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 period ended 30 June	2023	2022
	Rs. 'Mn	Rs. 'Mr
Interest income	23,886	16,408
Interest expenses	(5,674)	(4,680
Net interest income	18,212	11,72
Fee and commission income	3,783	2,92
Fee and commission expenses	(878)	(876
Net fee and commission income	2,905	2,04
Net gains/(losses) from trading	5,277	1,49
Net fair value gains/(losses) on:		
Financial assets at fair value through profit or loss	3	(11
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	35	2
Total operating income	26,432	15,29
Impairment (charges) / reversals	2,323	(3,727
Net operating income	28,755	11,56
Personal expenses	(2,966)	(2,203
Depreciation and amortisation expenses	(258)	(296
Other expenses	(5,895)	(5,301
Operating profit/(loss) before VAT and other taxes		
on financial services	19,636	3,76
Value Added Tax (VAT), on financial services	(4,033)	(944
Other taxes on financial services	(887)	3)
	(007)	(6
Operating profit/(loss) after VAT and other taxes		
on financial services	14,716	2,81
Income tax expenses	(6,804)	(2,146
Profit/(loss) for the period	7,912	66
Profit attributable to:		
	1	
Equity holders of the parent	7,912	66

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t cash generated from operating activities before income tax come tax paid (4,531) (1,866) t cash (used in)/from operating activities sh flows from investing activities rchase of property, plant & equipment rchase of financial investments rchase (89) (34) (34) (35) (34) (35) (36) (37) (37) (38) (39) (39) (30) (30) (30) (30) (31) (32) (33) (34) (34) (35) (34) (35) (36) (36) (37) (37) (38) (38) (38) (38) (38) (38) (38) (38	ther liabilities	7,195	(17,611)
t cash (used in)/from operating activities t cash (used in)/from operating activities sh flows from investing activities crease of property, plant & equipment crease of financial investments crease of financial investme		(90,727)	159,839
t cash (used in)/from operating activities sh flows from investing activities rchase of property, plant & equipment proceeds from sale of property, plant & equipment rchase of financial investments rchase of financial inve	et cash generated from operating activities before income tax	29,159	37,704
sh flows from investing activities rchase of property, plant & equipment proceeds from sale of property, plant & equipment rchase of financial investments proceeds from sale and maturity of financial investments proceeds from sale of property, plant & equipment proceeds from sale of property & equipment proceeds fro	ocome tax paid	(4,531)	(1,866)
rchase of property, plant & equipment proceeds from sale of property, plant & equipment proceeds from sale of property, plant & equipment proceeds from sale and maturity of financial investments proceeds from sale of financial	et cash (used in)/from operating activities	24,628	35,838
coceeds from sale of property, plant & equipment rchase of financial investments coceeds from sale and maturity of financial investments coceeds from sale of financial coceeds coceeds from sale of financial investments coceeds from sale and maturity o	ash flows from investing activities		
rchase of financial investments	urchase of property, plant & equipment	(89)	(34)
coceeds from sale and maturity of financial investments	roceeds from sale of property, plant & equipment	-	-
t cash (used in)/from investing activities the tash (used in)/from investing activities sh flows from financing activities idend paid to holders of other equity instruments se payments in lieu of leases with more than one year contract period offit transferred to Head Office thank (used in)/from financing activities the increase/(decrease) in cash and cash equivalents sh and cash equivalents at the beginning of the period 190,933 35,460	urchase of financial investments	-	-
t cash (used in)/from investing activities sh flows from financing activities idend paid to holders of other equity instruments se payments in lieu of leases with more than one year contract period offic (123) fit transferred to Head Office t cash (used in)/from financing activities t increase/(decrease) in cash and cash equivalents sh and cash equivalents at the beginning of the period (39) (34) (34) (34) (76) (123) (123) (123) (123) (123) (123) (123) (123) (123)	roceeds from sale and maturity of financial investments	-	-
sh flows from financing activities idend paid to holders of other equity instruments se payments in lieu of leases with more than one year contract period offit transferred to Head Office t cash (used in)/from financing activities (76) (123) t increase/(decrease) in cash and cash equivalents sh and cash equivalents at the beginning of the period 190,933 35,460	thers	-	-
idend paid to holders of other equity instruments se payments in lieu of leases with more than one year contract period offit transferred to Head Office t cash (used in)/from financing activities (76) (123) t increase/(decrease) in cash and cash equivalents shand cash equivalents at the beginning of the period 190,933 35,460	et cash (used in)/from investing activities	(89)	(34)
idend paid to holders of other equity instruments se payments in lieu of leases with more than one year contract period offit transferred to Head Office t cash (used in)/from financing activities (76) (123) t increase/(decrease) in cash and cash equivalents shand cash equivalents at the beginning of the period 190,933 35,460	ash flows from financing activities		
### Diffict transferred to Head Office	ividend paid to holders of other equity instruments	-	-
t cash (used in)/from financing activities (76) (123) t increase/(decrease) in cash and cash equivalents sh and cash equivalents at the beginning of the period 190,933 35,460	ease payments in lieu of leases with more than one year contract period	(76)	(123)
t increase/(decrease) in cash and cash equivalents 24,463 35,804 sh and cash equivalents at the beginning of the period 190,933 35,460		-	
sh and cash equivalents at the beginning of the period 190,933 35,460	et cash (used in)/from financing activities	(76)	(123)
3	et increase/(decrease) in cash and cash equivalents		
change difference in respect of cash and cash equivalents (14,879) 28,994	ash and cash equivalents at the beginning of the period		
sh and cash equivalents at the end of the period 200,517 100,258	xchange difference in respect of cash and cash equivalents ash and cash equivalents at the end of the period		

Statement of Comprehensive Income		
For the period ended 30 June	2023 Rs. 'Mn	2022 Rs. 'Mn
Profit/(loss) for the year	7,912	668
Items that will be reclassified to income statement Exchange differences on translation of foreign operations Gains/(losses) on cash flow hedges	(14,879) -	36,706
Gains/(losses) on investments in debt instruments measured at fair value through other comprehensive income Share of profits of associates and joint ventures	1,685	(4,606)
Debt instruments at fair value through other comprehensive income Other Less: Tax expense relating to debt instruments measured at	-	-
fair value through other comprehensive income	(545)	1,582
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 (Net of Tax) Changes in revaluation (deficit) / surplus (Net of Tax) Share of profits of associates and joint ventures	(13,739) - - 58 -	33,682 - - (34) -
Others	58	(34)
Other comprehensive income for the period, net of taxes	(13,681)	33,648
Total comprehensive income for the period	(5,769)	34,316
Attributable to:		
Equity holders of the parent	(5,769)	34,316
Non-controlling interests	-	-
Selected Performance Indicators		

Regulatory Capital Adequacy (LKR Millions)

Common Equity Tier 1

2022 As at 31 December Rs.'Mn

62,891

Productwise gross loans and advances

As at 30 June Rs.'Mn

61,458

Common Equity fier 1	01,430	02,001
Core (Tier 1) Capital	61,458	62,891
Total Capital Base	66,403	68,461
Regulatory Capital Ratios		
Common Equity Tier 1 Capital Ratio (Minimum Requirement, 6.5%)	16.70%	15.77%
Tier 1 Capital Ratio (Minimum Requirement, 8.0%)	16.70%	15.77%
Total Capital Ratio (Minimum Requirement, 12.0%)	18.05%	17.17%
Note: Audited Capital Adequacy ratio (2022) - 17.78%, Amended CAR pos	st to the statutory audi	t (2022) - 17.17%
	2023	2022
	As at 30 June	As at 31 December
Regulatory Liquidity		
Statutory Liquid Assets (LKR Millions)		
Domestic banking unit	137,182	219,945
Off-shore banking unit	178,599	184,362
Total Bank	302,068	404,212
Statutory Liquid Assets Ratio		
Domestic banking unit	49.00%	52.23%
Off-shore banking unit	90.00%	121.47%
Total Bank (Minimum Requirement, 20%)	63.68%	70.54%
Total Stock of High-Quality Liquid Assets (LKR Millions)		
Rupee	120,270	199,108
All currency	120,436	199,645
Liquidity Coverage Ratio		
Rupee (Minimum Requirement - 100%)	196.00%	297.00%
All currency (Minimum Requirement - 100%)	231.96%	500.40%
Net Stable Funding Ratio (%) - (Minimum Requirement - 100%)	120.54%	162.79%
Leverage ratio (%) - (Minimum Requirement - 3%)	9.59%	8.27%
Assets Quality (Quality of Loan Portfolio)		
Impaired Loans (Stage 3) Ratio	3.71%	4.59%
Impairment (Stage 3) to Stage 3 Loans Ratio	10.20%	6.32%
Profitability		
Interest Margin	6.23%	5.08%
Return on Assets (before tax)	5.03%	1.49%
Return on Equity	14.55%	8.73%

Analysis of Deposits						
	2023 As at 30 June Rs.'Mn	2022 As at 31 December Rs.'Mn				
By product - Domestic Currency						
Demand deposits (current accounts)	37,133	37,632				
Savings deposits	62,287	72,020				
Fixed deposits	92,916	118,465				
Other deposits	2,140	2,641				
Sub total	194,476	230,758				
By product - Foreign Currency						
Demand deposits (current accounts)	59,893	62,726				
Savings deposits	54,961	67,876				
Fixed deposits	77,465	78,481				
Other deposits	3,200	28,425				
Sub total	195,519	237,508				
Total	389,995	468,266				

Assets	2023 As at 30 June	Audited 2022 As at 31 December
Cash and cash equivalents	200.517	190,933
Balances with Central Bank	103,126	163,595
Placements with Banks	- 100/120	-
Derivative financial instruments	2.713	286
Financial assets measured at fair value through profit or loss	51	57
Financial assets designated at fair value through profit or loss	-	
Financial assets at amortised cost- loans and advances	200,608	227,054
Financial assets at amortised cost- debt instruments	69	70
Retirement benefit obligations surplus	-	-
Financial assets measured at fair value through other		
comprehensive income	21,397	43,635
Investments in subsidiaries	-	-
Investments in associates and joint ventures	-	-
Property, plant and equipment	5,064	5,233
Investment properties	-	-
Goodwill and intangible assets	-	-
Deferred tax assets	2,432	4,355
Other assets	34,296	28,553
Total assets	570,273	663,771
Liabilities		
Due to banks	15,345	34,996
Derivative financial instruments	134	127
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	389,995	468,266
Financial liabilities at amortised cost- due to other borrowers	· -	
Due to subsidiaries	-	-
Retirement benefit obligations	494	514
Current tax liabilities	9,076	7,450
Deferred tax liabilities	-	-
Other provisions	-	-
Other liabilities	49,036	37,436
Total liabilities	464,080	548,789
Equity		
Stated capital/Assigned capital	3,152	3,152
Statutory reserve fund	2,997	2,997
Retained earnings	59,716	54,766
Other reserves	40,328	54,066
Total shareholders' equity	106,193	114,982
Non-controlling interests Total equity	106,193	114.982
Total equity Total equity and liabilities	570,273	663,771
Contingent liabilities and commitments	448,342	482,537
Memorandum information	440,342	402,557
Number of employees	764	884
Number of branches	13	13

2023

Audited 2022

Productwise gross loans and advances		
By product - Domestic Currency		
Overdrafts	31,704	16,159
Term Loans	42,147	19,873
Lease rentals receivable	· _	_
Credit cards	19.971	19,942
Trade loans	856	493
Other loans	000	433
Sub total	95,678	56,467
By product - Foreign currency		
Overdrafts Term loans	8,546	9,679
	75,727	111,189
Guarantees Trade loans	28.801	
Other loans	20,001	58,656
Sub total	113,074	367 179,891
Total	208,752	236,358
Total	200,752	230,338
		A
Productwise commitments and contingencies	2023	Audited 2022
	As at 30 June	As at 31 December
By product - Domestic Currency		
Guarantees	9,116	16,861
Bonds	7,951	2,309
Undrawn credit lines	102,584	105,379
Foreign exchange contracts	31,346	10,119
Other	32	181
Sub total	151,029	134,849
By product - Foreign Currency		
Guarantees	31,336	96,388
Bonds	53,206	26,662
Undrawn credit lines	108,384	121,137
Foreign exchange contracts	72,066	27,662
Other	32,322	75,839
Sub total	297,314	347,688
Total	448,342	482,537
	0000	A
Stagewise impairment on loans & advances	2023	Audited 2022
•	As at 30 June	As at 31 December
Gross loans and advances	208,752	236,358
Less: accumulated impairment under stage 1	(625)	(611)
accumulated impairment under stage 2	(6,639)	(7,962)
accumulated impairment under stage 3	(880)	(731)
Net value of loans and advances	200,608	227,054
Movement of impairment during the period	2023	Audited 2022
	As at 30 June	As at 31 December
Hadanata and		

Under stage 2		
Opening balance	7,962	945
Charge/(write back) to income statement	(1,399)	5,845
Write-off during the year	-	-
Other movements	76	1,172
Closing balance	6,639	7,962
Under stage 3		
Opening balance	731	814
Charge/(write back) to income statement	187	(80
Other movements	(38)	(3
Closing balance	880	731
Total impairment	8,145	9,304
Stagewise impairment on commitments and contingencies	2023	Audited 2022
Stagewise impairment on commitments and contingencies	As at 30 June	As at 31 December
Gross commitments and contingencies	448,342	482,537
Less: accumulated impairment under stage 1	(274)	(185
accumulated impairment under stage 2	(574)	(382
accumulated impairment under stage 3	_	-
Net commitments and contingencies	447 494	481 970

Stagewise impairment on Investments and other Financial	2023 As at 30 June	Audited 2022 As at 31 December
	As at 30 June	As at 31 December
Gross Investment and Other Financial Assets	349,237	385,696
Less: accumulated impairment under stage 1	(22)	(387)
accumulated impairment under stage 2	(2,655)	(4,547)
accumulated impairment under stage 3	(971)	(1,101)
Closing balance	345,589	379,660

Allaly	sis of Financial Instrur	ments by Measurement	Dasis	
For the period ended 30 June 2023	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	200,517	-	-	200,517
Balances with Central Bank	103,126	-	-	103,126
Placements with banks	-	-	-	-
Derivative financial instruments	-	2,713	-	2,713
Loans and advances	200,608	-	-	200,608
Debt instruments	69	51	21,397	21,517
Equity instruments	-	-	-	-
Acceptance and endorsements	25,873	-	-	25,873
Total financial assets	530,193	2,764	21,397	554,354
Liabilities				
Due to banks	15,345	-	-	15,345
Derivative financial instruments	-	134	-	134
Financial liabilities - due to depositors	389,995	-	-	389,995
Financial liabilities - due to other borrowers	-	-	-	-
Acceptance and endorsements	25,873	-	-	25,873
Total financial liabilities	431,213	134	-	431,347

Analysis of Financial Instruments by Measurement Basis								
For the period ended 31 December 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	190,933	-	-	190,933				
Balances with Central Bank	163,595	-	-	163,595				
Placements with Banks	-	-	-	-				
Derivative financial instruments	-	286	-	286				
Loans and advances	227,054	-	-	227,054				
Debt instruments	70	57	43,635	43,762				
Equity instruments	-	-	-	-				
Acceptance and endorsements	18,209	-	-	18,209				
Total financial assets	599,861	343	43,635	643,839				
Liabilities								
Due to banks	34,996	-	-	34,996				
Derivative financial instruments		127	-	127				
Financial liabilities - due to depositors	468,266	-	-	468,266				
Financial liabilities - due to other borrowers	-	-	-	-				
Acceptance and endorsements	18,209	-	-	18,209				
Total financial liabilities	521,471	127	-	521,598				

Under stage 1
Opening balance
Charge/(write back) to income statement
Other movements
Closing balance

Statement of Changes in Equity										
		Stated Capital/Assigned Capital			Res	erves				
For the Period Ended 30 June 2023	Ordinary	Ordinary								
	voting	non-voting	Assigned	Reserve	Revaluation	Retained	Other		Non-controlling	Total
	shares	shares	capital	fund	reserve	earnings	reserves	Total	interest	equity
	Rs. 'Mn	Rs. 'Mn	Rs. 'Mn	Rs. 'Mn	Rs. 'Mn	Rs. 'Mn	Rs. 'Mn	Rs. 'Mn	Rs. 'Mn	Rs. 'Mn
Balance as at 01/01/2023 (Opening balance)	-	-	3,152	2,997	2,684	54,766	51,382	114,982	-	114,982
Total comprehensive income for the year										
Profit/(loss) for the year (net of tax)	_	-	-	_	-	7,912	-	7,912	-	7,912
Other comprehensive income (net of tax)	-	-	-	-	-	58	(13,739)	(13,681)	-	(13,681)
Total comprehensive income for the year	-	-	-	-	-	7,970	(13,739)	(5,769)	-	(5,769)
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	-	-	-	-	-	(3,020)	-	(3,020)	-	(3,020)
Gain/(loss) on revaluation of Property, Plant and Equipment (if cost method is adopted)	_	_	_	_	_	_	_	_	_	_
(iii oost matica ia aaaptaa)										
Others	-	-	-	-	-	-	-	-	-	-
Total transactions with equity holders	-	-	_	-	-	(3,020)	-	(3,020)	-	(3,020)
Balance as at 30/06/2023 (Closing balance)	-	-	3,152	2,997	2,684	59,716	37,643	106,193	-	106,193

The financial information summarised above for the six months ended 30 June 2023 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:
(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.

