

**INDOVINA BANK LIMITED**

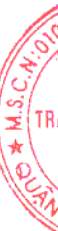
*(Incorporated in the Socialist Republic of Vietnam)*

**AUDITED FINANCIAL STATEMENTS**

**For the year ended 31 December 2018**

**TABLE OF CONTENTS**

<b><u>CONTENTS</u></b>	<b><u>PAGE(S)</u></b>
STATEMENT OF THE BOARD OF EXECUTIVES	1
INDEPENDENT AUDITORS' REPORT	2 - 3
BALANCE SHEET	4 - 5
INCOME STATEMENT	6
CASH FLOW STATEMENT	7 - 8
NOTES TO THE FINANCIAL STATEMENTS	9 - 44



**INDOVINA BANK LIMITED**

97A Nguyen Van Troi Street, Ward 12  
Phu Nhuan District, Ho Chi Minh City, S.R. Vietnam

**STATEMENT OF THE BOARD OF EXECUTIVES**

The Board of Executives of Indovina Bank Limited (the "Bank") presents this report together with the Bank's financial statements for the year ended 31 December 2018.

**BOARD OF MEMBERS AND THE BOARD OF EXECUTIVES**

The Board of Members and the Board of Executives of the Bank who held office during the year and at the date of this report are as follows:

**Board of Members**

Mr. Nguyen Anh Tuan	Chairman
Mr. Lee Ming-Hsien	Vice Chairman
Mr. Liu Chun Hao	Member (appointed on 31 May 2018)
Mr. Jan Yei-Fong	Member
Mr. Le Van Phu	Member
Mr. Lu Chan Kun	Member (resigned on 30 May 2018)
Ms. Nguyen Thu Hang	Member

**Board of Executives**

Mr. Liu Chun Hao	General Director (appointed on 31 May 2018)
Mr. Jan Yei-Fong	General Director (resigned on 30 May 2018)
Mr. Le Van Phu	First Deputy General Director
Mr. Chang Tsung Cheng	Second Deputy General Director (appointed on 16 October 2018)
Mr. Lu Chan Kun	Second Deputy General Director (resigned on 15 October 2018)

**THE BOARD OF EXECUTIVES' STATEMENT OF RESPONSIBILITY**

The Board of Executives of the Bank is responsible for preparing the financial statements, which give a true and fair view of the financial position of the Bank as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for credit institutions and legal regulations relating to financial reporting. In preparing these financial statements, the Board of Executives is required to:

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

The Board of Executives is responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the financial position of the Bank that the financial statements comply with Vietnamese Accounting Standards, accounting regime for credit institutions and legal regulations relating to financial reporting. The Board of Executives is also responsible for safeguarding the assets of the Bank and hence for taking reasonable steps for the prevention and detection of frauds and other irregularities.

The Board of Executives confirms that the Bank has complied with the above requirements in preparing and presenting these financial statements.

For and on behalf of the Board of Executives,



No.: 373/VN1A-HC-BC

## INDEPENDENT AUDITORS' REPORT

**To: Board of Members and Board of Executives  
Indovina Bank Limited**

We have audited the accompanying financial statements of Indovina Bank Limited (the "Bank") prepared on 11 March 2019 as set out from page 4 to page 44, which comprise the balance sheet as at 31 December 2018 and the statement of income and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### ***The Board of Executives Responsibility for the Financial Statements***

The Board of Executives is responsible for the preparation and fair presentation of these financial statements in accordance with Vietnamese Accounting Standards, accounting regime for credit institutions and legal regulations relating 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.

### ***Auditors' 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 from 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' judgment, 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 auditors consider internal control relevant to the Bank'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 Bank's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Executives, 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.

### ***Opinion***

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2018 and its financial performance and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for credit institutions and legal regulations relating to financial reporting.

## INDEPENDENT AUDITORS' REPORT (Continued)

### Other matters

Our audits also comprehended the translation of United States Dollar ("USD") amounts into Vietnam Dong ("VND") amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 2.2. Such Vietnam Dong amounts are solely presented for reporting to the relevant authorities and in compliance with the State Bank of Vietnam regulations, therefore, may not be suitable for another purpose.



---

**Le Dinh Tu**  
**Audit Partner**  
Audit Practising Registration Certificate  
No. 0488-2018-001-1  
**BRANCH OF DELOITTE VIETNAM  
COMPANY LIMITED**  
11 March 2019  
Ho Chi Minh City, S.R. Vietnam

---

**Loh Lee Heng**  
**Auditor**  
Audit Practising Registration Certificate  
No. 2231-2018-001-1



**BALANCE SHEET**  
As at 31 December 2018

<b>Assets</b>	<b>Notes</b>	<b>Closing balance</b>		<b>Opening balance</b>	
		USD	VND million equivalent	USD	VND million equivalent
Cash on hand	5	9,516,559	220,975	8,933,676	200,338
Deposits with the State Bank of Vietnam	6	24,000,477	557,291	40,478,848	907,738
Deposits with other credit institutions	7	288,312,205	6,694,609	246,399,218	5,525,502
Lending to other credit institutions	8	108,144,946	2,511,126	78,249,485	1,754,745
Trading securities	9	229,365,090	5,325,858	129,838,825	2,911,635
<i>Trading securities</i>		230,707,606	5,357,031	131,039,969	2,938,571
<i>Provision for diminution in value of trading securities</i>		(1,342,516)	(31,173)	(1,201,144)	(26,936)
Loans to customers	10	1,168,106,031	27,123,422	976,930,772	21,907,672
<i>Loan to customer</i>		1,184,477,094	27,503,558	997,942,581	22,378,862
<i>Provision for loan losses</i>		(16,371,063)	(380,136)	(21,011,809)	(471,190)
Investment securities	11	231,677,188	5,379,544	274,335,994	6,151,984
<i>Available-for-sale securities</i>		202,036,031	4,691,277	192,575,959	4,318,516
<i>Held-to-maturity securities</i>		38,727,035	899,242	82,445,409	1,848,838
<i>Provision for diminution in value of investment securities</i>		(9,085,878)	(210,974)	(685,374)	(15,370)
Tangible fixed assets	12	9,075,022	210,722	10,166,783	227,990
Intangible assets	13	15,558,221	361,262	15,518,160	347,995
Other assets		19,511,145	453,049	18,407,215	412,790
<i>Other receivables</i>	14	3,525,478	81,862	3,173,516	71,175
<i>Accrued interest receivables</i>		12,935,305	300,358	12,240,768	274,499
<i>Deferred tax assets</i>		1,197,887	27,815	1,076,528	24,141
<i>Other assets</i>	15	1,852,475	43,014	1,916,403	42,975
<b>Total assets</b>		<b>2,103,266,884</b>	<b>48,837,858</b>	<b>1,799,258,976</b>	<b>40,348,389</b>
<b>Resources</b>					
Borrowings from the Government and the State Bank of Vietnam	16	20,037,168	465,263	-	-
Deposits from other credit institutions	17	368,413,822	8,554,569	224,490,065	5,034,190
Borrowings from other credit institutions	18	166,783,906	3,872,722	113,890,708	2,553,999
Deposits from customers	19	1,268,528,529	29,455,232	1,186,900,747	26,616,254
Derivatives and other financial liabilities	20	1,477,894	34,317	4,282,365	96,032
Other liabilities		27,685,192	642,851	28,133,865	630,903
<i>Accrued interest payables</i>		21,770,405	505,509	14,138,281	317,051
<i>Other payables</i>	21	5,914,787	137,342	13,995,584	313,852
Equity and reserves	22	250,340,373	5,812,904	241,561,226	5,417,011
<i>Charter capital</i>		193,000,000	3,377,500	193,000,000	4,328,025
<i>Foreign exchange difference</i>		-	1,135,161	-	-
<i>Reserves</i>		32,278,661	709,319	28,105,685	630,270
<i>Retained earnings</i>		25,061,712	590,924	20,455,541	458,716
<b>Total resources</b>		<b>2,103,266,884</b>	<b>48,837,858</b>	<b>1,799,258,976</b>	<b>40,348,389</b>

The accompanying notes are an integral part of these financial statements

**OFF-BALANCE SHEET ACCOUNTS**

*As at 31 December 2018*

Notes	Closing balance		Opening balance	
	USD	VND million equivalent	USD	VND million equivalent
<b>Foreign exchange commitments</b>	<b>645,401,492</b>	<b>14,986,223</b>	<b>416,583,157</b>	<b>9,341,877</b>
Currency spot purchase commitment	38 39,602,310	919,566	28,038,363	628,760
Currency spot sale commitment	38 38,354,910	890,601	-	-
Currency swap commitment	38 567,444,272	13,176,056	388,544,794	8,713,117
<b>Letters of credit</b>	<b>38 33,117,522</b>	<b>768,989</b>	<b>54,585,966</b>	<b>1,224,090</b>
<b>Other guarantess</b>	<b>38 73,629,069</b>	<b>1,709,667</b>	<b>86,856,325</b>	<b>1,947,753</b>
	<b>752,148,083</b>	<b>17,464,879</b>	<b>558,025,448</b>	<b>12,513,720</b>

  
 Huynh Thanh Trung  
 Preparer

  
 Tran Le Thuy  
 Chief Accountant


  
 Liu Chun Hao  
 General Director  
 11 March 2019






**INCOME STATEMENT**  
For the year ended 31 December 2018

	Notes	Current year		Prior year	
		USD	VND million equivalent	USD	VND million equivalent
1. Interest and similar income	23	124,429,876	2,857,837	104,034,511	2,332,974
2. Interest expense and similar charges	24	(63,578,057)	(1,461,157)	(46,885,514)	(1,051,408)
<b>I. Net interest and similar income</b>		<b>60,851,819</b>	<b>1,396,680</b>	<b>57,148,997</b>	<b>1,281,566</b>
1. Fee and commission income		3,464,481	79,687	3,191,296	71,565
2. Fee and commission expense		(1,689,622)	(38,906)	(1,678,110)	(37,632)
<b>II. Net fee and commission income</b>	<b>25</b>	<b>1,774,859</b>	<b>40,781</b>	<b>1,513,186</b>	<b>33,933</b>
<b>III. Net loss from dealing in foreign currencies</b>	<b>26</b>	<b>(2,631,917)</b>	<b>(60,643)</b>	<b>(2,753,328)</b>	<b>(61,743)</b>
<b>IV. Net gain from trading of securities</b>	<b>27</b>	<b>9,989,268</b>	<b>229,839</b>	<b>6,415,800</b>	<b>143,874</b>
<b>V. Net gain from trading of investment securities</b>	<b>28</b>	<b>(8,349,477)</b>	<b>(194,051)</b>	<b>4,433,015</b>	<b>99,410</b>
1. Other operating income		1,240,879	28,685	1,897,344	42,548
2. Other operating expenses		(7,959)	(183)	(16,931)	(380)
<b>VI. Gain from other activities</b>	<b>29</b>	<b>1,232,920</b>	<b>28,502</b>	<b>1,880,413</b>	<b>42,168</b>
<b>VII. Income from investments in other entities</b>		-	-	-	-
<b>VIII. General and administration expenses</b>	<b>30</b>	<b>(21,598,727)</b>	<b>(496,032)</b>	<b>(20,527,562)</b>	<b>(460,330)</b>
<b>IX. Net income before provision for credit losses</b>		<b>41,268,745</b>	<b>945,076</b>	<b>48,110,521</b>	<b>1,078,878</b>
<b>X. Provision for credit losses</b>	<b>10</b>	<b>(5,496,014)</b>	<b>(125,117)</b>	<b>(18,503,084)</b>	<b>(414,931)</b>
<b>XI. Profit before tax</b>		<b>35,772,731</b>	<b>819,959</b>	<b>29,607,437</b>	<b>663,947</b>
<b>XII. Current corporate income tax expense</b>	<b>31</b>	<b>(7,151,979)</b>	<b>(166,069)</b>	<b>(7,019,519)</b>	<b>(157,412)</b>
<b>XII. Deferred tax income</b>	<b>31</b>	<b>158,395</b>	<b>3,678</b>	<b>1,076,528</b>	<b>24,141</b>
<b>XIII. Profit after tax</b>		<b>28,779,147</b>	<b>657,568</b>	<b>23,664,446</b>	<b>530,676</b>

  
Huynh Thanh Trung  
Preparer

  
Tran Le Thuy  
Chief Accountant





**CASH FLOW STATEMENT**

For the year ended 31 December 2018

(Under direct method)

	Current year		Prior year	
	USD	VND million equivalent	USD	VND million equivalent
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Interest and similar income received	123,735,339	2,831,978	103,729,408	2,326,132
Interest expense and similar charges paid	(55,945,933)	(1,272,699)	(42,323,039)	(949,094)
Fee and commission income received	1,774,859	40,781	1,513,186	33,933
Net gain on trading activities (foreign currencies and securities)	7,549,750	173,731	9,817,495	220,157
Receipts from other activities	195,884	4,422	263,224	5,903
Collections of bad debt previously written off	1,036,853	24,076	1,607,832	36,056
Cash paid to employees and related operating activities	(21,054,382)	(482,947)	(18,917,081)	(424,216)
Corporate income tax paid	(7,902,766)	(182,768)	(6,741,686)	(151,182)
<b>CASH FLOWS FROM OPERATING ACTIVITIES BEFORE CHANGES IN OPERATING ASSETS AND LIABILITIES</b>	<b>49,389,604</b>	<b>1,136,574</b>	<b>48,949,339</b>	<b>1,097,689</b>
<b>Changes in operating assets</b>				
Changes in deposits with and loans to other credit institutions	(24,243,066)	(625,132)	58,052,588	1,301,829
Changes in trading securities	(65,409,335)	(1,840,370)	(26,341,106)	(590,699)
Changes in loans to customers	(186,534,513)	(5,124,696)	(150,786,802)	(3,381,394)
Utilisation of allowance for credit losses	(10,136,760)	(235,376)	(6,321,915)	(141,769)
Changes in other operating assets	(250,998)	(10,722)	32,875,204	737,226
<b>Changes in operating liabilities</b>				
Change in borrowings from the government and the SBV	20,037,168	465,263	-	-
Changes in deposits and borrowings from other credit institutions	196,816,955	4,839,102	(122,374,584)	(2,744,250)
Changes in deposits from customers	81,627,782	2,838,978	186,890,833	4,191,027
Changes in derivatives and other financial liabilities	(2,804,471)	(61,715)	1,590,286	35,662
Changes in other liabilities	(617,835)	(9,669)	733,589	16,451
<b>Net cash from operating activities</b>	<b>57,874,531</b>	<b>1,372,237</b>	<b>23,267,432</b>	<b>521,772</b>

The accompanying notes are an integral part of these financial statements

752-L  
CANG  
HUU HA  
INA  
HO CHI

102  
TH  
Y  
JUL  
TE  
M  
/C

**CASH FLOW STATEMENT (Continued)**  
 For the year ended 31 December 2018  
 (Under direct method)

	Current year		Prior year	
	USD	VND million equivalent	USD	VND million equivalent
<b>CASH FLOW USED IN INVESTMENT ACTIVITIES</b>				
1. Acquisition of fixed assets	(492,645)	(31,859)	(514,736)	(11,543)
2. Disposal of fixed assets	183	4	9,355	210
<b>Net cash used in investment activities</b>	<b>(492,462)</b>	<b>(31,855)</b>	<b>(505,381)</b>	<b>(11,333)</b>
<b>CASH FLOW USED IN FINANCING ACTIVITIES</b>				
1. Dividends paid	(26,500,000)	(601,160)	(7,500,000)	(168,188)
<b>Net cash used in financing activities</b>	<b>(26,500,000)</b>	<b>(601,160)</b>	<b>(7,500,000)</b>	<b>(168,188)</b>
<b>Net increase in cash and cash equivalents</b>	<b>30,882,069</b>	<b>739,222</b>	<b>15,262,051</b>	<b>342,251</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>295,811,742</b>	<b>6,633,578</b>	<b>282,080,095</b>	<b>6,250,613</b>
Effects of changes in foreign exchange rate	787,825	231,323	(1,530,404)	40,714
<b>Cash and cash equivalents at the end of the year (Note 32)</b>	<b>327,481,636</b>	<b>7,604,123</b>	<b>295,811,742</b>	<b>6,633,578</b>

  
 Huynh Thanh Trung  
 Preparer

  
 Tran Le Thuy  
 Chief Accountant

  
  
 Liu Chun Hao  
 General Director  
 11 March 2019

**NOTES TO THE FINANCIAL STATEMENTS**

*These notes are an integral part of and should be read in conjunction with the accompanying financial statement*

**1. GENERAL INFORMATION**

Indovina Bank Limited (the "Bank") was 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, under Banking Licence No. 08/NH-GP issued by the Governor of the State Bank of Vietnam on 29 October 1992 for 40 years. The Bank operates under the Business Registration Certificate No. 0300733752 issued by Department of Planning and Investment of Ho Chi Minh City on 11 May 1993, as amended.

According to the Decision No. 158/QĐ-NHNN dated 25 January 2017, the State Bank of Vietnam ("SBV") has approved to extend the operating period of the Bank to 99 years since 29 October 1992.

**Principal activities**

The principal activities of the Bank are to carry out banking activities which include mobilizing and receiving short-term, medium and long-term deposits from various organizations and individuals; lending short-term, medium and long-term loans to various organizations and individuals up to the nature and ability of the Bank's capital resources; conducting foreign currency transactions, international commercial service, discounting of commercial notes, bonds and valuable papers; providing settlement services between customers; and other banking services as approved by the State Bank of Vietnam.

**Location and Networks**

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 2018 and 2017, the Bank had one (1) Head Office, thirteen (13) branches, nineteen (19) transaction offices located in cities and provinces in Vietnam.

The number of the Bank's employees as at 31 December 2018 was 776 (31 December 2017: 768).

**Disclosure of information comparability in the financial statements**

Comparative figures are the figures of the audited financial statements for the year ended 31 December 2017.

**2. ACCOUNTING CONVENTION AND FINANCIAL YEAR****2.1 Accounting convention**

The accompanying financial statements, expressed in United States Dollar ("USD"), are prepared under the historical cost convention and in accordance with Vietnamese Accounting Standards, accounting regime for credit institutions and legal regulations relating to financial reporting. The Bank's financial statements have been measured in USD as registered and approved by the State Bank of Vietnam according to the Official Letter No. 635/CV-NHNN2 dated 12 July 1999. The Board of Executives believes that the use of USD is necessary in order to reflect the economic substance of the underlying events and circumstances relevant to the Bank's business operations.

The accompanying financial statements are not intended to present the financial position, the statement of income and the statement of cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Vietnam.

**2.2 Translation of financial information into Vietnam Dong**

The Bank uses USD as functional currency unit. For the purpose of compliance with the regulatory requirements under the guidance of SBV in case the functional currency other than VND, the Bank converted its financial statements prepared in USD into VND, rounded to the nearest million ("VND million"). During the year, the Bank applied the Circular No. 22/2017 / TT-NHNN ("Circular 22") dated 29 December 2017 (as stated in Note 3 below) to translate the financial statements prepared in USD to VND based on the following principles:

- Assets and liabilities are translated into Vietnam Dong at the average spot rate for buying and selling at the balance sheet date;
- Owner's equity (including contributed capital) is translated into Vietnam Dong at the actual exchange rate at the date of capital contribution;
- Retained earnings and funds deducted from retained earning arising after the investment date are translated into Vietnam Dong by calculating according to the items of the statement of income;
- Profits and dividends paid are translated into Vietnam Dong according to the average spot rate for buying and selling of commercial banks where the Bank performs the most transactions in the accounting period at the date of interest and dividend payment;
- Items in the income statement and the cash flow statement are translated into Vietnam Dong at the average spot rate for buying and selling of commercial banks that the Bank performs the most transactions in the accounting period at the date of the transaction.
- Foreign exchange differences arising from the conversion of the financial statements prepared in foreign currencies into Vietnam Dong are presented in the "Foreign exchange difference" under the "Equity" section in the Balance Sheet.

The translated financial statements of the fiscal year ended 31 December 2017 were translated from the audited financial statements in US Dollars to Vietnam Dong at the central rate ruling as at 31 December 2017 under the guidance of Circular No. 244/2009/TT-BTC issued by the Ministry of Finance on 31 December 2009 ("Circular 244"), and therefore the corresponding amount may not be comparable with the amount shown for the current year due to the impact of the application of Circular 22.

### **2.3 Financial year**

The Bank's financial year begins on 1 January and ends on 31 December.

### **3. APPLIED NEW ACCOUNTING GUIDANCE**

The accounting policies adopted by the Bank in preparation of the financial statements are consistent with those followed in the preparation of the Bank's separate financial statements for the year ended 31 December 2017, except for the following changes:

Circular No. 14/2017/TT-NHNN ("Circular 14") regulating the methods of calculating interest on depositing and credit extension transaction between credit institutions and customers

On 29 September 2017, the State Bank of Vietnam issued Circular 14 regulating the methods of calculating interest on depositing and credit extension transactions between credit institutions and customers, effective from 01 January 2018. Accordingly, the interest accruals on credit and deposit operation are calculated on the basis that a year has 365 days.

Circular No. 19/2017/TT-NHNN ("Circular 19") amending and supplementing a number of articles of Circular No. 36/2014/TT-NHNN dated 20 November 2014 ("Circular 36") of the Governor of the State Bank stipulating prudential ratios and limits for the operation of credit institutions and foreign bank branches

On 28 December 2017, the State Bank of Vietnam issued Circular 19 amending and supplementing a number of articles of Circular 36 dated 20 November 2014 of the Governor of the State Bank stipulating prudential ratios and limits for the operation of credit institutions and foreign bank branches, effective from 12 February 2018. Accordingly, other commitments disclosed in "Off-balance sheet items" include unused credit limits that credit institutions have rights to cancel or automatically cancel when customers breach conditions of cancelling or deteriorate the capacity to perform obligations; and unused credit limits of credit cards and other commitments.

33  
HI  
EM  
VI  
P.  
25C  
N  
ON  
NHIE  
LO  
ET  
TP.



*Circular No. 16/2018/TT-BTC ("Circular 16") guiding a number of articles of the financial regime applicable to credit institutions and foreign bank branches*

Changes in Circular 16 are as below:

- ▶ Amending and supplementing the management and utilization method of real estate held for debt resolution;
- ▶ Amending and supplementing the recognition of revenue from trading of securities (shares exclusive); and
- ▶ Amending and supplementing recognition of expenses.

Circular 16 has taken effect since 26 March 2018 and replaced Circular No. 05/2013/TT-BTC dated 9 January 2013 of the Ministry of Finance providing guidance to the financial regime applicable to credit institutions and foreign bank branches.

*Circular No. 22/2017/TT-NHNN ("Circular 22") amending and supplementing a number of articles of the Chart of account system applicable to credit institutions issued in connection with Decision No. 479/2004/QĐ-NHNN dated 29 April 2004 ("Decision 479") and the financial reporting regime applicable to credit institutions required under Decision No. 16/2007/QĐ-NHNN ("Decision 16") dated 18 April 2007 by the Governor of the State Bank.*

On 29 December 2017, the State Bank of Vietnam issued Circular 22 amending and supplementing a number of articles of the Chart of account system applicable to credit institutions issued in connection with Decision 479 dated 29 April 2004 and the financial reporting regime applicable to credit institutions required under Decision 16 dated 18 April 2007 by the Governor of the State Bank. Circular 22 has taken effect since 01 April 2018.

Main changes in Circular 22 are as below:

- ▶ Amending and supplementing the guidance on the accounting treatment for foreign currency and gold transactions;
- ▶ Amending a number of accounts in the Chart of account system applicable to credit institutions;
- ▶ Amending the guidance on the accounting treatment for some accounts in the Chart of account system applicable to credit institutions; and
- ▶ Amending and supplementing some regulations on the financial reporting regime applicable to credit institutions.

The Bank's Board of Management applied all above circulars in preparation of the financial statements for year ended 31 December 2018.

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies, which have been adopted by the Bank in the preparation of these financial statements, are as follows:

##### **Estimates**

The preparation of financial statements in conformity with Vietnamese Accounting Standards, accounting applicable for credit institutions and legal regulations relating to financial reporting requires the Board of Executives to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the financial year. Although these accounting estimates are based on the Board of Executives' best knowledge, actual results may differ from those estimates.

##### **Financial instruments**

###### **Initial recognition**

*Financial assets:* At the date of initial recognition, financial assets are recognized at cost plus transaction costs that are directly attributable to the acquisition of the financial assets. Financial assets of the Bank comprise cash on hand, deposits with the State Bank of Vietnam and other credit institutions, lending to other credit institutions, trading securities, derivatives and other financial assets, loans to customers, investment securities, other receivables and accrued interest receivables.

*Financial liabilities:* At the date of initial recognition financial liabilities are recognized at cost plus transaction costs that are directly attributable to the issue of the financial liabilities. Financial liabilities of the Bank comprise deposits and borrowings from other credit institutions, deposits from customers, derivatives and other financial liabilities, accrued interest payables and other payables.

52-  
NG  
U H.  
VA  
Đ C  
0-00  
ANH  
TY  
HUU  
TTE  
AM  
HO C

**Cash and cash equivalents**

For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand and demand deposit at the State Bank of Vietnam, demand and term deposits with and lending to other banks with an original maturity of three months or less.

**Trading securities**

Trading securities are debt securities, equity securities and other securities which are principally acquired and held for the purpose of selling in the short-term or if so designated by the Board of Executives.

Trading securities are recognized on a trade date basis and are initially measured at cost including directly attributable transaction costs. At the subsequent financial years, trading securities are measured at cost, less the amount of diminution in value of trading securities.

Gains or losses from trading securities are recognized in the income statement on a net basis.

**Available-for-sale investment securities**

Available-for-sale investment securities include debt and equity securities, which give the Bank power less than 20% of voting right, for the purpose of investment and that are ready for sale; these securities are not frequently traded but could be sold at any time once they are profitable, and the Bank is neither founding shareholder/strategic partner nor capable of controlling, to some extent, the process of initiating and approving financial and operational policies of the investee by a written agreement on delegating personnel to take part in the Board of Directors/Board of Executives.

Available-for-sale equity securities are initially recognised at cost as at the transaction date and subsequently carried at cost.

Available-for-sale debt securities are initially recognised at par value as at the transaction date. Accumulative interest income before the purchasing date (for debt securities with interest paid in arrears) or interest income received upfront awaiting amortisation (for debt securities with interest paid in advance) is recorded in a separate account. Any discount or premium which is the difference between the cost and the amount equal to par value plus (+) accumulative interest income before the purchasing date for debt securities with interest paid in arrears or minus (-) interest income received upfront awaiting amortisation for debt securities with interest paid in advance is also recorded in a separate account.

Subsequently, available-for-sale debt securities are recorded at par value less/plus remaining discount/premium after being amortised to the income statement using the straight-line method over the remaining term of securities. Interest paid in arrears is recorded as follows: accumulative interest income before the purchasing date is recorded as a decrease in value of such securities and the same amount is credited into the accrued interest income; accumulative interest income after the purchasing date is recognised as the Bank's income based on an accrual basis. Interest received upfront is amortised to the income statement using the straight-line method over the investment period.

Periodically, available-for-sale securities will be reviewed for impairment. Provision for impairment risk is recognized in the statement of income into item "Net gain/ (loss) from trading of investment securities".

Gains or losses from available-for-sale securities are recognized in the statement of income on a net basis.

**Held-to-maturity investment securities**

Held-to-maturity investment securities are debt securities that the Bank purchases for investment purpose in order to gain interest and the Bank has intention and ability to hold the securities until maturity. Held-to-maturity securities have fixed or determinable payments and fixed maturities. In case the securities are sold before maturity, such securities will be reclassified to trading or available-for-sale securities.

Held-to-maturity securities are similarly recorded as available-for-sale securities.

Periodically, held-to-maturity securities will be reviewed for impairment. Provision for impairment risk is recognized in the statement of income into item "Net gain/(loss) from trading of investment securities".





Post-acquisition interest income of held-to-maturity securities is recognized in the income statement on an accruals basis. Pre-acquisition interest income of held-to-maturity securities is deducted against the cost of acquisition.

**Provision for impairment in value of trading securities and investment securities**

Debt classification and provision for unlisted corporate bonds are made in accordance with Circular 02 and Circular 09 (similar to the loans which are presented within section Loan and Provision for loan losses below).

Provision for diminution in value of other investments including trading securities and other investment securities are made in accordance with Official Letter No. 2601/NHNN-TCKT issued by the State Bank of Vietnam dated 14 April 2009 ("Official Letter 2601") and Circular No. 228/2009/TT-BTC issued by the Ministry of Finance dated 7 December 2009 ("Circular 228") and Circular No. 89/2013/TT-BTC issued by the Ministry of Finance dated 28 June 2013 ("Circular 89"). In case that the market value of securities cannot be determined, no provision has made for such securities.

**Loans to customers**

Loans are reported at their outstanding principal amounts and are adjusted for any write-offs and provision for loan losses.

**Interest income and expenses**

The Bank records interest income and expense on an accrual basis. Interest income from non-performing loans is not accrued and is recognized on actual collection basis. Interest income is derecognized when a loan becomes overdue and is recorded on the off-balance sheet. Interest income on overdue loan is recognized in the income statement on receipt.

**Provision for loan losses**

In accordance with Law of credit institutions No.47/2010/QH12 with effect from 1 January 2011, Circular No. 39/2016/TT-NHNN dated 30 December 2016 issued by the Governor of the State Bank of Vietnam on issuing regulations on lending transactions of credit institutions and/or foreign bank branches with customers, Circular No. 02/2013/TT-NHNN dated 21 January 2013 ("Circular 02") on classification of assets, levels and method of setting up of risk provisions and use of provisions against credit risks in the banking activities of credit institutions, foreign bank branches issued by the Governor of the State Bank of Vietnam and Circular No. 09/2014/TT-NHNN dated 18 March 2014 ("Circular 09") on amending Circular 02 on classification of assets, levels and method of setting up of risk provisions, and use of provisions against credit risks in the banking activities of credit institutions, foreign bank branches issued by the Governor of the State Bank of Vietnam.

The classification and the provision for loan losses under Circular 02 and Circular 09 are made for assets comprising of:

- Loans;
- Financial leases;
- Discounts, rediscounts of negotiable instruments and other valuable papers;
- Factoring;
- Credit issuance under form of credit card issuance;
- Payments on behalf of someone under off-balance sheet commitments;
- Amounts in service for purchase and entrustment of purchase of unlisted corporate bonds on securities market or unregistered on trading market of unlisted public companies (Upcom) (hereinafter referred to as unlisted bonds), excluding purchase of unlisted bonds by entrustment capital sources which the entrusting party bears risks;
- Credit issuance entrustment;
- Deposits (excluding deposits for payment) at domestic credit institutions, foreign bank branches in Vietnam as prescribed by law and deposits at foreign credit institutions.

The Bank implements the classification of debts under quantitative method in accordance with Article 10 of Circular 02. Accordingly, loans to customers are graded using the following risk classifications: *Current*, *Special-mentioned*, *Sub-standard*, *Doubtful* and *Loss* based on the overdue status and other qualitative factors.

Credit risk exposure of loans to customers is calculated by subtracting the determined value of collateral which is subject to certain accepted discount rates in accordance with Circular 02 from the remaining value of loan.

Specific provision is established based on the net loan exposure of loans using the prescribed provision rates applicable to that loan classification as follows:

<u>Group</u>	<u>Category</u>	<u>Provision rate</u>
1	Current	0%
2	Special-mentioned	5%
3	Sub-standard	20%
4	Doubtful	50%
5	Loss	100%

At least once every quarter, the Bank classifies loans and off-balance-sheet commitments at the end of each quarter for the first three quarters and on November 30 for the fourth quarter in the financial year.

General provision is made for undetermined loan loss on classification of debts. Accordingly, the amount of general provision which have to set up is defined by 0.75% of total balances of debts from group 1 to group 4, except for deposits with domestic credit institutions, foreign bank branches in Vietnam as prescribed by law and deposits at foreign credit institutions and loans, purchases with defined term of valuable papers for other credit institutions, foreign bank branches in Vietnam.

The provision for loan loss is charged to the statement of income which comprises amounts written off during the year, net of recoveries on amounts written off in prior years and changes in provision in current year.

The Bank writes off loans if they are classified under Group 5 or if the borrowers are legal entities that are liquidated or go bankrupt, or if borrowers are individuals who pass away or are missing. The solution for this loan is made after the approval of Risk Settlement Committee of the Bank. Bad debts written-off through provision are recorded in the appropriate off-balance sheet account for monitoring and collecting. The amount collected from the written off loans, including from liquidation of collaterals, is recorded in the profit and loss.

#### **Fees and commission income**

Fees and commission income, including fees received for settlement services, treasury services, guarantees services, and other services, are recognized on an accrual basis.

#### **Tangible fixed assets and depreciation**

Tangibles fixed assets are stated at cost less accumulated depreciation. The cost of purchased tangible fixed assets comprises its purchase price and any directly attributable costs of bringing the assets to its working condition and location for its intended use. Tangible fixed assets are depreciated using the straight-line method over their estimated useful lives as follows:

	<u>Years</u>
Office infrastructure	25
Office equipment	3 - 8
Motor vehicles	6 - 8

Tangibles fixed assets of the Bank are depreciated using the straight-line method over their estimated useful lives regulated at Circular No. 45/2013/TT-BTC dated 25 April 2013.

#### **Intangible assets and amortization**

##### **Land use rights**

Intangible assets represent land use rights that are stated at cost less accumulated amortisation. Land use rights are amortised using the straight-line method over the duration of the right to use the land. Land use rights which are granted for a definite term are amortised, using the straight-line method over the terms indicate in the land use right certificates. Land use rights which are granted for an indefinite term are carried out at cost and not amortised.

##### **Computer software**

Intangible assets represent computer software that are stated at cost less amortization. Computer software is amortized on a straight-line basis over the period from five to eight years.

733  
 NH  
 HIEM  
 OVI  
 T.P  
 12506  
 NH  
 ONG  
 NHIM  
 LOI  
 ET N  
 TP. HC

**Derivative financial instruments**

Derivatives financial instruments represent the currency forward contracts and currency swap contracts.

For currency forward and swap contracts, the difference of VND amounts equivalent to the foreign currencies committed for trading between forward exchange rate and spot exchange rate as at effective date of the contract is recognized as "Derivative instruments and other financial assets" when it is positive, or as "Derivatives instruments and other financial liabilities" when it is negative. The difference is subsequently amortized in the income statement as "Net gain/ (loss) from trading foreign currencies" using the straight-line method over the term of the contracts.

Unrealized gains or losses due to foreign exchange difference as at the balance sheet date are recognized in income statement.

**Other receivables**

Other receivables apart from receivables from credit activities in the Bank's operations are initially recognised at cost and subsequently carried at cost.

Other receivables are subject to review for impairment provision which is made based on the overdue status or based on the expected loss for the following cases: institutional debtors which have fallen into bankruptcy or have been in the process of dissolution; or individual debtors who are missing, escaped, prosecuted, on trial or pass away even though loans are not overdue. The provision is recognized to "General and administrative expenditures" in the income statement.

According to Circular 228 and Circular 89, for overdue receivable debts, the level of provisions is:

<u>Overdue period</u>	<u>Provision ratios</u>
From six months to below one year	30%
From one year to below two years	50%
From two years to below 3 years	70%
From three years and above	100%

**Off-balance sheet commitments and guarantees**

In the ordinary course of business, the Bank always enters into various off-balance sheet financial commitments. These commitments are in the form of loan or bank overdraft which have been approved. The Bank also provides the financial guarantees to guarantee the contract performance process for the third parties. Such transactions are recorded in the interim financial statements when they are funded or when related fees are incurred or received.

According to Circular 02 and Circular 09, guarantee amounts, payment acceptance, lending commitments which are irrevocable (hereinafter referred to as off-balance sheet commitments) must be classified as prescribed in Article 10 and 11 of Circular 02 for management and supervise quality of credit extension activity. Accordingly, off-balance sheet financial commitments are graded from group 1 to group 5 by using the following risk classifications: Current, Special-mentioned, Sub-standard, Doubtful and Loss based on the overdue status and other qualitative factors. The Bank does not make the provision for those off-balance sheet financial commitments and guarantees.

**Foreign currencies**

The Bank maintains its accounting system and records all transactions in original currencies. Monetary assets and liabilities denominated in currencies other than USD at year-end are re-translated into USD using the exchange rate ruling at the balance sheet date. Income and expenses arising in currencies other than USD during the year are converted into USD at rates ruling at the transaction dates. Foreign exchange differences are recognized in the income statement.

**Operating lease**

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Rental charges applicable to such operating leases are charged to the income statement as incurred over the lease term.

52-L  
 NG  
 UUU HA  
 NA  
 10/02

-002-  
 ANH  
 TY  
 UUU HA  
 TE  
 M  
 CHI



**Management-entrusted assets**

The assets held for the purpose of trusted management is not considered as the assets of the Bank and therefore not included in the financial statements of the Bank.

**Other provisions**

Other provisions are recognized when the Bank has a present obligation as a result of a past event, and it is probable that the Bank will be required to settle that obligation. Other provisions are measured at the Board of Executives' best estimate of the expenditure required to settle the obligation at the balance sheet date.

**Reserves**

**Compulsory reserves**

According to Decree No. 93/2017/ND-CP dated 07 August 2017 issued by the Government of Vietnam on the financial regime applicable to credit institutions, foreign bank branches, the Bank is required to make the following appropriation before distribution of profits:

	<b>Annual Appropriation</b>	<b>Maximum balance</b>
Reserves to supplement contributed capital	5% of profit after tax	Contributed capital
Financial reserves	10% of profit after tax	Not specified

The financial reserve is to cover remaining losses and damages in assets incurred during the normal course of business after being compensated for losses from organizations and individuals causing the losses, the insurance organization and the provisions extracted from the expenses; used for other purposes in accordance with the law. These compulsory reserves are non-distributable and are recorded as part of equity.

**Other reserves**

Other reserve funds include investment and development fund and other funds which are appropriated from the Bank's profit after tax as decided by the Board of Members of the Bank. These reserves are not regulated by law and are fully distributed and recorded as part of the equity.

**Benefits of the employees**

*Post-employment benefits:* Post-employment benefits are paid to retired employees of the Bank by the Social Insurance Agency, which belongs to the Ministry of Labour, War Invalids and Social Affairs. The Bank is required to contribute to these post-employment benefits by paying social insurance premium to the Social Insurance Agency at the rate of 17.5% (before 01 June 2017 was 18%) of an employee's basic salary on a monthly basis. In addition, the Bank has no further obligation.

*Voluntary resignation and retrenchment benefits*

*Voluntary resignation:* The Bank has the obligation, under Article 48 of the Vietnam Labor Code amended on 18 June 2012, to pay allowance arising from voluntarily resignation of employees, equal to one-half month's salary for each year of employment plus salary allowances (if any) for each year of employment. Working period serving as the basis for calculating severance allowance shall be the total actual working period subtracting the period when the employees have made unemployment insurance contributions as prescribed by law, and the working period when severance allowance has been paid to the employees. The average monthly salary used in this calculation will be the average monthly salary of the last six-month period up to the resignation date.

*Retrenchment benefits:* The Bank has the obligation, under Article 49 of the Vietnam Labour Code to pay allowance to employees who are retrenched as a result of organizational restructuring or technological changes. In such cases, the Bank shall pay to the employees an allowance for loss of work equivalent to the aggregate amount of one month's salary for each year of employment, but no less than two months' salary.

While the obligations under Section 48 and 49 are compulsory, the implementation of these Sections is subject to specific guidance issued by the Ministry of Finance in implementing circulars. In accordance with Circular No. 180/2012/TT-BTC dated 24 October 2012 providing the guidance in treatment of allowance, the Bank could directly record an allowance directly in general and administration expenses when incurred.



*Unemployment allowance:* According to Circular No. 04/2009/TT-BLDTBXH guiding the implementation of the Government's Decree No. 127/2008/ND-CP on unemployment insurance, the Bank is obliged to pay unemployment insurance at 1% of salary fund of each employee to pay simultaneously to the Unemployment Insurance Fund.

**Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years (including loss carried forward, if any) and it further excludes items that are never taxable or deductible. It is calculated using the rate of 20% that has been enacted by the balance sheet date.

Deferred tax is recognized on significant differences between carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and are accounted for using balance sheet liability method. Deferred tax liabilities are generally recognized for all temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilized.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset realized. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Bank intends to settle its current tax assets and liabilities on a net basis.

The determination of the tax currently payable and deferred tax is based on the current interpretation of tax regulations. However, these regulations are subject to periodic variation and their ultimate determination depends on the results of the tax authorities' examinations.

Other taxes are paid in accordance with the prevailing tax laws in Vietnam.

**5. CASH ON HAND**

	Closing balance		Opening balance	
	USD	VND million equivalent	USD	VND million equivalent
Cash on hand in Vietnam Dong	6,330,326	146,990	6,099,804	136,788
Cash on hand in other currencies	3,186,233	73,984	2,833,872	63,550
	<b>9,516,559</b>	<b>220,974</b>	<b>8,933,676</b>	<b>200,338</b>

**6. DEPOSITS WITH THE STATE BANK OF VIETNAM**

	Closing balance		Opening balance	
	USD	VND million equivalent	USD	VND million equivalent
Deposits in Vietnam Dong	10,998,502	255,385	25,019,844	561,070
Deposits in other currencies	13,001,975	301,906	15,459,004	346,668
	<b>24,000,477</b>	<b>557,291</b>	<b>40,478,848</b>	<b>907,738</b>

Deposits with the State Bank of Vietnam represent demand deposits and the compulsory reserves maintained in compliance with the SBV's current regulations. The compulsory reserve per month is determined by the average compulsory reserve deposit balance of previous month multiplying by compulsory reserve ratios, respective to deposit's terms and currencies. The compulsory reserve ratios are as below:

3007  
 NGÂN  
 CH NH  
 NDC  
 UAN-  
 1007  
 C  
 1007  
 C  
 1007  
 C

<b>Currencies and terms</b>	<b>31/12/2018</b>	<b>31/12/2017</b>
Demand deposit and term deposit of less than 12 months in Vietnam Dong	3%	3%
Term deposit of greater than 12 months in Vietnam Dong	1%	1%
Demand deposit and term deposit of less than 12 months in foreign currencies	8%	8%
Term deposit of greater than 12 months in foreign currencies	6%	6%
Deposit in foreign currencies of oversea credit institutions	1%	1%

The compulsory reserve in December 2018 is VND 635,498 million (December 2017: VND 509,882 million) and USD 12,744,010 (December 2017: USD 15,270,970), respectively.

**7. DEPOSITS WITH OTHER CREDIT INSTITUTIONS**

	<b>Closing balance</b>		<b>Opening balance</b>	
	USD	VND million equivalent	USD	VND million equivalent
Demand deposit				
<i>In Vietnam Dong</i>	174,700,214	4,056,539	180,262,194	4,042,380
<i>In other currencies</i>	50,950,492	1,183,070	18,921,862	424,322
	<b>225,650,706</b>	<b>5,239,609</b>	<b>199,184,056</b>	<b>4,466,702</b>
Time deposit				
<i>In Vietnam Dong</i>	62,661,499	1,455,000	31,215,162	700,000
<i>In other currencies</i>	-	-	16,000,000	358,800
	<b>62,661,499</b>	<b>1,455,000</b>	<b>47,215,162</b>	<b>1,058,800</b>
	<b>288,312,205</b>	<b>6,694,609</b>	<b>246,399,218</b>	<b>5,525,502</b>

**8. LOANS TO OTHER CREDIT INSTITUTIONS**

	<b>Closing balance</b>		<b>Opening balance</b>	
	USD	VND million equivalent	USD	VND million equivalent
Loans denominated in Vietnam Dong	21,533,161	500,000	22,296,544	500,000
Loans denominated in other currencies	86,611,785	2,011,126	55,952,941	1,254,745
	<b>108,144,946</b>	<b>2,511,126</b>	<b>78,249,485</b>	<b>1,754,745</b>

**9. TRADING SECURITIES**

	<b>Closing balance</b>		<b>Opening balance</b>	
	USD	VND million equivalent	USD	VND million equivalent
Equity securities				
<i>Shares issued by local economic entities</i>	2,726,992	63,321	2,841,188	63,714
Debt securities				
<i>Government debt securities</i>	-	-	40,209,900	901,707
<i>Bonds issued by other local credit institutions</i>	225,771,135	5,242,406	79,159,450	1,775,151
<i>Bonds issued by other local economic entities</i>	2,209,479	51,304	8,829,431	197,999
	<b>230,707,606</b>	<b>5,357,031</b>	<b>131,039,969</b>	<b>2,938,571</b>
Provision for trading securities				
<i>General provision for credit losses</i>	(486,746)	(11,302)	(360,407)	(8,082)
<i>Provision for diminution in value of trading securities</i>	(855,770)	(19,871)	(840,737)	(18,854)
	<b>(1,342,516)</b>	<b>(31,173)</b>	<b>(1,201,144)</b>	<b>(26,936)</b>
	<b>229,365,090</b>	<b>5,325,858</b>	<b>129,838,825</b>	<b>2,911,635</b>

137  
 HÃ  
 M  
 VI  
 P  
 12500-  
 NHÃ  
 CÔNG T  
 NHIỆM  
 LOIT  
 IỆT N  
 TP. H



Movements in general provision for credit losses of trading securities during the year are as follows:

	Closing balance		Opening balance	
	USD	VND million equivalent	USD	VND million equivalent
<b>Opening balance</b>	<b>360,407</b>	<b>8,082</b>	<b>132,245</b>	<b>2,930</b>
Provision charged for the year	126,339	2,934	228,162	5,117
Foreign currency translation difference	-	286	-	35
<b>Closing balance</b>	<b>486,746</b>	<b>11,302</b>	<b>360,407</b>	<b>8,082</b>

Movements in provision for diminution in value of trading securities during the year are as follows:

	Closing balance		Opening balance	
	USD	VND million equivalent	USD	VND million equivalent
Opening balance	840,737	18,854	850,579	18,848
Provision charged for the year	15,033	349	-	-
Provision reversed for the year	-	-	(9,842)	(221)
Foreign currency translation difference	-	668	-	227
<b>Closing balance</b>	<b>855,770</b>	<b>19,871</b>	<b>840,737</b>	<b>18,854</b>

Trading securities categorized by listed status are as follows:

	Closing balance		Opening balance	
	USD	VND million equivalent	USD	VND million equivalent
Equity securities Unlisted	2,726,992	63,321	2,841,188	63,714
Debt securities Listed	-	-	40,209,900	901,706
Unlisted	227,980,614	5,293,710	87,988,881	1,973,151
	<b>230,707,606</b>	<b>5,357,031</b>	<b>131,039,969</b>	<b>2,938,571</b>

Trading debt securities represent:

- Government debt securities with maturity between one year and ten years, earning interest from 7.40% to 10.75% per annum (As at 31 December 2017: maturity between five years and ten years, earning interest from 6.5% to 9.18% per annum).
- Bonds issued by other local economic entities with maturity within one year, earning interest 8.50% (As at 31 December 2017: maturity between two years and five years, earning interest from 9.00% to 10.50% per annum).

**10. LOANS TO CUSTOMERS**

	Closing balance		Opening balance	
	USD	VND million equivalent	USD	VND million equivalent
Loans to local entities and individuals	1,184,477,094	27,503,558	997,939,781	22,378,799
Loans to oversea entities and individuals	-	-	2,800	63
	<b>1,184,477,094</b>	<b>27,503,558</b>	<b>997,942,581</b>	<b>22,378,862</b>

Loans to customers were analyzed as follows:

**10.1 Analysis by term**

	Closing balance		Opening balance	
	USD	VND million equivalent	USD	VND million equivalent
Short-term loans (within one year)	455,366,189	10,573,603	364,725,279	8,178,964
Medium-term loans (from one year to five years)	210,083,719	4,878,144	176,266,893	3,952,785
Long-term loans (above five years)	519,027,186	12,051,811	456,950,409	10,247,113
	<b>1,184,477,094</b>	<b>27,503,558</b>	<b>997,942,581</b>	<b>22,378,862</b>

**10.2 Analysis by currency**

	Closing balance		Opening balance	
	USD	VND million equivalent	USD	VND million equivalent
Loans denominated in Vietnam Dong	1,004,325,412	23,320,436	776,693,602	17,417,354
Loans denominated in other currencies	180,151,682	4,183,122	221,248,979	4,961,508
	<b>1,184,477,094</b>	<b>27,503,558</b>	<b>997,942,581</b>	<b>22,378,862</b>

**10.3 Analysis by economic sectors**

	Closing balance		Opening balance	
	USD	VND million equivalent	USD	VND million equivalent
Joint stock companies	460,994,315	10,704,288	362,535,499	8,129,859
Limited liability companies	394,163,049	9,152,466	304,190,145	6,821,464
State-owned enterprises	211,480,319	4,910,573	126,983,724	2,847,610
Foreign invested enterprise	4,103,833	95,291	122,173,517	2,739,741
Individuals	113,670,069	2,639,419	77,205,440	1,731,332
Private enterprises	65,509	1,521	4,854,256	108,856
	<b>1,184,477,094</b>	<b>27,503,558</b>	<b>997,942,581</b>	<b>22,378,862</b>

**10.4 Analysis by loan group**

	Closing balance		Opening balance	
	USD	VND million equivalent	USD	VND million equivalent
Group 1 - Current	1,158,990,208	26,911,752	979,271,021	21,960,152
Group 2 - Special-mentioned	15,329,380	355,948	931,995	20,900
Group 3 - Sub-standard	304,330	7,067	93,091	2,088
Group 4 - Doubtful	2,152,306	49,977	4,265,764	95,660
Group 5 - Loss	7,700,870	178,814	13,380,710	300,062
	<b>1,184,477,094</b>	<b>27,503,558</b>	<b>997,942,581</b>	<b>22,378,862</b>



**10.5 Analysis by industry**

	Closing balance		Opening balance	
	USD	VND million equivalent	USD	VND million equivalent
Mining and processing	216,895,258	5,036,308	206,726,090	4,635,833
Trading and moto vehicle repairing	424,923,620	9,866,726	341,674,867	7,662,059
Contructions	128,522,414	2,984,290	128,155,247	2,873,881
Logistics	35,454,128	823,245	56,553,132	1,268,204
Accomodation and restaurant	62,549,975	1,452,410	18,684,942	419,010
Real estate	27,013,190	627,246	7,063,144	158,391
Agriculture, forestry and aquatics	2,977,173	69,130	3,071,935	68,888
Health care and social support	2,401,949	55,773	6,558,841	147,082
Financial services	41,761,068	969,692	20,245,262	454,000
Electricity, water, oil and gas supply	33,229,650	771,592	65,932,366	1,478,533
Training and education	2,313	54	1,115	25
Telecommunication	198,751	4,615	245,262	5,500
Household services	4,593,597	106,663	4,237,055	95,016
Other services	203,954,008	4,735,814	138,793,323	3,112,440
	<b>1,184,477,094</b>	<b>27,503,558</b>	<b>997,942,581</b>	<b>22,378,862</b>

**10.6 Provision for credit losses**

	Closing balance		Opening balance	
	USD	VND million equivalent	USD	VND million equivalent
General provision	8,299,091	192,705	7,140,258	160,120
Specific provision	8,071,972	187,431	13,871,551	311,070
	<b>16,371,063</b>	<b>380,136</b>	<b>21,011,809</b>	<b>471,190</b>

**10.7 Change in provision for credit losses for loans to customers**

**General provision**

	Closing balance		Opening balance	
	USD	VND million equivalent	USD	VND million equivalent
<b>Beginning balance</b>	7,140,258	160,120	5,906,954	130,892
Charge/(Reverse) for the year	1,158,833	26,381	1,233,304	27,657
Foreign currency translation difference	-	6,204	-	1,571
<b>Closing balance</b>	<b>8,299,091</b>	<b>192,705</b>	<b>7,140,258</b>	<b>160,120</b>

**Specific provision**

	Closing balance		Opening balance	
	USD	VND million equivalent	USD	VND million equivalent
<b>Beginning balance</b>	13,871,551	311,070	2,923,686	64,463
Charge for the year	4,337,181	98,736	17,269,780	387,275
Provision used to write-off bad debts during the year	(10,136,760)	(235,376)	(6,321,915)	(141,761)
Foreign currency translation difference	-	13,001	-	1,093
<b>Closing balance</b>	<b>8,071,972</b>	<b>187,431</b>	<b>13,871,551</b>	<b>311,070</b>

11. INVESTMENT SECURITIES

	Closing balance		Ending balance	
	USD	VND million equivalent	USD	VND million equivalent
<b>Available-for-sale securities</b>				
<i>Debt securities</i>				
Government debt securities (**)	145,059,287	3,368,277	102,810,073	2,305,516
Bonds issued by other local credit institutions (***)	16,063,738	373,000	52,307,692	1,173,000
Bonds issued by other local economic entities (*)	40,913,006	950,000	37,458,194	840,000
	<b>202,036,031</b>	<b>4,691,277</b>	<b>192,575,959</b>	<b>4,318,516</b>
<i>Provision for credit loss of available for sale securities</i>				
General provision	-	-	(66,866)	(1,499)
Specific provision	(8,605,852)	(199,828)	-	-
	<b>193,430,179</b>	<b>4,491,449</b>	<b>192,509,093</b>	<b>4,317,017</b>
<b>Held-to-maturity securities</b>				
<i>Debt securities</i>				
Bonds issued by other local economic entities (*)	38,727,035	899,242	82,445,409	1,848,838
<i>Provision for credit loss of held-to-maturity securities</i>				
General provision	(480,026)	(11,146)	(618,508)	(13,871)
	<b>38,247,009</b>	<b>888,096</b>	<b>81,826,901</b>	<b>1,834,967</b>

Movements in general provision for credit losses of investment securities during the year are as follows:

	Closing balance		Ending balance	
	USD	VND million equivalent	USD	VND million equivalent
<b>Beginning balance</b>	685,374	15,370	712,090	15,779
Charge/(reverse) for the year	8,400,504	195,060	(26,716)	(599)
Foreign currency translation difference	-	544	-	190
<b>Closing balance</b>	<b>9,085,878</b>	<b>210,974</b>	<b>685,374</b>	<b>15,370</b>

(\*) Bonds issued by other local economic entities as at 31 December 2018 included an amount of USD 79,640,041 (equivalent to VND 1,849,242 million) (as at 31 December 2017: USD 106,577,480 (equivalent to VND 2,390,000 million)) are secured by shares, land use rights, property using rights and receivables amounting to USD 585,812,580 (equivalent to VND 13,136,847 million) (as at 31 December 2017: 585,812,580 (equivalent to VND 13,136,847 million)).

These bonds have maturity between two years and ten years, earning interest from 9.00% to 11.30% per annum (as at 31 December 2017: maturity between two years and ten years, earning interest from 9.38% to 11.00% per annum ).

(\*\*) Government debt securities with maturity between five years and thirty years, earning interest from 4.30% to 8.70% per annum (as at 31 December 2017: maturity between three years and thirty years, earning interest from 5.20% to 8.70% per annum)

(\*\*\*) Bonds issued by other local credit institutions with maturity of ten years, earning interest from 7.50% to 7.90% per annum (as at 31 December 2017: maturity between one year and ten year, earning interest from 5.00% to 10.00% per annum).

12. TANGIBLE FIXED ASSETS

	Office infrastructure USD	Office equipment USD	Motor Vehicles USD	Total USD
<b>COST</b>				
<b>Opening balance</b>	<b>12,025,567</b>	<b>6,865,599</b>	<b>2,658,368</b>	<b>21,549,534</b>
Additions	-	276,188	-	276,188
Disposals	(5,542)	(34,285)	-	(39,827)
Other	(39,775)	(20,116)	-	(59,891)
<b>Closing balance</b>	<b>11,980,250</b>	<b>7,087,386</b>	<b>2,658,368</b>	<b>21,726,004</b>
<b>ACCUMULATED DEPRECIATION</b>				
<b>Opening balance</b>	<b>3,763,316</b>	<b>5,654,857</b>	<b>1,964,578</b>	<b>11,382,751</b>
Charge for the year	621,875	541,084	162,998	1,325,957
Disposals	(5,542)	(34,285)	-	(39,827)
Other	(17,899)	-	-	(17,899)
<b>Closing balance</b>	<b>4,361,750</b>	<b>6,161,656</b>	<b>2,127,576</b>	<b>12,650,982</b>
<b>NET BOOK VALUE</b>				
<b>Opening balance</b>	<b>8,262,251</b>	<b>1,210,742</b>	<b>693,790</b>	<b>10,166,783</b>
<b>Closing balance</b>	<b>7,618,500</b>	<b>925,730</b>	<b>530,792</b>	<b>9,075,022</b>

	Office infrastructure VND million equivalent	Office equipment VND million equivalent	Motor Vehicles VND million equivalent	Total VND million equivalent
<b>COST</b>				
<b>Opening balance</b>	<b>269,673</b>	<b>153,961</b>	<b>59,614</b>	<b>483,248</b>
Additions	-	6,413	-	6,413
Disposals	(129)	(796)	-	(925)
Other	(924)	(467)	-	(1,391)
Foreign currency translation difference	9,561	5,458	2,113	17,132
<b>Closing balance</b>	<b>278,181</b>	<b>164,569</b>	<b>61,727</b>	<b>504,477</b>
<b>ACCUMULATED DEPRECIATION</b>				
<b>Opening balance</b>	<b>84,392</b>	<b>126,810</b>	<b>44,056</b>	<b>255,258</b>
Charge for the year	14,440	12,564	3,785	30,789
Disposals	(129)	(796)	-	(925)
Other	(416)	-	-	(416)
Foreign currency translation difference	2,991	4,496	1,562	9,049
<b>Closing balance</b>	<b>101,278</b>	<b>143,074</b>	<b>49,403</b>	<b>293,755</b>
<b>NET BOOK VALUE</b>				
<b>Opening balance</b>	<b>185,281</b>	<b>27,151</b>	<b>15,558</b>	<b>227,990</b>
<b>Closing balance</b>	<b>176,901</b>	<b>21,495</b>	<b>12,324</b>	<b>210,722</b>

As at 31 December 2018, the cost of the Bank's tangible fixed assets included a total amount of USD 7,795,742 (equivalent VND 818,017 million) (as at 31 December 2017: USD 6,856,135 (equivalent VND 153,749 million) in respect of fully depreciated assets which are still in use.



13. INTANGIBLE ASSETS

	Land use rights	Computer Software	Total
	USD	USD	USD
<b>COST</b>			
Opening balance	15,291,419	2,378,381	17,669,800
Additions	-	258,449	258,449
<b>Closing balance</b>	<b>15,291,419</b>	<b>2,636,830</b>	<b>17,928,249</b>
<b>ACCUMULATED AMORTIZATION</b>			
Opening balance	251,559	1,900,081	2,151,640
Charge for the year	5,327	213,061	218,388
<b>Closing balance</b>	<b>256,886</b>	<b>2,113,142</b>	<b>2,370,028</b>
<b>NET BOOK VALUE</b>			
Opening balance	15,039,860	478,300	15,518,160
<b>Closing balance</b>	<b>15,034,533</b>	<b>523,688</b>	<b>15,558,221</b>

	Land use rights	Computer Software	Total
	VND million equivalent	VND million equivalent	VND million equivalent
<b>COST</b>			
Opening balance	342,910	53,335	396,245
Additions	-	6,001	6,001
Foreign currency translation difference	12,157	1,891	14,048
<b>Closing balance</b>	<b>355,067</b>	<b>61,227</b>	<b>416,294</b>
<b>ACCUMULATED AMORTIZATION</b>			
Opening balance	5,641	42,609	48,250
Charge for the year	124	4,947	5,071
Foreign currency translation difference	200	1,511	1,711
<b>Closing balance</b>	<b>5,965</b>	<b>49,067</b>	<b>55,032</b>
<b>NET BOOK VALUE</b>			
Opening balance	337,269	10,726	347,995
<b>Closing balance</b>	<b>349,102</b>	<b>12,160</b>	<b>361,262</b>

As at 31 December 2018, the cost of the Bank's intangible assets included a total amount of USD 1,561,624 (equivalent VND 35,019 million) (as at 31 December 2017: USD 1,414,364 (equivalent VND 32,842 million) in respect of fully amortized assets which are still in use.

14. OTHER RECEIVABLES

	Closing balance		Opening balance	
	USD	VND million equivalent	USD	VND million equivalent
Short-term deposits	419,299	9,736	348,775	7,821
Receivables from the SBV relating to Interest Subsidy Program	164,436	3,818	170,264	3,818
Construction in progress	2,574,986	59,791	2,243,464	50,310
Advances for operating activities	38,381	891	14,267	320
Other receivables	328,376	7,626	396,746	8,906
	<b>3,525,478</b>	<b>81,862</b>	<b>3,173,516</b>	<b>71,175</b>



15. OTHER ASSETS

	Closing balance		Opening balance	
	USD	VND million equivalent	USD	VND million equivalent
Prepaid expenses	1,384,485	32,147	1,769,522	39,681
Office tools and supplies	131,678	3,058	146,705	3,290
Others	336,312	7,809	176	4
	<b>1,852,475</b>	<b>43,014</b>	<b>1,916,403</b>	<b>42,975</b>

16. BORROWINGS FROM THE GOVERNMENT AND THE STATE BANK OF VIETNAM

	Closing balance		Opening balance	
	USD	VND million equivalent	USD	VND million equivalent
<b>Borrowing from the SBV</b>				
Discounted and re-discounted valuable papers	20,037,168	465,263	-	-
	<b>20,037,168</b>	<b>465,263</b>	<b>-</b>	<b>-</b>

17. FROM OTHER CREDIT INSTITUTIONS

	Closing balance		Opening balance	
	USD	VND million equivalent	USD	VND million equivalent
<b><u>Demand deposits</u></b>				
In Vietnam Dong	182,721,015	4,242,782	183,044,600	4,104,775
In other currencies	341,386	7,927	541,340	12,140
	<b>183,062,401</b>	<b>4,250,709</b>	<b>183,585,940</b>	<b>4,116,915</b>
<b><u>Time deposits</u></b>				
In Vietnam Dong	72,351,421	1,680,000	37,904,125	850,000
In other currencies	113,000,000	2,623,860	3,000,000	67,275
	<b>185,351,421</b>	<b>4,303,860</b>	<b>40,904,125</b>	<b>917,275</b>
	<b>368,413,822</b>	<b>8,554,569</b>	<b>224,490,065</b>	<b>5,034,190</b>

18. BORROWINGS FROM OTHER CREDIT INSTITUTIONS

	Closing balance		Opening balance	
	USD	VND million equivalent	USD	VND million equivalent
In Vietnam Dong	33,290,267	773,000	-	-
In other currencies	133,493,639	3,099,722	113,890,708	2,553,999
	<b>166,783,906</b>	<b>3,872,722</b>	<b>113,890,708</b>	<b>2,553,999</b>

19. DEPOSITS FROM CUSTOMERS

By type of term deposit

	Closing balance		Opening balance	
	USD	VND million equivalent	USD	VND million equivalent
<b><u>Demand deposits</u></b>				
In Vietnam Dong	248,028,566	5,759,223	254,420,941	5,705,391
In other currencies	121,935,355	2,831,339	127,984,735	2,870,062
<b><u>Time deposits</u></b>				
In Vietnam Dong	870,794,571	20,219,850	742,556,142	16,651,821
In other currencies	26,413,695	613,326	59,894,460	1,343,133
<b><u>Margin deposits</u></b>				
In Vietnam Dong	1,299,862	30,183	1,978,597	44,370
In other currencies	56,480	1,311	65,872	1,477
	<b>1,268,528,529</b>	<b>29,455,232</b>	<b>1,186,900,747</b>	<b>26,616,254</b>

By type of customer

	Closing balance		Opening balance	
	USD	VND million equivalent	USD	VND million equivalent
Economic entities	780,838,932	18,131,080	722,878,172	16,210,543
Individuals	487,689,597	11,324,152	464,022,575	10,405,711
	<b>1,268,528,529</b>	<b>29,455,232</b>	<b>1,186,900,747</b>	<b>26,616,254</b>

20. DERIVATIVES AND OTHER FINANCIAL ASSETS/ FINANCIAL LIABILITIES

Closing balance	Net contract value (at the foreign exchange rate at 31 December)	
	USD	VND million Equivalent
Foreign currency forward contracts	180,150	4,183
Foreign currency swap contracts	(1,658,044)	(38,500)
	<b>(1,477,894)</b>	<b>(34,317)</b>
Opening balance	Net contract value (at the foreign exchange rate at 31 December)	
	USD	VND million Equivalent
Foreign currency forward contracts	(179,327)	(4,021)
Foreign currency swap contracts	(4,103,038)	(92,011)
	<b>(4,282,365)</b>	<b>(96,032)</b>

21. OTHER PAYABLES

	Closing balance		Opening balance	
	USD	VND million equivalent	USD	VND million equivalent
Deferred income from guarantees	87,414	2,030	50,698	1,137
Remittance payable	1,170,822	27,186	748,540	16,786
Bonus and welfare fund	1,610,872	37,404	1,010,115	22,652
Payables to other credit institution relating to ATM transaction	-	-	300,018	6,728
Escrow fund	87,094	2,022	676,684	15,175
Taxes payable (Note 34)	270,215	6,274	981,928	22,020
Dividend payables	-	-	7,500,000	168,188
Other payables	2,688,370	62,426	2,727,601	61,166
	<b>5,914,787</b>	<b>137,342</b>	<b>13,995,584</b>	<b>313,852</b>

**INDOVINA BANK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**FORM B 05/TCTD**

**22. EQUITY AND RESERVES**

	Charter capital	Reserves to supplement capital	Financial development reserve	Investment and development reserve	Retained earnings	Total
	USD	USD	USD	USD	USD	USD
<b>Prior year's opening balance</b>	<b>193,000,000</b>	<b>8,387,689</b>	<b>16,087,272</b>	<b>199,380</b>	<b>16,172,439</b>	<b>233,846,780</b>
Profit for the year	-	-	-	-	23,664,446	23,664,446
Transfer to statutory reserves	-	1,183,222	2,248,122	-	(3,431,344)	-
Profits distribution	-	-	-	-	(950,000)	(950,000)
Other movements	-	-	-	-	(15,000,000)	(15,000,000)
<b>Prior year's closing balance</b>	<b>193,000,000</b>	<b>9,570,911</b>	<b>18,335,394</b>	<b>199,380</b>	<b>20,455,541</b>	<b>241,561,226</b>
Profit for the year	-	-	-	-	28,779,147	28,779,147
Transfer to statutory reserves	-	1,438,957	2,734,019	-	(4,172,976)	-
Profits distribution (*)	-	-	-	-	(19,000,000)	(19,000,000)
Other movements	-	-	-	-	(1,000,000)	(1,000,000)
<b>Current year's closing balance</b>	<b>193,000,000</b>	<b>11,009,868</b>	<b>21,069,413</b>	<b>199,380</b>	<b>25,061,712</b>	<b>250,340,373</b>



**INDOVINA BANK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**FORM B 05/TCTD**

	Charter capital	Foreign exchange difference	Reserves to supplement contributed capital	Financial reserve	Investment and development reserve	Retained earnings	Total
	VND million equivalent	VND million equivalent	VND million equivalent	VND million equivalent	VND million equivalent	VND million equivalent	VND million equivalent
<b>Prior year's opening balance</b>	<b>4,276,687</b>	-	<b>185,863</b>	<b>356,478</b>	<b>4,418</b>	<b>358,365</b>	<b>5,181,811</b>
Profit for the year	-	-	-	-	-	530,676	530,676
Transfer to statutory reserves	-	-	26,534	50,414	-	(76,948)	-
Profits distribution	-	-	-	-	-	(21,304)	(21,304)
Foreign currency translation difference	51,338	-	2,231	4,279	53	4,302	62,203
<b>Prior year's closing balance</b>	<b>4,328,025</b>	-	<b>214,628</b>	<b>411,171</b>	<b>4,471</b>	<b>458,716</b>	<b>5,417,011</b>
Profit for the year	-	-	-	-	-	657,568	657,568
Transfer to statutory reserves	-	-	32,878	62,469	-	(95,347)	-
Profits distribution (*)	-	-	-	-	-	(432,725)	(432,725)
Transfer to bonus and welfare fund	-	-	-	-	-	(22,775)	(22,775)
Foreign currency translation difference	(950,525)	1,135,161	(5,624)	(10,681)	7	25,487	193,825
<b>Current year's closing balance</b>	<b>3,377,500</b>	<b>1,135,161</b>	<b>241,882</b>	<b>462,959</b>	<b>4,478</b>	<b>590,924</b>	<b>5,812,904</b>

The Bank's charter capital is USD 193,000,000, has been owned by Vietinbank and CUB with the rate of 50/50, respectively. Charter capital has been fully contributed by the owners as at balance sheet dates.

(\*) On 13 April 2018, the Board of Members of the Bank resolved to distribute prior year's profit amounting to USD 19,000,000 (equivalent VND 441,180 million) (2017: USD 15,000,000 (equivalent VND 336,375 million) to owners.

The compulsory reserves have been appropriated in accordance to prevailing regulations.



**23. INTEREST AND SIMILAR INCOME**

	Current year		Prior year	
	USD	VND million equivalent	USD	VND million equivalent
From loans	91,237,885	2,095,380	74,277,895	1,665,682
From deposits	1,966,640	45,157	1,440,948	32,313
From investments	29,870,877	686,363	27,236,538	610,779
From guarantee	1,354,467	30,937	1,079,130	24,200
Others	7	-	-	-
	<b>124,429,876</b>	<b>2,857,837</b>	<b>104,034,511</b>	<b>2,332,974</b>

**24. INTEREST EXPENSES AND SIMILAR CHARGES**

	Current year		Prior year	
	USD	VND million equivalent	USD	VND million equivalent
For deposits from other credit institution and customers	59,090,493	1,357,753	44,716,956	1,002,778
For borrowings from other credit institutions	3,890,091	89,601	1,789,164	40,122
Other expenses	597,473	13,803	379,394	8,508
	<b>63,578,057</b>	<b>1,461,157</b>	<b>46,885,514</b>	<b>1,051,408</b>

**25. NET FEE AND COMMISSION INCOME**

	Current year		Prior year	
	USD	VND million equivalent	USD	VND million equivalent
<b>Fee and commission income</b>				
Settlement services	2,983,052	68,620	2,605,341	58,425
Treasury services	148,031	3,404	153,116	3,434
Other services	333,398	7,663	432,839	9,706
	<b>3,464,481</b>	<b>79,687</b>	<b>3,191,296</b>	<b>71,565</b>
<b>Fee and commission expense</b>				
Settlement services	(1,289,797)	(29,729)	(1,351,811)	(30,314)
Treasury services	(200,873)	(4,614)	(181,341)	(4,067)
Other services	(198,952)	(4,563)	(144,958)	(3,251)
	<b>(1,689,622)</b>	<b>(38,906)</b>	<b>(1,678,110)</b>	<b>(37,632)</b>
	<b>1,774,859</b>	<b>40,781</b>	<b>1,513,186</b>	<b>33,933</b>

**26. NET LOSS FROM DEALING IN FOREIGN CURRENCIES**

	Current year		Prior year	
	USD	VND million equivalent	USD	VND million equivalent
Gain from trading foreign currency spot	2,597,735	59,970	2,176,687	48,812
Loss from trading foreign currency spot	(3,141,032)	(72,853)	(2,025,329)	(45,418)
Gain from derivatives	425,885	9,870	1,054,649	23,651
Loss from derivatives	(2,514,505)	(57,630)	(3,959,335)	(88,788)
	<b>(2,631,917)</b>	<b>(60,643)</b>	<b>(2,753,328)</b>	<b>(61,743)</b>

**27. NET GAIN FROM TRADING SECURITIES**

	Current year		Prior year	
	USD	VND million equivalent	USD	VND million equivalent
Net gain from trading securities	10,130,640	233,184	6,634,120	148,770
Reverse provision for trading securities	360,407	8,369	9,842	221
Provision expense for trading securities	(501,779)	(11,714)	(228,162)	(5,117)
	<b>9,989,268</b>	<b>229,839</b>	<b>6,415,800</b>	<b>143,874</b>

**28. NET (LOSS)/GAIN FROM TRADING OF INVESTMENT SECURITIES**

	Current year		Prior year	
	USD	VND million equivalent	USD	VND million equivalent
Net gain from investment securities	51,027	1,190	4,406,299	98,811
Provision expense for investment securities	(8,400,504)	(195,241)	26,716	599
	<b>(8,349,477)</b>	<b>(194,051)</b>	<b>4,433,015</b>	<b>99,410</b>

**29. GAIN FROM OTHER ACTIVITIES**

	Current year		Prior year	
	USD	VND million equivalent	USD	VND million equivalent
<b>Other income</b>				
- Collection of bad debt previously written off	1,036,853	24,076	1,607,832	36,056
- Other income	204,026	4,609	289,512	6,492
	<b>1,240,879</b>	<b>28,685</b>	<b>1,897,344</b>	<b>42,548</b>
<b>Other expenses</b>				
- Net book value of fixed assets disposed	-	-	(9,873)	(221)
- Other expenses	(7,959)	(183)	(7,058)	(159)
	<b>(7,959)</b>	<b>(183)</b>	<b>(16,931)</b>	<b>(380)</b>
<b>Net gain from other activities</b>	<b>1,232,920</b>	<b>28,502</b>	<b>1,880,413</b>	<b>42,168</b>

**30. GENERAL AND ADMINISTRATION ON EXPENSES**

	Current year		Prior year	
	USD	VND million equivalent	USD	VND million equivalent
Tax, duties and fees	131,305	3,016	92,882	2,083
Employee expense	-	-	-	-
- Salary and allowance	7,677,244	175,284	5,668,533	127,117
- Bonus	2,680,000	62,230	3,699,120	82,952
- Other expenses for employees	2,788,461	64,228	2,456,180	55,080
Asset relating expenditures	-	-	-	-
- Depreciation and mortization	1,547,660	35,541	1,610,481	36,115
- Asset leasing	1,260,959	28,967	1,267,743	28,429
- Office material expenses	51,894	1,174	51,978	1,166
- Maintainance and repairing	1,306,770	30,084	1,503,113	33,707
- Tools and equipment expenses	153,263	3,508	361,498	8,107
Administration expenses	-	-	-	-
- Marketing, promotion and printing expenses	1,068,718	24,572	997,968	22,379
- Travelling expenses	226,141	5,208	206,456	4,630
- Non deductible value added tax	324,100	7,461	320,028	7,177
- Telecommunication expenses	313,718	7,206	344,248	7,720
- Office material expenses	96,502	2,216	133,277	2,989
- Electric, water and hygiene	445,750	10,286	448,890	10,066
- Oil and gas expenses	122,365	2,813	123,472	2,769
- Other expenses	782,856	17,984	761,965	17,086
Insurance for customer deposits	621,021	14,254	479,730	10,758
	<b>21,598,727</b>	<b>496,032</b>	<b>20,527,562</b>	<b>460,330</b>

3375  
HÀN  
ÊM HỮ  
VIN  
P. P. H  
300-2  
NHÂN  
G T  
ÊM HỮ  
DIT  
NAI  
HỒ





33. EMPLOYEES' REMUNERATION

	Current year		Prior year	
	USD	VND million equivalent	USD	VND million equivalent
<b>Average number of employees</b>	776	776	768	768
<b>Employees' remuneration</b>				
<i>Total salary fund</i>	6,361,413	145,925	5,668,533	127,117
<i>Bonus</i>	2,680,000	60,706	1,699,120	38,103
<i>Other remuneration</i>	864,493	20,018	597,698	13,403
Total remuneration	9,905,906	226,649	7,965,351	178,623
Average annual salary/employee	8,198	188	7,381	166
Average annual remuneration/employee	12,765	292	10,372	233

34. OBLIGATIONS TO THE STATE'S BUDGET

	Opening balance	Movement during the year		Closing balance
	USD	Payables	Paid	USD
Value Added Tax	29,623	342,894	335,351	37,166
Corporate Income Tax	923,241	7,151,979	7,902,766	172,454
Personal Income Tax	27,808	660,594	644,560	43,842
Foreign Contractor Tax	1,256	120,758	105,261	16,753
<b>Total</b>	<b>981,928</b>	<b>8,276,225</b>	<b>8,987,938</b>	<b>270,215</b>

	Opening balance	Movement during the year		Closing balance
	VND million equivalent	Payables	Paid	VND million equivalent
Value Added Tax	664	7,962	7,763	863
Corporate Income Tax	20,704	166,069	182,768	4,004
Personal Income Tax	624	15,339	14,945	1,018
Foreign Contractor Tax	28	2,804	2,443	389
<b>Total</b>	<b>22,020</b>	<b>192,174</b>	<b>207,919</b>	<b>6,274</b>

35. TYPE AND VALUE OF COLLATERAL RECEIVED FROM CUSTOMERS

	Current year		Prior year	
	USD	VND million equivalent	USD	VND million equivalent
Real estates	1,412,482,378	32,797,841	1,123,821,623	25,201,700
Machinery and equipment	209,082,758	4,854,902	300,794,827	6,745,324
Inventories	16,356,287	379,793	103,784,822	2,327,375
Shares and valuable papers	408,108,827	9,476,287	207,619,041	4,655,857
Others	580,217,134	13,472,642	519,944,214	11,659,749
<b>Total</b>	<b>2,626,247,384</b>	<b>60,981,465</b>	<b>2,255,964,527</b>	<b>50,590,005</b>

36. CONCENTRATION OF ASSETS, LIABILITIES AND OFF-BALANCE SHEET ITEMS BY GEOGRAPHICAL REGIONS

	<b>Total loan balances</b>	<b>Total deposit balances</b>	<b>Credit commitments</b>	<b>Derivatives</b>	<b>Trading and investment securities</b>
	USD	USD	USD	USD	USD
Domestic	1,292,622,040	1,390,330,761	106,746,591	(1,477,894)	471,470,672
Overseas	-	246,611,590	-	-	-
	<u>1,292,622,040</u>	<u>1,636,942,351</u>	<u>106,746,591</u>	<u>(1,477,894)</u>	<u>471,470,672</u>

	<b>Total loan balances</b>	<b>Total deposit balances</b>	<b>Credit commitments</b>	<b>Derivatives</b>	<b>Trading and investment securities</b>
	VND million equivalent	VND million equivalent	VND million equivalent	VND million equivalent	VND million equivalent
Domestic	30,014,684	32,283,480	2,478,656	(34,317)	10,947,549
Overseas	-	5,726,321	-	-	-
	<u>30,014,684</u>	<u>38,009,801</u>	<u>2,478,656</u>	<u>(34,317)</u>	<u>10,947,549</u>

300  
 GÂN  
 HNH  
 Đ  
 AN  
 01/20  
 CHI  
 CÔI  
 HNH  
 DEL  
 VIỆ  
 7 - 71

**INDOVINA BANK LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**FORM B 05/TCTD**

**37. FINANCIAL RISK MANAGEMENT**

**a. Interest rate risk**

The Bank has significant interest rate risks arising from interest bearing loans which are arranged. The Bank is exposed to interest rate risk as the Bank borrows funds at both fixed and floating interest rates. The risk is managed by the Bank by maintaining an appropriate mix between fixed and floating rate borrowings.

As at 31 December 2018	Overdue USD	Non-interest bearing USD	Up to 1 month USD	1-3 months USD	3-6 months USD	6-12 months USD	1-5 years USD	Over 5 years USD	Total USD
<b>Assets</b>									
Cash on hand	-	9,516,559	-	-	-	-	-	-	9,516,559
Deposits with the State Bank of Vietnam	-	24,000,477	-	-	-	-	-	-	24,000,477
Deposits and lendings to other credit institutions (*)	-	225,650,705	64,400,936	25,670,918	31,734,592	49,000,000	-	-	396,457,151
Trading securities (*)	-	2,726,992	48,012,817	71,808,201	108,159,596	-	-	-	230,707,606
Loans to customers (*)	25,446,264	-	1,302,872	430,476,199	727,251,759	-	-	-	1,184,477,094
Investment securities (*)	-	-	-	-	4,306,632	2,343,530	84,391,287	149,721,617	240,763,066
Fixed assets	-	24,633,243	-	-	-	-	-	-	24,633,243
Other assets (*)	-	19,511,145	-	-	-	-	-	-	19,511,145
<b>Total assets (*)</b>	<b>25,446,264</b>	<b>306,039,121</b>	<b>113,716,625</b>	<b>527,955,318</b>	<b>871,452,579</b>	<b>51,343,530</b>	<b>84,391,287</b>	<b>149,721,617</b>	<b>2,130,066,341</b>
<b>Liabilities</b>									
Deposits and borrowings from other credit institutions	-	183,062,401	200,388,588	14,098,428	64,351,926	88,939,707	4,393,846	-	555,234,896
Deposits from customers	-	-	609,022,503	181,877,351	211,342,847	222,819,556	43,466,272	-	1,268,528,529
Derivatives and other financial liabilities	-	-	-	1,477,894	-	-	-	-	1,477,894
Other liabilities	-	27,685,192	-	-	-	-	-	-	27,685,192
<b>Total liabilities</b>	<b>-</b>	<b>210,747,593</b>	<b>809,411,091</b>	<b>197,453,673</b>	<b>275,694,773</b>	<b>311,759,263</b>	<b>47,860,118</b>	<b>-</b>	<b>1,852,926,511</b>
<b>Interest gap of balance sheet items</b>	<b>25,446,264</b>	<b>95,291,528</b>	<b>(695,694,466)</b>	<b>330,501,645</b>	<b>595,757,806</b>	<b>(260,415,733)</b>	<b>36,531,169</b>	<b>149,721,617</b>	<b>277,139,830</b>
<b>Total interest gap</b>	<b>25,446,264</b>	<b>95,291,528</b>	<b>(695,694,466)</b>	<b>330,501,645</b>	<b>595,757,806</b>	<b>(260,415,733)</b>	<b>36,531,169</b>	<b>149,721,617</b>	<b>277,139,830</b>

337  
 HAI  
 EMHI  
 VII  
 P.H  
 300-  
 NHA  
 G T  
 EMH  
 CIT  
 NA  
 P.H

**INDOVINA BANK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**FORM B 05/TCTD**

As at 31 December 2018	Overdue VND million equivalent	Non-interest bearing VND million equivalent	Up to 1 month VND million equivalent	1-3 months VND million equivalent	3-6 months VND million equivalent	6-12 months VND million equivalent	1-5 Years VND million equivalent	Over 5 years VND million equivalent	Total VND million equivalent
<b>Assets</b>									
Cash on hand	-	220,974	-	-	-	-	-	-	220,974
Deposits with the State Bank of Vietnam	-	557,291	-	-	-	-	-	-	557,291
Deposits and lendings to other credit institutions (*)	-	5,239,609	1,495,390	596,079	736,877	1,137,780	-	-	9,205,735
Trading securities (*)	-	63,321	1,114,858	1,667,386	2,511,466	-	-	-	5,357,031
Loans to customers (*)	590,862	-	30,253	9,995,657	16,886,786	-	-	-	27,503,558
Investment securities (*)	-	-	-	-	100,000	54,417	1,959,566	3,476,536	5,590,519
Fixed assets	-	571,984	-	-	-	-	-	-	571,984
Other assets (*)	-	453,049	-	-	-	-	-	-	453,049
<b>Total assets</b>	<b>590,862</b>	<b>7,106,228</b>	<b>2,640,501</b>	<b>12,259,122</b>	<b>20,235,129</b>	<b>1,192,197</b>	<b>1,959,566</b>	<b>3,476,536</b>	<b>49,460,141</b>
<b>Liabilities</b>									
Deposits and borrowings from other credit institutions	-	4,250,709	4,653,023	327,365	1,494,252	2,065,180	102,025	-	12,892,554
Deposits from customers	-	-	14,141,502	4,223,192	4,907,381	5,173,870	1,009,287	-	29,455,232
Derivatives and other financial liabilities	-	-	-	34,317	-	-	-	-	34,317
Other liabilities	-	642,851	-	-	-	-	-	-	642,851
<b>Total liabilities</b>	<b>-</b>	<b>4,893,560</b>	<b>18,794,525</b>	<b>4,584,874</b>	<b>6,401,633</b>	<b>7,239,050</b>	<b>1,111,312</b>	<b>-</b>	<b>43,024,954</b>
<b>Interest gap of balance sheet items</b>	<b>590,862</b>	<b>2,212,668</b>	<b>(16,154,024)</b>	<b>7,674,248</b>	<b>13,833,496</b>	<b>(6,046,853)</b>	<b>848,254</b>	<b>3,476,536</b>	<b>6,435,187</b>
<b>Total interest gap</b>	<b>590,862</b>	<b>2,212,668</b>	<b>(16,154,024)</b>	<b>7,674,248</b>	<b>13,833,496</b>	<b>(6,046,853)</b>	<b>848,254</b>	<b>3,476,536</b>	<b>6,435,187</b>

(\*): the above balances exclude provision.

*Interest rate sensitivity*

The Bank has not performed interest sensitivity analysis for the year ended 31 December 2018 due to the insufficiency of input database system.





**INDOVINA BANK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**FORM B 05/TCTD**

**b. Liquidity risk**

The purpose of liquidity risk management is to ensure the availability of funds to meet present and future financial obligations. Liquidity is also managed by ensuring that the excess of maturing liabilities over maturing assets in any year is kept to manageable levels relative to the amount of funds that the Bank believes can generate within that year. The Bank's policy is to regularly monitor current and expected liquidity requirements to ensure that the Bank maintains sufficient reserves of cash, borrowings and adequate committed funding from its owners to meet its liquidity requirements in the short and longer term. The table below analyzed the Bank's assets and liabilities into relevant maturity grouping based on the remaining period at the balance sheet date to the contractual maturity date.

As at 31 December 2018	Overdue					Current					Total		
	3 months USD	Up to 3 months USD	Up to 1 month USD	1-3 months USD	3-12 months USD	1-5 years USD	Over 5 years USD						
<b>Assets</b>													
Cash on hand	-	-	9,516,559	-	-	-	-	-	-	-	-	-	9,516,559
Deposits with the State Bank of Vietnam	-	-	24,000,477	-	-	-	-	-	-	-	-	-	24,000,477
Deposits and lendings to other credit institutions (*)	-	-	290,051,641	25,670,918	80,734,592	-	-	-	-	-	-	-	396,457,151
Trading securities (*)	-	-	50,739,809	71,808,201	108,159,596	-	-	-	-	-	-	-	230,707,606
Loans to customers (*)	10,116,884	15,329,380	61,454,208	113,853,153	281,286,926	239,299,807	463,136,736	1,184,477,094	-	-	-	-	1,184,477,094
Investment securities (*)	-	-	-	-	6,650,162	84,391,287	149,721,617	240,763,066	-	-	-	-	240,763,066
Fixed assets	-	-	-	-	-	-	24,633,243	-	-	-	-	-	24,633,243
Other assets (*)	-	-	19,511,145	-	-	-	-	19,511,145	-	-	-	-	19,511,145
<b>Total assets</b>	<b>10,116,884</b>	<b>15,329,380</b>	<b>455,273,839</b>	<b>211,332,272</b>	<b>476,831,276</b>	<b>323,691,094</b>	<b>637,491,596</b>	<b>2,130,066,341</b>					
<b>Liabilities</b>													
Deposits and borrowings from other credit institutions	-	-	383,450,989	14,098,428	153,291,633	4,393,846	-	555,234,896	-	-	-	-	555,234,896
Deposits from customers	-	-	609,022,503	181,877,351	434,162,403	43,466,272	-	1,268,528,529	-	-	-	-	1,268,528,529
Derivatives and other financial liabilities	-	-	-	1,477,894	-	-	-	1,477,894	-	-	-	-	1,477,894
Other liabilities	-	-	27,685,192	-	-	-	-	27,685,192	-	-	-	-	27,685,192
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>1,020,158,684</b>	<b>197,453,673</b>	<b>587,454,036</b>	<b>47,860,118</b>	<b>-</b>	<b>1,852,926,511</b>					
<b>Net liquidity gap</b>	<b>10,116,884</b>	<b>15,329,380</b>	<b>(564,884,845)</b>	<b>13,878,599</b>	<b>(110,622,760)</b>	<b>275,830,976</b>	<b>637,491,596</b>	<b>277,139,830</b>					



**INDOVINA BANK LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**FORM B 05/TCTD**

As at 31 December 2018	Overdue					Current			Total
	Over 3 months VND million equivalent	Up to 3 months VND million equivalent	Up to 1 month VND million equivalent	1-3 months VND million equivalent	3-12 months VND million equivalent	1-5 years VND million equivalent	Over 5 years VND million equivalent		
<b>Assets</b>									
Cash on hand	-	-	220,974	-	-	-	-	-	220,974
Deposits with the State Bank of Vietnam	-	-	557,291	-	-	-	-	-	557,291
Deposits and lendings to other credit institutions (*)	-	-	6,734,999	596,079	1,874,657	-	-	-	9,205,735
Trading securities (*)	-	-	1,178,179	1,667,386	2,511,466	-	-	-	5,357,031
Loans to customers (*)	234,914	355,948	1,426,967	2,643,670	6,531,482	5,556,542	10,754,035	27,503,558	5,590,519
Investment securities (*)	-	-	-	-	154,417	1,959,566	3,476,536	571,984	571,984
Fixed assets	-	-	-	-	-	-	-	-	453,049
Other assets (*)	-	-	453,049	-	-	-	-	-	453,049
<b>Total assets</b>	<b>234,914</b>	<b>355,948</b>	<b>10,571,459</b>	<b>4,907,135</b>	<b>11,072,022</b>	<b>7,516,108</b>	<b>14,802,555</b>	<b>49,460,141</b>	
<b>Liabilities</b>									
Deposits and borrowings from other credit institutions	-	-	8,903,732	327,365	3,559,432	102,025	-	-	12,892,554
Deposits from customers	-	-	14,141,502	4,223,192	10,081,251	1,009,287	-	-	29,455,232
Derivatives and other financial liabilities	-	-	-	34,317	-	-	-	-	34,317
Other liabilities	-	-	642,851	-	-	-	-	-	642,851
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>23,688,085</b>	<b>4,584,874</b>	<b>13,640,683</b>	<b>1,111,312</b>	<b>-</b>	<b>43,024,954</b>	
<b>Net liquidity gap</b>	<b>234,914</b>	<b>355,948</b>	<b>(13,116,626)</b>	<b>322,261</b>	<b>(2,568,661)</b>	<b>6,404,796</b>	<b>14,802,555</b>	<b>6,435,187</b>	

(\*): the above balances exclude provision.

100%  
CH  
C  
ACH  
DE  
VI  
17-

100%  
GAI  
HNA  
DC  
AN-

**INDOVINA BANK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

FORM B 05/TCTD

**c. Currency risk**

The Bank undertakes certain transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Bank does not hedge this risk due to the lack of any market to purchase such instruments. The carrying amounts of the Bank's foreign currency denominated monetary assets and monetary liabilities at the end of the financial year are as follows:

**As at 31 December 2018**

	<b>VND</b>	<b>USD</b>	<b>EUR</b>	<b>Other currencies</b>	<b>Total</b>
	USD	USD	USD	USD	USD
<b>Assets</b>					
Cash on hand	6,330,326	3,161,751	11,783	12,699	9,516,559
Deposits with the State Bank of Vietnam	10,998,502	13,001,975	-	-	24,000,477
Deposits and lendings to other credit institutions (*)	258,894,873	98,468,670	20,413,926	18,679,682	396,457,151
Trading securities (*)	230,707,606	-	-	-	230,707,606
Derivatives and other financial assets	35,254,448	319,434,598	-	-	354,689,046
Loans to customers (*)	1,004,325,412	180,151,682	-	-	1,184,477,094
Investment securities (*)	240,763,066	-	-	-	240,763,066
Fixed assets	-	24,633,243	-	-	24,633,243
Other assets (*)	17,680,713	1,830,375	-	57	19,511,145
<b>Total assets</b>	<b>1,804,954,946</b>	<b>640,682,294</b>	<b>20,425,709</b>	<b>18,692,438</b>	<b>2,484,755,387</b>
<b>Liabilities and owners' equity</b>					
Deposits and borrowings from other credit institutions	308,399,871	246,835,025	-	-	555,234,896
Deposits from customers	1,120,122,999	147,884,550	411,385	109,595	1,268,528,529
Derivatives and other financial liabilities	320,732,342	35,434,598	-	-	356,166,940
Other liabilities	23,811,623	3,869,180	3,878	511	27,685,192
Equity and reserves	-	250,340,373	-	-	250,340,373
<b>Total liabilities and owners' equity</b>	<b>1,773,066,835</b>	<b>684,363,726</b>	<b>415,263</b>	<b>110,106</b>	<b>2,457,955,930</b>
<b>Net on-balance sheet position</b>	<b>31,888,111</b>	<b>(43,681,432)</b>	<b>20,010,446</b>	<b>18,582,332</b>	<b>26,799,457</b>
<b>Total position</b>	<b>31,888,111</b>	<b>(43,681,432)</b>	<b>20,010,446</b>	<b>18,582,332</b>	<b>26,799,457</b>

**INDOVINA BANK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

FORM B 05/TCTD

As at 31 December 2018

	<u>VND</u>	<u>USD</u>	<u>EUR</u>	<u>Other currencies</u>	<u>Total</u>
	VND million equivalent	VND million equivalent	VND million equivalent	VND million equivalent	VND million equivalent
<b>Assets</b>					
Cash on hand	146,990	73,415	274	295	220,974
Deposits with the State Bank of Vietnam	255,385	301,906	-	-	557,291
Deposits and lendings to other credit institutions (*)	6,011,538	2,286,443	474,011	433,743	9,205,735
Trading securities (*)	5,357,031	-	-	-	5,357,031
Derivatives and other financial assets	818,608	7,417,271	-	-	8,235,879
Loans to customers (*)	23,320,436	4,183,122	-	-	27,503,558
Investment securities (*)	5,590,519	-	-	-	5,590,519
Fixed assets	-	571,984	-	-	571,984
Other assets (*)	410,547	42,501	-	1	453,049
<b>Total assets</b>	<b>41,911,054</b>	<b>14,876,642</b>	<b>474,285</b>	<b>434,039</b>	<b>57,696,020</b>
<b>Liabilities and owners' equity</b>					
Deposits and borrowings from other credit institutions	7,161,045	5,731,509	-	-	12,892,554
Deposits from customers	26,009,256	3,433,879	9,552	2,545	29,455,232
Derivatives and other financial liabilities	7,447,405	822,791	-	-	8,270,196
Other liabilities	552,906	89,843	90	12	642,851
Equity and reserves	-	5,812,904	-	-	5,812,904
<b>Total liabilities and owners' equity</b>	<b>41,170,612</b>	<b>15,890,926</b>	<b>9,642</b>	<b>2,557</b>	<b>57,073,737</b>
<b>Net on-balance sheet position</b>	<b>740,442</b>	<b>(1,014,284)</b>	<b>464,643</b>	<b>431,482</b>	<b>622,283</b>
<b>Total position</b>	<b>740,442</b>	<b>(1,014,284)</b>	<b>464,643</b>	<b>431,482</b>	<b>622,283</b>

(\*): the above balances exclude provision.

**38. CONTINGENT LIABILITIES AND COMMITMENTS**

In normal course of business, the Bank is a party to use financial instrument which are recorded as off balance sheet items. These financial instruments mainly comprise financial guarantees and commercial letters of credit. These instruments involve elements of credit risk apart from those recognized in the balance sheet.

Credit risk for off balance sheet financial instruments is defined as the possibility of sustaining a loss because any other party to a financial instrument fails to perform in accordance with the terms of the contract.

Financial guarantees are conditional commitments issued by the Bank to guarantee the performance of a customer to a third party including guarantee for borrowings, settlement, and contract performance and biddings, etc. The credit risk involved in issuing guarantees is essentially the same as that involved in extending facilities to customers; other guarantees have risk concentration at low level.

Letter of credit (L/C) transaction is a transaction where the Bank issues financial guarantees to the customers (buyer or importer as usual) in which the seller or exporter is the beneficiary.

The Bank requires margin deposits to support credit-related financial instrument when it is deemed necessary. The margin deposit required varies from nil to 100% of the value of a commitment granted, depending on the credit worthiness of customers as assessed by the Bank.

Details of contingent liabilities and commitments as at balance sheet date are as follows:

	<b>Closing balance</b>		<b>Opening balance</b>	
	USD	VND million equivalent	USD	VND million equivalent
Currency spot purchase commitment	39,602,310	919,566	28,038,363	628,760
Currency spot sale commitment	38,354,910	890,601	-	-
Currency swap commitment	567,444,272	13,176,056	388,544,794	8,713,117
Outstanding letters of credit	33,117,522	768,989	54,585,966	1,224,090
Other guarantess	73,629,069	1,709,667	86,856,325	1,947,753
	<b>752,148,083</b>	<b>17,464,879</b>	<b>558,025,448</b>	<b>12,513,720</b>

**39. FINANCIAL INSTRUMENTS**

**Significant accounting policies**

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the bases of measurement, and the bases for recognition of income and expenses) for each class of financial asset and financial liability are disclosed in Note 4.





	<b>Carrying amounts</b>		<b>Fair Value</b>	
	Closing balance	Opening balance	Closing balance	Opening balance
	USD	USD	USD	USD
<b>Financial assets</b>				
Cash on hand	9,516,559	8,933,676	9,516,559	8,933,676
Deposits with the State Bank of Vietnam	24,000,477	40,478,848	24,000,477	40,478,848
Deposits with other credit institutions	288,312,205	246,399,218	288,312,205	246,399,218
Lending to other credit institutions	108,144,946	78,249,485	108,144,946	78,249,485
Trading securities	229,365,090	129,838,825	(*)	(*)
Loans to customers	1,168,106,031	976,930,772	(*)	(*)
Available for sales securities	231,677,188	274,335,994	(*)	(*)
Accrued interest receivables	12,935,305	12,240,768	(*)	(*)
Other receivables	3,525,478	3,173,516	(*)	(*)
<b>Financial liabilities</b>				
Deposits from other credit institutions	368,413,822	224,490,065	(*)	(*)
Borrowings from other credit institutions	166,783,906	113,890,708	(*)	(*)
Deposits from customers	1,268,528,529	1,186,900,747	(*)	(*)
Derivatives and other financial liabilities	1,477,894	4,282,365	(*)	(*)
Accrued interest payables	21,770,405	14,138,281	(*)	(*)
Other payables	5,914,966	13,995,584	(*)	(*)

	<b>Carrying amounts</b>		<b>Fair Value</b>	
	Closing balance	Opening balance	Closing balance	Opening balance
	VND million equivalent	VND million equivalent	VND million equivalent	VND million equivalent
<b>Financial assets</b>				
Cash on hand	220,974	200,338	220,974	200,338
Deposits with the State Bank of Vietnam	557,291	907,738	557,291	907,738
Deposits with other credit institutions	6,694,609	5,525,502	6,694,609	5,525,502
Lending to other credit institutions	2,511,126	1,754,745	2,511,126	1,754,745
Trading securities	5,325,858	2,911,636	(*)	(*)
Loans to customers	27,123,422	21,907,673	(*)	(*)
Available for sales securities	5,379,545	6,151,985	(*)	(*)
Accrued interest receivables	300,358	274,499	(*)	(*)
Other receivables	81,862	71,166	(*)	(*)
<b>Financial liabilities</b>				
Deposits from other credit institutions	8,554,569	5,034,190	(*)	(*)
Borrowings from other credit institutions	3,872,722	2,553,999	(*)	(*)
Deposits from customers	29,455,232	26,616,249	(*)	(*)
Derivatives and other financial liabilities	34,317	96,032	(*)	(*)
Accrued interest payables	505,509	317,051	(*)	(*)
Other payables	137,341	313,851	(*)	(*)

(\*) The Bank has not assessed fair value of its financial assets and liabilities as at the balance date since there are no comprehensive guidance under Circular 210/2009/TT-BTC dated 6 November 2009 issued by the Ministry of Finance and other relevant prevailing regulations to determine fair value of these financial assets and liabilities. While Circular No 210 refers to the application of IFRS on presentation and disclosures of financial instruments, it did not adopt the application of IFRS on the recognition and measurement of financial instruments, including application of fair value, in accordance with IFRS.

**40. OPERATING LEASE COMMITMENTS**

	<b>Current year</b>		<b>Prior year</b>	
	USD	VND million equivalent	USD	VND million equivalent
Minimum lease payments under operating leases recognized in the income statement for the year	1,260,959	29,279	1,267,743	28,429

At the balance sheet date, the Bank had outstanding commitments under non-cancellable operating leases, which fall due as follows:

	<b>Closing balance</b>		<b>Opening balance</b>	
	USD	VND million equivalent	USD	VND million equivalent
Within one year	1,165,299	27,058	1,269,429	28,467
In the second to fifth year inclusive	2,297,328	53,344	2,118,666	47,511
After five years	303,984	7,059	615,974	13,813
	<b>3,766,611</b>	<b>87,461</b>	<b>4,004,069</b>	<b>89,791</b>

Operating lease commitments represent office rentals with the duration from one year to five years.

**41. RELATED PARTY TRANSACTIONS AND BALANCES**

List of related parties with significant transactions and balances for the year:

<b>Related parties</b>	<b>Relationship</b>
Vietinbank (Head office ("HO")/ Branch)	Owner
Cathay United (Head office ("HO")/Branch/ Representative Office)	Owner

33;  
 HÀ  
 EMH  
 VI  
 CP Y  
 2500  
 NHÀ  
 NG  
 HIỆM  
 LOIT  
 T NA  
 CP. HC


During the year, the Bank entered into the following significant transactions with its related parties:

	<b>Current year</b>		<b>Prior year</b>	
	USD	VND million equivalent	USD	VND million equivalent
<b>Deposits with other credit institutions</b>				
Vietinbank HO	<u>173,763,411</u>	<u>4,034,786</u>	-	-
<b>Deposits from other credit institutions</b>				
Vietinbank HO	<u>172,773,240</u>	<u>4,011,795</u>	-	-
<b>Borrowings from other credit institutions</b>				
Cathay United Bank	<u>410,500,000</u>	<u>9,531,810</u>	<u>1,685,000,000</u>	<u>37,786,125</u>
<b>Profit distribution</b>				
Vietinbank HO	9,500,000	216,363	7,500,000	168,188
Cathay United Bank	<u>9,500,000</u>	<u>216,363</u>	<u>7,500,000</u>	<u>168,188</u>
<b>Interest expense</b>				
Vietinbank HO	172,680	4,010	180,843	4,061
Cathay United Bank	1,605,018	37,269	1,263,437	28,333
Cathay United Bank Chu Lai Branch	<u>24,523</u>	<u>569</u>	<u>18,391</u>	<u>412</u>
<b>Interest income</b>				
Vietinbank HO	173,423	4,027	195,466	4,383
Vietinbank HCM Branch	-	-	<u>10,690</u>	<u>240</u>
<b>Purchase of bonds</b>				
Vietinbank HO	-	-	<u>16,633,222</u>	<u>386,223</u>
<b>Remuneration of the Board of Executives</b>				
	<u>212,462</u>	<u>4,933</u>	<u>267,741</u>	<u>6,004</u>

52-2  
 VG  
 TU HA  
 VA  
 50h  
 002  
 NH  
 TY  
 UUH  
 TE  
 M  
 CHI


The related parties' significant balances as at the balance sheet date were as follows:

	<u>Closing balance</u>		<u>Opening balance</u>	
	USD	VND million equivalent	USD	VND million equivalent
<b>Deposits with other credit institutions</b>				
Vietinbank HO	172,758,094	4,011,443	178,703,625	4,007,429
Vietinbank HCM Branch	1,253,712	29,111	155,229	3,481
Cathay United Bank	1,400,476	32,519	150,687	3,379
<b>Deposits from other credit institutions</b>				
Vietinbank HO	172,773,240	4,011,795	178,719,510	4,007,785
Cathay United Bank Chu Lai Branch	10,212,067	237,124	4,802,268	107,691
Cathay United Bank Representative Office	39,711	922	43,760	981
<b>Borrowings from other credit institutions</b>				
Cathay United Bank	129,000,000	2,995,380	108,000,000	2,421,900
<b>Interest payables</b>				
Cathay United Bank	1,625,509	37,744	205,317	4,604
<b>Bonds holding</b>				
Vietinbank HO	16,063,738	373,000	16,633,222	373,000

  
**Huynh Thanh Trung**  
 Preparer

  
**Tran Le Thuy**  
 Chief Accountant



  
**Liu Chun Hao**  
 General Director  
 11 March 2019

