

# 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 01.

Summarised Income Statement		
For the period ended 30 June	2023 Rs. 'Mn	2022 Rs. 'Mn
Interest income	23,886	16,408
Interest expenses	(5,674)	(4,680)
<b>Net interest income</b>	<b>18,212</b>	<b>11,728</b>
Fee and commission income	3,783	2,924
Fee and commission expenses	(878)	(876)
<b>Net fee and commission income</b>	<b>2,905</b>	<b>2,048</b>
Net gains/(losses) from trading	5,277	1,499
Net fair value gains/(losses) on:		
Financial assets at fair value through profit or loss	3	(11)
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	35	29
<b>Total operating income</b>	<b>26,432</b>	<b>15,293</b>
Impairment (charges) / reversals	2,323	(3,727)
<b>Net operating income</b>	<b>28,755</b>	<b>11,566</b>
Personal expenses	(2,966)	(2,203)
Depreciation and amortisation expenses	(258)	(296)
Other expenses	(5,895)	(5,301)
<b>Operating profit/(loss) before VAT and other taxes on financial services</b>	<b>19,636</b>	<b>3,766</b>
Value Added Tax (VAT), on financial services	(4,033)	(944)
Other taxes on financial services	(887)	(8)
<b>Operating profit/(loss) after VAT and other taxes on financial services</b>	<b>14,716</b>	<b>2,814</b>
Income tax expenses	(6,804)	(2,146)
<b>Profit/(loss) for the period</b>	<b>7,912</b>	<b>668</b>
<b>Profit attributable to:</b>		
Equity holders of the parent	7,912	668
Non-controlling interests	-	-

Statement of Comprehensive Income			
For the period ended 30 June	2023 Rs. 'Mn	2022 Rs. 'Mn	
<b>Profit/(loss) for the year</b>	<b>7,912</b>	<b>668</b>	
<b>Items that will be reclassified to income statement</b>			
Exchange differences on translation of foreign operations	(14,879)	36,706	
Gains/(losses) on cash flow hedges	-	-	
Gains/(losses) on investments in debt instruments measured at fair value through other comprehensive income	1,685	(4,606)	
Share of profits of associates and joint ventures	-	-	
Debt instruments at fair value through other comprehensive income	-	-	
Other	-	-	
Less: Tax expense relating to debt instruments measured at fair value through other comprehensive income	(545)	1,582	
	(13,739)	33,682	
<b>Items that will not be reclassified to income statement</b>			
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 (Net of Tax)	58	(34)	
Changes in revaluation (deficit) / surplus (Net of Tax)	-	-	
Share of profits of associates and joint ventures	-	-	
Others	58	(34)	
<b>Other comprehensive income for the period, net of taxes</b>	<b>(13,681)</b>	<b>33,648</b>	
<b>Total comprehensive income for the period</b>	<b>(5,769)</b>	<b>34,316</b>	
<b>Attributable to:</b>			
Equity holders of the parent	(5,769)	34,316	
Non-controlling interests	-	-	

Selected Performance Indicators			
	2023 As at 30 June Rs. 'Mn	2022 As at 31 December Rs. 'Mn	
<b>Regulatory Capital Adequacy (LKR Millions)</b>			
Common Equity Tier 1	61,458	62,891	
Core (Tier 1) Capital	61,458	62,891	
Total Capital Base	66,403	68,461	
<b>Regulatory Capital Ratios</b>			
Common Equity Tier 1 Capital Ratio (Minimum Requirement, 6.5%)	16.70%	15.77%	
Tier 1 Capital Ratio (Minimum Requirement, 8.0%)	16.70%	15.77%	
Total Capital Ratio (Minimum Requirement, 12.0%)	18.05%	17.17%	

Note: Audited Capital Adequacy ratio (2022) - 17.78%, Amended CAR post to the statutory audit (2022) - 17.17%

Regulatory Liquidity			
	2023 As at 30 June Rs. 'Mn	2022 As at 31 December Rs. 'Mn	
Statutory Liquid Assets (LKR Millions)			
Domestic banking unit	137,182	219,945	
Off-shore banking unit	178,599	184,362	
<b>Total Bank</b>	<b>302,068</b>	<b>404,212</b>	
Statutory Liquid Assets Ratio			
Domestic banking unit	49.00%	52.23%	
Off-shore banking unit	90.00%	121.47%	
Total Bank (Minimum Requirement, 20%)	63.68%	70.54%	
Total Stock of High-Quality Liquid Assets (LKR Millions)			
Rupee	120,270	199,108	
All currency	120,436	199,645	
Liquidity Coverage Ratio			
Rupee (Minimum Requirement - 100%)	196.00%	297.00%	
All currency (Minimum Requirement - 100%)	231.96%	500.40%	
Net Stable Funding Ratio (%) - (Minimum Requirement - 100%)	120.54%	162.79%	
Leverage ratio (%) - (Minimum Requirement - 3%)	9.59%	8.27%	
<b>Assets Quality (Quality of Loan Portfolio)</b>			
Impaired Loans (Stage 3) Ratio	3.71%	4.59%	
Impairment (Stage 3) to Stage 3 Loans Ratio	10.20%	6.32%	
<b>Profitability</b>			
Interest Margin	6.23%	5.08%	
Return on Assets (before tax)	5.03%	1.49%	
Return on Equity	14.55%	8.73%	

Note: Profitability ratios are based on SLFRS data

Analysis of Deposits			
	2023 As at 30 June Rs. 'Mn	2022 As at 31 December Rs. 'Mn	
<b>By product - Domestic Currency</b>			
Demand deposits (current accounts)	37,133	37,632	
Savings deposits	62,287	72,020	
Fixed deposits	92,916	118,465	
Other deposits	2,140	2,641	
<b>Sub total</b>	<b>194,476</b>	<b>230,758</b>	
<b>By product - Foreign Currency</b>			
Demand deposits (current accounts)	59,893	62,726	
Savings deposits	54,961	67,876	
Fixed deposits	77,465	78,481	
Other deposits	3,200	28,425	
<b>Sub total</b>	<b>195,519</b>	<b>237,508</b>	
<b>Total</b>	<b>389,995</b>	<b>468,266</b>	

Statement of Financial Position			
	2023 As at 30 June	Audited 2022 As at 31 December	
<b>Assets</b>			
Cash and cash equivalents	200,517	190,933	
Balances with Central Bank	103,126	163,595	
Placements with Banks	-	-	
Derivative financial instruments	2,713	286	
Financial assets measured at fair value through profit or loss	51	57	
Financial assets designated at fair value through profit or loss	-	-	
Financial assets at amortised cost- loans and advances	200,608	227,054	
Financial assets at amortised cost- debt instruments	69	70	
Retirement benefit obligations surplus	-	-	
Financial assets measured at fair value through other comprehensive income	21,397	43,635	
Investments in subsidiaries	-	-	
Investments in associates and joint ventures	-	-	
Property, plant and equipment	5,064	5,233	
Investment properties	-	-	
Goodwill and intangible assets	-	-	
Deferred tax assets	2,432	4,355	
Other assets	34,296	28,553	
<b>Total assets</b>	<b>570,273</b>	<b>663,771</b>	
<b>Liabilities</b>			
Due to banks	15,345	34,996	
Derivative financial instruments	134	127	
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	389,995	468,266	
Financial liabilities at amortised cost- due to other borrowers	-	-	
Due to subsidiaries	-	-	
Retirement benefit obligations	494	514	
Current tax liabilities	9,076	7,450	
Deferred tax liabilities	-	-	
Other provisions	-	-	
Other liabilities	49,036	37,436	
<b>Total liabilities</b>	<b>464,080</b>	<b>548,789</b>	
<b>Equity</b>			
Stated capital/Assigned capital	3,152	3,152	
Statutory reserve fund	2,997	2,997	
Retained earnings	59,716	54,766	
Other reserves	40,328	54,066	
<b>Total shareholders' equity</b>	<b>106,193</b>	<b>114,982</b>	
Non-controlling interests	-	-	
<b>Total equity</b>	<b>106,193</b>	<b>114,982</b>	
<b>Total equity and liabilities</b>	<b>570,273</b>	<b>663,771</b>	
<b>Contingent liabilities and commitments</b>	<b>448,342</b>	<b>482,537</b>	
<b>Memorandum information</b>			
Number of employees	764	884	
Number of branches	13	13	

Analysis of loans and advances, commitments, contingencies and impairment			
	2023 As at 30 June	Audited 2022 As at 31 December	
<b>Productwise gross loans and advances</b>			
<b>By product - Domestic Currency</b>			
Overdrafts	31,704	16,159	
Term Loans	42,147	19,873	
Lease rentals receivable	-	-	
Credit cards	19,971	19,942	
Trade loans	856	493	
Other loans	-	-	
<b>Sub total</b>	<b>95,678</b>	<b>56,467</b>	
<b>By product - Foreign currency</b>			
Overdrafts	8,546	9,679	
Term loans	75,727	111,189	
Guarantees	-	-	
Trade loans	28,801	58,656	
Other loans	-	-	
<b>Sub total</b>	<b>113,074</b>	<b>179,891</b>	
<b>Total</b>	<b>208,752</b>	<b>236,358</b>	

Productwise commitments and contingencies			
	2023 As at 30 June	Audited 2022 As at 31 December	
<b>By product - Domestic Currency</b>			
Guarantees	9,116	16,861	
Bonds	7,951	2,309	
Undrawn credit lines	102,584	105,379	
Foreign exchange contracts	31,346	10,119	
Other	32	181	
<b>Sub total</b>	<b>151,029</b>	<b>134,849</b>	
<b>By product - Foreign Currency</b>			
Guarantees	31,336	96,388	
Bonds	53,266	26,662	
Undrawn credit lines	108,384	121,137	
Foreign exchange contracts	72,066	27,662	
Other	32,322	75,839	
<b>Sub total</b>	<b>297,314</b>	<b>347,698</b>	
<b>Total</b>	<b>448,342</b>	<b>482,537</b>	

Stagewise impairment on loans & advances			
	2023 As at 30 June	Audited 2022 As at 31 December	
Gross loans and advances	208,752	236,358	
Less: accumulated impairment under stage 1	(625)	(611)	
accumulated impairment under stage 2	(6,639)	(7,962)	
accumulated impairment under stage 3	(880)	(731)	
<b>Net value of loans and advances</b>	<b>200,608</b>	<b>227,054</b>	

Movement of impairment during the period			
	2023 As at 30 June	Audited 2022 As at 31 December	
<b>Under stage 1</b>			
Opening balance	611	423	
Charge/(write back) to income statement	47	107	
Other movements	(33)	81	
Closing balance	625	611	
<b>Under stage 2</b>			
Opening balance	7,962	945	
Charge/(write back) to income statement	(1,399)	5,845	
Write-off during the year	-	-	
Other movements	76	1,172	
Closing balance	6,639	7,962	
<b>Under stage 3</b>			
Opening balance	731	814	
Charge/(write back) to income statement	187	(80)	
Other movements	(38)	(3)	
Closing balance	880	731	
<b>Total impairment</b>	<b>8,145</b>	<b>9,304</b>	

Stagewise impairment on commitments and contingencies			
	2023 As at 30 June	Audited 2022 As at 31 December	
Gross commitments and contingencies	448,342	482,537	
Less: accumulated impairment under stage 1	(274)	(185)	
accumulated impairment under stage 2	(574)	(382)	
accumulated impairment under stage 3	-	-	
<b>Net commitments and contingencies</b>	<b>447,494</b>	<b>481,970</b>	

Stagewise impairment on Investments and other Financial			
	2023 As at 30 June	Audited 2022 As at 31 December	
Gross investment and Other Financial Assets	349,237	385,696	
Less: accumulated impairment under stage 1	(22)	(387)	
accumulated impairment under stage 2	(2,655)	(4,547)	
accumulated impairment under stage 3	(971)	(1,101)	
<b>Closing balance</b>	<b>345,589</b>	<b>379,660</b>	

Analysis of Financial Instruments by Measurement Basis				
For the period ended 30 June 2023	Amortised cost Rs. 'Mn	Fair value through profit or loss Rs. 'Mn	Fair value through other comprehensive income Rs. 'Mn	Total Rs. 'Mn
<b>Assets</b>				
Cash and cash equivalents	200,517	-	-	200,517
Balances with Central Bank	103,126	-	-	103,126
Placements with banks	-	-	-	-
Derivative financial instruments	-	2,713	-	2,713
Loans and advances	200,608	-	-	200,608
Debt instruments	69	51	21,397	21,517
Equity instruments	-	-	-	-
Acceptance and endorsements	25,873	-	-	25,873
<b>Total financial assets</b>	<b>530,193</b>	<b>2,764</b>	<b>21,397</b>	<b>554,354</b>
<b>Liabilities</b>				
Due to banks	15,345	-	-	15,345
Derivative financial instruments	-	134	-	134
Financial liabilities - due to depositors	389,995	-	-	389,995
Financial liabilities - due to other borrowers	-	-	-	-
Acceptance and endorsements	25,873	-	-	25,873
<b>Total financial liabilities</b>	<b>431,213</b>	<b>134</b>	<b>-</b>	<b>431,347</b>

Analysis of Financial Instruments by Measurement Basis				
For the period ended 31 December 2022	Amortised cost Rs. 'Mn	Fair value through profit and loss Rs. 'Mn	Fair value through other comprehensive income Rs. 'Mn	Total Rs. 'Mn
<b>Assets</b>				
Cash and cash equivalents	190,933	-	-	190,933
Balances with Central Bank	163,595	-	-	163,595
Placements with Banks	-	-	-	-
Derivative financial instruments	-	286	-	286