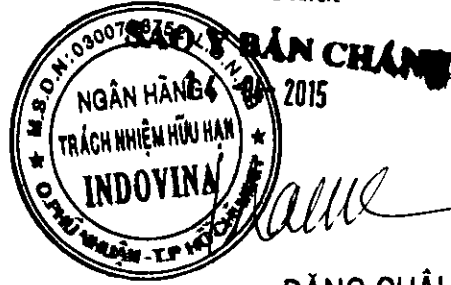




IVB
INDOVINA BANK LTD



ĐẶNG CHÂU THẮNG
Trưởng Phòng Hành Chính Quản Trị

Indovina Bank Limited

Financial Statements
for the year ended 31 December 2014



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 24 May 2014. The Business Registration Certificate and its updates were issued by the Ho Chi Minh City Department of Planning and Investment.

Members' Council	Tran Minh Binh Tzi-Li Tung Pham Huy Hung Lu Chan Kun Yei-Fong Jan Le Van Phu Nguyen Van Du	Chairman (from 13 May 2014) Vice Chairman (from 13 May 2014) Vice Chairman (until 13 May 2014) Member (from 13 May 2014) Member Member Member (until 13 May 2014)
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Board of Executives	Yei-Fong Jan Le Van Phu Lu Chan Kun	General Director First Deputy General Director Second Deputy General Director
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Registered Office 97A Nguyen Van Troi Street
Ward 12, Phu Nhuan District
Ho Chi Minh City
Vietnam

Auditors KPMG Limited
Vietnam

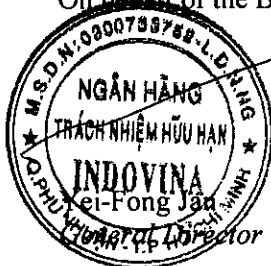
Indovina Bank Limited
Statement of the Board of Executives

The Board of Executives is responsible for the preparation and fair 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 97 give a true and fair view of the financial position of Indovina Bank Limited (“the Bank”) as at 31 December 2014, 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



Ho Chi Minh City, 27 March 2015



KPMG Limited Branch
10th Floor, Sun Wah Tower
115 Nguyen Hue Street
District 1, Ho Chi Minh City
The Socialist Republic of Vietnam

Telephone +84 (8) 3821 9266
Fax +84 (8) 3821 9267
Internet www.kpmg.com.vn

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 2014, 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 27 March 2015, as set out on pages 5 to 97.

Management's Responsibility

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 auditors' 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.

Auditor's 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 2014 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.

KPMG Limited's Branch in Ho Chi Minh City

Vietnam

Operating Registration Certificate No.: 4114000230

Report No.: 14-01-129



Vinh Phuc

Practicing Auditor Registration

Certificate No. 1901-2013-007-1

Deputy General Director

Nguyen Anh Hung

Practicing Auditor Registration

Certificate No. 2206-2013-007-1

Ho Chi Minh City, 27 March 2015

	Note	31/12/2014	31/12/2013	31/12/2014	31/12/2013
		USD	USD	Equivalent VND million Note 2(d)	Equivalent VND million Note 2(d)
A ASSETS					
I Cash on hand	5	10,390,602	9,434,230	220,759	198,458
II Balances with the State Bank of Vietnam	6	36,794,595	27,907,649	781,738	587,065
III Deposits with and loans to credit institutions	7	307,440,549	394,379,053	6,531,882	8,296,158
1 Deposits		262,027,012	9,641,137	5,567,026	202,811
2 Loans		45,413,537	387,797,623	964,856	8,157,711
3 Allowance for deposits with and loans to credit institutions		-	(3,059,707)	-	(64,364)
IV Securities held-for-trading	8	6,743,815	19,670,573	143,280	413,790
1 Securities held-for-trading		7,709,288	20,747,270	163,792	436,440
2 Allowance for diminution in value of securities held-for-trading		(965,473)	(1,076,697)	(20,512)	(22,650)
VI Loans and advances to customers		633,516,349	540,964,344	13,459,688	11,379,726
1 Loans and advances to customers	9	638,557,928	549,992,293	13,566,801	11,569,638
2 Allowance for loans and advances to customers	10	(5,041,579)	(9,027,949)	(107,113)	(189,912)
VII Investment securities	11	131,797,770	49,870,114	2,800,175	1,049,068
1 Available-for-sale securities		73,369,125	27,052,088	1,558,800	569,068
2 Held-to-maturity securities		58,834,604	22,818,026	1,250,000	480,000
3 Allowance for diminution in value of investment securities		(405,959)	-	(8,625)	-
IX Fixed assets		23,668,304	21,850,652	502,857	459,651
1 Tangible fixed assets	12	11,459,815	9,699,791	243,475	204,045
a Cost		19,008,773	16,050,432	403,860	337,637
b Accumulated depreciation		(7,548,958)	(6,350,641)	(160,385)	(133,592)
3 Intangible fixed assets	13	12,208,489	12,150,861	259,382	255,606
a Cost		13,807,824	13,617,456	293,361	286,457
b Accumulated amortisation		(1,599,335)	(1,466,595)	(33,979)	(30,851)
XI Other assets		13,909,410	14,558,351	295,519	306,249
1 Receivables	14	534,613	880,508	11,358	18,522
2 Accrued interest and fees receivable		8,548,643	8,385,638	181,624	176,400
4 Other assets	15	4,826,154	5,292,205	102,537	111,327
TOTAL ASSETS		1,164,261,394	1,078,634,966	24,735,898	22,690,165

The accompanying notes are an integral part of these financial statements

	Note	31/12/2014 USD	31/12/2013 USD	31/12/2014 Equivalent VND million Note 2(d)	31/12/2013 Equivalent VND million Note 2(d)
B LIABILITIES AND EQUITY					
LIABILITIES					
II Deposits and borrowings from credit institutions	16	149,539,385	252,755,580	3,177,113	5,316,966
1 Deposits		29,636,235	25,786,437	629,651	542,443
2 Borrowings		119,903,150	226,969,143	2,547,462	4,774,523
III Deposits from customers	17	751,214,842	586,707,208	15,960,311	12,341,973
IV Derivatives and other financial liabilities	18	696,223	-	14,792	-
VII Other liabilities		34,940,688	15,027,419	742,350	316,117
1 Accrued interest and fees payable		5,599,382	4,706,803	118,964	99,012
3 Other liabilities	19	29,341,306	9,852,336	623,386	207,254
4 Provision for off-balance sheet commitments	20	-	468,280	-	9,851
TOTAL LIABILITIES		936,391,138	854,490,207	19,894,566	17,975,056
EQUITY					
VIII Capital and reserves	21	227,870,256	224,144,759	4,841,332	4,715,109
1 Contributed capital		193,000,000	193,000,000	4,100,478	4,059,948
2 Reserves		20,881,844	18,917,659	443,656	397,953
5 Retained profits		13,988,412	12,227,100	297,198	257,208
TOTAL EQUITY		227,870,256	224,144,759	4,841,332	4,715,109
TOTAL LIABILITIES AND EQUITY		1,164,261,394	1,078,634,966	24,735,898	22,690,165

	Note	31/12/2014	31/12/2013	31/12/2014	31/12/2013
		USD	USD	Equivalent VND million Note 2(d)	Equivalent VND million Note 2(d)
OFF-BALANCE SHEET ITEMS					
I	CONTINGENT LIABILITIES	81,722,950	49,989,870	1,736,286	1,051,587
2	Letters of credit	34 29,853,571	35,314,102	634,269	742,867
3	Other guarantees	34 51,869,379	14,675,768	1,102,017	308,720

27 March 2015

Prepared by:



Tran Le Thuy
 Chief Accountant

Approved by:



Le Van Phu
 First Deputy General Director



Yei-Fong Jan
 General Director

	Note	2014 USD	2013 USD	2014 Equivalent VND million Note 2(d)	2013 Equivalent VND million Note 2(d)	
1	Interest and similar income	22	62,316,774	69,512,345	1,323,982	1,462,262
2	Interest and similar expenses	22	(31,109,170)	(38,478,428)	(660,945)	(809,432)
I	Net interest income	22	31,207,604	31,033,917	663,037	652,830
3	Fee and commission income	23	2,490,909	3,357,267	52,922	70,623
4	Fee and commission expenses	23	(559,951)	(576,645)	(11,897)	(12,130)
II	Net fee and commission income	23	1,930,958	2,780,622	41,025	58,493
III	Net (loss)/gain from trading of foreign currencies	24	(556,099)	1,179,573	(11,815)	24,813
IV	Net gain from trading of securities held-for-trading	25	1,045,624	2,274,966	22,215	47,856
V	Net loss from disposals of investment securities		-	(881,974)	-	(18,553)
VI	Other income – net	26	1,450,038	119,903	30,808	2,522
VII	Income from investments in other entities	27	184,484	259,957	3,920	5,468
VIII	Operating expenses	28	(15,789,186)	(14,189,807)	(335,458)	(298,497)
IX	Operating profit before allowance and provision expenses		19,473,423	22,577,157	413,732	474,932
X	Allowance and provision expenses	7, 10, 20	-	(4,837,198)	-	(101,755)
XI	Profit before tax (carried forward to next page)		19,473,423	17,739,959	413,732	373,177

	Note	2014 USD	2013 USD	2014 Equivalent VND million Note 2(d)	2013 Equivalent VND million Note 2(d)
XI Profit before tax (brought forward from previous page)		19,473,423	17,739,959	413,732	373,177
7 Income tax expense – current	29	(4,253,176)	(4,390,645)	(90,363)	(92,362)
8 Income tax expense – deferred	29	-	-	-	-
XII Total income tax expense	29	(4,253,176)	(4,390,645)	(90,363)	(92,362)
XIII Net profit after tax		15,220,247	13,349,314	323,369	280,815

27 March 2015

Prepared by:



Tran Le Thuy
 Chief Accountant

Approved by:



Le Van Phu
 First Deputy General Director



Yei-Fong Jan
 General Director

	2014	2013	2014	2013
	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	62,153,769	72,153,093	1,318,758	1,517,812
02 Interest and similar expenses paid	(30,216,591)	(42,369,553)	(640,993)	(891,286)
03 Net fee and commission income received	1,930,958	2,780,622	41,025	58,493
04 Net receipts from trading of foreign currencies and securities	360,651	2,572,565	7,662	54,116
05 Other income received	2,833	10,180	59	214
06 Written off debts recovered	970,535	96,021	20,620	2,020
07 Salaries and operating expenses paid	(14,334,430)	(13,262,859)	(304,550)	(278,998)
08 Income tax paid	(4,043,767)	(4,832,199)	(85,815)	(101,650)
Cash flows from operating activities before changes in operating assets and liabilities	16,823,958	17,147,870	356,766	360,721
Changes in operating assets				
09 Decrease in deposits with and loans to credit institutions	155,854,903	213,454,296	3,271,004	4,490,225
10 Increase in securities held-for- trading and investment securities	(69,295,633)	(1,073,441)	(1,487,084)	(22,581)
12 (Increase)/decrease in loans and advances to customers	(88,565,635)	4,782,250	(1,997,163)	100,599
13 Utilisation of allowance for loans and advances to customers	(6,615,505)	(4,638,619)	(140,553)	(97,578)
14 (Increase)/decrease in other assets	(365,837)	1,782,276	(9,069)	37,492

The accompanying notes are an integral part of these financial statements

	2014	2013	2014	2013
	USD	USD	Equivalent VND million Note 2(d)	Equivalent VND million Note 2(d)
Changes in operating liabilities				
16 Decrease in deposits and borrowings from credit institutions	(103,216,195)	(25,830,906)	(2,139,853)	(543,379)
17 Increase/(decrease) in deposits from customers	164,507,634	(6,808,123)	3,618,338	(143,216)
20 Increase in derivatives and other financial liabilities	696,223	-	14,792	-
21 Increase/(decrease) in other liabilities	7,965,679	(5,849,293)	171,338	(123,046)
22 Payments from reserves	(180,868)	(234,898)	(3,971)	(4,941)
I Net cash flows from operating activities	77,608,724	192,731,412	1,654,545	4,054,296
CASH FLOWS FROM INVESTING ACTIVITIES				
01 Payments for additions to fixed assets	(2,103,071)	(6,722,155)	(44,682)	(141,407)
02 Proceeds from disposals of fixed assets	9,873	86,464	210	1,819
09 Receipts of dividends	184,484	259,957	3,920	5,468
II Net cash flows from investing activities	(1,908,714)	(6,375,734)	(40,552)	(134,120)
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)

	2014	2013	2014	2013
	USD	USD	Equivalent VND million Note 2(d)	Equivalent VND million Note 2(d)
IV Net cash flows during the year	75,700,010	184,355,678	1,613,993	3,878,104
V Cash and cash equivalents at the beginning of the year	242,925,735	58,570,057	5,110,185	1,219,897
VI Foreign currency translation difference	-	-	45,345	12,184
VII Cash and cash equivalents at the end of the year (Note 30)	318,625,745	242,925,735	6,769,523	5,110,185

27 March 2015

Prepared by:



Tran Le Thuy
 Chief Accountant

Approved by:



Le Van Phu
 First Deputy General Director



Yei-Fong 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 (“the 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 2014, the Bank had one Head Office, twelve (12) branches, fourteen (14) transaction offices and six (6) transaction points across Vietnam.

As at 31 December 2014, the Bank had 745 employees (31 December 2013: 694 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 21) and the statement of cash flows.

3. Changes in accounting policies

Except for the changes below, the Bank has consistently applied the accounting policies as set out in Note 4 to all periods presented in these financial statements.

The Bank has adopted Circular No. 02/2013/TT-NHNN dated 21 January 2013 of the SBV regulating the classification of assets, credit loss allowance level, allowance calculation method and utilisation of allowance in operations of credit institutions and foreign bank branches (“Circular 02”) and Circular No. 09/2014/TT-NHNN dated 18 March 2014 of the SBV on amending and supplementing to certain articles of Circular 02 (“Circular 09”) with a date of initial application of 1 June 2014 and on a prospective basis. The adoption of Circular 02 and Circular 09 has affected the following accounting policies:

- Deposits with and loans to credit institutions - classification and allowance for credit losses (refer to Note 4(c));
- Securities held-for-trading: unlisted corporate bonds – allowance for credit losses (refer to Note 4(d)(ii));
- Investment securities: unlisted corporate bonds - allowance for credit losses (refer to Notes 4(e)(ii));
- Loans and advances to customers - classification and allowance for credit losses (refer to Notes 4(f)(i) and 4(f)(ii)); and
- Provision for off-balance sheet commitments (refer to Note 4(g)).

4. 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) Deposits with and loans to credit institutions

(i) Deposits with credit institutions

Deposits with credit institutions excluding demand deposits are placements with credit institutions with original terms to maturity of not more than 3 months.

Deposits with credit institutions excluding demand deposits are stated at the amount of principal outstanding less allowance for credit losses.

Effective from 1 June 2014

The specific allowance is calculated based on the net credit exposure of each credit institution, i.e. based on the credit institution's deposit balance at the end of each quarter (except for Quarter 4, specific allowance is calculated based on the credit institution's deposit balance at the last working day of November) less the allowed value of collateral assets. The allowed value of collateral assets is determined in accordance with the following principles as set out in Circular 02 as described in Note 4(f)(ii).

Credit risk classification of deposits with credit institutions ("debts") and allowance thereof is made in accordance with Circular 02 and Circular 09. The Bank has classified deposits with credit institutions in accordance with a quantitative method as stipulated in Article 10 of Circular 02. Specific allowance for credit losses on deposits with credit institutions is calculated based on the overdue status of the principal outstanding or interest at the following rates:

Group		Overdue status	Allowance rate
1	Current debts	(a) Current debts being assessed as fully and timely recoverable, both principal and interest; or (b) Debts being overdue for less than 10 days and being assessed as fully recoverable, both overdue principal and interest, and fully and timely recoverable, both remaining principal and interest.	0%
2	Special mentioned debts	(a) Debts being overdue between 10 days to 90 days; or (b) Debts having rescheduled terms of repayment for the first time.	5%
3	Sub-standard debts	(a) Debts being overdue between 91 days and 180 days; or (b) Debts having extended terms of repayment for the first time; or (c) Debts having exempt or reduced interest because customers are not able to pay the interest according to the credit contract; or (d) Debts falling in one of the following cases: <ul style="list-style-type: none"> ▪ Debts to customers or guarantors being organisations, individuals to whom credit institutions, foreign bank branches are not permitted to grant credit as prescribed by laws; ▪ Debts being secured by securities of the Bank or its subsidiaries or debts being used to contribute capital to another credit institution on the basis that collateral assets pledged to the Bank are securities issued by the invested credit institution; ▪ Unsecured debts or debts being granted under preferential conditions or having value exceeding 5% of the Bank's capital when granting credit to restricted customers as prescribed by laws; ▪ Debts to the Bank's subsidiaries, associates or enterprises controlled by the Bank that exceeds the limit as prescribed by laws; ▪ Debts having value exceeding credit limits, unless being allowed as prescribed by laws; ▪ Debts having violated the credit limit, foreign exchange management and safety ratio applied to credit institutions, foreign bank branches as prescribed by laws; ▪ Debts having violated the Bank's internal regulations on credit granting, debt management and policy on making allowance for losses; or (e) Debts in the collection process under inspection conclusions.	20%

Group		Overdue status	Allowance rate
4	Doubtful debts	(a) Debts being overdue between 181 days and 360 days; or (b) Debts having rescheduled terms of repayment for the first time and being overdue less than 90 days according to the first rescheduled terms of repayment; or (c) Debts having rescheduled terms of repayment for the second time; or (d) Debts specified in point (d) of Group 3 being overdue between 30 days and 60 days after the decisions of recovery have been issued; or (e) Debts in the collection process under inspection conclusions but being overdue up to 60 days according to recovery term.	50%
5	Loss debts	(a) Debts being overdue more than 360 days; or (b) Debts having rescheduled terms of repayment for the first time and being overdue more than 90 days according to the first rescheduled terms of repayment; or (c) Debts having rescheduled terms of repayment for the second time and being overdue according to the second reschedule terms of repayment; or (d) Debts having rescheduled terms of repayment for the third time or more, regardless of whether the debts are overdue or not; or (e) Debts specified in point (d) of Group 3 being overdue more than 60 days after the decisions of recovery have been issued; or (f) Debts in the collection process under inspection conclusions but being overdue for more than 60 days according to recovery term; or (g) Debts to credit institutions being announced under special control status by the SBV, or to foreign bank branches of which capital and assets are blockaded.	100%

Prior to 1 June 2014

Deposits with credit institutions are stated at the amount of principal outstanding. In accordance with Circular No. 21/2012/TT-NHNN issued on 18 June 2012 by the SBV, effective from 1 September 2012 ("Circular 21") and Circular No. 01/2013/TT-NHNN issued on 7 January 2013 by the SBV ("Circular 01") to amend and supplement Circular 21, credit institutions are only allowed to undertake deposits for which the maximum term is three months with credit institutions and foreign banks' branches. New deposits with term of more than three months and interest rate after the effective date of these Circulars are classified as loans to credit institutions.

Circular 21 and Circular 01 do not provide guidance on how to account for and make allowance for deposits with credit institutions including those for which the payment terms have been extended or are overdue. Accordingly, the Bank did not make allowance for credit losses on deposits with credit institutions.

The above change in accounting policy has been applied prospectively. In applying the change in accounting policy no allowance has been made for deposits with credit institutions during the year.

(ii) *Loans to credit institutions*

Loans to credit institutions are loans with original terms to maturity of more than 3 months.

Loans to credit institutions are stated at the amount of principal outstanding less allowance for credit losses on loans to credit institutions.

Effective from 1 June 2014

Credit risk classification of loans to credit institutions and specific allowance thereof are made in accordance with Circular 02 and Circular 09 being similar to allowances for credit losses on deposits with credit institutions as described in Note 4(c)(i).

In accordance with Circular 02, the Bank is not required to make general allowance for loans to credit institutions.

Prior to 1 June 2014

Allowance for credit losses on loans to credit institutions

Specific allowance for credit losses on loans to credit institutions is calculated based on the overdue status of the principal outstanding or interest at the following rates:

Overdue status	Allowance rate
Group 1 - Overdue less than 10 days	0%
Group 2 - Overdue from 10 days to 90 days	5%
Group 3 - Overdue from 91 days to 180 days	20%
Group 4 - Overdue from 181 days to 360 days	50%
Group 5 - Overdue more than 360 days	100%

In accordance with Decision 493, a general allowance is made at 0.75% of total balance at the end of each quarter (except for Quarter 4, a general allowance is made at 0.75% of the outstanding balance of loans to credit institutions at the last working day of November), excluding the total balance of loans to credit institutions which are classified as loss loans.

The above change in accounting policy has been applied prospectively. In applying the change in accounting policy, the Bank reversed the general allowance amounting to USD3,059,707 (equivalent to VND64,364 million) and did not make any additional specific allowance for loans to credit institutions during the year.

(d) 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).

(ii) Measurement

For equity securities

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 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 recoverable amount increases after the allowance being 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.

For debt securities

Effective from 1 June 2014

Unlisted corporate bonds held-for-trading are stated at cost less allowance for credit losses. Credit risk classification of unlisted corporate bonds and allowance thereof is made in accordance with the accounting policy applied for loans and advances to customers as described in Note 4(f)(i) and Note 4(f)(ii).

Prior to 1 June 2014

Unlisted corporate bonds held-for-trading 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 is reversed if the recoverable amount increases after the allowance being 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.

The above change in accounting policy has been applied prospectively. In applying the change in accounting policy the Bank has made general allowance amounting to USD17,650 (equivalent to VND375 million) for the unlisted corporate bonds held-for-trading during the year.

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.

(e) Investment securities

(i) Available-for-sale securities

Classification

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

Recognition

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

Measurement

Available-for-sale debt securities are initially stated at cost at the acquisition date. They are subsequently measured at cost less allowance for diminution in value.

Unlisted available-for-sale equity securities that are actively traded on the OTC market, the market price is the average of the transaction prices quoted by three securities companies having charter capital above VND300 billion.

Unlisted available-for-sale equity 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.

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

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

The allowance for diminution in the value of available-for-sale securities as mentioned above is reversed if the recoverable amount increases after the allowance being 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 available-for-sale securities is determined on a weighted average basis.

Derecognition

Available-for-sale 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.

(ii) Held-to-maturity securities

Classification

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.

Recognition

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

Measurement

Premiums and discounts arising from purchases of held-to-maturity securities are amortised to the separate statement of income using the straight line method over the period from the acquisition date to the maturity date.

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

Allowance for diminution in value of held-to-maturity securities

Effective from 1 June 2014

Held-to-maturity unlisted corporate bonds are stated at cost less allowance for credit losses. Credit risk classification of unlisted corporate bonds and allowance thereof is made in accordance with the accounting policy applied for loans and advances to customers as described in Note 4(f)(i) and Note 4(f)(ii).

Prior to 1 June 2014

Held-to-maturity unlisted corporate bonds securities are stated at cost less allowance for diminution in value. Allowance for diminution in value is made when there is evidence of long-term decline in value of these securities.

The allowance for diminution in the value is reversed if the recoverable amount increases after the allowance being recognised. An allowance is reversed only to the extent that the investment's carrying amount does not exceed the carrying amount that would have been determined if no allowance had been recognised.

The above change in accounting policy has been applied prospectively. In applying the change in accounting policy the Bank has made general allowance amounting to USD405,959 (equivalent to VND8,625 million) for held-to-maturity unlisted corporate bonds during the year.

Derecognition

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.

(f) Loans and advances to customers

Short-term loans are those with repayment term of less than one year from the loan disbursement date; medium-term loans are those with repayment term between one and five years from the loan disbursement date and long-term loans are those with repayment term of more than five years from the loan disbursement date.

Loans and advances to customers are stated at the amount of principal outstanding less allowance for credit losses.

(i) Classification of loans and advances to customers

Effective from 1 June 2014

Loan classifications and allowances for credit losses are made in accordance with Circular 02 regulating the classification of assets, credit loss allowance level, allowance calculation method and utilisation of allowance in operations of credit institutions and foreign bank branches and Circular 09 on amending and supplementing to certain articles of Circular 02. The Bank has classified loans and advances to customers in accordance with the quantitative method as stipulated in Article 10 of Circular 02.

Loans and advances to customers are classified into five loan groups in accordance with Article 10 of Circular 02 as below:

Group		Overdue status
1	Current loans	(a) Current loans being assessed as fully and timely recoverable, both principal and interest; or (b) Loans being overdue less than 10 days and being assessed as fully recoverable, both overdue principal and interest, and fully and timely recoverable, both remaining principal and interest.
2	Special mentioned loans	(a) Loans being overdue between 10 days to 90 days; or (b) Loans having rescheduled terms of repayment for the first time.
3	Sub-standard loans	(a) Loans being overdue between 91 days and 180 days; or (b) Loans having extended terms of repayment for the first time; or (c) Loans having exempt or reduced interest because customers are not able to pay the interest according to the credit contract; or (d) Loans falling in one of the following cases: <ul style="list-style-type: none"> ▪ Loans to customers or guarantors being organisations, individuals to whom credit institutions, foreign bank branches are not permitted to grant credit as prescribed by laws. ▪ Loans being secured by securities of the Bank or its subsidiaries or loans being used to contribute capital to another credit institution on the basis that collateral assets pledged to the Bank are securities issued by the invested credit institution. ▪ Unsecured loans or loans being granted under preferential conditions or having value exceeding 5% of the Bank's capital when granting credit to restricted customers as prescribed by laws. ▪ Loans to the Bank's subsidiaries, associates or enterprises controlled by the Bank that exceeds the limit as prescribed by laws. ▪ Loans having value exceeding credit limit, unless being allowed as prescribed by laws. ▪ Loans having violated the credit limit, foreign exchange management and safety ratio applied to credit institutions, foreign bank branches as prescribed by laws. ▪ Loans having violated the Bank's internal regulations on credit grant, loan management and policy on making allowance for losses; or (e) Loans in the collection process under inspection conclusions.
4	Doubtful loans	(a) Loans being overdue between 181 days and 360 days; or (b) Loans having rescheduled terms of repayment for the first time and being overdue less than 90 days according to the first rescheduled terms of repayment; or (c) Loans having rescheduled terms of repayment for the second time; or (d) Loans specified in point (d) of Group 3 being overdue between 30 days and 60 days after the decisions of recovery have been issued; or (e) Loans in the collection process under inspection conclusions but being overdue up to 60 days according to recovery term.

Group		Overdue status
5	Loss loans	<p>(a) Loans being overdue more than 360 days; or</p> <p>(b) Loans having rescheduled terms of repayment for the first time and being overdue more than 90 days according to the first rescheduled terms of repayment; or</p> <p>(c) Loans having rescheduled terms of repayment for the second time and being overdue according to the second reschedule terms of repayment; or</p> <p>(d) Loans having rescheduled terms of repayment for the third time or more, regardless whether the loans are overdue or not; or</p> <p>(e) Loans specified in point (d) of Group 3 being overdue more than 60 days after the decisions of recovery have been issued; or</p> <p>(f) Loans in the collection process under inspection conclusions but being overdue for more than 60 days according to recovery term; or</p> <p>(g) Loans to credit institutions being announced under special control status by the SBV, or to foreign bank branches of which capital and assets are blockaded.</p>

Where a customer owes more than one debt to the Bank, and has any of its debts transferred to a higher risk group of debts, the Bank is obliged to classify the remaining debts of such customer into the group of debts with higher risk corresponding with their level of risk.

Where the Bank participates in a syndicated loan not as the lead bank, the Bank reclassifies all debts (including the outstanding syndicated loan) of the customer into a higher risk group of debt as decided by the lead bank and by the Bank.

In accordance with Article 10, Point 3a of Circular 09, loan groups of rescheduled loans and advances to customers remain unchanged as before the rescheduling provided that the following conditions are met:

- The loans and advances were granted under a credit facility which does not violate any laws or regulations;
- The reschedule of repayment term is in line with the purpose of the project as stated in the loan agreement;
- The borrower used the loan for the correct purpose;
- The borrower has a new loan repayment plan that is feasible and suitable to its conditions of business; and
- The Bank remains in compliance with regulations of the SBV on limits, banking safety ratio including the maximum ratio of short-term funding being used for medium and long-term lending in case of restructuring short-term loans into medium-term or long-term loans.

As and when the above conditions are met, the Bank reschedules the repayment terms of loans and advances to customers without changing the loans and advances to customers' current loan groups. Article 10, Point 3a of Circular 09 is effective from 20 March 2014 and will expire from 1 April 2015

Prior to 1 June 2014

Loan classification and allowance for credit losses were made in accordance with Decision No. 493/2005/QD-NHNN dated 22 April 2005 (“Decision 493”) and Decision No. 18/2007/QD-NHNN dated 25 April 2007 (“Decision 18”) of the Governor of the SBV.

The Bank also adopted Decision No. 780/QD-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 is assessed as having positive business potential and ability to repay well these loans.

Loans and advances to customers are classified into five loan groups in accordance with Article 6 of Decision 493 as below:

Group		Overdue status
1	Current loans	<ul style="list-style-type: none"> ▪ Current loans or overdue loans less than 10 days.
2	Special mentioned loans	<ul style="list-style-type: none"> ▪ Loans being overdue between 10 days to 90 days; or ▪ Loans having rescheduled terms of repayment for the first time (if customers are assessed as being capable of repaying both principal and interest according to the first revised terms of repayment for the case of enterprises and organisational customers).
3	Sub-standard loans	<ul style="list-style-type: none"> ▪ Loans being overdue between 91 days and 180 days; ▪ Loans having rescheduled terms of repayment for the first time except for the loans with revised terms of repayment 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 the contract.
4	Doubtful loans	<ul style="list-style-type: none"> ▪ Loans being overdue between 181 days and 360 days; ▪ Loans having rescheduled terms of repayment for the first time and being overdue less than 90 days according to the first rescheduled terms of repayment; or ▪ Loans having rescheduled terms of repayment for the second time.
5	Loss loans	<ul style="list-style-type: none"> ▪ Loans being overdue more than 360 days; ▪ Loans having rescheduled terms of repayment for the first time and being overdue from 90 days or more according to the first rescheduled terms of repayment; ▪ Loans having rescheduled terms of repayment for the second time and being overdue according to the second reschedule terms of repayment; ▪ Loans having rescheduled terms of repayment for the third time; or ▪ Blocked loans, or loans awaiting settlement.

Where a customer owes more than one debt to the Bank, and has any of its debts transferred to a higher risk group of debts, the Bank is obliged to classify the remaining debts of such customer into the group of debts with higher risk corresponding with their level of risk.

Where the Bank participates in a syndicated loan not as the lead bank, the Bank reclassifies all debts (including the outstanding syndicated loan) of the customer into a higher risk group of debt as decided by the lead bank and by the Bank.

The above change in accounting policy has been applied prospectively.

(ii) *Allowance for credit losses on loans and advances to customers*

Effective from 1 June 2014

Specific allowance for credit losses on loans and advances to customers is calculated using set rates applied to each loan group as follows:

	Allowance rate
Group 1 - Current loans	0%
Group 2 - Special mentioned loans	5%
Group 3 - Sub-standard loans	20%
Group 4 - Doubtful loans	50%
Group 5 - Loss loans	100%

The specific allowance is calculated based on the net credit exposure of each borrower, i.e. based on the borrower's loan balance at the end of each quarter (except for Quarter 4, specific allowance is calculated based on the borrower's loan balance at the last working day of November) less the allowed value of collateral assets. The allowed value of collateral assets is determined in accordance with the following principles as set out in Circular 02:

- Collateral asset with value of VND50 billion or more for loans and advances to related parties or other parties subject to credit restriction under Article 127 of Law on Credit Institutions and collateral asset with value of VND200 billion or more must be valued by a licensed asset valuation organisation.
- Other than the above, collateral assets are valued in accordance with the Bank's internal policy and process.

Deductible values of collateral assets are subject to the following caps:

Type of collateral assets	Maximum allowed ratio
(a) Customers deposits in VND	100%
(b) Gold billets, except for the types of gold specified in (i); customers deposits in foreign currencies	95%
(c) Government bonds, transferable instruments, valuable papers issued by credit institutions, saving deposit certificates, certificates of deposit, bills and notes issued by credit institution or foreign bank branches:	
▪ With a remaining term of 1 year or less	95%
▪ With a remaining term of between 1 year to 5 years	85%
▪ With a remaining term of over 5 years	80%
(d) Securities issued by credit institutions and listed on a stock exchange	70%
(e) Securities issued by enterprises and listed on a stock exchange	65%
(f) Unlisted securities and valuable papers, except for the types of securities specified in (c), issued by credit institutions registered for listing on a stock exchange	50%
Unlisted securities and valuable papers, except for the types of securities specified in (c), issued by credit institutions not registered for listing on a stock exchange	30%
(g) Unlisted securities and valuable papers issued by enterprises registered for listing on a stock exchange;	30%
Unlisted securities and valuable papers issued by enterprises not registered for listing on a stock exchange	10%
(h) Real estate	50%
(i) Gold billets not having quoted price, other types of gold and other collateral assets	30%

Collateral assets that do not satisfy the legal conditions as specified in Article 12, Point 3 of Circular 02 are deemed to have zero deductible value.

In accordance with Circular 02, a general allowance is made at 0.75% of the outstanding balance of loans and advances to customers at the end of each quarter (except for Quarter 4, a general allowance is made at 0.75% of the outstanding balance of loans and advances to customers at the last working day of November), excluding the total balance of loans and advances to customers which are classified as loss loans.

Prior to 1 June 2014

Specific allowance for credit losses on loans and advances to customers was calculated using allowance rate applied to each loan group as follows:

	Allowance rate
Group 1 - Current loans	0%
Group 2 - Special mentioned loans	5%
Group 3 - Sub-standard loans	20%
Group 4 - Doubtful loans	50%
Group 5 - Loss loans	100%

The specific allowance is calculated based on the net credit exposure of each borrower, i.e. based on the borrower's loan balance at the end of each quarter (except for Quarter 4, specific allowance is calculated based on the borrower's loan balance at the last working day of November) less the allowed value of collateral assets. The allowed value of collateral assets is determined in accordance with Decision 493 and Decision 18 as follows:

Type of collateral assets	Maximum allowed ratio
Balance on deposit accounts, savings, valuable papers in VND issued by credit institutions	100%
Treasury bills, gold, balance on deposit accounts, savings, valuable papers in foreign currencies issued by credit institutions	95%
Government bonds:	
▪ With a remaining term of 1 year or less	95%
▪ With a remaining term of between 1 year to 5 years	85%
▪ With a remaining term of over 5 years	80%
Securities, negotiable instruments and valuable papers issued by credit institutions and listed on a stock exchange or at a securities trading centre	70%
Securities, negotiable instruments and valuable papers issued by enterprises and listed on a stock exchange or at a securities trading centre	65%
Securities, negotiable instruments and valuable papers issued by credit institutions but not yet listed on a stock exchange or at a securities trading centre	50%
Real estate	50%
Other types of collateral assets	30%

In accordance with Decision 493, a general allowance was also required to be made at 0.75% of the outstanding balance of loans and advances to customers at the end of each quarter (except for Quarter 4, a general allowance is made at 0.75% of the outstanding balance of loans and advances to customers at the last working day of November), excluding the total balance of loans and advances to customers which were classified as loss loans.

The above change in accounting policy has been applied prospectively.

(iii) Written-off loans and advances to customers classified as bad debts

Loans are written-off at the discretion of the Bank's Risk Settlement Committee when they consider that all reasonable efforts for recovery of bad debts, including legal actions, have been exhausted.

Loans and advances to customers are written off against the allowance when loans and advances to customers have been classified to Group 5 or when borrowers have declared bankrupt or dissolved (for borrowers being organisations and enterprises) or borrowers are deceased or missing (for borrowers being individuals).

(g) Provision for off-balance sheet commitments

Off-balance sheet commitments consisting of guarantees, settlement acceptances, and unconditional and irrevocable commitments with specific time for settlement.

Effective from 1 June 2014

The classification of off-balance sheet commitments is conducted solely for risk management, credit quality supervision of credit granting activities purpose in accordance with the same accounting policy applied to loans and advances to customers as described in Note 4(f)(i).

Off-balance sheet commitments are classified as follows:

Group		Definition
1	Group 1 – Current commitments	<ul style="list-style-type: none"> ▪ Commitments which, according to the Bank's assessment, could be fully settled when they fall due.
2	Group 2 – Special mentioned commitments	<ul style="list-style-type: none"> ▪ Commitments which, according to the Bank's assessment, could not be fully settled when they fall due.
3	Group 3 – Sub-standard commitments and higher risk groups	<p>Commitments falling into one of the following cases:</p> <ul style="list-style-type: none"> ▪ Commitments to customers or guarantors being organisations, individuals to whom credit institutions, foreign bank branches are not permitted to grant credit by as prescribed by laws; ▪ Commitments being secured by securities of the Bank or its subsidiaries or commitments related to loans being used to contribute capital to another credit institution on the basis that collateral assets pledged to the Bank are securities issued by the invested credit institution; ▪ Unsecured commitments or commitments being granted under preferential conditions or having value exceeding 5% of the Bank's capital when granting credit to restricted customers as prescribed by laws; ▪ Commitments to the Bank's subsidiaries, associates or enterprises controlled by the Bank that exceeds the limit as prescribed by laws; ▪ Commitments having value exceeding credit limits, unless being allowed as prescribed by laws; ▪ Commitments having violated the credit limit, foreign exchange management and safety ratio applied to credit institutions, foreign bank branches as prescribed by laws; or ▪ Commitments having violated the Bank's internal regulations on credit granting, commitment management and policy on making allowance for losses.

In accordance with Circular 02, the Bank is not required to make provision for off-balance sheet commitments.

Prior to 1 June 2014

Off-balance sheet commitments are classified into five groups based on quantitative and qualitative factors as follows:

Group		Definition
1	Current commitments	▪ Undue commitments which, according to the Bank's assessment, can be fully settled when they fall due.
2	Special mentioned commitments	▪ Undue commitments which, according to the Bank's assessment, cannot be fully settled when they fall due; or ▪ Overdue commitments which are classified in accordance with the Bank's assessment.
3	Sub-standard commitments	
4	Doubtful commitments	
5	Loss commitments	

In accordance with Decision 18, the Bank is also required to make specific provisions for each group of commitments.

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 at the end of each quarter (except for Quarter 4, a general provision is made at 0.75% of the outstanding balance at the last working day of November).

The above change in accounting policy has been applied prospectively. In applying the change in accounting policy, the Bank reversed the general provision amounting to USD468,280 (equivalent to VND9,851 million) during the year.

(h) Tangible fixed asset

(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 the 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

(i) 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.

(j) 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.

(k) Derivative financial instruments

Forward and swap currency contracts

Forward currency contracts and swap currency contracts are recorded at contract values in balance sheet accounts. The differences between the currency amounts which are committed to buy/sell at contractual exchange rate and the currency amounts translated at the spot exchange rate at effective date of the forward currency contracts and swap currency contracts are amortised to the statement of income on a straight-line basis over the terms of these contracts.

The positions of forward currency contracts are revalued at the spot exchange rate at reporting date and the unrealised gains/losses are recognised in the statement of income.

(l) Provisions

A provision, 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.

(m) Other payables

Other payables are stated at their cost.

(n) 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. 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.

(o) 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 the 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 as 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 the 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.

(p) 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 period, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous periods.

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.

(q) Contributed capital

Contributed capital is classified as part of equity.

(r) 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.

(s) Revenue recognition

(i) Interest income

Interest income is recognised in the statement of income on an accrual basis, except for interests on deposits and loans classified in Group 2 to Group 5 as defined in Note 4(c) and Note 4(f)(i) which are recognised upon receipt.

(ii) Fee and commission income

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

(t) Interest expense

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

(u) Fee and commission expenses

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

(v) 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.

(w) Related companies

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

(x) 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.

(y) 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.

5. Cash on hand

	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	USD	USD	Equivalent VND million Note 2(d)	Equivalent VND million Note 2(d)
Cash on hand in VND	7,545,811	5,870,686	160,319	123,495
Cash on hand in foreign currencies	2,844,791	3,563,544	60,440	74,963
	10,390,602	9,434,230	220,759	198,458

6. Balances with the State Bank of Vietnam

These balances 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			
	31/12/2014	31/12/2013		
Preceding month's average balances of:				
<i>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>Overseas credit institutions</i>				
▪ Deposits in foreign currencies	1%	1%		
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	USD	USD	Equivalent VND million Note 2(d)	Equivalent VND million Note 2(d)
Current account and compulsory reserve	36,794,595	27,907,649	781,738	587,065

Effective year-end annual interest rates are as follows:

	31/12/2014	31/12/2013
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%

7. Deposits with and loans to credit institutions

	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	USD	USD	Equivalent VND million Note 2(d)	Equivalent VND million Note 2(d)
Current accounts				
Current accounts in VND	1,605,614	996,989	34,113	20,973
Current accounts in foreign currencies	15,043,915	8,644,148	319,623	181,838
Term deposits				
Term deposits in VND	130,377,483	-	2,770,000	-
Term deposits in foreign currencies	115,000,000	-	2,443,290	-
Loans				
Loans in VND	9,413,537	237,497,623	200,000	4,996,000
Loans in foreign currencies	36,000,000	150,300,000	764,856	3,161,711
Allowance for deposits with and loans to credit institutions (i)	-	(3,059,707)	-	(64,364)
	307,440,549	394,379,053	6,531,882	8,296,158

- (i) Movements in allowance for deposits with and loans to credit institutions were as follows:

	2014	2013	2014	2013
	USD	USD	Equivalent VND million Note 2(d)	Equivalent VND million Note 2(d)
Opening balance	3,059,707	1,635,827	64,364	34,071
Allowance (reversed)/made during the year	(3,059,707)	1,423,880	(65,007)	29,953
Foreign currency translation difference	-	-	643	340
Closing balance	-	3,059,707	-	64,364

Effective year-end annual interest rates are as follows:

	31/12/2014	31/12/2013
Current accounts in VND	1.0%	1.2%
Current accounts in foreign currencies	0.1%	0.1%
Term deposits in VND	2.63% - 5.06%	N/A
Term deposits in foreign currencies	0.32% - 1.28%	N/A
Loans in VND	6.42% - 9.79%	3% - 12%
Loans in foreign currencies	1.20% - 3.65%	0.80% - 3.69%

8. Securities held-for-trading

	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	USD	USD	Equivalent VND million Note 2(d)	Equivalent VND million Note 2(d)
Equity securities				
▪ Shares issued by local economic entities	3,002,519	3,158,375	63,792	66,440
Debt securities				
▪ Corporate bonds issued by local economic entities	4,706,769	17,588,895	100,000	370,000
	7,709,288	20,747,270	163,792	436,440
Allowance for diminution in value of securities held-for-trading (*)	(965,473)	(1,076,697)	(20,512)	(22,650)
	6,743,815	19,670,573	143,280	413,790

Securities held-for-trading are categorised by listing status as follows:

	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	USD	USD	Equivalent VND million Note 2(d)	Equivalent VND million Note 2(d)
Equity securities				
▪ Unlisted	3,002,519	3,158,375	63,792	66,440
Debt securities				
▪ Unlisted	4,706,769	17,588,895	100,000	370,000
	<u>7,709,288</u>	<u>20,747,270</u>	<u>163,792</u>	<u>436,440</u>

(*) Allowance for diminution in value of securities held-for-trading consists of:

	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	USD	USD	Equivalent VND million Note 2(d)	Equivalent VND million Note 2(d)
General allowance (i)	17,650	-	375	-
Specific allowance (ii)	947,823	1,076,697	20,137	22,650
	<u>965,473</u>	<u>1,076,697</u>	<u>20,512</u>	<u>22,650</u>

(i) Movements in general allowance for securities held-for-trading during the year were as follows:

	2014	2013	2014	2013
	USD	USD	Equivalent VND million Note 2(d)	Equivalent VND million Note 2(d)
Opening balance	-	-	-	-
Allowance made during the year	123,552	-	2,625	-
Allowance reversed during the year	(105,902)	-	(2,250)	-
Closing balance	<u>17,650</u>	<u>-</u>	<u>375</u>	<u>-</u>

- (ii) Movements in specific allowance for diminution in value of securities held-for-trading during the year were as follows:

	2014	2013	2014	2013
	USD	USD	Equivalent VND million Note 2(d)	Equivalent VND million Note 2(d)
Opening balance	1,076,697	1,858,733	22,650	38,714
Allowance reversed during the year	(128,874)	(782,036)	(2,738)	(16,451)
Foreign currency translation difference	-	-	225	387
Closing balance	947,823	1,076,697	20,137	22,650

9. Loans and advances to customers

	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	USD	USD	Equivalent VND million Note 2(d)	Equivalent VND million Note 2(d)
Loans to local economic entities and individuals	631,662,492	540,599,918	13,420,301	11,372,060
Loans to foreign economic entities and individuals	6,895,436	9,392,375	146,500	197,578
	638,557,928	549,992,293	13,566,801	11,569,638

Loan portfolio by loan group is as follows:

	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	USD	USD	Equivalent VND million Note 2(d)	Equivalent VND million Note 2(d)
Group 1 - Current loans	621,740,078	524,062,427	13,209,488	11,024,177
Group 2 - Special-mentioned loans	9,158,454	12,201,985	194,581	256,681
Group 3 - Sub-standard loans	1,403,735	7,741,659	29,824	162,854
Group 4 - Doubtful loans	706,391	3,478,126	15,008	73,166
Group 5 - Loss loans	5,549,270	2,508,096	117,900	52,760
	638,557,928	549,992,293	13,566,801	11,569,638

Loan portfolio by term is as follows:

	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	USD	USD	Equivalent VND million Note 2(d)	Equivalent VND million Note 2(d)
Short-term loans	266,146,537	231,532,326	5,654,548	4,870,514
Medium-term loans	61,171,696	56,750,111	1,299,654	1,193,795
Long-term loans	311,239,695	261,709,856	6,612,599	5,505,329
	638,557,928	549,992,293	13,566,801	11,569,638

Loan portfolio by industry is as follows:

	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	USD	USD	Equivalent VND million Note 2(d)	Equivalent VND million Note 2(d)
Trading and motor vehicle repairing	128,411,523	77,327,598	2,728,231	1,626,663
Technology, science and specialist industry	48,056	169,281	1,021	3,561
Mining and processing	249,467,654	221,123,102	5,300,190	4,651,546
Accommodation and restaurant services	2,778,549	1,772,590	59,033	37,288
Electricity, oil and gas supply	18,480,771	19,191,432	392,642	403,711
Training and education	1,394,300	1,275,940	29,623	26,841
Administration and support services	-	29,215	-	615
Real estate	14,191,147	15,351,536	301,505	322,935
Agriculture, forestry and aquatics	4,732,600	809,805	100,549	17,035
Financial services	1,138,002	1,529,711	24,178	32,179
Telecommunication	28,785,553	34,646,802	611,578	728,830
Logistics	60,282,802	64,877,354	1,280,768	1,364,760
Construction	65,992,774	59,085,973	1,402,082	1,242,933
Health care and social support	6,212,220	4,326,157	131,985	91,005
Others	56,641,977	48,475,797	1,203,416	1,019,736
	638,557,928	549,992,293	13,566,801	11,569,638

Loan portfolio by type of borrowers is as follows:

	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	USD	USD	Equivalent VND million Note 2(d)	Equivalent VND million Note 2(d)
State owned companies	168,859,704	155,304,917	3,587,593	3,266,994
Limited liability companies	138,654,283	100,906,837	2,945,849	2,122,676
Joint stock companies	155,879,280	133,148,125	3,311,811	2,800,904
Private companies	12,149,101	10,900,824	258,120	229,310
Foreign invested companies	124,242,187	117,568,299	2,639,649	2,473,167
Individuals	38,773,373	32,163,291	823,779	676,587
	638,557,928	549,992,293	13,566,801	11,569,638

Effective year-end annual interest rates are as follows:

	31/12/2014	31/12/2013
Loans and advances in VND	3.00% - 22%	3.50% - 22%
Loans and advances in USD	1.85% - 7.0%	2.35% - 7.5%

10. Allowance for loans and advances to customers

Allowance for loans and advances to customers consists of:

	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	USD	USD	Equivalent VND million Note 2(d)	Equivalent VND million Note 2(d)
General allowance (i)	4,432,418	4,072,176	94,171	85,662
Specific allowance (ii)	609,161	4,955,773	12,942	104,250
	5,041,579	9,027,949	107,113	189,912

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

	2014	2013	2014	2013
	USD	USD	Equivalent	Equivalent
			VND million	VND million
			Note 2(d)	Note 2(d)
Opening balance	4,072,176	3,741,700	85,662	77,932
Allowance made during the year	763,542	583,887	16,222	12,283
Allowance reversed during the year	(403,300)	(253,411)	(8,569)	(5,331)
Foreign currency translation difference	-	-	856	778
Closing balance	4,432,418	4,072,176	94,171	85,662

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

	2014	2013	2014	2013
	USD	USD	Equivalent	Equivalent
			VND million	VND million
			Note 2(d)	Note 2(d)
Opening balance	4,955,773	6,521,356	104,250	135,827
Allowance made during the year	7,892,259	3,287,994	167,679	69,166
Allowance reversed during the year	(5,623,366)	(214,958)	(119,474)	(4,521)
Allowance utilised during the year	(6,615,505)	(4,638,619)	(140,553)	(97,578)
Foreign currency translation difference	-	-	1,040	1,356
Closing balance	609,161	4,955,773	12,942	104,250

11. Investment securities

	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	USD	USD	Equivalent VND million Note 2(d)	Equivalent VND million Note 2(d)
Available-for-sale securities				
<i>Debt securities</i>				
▪ Government bonds	72,716,767	26,393,217	1,544,940	555,208
<i>Equity securities</i>				
▪ Shares issued by local economic entities	652,358	658,871	13,860	13,860
	73,369,125	27,052,088	1,558,800	569,068
Held-to-maturity securities				
<i>Debt securities</i>				
▪ Bonds issued by local economic entities (i)	58,834,604	22,818,026	1,250,000	480,000
Allowance for diminution in value of investment securities (ii)	(405,959)	-	(8,625)	-
	131,797,770	49,870,114	2,800,175	1,049,068

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

	31/12/2014		31/12/2013	
	Term	Interest rate	Term	Interest rate
Available-for-sale securities				
▪ Government bonds in VND	1 – 5 years	5.20% – 12.40%	1 – 4 years	9.00% – 13.10%
Held-to-maturity securities				
▪ Corporate bonds in VND	3 – 5 years	10.85% – 14.00%	3 – 5 years	11.00% – 14.53%

- (i) As at 31 December 2014, these bonds were issued by three local companies (31/12/2013: USD22,818,026) and secured by land use rights, mining exploitation rights and assets financed by these bonds amounting to USD162,764,534 (equivalent to VND3,458,095 million) (31/12/2013: USD29,657,817, equivalent to VND623,882 million).

- (ii) Movements in allowance for diminution in value of investment securities during the year were as follows:

	2014	2013	2014	2013
	USD	USD	Equivalent VND million Note 2(d)	Equivalent VND million Note 2(d)
Opening balance	-	-	-	-
Allowance made during the year (*)	405,959	-	8,625	-
Closing balance	405,959	-	8,625	-

- (*) The allowance was related to general allowance made for unlisted bonds issued by local economic entities.

12. Tangible fixed assets

Year ended 31 December 2014

	Buildings and leasehold improvements USD	Office equipment, furniture & fixtures USD	Motor vehicles USD	Total USD
Cost				
Opening balance	9,755,481	4,514,624	1,780,327	16,050,432
Additions	4,826	153,957	81,734	240,517
Transfer from construction in progress	982,053	1,116,993	750,923	2,849,969
Disposals	(33,858)	(1,832)	(96,455)	(132,145)
Closing balance	10,708,502	5,783,742	2,516,529	19,008,773
<i>Closing balance – Equivalent VND million (Note 2(d))</i>	<i>227,513</i>	<i>122,881</i>	<i>53,466</i>	<i>403,860</i>
Accumulated depreciation				
Opening balance	1,654,998	3,415,085	1,280,558	6,350,641
Charge for the year	541,541	532,880	247,595	1,322,016
Disposals	(25,412)	(1,832)	(96,455)	(123,699)
Closing balance	2,171,127	3,946,133	1,431,698	7,548,958
<i>Closing balance – Equivalent VND million (Note 2(d))</i>	<i>46,128</i>	<i>83,840</i>	<i>30,417</i>	<i>160,385</i>
Net book value				
Opening balance	8,100,483	1,099,539	499,769	9,699,791
Closing balance	8,537,375	1,837,609	1,084,831	11,459,815
<i>Closing balance – Equivalent VND million (Note 2(d))</i>	<i>181,385</i>	<i>39,041</i>	<i>23,049</i>	<i>243,475</i>

12. Tangible fixed assets (continued)

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)	-	-	(20,683)
Reclassifications (*)	(10,106)	(825,292)	(33,315)	(868,713)
Closing balance	9,755,481	4,514,624	1,780,327	16,050,432
<i>Closing balance – Equivalent VND million (Note 2(d))</i>	<i>205,216</i>	<i>94,970</i>	<i>37,451</i>	<i>337,637</i>
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)	-	-	(17,001)
Reclassifications (*)	(3,043)	(609,979)	(2,786)	(615,808)
Closing balance	1,654,998	3,415,085	1,280,558	6,350,641
<i>Closing balance – Equivalent VND million (Note 2(d))</i>	<i>34,814</i>	<i>71,840</i>	<i>26,938</i>	<i>133,592</i>
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>	<i>170,402</i>	<i>23,130</i>	<i>10,513</i>	<i>204,045</i>

- (*) 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 fixed assets are reclassified to Prepaid expenses (Note 15(ii)).

Included in the cost of tangible fixed assets were assets costing USD4,297,925 (equivalent to VND91,314 million) which were fully depreciated as of 31 December 2014 (31/12/2013: USD2,689,109 (equivalent to VND56,568 million)), but which are still in use.

13. Intangible fixed assets

Year ended 31 December 2014	Land use rights USD	Software USD	Total USD
Cost			
Opening balance	12,189,508	1,427,948	13,617,456
Additions	-	184,235	184,235
Transfer from construction in progress	-	6,133	6,133
Closing balance	12,189,508	1,618,316	13,807,824
<i>Closing balance Equivalent VND million (Note 2(d))</i>	258,978	34,383	293,361
Accumulated amortisation			
Opening balance	212,821	1,253,774	1,466,595
Charge for the year	16,485	116,255	132,740
Closing balance	229,306	1,370,029	1,599,335
<i>Closing balance Equivalent VND million (Note 2(d))</i>	4,872	29,107	33,979
Net book value			
Opening balance	11,976,687	174,174	12,150,861
Closing balance	11,960,202	248,287	12,208,489
<i>Closing balance Equivalent VND million (Note 2(d))</i>	254,106	5,276	259,382

13. Intangible fixed assets (continued)

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	-	23,322	23,322
Written off	-	(2,549)	(2,549)
Closing balance	12,189,508	1,427,948	13,617,456
<i>Closing balance Equivalent VND million (Note 2(d))</i>	256,419	30,038	286,457
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 Equivalent VND million (Note 2(d))</i>	4,477	26,374	30,851
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 Equivalent VND million (Note 2(d))</i>	251,942	3,664	255,606

Included in the cost of intangible fixed assets were assets costing USD1,129,514 (equivalent to VND23,998 million) which were fully depreciated as of 31 December 2014 (31/12/2013: USD37,987 (equivalent to VND799 million)), but which are still in use.

14. Receivables

	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	USD	USD	Equivalent VND million Note 2(d)	Equivalent VND million Note 2(d)
Security deposits	354,901	699,001	7,540	14,704
Receivables from SBV relating to Interest Subsidy Program	179,712	181,507	3,818	3,818
	534,613	880,508	11,358	18,522

15. Other assets

	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	USD	USD	Equivalent VND million Note 2(d)	Equivalent VND million Note 2(d)
Construction in progress (i)	2,622,877	3,800,660	55,726	79,951
Prepaid expenses (ii)	1,652,226	885,012	35,103	18,617
Advances for ATM cash replenishment	-	268,587	-	5,650
Prepayments to suppliers	355,255	93,346	7,548	1,964
Office tools and supplies	99,022	86,106	2,104	1,811
Advances for operations	1,795	619	38	13
Others	94,979	157,875	2,018	3,321
	4,826,154	5,292,205	102,537	111,327

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

	2014	2013	2014	2013
	USD	USD	Equivalent VND million Note 2(d)	Equivalent VND million Note 2(d)
Opening balance	3,800,660	5,670,130	79,951	118,097
Additions during the year	2,400,195	3,101,743	50,995	65,248
Transfer to tangible fixed assets	(2,849,969)	(4,971,213)	(60,550)	(104,574)
Transfer to intangible fixed assets	(6,133)	-	(130)	-
Transfer to prepaid expenses	(721,876)	-	(15,337)	-
Foreign currency translation difference	-	-	797	1,180
Closing balance	2,622,877	3,800,660	55,726	79,951

Major construction in progress were as follows:

	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	USD	USD	Equivalent VND million Note 2(d)	Equivalent VND million Note 2(d)
Buildings	2,162,341	2,942,461	45,941	61,898
Motor vehicles	-	611,903	-	12,872
Office equipment	-	246,296	-	5,181
Software	460,536	-	9,785	-
Closing balance	2,622,877	3,800,660	55,726	79,951

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

	2014	Tools and instruments 2013	2014	2013
	USD	USD	Equivalent VND million Note 2(d)	Equivalent VND million Note 2(d)
Opening balance	885,012	476,817	18,617	9,931
Additions	3,384,173	2,807,329	71,900	59,055
Reclassifications from tangible fixed assets (*)	-	252,905	-	5,320
Transfer from construction in progress	721,876	-	15,337	-
Amortisation for the year	(3,338,835)	(2,652,039)	(70,937)	(55,788)
Foreign currency translation difference	-	-	186	99
Closing balance	1,652,226	885,012	35,103	18,617

(*) 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 year (Note 12). 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.

16. Deposits and borrowings from credit institutions

	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	USD	USD	Equivalent VND million Note 2(d)	Equivalent VND million Note 2(d)
Demand deposits				
Demand deposits in VND	74,007	62,668	1,572	1,318
Demand deposits in foreign currencies	648,691	84,128	13,782	1,770
Term deposits				
Term deposits in VND	9,413,537	9,507,511	200,000	200,000
Term deposits in foreign currencies	19,500,000	16,132,130	414,297	339,355
Borrowings				
Borrowings in VND	-	166,381,441	-	3,500,000
Borrowings in foreign currencies	119,903,150	60,587,702	2,547,462	1,274,523
	149,539,385	252,755,580	3,177,113	5,316,966

Effective year-end annual interest rates are as follows:

	31/12/2014	31/12/2013
Demand deposits in VND	1.00%	1.20%
Demand deposits in foreign currencies	0.10%	0.10%
Term deposits in VND	2.66% - 4.97%	5.00%
Term deposits in foreign currencies	0.10% - 1.00%	0.10%
Borrowings in VND	N/A	5.2% - 5.63%
Borrowings in foreign currencies	0.24% - 1.10%	0.3% - 1.05%

17. Deposits from customers

	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	USD	USD	Equivalent VND million Note 2(d)	Equivalent VND million Note 2(d)
Current accounts				
Current accounts in VND	143,283,538	122,458,510	3,044,202	2,576,038
Current accounts in foreign currencies	99,310,460	89,237,337	2,109,950	1,877,196
Term deposits				
Term deposits in VND	429,948,197	293,705,887	9,134,679	6,178,397
Term deposits in foreign currencies	75,522,879	77,347,956	1,604,559	1,627,092
Margin deposits				
Margin deposits in VND	532,447	754,230	11,312	15,866
Margin deposits in foreign currencies	2,617,321	3,203,288	55,609	67,384
	751,214,842	586,707,208	15,960,311	12,341,973

Deposits from customers by type of customers are as follows:

	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	USD	USD	Equivalent VND million Note 2(d)	Equivalent VND million Note 2(d)
Economic entities	536,086,314	395,330,240	11,389,690	8,316,167
Individuals	215,128,528	191,376,968	4,570,621	4,025,806
	751,214,842	586,707,208	15,960,311	12,341,973

Effective year-end annual interest rates are as follows:

	31/12/2014	31/12/2013
Current accounts in VND	1.0%	1.2%
Current accounts in foreign currencies	0.1%	0.1%
Term deposits in VND	1.0% - 8.7%	1.2% - 9.0%
Term deposits in foreign currencies	0.25% - 2%	0.25% - 2%
Margin deposits in VND	0%	0%
Margin deposits in foreign currencies	0%	0%

18. Derivatives and other financial liabilities

	Total contract value (at the foreign exchange rate at the contract date)		Total carrying value (at the foreign exchange rate at the reporting date)	
	USD	Equivalent VND million Note 2(d)	USD	Equivalent VND million Note 2(d)
At as 31 December 2014				
Cross currency swap contracts	23,685,457	500,000	696,223	14,792

19. Other liabilities

	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	USD	USD	Equivalent VND million Note 2(d)	Equivalent VND million Note 2(d)
Profits distribution payable	19,000,000	8,000,000	403,674	168,288
Escrow fund	8,665,369	79,851	184,104	1,680
Remittances payable	520,793	1,093,858	11,065	23,010
Taxes payable (Note 32)	761,249	521,006	16,173	10,960
Bonus and welfare fund	241,833	-	5,138	-
Payables to other credit institutions relating to ATM transactions	116,596	120,634	2,477	2,538
Others	35,466	36,987	755	778
	29,341,306	9,852,336	623,386	207,254

20. Provision for off-balance sheet commitments

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

	2014	2013	2014	2013
	USD	USD	Equivalent VND million Note 2(d)	Equivalent VND million Note 2(d)
Opening balance	468,280	458,474	9,851	9,549
Provision made during the year	-	201,802	-	4,245
Provision reversed during the year	(468,280)	(191,996)	(9,949)	(4,038)
Foreign currency translation difference	-	-	98	95
Closing balance	-	468,280	-	9,851

21. 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 fund USD	Retained profits USD	Total USD
Balance at 1 January 2013	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 and fund	-	-	-	-	(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
Net profit for the year	-	-	-	-	-	15,220,247	15,220,247
Transfer to reserves	-	761,012	1,445,923	-	252,000	(2,458,935)	-
Utilisation of reserves and fund	-	-	-	-	(180,868)	-	(180,868)
Reclassify to liabilities	-	-	-	-	(313,882)	-	(313,882)
Profits distribution	-	-	-	-	-	(11,000,000)	(11,000,000)
Balance at 31 December 2014	193,000,000	7,111,914	13,570,550	199,380	-	13,988,412	227,870,256

	Contributed capital USD	Reserve to supplement contributed capital USD	Financial reserve USD	Development reserve USD	Bonus fund USD	Retained profits USD	Total USD
Equivalent VND million (Note 2(d))							
Balance at 1 January 2013	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 and fund	-	-	-	-	(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
Net profit for the year	-	-	-	-	-	323,369	323,369
Transfer to reserves	-	16,168	30,720	-	5,354	(52,242)	-
Utilisation of reserves and fund	-	-	-	-	(3,971)	-	(3,971)
Reclassify to liabilities	-	-	-	-	(6,540)	-	(6,540)
Profits distribution	-	-	-	-	-	(233,706)	(233,706)
Foreign currency translation difference	40,530	1,333	2,545	43	51	2,569	47,071
Balance at 31 December 2014	4,100,478	151,099	288,320	4,237	-	297,198	4,841,332

(ii) **Contributed capital**

The Bank's authorised and contributed capital are:

	Authorised and contributed			
	31/12/2014		31/12/2013	
	USD	%	USD	%
Vietinbank	96,500,000	50%	96,500,000	50%
Cathay United Bank	96,500,000	50%	96,500,000	50%
	193,000,000	100%	193,000,000	100%

(iii) **Profits distribution**

The Members' Council Meeting on 12 May 2014 resolved to distribute profit amounting to USD11,000,000 (equivalent to VND233,706 million) from profit after tax of the year ended 31 December 2013 (2013: USD10,000,000 (equivalent to VND210,360 million) from profit after tax for the year ended 31 December 2012) to the Bank's investors.

22. Net interest income

	2014	2013	2014	2013
	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	13,940,818	18,944,217	296,186	398,511
Loans and advances to customers	39,339,485	41,272,440	835,807	868,207
Investments securities	8,043,954	9,295,688	170,902	195,544
Guarantee services	992,517	-	21,087	-
	62,316,774	69,512,345	1,323,982	1,462,262
<i>Interest and similar expenses on</i>				
Deposits from credit institutions and customers	(26,903,486)	(27,505,311)	(571,591)	(578,602)
Borrowings from credit institutions	(3,090,587)	(10,748,752)	(65,663)	(226,111)
Others	(1,115,097)	(224,365)	(23,691)	(4,719)
	(31,109,170)	(38,478,428)	(660,945)	(809,432)
	31,207,604	31,033,917	663,037	652,830

23. Net fee and commission income

	2014 USD	2013 USD	2014 Equivalent VND million Note 2(d)	2013 Equivalent VND million Note 2(d)
<i>Fee and commission income</i>				
Settlement, cash and trade finance services	2,383,739	2,228,918	50,645	46,888
Guarantee services	-	824,259	-	17,339
Others	107,170	304,090	2,277	6,396
	<u>2,490,909</u>	<u>3,357,267</u>	<u>52,922</u>	<u>70,623</u>
<i>Fee and commission expenses</i>				
Settlement and cash services	(555,335)	(571,957)	(11,799)	(12,032)
Others	(4,616)	(4,688)	(98)	(98)
	<u>(559,951)</u>	<u>(576,645)</u>	<u>(11,897)</u>	<u>(12,130)</u>
	<u>1,930,958</u>	<u>2,780,622</u>	<u>41,025</u>	<u>58,493</u>

24. Net (loss)/gain from trading of foreign currencies

	2014 USD	2013 USD	2014 Equivalent VND million Note 2(d)	2013 Equivalent VND million Note 2(d)
Gain from spot foreign exchange contracts	1,328,514	1,526,719	28,226	32,116
Loss from spot foreign exchange contracts	(375,522)	(347,146)	(7,978)	(7,303)
Gain from derivatives	861,000	-	18,293	-
Loss from derivatives	(2,370,091)	-	(50,356)	-
	<u>(556,099)</u>	<u>1,179,573</u>	<u>(11,815)</u>	<u>24,813</u>

25. Net gain from trading of securities held-for-trading

	2014 USD	2013 USD	2014 Equivalent VND million Note 2(d)	2013 Equivalent VND million Note 2(d)
Gains from trading of securities held-for-trading	916,750	1,492,930	19,477	31,405
Reversal of allowance for diminution in value of securities held-for-trading	128,874	782,036	2,738	16,451
	1,045,624	2,274,966	22,215	47,856

26. Other income – net

	2014 USD	2013 USD	2014 Equivalent VND million Note 2(d)	2013 Equivalent VND million Note 2(d)
Other income				
Net reversal of allowance and provision expenses (Notes 7, 8, 10, 11 and 20)	475,243	-	10,098	-
Proceeds from disposals of fixed assets	9,873	13,702	210	288
Recoveries from bad debts written off	970,535	96,021	20,620	2,020
Other income	4,812	15,727	101	331
	1,460,463	125,450	31,029	2,639
Other expense				
Net book value of fixed assets disposed	(8,446)	(3,682)	(179)	(77)
Others	(1,979)	(1,865)	(42)	(40)
	(10,425)	(5,547)	(221)	(117)
	1,450,038	119,903	30,808	2,522

27. Income from investment in other entities

	2014	2013	2014	2013
	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
▪ Available-for-sale securities	184,484	-	3,920	-
	184,484	259,957	3,920	5,468

28. Operating expenses

	2014	2013	2014	2013
	USD	USD	Equivalent VND million Note 2(d)	Equivalent VND million Note 2(d)
1. Tax, duties and fees	54,383	44,935	1,155	945
2. Salaries and related expenses	8,089,944	7,388,333	171,879	155,422
In which:				
▪ <i>Salaries and allowances</i>	4,710,848	4,617,602	100,087	97,136
▪ <i>Bonuses</i>	1,610,291	1,449,207	34,212	30,486
▪ <i>Others</i>	1,768,805	1,321,524	37,580	27,800
3. Expenses on assets	3,655,662	3,794,548	77,669	79,822
In which:				
▪ <i>Depreciation and amortisation charges</i>	1,454,756	1,152,323	30,908	24,240
▪ <i>Asset leasing</i>	1,235,191	1,529,893	26,243	32,183
▪ <i>Office material expenses</i>	55,379	543,471	1,177	11,432
▪ <i>Maintenance and repair of assets</i>	703,430	434,339	14,945	9,137
▪ <i>Tools and equipment expenses</i>	206,906	134,522	4,396	2,830
4. Administration expenses	3,759,836	2,742,747	79,881	57,696
In which:				
▪ <i>Marketing, promotion and printing expenses</i>	1,138,268	806,830	24,184	16,972
▪ <i>Travelling expenses</i>	415,706	356,968	8,832	7,509
▪ <i>Non-deductible value added tax</i>	339,047	412,447	7,203	8,676
▪ <i>Telecommunication expenses</i>	294,377	268,143	6,254	5,641
▪ <i>Others</i>	1,572,438	898,359	33,408	18,898
5. Insurance expenses	229,361	219,244	4,874	4,612
	15,789,186	14,189,807	335,458	298,497

29. Income tax

(a) Recognised in the statement of income

	2014	2013	2014	2013
	USD	USD	Equivalent VND million Note 2(d)	Equivalent VND million Note 2(d)
Current tax expense				
Current year	4,252,584	4,390,645	90,350	92,362
Under provision in prior years	592	-	13	-
	4,253,176	4,390,645	90,363	92,362
Deferred tax expense	-	-	-	-
Income tax expense	4,253,176	4,390,645	90,363	92,362

(b) Reconciliation of effective tax rate

	2014	2013	2014	2013
	USD	USD	Equivalent VND million Note 2(d)	Equivalent VND million Note 2(d)
Profit before tax	19,473,423	17,739,959	413,732	373,177
Tax at the Bank's tax rate	4,284,153	4,434,990	91,021	93,294
Non-deductible expenses	10,313	20,644	219	435
Non-taxable income	(41,882)	(64,989)	(890)	(1,367)
Under provision in prior years	592	-	13	-
	4,253,176	4,390,645	90,363	92,362

(c) Applicable tax rate

The Bank's income tax rate is 22% and 25% for the years ended 31 December 2014 and 2013, respectively. The usual income tax rate applicable to enterprises is 22% for 2014 and 2015, and will be reduced to 20% from 2016.

30. Cash and cash equivalents

	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	USD	USD	Equivalent VND million Note 2(d)	Equivalent VND million Note 2(d)
Cash on hand	10,390,602	9,434,230	220,759	198,458
Balances with the State Bank of Vietnam	36,794,595	27,907,649	781,738	587,065
Deposits with and loans to credit institutions with original terms to maturities of not more than three months	271,440,548	205,583,856	5,767,026	4,324,662
	318,625,745	242,925,735	6,769,523	5,110,185

31. Employees' benefits

	2014	2013	2014	2013
	USD	USD	Equivalent VND million Note 2(d)	Equivalent VND million Note 2(d)
Total number of employees	745	694	745	694
Employees' income				
1. Salaries and allowances	4,710,848	4,617,602	100,087	97,136
2. Bonuses	1,610,291	1,449,207	34,212	30,486
3. Others	342,417	578,032	7,275	12,159
4. Total (1+2+3)	6,663,556	6,644,841	141,574	139,781
Average annual salary/employee	6,323	6,654	134	140
Average annual income/employee	8,944	9,575	190	201

32. Obligations to the State Treasury

	Year ended 31 December 2014				Closing balance USD
	Opening balance USD	Movements Incurred USD	Paid USD	Foreign currency translation difference USD	
Value added tax	19,262	239,486	(210,722)	-	48,026
Personal income tax	21,194	257,984	(260,323)	-	18,855
Corporate income tax	479,633	4,253,176	(4,043,767)	-	689,042
Withholding tax	917	46,478	(42,069)	-	5,326
	521,006	4,797,124	(4,556,881)	-	761,249

Equivalent VND million (Note 2(d))					
Value added tax	405	5,088	(4,477)	4	1,020
Personal income tax	446	5,481	(5,531)	5	401
Corporate income tax	10,090	90,363	(85,815)	1	14,639
Withholding tax	19	987	(894)	1	113
	10,960	101,919	(96,717)	11	16,173

	Year ended 31 December 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

33. Type and value of collaterals received from customers

	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	USD	USD	Equivalent VND million Note 2(d)	Equivalent VND million Note 2(d)
Real estates	561,961,012	451,597,986	11,939,424	9,499,815
Inventories	116,884,982	134,028,195	2,483,338	2,819,417
Machinery and equipment	346,783,662	218,602,660	7,367,766	4,598,526
Shares and valuable papers	235,798,222	118,763,039	5,009,769	2,498,299
Other assets	126,673,937	175,581,869	2,691,314	3,693,540
	1,388,101,815	1,098,573,749	29,491,611	23,109,597

34. Contingent liabilities and commitments issued

	31/12/2014			31/12/2013		
	USD			USD		
	Contractual amount – gross	Margin deposits	Contractual amount – net	Contractual amount – gross	Margin deposits	Contractual amount – net
Letters of credit	30,408,693	555,122	29,853,571	36,068,332	754,230	35,314,102
Other guarantees	54,462,760	2,593,381	51,869,379	17,879,056	3,203,288	14,675,768
	84,871,453	3,148,503	81,722,950	53,947,388	3,957,518	49,989,870
	Equivalent VND million (Note 2(d))					
Letters of credit	646,063	11,794	634,269	758,733	15,866	742,867
Other guarantees	1,157,116	55,099	1,102,017	376,104	67,384	308,720
	1,803,179	66,893	1,736,286	1,134,837	83,250	1,051,587

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

	Total loan balances USD	Total deposit balances USD	Credit commitments USD	Derivatives USD	Trading and investment securities USD
As at 31 December 2014					
Domestic	677,076,029	657,163,473	84,871,453	23,685,457	139,913,017
Overseas	6,895,436	123,687,604	-	-	-
	683,971,465	780,851,077	84,871,453	23,685,457	139,913,017

	Equivalent VND million (Note 2(d))				
Domestic	14,385,157	13,962,095	1,803,179	500,000	2,972,592
Overseas	146,500	2,627,867	-	-	-
	14,531,657	16,589,962	1,803,179	500,000	2,972,592

	Total loan balances USD	Total deposit balances USD	Credit commitments USD	Trading and investment securities USD
As at 31 December 2013				
Domestic	928,397,541	492,781,142	53,947,388	70,617,384
Overseas	9,392,375	119,712,503	-	-
	937,789,916	612,493,645	53,947,388	70,617,384

	Equivalent VND million (Note 2(d))			
Domestic	19,529,771	10,366,144	1,134,837	1,485,508
Overseas	197,578	2,518,272	-	-
	19,727,349	12,884,416	1,134,837	1,485,508

36. Non-cash financing activities

	2014	2013	2014	2013
	USD	USD	Equivalent VND million Note 2(d)	Equivalent VND million Note 2(d)
Profits distribution declared but not paid	11,000,000	8,000,000	233,706	168,288
Conversion of profits distribution payable into contributed capital	-	28,000,000	-	583,184

37. 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	
			2014	2013	2014	2013
			USD	USD	Equivalent VND million Note 2(d)	Equivalent VND million Note 2(d)
Vietinbank	Investor	Borrowings	778,458,749	817,642,745	16,539,135	17,199,933
		Loans	1,212,294,191	1,184,124,982	25,756,402	24,909,253
		Interest income	6,569,424	8,031,862	139,574	168,958
		Interest expense	5,153,685	9,122,191	109,495	191,894
		Profits distribution	5,500,000	5,000,000	116,853	105,180
		Receipt of capital contribution in the form of profits distribution	-	14,000,000	-	294,504
CUB	Investor	Borrowings	1,325,000,000	541,000,000	28,150,950	11,380,476
		Interest expense	468,845	342,140	9,961	7,197
		Profits distribution	5,500,000	5,000,000	116,853	105,180
		Receipt of capital contribution in the form of profits distribution	-	14,000,000	-	294,504
CUB - Hong Kong	Related party	Term deposits	-	847,000,000	-	17,817,492
		Interest income	-	6,521	-	137
Remuneration of key personnel	Related party	Salaries and other benefits	301,235	296,000	6,400	6,227

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

Related parties	Relationship	Nature	31 December 2014 USD	31 December 2013 USD	31 December 2014 Equivalent VND million Note 2(d)	31 December 2013 Equivalent VND million Note 2(d)
Vietinbank	Investor	Deposits	1,387,082	540,082	29,470	11,361
		Loans	157,360,915	218,843,887	3,343,290	4,603,600
		Interest receivables	232,984	1,196,105	4,950	25,161
		Borrowings	(9,500,000)	(128,351,398)	(201,837)	(2,700,000)
		Interest payables	(1,425)	(652,419)	(30)	(13,724)
		Profits distribution payable	(9,500,000)	(4,000,000)	(201,837)	(84,144)
CUB	Investor	Deposits	477,095	252,447	10,136	5,310
		Borrowings	(112,000,000)	(40,000,000)	(2,379,552)	(841,440)
		Interest payables	(32,241)	(14,469)	(685)	(304)
		Profits distribution payable	(9,500,000)	(4,000,000)	(201,837)	(84,144)
CUB Chu Lai	Related party	Current accounts	(661,176)	(73,114)	(14,047)	(1,538)
CUB – RO	Related party	Current accounts	(36,679)	(40,930)	(779)	(861)

38. 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 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's 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.

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, machinery 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:

	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	USD	USD	Equivalent VND million Note 2(d)	Equivalent VND million Note 2(d)
Loans and receivables				
Balances with the SBV	36,794,595	27,907,649	781,738	587,065
Deposits with and loans to credit institutions -- gross	307,440,549	397,438,760	6,531,882	8,360,522
Loans and advances to customers -- gross	638,557,928	549,992,293	13,566,801	11,569,638
Receivables	534,613	880,508	11,358	18,522
Accrued interest and fees receivable	8,548,643	8,385,638	181,624	176,400
	991,876,328	984,604,848	21,073,403	20,712,147
Held-for-trading securities				
Held-for-trading securities -- gross	4,706,769	17,588,895	100,000	370,000
Investment securities				
Available-for-sale securities	72,716,767	26,393,217	1,544,940	555,208
Held-to-maturity securities -- gross	58,834,604	22,818,026	1,250,000	480,000
	131,551,371	49,211,243	2,794,940	1,035,208
Off-balance sheet commitments				
Letters of credit	30,408,693	36,068,332	646,063	758,733
Other guarantees	54,462,760	17,879,056	1,157,116	376,104
	84,871,453	53,947,388	1,803,179	1,134,837
	1,213,005,921	1,105,352,374	25,771,522	23,252,192

An analysis of collateral of financial assets at the reporting date is as follows:

As at 31 December 2014	Secured USD	Unsecured USD	Total USD
Loans and receivables			
Balances with the SBV	-	36,794,595	36,794,595
Deposits with and loans to credit institutions – gross (i)	-	307,440,549	307,440,549
Loans and advances to customers – gross (iii)	481,110,844	157,447,084	638,557,928
Receivables	-	534,613	534,613
Accrued interest and fees receivable	-	8,548,643	8,548,643
	481,110,844	510,765,484	991,876,328
Held-for-trading securities (ii)			
Held-for-trading securities – gross	-	4,706,769	4,706,769
Investment securities (ii)			
Available-for-sale securities	-	72,716,767	72,716,767
Held-to-maturity securities – gross	58,834,604	-	58,834,604
	58,834,604	72,716,767	131,551,371
Off-balance sheet commitments			
Letters of credit	18,560,196	11,848,497	30,408,693
Other guarantees	11,365,528	43,097,232	54,462,760
	29,925,724	54,945,729	84,871,453
	569,871,172	643,134,749	1,213,005,921

Equivalent VND million (Note 2(d))

Loans and receivables			
Balances with the SBV	-	781,738	781,738
Deposits with and loans to credit institutions – gross (i)	-	6,531,882	6,531,882
Loans and advances to customers – gross (iii)	10,221,681	3,345,120	13,566,801
Receivables	-	11,358	11,358
Interest and fees receivable	-	181,624	181,624
	10,221,681	10,851,722	21,073,403
Held-for-trading securities (ii)			
Held-for-trading securities – gross	-	100,000	100,000
Investment securities (ii)			
Available-for-sale securities	-	1,544,940	1,544,940
Held-to-maturity securities – gross	1,250,000	-	1,250,000
	1,250,000	1,544,940	2,794,940
Off-balance sheet commitments			
Letters of credit	394,330	251,733	646,063
Other guarantees	241,472	915,644	1,157,116
	635,802	1,167,377	1,803,179
	12,107,483	13,664,039	25,771,522

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 (iii)	436,888,315	113,103,978	549,992,293
Receivables	-	880,508	880,508
Accrued interest and fees receivable	-	8,385,638	8,385,638
	<hr/> 479,481,964	<hr/> 505,122,884	<hr/> 984,604,848 <hr/>
Held-for-trading securities (ii)			
Held-for-trading securities	-	17,588,895	17,588,895
Investment securities (ii)			
Available-for-sale securities	-	26,393,217	26,393,217
Held-to-maturity securities	22,818,026	-	22,818,026
	<hr/> 22,818,026	<hr/> 26,393,217	<hr/> 49,211,243 <hr/>
Off-balance sheet commitments			
Letters of credit	36,068,332	-	36,068,332
Other guarantees	12,791,024	5,088,032	17,879,056
	<hr/> 48,859,356	<hr/> 5,088,032	<hr/> 53,947,388 <hr/>
	<hr/> 551,159,346	<hr/> 554,193,028	<hr/> 1,105,352,374 <hr/>

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 (iii)	9,190,383	2,379,255	11,569,638
Receivables	-	18,522	18,522
Interest and fees receivable	-	176,400	176,400
	10,086,383	10,625,764	20,712,147
Held-for-trading securities (ii)			
Held-for-trading securities	-	370,000	370,000
Investment securities (ii)			
Available-for-sale securities	-	555,208	555,208
Held-to-maturity securities	480,000	-	480,000
	480,000	555,208	1,035,208
Off-balance sheet commitments			
Letters of credit	758,733	-	758,733
Other guarantees	269,072	107,032	376,104
	1,027,805	107,032	1,134,837
	11,594,188	11,658,004	23,252,192

(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 risk from these deposits and does not expect that these credit institutions may default and cause losses to the Bank.

(ii) **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.

(iii) **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.

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

	From 10 to 90 days USD	From 91 to 180 days USD	Overdue From 181 to 360 days USD	Over 360 days USD	Total USD
As at 31 December 2014					
Loans and receivables					
Loans and advances to customers – gross	5,784,326	-	301,171	5,136,454	11,221,951
Equivalent VND million (Note 2(d))					
Loans and receivables					
Loans and advances to customers – gross	122,894	-	6,399	109,129	238,422
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

An aging analysis of impaired financial assets is as follows:

	From 10 to 90 days USD	From 91 to 180 days USD	Overdue From 181 to 360 days USD	Over 360 days USD	Total USD
As at 31 December 2014					
Loans and receivables					
Loans and advances to customers – gross	3,374,128	1,403,735	405,220	412,816	5,595,899
Equivalent VND million (Note 2(d))					
Loans and receivables					
Loans and advances to customers – gross	71,687	29,824	8,609	8,771	118,891
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

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 33 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. Liquidity risk is managed across all classes of assets and liabilities with the objective that, even under stressful conditions, the Bank should have access to the necessary funds at reasonable cost to meet all its financial obligations.

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.

As at 31 December 2014	Overdue over 3 months USD	Overdue up to 3 months USD	Up to 1 month USD	From 1 month to 3 months USD	Current From 3 months to 12 months USD	From 1 year to 5 years USD	Over 5 years USD	Total USD
Assets								
Cash on hand	-	-	10,390,602	-	-	-	-	10,390,602
Balances with the SBV	-	-	36,794,595	-	-	-	-	36,794,595
Deposits with and loans to credit institutions – gross	-	-	192,613,476	78,827,073	36,000,000	-	-	307,440,549
Securities held-for-trading – gross	-	-	7,709,288	-	-	-	-	7,709,288
Loans and advances to customers – gross	7,659,396	9,158,454	25,065,190	72,505,358	167,759,225	132,434,153	223,976,152	638,557,928
Investment securities - gross	-	-	-	-	-	132,203,729	-	132,203,729
Fixed assets	-	-	-	-	-	-	23,668,304	23,668,304
Other assets	-	-	9,643,090	1,643,443	696,157	1,926,720	-	13,909,410
	7,659,396	9,158,454	282,216,241	152,975,874	204,455,382	266,564,602	247,644,456	1,170,674,405
Liabilities								
Deposits and borrowings from credit institutions	-	-	38,222,698	103,413,537	210,011	7,693,139	-	149,539,385
Deposits from customers	-	-	470,436,737	169,203,562	104,038,985	7,535,558	-	751,214,842
Derivatives and other financial liabilities	-	-	-	696,223	-	-	-	696,223
Other liabilities (including allowances of above financial assets)	-	-	13,446,497	241,833	8,665,369	19,000,000	-	41,353,699
	-	-	522,105,932	273,555,155	112,914,365	34,228,697	-	942,804,149
Net liquidity gap	7,659,396	9,158,454	(239,889,691)	(120,579,281)	91,541,017	232,335,905	247,644,456	227,870,256

As at 31 December 2014	Overdue over 3 months VND million Note 2(d)	Overdue 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)	Current From 3 months to 12 months VND million Note 2(d)	From 1 year 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	-	-	220,759	-	-	-	-	220,759
Balances with the SBV	-	-	781,738	-	-	-	-	781,738
Deposits with and loans to credit institutions – gross	-	-	4,092,266	1,674,760	764,856	-	-	6,531,882
Securities held-for-trading – gross	-	-	163,792	-	-	-	-	163,792
Loans and advances to customers – gross	162,732	194,581	532,534	1,540,449	3,564,212	2,813,696	4,758,597	13,566,801
Investment securities -gross	-	-	-	-	-	2,808,800	-	2,808,800
Fixed assets	-	-	-	-	-	-	502,857	502,857
Other assets	-	-	204,876	34,917	14,791	40,935	-	295,519
	162,732	194,581	5,995,965	3,250,126	4,343,859	5,663,431	5,261,454	24,872,148
Liabilities								
Deposits and borrowings from credit institutions	-	-	812,079	2,197,124	4,462	163,448	-	3,177,113
Deposits from customers	-	-	9,994,900	3,594,899	2,210,412	160,100	-	15,960,311
Derivatives and other financial liabilities	-	-	-	14,792	-	-	-	14,792
Other liabilities (including allowances of above financial assets)	-	-	285,684	5,138	184,104	403,674	-	878,600
	-	-	11,092,663	5,811,953	2,398,978	727,222	-	20,030,816
Net liquidity gap	162,732	194,581	(5,096,698)	(2,561,827)	1,944,881	4,936,209	5,261,454	4,841,332

As at 31 December 2013	Current							Total USD
	Overdue over 3 months USD	Overdue 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	Over 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	13,727,881	12,201,985	32,528,166	59,622,496	136,866,022	95,485,761	199,559,982	549,992,293
Investment securities - gross	-	-	2,852,254	-	7,368,321	39,649,539	-	49,870,114
Fixed assets	-	-	-	-	-	-	21,850,652	21,850,652
Other assets	-	-	9,872,679	885,012	1,873,940	1,926,720	-	14,558,351
	13,727,881	12,201,985	133,424,534	236,009,067	337,963,198	137,062,020	221,410,634	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 (including allowances of above financial assets)	-	-	20,111,921	-	79,851	8,000,000	-	28,191,772
	-	-	531,638,954	257,536,718	59,111,890	19,366,998	-	867,654,560
Net liquidity gap	13,727,881	12,201,985	(398,214,420)	(21,527,651)	278,851,308	117,695,022	221,410,634	224,144,759

As at 31 December 2013	Overdue over 3 months VND million Note 2(d)	Overdue 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)	Current From 3 months to 12 months VND million Note 2(d)	From 1 year 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	-	-	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 (*)	288,780	256,681	684,262	1,254,219	2,879,114	2,008,638	4,197,944	11,569,638
Investment securities - gross	-	-	60,000	-	155,000	834,068	-	1,049,068
Fixed assets	-	-	-	-	-	-	459,651	459,651
Other assets	-	-	207,682	18,617	39,420	40,530	-	306,249
	288,780	256,681	2,806,718	4,964,687	7,109,394	2,883,236	4,657,595	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 (including allowances of above financial assets)	-	-	423,074	-	1,680	168,289	-	593,043
	-	-	11,183,556	5,417,542	1,243,478	407,406	-	18,251,982
Net liquidity gap	288,780	256,681	(8,376,838)	(452,855)	5,865,916	2,475,830	4,657,595	4,715,109

(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.

As at 31 December 2014	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	-	10,390,602	-	-	-	-	-	-	10,390,602
Balances with the SBV	-	21,239,948	15,554,647	-	-	-	-	-	36,794,595
Deposits with and loans to credit institutions – gross	-	16,649,530	175,963,946	78,827,073	1,000,000	35,000,000	-	-	307,440,549
Securities held-for-trading – gross	-	3,002,519	-	4,706,769	-	-	-	-	7,709,288
Loans and advances to customers – gross	16,817,850	-	-	261,240,497	360,499,581	-	-	-	638,557,928
Investment securities – gross	-	652,358	-	58,834,604	-	-	72,716,767	-	132,203,729
Fixed assets	-	23,668,304	-	-	-	-	-	-	23,668,304
Other assets	-	13,909,410	-	-	-	-	-	-	13,909,410
	16,817,850	89,512,671	191,518,593	403,608,943	361,499,581	35,000,000	72,716,767	-	1,170,674,405
Liabilities									
Deposits and borrowings from credit institutions	-	722,699	37,500,000	107,502,965	3,813,721	-	-	-	149,539,385
Deposits from customers	-	-	470,436,737	169,203,562	80,644,271	23,721,412	7,208,860	-	751,214,842
Derivatives and other financial liabilities	-	-	-	696,223	-	-	-	-	696,223
Other liabilities (including allowances of above financial assets)	-	41,353,699	-	-	-	-	-	-	41,353,699
	-	42,076,398	507,936,737	277,402,750	84,457,992	23,721,412	7,208,860	-	942,804,149
Interest sensitivity gap of balance sheet items	16,817,850	47,436,273	(316,418,144)	126,206,193	277,041,589	11,278,588	65,507,907	-	227,870,256
Interest sensitivity gap of off-balance sheet items	-	-	-	-	23,533,842	-	-	-	23,533,842
Total interest sensitivity gap	16,817,850	47,436,273	(316,418,144)	126,206,193	300,575,431	11,278,588	65,507,907	-	251,404,098

As at 31 December 2014	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	-	220,759	-	-	-	-	-	-	220,759
Balances with the SBV	-	451,264	330,474	-	-	-	-	-	781,738
Deposits with and loans to credit institutions – gross	-	353,736	3,738,530	1,674,760	21,246	743,610	-	-	6,531,882
Securities held-for-trading – gross	-	63,792	-	100,000	-	-	-	-	163,792
Loans and advances to customers – gross	357,313	-	-	5,550,314	7,659,174	-	-	-	13,566,801
Investment securities – gross	-	13,860	-	1,250,000	-	-	1,544,940	-	2,808,800
Fixed assets	-	502,857	-	-	-	-	-	-	502,857
Other assets	-	295,519	-	-	-	-	-	-	295,519
	357,313	1,901,787	4,069,004	8,575,074	7,680,420	743,610	1,544,940	-	24,872,148
Liabilities									
Deposits and borrowings from credit institutions	-	15,354	796,725	2,284,008	81,026	-	-	-	3,177,113
Deposits from customers	-	-	9,994,900	3,594,899	1,713,368	503,985	153,159	-	15,960,311
Derivatives and other financial liabilities	-	-	-	14,792	-	-	-	-	14,792
Other liabilities (including allowances of above financial assets)	-	878,600	-	-	-	-	-	-	878,600
	-	893,954	10,791,625	5,893,699	1,794,394	503,985	153,159	-	20,030,816
Interest sensitivity gap of balance sheet items	357,313	1,007,833	(6,722,621)	2,681,375	5,886,026	239,625	1,391,781	-	4,841,332
Interest sensitivity gap of off-balance sheet items	-	-	-	-	500,000	-	-	-	500,000
Total interest sensitivity gap	357,313	1,007,833	(6,722,621)	2,681,375	6,386,026	239,625	1,391,781	-	5,341,332

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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	-	3,158,375	-	17,588,895	-	-	-	-	20,747,270
Loans and advances to customers – gross	25,929,866	-	-	221,504,566	302,557,861	-	-	-	549,992,293
Investment securities – gross	-	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
	25,929,866	64,986,645	42,663,769	414,595,020	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 (including 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	25,929,866	36,794,873	(386,887,875)	98,540,733	394,576,020	35,983,117	19,208,025	-	224,144,759
Interest sensitivity gap of off-balance sheet items	-	-	-	-	-	-	-	-	-
Total interest sensitivity gap	25,929,866	36,794,873	(386,887,875)	98,540,733	394,576,020	35,983,117	19,208,025	-	224,144,759

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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	-	66,440	-	370,000	-	-	-	-	436,440
Loans and advances to customers – gross	545,461	-	-	4,659,570	6,364,607	-	-	-	11,569,638
Investment securities – gross	-	13,860	-	-	420,000	60,000	555,208	-	1,049,068
Fixed assets	-	459,651	-	-	-	-	-	-	459,651
Other assets	-	306,249	-	-	-	-	-	-	306,249
	545,461	1,367,059	897,475	8,721,421	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 (including 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	545,461	774,016	(8,138,573)	2,072,903	8,300,301	756,941	404,060	-	4,715,109
Interest sensitivity gap of off-balance sheet items	-	-	-	-	-	-	-	-	-
Total interest sensitivity gap	545,461	774,016	(8,138,573)	2,072,903	8,300,301	756,941	404,060	-	4,715,109

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

As at 31 December 2014	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	3.41%	7.00%	N/A	N/A	N/A	N/A
▪ Foreign currencies	N/A	1.27%	1.40%	3.02%	3.63%	N/A	N/A
Securities held-for-trading							
▪ VND	N/A	N/A	13.50%	N/A	N/A	N/A	N/A
Loans and advances to customers							
▪ VND	12.23%	N/A	7.29%	7.10%	N/A	N/A	N/A
▪ Foreign currencies	3.72%	N/A	3.94%	3.57%	N/A	N/A	N/A
Investment securities							
▪ VND	N/A	N/A	11.00%	N/A	N/A	6.88%	N/A
<hr/>							
Liabilities							
Deposits and borrowings from credit institutions							
▪ VND	N/A	N/A	4.52%	N/A	N/A	N/A	N/A
▪ Foreign currencies	N/A	0.36%	0.70%	0.92%	N/A	N/A	N/A
Deposits from customers							
▪ VND	N/A	3.26%	5.78%	6.12%	6.86%	7.18%	N/A
▪ Foreign currencies	N/A	0.20%	0.44%	0.84%	0.95%	1.00%	N/A
<hr/>							

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%	N/A	8.69%	8.53%	N/A	N/A	N/A
▪ Foreign currencies	6.04%	N/A	4.51%	4.07%	N/A	N/A	N/A
Investment securities							
▪ VND	N/A	N/A	N/A	11.00%	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	N/A	N/A
Deposits from customers							
▪ VND	N/A	1.20%	6.79%	7.26%	7.36%	7.48%	N/A
▪ Foreign currencies	N/A	0.10%	0.88%	1.35%	1.35%	1.25%	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:

	31/12/2015	Exchange rate as at	
	Forecasted	31/12/2014	31/12/2013
		Actual	Actual
USD/VND	21,458	21,246	21,036
USD/EUR	0.9288	0.8212	0.7261

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As at 31 December 2014	VND USD	USD USD	EUR USD	Other currencies USD	Total USD
Assets					
Cash on hand	7,545,811	2,829,874	14,917	-	10,390,602
Balances with the SBV	22,717,915	14,076,680	-	-	36,794,595
Deposits with and loans to credit institutions – gross	141,396,634	165,456,075	363,955	223,885	307,440,549
Securities held-for-trading – gross	7,709,288	-	-	-	7,709,288
Loans and advances to customers – gross	318,817,803	319,740,125	-	-	638,557,928
Investment securities – gross	132,203,729	-	-	-	132,203,729
Fixed assets	-	23,668,304	-	-	23,668,304
Other assets	7,221,650	6,687,760	-	-	13,909,410
	637,612,830	532,458,818	378,872	223,885	1,170,674,405
Liabilities and equity					
Deposits and borrowings from credit institutions	9,487,544	140,051,841	-	-	149,539,385
Deposits from customers	573,764,182	176,943,158	409,573	97,929	751,214,842
Derivatives and other financial liabilities	696,223	-	-	-	696,223
Other liabilities (including allowances of above financial assets)	14,307,029	27,046,093	49	528	41,353,699
Capital and reserves	-	227,870,256	-	-	227,870,256
	598,254,978	571,911,348	409,622	98,457	1,170,674,405
FX position on balance sheet	39,357,852	(39,452,530)	(30,750)	125,428	-
FX position off-balance sheet	(23,533,842)	23,685,457	-	-	151,615
FX position on and off-balance sheet	15,824,010	(15,767,073)	(30,750)	125,428	151,615

As at 31 December 2014	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	160,319	60,124	316	-	220,759
Balances with the SBV	482,665	299,073	-	-	781,738
Deposits with and loans to credit institutions – gross	3,004,113	3,515,280	7,733	4,756	6,531,882
Securities held-for-trading – gross	163,792	-	-	-	163,792
Loans and advances to customers – gross	6,773,602	6,793,199	-	-	13,566,801
Investment securities – gross	2,808,800	-	-	-	2,808,800
Fixed assets	-	502,857	-	-	502,857
Other assets	153,431	142,088	-	-	295,519
	13,546,722	11,312,621	8,049	4,756	24,872,148
Liabilities and equity					
Deposits and borrowings from credit institutions	201,572	2,975,541	-	-	3,177,113
Deposits from customers	12,190,193	3,759,334	8,702	2,082	15,960,311
Derivatives and other financial liabilities	14,792	-	-	-	14,792
Other liabilities (including allowances of above financial assets)	303,967	574,621	1	11	878,600
Capital and reserves	-	4,841,332	-	-	4,841,332
	12,710,524	12,150,828	8,703	2,093	24,872,148
FX position on balance sheet	836,198	(838,207)	(654)	2,663	-
FX position off-balance sheet	(500,000)	503,221	-	-	3,221
FX position on and off-balance sheet	336,198	(334,986)	(654)	2,663	3,221

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 (including 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	-

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 (including 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	-

At 31 December 2014, 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 USD123,427 (equivalent to VND2,622 million) (31/12/2013: the decrease or increase respectively in the net profit would have amounted to approximately USD60,843 (equivalent to VND1,280 million)).

(e) **Fair values**

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:

	31/12/2014		31/12/2013	
	Carrying amount USD	Fair value USD	Carrying amount USD	Fair value USD
<i>Categorised as financial assets/(liabilities)</i>				
<i>at fair value through profit or loss:</i>				
▪ Equity securities held-for-trading	2,054,696	(*)	2,081,678	(*)
▪ Debt securities held-for-trading	4,706,769	(*)	17,588,895	(*)
▪ Derivatives	(696,223)	(*)	-	-
<i>Categorised as held-to-maturity investments:</i>				
▪ Held-to-maturity securities	58,428,645	(*)	22,818,026	(*)
<i>Categorised as loans and receivables:</i>				
▪ Balances with the SBV	36,794,595	36,794,595	27,907,649	27,907,649
▪ Deposits with and loans to credit institutions	307,440,549	(*)	394,379,053	(*)
▪ Loans and advances to customers	633,516,349	(*)	540,964,344	(*)
▪ Receivables	534,613	(*)	880,508	(*)
▪ Accrued interest and fees receivable	8,548,643	(*)	8,385,638	(*)
<i>Categorised as available-for-sale:</i>				
▪ Available-for-sale equity securities	652,358	(*)	658,871	(*)
▪ Available-for-sale debt securities	72,716,767	(*)	26,393,217	(*)
<i>Categorised as liabilities at amortised cost:</i>				
▪ Deposits and borrowings from credit institutions	(149,539,385)	(*)	(252,755,580)	(*)
▪ Deposits from customers	(751,214,842)	(*)	(586,707,208)	(*)
▪ Accrued interest and fees payable	(5,599,382)	(*)	(4,706,803)	(*)
▪ Other financial liabilities	(28,580,057)	(*)	(9,331,330)	(*)

	Equivalent VND million (Note 2(d))			
	31/12/2014		31/12/2013	
	Carrying amount	Fair value	Carrying amount Note 2(d)	Fair value Note 2(d)
<i>Categorised as financial assets/(liabilities)</i>				
<i>at fair value through profit or loss:</i>				
▪ Equity securities held-for-trading	43,654	(*)	43,790	(*)
▪ Debt securities held-for-trading	100,000	(*)	370,000	(*)
▪ Derivatives	(14,792)	(*)	-	-
<i>Categorised as held-to-maturity investments:</i>				
▪ Held-to-maturity securities	1,241,375	(*)	480,000	(*)
<i>Categorised as loans and receivables:</i>				
▪ Balances with the SBV	781,738	781,738	587,065	587,065
▪ Deposits with and loans to credit institutions	6,531,882	(*)	8,296,158	(*)
▪ Loans and advances to customers	13,459,688	(*)	11,379,726	(*)
▪ Receivables	11,358	(*)	18,522	(*)
▪ Accrued interest and fees receivable	181,624	(*)	176,400	(*)
<i>Categorised as available-for-sale:</i>				
▪ Available-for-sale equity securities	13,860	(*)	13,860	(*)
▪ Available-for-sale debt securities	1,544,940	(*)	555,208	(*)
<i>Categorised as liabilities at amortised cost:</i>				
▪ Deposits and borrowings from credit institutions	(3,177,113)	(*)	(5,316,966)	(*)
▪ Deposits from customers	(15,960,311)	(*)	(12,341,973)	(*)
▪ Accrued interest and fees payable	(118,964)	(*)	(99,012)	(*)
▪ Other financial liabilities	(607,213)	(*)	(196,294)	(*)

(*) 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.



39. Lease commitments

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

	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	USD	USD	Equivalent VND million Note 2(d)	Equivalent VND million Note 2(d)
Within 1 year	1,222,914	1,125,619	25,982	23,679
Within 2 to 5 years	2,518,153	1,671,701	53,501	35,166
Over 5 years	1,329,744	64,727	28,252	1,362
	5,070,811	2,862,047	107,735	60,207

27 March 2015

Prepared by:

Tran Le Thuy
 Chief Accountant

Approved by:

Le Van Phu
 First Deputy General Director

Yei-Fong Jan
 General Director