

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 | 2022 Rs. 'Mn | 2021 Rs. 'Mn |
| Interest income | 6,119 | 4,860 |
| Interest expenses | (1,872) | (1,669) |
| Net interest income | 4,247 | 3,191 |
| Fee and commission income | 1,306 | 1,130 |
| Fee and commission expenses | (420) | (292) |
| Net fee and commission income | 886 | 838 |
| Net gains/(losses) from trading | 770 | 968 |
| Net fair value gains/(losses) on: | - | - |
| Financial assets at fair value through profit or loss | (5) | (5) |
| 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 | 13 | 9 |
| Total operating income | 5,911 | 5,001 |
| Impairment (charges) / reversals | (909) | 470 |
| Net operating income | 5,002 | 5,471 |
| Personal expenses | (986) | (944) |
| Depreciation and amortisation expenses | (121) | (131) |
| Other expenses | (2,291) | (1,840) |
| Operating profit/(loss) before VAT and other taxes on financial services | 1,604 | 2,556 |
| Value added tax (VAT) on financial services | (420) | (440) |
| Other taxes on financial services | - | - |
| Operating profit/(loss) after VAT and other taxes on financial services | 1,184 | 2,116 |
| Share of profits of associates and joint ventures | - | - |
| Profit/(loss) before tax | 1,184 | 2,116 |
| Income tax expenses | (404) | (800) |
| Profit/(loss) for the period | 780 | 1,316 |
| Profit attributable to: | 780 | 1,316 |
| Equity holders of the parent | - | - |
| Non-controlling interests | - | - |

| Statement of Comprehensive Income | | | |
|--|-----------------|-----------------|--|
| For the period ended 31 March | 2022 Rs. 'Mn | 2021 Rs. 'Mn | |
| Profit/(loss) for the year | 780 | 1,316 | |
| Items that will be reclassified to income statement | | | |
| Exchange differences on translation of foreign operations | 26,341 | 2,827 | |
| Net gains/(losses) on cash flow hedges | - | - | |
| Net gains/(losses) on investments in debt instruments measured at fair value through other comprehensive income | (2,938) | 371 | |
| 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 | 781 | (306) | |
| | 24,185 | 2,892 | |
| 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 | (21) | - | |
| 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 | - | - | |
| | (21) | - | |
| Other comprehensive income for the period, net of taxes | 24,164 | 2,892 | |
| Total comprehensive income for the period | 24,944 | 4,208 | |
| Attributable to: | 24,944 | 4,208 | |
| Equity holders of the parent | - | - | |
| Non-controlling interests | - | - | |

| Statement of Financial Position | | |
|--|-----------------------------------|--|
| | 2022 As at 31 March Rs. 'Mn | Audited 2021 As at 31 December Rs. 'Mn |
| Assets | | |
| Cash and cash equivalents | 67,571 | 35,460 |
| Balances with central bank | 35,233 | 31,059 |
| Placements with banks | - | - |
| Derivative financial instruments | 3,234 | 39 |
| Financial assets measured at fair value through profit or loss | 71 | 152 |
| Financial assets designated at fair value through profit or loss | - | - |
| Financial assets at amortised cost - loans and advances | 291,054 | 223,668 |
| Financial assets at amortised cost - debt instruments | 564 | 593 |
| Financial assets measured at fair value through other comprehensive income | 175,946 | 137,684 |
| Investments in subsidiaries | - | - |
| Investments in associates and joint ventures | - | - |
| Property, plant and equipment | 5,262 | 5,342 |
| Investment properties | - | - |
| Goodwill and intangible assets | - | - |
| Deferred tax assets | 1,171 | 189 |
| Other assets | 35,254 | 24,041 |
| Total assets | 615,360 | 458,227 |
| Liabilities | | |
| Due to banks | 62,713 | 60,785 |
| Derivative financial instruments | 671 | 286 |
| 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 | 396,424 | 290,010 |
| Financial liabilities at amortised cost - due to other borrowers | - | - |
| Due to subsidiaries | - | - |
| Retirement benefit obligations | - | - |
| Current tax liabilities | 3,000 | 2,617 |
| Deferred tax liabilities | - | - |
| Other provisions | - | - |
| Other liabilities | 56,924 | 33,866 |
| Total liabilities | 519,732 | 387,564 |
| Equity | | |
| Stated capital/Assigned capital | 3,152 | 3,152 |
| Statutory reserve fund | 2,783 | 2,783 |
| Retained earnings | 50,180 | 49,404 |
| Other reserves | 39,513 | 15,324 |
| Total shareholders' equity | 95,628 | 70,663 |
| Non-controlling interests | - | - |
| Total equity and liabilities | 95,628 | 70,663 |
| Contingent liabilities and commitments | 615,360 | 458,227 |
| Memorandum information | | |
| Number of employees | 953 | 972 |
| Number of branches | 13 | 13 |

| Selected Performance Indicators | | |
|--|-----------------------------------|--|
| | 2022 As at 31 March Rs. 'Mn | Audited 2021 As at 31 December Rs. 'Mn |
| Regulatory Capital Adequacy (LKR Millions) | | |
| Common Equity Tier 1 | 51,718 | 62,121 |
| Core (Tier 1) Capital | 51,718 | 62,121 |
| Total Capital Base | 55,468 | 65,052 |
| Regulatory Capital Ratios | | |
| Common Equity Tier 1 Capital Ratio (Minimum Requirement, 6.5%) | 12.26% | 19.68% |
| Tier 1 Capital Ratio (Minimum Requirement, 8.0%) | 12.26% | 19.68% |
| Total Capital Ratio (Minimum Requirement, 12.0%) | 13.14% | 20.61% |

| Analysis of loans and advances, commitments, contingencies and impairment | | |
|---|-----------------------------------|--|
| | 2022 As at 31 March Rs. 'Mn | Audited 2021 As at 31 December Rs. 'Mn |
| Product-wise gross loans and advances | | |
| By product - Domestic Currency | | |
| Overdrafts | 14,760 | 16,627 |
| Term loans | 22,200 | 22,554 |
| Lease rentals receivable | - | - |
| Credit cards | 22,623 | 22,497 |
| Pawning | - | - |
| Other loans | - | - |
| Sub total | 59,583 | 61,678 |
| By product - Foreign Currency | | |
| Overdrafts | 12,871 | 12,744 |
| Term loans | 213,334 | 146,442 |
| Guarantees | - | - |
| Bonds | - | - |
| Other loans | 8,549 | 4,986 |
| Sub total | 234,754 | 164,172 |
| Total | 294,337 | 225,850 |

| Regulatory Liquidity | | |
|--|------------------------|---------------------------|
| | 2022 As at 31 March | 2021 As at 31 December |
| Statutory Liquid Assets (LKR Millions) | | |
| Domestic banking unit | 178,726 | 160,087 |
| Off-shore banking unit | 57,208 | 35,053 |
| Statutory Liquid Assets Ratio (Minimum Requirement, 20%) | 68.99% | 58.02% |
| Domestic banking unit | 68.99% | 58.02% |
| Off-shore banking unit | 29.97% | 29.80% |
| Total Stock of High-Quality Liquid Assets (LKR Millions) | | |
| Rupee | 175,852 | 135,246 |
| All currency | 176,097 | 135,277 |
| Liquidity Coverage Ratio | | |
| Rupee (Minimum Requirement - 100%) | 286.00% | 321.00% |
| All currency (Minimum Requirement - 100%) | 326.94% | 356.74% |
| Net Stable Funding Ratio - (Minimum Requirement - 100%) | 142.00% | 149.00% |
| Leverage ratio - (Minimum Requirement - 3%) | 7.21% | 10.66% |
| Assets Quality (Quality of Loan Portfolio) | | |
| Impaired Loans (Stage 3) Ratio | 0.34% | 0.33% |
| Impairment (Stage 3) to Stage 3 Loans Ratio | 47.08% | 44.83% |
| Profitability | | |
| Interest Margin | 2.76% | 2.96% |
| Return on Assets (before tax) | 0.77% | 1.27% |
| Return on Equity | 6.23% | 4.58% |

| Product-wise commitments and contingencies | | |
|--|-----------------------------------|--|
| | 2022 As at 31 March Rs. 'Mn | Audited 2021 As at 31 December Rs. 'Mn |
| By product - Domestic currency | | |
| Guarantees | 18,773 | 19,364 |
| Bonds | 6,439 | 8,035 |
| Undrawn credit lines | 99,222 | 90,857 |
| Foreign exchange contracts | 2,307 | 8,107 |
| Other | 21,811 | 21,831 |
| Sub total | 148,557 | 148,194 |
| By product - Foreign Currency | | |
| Guarantees | 94,005 | 62,194 |
| Bonds | 29,038 | 21,744 |
| Undrawn credit lines | 189,863 | 99,045 |
| Foreign exchange contracts | 50,687 | 21,697 |
| Other | 99,552 | 36,360 |
| Sub total | 424,145 | 243,040 |
| Total | 572,702 | 391,234 |

| Stage-wise impairment on loans & advances | | |
|--|-----------------------------------|--|
| | 2022 As at 31 March Rs. 'Mn | Audited 2021 As at 31 December Rs. 'Mn |
| Gross loans and advances | 294,337 | 225,850 |
| Less: accumulated impairment under stage 1 | (953) | (423) |
| accumulated impairment under stage 2 | (1,487) | (645) |
| accumulated impairment under stage 3 | (863) | (614) |
| Net value of loans and advances | 291,054 | 223,668 |

Note: Profitability ratios are based on SLFRS data

| Analysis of Deposits | | |
|---------------------------------------|-----------------------------------|--|
| | 2022 As at 31 March Rs. 'Mn | Audited 2021 As at 31 December Rs. 'Mn |
| By product - Domestic Currency | | |
| Demand deposits (current accounts) | 37,426 | 35,356 |
| Savings deposits | 52,943 | 41,899 |
| Fixed deposits | 124,427 | 98,316 |
| Other deposits | 5,508 | 4,794 |
| Sub total | 220,304 | 180,365 |
| By product - Foreign Currency | | |
| Demand deposits (current accounts) | 63,727 | 44,102 |
| Savings deposits | 57,016 | 30,707 |
| Fixed deposits | 43,199 | 26,902 |
| Other deposits | 12,178 | 7,934 |
| Sub total | 176,120 | 109,645 |
| Total | 396,424 | 290,010 |

| Movement of impairment during the period | | |
|--|-----------------------------------|--|
| | 2022 As at 31 March Rs. 'Mn | Audited 2021 As at 31 December Rs. 'Mn |
| Under stage 1 | | |
| Opening balance | 423 | 589 |
| Charge/write back to income statement | 455 | (181) |
| Other movements | 55 | 15 |
| Closing balance | 933 | 423 |
| Under stage 2 | | |
| Opening balance | 945 | 1,282 |
| Charge/write back to income statement | 204 | (373) |
| Other movements | 338 | 36 |
| Closing balance | 1,487 | 945 |
| Under stage 3 | | |
| Opening balance | 814 | 1,062 |
| Charge/write back to income statement | 49 | (248) |
| Other movements | - | - |
| Closing balance | 863 | 814 |
| Total impairment | 3,283 | 2,182 |

| Statement of Cash Flows | | |
|---|-----------------------------------|--|
| | 2022 As at 31 March Rs. 'Mn | Audited 2021 As at 31 December Rs. 'Mn |
| Cash flows from operating activities | | |
| Interest receipts | 4,765 | 18,530 |
| Interest payments | (1,431) | (6,209) |
| Net commission receipts | 886 | 3,340 |
| Trading income | 764 | 1,092 |
| Payments to employees | (979) | (3,652) |
| VAT on financial services | (445) | (905) |
| Receipts from other operating activities | 142 | 1,140 |
| Payments to other operating activities | (2,340) | (8,084) |
| Operating profit before change in operating assets and liabilities | 1,362 | 5,252 |
| (Increase)/decrease in operating assets | | |
| Balances with Central Bank of Sri Lanka | (4,174) | (12,606) |
| Financial assets at amortised cost - loans and advances | (69,560) | (5,365) |
| Treasury bills & bonds | (39,297) | 797 |
| Other assets | 21,766 | (421) |
| | (91,265) | (17,595) |
| Increase/(decrease) in operating liabilities | | |
| Financial liabilities at amortised cost - due to depositors | 106,413 | 52,753 |
| Financial liabilities at amortised cost - due to other borrowers | 1,928 | (27,518) |
| Other liabilities | (13,223) | 4,357 |
| | 95,118 | 29,592 |
| Net cash generated from operating activities before income tax | 5,215 | 17,249 |
| Income tax paid | (183) | (2,436) |
| Net cash (used in)/from operating activities | 5,032 | 14,813 |
| Cash flows from investing activities | | |
| Purchase of property, plant & equipment | (23) | (93) |
| Proceeds from sale of property, plant & equipment | - | - |
| Purchase of financial investments | - | - |
| Proceeds from sale and maturity of financial investments | - | - |
| Others | - | - |
| Net cash (used in)/from investing activities | (23) | (93) |
| Cash flows from financing activities | | |
| Profit transferred to head office | - | (3,627) |
| Net cash (used in)/from financing activities | - | (3,627) |
| Net increase/(decrease) in cash and cash equivalents | 5,009 | 12,055 |
| Cash and cash equivalents at the beginning of the period | 35,460 | 20,412 |
| Exchange difference in respect of cash and cash equivalents | 27,102 | 2,993 |
| Cash and cash equivalents at the end of the period | 67,571 | 35,460 |

Analysis of Financial Instruments by Measurement Basis

| For the period ended 31 March 2022 | 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 | 67,571 | - | - | 67,571 |
| Balances with Central Banks | 35,233 | - | - | 35,233 |
| Placements with banks | - | - | - | - |
| Derivative financial instruments | - | 3,234 | - | 3,234 |
| Loans and advances | 291,054 | - | - | 291,054 |
| Debt instruments | 564 | 71 | 175,946 | 176,581 |
| Equity instruments | - | - | - | - |
| Acceptance and endorsements | 28,332 | - | - | 28,332 |
| Total financial assets | 422,754 | 3,305 | 175,946 | 602,005 |
| Liabilities | | | | |
| Due to banks | 62,713 | - | - | 62,713 |
| Derivative financial instruments | - | 671 | - | 671 |
| Financial liabilities - due to depositors | 396,424 | - | - | 396,424 |
| Financial liabilities - due to other borrowers | - | - | - | - |
| Acceptance and endorsements | 28,332 | - | - | 28,332 |
| Total financial liabilities | 487,469 | 671 | - | 488,140 |

Analysis of Financial Instruments by Measurement Basis

| For the period ended 31 December 2021 | 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 | 35,460 | - | - | 35,460 |
| Balances with Central Banks | | | | |