

# HSBC BANK (VIETNAM) LTD.

## SUMMARISED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2015

**pwc** INDEPENDENT AUDITOR'S REVIEW REPORT ON THE SUMMARISED INTERIM FINANCIAL STATEMENTS TO THE MEMBERS' COUNCIL OF HSBC BANK (VIETNAM) LTD.

The accompanying summarised interim financial statements have been prepared on 25 August 2015, from page 2 to page 8 which comprise the balance sheet as at 30 June 2015, the income statement, and the cash flow statement for the six-month period ended 30 June 2015, 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 ended 30 June 2015, on which we have reviewed and issued an unqualified auditor's review conclusion dated 25 August 2015. 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 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.

#### Management's Responsibility for the summarised interim financial statements

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

#### Auditor's Responsibility

Our responsibility is to express a conclusion on the summarised interim financial statements based on our procedures which were performed in accordance with the Vietnamese Auditing Standard No. 910 - Engagement to Review Financial Statements and the relevant requirements of Vietnamese Auditing Standard No. 810 - Services on the summarised financial statements.

#### Conclusion

In our review, nothing has come to our attention that cause us to believe that the accompanying summarised interim financial statements which were derived from the reviewed interim financial statements for the six-month period ended 30 June 2015 of the Bank, are not consistent, in all material aspects, with reviewed interim financial statements, in accordance with the criteria as required by regulations.

#### Other matter

The summarised financial statements of the Bank for the six-month period ended 30 June 2014 and the summarised financial statements for the year ended 31 December 2014 were respectively reviewed and audited by another auditor whose review report dated 27 August 2014 expressed an unqualified conclusion and audit report dated 24 March 2015 expressed an unqualified opinion.

**PricewaterhouseCoopers (Vietnam) Limited**  
CÔNG TY TRÁCH NHIỆM HỮU HẠN  
PRICEWATERHOUSECOOPERS  
VIỆT NAM  
ĐOÀN T

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

*Nguyễn Hoàng Nam*  
Nguyễn Hoàng Nam  
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Report reference number: HCM4916  
Ho Chi Minh City, 25 August 2015

### I. BALANCE SHEET

	As at 30.06.2015 VND million	As at 31.12.2014 VND million Reclassified
<b>A ASSETS</b>		
<b>I Cash on hand</b>	<b>506,274</b>	<b>617,761</b>
<b>II Balances with the State Bank of Vietnam</b>	<b>3,946,338</b>	<b>2,801,542</b>
<b>III Placements with and loans to other credit institutions</b>	<b>17,001,548</b>	<b>27,732,104</b>
1 Placements with other credit institutions	14,885,695	20,840,154
2 Loans to other credit institutions	2,115,853	6,891,950
<b>IV Securities held-for-trading</b>	<b>428,978</b>	<b>2,175,977</b>
1 Securities held-for-trading	430,831	2,203,361
2 Provision for diminution in value of securities held-for-trading	(1,853)	(27,384)
<b>VI Loans and advances to customers</b>	<b>30,495,172</b>	<b>32,790,105</b>
1 Loans and advances to customers	31,442,446	33,686,286
2 Provision for losses on loans and advances to customers	(947,274)	(896,181)
<b>VIII Investment securities</b>	<b>21,833,288</b>	<b>16,964,853</b>
1 Available-for-sales investment securities	21,940,035	17,045,494
2 Provision for diminution in value of investment securities	(106,747)	(80,641)
<b>X Fixed assets</b>	<b>43,022</b>	<b>41,562</b>
1 Tangible fixed assets	42,734	41,314
a Historical cost	226,631	238,169
b Accumulated depreciation	(183,897)	(196,855)
3 Intangible fixed assets	288	248
a Historical cost	2,373	2,765
b Accumulated amortisation	(2,085)	(2,517)
<b>XI Other assets</b>	<b>796,101</b>	<b>1,169,501</b>
1 Other receivables	108,337	88,841
2 Accrued interest and fee receivables	542,920	831,657
3 Deferred tax assets	21,834	132,382
4 Other assets	123,010	116,621
<b>TOTAL ASSETS</b>	<b>75,050,721</b>	<b>84,293,405</b>
<b>B LIABILITIES AND EQUITY</b>		
<b>II Placements and borrowings from other credit institutions</b>	<b>4,096,689</b>	<b>6,959,215</b>
1 Placements from other credit institutions	4,096,689	6,959,215
<b>III Deposits from customers</b>	<b>60,038,041</b>	<b>65,840,544</b>
<b>IV Derivative and other financial liabilities</b>	<b>382</b>	<b>14,066</b>
<b>VII Other liabilities</b>	<b>848,451</b>	<b>1,184,843</b>
1 Fee and interest payables	117,298	141,737
3 Other liabilities	731,153	1,043,106
<b>TOTAL LIABILITIES</b>	<b>64,983,563</b>	<b>73,998,668</b>
<b>VIII OWNER'S EQUITY</b>	<b>10,067,158</b>	<b>10,294,737</b>
1 Chartered capital	7,528,000	7,528,000
2 Reserves	1,175,598	1,175,598
5 Retained earnings	1,363,560	1,591,139
<b>TOTAL EQUITY</b>	<b>10,067,158</b>	<b>10,294,737</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>75,050,721</b>	<b>84,293,405</b>
<b>I CONTINGENT LIABILITIES</b>	<b>9,376,498</b>	<b>8,584,759</b>
4 Letters of credit	5,071,656	3,524,696
5 Other guarantees	4,304,842	5,060,063
<b>II COMMITMENTS</b>	<b>43,629,404</b>	<b>23,367,762</b>
2 Foreign exchange transactions commitments	36,558,038	17,123,243
- Buying foreign currency commitments	17,165,886	7,496,772
- Selling foreign currency commitments	17,161,537	7,484,864
- Cross currency swap contracts	2,230,615	2,141,607
3 Undrawn loan commitments	2,404,950	1,940,787
6 Other commitments	4,666,416	4,303,732
- Interest rate swap contracts	3,271,950	3,209,100
- Outstanding acceptance	1,394,466	1,094,632

### II. INCOME STATEMENT

	For the six-month period ended	
	30.06.2015 VND million	30.06.2014 VND million
1 Interest and similar income	1,508,148	1,591,169
2 Interest and similar expenses	(348,593)	(433,599)
<b>I Net interest income</b>	<b>1,159,555</b>	<b>1,157,570</b>
3 Fee and commission income	386,017	351,347
4 Fee and commission expense	(60,979)	(74,038)
<b>II Net fee and commission income</b>	<b>325,038</b>	<b>277,309</b>
<b>III Net gain from dealing in foreign currencies</b>	<b>306,025</b>	<b>245,607</b>
<b>IV Net gain from trading of securities held-for-trading</b>	<b>22,083</b>	<b>13,828</b>
<b>V Net gain from trading of investment securities</b>	<b>71,403</b>	<b>-</b>
5 Other incomes	111,205	11,636
6 Other expenses	(1,745)	(2,517)
<b>VI Net other income</b>	<b>109,460</b>	<b>9,119</b>
<b>VIII Operating expenses</b>	<b>(1,052,702)</b>	<b>(940,950)</b>
<b>IX Operating profit before provisions for credit losses</b>	<b>940,862</b>	<b>762,483</b>
<b>X Provisions for credit losses</b>	<b>(82,270)</b>	<b>(40,364)</b>
<b>XI Profit before tax</b>	<b>858,592</b>	<b>722,119</b>
7 Business income tax - current	(80,399)	(49,232)
8 Business income tax - deferred	(110,548)	(112,769)
<b>XII Business income tax</b>	<b>(190,947)</b>	<b>(162,001)</b>
<b>XIII Net profit after tax</b>	<b>667,645</b>	<b>560,118</b>

### III. CASH FLOW STATEMENT (DIRECT METHOD)

	For the six-month period ended	
	30.06.2015 VND million	30.06.2014 VND million Reclassified
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
01 Interest and similar income received	1,799,613	1,668,977
02 Interest and similar expenses paid	(373,032)	(496,505)
03 Fee and commission income received	324,912	276,845
04 Net amount received from trading of foreign currency and securities	397,919	258,480
05 Other incomes/(expenses)	79,179	(143)
06 Recovery of written off bad debts	29,930	9,396
07 Payments to employees and for administrative expenses	(1,311,895)	(1,209,976)
08 Business income tax paid	(185,077)	(226,441)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL</b>	<b>761,549</b>	<b>280,633</b>
<b>Changes in operating assets</b>		
09 Decrease/(increase) in placements with and loans to other credit institutions	5,136,253	(1,428,964)
10 Increase in securities held-for-trading and available-for-sales investment securities	(2,270,991)	(3,159,162)
12 Decrease in loans and advances to customers	2,243,840	2,319,054
13 Utilisation of provision for losses on loans and advances to customers	(33,981)	(312,004)
14 Increase in other operating assets	(19,496)	(47,170)
<b>Changes in operating liabilities</b>		
16 (Decrease)/increase in placements and borrowings from other credit institutions	(2,862,526)	511,714
17 (Decrease)/increase in deposits from customers	(5,802,503)	16,385,102
20 (Decrease)/increase in derivative financial instruments and other financial liabilities	(13,684)	10,205
21 Increase in other operating liabilities	61,611	191,701
<b>I NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>(2,799,928)</b>	<b>14,751,109</b>
<b>CASH FLOWS FROM INVESTMENT ACTIVITIES</b>		
01 Payment for addition of fixed assets	(15,610)	(5,217)
02 Proceeds from the disposal of fixed assets	788	-
<b>II NET CASH FLOWS FROM INVESTMENT ACTIVITIES</b>	<b>(14,822)</b>	<b>(5,217)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
01 Capital contribution	-	2,857,165
04 Dividends paid	(895,224)	-
<b>III NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>(895,224)</b>	<b>2,857,165</b>
<b>IV NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(3,709,974)</b>	<b>17,603,057</b>
<b>V CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>29,238,003</b>	<b>19,784,481</b>
<b>VI CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>25,528,029</b>	<b>37,387,538</b>

### IV. FINANCIAL RATIOS

	30.06.2015 VND million, %	31.12.2014 VND million, % Restated
Charter capital	7,528,000	7,528,000
Total assets	75,050,721	84,293,405
Capital adequacy ratio (*)	19%	16%
Overdue loan	1,571,362	1,452,037
Non-performing loans	1,045,339	972,151
Loans to deposit ratio (*)	51%	100%
Overdue guarantee balance/Total guarantee balance	0%	0%
Overdue loan balance/Total loan balance	3.46%	2.47%
Non-performing loan balance/Total loan balance	2.30%	2.65%
Solvency ratio - next day (*)	Not required	53%
The liquidity reserve ratio (*)	39%	Not required
Solvency ratio - next seven days (*)		
- In VND	Not required	287%
- In EUR	Not required	770%
- In GBP	Not required	1048%
- In USD and other currencies	Not required	344%
Solvency ratio - 30 days (*)		
- In VND	Qualify	Not required
- In other currencies	Qualify	Not required

  

	For the six-month period ended	
	30.06.2015 VND million	30.06.2014 VND million
Total deposits received	784,521,716	797,188,597
Total loans disbursed	50,469,386	66,441,722
Total loans collected	52,890,618	68,698,834

#### Effective from 1 February 2015

(\*) The financial ratios were calculated in accordance with the provisions of Circular No. 36/2014/TT-NHNN dated 20 November 2014 ("Circular 36") issued by the State Bank of Vietnam regulating safety ratios in the operations of credit institutions.

#### Prior to 1 February 2015

(\*) 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.

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Financial Controller

*Nguyễn Thị Thanh Trúc*  
Nguyễn Thị Thanh Trúc  
Chief Financial Officer

*Phạm Hồng Hải*  
Phạm Hồng Hải  
Chief Executive Officer  
25 August 2015