

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 31 December	2014 Rs. '000	2013 Rs. '000
Interest income	24,121,085	25,839,261
Less: interest expenses	(7,136,321)	(7,860,324)
Net interest income	16,984,764	17,978,937
Fee and commission income	3,931,030	4,444,812
Less: fee and commission expenses	(670,334)	(660,675)
Net fee and commission income	3,260,696	3,784,137
Net gain/(loss) from trading	1,447,165	1,547,379
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)	496,989	117,696
Total operating income	22,547,087	23,428,149
Impairment for loans and other losses		
Individual impairment	508,837	(251,270)
Collective impairment	(1,024,495)	(556,372)
Others	-	-
Net operating income	22,031,429	22,620,507
Personnel expenses	(3,246,473)	(2,944,260)
Depreciation and amortisation	(164,770)	(144,768)
Other expenses	(5,776,187)	(4,849,726)
Operating profit/(loss) before value added tax (VAT)	12,843,999	14,681,753
Value Added Tax (VAT) on financial services	(1,626,600)	(2,043,160)
Operating profit/(loss) after value added tax (VAT)	11,217,399	12,638,593
Share of profits of associates and joint ventures	-	-
Profit/(loss) before tax	11,217,399	12,638,593
Tax expenses	(3,746,544)	(4,406,918)
Profit/(loss) for the period	7,470,855	8,231,675
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 31 December	2014 Rs. '000	2013 Rs. '000
Profit/(loss) for the period	7,470,855	8,231,675
Other comprehensive income, net of tax		
Changes in revaluation surpluses	438,728	416,400
Actuarial gains/(losses) on defined benefit plans	(14,148)	200,599
Gains and losses (arising from translating the financial statements of a foreign operation)	(292,898)	363,401
Gains and losses on re-measuring available-for-sale financial assets	1,480,503	2,701,955
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	(427,923)	(946,975)
Other comprehensive income for the period net of taxes	1,184,262	2,735,380
Total comprehensive income for the period	8,655,117	10,967,055
Attributable to:		
Owners of the parent	-	-
Non-controlling interest	-	-

Selected Performance Indicators		
As at 31 December	2014	2013
Regulatory capital adequacy		
Core Capital (Tier 1 Capital) Rs. 000	46,552,031	39,823,288
Total Capital Base. Rs. 000	46,908,948	40,180,205
Core Capital Adequacy Ratio, as % of risk weighed assets (Minimum requirement 5%)	22.94%	22.46%
Total Capital Adequacy Ratio as % of risk weighted assets (Minimum requirement 10%)	23.12%	22.66%
As at 31 December	Unaudited 2014	Unaudited 2013
Assets quality (quality of loan portfolio)		
Gross Non-Performing Advances Ratio % (net of interest in suspense)	1.53%	3.55%
Net Non-Performing Advances Ratio % (net of interest in suspense and provisions)	0.21%	1.97%
Profitability		
Interest Margin, %	5.03%	6.11%
Return on Assets (before Tax), %	3.76%	4.52%
Return on Equity, %	16.46%	22.32%
Regulatory liquidity		
Statutory Liquid Assets, Rs. '000		
Domestic banking unit	167,326,452	120,838,668
Offshore banking unit	40,544,461	30,798,859
Statutory Liquid Assets ratio, % (minimum requirement, 20%)		
Domestic banking unit	75.89%	67.87%
Offshore banking unit	37.10%	38.63%

Analysis of Financial Instruments by Measurement Basis							
For the period ended 31 December 2014	Held-for-trading Rs. '000	Designated at fair value through profit/loss Rs. '000	Held-to-maturity Rs. '000	Amortised cost Rs. '000	Available-for-sale Rs. '000	Hedging Rs. '000	Total Rs. '000
Assets							
Cash and cash equivalents	-	-	-	17,170,378	-	-	17,170,378
Balances with central banks	-	-	-	6,845,170	-	-	6,845,170
Placements with banks	-	-	-	15,444,288	-	-	15,444,288
Derivative financial instruments	1,140,619	-	-	-	-	-	1,140,619
Other financial assets held-for-trading	1,722,700	-	-	-	-	-	1,722,700
Loans and receivables to banks	-	-	-	26,321,100	-	-	26,321,100
Loans and receivables to other customers	-	-	-	168,934,941	-	-	168,934,941
Financial investments	-	-	-	-	142,316,265	-	142,316,265
Acceptances & Endorsements	-	-	-	14,719,102	-	-	14,719,102
Total financial assets	2,863,319	-	-	249,434,979	142,316,265	-	394,614,563
Liabilities							
Due to banks	-	-	-	149,200,815	-	-	149,200,815
Derivative financial instruments	609,806	-	-	-	-	-	609,806
Other financial liabilities at fair value through profit or loss	-	-	-	-	-	-	-
Due to other customers	-	-	-	176,346,760	-	-	176,346,760
Other borrowings	-	-	-	-	-	-	-
Debt securities issued	-	-	-	-	-	-	-
Acceptances & Endorsements	-	-	-	14,719,102	-	-	14,719,102
Total financial liabilities	609,806	-	-	340,266,677	-	-	340,876,483

Statement of Changes in Equity										
For the period ended 31 December 2014	Stated Capital/Assigned capital			Reserves				Total Rs. '000	Non-controlling interest Rs. '000	Total equity Rs. '000
	Ordinary voting shares Rs. '000	Ordinary non-voting shares Rs. '000	Assigned capital Rs. '000	Reserve fund Rs. '000	Revaluation reserve Rs. '000	Retained earnings Rs. '000	Other reserves Rs. '000			
	Balance as at 01/01/2014 (opening balance)	-	-	3,152,358	1,790,585	1,360,328	29,409,259			
Total comprehensive income for the year	-	-	-	-	-	-	-	-	-	-
Profit/(loss) for the period	-	-	-	-	-	7,470,855	-	7,470,855	-	7,470,855
Other comprehensive income (net of tax)	-	-	-	-	421,354	1,055,806	(292,898)	1,184,262	-	1,184,262
Total comprehensive income for the year	-	-	-	-	421,354	8,526,661	(292,898)	8,655,117	-	8,655,117
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	-	-	-	149,417	-	(149,417)	-	-	-	-
Dividends to equity holders	-	-	-	-	-	-	-	-	-	-
Profit transferred to head office	-	-	-	-	-	(3,531,000)	-	(3,531,000)	-	(3,531,000)
Gain/(loss) on revaluation of property, plant and equipment (if cost method is adopted)	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	(522,800)	526,694	3,894	-	3,894
Total transactions with equity holders	-	-	-	149,417	-	(4,203,217)	526,694	(3,527,106)	-	(3,527,106)
Balance as at 31/12/2014 (closing balance)	-	-	3,152,358	1,940,002	1,781,682	33,732,703	7,568,045	48,174,790	-	48,174,790

