

# HSBC BANK (VIETNAM) LTD

## SUMMARISED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016

### BALANCE SHEET

	As at 30.06.2016 VND million	As at 31.12.2015 VND million
<b>ASSETS</b>		
Cash on hand	384,786	446,627
Balances with the State Bank of Vietnam	2,396,556	9,460,117
Placements with and loans to other credit institutions	19,760,050	23,097,193
Placements with other credit institutions	19,129,995	22,439,122
Loans to other credit institutions	630,055	658,071
Securities held-for-trading	667,070	591,185
Securities held-for-trading	667,191	591,565
Provision for diminution in value of securities held-for-trading	(121)	(380)
Derivatives and other financial assets	43,114	24,451
Loans and advances to customers	29,735,434	27,084,508
Loans and advances to customers	30,276,366	27,656,079
Provision for credit losses on loans and advances to customers	(540,932)	(571,571)
Investment securities	14,045,760	10,516,364
Available-for-sales investment securities	14,247,816	10,696,113
Provision for diminution in value of investment securities	(202,056)	(179,749)
Fixed assets	29,012	31,692
Tangible fixed assets	27,219	31,499
Historical cost	216,450	214,485
Accumulated depreciation	(189,231)	(182,986)
Intangible fixed assets	1,793	193
Historical cost	4,090	2,374
Accumulated amortization	(2,297)	(2,181)
Other assets	911,475	963,188
Other receivables	138,331	68,566
Accrued interest and fee receivables	635,551	636,823
Deferred tax assets	20,018	137,718
Other assets	117,575	120,091
<b>TOTAL ASSETS</b>	<b>67,973,257</b>	<b>72,215,325</b>
<b>LIABILITIES AND EQUITY</b>		
Placements from other credit institutions	3,196,925	2,568,685
Placements from other credit institutions	3,196,925	2,568,685
Deposits from customers	52,882,631	57,957,650
Other liabilities	1,122,042	1,702,768
Fee and interest payables	83,173	114,643
Other liabilities	1,038,869	1,588,125
<b>TOTAL LIABILITIES</b>	<b>57,201,598</b>	<b>62,229,103</b>
<b>OWNER'S EQUITY</b>	<b>10,771,659</b>	<b>9,986,222</b>
Contributed capital	7,528,000	7,528,000
Reserves	1,315,798	1,315,798
Retained earnings	1,927,861	1,142,424
<b>TOTAL EQUITY</b>	<b>10,771,659</b>	<b>9,986,222</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>67,973,257</b>	<b>72,215,325</b>
<b>OFF BALANCE SHEET ITEMS</b>		
<b>CONTINGENT LIABILITIES</b>	<b>14,180,166</b>	<b>12,193,142</b>
Letters of credit	7,128,889	6,627,609
Other guarantees	7,051,277	5,565,533
<b>COMMITMENTS</b>	<b>33,335,335</b>	<b>37,616,459</b>
Foreign exchange transactions commitments	25,812,822	29,789,890
- Buying foreign currency commitments	11,775,008	13,666,378
- Selling foreign currency commitments	11,645,049	13,463,246
- Cross currency swap contracts	2,392,765	2,660,266
Undrawn loan commitments	4,241,563	4,543,069
Interest rate swap contracts	3,280,950	3,283,500

### INCOME STATEMENT

	For the six-month period ended	
	30.06.2016 VND million	30.06.2015 VND million
Interest and similar income	1,371,233	1,508,148
Interest and similar expenses	(253,556)	(348,593)
<b>Net interest income</b>	<b>1,117,677</b>	<b>1,159,555</b>
Fee and commission income	406,729	386,017
Fee and commission expense	(79,499)	(60,979)
<b>Net fee and commission income</b>	<b>327,230</b>	<b>325,038</b>
<b>Net gain from dealing in foreign currencies</b>	<b>448,821</b>	<b>306,025</b>
<b>Net gain from trading of securities held-for-trading</b>	<b>10,242</b>	<b>22,083</b>
<b>Net (loss)/gain from trading of investment securities</b>	<b>(22,307)</b>	<b>71,403</b>
Other incomes	26,798	111,205
Other expenses	(2,298)	(1,745)
<b>Net other income</b>	<b>24,500</b>	<b>109,460</b>
<b>Operating expenses</b>	<b>(934,065)</b>	<b>(1,052,702)</b>
<b>Operating profit before provisions for credit losses</b>	<b>972,098</b>	<b>940,862</b>
<b>Provisions for credit losses</b>	<b>3,452</b>	<b>(82,270)</b>
<b>Profit before tax</b>	<b>975,550</b>	<b>858,592</b>
Business income tax - current	(72,413)	(80,399)
Business income tax - deferred	(117,700)	(110,548)
<b>Business income tax</b>	<b>(190,113)</b>	<b>(190,947)</b>
<b>Net profit after tax</b>	<b>785,437</b>	<b>667,645</b>

### CASH FLOW STATEMENT (DIRECT METHOD)



	For the six-month period ended	
	30.06.2016 VND million	30.06.2015 VND million
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Interest and similar income received	1,388,243	1,799,613
Interest and similar expenses paid	(285,026)	(373,032)
Fee and commission income received	334,093	324,912
Net amount received from trading of foreign currency and securities	458,942	397,919
Other (expenses)/incomes	(2,230)	79,179
Recovery of written off bad debts	26,682	29,930
Payments to employees and for administrative expenses	(1,366,197)	(1,311,895)
Business income tax paid	(259,222)	(185,077)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL</b>	<b>295,285</b>	<b>761,549</b>
<b>Changes in operating assets</b>		
Decrease in placements with and loans to other credit institutions	8,197	5,136,253
Increase in securities held-for-trading and available-for-sales investment securities	(3,135,352)	(2,270,991)
Increase in derivatives and other financial assets	(18,663)	-
(Increase)/decrease in loans and advances to customers	(2,620,287)	2,243,840
Utilization of provision for losses on loans and advances to customers	(27,325)	(33,981)
Increase in other operating assets	(50,023)	(19,496)
<b>Changes in operating liabilities</b>		
Increase/(decrease) in placements and borrowings from other credit institutions	628,240	(2,862,526)
Decrease in deposits from customers	(5,075,019)	(5,802,503)
Decrease in derivative financial instruments and other financial liabilities	-	(13,684)
(Decrease)/increase in other operating liabilities	(39,199)	61,611
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>(10,034,146)</b>	<b>(2,799,928)</b>
<b>CASH FLOWS FROM INVESTMENT ACTIVITIES</b>		
Payment for addition of fixed assets	(5,100)	(15,610)
Proceeds from the disposal of fixed assets	54	788
<b>NET CASH FLOWS FROM INVESTMENT ACTIVITIES</b>	<b>(5,046)</b>	<b>(14,822)</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 IN CASH AND CASH EQUIVALENTS</b>	<b>(10,387,147)</b>	<b>(3,709,974)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b>31,906,076</b>	<b>29,238,003</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>21,518,929</b>	<b>25,528,029</b>

### FINANCIAL RATIOS

	As at 30.06.2016 VND million, %	As at 31.12.2015 VND million, %
Contributed capital	7,528,000	7,528,000
Total assets	67,973,257	72,215,325
Capital adequacy ratio	18%	20%
Overdue loan	842,343	920,034
Non-performing loans	454,155	508,347
Loans to deposit ratio	55,41%	48%
Overdue guarantee balance/Total guarantee balance	0%	0%
Overdue loan balance/Total loan balance	1.79%	1.92%
Non-performing loan balance/Total loan balance	0.97%	1.06%
The liquidity reserve ratio	29%	33%
Solvency ratio - 30 days		
- In VND	Qualify	Qualify
- In other currencies	Qualify	Qualify

### For the six-month period ended

	30.06.2016 VND million	30.06.2015 VND million
Total deposits received	911,184,816	784,521,716
Total loans disbursed	41,662,758	50,469,386
Total loans collected	39,112,479	52,890,618

**Ha Le Thao Vy**  
Financial Controller

**Nguyen Thi Thanh Truc**  
Chief Financial Officer

**Pham Hong Hai**  
Chief Executive Officer  
22 August 2016

### REPORT ON REVIEW OF THE SUMMARISED INTERIM FINANCIAL INFORMATION

The accompanying summarised financial statements have been prepared on 22 August 2016, from page 2 to page 8 which comprise the summarised balance sheet as at 30 June 2016, the summarised income statement, and the summarised cash flow statement for the six-month period then ended, and key financial ratios. The summarised 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 22 August 2016. 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.

#### Chief Executive Officer's Responsibility for the summarised interim financial statements

The Bank's Chief Executive Officer 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 2016 of the Bank are not consistent, in all material respects, with reviewed interim financial statements, in accordance with the criteria as required by regulations.



Prepared on behalf of PricewaterhouseCoopers (Vietnam) Limited  
 NGUYỄN THỊ LÂN  
 Audit Practising Licence No. 0573-2013-006-1  
 Authorised signatory  
 Report reference number: HCM5564  
 Ho Chi Minh City, 22 August 2016