

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	2013 Rs. '000	2012 Rs. '000
Interest income	19,362,449	15,975,450
Less: interest expenses	(5,914,568)	(5,018,823)
Net interest income	13,447,881	10,956,627
Fee and commission income	3,317,045	3,181,924
Less: fee and commission expenses	(503,932)	(572,848)
Net fee and commission income	2,813,113	2,609,076
Net gain/(loss) from trading	810,060	2,609,242
Net gain/(loss) from financial instruments designated at fair value through profit or loss	668,450	501,437
Net gain/(loss) from financial investments	-	-
Other operating income (net)	111,370	114,363
Total operating income	17,850,875	16,790,745
Impairment for loans and other losses		
Individual impairment	(236,263)	8,621
Collective impairment	(337,726)	55,287
Others	-	-
Net operating income	17,276,885	16,854,654
Personnel expenses	(2,285,294)	(2,387,880)
Depreciation and amortisation	(109,315)	(110,641)
Other expenses	(3,567,328)	(3,476,505)
Operating profit/(loss) before value added tax (VAT)	11,314,949	10,879,628
Value Added Tax (VAT) on financial services	(1,502,448)	(1,204,717)
Operating profit/(loss) after value added tax (VAT)	9,812,501	9,674,911
Share of profits of associates and joint ventures	-	-
Profit/(loss) before tax	9,812,501	9,674,911
Tax expenses	(3,035,250)	(3,097,351)
Profit/(loss) for the period	6,777,251	6,577,560
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 30 September	2013 Rs. '000	2012 Rs. '000
Profit/(loss) for the period	6,777,251	6,577,560
Other comprehensive income, net of tax		
Changes in revaluation surpluses	-	-
Actuarial gains/(losses) on defined benefit plans	24,389	92,486
Gains and losses (arising from translating the financial statements of a foreign operation)	298,388	1,071,122
Gains and losses on re-measuring available-for-sale financial assets	441,734	117,388
Gains and losses on cash flow hedges	-	-
Others	-	-
Share of profits of associates and joint ventures	-	-
Less: income tax (charge)/credit related to components of other comprehensive income	(90,528)	187,908
Other comprehensive income for the period net of taxes	673,983	1,468,904
Total comprehensive income for the period	7,451,234	8,046,464
Attributable to:		
Owners of the parent	-	-
Non-controlling interest	-	-

Selected Performance Indicators

	As at 30 September 2013	As at 31 December 2012
Regulatory capital adequacy		
Core Capital (Tier 1 Capital) Rs. 000	26,803,117	31,924,823
Total Capital Base. Rs. 000	27,829,092	32,281,740
Core Capital Adequacy Ratio, as % of risk weighed assets (Minimum requirement 5%)	16.11%	20.27%
Total Capital Adequacy Ratio as % of risk weighted assets (Minimum requirement 10%)	16.73%	20.49%
Assets quality (quality of loan portfolio)		
Gross Non-Performing Advances Ratio % (net of interest in suspense)	3.12%	2.63%
Net Non-Performing Advances Ratio % (net of interest in suspense and provisions)	0.99%	0.63%
Profitability		
Interest Margin, %	6.15%	5.39%
Return on Assets (before Tax) %	4.56%	4.43%
Return on Equity, %	24.68%	28.61%
Regulatory liquidity		
Statutory Liquid Assets, Rs. '000		
Domestic banking unit	109,179,416	101,887,530
Offshore banking unit	30,706,318	24,666,870
Statutory Liquid Assets ratio, % (minimum requirement, 20%)		
Domestic banking unit	64.34%	56.62%
Offshore banking unit	40.07%	39.67%

Analysis of Financial Instruments by Measurement Basis

For the period ended 30 September 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	-	-	-	11,249,469	-	-	11,249,469
Balances with central banks	-	-	-	7,560,151	-	-	7,560,151
Placements with banks	-	-	-	24,215,597	-	-	24,215,597
Derivative financial instruments	1,762,672	-	-	-	-	-	1,762,672
Other financial assets held-for-trading	16,094,868	-	-	-	-	-	16,094,868
Loans and receivables to banks	-	-	-	7,100,000	-	-	7,100,000
Loans and receivables to other customers	-	-	-	130,100,587	-	-	130,100,587
Financial investments	-	-	-	-	93,813,158	-	93,813,158
Total financial assets	17,857,540	-	-	180,225,804	93,813,158	-	291,896,502
Liabilities							
Due to banks	-	-	-	87,934,199	-	-	87,934,199
Derivative financial instruments	1,379,569	-	-	-	-	-	1,379,569
Other financial liabilities at fair value through profit or loss	-	-	-	-	-	-	-
Due to other customers	-	-	-	156,305,077	-	-	156,305,077
Other borrowings	-	-	-	-	-	-	-
Debt securities issued	-	-	-	-	-	-	-
Total financial liabilities	1,379,569	-	-	244,239,276	-	-	245,618,845

Statement of changes in equity Attributable to equity holders of the bank

For the period ended 30 September 2013	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 01/01/2013 (opening balance)	-	-	3,152,358	1,625,952	999,132	25,336,956	2,376,085	33,490,483	-	33,490,483
Total comprehensive income for the period	-	-	-	-	-	-	-	-	-	-
Profit/(loss) for the period	-	-	-	-	-	6,777,251	-	6,777,251	-	6,777,251
Other comprehensive income (net of tax)	-	-	-	-	-	673,983	-	673,983	-	673,983
Total comprehensive income for the period	-	-	-	-	-	7,451,234	-	7,451,234	-	7,451,234
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	-	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	(1,631,489)	1,887,393	255,904	-	255,904
Total transactions with equity holders	-	-	-	-	-	(3,204,489)	1,887,393	(1,317,096)	-	(1,317,096)
Balance as at 30/09/2013 (closing balance)	-	-	3,152,358	1,625,952	999,132	29,583,701	4,263,478	39,624,621	-	39,624,621

