

HSBC BANK (VIETNAM) LTD.
SUMMARISED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

BALANCE SHEET		
	As at 31 December	
	2018	2017
	VND million	VND million
ASSETS		
Cash on hand	391,775	403,083
Balances with the State Bank of Vietnam	11,521,295	5,752,645
Placements with and loans to other credit institutions	33,532,737	30,926,398
Placements with other credit institutions	33,452,737	30,528,367
Loans to other credit institutions	80,000	398,031
Held-for-trading securities	-	53,260
Held-for-trading securities	-	53,623
Provision for diminution in value of held-for-trading securities	-	(363)
Derivatives and other financial assets	8,578	15,718
Loans and advances to customers	44,111,305	39,333,828
Loans and advances to customers	44,703,632	39,904,385
Provision for credit losses on loans and advances to customers	(592,327)	(570,557)
Investment securities	9,338,557	9,994,663
Available-for-sale investment securities	9,338,557	10,179,273
Provision for diminution in value of investment securities	-	(184,610)
Fixed assets	85,809	57,303
Tangible fixed assets	82,261	55,010
Historical cost	186,819	194,355
Accumulated depreciation	(104,558)	(139,345)
Intangible fixed assets	3,548	2,293
Historical cost	6,019	4,801
Accumulated amortisation	(2,471)	(2,508)
Other assets	1,742,588	1,249,210
Other receivables	720,083	263,779
Accrued interest and fee receivables	718,117	709,416
Deferred tax assets	134,824	124,192
Other assets	169,564	151,823
TOTAL ASSETS	100,732,644	87,786,108
LIABILITIES AND EQUITY		
Placements and borrowings from other credit institutions	1,984,091	1,060,550
Placements from other credit institutions	1,904,776	1,060,550
Borrowings from other credit institutions	79,315	-
Deposits from customers	85,072,414	74,353,240
Other liabilities	1,532,882	1,185,391
Fee and interest payables	70,355	59,568
Other liabilities	1,462,527	1,125,823
TOTAL LIABILITIES	88,589,387	76,599,181
Owner's equity	12,143,257	11,186,927
Contributed capital	7,528,000	7,528,000
Reserves	2,169,066	1,798,790
Retained earnings	2,446,191	1,860,137
TOTAL EQUITY	12,143,257	11,186,927
TOTAL LIABILITIES AND EQUITY	100,732,644	87,786,108
OFF BALANCE SHEET ITEMS		
Contingent liabilities	17,311,987	16,611,883
Letters of credit commitments	9,961,190	8,432,802
Other guarantees	7,350,797	8,179,081
Commitments	77,881,062	68,524,063
Foreign exchange transactions commitments	74,897,364	60,464,947
Buying foreign currency commitments	37,423,664	30,206,156
Selling foreign currency commitments	37,414,417	30,202,465
Cross currency swap contracts	59,283	56,326
Undrawn loan commitments	2,983,698	4,695,366
Interest rate swap contracts	-	3,363,750

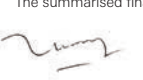
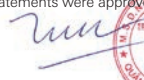
INCOME STATEMENT		
	For the year ended 31 December	
	2018	2017
	VND million	VND million
Interest and similar income	3,779,273	2,986,754
Interest and similar expenses	(305,491)	(259,651)
Net interest income	3,473,782	2,727,103
Fee and commission income	1,045,217	872,043
Fee and commission expenses	(262,324)	(205,011)
Net fee and commission income	782,893	667,032
Net gain from dealing in foreign currencies	671,621	743,119
Net gain from trading of held-for-trading securities	8,688	6,264
Net gain from trading of investment securities	184,610	30,951
Other incomes	94,849	47,398
Other expenses	(37,981)	(22,722)
Net other income	56,868	24,676
Operating expenses	(2,021,799)	(1,872,979)
Operating profit before provisions for credit losses	3,156,663	2,326,166
Provisions for credit losses	(59,889)	(94,292)
Profit before tax	3,096,774	2,231,874
Business income tax - current	(638,899)	(457,650)
Business income tax - deferred	10,632	4,808
Business income tax	(628,267)	(452,842)
Net profit after tax	2,468,507	1,779,032

CASH FLOW STATEMENT (DIRECT METHOD)		
	For the year ended 31 December	
	2018	2017
	VND million	VND million
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest and similar income received	3,744,079	3,061,739
Interest and similar expenses paid	(294,704)	(263,974)
Fee and commission income received	790,038	697,915
Net amount received from trading of foreign currency and securities	680,777	745,859
Other income/(expenses)	14,464	(18,632)
Recovery of written off bad debts	42,017	44,822
Payments to employees and for administrative expenses	(1,927,305)	(1,823,245)
Business income tax paid	(561,122)	(424,823)
NET CASH FLOWS FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL	2,488,244	2,019,661
Changes in operating assets		
Decrease/(increase) in placements with and loans to other credit institutions	1,551,406	(1,181,342)
Decrease in held-for-trading securities and available-for-sales investment securities	260,139	2,571,077
Decrease in derivatives and other financial assets	7,140	25,729
Increase in loans and advances to customers	(4,799,246)	(7,397,233)
Utilisation of provision for losses on loans and advances to customers	(38,922)	(88,934)
Decrease/(increase) in other operating assets	177,867	(99,024)
Changes in operating liabilities		
Increase/(decrease) in placements and borrowings from other credit institutions	923,540	(1,472,592)
Increase in deposits from customers	10,719,174	18,342,226
Increase/(decrease) in other operating liabilities	183,470	(84,589)
NET CASH FLOWS FROM OPERATING ACTIVITIES	11,472,812	12,634,979
CASH FLOWS FROM INVESTMENT ACTIVITIES		
Purchase of fixed assets	(46,023)	(44,920)
Proceeds from the disposal of fixed assets	475	1,632
NET CASH FLOWS FROM INVESTMENT ACTIVITIES	(45,548)	(43,288)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(1,512,177)	(2,019,242)
NET CASH FLOWS FROM FINANCING ACTIVITIES	(1,512,177)	(2,019,242)
NET INCREASE IN CASH AND CASH EQUIVALENTS	9,915,087	10,572,449
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	35,450,720	24,878,271
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	45,365,807	35,450,720

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 2017	7,528,000	544,439	987,496	1,572,738	10,632,673
Profit for the year	-	-	-	1,779,032	1,779,032
Dividend paid (*)	-	-	-	(1,224,778)	(1,224,778)
Appropriation to reserves	-	88,952	177,903	(266,855)	-
As at 31 December 2017	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

(*) Dividend for the financial year 2016 was declared by Members' Council based on the Board Resolution dated 20 June 2017 and was paid on 21 September 2017.
(**) Dividend for the financial year 2017 was declared by Members' Council based on the Board Resolution dated 16 April 2018, which was paid on 4 June 2018 and 28 August 2018.

EMPLOYEES REMUNERATION		
	2018 VND million	2017 VND million
Number of employees	1,438	1,294
Employees remuneration		
Total salary fund	631,710	574,527
Variable salaries	168,195	142,390
Other remuneration	68,818	70,006
	868,723	786,923
Average salary per employee per year	439	444
Average income per employee per year	604	608

FINANCIAL RATIOS		
	31.12.2018 VND million, %	31.12.2017 VND million, %
Contributed capital	7,528,000	7,528,000
Total assets	100,732,644	87,786,108
Capital adequacy ratio	14%	14%
Overdue loan	661,110	681,417
Non-performing loans	332,397	350,422
Loans to deposit ratio	49%	56%
Overdue guarantee balance/Total guarantee balance	0%	0%
Overdue loan balance/Total loan balance	0.88%	1.01%
Non-performing loan balance/Total loan balance	0.44%	0.52%
The liquidity reserve ratio	26%	47%
Solvency ratio - 30 days		
- In VND	Qualify	Qualify
- In other currencies	Qualify	Qualify
	2018 VND million	2017 VND million
Total deposits received	3,396,803,911	2,603,800,528
Total loans disbursed	110,894,365	86,744,688
Total loans collected	106,366,400	79,594,841
The summarised financial statements were approved by the Bank's Legal Representative on 22 March 2019.		
 Ha Le Thao Vy Financial Controller	 Nguyen Thi Thanh Truc Chief Financial Officer and Chief Accountant	 Pham Hong Hai Legal Representative



INDEPENDENT AUDITORS' REPORT ON SUMMARISED FINANCIAL STATEMENTS

The accompanying summarised financial statements have been prepared on 22 March 2019, from pages 2 to 8 which comprise the summarised balance sheet as at 31 December 2018, 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 2018, on which we have audited and issued an unqualified auditor's report dated 22 March 2019. 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 of Vietnamese Audit Standard No. 810 - Services 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 2018 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
COMPANY
PwC (VIETNAM)
Nguyen Huong Nam
Audit Practising Licence No. 0849-2018-006-1
Authorised signatory
Report reference number: HCM7802
Ho Chi Minh City, 22 March 2019

Lai Hung Phuong
Audit Practising Licence No. 2432-2018-006-1

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