

# 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 September	2015 Rs. '000	2014 Rs. '000
Interest income	17,795,097	17,811,391
Less: interest expenses	(5,425,973)	(5,355,741)
<b>Net interest income</b>	<b>12,369,124</b>	<b>12,455,650</b>
Fee and commission income	2,882,706	3,023,942
Fee and commission expenses	(494,671)	(518,753)
<b>Net fee and commission income</b>	<b>2,388,035</b>	<b>2,505,189</b>
Net gain/(loss) from trading	1,020,772	1,444,365
Net gain/(loss) from financial instruments designated at fair value through profit or loss	-	-
Net gain/(loss) from financial investments	136,044	357,473
Other operating income (net)	45,930	39,947
<b>Total operating income</b>	<b>15,959,905</b>	<b>16,802,624</b>
<b>Impairment for loans and other losses</b>		
Individual impairment	267,495	468,229
Collective impairment	101,396	(430,377)
Others	-	-
<b>Net operating income</b>	<b>16,328,796</b>	<b>16,840,476</b>
Personnel expenses	(2,595,263)	(2,475,854)
Depreciation and amortisation	(183,881)	(119,202)
Other expenses	(4,306,047)	(4,223,579)
<b>Operating profit/(loss) before value added tax (VAT)</b>	<b>9,243,605</b>	<b>10,021,841</b>
Value Added Tax (VAT) on financial services	(1,130,579)	(1,292,305)
<b>Operating profit/(loss) after value added tax (VAT)</b>	<b>8,113,026</b>	<b>8,729,536</b>
Share of profits of associates and joint ventures	-	-
<b>Profit/(loss) before tax</b>	<b>8,113,026</b>	<b>8,729,536</b>
Tax expenses	(6,554,898)	(2,878,040)
<b>Profit/(loss) for the period</b>	<b>1,558,128</b>	<b>5,851,496</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 September	2015 Rs. '000	2014 Rs. '000
<b>Profit/(loss) for the period</b>	<b>1,558,128</b>	5,851,496
<b>Other comprehensive income, net of tax</b>		
Changes in revaluation surpluses	-	(208)
Actuarial gains/(losses) on defined benefit plans	(6,545)	(17,093)
Gains and losses (arising from translating the financial statements of a foreign operation)	1,263,727	(448,111)
Gains and losses on re-measuring available-for-sale financial assets	(3,880,165)	2,890,945
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	1,092,883	(742,252)
<b>Other comprehensive income for the period net of taxes</b>	<b>(1,530,100)</b>	<b>1,683,281</b>
<b>Total comprehensive income for the period</b>	<b>28,028</b>	<b>7,534,777</b>
<b>Attributable to:</b>		
Owners of the parent	-	-
Non-controlling interest	-	-

Selected Performance Indicators		
	2015 As at 30 September	Audited 2014 As at 31 December
<b>Regulatory capital adequacy</b>		
Core Capital (Tier 1 Capital) Rs. '000	44,962,333	46,546,213
Total Capital Base. Rs. '000	46,166,786	46,903,130
Core Capital Adequacy Ratio, as % of risk weighted assets (Minimum requirement 5%)	21.20%	22.94%
Total Capital Adequacy Ratio as % of risk weighted assets (Minimum requirement 10%)	21.77%	23.12%
<b>Assets quality (quality of loan portfolio)</b>		
Gross Non-Performing Advances Ratio % (net of interest in suspense)	1.18%	1.53%
Net Non-Performing Advances Ratio % (net of interest in suspense and provisions)	0.34%	0.21%
<b>Profitability</b>		
Interest Margin, %	4.21%	5.03%
Return on Assets (before Tax), %	3.44%	3.76%
Return on Equity, %	17.07%	16.46%
<b>Regulatory liquidity</b>		
Statutory Liquid Assets, Rs. '000		
Domestic banking unit	132,371,055	167,326,452
Offshore banking unit	51,152,608	40,544,461
Statutory Liquid Assets ratio, % (minimum requirement, 20%)		
Domestic banking unit	61.48%	75.89%
Offshore banking unit	41.79%	37.10%

Analysis of Financial Instruments by Measurement Basis							
For the period ended 30 September 2015	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	-	-	-	7,513,961	-	-	7,513,961
Balances with central banks	-	-	-	7,113,597	-	-	7,113,597
Placements with banks	-	-	-	27,346,920	-	-	27,346,920
Derivative financial instruments	2,845,409	-	-	-	-	-	2,845,409
Other financial assets held-for-trading	435,900	-	-	-	-	-	435,900
Loans and receivables to banks	-	-	-	11,837,200	-	-	11,837,200
Loans and receivables to other customers	-	-	-	170,557,259	-	-	170,557,259
Financial investments	-	-	-	-	125,396,476	-	125,396,476
Acceptances & Endorsements	-	-	-	11,371,483	-	-	11,371,483
<b>Total financial assets</b>	<b>3,281,309</b>	<b>-</b>	<b>-</b>	<b>235,740,420</b>	<b>125,396,476</b>	<b>-</b>	<b>364,418,205</b>
<b>Liabilities</b>							
Due to banks	-	-	-	111,995,686	-	-	111,995,686
Derivative financial instruments	2,210,009	-	-	-	-	-	2,210,009
Other financial liabilities at fair value through profit or loss	-	-	-	-	-	-	-
Due to other customers	-	-	-	186,214,054	-	-	186,214,054
Other borrowings	-	-	-	-	-	-	-
Debt securities issued	-	-	-	-	-	-	-
Acceptances & Endorsements	-	-	-	11,371,483	-	-	11,371,483
<b>Total financial liabilities</b>	<b>2,210,009</b>	<b>-</b>	<b>-</b>	<b>309,581,223</b>	<b>-</b>	<b>-</b>	<b>311,791,232</b>

Statement of Changes in Equity										
For the period ended 30 September 2015	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 01/01/2015 (opening balance)	-	-	3,152,358	1,940,002	1,781,682	33,732,703	7,568,045	48,174,790	-	48,174,790
Total comprehensive income for the period	-	-	-	-	-	-	-	-	-	-
Profit/(loss) for the period	-	-	-	-	-	1,558,128	-	1,558,128	-	1,558,128
Other comprehensive income (net of tax)	-	-	-	-	-	(2,793,827)	1,263,727	(1,530,100)	-	(1,530,100)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,235,699)</b>	<b>1,263,727</b>	<b>28,028</b>	<b>-</b>	<b>28,028</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	-	-	-	-	-	(1,543,300)	-	(1,543,300)	-	(1,543,300)
Gain/(loss) on revaluation of property, plant and equipment (if cost method is adopted)	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	7,935	7,935	-	7,935
<b>Total transactions with equity holders</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,543,300)</b>	<b>7,935</b>	<b>(1,535,365)</b>	<b>-</b>	<b>(1,535,365)</b>
<b>Balance as at 30/09/2015 (closing balance)</b>	<b>-</b>	<b>-</b>	<b>3,152,358</b>	<b>1,940,002</b>	<b>1,781,682</b>	<b>30,953,704</b>	<b>8,839,707</b>	<b>46,667,453</b>	<b>-</b>	<b>46,667,453</b>

