

STATEMENT OF THE BOARD OF MANAGEMENT

The Board of Management of Indovina Bank Limited (“the Bank”) presents this report together with the Bank’s financial statements for the year ended 31 December 2010.

THE BOARDS OF DIRECTORS AND MANAGEMENT

The members of the Boards of Directors and Management of the Bank who held office during the year and at the date of this report are as follows:

Board of Directors

Mr. Roger M. H. Lee	Chairman
Mr. Pham Huy Hung	Vice Chairman
Mr. Chen Tsu Pei	Member
Mr. Nguyen Van Du	Member
Mr. Yei-Fong Jan	Member
Mr. Le Van Phu	Member

Board of Management

Mr. Yei-Fong Jan	General Director
Mr. Le Van Phu	First Deputy General Director
Mr. Chan Kun Lu	Second Deputy General Director

THE BOARD OF MANAGEMENT’S STATEMENT OF RESPONSIBILITY

The Board of Management of the Bank is responsible for preparing the financial statements of each year, which give a true and fair view of the financial position of the Bank and of its results and cash flows for the year. In preparing these financial statements, the Board of Management is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting principles have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Bank will continue in business; and
- design and implement an effective internal control system for the purpose of properly preparing the financial statements so as to minimize errors and frauds.

The Board of Management is responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the financial position of the Bank and to ensure that the financial statements comply with Vietnamese Accounting Standards and Vietnamese Accounting System and prevailing relevant regulations applicable to credit institutions in Vietnam. The Board of Management is also responsible for safeguarding the assets of the Bank and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board of Management confirms that the Bank has complied with the above requirements in preparing these financial statements.
For and on behalf of the Board of Management,



Yei-Fong Jan
General Director
15 March 2011

Le Van Phu
First Deputy General Director

BALANCE SHEET
As at 31 December 2010

FORM B 02/TCTD

	Notes	31/12/2010 <u>USD</u>	31/12/2009 <u>USD</u>
<u>Assets</u>			
Cash on hand and valuable documents	4	7,833,234	6,712,056
Deposits with the State Bank of Vietnam	5	24,481,831	21,098,971
Deposits with other credit institutions	6	277,630,738	38,671,989
Trading securities	7	5,214,462	5,493,973
Loans to customers	8	705,557,193	523,546,102
<i>Loan balances</i>		711,463,026	528,202,640
<i>Less provision for loan losses</i>		(5,905,833)	(4,656,538)
Investment securities		49,615,466	15,302,517
<i>Available-for-sale securities</i>	9	10,264,103	15,302,517
<i>Held -to-maturity securities</i>	10	39,351,363	-
Tangible fixed assets	11	5,374,345	5,502,880
Intangible assets	12	12,667,933	12,747,346
Other assets		15,453,416	5,161,599
<i>Construction in progress</i>	13	774,729	140,627
<i>Other receivables and prepayments</i>	14	9,052,466	2,625,088
<i>Accrued interest receivable</i>		5,626,221	2,395,884
Total assets		<u>1,103,828,618</u>	<u>634,237,433</u>
<u>Resources</u>			
Deposits from other credit institutions	15	401,725	455,695
Borrowings from other credit institutions	16	248,886,541	18,806,644
Deposits from customers	17	546,504,933	463,227,846
Derivatives and other financial liabilities		-	968,731
Certificates of deposits and bonds	18	105,642,269	1,022
Other liabilities		13,435,675	6,149,616
<i>Accrued interest payable</i>		7,152,178	2,691,657
<i>Other payables</i>	19	5,356,276	3,001,265
<i>Other provision</i>	20	927,221	456,694
Equity and reserves		188,957,475	144,627,879
<i>Charter capital</i>	21	165,000,000	125,000,000
<i>Reserves</i>	21.2	12,200,612	10,437,456
<i>Retained earnings</i>	21	11,756,863	9,190,423
Total resources		<u>1,103,828,618</u>	<u>634,237,433</u>

The accompanying notes set out on pages 8 to 25 are an integral part of these financial statements

OFF BALANCE SHEET ACCOUNTS
As at 31 December 2010

	31/12/2010	31/12/2009
	<u>USD</u>	<u>USD</u>
Outstanding letters of credit	68,639,446	60,111,334
Guarantees	28,160,099	6,578,397
	<u>96,799,545</u>	<u>66,689,731</u>



Yei-Fong Jan
General Director
15 March 2011

Le Van Phu
First Deputy General Director

Tran Le Thuy
Chief Accountant

INCOME STATEMENT
For the year ended 31 December 2010

FORM B 03/TCTD

	Notes	2010 USD	2009 USD
1. Interest and similar income	22	61,469,522	40,325,178
2. Interest expense and similar charges	23	(38,216,574)	(22,544,209)
I. Net interest and similar income		23,252,948	17,780,969
1. Fee and commission income		6,595,133	5,297,672
2. Fee and commission expense		(592,966)	(311,908)
II. Net fee and commission income		6,002,167	4,985,764
III. Net gain from dealing in foreign currencies	24	2,265,458	2,177,665
IV. Net (loss)/gain from trading of held-for-sale securities		(186,896)	770,487
1. Other operating income		182,447	1,191,811
2. Other operating expenses		(30,565)	(50,304)
V. Gain from other activities		151,882	1,141,507
VI. General and administrative expenditures		(12,406,508)	(10,498,406)
VII. Net income before provision for credit losses		19,079,051	16,357,986
VIII. Provision for credit losses		(1,891,203)	(3,341,255)
IX. Profit before tax		17,187,848	13,016,731
X. Current tax expense	25	(3,659,848)	(2,784,993)
XI. Profit after tax		13,528,000	10,231,738



Yei-Fong Jan
General Director
15 March 2011

Le Van Phu
First Deputy General Director

Tran Le Thuy
Chief Accountant

CASH FLOW STATEMENT
For the year ended 31 December 2010
(Under direct method)

FORM B 04/TCTD

	2010 <u>USD</u>	2009 <u>USD</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest and similar income received	58,239,185	40,538,913
Interest expense and similar charges paid	(33,756,053)	(25,696,664)
Fee and commission income received	6,002,167	4,985,764
Net gain on trading activities (foreign currencies and securities)	2,265,458	2,177,665
Other income	151,882	1,141,507
Cash paid to employees and related operating activities	(11,150,746)	(9,307,963)
Corporate income tax paid	(3,209,351)	(3,717,661)
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN OPERATING ASSETS AND LIABILITIES	18,542,542	10,121,561
Changes in operating assets		
(Increase)/Decrease in deposits with and loans to other credit institutions	(36,410,311)	7,000,000
Increase in trading securities	(34,220,334)	(10,067,938)
(Increase)/Decrease in derivatives and other financial assets	(968,731)	968,731
Increase in loans to customers	(183,260,386)	(149,177,169)
Increase in other operating assets	(6,427,378)	(1,155,987)
Changes in operating liabilities		
Increase/(Decrease) in deposits and borrowings from other credit institutions	230,025,927	(9,936,752)
Increase in deposits from customers	83,277,087	69,002,606
Increase/(Decrease) in issuing certificate of deposits and bonds	105,641,247	(44,688)
Increase/(Decrease) in other liabilities	1,904,513	(1,671,680)
Payment from reserves	(198,404)	(216,924)
NET CASH FLOWS FROM OPERATING ACTIVITIES	177,905,772	(85,178,240)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of fixed assets and construction in progress	(1,684,609)	(12,316,248)
Proceeds from disposal fixed assets	16,621	-
Net cash used in investing activities	(1,667,988)	(12,316,248)
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital contribution	35,500,000	20,000,000
Dividend paid	(4,500,000)	(5,000,000)
Net cash from financing activities	31,000,000	15,000,000
Net increase/(decrease) in cash and cash equivalents	207,237,784	(82,494,488)
Cash and cash equivalents at beginning of year	66,483,016	148,673,965
Effect of changes in foreign exchange rate	(185,308)	303,539
Cash and cash equivalents at end of year	273,535,492	66,483,016

CASH FLOW STATEMENT (Continued)
For the year ended 31 December 2010
(Under direct method)

FORM B 04/TCTD

Non-cash transactions

Cash inflow from capital contribution during the year ended 31 December 2010 excludes an amount of USD 4,500,000 (2009: USD 5,000,000), representing an amount of dividend declared to shareholders but was converted as capital contribution. Since this conversion did not constitute movement of cash, they were not reflected in the above statement.



Yei-Fong Jan
General Director
15 March 2011

Le Van Phu
First Deputy General Director

Tran Le Thuy
Chief Accountant