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

	2026 As at 31 March	2025 (Audited) As at 31 December
Regulatory Capital Adequacy		
Common Equity Tier 1, Rs.'Mn	96,332	96,323
Tier 1 Capital, Rs.'Mn	96,332	96,323
Total Capital, Rs.'Mn	98,546	98,827
Common Equity Tier 1 Capital Ratio, as % of Risk Weighted Assets (Minimum Requirement, 7%)	25.13%	24.00%
Tier 1 Capital Ratio, as % of Risk Weighted Assets (Minimum Requirement, 8.5%)	25.13%	24.00%
Total Capital Ratio, as % of Risk Weighted Assets (Minimum Requirement, 12.5%)	25.71%	24.63%

	2026 As at 31 March	2025 (Audited) As at 31 December
Regulatory Liquidity		
Liquidity Coverage Ratio (%) - Rupee (Minimum Requirement, 100%)	315.00%	217.00%
Liquidity Coverage Ratio (%) - All currency (Minimum Requirement, 100%)	377.01%	337.50%
Net Stable Funding Ratio (%) (Minimum Requirement 100%)	153.64%	149.00%
Leverage Ratio (%) (Minimum Requirement 3%)	13.42%	13.54%

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Basel III Computation of Capital Adequacy Ratio

Item	**As at 31st March 2026 Rs.'Mn**
Common Equity Tier I (CETI) Capital after Adjustments	**96,332**
Total Common Equity Tier I (CET1) Capital	**97,264**
Equity capital or stated capital/assigned capital	3,152
Reserve fund	3,152
Published retained earnings/(Accumulated retained losses)	82,117
Accumulated other comprehensive income (OCI)	8,842
General and other disclosed reserves	-
Total Adjustments to CET1 Capital	**932**
Revaluation losses of property, plant and equipment	-
Defined benefit pension fund assets	-
Deferred tax assets (net)	1,050
Other intangible assets (net)	11
Amount due to head office & branches outside Sri Lanka in Sri Lanka Rupees	(129)
Amount due from head office & branches outside Sri Lanka in Foreign Currency (net)	-
Tier 2 Capital after Adjustments	**2,213**
Total Tier 2 Capital	**-**
Revaluation gains	1,050
General provisions	1,164
Total Adjustments to Tier 2 Capital	**-**
Total Tier 1 Capital	**96,332**
Total Capital	**98,546**
Total Risk Weighted Assets (RWA)	**383,316**
RWAs for Credit Risk	319,169
RWAs for Market Risk	12,456
RWAs for Operational Risk	51,691
CET1 Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	**25.13%**
of which: Capital Conservation Buffer (%)	-
of which: Countercyclical Buffer (%)	-
of which: Capital Surcharge on D-SIBs (%)	-
Total Tier 1 Capital Ratio (%)	**25.13%**
Total Capital Ratio (including Capital Conservation Buffer, Countercyclical	**25.71%**
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 31st March 2026 Rs.'Mn	As at 31st December 2025 Rs.'Mn
Tier 1 Capital	**96,332**	94,109
Total Exposures	**717,791**	694,907
On Balance Sheet Items (Excluding Derivatives and Securities Financing Transactions, but including Collateral)	**669,869**	647,313
Derivative Exposures	**2,330**	1,670
Securities Financing Transaction Exposures	**-**	-
Other Off-Balance Sheet Exposures	**46,524**	45,815
Basel III Leverage Ratio	**13.42%**	13.54%

Basel III Computation of Liquidity Coverage Ratio (All Currency)

Item	As at 31st March 2026 Rs'Mn		As at 31st December 2025 Rs'Mn	
	Total Un-weighted Value	**Total Weighted Value**	Total Un-weighted Value	Total Weighted Value
Total Stock of High-Quality Liquid Assets (HQLA)	**170,332**	**170,332**	**148,537**	**148,537**
Total Adjusted Level 1A Assets	**170,332**	**170,332**	**148,537**	**148,537**
Level 1 Assets	**170,332**	**170,332**	**148,537**	**148,537**
Total Adjusted Level 2A Assets	-	-	-	-
Level 2A Assets	-	-	-	-
Total Adjusted Level 2B Assets	-	-	-	-
Level 2B Assets	-	-	-	-
Total Cash Outflows	**845,886**	**180,719**	**813,258**	**176,044**
Deposits	134,067	13,407	133,025	13,303
Unsecured Wholesale Funding	315,944	124,798	307,457	125,075
Secured Funding Transactions	-	-	-	-
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	356,043	2,683	337,934	2,825
Additional Requirements	39,831	39,831	34,842	34,842
Total Cash Inflows	**269,777**	**219,332**	**241,169**	**203,312**
Maturing Secured Lending Transactions Backed by Collateral	-	-	-	-
Committed Facilities	-	-	-	-
Other Inflows by Counterparty which are Maturing within 30 D	245,054	219,242	229,132	203,208
Operational Deposits	24,633	-	11,933	-
Other Cash Inflows	90	90	104	104
Liquidity Coverage Ratio (%) (Stock of High Quality Liquid Assets/Total Net Cash Outflows over the Next 30 Calendar Days) * 100		**377.01%**		**337.50%**

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

Asset Class	As at 31st March 2026					
	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	152,366	-	152,366	-	-	0.00%
Claims on Foreign Sovereigns and their Central Banks	20,188	-	20,188	1,183	-	-
Claims on Public Sector Entities	-	4	-	4	2	50.00%
Claims on Official Entities and Multilateral Development Bank	-	-	-	-	-	-
Claims on Banks Exposures	245,705	85,442	245,705	11,758	61,552	23.91%
Claims on Financial Institutions	3,304	1,796	3,304	-	661	20.00%
Claims on Corporates	125,295	312,361	125,295	35,851	157,121	97.50%
Retail Claims	30,211	57,038	23,760	731	18,413	75.18%
Claims Secured by Residential Property	804	-	763	-	763	100.00%
Claims Secured by Commercial Real Estate	21,934	-	21,934	-	21,934	100.00%
Non-Performing Assets (NPAs)	61	-	61	-	62	100.84%
Higher-risk Categories	-	-	-	-	-	-
Cash Items and Other Assets	62,139	-	62,139	-	58,662	94.40%
Total	**662,008**	**456,641**	**655,515**	**49,526**	**319,169**	-

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

Market Risk under Standardised Measurement Method

As at 31st March 2026	RWA Amount Rs.'Mn
(a) RWA for Interest Rate Risk	**1,557**
General Interest Rate Risk	1,302
(i) Net Long or Short Position	1,302
(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	**255**
Capital Charge for Market Risk [(a) + (b) + (c)] * CAR	**12,456**

Operational Risk under Basic Indicator Approach

	Capital Charge	Gross Income For the period ending 31st March 2026		
	Factor	1st Year Rs.'Mn	2nd Year Rs.'Mn	3rd Year Rs.'Mn
The Basic Indicator Approach	15%	41,040	40,377	47,809
Capital Charges for Operational Risk (LKR'Mn)				
The Basic Indicator Approach	6,461			
Risk Weighted Amount for Operational Risk (LKR'Mn)				
The Basic Indicator Approach	51,691			

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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 31st March 2026 (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	152,366	-	-	-	-	-	-	**152,366**
Claims on Foreign Sovereigns and their Central Banks	21,371	-	-	-	-	-	-	**21,371**
Claims on Public Sector Entities	-	-	4	-	-	-	-	**4**
Claims on Official Entities and Multilateral Development Banks	-	-	-	-	-	-	-	**-**
Claims on Banks Exposures	-	224,568	32,684	-	41	170	-	**257,464**
Claims on Financial Institutions	-	3,304	-	-	-	-	-	**3,304**
Claims on Corporates	-	3,878	1,843	-	155,424	-	-	**161,145**
Retail Claims	-	-	-	24,312	178	-	-	**24,491**
Claims Secured by Residential Property	-	-	-	-	763	-	-	**763**
Claims Secured by Commercial Real Estate	-	-	-	-	21,934	-	-	**21,934**
Non-Performing Assets (NPAs)	-	-	8	-	45	9	-	**61**
Higher-risk Categories	-	-	-	-	-	-	-	**-**
Cash Items and Other Assets	1,016	3,077	-	-	58,046	-	-	**62,139**
Total	**174,753**	**234,827**	**34,538**	**24,312**	**236,432**	**179**	**-**	**705,042**

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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 2026				
	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	172,662	172,662	148,364	-	17,140
Balances with Central Banks	51,019	51,019	51,019	-	-
Placements with banks	81,697	81,697	81,697	-	-
Derivative Financial Instruments	672	672	-	672	-
Other Financial Assets Held-For-Trading	13,273	13,273		13,273	-
Loans and Receivables to Other Customers	180,732	180,732	180,732	-	-
Financial Investments - Fair value through other comprehensive income	108,151	108,151	108,151	-	-
Financial Investments - Amortised cost	107	107	107	-	-
Retirement benefit obligations surplus	-	-	-	-	-
Investments in Associates and Joint Ventures	-	-	-	-	-
Property, Plant and Equipment	5,542	5,542	5,531	-	11
Investment Properties	-	-	-	-	-
Goodwill and Intangible Assets	-	-	-	-	-
Deferred Tax Assets	-	-	-	-	-
Other Assets	54,987	54,987	54,987	-	-
Liabilities					
Due to Banks	31,188	31,188	-	-	-
Derivative Financial Instruments	536	536	-	-	-
Other Financial Liabilities Held-For-Trading	-	-	-	-	-
Financial Liabilities Designated at Fair Value Through Profit or Loss	-	-	-	-	-
Due to Other Customers	426,004	426,004	-	-	-
Other Borrowings	-	-	-	-	-
Retirement Benefit Obligations	160	160	-	-	-
Current Tax Liabilities	8,359	8,359	-	-	-
Deferred Tax Liabilities	290	290	-	-	-
Other Provisions	-	-	-	-	-
Other Liabilities	70,051	70,052	-	-	-
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	100,598	-	-
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	41,801	41,801	-	-	-
Accumulated Other Comprehensive Income	-	-	-	-	-
Statutory reserve fund	3,152	3,152	-	-	-
Other Reserves	84,148	84,147	-	-	-
Total Shareholders' Equity	**132,253**	**132,253**	**-**	**-**	**-**