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.

Summarised Income Statement		
For the period ended 30 September	2023 Rs. 'Mn	2022 Rs. 'Mn
Interest income	34,370	30,266
Interest expenses	(7,981)	(8,183)
Net interest income	26,389	22,083
Fee and commission income	5,615	4,740
Fee and commission expenses	(1,314)	(1,277)
Net fee and commission income	4,301	3,463
Net gains/(losses) from trading	7,462	3,063
Net fair value gains/(losses) on:	-	-
Financial assets at fair value through profit or loss	(28)	(12)
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	59	97
Total operating income	38,183	28,694
Impairment (charges) / reversals	6,655	(8,713)
Net operating income	44,838	19,981
Personal expenses	(4,376)	(3,357)
Depreciation and amortisation expenses	(387)	(455)
Other expenses	(9,326)	(7,934)
Operating profit/(loss) before VAT and other taxes		
on financial services	30,749	8,235
Value added tax (VAT) on financial services	(6,588)	(2,712)
Other taxes on financial services	(1,242)	(63)
Operating profit/(loss) after VAT and other taxes on financial services	22,919	5,460
Share of profits of associates and joint ventures	_	-
Profit/(loss) before tax	22,919	5,460
Income tax expenses	(10,997)	(971)
Profit/(loss) for the period	11,922	4,489
Profit attributable to: Equity holders of the parent Non-controlling interests	11,922	4,489

	2023	2022
For the period ended 30 September	Rs. 'Mn	Rs. 'Mr
Cash flows from operating activities	20.000	05.000
Interest receipts	33,322	25,990
nterest payments	(8,899)	(7,059)
Net commission receipts	4,301	3,463
Trading income	7,462	3,051
Payments to employees	(4,177)	(3,291)
VAT on financial services	(4,251)	(1,096)
Receipts from other operating activities	79	523
Payments to other operating activities	(9,326)	(2,598
Operating profit before change in operating assets and liabilities	18,511	18,983
Increase)/decrease in operating assets		
Balances with Central Bank of Sri Lanka	44,194	(137,652)
Financial assets at amortised cost - loans and advances	39,337	(177,062)
Treasury bills & bonds	35,304	79,011
Other assets	2,335	6,943
	121,170	(228,760)
ncrease/(decrease) in operating liabilities		
Financial liabilities at amortised cost - due to depositors	(93,092)	202,406
Financial liabilities at amortised cost - due to other borrowers	(17,542)	(15,924)
Other liabilities	10,045	(28,320)
	(100,589)	158,162
	,,	
Net cash (used in)/generated from operating activities before income tax	39,092	(51,615)
Income tax paid	(7,650)	(1,087)
Net cash (used in)/from operating activities	31,442	(52,702)
Cash flows from investing activities		
Purchase of property, plant & equipment	(181)	(188)
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	(181)	(188)
Cash flows from financing activities		
Lease payment in lieu of leases with more than one year		
contract period	(105)	(123)
Net cash (used in)/from financing activities	(105)	(123)
		, , ,
Net increase/(decrease) in cash and cash equivalents	31,156	(53,013)
Cash and cash equivalents at the beginning of the period	190,933	35,460
Exchange difference in respect of cash and cash equivalents	(10,784)	44.022
Cash and cash equivalents at the end of the period	211,305	26,469

	2023	2022
For the period ended 30 September	Rs. 'Mn	Rs. 'Mn
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Interest receipts	33,322	25,990
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Other liabilities	10,045	(28,320)
other nubinities	(100,589)	158,162
	(100,000)	100,102
Net cash (used in)/generated from operating activities before income tax	39,092	(51,615)
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Income tax paid	(7,650)	(1,087)
·		
Net cash (used in)/from operating activities	31,442	(52,702)
Cash flows from investing activities	-	
Purchase of property, plant & equipment	(181)	(188)
Proceeds from sale of property, plant & equipment	_	_
Purchase of financial investments	_	_
Proceeds from sale and maturity of financial investments	_	_
Others	_	_
5.11.51.5		
Net cash (used in)/from investing activities	(181)	(188)
Cash flows from financing activities	(101)	(100)
Lease payment in lieu of leases with more than one year		
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Cash and cash equivalents at the beginning of the period	190,933	35,460
oaon and oaon equivalents at the beginning of the period	(10,784)	44,022
Exchange difference in respect of cash and cash equivalents		

Financial liabilities at amortised cost - due to other borrow	wers	(17,542) (15,924)	Profitability	
Other liabilities		10,04	5 (28,320)	Interest Margin	
		(100,589) 158,162	Return on Assets (before	tax)
				Return on Equity	
Net cash (used in)/generated from operating activities before income	tax	39,09	2 (51,615)		
				Note: Profitability ratios are b	ased o
Income tax paid		(7,650) (1,087)	Analysis of Deposits	
	-			Alialysis of Deposits	
Net cash (used in)/from operating activities		31,44	(52,702)		
Cash flows from investing activities					
Purchase of property, plant & equipment		(181) (188)		
Proceeds from sale of property, plant & equipment			_	By product - Domestic Curre	ency
Purchase of financial investments			_		
Proceeds from sale and maturity of financial investment	ts		_	Demand deposits (current ac	counts
Others	.		_	Savings deposits	
0.1.0.0				Fixed deposits	
Net cash (used in)/from investing activities	-	(181) (188)	Other deposits	
Cash flows from financing activities		(101)	(100)	Sub total	
Lease payment in lieu of leases with more than one ye	var				
	iai	(105)	(123)	By product - Foreign Curren	су
contract period	-		, , ,	☐ Demand deposits (current accepted)	counts
Net cash (used in)/from financing activities	-	(105) (123)	Savings deposits	
				Fixed deposits	
Net increase/(decrease) in cash and cash equivalents		31,15		Other deposits	
Cash and cash equivalents at the beginning of the peri		190,93		Sub total	
Exchange difference in respect of cash and cash equiva	lents	(10,784	44,022	Total	
Cash and cash equivalents at the end of the period		211,30	26,469	10101	
Analy	roio of I	Financial Instru	ments by Measurem	ant Posis	
Allaly	/515 01 1	rinanciai instru	•		
For the control of and all 20 Control on 2000			Fair value throug		
For the period ended 30 September 2023	_ A	mortised cost Rs. 'Mn	profit and los Rs. 'N		
Assets		113. 14111	113. 14	III III. IVIII	
Cash and cash equivalents		211,305			
Balances with Central Banks		119,453		- -	
Placements with banks		-		-	
Derivative financial instruments		-	76		
Loans and advances		191,074			
Debt instruments		75	2	23 13,649	
Equity instruments		10.001		-	
Acceptance and endorsements		19,961			
Total financial assets		541,868	78	36 13,649	
Liabilities					

Statement of Comprehensive Income		
For the period ended 30 September	2023 Rs. 'Mn	2022 Rs. 'Mn
Profit/(loss) for the year	11,922	4,489
Items that will be reclassified to income statement		
Exchange differences on translation of foreign operations	(10,784)	37,443
Net gains/(losses) on cash flow hedges	-	-
Net gains/(losses) on investments in debt instruments measured at		
fair value through other comprehensive income	1,349	(7,089)
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	(430)	1,350
	(9,865)	31,704
tems 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	80	(22)
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	_	_
	80	(22)
Other comprehensive income for the period, net of taxes	(9,785)	31,682
Total comprehensive income for the period	2,137	36,171
Attributable to:		
Equity holders of the parent	2,137	36,171
Non-controlling interests	_	_

2023 As at 30 September Rs.'Mn

Selected Performance Indicators

Regulatory Capital Adequacy (LKR Millions)		
Common Equity Tier 1	62,650	62,891
Core (Tier 1) Capital	62,650	62,891
Total Capital Base	66,835	68,461
Regulatory Capital Ratios		
Common Equity Tier 1 Capital Ratio (Minimum Requirement, 6.5%)	17.78%	15.77%
Tier 1 Capital Ratio (Minimum Requirement, 8.0%)	17.78%	15.77%
Total Capital Ratio (Minimum Requirement, 12.0%)	18.97%	17.17%
Note : Audited Capital Adequacy ratio (2022) - 17.78%, amended Co	AR post to the (2022) -	17.17%
	2023	2022
	As at 30 September	As at 31 December
Regulatory Liquidity		
Statutory Liquid Assets (LKR Millions)		
Domestic banking unit	155,946	219,94
Off-shore banking unit	186,733	184,36
Total Bank	342,350	404,21
Statutory Liquid Assets Ratio (Minimum Requirement, 20%)		
Domestic banking unit	54.39%	52.23
Off-shore banking unit	90.70%	121.47
Total Bank (Minimum Requirement, 20%)	69.00%	70.54
Total Stock of High-Quality Liquid Assets (LKR Millions)		
Rupee	130,632	199,10
All currency	130,962	199,64
Liquidity Coverage Ratio		
Rupee (Minimum Requirement - 100%)	224.00%	297.00
All currency (Minimum Requirement - 100%)	337.64%	500.40
Net Stable Funding Ratio - (Minimum Requirement - 100%)	149.93%	162.79
Leverage ratio - (Minimum Requirement - 3%)	9.87%	8.27
Assets Quality (Quality of Loan Portfolio)		
Impaired Loans (Stage 3) Ratio	3.87%	4.59
Impairment (Stage 3) to Stage 3 Loans Ratio	9.67%	6.32
Profitability		
Interest Margin	6.07%	5.089
Return on Assets (before tax)	5.27%	1.499
Return on Equity	14.38%	8.739

Analysis of Deposits			Under stage 1
	2023 As at 30 September Rs.'Mn	Audited 2022 As at 31 December Rs.'Mn	Opening balance Charge/(write back) to income statement Other movements Closing balance
By product - Domestic Currency			Under stage 2 Opening balance Charge/(write back) to income statement
Demand deposits (current accounts)	37,514	37,632	Other movements
Savings deposits	56,163	72,020	Closing balance
Fixed deposits	93,024	118,465	Under stage 3
Other deposits	1,668	2,641	Opening balance Charge/(write back) to income statement
Sub total	188,369	230,758	Other movements Closing balance
By product - Foreign Currency			Total impairment
Demand deposits (current accounts)	63,411	62,726	
Savings deposits	53,926	67,876	Stage-wise impairment on commitments and conting
Fixed deposits	66,645	78,481	
Other deposits	2,823	28,425	Commitments and contingencies Less: accumulated impairment under stage 1
Sub total	186,805	237,508	accumulated impairment under stage 1 accumulated impairment under stage 2
Total	375,174	468,266	accumulated impairment under stage 3
			Net commitments and contingencies
asis		Analy	rsis of Financial Instruments by Measurement Basis

	2023 As at 30 September	As at
Assets	Rs.'Mn	A3 at
Cash and cash equivalents	211,305	
Balances with central bank	119,453	
Placements with banks	-	
Derivative financial instruments	763	
Financial assets measured at fair value through profit or loss	23	
Financial assets designated at fair value through profit or loss	-	
Financial assets at amortised cost - loans and advances	191,074	
Financial assets at amortised cost - debt instruments	75	
Financial assets measured at fair value through other	13,649	
comprehensive income		
Investments in subsidiaries	-	
Investments in associates and joint ventures	-	
Property, plant and equipment	5,013	
Investment properties	-	
Goodwill and intangible assets	-	
Deferred tax assets	1,266	
Other assets	26,506	
Total assets	569,127	
Liabilities		
Due to banks	17,454	
Derivative financial instruments	537	
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	375,174	
Financial liabilities at amortised cost - due to other borrowers	-	
Due to subsidiaries	-	
Retirement benefit obligations	492	
Current tax liabilities	7,953	
Deferred tax liabilities	-	
Other provisions	-	
Other liabilities	53,419	
Total liabilities	455,029	
Equity		
Stated capital/Assigned capital	3,152	
Statutory reserve fund	2,997	
Retained earnings	63,748	
Other reserves	44,201	
Total shareholders' equity	114,098	
Non-controlling interests	444.000	
Total equity	114,098	
Total equity and liabilities Contingent liabilities and commitments	569,127 443,979	
•	443,979	
Memorandum information		
Number of employees Number of branches	764	
	13	

163,595

43,635

5,233

468,266

3,152 2,997 54,766 54,066 114,981

Analysis of loans and advances, commitments, contingencies and impairment				
Product-wise gross loans and advances	As at 30 September Rs.'Mn	Audited 2022 As at 31 December Rs.'Mn		
By product - Domestic Currency				
Overdrafts	26,507	16,159		
Term loans	41,788	19,873		
Credit cards	20,139	19,942		
Other loans	727	493		
Sub total	89,161	56,467		
By product - Foreign Currency				
Overdrafts	7,936	9,679		
Term loans	65,453	111,189		
Trade loans	34,305	58,656		
Other loans	-	367		
Sub total	107,694	179,891		
Total	196,855	236,358		
Decident color commitments and continue also	2023	Audited 2022		

Product-wise commitments and contingencies	As at 30 September Rs. Mn	Audited 202 As at 31 Decembe Rs.'Mi
By product - Domestic currency		
Guarantees	16,201	16,86
Bonds	1,486	2,30
Undrawn credit lines	110,640	105,37
Foreign exchange contracts	34,813	10,119
Other	147	18
Sub total	163,287	134,84
By product - Foreign Currency		
Guarantees	63,003	96,38
Bonds	16,645	26,66
Undrawn credit lines	123,795	121,13
Foreign exchange contracts	28,753	27,66
Other	48,496	75,83
Sub total	280,692	347,68
Total	443,979	482,53

Gross loans and advances	196,855	236,358
Less: accumulated impairment under stage 1	(684)	(611)
accumulated impairment under stage 2	(4,280)	(7,962)
accumulated impairment under stage 3	(817)	(731)
Net value of loans and advances	191,074	227,054
	2023	Audited 2022
Movement of impairment during the period	As at 30 September	As at 31 December
	Rs.'Mn	Rs.'Mn
Under stage 1		
Opening balance	611	423
Charge/(write back) to income statement	174	107
Other movements	(101)	81
Closing balance	684	611
Under stage 2		
Opening balance	7.962	945
Charge/(write back) to income statement	(3,965)	5,845
Other movements	283	1,172
	4,280	7,962

As at 30 September Rs.'Mn

Total Impairment	3,761	9,304
Stage-wise impairment on commitments and contingencies	2023 As at 30 September Rs.'Mn	Audited 2022 As at 31 December Rs.'Mn
Commitments and contingencies	443,979	482,537
Less: accumulated impairment under stage 1	(300)	(185)
accumulated impairment under stage 2	(504)	(382)
accumulated impairment under stage 3	-	-
Net commitments and contingencies	443,175	481,970

Analysis of Financial Instruments by Measurement Basis							
For the period ended 30 September 2023	Amortised cost Rs. 'Mn	Fair value through profit and loss Rs. 'Mn	Fair value through other comprehensive income Rs. 'Mn	Tota Rs. 'Mı			
Assets							
Cash and cash equivalents	211,305	-	-	211,305			
Balances with Central Banks	119,453	-	_	119,453			
Placements with banks	-	-	_	-			
Derivative financial instruments	_	763	_	763			
Loans and advances	191,074	-	_	191,074			
Debt instruments	75	23	13,649	13,747			
Equity instruments	_	-	_	-			
Acceptance and endorsements	19,961	-	-	19,961			
Total financial assets	541,868	786	13,649	556,303			
Liabilities							
Due to banks	17,454	-	_	17,454			
Derivative financial instruments		537	_	537			
Financial liabilities - due to depositors	375,174	_	_	375,174			
Financial liabilities - due to other borrowers	_	-	_	_			
Acceptance and endorsements	19,961	-	-	19,961			
Total financial liabilities	412,589	537	-	413,126			

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	Tota Rs. 'M
Assets				
Cash and cash equivalents	190,933	-	-	190,93
Balances with Central Banks	163,595	-	-	163,59
Placements with banks	-	-	-	
Derivative financial instruments	-	286	-	2
Loans and advances	227,054	-	-	227,0
Debt instruments	70	57	43,635	43,7
Equity instruments	-	-	-	
Acceptance and endorsements	18,209	-	-	18,2
Total financial assets	599,861	343	43,635	643,8
Liabilities				
Due to banks	34,996	-	_	34,9
Derivative financial instruments	-	127	_	1
Financial liabilities - due to depositors	468,266	-	-	468,2
Financial liabilities - due to other borrowers	_	-	-	
Acceptance and endorsements	18,209	-	-	18,2
Total financial liabilities	521,471	127	_	521,5

Stage-wise impairment on loans & advances

				Statement of Chang	jes in Equity					
For the Period Ended 30 September 2023	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	Non-controlling interest Rs. 'Mn	Total equity Rs. 'Mn
Balance as at 01/01/2023 (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)			-	-	-	11,922 80	(9,865)	11,922 (9,785)		11,922 (9,785
Total comprehensive income for the year	-	-	-	-	-	12,002	(9,865)	2,137	-	2,137
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 transferable to head office Gain/(loss) on revaluation of property, plant and equipment		- - - -	- - -	:	:	(3,020)		(3,020)		(3,020)
(if cost method is adopted) Others		-	-	-	-					
Total transactions with equity holders	-	-	-	-	-	(3,020)	-	(3,020)	-	(3,020
Balance as at 30/09/2023 (Closing balance)	-	-	3,152	2,997	2,684	63,748	41,517	114,098	_	114,098

The financial information summarised above for the nine months ended 30 September 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.

