## 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 30 September	2021	202	
	Rs. 'Mn	Rs. 'M	
Interest income	14,469	20,46	
Interest expenses	(4,785)	(7,225	
Net interest income	9,684	13,24	
Fee and commission income	3,359	2.26	
Fee and commission expenses	(974)	(74:	
Net fee and commission income	2,385	1,51	
Net gains/(losses) from trading	2,486	40	
Net fair value gains/(losses) on:	2,400		
Financial assets at fair value through profit or loss	(14)	46	
Financial liabilities at fair value through profit or loss	- 1		
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	_	74	
Net other operating income	115	Į	
Total operating income	14,656	16,43	
Impairment (charges)/reversals	1,007	(4,94	
		-	
Net operating income	15,663	11,49	
Personal expenses	(2,827)	(2,86	
Depreciation and amortisation expenses	(450)	(49	
Other expenses	(6,092)	(5,42	
Operating profit/(loss) before VAT and other taxes	(0,002)	(0,42	
on financial services	6,294	2,69	
Value added tax (VAT) on financial services	(1,892)	(63	
Other taxes on financial services	(26)	!	
Other taxes on illiancial services	(20)	•	
Operating profit/(loss) after VAT and other taxes			
on financial services	4,376	2,12	
Share of profits of associates and joint ventures	_		
Profit/(loss) before tax	4,376	2,1	
Income tax expenses	(1,373)	(78	
Profit/(loss) for the period	3,003	1,3:	
Profit attributable to:			
Equity holders of the parent	3.003	1.33	
Non-controlling interests		1,50	

	2021 As at 30 September Rs. 'Mn	Audited 2020 As at 31 Decembe Rs. 'Mu
Cash flows from operating activities		
Interest receipts	11,881	26,343
Interest payments	(4,842)	(8,653)
Net commission receipts	2,385	2,165
Trading income	2,472	1,092
Payments to employees	(2,818)	(3,862
VAT on financial services	(905)	(748
Receipts from other operating activities	440	1,140
Payments to other operating activities	(6,061)	(7,415
Operating profit before change in operating assets and liabilities	2,552	10,062
(Increase)/decrease in operating assets		
Balances with Central Bank of Sri Lanka	(9,559)	(8,713
Financial assets at amortised cost - loans and advances	(18,438)	54,433
Treasury bills & bonds	8,602	(25,040
Other assets	(185)	3,284
	(19,580)	23,964
ncrease/(decrease) in operating liabilities		
Financial liabilities at amortised cost - due to depositors	41,501	27,45
Financial liabilities at amortised cost - due to other borrowers	(12,402)	(82,298
Other liabilities	2,158	8,159
	31,257	(46,687
Net cash generated from operating activities before income tax	14,229	(12,661
Income tax paid	(541)	(2,212
Net cash (used in)/from operating activities	13,688	(14,873
Cash flows from investing activities		
Purchase of property, plant & equipment	(93)	(234
Proceeds from sale of property, plant & equipment	-	25
Purchase of financial investments Proceeds from sale and maturity of financial investments	-	-
Others	-	
Net cash (used in)/from investing activities	(93)	(209
Cash flows from financing activities		
Profit transferred to head office	(3,651)	-
Net cash (used in)/from financing activities	(3,651)	-
Net increase/(decrease) in cash and cash equivalents	9,944	(15,082
Cash and cash equivalents at the beginning of the period	20,412	33,986
Exchange difference in respect of cash and cash equivalents	2,993	1,508
Cash and cash equivalents at the end of the period	33.349	20,412

Statement of Comprehensive Income		
For the period ended 30 September	2021 Rs. 'Mn	2020 Rs. 'Mn
Profit/(loss) for the year	3,003	1,334
Items that will be reclassified to income statement		
Exchange differences on translation of foreign operations  Net gains/(losses) on cash flow hedges  Net gains/(losses) on investments in debt instruments measured at	2,161 -	725 -
fair value through other comprehensive income Share of profits of associates and joint ventures	(1,430)	(268)
Debt instruments at fair value through other comprehensive income Others	-	-
Less: Tax expense relating to items that will be reclassified to income statement	345 1,076	75 532
Items that will not be reclassified to profit or loss	1,070	332
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 Changes in revaluation surplus/(deficit)	(35)	7
Share of profits of associates and joint ventures	-	-
Less: Tax expense relating to items that will not be reclassified to income statement	-	-
	(35)	7
Other comprehensive income for the period, net of taxes	1,041	539
Total comprehensive income for the period	4,044	1,873
Attributable to:		
Equity holders of the parent	4,044	1,873
Non-controlling interests	-	-

Selected Performance Indicators

	As at 30 September	As at 31 Decembe
Regulatory Capital Adequacy (LKR Millions)		
Common Equity Tier 1	57,069	62,385
Core (Tier 1) Capital	57,069	62,385
Total Capital Base	59,084	65,116
Regulatory Capital Ratios		
Common Equity Tier 1 Capital Ratio (Minimum Requirement, 7%)	17.60%	20.55%
Tier 1 Capital Ratio (Minimum Requirement, 8.5%)	17.60%	20.55%
Total Capital Ratio (Minimum Requirement, 12.5%)	18.22%	21.45%
	2021 As at 30 September	2020 As at 31 December
Regulatory Liquidity		
Statutory Liquid Assets (LKR Millions)		
Domestic banking unit	148,189	148,237
Off-shore banking unit	34,694	29,940
Statutory Liquid Assets Ratio (Minimum Requirement, 20%)		
Domestic banking unit	58.48%	66.30%
Off-shore banking unit	27.14%	23.19%
Total Stock of High-Quality Liquid Assets (LKR Millions)		
Rupee	129,004	125,724
All currency	129,039	125,764
Liquidity Coverage Ratio		
Rupee (Minimum Requirement - 100%)	369.00%	424.02%
All currency (Minimum Requirement - 100%)	345.41%	316.12%
Net Stable Funding Ratio - (Minimum Requirement - 100%)	145.00%	129.66%
Leverage ratio - (Minimum Requirement - 3%)	10.62%	12.26%
Assets Quality (Quality of Loan Portfolio)		
Gross Non-Performing Advances Ratio		
(net of interest in suspense)	0.80%	0.94%
Net Non-Performing Advances Ratio		
(net of interest in suspense and provisions)	0.71%	0.83%
Impaired Loans (Stage 3) Ratio	0.05%	0.02%
Impairment (Stage 3) to Stage 3 Loans Ratio	81.13%	93.19%
Profitability		
Interest Margin	2.94%	3.73%
Return on Assets (before tax)	1.33%	0.85%
Return on Equity	5.57%	3.48%

Analysis of Deposits		
	2021 30 September Rs. Mn	Audited 2020 As at 31 December Rs. Mn
By product - Domestic Currency		
Demand deposits (current accounts)	33,415	32,095
Savings deposits	39,388	27,454
Fixed deposits	97,626	78,228
Other deposits	4,165	3,164
Sub total	174,594	140,941
By product - Foreign Currency		
Demand deposits (current accounts)	41,839	28,291
Savings deposits	28,045	28,036
Fixed deposits	28,046	35,483
Other deposits	6,235	4,507
Sub total	104,165	96,317
Total	278,759	237,258

Assets	2021 As at 30 september Rs. 'Mn	Audited 20: As at 31 Decemb
Assets Cash and cash equivalents	33,349	20.4
Balances with central bank	28.012	18.4
Placements with banks	20,012	10,4
Derivative financial instruments	221	6
Financial assets measured at fair value through profit or loss	264	3
Financial assets designated at fair value through profit or loss		
Financial assets at amortised cost - loans and advances	237,024	219.1
Financial assets at amortised cost - debt instruments	486	3.
Financial assets measured at fair value through other	129,874	136.6
comprehensive income	,	
Investments in subsidiaries	_	
Investments in associates and joint ventures	_	
Property, plant and equipment	4.832	4.8
Investment properties	_	,
Goodwill and intangible assets	_	
Deferred tax assets	302	3
Other assets	33,442	20,7
Total assets	467,806	424,6
Liabilities		
Due to banks	75,900	88,3
Derivative financial instruments	446	į
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	278,759	237,2
Financial liabilities at amortised cost - due to other borrowers	-	
Due to subsidiaries		
Retirement benefit obligations	233	2
Current tax liabilities	1,851	•
Deferred tax liabilities	-	
Other provisions		
Other liabilities	40,613	27,9
Total liabilities	397,802	354,3
Equity	2.452	2 -
Stated capital/Assigned capital	3,152	3,
Statutory reserve fund	2,650	2,0
Retained earnings	48,902 15,300	47,2 17.2
Other reserves	70.004	
Total shareholders' equity	70,004	70,3
Non-controlling interests Total equity	70,004	70.3
Total equity Total equity and liabilities	467,806	424,6
Contingent liabilities and commitments	396,989	530,8
Memorandum information		
Number of employees	984	1,0
Number of branches	13	

Analysis of loans and advances, commitments, contingencies and impairment			
	2021 30 September Rs. 'Mn	Audited 2020 As at 31 December Rs.'Mn	
Product-wise gross loans and advances By product - Domestic Currency			
Overdrafts	16,007	17,737	
Term loans	26,316	22,660	
Lease rentals receivable		<del>_</del>	
Credit cards	21,316	21,420	
Pawning	-	-	
Other loans	_	103	
Sub total	63,639	61,920	
By product - Foreign Currency Overdrafts Term loans Guarantees Bonds	16,158 148,097 - -	14,226 139,186 - -	
Other loans	11,104	6,724	
Sub total	175,359	160,136	
Total	238,998	222,056	
Product-wise commitments and contingencies	2021	Audited 2020	
i roduct-wise commitments and contingencies	30 September	As at 31 December	

Due done trains commitments and continuousles	2021	Audited 2020
Product-wise commitments and contingencies	30 September	As at 31 December
	Rs. 'Mn	Rs.'Mn
By product - Domestic currency		
Guarantees	18,134	19,370
Bonds	9,798	7,262
Undrawn credit lines	88,452	103,947
Foreign exchange contracts	5,790	62,825
Other	840	182
Sub total	123,014	193,586
By product - Foreign Currency		
Guarantees	53,857	58,732
Bonds	22,066	15,906
Undrawn credit lines	88,989	82,697
Foreign exchange contracts	50,300	147,610
Other	58,763	32,303
Sub total	273,975	337,248
Total	396,989	530,834
	2021	Audited 2020
Stage-wise impairment on loans & advances	30 September	31 December Rs 'Mn

Movement of impairment during the period	2021 30 September Rs. 'Mn	Audited 2020 31 December Rs. 'Mn
Under stage 1		
Opening balance	589	661
Charge/(write back) to income statement	(228)	(87)
Other movements	15	15
Closing balance	376	589
Under stage 2		
Opening balance	1,282	508
Charge/(write back) to income statement	(644)	754
Other movements	(15)	20
Closing balance	623	1,282
Under stage 3		
Opening balance	1,062	538
Charge/(write back) to income statement	(135)	524
Other movements	48	

222,056 (589) (1,282) (1,062)

Stage-wise impairment on commitments and contingencies	2021 30 September Rs. 'Mn	Audited 2020 31 December Rs. 'Mn
Commitments and contingencies Less: accumulated impairment under stage 1 accumulated impairment under stage 2 accumulated impairment under stage 3	396,989 (20) (33)	530,834 (40) (54)
Net commitments and contingencies	396,936	530,740

Analysis of Financial Instruments by Measurement Basis					
For the period ended 30 September 2021	Amortised cost Rs. 'Mn	Fair value through profit and loss Rs. 'Mn	Fair value through other comprehensive income Rs. 'Mn	Tota Rs. 'Mı	
Assets					
Cash and cash equivalents	33,349	-	-	33,34	
Balances with Central Banks	28,012	-	-	28,01	
Placements with banks	-	-	-		
Derivative financial instruments	-	221	-	22	
Loans and advances	237,024	-	-	237,02	
Debt instruments	486	264	129,874	130,62	
Equity instruments	-	-	_		
Acceptance and endorsements	27,152	-	-	27,15	
Total financial assets	326,023	485	129,874	456,38	
Liabilities					
Due to banks	75,900	-	_	75,90	
Derivative financial instruments	_	446	_	44	
Financial liabilities - due to depositors	278,759	-	_	278,75	
Financial liabilities - due to other borrowers	-	-	_		
Acceptance and endorsements	27,152	-	-	27,15	
Total financial liabilities	381,811	446	-	382,2	

Analysis of Financial Instruments by Measurement Basis						
For the period ended 31 December 2020	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	20,412	-	-	20,412		
Balances with Central Banks	18,454	-	-	18,454		
Placements with banks	-	-	-	-		
Derivative financial instruments	-	656	-	656		
Loans and advances	219,123	-	-	219,123		
Debt instruments	3,118	335	136,632	140,085		
Equity instruments	-	-	-	-		
Acceptance and endorsements	14,592	-	-	14,592		
Total financial assets	275,699	991	136,632	413,322		
Liabilities						
Due to banks	88,302	_	_	88,302		
Derivative financial instruments	-	508	-	508		
Financial liabilities - due to depositors	237,258	-	-	237,258		
Financial liabilities - due to other borrowers		-	-			
Acceptance and endorsements	14,592	-	-	14,592		
Total financial liabilities	340,152	508	-	340,660		

Net value of loans and advances

Total impairment

				Statement of Chang	ges in Equity					
For the Period Ended 30 September 2021	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 01/01/2021 (Opening balance)	-	-	3,152	2,650	2,603	47,213	14,687	70,305	-	70,305
Total comprehensive income for the year										
Profit/(loss) for the year (net of tax)	-	-	-	-	-	3,003	-	3,003	-	3,003
Other comprehensive income (net of tax)	-	-	-	-	-	(33)	1,074	1,041	-	1,041
Total comprehensive income for the year	-	-	-	-	-	2,970	1,074	4,044	-	4,044
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	-	-	-	-	-	(3,651)	-	(3,651)	-	(3,651)
Gain/(loss) on revaluation of property, plant and equipment										
(if cost method is adopted)	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	28	2,370	(3,092)	(694)	-	(694)
Total transactions with equity holders	-	-	-	-	28	(1,281)	(3,092)	(4,345)	-	(4,345
Balance as at 30/09/2021 (Closing balance)	-	-	3,152	2,650	2,631	48,902	12,669	70,004	-	70,004

The financial information summarised above for the nine months ended 30 September 2021 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 Interim Chief Executive Officer and the Chief Financial Officer of HSBC Bank certify jointly that:

(c) the information contained in these statements are true and correct to the best of our knowledge and belief.

(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

