

Saigon – Hanoi Commercial Joint Stock Bank

Audited consolidated financial statements in accordance with the
Vietnamese Accounting Standards and Accounting System for Credit
Institutions

as at 31 December 2013

Saigon – Hanoi Commercial Joint Stock Bank

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Saigon – Hanoi Commercial Joint Stock Bank

GENERAL INFORMATION

THE BANK

Saigon – Hanoi Commercial Joint Stock Bank (herein referred to as “the Bank”), initially Nhon Ai Rural Commercial Joint Stock Bank, is a joint stock commercial bank registered in the Socialist Republic of Vietnam on 13 November 1993 under Decision No. 214/QD-NH5 and Business License No. 0041-NH/GP issued by the State Bank of Vietnam (herein referred to as “the SBV”). The Bank was renamed as Saigon – Hanoi Commercial Joint Stock Bank under Decision No. 1764/QD-NHNN dated 11 September 2006 granted by the Governor of the SBV and in accordance with the adjusted business registration as follows:

<i>Business registration No.</i>	<i>Issuance date</i>
1800278630	29 October 2012
1800278630	17 June 2013

The Bank's principal activities are to provide banking services including mobilising and receiving short-term, medium-term and long-term deposits from organisations and individuals; making short-term, medium-term and long-term loans and advances to organisations and individuals based on the nature and capability of the Bank's sources of capital; foreign exchange transactions; international trade finance services; discount of commercial papers, bonds and other valuable papers; providing settlement service and other banking services as approved by the SBV.

The Bank's Head Office is located at 77 Tran Hung Dao Street, Hoan Kiem District, Hanoi. As at 31 December 2013, the Bank had one (1) business center, fifty one (51) branches, ten (10) saving funds, one hundred and seventy four (174) transaction offices nationwide, two (2) branches in Cambodia, and one (1) branch in Laos.

As at 31 December 2013, the Bank had two (2) subsidiaries as follows:

<i>No</i>	<i>Subsidiary</i>	<i>Business Registration No.</i>	<i>Line of business</i>	<i>Ownership percentage of the Bank</i>
1	SHB Debt and Asset Management One Sole Member Company Limited (SHB AMC)	0104006217 dated 10 December 2009 of the Hanoi Planning and Investment Department	Banking/ Finance	100%
2	SHB Securities Joint Stock Company (SHBS)	112/GPDC-UBCK dated 12 September 2012 by the State Securities Commission	Securities	98.47%

Saigon – Hanoi Commercial Joint Stock Bank

GENERAL INFORMATION (continued)

BOARD OF DIRECTORS

Members of the Board of Directors during the year ended 31 December 2013 and as at the date of this report are as follows:

<i>Name</i>	<i>Position</i>	<i>Date of appointment/ resignation</i>
Mr. Do Quang Hien	Chairman	Reappointed on 5 May 2012
Mr. Nguyen Van Le	Member	Reappointed on 5 May 2012
Mr. Tran Ngoc Linh	Member	Reappointed on 5 May 2012
Ms. Dam Ngoc Bich	Member	Appointed on 5 May 2012
Mr. Pham Ngoc Tuan	Member	Appointed on 5 May 2012
Mr. Le Quang Thung	Independent Member	Appointed on 5 May 2012
Mr. Pham Hong Thai	Member	Appointed on 5 May 2012

BOARD OF SUPERVISORS

Members of the Board of Supervisors during the year ended 31 December 2013 and as at the date of this report are as follows:

<i>Name</i>	<i>Position</i>	<i>Date of appointment/ resignation</i>
Mr. Pham Hoa Binh	Head of the Board of Supervisors	Appointed on 5 May 2012
Mr. Nguyen Huu Duc	Deputy Head of the Board	Reappointed on 5 May 2012
Mr. Bui Thanh Tam	Member	Reappointed on 5 May 2012
Ms. Hoang Thi Minh	Member	Appointed on 5 May 2012

BOARD OF MANAGEMENT AND CHIEF ACCOUNTANT

Members of the Board of Management and Chief Accountant during the year ended 31 December 2013 and as at the date of this report are as follows:

<i>Name</i>	<i>Position</i>	<i>Date of appointment/ resignation</i>
Mr. Nguyen Van Le	General Director	Reappointed on 21 May 2010
Mr. Dang Trung Dung	Deputy General Director	Appointed on 1 September 2006
Mr. Bui Tin Nghi	Deputy General Director	Resigned on 14 May 2013
Mr. Le Dang Khoa	Deputy General Director	Appointed on 10 April 2009
Mr. Pham Van Thang	Deputy General Director	Resigned on 22 July 2013
Ms. Ngo Thu Ha	Deputy General Director	Appointed on 15 March 2011
Ms. Dang To Loan	Deputy General Director	Appointed on 9 October 2012
Mr. Nguyen Huy Tai	Deputy General Director	Appointed on 18 February 2013
Ms. Ninh Thi Lan Phuong	Deputy General Director, cum Chief Accountant	Appointed on 8 June 2012

LEGAL REPRESENTATIVE

The legal representative of the Bank during the year ended 31 December 2013 and as at the date of this report was Mr. Nguyen Van Le – General Director.

AUDITOR

The auditor of the Bank is Ernst & Young Vietnam Limited.

Saigon – Hanoi Commercial Joint Stock Bank

REPORT OF THE BOARD OF MANAGEMENT

The Board of Management of Saigon - Hanoi Commercial Joint Stock Bank (herein referred to as “the Bank”) is pleased to present this report and the consolidated financial statements of the Bank and its subsidiaries (herein referred to as “SHB”) for the year ended 31 December 2013.

MANAGEMENT’S RESPONSIBILITY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the consolidated financial statement of each financial year, which give a true and fair view of the consolidated state of affairs of the Bank and its subsidiaries, and of their consolidated results and consolidated cash flows for the year. In preparing the consolidated financial statements, Management is required to:

- ▶ select suitable accounting policies and then apply them consistently;
- ▶ make judgments and estimates that are reasonable and prudent;
- ▶ state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the consolidated financial statements; and
- ▶ prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Bank and its subsidiaries will continue their business.

Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the consolidated financial position of the Bank and its subsidiaries and for ensuring that the accounting records comply with the applied accounting system. It is also responsible for safeguarding the assets of the Bank and its subsidiaries and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Management confirmed that it has complied with the above requirements in preparing the accompanying consolidated financial statements for the year ended 31 December 2013.

STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Bank and its subsidiaries as at 31 December 2013 and of the consolidated results of their operations and their consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards and Accounting System for Credit Institutions and with statutory requirements of the State Bank of Vietnam relevant to the preparation and presentation of consolidated financial statements.

For and on behalf of the Board of Management:

Mr. Nguyen Van Le
General Director

Hanoi, Vietnam

31 March 2014

INDEPENDENT AUDITORS' REPORT

**To: The Shareholders of
Saigon – Hanoi Commercial Joint Stock Bank**

We have audited the accompanying consolidated financial statements of Saigon – Hanoi Commercial Joint Stock Bank (herein referred to as “the Bank”) and its subsidiaries as prepared on 31 March 2014 and set out on pages 6 to 73, which comprise the consolidated balance sheet as at 31 December 2013, the consolidated income statement and the consolidated cash flow statement for the year then ended and the notes thereto.

Management's responsibility

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

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 and its subsidiaries' internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present truly and fairly, in all material aspects, the consolidated financial position of the Bank and its subsidiaries as at 31 December 2013, and the consolidated results of their operations and their consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards and Accounting System for Credit Institutions and with requirements of the State Bank of Vietnam relevant to the preparation and presentation of consolidated financial statements.

Emphasis matter

In 2012, the Bank successfully merged Hanoi Building Commercial Joint Stock Bank ("Habubank") into its operations under Decision No. 1559/QĐ-NHNN dated 7 August 2012 granted by the Governor of the State Bank of Vietnam. Accordingly, the Bank has implemented and reported to the State Bank of Vietnam the merger plan, restructuring of its operations and financial resolutions of assets and debts transferred from Habubank since the merger date.

Ernst & Young Vietnam Limited

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

Dang Phuong Ha
Auditor
Audit Practising Registration
Certificate No. 2400-2013-004-1

Hanoi, Vietnam

31 March 2014

Saigon – Hanoi Commercial Joint Stock Bank

CONSOLIDATED BALANCE SHEET
as at 31 December 2013

B02/TCTD-HN

	<i>Notes</i>	<i>31/12/2013 VNDm</i>	<i>31/12/2012 VNDm</i>
ASSETS			
Cash and cash equivalents	6	541,115	484,887
Balances with the State Banks	7	1,981,052	3,031,869
Placements with and loans to other banks	8	30,262,605	29,862,248
Placements with other banks		17,626,577	20,996,608
Loans to other banks		12,636,028	8,890,044
Provision for placements with and loans to other banks		-	(24,404)
Trading securities	9	29,015	13,387
Trading securities		51,887	40,564
Provision for impairment of trading securities		(22,872)	(27,177)
Derivatives and other financial assets	10	-	5,847
Loans and advances to customers		75,322,050	55,689,293
Loans and advances to customers	11	76,509,671	56,939,724
Provision for credit losses	12	(1,187,621)	(1,250,431)
Investment securities	13	18,655,008	12,699,276
Available-for-sale securities		8,101,622	8,418,596
Held-to-maturity securities		10,562,229	4,290,544
Provision for impairment of investment securities		(8,843)	(9,864)
Long-term investments		361,504	391,703
Other long-term investments		400,428	435,326
Provision for impairment of long-term investments		(38,924)	(43,623)
Fixed assets	14	4,151,534	4,127,127
<i>Tangible fixed assets</i>	<i>14.1</i>	<i>405,949</i>	<i>398,883</i>
Cost		723,576	700,243
Accumulated depreciation		(317,627)	(301,360)
<i>Intangible assets</i>	<i>14.2</i>	<i>3,745,585</i>	<i>3,728,244</i>
Cost		3,865,696	3,817,079
Accumulated amortisation		(120,111)	(88,835)
Investment properties	15	17,248	85,456
Cost		17,401	85,456
Accumulated depreciation		(153)	-
Other assets	16	12,304,672	10,146,521
Receivables		2,110,623	1,494,165
Interest and fee receivables		5,659,818	4,460,581
Deferred income tax assets		-	110
Other assets		4,789,212	4,256,393
<i>In which: Goodwill</i>		-	-
Provision for other assets		(254,981)	(64,728)
TOTAL ASSETS		143,625,803	116,537,614

Saigon – Hanoi Commercial Joint Stock Bank

CONSOLIDATED BALANCE SHEET (continued)
as at 31 December 2013

B02/TCTD-HN

	<i>Notes</i>	<i>31/12/2013 VNDm</i>	<i>31/12/2012 VNDm</i>
LIABILITIES			
Borrowings from the Government and the SBV	17	2,119,145	-
Deposits and borrowings from other banks	18	20,685,381	21,777,251
Deposits from other banks		12,155,603	15,505,603
Borrowings from other banks		8,529,778	6,271,648
Deposits and other amounts due to customers	19	90,761,017	77,598,520
Derivatives and other financial liabilities	10	6,272	-
Other borrowed funds	20	476,390	385,245
Valuable papers issued	21	16,909,575	4,370,389
Other liabilities		2,309,549	2,897,397
Interest and fee payables		1,351,084	1,944,532
Deferred tax liabilities		324	645
Other payables	22	900,263	911,407
Other provision	12.2	57,878	40,813
TOTAL LIABILITIES		133,267,329	107,028,802
OWNERS' EQUITY			
Capital		8,962,251	8,962,251
Charter capital		8,865,795	8,865,795
Share premium		101,716	101,716
Treasury shares		(5,260)	(5,260)
Reserves		642,480	517,732
Foreign currency translation reserve		-	9
Retained earnings		750,966	26,058
TOTAL OWNERS' EQUITY	24	10,355,697	9,506,050
NON-CONTROLLING INTEREST	24	2,777	2,762
TOTAL LIABILITIES, OWNERS' EQUITY AND NON-CONTROLLING INTEREST		143,625,803	116,537,614

Saigon – Hanoi Commercial Joint Stock Bank

CONSOLIDATED BALANCE SHEET (continued)
as at 31 December 2013

B02/TCTD-HN

OFF-BALANCE SHEET ITEMS

	<i>Notes</i>	<i>31/12/2013 VNDm</i>	<i>31/12/2012 VNDm</i>
Contingencies			
Credit guarantees		486,276	35,554
Letters of credit		1,774,825	336,437
Other guarantees		6,077,569	4,915,177
	39	8,338,670	5,287,168

Prepared by

Approved by

Approved by

Ms. Nguyen Thi Lien
Accountant

Ms. Ninh Thi Lan Phuong
Chief Accountant

Mr. Nguyen Van Le
General Director

Hanoi, Vietnam

31 March 2014

Saigon – Hanoi Commercial Joint Stock Bank

CONSOLIDATED INCOME STATEMENT
for the year ended 31 December 2013

B03/TCTD-HN

	<i>Notes</i>	<i>2013 VNDm</i>	<i>2012 VNDm</i>
Interest and similar income	27	9,174,718	9,951,489
Interest and similar expenses	28	(7,070,660)	(8,075,961)
Net interest and similar income		2,104,058	1,875,528
Fee and commission income		219,433	193,828
Fee and commission expenses		(86,302)	(41,731)
Net fee and commission income	29	133,131	152,097
Net gain from foreign currency trading	30	63,400	47,963
Net gain from trading securities	31	696	140,376
Net gain/ (loss) from investment securities	32	(16,199)	23,548
Other operating income		105,296	721,154
Other operating expenses		(28,670)	(32,120)
Net other operating income	33	76,626	689,034
Dividend income	34	6,325	10,910
TOTAL OPERATING INCOME		2,368,037	2,939,456
TOTAL OPERATING EXPENSES	35	(1,860,870)	(1,678,993)
Profit from operating activities before provision for credit losses		507,167	1,260,463
Reversal of provision for credit losses		492,881	564,740
PROFIT BEFORE TAX		1,000,048	1,825,203
Current enterprise income tax	23.1	(150,599)	(137,289)
Deferred enterprise income tax		321	(645)
Enterprise income tax		(150,278)	(137,934)
PROFIT AFTER TAX		849,770	1,687,269
Non-controlling interest		28	428
Profit after tax of the Bank		849,742	1,686,841
Accumulated losses from Habubank		-	(1,660,775)
NET PROFIT FOR THE YEAR		849,742	26,066
Basic earnings per share (VND)	25	959	33

Prepared by

Approved by

Approved by

Ms. Nguyen Thi Lien
Accountant

Ms. Ninh Thi Lan Phuong
Chief Accountant

Mr. Nguyen Van Le
General Director

Hanoi, Vietnam

31 March 2014

Saigon – Hanoi Commercial Joint Stock Bank

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 December 2013

B04/TCTD-HN

	<i>Notes</i>	<i>2013 VNDm</i>	<i>2012 VNDm</i>
OPERATING ACTIVITIES			
Interest and similar income receipts		7,816,181	7,552,992
Interest and similar expense payments		(7,669,084)	(7,092,381)
Net fees and commission receipts		133,131	152,097
Net gain/(loss) from foreign currency, securities trading		47,672	78,852
Net other operating income receipts		73,292	108,598
Recovery from bad debts written-off previously		8,131	626
Employee and other administrative expense payments		(1,538,331)	(1,479,432)
Enterprise income tax paid during the year	23.1	(159,115)	(264,542)
Net cash flows used in operating activities before changes in operating assets and liabilities		(1,288,123)	(943,190)
Changes in operating assets			
(Increase)/decrease in due from banks		5,254,394	(16,346,784)
(Increase)/decrease in trading and trading securities		(5,928,398)	4,054,196
(Increase)/decrease in derivatives and other financial assets		5,847	(1,813)
Increase in loans and advances to customers		(19,574,688)	(13,101,287)
Use of provision for loan losses and provision for impairment of investment securities & long-term investments		(163,268)	-
Increase in other assets		(429,664)	(602,998)
Changes in operating liabilities			
Increase/(decrease) in borrowings from the Government and the SBV		2,119,145	(2,184,954)
Increase/(decrease) in due to banks		(1,091,870)	6,219,410
Increase in due to customers (including State Treasury)		13,162,497	25,809,734
Increase/(decrease) in valuable papers issued (except for long-term valuable papers issued disclosed in financing activities)		12,539,186	(7,471,664)
Increase in other borrowed funds		91,145	106,406
Increase/(decrease) in derivatives and other financial liabilities		6,272	-
Increase/(decrease) in other liabilities		252,200	(4,781,348)
Net cash flows from/(used in) operating activities		4,954,675	(9,244,292)
INVESTING ACTIVITIES			
Purchase of fixed assets		(458,229)	(127,350)
Proceeds from sale of fixed assets		2,263	538,158
Investments in joint ventures, associates and others		6,821	24,222
Dividend receipts from long-term investments during the year		6,325	10,910
Net cash flows from/(used in) investing activities		(442,820)	445,940

Saigon – Hanoi Commercial Joint Stock Bank

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

B04/TCTD-HN

	<i>Notes</i>	<i>2013 VNDm</i>	<i>2012 VNDm</i>
FINANCING ACTIVITIES			
Increase in share premium		-	2,261
Dividend payment to shareholders	26	(1,066)	(270,100)
Net cash flows used in financing activities		(1,066)	(267,839)
Net increase/(decrease) in cash and cash equivalents during the year		4,510,789	(9,066,191)
Cash and cash equivalents transferred from Habubank		-	519,258
Cash and cash equivalents at the beginning of the year		11,666,558	20,213,491
Cash and cash equivalents at the end of the year	36	16,177,347	11,666,558

Prepared by

Approved by

Approved by

Ms. Nguyen Thi Lien
Accountant

Ms. Ninh Thi Lan Phuong
Chief Accountant

Mr. Nguyen Van Le
General Director

Hanoi, Vietnam

31 March 2014

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
as at 31 December 2013 and for the year then ended

1. THE BANK

Saigon – Hanoi Commercial Joint Stock Bank (herein referred to as “the Bank”) is a joint stock commercial bank registered in the Socialist Republic of Vietnam.

Establishment and activities

The Bank was initially established on 13 November 1993 as Nhon Ai Rural Commercial Joint Stock Bank under Decision No. 214/QD-NH5 and Business License No. 0041-NH/GP issued by the State Bank of Vietnam (“the SBV”). The Bank was renamed as Saigon – Hanoi Commercial Joint Stock Bank under Decision No. 1764/QD-NHNN dated 11 September 2006 granted by the Governor of the State Bank of Vietnam and adjusted business registration as follows:

<i>Business registration No.</i>	<i>Issuance date</i>
1800278630	29 October 2012
1800278630	17 June 2013

The Bank’s principal activities are to provide banking services including mobilising and receiving short-term, medium-term and long-term deposits from organisations and individuals; making short-term, medium-term and long-term loans and advances to organisations and individuals based on the nature and capability of the Bank’s sources of capital; foreign exchange transactions; international trade finance services; discount of commercial papers, bonds and other valuable papers; providing settlement service and other banking services as approved by the SBV.

Charter capital

The charter capital of the Bank as at 31 December 2013 is VND8,865 billion (31 December 2012: VND8,865 billion), which has been fully contributed.

Operation network

The Bank’s Head Office is located at 77 Tran Hung Dao Street, Hoan Kiem District, Hanoi. As at 31 December 2013, the Bank had one (1) business center, fifty one (51) branches, ten (10) saving funds, one hundred and seventy four (174) transaction offices nationwide, two (2) branches in Cambodia, and one (1) branch in Laos.

Subsidiaries

As at 31 December 2013, the Bank had two (2) subsidiaries as follows:

<i>No</i>	<i>Subsidiary</i>	<i>Business Registration No.</i>	<i>Line of business</i>	<i>Ownership of the Bank</i>
1	SHB Debt and Asset Management One Sole Member Company Limited (SHB AMC)	0104006217 dated 10 December 2009 granted by the Hanoi Planning and Investment Department	Banking/ Finance	100%
2	SHB Securities Joint Stock Company (SHBS)	112/GPDC-UBCK dated 12 September 2012 granted by the State Securities Commission	Securities	98.47%

The Bank and its subsidiaries herein are referred to as “SHB”.

Employees

Total number of employees as at 31 December 2013 is 5,002 (31 December 2012: 4,996).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (continued)
as at 31 December 2013 and for the year then ended

2. FISCAL YEAR AND ACCOUNTING CURRENCY

2.1 Fiscal year

SHB's fiscal year starts on 1 January and ends on 31 December.

2.2 Accounting currency

SHB maintain its accounting records in Vietnam Dong (VND). However, due to the Bank's large scale of operations, for the purpose of preparing these consolidated financial statements, the amounts are rounded to and presented in millions of Vietnam Dong (VNDm). This presentation does not impact the view of the readers on SHB's consolidated financial position, consolidated results of its operations and its cash flows. With regards to the number of shares, the Bank presented the item in unit as shown in the Note 24.1.

3. BASIS FOR PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

3.1 *Statement of compliance with Vietnamese Accounting Standards and Accounting System for Credit Institutions and with statutory requirements of the State Bank of Vietnam relevant to the preparation and presentation of financial statement*

Management confirms that the accompanying consolidated financial statements have been prepared in accordance with Vietnamese Accounting Standards and Accounting System for Credit Institutions, and with statutory requirements of the State Bank of Vietnam relevant to the preparation and presentation of financial statements.

3.2 Accounting standards and system

The consolidated financial statements of SHB expressed in millions of Vietnam Dong ("VNDm"), are prepared in accordance with the Accounting System for Credit Institutions required under Decision No. 479/2004/QĐ-NHNN issued on 29 April 2004 by the Governor of the SBV which was enacted from 1 January 2005 and decisions on amendment and supplementation of Decision No. 479/2004/QĐ-NHNN, Decision No. 16/2007/QĐ-NHNN issued on 18 April 2007 by the Governor of the SBV, and Vietnamese Accounting Standards issued by the Ministry of Finance as per:

- ▶ Decision 149/2001/QĐ-BTC dated 31 December 2001 on the Issuance and Promulgation of Four Vietnamese Standards on Accounting (Series 1);
- ▶ Decision 165/2002/QĐ-BTC dated 31 December 2002 on the Issuance and Promulgation of Six Vietnamese Standards on Accounting (Series 2);
- ▶ Decision 234/2003/QĐ-BTC dated 30 December 2003 on the Issuance and Promulgation of Six Vietnamese Standards on Accounting (Series 3);
- ▶ Decision 12/2005/QĐ-BTC dated 15 February 2005 on the Issuance and Promulgation of Six Vietnamese Standards on Accounting (Series 4); and
- ▶ Decision 100/2005/QĐ-BTC dated 28 December 2005 on the Issuance and Promulgation of Four Vietnamese Standards on Accounting (Series 5).

The accompanying consolidated financial statements have been prepared using accounting principles, procedures and reporting practices generally accepted in Vietnam. Accordingly, the accompanying consolidated balance sheet, consolidated income statement, consolidated cash flow statement and notes to the consolidated financial statement, including their utilisation, are not designed for those who are not informed about Vietnam's accounting principles, procedures and practices and furthermore are not intended to present the consolidated financial position, consolidated results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (continued)
as at 31 December 2013 and for the year then ended

3. BASIS FOR PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS
(continued)

3.3 Basis of consolidation

The consolidated financial statements comprise of the financial statements of the Bank and its subsidiaries as at 31 December. The financial statements of the subsidiaries are prepared using consistent accounting policies for the same reporting year of the Bank.

All intra-group balances, transactions, income, expenses and unrealised profits and losses resulting from intra-group transactions are eliminated in full.

Financial statements of the subsidiaries (shown in the Note 1) are fully consolidated from the date when the control is transferred to the Bank. The control exists when the Bank has the power to govern either directly or indirectly the financial and operating policies of the entity to obtain benefits from its activities. The results of the subsidiaries acquired or disposed during the year are included in the consolidated income statement from the date of acquisition or up to the date of disposal, as appropriate.

Non-controlling interest represents the portion of net results of operations and net assets not owned, either directly or indirectly through the subsidiaries, by the Bank and is presented separately in the consolidated income statement and within equity in the consolidated balance sheet, separately from the Bank's equity and liabilities.

3.4 Use of estimates

The preparation of consolidated financial statements requires the Board of Management make estimates and assumptions, which affect the reported amounts of assets and liabilities as well as the disclosure of contingent liabilities. These estimates and assumptions also affect income, expenses and the resultant provisions. Such estimates are necessarily based on assumptions involving varying degrees of subjectivity and uncertainty. Therefore, actual results may differ from the result in future changes in such provision.

Going concern

The Board of Management of the Bank has assessed the ability to continue as a going concern of SHB and noted that SHB have sufficient resources to continue their business in a definite future. In addition, the Board of Management is not aware of any material uncertainties that may affect the ability to continue operations of SHB as a going concern. Therefore, the consolidated financial statements are prepared on the going concern assumption.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (continued)
as at 31 December 2013 and for the year then ended

3. BASIS FOR PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3.5 *Changes in accounting policies and disclosures*

The accounting policies used to prepare these consolidated financial statements are consistently applied with those used to prepare the consolidated financial statements for the year ended 31 December 2012, except for changes in accounting policies and notes as stated below:

- (i) On 25 April 2013, the Ministry of Finance issued Circular No. 45/2013/TT-BTC guiding the regime of management, use and depreciation of fixed assets. This Circular was enacted on 10 June 2013. According to this Circular, assets shall be considered as fixed assets if they concurrently satisfy three criteria as follows:

- ▶ Future economic benefits from the use of such assets will flow to the entity;
- ▶ The useful life of asset shall be at least one year; and
- ▶ The historical costs shall be reliably determined and equal to VND30,000,000 or more.

Accordingly, since 10 June 2013, the net book value of fixed assets, which was managed under Circular No. 203/2009/TT-BTC and did not meet the requirements of Article 2 of Circular No. 45/2013/TT-BTC, was transferred/reclassified into prepaid expenses/deferred costs. This amount will be amortised over a maximum period of three years from the effective date of this Circular.

- (ii) Circular No. 89/3013/TT-BTC amending and supplementing Circular No. 228/2009/TT-BTC, was issued on 28 June 2013 and enacted on 26 July 2013. Accordingly, provision for impairment of other long-term investments is made by investors based on the annual financial statements of the investees as at the date of making provision, instead of as at the end of the previous year.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 *Cash and cash equivalents*

Cash and cash equivalents comprise cash, gold, gemstones, current accounts with the State Banks, treasury bills and other short-term valuable papers that are eligible for discount at the SBV, current accounts and placements with, loans to other banks and securities with an original maturity of less than three months from the acquisition or deposit dates which have high liquidity and are readily convertible into known amounts of cash and subject to insignificant risk of changes in fair value.

4.2 *Loans and advances to customers*

Loans and advances to customers are stated at the principal amounts outstanding at the end of the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (continued)
as at 31 December 2013 and for the year then ended

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 Provision for credit losses

4.3.1 Provision for credit losses in Vietnam

Loan classification

The Bank has classified loans and made provisions for credit losses according to Law on Credit Institutions No. 47/2010/QH12 which took effect since 1 January 2011, Decision No. 1627/2001/QĐ-NHNN dated 31 December 2001 by the Governor of the SBV on Lending Regulations of Credit Institutions, Decision No. 127/2005/QĐ-NHNN dated 3 February 2005 amending and supplementing Decision No. 1627/2001/QĐ-NHNN, Decision No. 493/2005/QĐ-NHNN dated 22 April 2005, and Decision No. 18/2007/QĐ-NHNN dated 25 April 2007 of the SBV on loan classification and provision. Accordingly, loans are classified into *Current*, *Special Mention*, *Substandard*, *Doubtful* and *Loss* on the basis of payment arrears status and other qualitative factors.

Substandard, Doubtful and Loss loans are considered as Non-Performing Loans (“NPL”).

In addition, according to Decision No. 780/2012/QĐ-NHNN dated 23 April 2012 by the Governor of the SBV, SHB is permitted to maintain the group of restructured loans to customers, which are assessed to have positive business activities and repayment capabilities after the restructuring.

Specific provision

Specific provision is made on the net loan and advance exposure of each borrower using prescribed provision rates as follows:

<i>Group</i>	<i>Name</i>	<i>Specific provision rate</i>
1	Current	0%
2	Special Mention	5%
3	Substandard	20%
4	Doubtful	50%
5	Loss	100%

Net loan and advance exposure for each borrower is calculated by subtracting the loan balance from the discounted value of collateral, which is subject to certain accepted discount rates as stipulated in Decision No. 493/2005/QĐ-NHNN and Decision No. 18/2007/QĐ-NHNN.

Decision No. 493/2005/QĐ-NHNN requires that loan classification shall be performed at the end of each of three first quarters and as at 30 November for Quarter IV.

Loans and advances to Vietnam Shipbuilding Industry Group (“Vinashin”), some of its members and the members which have been merged with Petrovietnam Oil and Gas Group (“PVN”) or Vietnam National Shipping Lines (“Vinalines”) have been classified and provided for allowance in accordance with specific guidance of the State Authority on freezing and restructuring the debts to Vinashin and the members merged with PVN and Vinalines. Accordingly, the Bank has made specific provision for loans and advances to these borrowers based on its financial capability. The Bank has submitted to the SBV a plan to make provision for credit losses of these loans and advances over a period of 10 years since 2013.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (continued)
as at 31 December 2013 and for the year then ended

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 Provision for credit losses (continued)

4.3.1 Provision for credit losses in Vietnam (continued)

Specific provision (continued)

In addition, the merger with Hanoi Building Commercial Joint Stock Bank on 1 September 2012 was implemented in line with the restructuring of the banking system of Vietnam. Accordingly, the Bank has submitted to the SBV a plan to make provision for credit losses of debts received from Hanoi Building Commercial Joint Stock Bank over a period of five years since 2013.

General provision

In accordance with Decision No. 493/2005/QĐ-NHNN, general provision is made for credit losses which have not yet been determined during the loan classification process and provisioning and for the Bank's potential financial difficulties due to the deterioration in loans quality. Accordingly, the Bank is required to make and maintain a general provision at 0.75% of total outstanding balance of loans and advances to customers, guarantees, payment acceptances, and unconditional irrevocable loan commitments with specific effective date, which are classified in groups 1 to 4.

Bad debts written-off

Provisions are recognised in the consolidated income statement as an expense and will be used to write off any credit losses incurred. According to Decision No. 493/2005/QĐ-NHNN, at the discretion of the Bank's Bad Debt Resolution Committee, the Bank can write off the loans that are classified in group 5 or borrowers have declared bankruptcy, liquidation (for legal entities) or borrowers are deceased or missing (for individuals).

Loans sold to Vietnam Asset Management Company (VAMC)

Bad debts are sold to VAMC and recognised at the carrying amounts in compliance with Decree No. 53/2013/ND-CP on "Establishment, organisation and operations of Vietnam Asset Management Company" enacted on 9 July 2013, Circular No. 19/2013/TT-NHNN on "Purchase, sale and handling of bad debts of Vietnam Asset Management Company" and Official Letter No. 8499/NHNN-TCKT providing "Guidance on recognition of bad debt settlement of VAMC and credit institutions". The selling price is equal to the outstanding balance of loans after deduction of the corresponding unsold specific provision of such loans at the selling date.

Upon sale of loans, SHB shall derecognise both the outstanding principal and respective specific provisions of the loans and recognise the par value of VAMC's special bonds, which is the difference between the book value and specific provisions for debts sold. Upon receipt of bad debts back from VAMC, SHB will use the annual provision for special bonds to write-off the debts and recognise the difference between the provision for impairment of VAMC bonds and the outstanding balance of loans/bonds into "Other operating income" in the consolidated income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (continued)
as at 31 December 2013 and for the year then ended

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 *Provision for credit losses* (continued)

4.3.2 *Provision for credit losses in Cambodia*

Provision for credit losses is made for specific risks related to loans and advances to customers, which are classified into: *Current*, *Special Mention*, *Substandard*, *Doubtful* and *Loss*. Provision is made on the percentage of the total outstanding balance of the loans and advances at the end of the financial year.

The Bank classifies loans and makes provision in accordance with Prakas No. B7-09-074 dated 25 February 2009 by the National Bank of Cambodia. Accordingly, the Bank classifies loans into 5 groups and makes specific provision for the outstanding principal of loans on the following basis:

<i>Name</i>	<i>Overdue period</i>	<i>Provision rate</i>
Current	less than 30 days	0%
Special Mention	from 30 to less than 90 days	3%
Substandard	from 90 to less than 180 days	20%
Doubtful	from 180 to less than 360 days	50%
Loss	from 360 days and above	100%

The Bank maintains a general provision equals to 1.00% of total balance of loans classified as Current.

The whole or part of loans, which are determined by the Board of Management as uncollectible will be written off after deducting the reselling value of collaterals (if any).

4.3.3 *Provision for credit losses in Laos*

In accordance with Decision No. 324/BOL dated 19 April 2011 by the Bank of Lao P.D.R, the Bank is required to classify loans and make provision for loans to customers in Laos. Accordingly, loans are classified as *Performing loans* or *Non-performing loans* based on the payment arrears status and other qualitative factors. Loans classified as either *Current*, or *Special Mention* are defined as *Performing loans*. Loans classified as either *Substandard* or *Doubtful* or *Loss* are defined as *Non-performing loans*.

Specific provision is made by multiplying the outstanding balance of loans at the end of the year with the provision rates applicable to each group as follows:

<i>Group</i>	<i>Name</i>	<i>Specific provision rate</i>
1	Current	0%
2	Special Mention	3%
3	Substandard	20%
4	Doubtful	50%
5	Loss	100%

In accordance with Decision No. 324/BOL, in addition to the loan classification and specific provision, a general provision is required for loans classified as “*Current*”. The Bank of Lao P.D.R will determine the general provision rate for each financial year. For the year ended 31 December 2013, the general provision rate for current loans is 0.50% pursuant to Official Letter No. 242/BOL dated 2 April 2011 issued by the Bank of Lao P.D.R as this letter is still effective for the year 2013.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (continued)
as at 31 December 2013 and for the year then ended

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 *Provision for credit losses* (continued)

4.3.4 *Receivables from customers related to securities transactions of SHB Securities Joint Stock Company, a subsidiary of the Bank*

Provision for these receivables are calculated based on the overdue status of receivables or expected loss that is possibly incurred for undue receivables but customers have declared bankruptcy or in the process of liquidation (for legal entities) or borrowers are missing, under legal prosecution, trial or serving sentences or dead (for individuals). Provision rates for overdue receivables in accordance with Circular No. 228/2009/TT-BTC dated 7 December 2009 issued by the Ministry of Finance are as follows:

<i>Overdue status</i>	<i>Provision rate</i>
From over six (6) months to less than one (1) year	30%
From one (1) year to less than two (2) years	50%
From two (2) years to less than three (3) years	70%
From three (3) years and above	100%

4.4 *Trading securities*

Trading securities are debt securities, equity securities and other securities acquired by SHB with the intention to sell them in the near future in order to benefit from price variance.

Trading securities are recognised at cost as at transaction date and continuously stated at cost in the following accounting periods.

Income from trading securities is recognised into the consolidated income statement on a cash basis.

At the consolidated financial statements date, trading securities are subject to review for impairment. Provision for impairment is made when their book value is greater than their market value which is determined in accordance with Circular No. 228/2009/TT-BTC dated 7 December 2009. In case market prices of securities cannot be determined, no provision is calculated. Provision for impairment losses is recognised into the consolidated income statement as “*Net gain/ (loss) from trading securities*”.

4.5 *Investment securities*

4.5.1 *Available-for-sale securities*

Available-for-sale securities include debt and equity securities, which are not classified as trading and held-to-maturity, and which are held for investment and available-for-sale purpose until an opportunity for profit is given. Moreover, SHB is not the founding shareholder, strategic partner, or does not have certain influence to participate in making the financial and operating policies of the investees through a written agreement on delegating its representatives in the board of directors/ board of management.

Available-for-sale equity securities are recognised at cost as at transaction date and continuously stated at cost in the following accounting periods.

Available-for-sale debt securities are recognised at par value at transaction date. Accrued interest of securities incurred before the purchase (for debt securities with interest payment in arrears) or interest received in advance (for debt securities with interest payment in advance) is recognised in a separate account. Discount/ premium, which represents the negative/positive difference between the original cost and the amount being the par value plus (+) accrued interest before purchase (if any) or minus (-) interest received in advance (if any) is also recognised in a separate account.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (continued)
as at 31 December 2013 and for the year then ended

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 *Investment securities* (continued)

4.5.1 *Available-for-sale securities* (continued)

In subsequent years, available-for-sale debt securities are continuously recognised at face value. Discount/ premium (if any) is amortised on a straight-line basis until the maturity date to the consolidated income statement. Interest payment in arrears is recognised as follows: accumulative interest income before the purchasing date is recognised as a decrease in value of such securities and the same amount is credited into the accrued interest receivable using the accumulative method. Interest received in advance is amortised as interest income from investment securities over the investment period using the straight-line method.

Available-for-sale securities are subject to periodic review for impairment. Provision for impairment of securities is recorded when their market value is lower than their book value in conformity with Circular No. 228/2009/TT-BTC. In case the market value of the securities cannot be determined, no provision is calculated. Provision for impairment loss is recognised into the consolidated income statement as "*Net gain/ (loss) from investment securities*".

4.5.2 *Held-to-maturity securities*

Held-to-maturity investment securities include debt securities acquired for investment purpose in order to earn interest and SHB has intention and ability to hold the securities until maturity. Held-to-maturity securities have determinable value and fixed maturities. In case securities are sold before maturity, these securities will be reclassified to trading or available-for-sale securities.

Held-to-maturity investment securities are initially recognised at par value at the transaction date. Accrued interest income incurred before the purchasing date (for debt securities with interest payment in arrears) or interest income received in advance (for debt securities with interest payment in advance) is recognised in a separate account. Discount/ premium, which represents the negative/positive difference between the original cost and the amount being the par value plus (+) accumulative interest income before purchasing date (if any) or minus (-) interest income received in advance (if any) is also recognised in a separate account.

In the subsequent accounting periods, held-to-maturity securities are continuously recognised at face value. Discount/ premium (if any) is amortised on a straight-line basis till the maturity date to the consolidated income statement. Interest payment in arrears is recognised as follows: accumulative interest income incurred before the purchasing date is recognised as a deduction in value of such securities and the same amount is credited into accrued interest receivable; and accumulative interest income incurred after the purchasing date is recognised as income using the accumulative method. Interest received in advance is amortised into the consolidated income statement as interest from investment securities over the investment period using the straight-line method.

Held-to-maturity investments are subject to periodic review for impairment. Provision for impairment is made when their book value is greater than their market value in conformity with Circular No. 228/2009/TT-BTC dated 7 December 2009. In case, the market value of securities cannot be determined, no provision is calculated. Provision for impairment is recognised into the consolidated income statement as "*Net gain/ (loss) from investment securities*".

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (continued)
as at 31 December 2013 and for the year then ended

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 *Investment securities* (continued)

4.5.3 *Special bonds issued by Vietnam Asset Management Company (“VAMC”)*

Special bonds issued by VAMC are fixed term valuable papers used to purchase bad debts. The special bonds are recognised at par value at transaction date and continuously stated at face value in subsequent periods. Par value of the special bonds is equal to the outstanding balance of debts sold less their unused specific provisions.

Annually, provision for special bonds is calculated at rate not less than 20% of the par value of the special bonds. Provision is recognised into the consolidated income statement as “*Net gain/(loss) from investment securities*”.

The special bonds issued by VAMC and presented in the consolidated balance sheet represent bonds received in exchange for debts sold to VAMC during 2013. SHB will make provision for these bonds from 2014.

4.6 *Repurchase and reverse repurchase agreements*

Assets sold under agreements to repurchase at a specific date in the future are not derecognised from the consolidated balance sheet. The corresponding cash receipt under these agreements is recognised as a liability in the consolidated balance sheet, reflecting its economic substance as a loan to the Bank. The difference between selling price and repurchasing price is amortised over the life of the agreement on a straight-line basis to the consolidated income statement.

Conversely, assets purchased under agreements to resell at a specific date in the future are not recognised in the consolidated balance sheet. The corresponding cash paid under these agreements is recognised as an asset in the consolidated balance sheet. The difference between the purchasing price and reselling price is amortised over the life of the agreement to the consolidated income statement on a straight-line basis using the contractual interest rate.

4.7 *Other long-term investments*

Equity securities are classified as other long-term investments only when SHB holds less than 20% of voting rights and SHB is the founding shareholder or strategic partner, or have certain influence on making the financial and operating policies of the investees through a written agreement on delegating its representatives in the board of directors/board of management.

Long-term investments are recognised at cost as at transaction date and continuously measured at cost minus provision for impairment (if any) in the following accounting periods.

Provision for impairment of other long-term investments is made in case the investees make losses (except that losses were estimated and determined in the business plan before the investment is made) in conformity with Circular No. 228/2009/TT-BTC and Circular No. 89/2013/TT-BTC dated 28 June 2013. Provision is calculated based on the investee's latest financial statements. Accordingly, provision for other long term investment is calculated as the difference between the actual contributed capital of all parties in the investee and the equity of the investee, multiplied by (x) the proportion of capital contributed by SHB to total capital contribution.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (continued)
as at 31 December 2013 and for the year then ended

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.8 *Tangible fixed assets*

Tangible fixed assets are stated at cost less accumulated depreciation.

The cost of a fixed asset comprises its purchase price plus any directly attributable costs of bringing the asset to working condition for its intended use.

Cost related to additions, improvements and renewals are capitalised while expenditures for maintenance and repairs are charged to the consolidated income statement.

When assets are sold or liquidated, their cost and accumulated depreciation are removed from the consolidated balance sheet and any gains or losses resulting from their disposal are recognised to the consolidated income statement.

4.9 *Intangible fixed assets*

Intangible fixed assets are stated at cost less accumulated amortisation.

The cost of a fixed asset comprises its purchase price plus any directly attributable costs of bringing the asset to working condition for its intended use.

Cost related to additions, improvements and renewals are capitalised while expenditures for maintenance and repairs are charged to the consolidated income statement.

When assets are sold or liquidated, their cost and accumulated amortisation are removed from the consolidated balance sheet and any gains or losses resulting from their disposal are recognised to the consolidated income statement.

4.10 *Leases*

Payments made periodically for the operating leases are not recognised in the consolidated balance sheet. Rentals under the operating leases are recognised as “*Other operating expenses*” on a straight-line basis over the lease term.

4.11 *Investment properties*

Investment properties represent the properties of the Bank’s subsidiaries for the purpose of earning rentals or gaining benefit from the appreciation of value. Investment properties are initially recognised at purchase price, including transaction costs and subsequently stated at cost less accumulated depreciation. Depreciation expenses are recognised in “*other operating expenses*”.

4.12 *Depreciation and amortisation*

Depreciation and amortisation of tangible, intangible fixed assets and investment properties are calculated on a straight-line basis over the estimated useful life of the assets as follows:

Buildings and building improvements	25 years
Machines and equipment	3 - 5 years
Motor vehicles	6 - 10 years
Office equipment	3 - 7 years
Other tangible assets	3 - 7 years
Computer software	3 - 8 years
Other intangible assets	20 years

The cost of the land use rights granted by the State is not amortised. The cost of land use rights with definite term is amortised over the lease term.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (continued)
as at 31 December 2013 and for the year then ended

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.13 *Trusted investments*

Commercial banks reserve rights to be the trust, trustee or trusting agent in relation to banking activities, insurance, assets management as prescribed by the SBV. According to Circular No. 04/2012/TT-NHNN dated 8 March 2012 by the Governor of the SBV, credit institutions must classify, make provision for and write-off trusted investments related to banking activities. Accordingly, SHB classifies and makes provisions for trusted investments related to banking activities in compliance with Article 6 of Decision No. 493/2005/QĐ-NHNN and Decision No. 18/2007/QĐ-NHNN, and makes provision for other trusted investments in conformity with Circular No. 228/TT-BTC dated 7 December 2009 issued by the Ministry of Finance.

Provision for impairment of other trusted investments is based on their overdue status or expected losses that is possibly incurred for undue trusted investments, whose trustees have declared bankruptcy or in the process of liquidation (for legal entities) or trustees are deceased, missing or under legal prosecution, trial or serving sentences (for individuals). For overdue trusted investments, provision is made based on the next exposure which is calculated by subtracting the net book value of the trusted investment (including accrued interest) from the collateral value, multiplied by provision rates regulated in Circular No. 228/2009/TT-BTC dated 7 December 2009 as follows:

<i>Overdue status</i>	<i>Allowance rate</i>
From over six (6) months up to one (1) year	30%
From one (1) to under two (2) years	50%
From two (2) to under three (3) years	70%
From three (3) years and above	100%

SHB has submitted to the SBV a plan to make provision for trusted investments, which were transferred from Hanoi Building Commercial Joint stock Bank, over a period of five years since 2013.

4.14 *Subsidiary's purchased debts*

In accordance with Circular No. 27/2002/TT-BTC dated 22 March 2002 issued by the Ministry of Finance that provides guidance on Regime of Finance for Asset Management Companies belonged to Commercial Banks, asset management companies shall make provisions for the purchased debts. Time, basis and rate for making provision for purchased debts shall be determined by the chairman of the Board of Directors of commercial banks, and should be stipulated in the Company's financial regime. Provision should be at least 5% of the total value of the purchased debt, which is the purchase price less proceeds for repayment from these purchased debts. Provision expenses are recognised in "Other operating expenses" in the consolidated income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (continued)
as at 31 December 2013 and for the year then ended

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.15 Other receivables

Receivables other than receivables from credit activities are initially recognised at cost and continuously stated at cost in the following fiscal periods.

Provision for impairment loss is based on the overdue status of receivables or expected losses that is possibly incurred for undue receivables, but the debtors have declared bankruptcy or in the process of liquidation (for legal entities) or debtors are deceased, missing or under legal prosecution, trial or serving sentences (for individuals). Provision expense is recognised in “*Other operating expenses*”.

Provision for overdue receivables is made in compliance with Circular No. 228/2009/TT-BTC dated 7 December 2009 issued by the Ministry of Finance as follows:

<u>Overdue status</u>	<u>Allowance rate</u>
From over six (6) months up to under one (1) year	30%
From one (1) to under two (2) years	50%
From two (2) to under three (3) years	70%
From three (3) years and above	100%

4.16 Provision for off-balance sheet commitments

SHB is required to classify and make provision for guarantees, payment acceptances and unconditional irrevocable loan commitments with specific effective date (generally called “*off-balance-sheet commitments*”) in compliance with Article 6 of Decision No. 493/2005/QĐ-NHNN and Decision No. 18/2007/QĐ-NHNN. The off-balance-sheet commitments are categorised as *Current, Special Mention, Substandard, Doubtful and Loss* based on the overdue status and other qualitative factors.

Current Cambodian and Laos regulations do not require the Bank to classify and make provision for off-balance sheet commitments.

Specific provision for off-balance-sheet commitments in Vietnam is calculated similarly to provision for loans and advances to customers as described in Note 4.3.1. Provision expense is recognised as “*Provision expenses for credit losses*” in the consolidated income statement and the outstanding balance is recognised in “*Other liabilities*” on the consolidated balance sheet.

4.17 Foreign currency forward and swap contracts

For foreign currency forward and swap contracts, the difference between equivalent VND amounts of foreign currency committed to buy/sell using forward exchange rate and spot exchange rate as at the effective date of the contract is recognised immediately as an asset - “*Derivatives and other financial assets*” when it is positive, and as “*Derivatives and other financial liabilities*” when it is negative. The difference is subsequently amortised into the consolidated income statement as “*Net gain/ (loss) from foreign currency trading*” using the straight-line method over the term of the contract. As at the consolidated balance sheet date, commitments of foreign currency forward and swap contracts are revaluated using the official inter-bank exchange rate announced by the SBV (Note 49).

During the year, gain or loss from revaluation is recorded in “*Foreign currency translation reserve*” on the consolidated balance sheet. At the end of the fiscal year, the cumulative gain or loss is transferred into the consolidated income statement as “*Net gain/ (loss) from foreign currency trading*”.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (continued)
as at 31 December 2013 and for the year then ended

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.18 Foreign currency transactions

The Bank maintains its accounting system and records all transactions in original currencies. Monetary assets and liabilities denominated in foreign currencies at the end of the year are translated into VND using exchange rates of interbank foreign exchange market at the consolidated balance sheet data (see list of exchange rates of applicable foreign currencies against VND as at 31 December in Note 49). Income and expenses arising from foreign currencies during the year are translated into VND at rates ruling at the transaction dates. Unrealised foreign exchange differences arising from the translation of monetary assets and liabilities during the fiscal year are recorded to the consolidated income statement.

4.19 Recognition of income and expenses

4.19.1 Recognition of income and expenses from banking activities

Interest income and interest expenses

Interest income and interest expenses are recognised in the consolidated income statement on an accrual basis. The accrued interest of loans classified in group 2 to 5 under Decision No. 493/2005/QĐ-NHNN and Decision No. 18/2007/QĐ-NHNN will be derecognized in the consolidated income statement. Accrued interest on such loans is recorded to off balance sheet and only recognised in the consolidated income statement upon actual receipt.

Fees and commissions

Fees and commissions are recognised when services are provided.

4.19.2 Recognition of revenues from other activities

Revenue from securities brokerage activities

When the contract outcome can be reliably measured, revenue is recognised by reference to the stage of completion. When the contract outcome cannot be reliably measured, revenue is recognised only to the extent of the recover of the recognised expenses.

Revenue from securities trading

Revenue from securities trading is determined by the difference between the selling price and the cost of securities sold.

Revenue from Repo transactions

Revenue is recognised in the consolidated income statement over the effective period of the repo contract using the straight-line method.

Fees from investment portfolio management service

Fees from investment portfolio management service are recognised on an accrual basis over the contractual conditions and terms of the investment management contract.

Revenue from other services

When the contract outcome can be reliably measured, revenue is recognised by reference to the stage of completion. When the contract outcome cannot be reliably measured, revenue is recognised only to the extent of the recover of the recognised expenses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (continued)
as at 31 December 2013 and for the year then ended

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.19 Recognition of income and expenses (continued)

4.19.2 Recognition of revenues from other activities (continued)

Dividends

Income is recognised when the right to receive dividend is established. Dividend received in shares and bonus shares is not recognised as income but only the number of shares is updated.

4.20 Enterprise income taxes

Current enterprise income tax

Current enterprise income tax assets and liabilities for the current and prior years are measured at the expected amount to be paid to (or recovered from) the taxation authorities. The tax rates and enacted tax laws are applied at the consolidated balance sheet date.

Current enterprise income tax is recorded directly to the consolidated income statement except for items related to the tax that are recorded directly to equity, then current enterprise income tax is also recorded directly to equity.

Current enterprise income tax assets and liabilities are offset only if SHB have the legal right to set off current enterprise income tax assets against current enterprise income tax liabilities and SHB intend to settle their current enterprise income tax assets and liabilities on a net basis.

SHB's tax returns are subject to examination by the tax authorities. Due to the ambiguity associated with the applicability of tax laws and regulations, amounts reported in the consolidated financial statements could be changed at a later date upon final determination by the tax authorities.

Deferred enterprise income tax

Deferred enterprise income tax is provided for temporary differences between the tax base of assets and liabilities and their carrying amount for financial reporting purpose at the consolidated balance sheet date.

Deferred enterprise income tax liabilities are recognised for all taxable temporary differences, except:

- ▶ The deferred enterprise income tax liabilities arise from the initial recognition of an asset or liability in a transaction that affects neither the accounting nor taxable profit or loss at the time of transaction; and
- ▶ Taxable temporary differences are associated with investments in subsidiaries, associates and joint ventures. SHB have the ability to control the time of reversing these temporary differences but not be in the foreseeable future.

Deferred enterprise income tax assets are recognised for all deductible temporary differences, tax losses carried forward and unused tax credits when it is probable that SHB will generate sufficient taxable profit in the foreseeable future to use deductible temporary differences, taxable losses and tax advantages, except:

- ▶ The deferred enterprise income tax asset arises from the initial recognition of an asset or liability in a transaction that affects neither the accounting nor taxable profit or loss at the time of transaction; and
- ▶ Taxable temporary differences are associated with investments in subsidiaries, associates and joint ventures. SHB would make taxable profit to use these temporary differences, which would be reversed in the foreseeable future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (continued)
as at 31 December 2013 and for the year then ended

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.20 Enterprise income taxes (continued)

Deferred enterprise income tax (continued)

The carrying amount of deferred enterprise income tax assets shall be reviewed at the end of each fiscal year and reduced to the extent that sufficient taxable profits will be available for all or part of the asset to be recovered. Unrecognised deferred income tax assets are reassessed at the end of each fiscal year and would be recognised if taxable profits are sufficient for the deferred tax assets to be recovered.

Deferred enterprise income tax assets and liabilities are measured at the expected tax rates to apply in the year when the asset is realised or the liability is collected based on tax rates and enacted tax laws at the end of fiscal year.

Deferred enterprise income tax is charged directly to the consolidated income statement except for items related to the tax that are charged directly to equity, then deferred enterprise income tax is also charged directly to equity.

Deferred enterprise income tax assets and liabilities are offset only if SHB have the legal right to set off current enterprise income tax assets against current enterprise income tax liabilities and deferred enterprise income tax assets against deferred enterprise income tax liabilities, which are managed by the same tax authority and for the same taxable entity. In addition, SHB intend to settle their current enterprise income tax assets and liabilities on a net basis.

4.21 Statutory reserves

In accordance with Decree No. 57/2012/ND-CP enacted on 15 September 2012, the Bank is required to make supplemental capital reserve and financial reserves from net profit in the fiscal year.

In accordance with Circular No. 27/2002/TT-BTC dated 22 March 2002 issued by the Ministry of Finance that provides guidance on the regime of finance for asset management companies of commercial banks, asset management companies shall create compulsory reserves in accordance with the requirements of the Government following their parent commercial banks.

In compliance with Circular No. 11/2000/TT-BTC dated 1 February 2000 and Circular 210/2012/TT-BTC issued by the Ministry of Finance on 30 November 2012, securities company shall create supplemental capital reserves and financial reserves from net profit.

4.22 Fiduciary assets

Assets held in trust or in a fiduciary capability are not reported in the consolidated financial statements since they are not assets of SHB.

4.23 Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet, only if there is a currently legal right to offset financial assets against financial liabilities or vice-versa, and there is an intention to settle on a net basis, or to settle the asset and the liability simultaneously.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (continued)
as at 31 December 2013 and for the year then ended

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.24 Segment reporting

A segment is a separately determinable component of SHB engaging in providing some related products or services (business segment), or providing products or services within a particular economic environment (geographical segment). Each of segments is subject to risks and benefits, which differ from the others. Primary segment report of SHB is a segment reporting in terms of geographical area. Secondary segment report of SHB is a segment reporting in terms of business activities.

4.25 Employee benefits

4.25.1 Post-employment benefits

Post-employment benefits are paid to the retired employees of SHB in Vietnam by the Social Insurance Agency, which belongs to the Ministry of Labor, Invalids and Social Affairs. SHB based in Vietnam are required to contribute to the post-employment benefits by paying social insurance premium to the Social Insurance Agency at the rate of 17.00% of an employee's basic salary on a monthly basis. SHB in Vietnam has no further obligation.

The Bank's employees who are subject to early retirement due to restructuring are entitled to one month of basic salary for every 12 months of employment and half month of basic salary for each month of early retirement (maximum 30 months). Early retirement allowance is debited to operating expenses. Additionally, the Bank also pays three (3) months of salary to these employees.

4.25.2 Voluntary resignation and retrenchment benefits

SHB has the obligation, under Article 48 of the Vietnam Labor Code No. 10/2012/QH13 dated on 18 June 2012, to pay allowance arising from voluntary resignation of employees. The allowance is equivalent to one-half month's salary for each year of employment plus salary allowances (if any) until 31 December 2008.

SHB has the obligation, under Article 49 of the Vietnam Labor Code No. 10/2012/QH13 dated 18 June 2012, to pay allowance to employees who are retrenched as a result of organizational restructuring or technological changes. In such cases, the Bank shall pay to employees an allowance for loss of work equivalent to one month's salary for each year of employment until 31 December 2008, but no less than two months' salary.

Since 1 January 2009, the average monthly salary used to calculate these benefits is adjusted at the end of the reporting date based on the average salaries of the latest six consecutive months.

4.25.3 Unemployment Insurance

SHB has the obligation to contribute to the Unemployment Insurance Fund at the amount equal 1.00% of their insured employees' salaries and remunerations and withhold the same amount from the insured employees' salaries and remunerations to contribute to the Unemployment Insurance Fund in accordance with Circular No. 04/2009/TT-BLDTBXH providing guidance on implementation of the Decree No. 127/2008/ND-CP, which is effective from 1 January 2009.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (continued)
as at 31 December 2013 and for the year then ended

5. SEGMENT REPORTING

5.1 Segment reporting in terms of business activities

	<i>Credit</i>	<i>Investment</i>	<i>Services</i>	<i>Treasury</i>	<i>VNDm Total</i>
2013					
Direct revenue	7,014,836	1,641,629	93,942	946,682	9,697,089
As at 31 December 2013					
1. Segment assets	90,968,760	23,063,398	39,712	21,237,432	135,309,302
2. Asset allocation	3,459,576	45,363	2,351,834	2,459,728	8,316,501
Total assets	94,428,336	23,108,761	2,391,546	23,697,160	143,625,803
1. Segment liabilities	185,554	-	178,198	132,028,344	132,392,096
2. Liability allocation	364,087	4,774	247,508	258,864	875,233
Total liabilities	549,641	4,774	425,706	132,287,208	133,267,329

5.2 Segment reporting in terms of geographic areas

		<i>Domestic</i>			
	<i>Overseas</i>	<i>North</i>	<i>Centre</i>	<i>South</i>	<i>Total</i>
Net interest and similar income	151,459	1,126,956	151,210	674,433	2,104,058
Net fees and commission income	(12,963)	110,730	3,726	31,638	133,131
Net gain/ (loss) from foreign currencies trading	(4,405)	51,498	770	15,537	63,400
Net gain/ (loss) from securities trading	-	696	-	-	696
Net gain/ (loss) from investment securities	-	(16,199)	-	-	(16,199)
Net other operating income	232	77,379	(109)	(876)	76,626
Dividend income	-	6,325	-	-	6,325
Operating expenses	(94,139)	(1,369,904)	(117,157)	(279,670)	(1,860,870)
Profit from operating activities before provision for credit losses	40,184	(12,519)	38,440	441,062	507,167
Reversal/ (Charge) of provision for credit losses	(22,097)	656,834	(18,602)	(123,254)	492,881
Profit before tax	18,087	644,315	19,838	317,808	1,000,048

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (continued)
as at 31 December 2013 and for the year then ended

6. CASH AND CASH EQUIVALENTS

	31/12/2013 VNDm	31/12/2012 VNDm
Cash on hand in VND	310,980	256,768
Cash on hand in foreign currencies	224,492	224,361
Gold	5,643	3,758
	541,115	484,887

7. BALANCES WITH THE STATE BANKS

	31/12/2013 VNDm	31/12/2012 VNDm
Balances with the State Bank of Vietnam ("the SBV")	1,818,057	2,789,224
Balances with National Bank of Cambodia ("the NBC")	136,541	109,625
Balances with the Bank of Laos ("the BOL")	26,454	133,020
	1,981,052	3,031,869

Balances with the SBV

Balances with the SBV include current account and compulsory reserve. As at 31 December 2013, compulsory reserve in VND and current account in foreign currencies earned annual interest at rates of 1.20% p.a. and 0.05% p.a., respectively (31 December 2012: 1.20% p.a. and 0.05% p.a., respectively).

In accordance with the SBV's regulations, the Bank is required to maintain certain cash reserves with the SBV in the form of compulsory reserve. As at 31 December 2013, compulsory deposits are computed at 3.00% and 8.00% (2012: 3.00% and 8.00%) for demand deposits and deposits with terms of less than 12 months in VND and in foreign currencies, respectively, and at 1.00% and 6.00% (2012: 1.00% and 6.00%) for deposits with terms of over 12 months in VND and foreign currencies, respectively.

During the year, the Bank has maintained its compulsory reserve in compliance with the compulsory reserve requirement notifications from the SBV.

Balances with the NBC

Balances with the NBC include margin deposits for the establishment of the Bank's branch in Cambodia and the compulsory reserve required by the NBC. The compulsory reserve is calculated based on the daily average balance of deposits at the rates of 8.00% for deposits in Riels and 12.50% for deposits in foreign currencies. The 8.00% reserve in Riels and the reserve in foreign currencies within 8.00% out of 12.50% have interest free. The remaining reserve of 4.50% is entitled to interest at the rate determined by Prakas on term deposit interest rates (as at 31 December 2012, the rate is 0.10% p.a.).

Balances with the BOL

Balances with the BOL include margin deposits for the establishment of the Bank's branch in Lao P.D.R and the compulsory reserve required by the BOL. The Bank's branch is required to maintain compulsory reserve at 0% for term deposit over 12 months, 5.00% and 10.00% for deposits with terms of less than 12 months in LAK and in foreign currencies, respectively. The margin deposits at the BOL are not entitled to interest.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (continued)
as at 31 December 2013 and for the year then ended

8. PLACEMENTS WITH AND LOANS TO OTHER BANKS

	31/12/2013 VNDm	31/12/2012 VNm
Placements with other banks	17,626,577	20,996,608
Loans to other banks	12,636,028	8,890,044
Provision for credit losses	-	(24,404)
	30,262,605	29,862,248

8.1 Placements with other banks

	31/12/2013 VNDm	31/12/2012 VNDm
Current accounts with other banks	1,474,380	1,117,223
In VND	841,991	980,700
In foreign currencies and gold	632,389	136,523
Term deposits with other banks	16,152,197	19,879,385
In VND	14,401,512	18,873,242
In foreign currencies and gold	1,750,685	1,006,143
	17,626,577	20,996,608

According to Circular No. 21/2012/TT-NHNN dated 18 June 2012 and Circular No. 01/2013/TT-NHNN issued by the SBV, credit institutions and foreign bank branches are only allowed to place deposits with the maximum term of three (3) months with other credit institutions or foreign banks' branches from the effective date of this Circular (1 September 2012). Correspondingly, the Bank complied with the regulations.

8.2 Loans to other banks

	31/12/2013 VNDm	31/12/2012 VNDm
In VND	7,945,000	7,350,000
In foreign currencies and gold	4,691,028	1,540,044
	12,636,028	8,890,044

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (continued)
as at 31 December 2013 and for the year then ended

9. TRADING SECURITIES

Investments in trading securities as at 31 December include:

	31/12/2013 VNDm	31/12/2012 VNDm
Equity securities	51,887	40,564
Securities issued by local business entities	51,887	40,564
Provision for impairment of trading securities	(22,872)	(27,177)
	29,015	13,387

The listing status of trading securities is as follows:

	31/12/2013 VNDm	31/12/2012 VNDm
Equity securities		
Listed	34,651	40,564
Unlisted	17,236	-
	51,887	40,564

10. DERIVATIVES AND OTHER FINANCIAL ASSETS

<i>Total net carrying value (at exchange rates at the consolidated balance sheet date)</i>			
	<i>Assets VNDm</i>	<i>Liabilities VNDm</i>	<i>Net carrying value VNDm</i>
As at 31 December 2013			
Currency derivatives	-	6,272	(6,272)
Forward contracts	-	472	(472)
Swap contracts	-	5,800	(5,800)
As at 31 December 2012			
Currency derivatives	5,847	-	5,847
Forward contracts	3,264	-	3,264
Swap contracts	2,583	-	2,583

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (continued)
as at 31 December 2013 and for the year then ended

11. LOANS AND ADVANCES TO CUSTOMERS

	31/12/2013 VNDm	31/12/2012 VNDm
Loans to local business entities and individuals	75,066,656	55,722,484
Discounted commercial and valuable papers	7,213	985,650
Amounts paid for commitments to other parties on behalf of customers	19,582	582
Trusted loans	19,333	74,572
Other loans to local business entities and individuals	22,007	22,013
Freezing loans – Vinashin	1,228,584	-
	76,363,375	56,805,301
REPO with customers of SHB AMC	2,200	2,200
Receivables from securities trading of SHBS	144,096	132,223
	76,509,671	56,939,724

Commercial loans comprise short, medium and long-term loans, and syndicated loans in which the Bank is the lead manager, denominated in VND, USD and EUR.

11.1 Analysis of loans by quality

	31/12/2013 VNDm	31/12/2012 VNDm
Current	69,678,554	47,177,222
Special Mention (*)	2,352,446	4,613,612
Substandard	144,391	1,030,821
Doubtful	434,850	1,774,175
Loss	2,524,550	2,209,471
Freezing loans – Vinashin	1,228,584	-
	76,363,375	56,805,301
REPO with customers of SHB AMC	2,200	2,200
Receivables from securities trading of SHBS	144,096	132,223
	76,509,671	56,939,724

(*) This includes outstanding loan balances to Vietnam Shipbuilding Industry Group ("Vinashin"), some of its members and the members which have been merged with Petrovietnam Oil and Gas Group ("PVN") or Vietnam National Shipping Lines ("Vinalines") which are classified and provided for allowance in accordance with specific guidance of the State Authority on freezing and restructuring the debts to Vinashin and the members merged with PVN and Vinalines. Accordingly, the Bank has made specific provision for loans and advances to these borrowers based on its financial capability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (continued)
as at 31 December 2013 and for the year then ended

11. LOANS AND ADVANCES TO CUSTOMERS (continued)

11.2 Analysis of loans by original terms

	31/12/2013 VNDm	31/12/2012 VNDm
Short-term loans	39,577,428	32,093,150
Medium-term loans	19,069,977	12,770,917
Long-term loans	16,487,386	11,941,234
Freezing loans – Vinashin	1,228,584	-
	76,363,375	56,805,301
REPO with customers of SHB AMC	2,200	2,200
Receivables from securities trading of SHBS	144,096	132,223
	76,509,671	56,939,724

11.3 Analysis of loans by ownership

	31/12/2013 VNDm	%	31/12/2012 VNDm	%
State owned enterprises	3,092,034	4.04	2,687,544	4.72
State limited companies	6,880,580	8.99	2,944,494	5.17
Other limited companies	15,413,247	20.15	11,452,224	20.11
Above-50% State joint stock companies	4,708,526	6.15	3,197,708	5.62
Other joint stock companies	25,395,503	33.19	19,063,710	33.48
Partnerships	641	0.00	1,706	0.003
Private enterprises	1,044,199	1.36	763,502	1.34
Foreign invested enterprises	102,672	0.13	500,953	0.88
Co-operatives	129,239	0.17	70,443	0.12
Household business, individuals	17,745,499	23.19	15,937,074	27.99
Others	622,651	0.82	185,943	0.33
Freezing loans - Vinashin	1,228,584	1.61	-	-
	76,363,375	99.80	56,805,301	99.76
REPO with customers of SHB AMC	2,200	0.01	2,200	0.004
Receivables from securities trading of SHBS	144,096	0.19	132,223	0.23
	76,509,671	100	56,939,724	100

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (continued)
as at 31 December 2013 and for the year then ended

11. LOANS AND ADVANCES TO CUSTOMERS (continued)

11.4 Analysis of loans by sectors

	31/12/2013 VNDm	%	31/12/2012 VNDm	%
Agricultural, forestry and aquaculture	16,523,844	21.60	8,090,626	14.21
Mining	5,061,999	6.62	3,964,713	6.96
Processing, manufacturing	12,568,304	16.43	8,707,926	15.29
Electricity, petroleum & steam	2,630,550	3.44	1,342,569	2.36
Water supply and waste treatment	19,045	0.02	23,686	0.04
Construction	7,134,663	9.33	6,118,343	10.75
Wholesale and retail trade, repair of motor vehicles, motor cycles and personal goods	11,586,162	15.14	10,504,245	18.45
Transportation and logistics	3,864,980	5.05	4,092,720	7.19
Hospitality	2,101,590	2.75	1,284,432	2.26
Information and communication	80,742	0.11	95,341	0.17
Financial services	647,902	0.85	654,824	1.15
Real estate services	3,500,575	4.58	2,236,672	3.93
Scientific research	52,355	0.07	17,105	0.03
Administrative activities and support services	42,081	0.06	49,744	0.09
Activities of the Communist Party, political - social organisations, state management, security and defense	-	-	4,992	0.01
Education and vocational training	51,269	0.06	44,085	0.08
Healthcare and community development	93,587	0.11	76,326	0.13
Recreational, cultural, sporting activities	30,490	0.03	21,757	0.04
Other service activities	9,121,126	11.91	9,206,154	16.17
Households services, production of material products and services used by households	23,527	0.02	261,952	0.44
International activities	-	-	7,089	0.01
Freezing loans - Vinashin	1,228,584	1.62	-	-
	76,363,375	99.80	56,805,301	99.76
REPO with customers of SHB AMC	2,200	0.01	2,200	0.01
Receivables from securities trading of SHBS	144,096	0.19	132,223	0.23
	76,509,671	100	56,939,724	100

12. PROVISION FOR CREDIT LOSSES

Details of provision for credit losses presented in the consolidated financial statements as at 31 December are as follows:

	31/12/2013 VNDm	31/12/2012 VNDm
Provision for credit losses in Vietnam	1,156,909	1,241,903
Provision for credit losses in Cambodia	26,858	8,074
Provision for credit losses in Laos	3,854	454
Provision for loans and advances to customers	1,187,621	1,250,431
Provision for contingent liabilities and off-balance sheet commitments	57,878	40,813
	1,245,499	1,291,244

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (continued)
as at 31 December 2013 and for the year then ended

12. PROVISION FOR CREDIT LOSSES (continued)

12.1 Provision for credit losses from loans and advances to customers

12.1.1 Provision for credit losses from loans and advances to customers in Vietnam

The Bank makes the loan classification in compliance with Article 6 of Decision No. 493/2005/QĐ-NHNN, Decision No. 18/2007/QĐ-NHNN, Decision No. 780/2012/QĐ-NHNN and its policy for loan classification, provision for credit losses. Accordingly, the provision as at 31 December is made based on the classification of loans as at 30 November.

Changes in the provision for credit losses in the current year are summarized as following:

	<i>Specific provision VNDm</i>	<i>General provision VNDm</i>	<i>Total VNDm</i>
Opening balance	907,420	334,483	1,241,903
Charge/(reversal) of provision during the year	(33,755)	112,029	78,274
Use of provision from January to November	(37,166)	-	(37,166)
Balance as at 30 November	836,499	446,512	1,283,011
Use of provision in December	(126,102)	-	(126,102)
Closing balance	710,397	446,512	1,156,909

Changes in the provision for credit losses in the previous year are summarized as following:

	<i>Specific provision VNDm</i>	<i>General provision VNDm</i>	<i>Total VNDm</i>
Opening balance	154,962	200,005	354,967
Provision transferred from Habubank	1,387,888	111,218	1,499,106
Charge/(reversal) of provision during the year	(635,430)	23,260	(612,170)
Balance as at 30 November	907,420	334,483	1,241,903
Use of provision in December	-	-	-
Closing balance	907,420	334,483	1,241,903

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (continued)
as at 31 December 2013 and for the year then ended

12. PROVISION FOR CREDIT LOSSES (continued)

12.1 Provision for credit losses from loans and advances to customers (continued)

12.1.2 Provision for credit losses from loans and advances to customers in Cambodia

For loans incurred at the Cambodian branch, the Bank classifies loans and makes provision in compliance with Prakas No. B7-09-074 dated 25 February 2009 of the National Bank of Cambodia.

Changes in the provision for loans for loans and advances to customers in Cambodia in the current year are summarized as follows:

	<i>Specific provision VNDm</i>	<i>General provision VNDm</i>	<i>Total VNDm</i>
Opening balance	-	8,074	8,074
Provision charge in the year	396	18,388	18,784
Closing balance	396	26,462	26,858

Changes in the provision for loans and advances to customers in Cambodia in the previous periods are summarized as follows:

	<i>Specific provision VNDm</i>	<i>General provision VNDm</i>	<i>Total VNDm</i>
Opening balance	-	-	-
Provision charge in the period	-	8,074	8,074
Closing balance	-	8,074	8,074

12.1.3 Provision for credit losses from loans and advances to customers in Laos

For loans incurred at the Laos branch, the Bank classifies loans and makes provision in compliance with Decision No. 324/BOL of the BOL.

Changes in the provision for credit losses for loans in Laos in the current period are summarized as follows:

	<i>Specific provision VNDm</i>	<i>General provision VNDm</i>	<i>Total VNDm</i>
Opening balance	-	454	454
Provision charge in the period	527	2,873	3,400
Closing balance	527	3,327	3,854

Changes in the provision for loans in the previous period are summarized as follows:

	<i>Specific provision VNDm</i>	<i>General provision VNDm</i>	<i>Total VNDm</i>
Opening balance	-	-	-
Provision charge in the period	-	454	454
Closing balance	-	454	454

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (continued)
as at 31 December 2013 and for the year then ended

12. PROVISION FOR CREDIT LOSSES (continued)

12.2 Provision for contingent liabilities and off-balance sheet commitments

Changes in the provision for contingent liabilities and off-balance sheet commitments in the current year are summarized as follows:

	<i>Specific provision VNDm</i>	<i>General provision VNDm</i>	<i>Total VNDm</i>
Opening balance	-	40,813	40,813
Provision charge in the year	-	17,065	17,065
Closing balance	-	57,878	57,878

Changes in the provision for contingent liabilities and off-balance sheet commitments in the previous year are summarized as follows:

	<i>Specific provision VNDm</i>	<i>General provision VNDm</i>	<i>Total VNDm</i>
Opening balance	-	26,315	26,315
Provision charge in the year	-	23,544	23,544
Reversal of provision during the year	-	(9,046)	(9,046)
Closing balance	-	40,813	40,813

13. INVESTMENT SECURITIES

	<i>31/12/2013 VNDm</i>	<i>31/12/2012 VNDm</i>
Available-for-sale securities	8,101,622	8,418,596
Debt securities	8,053,509	8,370,572
Securities issued by the Government of Vietnam	4,092,467	4,947,245
Securities issued by other local credit institutions	58,754	375,018
Securities issued by local business entities	3,902,288	3,048,309
Equity securities	48,113	48,024
Securities issued by other local credit institutions	11,689	11,689
Securities issued by local business entities	36,424	36,335
Provision for impairment of available-for-sale securities	(8,843)	(9,864)
Held-to-maturity securities	10,562,229	4,290,544
Securities issued by the Government of Vietnam	4,213,522	869,688
Securities issued by other local credit institutions	3,656,980	2,345,668
Securities issued by local business entities	2,691,727	1,075,188
	18,655,008	12,699,276

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (continued)
as at 31 December 2013 and for the year then ended

14. FIXED ASSETS

14.1 Tangible fixed assets

Movements of tangible fixed assets during the year ended 31 December 2013 are as follows:

	<i>Buildings & improvements VNDm</i>	<i>Machines & equipment VNDm</i>	<i>Motor vehicles VNDm</i>	<i>Office equipment VNDm</i>	<i>Other tangible assets VNDm</i>	<i>Total VNDm</i>
Cost						
Opening balance	194,729	211,138	148,046	123,134	23,196	700,243
Foreign exchange translation differences	59	88	52	33	-	232
Additions in the year	8,468	88,851	3,908	9,512	4,304	115,043
Other increases	136	-	-	399	-	535
Disposals	-	(5,833)	(3,999)	(6,791)	(622)	(17,245)
Reclassification under Circular 45/2013/TT-BTC	(820)	(13,794)	(744)	(44,319)	(4,523)	(64,200)
Other decreases	(10,207)	(486)	-	(35)	(304)	(11,032)
Closing balance	192,365	279,964	147,263	81,933	22,051	723,576
Accumulated depreciation						
Opening balance	34,465	121,782	56,229	75,471	13,413	301,360
Charged for the year	8,485	35,892	14,387	17,770	6,004	82,538
Other increases	442	-	-	-	-	442
Disposals	-	(4,923)	(943)	(6,636)	(492)	(12,994)
Reclassification under Circular 45/2013/TT-BTC	(555)	(10,178)	(661)	(33,620)	(3,097)	(48,111)
Other decreases	(4,227)	(335)	-	-	(1,046)	(5,608)
Closing balance	38,610	142,238	69,012	52,985	14,782	317,627
Net book value						
As at 31 December 2012	160,264	89,356	91,817	47,663	9,783	398,883
As at 31 December 2013	153,755	137,726	78,251	28,948	7,269	405,949

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (continued)
as at 31 December 2013 and for the year then ended

14. FIXED ASSETS (continued)

14.1 Tangible fixed assets (continued)

Movements of tangible fixed assets during the year ended 31 December 2012 were as follows:

	<i>Buildings & improvements VNDm</i>	<i>Machines & equipment VNDm</i>	<i>Motor vehicles VNDm</i>	<i>Office equipment VNDm</i>	<i>Other tangible assets VNDm</i>	<i>Total VNDm</i>
Cost						
Opening balance	49,170	54,628	81,666	60,861	6,459	252,784
Transferred from Habubank	138,685	127,277	43,057	46,729	14,812	370,560
Additions in the year	6,552	27,752	23,758	10,218	1,971	70,251
Finished construction	322	1,923	-	6,639	-	8,884
Other increases	-	-	76	-	-	76
Disposals	-	(433)	(511)	(1,313)	(46)	(2,303)
Other decreases	-	(9)	-	-	-	(9)
Closing balance	194,729	211,138	148,046	123,134	23,196	700,243
Accumulated depreciation						
Opening balance	10,484	18,895	24,176	28,504	2,943	85,002
Transferred from Habubank	18,440	84,431	19,555	32,311	8,151	162,888
Charged for the year	5,523	18,432	12,749	14,586	2,365	53,655
Finished construction	18	438	-	1,315	-	1,771
Other increases	-	15	1	-	-	16
Disposals	-	(421)	(252)	(1,245)	(46)	(1,964)
Other decreases	-	(8)	-	-	-	(8)
Closing balance	34,465	121,782	56,229	75,471	13,413	301,360
Net book value						
As at 31 December 2011	38,686	35,733	57,490	32,357	3,516	167,782
As at 31 December 2012	160,264	89,356	91,817	47,663	9,783	398,883

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (continued)
as at 31 December 2013 and for the year then ended

14. FIXED ASSETS (continued)

14.2 Intangible assets

Movements of intangible assets during the year ended 31 December 2013 are as follows:

	<i>Land use rights VNDm</i>	<i>Computer software VNDm</i>	<i>Other intangible assets VNDm</i>	<i>Total VNDm</i>
Cost				
Opening balance	3,611,783	182,874	22,422	3,817,079
Foreign exchange translation differences	-	171	-	171
Additions in the year	7,604	18,908	12,999	39,511
Other additions	10,207	-	2,187	12,394
Disposals	-	(1,124)	-	(1,124)
Reclassification under Circular 45/2013/TT-BTC	-	(148)	-	(148)
Other decreases	-	(2,187)	-	(2,187)
Closing balance	3,629,594	198,494	37,608	3,865,696
Accumulated amortisation				
Opening balance	789	81,858	6,188	88,835
Charged for the year	158	22,566	5,200	27,924
Other increases	4,227	355	10	4,592
Disposals	-	(1,083)	-	(1,083)
Reclassification under Circular 45/2013/TT-BTC	-	(148)	-	(148)
Other decreases	-	(10)	-	(10)
Closing balance	5,174	103,539	11,398	120,111
Net book value				
As at 31 December 2012	3,610,994	101,016	16,234	3,728,244
As at 31 December 2013	3,624,420	94,955	26,210	3,745,585

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (continued)
as at 31 December 2013 and for the year then ended

14. FIXED ASSETS (continued)

14.2 Intangible assets (continued)

Movements of intangible assets for the year ended 31 December 2012 were as follows:

	<i>Land use rights VNDm</i>	<i>Computer software VNDm</i>	<i>Other intangible assets VNDm</i>	<i>Total VNDm</i>
Cost				
Opening balance	2,030,651	53,512	21,983	2,106,146
Transferred from Habubank	28,889	78,678	439	108,006
Additions in the year	-	16,772	-	16,772
Increase from completion of assets purchase	-	34,009	-	34,009
Other additions	1,589,761	-	-	1,589,761
Disposals	(37,518)	(97)	-	(37,615)
Other decreases	-	-	-	-
Closing balance	3,611,783	182,874	22,422	3,817,079
Accumulated amortisation				
Opening balance	631	14,064	4,250	18,945
Transferred from Habubank	-	44,053	439	44,492
Charged for the year	158	23,838	1,499	25,495
Increase from completion of assets purchase	-	-	-	-
Other increases	-	-	-	-
Disposals	-	(97)	-	(97)
Other decreases	-	-	-	-
Closing balance	789	81,858	6,188	88,835
Net book value				
As at 31 December 2011	2,030,020	39,448	17,733	2,087,201
As at 31 December 2012	3,610,994	101,016	16,234	3,728,244

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (continued)
as at 31 December 2013 and for the year then ended

15. INVESTMENT PROPERTIES

Movements of investment properties for the year ended 31 December 2013 are as follows:

	<i>Buildings, building improvements VNDm</i>	<i>Land use rights VNDm</i>	<i>Total VNDm</i>
Cost			
Opening balance	-	85,456	85,456
Disposal	-	(68,055)	(68,055)
Reclassification	3,822	(3,822)	-
Closing balance	3,822	13,579	17,401
Accumulated depreciation			
Opening balance	-	-	-
Charged for the year	153	-	153
Closing balance	153	-	153
Net book value			
As at 31 December 2012	-	85,456	85,456
As at 31 December 2013	3,669	13,579	17,248

16. OTHER ASSETS

	<i>Notes</i>	<i>31/12/2013 VNDm</i>	<i>31/12/2012 VNDm</i>
Receivables		2,110,623	1,494,165
- <i>Receivables</i>	16.1	1,580,478	1,267,695
- <i>Purchase of fixed assets</i>	16.2	530,145	226,470
Interest and fee receivables		5,659,818	4,460,581
Deferred income tax assets		-	110
Other assets		4,789,212	4,256,393
- <i>Trusted investments</i>	16.3	2,790,576	2,803,585
- <i>Other assets</i>	16.4	1,998,636	1,452,808
Provision for impairment of other assets		(254,981)	(64,728)
		12,304,672	10,146,521

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (continued)
as at 31 December 2013 and for the year then ended

16. OTHER ASSETS (continued)

16.1 Receivables

	31/12/2013 VNDm	31/12/2012 VNDm
Internal receivables	117,280	26,369
Receivables from employees	52,555	24,187
Other internal receivables	64,725	2,182
External receivables	1,463,198	1,241,326
Margin deposits	13,971	7,955
Receivables from State Budget	27,027	163,906
Receivables from customers	606,596	606,596
Receivables of AMC	-	25,803
Receivables of SHBS	194,150	49,229
Prepaid expenses	229,679	178,712
Advance for Enterprise Income Tax	25,962	-
Deposit for securities brokerage	153,000	-
Other receivables	212,813	209,125
	1,580,478	1,267,695
Provision for receivables (*)	(66,901)	(56,721)
	1,513,577	1,210,974

(*) Provision for receivables is made in accordance with Circular No. 228/2009/TT-BTC.

16.2 Purchase of fixed assets

	31/12/2013 VNDm	31/12/2012 VNDm
Land use rights in Vietnam	174,619	173,807
Construction in progress	44,925	45,265
Land use rights in Laos	304,640	-
Others	5,961	7,398
	530,145	226,470

16.3 Trusted investments

Details of trusted investments of SHB at the end of the accounting periods are as follows:

	31/12/2013 VNDm	31/12/2012 VNDm
Trusted investments for portfolio management	725,331	725,331
Trusted investments for REPO	1,439,665	1,449,674
Trusted investments for loans	43,319	46,319
Other trusted investments	582,261	582,261
	2,790,576	2,803,585
Provision for trusted investments	(188,080)	(8,007)
	2,602,496	2,795,578

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (continued)
as at 31 December 2013 and for the year then ended

16. OTHER ASSETS (continued)

16.4 Other assets

	31/12/2013 VNDm	31/12/2012 VNDm
Materials and equipments	5,068	4,683
Prepaid expenses	705,390	64,472
Foreclosed assets	1,135	1,135
Deferred settlements	434,118	638,331
Receivables from purchased debts of AMC	616,135	624,269
Real estates for sale of AMC	103,425	55,109
Others	133,365	64,809
	1,998,636	1,452,808

17. BORROWINGS FROM THE GOVERNMENT AND THE SBV

These are borrowings discounting and rediscounting of valuable papers amount.

18. DEPOSITS AND BORROWINGS FROM OTHER BANKS

Breakdown of deposits and borrowings from other credit institutions at the end of the years is as follows:

	31/12/2013 VNDm	31/12/2012 VNDm
Deposits from other banks	12,155,603	15,505,603
<i>Demand deposits</i>	771,115	934,967
In VND	758,358	921,868
In gold and foreign currencies	12,757	13,099
<i>Term deposits</i>	11,384,488	14,570,636
In VND	10,060,000	13,800,000
In gold and foreign currencies	1,324,488	770,636
Borrowings from other banks	8,529,778	6,271,648
In VND	5,387,000	4,897,000
In gold and foreign currencies	3,142,778	1,374,648
	20,685,381	21,777,251

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (continued)
as at 31 December 2013 and for the year then ended

19. DEPOSITS AND OTHER AMOUNTS DUE TO CUSTOMERS

19.1 Analysis by products

	31/12/2013 VNDm	31/12/2012 VNDm
Demand deposits	8,554,718	6,078,529
Demand deposits in VND	7,054,749	4,454,715
Demand saving deposits in VND	19,304	16,018
Demand deposits in gold and foreign currencies	1,479,235	1,535,043
Demand saving deposits in gold and foreign currencies	1,430	72,753
Term deposits	81,891,087	71,399,622
Term deposits in VND	31,048,414	24,032,980
Term saving deposits in VND	41,995,176	42,381,115
Term deposits in gold and foreign currencies	914,553	478,919
Term saving deposits in gold and foreign currencies	7,932,944	4,506,608
Deposits for specific purposes	9	8
Margin deposits	268,505	120,361
Margin deposits in VND	113,872	78,990
Margin deposits in gold and foreign currencies	154,633	41,371
Transfer payables	46,698	-
Transfer payables in VND	46,698	-
	90,761,017	77,598,520

Interest rates of deposits and other amounts due to customers as at the year-end are as follows:

	2013 Average interest rate % p.a.	2012 Average interest rate % p.a.
Demand deposits in VND	1.00	2.00
Demand saving deposits in VND	1.00	2.00
Demand deposits in USD	0.10	0.20
Demand saving deposits in USD	0.20	0.50
Term deposits in VND	6.86	10.20
Term saving deposits in VND	7.49	9.90
Term saving deposits in USD	1.24	2.00

If term saving deposits are withdrawn before maturity, interest rate for demand saving deposits shall be applied.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (continued)
as at 31 December 2013 and for the year then ended

19. DEPOSITS AND OTHER AMOUNTS DUE TO CUSTOMERS (continued)

19.2 Analysis by customers

	31/12/2013 VNDm	31/12/2012 VNDm
State enterprises	638,915	523,279
100% State-owned one-member limited liability enterprise	7,239,212	2,110,700
Other limited enterprises	2,893,435	2,981,781
Above-50% State joint stock companies	8,887,391	7,596,157
Other joint stock companies	14,499,663	9,444,991
Partnerships	2	9
Private enterprises	11,551	29,545
Foreign invested enterprises	931,099	192,938
Co-operatives	1,776	2,060
Household business, individuals	53,828,236	53,114,225
Administrative and service units, parties, unions and associations	883,842	996,224
Others	945,895	606,611
	90,761,017	77,598,520

19.3 Analysis by ownership

	31/12/2013 VNDm	31/12/2012 VNDm
Deposits from business entities	35,147,808	22,881,460
State-owned enterprises	16,765,518	10,230,136
Private enterprises and others	17,451,191	12,458,386
Foreign invested enterprises	931,099	192,938
Deposits from individuals	53,781,537	53,114,225
Deposits from others	1,831,672	1,602,835
	90,761,017	77,598,520

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (continued)
as at 31 December 2013 and for the year then ended

20. OTHER BORROWED FUNDS

	31/12/2013 VNDm	31/12/2012 VNDm
Other borrowed funds in VND	469,069	379,615
Other borrowed funds in foreign currencies	7,321	5,630
	476,390	385,245

20.1 Other borrowed funds in VND

Details of other borrowed funds in VND as at 31 December are as follows:

<i>Lending organisations</i>	<i>Terms</i>	31/12/2013		31/12/2012	
		<i>VNDm</i>	<i>Interest rate % p.a.</i>	<i>VNDm</i>	<i>Interest rate % p.a.</i>
Medium, long-term borrowings in VND from RDF II	Over 30 months	18,363	7.32	Over 30 months	71,685
Medium-term borrowings in VND from RDF II	Up to 30 months	50,383	7.32	Up to 30 months	-
Medium, long-term borrowings in VND from RDF III	Over 18 months	132,702	7.32	Over 18 months	222,879
Medium-term borrowings in VND from RDF III	Up to 18 months	153,444	7.32	Up to 18 months	-
Medium, long-term borrowings in VND from Small and Medium Enterprise Development Fund - Phase III	Over 30 months	78,422	5.88	Over 30 months	85,051
Medium-term borrowings in VND from Small and Medium Enterprise Development Fund - Phase III	Up to 30 months	35,755	5.88	Up to 30 months	-
		469,069		379,615	

Borrowings from Rural Finance Project II and III are borrowings from International Development Association (World Bank) through the Ministry of Finance to provide loans to households for the rural development and poverty reduction in Vietnam. The interest rate on these loans is 7.32%p.a. (2010: 9.45% p.a.). For loans to households, applied interest rates are declared by the Bank in different periods.

Borrowings from Small and Medium Enterprises Development Fund - Phase III are borrowings from Japan International Cooperation Agency (JICA) through Project Management Unit of ODA International Credit to provide loans to eligible small and medium enterprises. These loans have floating interest rate, which is adjusted every three (3) months. The interest rate in the period was at 5.88% p.a. (8.75% for 2012). For loans to small and medium enterprises, applied interest rates are declared by the Bank in different periods. Principal and interest on these loans are paid every three months.

20.2 Other borrowed funds in foreign currencies

Details of other borrowed funds in foreign currencies as at the year ended are as follows:

<i>Lending organisations</i>	<i>Terms</i>	31/12/2013		<i>Terms</i>	31/12/2012	
		<i>VNDm</i>	<i>Interest rate % p.a.</i>		<i>VNDm</i>	<i>Interest rate % p.a.</i>
International Development Association (World Bank)	20 years	7,321	0.75	20 years	5,630	0.75
		7,321			5,630	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (continued)
as at 31 December 2013 and for the year then ended

21. VALUABLE PAPERS ISSUED

	31/12/2013 VNDm	31/12/2012 VNDm
Promissory notes		
Under 12 months	16,909,575	4,370,389

Promissory notes have term less than 12 months and bear interest at rates ranging from 5.90% p.a. to 14.00% p.a. for those in VND and 1.70% p.a. to 4.50% p.a. for those in foreign currencies.

22. OTHER PAYABLES

	31/12/2013 VNDm	31/12/2012 VNDm
Internal payables	35,605	14,346
Payables to employees	2,311	1,732
Bonus and welfare funds	413	399
Other internal payables	32,881	12,215
External payables	864,658	897,061
Payables for construction and fixed asset acquisition	6,038	6,007
Value Added Tax payables	1,768	1,323
Enterprise Income Tax payables	-	134,662
Payables to the SBV	10,802	8,527
Payables pending for payment	845,977	718,277
Other payables	73	28,265
	900,263	911,407

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (continued)
as at 31 December 2013 and for the year then ended

23. OBLIGATIONS TO THE STATE BUDGET

	<i>Opening balance</i>	<i>Movement during the year</i>		<i>VNDm Closing balance</i>
		<i>Payable</i>	<i>Paid</i>	
Value Added Tax	1,323	15,045	(14,600)	1,768
Enterprise Income Tax for 2013	134,662	-	(134,662)	-
Advances for Enterprise Income Tax	(151,998)	150,489	(24,453)	(25,962)
Deferred income tax liabilities of Cambodia branch	645	-	(321)	324
Other taxes	4,489	32,975	(34,058)	3,406
	(10,879)	198,509	(207,984)	(20,354)

23.1 Current Enterprise Income Tax

SHB has the obligation to pay Enterprise Income Tax ("EIT") at the rate of 25% of taxable profits made in Vietnam (2012: 25%).

The Bank's Cambodian branch computes its EIT in compliance with Cambodian regulations on enterprise tax income. According to the Tax Act dated 8 January 1997, the enterprise income tax of the Cambodian branch is the greater of 1.00% of total revenue (including value added tax) and 20.00% profits earned. In 2013, the Cambodian branch's EIT was at 20% of its profit.

The Bank's Lao branch computes its EIT based on the income tax provisions in Laos. According to Tax Ordinance No. 001/PRD issued by the Lao Prime Minister on 1 March 2011 and effective from 1 January 2012, EIT of the branch is determined at 24% of the profit earned by the branch.

SHB's tax returns are subject to examination by the tax authorities. Because the application of tax laws and regulations of many types of transactions in each country is susceptible to varying interpretations, amounts reported in the consolidated financial statements could be changed at a later date upon final determination by the tax authorities.

Current EIT payables are determined based on taxable income of the current year. Taxable income may be different from the one reported in the consolidated income statement. That is because the taxable profit do not include eligible taxable or deductible expenses which are subtracted in prior years due to the differences between SHB's accounting policies and tax requirements moreover the current year taxable income also do not include the previous year's exempted income or non-deductible expenses. The current EIT payables of SHB are calculated based on the statutory tax rates applicable at the end of the fiscal year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (continued)
as at 31 December 2013 and for the year then ended

23. OBLIGATIONS TO THE STATE (continued)

23.1 Current Enterprise Income Tax (continued)

	2013 VNDm	2012 VNDm
Operating profit before tax	1,000,048	1,825,203
<i>Adjustments for:</i>		
- Dividend income exempted from EIT	(6,325)	(10,910)
- Income from disposal of real estates	-	(537,886)
- Accumulated losses transferred by Habubank	-	(1,660,775)
- Net loss of the Cambodian branch	(15,325)	-
- Net loss of the Laos branch	(2,372)	-
- Net loss (gain) of subsidiaries which is separately taxed	2,162	(19,090)
- Consolidation adjustments	8,991	-
- Tax credit of the Bank	(403,457)	-
Taxable income/(tax loss) of the Bank	583,722	(403,457)
EIT expense of the Bank (i)	145,930	-
Additional EIT adjustments for the year 2010 and 2011 (ii)	-	1,344
EIT expense of the Cambodian branch (iii)	3,967	514
EIT expense of the Laos branch (iv)	702	117
Additional EIT expense of subsidiaries at 25% (v)	-	843
Income tax from activities which is separately taxed (vi)	-	134,472
Total EIT in the year (i+ii+iii+iv+v+vi)	150,599	137,289
EIT payable at the beginning of the year	(17,336)	109,917
EIT paid during the year	(159,115)	(264,542)
Adjustments of EIT receivable of subsidiaries	(110)	-
EIT payable/ (receivable) at the end of the period	(25,852)	(17,336)
<i>In which</i>		
- Advances for EIT	(25,962)	(151,998)
- EIT payable at the end of the year	-	134,662

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (continued)
as at 31 December 2013 and for the year then ended

24. OWNERS' EQUITY AND RESERVES

24.1 Statement of changes in owners' equity

Changes in owners' equity of the Bank during the year ended 31 December 2013 are described in the following table.

	VNDm									
	<i>Charter capital</i>	<i>Share premium</i>	<i>Treasury shares</i>	<i>Investment and development fund</i>	<i>Financial reserve</i>	<i>Supplemental capital reserve</i>	<i>Non- controlling interest</i>	<i>Foreign currency translation reserve</i>	<i>Retained earnings</i>	<i>Total</i>
Opening balance	8,865,795	101,716	(5,260)	13	377,242	140,477	2,762	9	26,058	9,508,812
Increase in the year										
Increase net profit for the year	-	-	-	-	-	-	28	-	849,742	849,770
Temporary appropriation to reserves for current year	-	-	-	-	81,622	43,126	-	-	(124,748)	-
Tax on profit transferred of the Cambodian branch	-	-	-	-	-	-	-	-	(86)	(86)
Dividends distribution of subsidiaries	-	-	-	-	-	-	(13)	-	-	(13)
Decrease in the year										
Foreign exchange translation difference	-	-	-	-	-	-	-	(9)	-	(9)
Closing balance	8,865,795	101,716	(5,260)	13	458,864	183,603	2,777	-	750,966	10,358,474

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (continued)
as at 31 December 2013 and for the year then ended

24. OWNERS' EQUITY AND RESERVES (continued)

24.1 Statement of changes in owners' equity (continued)

Details of investment equity are as follows:

	31/12/2013			31/12/2012		
	<i>Total</i>	<i>Ordinary share capital</i>	<i>Preference share capital</i>	<i>Total</i>	<i>Ordinary share capital</i>	<i>Preference share capital</i>
Contribution capital (shareholder, member, etc)	8,865,795	8,865,795	-	8,865,795	8,865,795	-
Share premium	101,716	101,716	-	101,716	101,716	-
Treasury shares	(5,260)	(5,260)	-	(5,260)	(5,260)	-
	8,962,251	8,962,251	-	8,962,251	8,962,251	-

Details of shares issued by the Bank as at 31 December are as follows:

	31/12/2013	31/12/2012
Shares authorised for issuance	886,827,640	886,827,640
Shares issued and fully paid	886,579,547	886,579,547
Ordinary shares	886,579,547	886,579,547
Preference shares	-	-
Treasury shares	496,186	496,186
Ordinary shares	496,186	496,186
Preference shares	-	-
Outstanding shares	886,083,361	886,083,361
Ordinary shares	886,083,361	886,083,361
Preference shares	-	-
Face value of outstanding shares (VND/share)	10,000	10,000

24.2 Reserves of the Bank

In accordance with Decree No. 57/2012/ND-CP enacted since 20 July 2012, the Bank has temporarily appropriated reserves from profit after tax as follows:

	<i>Percentage of profit after tax</i>	<i>Maximum</i>
Supplemental Capital Reserve	5% Profit after tax	100% charter capital
Financial Reserve	10% Profit after tax	Not regulated

The appropriation of reserves in 2013 will be implemented in accordance with Resolution of the Annual General Meeting of Shareholders.

24.3 Reserves of subsidiaries

In compliance with Circular No. 27/2002/TT-BTC, SHB AMC is required to appropriate profit after tax for reserves with applicable rates of the Bank. In 2013, SHB AMC did not appropriate reserves as it incurred net loss.

SHBS appropriates reserves in accordance with Circular No. 11/2000/TT-BTC dated 1 February 2000 and Circular No. 210/2012/TT-BTC dated 30 November 2012 issued by the Ministry of Finance.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (continued)
as at 31 December 2013 and for the year then ended

25. BASIC EARNINGS PER SHARE

Basic earnings per share are calculated by dividing net profit after tax for the year attributable to ordinary shareholders of the Bank by the weighted average number of outstanding ordinary shares during the year. The Bank's basic earnings per share are calculated as follows:

	2013 VNDm	2012 VNDm
Net profit after tax for the year attributable to ordinary shareholders of the Bank	849,742	1,686,841
Less:		
- Appropriation for other reserves (except for supplementary capital reserves and financial reserves)	-	-
- Accumulated losses transferred from Habubank	-	(1,660,775)
Net profit distributable to shareholders	849,742	26,066
Weighted average number of outstanding ordinary shares (million shares)	886	787
Basic earnings per share (VND/share)	959	33

26. DIVIDENDS

	2013 VNDm	2012 VNDm
Dividends declared and paid for previous year	1,066	270,100
Dividends on ordinary shares	1,066	270,100

27. INTEREST AND SIMILAR INCOME

	2013 VNDm	2012 VNDm
Interest income from deposits with other banks	783,958	2,320,447
Interest income from loans to customers	6,601,025	5,573,873
Interest income from investment securities	1,043,225	1,449,429
Other interest income from credit activities	746,510	607,740
	9,174,718	9,951,489

28. INTEREST AND SIMILAR EXPENSES

	2013 VNDm	2012 VNDm
Interest and similar expenses for customer deposits	6,519,821	7,172,853
Interest and similar expenses for borrowings	281,315	210,629
Interest expenses for issued valuable papers	266,236	614,557
Other expenses for credit activities	3,288	77,922
	7,070,660	8,075,961

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (continued)
as at 31 December 2013 and for the year then ended

29. NET FEE AND COMMISSION INCOME

	2013 VNDm	2012 VNDm
Fee and commission income from	219,433	193,828
Settlement services	64,024	52,525
Guarantee and treasury services	106,781	81,110
Agency services	1,496	800
Other services	47,132	59,393
Fees and commission expenses for	(86,302)	(41,731)
Settlement services	(16,867)	(11,608)
Guarantee and treasury services	(10,969)	(6,489)
Other services	(58,466)	(23,634)
Net fee and commission income	133,131	152,097

30. NET GAIN FROM FOREIGN CURRENCY TRADING

	2013 VNDm	2012 VNDm
Income from foreign currency trading	176,487	103,400
Income from foreign exchange spot contracts	98,300	58,788
Income from gold trading	641	-
Income from currency derivatives	77,546	44,612
Expenses for foreign currency trading	(113,087)	(55,437)
Expenses for foreign exchange spot contracts	(80,127)	(42,690)
Expenses for gold trading	(13,498)	-
Expenses for currency derivatives	(19,462)	(12,747)
Net gain from foreign currency trading	63,400	47,963

31. NET GAIN FROM TRADING SECURITIES

	2013 VNDm	2012 VNDm
Income from trading securities	9,472	162,638
Expenses for trading securities	(13,080)	(6,251)
Provision expense/(reversal) for impairment of trading securities	4,304	(16,011)
Net gain from trading securities	696	140,376

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (continued)
as at 31 December 2013 and for the year then ended

32. NET GAIN/ (LOSS) FROM INVESTMENT SECURITIES

	2013 VNDm	2012 VNDm
Income from trading of available-for-sale securities	33	38,758
Expenses for trading of available-for-sale securities	(13,297)	(14,791)
Provision for impairment of available-for-sale securities	1,021	(419)
Net gain/ (loss) from available-for-sale securities	(12,243)	23,548
Net loss from held-to-maturity securities	(3,956)	-
Net gain/ (loss) from investment securities	(16,199)	23,548

33. NET GAIN FROM OTHER OPERATING ACTIVITIES

	2013 VNDm	2012 VNDm
Net gain from debt trading activities	-	107,697
Income from debt trading activities	-	107,697
Expenses for debt trading activities	-	-
Net gain from other operating activities	76,626	581,337
Income from other operating activities	105,296	613,457
Expenses for other operating activities	(28,670)	(32,120)
	76,626	689,034

34. DIVIDEND INCOME

	2013 VNDm	2012 VNDm
Dividends received during the year		
- from trading equity securities	-	42
- from investment equity securities	3,590	6,233
- from capital contribution and other long-term investments	2,735	4,635
	6,325	10,910

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (continued)
as at 31 December 2013 and for the year then ended

35. OPERATING EXPENSES

	2013 VNDm	2012 VNDm
Tax expenses and fees	33,740	28,689
Employee expenses	758,215	732,037
Salary expenses	660,959	647,566
Expenses on shift meals for employees	35,999	29,077
Salary related remuneration	45,150	41,983
Other allowances	16,107	13,411
Expenses on fixed assets	327,698	240,435
<i>In which:</i>		
- Depreciation expenses	110,462	80,921
General and administration expenses	450,303	537,010
<i>In which:</i>		
- Business trip expenses	16,854	23,391
- Expenses for trade union activities	388	226
Insurance for customer deposits	67,847	38,659
Provision for impairment of other long-term investments	16,843	39,265
Other provision	206,224	62,898
	1,860,870	1,678,993

36. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the consolidated cash flow statement comprise of the following balances of the consolidated balance sheet:

	31/12/2013 VNDm	31/12/2012 VNDm
Cash and cash equivalents on hand	541,115	484,887
Balance with the State Banks	1,981,052	3,031,869
Current accounts at other banks	1,474,380	1,117,210
Deposits with and loans to other banks due within 3 months	12,180,800	6,907,624
Securities with maturity of no more than 3 months	-	124,968
	16,177,347	11,666,558

37. EMPLOYEES' REMUNERATION

	Actual amount 2013	Actual amount 2012
I. Average number of employees (persons)	5,174	4,996
II. Employees' income (VNDm)		
1. Total salary	660,959	647,566
2. Bonus	-	-
3. Other income	-	-
4. Total income (1+2+3)	660,959	647,566
5. Salary per capita per month	10.65	10.80
6. Income per capita per month	10.65	10.80

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (continued)
as at 31 December 2013 and for the year then ended

38. COLLATERALS

	<i>Carrying value (VNDm)</i>	
	<i>31/12/2013</i>	<i>31/12/2012</i>
Real estate properties	59,453,048	46,623,609
Movable assets	27,882,384	20,873,588
Valuable papers	20,607,279	11,971,474
Other assets	36,528,806	24,729,449
	144,471,517	104,198,120

39. CONTINGENT LIABILITIES AND COMMITMENTS

In the normal course of business, the Bank is a party to financial instruments, which are recorded as off-balance sheet items. These financial instruments mainly comprise of financial guarantees and commercial letters of credit. These instruments involve elements of credit risk besides the amounts recognised in the consolidated balance sheet.

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

Financial guarantees are conditional commitments issued by the Bank to guarantee the performance of a customer to a third party including guarantee for borrowings, settlement, performing contracts and bidding. The credit risk involved in issuing guarantees is essentially the same as that involved in extending facilities to other customers.

Commercial at sight letters of credit represent a financing transaction by the Bank to its customer where the customer is usually the buyer/importer of goods and the beneficiary is typically the seller/exporter. Credit risk is limited as the imported merchandise serves as collateral for the transaction.

Deferred payment letters of credits represent amounts at risk should the contract be fully drawn upon and the client defaults in repayment to the beneficiaries. Deferred payment letters of credit that defaulted by clients are recognised by the Bank as granting of a compulsory loan with a corresponding liability representing the financial obligation of the Bank to pay the beneficiaries and to fulfill the guarantor obligation.

The Bank usually requires customers to place margin deposits for credit-related financial instruments when it is deemed necessary. The value of deposits may vary from 0% to 100% of the value of commitments granted depending on the customers' trustworthiness.

The outstanding commitments and contingent liabilities as at the year ended are as follows:

	<i>31/12/2013</i>	<i>31/12/2012</i>
	<i>VNDm</i>	<i>VNDm</i>
Financial guarantees	3,504,232	2,366,411
At sight letters of credit	398,544	168,802
Deferred payment letters of credit	1,376,281	167,635
Other commitments	3,059,613	2,584,320
	8,338,670	5,287,168

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (continued)
as at 31 December 2013 and for the year then ended

40. RISK-FREE TRUSTFUNDS RECEIVED AND AGENCY ACTIVITIES

	31/12/2013 VNDm	31/12/2012 VNDm
Trusted funds received from other organisations	166,000	166,000
	166,000	166,000

Trusted funds received from other organisations include the trusted fund of PetroVietnam Insurance Joint Stock Corporation (VND100,000 million) with term of fifty four (54) months and the syndicated loan with Dai Tin Commercial Joint Stock Bank (VND66,000 million) with term of one hundred and twenty six (126) months for lending to Vietnam Shipbuilding Industry Group (Vinashin). The Bank does not bear risk from these trust funds.

41. RELATED PARTY TRANSACTIONS

Related party transactions include all transactions undertaken with other entities to which SHB are related. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in financial and operating decisions making. A party is deemed a related party to SHB if:

- (a) directly, or indirectly through one or more intermediaries, the party:
 - controls, is controlled by, or is under common control with SHB (this includes parents and subsidiaries);
 - has interest in SHB that gives it significant influence over SHB;
 - has joint control over SHB;
- (b) the party is a joint-venture, associate in which SHB is a venturer, investor;
- (c) the party is a member of the key management personnel of SHB or its parent;
- (d) the party is a close member of the family of any individual referred to in (a) or (c); or
- (e) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such SHB resides with, directly or indirectly, any individual referred to in (c) or (d).

Summary of significant transactions with related parties during the year ended 31 December 2013 is as follows:

<i>Transactions</i>	<i>VNDm</i>
Income from trusted investments services	69,634
Interest income from loans	125,328

Summary of receivables from and payables to related parties as at 31 December 2013 is as follows:

<i>Transactions</i>	<i>Receivables VNDm</i>	<i>Payables VNDm</i>
Loans	2,594,777	-
Trusted investments	645,332	-
Investment in bonds	1,680,813	-
Accrued interest from loans, bonds and trusted investments	1,395,737	-
Demand deposits	-	1,160,634
Term deposits	-	1,472,600
Accrued interest for related parties' deposits	-	33,407
Investment from related parties	-	1,789,002

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (continued)
as at 31 December 2013 and for the year then ended

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

					VNDm
	<i>Total loan balance</i>	<i>Total deposits</i>	<i>Credit commitments</i>	<i>Derivatives (Total contract value)</i>	<i>Trading and investment securities</i>
Domestic	73,199,121	90,141,404	8,338,670	6,272	18,715,738
Overseas	3,310,550	619,613	-	-	-
	76,509,671	90,761,017	8,338,670	6,272	18,715,738

43. RISK MANAGEMENT POLICIES FOR FINANCIAL INSTRUMENTS

SHB's objective is to optimise the shareholders' wealth and maintain a sustainable profit growth and healthy financial position. Hence, the use of financial instruments, including customer deposits and high quality financial assets, is the core method for SHB to gain required interest margin. From the risk management perspective, the Bank is required to maintain a balance between off-balance sheet instruments (such as guarantees and letters of credit) and credits (loans in VND and foreign currencies) to individuals and organisations of different credit worthiness levels. In addition, SHB has also invested part of its mobilised funds in securities or loans to other banks. The foreign currency risk and interest rate risk have been managed simultaneously by applying position limits in order to reduce risk concentrations and participating in activities which have opposite impacts to minimise risks. By holding high quality financial instruments, SHB is able to manage significant risks in its operating activities and maintain an adequate liquidity position.

For credit risk management purpose, SHB has used their credit management manual providing regulations and requirements for lending and guidance to standardise the lending activities at SHB. Liquidity risk is limited by keeping a large amount of cash and cash equivalents in form of Nostro account, term deposits at the SBV and other credit institutions and valuable papers. Risk – adjusted by prudential ratios are also used in liquidity risk management. SHB revalues the interest rate gap and compares to benchmarks of domestic and foreign markets on a regular basis in order to be able to timely adapt with unforeseen movements. Moreover, internal risk management procedures have become more effective due to the application of the Centralised Fund Management System and the Centralised Settlement System. Accordingly, all fund transfers and settlement transactions are centralised at the Head Office. These systems allow SHB to effectively supervise any changes in capital and reduce unnecessary procedures and possible errors.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (continued)
as at 31 December 2013 and for the year then ended

44. CREDIT RISK

Credit risk is the risk that SHB will suffer a loss due to its customers or counterparties fail to discharge their contractual obligations.

SHB manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical and industry concentrations, and by monitoring exposures in relation to such limits.

SHB has established a credit quality review process to provide early identification of possible changes in the credit worthiness of counterparties, including regular collateral revisions. Counterparty limits are established by the use of a credit risk classification system, which assigns each counterparty a risk rating. Risk ratings are subject to regular revision.

44.1 Financial assets are not overdue

SHB's financial assets, which are not overdue, include loans in Group 1 as required by Decision No. 493/2005/QD-NHNN and Decision No. 18/2007/QD-NHNN; securities, receivables and other financial assets which are not overdue and are not required for provision in accordance with Decision No. 228/2009/TT-BTC.

SHB believes that those financial assets can be recovered fully and timely in the future.

44.2 Financial assets are overdue but not impaired

Overdue but not impaired financial assets mainly include loans classified in groups 2 to 5 as required by Decision No. 493/2005/QD-NHNN and Decision No. 18/2007/QD-NHNN, which are adequately secured by collateral assets, including real estate properties, movable assets, valuable papers and other assets.

In addition, these financial assets include deposits of Vietnam Shipbuilding Industry Group (Vinashin) and the related interest receivables. These financial assets will be resolved in accordance with the Government's directions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (continued)
as at 31 December 2013 and for the year then ended

45. MARKET RISK

45.1 Interest rate risk

Analysis of effective interest rate adjustment term of assets and liabilities

The effective interest rate adjustment term of assets and liabilities is the remaining period from the date of the consolidated financial statements to the latest interest rate adjustment term.

The following assumptions and conditions are applied in the analysis of effective interest rate adjustment term of SHB's assets and liabilities:

- ▶ Cash and cash equivalents on hand; long-term investments and other assets (including fixed assets, investment properties and other assets) are classified as non-interest bearing items.
- ▶ Deposits at the SBV are considered as demand deposits and accordingly, the effective interest adjustment term is assumed to be one month.
- ▶ The effective interest adjustment term of investment and trading securities is determined as follows:
 - Items which bear fixed interest rate during the contractual term: The effective interest adjustment term is determined based on the time to maturity from the consolidated balance sheet date.
 - Items which bear floating interest rate: The effective interest adjustment term is determined based on the time to the nearest interest rate adjustment date from the consolidated balance sheet date.
 - Investment and trading securities, which are equity securities are classified as non-interest bearing items.
- ▶ The effective interest adjustment term of deposits due from and loans to other banks, loans to customers, borrowings from the Government and the SBV; deposits and borrowing from other credit institutions and customer deposits are determined as follows:
 - Items which bear fixed interest rate during the contractual term: The effective interest adjustment term is determined based on the time to maturity from the consolidated balance sheet date.
 - Items which bear floating interest rate: The effective interest adjustment term is determined based on the time to the nearest interest rate adjustment date from the consolidated balance sheet date.
- ▶ The effective interest adjustment term of valuable papers is based on the actual maturity date for each valuable paper.
- ▶ The effective interest adjustment term of other borrowed funds is determined as follows:
 - Items which bear fixed interest rate during the contractual term: The effective interest adjustment term is determined based on the time to maturity from the consolidated balance sheet date.
 - Items which bear floating interest rate: The effective interest adjustment term is determined based on the time to the nearest interest rate adjustment date from the consolidated balance sheet date.
- ▶ The effective interest adjustment term for other liabilities is categorised as non-interest bearing items.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2013 and for the year then ended

45. MARKET RISK (continued)

45.1 Interest risk (continued)

Classification of assets and liabilities of SHB according to their re-pricing terms as at 31 December 2013 is as follows:

Classification of assets and liabilities shown according to their 10 pricing terms as at 31 December 2019 is as follows:

			Interest adjustment within							VNDm
	Overdue	Non-interest bearing	Up to 1 month	1-3 months	3-6 months	6-12 months	1-5 years	Over 5 years	Total	
ASSETS										
Cash and cash equivalents	-	541,115	-	-	-	-	-	-	541,115	
Balances with the SBV	-	1,981,052	-	-	-	-	-	-	1,981,052	
Placements with and loans to other banks(*)	-	-	11,017,111	14,514,277	4,726,080	5,137	-	-	30,262,605	
Trading securities	-	51,887	-	-	-	-	-	-	51,887	
Loans and advances to customers (*)	4,882,809	-	23,942,780	37,661,122	1,926,036	6,262,252	1,818,938	15,734	76,509,671	
Investment securities (*)	-	48,113	300,605	816,326	2,526,555	3,602,540	10,365,757	1,003,955	18,663,851	
Long-term investments (*)	-	400,428	-	-	-	-	-	-	400,428	
Fixed assets and investment properties	-	4,168,782	-	-	-	-	-	-	4,168,782	
Other assets (*)	2,021,926	9,769,077	-	-	501,318	224,012	-	43,320	12,559,653	
Total assets	6,904,735	16,960,454	35,260,496	52,991,725	9,679,989	10,093,941	12,184,695	1,063,009	145,139,044	
LIABILITIES										
Deposits of and loans from the SBV and other banks	-	-	15,073,404	7,687,122	-	44,000	-	-	22,804,526	
Customer deposits	-	-	40,102,223	27,385,445	14,022,686	7,894,078	1,355,350	1,235	90,761,017	
Derivative financial instruments and other financial assets	-	6,272	-	-	-	-	-	-	6,272	
Other borrowed funds	-	-	5,698	463,371	-	279	1,518	5,524	476,390	
Valuable papers issued	-	-	37,865	4,522,021	5,096,939	7,252,750	-	-	16,909,575	
Other liabilities	-	2,309,549	-	-	-	-	-	-	2,309,549	
Total liabilities	-	2,315,821	55,219,190	40,057,959	19,119,625	15,191,107	1,356,868	6,759	133,267,329	
Sensitive difference	6,904,735	14,644,633	(19,958,694)	12,933,766	(9,439,636)	(5,097,166)	10,827,827	1,056,250	11,871,715	

(*) The amounts exclude provisions

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (continued)
as at 31 December 2013 and for the year then ended

45. MARKET RISK (continued)

45.1 Interest risk (continued)

Interest rate sensitivity

All other variables remain constant, SHB's profit before tax and its owners' equity are affected by the impact of floating rate borrowings as follows:

	<i>Increase/(Decrease) in basis points</i>	<i>Effect on</i>	
		<i>Profit before tax VNDm</i>	<i>Owners' equity VNDm</i>
VND equivalent	+10	(14,272)	(10,704)
VND equivalent	-10	14,272	10,704

The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

45.2 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

As SHB is incorporated and operates in Vietnam, VND is the reporting currency. The major currency of transactions is also VND. SHB's assets are mainly denominated in VND with the remainders mainly in USD and EUR. However, some of SHB's other assets are in currencies other than VND, USD and EUR. Positions are monitored on a daily basis and hedging strategies are used to ensure that the positions are maintained within established limits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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45. MARKET RISK (continued)

45.2 Currency risk (continued)

Classification of assets and liabilities denominated in foreign currencies translated into VND as at 31 December 2013 is as follows:

	<i>VNDm</i>		
	<i>EUR as translated</i>	<i>USD as translated</i>	<i>Other foreign currencies as translated</i>
	<i>Total</i>		
ASSETS			
Cash and cash equivalents	27,172	187,659	15,304
Balances with the SBV	-	710,491	
Placements with and loans to other banks (*)	193,798	6,794,085	86,219
Derivative financial instruments and other financial liabilities (*)	122,907	879,939	
Loans and advances to customers (*)	35,742	9,681,308	104,655
Investment securities (*)		1,156,980	
Fixed assets and investment properties		15,678	8,779
Other assets (*)	1,349	461,301	134
Total assets	380,968	19,887,441	215,091
LIABILITIES			
Deposits of and loans from the SBV and other banks		4,436,627	43,396
Customer deposits	349,741	10,112,028	20,664
Other borrowed funds		7,321	
Valuable papers issued		5,730,564	
Other liabilities	2,061	155,912	2,828
Capital and reserves		21,376	2,522
Total liabilities and owners' equity	351,802	20,463,828	69,410
FX position on-balance sheet	29,166	(576,387)	145,681
FX position off-balance sheet	(22,777)	509,603	-
FX position on and off-balance sheet	6,389	(66,784)	145,681

(*) The amounts exclude provisions

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (continued)
as at 31 December 2013 and for the year then ended

45. MARKET RISK (continued)

45.2 Currency risk (continued)

Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in the USD, EUR, etc, exchange rate, all other variables remain constant, of SHB's profit before tax and owners' equity.

	<i>Changes in exchange rate (%)</i>	<i>Effect on</i>	
		<i>Profit before tax VNDm</i>	<i>Owners' equity VNDm</i>
USD	5	(3,339)	(2,505)
EUR	5	319	240
Other currencies	5	7,284	5,463
USD	-5	3,339	2,505
EUR	-5	(319)	(240)
Other currencies	-5	(7,284)	(5,463)

45.3 Liquidity risk

Liquidity risk is defined as the risk that SHB will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises in case SHB fails to fulfill its due payment obligations under both normal and stressed circumstances. To limit this risk, SHB have arranged diversified funding sources in addition to their core deposit base, and adopted a policy of managing assets with liquidity, monitoring future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows and the availability of collateral, which could be used to secure additional funding if required.

The maturity term of assets and liabilities represents the remaining period of assets and liabilities from the consolidated balance sheet date to the maturity date according to the underlying contractual agreements or term of issuance.

The following assumptions and conditions have been applied in the maturity analysis of SHB's assets and liabilities:

- ▶ Balances with the SBV are considered as current accounts including compulsory reserves. The balance of compulsory reserves depends on the proportion and terms of the Bank's customer deposits.
- ▶ The maturity term of investment debt securities is calculated based on the maturity date of each kind of securities.
- ▶ Trading securities is considered as up to one month.
- ▶ The maturity terms of placements with and loans to other banks and loans to customers are based on the contractual maturity date. The actual maturity term may be altered when the contract is extended. Besides, loans to customers are reported at the principal amounts, which do not include provision for credit losses.
- ▶ The maturity term of equity investments is considered to be over five years as equity investments have no specific maturity date;
- ▶ Deposits and borrowings from other banks and customer deposits are determined based on the nature of these items or the contractual maturity date. Vostro accounts and current accounts transacted upon customers' demand are considered as current accounts. The maturity term of borrowings and term deposits is determined based on the contractual maturity date. In practice, these amounts may be rotated and maintained for longer period.
- ▶ The maturity term of fixed assets is determined on the remaining useful life of assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (continued)
as at 31 December 2013 and for the year then ended

45. MARKET RISK (continued)

45.3 Liquidity risk (continued)

The maturity of assets and liabilities as at 31 December 2013 is as follows:

	<i>Overdue</i>		<i>Current</i>					<i>VNDm</i>
	<i>Over 3 months</i>	<i>Up to 3 months</i>	<i>Up to 1 months</i>	<i>From 1 – 3 months</i>	<i>From 3 – 12 months</i>	<i>From 1 – 5 years</i>	<i>Over 5 years</i>	<i>Total</i>
ASSETS								
Cash and cash equivalents	-	-	541,115	-	-	-	-	541,115
Balances with the SBV	-	-	1,981,052	-	-	-	-	1,981,052
Placements with and loans to other banks (*)	-	-	10,948,700	14,165,313	5,078,592	-	70,000	30,262,605
Trading securities (*)	-	-	51,887	-	-	-	-	51,887
Loans and advances to customers (*)	4,168,276	714,533	6,084,639	10,184,790	21,562,982	21,679,391	12,115,060	76,509,671
Investment securities (*)	-	-	348,718	816,326	6,129,095	10,365,757	1,003,955	18,663,851
Long-term investments (*)	-	-	-	-	-	-	400,428	400,428
Fixed assets and investment properties	-	-	3,618,631	295	3,794	289,273	256,789	4,168,782
Other assets (*)	2,021,926	-	9,058,583	8,668	764,528	655,856	50,092	12,559,653
Total assets	6,190,202	714,533	32,633,325	25,175,392	33,538,991	32,990,277	13,896,324	145,139,044
LIABILITIES								
Deposits of and loans from the SBV and other banks	-	-	15,073,404	7,687,122	44,000	-	-	22,804,526
Customer deposits	-	-	40,052,269	27,435,449	21,916,775	1,355,350	1,174	90,761,017
Derivative financial instruments and other financial assets	-	-	6,272	-	-	-	-	6,272
Other borrowed funds	-	-	5,698	13,775	159,219	281,827	15,871	476,390
Valuable papers issued	-	-	37,865	4,522,021	12,349,689	-	-	16,909,575
Other liabilities	-	-	2,309,549	-	-	-	-	2,309,549
Total liabilities	-	-	57,485,057	39,658,367	34,469,683	1,637,177	17,045	133,267,329
Net liquidity difference	4,168,276	714,533	(24,851,732)	(14,482,975)	(930,692)	31,353,100	13,879,279	11,871,715

(*): The amounts exclude provisions

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (continued)
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46. ADDITIONAL INFORMATION ON FINANCIAL ASSETS AND FINANCIAL LIABILITIES UNDER CIRCULAR No. 210/2009/TT-BTC

On 6 November 2009, the Ministry of Finance issued Circular No. 210/2009/TT-BTC providing guidance on the adoption of the International Financial Reporting Standards on presentation and disclosures of financial instruments ("Circular 210") which will be effective from financial years beginning on or after 1 January 2011. Circular 210 provides definitions of financial instruments, including financial assets and financial liabilities, derivative financial instruments and equity instruments as well as the classification, presentation and disclosures of these instruments.

Circular 210 only regulates the presentation of financial statement and disclosures of financial instruments, therefore, the below definitions are applied solely for the preparation of this Note. The Bank's assets and liabilities are still recognised and recorded in accordance with Vietnamese Accounting Standards and System for Vietnamese Credit Institutions and other relevant regulations of the SBV.

Financial assets

Financial assets of SHB under the scope of Circular 210 including cash, gold, gemstones, balances with the SBV and other credit institutions, loans to customer and other credit institutions, trading securities, investment securities, receivables and other assets arising from currency derivative contracts.

According to Circular 210, financial assets are appropriately classified, for the purpose of disclosure in the notes to the consolidated financial statements, into one of the following categories:

▪ ***Financial assets at fair value in income statement:***

A financial asset at fair value in income statement is the financial asset that meets either of the following conditions:

- a. It is classified as held for trading. A financial asset is classified as held for trading if:
 - ✓ It is acquired or incurred principally for the purpose of selling or repurchasing in the near term;
 - ✓ There is evidence of a recent actual pattern of short-term profit-taking; or
 - ✓ It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).
- b. Upon initial recognition, SHB designated it as at fair value in income statement.

▪ ***Held-to-maturity investments:***

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity SHB have intention and ability to hold to maturity other than:

- a. Financial assets, upon initial recognition, are designated as at fair value in income statement;
- b. Financial assets are designated as available-for-sale; and
- c. Financial assets meet the definition of loans and receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (continued)
as at 31 December 2013 and for the year then ended

**46. ADDITIONAL INFORMATION ON FINANCIAL ASSETS AND FINANCIAL LIABILITIES
UNDER CIRCULAR No. 210/2009/TT-BTC (continued)**

Financial assets (continued)

▪ ***Loans and receivables:***

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

- a. Those that SHB intend to sell immediately or in the near term, which shall be classified as held for trading, and those that SHB upon initial recognition designate as at fair value in income statement;
- b. Those that SHB upon initial recognition designate as available-for-sale; or
- c. Those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration, which shall be classified as available-for-sale.

▪ ***Available-for-sale financial assets***

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

- a. Loans and receivables;
- b. Held-to-maturity investments;
- c. Financial assets at fair value in income statement.

Financial liabilities

Financial liabilities of SHB under the scope of Circular 210 include borrowings from the Government and the SBV, deposits and borrowings from other banks, customer deposits, other borrowed funds, valuable papers issued, other liabilities and liabilities arising from currency derivative contracts.

According to Circular 210, financial liabilities, for the purpose of disclosure in the notes to the consolidated financial statements, are appropriately classified into:

▪ ***Financial liability at fair value in income statement***

Financial liability at fair value in income statement is a financial liability that meets either of the following conditions:

- a. It is classified as held for trading. A financial liability is classified as held for trading if:
 - ✓ It is acquired or incurred principally for the purpose of selling or repurchasing in the near term;
 - ✓ There is evidence of a recent actual pattern of short-term profit-taking; or
 - ✓ It is a derivative (except for a derivative that is a financial guarantee contract or an effective hedging instrument).
- b. Upon initial recognition, SHB designated it as at fair value in income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (continued)
as at 31 December 2013 and for the year then ended

**46. ADDITIONAL INFORMATION ON FINANCIAL ASSETS AND FINANCIAL LIABILITIES
UNDER CIRCULAR No. 210/2009/TT-BTC (continued)**

Financial liabilities

▪ ***Financial liabilities by amortised cost***

Financial liabilities that are not classified as at fair value in income statement are classified as at amortised cost.

Offsetting financial assets and liabilities

The financial assets and financial liabilities are offset and the net amount will be presented on the consolidated balance sheet if, and only if, there is a currently legal right to offset those recognised amounts and there is an intention to offset on a net basis, or to realise the assets and settle the liabilities simultaneously.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (continued)
as at 31 December 2013 and for the year then ended

46. ADDITIONAL INFORMATION ON FINANCIAL ASSETS AND FINANCIAL LIABILITIES UNDER CIRCULAR No. 210/2009/TT-BTC (continued)

46.1 Carrying value and fair value of financial assets and liabilities

Carrying value and fair value of financial assets of SHB as at 31 December 2013 are presented in the following table:

	Carrying value					VNDm
	Trading	Held-to-maturity	Loans and receivables	Available-for-sale	Other assets and liabilities recorded at amortised cost	Fair value (*)
Cash, gold and gemstones	-	-	-	-	541,115	541,115
Balances with the SBV	-	-	-	-	1,981,052	1,981,052
Placements with and loans to other banks	-	28,788,225	-	-	1,474,380	30,319,130
Trading securities	51,887	-	-	-	-	51,887
Loans and advances to customers	-	-	76,509,671	-	-	79,354,997
Available-for-sale securities	-	-	-	8,101,622	-	9,329,533
Held-to-maturity securities	-	10,562,229	-	-	-	10,869,595
Long-term investments	-	-	-	400,428	-	400,428
Other financial assets	-	2,790,576	5,505,603	-	-	9,364,654
	51,887	42,141,030	82,015,274	8,502,050	3,996,547	142,212,391
Borrowings from the Government and the SBV	-	-	-	-	2,119,145	2,119,844
Deposits and borrowings from other banks	-	-	-	-	20,685,381	20,793,156
Deposits and other amounts due to customers	-	-	-	-	90,761,017	92,944,406
Derivatives and other financial liabilities	6,272	-	-	-	-	6,272
Other borrowed funds	-	-	-	-	476,390	476,427
Valuable papers issued	-	-	-	-	16,909,575	17,309,328
	6,272	-	-	-	130,951,508	133,649,433

(*): Due to the lack of information on fair value, the amounts presented in the above table are determined based on the carrying value of SHB's financial assets and liabilities. The carrying value is determined and recognised in accordance with relevant accounting guidance of the Ministry of Finance and the State Bank of Vietnam.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (continued)
as at 31 December 2013 and for the year then ended

**46. ADDITIONAL INFORMATION ON FINANCIAL ASSETS AND FINANCIAL LIABILITIES
UNDER CIRCULAR No. 210/2009/TT-BTC (continued)**

46.2 Financial assets, which have been pledged, mortgaged or transferred but not qualified for derecognition

Details of the financial assets of SHB, which have been pledged or mortgaged to secure for loans or transferred under the sale and repurchase contracts with the SBV and other credit institutions, are as follows:

	31 December 2013		31 December 2012	
	<i>Book value</i>	<i>Related obligations</i>	<i>Book value</i>	<i>Related obligations</i>
	<i>VNDm</i>	<i>VNDm</i>	<i>VNDm</i>	<i>VNDm</i>
Treasury Bills	2,890,462	2,890,462	900,000	900,000
Government bonds	397,000	397,000	5,612,939	3,715,939
Municipal bonds	50,000	50,000	50,000	50,000
	3,337,462	3,337,462	6,562,939	4,665,939

47. OPERATING LEASE COMMITMENTS

	31/12/2013	31/12/2012
	<i>VNDm</i>	<i>VNDm</i>
Irrevocable operating lease commitments	904,473	361,553
<i>In which:</i>		
- due within 1 year	665,648	43,589
- due from 2 to 5 years	207,970	210,635
- due after 5 years	30,855	107,329

48. EVENTS AFTER THE CONSOLIDATED BALANCE SHEET DATE

There have been no significant events occurring since the consolidated balance sheet date, which require adjustments or disclosures to be made in the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (continued)
as at 31 December 2013 and for the year then ended

49. EXCHANGE RATES OF APPLICABLE FOREIGN CURRENCIES AGAINST VIETNAM DONG AT THE YEAR-END

	<i>31/12/2013</i> <i>VND</i>	<i>31/12/2012</i> <i>VND</i>
USD	21,036	20,828
EUR	29,036	27,566
GBP	34,902	33,689
CHF	23,704	22,847
JPY	201	243
SGD	16,685	17,046
AUD	18,797	21,678
HKD	2,694	2,690
CAD	19,806	20,964

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31 March 2014