HSBC BANK (VIETNAM) LTD.
SUMMARISED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2019

SUMMARISED INTERIM BALANCE SHEET

	As at 30.06.2019 VND million	As at 31.12.2018 VND million
ASSETS		
Cash on hand	**435,958**	**391,775**
Balances with the State Bank of Vietnam	**9,751,083**	**11,521,295**
Placements with and loans to other credit institutions	**50,903,953**	**33,532,737**
Placements with other credit institutions	50,233,953	33,452,737
Loans to other credit institutions	670,000	80,000
Derivatives and other financial assets	**17,190**	**8,578**
Loans and advances to customers	**42,934,307**	**44,111,305**
Loans and advances to customers	43,568,705	44,703,632
Provisions for credit losses on loans and advances to customers	(634,398)	(592,327)
Investment securities	**7,735,705**	**9,338,557**
Available-for-sales investment securities	7,735,705	9,338,557
Provision for diminution in value of investment securities	-	-
Fixed assets	**96,685**	**85,809**
Tangible fixed assets	93,751	82,261
Historical cost	206,725	186,819
Accumulated depreciation	(112,974)	(104,558)
Intangible fixed assets	2,934	3,548
Historical cost	6,019	6,019
Accumulated amortisation	(3,085)	(2,471)
Other assets	**1,098,937**	**1,742,588**
Other receivables	387,607	720,083
Accrued interest and fee receivables	481,603	718,117
Deferred tax assets	24,544	134,824
Other assets	205,183	169,564
TOTAL ASSETS	**112,973,818**	**100,732,644**
LIABILITIES AND EQUITY		
Borrowings from the Government and the State Bank of Vietnam	**142,160**	**-**
Placements and borrowings from other credit institutions	**1,751,044**	**1,984,091**
Placements from other credit institutions	1,632,151	1,904,776
Borrowings from other credit institutions	118,893	79,315
Deposits from customers	**96,589,131**	**85,072,414**
Other liabilities	**2,712,934**	**1,532,882**
Fee and interest payables	66,682	70,355
Other liabilities	2,646,252	1,462,527
TOTAL LIABILITIES	**101,195,269**	**88,589,387**
OWNER'S EQUITY	**11,778,549**	**12,143,257**
Contributed capital	7,528,000	7,528,000
Reserves	2,169,066	2,169,066
Retained earnings	2,081,483	2,446,191
TOTAL EQUITY	**11,778,549**	**12,143,257**
TOTAL LIABILITIES AND EQUITY	**112,973,818**	**100,732,644**
OFF BALANCE SHEET ITEMS		
CONTINGENT LIABILITIES	**15,424,840**	**17,311,987**
Letters of credit commitments	7,597,343	9,961,190
Other guarantees	7,827,497	7,350,797
COMMITMENTS	**91,492,413**	**77,881,062**
Foreign exchange transactions commitments	86,762,514	74,897,364
Buying foreign currency commitments	42,809,654	37,423,664
Selling foreign currency commitments	42,777,790	37,414,417
Cross currency swap contracts	1,175,070	59,283
Undrawn loan commitments	4,729,899	2,983,698

SUMMARISED INTERIM INCOME STATEMENT

	For the six-month period ended	
	30.06.2019 VND million	30.06.2018 VND million
Interest and similar income	2,118,217	1,712,487
Interest and similar expenses	(251,666)	(121,511)
Net interest income	**1,866,551**	**1,590,976**
Fee and commission income	611,119	532,808
Fee and commission expenses	(117,851)	(115,868)
Net fee and commission income	**493,268**	**416,940**
Net gain from dealing in foreign currencies	**325,798**	**346,880**
Net gain from trading of held-for-trading securities	**7,862**	**8,607**
Net gain from trading of investment securities	**-**	**37,671**
Other incomes	47,418	29,523
Other expenses	(9,808)	(10,406)
Net other income	**37,610**	**19,117**
Operating expenses	**(1,079,022)**	**(968,243)**
Operating profit before provisions for credit losses	**1,652,067**	**1,451,948**
Provisions for credit losses	**(51,963)**	**(36,763)**
Profit before tax	**1,600,104**	**1,415,185**
Business income tax – current	(214,347)	(184,800)
Business income tax – deferred	(110,280)	(100,345)
Business income tax	**(324,627)**	**(285,145)**
Net profit after tax	**1,275,477**	**1,130,040**

SUMMARISED INTERIM CASH FLOW STATEMENT (DIRECT METHOD)

	For the six-month period ended	
	30.06.2019 VND million	30.06.2018 VND million
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest and similar income received	2,341,855	1,894,695
Interest and similar expenses paid	(255,339)	(133,569)
Fee and commission income received	480,275	403,429
Net amount received from trading of foreign currency and securities	333,660	358,990
Other income/(expenses)	15,207	(3,516)
Recovery of written off bad debts	22,514	22,247
Payments to employees and for administrative expenses	(1,463,578)	(1,252,580)
Business income tax paid	(369,154)	(269,860)
NET CASH FLOWS FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL	**1,105,440**	**1,019,836**
Changes in operating assets		
(Increase)/decrease in placements with and loans to other credit institutions	(590,000)	572,044
Decrease/(increase) in held-for-trading securities and available-for-sales investment securities	1,574,307	(697,036)
Increase in derivatives and other financial assets	(8,612)	(28,916)
Decrease/(increase) in loans and advances to customers	1,134,927	(1,740,609)
Utilisation of provision for losses on loans and advances to customers	(9,885)	(12,126)
Decrease in other operating assets	628,269	99,487
Changes in operating liabilities		
Increase in borrowings from the Government and the State Bank of Vietnam	142,160	-
(Decrease)/increase in placements and borrowings from other credit institutions	(233,047)	359,204
Increase in deposits from customers	11,516,717	19,610,097
(Decrease)/increase in other operating liabilities	(181,144)	16,607
NET CASH FLOWS FROM OPERATING ACTIVITIES	**15,079,132**	**19,198,588**
CASH FLOWS FROM INVESTMENT ACTIVITIES		
Purchase of fixed assets	(23,953)	(6,330)
Proceeds from the disposal of fixed assets	8	387
NET CASH FLOWS FROM INVESTMENT ACTIVITIES	**(23,945)**	**(5,943)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	-	(756,089)
NET CASH FLOWS FROM FINANCING ACTIVITIES	**-**	**(756,089)**
NET INCREASE IN CASH AND CASH EQUIVALENTS	**15,055,187**	**18,436,556**
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	**45,365,807**	**35,450,720**
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	**60,420,994**	**53,887,276**

MOVEMENTS IN OWNER'S EQUITY

	Contributed capital VND million	Reserve to supplement contributed capital VND million	Financial reserves VND million	Retained earnings VND million	Total VND million
As at 1 January 2018	7,528,000	633,391	1,165,399	1,860,137	**11,186,927**
Profit for the year	-	-	-	2,468,507	**2,468,507**
Dividend paid (*)	-	-	-	(1,512,177)	**(1,512,177)**
Appropriation to reserves	-	123,425	246,851	(370,276)	**-**
As at 31 December 2018	7,528,000	756,816	1,412,250	2,446,191	**12,143,257**
Profit for the period	-	-	-	1,275,477	**1,275,477**
Dividend declared (**)	-	-	-	(1,640,185)	**(1,640,185)**
As at 30 June 2019	7,528,000	756,816	1,412,250	2,081,483	**11,778,549**

(*) Dividend for the financial year 2017 was declared by Members' Council based on the Board Resolution dated 16 April 2018 and was paid on 4 June 2018 and 28 August 2018.
(**) Dividend for the financial year 2018 was declared by Members' Council based on the Board Resolution dated 3 June 2019.

FINANCIAL RATIOS

	30.06.2019 VND million, %	31.12.2018 VND million, %
Contributed capital	7,528,000	7,528,000
Total assets	112,973,818	100,732,644
Capital adequacy ratio	14%	14%
Overdue loan	732,576	661,110
Non-performing loans	348,526	332,397
Loans to deposit ratio	42%	49%
Overdue guarantee balance/Total guarantee balance	0%	0%
Overdue loan balance/Total loan balance	0.80%	0.88%
Non-performing loan balance/Total loan balance	0.38%	0.44%
The liquidity reserve ratio	49%	26%
Solvency ratio – 30 days		
- In VND	Qualify	Qualify
- In other currencies	Qualify	Qualify

	For the six-month period ended	
	30.06.2019 VND million	30.06.2018 VND million
Total deposits received	1,534,188,979	1,495,104,227
Total loans disbursed	56,309,112	52,640,226
Total loans collected	56,933,930	51,089,545

The summarised interim financial statements were approved by the Bank's Legal Representative on 22 August 2019.

Ha Le Thao Vy Financial Controller	Nguyen Thi Thanh Truc Chief Financial Officer and Chief Accountant	Kevin Green Authorised signatory 22 August 2019

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REPORT ON REVIEW OF THE SUMMARISED INTERIM FINANCIAL INFORMATION TO THE MEMBERS' COUNCIL OF HSBC BANK (VIETNAM) LTD.

The accompanying summarised interim financial statements have been prepared on 22 August 2019, from page 3 to page 9 which comprise the summarised interim balance sheet as at 30 June 2019, the summarised interim income statement, the summarised interim cash flow statement for the six-month period then ended, movements in owner's equity 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 then ended, on which we have reviewed and issued an unqualified auditor's review conclusion dated 22 August 2019. 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 of the interim financial statements which are required by Vietnamese Accounting Standards, the Vietnamese Accounting System and applicable regulations on preparation and presentation of financial statements for 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.

The Legal Representative's Responsibility to the summarised financial statements

The Bank's Legal Representative 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 2019 of the Bank are not consistent, in all material respects, with reviewed interim financial statements, in accordance with the criteria as required by regulations.

Other matter

The independent auditor's review report on summarised interim financial statements is prepared in Vietnamese and English. Should there be any conflict between the Vietnamese and English copies, the Vietnamese copy shall take precedence.

For and on behalf of PwC (Vietnam) Limited

Nguyen Hoang Nam Audit Practising Licence No. 0849-2018-006-1 Authorised signatory Report reference number: HCM8597 Ho Chi Minh City, 22 August 2019	PwC (Vietnam) Limited 8th Floor, Saigon Tower, 29 Le Duan Street, District 1, Ho Chi Minh City, Vietnam T: +84 (28) 38230796, www.pwc.com/vn

HSBC

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