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 31 March	2023	2022
	Rs. 'Mn	Rs. 'Mr
Interest income	13,834	6,119
Interest expenses	(4,261)	(1,872)
Net interest income	9,573	4,247
Fee and commission income	1,919	1,306
Fee and commission expenses	(439)	(420
Net fee and commission income	1,480	88
Net gains/(losses) from trading	1,941	77
Net fair value gains/(losses) on:	-	
Financial assets at fair value through profit or loss	-	(5
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	2	1
Total operating income	12,996	5,91
Impairment (charges) / reversals	3,121	(909
Net operating income	16,117	5,00
Personal expenses	(1,689)	(986
Depreciation and amortisation expenses	(141)	(12
Other expenses	(2,906)	(2,29
Operating profit/(loss) before VAT and other taxes		
on financial services	11,381	1,60
Value Added Tax (VAT) on financial services	(2,246)	(420
Other taxes on financial services	-	
Operating profit/(loss) after VAT and other taxes		
on financial services	9,135	1,18
Share of profits of associates and joint ventures		
Profit/(loss) before tax	9,135	1,18
Income tax expenses	(4,298)	(404
Profit/(loss) for the period	4,837	78
Profit attributable to:		
Profit attributable to: Equity holders of the parent	4.837	78
Non-controlling interests	7,037	l '6

	2023	Audited 202
	As at 31 March Rs. 'Mn	As at 31 Decembe Rs. 'Mr
Cash flows from operating activities		
Interest receipts	14,556	4,765
Interest payments	(4,165)	(1,431
Net commission receipts	1,480	886
Trading Income	1,941	764
Payments to employees	(1,719)	(979
VAT on financial services	(2,246)	(445
Receipts from other operating activities	2	142
Payments to other operating activities	(2,897)	(2,340
Operating profit before change in operating assets and liabilities	6,951	1,362
Increase/(decrease) in operating assets		
Balances with Central Bank of Sri Lanka	27,038	(4,174
Financial assets at amortised cost - loans and advances	36,023	(69,560
Treasury Bills & Bonds	20,702	(39,297
Other assets	(10,054)	21,766
	73,709	(91,265
Increase/(decrease) in operating liabilities		
Financial liabilities at amortised cost - due to depositors	(44,104)	106,413
Financial liabilities at amortised cost - due to other borrowers	(22,532)	1,928
Other liabilities	(338)	(13,223
	(66,298)	95,118
Net cash (used in) / generated from operating activities		
before income tax	14,362	5,215
Income tax paid	(245)	(183
Net cash (used in)/from operating activities	14,117	5,032
Cash flows from investing activities	(0.47)	(00
Purchase of property, plant & equipment	(247)	(23
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	(247)	(23
Cash flows from financing activities		
Dividend paid to holders of other equity instruments	-	
Lease payments in lieu of leases with more than 1 year contract period	(32)	
Profit transferred to Head Office	-	
Net cash (used in)/from financing activities	(32)	
Net increase/(decrease) in cash and cash equivalents	13,837	5,009
Cash and cash equivalents at the beginning of the period	190,933	35,460
Exchange difference in respect of cash and cash equivalents	(9,568)	27,102
Cash and cash equivalents at the end of the period	195,202	67,571

For the period ended 31 March	2023 Rs. 'Mn	2022 Rs. 'Mn
Profit/(loss) for the year	4,837	780
Items that will be reclassified to income statement		
Exchange differences on translation of foreign operations	(9,568)	26,341
Net gains/(losses) on cash flow hedges	-	-
Net gains/(losses) on investments in debt instruments measured at fair value through other comprehensive income	1,140	(2,157)
Share of profits of associates and joint ventures	-	-
Debt instruments at fair value through other comprehensive income	-	-
Others	-	-
	(8,428)	24,185
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 (Net of Tax)	(26)	(21
Changes in revaluation (deficit)/surplus (Net of Tax)	-	
Share of profits of associates and joint ventures	-	
Less: Tax expense relating to items that will not be reclassified to income statement	-	-
	(26)	(21)
Other comprehensive income for the period, net of taxes	(8,454)	24,164
Total comprehensive income for the period	(3,617)	24,944
Attributable to:		
Equity holders of the parent	(3,617)	24,944

	2023 As at 31 March Rs.'Mn	Audited 202 As at 31 December Rs.'N
Regulatory Capital Adequacy (LKR Millions)		
Common Equity Tier 1	64,501	62,89
Core (Tier 1) Capital	64,501	62,89
Total Capital Base	69,540	68,27
Regulatory Capital Ratios		
Common Equity Tier 1 Capital Ratio (Minimum Requirement, 6.5%)	17.57%	16.37
Tier 1 Capital Ratio (Minimum Requirement, 8.0%)	17.57%	16.37
Total Capital Ratio (Minimum Requirement, 12.0%)	18.94%	17.78
	2023	202
	As at 31 March	As at 31 Decemb
Regulatory Liquidity		
Statutory Liquid Assets (LKR Millions)		
Domestic Banking Unit	181,730	219,9
Off-Shore Banking Unit	176,963	184,30
Total Bank	358,693	404,2
Statutory Liquid Assets Ratio		
Domestic Banking Unit	57.88%	52.23
Off-Shore Banking Unit	81.53%	121.47
Total Bank (Minimum Requirement, 20%)	64.00%	70.54
Total Stock of High-Quality Liquid Assets (LKR Millions)		
Rupee	157,643	199,10
All currency	158,135	199,6
Liquidity Coverage Ratio		
Rupee (Minimum Requirement - 100%)	254.00%	297.00
All currency (Minimum Requirement - 100%)	422.26%	500.40
Net Stable Funding Ratio - (Minimum Requirement - 100%)	155.00%	162.79
Leverage ratio - (Minimum Requirement - 3%)	9.46%	8.27
Assets Quality (Quality of Loan Portfolio)		
mpaired Loans (Stage 3) Ratio	2.01%	4.59
mpairment (Stage 3) to Stage 3 Loans Ratio	18.93%	6.32
Profitability		
Interest Margin	6.39%	5.08
Return on Assets (before tax)	6.19%	1.49
Return on Equity	14.90%	8.73

	2023 As at 31 March Rs.'Mn	Audited 2022 As at 31 December Rs.'Mn	Charge/(write I Other moveme Closing balanc
By product - Domestic Currency			Under stage 2 Opening balan Charge/(write l
Demand deposits (current accounts)	38,138.00	37,632	Write-off durin
Savings deposits	65,314.00	72,020	Closing balance
Fixed deposits	100,969.96	118,465	Under stage 3
Other deposits	5,584.57	2,641	Opening balan Charge/(write b
Sub total	210,007	230,758	Other moveme
By product - Foreign Currency			Total impairment
Demand deposits (current accounts)	65,994	62,726	
Savings deposits	63,216	67,876	Stage-wise impa
Fixed deposits	68,984	78,481	
Other deposits	15,961	28,425	Commitments and o
Sub total	214,155	237,508	Less: accumulated in accumulated i
Total	424,162	468,266	accumulated i
			Net commitments a
Stage-wise impairment on loans & advances	2023 As at 31 March Rs.'Mn	Audited 2022 As at 31 December Rs.'Mn	Stage-wise im other Financial
Gross loans and advances Less: accumulated impairment under stage 1 accumulated impairment under stage 2 accumulated impairment under stage 3	199,857 (653) (6,091) (900)	236,358 (611) (7,962) (731)	Gross Investment Less: Accumulated Accumulated Accumulated
Net value of loans and advances	192,213	227,054	Closing balance

Analysis of Deposits

Statement of Financial Position		
Assets	2023 As at 31 March Rs.'Mn	Audited 2022 As at 31 December Rs./Mn
Cash and cash equivalents	195,202	190,933
Balances with Central Bank	136,557	163,595
Placements with banks	8,200	-
Derivative financial instruments	1,639	286
Financial assets measured at fair value through profit or loss	48	57
Financial assets designated at fair value through profit or loss	_	_
Financial assets at amortised cost - loans and advances	192,213	227,054
Financial assets at amortised cost - debt instruments	18	70
Financial assets measured at fair value through other		
comprehensive income	27,114	43,635
Investments in subsidiaries		
Investments in associates and joint ventures	_	_
Property, plant and equipment	5,120	5,233
Investment properties		· -
Goodwill and intangible assets	-	-
Deferred tax assets	2,829	4,355
Other assets	30,627	28,553
Total assets	599,567	663,771
Liabilities		
Due to banks	12,464	34,996
Derivative financial instruments	504	127
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	424,162	468,266
Financial liabilities at amortised cost - due to other borrowers		_
Due to subsidiaries	_	_
Retirement benefit obligations	509	514
Current tax liabilities	11,660	7,450
Deferred tax liabilities	-	_
Other provisions	_	_
Other liabilities	39,903	37,436
Total liabilities	488,203	548,789
Equity		
Stated capital/Assigned capital	3,152	3,152
Statutory reserve fund	2,997	2,997
Retained earnings	59,578	54,766
Other reserves	49,637	54,066
Total shareholders' equity	111,364	114,982
Non-controlling interests		-
Total equity	111,364	114,982
Total equity and liabilities	599,567	663,771
Contingent liabilities and commitments	787,271	482,537
Memorandum information		
Number of employees	791	884
Number of branches	13	13

Analysis of Loans and Advances, Commitments, Contingencies and Impairment			
	2023 As at 31 March Rs.'Mn	Audited 2022 As at 31 December Rs.'Mn	
Product-wise gross loans and advances By product - Domestic Currency			
Overdrafts	24,043	16,159	
Term loans	25,036	19,873	
Lease rentals receivable Credit cards	19,478	20,435	
Pawning	19,476	20,435	
Other loans			
Sub total	68,558	56,467	
	00,000	50,107	
By product - Foreign Currency			
Overdrafts	8,716	9,679	
Term loans	122,583	169,845	
Guarantees	-	-	
Bonds	-	-	
Other loans	404.000	367	
Sub total Total	131,300	179,891	
Iotai	199,857	236,358	
Product-wise commitments and contingencies	2023 As at 31 March Rs. Mn	Audited 2022 As at 31 December Rs.'Mn	
By product - Domestic currency			
Guarantees	16.639	16.861	

Rs.'Mn	Rs.'Mn
16,639	16,861
1,891	2,309
104,198	105,379
35,167	10,119
644	181
158,539	134,849
82,021	96,388
18,974	26,662
112,635	121,137
87,687	27,662
327,414	75,839
628,732	347,688
787,271	482,537
	Audited 2022 As at 31 December
	16,639 1,891 104,198 35,167 644 158,539 82,021 18,974 112,635 87,687 327,414 628,732

	Rs.'Mn	Rs.'Mn
Under stage 1		
Opening balance	611	423
Charge/(write back) to income statement	87	107
Other movements	(46)	81
Closing balance	652	611
Under stage 2		
Opening balance	7,962	945
Charge/(write back) to income statement	(2,310)	5,845
Write-off during the year	-	-
Other movements	439	1,172
Closing balance	6,091	7,962
Under stage 3		
Opening balance	731	814
Charge/(write back) to income statement	187	80
Other movements	18	3
Closing balance	900	731
Total impairment	7,643	9,304
Other thanks and the state of t	2023 As at 31 March	Audited 2022

Commitments and contingencies Less: accumulated impairment under stage 1	787,271 (286)	482,537 (185)
accumulated impairment under stage 2 accumulated impairment under stage 3	(434)	(382)
Net commitments and contingencies	786,551	481,970
Stage-wise impairment on Investments and other Financial Assets	2023 As at 31 March Rs.'Mn	Audited 2022 As at 31 December Rs.'Mn
Gross Investment and Other Financial Assets Less: Accumulated impairment under stage 1	365,745 (3)	391,193 (387)

Analysis of Financial Instruments by Measurement Basis					
For the period ended 31 March 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	195,202	-	-	203,402	
Balances with Central Banks	136,557	-	-	136,557	
Placements with banks	8,200	-	-	-	
Derivative financial instruments	-	1,639	-	1,639	
Loans and advances	192,213	-	-	192,213	
Debt instruments	18	48	27,114	27,180	
Equity instruments	-	-	-	-	
Acceptance and endorsements	13,665	-	-	13,665	
Total financial assets	545,856	1,686	27,114	574,656	
Liabilities					
Due to banks	12,464		_	12,46	
Derivative financial instruments	-	504	-	504	
Financial liabilities - due to depositors	424,162	-	-	424,162	
Financial liabilities - due to other borrowers	-	-	-		
Acceptance and endorsements	13,665	-	-	13,66	
Total financial liabilities	450,291	504	-	450,79	

For the period ended 31 December 2022	Amortised cost Rs. 'Mn	Fair value through profit and loss Rs. 'Mn	Fair value through other comprehensive income Rs. 'Mn	Tota Rs. 'Mr
Assets				
Cash and cash equivalents	190,933	-	-	190,933
Balances with Central Banks	163,595	-	-	163,59
Placements with banks	-	-	-	-
Derivative financial instruments	-	286	-	28
oans 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
Fotal financial liabilities	521,471	127	-	521,59

				Statement of Change	es in Equity					
For the Period Ended 31 March 2023	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 01/01/2023 (Opening balance)	-	-	3,152	2,997	2,684	54,766	51,382	114,982	-	114,982
Total comprehensive income for the year										
Profit/(loss) for the year (net of tax)	-	-	-	-	-	4,837	-	4,837	-	4,837
Other comprehensive income (net of tax)	-	-	-	-	-	(26)	(8,429)	(8,454)	-	(8,457
Total comprehensive Income for the year	-	-	-	-	-	4,812	(8,429)	(3,617)	-	(3,617
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 transferred to Head Office	-	-	-	-	-	-	-	-	-	
Gain/(loss) on revaluation of property, plant and equipment										
(if cost method is adopted)	-	-	-	-	-	-	-	-	-	
Others	-	-	-	-	-	-	-	-	-	
Total transactions with equity holders	-	-	-	(0)	-	-	-	-	-	
Balance as at 31/03/2023 (Closing balance)	-	-	3,152	2,997	2,684	59,578	42,953	111,365	-	111,564

The financial information summarised above for the three months ended 31 March 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.

