

# HSBC BANK (VIETNAM) LTD.

## SUMMARISED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

### BALANCE SHEET

|  | As at 31 December   |                     |
|--|---------------------|---------------------|
|  | 2016<br>VND million | 2015<br>VND million |
| <b>ASSETS</b>  |                     |                     |
| Cash on hand   | 416,508             | 446,627             |
| Balances with the State Bank of Vietnam                          | 3,699,046           | 9,460,117           |
| Placements with and loans to other credit institutions           | 21,212,780          | 23,097,193          |
| Placements with other credit institutions                        | 20,808,587          | 22,439,122          |
| Loans to other credit institutions                               | 404,193             | 658,071             |
| Securities held for trading                                      | 261,705             | 591,185             |
| Securities held for trading                                      | 263,395             | 591,565             |
| Provision for diminution in value of securities held-for-trading | (1,690)             | (380)               |
| Derivatives and other financial assets                           | 41,447              | 24,451              |
| Loans and advances to customers                                  | 31,939,756          | 27,084,508          |
| Loans and advances to customers                                  | 32,507,152          | 27,656,079          |
| Provision for credit losses on loans and advances to customers   | (567,396)           | (571,571)           |
| Investment securities  | 12,325,017          | 10,516,364          |
| Available-for-sale investment securities                         | 12,540,578          | 10,696,113          |
| Provision for diminution in value of investment securities       | (215,561)           | (179,749)           |
| Fixed assets   | 29,538              | 31,692              |
| Tangible fixed assets  | 27,979              | 31,499              |
| Historical cost  | 209,580             | 214,485             |
| Accumulated depreciation   | (181,601)           | (182,986)           |
| Intangible fixed assets  | 1,559               | 193                 |
| Historical cost  | 4,090               | 2,374               |
| Accumulated amortisation   | (2,531)             | (2,181)             |
| Other assets   | 1,212,251           | 963,188             |
| Other receivables  | 164,755             | 68,556              |
| Accrued interest and fees receivables                            | 802,785             | 636,823             |
| Deferred tax assets  | 119,384             | 137,718             |
| Other assets   | 125,327             | 120,091             |
| <b>TOTAL ASSETS</b>  | <b>71,138,048</b>   | <b>72,215,325</b>   |
| <b>LIABILITIES AND EQUITY</b>                                    |                     |                     |
| <b>LIABILITIES</b>   |                     |                     |
| Placements from other credit institutions                        | 2,533,142           | 2,568,685           |
| Placements from other credit institutions                        | 2,533,142           | 2,568,685           |
| Deposits from customers  | 56,011,014          | 57,957,650          |
| Other liabilities  | 1,961,219           | 1,702,768           |
| Fee and interest payables  | 63,891              | 114,643             |
| Other liabilities  | 1,897,328           | 1,588,125           |
| <b>TOTAL LIABILITIES</b>   | <b>60,505,375</b>   | <b>62,229,103</b>   |
| <b>OWNER'S EQUITY</b>  | <b>10,632,673</b>   | <b>9,986,222</b>    |
| Contributed capital  | 7,528,000           | 7,528,000           |
| Reserves   | 1,531,935           | 1,315,798           |
| Retained earnings  | 1,572,738           | 1,142,424           |
| <b>TOTAL EQUITY</b>  | <b>10,632,673</b>   | <b>9,986,222</b>    |
| <b>TOTAL LIABILITIES AND EQUITY</b>                              | <b>71,138,048</b>   | <b>72,215,325</b>   |
| <b>OFF-BALANCE SHEET ITEMS</b>                                   |                     |                     |
| <b>CONTINGENT LIABILITIES</b>                                    | <b>14,667,008</b>   | <b>12,193,142</b>   |
| Letters of credit  | 7,235,177           | 6,627,609           |
| Other guarantees   | 7,431,831           | 5,565,533           |
| <b>COMMITMENTS</b>   | <b>52,934,677</b>   | <b>37,616,459</b>   |
| Foreign exchange transactions commitments                        | 44,269,526          | 29,789,890          |
| Buying foreign currency commitments                              | 21,696,684          | 13,666,378          |
| Selling foreign currency commitments                             | 21,576,607          | 13,463,246          |
| Cross currency swap contracts                                    | 996,235             | 2,660,266           |
| Undrawn loan commitments   | 5,341,301           | 4,543,069           |
| Interest rate swap contracts                                     | 3,323,850           | 3,283,500           |

### INCOME STATEMENT

|   | For the financial year ended<br>31 December |                     |
|---|---|---------------------|
|   | 2016<br>VND million                         | 2015<br>VND million |
| Interest and similar income                                 | 2,716,224                                   | 2,909,156           |
| Interest and similar expenses                               | (409,531)                                   | (651,235)           |
| <b>Net interest income</b>                                  | <b>2,306,693</b>                            | <b>2,257,921</b>    |
| Fee and commission income                                   | 815,986                                     | 788,334             |
| Fee and commission expenses                                 | (187,527)                                   | (149,263)           |
| <b>Net fee and commission income</b>                        | <b>628,459</b>                              | <b>639,071</b>      |
| <b>Net gain from dealing in foreign currencies</b>          | <b>754,308</b>                              | <b>454,114</b>      |
| <b>Net gain from trading of securities held-for-trading</b> | <b>21,339</b>                               | <b>30,721</b>       |
| <b>Net loss from trading of investment securities</b>       | <b>(35,812)</b>                             | <b>(1,599)</b>      |
| Other income  | 51,075                                      | 140,716             |
| Other expenses  | (17,324)                                    | (11,746)            |
| <b>Net other income</b>                                     | <b>33,751</b>                               | <b>128,970</b>      |
| <b>Operating expenses</b>                                   | <b>(1,845,631)</b>                          | <b>(2,069,656)</b>  |
| <b>Operating profit before provision for credit losses</b>  | <b>1,863,107</b>                            | <b>1,439,542</b>    |
| <b>Provisions for credit losses</b>                         | <b>(61,554)</b>                             | <b>(210,502)</b>    |
| <b>Profit before tax</b>                                    | <b>1,801,553</b>                            | <b>1,229,040</b>    |
| Business income tax - current                               | (342,304)                                   | (299,712)           |
| Business income tax - deferred                              | (18,334)                                    | 5,336               |
| <b>Business income tax</b>                                  | <b>(360,638)</b>                            | <b>(294,376)</b>    |
| <b>Net profit after tax</b>                                 | <b>1,440,915</b>                            | <b>934,664</b>      |

### CASH FLOW STATEMENT (DIRECT METHOD)

|  | For the financial year ended<br>31 December |                     |
|--|---|---------------------|
|  | 2016<br>VND million                         | 2015<br>VND million |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |   |                     |
| Interest and similar income received   | 2,575,989                                   | 3,097,723           |
| Interest and similar expenses paid   | (460,283)                                   | (678,329)           |
| Fee and commission income received   | 637,324                                     | 639,182             |
| Net amount received from trading of foreign currency and securities                              | 782,648                                     | 561,251             |
| Other (expenses)/income  | (17,004)                                    | 73,231              |
| Recovery of written off bad debts  | 48,566                                      | 55,709              |
| Payments to employees and for administrative expenses  | (1,937,061)                                 | (2,001,622)         |
| Business income tax paid   | (406,253)                                   | (212,943)           |
| <b>Net cash flows from operating activities before changes in working capital</b>                | <b>1,223,926</b>                            | <b>1,534,202</b>    |
| <b>Changes in operating assets</b>   |   |                     |
| Decrease in placements with and loans to other credit institutions                               | 647,797                                     | 5,385,213           |
| (Increase)/decrease in securities held-for-trading and available-for-sales investment securities | (1,566,746)                                 | 3,391,508           |
| Increase in derivatives and other financial assets   | (16,996)                                    | (24,451)            |
| (Increase)/decrease in loans and advances to customers   | (4,851,073)                                 | 6,030,207           |
| Utilisation of provision for losses on loans and advances to customers                           | (71,420)                                    | (541,023)           |
| Decrease in other operating assets   | 10,786                                      | 20,285              |
| <b>Changes in operating liabilities</b>  |   |                     |
| Decrease in placements and borrowings from other credit institutions                             | (35,543)                                    | (4,390,530)         |
| Decrease in deposits from customers  | (1,946,636)                                 | (7,882,894)         |
| Decrease in derivative financial instruments and other financial liabilities                     | -   | (14,066)            |
| (Decrease)/increase in other operating liabilities   | (63,144)                                    | 70,077              |
| <b>Net cash flows from operating activities</b>  | <b>(6,669,049)</b>                          | <b>3,578,528</b>    |
| <b>CASH FLOWS FROM INVESTMENT ACTIVITIES</b>   |   |                     |
| Payment for addition of fixed assets   | (13,050)                                    | (16,723)            |
| Proceeds from the disposal of fixed assets   | 2,249                                       | 1,493               |
| <b>Net cash flows from investment activities</b>   | <b>(10,801)</b>                             | <b>(15,230)</b>     |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>  |   |                     |
| Dividends paid   | (347,955)                                   | (895,224)           |
| <b>Net cash flows from financing activities</b>  | <b>(347,955)</b>                            | <b>(895,224)</b>    |
| <b>Net (decrease)/increase in cash and cash equivalents</b>                                      | <b>(7,027,805)</b>                          | <b>2,668,074</b>    |
| <b>Cash and cash equivalents at beginning of the year</b>  | <b>31,906,076</b>                           | <b>29,238,003</b>   |
| <b>Cash and cash equivalents at end of the year</b>  | <b>24,878,271</b>                           | <b>31,906,077</b>   |

### FINANCIAL RATIOS

|   | As at 31 December      |                        |
|---|------------------------|------------------------|
|   | 2016<br>VND million, % | 2015<br>VND million, % |
| Contributed capital                               | 7,528,000              | 7,528,000              |
| Total assets                                      | 71,138,048             | 72,215,325             |
| Capital adequacy ratio                            | 16%                    | 20%                    |
| Overdue loans                                     | 808,063                | 920,034                |
| Non-performing loans                              | 428,963                | 508,347                |
| Loans to deposits ratio                           | 58%                    | 48%                    |
| Overdue guarantee balance/Total guarantee balance | 0%                     | 0%                     |
| Overdue loan balance/Total loan balance           | 1.58%                  | 1.92%                  |
| Non-performing loan balance/Total loan balance    | 0.84%                  | 1.06%                  |
| The liquidity reserve ratio                       | 50%                    | 33%                    |
| Solvency ratio - 30 days (i)                      | Qualify                | Qualify                |
| • In VND  | Qualify                | Qualify                |
| • In other currencies                             | Qualify                | Qualify                |
|   | <b>2016</b>            | <b>2015</b>            |
|   | <b>VND million</b>     | <b>VND million</b>     |
| Total deposits received                           | 2,190,964,674          | 1,590,938,697          |
| Total loans disbursed                             | 81,767,160             | 96,870,901             |
| Total loans collected                             | 77,109,475             | 103,186,493            |

The financial statements were approved by the Bank's Legal Representative on 27 March 2017.

  
 Ha Le Thao Vy  
Financial Controller  
 Nguyen Thi Thanh Truc  
Chief Financial Officer  
 Pham Hong Hai  
Legal Representative  
27 March 2017

### 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 27 March 2017, from pages 2 to 7 which comprise the summarised balance sheet as at 31 December 2016, the summarised income statement, and the summarised cash flow statement for the year then ended, 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 2016, on which we have audited and issued an unqualified auditor's report dated 27 March 2017. 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.

#### The Legal Representative's Responsibility for the summarised financial statements

The Bank's Legal Representative 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 2016 of the Bank, are consistent, in all material respects, with audited financial statements, in accordance with the criteria as required by regulations.

For and on behalf of PricewaterhouseCoopers (Vietnam) Limited

  
 Nguyen Phi Lan  
Audit Practising Licence No. 0573-2013-006-1  
Authorised signatory

  
 Lai Hung Phuong  
Audit Practising Licence No. 2432-2013-006-1

Report reference number: HCM5881  
Ho Chi Minh City, 27 March 2017


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