

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

	2023	2022 (Audited)
	As at 31 March	As at 31 December
Regulatory Capital Adequacy		
Common Equity Tier 1, Rs.'Mn	64,501	62,891
Tier 1 Capital, Rs.'Mn	64,501	62,891
Total Capital, Rs.'Mn	69,540	68,279
Common Equity Tier 1 Capital Ratio, as % of Risk Weighted Assets (Minimum Requirement, 6.5%)	17.56%	16.37%
Tier 1 Capital Ratio, as % of Risk Weighted Assets (Minimum Requirement, 8.0%)	17.56%	16.37%
Total Capital Ratio, as % of Risk Weighted Assets (Minimum Requirement, 12.0%)	18.94%	17.78%

	2023	2022
	As at 31 March	As at 31 December
Regulatory Liquidity		
Statutory Liquid Assets, Rs.'Mn		
Domestic Banking unit	181,730	219,945
Off-Shore Banking Unit	176,963	184,362
Total Bank	358,693	404,212
Statutory Liquid Assets Ratio,%		
Domestic Banking Unit	57.88%	52.23%
Off-Shore Banking Unit	81.53%	121.47%
Total Bank (Minimum Requirement, 20%)	64.45%	70.54%
Liquidity Coverage Ratio (%) - Rupee (Minimum Requirement, 100%)	254.00%	297.00%
Liquidity Coverage Ratio (%) - All currency (Minimum Requirement, 100%)	422.26%	500.40%
Net Stable Funding Ratio (%) (Minimum Requirement 100%)	155%	163%
Leverage Ratio (%) (Minimum Requirement 3%)	9.46%	8.27%

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

Basel III Computation of Capital Adequacy Ratio

Item	As at 31 March 2023 Rs./Mn
Common Equity Tier 1 (CET1) Capital after Adjustments	64,501
Total Common Equity Tier 1 (CET1) Capital	67,254
Equity capital or stated capital/assigned capital	3,152
Reserve fund	2,997
Published retained earnings/(accumulated retained losses)	54,766
Accumulated other comprehensive income (OCI)	6,114
General and other disclosed reserves	225
Total Adjustments to CET1 Capital	2,753
Revaluation losses of property, plant and equipment	-
Deferred tax assets (net)	-
Amount due to head office & branches outside Sri Lanka in Sri Lanka Rupees	(117)
Tier 2 Capital after Adjustments	5,039
Total Tier 2 Capital	5,039
Revaluation gains	1,050
General provisions	3,989
Total Adjustments to Tier 2 Capital	-
Total Tier 1 Capital	64,501
Total Capital	69,540
Total Risk Weighted Assets (RWA)	367,215
RWAs for Credit Risk	323,033
RWAs for Market Risk	5,735
RWAs for Operational Risk	38,447
CET1 Capital Ratio (including Capital Conservation Buffer,	
Countercyclical Capital Buffer & Surcharge on D-SIBs)	
(%)	17.56%
of which: Capital Conservation Buffer (%)	1.00%
of which: Countercyclical Buffer (%)	-
of which: Capital Surcharge on D-SIBs (%)	-
Total Tier 1 Capital Ratio (%)	17.56%
Total Capital Ratio (including Capital Conservation Buffer, Countercyclical	
Capital Buffer & Surcharge on D-SIBs) (%)	18.94%
of which: Capital Conservation Buffer (%)	1.00%
of which: Countercyclical Buffer (%)	-
of which: Capital Surcharge on D-SIBs (%)	-

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

Computation of Leverage Ratio

Item	As at 31 March 2023	As at 31 December 2022
	Rs.'Mn	Rs.'Mn
Tier 1 Capital	64,501	62,891
Total Exposures	681,535	759,452
On Balance Sheet Items (Excluding Derivatives and Securities Financing Transactions, but including Collateral)	603,211	668,472
Derivative Exposures	3,150	929
Securities Financing Transaction Exposures	-	-
Other Off-Balance Sheet Exposures	75,175	90,051
Basel III Leverage Ratio	9.45%	8.27%

Basel III Computation of Liquidity Coverage Ratio (All Currency)

Item	As at 31 March 2023		As at 31 December 2022	
	Rs'Mn		Rs'Mn	
	Total Un-weighted Value	Total Weighted Value	Total Un-weighted Value	Total Weighted Value
Total Stock of High-Quality Liquid Assets (HQLA)	158,135	158,135	199,645	199,645
Total Adjusted Level 1A Assets	158,135	158,135	199,645	199,645
Level 1 Assets	158,135	158,135	199,645	199,645
Total Adjusted Level 2A Assets	-	-	-	-
Level 2A Assets	-	-	-	-
Total Adjusted Level 2B Assets	-	-	-	-
Level 2B Assets	-	-	-	-
Total Cash Outflows	843,994	149,799	911,642	159,589
Deposits	149,532	14,953	163,377	16,338
Unsecured Wholesale Funding	282,201	118,838	313,468	125,607
Secured Funding Transactions	-	-	-	-
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	400,219	3,966	420,107	2,955
Additional Requirements	12,042	12,042	14,690	14,690
Total Cash Inflows	209,498	176,554	224,506	164,432
Maturing Secured Lending Transactions Backed by Collateral Committed Facilities	-	-	-	-
Other Inflows by Counterparty which are Maturing within 30 Days	186,180	175,582	179,292	163,160
Operational Deposits	22,092	-	43,776	-
Other Cash Inflows	1,226	972	1,438	1,272
Liquidity Coverage Ratio (%) (Stock of High Quality Liquid Assets/Total Net Cash Outflows over the Next 30 Calendar Days) * 100		422.26%		500.40%

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

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

Asset Class	As at 31 March 2023					
	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	163,351	-	163,351	11	-	0.00%
Claims on Foreign Sovereigns and their Central Banks	-	-	-	-	-	-
Claims on Public Sector Entities	-	-	-	-	-	-
Claims on Official Entities and Multilateral Development Bank	-	-	-	-	-	-
Claims on Banks Exposures	194,324	445,159	194,324	18,437	43,897	20.63%
Claims on Financial Institutions	-	-	-	-	-	0.00%
Claims on Corporates	113,542	596,486	113,228	55,418	167,011	99.03%
Retail Claims	29,941	312	25,262	312	19,614	76.70%
Claims Secured by Residential Property	2,153	-	2,153	-	2,153	100.00%
Claims Secured by Commercial Real Estate	49,272	-	49,272	-	49,272	100.00%
Non-Performing Assets (NPAs)	3,980	-	4,458	-	6,249	140.20%
Higher-risk Categories	-	-	-	-	-	-
Cash Items and Other Assets	37,535	-	37,535	-	34,837	92.81%
Total	594,098	1,041,957	589,581	74,178	323,033	-

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

Market Risk under Standardised Measurement Method

As at 31 March 2023	RWA Amount Rs.'Mn
(a) RWA for Interest Rate Risk	503
General Interest Rate Risk	-
(i) Net Long or Short Position	503
(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	214
Capital Charge for Market Risk [(a) + (b) + (c)] * CAR	5,735

Operational Risk under Basic Indicator Approach

	Capital Charge	Gross Income For the period ending 31 March 2023		
		1st Year Rs.'Mn	2nd Year Rs.'Mn	3rd Year Rs.'Mn
The Basic Indicator Approach	Factor 15%	48,631	20,150	27,337
Capital Charges for Operational Risk (LKR'Mn)				
The Basic Indicator Approach	4,806			
Risk Weighted Amount for Operational Risk (LKR'Mn)				
The Basic Indicator Approach	38,447			

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

Credit Risk under Standardised Approach
Exposures by Asset Classes and Risk Weights (Post CCF & CRM)

Description	Amount (Rs Mn) as at 31 Mach 2023 (Post CCF & CRM)							Total Credit Exposures Amount
	0%	20%	50%	75%	100%	150%	>150%	
Claims on Central Government and Central Bank of Sri Lanka	163,362	-	-	-	-	-	-	163,362
Claims on Foreign Sovereigns and their Central Banks	-	-	-	-	-	-	-	-
Claims on Public Sector Entities	-	-	-	-	-	-	-	-
Claims on Official Entities and Multilateral Development Banks	-	-	-	-	-	-	-	-
Claims on Banks Exposures	-	208,467	4,180	-	114	-	-	212,761
Claims on Financial Institutions	-	-	-	-	-	-	-	-
Claims on Corporates	-	254	2,865	-	165,528	-	-	168,646
Retail Claims	-	-	-	23,838	1,736	-	-	25,574
Claims Secured by Residential Property	-	-	-	-	2,153	-	-	2,153
Claims Secured by Commercial Real Estate	-	-	-	-	49,272	-	-	49,272
Non-Performing Assets (NPAs)	-	-	13	-	848	3,597	-	4,458
Higher-risk Categories	-	-	-	-	-	-	-	-
Cash Items and Other Assets	1,451	1,559	-	-	34,525	-	-	37,535
Total	164,813	210,280	7,058	23,838	254,174	3,597	-	663,759

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

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

Item	As at 31 March 2023				
	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
Assets					
Cash and Cash Equivalents	203,368	203,368	195,775	-	7,593
Balances with Central Banks	136,557	136,557	136,557	-	-
Derivative Financial Instruments	1,639	1,639	-	-	-
Other Financial Assets Held-For-Trading	48	48	48	48	-
Loans and Receivables to Other Customers	191,904	191,904	194,371	-	-
Financial Investments - Fair value through other comprehensive income	27,114	27,114	26,686	26,686	-
Financial Investments - Amortised cost	61	61	61	-	-
Investments in Subsidiaries	-	-	-	-	-
Investments in Associates and Joint Ventures	-	-	-	-	-
Property, Plant and Equipment	5,120	5,120	5,120	-	-
Investment Properties	-	-	-	-	-
Goodwill and Intangible Assets	-	-	-	-	-
Deferred Tax Assets	2,825	2,825	-	-	2,825
Other Assets	30,969	30,969	30,964	-	5
Liabilities					
Due to Banks	12,464	12,464	-	-	-
Derivative Financial Instruments	504	504	-	-	-
Other Financial Liabilities Held-For-Trading	-	-	-	-	-
Financial Liabilities Designated at Fair Value Through Profit or Loss	-	-	-	-	-
Due to Other Customers	424,162	424,162	-	-	-
Other Borrowings	-	-	-	-	-
Retirement Benefit Obligations	509	509	-	-	-
Current Tax Liabilities	11,434	11,434	-	-	-
Deferred Tax Liabilities	-	-	-	-	-
Other Provisions	-	-	-	-	-
Other Liabilities	39,462	39,462	-	-	-
Due to Subsidiaries	-	-	-	-	-
Subordinated Term Debts	-	-	-	-	-
Off-Balance Sheet Liabilities					
Guarantees	99,877	99,877	99,877	-	-
Performance Bonds	19,681	19,681	19,681	-	-
Letters of Credit	42,959	42,959	42,959	-	-
Other Contingent Items	-	-	-	-	-
Undrawn Loan Commitments	216,833	216,833	216,833	-	-
Other Commitments	407,921	407,921	46,916	-	-
Shareholders' Equity					
Equity Capital (Stated Capital)/Assigned Capital of which Amount Eligible for CET1	3,152	3,152	-	-	-
of which Amount Eligible for AT1	-	-	-	-	-
Retained Earnings	54,155	54,155	-	-	-
Accumulated Other Comprehensive Income	-	-	-	-	-
Statutory reserve fund	2,997	2,997	-	-	-
Other Reserves	50,765	50,765	-	-	-
Total Shareholders' Equity	111,070	111,070	-	-	-