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.

Summarised Income Statement

For the 6 months ended 30th June	2026 Rs. Mn	2025 Rs. Mn
Interest income	17,327	19,154
Interest expenses	(3,724)	(4,646)
Net interest income	13,603	14,508
Fee and commission income	3,566	3,805
Fee and commission expenses	(836)	(968)
Net fee and commission income	2,730	2,837
Net gains/(losses) from trading	4,479	2,657
Financial liabilities at fair value through profit or loss	(121)	-
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	17,597	246
Total operating income	38,288	20,248
Impairment / (charges) reversals	(860)	267
Net operating income	37,428	20,515
Personnel expenses	(2,228)	(2,917)
Depreciation and amortisation expenses	(196)	(263)
Other expenses	(8,868)	(6,676)
Operating profit/(loss) before VAT and other taxes on financial services	26,136	10,659
Value added tax (VAT) on financial services	(2,901)	(2,419)
Other taxes on financial services	-	-
Operating profit/(loss) after VAT and other taxes on financial services	23,235	8,241
Profit/(loss) before tax	23,235	8,241
Income tax expenses	(5,358)	(3,964)
Profit/(loss) for the period	17,877	4,276
Profit attributable to:		
Equity holders of the parent	17,877	4,276
Non-controlling interests	-	-

Statement of Comprehensive Income

For the 6 months ended 30th June	2026 Rs. Mn	2025 Rs. Mn
Profit/(loss) for the year	17,877	4,276
Items that will be reclassified to income statement		
Exchange differences on translation of foreign operations	8,012	1,381
Net gains/(losses) on cash flow hedges	-	-
Gains/(losses) on investments in debt instruments measured at fair value through other comprehensive income	(755)	366
Share of profits of associates and joint ventures	-	-
Debt instruments at fair value through other comprehensive income	-	-
	7,257	1,015
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 credit risk on financial liabilities designated at fair value through profit or loss	-	-
Re-measurement of post-employment benefit obligations	-	25
Changes in revaluation (deficit)/surplus (Net of Tax)	-	-
		25
Other comprehensive income/(loss) for the period, net of taxes	7,257	1,040
Total comprehensive income/(loss) for the period	25,134	5,316
Attributable to:		
Equity holders of the parent	25,134	5,316
Non-controlling interests	-	-

Statement of Financial Position

	As at 30th June 2026 Rs. Mn	As at 31st December 2025 Rs. Mn Audited
ASSETS		
Cash and cash equivalents	127,496	130,116
Balances with the Central Bank of Sri Lanka	17,618	29,310
Placements with banks	67,841	102,524
Derivative financial instruments	3,569	503
Financial assets measured at fair value through profit or loss	17,280	4,319
Financial assets at amortised cost - loans and advances	177,550	172,858
Financial assets at amortised cost - debt instruments	108	106
Financial assets measured at fair value through other comprehensive income	94,385	117,363
Property, plant and equipment	5,297	5,318
Deferred tax assets	-	1,050
Other assets	36,493	47,049
Assets classified under held for sale	-	36,624
Total assets	547,637	647,141
LIABILITIES		
Due to banks	55,501	32,480
Derivative financial instruments	569	341
Financial liabilities at amortised cost - due to depositors	277,914	279,035
Current tax liabilities	12,038	2,876
Retirement benefit obligations	160	162
Deferred tax liabilities	374	-
Other liabilities	45,838	59,499
Liabilities classified under held for sale	-	142,803
Total liabilities	392,394	517,198
EQUITY		
Stated capital/Assigned capital	3,152	3,152
Statutory reserve fund	3,152	3,152
Retained earnings	99,994	82,117
Other reserves	48,945	41,521
Total shareholders' equity	155,243	129,943
Non-controlling interests	-	-
Total equity	155,243	129,943
Total equity and liabilities	547,637	647,141
Contingent liabilities and commitments	778,074	503,712
Memorandum Information		
Number of Employees	271	690
Number of Branches	1	9

Selected Performance Indicators

	As at 30th June 2026	As at 31st December 2025
Regulatory Capital Adequacy (LKR Millions)		
Common Equity Tier 1	97,317	96,323
Tier 1 Capital	97,317	96,323
Total Regulatory Capital	99,625	98,827
Regulatory Capital Ratios (%)		
Common Equity Tier 1 Capital Ratio (%) (Minimum Requirement -7.0%)	26.12%	24.00%
Tier 1 Capital Ratio (%) (Minimum Requirement - 8.5%)	26.12%	24.00%
Total Capital Ratio (%) (Minimum Requirement - 12.5%)	26.74%	24.62%
BASEL111 Leverage Ratio (%) (Minimum Requirement - 3%)	16.13%	13.54%
Regulatory Liquidity Requirement		
Liquidity Coverage Ratio (%) (Minimum Requirement - 100%)		
Rupee (%)	346.00%	217.00%
All currency (%)	369.02%	337.50%
Net Stable Funding Ratio (%) (Minimum Requirement - 100%)	131.00%	149.00%
Assets Quality		
Impaired Loans (Stage 3) to Total Loans Ratio (%)	-	0.17%
Impairment (Stage 3) to Stage 3 Loans Ratio (%)	-	74.84%
Income & Profitability		
Interest Margin (%)	6.79%	8.25%
Return on Assets (Before Tax) (%)	4.51%	2.97%
Return on Equity (%)	18.90%	10.75%
Cost to Income Ratio (%)	29.49%	49.84%

Stagewise impairment on loans & advances

Stagewise impairment on loans & advances	As at 30th June 2026 Rs. Mn	As at 31st December 2025 Rs. Mn Audited
Gross loans and advances	178,782	205,713
Less: Accumulated impairment under stage 1	(630)	(725)
Accumulated impairment under stage 2	(603)	(726)
Accumulated impairment under stage 3	-	(286)
Net value of loans and advances	177,550	203,975

Due to Other Customers - By Product

	As at 30th June 2026 Rs. Mn	As at 31st December 2025 Rs. Mn Audited
By product - Domestic currency		
Demand deposits (current accounts)	38,341	48,837
Savings deposits	40,558	53,401
Fixed deposits	28,212	84,761
Other deposits	3,310	5,100
Sub total	110,421	192,100
By product - Foreign currency		
Demand deposits (current accounts)	79,888	67,318
Savings deposits	37,630	71,295
Fixed deposits	49,002	80,496
Other deposits	973	897
Sub total	167,493	220,006
Total	277,914	412,105

Statement of Cash Flows

For the period ended 30th June	2026 Rs. Mn	2025 Rs. Mn
Cash flows from operating activities		
Interest receipts	17,378	19,718
Interest payments	(5,545)	(1,823)
Net commission receipts	2,730	2,837
Trading income	1,554	2,048
Payments to employees	(2,260)	(3,046)
VAT/SSCL on financial services	(2,901)	(6,678)
Receipts from other operating activities	17,597	246
Payments to other operating activities	(8,868)	(6,676)
Operating profit before change in operating assets and liabilities	19,685	6,626
(Increase)/decrease in operating assets		
Balances with the Central Bank of Sri Lanka	1,483	929
Financial assets at amortised cost - loans & advances	26,880	(2,352)
Treasury Bills & Bonds	10,017	(59,728)
Other assets	11,849	(50,785)
	50,208	(10,366)
Increase/(decrease) in operating liabilities		
Financial liabilities at amortised cost - due to depositors	(134,191)	35,801
Financial liabilities at amortised cost - due to other borrowers	24,792	4,260
Other liabilities	(18,767)	6,141
	(128,166)	46,202
Net cash (used in)/generated from operating activities before income tax	(58,273)	42,463
Income tax paid	(997)	(2,334)
Net cash (used in)/from operating activities	(59,270)	40,128
Cash flows from investing activities		
Purchase of property, plant & equipment	(57)	(109)
Others - Disposal of Retail Business	17,575	-
Net cash (used in)/from investing activities	17,517	(109)
Cash flows from financing activities		
Lease payments in lieu of leases with more than 1 year contract period	(10)	(60)
Profit transferred to head office	-	-
Net cash (used in)/from financing activities	(10)	(60)
Net increase/(decrease) in cash and cash equivalents	(41,763)	39,959
Cash and cash equivalents at the beginning of the period	181,912	172,077
Exchange difference in respect of cash & cash equivalents	8,012	1,381
Foreign exchange gain from transactions with customer	88	71
Cash and cash equivalents at the end of the period	148,270	213,488

Analysis of loans and advances, commitments, contingencies and impairment

Product-wise gross loans & advances	As at 30th June 2026 Rs. Mn	As at 31st December 2025 Rs. Mn Audited
By product – Domestic currency		
Overdrafts	15,660	19,078
Term loans	56,512	60,646
Credit cards	161	22,209
Trade loans	1,927	1,163
Sub total	74,260	103,095
By product – Foreign currency		
Overdrafts	9,358	12,929
Term loans	35,652	36,517
Trade loans	59,513	53,172
Sub total	104,523	102,618
Total	178,782	205,713

Movement of impairment during the period	As at 30th June 2026 Rs. Mn	As at 31st December 2025 Rs. Mn Audited
Under stage 1		
Opening balance	725	813
Charge/(write back) to income statement	95	(89)
Other movements	-	1
Closing balance	630	725
Under stage 2		
Opening balance	726	559
Charge/(write back) to income statement	123	163
Other movements	-	4
Closing balance	603	726
Under stage 3		
Opening balance	286	1,019
Charge/(write back) to income statement	286	(733)
Other movements	-	1
Closing balance	-	286
Total impairment	1,233	1,738

Product-wise commitments and contingencies	As at 30th June 2026 Rs. Mn	As at 31st December 2025 Rs. Mn Audited
By product – Domestic currency		
Guarantees	4,692	2,636
Bonds	6,888	6,551
Letters of Credit	100	28
Undrawn Loan Commitments	81,665	115,574
Foreign Exchange Contracts	40,215	15,885
Other Contra Accounts	-	543
Sub total	133,560	141,217
By product – Foreign currency		
Guarantees	12,263	11,892
Bonds	48,668	46,018
Letters of Credit	57,687	48,560
Undrawn Loan Commitments	121,716	106,836
Foreign Exchange Contracts	185,727	53,098
Other Contra Accounts	218,454	96,091
Sub total	644,515	362,495
Total	778,075	503,712

Stage-wise impairment on commitments and contingencies	As at 30th June 2026 Rs. Mn	As at 31st December 2025 Rs. Mn Audited
Gross commitments and contingencies	778,074	503,712
Less: Accumulated impairment under stage 1	(152)	(147)
Accumulated impairment under stage 2	(279)	65
Accumulated impairment under stage 3	-	-
Net commitments and contingencies	777,643	503,630

Analysis of Financial Instruments by Measurement Basis

For the period ended 30th June 2026	Amortised cost Rs. Mn	Fair value through profit or loss Rs. Mn	Fair value through other comprehensive income Rs. Mn	Total Rs. Mn
ASSETS				
Cash and cash equivalents	127,496	-	-	127,496
Balances with central banks	17,618	-	-	17,618
Placements with banks	67,841	-	-	67,841
Derivative financial instruments	-	3,569	-	3,569
Loans and advances	177,550	-	-	177,550
Debt instruments	108	17,280	94,385	111,773
Equity instruments	-	-	-	-
Acceptances & Endorsements	54,016	-	-	54,016
Total financial assets	444,630	20,849	94,385	559,864
LIABILITIES				
Due to banks	55,501	-	-	55,501
Derivative financial instruments	-	569	-	569
Financial liabilities - due to depositors	277,914	-	-	277,914
Financial liabilities - due to other borrowers	-	-	-	-
Acceptances & Endorsements	54,016	-	-	54,016
Total financial liabilities	387,431	569	-	388,000

Analysis of Financial Instruments by Measurement Basis

For the period ended 31st December 2025	Amortised cost Rs. Mn	Fair value through profit or loss Rs. Mn	Fair value through other comprehensive income Rs. Mn	Total Rs. Mn
ASSETS				
Cash and cash equivalents	130,116	-	-	130,116
Balances with central banks	29,310	-	-	29,310
Placements with banks	102,524	-	-	102,524
Derivative financial instruments	-	503	-	503
Loans and advances	203,975	-	-	203,975
Debt instruments	106	4,319	117,363	121,789
Acceptances & Endorsements	36,936	-	-	36,936
Total financial assets	502,968	4,823	117,363	625,154
LIABILITIES				
Due to banks	32,480	-	-	32,480
Derivative financial instruments	-	341	-	341
Financial liabilities - due to depositors	412,105	-	-	412,105
Financial liabilities - due to other borrowers	-	-	-	-
Acceptances & Endorsements	36,936	-	-	36,936
Total financial liabilities	481,522	341	-	481,863

Statement of Changes in Equity

For the period ended 30th June 2026	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
Balance as at 01 January 2026 (Opening balance)	-	-	3,152	3,152	3,076	82,117	38,445	129,943
Total comprehensive income for the year								
Profit/(loss) for the year (net of tax)	-	-	-	-	-	17,877	-	17,877
Other comprehensive income (net of tax)	-	-	-	-	-	-	7,424	7,424
Total comprehensive income for the year	-	-	-	-	-	17,877	7,424	25,301
Transactions with equity holders, recognised directly in equity								
Share issue/increase of assigned capital	-	-	-	-	-	-	-	-
Transfers to reserves during the period	-	-	-	-	-	-	-	-
Profit transferred to head office	-	-	-	-	-	-	-	-
Gain/(loss) on revaluation of Property, Plant and Equipment (if cost method is adopted)	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-
Total transactions with equity holders	-	-	-	-	-	-	-	-
Balance as at 30th June 2026 (Closing balance)	-	-	3,152	3,152	3,076	99,994	45,869	155,243

		FITCH		MOODY'S		STANDARD & POOR'S	
		RATING	OUTLOOK	RATING	OUTLOOK	RATING	OUTLOOK
The Hongkong and Shanghai Banking Corporation Ltd	Long Term/Senior	A+	Stable	A3	Stable	A-	Stable
	Short Term	F1+	-	P-2	-	A-2	-

The financial information summarised above for the six months ended 30 June 2026 is drawn up from the un-audited financial statements 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 Sri Lanka 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.

HSBC

(Signed)
Mark Surgenor
Chief Executive Officer
31st August 2026

(Signed)
Angelo Pillai
Chief Financial Officer