

Reference: 05082013 - VID-E&Y

INDEPENDENT AUDITORS' REPORT

To: **The Owners of VID Public Bank**

We have audited the accompanying financial statements of VID Public Bank ("the Bank") as prepared on 20 March 2014 and set out on pages 6 to 60, which comprise the balance sheet as at 31 December 2013, the income statement and the cash flow statement for the year then ended and the notes thereto.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Bank's 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 auditor's 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 auditor considers 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 Bank's Management, as well as evaluating the overall presentation of the financial statements.

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

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Opinion

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

Other matters

The financial statements of VID Public Bank for the year ended 31 December 2012 were audited by another audit firm which expressed an unmodified opinion on those statements on 29 March 2013.

The equivalent amounts in Vietnam Dong presented in the accompanying financial statements have been computed on the basis set forth in Note 3.3 to the financial statements in compliance with Circular No. 244/2009/TT-BTC providing amendments and additions to the corporate accounting system issued by the Ministry of Finance on 31 December 2009 and for reference purpose only.

Ernst & Young Vietnam Limited



Nguyen Xuan Dai
Deputy General Director
Audit Practising Registration
Certificate No. 0452-2013-004-1

Vo Xuan Minh
Auditor
Audit Practising Registration
Certificate No. 0923-2013-004-1

Hanoi, Vietnam

20 March 2014

VID Public Bank

BALANCE SHEET
as at 31 December 2013

Form. B02/TCTD

	<i>Notes</i>	<i>31/12/2013 USD</i>	<i>31/12/2012 USD</i>	<i>31/12/2013 VNDm equiv.</i>	<i>31/12/2012 VNDm equiv.</i>
ASSETS					
Cash on hand	5	2,969,340	3,154,429	62,463	65,700
Balances with the State Bank of Vietnam	6	13,967,013	16,558,722	293,810	344,885
Balances with and loans to other credit institutions	7	128,449,977	84,515,426	2,702,074	1,760,288
Deposits with other credit institutions		128,501,674	74,818,876	2,703,161	1,558,328
Loans to other credit institutions		-	10,000,000	-	208,280
Provision for credit losses of loans to other credit institutions		(51,697)	(303,450)	(1,087)	(6,320)
Loans and advances to customers		237,147,022	226,849,657	4,988,625	4,724,825
Loans and advances to customers	8	240,008,129	229,730,559	5,048,811	4,784,828
Provision for credit losses of loans and advances to customers	9	(2,861,107)	(2,880,902)	(60,186)	(60,003)
Investment in securities		14,745,428	24,508,849	310,185	510,470
Held-to-maturity securities	10	14,745,428	24,508,849	310,185	510,470
Fixed assets	11	1,224,800	1,750,592	25,765	36,462
Tangible fixed assets	11.1	1,177,424	1,642,184	24,768	34,204
Cost		3,708,802	4,093,173	78,018	85,253
Accumulated depreciation		(2,531,378)	(2,450,989)	(53,250)	(51,049)
Intangible assets	11.2	47,376	108,408	997	2,258
Cost		1,032,415	1,001,227	21,718	20,854
Accumulated amortization		(985,039)	(892,819)	(20,721)	(18,596)
Other assets	12	2,784,165	2,343,176	58,567	48,804
Receivables		770,058	735,842	16,199	15,326
Interest and fee receivables		1,774,587	1,533,171	37,330	31,933
Other assets		239,520	74,163	5,038	1,545
TOTAL ASSETS		401,287,745	359,680,851	8,441,489	7,491,434

VID Public Bank

BALANCE SHEET (continued)
as at 31 December 2013

Form. B02/TCTD

	<i>Notes</i>	<u>31/12/2013 USD</u>	<u>31/12/2012 USD</u>	<u>31/12/2013 VNDm equiv.</u>	<u>31/12/2012 VNDm equiv.</u>
LIABILITIES					
Deposits and borrowings from other credit institutions					
Deposits from other credit institutions	13.1	62,332,146	42,970,660	1,311,219	894,993
Borrowings from other credit institutions	13.2	-	13,000,000	-	270,764
Deposits from customers	14	256,134,353	222,356,520	5,388,042	4,631,242
Derivatives and other financial liabilities	15	324,950	75,783	6,836	1,578
Valuable papers issued	16	4,177,037	2,716,706	87,868	56,584
Other liabilities	17	2,897,227	3,423,562	60,946	71,307
Interest and fee payables		2,303,440	1,896,123	48,455	39,492
Other payables		496,114	1,406,587	10,436	29,298
Provision for off-balance sheet contingent liabilities and commitments		97,673	120,852	2,055	2,517
TOTAL LIABILITIES		325,865,713	284,543,231	6,854,911	5,926,468
OWNERS' EQUITY					
Capital and reserves					
Allocated capital	18.2	62,500,000	62,500,000	1,314,750	1,301,750
Statutory reserves		9,083,904	8,411,242	191,089	175,190
Retained profit		3,838,128	4,226,378	80,739	88,026
TOTAL OWNERS' EQUITY	18	75,422,032	75,137,620	1,586,578	1,564,966
TOTAL LIABILITIES AND OWNERS' EQUITY		401,287,745	359,680,851	8,441,489	7,491,434

VID Public Bank

BALANCE SHEET (continued)
as at 31 December 2013

Form. B02/TCTD

OFF BALANCE SHEET ITEMS

<i>Notes</i>	<i>31/12/2013 USD</i>	<i>31/12/2012 USD</i>	<i>31/12/2013 VNDm equiv.</i>	<i>31/12/2012 VNDm equiv.</i>
Contingent liabilities				
Guarantees	7,039,426	7,533,099	148,081	156,899
Letters of credit	4,914,489	5,735,197	103,381	119,453
Other commitments				
Spot foreign exchange contracts	-	173,732	-	3,618
Swap foreign exchange contracts	13,051,911	10,012,483	274,560	208,540
29	<u>25,005,826</u>	<u>23,454,511</u>	<u>526,022</u>	<u>488,510</u>

Prepared by:



Ms. Hoang Thuy Duong
Chief Accountant

Checked by:



Mr. Dao Thanh Tung
Deputy General Director

Approved by:



Mr. Kong Chee Fire
General Director

Hanoi, Vietnam

20 March 2014

VID Public Bank

INCOME STATEMENT
for the year ended 31 December 2013

Form. B03/TCTD

	<i>Notes</i>	<u>2013 USD</u>	<u>2012 USD</u>	<u>2013 VNDm equiv.</u>	<u>2012 VNDm equiv.</u>
Interest and similar income	19	24,161,622	30,507,757	508,264	635,416
Interest and similar expenses	20	(11,721,576)	(15,576,757)	(246,575)	(324,433)
Net interest and similar income		12,440,046	14,931,000	261,689	310,983
Fees and commission income		1,858,060	2,000,175	39,086	41,660
Fees and commission expenses		(170,677)	(258,021)	(3,590)	(5,374)
Net fees and commission income	21	1,687,383	1,742,154	35,496	36,286
Net gain/(loss) from trading foreign currencies	22	148,356	(325,524)	3,121	(6,780)
Net gain from trading securities		-	80,897	-	1,685
Other operating income	23	1,657,259	2,621,783	34,862	54,606
Other operating expenses		(8,810)	(10,859)	(185)	(226)
Net other operating income		1,648,449	2,610,924	34,677	54,380
Net operating income		15,924,234	19,039,451	334,983	396,554
Total operating expenses	24	(7,414,215)	(7,275,283)	(155,965)	(151,530)
Net profit before provision for credit losses		8,510,019	11,764,168	179,018	245,024
Provision for credit losses	7, 9, 17	(3,315,983)	(5,136,494)	(69,755)	(106,984)
Profit before tax		5,194,036	6,627,674	109,263	138,040
Corporate income tax expense	27.1	(1,304,698)	(1,656,919)	(27,446)	(34,510)
Profit after tax		3,889,338	4,970,755	81,817	103,530

Prepared by:



Ms. Hoang Thuy Duong
Chief Accountant

Checked by:



Mr. Dao Thanh Tung
Deputy General Director



Mr. Kong Chee Fire
General Director

Hanoi, Vietnam

20 March 2014

VID Public Bank

CASH FLOW STATEMENT
for the year ended 31 December 2013

Form. B04/TCTD

Notes	2013 USD	2012 USD	2013 VNDm equiv.	2012 VNDm equiv.
CASH FLOWS FROM OPERATING ACTIVITIES				
Interest and similar income received				
	23,920,206	30,767,925	503,185	640,834
Interest and similar expenses paid				
	(11,314,259)	(15,665,631)	(236,007)	(326,284)
Net income received from fees and commission				
	1,687,258	1,742,154	35,493	36,286
Net (payments)/receipts from foreign currencies and securities trading				
	148,356	(244,627)	3,121	(5,095)
Net (payments)/receipts from other operating income				
	(1,321,333)	140,543	(27,796)	2,927
Income from bad debts recovery				
23	1,421,289	2,497,682	29,898	52,022
Payment for staff and operating activities				
	(5,444,576)	(6,687,906)	(114,532)	(139,296)
Corporate income tax paid				
27	(1,164,625)	(768,388)	(24,499)	(16,004)
Net cash flows from operating activities before changes in operating assets and liabilities				
	7,932,316	11,781,752	166,863	245,390
(Increase)/Decrease in operating assets				
Balances with and loans to other credit institutions				
	-	10,000,000	-	208,280
Investment in securities				
	9,763,421	(24,356,079)	205,383	(507,288)
Loans and advances to customers				
	(10,277,570)	(4,421,616)	(216,199)	(92,094)
Use of provision to write off bad debts and investments				
9	(3,596,749)	(6,361,790)	(75,661)	(132,503)
Other assets				
	(199,574)	471,345	(4,198)	9,817
Increase/(Decrease) in operating liabilities				
Deposits and borrowings from other credit institutions				
	6,361,486	(8,232,656)	133,820	(171,470)
Deposits from customers				
	33,777,833	8,129,120	710,550	169,314
Valuable papers issued				
	1,460,331	(1,342,468)	30,720	(27,961)
Derivatives and other financial liabilities				
	249,167	(599,683)	5,241	(12,490)
Other liabilities				
	(242,323)	44,938	(5,098)	936
Net cash flows from/(used in) operating activities				
	45,228,338	(14,887,137)	951,421	(310,069)

VID Public Bank

CASH FLOW STATEMENT (continued)
for the year ended 31 December 2013

Form: B04/TCTD

Notes	2013 USD	2012 USD	2013 VNĐm equiv.	2012 VNĐm equiv.
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of fixed assets	(122,463)	(665,915)	(2,576)	(13,870)
Proceeds from sale and liquidation of fixed assets	125	2,534	3	53
Net cash flows used in investing activities	<u>(122,338)</u>	<u>(663,381)</u>	<u>(2,573)</u>	<u>(13,817)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Distribution to investors	18.4 (4,200,000)	(3,000,000)	(88,351)	(62,484)
Net cash flows used in financing activities	<u>(4,200,000)</u>	<u>(3,000,000)</u>	<u>(88,351)</u>	<u>(62,484)</u>
Net increase/(decrease) in cash and cash equivalents	40,906,000	(18,550,518)	860,497	(386,370)
Cash and cash equivalents at the beginning of the year	25 104,532,027	123,082,545	2,177,193	2,563,563
Foreign exchange translation differences	-	-	21,744	-
Cash and cash equivalents at the end of the year	25 <u>145,438,027</u>	<u>104,532,027</u>	<u>3,059,434</u>	<u>2,177,193</u>

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20 March 2014