

Indovina Bank Limited

Financial Statements
for the year ended 31 December 2013



Indovina Bank Limited Corporate Information

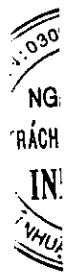
Banking Licence No. 08/NH-GP 29 October 1992

The Banking Licence was issued by the State Bank of Vietnam and is valid for 40 years from the licence date.

Business Registration Certificate No. 0300733752 11 May 1993

The Business Registration Certificate has been amended several times, the most recent of which is by Business Registration Certificate No. 0300733752 dated 11 December 2013. The Business Registration Certificate and its updates were issued by the Department of Planning and Investment of Ho Chi Minh City.

Members' Council	Pham Huy Hung Nguyen Van Du Yei-Fong Jan Le Van Phu	Vice Chairman Member Member Member
Board of Executives	Yei-Fong Jan Le Van Phu Chan Kun Lu	General Director First Deputy General Director Second Deputy General Director
Registered Office	97A Nguyen Van Troi Street Ward 12, Phu Nhuan District Ho Chi Minh City Vietnam	
Auditors	KPMG Limited Vietnam	



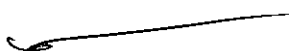
Indovina Bank Limited
Statement of the Board of Executives

The Board of Executives is responsible for the preparation and presentation of the financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for Credit Institutions stipulated by the State Bank of Vietnam and the relevant statutory requirements applicable to financial reporting. In the opinion of the Board of Executives:

- (a) the financial statements set out on pages 5 to 82 give a true and fair view of the financial position of Indovina Bank Limited (“the Bank”) as at 31 December 2013, and of the results of operations and the cash flows of the Bank for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for Credit Institutions stipulated by the State Bank of Vietnam and the relevant statutory requirements applicable to financial reporting; and
- (b) at the date of this statement, there are no reasons to believe that the Bank will not be able to settle its debts as and when they fall due.

The Board of Executives has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board of Executives



Yei-Fong Jan
General Director

Ho Chi Minh City, 28 February 2014

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HIEM
OV
-T.T.



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INDEPENDENT AUDITORS' REPORT

To the Investors Indovina Bank Limited

We have audited the accompanying financial statements of Indovina Bank Limited ("the Bank"), which comprise the balance sheet as at 31 December 2013, the statements of income and cash flows for the year then ended and the explanatory notes thereto which were authorised for issue by the Bank's Board of Executives on 28 February 2014, as set out on pages 5 to 82.

Management's Responsibility for the Financial Statements

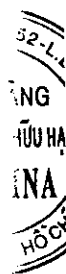
The Bank's Board of Executives is responsible for the preparation and fair presentation of these financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for Credit Institutions stipulated by the State Bank of Vietnam and the relevant statutory requirements applicable to financial reporting, and for such internal control as the Board of Executives determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.





Audit Opinion

In our opinion, the financial statements give a true and fair view, in all material respects, of the financial position of Indovina Bank Limited as at 31 December 2013 and of its results of operations and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for Credit Institutions stipulated by the State Bank of Vietnam and the relevant statutory requirements applicable to financial reporting.

Other Matter

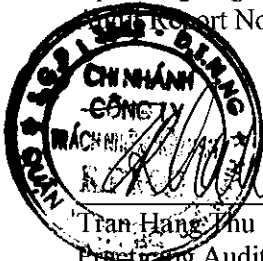
The financial statements of the Bank for the year ended 31 December 2012 were audited by another firm of auditors whose report dated 20 March 2013 expressed an unqualified opinion on those statements.

KPMG Limited's Branch in Ho Chi Minh City

Vietnam

Operating Registration Certificate No.: 4114000230

Report No: 13-01-138



Tran Hang Thu

Practicing Auditor Registration

Certificate No. 0877-2013-007-1

Deputy General Director

Truong Vinh Phuc

Practicing Auditor Registration

Certificate No. 1901-2013-007-1



Ho Chi Minh City, 28 February 2014

	Note	31/12/2013	31/12/2012	31/12/2013	31/12/2012
		USD	USD	Equivalent VND million Note 2(d)	Equivalent VND million Note 2(d)
A ASSETS					
I Cash on hand	4	9,434,230	7,069,054	198,458	147,234
II Balances with the State Bank of Vietnam	5	27,907,649	30,058,383	587,065	626,056
III Deposits with and loans to credit institutions	6	394,379,053	425,115,993	8,296,158	8,854,316
1 Deposits		9,641,137	186,672,120	202,811	3,888,007
2 Loans		387,797,623	240,079,700	8,157,711	5,000,380
3 Allowance for loans to credit institutions		(3,059,707)	(1,635,827)	(64,364)	(34,071)
IV Securities held-for-trading	7	19,670,573	3,451,635	413,790	71,891
1 Securities held-for-trading		20,747,270	5,310,368	436,440	110,605
2 Allowance for diminution in value		(1,076,697)	(1,858,733)	(22,650)	(38,714)
VI Loans and advances to customers		540,964,344	544,511,487	11,379,726	11,341,085
1 Loans and advances to customers	8	549,992,293	554,774,543	11,569,638	11,554,844
2 Allowance for loans and advances to customers	9	(9,027,949)	(10,263,056)	(189,912)	(213,759)
VII Investment securities	10	49,870,114	65,015,611	1,049,068	1,354,145
1 Available-for-sale securities		27,052,088	26,365,717	569,068	549,145
2 Held-to-maturity securities		22,818,026	38,649,894	480,000	805,000
IX Fixed assets		21,850,652	16,353,581	459,651	340,612
1 Tangible fixed assets	11	9,699,791	4,017,161	204,045	83,669
a Cost		16,050,432	10,057,169	337,637	209,470
b Accumulated depreciation		(6,350,641)	(6,040,008)	(133,592)	(125,801)
3 Intangible fixed assets	12	12,150,861	12,336,420	255,606	256,943
a Cost		13,617,456	13,596,683	286,457	283,192
b Accumulated amortisation		(1,466,595)	(1,260,263)	(30,851)	(26,249)
XI Other assets		14,558,351	18,756,000	306,249	390,651
1 Receivables	13	880,508	920,929	18,522	19,181
2 Accrued interest and fees receivable		8,385,638	11,026,386	176,400	229,659
4 Other assets	14	5,292,205	6,808,685	111,327	141,811
TOTAL ASSETS		1,078,634,966	1,110,331,744	22,690,165	23,125,990

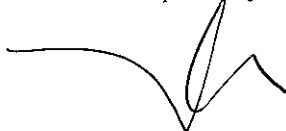
The accompanying notes are an integral part of these financial statements

	Note	31/12/2013 USD	31/12/2012 USD	31/12/2013 Equivalent VND million Note 2(d)	31/12/2012 Equivalent VND million Note 2(d)
B					
LIABILITIES AND EQUITY					
LIABILITIES					
II					
Deposits and borrowings from credit institutions	15	252,755,580	278,586,486	5,316,966	5,802,399
1 Deposits		25,786,437	6,958,834	542,443	144,938
2 Borrowings		226,969,143	271,627,652	4,774,523	5,657,461
III					
Deposits from customers	16	586,707,208	593,515,331	12,341,973	12,361,737
VII					
Other liabilities		15,027,419	45,199,584	316,117	941,418
1 Accrued interest and fees payable		4,706,803	8,597,928	99,012	179,079
3 Other liabilities	17	9,852,336	36,143,182	207,254	752,790
4 Provision for off-balance sheet commitments	18	468,280	458,474	9,851	9,549
TOTAL LIABILITIES		854,490,207	917,301,401	17,975,056	19,105,554
EQUITY					
VIII					
Capital and reserves	19	224,144,759	193,030,343	4,715,109	4,020,436
1 Contributed capital		193,000,000	165,000,000	4,059,948	3,436,620
2 Reserves		18,917,659	16,984,906	397,953	353,762
5 Retained profits		12,227,100	11,045,437	257,208	230,054
TOTAL EQUITY		224,144,759	193,030,343	4,715,109	4,020,436
TOTAL LIABILITIES AND EQUITY		1,078,634,966	1,110,331,744	22,690,165	23,125,990

	Note	31/12/2013	31/12/2012	31/12/2013	31/12/2012
		USD	USD	Equivalent VND million Note 2(d)	Equivalent VND million Note 2(d)
OFF-BALANCE SHEET ITEMS					
I	CONTINGENT LIABILITIES	53,947,388	51,647,285	1,134,837	1,075,710
2	Letters of credit	36,068,332	22,384,662	758,733	466,228
3	Other guarantees	17,879,056	29,262,623	376,104	609,482

28 February 2014

Prepared by:



Tran Le Thuy
 Chief Accountant



Le Van Phu
 First Deputy General Director

General Director

	Note	2013 USD	2012 USD	2013 Equivalent VND million Note 2(d)	2012 Equivalent VND million Note 2(d)
1 Interest and similar income	20	69,512,345	81,207,994	1,462,262	1,691,400
2 Interest and similar expenses	20	(38,478,428)	(52,294,234)	(809,432)	(1,089,184)
I Net interest income	20	31,033,917	28,913,760	652,830	602,216
3 Fee and commission income	21	3,357,267	3,153,670	70,623	65,685
4 Fee and commission expenses	21	(576,645)	(555,912)	(12,130)	(11,579)
II Net fee and commission income	21	2,780,622	2,597,758	58,493	54,106
III Net gain from trading of foreign currencies	22	1,179,573	1,560,300	24,813	32,498
IV Net gain/(loss) from trading of securities held-for-trading	23	2,274,966	(435,648)	47,856	(9,074)
V Net loss from disposals of investment securities	24	(881,974)	(198,666)	(18,553)	(4,138)
VI Other income – net	25	119,903	459,523	2,522	9,571
VII Income from investments in other entities	26	259,957	-	5,468	-
VIII Operating expenses	27	(14,189,807)	(14,224,376)	(298,497)	(296,265)
IX Operating profit before allowance and provision expenses		22,577,157	18,672,651	474,932	388,914
X Allowance and provision expenses	6, 9, 18	(4,837,198)	(2,507,057)	(101,755)	(52,217)
XI Profit before tax (Carried forward to next page)		17,739,959	16,165,594	373,177	336,697

The accompanying notes are an integral part of these financial statements

	Note	2013 USD	2012 USD	2013 Equivalent VND million Note 2(d)	2012 Equivalent VND million Note 2(d)
XI Profit before tax (Brought forward from previous page)		17,739,959	16,165,594	373,177	336,697
7 Income tax expense – current	28	(4,390,645)	(4,051,393)	(92,362)	(84,382)
8 Income tax expense – deferred	28	-	-	-	-
XII Total income tax expense	28	(4,390,645)	(4,051,393)	(92,362)	(84,382)
XIII Net profit after tax		13,349,314	12,114,201	280,815	252,315

28 February 2014

Prepared by:



Tran Le Thuy
 Chief Accountant

Approved by:



Le Van Phu
 First Deputy General Director



Long Jan
 General Director

	2013	2012	2013	2012	
	USD	USD	Equivalent VND million Note 2(d)	Equivalent VND million Note 2(d)	
CASH FLOWS FROM OPERATING ACTIVITIES					
01	Interest and similar income received	72,153,093	80,027,764	1,517,812	1,666,818
02	Interest and similar expenses paid	(42,369,553)	(59,715,980)	(891,286)	(1,243,764)
03	Net fee and commission income received	2,780,622	2,597,758	58,493	54,106
04	Net receipts from trading of foreign currencies and securities	2,572,565	1,560,300	54,116	32,498
05	Other income received	106,201	3,638,962	2,234	75,792
07	Salaries and operating expenses paid	(13,262,859)	(12,953,581)	(278,998)	(269,797)
08	Income tax paid	(4,832,199)	(4,569,872)	(101,650)	(95,181)
	Cash flows from operating activities before changes in operating assets and liabilities	17,147,870	10,585,351	360,721	220,472
Changes in operating assets					
09	Decrease/(increase) in deposits with and loans to credit institutions	213,454,296	(276,052,317)	4,490,225	(5,749,618)
10	Increase in securities held-for-trading and investment securities	(1,073,441)	(8,692,872)	(22,581)	(181,055)
12	Decrease in loans and advances to customers	4,782,250	43,327,662	100,599	902,429
13	Utilisation of allowance for loans and advances to customers	(4,638,619)	-	(97,578)	-
14	Decrease/(increase) in other assets	1,782,276	(223,485)	37,492	(4,655)
Changes in operating liabilities					
16	Decrease in deposits and borrowings from credit institutions	(25,830,906)	(71,587,997)	(543,379)	(1,491,035)
17	(Decrease)/increase in deposits from customers	(6,808,123)	110,634,936	(143,216)	2,304,304
18	Decrease in valuable papers issued	-	(96,024,582)	-	(2,000,000)

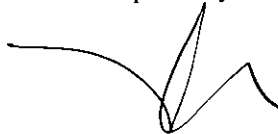
The accompanying notes are an integral part of these financial statements

	2013	2012	2013	2012
	USD	USD	Equivalent VND million Note 2(d)	Equivalent VND million Note 2(d)
21 (Decrease)/increase in other liabilities	(5,849,293)	4,261,671	(123,046)	88,762
22 Payments from reserves	(234,898)	(227,290)	(4,941)	(4,734)
I Net cash flows from operating activities	192,731,412	(283,998,923)	4,054,296	(5,915,130)
CASH FLOWS FROM INVESTING ACTIVITIES				
01 Payments for additions of fixed assets	(6,722,155)	(3,273,023)	(141,407)	(68,170)
02 Proceeds from disposals of fixed assets	86,464	12,265	1,819	255
09 Receipts of dividends from investments	259,957	-	5,468	-
II Net cash flows from investing activities	(6,375,734)	(3,260,758)	(134,120)	(67,915)
CASH FLOWS FROM FINANCING ACTIVITIES				
04 Profits distribution	(2,000,000)	-	(42,072)	-
III Net cash flows from financing activities	(2,000,000)	-	(42,072)	-
IV Net cash flows during the year (Carried forward to next page)	184,355,678	(287,259,681)	3,878,104	(5,983,045)

	2013 USD	2012 USD	2013 Equivalent VND million Note 2(d)	2012 Equivalent VND million Note 2(d)
IV Net cash flows during the year (Brought forward from previous page)	184,355,678	(287,259,681)	3,878,104	(5,983,045)
V Cash and cash equivalents at the beginning of the year	58,570,057	345,829,738	1,219,897	7,202,942
VI Foreign currency translation difference	-	-	12,184	-
VII Cash and cash equivalents at the end of the year (Note 29)	242,925,735	58,570,057	5,110,185	1,219,897

28 February 2014

Prepared by:



Tran Le Thuy
 Chief Accountant

Approved by:



Le Van Phu
 First Deputy General Director



Phong Jan
 General Director

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. Reporting entity

Indovina Bank Limited (“the Bank”) is incorporated as a joint venture bank in Vietnam of Vietnam Joint Stock Commercial Bank for Industry and Trade (“Vietinbank”), a bank incorporated in Vietnam, and Cathay United Bank (“CUB”), a bank incorporated in the Republic of China. The principal activities of the Bank are to carry out banking activities under Banking Licence No. 08/NH-GP issued by the State Bank of Vietnam (“SBV”) on 29 October 1992. The establishment and operation licence is valid for 40 years from the licence date.

The Bank’s Head Office is located at 97A Nguyen Van Troi Street, Ward 12, Phu Nhuan District, Ho Chi Minh City, Vietnam. As at 31 December 2013, the Bank had one Head Office, nine (09) branches and seventeen (17) transaction offices located in cities and provinces in Vietnam.

As at 31 December 2013, the Bank had 694 employees (31 December 2012: 670 employees).

2. Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for Credit Institutions stipulated by the State Bank of Vietnam and the relevant statutory requirements applicable to financial reporting. These accounting policies may differ in some material respects from International Financial Reporting Standards and the generally accepted accounting principles and standards of other countries. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations and cash flows in accordance with generally accepted accounting principles and practices in countries or jurisdictions other than Vietnam. Furthermore, their utilisation is not designed for those who are not informed about Vietnam’s accounting principles, procedures and practices.

(b) Basis of measurement

The financial statements, except for the statement of cash flows, are prepared on the accrual basis using the historical cost concept. The statement of cash flows is prepared using the direct method.

(c) Annual accounting period

The annual accounting period of the Bank is from 1 January to 31 December.

(d) Accounting currency

The financial statements are prepared and presented in United States Dollar (“USD”).

For the reporting purpose to the local authorities, the financial statements of the Bank are also presented in equivalent Vietnam Dong Million (“VND million”) using the following translation method:

- Assets, liabilities and equity denominated in currencies other than VND are translated into VND using the exchange rate at the reporting date;
- Income and expenses presented in USD are translated into VND using the exchange rate at the reporting date; and
- Differences arising from these translations are recorded as foreign currency translation differences in Capital and reserves (Note 19) and the statement of cash flows.

3. Summary of significant accounting policies

The following significant accounting policies have been adopted by the Bank in the preparation of these financial statements.

(a) Foreign currency transactions

Monetary assets and liabilities denominated in currencies other than USD are translated into USD at rates of exchange ruling at the reporting date. Transactions in currencies other than USD during the year have been translated into USD at rates approximating those ruling on transaction dates.

All foreign exchange differences are recorded in the statement of income.

(b) Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with the State Bank of Vietnam and deposits with and loans to other credit institutions with original terms to maturity of not more than three months.

(c) Securities held-for-trading

(i) Classification

Securities held-for-trading are securities which are acquired principally for the purpose of selling it in the near term or there is evidence of a recent pattern of short-term profit-taking.

(ii) Recognition

The Bank recognises the securities held-for-trading on the date it becomes a party to the contractual provisions of these securities (trade date accounting).



(iii) Measurement

Listed securities held-for-trading are stated at cost less allowance for diminution in value which is determined by reference to closing prices of securities from the Ho Chi Minh City Stock Exchange and average prices from the Hanoi Stock Exchange at the reporting date.

Unlisted securities held-for-trading which are actively traded on the over-the-counter market (“OTC market”) are stated at cost less allowance for diminution in value which is determined by reference to the average price of the transaction price quotes from three securities companies having charter capital above VND300 billion.

Unlisted securities held-for-trading which are not actively traded on the OTC market are stated at cost, less any allowance for diminution in value considered necessary by the management. The management determines the allowance for diminution in value after giving consideration to cost, market conditions, current and projected operating performance and expected cash flows.

The allowance for diminution in the value of securities held-for-trading as mentioned above is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the allowance was recognised. An allowance is reversed only to the extent that the securities’ carrying amounts do not exceed the carrying amounts that would have been determined if no allowance had been recognised.

Cost of securities held-for-trading is determined on a weighted average basis.

(iv) Derecognition

Securities held-for-trading are derecognised when the rights to receive cash flows from these securities have expired or the Bank has transferred substantially all risks and rewards of ownership.

(d) Investment securities

(i) Classification

Available-for-sale securities are equity securities and debt securities which are acquired for an indefinite period and may be sold at any time.

Held-to-maturity securities are debt securities with fixed or determinable payments and fixed maturities where the Bank’s management has the positive intention and ability to hold until maturity.

(ii) Recognition

The Bank recognises the available-for-sale securities and held-to-maturity securities on the date it becomes a party to the contractual provisions of these securities (trade date accounting).

(iii) Measurement

Listed available-for-sale securities are stated at cost less allowance for diminution in value which is determined by reference to closing prices of securities from the Ho Chi Minh City Stock Exchange and average prices from the Hanoi Stock Exchange at the reporting date.

Unlisted available-for-sale securities which are actively traded on the over-the-counter market ("OTC market") are stated at cost less allowance for diminution in value which is determined by reference to the average price of the transaction price quotes from three securities companies having charter capital above VND300 billion.

Unlisted available-for-sale securities which are not actively traded on the OTC market are stated at cost, less any allowance for diminution in value considered necessary by the management. The management determines the allowance for diminution in value after giving consideration to cost, market conditions, current and projected operating performance and expected cash flows.

Held-to-maturity securities are initially stated at cost at the acquisition date and they are subsequently measured at cost less allowance for diminution in value when there is evidence of long-term decline in value of these securities.

Premiums and discounts arising from purchases of available-for-sale debt securities and held-to-maturity securities are amortised to the statement of income using straight line method over the period from the acquisition dates to maturity dates.

Post-acquisition interest income of available-for-sale debt securities and held-to maturity securities is recognised in the statement of income on an accrual basis.

The allowance for diminution in the value of available-for-sale securities and held-to-maturity securities as mentioned above is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the allowance was recognised. An allowance is reversed only to the extent that the securities' carrying amounts do not exceed the carrying amounts that would have been determined if no allowance had been recognised.

(iv) Derecognition

Available-for-sale securities and held-to-maturity securities are derecognised when the rights to receive cash flows from the investments have expired or the Bank has transferred substantially all risks and rewards of ownership.

(e) Loans and advances to customers and loans to credit institutions

Decision No. 493/2005/QĐ-NHNN dated 22 April 2005 issued by State Bank of Vietnam ("Decision 493"), which was amended and supplemented by Decision No. 18/2007/QĐ-NHNN dated 25 April 2007 issued by the State Bank of Vietnam ("Decision 18"), requires specific allowance to be made for loans and advances on a quarterly basis based on loan groups.



The specific allowance disclosed at the reporting date (i.e. 31 December) is determined utilising the following allowance rates against principal outstanding as at 30 November less allowed value of collateral.

<i>Group</i>		<i>Overdue status</i>	<i>Allowance rate</i>
1	Current	<ul style="list-style-type: none"> • Current loans or overdue loans less than 10 days. 	0%
2	Special mention	<ul style="list-style-type: none"> • Loans being overdue between 10 days to 90 days; or • Loans having rescheduled terms of repayments for the first time (if customers are assessed as being capable of repaying both principal and interest according to the first revised terms of repayments for the case of enterprises and organisational customers). 	5%
3	Sub-standard	<ul style="list-style-type: none"> • Loans being overdue between 91 days and 180 days; • Loans having rescheduled terms of repayments for the first time except for the loans with revised terms of repayments classified into the above mentioned Group 2; or • Loans having exempt or reduced interest because customers are not able to pay the interest according to contracts. 	20%
4	Doubtful	<ul style="list-style-type: none"> • Loans being overdue between 181 days and 360 days; • Loans having rescheduled terms of repayments for the first time and being overdue less than 90 days according to the first rescheduled terms of repayments; or • Loans having rescheduled terms of repayments for the second time. 	50%
5	Loss	<ul style="list-style-type: none"> • Loans being overdue more than 360 days; • Loans having rescheduled terms of repayments for the first time and being overdue from 90 days or more according to the first rescheduled terms of repayments; • Loans having rescheduled terms of repayments for the second time and being overdue according to the second reschedule terms of repayments; • Loans having rescheduled terms of repayments for the third time; or • Blocked loans, or loans awaiting for settlements. 	100%

The Bank adopted Decision No.780/QĐ-NHNN dated 23 April 2012 issued by State Bank of Vietnam (“Decision 780”) regarding the classification of loans being rescheduled or having the repayment terms extended under which such loans are classified in the same loan groups as before rescheduling or having the repayment terms extended if the borrower are assessed as having positive business potential and ability to repay well these loans.

In addition, the Bank is required to make a general allowance of 0.75% of total outstanding loans that are classified from Group 1 to Group 4 as at 30 November. Such general allowance is required to be made in full within 5 years from the effective date of Decision 493. As at the reporting date, the Bank provided a general allowance of 0.75% of the above balances as at 30 November 2013 (31 December 2012: 0.75% of the above balances as at 30 November 2012).

In accordance with the requirements of Decision 493, loans are written off against the allowance when loans and advances to customers have been classified to Group 5, or when borrowers have declared bankruptcy or dissolved (for borrowers being organisations, enterprises), or borrowers are deceased or are missing (for borrowers being individuals).

(f) Provision for off-balance sheet commitments

In accordance with Decision 18, the Bank is also required to classify guarantees, acceptances and loan commitments which are irrevocable and unconditional into relevant groups and make specific provisions accordingly.

In addition, the Bank is required to make a general provision of 0.75% of total irrevocable outstanding letters of guarantee, letters of credit and undrawn loan commitments which are irrevocable and unconditional as at 30 November. Such general provision is required to be made in full within 5 years from the effective date of Decision 493. As at the reporting date, the Bank has provided a general provision of 0.75% of the above balances as at 30 November 2013 (31 December 2012: 0.75% of the above balances as at 30 November 2012).

(g) Tangible fixed assets

(i) Cost

Tangible fixed assets are stated at cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition for its intended use. Expenditure incurred after the tangible fixed assets have been put into operation, such as repair, maintenance and overhaul cost, is charged to statement of income in the year in which the cost is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of tangible fixed assets beyond their originally assessed standard of performance, the expenditure is capitalised as an additional cost of tangible fixed assets.

(ii) Depreciation

Depreciation is computed on a straight-line basis over the estimated useful lives of tangible fixed assets. The estimated useful lives are as follows:

▪ buildings and leasehold improvements	5 – 40 years
▪ office equipment, furniture and fixtures	3 – 8 years
▪ motor vehicles	6 years

(h) Intangible fixed assets

(i) Land use rights

Land use rights are stated at cost less accumulated amortisation. The initial cost of a land use right comprises its purchase price and any directly attributable costs incurred in conjunction with securing the land use rights. Land use rights which are granted for a definite term are amortised, using the straight-line method over the terms indicated in the land use right certificates. Land use rights which are granted for an indefinite term are carried out at cost and not amortised.

(ii) Software

Cost of acquiring new software, which is not an integral part of the related hardware, is capitalised and treated as an intangible asset. Software cost is amortised on a straight-line basis over 5 to 8 years.

(i) Construction in progress

Construction in progress represents the costs of construction and machinery which have not been fully completed or installed. No depreciation is provided for construction in progress during the period of construction and installation.

(j) Provisions

A provision, other than that as described in Note 3(f), is recognised if, as a result of a past event, the Bank has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(k) Other payables

Other payables are stated at their cost.

(l) Employees' benefits

Pursuant to Law on Social Insurance, effective from 1 January 2009, the Bank and its employees are required to contribute to an unemployment insurance fund managed by the Vietnam Social Insurance Agency. The contribution to be paid by each party is calculated at 1% of the lower of the employees' basic salary and 20 times the general minimum salary level as specified by the Government from time to time. Contribution payable by the Bank to the unemployment insurance fund for the period in exchange for the services rendered by the employees is recognised as an expense in the statement of income.



(m) Classification of financial instruments

Solely for the purpose of providing disclosures about the significance of financial instruments to the Bank's financial position and results of operations and the nature and extent of risk arising from financial instruments, the Bank classifies its financial instruments as follows:

(i) Financial assets

Financial assets at fair value through profit or loss

A financial asset at fair value through profit or loss is a financial asset that meets either of the following conditions:

- It is considered by management as held for trading. A financial asset is considered as held for trading if:
 - it is acquired principally for the purpose of selling it in the near term;
 - there is evidence of a recent pattern of short-term profit-taking; or
 - a derivative (except for a derivative that is financial guarantee contract or a designated and effective hedging instrument).
- Upon initial recognition, it is designated by the Bank at fair value through profit or loss.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and a fixed maturity that the Bank has the positive intention and ability to hold to maturity, other than:

- those that the Bank upon initial recognition designates as at fair value through profit or loss;
- those that the Bank designates as available-for-sale; and
- those that meet the definition of loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those:

- that the Bank intends to sell immediately or in the near term, which are classified as held for trading, and those that the entity on initial recognition designates as at fair value through profit or loss;
- that the Bank upon initial recognition designates as available-for-sale; or
- for which the Bank may not recover substantially all of its initial investment, other than because of credit deterioration, which are classified as available-for-sale.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or that are not classified as:

- financial assets at fair value through profit or loss;
- held-to-maturity investments; or
- loans and receivables.

(ii) Financial liabilities

Financial liabilities at fair value through profit or loss

A financial liability at fair value through profit or loss is a financial liability that meets either of the following conditions:

- It is considered by management as held for trading. A financial liability is considered as held for trading if:
 - it is incurred principally for the purpose of repurchasing it in the near term;
 - there is evidence of a recent pattern of short-term profit-taking; or
 - a derivative (except for a derivative that is financial guarantee contract or a designated and effective hedging instrument).
- Upon initial recognition, it is designated by the Bank as at fair value through profit or loss.

Financial liabilities carried at amortised cost

Financial liabilities which are not classified as financial liabilities at fair value through profit or loss are classified as financial liabilities carried at amortised cost.

The above described classification of financial instruments is solely for presentation and disclosure purpose and is not intended to be a description of how the instruments are measured. Accounting policies for measurement of financial instruments are disclosed in other relevant notes.

(n) Taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the statement of income except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(o) Contributed capital

Contributed capital is classified as part of equity.

(p) Statutory reserves

According to Decree No. 57/2012/NĐ-CP dated 20 July 2012 issued by the Government of Vietnam, the Bank is required to make the following allocations before distribution of profits:

	Annual allocation	Maximum balance
Reserve to supplement contributed capital	5% of profit after tax	Contributed capital
Financial reserve	10% of profit after tax	25% contributed capital

The purpose of the financial reserve is to cover losses incurred during the normal course of business. These reserves are non-distributable and classified as part of equity.

(q) Revenue

(i) Interest income

Interest income is recognised in the statement of income on an accrual basis, except for interest on loans classified in Group 2 to Group 5 as defined in Note 3(e) which is recognised upon receipt.

Interest income is recognised on a time proportion basis with reference to the principal outstanding and the applicable interest rate.

(ii) Fee and commission income

Fees and commissions are recognised in the statement of income when earned.

(r) Interest expense

Interest expense is recognised in the statement of income on an accrual basis.

(s) Fee and commission expenses

Fees and commission expenses are recognised in the statement of income when incurred.

(t) Operating lease payments

Payments made under operating leases are recognised in the statement of income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the statement of income as an integral part of the total lease expense.

(u) Related companies

Related companies include the investors, their ultimate parent companies and their subsidiaries, associates and branches.

(v) Off-balance sheet items

Commitments and contingent liabilities

From time to time, the Bank has outstanding commitments to extend credit. These commitments take the form of approved loans and overdraft facilities. The Bank also provides financial guarantees and letters of credit to guarantee the performance of customers to third parties. The contingent liabilities and commitments may expire without being advanced in whole or in part. Therefore the amounts do not represent a firm commitment of future cash flows.

(w) Nil balances

Items or balances required by the Decision No. 16/2007/QĐ-NHNN dated 18 April 2007 issued by the Governor of the State Bank of Vietnam on promulgation of financial statements reporting for credit institutions that are not shown in these financial statements indicate nil balances.

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4. Cash on hand

	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	USD	USD	Equivalent VND million Note 2(d)	Equivalent VND million Note 2(d)
Cash on hand in VND	5,870,686	4,799,116	123,495	99,956
Cash on hand in foreign currencies	3,563,544	2,267,733	74,963	47,232
Traveller's cheques	-	2,205	-	46
	9,434,230	7,069,054	198,458	147,234

5. Balances with the State Bank of Vietnam

These consist of a compulsory reserve for liquidity and a current account.

Under the State Bank of Vietnam's regulations relating to the compulsory reserve, banks are permitted to maintain a floating balance for the compulsory reserve requirement ("CRR"). The monthly average balance of the reserve must not be less than CRR rates multiply with preceding month's average balances of deposits in scope as follows:

Deposits in scope	CRR rates			
	31/12/2013	31/12/2012		
Preceding month's average balances of:				
<i>For customers:</i>				
▪ Deposits in foreign currencies with term of less than 12 months	8%	8%		
▪ Deposits in foreign currencies with term of 12 months and above	6%	6%		
▪ Deposits in VND with term of less than 12 months	3%	3%		
▪ Deposits in VND with term of 12 months and above	1%	1%		
<i>For overseas credit institutions</i>				
▪ Deposits in foreign currencies of overseas credit institutions	1%	1%		
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	USD	USD	Equivalent VND million Note 2(d)	Equivalent VND million Note 2(d)
Current account and compulsory reserve	27,907,649	30,058,383	587,065	626,056



Effective year-end annual interest rates are as follows:

	31/12/2013	31/12/2012
Deposits in VND		
Within the compulsory reserve requirement	1.2%	1.2%
Exceeding the compulsory reserve requirement	0.0%	0.0%
Deposits in USD		
Within the compulsory reserve requirement	0.0%	0.0%
Exceeding the compulsory reserve requirement	0.05%	0.05%

6. Deposits with and loans to credit institutions

	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	USD	USD	Equivalent VND million Note 2(d)	Equivalent VND million Note 2(d)
Current accounts				
Current accounts in VND	996,989	2,483,612	20,973	51,729
Current accounts in foreign currencies	8,644,148	18,478,886	181,838	384,878
Term deposits				
Term deposits in VND	-	115,709,622	-	2,410,000
Term deposits in foreign currencies	-	50,000,000	-	1,041,400
Loans				
Loans in VND	237,497,623	155,079,700	4,996,000	3,230,000
Loans in foreign currencies	150,300,000	85,000,000	3,161,711	1,770,380
Allowance for loans to credit institutions (i)	(3,059,707)	(1,635,827)	(64,364)	(34,071)
	394,379,053	425,115,993	8,296,158	8,854,316

(i) Movements in allowance for loans to credit institutions were as follows:

	2013	2012	2013	2012
	USD	USD	Equivalent VND million Note 2(d)	Equivalent VND million Note 2(d)
Opening balance	1,635,827	-	34,071	-
Allowance made during the year	1,423,880	1,635,827	29,953	34,071
Foreign currency translation difference	-	-	340	-
Closing balance	3,059,707	1,635,827	64,364	34,071

Effective year-end annual interest rates are as follows:

	31/12/2013	31/12/2012
Current accounts in VND	1.2%	1.2%-2.4%
Current accounts in foreign currencies	0.1%	0.1%
Term deposits in VND	N/A	7.0%-10.0%
Term deposits in foreign currencies	N/A	1.9%-4.0%
Loans in VND	3%-12%	5.0%-9.8%
Loans in foreign currencies	0.8%-3.69%	2.4%-4.0%

7. Securities held-for-trading

	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	USD	USD	Equivalent	Equivalent
			VND million	VND million
			Note 2(d)	Note 2(d)
Equity securities				
▪ Shares issued by local economic entities	3,158,375	3,298,359	66,440	68,699
▪ Shares issued by local credit institutions	-	2,012,009	-	41,906
Debt securities				
▪ Corporate bonds issued by local economic entities	17,588,895	-	370,000	-
	20,747,270	5,310,368	436,440	110,605
Allowance for diminution in value of securities held-for-trading (i)	(1,076,697)	(1,858,733)	(22,650)	(38,714)
	19,670,573	3,451,635	413,790	71,891

Securities held-for-trading are categorised into listed and unlisted as follows:

	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	USD	USD	Equivalent	Equivalent
			VND million	VND million
			Note 2(d)	Note 2(d)
Equity securities				
▪ Listed	-	4,099,366	-	85,382
▪ Unlisted	3,158,375	1,211,002	66,440	25,223
Debt securities				
▪ Unlisted	17,588,895	-	370,000	-
	20,747,270	5,310,368	436,440	110,605

(i) Movements in allowance for diminution in value of securities held-for-trading were as follows:

	2013	2012	2013	2012
	USD	USD	Equivalent	Equivalent
			VND million	VND million
			Note 2(d)	Note 2(d)
Opening balance	1,858,733	1,423,083	38,714	29,640
Allowance made during the year	-	435,650	-	9,074
Allowance reversed during the year	(782,036)	-	(16,451)	-
Foreign currency translation difference	-	-	387	-
Closing balance	1,076,697	1,858,733	22,650	38,714

8. Loans and advances to customers

	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	USD	USD	Equivalent	Equivalent
			VND million	VND million
			Note 2(d)	Note 2(d)
Loans to local economic corporates and individuals	540,599,918	542,885,211	11,372,060	11,307,213
Loans to foreign economic corporates and individuals	9,392,375	11,889,332	197,578	247,631
	549,992,293	554,774,543	11,569,638	11,554,844

Loan portfolio by loan group is as follows:

	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	USD	USD	Equivalent	Equivalent
			VND million	VND million
			Note 2(d)	Note 2(d)
Group 1 - Current loans	524,062,427	520,399,130	11,024,177	10,838,874
Group 2 - Special-mentioned loans	12,201,985	16,093,258	256,681	335,190
Group 3 - Sub-standard loans	7,741,659	8,172,855	162,854	170,224
Group 4 - Doubtful loans	3,478,126	3,552,730	73,166	73,996
Group 5 - Loss loans	2,508,096	6,556,570	52,760	136,560
	549,992,293	554,774,543	11,569,638	11,554,844

Loan portfolio by term is as follows:

	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	USD	USD	Equivalent	Equivalent
			VND million	VND million
			Note 2(d)	Note 2(d)
Short-term loans	231,532,326	244,537,766	4,870,514	5,093,233
Medium-term loans	56,750,111	47,001,722	1,193,795	978,952
Long-term loans	261,709,856	263,235,055	5,505,329	5,482,659
	549,992,293	554,774,543	11,569,638	11,554,844

Loan portfolio by industry sector is as follows:

	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	USD	USD	Equivalent	Equivalent
			VND million	VND million
			Note 2(d)	Note 2(d)
Trading and motor vehicle repairing	77,327,598	85,137,528	1,626,663	1,773,244
Technology, science and specialist industry	169,281	307,615	3,561	6,407
Mining and processing	221,123,102	215,778,731	4,651,546	4,494,239
Accommodation and restaurant services	1,772,590	2,963,932	37,288	61,733
Electricity, oil and gas supply	19,191,432	21,410,912	403,711	445,946
Training and education	1,275,940	102,836	26,841	2,142
Administration and support services	29,215	2,400	615	50
Real estate	15,351,536	22,395,449	322,935	466,452
Agriculture, forestry and aquatics	809,805	572,013	17,035	11,914
Financial services	1,529,711	2,304,062	32,179	47,989
Telecommunication	34,646,802	40,251,816	728,830	838,365
Logistics	64,877,354	61,765,895	1,364,760	1,286,460
Construction	59,085,973	55,080,136	1,242,933	1,147,209
Health care and social support	4,326,157	182,303	91,005	3,797
Others	48,475,797	46,518,915	1,019,736	968,897
	549,992,293	554,774,543	11,569,638	11,554,844

Loan portfolio by type of borrowers is as follows:

	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	USD	USD	Equivalent	Equivalent
			VND million	VND million
			Note 2(d)	Note 2(d)
State owned companies	155,304,917	165,291,616	3,266,994	3,442,694
Limited liability companies	100,906,837	99,271,684	2,122,676	2,067,631
Joint stock companies	133,148,125	124,742,549	2,800,904	2,598,138
Private companies	10,900,824	10,870,784	229,310	226,417
Foreign invested companies	117,568,299	127,143,339	2,473,167	2,648,141
Individuals	32,163,291	27,454,571	676,587	571,823
	549,992,293	554,774,543	11,569,638	11,554,844

Effective year-end annual interest rates are as follows:

	31/12/2013	31/12/2012
Loans and advances in VND	3.5% - 22%	8.6% - 21%
Loans and advances in USD	2.35% - 7.5%	1.2% - 7.52%

9. Allowance for loans and advances to customers

Allowance for loans and advances to customers consists of:

	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	USD	USD	Equivalent	Equivalent
			VND million	VND million
			Note 2(d)	Note 2(d)
General allowance (i)	4,072,176	3,741,700	85,662	77,932
Specific allowance (ii)	4,955,773	6,521,356	104,250	135,827
	9,027,949	10,263,056	189,912	213,759

(i) Movements in general allowance for loans and advances to customers were as follows:

	2013	2012	2013	2012
	USD	USD	Equivalent	Equivalent
			VND million	VND million
			Note 2(d)	Note 2(d)
Opening balance	3,741,700	4,467,857	77,932	93,057
Allowance made during the year	583,887	-	12,283	-
Allowance reversed during the year	(253,411)	(726,157)	(5,331)	(15,125)
Foreign currency translation difference	-	-	778	-
Closing balance	4,072,176	3,741,700	85,662	77,932

(ii) Movements in specific allowance for loans and advances to customers were as follows:

	2013	2012	2013	2012
	USD	USD	Equivalent VND million Note 2(d)	Equivalent VND million Note 2(d)
Opening balance	6,521,356	4,884,533	135,827	101,735
Allowance made during the year	3,287,994	3,713,486	69,166	77,344
Allowance reversed during the year	(214,958)	(2,076,663)	(4,521)	(43,252)
Allowance utilised during the year	(4,638,619)	-	(97,578)	-
Foreign currency translation difference	-	-	1,356	-
Closing balance	4,955,773	6,521,356	104,250	135,827

10. Investment securities

	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	USD	USD	Equivalent VND million Note 2(d)	Equivalent VND million Note 2(d)
Available-for-sale securities				
<i>Debt securities</i>				
▪ Government bonds	26,393,217	17,058,054	555,208	355,285
▪ Corporate bonds issued by local economic entities	-	8,642,213	-	180,000
<i>Equity securities</i>				
▪ Shares issued by local economic entities	658,871	665,450	13,860	13,860
	27,052,088	26,365,717	569,068	549,145
Held-to-maturity securities				
<i>Debt securities</i>				
▪ Corporate bonds issued by local economic entities (*)	22,818,026	38,649,894	480,000	805,000

- (*) Included in held-to-maturity securities as at 31 December 2013 were bonds issued by a local company amounting to USD19,965,773 (equivalent to VND420,000 million) (31/12/2012: USD20,165,162 equivalent to VND420,000 million) matured on 16 December 2013 and on 31 December 2013 the Bank agreed to extend the maturity to 16 December 2016. These bonds are secured by the land use right of a real estate project amounting to USD29,657,817 (equivalent to VND623,882 million).

The remaining terms and interest rate of debt securities as at the reporting date were as follows:

	31/12/2013		31/12/2012	
	Term	Interest rate	Term	Interest rate
Available-for-sale securities				
▪ Government bonds in VND	1 – 4 years	9% – 13.1%	1 – 4 years	9% – 13.1%
▪ Corporate bonds in VND	N/A	N/A	4 years	17% – 17.5%
Held-to-maturity securities				
▪ Corporate bonds in VND	1 – 3 years	11% – 14.53%	1 year	14.88% – 18.13%

Indovina Bank Limited
 97A Nguyen Van Troi Street, Ward 12, Phu Nhuan District
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 Notes to the financial statements for the year ended 31 December 2013 (continued)

11. Tangible fixed assets

Year ended 31 December 2013

	Buildings and leasehold improvements USD	Office equipment, furniture & fixtures USD	Motor vehicles USD	Total USD
Cost				
Opening balance	3,962,517	4,410,461	1,684,191	10,057,169
Additions	852,540	929,455	129,451	1,911,446
Transfer from construction in progress	4,971,213	-	-	4,971,213
Disposals	(20,683)	(102,169)	-	(122,852)
Reclassifications (*)	(10,106)	(723,123)	(33,315)	(766,544)
Closing balance	9,755,481	4,514,624	1,780,327	16,050,432
<i>Closing balance – Equivalent VND million (Note 2(d))</i>	205,216	94,970	37,451	337,637
Accumulated depreciation				
Opening balance	1,386,858	3,544,115	1,109,035	6,040,008
Charge for the year	288,184	480,949	174,309	943,442
Disposals	(17,001)	(33,090)	-	(50,091)
Reclassifications (*)	(3,043)	(576,889)	(2,786)	(582,718)
Closing balance	1,654,998	3,415,085	1,280,558	6,350,641
<i>Closing balance – Equivalent VND million (Note 2(d))</i>	34,814	71,840	26,938	133,592
Net book value				
Opening balance	2,575,659	866,346	575,156	4,017,161
Closing balance	8,100,483	1,099,539	499,769	9,699,791
<i>Closing balance – Equivalent VND million (Note 2(d))</i>	170,402	23,130	10,513	204,045

Indovina Bank Limited
97A Nguyen Van Troi Street, Ward 12, Phu Nhuan District
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Notes to the financial statements for the year ended 31 December 2013 (continued)

11. Tangible fixed assets (continued)

Year ended 31 December 2012	Buildings and leasehold improvements USD	Office equipment, furniture & fixtures USD	Motor vehicles USD	Total USD
Cost				
Opening balance	4,144,788	4,203,419	1,646,793	9,995,000
Additions	10,617	282,120	86,391	379,128
Disposals	(192,888)	(75,078)	(48,993)	(316,959)
Closing balance	3,962,517	4,410,461	1,684,191	10,057,169
<i>Closing balance – Equivalent VND million (Note 2(d))</i>	82,531	91,861	35,078	209,470
Accumulated depreciation				
Opening balance	1,316,289	2,990,077	977,185	5,283,551
Charge for the year	254,848	628,335	181,119	1,064,302
Disposals	(184,279)	(74,297)	(49,269)	(307,845)
Closing balance	1,386,858	3,544,115	1,109,035	6,040,008
<i>Closing balance – Equivalent VND million (Note 2(d))</i>	28,886	73,817	23,098	125,801
Net book value				
Opening balance	2,828,499	1,213,342	669,608	4,711,449
Closing balance	2,575,659	866,346	575,156	4,017,161
<i>Closing balance – Equivalent VND million (Note 2(d))</i>	53,645	18,044	11,980	83,669

- (*) The reclassifications represent net book values of existing fixed assets which do not meet one of the criteria for recognition as fixed assets as regulated in Article 3 of Circular No. 45/2013/TT-BTC dated 25 April 2013 of the Ministry of Finance which provides guidance on management, use and depreciation of fixed assets ("Circular 45"), i.e. costing VND30 million or more. These assets are reclassified to Prepaid expenses (Note 14(ii)).

Included in the cost of tangible fixed assets were assets costing USD2,689,109 (equivalent to VND56,568 million) which were fully depreciated as of 31 December 2013 (31/12/2012: USD2,166,462 (equivalent to VND45,123 million)), but which are still in use.

12. Intangible fixed assets

Year ended 31 December 2013	Land use rights USD	Software USD	Total USD
Cost			
Opening balance	12,189,508	1,407,175	13,596,683
Additions	-	23,323	23,323
Written off	-	(2,550)	(2,550)
Closing balance	12,189,508	1,427,948	13,617,456
<i>Closing balance</i> <i>Equivalent VND million (Note 2(d))</i>	<i>256,419</i>	<i>30,038</i>	<i>286,457</i>
Accumulated amortisation			
Opening balance	196,336	1,063,927	1,260,263
Charge for the year	16,485	192,396	208,881
Written off	-	(2,549)	(2,549)
Closing balance	212,821	1,253,774	1,466,595
<i>Closing balance</i> <i>Equivalent VND million (Note 2(d))</i>	<i>4,477</i>	<i>26,374</i>	<i>30,851</i>
Net book value			
Opening balance	11,993,172	343,248	12,336,420
Closing balance	11,976,687	174,174	12,150,861
<i>Closing balance</i> <i>Equivalent VND million (Note 2(d))</i>	<i>251,942</i>	<i>3,664</i>	<i>255,606</i>

12. Intangible fixed assets (continued)

Year ended 31 December 2012	Land use rights USD	Software USD	Total USD
Cost			
Opening balance	12,189,508	1,387,869	13,577,377
Additions	-	19,306	19,306
Closing balance	12,189,508	1,407,175	13,596,683
<i>Closing balance</i> <i>Equivalent VND million (Note 2(d))</i>	253,883	29,309	283,192
Accumulated amortisation			
Opening balance	179,851	873,646	1,053,497
Charge for the year	16,485	190,281	206,766
Closing balance	196,336	1,063,927	1,260,263
<i>Closing balance</i> <i>Equivalent VND million (Note 2(d))</i>	4,090	22,159	26,249
Net book value			
Opening balance	12,009,657	514,223	12,523,880
Closing balance	11,993,172	343,248	12,336,420
<i>Closing balance</i> <i>Equivalent VND million (Note 2(d))</i>	249,793	7,150	256,943

Included in the cost of intangible fixed assets were assets costing USD37,987 (equivalent to VND799 million) which were fully depreciated as of 31 December 2013 (31/12/2012: USD21,849 (equivalent to VND455 million)), but which are still in use.

13. Receivables

	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	USD	USD	Equivalent VND million Note 2(d)	Equivalent VND million Note 2(d)
Security deposits	699,001	701,647	14,704	14,614
Receivables from SBV relating to Interest Subsidy Program	181,507	219,282	3,818	4,567
	880,508	920,929	18,522	19,181

14. Other assets

	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	USD	USD	Equivalent VND million Note 2(d)	Equivalent VND million Note 2(d)
Construction in progress (i)	3,800,660	5,670,130	79,951	118,097
Prepaid expenses (ii)	885,012	476,817	18,617	9,931
Advances for ATM cash replenishment	268,587	-	5,650	-
Prepayments to suppliers	93,346	536,436	1,964	11,173
Office tools and supplies	86,106	16,861	1,811	351
Advances for operations	619	192	13	4
Others	157,875	108,249	3,321	2,255
	5,292,205	6,808,685	111,327	141,811

(i) Movements of construction in progress during the year were as follows:

	2013	2012	2013	2012
	USD	USD	Equivalent VND million Note 2(d)	Equivalent VND million Note 2(d)
Opening balance	5,670,130	2,812,470	118,097	58,578
Additions during the year	3,101,743	2,857,660	65,248	59,519
Transfer to tangible fixed assets	(4,971,213)	-	(104,574)	-
Foreign currency translation difference	-	-	1,180	-
Closing balance	3,800,660	5,670,130	79,951	118,097

Major construction in progress were as follows:

	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	USD	USD	Equivalent VND million Note 2(d)	Equivalent VND million Note 2(d)
Buildings	2,942,461	5,670,130	61,898	118,097
Motor vehicles	611,903	-	12,872	-
Office equipment	246,296	-	5,181	-
Closing balance	3,800,660	5,670,130	79,951	118,097

(ii) Movements of prepaid expenses during the year were as follows:

	2013	Tools and instruments 2012	2013	2012
	USD	USD	Equivalent VND million Note 2(d)	Equivalent VND million Note 2(d)
Opening balance	476,817	685,007	9,931	14,267
Additions	2,807,329	3,353,576	59,055	69,848
Reclassifications from tangible fixed assets (*)	183,826	-	3,867	-
Amortisation for the year	(2,582,960)	(3,561,766)	(54,335)	(74,184)
Foreign currency translation difference	-	-	99	-
Closing balance	885,012	476,817	18,617	9,931

(*) Reclassifications from tangible fixed assets represent the net book values of existing fixed assets which do not meet one of the criteria for recognition as fixed assets, i.e. costing VND30 million or more, as regulated in Article 3 of Circular 45. These assets were reclassified from tangible fixed assets during the period (Note 11). The remaining net book values of these assets are amortised on a straight line basis over their remaining estimated useful lives, but not exceeding three years.

15. Deposits and borrowings from credit institutions

	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	USD	USD	Equivalent VND million Note 2(d)	Equivalent VND million Note 2(d)
Demand deposits				
Demand deposits in VND	62,668	18,763	1,318	391
Demand deposits in foreign currencies	84,128	81,515	1,770	1,697
Term deposits				
Term deposits in VND	9,507,511	6,858,556	200,000	142,850
Term deposits in foreign currencies	16,132,130	-	339,355	-
Borrowings				
Borrowings in VND	166,381,441	163,241,790	3,500,000	3,400,000
Borrowings in foreign currencies	60,587,702	108,385,862	1,274,523	2,257,461
	252,755,580	278,586,486	5,316,966	5,802,399

Effective year-end annual interest rates are as follows:

	31/12/2013	31/12/2012
Demand deposits in VND	1.2%	1.5%
Demand deposits in foreign currencies	0.1%	0.1%
Term deposits in VND	5%	7.4%-9%
Term deposits in foreign currencies	0.1%	N/A
Borrowings in VND	5.2%-5.63%	7%-9.5%
Borrowings in foreign currencies	0.3%-1.05%	0.38%-1.39%



16. Deposits from customers

	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	USD	USD	Equivalent VND million Note 2(d)	Equivalent VND million Note 2(d)
Current accounts				
Current accounts in VND	122,458,510	90,578,790	2,576,038	1,886,575
Current accounts in foreign currencies	89,237,337	106,632,313	1,877,196	2,220,938
Term deposits				
Term deposits in VND	293,705,887	324,057,122	6,178,397	6,749,462
Term deposits in foreign currencies	77,347,956	69,721,045	1,627,092	1,452,150
Marginal deposits				
Marginal deposits in VND	754,230	514,420	15,866	10,714
Marginal deposits in foreign currencies	3,203,288	2,011,641	67,384	41,898
	586,707,208	593,515,331	12,341,973	12,361,737

Deposits from customers by type of customers are as follows:

	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	USD	USD	Equivalent VND million Note 2(d)	Equivalent VND million Note 2(d)
Economic entities	395,330,240	401,904,294	8,316,167	8,370,863
Individuals	191,376,968	191,611,037	4,025,806	3,990,874
	586,707,208	593,515,331	12,341,973	12,361,737

Effective year-end annual interest rates are as follows:

	31/12/2013	31/12/2012
Current accounts in VND	1.2%	1.5%
Current accounts in foreign currencies	0.1%	0.1%
Term deposits in VND	1.2% - 9%	1.5% - 14%
Term deposits in foreign currencies	0.25% - 2%	0% - 2%
Marginal deposits in VND	0%	0%
Marginal deposits in foreign currencies	0%	0%

17. Other liabilities

	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	USD	USD	Equivalent VND million Note 2(d)	Equivalent VND million Note 2(d)
Profits distribution payable	8,000,000	28,000,000	168,288	583,184
Remittances payable	1,093,858	6,903,926	23,010	143,795
Provision for taxation (Note 31)	521,006	956,932	10,960	19,931
Payables to other credit institutions relating to ATM transactions	120,634	197,240	2,538	4,108
Others	116,838	85,084	2,458	1,772
	9,852,336	36,143,182	207,254	752,790

18. Provision for off-balance sheet commitments

Movements in provision for off-balance sheet commitments during the year were as follows:

	2013	2012	2013	2012
	USD	USD	Equivalent VND million Note 2(d)	Equivalent VND million Note 2(d)
Opening balance	458,474	497,910	9,549	10,370
Provision made during the year	201,802	337,182	4,245	7,023
Provision reversed during the year	(191,996)	(376,618)	(4,038)	(7,844)
Foreign currency translation difference	-	-	95	-
Closing balance	468,280	458,474	9,851	9,549

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Notes to the financial statements for the year ended 31 December 2013 (continued)

19. Capital and reserves

(i) Statement of changes in equity

	Contributed capital USD	Reserve to supplement contributed capital USD	Financial reserve USD	Development reserve USD	Bonus reserve USD	Retained profits USD	Total USD
Balance at 1 January 2012	165,000,000	5,077,726	9,705,593	199,380	190,938	28,969,795	209,143,432
Net profit for the year	-	-	-	-	-	12,114,201	12,114,201
Transfer to reserves	-	605,710	1,150,849	-	282,000	(2,038,559)	-
Utilisation of reserves	-	-	-	-	(227,290)	-	(227,290)
Profits distribution	-	-	-	-	-	(28,000,000)	(28,000,000)
Balance at 31 December 2012	165,000,000	5,683,436	10,856,442	199,380	245,648	11,045,437	193,030,343
Contributed capital	28,000,000	-	-	-	-	-	28,000,000
Net profit for the year	-	-	-	-	-	13,349,314	13,349,314
Transfer to reserves	-	667,466	1,268,185	-	232,000	(2,167,651)	-
Utilisation of reserves	-	-	-	-	(234,898)	-	(234,898)
Profits distribution	-	-	-	-	-	(10,000,000)	(10,000,000)
Balance at 31 December 2013	193,000,000	6,350,902	12,124,627	199,380	242,750	12,227,100	224,144,759

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Notes to the financial statements for the year ended 31 December 2013 (continued)

	Contributed capital USD	Reserve to supplement contributed capital USD	Financial reserve USD	Development reserve USD	Bonus reserve USD	Retained profits USD	Total USD
Balance at 1 January 2012	3,436,620	105,759	202,148	4,153	3,977	603,383	4,356,040
Net profit for the year	-	-	-	-	-	252,315	252,315
Transfer to reserves	-	12,616	23,970	-	5,873	(42,459)	-
Utilisation of reserves	-	-	-	-	(4,734)	-	(4,734)
Profits distribution	-	-	-	-	-	(583,185)	(583,185)
			Equivalent VND million (Note 2(d))				
Balance at 31 December 2012	3,436,620	118,375	226,118	4,153	5,116	230,054	4,020,436
Contributed capital	591,164	-	-	-	-	-	591,164
Net profit for the year	-	-	-	-	-	280,815	280,815
Transfer to reserves	-	14,041	26,678	-	4,880	(45,599)	-
Utilisation of reserves	-	-	-	-	(4,941)	-	(4,941)
Profits distribution	-	-	-	-	-	(210,360)	(210,360)
Foreign currency translation difference	32,164	1,182	2,259	41	51	2,298	37,995
Balance at 31 December 2013	4,059,948	133,598	255,055	4,194	5,106	257,208	4,715,109

(ii) *Contributed capital*

The Bank's authorised and contributed capital are:

	Authorised and contributed			
	31/12/2013		31/12/2012	
	USD	%	USD	%
Vietinbank	96,500,000	50%	82,500,000	50%
Cathay United Bank	96,500,000	50%	82,500,000	50%
	193,000,000	100%	165,000,000	100%

(iii) *Profits distributions*

The Members' Council Meeting on 18 June 2013 resolved to distribute profit amounting to USD10,000,000 (equivalent to VND210,360 million) from profit after tax of the year ended 31 December 2012 (2012: USD28,000,000 (equivalent to VND583,185 million) from profit after tax of the year ended 31 December 2011).

20. **Net interest income**

	2013	2012	2013	2012
	USD	USD	Equivalent VND million Note 2(d)	Equivalent VND million Note 2(d)
<i>Interest and similar income from</i>				
Deposits with and loans to credit institutions	1,720,144	19,432,438	36,185	404,739
Loans and advances to customers	58,496,513	52,359,185	1,230,533	1,090,537
Securities investments	9,295,688	9,403,825	195,544	195,863
Others	-	12,546	-	261
	69,512,345	81,207,994	1,462,262	1,691,400
<i>Interest and similar expenses on</i>				
Deposits from credit institutions and customers	(27,505,311)	(31,681,604)	(578,602)	(659,864)
Borrowings from credit institutions	(10,748,752)	(12,093,289)	(226,111)	(251,879)
Valuable papers issued	-	(8,098,075)	-	(168,667)
Others	(224,365)	(421,266)	(4,719)	(8,774)
	(38,478,428)	(52,294,234)	(809,432)	(1,089,184)
	31,033,917	28,913,760	652,830	602,216

21. Net fee and commission income

	2013	2012	2013	2012
	USD	USD	Equivalent VND million Note 2(d)	Equivalent VND million Note 2(d)
<i>Fee and commission income</i>				
Settlement and cash services	2,228,918	2,181,852	46,888	45,444
Trade finance services and guarantees	824,259	797,739	17,339	16,615
Others	304,090	174,079	6,396	3,626
	<u>3,357,267</u>	<u>3,153,670</u>	<u>70,623</u>	<u>65,685</u>
<i>Fee and commission expenses</i>				
Settlement and cash services	(571,957)	(446,392)	(12,032)	(9,297)
Others	(4,688)	(109,520)	(98)	(2,282)
	<u>(576,645)</u>	<u>(555,912)</u>	<u>(12,130)</u>	<u>(11,579)</u>
	<u>2,780,622</u>	<u>2,597,758</u>	<u>58,493</u>	<u>54,106</u>

22. Net gain from trading of foreign currencies

	2013	2012	2013	2012
	USD	USD	Equivalent VND million Note 2(d)	Equivalent VND million Note 2(d)
Gain from spot foreign exchange contracts	1,526,719	1,560,300	32,116	32,498
Loss from spot foreign exchange contracts	(347,146)	-	(7,303)	-
	<u>1,179,573</u>	<u>1,560,300</u>	<u>24,813</u>	<u>32,498</u>

23. Net gain/(loss) from trading of securities held-for-trading

	2013	2012	2013	2012
	USD	USD	Equivalent VND million Note 2(d)	Equivalent VND million Note 2(d)
Gains from trading of securities held-for-trading	1,492,930	-	31,405	-
Reversal of allowance/(allowance made) during the year	782,036	(435,648)	16,451	(9,074)
	2,274,966	(435,648)	47,856	(9,074)

24. Net loss from disposals of investment securities

	2013	2012	2013	2012
	USD	USD	Equivalent VND million Note 2(d)	Equivalent VND million Note 2(d)
Loss from disposals of available-for-sale securities	(881,974)	(198,666)	(18,553)	(4,138)

25. Other income – net

	2013	2012	2013	2012
	USD	USD	Equivalent VND million Note 2(d)	Equivalent VND million Note 2(d)
Net gains from disposals of fixed assets	13,702	12,265	288	255
Recoveries from bad debts written off	96,021	-	2,020	-
Severance allowance reversal	-	417,412	-	8,694
Other income	15,727	30,628	331	637
	125,450	460,305	2,639	9,586
Other expenses	(5,547)	(782)	(117)	(15)
	119,903	459,523	2,522	9,571

26. Income from investment in other entities

	2013	2012	2013	2012
	USD	USD	Equivalent VND million Note 2(d)	Equivalent VND million Note 2(d)
Dividend income from				
▪ Securities held-for-trading	259,957	-	5,468	-

27. Operating expenses

	2013	2012	2013	2012
	USD	USD	Equivalent VND million Note 2(d)	Equivalent VND million Note 2(d)
1. Tax, duties and fees	44,935	86,949	945	1,811
2. Salaries and related expenses	7,388,333	7,637,729	155,422	159,079
In which:				
▪ <i>Salaries and allowances</i>	4,617,602	4,170,660	97,136	86,867
▪ <i>Bonuses</i>	1,449,207	2,311,704	30,486	48,148
▪ <i>Others</i>	1,321,524	1,155,365	27,800	24,064
3. Expenses on assets	3,794,548	3,965,389	79,822	82,591
In which:				
▪ <i>Depreciation and amortisation charges</i>	1,152,323	1,271,068	24,240	26,474
▪ <i>Asset leasing</i>	1,529,893	1,731,333	32,183	36,060
▪ <i>Office material expenses</i>	543,471	461,251	11,432	9,607
▪ <i>Maintenance and repair of assets</i>	434,339	404,393	9,137	8,423
▪ <i>Tools and equipment expenses</i>	134,522	97,344	2,830	2,027
4. Administration expenses	2,742,747	2,671,560	57,697	55,643
In which:				
▪ <i>Marketing, promotion and printing expenses</i>	806,830	605,133	16,972	12,604
▪ <i>Travelling expenses</i>	356,968	318,918	7,509	6,642
▪ <i>Non-deductible value added tax</i>	412,447	468,761	8,676	9,763
▪ <i>Telecommunication expenses</i>	268,143	257,731	5,641	5,368
▪ <i>Others</i>	898,980	698,381	18,911	14,546
5. Insurance expenses	218,623	185,385	4,599	3,861
	14,189,807	14,224,376	298,497	296,265

28. Income tax

(a) Recognised in the statement of income

	2013	2012	2013	2012
	USD	USD	Equivalent VND million Note 2(d)	Equivalent VND million Note 2(d)
Current tax expense Current year	4,390,645	4,051,393	92,362	84,382
Deferred tax expense	-	-	-	-
Income tax expense	4,390,645	4,051,393	92,362	84,382

(b) Reconciliation of effective tax rate

	2013	2012	2013	2012
	USD	USD	Equivalent VND million Note 2(d)	Equivalent VND million Note 2(d)
Profit before tax	17,739,959	16,165,594	373,177	336,697
Tax at the Bank's tax rate	4,434,990	4,041,399	93,294	84,174
Non-deductible expenses	20,644	9,994	435	208
Non-taxable income	(64,989)	-	(1,367)	-
	4,390,645	4,051,393	92,362	84,382

(c) Applicable tax rate

The Bank's income tax rate is 25%. On 19 June 2013, the National Assembly approved the Law on amendments and supplements to a number of articles of Corporate Income Tax Law. Accordingly, the income tax rate shall be reduced from 25% to 22% for 2014 and 2015, and to 20% from 2016.

29. Cash and cash equivalents

	31/12/2013	31/12/2012	31/12/2013 Equivalent VND million Note 2(d)	31/12/2012 Equivalent VND million Note 2(d)
	USD	USD		
Cash on hand	9,434,230	7,069,054	198,458	147,234
Balances with the State Bank of Vietnam	27,907,649	30,058,383	587,065	626,056
Deposits with and loans to credit institutions with original terms to maturities of not more than three months	205,583,856	21,442,620	4,324,662	446,607
	242,925,735	58,570,057	5,110,185	1,219,897

30. Employees' benefits

	2013	2012	2013 Equivalent VND million Note 2(d)	2012 Equivalent VND million Note 2(d)
	USD	USD		
Total number of employees	694	670	694	670
Employees' income				
1. Salaries and allowances	4,617,602	4,170,660	97,136	86,867
2. Bonuses	1,449,207	2,311,704	30,486	48,148
3. Others	578,032	478,714	12,159	9,971
4. Total (1+2+3)	6,644,841	6,961,078	139,781	144,986
Average annual salary	6,654	6,225	140	130
Average annual income	9,575	10,390	201	216

31. Obligations to the State Treasury

	2013				Closing balance USD
	Opening balance USD	Movements Incurred USD	Paid USD	Foreign currency translation difference USD	
Value added tax	16,486	196,708	(193,932)	-	19,262
Personal income tax	16,031	344,142	(338,979)	-	21,194
Corporate income tax	921,187	4,390,645	(4,832,199)	-	479,633
Withholding tax	3,228	43,049	(45,360)	-	917
	956,932	4,974,544	(5,410,470)	-	521,006

Equivalent VND million (Note 2(d))

Value added tax	343	4,138	(4,080)	4	405
Personal income tax	334	7,239	(7,131)	4	446
Corporate income tax	19,187	92,362	(101,650)	191	10,090
Withholding tax	67	906	(954)	-	19
	19,931	104,645	(113,815)	199	10,960

	2012				Closing balance USD
	Opening balance USD	Movements Incurred USD	Paid USD	Foreign currency translation difference USD	
Value added tax	45,203	475,983	(504,700)	-	16,486
Personal income tax	22,770	488,483	(495,222)	-	16,031
Corporate income tax	1,439,666	4,051,393	(4,569,872)	-	921,187
Withholding tax	1,528	61,244	(59,544)	-	3,228
	1,509,167	5,077,103	(5,629,338)	-	956,932

Equivalent VND million (Note 2(d))

Value added tax	941	9,914	(10,512)	-	343
Personal income tax	474	10,174	(10,314)	-	334
Corporate income tax	29,986	84,382	(95,181)	-	19,187
Withholding tax	32	1,275	(1,240)	-	67
	31,433	105,745	(117,247)	-	19,931

32. Type and value of collaterals received from customers

	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	USD	USD	Equivalent VND million Note 2(d)	Equivalent VND million Note 2(d)
Real estates	451,597,986	426,218,263	9,499,815	8,877,274
Inventories	134,028,195	141,300,942	2,819,417	2,943,016
Machinery and equipment	218,602,660	214,878,886	4,598,526	4,475,497
Shares and valuable papers	118,763,039	65,466,245	2,498,299	1,363,531
Other assets	175,581,869	159,653,816	3,693,540	3,325,270
	1,098,573,749	1,007,518,152	23,109,597	20,984,588

33. Contingent liabilities and commitments issued

	31/12/2013		31/12/2012	
	Contractual amount	Marginal deposits	Contractual amount	Marginal deposits
Guarantees	17,879,056	754,230	29,262,623	554,881
Letters of credit	36,068,332	3,203,288	22,384,662	1,971,180
	53,947,388	3,957,518	51,647,285	2,526,061
	Equivalent VND million (Note 2(d))			
Guarantees	376,104	15,866	609,482	11,557
Letters of credit	758,733	67,384	466,228	41,056
	1,134,837	83,250	1,075,710	52,613

34. Concentration of assets, liabilities and off-balance sheet commitments by geographical area

	Total loan balances USD	Total deposit balances USD	Credit commitments USD	Trading and investment securities - net USD
As at 31 December 2013				
Domestic	928,397,541	492,781,142	53,947,388	69,540,687
Overseas	9,392,375	119,712,503	-	-
	937,789,916	612,493,645	53,947,388	69,540,687
Equivalent VND million (Note 2(d))				
Domestic	19,529,771	10,366,144	1,134,837	1,462,858
Overseas	197,578	2,518,272	-	-
	19,727,349	12,884,416	1,134,837	1,462,858
As at 31 December 2012				
Domestic	782,964,911	478,053,882	51,647,285	68,467,246
Overseas	11,889,332	122,420,283	-	-
	794,854,243	600,474,165	51,647,285	68,467,246
Equivalent VND million (Note 2(d))				
Domestic	16,307,593	9,956,905	1,075,710	1,426,036
Overseas	247,631	2,549,770	-	-
	16,555,224	12,506,675	1,075,710	1,426,036

35. Non-cash financing activities

	2013	2012	2013	2012
	USD	USD	Equivalent VND million Note 2(d)	Equivalent VND million Note 2(d)
Profits distribution declared not paid	8,000,000	28,000,000	168,288	583,184
Conversion of profits distribution payable into contributed capital	28,000,000	-	583,184	-

36. Significant transactions with related parties

In the ordinary course of business, the Bank enters into transactions with Vietinbank, CUB, CUB-Chu Lai Branch (“CUB Chu Lai”), CUB-Hong Kong and CUB Representative Office (“CUB RO”). These transactions and the related balances are shown under various accounts in the financial statements.

The related party transactions during the year were as follows:

Related parties	Relationship	Nature	Year ended 31 December		Year ended 31 December	
			2013	2012	2013	2012
			USD	USD	Equivalent VND million Note 2(d)	Equivalent VND million Note 2(d)
Vietinbank	Investor	Borrowings	817,642,745	243,902,439	17,199,933	5,080,000
		Loans	1,184,124,982	1,756,827,540	24,909,253	36,591,204
		Interest expense	8,031,862	4,474,799	168,958	93,201
		Interest income	9,122,191	7,333,382	191,894	152,740
		Profits distribution	5,000,000	14,000,000	105,180	291,592
		Receipt of capital contribution in the form of profits distribution	14,000,000	-	294,504	-
		Purchase of Banknetvn’s shares from Vietinbank	-	665,450	-	13,860
		Borrowings	541,000,000	320,000,000	11,380,476	6,664,960
		Interest expense	342,140	586,486	7,197	12,215
		Profits distribution	5,000,000	14,000,000	105,180	291,592
CUB	Investor	Receipt of capital contribution in the form of profits distribution	14,000,000	-	294,504	-
		Term deposits	847,000,000	1,619,000,000	17,817,492	33,720,532
CUB - HongKong	Related party	Interest income	6,521	15,002	137	312

The related party balances at the reporting date were as follows:

Related parties	Relationship	Nature	31 December 2013		31 December 2012		31 December 2012	
			USD	USD	USD	USD	Equivalent VND million Note 2(d)	Equivalent VND million Note 2(d)
Vietcombank	Investor	Deposits	540,082	196,390	11,361	4,090		
		Loans	218,843,887	218,838,103	4,603,600	4,557,960		
		Interest receivables	1,196,105	2,686,779	25,161	55,960		
		Borrowings	(128,351,398)	(96,024,582)	(2,700,000)	(2,000,000)		
		Interest payables	(652,419)	(1,687,432)	(13,724)	(35,146)		
		Profits distribution payable	(4,000,000)	(14,000,000)	(84,144)	(291,592)		
CUB	Investor	Deposits	252,447	501,632	5,310	10,448		
		Borrowings	(40,000,000)	(105,000,000)	(841,440)	(2,186,940)		
		Interest payables	(14,469)	(28,924)	(304)	(602)		
		Profits distribution payable	(4,000,000)	(14,000,000)	(84,144)	(291,592)		
CUB Chu Lai	Related party	Current accounts	(73,114)	(41,820)	(1,538)	(871)		
CUB – RO	Related party	Current accounts	(40,930)	(51,497)	(861)	(1,073)		

37. Financial instruments

(a) Financial risk management

(i) Overview

The Bank has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk

This note presents information about the Bank's exposure to each of the above risks, the Bank's objectives, policies and processes for measuring and managing risk.

The Bank's Supervisory Board oversees how Board of Executives monitors compliance with the Bank's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Bank.

(ii) Risk management framework

Board of Executives

Board of Executives is responsible for the overall risk management approach and for approving the risk management strategies and principles.

Risk measurement and reporting systems

Monitoring and controlling risks is primarily performed based on limits established by the Bank and regulated by the State Bank of Vietnam. These limits reflect the business strategy and market environment of the Bank as well as the level of risk that the Bank is willing to accept.

Information compiled from all the businesses is examined and processed in order to analyse, control and identify early risks. This information is presented and explained to the Board of Executives, the Bank Management and the head of each business division. The report includes aggregate credit exposure and risk profile changes. Senior management assesses the appropriateness of the allowance for credit losses on a quarterly basis. Senior management receives a comprehensive risk report once a month which is designed to provide all the necessary information to assess and conclude on the risks of the Bank. For all levels throughout the Bank, specific tailored risk reports are prepared and distributed in order to ensure that all business divisions have access to extensive, necessary and up-to-date information.

(b) Credit risk

Credit risk is the risk of financial loss to the Bank if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises mainly from deposits with and loans to credit institutions, loans and advances to customers and investments in debt securities.

Credit risk management policies

Credit risk arises mainly from lending activities relating to loans and advances to customers and investment activities involving investment in debt securities. The Bank manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparty, and by monitoring exposures in relation to such limits.

The Bank has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties. Counterparty limits are established by the use of a credit risk classification system in accordance with the State Bank of Vietnam's regulations. System assigns each counterparty a risk rating. Risk ratings are subject to quarterly revision. The credit quality review process allows the Bank to assess the potential loss as a result of the risks to which it is exposed and take corrective actions.

Risk concentrations: maximum exposure to credit risk without taking account of any collateral and other credit enhancements

The Bank's concentrations of risk are managed by client and by industry sector.

Collaterals

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types of collateral and valuation parameters. The main types of collateral obtained are real estate, inventories, machineries and equipment, shares and valuable papers and other assets. Management monitors the market value of collateral, requests additional collateral in accordance with the underlying agreement, and monitors the market value of collateral obtained during its review of the adequacy of the allowance for loans and advances to customers.

Commitments and guarantees

To meet the financial needs of customers, the Bank enters into various irrevocable commitments and contingent liabilities. Even though these obligations may not be recognised on the balance sheet, they do contain credit risk and are therefore part of the overall risk of the Bank.

Not considering collateral assets, the Bank's maximum exposure to credit risk at the reporting date was as follows:

	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	USD	USD	Equivalent VND million Note 2(d)	Equivalent VND million Note 2(d)
Loans and receivables				
Balances with the SBV	27,907,649	30,058,383	587,065	626,056
Deposits with and loans to credit institutions – gross	397,438,760	426,751,820	8,360,522	8,888,387
Loans and advances to customers – gross	549,992,293	554,774,543	11,569,638	11,554,844
Receivables	880,508	920,929	18,522	19,181
Accrued interest and fees receivable	8,385,638	11,026,386	176,400	229,658
Securities held-for-trading				
Securities held-for-trading	17,588,895	-	370,000	-
Investment securities				
Available-for-sale securities	26,393,217	25,700,267	555,208	535,285
Held-to-maturity securities	22,818,026	38,649,894	480,000	805,000
Off-balance sheet commitments				
Letters of credit	36,068,332	22,384,662	758,733	466,228
Other guarantees	17,879,056	29,262,623	376,104	609,482
	1,105,352,374	1,139,529,507	23,252,192	23,734,121

An analysis of collateral of financial assets which are neither past due nor impaired at the reporting date is as follows:

As at 31 December 2013	Secured USD	Unsecured USD	Total USD
Loans and receivables			
Balances with the SBV	-	27,907,649	27,907,649
Deposits with and loans to credit institutions – gross (i)	42,593,649	354,845,111	397,438,760
Loans and advances to customers – gross (ii)	410,958,449	113,103,978	524,062,427
Receivables	-	880,508	880,508
Accrued interest and fees receivable	-	8,385,638	8,385,638
Securities held-for-trading (iii)			
Securities held-for-trading	-	17,588,895	17,588,895
Investment securities (iii)			
Available-for-sale securities	-	26,393,217	26,393,217
Held-to-maturity securities	22,818,026	-	22,818,026
Off-balance sheet commitments			
Letters of credit	36,068,332	-	36,068,332
Other guarantees	12,791,024	5,088,032	17,879,056
	525,229,480	554,193,028	1,079,422,508

Equivalent VND million (Note 2(d))

Loans and receivables			
Balances with the SBV	-	587,065	587,065
Deposits with and loans to credit institutions – gross (i)	896,000	7,464,522	8,360,522
Loans and advances to customers – gross (ii)	8,644,922	2,379,255	11,024,177
Receivables	-	18,522	18,522
Interest and fees receivable	-	176,400	176,400
Securities held-for-trading (iii)			
Securities held-for-trading	-	370,000	370,000
Investment securities (iii)			
Available-for-sale securities	-	555,208	555,208
Held-to-maturity securities	480,000	-	480,000
Off-balance sheet commitments			
Letters of credit	758,733	-	758,733
Other guarantees	269,072	107,032	376,104
	11,048,727	11,658,004	22,706,731

As at 31 December 2012	Secured USD	Unsecured USD	Total USD
Loans and receivables			
Balances with the SBV	-	30,058,383	30,058,383
Deposits with and loans to credit institutions – gross (i)	-	426,751,820	426,751,820
Loans and advances to customers – gross (ii)	366,889,007	153,510,123	520,399,130
Receivables	-	920,929	920,929
Accrued interest and fees receivable	-	11,026,386	11,026,386
Investment securities (iii)			
Available-for-sale securities	-	25,700,267	25,700,267
Held-to-maturity securities	38,649,894	-	38,649,894
Off-balance sheet commitments			
Letters of credit	22,384,662	-	22,384,662
Other guarantees	14,301,635	14,960,988	29,262,623
	442,225,198	662,928,896	1,105,154,094

Equivalent VND million (Note 2(d))

Loans and receivables			
Balances with the SBV	-	626,056	626,056
Deposits with and loans to credit institutions – gross (i)	-	8,888,387	8,888,387
Loans and advances to customers – gross (ii)	7,641,565	3,197,309	10,838,874
Receivables	-	19,181	19,181
Accrued interest and fees receivable	-	229,658	229,658
Investment securities (iii)			
Available-for-sale securities	-	535,285	535,285
Held-to-maturity securities	805,000	-	805,000
Off-balance sheet commitments			
Letters of credit	466,228	-	466,228
Other guarantees	297,874	311,608	609,482
	9,210,667	13,807,484	23,018,151

(i) Deposits with and loans to credit institutions

Deposits with and loans to credit institutions of the Bank are mainly held with well-known credit institutions. The Bank's management does not foresee any significant credit risks from these deposits and does not expect that these credit institutions may default and cause losses to the Bank.

(ii) **Loans and advances to customers**

Loans and advances to customers that are neither past due nor impaired are mostly customers with good collection track records with the Bank.

(iii) **Securities held-for-trading and investment securities**

The Bank's management does not foresee any significant credit risk from these securities and does not expect that the issuers may default and cause losses to the Bank.

An aging analysis of past due but not impaired financial assets is as follows:

	Up to 90 days USD	From 91 to 180 days USD	From 181 to 360 days USD	Over 360 days USD	Total USD
As at 31 December 2013					
Loans and receivables					
Loans and advances to customers – gross	122,754	121,492	296,620	1,447,198	1,988,064
Equivalent VND million (Note 2(d))					
Loans and receivables					
Loans and advances to customers – gross	2,582	2,556	6,240	30,443	41,821
As at 31 December 2012					
Loans and receivables					
Loans and advances to customers - gross	8,273,034	722,595	172,844	324,876	9,493,349
Equivalent VND million (Note 2(d))					
Loans and receivables					
Loans and advances to customers - gross	172,310	15,050	3,600	6,767	197,727

An aging analysis of impaired financial assets is as follows:

	Up to 90 days USD	From 91 to 180 days USD	From 181 to 360 days USD	Over 360 days USD	Total USD
As at 31 December 2013					
Loans and receivables					
Loans and advances to customers – gross	12,079,231	7,620,167	3,181,506	1,060,898	23,941,802
Equivalent VND million (Note 2(d))					
Loans and receivables					
Loans and advances to customers – gross	254,099	160,298	66,926	22,317	503,640
As at 31 December 2012					
Loans and receivables					
Loans and advances to customers – gross	7,820,224	7,450,260	3,379,886	6,231,694	24,882,064
Equivalent VND million (Note 2(d))					
Loans and receivables					
Loans and advances to customers - gross	162,880	155,174	70,396	129,794	518,244

For past due or impaired financial assets, a description and estimation of the fair value of collaterals held by the Bank is required to be disclosed. However, given the lack of guidance on fair value measurement in the case where quoted prices in active market are not available under Vietnamese Accounting Standards, the Vietnamese Accounting System for Credit Institutions stipulated by the State Bank of Vietnam and the relevant statutory requirements applicable to financial reporting, which is the basis of financial statements preparation, the Bank did not disclose the fair value of collaterals for the past due and impaired financial assets. See Note 32 for the type and book value of all collaterals received from customers.

(c) **Liquidity risk**

Liquidity risk is the risk that the Bank will not be able to meet its financial obligations as they fall due.

Management of liquidity risk

The purpose of liquidity risk management is to ensure the availability of funds to meet present and future financial obligations at normal or difficult time.

Liquidity is managed by ensuring that the excess of maturing liabilities over maturing assets in any period is kept to manageable levels relative to the amount of funds that the Bank believes can generate within that period. As part of liquidity risk management, the Bank focuses on a number of components, including tapping available sources of liquidity, preserving necessary funds at reasonable cost.

The Bank's Asset and Liability Management Committee is responsible for overall liquidity risk management. The Bank's liquidity policy focuses on cash flow management, interbank funding capacity and the maintenance of sufficient liquid assets. The Treasury Department is responsible for daily operation and monitoring liquidity of the Bank. The Bank manages liquidity risks across all classes of assets and liabilities with the goal that even under adverse conditions.

The liquidity ratios according to the regulations of the State Bank of Vietnam

The Bank maintains a minimum liquidity ratio equal to one between asset in credit which are capable of being paid out within the next seven working days, over total assets in debit which are liable to be paid out within the next seven working days.

A minimum fifteen (15) percent of liquid assets to liabilities which will mature for repayment within the next following month.

Analysis of assets and liabilities by remaining contractual maturities

The following table provides an analysis of the monetary assets and liabilities of the Bank into relevant maturity groupings based on the remaining period from the reporting date to maturity date. In practice, the actual maturities of monetary assets or liabilities may differ from contractual terms based on addenda to the contracts which may exist.

Indovina Bank Limited
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Ho Chi Minh City, Vietnam
Notes to the financial statements for the year ended 31 December 2013 (continued)

As at 31 December 2013	Overdue		Current				Total USD
	Over 3 months USD	Up to 3 months USD	Up to 1 month USD	From 1 month to 3 months USD	From 3 months to 12 months USD	From 1 year to 5 years USD	
Assets							
Cash on hand	-	-	9,434,230	-	-	-	9,434,230
Balances with the SBV	-	-	27,907,649	-	-	-	27,907,649
Deposits with and loans to credit institutions – gross	-	-	30,082,286	175,501,559	191,854,915	-	397,438,760
Securities held-for-trading – gross	-	-	20,747,270	-	-	-	20,747,270
Loans and advances to customers – gross (*)	17,636,078	2,148,288	32,528,166	59,622,496	143,011,522	95,485,761	549,992,293
Investment securities	-	-	2,852,254	-	7,368,321	39,649,539	49,870,114
Fixed assets	-	-	-	-	-	-	21,850,652
Other assets	-	-	14,558,351	-	-	-	14,558,351
	17,636,078	2,148,288	138,110,206	235,124,055	342,234,758	135,135,300	1,091,799,319
Liabilities							
Deposits and borrowings from credit institutions	-	-	97,889,161	144,778,717	-	10,087,702	252,755,580
Deposits from customers	-	-	413,637,872	112,758,001	59,032,039	1,279,296	586,707,208
Other liabilities (included allowances of above financial assets)	-	-	28,191,772	-	-	-	28,191,772
	-	-	539,718,805	257,536,718	59,032,039	11,366,998	867,654,560
Net liquidity gap	17,636,078	2,148,288	(401,608,599)	(22,412,663)	283,202,719	123,768,302	224,144,759

(*) The amounts were calculated on loan basis and not on customer basis.

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Notes to the financial statements for the year ended 31 December 2013 (continued)

As at 31 December 2013	Overdue		Current				Total VND million Note (2d)
	Over 3 months VND million Note (2d)	Up to 3 months VND million Note (2d)	Up to 1 month VND million Note (2d)	From 1 month to 3 months VND million Note (2d)	From 3 months to 12 months VND million Note (2d)	From 1 year to 5 years VND million Note (2d)	
Assets							
Cash on hand	-	-	198,458	-	-	-	198,458
Balances with the SBV	-	-	587,065	-	-	-	587,065
Deposits with and loans to credit institutions -- gross	-	-	632,811	3,691,851	4,035,860	-	8,360,522
Securities held-for-trading - gross	-	-	436,440	-	-	-	436,440
Loans and advances to customers - gross (*)	370,993	45,191	684,263	1,254,219	3,008,390	2,008,638	11,569,638
Investment securities	-	-	60,000	-	155,000	834,068	1,049,068
Fixed assets	-	-	-	-	-	-	459,651
Other assets	-	-	306,249	-	-	-	306,249
	370,993	45,191	2,905,286	4,946,070	7,199,250	2,842,706	22,967,091
Liabilities							
Deposits and borrowings from credit institutions	-	-	2,059,196	3,045,565	-	212,205	5,316,966
Deposits from customers	-	-	8,701,286	2,371,977	1,241,798	26,912	12,341,973
Other liabilities (included allowances of above financial assets)	-	-	593,043	-	-	-	593,043
	-	-	11,353,525	5,417,542	1,241,798	239,117	18,251,982
Net liquidity gap	370,993	45,191	(8,448,239)	(471,472)	5,957,452	2,603,589	4,715,109

(*) The amounts were calculated on loan basis and not on customer basis.

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Notes to the financial statements for the year ended 31 December 2013 (continued)

	Overdue		Current					Total USD
	Over 3 months USD	Up to 3 months USD	Up to 1 month USD	From 1 month to 3 months USD	From 3 month to 12 months USD	From 1 year to 5 years USD	Over 5 years USD	
As at 31 December 2012								
Assets								
Cash on hand	-	-	7,069,054	-	-	-	-	7,069,054
Balances with the SBV	-	-	30,058,383	-	-	-	-	30,058,383
Deposits with and loans to credit institutions – gross	-	-	60,812,699	126,703,476	239,235,645	-	-	426,751,820
Securities held-for-trading – gross	-	-	-	-	5,310,368	-	-	5,310,368
Loans and advances to customers – gross (*)	15,341,598	5,503,919	17,565,510	72,336,445	130,044,107	313,982,964	-	554,774,543
Investment securities	-	-	-	-	62,134,873	2,880,738	-	65,015,611
Fixed assets	-	-	-	-	-	-	16,353,581	16,353,581
Other assets	-	-	18,756,000	-	-	-	-	18,756,000
	15,341,598	5,503,919	134,261,646	199,039,921	436,724,993	316,863,702	16,353,581	1,124,089,360
Liabilities								
Deposits and borrowings from credit institutions	-	-	45,344,696	88,012,291	145,229,499	-	-	278,586,486
Deposits from customers	-	-	460,352,855	86,141,680	44,809,462	2,211,334	-	593,515,331
Other liabilities (included allowances of above financial assets)	-	-	58,957,200	-	-	-	-	58,957,200
	-	-	564,654,751	174,153,971	190,038,961	2,211,334	-	931,059,017
Net liquidity gap	15,341,598	5,503,919	(430,393,105)	24,885,950	246,686,032	314,652,368	16,353,581	193,030,343

(*) The amounts were calculated on loan basis and not on customer basis.

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Notes to the financial statements for the year ended 31 December 2013 (continued)

As at 31 December 2012	Overdue		Current				Total VND million Note 2(d)
	Over 3 months VND million Note 2(d)	Up to 3 months VND million Note 2(d)	Up to 1 month VND million Note 2(d)	From 1 month to 3 months VND million Note 2(d)	From 3 months to 12 months VND million Note 2(d)	From 1 year to 5 years VND million Note 2(d)	
Assets							
Cash on hand	-	-	147,234	-	-	-	147,234
Balances with the SBV	-	-	626,056	-	-	-	626,056
Deposits with and loans to credit institutions – gross	-	-	1,266,607	2,638,980	4,982,800	-	8,888,387
Securities held-for-trading – gross	-	-	-	-	110,605	-	110,605
Loans and advances to customers – gross (*)	319,535	114,636	365,854	1,506,623	2,708,559	6,539,637	11,554,844
Investment securities	-	-	-	1,294,145	-	60,000	1,354,145
Fixed assets	-	-	-	-	-	340,612	340,612
Other assets	-	-	390,651	-	-	-	390,651
	319,535	114,636	2,796,402	4,145,603	9,096,109	6,599,637	23,412,534
Liabilities							
Deposits and borrowings from credit institutions	-	-	944,439	1,833,120	3,024,840	-	5,802,399
Deposits from customers	-	-	9,588,229	1,794,159	933,291	46,058	12,361,737
Other liabilities (included allowances of above financial assets)	-	-	1,227,962	-	-	-	1,227,962
	-	-	11,760,630	3,627,279	3,958,131	46,058	19,392,098
Net liquidity gap	319,535	114,636	(8,964,228)	518,324	5,137,978	6,553,579	4,020,436

(*) The amounts were calculated on loan basis and not on customer basis.

As at 31 December 2013 and 2012, the Bank's liquidity ratios were in compliance with the SBV's regulations relevant to liquidity ratios.

(d) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Bank's results of operations or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Management of market risk

The Treasury Department monitors the market risk by analysis of interest rate risk and currency risk and report to the Bank's management for monitoring on a timely basis.

(i) Interest rate risk

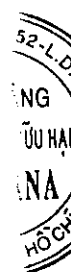
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Bank will suffer the interest rate risk when there is a gap between maturity date or repricing interest date of assets, liabilities and off-balance sheet commitments in a certain period. The Bank uses following methods to manage the interest rate risk:

- All loans bear floating interest rates that are reviewed every 1 – 3 months;
- Credit contracts must be included terms relating to interest rate risk prevention and the interest rate must reflect the Bank's actual cost of capital;
- The investment activities are actively spreaded in different tenors based on observations and forecast of the market trends; and
- Management of interest rate risk by Inter Unit Cost of Fund system. Upon the orientation of the Bank's management and market trends, the Head Office may change the fund cost and accordingly the business units has to determine their lending/fund mobilisation rates.

The Bank monitors interest rate risk by maintaining a balance of changing interest date between assets and liabilities (as shown in interest rate analysis below). The Bank also regularly calculates and determines gap between average input and output interest rate to estimate operating result and act as an indicator for adjusting interest rate.

The following table shows the Bank's assets and liabilities categorised by the earlier of contractual repricing or maturity date at the reporting date. The expected repricing and maturity dates may differ significantly from contractual dates particularly with regard to the maturity of customers' deposits.



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Notes to the financial statements for the year ended 31 December 2013 (continued)

As at 31 December 2013	Overdue USD	Free of interest USD	Up to 1 month USD	From 1 to 3 months USD	From 3 to 6 months USD	From 6 to 12 months USD	From 1 to 5 years USD	Over 5 years USD	Total USD
Assets									
Cash on hand	-	9,434,230	-	-	-	-	-	-	9,434,230
Balances with the SBV	-	15,326,166	12,581,483	-	-	-	-	-	27,907,649
Deposits with and loans to credit institutions – gross	-	-	30,082,286	175,501,559	114,261,266	77,593,649	-	-	397,438,760
Securities held-for-trading – gross	-	20,747,270	-	-	-	-	-	-	20,747,270
Loans and advances to customers – gross (*)	19,784,365	-	-	227,650,067	302,557,861	-	-	-	549,992,293
Investment securities	-	658,871	-	-	19,965,773	2,852,239	26,393,231	-	49,870,114
Fixed assets	-	21,850,652	-	-	-	-	-	-	21,850,652
Other assets	-	14,558,351	-	-	-	-	-	-	14,558,351
	19,784,365	82,575,540	42,663,769	403,151,626	436,784,900	80,445,888	26,393,231	-	1,091,799,319
Liabilities									
Deposits and borrowings from credit institutions	-	-	97,889,161	154,866,419	-	-	-	-	252,755,580
Deposits from customers	-	-	331,662,483	161,187,868	42,208,880	44,462,771	7,185,206	-	586,707,208
Other liabilities (included allowances of above financial assets)	-	28,191,772	-	-	-	-	-	-	28,191,772
	-	28,191,772	429,551,644	316,054,287	42,208,880	44,462,771	7,185,206	-	867,654,560
Interest sensitivity gap of balance sheet items	19,784,365	54,383,768	(386,887,875)	87,097,339	394,576,020	35,983,117	19,208,025	-	224,144,759
Interest sensitivity gap of off-balance sheet items	-	-	-	-	-	-	-	-	-
Total interest sensitivity gap	19,784,365	54,383,768	(386,887,875)	87,097,339	394,576,020	35,983,117	19,208,025	-	224,144,759

(*) The amounts were calculated on loan basis and not on customer basis.



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Notes to the financial statements for the year ended 31 December 2013 (continued)

As at 31 December 2013	Overdue VND million Note 2(d)	Free of interest VND million Note 2(d)	Up to 1 month VND million Note 2(d)	From 1 to 3 months VND million Note 2(d)	From 3 to 6 months VND million Note 2(d)	From 6 to 12 months VND million Note 2(d)	From 1 to 5 years VND million Note 2(d)	Over 5 years VND million Note 2(d)	Total VND million Note 2(d)
Assets									
Cash on hand	-	198,458	-	-	-	-	-	-	198,458
Balances with the SBV	-	322,401	264,664	-	-	-	-	-	587,065
Deposits with and loans to credit institutions – gross	-	-	632,811	3,691,851	2,403,600	1,632,260	-	-	8,360,522
Securities held-for-trading – gross	-	436,440	-	-	-	-	-	-	436,440
Loans and advances to customers – gross (*)	416,184	-	-	4,788,847	6,364,607	-	-	-	11,569,638
Investment securities	-	13,860	-	-	420,000	60,000	555,208	-	1,049,068
Fixed assets	-	459,651	-	-	-	-	-	-	459,651
Other assets	-	306,249	-	-	-	-	-	-	306,249
	416,184	1,737,059	897,475	8,480,698	9,188,207	1,692,260	555,208	-	22,967,091
Liabilities									
Deposits and borrowings from credit institutions	-	-	2,059,196	3,257,770	-	-	-	-	5,316,966
Deposits from customers	-	-	6,976,852	3,390,748	887,906	935,319	151,148	-	12,341,973
Other liabilities (included allowances of above financial assets)	-	593,043	-	-	-	-	-	-	593,043
	-	593,043	9,036,048	6,648,518	887,906	935,319	151,148	-	18,251,982
Interest sensitivity gap of balance sheet items	416,184	1,144,016	(8,138,573)	1,832,180	8,300,301	756,941	404,060	-	4,715,109
Interest sensitivity gap of off-balance sheet items	-	-	-	-	-	-	-	-	-
Total interest sensitivity gap	416,184	1,144,016	(8,138,573)	1,832,180	8,300,301	756,941	404,060	-	4,715,109

(*) The amounts were calculated on loan basis and not on customer basis.

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Notes to the financial statements for the year ended 31 December 2013 (continued)

As at 31 December 2012	Overdue USD	Free of interest USD	Up to 1 month USD	From 1 to 3 months USD	From 3 to 6 months USD	From 6 to 12 months USD	From 1 to 5 years USD	Over 5 years USD	Total USD
Assets									
Cash on hand	-	7,069,054	-	-	-	-	-	-	7,069,054
Balances with the SBV	-	18,707,002	11,351,381	-	-	-	-	-	30,058,383
Deposits with and loans to credit institutions – gross	-	-	60,812,699	126,703,476	215,229,499	24,006,146	-	-	426,751,820
Securities held-for-trading – gross	-	5,310,368	-	-	-	-	-	-	5,310,368
Loans and advances to customers – gross (*)	20,845,518	-	-	235,942,280	297,986,745	-	-	-	554,774,543
Investment securities	-	665,450	-	-	-	44,411,368	19,938,793	-	65,015,611
Fixed assets	-	16,353,581	-	-	-	-	-	-	16,353,581
Other assets	-	18,756,000	-	-	-	-	-	-	18,756,000
	20,845,518	66,861,455	72,164,080	362,645,756	513,216,244	68,417,514	19,938,793	-	1,124,089,360
Liabilities									
Deposits and borrowings from credit institutions	-	-	45,344,696	88,012,291	145,229,499	-	-	-	278,586,486
Deposits from customers	-	-	410,200,840	105,796,949	31,274,278	40,266,651	5,976,613	-	593,515,331
Other liabilities (included allowances of above financial assets)	-	58,957,200	-	-	-	-	-	-	58,957,200
	-	58,957,200	455,545,536	193,809,240	176,503,777	40,266,651	5,976,613	-	931,059,017
Interest sensitivity gap of balance sheet items	20,845,518	7,904,255	(383,381,456)	168,836,516	336,712,467	28,150,863	13,962,180	-	193,030,343
Interest sensitivity gap of off-balance sheet items	-	-	-	-	-	-	-	-	-
Total interest sensitivity gap	20,845,518	7,904,255	(383,381,456)	168,836,516	336,712,467	28,150,863	13,962,180	-	193,030,343

(*) The amounts were calculated on loan basis and not on customer basis.

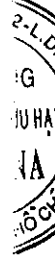
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Notes to the financial statements for the year ended 31 December 2013 (continued)

As at 31 December 2012	Free of interest VND million Note 2(d)	Up to 1 month VND million Note 2(d)	From 1 to 3 months VND million Note 2(d)	From 3 to 6 months VND million Note 2(d)	From 6 to 12 months VND million Note 2(d)	From 1 to 5 years VND million Note 2(d)	Over 5 years VND million Note 2(d)	Total VND million Note 2(d)
Assets								
Cash on hand	147,234	-	-	-	-	-	-	147,234
Balances with the SBV	389,629	236,427	-	-	-	-	-	626,056
Deposits with and loans to credit institutions – gross	-	1,266,607	2,638,980	4,482,800	500,000	-	-	8,888,387
Securities held-for-trading – gross	-	110,605	-	-	-	-	-	110,605
Loans and advances to customers – gross (*)	434,170	-	4,914,206	6,206,468	-	-	-	11,554,844
Investment securities	-	13,860	-	-	925,000	415,285	-	1,354,145
Fixed assets	-	340,612	-	-	-	-	-	340,612
Other assets	-	390,651	-	-	-	-	-	390,651
	434,170	1,503,034	7,553,186	10,689,268	1,425,000	415,285	-	23,412,534
Liabilities								
Deposits and borrowings from credit institutions	-	944,439	1,833,120	3,024,840	-	-	-	5,802,399
Deposits from customers	-	8,543,662	2,203,539	651,381	838,674	124,481	-	12,361,737
Other liabilities (included allowances of above financial assets)	-	1,227,962	-	-	-	-	-	1,227,962
	-	9,488,101	4,036,659	3,676,221	838,674	124,481	-	19,392,098
Interest sensitivity gap of balance sheet items	434,170	164,629	3,516,527	7,013,047	586,326	290,804	-	4,020,436
Interest sensitivity gap of off-balance sheet items	-	-	-	-	-	-	-	-
Total interest sensitivity gap	434,170	164,629	3,516,527	7,013,047	586,326	290,804	-	4,020,436

(*) The amounts were calculated on loan basis and not on customer basis.

The following table shows the average actual interest rates of interest bearing financial instruments with different terms and currencies:

As at 31 December 2013	Overdue	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	From 1 to 5 years	Over 5 years
Assets							
Deposits with and loans to credit institutions							
▪ VND	N/A	1.20%	5.37%	6.10%	12.00%	N/A	N/A
▪ Foreign currencies	N/A	0.10%	1.20%	1.20%	3.69%	N/A	N/A
Securities held-for-trading							
▪ VND	N/A	N/A	N/A	14.49%	N/A	N/A	N/A
Loans and advances to customers							
▪ VND	13.01%	8.04%	8.69%	8.53%	9.84%	10.56%	10.34%
▪ Foreign currencies	6.04%	4.37%	4.51%	4.07%	3.70%	4.44%	4.69%
Investment securities							
▪ VND	N/A	N/A	N/A	N/A	13.17%	10.15%	N/A
Liabilities							
Deposits and borrowings from credit institutions							
▪ VND	N/A	1.20%	5.53%	N/A	N/A	N/A	N/A
▪ Foreign currencies	N/A	0.10%	0.03%	N/A	N/A	0.98%	N/A
Deposits from customers							
▪ VND	N/A	1.20%	6.79%	7.26%	N/A	7.48%	N/A
▪ Foreign currencies	N/A	0.10%	0.88%	1.35%	N/A	1.25%	N/A



As at 31 December 2012	Overdue	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	From 1 to 5 years	Over 5 years
Assets							
Deposits with and loans to credit institutions							
▪ VND	N/A	1.80%	5.87%	8.93%	N/A	N/A	N/A
▪ Foreign currencies	N/A	0.10%	2.26%	3.88%	2.80%	N/A	N/A
Loans and advances to customers							
▪ VND	15.10%	N/A	13.65%	13.79%	N/A	N/A	N/A
▪ Foreign currencies	5.89%	N/A	5.29%	4.70%	N/A	N/A	N/A
Investment securities							
▪ VND	N/A	N/A	N/A	N/A	15.15%	14.22%	N/A
Liabilities							
Deposits and borrowings from credit institutions							
▪ VND	N/A	1.50%	N/A	6.06%	N/A	N/A	N/A
▪ Foreign currencies	N/A	0.10%	0.75%	N/A	N/A	N/A	N/A
Deposits from customers							
▪ VND	N/A	1.50%	9.24%	10.46%	9.32%	10.46%	N/A
▪ Foreign currencies	N/A	0.10%	1.22%	1.69%	2.00%	2.00%	N/A

(ii) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates against USD, the accounting currency of the Bank.

The Bank is exposed to currency risk through transactions in foreign currencies.

The Bank's transactional exposures give rise to foreign exchange gains and losses that are recognised in the statement of income. These exposures comprise the monetary assets and monetary liabilities of the Bank that are not denominated in the accounting currency of the Bank.

The Bank's management has set limits on positions by currency. Currency positions are monitored on a daily basis to ensure positions are maintained within the established limits.

The followings are the major exchange rates applied or forecasted by the Bank at the reporting date:

	Exchange rate as at		
	31/12/2014	31/12/2013	31/12/2012
	Forecasted	Actual	Actual
USD/VND	21,456	21,036	20,828
USD/EUR	0.7055	0.7261	0.7588

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Notes to the financial statements for the year ended 31 December 2013 (continued)

As at 31 December 2013	VND USD	USD USD	EUR USD	Other currencies USD	Total USD
Assets					
Cash on hand	5,870,686	3,553,191	10,353	-	9,434,230
Balances with the SBV	13,725,090	14,182,559	-	-	27,907,649
Deposits with and loans to credit institutions – gross	238,494,613	158,503,761	326,967	113,419	397,438,760
Securities held-for-trading – gross	20,747,270	-	-	-	20,747,270
Loans and advances to customers – gross	268,809,558	281,182,735	-	-	549,992,293
Investment securities	49,870,114	-	-	-	49,870,114
Fixed assets	-	21,850,652	-	-	21,850,652
Other assets	8,491,567	6,066,784	-	-	14,558,351
	606,008,898	485,339,682	337,320	113,419	1,091,799,319
Liabilities and equity					
Deposits and borrowings from credit institutions	175,951,620	76,803,960	-	-	252,755,580
Deposits from customers	416,918,627	169,445,953	327,094	15,534	586,707,208
Other liabilities (included allowances of above financial assets)	5,026,296	23,162,670	2,256	550	28,191,772
Capital and reserves	-	224,144,759	-	-	224,144,759
	597,896,543	493,557,342	329,350	16,084	1,091,799,319
FX position on balance sheet	8,112,355	(8,217,660)	7,970	97,335	-
FX position off-balance sheet	-	-	-	-	-
FX position on and off-balance sheet	8,112,355	(8,217,660)	7,970	97,335	-

Notes to the financial statements for the year ended 31 December 2013 (continued)

As at 31 December 2013	VND VND million Note 2(d)	USD VND million Note 2(d)	EUR VND million Note 2(d)	Other currencies VND million Note 2(d)	Total VND million Note 2(d)
Assets					
Cash on hand	123,495	74,745	218	-	198,458
Balances with the SBV	288,721	298,344	-	-	587,065
Deposits with and loans to credit institutions – gross	5,016,974	3,334,285	6,878	2,385	8,360,522
Securities held-for-trading – gross	436,440	-	-	-	436,440
Loans and advances to customers – gross	5,654,678	5,914,960	-	-	11,569,638
Investment securities	1,049,068	-	-	-	1,049,068
Fixed assets	-	459,651	-	-	459,651
Other assets	178,628	127,621	-	-	306,249
	12,748,004	10,209,606	7,096	2,385	22,967,091
Liabilities and equity					
Deposits and borrowings from credit institutions	3,701,318	1,615,648	-	-	5,316,966
Deposits from customers	8,770,300	3,564,465	6,881	327	12,341,973
Other liabilities (included allowances of above financial assets)	105,733	487,250	48	12	593,043
Capital and reserves	-	4,715,109	-	-	4,715,109
	12,577,351	10,382,472	6,929	339	22,967,091
FX position on balance sheet					
	170,653	(172,866)	167	2,046	-
FX position off-balance sheet					
	-	-	-	-	-
FX position on and off-balance sheet	170,653	(172,866)	167	2,046	-

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Notes to the financial statements for the year ended 31 December 2013 (continued)

	VND USD	USD USD	EUR USD	Other currencies USD	Total USD
As at 31 December 2012					
Assets					
Cash on hand	4,799,121	2,260,602	9,331	-	7,069,054
Balances with the SBV	15,075,060	14,983,323	-	-	30,058,383
Deposits with and loans to credit institutions – gross	273,272,933	153,112,974	245,291	120,622	426,751,820
Securities held-for-trading – gross	5,310,368	-	-	-	5,310,368
Loans and advances to customers – gross	203,723,206	351,051,337	-	-	554,774,543
Investment securities	65,015,611	-	-	-	65,015,611
Fixed assets	-	16,353,581	-	-	16,353,581
Other assets	14,154,071	4,601,929	-	-	18,756,000
	581,350,370	542,363,746	254,622	120,622	1,124,089,360
Liabilities and owners' equity					
Deposits and borrowings from credit institutions	170,119,108	108,467,378	-	-	278,586,486
Deposits from customers	415,140,796	178,155,696	212,308	6,531	593,515,331
Other liabilities (included allowances of above financial assets)	11,076,286	47,878,373	2,039	502	58,957,200
Capital and reserves	-	193,030,343	-	-	193,030,343
	596,336,190	527,531,790	214,347	7,033	1,124,089,360
FX position on balance sheet	(14,985,820)	14,831,956	40,275	113,589	-
FX position off-balance sheet	-	-	-	-	-
FX position on and off-balance sheet	(14,985,820)	14,831,956	40,275	113,589	-

Notes to the financial statements for the year ended 31 December 2013 (continued)

As at 31 December 2012	VND VND million Note 2(d)	USD VND million Note 2(d)	EUR VND million Note 2(d)	Other currencies VND million Note 2(d)	Total VND million Note 2(d)
Assets					
Cash on hand	99,956	47,084	194	-	147,234
Balances with the SBV	313,983	312,073	-	-	626,056
Deposits with and loans to credit institutions – gross	5,691,729	3,189,037	5,109	2,512	8,888,387
Securities held-for-trading – gross	110,605	-	-	-	110,605
Loans and advances to customers – gross	4,243,147	7,311,697	-	-	11,554,844
Investment securities	1,354,145	-	-	-	1,354,145
Fixed assets	-	340,612	-	-	340,612
Other assets	294,802	95,849	-	-	390,651
	12,108,367	11,296,352	5,303	2,512	23,412,534
Liabilities and equity					
Deposits and borrowings from credit institutions	3,543,240	2,259,159	-	-	5,802,399
Deposits from customers	8,646,552	3,710,627	4,422	136	12,361,737
Other liabilities (included allowances of above financial assets)	230,697	997,211	42	12	1,227,962
Capital and reserves	-	4,020,436	-	-	4,020,436
	12,420,489	10,987,433	4,464	148	23,412,534
FX position on balance sheet	(312,122)	308,919	839	2,364	-
FX position off-balance sheet	-	-	-	-	-
FX position on and off-balance sheet	(312,122)	308,919	839	2,364	-

At 31 December 2013, assuming that all other variables, in particular interest rates, remain constant, had VND strengthen or weaken against USD by 1%, the increase or decrease respectively in the net profit would have amounted to approximately USD60,843 (equivalent to VND1,280 million) (31/12/2012: the decrease or increase respectively in the net profit would have amounted to approximately USD112,394 (equivalent to VND2,341 million)).

(e) Fair values versus carrying amounts

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

The fair value of financial assets and liabilities, together with the carrying amounts shown in the balance sheet are as follows:

	31/12/2013		31/12/2012	
	Carrying amount USD	Fair value USD	Carrying amount USD	Fair value USD
<i>Categorised as financial assets at fair value through profit or loss:</i>				
▪ Listed equity securities held-for-trading	-	-	2,240,633	2,240,633
▪ Unlisted equity securities held-for-trading	2,081,678	2,081,678	1,211,002	1,211,002
▪ Unlisted debt securities held-for-trading	17,588,895	(*)	-	(*)
<i>Categorised as held-to-maturity investments:</i>				
▪ Held-to-maturity securities	22,818,026	(*)	38,649,894	(*)
<i>Categorised as loans and receivables:</i>				
▪ Balances with the SBV	27,907,649	27,907,649	30,058,383	30,058,383
▪ Deposits with and loans to credit institutions	394,379,053	(*)	425,115,993	(*)
▪ Loans and advances to customers	540,964,344	(*)	544,511,487	(*)
▪ Receivables	880,508	(*)	920,929	(*)
▪ Accrued interest and fee receivables	8,385,638	(*)	11,026,386	(*)
<i>Categorised as available-for-sale:</i>				
▪ Available-for-sale securities	27,052,088	(*)	26,365,717	(*)
<i>Categorised as liabilities at amortised cost:</i>				
▪ Deposits and borrowings from credit institutions	(252,755,580)	(*)	(278,586,486)	(*)
▪ Deposits from customers	(586,707,208)	(*)	(593,515,331)	(*)
▪ Accrued interest and fee payables	(4,706,803)	(*)	(8,597,928)	(*)
▪ Other financial liabilities	(9,852,336)	(*)	(36,143,182)	(*)

	Equivalent VND million (Note 2(d))			
	31/12/2013		31/12/2012	
	Carrying amount	Fair value	Carrying amount Note 2(d)	Fair value Note 2(d)
<i>Categorised as financial assets at fair value through profit or loss:</i>				
▪ Listed equity securities held-for-trading	-	-	46,668	46,668
▪ Unlisted equity securities held-for-trading	43,790	43,790	25,223	25,223
▪ Unlisted debt securities held-for-trading	370,000	(*)	-	(*)
<i>Categorised as held-to-maturity investments:</i>				
▪ Held-to-maturity securities	480,000	(*)	805,000	(*)
<i>Categorised as loans and receivables:</i>				
▪ Balances with the SBV	587,065	587,065	626,056	626,056
▪ Deposits with and loans to credit institutions	8,296,158	(*)	8,854,316	(*)
▪ Loans and advances to customers	11,379,726	(*)	11,341,085	(*)
▪ Receivables	18,522	(*)	19,181	(*)
▪ Accrued interest and fee receivables	176,400	(*)	229,659	(*)
<i>Categorised as available-for-sale:</i>				
▪ Available-for-sale securities	569,068	(*)	549,145	(*)
<i>Categorised as liabilities at amortised cost:</i>				
▪ Deposits and borrowings from credit institutions	(5,316,966)	(*)	(5,802,399)	(*)
▪ Deposits from customers	(12,341,973)	(*)	(12,361,737)	(*)
▪ Accrued interest and fee payables	(99,012)	(*)	(179,079)	(*)
▪ Other financial liabilities	(207,254)	(*)	(752,790)	(*)

(*) The Bank has not determined fair values of these financial instruments for disclosure in the financial statements because information about their market prices is not available and there is currently no guidance on determination of fair value using valuation techniques under Vietnamese Accounting Standards, the Vietnamese Accounting System for Credit Institutions stipulated by the State Bank of Vietnam and the relevant statutory requirements applicable to financial reporting. The fair values of these financial instruments may differ from their carrying amounts.

Lease commitments

The future minimum lease payments under non-cancellable operating leases were as follows:

	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	USD	USD	Equivalent VND million Note 2(d)	Equivalent VND million Note 2(d)
Within 1 year	1,125,619	1,361,774	23,679	28,363
Within 2 to 5 years	1,671,701	2,022,070	35,166	42,116
Over 5 years	64,727	380,984	1,362	7,935
	2,862,047	3,764,828	60,207	78,414

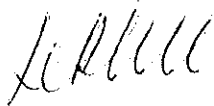
28 February 2014

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