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 30 June**	2025 (Audited) As at 31 December
Regulatory Capital Adequacy		
Common Equity Tier 1, Rs.'Mn	97,317	96,323
Tier 1 Capital, Rs.'Mn	97,317	96,323
Total Capital, Rs.'Mn	99,625	98,827
Common Equity Tier 1 Capital Ratio, as % of Risk Weighted Assets (Minimum Requirement, 7%)	26.12%	24.00%
Tier 1 Capital Ratio, as % of Risk Weighted Assets (Minimum Requirement, 8.5%)	26.12%	24.00%
Total Capital Ratio, as % of Risk Weighted Assets (Minimum Requirement, 12.5%)	26.74%	24.63%

	2026 **As at 30 June**	2025 (Audited) As at 31 December
Regulatory Liquidity		
Liquidity Coverage Ratio (%) - Rupee (Minimum Requirement, 100%)	346.00%	217.00%
Liquidity Coverage Ratio (%) - All currency (Minimum Requirement, 100%)	369.02%	337.50%
Net Stable Funding Ratio (%) (Minimum Requirement 100%)	131.00%	149.00%
Leverage Ratio (%) (Minimum Requirement 3%)	16.13%	13.54%

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Basel III Computation of Capital Adequacy Ratio

Item	**As at 30th June 2026 Rs.'Mn**
Common Equity Tier I (CETI) Capital after Adjustments	**97,317**
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	**(53)**
Revaluation losses of property, plant and equipment	-
Defined benefit pension fund assets	-
Deferred tax assets (net)	-
Other intangible assets (net)	11
Amount due to head office & branches outside Sri Lanka in Sri Lanka Rupees	(64)
Amount due from head office & branches outside Sri Lanka in Foreign Currency (net)	-
Tier 2 Capital after Adjustments	**2,308**
Total Tier 2 Capital	**-**
Revaluation gains	1,050
General provisions	1,258
Total Adjustments to Tier 2 Capital	**-**
Total Tier 1 Capital	**97,317**
Total Capital	**99,625**
Total Risk Weighted Assets (RWA)	**372,617**
RWAs for Credit Risk	297,172
RWAs for Market Risk	17,739
RWAs for Operational Risk	57,706
CET1 Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	**26.12%**
of which: Capital Conservation Buffer (%)	-
of which: Countercyclical Buffer (%)	-
of which: Capital Surcharge on D-SIBs (%)	-
Total Tier 1 Capital Ratio (%)	**26.12%**
Total Capital Ratio (including Capital Conservation Buffer, Countercyclical	**26.74%**
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 June 2026 Rs.'Mn**	As at 31st December 2025 Rs.'Mn
Tier 1 Capital	**97,317**	94,109
Total Exposures	**603,277**	694,907
On Balance Sheet Items (Excluding Derivatives and Securities Financing Transactions, but including Collateral)	**545,301**	647,313
Derivative Exposures	**6,590**	1,670
Securities Financing Transaction Exposures	**-**	-
Other Off-Balance Sheet Exposures	**51,333**	45,815
Basel III Leverage Ratio	**16.13%**	13.54%

Basel III Computation of Liquidity Coverage Ratio (All Currency)

Item	**As at 30th June 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)	**127,803**	**127,803**	**148,537**	**148,537**
Total Adjusted Level 1A Assets	**127,803**	**127,803**	**148,537**	**148,537**
Level 1 Assets	**127,803**	**127,803**	**148,537**	**148,537**
Total Adjusted Level 2A Assets	-	-	-	-
Level 2A Assets	-	-	-	-
Total Adjusted Level 2B Assets	-	-	-	-
Level 2B Assets	-	-	-	-
Total Cash Outflows	**651,816**	**138,532**	**813,258**	**176,044**
Deposits	230	23	133,025	13,303
Unsecured Wholesale Funding	290,623	107,500	307,457	125,075
Secured Funding Transactions	-	-	-	-
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	333,679	3,725	337,934	2,825
Additional Requirements	27,284	27,284	34,842	34,842
Total Cash Inflows	**206,998**	**168,598**	**241,169**	**203,312**
Maturing Secured Lending Transactions Backed by Collateral	-	-	-	-
Committed Facilities	-	-	-	-
Other Inflows by Counterparty which are Maturing within 30	189,265	168,427	229,132	203,208
Operational Deposits	17,561	-	11,933	-
Other Cash Inflows	172	171	104	104
Liquidity Coverage Ratio (%) (Stock of High Quality Liquid Assets/Total Net Cash Outflows over the Next 30 Calendar Days) * 100		**369.02%**		**337.50%**

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

Asset Class	As at 30th June 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	107,945	-	107,945	-	-	0.00%
Claims on Foreign Sovereigns and their Central Banks	21,449	-	21,449	1,681	-	-
Claims on Public Sector Entities	-	4	-	4	2	50.00%
Claims on Official Entities and Multilateral Development Ban	-	-	-	-	-	-
Claims on Banks Exposures	168,106	87,672	168,106	11,852	46,508	25.84%
Claims on Financial Institutions	3,536	1,064	3,536	-	707	20.00%
Claims on Corporates	152,561	358,820	152,561	41,225	189,411	97.74%
Retail Claims	159	-	159	-	159	99.74%
Claims Secured by Residential Property	-	-	-	-	-	0.00%
Claims Secured by Commercial Real Estate	21,795	-	21,795	-	21,795	100.00%
Non-Performing Assets (NPAs)	-	-	-	-	-	0.00%
Higher-risk Categories	-	-	-	-	-	-
Cash Items and Other Assets	43,136	-	43,136	-	38,590	89.46%
Total	**518,688**	**447,561**	**518,688**	**54,762**	**297,172**	-

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

Market Risk under Standardised Measurement Method

As at 30th June 2026	RWA Amount Rs.'Mn
(a) RWA for Interest Rate Risk	**2,217**
General Interest Rate Risk	1,555
(i) Net Long or Short Position	1,555
(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	**663**
Capital Charge for Market Risk [(a) + (b) + (c)] * CAR	**17,739**

Operational Risk under Basic Indicator Approach

	Capital Charge	Gross Income For the period ending 30th June 2026		
	Factor	1st Year Rs.'Mn	2nd Year Rs.'Mn	3rd Year Rs.'Mn
The Basic Indicator Approach	15%	59,046	40,035	45,183
Capital Charges for Operational Risk (LKR'Mn)				
The Basic Indicator Approach	7,213			
Risk Weighted Amount for Operational Risk (LKR'Mn)				
The Basic Indicator Approach	57,706			

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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 June 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	107,945	-	-	-	-	-	-	**107,945**
Claims on Foreign Sovereigns and their Central Banks	23,130	-	-	-	-	-	-	**23,130**
Claims on Public Sector Entities	-	-	4	-	-	-	-	**4**
Claims on Official Entities and Multilateral Development Banks	-	-	-	-	-	-	-	-
Claims on Banks Exposures	-	144,972	34,948	-	37	2	-	**179,959**
Claims on Financial Institutions	-	3,536	-	-	-	-	-	**3,536**
Claims on Corporates	-	4,243	1,960	-	187,582	-	-	**193,786**
Retail Claims	-	-	-	2	157	-	-	**159**
Claims Secured by Residential Property	-	-	-	-	-	-	-	-
Claims Secured by Commercial Real Estate	-	-	-	-	21,795	-	-	**21,795**
Non-Performing Assets (NPAs)	-	-	-	-	-	-	-	-
Higher-risk Categories	-	-	-	-	-	-	-	-
Cash Items and Other Assets	538	5,010	-	-	37,588	-	-	**43,136**
Total	**131,613**	**157,762**	**36,912**	**2**	**247,160**	**2**	**-**	**573,450**

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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 June 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	69,898	69,898	74,550	-	26,733
Balances with Central Banks	17,618	17,618	17,618	-	-
Placements with banks	67,841	67,841	67,841	-	-
Derivative Financial Instruments	3,569	3,569	-	3,569	-
Other Financial Assets Held-For-Trading	17,280	17,280		17,280	-
Loans and Receivables to Other Customers	149,916	149,916	149,916	-	-
Financial Investments - Fair value through other comprehensive income	94,385	94,385	94,385	-	-
Financial Investments - Amortised cost	108	108	108	-	-
Retirement benefit obligations surplus	-	-	-	-	-
Investments in Associates and Joint Ventures	-	-	-	-	-
Property, Plant and Equipment	5,297	5,297	5,286	-	11
Investment Properties	-	-	-	-	-
Goodwill and Intangible Assets	-	-	-	-	-
Deferred Tax Assets	-	-	-	-	-
Other Assets	36,493	36,493	36,493	-	-
Liabilities					
Due to Banks	55,501	55,501	-	-	-
Derivative Financial Instruments	569	569	-	-	-
Other Financial Liabilities Held-For-Trading	-	-	-	-	-
Financial Liabilities Designated at Fair Value Through Profit or Loss	-	-	-	-	-
Due to Other Customers	277,914	277,914	-	-	-
Other Borrowings	-	-	-	-	-
Retirement Benefit Obligations	160	160	-	-	-
Current Tax Liabilities	12,038	12,038	-	-	-
Deferred Tax Liabilities	374	374	-	-	-
Other Provisions	-	-	-	-	-
Other Liabilities	45,837	45,838	-	-	-
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	113,882	-	-
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	99,994	99,994	-	-	-
Accumulated Other Comprehensive Income	-	-	-	-	-
Statutory reserve fund	3,152	3,152	-	-	-
Other Reserves	48,946	48,945	-	-	-
Total Shareholders' Equity	**155,243**	**155,243**	**-**	**-**	**-**