

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 30 September Rs. '000	Audited 2014 As at 31 December Rs. '000
Operating activities		
Interest received	18,515,404	24,359,423
Interest paid	(4,482,804)	(6,684,049)
Recoveries on previously written off loans	477,606	642,774
Fees and commission received	2,388,035	3,260,696
Dividends received	-	-
Net (payments)/receipts from trading activities	1,020,772	1,804,639
Net (payments)/receipts from investing activities	136,044	-
Operating expenses paid	(6,586,093)	(7,910,900)
Operating profit before changes in operating assets and liabilities	11,468,964	15,472,583
Change in operating assets/liabilities		
(Increase)/decrease in treasury bills and other eligible bills	34,612,332	(27,591,367)
(Increase)/decrease in treasury bonds	(6,024,588)	8,104,192
(Increase)/decrease in loans to other banks	2,581,268	(5,569,138)
(Increase)/decrease in loans and advances	(3,505,938)	(40,284,934)
(Increase)/decrease in government bonds	(13,259,351)	(5,507,247)
(Increase)/decrease in other assets	(2,132,295)	1,272,617
Increase/(decrease) in deposits from customers	9,867,295	21,399,796
Increase/(decrease) in borrowings	(37,205,129)	51,580,810
Increase/(decrease) in other liabilities	(1,369,714)	(1,133,471)
	(16,436,120)	2,271,258
Net cash flow from operating activities before tax	(4,967,156)	17,743,841
Tax paid	(3,954,263)	(6,885,579)
Net cash flow from operating activities	(8,921,419)	10,858,262
Investing activities		
Proceeds from sale of joint venture	-	-
Proceeds from disposal of property, plant and equipment	17,747	13,485
Acquisition of property, plant and equipment	(212,471)	(547,906)
Net cash flow from investing activities	(194,724)	(534,421)
Financing activities		
Profit transferred to head office	(1,543,300)	(3,531,000)
Net cash flow from financing activities	(1,543,300)	(3,531,000)
Net increase / (decrease) in cash and cash equivalents	(10,659,443)	6,792,841
Cash and cash equivalents at the beginning of the period	24,015,548	17,517,716
Exchange Adjustment	1,271,453	(295,009)
Cash and cash equivalents at the end of the period	14,627,558	24,015,548
Analysis of cash and cash equivalents at the period		
Cash in hand	1,306,808	1,222,493
Balances with other banks	6,207,153	15,947,885
Balances with Central Bank	7,113,597	6,845,170
Cash and cash equivalents at the end of the period	14,627,558	24,015,548

Loans and Receivables to Other Customers (net)		
	2015 As at 30 September Rs. '000	Audited 2014 As at 31 December Rs. '000
Gross loans and receivables	171,914,828	171,113,828
(Less) Individual impairment	(694,719)	(950,637)
Collective impairment	(662,850)	(1,228,250)
Net loans and receivables including those designed at fair value through profit or loss	170,557,259	168,934,941
(Less) Loans and receivables designated at fair value through profit or loss	-	-
Net loans and receivables	170,557,259	168,934,941

Movements in Individual and Collective Impairment during the period for Loans and Receivables to Other Customers		
	2015 As at 30 September 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	(259,068)	(480,861)
Write-off during the year	-	-
Other movements	3,149	(133,215)
Closing balance	694,719	950,637
Collective impairment		
Opening balance	1,228,249	788,717
Change/(Write back) to income statement	(518,311)	514,411
Other movements	(47,088)	(74,878)
Closing balance	662,850	1,228,250
Total impairment	1,357,569	2,178,887

Statement of Financial Position		
	2015 As at 30 September Rs. '000	Audited 2014 As at 31 December Rs. '000
Assets		
Cash and cash equivalents	7,513,961	17,170,378
Balances with Central Bank	7,113,597	6,845,170
Placements with banks	27,346,920	15,444,288
Derivative financial instruments	2,845,409	1,140,619
Other financial assets Held-for-trading	435,900	1,722,700
Financial assets designated at fair value through profit or loss	-	-
Loans and receivables to banks	11,837,200	26,321,100
Loans and receivables to other customers	170,557,259	168,934,941
Financial investments - Available-for-sale	125,396,476	142,316,265
Financial investments Held-to-maturity	-	-
Investments in subsidiaries	-	-
Investments in associates and joint ventures	-	-
Property, plant and equipment	3,310,921	3,282,332
Investment properties	-	-
Goodwill and intangible assets	-	-
Deferred tax assets	-	-
Other assets	18,375,352	21,438,471
Total assets	374,732,995	404,616,264
Liabilities		
Due to banks	111,995,686	149,200,815
Derivatives financial instruments	2,210,009	609,806
Financial liabilities Held-for-trading	-	-
Financial liabilities designated at fair value through profit or loss	-	-
Due to other customers	186,214,054	176,346,760
Other borrowings	-	-
Debt securities issued	-	-
Current tax liabilities	5,260,539	1,445,077
Deferred tax liabilities	52,911	998,463
Other provisions	-	-
Other liabilities	22,332,343	27,840,553
Due to subsidiaries	-	-
Subordinated term debts	-	-
Total liabilities	328,065,542	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	30,953,704	33,732,703
Other reserves	10,621,389	9,349,727
Total shareholders' equity	46,667,453	48,174,790
Non-controlling interest	-	-
Total equity	46,667,453	48,174,790
Total liabilities and equity	374,732,995	404,616,264
Contingent liabilities and commitments	623,660,142	582,340,237
Memorandum information		
Number of employees	1,357	1,379
Number of branches	15	16

Loans and Receivables to Other Customers (Gross) - By product		
	2015 As at 30 September Rs. '000	Audited 2014 As at 31 December Rs. '000
By product-Domestic Currency		
Overdrafts	11,654,213	9,271,529
Term loans	35,740,582	32,786,376
Lease rentals receivable	-	-
Credit cards	18,739,272	19,704,899
Pawning	-	-
Other loans	704,251	94,402
Sub total	66,838,318	61,857,206
By product-Foreign Currency		
Overdrafts	3,014,064	2,598,552
Term loans	99,836,891	103,236,808
Other loans	2,225,555	3,421,262
Sub total	105,076,510	109,256,622
Total	171,914,828	171,113,828

Due to Other Customers - By product		
	2015 As at 30 September Rs. '000	Audited 2014 As at 31 December Rs. '000
By product-Domestic Currency		
Demand deposits (current accounts)	19,601,721	17,370,695
Savings deposits	26,156,865	19,295,266
Fixed deposits	72,670,156	70,323,288
Other deposits	2,039,584	2,445,430
Sub total	120,468,326	109,434,679
By product-Foreign Currency		
Demand deposits (current accounts)	16,517,833	9,130,937
Savings deposits	15,123,170	23,444,384
Fixed deposits	30,705,694	29,214,476
Other deposits	3,399,031	5,122,284
Sub total	65,745,728	66,912,081
Total	186,214,054	176,346,760

The financial information summarised above for the nine months ended 30 September 2015 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:

- 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

