

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

**BALANCE SHEET**

|  | As at 31 December   |                     |
|--|---------------------|---------------------|
|  | 2019<br>VND million | 2018<br>VND million |
| <b>ASSETS</b>  |                     |                     |
| 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             |
| <b>TOTAL ASSETS</b>  | <b>125,167,367</b>  | <b>100,732,644</b>  |

**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          |
| <b>TOTAL LIABILITIES</b>   | <b>112,289,268</b> | <b>88,589,387</b>  |
| 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          |
| <b>TOTAL EQUITY</b>  | <b>12,878,099</b>  | <b>12,143,257</b>  |
| <b>TOTAL LIABILITIES AND EQUITY</b>                              | <b>125,167,367</b> | <b>100,732,644</b> |

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

**CASH FLOW STATEMENT (DIRECT METHOD)**

|   | For the year ended 31 December |                     |
|---|--------------------------------|---------------------|
|   | 2019<br>VND million            | 2018<br>VND million |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                                |                     |
| 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)           |
| <b>NET CASH FLOWS FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL</b>     | <b>2,205,027</b>               | <b>2,488,244</b>    |
| <b>Changes in operating assets</b>  |                                |                     |
| (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             |
| <b>Changes in operating liabilities</b>   |                                |                     |
| (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             |
| <b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>                                       | <b>23,865,626</b>              | <b>11,472,812</b>   |
| <b>CASH FLOWS FROM INVESTMENT ACTIVITIES</b>  |                                |                     |
| Purchase of fixed assets  | (44,164)                       | (46,023)            |
| Proceeds from the disposal of fixed assets  | 42                             | 475                 |
| <b>NET CASH FLOWS FROM INVESTMENT ACTIVITIES</b>                                      | <b>(44,122)</b>                | <b>(45,548)</b>     |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |                                |                     |
| Dividends paid  | (1,640,185)                    | (1,512,177)         |
| <b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>                                       | <b>(1,640,185)</b>             | <b>(1,512,177)</b>  |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>                                      | <b>22,181,319</b>              | <b>9,915,087</b>    |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>                             | <b>45,365,807</b>              | <b>35,450,720</b>   |
| <b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>                                   | <b>67,547,126</b>              | <b>45,365,807</b>   |

**OWNER'S EQUITY**

|                           | Contributed capital<br>VND million | Reserve to supplement contributed capital<br>VND million | Financial reserves<br>VND million | Retained earnings<br>VND million | Total<br>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<br>VND million | 2018<br>VND million |
|--------------------------------------|---------------------|---------------------|
| <b>Number of employees</b>           | 1,408               | 1,438               |
| <b>Employees remuneration</b>        |                     |                     |
| 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<br>VND million, % | 31.12.2018<br>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                          | Qualify                      | Qualify                      |
| - In VND  | Qualify                      | Qualify                      |
| - In other currencies                             | Qualify                      | Qualify                      |
|   | <b>2019<br/>VND million</b>  | <b>2018<br/>VND million</b>  |
| 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 versions, the Vietnamese copy shall take precedence.

For and on behalf of PwC (Vietnam) Limited

  
Mai Tran Bao Anh  
Audit Practising Licence No. 4166-2017-006-1  
Authorised signatory  
Report reference number: HCM0016  
Ho Chi Minh City, 23 March 2020

  
Timothy Mark Redvers Evans  
Legal Representative

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