## 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 June	2021	2020
	Rs. 'Mn	Rs. 'Mn
Interest income	9,526	14,570
Interest expenses	(3,202)	(5,327)
Net interest income	6,324	9,243
Fee and commission income	2,107	1,495
Fee and commission expenses	(581)	(496)
Net fee and commission income	1,526	999
Net gains/(losses) from trading	1,753	(89)
Net fair value gains/(losses) on:	,,,,,,	(55)
Financial assets at fair value through profit or loss	(3)	570
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	_	172
Net other operating income	18	14
Total operating income	9,618	10,909
Impairment (charges)/reversals	991	(2,709)
Net operating income	10,609	8,200
Paragral avnances	(1,855)	(1,897)
Personal expenses	(263)	(331)
Depreciation and amortisation expenses	(3,777)	(3,410)
Other expenses Operating profit/(loss) before VAT and other taxes	(3,111)	(3,410
on financial services	4,714	2,562
Value added tax (VAT) on financial services	(737)	(182)
Otto to the first to the	(27)	75
Other taxes on financial services	(27)	75
Operating profit/(loss) after VAT and other taxes		
on financial services	3,950	2,455
Share of profits of associates and joint ventures	-	-
Profit/(loss) before tax	3,950	2,455
Income tax expenses	(1,277)	(250
Profit/(loss) for the period	2,673	2,205
Profit attributable to:		
Equity holders of the parent	2,673	2,205
Non-controlling interests	-	

	2021 As at 30 June Rs. 'Mn	Audited 2020 As at 31 December Rs. 'Mr
Cash flows from operating activities		
Interest receipts	6,609	26,343
Interest payments	(2,197)	(8,653)
Net commission receipts	1,526	2,165
Trading income	1,750	1,092
Payments to employees	(1,849)	(3,862)
VAT on financial services	(439)	(748)
Receipts from other operating activities	246	1,140
Payments to other operating activities	(3,749)	(7,415)
Operating profit before change in operating assets and liabilities	1,897	10,062
(Increase)/decrease in operating assets		
Balances with Central Bank of Sri Lanka	(2,043)	(8,713)
Financial assets at amortised cost - loans and advances	(13,667)	54,433
Treasury bills & bonds	13,092	(25,040)
Other assets	70	3,284
	(2,548)	23,964
Increase/(decrease) in operating liabilities		
Financial liabilities at amortised cost - due to depositors	10,789	27,452
Financial liabilities at amortised cost - due to other borrowers	(17,900)	(82,298)
Other liabilities	1,498	8,159
	(5,613)	(46,687)
Net cash generated from operating activities before income tax	(6,264)	(12,661)
Income tax paid	(489)	(2,212)
Net cash (used in)/from operating activities	(6,753)	(14,873)
Cash flows from investing activities		
Purchase of property, plant & equipment	(19)	(234)
Proceeds from sale of property, plant & equipment	-	25
Purchase of financial investments	-	-
Proceeds from sale and maturity of financial investments	-	-
Others	-	-
Net cash (used in)/from investing activities	(19)	(209)
Cash flows from financing activities		
Profit transferred to head office	(3,548)	-
Net cash (used in)/from financing activities	(3,548)	
Net increase/(decrease) in cash and cash equivalents	(10,320)	(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	2,236	1,508
Cash and cash equivalents at the end of the period	12,328	20,412

Statement of Comprehensive Income		
For the period ended 30 June	2021 Rs. 'Mn	202 Rs. 'M
Profit/(loss) for the year	2,673	2,205
Items that will be reclassified to income statement		
Exchange differences on translation of foreign operations	2,470	1,013
Net gains/(losses) on cash flow hedges	-	
Net gains/(losses) on investments in debt instruments measured at		
fair value through other comprehensive income	568	(456
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	(136)	12
	2,902	68
tems 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	(20)	1
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	_	
	(20)	1
Other comprehensive income for the period, net of taxes	2.882	70
Total comprehensive income for the period	5,555	2,90
Attributable to:		,,,,
Equity holders of the parent	5.555	2.90
Non-controlling interests	2,000	2,00

Selected Performance Indicators

	2021	Audited 2020
	As at 30 June	As at 31 December
Regulatory Capital Adequacy (LKR Millions)		
Common Equity Tier 1	57,047	62,385
Core (Tier 1) Capital	57,047	62,385
Total Capital Base	59,145	65,116
Regulatory Capital Ratios		
Common Equity Tier 1 Capital Ratio (Minimum Requirement, 7%)	17.83%	20.55%
Tier 1 Capital Ratio (Minimum Requirement, 8.5%)	17.83%	20.55%
Total Capital Ratio (Minimum Requirement, 12.5%)	18.49%	21.45%
	2021 As at 30 June	2020 As at 31 December
Regulatory Liquidity		
Statutory Liquid Assets (LKR Millions)		
Domestic banking unit	134,294	148,237
Off-shore banking unit	33,537	29,940
Statutory Liquid Assets Ratio (Minimum Requirement, 20%)		
Domestic banking unit	57.15%	66.30%
Off-shore banking unit	26.26%	23.19%
Total Stock of High-Quality Liquid Assets (LKR Millions)		
Rupee	118,916	125,724
All currency	118,955	125,764
Liquidity Coverage Ratio		
Rupee (Minimum Requirement - 100%)	337.00%	424.02%
All currency (Minimum Requirement - 100%)	202.90%	316.12%
Net Stable Funding Ratio - (Minimum Requirement - 100%)	130.00%	129.66%
Leverage ratio - (Minimum Requirement - 3%)	11.65%	12.26%
Assets Quality (Quality of Loan Portfolio)		
Gross Non-Performing Advances Ratio		
(net of interest in suspense)	0.75%	0.94%
Net Non-Performing Advances Ratio		
(net of interest in suspense and provisions)	0.64%	0.83%
Profitability		
Interest Margin	2.97%	3.73%
Return on Assets (before tax)	1.86%	0.85%
Return on Equity	7.33%	3.48%
ote: Profitability ratios are based on SLFRS data	1	
Analysis of Deposits		

		Audited
	2021 30 June Rs. Mn	2020 As at 31 December Rs. Mn
By product - Domestic Currency		
Demand deposits (current accounts)	29,434	32,095
Savings deposits	31,384	27,454
Fixed deposits	92,274	78,228
Other deposits	3,339	3,164
Sub total	156,431	140,941
By product - Foreign Currency		
Demand deposits (current accounts)	30,605	28,291
Savings deposits	29,115	28,036
Fixed deposits	26,637	35,483
Other deposits	5,258	4,507
Sub total	91,615	96,317
Total	248,046	237,258

Statement of Financial Position		
Assets	2021 As at 30 June Rs. 'Mn	Audited 2020 As at 31 December Rs. 'Mn
Cash and cash equivalents	12,328	20,412
Balances with central bank	20,497	18,454
Placements with banks		
Derivative financial instruments	127	656
Financial assets measured at fair value through profit or loss	573	335
Financial assets designated at fair value through profit or loss		
Financial assets at amortised cost - loans and advances	233,925	219.123
Financial assets at amortised cost - debt instruments	489	3,118
Financial assets measured at fair value through other	126,656	136,632
comprehensive income	,	,
Investments in subsidiaries	_	
Investments in associates and joint ventures	_	
Property, plant and equipment	4.836	4.836
Investment properties		.,
Goodwill and intangible assets	_	
Deferred tax assets	_	368
Other assets	25,590	20,717
Total assets	425,021	424,651
Liabilities		· · · · · · · · · · · · · · · · · · ·
Liabilities		
Due to banks	70,402	88,302
Derivative financial instruments	398	508
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	248,046	237,258
Financial liabilities at amortised cost - due to other borrowers	-	
Due to subsidiaries	-	
Retirement benefit obligations	235	246
Current tax liabilities	765	126
Deferred tax liabilities	427	
Other provisions	-	
Other liabilities	33,049	27,906
Total liabilities	353,322	354,346
Equity		
Stated capital/Assigned capital	3,152	3,152
Statutory reserve fund	2,650	2,650
Retained earnings	48,697	47,213
Other reserves	17,200	17,290
Total shareholders' equity	71,699	70,305
Non-controlling interests	_	
Total equity	71,699	70,305
Total equity and liabilities	425,021	424,651
Contingent liabilities and commitments	446,170	530,834
Na		
Memorandum information Number of employees	1.017	1,020
Number of employees Number of branches		
Number of branches	13	13

Analysis of loans and advances, commitments, contingencies and impairment				
2021 Audited				
	30 June	As at 31 December		
	Rs. 'Mn	Rs.'Mn		
Product-wise gross loans and advances		i l		
By product - Domestic Currency		i l		
Overdrafts	15,716	17,737		
Term loans	20.031	22,660		
Lease rentals receivable	_	-		
Credit cards	21,150	21,420		
Pawning		i ' _		
Other loans	_	103		
Sub total	56,897	61,920		
		5.7525		
By product - Foreign Currency		i l		
Overdrafts	13,891	14,226		
Term loans	156,726	139,186		
Guarantees	-	.55,.55		
Bonds	_	_		
Other loans	8.533	6,724		
Sub total	179,150	160,136		
Total	236,047	222,056		
1000	200/017			
Product-wise commitments and contingencies	2021 30 June	Audited 2020		
- · · · · · · · · · · · · · · · · · · ·	Rs. 'Mn	As at 31 December Rs. Mn		
By product - Domestic currency	Ita. IVIII	113. 14111		
,,				
Guarantees	17 182	19 370		

By product - Domestic currency		
Guarantees	17,182	19,370
Bonds	7,578	7,262
Undrawn credit lines	99,224	103,947
Foreign exchange contracts	10,053	62,825
Other	693	182
Sub total	134,730	193,586
By product - Foreign Currency		
Guarantees	55,480	58,732
Bonds	20,373	15,906
Undrawn credit lines	92,713	82,697
Foreign exchange contracts	80,929	147,610
Other	61,945	32,303
Sub total	311,440	337,248
Total	446,170	530,834
	2021	Audited 2020
Stage-wise impairment on loans & advances	30 June	31 December
	Rs. 'Mn	Rs. 'Mn
Gross loans and advances	236,047	222,056
Less: accumulated impairment under stage 1	(350)	(589)
accumulated impairment under stage 2	(767)	(1,282)
accumulated impairment under stage 3	(1,005)	(1,062)
Net value of loans and advances	233,925	219,123

Management of investigations and develope the manifest	2021	Audited 2020
Movement of impairment during the period	30 June	31 December
	Rs. 'Mn	Rs. 'Mr
Under stage 1		
Opening balance	589	661
Charge/(write back) to income statement	(252)	(87
Other movements	13	1!
Closing balance	350	589
Under stage 2		
Opening balance	1,282	50
Charge/(write back) to income statement	(544)	75
Other movements	29	2
Closing balance	767	1,28
Under stage 3		
Opening balance	1,062	53
Charge/(write back) to income statement	(57)	52
Other movements		
Closing balance	1,005	1,06
Total impairment	2,122	2,93

Stage-wise impairment on commitments and contingencies	2021 30 June 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	446,170 (20) (32)	530,834 (40) (54)
Net commitments and contingencies	446,118	530,740

Analysis of Financial Instruments by Measurement Basis					
For the period ended 30 June 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	12,328	-	-	12,328	
Balances with Central Banks	20,497	-	-	20,497	
Placements with banks	-	-	-	-	
Derivative financial instruments	-	127	-	127	
Loans and advances	233,925	-	-	233,925	
Debt instruments	489	573	126,656	127,718	
Equity instruments	-	-	-	-	
Acceptance and endorsements	18,955	-	-	18,955	
Total financial assets	286,194	700	126,656	413,550	
Liabilities					
Due to banks	70,402	_	_	70,402	
Derivative financial instruments		398	_	398	
Financial liabilities - due to depositors	248,046	-	_	248,046	
Financial liabilities - due to other borrowers	-	_	_	_	
Acceptance and endorsements	18,955	-	-	18,955	
Total financial liabilities	337,403	398	-	337,801	

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	- 1	-	20,412		
Balances with Central Banks	18,454	- 1	-	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		
I and the second						

				Statement of Chan	ges in Equity					
For the Period Ended 30 June 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	-	70,305
Total comprehensive income for the year										
Profit/(loss) for the year (net of tax)	-	-	-	-	-	2,673	-	2,673	-	2,673
Other comprehensive income (net of tax)	-	-	-	-	-	(20)	2,902	2,882	-	2,882
Total comprehensive income for the year	-	-	-	-	-	2,653	2,902	5,555	-	5,555
Transactions with equity holders recognised directly in equity										
Share issue/increase of assigned capital	-	-	-	-	-	-	-	-	-	-
Transfer to reserves during the period	-	-	-	-	-	-	(1)	(1)	-	(1)
Dividends to equity holders	-	-	-	-	-	-	-	-	-	-
Profit transferred to head office	-	-	-	-	-	(3,548)	-	(3,548)	-	(3,548)
Gain/(loss) on revaluation of property, plant and equipment										
(if cost method is adopted)	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	(1)	2,379	(2,990)	(612)	-	(612)
Total transactions with equity holders	-	-	-	-	(1)	(1,169)	(2,991)	(4,161)	-	(4,161)
Balance as at 30/06/2021 (Closing balance)	-	-	3,152	2,650	2,602	48,697	14,598	71,699		71,699

The financial information summarised above for the six months ended 30 June 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

(b) the information contained in these statements have been extracted from the un-audited financial statement(c) the information contained in these statements are true and correct to the best of our knowledge and belief.

