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.

For the period ended 31 March	2021 Rs. 'Mn	2020 Rs. 'Mn
Interest income	4,860	7,363
Interest expenses	(1,669)	(2,720)
Net interest income	3,191	4,643
Fee and commission income	1,130	945
Fee and commission expenses	(292)	(320)
Net fee and commission income	838	625
Net gains/(losses) from trading	968	(482)
Net fair value gains/(losses) on:		
Financial assets at fair value through profit or loss	(5)	145
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	9	6
Total operating income	5,001	4,937
Impairment (charges)/reversals	470	(903)
Net operating income	5,471	4,034
Personal expenses	(944)	(943)
Depreciation and amortisation expenses	(131)	(174
Other expenses	(1,827)	(1,868)
Operating profit/(loss) before VAT and other taxes	(1/02.7	(1,7000)
on financial services	2,569	1,049
Value added tax (VAT) on financial services	(440)	(250)
Other taxes on financial services	(13)	(2)
Operating profit/(loss) after VAT and other taxes		
on financial services	2,116	797
Share of profits of associates and joint ventures	_	-
Profit/(loss) before tax	2,116	797
Income tax expenses	(800)	(429)
Profit/(loss) for the period	1,316	368
Profit attributable to:		
Equity holders of the parent	1,316	368
Non-controlling interests	-	

	2021 As at 31 March Rs. 'Mn	Audited 202 As at 31 Decembe Rs. 'M
Cash flows from operating activities		
Interest receipts	5,330	26,343
Interest payments	(2,407)	(8,653
Net commission receipts	837	2,16
Trading income	963	1,092
Payments to employees	(942)	(3,862
VAT on financial services	(439)	(748
Receipts from other operating activities	151	1,140
Payments to other operating activities	(1,797)	(7,415
Operating profit before change in operating assets and liabilities	1,696	10,062
(Increase)/decrease in operating assets		
Balances with Central Bank of Sri Lanka	(9,854)	(8,713
Financial assets at amortised cost - loans and advances	(7,535)	54,433
Treasury bills & bonds	21,023	(25,040
Other assets	12,970	3,28
	16,604	23,96
Increase/(decrease) in operating liabilities		
Financial liabilities at amortised cost - due to depositors	10,986	27,45
Financial liabilities at amortised cost - due to other borrowers	(14,806)	(82,298
Other liabilities	(18,191)	8,159
	(22,011)	(46,687
Net cash generated from operating activities before income tax	(3,711)	(12,661
Income tax paid	269	(2,212
Net cash (used in)/from operating activities	(3,442)	(14,873
Cash flows from investing activities		
Purchase of property, plant & equipment	(14)	(234
Proceeds from sale of property, plant & equipment	-	2!
Purchase of financial investments	-	-
Proceeds from sale and maturity of financial investments Others	-	_
Net cash (used in)/from investing activities Cash flows from financing activities	(14)	(209
Profit transferred to head office Net cash (used in)/from financing activities	_	-
ivet cash (used in)/from financing activities	-	-
Net increase/(decrease) in cash and cash equivalents	(3,456)	(15,082
Cash and cash equivalents at the beginning of the period	20,412	33,986
Exchange difference in respect of cash and cash equivalents	2,511	1,508
Cash and cash equivalents at the end of the period	19,467	20,412

Statement of Comprehensive Income		
For the period ended 31 March	2021 Rs. 'Mn	2020 Rs. 'Mn
Profit/(loss) for the year	1,316	368
Items that will be reclassified to income statement		
Exchange differences on translation of foreign operations	2,827	1,873
Net gains/(losses) on cash flow hedges	-	-
Net gains/(losses) on investments in debt instruments measured at		
fair value through other comprehensive income	371	(6,607)
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	(306)	1850
	2,892	(2,884)
Items that will not be reclassified to profit or loss		
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	-	(8)
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	-	_
	-	_
Other comprehensive income for the period, net of taxes	2,892	(2,892)
Total comprehensive income for the period	4,208	(2,524)
Attributable to:		
Equity holders of the parent	4,208	(2,524)
Non-controlling interests	_	_

Selected Performance Indicators

	2021 As at 31 March	Audited 2020 As at 31 December
Regulatory Capital Adequacy (LKR Millions)		
Common Equity Tier 1	62,859	62,385
Core (Tier 1) Capital	62,859	62,385
Total Capital Base	66,025	66,116
Regulatory Capital Ratios		
Common Equity Tier 1 Capital Ratio (Minimum Requirement, 7%)	19.83%	20.55%
Tier 1 Capital Ratio (Minimum Requirement, 8.5%)	19.83%	20.55%
Total Capital Ratio (Minimum Requirement, 12.5%)	20.83%	21.45%
	2021 As at 31 March	2020 As at 31 December
Regulatory Liquidity		
Statutory Liquid Assets (LKR Millions)		
Domestic banking unit	127,279	148,237
Off-shore banking unit	29,879	29,940
Statutory Liquid Assets Ratio (Minimum Requirement, 20%)		
Domestic banking unit	55.39%	66.30%
Off-shore banking unit	23.62%	23.19%
Total Stock of High-Quality Liquid Assets (LKR Millions)		
Rupee	108,496	125,724
All currency	108,553	125,764
Liquidity Coverage Ratio		
Rupee (Minimum Requirement - 100%)	333.09%	424.02%
All currency (Minimum Requirement - 100%)	258.05%	316.12%
Net Stable Funding Ratio - (Minimum Requirement - 100%)	130.45%	129.66%
Leverage ratio - (Minimum Requirement - 3%)	12.85%	12.26%
Assets Quality (Quality of Loan Portfolio)		
Gross Non-Performing Advances Ratio		
(net of interest in suspense)	0.76%	0.94%
Net Non-Performing Advances Ratio		
(net of interest in suspense and provisions)	0.65%	0.83%
Profitability		
Interest Margin	3.00%	3.73%
	1.99%	0.85%
Return on Assets (before tax)	"""	

Analysis of Deposits			
	2021 31 March Rs. Mn	Audited 2020 As at 31 December Rs. Mn	
By product - Domestic Currency			
Demand deposits (current accounts)	24,474	32,095	
Savings deposits	33,530	27,454	
Fixed deposits	89,545	78,228	
Other deposits	3,242	3,164	
Sub total	150,791	140,941	
By product - Foreign Currency			
Demand deposits (current accounts)	31,422	28,291	
Savings deposits	30,665	28,036	
Fixed deposits	29,666	35,483	
Other deposits	5,700	4,507	
Sub total	97,453	96,317	
Total	248,244	237,258	

Statement of Financial Position		
Assets	2021 As at 31 March Rs. 'Mn	Audited 2020 As at 31 December Rs. 'Mn
Cash and cash equivalents	19,467	20,412
Balances with central bank	28,307	18,454
Placements with banks		- 10,101
Derivative financial instruments	709	656
Financial assets measured at fair value through profit or loss	431	335
Financial assets designated at fair value through profit or loss	_	_
Financial assets at amortised cost - loans and advances	231,195	219,123
Financial assets at amortised cost - debt instruments	3,113	3,118
Financial assets measured at fair value through other	115,989	136,632
comprehensive income	.,	
Investments in subsidiaries	_	
Investments in associates and joint ventures	_	
Property, plant and equipment	4,835	4,836
Investment properties	_	, , , ,
Goodwill and intangible assets	_	
Deferred tax assets	_	368
Other assets	22,171	20,717
Total assets	426,217	424,651
Liabilities		
Due to banks	73,497	88.302
Derivative financial instruments	478	508
Financial liabilities measured at fair value through profit or loss	4,0	300
Financial liabilities designated at fair value through profit or loss	_	
Financial liabilities at amortised cost - due to depositors	248,244	237,258
Financial liabilities at amortised cost - due to other borrowers		207,200
Due to subsidiaries	_	
Retirement benefit obligations	238	246
Current tax liabilities	858	126
Deferred tax liabilities	197	-
Other provisions	_	
Other liabilities	28,538	27.906
Total liabilities	352,050	354,346
Equity	,	,
Stated capital/Assigned capital	3,152	3,152
Statutory reserve fund	2,650	2,650
Retained earnings	48,533	47,213
Other reserves	19,832	17,290
Total shareholders' equity	74,167	70,305
Non-controlling interests	_	
Total equity	74,167	70,305
Total equity and liabilities	426,217	424,651
Contingent liabilities and commitments	509,379	530,834
Memorandum information		
Number of employees	1,033	1,020
Number of branches	13	13

Analysis of loans and advances, commitments, contingencies and impairment				
	2021 31 March Rs. 'Mn	Audited 2020 As at 31 December Rs. 'Mn		
Product-wise gross loans and advances By product - Domestic Currency				
Overdrafts Term loans	14,917 23,823	17,737 22,660		
Lease rentals receivable Credit cards	21,753	21,420		
Pawning Other loans Sub total	60,493	103 61,920		
By product - Foreign Currency	60,493	61,920		
Overdrafts Term loans	14,979 149,751	14,226 139,186		
Guarantees Bonds	_			
Other loans Sub total	8,622 173,352	6,724 160,136		
Total	233,845	222,056		
Product-wise commitments and contingencies	2021 31 March Rs. 'Mn	Audited 2020 As at 31 December Rs.'Mn		
By product - Domestic currency				

Product-wise commitments and contingencies	31 March Rs. 'Mn	As at 31 December Rs.'Mn
By product - Domestic currency		
Guarantees	17,669	19,370
Bonds	7,750	7,262
Undrawn credit lines	101,888	103,947
Foreign exchange contracts	39,202	62,825
Other	583	182
Sub total	167,092	193,586
By product - Foreign Currency		
Guarantees	52,530	58,732
Bonds	20,062	15,906
Undrawn credit lines	90,636	82,697
Foreign exchange contracts	134,571	147,610
Other	44,488	32,303
Sub total	342,287	337,248
Total	509,379	530,834
Ctoro coire important on leave & educate	2021	Audited 2020
Stage-wise impairment on loans & advances	31 March Rs. 'Mn	31 December Rs. 'Mn

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Gross loans and advances	233,845	222,056
Less: accumulated impairment under stage 1	(472)	(589)
accumulated impairment under stage 2	(1,091)	(1,282)
accumulated impairment under stage 3	(1,087)	(1,062)
Net value of loans and advances	231,195	219,123
Movement of impairment during the period	2021 31 March	Audited 2020 31 December
	Rs. 'Mn	Rs. 'Mn
Under stage 1		
Opening balance	589	661
Charge/(write back) to income statement	(131)	(87)
Other movements	14	15
Closing balance	472	589
Under stage 2		
Opening balance	1,282	508
Charge/(write back) to income statement	(156)	754
Other movements	(35)	20
Closing balance	1,091	1,282
Under stage 3		
Opening balance	1,062	538
Charge/(write back) to income statement	(40)	524
Other movements	65	-

Stage-wise impairment on commitments and contingencies	2021 31 March Rs. 'Mn	Audited 2020 31 December Rs. 'Mn
Commitments and contingencies Less: accumulated impairment under stage 1 accumulated impairment under stage 2 accumulated impairment under stage 3	509,379 (20) (55)	530,834 (40) (54)
Net commitments and contingencies	509,304	530,740

Analysis of Financial Instruments by Measurement Basis						
For the period ended 31 March 2021	Amortised cost Rs. 'Mn	Fair value through profit and loss Rs. 'Mn	Fair value through other comprehensive income Rs. 'Mn	Total Rs. 'Mn		
Assets						
Cash and cash equivalents	19,467	-	-	19,467		
Balances with Central Banks	28,307	-	-	28,307		
Placements with banks	-	-	-	-		
Derivative financial instruments	-	709	-	709		
Loans and advances	231,195	-	-	231,195		
Debt instruments	3,113	431	115,989	119,533		
Equity instruments	-	-	-	-		
Acceptance and endorsements	15,275	-	-	15,275		
Total financial assets	297,357	1,140	115,989	414,486		
Liabilities						
Due to banks	73,497	-	_	73,497		
Derivative financial instruments		478	_	478		
Financial liabilities - due to depositors	248,244	-	_	248,244		
Financial liabilities - due to other borrowers		-	_			
Acceptance and endorsements	15,275	-	-	15,275		
Total financial liabilities	337,016	478	-	337,494		

Analysis of Financial Instruments by Measurement Basis						
For the period ended 31 December 2020	Amortised cost Rs. 'Mn	Fair value through profit and loss Rs. 'Mn	Fair value through other comprehensive income Rs. 'Mn	Total Rs. 'Mn		
Assets						
Cash and cash equivalents	20,412	-	-	20,412		
Balances with Central Banks	18,454	-	-	18,454		
Placements with banks	-	-	-	-		
Derivative financial instruments	-	656	-	656		
Loans and advances	219,123	-	-	219,123		
Debt instruments	3,118	335	136,632	140,085		
Equity instruments	-	-	-	-		
Acceptance and endorsements	14,592	-	-	14,592		
Total financial assets	275,699	991	136,632	413,322		
Liabilities						
Due to banks	88,302	_	_	88,302		
Derivative financial instruments	-	508	-	508		
Financial liabilities - due to depositors	237,258	_	_	237,258		
Financial liabilities - due to other borrowers		-	-	_		
Acceptance and endorsements	14,592	-	-	14,592		
Total financial liabilities	340,152	508	-	340,660		

Total impairment

				Statement of Change	es in Equity					
For the Period Ended 31 March 2021	Stated Capital/Assigned Capital				Reserves					
	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	Non-controlling interest Rs. 'Mn	Total equity Rs. 'Mn
Balance as at 01/01/2021 (Opening balance)	-	-	3,152	2,650	2,603	47,213	14,687	70,305	-	70,30
Total comprehensive income for the year										
Profit/(loss) for the year (net of tax)	-	-	-	-	-	1,316	-	1,316	-	1,31
Other comprehensive income (net of tax)	-	-	-	-	-	4	2,888	2,892	-	2,893
Total comprehensive income for the year	-	-	-	-	-	1,320	2,888	4,208	-	4,20
Transactions with equity holders recognised directly in equity										
Share issue/increase of assigned capital	-	-	-	-	-	_	-	_	-	
Transfer to reserves during the period	-	-	-	52	-	-	(2)	(2)	-	(2
Dividends to equity holders	-	-	-	-	-	-	-	-	-	
Profit transferred to head office	-	-	-	-	-	-	-	_	-	
Gain/(loss) on revaluation of property, plant and equipment										
(if cost method is adopted)	-	-	-	-	-	-	-	-	-	
Others	-	-	-	-	(1)	-	(343)	(344)	-	(344
Total transactions with equity holders	-	-	-	-	(1)	-	(345)	(346)	-	(346
Balance as at 31/03/2021 (Closing balance)	-	-	3,152	2,650	2,602	48,533	17,230	74,167	-	74,16

The financial information summarised above for the three months ended 31 March 2021 is drawn up from the un-audited accounts of the Bank, prepared according to the Sri Lankan Accounting Standards. (SLFRS/LKAS).

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

(a) the above statements have been prepared in compliance with the format and definitions prescribed by the Central Bank of Sri Lanka (b) the information contained in these statements have been extracted from the un-audited financial statements of the Bank unless indicated as audited

(c) the information contained in these statements are true and correct to the best of our knowledge and belief.

