## 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			Statement of Comprehensive Income	Statement of Financial Position				
For the period ended 31 December	<b>2022</b> 2021		For the period ended 31 December	2021	As at 31 December	2022 Rs. 'Mn	F	
	Rs. 'Mn	Rs. 'Mn		Rs. 'Mr		Assets Cash and cash equivalents	190,933	
Interest income	46,946	19,920	Profit/(loss) for the year	6,972	3,283	Balances with the CBSL	163,595	1
Interest expenses	(13,321)	(6,775)	Items that will be reclassified to income statement			Derivative financial instruments	286	1
Net interest income	33,625	13,145	Exchange differences on translation of foreign operations	38,738	2,194	Financial assets measured at fair value through profit or loss Financial assets at amortised cost- loans and advances	57 227,054	1
Fee and commission income	6,627	4,609				Financial assets at amortised cost- debt instruments	70	
Fee and commission expenses Net fee and commission income	(1,753)	(1,269) 3,340	Net gains/(losses) on investments in debt instruments measured a	t		Financial assets measured at fair value through other		
	4,074	0,040	fair value through other comprehensive income (Net of Tax)	837	(2,152)	comprehensive income Retirement benefit obligations surplus	43,635	
Net gains/(losses) from trading	4,685	2,676				Property, plant and equipment	5,233	
Net fair value gains/(losses) on:	-	-	Total	39,575	42	Deferred tax assets	4,355	
Financial assets at fair value through profit or loss Financial liabilities at fair value through profit or loss	(9)	(16)	Items that will not be reclassified to profit or loss			Other assets Total assets	28,553 663,771	
Net other operating income	220	61				Liabilities		1
Total operating income	43,395	19,206	Re-measurement of post-employment benefit obligations (Net of	Tax) (482)	300	Due to banks	34,996	1
Impairment (charges) / reversals	(12,480)	749	Changes in revaluation (deficit) / surplus (Net of Tax)	(261)	343	Derivative financial instruments	127	1
Net operating income	30,915	19,955				Financial liabilities at amortised cost- due to depositors Retirement benefit obligations	468,266 514	1
Paragnal avenues	(5,568)	(3,682)		(743)	643	Current tax liabilities	7,450	1
Personal expenses Depreciation and amortisation expenses	(5,566)	(602)	Other comprehensive income for the period, net of taxes	38,832		Other liabilities	37,436	1
Other expenses	(11,495)	(7,805)	other comprehensive income for the period, net of taxes	50,032	000			
			Total comprehensive income for the period	45,806	3,968	Total liabilities Equity	548,789	
Operating profit/(loss) before VAT and other taxes						Assigned capital	3,152	1
on financial services	13,266	7,866	Attributable to:			Statutory reserve fund	2,997	1
	(2.272)	(2.222)	Equity holders of the parent	45,806	3,968	Retained earnings Other reserves	54,766 54,066	1
Value Added Tax (VAT), Other taxes on financial services	(3,373)	(2,222)	Non-controlling interests	-	-	Total shareholders' equity	114,982	1
Profit/(loss) before tax	9,893	5,644	Selected Performance Indicators			Total equity Total equity and liabilities	114,982 663,771	
		- , -				Contingent liabilities and commitments	482,537	
Income tax expenses	(2,921)	(2,361)	As at 31 December	2022	2021			
						Memorandum information Number of employees	884	1
Profit/(loss) for the period	6,972	3,283	Regulatory Capital Adequacy (LKR Millions)			Number of branches	13	1
			Common Equity Tier 1	62,891	62,121			
Profit attributable to:			Core (Tier 1) Capital Total Capital Base	62,891 68,279	62,121 65,052	Analysis of loans and advances, commitments, contingen		π
Equity holders of the parent	6,972	3,283	Regulatory Capital Ratios	00,275	03,032	As at 31 December	2022 Rs.'Mn	
			Common Equity Tier 1 Capital Ratio (Minimum Requirement, 6.5%)	16.37%	19.68%	Product-wise gross loans and advances		1
Non-controlling interests	-	-	Tier 1 Capital Ratio (Minimum Requirement, 8.0%)	16.37%	19.68%	By product - Domestic Currency Overdrafts	16,159	
			Total Capital Ratio (Minimum Requirement, 12.0%)	17.78%	20.61%	Term loans Lease rentals receivable	19,873	
						Credit cards	20,435	1
			As at 31 December	Unaudited 2022	Unaudited 2021	Pawning Other loans		
Statement of Cash Flows			Regulatory Liquidity			Sub total	56,467	
For the Year ended 31 December	2022	2021	Statutory Liquid Assets (LKR Millions)			By product - Foreign Currency		1
	Rs. 'Mn	Rs. 'Mn	Domestic banking unit	219,945	160,087	Overdrafts	9,679	
Out flow from a still a still it.			Off-shore banking unit	184,362	35,053	Term loans Other loans	169,845 367	i ''
Cash flows from operating activities			Total Bank	404,212	195,140	Sub total	179,891	
Interest receipts	45,971	18,530	Statutory Liquid Assets Ratio			Total	236,358	:
Interest payments	(14,355)	(6,209)	Domestic banking unit	52.23%	58.02%		2022	
Net commission receipts	4,874	3,340	Off-shore banking unit Total Bank (Minimum Requirement, 20%)	121.47% 70.54%	29.80% 50.26%	Product-wise commitments and contingencies	Rs. 'Mn	
Trading income	4,680	2,660	Total Stock of High-Quality Liquid Assets (LKR Millions)	70.54%	50.26%	By product - Domestic Currency		1
Payments to employees	(5,211)	(3,652)	Rupee	199,108	135,246	Guarantees Bonds	16,861 2,309	1
VAT on financial services	(2,957)	(905)	All currency	199,645	135,246	Undrawn credit lines	105,379	1
Receipts from other operating activities	730	535	Liquidity Coverage Ratio	155,045	135,277	Foreign exchange contracts Other	10,119 181	1
Payments to other operating activities	(10,958)	(8,084)	Rupee (Minimum Requirement - 90%)	297.00%	321.00%	Sub total	134,849	
Operating profit before change in operating assets and liabilities	22,774	6,214	All currency (Minimum Requirement - 90%)	500.40%	356.74%	By product - Foreign Currency		1
(Increase)/decrease in operating assets			Net Stable Funding Ratio - (Minimum Requirement - 90%)	162.79%	149.00%	Guarantees	96,388 26,662	1
Balances with Central Bank of Sri Lanka	(132,536)	(12,606)	Leverage ratio - (Minimum Requirement - 3%)	8.27%	10.66%	Bonds Undrawn credit lines	121,137	1
Financial assets at amortised cost - loans and advances	3,191	(5,365)	Assets Quality (Quality of Loan Portfolio)			Foreign exchange contracts Other	27,662 75,839	1
Treasury bills & bonds	87,039	797	Impaired Loans (Stage 3) Ratio	4.59%	0.33%	Sub total	347,688	
Other assets	(2,258)	(421)	Impairment (Stage 3) to Stage 3 Loans Ratio	6.32%	44.83%	Total	482,537	
-	(44,564)	(17,595)	Profitability				2022	
Increase/(decrease) in operating liabilities			Interest Margin	5.08%	2.96%	Stage-wise impairment on loans & advances As at 31 December	Rs. 'Mn	1
Financial liabilities at amortised cost - due to depositors	178,256	52,753	Return on Assets (before tax)	1.49%	1.27%	Gross loans and advances	236,358	
Financial liabilities at amortised cost - due to other borrowers	(25,789)	(27,518)	Return on Equity	8.73%	4.58%	Less: accumulated impairment under stage 1	(611)	1
Other liabilities	(9,859)	4,357				accumulated impairment under stage 2 accumulated impairment under stage 3	(7,962) (731)	1
	142,608	29,592	Note: Profitability ratios are based on SLFRS data			Net value of loans and advances	227,054	
						Movement of impairment during the period	2022	
Net cash generated from operating activities before income tax	120,818	18,211				As at 31 December	2022 Rs. 'Mn	F
			Analysis of Deposits			Under stage 1	100	ĺ
Income tax paid	(2,938)	(2,436)				Opening balance Charge/(write back) to income statement	423 107	ĺ
Net cash (used in)/from operating activities	117,880	15,775	As at 31 December	2022	2021	Other movements Closing balance	81	
Cash flows from investing activities				Rs. 'Mn	Rs. 'Mn		611	
Purchase of property, plant & equipment	(247)	(93)	By product - Domestic Currency			Under stage 2 Opening balance	945	ĺ
Proceeds from sale of property, plant & equipment	-	-				Charge/(write back) to income statement	5,845	ĺ
Purchase of financial investments	-	-	Demand deposits (current accounts)	37,632	35,356	Other movements Closing balance	1,172 7,962	
Proceeds from sale and maturity of financial investments	-	-	Savings deposits	72,020	41,899		1,902	
Others		-	Fixed deposits	118,465	98,316	Under stage 3 Opening balance	814	i i
Net cash (used in)/from investing activities	(247)	(93)	Other deposits	2,641 230,758	4,794 180,365	Charge/(write back) to income statement	(80)	ĺ
Cash flows from financing activities				230,/30	100,000	Other movements Closing balance	3 731	<u> </u>
Lease payments in lieu of leases with more than one year contract period	(334)	_	By product - Foreign Currency			Total impairment	9,304	

Cash flows from financing activities						Closing balance	731	814
Lease payments in lieu of leases with more than one year contract period	(334)	-	By product - Foreign Currency			Total impairment	9,304	2,182
Profit transferred to head office	-	(3,627)		00 700	44.400			
Net cash (used in)/from financing activities	(334)	(3,627)	Demand deposits (current accounts)	62,726	44,102		2022	2021
		(1), 1	Savings deposits	68,876	30,707	Stage-wise impairment on commitments and contingencies As at 31 December	Rs. 'Mn	Rs. 'Mn
Net increase/(decrease) in cash and cash equivalents	117,299	12,055	Fixed deposits	78,481	26,902	As at 51 December	·	
Cash and cash equivalents at the beginning of the period	35,460	20,412	Other deposits	28,425	7,934	Gross commitments and contingencies	482,537	391,234
Exchange difference in respect of cash and cash equivalents	38,174	2.993				Less: accumulated impairment under stage 1	(185)	(31)
	00,	2,000	Sub total	237,508	109,645	accumulated impairment under stage 2	(382)	(13)
			Total	468,266	290,010	accumulated impairment under stage 3	-	-
Cash and cash equivalents at the end of the period	190,933	35,460				Not commitments and contingensies	491 070	201 100

Anal	Basis	Analysis of Financial Instruments by Measurement Basis							
For the period ended 31 December 2022	Amortised cost Rs. ′Mn	Fair value through profit or loss Rs. ′Mn	Fair value through other comprehensive income Rs. 'Mn	Total Rs. 'Mn	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					Assets				
Cash and cash equivalents	190,933	-	-	190,933	Cash and cash equivalents	35,460	-	-	35,460
Balances with Central Banks	163,595	-	-	163,595	Balances with CBSL	31,059	-	-	31,059
Derivative financial instruments	-	286	-	286	Placements with banks	-	-	-	-
Loans and advances	227,054	-	-	227,054	Derivative financial instruments	-	39	-	39
Debt instruments	70	57	43,635	43,762	Loans and advances	223,668	-	-	223,668
Equity instruments		-	-	-	Debt instruments	593	152	136,211	136,956
Acceptance and endorsements	18,209	-	-	18,209	Equity instruments	-	-	-	-
	,			,	Acceptance and endorsements	18,196	-	-	18,196
Total financial assets	599,861	343	43,635	643,839	Total financial assets	308,976	191	136,211	445,378
Liabilities					Liabilities				
Due to banks	34,996	-	-	34,996	Due to banks	60,785	-	-	60,785
Derivative financial instruments	-	127	-	127	Derivative financial instruments	_	286	-	286
Financial liabilities - due to depositors	468,266	-	-	468,266	Financial liabilities - due to depositors	290,010	_	-	290,010
Financial liabilities - due to other borrowers	-	-	-	-	Financial liabilities - due to other borrowers		-	-	
Acceptance and endorsements	18,209	-	-	18,209	Acceptance and endorsements	18,196	-		18,196
Total financial liabilities	521,471	127	-	521,598	Total financial liabilities	368,991	286	-	369,277

				Statement of Chang	es in Equity					
	Stated Capital/Assigned Capital			Reserves						
For the Period Ended 31 December 2022	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) Adjustment for surcharge tax levied under the Surcharge Tax Act No.14 of 2022	-	-	3,152	2,783	2,945	49,404 (1,516)	12,379	70,663 (1,516)	-	70,663 (1,516)
Adjusted balance as at 01/01/2022	-	-	3,152	2,783	2,945	47,887	12,379	69,147	-	69,147
Total comprehensive income for the year         Profit/(loss) for the year (net of tax)         Other comprehensive income (net of tax)         Total comprehensive income for the year	- -				(261) (261)	6,972 (482) <b>6,490</b>	39,575 <b>39,575</b>	6,972 38,832 <b>45,804</b>		6,972 38,832 <b>45,804</b>
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 Gain/(loss) on revaluation of Land and Building	- - -			215 _ _ _	- - -	388 - - -	(572) _ _ _	31 - - -		31 - - -
Others Total transactions with equity holders	-		-	_ 215	-	- 388	(572)	31		31
Balance as at 31/12/2022 (Closing balance)	-	-	3,152	2,997	2,684	54,766	51,382	114,982	-	114,982

The financial information summarised above for the twelve months ended 31 December 2022 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 PricewaterhouseCooper (PwC). In their report of 31 March 2023, they have expressed an unqualified opinion of these accounts. In addition, we have included a summary of the HSBC Group Corporate Governance Report.

2021 Rs. 'Mn 35,460 31,059 38 152 223,668 593 136,211 224 5,342 189 25,291 458,227

60,785 286 290,010 1,530 34,953 387,564 3,152 2,783 49,404 15,324 70,663 70,663 458,227 391,234

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2021 Rs. 'Mn

16,627 22,554 22,497 61,678

12,744 146,442 4,986

164,172 225,850

2021 Rs. 'Mn

19,364 8,035 90,857 8,107

21,831 148,194

62,194 21,744 99,045 21,697 38,360 243,040 391 234

391,234

2021 Rs. 'Mn

225,850 (423) (945) (814) 223,668

2021 Rs. 'Mn

1,282 (373) 36 945

1,062 (248)

814

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 audited financial statements of the Bank unless indicated as un-audited. (c) the information contained in these statements are true and correct to the best of our knowledge and belief.



Mark Surgenor (Signed) Chief Executive Officer

Angelo Pillai (Signed) Chief Financial Officer