

HSBC BANK (VIETNAM) LTD.

SUMMARISED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

BALANCE SHEET

	As at 31 December	
	2016 VND million	2015 VND million
ASSETS		
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
TOTAL ASSETS	71,138,048	72,215,325
LIABILITIES AND EQUITY		
LIABILITIES		
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
TOTAL LIABILITIES	60,505,375	62,229,103
OWNER'S EQUITY	10,632,673	9,986,222
Contributed capital	7,528,000	7,528,000
Reserves	1,531,935	1,315,798
Retained earnings	1,572,738	1,142,424
TOTAL EQUITY	10,632,673	9,986,222
TOTAL LIABILITIES AND EQUITY	71,138,048	72,215,325
OFF-BALANCE SHEET ITEMS		
CONTINGENT LIABILITIES	14,667,008	12,193,142
Letters of credit	7,235,177	6,627,609
Other guarantees	7,431,831	5,565,533
COMMITMENTS	52,934,677	37,616,459
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 31 December	
	2016 VND million	2015 VND million
Interest and similar income	2,716,224	2,909,156
Interest and similar expenses	(409,531)	(651,235)
Net interest income	2,306,693	2,257,921
Fee and commission income	815,986	788,334
Fee and commission expenses	(187,527)	(149,263)
Net fee and commission income	628,459	639,071
Net gain from dealing in foreign currencies	754,308	454,114
Net gain from trading of securities held-for-trading	21,339	30,721
Net loss from trading of investment securities	(35,812)	(1,599)
Other income	51,075	140,716
Other expenses	(17,324)	(11,746)
Net other income	33,751	128,970
Operating expenses	(1,845,631)	(2,069,656)
Operating profit before provision for credit losses	1,863,107	1,439,542
Provisions for credit losses	(61,554)	(210,502)
Profit before tax	1,801,553	1,229,040
Business income tax - current	(342,304)	(299,712)
Business income tax - deferred	(18,334)	5,336
Business income tax	(360,638)	(294,376)
Net profit after tax	1,440,915	934,664

CASH FLOW STATEMENT (DIRECT METHOD)

	For the financial year ended 31 December	
	2016 VND million	2015 VND million
CASH FLOWS FROM OPERATING ACTIVITIES		
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)
Net cash flows from operating activities before changes in working capital	1,223,926	1,534,202
Changes in operating assets		
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
Changes in operating liabilities		
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
Net cash flows from operating activities	(6,669,049)	3,578,528
CASH FLOWS FROM INVESTMENT ACTIVITIES		
Payment for addition of fixed assets	(13,050)	(16,723)
Proceeds from the disposal of fixed assets	2,249	1,493
Net cash flows from investment activities	(10,801)	(15,230)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(347,955)	(895,224)
Net cash flows from financing activities	(347,955)	(895,224)
Net (decrease)/increase in cash and cash equivalents	(7,027,805)	2,668,074
Cash and cash equivalents at beginning of the year	31,906,076	29,238,003
Cash and cash equivalents at end of the year	24,878,271	31,906,077

FINANCIAL RATIOS

	As at 31 December	
	2016 VND million, %	2015 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
	2016	2015
	VND million	VND million
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.

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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