

# The Hongkong and Shanghai Banking Corporation Limited

Incorporated in the Hongkong SAR with limited liability

## Sri Lanka Branch

Main Office - 24, Sir Baron Jayatilaka Mawatha, Colombo 1.

Summarised Income Statement		
For the period ended 30 June	2014 Rs. '000	2013 Rs. '000
Interest income	11,740,900	12,898,562
Less: interest expenses	(3,601,196)	(3,959,644)
<b>Net interest income</b>	<b>8,139,704</b>	<b>8,938,918</b>
Fee and commission income	2,077,050	2,174,941
Less: fee and commission expenses	(342,780)	(333,809)
<b>Net fee and commission income</b>	<b>1,734,270</b>	<b>1,841,132</b>
Net gain/(loss) from trading	1,677,028	767,659
Net gain/(loss) from financial instruments designated at fair value through profit or loss	-	-
Net gain/(loss) from financial investments	-	-
Other operating income (net)	31,506	63,477
<b>Total operating income</b>	<b>11,582,508</b>	<b>11,611,186</b>
<b>Impairment for loans and other losses</b>		
Individual impairment	355,587	(168,688)
Collective impairment	(363,744)	(223,288)
Others	-	-
<b>Net operating income</b>	<b>11,574,352</b>	<b>11,219,210</b>
Personnel expenses	(1,711,615)	(1,457,325)
Depreciation and amortisation	(77,126)	(74,822)
Other expenses	(2,777,932)	(2,263,255)
<b>Operating profit/(loss) before value added tax (VAT)</b>	<b>7,007,679</b>	<b>7,423,808</b>
Value Added Tax (VAT) on financial services	(892,252)	(1,043,474)
<b>Operating profit/(loss) after value added tax (VAT)</b>	<b>6,115,427</b>	<b>6,380,334</b>
Share of profits of associates and joint ventures	-	-
<b>Profit/(loss) before tax</b>	<b>6,115,427</b>	<b>6,380,334</b>
Tax expenses	(2,116,634)	(2,053,951)
<b>Profit/(loss) for the period</b>	<b>3,998,793</b>	<b>4,326,383</b>
<b>Profit attributable to:</b>		
Owners of the parent	-	-
Non-controlling interest	-	-
<b>Earnings per share on profit</b>		
Basic earnings per ordinary share	-	-
Diluted earnings per ordinary share	-	-

Statement of Comprehensive Income		
For the period ended 30 June	2014 Rs. '000	2013 Rs. '000
<b>Profit/(loss) for the period</b>	<b>3,998,793</b>	<b>4,326,383</b>
<b>Other comprehensive income, net of tax</b>		
Changes in revaluation surpluses	-	-
Actuarial gains/(losses) on defined benefit plans	(12,606)	9,047
Gains and losses (arising from translating the financial statements of a foreign operation)	(470,810)	(71,817)
Gains and losses on re-measuring available-for-sale financial assets	1,024,219	783,601
Gains and losses on cash flow hedges	-	-
Other	-	-
Share of profits of associates and joint ventures	-	-
Less: income tax (charge)/credit related to components of other comprehensive income	(284,106)	(227,449)
<b>Other comprehensive income for the period net of taxes</b>	<b>256,697</b>	<b>493,382</b>
<b>Total comprehensive income for the period</b>	<b>4,255,490</b>	<b>4,819,765</b>
<b>Attributable to:</b>		
Owners of the parent	-	-
Non-controlling interest	-	-

Selected Performance Indicators		
	As at 30 June 2014	Audited As at 31 December 2013
<b>Regulatory capital adequacy</b>		
Core Capital (Tier 1 Capital) Rs. 000	40,027,749	39,823,288
Total Capital Base. Rs. 000	41,061,195	40,180,205
Core Capital Adequacy Ratio, as % of risk weighed assets (Minimum requirement 5%)	23.13%	22.46%
Total Capital Adequacy Ratio as % of risk weighed assets (Minimum requirement 10%)	23.73%	22.66%
<b>Assets quality (quality of loan portfolio)</b>		
Gross Non-Performing Advances Ratio % (net of interest in suspense)	4.36%	3.55%
Net Non-Performing Advances Ratio % (net of interest in suspense and provisions)	2.83%	1.97%
<b>Profitability</b>		
Interest Margin, %	5.34%	6.11%
Return on Assets (before Tax), %	4.52%	4.52%
Return on Equity, %	18.59%	22.32%
<b>Regulatory liquidity</b>		
Statutory Liquid Assets, Rs. '000		
Domestic banking unit	129,862,619	120,838,668
Offshore banking unit	40,196,375	30,798,859
Statutory Liquid Assets ratio, % (minimum requirement, 20%)		
Domestic banking unit	72.61%	67.87%
Offshore banking unit	49.53%	38.63%

Analysis of Financial Instruments by Measurement Basis							
For the period ended 30 June 2014	Held-for-trading Rs. '000	Designated at fair value through profit/loss Rs. '000	Held-to-maturity Rs. '000	Amortised cost Rs. '000	Available-for-sale Rs. '000	Hedging Rs. '000	Total Rs. '000
<b>Assets</b>							
Cash and cash equivalents	-	-	-	8,213,033	-	-	8,213,033
Balances with central banks	-	-	-	6,198,791	-	-	6,198,791
Placements with banks	-	-	-	22,177,149	-	-	22,177,149
Derivative financial instruments	941,821	-	-	-	-	-	941,821
Other financial assets held-for-trading	5,091,192	-	-	-	-	-	5,091,192
Loans and receivables to banks	-	-	-	30,707,792	-	-	30,707,792
Loans and receivables to other customers	-	-	-	124,928,153	-	-	124,928,153
Financial investments	-	-	-	-	106,384,439	-	106,384,439
Acceptances & Endorsements	-	-	-	13,975,502	-	-	13,975,502
<b>Total financial assets</b>	<b>6,033,013</b>	<b>-</b>	<b>-</b>	<b>206,200,420</b>	<b>106,384,439</b>	<b>-</b>	<b>318,617,872</b>
<b>Liabilities</b>							
Due to banks	-	-	-	76,370,254	-	-	76,370,254
Derivative financial instruments	10,517	-	-	-	-	-	10,517
Other financial liabilities at fair value through profit or loss	-	-	-	-	-	-	-
Due to other customers	-	-	-	166,883,474	-	-	166,883,474
Other borrowings	-	-	-	-	-	-	-
Debt securities issued	-	-	-	-	-	-	-
Acceptances & Endorsements	-	-	-	13,975,502	-	-	13,975,502
<b>Total financial liabilities</b>	<b>10,517</b>	<b>-</b>	<b>-</b>	<b>257,229,230</b>	<b>-</b>	<b>-</b>	<b>257,239,747</b>

Statement of Changes in Equity										
For the period ended 30 June 2014	Stated Capital/Assigned capital			Reserves				Total Rs. '000	Non-controlling interest Rs. '000	Total equity Rs. '000
	Ordinary voting shares Rs. '000	Ordinary non-voting shares Rs. '000	Assigned capital Rs. '000	Reserve fund Rs. '000	Revaluation reserve Rs. '000	Retained earnings Rs. '000	Other reserves Rs. '000			
Balance as at 01/01/2014 (opening balance)	-	-	3,152,358	1,790,585	1,360,328	32,003,445	4,740,063	43,046,779	-	43,046,779
<b>Total comprehensive income for the year</b>										
Profit/(loss) for the period	-	-	-	-	-	3,998,793	-	3,998,793	-	3,998,793
Other comprehensive income (net of tax)	-	-	-	-	-	256,697	-	256,697	-	256,697
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,255,490</b>	<b>-</b>	<b>4,255,490</b>	<b>-</b>	<b>4,255,490</b>
<b>Transactions with equity holders recognised directly in equity</b>										
Share issue/increase of assigned capital	-	-	-	-	-	-	-	-	-	-
Share option exercised	-	-	-	-	-	-	-	-	-	-
Bonus issue	-	-	-	-	-	-	-	-	-	-
Rights issue	-	-	-	-	-	-	-	-	-	-
Transfer to reserves during the period	-	-	-	-	-	-	-	-	-	-
Dividends to equity holders	-	-	-	-	-	-	-	-	-	-
Profit transferred to head office	-	-	-	-	-	-	-	-	-	-
Gain/(loss) on revaluation of property, plant and equipment (if cost method is adopted)	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	(208)	(101,916)	123,398	21,274	-	21,274
<b>Total transactions with equity holders</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(208)</b>	<b>(101,916)</b>	<b>123,398</b>	<b>21,274</b>	<b>-</b>	<b>21,274</b>
<b>Balance as at 30/06/2014 (closing balance)</b>	<b>-</b>	<b>-</b>	<b>3,152,358</b>	<b>1,790,585</b>	<b>1,360,120</b>	<b>36,157,019</b>	<b>4,863,461</b>	<b>47,323,543</b>	<b>-</b>	<b>47,323,543</b>

