

HSBC Bank (Singapore) Limited Annual Results for 2020

Income Statement for the Year Ended 31 December 2020		
	2020 S\$'000	2019 S\$'000
Interest income	425,395	632,796
Less: Interest expense	(119,370)	(195,209)
Net interest income	306,025	437,587
Fee and commission income	128,054	147,833
Fee and commission expense	(41,824)	(49,139)
Net fee and commission income	86,230	98,694
Net trading income	38,960	25,012
Other income	10,304	12,019
Total operating income	441,519	573,312
Expenses:		
- Staff costs	(131,021)	(129,627)
- Depreciation of property, plant and equipment	(8,951)	(10,292)
- Amortisation of intangible assets	(1,618)	(1,757)
- Other operating expenses	(231,105)	(229,952)
Total operating expenses	(372,695)	(371,628)
Operating profit before credit impairment losses and bad debts	68,824	201,684
Credit impairment losses and bad debts	(30,086)	(24,328)
Profit before tax	38,738	177,356
Tax expense	(7,376)	(30,597)
Profit for the year	31,362	146,759

Balance Sheet at 31 December 2020		
	2020 S\$'000	2019 S\$'000
ASSETS		
Cash and balances with central banks	360,232	527,487
Singapore government treasury bills and securities	3,626,586	3,463,678
Other government treasury bills and securities	640,365	722,584
Derivative assets	2,470	13,147
Balances and placements with, and loans to, banks	30,230	57,143
Loans and advances to customers	14,915,961	14,757,955
Amounts due from immediate holding company	28,743	94,407
Amounts due from related corporations	8,069,535	6,306,953
Other assets	301,029	124,665
Property, plant and equipment	114,613	114,893
Intangible assets	1,741	3,339
Total assets	28,091,505	26,186,251
LIABILITIES		
Derivative liabilities	29,234	17,258
Deposits and balances of banks	43,028	37,217
Deposits of non-bank customers	24,695,716	21,073,622
Amounts due to immediate holding company	23,358	12,848
Amounts due to related corporations	1,378,708	3,015,814
Other liabilities	187,537	173,222
Current tax liabilities	19,674	34,030
Deferred taxation	2,733	1,193
Total liabilities	26,379,988	24,365,204
NET ASSETS	1,711,517	1,821,047
EQUITY		
Share capital	1,530,000	1,530,000
Reserves	70,899	66,375
Accumulated profits	110,618	224,672
Total equity	1,711,517	1,821,047

Capital Adequacy Ratios		
The table below shows the composition of the Bank’s regulatory capital and its capital adequacy ratios, determined according to the requirements of MAS Notice 637.		
	2020 S\$’m	2019 S\$’m
Ordinary Share Capital	1,530	1,530
Disclosed reserves	149	109
Regulatory adjustments	(1)	(2)
Common Equity Tier 1 Capital	1,678	1,637
Tier 1 Capital	1,678	1,637
Portfolio impairment provisions	45	57
Tier 2 Capital	45	57
Total Eligible Capital	1,723	1,694
Risk Weighted Assets (RWA)	10,575	10,360
Capital Adequacy Ratios		
Common Equity Tier 1	15.87%	5.80%
Tier 1	15.87%	15.80%
Total	16.29%	16.35%

Directors
Anthony William Cripps
Mukhtar Malik Hussain
Tay Cheng Kim Karen (appointed on 05 May 2020)
Fong Mun Ngin, Mervyn
Lee Yoke Sim Penny

Extract of the Independent Auditor’s Report to the Members of HSBC Bank (Singapore) Limited
Report on the Audit of the Financial Statements
Our opinion
In our opinion, the accompanying financial statements of HSBC Bank (Singapore) Limited (‘the Company’) set out on pages 5 to 49, are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (‘the Act’) and Financial Reporting Standards in Singapore (‘FRSs’) so as to give a true and fair view of the financial position of the Company as at 31 December 2020 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.
<i>What we have audited</i>
The financial statements of the Company comprise:
<ul style="list-style-type: none">the statement of comprehensive income for the year ended 31 December 2020;the statement of financial position as at 31 December 2020;the statement of changes in equity for the year then ended;the statement of cash flows for the year then ended; andthe notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion
We conducted our audit in accordance with Singapore Standards on Auditing (“SSAs”). Our responsibilities under those standards are further described in the <i>Auditor’s Responsibilities for the Audit of the Financial Statements</i> section of our report.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

<i>Independence</i>
We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority (‘ACRA’) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (‘ACRA Code’) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Other Information
Management is responsible for the other information. The other information comprises the Directors’ Statement and MAS 608 Supplementary Information but does not include the financial statements and our auditor’s report thereon.
Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements
Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.
In preparing the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
The directors’ responsibilities include overseeing the Company’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:
<ul style="list-style-type: none">Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
Report on Other Legal and Regulatory Requirements
In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

Singapore, 5 Feb 2021

