

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 December	2020 Rs. 'Mn	2019 Rs. 'Mn
Interest income	25,673	31,075
Interest expenses	(9,001)	(12,441)
Net interest income	16,672	18,634
Fee and commission income	3,169	4,233
Fee and commission expenses	(1,004)	(1,280)
Net fee and commission income	2,165	2,953
Net gains/(losses) on trading	699	1,137
Net fair value gains/(losses) on:	-	-
Financial assets at fair value through profit or loss	393	230
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	748	380
Net other operating income	49	43
Total operating income	20,726	23,377
Impairment charges	(3,581)	(810)
Net operating income	17,145	22,567
Personal expenses	(3,904)	(4,019)
Depreciation and amortisation expenses	(1,044)	(561)
Other expenses	(7,525)	(6,881)
Operating profit/(loss) before VAT, NBT and other taxes on financial services	4,672	11,106
Value added tax (VAT) on financial services	(793)	(1,526)
Nation Building Tax (NBT) and other taxes on financial services	(54)	(1,253)
Operating profit/(loss) after VAT, NBT and other taxes on financial services	3,825	8,327
Share of profits of associates and joint ventures	-	-
Profit/(loss) before tax	3,825	8,327
Income tax expenses	(1,437)	(2,082)
Profit/(loss) for the period	2,388	6,245
Profit attributable to:		
Equity holders of the parent	2,388	6,245
Non-controlling interests	-	-

Statement of Comprehensive Income		
For the period ended 31 December	2020 Rs. 'Mn	2019 Rs. 'Mn
Profit/(loss) for the year	2,388	6,245
Items that will be reclassified to income statement		
Exchange differences on translation of foreign operations	1,414	(188)
Net gains/(losses) on cash flow hedges	-	-
Net gains/(losses) on investments in debt instruments measured at fair value through other comprehensive income	(660)	1,325
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	186	(371)
	940	766
Items that will not be reclassified to profit or loss		
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	(242)	(125)
Changes in revaluation surplus/(deficit)	51	(126)
Share of profits of associates and joint ventures	-	-
Less: Tax expense relating to items that will not be reclassified to income statement	99	72
Other comprehensive income for the period, net of taxes	(92)	(179)
Total comprehensive income for the period	848	587
Attributable to:		
Equity holders of the parent	3,236	6,832
Non-controlling interests	-	-

Selected Performance Indicators		
As at 31 December	2020	2019
Regulatory Capital Adequacy (LKR Millions)		
Common Equity Tier 1	62,408	57,269
Core (Tier 1) Capital	62,408	57,269
Total Capital Base	65,138	59,489
Regulatory Capital Ratios		
Common Equity Tier 1 Capital Ratio (Minimum Requirement, 7%)	20.56%	16.85%
Tier 1 Capital Ratio (Minimum Requirement, 8.5%)	20.56%	16.85%
Total Capital Ratio (Minimum Requirement, 12.5%)	21.46%	17.51%

As at 31 December			Unaudited 2020		Unaudited 2019	
	2020	2019				
Regulatory Liquidity						
Statutory Liquid Assets (LKR Millions)						
Domestic banking unit	148,237	107,236				
Off-shore banking unit	29,940	77,675				
Statutory Liquid Assets Ratio (Minimum Requirement, 20%)						
Domestic banking unit	66.30%	50.14%				
Off-shore banking unit	23.19%	44.69%				
Total Stock of High-Quality Liquid Assets (LKR Millions)						
Rupee	125,724	78,955				
All currency	125,764	79,079				
Liquidity Coverage Ratio						
Rupee (Minimum Requirement - 100%)	424.02%	231.15%				
All currency (Minimum Requirement - 100%)	316.12%	360.57%				
Net Stable Funding Ratio - (Minimum Requirement - 100%)	129.66%	121.44%				
Leverage ratio - (Minimum Requirement - 3%)	12.26%	9.53%				
Assets Quality (Quality of Loan Portfolio)						
Gross Non-Performing Advances Ratio (net of interest in suspense)	0.94%	0.57%				
Net Non-Performing Advances Ratio (net of interest in suspense and provisions)	0.83%	0.51%				
Profitability						
Interest Margin	3.73%	4.09%				
Return on Assets (before tax)	0.85%	1.83%				
Return on Equity	3.48%	9.83%				

Note: Profitability ratios are based on SLFRS data

Analysis of Deposits		
As at 31 December	2020 Rs. 'Mn	2019 Rs. 'Mn
By product - Domestic Currency		
Demand deposits (current accounts)	32,095	21,545
Savings deposits	27,454	24,414
Fixed deposits	78,228	68,367
Other deposits	3,166	2,136
Sub total	140,941	116,462
By product - Foreign Currency		
Demand deposits (current accounts)	28,291	33,935
Savings deposits	28,036	23,514
Fixed deposits	35,483	32,371
Other deposits	4,507	3,523
Sub total	96,317	93,343
Total	237,258	209,805

Statement of Financial Position		
As at 31 December	2020 Rs. 'Mn	2019 Rs. 'Mn
Assets		
Cash and cash equivalents	20,412	33,986
Balances with central bank	18,454	9,740
Placements with banks	-	27,215
Derivative financial instruments	656	812
Financial assets measured at fair value through profit or loss	335	4,751
Financial assets designated at fair value through profit or loss	-	-
Financial assets at amortised cost - loans and advances	219,123	260,155
Financial assets at amortised cost - debt instruments	3,118	3,088
Financial assets measured at fair value through other comprehensive income	136,632	107,855
Investments in subsidiaries	-	-
Investments in associates and joint ventures	-	-
Property, plant and equipment	4,836	5,213
Investment properties	-	-
Goodwill and intangible assets	-	-
Deferred tax assets	368	-
Other assets	20,717	14,518
Total assets	424,651	467,333
Liabilities		
Due to banks	88,302	170,600
Derivative financial instruments	508	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	237,258	209,805
Financial liabilities at amortised cost - due to other borrowers	-	-
Due to subsidiaries	-	-
Retirement benefit obligations	246	79
Current tax liabilities	126	358
Deferred tax liabilities	-	366
Other provisions	-	-
Other liabilities	27,906	18,445
Total liabilities	354,346	400,708
Equity		
Stated capital/Assigned capital	3,152	3,152
Statutory reserve fund	2,650	2,598
Retained earnings	47,213	45,106
Other reserves	17,290	15,772
Total shareholders' equity	70,305	66,627
Non-controlling interests	-	-
Total equity	70,305	66,627
Total equity and liabilities	424,651	467,333
Contingent liabilities and commitments	530,834	493,622
Memorandum information		
Number of employees	1,020	1,197
Number of branches	13	14

Analysis of loans and advances, commitments, contingencies and impairment		
As at 31 December	2020 Rs. 'Mn	2019 Rs. 'Mn
Product-wise gross loans and advances		
By product - Domestic Currency		
Overdrafts	17,737	19,061
Term loans	22,860	49,294
Lease rentals receivable	-	-
Credit cards	21,420	26,038
Pawning	103	27
Other loans	103	27
Sub total	61,920	94,420
By product - Foreign Currency		
Overdrafts	14,226	17,850
Term loans	139,186	134,715
Guarantees	-	-
Bonds	-	-
Other loans	6,724	14,877
Sub total	160,136	167,442
Total	222,056	261,862

Product-wise commitments and contingencies		
As at 31 December	2020 Rs. 'Mn	2019 Rs. 'Mn
By product - Domestic currency		
Guarantees	19,370	19,588
Bonds	7,262	7,182
Undrawn credit lines	103,947	89,014
Foreign exchange contracts	62,825	72,468
Other	182	361
Sub total	193,586	188,613
By product - Foreign Currency		
Guarantees	58,732	51,406
Bonds	15,906	12,829
Undrawn credit lines	82,697	82,408
Foreign exchange contracts	147,610	129,754
Other	32,303	28,612
Sub total	337,248	305,009
Total	530,834	493,622

Stage-wise impairment on loans & advances		
As at 31 December	2020 Rs. 'Mn	2019 Rs. 'Mn
Gross loans and advances	222,056	261,862
Less: accumulated impairment under stage 1	(589)	(661)
accumulated impairment under stage 2	(1,281)	(507)
accumulated impairment under stage 3	(1,063)	(539)
Net value of loans and advances	219,123	260,155

Movement of impairment during the period		
As at 31 December	2020 Rs. 'Mn	2019 Rs. 'Mn
Under stage 1		
Opening balance	661	817
Charge/(write back) to income statement	(87)	(151)
Other movements	15	(5)
Closing balance	589	661
Under stage 2		
Opening balance	507	610
Charge/(write back) to income statement	754	(91)
Other movements	20	(12)
Closing balance	1,281	507
Under stage 3		
Opening balance	539	725
Charge/(write back) to income statement	524	(180)
Other movements	-	(6)
Closing balance	1,063	539
Total impairment	2,933	1,707

Stage-wise impairment on commitments and contingencies		
As at 31 December	2020 Rs. 'Mn	2019 Rs. 'Mn
Commitments and contingencies	530,834	493,622
Less: accumulated impairment under stage 1	(40)	(31)
accumulated impairment under stage 2	(54)	(32)
accumulated impairment under stage 3	-	-
Net commitments and contingencies	530,740	493,559

Analysis of Financial Instruments by Measurement Basis				
In Rupee Millions For the period ended 31 December 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	20,412	-	-	20,412
Balances with Central Banks	18,454	-	-	18,454
Placements with banks	-	-	-	-
Derivative financial instruments	-	656	-	656
Loans and advances	219,123	-	-	219,123
Debt instruments	3,118	335	136,632	140,085
Equity instruments	-	-	-	-
Acceptance and endorsements	9,153	-	-	9,153
Total financial assets	270,260	991	136,632	407,883
Liabilities				
Due to banks	88,302	-	-	88,302
Derivative financial instruments	-	508	-	508
Financial liabilities - due to depositors	237,258	-	-	237,258
Financial liabilities - due to other borrowers	-	-	-	-
Acceptance and endorsements	9,153	-	-	9,153
Total financial liabilities	334,713	508	-	335,221

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	Fair value through other comprehensive income Rs. 'Mn	Total Rs. 'Mn
Assets				
Cash and cash equivalents	33,986	-	-	33,986
Balances with Central Banks	9,740	-	-	9,740
Placements with banks	27,215	-	-	27,215
Derivative financial instruments	-	812	-	812
Loans and advances	260,155	-	-	260,155
Debt instruments	3,088	4,751	107,855	115,694
Equity instruments	-	-	-	-
Acceptance and endorsements	6,349	-	-	6,349
Total financial assets	340,533	5,563	107,855	453,951
Liabilities				
Due to banks	170,600	-	-	170,600
Derivative financial instruments	-	1,053	-	1,053
Financial liabilities - due to depositors	209,805	-	-	209,805
Financial liabilities - due to other borrowers	-	-	-	-
Acceptance and endorsements	6,349	-	-	6,349
Total financial liabilities	386,754	1,053	-	387,807