

..hsc

A hand holding a black pen points at a document featuring various charts, including a pie chart and a line graph. In the background, a calculator and a laptop are visible on a desk, with a window showing a bright, sunny day.

Q1 2020 REVIEW

7 May 2020

1. Covid-19: zero incidents, uninterrupted services, full operations resumed on 23/4
2. HSC's Q1 revenue grew by 14% while profit was up 23% YoY
3. HSC maintained #2 position in market share in Q1-2020:
 - #2 in local market
 - #1 in foreign market
4. Margin income in Q1-2020 increased +13% compared with Q1-2019
5. We have a new CEO who leads our transformation initiatives to turn HSC into a customer-centric securities firm

COVID-19 PREVENTION from 30 Jan 2020

- Evaluated risks, formulated BCP and formed Crisis Management Team as early as 30/1/2020
- Took precautionary measures to ensure safety of employees & their families:
 - Sanitized offices; distributed facemasks; hand wash stations at all entrances
 - Organized workshop and bought Covid-19 insurance
 - Ceased business travel and receiving visitors
- Secured laptops and set up systems/access for staff to work from home (50%)
- Set up back-up sites and evacuation processes
- Scaled down services at retail locations
- Assured continued services to customers
- Actively communicated to staff on preparedness procedures



'BACK TO NORMAL' from 23 Apr 2020

- Resume customer services at all retail locations
- Gradually back to work from offices starting from 23/4
 - Normal work schedule as of 4/5
 - WFH proposed by FHs, approved by HR on case-by-case basis
 - Meetings resume in HSC's offices and/or clients'
 - Limit business travel to 'risky location' till further notice
- Remain at Risk level #2 (Elevated), all social distancing practices still in place
 - Wear facemasks in public places, keep 2m personal space, no more than 20-people gatherings...
 - Continue to sanitize all offices every week
 - Retain priority access to medical doctor for HSC staff
- Continue to maintain back-up sites at NSG (HCM) and Hoan Kiem (Hanoi) till further notice

The background is a dark blue gradient with various financial data visualizations. There are several line graphs with red and green lines, some with data points. There are also bar charts with green bars. Some numbers are visible, such as +11,00.00, +12,00.50, 69.8112, 44.1015, 31.6466, 92.2461, 75.8224, 60.0867, 12.4013, 35.9398, and 16.88. The overall aesthetic is futuristic and data-driven.

MARKET OVERVIEW

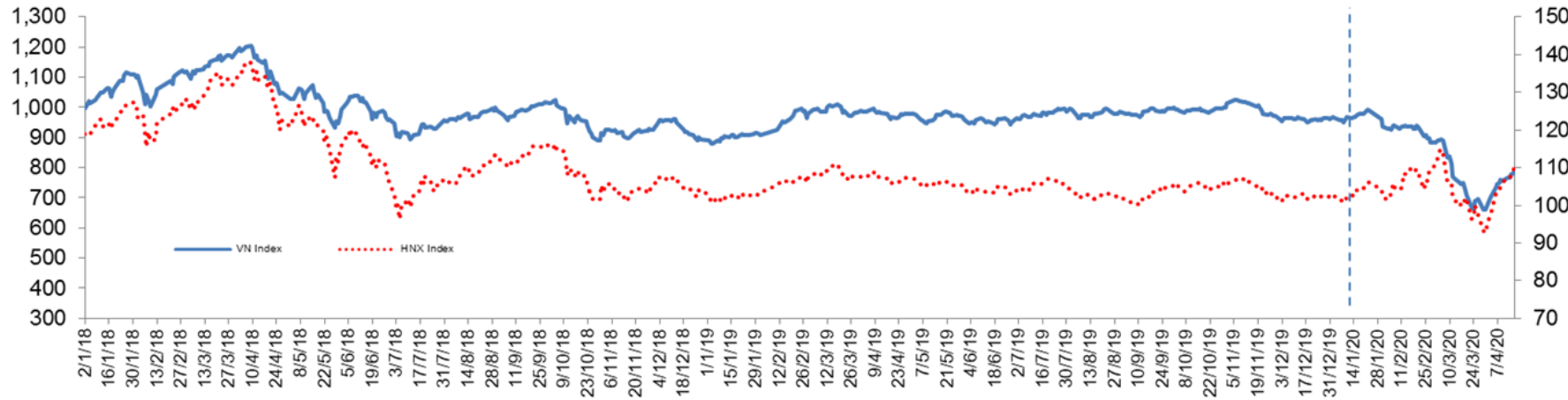
Stock market overview: declined by 31% in Q1-2020 (-26% in March)



VN Index

VN Index & HNX Index

HNX Index



Market trend in Q1-2020:

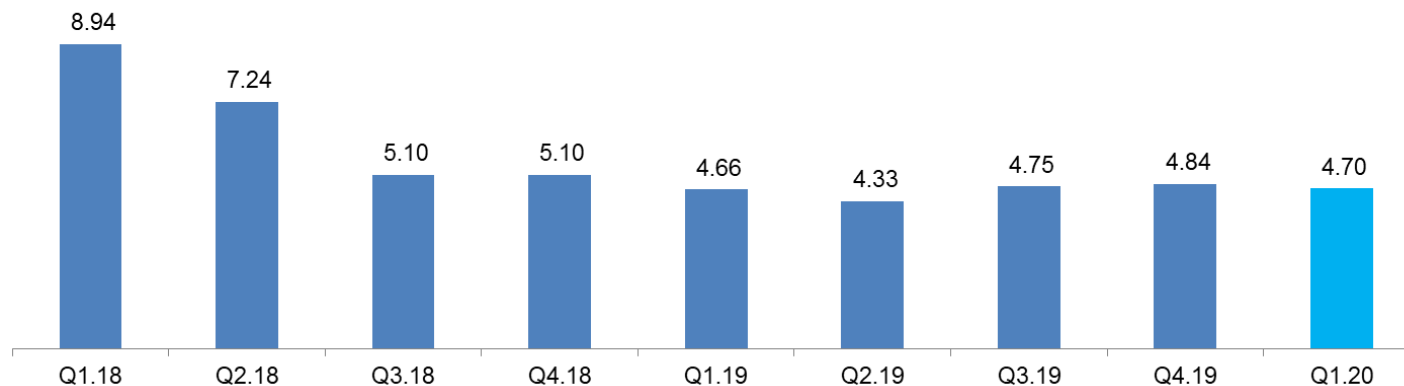
VN Index ↓ 31.1%

HNX Index ↓ 9.6%

Average trading value:

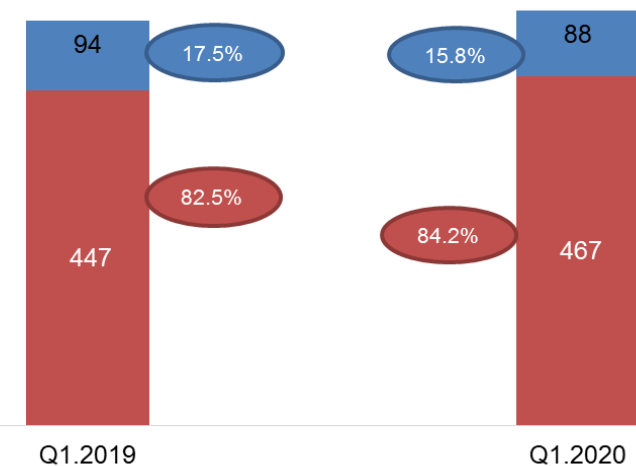
Q1-20 vs Q1-19: ↑ 1%

Average daily trading value (VND Billion)



Foreign vs Local trading value (VND Trillion)

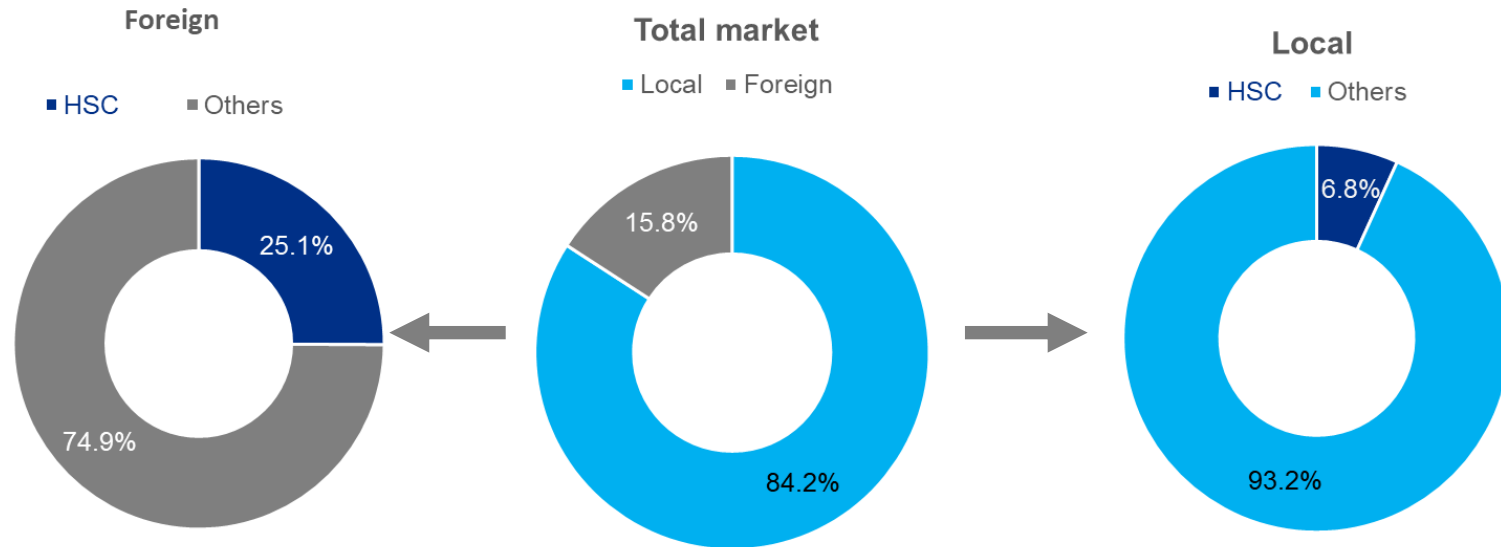
Local Foreign



Source: HOSE, HNX, HSC

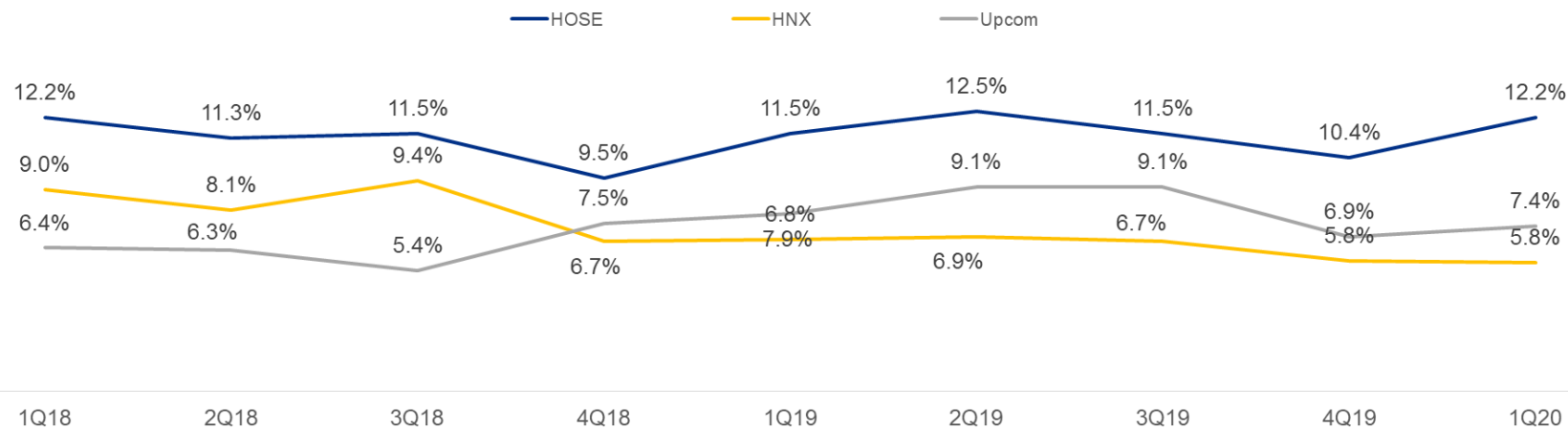
Private & Confidential

HSC's stock market share in Q1-2020: maintain Rank No.2 in combined markets



HSC continues keeping No 1 in foreign trading value

HSC's brokerage market share by exchanges

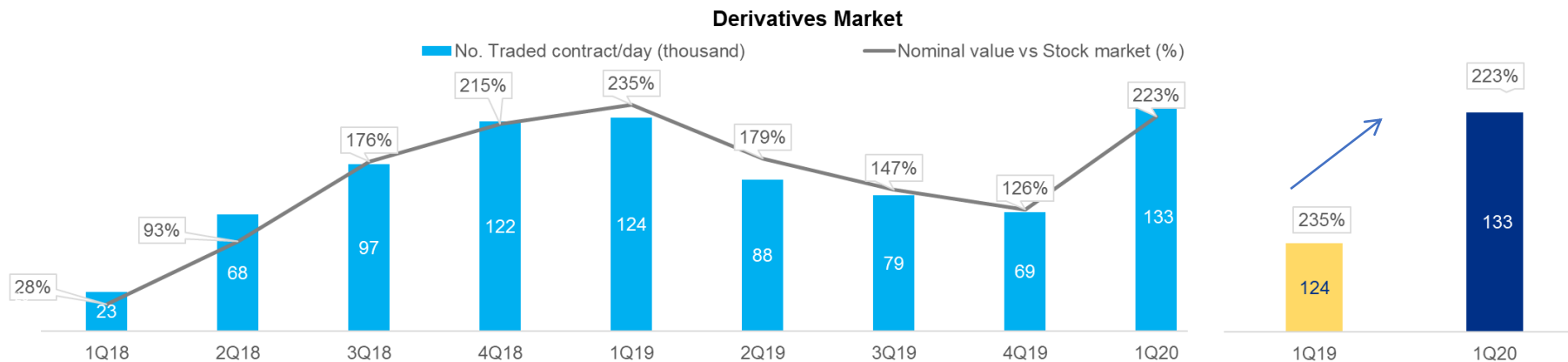


HSC's stock brokerage market share increased in Q1-2020 despite the negative impacts of COVID-19

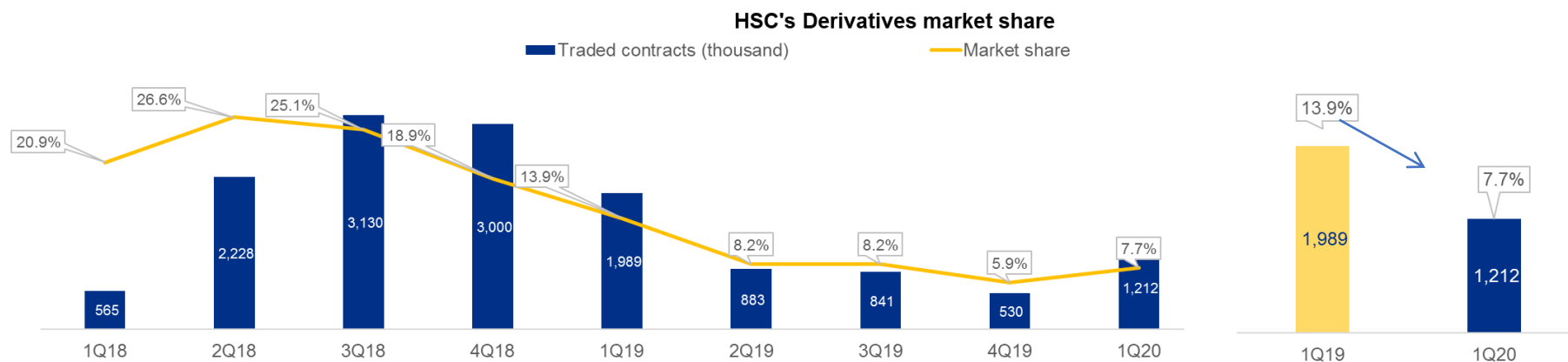
Source: HSC

Private & Confidential

Derivatives market overview: liquidity strongly increased



Liquidity in the Derivatives market strongly increased during the Q1-2020



HSC's market share in Q1-2020 rose to 7.7% from 5.9% in Q4-2019



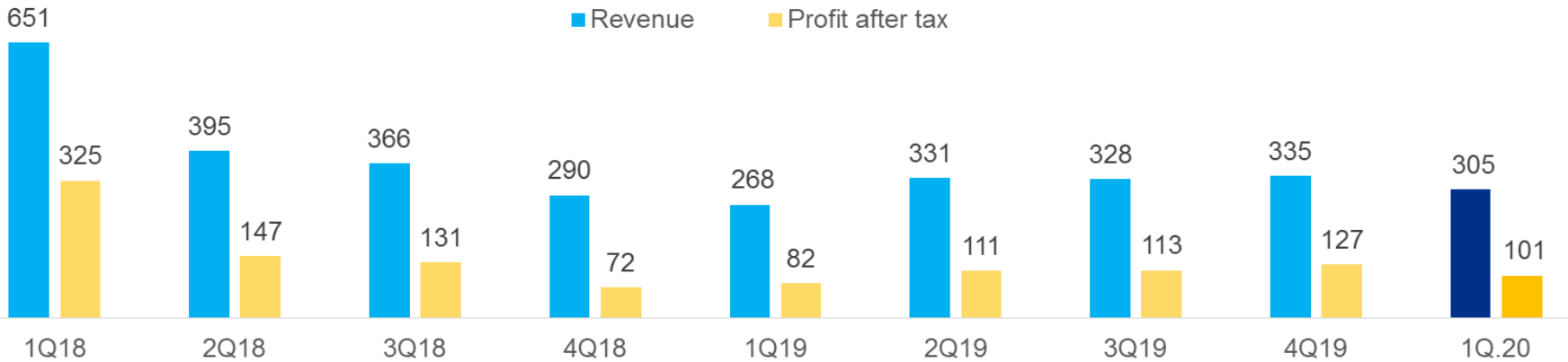
The image features a person in a dark suit and tie, holding a pen in their right hand. The background is a deep blue, overlaid with various financial data visualizations. These include line graphs, bar charts, and numerous numerical values in white and yellow. The overall aesthetic is professional and data-driven.

FINANCIAL PERFORMANCE

HSC's financial performance: PAT increased by + 23% YoY



HSC performance by quarters



HSC's PAT growth in Q1-2020

led by:

- Increasing by 13.6% YoY in revenue
- Operating expenses well-controlled (+7.6% YoY)

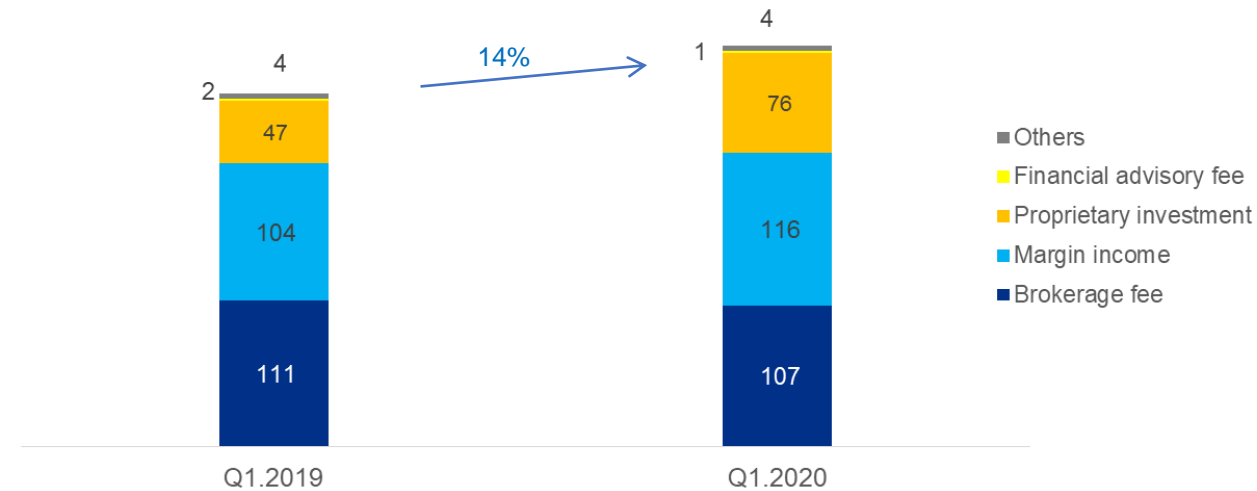
Items (Unit: VND billion)	Q1.20	Q1.19	Change
Revenue (*)	304.6	268.2	13.6%
Operating expenses (*)	178.5	165.9	7.6%
Profit before tax	126.1	102.2	23.3%
Profit after tax	101.0	82.0	23.2%
Return on average equity (ROAE)	10.1%	10.6%	
Earning per share - VND	331	380	-12.9%
Book value per share - VND	14,419	14,368	0.4%

(*) Gains and losses arising from proprietary investments were netted off for comparative purposes

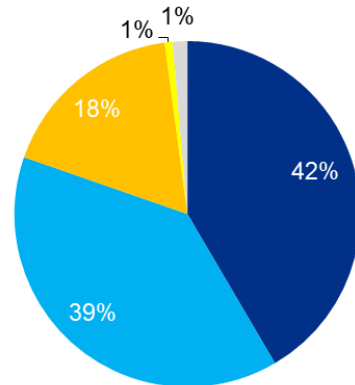
(**) Draft for FY2020 and subject to the final approval of AGM 2020

Source: HSC

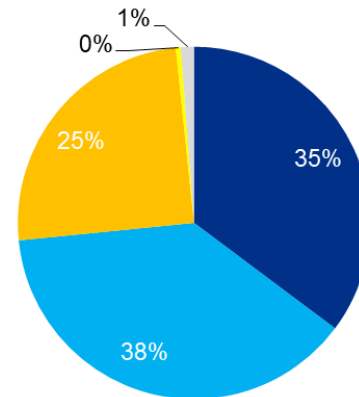
Revenue structure in Q1-2020



Revenue structure in Q1-2019
(% contribution)



Revenue structure in Q1-2020
(% contribution)

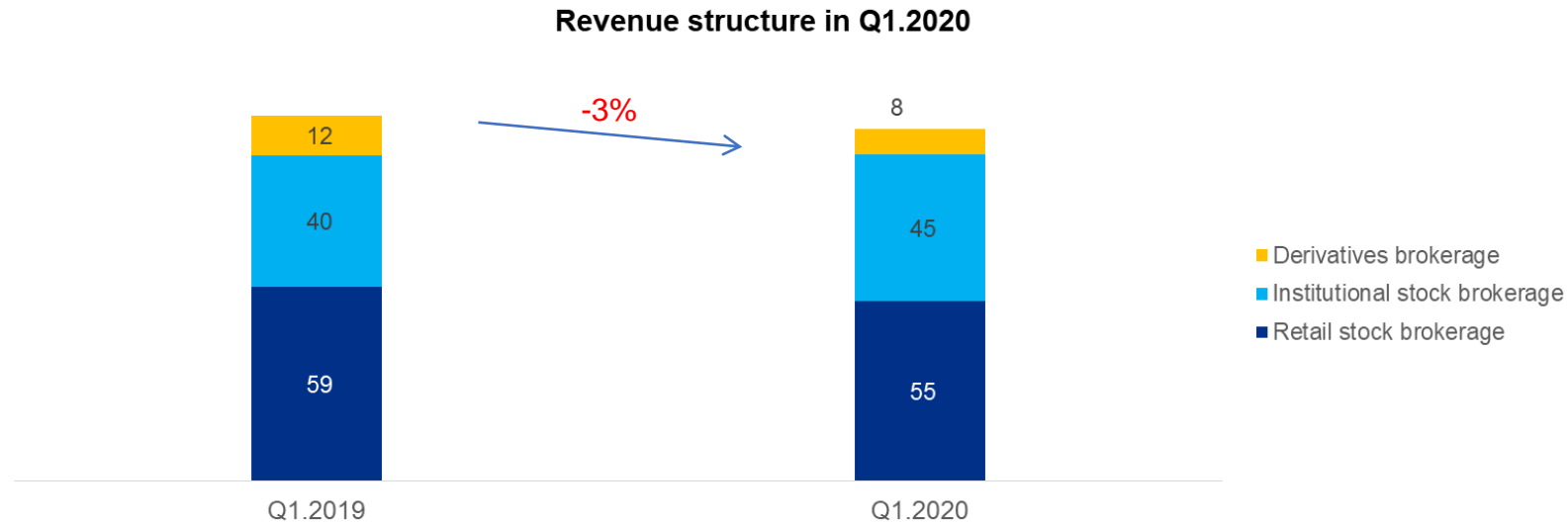


- 3 biggest contributions are brokerage fees, margin income and proprietary investment.
- Increase in proprietary investment was mainly driven by interest income from Corporate bonds.

HSC financial performance: Brokerage fee impacted by commission rates

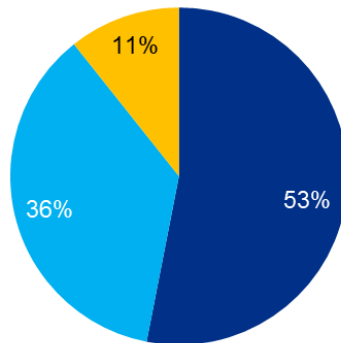


Revenue structure in Q1.2020

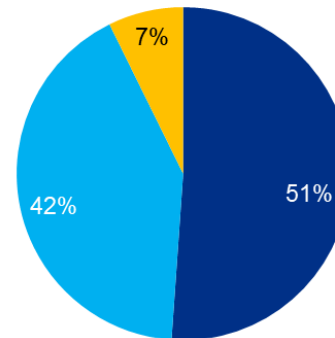


- A decline of 3% YoY in brokerage fee was mainly due to a fall in commission rate.

Revenue structure in Q1.2019 (%contribution)



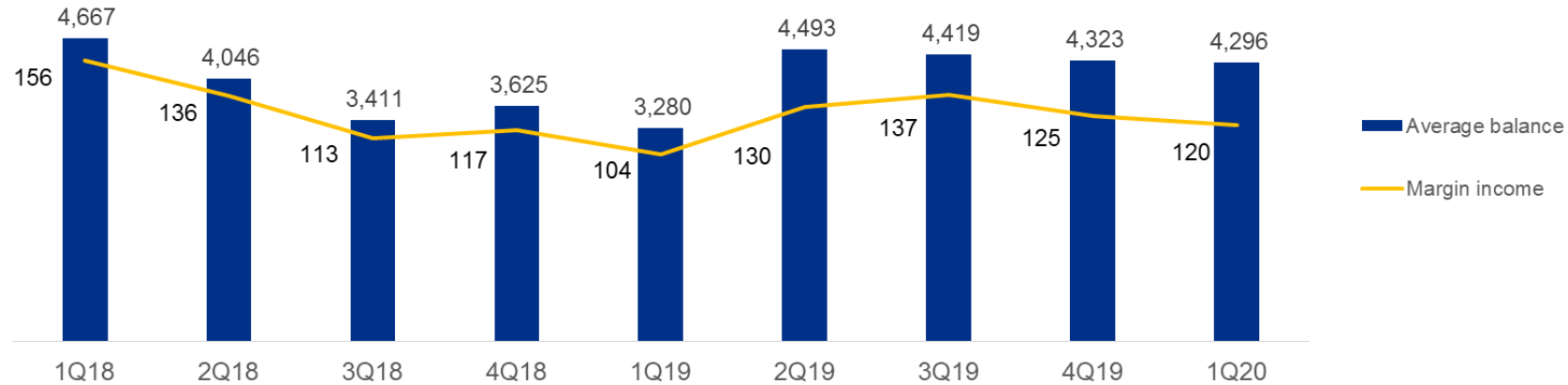
Revenue structure in Q1.2020 (%contribution)



HSC financial performance: increasing margin lending balance

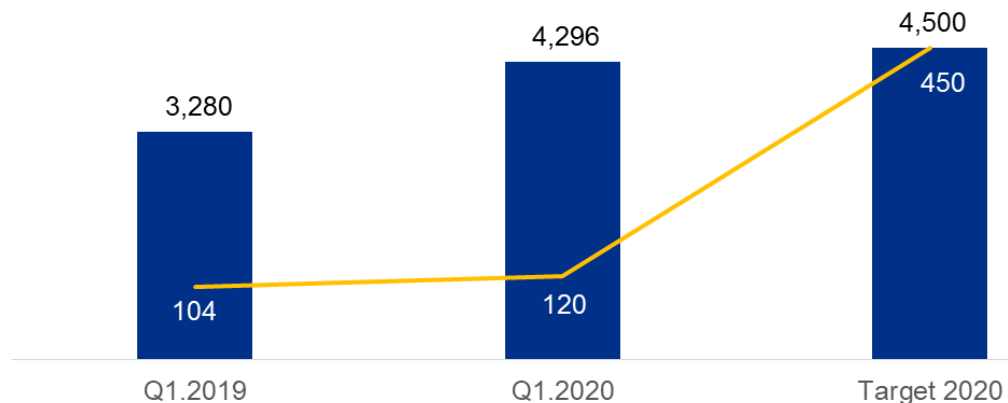


Margin lending income by quarters (VND billion)



HSC has actively provided margin lending on high-quality stocks from Q2/2019

Margin lending income by Q1-2020 (VND billion)



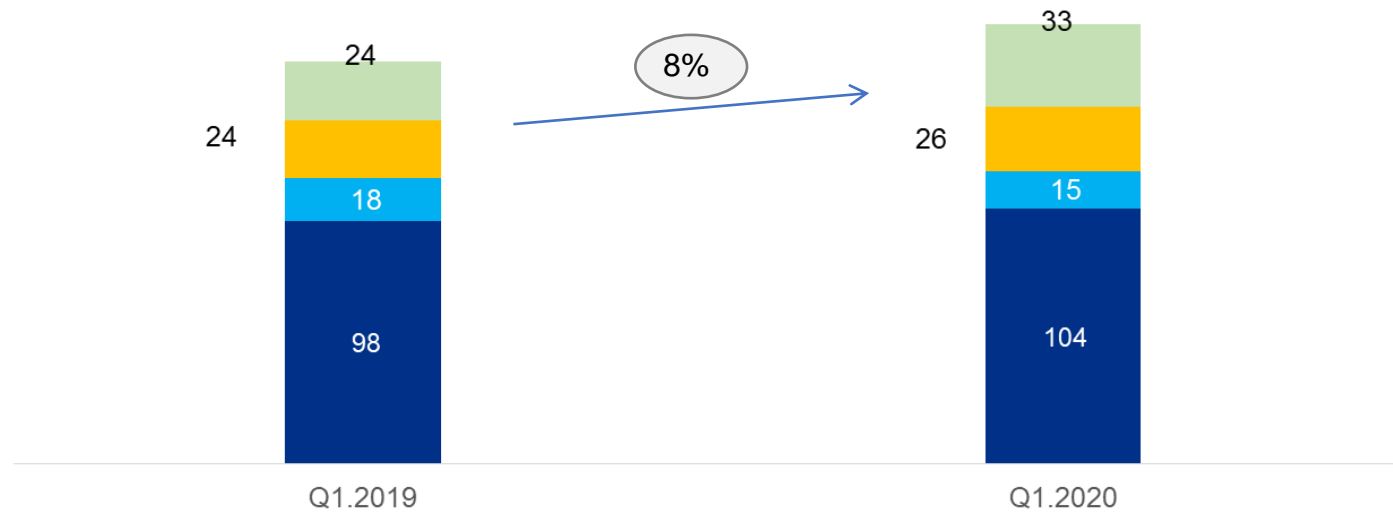
■ Average balance in Q1-2020 increased 31% YoY

HSC financial performance: total expenses under control

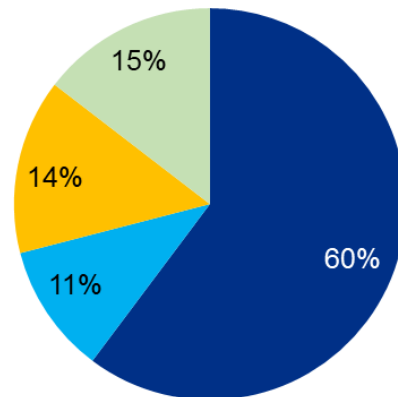


Expenses structure by period (VND billion)

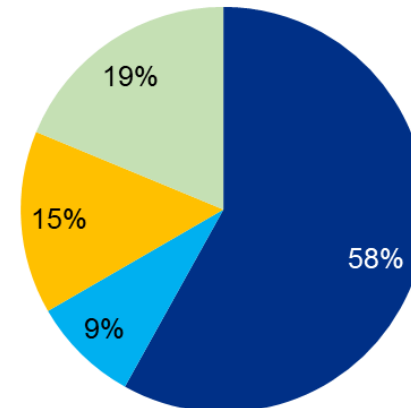
■ Operating expenses ■ Commission expenses ■ Brokerage expenses ■ Interest expenses



Expenses structure in Q1.2019 (%)



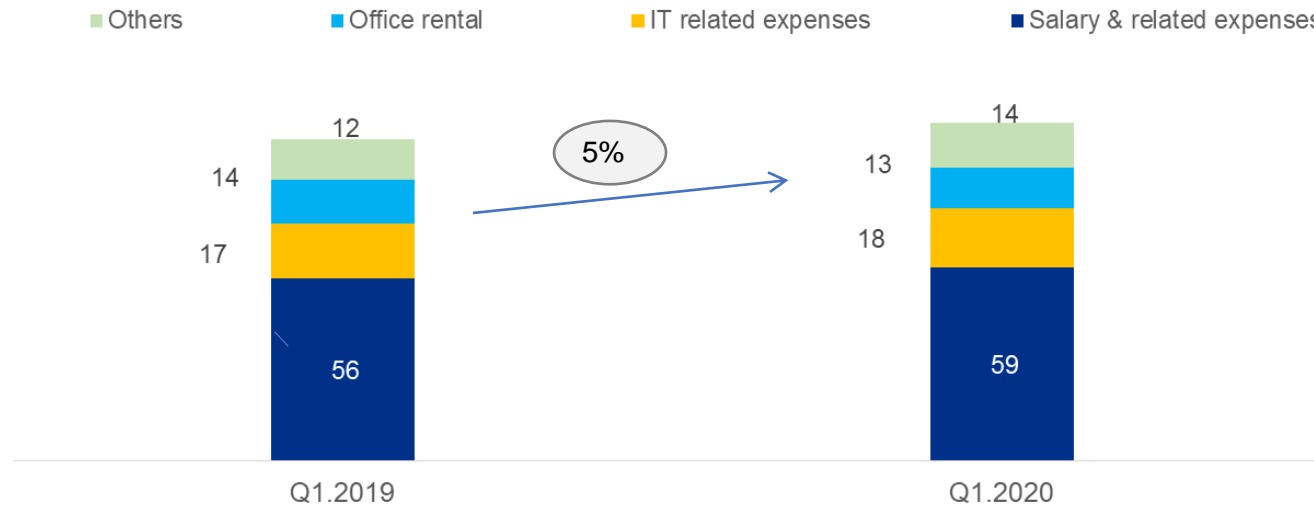
Expenses structure in Q1.2020 (%)



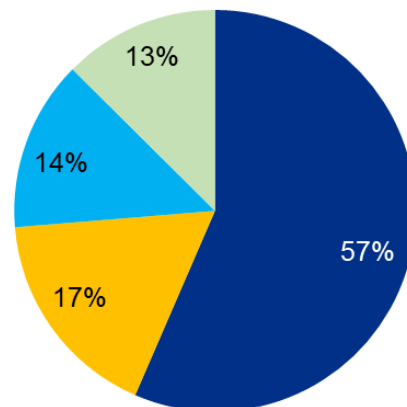
HSC financial performance: operating expenses well optimized



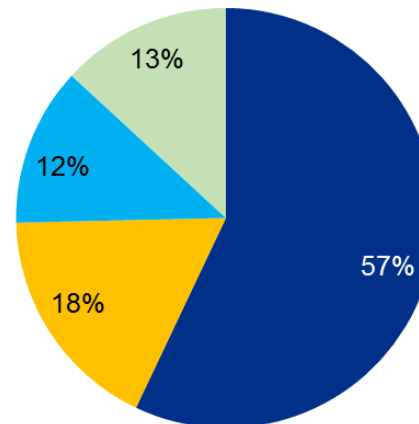
Operating expenses by period (VND billion)



Operating expenses in Q1.2019 (%)



Operating expenses in Q1.2020 (%)

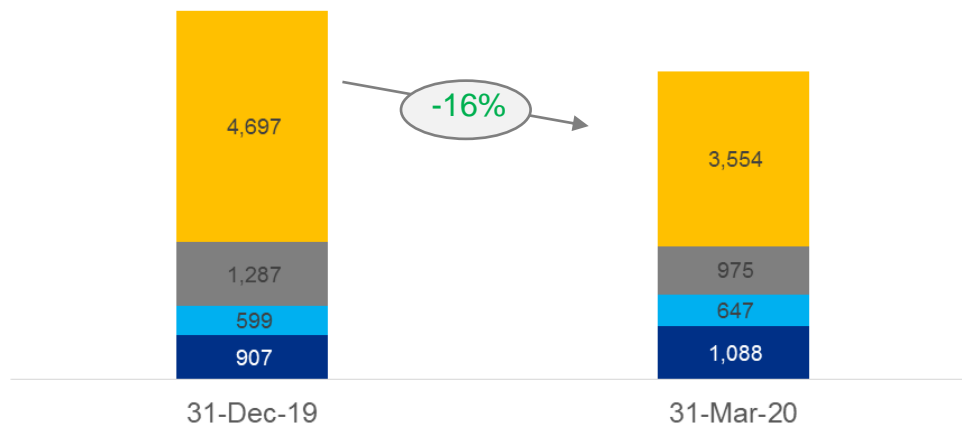


The balance sheet mainly comprised margin loan and financial assets



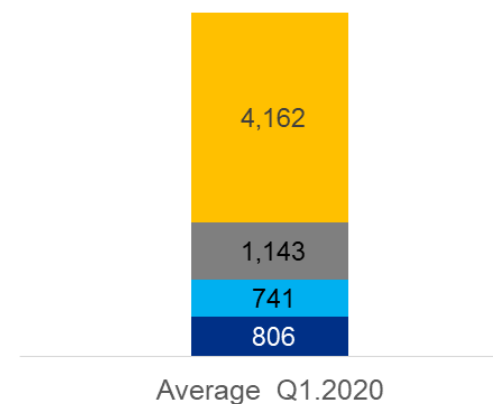
Asset allocation (VND billion)

■ Margin balance ■ Financial assets ■ Others ■ Cash



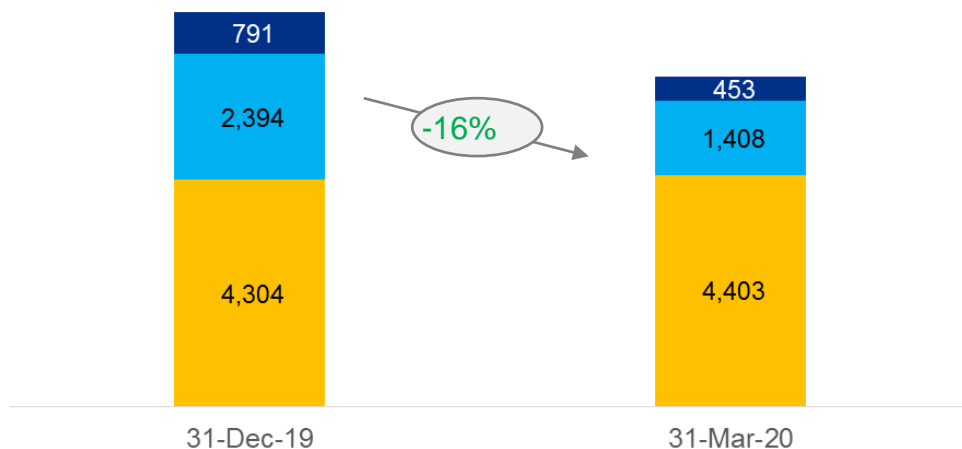
Asset allocation (VND billion)

■ Margin balance ■ Financial assets



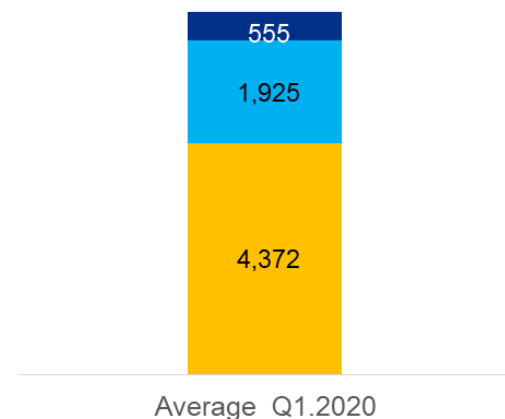
Equity & Liabilities (VND billion)

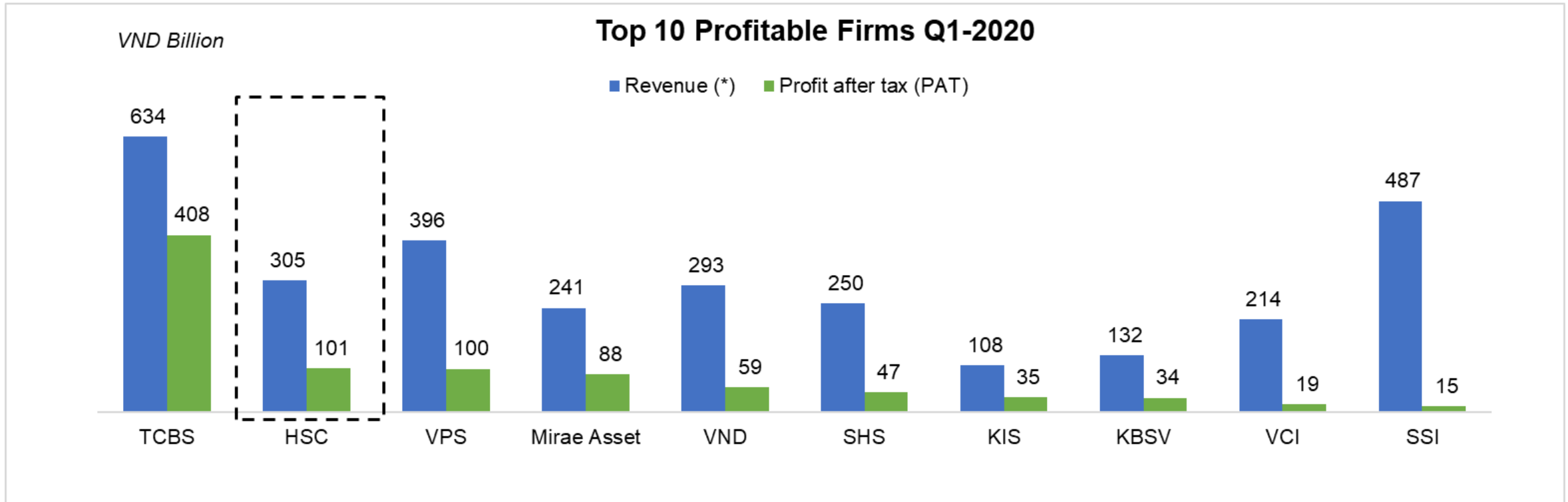
■ Others ■ Borrowings ■ Owner's equity



Equity & Liabilities (VND billion)

■ Others ■ Borrowings ■ Owner's equity





Key transformation initiatives



Our transformation initiatives are well underway to turn HSC into a 'customer-centric securities firm':



Customer Management

- Segment retail clients by assets and design differentiated products/services
- Lay groundwork for wealth management business



Product Development

- Launch corporate bond platform
- Research, design, and build new investment products to meet needs of different client segments, especially the HNIs
- Improve research products and capabilities



Operation process

- Re-design operation processes with dedicated teams to serve different customer segments with different demands and behaviors
- Digitalize end-to-end processes



System & IT Infrastructure

- Launch new trading platforms for both institutional and retail clients
- Launch digital service platform in Q3



People & Team Development

- Restructure incentive schemes to reward excellent performance
- Enhance performance appraisals
- Acquire new talents

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THANK YOU