claims on Official Entities and Multilateral Development Banl	-	-	-	-	-	-
Claims on Banks Exposures	152,384	69,348	152,384	11,061	41,778	25.56%
Claims on Financial Institutions	3,493	613	3,493	-	699	20.00%
Claims on Corporates	128,476	323,130	128,476	36,699	161,745	97.92%
Retail Claims	30,287	58,125	24,277	148	18,374	75.23%
Claims Secured by Residential Property	848	-	775	-	775	100.00%
Claims Secured by Commercial Real Estate	29,361	-	29,361	-	29,361	100.00%
Non-Performing Assets (NPAs)	120	-	120	-	117	97.18%
Higher-risk Categories	-	-	-	-	-	-
Cash Items and Other Assets	68,619	-	68,619	-	65,841	95.95%
Total	**619,311**	**451,220**	**613,228**	**47,912**	**318,690**	-

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

Market Risk under Standardised Measurement Method

As at 30th September 2025	RWA Amount Rs.'Mn
(a) RWA for Interest Rate Risk	**2,300**
General Interest Rate Risk	1,535
(i) Net Long or Short Position	1,535
(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 & Gold	**765**
Capital Charge for Market Risk [(a) + (b) + (c)] * CAR	**18,401**

Operational Risk under Basic Indicator Approach

	Capital Charge	Gross Income For the period ending 30th September 2025		
	Factor	1st Year Rs.'Mn	2nd Year Rs.'Mn	3rd Year Rs.'Mn
The Basic Indicator Approach	15%	39,853	44,149	52,899
Capital Charges for Operational Risk (LKR'Mn)				
The Basic Indicator Approach	6,845			
Risk Weighted Amount for Operational Risk (LKR'Mn)				
The Basic Indicator Approach	54,760			

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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 30th September 2025 (Post CCF & CRM)**							
Asset classes\ Risk Weight	**0%**	**20%**	**50%**	**75%**	**100%**	**150%**	**>150%**	**Total Credit Exposures Amount**
Claims on Central Government and Central Bank of Sri Lanka	144,223	-	-	-	-	-	-	**144,223**
Claims on Foreign Sovereigns and their Central Banks	61,501	-	-	-	-	-	-	**61,501**
Claims on Public Sector Entities	-	-	4	-	-	-	-	**4**
Claims on Official Entities and Multilateral Development Banks	-	-	-	-	-	-	-	**-**
Claims on Banks Exposures	-	134,764	28,030	-	330	320	-	**163,444**
Claims on Financial Institutions	-	3,493	-	-	-	-	-	**3,493**
Claims on Corporates	-	3,030	2,013	-	160,132	-	-	**165,175**
Retail Claims	-	-	-	24,201	224	-	-	**24,425**
Claims Secured by Residential Property	-	-	-	-	29,361	-	-	**29,361**
Claims Secured by Commercial Real Estate	-	-	-	-	94	-	-	**94**
Non-Performing Assets (NPAs)	-	-	4	-	16	26	-	**45**
Higher-risk Categories	-	-	-	-	-	-	-	**-**
Cash Items and Other Assets	-	65,398	-	-	5,506	-	-	**70,903**
Total	**205,724**	**206,685**	**30,050**	**24,201**	**195,662**	**346**	**-**	**662,668**

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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 30th September 2025				
	a Carrying Values as Reported in Published Financial Statements Rs'Mn	b Carrying Values under Scope of Regulatory Reporting Rs'Mn	c Subject to Credit Risk Framework Rs'Mn	d Subject to Market Risk Framework Rs'Mn	e Not subject to Capital Requirements or Subject to Deduction from Capital Rs'Mn
Assets					
Cash and Cash Equivalents	74,878	74,878	69,283	-	2,889
Balances with Central Banks	47,267	47,267	47,267	-	-
Placements with banks	81,697	81,697	81,697	-	-
Derivative Financial Instruments	187	187	-	187	-
Other Financial Assets Held-For-Trading	1,113	1,113		1,113	-
Loans and Receivables to Other Customers	192,014	192,014	192,014	-	-
Financial Investments - Fair value through other comprehensive income	157,233	157,233	157,233	-	-
Financial Investments - Amortised cost	104	104	104	-	-
Retirement benefit obligations surplus	-	-	-	-	-
Investments in Associates and Joint Ventures	-	-	-	-	-
Property, Plant and Equipment	5,518	5,518	5,506	-	12
Investment Properties	-	-	-	-	-
Goodwill and Intangible Assets	-	-	-	-	-
Deferred Tax Assets	-	-	-	-	-
Other Assets	61,392	61,392	61,392	-	-
Liabilities					
Due to Banks	8,897	8,897	-	-	-
Derivative Financial Instruments	151	151	-	-	-
Other Financial Liabilities Held-For-Trading	-	-	-	-	-
Financial Liabilities Designated at Fair Value Through Profit or Loss	-	-	-	-	-
Due to Other Customers	402,470	402,470	-	-	-
Other Borrowings	-	-	-	-	-
Retirement Benefit Obligations	215	215	-	-	-
Current Tax Liabilities	7,011	7,011	-	-	-
Deferred Tax Liabilities	282	282	-	-	-
Other Provisions	-	-	-	-	-
Other Liabilities	71,907	71,908	-	-	-
Due to Subsidiaries	-	-	-	-	-
Subordinated Term Debts	-	-	-	-	-
Off-Balance Sheet Liabilities					
Guarantees	14,085	14,085	14,085	-	-
Performance Bonds	53,389	53,389	53,389	-	-
Letters of Credit	49,355	49,355	49,355	-	-
Other Contingent Items	-	-	-	-	-
Undrawn Loan Commitments	253,735	253,735	253,735	-	-
Other Commitments	223,349	223,349	80,655	-	-
Shareholders' Equity					
Equity Capital (Stated Capital)/Assigned Capital	3,152	3,152	-	-	-
of which Amount Eligible for CET1	-	-	-	-	-
of which Amount Eligible for AT1	-	-	-	-	-
Retained Earnings	85,102	85,102	-	-	-
Accumulated Other Comprehensive Income	-	-	-	-	-
Statutory reserve fund	3,152	3,152	-	-	-
Other Reserves	39,063	39,062	-	-	-
Total Shareholders' Equity	**130,469**	**130,469**	**-**	**-**	**-**