



STANDARD CHARTERED BANK - SRI LANKA BRANCH
Pillar III - Market Discipline Disclosures
As at 30 June 2026

Pillar III – Market Discipline Disclosures

The disclosures mandated by Direction No.1 of 2016 on Capital Requirements under Basel III for Licensed Commercial Banks and Licensed Specialised Banks are provided in the following annexes.

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Disclosure – 1

Key Regulatory Ratios - Capital and Liquidity		
Item	Current Period	Previous Period
	30/06/26	31/12/25
Regulatory Capital Adequacy (LKR in Millions)		
Common Equity Tier 1	85,258	89,516
Tier 1 Capital	85,258	89,516
Total Regulatory Capital	87,531	90,961
Regulatory Capital Ratios (%)		
Common Equity Tier 1 Capital (%) (Minimum Requirement 7%)	34.87	46.45
Tier 1 Capital Ratio (%) (Minimum Requirement 8.5%)	34.87	46.45
Total Capital Ratio (%) (Minimum Requirement :12.5%)	35.80	47.20
Basel III Leverage Ratio (Minimum Requirement : 3%)	19.14	21.18
Regulatory Liquidity Requirement		
Liquidity Coverage Ratio (%) (Minimum Requirement : 100%)		
- Rupee (%)	275.00	324.00
- All Currency (%)	459.46	188.16
Net Stable Funding Ratio (%) - (Minimum Requirement : 100%)	245.00	220.93
Assets Quality		
Net Impaired Loans (Stage 3) to Total Net Loans, Ratio (%)	0.7%	1.0%
Gross Impaired Loans (Stage 3) to Total Gross Loans, Ratio (%)	2.2%	2.5%
Impairment provisioning (Stage 3) to Stage 3 Loans, Ratio (%)	72.0%	62.5%
Income & Profitability		
Net Interest Margin (%)	4.5%	5.5%
Return on Assets (before Tax) (%)	1.3%	8.7%
Return on Equity (%)	3.5%	16.2%
Cost to Income Ratio (%)	33.0%	18.6%
Memorandum Information		
Credit Rating	AAA (lka) by Fitch	AAA (lka) by Fitch
Number of Employees	500	511
Number of Branches	7	7

Disclosure - 2
Basel III Computation of Capital Ratios

Item	Amount (LKR 'Mn)	
	Reporting Period 30/06/2026	Reporting Period 31/12/2025
Common Equity Tier 1 (CET1) Capital after Adjustments	85,258	89,515
Common Equity Tier 1 (CET1) Capital	85,259	90,710
Equity Capital (Stated Capital)/Assigned Capital	3,318	3,318
Reserve Fund	3,318	3,318
Published Retained Earnings/(Accumulated Retained Losses)	78,706	77,956
Published Accumulated Other Comprehensive Income (OCI)	(2,250)	3,950
General and other Disclosed Reserves	2,168	2,168
Unpublished Current Year's Profit/Loss and Gains reflected in OCI	-	-
Ordinary Shares issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by Third Parties	-	-
Total Adjustments to CET1 Capital	1	1,195
Goodwill (net)	-	-
Intangible Assets (net)	-	-
Deferred tax assets (net)	1	1,195
Defined benefit pension fund assets	-	-
Amount due to head office & branches outside Sri Lanka in Sri Lanka Rupees	(0)	(0)
Amount due from head office & branches outside Sri Lanka in Foreign Currency (net)	-	-
Additional Tier 1 (AT1) Capital after Adjustments	-	-
Additional Tier 1 (AT1) Capital	-	-
Qualifying Additional Tier 1 Capital Instruments	-	-
Instruments issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by Third Parties	-	-
Total Adjustments to AT1 Capital	-	-
Investment in Own Shares	-	-
Others (specify)	-	-
Tier 2 Capital after Adjustments	2,273	1,446
Tier 2 Capital	2,273	1,446
Qualifying Tier 2 Capital Instruments	-	-
Revaluation Gains	-	-
Loan Loss Provisions	-	-
Instruments issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by Third Parties	-	-
General Provisions	2,273	1,446
Total Adjustments to Tier 2	-	-
Investment in Own Shares	-	-
Others (specify)	-	-
	-	-
CET1 Capital	85,258	89,515
Total Tier 1 Capital	85,258	89,515
Total Capital	87,531	90,961
Total Risk Weighted Assets (RWA)	244,512	192,713
RWAs for Credit Risk	181,857	147,537
RWAs for Market Risk	31,736	12,630
RWAs for Operational Risk	30,919	32,545
CET1 Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	34.87%	46.45%
of which: Capital Conservation Buffer (%)	-	-
of which: Countercyclical Buffer (%)	-	-
of which: Capital Surcharge on D-SIBs (%)	-	-
Total Tier 1 Capital Ratio (%)	34.87%	46.45%
Total Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	35.80%	47.20%
of which: Capital Conservation Buffer (%)	-	-
of which: Countercyclical Buffer (%)	-	-
of which: Capital Surcharge on D-SIBs (%)	-	-

Disclosure - 3

Basel III Computation of Leverage Ratio

Item	Amount (LKR 'Mn)	
	30.06.2026	31.12.2025
Tier 1 Capital	85,258	89,515
Total Exposures	445,377	422,679
On-balance Sheet Items (excluding Derivatives and Securities Financing Transactions, but including collateral)	389,723	359,784
Derivative Exposures	7,205	8,983
Securities Financing Transaction Exposures	-	-
Other Off-Balance Sheet Exposures	48,449	53,912
Basel III Leverage Ratio (%) (Tier 1/Total Exposure)	19.14%	21.18%

Disclosure - 4

Basel III Computation of Liquidity Coverage Ratio

Item	Amount (LKR'Mn)			
	30.06.2026		31.12.2025	
	Total Un-Weighted Value	Total Weighted Value	Total Un-Weighted Value	Total Weighted Value
Total Stock of High-Quality Liquid Assets (HQLA)	147,767	147,767	154,053	154,053
Total Adjusted Level 1A Assets	147,767	147,767	154,053	154,053
Level 1 Assets	147,767	147,767	154,053	154,053
Total Adjusted Level 2A Assets	-	-	-	-
Level 2A Assets	-	-	-	-
Total Adjusted Level 2B Assets	-	-	-	-
Level 2B Assets	-	-	-	-
Total Cash Outflows	424,322	128,644	623,324	327,489
Deposits	35,891	3,589	35,595	3,560
Unsecured Wholesale Funding	211,493	89,367	199,506	82,570
Secured Funding Transactions	-	-	-	-
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	153,465	12,215	157,090	10,228
Additional Requirements	23,473	23,473	231,132	231,132
Total Cash Inflows	142,278	126,893	310,103	290,660
Maturing Secured Lending Transactions Backed by Collateral	-	-	-	-
Committed Facilities	-	-	-	-
Other Inflows by Counterparty which are Maturing within 30 Days	115,964	102,847	73,999	58,022
Operational Deposits	1,644	-	2,206	-
Other Cash Inflows	24,671	24,046	233,898	232,639
Liquidity Coverage Ratio (%) (Stock of High Quality Liquid Assets/Total Net Cash Outflows over the Next 30 Calendar Days) * 100	459.46%		188.16%	

Disclosure - 5

Main Features of Regulatory Capital Instruments

Standard Chartered Bank, Sri Lanka, being a branch of Standard Chartered Bank, U.K., has only the following sources of capital.

- Assigned capital
- Capital Reserves
- Revaluation Reserve
- Other Comprehensive Income
- Retained Profits
- Exchange Gain/(Loss) on Translation Reserve

Apart from the above sources, there were no other financial instruments outstanding as at the reporting date that had been issued to raise capital for the Branch.

Source of Capital	Accounting Classification	Amount reflected in the Financial Statements	Amount considered for Regulatory Capital
		Rs.Mn	Rs.Mn
Assigned Capital - Relates to capital assigned to the branch by the Head Office at the time setting up the branch in Sri Lanka and subsequent infusions by Head Office.	Equity	3,318	3,318
Capital Reserves - Relates to amounts brought forward as capital reserves by Standard Chartered Bank and ANZ Grindlays Bank branches in Sri Lanka, prior to the acquisition of the later by the former entity.	Equity	2,168	2,168
Revaluation Reserve - Surplus arising from revaluation of fixed assets, prior adoption of 'cost model' on transition to SLFRS.	Equity	1,990	-
Statutory Reserve - Comprise of Mandatory appropriations made out of profit after tax, as per the Banking Act requirements.	Equity	3,318	3,318
Other Comprehensive Income - Comprise of gains/(losses) arising from fair valuation of assets valued through OCI, actuarial valuation of defined benefit schemes and exchange gains/(losses) arising from the translation of FCBU net assets. The amounts are net of deferred tax and ECL provisions, where relevant.	Equity	8,135	(2,250)
Retained Profits - Comprise of un-remitted profits (after tax) of the branch, after making statutory appropriations to the Statutory Reserve.	Equity	77,975	78,706

Disclosure – 6

Credit Risk under Standardised Approach						
Credit Risk Exposures and Credit Risk Mitigation (CRM) Effects						
Asset Class	Amount (LKR'Mn) as at 30.06.2026					
	Exposures before Credit Conversion Factor (CCF) and CRM		Exposures post CCF and CRM		RWA and RWA Density (%)	
	On-Balance Sheet Amount	Off-Balance Sheet Amount	On-Balance Sheet Amount	Off-Balance Sheet Amount	RWA	RWA Density(ii)
Claims on Central Government and CBSL	135,660	-	135,660	-	-	0%
Claims on Foreign Sovereigns and their Central Banks	13,407	-	13,407	-	6,704	
Claims on Public Sector Entities	-	-	-	-	-	
Claims on Official Entities and Multilateral Development Banks	-	-	-	-	-	-
Claims on Banks Exposures	121,493	79,775	121,493	3,972	42,034	34%
Claims on Financial Institutions	2,740	-	2,740	-	1,220	45%
Claims on Corporates	65,794	77,701	66,059	54,827	105,280	87%
Retail Claims	19,956	-	18,451	-	14,264	77%
Claims Secured by Residential Property	3,593	-	3,593	-	1,504	42%
Claims Secured by Commercial Real Estate	-	-	-	-	-	
Non-Performing Assets (NPAs)(i)	750	-	750	-	750	100%
Higher-risk Categories	-	-	-	-	-	
Cash Items and Other Assets	12,739	-	12,739	-	10,100	79%
Total	376,132	157,475	374,891	58,798	181,857	42%

Disclosure – 7

Market Risk under Standardised Measurement Method	
Item	RWA Amount (LKR'Mn) as at 30th June 2026
(a) RWA for Interest Rate Risk	12,421
General Interest Rate Risk	12,421
(i) Net Long or Short Position	12,421
(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	19,315
Capital Charge for Market Risk [(a) + (b) + (c)] * CAR	3,967

Disclosure – 8

Operational Risk under Basic Indicator Approach					
The Standardised Approach and Alternative Standardised Approach					
			Gross Income (LKR'Mn) as at 30.06.2026		
Capital Charge	Capital Charge Factor	Fixed Factor	1st Year	2nd Year	3rd Year
The Basic Indicator Approach	15%		24,293	27,817	25,188
The Standardised Approach			-	-	-
Corporate Finance	18%		-	-	-
Trading and Sales	18%		7,059	12,461	11,439
Payment and Settlement	18%		277	375	178
Agency Services	15%		129	3	1
Asset Management	12%		-	-	-
Retail Brokerage	12%		-	-	-
Retail Banking	12%		4,901	5,509	4,991
Commercial Banking	15%		11,927	9,469	8,579
The Alternative Standardised Approach			-	-	-
Corporate Finance	18%		-	-	-
Trading and Sales	18%		7,059	12,461	11,439
Payment and Settlement	18%		277	375	178
Agency Services	15%		129	3	1
Asset Management	12%		-	-	-
Retail Brokerage	12%		-	-	-
Retail Banking	12%	0.035	22,790	22,406	21,607
Commercial Banking	15%	0.035	344,698	263,383	278,537
Capital Charges for Operational Risk (LKR'000)					
The Basic Indicator Approach	3,865				
The Standardised Approach	4,029				
The Alternative Standardised Approach	3,559				
Risk-Weighted Amount for operational Risk (LKR'000)					
The Basic Indicator Approach	30,919				
The Standardised Approach	32,230				
The Alternative Standardised Approach	28,473				

Disclosure – 09

**Differences between Accounting and Regulatory Scopes and
Mapping of Financial Statement Categories with Regulatory Risk Categories**

Following the transition to SLRFS basis of reporting for all Central Bank of Sri Lanka reporting, there is no difference between the regulatory and accounting results reported.

Disclosure – 10

Explanation of differences between Accounting and Regulatory Exposure Amounts

Following the transition to SLRFS based reporting for regulatory reporting there is no difference in the measurement or presentation of financial results/position, between the two reporting.