

HSBC BANK (VIETNAM) LTD.
SUMMARISED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2018

SUMMARISED INTERIM BALANCE SHEET

	As at 30.06.2018 VND million	As at 31.12.2017 VND million
ASSETS		
Cash on hand	422,498	403,083
Balances with the State Bank of Vietnam	4,688,020	5,752,645
Placements with and loans to other credit institutions	49,689,158	30,926,398
Placements with other credit institutions	49,079,158	30,528,367
Loans to other credit institutions	610,000	398,031
Held-for-trading securities	109,210	53,260
Held-for-trading securities	112,045	53,623
Provisions for diminution in value of held-for-trading securities	(2,835)	(363)
Derivatives and other financial assets	44,634	15,718
Loans and advances to customers	41,048,797	39,333,828
Loans and advances to customers	41,644,994	39,904,385
Provisions for credit losses on loans and advances to customers	(596,197)	(570,557)
Investment securities	10,766,779	9,994,663
Available-for-sales investment securities	10,913,719	10,179,273
Provisions for diminution in value of investment securities	(146,940)	(184,610)
Fixed assets	55,424	57,303
Tangible fixed assets	53,385	55,010
Historical cost	158,392	194,355
Accumulated depreciation	(105,007)	(139,345)
Intangible fixed assets	2,039	2,293
Historical cost	4,219	4,801
Accumulated amortisation	(2,180)	(2,508)
Other assets	995,630	1,249,210
Other receivables	271,747	263,779
Accrued interest and fee receivables	528,531	709,416
Deferred tax assets	23,847	124,192
Other assets	171,532	151,823
Provisions for losses on other assets	(27)	-
TOTAL ASSETS	107,820,150	87,786,108
LIABILITIES AND EQUITY		
Placements and borrowings from other credit institutions	1,419,754	1,060,550
Placements from other credit institutions	1,374,105	1,060,550
Borrowings from other credit institutions	45,649	-
Deposits from customers	93,963,337	74,353,240
Other liabilities	1,632,269	1,185,391
Fee and interest payables	47,510	59,568
Other liabilities	1,584,759	1,125,823
TOTAL LIABILITIES	97,015,360	76,599,181
OWNER'S EQUITY	10,804,790	11,186,927
Contributed capital	7,528,000	7,528,000
Reserves	1,798,790	1,798,790
Retained earnings	1,478,000	1,860,137
TOTAL EQUITY	10,804,790	11,186,927
TOTAL LIABILITIES AND EQUITY	107,820,150	87,786,108
OFF BALANCE SHEET ITEMS		
CONTINGENT LIABILITIES		
Letters of credit commitments	14,487,680	16,611,883
Other guarantees	8,214,348	8,432,802
	6,273,332	8,179,081
COMMITMENTS		
Foreign exchange transactions commitments	80,487,432	68,524,063
Buying foreign currency commitments	72,228,347	60,464,947
Selling foreign currency commitments	36,064,496	30,206,156
Cross currency swap contracts	36,017,334	30,202,465
Undrawn loan commitments	146,517	56,326
Interest rate swap contracts	4,815,835	4,695,366
	3,443,250	3,363,750

SUMMARISED INTERIM CASH FLOW STATEMENT (DIRECT METHOD)

	For the six-month period ended	
	30.06.2018 VND million	30.06.2017 VND million
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest and similar income received	1,894,695	1,806,995
Interest and similar expenses paid	(133,569)	(151,315)
Fee and commission income received	403,429	335,604
Net amount received from trading of foreign currency and securities	358,990	342,246
Other expenses	(3,516)	(5,869)
Recovery of written off bad debts	22,247	18,713
Payments to employees and for administrative expenses	(1,252,580)	(1,179,787)
Business income tax paid	(269,860)	(188,735)
NET CASH FLOWS FROM OPERATING ACTIVITIES	1,019,836	977,852
BEFORE CHANGES IN WORKING CAPITAL		
Changes in operating assets		
Decrease/(increase) in placements with and loans to other credit institutions	572,044	(700,594)
(Increase)/decrease in held-for-trading securities and available-for-sales investment securities	(697,036)	1,511,337
Increase in derivatives and other financial assets	(28,916)	(5,684)
Increase in loans and advances to customers	(1,740,609)	(2,587,580)
Utilisation of provision for losses on loans and advances to customers	(12,126)	(58,033)
Decrease in other operating assets	99,487	42,845
Changes in operating liabilities		
Increase in placements and borrowings from other credit institutions	359,204	884,723
Increase in deposits from customers	19,610,097	1,726,418
Increase/(decrease) in other operating liabilities	16,607	(96,178)
NET CASH FLOWS FROM OPERATING ACTIVITIES	19,198,588	1,695,106
CASH FLOWS FROM INVESTMENT ACTIVITIES		
Purchase of fixed assets	(6,330)	(7,640)
Proceeds from the disposal of fixed assets	387	215
NET CASH FLOWS FROM INVESTMENT ACTIVITIES	(5,943)	(7,425)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(756,089)	(794,464)
NET CASH FLOWS FROM FINANCING ACTIVITIES	(756,089)	(794,464)
NET INCREASE IN CASH AND CASH EQUIVALENTS	18,436,556	893,217
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	35,450,720	24,878,271
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	53,887,276	25,771,488

MOVEMENTS IN OWNER'S EQUITY

	Contributed capital VND million	Reserve to supplement contributed capital VND million	Financial reserves VND million	Retained earnings VND million	Total VND million
As at 1 January 2017	7,528,000	544,439	987,496	1,572,738	10,632,673
Profit for the year	-	-	-	1,779,032	1,779,032
Dividend paid (*)	-	-	-	(1,224,778)	(1,224,778)
Appropriation to reserves	-	88,952	177,903	(266,855)	-
As at 31 December 2017	7,528,000	633,391	1,165,399	1,860,137	11,186,927
Profit for the period	-	-	-	1,130,040	1,130,040
Dividend declared (**)	-	-	-	(1,512,177)	(1,512,177)
As at 30 June 2018	7,528,000	633,391	1,165,399	1,478,000	10,804,790


(*) Dividend for the financial year 2016 was declared by Members' Council based on the Board Resolution dated 20 June 2017 and was paid on 21 September 2017.
(**) Dividend for the financial year 2017 was declared by Members' Council based on the Board Resolution dated 16 April 2018, of which VND756,089 million was paid on 4 June 2018.

FINANCIAL RATIOS

	30.06.2018 VND million, %	31.12.2017 VND million, %
Contributed capital	7,528,000	7,528,000
Total assets	107,820,150	87,786,108
Capital adequacy ratio	13%	14%
Overdue loan	655,771	681,417
Non-performing loans	357,006	350,422
Loans to deposit ratio	42%	56%
Overdue guarantee balance/Total guarantee balance	0%	0%
Overdue loan balance/Total loan balance	0.75%	1.01%
Non-performing loan balance/Total loan balance	0.41%	0.52%
The liquidity reserve ratio	50%	47%
Solvency ratio – 30 days	-	-
- In VND	Qualify	Qualify
- In other currencies	Qualify	Qualify

	30.06.2018 VND million	30.06.2017 VND million
Total deposits received	1,495,104,227	990,257,145
Total loans disbursed	52,640,226	39,599,516
Total loans collected	51,089,545	37,135,500

The summarised interim financial statements were approved by the Bank's Legal Representative on 27 August 2018.



 Ha Le Thao Vy, Financial Controller
 Nguyen Thi Thanh Truc, Chief Financial Officer and Chief Accountant
 Pham Hong Hai, Legal Representative
 27 August 2018

SUMMARISED INTERIM INCOME STATEMENT

	For the six-month period ended	
	30.06.2018 VND million	30.06.2017 VND million
Interest and similar income	1,712,487	1,466,928
Interest and similar expenses	(121,511)	(141,571)
Net interest income	1,590,976	1,325,357
Fee and commission income	521,538	404,570
Fee and commission expenses	(104,598)	(91,012)
Net fee and commission income	416,940	313,558
Net gain from dealing in foreign currencies	346,880	340,816
Net gain from trading of held-for-trading securities	8,607	1,614
Net gain from trading of investment securities	37,671	97,463
Other incomes	29,523	19,494
Other expenses	(10,406)	(7,113)
Net other income	19,117	12,381
Operating expenses	(968,243)	(885,397)
Operating profit before provisions for credit losses	1,451,948	1,205,792
Provisions for credit losses	(36,763)	25,075
Profit before tax	1,415,185	1,230,867
Business income tax – current	(184,800)	(149,485)
Business income tax – deferred	(100,345)	(99,213)
Business income tax	(285,145)	(248,698)
Net profit after tax	1,130,040	982,169

REPORT ON REVIEW OF THE SUMMARISED INTERIM FINANCIAL INFORMATION TO THE MEMBERS' COUNCIL OF HSBC BANK (VIETNAM) LTD.

The accompanying summarised interim financial statements have been prepared on 27 August 2018, from page 3 to page 9 which comprise the summarised interim balance sheet as at 30 June 2018, the summarised interim income statement, the summarised interim cash flow statement for the six-month period then ended, movements in owner's equity and key financial ratios. The summarised interim financial statements were derived from the interim financial statements of HSBC Bank (Vietnam) Ltd. ("the Bank") for the six-month period then ended, on which we have reviewed and issued an unqualified auditor's review conclusion dated 27 August 2018. The reviewed interim financial statements and the summarised interim financial statements do not include the impact of subsequent events that occurred after the date of our above mentioned auditor's review report. The summarised interim financial statements did not include all disclosures of the interim financial statements 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 interim financial statements cannot substitute for the reading of the reviewed interim financial statements of the Bank.

The Legal Representative's Responsibility to the summarised financial statements

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the summarised interim financial information based on our procedures which were performed in accordance with Vietnamese Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" and the relevant requirements of Vietnamese Auditing Standard No. 810 – Services on the summarised financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying summarised interim financial information which were derived from the reviewed interim financial statements for the six-month period ended 30 June 2018 of the Bank are not consistent, in all material respects, with reviewed interim financial statements, in accordance with the criteria as required by regulations.

Other matter

The independent auditor's review report on summarised interim financial statements is prepared in Vietnamese and English. Should there be any conflict between the Vietnamese and English copies, the Vietnamese copy shall take precedence.

For and on behalf of PwC (Vietnam) Limited



 NGUYEN HONG NAM
 Audit Firm Licence No. 0849-2018-006-1
 Authorized signatory
 Report reference number: HCM7460
 Ho Chi Minh City, 27 August 2018

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