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 31 December	2023	Audited 2022
	Rs. 'Mn	Rs. 'Mn
Interest income	44,657	45,488
Interest expenses	(9,854)	(11,863)
Net interest income	34,803	33,625
Fee and commission income	7,614	6,627
Fee and commission expenses	(1,892)	(1,753)
Net fee and commission income	5,722	4,874
Net gains/(losses) from trading	9,172	4,685
Financial assets at fair value through profit or loss	(24)	(9)
Net other operating income	104	220
Total operating income	49,777	43,395
Impairment (charges) / reversals	7,992	(12,480)
Net operating income	57,769	30,915
Personal expenses	(5,808)	(5,568)
Depreciation and amortisation expenses	(525)	(586)
Other expenses	(13,226)	(11,495)
Operating profit/(loss) before VAT and other taxes		
on financial services	38,210	13,266
Value AddedTax (VAT), Other taxes on financial services	(9,156)	(3,373)
Operating profit/(loss) After VAT and other taxes		
on financial services	29,054	9,893
Income tax expenses	(11,741)	(2,921)
Profit/(loss) for the period	17,313	6,972
Profit attributable to:		
	47.040	0.070
Equity holders of the parent	17,313	6,972

For the Year ended 31 December	2023	Audited 2022	
	Rs. 'Mn	Rs. 'Mn	
Cash flows from operating activities			
nterest receipts	45,651	44,513	
nterest payments	(11,124)	(12,897)	
let commission receipts	5,722	4,874	
rading income	9,172	4,680	
ayments to employees	(5,758)	(5,211)	
'AT on financial services	(6,705)	(2,957)	
leceipts from other operating activities	127	730	
Payments to other operating activities	(13,226)	(10,958)	
Operating profit before change in operating assets and liabilities	23,859	22,774	
Increase)/decrease in operating assets			
alances with Central Bank of Sri Lanka	75,456	(132,536)	
inancial assets at amortised cost - loans and advances	19,521	3,191	
reasury bills & bonds	29,522	87,039	
Other assets	(14,176)	(2,258)	
	110,323	(44,564)	
ncrease/(decrease) in operating liabilities	(05.040)	470.050	
inancial liabilities at amortised cost - due to depositors	(95,818)	178,256	
inancial liabilities at amortised cost - due to other borrowers	3,363	(25,789)	
Other liabilities	5,576	(9,859)	
	(86,879)	142,608	
Net cash generated from operating activities before income tax	47,303	120,818	
ncome tax paid	(8,874)	(2,938)	
Net cash (used in)/from operating activities	38,429	117,880	
Cash flows from investing activities			
Purchase of property, plant & equipment	(239)	(247)	
Proceeds from sale of property, plant & equipment	-	-	
Purchase of financial investments	-	-	
Proceeds from sale and maturity of financial investments	-	-	
Others	-	_	
Net cash (used in)/from investing activities	(239)	(247)	
Cash flows from financing activities			
Lease payments in lieu of leases with more than one year contract period	(133)	(334)	
nie year contract period	(133)	(554)	
Net cash (used in)/from financing activities	(133)	(334)	
Net increase/(decrease) in cash and cash equivalents	38,057	117,299	
Cash and cash equivalents at the beginning of the period	190,933	35,460	
Exchange difference in respect of cash and cash equivalents	(10,814)	38,174	

Statement of Comprehensive Income			
For the period ended 31 December	2023 Rs. 'Mn	Audited 2022 Rs. 'Mr	
Profit/(loss) for the year	17,313	6,972	
Items that will be reclassified to income statement			
Exchange differences on translation of foreign operations	(10,814)	38,738	
Gains/(losses) on investments in debt instruments measured at			
air value through other comprehensive income (Net of Tax)	834	837	
	(9,980)	39,575	
Items that will not be reclassified to profit or loss			
Re-measurement of post-employment benefit obligations (Net of Tax)	499	(482)	
Changes in revaluation (deficit) / surplus (Net of Tax)	286	(261)	
	785	(743)	
Other comprehensive income for the period, net of taxes	(9,195)	38,832	
Total comprehensive income for the period	8,118	45,804	
Attributable to:			
Equity holders of the parent	8,118	45,804	
Non-controlling interests	-	_	

Regulatory Capital Adequacy (LKR Millions)		
Common Equity Tier 1	62,633	62,89
Core (Tier 1) Capital	62,633	62,89
Total Capital Base	66,206	68,46
Regulatory Capital Ratios		
Common Equity Tier 1 Capital Ratio (Minimum Requirement, 6.5%)	16.40%	15.77
Tier 1 Capital Ratio (Minimum Requirement, 8.0%)	16.40%	15.77
Total Capital Ratio (Minimum Requirement, 12.0%)	17.34%	17.17
Note- Audited Capital Adequacy Ratio (2022) - 17.78%, Amended CAR post to the statutor	y audit (2022) - 17.17%	
	2023 As at 31 December	202 As at 31 December
Regulatory Liquidity		
Statutory Liquid Assets (LKR Millions)		
Domestic banking unit	132,648	219,9
Off-shore banking unit	188,341	184,36
Total Bank	322,416	404,2
Statutory Liquid Assets Ratio		
Domestic banking unit	49.96%	52.23
Off-shore banking unit	109.40%	121.47
Total Bank (Minimum Requirement, 20%)	73.00%	70.54
Total Stock of High-Quality Liquid Assets (LKR Millions)		
Rupee	105,809	199,1
All currency	106,206	199,6
Liquidity Coverage Ratio		
Rupee (Minimum Requirement - 100%)	163.00%	297.00
All currency (Minimum Requirement - 100%)	251.85%	500.40
Net Stable Funding Ratio - (Minimum Requirement - 100%)	134.12%	162.79
Leverage Ratio - (Minimum Requirement - 3%)	9.64%	8.27
Assets Quality (Quality of Loan Portfolio)		
Impaired Loans (Stage 3) Ratio	3.35%	4.59
Impairment (Stage 3) to Stage 3 Loans Ratio	13.38%	6.32
Profitability		
Interest Margin	5.94%	5.08
Data and Acceptable to the Acceptable to	4.97%	1.49
Return on Assets (before tax)		

2023 As at 31 December Rs. 'Mn	Audited 2022 As at 31 December Rs. 'Mn
35,824	37,632
56,610	72,020
90,532	118,465
1,293	2,641
184,259	230,758
65,156	66,294
55,977	79,063
64,961	78,561
2,095	13,591
188,189	237,508
372,448	468,266
	As at 31 December Rs. 'Mn 35,824 56,610 90,532 1,293 184,259 65,156 55,977 64,961 2,095 188,189

	2023 Rs. 'Mn	Audited 2022 Rs. 'Mr
Assets Cash and cash equivalents	218,176	190,93
Balances with the CBSL	88,073	163,59
Placements with banks	11,339	,
Derivative financial instruments	1,011	28
Financial assets measured at fair value through profit or loss	24	5
Financial assets at amortised cost- loans and advances	210,214	227,05
Financial assets at amortised cost- loans and davances	94	7
Retirement benefit obligations surplus	86	,
	60	
Financial assets measured at fair value through other comprehensive income	19,662	43,63
Property, plant and equipment	5,518	5,23
Deferred tax assets	1,224	4,35
Other assets	31,156	28,55
Total assets	586,577	663,77
Liabilities		
Due to banks	38,359	34,99
Derivative financial instruments	229	12
Financial liabilities at amortised cost- due to depositors	372,448	468,26
Retirement benefit obligations	-	51
Current tax liabilities	7,190	7,45
Other liabilities	48,272	37,43
Total liabilities	466,498	548,78
Equity		
Assigned capital	3,152	3,15
Statutory reserve fund	3,152	2,99
Retained earnings	69,403	54,76
Other reserves	44,372	54,06
Total shareholders' equity	120,079	114,98
Total equity	120,079	114,98
Total equity and liabilities	586,577	663,77
Contingent liabilities and commitments	442,120	482,53
Memorandum information		
	747	88
Number of employees		
	13	1
Number of branches	•	nt
Number of branches Analysis of loans and advances, commitments, contingen Product-wise gross loans and advances	cies and impairmen	Audite 202
Number of branches Analysis of loans and advances, commitments, contingen Product-wise gross loans and advances As at 31 December	cies and impairmen	Audite 202
Number of branches Analysis of loans and advances, commitments, contingen Product-wise gross loans and advances As at 31 December By product - Domestic Currency	cies and impairmen 2023 Rs.'Mn	Audite 202 Rs. 'M
Number of branches Analysis of loans and advances, commitments, contingen Product-wise gross loans and advances As at 31 December By product - Domestic Currency Overdrafts	cies and impairmer 2023 Rs./Mn 41,378	Audite 202: Rs. 'Mi
Number of branches Analysis of loans and advances, commitments, contingen Product-wise gross loans and advances As at 31 December By product - Domestic Currency Overdrafts Term loans	2023 Rs.'Mn 41,378 45,313	Audite 202: Rs. 'Mi 16,15 19,87
Number of branches Analysis of loans and advances, commitments, contingen Product-wise gross loans and advances As at 31 December By product - Domestic Currency Overdrafts Term loans Credit cards	2023 Rs.'Mn 41,378 45,313 21,089	Audite 202: Rs. 'Mi 16,15 19,87 19,94
Number of branches Analysis of loans and advances, commitments, contingent Product-wise gross loans and advances As at 31 December By product - Domestic Currency Overdrafts Term loans Credit cards Trade loans	2023 Rs. Mn 41,378 45,313 21,089 537	Audite 202: Rs. Mi 16,15 19,87 19,94
Number of branches Analysis of loans and advances, commitments, contingent Product-wise gross loans and advances As at 31 December By product - Domestic Currency Overdrafts Term loans Credit cards Trade loans	2023 Rs.'Mn 41,378 45,313 21,089	Audite 202: Rs. Mi 16,15 19,87 19,94
Number of branches Analysis of loans and advances, commitments, contingent Product-wise gross loans and advances As at 31 December By product - Domestic Currency Overdrafts Term loans Credit cards Trade loans Sub total By product - Foreign Currency	2023 Rs.'Mn 41,378 45,313 21,089 537 108,317	Audite 202: Rs. 'Mi 16,15 19,87 19,94 49 56,46
Number of branches Analysis of loans and advances, commitments, contingent Product-wise gross loans and advances As at 31 December By product - Domestic Currency Overdrafts Ferm loans Credit cards Frade loans Sub total By product - Foreign Currency Overdrafts	2023 Rs.'Mn 41,378 45,313 21,089 537 108,317	Audite 202: Rs. 'Mi 16,15 19,87 19,94 49 56,46
Number of branches Analysis of loans and advances, commitments, contingent Product-wise gross loans and advances As at 31 December By product - Domestic Currency Overdrafts Ferm loans Credit cards Grade loans Sub total By product - Foreign Currency Overdrafts Ferm loans	2023 Rs. Mn 41,378 45,313 21,089 537 108,317	Audite 202: Rs. 'Mi 16,15 19,87 19,94 49 56,46
Number of branches Analysis of loans and advances, commitments, contingent Product-wise gross loans and advances As at 31 December By product - Domestic Currency Overdrafts Term loans Credit cards Trade loans Sub total By product - Foreign Currency Overdrafts Term loans Trade loans Trade loans	2023 Rs. Mn 41,378 45,313 21,089 537 108,317 7,421 63,056 36,261	Audite 202: Rs. 'Mi 16,15 19,87 19,94 49 56,46
Number of branches Analysis of loans and advances, commitments, contingent Product-wise gross loans and advances As at 31 December By product - Domestic Currency Overdrafts Ferm loans Crade loans Sub total By product - Foreign Currency Overdrafts Ferm loans Frade loans	2023 Rs.'Mn 41,378 45,313 21,089 537 108,317 7,421 63,056 36,261 106,738	Audite 202: Rs. 'Mi 16,15 19,87 19,94 49 56,46
Number of employees Number of branches Analysis of loans and advances, commitments, contingen Product-wise gross loans and advances As at 31 December By product - Domestic Currency Overdrafts Term loans Credit cards Trade loans Sub total By product - Foreign Currency Overdrafts Term loans Trade loans Sub total Form loans Trade loans Sub total	2023 Rs. Mn 41,378 45,313 21,089 537 108,317 7,421 63,056 36,261	Audite 2022 Rs. Mi 16,15 19,87 19,94 49 56,46 9,679 111,189 59,02
Number of branches Analysis of loans and advances, commitments, contingent Product-wise gross loans and advances As at 31 December By product - Domestic Currency Overdrafts Term loans Credit cards Trade loans Sub total By product - Foreign Currency Overdrafts Term loans Trade loans Sub total By product - Foreign Currency Overdrafts Term loans Trade loans Sub total	2023 Rs.'Mn 41,378 45,313 21,089 537 108,317 7,421 63,056 36,261 106,738	Audite 202. Rs. 'Mi 16,15 19,87 19,94 49 56,46 9,67: 111,18: 59,02: 179,89 236,35:
Number of branches Analysis of loans and advances, commitments, contingent Product-wise gross loans and advances As at 31 December By product - Domestic Currency Overdrafts Form loans Foredit cards Forade loans Sub total By product - Foreign Currency Overdrafts Form loans Forade loans Sub total By product - Foreign Currency	2023 Rs.'Mn 41,378 45,313 21,089 537 108,317 7,421 63,056 36,261 106,738 215,055	Audite 202 Rs. 'M 16,15 19,87 19,94 49 56,46 9,67 111,18 59,02 179,89 236,35
Analysis of loans and advances, commitments, contingent Product-wise gross loans and advances As at 31 December By product - Domestic Currency Overdrafts Term loans Credit cards Trade loans Sub total By product - Foreign Currency Overdrafts Term loans Credit cards Trade loans Sub total By product - Foreign Currency Overdrafts Term loans Trade loans Sub total Trade loans Sub total Froduct-wise commitments and contingencies As at 31 December	2023 Rs. Mn 41,378 45,313 21,089 537 108,317 7,421 63,056 36,261 106,738 215,055	Audite 2022 Rs. 'Mi 16,15 19,87 19,94 49 56,46 9,67 111,18 59,02 179,89 236,35
Analysis of loans and advances, commitments, contingent Product-wise gross loans and advances As at 31 December By product - Domestic Currency Overdrafts Term loans Credit cards Trade loans Sub total By product - Foreign Currency Overdrafts Term loans Credit cards Trade loans Sub total Product-wise commitments and contingencies As at 31 December By product - Domestic Currency	2023 Rs. 'Mn	Audite 202: Rs. 'Mi 16,15 19,87 19,94 49 56,46 9,67: 111,18: 59,02: 179,89 236,35: Audite 202: Rs. 'Mi
Analysis of loans and advances, commitments, contingent Product-wise gross loans and advances As at 31 December By product - Domestic Currency Overdrafts Ferm loans Credit cards Trade loans Sub total By product - Foreign Currency Overdrafts Ferm loans Trade loans Sub total Ferm loans Trade loans Ferm loans Trade loans	2023 Rs. 'Mn 41,378 45,313 21,089 537 108,317 7,421 63,056 36,261 106,738 215,055	Audite 2022 Rs. 'Mi 16,15 19,87 19,94 49 56,46 9,67! 111,18: 59,02: 179,89 236,35:
Analysis of loans and advances, commitments, contingents Product-wise gross loans and advances As at 31 December By product - Domestic Currency Overdrafts Term loans Credit cards Trade loans Sub total By product - Foreign Currency Overdrafts Term loans Trade loans Sub total Froduct-wise commitments and contingencies As at 31 December By product - Domestic Currency Guarantees Bonds	2023 Rs. Mn 41,378 45,313 21,089 537 108,317 7,421 63,056 36,261 106,738 215,055	Audite 2022 Rs. 'Mi 16,15 19,87 19,94 49 56,46 9,67: 111,18: 59,02: 179,89 236,35: Audite 2022 Rs. 'Mi
Number of branches Analysis of loans and advances, commitments, contingent Product-wise gross loans and advances As at 31 December By product - Domestic Currency Overdrafts Ferm loans Sub total By product - Foreign Currency Overdrafts Ferm loans Frade loans Sub total Frade loans Sub total Product-wise commitments and contingencies As at 31 December By product - Domestic Currency Guarantees Bonds Undrawn credit lines	2023 Rs. 'Mn 41,378 45,313 21,089 537 108,317 7,421 63,056 36,261 106,738 215,055	Audite 2022 Rs. 'Mi 16,15 19,87 19,94 49 56,46 9,67: 111,18: 59,02: 179,89 236,35: Audite 202 Rs. 'Mi 11,944 7,222 105,37:
Number of branches Analysis of loans and advances, commitments, contingent product-wise gross loans and advances As at 31 December By product - Domestic Currency Overdrafts Form loans Credit cards Frade loans Sub total By product - Foreign Currency Overdrafts Form loans Frade loan	2023 Rs. Mn 41,378 45,313 21,089 537 108,317 7,421 63,056 36,261 106,738 215,055	Audite 2022 Rs. 'Mi 16,15 19,87 19,94 49 56,46 9,67! 111,18: 59,02: 179,89 236,35:

Statement of Financial Position

Gross loans and advances	215,055	236,358
Less: accumulated impairment under stage 1	(745)	(611)
accumulated impairment under stage 2	(2,984)	(7,962)
accumulated impairment under stage 3	(1,112)	(731)
Net value of loans and advances	210,214	227,054
Movement of loan and advances impairment during the period	2023 Rs. 'Mn	Audited 2022 Rs. 'Mn
Under stage 1		
Opening balance	611	423
Charge/(write back) to income statement	(85)	107
Other movements	219	81
Closing balance	745	611
Under stage 2		
Opening balance	7,962	945
Charge/(write back) to income statement	(4,917)	5,845
Other movements	(61)	1,172
Closing balance	2,984	7,962
Under stage 3		
Opening balance	731	814
Charge/(write back) to income statement	250	(80)
Other movements	131	(3)
Closing balance	1,112	731
Total impairment	4,841	9,304

54,001 69,049 121,137 27,662 75,839 347,688 482,537

Stage-wise impairment on commitments and contingencies As at 31 December	2023 Rs. 'Mn	Audited 2022 Rs. 'Mn
Gross commitments and contingencies Less: accumulated impairment under stage 1 accumulated impairment under stage 2 accumulated impairment under stage 3	442,120 (346) (301)	482,537 (185) (382) –
Net commitments and contingencies	441,473	481,970

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				
Assets								
Cash and cash equivalents	218,176	-	-	218,176				
Balances with CBSL	88,073	-	-	88,073				
Placements with banks	11,339	-	-	11,339				
Derivative financial instruments	-	1,011	-	1,011				
Loans and advances	210,214	-	-	210,214				
Debt instruments	94	24	19,662	19,780				
Equity instruments	-	-	-	-				
Acceptance and endorsements	24,525	-	-	24,525				
Total financial assets	552,421	1,035	19,662	573,118				
Liabilities								
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				
Total financial liabilities	435,332	229	-	435,561				

Analysis of Financial Instruments by Measurement Basis							
For the period ended 31 December 2022 Audited	Amortised cost Rs. 'Mn	Fair value through profit or loss Rs. 'Mn	Fair value through other comprehensive income Rs. 'Mn	Tota Rs. 'Mı			
Assets							
Cash and cash equivalents	190,933	-	-	190,93			
Balances with Central Banks	163,595	-	-	163,59			
Derivative financial instruments	-	286	-	28			
Loans and advances	227,054	-	-	227,05			
Debt instruments	70	57	43,635	43,76			
Equity instruments	-	-	-				
Acceptance and endorsements	18,209	-	-	18,20			
Total financial assets	599,861	343	43,635	643,83			
Liabilities							
Due to banks	34,996	-	-	34,99			
Derivative financial instruments	-	127	-	12			
Financial liabilities - due to depositors	468,266	-	-	468,26			
Financial liabilities - due to other borrowers	-	-	-				
Acceptance and endorsements	18,209	-	-	18,20			
Total financial liabilities	521,471	127	-	521,59			

By product - Foreign Currency Guarantees

Guarantees
Bonds
Undrawn credit lines
Foreign exchange contracts
Other
Sub total
Total

Stage-wise impairment on loans & advances As at 31 December

				Statement of Chang	ges in Equity					
	Stated Capital/Assigned Capital				Reserves					
For the Period Ended 31 December 2023	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	Tota equit Rs. 'Mı
Balance as at 01 January 2023 (Opening balance) Adjustment for surcharge tax levied under the Surcharge Tax Act No.14 of 2023	-	-	3,152	2,997	2,684	54,766	51,382	114,981	-	114,981
Total comprehensive income for the year Profit/(loss) for the year (net of tax) Other comprehensive income (net of tax)		-	- -	- -	- -	17,313 499	- (9,980)	17,313 (9,481)	<u>-</u>	17,313 (9,481)
Total comprehensive income for the year	-	-	-	-	-	17,812	(9,980)	7,832	-	7,832
Transactions with equity holders recognised directly in equity Share issue/increase of assigned capital Transfer to reserves during the period Dividends to equity holders Profit remittence to Head Office	- - -	-	- - -	- 155 -	- - -	(155) - (3,020)	- - -	- - - (3,020)	- - -	- - - (3,020)
Gain/(loss) on revaluation of Land and Building	_	_	_	_	286	(5,020)	_	286	_	286
Others	-	-	-	-	-	_	-	-	-	
Total transactions with equity holders	-	-	-	155	286	(3,175)	-	(2,734)	-	(2,734
Balance as at 31 December 2023 (Closing balance)	_	_	3,152	3,152	2,970	69,403	41,402	120,079	_	120,079

The financial information summarised above for the twelve months ended 31st December 2023 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.



Mark Surgenor (Signed) Chief Executive Officer Angelo Pillai (Signed) Chief Financial Officer