

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 01.

Summarised Income Statement		
For the period ended 31 December	2023 Rs. 'Mn	Audited 2022 Rs. 'Mn
Interest income	44,657	45,488
Interest expenses	(9,854)	(11,863)
Net interest income	34,803	33,625
Fee and commission income	7,614	6,627
Fee and commission expenses	(1,892)	(1,753)
Net fee and commission income	5,722	4,874
Net gains/(losses) from trading	9,172	4,685
Financial assets at fair value through profit or loss	(24)	(9)
Net other operating income	104	220
Total operating income	49,777	43,395
Impairment (charges) / reversals	7,992	(12,480)
Net operating income	57,769	30,915
Personal expenses	(5,808)	(5,588)
Depreciation and amortisation expenses	(525)	(586)
Other expenses	(13,226)	(11,495)
Operating profit/(loss) before VAT and other taxes on financial services	38,210	13,266
Value Added Tax (VAT), Other taxes on financial services	(9,156)	(3,373)
Operating profit/(loss) After VAT and other taxes on financial services	29,054	9,893
Income tax expenses	(11,741)	(2,921)
Profit/(loss) for the period	17,313	6,972
Profit attributable to:		
Equity holders of the parent	17,313	6,972
Non-controlling interests	-	-

Statement of Comprehensive Income		
For the period ended 31 December	2023 Rs. 'Mn	Audited 2022 Rs. 'Mn
Profit/(loss) for the year	17,313	6,972
Items that will be reclassified to income statement		
Exchange differences on translation of foreign operations	(10,814)	38,738
Gains/(losses) on investments in debt instruments measured at fair value through other comprehensive income (Net of Tax)	834	837
	(9,980)	39,575
Items that will not be reclassified to profit or loss		
Re-measurement of post-employment benefit obligations (Net of Tax)	499	(482)
Changes in revaluation (deficit) / surplus (Net of Tax)	286	(261)
	785	(743)
Other comprehensive income for the period, net of taxes	(9,195)	38,832
Total comprehensive income for the period	8,118	45,804
Attributable to:		
Equity holders of the parent	8,118	45,804
Non-controlling interests	-	-

Selected Performance Indicators		
As at 31 December	2023	2022
Regulatory Capital Adequacy (LKR Millions)		
Common Equity Tier 1	62,633	62,891
Core (Tier 1) Capital	62,633	62,891
Total Capital Base	66,206	68,461
Regulatory Capital Ratios		
Common Equity Tier 1 Capital Ratio (Minimum Requirement, 6.5%)	16.40%	15.77%
Tier 1 Capital Ratio (Minimum Requirement, 8.0%)	16.40%	15.77%
Total Capital Ratio (Minimum Requirement, 12.0%)	17.34%	17.17%
<i>Note: Audited Capital Adequacy Ratio (2022) - 17.78%, Amended CAR post to the statutory audit (2022) - 17.17%</i>		

	2023 As at 31 December	2022 As at 31 December
Regulatory Liquidity		
Statutory Liquid Assets (LKR Millions)		
Domestic banking unit	132,648	219,945
Off-shore banking unit	188,341	184,362
Total Bank	322,416	404,212
Statutory Liquid Assets Ratio		
Domestic banking unit	49.96%	52.23%
Off-shore banking unit	109.40%	121.47%
Total Bank (Minimum Requirement, 20%)	73.00%	70.54%
Total Stock of High-Quality Liquid Assets (LKR Millions)		
Rupee	105,809	199,108
All currency	106,206	199,645
Liquidity Coverage Ratio		
Rupee (Minimum Requirement - 100%)	163.00%	297.00%
All currency (Minimum Requirement - 100%)	251.85%	500.40%
Net Stable Funding Ratio - (Minimum Requirement - 100%)	134.12%	162.79%
Leverage Ratio - (Minimum Requirement - 3%)	9.64%	8.27%
Assets Quality (Quality of Loan Portfolio)		
Impaired Loans (Stage 3) Ratio	3.35%	4.59%
Impairment (Stage 3) to Stage 3 Loans Ratio	13.38%	6.32%
Profitability		
Interest Margin	5.94%	5.08%
Return on Assets (before tax)	4.97%	1.49%
Return on Equity	14.87%	8.73%

Analysis of Deposits		
	2023 As at 31 December Rs. 'Mn	Audited 2022 As at 31 December Rs. 'Mn
By product - Domestic Currency		
Demand deposits (current accounts)	35,824	37,632
Savings deposits	56,610	72,020
Fixed deposits	90,532	118,465
Other deposits	1,293	2,641
Sub total	184,259	230,758
By product - Foreign Currency		
Demand deposits (current accounts)	65,156	66,294
Savings deposits	55,977	79,063
Fixed deposits	64,961	78,561
Other deposits	2,095	13,591
Sub total	188,189	237,508
Total	372,448	468,266

Statement of Financial Position		
As at 31 December	2023 Rs. 'Mn	Audited 2022 Rs. 'Mn
Assets		
Cash and cash equivalents	218,176	190,933
Balances with the CBSL	88,073	163,595
Placements with banks	11,339	-
Derivative financial instruments	1,011	286
Financial assets measured at fair value through profit or loss	24	57
Financial assets at amortised cost - loans and advances	210,214	227,054
Financial assets at amortised cost - debt instruments	94	70
Retirement benefit obligations surplus	86	-
Financial assets measured at fair value through other comprehensive income	19,662	43,635
Property, plant and equipment	5,518	5,233
Deferred tax assets	1,224	4,355
Other assets	31,156	27,552
Total assets	586,577	663,770
Liabilities		
Due to banks	38,359	34,996
Derivative financial instruments	229	127
Financial liabilities at amortised cost - due to depositors	372,448	468,266
Retirement benefit obligations	-	514
Current tax liabilities	7,190	7,450
Other liabilities	48,272	37,436
Total liabilities	466,498	548,789
Equity		
Assigned capital	3,152	3,152
Statutory reserve fund	3,152	2,997
Retained earnings	69,403	54,766
Other reserves	44,372	54,066
Total shareholders' equity	120,079	114,981
Total equity	120,079	114,981
Total equity and liabilities	586,577	663,770
Contingent liabilities and commitments	442,120	482,537
Memorandum information		
Number of employees	747	884
Number of branches	13	13

Analysis of loans and advances, commitments, contingencies and impairment		
Product-wise gross loans and advances As at 31 December	2023 Rs. 'Mn	Audited 2022 Rs. 'Mn
By product - Domestic Currency		
Overdrafts	41,378	16,159
Term loans	45,313	19,873
Credit cards	21,089	19,942
Trade loans	537	493
Sub total	108,317	56,467
By product - Foreign Currency		
Overdrafts	7,421	9,679
Term loans	63,056	111,189
Trade loans	36,261	59,023
Sub total	106,738	179,891
Total	215,055	236,358

Product-wise commitments and contingencies As at 31 December		
By product - Domestic Currency	2023 Rs. 'Mn	Audited 2022 Rs. 'Mn
Guarantees	4,491	11,949
Bonds	11,137	7,221
Undrawn credit lines	110,387	105,379
Foreign exchange contracts	24,506	10,119
Other	191	181
Sub total	150,712	134,849
By product - Foreign Currency		
Guarantees	3,984	54,001
Bonds	73,704	69,049
Undrawn credit lines	128,176	121,137
Foreign exchange contracts	36,643	27,662
Other	48,901	75,839
Sub total	291,408	347,688
Total	442,120	482,537

Stage-wise impairment on loans & advances As at 31 December		
Gross loans and advances	2023 Rs. 'Mn	Audited 2022 Rs. 'Mn
Less: accumulated impairment under stage 1	(745)	(611)
accumulated impairment under stage 2	(2,984)	(7,962)
accumulated impairment under stage 3	(1,112)	(731)
Net value of loans and advances	210,214	227,054

Movement of loan and advances impairment during the period		
	2023 Rs. 'Mn	Audited 2022 Rs. 'Mn
Under stage 1		
Opening balance	611	423
Charge/(write back) to income statement	(85)	107
Other movements	219	81
Closing balance	745	611
Under stage 2		
Opening balance	7,962	945
Charge/(write back) to income statement	(4,917)	5,845
Other movements	(61)	1,172
Closing balance	2,984	7,962
Under stage 3		
Opening balance	731	814
Charge/(write back) to income statement	250	(80)
Other movements	131	(3)
Closing balance	1,112	731
Total impairment	4,841	9,304

Stage-wise impairment on commitments and contingencies As at 31 December		
Gross commitments and contingencies	2023 Rs. 'Mn	Audited 2022 Rs. 'Mn
Less: accumulated impairment under stage 1	(346)	(185)
accumulated impairment under stage 2	(301)	(382)
accumulated impairment under stage 3	-	-
Net commitments and contingencies	441,473	481,970

Analysis of Financial Instruments by Measurement Basis				
For the period ended 31 December 2023	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	218,176	-	-	218,176
Balances with CBSL	88,073	-	-	88,073
Placements with banks	11,339	-	-	11,339
Derivative financial instruments	-	1,011	-	1,011
Loans and advances	210,214	-	-	210,214
Debt instruments	94	24	19,662	19,780
Equity instruments	-	-	-	-
Acceptance and endorsements	24,525	-	-	24,525
Total financial assets	552,421	1,035	19,662	573,118
Liabilities				
Due to banks	38,359	-	-	38,359
Derivative financial instruments	-	229	-	229
Financial liabilities - due to depositors	372,448	-	-	372,448
Financial liabilities - due to other borrowers	-	-	-	-
Acceptance and endorsements	24,525	-	-	24,525
Total financial liabilities	435,332	229	-	435,561

Analysis of Financial Instruments by Measurement Basis				
For the period ended 31 December 2022 Audited	Amortised cost Rs. 'Mn	Fair value through profit or loss Rs. 'Mn	Fair value through other comprehensive income Rs. 'Mn	Total Rs. 'Mn
Assets				
Cash and cash equivalents	190,933	-	-	190,933
Balances with Central Banks	163,595	-	-	163,595
Derivative financial instruments	-	286	-	286
Loans and advances	227,054	-	-	227,054
Debt instruments	70	57	43,635	43,762
Equity instruments	-	-	-	-
Acceptance and endorsements	18,209	-	-	18,209
Total financial assets	599,861	343	43,635	643,839
Liabilities				
Due to banks	34,996	-	-	34,996
Derivative financial instruments	-	127	-	127
Financial liabilities - due to depositors	468,266	-	-	468,266
Financial liabilities - due to other borrowers	-	-	-	-
Acceptance and endorsements	18,209	-	-	18,209
Total financial liabilities	521,471	127	-	521,598

Statement of Changes in Equity										
For the Period Ended 31 December 2023	Stated Capital/Assigned Capital			Reserves					Non-controlling interest Rs. 'Mn	Total equity Rs. 'Mn
	Ordinary voting shares Rs. 'Mn	Ordinary non-voting shares Rs. 'Mn	Assigned capital Rs. 'Mn	Reserve fund Rs. 'Mn	Revaluation reserve Rs. 'Mn	Retained earnings Rs. 'Mn	Other reserves Rs. 'Mn	Total Rs. 'Mn		
Balance as at 01 January 2023 (Opening balance)	-	-	3,152	2,997	2,684	54,766	51,382	114,981	-	114,981
Adjustment for surcharge tax levied under the Surcharge Tax Act No.14 of 2023	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	17,313	-	17,313	-	17,313
Profit/(loss) for the year (net of tax)	-	-	-	-	-	499	(9,980)	(9,481)	-	(9,481)
Other comprehensive income (net of tax)	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	17,812	(9,980)	7,832	-	7,832
Transactions with equity holders recognised directly in equity										
Share issue/increase of assigned capital	-	-	-	-	-	-	-	-	-	-
Transfer to reserves during the period	-	-	-	155	-	(155)	-	-	-	-
Dividends to equity holders	-	-	-	-	-	-	-	-	-	-
Profit remittance to Head Office	-	-	-	-	-	(3,020)	-	(3,020)	-	(3,020)
Gain/(loss) on revaluation of Land and Building	-	-	-	-	286	-	-	286	-	286
Others	-	-	-	-	-	-	-	-	-	-
Total transactions with equity holders	-	-	-	155	286	(3,175)	-	(2,734)	-	(2,734)
Balance as at 31 December 2023 (Closing balance)	-	-	3,152	3,152	2,970	69,403	41,402	120,079	-	120,079

The financial information summarised above for the twelve months ended 31st December 2023 is drawn up from the un-audited accounts of the Bank, prepared according to the Sri Lanka Accounting Standards. (SLFRS/LKAS).