



# BAKER TILLY A&C

CÔNG TY TNHH KIỂM TOÁN VÀ TƯ VẤN  
AUDITING AND CONSULTING CO., LTD.



## FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED 31 DECEMBER 2012

**HUA NAN COMMERCIAL BANK LTD.  
HO CHI MINH CITY BRANCH**



an independent member of  
**BAKER TILLY**  
INTERNATIONAL

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## REPORT OF THE DIRECTORS

The Directors of Hua Nan Commercial Bank Ltd. – Ho Chi Minh City Branch (“the Bank”) present this report together with the audited financial statements for the fiscal year ended 31 December 2012.

### Business highlights

Hua Nan Commercial Bank Ltd. – Ho Chi Minh City Branch is a branch of Taiwan-based Hua Nan Commercial Bank, which was established in accordance with the license No. 07/GP-NHNN dated 13 July 2006 granted by the State Bank of Vietnam and registered the business in accordance with the first business and tax registration certificate No. 0304567947 (old number: 107080) dated 05 September 2009 granted by the Department of Planning and Investment of Ho Chi Minh City. The operation period of the Bank is 20 years.

During its operation course, the Bank has been additionally granted the first amended business registration certificate dated 30 June 2009 and the second amended business registration certificate dated 5 November 2009 regarding the changes of legal representative and address of the head office and the third amended business registration certificate dated 31 December 2010 regarding the increase in legal capital by the Department of Planning and Investment of Ho Chi Minh City.

Legal capital: USD 65,000,000.00

Head office:

Address : Room 1001, Floor 10, Royal Building, No. 235 Nguyen Van Cu, Nguyen Cu Trinh Ward, District 1, Ho Chi Minh City

Tel. : 08. 38371888

Fax : 08. 38371999

Email : [info@hncb.com.vn](mailto:info@hncb.com.vn)

Tax code : 0304567947

Main operations of the Bank:

- Receiving demand deposits and time deposits in foreign currency and VND from: individuals who are foreigners but have been living and working in Vietnam; legal entities which are 100% foreign-owned economic organizations working in Vietnam; joint ventures between Vietnam and foreign countries of which the head offices are in Vietnam, Vietnamese economic organizations receiving foreign capital; other legal entity asking loans from bank, etc.; giving loans and providing guarantee services in VND and foreign currency for the said subjects, etc.
- Receiving demand deposits and time deposits in foreign currency from foreign legal entities and individuals; giving loans in VND to these subjects.
- Asking loans from abroad.
- Performing services of payment, remittance, foreign currency exchange.
- Receiving deposits in foreign currencies from overseas banks.
- Issuing and making payments for all kind of cheques and credit cards.
- Performing SWAP transactions and asking loans from overseas banks.
- ....

### Business results and profit distributions

The financial position as of 31 December 2012, the business results, and the cash flows for the fiscal year then ended of the Bank are presented in the financial statements attached to this report (from page 05 to page 39).



**HUA NAN COMMERCIAL BANK LTD. – HO CHI MINH CITY BRANCH**  
REPORT OF THE DIRECTORS (cont.)

**The Executive Officers**

The Directors of the Bank during the year and as of the date of this report include:

Full names	Position	Appointing date	Resigning date
Mr. Lin Rong Sheng	General Director	06 May 2009	-
Mr. Huang Chun Chieh	Deputy General Director	26 September 2006	19 February 2012
Mr. Wang Weng Tang	Deputy General Director	06 April 2012	-
Mr. Kuo Chien Hung	Chief Accountant	05 May 2011	-

**Auditors**

A&C Auditing and Consulting Company Limited (A&C) has performed the audit on the Bank's financial statements for the fiscal year ended 31 December 2012 and has expressed its willingness to be appointed the external auditors.

**Confirmation of the Directors**

The Directors of the Bank are responsible for the preparation of the financial statements to give a true and fair view of the financial position, the business results, and the cash flows of the Bank for each of the fiscal year. In order to prepare these financial statements, the Directors must:

- select the appropriate accounting policies and apply them consistently,
- make judgments and estimates prudently;
- announce the accounting standards to be followed for the material issues to be disclosed and explained in the financial statements; and
- prepare the financial statements of the Bank on the basis of the going-concern assumption, except for the cases that the going-concern assumption is considered inappropriate.

The Directors hereby ensure that all the requirements mentioned above have been followed when the financial statements are prepared, that all the accounting books of the Bank have been fully recorded and can fairly reflect the financial position of the Bank at any time, and that all the financial statements have been prepared in compliance with the prevailing uniform accounting system and standards of the State Bank of Vietnam.

The Directors of the Bank are also responsible for protecting the assets of the Bank, and consequently have taken appropriate measures to prevent and to detect frauds and other irregularities.

**Approval on the financial statements**

The Directors of the bank have approved these financial statements, which can truly and fairly present the financial position as of 31 December 2012, the business results and the cash flows for the fiscal year then ended of the Bank in conformity with the prevailing uniform accounting system and standards of the State Bank of Vietnam.

For and on behalf of the Directors

**Mr. Lin Rong Sheng**  
General Director

Date: 25 March 2013



**BAKER TILLY  
A&C**

**CÔNG TY TNHH KIỂM TOÁN VÀ TƯ VẤN  
AUDITING AND CONSULTING CO., LTD.**



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Branch in Can Tho : 162C/4 Tran Ngoc Que St., Can Tho City  
www.a-c.com.vn

No. 0276/2013/BCTC-KTTV

**AUDITOR'S REPORT**

**ON THE FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED 2012  
OF HUA NAN COMMERCIAL BANK, LTD. - HO CHI MINH CITY BRANCH**

**THE OWNERS AND THE DIRECTORS  
OF HUA NAN COMMERCIAL BANK, LTD. - HO CHI MINH CITY BRANCH**

We have audited the accompanying financial statements for the year ended 2012 of Hua Nan Commercial Bank, Ltd. - Ho Chi Minh City Branch, including the balance sheet as of 31 December 2012, the income statement, the cash flow statement and the notes to the financial statements for the fiscal year then ended, which were prepared on 28 February 2013 (from page 05 to page 39).

The preparation and the presentation of these financial statements are the responsibility of the Bank's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

**Audit background**

We have conducted our audit in accordance with the Vietnamese Auditing Standards. These standards require that we plan and perform the audit procedures to obtain a reasonable assurance that the financial statements are free from material mistakes. The audit is developed on the basis of our performing the sampling method as well as applying the necessary examinations and tests of evidences supporting the amounts and the disclosures in the financial statements. The audit also includes our assessing the Bank's compliance with the prevailing accounting standards and system, the accounting principles and methods applied, the material estimates and judgment of the Bank's Directors as well as our evaluating the overall presentation of the financial statements. We believe that our audit has provided reasonable bases for our opinion.

**Auditor's opinion**

In our opinion, the financial statements referred to above give a true and fair view, in all material respects, of the financial position as of 31 December 2012, the business results and the cash flows for the fiscal year then ended of Hua Nan Commercial Bank, Ltd. - Ho Chi Minh City Branch in conformity with the prevailing uniform accounting system and standards of the State Bank of Vietnam as well as other related regulations.

This report is made in two languages (Vietnamese and English), both of equal validity. The Vietnamese version will be the original for reference when needed.

for and on behalf of  
Auditing and Consulting Company Limited (A&C)



**Nguyễn Chi Dung - Deputy General Director**  
Auditor's Certificate No. Đ.0100/KTV

**Ho Van Tung - Auditor**  
Auditor's Certificate No. Đ.0092/KTV

Ho Chi Minh City, 25 March 2013

**HUA NAN COMMERCIAL BANK LTD. - HO CHI MINH CITY BRANCH**

Address: Room 1001, Floor 10, Royal Building, No. 235 Nguyen Van Cu, Nguyen Cu Trinh Ward, District 1, Ho Chi Minh City

**FINANCIAL STATEMENTS**

For the fiscal year ended 31 December 2012

**BALANCE SHEET**

As of 31 December 2012

No.	ASSETS	Note	Ending balance (USD)	Beginning balance (USD)	Ending balance (converted into VND)	Beginning balance (converted into VND)
I.	Cash on hand, gold, gemstones	V.1	1,023,535.05	1,223,334.23	21,319,205,374	25,480,821,381
II.	Deposits at the State Bank of Vietnam	V.2	4,277,559.54	3,052,497.74	89,097,261,814	63,580,457,046
III.	Gold and deposits at other credit organizations and loans given to other credit organizations	V.3	41,249,039.40	57,068,525.71	859,175,992,502	1,188,679,977,338
1.	Cash and gold and deposits at other credit		29,774,169.30	54,308,099.43	620,165,992,502	1,131,183,075,001
2.	Loans given to other credit organizations		11,522,400.00	2,781,847.43	240,000,000,000	57,943,083,341
3.	Provisions for credit risks	V.4	(47,529.90)	(21,421.15)	(990,000,000)	(446,181,004)
IV.	Securities trading		-	-	-	-
1.	Securities trading		-	-	-	-
2.	Provisions for devaluation of securities		-	-	-	-
V.	Financial derivatives and other financial assets		-	-	-	-
VI.	Loans given to customers		162,066,072.96	169,004,656.79	3,375,673,254,738	3,520,196,975,509
1.	Loans given to customers	V.5	163,216,901.42	170,229,535.79	3,399,643,853,780	3,545,709,972,801
2.	Provisions for loan losses	V.6	(1,150,828.46)	(1,224,879.00)	(23,970,599,042)	(25,512,997,292)
VII.	Investment into securities		-	-	-	-
1.	Securities available for sale		-	-	-	-
2.	Securities held to maturity dates		-	-	-	-
3.	Provisions for devaluation of securities		-	-	-	-
VIII.	Capital contribution and long-term investment		-	-	-	-
1.	Investments in subsidiaries		-	-	-	-
2.	Investment in joint ventures		-	-	-	-
3.	Investment in business associates		-	-	-	-
4.	Other long-term investments		-	-	-	-
5.	Provisions for devaluation of long-term investment		-	-	-	-

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**FINANCIAL STATEMENTS**

For the fiscal year ended 31 December 2012

**Balance sheet (cont.)**

No.	ASSETS	Note	Ending balance (USD)	Beginning balance (USD)	Ending balance (converted into VND)	Beginning balance (converted into VND)
<b>IX.</b>	<b>Fixed assets</b>		<b>265,511.98</b>	<b>360,204.63</b>	<b>5,530,347,427</b>	<b>7,502,700,062</b>
1.	Tangible fixed assets	V.7	236,503.28	317,216.50	4,926,125,390	6,607,300,562
a.	Historical costs		617,223.16	605,491.06	12,856,137,471	12,611,769,631
b.	Depreciation of fixed assets		(380,719.88)	(288,274.56)	(7,930,012,081)	(6,004,469,069)
2.	Financial leasehold assets		-	-	-	-
a.	Historical costs		-	-	-	-
b.	Depreciation of fixed assets		-	-	-	-
3.	Intangible fixed assets	V.8	29,008.70	42,988.13	604,222,037	895,399,500
a.	Initial costs		219,592.35	201,501.90	4,573,887,732	4,197,081,858
b.	Amortization of fixed assets		(190,583.65)	(158,513.77)	(3,969,665,695)	(3,301,682,358)
<b>XI.</b>	<b>Other current assets</b>		<b>580,318.62</b>	<b>812,270.07</b>	<b>12,087,453,031</b>	<b>16,918,768,174</b>
1.	Accounts receivable	V.9	118,105.71	206,884.46	2,460,023,120	4,309,195,064
2.	Interests and fees receivable	V.10	365,639.39	593,879.08	7,615,900,646	12,369,903,666
3.	Deferred income tax assets		-	-	-	-
4.	Other current assets	V.11	96,573.52	11,506.53	2,011,529,265	239,669,444
5.	Other provisions for risks from other assets		-	-	-	-
	<b>TOTAL CURRENT ASSETS</b>		<b>209,462,037.55</b>	<b>231,521,489.17</b>	<b>4,362,883,514,886</b>	<b>4,822,359,699,510</b>

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**FINANCIAL STATEMENTS**

For the fiscal year ended 31 December 2012

**Balance sheet (cont.)**

No.	LIABILITIES AND OWNER'S EQUITY	Note	Ending balance (USD)	Beginning balance (USD)	Ending balance (converted into VND)	Beginning balance (converted into VND)
I.	Account payable to State Bank of Vietnam and Government		-	-	-	-
	Deposits and loans from other credit	V.12	89,771,972.10	118,601,937.98	1,869,859,864,612	2,470,359,049,782
1.	Deposits from other credit organizations		39,771,972.10	68,601,937.98	828,410,166,632	1,428,909,351,802
2.	Loans from other credit organizations		-	-	-	-
3.	Loan from overseas credit organizations		50,000,000.00	50,000,000.00	1,041,449,697,980	1,041,449,697,980
III.	Deposits from customers	V.13	45,422,409.93	40,477,392.01	946,103,102,055	843,103,353,745
IV.	Financial derivatives and other financial debts		-	-	-	-
V.	Entrusted funds and other borrowed funds		-	-	-	-
VI.	Issuance of valuable documents		-	-	-	-
VII.	Other liabilities		316,255.92	1,099,943.83	6,587,292,648	22,910,723,395
1.	Interests and fees payable	V.14	173,124.94	329,336.57	3,606,018,330	6,859,749,498
2.	Deferred corporate income tax payable		-	-	-	-
3.	Accounts payable and other debts	V.15	79,927.43	658,287.04	1,664,807,957	13,711,456,713
4.	Provisions for other credit risks (inherent liabilities and off-balance-sheet commitments)	V.16	63,203.55	112,320.22	1,316,466,361	2,339,517,184
	<b>TOTAL LIABILITIES</b>		<b>135,510,637.95</b>	<b>160,179,273.82</b>	<b>2,822,550,259,315</b>	<b>3,336,373,126,922</b>
VIII.	Equity and funds		73,951,399.60	71,342,215.35	1,540,333,255,571	1,485,986,572,588
1.	Equity of the credit organization	V.17	65,000,000.00	65,000,000.00	1,353,884,607,373	1,353,884,607,373
a.	Prescribed capital		65,000,000.00	65,000,000.00	1,353,884,607,373	1,353,884,607,373
b.	Construction investment fund		-	-	-	-
c.	Share premiums		-	-	-	-
d.	Treasury stocks		-	-	-	-
e.	Preferred shares		-	-	-	-
f.	Other funds		-	-	-	-
2.	Funds of credit organization	V.17,18	1,342,597.54	951,219.72	27,964,956,051	19,812,949,802
3.	Foreign exchange differences		-	-	-	-
4.	Differences on revaluation of assets		-	-	-	-
5.	Retained earning/ Accumulated loss	V.17	7,608,802.06	5,390,995.63	158,483,692,147	112,289,015,413
	<b>TOTAL LIABILITIES AND OWNER'S EQUITY</b>		<b>209,462,037.55</b>	<b>231,521,489.17</b>	<b>4,362,883,514,886</b>	<b>4,822,359,699,510</b>

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**HUA NAN COMMERCIAL BANK LTD. - HO CHI MINH CITY BRANCH**

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**FINANCIAL STATEMENTS**

For the fiscal year ended 31 December 2012

Balance sheet (cont.)

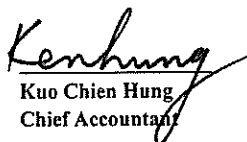
**OFF-BALANCE SHEET ITEMS**

No.	ITEMS		Ending balance (USD)	Beginning balance (USD)	Ending balance (converted into VND)	Beginning balance (converted into VND)
<b>I.</b>	<b>Inherent liabilities</b>		<b>4,981,139.43</b>	<b>1,228,265.16</b>	<b>104,153,244,841</b>	<b>25,582,306,752</b>
1.	Loan guarantees		-	-	-	-
2.	Commitments in transactions of L/C	VIII.4	4,376,162.78	1,093,837.16	91,552,189,722	22,782,440,368
3.	Other guarantees	VIII.4	604,976.66	134,428.00	12,601,055,119	2,799,866,384
<b>II.</b>	<b>Commitments</b>		<b>-</b>	<b>10,875,331.77</b>	<b>-</b>	<b>226,511,410,106</b>
1.	Commitments on supports to customers	VIII.4	-	10,875,331.77	-	226,511,410,106
2.	Other commitments					

Ho Chi Minh City, 28 February 2013



Pham Thi Tuyet Mai  
Preparer



Kuo Chien Hung  
Chief Accountant



Lin Rong Sheng  
General Director



**HUA NAN COMMERCIAL BANK LTD. - HO CHI MINH CITY BRANCH**

Address: Room 1001, Floor 10, Royal Building, No. 235 Nguyen Van Cu, Nguyen Cu Trinh Ward, District 1, Ho Chi Minh City

**FINANCIAL STATEMENTS**

For the fiscal year ended 31 December 2012

**INCOME STATEMENT**

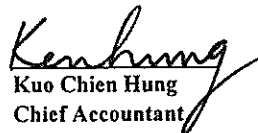
For the year ended 2012

NO.	ITEMS	Note	Current year (USD)	Previous year (USD)	Current year (converted into VND)	Previous year (converted into VND)
1.	Interest income and similar income	VI.1	7,368,726.49	10,256,575.21	153,475,835,334	213,623,948,474
2.	Interest expenses and similar expenses	VI.2	2,841,863.87	5,633,138.82	59,190,340,684	117,327,015,343
I.	<b>Net interest income</b>		<b>4,526,862.62</b>	<b>4,623,436.39</b>	<b>94,285,494,650</b>	<b>96,296,933,131</b>
3.	Income from service provisions		427,233.14	609,415.69	8,898,411,840	12,692,909,991
4.	Expenses on services provisions		56,379.72	61,560.02	1,174,276,808	1,282,172,097
II.	<b>Net gain from services</b>	VI.3	<b>370,853.42</b>	<b>547,855.67</b>	<b>7,724,135,032</b>	<b>11,410,737,894</b>
III.	<b>Net gain from foreign currency trading</b>	VI.4	<b>250,800.83</b>	<b>456,214.74</b>	<b>5,223,679,687</b>	<b>9,502,040,605</b>
IV.	<b>Net gain from dealings of trading securities</b>		-	-	-	-
V.	<b>Net gain from dealings of investment securities</b>		-	-	-	-
5.	Gain from other activities		375,270.87	273,218.00	7,816,141,680	5,690,584,504
6.	Expenses on other activities		-	-	-	-
VI.	<b>Net gain from other activities</b>	VI.5	<b>375,270.87</b>	<b>273,218.00</b>	<b>7,816,141,680</b>	<b>5,690,584,504</b>
VII.	<b>Gain from capital contribution and purchases of shares</b>		-	-	-	-
VIII.	<b>Operating expenses</b>	VI.6	<b>1,959,554.74</b>	<b>1,775,386.64</b>	<b>40,813,606,125</b>	<b>36,977,752,938</b>
IX.	<b>Net operating income before provision for credit losses</b>		<b>3,564,233.00</b>	<b>4,125,338.16</b>	<b>74,235,844,924</b>	<b>85,922,543,196</b>
X.	<b>Provision for credit losses</b>		<b>96,303.85</b>	<b>17,134.47</b>	<b>2,005,816,588</b>	<b>356,876,741</b>
XI.	<b>Total profit before tax</b>		<b>3,467,929.15</b>	<b>4,108,203.69</b>	<b>72,230,028,336</b>	<b>85,565,666,455</b>
7.	Current corporate income tax	VI.7	858,744.86	1,092,029.18	18,008,831,684	22,744,783,761
8.	Deferred corporate income tax		-	-	-	-
XII.	<b>Corporate income tax</b>		<b>858,744.86</b>	<b>1,092,029.18</b>	<b>18,008,831,684</b>	<b>22,744,783,761</b>
XIII.	<b>Profit after tax</b>		<b>2,609,184.29</b>	<b>3,016,174.51</b>	<b>54,221,196,652</b>	<b>62,820,882,694</b>
XIV.	<b>Earning per share</b>		-	-	-	-

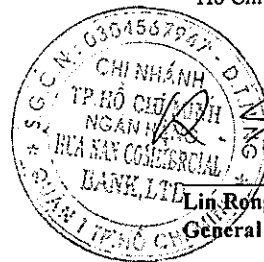
Ho Chi Minh City, 28 February 2013



Pham Thi Tuyet Mai  
Preparer



Kuo Chien Hung  
Chief Accountant




Lin Rong Sheng  
General Director

**HUA NAN COMMERCIAL BANK LTD. - HO CHI MINH CITY BRANCH**

Address: Room 1001, Floor 10, Royal Building, No. 235 Nguyen Van Cu, Nguyen Cu Trinh Ward, District 1, Ho Chi Minh City

**FINANCIAL STATEMENTS**

For the fiscal year ended 31 December 2012

**CASH FLOW STATEMENT**

(Direct method)

For the year ended 2012

No.	ITEMS	Note	Current year (USD)	Previous year (USD)	Current year (converted into VND)	Previous year (converted into VND)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
01.	Receipts of interest income and similar incomes		7,596,966.18	10,220,817.74	158,229,611,597	212,879,191,987
02.	Payments for interest expenses and similar expenses		(2,998,075.50)	(5,409,352.13)	(62,443,916,514)	(112,665,986,093)
03.	Receipts of income from service provisions	VI.3	370,853.42	547,855.67	7,724,135,032	11,410,737,895
04.	Differences of actual receipts/actual payments on trading activities (foreign currency, gold and securities )	VI.4	250,800.83	456,214.74	5,223,679,687	9,502,040,605
05.	Other income		4,118.78	-	85,785,950	-
06.	Receipts of debts written off and compensated by provisions for credit risks		177,789.78	-	3,703,005,538	-
07.	Payments to employees and for management and administrative works		(1,835,039.54)	(1,649,279.92)	(38,220,203,539)	(34,351,202,174)
08.	Income tax actually paid during the year	VIII.2	(1,240,526.01)	(1,160,049.53)	(25,837,675,736)	(24,161,511,611)
	<b>Net cash flows from operating activities before changes in current assets and liabilities</b>		<b>2,326,887.94</b>	<b>3,006,206.58</b>	<b>48,464,422,015</b>	<b>62,613,270,609</b>
	<i>Changes in current assets</i>					
09.	(Increase)/Decrease of gold and deposits and loans given to		(8,740,552.57)	26,856.07	(182,048,228,928)	559,358,201
10.	(Increase) /Decrease of trading securities		-	-	-	-
11.	(Increase)/Decrease of financial derivatives and other financial assets		-	-	-	-
12.	(Increase)/Decrease of loans given to customers		7,012,634.37	(20,373,515.82)	146,059,148,658	(424,339,587,540)
13.	(Decrease)/Increase of provisions for losses		-	(23,823.97)	-	(496,205,647)
14.	Other (increase)/decrease of current assets		3,711.72	15,347.39	77,307,703	319,655,535
	<i>Changes in current liabilities</i>					
15.	Increase/(Decrease) of accounts payable to State Bank of		-	-	-	-
16.	Increase/(Decrease) of deposits and loans from credit organizations		(28,829,965.88)	(52,786,384.09)	(600,470,529,349)	(1,099,434,807,827)
17.	Increase/(Decrease) of deposits from customers (including State Treasury)		4,945,017.92	11,809,083.23	102,994,833,231	245,959,585,521
18.	Increase/(Decrease) of financial derivatives and other financial debts		-	-	-	-
19.	Increase/(Decrease) of entrusted funds and other borrowed funds		-	-	-	-
20.	(except for valuable documents included into financing activities)		-	-	-	-
21.	Other increase/(decrease) of current liabilities		(196,578.46)	192,791.28	(4,094,336,165)	4,015,456,677
22.	Disbursement of funds		-	-	-	-
<b>1.</b>	<b>Net cash flows from operating activities</b>		<b>(23,478,844.96)</b>	<b>(58,133,439.34)</b>	<b>(489,017,382,835)</b>	<b>(1,210,803,274,471)</b>

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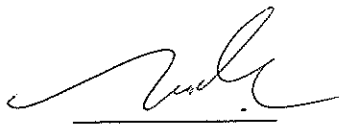
**FINANCIAL STATEMENTS**

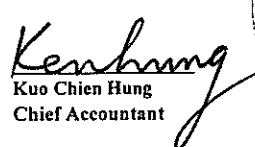
For the fiscal year ended 31 December 2012

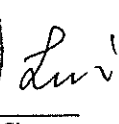
**Cash flow statement (cont.)**

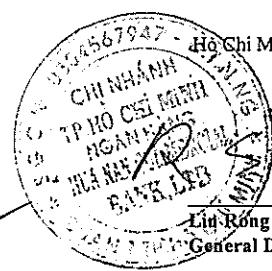
No.	ITEMS	Note	Current year (USD)	Previous year (USD)	Current year (converted into VND)	Previous year (converted into VND)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
01.	Purchases of fixed assets	V.7,8	(29,822.55)	(15,518.39)	(621,144,071)	(323,217,027)
02.	Gains from liquidations and disposals of fixed assets		-	-	-	-
03.	Expenses on liquidations and disposals of fixed assets		-	-	-	-
04.	Purchases of investment property		-	-	-	-
05.	Gains from liquidations and disposals of investment property		-	-	-	-
06.	Expenses on liquidations and disposals of investment property		-	-	-	-
07.	Investments into other entities (acquisition of subsidiaries, investments into joint venture, associates and other long-term investments)		-	-	-	-
08.	Gain from investments into other entities (gain from sales, liquidations of subsidiaries, investments into joint ventures, associates and other long-term investments)		-	-	-	-
09.	Receipts of dividends and profits shared from long-term investments and capital contributions		-	-	-	-
<b>II.</b>	<b>Net cash flows from investing activities</b>		<b>(29,822.55)</b>	<b>(15,518.39)</b>	<b>(621,144,071)</b>	<b>(323,217,027)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
01.	Increase/(Decrease) of share capital from capital contribution and/or from share issuance		-	50,000,000.00	-	1,041,400,000,000
02.	Gain from issuance of long-term valuable documents which have enough conditions to be included into capital and other		-	-	-	-
03.	enough conditions to be included into capital and other long-term loans		-	-	-	-
04.	Dividends paid to shareholders and profit shared		-	-	-	-
05.	Purchases of treasury stocks		-	-	-	-
06.	Gain from sales of treasury stocks		-	-	-	-
<b>III.</b>	<b>Net cash flows from financing activities</b>		<b>-</b>	<b>50,000,000.00</b>	<b>-</b>	<b>1,041,400,000,000</b>
<b>IV.</b>	<b>Net cash flows during the year</b>		<b>(23,508,667.51)</b>	<b>(8,148,957.73)</b>	<b>(489,638,526,906)</b>	<b>(169,726,491,498)</b>
<b>V.</b>	<b>Beginning cash and cash equivalents</b>	VII	<b>58,583,931.40</b>	<b>66,732,889.14</b>	<b>1,220,186,123,199</b>	<b>1,389,912,614,904</b>
<b>VI.</b>	<b>Effects of fluctuations in foreign exchange rates</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>VII.</b>	<b>Ending cash and cash equivalents</b>	VII	<b>35,075,263.89</b>	<b>58,583,931.41</b>	<b>730,547,596,293</b>	<b>1,220,186,123,406</b>

Ho Chi Minh City, 28 February 2013

  
 Pham Thi Tuyet Mai  
 Preparer

  
 Kuo Chien Hung  
 Chief Accountant

  
 Liu Rong Sheng  
 General Director







## HUA NAN COMMERCIAL BANK LTD. – HO CHI MINH CITY BRANCH

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#### Notes to the financial statements (cont.)

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Extractions for provisions of credit risks are made on the basis of overdue debts already being classified. The provisions are made, based on the regulations of Article 8, and the rates of provision are based on the regulations of Item 4, Article 6 of the two Decisions above. The balance of specific provisions is made on the basis of the balance of loans given to customers as at 31 December. The rates of provisions are as follows:

- Group 1: Standard loans	0%
- Group 2: Special-mentioned loans	5%
- Group 3: Sub-standard loans	20%
- Group 4: Doubtful loans	50%
- Group 5: Bad debts	100%

The rate to make general provision is 0,75% on total balance of loans specified from group 1 to group 4 and the balance of off-balance sheet commitments as at 30 November.

The writing off of debts which are unable to recover will be done, based on the regulations of the two Decisions mentioned above.

#### 4. Tangible fixed assets

Fixed assets are determined by their historical costs less accumulated depreciation. Historical costs of fixed assets include all the expenses of the Group to have these fixed assets as of the dates they are ready to be put into use. Other expenses incurred subsequent to the initial recognition are included in historical costs of fixed assets only if they certainly bring more economic benefits in the future thanks to the use of these assets. Those which do not meet the above conditions will be recorded into expenses during the period.

When a fixed asset is sold or disposed, its historical cost and accumulated depreciation are written off, then any gain/ (loss) arisen are posted into the income or the expenses during the period.

Fixed assets are depreciated in accordance with the straight-line method over their estimated useful lives. The depreciation years applied are as follows:

<u>Fixed assets</u>	<u>Years</u>
Buildings & structures	6
Vehicles	8 - 9
Office equipment	5 - 7

#### 5. Intangible fixed assets

The expenses on purchasing computer software, which is not a part associated with the relevant hardware, will be capitalized. Computer software includes all the expenses paid until the date the software is put into use. Computer software is amortized according to the straight-line method in 06 years.

#### 6. Operating leasehold assets

A lease of asset is considered an operating lease in case most of the risks and rewards associated with the ownership of that asset belong to the lessor. The lease expenses are allocated in the Bank's operating expenses in accordance with the straight-line method over the leasing period and are not subject to the method of lease payment.

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### FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2012

Notes to the financial statements (cont.)

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#### 7. Corporate income tax

Corporate income tax during the year includes current income tax and deferred income tax.

##### *Current income tax*

Current income tax is the tax amount computed based on the taxable income. Taxable income is different from accounting profit due to the adjustments of temporary differences between tax and accounting figures, non-deductible expenses as well as those of non-taxable income and losses brought forward.

##### *Deferred income tax*

Deferred income tax is the amount of corporate income tax payable or refundable due to temporary differences between book values of assets and liabilities serving the preparation of the financial statements and the values for tax purposes. Deferred income tax liabilities are recognized for all the temporary taxable differences. Deferred income tax assets are recorded only when there is an assurance on the availability of taxable income in the future against which the temporarily deductible differences can be used.

Book values of deferred corporate income tax assets are considered at the balance sheet dates and will be reduced to the rates that ensure enough taxable income against which the benefits from a part of or all of the deferred income tax can be used. Deferred corporate income tax assets, which have not been recorded before, are considered at the balance sheet date and are recorded when there is certainly enough taxable income to use these deferred corporate income tax assets.

Deferred income tax assets and deferred income tax liabilities are determined at the estimated rates to be applied in the year when the assets are recovered or the liabilities are settled based on the effective tax rates as of the balance sheet date. Deferred income tax is recognized in the income statement. In the case that deferred income tax is related to the items of the owner's equity, corporate income tax will be included in the owner's equity of the Bank.

#### 8. Capital and funds

##### *Capital of the Bank*

The Bank's source of capital source is the investment capital, which is recorded at the actual amount invested by the parent bank.

##### *The funds*

The funds from 2012 backward are extracted and used in accordance with the Resolution No. 146/2005/NĐ-CP issued on 23 November 2005 of the Government. The funds from 2012 onward are extracted and used in accordance with the Decree No. 57/2012/NĐ-CP dated 20 July 2012 of the Government. The Bank has to extract the following funds:

- Fund to supplement legal capital: this fund is extracted at the rate of 5% on annual profit after tax. The maximum amount of this fund cannot exceed the actual legal capital of the credit organization. This fund will be used to supplement Bank's legal capital upon the approval of the State Bank of Vietnam.
- Financial reserved fund: this fund is extracted at the rate of 10% on profit after tax until it reaches 25% of the current legal capital of the credit organization.



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For the fiscal year ended 31 December 2012

Notes to the financial statements (cont.)

---

#### 9. Financial assets

##### *Classification of financial assets*

The classification of these financial assets depends on the nature and the purpose of them and is determined at the date of initial recognition. The financial assets of the bank include financial assets recognized at fair values through profit or loss statement, investments held to maturity dates, deposits at State Bank, deposits at other credit organizations, loans given and receivables, and financial assets available for sale.

##### *Financial assets recognized at fair values through profit or loss statement*

A financial asset is classified as an asset recognized at fair value through profit or loss statement if it is held for trading or is categorized in the group of assets reflected at fair value through profit or loss statement at the date of initial recognition.

Financial asset will be classified as securities held for trading if:

- It is purchased or created mainly for the purpose of resale in a short term period;
- The bank intends to hold for the purpose of gaining profits in a short term period;
- It is a derivative financial instrument (except derivative financial instruments identified as a financial guarantee contract or an effective risk protection instrument).

##### *Investments held to maturity dates*

Investments held to maturity dates are non-derivative financial assets with fixed or identified payments and fixed maturity periods which a bank has the intention and ability to hold until the dates of maturity.

##### *Loans given and receivables*

Loans and receivables are non-derivative financial assets with fixed or identified payments, which are not listed on the market.

##### *Financial assets available for sale*

Available-for-sale financial assets are non-derivative financial assets determined as available for sale or not classified as financial assets recognized at fair values through profit or loss statement, investments held to maturity dates, loans given and receivables.

##### *Initial carrying amount of a financial asset*

Financial assets are recognized at the acquisition date and are stopped recognizing at the selling date. At the date of initial recognition, financial assets recognized at fair values through profit or loss statement are determined at the fair value, other financial assets are recognized according acquiring price/issuing cost plus other costs directly related to the acquisition or issuance of that financial asset.

#### 10. Financial liabilities and equity instrument

Financial instruments are classified as financial liabilities or equity instruments upon the dates of initial recognition in conformity with the natures and definitions of financial liabilities or equity instruments.

##### *Financial liabilities*

The classification of financial liabilities depends on their natures and purposes and is determined at the date of initial recognition. The bank's financial liabilities include financial liabilities recognized at fair values through profit or loss statement and other financial liabilities.

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### FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2012

#### Notes to the financial statements (cont.)

---

#### *Financial liabilities recognized at fair values through profit or loss statement*

Financial liability is classified as the liability recognized at fair value through profit or loss statement if it is held for trading or is categorized in the group of liabilities reflected at fair value through profit or loss statement upon initial recognition.

Financial liabilities will be classified as securities held for trading if:

- It is issued or created mainly for the purpose of resale in a short term period;
- The bank intends to hold for the purpose of gaining profits in a short term period;
- It is a derivative financial instrument (except derivative financial instruments identified as a financial guarantee contract or an effective risk protection instrument).

At the date of initial recognition, the financial liabilities recognized at fair values through profit or loss statement are determined at the fair value.

#### *Other financial liabilities*

Other financial liabilities include: deposits and loans from the State Bank and other credit organizations, deposits from customers, other payable

At the date of initial recognition, except for the liabilities related to financial lease or acquisition, the financial liability is initially recognized at historical costs less other costs directly related to that financial liability.

The allocated value is determined equally to the initially recognized value of that financial liability less the principals which a bank has to repay, plus or minus the accumulated allocations calculated based on the actual interest method of the difference between the initially recorded value and the value upon maturity date, minus the deductions (directly or through a provision account) due to impairment or since it cannot be recovered.

Actual interest method is a method of calculating the allocated value of one financial liability or of a group of financial liabilities and distributing incomes or expenses in the related period. The effective interest rate is the discount interest rate of cash flows estimated to be settled or obtained in the future throughout the expected life cycle of a financial instrument or in a shorter period, if necessary, to return to the current net carrying amount of a financial liability.

#### *Equity instrument*

Equity instrument is the contract which can prove the remaining benefits in the assets of the bank after deducting all of its liabilities

### **11. Offsetting financial instruments against each other**

Financial assets and financial liabilities will be offset against each other and are reflected at their net values on the balance sheet when, and only when, the bank:

- has a legal right to offset the recognized amounts; and
- has intention either to settle on a net basis, or to realize the asset and to settle the liability simultaneously.

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**FINANCIAL STATEMENTS**

For the fiscal year ended 31 December 2012

**Notes to the financial statements (cont.)****12. Related parties**

A party is considered a related party of the bank in case that party is able to control the bank or to cause material effects on the financial decisions as well as the operations of the bank. Parties are also considered related parties if they are collectively under the same control or material effects.

Considering the relationships among related parties, the nature of the relationship is more important than the legal form of that relationship.

Transactions with related parties during the year are presented in Note VIII.5.

**V. ADDITIONAL INFORMATION ON THE ITEMS OF THE BALANCE SHEET****1. Cash on hand, gold and gemstones**

	<u>Ending balance</u>	<u>Beginning balance</u>
Cash on hand in VND	827,257.05	654,561.23
Cash on hand in USD	196,278.00	568,773.00
<b>Total</b>	<b><u>1,023,535.05</u></b>	<b><u>1,223,334.23</u></b>

**2. Deposits at the State Bank of Vietnam**

	<u>Ending balance</u>	<u>Beginning balance</u>
In VND	284,005.61	2,649,970.19
In USD	3,993,553.93	402,527.55
<b>Total</b>	<b><u>4,277,559.54</u></b>	<b><u>3,052,497.74</u></b>

These are mostly the current accounts and the compulsory reserves at the State Bank. In which, the compulsory reserves are determined in compliance with the regulations of the State Bank at the rates as follows:

- Under-12-month term deposits and demand deposits in VND: 3%.
- Deposits of which the periods are from 12 months in VND: 1%.
- Under-12-month term deposits and demand deposits in foreign currency: 7%.
- Deposits of which the periods are from 12 months in foreign currency: 5%.

**3. Gold and deposits at other credit organizations and loans given to other credit organizations**

	<u>Ending balance</u>	<u>Beginning balance</u>
<b>Gold and deposits at other credit organizations</b>	<b>29,774,169.30</b>	<b>54,308,099.43</b>
Demand gold and deposits	1,374,169.30	11,578,739.43
- VND	24,643.38	10,549,892.70
- Foreign currency	1,349,525.92	1,028,846.73
Term gold and deposits	28,400,000.00	42,729,360.00
- VND	-	6,529,360.00
- Foreign currency	28,400,000.00	36,200,000.00
<b>Loans given to other credit organizations</b>	<b>11,522,400.00</b>	<b>2,781,847.43</b>
- VND	11,522,400.00	2,781,847.43
<b>Provision for credit risks</b>	<b>(47,529.90)</b>	<b>(21,421.15)</b>
<b>Total</b>	<b><u>41,249,039.40</u></b>	<b><u>57,068,525.71</u></b>

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**FINANCIAL STATEMENTS**

For the fiscal year ended 31 December 2012

Notes to the financial statements (cont.)

**4. Provision for credit risks on loans given to credit organizations**

	<u>Ending balance</u>	<u>Beginning balance</u>
Beginning balance	21,421.15	-
Extractions	60,132.53	21,421.15
Reversal	(34,023.78)	-
<b>Ending balance</b>	<b><u>47,529.90</u></b>	<b><u>21,421.15</u></b>

**5. Loans given to customers**

	<u>Ending balance</u>	<u>Beginning balance</u>
Loans given to local economic entities and individuals	162,724,066.26	168,444,470.15
Loans given in form of discounting bills and valuable papers	492,835.16	1,785,065.64
<b>Total</b>	<b><u>163,216,901.42</u></b>	<b><u>170,229,535.79</u></b>

**Loans specified**

	<u>Ending balance</u>	<u>Beginning balance</u>
Group 1: Standard loans	163,216,901.42	170,229,535.79
<b>Total</b>	<b><u>163,216,901.42</u></b>	<b><u>170,229,535.79</u></b>

**Loans specified according to loan period**

	<u>Ending balance</u>	<u>Beginning balance</u>
Short-term loans	58,860,529.69	48,550,308.91
Medium-term loans	61,525,086.63	67,768,634.80
Long-term loans	42,831,285.10	53,910,592.08
<b>Total</b>	<b><u>163,216,901.42</u></b>	<b><u>170,229,535.79</u></b>

**Loans specified according to forms of business**

	<u>Ending balance</u>	<u>Beginning balance</u>
Companies with foreign investment capital	125,117,995.41	123,953,118.94
Central Stated-owned companies	38,098,906.01	46,276,416.85
<b>Total</b>	<b><u>163,216,901.42</u></b>	<b><u>170,229,535.79</u></b>

**Loans specified according to business sector**

	<u>Ending balance</u>	<u>Beginning balance</u>
Processing industry	141,816,714.43	140,536,227.13
Electricity	5,499,999.97	13,259,201.18
Construction	2,389,318.47	1,465,823.66
Trade & transportation	-	12,650,902.91
Others	13,510,868.55	2,317,380.91
<b>Total</b>	<b><u>163,216,901.42</u></b>	<b><u>170,229,535.79</u></b>

**6. Provisions for credit risks on loans given to customers**

	<u>Specific provision</u>	<u>General provisions</u>	<u>Total</u>
Beginning balance	-	1,224,879.00	1,224,879.00
Extractions during the year	-	93,780.38	93,780.38
Reversals of provision	-	(167,830.92)	(167,830.92)
<b>Total</b>	<b><u>-</u></b>	<b><u>1,150,828.46</u></b>	<b><u>1,150,828.46</u></b>

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**Notes to the financial statements (cont.)****7. Tangible fixed assets**

	<u>Buildings and structures</u>	<u>Vehicles</u>	<u>Office equipment</u>	<u>Total</u>
<b>Historical costs</b>				
Beginning balance	234,299.12	72,217.49	298,974.45	605,491.06
New purchases	-	-	11,732.10	11,732.10
<b>Ending balance</b>	<b>234,299.12</b>	<b>72,217.49</b>	<b>310,706.55</b>	<b>617,223.16</b>
<i>In which:</i>				
Assets being fully depreciated but still in use	-	-	7,710.54	7,710.54
<b>Depreciation</b>				
Beginning balance	71,709.52	43,966.95	172,598.09	288,274.56
Depreciation	39,127.56	8,408.52	44,909.24	92,445.32
<b>Ending balance</b>	<b>110,837.08</b>	<b>52,375.47</b>	<b>217,507.33</b>	<b>380,719.88</b>
<b>Net book values</b>				
Beginning balance	162,589.60	28,250.54	126,376.36	317,216.50
<b>Ending balance</b>	<b>123,462.04</b>	<b>19,842.02</b>	<b>93,199.22</b>	<b>236,503.28</b>
<i>In which:</i>				
Assets temporarily not in use	-	-	-	-
Assets waiting for treatments	-	-	-	-

**8. Intangible fixed assets**

	<u>Computer software</u>
<b>Initial costs</b>	
Beginning balance	201,501.90
New purchases	18,090.45
<b>Ending balance</b>	<b>219,592.35</b>
<i>In which:</i>	
Assets being fully amortized but still in use	-
<b>Amortization</b>	
Beginning balance	158,513.77
Amortization	32,069.88
<b>Ending balance</b>	<b>190,583.65</b>
<b>Net book values</b>	
Beginning balance	42,988.13
<b>Ending balance</b>	<b>29,008.70</b>
<i>In which:</i>	
Assets temporarily not in use	-
Assets waiting for treatments	-

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**FINANCIAL STATEMENTS**

For the fiscal year ended 31 December 2012

Notes to the financial statements (cont.)

**9. Accounts receivable**

	<u>Ending balance</u>	<u>Beginning balance</u>
<i>External receivables</i>	<i>118,105.71</i>	<i>206,884.45</i>
Deposits, mortgages and pledges	73,789.88	73,841.22
Payments to the State's budget	44,285.33	38,384.92
Others	30.50	94,658.32
<i>Inter-bank receivables</i>	<i>-</i>	<i>-</i>
<b>Total</b>	<b><u>118,105.71</u></b>	<b><u>206,884.46</u></b>

**10. Interest and fees receivable**

	<u>Ending balance</u>	<u>Beginning balance</u>
<i>Interests on deposits</i>	<i>8,823.35</i>	<i>14,544.09</i>
In VND	7,773.35	13,250.76
In foreign currency	1,050.00	1,293.33
<i>Interests receivable for credit activities</i>	<i>356,816.04</i>	<i>579,334.99</i>
In VND	36,945.45	104,370.52
In foreign currency	319,870.59	474,964.47
<b>Total</b>	<b><u>365,639.39</u></b>	<b><u>593,879.08</u></b>

**11. Other current assets**

This item includes the expenses waiting for allocation as follows:

	<u>Ending balance</u>	<u>Beginning balance</u>
Insurance	4,226.73	3,463.05
Information fee	9,405.60	7,691.24
Advances to services	82,582.39	-
Others	358.80	352.24
<b>Total</b>	<b><u>96,573.52</u></b>	<b><u>11,506.53</u></b>

**12. Deposit and loan from other credit organizations**

	<u>Ending balance</u>	<u>Beginning balance</u>
<b>Deposits from other credit organizations</b>	<b>39,771,972.10</b>	<b>68,601,937.98</b>
<i>Demand deposits</i>	<i>481,412.10</i>	<i>8,350,927.98</i>
In VND	-	8,113,690.00
In foreign currency	481,412.10	237,237.98
<i>Term deposits</i>	<i>39,290,560.00</i>	<i>60,251,010.00</i>
In VND	12,290,560.00	14,451,010.00
In foreign currency	27,000,000.00	45,800,000.00
<b>Loans from overseas credit organizations</b>	<b>50,000,000.00</b>	<b>50,000,000.00</b>
In foreign currency	50,000,000.00	50,000,000.00
<b>Total</b>	<b><u>89,771,972.10</u></b>	<b><u>118,601,937.98</u></b>

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**13. Deposits from customers***Time deposits*

	<u>Ending balance</u>	<u>Beginning balance</u>
<b>Demand deposits</b>	<b>12,376,655.00</b>	<b>17,642,082.52</b>
In VND	3,814,952.40	3,582,995.72
In foreign currency	8,561,702.60	14,059,086.80
<b>Term deposits</b>	<b>33,045,754.93</b>	<b>22,835,309.50</b>
In VND	5,931,184.49	4,455,541.58
In foreign currency	27,114,570.44	18,379,767.92
<b>Total</b>	<b><u>45,422,409.93</u></b>	<b><u>40,477,392.01</u></b>

**Deposits from customers according to subject**

	<u>Ending balance</u>	<u>Beginning balance</u>
Economic organizations	33,112,742.62	28,611,256.21
Individuals	12,309,667.31	11,866,135.80
<b>Total</b>	<b><u>45,422,409.93</u></b>	<b><u>40,477,392.01</u></b>

**14. Interest and fee payable**

	<u>Ending balance</u>	<u>Beginning balance</u>
Interest payable to deposits	162,541.60	307,461.57
Interest payable to loan	10,583.34	21,875.00
<b>Total</b>	<b><u>173,124.94</u></b>	<b><u>329,336.57</u></b>

**15. Other liabilities**

	<u>Ending balance</u>	<u>Beginning balance</u>
<b>External payable</b>	<b>79,927.43</b>	<b>654,168.29</b>
Taxes & other obligations to the State Budget	10,459.57	414,905.79
Social insurance payable	1,093.64	2,403.00
Fees and interests received in advance	38,690.24	207,175.53
Other payments	29,683.98	29,683.97
<i>Other liabilities</i>	-	<b>4,118.75</b>
<b>Total</b>	<b><u>79,927.43</u></b>	<b><u>658,287.04</u></b>

**16. Provisions for inherent liabilities and commitments in off-balance sheet items**

	<u>Current year</u>	<u>Previous year</u>
Beginning balance	112,320.22	298,698.73
Additional extractions	45,039.92	27,685.29
Reversal of provision	(94,156.59)	(214,063.80)
<b>Ending balance</b>	<b><u>63,203.55</u></b>	<b><u>112,320.22</u></b>

The Bank has made general provision for commitments in off-balance sheet items in accordance with the Decision No. 18/2007/QĐ-NHNN dated 25 April 2007 of the Governor of the State Bank of Vietnam at the rate of 0,75% of total balance of guarantee, commitments for loans and payment acceptances as at 30 November annually, excluding the guarantees and commitments which are classified into the group of bad commitments.

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**17. Capital and funds of the Bank**

	<u>Capital</u>	<u>Funds</u>	<u>Retained earnings</u>	<u>Total</u>
Beginning balance of the previous year	15,000,000.00	505,376.34	2,820,664.50	18,326,040.84
Capital increased in the previous year	50,000,000.00	-	-	50,000,000.00
Profit of the previous year	-	-	3,016,174.51	3,016,174.51
Extractions for funds in previous year	-	452,426.00	(452,426.00)	-
Adjustments of extraction for funds in previous year	-	(6,582.62)	6,582.62	-
<b>Ending balance of the previous year</b>	<b>65,000,000.00</b>	<b>951,219.72</b>	<b>5,390,995.63</b>	<b>71,342,215.35</b>
Beginning balance of the current year	65,000,000.00	951,219.72	5,390,995.63	71,342,215.35
Profit of the current year	-	-	2,609,184.29	2,609,184.29
Extractions for funds in the current year	-	391,377.82	(391,377.86)	(0.04)
<b>Ending balance of the current year</b>	<b>65,000,000.00</b>	<b>1,342,597.54</b>	<b>7,608,802.06</b>	<b>73,951,399.60</b>

**18. Funds of credit organization**

	<u>Reserve fund to supplement legal capital</u>	<u>Financial reserved fund</u>	<u>Total</u>
Beginning balance of previous year	168,458.78	336,917.56	505,376.34
Extractions for funds in the previous year	150,809.00	301,617.00	452,426.00
Adjustment of extractions for funds in previous year	(2,194.21)	(4,388.41)	(6,582.62)
<b>Ending balance of previous year</b>	<b>317,073.57</b>	<b>634,146.15</b>	<b>951,219.72</b>
Beginning balance of current year	317,073.57	634,146.15	951,219.72
Extractions for funds in the current year	130,459.21	260,918.61	391,377.82
<b>Ending balance of the current year</b>	<b>447,532.78</b>	<b>895,064.76</b>	<b>1,342,597.54</b>

**Purposes of appropriation for reserve fund to supplement legal capital and financial reserved fund**

Reserve fund to supplement legal capital is used to supplement the Bank's legal capital.

Financial reserved fund is used to:

- Compensate losses, damages of assets and accounts receivable unable to be recovered during the operations;
- Compensate the losses of the Bank according to the decision of the parent Bank



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**VI. ADDITIONAL INFORMATION ON THE ITEMS OF THE INCOME STATEMENT****1. Interest income and similar income**

	<u>Current year</u>	<u>Previous year</u>
Deposit interest	1,834,884.12	4,204,916.51
Interest on loans given	5,524,531.33	6,042,589.66
Other income from credit activities	9,311.04	9,069.04
<b>Total</b>	<b><u>7,368,726.49</u></b>	<b><u>10,256,575.21</u></b>

**2. Interest expenses and similar expenses**

	<u>Current year</u>	<u>Previous year</u>
Interest on deposits	555,327.61	745,554.64
Interest on loans	2,286,536.26	4,887,584.18
<b>Total</b>	<b><u>2,841,863.87</u></b>	<b><u>5,633,138.82</u></b>

**3. Income from services provision**

	<u>Current year</u>	<u>Previous year</u>
<i>Income from service provision</i>	<i>427,233.14</i>	<i>609,415.69</i>
Receivable from payment service	348,654.55	422,957.26
Receivable from guaranteeing service	49,182.93	56,533.57
Fee receivable from cash service	25,216.42	33,286.35
Fee from consulting service	2,025.00	
Fee receivable from discount service	2,154.24	6,049.20
Receivable from other services	-	90,589.31
<i>Expenses on service provision</i>	<i>56,379.72</i>	<i>61,560.02</i>
Expenses on payment service	39,168.23	43,325.63
Expenses on cash service	10,964.82	17,213.81
Expenses on brokerage commission	589.30	368.81
Expense on other services	5,657.37	651.77
<b>Income from service provision</b>	<b><u>370,853.42</u></b>	<b><u>547,855.67</u></b>

**4. Net profit (loss) from foreign currency trading**

	<u>Current year</u>	<u>Previous year</u>
<i>Income from foreign currency trading</i>	<i>437,973.80</i>	<i>2,141,780.04</i>
Income from spot transaction in foreign currency	437,973.80	2,141,780.04
<i>Expenses on foreign currency trading</i>	<i>187,172.97</i>	<i>1,685,565.30</i>
Expenses on spot transaction in foreign currency	187,172.97	1,685,565.30
<b>Net profit/(loss) from foreign currency trading</b>	<b><u>250,800.83</u></b>	<b><u>456,214.74</u></b>

**5. Profit (loss) from other activities**

	<u>Current year</u>	<u>Previous year</u>
<b>Other income</b>	<b>375,270.87</b>	<b>273,218.00</b>
Gain from reversal of provision	193,362.31	273,218.00
Collection from treated principal	177,789.78	-
Other incomes	4,118.78	-
<b>Other expenses</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b><u>375,270.87</u></b>	<b><u>273,218.00</u></b>

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**6. Operating expenses**

	<u>Current year</u>	<u>Previous year</u>
Tax payment	42,379.61	111,340.85
Expenses for employees	1,289,281.71	1,001,772.37
Expenses on management and tools	186,612.76	204,788.99
Other expenses on assets	441,280.66	457,484.43
<b>Total</b>	<b><u>1,959,554.74</u></b>	<b><u>1,775,386.64</u></b>

**7. Corporate income tax**

	<u>Current year</u>	<u>Previous year</u>
Total accounting profit before tax	3,467,929.15	4,108,203.69
Increase/(decrease) of accounting profit to determine profit subject to corporate income tax:		
- <i>Increases</i>	42,394.22	256,916.41
- <i>Decreases</i>	(76,844.34)	-
Total taxable income	3,433,479.03	4,365,120.10
Corporate income tax rate	25%	25%
Estimated corporate income tax payable	858,369.76	1,091,280.00
Additional corporate income tax of the previous years	375.10	749.18
<b>Current corporate income tax</b>	<b><u>858,744.86</u></b>	<b><u>1,092,029.18</u></b>

**VII. ADDITIONAL INFORMATION ON THE ITEMS OF THE CASH FLOW STATEMENT****Cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits in the State Bank, and the deposits at other credit institutions, of which the due dates cannot exceed 3 months from the date of depositing. Details of cash and cash equivalents are as follows:

	<u>Ending balance</u>	<u>Beginning balance</u>
Cash on hand	1,023,535.05	1,223,334.23
Deposits at State Bank	4,277,559.54	3,052,497.74
Deposits at other credit institutions	29,774,169.30	54,308,099.43
<b>Total</b>	<b><u>35,075,263.89</u></b>	<b><u>58,583,931.40</u></b>

**VIII. OTHER INFORMATION****1. Income of employees**

	<u>Current year</u>	<u>Previous year</u>
<i>Total employees (persons)</i>	28	28
<i>Income of employees (VND)</i>		
Total salary fund	1,031,144.11	934,763.59
Bonus	226,624.67	39,678.63
Other income	26,384.76	20,880.36
Total income	1,284,153.54	995,322.58
Average salary/year	36,826.58	33,384.41
<b>Average income/year</b>	<b><u>45,862.63</u></b>	<b><u>35,547.24</u></b>

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**Notes to the financial statements (cont.)****2. Obligations to the State Budget**

	<b>Carrying forward</b>	<b>Amount payable</b>	<b>Amount already paid</b>	<b>Brought forward</b>
Value added tax	13,761.06	48,451.79	(53,064.35)	9,148.50
Corporate income tax	375,880.70	858,744.86	(1,240,526.01)	(5,900.45)
Personal income tax	19,086.64	255,646.45	(274,710.91)	22.18
Other taxes	6,177.39	47,579.89	(52,468.39)	1,288.89
<b>Total</b>	<b>495,908.19</b>	<b>1,210,423.03</b>	<b>(1,620,769.66)</b>	<b>4,559.12</b>

Corporate income tax excessively paid is presented in the item "other receivable" (see Note V.9).

**Value added tax**

VAT is paid in line with the deduction method: The tax rate applied to banking and payment services is 10%.

**Corporate income tax**

The Bank is responsible to pay corporate income tax at the rate of 25% on taxable income.

**Other taxes and legal fees**

The Bank has paid other taxes and legal fees in line with the prevailing regulations.

**3. Forms and values of mortgaging assets of customers**

	<b>Ending balance</b>	<b>Beginning balance</b>
Real estates	16,753,818.01	16,977,771.01
Current assets	24,772,574.78	23,572,795.86
Other assets	16,256,309.45	15,703,184.73
<b>Total</b>	<b>57,782,702.24</b>	<b>56,253,751.60</b>

**4. Inherent liabilities and commitments**

	<b>Guaranteed balance</b>	<b>Deposit balance</b>	<b>Remaining balance</b>
Commitment on at L/C transactions	4,376,162.78	-	4,376,162.78
Guarantee for payment	26,972.50	-	26,972.50
Guarantee for irrevocable lending	578,004.16	-	578,004.16
<b>Total</b>	<b>4,981,139.43</b>	-	<b>4,981,139.43</b>

**5. Transactions with the related parties****Income of the key managers**

The key managers include the Directors and the Chief Accountant. Income of the key managers includes their salary and allowances of totally USD 445,079.31 (Previous year: USD 388,802.37).

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**Notes to the financial statements (cont.)*****Transactions with other related parties***

Other related parties of the Bank include:

<b>Related parties</b>	<b>Relationship</b>
Hua Nan Commercial Bank, Ltd – Head office	Parent Bank
Hua Nan Commercial Bank, Ltd - Hong Kong branch	Branch in the network of Hua Nan Commercial Bank, Ltd
Hua Nan Commercial Bank, Ltd - New York branch	Branch in the network of Hua Nan Commercial Bank, Ltd
Hua Nan Commercial Bank, Ltd - Singapore Branch	Branch in the network of Hua Nan Commercial Bank
Hua Nan Commercial Bank, Ltd - London Branch	Branch in the network of Hua Nan Commercial Bank

During the year, the Bank has had the following transactions with the other related parties:

	<b>Current year</b>	<b>Previous year</b>
<b><i>Hua Nan Commercial Bank, Ltd – Head office</i></b>		
Receipt of deposit interests	116,058.85	278,414.77
Loan interest expenses payable	595,686.10	912,255.21

As of the balance sheet date, the balances with the other related parties are as follows:

	<b>Ending balance</b>	<b>Beginning balance</b>
<b><i>Hua Nan Commercial Bank, Ltd – Head office</i></b>		
Term deposits	28,400,000.00	36,200,000.00
Deposit interest receivable	1,050.00	1,293.33
<b><i>Hua Nan Commercial Bank, Ltd - Hong Kong Branch</i></b>		
Demand deposits	1,616.40	9,348.42
<b><i>Hua Nan Commercial Bank, Ltd - New York Branch</i></b>		
Demand deposits	1,010.24	1,010.24
<b>Total amount receivable</b>	<b>28,403,676.64</b>	<b>36,211,651.99</b>
<b><i>Hua Nan Commercial Bank, Ltd – Head office</i></b>		
Long-term loans	50,000,000.00	50,000,000.00
Term deposits	18,000,000.00	30,000,000.00
Demand deposits	481,412.10	237,237.98
Interests on short-term loans payable	1,022.29	17,908.89
Interests on long-term loans payable	10,583.34	21,875.00
<b>Total amount payable</b>	<b>68,493,017.73</b>	<b>80,277,021.87</b>

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**6. Commitment on operating leases**

As of the balance sheet date, the total minimum amount in the future of irrevocable leasing contracts will be settled as follows:

	<u>Ending balance</u>	<u>Beginning balance</u>
Under 1 year	291,096.96	292,987.20
From 1 year to 5 years	1,164,387.84	1,171,948.80
Over 5 years	497,290.64	793,507.00
<b>Total</b>	<b><u>1,952,775.44</u></b>	<b><u>2,258,443.00</u></b>

The Bank has leased its office in form of operating lease. The leasing period is from 15 December 2009 to 14 September 2019.

**7. Concentration level according to the geographic areas of assets, accounts payable and receivable as well as off-balance sheet items**

	<u>Deposits and loans given to other credit organizations</u>	<u>Loans given to customers</u>	<u>Deposits and loan from other credit organizations</u>	<u>Deposits form customers</u>	<u>Credit commitments</u>
<b>Current year</b>					
Local	12,779,495.35	163,216,901.42	39,290,560.00	45,422,409.93	4,981,139.43
Overseas	28,517,073.95	-	50,481,412.10	-	-
<b>Total</b>	<b><u>41,296,569.30</u></b>	<b><u>163,216,901.42</u></b>	<b><u>89,771,972.10</u></b>	<b><u>45,422,409.93</u></b>	<b><u>4,981,139.43</u></b>
<b>Previous year</b>					
Local	20,737,009.53	170,229,535.79	68,364,700.00	40,477,392.01	12,103,596.93
Overseas	36,352,937.33	-	50,237,237.98	-	-
<b>Total</b>	<b><u>57,089,946.86</u></b>	<b><u>170,229,535.79</u></b>	<b><u>118,601,937.98</u></b>	<b><u>40,477,392.01</u></b>	<b><u>12,103,596.93</u></b>

**IX. MANAGEMENT OF FINANCIAL RISKS****1. General overview**

The bank's operations are exposed to the following financial risks: credit risks, liquidation risks and market risks. The Directors are generally responsible to give guidance, supervise and judge the risks as well as maintain an effective risk control and compliance culture. The Directors of the Branch are responsible to develop objectives and basic principles in financial risk control for the Bank, including design the detailed policies on risk identification and measurement, risk limitation and regulations on risk prevention. Risk control is implemented by all the units and departments in line with the policies and procedures approved by the Directors.

The Risk Control Committee of the parent bank supports the daily risk control at the bank under the direction of the bank's management. Together with other departments, the Risk Control Committee is responsible to develop risk control system as well as the tools and methods to identify, measure, monitor, control and assess risks.

Additionally, the internal control unit of the parent bank is responsible to perform the independent review on the internal risk control and control environment of the bank.

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## 2. Credit risk

Credit risk is the risk from the fact that the Bank's partners fail to fulfill their obligations, which can cause a loss to the Bank. The management and control of credit risk are done concentratively by the credit committee with the involvement of the representatives of the Directors and credit department; in some cases, the parent bank will take part in the control.

### *Policies on credit risk management and minimization*

In order to manage credit risk, the bank has applied the following tools: development of policies and issuance of regulations on credit risk control; development of credit procedures; credit rate; regulations on credit line; review on credit risks; development of credit rank system and debt classification; authority decentralization in credit activities.

The procedures for credit approval of the bank start from preliminary section for assessment, appraisal before approval, approval and supervision, appraisal after approval. The function of credit approval mainly is of credit committee of the bank.

The bank has managed credit risk by setting up risk limitation (to risks exposed to balance-sheet items and off-balance sheet items) related to customers or group of customers acquiring loans in accordance with the regulations of the State Bank of Vietnam as well as in conformity with the internal credit lines of the bank. Additionally, credit risks are also managed by regular review on acceptance of collaterals and analysis on ability of customers and potential customers on making payments to both interest and principal.

The bank offers credit mainly based on five internal assessment principles: customers – current credit rating of customers, purposes of loans, loan repayment resources and payment ability, collaterals to secure the loans and potentiality of loan. The values of collaterals are monitored periodically during the appraisal period, check after loan grant and, in necessary case, the bank may request customer to adjust appraised value of collaterals. The collaterals which are accepted vary from cash, real estate to machinery and equipment. The bank also accept collaterals in form of intangible assets, such as support, guarantee from enterprises and organizations, guarantee from parent bank, depending on the internal guidance and regulations of the State Bank of Vietnam (these are called loans secured by trust receipt).

For the loans secured by collaterals, these collaterals are evaluated by the credit officers of the bank then are approved by the Credit Manager and the Directors in accordance with the internal regulations. Accordingly, the bank applies the specific discount rates to determine the maximum values of the loans in line with the internal regulations of the bank and the parent bank. The maximum discount rate to extract for specific provision for each type of collaterals is guided in accordance with the Decision No. 493/2005/QĐ-NHNN dated 22 May 2005 and the Decision No. 18/2007/QĐ-NHNN dated 25 April 2007 of the State Bank of Vietnam. This rate can be adjusted by the bank depending on each case.

The credit commitments mainly are letter of credit (LC) and guarantee. These credit commitments are exposed to risks similarly as loans. The issuance of guarantees and LC must undergo the procedures for credit appraisal and credit approval as similarly as loans to customers, except for the cases when customers deposit 100% to secure the relevant commitments.

The quantification of credit risks exposed to loans to customers and other credit organizations is done in accordance with the guidance of the Decision No. 493/2005/QĐ-NHNN dated 22 April 2005 and the Decision No. 18/2007/QĐ-NHNN dated 25 April 2007 of the Governor of the State Bank of Vietnam.

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Additionally, the risk credit management is done through regular review on customers and analysis on ability of customers and potential customers on making payments to both interest and principal.

***Risk concentration level of financial assets with credit risk******According to geographical area***

The non-derivative financial assets classified according to the geographical area are presented in the Note VIII.7.

***According to the business sectors***

Financial assets classified in accordance with the business sectors are as follows:

	<u>Manufacturing and processing</u>	<u>Financial services</u>	<u>Others</u>	<u>Total</u>
<b><i>As of 31 December 2012</i></b>				
Deposits at State Bank	-	4,277,559.54	-	4,277,559.54
Deposits and loans given to other credit organizations	-	41,296,569.30	-	41,296,569.30
Loans given to customers	147,316,714.40	-	15,900,187.02	163,216,901.42
Other receivable	278,646.15	8,823.35	78,200.39	365,669.89
<b>Ending balance</b>	<b><u>147,595,360.55</u></b>	<b><u>45,582,952.19</u></b>	<b><u>15,978,387.41</u></b>	<b><u>209,156,700.15</u></b>
<b><i>As of 31 December 2011</i></b>				
Deposits at State Bank	-	3,052,497.74	-	3,052,497.74
Deposits and loans given to other credit organizations	-	57,089,946.86	-	57,089,946.86
Loans given to customers	153,795,428.31	-	16,434,107.48	170,229,535.79
Other receivable	489,247.22	14,544.09	184,746.10	688,537.40
<b>Beginning balance</b>	<b><u>154,284,675.53</u></b>	<b><u>60,156,988.69</u></b>	<b><u>16,618,853.58</u></b>	<b><u>231,060,517.79</u></b>

***The maximum level of credit risks without consideration to collaterals or methods for credit minimization***

The maximum credit risk of each financial asset is its book value as reflected on the balance sheet as well as on off-balance sheet items of the financial instruments without consideration to collaterals or methods for credit risk minimization.

The following statement presents the maximum credit risk of the bank:

	<u>Ending balance</u>	<u>Beginning balance</u>
<b><i>Credit risk of balance-sheet items</i></b>		
Deposits at State Bank	4,277,559.54	3,052,497.74
Deposits and loans at other organizations	41,296,569.30	57,089,946.86
Loans given to customers	163,216,901.42	170,229,535.79
Other receivable	365,669.89	688,537.41
<b>Total</b>	<b><u>209,156,700.15</u></b>	<b><u>231,060,517.80</u></b>
<b><i>Credit risk of off-balance sheet items</i></b>		
Commitments in L/C transactions	4,376,162.78	1,093,837.16
Other guarantees	604,976.66	134,428.00
Irrevocable commitments	-	10,875,331.77
<b>Total</b>	<b><u>4,981,139.43</u></b>	<b><u>12,103,596.93</u></b>

All the financial statements of the bank are not outstanding and not devalued.

## HUA NAN COMMERCIAL BANK LTD. – HO CHI MINH CITY BRANCH

Address: Room 1001, Floor 10, Royal Building, No. 235 Nguyen Van Cu, Nguyen Cu Trinh Ward, District 1, Ho Chi Minh City

### FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2012

Notes to the financial statements (cont.)

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#### 3. Liquidity risk

Liquidity risk is a form of risk arising from the fact that the Bank faces with the difficulties in fulfilling its obligations on financial debts.

The strategies applied by the bank in liquidity risk management are that the Directors set up the limit on minimum capital of due capital which is used to meet these withdrawals and the minimum level of inter-bank loans as well as loans to meet the withdrawals beyond the expectations.

Operating in an industry where operation of the bank is very sensitive to the changes of the market and false reports, the bank has been applying the measures to control the liquidity risk as follows:

- Maintaining the liquidity ratios that ensure the liquidity of deposit insurance in accordance with the regulations of the State Bank;
- Managing its capital sources centrally in order to ensure the liquidity of the whole system by researching, analyzing term differences, making estimates on time and values of major disbursements which may have effects on the input and output cash flows. From that, the bank have set out limits and developed appropriate investment portfolios which have high liquidity and can be converted in cash to meet the regular or irregular demands for cash withdrawals of customers;
- Actively follows up, analyzes, assesses and is responsible to disclose information in order to help customers understand clearly all the operations of the bank and minimize false reports that may affect the bank's operation.

The statement of analysis on liquidity on the basis of analysis on assets, liabilities according to actual due terms as at the date of preparing combined financial statements is presented in Appendix 1.

#### 4. Market risk

The bank is exposed to market risk which arises from the fluctuations in future cash flows of financial instruments due to the changes in the market. The market risk arises from the open status of interest rate and currency, which are under the effects of changes in market in general and each type of market in particular as well as affected by the fluctuations on the market, such as interest rate, currency, exchange rate.

The market risks related to operation of the company include currency risk and interest rate risk.

##### Interest rate risk

Interest rate risk occurs when the future cash flows of a financial instrument unexpectedly fluctuates due to the changes in market interest rates. The Bank manages this risk by controlling the differences in monthly interest rates.

The method to measure interest rate risk is based on the decision of Risk Control Committee of the parent bank. The bank measures risk by analyzing the sensitivity of the interest rate, i.e. classification of bonds and other documents into group of market risk level, based on currency type, due date, etc.



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### FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2012

#### Notes to the financial statements (cont.)

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In order to manage the interest rate risk, the bank has been applying the policies on interest rate risk management on the basis of analyzing and assessing differences on terms and interests of items of capital and assets and has given out appropriate solutions for treatments accordingly:

- Giving loans at the floating interest rates, which enables the bank to apply flexible interest rates to loans given suitably with the fluctuation of the market rates of interests;
- Maintaining a reasonable difference between deposit interest rates and loan interest rates, complying with the regulations on capital safety of the State Bank.

The statement on analysis on assets, liabilities and off-balance sheet items according to the actual term interest rates as at the date of preparing the combined financial statements is presented in Appendix 2.

The bank has not analyzed the sensitivity on the interest rate since it has not had enough the conditions on data system and input information.

#### *Currency risks*

Currency risk is a form of risk arising from changes in currency exchange rates, which can lead to changes in values of financial instruments. The Bank is established and operates in Vietnam and the reporting currency unit is USD. The main currencies in the Bank's transaction are also VND & USD. Loans giving to customers are mainly in USD and the remaining part is in VND. However, some other assets of the Bank are in currencies other than VND and USD.

The bank's strategy in managing currency risk is to develop a system of limits to manage the state of currencies. The state of currency is managed on a monthly basis and a risk prevention strategy is used to ensure that the state of currencies remains in the set limits. Additionally, the bank also has used other tools, such as maximizing the payment period of loans, forecasting the exchange rate, maintaining an appropriate structure of loans and debts in foreign currency and VND.

In order to minimize the currency risk, the bank has developed and applied its policies on foreign currency management as follows:

- Complying fully with the regulations of the State Bank;
- Establishing and managing foreign currency in open position;
- Controlling risks by separating functions of each department and section, giving regulations on decentralization, transaction limits and stopped loss limit;
- Diversifying the derivatives products.

All transactions in and out of the balance sheet items are included into the foreign currency status right upon its generation.

The following statement summarizes the exchange rate risk of the bank. This statement presents the assets and liabilities of the bank according to the books values and currency types.

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**FINANCIAL STATEMENTS**

For the fiscal year ended 31 December 2012

Notes to the financial statements (cont.)

*As at 31 December 2012*

	VND	USD	Converted from EUR	Converted from other foreign currencies	Total
<b>Assets</b>					
Cash on hand, gold, gemstones	827,257.05	196,278.00	-	-	1,023,535.05
Deposits at the State Bank of Vietnam	284,005.61	3,993,553.93	-	-	4,277,559.54
Deposits and loan given at other credit organizations (*)	11,547,043.38	29,740,843.15	2,223.63	6,459.14	41,296,569.30
Loans given to customers (*)	8,596,211.84	154,620,689.58	-	-	163,216,901.42
Fixed assets	265,511.98	-	-	-	265,511.98
Other current assets (*)	141,292.32	439,026.30	-	-	580,318.62
<b>Total assets</b>	<b>21,661,322.18</b>	<b>188,990,390.96</b>	<b>2,223.63</b>	<b>6,459.14</b>	<b>210,660,395.91</b>
<b>Liabilities and owner's equity</b>					
Deposits and loans from State Bank and other credit organizations	12,290,560.00	77,481,412.10	-	-	89,771,972.10
Deposits from customers	9,746,136.89	35,675,220.09	299.24	753.71	45,422,409.93
Other liabilities(*)	111,381.01	141,671.36	-	-	253,052.37
Capital and funds	-	73,951,399.60	-	-	73,951,399.60
<b>Total liabilities and owner's equity</b>	<b>22,148,077.90</b>	<b>187,249,703.15</b>	<b>299.24</b>	<b>753.71</b>	<b>209,398,834.00</b>
<b>Position of in-balance sheet currency</b>					
	(486,755.72)	1,740,687.81	1,924.39	5,705.43	1,261,561.91
<b>Position of off-balance sheet currency</b>					
	-	-	-	-	-
<b>Position of in-balance sheet and off-balance sheet currency</b>					
	(486,755.72)	1,740,687.81	1,924.39	5,705.43	1,261,561.91



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For the fiscal year ended 31 December 2012

Notes to the financial statements (cont.)

*As of 31 December 2011*

	VND	USD	Converted from EUR	Converted from other foreign currencies	Total
<b>Assets</b>					
Cash on hand, gold, gemstones	654,561.23	568,773.00	-	-	1,223,334.23
Deposits at the State Bank of Vietnam	2,649,970.19	402,527.55	-	-	3,052,497.74
Deposits and loan given at other credit organizations (*)	17,079,252.70	40,002,842.85	2,831.66	5,019.65	57,089,946.86
Loans given to customers (*)	5,863,598.05	164,365,937.74	-	-	170,229,535.79
Fixed assets	-	360,204.63	-	-	360,204.63
Other current assets (*)	117,621.28	694,648.79	-	-	812,270.06
<b>Total assets</b>	<b>26,365,003.45</b>	<b>206,394,934.56</b>	<b>2,831.66</b>	<b>5,019.65</b>	<b>232,767,789.32</b>
<b>Liabilities and owner's equity</b>					
Deposits and loans from State Bank and other credit organizations	22,564,700.00	96,037,237.98	-	-	118,601,937.98
Deposits from customers	8,038,537.29	32,437,842.91	173.50	838.31	40,477,392.01
Other liabilities(*)	658,287.04	329,336.57	-	-	987,623.61
Capital and funds	-	71,342,215.35	-	-	71,342,215.35
<b>Total liabilities and owner's equity</b>	<b>31,261,524.33</b>	<b>200,146,632.81</b>	<b>173.50</b>	<b>838.31</b>	<b>231,409,168.95</b>
<b>Position of in- balance sheet currency</b>	<b>(4,896,520.88)</b>	<b>6,248,301.75</b>	<b>2,658.16</b>	<b>4,181.34</b>	<b>1,358,620.37</b>
<b>Position of off- balance sheet currency</b>	-	-	-	-	-
<b>Position of in- balance sheet and off-balance sheet currency</b>	<b>(4,896,520.88)</b>	<b>6,248,301.75</b>	<b>2,658.16</b>	<b>4,181.34</b>	<b>1,358,620.37</b>

(\*) These items do not include the provisions for risk.

The bank has not analyzed the sensitivity on the exchange rate since it has not had enough the conditions on data system and input information.

**HUA NAN COMMERCIAL BANK LTD. – HO CHI MINH CITY BRANCH**

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**FINANCIAL STATEMENTS**

For the fiscal year ended 31 December 2012

Notes to the financial statements (cont.)

**5. Collaterals*****Collaterals to others***

The bank has no collaterals to other entities as at 31 December 2012 and as at 31 December 2011.

***Collaterals received from others***

The details of collaterals received from others are presented in the Note VIII.3. The bank has not determined fully the fair values of these collaterals since there have been no specific guidance and the necessary market information.

**6. Financial assets and financial liabilities*****Financial assets***


	Ending balance		Beginning balance	
	Historical cost	Provision	Historical cost	Provision
Cash on hand, gold, gemstones	1,023,535.05	-	1,223,334.23	-
Deposits at the State Bank of Vietnam	4,277,559.54	-	3,052,497.74	-
Deposits and gold, and loan given to other credit organizations	41,296,569.30	(47,529.90)	57,089,946.86	(21,421.15)
Loans given to customers	163,216,901.42	(1,150,828.46)	170,229,535.79	(1,224,879.00)
Other current assets	365,669.89	-	688,537.41	-
<b>Total</b>	<b>210,180,235.20</b>	<b>(1,198,358.36)</b>	<b>232,283,852.03</b>	<b>(1,246,300.15)</b>

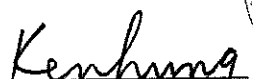
***Financial liabilities***

	Ending balance	Beginning balance
Deposits and loans from other credit organizations	89,771,972.10	118,601,937.98
Deposits from customers	45,422,409.93	40,477,392.01
Other liabilities	241,499.16	570,314.83
<b>Total</b>	<b>135,435,881.19</b>	<b>159,649,644.82</b>


The fair values of the financial assets and financial liabilities have not been determined since the Vietnamese Accounting Standard and System applied to credit organizations and the regulations of the State Bank of Vietnam have not given any specific guidance on the determination of fair values.

Ho Chi Minh City, 28 February 2013

  
**Pham Thi Tuyet Mai**  
 Preparer

  
**Kuo Chien Hung**  
 Chief Accountant



  
**Lin Rong Sheng**  
 General Director

**HUA NAN COMMERCIAL BANK LTD. - HO CHI MINH CITY BRANCH**

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**FINANCIAL STATEMENTS**

For the fiscal year ended 31 December 2012

**Appendix 1: Statement of analysis on liquidity on the basis of analysis on assets and liabilities according to actual due terms**

*As of 31 December 2012*

	Outstanding		Not yet due					Total
	Over 3 months	To 3 months	To 1 month	From 1 month to 3 months	From 3 to 12 months	From 1 year to 5 years	Over 5 years	
<b>Assets</b>								
I- Cash on hand, gold, silver and gemstones	-	-	1,023,535.05	-	-	-	-	1,023,535.05
II- Deposits at State Bank	-	-	4,277,559.54	-	-	-	-	4,277,559.54
III- Deposits and loan given at other credit organizations (*)	-	-	29,774,169.30	-	-	11,522,400.00	-	41,296,569.30
IV. Loans given to customers (*)	-	-	6,525,167.28	17,332,155.76	35,066,116.87	92,808,487.50	11,484,974.01	163,216,901.42
V. Other current assets (*)	-	-	483,745.10	96,573.52	-	-	-	580,318.62
<b>Total current assets</b>	<b>-</b>	<b>-</b>	<b>42,084,176.27</b>	<b>17,428,729.28</b>	<b>35,066,116.87</b>	<b>104,330,887.50</b>	<b>11,484,974.01</b>	<b>210,394,883.93</b>
<b>Liabilities</b>								
I- Deposits and loans from State Bank and other credit organizations	-	-	39,771,972.10	-	-	50,000,000.00	-	89,771,972.10
II- Deposits from customers	-	-	22,020,836.18	7,689,356.14	15,712,217.61	-	-	45,422,409.93
III- Other liabilities	-	-	253,052.37	-	63,203.55	-	-	316,255.92
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>62,045,860.65</b>	<b>7,689,356.14</b>	<b>15,775,421.16</b>	<b>50,000,000.00</b>	<b>-</b>	<b>135,510,637.95</b>
<b>Difference in net liquidity</b>	<b>-</b>	<b>-</b>	<b>(19,961,684.38)</b>	<b>9,739,373.14</b>	<b>19,290,695.71</b>	<b>54,330,887.50</b>	<b>11,484,974.01</b>	<b>74,884,245.98</b>

## HUA NAN COMMERCIAL BANK LTD. - HO CHI MINH CITY BRANCH

Address: Room 1001, Floor 10, Royal Building, No. 235 Nguyen Van Cu, Nguyen Cu Trinh Ward, District 1, Ho Chi Minh City

### FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2012

### Appendix 1: Statement of analysis on liquidity on the basis of analysis on assets and liabilities according to actual due terms

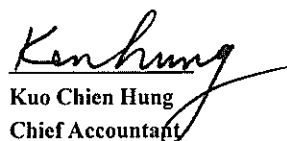
As of 31 December 2011

	Outstanding		Not yet due					Total
	Over 3 months	To 3 months	To 1 month	From 1 month to 3 months	From 3 to 12 months	From 1 year to 5 years	Over 5 years	
<b>Assets</b>								
I- Cash on hand, gold, silver and gemstones	-	-	1,223,334.23	-	-	-	-	1,223,334.23
II- Deposits at State Bank	-	-	3,052,497.74	-	-	-	-	3,052,497.74
III- Deposits and loan given at other credit organizations (*)	-	-	54,308,099.43	-	-	2,781,847.43	-	57,089,946.86
IV. Loans given to customers (*)	-	-	3,395,776.32	15,857,927.74	31,665,964.63	87,144,648.85	32,165,218.26	170,229,535.79
V. Other current assets (*)	-	-	800,763.53	-	-	11,506.53	-	812,270.06
<b>Total current assets</b>	<b>-</b>	<b>-</b>	<b>62,780,471.26</b>	<b>15,857,927.74</b>	<b>31,665,964.63</b>	<b>89,938,002.81</b>	<b>32,165,218.26</b>	<b>232,407,584.69</b>
<b>Liabilities</b>								
I- Deposits and loans from State Bank and other credit organizations	-	-	68,601,937.98	-	-	50,000,000.00	-	118,601,937.98
II- Deposits from customers	-	-	22,020,836.18	7,689,356.14	10,767,199.69	-	-	40,477,392.01
III- Other liabilities	-	-	987,623.61	-	112,320.22	-	-	1,099,943.83
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>91,610,397.77</b>	<b>7,689,356.14</b>	<b>10,879,519.91</b>	<b>50,000,000.00</b>	<b>-</b>	<b>160,179,273.82</b>
<b>Difference in net liquidity</b>	<b>-</b>	<b>-</b>	<b>(28,829,926.51)</b>	<b>8,168,571.60</b>	<b>20,786,444.72</b>	<b>39,938,002.81</b>	<b>32,165,218.26</b>	<b>72,228,310.87</b>

(\*) These items are presented without provision for risks



Pham Thi Tuyet Mai  
Preparer



Kuo Chien Hung  
Chief Accountant



Ho Chi Minh City, 28 February 2013



Lin Rong Sheng  
General Director

**HUA NAN COMMERCIAL BANK LTD. - HO CHI MINH CITY BRANCH**

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**FINANCIAL STATEMENTS**

For the fiscal year ended 31 December 2012

**Appendix 2: Statement on analysis of assets, liabilities and off-balance sheet items according to the term interest rate actually applied**

*As of 31 December 2012*

	<u>Outstanding</u>	<u>Not subject to interest</u>	<u>To 1 month</u>	<u>From 1 month to 3 months</u>	<u>From 3 to 12 months</u>	<u>From 1 year to 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
<b>Assets</b>								
I- Cash on hand, gold, silver and gemstones	-	1,023,535.05	-	-	-	-	-	1,023,535.05
II- Deposits at State Bank	-	-	4,277,559.54	-	-	-	-	4,277,559.54
III- Deposits and loan given at other credit organizations (*)	-	-	29,774,169.30	-	11,522,400.00	-	-	41,296,569.30
IV. Loans given to customers (*)	-	-	103,838,483.19	36,938,188.56	22,440,229.67	-	-	163,216,901.42
V. Other current assets (*)	-	580,318.62	-	-	-	-	-	580,318.62
<b>Total current assets</b>	<b>-</b>	<b>1,603,853.67</b>	<b>137,890,212.03</b>	<b>36,938,188.56</b>	<b>33,962,629.67</b>	<b>-</b>	<b>-</b>	<b>210,394,883.93</b>
<b>Liabilities</b>								
I- Deposits and loans from State Bank and other credit organizations	-	481,412.10	89,290,560.00	-	-	-	-	89,771,972.10
II- Deposits from customers	-	-	22,020,836.18	7,689,356.14	15,712,217.61	-	-	45,422,409.93
III- Other liabilities	-	316,255.92	-	-	-	-	-	316,255.92
<b>Total liabilities</b>	<b>-</b>	<b>797,668.02</b>	<b>111,311,396.18</b>	<b>7,689,356.14</b>	<b>15,712,217.61</b>	<b>-</b>	<b>-</b>	<b>135,510,637.95</b>
<b>Sensitive differences of interest rates on balance sheet items</b>	<b>-</b>	<b>806,185.65</b>	<b>26,578,815.85</b>	<b>29,248,832.42</b>	<b>18,250,412.06</b>	<b>-</b>	<b>-</b>	<b>74,884,245.98</b>
<b>Off-balance sheet commitments affecting the sensitive difference of interest rates of assets and liabilities (net value)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Sensitive differences of interest rates on balance sheet items and off-balance sheet items</b>	<b>-</b>	<b>806,185.65</b>	<b>26,578,815.85</b>	<b>29,248,832.42</b>	<b>18,250,412.06</b>	<b>-</b>	<b>-</b>	<b>74,884,245.98</b>



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**FINANCIAL STATEMENTS**

For the fiscal year ended 31 December 2012

**Appendix 2: Statement on analysis of assets, liabilities and off-balance sheet items according to the term interest rate actually applied**


As of 31 December 2011

	Outstanding	Not subject to interest	To 1 month	From 1 month to 3 months	From 3 to 12 months	From 1 year to 5 years	Over 5 years	Total
<b>Assets</b>								
I- Cash on hand, gold, silver and gemstones	-	1,223,334.23	-	-	-	-	-	1,223,334.23
II- Deposits at State Bank	-	-	3,052,497.74	-	-	-	-	3,052,497.74
III- Deposits and loan given at other credit organizations (*)	-	-	54,308,099.43	-	2,781,847.43	-	-	57,089,946.86
IV. Loans given to customers (*)	-	-	48,550,308.91	-	121,679,226.88	-	-	170,229,535.79
V. Other current assets (*)	-	812,270.06	-	-	-	-	-	812,270.06
<b>Total current assets</b>	<b>-</b>	<b>2,035,604.29</b>	<b>105,910,906.08</b>	<b>-</b>	<b>124,461,074.31</b>	<b>-</b>	<b>-</b>	<b>232,407,584.69</b>
<b>Liabilities</b>								
I- Deposits and loans from State Bank and other credit organizations	-	237,237.98	118,364,700.00	-	-	-	-	118,601,937.98
II- Deposits from customers	-	-	22,020,836.18	7,689,356.14	10,767,199.69	-	-	40,477,392.01
III- Other liabilities	-	1,099,943.83	-	-	-	-	-	1,099,943.83
<b>Total liabilities</b>	<b>-</b>	<b>1,337,181.81</b>	<b>140,385,536.18</b>	<b>7,689,356.14</b>	<b>10,767,199.69</b>	<b>-</b>	<b>-</b>	<b>160,179,273.82</b>
<b>Sensitive differences of interest rates on balance sheet items</b>	<b>-</b>	<b>698,422.49</b>	<b>(34,474,630.10)</b>	<b>(7,689,356.14)</b>	<b>113,693,874.62</b>	<b>-</b>	<b>-</b>	<b>72,228,310.87</b>
<b>Off-balance sheet commitments affecting the sensitive difference of interest rates of assets and liabilities (net value)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Sensitive differences of interest rates on balance sheet items and off-balance sheet items</b>	<b>-</b>	<b>698,422.49</b>	<b>(34,474,630.10)</b>	<b>(7,689,356.14)</b>	<b>113,693,874.62</b>	<b>-</b>	<b>-</b>	<b>72,228,310.87</b>

(\*) These items are presented without provision for risks

Ho Chi Minh City, 28 February 2013

  
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