

# 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	2024 Rs. 'Mn	2023 Rs. 'Mn
Interest income	30,597	34,370
Interest expenses	(6,704)	(7,981)
<b>Net interest income</b>	<b>23,892</b>	<b>26,389</b>
Fee and commission income	5,635	5,615
Fee and commission expenses	(1,191)	(1,314)
<b>Net fee and commission income</b>	<b>4,444</b>	<b>4,301</b>
Net gains/(losses) from trading	4,109	7,462
Net fair value gains/(losses) on:	-	-
Financial assets at fair value through profit or loss	-	(28)
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	(689)	-
Net other operating income	110	59
<b>Total operating income</b>	<b>31,868</b>	<b>38,183</b>
Impairment (charges) / reversals	2,307	6,655
<b>Net operating income</b>	<b>34,175</b>	<b>44,838</b>
Personal expenses	(4,036)	(4,376)
Depreciation and amortisation expenses	(396)	(387)
Other expenses	(10,105)	(9,326)
<b>Operating profit/(loss) before VAT and other taxes on financial services</b>	<b>19,637</b>	<b>30,749</b>
Value Added Tax (VAT) on financial services	(3,642)	(6,588)
Other taxes on financial services	(322)	(1,242)
<b>Operating profit/(loss) after VAT and other taxes on financial services</b>	<b>15,673</b>	<b>22,919</b>
Income tax expenses	(4,618)	(10,997)
<b>Profit/(loss) for the period</b>	<b>11,055</b>	<b>11,992</b>
<b>Profit attributable to:</b>		
Equity holders of the parent	11,055	11,992
Non-controlling interests	-	-

Statement of Comprehensive Income		
For the period ended 30 September	2024 Rs. 'Mn	2023 Rs. 'Mn
<b>Profit/(loss) for the year</b>	<b>11,055</b>	<b>11,922</b>
<b>Items that will be reclassified to income statement</b>		
Exchange differences on translation of foreign operations	(7,684)	(10,784)
Net gains/(losses) on cash flow hedges	-	-
Gains/(losses) on investments in debt instruments measured at fair value through other comprehensive income	372	919
Share of profits of associates and joint ventures	-	-
Debt instruments at fair value through other comprehensive income	-	-
Others	-	-
	(7,313)	(9,865)
<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	(13)	80
Changes in revaluation (deficit)/surplus (No of tax)	-	-
Share of profits of associates and joint ventures	(13)	80
<b>Other comprehensive income for the period, net of taxes</b>	<b>(7,326)</b>	<b>(9,785)</b>
<b>Total comprehensive income for the period</b>	<b>3,729</b>	<b>2,137</b>
<b>Attributable to:</b>		
Equity holders of the parent	3,729	2,137
Non-controlling interests	-	-

Statement of Financial Position		
	2024 As at 30 September Rs. 'Mn	Audited 2023 As at 31 December Rs. 'Mn
<b>Assets</b>		
Cash and cash equivalents	227,839	218,143
Balances with central bank	45,148	88,041
Placements with banks	5,925	11,337
Derivative financial instruments	804	1,011
Financial assets measured at fair value through profit or loss	14	24
Financial assets at amortised cost - loans and advances	190,611	210,214
Financial assets at amortised cost - debt instruments	94	94
Retirement benefit obligations surplus	77	86
Financial assets measured at fair value through other comprehensive income	69,879	19,662
Investments in subsidiaries	-	-
Investments in associates and joint ventures	-	-
Property, plant, and equipment	5,507	5,518
Investment properties	-	-
Deferred tax assets	355	1,286
Other assets	48,781	31,012
<b>Total assets</b>	<b>595,034</b>	<b>586,428</b>
<b>Liabilities</b>		
Due to banks	11,418	38,359
Derivative financial instruments	161	229
Financial liabilities at amortised cost - due to depositors	397,406	372,448
Current tax liabilities	2,833	6,349
Other liabilities	62,941	46,494
<b>Total liabilities</b>	<b>474,759</b>	<b>463,879</b>
<b>Equity</b>		
Stated capital/Assigned capital	3,152	3,152
Statutory reserve fund	3,152	3,152
Retained earnings	77,283	72,239
Other reserves	36,688	44,006
<b>Total shareholders' equity</b>	<b>120,275</b>	<b>122,549</b>
Non-controlling interests	-	-
<b>Total equity</b>	<b>120,275</b>	<b>122,549</b>
<b>Total equity and liabilities</b>	<b>595,034</b>	<b>586,428</b>
<b>Contingent liabilities and commitments</b>	<b>467,126</b>	<b>442,170</b>
<b>Memorandum information</b>		
Number of employees	737	747
Number of branches	12	13

Selected Performance Indicators		
	2024 As at 30 September Rs. 'Mn	2023 As at 31 December Rs. 'Mn
<b>Regulatory Capital Adequacy (LKR Millions)</b>		
Common Equity Tier 1	79,409	85,252
Core (Tier 1) Capital	79,409	85,252
Total Capital Base	82,218	89,332
<b>Regulatory Capital Ratios</b>		
Common Equity Tier 1 Capital Ratio (Minimum Requirement, 70%)	20.84%	23.43%
Tier 1 Capital Ratio (Minimum Requirement, 85%)	20.84%	23.43%
Total Capital Ratio (Minimum Requirement, 12.5%)	21.58%	24.55%

Regulatory Liquidity		
	2024 As at 30 September	2023 As at 31 December
<b>Regulatory Liquidity</b>		
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 Banking (Minimum Requirement, 2024 - Not Calculated, 2023 - 20%)	N/A	73.00%
Total Stock of High-Quality Liquid Assets (LKR Millions) Rupee	112,594	105,809
All currency	112,819	106,206
Liquidity Coverage Ratio		
Rupee (Minimum Requirement - 100%)	217.00%	163.00%
All currency (Minimum Requirement - 100%)	302.87%	251.85%
Net Stable Funding Ratio (%) - (Minimum Requirement - 100%)	144.00%	144.43%
Leverage ratio - (Minimum Requirement - 3%)	12.16%	13.14%
<b>Assets Quality (Quality of Loan Portfolio)</b>		
Impaired Loans (Stage 3) Ratio	0.20%	3.35%
Impairment (Stage 3) to Stage 3 Loans Ratio	74.03%	13.38%
<b>Profitability</b>		
Interest Margin	8.44%	5.99%
Return on Assets (before tax)	5.54%	5.27%
Return on Equity	18.24%	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 September Rs. 'Mn	Audited 2023 As at 31 December Rs. 'Mn
<b>By product - Domestic Currency</b>		
Demand deposits (current accounts)	39,444	35,824
Savings deposits	56,914	56,610
Fixed deposits	89,311	90,532
Other deposits	1,156	1,293
<b>Sub total</b>	<b>186,825</b>	<b>184,259</b>
<b>By product - Foreign Currency</b>		
Demand deposits (current accounts)	55,857	65,156
Savings deposits	74,484	55,977
Fixed deposits	79,255	64,961
Other deposits	985	2,095
<b>Sub total</b>	<b>210,581</b>	<b>188,189</b>
<b>Total</b>	<b>397,406</b>	<b>372,448</b>

Analysis of loans and advances, commitments, contingencies and impairment		
	2024 As at 30 September Rs. 'Mn	Audited 2023 As at 31 December Rs. 'Mn
<b>Product-wise gross loans and advances</b>		
<b>By product - Domestic Currency</b>		
Overdrafts	30,270	41,378
Term loans	48,972	45,313
Credit cards	21,570	21,089
Trade loans	4,713	537
<b>Sub total</b>	<b>105,525</b>	<b>108,317</b>
<b>By product - Foreign Currency</b>		
Overdrafts	7,395	7,421
Term loans	46,929	63,056
Trade loans	33,491	36,261
<b>Sub total</b>	<b>87,815</b>	<b>106,738</b>
<b>Total</b>	<b>193,340</b>	<b>215,055</b>

Product-wise commitments and contingencies		
	2024 As at 30 September Rs. 'Mn	Audited 2023 As at 31 December Rs. 'Mn
<b>By product - Domestic currency</b>		
Guarantees	4,958	4,491
Bonds	10,146	11,137
Letters of Credit	44,246	30,059
Undrawn credit lines	136,062	110,387
Foreign exchange contracts	14,511	24,506
Other	30	38
<b>Sub total</b>	<b>165,852</b>	<b>150,712</b>
<b>By product - Foreign Currency</b>		
Guarantees	2,867	3,984
Bonds	64,396	73,704
Letters of Credit	113,577	128,176
Foreign exchange contracts	56,634	36,643
Other	19,554	18,891
<b>Sub total</b>	<b>307,274</b>	<b>291,457</b>
<b>Total</b>	<b>473,126</b>	<b>442,170</b>

Stage-wise impairment on loans & advances		
	2024 As at 30 September Rs. 'Mn	Audited 2023 As at 31 December Rs. 'Mn
Gross loans and advances	193,340	215,055
Less: accumulated impairment under stage 1	(759)	(745)
accumulated impairment under stage 2	(889)	(2,884)
accumulated impairment under stage 3	(1,081)	(1,112)
<b>Net value of loans and advances</b>	<b>190,611</b>	<b>210,214</b>

Movement of impairment during the period		
	2024 As at 30 September Rs. 'Mn	Audited 2023 As at 31 December Rs. 'Mn
<b>Under stage 1</b>		
Opening balance	745	612
Charge/(write back) to income statement	229	(85)
Other movements	(216)	218
Closing balance	759	745
<b>Under stage 2</b>		
Opening balance	2,984	7,961
Charge/(write back) to income statement	(1,992)	(4,917)
Other movements	(103)	(60)
Closing balance	889	2,984
<b>Under stage 3</b>		
Opening balance	1,112	732
Charge/(write back) to income statement	74	250
Other movements	(105)	130
Closing balance	1,081	1,112
<b>Total impairment</b>	<b>2,729</b>	<b>4,841</b>

Stage-wise impairment on commitments and contingencies		
	2024 As at 30 September Rs. 'Mn	Audited 2023 As at 31 December Rs. 'Mn
Commitments and contingencies	467,126	442,170
Less: accumulated impairment under stage 1	(323)	(346)
accumulated impairment under stage 2	(95)	(301)
accumulated impairment under stage 3	-	-
<b>Net commitments and contingencies</b>	<b>466,709</b>	<b>441,523</b>

Analysis of Financial Instruments by Measurement Basis				
For the period ended 30 September 2024	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	227,839	-	-	227,839
Balances with Central Banks	45,148	-	-	45,148
Placements with banks	5,925	-	-	5,925
Derivative financial instruments	-	804	-	804
Loans and advances	190,611	-	-	190,611
Debt instruments	94	14	69,879	69,987
Acceptance and endorsements	41,587	-	-	41,587
<b>Total financial assets</b>	<b>511,204</b>	<b>818</b>	<b>69,879</b>	<b>581,901</b>
<b>Liabilities</b>				
Due to banks	11,418	-	-	11,418
Derivative financial instruments	-	161	-	161
Financial liabilities - due to depositors	397,406	-	-	397,406
Financial liabilities - due to other borrowers	-	-	-	-
Acceptance and endorsements	41,596	-	-	41,596
<b>Total financial liabilities</b>	<b>450,420</b>	<b>161</b>	<b>-</b>	<b>450,581</b>

Analysis of Financial Instruments by Measurement Basis				
For the period ended 31 December 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	218,143	-	-	218,143
Balances with Central Banks	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
<b>Total financial assets</b>	<b>552,094</b>	<b>1,035</b>	<b>19,662</b>	<b>572,791</b>
<b>Liabilities</b>				
Due to banks	38,359	-	-	38,359
Derivative financial instruments	-	229	-	229
Financial liabilities - due to depositors	372,448	-	-	372,448
Financial liabilities - due to other borrowers	-	-	-	-
Acceptance and endorsements	24,525	-	-	24,525
<b>Total financial liabilities</b>	<b>435,332</b>	<b>229</b>	<b>-</b>	<b>435,561</b>

Statement of Changes in Equity											
For the Period Ended 30 September 2024	Stated Capital/Assigned Capital				Reserves					Non-controlling interest Rs. 'Mn	Total equity Rs. 'Mn
	Ordinary voting shares Rs. 'Mn	Ordinary non-voting shares Rs. 'Mn	Assigned capital Rs. 'Mn	Reserve fund Rs. 'Mn	Revaluation reserve Rs. 'Mn	Retained earnings Rs. 'Mn	Other reserves Rs. 'Mn	Total Rs. 'Mn			
Balance as at 01/01/2024 (Opening balance)	-	-	3,152	3,152	2,970	72,239	41,036	122,549	-	122,549	
<b>Total comprehensive income for the year</b>											
Profit/(loss) for the year (net of tax)	-	-	-	-	-	11,055	-	11,055	-	11,055	
Other comprehensive income (net of tax)	-	-	-	-	-	(13)	(7,313)	(7,326)	-	(7,326)	
<b>Total comprehensive income for the year</b>											
Transactions with equity holders recognised directly in equity											
Share issue/increase of assigned capital	-	-	-	-	-	-	-	-	-	-	
Transfer to reserves during the period	-	-	-	-	-	(6)	(6)	(6)	-	(6)	
Profit transferable to head office	-	-									