

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 30 June	2022 Rs. 'Mn	2021 Rs. 'Mn
Interest income	16,530	9,526
Interest expenses	(4,802)	(3,202)
Net interest income	11,728	6,324
Fee and commission income	2,924	2,107
Fee and commission expenses	(876)	(581)
Net fee and commission income	2,048	1,526
Net gains/(losses) on trading	1,499	1,753
Net fair value gains/(losses) on:	-	-
Financial assets at fair value through profit or loss	(11)	(3)
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	29	18
Total operating income	15,293	9,618
Impairment (charges) / reversals	(3,727)	991
Net operating income	11,566	10,609
Personal expenses	(2,203)	(1,855)
Depreciation and amortisation expenses	(296)	(263)
Other expenses	(5,301)	(3,777)
Operating profit/(loss) before VAT and other taxes on financial services	3,766	4,714
Value added tax (VAT) on financial services	(944)	(737)
Other taxes on financial services	(8)	(27)
Operating profit/(loss) after VAT and other taxes on financial services	2,814	3,950
Share of profits of associates and joint ventures	-	-
Profit/(loss) before tax	2,814	3,950
Income tax expenses	(2,146)	(1,277)
Profit/(loss) for the period	668	2,673
Profit attributable to:		
Equity holders of the parent	668	2,673
Non-controlling interests	-	-

Statement of Comprehensive Income			
For the period ended 30 June	2022 Rs. 'Mn	2021 Rs. 'Mn	
Profit/(loss) for the year	668	2,673	
Items that will be reclassified to income statement			
Exchange differences on translation of foreign operations	36,706	2,470	
Net gains/(losses) on cash flow hedges	-	-	
Net gains/(losses) on investments in debt instruments measured at fair value through other comprehensive income	(4,606)	568	
Share of profits of associates and joint ventures	-	-	
Debt instruments at fair value through other comprehensive income	-	-	
Others	-	-	
Less: Tax expense relating to items that will be reclassified to income statement	1,582	(136)	
	33,682	2,902	
Items that will not be reclassified to profit or loss			
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	(34)	(20)	
Changes in revaluation surplus/(deficit)	-	-	
Share of profits of associates and joint ventures	-	-	
Less: Tax expense relating to items that will not be reclassified to income statement	-	-	
	(34)	(20)	
Other comprehensive income for the period, net of taxes	33,648	2,882	
Total comprehensive income for the period	34,316	5,555	
Attributable to:			
Equity holders of the parent	34,316	5,555	
Non-controlling interests	-	-	

Selected Performance Indicators			
	2022 As at 30 June Rs. 'Mn	Audited 2021 As at 31 December Rs. 'Mn	
Regulatory Capital Adequacy (LKR Millions)			
Common Equity Tier 1	58,333	62,121	
Core (Tier 1) Capital	58,333	62,121	
Total Capital Base	62,340	65,052	
Regulatory Capital Ratios			
Common Equity Tier 1 Capital Ratio (Minimum Requirement, 6.5%)	13.91%	19.68%	
Tier 1 Capital Ratio (Minimum Requirement, 8.0%)	13.91%	19.68%	
Total Capital Ratio (Minimum Requirement, 12.0%)	14.87%	20.61%	
Regulatory Liquidity			
Statutory Liquid Assets (LKR Millions)			
Domestic banking unit	192,482	160,087	
Off-shore banking unit	115,530	35,053	
Statutory Liquid Assets Ratio (Minimum Requirement, 20%)			
Domestic banking unit	53.75%	58.02%	
Off-shore banking unit	61.83%	29.80%	
Total Stock of High-Quality Liquid Assets (LKR Millions)			
Rupee	207,144	135,246	
All currency	207,513	135,277	
Liquidity Coverage Ratio			
Rupee (Minimum Requirement - 100%)	269.00%	321.00%	
All currency (Minimum Requirement - 100%)	312.56%	356.74%	
Net Stable Funding Ratio - (Minimum Requirement - 100%)	147.00%	149.00%	
Leverage ratio - (Minimum Requirement - 3%)	7.45%	10.66%	
Assets Quality (Quality of Loan Portfolio)			
Impaired Loans (Stage 3) Ratio	0.34%	0.33%	
Impairment (Stage 3) to Stage 3 Loans Ratio	139.71%	44.83%	
Profitability			
Interest Margin	3.61%	2.96%	
Return on Assets (before tax)	0.87%	1.27%	
Return on Equity	2.69%	4.58%	

Note: Profitability ratios are based on SLFRS data

Analysis of Deposits			
	2022 30 June Rs. 'Mn	Audited 2021 As at 31 December Rs. 'Mn	
By product - Domestic Currency			
Demand deposits (current accounts)	41,386	35,356	
Savings deposits	50,637	41,899	
Fixed deposits	132,094	98,316	
Other deposits	7,355	4,794	
Sub total	231,472	180,365	
By product - Foreign Currency			
Demand deposits (current accounts)	84,788	44,102	
Savings deposits	73,828	30,707	
Fixed deposits	64,762	26,902	
Other deposits	14,686	7,934	
Sub total	238,064	109,645	
Total	469,536	290,010	

Statement of Financial Position			
	2022 As at 30 June Rs. 'Mn	Audited 2021 As at 31 December Rs. 'Mn	
Assets			
Cash and cash equivalents	100,258	35,460	
Balances with central bank	97,677	31,059	
Placements with banks	36,190	-	
Derivative financial instruments	169	39	
Financial assets measured at fair value through profit or loss	64	152	
Financial assets designated at fair value through profit or loss	-	-	
Financial assets at amortised cost - loans and advances	288,353	223,668	
Financial assets at amortised cost - debt instruments	26,378	593	
Financial assets measured at fair value through other comprehensive income	94,494	137,684	
Investments in subsidiaries	-	-	
Investments in associates and joint ventures	-	-	
Property, plant and equipment	5,255	5,342	
Investment properties	-	-	
Goodwill and intangible assets	-	-	
Deferred tax assets	1,573	189	
Other assets	35,286	24,041	
Total assets	685,697	458,227	
Liabilities			
Due to banks	58,708	60,785	
Derivative financial instruments	701	286	
Financial liabilities measured at fair value through profit or loss	-	-	
Financial liabilities designated at fair value through profit or loss	-	-	
Financial liabilities at amortised cost - due to depositors	469,536	290,010	
Financial liabilities at amortised cost - due to other borrowers	-	-	
Due to subsidiaries	-	-	
Retirement benefit obligations	-	-	
Current tax liabilities	4,380	2,617	
Deferred tax liabilities	-	-	
Other provisions	-	-	
Other liabilities	48,957	33,866	
Total liabilities	582,182	387,564	
Equity			
Stated capital/Assigned capital	3,152	3,152	
Statutory reserve fund	2,783	2,783	
Retained earnings	48,537	49,404	
Other reserves	49,043	15,324	
Total shareholders' equity	103,515	70,663	
Non-controlling interests	-	-	
Total equity	103,515	70,663	
Total equity and liabilities	685,697	458,227	
Contingent liabilities and commitments	523,634	391,234	
Memorandum information			
Number of employees	957	972	
Number of branches	13	13	

Analysis of loans and advances, commitments, contingencies and impairment			
	2022 30 June Rs. 'Mn	Audited 2021 As at 31 December Rs. 'Mn	
Product-wise gross loans and advances			
By product - Domestic Currency			
Overdrafts	15,031	16,627	
Term loans	18,869	22,554	
Lease rentals receivable	-	-	
Credit cards	21,746	22,497	
Pawning	-	-	
Other loans	-	-	
Sub total	55,646	61,678	
By product - Foreign Currency			
Overdrafts	13,175	12,744	
Term loans	218,311	146,442	
Guarantees	-	-	
Bonds	-	-	
Other loans	6,496	4,986	
Sub total	237,972	164,172	
Total	293,618	225,850	

Product-wise commitments and contingencies			
	2022 30 June Rs. 'Mn	Audited 2021 As at 31 December Rs. 'Mn	
By product - Domestic currency			
Guarantees	20,244	19,364	
Bonds	5,895	8,035	
Undrawn credit lines	96,179	90,857	
Foreign exchange contracts	2,292	8,107	
Other	335	21,831	
Sub total	124,945	148,194	
By product - Foreign Currency			
Guarantees	95,833	62,194	
Bonds	24,770	21,744	
Undrawn credit lines	113,831	99,045	
Foreign exchange contracts	31,084	21,697	
Other	133,171	38,360	
Sub total	398,669	243,040	
Total	523,634	391,234	

Stage-wise impairment on loans & advances			
	2022 30 June Rs. 'Mn	Audited 2021 As at 31 December Rs. 'Mn	
Gross loans and advances	293,618	225,850	
Less: accumulated impairment under stage 1	(739)	(423)	
accumulated impairment under stage 2	(3,789)	(945)	
accumulated impairment under stage 3	(1757)	(814)	
Net value of loans and advances	288,353	223,668	

Movement of impairment during the period			
	2022 30 June Rs. 'Mn	Audited 2021 As at 31 December Rs. 'Mn	
Under stage 1			
Opening balance	423	589	
Charge/(write back) to income statement	267	(181)	
Other movements	49	15	
Closing balance	739	423	
Under stage 2			
Opening balance	945	1,282	
Charge/(write back) to income statement	2,246	(373)	
Other movements	578	36	
Closing balance	3,769	945	
Under stage 3			
Opening balance	814	1,062	
Charge/(write back) to income statement	(57)	(248)	
Other movements	-	-	
Closing balance	757	814	
Total impairment	5,265	2,182	

Stage-wise impairment on commitments and contingencies			
	2022 30 June Rs. 'Mn	Audited 2021 As at 31 December Rs. 'Mn	
Commitments and contingencies	523,634	391,234	
Less: accumulated impairment under stage 1	(283)	(40)	
accumulated impairment under stage 2	(58)	(54)	
accumulated impairment under stage 3	-	-	
Net commitments and contingencies	523,293	391,140	

Analysis of Financial Instruments by Measurement Basis				
As at 30 June 2022	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	100,258	-	-	100,258
Balances with Central Banks	97,677	-	-	97,677
Placements with banks	36,190	-	-	36,190
Derivative financial instruments	-	169	-	169
Loans and advances	288,353	-	-	288,353
Debt instruments	26,378	64	94,494	120,936
Equity instruments	-	-	-	-
Acceptance and endorsements	1,171	-	-	1,171
Total financial assets	550,027	233	94,494	644,754
Liabilities				
Due to banks	58,708	-	-	58,708
Derivative financial instruments	-	701	-	701
Financial liabilities - due to depositors	469,536	-	-	469,536
Financial liabilities - due to other borrowers	-	-	-	-
Acceptance and endorsements	1,171	-	-	1,171
Total financial liabilities	529,415	701	-	530,116

Analysis of Financial Instruments by Measurement Basis				
As at 31 December 2021	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	35,460	-	-	35,460
Balances with Central Banks	31,059	-	-	31,059
Placements with banks	-	-	-	-
Derivative financial instruments	-	39	-	39
Loans and advances	223,668	-	-	223,668
Debt instruments	593	152	137,684	138,429
Equity instruments	-	-	-	-
Acceptance and endorsements	18,196	-	-	18,196
Total financial assets	308,976	191	137,684	446,851
Liabilities				
Due to banks	60,785	-	-	60,785
Derivative financial instruments	-	286	-	286
Financial liabilities - due to depositors	290,010	-	-	290,010
Financial liabilities - due to other borrowers	-	-	-	-
Acceptance and endorsements				