

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 June Rs. '000	Audited 2014 As at 31 December Rs. '000
Operating activities		
Interest received	12,322,197	24,359,423
Interest paid	(2,728,744)	(6,684,049)
Recoveries on previously written off loans	324,645	642,774
Fees and commission received	1,564,062	3,260,696
Dividends received	-	-
Net (payments) / receipts from trading activities	478,108	1,804,639
Operating expenses paid	(4,354,597)	(7,910,900)
Operating profit before changes in operating assets and liabilities	7,605,671	15,472,583
Change in operating assets/liabilities		
(Increase)/decrease in treasury bills and other eligible bills	12,407,436	(27,591,367)
(Increase)/decrease in treasury bonds	(12,014,235)	8,104,192
(Increase)/decrease in loans to other banks	(5,137,362)	(5,569,138)
(Increase)/decrease in loans and advances	3,051,452	(40,284,934)
(Increase)/decrease in government bonds	(9,057,115)	(5,507,247)
(Increase)/decrease in other assets	(881,072)	1,272,617
Increase/(decrease) in deposits from customers	10,815,440	21,399,796
Increase/(decrease) in borrowings	(6,508,600)	51,580,810
Increase/(decrease) in other liabilities	(2,006,068)	(1,133,471)
	(9,330,124)	2,271,258
Net cash flow from operating activities before tax	(1,724,453)	17,743,841
Tax paid	(2,702,786)	(6,885,579)
Net cash flow from operating activities	(4,427,239)	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	(135,171)	(547,906)
Net cash flow from investing activities	(117,424)	(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	(6,087,963)	6,792,841
Cash and cash equivalents at the beginning of the period	24,015,547	17,517,716
Exchange Adjustment	211,000	(295,009)
Cash and cash equivalents at the end of the period	18,138,584	24,015,548
Analysis of cash and cash equivalents at the period		
Cash in hand	1,182,663	1,222,493
Balances with other banks	9,402,588	15,947,885
Balances with Central Bank	7,553,333	6,845,170
Cash and cash equivalents at the end of the period	18,138,584	24,015,548

Loans and Receivables to Other Customers (net)		
	2015 As at 30 June Rs. '000	Audited 2014 As at 31 December Rs. '000
Gross loans and receivables	166,192,460	171,113,828
(Less) Individual impairment	(713,292)	(950,637)
Collective impairment	(871,175)	(1,228,250)
Net loans and receivables including those designed at fair value through profit or loss	164,607,993	168,934,941
(Less) Loans and receivables designated at fair value through profit or loss	-	-
Net loans and receivables	164,607,993	168,934,941

Movements in Individual and Collective Impairment during the period for Loans and Receivables to Other Customers		
	2015 As at 30 June 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	(234,515)	(480,861)
Write-off during the year	-	-
Other movements	(2,831)	(133,215)
Closing balance	713,292	950,637
Collective impairment		
Opening balance	1,228,249	788,717
Change/(Write back) to income statement	(323,517)	514,411
Other movements	(33,557)	(74,878)
Closing balance	871,175	1,228,250
Total impairment	1,584,467	2,178,887

Statement of Financial Position		
	2015 As at 30 June Rs. '000	Audited 2014 As at 31 December Rs. '000
Assets		
Cash and cash equivalents	10,585,251	17,170,378
Balances with Central Bank	7,553,333	6,845,170
Placements with banks	22,342,930	15,444,288
Derivative financial instruments	924,869	1,140,619
Other financial assets Held-for-trading	471,755	1,722,700
Financial assets designated at fair value through profit or loss	-	-
Loans and receivables to banks	24,559,820	26,321,100
Loans and receivables to other customers	164,607,993	168,934,941
Financial investments - Available-for-sale	151,561,158	142,316,265
Financial investments Held-to-maturity	-	-
Investments in subsidiaries	-	-
Investments in associates and joint ventures	-	-
Property, plant and equipment	3,304,752	3,282,332
Investment properties	-	-
Goodwill and intangible assets	-	-
Deferred tax assets	-	-
Other assets	18,493,808	21,438,471
Total assets	404,405,669	404,616,264
Liabilities		
Due to banks	142,692,215	149,200,815
Derivatives financial instruments	645,204	609,806
Financial liabilities Held-for-trading	-	-
Financial liabilities designated at fair value through profit or loss	-	-
Due to other customers	187,162,200	176,346,760
Other borrowings	-	-
Debt securities issued	-	-
Current tax liabilities	1,504,412	1,445,077
Deferred tax liabilities	626,888	998,463
Other provisions	-	-
Other liabilities	22,808,018	27,840,553
Due to subsidiaries	-	-
Subordinated term debts	-	-
Total liabilities	355,438,937	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	34,312,030	33,732,703
Other reserves	9,562,342	9,349,727
Total shareholders' equity	48,966,732	48,174,790
Non-controlling interest	-	-
Total equity	48,966,732	48,174,790
Total liabilities and equity	404,405,669	404,616,264
Contingent liabilities and commitments	618,215,974	582,340,237
Memorandum information		
Number of employees	1,417	1,379
Number of branches	15	16

Loans and Receivables to Other Customers (Gross) - By product		
	2015 As at 30 June Rs. '000	Audited 2014 As at 31 December Rs. '000
By product-Domestic Currency		
Overdrafts	8,083,351	9,271,529
Term loans	32,098,965	32,786,376
Lease rentals receivable	-	-
Credit cards	18,768,478	19,704,899
Pawning	-	-
Other loans	166,160	94,402
Sub total	59,116,954	61,857,206
By product-Foreign Currency		
Overdrafts	2,855,078	2,598,552
Term loans	101,657,048	103,236,808
Other loans	2,563,380	3,421,262
Sub total	107,075,506	109,256,622
Total	166,192,460	171,113,828

Due to Other Customers - By product		
	2015 As at 30 June Rs. '000	Audited 2014 As at 31 December Rs. '000
By product-Domestic Currency		
Demand deposits (current accounts)	18,325,022	17,370,695
Savings deposits	22,167,161	19,295,266
Fixed deposits	77,309,900	70,323,288
Other deposits	2,439,161	2,445,430
Sub total	120,241,244	109,434,679
By product-Foreign Currency		
Demand deposits (current accounts)	18,436,979	9,130,937
Savings deposits	15,305,705	23,444,384
Fixed deposits	29,342,265	29,214,476
Other deposits	3,836,007	5,122,284
Sub total	66,920,956	66,912,081
Total	187,162,200	176,346,760

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

