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 01.

| For the period ended 31 December | Audited 2023 | Audited 2022 |
|---|-----------------------------|-------------------------------|
| | Rs. 'Mn | Rs. 'Mn |
| Interest income Interest expenses | 44,657 (9,854) | 45,488 (11,863) |
| Net interest income | 34,803 | 33,625 |
| Fee and commission income | 7,614 | 6,627 |
| Fee and commission expenses | (1,892) | (1,753) |
| Net fee and commission income | 5,722 | 4,874 |
| Net gains/(losses) from trading | 9,125 | 4,685 |
| Net fair value gain/ (losses) on | 0,120 | 1,000 |
| Financial assets at fair value through profit or loss Financial liabilities at fair value through profit or loss | 23 | (9) |
| 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 Total operating income | 103 49,776 | 220 43,395 |
| Impairment (charges) / reversals | 7,781 | (12,480) |
| Net operating income | 57,557 | 30,915 |
| Personal expenses | (5,808) | (5,568) |
| Depreciation and amortisation expenses Other expenses | (525) (13,276) | (586) (11,608) |
| | , . , | |
| Operating profit/(loss) before VAT and other taxes on financial services | 37,948 | 13,153 |
| Value Added Tax (VAT), on financial services | (6,432) | (3,164) |
| | | (3,104) |
| Other taxes on financial services Operating profit/(loss) After VAT and other taxes | (893) | |
| on financial services | 30,623 | 9,893 |
| Income tax expenses | (10,473) | (2,921) |
| Profit/(loss) for the period | 20,150 | 6,972 |
| Profit attributable to: Equity holders of the parent Non-controlling interests | 20,150 – | 6,972 – |
| Statement of Cash Flows | | |
| For the Year ended 31 December | Audited 2023 Rs. 'Mn | Audited 2022 Rs. 'Mn |
| Cash flows from operating activities | | |
| Interest receipts | 45,463 | 44,512 |
| Interest payments | (11,124) | (12,897) |
| Net commission receipts | 5,722 | 4,874 |
| Trading income | 8,438 | 4,680 |
| Payments to employees | (5,589) | (5,211) |
| VAT on financial services | (6,282) | (2,957) |
| Receipts from other operating activities | 118 | 730 |
| Payments to other operating activities | (13,276) | (10,958) |
| Operating profit before change in operating assets and liabilities | 23,470 | 22,773 |
| (Increase)/decrease in operating assets | 75 500 | (100 500) |
| Balances with Central Bank of Sri Lanka | 75,522 | (132,536) |
| Financial assets at amortised cost - loans and advances | 19,504 | 3,191 |
| Treasury bills & bonds | 29,579 | 87,039 |
| Other assets | (13,741) 110,864 | (2,258) (44,564) |
| Increase/(decrease) in operating liabilities | | , |
| Financial liabilities at amortised cost - due to depositors | (95,819) | 178,256 |
| Financial liabilities at amortised cost - due to other borrowers | 3,363 | (25,789) |
| | 6,160 | (9,859) |
| Other liabilities | (200 200) | 142,608 |
| | (86,296) 48,038 | 120,817 |
| Other liabilities | | |
| Other liabilities Net cash (used in) generated from operating activities before income tax | 48,038 | 120,817 |
| Other liabilities Net cash (used in) generated from operating activities before income tax Income tax paid Net cash (used in)/from operating activities Cash flows from investing activities | 48,038 (9,198) 38,840 | 120,817 (2,938) 117,879 |
| Other liabilities Net cash (used in) generated from operating activities before income tax Income tax paid Net cash (used in)/from operating activities Cash flows from investing activities Purchase of property, plant & equipment | 48,038 (9,198) | (2,938) |
| Other liabilities Net cash (used in) generated from operating activities before income tax Income tax paid Net cash (used in)/from operating activities Cash flows from investing activities | 48,038 (9,198) 38,840 | 120,817 (2,938) 117,879 |

| For the period ended 31 December | | Audited 202 Rs. /W | |
|---|------------|--|--|
| Profit/(loss) for the year | | 20,15 | |
| Items that will be reclassified to income statement | | | |
| Exchange differences on translation of foreign operations | | (11,12 | 5) 38,73 |
| Net gains/(losses) on cash flow hedges | | | - |
| Gains/(losses) on investments in debt instruments measured at fair value through other comprehensive income | | 83 | 35 83 |
| Share of profits of associates and joint ventures | | | - |
| Debit instruments at fair value through other comprehensive inco | ome | | |
| | | (10,29 | 0) 39,57 |
| Items that will not be reclassified to income statement 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 crea | dit | | |
| risk on financial liabilities designated at fair value through profit of | or loss | | - |
| Re-measurement of post-employment benefit obligations (Net of | Tax) | 49 | 99 (482 |
| Changes in revaluation (deficit) surplus (Net of Tax) | | 28 | 36 (26 |
| Share of profits of associates and joint ventures | | | - |
| Other comprehensive income for the period, net of taxes | | 78 | 35 (743 |
| Total comprehensive income for the period | | (9,50 | |
| Attributable to: Equity holders of the parent | F | <u>10,64</u> 10,64 | |
| Non-controlling interests | | | - |
| Selected Performance Indicators | | | |
| | | Audited 2023 | 20: |
| As at 31 December | | Rs. 'Mn | Rs. 'N |
| Regulatory Capital Adequacy (LKR Millions) | | | |
| Common Equity Tier 1 | | 85,252 | 62,89 |
| Core (Tier 1) Capital | | 85,252 | 62,89 |
| Total Capital Base | | 89,332 | 68,40 |
| Regulatory Capital Ratios Common Equity Tier 1 Capital Ratio (Minimum Requirement, 7%) | | 23.43% | 15.77 |
| Tier 1 Capital Ratio (Minimum Requirement, 8.5%) | | 23.43% | 15.77 |
| Total Capital Ratio (Minimum Requirement, 12.5%) | | 24.55% | 17.17 |
| Note- Audited Capital Adequacy Ratio (2022) - 17.78%, Amended CAR post to the statutory a | udit (2022 | 2) - 17.17% | |
| | | As at 31 23 December | As at 2022 Decemb |
| Regulatory Liquidity | 204 | Lo December | 2022 Decemb |
| Statutory Liquid Assets (LKR Millions) | | | |
| Domestic banking unit | | 132,648 | 219,94 |
| Off-shore banking unit | | 188,341 | 184,30 |
| Total Bank | | 322,416 | 404,2 |
| Statutory Liquid Assets Ratio | | | |
| Domestic banking unit | | 49.96% | 52.23 |
| Off-shore banking unit | | 109.40% | 121.47 |
| Total Bank (Minimum Requirement, 20%) | | 73.00% | 70.54 |
| Total Stock of High-Quality Liquid Assets (LKR Millions) | | | |
| Rupee | | 105,809 | 199,10 |
| All currency | | 106,206 | 199,64 |
| Liquidity Coverage Ratio Rupee (Minimum Requirement - 100%) | | 163.00% | 297.00 |
| All currency (Minimum Requirement - 100%) | | 251.85% | 500.40 |
| Net Stable Funding Ratio - (Minimum Requirement - 100%) | | 144.43% | 162.79 |
| Leverage Ratio - (Minimum Requirement - 3%) | | 13.14% | 8.27 |
| Assets Quality (Quality of Loan Portfolio) | | | |
| Impaired Loans (Stage 3) Ratio | | 3.35% | 4.59 |
| Impairment (Stage 3) to Stage 3 Loans Ratio | | 13.38% | 6.32 |
| Profitability | | | |
| Interest Margin | | 5.99% | 5.08 |
| | | 5.27% | 1.49 |
| Return on Assets (before tax) | | 17.74% | 8.73 |
| Return on Assets (before tax) Return on Equity | | | |
| Return on Equity | | | |
| Return on Equity | | Audited 2022 | ۵۰۰۰ ۲۰۰۰ ۲۰۰۰ |
| Return on Equity | As a | Audited 2023 t 31 December Rs. 'Mn | As at 31 Decemb |
| Return on Equity Analysis of Deposits | As a | | As at 31 Decemb |
| Return on Equity Analysis of Deposits By product - Domestic Currency | As a | t 31 December Rs. 'Mn | As at 31 Decemb Rs. 'N |
| Return on Equity Analysis of Deposits By product - Domestic Currency Demand deposits (current accounts) | As a | t 31 December Rs. 'Mn 35,824 | As at 31 Decemb Rs. 'M 37,63 |
| Return on Equity Analysis of Deposits By product - Domestic Currency Demand deposits (current accounts) Savings deposits | As a | t 31 December Rs. 'Mn 35,824 56,610 | As at 31 Decemb Rs. 'N 37,63 72,02 |
| Return on Equity Analysis of Deposits By product - Domestic Currency Demand deposits (current accounts) Savings deposits Fixed deposits | As a | t 31 December Rs. 'Mn 35,824 56,610 90,532 | As at 31 Decemb Rs. 'M 37,63 72,02 118,46 |
| Return on Equity Analysis of Deposits By product - Domestic Currency | As a | t 31 December Rs. 'Mn 35,824 56,610 | Audited 200 As at 31 Decemb Rs. "M 37,63 72,02 118,46 2,64 |

| Ву | product | - | Foreign | Currency |
|----|---------|---|---------|----------|
|----|---------|---|---------|----------|

(325)

(247)

| Statement of Financial Position | | |
|--|--|---|
| As at 31 December | Audited 2023 Rs. 'Mn | Audited 2 Rs. |
| Assets Cash and cash equivalents | 218,143 | 113. |
| Balances with the CBSL | 88,041 | 163 |
| Placements with banks | 11.337 | |
| Derivative financial instruments | 1,011 | |
| Financial assets measured at fair value through profit or loss | 24 | |
| Financial assets at amortised cost- loans and advances | 210,214 | 227 |
| Financial assets at amortised cost- debt instruments | 94 | |
| Financial assets measured at fair value through other | | |
| comprehensive income | 19,662 | 43, |
| Retirement benefit obligations surplus | 86 | |
| Property, plant and equipment | 5,518 | 5, |
| Deferred tax assets | 1,286 | 4, |
| Other assets | 31,012 | 29 |
| Total assets | 586,428 | 663 |
| Liabilities | | |
| Due to banks | 38,359 | 34 |
| Derivative financial instruments | 229 | |
| Financial liabilities at amortised cost- due to depositors | 372,448 | 468, |
| Retirement benefit obligations | - | |
| Current tax liabilities | 6,349 | 7, |
| Other liabilities | 46,494 | 37 |
| Total liabilities | 463,879 | 548, |
| Equity | 403,873 | 540, |
| Stated capital/Assigned capital | 3,152 | 3, |
| Statutory reserve fund | 3,152 | 2, |
| Retained earnings | 72,239 | 2, 54, |
| Other reserves | 44.006 | 54, 54, |
| Total shareholders' equity | 122,549 | 54, |
| Total equity | 122,549 | 114, |
| | | |
| Total equity and liabilities Contingent liabilities and commitments | 586,428 442,170 | 663, 482, |
| - | 112,000 | 102 |
| Memorandum information Number of employees | 747 | |
| Number of branches | 13 | |
| Analysis of loans and advances, commitments, conting | encies and impairment | t |
| Product-wise gross loans and advances | Audited 2023 | Audited 2 Rs. |
| As at 31 December | Rs. 'Mn | ns. |
| By product - Domestic Currency Overdrafts | 41,378 | 16, |
| Term loans | 45,313 | 10, |
| Credit cards | 21,089 | 19, |
| Trade loans | 537 | 13, |
| Sub total | 108,317 | 56, |
| | | |
| By product - Foreign Currency | | |
| Overdrafts | 7,421 | 9, |
| Term loans | 63,056 | 111, |
| Trade loans | 36,261 | 59, |
| Sub total Total | 106,738 215,055 | 179, 236, |
| | 213,000 | 200, |
| | | |
| Stage-wise impairment on loans & advances | Audited 2023 Rs. 'Mn | |
| Stage-wise impairment on loans & advances Gross loans and advances | | Rs. |
| Gross loans and advances Less: accumulated impairment under stage 1 | Rs. 'Mn | Rs. / 236, |
| Gross loans and advances Less: accumulated impairment under stage 1 accumulated impairment under stage 2 | Rs. 'Mn 215,055 (745) (2,984) | Rs. ' 236,; (6 (7,9 |
| Gross loans and advances Less: accumulated impairment under stage 1 | Rs. 'Mn 215,055 (745) | Rs. ' 236,: (6 (7,9 (7,9 |
| Gross loans and advances Less: accumulated impairment under stage 1 accumulated impairment under stage 2 accumulated impairment under stage 3 Net value of loans and advances | Rs. 'Mn 215,055 (745) (2,984) (1,112) 210,214 | Rs. / 236, (6 (7,9 (7 227, |
| Gross loans and advances Less: accumulated impairment under stage 1 accumulated impairment under stage 2 accumulated impairment under stage 3 | Rs. 'Mn 215,055 (745) (2,984) (1,112) | Rs. 236, (6 (7,9 (7 227, Audited 2 |
| Gross loans and advances Less: accumulated impairment under stage 1 accumulated impairment under stage 2 accumulated impairment under stage 3 Net value of loans and advances Movement of impairment on loans and advances during the period Under stage 1 | Rs. 'Mn 216,065 (745) (2,984) (1,112) 210,214 Audited 2023 Rs. 'Mn | Rs. / 236, (6 (7,9 (7 227,/ Audited 2 Rs. / |
| Gross loans and advances Less: accumulated impairment under stage 1 accumulated impairment under stage 2 accumulated impairment under stage 3 Net value of loans and advances Movement of impairment on loans and advances during the period Under stage 1 Opening balance | Rs. 'Mn 215,055 (745) (2,984) (1,112) 210,214 Audited 2023 Rs. 'Mn 611 | Rs. 236, (6 (7,9 (7 227, 227, Audited 2 Rs. |
| Cross loans and advances Less: accumulated impairment under stage 1 accumulated impairment under stage 2 accumulated impairment under stage 3 Net value of loans and advances during the period Under stage 1 Opening balance Charge/(write back) to income statement Other movements | Rs. 'Mn 215,055 (745) (2,984) (1,112) 210,214 Audited 2023 Rs. 'Mn 611 (85) 219 | Rs. 236, (6 (7,9 (7 7,227, 7 Audited 2 Rs. |
| Cross loans and advances Less: accumulated impairment under stage 1 accumulated impairment under stage 2 accumulated impairment under stage 3 Net value of loans and advances Movement of impairment on loans and advances during the period Under stage 1 Opening balance Charge(Wwite back) to income statement Other movements Closing balance | Rs. 'Mn 215,055 (745) (2,984) (1,112) 210,214 Audited 2023 Rs. 'Mn 611 (85) | Rs. 236, (6 (7,9 (7 7,227, 7 Audited 2 Rs. |
| Cross loans and advances Less: accumulated impairment under stage 1 accumulated impairment under stage 2 accumulated impairment under stage 3 Net value of loans and advances during the period Under stage 1 Opening balance Charge/(write back) to income statement Other movements | Rs. 'Mn 215,055 (745) (2,984) (1,112) 210,214 Audited 2023 Rs. 'Mn 611 (85) 219 | Rs. 236, (6 (7,9 (7 2227, Audited 2 Rs. |
| Cross loans and advances Less: accumulated impairment under stage 1 accumulated impairment under stage 2 accumulated impairment under stage 3 Net value of loans and advances Movement of impairment on loans and advances during the period Under stage 1 Opening balance Charge(/write back) to income statement Other movements Closing balance Under stage 2 Opening balance Charge(/write back) to income statement | Rs. 'Mn 215,055 (745) (2,984) (1,112) 210,214 Audited 2023 Rs. 'Mn 611 (85) 219 7,455 7,962 (4,917) | Rs. 236, (6 (7,9 (7 227, Audited 2 Rs. |
| Gross loans and advances Less: accumulated impairment under stage 1 accumulated impairment under stage 2 accumulated impairment under stage 3 Net value of loans and advances Movement of impairment on loans and advances during the period Under stage 1 Opening balance Charge/(write back) to income statement Other movements Closing balance Charge/(write back) to income statement Other movements | Rs. 'Mn 215,055 (745) (2,984) (1,112) 210,214 Audited 2023 Rs. 'Mn 611 (85) 219 745 7,962 (4,917) (61) | Rs. 236, (6 (7,9 (7,227, Audited 2 Rs. 5, 1, |
| Cross loans and advances Less: accumulated impairment under stage 1 accumulated impairment under stage 2 accumulated impairment under stage 3 Net value of loans and advances Movement of impairment on loans and advances during the period Under stage 1 Opening balance Charge/(write back) to income statement Other movements Closing balance Charge/(write back) to income statement Other movements Closing balance Charge/(write back) to income statement Other movements Closing balance Charge/(write back) to income statement Other movements Closing balance | Rs. 'Mn 215,055 (745) (2,984) (1,112) 210,214 Audited 2023 Rs. 'Mn 611 (85) 219 7,455 7,962 (4,917) | Rs. 236, (6 (7,9 (7,227, Audited 2 Rs. 5, 1, |
| Cross loans and advances Less: accumulated impairment under stage 1 accumulated impairment under stage 2 accumulated impairment under stage 3 Net value of loans and advances Movement of impairment on loans and advances Under stage 1 Opening balance Charge/(write back) to income statement Other movements Closing balance Under stage 2 Opening balance Charge/(write back) to income statement Other movements Closing balance Under stage 3 | Rs. 'Mn 215,055 (745) (2,984) (1,112) 210,214 Audited 2023 Rs. 'Mn 611 (85) 219 745 7,962 (4,917) (61) 2,984 | Rs. 236, (6 (7,9 (7,227, Audited 2 Rs. 5, 1, |
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| Cross loans and advances Less: accumulated impairment under stage 1 accumulated impairment under stage 2 accumulated impairment under stage 3 Net value of loans and advances Under stage 1 Opening balance Charge/(write back) to income statement Other movements Closing balance Under stage 2 Opening balance Charge/(write back) to income statement Other movements Closing balance Under stage 3 Opening balance Under stage 3 Opening balance Charge/(write back) to income statement Other movements Closing balance | Rs. 'Mn 215,055 (745) (2,984) (1,112) 210,214 Audited 2023 Rs. 'Mn 611 (85) 219 745 7,962 (4,917) (61) 2,984 731 250 131 | Rs. 236, (6 (7,9 (7 2227, Audited 2 Rs. 5, 1, 7, |
| Cross loans and advances Less: accumulated impairment under stage 1 accumulated impairment under stage 2 accumulated impairment under stage 3 Net value of loans and advances Movement of impairment on loans and advances Under stage 1 Opening balance Charge/(write back) to income statement Other movements Closing balance Under stage 2 Opening balance Charge/(write back) to income statement Other movements Closing balance Under stage 3 Opening balance Under stage 3 Opening balance Charge/(write back) to income statement Other movements Closing balance Under stage 3 Opening balance Charge/(write back) to income statement Other movements Closing balance Clasing balance Charge/(write back) to income statement Other movements Closing balance Charge/write back) to income statement Other movements Closing balance Charge/write back) to income statement Other movements Closing balance Charge/write back) to income statement Other movements Closing balance Charge/write back) to income statement Other movements Closing balance Charge/write back) to income statement Other movements Closing balance Charge/write back) to income statement Other movements Closing balance Charge/write back) to income statement Other movements Closing balance Charge/write back) to income statement Other movements Closing balance Charge/write back) to income statement Other movements Closing balance | Rs. 'Mn 215,055 (745) (2,984) (1,112) 210,214 Audited 2023 Rs. 'Mn 611 (85) 219 745 7,962 (4,917) (61) 2,984 731 250 131 1,112 | Rs. 236, (6 (7,9 (7,7 227, Audited 2 Rs. 5, 1, 7, |
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| Gross loans and advances Less: accumulated impairment under stage 1 accumulated impairment under stage 2 accumulated impairment under stage 3 Net value of loans and advances Movement of impairment on loans and advances Under stage 1 Opening balance Charge/(write back) to income statement Other movements Closing balance Charge/(write back) to income statement Other movements Closing balance Under stage 2 Opening balance Charge/(write back) to income statement Other movements Closing balance Under stage 3 Opening balance Charge/(write back) to income statement Other movements Closing balance Closing balance Closing balance Total impairment Product-wise commitments and contingencies As at 31 December By product - Domestic Currency | Rs. 'Mn 215,055 (745) (2,984) (1,112) 210,214 Audited 2023 Rs. 'Mn 611 (85) 219 745 7,962 (4,917) (61) 2,984 731 250 131 4,841 Audited 2023 Rs. 'Mn | Rs. 236, (6 (7,9 (7,2227, Audited 2 Rs. 5, 1, 7, 7, 9 9 9 Audited 2 Rs. |
| Gross loans and advances Less: accumulated impairment under stage 1 accumulated impairment under stage 2 accumulated impairment under stage 3 Net value of loans and advances Movement of impairment on loans and advances during the period Under stage 1 Opening balance Charge/(write back) to income statement Other movements Closing balance Under stage 2 Opening balance Charge/(write back) to income statement Other movements Closing balance Under stage 3 Opening balance Charge/(write back) to income statement Other movements Closing balance Under stage 3 Opening balance Charge/(write back) to income statement Other movements Closing balance Total impairment Product-wise commitments and contingencies As at 31 December | Rs. 'Mn 215,055 (745) (2,984) (1,112) 210,214 Audited 2023 Rs. 'Mn 611 (85) 219 745 7,962 (4,917) (61) 2,984 731 250 131 1,112 Audited 2023 | Rs. 236, (6 (7,9 (7,2227, Audited 2 Rs. 5, 1, 7, 7, 9 9 9 Audited 2 Rs. |
| Gross loans and advances Less: accumulated impairment under stage 1 accumulated impairment under stage 2 accumulated impairment under stage 3 Net value of loans and advances Movement of impairment on loans and advances Under stage 1 Opening balance Charge/(write back) to income statement Other movements Closing balance Under stage 2 Opening balance Charge/(write back) to income statement Other movements Closing balance Under stage 3 Opening balance Charge/(write back) to income statement Other movements Closing balance Charge/(write back) to income statement Other movements Closing balance Charge/(write back) to income statement Other movements Closing balance Total impairment Product-wise commitments and contingencies As at 31 December By product - Domestic Currency Performance bonds Letters of credit Guarantees | Rs. 'Mn 215,055 (745) (2,984) (1,112) 210,214 Audited 2023 Rs. 'Mn 611 (85) 219 745 7,962 (4,917) (61) 2,984 731 250 131 4,841 | Rs. 236, (6 (7,9) (7 Audited 2 Rs. 5, 1, 7, Audited 2 Rs. 9 9 14, 4, |
| Cross loans and advances Less: accumulated impairment under stage 1 accumulated impairment under stage 2 accumulated impairment under stage 3 Net value of loans and advances Movement of impairment on loans and advances during the period Under stage 1 Opening balance Charge/(write back) to income statement Other movements Closing balance Under stage 2 Opening balance Charge/(write back) to income statement Other movements Closing balance Charge/(write back) to income statement Other movements Closing balance Charge/(write back) to income statement Other movements Closing balance The stage 3 Opening balance Charge/(write back) to income statement Other movements Closing balance Total impairment Froduct-wise commitments and contingencies As at 31 December By product - Domestic Currency Performance bonds Letters of credit Guarantees Undersundes | Rs. 'Mn 215,055 (745) (2,984) (1,112) 210,214 Audited 2023 Rs. 'Mn 611 (85) 219 745 7,962 (4,917) (61) 2,984 731 250 131 1,112 Audited 2023 Rs. 'Mn 11,137 142 4,491 110,387 | Rs. 236, (6 (7.9 (7.9 227, Audited 2 Rs. 5, 1, 7, 7, 7, 7, 9 9 9 9 9 9 9 9 9 9 1 4, 4, 14, 120, |
| Gross loans and advances Less: accumulated impairment under stage 1 accumulated impairment under stage 2 accumulated impairment under stage 3 Net value of loans and advances Movement of impairment on loans and advances during the period Under stage 1 Opening balance Charge/(write back) to income statement Other movements Closing balance Under stage 2 Opening balance Charge/(write back) to income statement Other movements Closing balance Under stage 3 Opening balance Charge/(write back) to income statement Other movements Closing balance Under stage 3 Opening balance Closing balance Under stage 3 Opening balance Closing balance Closing balance Closing balance Closing balance Total impairment Performance commitments and contingencies As at 31 December By product - Domestic Currency Performance bonds | Rs. 'Mn 215,055 (745) (2,984) (1,112) 210,214 Audited 2023 Rs. 'Mn 611 (85) 219 745 7,962 (4,917) (61) 2,984 731 250 131 4,841 4,841 4,841 11,137 142 4,491 100,387 24,506 | Rs. 236, (6 (7.9 (7.9 227, Audited 2 Rs. 5, 1, 7, 7, 7, 7, 9 9 9 9 9 9 9 9 9 9 1 4, 4, 14, 120, |
| Cross loans and advances Less: accumulated impairment under stage 1 accumulated impairment under stage 2 accumulated impairment under stage 3 Net value of loans and advances Movement of impairment on loans and advances during the period Under stage 1 Opening balance Charge/(write back) to income statement Other movements Closing balance Under stage 2 Opening balance Charge/(write back) to income statement Other movements Closing balance Charge/(write back) to income statement Other movements Closing balance Charge/(write back) to income statement Other movements Closing balance The stage 3 Opening balance Charge/(write back) to income statement Other movements Closing balance Total impairment Froduct-wise commitments and contingencies As at 31 December By product - Domestic Currency Performance bonds Letters of credit Guarantees Undersundes | Rs. 'Mn 215,055 (745) (2,984) (1,112) 210,214 Audited 2023 Rs. 'Mn 611 (85) 219 745 7,962 (4,917) (61) 2,984 731 250 131 1,112 Audited 2023 Rs. 'Mn 11,137 142 4,491 110,387 | Audited 2 Rs. ' 236; (6 (7,9) (7 227,1) Audited 2 Rs. ' 5, 1, 7, 7, 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 14, 14, 14, 120, 0, 10, 150, 150, 150, 150, 150, 150, |
| Gross loans and advances Less: accumulated impairment under stage 1 accumulated impairment under stage 2 accumulated impairment under stage 3 Net value of loans and advances Movement of impairment on loans and advances during the period Under stage 1 Opening balance Charge/(write back) to income statement Other movements Closing balance Under stage 2 Opening balance Closing balance Under stage 3 Opening balance Closing balance Total impairment Perdouct-wise commitments and contingencies As at 31 December Performance bonds Letters of credit Guarantees Undrawn loan commitment Foreign exchange contracts Other oncommitment Foreign exchange contracts | Rs. 'Mn 215,055 (745) (2,984) (1,112) 210,214 Audited 2023 Rs. 'Mn 611 (85) 219 745 (4,917) (61) 2,984 731 250 131 1,112 Audited 2023 Rs. 'Mn 4,841 Audited 2023 Rs. 'Mn 11,137 142 4,491 110,387 24,506 50 | Rs. / 236; (6 (7,9) (7 Audited 2 Rs. / 5, 1, 7, Audited 2 Rs. / 9 Audited 2 Rs. / 11, 7, 12, 14, 120, 10, |
| Gross loans and advances Less: accumulated impairment under stage 1 accumulated impairment under stage 2 accumulated impairment under stage 3 Net value of loans and advances Movement of impairment on loans and advances during the period Under stage 1 Opening balance Charge/(write back) to income statement Other movements Closing balance Under stage 2 Opening balance Closing balance Under stage 3 Opening balance Closing balance Under stage 3 Opening balance Closing balance Under stage 3 Opening balance Closing balance Closing balance Total impairment Product-wise commitments and contingencies As at 31 December Py product - Domestic Currency Performance bonds Letters of credit Guarantees Undrawn loan commitment Foreign exchange contracts Other oncoal scounts Sub total By product - F | Rs. 'Mn 215,055 (745) (2,984) (1,112) 210,214 Audited 2023 Rs. 'Mn 611 (85) 219 745 (4,917) (61) 2,984 731 250 131 1,112 Audited 2023 Rs. 'Mn 4,841 Audited 2023 Rs. 'Mn 11,137 142 4,491 110,387 24,506 50 | Rs. / 236; (6 (7,9) (7 Audited 2 Rs. / 5, 1, 7, 9 Audited 2 Rs. / 114, 114, 114, |
| Gross loans and advances Less: accumulated impairment under stage 1 accumulated impairment under stage 2 accumulated impairment under stage 3 Net value of loans and advances Movement of impairment on loans and advances during the period Under stage 1 Opening balance Charge(/write back) to income statement Other movements Closing balance Under stage 2 Opening balance Charge(/write back) to income statement Other movements Closing balance Under stage 3 Opening balance Charge(/write back) to income statement Other movements Closing balance Total impairment Product-wise commitments and contingencies As at 31 December By product - Domestic Currency Performance bonds Letters of credit Guarantees Undrawn loan commitment Foreign exchange contracts Other more ponds Letters of credit By product - Foreign Currency Performance bonds | Rs. 'Mn 215,055 (745) (2,984) (1,112) 210,214 Audited 2023 Rs. 'Mn 611 (85) 219 745 7,962 (4,917) (61) 2,984 731 2,984 731 250 131 1,112 Audited 2023 Rs. 'Mn 11,137 142 4,491 110,387 24,506 50 150,713 73,704 | Rs. / 236, / (6 (7,9) (7,227,/ Audited 2 Rs. / 5, 1, 7, 7, 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 |
| Gross loans and advances Less: accumulated impairment under stage 1 accumulated impairment under stage 2 accumulated impairment under stage 3 Net value of loans and advances Movement of impairment on loans and advances during the period Under stage 1 Opening balance Charge/(write back) to income statement Other movements Closing balance Under stage 2 Opening balance Charge/(write back) to income statement Other movements Closing balance Under stage 3 Opening balance Charge/(write back) to income statement Other movements Closing balance Under stage 3 Opening balance Charge/(write back) to income statement Other movements Closing balance Total impairment Perdouct-wise commitments and contingencies As at 31 December Py product - Domestic Currency Performance bonds Letters of credit Guarantees Undrawn loan commitment <td< td=""><td>Rs. 'Mn 215,055 (745) (2,984) (1,112) 210,214 Audited 2023 Rs. 'Mn 611 (85) 219 7,45 7,962 (4,917) (61) 2,984 731 250 131 4,841 </td><td>Rs. / 236; (6 (7,9) (7 Audited 2 Rs. / 5, 1, 7, 9 9 Audited 2 Rs. / 114, 34, 114, 34, 114, 34, 55,</td></td<> | Rs. 'Mn 215,055 (745) (2,984) (1,112) 210,214 Audited 2023 Rs. 'Mn 611 (85) 219 7,45 7,962 (4,917) (61) 2,984 731 250 131 4,841 | Rs. / 236; (6 (7,9) (7 Audited 2 Rs. / 5, 1, 7, 9 9 Audited 2 Rs. / 114, 34, 114, 34, 114, 34, 55, |
| Gross loans and advances Less: accumulated impairment under stage 1 accumulated impairment under stage 2 accumulated impairment under stage 3 Net value of loans and advances Movement of impairment on loans and advances during the period Under stage 1 Opening balance Charge(/write back) to income statement Other movements Closing balance Under stage 2 Opening balance Charge(/write back) to income statement Other movements Closing balance Under stage 3 Opening balance Charge(/write back) to income statement Other movements Closing balance Total impairment Product-wise commitments and contingencies As at 31 December By product - Domestic Currency Performance bonds Letters of credit Guarantees Undrawn loan commitment Foreign exchange contracts Other more ponds Letters of credit By product - Foreign Currency Performance bonds | Rs. 'Mn 215,055 (745) (2,984) (1,112) 210,214 Audited 2023 Rs. 'Mn 611 (85) 219 745 7,962 (4,917) (61) 2,984 731 2,984 731 250 131 1,112 Audited 2023 Rs. 'Mn 11,137 142 4,491 110,387 24,506 50 150,713 73,704 | Rs. 236, (6 (7,9 (7,9 227, Audited 2 Rs. 5, 1, 7, 7, 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 |
| Gross loans and advances Less: accumulated impairment under stage 1 accumulated impairment under stage 2 accumulated impairment under stage 3 Net value of loans and advances Movement of impairment on loans and advances during the period Under stage 1 Opening balance Charge/(write back) to income statement Other movements Closing balance Under stage 2 Opening balance Charge/(write back) to income statement Other movements Closing balance Under stage 3 Opening balance Charge/(write back) to income statement Other movements Closing balance Total impairment Product-wise commitments and contingencies As at 31 December Py product - Domestic Currency Performance bonds Letters of credit Guarantees Undrawn loan commitment Foreign exchange contracts Other ontrae accounts Sub total By product - Foreign Currency Performance bonds | Rs. 'Mn 215,055 (745) (2,984) (1,112) 210,214 Audited 2023 Rs. 'Mn 611 (85) 219 745 7,962 (4,917) (61) 250 131 1,112 4,841 250 131 1,112 Audited 2023 Rs. 'Mn 11,137 142 4,491 110,387 24,506 50 150,713 73,704 30,059 3,984 128,176 36,643 18,891 | Rs. 236, (6 (7,5 (7,7) Audited 2 Rs. 5 5 5 5 7 7 4 4 4 2 7 7 7 7 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 |
| Gross loans and advances Less: accumulated impairment under stage 1 accumulated impairment under stage 2 accumulated impairment under stage 3 Net value of loans and advances Movement of impairment on loans and advances Under stage 1 Opening balance Charge/(write back) to income statement Other movements Closing balance Under stage 2 Opening balance Charge/(write back) to income statement Other movements Closing balance Under stage 3 Opening balance Charge/(write back) to income statement Other movements Closing balance Under stage 3 Opening balance Under stage 4 Under stage 5 | Rs. 'Mn 215,055 (745) (2,984) (1,112) 210,214 Audited 2023 Rs. 'Mn 611 (85) 219 745 7,962 (4,917) (61) 2,984 731 250 131 4,841 4,841 4,841 4,491 11,037 24,506 50 150,713 73,704 3,984 | Rs. 236 (((7,1) () 227 Audited 1 Rs. 5 1 7 7 5 1 7 7 7 8 8 8 8 8 8 8 8 8 14 4 120 10 114 34 6 120 120 120 120 120 120 120 120 120 120 |

| Lease payments in lieu of leases with more than | | | By product - Foreign Currency | | | Other contra accounts | 18,891 | 44,792 |
|---|----------|---------|------------------------------------|---------|---------|--|-------------------------|---------------------------|
| one year contract period | (148) | (334) | Demand deposits (current accounts) | 65,156 | 66,294 | Sub total Total | 291,457 442,170 | <u>332,451</u> 482,537 |
| Net cash (used in)/from financing activities | (148) | (334) | Savings deposits | 55,977 | 79,063 | | | |
| Net cash (used in// noni infancing activities | (148) | (554) | Fixed deposits | 64,961 | 78,561 | Stage-wise impairment on commitments and contingencies As at 31 December | Audited 2023 Rs. 'Mn | Audited 2022 Bs. 'Mn |
| Net increase/(decrease) in cash and cash equivalents | 38,367 | 117,298 | Other deposits | 2.095 | 13.591 | As at 51 December | ns. Will | N3. WIII |
| Cash and cash equivalents at the beginning of the period | 190,932 | 35,460 | | | | Gross commitments and contingencies | 442,170 | 482,537 |
| Exchange difference in respect of cash and cash equivalents | (11,125) | 38,174 | Sub total | 188,189 | 237,509 | Less: accumulated impairment under stage 1 | (346) | (229) |
| | | | Total | 372,448 | 468,266 | accumulated impairment under stage 2 accumulated impairment under stage 3 | (301) | (386) |
| Cash and cash equivalents at the end of the period | 218,174 | 190,932 | | 0,2,110 | 100,200 | Net commitments and contingencies | 441 523 | /81 922 |

| Analy | sis of Financial Instrum | nents by Measurement B | asis | | Anal | ysis of Financial Instrur | ments by Measurement | Basis | |
|---|---------------------------|--|---|------------------|--|---------------------------|---|---|------------------|
| For the period ended 31 December 2023 Audited | Amortised cost Rs. 'Mn | Fair value through profit and loss Rs. 'Mn | Fair value through other comprehensive income Rs. ′Mn | Total Rs. 'Mn | For the period ended 31 December 2022 Audited | Amortised cost Rs. ′Mn | Fair value through profit or loss Rs. 'Mn | Fair value through other comprehensive income Rs. 'Mn | Total Rs. ′Mn |
| Assets | | | | | Assets | | | | |
| Cash and cash equivalents | 218,143 | - | - | 218,143 | Cash and cash equivalents | 190,917 | - | - | 190,917 |
| Balances with CBSL | 88,041 | - | - | 88,041 | Balances with Central Banks | 163,152 | - | - | 163,152 |
| Placements with banks | 11,337 | - | - | 11,337 | Derivative financial instruments | - | 286 | _ | 286 |
| Derivative financial instruments | - | 1,011 | - | 1,011 | Loans and advances | 227,054 | | _ | 227,054 |
| Loans and advances | 210,214 | - | - | 210,214 | Debt instruments | 70 | 57 | 43.635 | 43.762 |
| Debt instruments | 94 | 24 | 19,662 | 19,780 | | /0 | 57 | 43,035 | 43,702 |
| Equity instruments | - | - | - | - | Equity instruments | - | - | - | - |
| Acceptance and endorsements | 24,265 | - | - | 24,265 | Acceptance and endorsements | 18,096 | - | - | 18,096 |
| Total financial assets | 552,094 | 1,035 | 19,662 | 572,791 | Total financial assets | 599,289 | 343 | 43,635 | 643,267 |
| Liabilities | | | | | Liabilities | | | | |
| Due to banks | 38,359 | - | - | 38,359 | | 04.000 | | | 04.000 |
| Derivative financial instruments | · · · · | 229 | - | 229 | Due to banks Derivative financial instruments | 34,996 | - 127 | - | 34,996 127 |
| Financial liabilities - due to depositors | 372,448 | _ | _ | 372,448 | Financial liabilities - due to depositors | 468,266 | 127 | - | 468,266 |
| Acceptance and endorsements | 24,525 | - | - | 24,525 | Acceptance and endorsements | 18,209 | - | _ | 18,209 |
| | | | | | | 10,200 | | | 10,200 |
| Total financial liabilities | 435,332 | 229 | - | 435,561 | Total financial liabilities | 521,471 | 127 | - | 521,598 |

| | | | | Statement of Change | s in Equity | | | | | | |
|---|---|---|--------------------------------|----------------------------|---|--|----------------------------|-------------------|---|-------------------|--|
| | | Stated Capital/Assi | gned Capital | | Rese | rves | | | | | |
| For the Period Ended 31 December 2023 Audited | Ordinary voting shares Rs. ′Mn | Ordinary non-voting shares Rs. 'Mn | Assigned capital Rs. 'Mn | Reserve fund Rs. ′Mn | fund reserve earnings reserves Total interest | Non-controlling interest Rs. 'Mn | Total equity Rs. 'Mn | | | | |
| Balance as at 01 January 2023 (Opening balance) | - | - | 3,152 | 2,997 | 2,684 | 54,766 | 51,382 | 114,981 | - | 114,981 | |
| Total comprehensive income for the year Profit/(loss) for the year (net of tax) Other comprehensive income (net of tax) | | - | - - | - | - 286 | 20,150 498 | (10,290) | 20,150 (9,506) | | 20,150 (9,506) | |
| Total comprehensive income for the year | - | - | - | - | 286 | 20,648 | (10,290) | 10,644 | - | 10,644 | |
| Transactions with equity holders recognised directly in equity Share issue/increase of assigned capital | _ | - | - | - | - | - | _ | - | _ | - | |
| Transfer to reserves during the period | - | - | - | 155 | - | (155) | (56) | (56) | - | (56) | |
| Dividends to equity holders | - | - | - | - | - | - | - | - | - | - | |
| Profit transferred to Head Office | - | - | - | - | - | (3,020) | - | (3,020) | - | (3,020) | |
| Others | - | - | - | - | - | - | - | - | - | - | |
| Total transactions with equity holders | - | - | - | 155 | - | (3,175) | (56) | (3,076) | - | (3,076) | |
| Balance as at 31 December 2023 (Closing balance) | - | - | 3,152 | 3,152 | 2,970 | 72,239 | 41,036 | 122,549 | - | 122,549 | |

The financial information summarised above for the twelve months ended 31st December 2023 is drawn up from the audited accounts of the Bank, prepared according to the Sri Lankan Accounting Standards. (SLFRS/LKAS).

These accounts were audited by Deloitte Partners. In their report of 30 May 2024, they have expressed an unqualified opinion of these accounts.

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.



Others

Net cash (used in)/from investing activities

Cash flows from financing activities

Mark Surgenor (Signed) Chief Executive Officer Angelo Pillai (Signed) Chief Financial Officer