

HSBC BANK (VIETNAM) LTD. FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(Issued in accordance with Decision No 16/2007/QĐ-NHNN dated 18 April 2007 of the Governor of the State Bank of Vietnam)

BALANCE SHEET AS AT 31 DECEMBER 2013

	31/12/2013 VND million	31/12/2012 VND million (Reclassified)
ASSETS		
Cash on hand	625,595	588,494
Balances with the State Bank of Vietnam	3,127,838	2,258,063
Deposits with and loans to credit institutions	21,698,299	21,007,516
Deposits	15,629,009	6,584,331
Loans	6,111,735	14,543,079
Allowances for loans to credit institutions	(42,445)	(119,894)
Securities held for trading	1,593,534	2,121,324
Securities held for trading	1,593,534	2,121,324
Loans and advances to customers	31,596,997	31,639,694
Loans and advances to customers	32,331,495	32,042,693
Allowance for loans and advances to customers	(734,498)	(402,999)
Investment securities	7,045,421	7,164,727
Available-for-sale securities	7,045,421	7,164,727
Fixed assets	75,675	111,943
Tangible fixed assets	75,675	111,943
Cost	302,938	302,940
Accumulated depreciation	(227,263)	(190,997)
Other assets	897,402	861,386
Receivables	64,081	93,355
Accrued interest and fees receivable	574,811	542,898
Deferred tax assets	171,188	147,256
Other assets	87,322	77,877
TOTAL ASSETS	66,660,761	65,753,147
LIABILITIES AND OWNER'S EQUITY		
LIABILITIES		
Deposits and borrowings from credit institutions	7,645,292	12,642,783
Deposits	7,612,012	10,745,963
Borrowings	33,280	1,896,820
Deposits from customers	50,671,391	44,612,685
Derivatives and other financial liabilities	57,134	52,483
Other liabilities	1,663,301	2,271,145
Accrued interest and fees payable	256,075	268,839
Other liabilities	1,342,023	1,935,697
Provision for off-balance sheet commitments	65,203	66,609
TOTAL LIABILITIES	60,037,118	59,579,096
OWNER'S EQUITY		
Capital and reserves	6,623,643	6,174,051
Contributed capital	3,000,000	3,000,000
Reserves	1,057,579	905,758
Retained profits	2,566,064	2,268,293
TOTAL OWNER'S EQUITY	6,623,643	6,174,051
TOTAL LIABILITIES AND OWNER'S EQUITY	66,660,761	65,753,147
OFF-BALANCE SHEET ITEMS		
CONTINGENT LIABILITIES		
Letters of credit	7,433,472	7,949,330
Other guarantees	2,747,154	4,119,983
Other commitments	4,686,318	3,829,347
OTHER COMMITMENTS	14,108,321	10,719,186
Undrawn loan commitments	1,150,413	632,237
Outstanding acceptances on trade bills	1,032,904	1,131,932
Foreign exchange forward contracts	6,559,260	6,174,139
Interest rate swap contracts	4,048,898	1,133,751
Cross currency swap contracts	1,316,846	1,647,127

STATEMENT OF INCOME FOR THE YEAR ENDED 31 DECEMBER 2013

	2013 VND million	2012 VND million
Interest and similar income	3,747,936	4,350,951
Interest and similar expenses	(1,201,962)	(1,450,791)
Net interest income	2,545,974	2,900,160
Fee and commission income	781,265	726,549
Fee and commission expenses	(169,436)	(171,741)
Net fee and commission income	611,829	554,808
Net gain from trading of foreign currencies	489,588	455,311
Net gain from trading of securities held-for-trading	45,968	44,930
Net gain from disposals of investment securities	75,470	11,212
Other income - net	23,478	55,137
Operating expenses	(1,774,495)	(1,792,626)
Operating profit before allowance and provision expenses	2,017,812	2,228,932
Allowance and provision expenses	(562,383)	(350,520)
Profit before tax	1,455,429	1,878,412
Income tax expense - current	(432,316)	(600,195)
Income tax benefit - deferred	23,932	119,335
Total income tax expense	(408,384)	(480,860)
Net profit after tax	1,047,045	1,397,552

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2013 (DIRECT METHOD)

	2013 VND million	2012 VND million (Reclassified)
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest and similar income received	3,715,812	4,254,085
Interest and similar expenses paid	(1,214,726)	(1,480,978)
Net fee and commission income received	607,814	548,940
Net receipts from trading of foreign currencies and securities	605,281	475,250
Other income received	8,283	18,068
Recoveries from bad debts written off	16,678	15,613
Salaries and operating expenses paid	(1,760,803)	(1,800,864)
Income tax paid	(532,316)	(478,005)
Operating cash flows before changes in operating assets and liabilities	1,446,023	1,552,109
Changes in operating assets		
Decrease/(increase) in deposits with and loans to credit institutions	1,960,653	(6,472,524)
Decrease/(increase) in securities held-for-trading and investment securities	411,824	(5,171,832)
Decrease in derivatives and other financial assets	-	19,503
Increase in loans and advances to customers	(288,802)	(9,199,959)
Utilisation of allowance for loans and advances to customers	(310,439)	(48,290)
Decrease/(increase) in other asset	33,496	(11,826)
Changes in operating liabilities		
(Decrease)/increase in deposits and borrowings from credit institutions	(4,997,491)	5,848,025
Increase in deposits from customers	6,058,706	5,306,972
Increase in derivatives and other financial liabilities	4,651	52,483
(Decrease)/increase in other liabilities	(230,810)	234,339
Net cash flows from operating activities	4,087,811	(7,891,000)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for additions of fixed assets	(10,021)	(21,529)
Proceeds from disposals of fixed assets	526	2,142
Net cash flows from investing activities	(9,495)	(19,387)
CASH FLOWS FROM FINANCING ACTIVITIES		
Profits distribution	(597,453)	(626,449)
Net cash flows from financing activities	(597,453)	(626,449)
Net cash flows for the year	3,480,863	(8,536,836)
Cash and cash equivalents at the beginning of the year	15,905,116	24,441,952
Cash and cash equivalents at the end of the year	19,385,979	15,905,116

KEY FINANCIAL RATIOS

	31/12/2013 VND million, %	31/12/2012 VND million, %
Charter capital	3,000,000	3,000,000
Total assets	66,660,761	65,753,147
Capital adequacy ratio (*)	13%	12%
Overdue loans	2,467,669	2,372,311
Non-performing loans	1,093,673	822,451
Loans to deposits ratio (*)	101%	111%
Overdue guarantee balance/Total guarantee balance	0%	0%
Overdue loan balance/Total loan balance	7.63%	7.40%
Non-performing loan balance/Total loan balance	3.38%	2.57%
Solvency ratio - next day (*)	33%	24%
Solvency ratio - next seven days (*)		
• In VND	219%	198%
• In EUR	579%	283%
• In GBP	521%	655%
• USD and other currencies	196%	151%

	2013 VND million	2012 VND million
Total deposits received	1,523,138,950	1,291,348,016
Total loans disbursed	135,098,665	149,943,167
Total loans collected	134,900,789	140,662,704

(*) These 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, these 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.

31 March 2014

 Nguyen Thi Thanh Truc
 Chief Financial Officer


 Sumit Dutta
 Chief Executive Officer

KPMG 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 2013, 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 2013. We expressed an unmodified opinion on those financial statements in our report dated 27 March 2014. 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 for the Summary Financial Statements

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 810 - "Engagements to Report on Summary Financial Statements".

Audit 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 2013 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 Registration Certificate No: 12-01-130-2013/1


 Trinh-Duc-Cuong
 Practising Auditor Registration Certificate
 No. 0339-2013-007-1
 Deputy General Director


 Trinh Vinh Phuc
 Practising Auditor Registration Certificate
 No. 1901-2013-007-1

Ho Chi Minh City, 31 March 2014