

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	2024 Rs. 'Mn	2023 Rs. 'Mn
Interest income	10,117	12,524
Interest expenses	(2,251)	(3,195)
Net interest income	7,866	9,329
Fee and commission income	1,937	1,919
Fee and commission expenses	(436)	(439)
Net fee and commission income	1,501	1,480
Net gains/(losses) on trading	1,620	1,937
Net fair value gains/(losses) on:	-	-
Financial assets at fair value through profit or loss	1	4
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	28	2
Total operating income	11,016	12,752
Impairment (charges) / reversals	567	3,121
Net operating income	11,583	15,873
Personal expenses	(1,281)	(1,444)
Depreciation and amortisation expenses	(131)	(141)
Other expenses	(3,531)	(2,906)
Operating profit/(loss) before VAT and other taxes on financial services	6,640	11,382
Value Added Tax (VAT) on financial services	(1,224)	(2,034)
Other taxes on financial services	(170)	(212)
Operating profit/(loss) after VAT and other taxes on financial services	5,246	9,136
Income tax expenses	(1,879)	(4,298)
Profit/(loss) for the period	3,367	4,838
Profit attributable to:		
Equity holders of the parent	3,367	4,838
Non-controlling interests	-	-

Statement of Comprehensive Income		
For the period ended 31 March	2024 Rs. 'Mn	2023 Rs. 'Mn
Profit/(loss) for the year	3,367	4,838
Items that will be reclassified to income statement	(6,381)	(9,568)
Exchange differences on translation of foreign operations	-	-
Net gains/(losses) on cash flow hedges	-	-
Net gains/(losses) on investments in debt instruments measured at fair value through other comprehensive income	387	1,140
Share of profits of associates and joint ventures	-	-
Debt instruments at fair value through other comprehensive income	-	-
Others	-	-
	(5,994)	(8,428)
Items that will not be reclassified to profit or loss	16	(26)
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	16	(26)
Changes in revaluation (deficit)/surplus (Net of Tax)	-	-
Share of profits of associates and joint ventures	-	-
Others	16	(26)
Other comprehensive income for the period, net of taxes	(5,978)	(8,454)
Total comprehensive income for the period	(2,611)	(3,616)
Attributable to:		
Equity holders of the parent	(2,611)	(3,616)
Non-controlling interests	-	-

Selected Performance Indicators		
	2024 As at 31 March Rs. 'Mn	Audited 2023 As at 31 December Rs. 'Mn
Regulatory Capital Adequacy (LKR Millions)		
Common Equity Tier 1	82,989	85,252
Core (Tier 1) Capital	82,989	85,252
Total Capital Base	86,582	89,332
Regulatory Capital Ratios		
Common Equity Tier 1 Capital Ratio (Minimum Requirement, 7%)	24.41%	23.43%
Tier 1 Capital Ratio (Minimum Requirement, 8.5%)	24.41%	23.43%
Total Capital Ratio (Minimum Requirement, 12.5%)	25.47%	24.55%
	As at 31 March	As at 31 December
Regulatory Liquidity		
Statutory Liquid Assets (LKR Millions)		
Domestic Banking Unit	129,906	132,648
Off-Shore Banking Unit	183,531	188,341
Total Bank	316,227	322,416
Statutory Liquid Assets Ratio		
Domestic Banking Unit	51.59%	49.96%
Off-Shore Banking Unit	105.61%	109.40%
Total Bank (Minimum Requirement, 20%)	73.00%	73.00%
Total Stock of High-Quality Liquid Assets (LKR Millions)		
Rupee	111,205	105,809
All currency	111,627	106,206
Liquidity Coverage Ratio		
Rupee (Minimum Requirement - 100%)	337.00%	163.00%
All currency (Minimum Requirement - 100%)	336.77%	251.85%
Net Stable Funding Ratio - (Minimum Requirement - 100%)	154.02%	144.43%
Leverage ratio - (Minimum Requirement - 3%)	13.86%	13.14%
Assets Quality (Quality of Loan Portfolio)		
Impaired Loans (Stage 3) Ratio	0.33%	3.35%
Impairment (Stage 3) to Stage 3 Loans Ratio	62.75%	13.38%
Profitability		
Interest Margin	5.59%	5.99%
Return on Assets (before tax)	3.73%	5.27%
Return on Equity	11.11%	17.74%

Note: Profitability ratios are based on SLFRS data

Analysis of Deposits		
	2024 As at 31 March Rs. 'Mn	Audited 2023 As at 31 December Rs. 'Mn
By product - Domestic Currency		
Demand deposits (current accounts)	40,861	35,824
Savings deposits	51,981	56,610
Fixed deposits	89,697	90,532
Other deposits	1,373	1,293
Sub total	183,912	184,259
By product - Foreign Currency		
Demand deposits (current accounts)	53,441	65,156
Savings deposits	49,925	55,977
Fixed deposits	58,054	64,961
Other deposits	1,731	2,095
Sub total	163,151	188,189
Total	347,063	372,448

Statement of Financial Position		
	2024 As at 31 March Rs. 'Mn	Audited 2023 As at 31 December Rs. 'Mn
Assets		
Cash and cash equivalents	198,913	218,143
Balances with Central Bank	57,158	88,041
Placements with banks	1,502	11,337
Derivative financial instruments	2,208	1,011
Financial assets measured at fair value through profit or loss	24	24
Financial assets at amortised cost - loans and advances	183,449	210,214
Financial assets at amortised cost - debt instruments	81	94
Financial assets measured at fair value through other comprehensive income	56,976	19,662
Retirement benefit obligations surplus	102	86
Property, plant and equipment	5,437	5,518
Deferred tax assets	988	1,286
Other assets	32,562	31,012
Total assets	539,400	586,428
Liabilities		
Due to banks	18,564	38,359
Derivative financial instruments	332	229
Financial liabilities at amortised cost - due to depositors	347,063	372,448
Current tax liabilities	7,625	6,349
Other liabilities	45,878	46,493
Total liabilities	419,462	463,878
Equity		
Stated capital/Assigned capital	3,152	3,152
Statutory reserve fund	3,152	3,152
Retained earnings	75,622	72,239
Other reserves	38,012	44,007
Total shareholders' equity	119,938	122,550
Non-controlling interests	-	-
Total equity	119,938	122,550
Total equity and liabilities	539,400	586,428
Contingent liabilities and commitments	438,579	442,170
Memorandum information		
Number of employees	761	747
Number of branches	13	13

Analysis of Loans and Advances, Commitments, Contingencies and Impairment		
	2024 As at 31 March Rs. 'Mn	Audited 2023 As at 31 December Rs. 'Mn
Product-wise gross loans and advances		
By product - Domestic Currency		
Overdrafts	30,985	41,378
Term loans	43,378	45,313
Credit cards	21,288	21,089
Trade loans	1,707	537
Sub total	97,358	108,317
By product - Foreign Currency		
Overdrafts	8,491	7,421
Term loans	45,395	63,056
Trade loans	35,828	36,261
Sub total	89,714	106,738
Total	187,072	215,055
Stage-wise impairment on loans & advances		
Gross loans and advances	187,072	215,055
Less: accumulated impairment under stage 1	(1,109)	(745)
accumulated impairment under stage 2	(1,488)	(2,984)
accumulated impairment under stage 3	(1,026)	(1,112)
Net value of loans and advances	183,449	210,214
Movement in impairment of Loans and Advances during the period		
Under stage 1		
Opening balance	745	612
Charge/(write back) to income statement	262	(85)
Other movements	102	218
Closing balance	1,109	745
Under stage 2		
Opening balance	2,984	7,961
Charge/(write back) to income statement	(1,289)	(4,917)
Write-off during the year	-	-
Other movements	(207)	(60)
Closing balance	1,488	2,984
Under stage 3		
Opening balance	1,112	732
Charge/(write back) to income statement	113	250
Other movements	(199)	130
Closing balance	1,026	1,112
Total impairment	3,623	4,841
Product-wise commitments and contingencies		
By product - Domestic currency		
Guarantees	4,593	4,491
Bonds	9,799	11,137
Letters Of Credit	136	142
Undrawn Loan Commitments	118,175	110,387
Foreign exchange contracts	33,399	24,506
Other Contra Accounts	2,178	49
Sub total	166,280	150,712
By product - Foreign Currency		
Guarantees	3,576	3,984
Bonds	74,855	73,704
Letters Of Credit	31,983	30,059
Undrawn Loan Commitments	118,316	128,176
Foreign Exchange Contracts	24,172	36,543
Other Contra Accounts	19,397	18,892
Sub total	272,299	291,458
Total	438,579	442,170
Stage-wise impairment on commitments and contingencies		
Commitments and contingencies	438,579	442,170
Less: accumulated impairment under stage 1	(301)	(346)
accumulated impairment under stage 2	(201)	(301)
accumulated impairment under stage 3	-	-
Net commitments and contingencies	438,077	441,523

Analysis of Financial Instruments by Measurement Basis				
For the period ended 31 March 2024	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	198,913	-	-	198,913
Balances with Central Banks	57,158	-	-	57,158
Placements with banks	1,502	-	-	1,502
Derivative financial instruments	-	2,208	-	2,208
Loans and advances	183,449	-	-	183,449
Debt instruments	81	24	56,976	57,081
Acceptance and endorsements	24,690	-	-	24,690
Total financial assets	465,793	2,232	56,976	525,001
Liabilities				
Due to banks	18,564	-	-	18,564
Derivative financial instruments	-	332	-	332
Financial liabilities - due to depositors	347,063	-	-	347,063
Acceptance and endorsements	24,788	-	-	24,788
Total financial liabilities	390,415	332	-	390,747

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	218,144	-	-	218,144
Balances with Central Banks	88,041	-	-	88,041
Placements with banks	11,337	-	-	11,337
Derivative financial instruments	-	1,011	-	1,011
Loans and advances	210,214	-	-	210,214
Debt instruments	94	24	19,662	19,780
Acceptance and endorsements	24,265	-	-	24,265
Total financial assets	552,095	1,035	19,662	572,792
Liabilities				
Due to banks	38,359	-	-	38,359
Derivative financial instruments	-	229	-	229
Financial liabilities - due to depositors	372,448	-	-	372,448
Acceptance and endorsements	24,525	-	-	24,525
Total financial liabilities	435,332	229	-	435,561

Statement of Changes in Equity										
For the Period Ended 31 March 2024	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 2024 (Opening balance)	-	-	3,152	3,152	2,970	72,239	41,037	122,550	-	122,550
Total comprehensive income for the year	-	-	-	-	-	3,367	-	3,367	-	3,367
Profit/(loss) for the year (net of tax)	-	-	-	-	-	16	(5,994)	(5,978)	-	(5,978)
Other comprehensive income (net of tax)	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	3,383	(5,994)	(2,611)	-	(2,611)
Transactions with equity holders, recognised directly in equity										
Share issue/increase of assigned capital	-	-	-	-	-	-	-	-	-	-
Transfer to reserves during the period	-	-	-	-	-	-	(1)	(1)	-	(1)
Dividends to equity holders	-	-	-	-	-	-	-	-	-	-
Profit transferred to Head Office	-	-	-	-	-	-	-	-	-	-
Gain/(loss) on revaluation of property, plant and equipment (if cost method is adopted)	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-
Total transactions with equity holders	-	-	-	-	-	-	(1)	(1)	-	(1)
Balance as at 31 March 2024 (Closing balance)	-	-	3,152	3,152	2,970	75,622	35,042	119,938	-	119,938

The financial information