

# HSBC BANK (VIETNAM) LTD

## SUMMARISED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

### BALANCE SHEET AS AT 31 DECEMBER 2015

	31/12/2015	31/12/2014
	VND million	VND million
<b>ASSETS</b>		Reclassified
Cash on hand	446,627	617,761
Balances with the State Bank of Vietnam	9,460,117	2,801,542
<b>Placements with and loans to other credit institutions</b>	<b>23,097,193</b>	<b>27,732,104</b>
Placements with other credit institutions	22,439,122	20,840,154
Loans to other credit institutions	658,071	6,891,950
<b>Securities held-for-trading</b>	<b>591,185</b>	<b>2,175,977</b>
Securities held-for-trading	591,565	2,203,361
Provision for diminution in value of securities held-for-trading	(380)	(27,384)
<b>Derivatives and other financial assets</b>	<b>24,451</b>	-
<b>Loans and advances to customers</b>	<b>27,084,508</b>	<b>32,790,105</b>
Loans and advances to customers	27,656,079	33,686,286
Provision for losses on loans and advances to customers	(571,571)	(896,181)
<b>Investment securities</b>	<b>10,516,364</b>	<b>16,964,853</b>
Available-for-sales investment securities	10,696,113	17,045,494
Provision for diminution in value of investment securities	(179,749)	(80,641)
<b>Fixed assets</b>	<b>31,692</b>	<b>41,562</b>
Tangible fixed assets	31,499	41,314
Historical cost	214,485	238,169
Accumulated depreciation	(182,986)	(196,855)
Intangible fixed assets	193	248
Historical cost	2,374	2,765
Accumulated amortisation	(2,181)	(2,517)
<b>Other assets</b>	<b>963,188</b>	<b>1,169,501</b>
Other receivables	68,556	88,841
Accrued interest and fee receivables	636,823	831,657
Deferred tax assets	137,718	132,382
Other assets	120,091	116,621
<b>TOTAL ASSETS</b>	<b>72,215,325</b>	<b>84,293,405</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Placements from other credit institutions</b>	<b>2,568,685</b>	<b>6,959,215</b>
Placements from other credit institutions	2,568,685	6,959,215
<b>Deposits from customers</b>	<b>57,957,650</b>	<b>65,840,544</b>
Derivative and other financial liabilities	-	14,066
<b>Other liabilities</b>	<b>1,702,768</b>	<b>1,184,843</b>
Fee and interest payables	114,643	141,737
Other liabilities	1,588,125	1,043,106
<b>TOTAL LIABILITIES</b>	<b>62,229,103</b>	<b>73,998,668</b>
<b>OWNER'S EQUITY</b>	<b>9,986,222</b>	<b>10,294,737</b>
Contributed capital	7,528,000	7,528,000
Reserves	1,315,798	1,175,598
Retained earnings	1,142,424	1,591,139
<b>TOTAL EQUITY</b>	<b>9,986,222</b>	<b>10,294,737</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>72,215,325</b>	<b>84,293,405</b>
<b>OFF BALANCE SHEET ITEMS</b>		
<b>CONTINGENT LIABILITIES</b>	<b>12,193,142</b>	<b>9,679,391</b>
Letters of credit	6,627,609	4,619,328
Other guarantees	5,565,533	5,060,063
<b>COMMITMENTS</b>	<b>37,616,459</b>	<b>22,273,130</b>
Foreign exchange transactions commitments	29,789,890	17,123,243
- Buying foreign currency commitments	13,666,378	7,496,772
- Selling foreign currency commitments	13,463,246	7,484,864
- Cross currency swap contracts	2,660,266	2,141,607
Undrawn loan commitments	4,543,069	1,940,787
Interest rate swap contracts	3,283,500	3,209,100

### INCOME STATEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	2015	2014
	VND million	VND million
Interest and similar income	2,909,156	3,181,587
Interest and similar expenses	(651,235)	(765,486)
<b>Net interest income</b>	<b>2,257,921</b>	<b>2,416,101</b>
Fee and commission income	788,334	769,988
Fee and commission expense	(149,263)	(144,783)
<b>Net fee and commission income</b>	<b>639,071</b>	<b>625,205</b>
<b>Net gain from dealing in foreign currencies</b>	<b>454,114</b>	<b>488,590</b>
<b>Net gain from trading of securities held-for-trading</b>	<b>30,721</b>	<b>5,503</b>
<b>Net loss from trading of investment securities</b>	<b>(1,599)</b>	<b>(80,641)</b>
Other incomes	140,716	23,614
Other expenses	(11,746)	(7,640)
<b>Net other income</b>	<b>128,970</b>	<b>15,974</b>
<b>Operating expenses</b>	<b>(2,069,656)</b>	<b>(1,985,852)</b>
<b>Operating profit before provisions for credit losses</b>	<b>1,439,542</b>	<b>1,484,880</b>
<b>Provisions for credit losses</b>	<b>(210,502)</b>	<b>(439,451)</b>
<b>Profit before tax</b>	<b>1,229,040</b>	<b>1,045,429</b>
Business income tax - current	(299,712)	(192,694)
Business income tax - deferred	5,336	(38,806)
<b>Business income tax</b>	<b>(294,376)</b>	<b>(231,500)</b>
<b>Net profit after tax</b>	<b>934,664</b>	<b>813,929</b>

### CASH FLOW STATEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (DIRECT METHOD)

	2015	2014
	VND million	VND million
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		Reclassified
Interest and similar income received	3,097,723	2,923,675
Interest and similar expenses paid	(678,329)	(879,824)
Fee and commission income received	639,182	623,101
Net amount received from trading of foreign currency and securities	561,251	520,976
Other incomes/(expenses)	73,231	(1,388)
Recovery of written off bad debts	55,709	17,493
Payments to employees and for administrative expenses	(2,001,622)	(1,936,419)
Business income tax paid	(212,943)	(268,675)
<b>Net cash flows from operating activities before changes in working capital</b>	<b>1,534,202</b>	<b>998,939</b>
<b>Changes in operating assets</b>		
Decrease/(increase) in placements with and loans to other credit institutions	5,385,213	(374,875)
Decrease/(increase) in securities held-for-trading and available-for-sales investment securities	3,391,508	(7,028,220)
Increase in derivatives and other financial assets	(24,451)	-
Decrease/(increase) in loans and advances to customers	6,030,207	(1,354,791)
Utilisation of provision for losses on loans and advances to customers	(541,023)	(388,947)
Decrease/(increase) in other operating assets	20,285	(22,838)
<b>Changes in operating liabilities</b>		
Decrease in placements and borrowings from other credit institutions	(4,390,530)	(686,077)
(Decrease)/increase in deposits from customers	(7,882,894)	15,169,153
Decrease in derivative financial instruments and other financial liabilities	(14,066)	(24,258)
Increase/(decrease) in other operating liabilities	70,077	(275,449)
<b>Net cash flows from operating activities</b>	<b>3,578,528</b>	<b>6,012,637</b>
<b>Cash flows from investment activities</b>		
Payment for addition of fixed assets	(16,723)	(5,937)
Proceeds from the disposal of fixed assets	1,493	170
<b>Net cash flows from investment activities</b>	<b>(15,230)</b>	<b>(5,767)</b>
<b>Cash flows from financing activities</b>		
Capital contribution	-	2,857,165
Dividends paid	(895,224)	-
<b>Net Cash flows from financing activities</b>	<b>(895,224)</b>	<b>2,857,165</b>
<b>Net increase in cash and cash equivalents</b>	<b>2,668,074</b>	<b>8,864,035</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>29,238,003</b>	<b>20,373,968</b>
<b>Cash and cash equivalents at end of the year</b>	<b>31,906,077</b>	<b>29,238,003</b>

### FINANCIAL RATIOS

	31/12/2015	31/12/2014
	VND million, %	VND million, %
Contributed capital	7,528,000	7,528,000
Total assets	72,215,325	84,293,405
Capital adequacy ratio (*)	20%	16%
Overdue loan	920,034	1,554,608
Non-performing loans	508,347	973,731
Loans to deposit ratio (*)	48%	100%
Overdue guarantee balance/Total guarantee balance	0%	0%
Overdue loan balance/Total loan balance	1.92%	2.64%
Non-performing loan balance/Total loan balance	1.06%	1.65%
Solvency ratio - next day (*)	Not required	53%
The liquidity reserve ratio (*)	33%	Not required
Solvency ratio - next seven days (*)		
- In VND	Not required	287%
- In EUR	Not required	770%
- In GBP	Not required	1048%
- In USD and other currencies	Not required	344%
Solvency ratio - 30 days (*)		
- In VND	Qualify	Not required
- In other currencies	Qualify	Not required
	2015	2014
	VND million	VND million
Total deposits received	1,590,938,697	1,560,377,243
Total loans disbursed	96,870,901	138,873,175
Total loans collected	103,186,493	137,424,639

**Effective from 1 February 2015**  
The financial ratios were calculated in accordance with the provisions of Circular No. 36/2014/TT-NHNN dated 20 November 2014 ("Circular 36") issued by the State Bank of Vietnam regulating safety ratios in the operations of credit institutions.

**Prior to 1 February 2015**  
The financial ratios were calculated in accordance with the provisions of Circular No. 13/2010/TT-NHNN dated 20 May 2010 ("Circular 13") issued by the State Bank of Vietnam regulating safety ratios in the operations of credit institutions which was amended and supplemented by Circular No. 19/2010/TT-NHNN dated 27 September 2010 issued by the State Bank of Vietnam ("Circular 19"), Circular No. 22/2011/TT-NHNN dated 30 August 2011 issued by the State Bank of Vietnam ("Circular 22") and Circular No. 33/2011/TT-NHNN dated 8 October 2011 issued by the State Bank of Vietnam ("Circular 33"). Accordingly, the financial ratios and their utilisation are not designed for those who are not informed about the principles and requirements of Circular 13, Circular 19, Circular 22 and Circular 33 on calculation of financial ratios applicable to credit institutions in Vietnam.

  
Vu Ngai Minh Chieu  
Financial Controller
   
Nguyen Thi Thanh Thuy  
Chief Financial Officer
   
Phan Hong Hoa  
Chief Accounting Officer  
24 March 2016



### INDEPENDENT AUDITORS' REPORT ON SUMMARISED FINANCIAL STATEMENTS

#### TO THE MEMBERS' COUNCIL OF HSBC BANK (VIETNAM) LTD.

The accompanying summarised financial statements have been prepared on 24 March 2016, from pages 2 to 8 which comprise the balance sheet as at 31 December 2015, the income statement, and the cash flow statement for the financial year ended 31 December 2015, and key financial ratios. The summarised financial statements were derived from the financial statements of HSBC Bank (Vietnam) Ltd. ("the Bank") for the financial year ended 31 December 2015, on which we have audited and issued an unqualified auditor's report dated 24 March 2016. The audited financial statements and the summarised financial statements do not include the impact of subsequent events that occurred after the date of our above mentioned auditor's report.

The summarised financial statements did not include all disclosures which are required by Vietnamese Accounting Standards, the Vietnamese Accounting System and applicable regulations on preparation and presentation of financial statements for banks and other credit institutions operating in Socialist Republic of Vietnam. Therefore, the reading of the summarised financial statements cannot substitute for the reading of the audited financial statements of the Bank.

#### Chief Executive Officer's Responsibility for the summarised financial statements

The Bank's Chief Executive Officer is responsible for the preparation and presentation of the summarised financial statements in accordance with the criteria as required by regulations.

#### Auditor's Responsibility




Our responsibility is to express an opinion on the summarised financial statements based on our procedures which were performed in accordance with the Vietnamese Auditing Standard No. 810 - Services on the summarised financial statements.

#### Auditor's Opinion

In our opinion, the accompanying summarised financial statements which were derived from the audited financial statements for the year ended 31 December 2015 of the Bank are consistent, in all material respects, with audited financial statements, in accordance with the criteria as required by regulations.

#### Other matter

The summarised financial statements of the Bank for the financial year ended 31 December 2014 were audited by another auditor whose audit report dated 24 March 2015 expressed an unqualified opinion.


 Prepared on behalf of PricewaterhouseCoopers (Vietnam) Limited  
  
 Nguyen Phi Lan  
 Audit Practising License No: 0573-2013-006-1  
 Authorized signatory.  
  
 Nguyen Hoang Nam  
 Audit Practising License No: 0849-2013-006-1

Report reference number: HCM5148  
 Ho Chi Minh City, 24 March 2016