

HSBC Bank (Singapore) Limited Annual Results for 2021

Statement of Profit or Loss for the financial year ended 31 December 2021

	2021 S\$'000	2020 S\$'000
Interest income	287,192	425,395
Less: Interest expense	(37,001)	(119,370)
Net interest income	250,191	306,025
Fee and commission income	150,526	128,054
Fee and commission expense	(37,651)	(41,824)
Net fee and commission income	112,875	86,230
Net trading income	43,217	38,960
Other income	11,201	10,304
Total operating income	417,484	441,519
Expenses:		
- Staff costs	(126,977)	(131,021)
- Depreciation of property, plant and equipment	(8,776)	(8,951)
- Amortisation of intangible assets	(852)	(1,618)
- Other operating expenses	(232,315)	(231,105)
Total operating expenses	(368,920)	(372,695)
Operating profit before credit impairment losses and bad debts	48,564	68,824
Change in expected credit losses and other credit impairment charges	6,264	(30,086)
Profit before tax	54,828	38,738
Tax expense	(8,650)	(7,376)
Profit for the year	46,178	31,362

Statement of financial position as at 31 December 2021

	2021 S\$'000	2020 S\$'000
ASSETS		
Cash and balances with central banks	321,276	360,232
Singapore government treasury bills and securities	2,811,628	3,626,586
Other government treasury bills and securities	282,491	640,365
Derivative assets	10,910	2,470
Balances and placements with, and loans to, banks	168,360	30,230
Loans and advances to customers	14,721,958	14,915,961
Amounts due from immediate holding company	33,085	28,743
Amounts due from related corporations	8,933,159	8,069,535
Other assets	273,788	301,029
Property, plant and equipment	105,664	114,613
Intangible assets	1,513	1,741
Total assets	27,663,832	28,091,505
LIABILITIES		
Derivative liabilities	35,542	29,234
Deposits and balances of banks	22,851	43,028
Deposits of non-bank customers	25,552,269	24,695,716
Amounts due to immediate holding company	12,192	23,358
Amounts due to related corporations	88,346	1,378,708
Other liabilities	189,154	187,537
Current tax liabilities	11,604	19,674
Deferred taxation	829	2,733
Total liabilities	25,912,787	26,379,988
NET ASSETS	1,751,045	1,711,517
EQUITY		
Share capital	1,530,000	1,530,000
Reserves	65,412	70,899
Accumulated profits	155,633	110,618
Total equity	1,751,045	1,711,517

Capital Adequacy Ratios

Pursuant to item 7 of MAS Notice to Banks No. 608, the capital adequacy ratio and components as at 31 December are:

	2021 S\$m	2020 S\$m
Ordinary Share Capital	1,530	1,530
Disclosed reserves	107	149
Regulatory adjustments	0	(1)
Common Equity Tier 1 Capital	1,637	1,678
Tier 1 Capital	1,637	1,678
Portfolio impairment provisions	36	45
Tier 2 Capital	36	45
Total Eligible Capital	1,673	1,723
Risk Weighted Assets (RWA)	9,948	10,575
Capital Adequacy Ratios		
Common Equity Tier 1	16.46%	15.87%
Tier 1	16.46%	15.87%
Total	16.82%	16.29%

Directors

The directors of the Company in office at the date of this statement are as follows:
Fong Mun Ngin, Mervyn
Wong Kee Joo (appointed on 01 June 2021)
Tay Cheng Kim Karen
Ngan Wan Sing, Winston (appointed on 19 March 2021)
Lee Yoke Sim Penny

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'), are properly drawn up in accordance with the provisions of the Companies Act 1967 ('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 2021 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

What we have audited

The financial statements of the Company comprise:

- the statement of comprehensive income for the year ended 31 December 2021;
- the statement of financial position as at 31 December 2021;
- the statement of changes in equity for the year ended 31 December 2021;
- the statement of cash flows for the year ended 31 December 2021; and
- the 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ('ACRA Code') together with 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:

- 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, 11 Feb 2022

