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	2022	202	
	Rs. 'Mn	Rs. 'M	
Interest income	6,119	4,860	
Interest expenses	(1,872)	(1,669	
Net interest income	4,247	3,19	
Fee and commission income	1,306	1,13	
Fee and commission expenses	(420)	(29)	
Net fee and commission income	886	83	
Net gains/(losses) from trading	770	96	
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	13		
Total operating income	5,911	5,00	
Impairment (charges) / reversals	(909)	47	
Net operating income	5,002	5,47	
Personal expenses	(986)	(94	
Depreciation and amortisation expenses	(121)	(13	
Other expenses	(2,291)	(1,84	
Operating profit/(loss) before VAT and other taxes			
on financial services	1,604	2,55	
Value added tax (VAT) on financial services	(420)	(44	
Other taxes on financial services			
Operating profit/(loss) after VAT and other taxes on financial services	1,184	2,11	
Share of profits of associates and joint ventures			
Profit/(loss) before tax	1,184	2,11	
Income tax expenses	(404)	(80	
Profit/(loss) for the period	780	1,3	
Profit attributable to:			
Equity holders of the parent	780	1,31	
Non-controlling interests			

	2022 As at 31 March Rs. 'Mn	Audited 202 As at 31 Decembe Rs. 'Mr
Cash flows from operating activities		
Interest receipts	4,765	18,530
Interest payments	(1,431)	(6,209
Net commission receipts	886	3,340
Trading income	764	1,092
Payments to employees	(979)	(3,652
VAT on financial services	(445)	(905
Receipts from other operating activities	142	1,140
Payments to other operating activities	(2,340)	(8,084
Operating profit before change in operating assets and liabilities	1,362	5,25
(Increase)/decrease in operating assets		
Balances with Central Bank of Sri Lanka	(4,174)	(12,606
Financial assets at amortised cost - loans and advances	(69,560)	(5,365
Treasury bills & bonds	(39,297)	79
Other assets	21,766	(421
	(91,265)	(17,595
Increase/(decrease) in operating liabilities		
Financial liabilities at amortised cost - due to depositors	106,413	52,75
Financial liabilities at amortised cost - due to other borrowers	1,928	(27,518
Other liabilities	(13,223)	4,35
	95,118	29,592
Net cash generated from operating activities before income tax	5,215	17,249
Income tax paid	(183)	(2,436
Net cash (used in)/from operating activities	5,032	14,813
Cash flows from investing activities		
Purchase of property, plant & equipment	(23)	(93
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 Cash flows from financing activities	(23)	(93
Profit transferred to head office	_	(3,627
Net cash (used in)/from financing activities	-	(3,627
Net increase/(decrease) in cash and cash equivalents	5,009	12,055
Cash and cash equivalents at the beginning of the period	35,460	20,41
Exchange difference in respect of cash and cash equivalents	27,102	2,993
·		·
Cash and cash equivalents at the end of the period	67,571	35,460

	As at 31 March Rs. 'Mn	As at 31 December Rs. 'Mn
Cash flows from operating activities		
Interest receipts	4,765	18,530
Interest payments	(1,431)	(6,209)
Net commission receipts	886	3,340
Frading income	764	1,092
Payments to employees	(979)	(3,652)
/AT on financial services	(445)	(905)
Receipts from other operating activities	142	1,140
Payments to other operating activities	(2,340)	(8,084)
Operating profit before change in operating assets and liabilities	1,362	5,252
Increase)/decrease in operating assets		
Balances with Central Bank of Sri Lanka	(4,174)	(12,606)
Financial assets at amortised cost - loans and advances	(69,560)	(5,365)
Treasury bills & bonds	(39,297)	797
Other assets	21,766	(421)
	(91,265)	(17,595)
ncrease/(decrease) in operating liabilities		
inancial liabilities at amortised cost - due to depositors	106,413	52,753
inancial liabilities at amortised cost - due to other borrowers	1,928	(27,518)
Other liabilities	(13,223)	4,357
	95,118	29,592
Net cash generated from operating activities before income tax	5,215	17,249
ncome tax paid	(183)	(2,436)
Net cash (used in)/from operating activities	5,032	14,813
Cash flows from investing activities		
Purchase of property, plant & equipment	(23)	(93)
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	(23)	(93)
Cash flows from financing activities		
Profit transferred to head office	_	(3,627)
Net cash (used in)/from financing activities	-	(3,627)
Net increase/(decrease) in cash and cash equivalents	5,009	12,055
·	· ·	
Cash and cash equivalents at the beginning of the period	35,460	20,412

Statement of Comprehensive Income		
For the period ended 31 March	2022 Rs. 'Mn	2021 Rs. 'Mn
Profit/(loss) for the year	780	1,316
Items that will be reclassified to income statement		
Exchange differences on translation of foreign operations Net gains/(losses) on cash flow hedges	26,341	2,827 -
Net gains/(losses) on investments in debt instruments measured at fair value through other comprehensive income	(2,938)	371
Share of profits of associates and joint ventures Debt instruments at fair value through other comprehensive income Others	-	-
Less: Tax expense relating to items that will be reclassified to income statement	781	(306)
Items that will not be reclassified to profit or loss	24,185	2,892
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	(21)	-
Changes in revaluation surplus/(deficit) Share of profits of associates and joint ventures	-	-
Less: Tax expense relating to items that will not be reclassified to income statement	-	-
	(21)	-
Other comprehensive income for the period, net of taxes	24,164	2,892
Total comprehensive income for the period	24,944	4,208
Attributable to:		
Equity holders of the parent	24,944	4,208
Non-controlling interests	-	-

Selected Performance Indicators

	2022 As at 31 March Rs.'Mn	Audited 2021 As at 31 December Rs.'Mr
Regulatory Capital Adequacy (LKR Millions)		
Common Equity Tier 1	51,718	62,121
Core (Tier 1) Capital	51,718	62,121
Total Capital Base	55,468	65,052
Regulatory Capital Ratios		
Common Equity Tier 1 Capital Ratio (Minimum Requirement, 6.5%)	12.26%	19.68%
Tier 1 Capital Ratio (Minimum Requirement, 8.0%)	12.26%	19.68%
Total Capital Ratio (Minimum Requirement, 12.0%)	13.14%	20.61%
	2022 As at 31 March	2021 As at 31 December
Regulatory Liquidity		
Statutory Liquid Assets (LKR Millions)		
Domestic banking unit	178,726	160,087
Off-shore banking unit	57,208	35,053
Statutory Liquid Assets Ratio (Minimum Requirement, 20%)		
Domestic banking unit	68.99%	58.02%
Off-shore banking unit	29.97%	29.80%
Total Stock of High-Quality Liquid Assets (LKR Millions)		
Rupee	175,852	135,246
All currency	176,097	135,277
Liquidity Coverage Ratio		
Rupee (Minimum Requirement - 100%)	286.00%	321.00%
All currency (Minimum Requirement - 100%)	326.94%	356.74%
Net Stable Funding Ratio - (Minimum Requirement - 100%)	142.00%	149.00%
Leverage ratio - (Minimum Requirement - 3%)	7.21%	10.66%
Assets Quality (Quality of Loan Portfolio)		
Impaired Loans (Stage 3) Ratio	0.34%	0.33%
mpairment (Stage 3) to Stage 3 Loans Ratio	47.08%	44.83%
Profitability		
Interest Margin	2.76%	2.96%
Return on Assets (before tax)	0.77%	1.27%
	6.23%	4.58%

Analysis of Deposits		
	2022 As at 31 March Rs.'Mn	Audited 2021 As at 31 December Rs.'Mn
By product - Domestic Currency		
Demand deposits (current accounts)	37,426	35,356
Savings deposits	52,943	41,899
Fixed deposits	124,427	98,316
Other deposits	5,508	4,794
Sub total	220,304	180,365
By product - Foreign Currency		
Demand deposits (current accounts)	63,727	44,102
Savings deposits	57,016	30,707
Fixed deposits	43,199	26,902
Other deposits	12,178	7,934
Sub total	176,120	109,645
Total	396,424	290,010

Statement of Financial Position		
Assets	2022 As at 31 March Rs.'Mn	Audited 2021 As at 31 December Rs.'Mn
Cash and cash equivalents	67,571	35,460
Balances with central bank	35,233	31,059
Placements with banks		
Derivative financial instruments	3,234	39
Financial assets measured at fair value through profit or loss	71	152
Financial assets designated at fair value through profit or loss	- 1	-
Financial assets at amortised cost - loans and advances	291,054	223,668
Financial assets at amortised cost - debt instruments	564	593
Financial assets measured at fair value through other	175,946	137,684
comprehensive income		
Investments in subsidiaries	-	-
Investments in associates and joint ventures		-
Property, plant and equipment	5,262	5,342
Investment properties	-	-
Goodwill and intangible assets	-	-
Deferred tax assets	1,171	189
Other assets	35,254	24,041
Total assets	615,360	458,227
Liabilities		
Due to banks	62,713	60,785
Derivative financial instruments	671	286
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	396,424	290,010
Financial liabilities at amortised cost - due to other borrowers	-	-
Due to subsidiaries	-	-
Retirement benefit obligations	-	-
Current tax liabilities	3,000	2,617
Deferred tax liabilities	-	-
Other provisions	-	-
Other liabilities	56,924	33,866
Total liabilities	519,732	387,564
Equity	0.450	0.450
Stated capital/Assigned capital	3,152	3,152
Statutory reserve fund	2,783	2,783
Retained earnings Other reserves	50,180	49,404 15,324
Total shareholders' equity	39,513 95.628	70.663
Non-controlling interests	95,628	70,003
Total equity	95,628	70.663
Total equity Total equity and liabilities	615.360	458,227
Contingent liabilities and commitments	572,702	391,234
	3,2,702	551,254
Memorandum information		
Number of employees	953	972
Number of branches	13	13

Analysis of loans and advances, commitments, contingencies and impairment			
	2022 As at 31 March Rs.'Mn	Audited 2021 As at 31 December Rs.'Mn	
Product-wise gross loans and advances By product - Domestic Currency Overdrafts Term loans Lease rentals receivable Credit cards	14,760 22,200 - 22,623	16,627 22,554 - 22,497	
Pawning Other loans Sub total	59,583	61,678	
By product - Foreign Currency Overdrafts Term loans Guarantees Bonds Other loans Sub total Total	12,871 213,334 - 8,549 234,754 294,337	12,744 146,442 - 4,986 164,172 225,850	
Product-wise commitments and contingencies By product - Domestic currency	2022 As at 31 March Rs. Mn	Audited 2021 As at 31 December Rs.'Mn	

Product-wise commitments and contingencies	2022 As at 31 March Rs.'Mn	Audited 2021 As at 31 December Rs.'Mn
By product - Domestic currency		
Guarantees	18,773	19,364
Bonds	6,439	8,035
Undrawn credit lines	99,222	90,857
Foreign exchange contracts	2,307	8,107
Other	21,816	21,831
Sub total	148,557	148,194
By product - Foreign Currency		
Guarantees	94,005	62,194
Bonds	29,038	21,744
Undrawn credit lines	189,863	99,045
Foreign exchange contracts	50,687	21,697
Other	60,552	38,360
Sub total	424,145	243,040
Total	572,702	391,234
	2022	Audited 2021
Stage-wise impairment on loans & advances	As at 31 March Rs.'Mn	As at 31 December Rs.'Mn

	Hs. IVIn	Rs. Mn
Gross loans and advances	294,337	225,850
Less: accumulated impairment under stage 1	(933)	(423)
accumulated impairment under stage 2	(1,487)	(945)
accumulated impairment under stage 3	(863)	(814)
Net value of loans and advances	291,054	223,668
	2022	Audited 2021
Movement of impairment during the period	As at 31 March	As at 31 December
	Rs.'Mn	Rs.'Mn
Under stage 1		
Opening balance	423	589
Charge/(write back) to income statement	455	(181)
Other movements	55	15
Closing balance	933	423
Under stage 2		
Opening balance	945	1,282
Charge/(write back) to income statement	204	(373)
Other movements	338	36
Closing balance	1,487	945
ordering barance	1,407	343

Under stage 3		
Opening balance	814	1,062
Charge/(write back) to income statement	49	(248)
Other movements	-	-
Closing balance	863	814
Total impairment	3,283	2,182
Stage-wise impairment on commitments and contingencies	2022 As at 31 March Rs.'Mn	Audited 2021 As at 31 December Rs.'Mn
Commitments and contingencies	572,702	391,234
Less: accumulated impairment under stage 1	(20)	(40)
accumulated impairment under stage 2	(55)	(54)
accumulated impairment under stage 3	-	- 1
No. 1 Company of the	F70 007	

Analysis of Financial Instruments by Measurement Basis					
For the period ended 31 March 2022	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	67,571	-	-	67,571	
Balances with Central Banks	35,233	-	-	35,233	
Placements with banks	-	-	-	-	
Derivative financial instruments	-	3,234	-	3,234	
Loans and advances	291,054	-	-	291,054	
Debt instruments	564	71	175,946	176,581	
Equity instruments	-	-	-		
Acceptance and endorsements	28,332	-	-	28,332	
Total financial assets	422,754	3,305	175,946	602,005	
Liabilities					
Due to banks	62,713	-	_	62,713	
Derivative financial instruments	_	671	_	671	
Financial liabilities - due to depositors	396,424	-	_	396,424	
Financial liabilities - due to other borrowers	-	-	_	_	
Acceptance and endorsements	28,332	-	-	28,332	
Total financial liabilities	487,469	671	-	488,140	

	Analysis of Financial Instruments by Measurement Basis											
For the period ended 31 December 2021		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	Cash and cash equivalents		-	-	35,460							
Balances with Central Banks	Balances with Central Banks		-	-	31,059							
Placements with banks		-	-	-	-							
Derivative financial instruments	Derivative financial instruments		39	-	39							
Loans and advances	Loans and advances		-	-	223,668							
Debt instruments		593	152	137,684	138,429							
Equity instruments		-	-	-	-							
Acceptance and endorsements		14,592	-	-	14,592							
Total financial assets		305,372	191	137,684	443,247							
Liabilities												
Due to banks		60,785	_	_	60,785							
Derivative financial instruments		-	286	-	286							
Financial liabilities - due to depo	Financial liabilities - due to depositors		_	_	290,010							
Financial liabilities - due to othe	r borrowers		_	_	-							
Acceptance and endorsements		14,592	-	-	14,592							
Total financial liabilities		365,387	286	-	365,673							

Net commitments and contingencies

				Statement of Changes	s in Equity					
For the Period Ended 31 March 2022	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 01/01/2022 (Opening balance)	-	-	3,152	2,783	2,945	49,404	12,379	70,663	-	70,663
Total comprehensive income for the year										ı
Profit/(loss) for the year (net of tax)	-	-	-	-	-	780	-	780	-	780
Other comprehensive income (net of tax)	-	-	-	-	-	(21)	24,185	24,164	-	24,164
Total comprehensive income for the year	-	-	-	-	-	759	24,185	24,944	-	24,944
Transactions with equity holders recognised directly in equity										
Share issue/increase of assigned capital	-	-	-	-	-	-	-	-	-	-
Transfer to reserves during the period	-	-	-	-	-	17	4	21	-	21
Dividends to equity holders	-	-	-	-	-	-		-	-	-
Profit transferred to head office	-	-	-	-	-	-		-	-	-
Gain/(loss) on revaluation of property, plant and equipment										ı
(if cost method is adopted)	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-
Total transactions with equity holders	-	-	-	-	-	17	4	21	-	21
Balance as at 31/03/2022 (Closing balance)	-	-	3,152	2,783	2,945	50,180	36,568	95,628	_	95,628

The financial information summarised above for the three months ended 31 March 2022 is drawn up from the un-audited accounts of the Bank, prepared according to the Sri Lankan Accounting Standards. (SLFRS/LKAS).

 $We, the \ undersigned, being \ the \ Chief \ Executive \ Officer \ and \ the \ Chief \ Financial \ Officer \ of \ HSBC \ Bank \ certify \ jointly \ that:$

(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.

