

The Hongkong and Shanghai Banking Corporation Limited

Incorporated in the Hongkong SAR with limited liability

Sri Lanka Branch

Main Office - 24, Sir Baron Jayatilaka Mawatha, Colombo 1.

Cash Flow Statement		
	2015 As at 31 March Rs. '000	Audited 2014 As at 31 December Rs. '000
Operating activities		
Interest received	6,959,122	24,359,423
Interest paid	(1,259,300)	(6,684,049)
Recoveries on previously written off loans	130,252	642,774
Fees and commission received	804,031	3,260,696
Dividends received	-	-
Net (payments) / receipts from trading activities	304,184	1,804,639
Operating expenses paid	(1,844,173)	(7,910,900)
Operating profit before changes in operating assets and liabilities	5,094,116	15,472,583
Change in operating assets/liabilities		
(Increase)/decrease in treasury bills and other eligible bills	2,010,432	(27,591,367)
(Increase)/decrease in treasury bonds	(970,763)	8,104,192
(Increase)/decrease in loans to other banks	(7,891,954)	(5,569,138)
(Increase)/decrease in loans and advances	5,459,246	(40,284,934)
(Increase)/decrease in government bonds	(6,308,549)	(5,507,247)
(Increase)/decrease in other assets	(3,766,521)	1,272,617
Increase/(decrease) in deposits from customers	(3,897,494)	21,399,796
Increase/(decrease) in borrowings	5,850,231	51,580,810
Increase/(decrease) in other liabilities	3,670,848	(1,133,471)
	(5,844,524)	2,271,258
Net cash flow from operating activities before tax	(750,408)	17,743,841
Tax paid	(1,427,262)	(6,885,579)
Net cash flow from operating activities	(2,177,670)	10,858,262
Investing activities		
Proceeds from sale of joint venture	-	-
Proceeds from disposal of property, plant and equipment	13,256	13,485
Acquisition of property, plant and equipment	-	(547,906)
Net cash flow from investing activities	13,256	(534,421)
Financing activities		
Profit transferred to head office	-	(3,531,000)
Net cash flow from financing activities	-	(3,531,000)
Net increase / (decrease) in cash and cash equivalents	(2,164,414)	6,792,841
Cash and cash equivalents at the beginning of the period	24,015,547	17,517,716
Exchange Adjustment	178,673	(295,009)
Cash and cash equivalents at the end of the period	22,029,806	24,015,548
Analysis of cash and cash equivalents at the period		
Cash in hand	1,313,503	1,222,493
Balances with other banks	14,168,700	15,947,885
Balances with Central Bank	6,547,603	6,845,170
Cash and cash equivalents at the end of the period	22,029,806	24,015,548

Loans and Receivables to Other Customers (net)		
	2015 As at 31 March Rs. '000	Audited 2014 As at 31 December Rs. '000
Gross loans and receivables	164,645,327	171,113,828
(Less) Individual impairment	(685,719)	(950,637)
Collective impairment	(1,203,400)	(1,228,250)
Net loans and receivables including those designed at fair value through profit or loss	162,756,208	168,934,941
(Less) Loans and receivables designated at fair value through profit or loss	-	-
Net loans and receivables	162,756,208	168,934,941

Movements in Individual and Collective Impairment during the period for Loans and Receivables to Other Customers		
	2015 As at 31 March Rs. '000	Audited 2014 As at 31 December Rs. '000
Individual impairment		
Opening balance	950,638	1,564,713
Change/(Write back) to income statement	(234,852)	(480,861)
Write-off during the year	-	-
Other movements	(30,067)	(133,215)
Closing balance	685,719	950,637
Collective impairment		
Opening balance	1,228,249	788,717
Change/(Write back) to income statement	(7,035)	514,411
Other movements	(17,814)	(74,878)
Closing balance	1,203,400	1,228,250
Total impairment	1,889,119	2,178,887

The financial information summarised above for the three months ended 31 March 2015 is drawn up from the un-audited accounts of the Bank, prepared according to the Sri Lankan Accounting Standards. (SLFRS/LKAS).

As per the interim budget passed in the parliament of Sri Lanka on 7th February 2015, an additional tax of 25% has been imposed on the taxable profit of entities which have earned profit in excess of Rs. 2,000 Mn for the year of assessment 2013 / 2014.

The liability will be recognised in the financial statements when the bill is enacted and the required accounting entries will be passed in the Financial Statement.

We, the undersigned, being the Chief Executive Officer and the Chief Financial Officer of HSBC Bank certify jointly that:

- the above statements have been prepared in compliance with the format and definitions prescribed by the Central Bank of Sri Lanka
- the information contained in these statements have been extracted from the un-audited financial statements of the bank unless indicated as audited
- the information contained in these statements are true and correct to the best of our knowledge and belief.

Patrick J Gallagher
(Signed) Chief Executive Officer

Kanchana Hewavitharana
(Signed) Chief Financial Officer

The Hongkong and Shanghai Banking Corporation Limited - Sri Lanka is a licensed commercial bank supervised by the Central Bank of Sri Lanka.
Issued by The Hongkong and Shanghai Banking Corporation Limited - Sri Lanka. Fitch rating of AAA (lka).

Statement of Financial Position		
	2015 As at 31 March Rs. '000	Audited 2014 As at 31 December Rs. '000
Assets		
Cash and cash equivalents	15,482,203	17,170,378
Balances with Central Bank	6,547,603	6,845,170
Placements with banks	32,363,762	15,444,288
Derivative financial instruments	1,312,323	1,140,619
Other financial assets Held-for-trading	1,984,164	1,722,700
Financial assets designated at fair value through profit or loss	-	-
Loans and receivables to banks	17,293,580	26,321,100
Loans and receivables to other customers	162,756,208	168,934,941
Financial investments - Available-for-sale	145,527,590	142,316,265
Financial investments Held-to-maturity	-	-
Investments in subsidiaries	-	-
Investments in associates and joint ventures	-	-
Property, plant and equipment	3,232,142	3,282,332
Investment properties	-	-
Goodwill and intangible assets	-	-
Deferred tax assets	-	-
Other assets	21,515,894	21,438,471
Total assets	408,015,469	404,616,264
Liabilities		
Due to banks	155,051,047	149,200,815
Derivatives financial instruments	952,348	609,806
Financial liabilities Held-for-trading	-	-
Financial liabilities designated at fair value through profit or loss	-	-
Due to other customers	172,449,266	176,346,760
Other borrowings	-	-
Debt securities issued	-	-
Current tax liabilities	1,499,884	1,445,077
Deferred tax liabilities	392,723	998,463
Other provisions	-	-
Other liabilities	28,972,033	27,840,553
Due to subsidiaries	-	-
Subordinated term debts	-	-
Total liabilities	359,317,301	356,441,474
Equity		
Stated capital / Assigned capital	3,152,358	3,152,358
Statutory reserve fund	1,940,002	1,940,002
Retained earnings	34,075,079	33,732,703
Other reserves	9,530,729	9,349,727
Total shareholders' equity	48,698,168	48,174,790
Non-controlling interest	-	-
Total equity	48,698,168	48,174,790
Total liabilities and equity	408,015,469	404,616,264
Contingent liabilities and commitments	588,737,131	582,340,237
Memorandum information		
Number of employees	1,387	1,379
Number of branches	16	16

Loans and Receivables to Other Customers - By product		
	2015 As at 31 March Rs. '000	Audited 2014 As at 31 December Rs. '000
By product-Domestic Currency		
Overdrafts	8,259,400	9,271,529
Term loans	30,679,342	32,786,376
Lease rentals receivable	-	-
Credit cards	18,982,992	19,704,899
Pawning	-	-
Other loans	23,726	94,402
Sub total	57,945,460	61,857,206
By product-Foreign Currency		
Overdrafts	1,817,004	2,598,552
Term loans	101,126,851	103,236,808
Other loans	3,756,012	3,421,262
Sub total	106,699,867	109,256,622
Total	164,645,327	171,113,828

Due to Other Customers - By product		
	2015 As at 31 March Rs. '000	Audited 2014 As at 31 December Rs. '000
By product-Domestic Currency		
Demand deposits (current accounts)	18,082,873	17,370,695
Savings deposits	22,390,128	19,295,266
Fixed deposits	70,425,186	70,323,288
Other deposits	2,562,875	2,445,430
Sub total	113,461,062	109,434,679
By product-Foreign Currency		
Demand deposits (current accounts)	11,806,914	9,130,937
Savings deposits	14,512,280	23,444,384
Fixed deposits	27,964,414	29,214,476
Other deposits	4,704,596	5,122,284
Sub total	58,988,204	66,912,081
Total	172,449,266	176,346,760

