

HSBC BANK (VIETNAM) LTD.
SUMMARISED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

BALANCE SHEET		
As at 31 December		
	2019 VND million	2018 VND million
ASSETS		
Cash on hand	425,457	391,775
Balances with the State Bank of Vietnam	11,741,032	11,521,295
Placements with and loans to other credit institutions	55,660,637	33,532,737
Placements with other credit institutions	55,380,637	33,452,737
Loans to other credit institutions	280,000	80,000
Derivatives and other financial assets	-	8,578
Loans and advances to customers	47,548,571	44,111,305
Loans and advances to customers	48,207,781	44,703,632
Provision for credit losses on loans and advances to customers	(659,210)	(592,327)
Investment securities	8,742,185	9,338,557
Available-for-sale investment securities	8,742,185	9,338,557
Provision for diminution in value of investment securities	-	-
Fixed assets	102,350	85,809
Tangible fixed assets	95,452	82,261
Historical cost	215,223	186,819
Accumulated depreciation	(119,771)	(104,558)
Intangible fixed assets	6,898	3,548
Historical cost	10,923	6,019
Accumulated amortisation	(4,025)	(2,471)
Other assets	947,135	1,742,588
Other receivables	101,011	720,083
Accrued interest and fee receivables	596,445	718,117
Deferred tax assets	36,129	134,824
Other assets	213,550	169,564
TOTAL ASSETS	125,167,367	100,732,644
LIABILITIES AND EQUITY		
Placements and borrowings from other credit institutions	1,256,520	1,984,091
Placements from other credit institutions	1,256,520	1,904,776
Borrowings from other credit institutions	-	79,315
Deposits from customers	109,908,707	85,072,414
Derivative financial instruments and other financial liabilities	172	-
Other liabilities	1,123,869	1,532,882
Fee and interest payables	81,536	70,355
Other liabilities	1,042,333	1,462,527
TOTAL LIABILITIES	112,289,268	88,589,387
Owner's equity	12,878,099	12,143,257
Contributed capital	7,528,000	7,528,000
Reserves	2,525,320	2,169,066
Retained earnings	2,824,779	2,446,191
TOTAL EQUITY	12,878,099	12,143,257
TOTAL LIABILITIES AND EQUITY	125,167,367	100,732,644
OFF BALANCE SHEET ITEMS		
Contingent liabilities	16,830,606	17,311,987
Letters of credit commitments	7,295,217	9,961,190
Other guarantees	9,535,389	7,350,797
Commitments	77,095,891	77,881,062
Foreign exchange transactions commitments	74,511,161	74,897,364
Buying foreign currency commitments	36,614,796	37,423,664
Selling foreign currency commitments	36,621,740	37,414,417
Cross currency swap contracts	1,274,625	59,283
Undrawn loan commitments	2,584,730	2,983,698

INCOME STATEMENT		
For the year ended 31 December		
	2019 VND million	2018 VND million
Interest and similar income	4,214,682	3,779,273
Interest and similar expenses	(507,548)	(305,491)
Net interest income	3,707,134	3,473,782
Fee and commission income	1,121,673	1,045,217
Fee and commission expenses	(284,838)	(262,324)
Net fee and commission income	836,835	782,893
Net gain from dealing in foreign currencies	679,704	671,621
Net gain from trading of held-for-trading securities	17,434	8,688
Net gain from trading of investment securities	-	184,610
Other incomes	172,550	94,849
Other expenses	(56,346)	(37,981)
Net other income	116,204	56,868
Operating expenses	(2,263,745)	(2,021,799)
Operating profit before provisions for credit losses	3,093,566	3,156,663
Provisions for credit losses	(112,275)	(59,889)
Profit before tax	2,981,291	3,096,774
Business income tax - current	(507,569)	(638,899)
Business income tax - deferred	(98,695)	10,632
Business income tax	(606,264)	(628,267)
Net profit after tax	2,375,027	2,468,507

CASH FLOW STATEMENT (DIRECT METHOD)		
For the year ended 31 December		
	2019 VND million	2018 VND million
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest and similar income received	4,319,411	3,744,079
Interest and similar expenses paid	(496,368)	(294,704)
Fee and commission income received	844,090	790,038
Net amount received from trading of foreign currency and securities	697,138	680,777
Other incomes	75,716	14,464
Recovery of written off bad debts	40,565	42,017
Payments to employees and for administrative expenses	(2,652,997)	(1,927,305)
Business income tax paid	(622,528)	(561,122)
NET CASH FLOWS FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL	2,205,027	2,488,244
Changes in operating assets		
(Increase)/decrease in placements with and loans to other credit institutions	(200,000)	1,551,406
Decrease in held-for-trading securities and available-for-sales investment securities	596,372	260,139
Decrease in derivatives and other financial assets	8,578	7,140
Increase in loans and advances to customers	(3,504,149)	(4,799,246)
Utilisation of provision for losses on loans and advances to customers	(45,392)	(38,922)
Decrease in other operating assets	619,072	177,867
Changes in operating liabilities		
(Decrease)/increase in placements and borrowings from other credit institutions	(727,571)	923,540
Increase in deposits from customers	24,836,293	10,719,174
Increase in derivatives and other financial liabilities	172	-
Increase in other operating liabilities	77,224	183,470
NET CASH FLOWS FROM OPERATING ACTIVITIES	23,865,626	11,472,812
CASH FLOWS FROM INVESTMENT ACTIVITIES		
Purchase of fixed assets	(44,164)	(46,023)
Proceeds from the disposal of fixed assets	42	475
NET CASH FLOWS FROM INVESTMENT ACTIVITIES	(44,122)	(45,548)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(1,640,185)	(1,512,177)
NET CASH FLOWS FROM FINANCING ACTIVITIES	(1,640,185)	(1,512,177)
NET INCREASE IN CASH AND CASH EQUIVALENTS	22,181,319	9,915,087
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	45,365,807	35,450,720
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	67,547,126	45,365,807

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 year	-	-	-	2,375,027	2,375,027
Dividend paid (**)	-	-	-	(1,640,185)	(1,640,185)
Appropriation to reserves	-	118,751	237,503	(356,254)	-
As at 31 December 2019	7,528,000	875,567	1,649,753	2,824,779	12,878,099

(*) 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 which was paid on 13 August 2019.

EMPLOYEES REMUNERATION		
	2019 VND million	2018 VND million
Number of employees	1,408	1,438
Employees remuneration		
Total salary fund	695,557	631,710
Variable salaries	155,360	168,195
Other remuneration	67,363	68,818
	918,280	868,723
Average salary per employee per year	494	439
Average income per employee per year	652	604

FINANCIAL RATIOS		
	31.12.2019 VND million, %	31.12.2018 VND million, %
Contributed capital	7,528,000	7,528,000
Total assets	125,167,367	100,732,644
Capital adequacy ratio	14%	14%
Overdue loan	633,932	661,110
Non-performing loans	342,796	332,397
Loans to deposit ratio	41%	49%
Overdue guarantee balance/Total guarantee balance	0%	0%
Overdue loan balance/Total loan balance	0.63%	0.88%
Non-performing loan balance/Total loan balance	0.34%	0.44%
The liquidity reserve ratio	57%	26%
Solvency ratio - 30 days		
- In VND	Qualify	Qualify
- In other currencies	Qualify	Qualify
	2019 VND million	2018 VND million
Total deposits received	3,224,470,993	3,396,803,911
Total loans disbursed	125,559,501	110,894,365
Total loans collected	121,530,705	106,366,400
The summarised financial statements were approved by the Bank's Legal Representative on 23 March 2020.		
 Ha Le Thao Vy Financial Controller	 Nguyen Thi Thanh Truc Chief Financial Officer and Chief Accountant	 Timothy Mark Redvers Evans Legal Representative

INDEPENDENT AUDITORS' REPORT ON SUMMARISED FINANCIAL STATEMENTS

The accompanying summarised financial statements have been prepared on 23 March 2020, from pages 2 to 8 which comprise the summarised balance sheet as at 31 December 2019, the summarised income statement, the summarised cash flow statement for the year then ended, owner's equity, employees remuneration and 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 2019, on which we have audited and issued an unqualified auditor's report dated 23 March 2020. 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

The Bank's Legal Representative is responsible for the preparation and presentation of the summarised financial statements in accordance with the relevant requirements on the summarised financial statements.

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 2019 of the Bank, are consistent, in all material respects, with audited financial statements, in accordance with the criteria as required by regulations.

Other matter

The independent auditor's report on summarised 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
Authorising Practising Licence No. 0849-2018-006-1
Authorised signatory

Report reference number: HCM0016
Ho Chi Minh City, 23 March 2020


Mai Tran Bao Anh
Audit Practising Licence No. 4166-2017-006-1

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