

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	2024 Rs. 'Mn	2023 Rs. 'Mn
Interest income	20,320	23,886
Interest expenses	(4,370)	(5,674)
Net interest income	15,950	18,212
Fee and commission income	3,759	3,783
Fee and commission expenses	(766)	(878)
Net fee and commission income	2,993	2,905
Net gains/(losses) from trading	2,834	5,277
Net fair value gains/(losses) on:		
Financial assets at fair value through profit or loss	1	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	(693)	-
Net other operating income	60	35
Total operating income	21,145	26,432
Impairment (charges) / reversals	1,162	2,323
Net operating income	22,307	28,755
Personal expenses	(2,901)	(2,966)
Depreciation and amortisation expenses	(263)	(258)
Other expenses	(6,795)	(5,895)
Operating profit/(loss) before VAT and other taxes on financial services	12,348	19,636
Value Added Tax (VAT), on financial services	(2,305)	(4,033)
Other taxes on financial services	(322)	(887)
Operating profit/(loss) after VAT and other taxes on financial services	9,721	14,716
Income tax expenses	(3,365)	(6,804)
Profit/(loss) for the period	6,356	7,912
Profit attributable to:		
Equity holders of the parent	6,356	7,912
Non-controlling interests	-	-

Statement of Cash Flows		
For the period ended 30 June	2024 Rs. 'Mn	2023 Rs. 'Mn
Cash flows from operating activities		
Interest receipts	20,255	24,905
Interest payments	(4,649)	(6,490)
Net commission receipts	2,993	2,905
Trading income	2,834	1,066
Payments to employees	(2,867)	(2,834)
VAT on financial services	(2,654)	(5,459)
Receipts from other operating activities	66	4,246
Payments to other operating activities	(8,195)	(6,055)
Operating profit before change in operating assets and liabilities	7,783	12,284
(Increase)/decrease in operating assets		
Balances with Central Bank of Sri Lanka	23,974	60,469
Financial assets at amortised cost- loans and advances	27,768	26,178
Treasury bills & bonds	(54,434)	26,471
Other assets	(4,887)	(5,516)
	(7,579)	107,602
Increase/(decrease) in operating liabilities		
Financial liabilities at amortised cost- due to depositors	(8,828)	(78,271)
Financial liabilities at amortised cost- due to other borrowers	(28,409)	(19,651)
Other liabilities	(4,027)	7,194
	(41,264)	(90,728)
Net cash generated from operating activities before income tax	(41,060)	29,158
Income tax paid	(3,253)	(4,531)
Net cash (used in)/from operating activities	(44,313)	24,627
Cash flows from investing activities		
Purchase of property, plant & equipment	(125)	(89)
Proceeds from sale of property, plant & equipment	-	-
Net cash (used in)/from investing activities	(125)	(89)
Cash flows from financing activities		
Dividend paid to holders of other equity instruments	-	-
Lease payments in lieu of leases with more than one year contract period	(63)	(76)
Profit transferred to Head Office	(3,020)	-
Net cash (used in)/from financing activities	(3,083)	(76)
Net increase/(decrease) in cash and cash equivalents	(47,521)	24,462
Cash and cash equivalents at the beginning of the period	218,176	190,933
Exchange difference in respect of cash and cash equivalents	(4,715)	(14,879)
Cash and cash equivalents at the end of the period	165,940	200,516

Statement of Comprehensive Income		
For the period ended 30 June	2024 Rs. 'Mn	2023 Rs. 'Mn
Profit/(loss) for the year	6,356	7,912
Items that will be reclassified to income statement		
Exchange differences on translation of foreign operations	(4,715)	(14,879)
Gains/(losses) on cash flow hedges	-	-
Gains/(losses) on investments in debt instruments measured at fair value through other comprehensive income (Net of Tax)	249	1,140
Share of profits of associates and joint ventures	-	-
Other	-	-
	(4,466)	(13,739)
Items that will not be reclassified to income statement		
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)	(3)	58
Changes in revaluation (deficit) / surplus (Net of Tax)	-	-
Share of profits of associates and joint ventures	-	-
Others	-	-
	(3)	58
Other comprehensive income for the period, net of taxes	(4,469)	(13,681)
Total comprehensive income for the period	1,887	(5,769)
Attributable to:		
Equity holders of the parent	1,887	(5,769)
Non-controlling interests	-	-

Selected Performance Indicators		
	2024 As at 30 June Rs. 'Mn	Audited 2023 As at 31 December Rs. 'Mn
Regulatory Capital Adequacy (LKR Millions)		
Common Equity Tier 1	84,931	85,252
Core (Tier 1) Capital	84,931	85,252
Total Capital Base	88,164	89,332
Regulatory Capital Ratios		
Common Equity Tier 1 Capital Ratio (Minimum Requirement, 7%)	25.52%	23.43%
Tier 1 Capital Ratio (Minimum Requirement, 8.5%)	25.52%	23.43%
Total Capital Ratio (Minimum Requirement, 12.5%)	26.50%	24.55%
	2024 As at 30 June	2023 As at 31 December
Regulatory Liquidity		
Statutory Liquid Assets (LKR Millions)		
Domestic banking unit	N/A	132,648
Off-shore banking unit	N/A	188,341
Total Bank	N/A	322,416
Statutory Liquid Assets Ratio		
Domestic banking unit	N/A	49.96%
Off-shore banking unit	N/A	109.40%
Total Bank (Minimum Requirement, 2024-Not Calculated, 2023- 20%)	N/A	73.00%
Total Stock of High-Quality Liquid Assets (LKR Millions)		
Rupee	136,286	105,809
All currency	136,513	106,206
Liquidity Coverage Ratio		
Rupee (Minimum Requirement - 100%)	239.00%	163.00%
All currency (Minimum Requirement - 100%)	432.60%	251.85%
Net Stable Funding Ratio (%) - (Minimum Requirement - 100%)	161.00%	144.43%
Leverage ratio (%) - (Minimum Requirement - 3%)	14.17%	13.14%
Assets Quality (Quality of Loan Portfolio)		
Impaired Loans (Stage 3) Ratio	0.10%	3.35%
Impairment (Stage 3) to Stage 3 Loans Ratio	87.97%	13.38%
Profitability		
Interest Margin	5.78%	5.99%
Return on Assets (before tax)	3.52%	5.27%
Return on Equity	10.44%	17.74%

Note:
Profitability ratios are based on SLFRS data
CBSL has discontinued the requirement to maintain the statutory liquid assets ratio with effect from 15th June 2024, according to Banking Act determination No. 01 of 2024

Analysis of Deposits		
	2024 As at 30 June Rs. 'Mn	2023 As at 31 December Rs. 'Mn
By product- Domestic Currency		
Demand deposits (current accounts)	39,742	35,824
Savings deposits	52,808	56,610
Fixed deposits	89,326	90,532
Other deposits	1,185	1,293
Sub total	183,061	184,259
By product- Foreign Currency		
Demand deposits (current accounts)	50,499	65,156
Savings deposits	56,672	55,977
Fixed deposits	71,514	64,961
Other deposits	1,874	2,095
Sub total	180,559	188,189
Total	363,620	372,448

Statement of Financial Position		
	2024 As at 30 June	Audited 2023 As at 31 December
Assets		
Cash and cash equivalents	165,910	218,143
Balances with Central Bank	64,083	88,041
Placements with Banks	15,305	11,337
Derivative financial instruments	225	1,011
Financial assets measured at fair value through profit or loss	19	24
Financial assets at amortised cost- loans and advances	184,286	210,214
Financial assets at amortised cost- debt instruments	93	94
Financial assets measured at fair value through other comprehensive income	74,879	19,662
Retirement benefit obligations surplus	87	86
Property, plant and equipment	5,451	5,518
Deferred tax assets	633	1,286
Other assets	30,429	31,012
Total assets	541,400	586,428
Liabilities		
Due to banks	9,949	38,359
Derivative financial instruments	129	229
Financial liabilities at amortised cost- due to depositors	363,620	372,448
Current tax liabilities	4,728	6,349
Other liabilities	38,544	46,494
Total liabilities	416,970	463,879
Equity		
Stated capital/Assigned capital	3,152	3,152
Statutory reserve fund	3,152	3,152
Retained earnings	78,592	72,239
Other reserves	39,534	44,006
Total shareholders' equity	124,430	122,549
Non-controlling interests	-	-
Total equity	124,430	122,549
Total equity and liabilities	541,400	586,428
Contingent liabilities and commitments	427,404	442,170
Memorandum information		
Number of employees	757	747
Number of branches	13	13

Analysis of loans and advances, commitments, contingencies and impairment		
	2024 As at 30 June	Audited 2023 As at 31 December
Productwise gross loans and advances		
By product- Domestic Currency		
Overdrafts	29,441	41,378
Term Loans	40,861	45,313
Credit cards	21,482	21,089
Trade loans	1,379	537
Sub total	93,163	108,317
By product- Foreign currency		
Overdrafts	7,537	7,421
Term loans	53,391	63,056
Trade loans	33,584	36,261
Sub total	94,512	106,738
Total	187,675	215,055

Stagewise impairment on loans & advances		
	2024 As at 30 June	Audited 2023 As at 31 December
Gross loans and advances	187,675	215,055
Less: accumulated impairment under stage 1	(960)	(745)
accumulated impairment under stage 2	(1,076)	(2,984)
accumulated impairment under stage 3	(1,353)	(1,112)
Net value of loans and advances	184,286	210,214

Movement of impairment during the period		
	2024 As at 30 June	Audited 2023 As at 31 December
Under stage 1		
Opening balance	745	612
Charge/(write back) to income statement	177	(85)
Other movements	38	218
Closing balance	960	745
Under stage 2		
Opening balance	2,984	7,961
Charge/(write back) to income statement	(1,966)	(4,917)
Other movements	58	(60)
Closing balance	1,076	2,984
Under stage 3		
Opening balance	1,112	732
Charge/(write back) to income statement	459	250
Other movements	(218)	130
Closing balance	1,353	1,112
Total impairment	3,389	4,841

Productwise commitments and contingencies		
	2024 As at 30 June	Audited 2023 As at 31 December
By product- Domestic Currency		
Guarantees	4,468	4,491
Bonds	10,851	11,137
Letter of Credit	80	142
Undrawn Loan Commitments	127,339	110,387
Foreign exchange contracts	8,771	24,506
Other Contra Accounts	67	49
Sub total	151,576	150,712
By product- Foreign Currency		
Guarantees	3,225	3,984
Bonds	65,245	73,704
Letter of Credit	33,846	30,059
Undrawn Loan Commitments	124,280	128,176
Foreign exchange contracts	29,225	36,643
Other Contra Accounts	20,007	18,881
Sub total	275,828	291,457
Total	427,404	442,170

Stagewise impairment on commitments and contingencies		
	2024 As at 30 June	Audited 2023 As at 31 December
Gross commitments and contingencies	427,404	442,170
Less: accumulated impairment under stage 1	(320)	(346)
accumulated impairment under stage 2	(475)	(301)
accumulated impairment under stage 3	-	-
Net commitments and contingencies	426,609	441,523

Analysis of Financial Instruments by Measurement Basis				
For the period ended 30 June 2024	Amortised cost Rs. 'Mn	Fair value through profit or loss Rs. 'Mn	Fair value through other comprehensive income Rs. 'Mn	Total Rs. 'Mn
Assets				
Cash and cash equivalents	165,910	-	-	165,910
Balances with Central Bank	64,083	-	-	64,083
Placements with banks	15,305	-	-	15,305
Derivative financial instruments	-	225	-	225
Loans and advances	184,286	-	-	184,286
Debt instruments	93	19	74,879	74,991
Acceptance and endorsements	24,950	-	-	24,950
Total financial assets	454,627	244	74,879	529,750
Liabilities				
Due to banks	9,949	-	-	9,949
Derivative financial instruments	-	129	-	129
Financial liabilities- due to depositors	363,620	-	-	363,620
Acceptance and endorsements	25,106	-	-	25,106
Total financial liabilities	398,675	129	-	398,804

Analysis of Financial Instruments by Measurement Basis				
For the period ended 31 December 2023	Amortised cost Rs. 'Mn	Fair value through profit or loss Rs. 'Mn	Fair value through other comprehensive income Rs. 'Mn	Total Rs. 'Mn
Assets				
Cash and cash equivalents	218,143	-	-	218,143
Balances with Central Bank	88,041	-	-	88,041
Placements with Banks	11,337	-	-	11,337
Derivative financial instruments	-	1,011	-	1,011
Loans and advances	210,214	-	-	210,214
Debt instruments	94	24	19,662	19,780
Acceptance and endorsements	24,265	-	-	24,265
Total financial assets	552,094			