

# 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	2021 Rs. 'Mn	2020 Rs. 'Mn
Interest income	4,860	7,363
Interest expenses	(1,669)	(2,720)
<b>Net interest income</b>	<b>3,191</b>	<b>4,643</b>
Fee and commission income	1,130	945
Fee and commission expenses	(292)	(320)
<b>Net fee and commission income</b>	<b>838</b>	<b>625</b>
Net gains/(losses) on trading	968	(482)
Net fair value gains/(losses) on:		
Financial assets at fair value through profit or loss	(5)	145
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	9	6
<b>Total operating income</b>	<b>5,001</b>	<b>4,937</b>
Impairment (charges)/reversals	470	(903)
<b>Net operating income</b>	<b>5,471</b>	<b>4,034</b>
Personal expenses	(944)	(943)
Depreciation and amortisation expenses	(131)	(174)
Other expenses	(1,827)	(1,868)
<b>Operating profit/(loss) before VAT and other taxes on financial services</b>	<b>2,569</b>	<b>1,049</b>
Value added tax (VAT) on financial services	(440)	(250)
Other taxes on financial services	(13)	(2)
<b>Operating profit/(loss) after VAT and other taxes on financial services</b>	<b>2,116</b>	<b>797</b>
Share of profits of associates and joint ventures	-	-
<b>Profit/(loss) before tax</b>	<b>2,116</b>	<b>797</b>
Income tax expenses	(800)	(429)
<b>Profit/(loss) for the period</b>	<b>1,316</b>	<b>368</b>
<b>Profit attributable to:</b>		
Equity holders of the parent	1,316	368
Non-controlling interests	-	-

Statement of Comprehensive Income			
For the period ended 31 March	2021 Rs. 'Mn	2020 Rs. 'Mn	
<b>Profit/(loss) for the year</b>	<b>1,316</b>	<b>368</b>	
<b>Items that will be reclassified to income statement</b>			
Exchange differences on translation of foreign operations	2,827	1,873	
Net gains/(losses) on cash flow hedges	-	-	
Net gains/(losses) on investments in debt instruments measured at fair value through other comprehensive income	371	(6,607)	
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	(306)	1850	
	2,892	(2,884)	
<b>Items that will not be reclassified to profit or loss</b>			
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	-	-	
Less: Tax expense relating to items that will not be reclassified to income statement	-	-	
<b>Other comprehensive income for the period, net of taxes</b>	<b>2,892</b>	<b>(2,892)</b>	
<b>Total comprehensive income for the period</b>	<b>4,208</b>	<b>(2,524)</b>	
<b>Attributable to:</b>			
Equity holders of the parent	4,208	(2,524)	
Non-controlling interests	-	-	

Statement of Financial Position		
	2021 As at 31 March Rs. 'Mn	Audited 2020 As at 31 December Rs. 'Mn
<b>Assets</b>		
Cash and cash equivalents	19,467	20,412
Balances with central bank	28,307	18,454
Placements with banks	-	-
Derivative financial instruments	709	656
Financial assets measured at fair value through profit or loss	431	335
Financial assets designated at fair value through profit or loss	-	-
Financial assets at amortised cost - loans and advances	231,195	219,123
Financial assets at amortised cost - debt instruments	3,113	3,118
Financial assets measured at fair value through other comprehensive income	115,989	136,632
Investments in subsidiaries	-	-
Investments in associates and joint ventures	-	-
Property, plant and equipment	4,835	4,836
Investment properties	-	-
Goodwill and intangible assets	-	-
Deferred tax assets	-	368
Other assets	22,171	20,717
<b>Total assets</b>	<b>426,217</b>	<b>424,651</b>
<b>Liabilities</b>		
Due to banks	73,497	88,302
Derivative financial instruments	478	508
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	248,244	237,258
Financial liabilities at amortised cost - due to other borrowers	-	-
Due to subsidiaries	-	-
Retirement benefit obligations	238	246
Current tax liabilities	858	126
Deferred tax liabilities	197	-
Other provisions	-	27,906
Other liabilities	28,538	44,533
<b>Total liabilities</b>	<b>352,050</b>	<b>354,346</b>
<b>Equity</b>		
Stated capital/Assigned capital	3,152	3,152
Statutory reserve fund	2,650	2,650
Retained earnings	48,533	47,213
Other reserves	19,832	17,299
<b>Total shareholders' equity</b>	<b>74,167</b>	<b>70,305</b>
Non-controlling interests	-	-
<b>Total equity</b>	<b>74,167</b>	<b>70,305</b>
<b>Total equity and liabilities</b>	<b>426,217</b>	<b>424,651</b>
<b>Contingent liabilities and commitments</b>	<b>509,379</b>	<b>530,834</b>
<b>Memorandum information</b>		
Number of employees	1,033	1,020
Number of branches	13	13

Selected Performance Indicators			
	2021		Audited 2020
	As at 31 March	As at 31 December	As at 31 December
<b>Regulatory Capital Adequacy (LKR Millions)</b>			
Common Equity Tier 1	62,859	62,385	62,385
Core (Tier 1) Capital	62,859	62,385	62,385
Total Capital Base	66,025	66,116	66,116
<b>Regulatory Capital Ratios</b>			
Common Equity Tier 1 Capital Ratio (Minimum Requirement, 7%)	19.83%	20.55%	20.55%
Tier 1 Capital Ratio (Minimum Requirement, 8.5%)	19.83%	20.55%	20.55%
Total Capital Ratio (Minimum Requirement, 12.5%)	20.83%	21.45%	21.45%
<b>Regulatory Liquidity</b>			
Statutory Liquid Assets (LKR Millions)			
Domestic banking unit	127,279	148,237	148,237
Off-shore banking unit	29,879	29,940	29,940
Statutory Liquid Assets Ratio (Minimum Requirement, 20%)			
Domestic banking unit	55.39%	66.30%	66.30%
Off-shore banking unit	23.62%	23.19%	23.19%
Total Stock of High-Quality Liquid Assets (LKR Millions)			
Rupee	108,496	125,724	125,724
All currency	108,553	125,764	125,764
Liquidity Coverage Ratio			
Rupee (Minimum Requirement - 100%)	333.09%	424.02%	424.02%
All currency (Minimum Requirement - 100%)	258.05%	316.12%	316.12%
Net Stable Funding Ratio - (Minimum Requirement - 100%)	130.45%	129.66%	129.66%
Leverage ratio - (Minimum Requirement - 3%)	12.85%	12.26%	12.26%
<b>Assets Quality (Quality of Loan Portfolio)</b>			
Gross Non-Performing Advances Ratio (net of interest in suspense)	0.76%	0.94%	0.94%
Net Non-Performing Advances Ratio (net of interest in suspense and provisions)	0.65%	0.83%	0.83%
<b>Profitability</b>			
Interest Margin	3.00%	3.73%	3.73%
Return on Assets (before tax)	1.99%	0.85%	0.85%
Return on Equity	7.10%	3.48%	3.48%

Note: Profitability ratios are based on SLFRS data

Analysis of Deposits			
	2021		Audited 2020
	31 March Rs. Mn	As at 31 December Rs. Mn	As at 31 December Rs. Mn
<b>By product - Domestic Currency</b>			
Demand deposits (current accounts)	24,474	32,095	32,095
Savings deposits	33,530	27,454	27,454
Fixed deposits	89,545	78,228	78,228
Other deposits	3,242	3,164	3,164
<b>Sub total</b>	<b>150,791</b>	<b>140,941</b>	<b>140,941</b>
<b>By product - Foreign Currency</b>			
Demand deposits (current accounts)	31,422	28,291	28,291
Savings deposits	30,865	28,036	28,036
Fixed deposits	29,666	35,483	35,483
Other deposits	5,700	4,507	4,507
<b>Sub total</b>	<b>97,453</b>	<b>96,317</b>	<b>96,317</b>
<b>Total</b>	<b>248,244</b>	<b>237,258</b>	<b>237,258</b>

Analysis of loans and advances, commitments, contingencies and impairment			
	2021		Audited 2020
	31 March Rs. 'Mn	As at 31 December Rs. 'Mn	As at 31 December Rs. 'Mn
<b>Product-wise gross loans and advances</b>			
<b>By product - Domestic Currency</b>			
Overdrafts	14,917	17,737	17,737
Term loans	23,823	22,660	22,660
Lease rentals receivable	-	-	-
Credit cards	21,753	21,420	21,420
Pawning	-	-	-
Other loans	-	103	103
<b>Sub total</b>	<b>60,493</b>	<b>61,920</b>	<b>61,920</b>
<b>By product - Foreign Currency</b>			
Overdrafts	14,979	14,226	14,226
Term loans	149,751	139,186	139,186
Guarantees	-	-	-
Bonds	-	-	-
Other loans	8,622	6,724	6,724
<b>Sub total</b>	<b>173,352</b>	<b>160,136</b>	<b>160,136</b>
<b>Total</b>	<b>233,845</b>	<b>222,056</b>	<b>222,056</b>
<b>Product-wise commitments and contingencies</b>			
<b>By product - Domestic currency</b>			
Guarantees	17,669	19,370	19,370
Bonds	7,750	7,262	7,262
Undrawn credit lines	101,888	103,947	103,947
Foreign exchange contracts	39,202	62,825	62,825
Other	583	182	182
<b>Sub total</b>	<b>167,092</b>	<b>193,586</b>	<b>193,586</b>
<b>By product - Foreign Currency</b>			
Guarantees	52,530	58,732	58,732
Bonds	20,062	15,906	15,906
Undrawn credit lines	90,636	82,697	82,697
Foreign exchange contracts	134,571	147,610	147,610
Other	44,488	32,303	32,303
<b>Sub total</b>	<b>342,287</b>	<b>337,248</b>	<b>337,248</b>
<b>Total</b>	<b>509,379</b>	<b>530,834</b>	<b>530,834</b>
<b>Stage-wise impairment on loans &amp; advances</b>			
<b>Gross loans and advances</b>	<b>233,845</b>	<b>222,056</b>	<b>222,056</b>
Less: accumulated impairment under stage 1	(1,472)	(1,282)	(1,282)
accumulated impairment under stage 2	(1,091)	(1,062)	(1,062)
accumulated impairment under stage 3	(1,087)	(1,062)	(1,062)
<b>Net value of loans and advances</b>	<b>231,195</b>	<b>219,123</b>	<b>219,123</b>
<b>Movement of impairment during the period</b>			
<b>Under stage 1</b>			
Opening balance	589	661	661
Charge/(write back) to income statement	(131)	(87)	(87)
Other movements	14	15	15
Closing balance	472	589	589
<b>Under stage 2</b>			
Opening balance	1,282	508	508
Charge/(write back) to income statement	(156)	754	754
Other movements	(35)	20	20
Closing balance	1,091	1,282	1,282
<b>Under stage 3</b>			
Opening balance	1,062	538	538
Charge/(write back) to income statement	(40)	524	524
Other movements	65	-	-
Closing balance	1,087	1,062	1,062
<b>Total impairment</b>	<b>2,650</b>	<b>2,933</b>	<b>2,933</b>
<b>Stage-wise impairment on commitments and contingencies</b>			
<b>Commitments and contingencies</b>	<b>509,379</b>	<b>530,834</b>	<b>530,834</b>
Less: accumulated impairment under stage 1	(20)	(40)	(40)
accumulated impairment under stage 2	(95)	(54)	(54)
accumulated impairment under stage 3	-	-	-
<b>Net commitments and contingencies</b>	<b>509,304</b>	<b>530,740</b>	<b>530,740</b>

Analysis of Financial Instruments by Measurement Basis				
For the period ended 31 March 2021	Amortised cost	Fair value through profit and loss	Fair value through other comprehensive income	Total
	Rs. 'Mn	Rs. 'Mn	Rs. 'Mn	Rs. 'Mn
<b>Assets</b>				
Cash and cash equivalents	19,467	-	-	19,467
Balances with Central Banks	28,307	-	-	28,307
Placements with banks	-	-	-	-
Derivative financial instruments	-	709	-	709
Loans and advances	231,195	-	-	231,195
Debt instruments	3,113	431	115,989	119,533
Equity instruments	-	-	-	-
Acceptance and endorsements	15,275	-	-	15,275
<b>Total financial assets</b>	<b>297,357</b>	<b>1,140</b>	<b>115,989</b>	<b>414,486</b>
<b>Liabilities</b>				
Due to banks	73,497	-	-	73,497
Derivative financial instruments	-	478	-	478
Financial liabilities - due to depositors	248,244	-	-	248,244
Financial liabilities - due to other borrowers	-	-	-	-
Acceptance and endorsements	15,275	-	-	15,275
<b>Total financial liabilities</b>	<b>337,016</b>	<b>478</b>	<b>-</b>	<b>337,494</b>

Analysis of Financial Instruments by Measurement Basis				
For the period ended 31 December 2020	Amortised cost	Fair value through profit and loss	Fair value through other comprehensive income	Total
	Rs. 'Mn	Rs. 'Mn	Rs. 'Mn	Rs. 'Mn
<b>Assets</b>				
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	14,592	-	-	14,592
<b>Total financial assets</b>	<b>275,699</b>	<b>991</b>	<b>136,632</b>	<b>413,322</b>
<b>Liabilities</b>				
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	14,592	-	-	