

HSBC BANK (VIETNAM) LTD.

SUMMARY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

BALANCE SHEET AS AT 31 DECEMBER 2014

	31/12/2014 VND million	31/12/2013 VND million
ASSETS		
Cash on hand	617,761	625,595
Balances with the State Bank of Vietnam	2,801,542	3,127,838
Deposits with and loans to credit institutions	27,732,104	21,698,299
Deposits	20,840,154	15,629,009
Loans	6,891,950	6,111,735
Allowance for deposits with and loans to credit institutions	-	(42,445)
Securities held-for-trading	2,175,977	1,593,534
Securities held-for-trading	2,203,361	1,593,534
Allowance for diminution in the value of securities held-for-trading	(27,384)	-
Loans and advances to customers	32,790,105	31,596,997
Loans and advances to customers	33,686,286	32,331,495
Allowance for loans and advances to customers	(896,181)	(734,498)
Investment securities	16,964,853	7,045,421
Available-for-sale securities	17,045,494	7,045,421
Allowance for diminution in the value of investment securities	(80,641)	-
Fixed assets	41,562	75,675
Tangible fixed assets	41,562	75,675
Cost	240,934	302,938
Accumulated depreciation	(199,372)	(227,263)
Other assets	1,169,501	897,402
Receivables	88,841	64,081
Accrued interest and fees receivable	831,657	574,811
Deferred tax assets	132,382	171,188
Other assets	116,621	87,322
TOTAL ASSETS	84,293,405	66,660,761
LIABILITIES AND OWNER'S EQUITY		
LIABILITIES		
Deposits and borrowings from credit institutions	6,959,215	7,645,292
Deposits	6,959,215	7,612,012
Borrowings	-	33,280
Deposits from customers	65,840,544	50,671,391
Derivatives and other financial liabilities	32,876	57,134
Other liabilities	1,166,033	1,663,301
Accrued interest and fees payable	141,737	256,075
Other liabilities	1,024,296	1,342,023
Provision for off-balances sheet commitments	-	65,203
TOTAL LIABILITIES	73,998,668	60,037,118
OWNER'S EQUITY		
Capital and reserves	10,294,737	6,623,643
Contributed capital	7,528,000	3,000,000
Reserves	1,175,598	1,057,579
Retained profits	1,591,139	2,566,064
TOTAL OWNER'S EQUITY	10,294,737	6,623,643
TOTAL LIABILITIES AND OWNER'S EQUITY	84,293,405	66,660,761

	31/12/2014 VND million	31/12/2013 VND million
OFF-BALANCE SHEET ITEMS		
CONTINGENT LIABILITIES		
Letters of credit	3,524,696	2,678,116
Other guarantees	5,060,063	4,483,391
OTHER COMMITMENTS	15,882,898	14,108,321
Undrawn loan commitments	1,940,787	1,150,413
Outstanding acceptances on trade bills	1,094,632	1,032,904
Foreign exchange forward contracts	7,496,772	6,559,260
Interest rate swap contracts	3,209,100	4,048,898
Cross currency swap contracts	2,141,607	1,316,846

STATEMENT OF INCOME FOR THE YEAR ENDED 31 DECEMBER 2014

	2014 VND million	2013 VND million Reclassified
Interest and similar income	3,181,587	3,799,608
Interest and similar expenses	(765,486)	(1,201,962)
Net interest income	2,416,101	2,597,646
Fee and commission income	769,988	729,593
Fee and commission expenses	(144,783)	(169,436)
Net fee and commission income	625,205	560,157
Net gain from trading of foreign currencies	488,590	489,588
Net gain from trading of securities held-for-trading	5,503	45,968
Net (loss)/gain from trading of investment securities	(80,641)	75,470
Other income - net	15,974	15,636
Operating expenses	(1,985,852)	(1,766,653)
Operating profit before allowance and provision expenses	1,484,880	2,017,812
Allowance and provision expenses	(439,451)	(562,383)
Profit before tax	1,045,429	1,455,429
Income tax expense - current	(192,694)	(432,316)
Income tax (expense)/benefit - deferred	(38,806)	23,932
Total income tax expense	(231,500)	(408,384)
Net profit after tax	813,929	1,047,045

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2014 (DIRECT METHOD)

	2014 VND million	2013 VND million Reclassified
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest and similar income received	2,923,675	3,767,484
Interest and similar expenses paid	(879,824)	(1,214,726)
Net fee and commission income received	623,101	556,142
Net receipts from trading of foreign currencies and securities	520,976	605,281
Other (expenses paid)/income received	(1,388)	441
Recoveries from bad debts written off	17,493	16,678
Salaries and operating expenses paid	(1,936,419)	(1,752,961)
Income tax paid	(268,675)	(532,316)
Operating cash flows before changes in operating assets and liabilities	998,939	1,446,023
Changes in operating assets		
(Increase)/decrease in deposits with and loans to credit institutions	(374,875)	1,960,653
(Increase)/decrease in securities held-for-trading and investment securities	(10,609,900)	411,824
Increase in loans and advances to customers	(1,354,791)	(288,802)
Utilisation of allowance for loans and advances to customers	(388,947)	(310,439)
(Increase)/decrease in other assets	(22,838)	33,496
Changes in operating liabilities		
Decrease in deposits and borrowings from credit institutions	(686,077)	(4,997,491)
Increase in deposits from customers	15,169,153	6,058,706
(Decrease)/increase in derivatives and other financial liabilities	(24,258)	4,651
Decrease in other liabilities	(275,449)	(230,810)
Net cash flows from operating activities	2,430,957	4,087,811
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for additions of fixed assets	(5,937)	(10,021)
Proceeds from disposals of fixed assets	170	526
Net cash flows from investing activities	(5,767)	(9,495)
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital contribution	2,857,165	-
Dividends paid	-	(597,453)
Net cash flows from financing activities	2,857,165	(597,453)
Net cash flows during the year	5,282,355	3,480,863
Cash and cash equivalents at the beginning of the year	19,385,979	15,905,116
Cash and cash equivalents at the end of the year	24,668,334	19,385,979

KEY FINANCIAL RATIOS

	31/12/2014 VND million, %	31/12/2013 VND million, %
Charter capital	7,528,000	3,000,000
Total assets	84,293,405	66,660,761
Capital adequacy ratio (*)	16%	13%
Overdue loans	1,452,037	2,467,669
Non-performing loans	972,151	1,093,673
Loans to deposits ratio (*)	100%	101%
Overdue guarantee balance/Total guarantee balance	0%	0%
Overdue loan balance/Total loan balance	4.31%	7.63%
Non-performing loan balance/Total loan balance	2.89%	3.38%
Solvency ratio - next day (*)	53%	33%
Solvency ratio - next seven days (*)		
• In VND	287%	219%
• In EUR	770%	579%
• In GBP	1,048%	521%
• In USD and other currencies	344%	196%

	2014 VND million	2013 VND million
Total deposits received	1,560,377,243	1,523,138,950
Total loans disbursed	138,873,175	135,098,665
Total loans collected	137,424,639	134,900,789

(*) 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 9 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.

24 March 2015

Approved by

 Nguyen Thi Thanh Truc
 Chief Financial Officer


 Pham Hong Hai
 Chief Executive Officer



INDEPENDENT AUDITORS' REPORT ON SUMMARY FINANCIAL STATEMENTS

To the Investor
 HSBC Bank (Vietnam) Ltd.

The accompanying summary financial statements, which comprise the balance sheet as at 31 December 2014, the statement of income, the statement of cash flows for the year then ended and key financial ratios, are derived from the audited financial statements of HSBC Bank (Vietnam) Ltd. ("the Bank") for the year ended 31 December 2014. We expressed an unmodified audit opinion on those financial statements in our report dated 24 March 2015. Those financial statements, and the summary financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on those financial statements.

The summary financial statements do not contain all the disclosures required by Vietnamese Accounting Standards, the Vietnamese Accounting System for Credit Institutions stipulated by the State Bank of Vietnam and the relevant statutory requirements applicable to financial reporting. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of HSBC Bank (Vietnam) Ltd..

Management's Responsibility

The Bank's Management is responsible for the preparation and presentation of these summary financial statements in accordance with the principles of preparation and presentation of summary financial statements generally accepted in Vietnam.

Auditor's Responsibilities

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which are conducted in accordance with the Vietnamese Standards on Auditing (VSA) 810 - "Engagements to Report on Summary Financial Statements".

Auditor's Opinion

In our opinion, the summary financial statements derived from the audited financial statements of HSBC Bank (Vietnam) Ltd. for the year ended 31 December 2014 are consistent, in all material respects, with those financial statements, in accordance with the principles of preparation and presentation of summary financial statements generally accepted in Vietnam.

KPMG Limited's Branch in Ho Chi Minh City
 Vietnam
 Operating Registration Certificate No.: 4114000230
 Audit Report No.: 12-01-130-2014 (B)


 Truong Vinh Phuc
 Practising Auditor Registration
 Certificate No. 1901-2013-007-1
 Deputy General Director


 Nguyen Anh Hung
 Practising Auditor Registration
 Certificate No. 2206-2013-007-1

Ho Chi Minh City, 24 March 2015