

HSBC BANK (VIETNAM) LTD.

SUMMARY INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2014

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

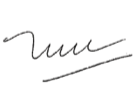
BALANCE SHEET AS AT 30 JUNE 2014		
	30/06/2014 VND million	31/12/2013 VND million
ASSETS		
Cash on hand	633,733	625,595
Balances with the State Bank of Vietnam	4,883,514	3,127,838
Deposits with and loans to credit institutions	36,361,525	21,698,299
Deposits	29,255,384	15,629,009
Loans	7,106,141	6,111,735
Allowances for loans to credit institutions	-	(42,445)
Securities held for trading	1,656,911	1,593,534
Securities held for trading	1,656,911	1,593,534
Loans and advances to customers	29,438,777	31,596,997
Loans and advances to customers	30,012,441	32,331,495
Allowance for loans and advances to customers	(573,664)	(734,498)
Investment securities	12,841,103	7,045,421
Available-for-sale securities	12,841,103	7,045,421
Fixed assets	54,763	75,675
Tangible fixed assets	54,763	75,675
Cost	241,461	302,938
Accumulated depreciation	(186,698)	(227,263)
Other assets	773,829	897,402
Receivables	112,943	64,081
Accrued interest and fees receivable	500,582	574,811
Deferred tax assets	58,419	171,188
Other assets	101,885	87,322
TOTAL ASSETS	86,644,155	66,660,761
LIABILITIES AND OWNER'S EQUITY		
LIABILITIES		
Deposits and borrowings from credit institutions	8,157,006	7,645,292
Deposits	8,157,006	7,612,012
Borrowings	-	33,280
Deposits from customers	67,056,493	50,671,391
Derivatives and other financial liabilities	67,339	57,134
Other liabilities	1,322,391	1,663,301
Accrued interest and fees payable	193,170	256,075
Other liabilities	1,129,221	1,342,023
Provision for off-balances sheet commitments	-	65,203
TOTAL LIABILITIES	76,603,229	60,037,118
OWNER'S EQUITY		
Capital and reserves	10,040,926	6,623,643
Contributed capital	7,528,000	3,000,000
Reserves	1,057,579	1,057,579
Retained profits	1,455,347	2,566,064
TOTAL OWNER'S EQUITY	10,040,926	6,623,643
TOTAL LIABILITIES AND OWNER'S EQUITY	86,644,155	66,660,761
OFF-BALANCE SHEET ITEMS		
CONTINGENT LIABILITIES		
Letters of credit	3,795,852	2,678,116
Other guarantees	5,045,486	4,483,391
OTHER COMMITMENTS	15,079,383	14,108,321
Undrawn loan commitments	1,593,539	1,150,413
Outstanding acceptances on trade bills	963,458	1,032,904
Foreign exchange forward contracts	7,532,233	6,559,260
Interest rate swap contracts	4,010,228	4,048,898
Cross currency swap contracts	979,925	1,316,846

STATEMENT OF CASH FLOWS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2014 (DIRECT METHOD)		
	30/06/2014 VND million	30/06/2013 VND million (Reclassified)
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest and similar income received	1,668,977	2,286,028
Interest and similar expenses paid	(496,505)	(756,763)
Net fee and commission income received	276,845	264,922
Net receipts from trading of foreign currencies and securities	258,480	303,740
Other expenses paid	(143)	(240)
Recoveries from bad debts written off	9,396	5,588
Salaries and operating expenses paid	(1,209,976)	(767,490)
Income tax paid	(226,441)	(385,335)
Operating cash flows before changes in operating assets and liabilities	280,633	950,450
Changes in operating assets		
(Increase)/decrease in deposits with and loans to credit institutions	(1,428,964)	1,604,939
Increase in securities held-for-trading and investment securities	(5,806,588)	(1,228,479)
Decrease/(increase) in loans and advances to customers	2,319,054	(309,501)
Utilisation of allowance for loans and advances to customers	(312,004)	(44,047)
(Increase)/decrease in other assets	(47,170)	20,195
Changes in operating liabilities		
Increase/(decrease) in deposits and borrowings from credit institutions	511,714	(4,390,434)
Increase in deposits from customers	16,385,102	1,530,441
Increase in derivatives and other financial liabilities	10,205	13,632
Increase in other liabilities	191,701	138,972
Net cash flows from operating activities	12,103,683	(1,713,832)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for acquisition of fixed assets	(5,217)	(6,915)
Proceeds from disposals of fixed assets	-	397
Net cash flows from investing activities	(5,217)	(6,518)
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital contribution	2,857,165	-
Profits distribution	-	(597,453)
Net cash flows from financing activities	2,857,165	(597,453)
Net cash flows for the period	14,955,631	(2,317,803)
Cash and cash equivalents at the beginning of the period	19,385,979	15,905,116
Cash and cash equivalents at the end of the period	34,341,610	13,587,313


FINANCIAL RATIOS		
	30/06/2014 VND million, %	31/12/2013 VND million, %
Charter capital	7,528,000	3,000,000
Total assets	86,644,155	66,660,761
Capital adequacy ratio (*)	18%	13%
Overdue loans	1,686,917	2,467,669
Non-performing loans	1,056,866	1,093,673
Loans to deposits ratio (*)	93%	101%
Overdue guarantee balance/Total guarantee balance	0%	0%
Overdue loan balance/Total loan balance	5.62%	7.63%
Non-performing loan balance/Total loan balance	3.52%	3.38%
Solvency ratio - next day (*)	55%	33%
Solvency ratio - next seven days (*)		
• In VND	276%	219%
• In EUR	630%	579%
• In GBP	889%	521%
• In USD and other currencies	397%	196%
	30/06/2014 VND million	30/06/2013 VND million
Total deposits received	797,188,597	725,573,109
Total loans disbursed	66,441,722	65,970,399
Total loans collected	68,698,834	65,875,563

(*) 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.

27 August 2014

Approved: 

Nguyen Thi Thanh Truc
Chief Financial Officer



Hong Hai
Authorized Representative and
Deputy Chief Executive Officer

STATEMENT OF INCOME FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2014		
	30/06/2014 VND million	30/06/2013 VND million (Reclassified)
Interest and similar income	1,591,169	2,088,376
Interest and similar expenses	(433,599)	(612,462)
Net interest income	1,157,570	1,475,914
Fee and commission income	351,347	353,160
Fee and commission expenses	(74,038)	(84,795)
Net fee and commission income	277,309	268,365
Net gain from trading of foreign currencies	245,607	258,415
Net gain from trading of securities held-for-trading	13,828	35,447
Net gain from disposals of investment securities	-	23,506
Other income - net	9,119	5,371
Operating expenses	(940,950)	(864,747)
Operating profit before allowance and provision expenses	762,483	1,202,271
Allowance and provision expenses	(40,364)	(88,154)
Profit before tax	722,119	1,114,117
Income tax expense - current	(49,232)	(272,375)
Income tax expense - deferred	(112,769)	(12,375)
Total income tax expense	(162,001)	(284,750)
Net profit after tax	560,118	829,367

KPMG INDEPENDENT AUDITORS' REVIEW REPORT ON SUMMARY INTERIM FINANCIAL STATEMENTS

To the Investor
HSBC Bank (Vietnam) Ltd.

The accompanying summary interim financial statements, which comprise the balance sheet as at 30 June 2014, the statements of income and cash flows for the six-month period then ended and key financial ratios, are derived from the complete reviewed interim financial statements of HSBC Bank (Vietnam) Ltd. ("the Bank") for the six-month period ended 30 June 2014. We issued an unqualified conclusion in our review report dated 27 August 2014 on the complete interim financial statements from which the accompanying summary interim financial statements are derived.


The summary interim financial statements do not contain all the disclosures required by Vietnamese Accounting Standard 27 - Interim Financial Statement, the relevant requirements of Vietnamese Accounting System for Credit Institutions stipulated by the State Bank of Vietnam and the relevant statutory requirements applicable to interim financial reporting. Reading the summary interim financial statements, therefore, is not a substitute for reading the complete interim financial statements of HSBC Bank (Vietnam) Ltd.

Management's Responsibility
Management is responsible for the preparation and presentation of these summary interim financial statements in accordance with the relevant requirements on summary financial statements of Circular No. 234/2012/TT-BTC dated 28 December 2012 issued by the Ministry of Finance and the principles of preparation and presentation of summary interim financial statements generally accepted in Vietnam.


Auditor's Responsibilities
Our responsibility is to issue a report on these summary interim financial statements based on our review which was conducted in accordance with Vietnamese Standard on Auditing 910 - Engagements to Review Financial Statements and the relevant requirements of Vietnamese Standard on Auditing 810 - Engagements to Reports on Summary Financial Statements.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the accompanying summary interim financial statements derived from the complete reviewed interim financial statements of HSBC Bank (Vietnam) Ltd. for the six-month period ended 30 June 2014 are not consistent, in all material respects, with those complete interim financial statements, in accordance with the relevant requirements on summary financial statements of Circular No. 234/2012/TT-BTC dated 28 December 2012 issued by the Ministry of Finance and 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
Report No.: 14-01-408/1



Vinh
Practising Auditor Registration Certificate
No. 0339-2013-007-1
Deputy General Director
Ho Chi Minh City, 27 August 2014



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