

# The Hongkong and Shanghai Banking Corporation Limited

Incorporated in the Hongkong SAR with limited liability

## Sri Lanka Branch

Main Office - 24, Sir Baron Jayatilaka Mawatha, Colombo 1.

Summarised Income Statement		
For the period ended 30 September	2014	2013
	Rs. '000	Rs. '000
Interest income	17,811,391	19,362,449
Less: interest expenses	(5,355,741)	(5,914,568)
Net interest income	12,455,650	13,447,881
Fee and commission income	3,023,942	3,317,045
Less: fee and commission expenses	(518,753)	(503,932)
Net fee and commission income	2,505,189	2,813,113
Net gain/(loss) from trading	1,444,365	1,478,510
Net gain/(loss) from financial instruments designated at fair value through profit or loss	-	-
Net gain/(loss) from financial investments	357,473	-
Other operating income (net)	39,947	111,370
Total operating income	16,802,624	17,850,875
Impairment for loans and other losses		
Individual impairment	468,229	(236,263)
Collective impairment	(430,377)	(337,726)
Others	-	-
Net operating income	16,840,476	17,276,885
Personnel expenses	(2,475,854)	(2,285,294)
Depreciation and amortisation	(119,202)	(109,315)
Other expenses	(4,223,579)	(3,567,328)
Operating profit/(loss) before value added tax (VAT)	10,021,841	11,314,949
Value Added Tax (VAT) on financial services	(1,292,305)	(1,502,448)
Operating profit/(loss) after value added tax (VAT)	8,729,536	9,812,501
Share of profits of associates and joint ventures	-	-
Profit/(loss) before tax	8,729,536	9,812,501
Tax expenses	(2,878,040)	(3,035,250)
Profit/(loss) for the period	5,851,496	6,777,251
Profit attributable to:		
Owners of the parent	-	-
Non-controlling interest	-	-
Earnings per share on profit		
Basic earnings per ordinary share	-	-
Diluted earnings per ordinary share	-	-

Statement of Comprehensive Income		
For the period ended 30 September	2014	2013
	Rs. '000	Rs. '000
Profit/(loss) for the period	5,851,496	6,777,251
Other comprehensive income, net of tax		
Changes in revaluation surpluses	(208)	-
Actuarial gains/(losses) on defined benefit plans	(17,093)	9,047
Gains and losses (arising from translating the financial statements of a foreign operation)	(448,111)	(71,817)
Gains and losses on re-measuring available-for-sale financial assets	2,890,945	783,601
Gains and losses on cash flow hedges	-	-
Other	-	-
Share of profits of associates and joint ventures	-	-
Less: income tax (charge)/credit related to components of Other comprehensive income	(742,252)	(227,449)
Other comprehensive income for the period net of taxes	1,683,281	493,382
Total comprehensive income for the period	7,534,777	4,819,765
Attributable to:		
Owners of the parent	-	-
Non-controlling interest	-	-

Selected Performance Indicators		
	As at 30 September 2014	Audited As at 31 December 2013
Regulatory capital adequacy		
Core Capital (Tier 1 Capital) Rs. 000	41,684,262	39,823,288
Total Capital Base. Rs. 000	42,823,077	40,180,205
Core Capital Adequacy Ratio, as % of risk weighed assets (Minimum requirement 5%)	22.08%	22.46%
Total Capital Adequacy Ratio as % of risk weighted assets (Minimum requirement 10%)	22.68%	22.66%
Assets quality (quality of loan portfolio)		
Gross Non-Performing Advances Ratio % (net of interest in suspense)	3.00%	3.55%
Net Non-Performing Advances Ratio % (net of interest in suspense and provisions)	1.84%	1.97%
Profitability		
Interest Margin, %	5.16%	6.11%
Return on Assets (before Tax), %	4.20%	4.52%
Return on Equity, %	18.44%	22.32%
Regulatory liquidity		
Statutory Liquid Assets, Rs. '000		
Domestic banking unit	160,107,640	120,838,668
Offshore banking unit	44,329,431	30,798,859
Statutory Liquid Assets ratio, % (minimum requirement, 20%)		
Domestic banking unit	84.76%	67.87%
Offshore banking unit	55.73%	38.63%

Analysis of Financial Instruments by Measurement Basis							
For the period ended 30 September 2014	Held-for-trading	Designated at fair value through profit/loss	Held-to-maturity	Amortised cost	Available-for-sale	Hedging	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Assets							
Cash and cash equivalents	-	-	-	11,853,592	-	-	11,853,592
Balances with central banks	-	-	-	29,885,789	-	-	29,885,789
Placements with banks	-	-	-	24,531,793	-	-	24,531,793
Derivative financial instruments	1,115,071	-	-	-	-	-	1,115,071
Other financial assets held-for-trading	2,731,766	-	-	-	-	-	2,731,766
Loans and receivables to banks	-	-	-	9,808,500	-	-	9,808,500
Loans and receivables to other customers	-	-	-	155,568,718	-	-	155,568,718
Financial investments	-	-	-	-	132,333,694	-	132,333,694
Acceptances & Endorsements	-	-	-	13,975,502	-	-	13,975,502
Total financial assets	3,846,837	-	-	245,623,894	132,333,694	-	381,804,425
Liabilities							
Due to banks	-	-	-	139,443,981	-	-	139,443,981
Derivative financial instruments	98,452	-	-	-	-	-	98,452
Other financial liabilities at fair value through profit or loss	-	-	-	-	-	-	-
Due to other customers	-	-	-	172,894,780	-	-	172,894,780
Other borrowings	-	-	-	-	-	-	-
Debt securities issued	-	-	-	-	-	-	-
Acceptances & Endorsements	-	-	-	13,975,502	-	-	13,975,502
Total financial liabilities	98,452	-	-	326,314,263	-	-	326,412,715

Statement of Changes in Equity										
For the period ended 30 September 2014	Stated Capital/Assigned capital			Reserves				Total	Non-controlling interest	Total equity
	Ordinary voting shares	Ordinary non-voting shares	Assigned capital	Reserve fund	Revaluation reserve	Retained earnings	Other reserves			
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 01/01/2014 (opening balance)	-	-	3,152,358	1,790,585	1,360,328	32,002,343	4,741,165	43,046,779	-	43,046,779
Total comprehensive income for the year	-	-	-	-	-	-	-	-	-	-
Profit/(loss) for the period	-	-	-	-	-	5,851,496	-	5,851,496	-	5,851,496
Other comprehensive income (net of tax)	-	-	-	-	(208)	1,683,489	-	1,683,281	-	1,683,281
Total comprehensive income for the year	-	-	-	-	(208)	7,534,985	-	7,534,777	-	7,534,777
Transactions with equity holders recognised directly in equity										
Share issue/increase of assigned capital	-	-	-	-	-	-	-	-	-	-
Share option exercised	-	-	-	-	-	-	-	-	-	-
Bonus issue	-	-	-	-	-	-	-	-	-	-
Rights issue	-	-	-	-	-	-	-	-	-	-
Transfer to reserves during the period	-	-	-	-	-	-	-	-	-	-
Dividends to equity holders	-	-	-	-	-	-	-	-	-	-
Profit transferred to head office	-	-	-	-	-	-	-	-	-	-
Gain/(loss) on revaluation of property, plant and equipment (if cost method is adopted)	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	(523,177)	527,352	4,175	-	4,175
Total transactions with equity holders	-	-	-	-	-	(523,177)	527,352	4,175	-	4,175
Balance as at 30/09/2014 (closing balance)	-	-	3,152,358	1,790,585	1,360,120	39,014,151	5,268,517	50,585,731	-	50,585,731

