

# 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		
	As at 30 September 2014 Rs. ‘000	Audited As at 31 December 2013 Rs. ‘000
<b>Operating activities</b>		
Interest received	18,309,227	26,281,178
Interest paid	(5,170,160)	(7,515,127)
Recoveries on previously written off loans	503,241	825,184
Fees and commission received	2,486,047	3,784,138
Dividends received	–	–
Net (payments) / receipts from trading activities	1,801,839	1,547,379
Operating expenses paid	(6,141,994)	(7,531,718)
Operating profit before changes in operating assets and liabilities	11,788,200	17,391,034
<b>Change in operating assets/liabilities</b>		
(Increase)/decrease in treasury bills and other eligible bills	(27,937,725)	(16,584,085)
(Increase)/decrease in treasury bonds	19,088,253	(11,399,339)
(Increase)/decrease in loans to other banks	1,855,957	(5,538,599)
(Increase)/decrease in loans and advances	(27,392,153)	(6,899,202)
(Increase)/decrease in government bonds	(5,238,585)	(3,270,500)
(Increase)/decrease in other assets	(954,036)	2,926,891
Increase/(decrease) in deposits from customers	17,947,822	4,757,324
Increase/(decrease) in borrowings	41,823,971	23,358,311
Increase/(decrease) in other liabilities	(675,033)	217,676
	18,518,471	(12,431,523)
<b>Net cash flow from operating activities before tax</b>	30,306,671	4,959,511
<b>Tax paid</b>	(5,221,432)	(6,837,571)
<b>Net cash flow from operating activities</b>	25,085,239	(1,878,060)
<b>Investing activities</b>		
Proceeds from sale of joint venture	–	–
Proceeds from disposal of property, plant and equipment	13,807	34,533
Acquisition of property, plant and equipment	(348,000)	(178,846)
<b>Net cash flow from investing activities</b>	(334,193)	(144,313)
<b>Financing activities</b>		
Profit transferred to head office	–	(1,573,000)
<b>Net cash flow from financing activities</b>	–	(1,573,000)
<b>Net increase / (decrease) in cash and cash equivalents</b>	24,751,044	(3,595,373)
Cash and cash equivalents at the beginning of the period	17,517,716	20,942,883
Exchange Adjustment	(529,379)	170,206
<b>Cash and cash equivalents at the end of the period</b>	41,739,381	17,517,716
<b>Analysis of cash and cash equivalents at the period</b>		
Cash in hand	1,317,449	1,367,826
Balances with other banks	10,536,143	8,103,943
Balances with Central Bank	29,885,789	8,045,947
<b>Cash and cash equivalents at the end of the period</b>	41,739,381	17,517,716

Loans and Receivables to Other Customers		
	As at 30 September 2014 Rs. ‘000	Audited As at 31 December 2013 Rs. ‘000
Gross loans and receivables	157,357,278	131,366,181
(Less) Individual impairment	(1,041,687)	(1,564,713)
Collective impairment	(746,873)	(788,717)
Net loans and receivables including these designed at fair value through profit or loss	155,568,718	129,012,751
(Less) Loans and receivables designated at fair value through profit or loss	–	–
<b>Net loans and receivables</b>	155,568,718	129,012,751

Movements in Individual and Collective Impairment during the period for Loans and Receivables to Other Customers		
	As at 30 September 2014 Rs. ‘000	Audited As at 31 December 2013 Rs. ‘000
<b>Individual impairment</b>		
Opening balance	1,564,713	2,142,122
Change/(Write back) to income statement	(419,688)	(242,390)
Write-off during the year	–	(330,760)
Other movements	(103,338)	(4,259)
Closing balance	1,041,687	1,564,713
<b>Collective impairment</b>		
Opening balance	788,717	490,047
Change/(Write back) to income statment	(41,844)	384,481
Other movements	–	(85,811)
Closing balance	746,873	788,717
<b>Total impairment</b>	1,788,560	2,353,430

The financial information summarised above for the nine months ended 30 September 2014 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.

Patrick J Gallagher  
(Signed) Chief Executive Officer

Kanchana Hewavitharana  
(Signed) Chief Financial Officer

Statement of Financial Position		
	As at 30 September 2014 Rs. ‘000	Audited As at 31 December 2013 Rs. ‘000
<b>Assets</b>		
Cash and cash equivalents	11,853,592	9,471,769
Balances with Central Bank	29,885,789	8,045,947
Placements with banks	24,531,793	5,636,400
Derivative financial instruments	1,115,071	2,983,392
Other financial assets Held-for-trading	2,731,766	11,995,713
Financial assets designated at fair value through profit or loss	–	–
Loans and receivables to banks	9,808,500	30,559,850
Loans and receivables to other customers	155,568,718	129,012,751
Financial investments - Available-for-sale	132,333,694	107,011,206
Financial investments Held-to-maturity	–	–
Investments in subsidiaries	–	–
Investments in associates and joint ventures	–	–
Property, plant and equipment	2,145,797	1,917,321
Investment properties	–	–
Goodwill and intangible assets	–	–
Deferred tax assets	–	–
Other assets	21,916,630	19,524,361
<b>Total assets</b>	391,891,350	326,158,710
<b>Liabilities</b>		
Due to banks	139,443,981	97,620,005
Derrivative financial instruments	98,452	4,088,096
Financial liabilities Held-for-trading	–	–
Financial liabilities designated at fair value through profit or loss	–	–
Due to other customers	172,894,780	154,946,963
Other borrowings	–	–
Debt securities issued	–	–
Current tax liabilities	1,737,102	2,687,452
Deferred tax liabilities	1,447,135	683,869
Other provisions	–	–
Other liabilities	25,684,169	23,085,546
Due to subsidiaries	–	–
Subordinated term debts	–	–
<b>Total liabilities</b>	341,305,619	283,111,931
<b>Equity</b>		
Stated capital / Assigned capital	3,152,358	3,152,358
Statutory reserve fund	1,790,585	1,790,585
Retained earnings	39,014,151	32,003,445
Other reserves	6,628,637	6,100,391
Total shareholders’ equity	50,585,731	43,046,779
Non-controlling interest	–	–
<b>Total equity</b>	50,585,731	43,046,779
<b>Total liabilities and equity</b>	391,891,350	326,158,710
<b>Contingent liabilities and commitments</b>	651,347,868	741,593,231
<b>Memorandum information</b>		
Number of employees	1,340	1,374
Number of branches	18	18

Loans and Receivables to Other Customers - By product		
	As at 30 September 2014 Rs. ‘000	Audited As at 31 Decembr 2013 Rs. ‘000
<b>By product-Domestic Currency</b>		
Overdrafts	8,813,881	13,027,588
Term loans	28,914,442	34,986,843
Lease rentals receivable	–	–
Credit cards	19,271,295	19,987,344
Pawning	–	–
Other loans	52,284	448,336
<b>Sub total</b>	57,051,902	68,450,111
<b>By product-Foreign Currency</b>		
Overdrafts	2,922,735	2,708,344
Term loans	93,782,524	55,618,149
Other loans	3,600,117	4,589,577
<b>Sub total</b>	100,305,376	62,916,070
<b>Total</b>	157,357,278	131,366,181

Due to Other Customers - By product		
	As at 30 September 2014 Rs. ‘000	Audited As at 31 December 2013 Rs. ‘000
<b>As at 31 December</b>		
<b>By product-Domestic Currency</b>		
Demand deposits (current accounts)	15,623,811	14,962,680
Savings deposits	18,696,795	13,278,698
Fixed deposits	67,752,443	63,590,810
Other deposits	2,788,700	2,630,237
<b>Sub total</b>	104,861,749	94,462,425
<b>By product-Foreign Currency</b>		
Demand deposits (current accounts)	14,440,629	10,119,091
Savings deposits	13,332,063	14,490,351
Fixed deposits	34,385,491	30,328,469
Other deposits	5,874,848	5,546,627
<b>Sub total</b>	68,033,031	60,484,538
<b>Total</b>	172,894,780	154,946,963