

SOUTHEAST ASIA COMMERCIAL JOINT STOCK BANK
(Incorporated in the Socialist Republic of Vietnam)

**AUDITED CONSOLIDATED
FINANCIAL STATEMENTS**

For the year ended 31 December 2014

In accordance with the Vietnamese Accounting Standards and
Accounting Regime applicable to Credit Institutions in Vietnam

TABLE OF CONTENTS

| <u>CONTENTS</u> | <u>PAGE(S)</u> |
|--|-----------------------|
| STATEMENT OF THE BOARD OF MANAGEMENT | 1 - 2 |
| INDEPENDENT AUDITORS' REPORT | 3 - 4 |
| CONSOLIDATED BALANCE SHEET | 5 - 7 |
| CONSOLIDATED INCOME STATEMENT | 8 |
| CONSOLIDATED CASH FLOW STATEMENT | 9 - 10 |
| NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS | 11 - 60 |

STATEMENT OF THE BOARD OF MANAGEMENT

The Board of Management of Southeast Asia Commercial Joint Stock Bank (the “Bank”) presents this report together with the Bank’s consolidated financial statements for the year ended 31 December 2014.

BOARDS OF DIRECTORS AND MANAGEMENT

The members of the Boards of Directors and Management of the Bank who held office during the year and to the date of this report are as follows:

Board of Directors

| | |
|--------------------------|--------------------|
| Ms. Nguyen Thi Nga | Chairwoman |
| Ms. Le Thu Thuy | Deputy Chairwoman |
| Mr. Le Van Tan | Deputy Chairman |
| Mr. Le Tuan Anh | Deputy Chairman |
| Mr. Hoang Minh Tan | Member |
| Mr. Alexandre Maymat | Member |
| Ms. Khuc Thi Quynh Lam | Member |
| Mr. Frederic Blanc | Member |
| Ms. Thai Thi Phuong Hoa | Member |
| Ms. Doan Thi Thanh Huong | Independent Member |

Board of Management

| | |
|------------------------|-------------------------------|
| Mr. Dang Bao Khanh | General Director |
| Ms. Le Thu Thuy | First Deputy General Director |
| Mr. Le Quoc Long | Deputy General Director |
| Ms. Khuc Thi Quynh Lam | Deputy General Director |
| Mr. Nguyen Tuan Cuong | Deputy General Director |
| Mr. Vu Dinh Khoan | Deputy General Director |

BOARD OF MANAGEMENT’S STATEMENT OF RESPONSIBILITY

The Board of Management of the Bank is responsible for preparing the consolidated financial statements, which give a true and fair view of the consolidated financial position of the Bank and of its consolidated results and consolidated cash flows for the year in accordance with Vietnamese Accounting Standards, accounting regime applicable to credit institutions in Vietnam and legal regulations relating to financial reporting. In preparing these consolidated financial statements, the Board of Management is required to:

- Select appropriate accounting policies and then applying them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting principles have been followed, subject to any material departures disclosed and explained in the consolidated financial statements;
- Prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Bank will continue in business; and
- Design and implement an effective internal control system for the purpose of properly preparing and presenting the consolidated financial statements so as to minimise risks and frauds.

STATEMENT OF THE BOARD OF MANAGEMENT (Continued)

BOARD OF MANAGEMENT'S STATEMENT OF RESPONSIBILITY (Continued)

The Board of Management of the Bank 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 that the consolidated financial statements comply with Vietnamese Accounting Standards, accounting regime applicable to credit institutions in Vietnam and legal regulations relating to financial reporting. The Board of Management is also responsible for safeguarding the assets of the Bank and hence for taking reasonable steps for the prevention and detection of frauds and other irregularities.

The Board of Management confirms that the Bank has complied with the above requirements in preparing these consolidated financial statements.

For and on behalf of the Board of Management,



Dang Bao Khanh
General Director

Hanoi, 31 March 2015

No.: 1085 /VNIA-HN-BC

INDEPENDENT AUDITORS' REPORT

To: **The shareholders**
 The Board of Directors and Board of Management
 Southeast Asia Commercial Joint Stock Bank

We have audited the accompanying consolidated financial statements of Southeast Asia Commercial Joint Stock Bank (the "Bank"), prepared on 31 March 2015 as set out from page 05 to page 60, which comprise the consolidated balance sheet as at 31 December 2014 and the consolidated statement of income and the consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information (collectively referred to as the "consolidated financial statements").

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Vietnamese Accounting Standards, accounting regime applicable to credit institutions in Vietnam and legal regulations relating to financial reporting and for such internal control as the management determines is necessary to enable the preparation of the 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 auditors' 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 auditors consider 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's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the 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 accompanying consolidated financial statements give a true and fair view of, in all material respects, the consolidated financial position of the Bank as at 31 December 2014 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime applicable to credit institutions in Vietnam and legal regulations relating to financial reporting.

INDEPENDENT AUDITORS' REPORT (Continued)

Emphasis of matter

Without qualifying our opinion, we would like to draw readers' attention to Note 9 in Notes to the consolidated financial statements: As at 31 December 2014, a number of loans to Shipbuilding Industry Corporation (formerly Vietnam Shipbuilding Industry Group - "Vinashin") and Vietnam National Shipping Lines ("Vinalines") were classified and made provision by the Bank in accordance with official guidance of the Government authorities; and receivables of SeABank Asset Management Company Limited were made provision in accordance with financial regulations applicable to debts management and assets exploitation companies.



Truong Anh Hung
Deputy General Director
Audit Practising Registration Certificate
No. 0029-2013-001-1

For and on behalf of
DELOITTE VIETNAM COMPANY LIMITED

31 March 2015
Hanoi, S.R. Vietnam

Nguyen Tuan Anh
Auditor
Audit Practising Registration Certificate
No. 1291-2013-001-1

CONSOLIDATED BALANCE SHEET

As at 31 December 2014

FORM B 02/TCTD
Unit: Million VND

| NO. ITEMS | Notes | 31/12/2014 | 31/12/2013 |
|--|-----------|-------------------|-------------------|
| A. ASSETS | | | |
| I. Cash, gold and gemstones | 6 | 528,657 | 464,659 |
| II. Balances with the State Bank of Vietnam ("SBV") | 7 | 3,377,660 | 1,320,543 |
| III. Placements with and loans to other credit institutions | 8 | 26,147,621 | 31,346,315 |
| 1. Placements with other credit institutions | | 14,587,381 | 12,714,699 |
| 2. Loans to other credit institutions | | 11,560,240 | 18,631,616 |
| 3. Provision for credit losses of loans to other credit institutions | | - | - |
| IV. Trading securities | | 8,650 | 20,000 |
| 1. Trading securities | | 8,650 | 20,000 |
| V. Loans to customers | | 31,568,334 | 20,422,981 |
| 1. Loans to customers | 9 | 32,066,117 | 20,928,780 |
| 2. Provisions for credit losses of loans to customers | 10 | (497,783) | (505,799) |
| VI. Investment securities | 10 | 12,250,883 | 18,233,813 |
| 1. Available-for-sale investment securities | | 10,830,517 | 10,643,435 |
| 2. Held-to-maturity investment securities | | 1,492,289 | 7,592,246 |
| 3. Provisions for impairment of investment securities | | (71,923) | (1,868) |
| VII. Long-term investments | 13 | 183,187 | 189,787 |
| 1. Other long-term investments | | 183,187 | 189,787 |
| VIII. Fixed assets | | 287,852 | 286,879 |
| 1. Tangible fixed assets | 14 | 214,200 | 212,751 |
| a. Cost | | 445,860 | 411,627 |
| b. Accumulated depreciation | | (231,660) | (198,876) |
| 2. Intangible fixed assets | 15 | 73,652 | 74,128 |
| a. Cost | | 138,723 | 132,059 |
| b. Accumulated amortization | | (65,071) | (57,931) |
| IX. Investment property | 14 | 318,928 | 327,824 |
| a. Cost | | 320,788 | 329,111 |
| b. Accumulated depreciation | | (1,860) | (1,287) |
| X. Other assets | 15 | 5,511,896 | 7,251,631 |
| 1. Other receivables | | 2,491,908 | 4,672,674 |
| 2. Interest and fee receivables | | 1,698,917 | 1,798,418 |
| 3. Other assets | | 1,321,274 | 780,539 |
| 4. Provisions for diminution in value of other assets | | (203) | - |
| TOTAL ASSETS | | 80,183,668 | 79,864,432 |

The notes set out from pages 11 to 60 are an integral part of these consolidated financial statements

CONSOLIDATED BALANCE SHEET (Continued)

As at 31 December 2014

FORM B 02/TCTD-HN
Unit: Million VND

| NO. ITEMS | Notes | 31/12/2014 | 31/12/2013 |
|---|-------|-------------------|-------------------|
| B. LIABILITIES AND OWNERS' EQUITY | | | |
| I. Borrowings from the Government and the SBV | | - | 495,653 |
| II. Deposits and borrowings from other credit institutions | 18 | 25,596,329 | 33,761,387 |
| 1. Deposits from other credit institutions | | 15,691,318 | 9,430,271 |
| 2. Borrowings from other credit institutions | | 9,905,011 | 24,331,116 |
| III. Deposits from customers | 19 | 45,030,136 | 36,183,422 |
| IV. Derivative financial instruments and other financial liabilities | | - | - |
| V. Grants, trusted funds and borrowings at risk of credit institutions | 20 | 19,953 | 39,951 |
| VI. Valuable papers issued | 21 | 2,900,000 | 2,000,000 |
| VII. Other liabilities | 22 | 955,226 | 1,659,894 |
| 1. Accrued fees and interest expenses | | 598,083 | 818,943 |
| 2. Other payables and liabilities | | 357,143 | 839,302 |
| 3. Other provisions | 10 | - | 1,649 |
| TOTAL LIABILITIES | | 74,501,644 | 74,140,307 |
| VIII. Capital and reserves | 23 | 5,682,024 | 5,724,125 |
| 1. Charter capital | | 5,465,881 | 5,465,881 |
| a. Charter capital | | 5,465,826 | 5,465,826 |
| b. Other funds | | 55 | 55 |
| 2. Reserves | | 142,328 | 129,302 |
| 3. Retained earnings | | 73,815 | 128,942 |
| TOTAL LIABILITIES AND OWNERS' EQUITY | | 80,183,668 | 79,864,432 |

The notes set out from pages 11 to 60 are an integral part of these consolidated financial statements

CONSOLIDATED BALANCE SHEET (Continued)

As at 31 December 2014

FORM B 02/TCTD-HN
Unit: Million VND

OFF BALANCE SHEET ITEMS

| NO. ITEMS | Notes | 31/12/2014 | 31/12/2013 |
|----------------------------------|-----------|----------------|----------------|
| I. Contingent liabilities | 36 | 499,997 | 233,665 |
| 1. L/C guarantees | | 284,646 | 143,947 |
| 2. Other guarantees | | 215,351 | 89,718 |

Prepared by



Tran Thu Huyen
Preparer

31 March 2015

Approved by



Nguyen Thi Thu Huong
Chief Accountant

Approved by



Dang Bao Khanh
General Director

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2014

FORM B 03/TCTD-HN
Unit: Million VND

| NO. ITEMS | Notes | 2014 | 2013 |
|---|-----------|------------------|------------------|
| 1. Interest and similar income | 24 | 4,169,237 | 4,807,596 |
| 2. Interest and similar expenses | 25 | (3,445,012) | (3,943,882) |
| I. Net interest income | | 724,225 | 863,714 |
| 3. Income from services | | 65,427 | 60,754 |
| 4. Expenses on services | | (26,887) | (34,799) |
| II. Net profit from services | 26 | 38,540 | 25,955 |
| III. Net gain/(loss) from trading foreign currencies and exchange rate revaluation | 27 | 12,930 | 10,724 |
| IV. Net gain/(loss) from trading securities | 28 | 1,168 | - |
| V. Net gain/(loss) from trading investment securities | 28 | 306,856 | 5,838 |
| 5. Other operating income | | 10,693 | 20,629 |
| 6. Other operating expenses | | (10,148) | (2,296) |
| VI. Net profit/(loss) from other activities | | 545 | 18,333 |
| VII. Income from capital contribution, equity investments | 28 | 7,264 | 150,235 |
| VIII. Operating expenses | 30 | (780,120) | (801,158) |
| IX. Net profit from operating activities before credit provision expenses | | 311,408 | 273,641 |
| X. Provision expenses for credit losses | 31 | (201,747) | (73,273) |
| XI. Profit before tax | | 109,661 | 200,368 |
| 7. Current corporate income tax expenses | 32 | (22,783) | (48,671) |
| XII. Corporate income tax expenses | | (22,783) | (48,671) |
| XIII. Profit after tax | | 86,878 | 151,697 |
| XIV. Earnings per share (VND) | 33 | 159 | 278 |

Prepared by



Tran Thu Huyen
Preparer

Approved by



Nguyen Thi Thu Huong
Chief Accountant

Approved by



Dang Bao Khanh
General Director

31 March 2015

The notes set out from pages 11 to 60 are an integral part of these consolidated financial statements

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2014

FORM B 04/TCTD-HN
Unit: Million VND

| NO. ITEMS | 2014 | 2013 |
|--|------------------|------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| 01. Interest and similar income | 4,268,738 | 5,608,116 |
| 02. Interest and similar expenses | (3,665,872) | (4,797,924) |
| 03. Income from services | 38,540 | 27,547 |
| 04. Net cash from dealing in foreign currencies, gold and trading securities | 320,954 | 16,405 |
| 05. Other (expenses)/income | 2,280 | 7,533 |
| 06. Payments to employees and for operating management | (764,707) | (473,652) |
| 07. Corporate income tax paid | (46,132) | (8,009) |
| Operating profit before movement in assets and working capital | 153,801 | 380,016 |
| Movement in operating assets | 1,728,366 | 4,045,462 |
| 08. Changes in deposit at and loans to other credit institutions | 7,071,376 | 15,385,432 |
| 09. Changes in trading securities (i) | 6,427,869 | (6,120,697) |
| 10. Changes in loans to customers | (11,668,223) | (5,213,062) |
| 11. Provision for loan losses | (113,912) | (32,430) |
| 12. Changes in other operating assets | 11,256 | 26,219 |
| Movement in operating liabilities | 1,114,438 | 5,182,850 |
| 13. Changes in borrowings from the Government and State Bank of Vietnam | (495,653) | (1,348,036) |
| 14. Changes in deposits and borrowings from other credit institutions | (8,165,058) | 2,391,871 |
| 15. Changes in deposits from customers (including State Treasury) | 8,846,714 | 4,736,621 |
| 16. Changes in valuable papers (excluding valuable papers charged into financial activities) | 900,000 | (800,000) |
| 17. Changes in grants, trusted funds and borrowings at risk of credit institution | (19,998) | (9,768) |
| 18. Changes in derivative financial instruments and other financial liabilities | - | (1,064) |
| 19. Changes in other operating liabilities | 48,433 | 220,306 |
| 20. Cash outflows from reserves of credit institutions | - | (7,080) |
| I. Net cash from/(used in) operating activities | 2,996,605 | 9,608,328 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| 01. Acquisition of fixed assets | (43,009) | (252,356) |
| 02. Proceeds from sales, disposal of fixed assets | 1,028,106 | 387 |
| 03. Proceeds from investment, capital contribution from other entities | 4,831 | 36,479 |
| 04. Dividends and profit received from long-term investments and capital contribution | 7,264 | 5,882 |
| II. Net cash from/(used in) investing activities | 997,192 | (209,221) |

The notes set out from pages 11 to 60 are an integral part of these consolidated financial statements

CONSOLIDATED CASH FLOW STATEMENT (Continued)

For the year ended 31 December 2014

FORM B 04/TCTD-HN
Unit: Million VND

| NO. ITEMS | 2014 | 2013 |
|---|-------------------|-------------------|
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| 01. Dividends paid, profit received | - | - |
| III. Net cash from/(used in) financing activities (ii) | - | - |
| IV. Net increase/(decrease) in cash | 3,993,797 | 9,399,107 |
| V. Cash and cash equivalents at the beginning of the year | 14,499,901 | 5,100,794 |
| VI. Cash and cash equivalents at the end of the year (Note 34) | 18,493,698 | 14,499,901 |

Supplemental for cash flow statements non-cash disclosures

- (i) Changes in trading securities for the year exclude an amount of VND 503,644 million, representing the value of the special bonds issued by Vietnam Asset Management Company ("VAMC") in the year 2014 related to the sales of some loans of the Bank to VAMC.
- (ii) Net cash from financing activities excludes the amount of dividends declared in 2014 but not paid in the year. This amount was paid to shareholders on 03 January 2015.

Prepared by



Tran Thu Huyen
Preparer

31 March 2015

Approved by



Nguyen Thi Thu Huong
Chief Accountant

Approved by



Dang Bao Khanh
General Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**FORM B 05/TCTD-HN***These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements***1. GENERAL INFORMATION**

Southeast Asia Commercial Joint Stock Bank (herein referred to as the "Bank") is a commercial joint stock bank incorporated in the Socialist Republic of Vietnam under License of Establishment and Operation No. 0051/QD/NH-GP dated 25 March 1994 issued by the State Bank of Vietnam with the term of 99 years. The Bank's charter capital under the latest amended Certificate of Business Registration dated 24 January 2014 issued by Hanoi Planning and Investment Department is VND 5,465,826 million.

Locations and the Branch network

The Head Office of the Bank is located at 25 Tran Hung Dao Street, Hoan Kiem District, Hanoi, Vietnam. As at 31 December 2014, the Bank has one (01) Head Office, one (01) Operation Centre, one (01) Representative Office, thirty five (35) branches and one hundred and seven teen (117) transaction offices across the country and one (01) subsidiary.

The Bank's main activities are to provide banking services including mobilising and receiving short-term, medium-term, and long-term deposits from organisations and individuals; providing short-term, medium-term, and long-term loans based on the nature and capability of the Bank's sources of capital; providing payment, treasury and other services as approval of the State Bank of Vietnam; investing in associates, affiliates and other companies; investing in bonds and conducting foreign exchange transactions in accordance with prevailing regulations.

Subsidiary

As at 31 December 2014, the Bank has one (01) subsidiary as follows:

| Name | License of Establishment and Operation No. | Principal activities | % of ownership held by the Bank | Charter capital (million VND) |
|--|--|--|--|--------------------------------------|
| SeABank Asset Management Company Limited | 0104004839 dated 16 December 2008 and 0103099985 dated 10 March 2011 by Hanoi Planning and Investment Department | Loans management and assets exploitation | 100% | 500,000 |

Employees

As at 31 December 2014, the total number of employees of the Bank is 2,348 (as at 31 December 2013: 2,015).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 05/TCTD-HN
These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements

2. ACCOUNTING CONVENTION AND FINANCIAL YEAR

Accounting convention

The accompanying consolidated financial statements, expressed in Vietnam Dong (VND), are prepared under the historical cost convention and in accordance with Vietnamese Accounting Standards, accounting regime applicable to credit institutions in Vietnam and legal relating to financial reporting. However, due to the Bank's operation scale is large, for the purpose of preparing the consolidated financial statements, figures are rounded to and presented in million of Vietnam Dong (million VND). This presentation does not have material effect on the consolidated financial statements on the consolidated financial position, consolidated results of operations and consolidated cash flows of the Bank and its subsidiary. Except for the number of shares and basic earning per share, the Bank presented the items in unit as shown in Note 23 and 33.

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

Financial year

The Bank's financial year begins on 01 January and ends on 31 December.

3. ADOPTION OF NEW ACCOUNTING GUIDANCE

Circular No. 02/2013/TT-NHNN and Circular No. 09/2014/TT-NHNN

On 21 January 2013, the State Bank of Vietnam ("SBV") issued Circular No. 02/2013/TT-NHNN ("Circular 02") on classification of assets, provisioning and use of provisions against credit risks in the banking activity by credit institutions and branches of foreign banks. The Circular replaces Directive No. 05/2005/CT-NHNN dated 26 April 2005 of the State Bank Governor on classification of debts and provisioning against credit risks under Decision No. 493/2005/QĐ-NHNN dated 22 April 2005 of the Governor; Decision No. 780/QĐ-NHNN dated 23 April 2012 of the Governor on classification of re-scheduled loans; Decision No. 493/2005/QĐ-NHNN dated 22 April 2005 of the Governor on promulgating regulations on classification of debts, provisioning and use of provisions against credit risks in the banking activity by credit institutions; Decision No. 18/2007/QĐ-NHNN dated 25 April 2007 of the Governor on amending and supplementing a number of articles of Regulations on classification of debts, provisioning and use of provisions against credit risks in the banking activity by credit institutions regulated in Decision No. 493/2005/QĐ-NHNN dated 22 April 2005.

On 18 March 2014, SBV issued Circular No. 09/2014/TT-NHNN ("Circular 09") on amending and supplementing a number of articles of Circular No. 02/2013/TT-NHNN. Circular 02 takes effect from 01 June 2014 with certain articles taking effect after 01 June 2014. The Bank applies Circular 02 for its consolidated financial statements for the year ended 31 December 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 05/TCTD-HN

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

3. APPLICATION OF NEW ISSUED GUIDANCE (Continued)

Circular No. 02/2013/TT-NHNN and Circular No. 09/2014/TT-NHNN (Continued)

Some main changes in those Circulars which have significant effects on the Bank's consolidated financial statements during the year are as follows:

- *Extend the scope of assets exposed to credit risk to be classified and made provision including credit facilities in the form of credit cards issuance; costs and entrusted amount for purchase of corporate bonds unlisted on the stock market or unregistered for trading on the trading market of unlisted public companies (Upcom), excluding entrusted amount for purchase of unlisted bonds whereby the trustor bear risks; deposits, except demand deposits, at domestic credit institutions and Vietnam-based foreign bank branches as provided by law, and deposits at foreign credit institutions;*
- *Tighten regulations relating to amount of collaterals to be deducted such as: collaterals fully satisfy the conditions specified by the law on secured transactions; collaterals with high value must be valued by an organisation having valuation capability (over VND 50 billion for loans to customers being related parties of the bank and those subject to credit extension limits specified in the Law on Credit Institutions 2010; VND 200 billion or more for others). The Bank has to assess collaterals on a periodical basis as provided by law to guarantee that the value of collaterals is tied with the market value when setting aside specific provisions;*
- *With regard to internal credit-rating system, Circular 02 provides more detailed regulations on the principles on which internal credit-rating system must be built, in which an internal credit-rating system must be built specifically for each types of customers, including those subject to credit extension limits and their related parties;*
- *With regard to internal regulations on credit extension, loan management and risk provisioning policy, Circular 02 specifies that credit institutions shall have to issue their own internal regulations;*
- *With regard to methods and principles of classification, Circular 02 supplements specific classification principles concerning off-balance sheet commitments, entrusted credit facility not yet disbursed by the entrusted party under the entrustment contract, loans sold with the payment not yet made, purchased loans; costs and entrusted amount for purchase of corporate bonds of an unlisted entities, violated loans;*
- *With regard to classification of loans and off-balance sheet commitments, Circular 02 supplements some types of loan which are immediately classified to Group 3 and does not require risk provisioning for off-balance sheet commitments. According to Circular 02, banks are to classify off-balance sheet commitments for management and supervision of the quality of credit activities;*
- *With regard to classification of rescheduled loans, the Bank is allowed to classify them in their pre-rescheduled classification group until 01 April 2015 with more strict conditions. The Bank shall have to issue internal regulations on monitoring, supervising the reschedule and classification of the rescheduled loans that are classified in their pre-rescheduled classification group, managing the structure and reason for implementation of rescheduling. However, each rescheduled loan is kept in its pre-rescheduled classification group for once only. The Bank has to perform frequent review and assessment on the repayment capability of customers after the loan is rescheduled and classified in its pre-rescheduled classification group. The Bank is not allowed to continue rescheduling after the loans to customers who are unable to conduct payment according to the rescheduled repayment term.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 05/TCTD-HN*These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements***3. APPLICATION OF NEW ISSUED GUIDANCE (Continued)****Circular No. 02/2013/TT-NHNN and Circular No. 09/2014/TT-NHNN (Continued)**

The application of those Circulars affects to certain items on the Bank's consolidated financial statements for the year ended 31 December 2014 as follows:

| Items | Under previous regulations on classification of loans and risk provisioning | Under new regulations on classification of loans, risk provisioning levels | Effects of the application of Circulars 02 and Circular 09 |
|---|---|---|--|
| Placements with and loans to other credit institutions | There is no specific regulation on classification of assets, risk provisioning. | Supplement regulations on classification of assets and risk provisioning for deposits at and lending to other credit institutions, except demand deposits, . | Classification of assets and risk provisioning are made in accordance with Circular 02 and Circular 09, except for demand deposits. |
| Trading securities | There is no specific regulation on classification of assets and risk provisioning for unlisted corporate bonds. | Supplement regulations on classification of assets and risk provisioning for cost and entrusted amount for purchase of corporate bonds unlisted on the stock market or unregistered for trading on the trading market of unlisted public companies (Upcom), excluding entrusted amount for purchase of unlisted bonds whereby the trustors bear risks. | Classification of assets and risk provisioning are made in accordance with Circular 02 and Circular 09 for balances of unlisted corporate bonds. |
| Investment securities | There is no specific regulation on classification of assets and risk provisioning for unlisted corporate bonds. | Supplement regulations on classification of assets and risk provisioning levels for amounts for cost and entrusted amount for purchase of corporate bonds unlisted on the stock market or unregistered for trading on the trading market of unlisted public companies (Upcom), excluding entrusted amount for purchase of unlisted bonds whereby the trustors bear risks. | Classification of assets and risk provisioning are made in accordance with Circular 02 and Circular 09 for balances of unlisted corporate bonds. |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 05/TCTD-HN
These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements

3. APPLICATION OF NEW ISSUED GUIDANCE (Continued)

Circular No. 02/2013/TT-NHNN and Circular No. 09/2014/TT-NHNN (Continued)

| Items | Under previous regulations on classification of loans, risk provisioning levels | Under new regulations on classification of loans, risk provisioning levels | Effects of the application of Circulars 02 and Circular 09 |
|---------------------------|--|---|---|
| Loans to customers | Classification of loans and risk provisioning under the State Bank Governor's Decision No. 493/2005/QD-NHNN, Decision No. 18/2007/QD-NHNN and Decision No. 780/2012/QD-NHNN. | Decision No. 493/2005/QD-NHNN, Decision No. 18/2007/QD-NHNN, and Decision No. 780/2012/QD-NHNN are superseded; Circular 02 and Circular 09 take effect in replacement. | Classification of assets and risk provisioning are made in accordance with Circular 02 and Circular 09. Basically, classification of loans under Circular 02 and Circular 09 is slightly different from previous regulations such as: supplementing regulations on classification of loans which violate regulations on subjects of credit extension, purposes of loans, or credit limit; reducing challenging period for a customer, supplementing conditions and effective period, limiting the number of rescheduling and keeping loan classification in its pre-rescheduled classification group (only 01 time), etc. |
| Other assets | There is no specific regulation on classification of assets and risk provisioning for entrusted amount for purchase of corporate bonds unlisted on the stock market or unregistered for trading on the trading market of unlisted public companies (Upcom), amounts payable on customer behalf under off-balance sheet commitments; entrusted credit facilities. | Supplement regulations on classification of assets and risk provisioning for entrusted amount for purchase of corporate bonds unlisted on the stock market or unregistered for trading on the trading market of unlisted public companies (Upcom), amounts payable on customer behalf under off-balance sheet commitments; entrusted credit facilities. | Classification of assets and risk provisioning for amounts payable on customer behalf under off-balance sheet commitments; entrusted credit facilities are made in accordance with Circular 02 and Circular 09. |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 05/TCTD-HN
These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements

3. APPLICATION OF NEW ISSUED GUIDANCE (Continued)

Circular No. 02/2013/TT-NHNN and Circular No. 09/2014/TT-NHNN (Continued)

| Items | Under previous regulations on classification of loans, risk provisioning levels | Under new regulations on classification of loans, risk provisioning levels | Effects of the application of Circulars 02 and Circular 09 |
|--------------------------------------|---|---|--|
| Other liabilities | Risk provisioning for off-balance sheet commitments are made based on classification of loans under Decision No. 493/2005/QĐ-NHNN and Decision No. 18/2007/QĐ-NHNN. | Supersede Decision No. 493/2005/QĐ-NHNN and Decision No. 18/2007/QĐ-NHNN. Off-balance sheet commitments must be classified in accordance with Circular 02 for management and supervision of the quality of credit activities. | Off-balance sheet commitments are classified in accordance with Circular 02 for management and supervision of the quality of credit activities. However, there is no provision-making for off-balance sheet commitments. |
| Off-balance sheet commitments | | | |

Moreover, some certain articles in Circular 02 will take effect after the financial year ends. The Board of Management of the Bank is considering the extent of impact of adopting those articles on the Bank's consolidated financial statements for future accounting periods.

Circular No. 10/2014/TT-NHNN

On 20 March 2014, the State Bank of Vietnam issued Circular No. 10/2014/TT-NHNN ("Circular 10") on the amendment and supplementation of several accounts in the account system of credit institutions issued in conjunction with Decision No. 479/2004/QĐ-NHNN dated 29 April 2004 ("Decision 479") of the Governor of the State Bank.

The main changes in Circular 10 compared to Decision 479 are as follows:

- Remove some accounts in the accounts system of credit institutions issued in conjunction with Decision No. 479;
- Add new accounts for specific transactions;
- Amend, supplement name and detailed accounting content of some accounts in the accounts system of credit institutions issued in conjunction with the Decision 479. Accordingly, comparative figures of some accounts affected are reclassified for comparison purposes (see details in Note 44).

4. NEW GUIDANCE IN ISSUE BUT NOT YET ADOPTED

As at 31 December 2014, the State Bank of Viet Nam issued Circular No. 49/2014/TT-NHNN ("Circular 49") on amending and supplementing a number of articles of credit institutions' financial reporting regime applicable to credit institutions issued in conjunction with Circular No. 16/2007/QĐ-NHNN dated 18 April 2007 and the account system of credit institutions issued in conjunction with Decision No. 479/2004/QĐ-NHNN dated 29 April 2004 issued by Governor of the State Bank of Vietnam. The Circular takes effect on 15 February 2015.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 05/TCTD-HN*These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements***4. NEW GUIDANCE IN ISSUE BUT NOT YET ADOPTED (Continued)**

On 22 December 2014, the Ministry of Finance issued Circular No. 202/2014/TT-BTC ("Circular 202") guiding the preparation and presentation of consolidated financial statements. This Circular takes effect for financial years beginning on or after 01 January 2015. Circular 202 replaces the provisions of section XIII of the Circular No. 161/2007/TT-BTC dated 31 December 2007 of the Ministry of Finance guiding the preparation and presentation of consolidated financial statements in accordance with accounting Standard No. 25 "Consolidated financial statements and accounting for investments in Subsidiaries".

The Board of Management is considering the impact of adopting the new Circular to the Bank's consolidated financial statements in the future.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Accounting estimates

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

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Bank and enterprises controlled by the Bank (its subsidiary) up to 31 December 2014. Control is achieved where the Bank has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Bank.

All internal transactions and balances between group enterprises are eliminated on consolidation.

Business combinations

The assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired is credited to consolidated profit and loss in the year of acquisition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 05/TCTD-HN

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

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments

Initial recognition

Financial assets

At the date of initial recognition, financial assets are recognised at cost plus transaction costs that are directly attributable to the acquisition of the financial assets.

Financial assets of the Bank comprise cash on hand, gold, gemstones, balances with the State Bank of Vietnam, placements with and loans to other credit institutions, loans to customers, trading securities, investment securities, other long-term investments, interest and fee receivables, other receivables and other assets.

Financial liabilities

At the date of initial recognition financial liabilities are recognised at cost plus transaction costs that are directly attributable to the issuance of the financial liabilities.

Financial liabilities of the Bank comprise borrowings from the Government and the State Bank of Vietnam, deposits and borrowings from other credit institutions, customer deposits, grants, trusted funds, borrowings at risk of credit institutions, valuable papers issuance, other payables, derivative financial instruments and other financial liabilities.

Re-measurement after initial recognition

Currently, there are no requirements for the re-measurement of the financial instruments after initial recognition.

Cash and cash equivalents

Cash and cash equivalents comprise cash and cash equivalents on hand, demand deposits, highly-liquid term deposits and investments with terms of less than 3 months that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Loans and advances to customers

Loans and advances to customers are disclosed at their principal amounts outstanding at the end of the financial year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 05/TCTD-HN
These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Provision for credit losses

Loan classification

In accordance with Law on Credit Institutions No. 47/2010/QH12 effective from 01 January 2011, Decision No. 1627/2011/QĐ-NHNN dated 31 December 2011 of the Governor of State Bank on lending regulations of credit institutions, Decision No. 127/2005/QĐ-NHNN dated 03 February 2005 amending and supplementing to a number of lending regulations under Decision No. 1627/2001/QĐ-NHNN, Circular 02 stipulating classification of assets, levels and method of provisioning and use of provision against credit risk in activities by credit institutions and branches of foreign banks and Circular 09 amending and supplementing a number of Circular 02 on classification of assets, provisioning and use of provision against credit risk in banking activities by credit institutions and branches of foreign banks, credit institutions are required to classify loans and make provisions for credit losses. Accordingly, the classification and making provisions for credit losses under Circular 02 and Circular 09 are applied for the following assets:

- Loans;
- Finance lease;
- Discounts, rediscounts of negotiable instruments and other valuable papers;
- Factoring;
- Credit facilities in the form of credit card issuance;
- Amounts payables on customer behalf under off-balance sheet commitments;
- Cost and entrusted amounts for purchase of corporate bonds unlisted on the stock market or unregistered for trading on trading market of unlisted public companies (Upcom) (hereinafter referred to as unlisted bonds), excluding purchase of unlisted bonds by entrustment amount which the trustors bear risks;
- Entrusted credit facilities;
- Deposits (excluding demand deposits) at domestic credit institutions, Vietnam-based foreign banks' branches as prescribed by law and deposits at foreign credit institutions.

The Bank performs the classification of loans by the quantitative method as stipulated in Article 10 of Circular 02. Accordingly, loans are graded using the following risk classifications: *Current, Special-mentioned, Sub-standard, Doubtful and Loss* based on the overdue status and other qualitative factors.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) **FORM B 05/TCTD-HN**
These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Provision for credit losses (Continued)

Specific provision

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

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

In accordance with Circular 02 and Circular 09, loan classification is to be made at the end of each quarter for the first three quarters and on 30 November for the last quarter of each year.

General provision

In accordance with Circular 02 and Circular 09, general provision is made for credit losses which are yet to be identified during the loan classification and specific provision making process as well as in case of the Bank's potential financial difficulty due to deterioration in loan quality. General provision at the end of the accounting period is made at 0.75% of total loan balances from Group 1 to Group 4 as at 30 November of that year.

These provisions are recorded in the consolidated income statement as an expense that will be used to write off any credit losses incurred. According to Circular 02, the Bank sets up Risk Settlement Committee in order to write off loans if they are classified under Group 5 or if the borrowers being legal entities are liquidated or go bankrupt, or if individual borrowers pass away or are missing.

Provisions for receivables of SeABank Asset Management Company Limited (the "Company") are currently appropriated in accordance with financial regulations applicable to debts management and assets exploitation companies. The level of these provisions is different from the policy of provisions for credit losses applied by the Bank because the Company is carrying out collateral liquidation of these receivables, thus, the recovery value from collaterals have not yet been measured reliably.

Provision for off balance sheet commitments

Pursuant to Circular 02 and Circular 09 issued by the SBV, credit institutions classify guarantees, acceptances of payment and unconditional, irrevocable loan commitments with specific effective date (collectively referred to as "off balance sheet commitments") as stipulated in Articles 10 and 11 of Circular 02. Accordingly, off-balance-sheet commitments are classified into groups from Group 1 to Group 5 with corresponding risk level as: *Current, Special-mentioned, Sub-standard, Doubtful and Loss* based on overdue status and other qualitative factors. However, credit institutions are not required to make provision for those off-balance sheet commitments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 05/TCTD-HN*These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements***5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****Investments*****Trading securities***

Trading securities include debt securities, equity securities or other securities that the Bank fully purchased for trading purpose of no more than 01 year in order to gain profits from price fluctuation. Trading securities are initially recognised at cost on the transaction date and subsequently carried at cost.

Interests received during the year are recognised in the consolidated income statement on the cash basis. Dividends are recognised in the income statement when receiving the official dividend distribution announcement.

Held-to-maturity securities

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

Held-to-maturity investment securities are initially recognised at par value as at the transaction date, accrued interest income before the purchasing date (for debt securities with interest payment in arrears) or interest income received upfront waiting for amortisation (for debt securities with interest payment in advance) are recorded in a separate account. Any discount or surplus which is the difference between par value and the amount equal to par value plus (+) accumulative interest income before purchasing date (if any) or minus (-) interest income received upfront waiting for amortisation (if any) is also recorded in a separate account.

In subsequent period, held-to-maturity investment securities are recognised at par value, any discount or surplus (if any) is amortised in consolidated income statement using straight-line method over the estimated remaining term of securities.

Interest payment in arrears is recorded as follows: accumulative interest income before purchasing date is recorded as a decrease in value of such securities and the same amount is credited into accrued interest; accumulative interest income after purchasing date is recognised as the Bank's income, based on accrual basis. Interest received upfront is and recognised in interest income of securities investment using straight-line method over investment period.

Bad debts trading transactions between Vietnam Asset Management Company ("VAMC") and credit institutions

Pursuant to Official Letter No. 8499/NHNN-TCKT dated 14 November 2013 of the State Bank of Vietnam guiding the accounting treatment of the bad debts trading transactions between VAMC and credit institutions, when credit institutions involve in bad debts selling transactions to receive special bonds from VAMC and the formal selling procedures are completed, credit institutions would record the special bonds received from VAMC on the "Held-to-maturity investment securities" account. Periodically, credit institutions shall determine and make provision for those special bonds in accordance with the regulations stipulated in Decree No. 53/2013/ND-CP dated 18 May 2013 of the Government and Circular No. 19/2013/TT-NHNN dated 06 September 2013 of the State Bank of Vietnam. Accordingly, during the term of the special bonds, credit institutions shall record the provision for impairment of those special bonds in the operating expenses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 05/TCTD-HN*These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements***5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****Investments (Continued)*****Bad debts trading transactions between Vietnam Asset Management Company ("VAMC") and credit institutions (Continued)***

Every year, within 5 working days preceding the day corresponding to the date of the special bond maturity date, credit institutions shall make specific minimum provision for each individual special bond calculated by the following formula:

Annual provision = Face value of the special bond/Term of the special bond.

According to provisions of bad debts trading contract with VAMC, the Bank has obligation to repurchase those debts at book value in case the debts purchased are not handled or recovered yet on the maturity date of special bonds.

Credit institutions do not have to make general provision for special bonds.

Available-for-sale securities

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

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

Available-for-sale debt securities are initially recognised at par value as at the transaction date. Accrued interest income before the purchasing date (for debt securities with interest payment in arrears) or interest income received upfront (for debt securities with interest payment in advance) is recorded in a separate account. Any discount or premium which is the negative/positive difference between par value and the amount equal to par value plus (+) accumulative interest income before the purchasing date or deduct (-) interest received upfront which is also recorded in a separate account. Subsequently, available-for-sale debt securities are recorded at par value deduct/plus remaining discount/premium after amortising into the consolidated income statement using the straight-line method over the remaining term of securities. Interest payment in arrears is recorded as follows: accumulative interest income before the purchasing date is recorded as a decrease in the value of such securities and the same amount is credited into the accrued interest income; accumulative interest income after the purchasing date is recognised in the Bank's income, on an accrual basis. Interest received upfront is amortised into the consolidated income statement using the straight-line method over the investment period.

Provisions for impairment of trading securities and investment securities

For special bond issued by Vietnam Asset Management Company in order to buy the bad debts of credit institutions, provisions are made and utilise in accordance with Circular No. 19/2013/TT-NHNN dated 06 September 2013 issued by the Governor of the State Bank of Vietnam on the purchase, sale and settlement of bad debts of Vietnam Asset Management Company and other relevant regulations.

Other investments in unlisted corporate bonds are classified and made provision in accordance with Circular No. 02/2013/TT-NHNN and Circular No. 09/2014/TT-NHNN (similar to loans represented in **Provision for credit losses**).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 05/TCTD-HN*These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements***5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****Investments (Continued)*****Provisions for impairment of trading securities and investment securities (Continued)***

Except for cases above, provisions for impairment of such securities are made in accordance with Official Letter No. 2601/NHNN-TCKT dated 14 April 2009 and Circular No. 228/2009/TT-BTC dated 07 December 2009 issued by the Ministry of Finance. Accordingly, for listed securities, the Bank determined the value of the investments using closing prices in the active market as at the balance sheet date; for unlisted and liquid equity securities, the Bank collected direct quotations from three securities companies having charter capital more than VND 300 billion each at the end of the financial year to determine the value of the investments. When market price increases, the gain will be offset against, but not exceed the provision made previously. The excess gain is not recorded as income until the securities are sold.

Other long-term investments

Other long-term investments represent the investments into other entities in which the Bank holds less than 20% of the voting right and is the founding shareholder; or strategic partner; or has the power to govern the financial and operating policies of the investee by a written agreement on delegating personnel to take part in the Board of Directors/Board of Management. The long-term investments are recognised at cost less provision (if any).

Provision for impairment of long-term investments is made when the investees make losses (except that such losses were intended in the entities' original business plans) in accordance with Circular No. 228/2009/TT-BTC ("Circular 228") dated 07 December 2009 issued by the Ministry of Finance and Circular No. 89/2013/TT-BTC dated 28 June 2013 amending and supplementing the Circular 228 issued by the Ministry of Finance. Accordingly, provision to be made is the difference between the total parties' actual contributed capital to the investees and actual owner's equity of the investee multiplies (x) the proportion of the Bank's contributed capital compared to the total parties' actual contributed capital to the investees. The provision for impairment of long term investment is recorded as an operating expense in the Bank's consolidated income statement.

Recognition

The Bank records investment securities and other investments at the date when contracts are signed and effective (transaction-date based policy).

Investment securities and other investments are recorded at cost. After initial recording, investment securities and other investments are recorded under the above accounting policies.

Derecognition

Investments in securities are derecognised when the rights to receive cash flows from the investments are ended or when the Bank has transferred significant risks and benefits attached to the ownership of the investments. When derecognising, the cost of derecognised investments is determined using the weighted average method.

Trust activities and trust funds

The Bank's trust activities include discretionary investment trusts and client-directed investment trusts. The value of investment trust and trust funds received are recorded when the trust contracts have been signed and trust funds have been realised. Rights and obligations of the trustor and trustee relating to profit and profit sharing, trust fee, other rights and obligations are in compliance with the terms of the contracts. The assets that are held under custody services are not assets of the Bank and therefore, they are not included in the Bank's consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD-HN

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

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. The cost of purchased tangible fixed assets comprises their purchase prices and any directly attributable costs of bringing the assets to their working condition and location for their intended use. Expenditure incurred after the tangible fixed assets have been put into operation such as repairs, maintenance and overhaul costs is charged to the consolidated income statement as incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of tangible fixed assets beyond its originally assessed standard of performance, the expenditure is capitalised as an additional cost of tangible fixed assets.

Tangible fixed assets are depreciated using the straight-line method over the following estimated useful lives:

| Asset types | 2014 | 2013 |
|-----------------------------|---------|---------|
| | Years | Years |
| Buildings and architectures | 10 - 50 | 10 - 20 |
| Office equipment | 05 - 08 | 03 - 05 |
| Motor vehicles | 08 - 10 | 06 - 08 |
| Others | 08 - 12 | 05 |

From 01 January 2014, the Bank changed the estimated useful lives of tangible assets as demonstrated in the above table. The Board of Management believes that application of changed depreciation period will more accurately reflect actual useful lives of the Bank's tangible assets. The changes in tangible assets' depreciation period caused a decrease in the Bank's depreciation expenses in 2014 by VND 17.1 billion.

Loss or gain resulting from sales and disposals of tangible fixed assets is the difference between proceeds from sales or disposals of assets and their residual values and is recognised in the income statement.

Intangible fixed assets and amortisation

Intangible fixed assets comprise of land use rights granted with indefinite term which are not amortised; computer software and other intangible fixed assets which are stated at cost less accumulated amortisation.

Intangible fixed assets are amortised using the straight-line method over the following estimated useful lives, details as below:

| Asset types | 2014 | 2013 |
|--|---------------------------|---------------------------|
| | Years | Years |
| Land use rights granted with indefinite term | Not amortised | Not amortised |
| Land use rights granted with definite term | According to useful lives | According to useful lives |
| Computer softwares | 10 - 15 | 08 |
| Other intangible fixed assets | 08 - 20 | 04 - 08 |

From 01 January 2014, the Board of Management changed the estimated useful lives of intangible assets as demonstrated in the above table. The Board of Management believes that the application of changed amortisation period will more accurately reflect actual useful lives of the Bank's intangible assets. The changes in intangible assets' amortisation period decreased the Bank's amortisation expenses in 2014 by VND 4.5 billion.

Loss or gain resulting from sales and disposals of intangible fixed assets is the difference between profit from sales or disposals of assets and their residual values and is recognised in the consolidated income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 05/TCTD-HN*These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements***5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****Investment properties**

Investment properties, which are composed of land use rights and buildings and structures held by the Bank to earn rentals or for capital appreciation or both, are stated at cost less accumulated depreciation. The cost of purchased investment properties comprises its purchase price and any directly attributable expenditures, such as professional fees for legal services, property transfer taxes and other related transaction costs. The costs of self-constructed investment properties are the finally accounted construction or directly attributable costs of the properties. The Bank does not charge amortisation on land use rights with infinite term. Investment properties which are buildings and structures are depreciated on a straight-line basis over the estimated useful lives from 10 to 20 years.

Leasing**The Bank as lessor**

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred to obtain income from operating leases are recognised as expenses in the year incurred or allocated to expenses over the lease term in accordance with rental income recognition.

The Bank as lessee

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Rentals payable under operating leases are charged to the consolidated income statement on a straight-line basis over the term of the relevant lease.

Prepayments

Prepayments comprise of prepaid expenses for office rental and other prepaid expenses.

Office rental expense represents the amount which has been prepaid to lease the office. Prepaid expense for office rental is amortised in the consolidated income statement using the straight-line method over the rental period.

Other long-term prepayments include repair, maintenance cost for assets, tools and supplies issued for consumption, and are considered to bring future economic benefits to the Bank with term of one year or more. These expenses are capitalised as prepayments and are charged to the consolidated income statement, using the straight-line method over the period of more than one year but not exceeding three years in accordance with prevailing accounting regulations.

Receivables

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

Other receivables are subject to review for provision which is made based on the overdue status or based on the expected loss for the following cases: institutional debtors which have fallen into bankruptcy or have been in the process of dissolution; or individual debtors who are missing, escaped, prosecuted, on trial or pass away even though loans are not overdue. Provision expense incurred is recorded as "Operating expenses" in the consolidated income statement during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) **FORM B 05/TCTD-HN**
These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables (Continued)

The Bank makes provision for overdue receivables in accordance with Circular No. 228/2009/TT-BTC dated 07 December 2009 issued by the Ministry of Finance. Accordingly, provisions for overdue receivables at year end are made based on the following provision rates applied to receivables as at the closing date of the financial year after deducting the value of evaluated collaterals.

| Overdue status | Rate of provision |
|-------------------------------|-------------------|
| From 6 months to below 1 year | 30% |
| From 1 year to below 2 years | 50% |
| From 2 years to below 3 years | 70% |
| From 3 years and above | 100% |

Capital and reserves

Common stocks

Common stocks are classified as owners' equity. Incurred expenses that directly relate to the issuance of common stocks are recognised as a decrease in owners' equity.

Share premium

When capital is received from shareholders, the difference between selling price and par value is recorded as share premium in owners' equity.

Treasury shares

When issued stocks are repurchased, the aggregate amount paid, including expenses that directly relate to the repurchase of stocks, after deducting taxes, is recorded as treasury shares and are stated as a decrease in the owners' equity.

Reserves

Reserves are used for specific purposes and are appropriated from the Bank's profit after tax based on the following regulated ratios:

- Charter capital supplementary reserves: 5% of profit after tax, not exceeding the Bank's charter capital;
- Financial reserve fund: 10% of profit after tax but not exceeding 25% of the Bank's charter capital;
- Bonus fund for the Board of Management, bonus and welfare funds are established in accordance with the Decisions approved in the Annual General Shareholders' meetings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 05/TCTD-HN

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

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Revenue and expenses*****Interest income***

Income from interest is recorded on accrual basis for the loans which are identified as being able to claim both principals and interests on time and the Bank shall not appropriate provisions according to prevailing regulations. The interest amounts which have been recorded as income, in the event that the customer could not pay both principal and interest on the maturity date, would be tracked as off-balance sheet items to urge the collection of those loans. When collected, interests are recorded as income from operating activities.

The accrued interest income arising from the loans that is classified from either group 2 to group 5 according to the criteria set out in Circular 02 and Circular 09 is not recognised in the consolidated income statement for the year. Accrued interest income of impaired loans is recorded as off-balance sheet item and is only recognised in the consolidated income statement when it is actually received.

Interest expense

Interest expenses are recorded in the consolidated income statement on accrual basis.

Income from services

Revenue of a transaction involving the rendering of services is recognised when the outcome of such transactions can be measured reliably. Where a transaction involving the rendering of services is attributable to several periods, revenue is recognised in each period by reference to the percentage of completion of the transaction at the balance sheet date of that period. The outcome of a transaction can be measured reliably when all four (4) following conditions are satisfied:

- (a) The amount of revenue can be measured reliably;
- (b) it is probable that the economic benefits associated with the transaction will flow to the Bank;
- (c) the percentage of completion of the transaction at the balance sheet date can be measured reliably; and
- (d) the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Recognition of dividends and profit received

Cash dividends and profit received from investment activities are recorded into the consolidated income statement when the Bank's right to receive dividends has been established. Stock dividends, which are distributed from profits of joint-stock companies, are not recognised in the consolidated financial statements according to Circular No. 244/2009/TT-BTC dated 31 December 2009 issued by the Ministry of Finance.

Foreign currencies

Transactions arising in currencies other than VND are translated into VND at the exchange rates ruling at the transaction date. Foreign exchange differences arising from these transactions are recognised in the consolidated income statement.

Monetary assets and liabilities denominated in currencies other than VND at the balance sheet date are retranslated into VND at the rates of exchange prevailing on the date. Exchange differences arising from the translation of these accounts are recorded in the "Foreign exchange reserve" in owners' equity on the consolidated balance sheet. The difference is realised to the consolidated income statement at the end of the financial year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) **FORM B 05/TCTD-HN**
These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other provisions

Other provisions are recognised when the Bank has a present obligation as a result of a past event, and it is probable that the Bank will be required to settle that obligation. Other provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the closing date.

Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years (including loss carried forward, if any) and it further excludes items that are never taxable or deductible.

Deferred tax is recognised on differences between carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all temporary differences except that deferred tax liabilities arise from initial recognition of an asset or a liability of a transaction which does not affect the accounting profit or taxable profit (or loss) at the transaction date. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised.

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

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

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

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

Employee benefits

Severance allowance

The Bank's resigned employees are entitled to receive a half month salary and allowances (if any) for each year of employment until 31 December 2008.

Unemployment allowance

In accordance with Circular No. 04/2009/TT-BLDTBXH dated 22 January 2009 providing guidance for implementation of Decree No. 127/2008/ND-CP dated 12 December 2008 on Unemployment Insurance, since 01 January 2009, the Bank has contributed to the Unemployment Insurance Fund an amount equal to 1% of its employees' salaries. Moreover, the Bank has to withhold the same amount from its employees' salaries to contribute to the fund.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 05/TCTD-HN*These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements***5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****Currency derivatives contracts*****Forward and swap contracts***

For currency forward, swap and future contracts, the difference of VND amounts equivalent to the foreign currencies committed for trading between forward exchange rate and spot exchange rate as at effective date of the contract is recognised as “Derivative instruments and other financial assets” when it is positive, or as “Derivative instruments and other financial liabilities” when it is negative. The difference is subsequently amortised in the consolidated income statement as “Net gain/(loss) from trading foreign currencies” over the term of the contracts. As at the balance sheet date, commitments of currency forward, swap and future contracts are re-measured using the official inter-bank exchange rate announced by the State Bank of Vietnam. Gain or loss from revaluation is recorded in “Net gain/loss from trading foreign currencies”.

Currency option contracts

Commitment amount for the currency option contracts is not recognised in the consolidated balance sheet. The option premium paid or received is recorded as receivable or payable from/to derivative transactions, and is amortised to income or expense using straight-line method over the period of the contracts. As at the balance sheet date, unrealised gain or loss arising from selling/buying option contracts are determined based on market price, cost of the contract, sales volume and maturity of the contract, and recorded in the consolidated income statement in “Net gain/loss from trading foreign currencies”.

Related parties

The 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 making decisions on financial and operating policies. A party is considered as a related party with the Bank if:

- (a) Directly or indirectly through one or more intermediaries, the party:
 - Has capability to control the Bank or is controlled by the Bank (including holding company and subsidiaries);
 - Has capital contribution into the Bank that accordingly, gives it significant influence over the Bank;
 - Has joint control over the Bank;
- (b) The party is a joint venture in which the Bank is a venturer;
- (c) The party is a close member of the Bank’s Board of Directors, Board of Management and Board of Supervisors;
- (d) The party is a close member of the family of any individual referred to in (a) or (c);
- (e) The party is a Bank that is controlled, jointly controlled or significantly influenced by, or of which, significant voting power in such Bank resides with, directly or indirectly, any individual referred to in (c) or (d).

Off balance sheet commitments and guarantees

At any time during the course of business, the Bank always has outstanding commitments. These commitments are in the form of approved loans and overdraft facilities. The Bank also provides financial guarantee services to guarantee the contract performance of customers to third parties. These transactions are recorded in the consolidated financial statements when performed or when related expenses are incurred or received.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) **FORM B 05/TCTD-HN**
These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements

6. CASH, GOLD AND GEMSTONES

| | 31/12/2014 | 31/12/2013 |
|------------------------------------|--------------------|--------------------|
| | million VND | million VND |
| Cash in VND | 424,690 | 296,704 |
| Cash in foreign currencies | 100,725 | 105,320 |
| Other precious metal and gemstones | 3,242 | 62,635 |
| | 528,657 | 464,659 |

7. BALANCES WITH THE STATE BANK OF VIETNAM

| | 31/12/2014 | 31/12/2013 |
|--|--------------------|--------------------|
| | million VND | million VND |
| Current account at the State Bank of Vietnam in VND | 2,802,316 | 1,175,797 |
| Current account at the State Bank of Vietnam in foreign currencies | 575,344 | 144,746 |
| | 3,377,660 | 1,320,543 |

Deposit at the State Bank of Vietnam consists of compulsory reserves for deposits and current accounts.

According to Decision No. 379/QD-NHNN dated 24 February 2011, Decision No. 1209/QD-NHNN dated 01 June 2011, Decision No. 1925/QD-NHNN dated 28 August 2011 and Decision No. 1972/QD-NHNN dated 31 August 2011 on compulsory reserves, the Bank is allowed to keep a floating balance at compulsory reserve account.

8. PLACEMENTS WITH AND LOANS TO OTHER CREDIT INSTITUTIONS

| | 31/12/2014 | 31/12/2013 |
|--|--------------------|--------------------|
| | million VND | million VND |
| Placements with other credit institutions | | |
| Demand deposits | 572,684 | 725,073 |
| - In VND | 26,546 | 235,419 |
| - In foreign currencies | 546,138 | 489,654 |
| Term deposits | 14,014,697 | 11,989,626 |
| - In VND | 12,400,000 | 10,201,566 |
| - In foreign currencies | 1,614,697 | 1,788,060 |
| | 14,587,381 | 12,714,699 |
| Loans to other credit institutions | | |
| Loans in VND | 10,710,400 | 15,896,936 |
| - Loans in foreign currencies, gold | 849,840 | 2,734,680 |
| | 11,560,240 | 18,631,616 |
| | 26,147,621 | 31,346,315 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) **FORM B 05/TCTD-HN**
These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements

8. PLACEMENTS WITH AND LOANS TO OTHER CREDIT INSTITUTIONS (Continued)

Actual annual interest rates of placements with and loans to other credit institutions as at the balance sheet date are as follows:

| | <u>31/12/2014</u> | <u>31/12/2013</u> |
|---|-------------------|-------------------|
| | %/annum | %/annum |
| Demand deposits in VND | 1.00 | 1,00 |
| Demand deposits in USD | 0.10 | 0,10 |
| Demand deposits in other foreign currencies | 0.10 | 0,10 |
| Term deposits in VND | 3.50 - 4.40 | 5,25 - 9,00 |
| Term deposits in USD | 0.10 - 1.30 | 0,10 - 2,00 |
| Loans in VND | 4.15 - 6.50 | 5,00 - 12,00 |
| Loans in USD | 0.01 - 1.65 | 0,01 - 2,30 |

9. LOANS TO CUSTOMERS

| | <u>31/12/2014</u> | <u>31/12/2013</u> |
|--|-------------------|-------------------|
| | million VND | million VND |
| Loans to local business entities and individuals | 30,886,780 | 20,167,910 |
| Payments made on behalf of customers | 4,796 | 4,684 |
| Loans by grants, investment trusts | 4,439 | 11,004 |
| Loans to foreign organisations and individuals | 424,920 | - |
| Outstanding loans pending for resolution | 745,182 | 745,182 |
| | <u>32,066,117</u> | <u>20,928,780</u> |

Analysis of loan balances by quality

| | <u>31/12/2014</u> | <u>31/12/2013</u> |
|--|-------------------|-------------------|
| | million VND | million VND |
| Current loans | 28,429,335 | 16,849,625 |
| Special-mentioned loans | 1,995,407 | 2,761,379 |
| Sub-standard loans | 401,589 | 146,340 |
| Doubtful loans | 60,375 | 107,706 |
| Loss loans | 434,229 | 318,548 |
| Outstanding loans pending for resolution (i) | 745,182 | 745,182 |
| | <u>32,066,117</u> | <u>20,928,780</u> |

- (i) Outstanding loans pending for resolution are classified and made provision under the guidance of competent State agencies.

As at 31 December 2014, receivables of SeABank Asset Management Company Limited are added for consolidation purpose and classified as *Special - Mentioned loans* by the Bank.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 05/TCTD-HN
These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements

9. LOANS TO CUSTOMERS (Continued)

Analysis of loan balances by terms

| | 31/12/2014 | 31/12/2013 |
|------------------|--------------------|--------------------|
| | million VND | million VND |
| Short-term loans | 6,227,749 | 6,082,813 |
| Medium loans | 12,307,664 | 6,295,276 |
| Long-term loans | 13,530,704 | 8,550,691 |
| | 32,066,117 | 20,928,780 |

Short-term, medium-term and long-term loans have initial terms of less than 1 year, from 1 year to 5 years and more than 5 years, respectively.

Analysis of loan balances by type of business entity

| | 31/12/2014 | 31/12/2013 |
|---|--------------------|--------------------|
| | million VND | million VND |
| State-owned enterprises | 2,830,194 | 1,010,504 |
| State-owned one-member limited enterprises | 806,515 | 1,131,261 |
| Other limited companies | 10,626,394 | 4,632,346 |
| Joint stock companies with more than 50% of the State's share-holding | 1,571,801 | 1,283,036 |
| Other joint stock companies | 10,363,940 | 9,523,312 |
| Partnership companies | 2,350 | - |
| Private companies | 502,652 | 149,775 |
| Foreign invested enterprises | 459,201 | 501,393 |
| Cooperatives, cooperative unions | 6,195 | 5,155 |
| Household businesses, individuals | 4,692,851 | 2,688,440 |
| Administrative units, party, unions and associations | 204,024 | 3,558 |
| | 32,066,117 | 20,928,780 |

Analysis of loan balances by currency

| | 31/12/2014 | 31/12/2013 |
|-----------------------------|--------------------|--------------------|
| | million VND | million VND |
| Loans in VND | 27,912,095 | 18,007,976 |
| Loans in foreign currencies | 4,154,022 | 2,920,804 |
| | 32,066,117 | 20,928,780 |

SOUTHEAST ASIA COMMERCIAL JOINT STOCK BANK

25 Tran Hung Dao, Hoan Kiem

Hanoi, S.R. Vietnam

Consolidated financial statements

For the year ended 31 December 2014

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 05/TCTD-HN*These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements***9. LOANS TO CUSTOMERS (Continued)****Analysis of loan balances by industry**

| | 31/12/2014 | 31/12/2013 |
|---|--------------------|--------------------|
| | million VND | million VND |
| Agriculture, forestry and aquaculture | 480,755 | 280,114 |
| Mining and quarrying | 982,490 | 1,145,211 |
| Manufacturing and processing | 2,874,142 | 1,583,426 |
| Electricity, petroleum & hot water | 1,423,121 | 978,362 |
| Water supplying, garbage and sewage treatment and management | 31,555 | 27,575 |
| Construction | 4,333,368 | 3,047,309 |
| Wholesale and retail trade, repair of motor vehicles, motor cycles | 4,359,206 | 2,848,608 |
| Transport, warehouse | 3,645,840 | 2,296,955 |
| Hospitality services | 588,940 | 893,322 |
| Information and communications | 112,372 | 85,327 |
| Financial, banking and insurance | 1,175,039 | 167,459 |
| Real estates | 6,097,989 | 2,617,176 |
| Science and technology | 29,350 | 14,413 |
| Administrative activities and supporting service | 1,250,561 | 1,139,564 |
| Party, social-politic agencies, State management, security and national defense, compulsory social security | 18,225 | 8 |
| Education and training | 106,490 | 47,820 |
| Health care and social work | 151,285 | 120,773 |
| Recreational, culture, sporting activities | 664,813 | 745,135 |
| Other service activities | 3,652,250 | 2,843,891 |
| Households | 88,326 | 46,332 |
| | 32,066,117 | 20,928,780 |

Actual annual interest rates of loans to customers as at the balance sheet date are as follows:

| | 31/12/2014 | 31/12/2013 |
|--------------|-------------------|-------------------|
| | %/annum | %/annum |
| Loans in VND | 5.00 - 12.50 | 6.50 - 20.50 |
| Loans in USD | 1.75 - 7.50 | 2.50 - 8.50 |

As at 31 December 2014, a number of loans to Shipbuilding Industry Corporation (formerly known as Vietnam Shipbuilding Industry Group ("Vinashin") and Vietnam National Shipping Lines ("Vinalines") were classified and made provision by the Bank in accordance with official guidance from the Government authorities.

In addition, the Bank is currently recording loans to Falcon Shipping Joint Stock Company ("Falcon") which is a subsidiary of Vinalines in "Loans to customers". According to the Restructuring Project of Vietnam National Shipping Lines for the period of 2012 - 2015 which has been approved in Decision No. 276/QD-TTg dated 04 February 2013 of the Government, Falcon is among the list of companies filing for bankruptcy. Recoverability of loans to Falcon depends on liquidating value of the collaterals and other assets of Falcon which the Bank has the rights to claim in according to Law on Bankruptcy.

Provisions for loan purchases of SeABank Asset Management Company Limited (the "Company") are currently made in accordance with financial regulations applicable to debts management and assets exploitation companies. The level of these provisions is made not as regulated in the policy of provision for credit losses applied by the Bank because the Company is carrying out collateral liquidation of these receivables, consequently the recovery value from collateral has not yet been measured reliably.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) **FORM B 05/TCTD-HN**
These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements

10. PROVISIONS FOR CREDIT LOSSES OF LOANS TO CUSTOMERS AND OFF-BALANCE SHEET COMMITMENTS

Details of provision for credit losses of loans to customers and off-balance sheet commitments:

| | <u>31/12/2014</u> | <u>31/12/2013</u> |
|--|-------------------|-------------------|
| | million VND | million VND |
| Provisions for credit losses of loans to customers | 497,783 | 505,799 |
| Provision for off-balance sheet commitments | - | 1,649 |
| | <u>497,783</u> | <u>507,448</u> |

Movement in provision for credit losses of loans to customers and off balance sheet commitments:

| | <u>General provision</u> | <u>Specific provision</u> | <u>Off balance sheet commitment provision</u> | <u>Total</u> |
|---|------------------------------|-------------------------------|---|----------------|
| | million VND | million VND | million VND | million VND |
| As at 01/01/2014 | 128,706 | 377,093 | 1,649 | 507,448 |
| Provision charged for the year (See Note 31) | 84,060 | 49,281 | (1,649) | 131,692 |
| Provision utilised in the year | - | (114,115) | - | (114,115) |
| Reversal of provision due to sale of loans to VAMC | - | (27,242) | - | (27,242) |
| As at 31/12/2014 | <u>212,766</u> | <u>285,017</u> | <u>-</u> | <u>497,783</u> |

As at 31 December 2014, the Bank classified loans to customers as prescribed in Article 10 of Circular 02, Circular 09 and other applicable regulations issued by authorised State agencies. Provisions for credit losses as at 31 December 2014 are appropriated based on loan classification results as at 30 November 2014.

As at 31 December 2013, the Bank classified loans to customers as prescribed in Article 6 Decision 493, Decision 18 and other applicable regulations issued by authorised State agencies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) **FORM B 05/TCTD-HN**
These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements

11. INVESTMENT SECURITIES

| | 31/12/2014 | 31/12/2013 |
|---|-------------------|-------------------|
| | million VND | million VND |
| Available for sales investment securities | 10,830,517 | 10,643,435 |
| <i>Debt securities</i> | <i>10,830,517</i> | <i>10,643,435</i> |
| Government bonds | 3,606,604 | 6,553,054 |
| Debt securities issued by other local credit institutions | 1,850,000 | 50,000 |
| Debt securities issued by local business entities | 5,373,913 | 4,040,381 |
| Held to maturity investment securities | 1,492,289 | 7,592,246 |
| Equity securities issued by other local credit institutions | 500,000 | 7,103,600 |
| Equity securities issued by local business entities | 992,289 | 488,646 |
| | 12,322,806 | 18,235,681 |
| Provision for impairment of available-for-sale investment securities | (38,067) | (1,868) |
| Provision for diminution in value of held to maturity investment securities | (33,856) | - |
| | 12,250,883 | 18,233,813 |

Listing status of investment securities:

| | 31/12/2014 | 31/12/2013 |
|---|-------------------|-------------------|
| | million VND | million VND |
| Available-for-sale investment securities | | |
| <i>Debt securities</i> | | |
| Government bonds | | |
| - Listed | 3,606,604 | 6,553,054 |
| Debt securities issued by other local credit institutions | | |
| - Listed | 50,000 | 50,000 |
| - Unlisted | 1,800,000 | - |
| Debt securities issued by local business entities | | |
| - Unlisted | 5,373,913 | 4,040,381 |
| Held-to-maturity investment securities | | |
| Debt securities issued by other local credit institutions | | |
| - Unlisted | 500,000 | 7,103,600 |
| Debt securities issued by local business entities | | |
| - Unlisted (i) | 992,289 | 488,646 |
| | 12,322,806 | 18,235,681 |

- (i) Unlisted held-to-maturity investment securities include special bonds issued by Vietnam Asset Management Company (VAMC) and Debt and Asset Trading Corporation (DATC) with the amount of VND 672,925 million (31 December 2013: VND 169,282 million) and VND 319,364 million (31 December 2013: VND 319,364 million) respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 05/TCTD-HN
These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements

11. INVESTMENT SECURITIES (Continued)

Quality status of bonds issued by unlisted companies

| | 31/12/2014 | 31/12/2013 |
|-------------------------|--------------------|--------------------|
| | Million VND | Million VND |
| Current loans | 5,373,913 | 4,040,381 |
| Special-mentioned loans | - | - |
| Sub-standard loans | - | - |
| Doubtful loans | - | - |
| Loss loans | - | - |

12. PROVISIONS FOR IMPAIRMENT OF INVESTMENT SECURITIES

As at 31 December 2014, the Bank classified debt securities issued by unlisted economic organisations as prescribed in Article 10 Circular 02 and Circular 09. Provisions for impairment of debt securities issued by unlisted economic organisations as at 31 December 2014 are appropriated based on the debt classification results as at 30 November 2014.

As at 31 December 2014, all debt securities issued by unlisted economic organisations are classified in current debt group.

Provisions balances as at 31 December 2013 was general provisions for debt securities issued by economic organisations as prescribed in Circular No. 28/2011/TT-NHNN dated 01 September 2011 by the State Bank of Viet Nam.

Details of movements of provisions for impairment of investment securities for the year ended 31 December 2014 as below:

| | General provisions for impairment of AFS securities million VND | Specific provisions for impairment of AFS securities million VND | General provisions for held to maturity securities million VND | Specific provisions for investment securities (*) million VND | Total million VND |
|------------------------------------|--|---|---|--|------------------------------|
| As at 01/01/2014 | 1,868 | - | - | - | 1,868 |
| Provisions made during the year | 36,199 | - | - | 33,856 | 70,055 |
| As at 31/12/2014 | 38,067 | - | - | 33,856 | 71,923 |

(*) Specific provisions for investment securities as at 31 December 2014 reflected provisions for special bonds issued by VAMC and received by SeABank in 2013. Appropriation rate is 20% on the face value of bonds.

SOUTHEAST ASIA COMMERCIAL JOINT STOCK BANK

25 Tran Hung Dao, Hoan Kiem

Hanoi, S.R. Vietnam

Consolidated financial statements

For the year ended 31 December 2014

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 05/TCTD-HN*These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements***13. LONG-TERM INVESTMENTS AND CAPITAL CONTRIBUTION**

Detail of other long-term investments:

| | 31/12/2014 | | | 31/12/2013 | | |
|--|----------------|----------------|--------------------|----------------|----------------|--------------------|
| | Par value | Carrying value | Ownership interest | Par value | Carrying value | Ownership interest |
| | million VND | million VND | % | million VND | million VND | % |
| Business entities | | | | | | |
| Vietcombank Fund 1 | - | - | - | 6,600 | 6,600 | 11 |
| Smartlink Card JSC | 2,600 | 2,000 | 4.00 | 2,000 | 2,000 | 4 |
| Bao Minh Securities JSC | 15,000 | 15,000 | 5.00 | 15,000 | 15,000 | 5 |
| AJC Joint Stock Company | 20,600 | 24,102 | 10.00 | 20,600 | 24,102 | 10 |
| Vietcombank Cardiff Life Insurance Company Limited | 72,000 | 72,000 | 12.00 | 72,000 | 72,000 | 12 |
| Nam Dinh Oil and Gas Petroleum JSC | 4,163 | 4,163 | 8.33 | 4,163 | 4,163 | 8,33 |
| Thua Thien Hue Oil and Gas Petroleum JSC | 4,800 | 4,800 | 6.00 | 4,800 | 4,800 | 6 |
| Saigon Oil and Gas Petroleum JSC | 10,000 | 10,000 | 5.00 | 10,000 | 10,000 | 5 |
| Vung Tau Oil and Gas Petroleum JSC | 10,000 | 10,000 | 8.33 | 10,000 | 10,000 | 8,33 |
| Phu My Oil and Gas Production and Processing JSC | 11,000 | 11,000 | 2.20 | 11,000 | 11,000 | 2,20 |
| Tay Ninh Oil and Gas Petroleum JSC | 12,470 | 12,470 | 10 | 12,470 | 12,470 | 10 |
| Thai Binh Oil and Gas Petroleum JSC | 10,152 | 10,152 | 7.81 | 10,152 | 10,152 | 7,81 |
| Hanoi Oil and Gas Petroleum JSC | 7,500 | 7,500 | 3.00 | 7,500 | 7,500 | 3 |
| | 180,285 | 183,187 | | 186,285 | 189,787 | |

SOUTHEAST ASIA COMMERCIAL JOINT STOCK BANK

25 Tran Hung Dao, Hoan Kiem

Hanoi, S.R. Vietnam

Consolidated financial statements

For the year ended 31 December 2014

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 05/TCTD-HN*These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements***14. TANGIBLE FIXED ASSETS**

| | Building, structures | Office equipment | Motor vehicles | Others | Total |
|---|---------------------------------|-----------------------------|---------------------------|--------------------|--------------------|
| | million VND | million VND | million VND | million VND | million VND |
| Cost | | | | | |
| As at 01/01/2014 | 3,893 | 260,503 | 139,186 | 8,045 | 411,627 |
| Acquisitions during the year | 444 | 13,027 | 22,095 | 779 | 36,345 |
| Transfer from construction in progress | 132 | - | - | - | 132 |
| Other additions | - | 1,277 | 360 | 243 | 1,880 |
| Disposals | (134) | (1,141) | (439) | (99) | (1,813) |
| Other decreases | (326) | (1,305) | - | (680) | (2,311) |
| As at 31/12/2014 | 4,009 | 272,361 | 161,202 | 8,288 | 445,860 |
| Accumulated depreciation | | | | | |
| As at 01/01/2014 | 2,607 | 104,824 | 85,483 | 5,962 | 198,876 |
| Depreciation charged for the year | 727 | 21,459 | 11,764 | 979 | 34,929 |
| Other additions | - | - | 889 | 136 | 1,025 |
| Disposals | (134) | (1,141) | (434) | (99) | (1,808) |
| Other decreases | (220) | (471) | (366) | (305) | (1,362) |
| As at 31/12/2014 | 2,980 | 124,671 | 97,336 | 6,673 | 231,660 |
| Net book value | | | | | |
| As at 31/12/2014 | 1,029 | 147,690 | 63,866 | 1,615 | 214,200 |
| As at 31/12/2013 | 1,286 | 155,679 | 53,703 | 2,083 | 212,751 |

15. INTANGIBLE FIXED ASSETS

| | Computer software | Others | Total |
|--------------------------------------|------------------------------|--------------------|--------------------|
| | million VND | million VND | million VND |
| Cost | | | |
| As at 01/01/2014 | 125,697 | 6,362 | 132,059 |
| Acquisitions during the year | 6,664 | - | 6,664 |
| As at 31/12/2014 | 132,361 | 6,362 | 138,723 |
| Accumulated amortization | | | |
| As at 01/01/2014 | 54,832 | 3,099 | 57,931 |
| Amortization charged for the year | 6,518 | 622 | 7,140 |
| As at 31/12/2014 | 61,350 | 3,721 | 65,071 |
| Net book value | | | |
| As at 31/12/2014 | 71,011 | 2,641 | 73,652 |
| As at 31/12/2013 | 70,865 | 3,263 | 74,128 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) **FORM B 05/TCTD-HN**
These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements

16. INVESTMENT PROPERTIES

| | Indefinite land-use rights million VND | Properties million VND | Total million VND |
|-----------------------------------|--|---------------------------|----------------------|
| Cost | | | |
| As at 01/01/2014 | 316,826 | 12,285 | 329,111 |
| Disposals | (5,606) | (2,717) | (8,323) |
| As at 31/12/2014 | <u>311,220</u> | <u>9,568</u> | <u>320,788</u> |
| Accumulated amortization | | | |
| As at 01/01/2014 | - | 1,287 | 1,287 |
| Amortization charged for the year | - | 980 | 980 |
| Disposals | - | (407) | (407) |
| As at 31/12/2014 | - | <u>1,860</u> | <u>1,860</u> |
| Net book value | | | |
| As at 31/12/2014 | <u>311,220</u> | <u>7,708</u> | <u>318,928</u> |
| As at 31/12/2013 | <u>316,826</u> | <u>10,998</u> | <u>327,824</u> |

17. OTHER ASSETS

| | 31/12/2014 million VND | 31/12/2013 million VND |
|---|---------------------------|---------------------------|
| External receivables | 2,409,595 | 4,604,804 |
| Receivables from selling investments | 1,134,452 | 1,430,897 |
| Purchases of assets | 401,523 | 1,418,049 |
| Receivables from trading bad debts | 302,955 | 978,729 |
| Due loans | 323,415 | 337,626 |
| Receivables from technical support project | 64,706 | 66,967 |
| Deposits for office rental | 18,838 | 83,787 |
| Advances to suppliers | 36,952 | 83,513 |
| Deductible input VAT | 19,179 | 9,231 |
| Receivables from SBV regarding interest subsidy program | 1,422 | 1,422 |
| Other external receivables | 106,153 | 194,583 |
| Internal receivables | 82,313 | 67,870 |
| Advances for operating activities | 48,113 | 34,554 |
| Shortage of assets awaiting for resolution | 13,423 | 13,463 |
| Other internal receivables | 20,777 | 19,853 |
| Interests and fees receivable | 1,698,917 | 1,798,418 |
| Prepaid expenses | 766,893 | 778,714 |
| Provisions for diminution in value of other assets | (203) | - |
| Foreclosed assets of which ownership has been transferred to credit institutions | 553,595 | - |
| Other assets | 786 | 1,825 |
| | <u>5,511,896</u> | <u>7,251,631</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) **FORM B 05/TCTD-HN**
These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements

18. DEPOSITS AND BORROWINGS FROM OTHER CREDIT INSTITUTIONS

| | <u>31/12/2014</u> | <u>31/12/2013</u> |
|----------------------------------|--------------------------|--------------------------|
| | million VND | million VND |
| Demand deposits | 26,938 | 229,011 |
| - In VND | 2,218 | 204,535 |
| - In gold and foreign currencies | 24,720 | 24,476 |
| Term deposits | 15,664,380 | 9,201,260 |
| - In VND | 15,027,000 | 8,465,000 |
| - In gold and foreign currencies | 637,380 | 736,260 |
| Borrowings | 9,905,011 | 24,331,116 |
| - In VND | 9,048,000 | 19,696,500 |
| - In gold and foreign currencies | 857,011 | 4,634,616 |
| | <u>25,596,329</u> | <u>33,761,387</u> |

Actual annual interest rates of other credit institutions' deposits as at the balance sheet date are as follows:

| | <u>31/12/2014</u> | <u>31/12/2013</u> |
|---------------------------------------|-------------------|-------------------|
| | %/annum | %/annum |
| Demand deposits in VND | 1.00 | 1.00 |
| Demand deposits in foreign currencies | 0.10 | 0.10 |
| Term deposits in VND | 3.20 - 4.75 | 3.50 - 9.00 |
| Term deposits in foreign currencies | 1.20 - 1.30 | 0.50 - 2.10 |

19. DEPOSITS FROM CUSTOMERS

Analysis by the type of deposits

| | <u>31/12/2014</u> | <u>31/12/2013</u> |
|---|--------------------------|--------------------------|
| | million VND | million VND |
| Demand deposits | 6,818,605 | 3,790,199 |
| - Demand deposits in VND | 4,454,676 | 2,768,632 |
| - Demand saving deposits in VND | 24,738 | 29,083 |
| - Demand deposits in gold, foreign currencies | 2,339,190 | 992,483 |
| - Demand saving deposits in gold, foreign currencies | 1 | 1 |
| Term deposits | 38,130,296 | 32,197,042 |
| - Term deposits in VND | 16,829,617 | 13,678,202 |
| - Term saving deposits in VND | 17,053,325 | 14,276,400 |
| - Term deposits in gold, foreign currencies | 939,651 | 1,017,933 |
| - Term saving deposits in gold, foreign currencies | 3,307,703 | 3,224,507 |
| Deposits for specific purpose | 6,285 | 158,885 |
| - Deposits for specific purpose in VND | 6,012 | 10 |
| - Deposits for specific purpose in foreign currencies | 273 | 158,875 |
| Margin deposits | 74,950 | 37,296 |
| - Margin deposits in VND | 60,187 | 22,836 |
| - Margin deposits in gold, foreign currencies | 14,763 | 14,460 |
| | <u>45,030,136</u> | <u>36,183,422</u> |

SOUTHEAST ASIA COMMERCIAL JOINT STOCK BANK

25 Tran Hung Dao, Hoan Kiem

Hanoi, S.R. Vietnam

Consolidated financial statements

For the year ended 31 December 2014

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 05/TCTD-HN*These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements***19. DEPOSITS FROM CUSTOMERS (Continued)****Analysis by type of customers and type of business entity**

| | 31/12/2014 | 31/12/2013 |
|---|--------------------|--------------------|
| | million VND | million VND |
| State-owned enterprises | 99,174 | 14,206,266 |
| State-owned one-member limited enterprises | 8,736,664 | 483,120 |
| Other limited companies | 1,046,115 | 591,094 |
| Joint stock companies with more than 50% of the State's share-holding | 9,827,391 | - |
| Other joint stock companies | 3,031,620 | 1,522,117 |
| Partnership companies | 360 | 10 |
| Private companies | 104,776 | 19,439 |
| Foreign invested enterprises | 1,317,816 | 1,402,995 |
| Cooperatives, cooperative unions | 1,721 | 272 |
| Household businesses, individuals | 20,799,906 | 17,841,533 |
| Administrative units, Party, unions and associations | 64,527 | 116,576 |
| Others | 66 | - |
| | 45,030,136 | 36,183,422 |

20. GRANTS, TRUSTED FUNDS AND BORROWINGS AT RISK OF CREDIT INSTITUTION

Grants, trusted funds and borrowings at risk of credit institution represent credit contracts on Rural Development III Project (RDF III) between the Bank and Joint Stock Commercial Bank for Investment and Development of Vietnam ("BIDV").

21. VALUABLE PAPERS ISSUED

Represent bonds issued by the Bank with term of 10 years during the year and annual interest rate ranging from 8.0% p.a. to 8.5% p.a.

22. PAYABLES AND OTHER LIABILITIES

| | 31/12/2014 | 31/12/2013 |
|---|--------------------|--------------------|
| | million VND | million VND |
| Interest and fees payable | 598,083 | 818,943 |
| Payables and other liabilities | 357,143 | 839,302 |
| <i>Payables for technical support program</i> | 62,919 | 79,488 |
| <i>Tax payables</i> | 19,754 | 44,750 |
| <i>Payables for purchase of loan</i> | - | 546,506 |
| <i>Dividend payables to shareholders</i> | 124,510 | - |
| <i>Other payables</i> | 149,960 | 168,558 |
| Provisions for off-balance sheet commitments | - | 1,649 |
| | 955,226 | 1,659,894 |

SOUTHEAST ASIA COMMERCIAL JOINT STOCK BANK

25 Tran Hung Dao, Hoan Kiem

Hanoi, S.R. Vietnam

Consolidated financial statements
For the year ended 31 December 2014

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

FORM B 05/TCTD-HN

23. CAPITAL AND CHANGES IN OWNERS' EQUITY AND RESERVES

The movement of major items in owner's capital

| | Charter capital Million VND | Other owners' equity Million VND | Retained earnings Million VND | Financial reserve Million VND | Capital supplementary reserve Million VND | Other reserves | | Total Million VND |
|---|--------------------------------|-------------------------------------|----------------------------------|----------------------------------|--|----------------|-------------|----------------------|
| | | | | | | Million VND | Million VND | |
| As at 01/01/2013 | 5,334,656 | 55 | 44,832 | 34,510 | 72,036 | 96,020 | | 5,582,109 |
| Capital increase due to dividend declaration | 131,170 | - | (35,152) | - | - | (96,018) | | - |
| Allocation to reserves from profit after tax 2012 | - | - | (9,327) | - | - | - | | (9,327) |
| Profit for the year | - | - | 151,697 | - | - | - | | 151,697 |
| Allocation to reserves | - | - | (22,754) | 15,170 | 7,584 | - | | - |
| Other decreases | - | - | (354) | - | - | - | | (354) |
| As at 01/01/2014 | 5,465,826 | 55 | 128,942 | 49,680 | 79,620 | | 2 | 5,724,125 |
| Allocation to reserves from profit after tax 2013 (i) | - | - | (4,382) | - | - | - | | (4,382) |
| Profit for the year | - | - | 86,878 | - | - | - | | 86,878 |
| Dividend declaration (ii) | - | - | (124,510) | - | - | - | | (124,510) |
| Allocation to reserves in 2014 | - | - | (13,026) | 8,684 | 4,342 | - | | - |
| Other decrease | - | - | (87) | - | - | - | | (87) |
| As at 31/12/2014 | 5,465,826 | 55 | 73,815 | 58,364 | 83,962 | | 2 | 5,682,024 |

(i) Profit after tax 2013 is allocated to Bonus and Welfare fund which is reclassified into Other payables and liabilities according to Circular 10.

(ii) Dividend declaration in 2014 is made according to Decision No. 1483/2014/QĐ-HDQT dated 01 December 2014. The payment of dividends will be made in cash from 03 January 2015.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 05/TCTD-HN
These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements

23. CAPITAL AND CHANGES IN OWNERS' EQUITY AND RESERVES (Continued)

Share capital

| | 31/12/2014 | | 31/12/2013 | |
|-------------------------------------|----------------|-------------|----------------|-------------|
| | Total (shares) | million VND | Total (shares) | million VND |
| Number of issued shares | | | | |
| Common shares | 546,582,589 | 5,465,826 | 546,582,589 | 5,465,826 |
| Number of outstanding shares | | | | |
| Common shares | 546,582,589 | 5,465,826 | 546,582,589 | 5,465,826 |

Nominal value of the Bank's ordinary share is VND 10,000. Each share is entitled to one vote at the Bank's General Shareholders' Meeting. Shareholders are entitled to receive dividend as declared from each point time. All ordinary shares have equal rights and obligations towards the Bank's residual assets.

24. INTEREST AND SIMILAR INCOME

| | 2014 | 2013 |
|-------------------------------------|------------------|------------------|
| | million VND | million VND |
| Interest from deposits | 727,526 | 1,383,387 |
| Interest from loans to customers | 2,427,848 | 2,221,856 |
| Interest from debt securities | 974,494 | 1,168,492 |
| Income from sales of debts | 21,922 | - |
| Income from guarantee services | 6,785 | 1,592 |
| Other income from credit activities | 10,662 | 32,269 |
| | 4,169,237 | 4,807,596 |

25. INTEREST AND SIMILAR EXPENSES

| | 2014 | 2013 |
|--|------------------|------------------|
| | million VND | million VND |
| Interest expense on deposits | 2,669,940 | 3,266,147 |
| Interest expense on borrowings | 702,860 | 577,183 |
| Interest expense on valuable papers issued | 62,506 | 94,021 |
| Expenses on other credit activities | 9,706 | 6,531 |
| | 3,445,012 | 3,943,882 |

SOUTHEAST ASIA COMMERCIAL JOINT STOCK BANK

25 Tran Hung Dao, Hoan Kiem

Hanoi, S.R. Vietnam

Consolidated financial statements

For the year ended 31 December 2014

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**FORM B 05/TCTD-HN***These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements***26. NET GAIN FROM SERVICE ACTIVITIES**

| | 2014 | 2013 |
|---------------------------------------|---------------|---------------|
| | million VND | million VND |
| Income from services | 65,427 | 60,754 |
| Income from remittance services | 25,391 | 18,775 |
| Income from funding activities | 6,351 | 4,421 |
| Income from trust and agency services | 9 | 13 |
| Others | 33,676 | 37,545 |
| Expense on services | 26,887 | 34,799 |
| Expense on remittance services | 4,344 | 4,135 |
| Expense on funding activities | 4,012 | 3,781 |
| Others | 18,531 | 26,883 |
| | 38,540 | 25,955 |

27. NET GAIN FROM TRADING FOREIGN CURRENCIES

| | 2014 | 2013 |
|--|---------------|---------------|
| | million VND | million VND |
| Income from trading foreign currencies | 14,425 | 28,872 |
| - Income from trading foreign currencies | 12,674 | 27,999 |
| - Income from trading gold | 1,377 | 714 |
| - Income from trading derivative financial instruments | 374 | 159 |
| Expenses from trading foreign currencies | 1,495 | 18,148 |
| - Expenses from trading foreign currencies | 1,291 | 8,442 |
| - Expenses from trading gold | 1 | 8,210 |
| - Expenses from trading derivative financial instruments | 203 | 1,496 |
| Net gain from trading foreign currencies | 12,930 | 10,724 |

28. NET GAIN FROM SECURITIES TRADING ACTIVITY

| | 2014 | 2013 |
|--|----------------|--------------|
| | million VND | million VND |
| Income from trading of investment in AFS securities | 307,353 | 5,958 |
| Expense from trading of investment in AFS securities | (497) | (120) |
| Provision for impairment of investment in AFS securities | - | - |
| Net gain from investment in AFS securities | 306,856 | 5,838 |
| Income from trading of investment in trading securities | 1,168 | - |
| Net gain from trading of investment in trading securities | 308,024 | 5,838 |

SOUTHEAST ASIA COMMERCIAL JOINT STOCK BANK

25 Tran Hung Dao, Hoan Kiem

Hanoi, S.R. Vietnam

Consolidated financial statements

For the year ended 31 December 2014

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**FORM B 05/TCTD-HN***These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements***29. INCOME FROM CAPITAL CONTRIBUTION, EQUITY INVESTMENTS**

| | 2014 | 2013 |
|---|--------------------|--------------------|
| | million VND | million VND |
| Income from disposal equity investments | - | 144,353 |
| Dividend income | 7,264 | 5,882 |
| | 7,264 | 150,235 |

30. OPERATING EXPENSES

| | 2014 | 2013 |
|--|--------------------|--------------------|
| | million VND | million VND |
| Taxes and fees | 32,144 | 25,489 |
| Staff cost | | |
| - Salaries and allowances | 230,368 | 193,458 |
| - Expenses for uniforms and labour protection measures | 73 | 17 |
| - Salary-based expenses | 17,805 | 10,760 |
| - Other benefits | 626 | 539 |
| - Other staff cost | 13,513 | 11,104 |
| Expenses for fixed assets | | |
| - Depreciation and amortization expenses | 41,939 | 64,767 |
| - Others | 183,198 | 160,198 |
| Expenses for operating management | | |
| - Per diem | 11,550 | 9,919 |
| - Expenses for union activities | 146 | 495 |
| - Others | 120,895 | 127,393 |
| Insurance premium for customers' deposits | 21,711 | 19,592 |
| Other operating expenses | 106,152 | 177,427 |
| | 780,120 | 801,158 |

31. PROVISION EXPENSES FOR CREDIT LOSSES

| | 2014 | 2013 |
|--|--------------------|--------------------|
| | million VND | million VND |
| Provisions for credit losses of loans to customers (See details in Note 10) | 133,341 | 73,273 |
| (Reverted) provisions for off balance sheet items (See in details in Note 10) | (1,649) | - |
| Provisions for special bonds issued by VAMC (See in details in Note 12) | 33,856 | - |
| Provisions for bonds issued by unlisted companies (See in details in Note 12) | 36,199 | - |
| | 201,747 | 73,273 |

SOUTHEAST ASIA COMMERCIAL JOINT STOCK BANK

25 Tran Hung Dao, Hoan Kiem

Hanoi, S.R. Vietnam

Consolidated financial statements

For the year ended 31 December 2014

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**FORM B 05/TCTD-HN***These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements***32. CORPORATE INCOME TAX EXPENSE**

| | 2014 | 2013 |
|---|----------------|----------------|
| | million VND | million VND |
| <i>Operating activities</i> | | |
| Profit before corporate income tax | 109,661 | 200,368 |
| <i>Adjustments for:</i> | | |
| - Non-deductible expenditures | 1,197 | 196 |
| - Non-taxable dividends income and profits received | (7,264) | (5,883) |
| - Gain from real estate transferred | (685) | (14,995) |
| Taxable profit from operating activities | 102,909 | 179,686 |
| <i>Real estate transfer</i> | | |
| Income from real estate transferred | 8,607 | 27,918 |
| Expense from real estate transferred | (7,922) | (12,923) |
| Taxable profit from real estate transfer | 685 | 14,995 |
| Taxable profit | 103,594 | 194,681 |
| Corporate income tax rate | 22% | 25% |
| Current corporate income tax expense | 22,791 | 48,671 |
| Other adjustments | (8) | - |
| Total corporate income tax expense | 22,783 | 48,671 |

33. BASIC EARNINGS PER SHARE

| | 2014 | 2013 |
|---|-------------|-------------|
| Earnings for the purposes of basic earnings per share (million VND) | 86,878 | 151,697 |
| Weighted average number of ordinary shares for the purposes of basic earnings shares | 546,582,589 | 546,582,589 |
| Earnings per share (VND) | 159 | 278 |

34. CASH AND CASH EQUIVALENTS

Cash and cash equivalents presented on the consolidated cash flow statement include the items in the consolidated balance sheet:

| | 31/12/2014 | 31/12/2013 |
|--|-------------------|-------------------|
| | million VND | million VND |
| Cash, gold and gemstones (*) | 528,657 | 464,659 |
| Deposit at the State Bank of Vietnam (*) | 3,377,660 | 1,320,543 |
| Current deposit at other credit institutions | 572,684 | 725,073 |
| Deposit at other credit institutions with term of less than 3 months | 14,014,697 | 11,989,626 |
| | 18,493,698 | 14,499,901 |

(*) Balance of cash, gold and gemstones and deposits with the State Bank of Vietnam are presented at Note 6 and Note 7.

SOUTHEAST ASIA COMMERCIAL JOINT STOCK BANK

25 Tran Hung Dao, Hoan Kiem

Hanoi, S.R. Vietnam

Consolidated financial statements

For the year ended 31 December 2014

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**FORM B 05/TCTD-HN***These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements***35. EMPLOYEE'S BENEFITS**

| | 2014 | 2013 |
|--|--------------|--------------|
| I. Total number of employees (person) | 2,133 | 2,015 |
| II. Employees' income (million VND) | | |
| 1. Total salary fund | 243,881 | 217,971 |
| 2. Bonus | 1,515 | - |
| 3. Total income (1+2) | 245,396 | 217,971 |
| 4. Average monthly salary | 9.53 | 9.01 |
| 5. Average monthly income | 9.59 | 9.01 |

36. THE BANK'S OBLIGATIONS TO THE STATE BUDGET

| | Opening balance million VND | Movement during the year | | Closing balance million VND |
|----------------------|--------------------------------|--------------------------|---------------------|--------------------------------|
| | | Payables million VND | Paid million VND | |
| Value Added Tax | 2,658 | 14,411 | (16,081) | 988 |
| Corporate Income Tax | 40,605 | 22,783 | (46,132) | 17,256 |
| Other taxes | 1,487 | 8,976 | (8,953) | 1,510 |
| | 44,750 | 46,170 | (71,166) | 19,754 |

37. CONTINGENT LIABILITIES AND COMMITMENTS

In normal course of business, the Bank uses financial instrument which are related to off balance sheet items. These financial instruments mainly comprise financial guarantees and commercial letters of credit. These instruments involve elements of credit risk apart from those recognised in the consolidated balance sheet.

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

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

Letter of credit (L/C) transaction is a transaction where the Bank issues financial guarantees to its customers (buyer or importer) in which seller or the exporter is the beneficiary. There are 2 types of L/C analysed by term: L/C at sight and usance L/C.

Credit risk of L/C is limited if the Bank can manage the receipt of goods. Usance L/C represents higher risk than L/C at sight. If the Bank makes payment to the beneficiary under L/C or financial guarantees but the Bank's customer does not reimburse to the Bank, the Bank has the right to record a loan to the customer under their agreement before issuing L/C or financial guarantees.

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

SOUTHEAST ASIA COMMERCIAL JOINT STOCK BANK

25 Tran Hung Dao, Hoan Kiem

Hanoi, S.R. Vietnam

Consolidated financial statements

For the year ended 31 December 2014

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**FORM B 05/TCTD-HN***These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements***37. CONTINGENT LIABILITIES AND COMMITMENTS (Continued)**

Detail of contingent liabilities and commitments as at 31 December 2014:

| | 31/12/2014 | 31/12/2013 |
|-------------------------------|----------------|----------------|
| | million VND | million VND |
| Contingent liabilities | 499,997 | 233,665 |
| L/C guarantees | 284,646 | 143,947 |
| Other guarantees | 215,351 | 89,718 |

38. GEOGRAPHICAL STRUCTURE OF ASSETS, LIABILITIES AND OFF-BALANCE SHEET ITEMS

| | Total loan balance | Total placements and loans (Assets) | Total borrowings and deposits (Liabilities) | Credit commitments | Securities trading and investment (Difference between debit - credit) |
|----------|--------------------------|--|--|-----------------------|---|
| | million VND | million VND | million VND | million VND | million VND |
| Domestic | 32,066,117 | 29,525,281 | 73,546,418 | 499,997 | 12,322,806 |
| Overseas | - | - | - | - | - |
| | 32,066,117 | 29,525,281 | 73,546,418 | 499,997 | 12,322,806 |

39. RELATED PARTY TRANSACTIONS AND BALANCES

During the course of operations, the Bank had deposits, borrowings and other transactions with its related parties.

List of related parties:

| <i>Related parties</i> | <i>Relationship</i> |
|---|-------------------------------|
| Societe Generale S.A | Major shareholder |
| SeABank Asset Management One Member Limited | Subsidiary |
| Company | |
| Opera House Hotel Company Limited | Having mutual BOD/BOM members |

Significant transactions with related parties during the year:

| | 2014 | 2013 |
|-------------------------------------|-------------|-------------|
| | million VND | million VND |
| <i>Societe Generale Bank</i> | | |
| Interest income | 9 | 10 |

SOUTHEAST ASIA COMMERCIAL JOINT STOCK BANK

25 Tran Hung Dao, Hoan Kiem

Hanoi, S.R. Vietnam

Consolidated financial statements

For the year ended 31 December 2014

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**FORM B 05/TCTD-HN***These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements***39. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)**

Significant balances with related parties as at the balance sheet date:

| | <u>31/12/2014</u> | <u>31/12/2013</u> |
|---|--|---|
| | million VND | million VND |
| <i>Societe Generale Bank</i> | | |
| Demand deposit of Societe Generale Bank | 24,720 | 20,005 |
| Demand deposit of Societe Generale Bank - United State of America | 16,815 | 16,595 |
| Demand deposit of Societe Generale Bank - Paris | 9,620 | 46,126 |
| Balances as at 31/12/2014 with other related parties | Deposits to SeABank million VND | Loans due to SeABank million VND |
| Opera House Hotel Company Limited | 45,819 | 56,478 |
| Balances as at 31/12/2013 with other related parties | Deposits to SeABank million VND | Loans due to SeABank million VND |
| Opera House Hotel Company Limited | 76,878 | 102,257 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**FORM B 05/TCTD-HN***These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements***40. FINANCIAL INSTRUMENTS**

On 06 November 2009, the Ministry of Finance issued Circular No. 210/2009/TT-BTC ("Circular 210") guiding the application of International Financial Reporting Standards on presentation of financial statements and disclosures of financial instruments, which is effective for the financial year began on or after 01 January 2011. Circular 210 provides the definitions of the financial instruments, including financial assets and financial liabilities, derivatives and equity instruments as well as requirements on classification, presentation and disclosure of these instruments.

As Circular 210 only regulates the presentation and disclosure of financial instruments, the following terms under Circular 210 are adopted for Note 40 of the consolidated financial statements. Assets and liabilities of the Bank are recognised in accordance with Vietnamese Accounting Standards, accounting regime applicable to credit institutions in Vietnam and legal regulations relating to financial reporting.

Financial assets

Under Circular 210, the Bank's financial assets includes cash, gold, gemstones, balances with the State Bank of Vietnam, placements with and loans to other credit institutions, loans to customers, trading securities, investment securities, other long-term investments, interest and fee receivables, other receivables and other assets.

Financial assets within the scope of Circular 210 are classified, for disclosures in the consolidated financial statements, into either of the followings:

- *Financial assets at fair value through profit and loss:*

Financial asset at fair value through profit and loss is a financial asset that meets either of the following conditions:

- a) 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 the derivative that is a financial guarantee contract or effective hedging instrument).

- b) Upon initial recognition, it is designated by the Bank as at fair value through profit or loss.

- *Held-to-maturity investments:*

Held-to-maturity investments are non-derivative financial assets with determinable payments and fixed maturity that the Bank has the positive intention and ability to hold to maturity except for:

- a) Those that the Bank designates at fair value through profit or loss upon initial recognition;
- b) Those that the Bank designates as available for sale; and
- c) Those that meet the definition of loans and receivables.

- *Loans and receivables:*

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

- a) Those that the Bank intends to sell immediately or in the near term, which shall be classified as held for trading, and those that the Bank designates as at fair value through profit and loss upon initial recognition;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**FORM B 05/TCTD-HN***These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements***40. FINANCIAL INSTRUMENTS (Continued)****Financial assets (Continued)**• *Loans and receivables (Continued):*

- b) Those that the Bank designates as available for sale upon initial recognition; 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 classified as:

- a) Loans and receivables;
- b) Held-to-maturity investments or;
- c) Financial assets designated as at fair value through profit or loss.

Financial liabilities

According to Circular 210, the Bank's financial liabilities include borrowings from the Government and SBV, deposits and borrowings from other credit institutions, deposits from customers, grants, trusted funds and borrowings at risk of the credit institution, valuable papers issued, other payables and derivative financial instruments.

Financial liabilities within the scope of Circular 210 are classified, for disclosures in the consolidated financial statements, into either of the followings:

• *Financial liabilities at fair value through profit or loss:*

- a) A financial liability must meet either of the following conditions:

- ✓ 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 the derivative that is a financial guarantee contract or effective hedging instrument).

- b) Upon initial recognition, it is designated by the Bank as at fair value through profit or loss.

• *Financial liabilities at amortised cost:*

Financial liabilities that are not classified as at fair value through profit or loss are classified as at amortised cost.

Offsetting financial assets and financial liabilities

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

The Bank's financial instruments are presented in detail as follows:

SOUTHEAST ASIA COMMERCIAL JOINT STOCK BANK

25 Tran Hung Dao, Hoan Kiem
Hanoi, S.R. Vietnam

Consolidated financial statements
For the year ended 31 December 2014

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

FORM B 05/TCTD-HN

40. FINANCIAL INSTRUMENTS (Continued)

| | Book value | | Fair value | |
|---|-----------------------|-------------------|-------------|-------------|
| | (Excluding provision) | | | |
| | 31/12/2014 | 31/12/2013 | 31/12/2014 | 31/12/2013 |
| | million VND | million VND | million VND | million VND |
| Financial assets | | | | |
| Cash on hand, gold and gemstones | 528,657 | 464,659 | 528,657 | 464,659 |
| Balances with the State Bank of Vietnam | 3,377,660 | 1,320,543 | 3,377,660 | 1,320,543 |
| Placements with and loans to other credit institutions | 26,147,621 | 31,346,315 | (*) | (*) |
| Trading securities | 8,650 | 20,000 | (*) | (*) |
| Loans to customers | 32,066,117 | 20,928,780 | (*) | (*) |
| Investment securities - Debt securities | 12,322,806 | 18,235,681 | (*) | (*) |
| Other long-term investments | 183,187 | 189,787 | (*) | (*) |
| Other receivables | 2,053,433 | 3,171,112 | (*) | (*) |
| Interest and fee receivables | 1,698,917 | 1,798,418 | (*) | (*) |
| Other assets | 1,321,274 | 780,539 | (*) | (*) |
| | 79,708,322 | 78,255,834 | | |
| Financial liabilities | | | | |
| Borrowings from the Government and the SBV | - | 495,653 | (*) | (*) |
| Deposits and borrowings from other credit institutions | 25,596,329 | 33,761,387 | (*) | (*) |
| Deposits from customers | 45,030,136 | 36,183,422 | (*) | (*) |
| Grants, trusted funds and borrowings at risk of credit institutions | 19,953 | 39,951 | (*) | (*) |
| Valuable papers issued | 2,900,000 | 2,000,000 | (*) | (*) |
| Accrued fees and interest expenses | 598,083 | 818,943 | (*) | (*) |
| Other payables and liabilities | 357,143 | 839,302 | (*) | (*) |
| | 74,501,644 | 74,138,658 | | |

(*) Vietnamese Accounting Standards as well as prevailing regulations have not provided specific guidance on fair value determination of such items.

SOUTHEAST ASIA COMMERCIAL JOINT STOCK BANK

25 Tran Hung Dao, Hoan Kiem
Hanoi, S.R. Vietnam

Consolidated financial statements
For the year ended 31 December 2014

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

FORM B 05/TCTD-HN

40. FINANCIAL INSTRUMENTS (Continued)

Financial assets of the Bank at 31 December 2014 are classified as follow:

| | Financial assets | | | |
|--|------------------|------------------|-----------------------|--------------------|
| | Held-for-trading | Held-to-maturity | Loans and receivables | Available-for-sale |
| | million VND | million VND | million VND | million VND |
| Cash on hand, gold and gemstones | 528,657 | - | - | - |
| Balances with the State Bank of Vietnam | - | - | 3,377,660 | - |
| Placements with and loans to other credit institutions | - | - | 26,147,621 | - |
| Loans to customers | - | - | 32,066,117 | - |
| Investment securities | 8,650 | 1,492,289 | - | 10,830,517 |
| Long-term investments | - | - | - | 183,187 |
| Other receivables | - | - | 2,053,433 | - |
| Interest and fee receivables | - | - | 1,698,917 | - |
| Other assets | - | - | 1,321,274 | - |
| | 537,307 | 1,492,289 | 66,665,022 | 11,013,704 |
| | | | | 79,708,322 |

Financial liabilities of the Bank are classified as at 31 December 2014:

All financial liabilities of the Bank as at 31 December 2014 are classified as financial liabilities at amortised cost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 05/TCTD-HN

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

41. RISKS MANAGEMENT

This section presents details of risks that the Bank may encounter and describes in details methods that the Bank's management uses to monitor risks. The most important risks that the Bank may be exposed to are market risk, credit risk and liquidity risk.

(i) Market risk

Currency risk

The Bank bears currency risks in foreign currency transactions.

The Bank mainly uses United States Dollar and Vietnam Dong to record its operation. Due to the fact that the Bank's consolidated financial statements are presented in Vietnam Dong, its consolidated financial statements are subject to movements in exchange rate between United States Dollar and Vietnam Dong.

The risk in foreign currency transactions of the Bank causes foreign exchange gains or losses and these amounts are recognised in the consolidated income statement. This risk includes assets and liabilities of the Bank which do not originate in the Bank's currency used to record. The Bank also maintains open position to gain interest income from exchange rate fluctuations.

SOUTHEAST ASIA COMMERCIAL JOINT STOCK BANK

25 Tran Hung Dao, Hoan Kiem

Hanoi, S.R. Vietnam

Consolidated financial statements
For the year ended 31 December 2014

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

FORM B 05/TCTD-HN

41. RISKS MANAGEMENT (Continued)

Currency risk (Continued)

| ITEM | EUR | | USD equivalent | | Gold equivalent | | Other currencies equivalent | | Total |
|---|-----------------|-------------|------------------|-------------|-------------------|-------------|-----------------------------|-------------|-------------------|
| | million VND | million VND | million VND | million VND | million VND | million VND | million VND | million VND | |
| Assets | | | | | | | | | |
| Cash, gold and gemstones | 21,486 | | 78,138 | | 427,931 | | 1,102 | | 528,657 |
| Balances with the State Bank of Vietnam | - | | 575,344 | | 2,802,316 | | - | | 3,377,660 |
| Placements with and loans to other credit institutions (*) | 42,188 | | 2,940,019 | | 23,136,946 | | 28,468 | | 26,147,621 |
| Trading securities (*) | - | | - | | 8,650 | | - | | 8,650 |
| Loans to customers (*) | 31,236 | | 4,122,786 | | 27,912,095 | | - | | 32,066,117 |
| Investment securities (*) | - | | - | | 12,322,806 | | - | | 12,322,806 |
| Capital contribution, Long-term investments (*) | - | | - | | 183,187 | | - | | 183,187 |
| Fixed assets | - | | - | | 287,852 | | - | | 287,852 |
| Other assets (*) | 177 | | 189,071 | | 5,322,851 | | - | | 5,512,099 |
| Total assets | 95,087 | | 7,905,358 | | 72,404,634 | | 29,570 | | 80,434,649 |
| Liabilities and owners' equity | | | | | | | | | |
| Borrowings from the Government and the SBV | - | | - | | - | | - | | - |
| Deposits and borrowings from other credit institutions | - | | 1,519,112 | | 24,077,217 | | - | | 25,596,329 |
| Deposits from customers | 138,332 | | 6,460,704 | | 38,428,556 | | 2,544 | | 45,030,136 |
| Grants, trusted funds and borrowings at risk of the credit institutions | - | | - | | 19,953 | | - | | 19,953 |
| Valuable papers issued | - | | - | | 2,900,000 | | - | | 2,900,000 |
| Other liabilities (*) | 502 | | 175,853 | | 778,871 | | - | | 955,226 |
| Capital and reserves | - | | - | | 5,682,024 | | - | | 5,682,024 |
| Total liabilities and owners' equity | 138,834 | | 8,155,669 | | 71,886,621 | | 2,544 | | 80,183,668 |
| Balance sheet currency position | (43,747) | | (250,311) | | 518,013 | | 27,026 | | 250,981 |
| Off-balance sheet currency position | 6,057 | | 9,538,029 | | 53,861,639 | | - | | 63,405,725 |
| Total currency position | (37,690) | | 9,287,718 | | 54,379,652 | | 27,026 | | 63,656,706 |

(*) Excluding risk provision.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 05/TCTD-HN
These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements

41. RISKS MANAGEMENT (Continued)

Exchange rates of some foreign currencies as at the balance sheet date:

| | <u>31/12/2014</u> | <u>31/12/2013</u> |
|----------------------------|-------------------|-------------------|
| | VND | VND |
| United States Dollar (USD) | 21,246 | 21,036 |
| Australian Dollar (AUD) | 17,741 | 19,095 |
| Canadian Dollar (CAD) | 18,732 | 20,111 |
| Swiss Franc (CHF) | 21,944 | 24,090 |
| Chinese Yuan (CNY) | 3,411 | 2,993 |
| Euro (EUR) | 26,030 | 29,472 |
| Britain Pound (GBP) | 33,652 | 35,185 |
| Hong Kong Dollar (HKD) | 2,807 | 2,775 |
| Japanese Yen (JPY) | 182 | 205 |
| Singaporean Dollar (SGD) | 16,603 | 16,947 |
| Thai Baht (THB) | 694 | 687 |
| Gold (XAU) | 3,508,000 | 3,445,000 |

Interest rate risk

The Bank's activities are subject to the risk of market interest rate fluctuations due to the mismatch in interest rate and maturities between assets and liabilities. Some assets do not have specific maturities or are specially sensitive to interest rate and are not equivalent to specific liabilities.

The following figure presents the Bank's assets and liabilities classified as revaluation date in contracts, or as maturity date, and real interest rate as at the balance sheet date. The asset revaluation date and maturity date are expectedly different from the date regulated in the contracts, especially for the maturity date of customer deposits.

Interest rate sensitivity

As Circular 210 provides no specific guidance on interest rate sensitivity analysis, the Bank has not presented the information.

SOUTHEAST ASIA COMMERCIAL JOINT STOCK BANK

25 Tran Hung Dao, Hoan Kiem

Hanoi, S.R. Vietnam

Consolidated financial statements
For the year ended 31 December 2014

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FORM B 05/TCTD-HN

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

41. RISKS MANAGEMENT (Continued)

Interest rate sensitivity (Continued)

| 31/12/2014 | Non - interest bearing million VND | Overdue | | Current | | | | | | | Total million VND |
|--|------------------------------------|---------------------------|---------------------|----------------------------|--------------------------------|--------------------------------|---------------------------------|-------------------------------|--------------------------|------------|-------------------|
| | | Over 3 months million VND | Within 3 months VND | Within 1 month million VND | From 1 to 3 months million VND | From 3 to 6 months million VND | From 6 to 12 months million VND | From 1 to 5 years million VND | Over 5 years million VND | | |
| | | | | | | | | | | | |
| Assets | | | | | | | | | | | |
| Cash, gold and gemstones | 528,657 | - | - | - | - | - | - | - | - | - | 528,657 |
| Balances with the SBV | - | - | - | 3,377,660 | - | - | - | - | - | - | 3,377,660 |
| Placements with and loans to other credit institutions (*) | - | - | - | 15,837,221 | 8,650,400 | 1,660,000 | - | - | - | - | 26,147,621 |
| Trading securities (*) | - | - | - | - | 8,650 | - | - | - | - | - | 8,650 |
| Loans to customers (*) | - | 1,641,375 | 1,995,401 | 765,385 | 728,960 | 1,009,482 | 2,403,306 | 16,788,748 | 6,733,460 | 32,066,117 | |
| Investment securities (*) | 672,925 | - | - | - | - | 5,873,913 | - | 5,775,968 | - | 12,322,806 | |
| Capital contribution, Long-term investments (*) | - | - | - | - | - | - | - | - | 183,187 | 183,187 | |
| Fixed assets | 287,852 | - | - | - | - | - | - | - | - | 287,852 | |
| Investment properties | 318,928 | - | - | - | - | - | - | - | - | 318,928 | |
| Other assets (*) | 5,512,099 | - | - | - | - | - | - | - | - | 5,512,099 | |
| Total assets | 7,320,461 | 1,641,375 | 1,995,401 | 19,980,266 | 9,388,010 | 8,543,395 | 2,403,306 | 22,564,716 | 6,916,647 | 80,753,577 | |
| Liabilities | | | | | | | | | | | |
| Borrowings from the Government and the SBV | - | - | - | - | - | - | - | - | - | - | - |
| Deposits and borrowings from other credit institutions | - | - | - | 16,391,157 | 5,697,172 | 1,132,000 | 2,376,000 | - | - | - | 25,596,329 |
| Deposits from customers | - | - | - | 7,032,908 | 9,417,142 | 2,995,137 | 4,497,788 | 17,087,161 | 4,000,000 | 45,030,136 | - |
| Grants, trusted funds and borrowings at risk of the credit institution | - | - | - | - | - | - | - | 19,953 | - | - | 19,953 |
| Valuable papers issued | - | - | - | - | - | - | - | 2,900,000 | - | - | 2,900,000 |
| Other liabilities (*) | 599,496 | - | - | - | 53,976 | 233,427 | 68,327 | - | - | - | 955,226 |
| Total liabilities | 599,496 | - | - | 23,424,065 | 15,168,290 | 4,360,564 | 6,942,115 | 20,007,114 | 4,000,000 | 74,501,644 | - |
| Balance sheet net interest gap | 6,720,965 | 1,641,375 | 1,995,401 | (3,443,799) | (5,780,280) | 4,182,831 | (4,538,809) | 2,557,602 | 2,916,647 | 6,251,933 | - |
| Total net interest rate gap | 6,720,965 | 1,641,375 | 1,995,401 | (3,443,799) | (5,780,280) | 4,182,831 | (4,538,809) | 2,557,602 | 2,916,647 | 6,251,933 | - |
| (*) Excluding risk provision. | | | | | | | | | | | |

(*) Excluding risk provision.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 05/TCTD-HN
These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements

41. RISKS MANAGEMENT (Continued)

(ii) Credit risk

The Bank is subject to credit risk in lending and investing activities as well as acting as an intermediary on behalf of its customers or a third party and when the Bank provides guarantee services.

The risk which counterparties default on their loans is constantly monitored. In order to monitor credit risk level, the Bank only transacts with parties with good credit rating and when necessary, collaterals are required.

The main credit risk that the Bank is subject to originates from loans and advances of the Bank. The credit risk level is reflected in book value of assets on the consolidated balance sheet. In addition, the Bank is also subject to off-balance sheet credit risk with commitments and guarantees.

The concentration of credit risk (both on and off balance sheet) originates from financial instruments in counterparty groups when these groups possess similar economic characteristics which may affect the ability to repay debts of these groups in a similar way when there are changes in economic and other conditions.

The concentration level of credit risk mainly originates from locations and from customers which relate to investing, lending and advance activities, credit commitments and guarantees of the Bank. The Bank is mainly exposed to risks from specific industries.

(iii) Liquidity risk

Liquidity risk incurs in the Bank's fund mobilisation and currency position management. Liquidity risk includes the risk associates with the Bank being unable to mobilise assets with suitable terms and interest rate, and the risk results from the Bank being unable to liquidate an asset at a reasonable price and in a reasonable amount of time.

The following figure presents financial assets and liabilities analysis in equivalent maturities calculated as the remaining maturities from the balance sheet date to the payment date. In fact, real maturities of financial assets and liabilities may differ from which specified in the contracts or addendums, if any.

SOUTHEAST ASIA COMMERCIAL JOINT STOCK BANK

25 Tran Hung Dao, Hoan Kiem

Hanoi, S.R. Vietnam

Consolidated financial statements
For the year ended 31 December 2014

FORM B 05/TCTD-HN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

41. RISKS MANAGEMENT (Continued)

(iii) Liquidity risk (Continued)

| | Overdue | | Current | | | | | Total |
|---|------------------|------------------|--------------------|----------------------|---------------------|-------------------|-------------------|-------------------|
| | Over 3 months | Within 3 months | Within 1 month | From 01 to 03 months | From 3 to 12 months | From 1 to 5 years | Over 5 years | |
| | million VND | million VND | million VND | million VND | million VND | million VND | million VND | million VND |
| Assets | | | | | | | | |
| Cash, gold and gemstones | - | - | 528,657 | - | - | - | - | 528,657 |
| Balances with the State Bank of Vietnam | - | - | 3,377,660 | - | - | - | - | 3,377,660 |
| Placements with and loans to other credit institutions (*) | - | - | 15,837,221 | 8,650,400 | 1,660,000 | - | - | 26,147,621 |
| Trading securities (*) | - | - | - | 8,650 | - | - | - | 8,650 |
| Loans to customers (*) | 1,641,375 | 1,995,401 | 765,385 | 728,960 | 3,412,788 | 16,788,748 | 6,733,460 | 32,066,117 |
| Investment securities (*) | - | - | - | - | 3,097,677 | 6,517,295 | 2,707,834 | 12,322,806 |
| Capital contribution, Long-term investments (*) | - | - | - | - | - | - | 183,187 | 183,187 |
| Fixed assets | - | - | - | - | - | - | 287,852 | 287,852 |
| Investment properties | - | - | - | - | - | - | 318,928 | 318,928 |
| Other assets (*) | 432,250 | - | - | 3,135,490 | 12,718 | 1,501,201 | 430,440 | 5,512,099 |
| Total assets | 2,073,625 | 1,995,401 | 20,508,923 | 12,523,500 | 8,183,183 | 24,807,244 | 10,661,701 | 80,753,577 |
| Liabilities | | | | | | | | |
| Borrowings from the Government and the SBV | - | - | - | - | - | - | - | - |
| Deposits and borrowings from other credit institutions | - | - | 16,391,157 | 5,697,172 | 3,508,000 | - | - | 25,596,329 |
| Deposits from customers | - | - | 7,032,908 | 9,417,142 | 7,492,925 | 17,087,161 | 4,000,000 | 45,030,136 |
| Grants, trusted funds and borrowings at risk of the credit institutions | - | - | - | - | - | 19,953 | - | 19,953 |
| Valuable papers issued | - | - | - | - | - | - | - | - |
| Other liabilities (*) | - | - | - | 955,226 | - | - | 2,900,000 | 2,900,000 |
| Total liabilities | - | - | 23,424,065 | 16,069,540 | 11,000,925 | 17,107,114 | 6,900,000 | 74,501,644 |
| Net liquidity gap | 2,073,625 | 1,995,401 | (2,915,142) | (3,546,040) | (2,817,742) | 7,700,130 | 3,761,701 | 6,251,933 |

(*) Excluding risk provision.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) **FORM B 05/TCTD-HN**
These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements

42. SUBSEQUENT EVENTS

As at 03 January 2015, the Bank paid dividends in cash to shareholders in accordance with the Resolution dated 01 December 2014 of the Board of Directors.

43. CONTINGENT LIABILITIES

Some loans and guarantees at a branch of the Bank are under working with relevant authorities. Legal responsibilities and obligations of related parties will be identified in accordance with the conclusion of relevant authorities. According to the assessment of the Bank's management, these loans and guarantees are classified in accordance with prevailing regulations of the State Bank of Vietnam and are appropriately presented in the consolidated financial statements. Based on results of internal reconciliation, review and investigation procedures that have been taken up to the date of these consolidated financial statements, the Bank's management believes that the Bank neither is jointly liable for nor incurs any financial loss.

44. COMPARATIVE FIGURES

Comparative figures are the figures in the Bank's audited consolidated financial statements for the year ended 31 December 2013. Certain reclassifications have been made to the prior year's figures in the consolidated financial statements to enhance their comparability with the current year's presentation, details are as below:

Unit: Million VND

| Items | 2014 | | | Notes |
|--------------------------------|------------------------------|------------------|---------------------|-------|
| | Previously presented figures | Reclassification | Reclassified amount | |
| Balance sheet | | | | |
| Other payables and liabilities | 837,055 | 2,247 | 839,302 | (1) |
| Reserves | 131,549 | (2,247) | 129,302 | (1) |
| Income statements | | | | |
| Interest and similar income | 4,806,004 | 1,592 | 4,807,596 | (2) |
| Income from services | 62,346 | (1,592) | 60,754 | (2) |

(1) Reclassification of Bonus and Welfare funds from Reserves to Other payables and liabilities according to Circular 10.

(2) Reclassification of Income from Guarantee fees from Income from services to Interest and similar income according to Circular 10.

Prepared by

Tran Thu Huyen
Preparer

Approved by

Nguyen Thi Thu Huong
Chief Accountant



Approved by

Dang Bao Khanh
General Director

31 March 2015
