

The Hongkong and Shanghai Banking Corporation Limited

Incorporated in the Hong Kong SAR with limited liability

Sri Lanka Branch

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

Summarised Income Statement		
For the period ended 31 March	2020 Rs. 'Mn	2019 Rs. 'Mn
Interest income	7,363	7,907
Interest expenses	(2,720)	(3,341)
Net interest income	4,643	4,566
Fee and commission income	945	1,002
Fee and commission expenses	(320)	(320)
Net fee and commission income	625	682
Net gains/(losses) from trading	(482)	319
Net fair value gains/(losses) on:	-	-
Financial assets at fair value through profit or loss	145	122
Financial liabilities at fair value through profit or loss	-	-
Net gains/(losses) on derecognition of financial assets:	-	-
at fair value through profit or loss	-	-
at amortised cost	-	-
at fair value through other comprehensive income	-	-
Net other operating income	6	10
Total operating income	4,937	5,699
Impairment charges	(903)	(271)
Net operating income	4,034	5,428
Personal expenses	(943)	(985)
Depreciation and amortisation expenses	(174)	(97)
Other expenses	(1,870)	(1,878)
Operating profit/(loss) before VAT & NBT on financial services	1,047	2,468
Value added tax (VAT) on financial services	(250)	(387)
Nation Building Tax (NBT) on financial services	-	(54)
Operating profit/(loss) after VAT & NBT on financial services	797	2,027
Share of profits of associates and joint ventures	-	-
Profit/(loss) before tax	797	2,027
Income tax expenses	(429)	(847)
Profit/(loss) for the period	368	1,180
Profit attributable to:		
Equity holders of the parent	368	1,180
Non-controlling interests	-	-

Statement of Comprehensive Income		
For the period ended 31 March	2020 Rs. 'Mn	2019 Rs. 'Mn
Profit/(loss) for the year	368	1,180
Items that will be reclassified to income statement		
Exchange differences on translation of foreign operations	1,873	(1,457)
Net gains/(losses) on cash flow hedges	-	-
Net gains/(losses) on investments in debt instruments measured at fair value through other comprehensive income	(6,607)	440
Share of profits of associates and joint ventures	-	-
Debt instruments at fair value through other comprehensive income	-	-
Others	-	-
Less: Tax expense relating to items that will be reclassified to income statement	1,850	(122)
	(2,884)	(1,139)
Items that will not be reclassified to income statement		
Change in fair value on investments in equity instruments designated at fair value through other comprehensive income	-	-
Change in fair value attributable to change in the Bank's own credit risk on financial liabilities designated at fair value through profit or loss	-	-
Re-measurement of post-employment benefit obligations	(8)	-
Changes in revaluation surplus/(deficit)	-	-
Share of profits of associates and joint ventures	-	-
Others	-	-
Less: Tax expense relating to items that will not be reclassified to income statement	-	-
	(8)	-
Other comprehensive income for the period, net of taxes	(2,892)	(1,139)
Total comprehensive income for the period	(2,524)	41
Attributable to:		
Equity holders of the parent	(2,524)	41
Non-controlling interests	-	-

Statement of Financial Position		
	2020 As at 31 March Rs. 'Mn	Audited 2019 As at 31 December Rs. 'Mn
Assets		
Cash and cash equivalents	10,498	33,986
Balances with central bank	7,413	9,740
Placements with banks	52,517	27,215
Derivative financial instruments	2,368	812
Financial assets measured at fair value through profit or loss	25,854	4,751
Financial assets designated at fair value through profit or loss	-	-
Financial assets at amortised cost - loans and advances	272,876	260,155
Financial assets at amortised cost - due to depositors	3,095	3,088
Financial assets measured at fair value through other comprehensive income	114,429	107,855
Investments in subsidiaries	-	-
Investments in associates and joint ventures	-	-
Property, plant and equipment	5,178	5,213
Investment properties	-	-
Goodwill and intangible assets	1,592	-
Deferred tax assets	13,539	14,518
Other assets	-	-
Total assets	509,359	467,333
Liabilities		
Due to banks	202,909	170,600
Derivative financial instruments	1,190	1,053
Financial liabilities measured at fair value through profit or loss	-	-
Financial liabilities designated at fair value through profit or loss	-	-
Financial liabilities at amortised cost - due to depositors	221,690	209,805
Financial liabilities at amortised cost - due to other borrowers	-	-
Due to subsidiaries	-	-
Retirement benefit obligations	70	79
Current tax liabilities	329	358
Deferred tax liabilities	-	366
Other provisions	-	-
Other liabilities	18,776	18,445
Total liabilities	444,964	400,706
Equity		
Stated capital/Assigned capital	3,152	3,152
Statutory reserve fund	2,598	2,598
Retained earnings	45,463	45,105
Other reserves	13,182	15,772
Total shareholders' equity	64,395	66,627
Non-controlling interests	-	-
Total equity	64,395	66,627
Total equity and liabilities	509,359	467,333
Contingent liabilities and commitments	564,374	493,622
Memorandum information		
Number of employees	1,224	1,224
Number of branches	14	14

Selected Performance Indicators		
	2020 As at 31 March	Audited 2019 As at 31 December
Regulatory Capital Adequacy (LKR Millions)		
Common Equity Tier 1	54,439	57,269
Core (Tier 1) Capital	54,439	57,269
Total Capital Base	56,980	59,489
Regulatory Capital Ratios		
Common Equity Tier 1 Capital Ratio (Minimum Requirement, 7%)	15.29%	16.85%
Tier 1 Capital Ratio (Minimum Requirement, 8.5%)	15.29%	16.85%
Total Capital Ratio (Minimum Requirement, 12.5%)	16.01%	17.51%
Regulatory Liquidity		
Statutory Liquid Assets (LKR Millions)		
Domestic banking unit	138,854	107,236
Off-shore banking unit	76,320	77,675
Statutory Liquid Assets Ratio (Minimum Requirement, 20%)		
Domestic banking unit	70.42%	50.14%
Off-shore banking unit	42.56%	44.69%
Total Stock of High-Quality Liquid Assets (LKR Millions)		
Rupee	128,124	78,955
All currency	128,203	79,079
Liquidity Coverage Ratio		
Rupee (Minimum Requirement 100%)	288.94%	231.15%
All currency (Minimum Requirement 100%)	622.90%	360.57%
Net Stable Funding Ratio (%) - (Minimum Requirement - 100%)	131.17%	121.44%
Leverage ratio (%) - (Minimum Requirement - 3%)	9.58%	9.53%
Assets Quality (Quality of Loan Portfolio)		
Gross Non-Performing Advances Ratio (net of interest in suspense)	0.65%	0.57%
Net Non-Performing Advances Ratio (net of interest in suspense and provisions)	0.59%	0.51%
Profitability		
Interest Margin	3.65%	4.09%
Return on Assets (before tax)	0.82%	1.83%
Return on Equity	2.29%	9.83%

Note: Profitability ratios are based on SLFRS data

Analysis of Deposits		
	2020 As at 31 March Rs. 'Mn	Audited 2019 As at 31 December Rs. 'Mn
By product - Domestic Currency		
Demand deposits (current accounts)	22,564	21,545
Savings deposits	23,921	24,414
Fixed deposits	70,106	68,367
Other deposits	2,210	2,136
Sub total	118,801	116,462
By product - Foreign Currency		
Demand deposits (current accounts)	37,787	33,935
Savings deposits	23,917	23,514
Fixed deposits	37,626	32,371
Other deposits	3,559	3,523
Sub total	102,889	93,343
Total	221,690	209,805

Analysis of loans and advances, commitments, contingencies and impairment		
	2020 As at 31 March Rs. 'Mn	Audited 2019 As at 31 December Rs. 'Mn
Product-wise gross loans and advances		
By product - Domestic Currency		
Overdrafts	24,679	19,061
Term loans	40,850	49,294
Lease rentals receivable	-	-
Credit cards	25,619	26,038
Pawning	-	-
Other loans	3	27
Sub total	91,151	94,420
By product - Foreign Currency		
Overdrafts	14,542	17,850
Term loans	156,954	134,715
Guarantees	-	-
Bonds	12,315	14,877
Other loans	-	-
Sub total	183,811	167,442
Total	274,962	261,862

Product-wise commitments and contingencies		
	2020 As at 31 March Rs. 'Mn	Audited 2019 As at 31 December Rs. 'Mn
By product - Domestic currency		
Guarantees	19,461	19,588
Bonds	6,748	7,182
Undrawn credit lines	93,940	99,014
Foreign exchange contracts	97,181	72,468
Other	18,502	361
Sub total	235,832	188,613
By product - Foreign Currency		
Guarantees	54,291	51,406
Bonds	13,595	12,829
Undrawn credit lines	85,403	82,408
Foreign exchange contracts	162,027	129,754
Other	13,226	28,612
Sub total	328,542	305,009
Total	564,374	493,622

Stage-wise impairment on loans & advances		
	2020 As at 31 March Rs. 'Mn	Audited 2019 As at 31 December Rs. 'Mn
Gross loans and advances	274,962	261,862
Less: accumulated impairment under stage 1	(766)	(681)
accumulated impairment under stage 2	(177)	(507)
accumulated impairment under stage 3	(543)	(539)
Net value of loans and advances	272,876	260,155

Movement of impairment during the period		
	2020 As at 31 March Rs. 'Mn	Audited 2019 As at 31 December Rs. 'Mn
Under stage 1		
Opening balance	661	817
Charge/(write back) to income statement	86	(151)
Other movements	19	(5)
Closing balance	766	661
Under stage 2		
Opening balance	507	610
Charge/(write back) to income statement	259	(91)
Other movements	11	(12)
Closing balance	777	507
Under stage 3		
Opening balance	539	725
Charge/(write back) to income statement	4	(180)
Other movements	-	(6)
Closing balance	543	539
Total impairment	2,086	1,707

Stage-wise impairment on commitments and contingencies		
	2020 As at 31 March Rs. 'Mn	Audited 2019 As at 31 December Rs. 'Mn
Commitments and contingencies	564,374	493,622
Less: accumulated impairment under stage 1	(69)	(31)
accumulated impairment under stage 2	(47)	(32)
accumulated impairment under stage 3	-	-
Net commitments and contingencies	564,258	493,559

Statement of Cash Flows		
	2020 As at 31 March Rs. 'Mn	Audited 2019 As at 31 December Rs. 'Mn
Cash flows from operating activities		
Interest receipts	7,493	32,203
Interest payments	(2,715)	(10,629)
Net commission receipts	625	1,673
Trading income	(337)	1,747
Payments to employees	(940)	(4,005)
VAT & NBT on financial services	(245)	(1,649)
Receipts from other operating activities	77	343
Payments to other operating activities	(1,849)	(7,776)
Operating profit before change in operating assets and liabilities	2,109	11,907
(Increase)/decrease in operating assets		
Balances with Central Bank of Sri Lanka	2,327	(2,407)
Financial assets at amortised cost - loans and advances	(37,660)	21,066
Treasury bills & bonds	(34,247)	3,709
Other assets	(3,328)	730
	(72,908)	23,098
Increase/(decrease) in operating liabilities		
Financial liabilities at amortised cost - due to depositors	11,885	3,932
Financial liabilities at amortised cost - due to other borrowers	32,310	(14,187)
Other liabilities	1,781	(7,186)
	45,976	(17,441)
Net cash generated from operating activities before income tax	(24,823)	17,564
Income tax paid	146	(4,835)
Net cash (used in)/from operating activities	(24,677)	12,729
Cash flows from investing activities		
Purchase of property, plant & equipment	(26)	(531)
Proceeds from sale of property, plant & equipment	-	337
Purchase of financial investments	-	-
Proceeds from sale and maturity of financial investments	-	-
Others	-	-
Net cash (used in)/from investing activities	(26)	(194)
Cash flows from financing activities		
Profit transferred to head office	-	-
Net cash (used in)/from financing activities	-	-
Net increase/(decrease) in cash and cash equivalents	(24,703)	12,535
Cash and cash equivalents at the beginning of the period	33,986	23,502
Exchange difference in respect of cash and cash equivalents	1,215	(2,051)
Cash and cash equivalents at the end of the period	10,498	33,986

Analysis of Financial Instruments by Measurement Basis				
In Rupee Millions For the period ended 31 March 2020	Amortised cost Rs. 'Mn	Fair value through profit and loss Rs. 'Mn	Fair value through other comprehensive income Rs. 'Mn	Total Rs. 'Mn
Assets				
Cash and cash equivalents	10,498	-	-	10,498
Balances with Central Banks	7,413	-	-	7,413
Placements with banks	52,517	-	-	52,517
Derivative financial instruments	-	2,368	-	2,368
Loans and advances	272,876	-	-	272,876
Debt instruments	3,095	25,854	114,429	143,378
Equity instruments	-	-	-	-
Acceptance and endorsements	5,214	-	-	5,214
Total financial assets	351,613	28,222	114,429	494,264
Liabilities				
Due to banks	202,909	-	-	202,909
Derivative financial instruments	-	1,190	-	1,190
Financial liabilities - due to depositors	221,690	-	-	221,690
Financial liabilities - due to other borrowers	-	-	-	-
Acceptance and endorsements	5,214	-	-	5,214
Total financial liabilities	429,813	1,190	-	431,003

Analysis of Financial Instruments by Measurement Basis				
In Rupee Millions For the period ended 31 December 2019	Amortised cost Rs. 'Mn	Fair value through profit and loss Rs. 'Mn		