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.

For the period ended 30 June	2022	2021
	Rs. 'Mn	Rs. 'Mr
Interest income	16,530	9,526
Interest expenses	(4,802)	(3,202
Net interest income	11,728	6,32
Fee and commission income	2,924	2,10
Fee and commission expenses	(876)	(581
Net fee and commission income	2,048	1,52
Net gains/(losses) from trading	1,499	1,75
Net fair value gains/(losses) on:	-	
Financial assets at fair value through profit or loss	(11)	(3
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	29	1
Total operating income	15,293	9,61
Impairment (charges) / reversals	(3,727)	99
Net operating income	11,566	10,60
Personal expenses	(2,203)	(1,855
Depreciation and amortisation expenses	(296)	(263
Other expenses	(5,301)	(3,777
Operating profit/(loss) before VAT and other taxes		
on financial services	3,766	4,71
Value added tax (VAT) on financial services	(944)	(737
Other taxes on financial services	(8)	(27
Operating profit/(loss) after VAT and other taxes		
on financial services	2,814	3,95
Share of profits of associates and joint ventures	-	
Profit/(loss) before tax	2,814	3,95
Income tax expenses	(2,146)	(1,277
Profit/(loss) for the period	668	2,67
Profit attributable to:		
Equity holders of the parent	668	2,67
Non-controlling interests	_	

	2022 As at 30 June Rs. 'Mn	Audited 2021 As at 31 December Rs.'Mr
Cash flows from operating activities		
Interest receipts	15,539	18,530
Interest payments	(6,028)	(6,209)
Net commission receipts	2,049	3,340
Trading income	1,488	2,660
Payments to employees	(2,141)	(3,652)
VAT on financial services	(788)	(905)
Receipts from other operating activities	250	535
Payments to other operating activities	(1,515)	(8,084)
Operating profit before change in operating assets and liabilities	8,854	6,214
(Increase)/decrease in operating assets		
Balances with Central Bank of Sri Lanka	(66,618)	(12,606)
Financial assets at amortised cost - loans and advances	(105,185)	(5,365)
Treasury bills & bonds	20,799	797
Other assets	20,138	(421)
	(130,866)	(17,595)
Increase/(decrease) in operating liabilities		
Financial liabilities at amortised cost - due to depositors	179,526	52,753
Financial liabilities at amortised cost - due to other borrowers	(2,076)	(27,518)
Other liabilities	(17,734)	4,357
	159,716	29,592
Net cash generated from operating activities before income tax	37,704	18,211
Income tax paid	(1,866)	(2,436)
Net cash (used in)/from operating activities	35,838	15,775
Cash flows from investing activities		
Purchase of property, plant & equipment	(34)	(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	(34)	(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	35,804	12,055
Cash and cash equivalents at the beginning of the period	35,460	20,412
Exchange difference in respect of cash and cash equivalents	28,994	2,993
Cash and cash equivalents at the end of the period	100,258	35,460

Statement of Comprehensive Income		
For the period ended 30 June	2022 Rs. 'Mn	2021 Rs. 'Mr
Profit/(loss) for the year	668	2,673
Items that will be reclassified to income statement		
Exchange differences on translation of foreign operations	36,706	2,470
Net gains/(losses) on cash flow hedges	-	-
Net gains/(losses) on investments in debt instruments measured at		
fair value through other comprehensive income	(4,606)	568
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	1,582	(136)
	33,682	2,902
Items that will not be reclassified to profit or loss		
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	(34)	(20)
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	-	
	(34)	(20)
Other comprehensive income for the period, net of taxes	33,648	2,882
Total comprehensive income for the period	34,316	5,555
Attributable to:		
Equity holders of the parent	34,316	5,555
Non-controlling interests	_	_

Selected Performance Indicators

	2022 As at 30 June Rs. 'Mn	Audited 2021 As at 31 December Rs.'Mr
Regulatory Capital Adequacy (LKR Millions)		
Common Equity Tier 1	58,333	62,121
Core (Tier 1) Capital	58,333	62,121
Total Capital Base	62,340	65,052
Regulatory Capital Ratios		
Common Equity Tier 1 Capital Ratio (Minimum Requirement, 6.5%)	13.91%	19.68%
Tier 1 Capital Ratio (Minimum Requirement, 8.0%)	13.91%	19.68%
Total Capital Ratio (Minimum Requirement, 12.0%)	14.87%	20.61%
	2022 As at 30 June	2021 As at 31 December
Regulatory Liquidity	AS at 30 June	As at 31 December
Statutory Liquid Assets (LKR Millions)		
Domestic banking unit	192,482	160,087
Off-shore banking unit	115,530	35,053
Statutory Liquid Assets Ratio (Minimum Requirement, 20%)		
Domestic banking unit	53.75%	58.02%
Off-shore banking unit	61.83%	29.80%
Total Stock of High-Quality Liquid Assets (LKR Millions)		
Rupee	207,144	135,246
All currency	207,513	135,277
Liquidity Coverage Ratio		
Rupee (Minimum Requirement - 100%)	269.00%	321.00%
All currency (Minimum Requirement - 100%)	312.56%	356.74%
Net Stable Funding Ratio - (Minimum Requirement - 100%)	147.00%	149.00%
Leverage ratio - (Minimum Requirement - 3%)	7.45%	10.66%
Assets Quality (Quality of Loan Portfolio)		
Impaired Loans (Stage 3) Ratio	0.34%	0.33%
Impairment (Stage 3) to Stage 3 Loans Ratio	139.71%	44.83%
Profitability		
Interest Margin	3.61%	2.96%
Return on Assets (before tax)	0.87%	1.27%
Return on Equity	2.69%	4.58%

Analysis of Deposits		
	2022 30 June	Audited 2021 As at 31 December
	Rs. 'Mn	Rs.'Mn
By product - Domestic Currency		
Demand deposits (current accounts)	41,386	35,356
Savings deposits	50,637	41,899
Fixed deposits	132,094	98,316
Other deposits	7,355	4,794
Sub total	231,472	180,365
By product - Foreign Currency		
Demand deposits (current accounts)	84,788	44,102
Savings deposits	73,828	30,707
Fixed deposits	64,762	26,902
Other deposits	14,686	7,934
Sub total	238,064	109,645
Total	469,536	290,010

Assets	As at 30 June Rs. 'Mn	Audited As at 31 December 202 Rs. 'Mr
Cash and cash equivalents	100,258	35,460
Balances with central bank	97,677	31,059
Placements with banks	36,190	
Derivative financial instruments	169	39
Financial assets measured at fair value through profit or loss	64	152
Financial assets designated at fair value through profit or loss	_	_
Financial assets at amortised cost - loans and advances	288,353	223,668
Financial assets at amortised cost - debt instruments	26,378	593
Financial assets measured at fair value through other	94,494	137,684
comprehensive income	1	
Investments in subsidiaries	_	-
Investments in associates and joint ventures	_	-
Property, plant and equipment	5,255	5,342
Investment properties	· -	· -
Goodwill and intangible assets	_	-
Deferred tax assets	1,573	189
Other assets	35,286	24,041
Total assets	685,697	458,227
Liabilities		
Due to banks	58,708	60,785
Derivative financial instruments	701	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	469,536	290,010
Financial liabilities at amortised cost - due to other borrowers	-	-
Due to subsidiaries	-	-
Retirement benefit obligations	-	-
Current tax liabilities	4,380	2,617
Deferred tax liabilities	-	-
Other provisions		
Other liabilities	48,857	33,866
Total liabilities	582,182	387,564
Equity	0.450	0.450
Stated capital/Assigned capital	3,152	3,152
Statutory reserve fund	2,783	2,783
Retained earnings	48,537	49,404
Other reserves	49,043	15,324
Total shareholders' equity	103,515	70,663
Non-controlling interests Total equity	103.515	70,663
Total equity Total equity and liabilities	685,697	458,227
Contingent liabilities and commitments	523,634	391,234
Memorandum information		
Number of employees	957	972
Number of branches	13	13

Number of branches	13	13		
Analysis of loans and advances, commitments, conting	encies and impairme	nt		
2022 Audited 20				
	30 June Rs. 'Mn	As at 31 December Rs. Mn		
	ns. IVIII	RS. IVIN		
Product-wise gross loans and advances				
By product - Domestic Currency				
Overdrafts	15.031	16.627		
Term loans	18,869	22,554		
Lease rentals receivable		· - I		
Credit cards	21,746	22,497		
Pawning	-			
Other loans	_			
Sub total	55,646	61,678		
By product - Foreign Currency				
Overdrafts	13,175	12,744		
Term loans	218,311	146,442		
Guarantees	-	-		
Bonds	-	-		
Other loans	6,486	4,986		
Sub total	237,972	164,172		
Total	293,618	225,850		
B 1 4 1 2 4 1 2 1	2022	Audited 2021		
Product-wise commitments and contingencies	30 June	As at 31 December		
	Rs. 'Mn	Rs. 'Mn		
By product - Domestic currency				
Guarantoos	20 244	19 264		

Product-wise commitments and contingencies	2022	Audited 2021
Froduct-wise commitments and contingencies	30 June	As at 31 December
	Rs. 'Mn	Rs.'Mn
By product - Domestic currency		
Guarantees	20,244	19,364
Bonds	5,895	8,035
Undrawn credit lines	96,179	90,857
Foreign exchange contracts	2,292	8,107
Other	335	21,831
Sub total	124,945	148,194
By product - Foreign Currency		
Guarantees	95,833	62,194
Bonds	24,770	21,744
Undrawn credit lines	113,831	99,045
Foreign exchange contracts	31,084	21,697
Other	133,171	38,360
Sub total	398,689	243,040
Total	523,634	391,234
Stage-wise impairment on loans & advances	2022 30 June Rs. 'Mn	Audited 2021 As at 31 December Rs. 'Mn

Total impairment	5,265	2,182
Closing balance	757	814
Other movements	-	-
Charge/(write back) to income statement	(57)	(248)
Opening balance	814	1,062
Under stage 3		
Closing balance	3,769	945
Other movements	578	36
Charge/(write back) to income statement	2,246	(373)
Under stage 2 Opening balance	945	1,282
Closing balance	/39	423
	739	15 423
Charge/(write back) to income statement Other movements	49	(181)
Opening balance	423 267	589
Under stage 1	400	F00
	Rs. 'Mn	Rs. 'Mn
Movement of impairment during the period	2022 30 June	Audited 2021 As at 31 December
Net value of loans and advances	200,333	223,000
Net value of loans and advances	288.353	223.668
accumulated impairment under stage 2 accumulated impairment under stage 3	(3,769)	(945) (814)
Less: accumulated impairment under stage 1	(739)	(423)
Gross loans and advances	293,618	225,850
	113. 14111	Rs.'Mn

Stage-wise impairment on commitments and contingencies	2022 30 June Rs. 'Mn	Audited 2021 As at 31 December Rs.'Mn
Commitments and contingencies Less: accumulated impairment under stage 1 accumulated impairment under stage 2 accumulated impairment under stage 3	523,634 (283) (58)	391,234 (40) (54)
Net commitments and contingencies	523,293	391,140

Analysis of Financial Instruments by Measurement Basis					
As at 30 June 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	100,258	-	-	100,258	
Balances with Central Banks	97,677	-	-	97,677	
Placements with banks	36,190	-	-	36,190	
Derivative financial instruments	-	169	-	169	
Loans and advances	288,353	-	-	288,353	
Debt instruments	26,378	64	94,494	120,936	
Equity instruments	-	-	-		
Acceptance and endorsements	1,171	-	-	1,171	
Total financial assets	550,027	233	94,494	644,754	
Liabilities					
Due to banks	58,708	_	_	58,708	
Derivative financial instruments	_	701	_	701	
Financial liabilities - due to depositors	469,536	-	_	469,536	
Financial liabilities - due to other borrowers	-	-	_		
Acceptance and endorsements	1,171	-	-	1,171	
Total financial liabilities	529,415	701		530,116	

Analysis of Financial Instruments by Measurement Basis						
As at 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	35,460	-	-	35,460		
Balances with Central Banks	31,059	-	-	31,059		
Placements with banks	-	-	-	-		
Derivative financial instruments	-	39	-	39		
Loans and advances	223,668	-	-	223,668		
Debt instruments	593	152	137,684	138,429		
Equity instruments	-	-	-	-		
Acceptance and endorsements	18,196	-	-	18,196		
Total financial assets	308,976	191	137,684	446,851		
Liabilities						
Due to banks	60,785		_	60,785		
Derivative financial instruments	-	286	_	286		
Financial liabilities - due to depositors	290,010	-	_	290,010		
Financial liabilities - due to other borrowers			_			
Acceptance and endorsements	18,196	-	-	18,196		
Total financial liabilities	368,991	286	-	369,277		

Stated Capital/Assigned Capital Stated Capital/Assigned Capital Reserve Revaluation Retained Part Pa											
Stated Capital/Assigned Capital Reserve Revaluation Restance Reserve Revaluation Restance Resultation R											
For the Period Ended 30 June 2022 Ordinary voting shares					Statement of Chan	ges in Equity					
Non-controlling shares Sa. Min	For the Period Ended 30 June 2022	Stated Capital/Assigned Capital			Reserves						
Adjusted for surcharge tax levied under the Surcharge Tax Act No. 14 of 2022 Adjusted Balance as at 01/01/2022 Adjusted Balance as at 01/01/2022 Total comprehensive income for the year Profit (toss) for the year (net of tax) Other comprehensive income for the year Total comprehe		voting shares	non-voting shares	capital	fund	reserve	earnings	reserves		interest	Tota equity Rs. 'Mr
Total comprehensive income for the year Profit (Joss) for the year (net of tax) Other comprehensive income (net of tax) Total comprehensive income (net of tax) T	Adjustment for surcharge tax levied under the Surcharge Tax Act	-	-	3,152	2,783	2,945		12,379	,,,,,,	-	70,66 3
Profit/(loss) for the year (net of tax)	Adjusted Balance as at 01/01/2022	_	_	3,152	2,783	2,945	47,888	12,379	69,147	-	69,147
Transactions with equity holders recognised directly in equity Share issue/increase of assigned capital	Profit/(loss) for the year (net of tax)		-	-	-	-			668	-	66 33,64
Share issue/increase of assigned capital - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - -	Total comprehensive income for the year	-	-	-	-	-	634	33,683	34,317	-	34,31
	Share issue/increase of assigned capital Transfer to reserves during the period Dividends to equity holders Profit transferred to head office Gain/(loss) on revaluation of property, plant and equipment (if cost method is adopted) Others	-	-				15 - - - -	- - -	-	- - -	- 5: - - - 5:
Balance as at 30/06/2022 (Closing balance) 3 152 2 783 2 945 46 537 46 698 103 515 - 1	Balance as at 30/06/2022 (Closing balance)		_	3,152	2,783	2,945	48,537	46.098	103,515	_	103,51

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

