

SCOTIABANK (HONG KONG) LIMITED

Unaudited Interim Financial Information Disclosure Statement as at April 30, 2021

Statement of profit or loss and other comprehensive income

	Note	6 mths ended Apr-30-21 HKD'000	6 mths ended Apr-30-20 HKD'000
Interest income	2(a)	-	164,451
Interest expense	2(b)	-	(78,647)
Net interest income		-	85,804
Fees and commission income	3	2,842	5,183
Other operating gain/ (loss)		123	(557)
Operating income		2,965	90,430
Operating expenses	4	(5,062)	(24,055)
Operating (loss) / profit before impairment		(2,097)	66,375
Impairment release / (charge)	5	24	(855)
(Loss) / Profit before taxation		(2,073)	65,520
Income tax	6	(4)	(10,646)
(Loss) / Profit after taxation		(2,077)	54,874
(Loss) / Profit for the period		(2,077)	54,874
Other comprehensive income			
Investment securities measured at fair value through other comprehensive income			
- fair value changes during the period		-	166
- deferred taxes		-	41
Other comprehensive income for the period, net of tax		-	207
Total comprehensive (loss) / income for the period		(2,077)	55,081

Statement of financial position

		Apr-30-21 HKD'000	Oct-31-20 HKD'000
Assets			
Cash and cash equivalents	7	177,700	2,879,436
Deferred tax assets	8(b)	-	4
Other assets		347	551
Total assets		178,047	2,879,991
Liabilities			
Current taxation	8(a)	281	281
Other liabilities		200	3,892
Total liabilities		481	4,173
Equities			
Share Capital		100,006	2,796,181
Reserves		77,560	79,637
Total equity		177,566	2,875,818
Total liabilities and equity		178,047	2,879,991

SCOTIABANK (HONG KONG) LIMITED*Unaudited Interim Financial Information Disclosure Statement as at April 30, 2021***Statement of changes in equity**

	Share capital HKD'000	Fair value reserve on FVTOCI securities HKD'000	Retained profits HKD'000	Total equity HKD'000
At 1 November 2019	2,796,181	(141)	2,628,507	5,424,547
Total comprehensive income for the period	<u>-</u>	<u>207</u>	<u>54,874</u>	<u>55,081</u>
At 30 April 2020	<u>2,796,181</u>	<u>66</u>	<u>2,683,381</u>	<u>5,479,628</u>
Dividend paid in respect of the previous year	-	-	(2,600,000)	(2,600,000)
Total comprehensive income for the period	<u>-</u>	<u>(66)</u>	<u>(3,744)</u>	<u>(3,810)</u>
At 31 October 2020	<u>2,796,181</u>	<u>-</u>	<u>79,637</u>	<u>2,875,818</u>
Capital reduction	(2,696,175)	-	-	(2,696,175)
Total comprehensive income for the period	<u>-</u>	<u>-</u>	<u>(2,077)</u>	<u>(2,077)</u>
At 30 April 2021	<u>100,006</u>	<u>-</u>	<u>77,560</u>	<u>177,566</u>

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Cash flow statement

	Apr-30-21 HKD'000	Apr-30-20 HKD'000
Operating activities		
(Loss) / Profit before taxation	(2,073)	65,520
Adjustment for: impairment charge / (release)	(24)	855
	<u>(2,097)</u>	<u>66,375</u>
Decrease in operating assets		
Loans and advances	-	5,637,527
Trade bills	-	63,366
Other assets	204	20,595
	<u>204</u>	<u>5,721,488</u>
Decrease in operating liabilities		
Deposits and balances of banks	-	(4,583,585)
Other liabilities	(3,692)	(10,715)
	<u>(3,692)</u>	<u>(4,594,300)</u>
Cash (used in) / generated from operations	<u>(5,585)</u>	<u>1,193,563</u>
Hong Kong Profits Tax paid	-	(21,582)
Net cash (used in) / generated from operating activities	<u>(5,585)</u>	<u>1,171,981</u>
Investing activities		
Decrease in investment securities measured at FVTOCI	-	1,086,449
Interest received	-	4,495
Net cash generated from investing activities	<u>-</u>	<u>1,090,944</u>
Financing activity		
Capital reduction	(2,696,175)	-
Net cash used in financing activity	<u>(2,696,175)</u>	<u>-</u>
Net (Decrease) / increase in cash and cash equivalents	<u>(2,701,760)</u>	<u>2,262,925</u>
Cash and cash equivalents at beginning of the period	<u>2,879,460</u>	<u>1,000,838</u>
Cash and cash equivalents at end of the period	<u>177,700</u>	<u>3,263,763</u>
Cash flows from operating activities include		
Interest received	-	184,988
Interest paid	-	(91,094)
	<u>-</u>	<u>93,894</u>
Analysis of cash and cash equivalents		
Cash and cash equivalents with original maturity within three months	<u>177,700</u>	<u>3,263,763</u>

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Notes to the financial statements

1 Basis of preparation and accounting policies

The accounting policies and methods of computation used in the preparation of the 2021 interim financial statements are consistent with those used and described in the Company's annual audited financial statements for the year ended 31 October 2020.

2 Interest income and interest expense

	Apr-30-21 HKD'000	Apr-30-20 HKD'000
(a) Interest income		
Unlisted FVTOCI debt securities	-	4,495
Loans and advances	-	158,917
Deposits from banks	-	1,039
	<u>-</u>	<u>164,451</u>
Interest income on financial assets that are not at fair value through profit or loss as included in the statement of profit or loss	-	164,451
	<u>-</u>	<u>164,451</u>
Total interest income on all financial assets	<u>-</u>	<u>164,451</u>

All interest income is calculated using the effective interest rate method.

(b) Interest expense

Deposits from banks	-	77,731
Unlisted FVTOCI debt securities	-	916
	<u>-</u>	<u>78,647</u>
Interest expense on financial liabilities that are not at fair value through profit or loss as included in the statement of profit or loss	-	78,647
	<u>-</u>	<u>78,647</u>
Total interest expense on all financial liabilities	<u>-</u>	<u>78,647</u>

3 Fee and commission income

	Apr-30-21 HKD'000	Apr-30-20 HKD'000
Loan fees	-	1,351
Trade finance fees	-	204
Administration and other service fee income earned from the ultimate holding company and fellow subsidiary company	2,842	3,628
	<u>2,842</u>	<u>5,183</u>
	<u>2,842</u>	<u>5,183</u>

4 Operating expenses

	Apr-30-21 HKD'000	Apr-30-20 HKD'000
Staff expenses	2,667	8,649
Premises and equipment expenses	285	1,603
Administration and support services fees paid to the ultimate holding company	848	7,235
Other service fees paid to the ultimate holding company	-	5,000
Others	1,262	1,568
	<u>5,062</u>	<u>24,055</u>
	<u>5,062</u>	<u>24,055</u>

5 Impairment release / (charge)

	Apr-30-21 HKD'000	Apr-30-20 HKD'000
Impairment allowances release / (charge)	24	(855)
	<u>24</u>	<u>(855)</u>
At the beginning of the period	24	1,713
Impairment allowance (released) / charged to statement of profit or loss	(24)	855
	<u>-</u>	<u>2,568</u>
At the end of the period	<u>-</u>	<u>2,568</u>

	Apr-30-21 HKD'000	Oct-31-20 HKD'000
Stage 1 expected credit loss provision on:		
Cash and cash equivalents	-	24
	<u>-</u>	<u>24</u>
	<u>-</u>	<u>24</u>

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6 Income tax in the statement of profit or loss	Apr-30-21 HKD'000	Apr-30-20 HKD'000
Current tax - Hong Kong Profits Tax		
Provision for the period	-	10,505
Deferred taxation		
Origination of temporary differences	4	141
	<u>4</u>	<u>10,646</u>
7 Cash and cash equivalents	Apr-30-21 HKD'000	Oct-31-20 HKD'000
Cash and cash equivalents	177,700	2,879,460
Cash and cash equivalents in the cash flow statement	177,700	2,879,460
Stage 1 expected credit loss provision	-	(24)
Cash and cash equivalents in the statement of financial position	<u>177,700</u>	<u>2,879,436</u>
8 Income tax in the statement of financial position	Apr-30-21 HKD'000	Oct-31-20 HKD'000
(a) Current taxation in the statement of financial position represents:		
Provision for Hong Kong Profits Tax for the period	-	9,436
Current year payment	-	(9,155)
Balance of Profits Tax provision relating to prior periods	281	-
Current tax liabilities	<u>281</u>	<u>281</u>
(b) Deferred tax assets recognised:		

The components of deferred tax assets recognized in the statement of financial position and the movements during the period are as follows:

Deferred tax arising from:	Impairment allowance on loans and advances HKD'000	Revaluation of FVTOCI financial assets HKD'000	Total HKD'000
At 1 November 2020	4	-	4
Charged to statement of profit or loss	(4)	-	(4)
Charged to FVTOCI fair value reserve	-	-	-
At 30 April 2021	<u>-</u>	<u>-</u>	<u>-</u>
At 1 November 2019	282	29	311
Charged to statement of profit or loss	(278)	-	(278)
Charged to FVTOCI fair value reserve	-	(29)	(29)
At 31 October 2020	<u>4</u>	<u>-</u>	<u>4</u>

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9 Contingent liabilities and commitmentsApr-30-21
HKD'000Oct-31-20
HKD'000*Notional amount:*

- Transaction-related contingencies
 - Trade-related contingencies
 Total

-	2,679
-	15,746
-	18,425

Credit risk weighted amount

-	8,409
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10 Non-bank Mainland exposures

No non-bank mainland exposures as at April 30, 2021 (October 31, 2020: Nil).

11 Analysis of total advances to customers by geographic areas after risk transfer

No loans and advances to customers as at April 30, 2021 (October 31, 2020: Nil).

12 International claims

The following table provides a breakdown of international claims by major countries and geographical segments. Only major countries or geographical locations with not less than 10% of the total international claims after taking into account any recognized risk transferred are disclosed.

	Apr-30-21 Banks HKD'000	Oct-31-20 Banks HKD'000
Developed Countries	6,566	8,760
<i>of which United States</i>	6,566	8,760

Claims arising between group companies were excluded.

13 Currency risk

The following net position constitutes 10% or more (either positive or negative) of the total net position in all foreign currencies:

<i>Equivalent in HKD'000</i>	Apr-30-21 USD	Oct-31-20 USD
Spot assets	58,574	58,502
Spot liabilities	-	-
Forward purchases	-	-
Forward sales	-	-
Net option position	-	-
Net long/ (short) position	58,574	58,502

No structural assets and liabilities as at April 30, 2021 (October 31, 2020: Nil).

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14 Disclosure statement available to the public

To comply with the Banking (Disclosure) Rules, the interim disclosure statement and all Pillar 3 interim disclosure which are published by using the standard disclosure templates as specified by the HKMA are available under the "Regulatory Disclosures" Section on the Parent Bank's website www.scotiabank.com/global/en/country/hong-kong.html

SCOTIABANK (HONG KONG) LIMITED

Alvin Ho
Chief Executive

July 30, 2021

Note: In the event of any difference in interpretation or meaning between the Chinese and English version of this Statement, the English version shall prevail.