

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 31 December	2013 Rs. '000	2012 Rs. '000
Interest income	25,839,261	22,057,108
Less: interest expenses	(7,860,323)	(7,008,913)
Net interest income	17,978,938	15,048,195
Fee and commission income	4,444,812	4,143,535
Fee and commission expenses	(660,674)	(805,565)
Net fee and commission income	3,784,138	3,337,970
Net gain/(loss) from trading	1,547,379	3,446,115
Net gain/(loss) from financial instruments designated at fair value through profit or loss	-	-
Net gain/(loss) from financial investments	-	-
Other operating income (net)	117,695	93,862
Total operating income	23,428,150	21,926,142
Impairment for loans and other losses		
Individual impairment	(251,270)	21,451
Collective impairment	(556,372)	33,183
Others	-	-
Net operating income	22,620,508	21,980,776
Personnel expenses	(2,944,260)	(3,638,219)
Depreciation and amortisation	(144,768)	(146,359)
Other expenses	(4,849,726)	(4,654,461)
Operating profit/(loss) before value added tax (VAT)	14,681,754	13,541,737
Value Added Tax (VAT) on financial services	(2,043,160)	(1,493,296)
Operating profit/(loss) after value added tax (VAT)	12,638,594	12,048,441
Share of profits of associates and joint ventures	-	-
Profit/(loss) before tax	12,638,594	12,048,441
Tax expenses	(4,406,919)	(3,848,647)
Profit/(loss) for the period	8,231,675	8,199,794
Profit attributable to:		
Owners of the parent	-	-
Non-controlling interest	-	-
Earnings per share on profit		
Basic earnings per ordinary share	-	-
Diluted earnings per ordinary share	-	-

Statement of Comprehensive Income

For the period ended 31 December	2013 Rs. '000	2012 Rs. '000
Profit/(loss) for the year	8,231,675	8,199,794
Other comprehensive income, net of tax		
Changes in revaluation surpluses	416,400	264,780
Actuarial gains/(losses) on defined benefit plans	200,599	225,327
Gains and losses (arising from translating the financial statements of a foreign operation)	(665,833)	1,491,430
Gains and losses on re-measuring available-for-sale financial assets	2,701,955	1,249,861
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	(859,566)	(375,298)
Other comprehensive income for the period net of taxes	1,793,555	2,856,100
Total comprehensive income for the period	10,025,230	11,055,894
Attributable to:		
Owners of the parent	-	-
Non-controlling interest	-	-

Selected Performance Indicators

As at 31 December	2013	2012
Regulatory Capital Adequacy		
Core Capital (Tier 1 Capital) Rs. 000	39,823,288	31,924,823
Total Capital Base. Rs. 000	40,180,205	32,281,740
Core Capital Adequacy Ratio, as % of risk weighed assets (Minimum requirement 5%)	23.14%	20.27%
Total Capital Adequacy Ratio as % of risk weighted assets (Minimum requirement 10%)	23.35%	20.49%

As at 31 December	Unaudited 2013	Unaudited 2012
Assets quality (quality of loan portfolio)		
Gross Non-Performing Advances Ratio % (net of interest in suspense)	3.55%	2.63%
Net Non-Performing Advances Ratio % (net of interest in suspense and provisions)	1.97%	0.63%
Profitability		
Interest Margin, %	6.11%	5.39%
Return on Assets (before Tax) %	4.52%	4.43%
Return on Equity, %	22.32%	28.61%
Regulatory liquidity		
Statutory Liquid Assets, Rs. '000		
Domestic banking unit	120,838,668	101,887,530
Offshore banking unit	30,798,859	24,666,870
Statutory Liquid Assets ratio, % (minimum requirement, 20%)		
Domestic banking unit	67.87%	56.62%
Offshore banking unit	38.63%	39.67%

Analysis of Financial Instruments by Measurement Basis

For the period ended 31 December 2013

	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
Assets							
Cash and cash equivalents	-	-	-	9,471,769	-	-	9,471,769
Balances with central banks	-	-	-	8,045,947	-	-	8,045,947
Placements with banks	-	-	-	5,636,400	-	-	5,636,400
Derivative financial instruments	2,983,392	-	-	-	-	-	2,983,392
Other financial assets held-for-trading	11,995,713	-	-	-	-	-	11,995,713
Loans and receivables to banks	-	-	-	30,559,850	-	-	30,559,850
Loans and receivables to other customers	-	-	-	129,012,751	-	-	129,012,751
Financial investments	-	-	-	-	107,011,206	-	107,011,206
Total financial assets	14,979,105	-	-	182,726,717	107,011,206	-	304,717,028
Liabilities							
Due to banks	-	-	-	97,620,005	-	-	97,620,005
Derivative financial instruments	4,088,096	-	-	-	-	-	4,088,096
Other financial liabilities at fair value through profit or loss	-	-	-	-	-	-	-
Due to other customers	-	-	-	154,946,963	-	-	154,946,963
Other borrowings	-	-	-	-	-	-	-
Debt securities issued	-	-	-	-	-	-	-
Total financial liabilities	4,088,096	-	-	252,566,968	-	-	256,655,064

Statement of Changes in Equity

For the period ended 31 December 2013

	Stated Capital/Assigned Capital			Reserves				Total	Non-controlling interest	Total equity
	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 01/01/2013 (opening balance)	-	-	3,152,358	1,625,952	999,132	25,336,956	2,526,403	33,640,801	-	33,640,801
Total comprehensive income for the period	-	-	-	-	-	-	-	-	-	-
Profit/(loss) for the year	-	-	-	-	-	8,231,675	-	8,231,675	-	8,231,675
Other comprehensive income (net of tax)	-	-	-	-	361,196	1,432,359	-	1,793,555	-	1,793,555
Total comprehensive income for the year	-	-	-	-	361,196	9,664,034	-	10,025,230	-	10,025,230
Transactions with equity holders recognised directly in equity										
Share issue/increase of assigned capital	-	-	-	-	-	-	-	-	-	-
Share option exercised	-	-	-	-	-	-	-	-	-	-
Bonus issue	-	-	-	-	-	-	-	-	-	-
Rights issue	-	-	-	-	-	-	-	-	-	-
Transfer to reserves during the period	-	-	-	164,633	-	(164,633)	-	-	-	-
Dividends to equity holders	-	-	-	-	-	-	-	-	-	-
Profit transferred to head office	-	-	-	-	-	(1,573,000)	-	(1,573,000)	-	(1,573,000)
Gain/(loss) on revaluation of property, plant and equipment (if cost method is adopted)	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	(1,259,912)	2,213,660	953,748	-	953,748
Total transactions with equity holders	-	-	-	164,633	-	(2,997,545)	2,213,660	(619,252)	-	(619,252)
Balance as at 31/12/2013 (closing balance)	-	-	3,152,358	1,790,585	1,360,328	32,003,445	4,740,063	43,046,779	-	43,046,779

