

# 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 September	2023 Rs. 'Mn	2022 Rs. 'Mn
Interest income	34,370	30,266
Interest expenses	(7,981)	(8,183)
<b>Net interest income</b>	<b>26,389</b>	<b>22,083</b>
Fee and commission income	5,615	4,740
Fee and commission expenses	(1,314)	(1,277)
<b>Net fee and commission income</b>	<b>4,301</b>	<b>3,463</b>
Net gains/(losses) on trading	7,462	3,063
Net fair value gains/(losses) on:		
Financial assets at fair value through profit or loss	(28)	(12)
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	59	97
<b>Total operating income</b>	<b>38,183</b>	<b>28,694</b>
Impairment (charges) / reversals	6,655	(8,713)
<b>Net operating income</b>	<b>44,838</b>	<b>19,981</b>
Personal expenses	(4,376)	(3,357)
Depreciation and amortisation expenses	(387)	(455)
Other expenses	(9,326)	(7,934)
<b>Operating profit/(loss) before VAT and other taxes on financial services</b>	<b>30,749</b>	<b>8,235</b>
Value added tax (VAT) on financial services	(6,588)	(2,712)
Other taxes on financial services	(1,242)	(63)
<b>Operating profit/(loss) after VAT and other taxes on financial services</b>	<b>22,919</b>	<b>5,460</b>
Share of profits of associates and joint ventures	-	-
<b>Profit/(loss) before tax</b>	<b>22,919</b>	<b>5,460</b>
Income tax expenses	(10,997)	(971)
<b>Profit/(loss) for the period</b>	<b>11,922</b>	<b>4,489</b>
<b>Profit attributable to:</b>		
Equity holders of the parent	11,922	4,489
Non-controlling interests	-	-

Statement of Comprehensive Income			
For the period ended 30 September	2023 Rs. 'Mn	2022 Rs. 'Mn	
<b>Profit/(loss) for the year</b>	<b>11,922</b>	<b>4,489</b>	
<b>Items that will be reclassified to income statement</b>			
Exchange differences on translation of foreign operations	(10,784)	37,443	
Net gains/(losses) on cash flow hedges	-	-	
Net gains/(losses) on investments in debt instruments measured at fair value through other comprehensive income	1,349	(7,089)	
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	(430)	1,350	
	(9,865)	31,704	
<b>Items that will not be reclassified to profit or loss</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	80	(22)	
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	-	-	
	80	(22)	
<b>Other comprehensive income for the period, net of taxes</b>	<b>(9,785)</b>	<b>31,682</b>	
<b>Total comprehensive income for the period</b>	<b>2,137</b>	<b>36,171</b>	
<b>Attributable to:</b>			
Equity holders of the parent	2,137	36,171	
Non-controlling interests	-	-	

Selected Performance Indicators			
	2023 As at 30 September Rs. 'Mn	2022 As at 31 December Rs. 'Mn	
<b>Regulatory Capital Adequacy (LKR Millions)</b>			
Common Equity Tier 1	62,650	62,891	
Core (Tier 1) Capital	62,650	62,891	
Total Capital Base	66,835	68,461	
<b>Regulatory Capital Ratios</b>			
Common Equity Tier 1 Capital Ratio (Minimum Requirement, 6.5%)	17.78%	15.77%	
Tier 1 Capital Ratio (Minimum Requirement, 8.0%)	17.78%	15.77%	
Total Capital Ratio (Minimum Requirement, 12.0%)	18.97%	17.17%	
Note : Audited Capital Adequacy ratio ( 2022) - 17.78%, amended CAR post to the (2022) - 17.17%			
	2023 As at 30 September	2022 As at 31 December	
<b>Regulatory Liquidity</b>			
Statutory Liquid Assets (LKR Millions)			
Domestic banking unit	155,946	219,945	
Off-shore banking unit	186,733	184,362	
Total Bank	342,350	404,212	
Statutory Liquid Assets Ratio (Minimum Requirement, 20%)			
Domestic banking unit	54.39%	52.23%	
Off-shore banking unit	90.70%	121.47%	
Total Bank (Minimum Requirement, 20%)	69.00%	70.54%	
Total Stock of High-Quality Liquid Assets (LKR Millions)			
Rupee	130,632	199,108	
All currency	130,962	199,645	
Liquidity Coverage Ratio			
Rupee (Minimum Requirement - 100%)	224.00%	297.00%	
All currency (Minimum Requirement - 100%)	337.64%	500.40%	
Net Stable Funding Ratio - (Minimum Requirement - 100%)	149.93%	162.79%	
Leverage ratio - (Minimum Requirement - 3%)	9.87%	8.27%	
<b>Assets Quality (Quality of Loan Portfolio)</b>			
<b>Impaired Loans (Stage 3) Ratio</b>	<b>3.87%</b>	<b>4.59%</b>	
<b>Impairment (Stage 3) to Stage 3 Loans Ratio</b>	<b>9.67%</b>	<b>6.32%</b>	
<b>Profitability</b>			
Interest Margin	6.07%	5.08%	
Return on Assets (before tax)	5.27%	1.49%	
Return on Equity	14.38%	8.73%	

Note: Profitability ratios are based on SLFRS data

Analysis of Deposits			
	2023 As at 30 September Rs. 'Mn	2022 As at 31 December Rs. 'Mn	
<b>By product - Domestic Currency</b>			
Demand deposits (current accounts)	37,514	37,632	
Savings deposits	56,163	72,020	
Fixed deposits	93,024	118,465	
Other deposits	1,668	2,641	
<b>Sub total</b>	<b>188,369</b>	<b>230,758</b>	
<b>By product - Foreign Currency</b>			
Demand deposits (current accounts)	63,411	62,726	
Savings deposits	53,926	67,876	
Fixed deposits	66,645	78,481	
Other deposits	2,823	28,425	
<b>Sub total</b>	<b>186,805</b>	<b>237,508</b>	
<b>Total</b>	<b>375,174</b>	<b>468,266</b>	

Statement of Financial Position			
	2023 As at 30 September Rs. 'Mn	2022 As at 31 December Rs. 'Mn	Audited 2022 As at 31 December Rs. 'Mn
<b>Assets</b>			
Cash and cash equivalents	211,305	190,933	190,933
Balances with central bank	119,453	163,595	163,595
Placements with banks	-	-	-
Derivative financial instruments	763	286	286
Financial assets measured at fair value through profit or loss	23	57	57
Financial assets designated at fair value through profit or loss	-	-	-
Financial assets at amortised cost - loans and advances	191,074	227,054	227,054
Financial assets at amortised cost - debt instruments	75	70	70
Financial assets measured at fair value through other comprehensive income	13,649	43,635	43,635
Investments in subsidiaries	-	-	-
Investments in associates and joint ventures	-	-	-
Property, plant and equipment	5,013	5,233	5,233
Investment properties	-	-	-
Goodwill and intangible assets	-	-	-
Deferred tax assets	1,266	4,255	4,255
Other assets	26,506	28,552	28,552
<b>Total assets</b>	<b>569,127</b>	<b>663,770</b>	<b>663,770</b>
<b>Liabilities</b>			
Due to banks	17,454	34,996	34,996
Derivative financial instruments	537	127	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	375,174	468,266	468,266
Financial liabilities at amortised cost - due to other borrowers	-	-	-
Due to subsidiaries	-	-	-
Retirement benefit obligations	492	514	514
Current tax liabilities	7,953	7,450	7,450
Deferred tax liabilities	-	-	-
Other provisions	53,419	37,436	37,436
Other liabilities	455,029	548,799	548,799
<b>Total liabilities</b>	<b>455,029</b>	<b>548,799</b>	<b>548,799</b>
<b>Equity</b>			
Stated capital/Assigned capital	3,152	3,152	3,152
Statutory reserve fund	2,997	2,997	2,997
Retained earnings	63,748	54,766	54,766
Other reserves	44,201	54,056	54,056
<b>Total shareholders' equity</b>	<b>114,098</b>	<b>114,981</b>	<b>114,981</b>
Non-controlling interests	-	-	-
<b>Total equity</b>	<b>114,098</b>	<b>114,981</b>	<b>114,981</b>
<b>Total equity and liabilities</b>	<b>569,127</b>	<b>663,770</b>	<b>663,770</b>
<b>Contingent liabilities and commitments</b>	<b>443,979</b>	<b>482,539</b>	<b>482,539</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 September Rs. 'Mn	2022 As at 31 December Rs. 'Mn	Audited 2022 As at 31 December Rs. 'Mn
<b>Product-wise gross loans and advances</b>			
<b>By product - Domestic Currency</b>			
Overdrafts	26,507	16,159	16,159
Term loans	41,788	19,873	19,873
Credit cards	20,139	19,942	19,942
Other loans	727	493	493
<b>Sub total</b>	<b>89,161</b>	<b>56,467</b>	<b>56,467</b>
<b>By product - Foreign Currency</b>			
Overdrafts	7,936	9,679	9,679
Term loans	65,453	111,189	111,189
Trade loans	34,305	58,656	58,656
Other loans	-	367	367
<b>Sub total</b>	<b>107,694</b>	<b>179,891</b>	<b>179,891</b>
<b>Total</b>	<b>196,855</b>	<b>236,358</b>	<b>236,358</b>

Product-wise commitments and contingencies			
	2023 As at 30 September Rs. 'Mn	2022 As at 31 December Rs. 'Mn	Audited 2022 As at 31 December Rs. 'Mn
<b>By product - Domestic currency</b>			
Guarantees	16,201	16,861	16,861
Bonds	1,486	2,309	2,309
Undrawn credit lines	110,640	105,379	105,379
Foreign exchange contracts	34,813	10,119	10,119
Other	147	181	181
<b>Sub total</b>	<b>163,287</b>	<b>134,849</b>	<b>134,849</b>
<b>By product - Foreign Currency</b>			
Guarantees	63,003	96,388	96,388
Bonds	16,645	26,662	26,662
Undrawn credit lines	123,795	121,137	121,137
Foreign exchange contracts	28,753	27,662	27,662
Other	48,496	75,839	75,839
<b>Sub total</b>	<b>280,692</b>	<b>347,688</b>	<b>347,688</b>
<b>Total</b>	<b>443,979</b>	<b>482,537</b>	<b>482,537</b>

Stage-wise impairment on loans & advances			
	2023 As at 30 September Rs. 'Mn	2022 As at 31 December Rs. 'Mn	Audited 2022 As at 31 December Rs. 'Mn
<b>Gross loans and advances</b>	<b>196,855</b>	<b>236,358</b>	<b>236,358</b>
Less: accumulated impairment under stage 1	(684)	(611)	(611)
accumulated impairment under stage 2	(4,280)	(7,862)	(7,862)
accumulated impairment under stage 3	(817)	(731)	(731)
<b>Net value of loans and advances</b>	<b>191,074</b>	<b>227,054</b>	<b>227,054</b>

Movement of impairment during the period			
	2023 As at 30 September Rs. 'Mn	2022 As at 31 December Rs. 'Mn	Audited 2022 As at 31 December Rs. 'Mn
<b>Under stage 1</b>			
Opening balance	611	423	423
Charge/(write back) to income statement	174	107	107
Other movements	(101)	81	81
Closing balance	684	611	611
<b>Under stage 2</b>			
Opening balance	7,962	945	945
Charge/(write back) to income statement	(3,965)	5,845	5,845
Other movements	283	1,172	1,172
Closing balance	4,280	7,962	7,962
<b>Under stage 3</b>			
Opening balance	731	814	814
Charge/(write back) to income statement	75	(80)	(80)
Other movements	11	(3)	(3)
Closing balance	817	731	731
<b>Total impairment</b>	<b>5,781</b>	<b>9,304</b>	<b>9,304</b>

Stage-wise impairment on commitments and contingencies			
	2023 As at 30 September Rs. 'Mn	2022 As at 31 December Rs. 'Mn	Audited 2022 As at 31 December Rs. 'Mn
<b>Commitments and contingencies</b>	<b>443,979</b>	<b>482,537</b>	<b>482,537</b>
Less: accumulated impairment under stage 1	(300)	(185)	(185)
accumulated impairment under stage 2	(504)	(382)	(382)
accumulated impairment under stage 3	-	-	-
<b>Net commitments and contingencies</b>	<b>443,175</b>	<b>481,970</b>	<b>481,970</b>

Analysis of Financial Instruments by Measurement Basis				
For the period ended 30 September 2023	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	211,305	-	-	211,305
Balances with Central Banks	119,453	-	-	119,453
Placements with banks	-	-	-	-
Derivative financial instruments	-	763	-	763
Loans and advances	191,074	-	-	191,074
Debt instruments	75	23	13,649	13,747
Equity instruments	-	-	-	-
Acceptance and endorsements	19,961	-	-	19,961
<b>Total financial assets</b>	<b>541,868</b>	<b>786</b>	<b>13,649</b>	<b>556,303</b>
<b>Liabilities</b>				
Due to banks	17,454	-	-	17,454
Derivative financial instruments	-	537	-	537
Financial liabilities - due to depositors	375,174	-	-	375,174
Financial liabilities - due to other borrowers	-	-	-	-
Acceptance and endorsements	19,961	-	-	19,961
<b>Total financial liabilities</b>	<b>412,589</b>	<b>537</b>	<b>-</b>	<b>413,126</b>

Analysis of Financial Instruments by Measurement Basis				
For the period ended				