

HSBC Bank (Singapore) Limited Annual Results for 2023

Statement of Profit or Loss for the financial year ended 31 December 2023

| | 2023 S\$'000 | 2022 S\$'000 |
|---|-----------------|-----------------|
| Interest income | 1,248,087 | 560,860 |
| Interest expense | (511,625) | (99,397) |
| Net interest income | 736,462 | 461,463 |
| Fee and commission income | 178,430 | 154,448 |
| Fee and commission expense | (70,674) | (59,554) |
| Net fee and commission income | 107,756 | 94,894 |
| Net trading income | 110,420 | 56,489 |
| Other income | 4,503 | 9,838 |
| Total operating income | 959,141 | 622,684 |
| Expenses: | | |
| - staff costs | (134,834) | (144,527) |
| - depreciation of property, plant and equipment | (7,524) | (10,154) |
| - amortisation of intangible assets | — | (67) |
| - other operating expenses | (287,519) | (246,318) |
| Total operating expenses | (429,877) | (401,066) |
| Operating profit before credit impairment losses and bad debts | 529,264 | 221,618 |
| Change in expected credit losses and other credit impairment charges | (25,838) | (5,469) |
| Profit before tax | 503,426 | 216,149 |
| Tax expense | (82,526) | (38,490) |
| Profit for the year | 420,900 | 177,659 |

Statement of financial position as at 31 December 2023

| | 2023 S\$'000 | 2022 S\$'000 |
|--|-------------------|-------------------|
| ASSETS | | |
| Cash and balances with central banks | 225,432 | 145,768 |
| Singapore government treasury bills and securities | 2,084,681 | 3,161,096 |
| Other government treasury bills and securities | 1,817,772 | 458,146 |
| Derivatives | 16,253 | 7,390 |
| Balances and placements with, and loans to, banks | 163,374 | 166,147 |
| Loans and advances to customers | 13,779,251 | 14,506,961 |
| Amounts due from immediate holding company | 14,172 | 27,071 |
| Amounts due from related corporations | 12,910,779 | 9,966,742 |
| Other assets | 718,217 | 626,396 |
| Investment in joint venture | 6,263 | 3,409 |
| Deferred tax asset | 1,552 | 3,806 |
| Property, plant and equipment | 107,764 | 104,764 |
| Intangible assets | 820 | 1,443 |
| Total assets | 31,846,330 | 29,179,139 |
| LIABILITIES | | |
| Derivatives | 10,944 | 16,007 |
| Deposits and balances of banks | 51,094 | 43,308 |
| Deposits of non-bank customers | 28,645,279 | 26,080,844 |
| Amounts due to immediate holding company | 41,243 | 19,620 |
| Amounts due to related corporations | 783,707 | 771,324 |
| Other liabilities | 348,418 | 373,511 |
| Current tax liabilities | 84,551 | 39,819 |
| Total liabilities | 29,965,236 | 27,344,433 |
| NET ASSETS | 1,881,094 | 1,834,706 |
| EQUITY | | |
| Share capital | 1,530,000 | 1,530,000 |
| Reserves | 70,597 | 49,828 |
| Accumulated profits | 280,497 | 254,878 |
| Total equity | 1,881,094 | 1,834,706 |

Capital Adequacy Ratios

Capital adequacy ratio and components as defined in MAS Notice 637 on Risk Based Capital Adequacy Requirements for Banks Incorporated in Singapore as at 31 December are:

| | 2023 S\$'m | 2022 S\$'m |
|-----------------------------|---------------|---------------|
| Risk weighted assets | | |
| Credit risk | 8,738 | 9,035 |
| Counterparty credit risk | 12 | 18 |
| Market risk | 10 | 8 |
| Operational risk | 1,334 | 915 |
| | 10,094 | 9,976 |
| | | |
| | 2023 S\$'m | 2022 S\$'m |
| Capital components | | |
| Tier 1 Capital | 1,621 | 1,611 |
| Tier 2 Capital | 190 | 188 |
| | | |
| | 2023 % | 2022 % |
| Capital ratios | | |
| Common equity tier 1 ratio | 16.06% | 16.14% |
| Tier 1 ratio | 16.06% | 16.14% |
| Total capital ratio | 17.94% | 18.03% |

Directors

The directors of the Company in office at the date of this statement are as follows:

| | |
|-----------------------|---|
| Lee Yoke Sim Penny | Edward Michael Flanders |
| Wong Kee Joo | Liew Lien Ban (appointed on 04 April 2023) |
| Tay Cheng Kim Karen | Colin William Bell (appointed on 04 April 2023) |
| Ngan Wan Sing Winston | |

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 2023 and of the financial performance, changes in equity and cash flows of the Company for the financial year ended on that date.

What we have audited

The financial statements of the Company comprise:

- the statement of comprehensive income for the financial year ended 31 December 2023;
- the statement of financial position as at 31 December 2023;
- the statement of changes in equity for the financial year ended 31 December 2023;
- the statement of cash flows for the financial year ended 31 December 2023; and
- the notes to the financial statements, including material accounting policy information.

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.

The engagement partner on the audit resulting in this independent auditor's report is Tay Mingwei, Johnathan.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

Singapore, 26 February 2024

Annual Report and Accounts

The notes to the accounts form an integral part of the audited financial statements and a full understanding of the statements and the state of affairs of the bank cannot be achieved without reference to the complete set of the bank's audited financial statements. Notes to the accounts can be obtained upon request from our branch.

